



GIEWS Country Brief Lebanon

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FOOD SECURITY SNAPSHOT

- Average cereal crop production and import requirement forecast in 2020
- COVID-19 outbreak aggravated country's challenging situation caused by economic and financial crises
- Country continues to host large number of Syrian refugees whose livelihoods and food security situation likely to deteriorate amidst crisis

Average 2020 cereal crop and cereal import requirement forecast

Harvesting of the 2020 winter barley crop is about to start, while harvesting of the wheat crop will start in June. Both cereal crops benefited from abundant and well-distributed rains. In 2020, total cereal production is forecast at about 164 000 tonnes, 20 percent above the 2019 weather-stricken harvest and similar to the five-year average. Most of the wheat produced in the country is durum.

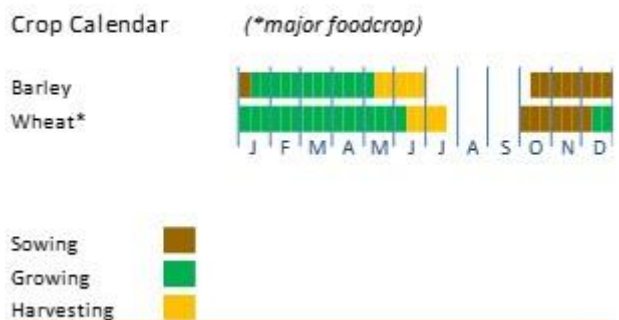
Domestic cereal production covers, on average, less than 20 percent of the consumption needs and the country depends heavily on imports. In the 2020/21 marketing year (July/June), the cereal import requirements, mainly common wheat for human consumption and maize to feed livestock and poultry, are forecast at an about-average level of 2 million tonnes, similar to the previous year. Wheat is sourced mostly from the Russian Federation and Ukraine.

Impact of ongoing financial and economic crises aggravated by COVID-19

The economic growth in the country has been staggering since 2015, while both fiscal and current account deficits have been increasing. The austerity measures proposed by the Government to contain the crisis triggered a countrywide unrest on 17 October 2019. The COVID-19 outbreak in spring 2020 aggravated the already challenging situation the country has been facing amidst many economic and financial issues.

Most farmers farm on a part-time basis and face high input costs and low output prices. Private agri-business companies import most inputs, including seeds, fertilizers, plant protection materials and feed ingredients. Responding to the restrictions on foreign currency transactions in place since October 2019, importers and retailers of agricultural inputs are now accepting only payments in

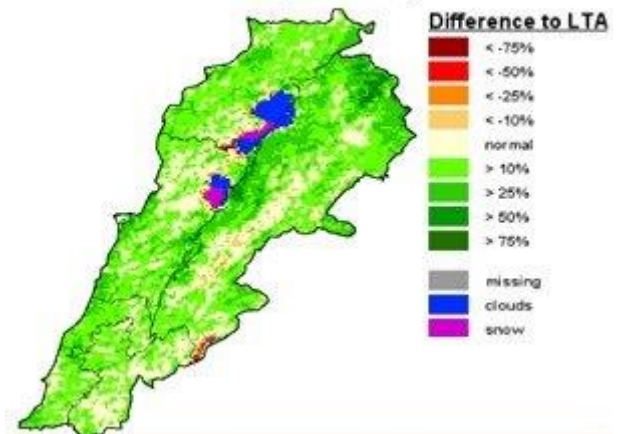
Lebanon



Source: FAO/GIEWS.

Lebanon - NDVI anomaly

Relative difference to LTA, Dekad 2 April 2020



Source: FAO/GIEWS Earth Observation System.

cash instead of selling on credit as in the past. Cash payments are made either in US dollars or in Lebanese pounds (LBP) equivalent converted using the exchange rates of the parallel market. While the official exchange rate remains pegged at LBP 1 508 per USD 1 (pegged since 1997), the exchange rate on the parallel market has been rapidly devaluating reaching LBP 4 150 per USD 1 by mid-May 2020.

Many farmers lack liquidity to purchase inputs in adequate amounts and have started to substitute, where possible, various inputs: manure or compost for compound fertilizer, saved their own seeds for certified ones. Overall, the agricultural sector has moved to a low input system, which is likely to result in a decline in yields and marketable production. However, the global economic slowdown resulting from the COVID-19 pandemic has compressed diesel prices, buffering some of the increased costs faced by farmers.

In January 2020 (latest information available), the year on year inflation reached 11 percent. For the year 2020, the Government has projected the inflation to reach 25 percent, significantly up from the 2.9 percent in 2019. Reports indicate that prices of some consumer goods increased by 60 percent on monthly basis in March 2020, resulting in rapid erosion of incomes. Food prices increased as a result of the informal currency depreciation which makes imports more expensive, as well as stockpiling by consumers facing the pandemic.

The Lebanon Crisis Response Plan (LCRP) 2017-2020 estimated that there are about 3.3 million people in need of assistance in the country, including 1.5 million vulnerable Lebanese, 1.5 million displaced Syrians (including not registered refugees) and 300 000 Palestinian refugees. In April 2020, the Ministry of Finance assessed that about 45 percent of Lebanese citizens (equivalent to 2.43 million) now live in poverty, with 22 percent in extreme poverty, an increase from the LCRP figure resulting from constrained employment opportunities for casual workers during the lockdown. Unofficial estimates indicate that the already high unemployment rate has risen as a result of the pandemic and is now reckoned to be at over 40 percent of the workforce. More than 60 percent of the country's young people are unemployed.

Country continues to host large number of Syrian refugees

As of January 2020 (latest information available), about 910 000 Syrian refugees were officially registered with the United Nations High Commissioner for Refugees (UNHCR) in the country. The number of registered refugees increased gradually since the beginning of the civil unrest in the Syrian Arab Republic until January 2015, when it reached 1.18 million, and the Government of Lebanon tightened the entry and residency rules for Syrian nationals. The number of registered refugees has been decreasing also due to very slow-paced voluntary returns to the Syrian Arab Republic. As many refugees rely on casual labour opportunities, their livelihoods and food security situation is likely to deteriorate amidst the crisis.

Lebanon

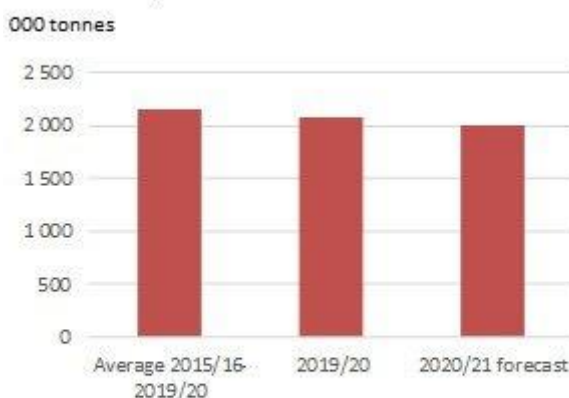
Cereal Production

	2015-2019 average	2019	2020 forecast	change 2020/2019
	000 tonnes			percent
Wheat	130	100	130	30.0
Barley	31	32	30	-6.3
Maize	3	3	3	0.0
Others	1	1	1	0.0
Total	165	136	164	20.6

Note: percentage change calculated from unrounded data.
Source: FAO/GIEWS Country Cereal Balance Sheet.

Lebanon

Cereals Imports



Note: Includes rice in milled terms. Split year refers to individual crop marketing years (for rice, calendar year of second year shown).

Source: FAO/GIEWS Country Cereal Balance Sheets.

COVID-19 and measures adopted by the Government

On 16 March 2020, the Government declared a State of General Mobilization in response to the COVID-19 pandemic, halting all non-essential commercial activities and transportation links, introducing curfews as well as social distancing measures. Although some lockdown measures eased in the first week of May, a consequent spike in cases resulted in the re-instating of the 19:00-05:00 curfew and the re-introduction of a full lockdown for four days between 14 and 17 May 2020.

Banks in Lebanon have also been temporarily closed. While the trading activity continues in the parallel market, its volume is slower. The closure of the banks is likely to restrict importers' business with consequent potential shortages of imported goods, which will be amplified by the general downturn in the world economy and potential disruptions to shipping. If travel restrictions continue, the tourism industry will experience a significant loss of revenues and jobs, affecting the livelihoods of a considerable number of households, in particular in the informal sector.

The Government allocated about LBP 75 billion to the Higher Relief Council from the reserves of the 2020 budget for social and food security relief efforts to help offset the social implications of the general mobilization in response to COVID-19. The Ministry of Social Affairs, in cooperation with other line Ministries, started implementing a plan to distribute one-time cash payments of LBP 400 000 to 187 500 families that have been economically affected by the pandemic. Most of the aid will be distributed to families registered to the National Poverty Targeting Programme.

The Government has also expressed interest in receiving emergency financing of USD 500 million from the International Monetary Fund to reduce the economic impact of the outbreak in the country.

All deadlines related to payments of taxes have been extended, although farmers not registered as commercial with the Ministry of Finance do not pay income taxes.

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