

POLICIES OF THE GOVERNMENT OF LEBANON REGARDING AGRICULTURE

AS OF NOVEMBER 1968

The Government of Lebanon has no stated policy toward or for agriculture. The economically influential groups in the country are strongly supporting the free enterprise system. Once corporations are granted a license to operate, the government is expected to leave them free to operate without regulation. Everyone is expected to look out for his own interests. When the producers of any commodity encounter problems or low prices, they usually approach the government for help in the form of support prices or subsidies.

The actions of the successive councils of ministers administering the government indicate that industrialization and development projects such as highways, electric and water supply are given priority over agricultural development. A pilot project in supervised credit has waited more than ~~five~~ years for the government to provide LL 100,000 (US\$ 33,000) for loan funds. The annual budget of the Ministry of Agriculture and the five independent agricultural agencies that report to the Minister of Agriculture amounts to about LL 24,000,000. These agencies together get as much for their programs as the Ministry itself because their heads have the influence to get funds from the President of the Republic and the Council of Ministers for the programs in which they are personally interested.

The Ministry of Agriculture is subject to so many pressures to solve the problems of producers of various farm products that it does not have time to formulate a definite plan for the agricultural development of the country, granted it has the interest to do so. Dr. Abed, the FAO agricultural economist, worked with the Agricultural Planning Bureau for several years developing a plan for 1970-1975. But the Ministry in 1967 decided that it was in greater need of technical assistance in other fields so he was not extended for 1968.

The Ministry of Agriculture appears to have the policy to give first attention to "trouble shooting", that is, to work on solving the immediate problems of groups that complain the loudest, as in 1960 when egg producers experienced the import of 30,000,000 eggs that sold at 7-8 piasters each when they had been receiving 10-12 piasters per egg; and

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Office of the Minister of State for Administrative Reform  
Center for Public Sector Projects and Studies  
(C.P.S.P.S.)

Politique du Gouvernement pour l'agri

الجمهورية اللبنانية  
مكتب وزير الدولة لشؤون التنمية الإدارية  
مركز مشاريع ودراسات القطاع العام



as apple growers in 1967 experienced the price drop to 16-21 piasters per kilogram with the cost of production calculated to be about 25 piasters.

In the face of numerous agricultural problems, the government of Lebanon has taken a number of measures to help farmers economically.

1. Development of irrigation projects using stored winter rains.
2. Provision of loans to agriculture at moderate interest charges.
3. Incentive prices to encourage the growing of new crops, as sugar beets.
4. Remission of the land tax from 1958.
5. Regulation of imports of agricultural products to support prices for producers.
6. Development of export markets for farm products.
7. Support of prices of farm products to improve farm income.
8. Import tariffs on farm products.
9. Green Plan for rehabilitation of small-scale farming.
10. Exemption of agricultural inputs from import duties.
11. Various subsidies to agriculture.

Since irrigation and financing of agriculture are explained in separate statements, they will not be discussed here.

✓ INCENTIVE PRICES

1. Sugar Beets

In the early 1950s the government of Lebanon decided to establish a factory for processing sugar beets into sugar in order to

provide an additional source of income for farmers in the Békaa Valley-Plain and reduce the dependency of the country on imported raw cane sugar. Up to that time a few farmers had been growing small tonnages of sugar beets and trucking them to the plant in Homs, Syria, a distance of over 100 kilometers. In order to encourage production of the new crop, the plant established at Anjar, near the ~~Béirut~~-Damascus highway across the Bekaa, was required to pay farmers 5.5 piasters per kilogram or LL 55 per metric ton. This was equivalent to about 1.8 cents US per kilogram, which can be compared with the 1962-66 average prices in France of 1.5 cents and 1.6 cents in the United States. The wholesale price of refined sugar in France during 1922-66 was 20.2 cents per kilogram. ( FAO Prod. Yrbk - 1967, pp. 533, 534). Since the wholesale price of sugar in Lebanon was controlled by the Ministry of Economy at an average of 20 cents US with the retail price set and averaging 22 cents US per kilogram<sup>(1)</sup>, the Government made an arrangement with the sugar cartel to adjust the tax on imported raw sugar to offset the loss suffered in its operation of the beet sugar plant.

A survey of the cost of production of sugar beets was made in 1962-63 by the Institute of Rural Economics under contract with the Ministry of Agriculture. This survey found the cost to be about LL 190.60 per dunum of 1/10 hectare. With the price of LL 55 per ton, farmers needed to get a yield of 3.46 tons to break even<sup>(2)</sup>. But with an average harvest of about 2.5 tons per dunum, farmers complained that they were losing money and clamored for a rise in the price.

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(1) Institute of Rural Economics, A Survey of the Agricultural, Industrial, and Commercial Aspects of the Sugar Industry in Lebanon, (Beirut) 1962, p. 119.

(2) Ibid., p. 75.

The Ministry of Agriculture and the Ministry of Economy responded by raising the farmer price to LL 65 per ton and adjusted the tax on imported raw cane sugar to compensate the owners of the plant. Producers responded with a substantial increase in area planted and the improvement in production practices gradually raised the yield to 5.2 tons per dunum in 1967. (Bu. Agr. Statistics).

As yields rose to the break-even point, the producer price of sugar beets was lowered in 1966 to LL 60 per ton. The volume of beets exceeded the normal capacity of the plant so that piles of beets were evident in the Bekaa into February, subject to deterioration in winter snows and thaws. There was talk of installing additional beet processing equipment in 1968 to match the refining capacity of the plant and permit more rapid receipt of beets from farmers before winter freezes set in. In 1968, the price was reduced to LL 55 per ton.

As an additional incentive in the beginning years, growers could borrow from the sugar plant at 6 percent annual interest the cost of the recommended amount of fertilizer for the area they contracted, to grow for delivery to the factory. With credit difficult to get and costing up to 24 percent, the factory-loans were utilized to the amount the factory limit in total.

## 2. Sunflower Oilseeds

In 1966 the Government of Lebanon responded to the world endeavor to curtail the production and international distribution of narcotics and hashish by encouraging the growing of sunflowers in the northern Bekaa which was a known major hashish production area. Farmers who agreed to grow sunflowers on either dryland or irrigated fields were supplied seeds free of charge by the Green Plan which offered to buy the harvest for 75 piasters per kilogram with payment on delivery. The market price of sunflowers ranges around 40 piasters. The Green Plan distributed all the seeds it could buy in the spring of 1966.

Some farmers in each village where seeds were distributed achieved a high enough yield so that their income from sunflowers proved more attractive than hashish. The crack-down of the Lebanese control officers on the hashish smugglers moving the product to Egypt, caused such losses to buyers that they could not pay the producers for many months and then a much reduced return. Some farmers did not get paid for their previous harvest of hashish.

Thus, in the spring of 1967, there was great interest in sunflowers. Farmers flocked to the Green Plan office in Baalbeck to sign contracts to grow specific areas of sunflowers and receive the seeds. But delays in delivering the supply of seeds resulted in the area planted being much less than planned. Harvests were not up to expectations in many places. Dry weather and short rainfall the previous winter reduced yields as did insufficient supply of water for irrigated fields. Birds took a heavy toll of seeds in many fields. Even though the Green Plan supplied threshing machines free of charge, many farmers became discouraged in spite of the continued incentive price of 75 piasters per kilogram.

The results of the sunflower incentive program in 1968 are not known.

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Information from general knowledge and data supplied by Mr. Ibrahim Ghandour, Green Plan Officer, Zahlé, Lebanon. Mr. Gandour is writing his MS thesis in the School of Agriculture, AUB, on alternative crops on land improved by Green Plan earth-moving equipment. Dr. Sallah Yacoub, is writing a report on a sociological study of the adoption of sunflower growing in the northern Bekaa. He is in the School of Agriculture, AUB.

Remission of Land Tax

During the civil strife in Lebanon May-October 1958, opposition forces had effective control of numerous areas in the country so that the government could not collect the normal land tax. The disruption of the communications between producing areas and the markets in Beirut and other cities caused farmers substantial losses of income. They objected to paying tax when the government had failed to protect them from disturbance. Farmers appealed to the deputy in parliament from their localities. The result was that the government decided not to collect land taxes due in 1958. The next year farmers continued to be pinched financially because they had not been able to pay their debts for production credit due to lack of market for their 1958 harvests. So the remission of the land tax extended. With farmers pleading poverty and the tide of migration to the urban centers continuing, the government has considered it politically inadvisable to resume collection of the land tax.

✓ Regulation of Imports of Farm Products

In the late 1950s, the government came to the conclusion that imports of fruits and vegetables needed to be regulated in order to protect the incomes of Lebanese farmers. For example, one year Lebanon agreed with Egypt to accept 10,000 tons of potatoes from the spring harvest along the Nile. But such import was very harmful to the local production of potatoes and it was depressing the prices and income of farmers. That is why it was necessary to limit the import of potatoes and other agricultural commodities and encourage the local production in Lebanon.

Administration of the regulation of imports is in the hands of an Agricultural Economics Committee of which the chairman is the Director General of the Ministry of Agriculture. On the committee are representatives of the Ministry's Bureau of Agricultural Economics and the Agricultural Resources Service. The committee meets monthly or upon call by the chairman. It decides policies and actions regarding the imports of each product.

The performance of the committee can be illustrated by its actions regarding potatoes, onions, and grapes. Imports of potatoes were reduced gradually from 16,900 tons in 1959 to 10,300 tons in 1961 and then to 3,600 tons in 1962. From 1963, imports have been permitted only when the price of potatoes in winter exceeded 50-60 piasters per kilogram. Production went up from 40,000 tons during 1959-1961 to 70,900 tons annually during 1964-1966. (Production and Supplies of Agricultural Products in Lebanon, 1954-1966, p. 41). A similar pattern is evidenced by onion imports and production. Imports declined from an average of 3,600 tons annually 1959-1961 to none in 1966 while annual production increased from 27,600 tons during 1959-1961 to 30,000 tons during 1964-1966. It might be added here that potatoes, onions, and sugar beets are competitors for irrigated land in the Central Bekaa. The relative areas planted to each annually are related to comparative prices the previous year, the supply of seeds and availability of fertilizer on credit, and market demand prospects.

During the early 1960s, the Lebanese Fruit Office granted loans totalling LL 10,000,000 to encourage the construction of refrigerated storages. Some of these were built in the Bekaa, which is the main production area for potatoes. With potatoes harvested in June and early July and apples not ready for storage until October-November,

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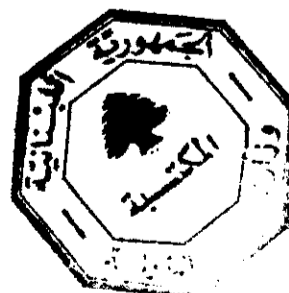
(1) Ibid., p. 39.

it has been possible to hold potatoes under refrigeration during the months of high temperature and thus spread the marketing into the winter months.

Licences for the import of seeds are issued by the Ministry of Agricul. The Bureau of Agricultural Economics of the Ministry of Agriculture has made studies of the area planted to potatoes relative to total production and the prices resulting from various quantities of supply. On the basis of the findings, the Bureau recommends to the Agricultural Economics Committee the quantity of seed potatoes to be imported to produce a harvest which will bring producers reasonable prices. It makes similar recommendations regarding seeds and sets for planting onions. The quantities approved by the Committee are transmitted to the Minister of Agricul. which may or may not limit the licenses for imports accordingly.

Regulation of imports of grapes has run into complications due to the influence of growers in the Bekaa who grow grapes suitable only for making arak, a high-alcohol drink. Lebanon grows three kinds of grapes, table, wine, and arak. The country produces an export surplus of table grapes, with 1200 tons trucked to Syria from the 1968 harvest. The arak grapes sell for lower prices, normally at about 15 piasters per kilogram compared with about 30-40 piasters for table grapes. The arak grapes grow on high calcium soils in which the other varieties will not produce.

Production of arak has largely shifted from small home stills to large \_scale continuous process industrial distillation in large commercial plants . The total harvest of arak grapes in Lebanon is insufficient to keep the industrial plants operating during the harvest season . The plants want to import from Syria and did so in past years at around 12 piasters per kilogram . In the fall of 1968 the growers of arak grapes opposed the granting of import





licences to the distillation plants even though the plants stood ready to take all their production at the higher Lebanese price. The Agricultural Economics Committee recommended import licences for Syrian arak grapes, particularly since the largest distillation plant agreed to export to Syria all the arak made with the imported grapes. With movement of Syrian grapes barred, the Syrian Government closed the border to the transit of Lebanese grapes and fruits to other Arab countries. After lengthy negotiations, transit movement was permitted through Syria and the Ministry of ~~Agricul.~~ issued import licences for 500 tons of Syrian grapes for arak. But the licences were issued to the arak grape growers in the Bekaa and too late in the season for imports.

#### Development of Export Markets

There are two agencies established by the Government of Lebanon which have responsibilities for developing export markets for farm products, the Lebanese Fruit Office and the Animal Production Office.

##### 1. Lebanese Fruit Office

This Office promotes exports in a variety of ways.

- a) From the establishment of the Office in 1959, it has been active in arranging exhibits and displays of Lebanese quality fruits at fairs both in Lebanon and abroad, in Arab and European countries.
- b) Two refrigerated ships were chartered by the Office in 1965 to carry stocks of Lebanese apples to ports along the coasts of north and west Africa. This ~~undertaking~~ was not successful because the project was started without prior determination of the volume of fruit to be exported. Contracts were made with exporters to supply specific quantities to stock the ships but some did not have enough apples to fill their

quotas. The volume moved was so small the venture resulted in heavy loss to the Fruit Office.

- c) Loans have been made to help finance the construction of refrigerated warehouses with the capacity of several million boxes of apples in order to extend the marketing season. Britain and some other European countries do not grant import licences until after the bulk of the local harvest has been marketed, usually starting imports in January. Additional storages for about two million boxes were under contract in 1968 to cope with the continuing increase in apple production.
- d) After the big jump in apple production from an average of 80,000 tons average for 1961-1963 to 125,000 tons in 1964, the government fostered the establishment of a large capacity mechanized fruit grading, sizing, and packing plant. A Mixed Company was chartered to own and operate the plant with the Fruit Office subscribing ~~third~~ the shares. The packing done by this plant has been such that the output did not meet the export standards for Lebanon enforced by the inspection service of the Fruit Office in the Beirut Port nor the import regulations for sale in Britain, according to checking of the apples in sample boxes done in a research study by the AUB Faculty of Agricultural Sciences under contract with the Ministry of Agriculture<sup>(1)</sup>. A shipment of apples packed in this plant in the spring of 1968 and sent to Russia by the Fruit Board was refused by the buyer because of being below the specified grade standards. The Director of the Fruit Office went to Russia and found that the shipment was not up to the specifications in the contract.

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(1) R. Sadaka and G.H. Ward, Economic Analysis of Mechanical versus Hand-Grading, Sizing, and Packing of Apples for Export to Europe. A report to the Ministry of Agriculture of the Government of Lebanon in fulfillment of the contract with the American University of Beirut dated February 7, 1968. (Beirut) July 31, 1968. 74p/pp. 69-70.

- e) The Fruit Office has the legal power to buy and sell fruit. However, in general it prefers to facilitate exports by private exporters.
- f) It is charged by decree with inspecting all fruits leaving Lebanon by ship to assure that the containers comply with the grade and size stated on the label and conform with specifications in the contract between the exporter and the importer. There are still complaints that export shipments inspected by the Fruit Office staff fail to meet the standards. In the spring of 1968, a large shipment was found unsaleable upon arrival in Tehran. The Fruit Office was given this inspection and regulatory authority in order to overcome the bad reputation accumulated in European markets that Lebanon packed fruits often have an attractive, good quality top layer concealing low grade fruit underneath. Exports to these markets can grow only as importers can come to rely on specific performance of the terms of contracts made with Lebanese exporters. It took one Lebanese modern packinghouse four years of losses on shipments to Britain before English buyers would pay profitable prices for its uniformly packed quality Golden Delicious apples.

## 2. Animal Production Office

This office, established at the beginning of 1968, has as one of its functions the development of export markets for Lebanese livestock products. It is working first on markets for broilers and eggs in Arab countries because these are the only products with export surpluses and the only markets in which Lebanese products can compete. Countries in the Arabian Peninsula are served by refrigerated ships stocked with fruits, eggs, frozen poultry, frozen meats, canned goods, etc. By Australian marketing boards. Before the Suez canal was closed in 1967, Danish and Netherlands livestock products

and eggs also offered keen competition in these Arab markets. Since then, Eastern European countries in need of foreign exchange are offering eggs and frozen poultry in the markets of the Arabian Peninsula at prices substantially lower than world prices. Lebanon was able to compete successfully until 1967 with its fresh quality eggs and fresh frozen broilers because of the Arab preference for fresh products and for Arab products. But following the Arab-Israeli war in June 1967, imports of eggs and broilers into Iraq have been severely limited by the establishment of a government import and distribution company. Imports were stopped for a period and then the company started taking shipment from Eastern Europe.

The Animal Production Office is seeking to negotiate with Iraq to increase its imports of Lebanese eggs and broilers. In 1967 about one-third of Lebanon's egg exports went to Iraq. Commercial egg producers are feeling the reduction in prices following the curtailing of exports. The head of the Animal Production Office, Dr. Sultan Haidar, has stated that he wants to establish a marketing board for Lebanese livestock products which would function as does the Ethiopian Livestock Marketing Board. The Fresh Egg Cooperative, which handles about one-third of the eggs produced in the Bekaa, is seeking the establishment of a separate egg marketing board to concentrate on this one product.

### 3. Trade Agreements

The Ministry of Agriculture, the Animal Production Office, and the Lebanese Fruit Office aim to develop greater exports of Lebanese farm products through trade agreements with the governments of other countries. However, the Ministry of Foreign Affairs is the agency which actually negotiates the agreements. The Ministry of Agriculture, the Ministry of National Economy, and sometimes the Ministry of Planning, have representatives on a committee which works with the Ministry of Foreign Affairs in formulating the lists of products to be covered by the agreements.

Most trade agreements are made with Eastern European countries which seek to sell their products which are in demand to industrialized countries in order to purchase in return the machinery and equipment needed from these suppliers. Thus, the lists of products the East European countries offer Lebanon contain mostly articles which are not interesting to Lebanese consumers. Since the agreements generally provide for an approximate balance of trade between the two countries, Lebanese importers generally are not taking sufficient goods from Eastern European countries to cover larger exports of Lebanese fruits. The Bureau of Agricultural Economics has suggested that wood for making fruit crates and boxes for their export and chemical fertilizers needed in Lebanon be included in new lists of products for import into the country. One enterprising exporter of citrus fruits lost money on the fruit sold a East European country but made a net gain on the deal by selling the reinforcing steel exchanged by the buyer to users in Lebanon. The Lebanese fruit exporter got the steel at below the world market price. Thus, it appears that with greater care in negotiating trade agreements and with more ingenuity and skillful trading to dispose of products offered by East European countries, Lebanese exports of fruits could be increased.

✓ Support Prices for Particular Farm Products

Lebanon uses government support prices for farm products for two purposes, **mainly**, to sustain prices of products facing a market surplus and to encourage production in order to improve farm income. Apples and oranges are in the first category with wheat and silk cocoons in the second.

1. Wheat

In 1966 the Wheat and Sugar Beets Office of the Ministry of National Economy established a scheme to support the prices of wheat to farmers at 15 to 20 percent above the world market in order to improve <sup>the</sup> low incomes of dryland farmers. Yields are low and fluctuate

with the amount of winter and spring rainfall. Support prices are offered for three grades with a differential of 3 piasters a kilogram (1 cent US) amounting to about 10 percent of the medium grade price. These prices are paid at specific places where there are government depots, as the agricultural research station at Tel Amara in the Bekaa. But since the great majority of dryland wheat farmers have but a few hundred kilograms of wheat to sell, it is both inconvenient and expensive to haul their market surplus considerable distance to the delivery depots. Accordingly, the Wheat Office has purchased about 6-7,000 tons of wheat annually, or about 10 percent of the production of about 70,000 tons.

The average price of wheat in Lebanon in 1967 was 27 piasters per kilogram, including the volume sold by farmers at the support prices. This was equivalent to about 8.6 cents US per kilogram. The FAO Production Yearbook (p. 521) reported that the average US export price of No. 1 hard winter wheat of ordinary protein content f.o.b. Gulf ports for 1962-66 was 6.4 cents per kilogram. It also reported that for these years the average price of Australian wheat delivered in the United Kingdom was 7.2 cents US per kilogram. Such wheat would probably be delivered in Beirut for about 7 cents US.

## 2. Apples

When the small-scale producers of apples came to sell their 1967 harvest, they found prices much reduced by the big increase in production compared with normal domestic consumption and exports to the usual Arab country markets. When current sales failed to take their production, they turned to the refrigerated storages to hold their fruit for later sale. But there was no space available because wholesalers and exporters had leased it all. With the big surplus, these buyers were buying at 10-15 piasters per kilogram against the estimated cost of production of about 25 piasters.



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Complaints to the Ministry of Agriculture and appeals to members of parliament to have the government buy their fruit and find the needed export markets led to the emergency program to buy at support prices from small-scale producers up to 2,000 packed boxes each.

In keeping with normal differentials for quality related to the altitude at which the fruit is grown, the support prices were set at :

15 piasters (4.8 US cents) grown below 800 meters.

18 piasters (5.7 US cents) grown between 800 and 1200 m.

21 piasters (6.7 US cents) grown above 1200 meters.

(Reported by Dr. A.M. Talhouk of AUB who sold his apples to the government).

Any producer who wished to participate in the support program was required to deliver his entire market quantity to the program conducted by the Lebanese Fruit Office. Fifty percent of the value of the delivery was paid at once. The balance was paid during the summer of 1968 after the close of crop-marketing season.

During the summer and early fall of 1968, the Fruit Office forecast, or estimated, the apple crop at 9-12,000,000 boxes, considerably more than the existing storage capacity for holding for spring sales. With the storage space again leased by wholesalers and exporters, there was pressure for the government to again buy fruit from the small-scale producers. Those who had pressing debts could not wait until next summer for half the price offered by the government program. They sold to buyers at low prices. As the harvest drew to a close, the number of boxes in storage indicated that the harvest was only about 5-6,000,000 boxes. Accordingly, prices began rising after the majority of the producers had sold their harvest.

3. Oranges

When the increased production from new plantings came to market in 1964 (production 65,000 tons vs 60,000 tons) prices dropped discouragingly low and producers clamored for the government to buy their fruit at the usual price of about 25 piasters per kilogram. As usual, the government was reluctant to start such a program with no clear indication of how many tons of oranges would be delivered at the support price and no new export markets in prospect. Production in Italy and Spain was abundant so that prices were weak in European markets.

Early in 1965 the Fruit Office was authorized to begin the support program with a price of 25 piasters per kilogram. But the producers were not satisfied and demanded more. While the negotiations were going on, a severe freeze hit citrus orchards in Spain and Italy. But a small fraction of the fruit on the trees was saleable. This led to a substantial rise in prices in Europe and increased the demand from Eastern European countries for Lebanese citrus. Exporters raised their buying prices and absorbed the surplus from the Lebanese market.

✓ Import Tarrifs on Farm Products X

Import tarrifs give producers of most kinds of farm products in Lebanon effective protection against normal foreign competition. The rates of import duties vary for the different products. The main problem in foreign import competition is with Eastern European countries which sell at much below domestic prices when they need foreign exchange to purchase machinery and other items vital for their economy and industrialization programs. Egg producers suffered such "dumping" by Poland in 1960 and 1961. They experienced it again in 1967-1968 when other Eastern European countries, particularly Bulgaria, sold eggs and frozen poultry to Iraq and other Arab countries at very low prices.



Lebanon applies the following import duties on farm products.

Fruit - 25 percent ad valorem, except on imports from Arab countries

Eggs - 2 piasters per egg. (local prices 9-10 piasters)

Poultry meat - 25 percent ad valorem, except from Arab countries.

Milk and dairy products.

A. Powdered Milk

1. For industrial purposes

a) without sugar, for the chocolate and biscuit industries, exempt from tax.

b) in blocks with sugar, for the chocolate industry; 5%.

2. In tinned metal containers, well closed, containing not more than 2.5 kilograms per container, 11%.

3. In other containers

a), containing less than 25% fat, 75 piasters per net kilogram.

b) containing more than 25% fat,

B. Other forms of milk, 11%.

Butter, exempted from import duty.

Cheese, 15%.

In general, there are relatively small imports of fruits into Lebanon that compete with local production. Some bananas and citrus may come from the Jordan Valley ahead of the Lebanon main harvest or when the Lebanese banana crop has been damaged by winter cold and storms. Occasionally small amounts of peaches are imported from Italy. Lebanon has regular export surpluses of apples, grapes, bananas and citrus fruits.

Since the import tax was imposed on eggs in 1960, there has been little complaint from producers about imports. The imports are mainly of lower quality and go primarily to the bakery trade. The import duty on frozen poultry helped the infant broiler industry during the 1950s by protecting against low priced imports from the United States. As local production reached the amount of consumption, importers maintained a stock of frozen imported US broilers upon which the hotels and restaurants drew when local production fell off following seasonal periods of loss due to over-production. There are continuing imports of frozen turkeys to supply the American community. Lebanese production of turkeys is minimal and insufficient to supply the demand.

Production of milk and dairy products in Lebanon is much less than the demand for fluid milk due to the shortage of roughages and green fodder arising from the arid spring and summer climate. Alfalfa has high water requirements so that fruits and vegetables give higher net returns. Milk production is increasing but probably can never supply more than the consumption of fluid milk. The bulk of the butter, cheese, and ingredients for ice cream will probably be imported indefinitely.

The reason for the high import tax of 75 piasters per kilogram of milk powder with less than 25% fat is that the makers of cultured milk known as laban (a kind of yoghurt) took to using milk reconstituted from skim milk powder and thus curtailed their purchases of fresh milk from local producers. But with the demand for cultured milk and the soft white cheese, labaneh, made by draining off the whey from laban, increasing faster than the local supply of milk, imports of powdered milk continue in large volume. The big milk plants in Beirut have to use imported ingredients for making ice cream due to the inadequate local supply.

Green Plan

Dr. Malik Basbous seeks to make the mountain-sides of the Lebanese coastal range green with fruit and nut trees, grapes and olives by rehabilitating abandoned fields and improving plots too infested with big stones to be terraced with hand methods. The main features of the program of the Green Plan are:

1. Land development and improvement with heavy-duty earth moving machines.
2. Construction of earth-dam water storages and channels for conducting the water for irrigating terraced fruit and nut orchards and vineyards.
3. Buldozing access roads to mountain farms and villages.
4. Supplying fruit and nut trees, grape vines, at nominal prices.
5. Supplying advice regarding the kinds and varieties of fruits, nuts, and grapes to plant based on research studies of the markets for these products.
6. Arranging financing for land improvement, making access roads and irrigation water storage dams so that farmers have to pay but 20-40 percent of the cost, the balance being covered by government funds recovered by depositing the farmers' payment in the Bank for Industry, Agriculture and Real Estate to accumulate at 7% compound interest. (Refer to statement on Agricultural Administration in Lebanon for further exposition regarding the Green Plan).

✓ Exemption of Agricultural Inputs from Import Duty-Taxes

The Syndicate of Agricultural Producers, the Poultry Producers Syndicate, and other organized groups of producers of various products have prevailed upon the government to exempt from import duties the

the major inputs used by farmers. Exempted items include agricultural tractors and farm machinery and equipment, seeds, plant protection chemicals, livestock feed ingredients and feed grains, containers, for farm products. For example, for many years imported maize was subject to a 10 percent import duty as a material used in making alcoholic beverages. When the rapidly growing commercial poultry industry faced lower prices for eggs and broilers as production caught up with domestic demand, it prevailed on the government to remove the tax on maize since it was a major ingredient in high-energy poultry feeds.

Until 1968, the only import tax on fertilizers was an 11% duty on super-phosphate which had been imposed for protection of the new phosphate fertilizer plant established near Beirut to process ground phosphate rock from Jordan. In 1964, the Esso Fertilizer Company established a largescale fertilizer mixing plant in Lebanon to serve the Arab countries. It brought nitrogen solution from its big plant in Greece and expected the increased demand growing out of agricultural development to soon absorb the capacity of the plant. However, following the Arab-Israeli war in June 1967 and the occupation of the West Bank area of Jordan by the Israelis and their making the East Ghor irrigated area of the Jordan valley uncultivable by machinegun and artillery fire, sales did not grow at the expected rate. Competition from European fertilizer companies was claimed to increase with export subsidies granted by various governments. With the influence of prominent lebanese industrialists, in 1968 the Council of Ministers imposed a 35% ad valorem tax on mixed fertilizers. Delegations of farmers who use mixed fertilizers are protesting this rise in fertilizer prices to the Ministry of Agriculture as an unwarranted tax on them that materially increases their cost of production when it is impossible to raise the prices of farm products.



### Subsidies to Agriculture

The various subsidies to agriculture in different forms granted by the government of Lebanon include the following:

1. Incentive prices for new products.
2. Support prices for products experiencing low prices.
3. Exemption of agricultural inputs from import duties.
4. Reduced prices for fruit, nut, and forest trees and grape vines.
5. Lower interest rates on agricultural loans through the Bank for Agriculture, Industry and Real Estate.
6. Below-cost charges for irrigation water
7. Remission of the land tax since 1958.
8. Promotion of foreign markets for farm products by government agencies.
9. Payment of 60-80 percent of the cost of land improvements, access roads, and water storage dams.

### Incentives to Agriculture (including subsidies)

In addition to the above subsidies, the government of Lebanon provides the following incentives to farmers to increase and/or improve production.

1. Regulation of imports to protect domestic markets during and following local harvest of various fruits and vegetables.
2. Engineering services to plan land improvements, access roads, and small water-storage dams for irrigation and arrange their construction by a contractor provided by the Green Plan.

### Government Actions in the Area of Agricultural Policy

Judging from the current activities of the Ministry of Agriculture, it appears that the government of Lebanon has the agricultural policy of doing whatever appears necessary and expedient to reduce

serious discontent of important groups of farmers producing particular products and of small-scale low-income farmers generally.

The government is:

1. Continuing the various programs started in the past in order to keep the beneficiaries from complaining.
2. Taking measures to overcome the serious current problems of substantial numbers of farmers, as the apple growers and small-scale low-income farmers, commercial broiler and egg producers.
3. Giving major attention currently to:
  - a) The Green Plan Program to stem the rural-urban migration of subsistence-farmers by making land-improvements to increase the productivity of small-size mountain farms.
  - b) Developing export markets for Lebanese fruits, primarily apples, grapes and citrus.
  - c) Supporting the prices of apples to producers while working to expand foreign markets, primarily in Eastern Europe and Africa.
  - d) Maintaining the markets for Lebanese broilers and eggs in Arab countries against low-priced imports from Eastern European countries.
  - e) Fostering development of milk and meat production by small-scale farmers.
  - f) Securing cancellation of the recently imposed 35 percent import duty on mixed fertilizers.

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Sources of information other than those noted are Mr. Adel Cortas, former head of the Bureau of Agricultural Statistics, Lebanese Ministry of Agriculture, and personal knowledge acquired by the writer, Gordon H. Ward, while serving as professor of Agricultural Economics in the American University of Beirut 1957-1968.

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