

AGRI PLUS PROGRAM

2017 Annual Report



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I. Introduction

“The “Agri Plus” program was put in place in 2012 (approved by the Council of Ministers in September 2011) as a new program to replace the existing “Export Plus” program. The program which aims at increasing the volume and the quality of Lebanese agricultural exports, to both traditional or existing and new markets rests on three pillars:”

- **Enhancing product quality:** consists in improving the quality of existing products and developing new products based on international markets trends while promoting sound agricultural practices through quality certifications.
- **Improving packaging:** consists in encouraging the modernization of packing houses and cool storage rooms, while ensuring compliance with international safety standards.
- **Promotion and marketing:** consist in setting up a marketing strategy to promote agricultural products through a mix of promotional activities (participation in trade shows, advertising campaigns, and so forth)

The program has six components:

Granting financial incentives to farmers, exporters, agricultural cooperative and traders based on product quality and packaging standards. The incentives are based on a variable scheme that is set by IDAL. The value of the financial support granted to each of the exporters depends on:

- a. The type of product,
 - b. Its destination,
 - c. The quality of packaging,
 - d. The shipping modality, and
 - e. Conformity with quality standards.
2. **Taking part in local and international trade fairs** through the financing of Lebanese pavilions and promotional activities during the events.
 3. **Implementing promotional and marketing activities.**
 4. **Encouraging the modernization** of packaging and storage houses.
 5. **Implementing year-round training programs** that offer quality certifications to packaging houses.
 6. **Conducting market studies** to identify potential export markets.

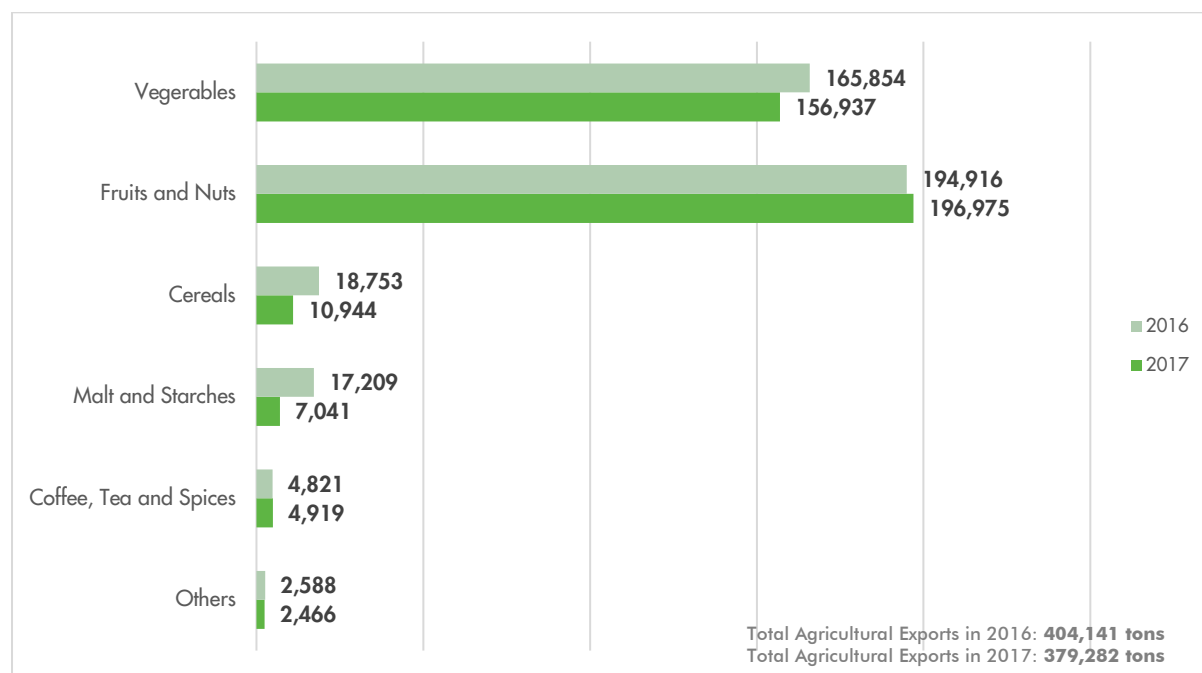
The program classifies the countries that import Lebanese Agricultural products into four zones, as follows:

- Zone “a”: Jordan and Syria;
- Zone “b”: Bahrain, Egypt, Iran, Iraq, Kuwait, Libya, Oman, Qatar, Saudi Arabia, Sudan, Turkey, United Arab Emirates, and Yemen;
- Zone “c”: Africa, European countries, and Middle Asia;
- Zone “d”: Australia, East Asia, and North and South America.

II. 2017 Results

Despite the continuous closure of the border areas with Syria, Lebanese agricultural exports fared relatively well. In 2017, Lebanese agricultural exports slightly decreased from 2016's levels with a total of 379,282 tons compared to 404,141 tons in the previous year (Figure 1). Exports of Starches and Cereals dropped by 59% and 41% respectively, while exports of fruits and nuts increased by 1%.

Figure 1: Lebanese Agricultural Exports (Tons | 2016-2017)



Source: Lebanese Customs

Agricultural exports through the AgriPlus program witnessed the same trends. Total exported quantities of Fruits and Vegetables dropped by 1% from 349,283 tons in 2016 to 344,621 tons in 2017. Moreover, exported quantities of Olive Oil also witnessed a 4% decrease from 2016's levels. As for eggs, the number of exported boxes dropped from 39,203 to 11,238 boxes in 2017 (Table 1).

Table 1: Lebanese Exports Through Agri Plus Program (2016-2017)

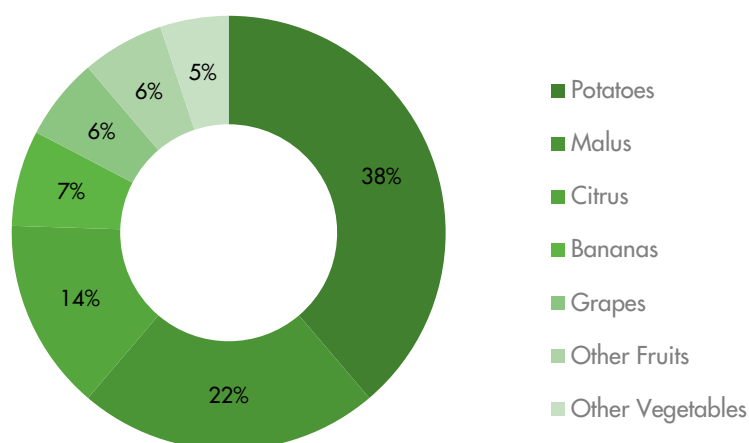
	2016	2017	% Change
Fruits and Vegetables (Tons)	349,283	344,621	-1%
Olive Oil (Kiloliters)	6,899	6,641	-4%
Eggs (Boxes)	39,203	11,238	-71%

Source: IDAL's Calculations

a. Fruits and Vegetables Exports

In 2017, export of potatoes ranked first with a total of 130,191 tons, accounting for 38% of total AgriPlus exports, followed by Malus which reached 77,531 tons, and Citrus with 48,816 tons representing 14% of total Fruits and Vegetables exports (Figure 2).

Figure 2: Distribution of Fruits and Vegetables Exports (% Share | 2017)



Potatoes Exported Quantities= 130,191 tons
 Malus Exported Quantities= 77,531 tons
 Citrus Exported Quantities = 48,816 tons

Source: IDAL's Calculations

The quantity of exported Malus and grapes exported in 2017 increased by 24% and 14% respectively from 2016 levels (Table 2). However, the exported quantities of bananas dropped substantially in 2017 due to a temporary suspension of exports to Jordan.

Table 2: Fruits and Vegetables Exports (Tons | 2016-2017)

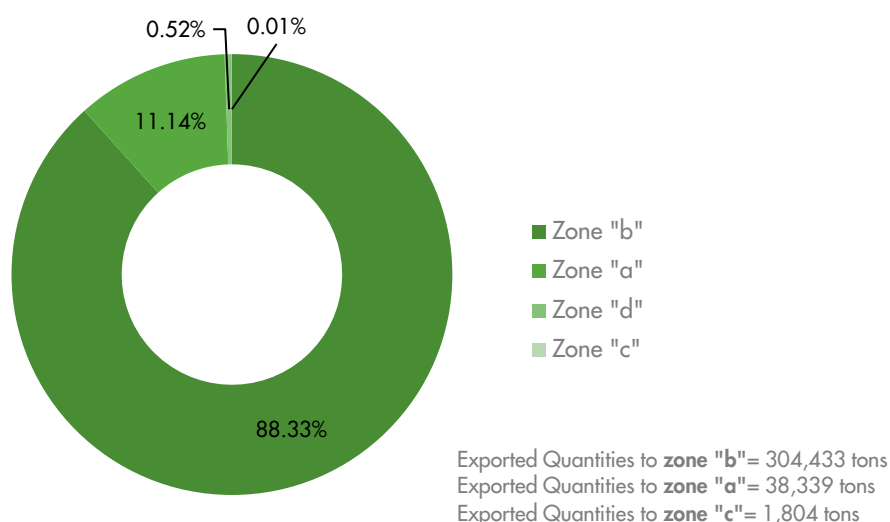
	2016	2017	% Change
Malus	62,327	77,531	24%
Grapes	19,248	22,033	14%
Citrus	44,248	48,816	10%
Other Vegetables	18,928	19,099	1%
Potatoes	135,378	130,190	-4%
Other Fruits	25,872	21,747	-16%
Bananas	43,483	25,205	-42%
Total	349,483	344,621	-1%

Source: IDAL's Calculations

The monthly fluctuations in the exported quantities are mainly due to the disruption of trade routes to the GCC countries and Iraq. Moreover, the substantial decline in exports to Syria (from 36,896 tons in 2016 to 24,886 tons in 2017) also affected the monthly exported quantities.

In terms of export by destination, the majority of exported goods were shipped to Zone “b” with 88% of the total AgriPlus exports, followed by Zone “a” with 11% (Figure 3).

Figure 3: Distribution of Fruits and Vegetables Exports by Zone (% Share | 2017)



Source: IDAL's Calculations

Exports to Zone “a” (Table 3) (i.e. Jordan and Syria) dropped however by 45%. This decrease is mainly due to a 20,000 tons decline in exports to Jordan more specifically of potatoes. Moreover, the exports of bananas to Syria dropped to zero in 2017 compared to 36,896 tons in 2016.

Similarly, exports to Zone “c” (i.e. Africa, European countries and Middle Asia) regressed by 31%, noting that exports to this zone constitute a minimal share of the total exported quantities.

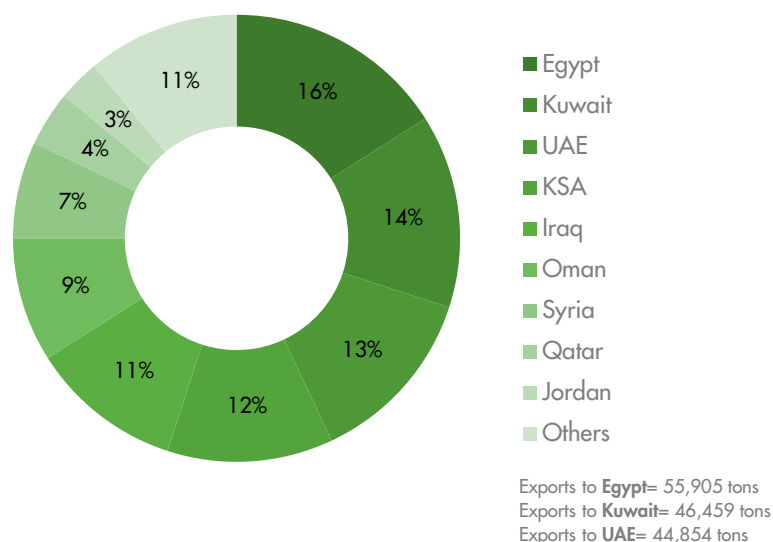
Table 3: Fruits and Vegetables Exported Quantities by Zone (Tons | 2016-2017)

	2016	2017	% Change
Zone “a”	70,175	38,339	-45.3%
Zone “b”	277,899	304,433	9.5%
Zone “c”	1,378	1,804	30.9%
Zone “d”	31	45	-45.1%
Total	349,483	344,621	-1.3%

Source: IDAL's Calculations

It is worth noting that Egypt grasped the highest share of Fruits and Vegetables exports (16%) followed by Kuwait and UAE (Figure 4).

Figure 4: Distribution of Fruits and Vegetables Exports by Country (% Share | 2017)



Source: IDAL's Calculations

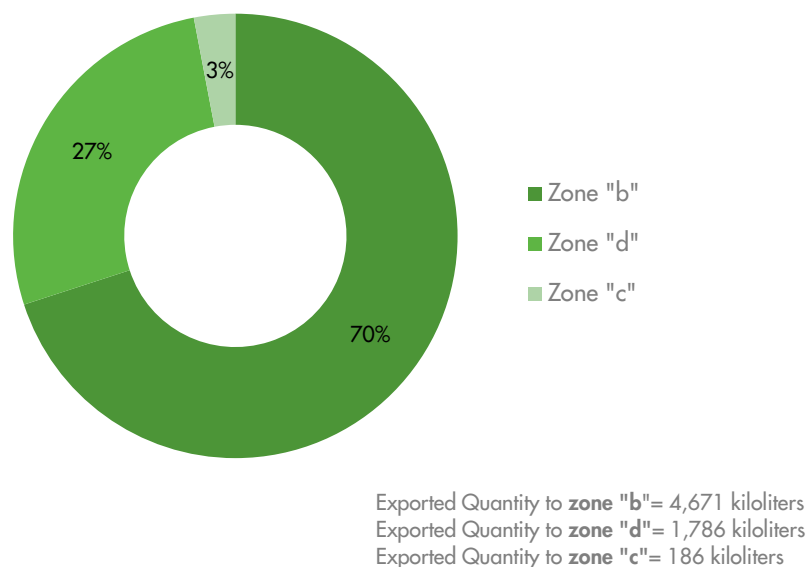
b. Olive Oil Exports

Exports of Olive Oil through the AgriPlus program reached 6,641 Kiloliters in 2017 with a monthly average of 553 kiloliters.

The bulk of Olive Oil exports were shipped to the Zone "b" (Gulf Countries), with 4,671 kiloliters, accounting for 70% of total olive oil exports (Figure 5). The second destination was Zone "d" (North and South America and Australia), with exported quantity reaching 1,786 kiloliters. As for Zone "c", (Africa, European countries, and Middle Asia), it grasped the lowest share with only 186 kiloliters.

It is worth noting that Olive Oil is amongst the most prominent Lebanese signature agro-industrial product and is gaining more ground on both domestic and international markets given its quality and competitive price.

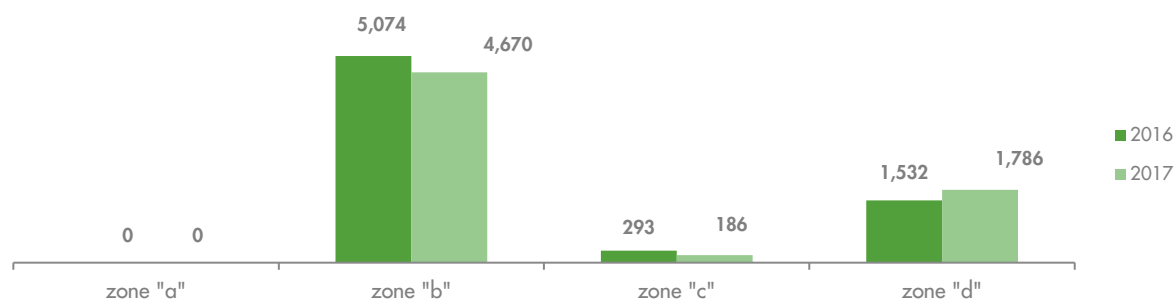
Figure 5: Distribution of Olive Oil Exports by Zone (% Share | 2017)



Source: IDAL's Calculations

While Zone "b" (i.e. Bahrain, Egypt, Iran, Iraq, Kuwait, Libya, Oman, Qatar, Saudi Arabia, Sudan, Turkey, United Arab Emirates, and Yemen) continued to grasp the lion share of total olive oil exports, it registered a drop from 2016's levels with a total quantity of 4,670 compared to 5,074 tons in 2016 (Figure 6). As for Zone "d" (i.e. Australia, East Asia, and North and South America) olive oil exports improved by 17% due to an increasing demand for Lebanese olive oil in restaurants in North America mainly in the USA.

Figure 6: Olive Oil Exports by Zone (Kiloliters | 2016-2017)



Source: IDAL's Calculations

c. Other Products Exports

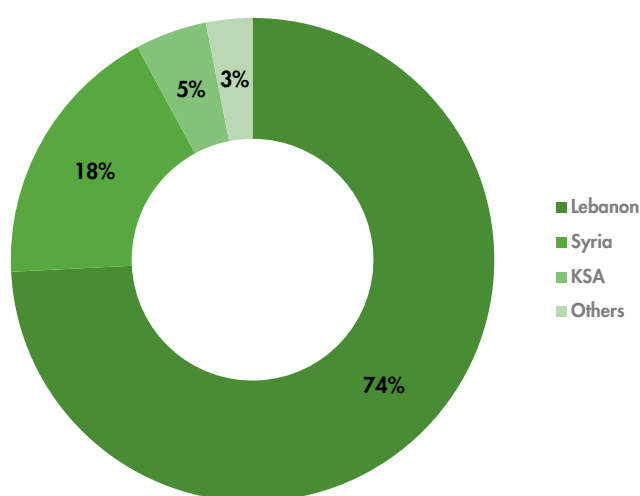
Eggs' exports dropped dramatically in 2017. 11,238 boxes were shipped to Qatar, compared to 39,203 boxes exported to Qatar and Jordan in 2016. Also, flowers and plants exports registered a 96% decrease in 2017 and dropped from 14 tons to 0.55 tons in 2017.

III. Shipping and Transportation

During 2017, 3,909 trucks were used for transporting Lebanese agricultural products to neighboring countries. The Lebanese share was the highest and represented 74% of total trucks, followed by Syrian trucks with 18% (Figure 7). Compared to 2016, the total number of trucks decreased by 17% due to the closure of the land borders and its negative impact on the activity of the land transportation sector. The Syrian share of trucks witnessed a 40% drop (703 compared to 1,169 trucks in 2016).

On the other hand, the number of Saudi Arabian trucks used to ship Lebanese goods increased from 49 to 188 trucks (284% increase) after the implementation of the M.LEB program and the shipment of Lebanese products in trucks on board of vessels destined to Saudi Arabia.

Figure 7: Distribution of Trucks by Nationality % Share I 2017)

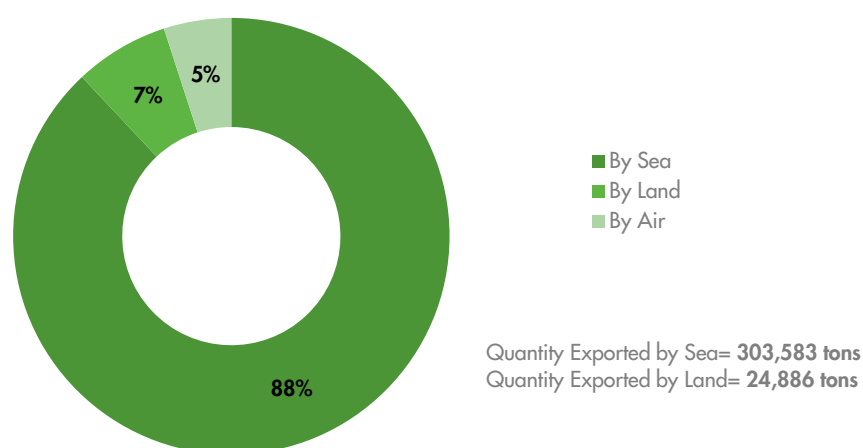


Total No. of Trucks = 3,909

Source: IDAL's Calculations

By means of transport, and with the unceasing closure of land borders between Syria and Jordan, the largest share of exports was transported via maritime means which accounted for 88% of total exported quantities. As for exports by land, the quantities exported decreased from 11% to 7% in 2017 (Figure 8).

Figure 8: Distribution of Exports by Means of Transport (% Share | 2017)



Source: IDAL's Calculations

It is worth mentioning that the use of maritime transport has increased significantly over the last seven years i.e. following the Syrian crisis and the implementation of the "Maritime Lebanese Exports Bridge" (M.LEB) program in 2015 (Table 4).

Table 4: Distribution of Exports by Means of Transport (% Share | 2011-2017)

	By Sea	By Land	By Air
2011	5%	94%	1%
2012	17%	81%	2%
2013	29%	69%	2%
2014	28%	70%	2%
2015	73%	23%	4%
2016	86%	11%	3%
2017	88%	7%	5%

Source: IDAL's Calculations

IV. Agri Plus Registered Exporters

In 2017, the total number of registered exporters reached 179, a 3% increase from 2016 levels (Table 5). 18 of those exporters are specialized in the export of olive oil while 5 are specialized in the export of eggs.

Table 5: Agri Plus Registered Exporters (2017)

	Exporters	%Share
Bekaa	88	49%
North Lebanon	41	23%
Mount Lebanon	30	17%
South Lebanon	18	10%
Beirut	2	1%
Total	179	100%

Source: IDAL's Calculations

With its plan to encourage exporters to improve the quality of their products in terms of produces, IDAL granted 20% additional subsidies to exporters which obtain a certificate of quality and a certificate for the packinghouse. Packaging procedures must adhere to highest international standards to obtain certification from internationally approved sources.

By 2017, 201 packaging centers had met IDAL's criteria and were registered (table 6).

The majority of these centers are located in the Bekaa region followed by North Lebanon as those two regions contribute to more than 72% of total Lebanese agricultural produces.

It is worth noting that 20 of these packaging centers have been certified and have benefited from the additional 20% subsidies granted by IDAL.

Table 6: Distribution of Packaging Centers by Region (2017)

	Packaging Centers	Certified Packaging Centers
Bekaa	88	15
North Lebanon	53	1
Mount Lebanon	36	0
South	20	4
Beirut	4	0
Total	201	20

Source: IDAL's Calculations

V. Other Activities of the Program

In addition to exporting agricultural products, IDAL undertook various activities in 2017, through the “Agri Plus” program, aimed at supporting key tasks related to the implementation of the program, the most important being:

- Organization of workshops in Zahle and Tripoli to introduce exporters to traceability systems for agricultural products.
- Participation in international fairs as part of IDAL’s promotion strategy to tap into new markets.
- Undertaking periodical packinghouse inspection and coordination with the inspection companies in the elaboration of the registered packinghouses quarterly reports.
- Participation in the marketing committee to discuss the marketing strategy created in order to promote Lebanese agricultural goods.
- Development of factsheet for five main agricultural produces (Citrus, Grapes, Potatoes, Banana and Apples)
- Update of market studies for countries with export potential.

VI. Conclusion

The Lebanese agricultural exports showed limited signs of recovery in 2017 and the realized export capacity remains below its potential. Exports through the Syrian border were affected and the net impact on Lebanese agricultural exports has been a 6% decrease in total agricultural exports.

Subsidized agricultural exports through Agri Plus accounted for almost 90 % of total agricultural exports. Potatoes took the lion share among “Agri Plus” products, grasping 38% of the total, or 130,191 tons in 2017. Citrus and Malus products followed with 22% and 14% respectively, while Bananas accounted for 7% of total exported agricultural products.

Among regional and international competition for quality goods, packaging plays a crucial role to foster access to international markets hence the need to upgrade Lebanese packaging standards with international standards.

The evolution of packing quality, the enhancement of the packing centers, the increasing number of farmers awarded the "Global Gap" certification and other packaging certifications such as HACCP & ISO certificates, are yet a further indication of the confident achievements of the program in its sixth year. However, and in order to achieve Lebanon's export potential, additional efforts should be made to improve the quality of production and introduce new varieties of products based on the needs of international markets. Many challenges persist for the program in the coming years, therefore, it is imperative for IDAL to keep providing exporters with access to new markets and help farmers and exporters obtain quality certificates in both production and packaging stages.

