Agriculture as a key to the resilience of Lebanon rural areas to the effect of the Syrian Crisis

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Since the onset of the Syrian Crisis in 2011, Lebanon has faced a series of socio-economic shocks that have threatened an already existing situation of economic vulnerability and fragile political stability. The living conditions of both urban and rural communities have been highly impacted by the influx of more than a million Syrian refugees. In addition to the pressure it has created on natural resources and public service infrastructure, the continued presence of this large number of refugees has led to an increased competition over job opportunities in the Lebanese labor market. According to the International Labor Organization (ILO), the estimated increase in the labor force is 14 percent[1]. The World Bank's projections are expecting an increase of 10 percent points in unemployment[2].

The Lebanese rural areas bordering Syria, i.e. the Beqaa Valley and Akkar, have been the most impacted by the Syrian Crisis. These areas still rely heavily on agricultural production, and have had to face two main challenges: (1) the increased cost of agricultural inputs when smuggling of cheaper inputs from Syria had stopped; (2) the difficulty in reaching traditional export markets in the Gulf Council Countries, especially following the closure of the land road through Syria after the Syrian Opposition armed forces took control of the Naseeb crossing at the Syrian-Jordanian borders in the spring of 2015. Furthermore, Lebanese agriculture had to face an exceptional drought in 2014, which together with pressure on water resources from refugees, led to a significant decrease in yields that year[3].

Nonetheless, and despite the heavy impact of the Syrian crisis, Lebanese rural communities are still coping with the now five-year-long Syrian Crisis. They were able to absorb the refugee influx – representing an approximate 30 percent increase in population – without major civil unrest events or menace to local security and stability. The present article provides a preliminary analysis of the Lebanese rural communities' response to the Syrian Crisis. It shows that the ability of rural communities to adequately respond to and cope with the impact of the Syrian Crisis is a direct result of the capacity of the agricultural and agro-industrial sectors to sustain and improve income received by local farmers, as well as create jobs for Syrian refugees. The article also argues that the response was only partially grounded in the endogenous adaptive capacities of the Lebanese agricultural and agro-industrial sectors; but was in part constructed and supported by international donors' interventions.

The article will first present an overview of Lebanon's agriculture and agro-industry employment generation capacities; then, the analysis will look at the response of the agricultural sector to the Syrian crises through studying the changes induced by the increased food demand and the gradual closure of the land road export market channels.

Employment capacities of Lebanon's agriculture and agro-industrial sectors

Agriculture and agro-industry are still important and competitive sectors of the Lebanese national economy. The Lebanese agricultural sector represents around 4.7 percent of the country's GDP. This figure increases to 7.0 percent if agro-industry is added, rendering the Lebanese food production a sector as important as manufacturing in terms of wealth generation.

[1] ILO regional office for the Arab States, Assessment of the Impact of Syrian Refugees in Lebanon and Their Employment Profile (2013).
[2] World Bank, Lebanon – Economic and Social Impact Assessment of the Syrian Conflict (September 2013)
[3] FAO, Lebanon national office, Food Security and Livelihood of Lebanese Host Community Assessment Report – June 2015

Both sectors combined employ on full-time basis 11.5 percent of the Lebanese labor force (6.5 and 5.0 percent for agriculture and agro-industry respectively). If part-time jobs and secondary income generation activities are taken into consideration, it is estimated that approximatively 20 percent of the Lebanese households receive a primary or secondary income from agriculture and agro-industry[4]. This figure increases in the Beqaa valley and Akkar[5], the areas that are the most impacted by the Syrian refugee crisis.

In addition to the 170,000 registered part-time and full-time Lebanese farmers (and/or landowners), figures based on the Lebanese Ministry of Agriculture and FAO 2010 agricultural census estimate that agriculture employs approximatively 85,000 permanent agricultural workers. It also requires approximatively 11 million working days from seasonal workers – or the equivalent of approximatively 167,000 workers who are working on a 25 percent part-time equivalent. Based on interviews and field observation, it can be assumed that 80 percent of these workers are Syrian, which leads to the conclusion that approximately 200,000[6] Syrian workers are employed either on a full-time or part-time basis by the agricultural sector in Lebanon.

Given these figures, it is can be postulated that the ability of rural areas to sustain the influx of refugees is in effect partly due to the fact that many of the refugees consisted either of the families of permanent Syrian workers in Lebanon, or of seasonal workers and their families who used to come to Lebanon during certain harvest seasons. In other words, the Lebanese agricultural and agro-industrial sectors were sustaining the lives of thousands of Syrian families through remittances being sent to Syria before the onset of the Crisis, and continue to sustain these families with similar wages, but now as refugees coming from the other side of the border. Furthermore, the Lebanese agricultural and agro-industrial sectors have witnessed an expansion of their production as a response to increased demand for food products, which in turn has been a direct result of the incoming of the Syrian refugees. This increased production has generated income for Lebanese rural households, and at the same time been able to partly accommodate the increased supply of Syrian refugee labor.

[4] Author's estimate based on FAO and Ministry of agriculture agricultural survey (2010), and UNDP and Ministry of Social Affairs' household survey (2004).
[5] Idem.
[6] Author's estimate.

Changes induced by increased demand

With the onset of the Syrian crisis in 2011, there was a growing need for food supply to the Lebanese market. This increased demand was triggered by two main factors: firstly, and most importantly, the new demand created by the continuous influx of Syrian refugees. This demand was further sustained thanks to the World Food Program cash for food program, which is estimated to have injected up to half a billion US dollars into the Lebanese economy[7]. The second factor is represented in the reduction of the supply of Syrian products to the Lebanese market caused by the collapse in Syrian agriculture.

This higher demand for food was met through increasing food imports; between 2012 and 2015 Lebanon witnessed an increase of respectively 19 and 14 percent in the volume of imported agricultural and agro-industrial food items[8]. In addition to imports, increasing food demand was met through investments in agricultural and agro-industrial production – the latter was at times undertaken by Syrian industrialists together with Lebanese partners. For example, the bordering Lebanese town of Qaa in Northern Beqaa witnessed a significant increase of new investments in horticulture as well as in permanent crops. In fact, satellite images of the Qaa area from before and after the Syrian Crisis show an approximate increase of 30 percent in irrigated land surface.

These agricultural investments have benefited from the presence of low waged Syrian agricultural labor, as well as the drop in oil prices since 2015, which has led to reduced energy costs especially for irrigation pumps. In addition, the depreciation of the Euro has helped investment in agricultural machinery and equipment.

The need for increased supply of food has also allowed donors to develop interventions aimed at increasing food production without putting pressure on farm gate prices. These projects, which included support to vegetable production, home based production of free range eggs, increase in honey production, and support to small scale dairy units, have helped in creating jobs and generating income for host communities and Syrian refugees.

[7] World Food program, Situation report #9. February 3rd, 2016. Available online: http://documents.wfp.org/stellent/groups/Public/documents/ep/WFP281372.pdf
[8] Lebanese Customs data. www.customs.gov.lb

In addition, the higher local demand for food products has played a role in mitigating the negative impact of the closure of export market land roads passing through Syria. This was specifically the case for vegetables exports that were re-oriented towards the local markets. In addition, certain high value fruits such as avocado and cherries witnessed domestic prices relatively higher than export prices.

Changes induced by closure of export market roads

The historical development of the Lebanese agriculture is largely based on a regional comparative advantage which allowed for export to the GCC. In the mid-1970s, the Gulf market would buy 75 percent of the Lebanese apple production, 60 percent of its citrus production and around 55 percent of its egg production[9]. Nowadays, GCC countries still absorb 91.2 percent of Lebanon's vegetables exports, but only around 38 percent of Lebanon's fruits exports. The rest are sent to lower value markets; for example, Egypt imports around 71 percent of apple exports which also represent approximately a quarter of total fruit exports. This increase in Egypt's share of apple exports is a clear reflection of loss in competitiveness of the Lebanese agriculture.

Within this context of decreasing competiveness, the Syrian crisis and the recurrent closure of the borders, as well as the risk involved with the export of products through the Syrian road channels has further increased the need for a restructuring of the production system. A number of efforts in this direction have been initiated. For instance, there is a stakeholder effort, supported by international donors, to restructure apple production around new varieties mainly dwarf varieties and trellis. Furthermore, Lebanese agriculture was able in recent years to develop semi-integrated value chains that were able to enter the EU and Russian market especially with grapes and cherries.

Today European markets represent 5 percent of total Lebanese fruit exports and there are high opportunities for increasing this share. This was made possible thanks to local initiatives led by traders. These initiatives aim at taking benefit of the Euro-med trade agreement signed between Lebanon and the EU that allows for windows of opportunities for exporting specific fruits during certain periods of the year.

These new competitive value chains were built around packers/ exporters who introduced fruit varieties demanded by the European markets (especially table grapes varieties), and adopted good agricultural practices as required by European markets. Packers/exporters, have served as focal points for small, medium and large-size farmers wishing to adopt modern agricultural practices to comply with the requirements of high value markets. Aware of a great opportunity for Lebanese agriculture[10], international donors have supported the creation of these semi-integrated value chains including the implementation of new orchards.

Donors as well as local initiatives are also supportive of the tentative creation of semi-integrated value chains between agro-industrialists and farmers. These value chains were also oriented toward the US and the European ethnic food market, as well as in answer to the growing demand of both Lebanese and Middle Eastern diaspora.

Just as it has instigated short term investments catering to increasing demand, the Syrian Crisis has also acted as a catalyst for the re-structuralization of Lebanese agriculture and its movement towards higher value markets. From one side it has amplified the need for new markets following the closure of the border. From another side, it has produced a high supply of low wage agricultural labor, which in turn has lowered cost of production and thus encouraged investment - which also currently benefits from an overall favorable environment of low oil prices and a depreciated Euro currency.

9 A. Baalbaki and F. Mahfouz, The agricultural sector in Lebanon: Main changes during the civil war, Beirut: Dar al-Farabi, 1985 (in Arabic)

10 For example, there is space for additional expansion of Lebanon's export of grapes to the EU, in the UK and Germany import 18.2 per cent of the world total import of table grapes, both markets are growing at a 4 and 5 per cent annual rate respectively (Source: International Trade Center (ICT) 2014 data. www.tradema.org)

Agriculture as a key element of stability in rural areas

Rural areas have been resilient to the Syrian Crisis owing to the agricultural and agro-industrial sectors that have not only contributed to securing a large number of refugee livelihoods, but also sustained the incomes of host communities and helped generate additional incomes for these rural Lebanese households. Lebanese agriculture has shown to have adaptive capacities allowing it not only to respond quickly to short term changes, but to also plan for long term adjustment. These adaptive capacities are existent within the local communities, and are further supported by international donors. The Lebanese agriculture sector has also demonstrated its potential to act as an element of economic and social stability. Therefore, the Lebanese government should act fast to develop adequate policies which come in support of farmer efforts. Lebanese policy makers should prioritize the building of a national strategy to increase the resilience of local farmers and stakeholders, as well as enhance their competitiveness.

Bibliography / More information

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