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Wheat is the most important grain imported in Lebanon. That is why we have dedicated a separate report for the wheat market that you can read here: [The Lebanese Wheat Market: A Lay of the Land](#)

The report below offers details on the trade of other grains such as corn, barley and rice.

How it all started

Today, the market for grain importers and distributors is a well-established one. Each market player benefits from its own competitive advantage, its loyal clientele and its own well-built reputation. Aside from wheat and rice, most of the grains brought to Lebanon are destined to be fed for livestock (cows, chicken etc...).

The grain importers and distributors made it where they are today because they anticipated market demand. A decade ago, spread across the country, were small parcels of land with limited quantities of livestock managed by local farmers. In spring and summer, the farmers could even let their cattle run free in nature to be fed without needing sophisticated mixes of animal feed.

However, across the years the number of small farmers decreased and new market entrants had an opportunity to penetrate the market. Demand grew and made it difficult for small farmers to adjust and maintain their market position. Even if they wanted to adjust, the small farmers didn't and still don't have the capacity to tend to a larger demand. This is why large farms emerged and unlike the smaller farms, they have the capital needed to invest in packaging, advertising and developing a wide range of products, all of which would allow them to reach the big retailers and achieve a high profit margin.

Today, big farmers sometimes buy the produce from small farms, especially since consumers are steering towards organic and healthy foods, but the small farmers are still feeling the weight of the competition. That's why small cow breeders and milk producers¹, recently staged a protest calling for a fixed price for milk of LBP 1,000 per kilogram and higher controls on the imports of dried powdered milk which is eating away at their market shares. They also complained that white cheese imports from Egypt are adding pressure on local producers which incur higher costs. These farmers realize that in order to survive on the market they need to grow in size that's why they attempted to create cooperatives in different regions across the country and that's why they are calling for a higher promotion of their products in cooperation with the European Union and international and non-governmental organizations.

¹ The most affected are cow breeders and milk producers in the Bekaa region

Who are the Biggest Market Players?

Lebanon counts **around** eight grain importers: Chabarek, Minot.Jnoub, Liban Moderne, Katrako, Maalouf, Nutritus, Mouanes and Hawa Chicken. According to market sources, the top players are Minot.Jnoub, Mouanes, Chabarek and Hawa Chicken. However, it is worth mentioning that Hawa Chicken imports grains for its own use and not for distribution purposes. According to market sources, the major rice importers are Crown Flour Mills, Bohsali Foods and Bitar International.

Distribution of Grain Imports by Top Market Players

In Metric Tons	Corn	Barley
Minot.Jnoub	200.000	24.000
Mouanes	60.000	36.000
Chabarek	75.000	15.000
Hawa Chicken	72.000	-

What are the Grains that we Import?

Essentially, Lebanon imports wheat, corn, barley, and rice. The wheat and rice are destined for human consumption while the rest are mostly used for animal feed. In terms of volume and based on 2015 customs figures, the biggest tonnage was for wheat imports with a share of 47%, followed by 37% for corn, 6% for barley and 5% for rice. Put together, the quantities of wheat, barley, oats, corn, soya beans and rice imported registered a 5.28% Compounded Annual Growth Rate (CAGR) over the period 2012-2015 to 1.2 million tons worth \$314.93M. However, one exception was noted whereby the imports of barley and soya beans registered a major drop in 2013 but that was due to a heavy black market activity that year.

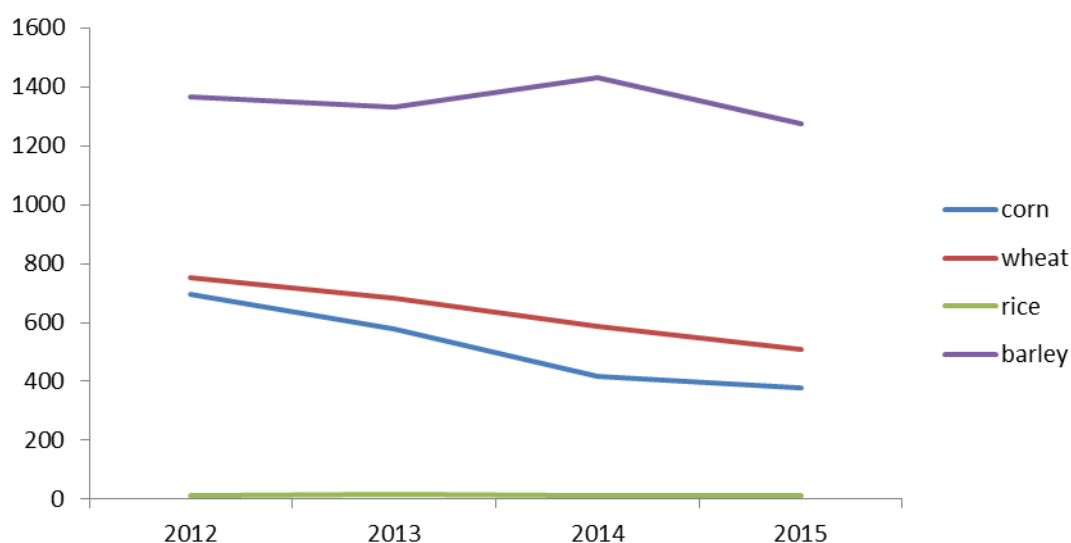
Grain Imports in 000s of USD	2012	2013	2014	2015
Wheat	165,974	190,129	176,681	142,517
Barley	20,114	6,607	13,953	17,244
Oats	222	224	104	91
Maize (corn)	15,238	111,502	106,843	97,544
Soya beans, whether or not broken.	32	4	518	598
Rice	48,398	52,970	61,720	56,935
Total Grains	349,978	361,436	359,819	314,929
Annual Growth Rate		3%	-0.4%	-12%

Grain Imports in Net Tons	2012	2013	2014	2015
Wheat	529,818	603,301	615,416	625,661
Barley	69,700	20,644	61,995	83,173
Oats	326	322	162	146
Maize (corn)	382,754	393,633	451,817	500,034
Soya beans, whether or not broken.	43	3	831	1,348
Rice	59,305	63,530	70,122	69,667
Total Grains	1,041,946	1,081,433	1,200,343	1,280,029
Annual Growth Rate		4%	11%	7%

Source: Lebanese Customs

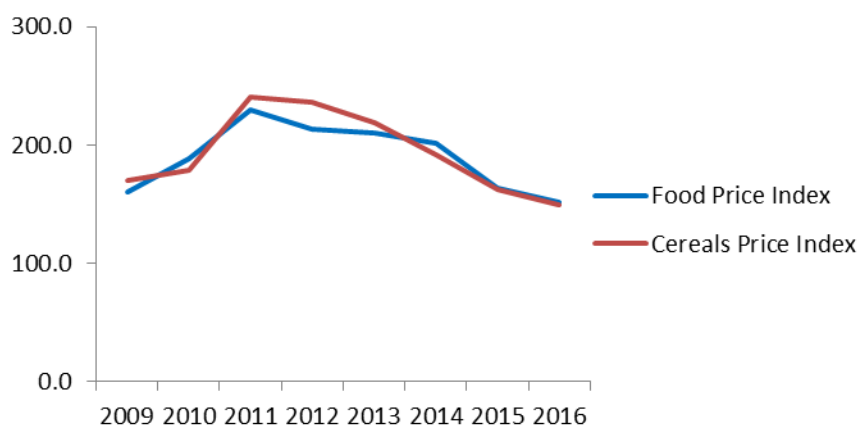
The international price trend for grains has been heading downwards since 2012 with Bloomberg's Agriculture Sub-index down around 40% from a high in 2012. The decline in prices explains why, while the volume of imported grains in Lebanon increased by 11% and 7% in 2014 and 2015, the value of the imported grains dropped by 0.4% and 12% in the same years. The international market for grains has been in a glut with growing stockpiles and that trend is set to continue in 2016 according to the International Grains Council (IGC). According to Bloomberg, the higher supply came about as weak currencies in producing nations encouraged farmers to grow their crops. Moreover, in an effort to ensure food security, China has started building its own largest stockpile of grains in the world. In the upcoming season starting in July, the IGC expects global grain production will amount to 2.015 billion tons up by a yearly 0.6%. Stockpiles will reach an all-time high of 474 million tons of which 40% will be accounted for by China.

Bloomberg Generic Compilation of Selected Commodities Prices



Source: Bloomberg

The Food and Agriculture Organization (FAO) Food Price Index and Cereals Price Index



Source: Bloomberg

Lebanese Grain Imports by Country

Black sea countries remain the top sources of wheat, corn and barley imports to Lebanon. These grains are mostly imported from Ukraine, Russia and Romania due to low freight costs. Imports of corn are well spread across the black sea countries whereas barley imports are mostly coming from Russia with a smaller market share left for Romania. However, rice import sources are almost equally spread between Italy, India, Thailand and Egypt.

Imports of Corn in 2015, 000s of USD		
Total	97,544	% Share
Ukraine	36,601	38%
Romania	18,543	19%
Russian Federation	11,261	12%
Serbia	11,051	11%
Moldova, Republic of	7,947	8%
Hungary	5,258	5%
Bulgaria	3,156	3%
United States	1,036	1.00%
Argentina	962	0.99%

Imports of Corn in 2015, In Net Tons		
Total	500,034	% Share
Ukraine	192,786	39%
Romania	95,355	19%
Russian Federation	61,240	12%
Serbia	56,941	11%
Moldova, Republic of	41,382	8%
Hungary	27,268	5%
Bulgaria	15,205	3%
Italy	3,301	0.70%
United States	2,551	0.50%
Argentina	2,001	0.40%

Imports of Barley in 2015, In 000s of USD		
Total	17,244	%Share
Russian Federation	10,073	58.41%
Romania	2,828	16.40%
Greece	2,013	11.67%
Moldova, Republic of	1,186	6.88%
Ukraine	1,133	6.57%
Italy	10	0.06%

Imports of Barley in 2015, In Net Tons		
Total	83,173	%Share
Russian Federation	49,510	60%
Romania	12,614	15%
Greece	9,515	11%
Moldova, Republic of	5,764	7%
Ukraine	5,752	7%
Italy	18	0%

Rice Imports in 2015, In 000s of USD		
Total	56,935	% Share
Italy	14,186	25%
India	12,112	21%
Thailand	7,690	14%
Egypt	5,832	10%
Australia	4,876	9%
United States	4,750	8%
Pakistan	1,665	3%
Spain	1,292	2%
Russian Federation	1,228	2%
Viet Nam	1,192	2%

Imports of Rice in 2015, In Net Tons		
Total	69,667	%Share
Thailand	16,001	23%
Italy	15,782	23%
India	11,594	17%
Egypt	7,477	11%
Australia	4,752	7%
United States	3,753	5%
Viet Nam	2,141	3%
Pakistan	1,996	3%
Spain	1,790	3%
Russian Federation	1,500	2%
France	965	1.40%
Greece	506	0.70%
Brazil	498	0.70%

Source: Lebanese Customs

According to Mr. Georges Mouanes, General Manager and Chairman of Georges Mouanes company, his supply is destined for big names in Lebanese dairy production: Liban Lait, Dairy Khoury and Taanayel Les Fermes. For dairy producers, the process of feeding the cows is a mechanical one. The animal feed is made up of grains but also of additives (Cottonseed, Sugar beet pulp, Sun Expeller Meal, Sunflower Pulp and extruded cotton cake) is divided into packages which are then dumped in a big processor that will mechanically distribute the feed to the animals. Very large dairy producers do their own mix to feed their livestock. However, smaller dairy producers buy ready to feed packages which are sold at about \$360 per ton.

Mr. Mouanes goes on to explain the reasons why the Lebanese grain importers operate with brokers specialized in agricultural commodities rather than with direct suppliers. The first perk of operating with a broker is the fact that the grain importer is protected under the wing of The Grain and Feed Trade Association (GAFTA). Moreover, if the grain importer faces any issues with the delivery of requested goods, the broker can guarantee the settlement of the issue on behalf of the involved parties. The legal framework is also made much simpler through the brokers, which eventually reflects positively on supply delivery times and successful trading. Most of all, the broker can present its client with a wide range of suppliers and grains' shipments with different prices and specifications in order for the client to choose the option most suitable for him. Most of the brokers are located in Geneva and some are even operated by Lebanese nationals.

Overall, the grains market is well-shared by the top players and has been witnessing a stable and steady growth.

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