Additional information concerning the measures notified by Lebanon and Syria

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CITRUS AND OTHER FRUITS

1. Lebanon

The origin of the plantations of citrus and other fruits in Lebanon goes back to time immemorial. Our oranges have a long-standing reputation - the Tripoli, Antelias, Tyre and Sidon varieties being the finest on the Mediterranean littoral. But the number of plantations - and hence production - was for a long time static; in fact there was no real expansion in this direction until shortly before the second world war. At that time the Lebanese farmers, finding that their land was not sufficiently remunerative, began to realise the advantage of planting fruit trees. The first attempts proved conclusive. The State recognised the importance of the problem and at once set up an Hydraulics Bureau to study and carry out a large-scale irrigation programme aimed at increasing the area of land under cultivation and improving output.

Various circumstances prevented this initial programme from being carried out immediately; then the war came, making it impossible to procure the equipment required for modernising Lebanese agriculture - apart from the fact that during the war years it was no longer possible to set aside in the budget sufficient credits for irrigation operations.

In 1945 Lebanon grew 78,000 tons of citrus fruits on a planted area of 6,500 hectares, and 21,500 tons of apples, pears and quinces on an area of 3,600 hectares. In 1947, as a result of a bad season, production dropped slightly - 70,000 tons of citrus fruits and 20,600 of apples, pears and quinces.

Although this yield shows a marked improvement over the past, it is insufficient even for home consumption; in fact in 1947 we were obliged to import more citrus fruits (9,692 tons) than we exported (2,005 tons). This leaves a gap to be filled by new plantation.
Yet as early as 1938 we had been able to export 28,394 tons of citrus fruits, a figure which has not been reached again since the war owing to the start which competing countries have gained over us.

The problem for Lebanon, therefore, is to develop her citrus and other fruit production to the point where it can cater for home consumption and reach and exceed the pre-war export level.

The State decided that to encourage the development of fruit-growing, it was essential to protect it during an interim period, when fruit imported from abroad on a well-organised system can be sold within Lebanese territory, in spite of high customs tariffs, at prices which can compete with those of home-grown fruit of better quality.

With this end in view a decree (No. 3784 of 15 March 1947) prohibited the import of citrus fruits (Tariff Item No. 55) and of apples, pears and quinces (Tariff Item No. 59).

At the same time, a large-scale irrigation programme has been started. The State obtains wherever it can the equipment and machinery required for modernising agriculture. In 1946, Lebanon imported 41 tractors and agricultural motor vehicles; in 1947, 86; and in 1948, 166. These figures, and a comparison between them for the various years, make comment unnecessary. Every year the Ministry of Agriculture sends specialists to America and Europe to get a grounding in new methods of agriculture.

Thus, with the added safeguard of the prohibition of imports, we have every prospect of developing fruit-growing in Lebanon - the more so as the various varieties grown already have a reputation, and as Lebanon has 180,000 hectares still to be cultivated out of a total of 405,000 hectares suitable for cultivation. This stage of development can be reached within the next five years.
2. Syria

In Syria, the diversity of the climate and the suitability of the soil offer good prospects for a large increase in fruit growing. Large areas are suitable for the plantation of many varieties of fruit trees. Unfortunately the lack of an irrigation system and of capital, and the use of primitive methods, make it impossible until about 1938 to exploit our fruit resources rationally on a large scale. It was not until about that date that the planted area began to be extended and the methods of cultivation improved.

The war helped on this development. According to our figures, the area given over to apple and pear trees increased from 2,280 hectares in 1938 to 4,480 hectares in 1947 - or twice the number. The area under almond trees and walnut trees increased by 1,000 hectares in 1947 as against 1938.

The Syrian Government is making a great effort to encourage fruit growing in every possible way - by extending the irrigation system according to a pre-arranged plan, by increasing the number of nurseries and agricultural colleges, and by taking protective measures. In addition, these activities aimed at developing Syrian agriculture are supplemented by the establishment of refrigeration industries. A large number of freezing plants have been established within the last few years in the chief Syrian centres.

In a word, Syrian fruit production prospects are considerable. Irrigated areas suitable for fruit growing may very well increase from 236,500 hectares to 600,000 hectares.

As to achievements which have so far resulted from the various measures already taken, there is first of all a marked increase in areas planted, and a rise in annual production of 16 per cent.

STARCHES AND FECULA

The starch and fecula industry is a very old one, both in Syria and in Lebanon. These products are obtained by the processing of wheat and maize.
Since 1937, the starch and fecula industry, which had hitherto employed rudimentary methods, has rapidly become modernised. A notable development in this direction has been seen since the end of the war.

Apart from the artisan industries which are very numerous in both countries, the C.I.P.A. Co. in Lebanon, with a capital of £614,000, produces 44 tons of starch and fecula a year. The artisan industry in Syria supplies 247 tons a year, and a new factory has just been set up in Syria with an annual capacity of 1,000 tons.

Owing to the high cost of Syrian wheat and maize in relation to world prices, Syrian producers are seriously threatened by foreign competition. The price per kg. of home-produced starch is 100 piastres, whereas the same article imported from abroad is sold at 44 piastres c.i.f. Adding to the latter amount the Customs duty (50% ad valorem), the price per kg of foreign starch in Lebanon or Syria after all costs and duties have been paid, is 66 piastres.

Our imports for 1938 were 221 tons, and for 1947, 50 tons; our exports are negligible.

To safeguard the development of this industry, which grew considerably between 1938 and 1947, as can be seen from the comparative import figures, the Syrian and Lebanese Governments adopted restrictive measures in regard to starches and fecula (Tariff Item No 82 a, b, c). The quota system applicable in Lebanon was laid down in Decree No. 2298 of 18 January 1946; that applicable in Syria, in the import programme in force since 1946.

MACARONI, SPAGHETTI AND SIMILAR PRODUCTS; BISCUITS

The industries manufacturing macaroni, spaghetti and similar products use home-produced raw materials, the chief of these being best quality wheaten flour. An enormous number of artisan workers are engaged in manufacturing these products. Several modern factories have also been established. The three main factories are in Lebanon, with a capital of more than £11,000,000; and there are several others in Syria.
In Syria and Lebanon the total output of these industries amounts to 1,025 tons of macaroni, spaghetti and similar products. 158 tons of biscuits are produced in Lebanon; no figures for the Syrian biscuit output are available.

In view of the high cost of our flour and butter in relation to world prices, the national industries and the artisan industry cannot stand up against foreign competition.

Hence to safeguard national products and to encourage their development, as well as to ensure a more rational use of raw materials, quotas were adopted by Lebanon (Decree 2298 of 19 January 1946) and by Syria under the 1946 "quota programme".

In any case, contrary to what may have been assumed, the production of Lebanese beer is not in excess of the demands of local consumption. The Customs statistics show that, in 1947, against 110 tons exported, we imported 902 tons, so that there is a fairly considerable margin for the expansion of production.

Secondly, it must be remembered that Lebanon is a tourist country
with summer and winter seasons. We shall soon have many visitors each year, and our beer production should then be sufficient for their consumption, for the local population, and for export.

Finally, while possibilities for export have hitherto been limited, our Ministry of National Economy hopes that this will not continue to be the case when the quality has improved and cost of production has been brought down to the level of world prices.

To improve the quality of Lebanese beer and increase production, protection is therefore imperative. Otherwise, foreign beer would rapidly supplant this national industry the development of which, during the war years, was most striking, and which should reach a production figure making it possible to meet the demand of our own nationals, our visitors, and, later on, customers abroad.

According to present forecasts, the period required for the development of the industry cannot be less than five years.

Wines, Liqueur Wines, Spirits and Beverages N.E.S.O.I.

Lebanon is a country of vineyards. Whole areas of the country, which is mountainous, have no other crop. That is why Lebanon has always produced wine and liqueurs. It was not however until 1927 that steps were taken to organize this industry on modern lines, and to develop it. Production reached 7,000 tons in 1939, and 10,000 tons in 1940, but dropped to 6,000 tons in 1947 owing to foreign competition.

The Customs statistics are even more disquieting. In 1947, Lebanon imported 118 tons of wine, wine liqueurs, etc., while she did not even export 4 tons - an abnormal state of affairs in a mountainous country where vineyards abound.

The Lebanese Government therefore considered it necessary to protect the development of local industry by prohibiting, under Decree No. 3785 of 15 March 1947, the importation of wines, wine liqueurs, spirits, other
beverages N.E.S.O.I, and vinegar.

It is hoped that as the industry develops it will be possible to reduce the excess of imports over exports - the latter this year having proved to be non-existent. Secondly, a country like Lebanon should be able to produce enough wine both for local consumption and export. There again, we find a state of affairs similar to that already noted in the case of other products which are not yet sufficiently developed. At the present stage of agriculture and industry, in both Lebanon and Syria, the local product costs more than the like foreign product. The latter is even sold on our markets, when it gets a footing there, more cheaply than the Lebanese or Syrian product, and its competition may easily stifle a national industry in the process of development.

It is proposed to protect the development of our wine industry for a period of five years.

**Hides, Skins and Leather**

For several decades there has existed in Syria, and particularly in Lebanon, an artisan tanned leather industry, which went rapidly ahead and became modernised during the five years preceding the 1939 war.

At present there are five large factories in Lebanon and numerous small workshops, and three large factories in Syria with several hundred artisan workshops. This industry's requirements of raw hides and skins amounted in 1946 to 4,000 tons, 700 being locally produced and over 3,300 imported from abroad. Certain tanning extracts of vegetable origin are obtained in the country itself.

As is explained later in the section on the development of leather manufactures, this industry is of very great importance to our two countries. Leaving out of account sheep and goat skins, a local speciality in plentiful supply, we imported in 1937: 96 tons of leather, in 1938: 78 tons, in 1946: 51 tons, and in 1947: 53 tons. Thanks to
the development of this industry, imports steadily decreased up to 1946. In 1947, however, as soon as the first signs of foreign competition reappeared, a slight rise in imports was noted as compared with the previous year, namely, 53 tons. During the four years mentioned above, our exports amounted to only 14, 26, 8 and 13 tons respectively, leaving a considerable margin to be covered by development.

As regards sheep and goat skins, shown under tariff item 352, these come from abundant national resources. Our exports of sheep and goat skins, which amounted to 543 tons in 1937, nevertheless fell to 494 tons in 1946 and 182 tons in 1947, whereas our imports rose from 12 tons in 1937 to 27 tons in 1947, and commercial forecasts predicted a heavy increase in imports during the next few years. This meant partial unemployment in the leather industry in 1947, with the prospect that it would become more serious. Protection was all the more necessary because the quality of foreign leather was better than that of national leather, although the latter itself was improving steadily.

It was therefore a question of protecting development with a view to increasing the production of leather of every kind, and to improving goat and sheep skins. That was the purpose of the quotas provided for in Lebanon by Decree No. 2298 of 19 January 1946, and in Syria by the Import Programme of 1946.

Development is expected to take five years.

Manufactures of hides, skins or leather

The same regulations and system apply to leather manufactures, in particular saddlery and morocco wares.

This is an old-established artisan industry in both Syria and Lebanon. It prospered remarkably during the second world war owing to the cessation of foreign competition. Lebanese production alone of articles of this type rose from 18,000 in 1940 to 20,000 in 1942, 25,000 in 1943, 30,000 in 1944, 35,000 in 1945 and 42,000 in 1946.
As, however, the work is done by artisans, the cost of production of these articles is high, and they could not stand up to the competition of world prices. The economic services are therefore working out a plan for the establishment of companies with ample funds to increase production and reduce costs.

It is true that in 1947 we exported 259 tons of leather articles, but two remarks are called for in this connection:

(1) The year 1947 cannot be taken as typical in every respect. Saddlery and morocco wares were not among the first articles from abroad to reach our customers in the Near East after the war. For this class of goods we may take it that in 1947 we had not as yet any genuine competition.

(2) In 1938, a year in which the production of our leather manufactures was not as yet highly developed, we were nevertheless able to export 529 tons, i.e. 270 tons more than in 1947. This difference is largely due to the fact that labour has added considerably to the cost of our products. The problem we have to solve, therefore, is how to develop our artisan industry and bring down costs sufficiently to reach and surpass the 1938 level.

Plywood.

The plywood industry started in Lebanon on the eve of the last world war. At present there are five factories which in 1947 produced 1,500 cubic metres. The main raw material is poplar wood produced in Syria.

It was possible for this industry to develop during the war, with the result that our imports of plywood fell from 737 tons in 1938 to 566 tons in 1946. Our exports are insignificant. We have to reach the stage at which it will be possible to do without imports - and that
is feasible, as a comparison between the 1938 and the 1947 statistics shows - and finally to become an exporting country. That is why a quota was provided for in Lebanon, by Decree No. 2298 of 19 January 1946, and in Syria under the "Import Programme" of 1946.

It is necessary to provide for a development period of five years.

Rubber Soles.

The rubber sole industry was established during the war as a result of the cessation of imports. Its raw material comes from rubber waste of every kind, mainly old tyres.

There are at present twenty-two rubber sole workshops in Lebanon, and six in Syria. Production in 1947 amounted to 150,000 pairs in Syria, and 500,000 in Lebanon, making a total of 650,000 pairs for the two countries.

The advantage of developing this industry is that it provides cheap shoes for the working classes. Our two Governments have therefore outlined a plan to encourage the local manufacture of rubber soles. That is the purpose of Decree No. 2298 of 19 January 1946 in Lebanon, and of the "Import Programme" of 1946 in Syria.

It is difficult to give import and export statistics for this article, rubber soles being included in tariff item No. 379 which covers all other rubber goods.

Protection of development by means of quotas may come to an end in five years' time.