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Industrialists fed up with cheap imports

Lebanese industrialists say they have had enough of unfair cheap imports from neighboring countries and China. Industrialists and caretaker Economy Minister Raed Khoury held a news conference Thursday, in the wake of Cabinet's decision to ban the import of biscuits and detergents from Turkey at its final meeting in May before the government went into caretaker mode. A motion was issued Thursday morning at the Chamber of Commerce and Industry to ban not only wafers, biscuits and detergent from Turkey, but also the general import of secondhand clothing after nearly a decade of what industrialists consider unfair competition, exacerbated in recent months by the devaluations of some of these countries' currencies. "Incoming products from all over the world are drowning our markets. We need to immediately protect our local producers," Khoury said, speaking before business owners and representatives from trade associations, who have been voicing frustration over a loss of customers, which they say in the long term, with the slowdown in production and closures of factories, means fewer job opportunities for the Lebanese. He noted that this was the first time the Lebanese government had taken such action, which it deemed necessary due to the severe impact on Lebanese producers, many of whom have reported a drop in business of more than 30 percent since 2011. Within the same period, nearly 400 Lebanese factories out of around 5,000 closed, and Lebanon's exports went from \$4.5 billion to \$2.8 billion, a gap the government hopes to make up for with the new rules. "We are suffering from goods that enter Lebanon and are subsidized heavily in their countries of origin. These countries' currencies have gone through repeated depreciation, which is a big issue for our own producers," said Fady Gemayel, head of the Association of Lebanese Industrialists, which has been working with other relevant ministries and agencies on addressing cheap imports. Over the past 10 years, the Turkish lira has depreciated by about fourfold against the dollar along with rising inflation. Egypt also saw a severe devaluation of its currency when the government decided to float the pound two years ago, leading the currency to drop by about threefold against the dollar. "We're for the free market, but we need to do something about goods entering Lebanon under unfair conditions," Gemayel said. He cited these unfair conditions as business subsidies in foreign countries that don't exist in Lebanon; bringing in unregistered goods without paying proper customs duties (smuggling); and in some cases, mislabeling products. "The government studied this very carefully and focused on banning only a few

products. This will later be replaced by a by an additional import duty,” he said. “For the first time, they’re considering solving this issue once and for all.” He noted that the decision comes after more than a year of extensive case studies of around 25 products that were shown to be disrupting the Lebanese market with what appeared to be unfair lower prices. Cheap Turkish or Chinese products sometimes go for half as much as those made in Lebanon. Sakher Samir Azar, CEO of a marble company, said his problems with cheap imports from Syria, Egypt, Turkey and Pakistan started around 10 years ago, but that this has been his worst year so far. He saw the recent move as a good start, and hopes for more government support for Lebanese producers moving forward. Similarly, Ibrahim Mallah, whose company sells marble, granite and stone, said he faces tough competition from Turkish companies, even though he believes he offers better-quality products – his customers can see the product on-site before purchase, and there’s less risk of damage during transport, as opposed to similar products coming from abroad. Maurice Zaidan, also in the construction business, appeared cautiously optimistic that the government’s new move would help Lebanese industry, which until now hasn’t tended to be as much of a priority as it has been in bigger countries. “We’re not a large market and we don’t have a lot of resources, but we excel with niche products,” he said, referring to a tendency for Lebanese companies to focus on quality rather than mass production. Gemayel sees the potential of Lebanese industrialists in their success abroad, and hopes this new move will give them the support they need to stand on their feet. “Lebanese industrialists have been succeeding all over the world, and we want that success in Lebanon as well,” he said.