



INVESTMENT DEVELOPMENT
AUTHORITY OF **LEBANON**

Presidency of the Council of Ministers

INVESTMENT OPPORTUNITIES IN THE AGRICULTURE SECTOR 2017



investinlebanon.gov.lb

HEADLINES

I. SECTOR OVERVIEW

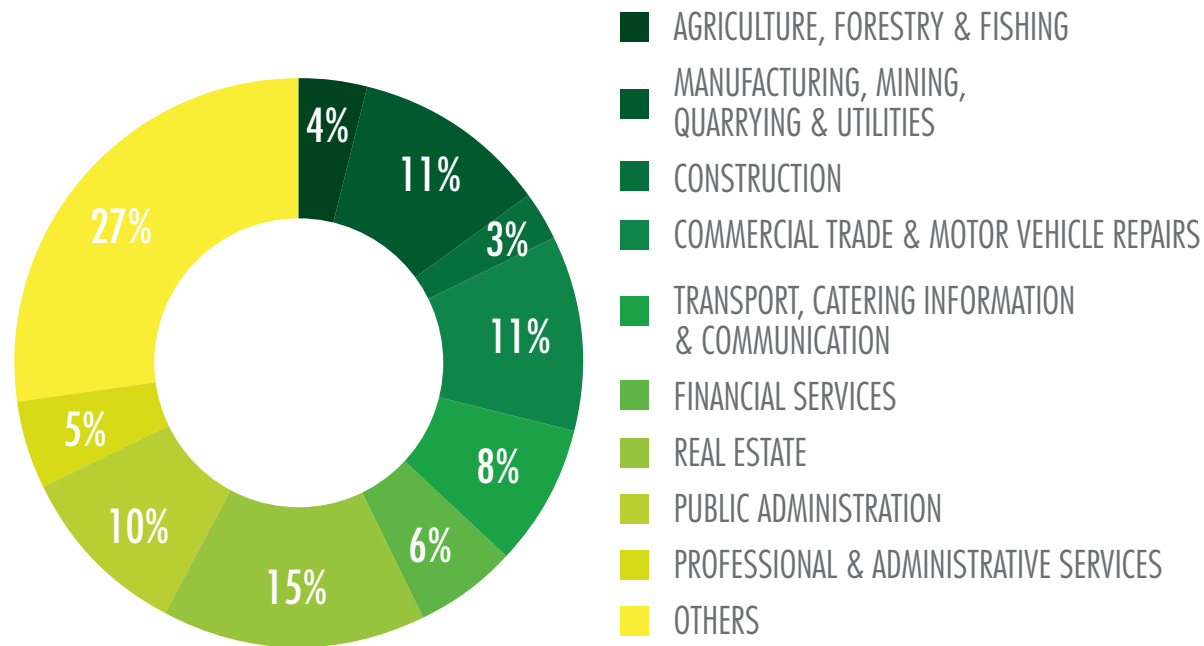
2. COMPETITIVE ADVANTAGES

3. INVESTMENT OPPORTUNITIES

4. ABOUT IDAL

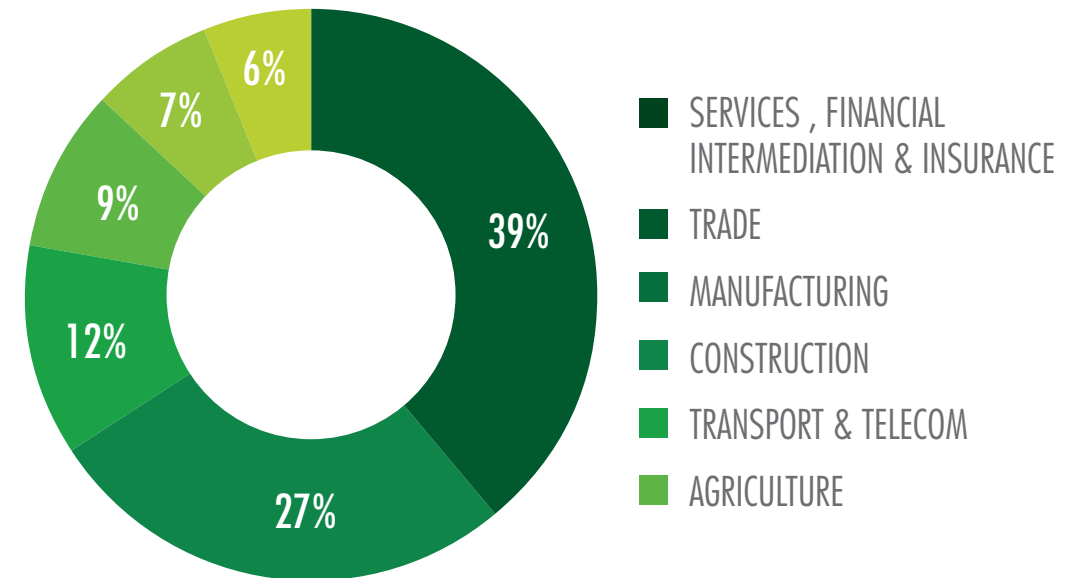
THE AGRICULTURE SECTOR GENERATES AROUND 4% OF GDP AND EMPLOYS 6% OF LEBANESE LABOR FORCE

DISTRIBUTION OF TOTAL CONTRIBUTION TO GDP, 2011*



*Latest available data
Source: The Lebanese National Accounts Report, 2013

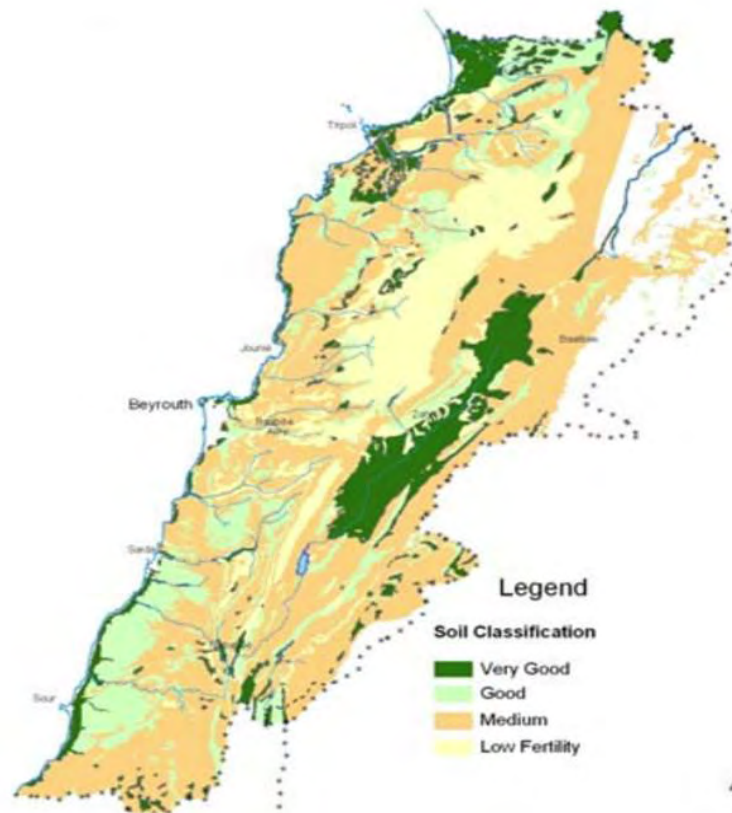
LABOR FORCE BREAKDOWN BY SECTOR, 2009*



*Latest available data
Source: Central Administration of Statistics, 2009

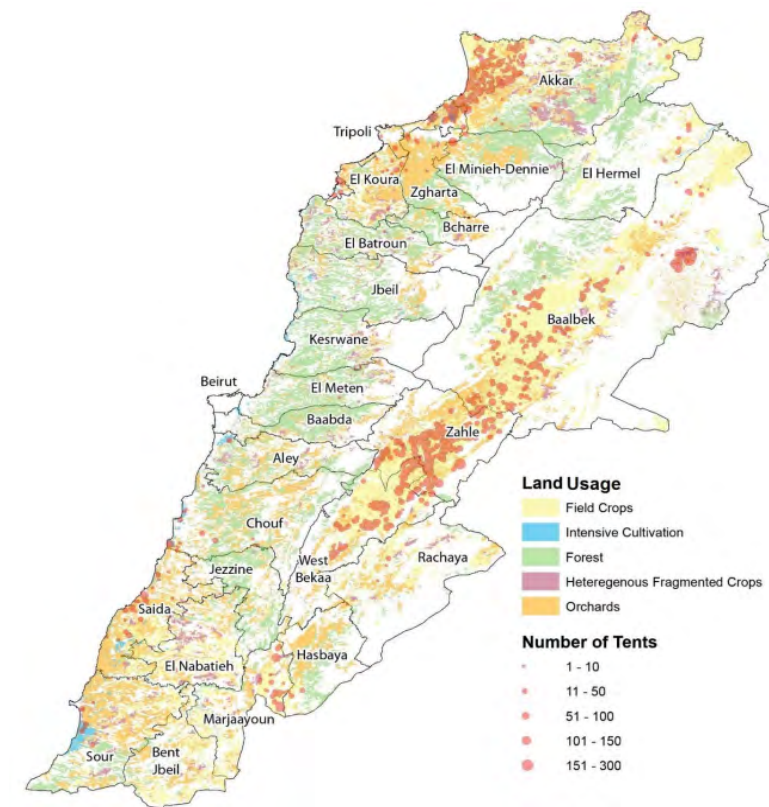
THE SOIL TEXTURE MAINLY IN THE BEKAA PLAIN & NORTH LEBANON (AKKAR) PROVIDES A GREAT POTENTIAL FOR FIELD CROP & INTENSIVE CULTIVATION...

SOIL CLASSIFICATION OF AGRICULTURAL DOMAIN IN LEBANON



Source: Council of Development and Reconstruction

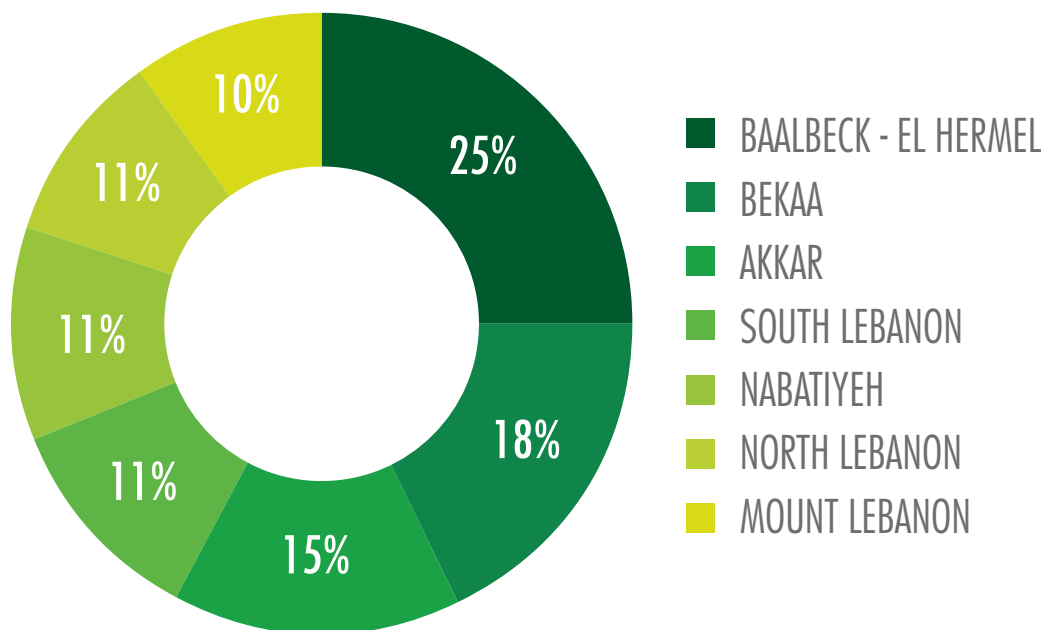
LAND USAGE AGRICULTURAL DOMAIN IN LEBANON



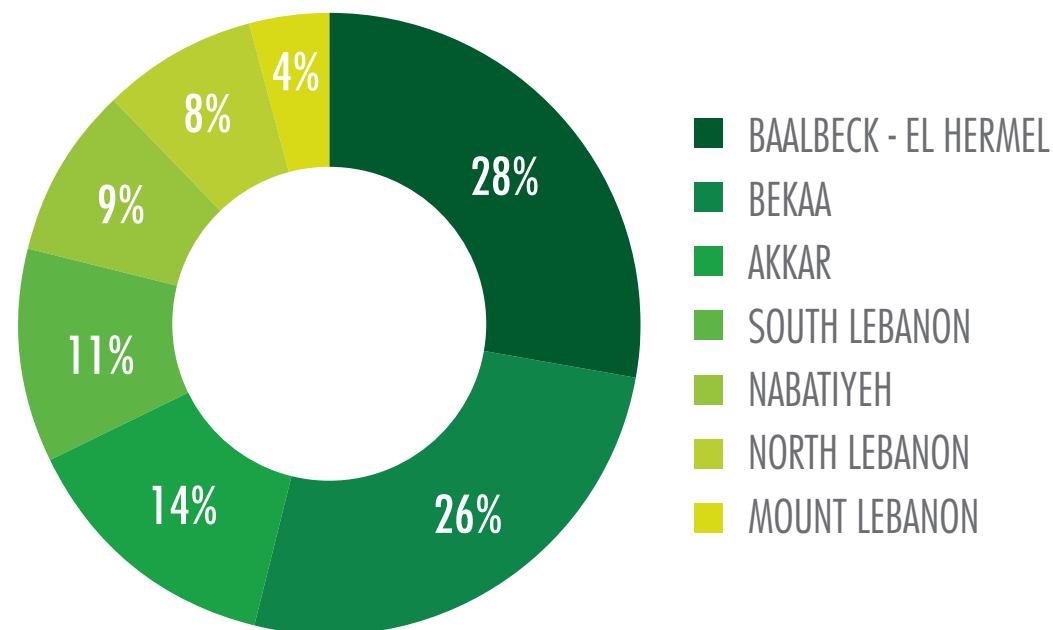
Source: Ministry of Agriculture

...AS REFLECTED IN THEIR HIGH SHARES OF CULTIVATED AND IRRIGATED LANDS...

CULTIVATED LAND BY MOUHAFAZA (% SHARE | 2010*)



IRRIGATED LAND BY MOUHAFAZA (% SHARE | 2010*)

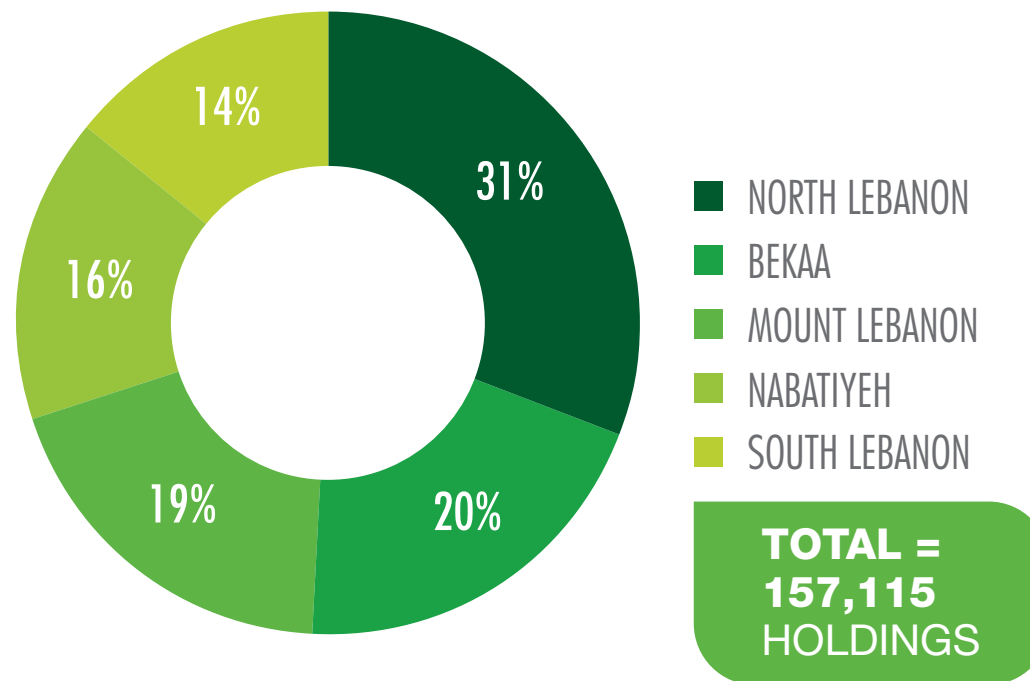


*Latest available figures

Source: FAO, Agriculture in Lebanon: Facts and Figures, The Core Module of the Census of Agriculture 2010

...AND THE CONCENTRATION OF THE MAJORITY OF AGRICULTURAL HOLDINGS IN THOSE 2 REGIONS

DISTRIBUTION OF AGRICULTURAL HOLDINGS* (2010)

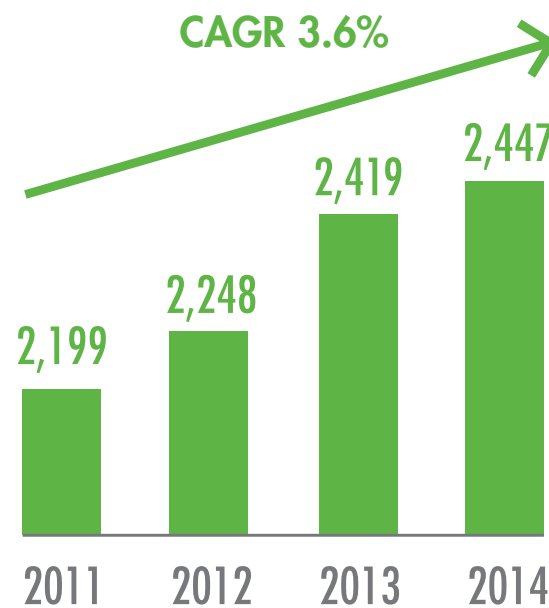


* Note: The thresholds for considering an agricultural holding are as follows:
>1000m² for irrigated and non irrigated lands; 400 m² for greenhouses; 1 cow; 7-8 goats

Source: FAO

TOTAL CROP PRODUCTION REACHED **2.4 MILLION TONS** IN 2014 RISING
AT A CAGR OF **3.6%** DURING THE PERIOD OF 2011-2014...

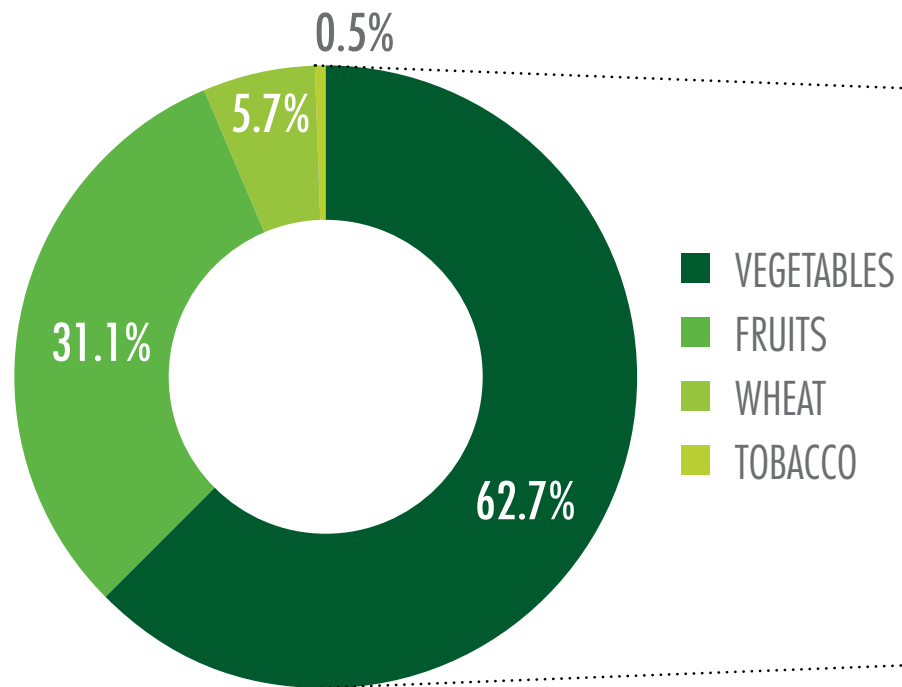
CROP PRODUCTION IN LEBANON
(THOUSAND TONS | 2011-2014)



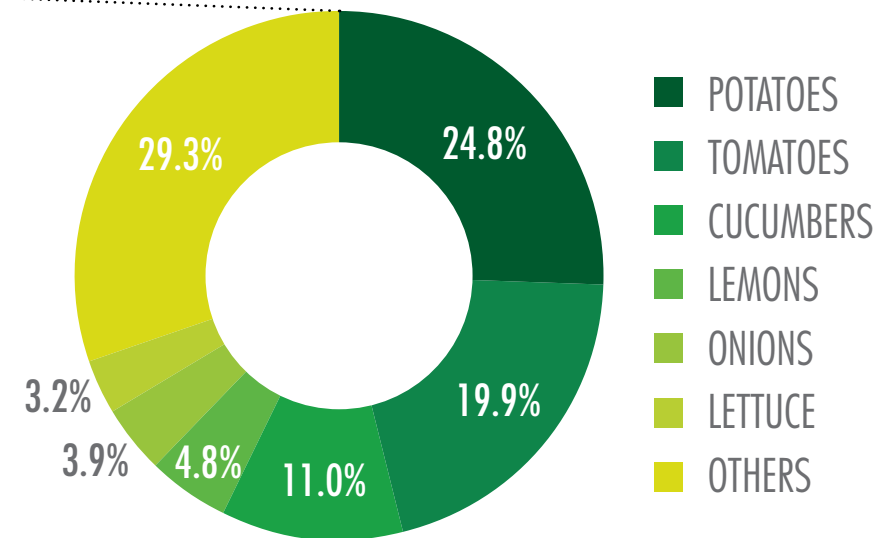
*Latest available figures
Source: FAO

VEGETABLES RANK FIRST IN PRODUCTION SIZE, MAKING UP **63%** OF TOTAL CROP PRODUCTION, FOLLOWED BY FRUITS WITH **31%** OF TOTAL

CROP PRODUCTION (% SHARE) 2014*



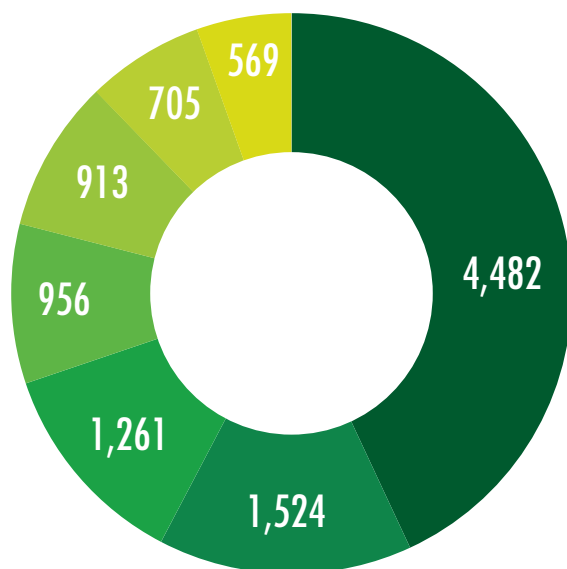
VEGETABLES PRODUCTION BY PRODUCT (% SHARE) 2014*



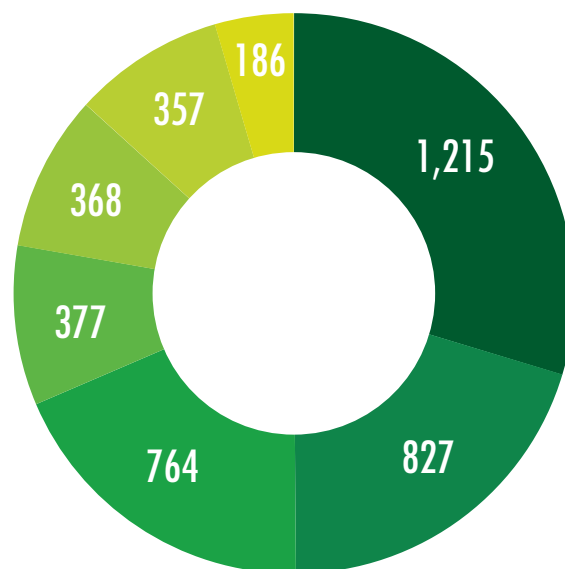
*Latest available figures
Source: FAO

LEBANON ALSO HAS A RICH LIVESTOCK PRODUCTION WITH **20,352** AGRICULTURAL HOLDINGS OF CATTLE, SHEEP & GOATS...

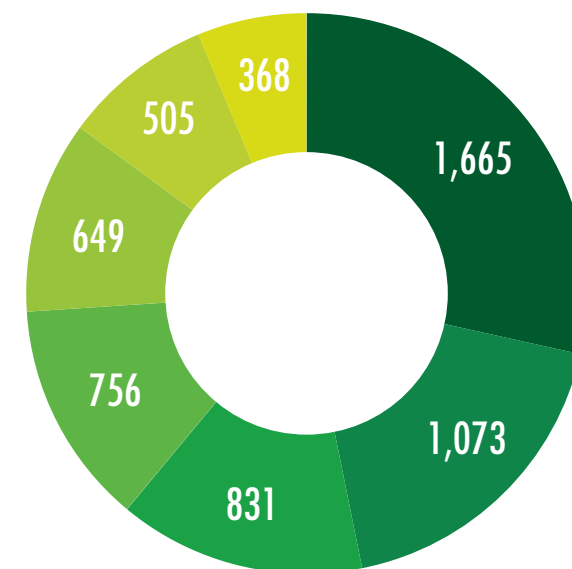
NUMBER OF AGRICULTURAL HOLDINGS WITH CATTLE
(2010*)



NUMBER OF AGRICULTURAL HOLDINGS WITH SHEEP
(2010*)



NUMBER OF AGRICULTURAL HOLDINGS WITH GOAT
(2010*)



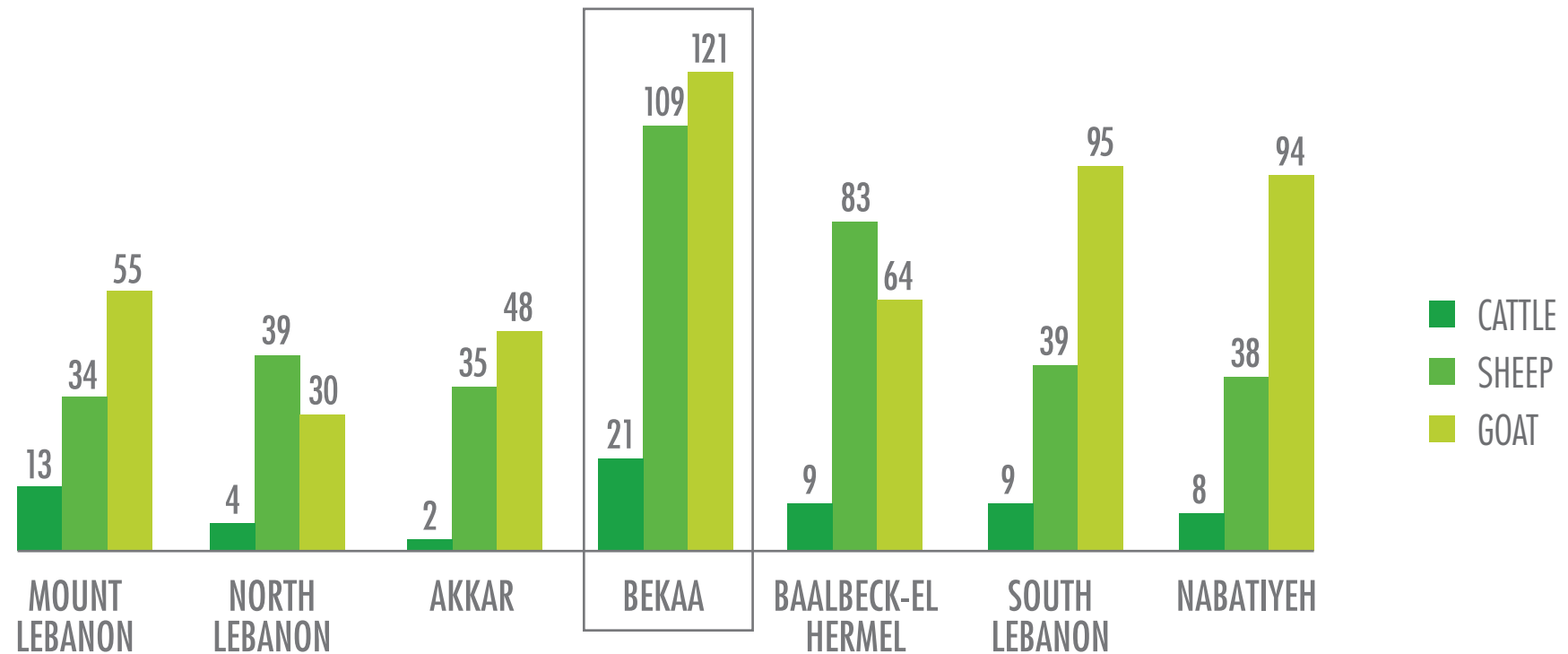
BAALBECK - EL HERMEL BEKAA AKKAR NABATIYEH NORTH LEBANON MOUNT LEBANON SOUTH LEBANON

*Latest available figures

Source: FAO, Agriculture in Lebanon: Facts and Figures, The Core Module of the Census of Agriculture 2010

...WITH THE BEKAA REGION HAVING THE **HIGHEST** NUMBER OF LIVESTOCK HEAD BY AGRICULTURAL HOLDING

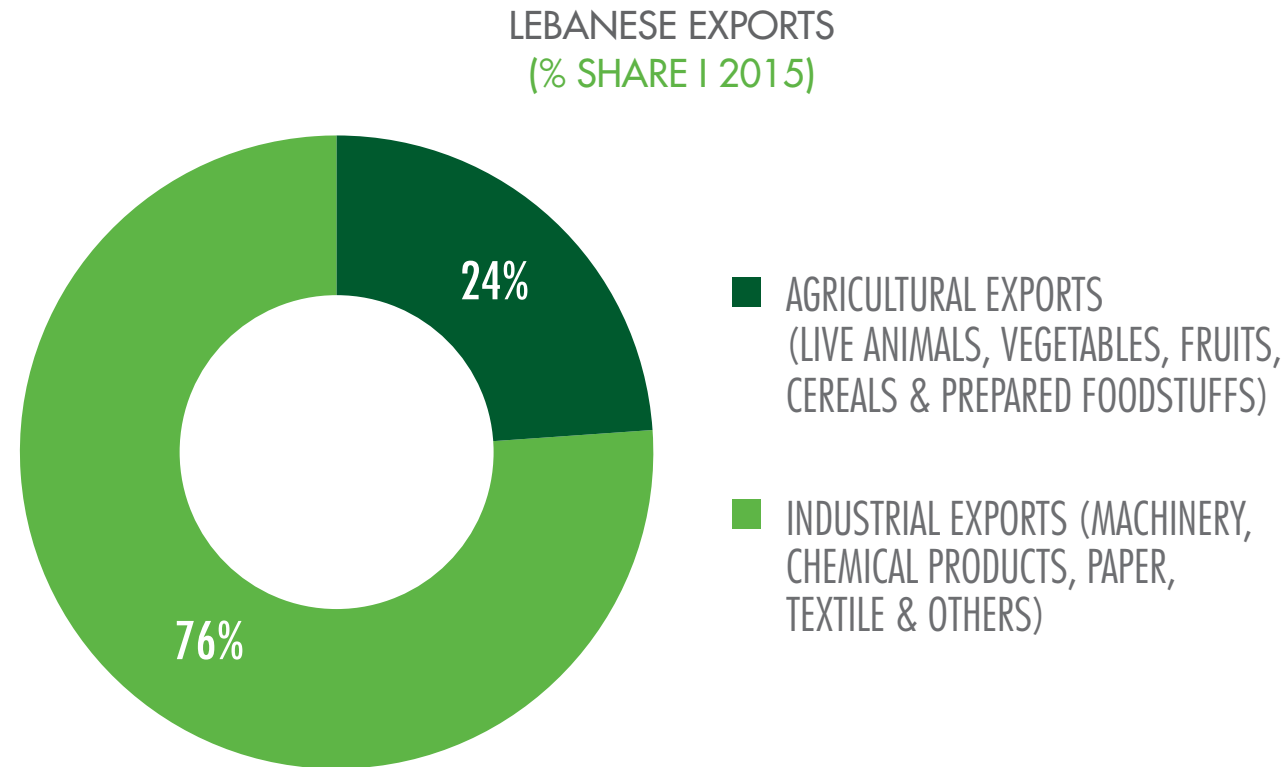
DISTRIBUTION OF AVERAGE NUMBER OF LIVESTOCK HEADS BY HOLDING
(2010*)



*Latest available figures

Source: FAO, Agriculture in Lebanon: Facts and Figures, The Core Module of the Census of Agriculture 2010

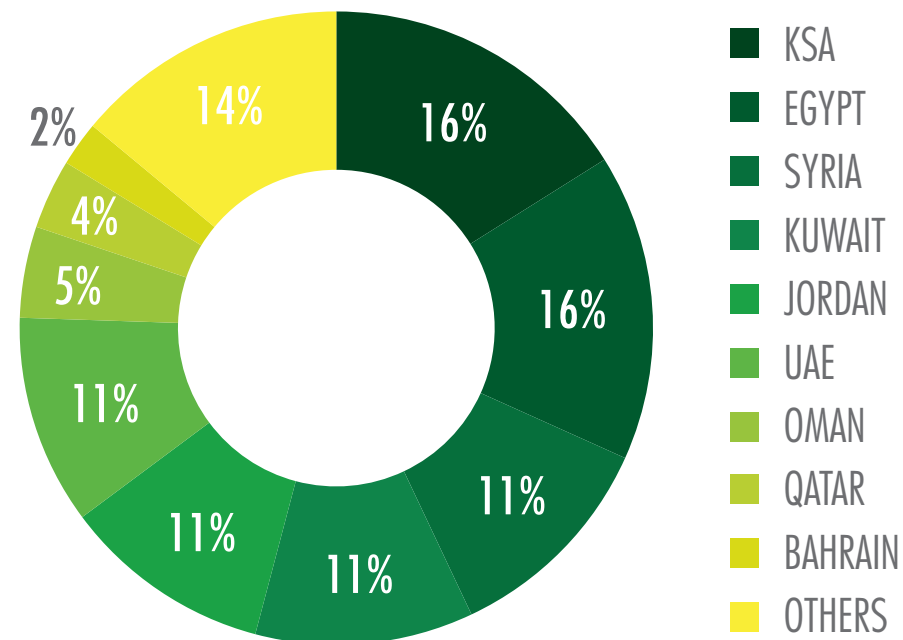
THE SECTOR BENEFITS FROM A STRONG AWARENESS ON PRODUCT QUALITY & GROWING REGIONAL MARKETS FOR LEBANESE AGRICULTURAL PRODUCTS THAT ACCOUNTS FOR **24%** OF TOTAL EXPORTS...



Source: Lebanese Customs

...WHICH ARE MAINLY EXPORTED TO KSA, EGYPT & SYRIA WITH **43%** OF THE TOTAL SHARE

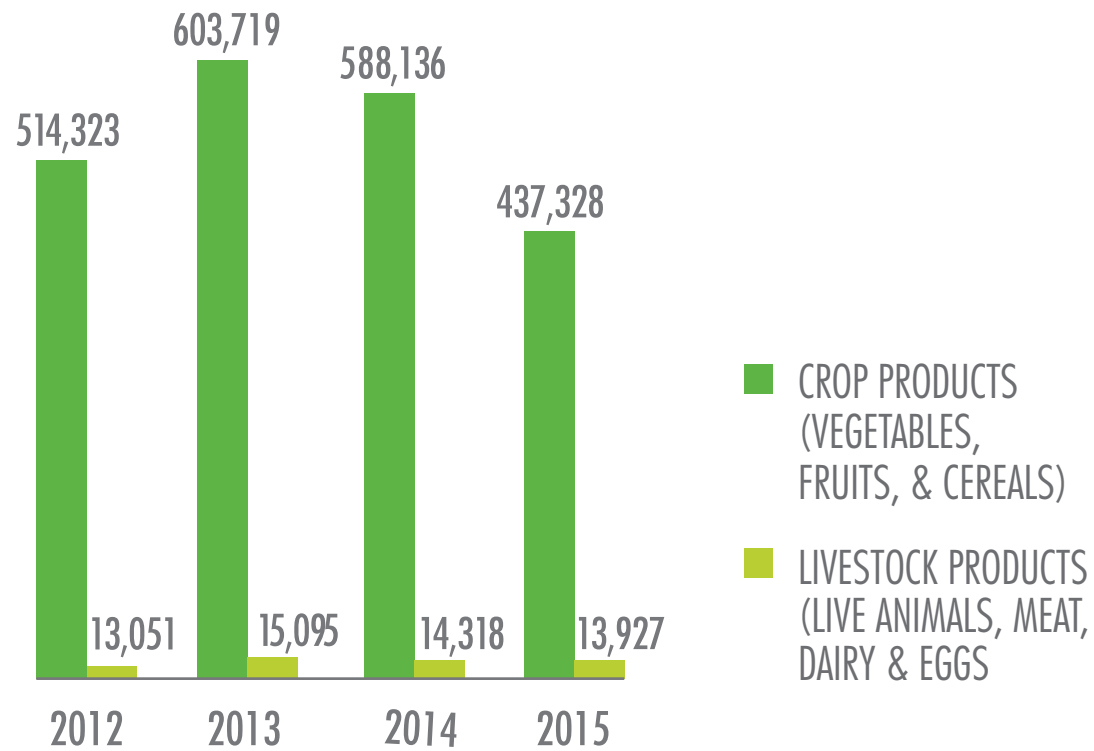
LEBANESE AGRICULTURAL EXPORTS BY DESTINATION
(% SHARE | 2015)



Source: Lebanese Customs

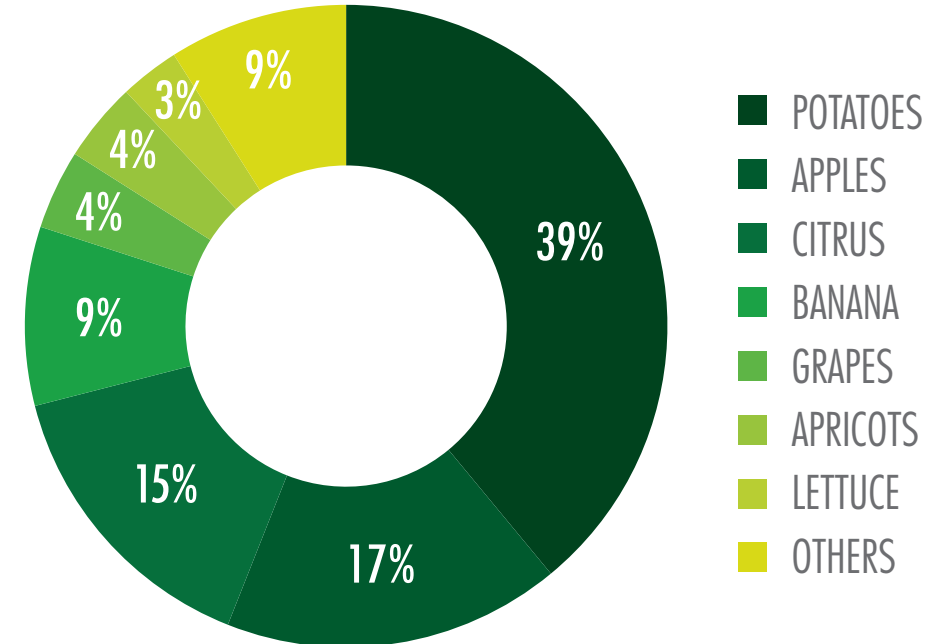
AGRICULTURAL EXPORTS ARE DOMINATED BY CROP PRODUCTS MAINLY POTATOES, APPLES, AND CITRUS

LEBANESE AGRICULTURAL EXPORTS
(IN TONS | 2015)



Source: Lebanese Customs

AGRICULTURAL CROP EXPORT COMPOSITION
(% SHARE | 2015)



HEADLINES

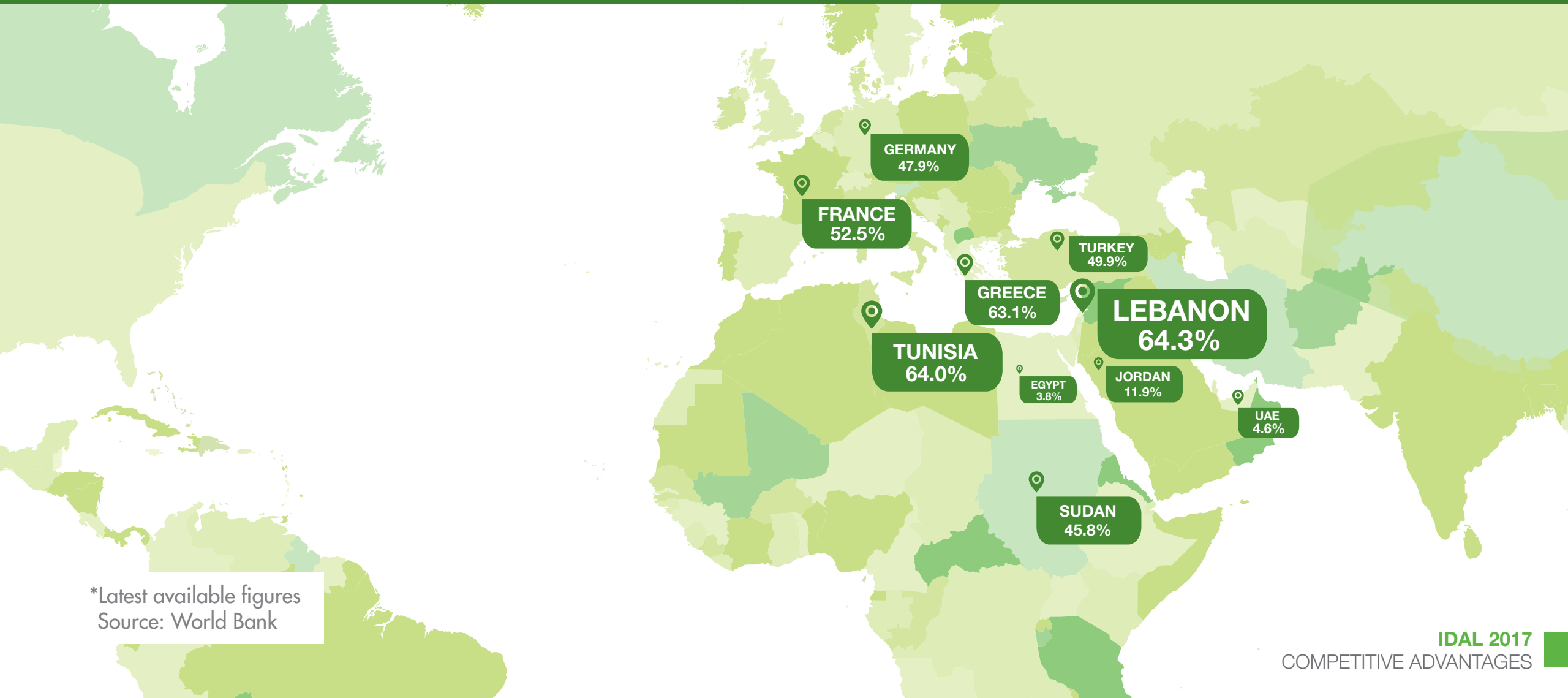
I. SECTOR OVERVIEW

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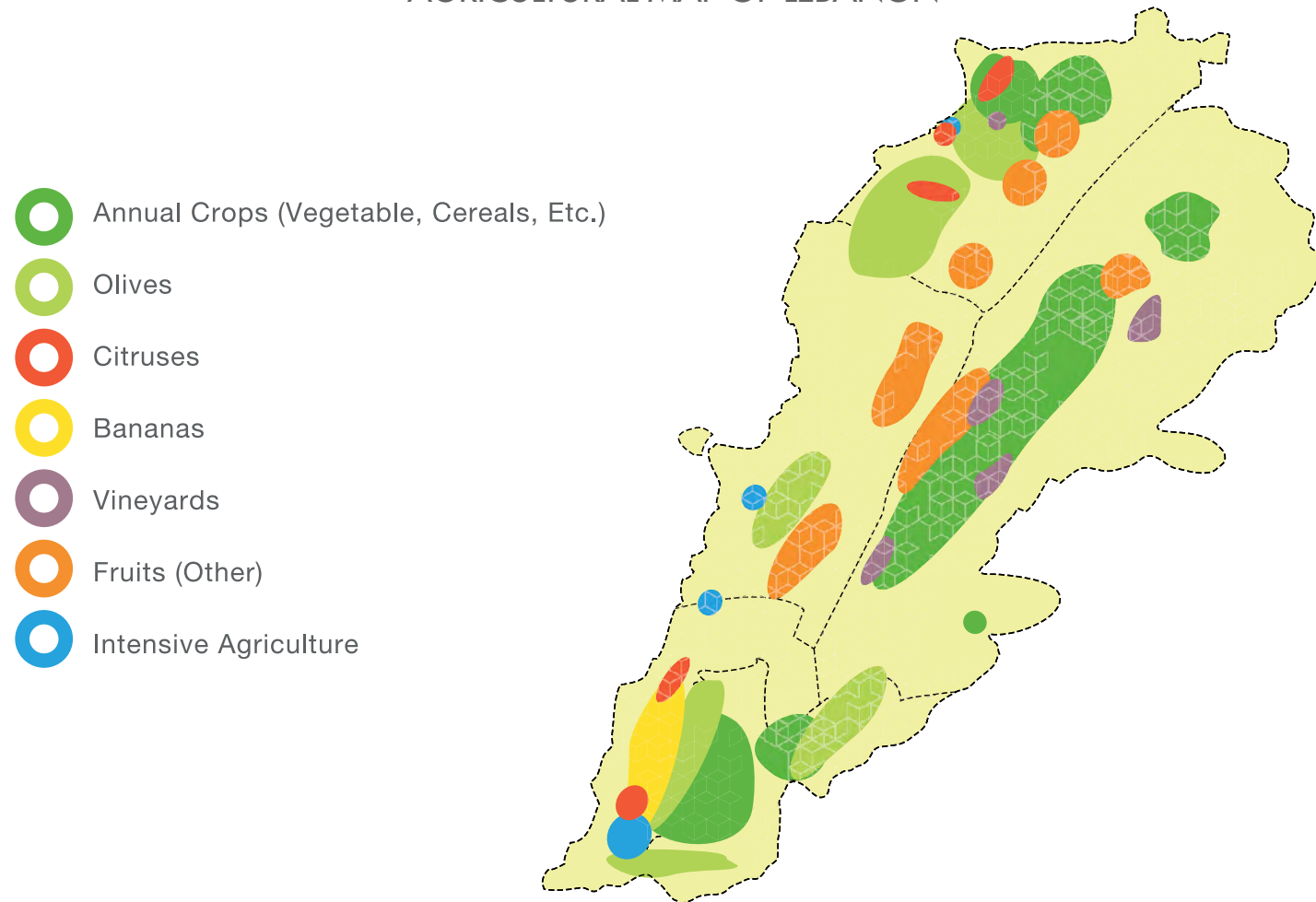
LEBANON STANDS OUT IN THE REGION AS A SUITABLE LOCATION FOR AGRICULTURE
ACTIVITY WITH AGRICULTURAL LAND ACCOUNTING FOR 64.3% OF TOTAL LAND AREA...



*Latest available figures
Source: World Bank

...IN ADDITION TO THE MODERATE CLIMATE, SOIL FERTILITY & WATER AVAILABILITY THAT
ALLOWS THE CULTIVATION OF A WIDE VARIETY OF CROPS THAT COULD GROW IN BOTH
COLD & TROPICAL AREAS

AGRICULTURAL MAP OF LEBANON



Source: FAO

THE SECTOR ALSO BENEFITS FROM THE PRESENCE OF INSTITUTIONAL SUPPORT

► **Central Bank** offers subsidized loans to finance any agricultural project (a loan amount greater than LBP 50 million over a period up to 7 years).

► **Kafalat** provides guarantees for loans (up to USD 400,000) granted by commercial banks to SMEs in the agriculture sector.

► **IDAL** provides a 100% exemption from corporate income and project dividends taxes for up to 10 years for projects in the sector.

► **IDAL**, through its “Agri Plus” program, provides exporters with financial incentives to export their products and to participate in international trade fairs.

► **USAID LICVD Project** is a five-year, USD 41.7 million program aimed at improving the competitiveness of Lebanese products through providing financial and technical assistance for SMEs and farmers of agricultural products including grapes, olive oil, apples, pears, avocados, cherries, thyme, pine nuts, honey, and eggs.

► **Agriculture and Rural Development Programme (ARDP)**, a 14 million euros project supported by EU aimed at empowering farmers and cooperatives by increasing access to credit through Kafalat and improving irrigation networks.

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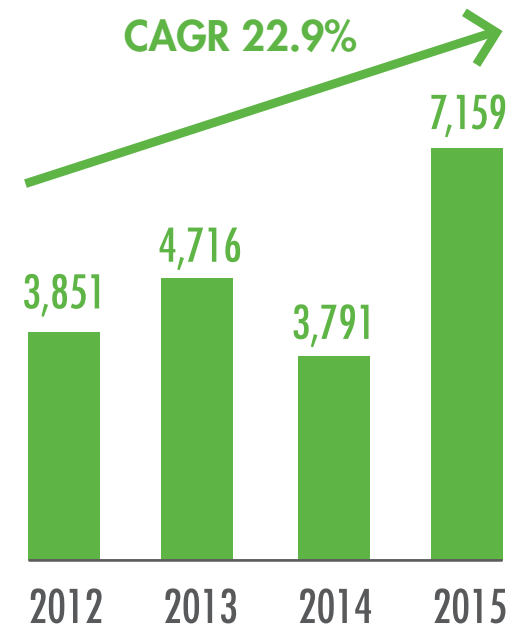
THE DIVERSIFICATION OF THE LEBANESE AGRICULTURAL SECTOR RESULTS IN A NUMBER OF INVESTMENT OPPORTUNITIES IN KEY SUB SECTORS

	SUB-SECTOR	OPPORTUNITIES
1	CROP FARMING	Opportunities for new and improved crop varieties can be developed for sale on national and regional markets by taking into account the availability of adequate natural resources (climate, soil and water) view the increasing demand and value of these crop such as mushroom, truffles and chestnut.
2	AQUACULTURE - RECIRCULATING AQUACULTURE SYSTEM (RAS)	Lebanon still uses traditional methods of fish farming focused on fresh water ponds & raceways. Recirculating Aquaculture System (RAS) represents a new way to fish farm. This system rears fish at high densities, in indoor tanks with a "controlled" environment. Recirculating systems filter and clean the water for recycling back through fish culture tanks. This technique allows the cultivation of new fish species in Lebanon such as Barramundi, Sea Bass, Stripped Bass, shrimps and other species.
3	PACKAGING & COLD STORAGE FACILITIES	Today there are around 190 packaging and cold storage facilities in Lebanon. There is an opportunity to build packaging and cold storage facilities to meet the Lebanese market demand by taking into consideration the industry's best practices and regulations.

1- INVESTMENT OPPORTUNITY: CHESTNUT

- ▶ The local consumption of chestnut is around **6,500 tons/year** with approximately half of that quantity being imported from Turkey and China.
- ▶ Chestnut has been cultivated in the **Tarshish region** in Baabda district due to the adaptability of climate and soil. There are around 6,000 chestnut trees that produced around 100 tons in 2014.
- ▶ Chestnut cultivation can be expanded to other regions such as Aley, Rashaya, Hasbaya, Jezzine and other regions in North Lebanon.
- ▶ New product development in the field of Chestnut production led to a variety of chestnut-based products such as: Candied chestnut / Marron glacé
Chestnut cream / Conserved chestnut

IMPORTS OF CHESTNUTS
(IN US THOUSAND | 2012-2015)

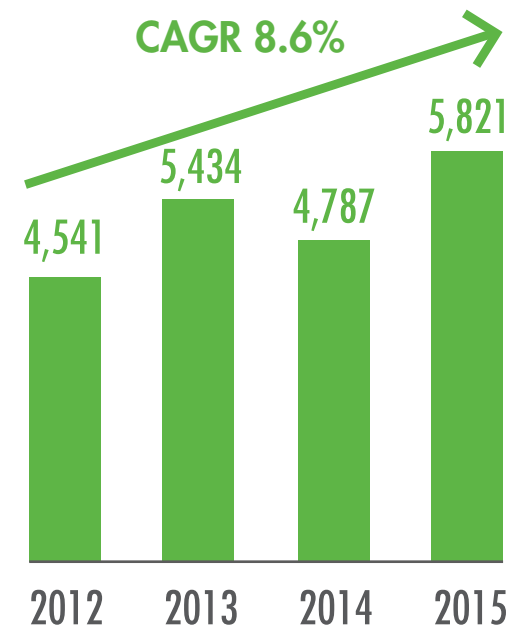


Source: Lebanese Customs and Desk Research

2- INVESTMENT OPPORTUNITIES: MUSHROOMS AND TRUFFLES

- ▶ Global mushroom and truffles production has been increasing at a **CAGR of 8.65%** over the period 2009-2014.
- ▶ Mushroom farming is being recently practiced in Lebanon in closed areas (rooms) that yield an average of **30 tons of mushrooms /month**.
- ▶ **90%** of mushroom production of the five main farms in Lebanon is white mushrooms
- ▶ Several **mushroom species** can be produced locally such oyster, portobello and shiitake mushrooms that can be sold to French, Italian and Japanese restaurants.

IMPORTS OF MUSHROOMS AND TRUFFLES
(IN TONS | 2012-2015)

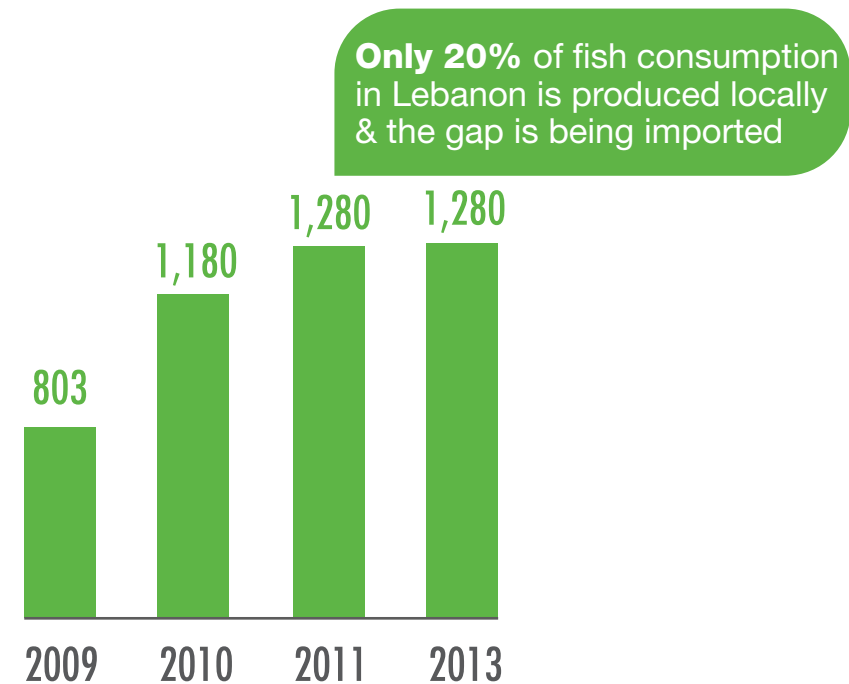


Source: Lebanese Customs and Desk Research

3- INVESTMENT OPPORTUNITIES: AQUACULTURE - RECIRCULATING AQUACULTURE FARMING SYSTEM

- ▶ The **2 main aquaculture species** culture in Lebanon are Rainbow Trout (90% of total aquaculture production) & Tilapia (10%)
- ▶ Farmers use traditional systems of culture mainly raceways and ponds that do not meet the proper nutritional requirements which causes many disease problems for fish.
- ▶ The total aquaculture production in 2013 reached **1,280 tons** which constitutes **20%** of local consumption.
- ▶ Fish production is far below the potential production capacity that could be attained through implementing new farming system such as Recirculating Aquaculture System (**RAS**).

AQUACULTURE FISH PRODUCTION IN LEBANON
(IN TONS | 2009-2013)

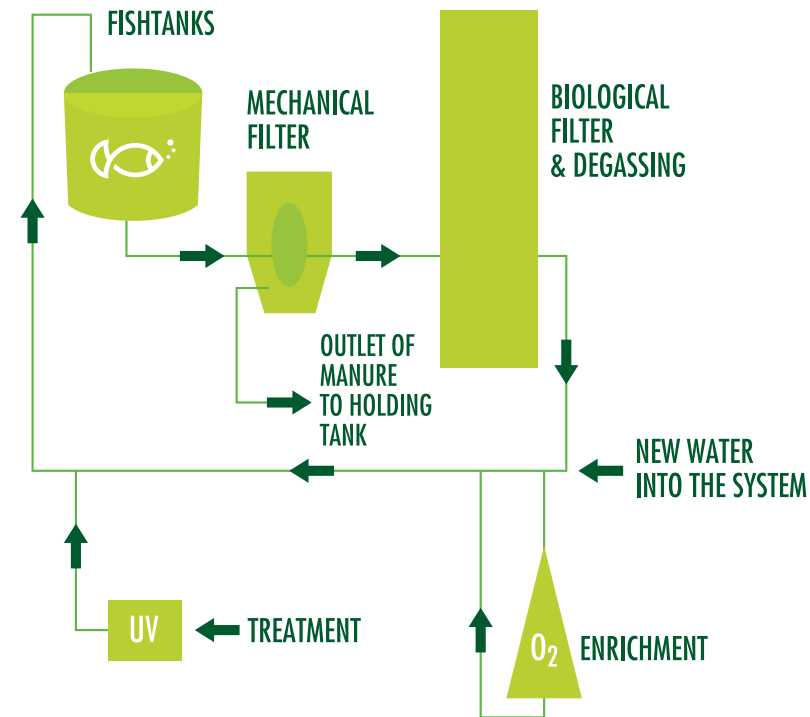


Source: FAO

3- INVESTMENT OPPORTUNITIES: AQUACULTURE - RECIRCULATING AQUACULTURE FARMING SYSTEM

- ▶ **Recirculating Aquaculture Systems (RAS)** are in-land facilities with a “controlled” environment that retain and treat the water within the system
- ▶ RAS can be designed to be very environmentally sustainable, using **90% less water** than other aquaculture systems.
- ▶ This **farming technique** presents exciting **opportunities** to bridge the supply-demand gap for seafood in Lebanon over the next 20 years but it is very capital intensive compared to the traditional aquaculture techniques.

CONCEPT OF RECIRCULATION SYSTEM



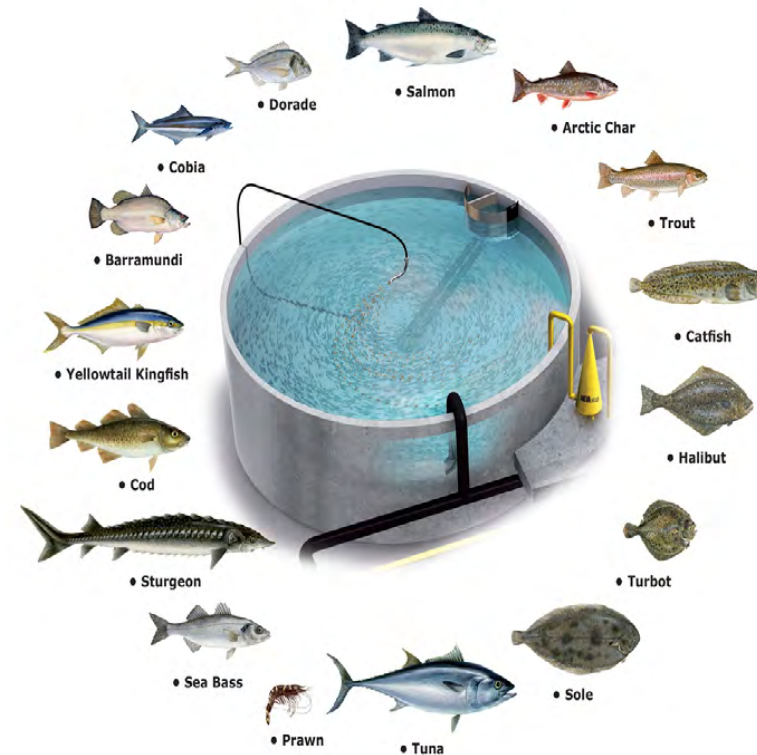
Source: Stirling Aquaculture - RAS technologies & their commercial application

3- INVESTMENT OPPORTUNITIES: AQUACULTURE - RECIRCULATING AQUACULTURE FARMING SYSTEM (cont'd)

► Potential investments in **in-land recirculation aquaculture systems in Lebanon** are possible for the following fish species:

- **Barramundi**
- **Seabass**
- **Shrimp**
- **Stripped bass**

SUITABLE FISH SPECIES FOR RAS FARMING SYSTEM

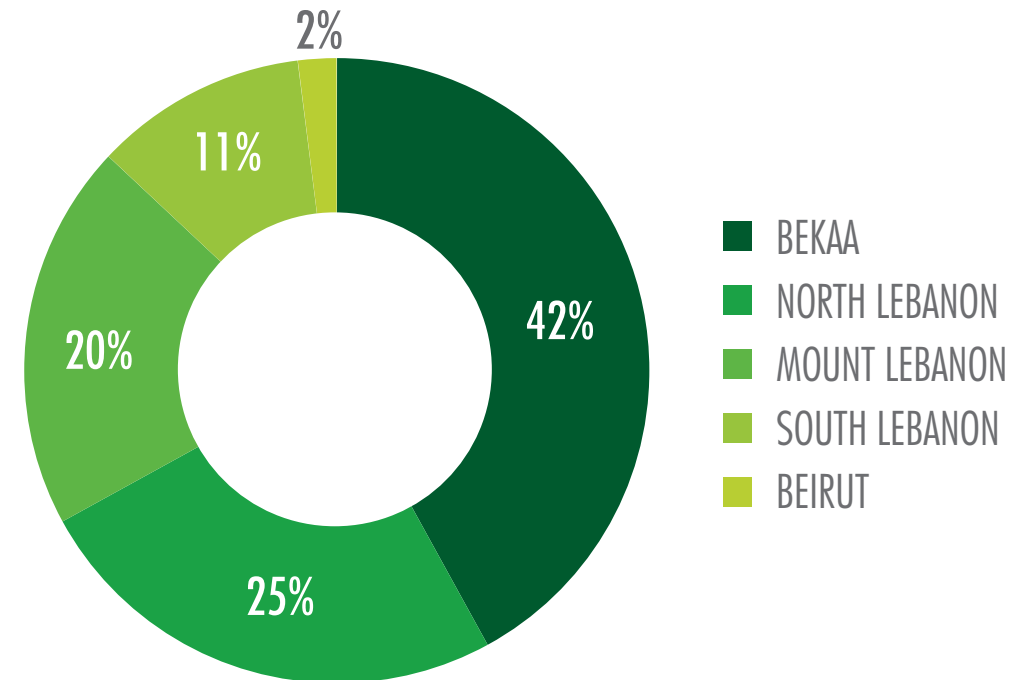


Source: Stirling Aquaculture - RAS technologies & their commercial application

4- INVESTMENT OPPORTUNITIES: PACKAGING CENTERS AND COOLING STORAGE HOUSES

- ▶ There are around **190** packaging centers concentrated in Bekaa and North Lebanon with only **14%** HACCP and/or ISO certified.
- ▶ **Cold storage** is particularly important in agriculture value chain in order to minimize post-harvesting losses.
- ▶ There is a need to **build packaging & cold storage facilities** to meet the Lebanese market demand by taking into consideration the industry's best practices and regulations.

DISTRIBUTION OF PACKAGING CENTERS (2015)



Source: Stirling Aquaculture - RAS technologies & their commercial application

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THE GOVERNMENT OF LEBANON, THROUGH IDAL, OFFERS INVESTORS A RANGE OF FACILITATION SERVICES AND FISCAL EXEMPTIONS

ABOUT US

The National Investment Promotion Agency of Lebanon

HISTORY

Established in 1994 with the aim of promoting Lebanon as a key investment destination and attracting, facilitating & retaining investments in the country

GOVERNANCE

IDAL reports to the Presidency of the Council of Ministers (who exercises a tutorial authority over it), and has financial and administrative autonomy

LEGISLATION

Investment Law No. 360 was enacted in 2001 to regulate investment activities in Lebanon

OUR MANDATES

INVESTMENT PROMOTION

- ▶ Provide economic, commercial and legal information of relevance to investors
- ▶ Identifies business opportunities across various economic sectors
- ▶ Provide in depth analysis of sectors
- ▶ Grant fiscal exemptions and fees reduction to investment projects
- ▶ Facilitate issuance of permits and licenses
- ▶ Provide on-going support for investment projects
- ▶ Actively promotes Lebanon as key investment destination

EXPORT PROMOTION

- ▶ Provide data on external markets
- ▶ Support companies in accessing external markets
- ▶ Subsidize participation in foreign fairs

IDAL CURRENTLY HAS 3 EXPORT PROMOTION PROGRAMS IN PLACE:

1. AGRI PLUS (2012):

Which provides subsidies and support to exporters of agricultural products

2. AGRO MAP (2004):

Which subsidizes the participation of agro food companies in foreign fairs

3. MARITIME BRIDGE PROGRAM (2015):

Which provides support to exporters of Lebanese products to Gulf countries and Jordan

IDAL OFFERS INVESTORS A RANGE OF SERVICES THROUGHOUT THEIR DIFFERENT STAGES OF OPERATION

1 PRE-INVESTMENT STAGE MARKET INTELLIGENCE

Information on investment opportunities
Data on economic sectors with growth potential
Legal, financial, industrial information
Data on investment climate.
Business Matchmaking support

2 FINANCING STAGE PACKAGE OF INCENTIVES

FISCAL INCENTIVES:

Exemptions from corporate income tax generated by the project which can go up to 100% exemption for 10 years

FINANCIAL INCENTIVES:

Reduction on land registration fees

NON-FINANCIAL INCENTIVES:

Employees for the project are granted work permits with the support of IDAL

3 LICENSING AND AFTER-CARE STAGE ONE STOP SHOP

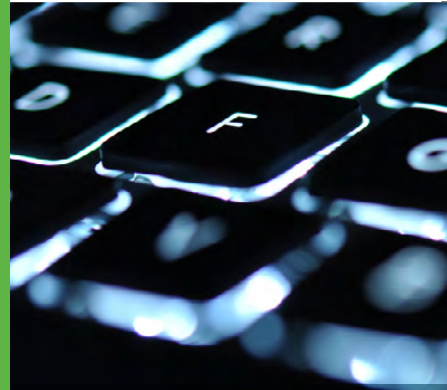
IDAL serves as a One Stop Shop for Investors. We supersede all public administrations, authorities and municipalities in issuing administrative permits and licenses except those granted by the Council of Ministers

We follow up with investors after the start of their operations

EIGHT SECTORS ARE ELIGIBLE FOR OUR INCENTIVES

IDAL PROVIDES INCENTIVES
TO EIGHT SECTORS WITH
GROWTH POTENTIAL
AND READINESS FOR
DEVELOPMENT

THESE SECTORS WERE
INCLUDED IN LAW N.360
IN 2001



TECHNOLOGY



FOOD AND BEVERAGES



INFORMATION TECHNOLOGY



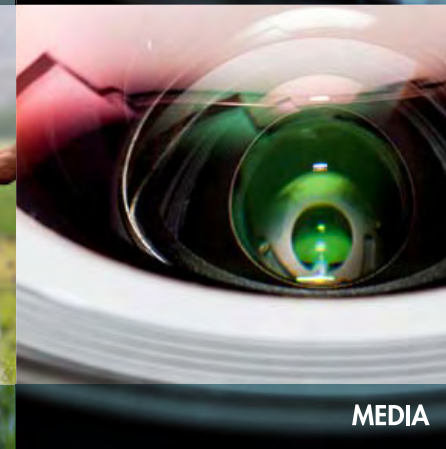
TOURISM



INDUSTRY



AGRICULTURE



MEDIA



TELECOM

TWO TYPES OF INCENTIVE SCHEMES:

1. JOB CREATION BASED INCENTIVE

- Also called **Package Deal Contract (PDC)**
- Provided to projects based on:
 - (1) Investment size
 - (2) Number of jobs created
 - (3) Sector

INCENTIVES PROVIDED

- 100% exemption of Income Tax
- 100 % exemptions on Taxes on Project Dividends for up to 10 years
- Up to a 50% reduction on Work and Residence Permit Fees
- Up to a 50% reduction on Construction Permit Fees
- Full exemption from Land Registration Fees

OUR INCENTIVES



1. JOB CREATION & SECTOR BASED INCENTIVE

Package Deal Contract (PDC)

INCENTIVES GRANTED BASED ON JOB CREATION & SECTOR BASED

- ▶ 100% Exemption on Income Tax for up to 10 years
- ▶ Up to 50% Reduction on Construction Permit Fees
- ▶ Up to 50% Reduction on Work and Residence Permits
- ▶ Zero Land Registration Fees
- ▶ 100% Exemption on Taxes on Project Dividends for up to 10 years
- ▶ Obtaining Work Permits of all categories

1. JOB CREATION & SECTOR BASED INCENTIVE

Package Deal Contract (PDC)

ELIGIBILITY CRITERIA

SECTORS	MINIMUM INVESTMENT REQUIRED (USD)	MINIMUM JOB CREATION
TOURISM	15.000.000	200
INDUSTRY	10.000.000	100
AGRO-INDUSTRY	3.000.000	60
AGRICULTURE	2.000.000	50
INFORMATION TECHNOLOGY	400.000	25
TECHNOLOGY	400.000	25
TELECOMMUNICATION	400.000	25
MEDIA	400.000	25

TWO TYPES OF INCENTIVE SCHEMES:

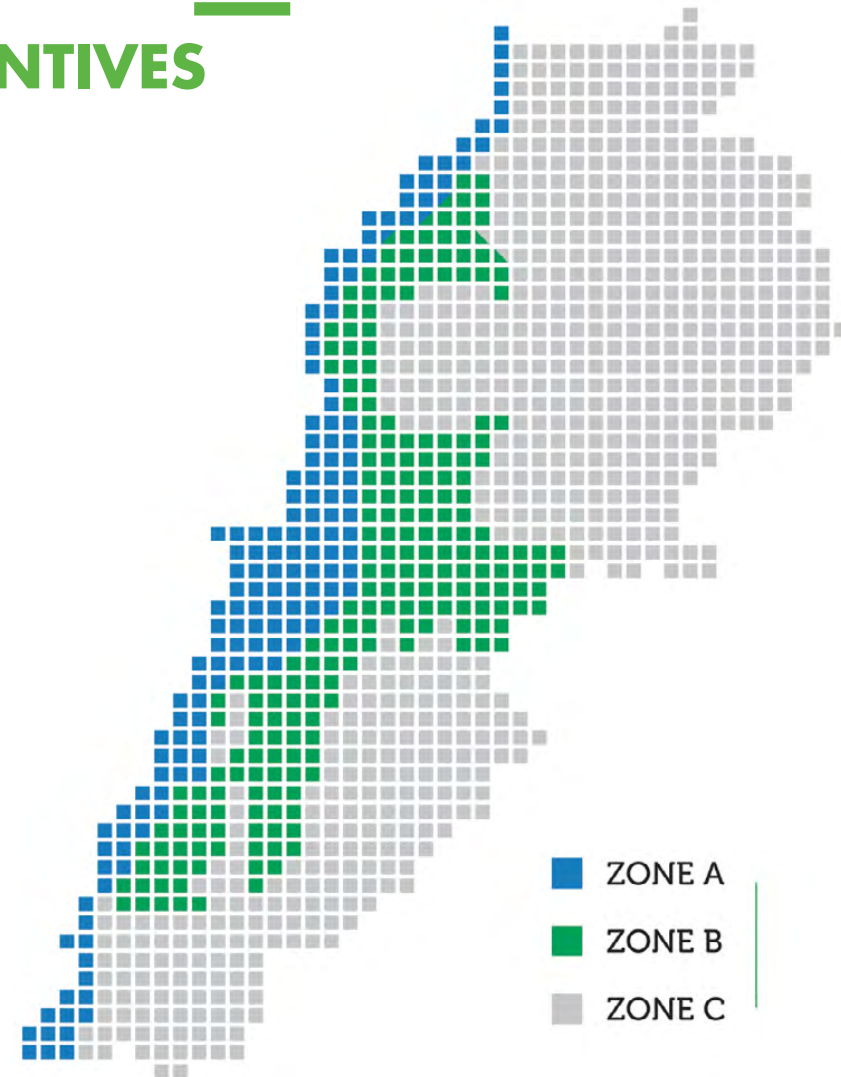
2. REGION & SECTOR BASED INCENTIVE

- Also called Investment Projects by Zone (IPZ)
- Provided to projects based on:
 - (1) Geographical location across 3 Zones: A, B, C
 - (2) Investment size
 - (3) Sector

INCENTIVES PROVIDED

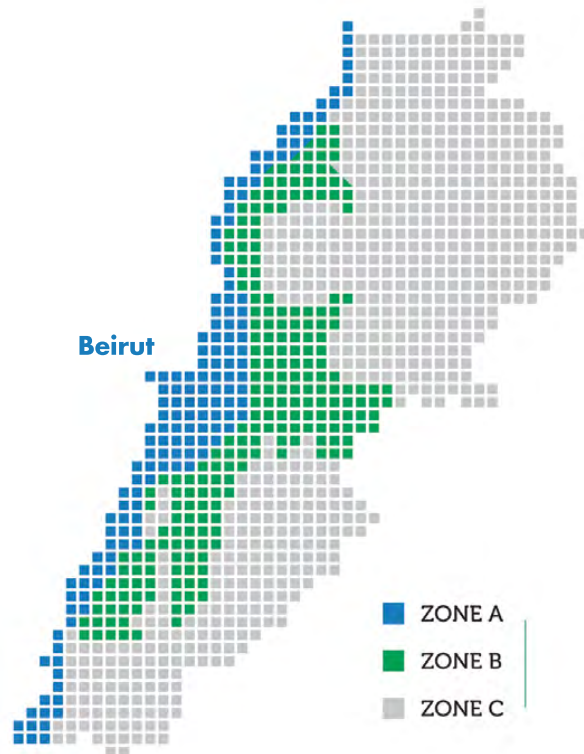
- Up to 100% tax exemptions for 10 years for projects located in remote areas (Zone C)
- Work Permits granted

OUR INCENTIVES



2. REGION BASED INCENTIVE Investment Projects by Zone (IPZ)

► EIGHTS SECTORS ARE ELIGIBLE FOR OUR INCENTIVES



INCENTIVES GRANTED BASED ON GEOGRAPHICAL DISTRIBUTION AND INVESTMENT SIZE

ZONE A	ZONE B	ZONE C
Work permits for all categories.	Work permits for all categories.	Work permits for all categories.
Full exemption from corporate income tax for a two-year period provided that at least 40% of the company's shares are listed on the Beirut Stock Exchange.	A 50% reduction on corporate income tax and taxes on project dividends for a five-year period.	Full exemption from corporate income tax and taxes on project dividends for a ten-year period.
	Full exemption from corporate income tax for two additional years provided that at least 40% of the company's shares are listed on the Beirut Stock Exchange.	Full exemption from income tax for two additional years provided that at least 40% of the company's shares are listed on the Beirut Stock Exchange.

2. SECTOR BASED INCENTIVE

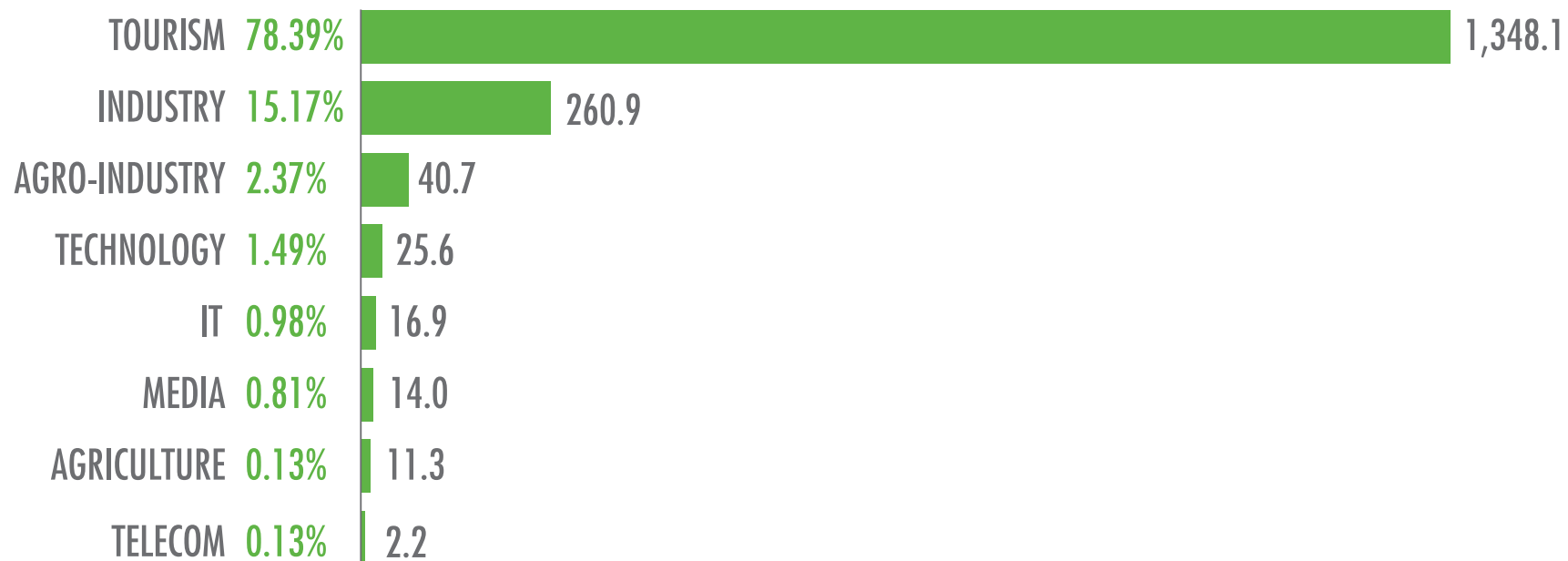
Investment Projects by Zone (IPZ)

ELIGIBILITY CRITERIA

SECTORS	MINIMUM INVESTMENT REQUIRED (USD)		
	ZONE A	ZONE B	ZONE C
TOURISM	10.000.000	4.000.000	1.000.000
INDUSTRY	5.000.000	3.000.000	1.000.000
AGRO-INDUSTRY	2.000.000	1.500.000	1.000.000
AGRICULTURE	1.500.000	1.000.000	500.000
INFORMATION TECHNOLOGY	200.000	200.000	200.000
TECHNOLOGY	200.000	200.000	200.000
TELECOMMUNICATION	200.000	200.000	200.000
MEDIA	200.000	200.000	200.000

OUR ACHIEVEMENTS

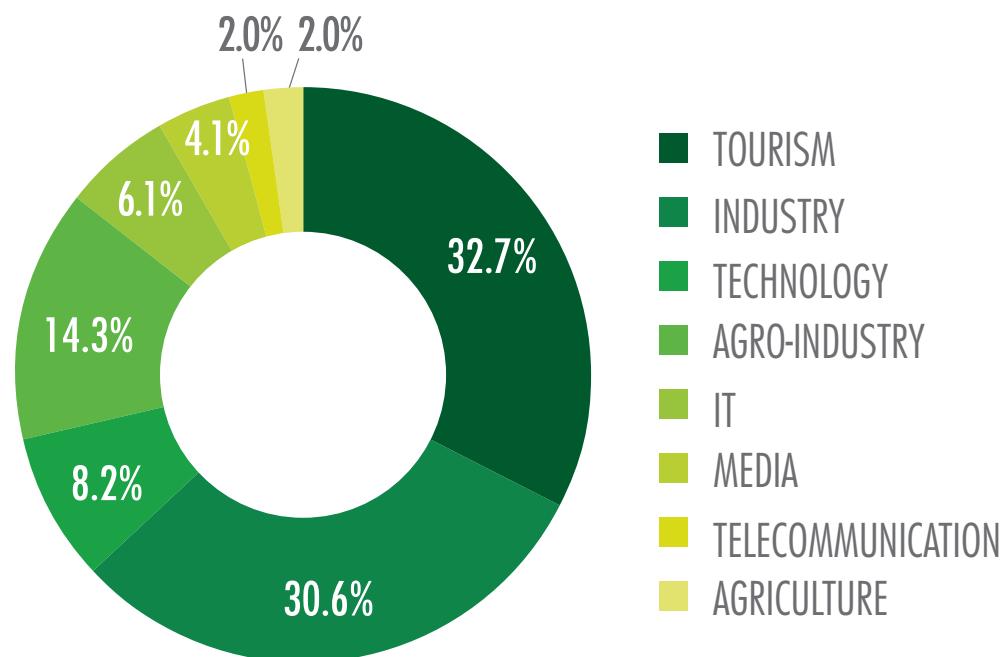
INVESTMENTS ATTRACTED THROUGH IDAL (USD MILLION) (2003-2015)



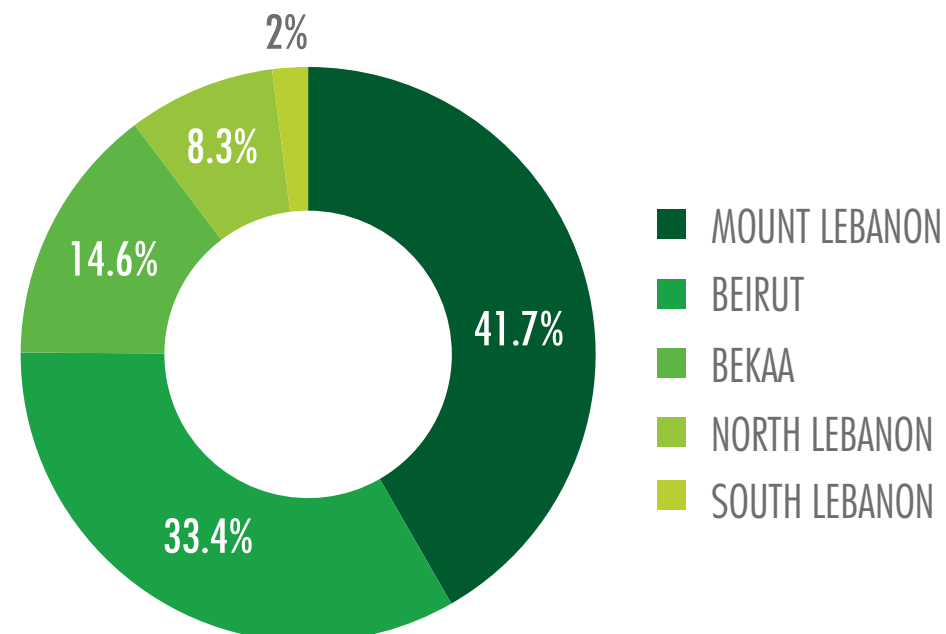
TOTAL: 1,719,671 USD
Source: IDAL's Calculations

OUR ACHIEVEMENTS

DISTRIBUTION OF PROJECTS BY SECTORS (%) (2003-2015)



DISTRIBUTION OF PROJECTS BY REGION (%) (2003-2015)

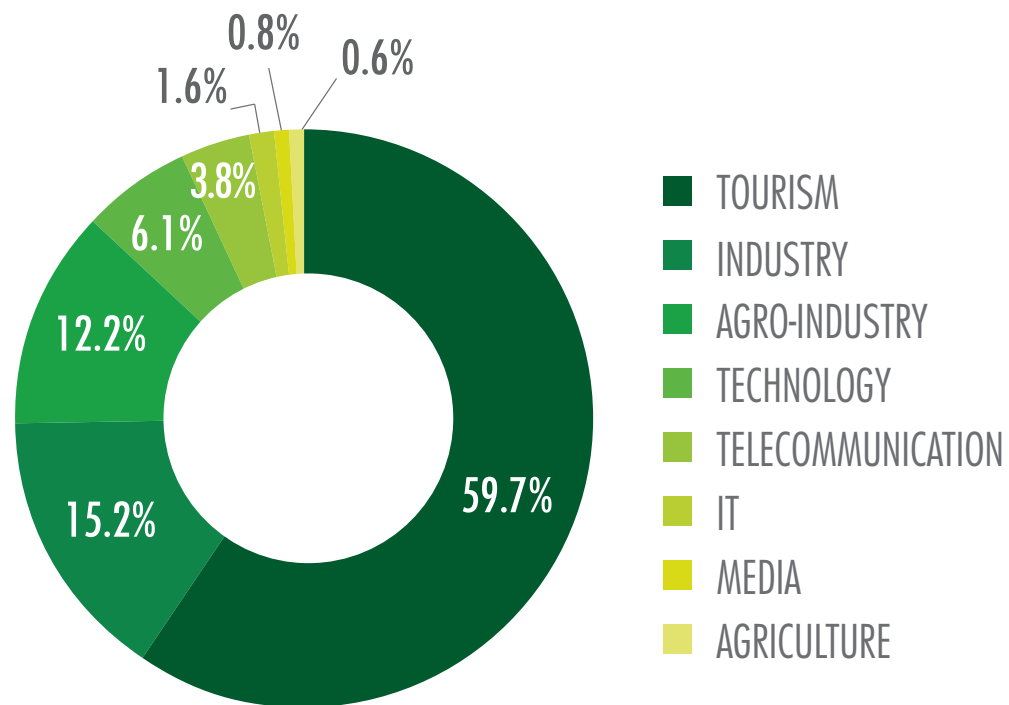


TOTAL: 49

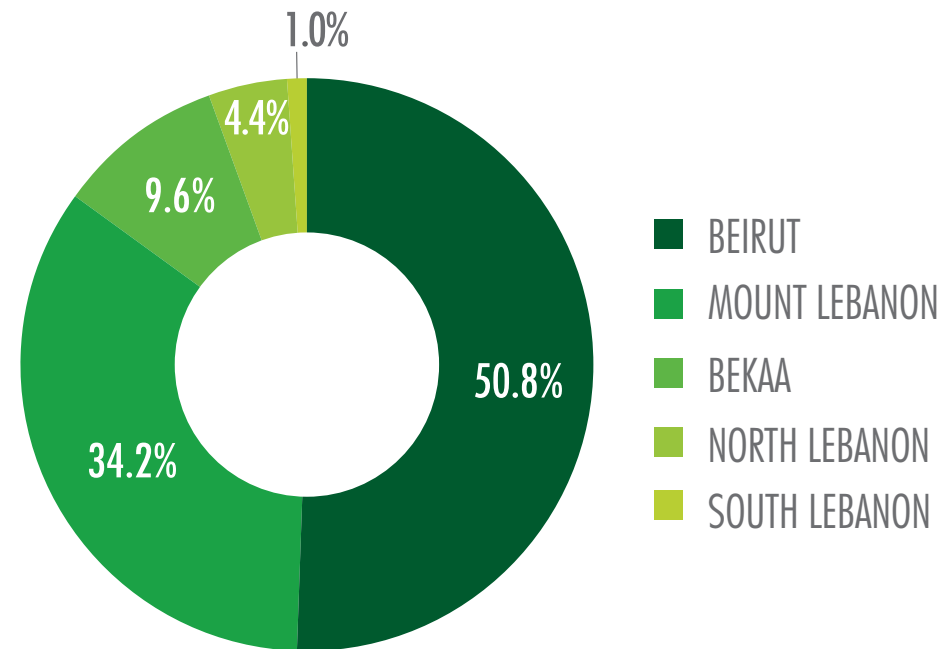
Source: IDAL's Calculations

OUR ACHIEVEMENTS

TOTAL JOBS CREATED BY SECTOR (%) (2003-2015)



TOTAL JOBS CREATED BY REGION (%) (2003-2015)



TOTAL: 5,872
Source: IDAL's Calculations

CONTACT US

INVESTMENT DEVELOPMENT
AUTHORITY OF LEBANON



/InvestInLebanon



@Invest_Lebanon



/investmentdevelopmentauthorityoflebanon



/InvestInLebanon



T + 961 (1) 983306/7/8

F + 961 (1) 983302/3



invest@idal.com.lb
export@idal.com.lb



Lazarieh Tower, 4th Floor,
Emir Bechir Street,
Riad El-Solh, Beirut, Lebanon
P.O.Box: 113-7251
www.investinlebanon.gov.lb