

FURNITURE & WOOD IN LEBANON

2017 FACTSHEET



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ALL YOU NEED TO KNOW ON LEBANON

Invest in Lebanon and enjoy the most hospitable MENA destination for business, culture and leisure with a Mediterranean climate, cosmopolitan lifestyle and a variety of touristic attractions and activities across breath-taking natural landscapes. Strategically located at the intersection of Europe, Asia and Africa, Lebanon can provide companies easy access to regional and global markets. Lebanon also boasts state-of-the-art health care services, internationally renowned for the quality medical centers and staff. A historic melting pot for multiple civilizations, Lebanon is a small, multilingual haven of culture and diversity that is worth the journey.

Lebanon, with its official non-interventionist stance toward private investments, offers one of the most liberal investment climates in the Middle East. The economic openness of the country is harnessed through the absence of legal restrictions on the entry or exit of many firms, encouraging free market competition and furthering the development of the private sector. Liberal trade and investment policies have allowed foreign direct investments to account for a considerable share of Lebanese GDP.



ECONOMIC PROFILE AND SYSTEM

GDP at current prices (2016): USD 51.8 billion

GDP/Capita (2016): USD 8,624

Real GDP growth (2016): 1%

GDP composition by sector (2015):

Agriculture: 3.5%

Mining, Manufacturing, and Utilities: 11%

Financial Services: 8%

Professional and Administrative Services: 7%

Education and Health Services: 11.5%

Real Estate: 14%

Public Administration: 9.3%

Trade: 13%

Current Account balance (2016): USD -394.4 million

Balance of Payments (2016): USD 1.3 billion

Domestic credit to private sector (2016): 111.9% of GDP

Corporate tax rate: 17%

Main Import Partners (2016): Greece, Russia, China, Italy, Kuwait, Ukraine

Main Export Partners (2016): Turkey, Syria, KSA, UAE, Kuwait, Egypt, Iraq

FDI inflows (2016): USD 2.56 billion

Airport passengers (2016): 7.5 million

Source: International Monetary Fund (IMF), World Bank, Bank Audi, Central Administration for Statistics (CAS), Ministry of Economy and Trade, Lebanese Customs Administration

Note: Latest available figures in the time of publication.



WHAT MAKES LEBANON A GREAT PLACE TO DO BUSINESS

EXCELLENT ECONOMIC FUNDAMENTALS

LEBANON HAS A RESILIENT ECONOMY DESPITE THE REGIONAL CHALLENGING ENVIRONMENT

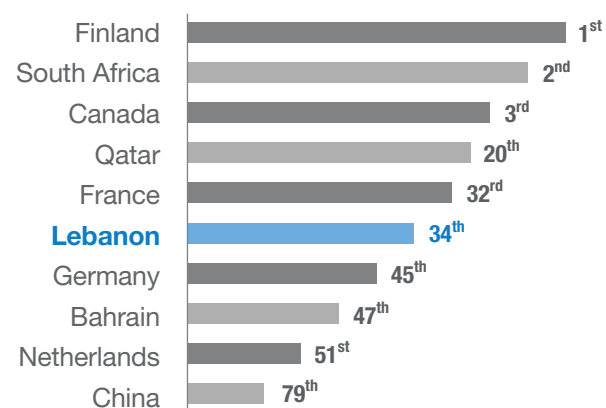
▶ Lebanon was one of the global performers in 2009 amidst the worldwide financial crisis and despite the Arab Spring managed to maintain stable growth levels.

▶ Despite continuing regional challenges, IMF estimated Lebanon's GDP growth for **2015 at 1.0%**, and projecting a growth rate of **2.5% for 2018**.

THE SOUNDEST BANKING SYSTEM IN THE REGION

▶ Soundness of banks ranking assesses the **stability and efficiency** of the financial market.

Figure 1: Soundness of Banks Ranking | 2016



Source: World Competitiveness Report 2016-2017

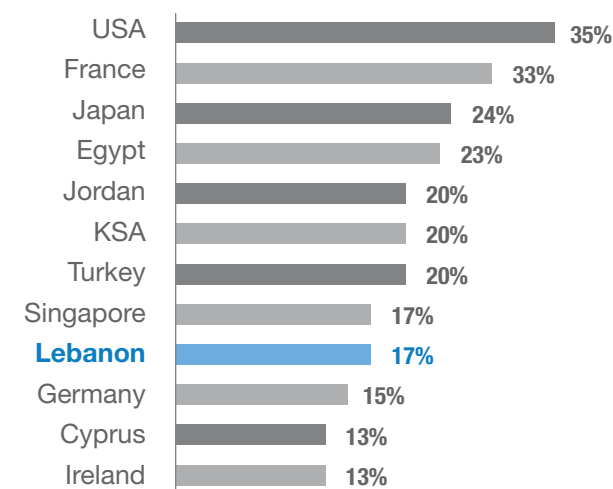
Note: Standing among 138 countries. Ranking based on the degree of soundness of financial institutions.

Low ranking: Banks may require recapitalization;

High ranking: Banks are generally healthy with sound balance sheets.

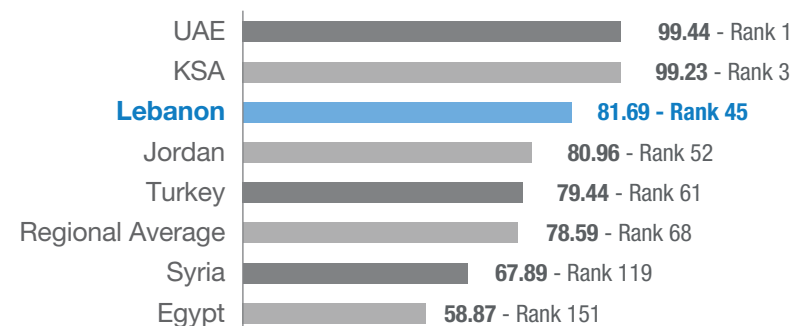
LEBANON OFFERS AN OVERALL TAX ADVANTAGE FOR FIRMS TO EXPAND & EASE OF PAYING TAXES

Figure 2: Corporate Tax Rates % | 2016



Source: Country's Investment Promotion Agencies

Figure 3: Ease of Paying Taxes Score Over 100 | 2015

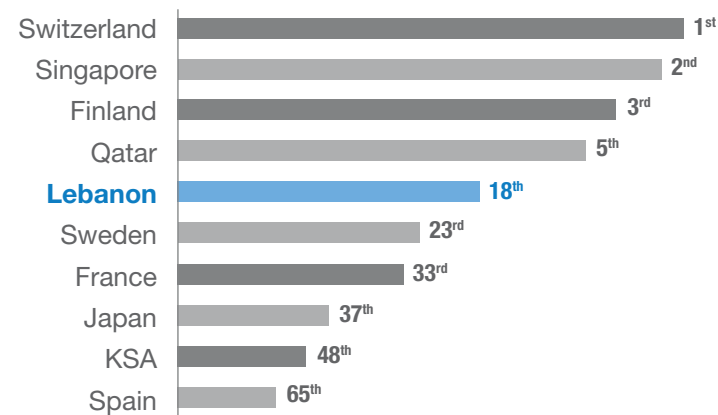


Source: Doing Business Report 2016

A DYNAMIC AND COST-COMPETITIVE WORKFORCE

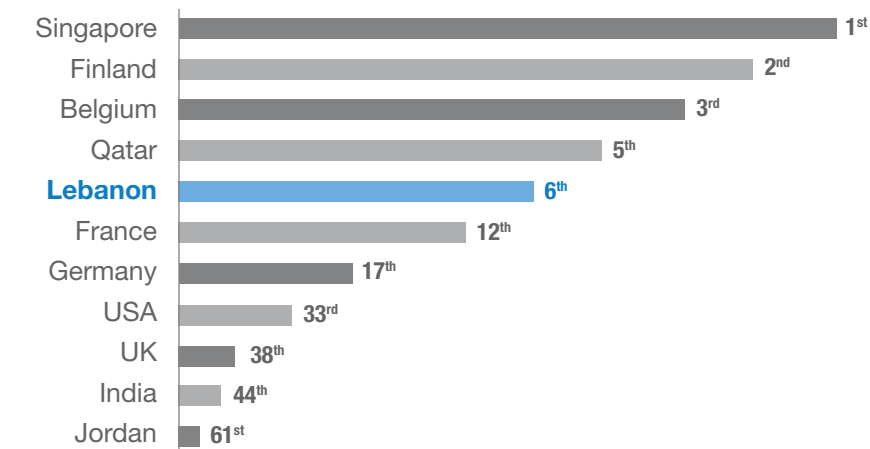
LEBANON HAS ONE OF THE WORLD'S BEST EDUCATED WORKFORCE

Figure 4: Quality of the Educational System | 2016-2017



Source: Global Competitiveness Report, 2016-2017

Figure 5 Quality of Math & Science Education Index | 2016-2017

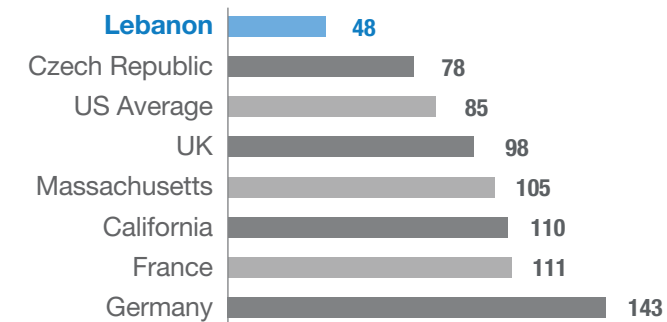


Source: Global Competitiveness Report, 2016-2017

A COST-COMPETITIVE WORKFORCE

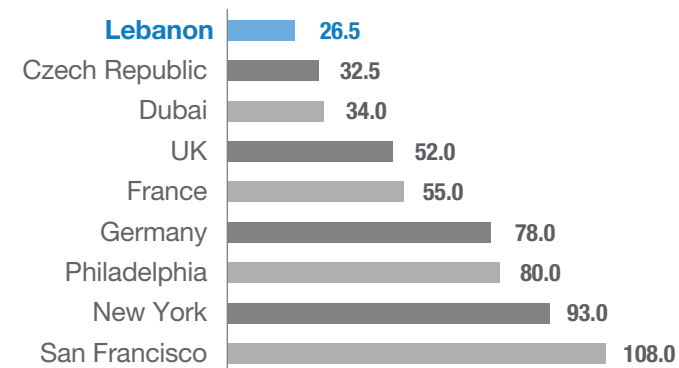
THIS LABOR FORCE IS EQUALLY COST EFFICIENT, ESPECIALLY IN SECTORS WITH HIGH VALUE-ADDED

Figure 6: Average Annual Wages In The High Tech Sector USD'000 | 2009-2010



Source: The Tech America Foundation, Global 50, Remuneration Planning Report 2009/2010, Watson Wyatt Data

Figure 7: Average Annual Wages of Software Engineers USD'000 | 2011-2012



Source: Glassdoor, Global 50, Remuneration Planning Report 2011/2012, Watson Wyatt Data Services, InfoPro

SECTOR DEFINITION

The Furniture and Wood sector comprises two industries¹:

- ▶ The Furniture industry, which includes wooden furniture, metal furniture and different types of mattresses.
- ▶ The Wood and carpentry industry, which includes sawing products (plywood, agglomerated wood, veneer), carpentry works (doors, windows, floor coverings, wooden molds), and other fine carpentry wood works.

GLOBAL AND REGIONAL OVERVIEW

The global furniture market is expected to grow at a CAGR of around 4% from 2016 until the end of 2020². In the MENA region, the furniture market is expected to grow at a fast rate due to the region's flourishing construction sector. Total demand of furniture retail in the MENA stood at USD 13.2 billion in 2014, and is expected to remain positive over the next five years³.

The global wood based panel market size was valued at over USD 16 billion in 2015 and is anticipated to grow at CAGR of more than 13% to exceed USD 35 billion by 2023⁴. In the MENA, the sawn softwood market is expected to grow by an average of 3% annually in 2016 and afterward⁵.



¹ Lebanon Ministry of Industry

² Research and Markets, Global Furniture Market 2016-2020

³ Dubai Design District, 2015 report

⁴ Global Market Insights, Wood Based Panel Market Size, Industry Analysis Report, Regional Analysis, Application Development, Competitive Landscape & Forecast, 2016 – 2023

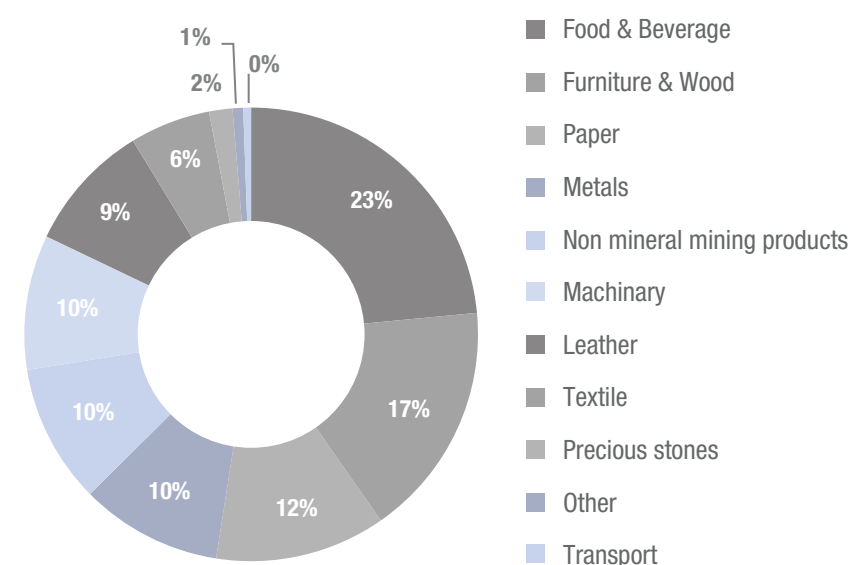
⁵ Comarbois, THE MIDDLE EAST & NORTH AFRICA (MENA) Economic and Wood Market Trends 2015

DOMESTIC OVERVIEW

The furniture and wood sector accounted for 4% of total industrial output in 2007⁶, and 6% of total industrial value added the same year⁷.

In 2016, furniture companies accounted for 13% of the total number of industrial firms in Lebanon, comprising 544 companies, the second largest number of companies after the food and beverage sector⁸. Wood companies accounted for only 4% of industrial firms for the same year, comprising 151 companies⁹ (Figure 8).

Figure 8: Distribution of Industrial Companies by Sector % | 2016*



Note: Companies with more than 8 employees.

Source: Directory of Exports and Industrial Firms, 2015-2016

⁶ Latest available data, Industrial Survey 2007

⁷ Latest available data, Industrial Survey 2007

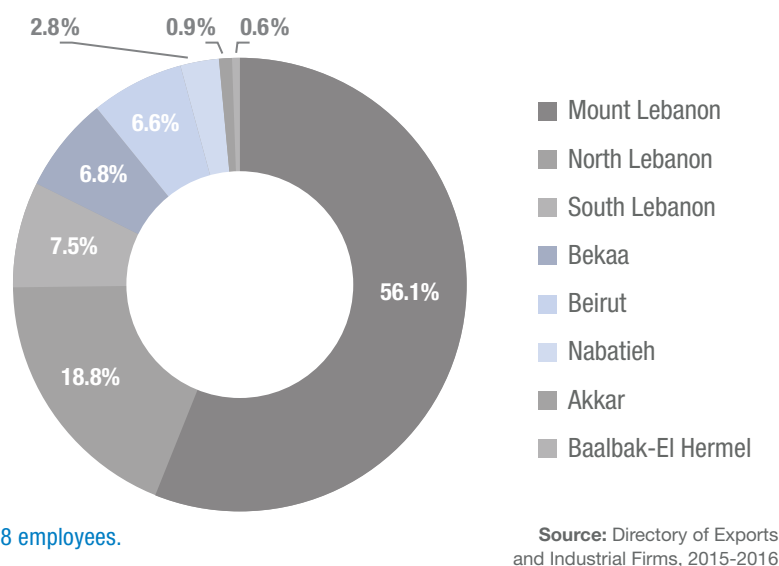
⁸ Companies with more than 8 employees – Directory of Exports and Industrial Firms 2015-2016

⁹ Companies with more than 8 employees – Directory of Exports and Industrial Firms 2015-2016

TRADE PERFORMANCE

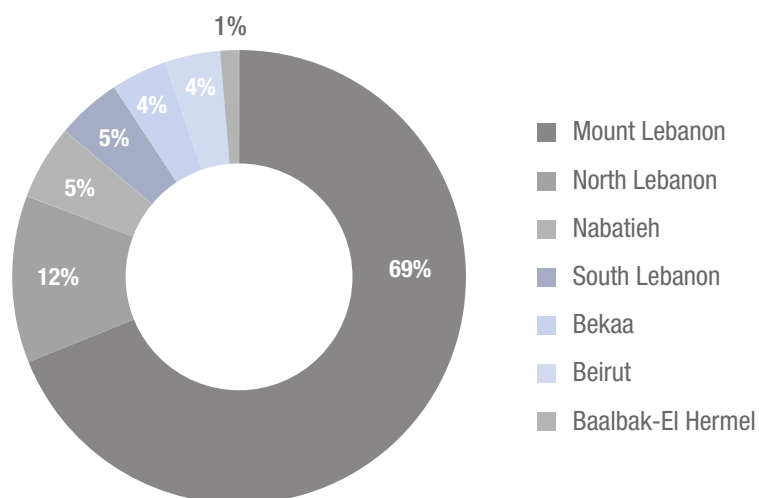
More than 50% of Furniture and Wood companies are located in Mount Lebanon, and more than 10% are located in North Lebanon (Figure 9 and 10).

Figure 9: Distribution of Furniture Companies by Region % | 2016*



Note: Companies with more than 8 employees.

Figure 10: Distribution of Wood Companies by Region % | 2016*

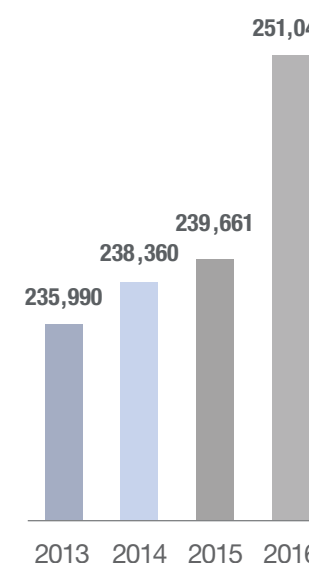


Note: Companies with more than 8 employees.

Lebanon is a net importer of furniture and wood products.

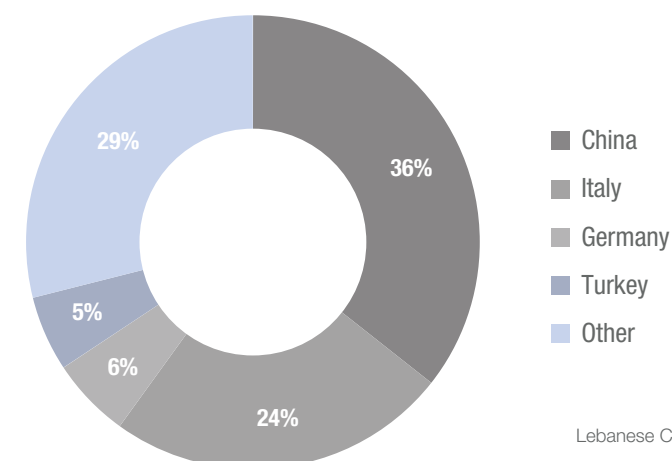
Imports of furniture increased at a CAGR of 2.1% from 2013 to 2016, to reach USD 251,049 in 2016 (Figure 11).

Figure 11: Lebanese Furniture Imports USD | 2013-2016



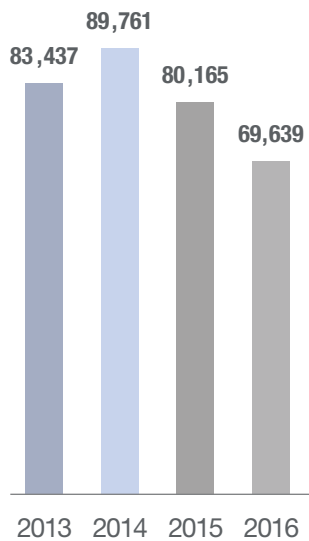
In 2016, the largest share of Lebanese furniture imports came from China, accounting for 36% of total furniture imports, followed by Italy (24%) (Figure 12).

Figure 12: Lebanese Furniture Imports USD | 2013-2016



Exports of furniture decreased at a CAGR of 5.8% from 2013 to 2016 to reach USD 69,639 in 2016 (Figure 13). In 2016, furniture products were mainly exported to the KSA (23%), followed by the UAE (12%), and Qatar (10%) (Figure 14).

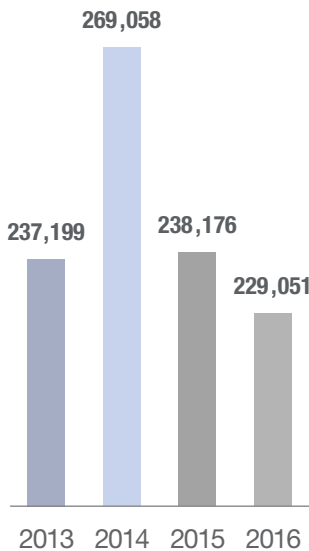
Figure 13: Lebanese Furniture Exports USD | 2013-2016



Source:
Lebanese Customs, 2016

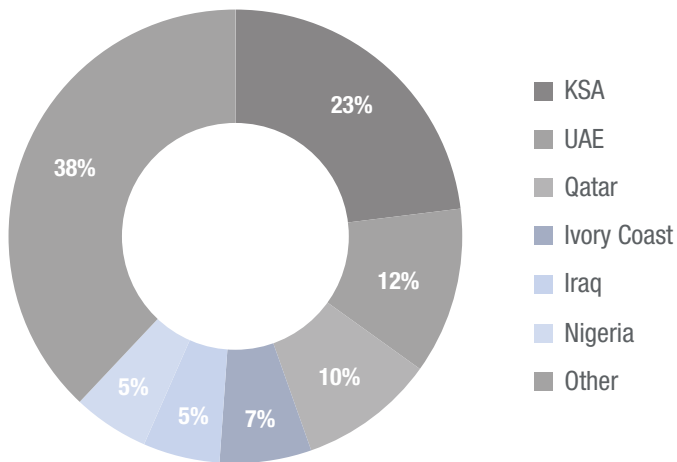
Imports of wood products decreased at a CAGR of 1.2% from 2013 to 2016, after a spike in imports in 2014, to reach USD 229,051 in 2016 (Figure 15). In 2016, 20% wood imports came from Romania, followed by China (10%) (Figure 16).

Figure 15: Lebanese Wood Imports USD | 2013-2016



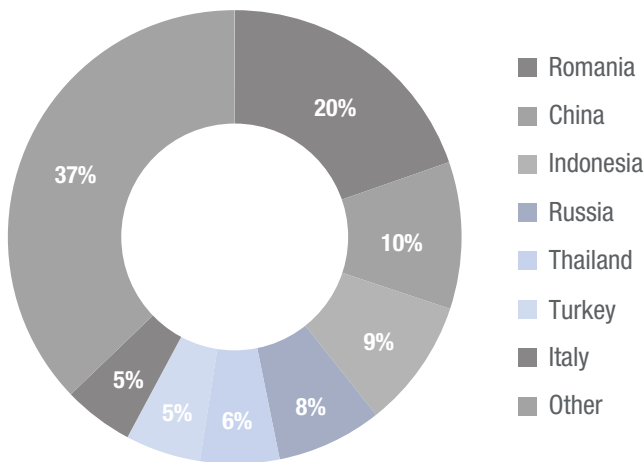
Source:
Lebanese Customs, 2016

Figure 14: Distribution of Lebanese Furniture Exports by Destination USD | 2016



Source:
Lebanese Customs, 2016

Figure 16: Distribution of Wood Imports by Destination USD | 2016



Source:
Lebanese Customs, 2016

INVESTMENT OPPORTUNITIES

HIGH END PRODUCTS

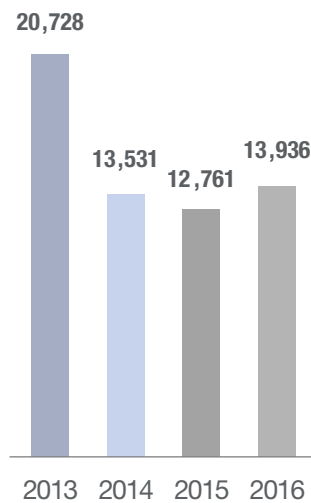
Lebanon has a competitive edge in the manufacturing of high end furniture and wood products. These products are usually handcrafted and customized to fit consumer's taste. Because such an activity faces relatively small competition from the Far East and regional countries,

its prospects for success in Lebanon are high. Indeed, other Arab countries like Saudi Arabia have strong local industries that produce large quantities of standardized furniture, but lack high-end specialized furniture and wood products.



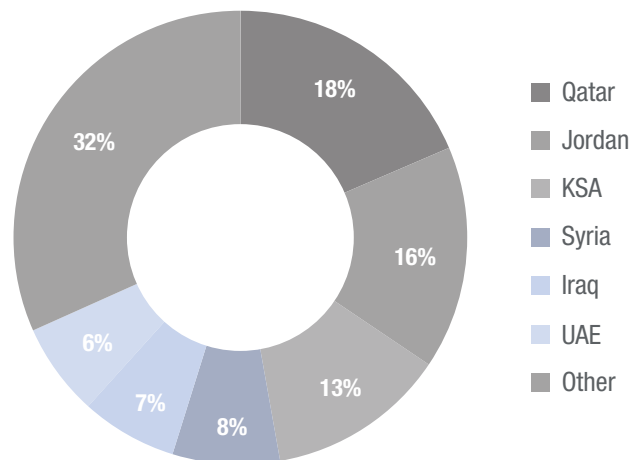
Exports of wood products decreased at a CAGR of 12.4% from 2013 to 2016, mainly due to an important drop in exports in 2014 (**Figure 17**). However, export activity has started to pick up again from 2014 to 2016, increasing at a CAGR of 1% to reach USD 13,936 in 2016, the highest rate since 2014. In 2016, the main export markets of Lebanese wood products were Qatar (18%), Jordan (16%), and the KSA (13%) (**Figure 18**).

Figure 17: Lebanese Wood Exports USD | 2013-2016



Source:
Lebanese Customs, 2016

Figure 18: Distribution of Lebanese Wood Exports by Destination USD | 2016



Source:
Lebanese Customs, 2016

COMPANIES PROFILE

PROFILE OF MAIN FURNITURE AND WOOD COMPANIES IN LEBANON – NON EXHAUSTIVE

SLEEP COMFORT S.A.L.

- ▶ **Activity:** Manufacturer, Trader, Design contractor.
- ▶ **Description:** Sleep Comfort manufactures mattresses and furniture in a factory of 35,000 square meters. It also distributes furniture through its network of 5 stores in Lebanon.
- ▶ **Product specialization:** Contract furniture, office & upholstered furniture, dining, living rooms, bedrooms, household furniture, mattresses.
- ▶ **Export markets:** Saudi Arabia, Kuwait, Qatar, Syria, Jordan
- ▶ **Employees:** 500



TECMAN INDUSTRY S.A.L.

- ▶ **Activity:** Manufacturer, Trader, Design contractor.
- ▶ **Description:** TECMAN Industry is a major producer of furniture and wood products, and an interior design contractor. The company provides customized items for various establishments in Lebanon and the region.
- ▶ **Product specialization:** Contract furniture, office furniture, household furniture.
- ▶ **Employees:** 340



BOISSELIERS DU RIF

- ▶ **Activity:** Manufacturer, Design contractor.
- ▶ **Description:** "Boisseliers du Rif" is one of the most important Lebanese woodcraft enterprises, specializing in high end luxury wood products.
- ▶ **Product specialisation:** Carpentry works, wooden gift items, all types of wooden furniture
- ▶ **Export Markets:** Middle East, Europe, Japan.
- ▶ **Employees:** 110



VARIANCE S.A.R.L.

- ▶ **Activity:** Manufacturer, Design contractor.
- ▶ **Description:** Variance manufactures a wide selection of home, office and garden furniture in addition to decorative accessories, and provides architectural & interior design services.
- ▶ **Product specialisation:** Household and office furniture, outdoor furniture, lightning, tableware, bath & accessories.
- ▶ **Employees:** 90





CONTACT US

If you require any further information on investing in Lebanon or on the services IDAL can offer you, please do not hesitate to contact us at the following:

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