



AGRI-FOOD SECTOR IN LEBANON

➤ 2020 FACTBOOK



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SECTOR OVERVIEW

01. GLOBAL OVERVIEW

The agri-food sector is undergoing tremendous growth driven by a growing population, increase in GDP per capita and changes in lifestyle that are leading to more demand for packaged foods and beverages.

The global growth in the middle-class population which enjoys a higher purchasing power, is driving the demand for premium high-quality packaged food including organic, natural and clean ingredients, as well as locally made products.

In terms of industry outlook, the Asia Pacific region is forecasted to be the go-to market for the packaged agri-food players with expected industry growth of 3.6% between 2016 and 2021 (see table below). Fats and oils and dairy products are expected to be the highest growing agri-food categories in Asia Pacific at 8.3% and 4.4% respectively between 2018-2023¹.

Table 1: Growth Forecast of Agri-food Sector by Region

	Asia Pacific	Austral-asia	Europe	Latin America	Middle East and North Africa	North America	Sub-Saharan Africa
Total Agri-food Growth 2011-2016	3.0%	1.0%	0.5%	0.1%	3.0%	0.4%	3.5%
Total Agri-food Growth 2016-2021	3.6%	2.0%	1.2%	2.6%	3.5%	0.9%	4.1%

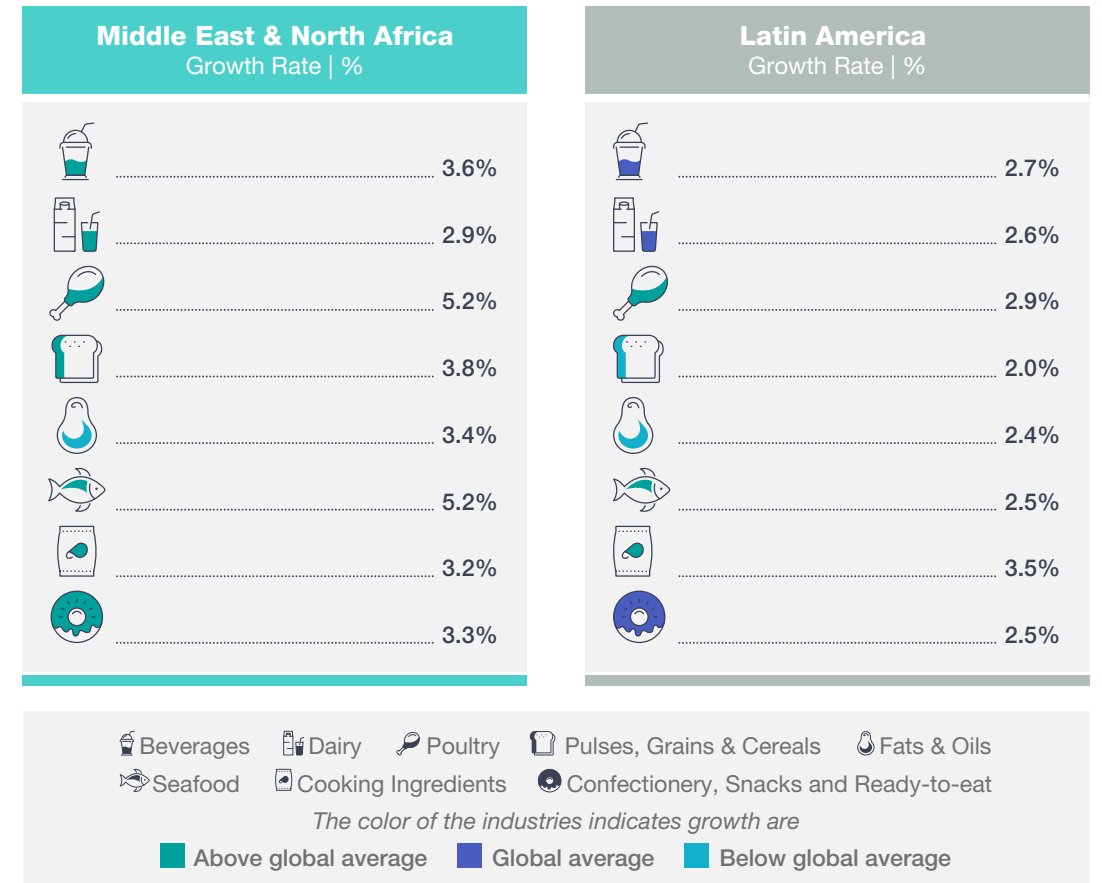
Source: Euromonitor International Analysis



02. REGIONAL OVERVIEW

In line with global trends, the Agri-food sector in the GCC region is also expected to continue growing, mainly due to a growing, urbanized population, higher per capita income, changing dietary habits and preferences and increasing penetration of organized retail. Food consumption in the GCC is expected to expand at a CAGR of 4.2% between 2016 and 2021, with cereals remaining the most consumed product in the region².

Saudi Arabia and the UAE are likely to remain the major food consumption centers. Food consumption in Saudi Arabia is expected to grow at an annual average rate of 4.2% between 2016 and 2021 and in the UAE is projected to grow by 4.4% for the same period³. The positive outlook for the agri-food sector regionally and globally bodes well for the local Lebanese agri-food producers that rely on export markets for their growth and expansion.



¹ Gulf Food, Global Industry Outlook Report 2019

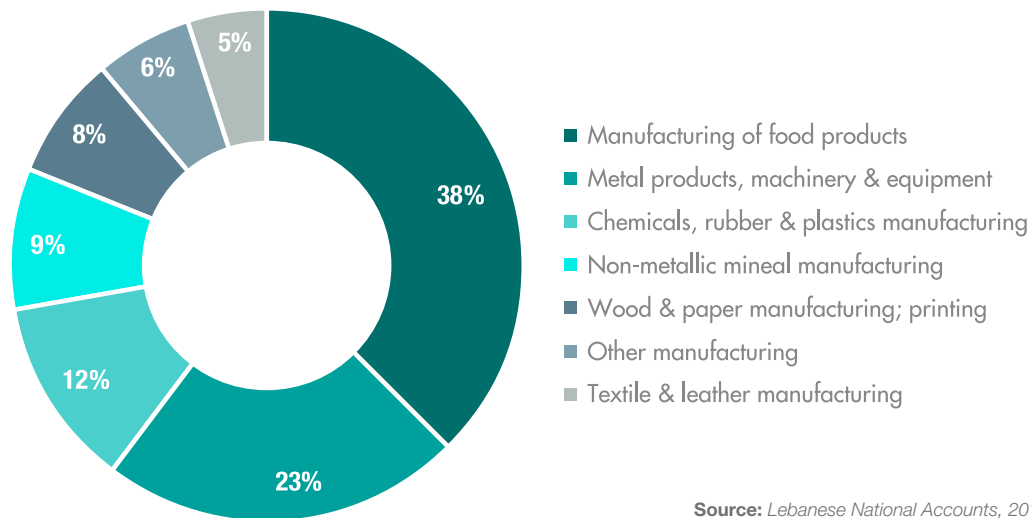
^{2, 3} Alpen Capital, "GCC Food Industry", 2017

03. LOCAL OVERVIEW

The Agri-food sector is a major contributor to the Lebanese economy. In 2018 it generated an estimated 38% of the industrial sector output (figure 1) and around 2.9% of the country's GDP⁴. The sector added value has increased at a CAGR of 9.5% over the 2010-2018 period, with an estimated size of USD 1.6 billion in 2018 (figure 2).

- ▶ The sector currently employs an estimated workforce of around 21,000 employees⁵ (As per the latest survey by the Ministry of Industry)
- ▶ Agri-food companies employ around 28 persons (on average)
- ▶ The sector accounts for 25% of the industrial sector workforce⁶

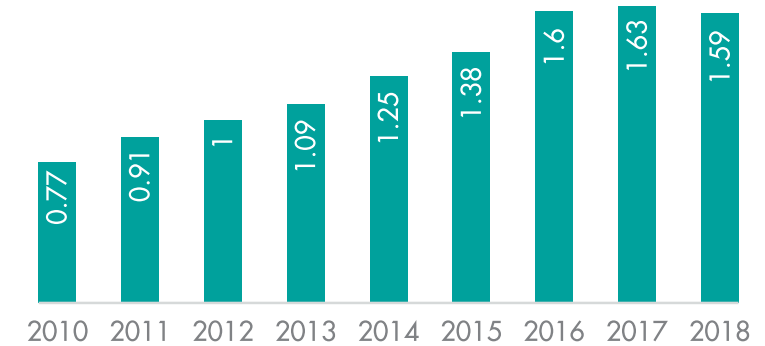
Figure 1: Industry Sub-Sectors Contribution to total Industrial GDP % | 2018



^{5,6} Ministry of Industry, The Lebanese Industrial Sector Facts & Findings 2007

⁷ Ministry of Industry, 2017

Figure 2: Contribution of Agri-food Sector to Total GDP Billion USD | 2010 - 2018

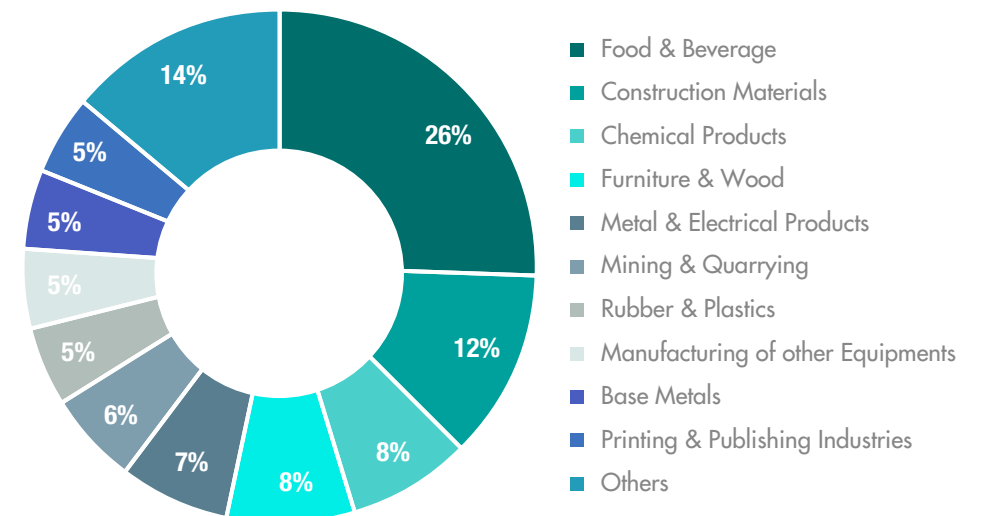


Source: Lebanese National Accounts, 2018

Agri-food enterprises account for the largest share of industrial establishments in Lebanon, with 26% of enterprises or 1,245 companies involved in agri-food activities (Figure 3). Agri-food activities are mostly concentrated in Mount Lebanon

where 48% of agri-food enterprises are located. The Bekaa region ranks second (18%), followed by North Lebanon (9%), Baalback El Hermel (6%), South Lebanon (6%), Nabatiyeh (6%), Beirut (5%), and finally Akkar (2%) (Figure 4).

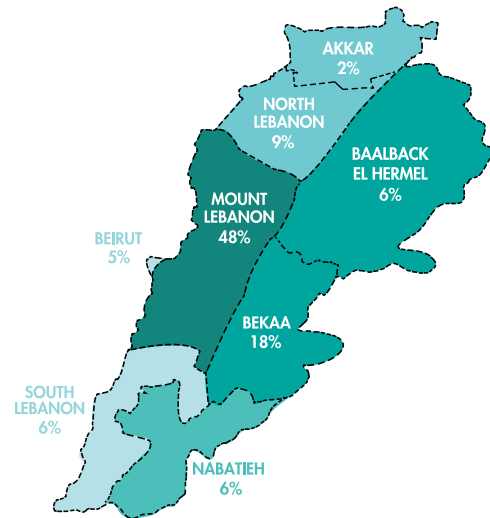
Figure 3: Distribution of Enterprises Among Industry Sectors % | 2017



Source: Ministry of Industry, 2017

TRADE STATISTICS

Figure 4: Distribution of Agri-food Companies by Governorate % | 2018

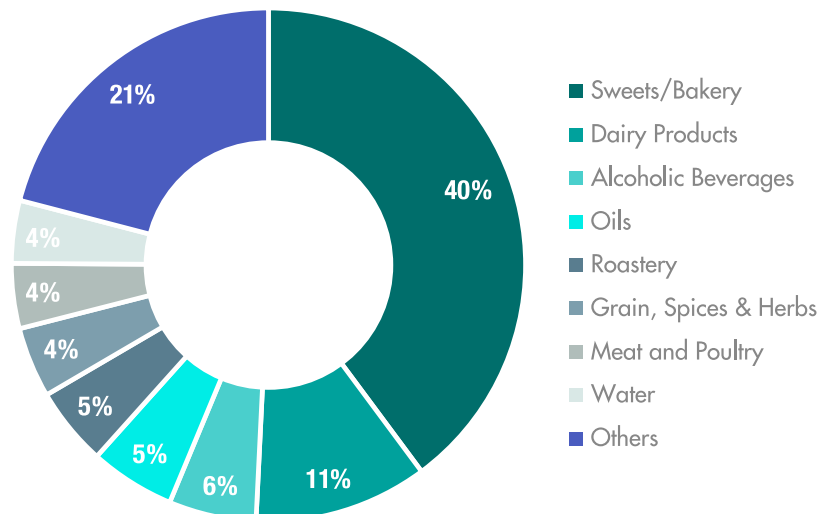


Source: The Directory of Exports and Industrial Firms in Lebanon, 2018-2019

The highest share of agri-food establishments is involved in the production of baked products and sweets with nearly 40% of total agri-food enterprises⁸ (figure 5). Dairy goods account for 11% of total

agri-food companies. Other sectors of activity with a high share of enterprises include alcoholic beverages with 6%, followed by oil producing companies (mainly olive oil) with 5% of total establishments⁹.

Figure 5: Agri-food Enterprises in Lebanon by Type of Activity % | 2018



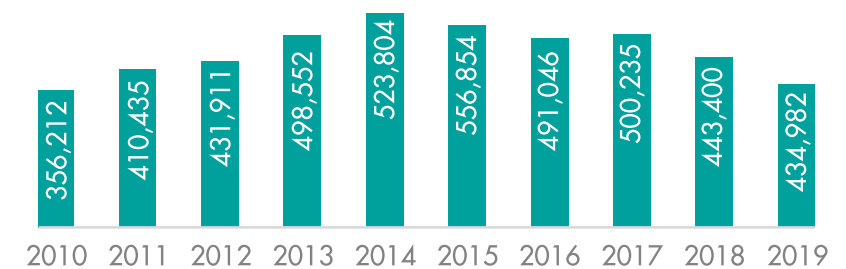
Source: The Directory of Exports and Industrial Firms in Lebanon, 2018-2019

01. EXPORTS PERFORMANCE

Export of agri-food products reached USD 434 million in 2019, a slight decrease from 2018 levels, as a result of the October 2019 crisis. Agri-Food exports accounted for 12.4% of industrial exports¹⁰ and 11.7% of total exports. Animal and vegetable fats and oils

products (mainly olive oil) registered the highest growth among agri-food export categories, growing at a CAGR of 11% during 2010-2019 while total agri-food exports increased at a CAGR of 2% during the same period (figure 6).

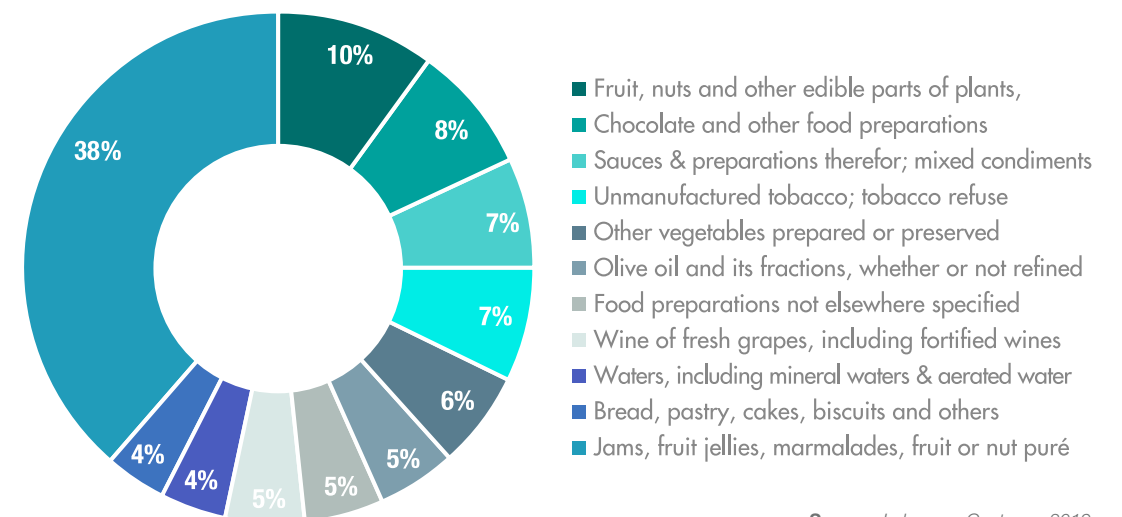
Figure 6: Lebanese Agri-food Exports USD Thousand | 2010-2019



Source: Lebanese Customs, 2020

Key exported agri-food products in 2019 include dried fruits and nuts at 10%, followed by processed chocolate (8%) and other vegetables and food preparations (7%) (Figure 7).

Figure 7: Lebanese Agri-food Exports by Product % | 2019



Source: Lebanese Customs, 2019

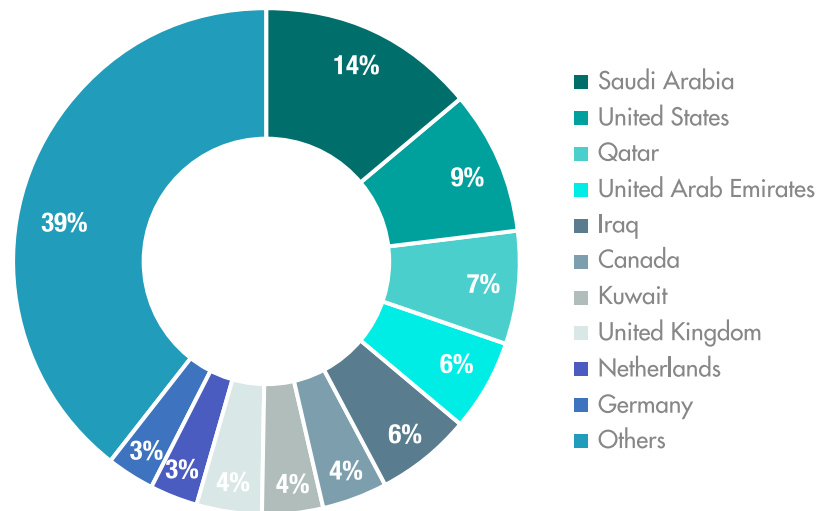
^{8,9} The Directory of Exports and Industrial Firms in Lebanon, 2018-2019
¹⁰ Lebanese Customs, 2020

02. EXPORTS DESTINATIONS

Agri-food exports from Lebanon are heavily concentrated in the GCC region with very little diversification to other regions. The largest share of Lebanese

agri-food exports is destined to Saudi Arabia (14%) followed by USA (9%), Qatar (7%), UAE (6%) and Iraq (6%) (figure 8).

Figure 8: Export Destination for Agri-food Products % | 2019



Source: Lebanese Customs, 2020

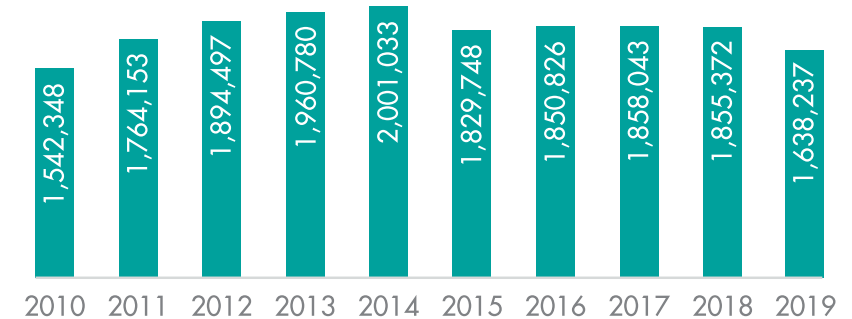


03. IMPORTS

Agri-food imports have slightly increased between 2010 and 2019 and amounted to around USD 1.6 billion in 2019 (figure 9) to cater for the demand stemming from the increasing refugee population. Lebanon mostly imports dairy products

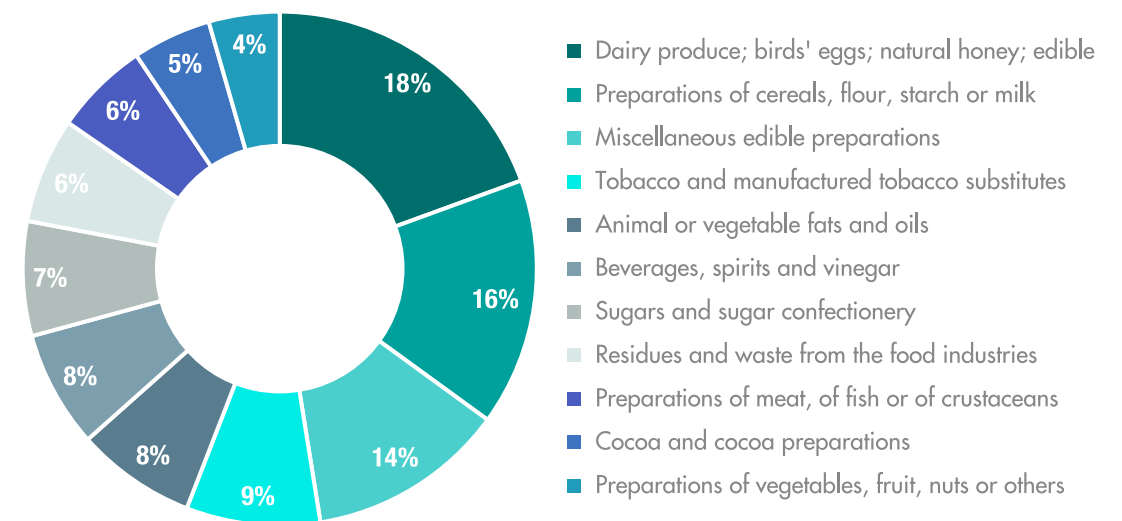
and cereal, with imports accounting for 18% and 16% respectively of total imports (figure 10), which could in the long run serve as an opportunity for local manufacturers to work on import substitution and expand production.

Figure 9: Lebanese Agri-food Imports USD Thousands | 2010-2019



Source: Lebanese Customs, 2020

Figure 10: Lebanese Agri-food Imports by Product % | 2019



Source: Lebanese Customs, 2020

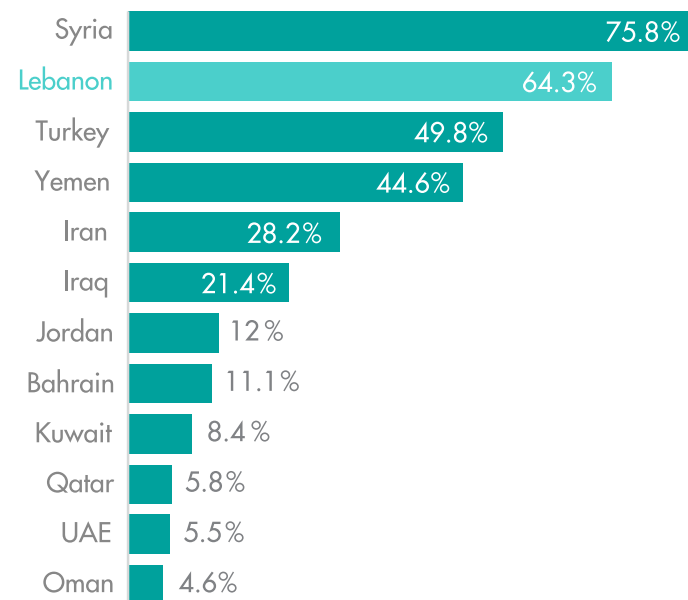
COMPETITIVE ADVANTAGES

01. Large, Fertile and Diversified Agriculture Land

Lebanon has the second largest agriculture land share from its territory in the Middle East estimated at 63%, supporting the development of a competitive agriculture processing sector. Moreover, Lebanon has the

highest precipitation rate among its neighbors, equivalent to 661 mm per year in depth which helps in the cultivation of a variety of crops (60+ types of crops and 10+ livestock products) (figure 11).

Figure 11: Agricultural Land of Total Land Area % | 2016



Source: World Bank

02. Skilled Labour Force with Competitive Wages

The agri-food sector benefits from a cost-effective labour force that can support its development and growth. Many public and private universities such as American University of Beirut (AUB), USEK, Balamand... offer agriculture and food industry study programs that serve the Agriculture and Food sectors. In 2018, around 30,000 students were

enrolled in Engineering and Agri-food undergraduate and graduate degrees. Lebanon also boasts several applied research centers e.g. AUB's AREC center in Bekaa, Lebanese Agricultural Research Institute (LARI)... that support in Research and Development and contribute to the sector growth and innovation.

03. Government Support

The Government of Lebanon has placed the agri-food sector as a key priority sector to develop and support:

- ▶ The Government offers many tax advantages for agri-food manufacturing companies as well as fiscal exemptions granted through IDAL.
- ▶ Agri-food exporters attend international fairs and exhibitions with support from IDAL through its Agro Map export program.
- ▶ The Ministry of Industry through the

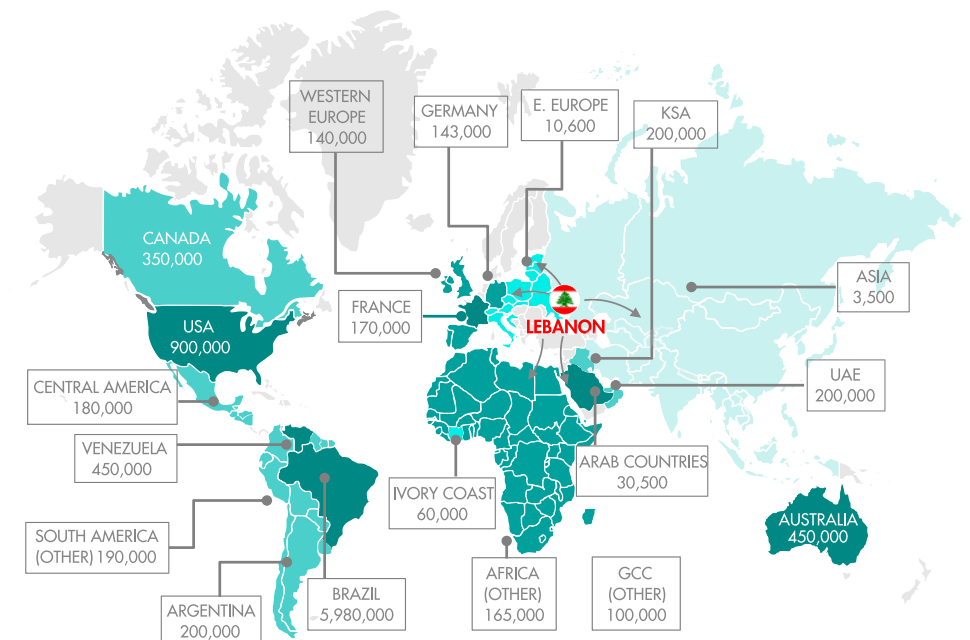
Industrial Research Institute and ELCIM center provides technical assistance to manufacturing companies including agri-food producers to improve their production processes.

- ▶ The Ministry of Foreign Affairs launched a gastro diplomacy initiative in 2018 aimed at promoting the Lebanese cuisine and Lebanese agri-food products worldwide.

04. A Large Diaspora Network

Lebanon has a large diaspora estimated at around 9 to 10 million people spread around the world which is a major demand driver for Lebanese agri-food products (figure 12).

Figure 12: Mapping of Lebanese Diaspora Around the World Population | 2017



Source: Mckinsey Lebanon Economic Vision 2018

05. Strong Support Networks

Agri-food companies in Lebanon have access to various Business Support Organizations that provide high-quality advisory services to help them grow and innovate. Berytech is one of the leading incubators in the country that provide mentoring and networking opportunities for the agri-food companies and hosts the only agrytech cluster in the Middle East region.

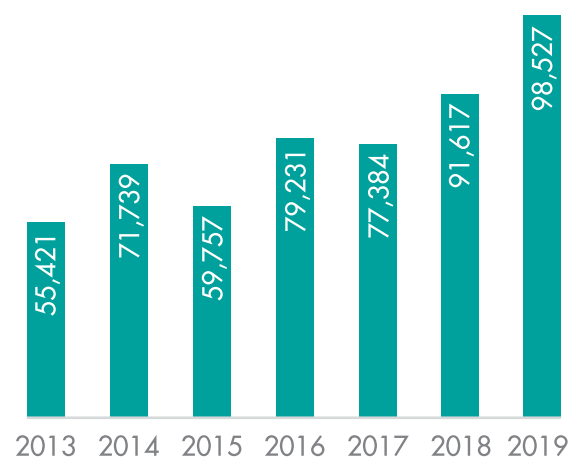
In addition, many International Organizations such as the United States Agency for International Development (USAID), UNIDO and European Bank for Reconstruction and Development (EBRD) have special programs for the agri-food sector and provide targeted consultancy support. The Chamber of Commerce in Tripoli hosts a state-of-the-art laboratory dedicated to testing quality of food and non-food products.

06. International Treaties and Agreements

Lebanon's agri-food exports benefit from favorable terms and access to external markets thanks to a number of bilateral and multilateral agreements most notably EU- Lebanon Association Agreement,

EFTA, GAFTA, GSP... These agreements have had a considerable positive impact on the Lebanese exports especially to the European markets (figure 13).

Figure 13: Lebanese Agri-food Products Exports to EU USD Thousand | 2013-2019



Source: Lebanese Customs, 2020

07. Access to competitive financing

The Central Bank of Lebanon offers subsidized loans for the industrial sector to support the development and expansion of productive industries including agri-food production, while Kafalat a government-owned loan guarantee agency provides financial guarantees for loans (up to USD 400,000) granted by

commercial banks to the SMEs operating in the agri-food sector. In addition, companies operating in the sector can benefit from a series of financial and non financial incentives granted by the investment development authority of Lebanon (IDAL) given that certain requirements are met.



INVESTMENT OPPORTUNITIES

01. FOREIGN INVESTMENTS

Foreign companies operating in the agri-food sector include Swiss food and nutrition giant Nestle. Also producing in Lebanon are General Mills (USA), Coca Cola (USA), Unilever (UK / Netherlands), PepsiCo (USA), Bel (France), Heineken

(Netherlands), Arla Group (Denmark), Lactalis (France) and Japan Tobacco International (Switzerland). Most of these companies have manufacturing plants in Lebanon through which they serve the local market.



02. LOCAL INVESTMENT TRENDS

The Agri-food sector in Lebanon is following the same global trends and moving towards the manufacturing of premium high-quality products for the conscious consumer. Between 2018 and 2019 two major new projects were an-

nounced for the production of healthy snacks and two other projects for the production of craft, artisanal alcoholic beverages (table 2) demonstrating the potential of investment in these new agri-food trends.

Table 2: Major Announced Investment Projects in the Agri-food Sector | 2018-2019

Name of Project / Company	Sub-Sector	Location	Description
Disrupt Snacks	Snacks	Zahle, Bekaa	Production of Popcorn snack
Colonel Vodka	Alcoholic Beverages	Batroun, North Lebanon	Production of Vodka
Abiad General Trade	Dried Fruits and Nuts	Mount Lebanon	Production of Nuts
Yaghi Group	Dairy/ Cream	Donnieh, North Lebanon	Production of Ashta Cream
Cortas	Canned Food	Mount Lebanon	Expansion of factory to produce canned food
B.M. Mechaalany	Traditional Processed Food	Mount Lebanon	Expansion of factory to produce traditional processed food (jams, pickles, syrups..)
Social Enterprise Cluster	Snacks	Aintoura, Mount Lebanon	Production of Hommos Snacks
Régie Libanaise des Tabacs et Tombacs (Régie)	Tobacco	Batroun, North Lebanon	Production of a water pipe tobacco (Tombac)
Jun	Alcoholic Beverages	Rechmaya, Mount Lebanon	Production of craft Gin

Source: IDAL

03. INVESTMENT OPPORTUNITIES

OLIVE OIL

- ▶ The olive oil market is leading the high demand for edible oils in the MENA region, with an expected CAGR of 5% by 2021, outpacing the global average of 4%¹¹.
- ▶ As middle-class consumers are demanding more premium products, there are growth opportunities in the production of extra virgin olive oil, the highest quality of olive oil produced without any solvents.
- ▶ There are around 100 oil mills in Lebanon of which 25% are located in North Lebanon and 25% in Nabatieh¹².
- ▶ Exports reached around USD 22 million in 2019 (figure 14), with USA (24%) & Saudi Arabia (13%) topping the destinations (Figure 15).
- ▶ Unexploited export market potential for Lebanese olive oil exists mainly in Saudi Arabia (USD 2.8 million), Italy (USD 470,000) and Brazil (USD 320,000).¹³
- ▶ Leading local players include Kobayter Freres, Saifan Olive Oil and Willani. Zejd is leading the market for premium organic olive oil and flavored olive oil market.

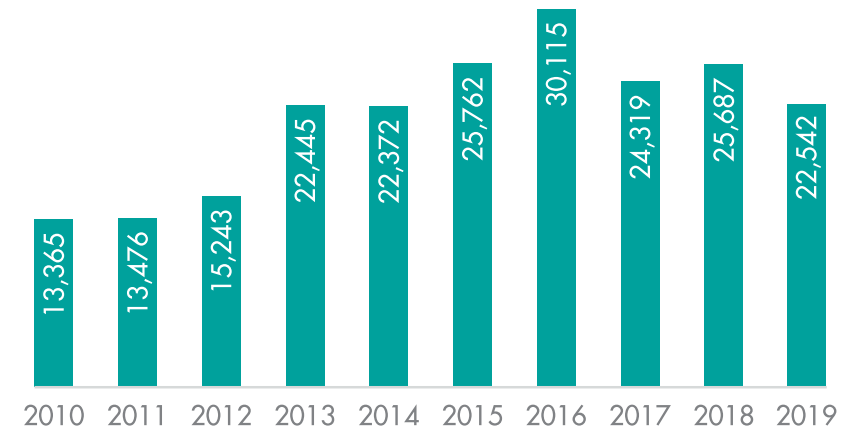


¹¹ Euromonitor International <http://www.horecashow.com/en/newsdetails.aspx?pageid=19897>

¹² The Directory of Exports and Industrial firms in Lebanon, 2017-2018

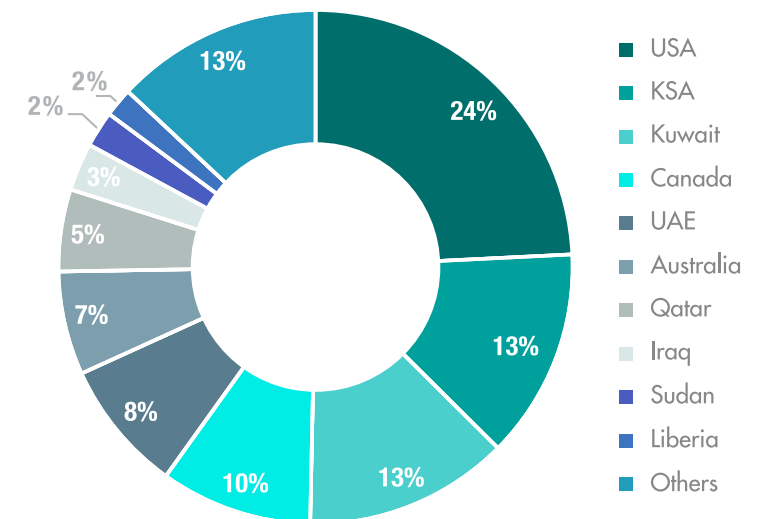
¹³ ITC export potential Map

Figure 14: Olive Oil Exports USD Thousand | 2010-2019



Source: Lebanese Customs, 2020

Figure 15: Olive Oil Exports from Lebanon by Destination % | 2019



Source: Lebanese Customs, 2020

WINE

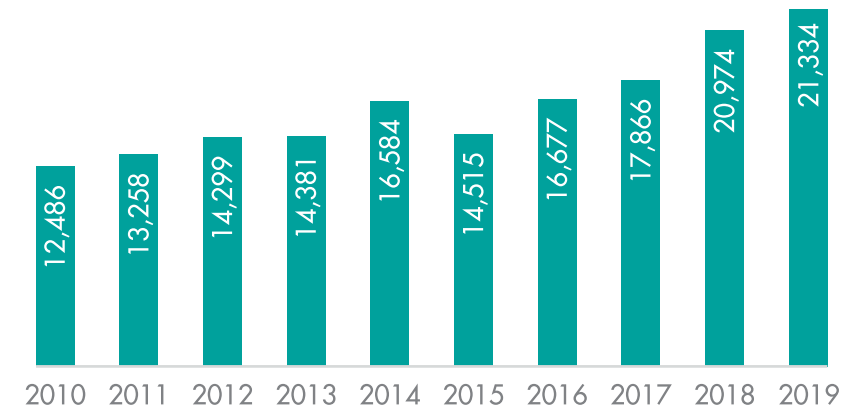
- ▶ The global wine market was valued at approximately USD 302 billion in 2017 and is expected to grow at a CAGR of around 5.8% between 2017 and 2023¹⁴ with North America and Europe dominating the global wine markets.
- ▶ There are around 50 wineries in Lebanon of which 47% are located in Mount Lebanon and 36% in Bekaa.
- ▶ Lebanese Wine exports reached USD 21 million in 2019 with the UK (33%) and USA (17%) topping the destinations (Figure 16 & 17).
- ▶ Unexploited export market potential for Lebanese wine exists mainly in Canada (USD 1.07 million) and Sweden (USD 630,000).¹⁵
- ▶ Major local players include: Chateau Ksara, Chateau Kefraya and IXSIR.



¹⁴ <https://www.globenewswire.com/news-release/2019/01/30/1707450/0/en/Global-Wine-Industry-Trends-Will-Reach-USD-423-59-Billion-by-2023-Zion-Market-Research.html>

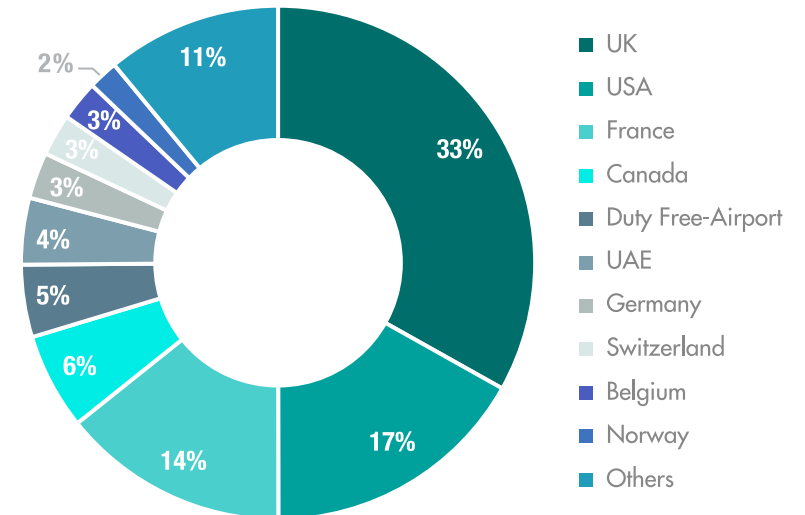
¹⁵ ITC Export Potential Map

Figure 16: Lebanese Wine Exports USD Thousand | 2010-2019



Source: Lebanese Customs, 2020

Figure 17: Wine Oil Exports from Lebanon by Destination % | 2019



Source: Lebanese Customs, 2020

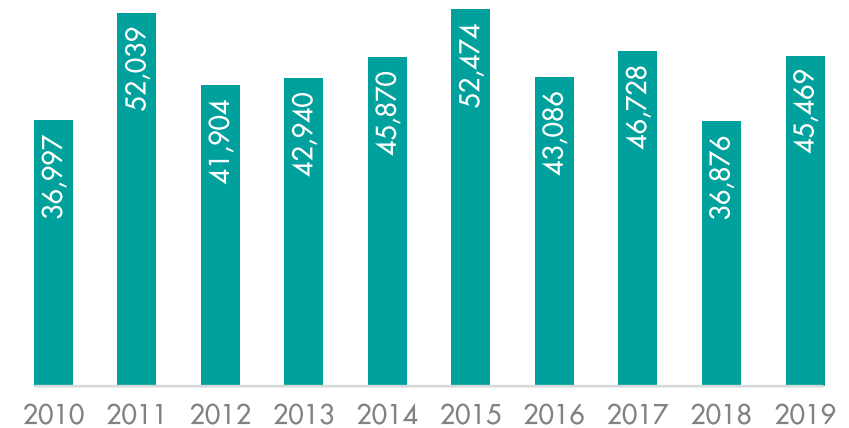
DRIED FRUITS AND NUTS

- ▶ The worldwide market for dried fruits and edible nuts is expected to grow at a CAGR of roughly 5.3% over the next five years and will reach USD 242,000 million in 2024, up from USD 178,000 million in 2019 ¹⁶.
- ▶ Around 100 roasteries are available in Lebanon of which 50% are located in Mount Lebanon and 24% in Bekaa.
- ▶ Exports of dried fruits and nuts reached USD 45 million in 2019 with Saudi Arabia (17%) and USA (10%) topping the destinations (figure 18 & 19).
- ▶ Largest untapped export potential exists in Saudi Arabia (USD 7.7 million), Egypt (USD 2.25 million), and Spain (USD 1.69 million).
- ▶ Major local players include: Al Rifai, Castania, Al KAzzi and Al Andalous.



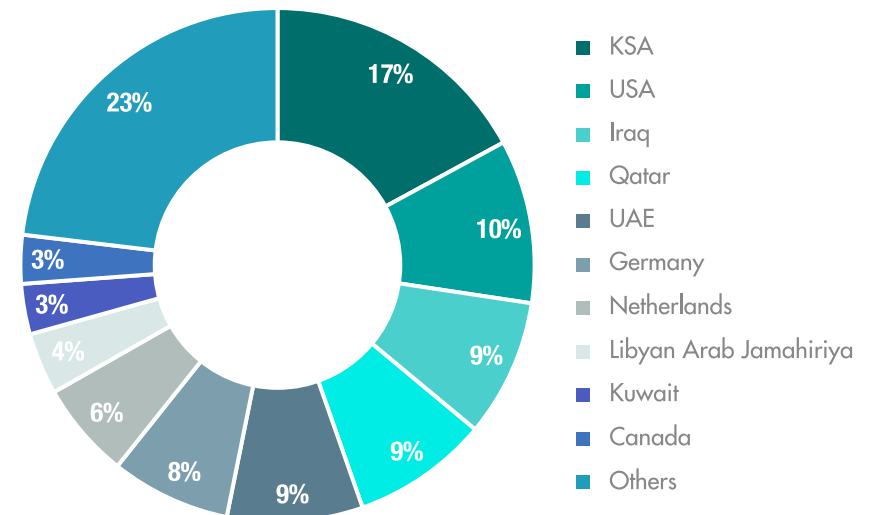
¹⁶ <https://www.reuters.com/brandfeatures/venture-capital/article?id=87508>

Figure 18: Lebanese Dried Fruits & Nuts Exports USD Thousand | 2010-2019



Source: Lebanese Customs, 2020

Figure 19: Dried Fruits and Nuts Exports from Lebanon by Destination % | 2019



Source: Lebanese Customs, 2020

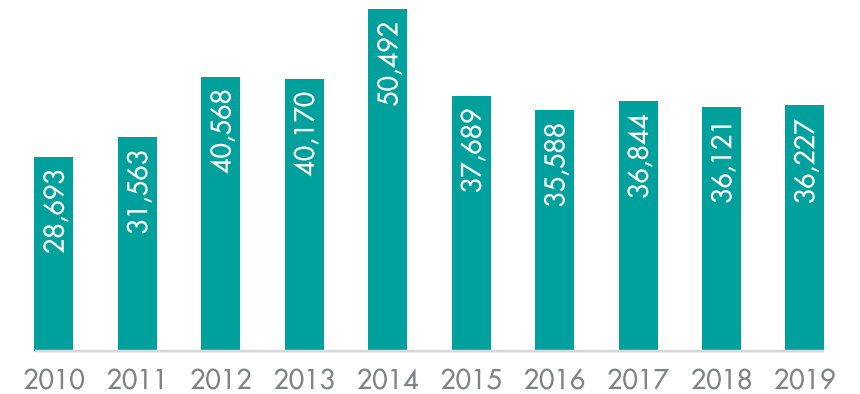
CHOCOLATE

- ▶ The global chocolate market was valued at around USD 103 billion in 2017 and is expected to reach approximately USD 162 billion in revenue by 2024, growing at a CAGR of around 7.0% between 2018 and 2024¹⁷.
- ▶ There are more than 120 companies working in the production of chocolate in Lebanon with more than 50% located in Mount Lebanon.
- ▶ Exports of chocolate and other food preparations containing chocolate have increased at a CAGR of 2.6% during 2010-2019 period with largest export market in Saudi Arabia (figure 20 & 21).
- ▶ **There is a huge untapped export potential for chocolate from Lebanon in the GCC countries:** in Saudi Arabia alone, there is more than USD 4.4 million of untapped potential and in Kuwait more than USD 1.4 million.
- ▶ Major players in chocolate production in Lebanon include Patchi with 145 boutiques around the world, Dandy, Bassam Ghrawi among others.



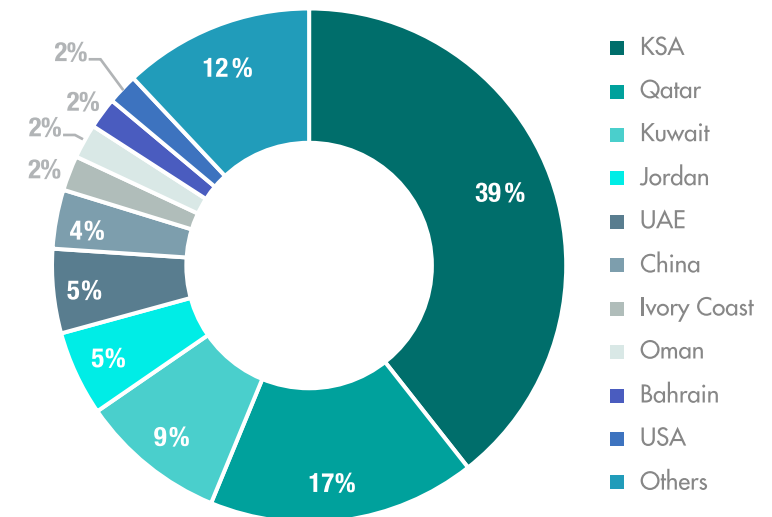
¹⁷ Zion Market Research, Global Chocolate Market, 2017-2024

Figure 20: Chocolate Exports USD Thousand | 2010-2019



Source: Lebanese Customs, 2020

Figure 21: Chocolate Exports from Lebanon by Destination % | 2019



Source: Lebanese Customs, 2020

DAIRY PRODUCTS

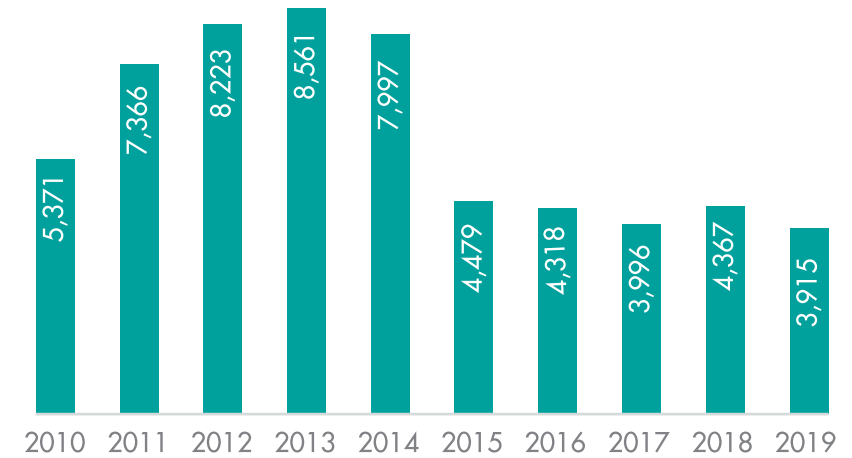
- ▶ MENA countries top the list of dairy products importers and are expected to account for 24% of world imports in 2027, South East Asia for 12% and China for 13%, while developed countries will have a 20% share of total¹⁸. Lebanon has so much potential to increase its market share in dairy production in the region and address growing demand.
- ▶ There are around 100 dairy factories mainly concentrated in Bekaa (45%) and Mount Lebanon (31%)¹⁹.
- ▶ Dairy products exports reached around USD 3.9 million in 2019 with Iraq (28%) and Qatar (11%) topping the destinations (figure 23).
- ▶ Major local players include: Taanayel Les Fermes, LibanLait and Khoury Dairy



¹⁸ <http://www.agri-outlook.org/commodities/Agricultural-Outlook-2018-Dairy.pdf>

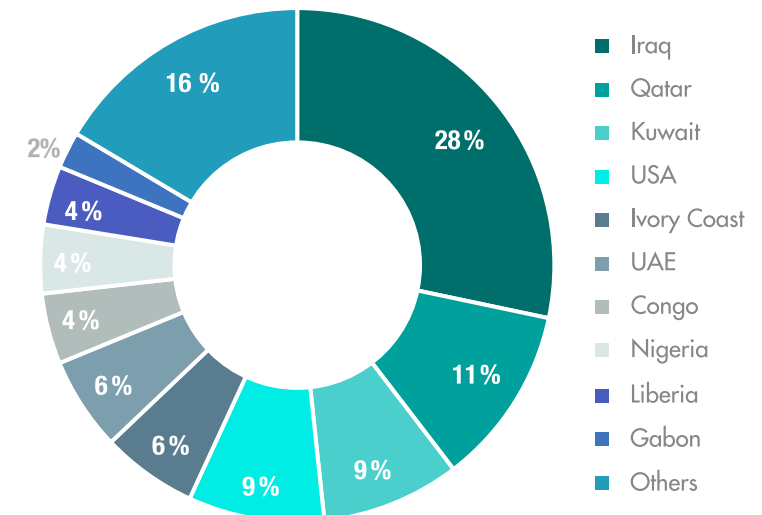
¹⁹ The Directory of Exports and Industrial firms in Lebanon, 2018-2019

Figure 22: Milk and cream, not concentrated nor containing additives exports USD Thousand | 2010-2019



Source: Lebanese Customs, 2020

Figure 23: Dairy Products Exports from Lebanon by Destination % | 2019



Source: Lebanese Customs, 2020

USEFUL ADDRESSES & CONTACTS

Ministry of Industry-MoI
www.Industry.gov.lb

Ministry of Agriculture-MoA
www.agriculture.gov.lb

Ministry of Economy & Trade-MoET
www.economy.gov.lb

Investment Development Authority
of Lebanon-IDAL
www.investinlebanon.gov.lb

Syndicate of Lebanese
Food Industries-SLFI
www.slfi.org.lb

Association of Lebanese
Industrialists-ALI
www.ali.org.lb

Syndicate of Agrifood
Traders in Lebanon
www.agrifood.org.lb

The Federation of the Chambers of
Commerce Industry and Agriculture
in Lebanon
www.cci-fed.org.lb

- ▶ Beirut and Mount Lebanon
www.ccib.org.lb
- ▶ Tripoli and North Lebanon
www.cciat.org.lb
- ▶ Saida and South Lebanon
www.cciias.org.lb
- ▶ Zahleh and the Bekaa
www.cciaz.org.lb

Industrial Research Institute-IRI
www.iri.org.lb

Quality Programme-QUALEB
www.qualeb.org

Euro-Lebanese Center for Industrial
Modernization-ELCIM
www.elcim-lb.org

Lebanese Cleaner Production
Center-LCPC
www.lebanese-cpc.net

Lebanese Standards
Institution-LIBNOR
www.libnor.org

KAFALAT s.a.l
Loan guarantee company
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Lazarieh Tower 4Th Floor, Emir Bechir Str. Riad El Solh
P.O.Box: 113-7251 Beirut Lebanon

T: +961 (1) 983 306
F: +961 (1) 983 302

invest@ldal.com.lb
export@ldal.com.lb