

AGRI PLUS PROGRAM

ANNUAL REPORT 2012



INTRODUCTION

As IDAL's Export Plus program reached its expiry date, the Council of Ministers released Decision No. 33 on July 18, 2011, establishing a new program by which it would once again promote the Lebanese agricultural sector. This came following recommendations issued by the Ministerial Committee formed on July 18, 2011, by Decision No. 39 of the Council of Ministers.

Thus, "Agri Plus" was born, with three major objectives:

- **Enhancing product quality:** this includes improving the quality of existing products, as well as producing new products in line with international market trends, and promoting sound agricultural practices through the attainment of quality certifications.
- **Improving packaging:** this involves encouraging the modernization of packaging houses and cool storage rooms, both at the technical and managerial levels, and ensuring their compliance with international safety standards.
- **Engaging in Promotion & Marketing:** this focuses on setting a marketing strategy to promote agricultural products through a mix of promotional activities (participation in trade shows, advertising campaigns, etc.).

Given the above, the "Agri Plus" program announced by the Council of Ministers will be the national program tasked with increasing the volume of agricultural exports to traditional markets. This will be achieved by boosting the confidence of consumers in Lebanese agricultural products, and by identifying and opening up new markets for exporters, especially in promising regions such as Europe and other countries home to a significant Lebanese diaspora.

Program Components

The program announced by the Council of Ministers on September 14, 2011, has identified six pillars as part of its mandate:

1. **To grant financial incentives** to farmers, exporters, agricultural cooperatives and traders who contribute to increasing the volume of exports by improving product quality and packaging standards. The value of the financial support to each of the exporters depends on the type of product, its destination, its quality of packaging, its shipping modality, and its conformity with quality standards. The incentives are based on a variable scheme set by IDAL.
2. **To take part in local and international trade fairs** by financing Lebanese pavilions and necessary promotional activities during the events.
3. **To encourage the modernization** of packaging and storage houses.
4. **To launch training programs**, meant to offer quality certifications to packaging houses.
5. **To conduct market studies** aimed at identifying potential export markets.
6. **To conduct various promotional and marketing activities.**

RESULTS AND ACHIEVEMENTS (2012)

Overall, 2012 turned out to be a very successful year for the program in particular, and for Lebanese agricultural exports in general, despite of the negative impact of the Syrian crisis on the Lebanese economy. In fact, as most of Lebanon's agricultural and industrial exports are transported through Syrian territory by

land, and only a fraction are shipped by sea and by air, fears of a decline were imminent. However, as the situation unfolded, exporters were able to find alternative and more secure trade routes, which ultimately paid off well.

EXPORT TRENDS

Fruits & Vegetables

The volume of Fruit & Vegetable exports has increased by 14 % from 2011 to 2012, reaching a total of 454,645 tons. Potatoes and Citruses constituted the major bulk of these particular exports (Figures 1 & 2), each accounting for around 100,000 tons of the total (22% each), followed by Maluses (21%), and Bananas (13%).

Figure 1: Exports & Vegetables | 2012 (tons)

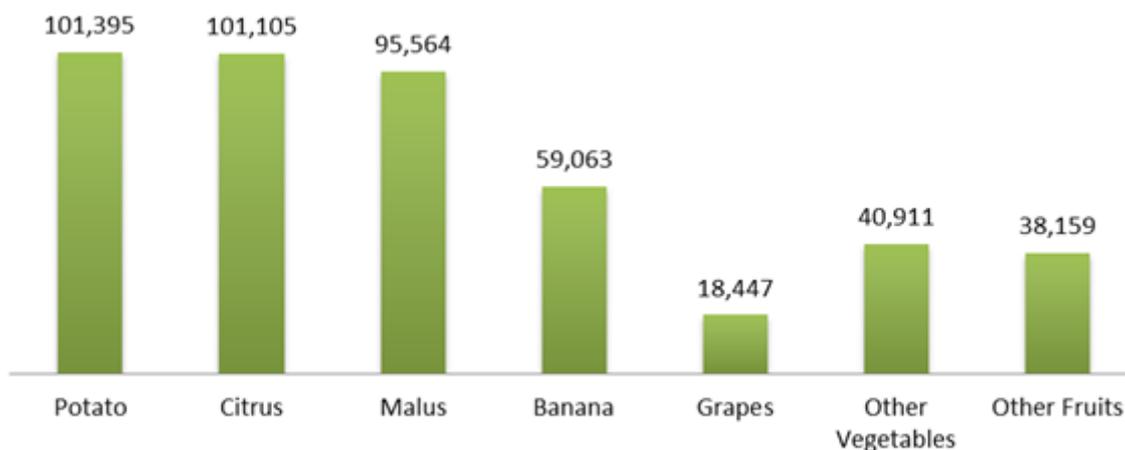
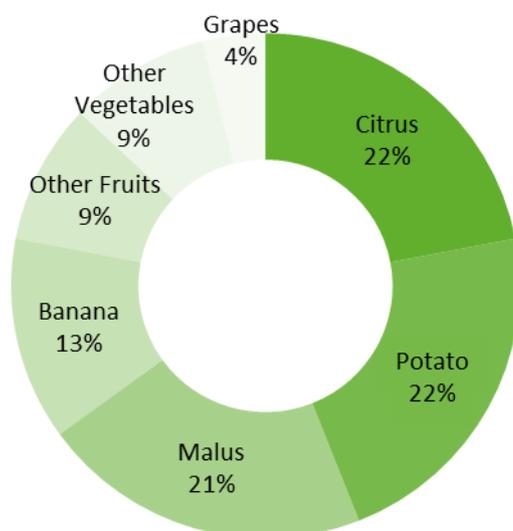
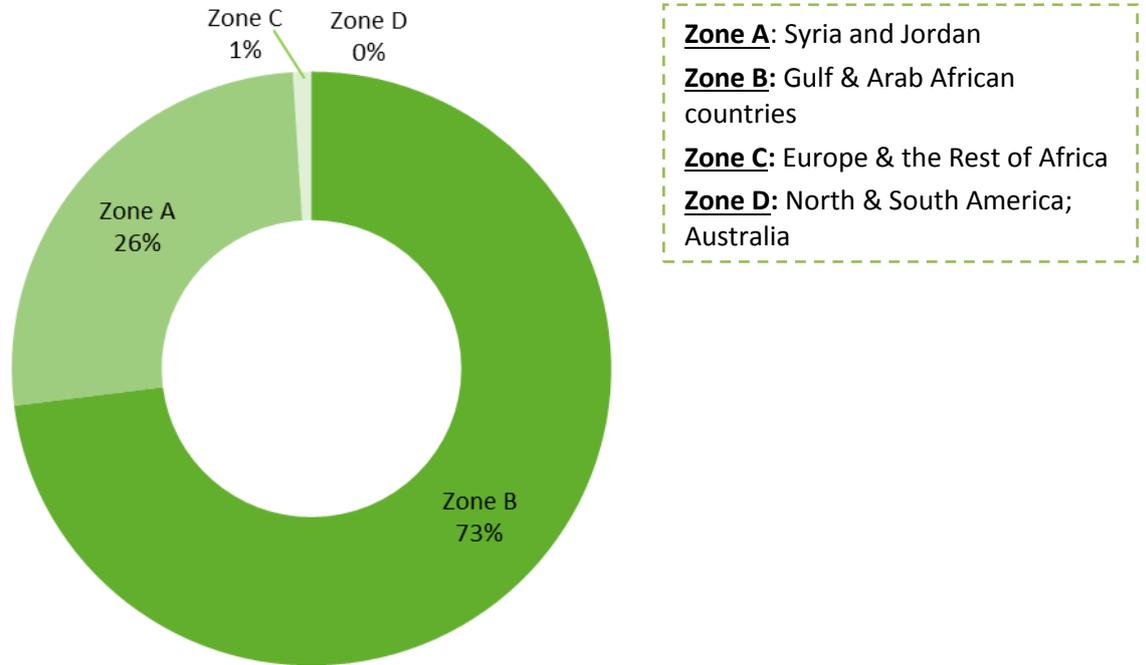


Figure 2: Distribution of Fruits & Vegetables Exports | 2012



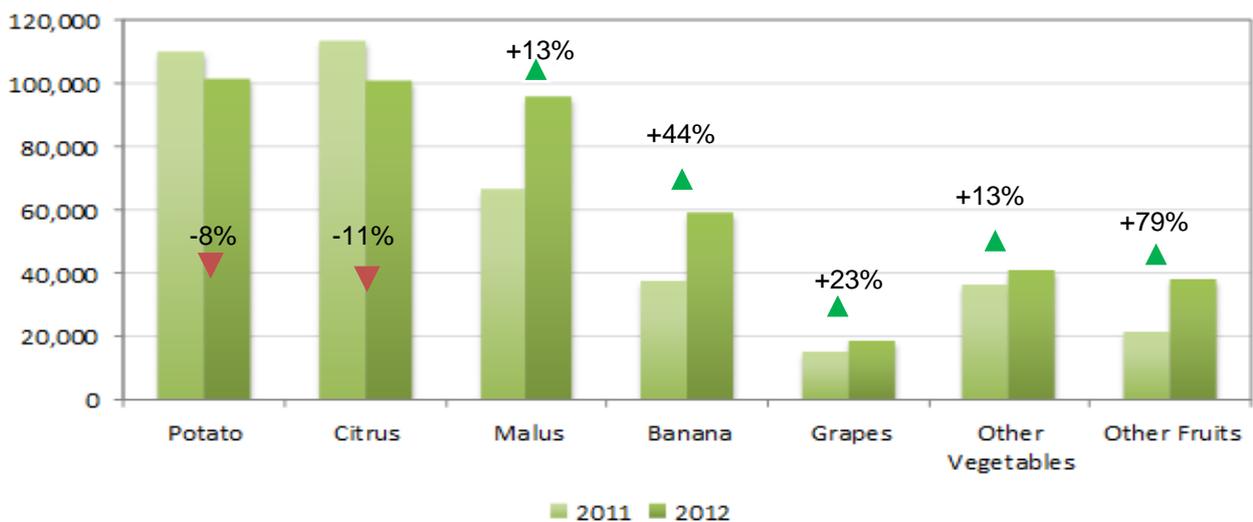
Moreover, Lebanon's main export partners in Agriculture remained within the Middle East North African region, particularly in Zones A and B as shown below, which both accounted for 99% of total exports. Syria, Saudi Arabia, Kuwait, Egypt, the United Arab Emirates, and Jordan received around 90% of all agricultural exports. (Figure 3)

Figure 3: Distribution of Agricultural Exports by Destination | 2012



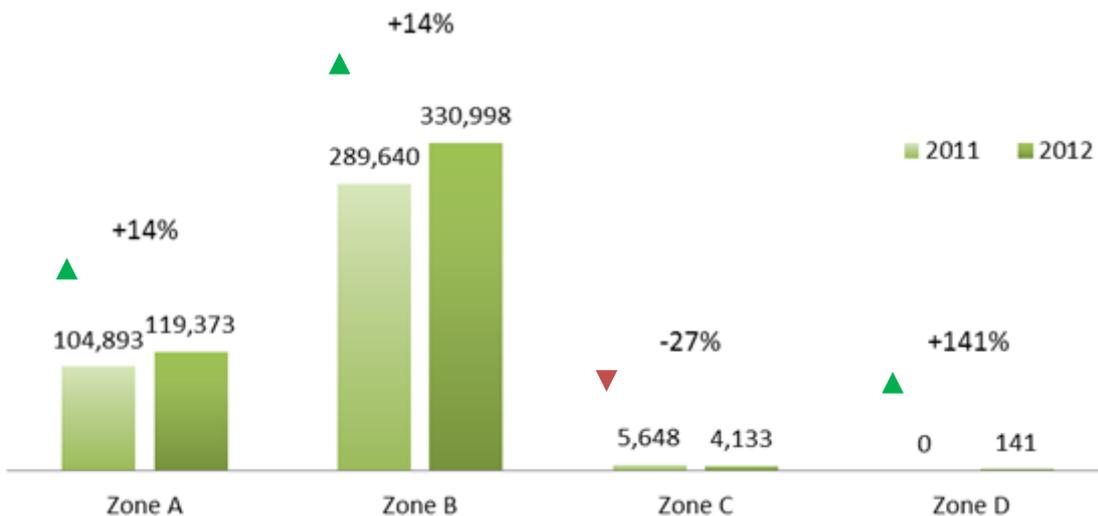
In comparison to 2011, 2012 saw a rise in the export of almost all agricultural products by an estimated rate of 14% (Figure 4). Exports of Bananas and Maluses, in particular, witnessed the most impressive increase, each growing by 58% and 44% respectively. The only products whose exports fell were Citruses (-11%) and Potatoes (-8%).

Figure 4: Change in Fruit & Vegetable Exports | 2011-2012 (tons)



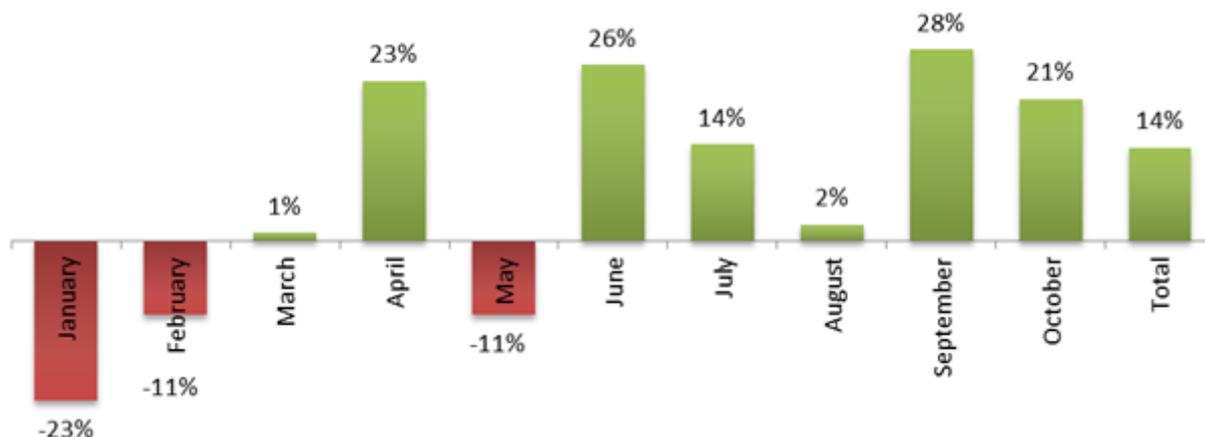
Similarly, agriculture exports have increased in all export zones within the 2011-2012 timeframe, with the exception of Zone C (Europe & Africa). An encouraging figure is that of Zone D (North & South America and Australia), where Lebanese agricultural products are finally starting to penetrate. (Figure 5)

Figure 5: Exported Products by Tons | 2011-2012 (tons)



In terms of monthly changes in exports over the 2011-2012 period, the most difficult months turned out to be January, February, and May, where negative growth was observed. The remaining months have witnessed an increase in total agriculture exports, notably September with a 28% rise. (Figure 6)

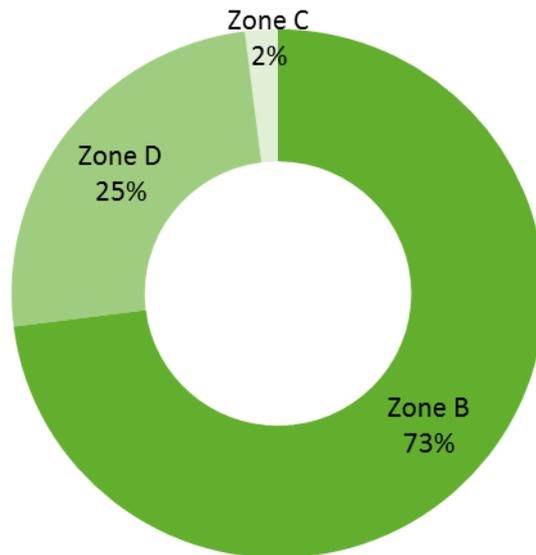
Figure 6: Exports Monthly Changes | 2011-2012



OLIVE OIL

A total of 1,115 tons of Lebanese olive oil were exported in 2012. Once again, Gulf countries (Zone B), and particularly Kuwait, were the major recipients of the product, having obtained 73% (813 tons) of the total exported quantity. Moreover Zones C & D, which include here France, the United States, & Canada, garnered a combined share of 27% (Zone D: 277 tons & Zone C: 25 tons) . Lebanese olive oil has a very promising export market, leaving room for various business opportunities. (Figure 7)

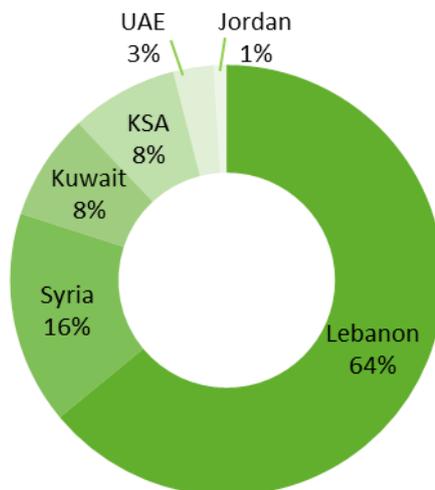
Figure 7: Distribution of Olive Oil Exports by Zone | 2012



TRANSPORTATION

Overall, 18,964 trucks were used for transporting Lebanese agricultural products to neighboring countries during 2012. Specifically, 64% of these trucks had a Lebanese registration plate, followed by a share of 16% for Syrian trucks, and 8% for Kuwaiti trucks. Figure 8 gives a more detailed perspective.

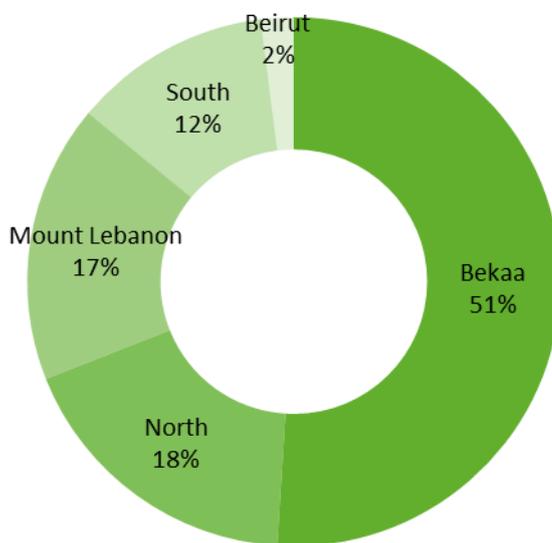
Figure 8: Distribution of Trucks by Nationality | 2012



AGRI PLUS ADHERENTS

The Agri Plus program has a total of 130 adherents in 2012. The graph below shows the distribution of adherents by province. Naturally, adherents from the Bekaa region were the most prominent (Figure 9).

Figure 9: Agri Plus Adherents by Region |2012



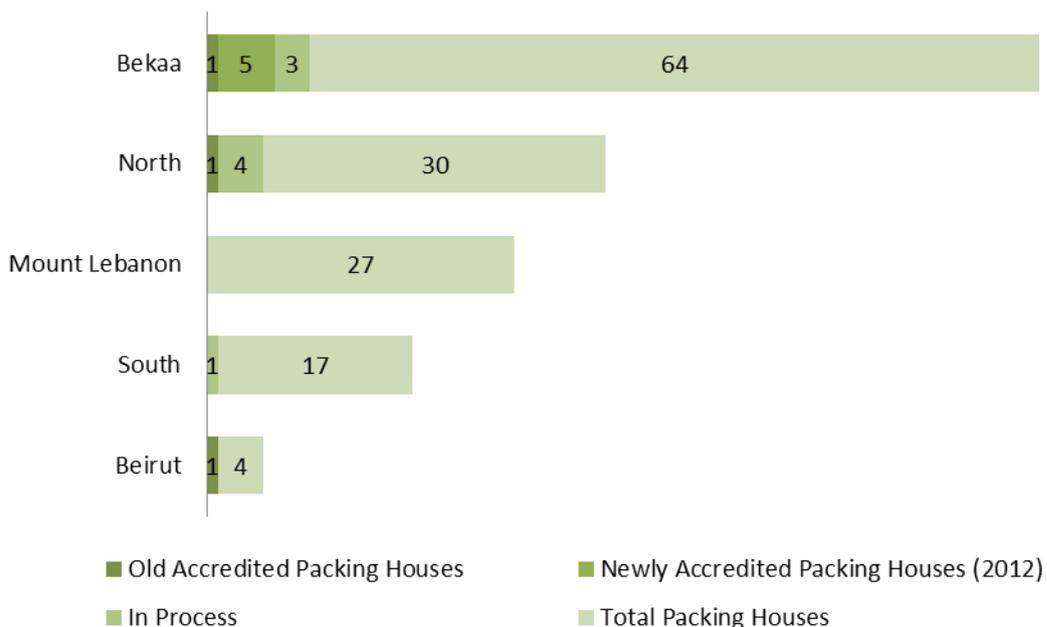
Packing Houses & Production Improvement

With its plan to encourage exporters to improve the quality of their products in terms of produce and packaging, IDAL granted 30% additional subsidies to every exporter who gets a certificate of quality for

his/her product, in addition to a certificate for the product’s packing house. Both production and packaging procedures must adhere to the highest international standards in order to obtain certificates from internationally approved sources. Consequently, positive results were noted, one year after the disbursement of the additional subsidies:

- In terms of quality of products, eleven exporters, ten from the Bekaa and one from the South, have obtained a GAP certificate (an internationally recognized set of farm standards dedicated to Good Agricultural Practices - GAP), after presenting certificates for one or several land parcels which distributed as follows:
- In terms of packing houses, only 2% of current packaging houses had international certificates at the beginning of 2012. But as a result of IDAL’s support through additional incentives, an additional 4% of the packing houses acquired approved certificates throughout 2012. Another 6% of the active packing houses are also in the process of obtaining certificates, bringing the total percentage of accredited packing houses to 12% (Figure 9).

Figure 9: Packaging Houses Accreditation Status by Region | 2012



Workshops and International Fairs

In 2012, through the Agri Plus program, IDAL organized and participated in many local workshops and international fairs.

Local workshops organized include the following:

- Workshops at the chambers of commerce across Lebanon to introduce the new program of agriculture export development “Agri Plus”;

- Workshops at the Chamber of Commerce in Beirut, Zahle and Tripoli to explain the new regulations for packaging, and the new specifications for packinghouses that exporters should apply to be registered in the program;
- Workshop to highlight maritime transport as an effective tool for agriculture export to offset negative repercussions resulting from the Syrian crisis;
- Workshop organized in collaboration with TUV regarding the new trends and techniques for fresh produce packaging;
- Workshop organized in collaboration with Bureau Veritas regarding international standards of packinghouses and cooling storages.

In addition, IDAL participated in three international fairs as part of its promotion strategy to tap into new markets and be present in the most important international fairs that cover all major markets.

The main goals of participating in these fairs were the following:

1. To promote Lebanese fresh agriculture products in international markets;
2. To meet with new suppliers and clients, to hold bilateral business meetings, and to discuss with participants from all over the world;
3. To gain a complete overview of the latest trends and products in the fresh produce business;
4. To attend conferences and workshops concerning the business.

Thus, in 2012 IDAL participate in the following international fairs:



Fruit Logistica is considered the most important arena of the international fresh produce trade. It is the world's leading exhibition that encompasses the highest number of international companies operating in the field of fruit and vegetable production. It also provides suppliers with an excellent opportunity to meet and make contacts. The number of exhibitors reached 2,000 this year from 84 different countries. Moreover, 56,000 visitors from 139 countries attended the event. Due to the difficult economic situation that is prevailing in the world and especially in Europe, the number of visitors declined compared to last year. Around 78% of visitors came from outside Germany, mainly from different destinations such as the Rest of Europe (75%), America (9%), Africa (8%), Asia (6%) and Oceania (2%).



WOP DUBAI 2012 is the only dedicated trade show for fresh produce in the Middle East. WOP is the perfect market place for fruit and vegetable business, where all leading fresh produce companies can meet under one roof and exchange ideas, add more value to their brand name and find new markets in the Middle East and GCC area. In 2012 WOP had exhibitors from 18 countries with 8 country pavilions, and 87.5% had received new orders at the show. Visitors from 54 countries attended the show in 2012.



Fresh Produce Ukraine is the only specialized international event that focuses on fruit & vegetable growing and post-harvest handling technologies in the countries of the former Soviet Union (CIS). Moreover, the conference "Fruits & Vegetables of Ukraine" was incorporated within the framework of the exhibition. With an exhibitor satisfaction of 81% and 4,671 trade visitors to the second edition of the exhibition, Fresh Produce Ukraine 2012 stood as a successful event.

Overall Fair Impact on Export Performance

- The number of visitors of the Lebanese pavilion was estimated at more than 1,500 in Berlin, 250 in Dubai and 130 in Kiev. Visitors covered nationalities from all over the world.
- All of the Lebanese exhibitors highlighted the positive reaction of visitors regarding the Lebanese participation.
- The number of bilateral meetings between Lebanese exporters and foreign importers exceeded 100 in Berlin, 30 in Dubai, and 14 in Kiev.
- Participation in these exhibitions provided various opportunities for Lebanese exporters, as it allowed them to:
 - Establish direct contacts and take part in meetings with importers from around the globe.
 - Conclude many deals with importing companies from Turkey, Egypt, Libya, England, Russia, Ukraine, and others, to sell agricultural products.
 - Communicate with shipping and freight companies to reduce transport costs in order to facilitate the entry of Lebanese products in international markets.

CONCLUSION

Undoubtedly, 2012 was a successful year for Lebanese agricultural exports, as the total volume of exports reached 454,645 tons by the end of December, growing by 14% with respect to 2011. This obvious increase following the launch of Agri Plus represents a clear indicator of the program's positive impact. However, it is important to note that other factors were also responsible for these positive figures, namely the change in climate last year, in addition to some changes in market prices. Prospects for 2013 remain encouraging as figures are expected to grow by 5%, up to 480,000 tons.