

IDAL
INVEST IN LEBANON

MARITIME LEBANESE EXPORTS BRIDGE (M.LEB) PROGRAM

Annual Report, 2015-2017



TABLE OF CONTENTS

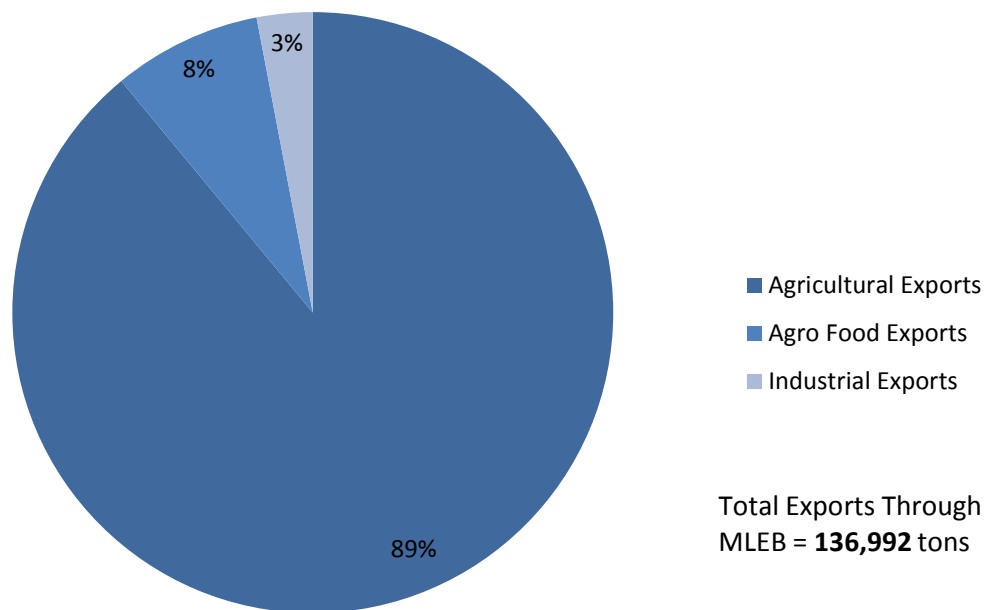
I. PROGRAM OVERVIEW AND OBJECTIVES	p.4
II. OVERALL RESULTS 2015-2017	p.5
III. 2017'S RESULTS	p.15
IV. CONCLUSION	p.24

II. OVERALL RESULTS (September 2015 –2017)

A. Overall Results of M.LEB Program (September 2015-2017)

By the end of 2017, the agricultural exports (fruits and vegetables) through M.LEB program reached **121,275** tons accounting for 89% of total exports, followed by agro-food exports which reached an amount of **11,040** tons (8%), while industrial exports were only **4,677** tons (3%) (Figure 1).

Figure 1: Distribution of Exported Quantities Through M.LEB (% Share | September 2015-2017)*



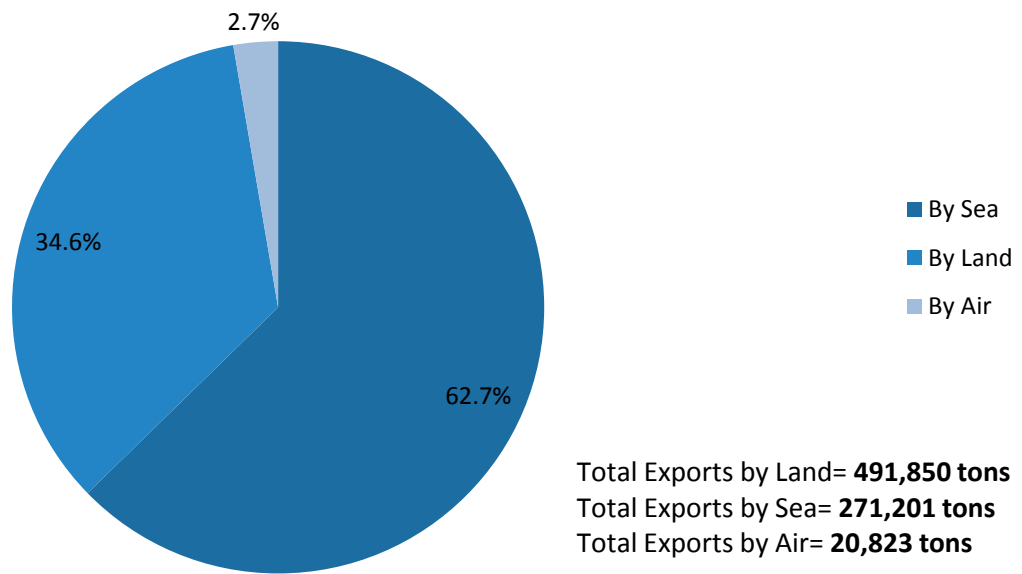
Source: IDAL's Calculations

In 2014, and prior to land borders' closure, 79% of total Lebanese products to the Gulf countries, Jordan and Iraq were shipped by sea, 20% by land and 1% by air (Figure 2).

**Note: Quantities have been exported through M.LEB during the following period:*

- 2015: from September 17, 2015 till December 31, 2015
- 2016: 12 months except for the period between 17/04/2016 and 05/05/2016
- 2017: From January till March 31, 2017 then starting June 10, 2017 till November 30, 2017

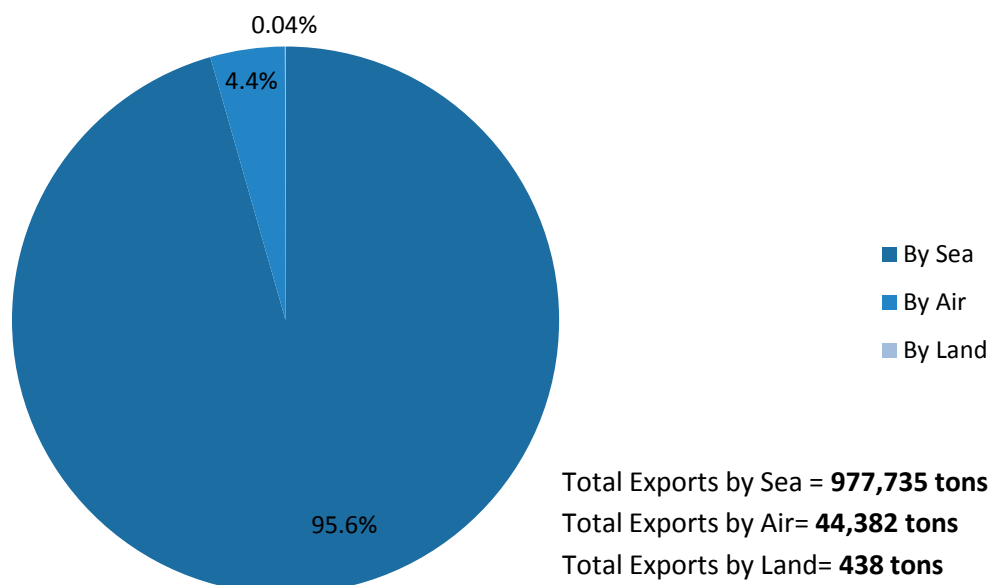
Figure 2: Distribution of the Lebanese Exports to the Gulf Countries, Jordan and Iraq by Means of Transport (% Share | 2014)



Source: Lebanese Customs and IDAL's Calculations

After the closure of the borders and the implementation of M.LEB program, the percentage of Lebanese exports to the Gulf countries, Jordan and Iraq by sea increased from 34.6% to 95.6%, while the transport by land have been totally blocked (Figure 3).

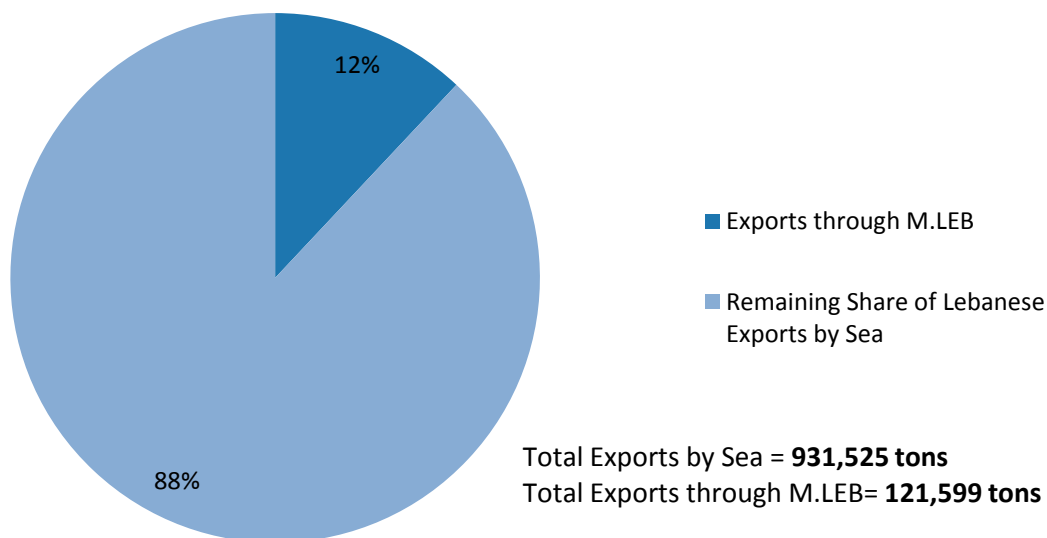
Figure 3: Distribution of the Lebanese Exports to the Gulf Countries, Jordan and Iraq by Means of Transport (% Share | 2016- 2017)



Source: Lebanese Customs and IDAL's Calculations

Out of the 977,735 tons exported by sea to these countries, 121,599 were shipped through M.LEB program, hence representing around 12% of total Lebanese exports by sea (Figure 4).

Figure 4: Share of Exports through M.LEB of Total Lebanese Exports by Sea to the Gulf Countries, Iraq and Jordan (% Share | 2016 - 2017)



Source: Lebanese Customs and IDAL's Calculations

By product, **20% of total agricultural exports to the Gulf countries, Jordan and Iraq in 2016 and 2017 have been exported through M.LEB program**, while only 5% of total agro-food products have been exported through the program (Table 1). Based on these figures, it becomes evident that the main beneficiaries of the program are the agricultural exporters.

It is worth noting that only 2% of total industrial exports have been exported through M.LEB program since the majority of the Lebanese industrial exporters are shipping their products through containers. Although shipping through containers requires more time to reach the destination country, this method is suitable for non-perishable products like the industrial products as it costs less than shipping on board of vessels.

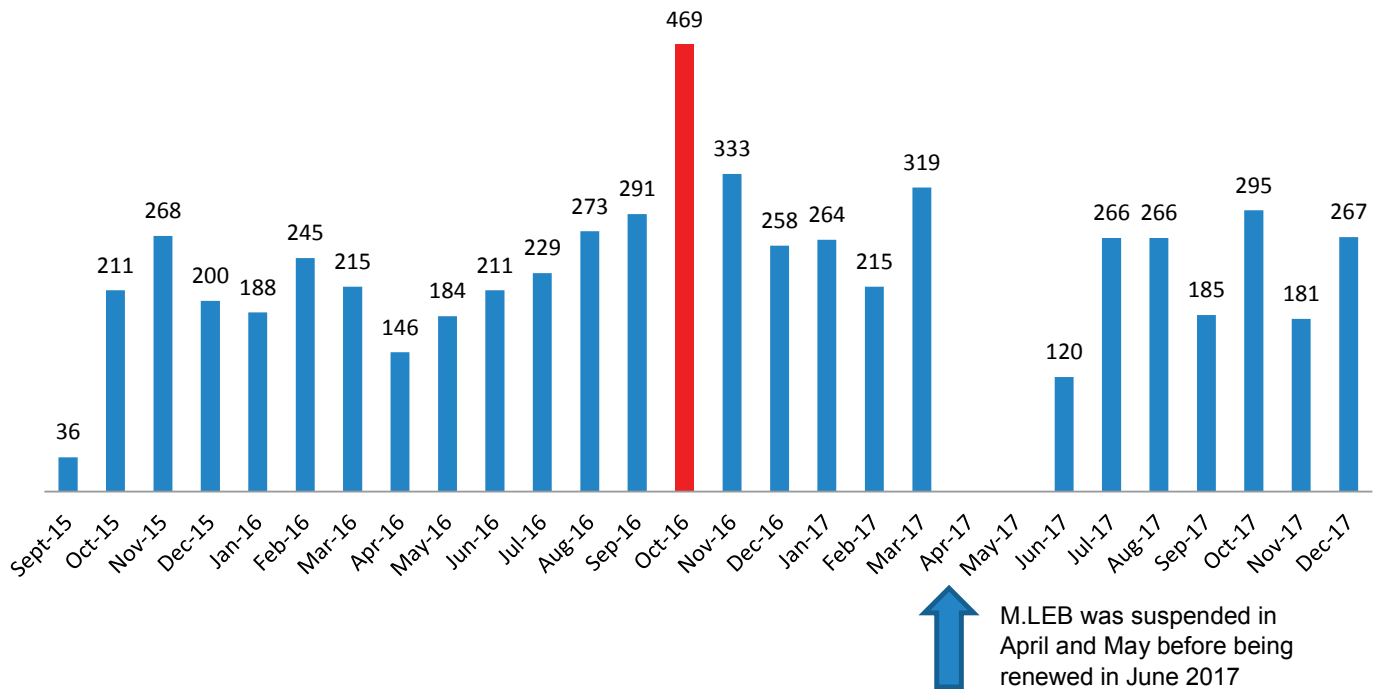
Table 1: Total Lebanese Exports and Exports through M.LEB to the Gulf countries, Jordan and Iraq (Tons | 2016 - 2017)

	Total Lebanese Exports	M.LEB Exports	% Share
Agricultural Exports	536,293	107,347	20%
Agro- Food Exports	204,354	9,907	5%
Industrial Exports	281,907	4,345	2%

Source: Lebanese Customs and IDAL's Calculations

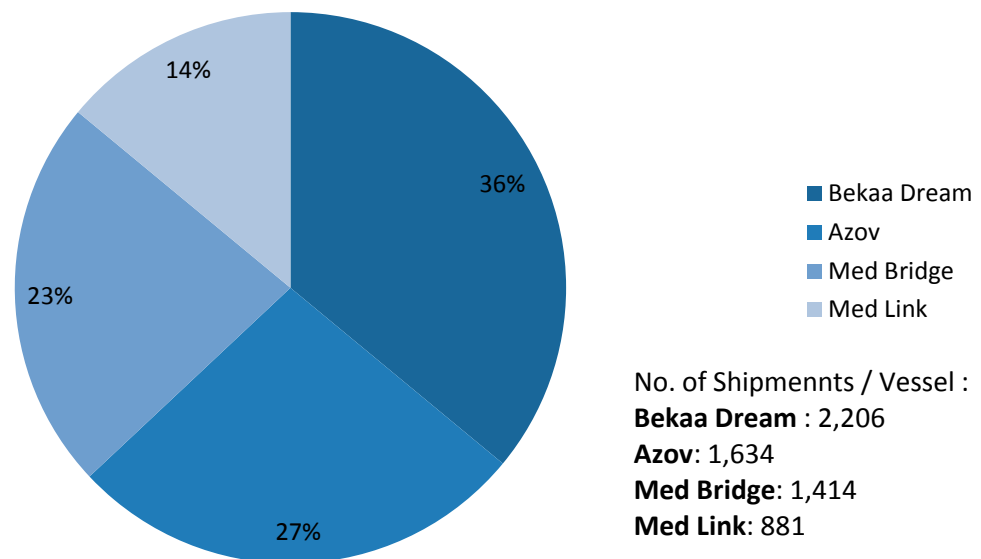
The overall transport traffic associated with the shipment of Lebanese products through the program totaled **6,135** shipments (Figure 5) through four vessels registered in the Maritime Lebanese Exports Bridge Program (AZOV – MED BRIDGE – BEKAA DREAM – MED LINK). The majority of the shipments (36%) were transported on board of the Bekaa Dream Vessel (Figure 6).

Figure 5: Monthly Exported Shipments (September 2015-2017)



Source: IDAL's Calculations

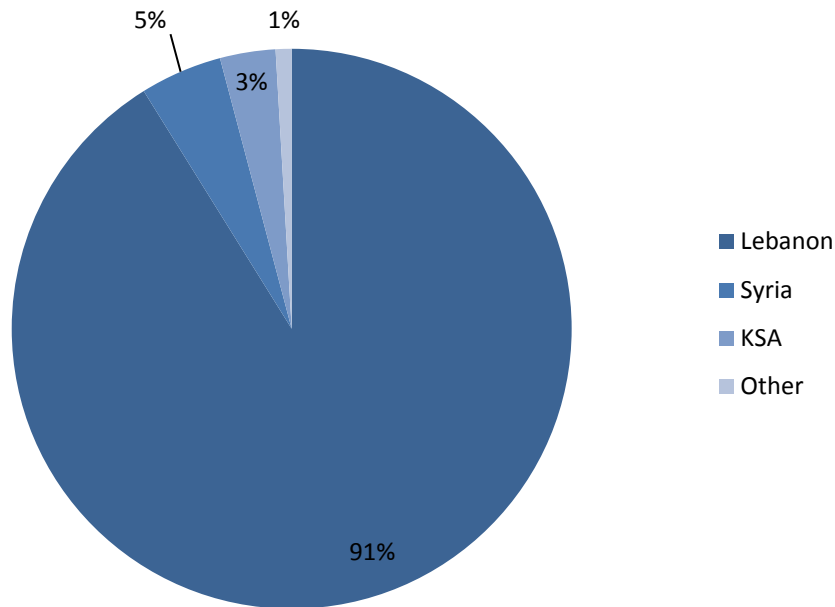
Figure 6: Distribution of Shipments on Carrying Vessels (% Share | September 2015-2017)



Source: IDAL's Calculations

The majority of the shipments have been transported through Lebanese trucks (91%), followed by Syrian trucks with 5% of the total. (Figure 7). **On average, each Lebanese truck was used for 7 shipments over the operational period of the M.LEB program.** Therefore, the program achieved a key objective which is the activation of the Lebanese land transport fleet operation (824 trucks) and bringing back around 1,648 jobs (2 jobs/truck) to this sector which had been almost crippled after the closure of the land borders.

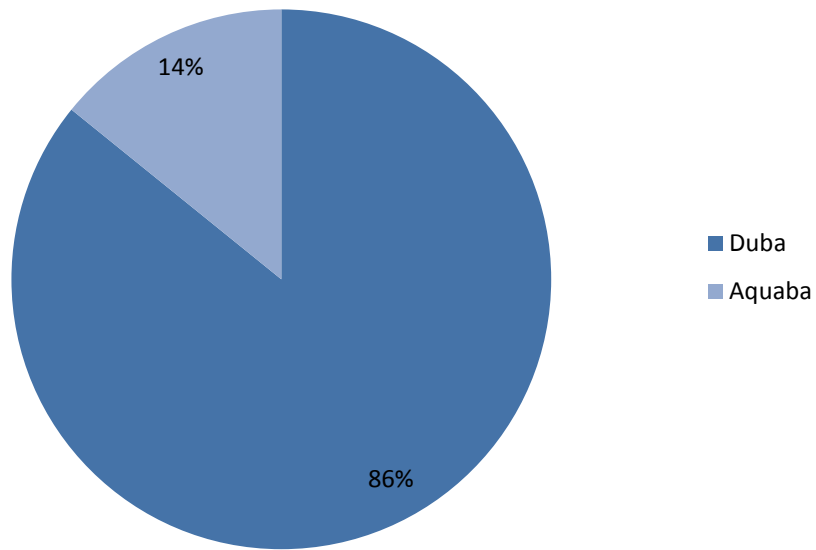
Figure 7: Distribution of Exported Trucks by Nationality
(% Share | September 2015-2017)



Source: IDAL's Calculations

As for the destination of the Lebanese products, the highest share was exported to the Gulf countries through the port of Duba in the Kingdom of Saudi Arabia, representing **85.8%** of the total exports, while the markets of the Hashemite Kingdom of Jordan were the second destination through the port of Aqaba with a share of **14.2%** (Figure 8).

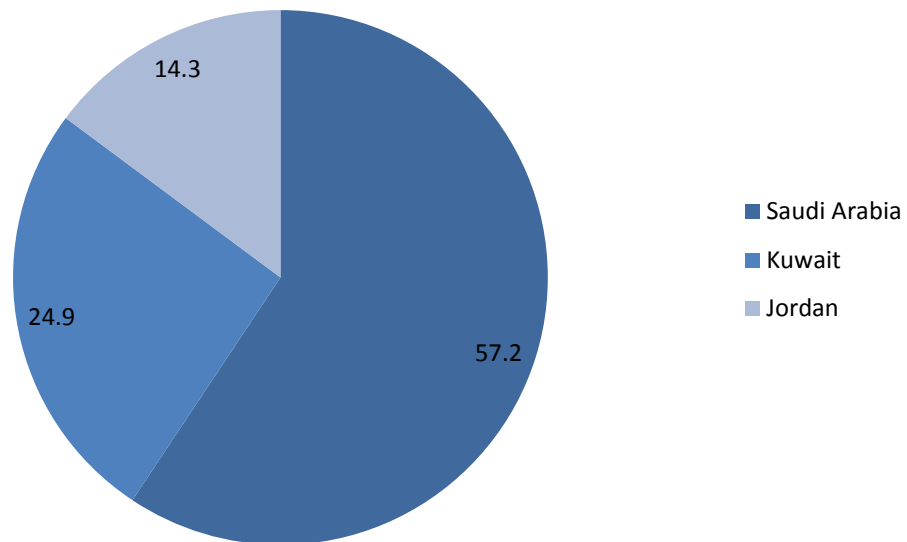
Figure 8: Exports Destination by Port (% Share | September 2015-2017)



Source: IDAL's Calculations

The Kingdom of Saudi Arabia imported the highest share of Lebanese products, registering **57.2%** of total exports, followed by Kuwait with **24.9%**, and Jordan with **14.3%** (Figure 9).

Figure 9: Exports Destination by Country (% Share | September 2015-2017)



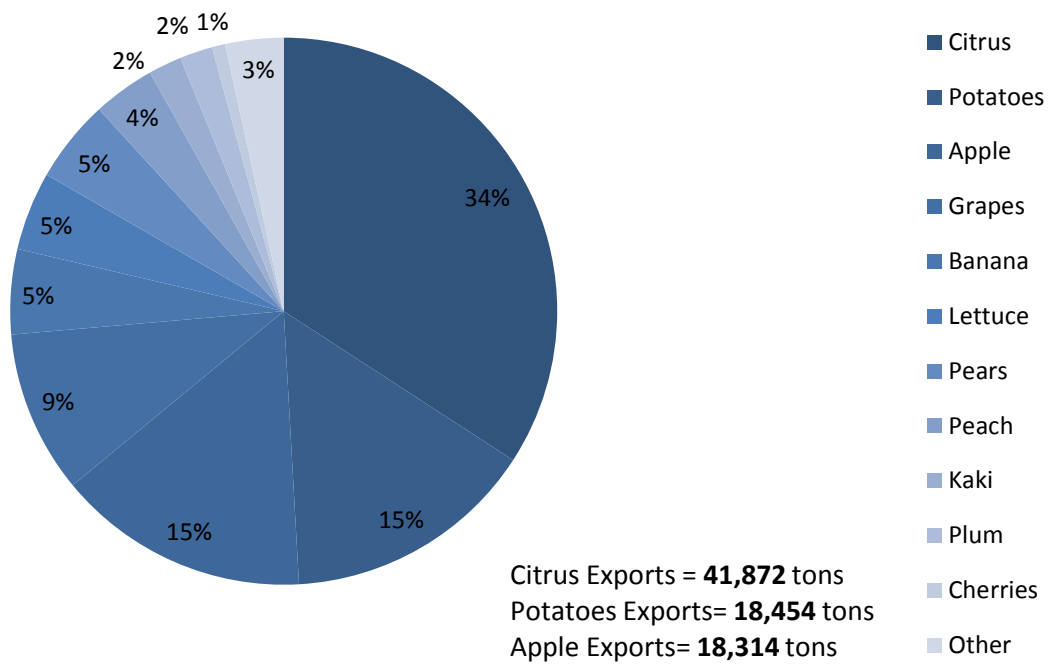
Source: IDAL's Calculations

B. Agricultural Exports

Since the launch of the M.LEB program till the end of 2017, agricultural exports reached **121,275 tons**, accounting for **89%** of the total volume of exports through the program.

Citrus exports ranked first with **34%** of the total of agricultural exports, followed by **Potatoes** and **Apples** which **15%** each (Figure 10).

Figure 10: Distribution of Agriculture Exports by Product
(%Share | September 2015-2017)



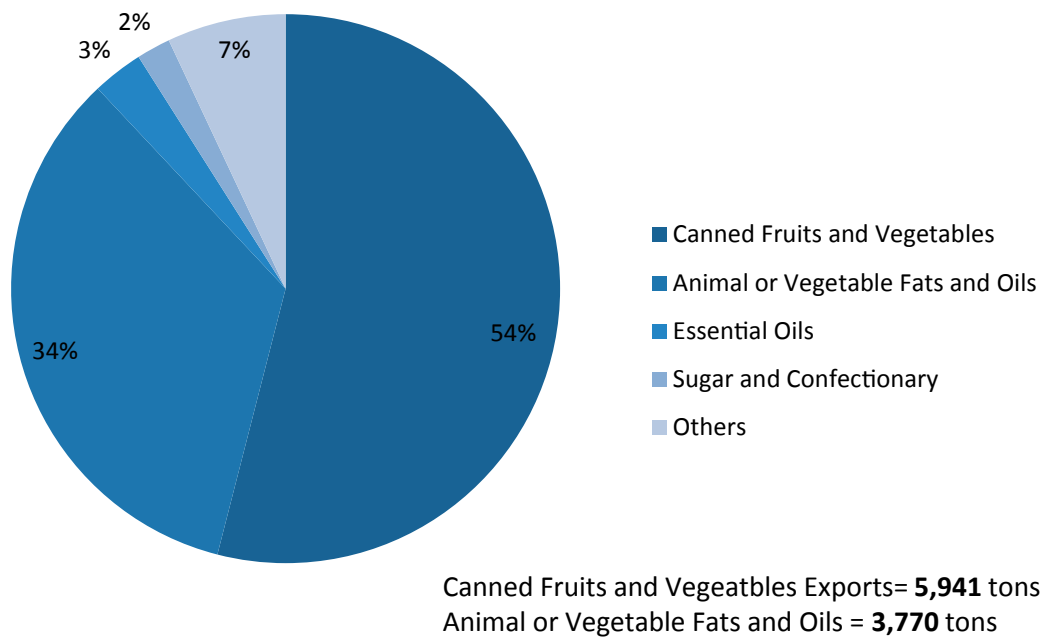
Source: IDAL's Calculations

C. Agro-Food Exports

The total volume of agro-food exports reached around **11,040** tons by the end of 2017, representing **8%** of the total volume of exports through the program.

Exports of “**Canned Fruits and Vegetables**” ranked first, accounting for **53%** of the total of agro-food exports through the program, followed by exports of “**Animal and/or Vegetables Fats and Oils**” which constituted **36%** (Figure 11).

Figure 11: Distribution of Agro-Food Exports by Product (%Share | September 2015-2017)



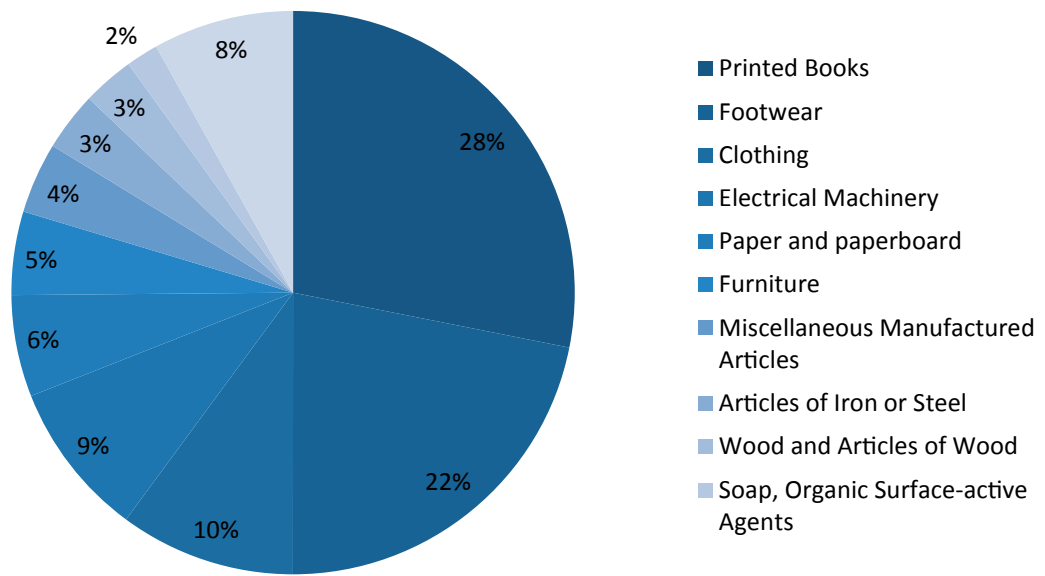
Source: IDAL's Calculations

D. Industrial Exports

As for the industrial exports, they constituted around **3%** of the total volume of exports through the M.LEB program between September 2015 and November 2017, registering a volume of **4,677** tons. Printed books exports registered the greatest share of industrial exports with 25%, followed by footwear (23%) and clothing (11%) (Figure 12).

This modest share of industrial exports can be explained by the fact that industrial exporters are used to ship their products by sea even prior to the closure of borders through refrigerated containers which cost less than refrigerators carried on vessels

Figure 12: Distribution of Industrial Exports by Product (%Share | September 2015-2017)



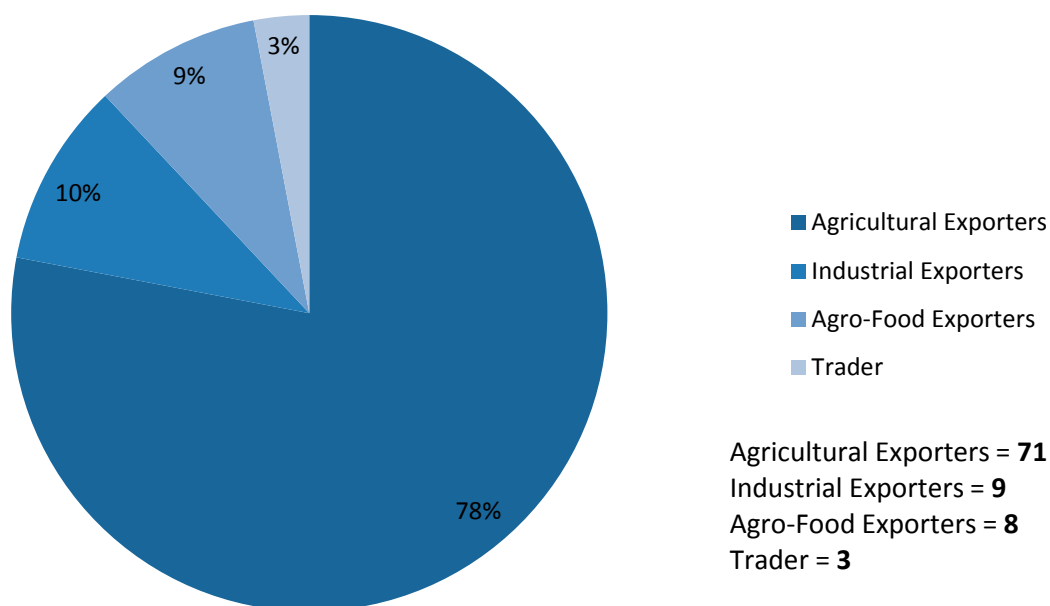
Printed Books Exports = **1,316** tons
 Footwear Exports = **1,023** tons
 Clothing Exports = **472** tons

Source: IDAL's Calculations

E. M.LEB Registered Exporters September 2015-2017

The total number of exporters enrolled in the M.LEB program reached **267** exporters, **229** of them are agricultural exporters enrolled in the Agri- Plus program. 91 exporters have benefited from M.LEB, with the majority being agricultural exporters (78%) (Figure 13). The reason for the low share of industrial and agro-food exporters benefiting from M.LEB is due to the availability of a cheaper transportation option through refrigerated containers which is suitable for non-perishable products but not for agricultural products.

Figure 13: Distribution of Exporters Benefiting from M.LEB (%Share | September 2015-2017)



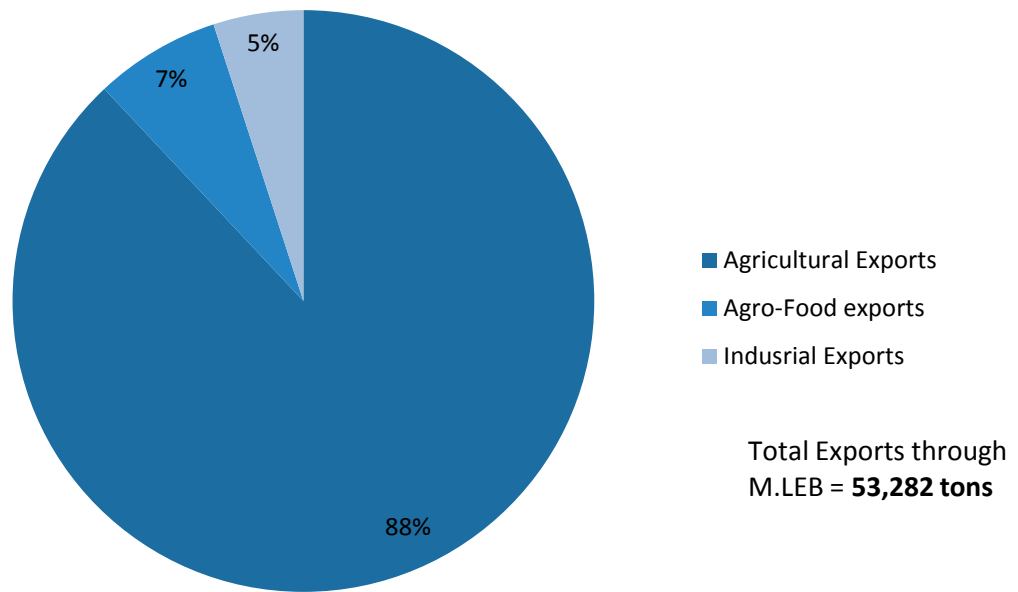
Source: IDAL's Calculations

III. 2017's RESULTS

A. Overall Results of M.LEB Program in 2017

In 2017 (excluding April and May when the program was temporarily suspended), the exports through M.LEB program reached **53,282 tons**. Agricultural exports (fruits and vegetables) grasped the lion share with **88%** of total exports (46,790 tons) followed by agro- food exports with **7%**, while industrial exports (3,912 tons) represented only **5%** of total exports (2,580 tons) (Figure 14).

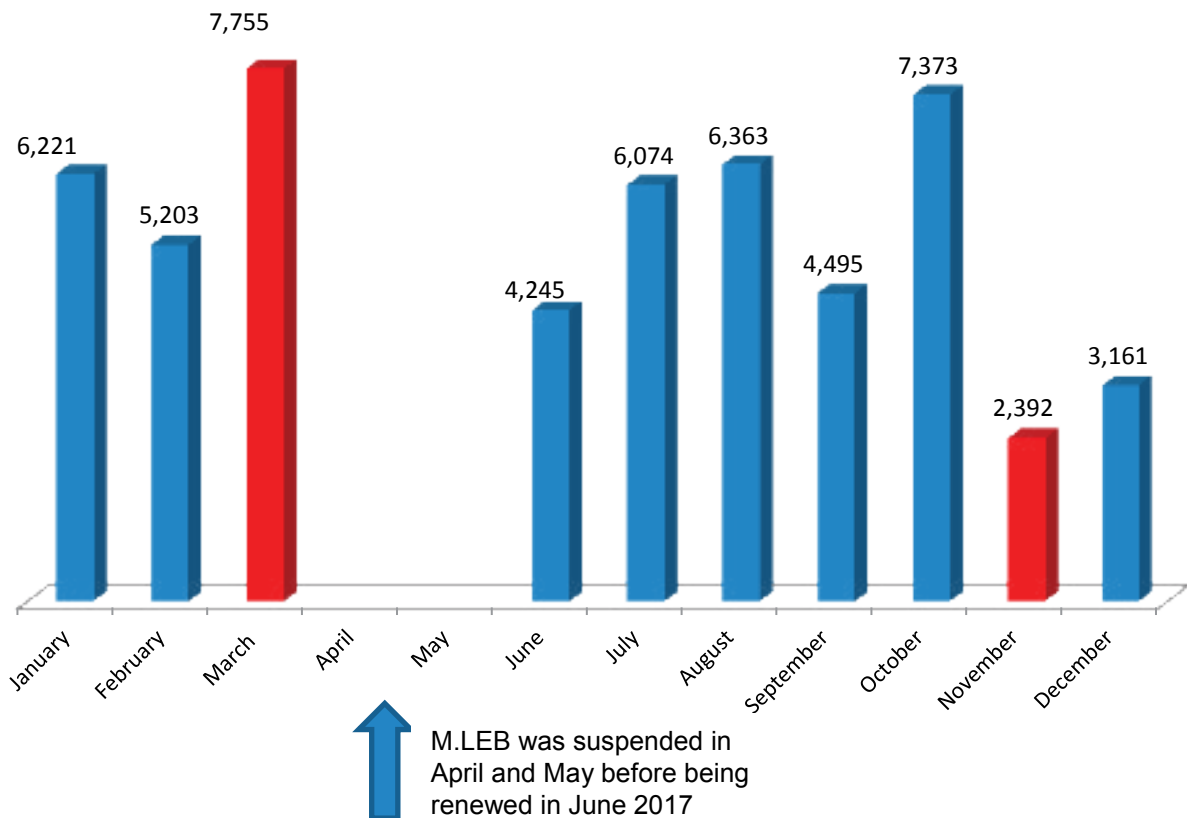
Figure 14: Distribution of Exporters Quantities Through M.LEB (% | 2017)



Source: IDAL's Calculations

In 2017, the highest exported quantities through the program was registered in March (before the temporary suspension of the program for 2 months) with **7,755** tons, while the exported quantities were at their lowest level in November with **2,392** tons due to the delay in subsidies' payments to vessels' owners (Figure 15).

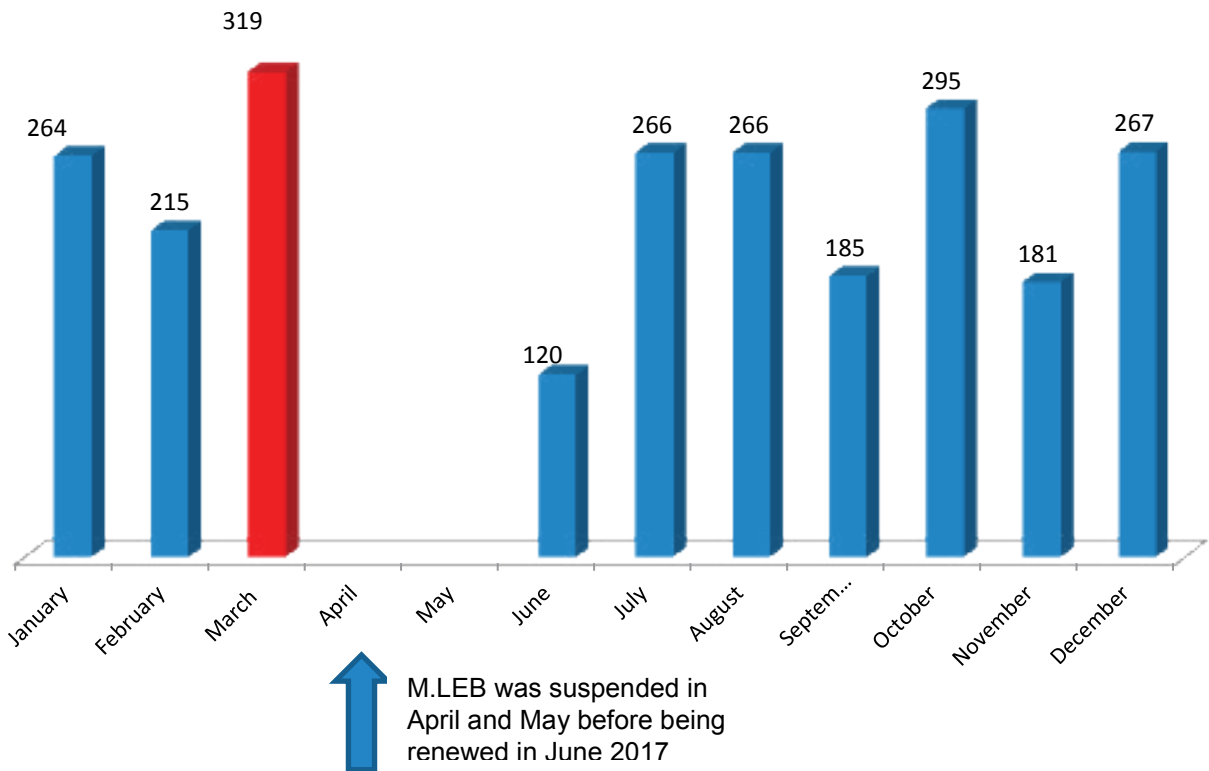
Figure 15: Monthly Exported Quantities (Tons | 2017)



Source: IDAL's Calculations

The overall transport traffic associated with the shipment of the Lebanese products through the program in 2017 reached **2,378** shipments on three of the four registered vessels in the M.LEB Program. The highest number of shipment were registered in March, the month before the temporary suspension of the program for 2 months (Figure 16).

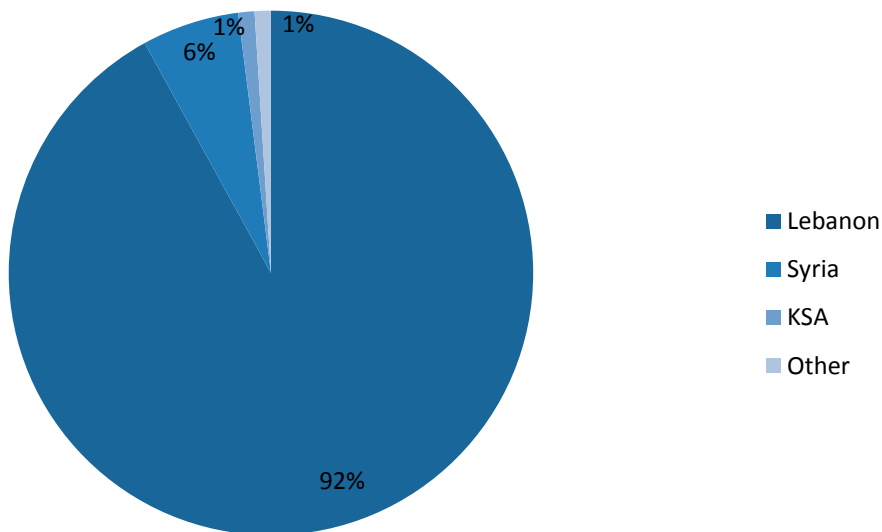
Figure 16: Monthly Exported Shipments (2017)



Source: IDAL's Calculations

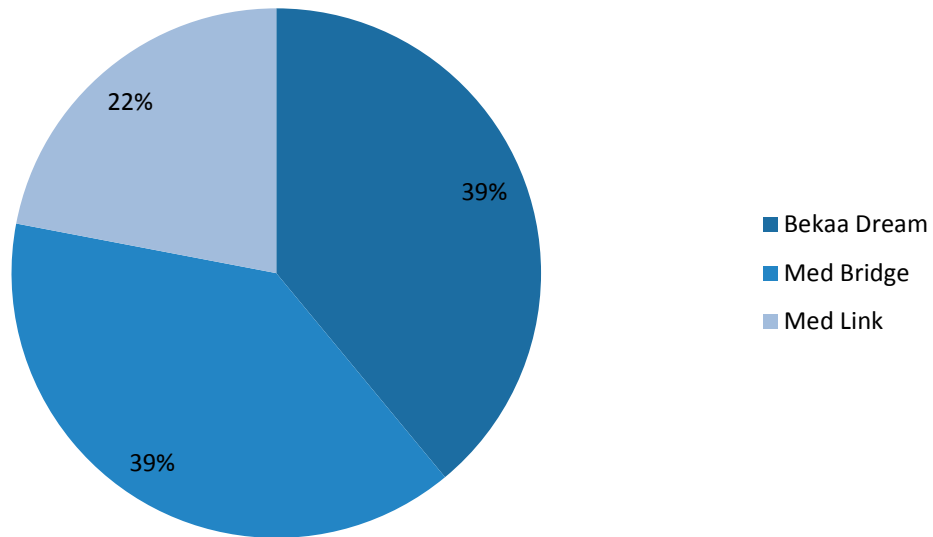
The majority of the shipments have been transported through Lebanese trucks (92%), followed by Syrian trucks with 6% of the total (Figure 17).

Figure 17: Distribution of Exported Trucks by Nationality (% Share | 2017)



The Two registered Vessels Bekaa Dream and Med Bridge received an equal share of 39% each, while Med link grasped 22% of total shipments in 2017 (Figure 18).

Figure 18: Distribution of Shipments on Carrying Vessels (% Share | 2017)



Source: IDAL's Calculations

