



IDAL

INVEST IN LEBANON

AGROFOOD

FACT BOOK
2015



Content

SECTOR OVERVIEW	p 4
TRADE STATISTICS	p 7
INVESTMENTS IN THE SECTOR	p 9
MAIN STAKEHOLDERS	p 11
USEFUL CONTACTS	p 13

SECTOR OVERVIEW

Even though the sector revealed a positive economic performance, agro-industrial activity remained sluggish. While the CAGR of GDP stood at 9.1% between 2004 and 2011, the sector broadened at a CAGR of 4.2% with a value added hovering around \$1.13B in 2011 compared to \$814M registered in 2004.

Agro-Industry in Lebanon benefits of a significant economic standing since it is the largest industrial sector. The agro-industrial sector is a major contributor to the Lebanese economy. In 2011, it generated an estimated 26.3% of the industrial sector's value added and around 2.2% of the country's GDP¹, based on National Accounts estimates. The sector has an estimated size of 1.13 Billion USD².

The highest share of agro-food establishments is involved in the production of baked goods with nearly 30 % of total enterprises. Baked goods occupy a significant share in the diet of Lebanese households, and therefore form the vast majority of agro-food companies.

Other sectors of activity with a high share of enterprises include milk and dairy with 15% of establishments or 112 companies as well as the processing and preservation of fruits and vegetables with 9.5% or 70 companies (Figure 2).

As per the latest survey by the Ministry of Industry, the sector currently employs an estimated workforce of

20,607³



Accounts for **25%**

of the Industrial sector workforce⁴



The agro-industrial sector is the largest employer in the industrial sector

1st



18.2%

of industrial enterprises are involved in agro-industrial activities⁵

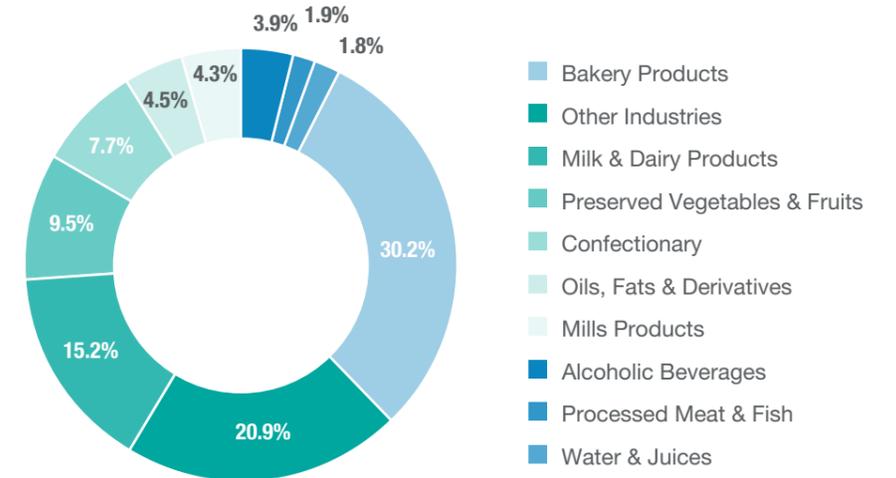


In addition to its significant employment generation potential, the sector also benefits from a well-trained labor base. A considerable number of students graduate yearly with specialized university degrees as well as vocational training in agro-industrial processing and food quality management. Agro-food enterprises account for the largest share of industrial establishments in Lebanon, with 18.2% of enterprises or around 736 companies involved in agro-industrial activities.

The sector is predominantly composed of small family owned enterprises, employing 6 workers on average.

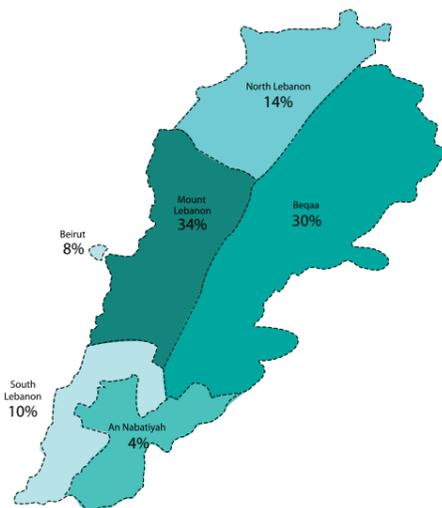
Agro-food activities are mostly concentrated in Mount Lebanon where 34% of agro-industrial enterprises are located. Bekaa region ranks second in terms of concentration of establishments (30%), followed by North Lebanon (14%), South Lebanon (10%), Beirut (8%), and finally Nabatiyeh (4%) (Figure 1).

Figure 2: Agro-food Enterprises in Lebanon by Type of Production % | 2010



Source: The Lebanese Industrial Sector Facts and Findings 2007, published by the Ministry of Industry in 2010

Figure 1: Distribution of Agrofood Companies by District % | 2010



Source: Ministry of Industry (in coordination with UNIDO and the Association of Lebanese Industrialists 2010).



¹ Lebanese National Accounts, 2004-2011, July 2013

² Blom Bank, Agro Industries in Lebanon, June 2014

^{3, 4, 5} Ministry of Industry (2010), The Lebanese Industrial Sector Facts & Findings 2007

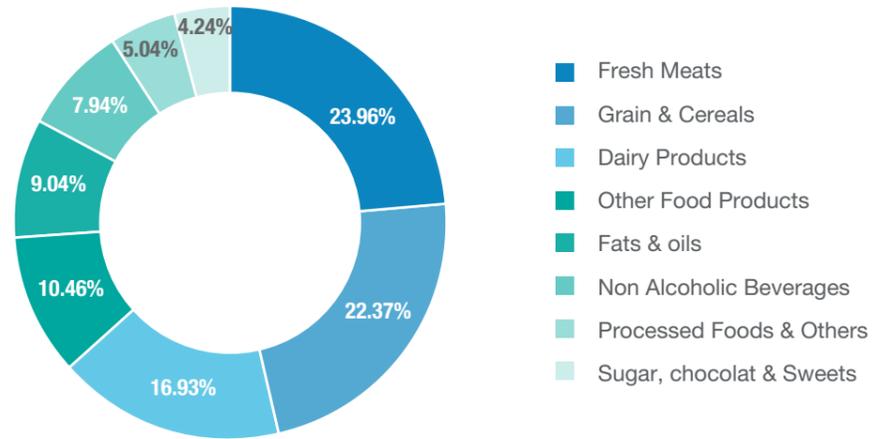
Nearly 24% of total household consumption goes to food products, and 65% of this share is allocated to agro-food products.

Within this category, fresh meats occupy the highest share with 24% of total consumption, while grains and cereals rank second at 22%, and the share of dairy products stands at 16.93% (Figure 3). At an other level, processed foods witnessed a sharp increase in consumption levels throughout 2010, growing at a rate of 21% from 2009 levels⁶. This steady rise in local market demand offers promising prospects for producers within the sector.

It is important to note that the relatively positive economic growth the country has witnessed over the past 4 years was able to sustain an improved purchasing power, and a resulting increase in consumer spending.

From a development perspective, agro-industrial activity is crucial for the Lebanese economy. Not only does it establish backward linkages with the agricultural sector, but it also has the potential of creating employment opportunities, particularly for women and rural communities, thus directly contributing to an improvement of their livelihoods. The sector moreover ensures the creation of higher value added through the production and export of processed goods.

Figure 3: Household Consumption of Food in Lebanon by Type of Product % | 2010



Source: Lebanese National Accounts 2010

TRADE STATISTICS

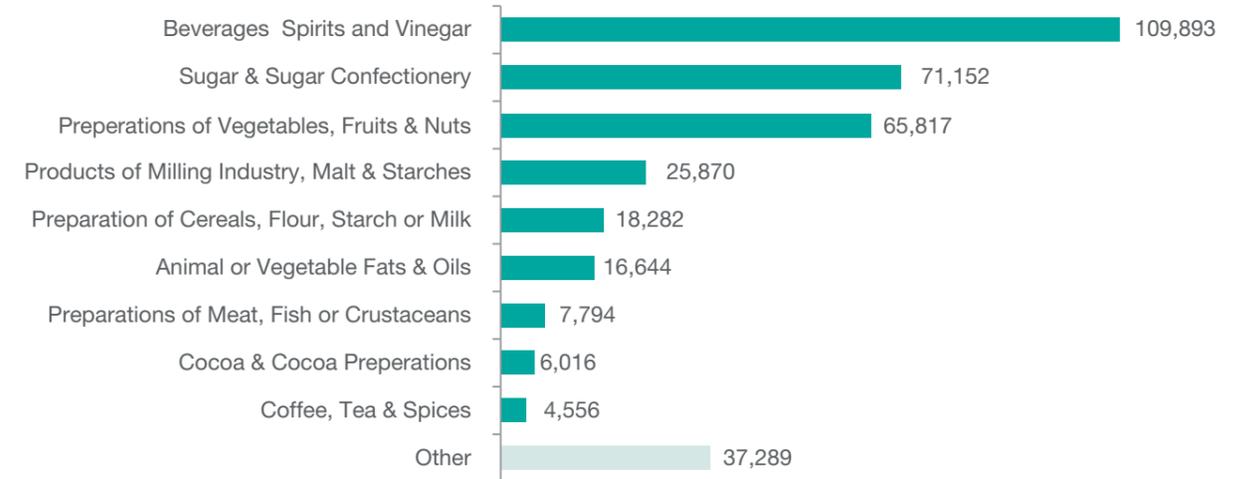
EXPORT PERFORMANCE

Agro-food products account for 12.5% of total exports, and have grown in volume at an average rate of 31.7% from 2011 until 2014.

Agro-food exports have continued to grow steadily despite the general decline in industrial exports.

Key exported agro-food products include Beverages, Spirits & Vinegar at 30.2% of total agro-food exports, Sugars & Sugar Confectionery occupy the second largest share at 19.6%, followed by Prepared Vegetables, Fruits, and Nuts at 18.1% (Figure 4).

Figure 4: Agro-Food Exports Net Weight Tons | 2014



Source: Lebanese Customs 2014

⁶ National Accounts (2010)

⁶ National Accounts (2010)

EXPORT DESTINATIONS

The largest share of Lebanese agro-food exports is destined to the Arab Countries (excluding GCC Countries), at 49% of total exports. Syria, Iraq and Egypt rank first second and third respectively within this category.

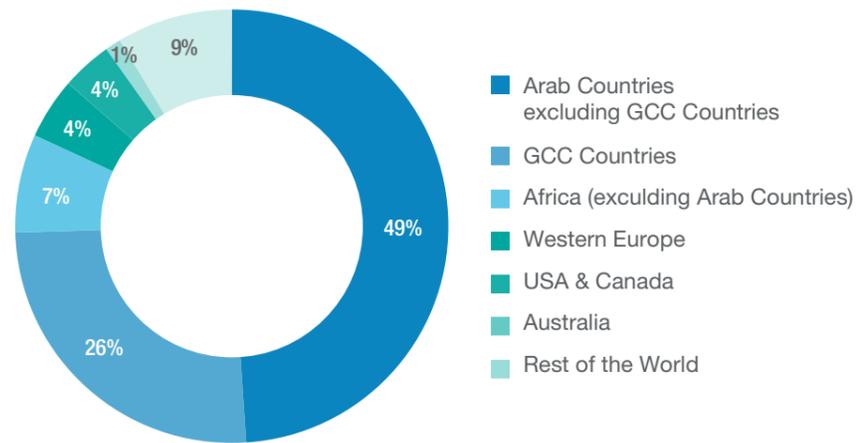
GCC Countries rank second amongst country groups and occupy around 26% of total exports, with Saudi Arabia, UAE and Qatar as main destinations.

Africa ranks third with a share of 7%. While Western Europe occupies the fourth place, while lower volumes are exported to North America, Asia and Australia.⁷ (Figure 5).

The volume of Agro-Food exports has in fact increased by 38% from 2012 to 2014. Exports to Syria have increased by 90.9%. the volumes exported to Iraq increased by 228% and to Egypt by 24.3%.

This indicates that while the Syrian Crisis has had its share of negative impact on the Lebanese economy, it has allowed for increased demand on Lebanese products to compensate the decrease in Syrian exports in these markets.

Figure 5: Export Destinations for Agro-Industrial Products % | 2014



Source: Lebanese Customs 2013, IDAL Studies, Planning & Statistics Directorate

LOCAL INVESTMENTS

Local investment in the sector has been on a steady rise, driven by the increase in local and foreign demand and the availability of raw agricultural products. One proxy that reflects upon investments in the sector and indicates increases in agro-food activities is the increase in imports of intermediary products intended for the sector. Import values for such products have consistently grown on an annual basis with a compounded annual growth rate figure of 5.15% over the past five years.

INVESTMENTS THROUGH IDAL

Since 2005, IDAL has mediated several investments in the agro-industrial sector. 7 agro-industrial enterprises with a total investment value of 40.5 Million USD have benefited from IDAL's incentives allowing for the creation of more than 550 job opportunities.



Master Potato Chips was established with the assistance of IDAL in 2005. The company has greatly expanded ever since, and now not only produces potato chips for the local market but for foreign destinations as well. In 2009, the enterprise expanded its operations into frozen fries and again with the assistance of IDAL was able to branch out into the Master Fried Potatoes, generating nearly 120 new employment opportunities.

120 new jobs

TAYYEBAT

Tayyebat is a newly established enterprise specializing in the production of frozen potatoes. The industry has launched its operations in 2010 with the support of IDAL's Package Deal contract, and has created 60 new job opportunities.

60 new jobs



Poppin's Cornflakes is a project in the Bekaa area specializing in the production of cornflakes cereals. The project benefited from IDAL's Incentive Package and generated 80 job opportunities.

80 new jobs



Cedar's Beverage is a newly established enterprise for the production of beverages. It has benefited from IDAL's Package Deal contract in 2010 to establish its enterprise in the caza of North Lebanon, and currently employs 63 workers. The company has considerable export activity and is looking to expand into the production of food products.

63 new jobs



Castania is an expansion project for the production of mixed nuts, located in Housoun - Byblos. The project benefit from IDAL's Incentive Package and generates 75 additional job opportunities.

75 new jobs

OMRAN

Omran is a Lebanese owned company located in the Bekaa region and specialized in the manufacturing of confectionary more specifically biscuits, chocolate, wafers, juice, sweets, cake, bakery and the like. The company serves both the local and Middle East market and is planning on expanding to Arab markets in the near future. The project benefit from IDAL's Incentive Package and generates 62 new job opportunities.

62 new jobs



Rifai is an expansion project for the production of mixed nuts, located in Hallat - Byblos. The project benefit from IDAL's Incentive Package and generates 97 additional job opportunities.

97 new jobs

FOREIGN INVESTMENTS

Foreign companies operating in the agro-industrial sector include Swiss food and nutrition giant Nestle. Also producing in Lebanon is General Mills (USA), Coca Cola (USA), Unilever (UK/ Netherlands), PepsiCo (USA). Most of these companies have manufacturing plants in Lebanon through which they serve the local market.



MAIN STAKEHOLDERS

Since the early 90s, the Lebanese government has given special attention to the agro-industrial sector. This has materialized in its efforts to improve the sector's governance structure; it was also coupled with an increased emphasis on marketing strategies, together with the creation of incubators that foster better production practices. Efforts of public institutions have equally been amplified through the contributions of private entities like the Syndicate of Lebanese Food industries, as well as international organizations such as the United Nations Development Program (UNDP) and the European Commission's delegation to Lebanon.

IDAL

IDAL is mandated as per Investment Law No. 360 to assist in the support, promotion and marketing of Lebanese products, especially agricultural and agro-industrial products. As a result, IDAL has signed a protocol of cooperation in 2004 with the Syndicate of Agro Food industries (the AGROMAP protocol), whereby it committed to actively promote the export of agro-food products, mainly through its co-sponsorship of Lebanese pavilions in international food fairs. As of today, IDAL has managed to support Lebanese participation in 11 regional and international fairs, enabling the showcase of Lebanese products of at least 45 local companies.

MINISTRY OF AGRICULTURE

Through its sectoral strategy, the Ministry has focused on enhancing linkages between agricultural and agro-food activities, and has included the development of agro-food industries in its support scheme.

MINISTRY OF ECONOMY AND TRADE

The Ministry has partnered with the European Commission in Lebanon to establish 'Association AGRIPOLE' a business incubation center targeting agricultural and agro-industrial enterprises. AGRIPOLE targets existing businesses and start-ups alike, providing them with incubation and business development services.

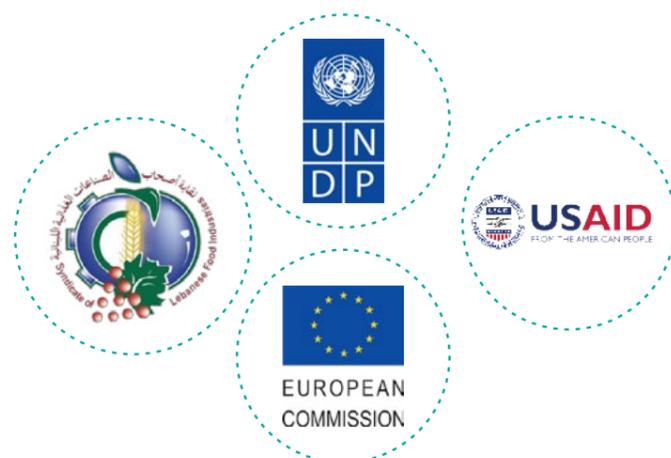
MINISTRY OF INDUSTRY

The Ministry is a main stakeholder in maintaining quality standards and promoting better production practices. Its Industrial Research Institute (IRI) conducts product testing and issues quality certifications. The ministry equally hosts the ELCIM program providing technical support for manufacturers in issues of production, finance and marketing.



SYNDICATE OF LEBANESE FOOD INDUSTRIALISTS (SLFI)

Founded in 1995, the syndicate represents over 150 food manufacturers, and groups 85 percent of all major food exporters. By capitalizing on its considerable food chain expertise and its global networking skills, the SLFI continuously supports its members in their business endeavors. The syndicate guides its members to relevant sources of market information, organizes Lebanese national pavilions in international food fairs, and advocates for its stakeholder's interests with concerned authorities and international organizations. It also assists its members in adhering to local and foreign market standards as well as ISO certification procedures.



OTHER ORGANIZATIONS

International organizations have launched several initiatives in support of the Lebanese agro-industrial sector. Notable for instance is the European Union's EU Integrated SME Support Programme (ISSP), which aims at supporting SMEs in Lebanon by providing them with a combination of legislative, business development and financing support. Also of significance is a recent USAID project aimed at enhancing the sector's competitiveness through the promotion of agro-industrial products, the creation of market penetration strategies, and the improvement of production practices and standards.

USEFUL CONTACTS

Various public and private actors play a major role in shaping the agro-industrial sector; these main stakeholders are listed below.

Ministry of Industry-Mol
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.cciiaz.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./Loan guarantee
company
www.kafalat.com.lb



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:

Riad El Solh, Emir Bachir Street, Lazariah Tower
4th Floor, **PO. Box:** 113-7251 Beirut, Lebanon
T +961 1 983306 **F** +961 1 983302
invest@idal.com.lb

Follow us on twitter @Invest_Lebanon

www.investinlebanon.gov.lb