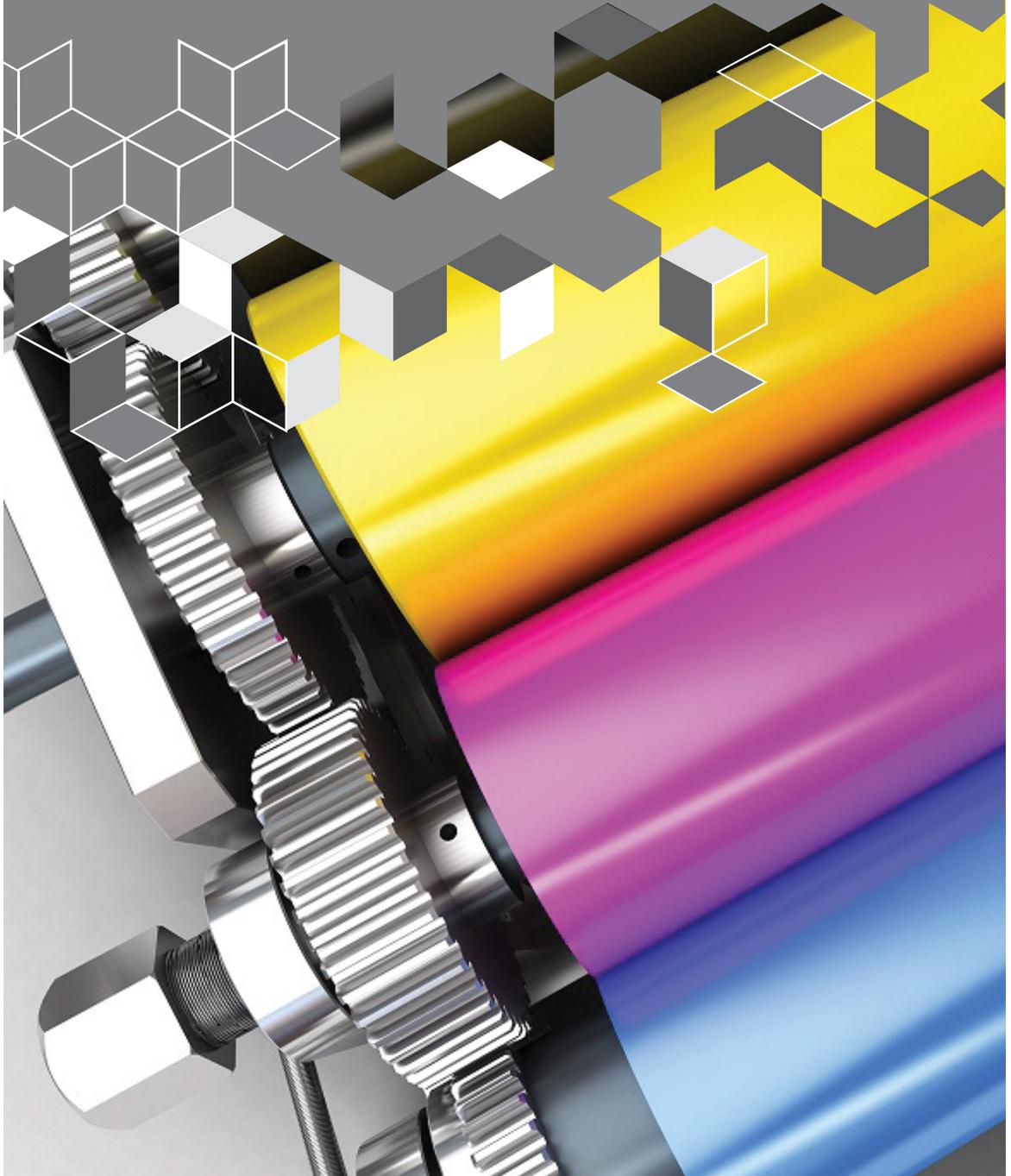




**IDAL**

INVEST IN LEBANON

**PRINTING INDUSTRY**  
FACT BOOK  
2016



# CONTENT

SECTOR OVERVIEW	P 4
TRADE ACTIVITY	P 7
COMPETITIVE ADVANTAGES	P 9
MARKET TRENDS & INVESTMENT OPPORTUNITIES	P 10
MAIN STAKEHOLDERS	P 11

# I. SECTOR OVERVIEW

Globally, the printing market was expected to reach USD 880 billion in 2013, and is forecasted to grow at an annual rate of 2% until 2018<sup>1</sup>.

In the MENA region, the printing industry is expected to witness rapid growth due to the growing infrastructure and associated developments. The market is expected to grow at an annual rate of 7.2% from 2012 to 2018, reaching USD 26 billion in 2018, up from USD 17.6 billion in 2012<sup>2</sup>.

The future of paper industry in the Middle East and Africa is very promising. It is expected that by 2020, the region will require 28 million tons of paper to fulfill its market needs<sup>3</sup>.

The printing industry<sup>4</sup> has considerably developed specially during the last 20 years. It is able to meet the demands of the local market and to generate a surplus for exports. This sector contribution to GDP was LBP 405 billion in 2013, representing a share of 1% of total GDP<sup>5</sup>.

It is a relatively small industry in terms of output, contributing to around **7.5% of total industrial output in 2013**<sup>6</sup>.

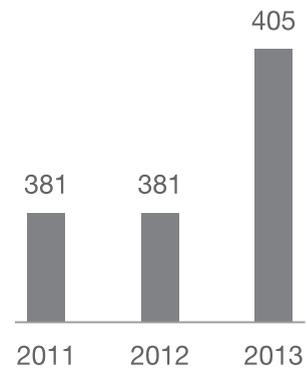
Industry players estimate the turnover of the sector to be somewhere around USD 150 million annually.

However, the printing industry is one of the Lebanon's largest industries in terms of number of companies. Today there are more than **338 firms engaged in the paper and paper product and printing industries**<sup>7</sup> with more than 8 employees on average (or **10.11% of total industrial**

**establishments**). 10 large players dominate the local printing landscape with 2 specializing in packaging.

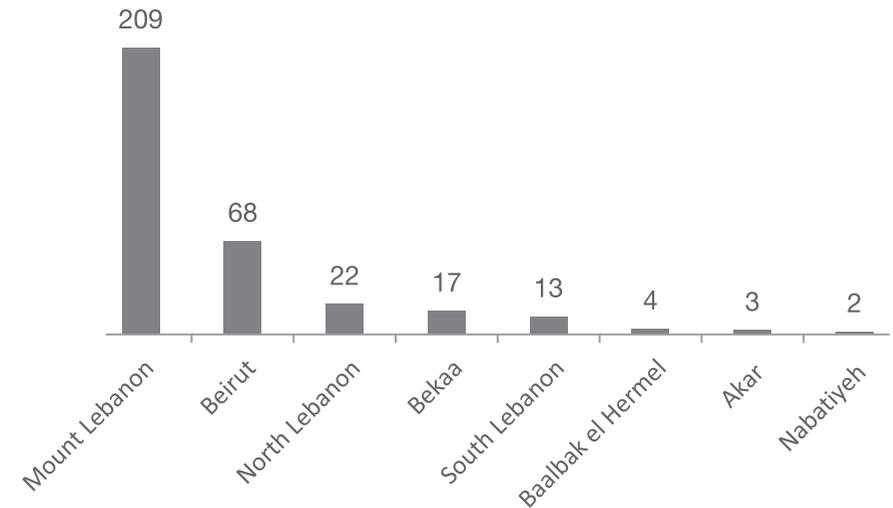
More than 60% of these firms are located in the Mount Lebanon region.

**Figure 1: Contribution of the printing industry to GDP at current prices LBP Billions | 2011 - 2013**



Source: Central Administration of Statistics

**Figure 2: Distribution of printing establishments by Mohafazat | 2013**



Source: The directory of exports and industrial exports

1 Smithers Pira

2 Smithers pira: the future of print in the Middle East and North Africa to 2018.

3 MePrinter, 2015

4 Classified as Printed Matter and Recorded Media in the ISIC classification. This category has many subdivisions mainly the printing and publishing of books, printing and publishing of newspapers, etc..

5 Central Administration of Statistics

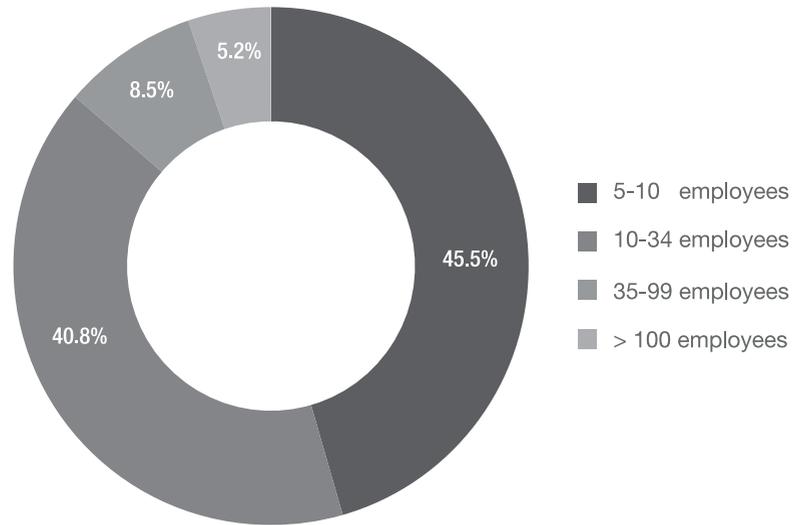
6 Based on IDAL's calculation out of the 2013 Lebanon National Accounts

7 According to a survey done by the directory of exports and industrial firms in Lebanon until mid-2013

In 2013 the sector employed more than 3,693 workers or 5.2% of the total industrial labor force. It is mostly dominated by small and medium-sized companies, with

45.5% of firms employing 5 to 9 workers, and 86.3 percent employing less than 35 employees.

**Figure 3: Distribution of Printing Establishments by Number of Employees % | 2007**



Source: Ministry of Industry, 2007

Companies in this sector produce more than 40 varieties of products. Printing activities in Lebanon are mostly

geared towards commercial (e.g., newspapers, books, leaflets, etc..) and industrial purposes (such as packaging).

## II. TRADE ACTIVITY

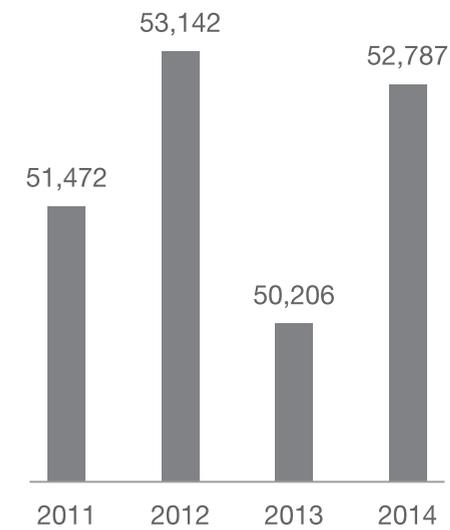
Lebanon is a **net exporter of printed matters** with exports accounting for 3% of total exports in 2015<sup>8</sup>. Exports of printed matters have sustained a positive growth path until 2014 (Figure 2).

Export partners in this particular industry are mainly to the GCC and North African countries. The main partners are Algeria taking more than of 15% of total exports in 2015, followed by Saudi Arabia with 13% of exports. Iraq and Libya receive 9% of exports each. Other partner countries include the UAE with 7% and Morocco and Jordan with 5% and 4% respectively<sup>9</sup>.

Together, these countries account for more than 50% of total exports of printing matters. New markets are being formed nonetheless in West Africa and Europe with key players already exporting to these destinations, including France and Indonesia.

On the other hand, Lebanon imports printed products mainly from France, followed by the United States, and the United Kingdom, with 27%, 19% and 14% respectively in 2015. Lebanese also imports 6% from China in 2015<sup>10</sup>.

**Figure 4: Export of Printed Matter from Lebanon Kgs | 2011-2015**



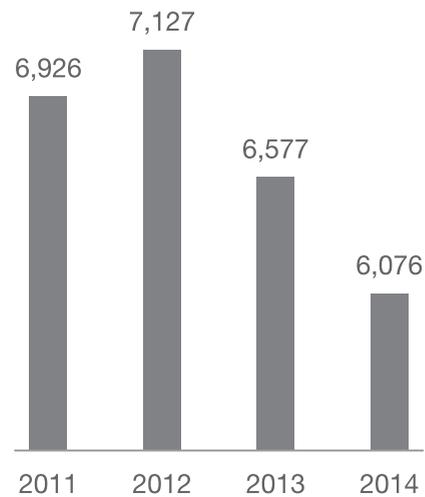
Source: Lebanese Customs, 2016

From 1/1/2011 to 30/11/2015 a yearly average of 48,887.

8 Based on customs figures  
9-10 Lebanese customs 2016

### III. COMPETITIVE ADVANTAGES

Figure 5: Import of Printed Matter to Lebanon Kgs | 2011-2015



Source: Lebanese Customs, 2016

From 1/1/2011 to 30/11/2015

Lebanon has traditionally been the printing hub in the Middle East. Up until the 1980’s books printed in Lebanon were ruling regional markets from North Africa to the Gulf. International suppliers of printing machines to Lebanon see continued potential in this market, and can support

this with reports of sales that are – albeit much smaller than in the Gulf – by local standards very respectable. In fact a highly considerable share of prints circulated in the Middle East region are produced in Beirut, this owing to a set of competitive advantages that the country possesses:

<b>Well-Established Industry</b>	Owing to the industry’s historical position as the printing hub in the region, local printing presses have organically grown expertise and regional presence over time and remain well positioned in the region with branch offices in the GCC, West and North Africa.
<b>Relative Cost Competitiveness</b>	According to industry experts, labor cost for a qualified operator in Lebanon carries about a 40% advantage over an Eastern European location such as Bulgaria.
<b>Quality &amp; Efficiency</b>	Lebanon has a value-add advantage as far as quality of printing and binding, especially for hard cover books. According to an industry player, Lebanon is also well known for its efficiency in delivering jobs on time, and at relatively competitive prices.
<b>Flexibility &amp; Customization</b>	The service and flexibility of printers allows tapping into niche markets where customization is key, and where other big printers may not be willing or able to compete. In addition, the strong customer relationship angle of a family-run print house can be used as an asset that super-sized ventures cannot offer.
<b>High literacy rates and 3 languages</b>	One of the most significant advantages for Lebanon is that it has the highest literacy rate in the Arab world at around 90%, and most of the population is fluent in Arabic, English, and French, which presents a large market for the printing industry
<b>Legal Framework</b>	Lebanon enjoys greater legal assurances for the freedom of expression compared to its regional peers, making printing in Lebanon a good proposition for publishers in surrounding countries. This publishing freedom is amongst the country’s chief competitive advantages.
<b>Institutional Framework</b>	Well-organized syndicate which could be a good point of entry into the sector. The syndicate includes more than 180 members and has existed for more than 60 years.
<b>Strategic Location</b>	Lebanon’s location allows for strong export potential - particularly in the GCC, European and African markets

## IV. MARKET TRENDS & INVESTMENT OPPORTUNITIES

Two major trends define and shape the prospects of the local printing industry:

**a. The relocation of outsourcing destinations** given advances in technology, shorter transportation distances and better cultural proximity, the Middle East is slowly gaining ground against East Asia in terms of attracting print jobs from Europe. Christoph Fischer, the MAN Roland delegate for the MENA backs this assumption based on company sales figures, indicating that the Middle East is gradually turning into the outsourcing destination for Europe.

**b. Technological disruption of the industry:** The worldwide printing industry is faced with structural changes stemming from the increasing use of new technologies compared to offset and a resulting drop in the amount of printing. Companies are therefore starting to embrace new technologies that would optimize cost and increase the revenue base.

As such the following investment opportunities can be singled out:

**High-End Printing:** With future regional printing demands, the focus will remain on quality, service and innovation. Based on the competitive advantages listed above, Lebanon is able to compete through the production of high end printing products. This has been repeatedly voiced by industry players and confirmed by Mr. Hicham Itani, CEO of Inkript who indicated that the future of the printing industry in Lebanon will be dependent upon its ability to deliver high end products.

**Packaging:** packaging is expected to grow at an annual rate of 5% until 2019<sup>11</sup> in the MENA region, faster than global growth projections estimated at 4%. Commercial printers are starting to invest more and more in package printing and label printing equipment. The packaging sector presents important investment opportunities as it touches a wide range of other industries including healthcare, and FMCG, and the use of packaging materials is broadening. Moreover, packaging are becoming smarter and this trend is expected to continue for the coming years. Packaging are becoming smarter and this trend will continue throughout 2015, with a focus on personalization, flexible packaging and intelligent packaging formats.

**Digital Printing:** print processes are adapting to the changing market trends and to the disruptions of technology and digitization. Digital print processes and inkjet technologies are expected to play a big role in printing trends, specifically since short run and variable printing are becoming more popular.

**3D Printing:** The global market for 3D printers and services is expected to grow at a CAGR of 45.7% from 2013 to 2018, reaching 16.2 USD billion<sup>12</sup>. Opportunities are currently concentrated in 3D prototyping, however the 3D production of final products and components is flourishing. This process is also experiencing the emergence of new materials moving beyond plastic. 3D printing has already been used to serve a number of sectors, including the automobile, manufacturing, and retail sectors, and can result in disruptions of these industries' value chain.

## IV. MAIN STAKEHOLDERS

Ministry of Industry  
[www.industry.gov.lb](http://www.industry.gov.lb)

Ministry of Information  
[www.ministryinfo.gov.lb](http://www.ministryinfo.gov.lb)

Ministry of Culture  
[www.culture.gov.lb](http://www.culture.gov.lb)

Lebanese Printing Association  
[www.printinglebanon.org](http://www.printinglebanon.org)

Lebanese Graphic Arts Syndicate  
[www.lgds.org.lb](http://www.lgds.org.lb)

Association of Lebanese Industrialists (ALI)  
[www.ali.org.lb](http://www.ali.org.lb)

11 [http://www.tradearabia.com/news/IND\\_279116.html](http://www.tradearabia.com/news/IND_279116.html)

12 PwC



## 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:



/InvestInLebanon



@Invest\_Lebanon



/Investmentdevelopmentauthorityoflebanon



/InvestInLebanon



T +961 (1) 983306/7/8  
F +961 (1) 983302/3



invest@idal.com.lb  
export@idal.com.lb



Lazarieh Tower, 4th Floor,  
Emir Bechir Street,  
Riad El-Solh, Beirut, Lebanon  
P.O.Box: 113-7251  
[www.investinlebanon.gov.lb](http://www.investinlebanon.gov.lb)

