



IDAL

INVEST IN LEBANON

AGROFOOD FACT BOOK



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SECTOR OVERVIEW



SECTOR OVERVIEW

The agro-industrial sector is a major contributor to the Lebanese economy. In 2010, it generated an estimated 32.1 % of the industrial sector output and around 3 % of the country's GDP, based on National Accounts estimates. The sector has an estimated size of 4384 Billion LBP and has registered a growth of 8.9 % between 2007 and 2010 ¹.

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

20,607 ² 

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

1st  

Accounts for

24.9%

of the Industrial sector workforce ³



18.2%

of industrial enterprises are involved in agro-industrial activities ⁴

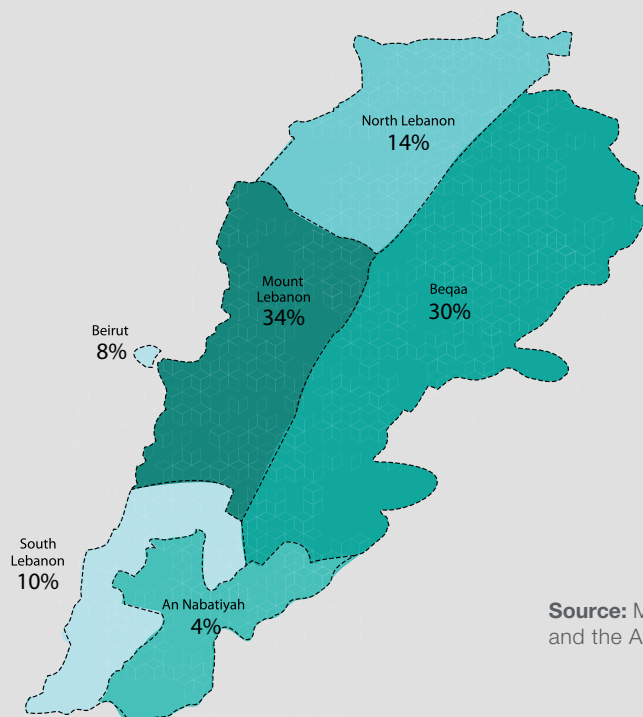


In addition to its significant employment generation potential, the sector also benefits from a well-trained labor base. A considerable number of students graduate yearly with specialized university degrees as well as vocational training in agro-industrial processing and food quality management.

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)**.



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

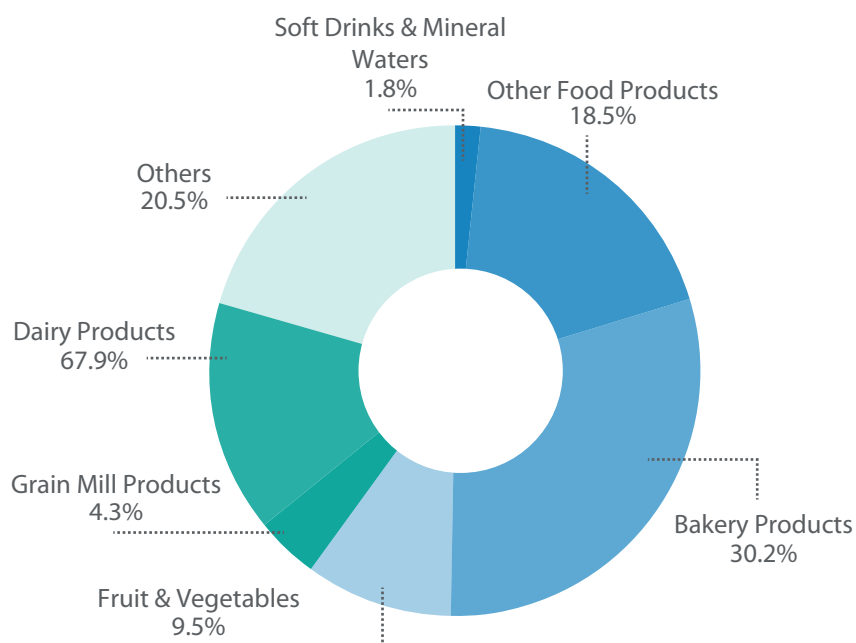
¹ National Accounts (2010), IDAL Studies & Planning Unit

^{2, 3, 4} Ministry of Industry (2010), The Lebanese Industrial Sector Facts & Findings 2007

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 enterprises³ include milk and dairy with 15% of establishments or 112 companies as well as the processing and preserving of fruits and vegetables with 9.5% or 70 companies⁴ (Figure2).

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



Source: Ministry of Industry (2010), The Lebanese Industrial Sector Facts and Findings 2007

Agro-food products occupy the highest share of household consumption. Around 65 % of national household food consumption is allocated to agro-food products. Within the agro-food category, Fresh meats occupy the highest share with 24% of total consumption, while grains and cereals rank second at 22%, while dairy products share stand at 11.08% (Figure 3). At another level, the consumption of processed foods had witnessed a sharp increase in 2010, growing at a rate of 21% from 2009 levels⁵.

Local consumer spending on food and drinks, has increased by 6.14% in 2010, with the volume of processed food and other consumed increasing by 21%, the highest share amongst other products.

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.

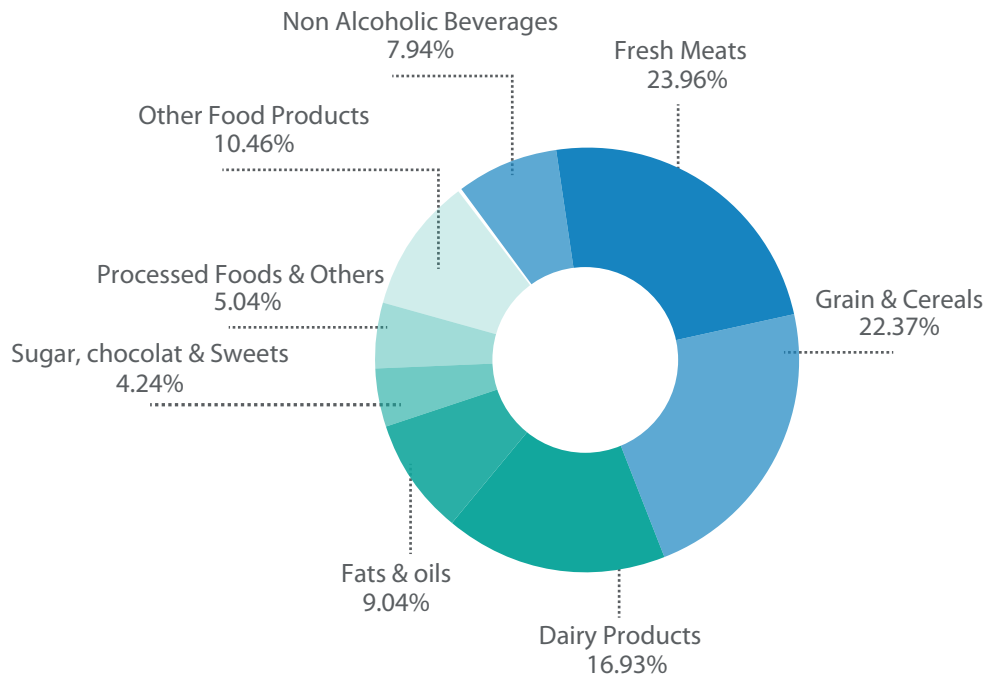
From a development perspective, agro-industrial activity is crucial for the Lebanese economy.

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.

³ Ministry of Industry (2010), The Lebanese Industrial Sector Facts & Findings 2007

⁵ National Accounts (2010)

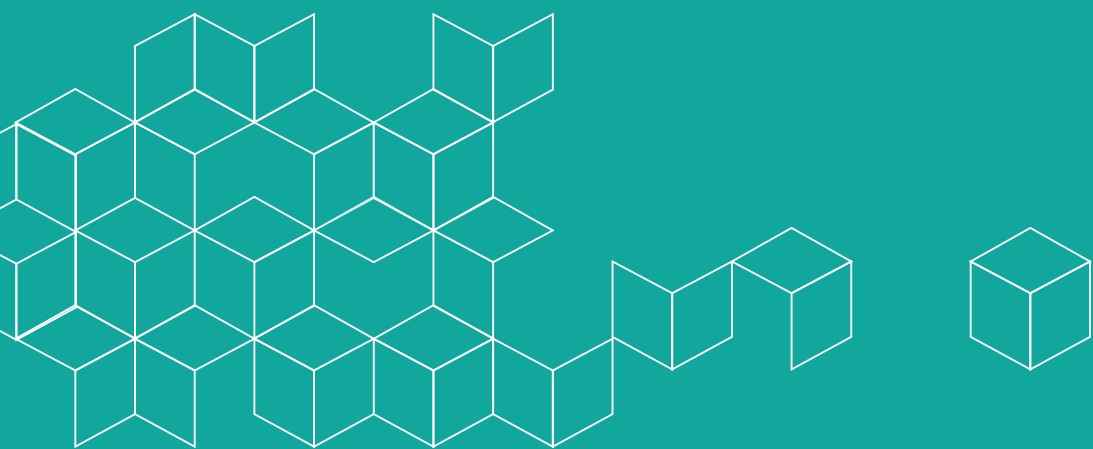
Figure 3: Household Consumption of Food in Lebanon by Type of Product | 2009



Source: Lebanese National Accounts 2010



TRADE STATISTICS



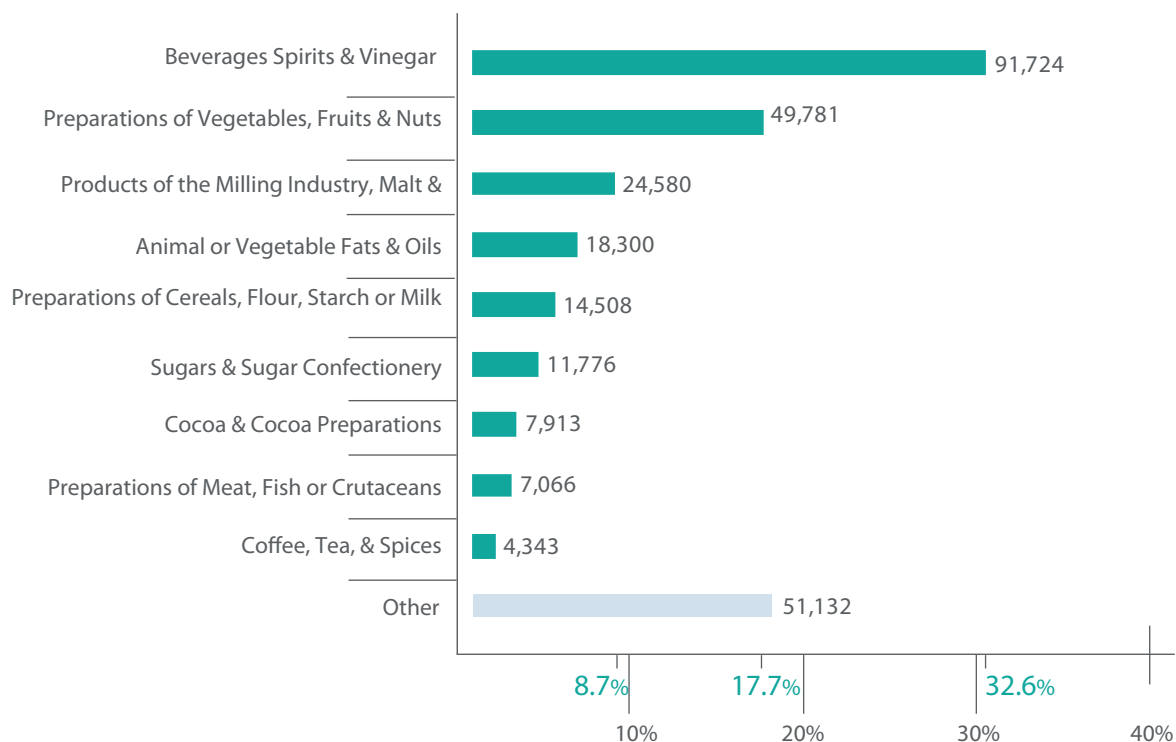
TRADE STATISTICS

EXPORT PERFORMANCE

Exports of agro-food products account for 8.7% of total exports, and had grown at an average annual rate of around 7% from 2008 until 2012⁶. Agro-food exports have continued to grow steadily despite the general decline in industrial export growth.

Key exported agro-food products include Beverages, Spirits & Vinegar at 32.6% of total agro-food exports (91,724 Kg), Processed Vegetables, Fruits, and Nuts occupy the second largest share at 17.7% (49,781 Kg), followed by Products of the Milling Industry at 8.7% (24,580 Kg) (Figure 4).

Figure 4: Agro-Food Exports Net Weight Kg | 2012



Source: Lebanese Customs 2012, IDAL Studies & Planning Unit

⁶ National Accounts (2012), IDAL Studies & Planning Unit

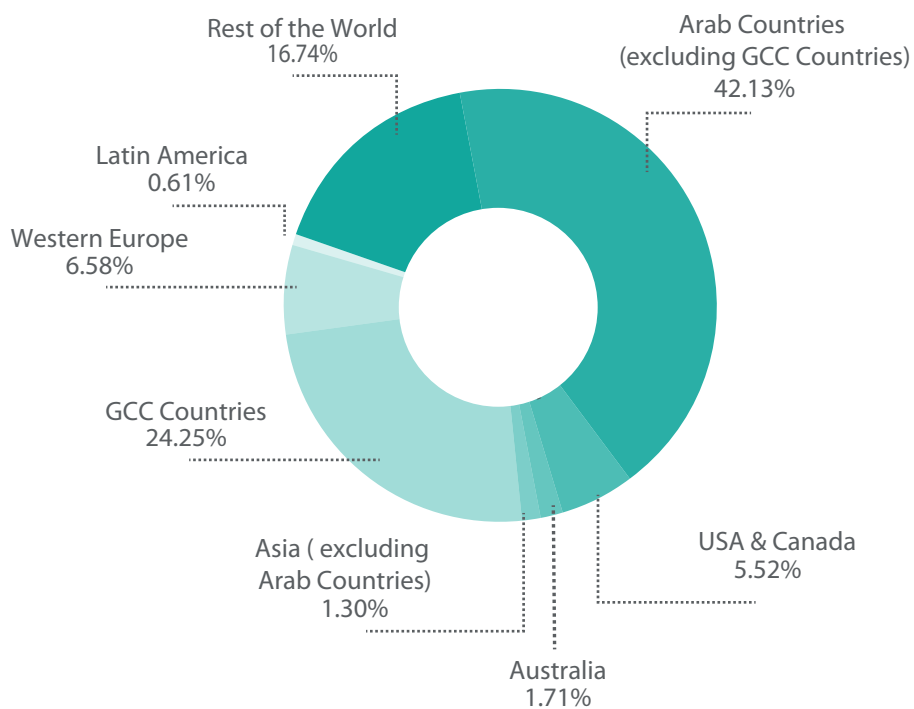
EXPORT DESTINATION

The largest share of agro-food exports is destined to the Arab Countries (excluding GCC Countries), at 42% of total exports, with Syria and Jordan on top of the list.

GCC Countries rank second and occupy around 24% of total exports, with Saudi Arabia and Kuwait as main destinations within this category. Western Europe ranks third with a share of 7%, while the USA and Canada occupy 6% of total exports.

Lower volumes go to Australia, Asia and Latin America ⁷ (Figure 5)

Figure 5: Export Destinations for Agro-Industrial Products | 2012



Source: Lebanese Customs 2012

⁷ National Accounts (2012), IDAL Studies & Planning Unit

INVESTMENTS IN THE SECTOR



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, reaching a total value of 929 billion LBP (620 Million USD) in 2009.

INVESTMENTS THROUGH IDAL

Since 2005, IDAL has mediated several investments in the agro-industrial sector. 5 agro-industrial enterprises with a total investment value of 24 billion LBP (16 Million USD) have benefited from IDAL's incentives allowing for the creation of 443 job opportunities. All investments facilitated by IDAL were from Lebanese investors.



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

TAYYIBAT

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

FOREIGN INVESTMENTS

Today there are no official statistics on the levels or flow of FDI to the agro-industrial sector. 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 and serve the local market only.



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 subsidize the organization of 9 regional and international fairs, disbursing an estimated value of USD 414,000 and enabling the showcase of Lebanese products of at least 30 producers.

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.

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.

SYNDICATE OF LEBANESE FOOD INDUSTRIALISTS (SLFI)

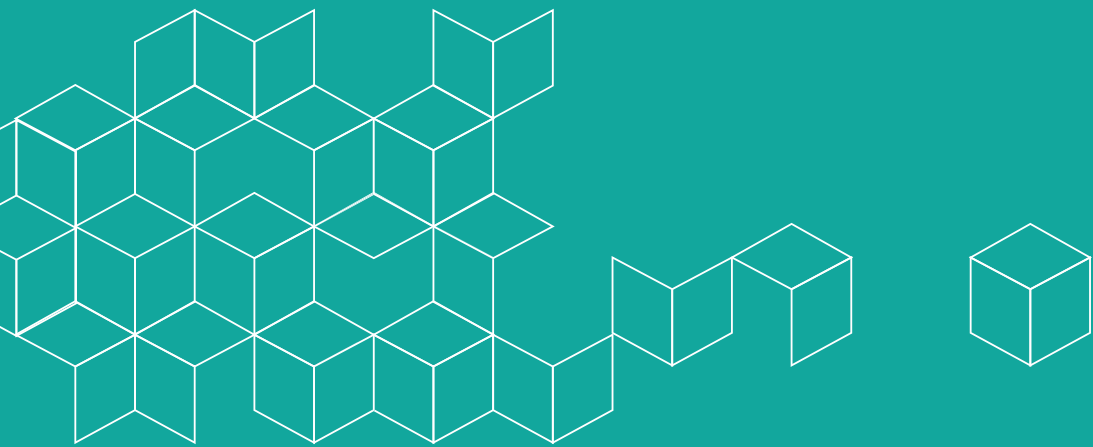
Founded in 1995, the syndicate represents over 150 food manufacturers, and groups 85 percent of all major food exporters. By capitalizing on its considerable food chain expertise and its global networking skills, the SLFI continuously supports its members in their business endeavors. The syndicate guides 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 by subsidizing 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



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-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.idal.com.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

Chambers of Commerce, Industry
and Agriculture

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

The federation of the chambers of
commerce industry and agriculture
in Lebanon
www.cci-fed.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
www.kafalat.com.lb

Sources:

Lebanese Economic Accounts Mission
Syndicate of Lebanese Food Industrialists
Lebanese Customs
Federation of the Chambers of Commerce, Industry and Agriculture in Lebanon



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:

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