

INVESTMENT DEVELOPMENT AUTHORITY OF LEBANON  
Presidency of the Council of Ministers

**IDAL**

# INVESTOR NEWSLINE

Fall 2007 - Winter 2008

## Inside this issue

### Page 2

- Events @ IDAL
- Programs Updates

### Page 3

- Projects Updates
- Investment News
- Quality Systems

### Page 4

- The Agro-food industry in Lebanon

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## Testimonial

"The enthusiasm that IDAL and its staff showed in helping us to ensure quick and efficient implementation was really impressive. The support and advice we received were really constructive and enabled us to move forward with the project during the process of construction permits formalities. As for the advantages granted by the Package Deal Contract, they will contribute to the successful development of the work during the next five or ten years. We aspire to create more job opportunities and open up several exportation markets in the upcoming years."

Maurice Collis  
General Manager  
National Produce and Packaging  
Company (L.L.C.)

## Agro-food industries: A Promising Sector Towards Conquering The World



Lebanese products, *simply taste real.*

Dear reader,

With the fame of the Lebanese kitchen that became largely known worldwide, and with the distribution of the Lebanese Diaspora in a large number of countries, the demand on Lebanese dishes soared. As a result, the exports of this sector increased and ranked amongst the country's main industrial exports. This boom led to an increase in the industrial investment in this sector, and several factories expanded their production lines, developed their machinery and equipment, and adopted internationally known quality standards in order to meet quality and safety requirements.

The Lebanese government has paid special attention to this sector, which became one of the five economic sectors to be granted exemptions and incentives under law 360. IDAL was commissioned to elaborate and implement a program enhancing the exports of this industry, by sponsoring the participation of several factories in relevant activities and fairs. Within the scope of IDAL's support to productive sectors, the objective of this program is to promote and globalize these industries, increase their exports, and help their products access international markets. This support proved successful as the Lebanese pavilions witnessed a large turnout, and the exports of this sector surged, registering an annual increase varying between 20 and 30%.

Regarding investments in other productive sectors, IDAL granted, in mid-2007, incentives to four projects in the sectors of technology, industry, tourism and agriculture. It is worth mentioning here as well the opening of the Ericsson Global Service Delivery Center and the Benta Pharmaceutical and Medical Industry Company. IDAL also received the e-program of the Investors Support and Information Center ISIC, knowing that around 75% of information is already introduced to its database to date.

This issue tackles many activities and conferences in which IDAL took part. It also covers the latest updates of the programs and projects that were granted the incentives of the Investment Development Law 360, in addition to an overview of the Quality Guide to the Food Safety Management Systems.

I hope this issue will be up to your expectations.

Nabil Itani  
IDAL Chairman- Director General

### Inside this Season's Issue

- Launching Ericsson GSDC.
- IDAL receives the ISIC's e-program.
- Opening of the Benta Pharmaceutical Factory.





# Events @ IDAL

## Launching Ericsson Global Service Delivery Center

The international pioneering communication company Ericsson launched its Global Service Delivery Center in its headquarters in Beirut, last August, in the presence of the Vice President and General Manager of Ericsson Global Service Center, Mr. Frederick Strand, the President of Middle East Ericsson, Mr. Bo-Erick Dahlstrom, the Chairman of Ericsson Lebanon, Mr. Hans Severin, in addition to a large number of economic bodies and stakeholders. The Chairman of IDAL, Mr. Nabil Itani, reiterated IDAL's commitment to grant the IT sector the support it needs through providing the maximum of incentives against the minimum of standards. Lebanese Minister of Telecommunications, Mr. Marwan Hamadeh, announced that the Ministry is preparing to privatize the sector of telecommunications and other sectors within the boundaries of the law, under the control of regulatory bodies, and within the framework of governmental, parliamentary and organizational decisions.

## IDAL receives the ISIC's e-program

In collaboration with the Office of the Minister of State for Administrative Development, IDAL organized a press conference at the Grand Serail to receive the e-program of the Investors Support and Information Center (ISIC). The Chairman of IDAL, Mr. Nabil Itani clarified that the center will be the widest and most inclusive database that investors can rely on to obtain reliable and updated information.

In this context, IDAL organized a meeting with the coordinators appointed by official authorities, non governmental organizations, governmental organizations and chambers of commerce, in the Coral Beach Hotel, to shed light on the importance of this center and discuss ways of cooperation and coordination. The Chairman of IDAL, Mr. Nabil Itani stressed on the serious and efficient participation through providing the center with the latest information.

## Mr. Itani at Rotary Club

The Chairman of IDAL, Mr. Nabil Itani, made a presentation on the "Investment Climate in Lebanon," in the presence of a large group of the Rotary club, in Sahel el-Metn, at La Cigale Hotel, Jal-el-Dib. Itani talked about the missions undertaken by IDAL and the latest projects achieved.

## IDAL's delegation tours the Business Incubation Association in Tripoli

Inspired by the missions of IDAL that support the establishment of Incubators, a delegation from IDAL, headed by its chairman, Mr. Nabil Itani, visited the Business Incubation Association in Tripoli (BIAT). The delegation took note of the latest projects and the role of the Association in supporting and encouraging the young expertise. IDAL is a strategic partner to BIAT.

## Opening of the Benta Pharmaceutical Factory

The Chairman of IDAL, Mr. Nabil Itani, participated in the inauguration of Benta Pharmaceuticals and Medical Industry Factory, under the auspices of the resigning Minister of Health, Dr. Jawad Khalife, on September 10, 2007. Itani confirmed that Lebanon has competitive advantages enabling it to play an important role in the fields of health care, health tourism and the manufacturing of medicines and medical machinery. It is worth mentioning that the Benta Factory, whose investments account for 20 Billion Lebanese Pounds, has benefited from the incentives and exemptions granted by IDAL, under the Investment Development Law 360.

## IDAL participates in the second ministerial meeting of MENA-OECD

The Chairman of IDAL, Mr. Nabil Itani, presented the strategy of IDAL in attracting investments in light of the unstable political situation, during the Business Forum that was held concomitantly with the Second Ministerial Meeting, of MENA-OECD, held on November 27th and 28th 2007, in Cairo. In addition, Itani attended the second ministerial meeting where participating countries described what has been achieved in the first stage of the MENA-OECD Investment Program, since its launching in 2004 until the present day, mainly as to the increase in exports, the attraction of Foreign Direct Investments, and the drop in unemployment rates in these countries.

## IDAL participates in the 11<sup>th</sup> Forum of Arab Business Society

Represented by its Vice President, Mr. Hawlo Tleiss, IDAL participated in the 11th Forum of Arab Business Society, held in Damascus between December 14 and 16, in the presence of a large number of Arab businessmen and economic bodies. Mr. Tleiss explained that Lebanon enjoys a distinguished legislative environment considered amongst the best in the region. Laws and legislation, including the Investment Development Law 360, are by far very advanced and sophisticated. This contributes to preserving the attraction and stability of the Investment Climate in Lebanon.

# Programs Updates

## IDAL Sponsors the Lebanese Pavilion for Agro-food industries in ANUGA Fair

Within the framework of the Agro Market Access Program (AGROMAP), IDAL sponsored the Lebanese Pavilion in the ANUGA Fair for Agro-food industry, held in the city of Koln, between October 13 and 17, 2007. 19 Lebanese companies participated in the fair within a 200 square meter pavilion. The Chairman of IDAL, Mr. Nabil Itani, considered that the Lebanese participation was crucial this year. He noted that there was a great European interest in the displayed Lebanese industries, highlighted by the important turnout registered in the Lebanese Pavilion. As a direct result of this fair, the Lebanese participants were able to sign many contracts with foreign traders. New relationships are being established with a large number of European Trade Partners. The most prominent result was the increase in the exports of industrial companies that participated in Anuga 2005, at a percentage reaching 30%, according to the Lebanese Agro-food industry Syndicate. It is worth mentioning that the number of exhibitors in this fair, coming from 95 countries around the world, exceeded 6500. As for visitors, they exceeded 163,000, and came from 175 different countries.

## Results of Export Plus 2007

The Export Plus Program registered an important boom in 2007, where exports increased by 27% compared to 2006. The size of fruits and vegetables exports reached 469,336 tons. Concerning the most exported products, citrus ranked first and represented 28% (130.9 thousand tons) of the overall exports, followed by potatoes with 26% (120.2 thousand tons), then apples with 16% (74.7 thousand tons). As for the largest importing markets of Lebanese products, Syria came on top of the list with 23%, followed by Saudi Arabia, which left the first rank, with 21%, followed by Kuwait with 16%.

# Projects Updates

Project	Type of incentives	Sector	Size of Investment (Million Dollars)	Jobs created	Nationality of Investor	Current Situation
<b>UTRIX</b>	Investment Projects	Technology	2	21	Lebanese	Launching of construction works during April 2008
<b>Kfoury Metals for Steel Production</b>	Package Deal Contract	Industry	15	120	Lebanese	Execution of construction works
<b>NPPC Fresh Produce Factory</b>	Package Deal Contract	Agriculture	9	62	Kuwaiti	Launching of works mid March, 2008
<b>Raouche Rotana Suites</b>	Package Deal Contract	Tourism	18,5	175	Lebanese-Libyan	Opening in the beginning of summer, 2008

## UTRIX

This two-million-dollar investment project falls within the sector of technology. It is a factory for the production, manufacturing and exportation of veterinarian drugs, that will be established in Hawsh al-Umara', and will create 21 job opportunities. The economic importance of this project lies in the drop of the agricultural and animal production costs that it will entail; it will make local products compete with similar exported at high costs. In fact, local products enjoy a high quality that matches the exported ones.

## Kfoury Metals for Steel Production

The investing company intends to establish a factory for manufacturing metals in the region of Sil'ata in Batroun, divided into several phases. The value of the establishment and equipment of the first phase reaches around 15 million dollars, where it is going to create around 120 job opportunities. The overall value of the project, after the completion of all its phases, might reach around 45 million dollars, creating 250 to 300 job opportunities. The project has other positive advantages, namely embodied in the decrease of construction costs, for it will provide local products able to replace similar products exported at high costs.

## NPPC Fresh Produce Factory

It is a center for packing fruits and vegetables that the investing company intends to establish in the region of Tenayel, with a total value of 9 million dollars. The project will create 62 job opportunities, and will have positive impacts as to ensuring competitiveness with the already existing packing houses, pushing them to develop themselves in view of the modern techniques used by this project. It will also help increase agricultural exports since the largest share of the Center's production will be exported to foreign markets.

## Raouche Rotana Suites

The investment project is located in the region of Rass Beirut. The investing company intends to establish a hotel with an overall constructed area reaching 17,159 square meters. The value of investment in this tourist project will reach 18.5 million dollars, and will create 175 job opportunities. It is comprised of 16 storeys, 87 rooms, and 89 suites, in addition to conference rooms, a swimming pool, a gym, a restaurant and a café.

## Investment News

### KCPC signed two contracts for building two hotels in Lebanon

The Kuwaiti Company for Process Plant Construction and Contracting signed two contracts, of a 22.4 million dollar value, for building two hotels in Lebanon. The first hotel "Star Tower Hotel" will be built with an approximate cost of 6.4 million dollars. The second hotel "Saifi Tower" will be developed with a cost of 16 million dollars.

### HP is founding a center to support small enterprises

HP Middle East announced the official opening of a center for the assistance of small enterprises "HP Microenterprise Acceleration Program (MAP) Center." The opening of this center falls within the 44 centers that the company opened in Europe, the Middle East and Africa to speed up the economic growth of communities around the world, share best practice and expertise in work and train the workers of small enterprises on the new techniques adopted in different scopes such as management, operations, public relations, marketing, etc...

### "Vogue Publishing House" launches its new branch in Lebanon

"Vogue publishing" launched its new branch in Lebanon. It encompasses a number of social, artistic, economic, cultural and intellectual publications, in addition to the project of the Arab-Russian TV, still in the process of establishment in Dubai. The Chairman of the branch, Mr. Elie Khouweiri, announced that "Vogue," with its international media group and through the opening of a branch in Lebanon, proves that Lebanon will always stay the home of media and its pull factor in the Middle East and the Arab World.

## Quality Systems: A Guide to the Food Safety Management Systems

Within the framework of the "MEDA" Program, the Ministry of Economy published the "ABC Guide on Food Safety Management Systems," with the aim of strengthening quality management, capacities and infrastructure in Lebanon. The Guide includes a synopsis on the two quality systems adopted internationally the HACCP and ISO 22000.

The HACCP aims at guaranteeing food safety throughout the whole food chain, from the farm to the table. It is a preventive program that analyzes and identifies the possible presence of biological, chemical and physiological risks, helps to establish a preventive system against risks, and rectifies the process of manufacturing, starting from storage to consumption.

As for ISO 22000, it came as a result of adopting several versions of HACCP. ISO developed the specifications ISO 22000 to unify these versions and merge them into one. To HACCP, these specifications add all that is related to management, in order to implement this integrated program and the previous requirements programs, mainly the applications of the good manufacturing conditions (hygiene, buildings, water, electricity, ventilation, etc... waste treatment, machinery in use, management of raw material importation, cleansing and sterilization...)



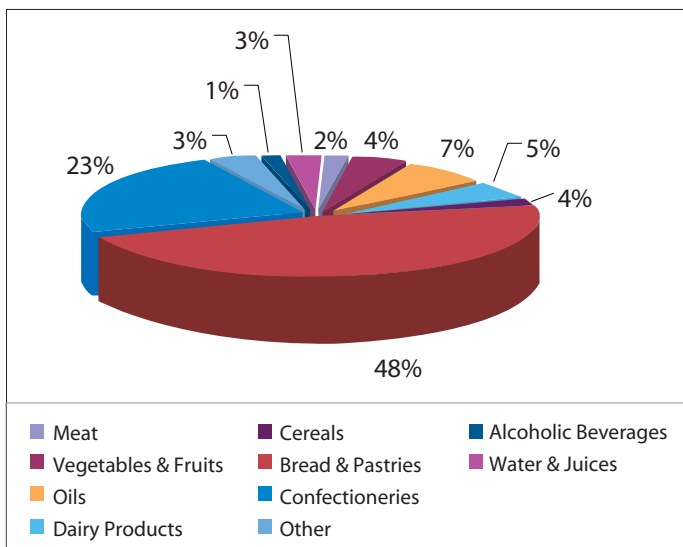
# The Agro -food industry in Lebanon

## Key Indicators

The year	Exported Quantity (Millions of US Dollars)	The percentage against the overall Lebanese Exports
2004	148	10%
2005	191	11.4%
2006	187	10.7%

Source: the Lebanese Ministry of Industry

## Ratios of Agro-food industries Distribution by Sector



## Distribution of Permits in Agro -food industries by Mohafaza between 2002 and 2006

Bekaa	118
The South	26
The North	59
Nabatiyeh	28
Beirut	29
Mount Lebanon	275
<b>Total</b>	<b>535</b>

Source: the Lebanese Ministry of Industry

## Sector Highlights



Agro-food industries play a vital role in the Lebanese economy. They are considered as a chief industrial sector and constitute 4.5% of the Gross Domestic Product. The productive power of the agro-food industry represents more than 26% of the overall industrial production, and recruits 3% of the overall labor force. It is one of the most exporting Lebanese industries, for its products head for more than 75 countries around the world.

According to a field survey, prepared by the Guide of Exports and the Lebanese Industrial Enterprises in late 2005, the number of the agro-food industry factories in Lebanon accounted for 4500, and the industry is ranking first amongst other industrial sectors in terms of numbers. The labor force working in this industry is estimated at around 26,000, knowing that 70% of factories employ 4 workers and less. As for the turnover, it is estimated at a billion dollars annually.

This sector is one of the sectors enjoying locally the highest added value, varying between 55 and 80%. This industry is distributed on 12 sectors, some of which rely on the Lebanese agricultural production such as vegetables, pickles, oil, olives, distilled water; the others depend on imports from Canada, Australia, UK and Sudan, where sesame is particularly imported. As for the most eminent industries in this sector, they are bread and pastries, representing 48% of overall food factories, followed by sweets and confectionaries with 23%.

Despite the importance of this industry at the local level, its production is not sufficient for the Lebanese Market. Indeed, Lebanon imports many food products from abroad, which creates an 80% deficit in the trade balance of agro-food industries. The major imports are: cheese, milk, meat, wheat, corn and rice. As for the major exports in this sector, they are: canned food, mineral water, wine and tobacco.

Aware of the importance of the role of the agro-food industry, the Lebanese State supports this sector, through IDAL's AGROMAP Program. This support is embodied in sponsoring the Lebanese pavilions participating in the specialized regional and international fairs, by covering the costs of the pavilion's rent and setting. These fairs include among others: Gulfood (Dubai), SIAL (Paris), ANUGA (Germany), Fancy Food Show (New York), etc... The objective of this program is to introduce the local products and reinforce their capacity to access international markets. The program was positively reflected in the size of this sector's exports, which increased between 20 and 30% year after year, according to the Syndicate of the Lebanese Agro-food industries.

In the sector of agro-food industries, the value of investment projects that benefited from the incentives of the Investment Development Law 360, granted by IDAL, reached around 19 million dollars. These projects, which created 262 job opportunities, were exclusively concentrated in the Bekaa area. They constituted 9.7% of the overall projects that passed through IDAL.