




INVESTMENT DEVELOPMENT
AUTHORITY OF **LEBANON**

Presidency of the Council of Ministers

A decorative graphic on the left side of the page consists of several 3D cubes and hexagons in various shades of green, blue, and teal, arranged in a pattern that suggests movement and connectivity. The cubes are rendered with perspective, showing their top, front, and side faces.

4th Arab-Hellenic Economic Forum

Athens, 3-4 June, 2015

HEADLINES

- 1. Arab Economic Overview
- 2. Lebanon Economic Overview
- 3. What Are The Investment Opportunities?
- 4. About IDAL
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Macroeconomic Overview - 2013

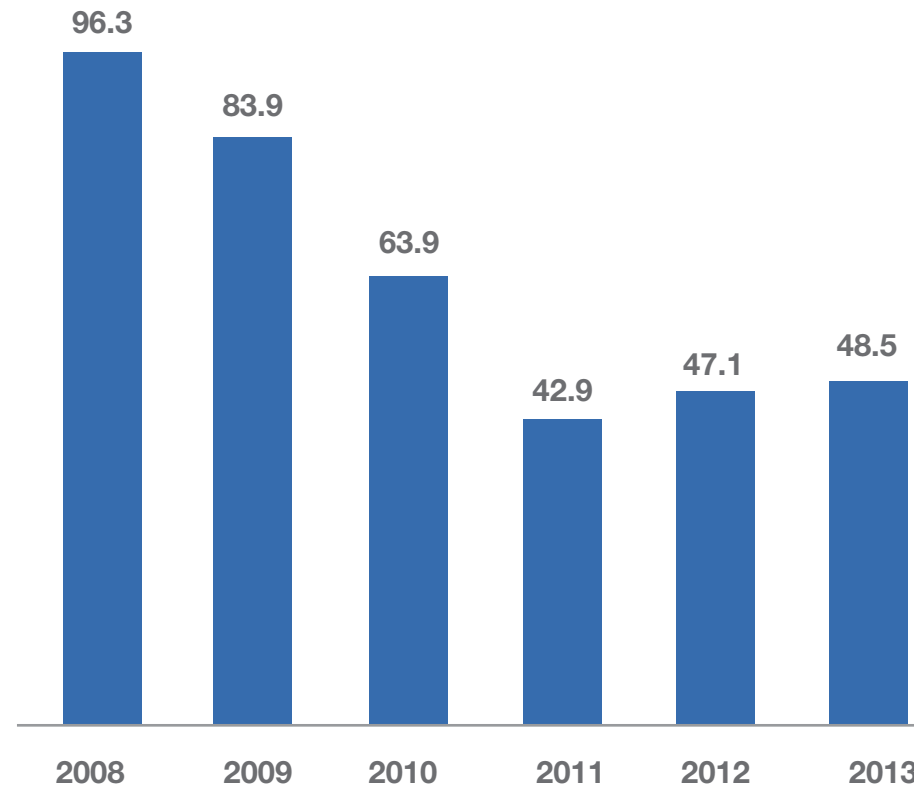
1

	Arab World	World	Arab World as % of World
GDP (USD Trillion)	2.853	75.62	3.80%
Population (million)	369.8	7,162.1	5.20%
Labor Force (million)	112	3,314.90	3.40%
Surface (sq. Km)	8,775.40	134,324.7	6.50%
FDI Inflow (USD billion)	48.5	1,461.00	3.30%
FDI Inflow Average Growth Rate (%)	26.1	10.9	-
FDI Outflow (USD billion)	29.5	-	-
Inter- Arab FDI flows (USD billion)	53	-	-

FDI Inflows into the Arab Country

2

INWARD FOREIGN DIRECT INVESTMENT TO ARAB COUNTRIES IN USD BILLIONS (2008-2013)



- UAE and KSA accounted for more than 40% of the overall inward FDI to Arab countries.

* *Oil Economies*

Outward FDI flows from Arab Countries

3

For the period between 2001 and 2012, Kuwait, UAE, Saudi Arabia and Bahrain accounted for 81% of the total FDIs approximately.

- Kuwait ranked 1st with a stake of 34.3% of the total outflows
- UAE which ranked 2nd with a stake of 24.3% of the total outflows
- Saudi Arabia came in 3rd place with a stake of 13.7%.

FDI Inflows into the Arab Country

4

- Jordan, Bahrain, Kuwait and Saudi Arabia attracted more than 78% of the total inward inter-Arab investments by 2012, according to the UNCTAD.
- Kuwait, Saudi Arabia, UAE and Qatar were the main sources of outward inter-Arab investments representing more than 66% of the total in 2012, according to the UNCTAD.

Special Programs by the Government to Attract Investments

5

Country	Program
UAE	<ul style="list-style-type: none"> • financial Incentive Program” to invest in physical Gold: support investors to own “Visions of Dubai” series of gold coins. • Education Hub: A region intended to attract foreign investment, retain local students, by providing access to high-quality education and create a knowledge-based economy. • Dubai Silicon Oasis Authority, a 100% government-owned free zone that promotes modern technology based industries
KSA	<ul style="list-style-type: none"> • “CADRE” is established by the Saudi Investment authority to find and train local talents to become globally competitive, locally employed through innovative training and development solutions.
Jordan	<ul style="list-style-type: none"> • Establishment of “investment Window” that has full authority of the licensing and approval processes of new investments within a 30-day time frame.
Egypt	<ul style="list-style-type: none"> • In 2015 Egypt's cabinet approved a draft law on investment. The legislation creates a "one-stop shop" to make Egypt more attractive for foreign investment. • The bank devalued the Egyptian pound by nearly 7% against the U.S. dollar. • The government limited policy and legal uncertainty to attract private investment by issuing a law that immunized public contracts from administrative court oversight.
Lebanon	<ul style="list-style-type: none"> • Plans to amend some decrees in Investment Law No.360 • Programs in place to encourage Business Process Outsourcing • Programs in place to attract Diaspora Direct Investments • Rise of incubators and accelerators as well as digital cities

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LEBANON IN FIGURES

1

GDP: USD 47.5 billion

GDP per Capita: USD 10,530.8

Population: 4.5 million

Urban Population (% of total): 87%

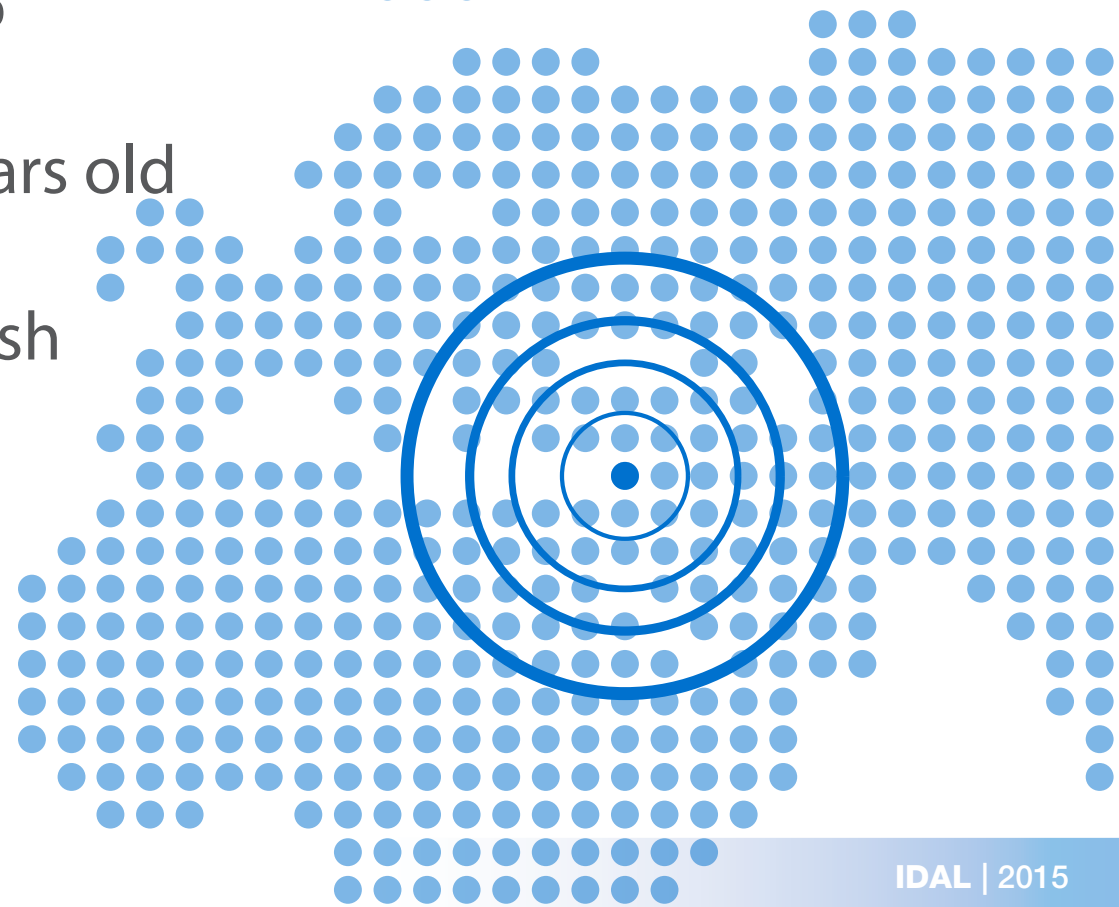
Labor Force (million): 1.48

Average Age of Labor Force: 29 years old

Languages: Arabic – French – English

Average Inflation Rate: 3.5%

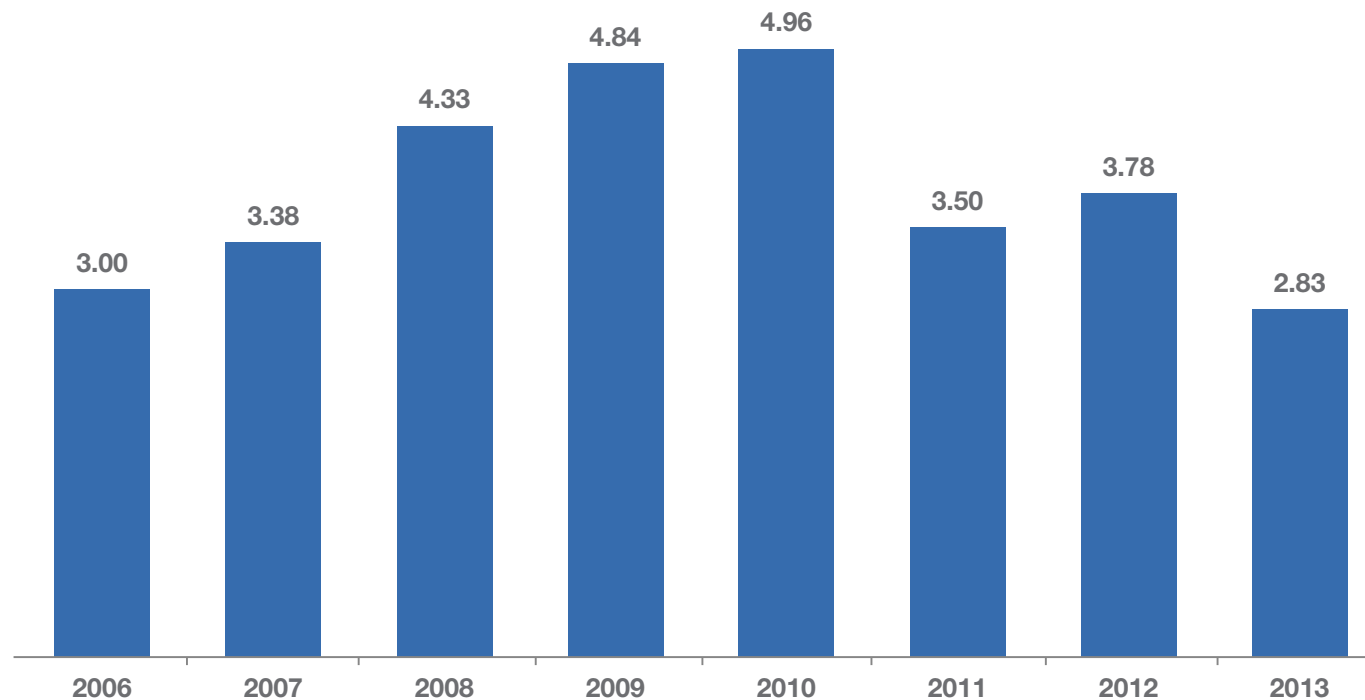
Unemployment: 13%



Despite the current geo-political climate, Lebanon continues to attract investments into the country...

2

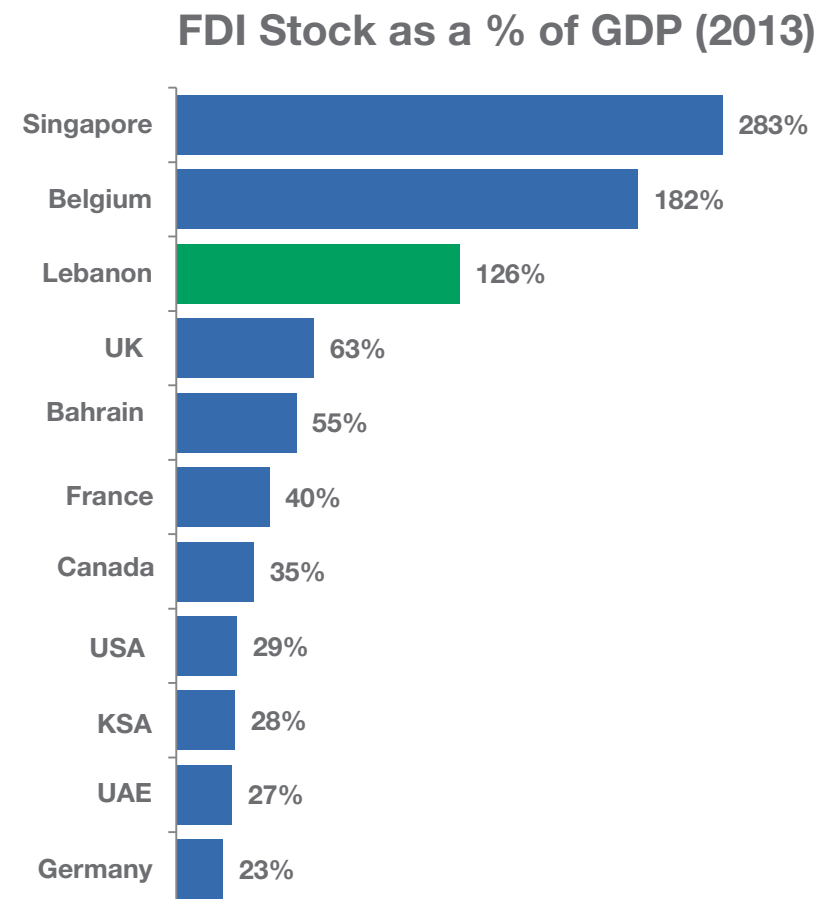
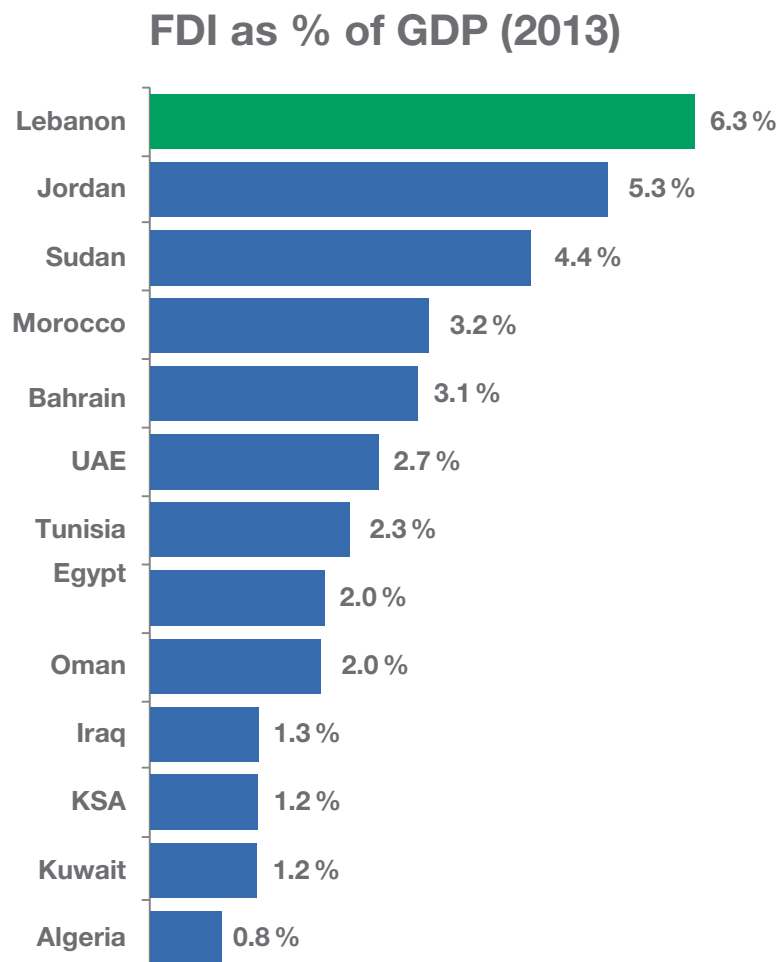
FDI Inflows to Lebanon
(USD billion) (2006-2013)



Source: UNCTAD - World Investment Report 2014, IMF

Relatively to GDP, FDI and FDI stocks to Lebanon remains among the highest, regionally and globally...

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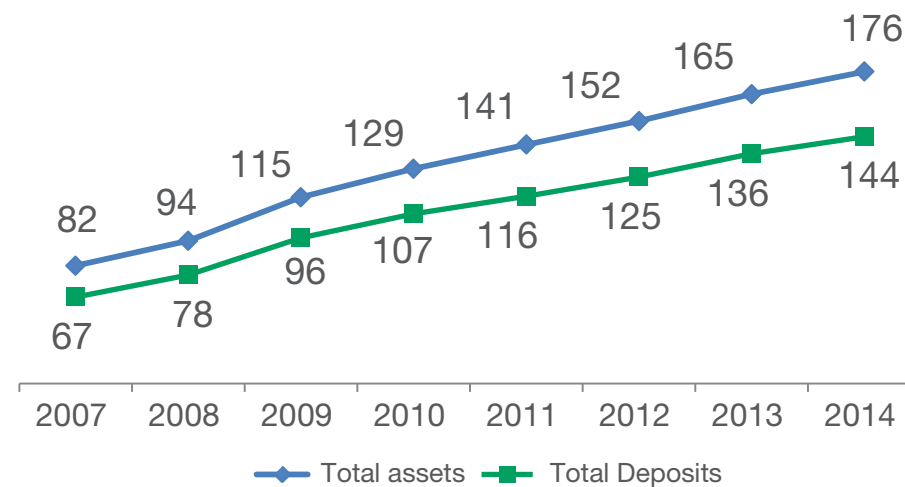


Source: UNCTAD - World Investment Report 2014, IMF

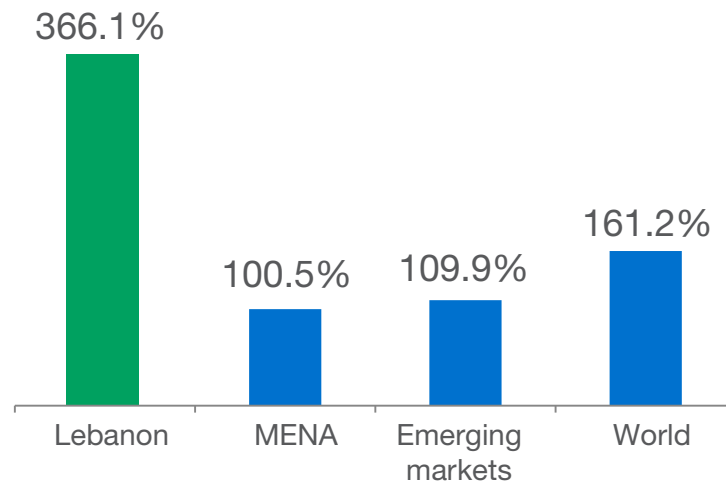
Banking sector performance has also shown resilience as demonstrated by the increasing asset base of banks and the liquidity ratio

4

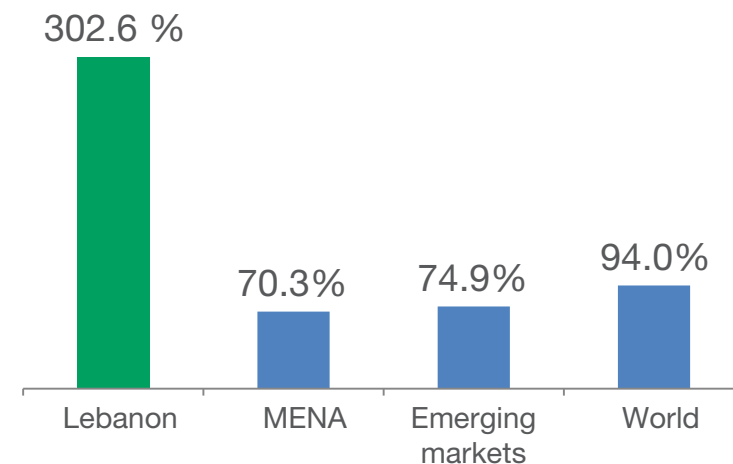
Evolution of Assets and Deposits
(USD billion) (2007 - 2014)



Assets to GDP ratio (2013)



Deposits to GDP ratio (2013)

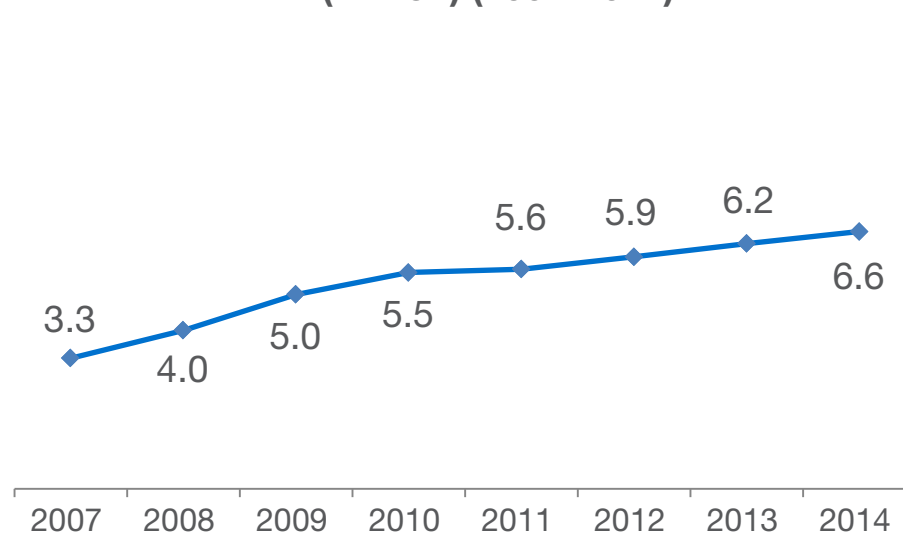


Source: Audi Bank

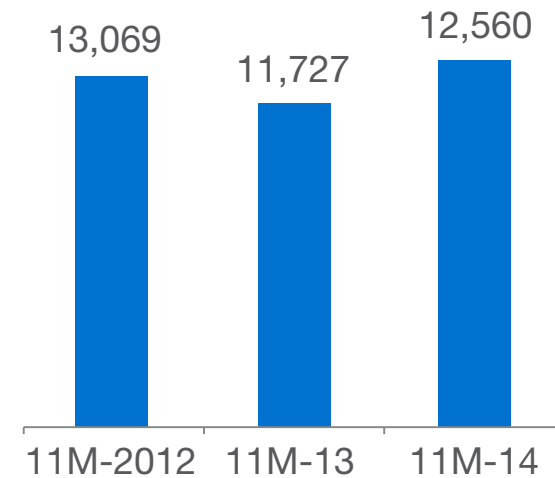
Economic activity in Lebanon has gained traction over the last year as demonstrated by the number of construction permits, and passenger arrival

5

Number of Passengers at the Airport
(million) (2007-2014)



Construction Permits
(000s SQM) (2012-2014)

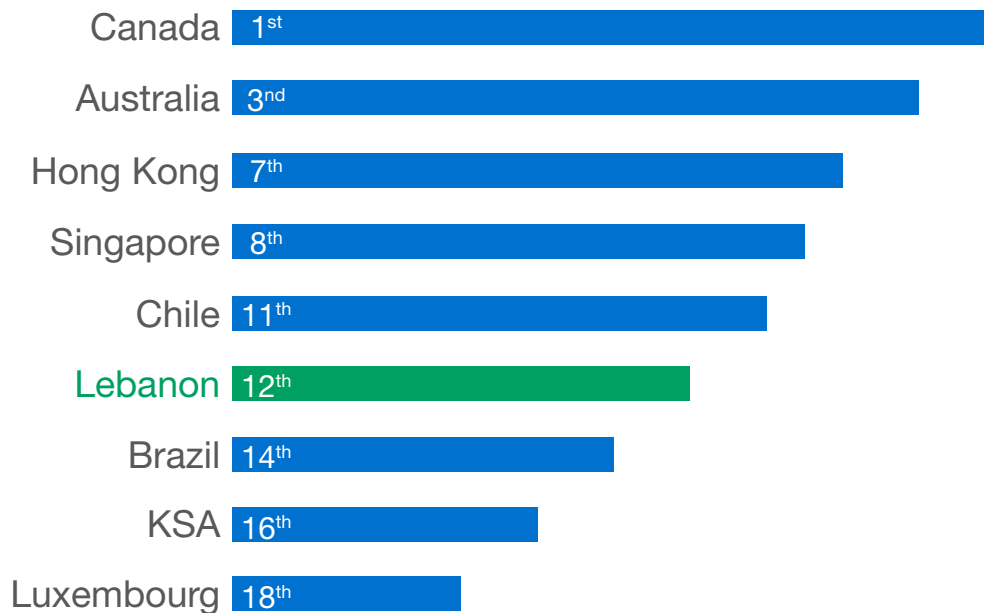


Source: Audi Bank

Lebanon offers key advantages to investors through a very sound banking system and minimum restrictions on capital flows

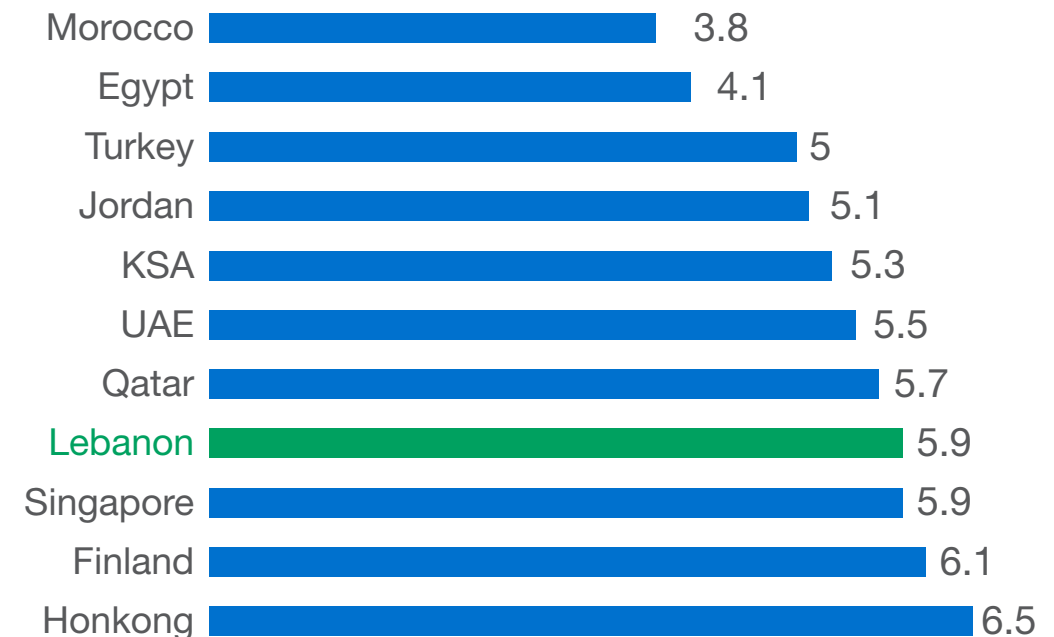
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**Resilient Banking Sector:
Soundness of Banks Rankings
(2012)**



Source: World Competitiveness Report (2012)

**Restriction on Capital Flows
(2010)**

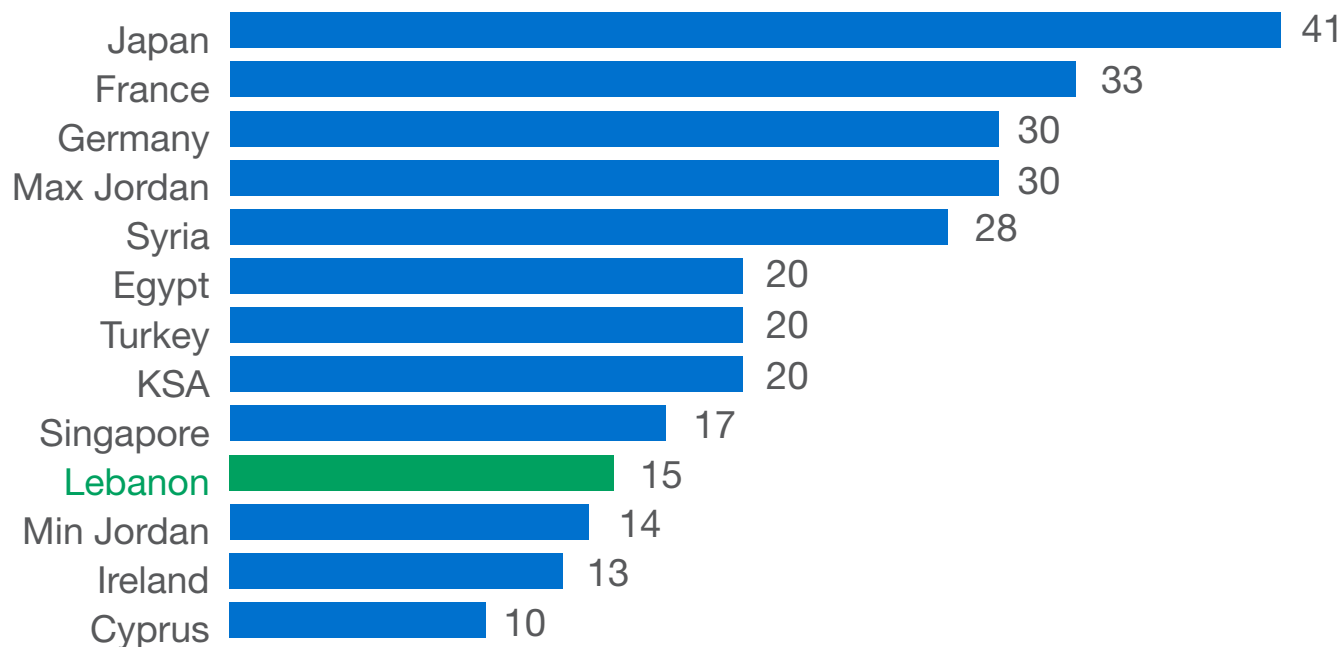


Source: World Economic Forum

Lebanon has one of the lowest taxation schemes and fiscal charges in the world, with only 15% corporate tax rate

7

Favorable Investment Environment: Corporate Tax Rate (%)



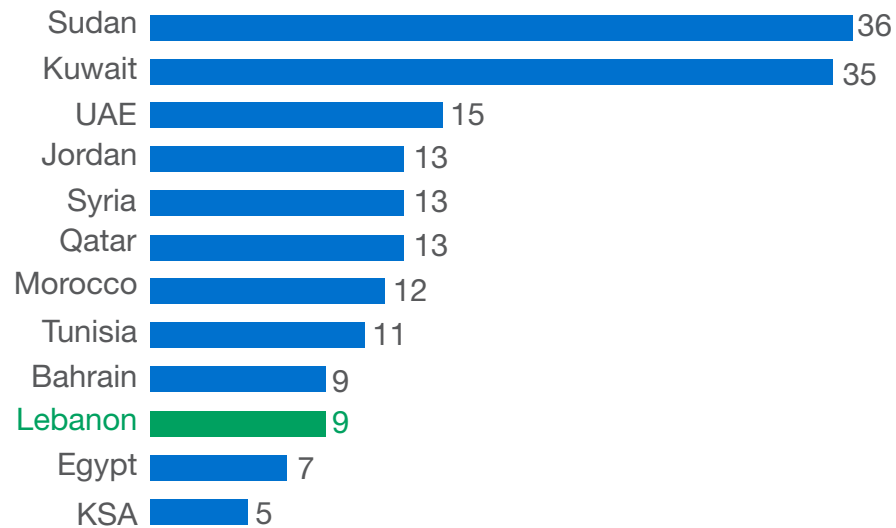
Lebanon is one of the few countries that still enjoy a flat rate, which is more beneficial to investors than the progressive rates currently adopted in most countries.

Source: Country's Investment Promotion Agencies

... And pro-business environment

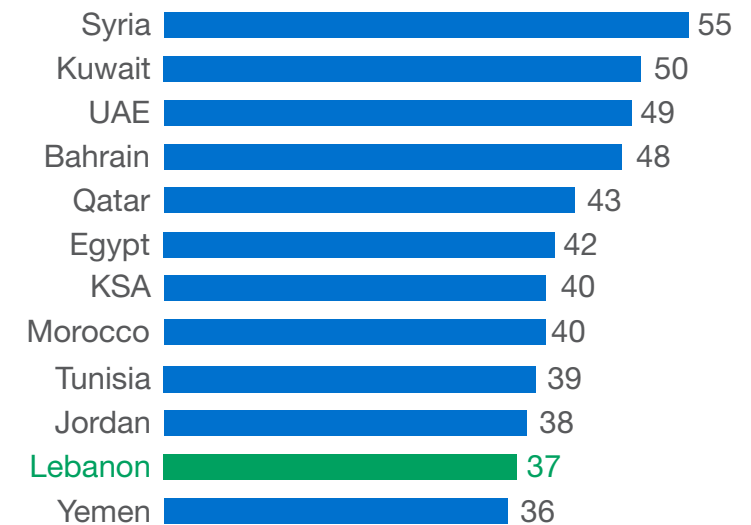


**Number of Days
to Start a Business
(2012)**



Source: World Bank (2012)

**Number of Procedures to
Enforce a Contract
(2012)**

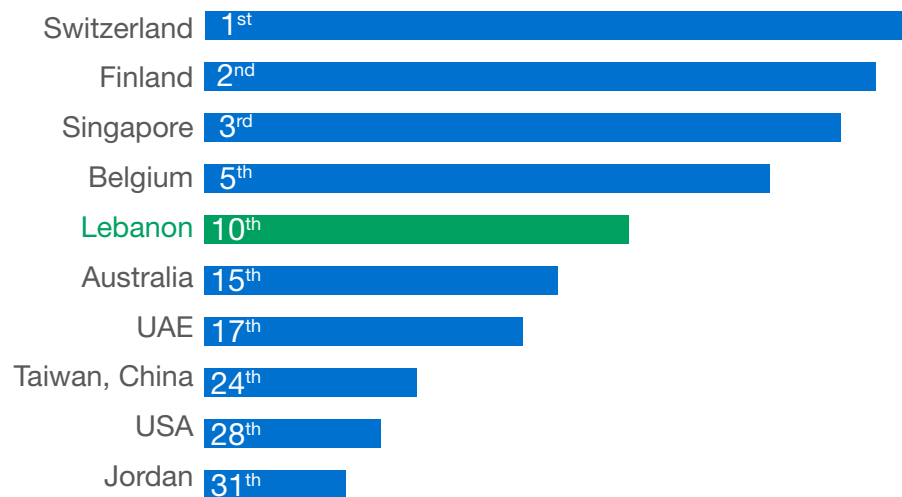


Source: World Bank (2012)

One of the best educational systems internationally, resulting in a trilingual, highly qualified labor force

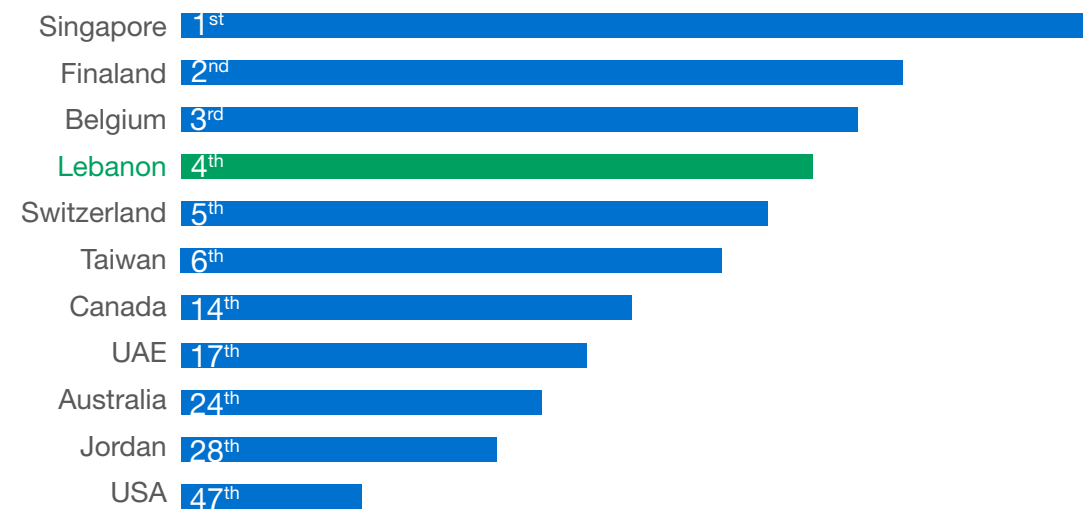
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Overall Quality of Education
(2012)



Source: Global Competitiveness Report (2012 - 2013)

Quality of Math & Science Education Index
(2012 - 2013)



Source: Global Competitiveness Report (2012-2013)

- National literacy rates stand close to 90%
- Many Lebanese students pursue higher education in Europe, the US, and the Arab countries

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Selected on their readiness & potential for development
These sectors were included in **Law 360** in 2001

EIGHT SECTORS ARE ELIGIBLE FOR OUR INCENTIVES

IDAL PROVIDES INCENTIVES TO
EIGHT SECTORS WITH GROWTH
POTENTIAL AND READINESS FOR
DEVELOPMENT



INDUSTRY



FOOD AND
BEVERAGES



TOURISM



AGRICULTURE



INFORMATION
TECHNOLOGY



TECHNOLOGY



TELECOM



MEDIA



TOURISM

A market with high undersupply

HEALTHCARE TOURISM SECTOR

WHY IS THERE POTENTIAL?

- **One of the fastest growing sector in Lebanon**, with an average of 13% annual growth recorded between 2005 and 2009.
- **Directly contributes to 10% of the country's GDP** and indirectly to around 35%
- **One of the largest employer in the country:** generating 125,000 direct jobs in 2011 and 448,500 direct and indirect jobs in total
- **Tourists spending** in Lebanon hovers at USD 3,000 per visit, one of the highest rates in the world.

WHERE ARE THE OPPORTUNITIES?

- **SPAs and wellness centers:** today there are very few destination wellness resorts in Lebanon and ample opportunities.
- **Three-stars and four-stars hotels;** there is a high demand for this segment and currently it is under-supplied.



MEDIA & DIGITAL MEDIA

A New Growing Market.

Lebanon home to one of the most significant media industries in the Middle East

MEDIA & DIGITAL MEDIA SECTOR

WHY IS THERE POTENTIAL?

- The **online platform** in the Arab World is expected to be worth nearly **1 billion by 2016**
- **Digital game sales expected to grow at 29%** in the Arab world, while growing at a rate of 17% worldwide
- Lebanese companies have high export orientation and regional integration
- A qualified labor force with outstanding capabilities
- **The media industry accounts for around 2.53 % of the Lebanese national output**, with a turnover of around USD 1 billion, and a value added of around 55.3 %

WHERE ARE THE OPPORTUNITIES?

- **Production and Post-Production facilities:** Lebanon has the potential to become the hub in production and post production
- **Online Advertising**
- **Online Gaming:** Today there are only few companies involved in gaming and as such there are ripe opportunities
- Specialized **3D Animation**
- **Development of Arabic content:** supported by Lebanon tri-lingual workforce and less than 1% of content in the Arabic Region is actually in Arabic, whereas more than 60% of users in the region tend to prefer Arabic content.

ICT

A sector with great potential and unexploited niches

ICT SECTOR

WHY IS THERE POTENTIAL?

- **Lebanon ranked 3rd in the MENA region** in terms of ICT Development skills index which captures ICT capabilities and skills.
- Skilled and creative labor force: due to a world-class educational system: **Lebanon 10th globally in the overall quality of education**, and 4th globally in the quality of math and science education.
- Most Competitive wages in software development
- The sector currently employs close to **7000 high-skilled individuals**, with demand for ICT skills significantly increasing on a year-on-year basis

WHERE ARE THE OPPORTUNITIES?

- **Software development** and specifically in the development of mobile applications
- **Off-shoring for software production:** As a sub-contractor production for European software houses
- **E-Platforms:**
 - E-commerce with opportunities available in the banking and healthcare sectors
 - E-marketing centers for the business sector
 - E-commerce for enhancing exports of Lebanese products
 - E-music provider in Arabic language
- **IT Security:** Network security monitoring centers
- **Tele-Health services:** Various services as tele-diagnostic, distance monitoring, expertise

THE TECH SECTOR

A new growing sector with high potential
for Lebanon to serve as outsourcing base

THE TECH SECTOR

WHY IS THERE POTENTIAL?

- Lebanon is moving up the value chain in the ICT sector, diversifying from software development to the manufacturing of ICT components
- Opportunity for **Lebanon to become outsourcing base** for the manufacturing of electronics due to its low cost compared to the region and EU wages
- **Competitive salary base:** the average wage of software engineers is nearly 40% lower than in the GCC and nearly 50% lower than in selected developed economies
- A technology cluster is fast Emerging
- Around **3000 engineers** graduate each year and join a labor force

WHERE ARE THE OPPORTUNITIES?

- **Manufacturing of ICT Components** and more specifically the manufacturing of communication equipment, computers and peripherals, fiber optic cables, other electronics and wire cables, manufacturing of electronic equipment and boards
 - **Manufacturing of Medical Components** manely the manufacturing of healthcare equipment & supplies such as prosthetics
- Research and Development** in the following areas: Biotechnology and the development of genetic research. With proper cooperation with universities this sector has potential to grow

AGRICULTURE

Ripe with opportunities with Arab investors looking for arable land

AGRICULTURE SECTOR

WHY IS THERE POTENTIAL?

- **Ideal climate and landscape:** with agricultural areas covering around 26% of the Lebanese territory.
- **Rich soil** favor versatile and high quality agricultural production.
- **Abundant water resources:** Rainfall in the country is significantly higher than the regional average.
- **Exposure to a wide market:** Lebanon is a point of entry to the Middle Eastern market
- **High government support for the sector:** Investors obtain soft loans at low interest rates. IDAL has also in place its Agri Plus program that monitors quality control of Lebanese fresh produces to meet international standards

WHERE ARE THE OPPORTUNITIES?

- **Fish farms**
- **Traditional farms** and vegetables and eggs
- **Packaging centers**

PHARMACEUTICALS

Joint venture opportunities with Lebanese firms

PHARMACEUTICAL SECTOR

WHY IS THERE POTENTIAL?

- Top schools offering specialized and avant-garde programs in Chemistry and Pharmacy
- **Rapidly growing health services market: In 2012, imports were estimated at USD 970 million, an increase by 12.9% from 2010 levels.**
- **Sector dominated by 13 pharmaceutical companies mostly**
- Importers share in the market is 92%-95% (146 importers/agents)
- More than 6,346 pharmaceuticals products and 2,185 community pharmacies
- IP system that protects patents

WHERE ARE THE OPPORTUNITIES?

- **JV for Patented Drugs**
- **Production of Generics**
- **Production of OTC Drugs**
- **Production of Natural Products**

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**The Government of
Lebanon, Through
IDAL, Offers
Investors a Range
of Facilitation
Services and Fiscal
Exemptions**

About Us

The National Investment Promotion Agency of Lebanon

History

Established in 1994 with the aim of promoting Lebanon as a key investment destination and attracting, facilitating & retaining investments in the country

Governance

IDAL reports to the Presidency of the Council of Ministers (who exercises a tutorial authority over it) and has financial and administrative autonomy

Legislation

Investment Law No. 360 was enacted in 2001 to regulate investment activities in Lebanon

OUR MANDATES

INVESTMENT PROMOTION

- Provide economic, commercial and legal information of relevance to investors
- Identifies business opportunities across various economic sectors
- Provide in depth analysis of sectors
- Grant fiscal exemptions and fees reduction to investment projects
- Facilitate issuance of permits and licenses
- Provide on-going support for investment projects
- Actively promotes Lebanon as key investment destination

EXPORT PROMOTION

- Provide data on external markets
- Support companies in selected sectors in accessing external markets
- Provide promotional materials
- Subsidize participation in foreign fairs
- IDAL currently has in place 2 export promotion programs:

1 Agri Plus (2012):

Which provides subsidies and support to exporters of agricultural products

2 AGRO MAP (2004):

Which subsidizes the participation of agro food companies in foreign fairs licenses

IDAL Offers Investors a Range of Services Throughout Their Different Stages of Operation

1 Pre-Investment Stage

MARKET INTELLIGENCE

Information on investment opportunities. Data on economic sectors with growth potential.

Legal, financial, industrial information. Data on investment climate. Business Matchmaking support

2 Financing Stage

PACKAGE OF INCENTIVES

Fiscal incentives:

Exemptions from corporate income tax generated by the project which can go up to 100% exemption for 10 years

Financial incentives:

Fees reductions such as reduction on land registration fees

Non-Financial Incentives:

Employees for the project are granted work permits with the support of IDAL

3 Licensing and after-care Stage

ONE STOP SHOP

IDAL serves as a One Stop Shop for Investors. We supersede all public administrations, authorities and municipalities in issuing administrative permits and licenses except those granted by the Council of Ministers. We follow up with investors after the start of their operations

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INVESTMENT DEVELOPMENT
AUTHORITY OF LEBANON



Lazarieh Tower, 4th Floor, Emir Bechir Street,
Riad El-Solh, Beirut, Lebanon

P.O.Box: 113-7251

www.investinlebanon.gov.lb



T + 961 (1) 983306/7/8

F + 961 (1) 983302/3



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



@Invest_Lebanon



/investmentdevelopmentauthorityoflebanon



/InvestInLebanon



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