

In collaboration with

Lebanon Industry 2025



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1. Introduction

FACTS

- Lebanon entrepreneurial capabilities and skills.
- The industrial sector Status Quo:
 - ✓ Before civil war
 - ✓ After Syrian war (repercussions on entire economy, unemployment rate \simeq 36 % of Lebanese youth).

STATS

- Employment in industrial sector in 2016: \simeq 134,000 workers (MOI-2017).
- General Industrial Output: \simeq \$13.2 billion (25% of Lebanon's GDP estimated at \$ 53 billion).
- Industrial Exports: \$2.474 billion in 2017, 18.7% of industrial output (MOI-2017).

MOI Objectives

- **Promote** : Integrated production, specialization, industrial exports.
- **Expand** : The domestic market for the Lebanese sustainable products
- **Implement** : SDGs of 2030 Agenda

MOI tools

- Rehabilitation of the existent Industrial Zones
- Establishing new sustainable IZs

(In alignment with MOI's Vision "*Lebanon Industry 2025*" and its "*Strategic Plan 2016- 2020*").

1.1 MOI Strategic Plan for the Lebanese IZs

Vision

“Industrial Zones that contribute effectively and consistently to the implementation of the sustainable development Goals of 2030 Agenda”.

Mission

“Establishing, organizing and conducting the advanced Lebanese Industrial Zones and contributing to its sustainability, activation, protection and development”.

****The powers of the MOI derive from the laws and regulations ruling the industrial sector, in particular law no. 642 of 2/6/1997 (Establishment of the MOI).*

1.2 Functions of the MOI

Pursuant to article 2 of law 642/97

- Organize, coordinate, protect and develop national industries.
- Permit industrial enterprises, inspect and control their compliance with standards and specifications.
- Suggest the creation of Industrial Cities and Zones by specific classifications.
- Conduct economic studies, researches, industrial statistics and promote industrial products in domestic and foreign markets.

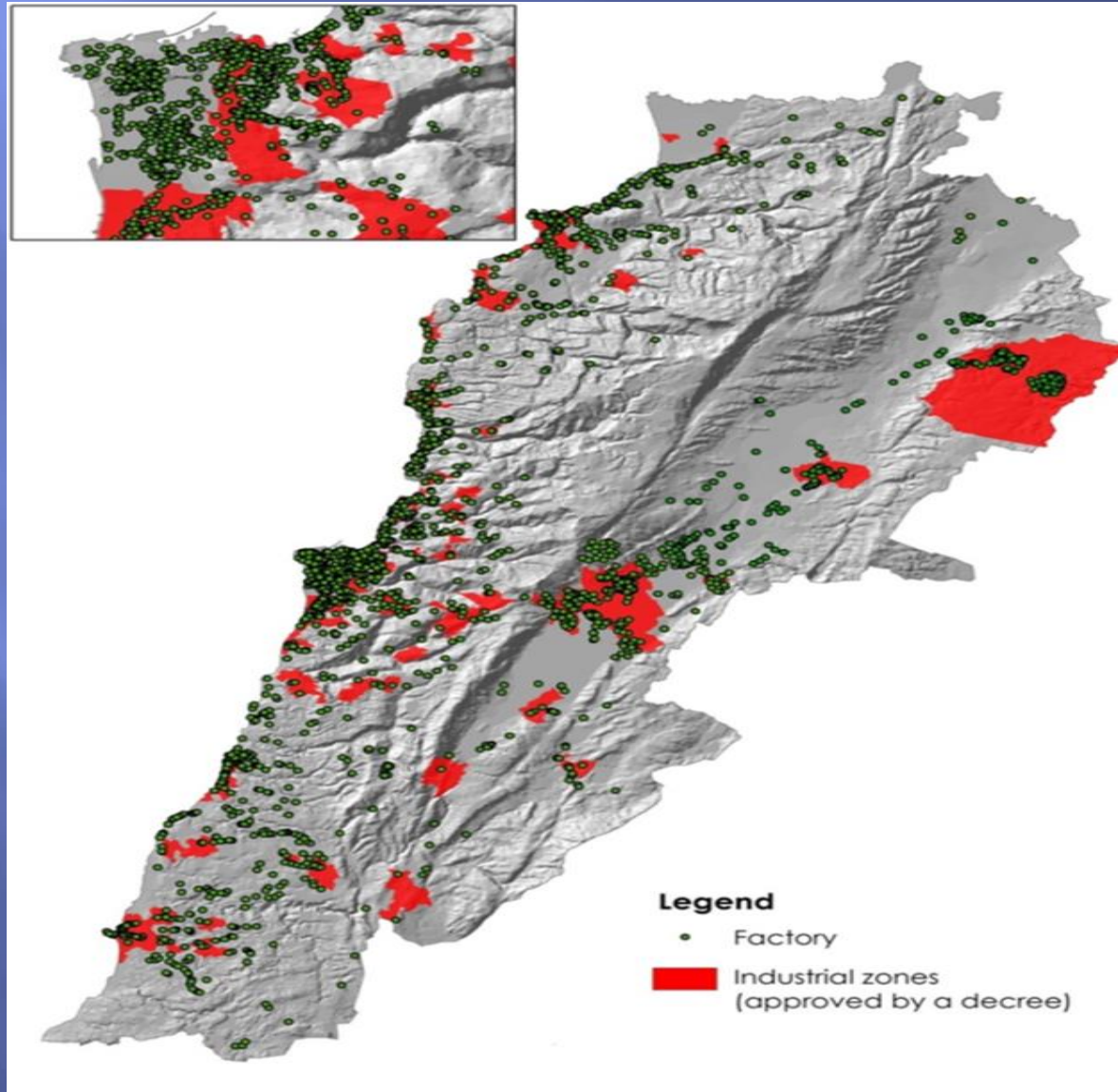
2. Operational Goals of IZs Strategic Plan

The MOI: from a regulator → to a strategic leader, supervisor and partner to the private sector and all stakeholders in Lebanon's future industrial development.

Five Operational Goals

1. Establish new sustainable organized IZs in all Lebanese regions and organize the existent ones.
2. Establish database about existing and prospect IZs to facilitate conducting analyses, researches and studies on relevant issues and trends.
3. Mobilize and coordinate with partners and stakeholders (from domestic/foreign private sectors, various entities of central/local governments, domestic/international funding agencies etc.) to attract financing and develop the Izs.
4. Develop the quality of infrastructure and business services offered by IZs to client enterprises.
5. Improve the capacity of the Industrial Zones Bureau at the MOI to guide, monitor and implement the strategy.

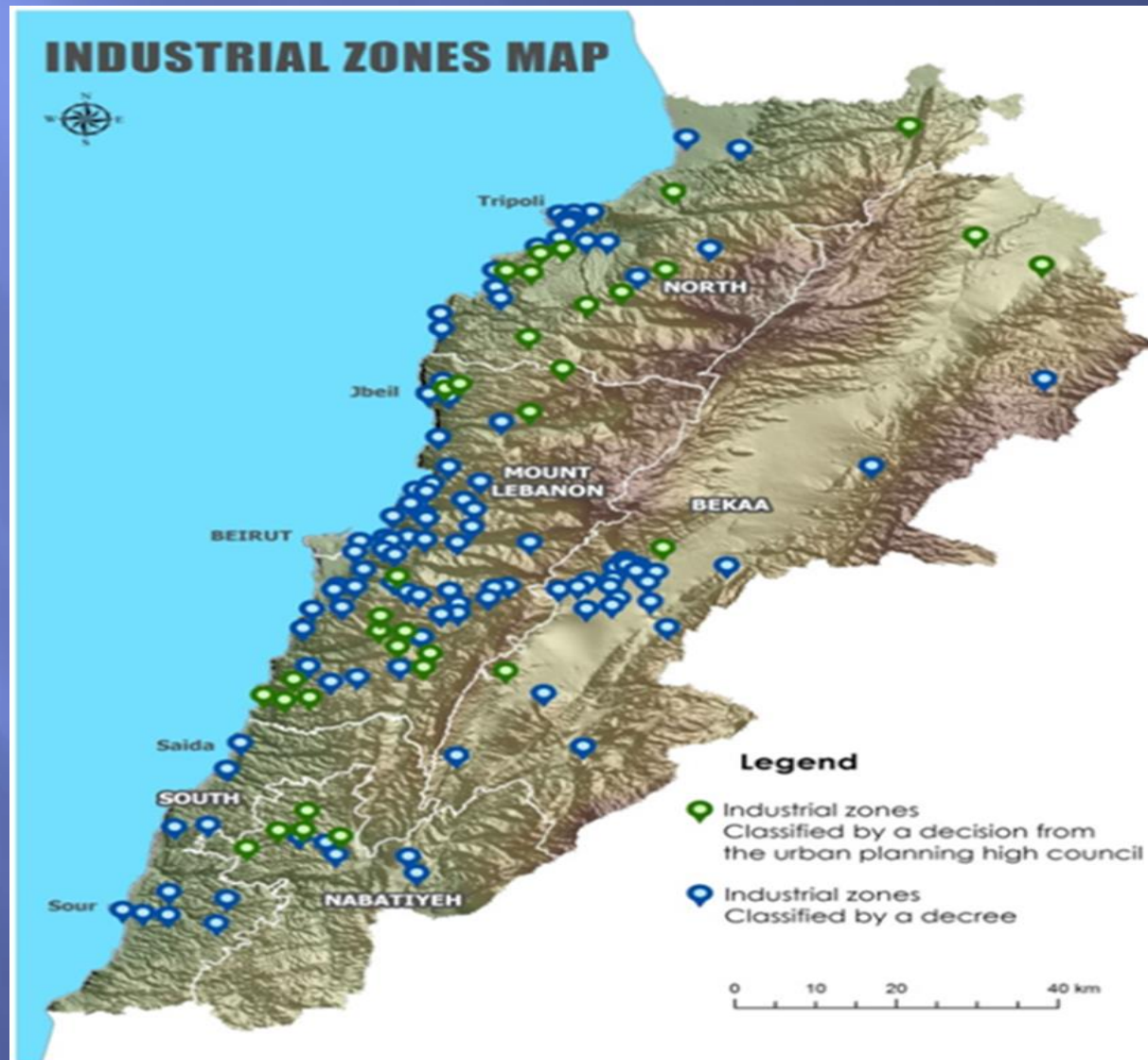
Figure1: Random distribution of factories and IZs in Lebanon (MOI-2017)



Notes:

- *Beirut, the Capital, does not have any classified Izs.*
- *Only a number of factories permitted previously & proliferated over residential areas due to economic and social instability and chaos.*

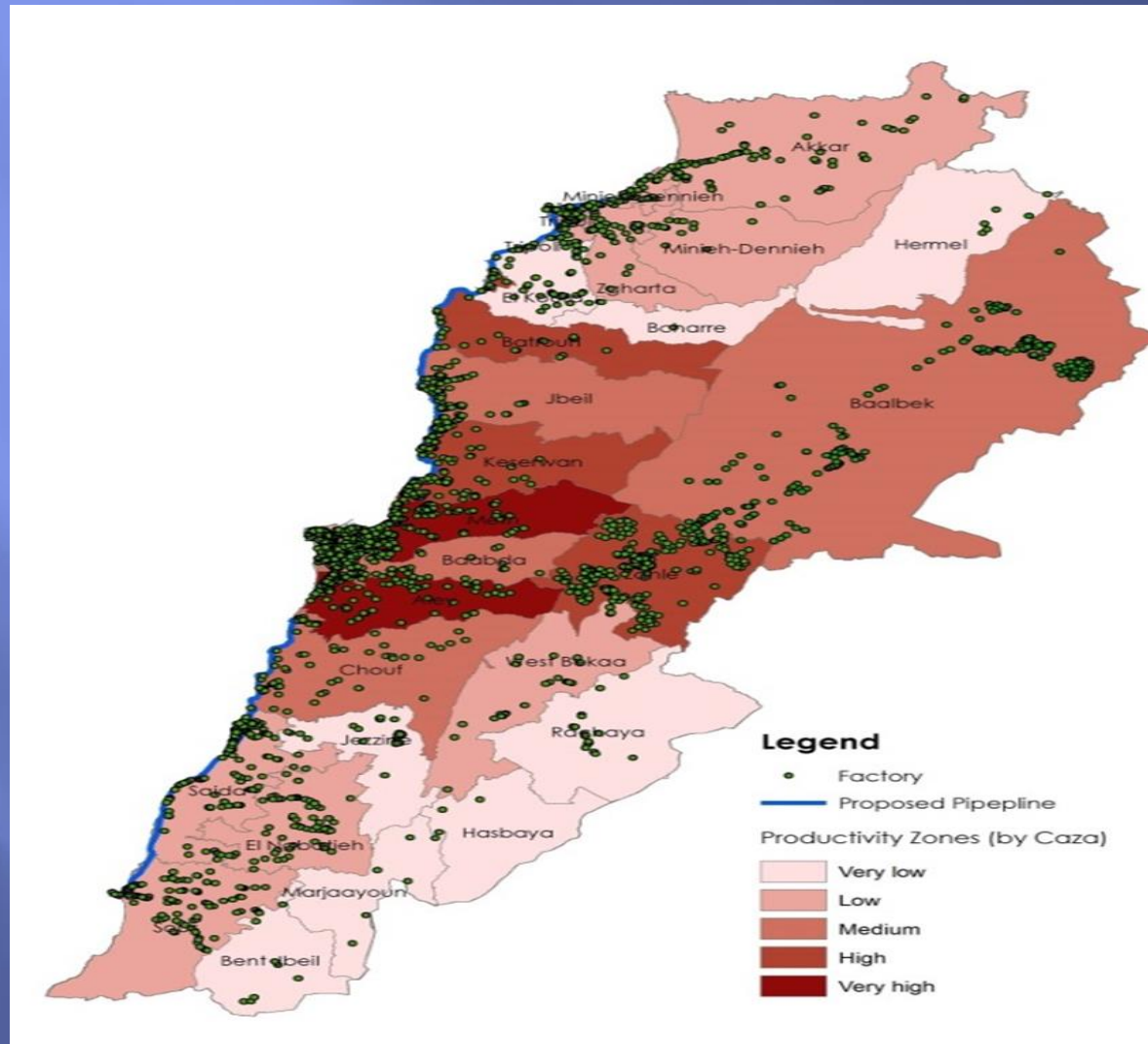
Figure 2: Current distribution of IZs within Lebanon. (MOI-2017)



Note:

- Industrial & business activities are concentrated in the coastal west of Lebanon, particularly in the greater Beirut and Mount of Lebanon regions

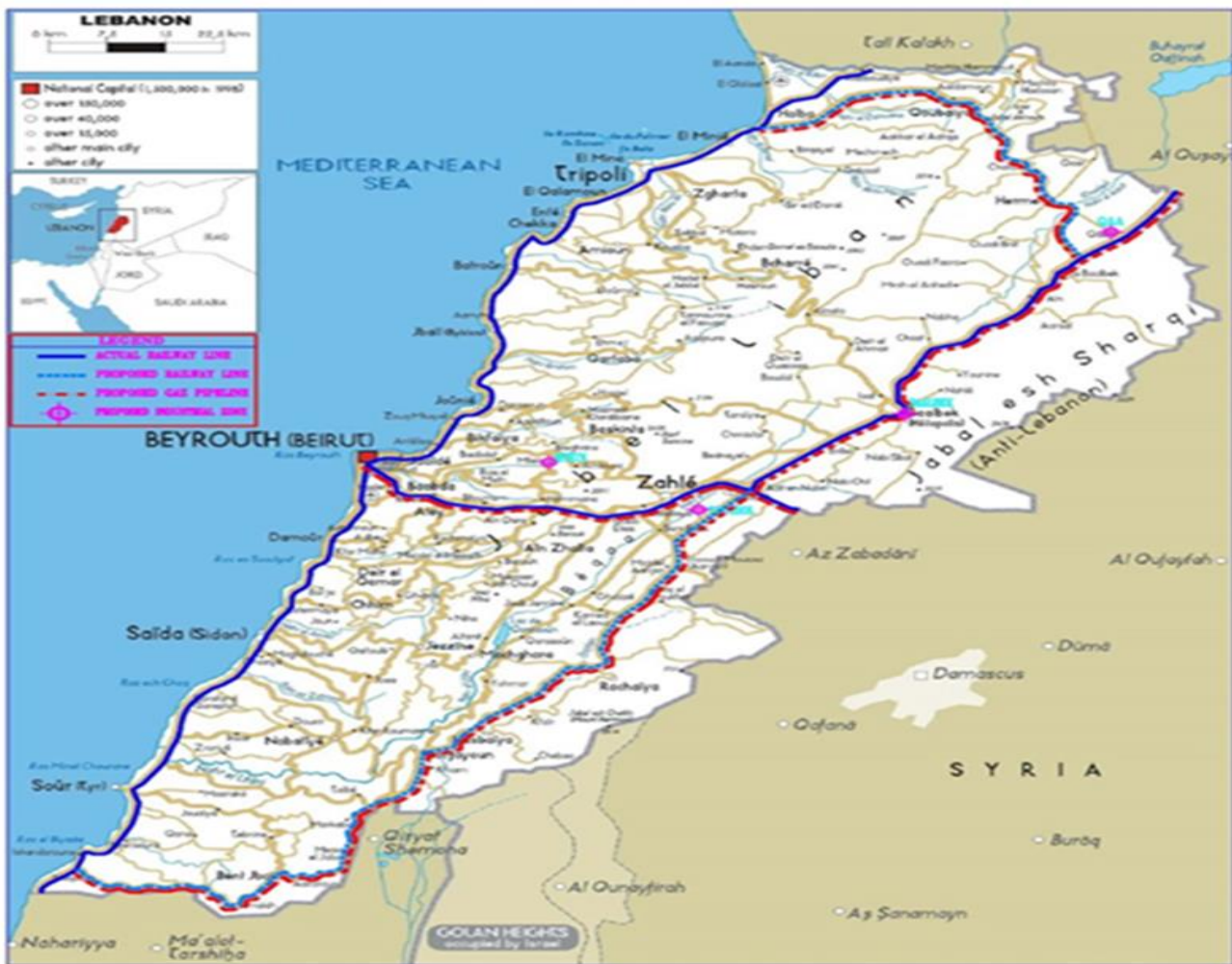
Figure 3: Random distribution of the IZs and factories per region:
(MOI-2017)



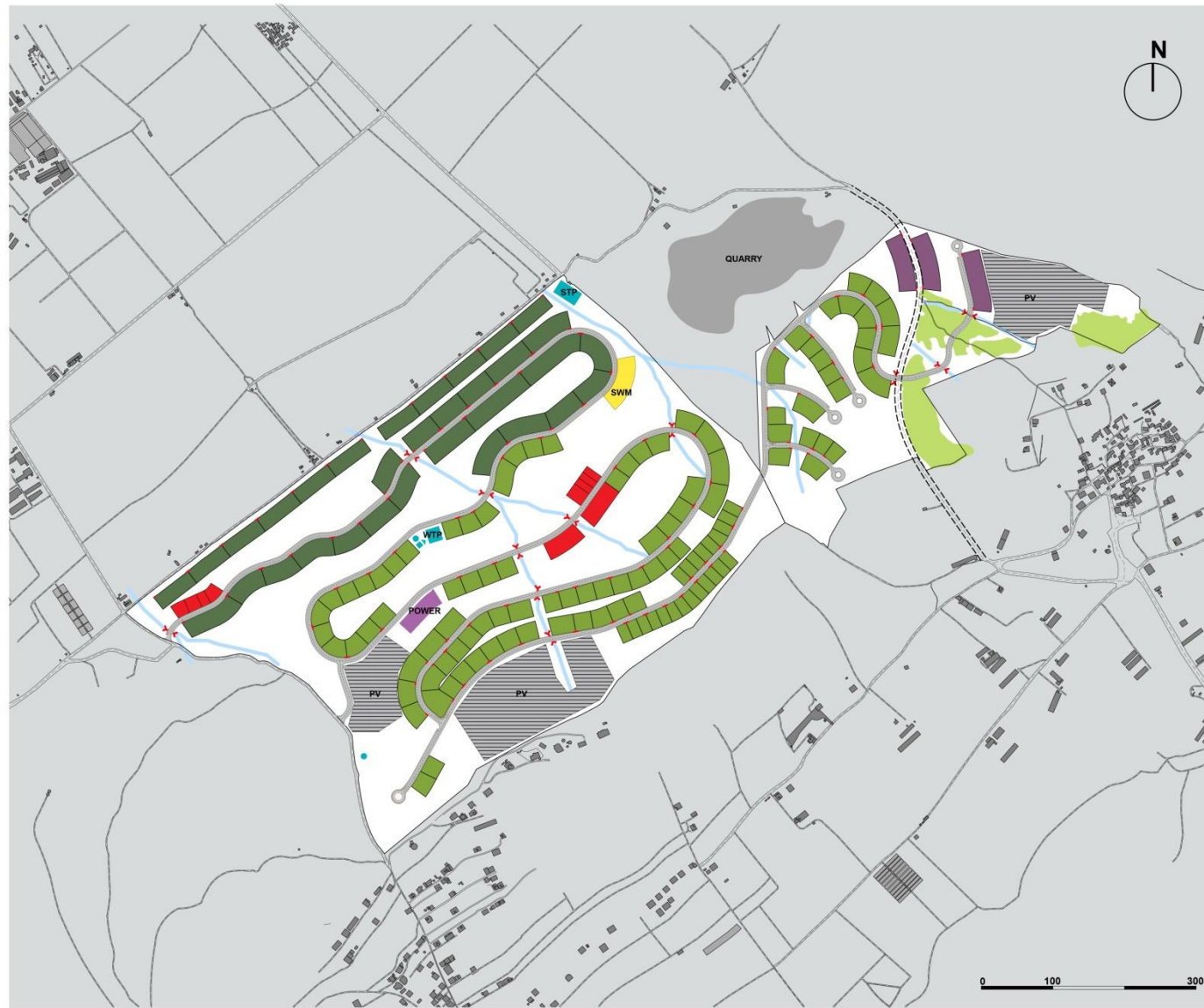
Number of factories permitted (by the ministry) per region up till 25/9/2018:

Mount of Lebanon	3121
Beirut	218
Nabatieh	270
South of Lebanon : 323	323
Akkar	76
North of Lebanon : 377	377
Baalbak-el Hermel :233	233
Bekaa	593
Total	5211

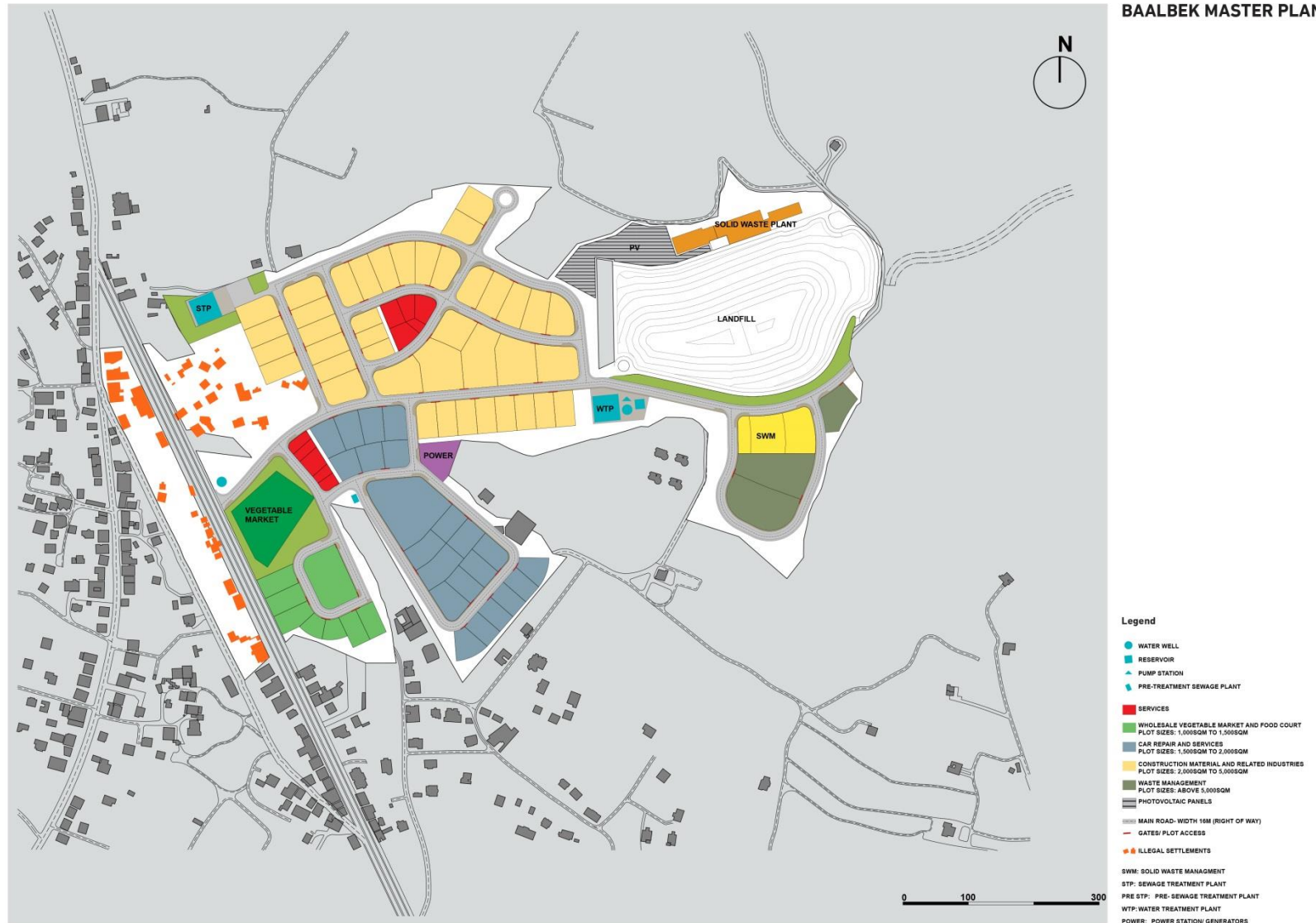
3- Integrated New Sustainable IZs Development Project (2018-2030)



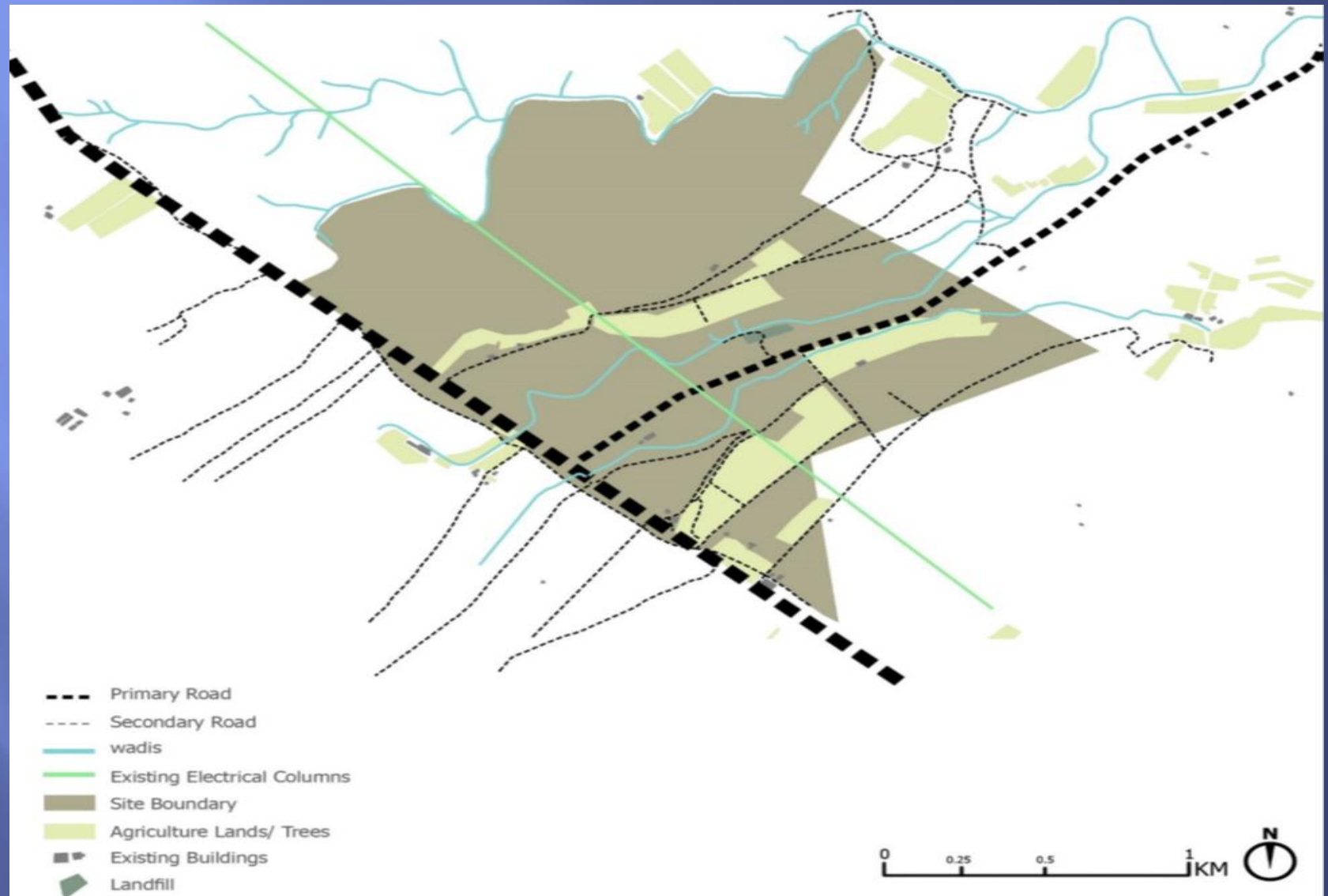
TOURBOL- KOSAYA MASTER PLAN



BAALBEK MASTER PLAN



Al-Kaa Master Plan



3.1 Overview of the project

Based on 6 main pillars:

3.1.1– Existing IZs:

- ❑ Infrastructure rehabilitation and building (*legal framework, roads, electricity, telephone, waste treatment, parking, green areas and buffers, fire fighting system, sewage, irrigation, medical center....*)
- ❑ Areas: Bourj Hammoud, Dekwaneh, Boushrieh (Near Nahr el-Mott), Boushrieh (Mar Maroun), Boushrieh (El-Barad El-Younani), Wata Amarat Shalhoub, Zalka, Biakout, Bsalim, Jdeideh, Mkaless, Sin El-Fil ,El- Hadath, Baabda, Kfarchima, Choueifat, Bchamoun ... to complete the contour line around the city of Beirut in the first phase.

3.1.2– New Izs:

- ❑ Constructing new and sustainable Izs, mainly in collaboration with UNIDO (Supporter and facilitator) in all Lebanese regions, along the contour line in the North, East and South of the country (figure 4 - red line).
- ❑ IZs project will benefit from:
 - Existing Railways on the coast of Lebanon.
 - New railways to be constructed along the whole line of the contour line to connect industries to coastal areas.
 - Ports and gas pipelines which will be nourished by offshore gas suppliers.
 - The contour line will connect Lebanese IZs to:
 - Syrian coast and Turkey from the North
 - Syria and Iraq from the Northeast
 - Syria, Jordan and Gulf countries and beyond (Silk Road)

3.1.3– Dry Port in Riyak– Bekaa:

- ❑ **What is it?** an inland terminal connecting the Izs with a seaport that can be used by industrialists to export their industrial products.
- ❑ **Dry Port Connections:** with Syria, Turkey and the Gulf countries.
- ❑ **Dry Port Services:** trans-shipment, consolidation, depot, maintenance of containers and customs clearance.
- ❑ **Benefits of Dry Ports:**
 - Shifting from road to railways
 - Reduced congestion at seaport gates and their surroundings
 - Coping with capacity constraints at seaport
 - Reduced external environmental effects along the route
 - Development of rural areas
 - Improved supply chain logistics
 - Reduced transportation cost
 - Serve as a depot (full and empty containers storage)

3.1.4- Natural Gas Power plants:

- ❑ Possibilities of establishing Natural Gas Power plants in the Industrial Zones to generate electricity by burning natural gas to meet the needs of the Industrial Zones and the surrounding regions.

3.1.5 - Artificial Tunnel:

- ❑ Constructing Fully Equipped Artificial Tunnel on Beirut-Bekaa road (from Bhamdoun till Chtoura) that keeps Bekaa road open all year long and costs less Time and money than Hammana Tunnel which has been talked about for years.

3.1.6- Clusters of Technology, Knowledge Economy, Creativity, Services and Innovation:

- ▣ Constructing technological and innovative industrial clusters in each coastal region (from Nakoura in the South till Abdeh in the North) to provide:
- ▣ Provide reduced rental and telecommunications costs (Internet-landline and cellphones...) and comprehensive services center in various technological areas.
- ▣ Enhance ease of business creation.
- ▣ Secure jobs opportunities for students with scientific competencies (high salaries-material and moral incentives).
- ▣ Encourage rapid innovation through research centers, laboratories, and patents with intellectual property rights.
- ▣ Increase productivity through specialized inputs and facilitate access to information, synergies , and public goods,
- ▣ Benefit from economies of scales within the clusters and attract foreign investments.
- ▣ Enable SMEs located in clusters near competitors and related industries to achieve faster growth, recognition, and improved positioning within the market.
- ▣ Create supply chain networks within tightly-linked clusters.
- ▣ Promote industrial branding for the high added value, and specialized production, particularly defined by the Integrated Vision of the Lebanese Industrial Sector ("Lebanon Industry 2025") in its sixth operational goal " Encourage New knowledge industry" : telecommunications, programming, nanotechnology, mechatronics, electronics, fashion design, differentiated leather industry, assembly and manufacturing industry, traditional national food industry, medicine, alternative energy, jewelry, industrial equipment, cosmetics, medical herbs and essential oils, perfume, biochemistry, industrial chemistry, petrochemical industry, petroleum support, maritime, services, ecotourism and industrial tourism.

3.2– Implementation Stages of The Project

Completed phases:

- ❖ Preliminary studies: for the first phase of the project to establish three industrial zones along the contour line (figure 4).
- ❖ Locations: municipal properties of:
 - *Turbol- Qusaya, Bekaa*
 - *Baalbek, Bekaa*
 - *Al-Kaa, Bekaa*
- ❖ Financing: on-going financing for design and implementation (including rehabilitation of the existing industrial zones)
- ❖ The Potential donors for the three locations include: EIB, EBRD and Italian Cooperation.
- ❖ Feasibility studies total development costs:
 - For Tourbul and Baalbek Zones: of around \$80 million.
 - Al-Kaa Zone is being established by a feasibility study and currently is under way and financed by Italy.

So far the IZs have attracted :

- Financial commitments of 7 million Euros from the Government of Italy, plus One million Euro as a grant for the preliminary studies
- 52 million Euro from the European Investment Bank (plus Euro 4 million for the engineering plans as a grant).
- The EBRD is considering a loan of USD 46 million.

All the amounts are to be invested in the development of the infrastructure of these zones.

3.3 Socio-Economic and Environmental Benefits of the IZs Project

The first phase of the IZs project (the 3 locations) will:

- Host hundreds of new industries and relocated companies
- Include various sectors: Agro-food businesses/ Car repair and services/ Construction/ Creative industries and potential incubators/ Create around 30,000 new direct and indirect job opportunities (out of around 100,000 new jobs of the whole project).
- Decrease the cost of land for industrial uses
- Improve the quality of infrastructural services (energy, transport, water supply, communication...)
- Enhance security for tangible businesses assets (buildings, machinery, and physical inventory).
- Improve municipal planning, (separate industrial and residential spaces).
- Implement the SDGs of 2030 agenda by Enhancing environmental, social and economic sustainability.
- Rural areas development and increase quality of life for residents.
- Deepen the value chains through the concentration of industrial activities.
- Develop business clusters
- Establish business incubators
- Increase innovation by linking business clusters to R&D/Innovation Centers and Establishing technology centers;
- Improve and facilitate procedures for Investment Permitting and operating permits and Establish platforms to attract FDI.
- Increase export competitiveness of Lebanese products through an improved export infrastructure.

4-Investment Opportunities

- ❖ Lebanon's geographical location: *At the heart of the Middle East and the crossroads of three continents, Lebanon is located where the East meets the West where free-market economy based on a long tradition of government-supported liberalism. Lebanon offers investors lots of opportunities and Incentives in all sectors of economy, especially in the Industrial Sector .*
- ❑ Historical & cultural riches: *Thousands of years of history, optimal climatic conditions and very rich culture.*
- ❑ Financial & monetary system: *the lowest tax rates in the region, free foreign exchange market, full currency convertibility policies, and no restrictions on the inward or outward movement of capital.*
- ❑ Banking structure: *ideal for conducting business in the MENA region.*
- ❑ Reconstruction of Syria: *represents its one and maybe only economic platform*
- ❑ Door to a large regional market: *through a commercial platform in Lebanon as a corridor to Arab markets (Syria, Iraq, and GCC).*
- ❑ Free Economic System: *Liberal investment policies, free enterprise and private initiatives are the important keys of the Lebanese economy.*
- ❑ Workforce: *Skilled well educated and multi-talented labor is widely available at moderate fees.*
- ❑ Potential Gas Producer: *Lebanon is the Levant's most recent candidate to join East Mediterranean Gas producers. The country's waters are believed to hold large quantities of Oil and Gas reserves making offshore of Lebanon an attractive location for investments Opportunities (One belt One road)*

- ❑ Lebanon's infrastructure becoming one of the best in the region with expanding port facilities, and an ambitious road and railways rehabilitation program.
- ❑ Lebanese diaspora: investment relations with the Lebanese large, effective and efficient diaspora outstanding in many countries especially, Africa, south America and GCC.
- ❑ Industrial Zones: Low cost of land for industrial uses, cost and/or better quality of infrastructural services (energy, transport, water supply, communication...) and security for tangible business assets (buildings, machinery, and physical inventory).
- ❑ The Agro-Industrial sector: Is a big contributor to the Lebanese industry which accounted around 30 % of total industrial exports in 2017. Availability of a low-cost and skilled labor force, with a solid and diversified agricultural sector and presence of an internationally recognized Lebanese cuisine are great advantages for Lebanon.
- ❑ The Lebanese Information Technology (ICT) sector: a fast growing sector with a market size of \$436.2 million in 2016, and is expected to grow by 9.7% between 2016 to 2019 (IDAL). This sector has benefited from massive investments in the telecom infrastructure, broadband capacity and internet speed.
- ❑ IT Highly skilled and multi-lingual labor force: Competitive salary base, booming regional market for IT services, a thriving business environment are the strong points of Lebanon on information technology.
- ❑ Excellent banking service and the Lebanese total Banking Secrecy Law, the strongest in the world.

Conclusion

- The MOI is committed to implement the:
 - ✓ **IZs development strategy**
 - ✓ in line with its **Overall Integrated Vision (Lebanon Industry 2025)**
- This strategy includes the construction of additional specialized Izs in convenient locations for specialized manufacturing:
 - ➔ To create new jobs opportunities
 - ➔ To ensure development where needed.
- Continues to deploy efforts & maintain sustainable communication with countries and donors.
- Continues to coordinate with interested municipalities where the MOI's staff is working on identifying the suitable areas within the MOI's vision and its strategic task for the future.
- The MOI works on mobilizing national stakeholders and international partners to implement the IZs development strategy that contribute effectively and consistently to the implementation of the sustainable development Goals of 2030 Agenda.

Thank you for your attention

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