

Business Innovation & Enhance Exports for Lebanon (BIEEL)

July 2022 - Summary Presentation





MEPI



BIEEL
Business Innovation and
Enhance Exports for Lebanon

The BIEEL Project
aims to boost
Lebanon's
agriculture exports



\$50M

increase in exports
by 2023
(from 2019 baseline)

Four agri-food product categories included in BIEEL scope in 2019

~98% of agriculture and agri-food product exports



Live animals and animal products

Live animals, meat, fish, dairy products, honey, etc.



Vegetable products

Vegetables, fruits, nuts, coffee, cereals, seeds, gums, etc.



Prepared foodstuffs, beverages, and tobacco

Preparations of meat, fish, sugars, cocoa, cereals, vegetables, beverages, wine, spirits, tobacco, etc.



Animal or vegetable fats and oils

Animal or vegetable fats and oils



Textiles and textile articles

Silk, wool, cotton, other vegetable textile and yarn, etc.



Chemical Products

Essential oils, perfumery, glues, etc.

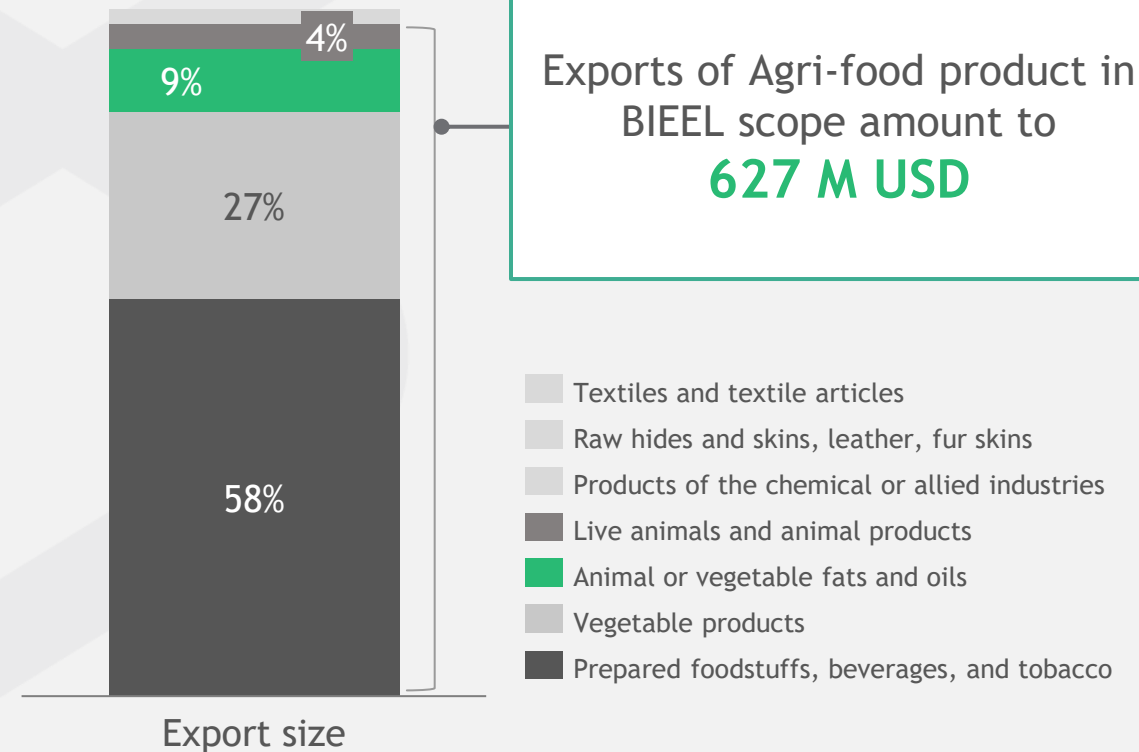


Raw hides and skins, leather, fur skins

Raw hides and skins (other than fur skins) and leather

Non-edible agriculture products represent only 2% of agriculture and agri-food sector in Lebanon¹

Lebanon agriculture and agri-food exports in 2019 (in M USD)



1. Also, not primary agri-food products in the EU and USA

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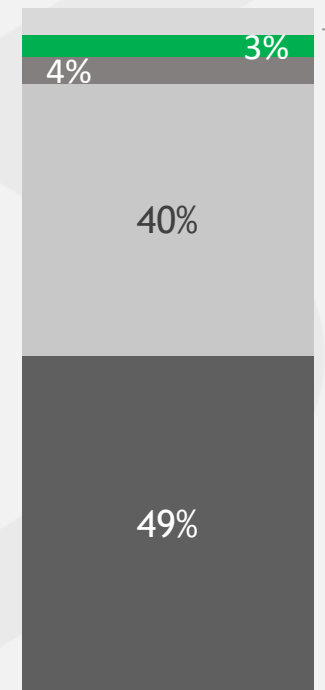


Raw hides and skins, leather, fur skins

Raw hides and skins (other than fur skins) and leather

Non-edible agriculture products represent only 2% of agriculture and agri-food sector in Lebanon¹

Lebanon agriculture and agri-food exports in 2021 (in M USD)



Exports of Agri-food product in BIEEL scope amount to **1,014 M USD**

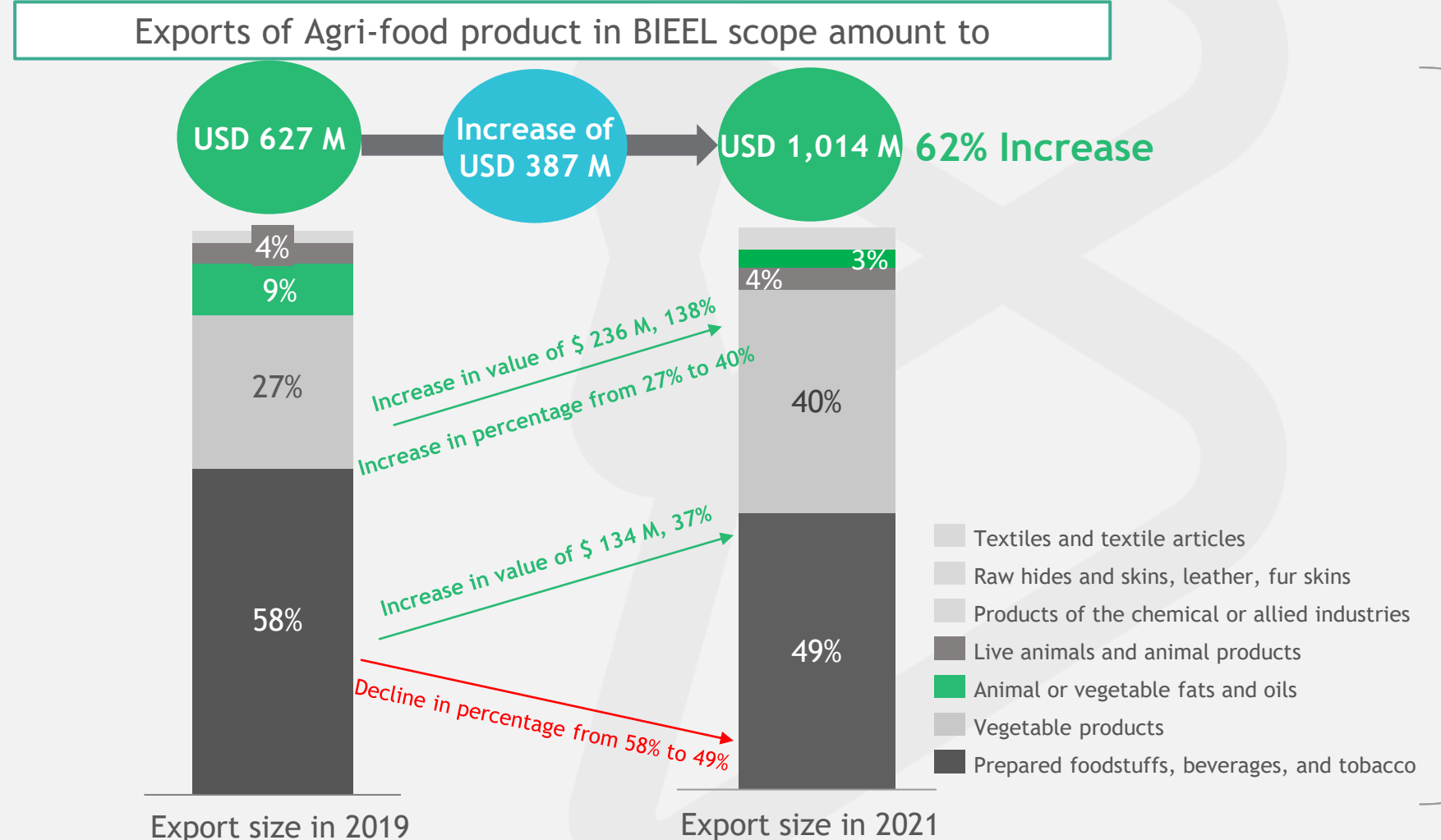
- Textiles and textile articles
- Raw hides and skins, leather, fur skins
- Products of the chemical or allied industries
- Live animals and animal products
- Animal or vegetable fats and oils
- Vegetable products
- Prepared foodstuffs, beverages, and tobacco

1. Also, not primary agri-food products in the EU and USA

Four agri-food product categories included in BIEEL scope

Comparison between 2019 and 2021

Lebanon agriculture and agri-food exports in 2019 and 2021 (in M USD)



Increase of exports from 2019 to 2021 by **62%**

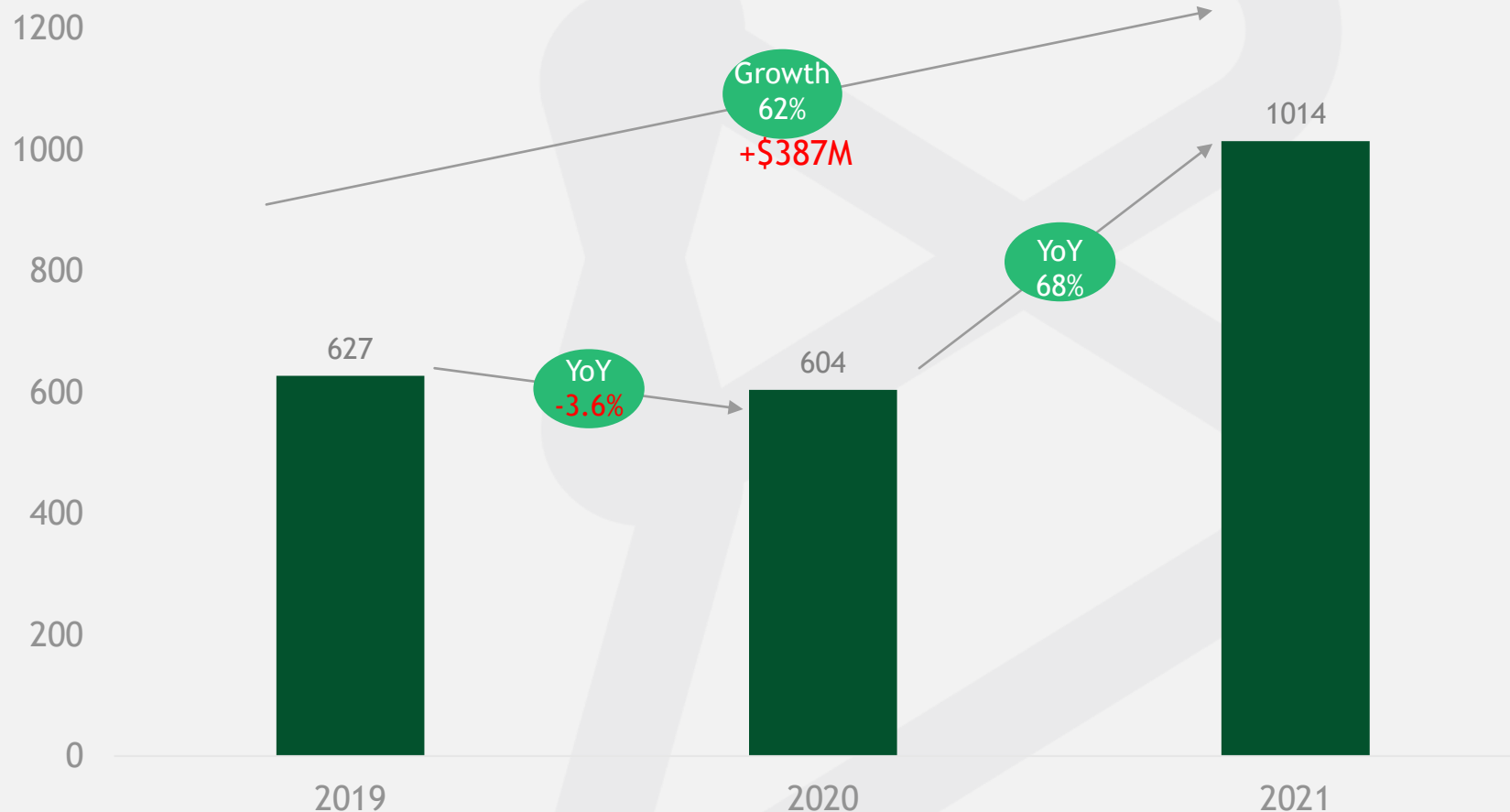
Increase of textiles, raw hides/skins, products of the chemicals and vegetable products by **138%**

Although prepared foodstuff, beverages, and tobacco from 2019 to 2021 has seen a decreased in %, it shows an increase of value USD by **37%**

Decrease of Animal and vegetable fats and oils from 2019 to 2021 by **46%**



Evolution from 2019 to 2021

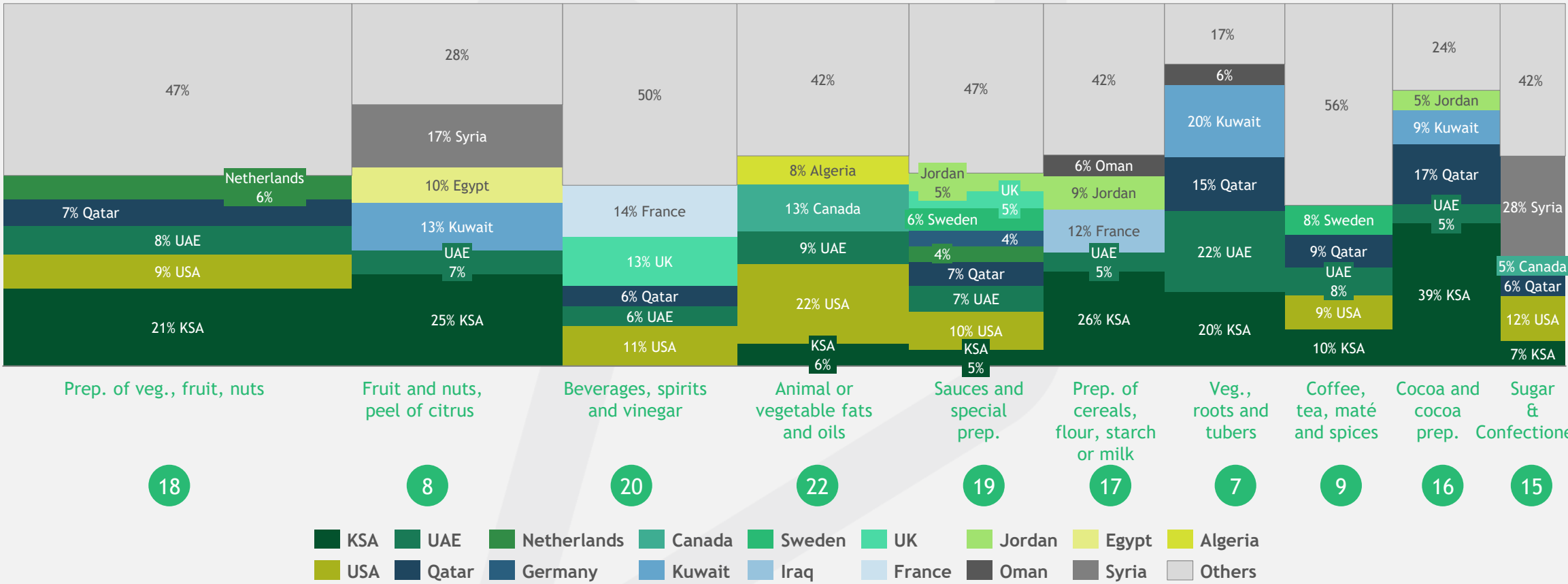


Four key takeaways

- A growth of 62% from 2019 compared to 2021
- The drop of 2020 is due to COVID-19 pandemic and the slow down of shipping activities
- The Year-On-Year growth from 2020 to 2021 is 68%
- The Year-On-Year growth from 2019 to 2020 is a -3.6%

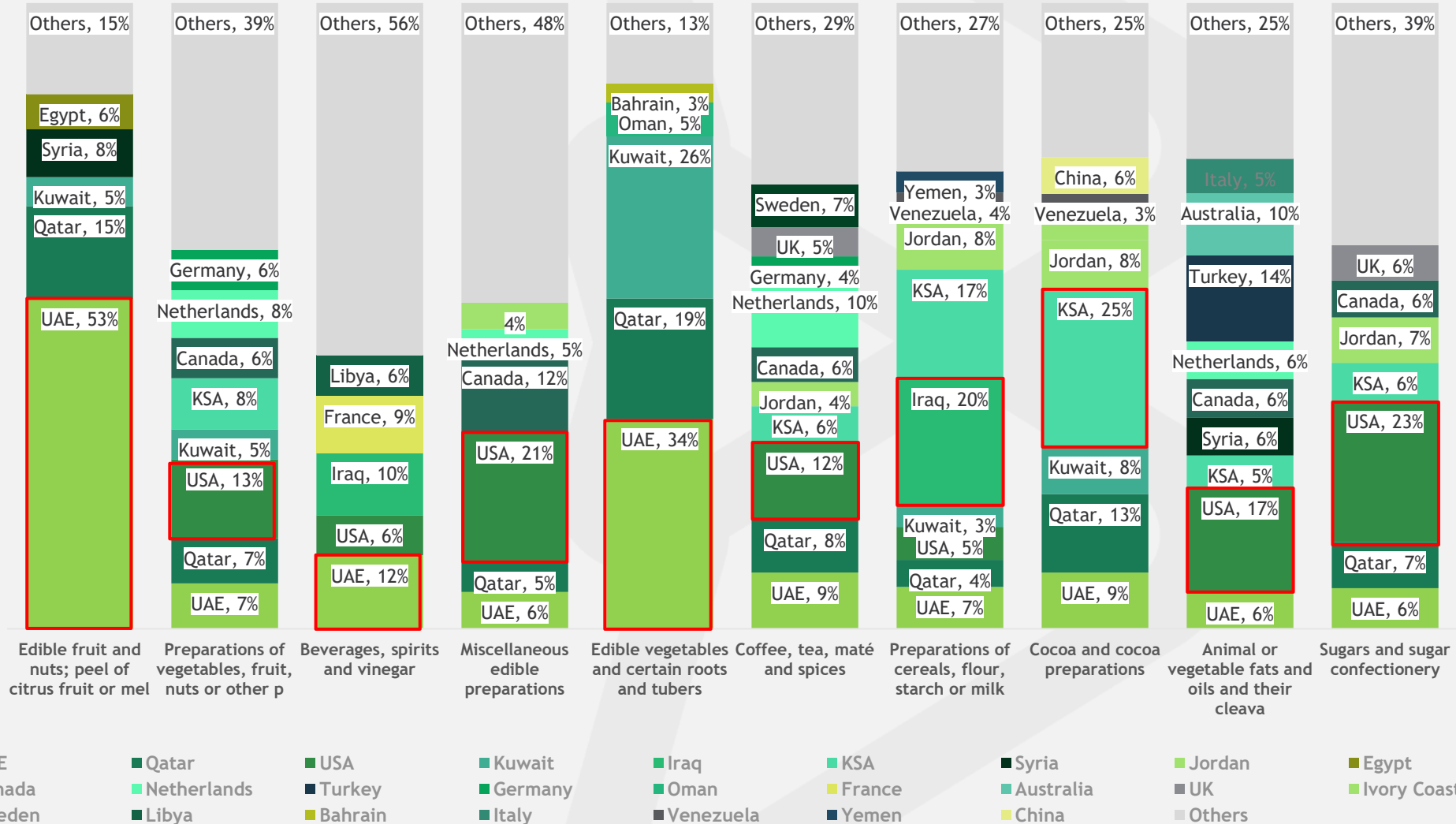
Top ten product groups are mostly exported to GCC and North American countries

Top ten export products mostly go to countries in the GCC and N.A., with additional presence in MENA and Europe
 Lebanon Agri-food exports, for top ten products, by country (\$M)



Source: Lebanese customs, IDAL 2020 Factsheet, Center for the promotion of imports from developing countries expert input, BCG analysis

Top 10 exported products to top destination countries during 2021

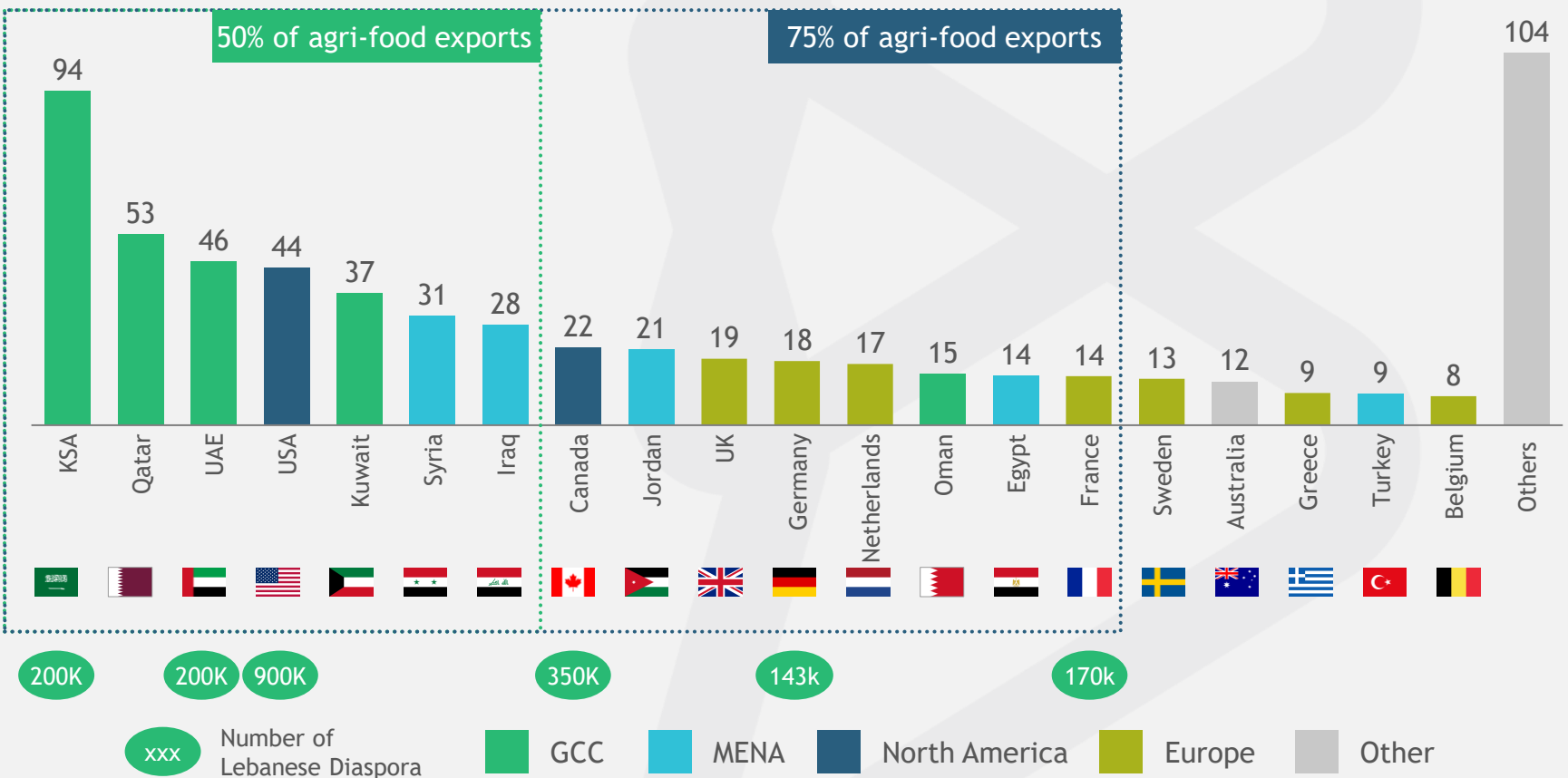


Four key takeaways

- USA has the biggest market share of export destination in 5 categories of agri food products out of 10 (50%)
- UAE has the biggest market share of export destination in 3 categories (30%)

In 2019, 50% of agri-food exports go to 7 export destination countries, focused mostly in GCC and USA

Lebanon 2019 agri-food exports, by destination country, in M USD



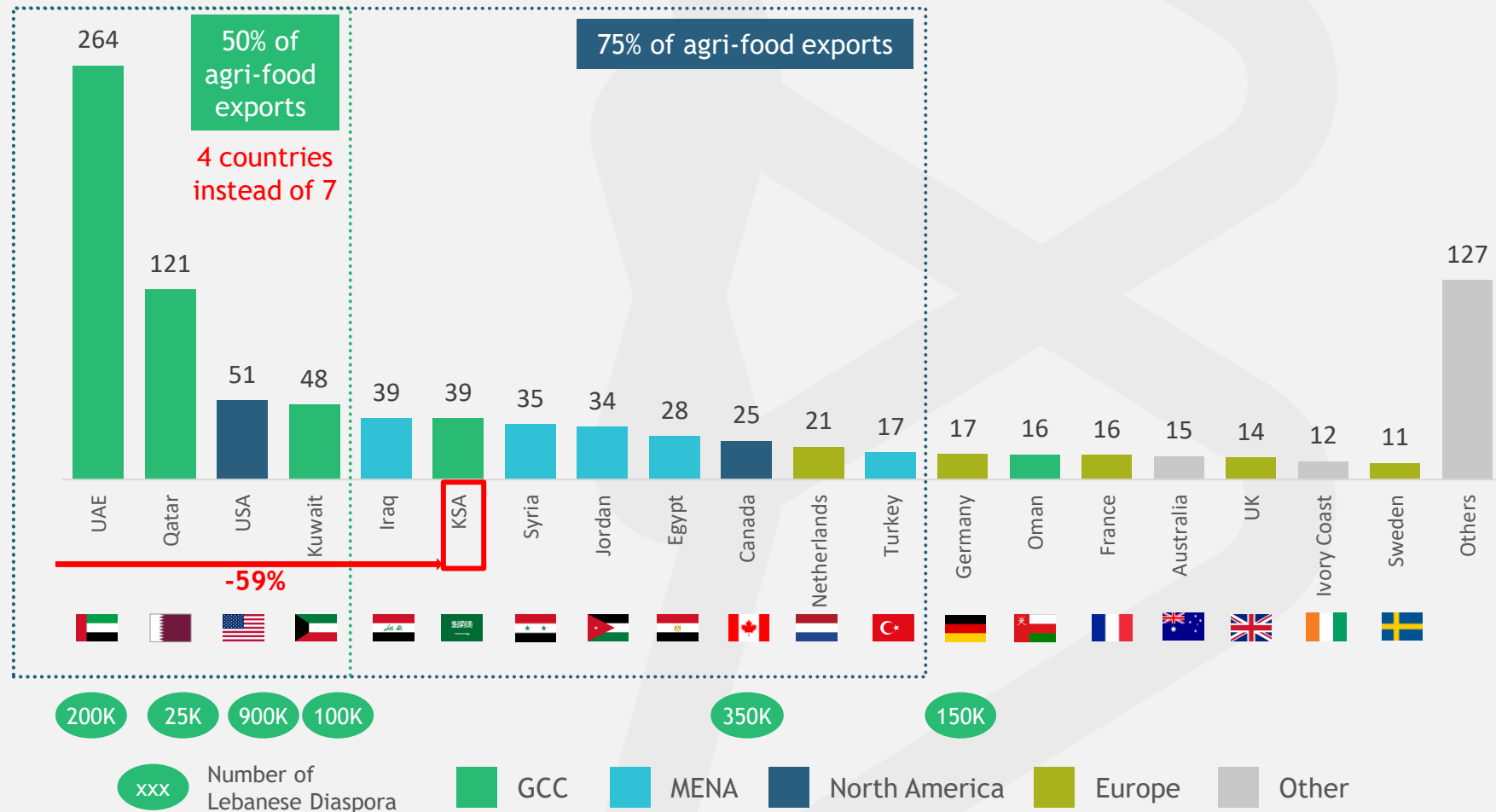
Three key takeaways

- 1 High share of exports to GCC and North America driven by presence of Lebanese diaspora
- 2 In addition, GCC countries are logistically accessible and have strong trade agreements with Lebanon
- 3 On the other hand, restrictions on trade agreement with EU countries (e.g., higher quality standards, limitations on export quantities) limit exports

Note: diaspora distribution not available at the country level for all countries
 Source: Lebanese customs, Ministry of Economy and Trade, expert input, BCG analysis

In 2021, 50% of agri-food exports go to 4 export destination countries, focused mostly in GCC and USA

Lebanon 2021 agri-food exports, by destination country, in M USD



Three key takeaways

- 1 High share of exports to 4 countries only: UAE, Qatar, USA and Kuwait
- 2 In addition, GCC countries are logistically accessible and have strong trade agreements with Lebanon
- 3 On the other hand, restrictions on trade agreement with EU countries (e.g., higher quality standards, limitations on export quantities) limit exports

Note: diaspora distribution not available at the country level for all countries
 Source: Lebanese customs, Ministry of Industry, BCG template, FTL Analysis

Export Destination Countries comparing 2019 to 2021

Lebanon agri-food exports, by destination country, in M USD

Countries	2019 (USD M)	2021 (USD M)	Variation
KSA	94	39	-59%
Qatar	53	121	128%
UAE	46	264	474%
USA	44	51	16%
Kuwait	37	48	30%
Syria	31	35	13%
Iraq	28	39	39%

Three key takeaways

- 1 KSA was the top destination country for export and **dropped** in 2021 by % **59%** to the **6th** position
- 2 USA increased from 2019 to 2021 by **16%**
- 3 Qatar increased from 2019 to 2021 by **128%**
- 4 UAE increased from 2019 to 2021 by **474%**
- 5 Kuwait increased from 2019 to 2021 by **30%**

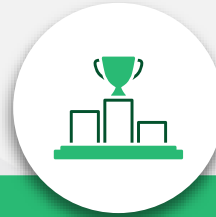
Three-step process followed to identify priority growth vectors (product x market)



Step 1

Select product groups with highest potential

Top 10 product groups contributing ~90% to current exports



Step 2

Prioritize product groups

2 axis for prioritization matrix

- **Right to win:** Potential of the product group (e.g., capacity, value addition, currency fluctuation resilience, etc.)
- **Relevant global demand:** Global demand potential for the product group (e.g., global demand, Lebanon share, etc.)



Step 3

Identify growth vectors (product x market)

Growth vectors defined as the combination of priority products and their target markets:

- For each prioritized product group, selected the **largest contributing products**
- For selected products, identify **target markets** based on current importance of region for Lebanon and future potential of region

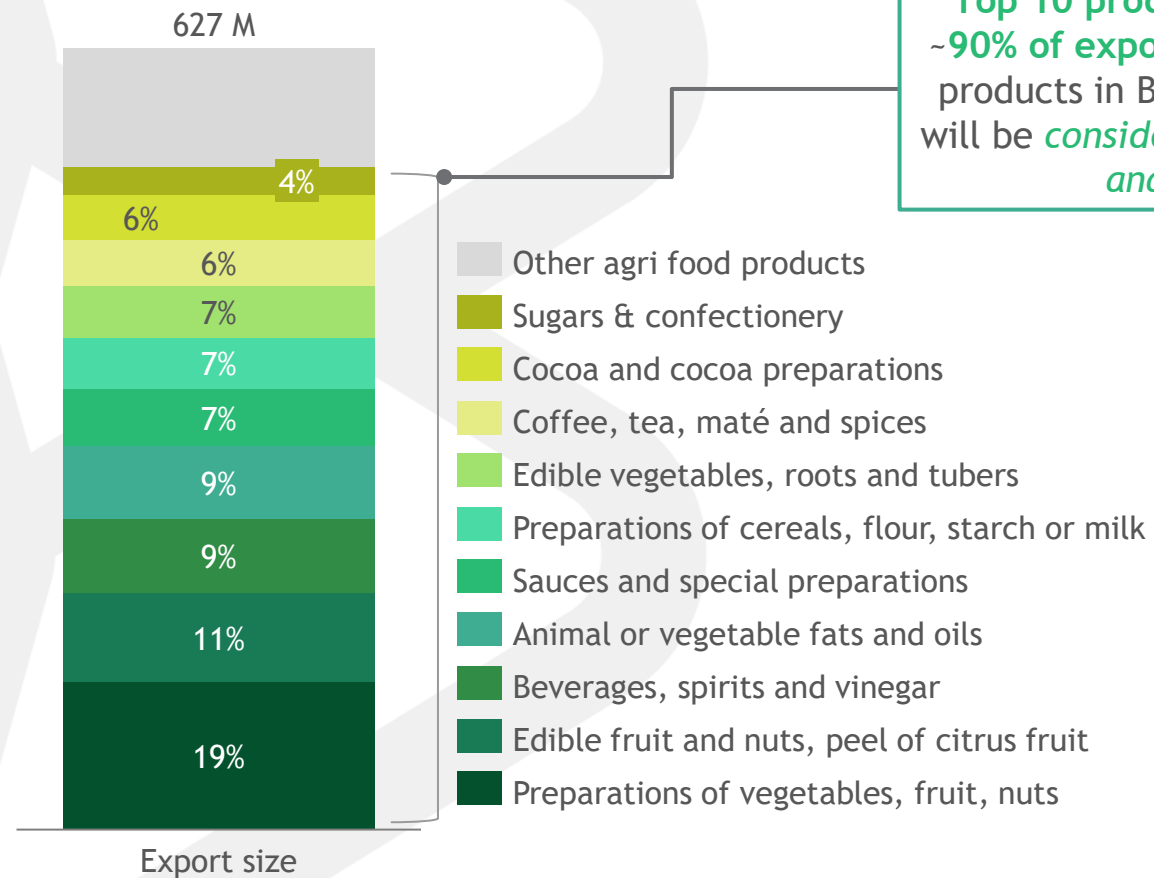


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Step 1 output:
Top 10 product groups contributing to ~90% of agri-food exports considered for further analysis

Exports of Agri-food product in 2019 (in M USD)



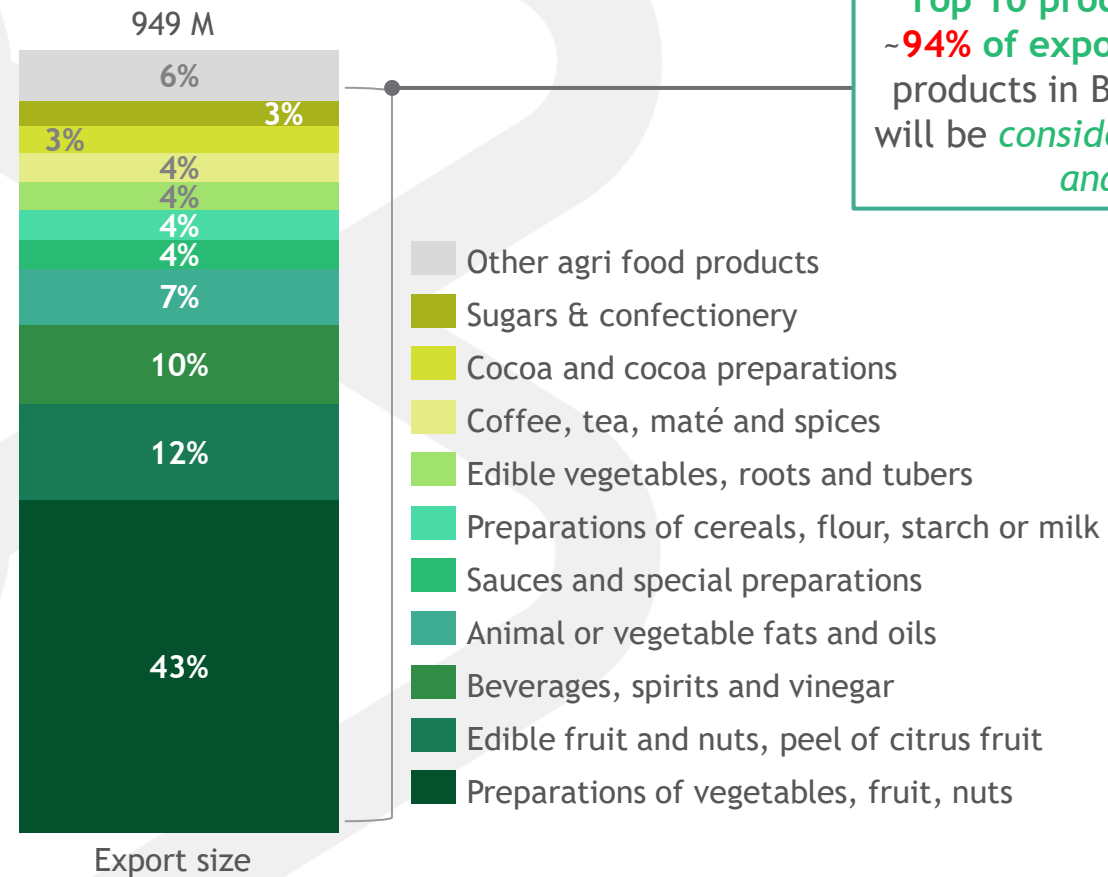
Top 10 products make up ~90% of exports of agri-food products in BIEEL scope and will be *considered for further analysis*

- 5
- 15 HS Code 17
- 16 HS Code 18
- 9 HS Code 09
- 7 HS Code 07
- 17 HS Code 19
- 19 HS Code 21
- 22 HS Code 15
- 20 HS Code 22
- 8 HS Code 8
- 18 HS Code 20



Step 1 output:
Top 10 product
groups contributing
to ~94% of agri-
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Exports of Agri-food product in 2021 (in M USD)



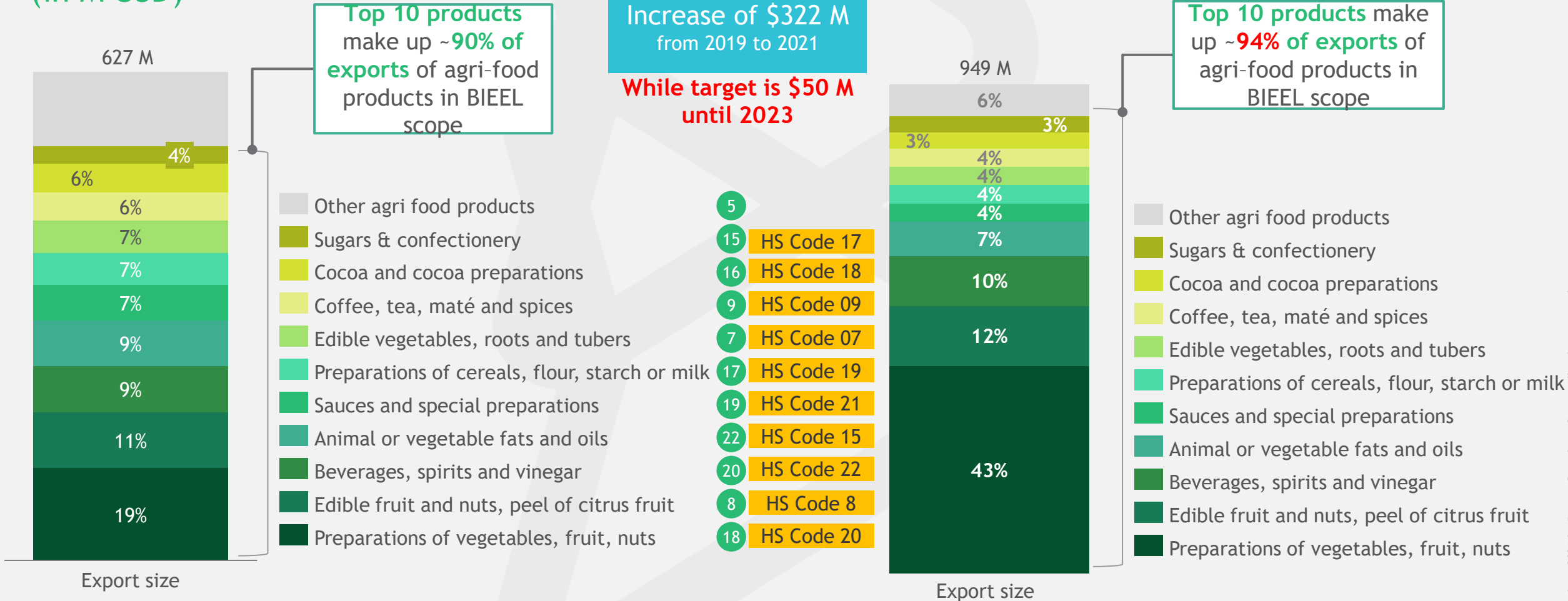
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Top 10 exported products to top destination countries during 2021

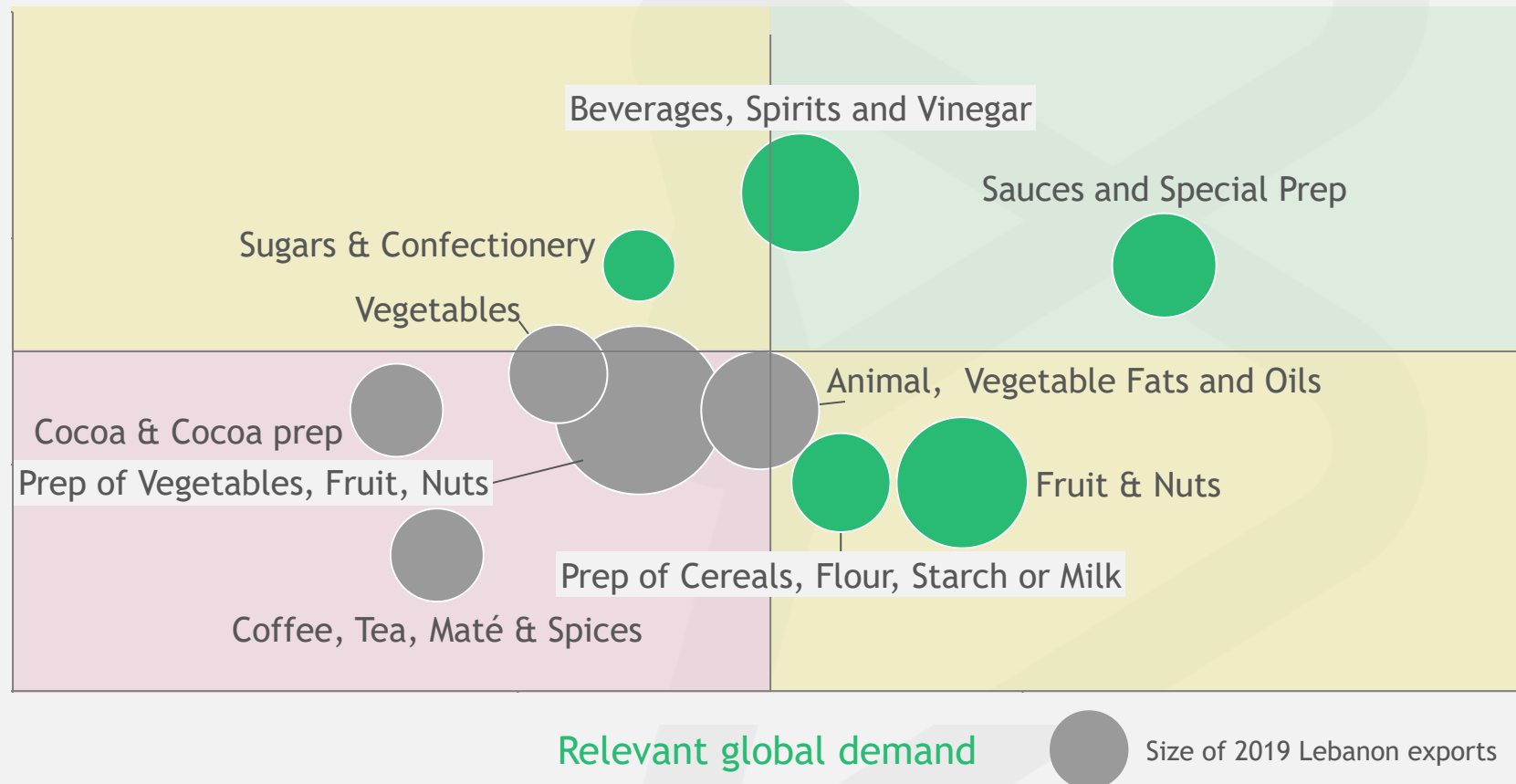
Exports of Agri-food product in 2019
(in M USD)





Step 2 output: Five product groups prioritized in 2019

Right to win



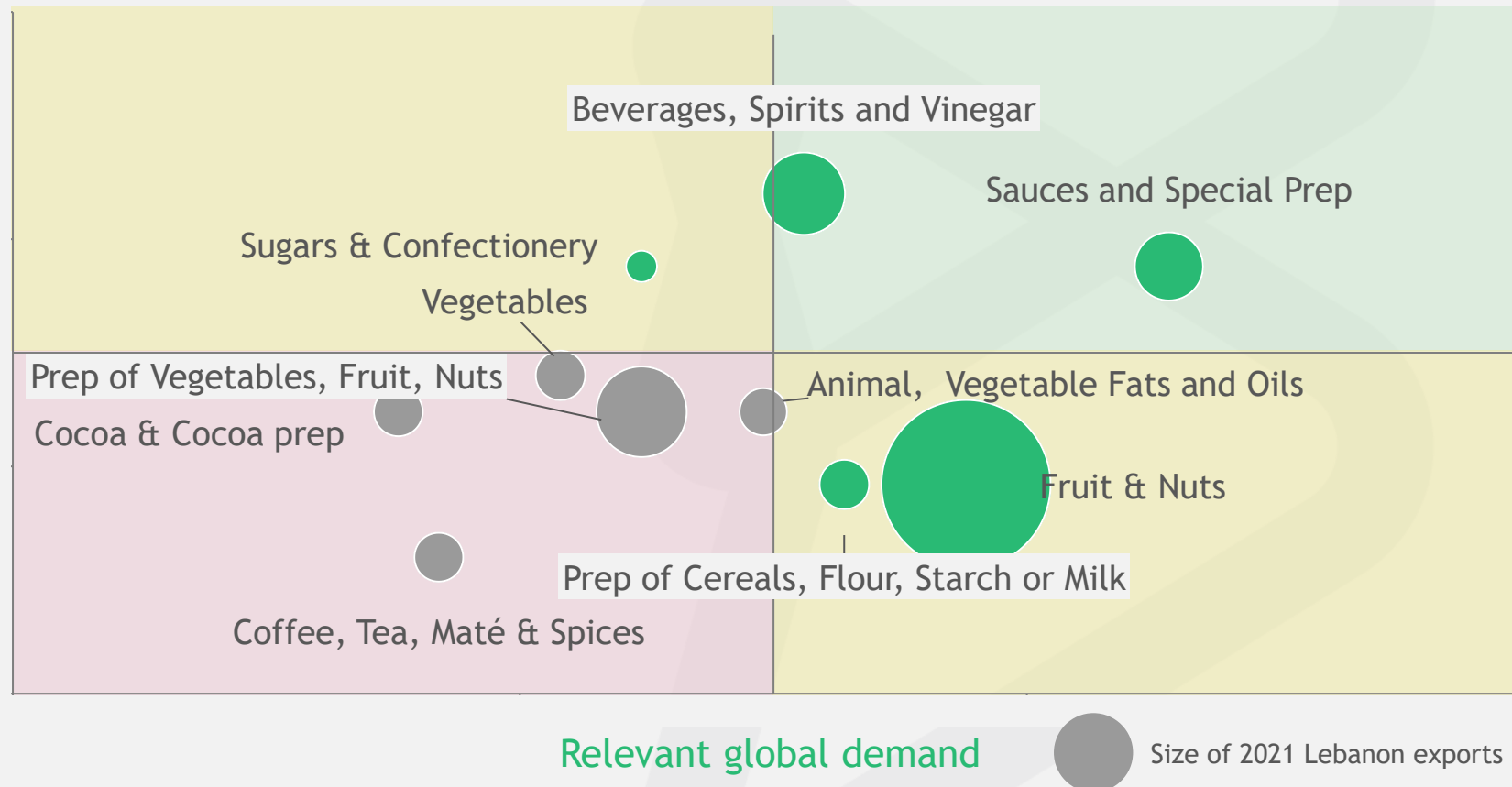
5 product groups selected for further analysis:

- 20 Beverages, Spirits and Vinegar
- 19 Sauces and special preparations
- 15 Sugar and confectionery
- 17 Preparation of cereals, flour, starch and milk
- 8 Fruits and nuts



Step 2 output: Five product groups prioritized in 2021

Right to win



5 product groups selected for further analysis:

- 20 Beverages, Spirits and Vinegar HS Code 22
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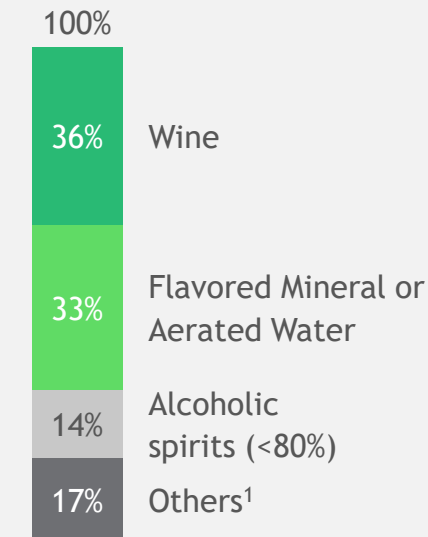
Step 3: products selected for analysis in 2019

Top contributing products to Lebanon's exports in 2019 selected

20

Beverages, Spirits and Vinegar

2019 Lebanon Export Share



19

Sauces & Edible Preparations

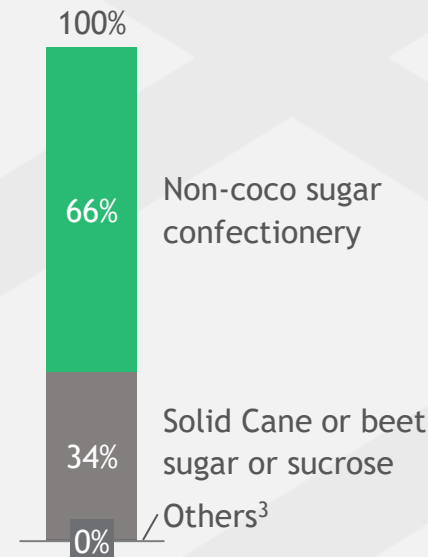
2019 Lebanon Export Share



15

Sugars & Confectionery

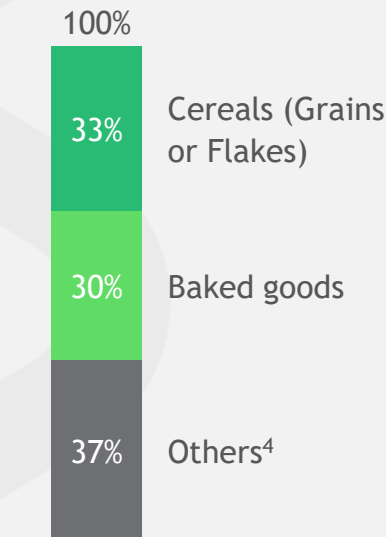
2019 Lebanon Export Share



17

Preparation of cereals, flour, starch and milk

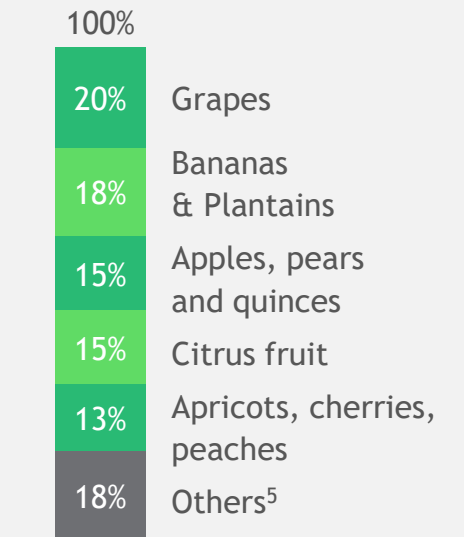
2019 Lebanon Export Share



8

Fruits & Nuts

2019 Lebanon Export Share



1. Unflavored water, spirits (>80%), beer, vinegar, cider, mead, and vermouth 2. Extracts, essences, concentrates of coffee/ tea, soups, broths, yeasts, ice-cream 3. Other sugars (fructose, sucralose) and molasses 4. Pasta, Malt extract, flour, groat, meal, starch preparations, and tapioca, 5. Nuts, berries, dates, figs, pineapples, melons, apricots, peaches and all other fruits

Source: Source: UN Comtrade, BCG analysis



Step 3: products selected for analysis in 2021

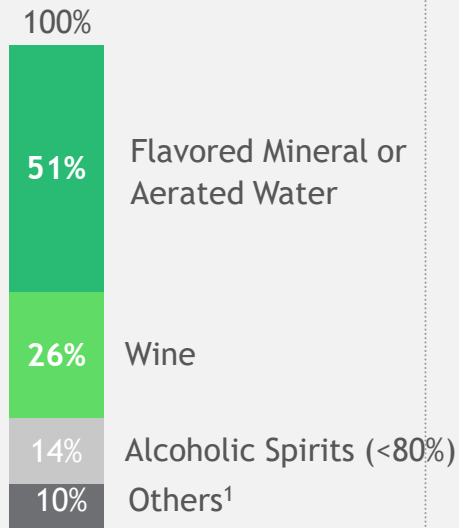
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20

HS Code 22

Beverages, Spirits and Vinegar

2021 Lebanon Export Share

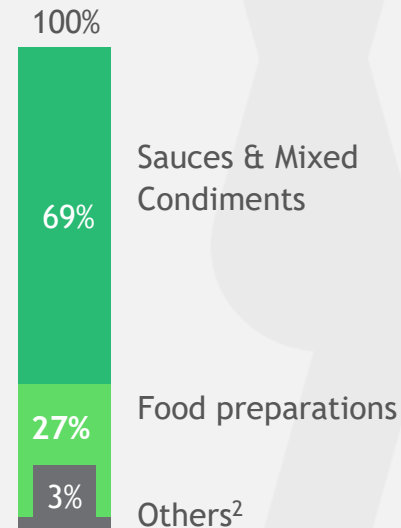


19

HS Code 21

Sauces & Edible Preparations

2021 Lebanon Export Share

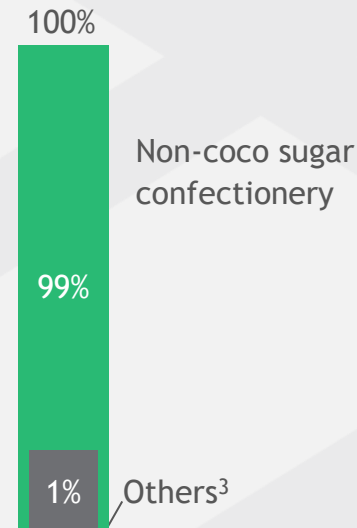


15

HS Code 17

Sugars & Confectionery

2021 Lebanon Export Share

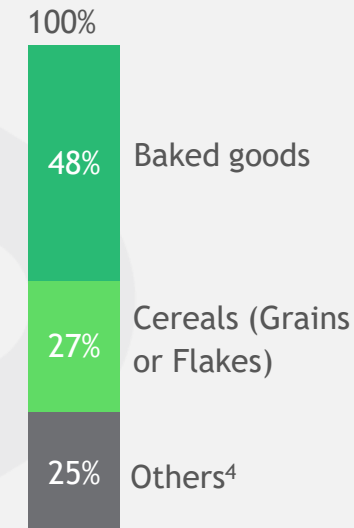


17

HS Code 19

Preparation of cereals, flour, starch and milk

2021 Lebanon Export Share

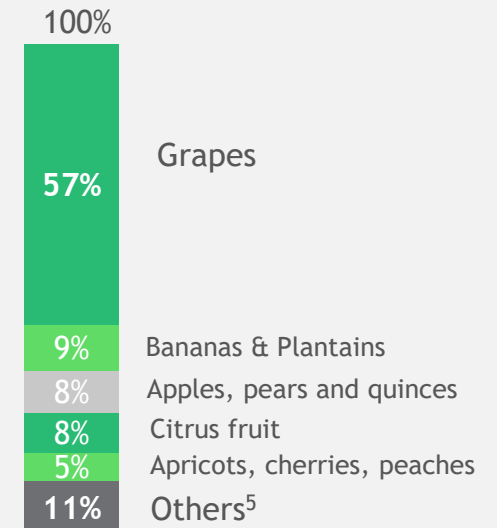


8

HS Code 8

Fruits & Nuts

2021 Lebanon Export Share



1. Unflavored water, spirits (>80%), beer, vinegar, cider, mead, and vermouth 2. Extracts, essences, concentrates of coffee/ tea, soups, broths, yeasts, ice-cream 3. Other sugars (fructose, sucralose) and molasses, solid Cane or beet sugar or sucrose , 4. Pasta, Malt extract, flour, groat, meal, starch preparations, and tapioca, 5. Nuts, berries, dates, figs, pineapples, melons, apricots, peaches and all other fruits

Source: UN Comtrade, Lebanese customs, Ministry of Industry, BCG template

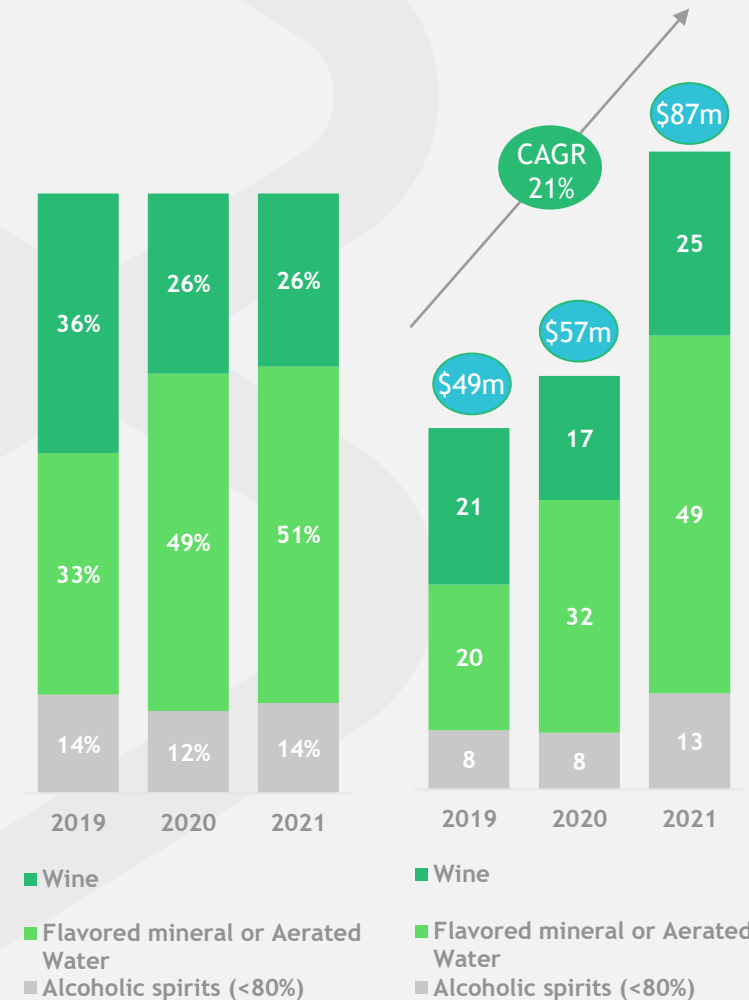
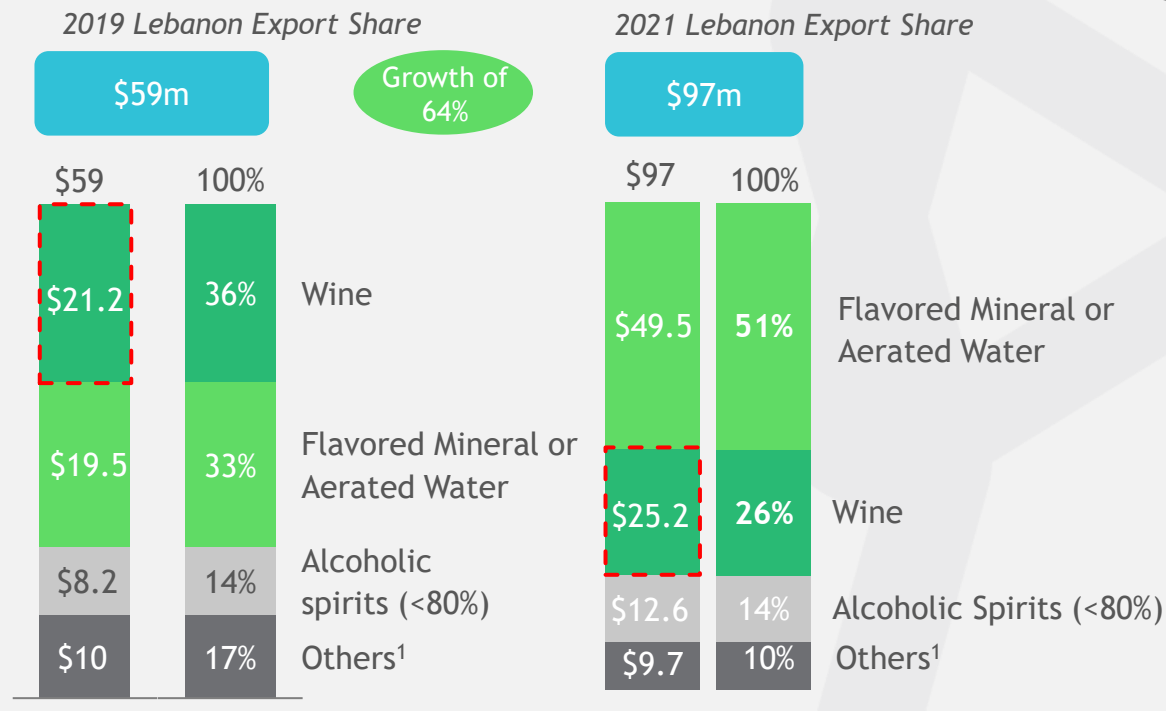


Step 3: products selected for analysis in 2021

Top contributing products to Lebanon's exports in 2021 selected

20 HS Code 22

Beverages, Spirits and Vinegar



Four key takeaways

- This category had an **increase of 64%** from 2019 compared to 2021
- Although wine declined from 2019 to 2021 by 10% in terms of share from this category, **the export value for wine is growing reaching a CAGR of 6%**
- The flavored mineral or aerated water has seen a **big growth of 145%**
- This category of products has seen an increase of CAGR of **21% from 2019 to 2021** giving the **biggest market share of 51%** to the flavored mineral or aerated water



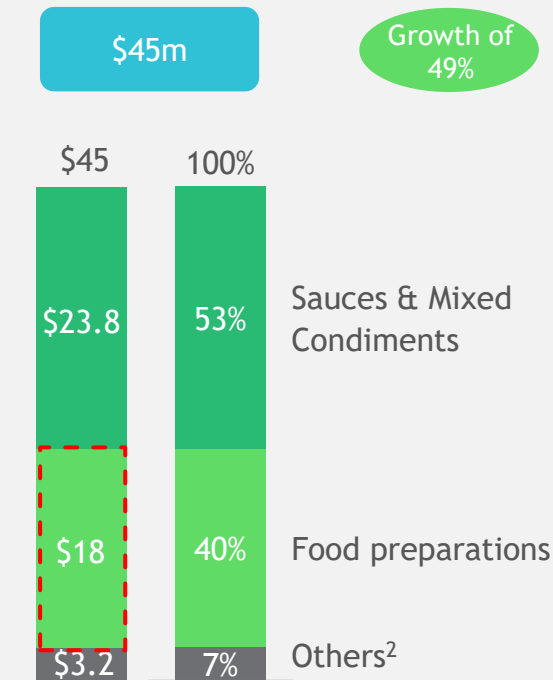
Step 3: products selected for analysis in 2021

Top contributing products to Lebanon's exports in 2021 selected

19 HS Code 21

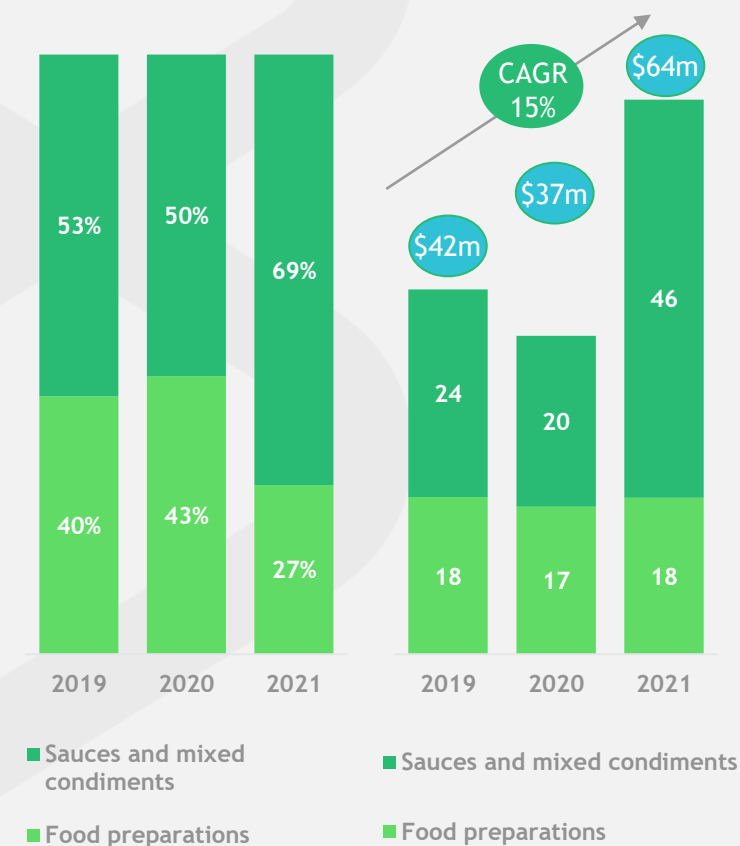
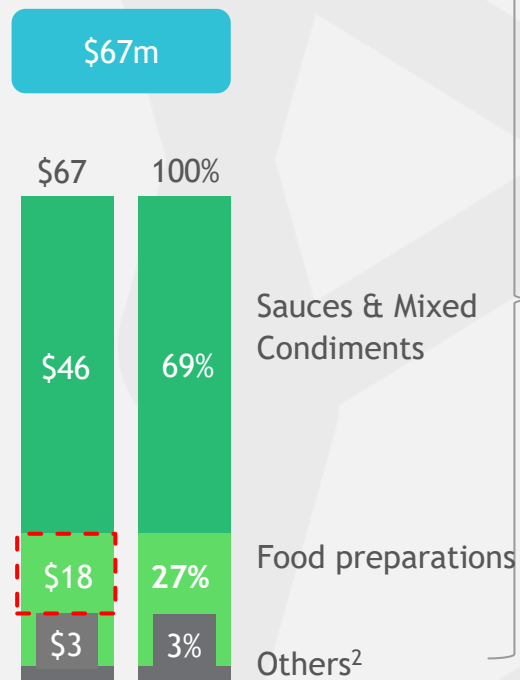
Sauces & Edible Preparations

2019 Lebanon Export Share



Growth of 49%

2021 Lebanon Export Share



Four key takeaways

- This category had an increase of 49% from 2019 compared to 2021
- Although food preparation is declining from 2019 to 2021 by 13% in terms of share from this category, the export value for food preparation is remaining similar to 2019.
- The sauces and mixed condiments had an increase of 92% from 2019 to 2021
- This category of products has seen an increase of CAGR of 15% from 2019 to 2021 giving the biggest market share of 69% to the sauces & mixed condiments



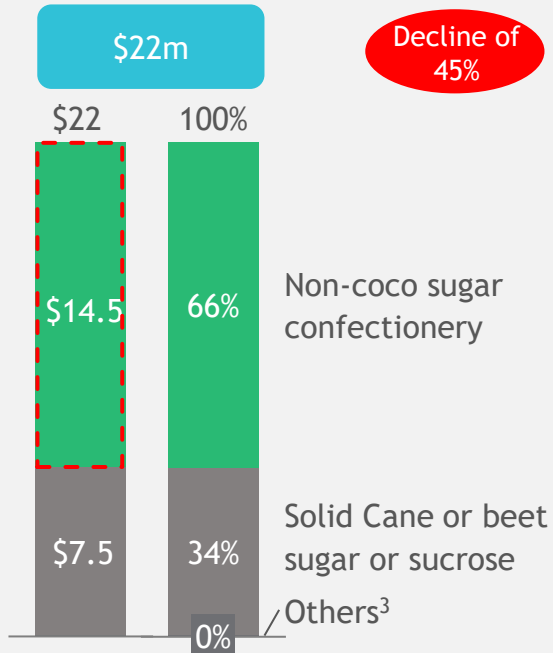
Step 3: products selected for analysis in 2021

Top contributing products to Lebanon's exports in 2021 selected

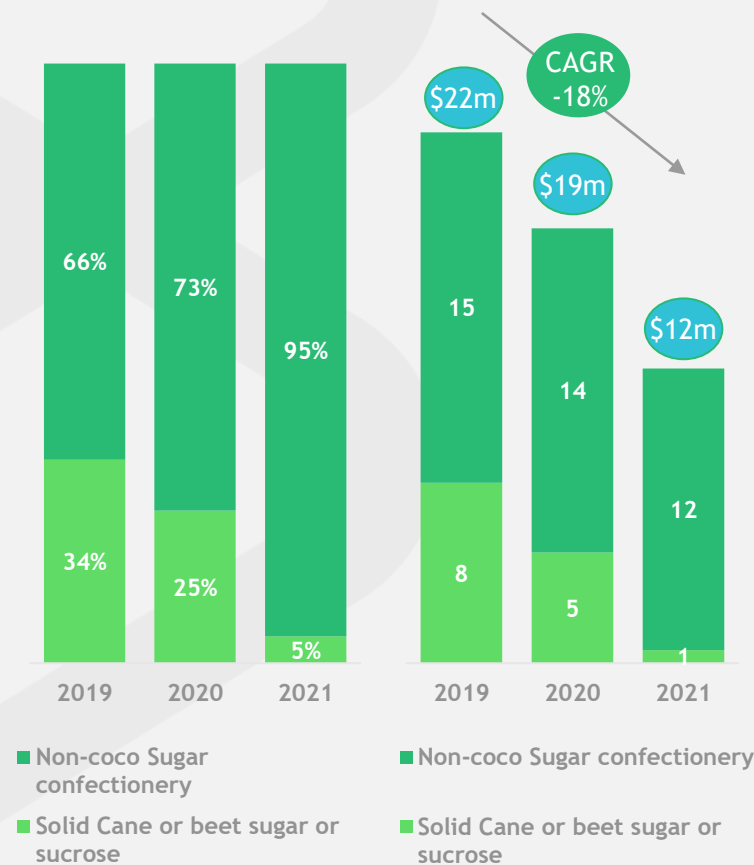
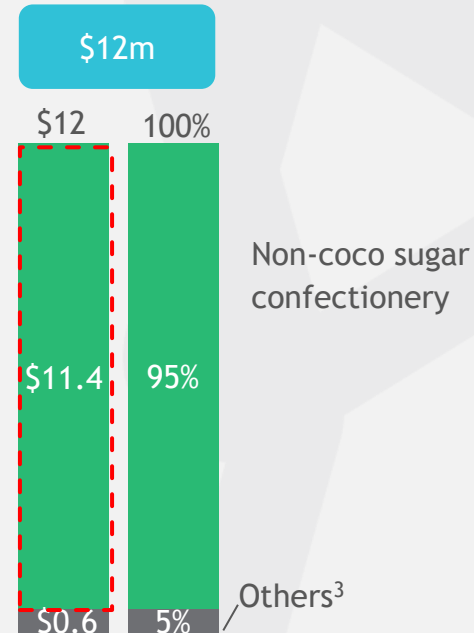
15 HS Code 17

Sugars & Confectionery

2019 Lebanon Export Share



2021 Lebanon Export Share



Three key takeaways

- This category had a **decline of 45%** from 2019 compared to 2021
- Although non-coco sugar confectionery **increased from 2019 to 2021 by 33%** in terms of share from this category, the export value for non-coco sugar confectionery declined by \$3M.
- This category of products has seen a decline of CAGR of **-18%** from 2019 to 2021 giving the **biggest market share of 95%** to the non-coco sugar confectionery

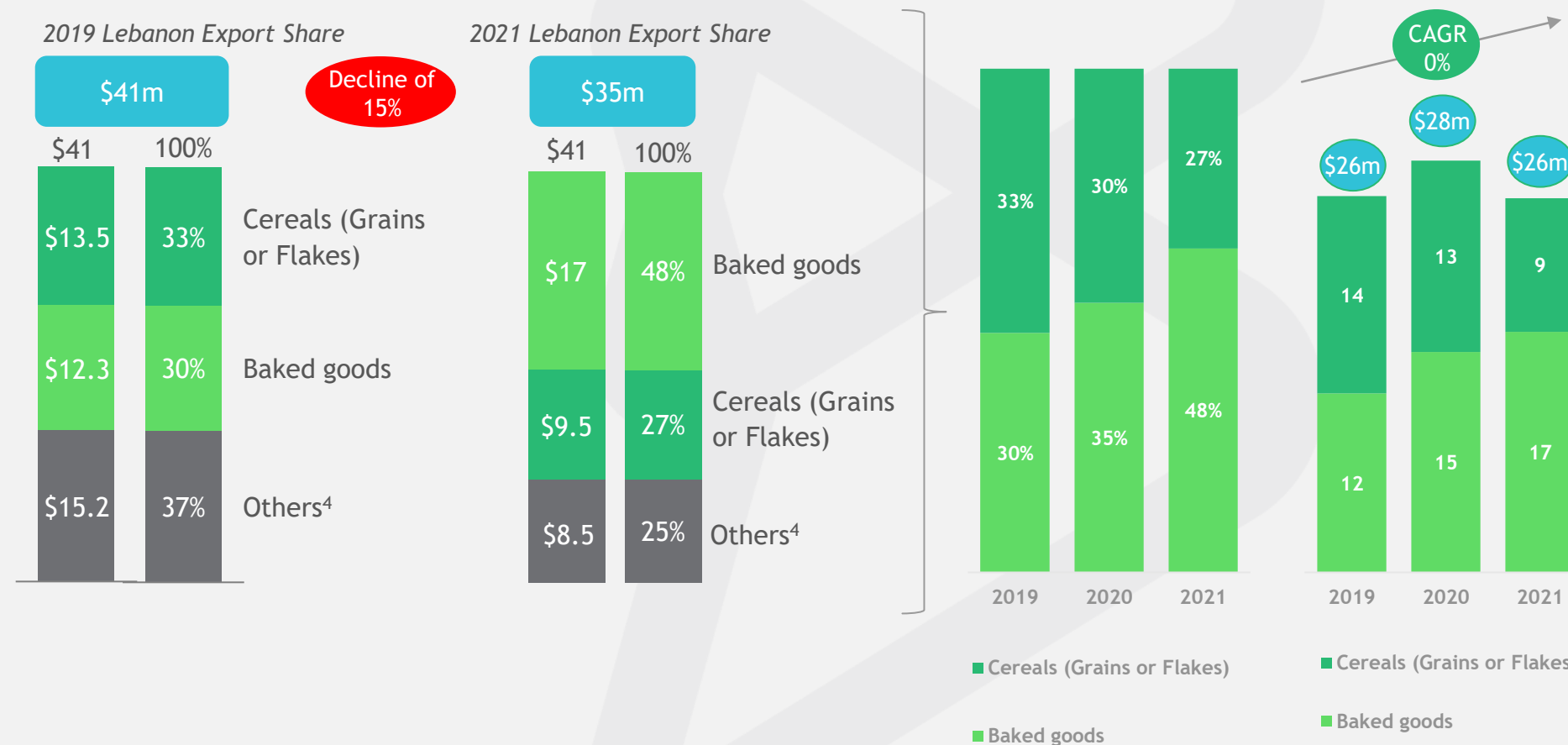


Step 3: products selected for analysis in 2021

Top contributing products to Lebanon's exports in 2021 selected

17 HS Code 19

Preparation of cereals, flour, starch and milk



One key takeaways

- This category had a decline of 15% from 2019 compared to 2021



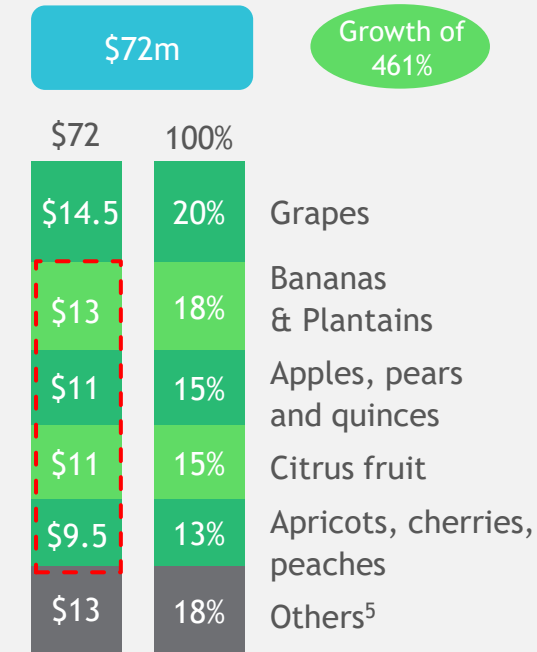
Step 3: products selected for analysis in 2021

Top contributing products to Lebanon's exports in 2021 selected

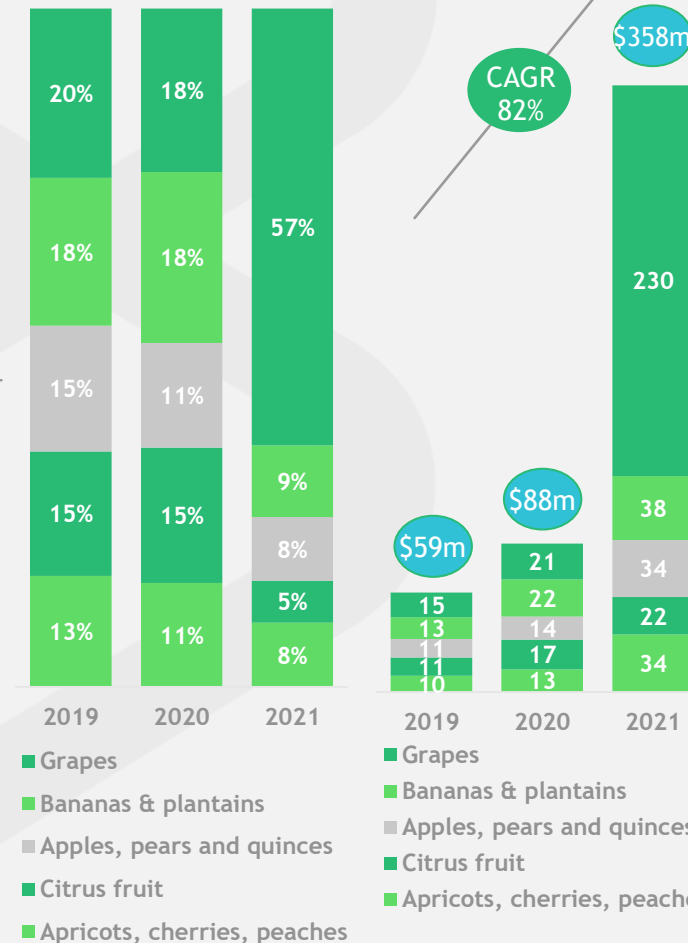
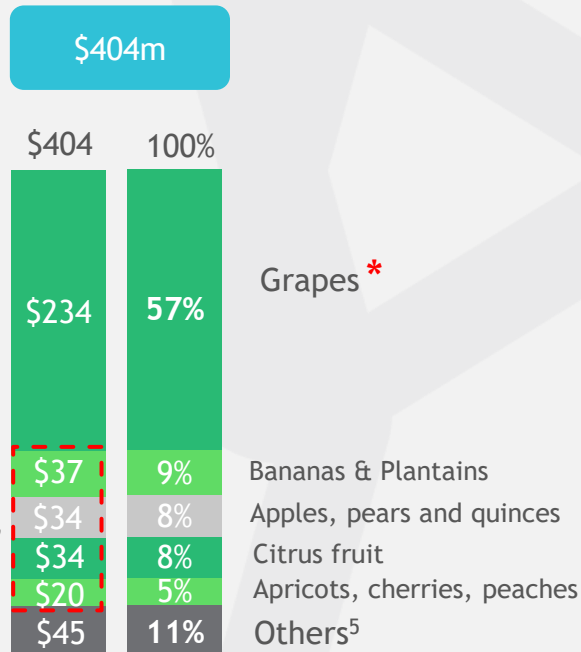
8 HS Code 8

Fruits & Nuts

2019 Lebanon Export Share



2021 Lebanon Export Share



Four key takeaways

- This category had an **increase of 461%** from 2019 compared to 2021
- Grapes** remained with the biggest share of Fruits & Nuts **increasing from 20% to 57%**
- Although bananas, apples, citrus and the remaining have seen a **decline in %** but have all seen a **big increase in US value**
- This category of products has seen an **increase of CAGR of 82%** from 2019 to 2021

*The source of data related to the USA and UK has been collected from International (UN COM TRADE) and Lebanese (Lebanese Customs and Ministry of Industry) sources. As for the GCC, the source of data relied on Lebanese sources only (Lebanese customs and Ministry of Industry). Concerning the information regarding the group of products "Fruits and Nuts", specifically the grapes, FTL has reservations about the data, specifically the big increase in grapes export amounts

Source: UN Comtrade, Lebanese Customs, Ministry of Industry, FTL Template & Analysis



Each Product-Market combination categorized across 4 archetypes

Sample Analysis

Product Groups	Products	Middle East		North America + UK		European Union		Africa		Asia & Oceania	
		Imp. For Lebanon	Market Potential	Imp. For Lebanon	Market Potential	Imp. For Lebanon	Market Potential	Imp. For Lebanon	Market Potential	Imp. For Lebanon	Market Potential
Sauces & Edible Preparations	Sauces & Mixed Condiments	⬆	⬇	⬆	⬆	⬆	⬆	⬇	⬇	⬇	⬇
	Food preparations	⬆	⬇	⬇	⬆	⬆	⬆	⬆	⬇	⬇	⬇
Beverages, Spirits and Vinegar	Wine	⬇	⬇	⬆	⬆	⬆	⬆	⬇	⬇	⬇	⬇
	Flavored Mineral or Aerated Water	⬆	⬆	⬇	⬇	⬆	⬇	⬆	⬇	⬇	⬇
Prep. of cereals, flour, starch and milk	Cereals (Grains or Flakes)	⬆	⬇	⬇	⬆	⬇	⬆	⬇	⬇	⬇	⬇
	Baked goods	⬆	⬇	⬇	⬆	⬇	⬆	⬇	⬇	⬆	⬆
Sugar & Confectionery	Non-coco sugar confectionery	⬆	⬇	⬆	⬆	⬆	⬆	⬇	⬇	⬇	⬇

Archetype 1: High importance - High potential

Archetype 2: Low importance - High potential

Archetype 3: High importance - Low potential

Archetype 4: Low importance - Low potential



METPI



Led by FTL



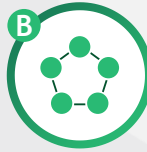
Coordinated by FTL

Seven types of opportunities identified to expedite exports growth



Branding & marketing enablement

Ex: Develop Protected Geographical Indication (PGI) labels showcasing Lebanese origin of olive oil, condiments, etc.



Cooperative development and empowerment

Ex: Enable cooperatives to establish direct sales-contracts with buyers



Quality enhancement and certification

Ex: Tie-up with certification agencies to fast-track the process (sp. fruits, vegetables & olive oil)



E-infrastructure

Ex: Develop a platform to connect Lebanese agri-product sellers to international buyers



Supply chain Infrastructure

Ex: Increase the capacity of cold storages and packaging units(fresh fruits & lettuce)



Business execution support

Ex: Develop a one stop shop for all paperwork and licensing needs of exporters



Upskilling

Ex: Upskilling of wine producers to enhance quality of the produced wine



THANK YOU FOR YOUR TIME