



Lebanon Industry 2025



Plans And Projects 2015- 2025

**The Economist
Bassam Jouny**

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Introduction to Industrial Sector 1/2

- Lebanon is blessed with
 - The entrepreneurial capabilities of its people
 - The skills of its labors
- The industrial sector had been able to keep pace with the economic growth that the country has experienced before the civil war, which was an achievement "in itself, taking into account the accelerated pace of economic growth in that period"

Introduction to Industrial Sector 2/2

- *The industrial sector is currently facing many problems caused by repercussions of the war in the region:*
 - The chaos and massive destruction of infrastructure caused by the war
 - The spill-over of the Syrian conflict in Lebanon which led to an aggravated economic, financial, monetary , social, health, educational even security crisis
 - Around 1.5 million displaced Syrians in addition to 0.5million Palestinian refugees already exist in Lebanon , have put great pressure on the Lebanese Infrastructure, that was already suffering from serious deficiencies in basic services (electricity, water, sanitation, transport, solid waste, schools, rent, hospitals...)
 - It also led to an increase in unemployment rate (39 % among Lebanese youth – IMF 2022)
- The closure of borders restricted trade with Syria and neighboring countries
 - Caused a drastic decline in agricultural and industrial exports to neighboring countries
 - As a result: The Lebanese industrial exports dropped by 33 % between 2010 and 2017 and continued to decrease to 2.196 billion dollars in 2020 (MOI - 2020) .

II- Challenges Facing the Industrial Sector

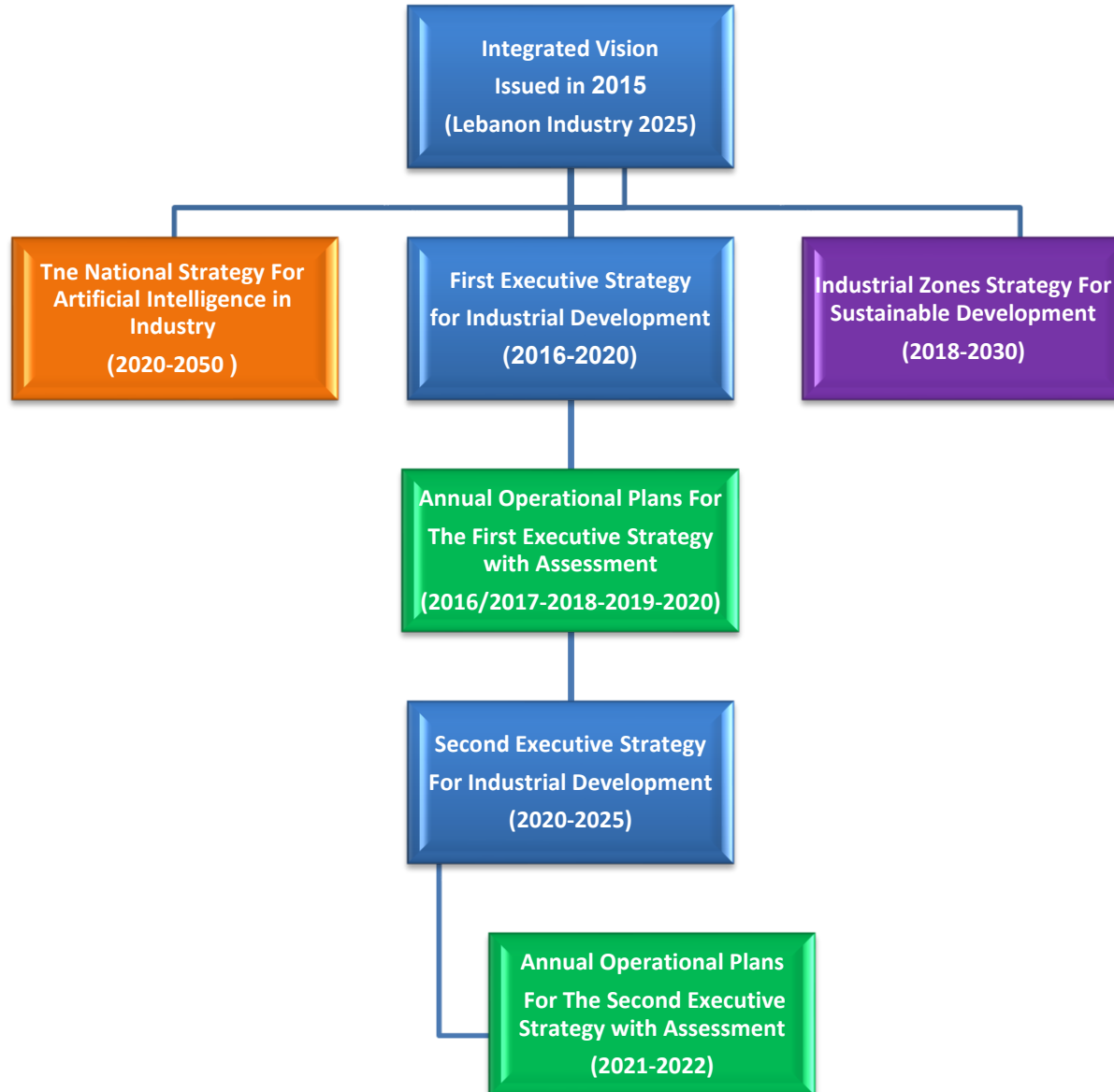
Current Situation of the Industrial Sector

- ❑ Successive Governments did not consider the industrial sector as a priority and instead relied on the rentier economy
- ❑ The political instability, lack of security and the deterioration of the regional situation led to closing the land borders and to a decrease of exports and investments in the industrial sector
- ❑ The pressure caused by refugees (1.5 million of Syrians people + 0.5 million of Palestinians) on the Lebanese infrastructure (economic, industrial and food security, electricity, water, rent, security, unemployment, pollution/waste water and energy, etc.....).
- ❑ Repercussions of the current crisis :
 - Economic crisis : Economic blockade since 2015-present (Pressure on Lebanese banking sector, Caesar Law, preventing the inflow of FDI's to Lebanon....)
 - Economic Dependency and Food security crises (Ukraine and Russia conflict...)
 - Financial crisis: Accumulation of public debt, Increase pressure on Lebanese banking sector ,Bank run, Lebanon default on debt payment in march 7, 2020.
 - Monetary crisis: Dollar appreciation against Lebanese pound , many exchange rates for dollar and Black Market....
 - Social crisis: Increase of unemployment, poverty and Suicide rates
 - Health crisis : Corona Virus (Lock down of the economy), increase in medicines prices... ,
 - Political and security crisis : Protests on streets, on October 17, 2019 , Explosion Of 4th of August, Presidential and Government vacuum.
- ❑ **Lack of access to finance and high costs of energy production (electricity, fuel oil, gas...), high wages of workers, high prices of real estate properties, and high cost of the usage of water and reducing pollution.**
- ❑ Random distribution of the factories in all the Lebanese regions since 1975 and lack of Sustainable Industrial Zones.
- ❑ Dilapidated infrastructure (Beirut Port, Water, Electricity, Telecommunications, Railways.....)

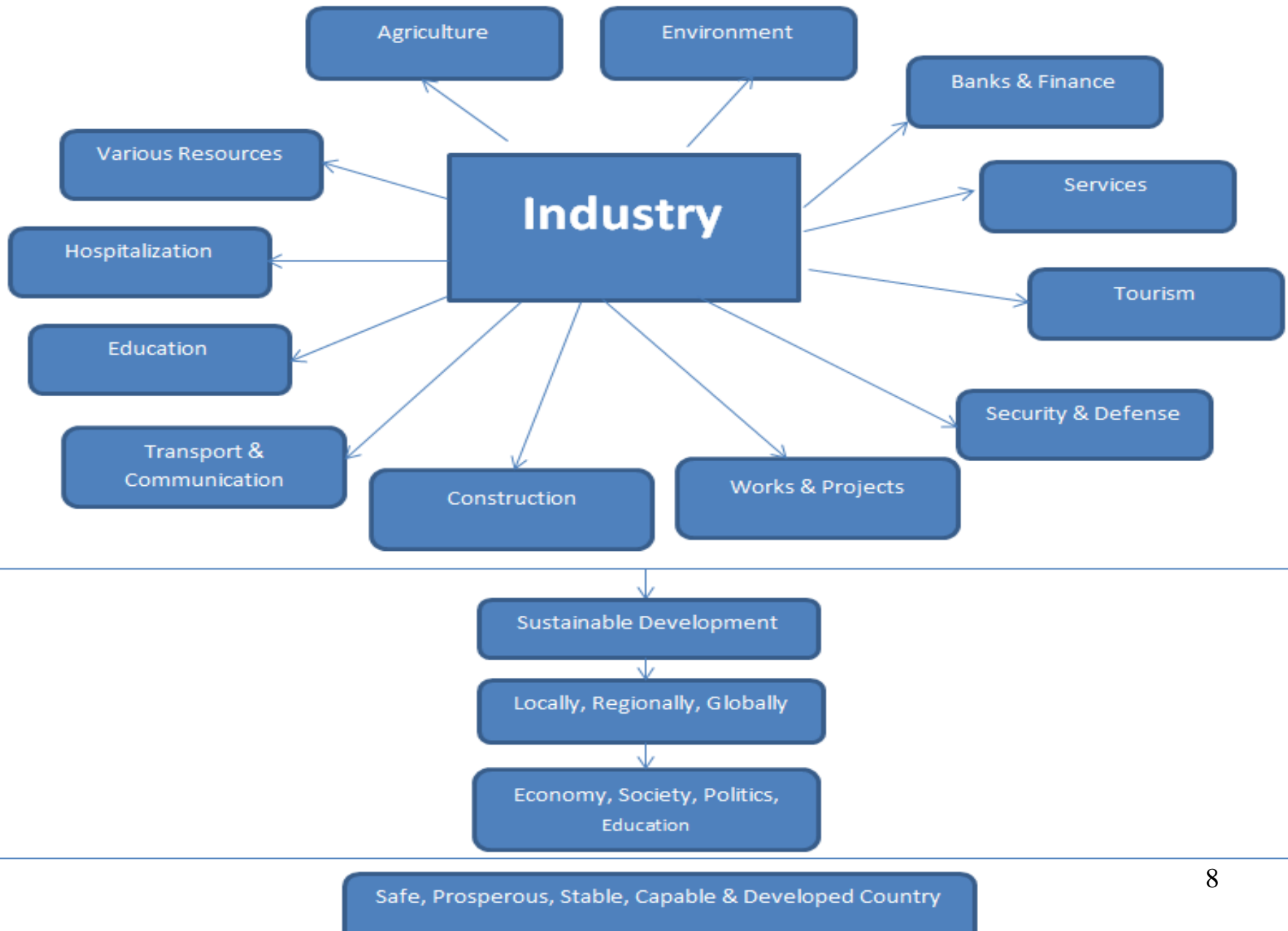
III-Role of the Ministry of Industry

- ❑ The conductor, protector and regulator of the Lebanese industrial sector and the exclusive authority in all matters related to this sector, therefore, in 2015, the Ministry of Industry formulated an **Integrated Vision (Lebanon Industry 2025)** to develop the Lebanese industrial sector, promote exports and to contribute to the increase of industrial productivity and competitiveness. That vision focuses on adopting new mechanisms such as specialization, industrial integration in production , and continuous capacity building for the industrialists.
- ❑ In 2016 and Based on its long-term Integrated vision, a four-year, realistic, objective and the First applicable **Executive Strategic plan has been developed by the Ministry of Industry (2016-2020)**
- ❑ In 2020 the ministry developed **the second Executive Strategic Plan (2020-2025) and the Implementation's Mechanisms of the Strategic plan (2020-2025)**
- ❑ The Executive Strategic Plans have been followed up with **Operational Plans for the years 2016/2017-2018-2019-2020 – 2021and 2022**
- ❑ MOI has mainstreamed the relevant SDGs of 2030 Agenda (1,2,3,7,8, 9,11,12,13,16 and 17) into its Integrated Vision (Lebanon Industry 2025), Executive Strategies for (2016–2020) and (2020-2025) and Operational Plans for 2017,2018,2019,2020,2021,2022 and in the Implementation's Mechanisms of the Strategic plan (2020-2025)

MOI's Strategies



Crucial Role of the Industry in the Lebanese Economic Matrix



IV- Integrated vision / Executive strategic plans/ Operational Plans on The Ministry's level

- Ministry of industry's Integrated Vision (Lebanon industry 2025) includes :
 - 11 Strategic Objectives:
 - 7 Operational objectives:
 - Every Operational objective includes different steps and tools.
 - Every step includes different activities , initiatives, programs and projects
 - Every activity allocated to the related department at the Ministry of industry.
 - An annual assessment conducted by the ministry to monitor the implementation with Progress report to be sent to the DG of the industry.
 - MOI conducted 1st Assessment In 2016/2017 and declared the results during the national industry day (at Grand Serail).
 - MOI conducted 2nd and the 3rd and the 4th and 5th Assessment of the year 2018 and 2019 and 2020 and 2021 respectively and the results had been sent out to OMSAR , Civil Services Council and the Administration of Central Inspection and posted on the MOI web site (www.industry.gov.lb)

1-Strategic Objectives of the Integrated Vision:

- 1- Effective, dynamic, and developed Ministry of Industry capable of conducting and leading the industrial sector towards sustained prosperity.
- 2- Establish new building for the Ministry of Industry headquarters and new locations for its regional departments, capable of accommodating the ministry's staff and the related institutions. Sufficient and modern buildings with future outlook, well-equipped to provide best services, ensuring staff and stakeholders satisfaction.
- 3- Establish the reliable reference of the Ministry of Industry in the field of industrial statistics, information and Economic researches.
- 4- Strive to lead the Lebanese society into becoming a highly productive and active industrial society.
- 5- Achieve national economic development and raise living standards.
- 6- Contribute in reducing trade deficit and Increase Job opportunities steadily.
- 7- Strive to raise productive capacity of the national industry to be able to provide 50% to 70% of local consumption needs of various sectors.
- 8- Increase the contribution of the industrial sector to gross domestic product (GDP) to 18%.
- 9- Preserve and protect the environment.
- 10-Contributing in transforming from Informal to Formal Economy
- 11- Keep pace with latest developments, support Scientific researches and innovations.

2-Operational Objectives of the Integrated Vision

- 1- Expansion of domestic market by increasing production and reducing imports.
- 2- Increase industrial exports
- 3- Increase the Competitiveness Capacity of the National Industry, Internally and Externally with consistency and steadiness.
- 4- Increase Investment and Financing in the Industrial Sector.
- 5- Encourage Green Industries
- 6- Encourage New knowledge Industries.
- 7- Media for the Industry

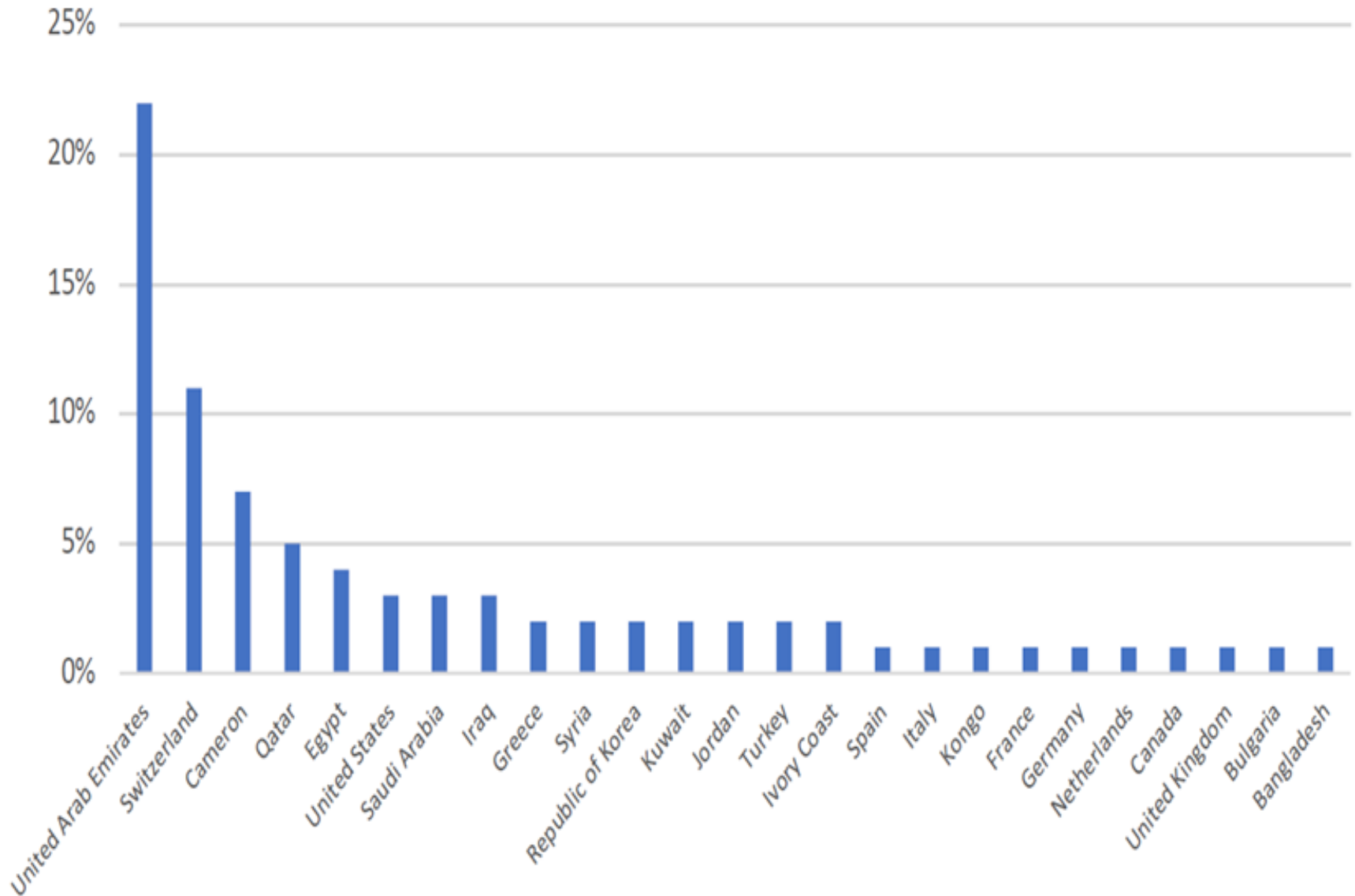
V- key Economic Indicators on the Macro and Sectorial Level

(MOI and Customs- MOF- IMF- 2020)

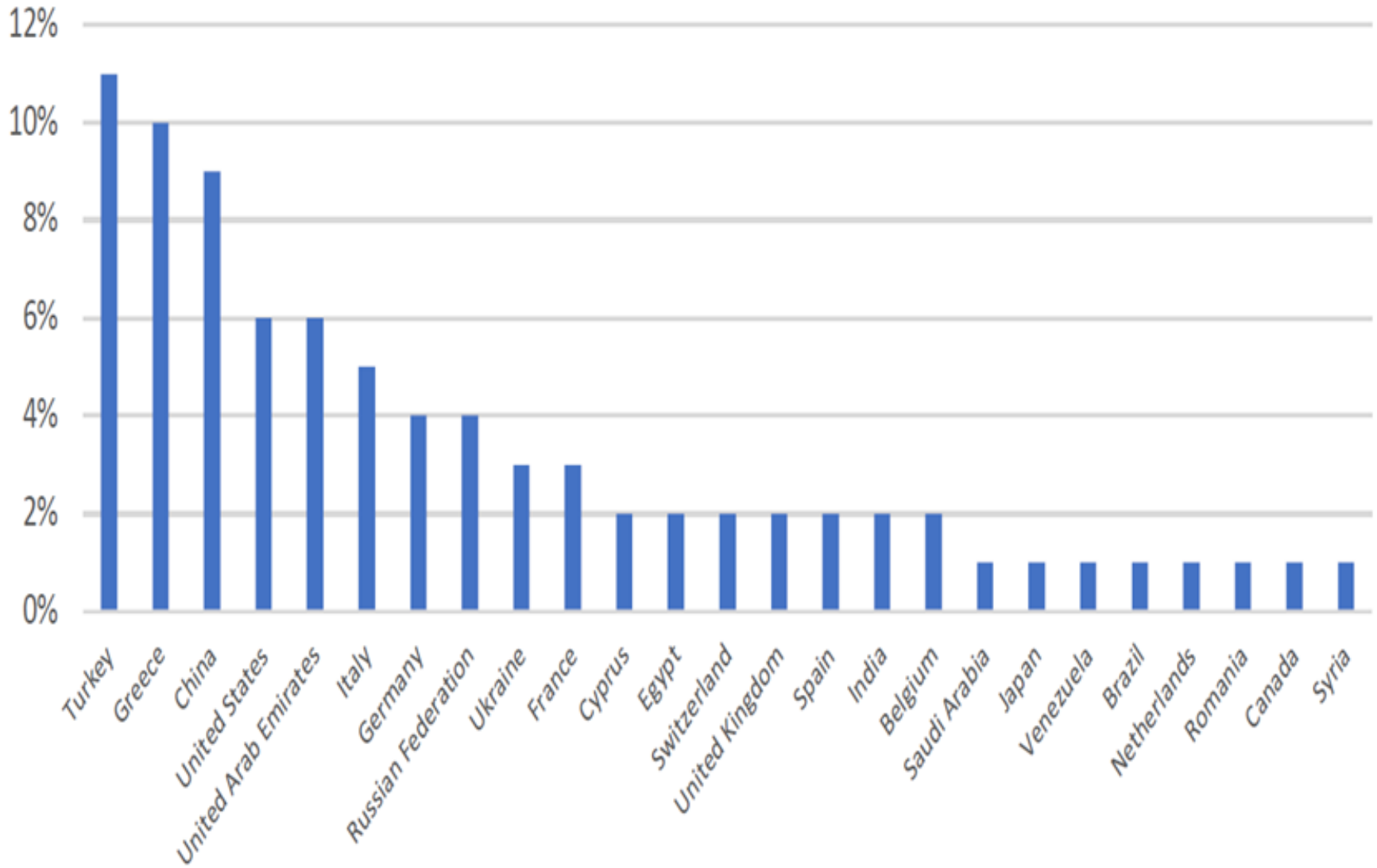
The current state of the industrial sector In the year 2021:

- ❖ The total public debt at the end of 2021 amounted to about 100.4 billion dollars, compared to the year 2020, when it amounted to about 95.5 billion dollars (Ministry of Finance 2020).
- ❖ According to the report of the International Monetary Fund for the year 2021, the Lebanese economy recorded a contraction of 10.5 percent compared to the record contraction recorded in 2020, by about 25 percent, while the value of the domestic national product decreased to 21.8 billion dollars compared to the value of the GDP in 2020, where it recorded about 40.2 billion dollars, And compared to the decline that was recorded in 2019 by about \$ 53.6 billion, when the economy witnessed a contraction rate of about 7.2%.
- ❖ The ratio of public debt to GDP at current prices is about 237.8%, which is a record level caused by deflation. economic growth, a decline in the growth rate, and a rise in public debt by 4.3%.
- ❖ The deficit in the balance of payments amounted to \$1.98 billion in 2021, compared to \$10.6 billion in 2020 and compared to 5.9 billion dollars in 2019
- ❖ Industrial exports in 2020 = 2.196 billion dollars
- ❖ The trade deficit = -9.754 billion dollars in 2021 compared to -7.8 billion dollars in 2020, Total imports = \$13.641 billion in 2021, increasing by 20% compared to \$11.310 billion in 2020
- ❖ Industrial exports represent around 62% of total exports in 2020 (the rest : Agriculture- unmanufactured Gold-Re-export....)
- ❖ The number of factories registered with the Ministry of Industry is about **6123 factories** (Ministry of Industry - **19/7/2022**) The number of workers in the industrial sector reached about 134,000 in 2016, according to the Ministry of Industry (data - 2017) Each job opportunity in the industrial sector creates about 2.5 jobs in other sectors (according to UNIDO) The industrial output, according to estimates by the Association of Lebanese Industrialists, amounted to about 13 billion dollars.

Top Lebanon's Export Markets (Lebanese customs- 2021)



Top Lebanon's Imports Sources (Lebanese customs- 2021)



Industrial Export Development in 2018-2019-2020 (in million Dollars- MOI- Lebanese Customs)

% change 2019/2020	% change 2018/2020	YEAR 2020	Year 2019	Year 2018	Month
<i>-0.6%</i>	<i>-4.3%</i>	178.9	179.9	187.0	January
<i>3.3%</i>	<i>4%</i>	211.6	204.9	203.4	February
<i>-38.3%</i>	<i>-28.8%</i>	169.7	274.8	238.4	March
<i>-42.9%</i>	<i>-47.3%</i>	120.2	210.5	227.8	April
<i>-43%</i>	<i>-31.6%</i>	152.4	267.3	222.8	May
<i>5.6%</i>	<i>-8%</i>	171.4	162.3	186.3	June
<i>-4.2%</i>	<i>9.8%</i>	218.0	227.6	198.5	July
<i>-32.5%</i>	<i>-32%</i>	144.5	214.1	212.4	August
<i>19.2%</i>	<i>-1.5%</i>	203.1	170.3	206.2	September
<i>13.8%</i>	<i>-13.3%</i>	208.0	182.7	240.0	October
<i>-11.1%</i>	<i>-16.3%</i>	176.9	198.9	211.4	November
<i>18.2%</i>	<i>12.7%</i>	240.9	203.9	213.8	December
<i>-12.1%</i>	<i>-13.8%</i>	2,195.5	2,497.3	2,548.0	¹⁵ Total

Distribution of Industrial Exports by exported products (MOI -2020)

السلع	كانون الثاني	شباط	آذار	نيسان	أيار	حزيران	تموز	آب	أيلول	تشرين الأول	تشرين الثاني	كانون الأول	المجموع	النسبة عن المجموع %
منتجات المملكة الحيوانية	0.3	0.4	0.4	0.5	0.3	0.3	0.7	0.2	0.4	0.3	0.5	0.3	4.5	0.21%
منتجات المملكة النباتية	3.8	4.1	5.4	4.7	4.7	3.8	6.9	4.6	6.2	4.7	4.4	6.7	60.0	2.73%
شعير ودهون وزيوت	4.3	4.1	4.5	3.6	2.7	3.5	4.5	2.8	7.3	4.9	4.6	5.5	52.3	2.38%
منتجات صناعة الأغذية والخبز	31.1	37.8	36.0	28.6	27.4	31.4	43.2	23.8	28.7	34.5	30.1	36.1	388.8	17.71%
منتجات معدنية	0.3	0.4	0.5	0.1	3.1	0.5	0.6	2.2	0.2	2.1	0.5	1.9	12.4	0.57%
منتجات الصناعات الكيماوية	26.7	28.4	24.9	29.0	30.4	27.2	48.0	24.4	40.3	33.2	31.5	62.6	406.6	18.52%
اللبان ومصنوعاتها؛ مطاط ومصنوعاته	7.8	10.3	9.0	7.2	7.4	7.8	10.4	7.3	10.4	9.7	9.0	9.5	105.9	4.82%
جلود، جلود بقرها ومصنوعاتها	2.3	1.1	1.2	0.3	0.4	0.4	1.6	1.0	1.2	0.4	0.6	0.6	11.1	0.51%
خشب ومصنوعاته	1.0	1.3	0.8	0.1	0.3	0.4	0.5	0.6	0.5	0.3	0.6	0.7	7.3	0.33%
ورق وكرتون ومصنوعاتها	8.8	8.6	7.9	5.4	5.1	6.6	9.1	6.9	7.9	9.1	7.7	8.6	91.6	4.17%
مواد نسيجية ومصنوعاتها	4.7	5.3	2.4	0.8	2.4	4.3	3.5	4.8	5.9	4.0	2.3	3.7	44.2	2.01%
احذية؛ اغطية رأس؛ ريش	2.2	1.6	0.5	0.1	0.1	0.6	0.7	0.6	0.9	0.5	0.4	0.5	8.5	0.39%
مصنوعات من حجر، جبس، اسمنت وزجاج ومصنوعاته	2.3	2.1	1.2	0.7	0.6	1.8	1.8	1.2	1.3	1.4	1.6	1.8	17.7	0.80%
الزئبق، احجار كريمة او شبه كريمة، معادن ثمينة ومصنوعاتها (دون الماس الخام وسبائك الذهب والفضة بشكلاها الخامي)	8.1	22.8	5.2	0.1	8.5	2.9	6.3	7.9	12.5	10.5	16.7	21.0	122.5	5.58%
معادن عادية ومصنوعاتها	30.5	30.9	26.0	11.1	16.9	26.8	28.1	21.3	31.3	35.2	25.5	30.3	313.9	14.30%
آلات وأجهزة ومعدات كهربائية	32.3	37.1	32.6	21.4	34.6	41.7	37.4	27.0	37.7	48.7	30.5	38.2	419.1	19.09%
معدات نقل	5.8	4.8	3.7	2.2	1.3	2.6	2.4	0.4	1.7	1.6	1.6	2.0	30.2	1.38%
ادوات واجهزة للبصريات، للقياس، للطب؛ اصناف صناعة الساعات وادوات موسيقية	0.5	1.9	0.8	0.6	0.5	1.6	1.5	1.3	0.8	0.8	2.9	3.3	16.4	0.75%
اسلحة وذخائر	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00%
سلع ومنتجات مختلفة	6.1	8.6	6.7	3.6	5.7	7.5	10.7	6.2	7.7	5.9	6.2	7.6	82.5	3.76%
المجموع	178.9	211.6	169.7	120.2	152.4	171.4	218.0	144.5	203.1	208.0	176.9	240.9	2,195.5	100.00%

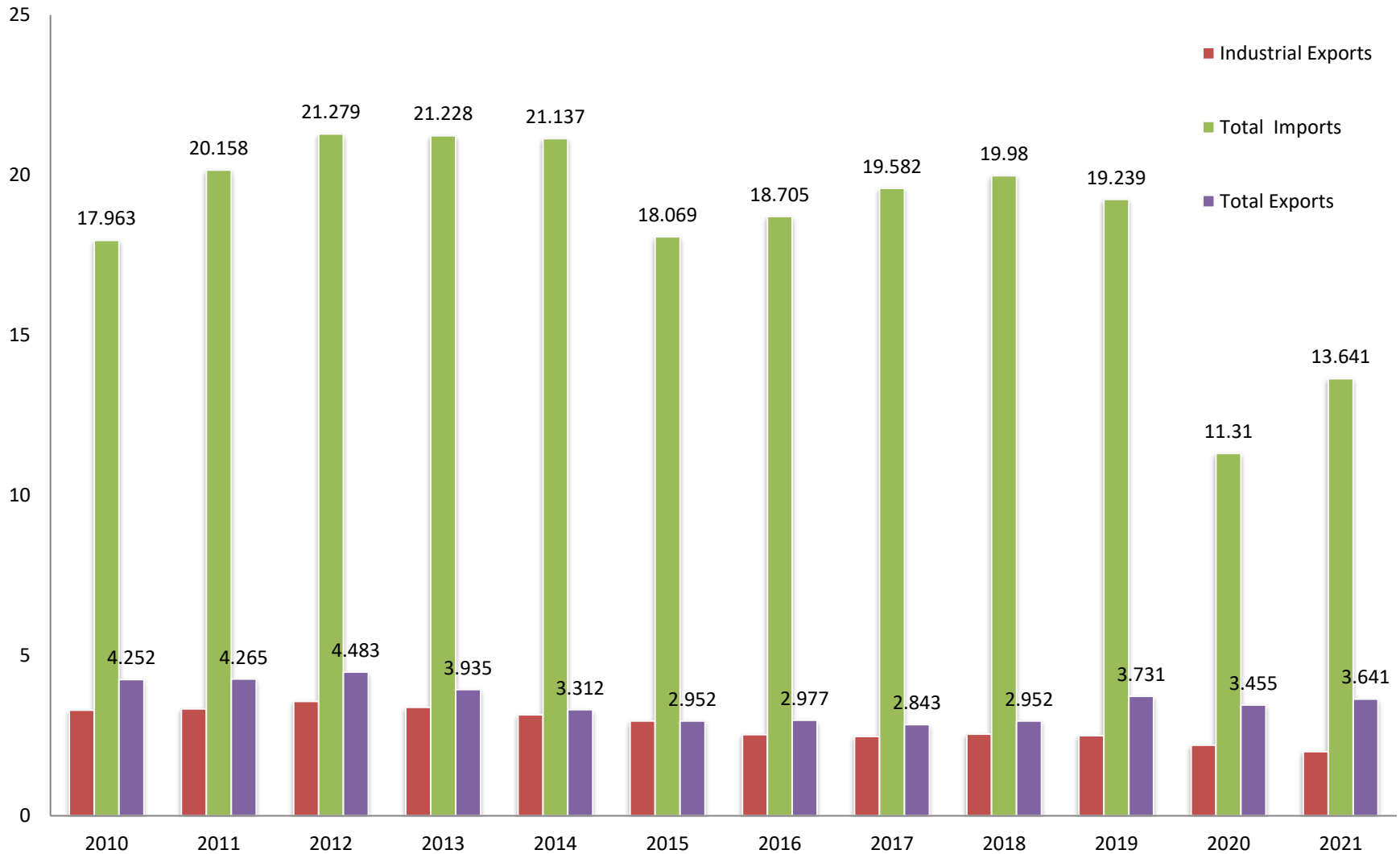
VI-Lebanon's Trade Exchange

In billion Dollars (MOI-Lebanese Customs)

Industrial Exports	Exports/Imports	Trade Balance	Total Imports	Total Exports	GDP	Year
3.291	23.70%	-13.711	17.963	4.252	38.44	2010
3.334	21.15%	-15.893	20.158	4.265	39.99	2011
3.566	21.06%	-16.796	21.279	4.483	44.03	2012
3.384	18.50%	-17.293	21.228	3.935	46.9	2013
3.149	15.60%	-17.825	21.137	3.312	48.13	2014
2.956	16.3%	-15.117	18.069	2.952	49.99	2015
2.527	15.9%	-15.728	18.705	2.977	51.2	2016
2.474	14.5%	-16.739	19.582	2.843	53.14	2017
2.548	14.7%	-17.028	19.980	2.952	54.96	2018
2.497	19.4%	-15.508	19.239	3.731	53.6	2019
2.196	31%	-7.765	11.310	3.455	40.2	2020
-	29%	-9.754	13.641	3.641	21.6	2021

Lebanon's Trade Exchange (2010-2021)

In billion Dollars (MOI-Lebanese Customs)



Lebanon's Trade Exchange (MOI-Lebanese Customs)

Rank	Top Lebanese's Exports Destinations in 2021	Value In Thousands of Dollars	Coverage %	Top Lebanese's Imports Sources in 2021	Value In Thousands of Dollars	Coverage %
1	UAE	864,241	22%	Turkey	1,440,801	11%
2	Switzerland	424,520	11%	Greece	1,361,268	10%
3	Cameron	282,669	7%	China	1,263,427	9%
4	Qatar	197,323	5%	United States	767,367	6%
5	Egypt	173,138	4%	UAE	766,937	6%
6	United States	129,940	3%	Italy	624,687	5%
7	Saudi Arabia	123,899	3%	Germany	612,686	4%
8	Iraq	123,383	3%	Russia	608,131	4%
9	Greece	94,662	2%	Ukraine	345,172	3%
10	Syria	91,371	2%	France	342,283	3%
11	Republic of Korea	90,056	2%	Cyprus	329,308	2%
12	Kuwait	88,103	2%	Egypt	328,906	2%
13	Jordan	86,388	2%	Switzerland	327,313	2%
14	Turkey	75,215	2%	United Kingdom	299,306	2%
15	Ivory Coast	63,248	2%	Spain	294,322	2%
16	Spain	52,535	1%	India	256,441	2%
17	Italy	48,234	1%	Belgium	251,755	2%
18	Congo	43,294	1%	Saudi Arabia	172,940	1%
19	France	38,447	1%	Japan	169,251	1%
20	Germany	36,558	1%	Venezuela	142,870	1%
21	Netherlands	32,492	1%	Brazil	141,761	1%
22	Canada	31,274	1%	Netherlands	141,395	1%
23	United Kingdom	30,217	1%	Romania	132,821	1%
24	Bulgaria	29,085	1%	Canada	127,982	1%
25	Bangladesh	29,049	1%	Syria	126,754	1%
	Other Countries	607,185	16%	Other Countries	2,264,985	17%
	Total	3,886,526	100%	Total	13,640,869	100%

VII- 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 strategies, policies, studies, researches aiming at developing the industrial sector particularly and the macro - economy as whole.
- Provide periodic industrial statistics
- Develop /negotiate/ international trade agreements aiming to promote industrial products in foreign markets.

VIII-MOI's Major Achievements 1/4

- MOI set out a mechanism to implement the SDGs of 2030 Agenda and developed a **Sustainable Development Strategic plan** (Lebanon Economy, 2025) at the national level and presented it to COM
 - MOI Integrated Vision and Strategic plan will be a part of Lebanon's Strategic Plan for Sustainable Development
- MOI established "**One Stop Shop**" for industrial applications to simplify administrative procedures and save time
- MOI participated in developing the "National Anti-Corruption Strategy " and developed its **Anti-Corruption Strategy** Efforts and Measures to Fight Corruption
- Master Plan studies of **three industrial zones** in Baalbek, Terbol- Qosaya, and Al-Qaa' were carried out in collaboration with UNIDO; funded by the Italian Government, EIB and EBRD
- MOI developed many **concept notes projects** aiming to develop and support the Lebanese industrial Sector
- **Green industrial permits** and **Effective periodical inspections** on factories to ensure food safety, environment protection, quality control and labor environment safety
- Developed its "**National Strategy for the Artificial Intelligence** in Lebanese Industry (2020-2050)"

VIII-MOI's Major Achievements 2/4

- Started efforts to eliminate/limit river pollution caused by the industrialists
 - Started campaign in 2014 to limit pollutants that flow into the Litani River
 - Started in 2016 campaign to limit pollution in Ghadir River and
 - Prepared some measures to limit pollution in the Hasbani River
- Practicing Effective Economic Diplomacy to promote Lebanese Industrial exports globally by: networking with foreign organizations (WB, EIB, OECD, UNIDO.....) , governments and foreign delegations (USA, EU , Sweden , Italy, The Netherlands, UK, Japan,), international conferences , workshops, and reviewing and assessing international trade agreements (AA, ENP)

VIII-MOI's Major Achievements (3/4)

Mol in collaboration with “UNIDO”, and the Japanese, Austrian and Italian government supported small industrial enterprises (Clusters) in the sectors of furniture, construction, soap, cheese, dairies and Jezzine handcrafts (knives, spoons, forks, etc.) by:

- Organizing training and workshops, and offering consultancy services to develop industrialists' skills (designs, types, and quality, etc.).
- Supplying small industrial enterprises with needed tax-exempt, industrial machinery and equipment, financed by donors (UNIDO, Japan, Austria, Italy).
- Establishing “networks” among industrialists and between industrialists and potential customers
- Significant promotion of production integration

VIII-MOI's Major Achievements (4/4)

Economic Researches, Studies, Strategies, Policies and Market Intelligence

- **Artificial Intelligence Strategy in Lebanese industry**
- **(2020-2050) NEW**
- **The Integrated Vision for Lebanese Industrial Sector (Lebanon Industry 2025)**
- **Urgent and Operational Proposals for the Lebanese Government To address Current Economic, Financial, Monetary and Social Crises**
- **Economic Policy Project : Lebanese Economy for Sustainable Development (2025)**
- **The Knowledge Economy**
- **Economic Diplomacy**
- **Economic Dependence**
- **Brexit and its Repercussions on Lebanon**
- **Report on Initiatives and Policies made by the MoI over the past two years and future initiatives to achieve the SDGs of the 2030 Agenda.**
- **Innovation for Sustainable Industrial Development**
- **Rapid Alert System for Food and Feed Safety**
- **Nanotechnology**
- **Mechatronics**
- **The MoI project to subsidize Lebanese factories energy cost.**
- **Leather and footwear manufacturing sector in Lebanon.**
- **Challenges of Sustainable Development Strategies in the Middle East**
- **The Domestic Market Ability to Absorb industrial Production**
- **Industry, the Unknown Soldier in the Battlefield of Economic development**
- **The Industry, the Lebanese Pound & Everything in between**
- **Rebirth of the Silk Road: Vision and Action Plan to be involved in the "Belt and Road" initiatives**
- **The MoI plan to sort, collect and transport household and solid**
- **The MOI's sustainable project to treat solid household waste.**
- **Analysis of Brussels II Conference results**
- **Free trade in light of the new global challenges and opportunities**
- **The Lebanese economy amidst challenges and opportunities**
- **Public-Private Partnership (PPP)**
- **A Study on Clothing and Textiles Sector in Lebanon**
- **Digital or virtual currency**
- **Global trade conflict**
- **Shift from Rent-seeking to Production Economy: Immunization of the Lebanese Banking Sector for a Secure Economic Future**
- **A Strategic Plan for the Development of the Lebanese Industrial Zones (IZ)**
- **"Immunization of Lebanon's Strategic Role to cope with the Implications of Normalization at the Regional Level" (2021)**
- **13 Feasible Studies for many industrial products.**
- **Components of the National Securities (2022)**
- **"Notes and Suggestions of the Ministry of Industry on the Financial and Economic Recovery Strategy of the Lebanese Government (FSRS)" (2022)**
- **The MoI's Anti-corruption Efforts and Measures to fight against corruption.**

IX- Artificial Intelligence Strategy in Lebanese industry (2020-2050) 1/4

- As many countries step into the Fourth Industrial Revolution, largely driven by artificial intelligence (AI), the world witnesses fierce competition among countries in terms of studying, researching, adopting, developing and using AI for sustainable development in all economic sectors (industrial, agricultural, financial services, health, government and social), the Lebanese Ministry of Industry (MoI) was among the first ministries in Lebanon and the Arab world to develop an AI strategy for the industrial sector and other entities in various economic fields pertaining to the industrial sector.
- Based on the foundations, directions, research, studies, plans, programs and strategies of the MoI, particularly the Integrated Vision for the Lebanese Industrial Sector (Lebanon Industry - 2025) prepared by the Ministry since 2012, developed and published on June 2nd, 2015, the Implementation Strategic Plan (2016- 2020) developed by the Ministry on the first of July 2016 (2016-2020), the Annual Operational Plans, the Economic Policy Project in 2017 (Lebanon Economy for Sustainable Development 2025).
- The Ministry also developed this **National Strategy for Artificial Intelligence (2020-2050)** with the aim of using the latest AI technologies and tools in the industrial sectors, building a strong base in R&D and relying on AI in services, data analysis and manufacturing products with specialized high added value and competitive products that would supply the national economy with resources and contribute to its development and sustainability and the consolidation of industrial security as a basic pillar of economic, social and national security.

- *Vision :*

“Leading industrial sector, capable of R&D, optimal use of AI applications, innovative, smart and highly competitive industrial products”

- *Mission*

“Conducting R&D, supporting innovation, and ensuring an appropriate environment for the AI fields”

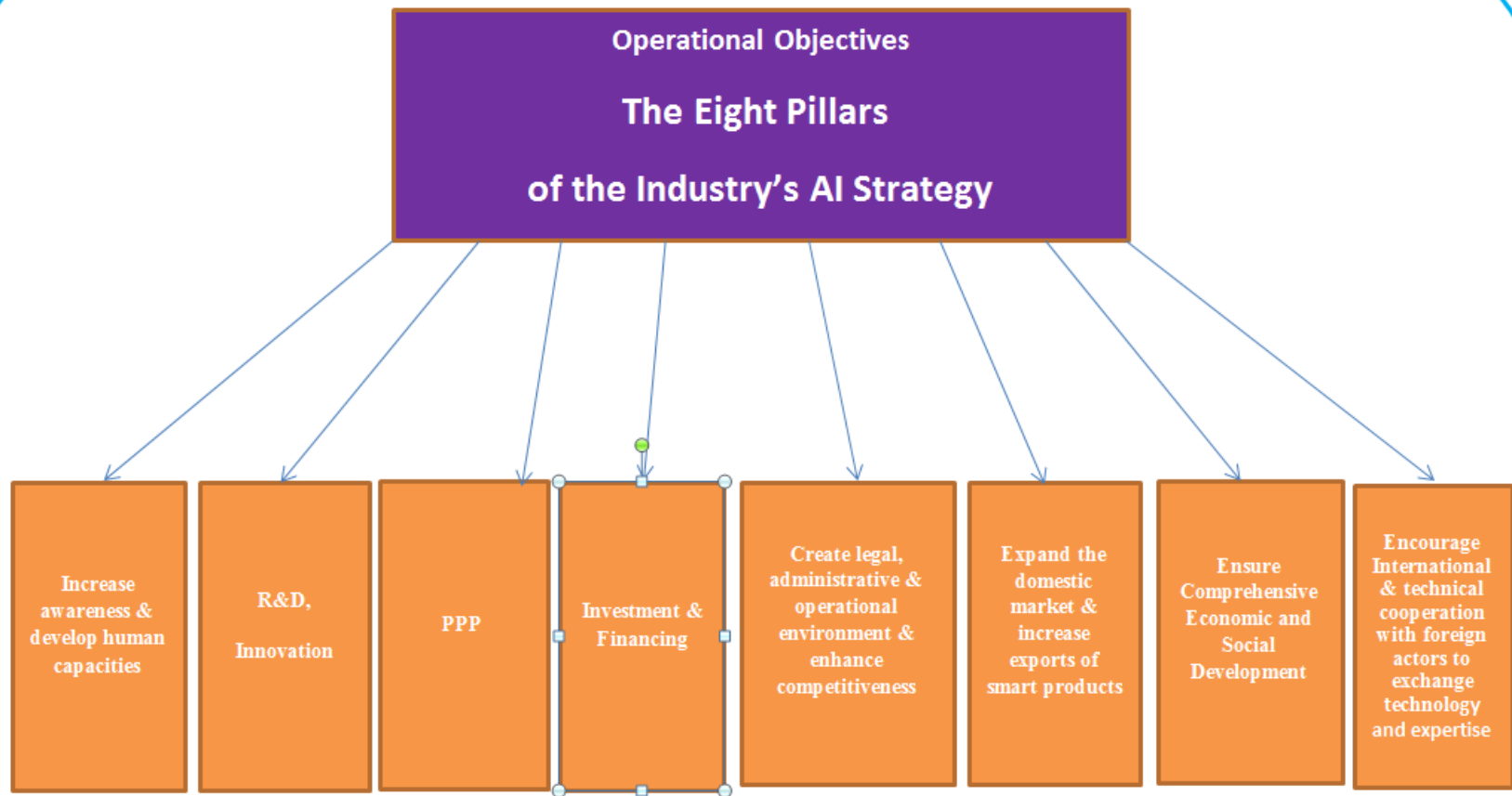
IX-Artificial Intelligence Strategy in Lebanese industry

(2020-2050) ³/₄

Strategic Objectives

- 1- Keeping pace with the fourth industrial revolution and directing the Lebanese society towards entering this revolution efficiently and adequately, encouraging scientific R&D and innovation in all industrial, economic and scientific fields, particularly AI, and working to increase research centers and the number of researchers.**
- 2- Increasing the industrial sector's contribution to the Lebanese domestic product and contributing to reducing the trade balance deficit by increasing the volume of industrial exports, expanding the local market for national production, and creating new job opportunities for Lebanese youth.**
- 3- Implementing the SDGs of 2030 up till 2050, particularly those related to the Lebanese industrial sector.**
- 4- Increasing the competitiveness of national industrial products by improving production quality and efficiency through the use of AI tools and applications.**
- 5- Securing and fortifying industrial and technological security and safeguarding Lebanon's economic and technological interests locally and internationally with the aim of achieving economic security and consolidating technological sovereignty.**
- 6- Converting the Ministry of Industry into a smart ministry by:**
 - Upgrading and developing the role of the MoI, and establishing its authority, especially in the areas of research, innovation, development and AI at the local, regional and international levels.**
 - Building a modern and advanced information base and using AI tools in storing, classifying and analyzing data and statistical information**
 - Carrying out AI and associated fields studies and research.**
 - Mechanization of all ministry's works and services and improvement of its public services quality.**
 - Follow-up the development and updating of the Ministry's website and turn it into an AI platform.**
 - Create a work environment that promotes initiative and innovation in all areas of AI.**

XI-Artificial Intelligence Strategy in Lebanese industry (2020-2050) 4/4



(Photo Source: MOI-BJ-2019)

X-MOI Strategic Plan for the Lebanese IZs

1-Vision & Mission

1.1-The Vision: “Industrial Zones that contribute effectively and consistently to the implementation of the sustainable development Goals of 2030 Agenda”.

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

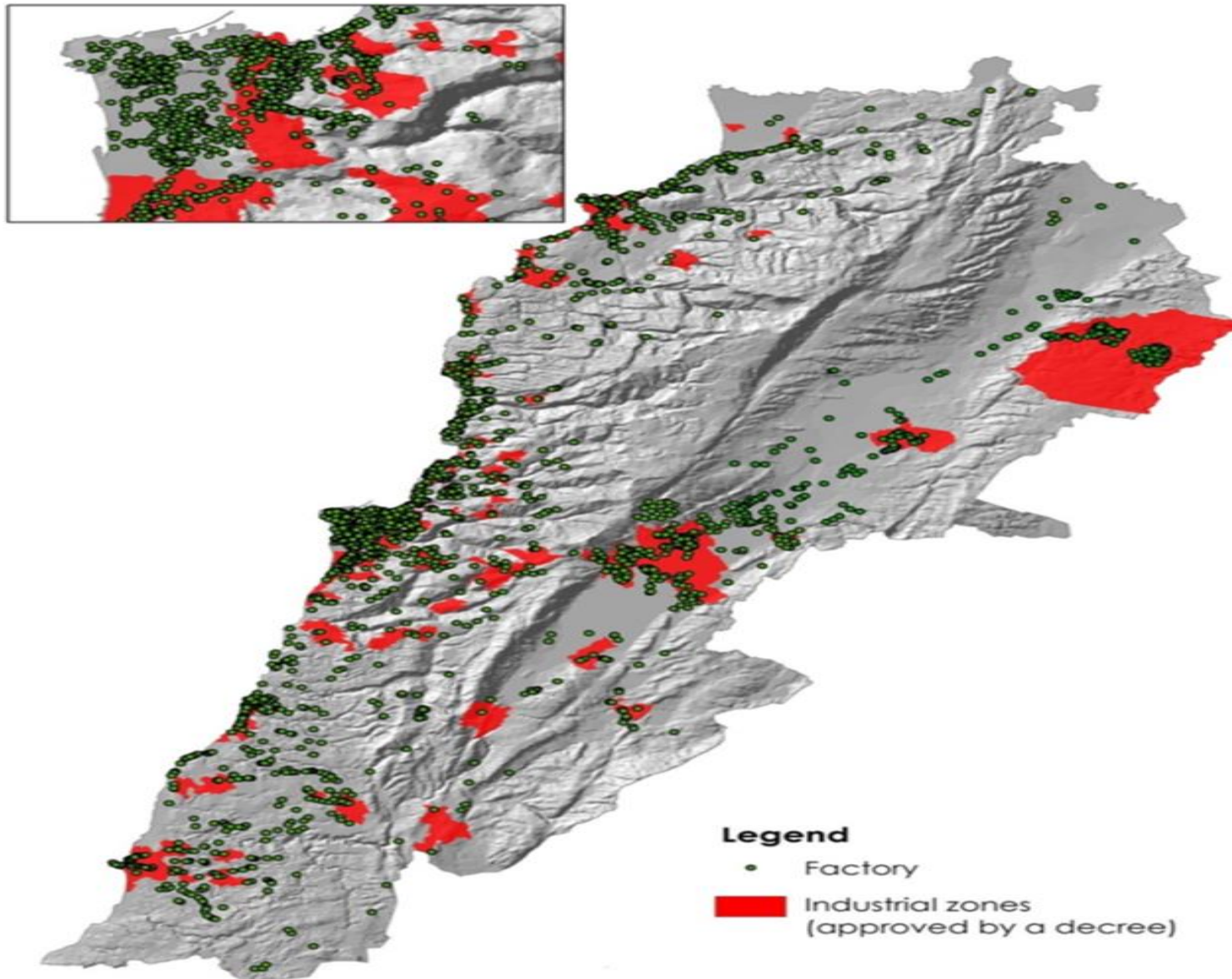
2- Operational Goals of IZs Strategic Plan

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.**

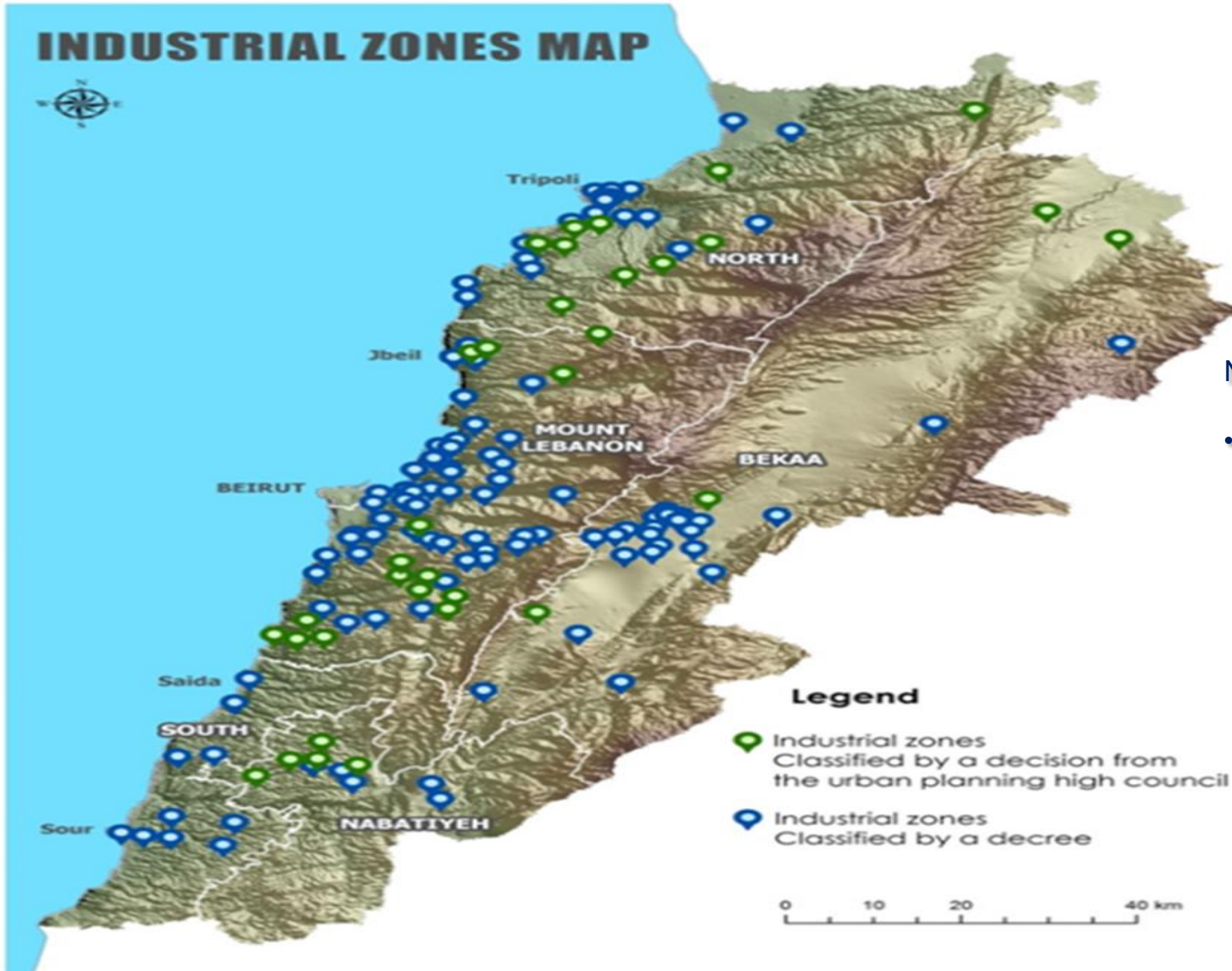
Figure 1: Random distribution of factories and IZs in Lebanon (MOI-2017)



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.*

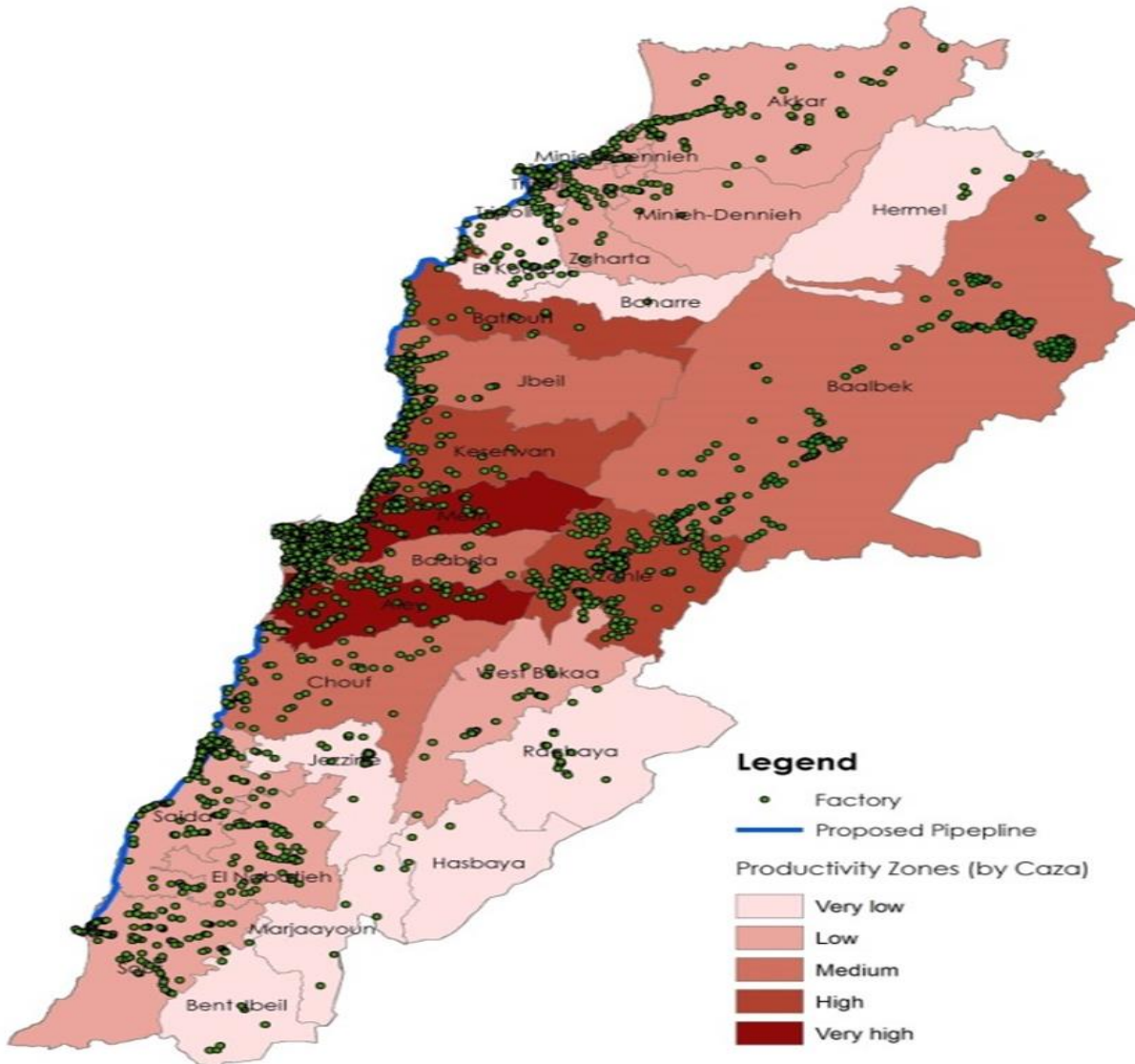
Figure 2: Current distribution of IZs within Lebanon. (MOI-2017)



Note:

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

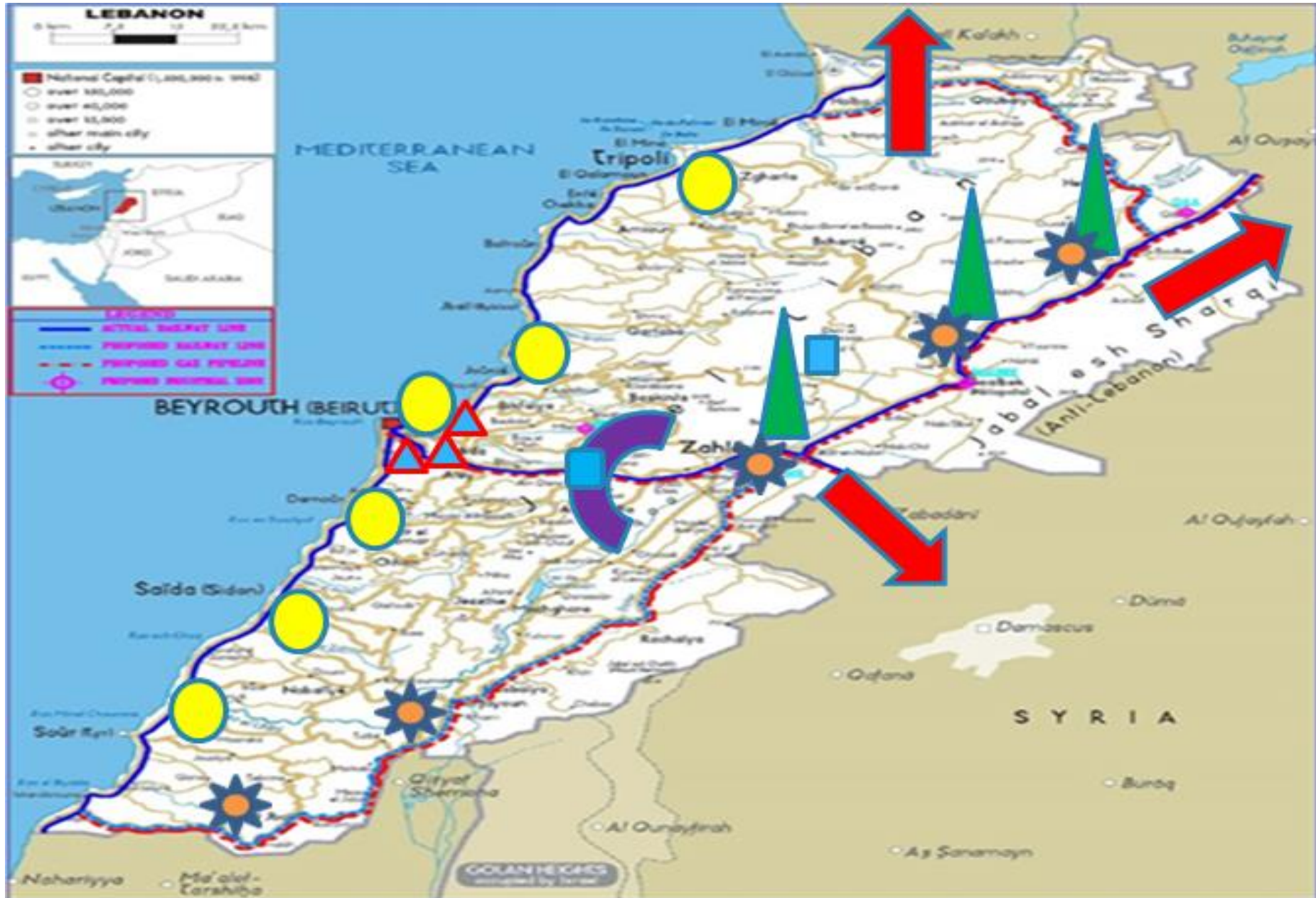
Figure 3: Random distribution of the IZs and factories per region:
(MOI-2017)



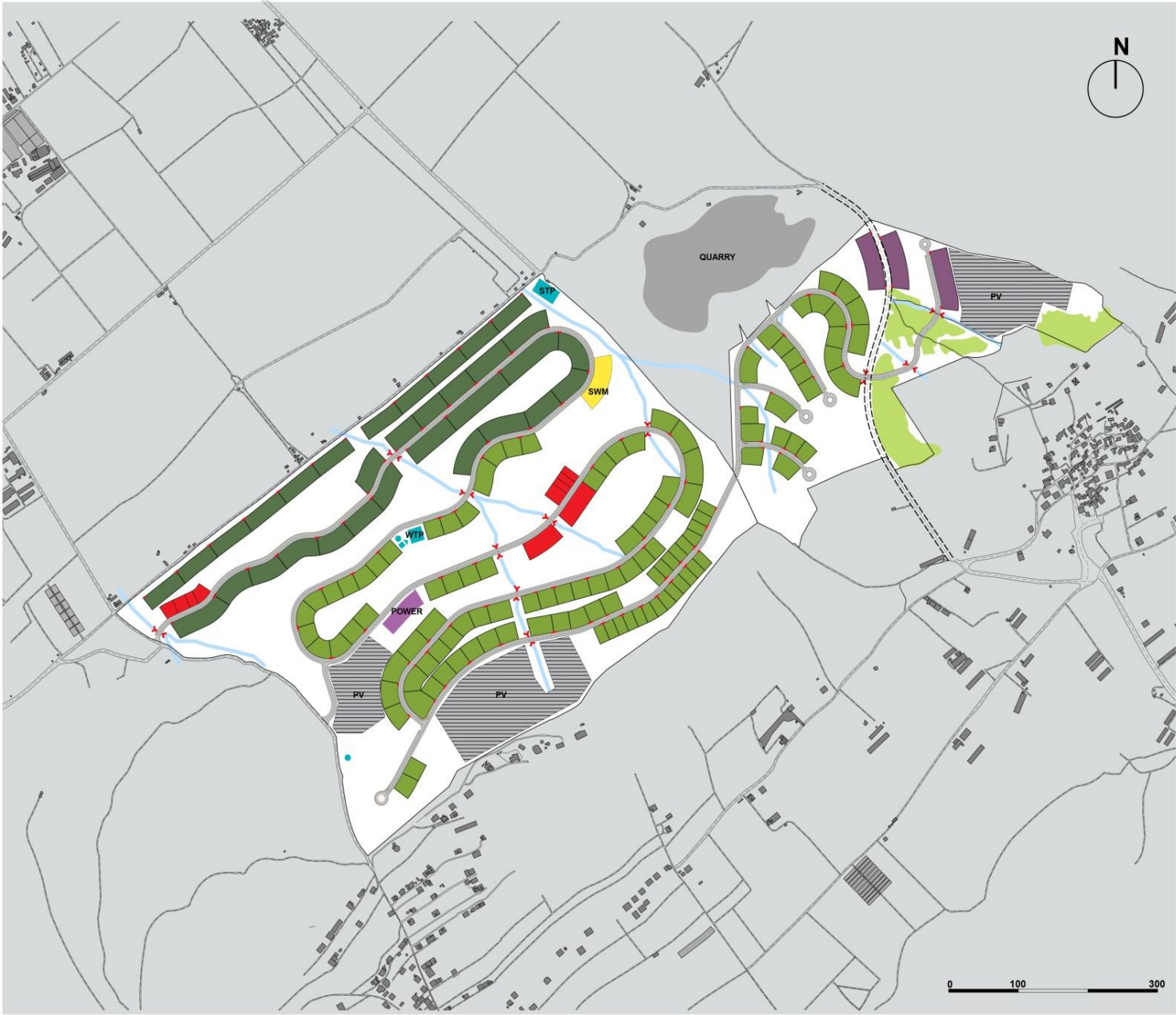
**: Number of permitted factories
(by the ministry) per region till
19/7/2022**

Mount of Lebanon	3633
Beirut	258
Nabatieh	329
South of Lebanon	402
Akkar	79
North of Lebanon :	400
Baalbak-el Hermel :	292
Bekaa	730
Total	6123

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



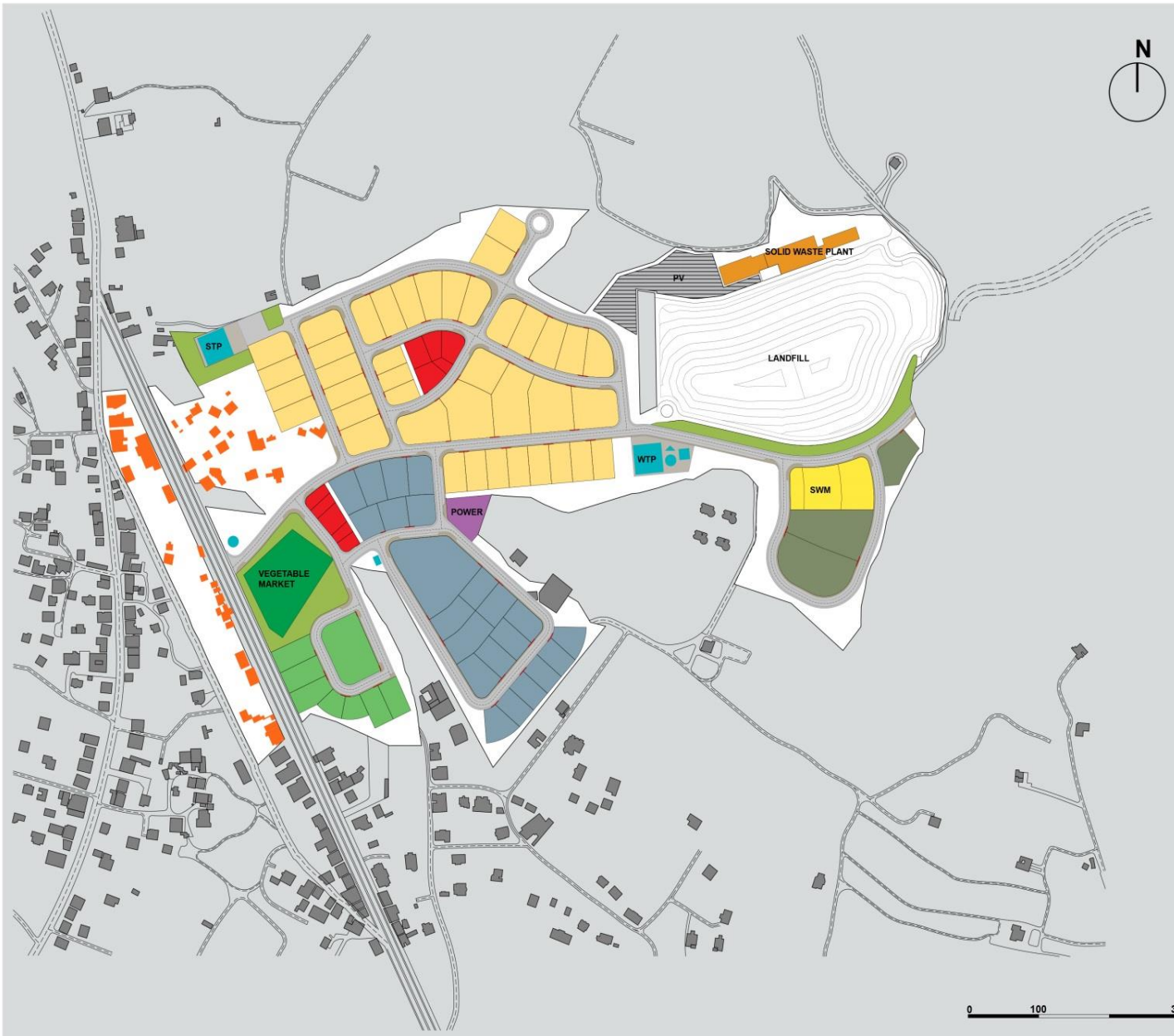
TOURBOL- KOSAYA MASTER PLAN



- Legend**
- WATER WELL
 - RESERVOIR
 - ▲ PUMP STATION
 - SERVICES
 - LARGE INVESTMENT
PLOT SIZES: 5,000SQM TO 10,000SQM
 - SMALL AND MEDIUM ENTREPRISES
PLOT SIZES: 1,500SQM TO 5,000SQM
 - FOOD INNOVATION CENTER
PLOT SIZES: 5,000SQM TO 10,000SQM
 - PHOTOVOLTAIC PANELS
 - MAIN ROAD- WIDTH 16M (RIGHT OF WAY)
 - GATES/ PLOT ACCESS
 - STREAMLINE
 - TREES
 - + CULVERT
- SWM: SOLID WASTE MANAGEMENT
 STP: SEWAGE TREATMENT PLANT
 WTP: WATER TREATMENT PLANT
 POWER: POWER STATION/ GENERATORS

0 100 300

BAALBEK MASTER PLAN

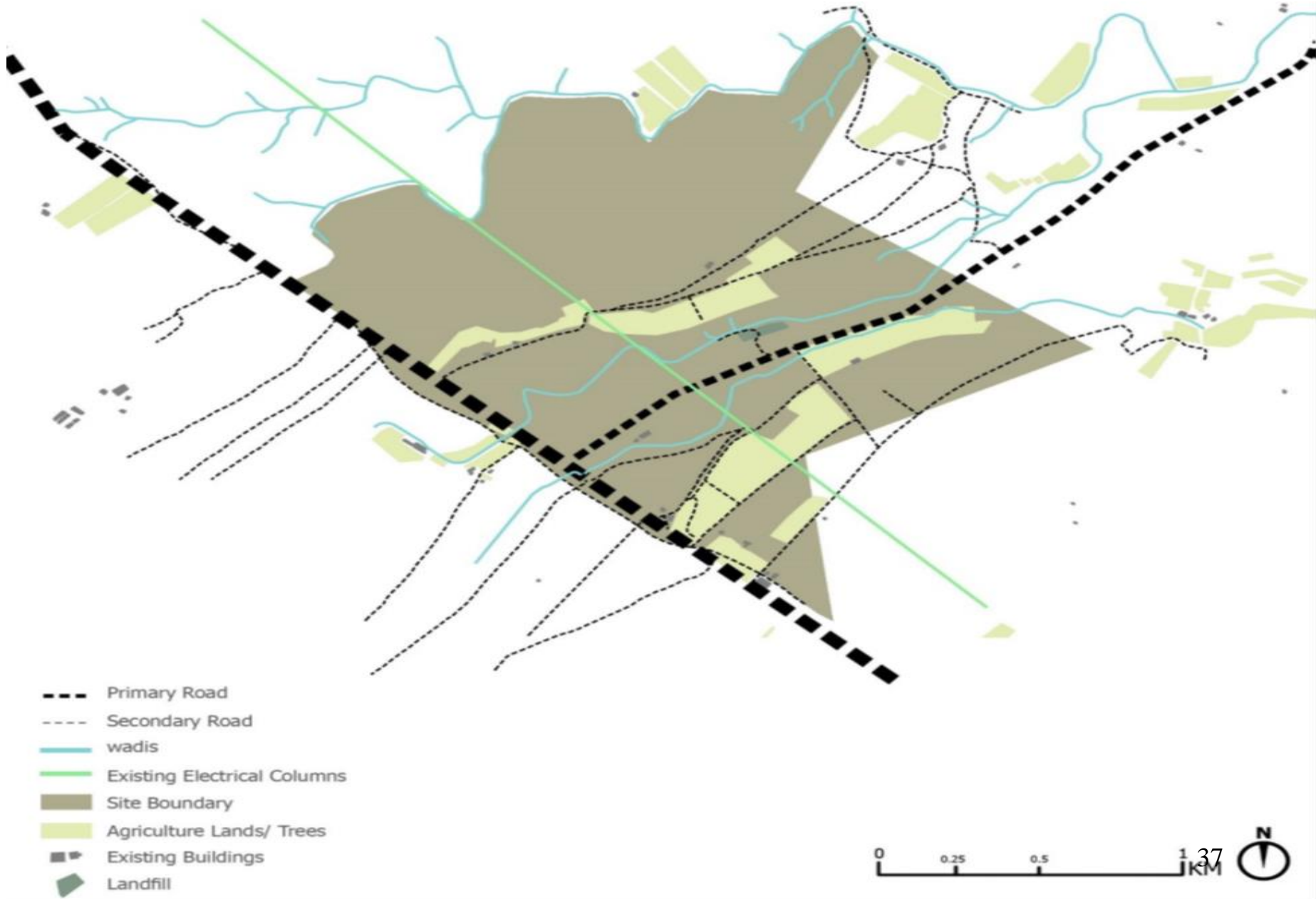


Legend

-  WATER WELL
-  RESERVOIR
-  PUMP STATION
-  PRE-TREATMENT SEWAGE PLANT
-  SERVICES
-  WHOLESALE VEGETABLE MARKET AND FOOD COURT
PLOT SIZES: 1,000SQM TO 1,500SQM
-  CAR REPAIR AND SERVICES
PLOT SIZES: 1,500SQM TO 2,000SQM
-  CONSTRUCTION MATERIAL AND RELATED INDUSTRIES
PLOT SIZES: 2,000SQM TO 5,000SQM
-  WASTE MANAGEMENT
PLOT SIZES: ABOVE 5,000SQM
-  PHOTOVOLTAIC PANELS
-  MAIN ROAD- WIDTH 16M (RIGHT OF WAY)
-  GATES/ PLOT ACCESS
-  ILLEGAL SETTLEMENTS
-
-  SWM: SOLID WASTE MANAGEMENT
-  STP: SEWAGE TREATMENT PLANT
-  PRE STP: PRE- SEWAGE TREATMENT PLANT
-  WTP: WATER TREATMENT PLANT
-  POWER: POWER STATION/ GENERATORS



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** (entirely covered by Solar Panels to produce energy) 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 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 32,000 new direct and indirect job opportunities (out of more than 125,000 direct and indirect 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) and reduce internal and external immigration.**
- **Implement the SDGs of 2030 agenda by Enhancing environmental, social and economic sustainability.**
- **Rural areas development and increase quality of life for residents for a sustainable national development.**
- **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 canters;**
- **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- Complementary Concept Notes Projects

- Lebanon Industrial Upgrading Program: Infrastructure construction for Industrial Zones.**
- Lebanon Industrial Upgrading Program: 10 Emergency Units Centers in Existing Industrial Zones Around Beirut**
- Lebanon Industrial Upgrading Program: Infrastructure construction/Rehabilitation for 9 Existing Industrial Zones.**
- Lebanon Industrial Upgrading Program: Renewable Energy Support Project**
- Lebanon Industrial Upgrading Program: Electronic and Electric Waste Management Project**
- Industrial Census Project: Industrial Establishments in Lebanon**
- Seven Regional Departments, Creativity Hubs and Training Centers Across Lebanon**
- IRALEB: Technology Transfer for Innovative Youth
Industrial Research Applied Projects (Y.I.R.A.P): Research and Development**
- Training on: “Media For Industry**
- Lebanon Industrial Agrofood Upgrading Program (Production and Export Promotion)**

XI-Investment Opportunities 1/2

- ❖ **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)*

XI-Investment Opportunities 2/2

- ❑ 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.

XII-Conclusion

- We must do everything possible to change the governmental valuation, treatment of, and approach to, the Lebanese industrial sector in order to ensure economic, and industrial, food and social security, adopt a new methodology and develop a National Macro-Economic Vision integrated with the MOI's Vision and Strategic Plan
- The Macro-Economic vision must take into account the importance and role of the Industrial sector in growing the Lebanese economy
- All efforts must be channeled towards implementing all necessary steps that support the industry sector by declaring an industrial emergency and giving the MOI all necessary resources, authority and power to continue to play its positive role effectively in steering, protecting, supporting and developing the Lebanese industry