

INVESTMENT DEVELOPMENT AUTHORITY OF LEBANON  
Presidency of the Council of Ministers

**IDAL**

# INVESTOR NEWSLINE

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## Itani: Paris III a vital boost to the local economy



Dear Readers,

The final quarter of 2006 was characterized by calm returning to Lebanon after the July war. As a consequence, the economy has slowed down despite continued assurances from several investors that they are proceeding with their projects. This gave new impetus to the economic life in the country — though at a reduced intensity.

However, investments have recovered some vitality with projects continuing to benefit from incentives and facilitations granted by IDAL through the One Stop Shop. IDAL actively supports international organizations in their setting up of operations in Lebanon. The recent decision by the Swedish telecoms company Ericsson to open a regional center in Beirut in 2007 to serve 70 European, Middle Eastern and African countries is an evident proof of this role.

The great success of the Paris III conference and the overwhelming support expressed by donors deserve every praise. This conference will give a vital boost to the local economy, especially through the implementation of the reform plan. In particular, privatization will open the way for new investments and improve business for the productive sectors.

That is why we at IDAL relentlessly continue our efforts to promote investment opportunities in Lebanon. Our aim is to promote Lebanon as an attractive investment destination and unique business launch-pad.

This issue focuses on some of the events in which IDAL participated or was the organizer of. Highlighted are also the latest investment projects, as well as an in-depth survey of the local cement industry. I hope you will enjoy reading it.

Nabil Itani  
Chairman - General Manager

## Testimonial

"Although we have the exclusive right to implement this technology in five other countries in the MENA region, we chose Lebanon. It was not only because we already had the license, but mainly because of the country's consumer-oriented society and willingness to embrace new technologies.

Moreover, the savings from IDAL's fiscal incentives allow us to reinvest more money in the project."

Mr. Imad Tarabay, Chairman  
CEDARCOM

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Investment Horizons - Saudi Arabia - December 18-20, 2006



Investment Horizons - Saudi Arabia - December 18-20, 2006



IDAL - Sponsor of Lebanese Pavilion at SIAL - October 2006



# Events @ IDAL

## IDAL at WAIPA conference

IDAL participated in the second regional Investment Promotion Agencies WAIPA Conference on Building Capacity & Investment Promotion Strategies in Africa and the Middle East, held at Sharm el-Sheikh, Egypt, on November 17-18, 2006. Under the auspices of Egyptian prime minister Ahmad Nazif, the event gathered ministers and government officials and IPA representatives, as well as local and Arab businessmen and investors.

Numerous investment promotion-related topics were debated, with participants introduced to international IPA best policies and how to implement these in order to attract further investment. Also discussed was how to set up a general evaluation of the investment climate and improve practical aspects in order to develop best work practices.

IDAL presented an overview of the investment climate in Lebanon, emphasizing current advantages of doing business in the country.

## IDAL meets Lebanese Council for Investment-Saudi Arabia



IDAL's chairman Nabil Itani met with members of the Lebanese Council for Investments – Saudi Arabia, as well as a great number of Lebanese expatriates, during a dinner at the Lebanese Embassy in Riyadh on December 19, 2006. Discussions focused on the current business climate in Lebanon, investment opportunities in various economic sectors, and ways of cooperation between IDAL and the Council in order to support the country and its economy.

## IDAL at Investment Horizons 2006

The Investment Horizons Conference 2006, hosted in Riyadh, Saudi Arabia, attracted a great number of Arab and foreign economic leaders. The three-day event, held on December 18-20, 2006, was organized by Gulf Rose Company for Exhibitions and Conferences.

During the conference, IDAL's chairman Nabil Itani highlighted the investment climate in Lebanon and the strategies IDAL is implementing in order to strengthen investor confidence. Mr. Itani identified investment opportunities in several economic sectors and praised government and private sector efforts to improve the business climate, for example the updating of legislation currently being undertaken to facilitate investor activity.

The gathering also provided an excellent opportunity for Arab and foreign IPAs to network with businessmen and investors.



# Programs Update

## Sponsor of Lebanese Pavilion at SIAL

In cooperation with the Syndicate of Lebanese Agro Food Industries and the Stanford Research Institute — SRI, IDAL sponsored the Lebanese Pavilion at the Salon International de l'Alimentation – SIAL in Paris on October 22-26, 2006. Lebanese ambassador to France Sylvie Fadlallah, IDAL's chairman Nabil Itani and head of the Lebanese agro food syndicate George Nasraoui jointly inaugurated the pavilion. Mr. Itani said increased European interest in Lebanese products was evident from the great number of visitors to the pavilion.

The sponsorship was part of the Agro Market Access Program — AGROMAP offered by IDAL which aims at promoting local, high-quality products in international markets.





# Projects Update



## La Cimenterie Nationale

La Cimenterie Nationale is planning to upgrade production and storage capacities. Estimated to cost US\$76 million, the project includes the upgrading of one kiln to raise daily production capacity of cement by 1,800 tons, and the building of an additional cement mill to increase this production by 44,000 tons per day. 30 new job opportunities will have been created.



## Cedarcom

Lebanese information technology company Cedarcom is making a US\$1.5 million investment to deploy and operate wireless data networking for internet services. The initial stage includes providing wireless full coverage for Greater Beirut and surrounding areas, to be extended to other cities and regions later during year 2007 and beyond. The project will offer 31 job opportunities for engineers and specialists in ICT domain.



## 3WF

Century Fence Company – 3WF is building a factory to manufacture waved, welded wire used for fencing and screening of domestic, public and industrial areas. It will be equipped with high technology machinery for the manufacturing of a fencing product. 3WF will require a staff of 12 in a first stage.

Project	Type Of Incentives	Sector	Size of Investment (US\$ million)	Jobs Created
La Cimenterie Nationale	IP	Industry	76.0	30
Cedarcom	IP	ICT	1.5	31
3WF	IP	Industry	1.0	12

## Legal Framework

### Amendment of Investment Law 360

Investment Law 360, Article 17, Paragraph 4 has been amended.

Joint-stock companies are henceforth exempted from the requirement of appointing Lebanese nationals as members of the board of directors. Thus, any company planning to acquire and/or manage an investment project benefiting from the Package Deal incentives is exempted from the aforementioned requirement without any condition or restriction.

### Amendment of the Law on Holding Companies

The Law on Holdings Companies, Article 5, Paragraph 2 has been amended.

Holding companies are henceforth exempted from the obligation of appointing Lebanese nationals as members of the board of directors and from requiring a work permit for a non-Lebanese chairman of the board.

## Investment News

### Ericsson locates regional center in Beirut

The worldwide telecoms company Ericsson will open a global-services delivery center in Beirut in 2007. The center will service local customers as well as clients in 70 countries in the Europe, Middle East and Africa EMEA region, creating over 100 job opportunities for engineers, technical consultants and other skilled IT professionals. Ericsson has had a presence in Lebanon since 1950.



### Jousour Bank opens in Beirut

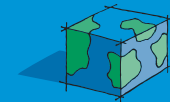
A new Islamic investment bank will set up headquarters in Beirut. The Jousour Bank, owned by the Kuwait-based International Investors Group – IIG, will provide financial and investment services according to Islamic principles. Hayek Group will undertake the construction of the main office tower. The cost of design and development is estimated at around US\$100 million.



### Hotel at Raouche and mall in Verdun

Horizon Management, together with Kuwait-based United Real Estate Company, has two new projects in Beirut. A US\$45 million hotel at Raouche under the management of the international hotel-chain Kempinski. The second project is a five-star hotel and a shopping mall in Verdun. It is estimated to require a US\$100 million investment.

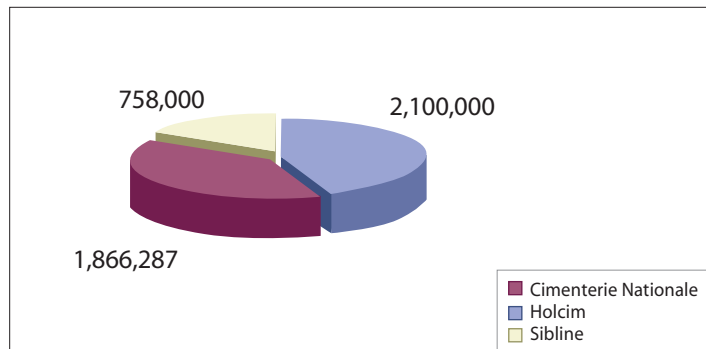




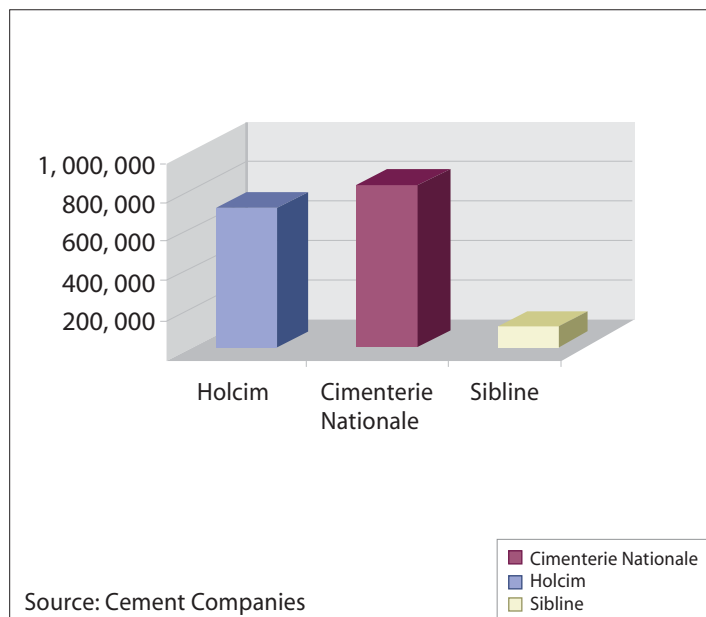
# The Cement Sector in Lebanon

## Key Indicators

Cement Production 2005 (tons)



Cement Exports by Company 2005



Cement Exports by Country Destination (tons)

Country	Syria	Iraq	Cyprus
Holcim	450,000	180,000	84,000
La Cimenterie Nationale	424,719,000	495,433,000	-
Sibline	14,000	100,400,000	-

Source: La Cimenterie Nationale, Holcim, Sibline

## Sector Highlights



Cement production is one of the few natural resource-based industries where Lebanon has a given advantage. The country has an abundant supply of high-quality limestone, convenient deep-water ports and a wealth of know-how.

Three companies are currently producing cement: Holcim, La Cimenterie Nationale and Sibline. In addition to other building materials, they manufacture various types of gray and white cement and represent a total investment of US\$500 million. According to companies statistics, the cement sector employs over 1,000 persons.

In order to protect local production, the government has banned all import of cement. In 2005, total output was estimated at 4.725 million tons, with 3 million tons going to the local market, while 1.75 million was exported mainly to Iraq and Syria.

The last few years have recorded an increased demand for Lebanese cement. Reasons include the superior quality compared to cement manufactured in neighboring countries, the reconstruction in Iraq, the opening up of the Syrian market, and an excess cash flow in petroleum-rich countries being invested mainly in the real estate sector.

After the July war, the three producers, in an effort to contribute to the reconstruction process, reduced the price of cement sold on the local market by US\$10 per ton for a period of one year. Already cement prices in Lebanon are among the lowest in the Arab world and also compared to neighboring European countries, despite high energy costs which add to the cost of production.

The cement companies predict annual production capacity to reach 5.2 million tons between 2005 and 2007. However, local demand is not expected to exceed 2.8 million tons per year, while exports are estimated to reach 2.4 million tons.