

Exploring Opportunities through the Lebanese Diaspora: Investment in Lebanon / Triangular Trade

LDE – Brazil

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Vice Chairman

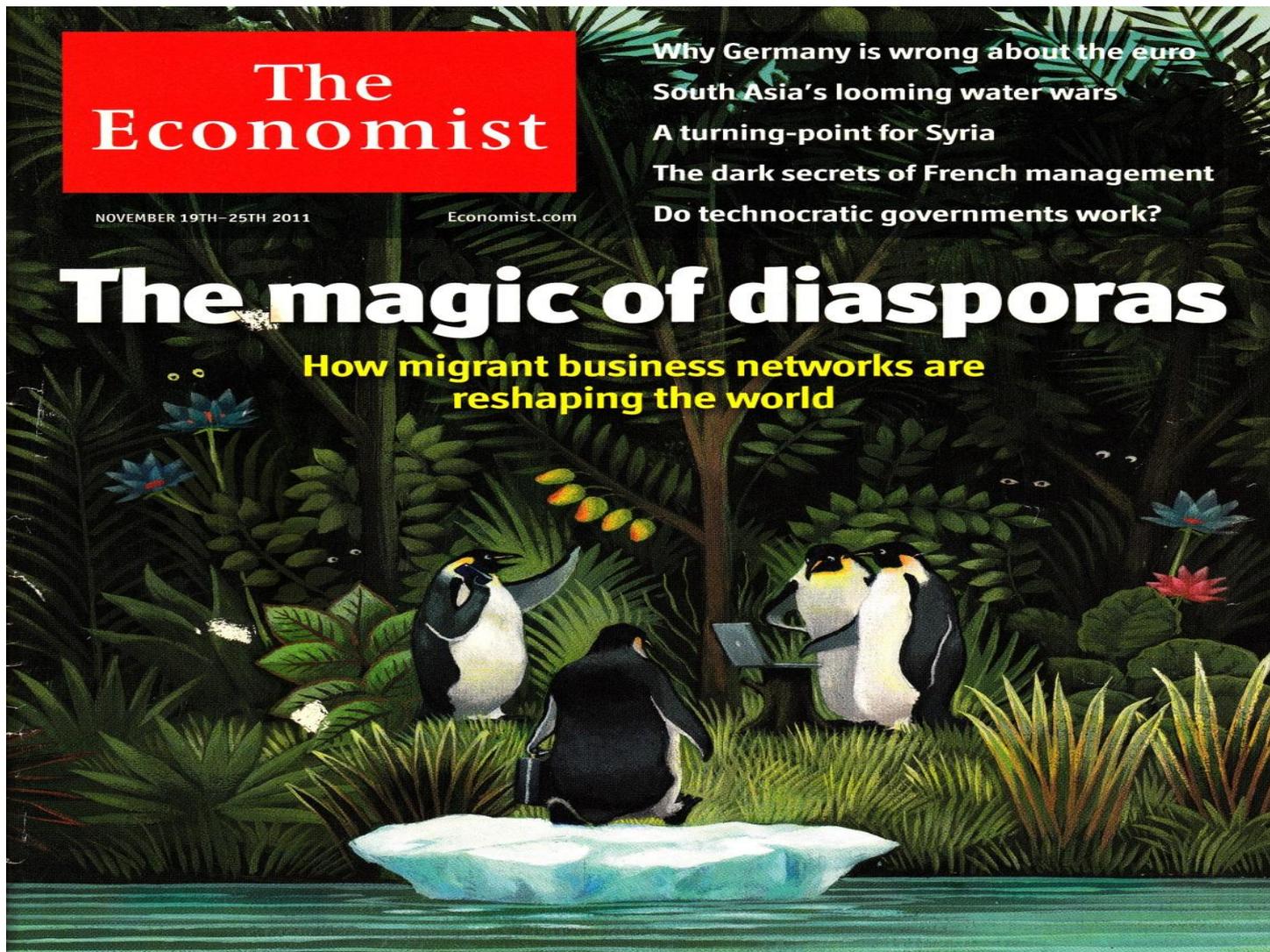


Preview

- The Magic of Diasporas
- The Case of the Lebanese Diaspora
- Indevco's Success Story

THE MAGIC OF DIASPORAS

The Magic of Diasporas



**The
Economist**

NOVEMBER 19TH-25TH 2011

Economist.com

Why Germany is wrong about the euro

South Asia's looming water wars

A turning-point for Syria

The dark secrets of French management

Do technocratic governments work?

The magic of diasporas

How migrant business networks are
reshaping the world



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The Magic of Diasporas

- **Diasporas play an important role in the economic development of their countries of origin. Beyond sending remittances, they:**
 - Promote Trade,
 - Promote Foreign Direct Investment,
 - Create Businesses & Spur Entrepreneurship,
 - Transfer Skills & Knowledge



The Magic of Diasporas

- **Between 1991 and 2001, the Indian Diaspora was responsible for \$2.8 Bn of the \$10 Bn in foreign direct investment that flowed into the country.**

The Magic of Diasporas

- Around 70% of Foreign Direct Investment in China passes through the Chinese diaspora
- China's top providers of Foreign Direct Investment in 2010:

Country/Territory	\$Bn	% of total	Chinese Residents (Mn)
Hong Kong	67.5	63.8	6.58
Taiwan	6.7	6.3	23.16
Singapore	5.7	5.4	2.79
Japan	4.2	4.0	0.52
U.S.A.	4.1	3.8	3.46
South Korea	2.7	2.5	0.70
U.K.	1.6	1.6	0.30
France	1.2	1.2	0.23
Netherlands	1.0	0.9	0.15
Germany	0.9	0.9	0.07
Others	10.2	9.6	31.88
TOTAL	96.8	100	69.84

Sources: The Economist

- Similarly the outward investment by China was tremendously facilitated by their diaspora.

THE CASE OF THE LEBANESE DIASPORA

The Phoenicians inhabitants of Lebanon > 5000 yrs B.C.

From the shores of Lebanon, invaded Europe & North Africa with their Alphabet & Commercial Comptoirs



The Phoenicians inhabitants of Lebanon > 5000 yrs B.C.

Phoenicians reached Latin America using the pole star and the wind making NASA engineers wonder



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The Case of the Lebanese Diaspora



Photo of Beirut Port with ships used for migration

Source: Executive Magazine

The Case of the Lebanese Diaspora

Lebanese started as peddlers, trading with the remote areas & countries. They have risen over several generations from the most basic tradesmen into some of the top positions in various professions and owners founders of international companies.



Lebanese peddlers on bicycles in Sao Paulo, Brazil 1960
Source: Executive Magazine

The Case of the Lebanese Diaspora

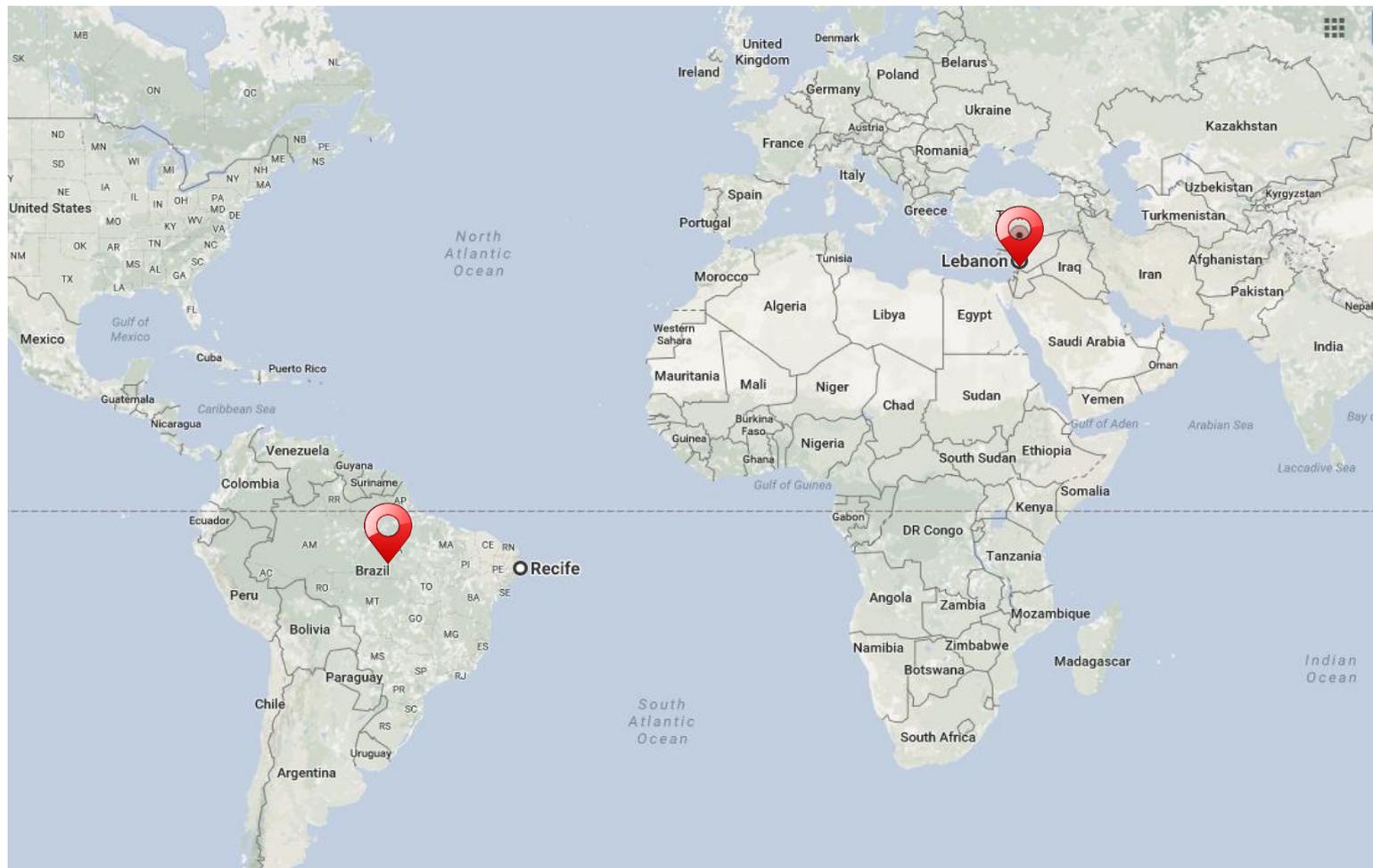
- **Around 400,000 Lebanese in Mexico contribute to 10% of its GNP**
- **120,000 Lebanese in Ivory Coast contribute to 40% of its GDP**
- **The annual remittances from the Lebanese Diaspora to their country of origin are around \$8 Bn for the last 5 years.**
- **Deposits of non-resident Lebanese in Lebanese Banks are about \$31 Bn constituting 20% of total deposits at Lebanese Banks.**

The Case of the Lebanese Diaspora

Lebanese play the role of the Crane and the Key to the economies of their countries of residence: Latin America, Africa, GCC, Levant, etc

The Case of Lebanese Diaspora

Brazil, 'the Lebanon of Latin America' - Lebanon, 'the Brazil of the L.A.A.'



L.A.A.: Levant, Arabia, Africa

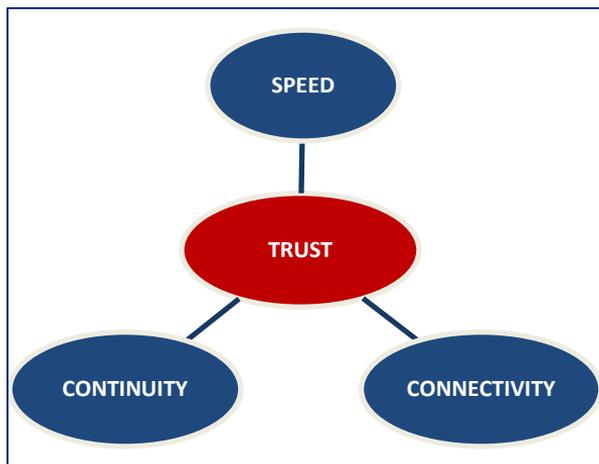
Lebanon, an Economic Hub

Lebanon, Economic Hub and Strategic Location



Lebanon, an Economic Hub

Trust – Speed – Connectivity – Continuity



Leb. descendants > 8 MN in Brazil
Population = 201 MN
GDP = \$2.36 trillion
GDP/capita = \$11,600 } 2014



Leb. Community > 300,000
Population = 1.2 BN
GDP = \$2.45 trillion
GDP/Capita = \$2,196 } 2014



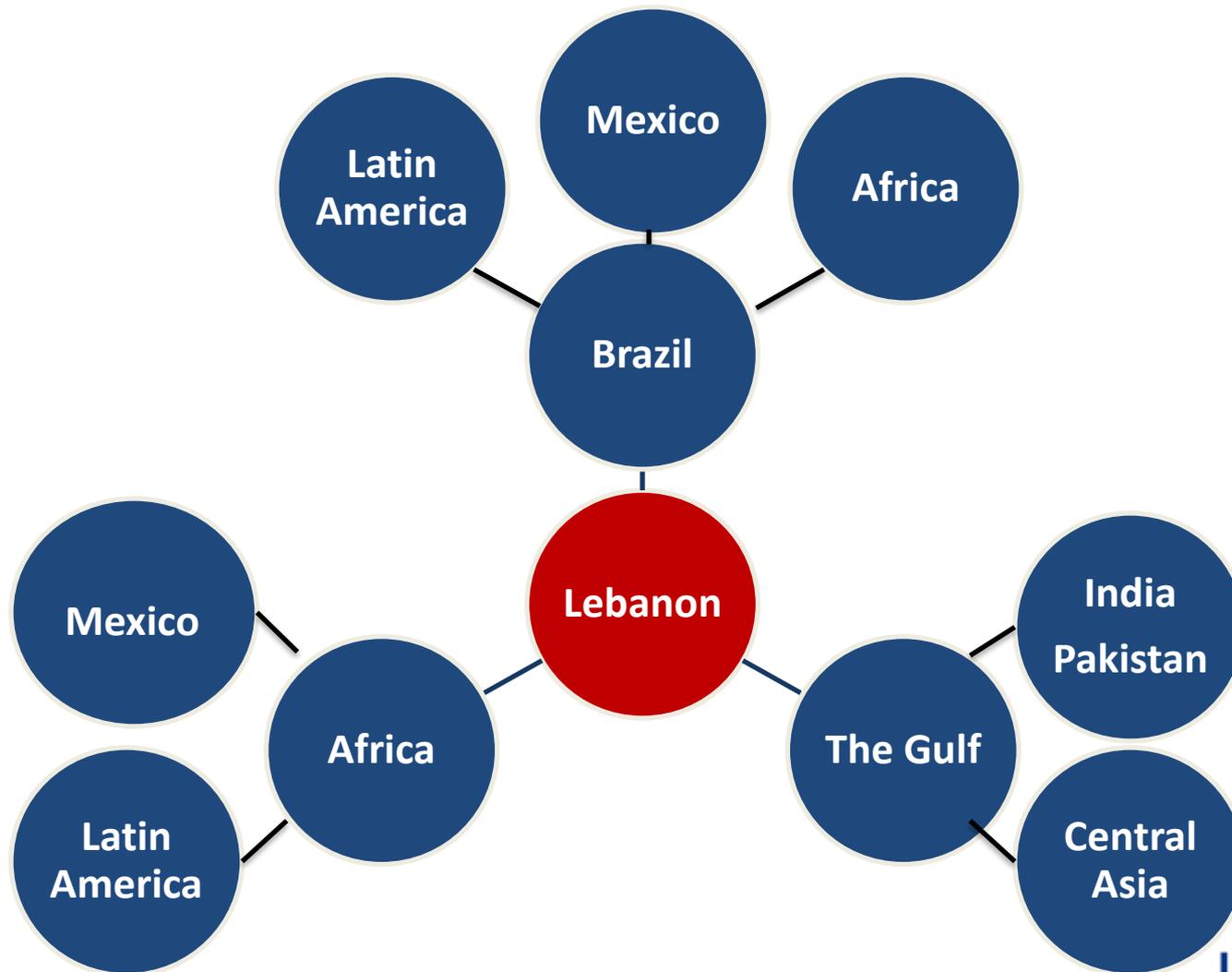
Leb. Community > 300,000
Population ≈ 50 MN
GDP = \$1.63 trillion
GDP/Capita = \$32,500 } 2014

Lebanon, a Trading Hub

- **Lebanese and Brazilian form a JV Trading Company and provide it with financial means and human resources to identify and implement business opportunities in various industries and trade, to serve their mutual interests in Lebanon for the Levant, Arabia and Africa and in Brazil or in any other Mercosur country for Latin America.**

Lebanon, a Trading Hub

Triangular Trade Routes



Lebanon, an Investment Hub

for High Tech and added value products via SMEs

To name few potential investment sectors:

High Tech Industry	Brazil being among the leaders in Latin America in high tech engineering systems and solutions, and the Lebanese being well known as skilled and high level educated human capital (engineers & others) could provide marketing, trading, after sales service, market development... they could form a JV in this field or another form of sustainable cooperation and alliance.
Software / IT	Leading Lebanese firms are providing Europe and North America in addition to the Levant, Arabia & Africa region (L.A.A.) with advanced up-to-date IT requirements and solutions. Similarly, they can provide Brazil with IT requirements through a JV in Brazil / Latino countries.
Hospitals & Medical Services	Lebanon being a leader in the region with its highly skilled doctors & reputed hospitals & medical services and Brazil being among the world leaders in medical equipment manufacturing and supply of medical hospital services, a JV would benefit tremendously both investors Lebanese and Brazilian / Latino and could develop this JV to be a hospital management company providing management and consultancy services in this field which is highly promising due to its future needs.

Lebanon, an Investment Hub

for High Tech and added value products via SMEs

To name few potential investment sectors:

Engineering & construction

Lebanon could provide engineering studies & services , contracting & supervision to Brazilian engineering construction companies especially for reconstruction of Syria as well as other Arab countries.

Lebanese and Brazilian contractors could form a JV and forge a strong business alliance and cooperation vis-à-vis the international companies in the game.

Brazilian / Latino would enjoy high quality works & services against lower cost and fees and enjoy the proximity factor which gives the supplier a competitive edge over faraway providers.

Apple Industry & Trading

Lebanon is a major apple grower in the region (> 150,000 MT/a) and Brazil is a leader in the Agro/food industry. Investors from both countries can partner in such potential business through manufacturing and trading of apples & apple products & derivatives.

Wine Industry

Lebanon is known as an ultimate boutique wine-producing nation with different terroirs, each unique in itself & over 40 producers (Zafer Chaoui – President Union Viticole du Liban), exporting > 50% of their production to Europe & North America. Phoenician merchants 4000 years ago traded across the Mediterranean and gave the gift of wine to the world.

Lebanon, an Investment Hub

for High Tech and added value products via SMEs

To name few potential investment sectors:

Olive Oil	Lebanon & Syria is rich in olive trees. Lebanese provide knowhow, technology and marketing for the industry. Branded products can be exported to L.A.A. and Latin America.
Fashion	Lebanese fashion designers are reputed worldwide and dress famous political leaders, queens, businessmen, actors... Lebanese & Brazilians could join forces to promote Lebanese Haute Couture in Brazil & Latin America.
Jewelry	Lebanon is rich in skilled Lebanese craftsmen and designers with high taste and quality jewelry that satisfies the needs and choices of the region. Brazil is rich in precious and specifically semi-precious metals & stones. A JV in such field enriches both parties where Brazilians can export back Brazilian stones & other jewelry designed and manufactured by Lebanese in Lebanon to Brazil and Latin America and benefiting from Lebanon's lower cost and could invade L.A.A. with Brazilian stones.

Means

- **Financial and Business Support to Diaspora of entrepreneurs and investors through official bodies:**
 - Lebanese Central Bank
 - Kafalat
 - IDAL
- **Bilateral agreements (Double Taxation, Investment Protection...)**
- **Investment in JVs in SMEs and start-ups in both countries (Lebanon and host countries) in products and services that have respective economic advantages**
- **Free Zones**
- **Credit Risk insurance to insure trade receivables**

Economic Bilateral Agreements

- **Lebanon enjoys Promotional and Reciprocal Protection of Investment agreements with around 60 countries, to name a few: Canada, France, Germany, Russia, Spain, UK, Switzerland, Greece, etc...**
- **It is highly recommended that such agreements be concluded between Lebanon and the Latin American Countries in order to encourage economic cooperation and create and maintain favorable conditions for Lebanese & Latin American investors.**

Role of professional networks

- **Role:** Facilitating, supporting diasporas in establishing sustainable business alliances, cooperation and partnerships, through providing professional consultancy, research and studies, human and financial resources.
- **Key stakeholders:**
 - Diaspora Investors and Businessmen
 - Government & public offices
 - Chambers of commerce, trade associations, business councils
 - Banks and investment agencies,
 - Universities,
 - Donors (government and NGOs),
 - Regional organizations (EU), International Organization for Migration,
 - World Bank,
 - Regional Development banks (American, European and other),
 - National development agencies (American, European, Asian, others)
 - Etc...

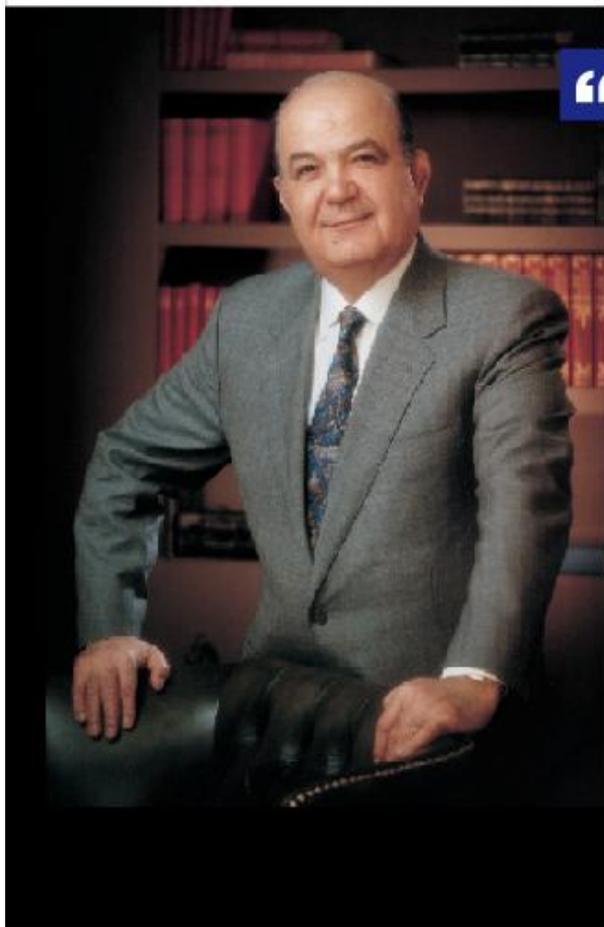
Hurdles

- **Customs Duties & Formalities**
 - **Tax & capital repatriation**
 - **Foreign Exchange**
-
- **Hoping that Lebanon will become an active member of Mercosur before end 2018 and enjoy the benefits.**

INDEVCO'S SUCCESS STORY



Indevco's Success Story



Our Philosophy

What is good for the community is good for the company.
What is good for the company, we will strive to do excellently and in a way that enriches the lives of our people.

Georges N. Frem
Founder
1973



Indevco's Success Story

- In the early 1950s, Georges N. Frem went to Saudi Arabia and almost got lost crossing the desert by car.
- In 1956, he established Napco, the first manufacturing plant of paper bags, cement bags, tissue rolls, and plastic bags in Dammam – Eastern Province – Saudi Arabia with CR#12 with less than 10 employees, where he operated the machine by night and sold the finished products during the day.
- His brother Chafic, today Indevco Group Chairman, joined him in 1958 and acted partly as peddler selling bags on a Tricycle.
- Since then, Indevco Group expanded into several industries and presently includes more than 76 companies employing more than 11,000 employees worldwide.



Indevco's Success Story

- **Napco's First machine**



INDEVCO

Privately Owned Multinational Manufacturing Group

Key Facts

Established in 1955

Over 76
companies worldwide

Over 11000
Employees worldwide

Global Sales & Presence Map



Business Divisions



Indevco Consumer Products
Division of INDEVCO Group

Household & Catering Products: tissue, aluminum foil, bags, cling film, table covers, and dispensers

Personal Care Products: feminine napkins, diapers, cottons, wipes, medical under pads, and clinical sheets



Indevco Paper Containers
Division of INDEVCO Group

Boxes, sheets, trays, Greencoat® wax-free packaging, pre-printed rolls, corrugated retail and shelf-ready packaging, point-of-purchase (POP) displays and counter stands



Indevco Flexible Packaging
Division of INDEVCO Group

Laminated and co-extruded Polyethylene (PE) and Polypropylene (PP), printed and non-printed films and bags, kraft paper bags, cones sleeves, cups, rolls, and paper cores



INDEVCO PAPER MAKING
Division of INDEVCO Group

Virgin and recycled jumbo tissue rolls, kraft linerboard and recycled medium

Business Divisions



Member of INDEVCO Group

- **Phoenix Technology:** Project management, complete EPC and operation and maintenance of cost-efficient bio-fuel power plants generating steam and power using residual waste stream materials
- **Phoenix Machinery:** Project management, complete EPC, MEP detailed engineering for industrial plants. Manufacturing of hygiene and tissue converting machines, and CNC machined parts. System integration for machinery and process automation, and power distribution. Firefighting & safety systems.
- **Phoenix Energy:** R&D in renewable energy, project management and complete EPC for renewable energy projects



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THANK YOU

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