

Agriculture Sector

Fish Farming, Red Meat & Fattening, Fresh Herbs, Aggregation Business, Animal Feed

Invest in Palestine

Land of Generosity



هيئة تشجيع الاستثمار الفلسطينية
Palestinian Investment Promotion Agency



2020



Note

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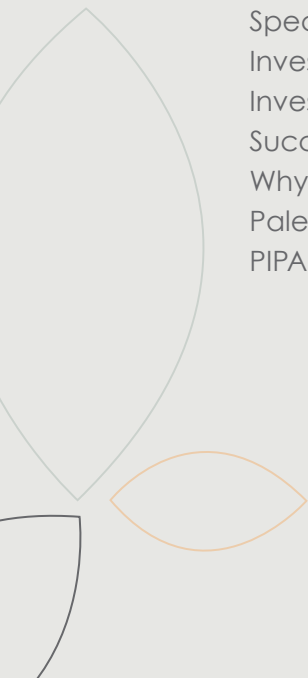


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Country overview

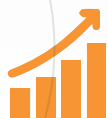
Spoken languages

French, German,
Hebrew, Italian,
and Spanish

Arabic, English
(widely spoken)

Population

4.9 Million



GDP

15.6

USD Billion

GDP per capita
3,417.7
USD



Imports (2018)

6,539

USD Million

Used currencies



USD, JD, NIS, EUR

Palestinians world wide

13 Million

Average wage (per day)

28.6

USD



Exports (2018)

1.155

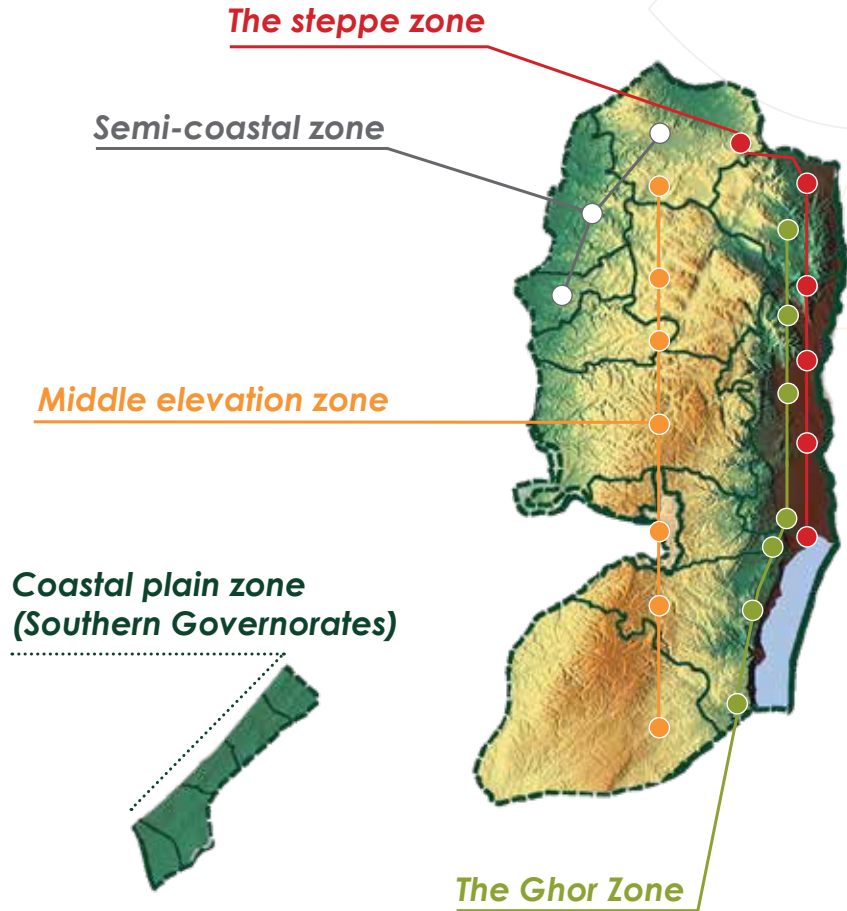
USD Million

Area
6,450 Km²



Sector overview

- Geographic and climate diversity provides growth to a wide range of agricultural products. Although agricultural area is relatively small, the climate makes it suitable for the production of vegetables year-round. In addition, improving the level of mechanization in agriculture practices (particularly green houses, land preparation, irrigation, and pesticide spraying) will improve the production efficiency
- According to the local classification, Palestine is comprised of five agro-ecological zones



Sector overview

Sector characteristics

Holdings

The agricultural sector is divided into large, medium and small holdings, and the average tenure is 12.5 Dunam.

Export and foreign markets

Palestinian agricultural products are found in most of the global markets, where agricultural products are exported to the United States of America, European Union countries, the Russian Federation, and Arab countries, including Jordan and Gulf Cooperation Council countries.

Treated water

There is a number of wastewater treatment plants that have been operating efficiently in most of the Palestinian governorates.

Productivity

The Palestinian farmer has the ability to adopt and use modern agricultural technology, which is reflected in increasing agricultural productivity.

Local market

Most of the production is marketed in the local market and the rest is exported.

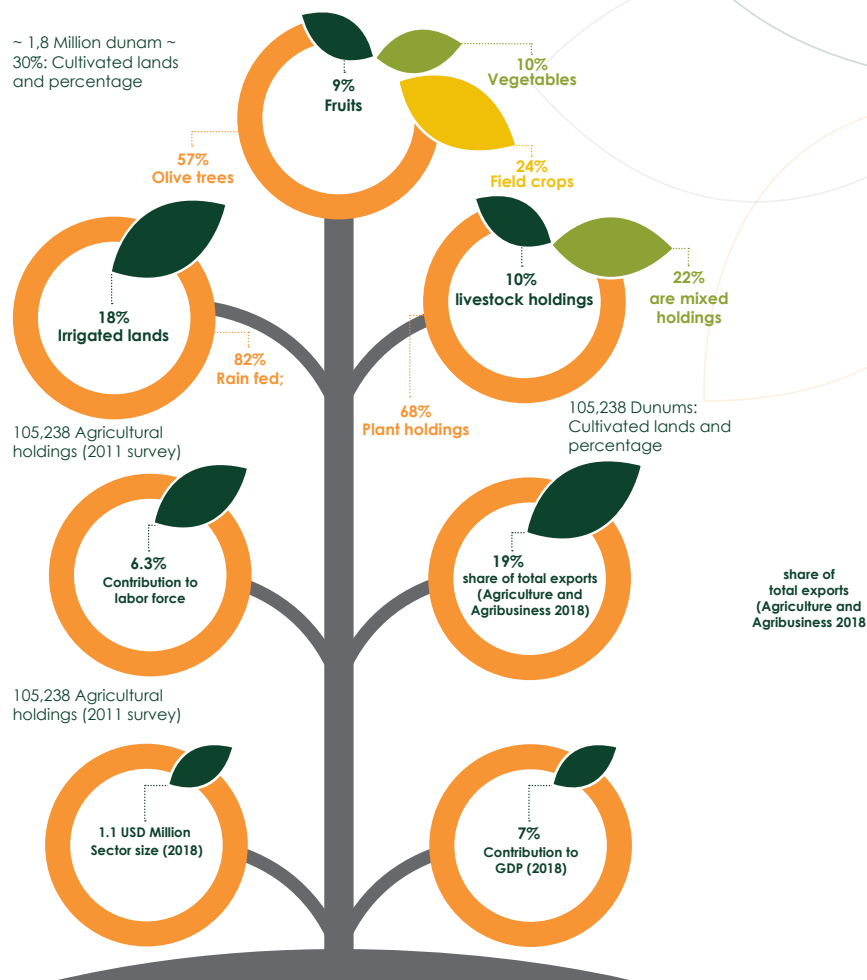
Sub-sectors and activities

The sector includes a wide range of potential sub-sectors and activities correlated with each other: plant production which includes vegetables, fruit, field crops and variety of herbs and roses, livestock production which includes sheep, goats, cattle, poultry, honey and fish, in addition to food processing.

Sector Overview

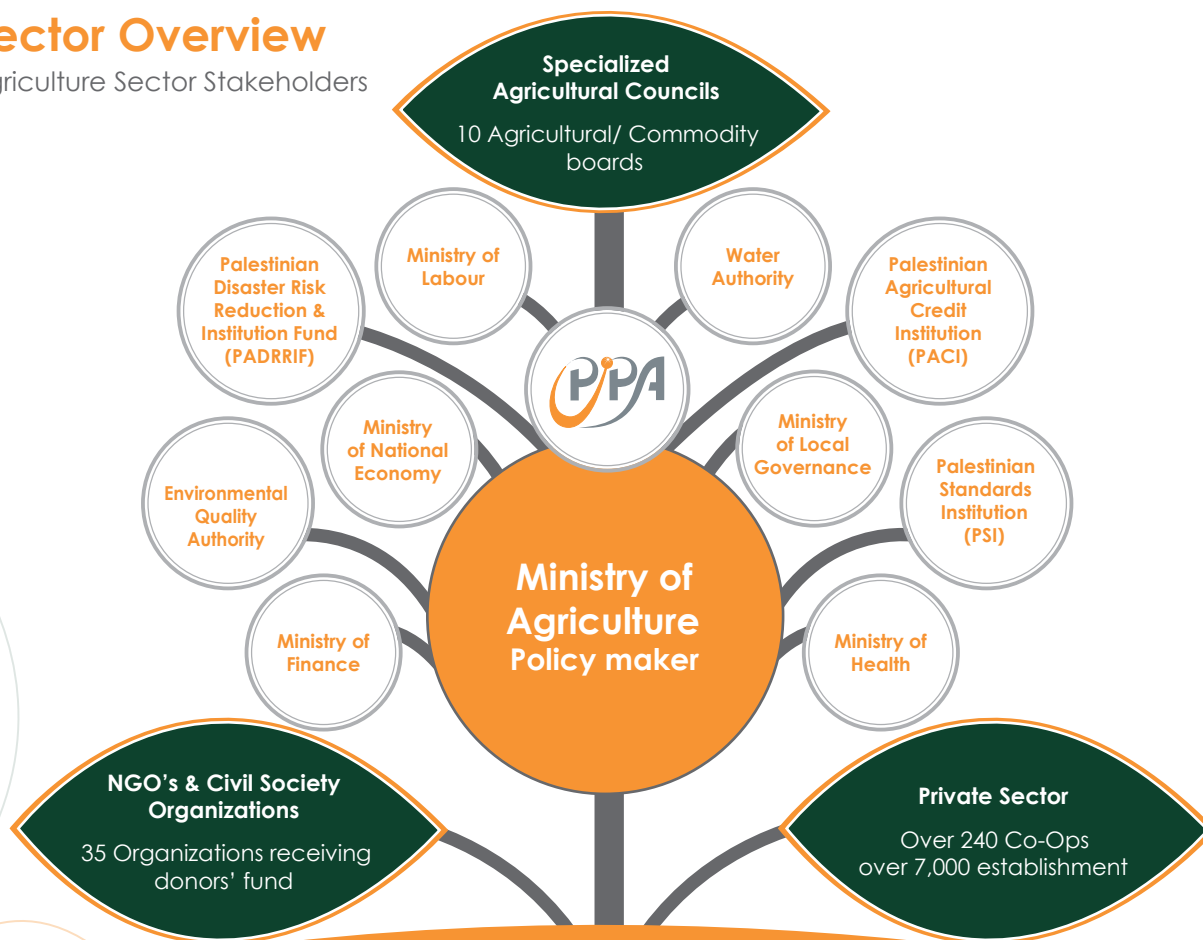
Indicators

(5° - 38°) c:
Avg. Weather temperature (L-H)
418.2 USD million
Agribusiness production (added value)
1.1 USD Billion
Output of Agricultural Sector
1.73 USD million
Plant, livestock produce (Output)
1.12 USD million
Plant production (added value)
410,505 Dunum: Crops
975,000 Dunum: Fruits
219,334 Dunum: Vegetables
7%
Contribution to GDP 2018
6.3%
Contribution to labor force (2018)
1.8 Million dunum
Cultivated Lands in Palestine
610 USD million
Livestock production (added value)
963,566 Head



Sector Overview

Agriculture Sector Stakeholders



Defined regulatory framework

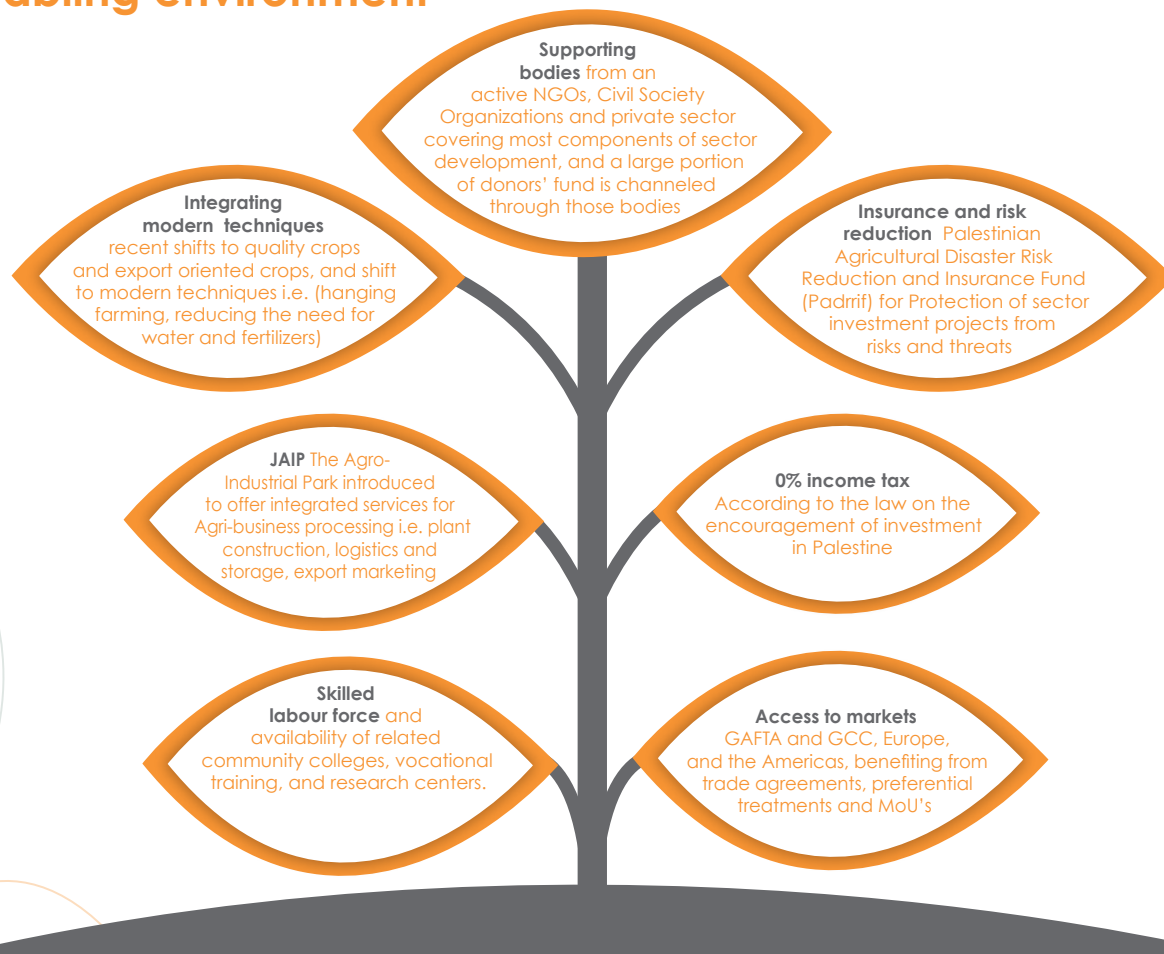
Agriculture law of 2003 constitutes the legal framework covering all aspects of agriculture sector development. The Ministry of Agriculture (MoA) performs major duties in the regulation and management of the sector, in addition to the oversight, supervision, and delivery of certain basic services

A clear vision through the agricultural sector strategy (2017-2022) that was developed by the Ministry of Agriculture along with the national policy agenda "Citizen First".

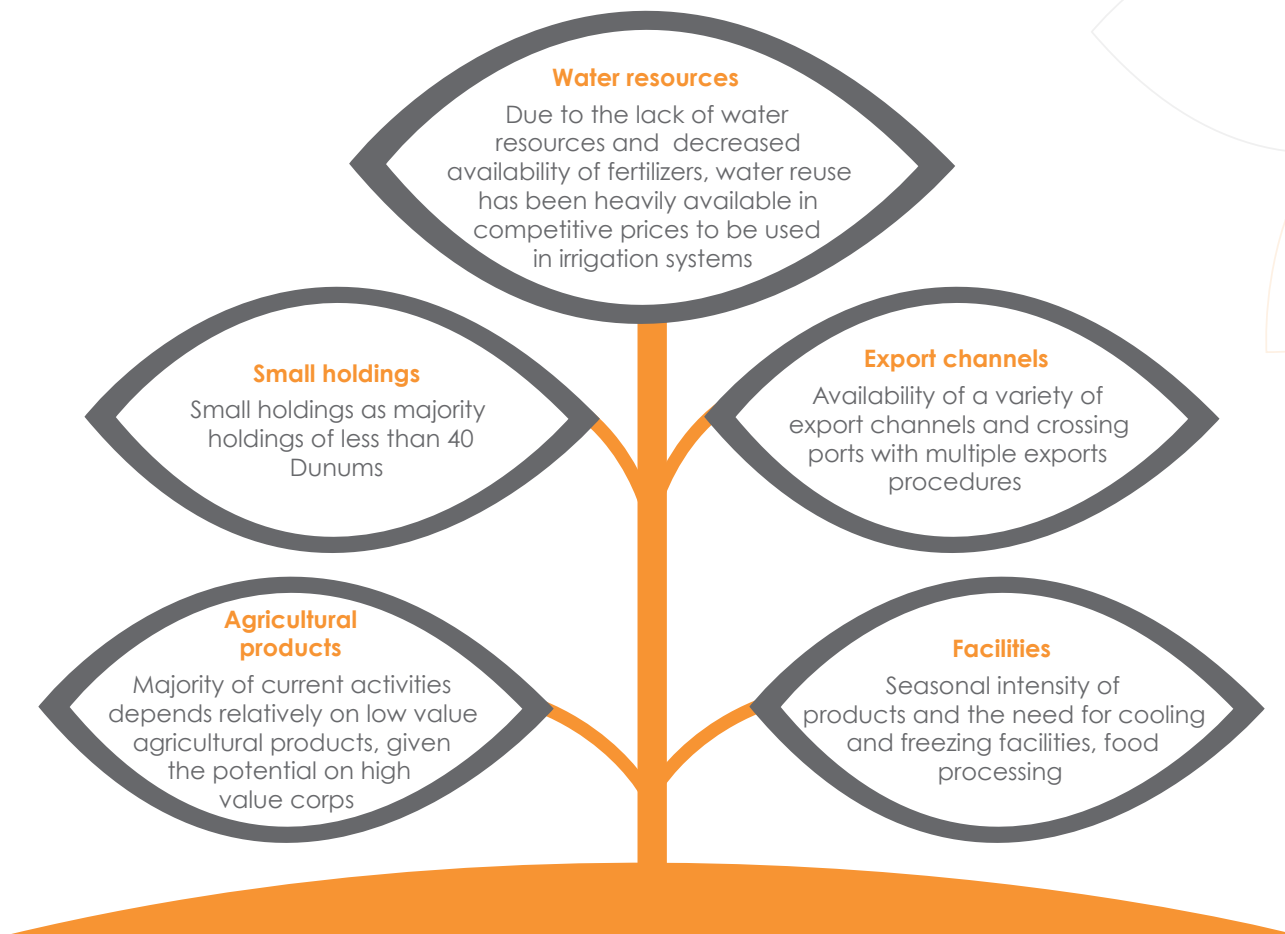


- Improve legal framework by introducing additional bylaws and law
 - Bylaws on: Agricultural Pesticides; Prevent Smuggling of Plant Products; Fodders and Numbering and Registration of Animals;
 - Establishing the Agricultural Credit Institution and Fund law, where the institution was established according to the law.
- Line of public bodies play a major role in developing the sector; including Water Authority, Environment Quality Authority, Ministries of (National Economy, Local Government and Labour)

Enabling environment



Special considerations



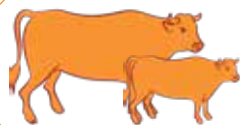
Investment opportunities

potential



Fish Farming Projects

Fish Farming with a gap reaching up to 70%



Red Meat Import & Fattening Projects

Red Meat Import and Fattening Projects with a gap reaching up to 75%



Medical Herbs

Wide variety of unique herbs, more than 30 well known medical herbs being exported from a gross 3,000 ton production capacity annually, with almost USD 47 Million productive value



Aggregation Business

Given that current small holdings in the sector still face obstacles to penetrate international markets due to lack of marketing, storage and packaging techniques



Animal Feed Production and Storage

Market size exceeds USD 600 million, Fodder is considered the highest cost component in animal raising operational costs. Local production is estimated to constitute 30% of annual demand as the sector is mostly dominated by middle traders

Investment considerations

Fish farming projects

Facts

- **12,000 Tons/Year** Value of Demand
- **3,600 Tons** Value of Production (Fishing & Fish Farming).
- **70% Demand Gap**, Less Production and higher price.
- **2 – 3 Kg/year** per capita consumption
- **Nile Tilapia**, Mullet, and Carp, Catfish: Possible farming in fresh water.
- **6-7 Months** Avg. Production cycle
- **1 Dunum production unit**: Host 4 pools of 100 m3 capacity
- **3,600 m³** Max required water per production cycle
- **22-25°** Optimal required climate

Integration with other agricultural and hydroponics projects and use of fresh water for irrigation.

Production Unit

- **USD 100,000** Investment:
- **9,500 Kg.** Production per cycle (19,000 fish of 500 gr.)
- **USD 6.25** Avg. price per Kg.
- **USD 22,000** Avg. yield per cycle
- **4 years** Payback Period
- **22%** Investor's IRR

13 kg /year international
per capita consumption

Investment considerations

Red meat and Fattening projects

Facts

- **43,000 Ton/ year:** Implied demand, 75% gap on consumption
- **USD 101 Million:** Yearly imports mostly through third party
- **8 Months:** Avg. Fattening cycle
- **10 Dunums:** facility fit for 1,000 calves
- **Local climate:** Optimal required climate

Production unit (10 dunums) Red meat - calves importing & fattening

- **USD 2,000,000** Investment to fit 1,000 calve
- **400 Ton** Meat production per fattening cycle
- **USD 4,500** Avg. Price per ton – Live –Gross
- **200-220 USD Thousand** Avg. yield per cycle
- **3 - 4 years** Payback Period
- **12 - 15%** Investor's IRR

Red meat per capita is low when compared to

neighboring countries; individuals vs. units:

- **171** Per head of cattle
- **6.7** Per head of sheep
- **16.8** Per head of goats

Current quota grants yearly importing around 1,660 calves and 25,000 sheep with average gross weight of 1,500 Tons free of custom duties.

Product	No./ head	kg / year
Calves	1,660	500,000
Sheep	25,000	1,000,000
Frozen beef	-----	12,000,000
Frozen sheep	-----	1,300,000

Investment considerations

Medical herbs

Facts

- **1,500 dunums** Cultivated medical herbs
- **3,000 tons** Annual production capacity, with export capacity:
 - **83%** USA
 - **7%** Arab countries
 - **5%** EU countries and Russia
 - **5%** local consumption and rest of world
- **USD 27 Million** Annual productive value
- **3,500** Direct jobs
- **Promising and growing productive sector:** 10 years of experience and access to international markets
- **Small land size:** wide variety of natural plants, with more than 30 types of medical herbs used in pharmaceutical industries

High revenues, High global demand

- **Priority sector:** National Export Strategy classification (2014-2016); National Policy Agenda 17-22

Investment considerations

Aggregation business

- **6,450 km²:** Overall area, with small holdings (almost 40 dunums)
- **5** Agro-ecological zones, makes it suitable for variety of produce year-round
- **4** Storage and freezing facilities in Hebron, Qalqelieh and planned one in JAIP
- Weak and undeveloped **marketing and distribution infrastructure**
- Lack of modernized cold chain **distribution channels and storage** facilities systems to facilitate export logistics and **access international distribution channels** and improving domestic distribution
- **Promising of seasonal high value and profitable crops:** (strawberry, cherries, medical herbs, dates)
- **Aggregation business:** will enhance the capacity of production and profit and enable the entry to upscale activities specially , inlight of the Agricultural Cluster Strategy recently launched in Toubas , Qalqilya and Jericho
- **Special incentives:** export activities

Investment considerations

Animal Feed

- **850,000 Ton** Annual consumption:
- **50 Ton** Fish feed
- **849,950 Ton** Animal feed
- **342.9** USD Million Value of Annual Consumption.
- **70%** Fodder is considered the highest cost component in animal raising operational costs
- **30%** Local production of annual demand as the sector is mostly dominated by middle traders
- **30%-40%** Local production capacity as producers lack storage facilities, investment in storage facilities will enhance the total industry's capacity
- **100%** Local producers' dependency on raw materials through Israel, an opportunity for investors to benefit from economies of scale to procure directly from international markets
- **1.4 million Ton** Annual market needs for ruminants feed only, equivalent to USD 600 million
- **Price fluctuations:** due to international market price changes, local producers and traders lack the financial ability for high quantity purchases which provides an opportunity for medium and large scale investors to enter the market

Success stories



Agripal Farm

350,000 m² in the northern Jordan Valley, which produces fresh herbs through a state of art technologies to comply with the international standards, currently exporting to Arab countries and international markets; and the owners extended their business as Janet Adan factory for the manufacture and packaging of fresh herbs in Tubas, where 30 types of fresh herbs are exported.

Calves Fattening

Increased demand on red meat created a gap between supply and demand led to high prices which created an investment opportunity to produce meat by establishing typical farms; and we noticed main dairy producers established their own farms for milk purpose.

Fish Farming

Fish shortages and high demand created projects success stories through more than 5 projects in Southern Governorates, Jenin, Jericho and Toubas.

Froosh Beit Djan for Flowers

Cultivation of multiple varieties of flowers such as liliun, chrysanthemum, and roses in its various types. The annual sale rate is approximately 50,000 USD per dunum.

Tamoon Medical Herbs

50 dunums of greenhouses producing 15 Type of medicinal herbs, and currently exporting to the USA and EU countries

Processed potatoes

The production rate is 4-5 tons per dunum, 24,000 tons, the annual production rate, and most of the production is exported and the rest is consumed in the local market.

Why Invest in Palestine

- **Strategic Location**, linking Asia, Africa, and Europe, with access to wide spectrum markets through more than 11 commercial agreements
- **5 Agro-ecological zones**, makes it suitable for variety of produce year-round
- **Dynamic Economy**, representing a variety of investment opportunities for a growing country and market
- **Access to Finance** through a well-established financial system, suitable work environment, and a qualified labor force
- **Specific Incentives** for projects creating or expanding economic activities in certain sectors with commitment for 0% income tax for agriculture sector and subsectors
- **Supportive Ecosystem** and commitment
- **Qualified Industrial Zones** strengthening the success of investment through offering services, advanced infrastructure and rewarding incentives for investments
- **Priority** to develop the sector and highlight its potentials

Palestine's commitment to investors

- **Profitable** return on investment
- **Modern framework** of economic laws to encourage and support foreign and local investments
- **Free investments** in all sectors and in any ownership percentage
- **Free transfers** of generated profits and freedom of repatriation of income generated from investment
- **Protection of investors**, no expropriation, nationalization.
- **Equal treatment** for investors of all nationalities.
- **Protection** of all confidential information.

PIPA's role

- Represents Palestine vision and its policies to promote the private sector and to define an appropriate investment environment
- Contributes to maintain and continuous development of friendly Investment environment
- Provides constantly improved customer service to foreign and domestic investors; through utilizing an effective One-Stop-Shop
- Facilitates cooperation between the private sector and the government, thereby creating and maintaining a more competitive investment environment
- Offers investors the necessary information to support their decisions to invest and start their investments including assistance in obtaining all necessary licenses. Offers updated information and data related to investment opportunities, expenditure and funding in Palestine
- Continuous relationship with investors through PIPA's After Care program

For your inquiries and suggestions, please do not hesitate to contact us:

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Sources:

Palestinian Central Bureau of Statistics (PCBS)

Ministry of Agriculture

Ministry of National Economy