



هيئة تشجيع الاستثمار الفلسطينية  
Palestinian Investment Promotion Agency



مؤتمر فلسطين للاستثمار  
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# INSPIRING BUSINESS





# Agribusiness Sector

# Expansion of Jabal Al Zaytoon Products & Markets

4

Project Number:	PIC-2010-IO-053
Project Name:	Expansion of Jabal Al Zaytoon Products & Markets
Sponsor Company:	Jabal Al Zaytoon
Contact Details:	Mr. Khaled Hidmi Tel: +970-2-2954289 Fax: +970-2-2965545
Total Cost of the Project:	US\$ 1,211,664
Investment by Current Owners:	US\$ 82,632
Required Investment:	US\$ 591,398
Debt:	US\$ 537,634

## Project Description:

Jabal Al Zaytoon is seeking a partnership with a strategic investment partner that can help the company in expanding the size of work and increasing the number of products offered by the company. Currently Jabal Al Zaytoon is mainly exporting olive oil and few other agriculture products. Jabal Al Zaytoon in its expansion plan is attempting to export the olive oil to new markets and to increase the quantity exported. The company is also planning to export new products that are derivatives from olive oil and/or other agricultural products. Additionally, Jabal Al Zaytoon is working on increasing its sales in the local market.

## Project Development Time Table:

Land Purchase	Directly after the funding
Finishing the Construction Work	9 months after the purchase of the land
Furnishing the new Office	Directly after finishing the construction work

## Current Owners' Profile:

Jabal Al Zaytoon was established in Ramallah in 2005 and started operating in 2006; the company produces and exports olive oil and other agriculture products. Jabal Al Zaytoon is a profit company that provides Palestinian farmers and the Palestinian economy with high quality products.

## Industry Highlights:

The food & beverage sector is growing rapidly both vertically and horizontally. The official

figures indicate that there are more than 1,600 firms in the sector including bakeries. Excluding bakeries, the number goes down to 224 manufacturing firms including the large scale milk cow farms (>50 cows). 152 of them are active members of the food industry association. The large number of female cooperatives working in the food processing sector combined with traditional sweets and confectionary makers are not included. The total labor force is estimated at 8,000 workers. The importance of the sector is its direct relation to the nation's food security. The food and beverage sector accounts for 4.8% of the Palestinian GDP.

### **Sector diversification**

The sector is comprised of a wide variety of products. These are: meats, vegetables (fresh and frozen), oils and fats, dairy, flour mills, animal feed, chocolates and confectionaries, spaghetti, water and beverages, chips and snacks as well as others.

### **Quality as an advantage**

Food products are directly related to human health and safety; hence they deserve special attention in terms of quality assurance and control. Short expiry dates, an increased awareness among consumers, and severe competition are all factors that continue to push producers towards higher quality standards. Many firms have acquired the necessary certifications of ISO versions and HACCP. Approximately 95% of foodstuffs are covered by the technical specifications of the Palestinian standards. Many firms have also acquired the necessary national certificates PS, as well as the international HACCP, ISO 22000 standards.

### **Marketing position**

The average food purchases of Palestinian households make up around 42% of all other living expenses. This figure highlights the importance of the sector. The majority of sales target the Palestinian population in the West Bank and Gaza, few products are sold in Jerusalem while even less are being sold in Israel. The closure of Gaza and Jerusalem has resulted in depriving the sector of 55% of its normal constituencies. The market share for food products varies between 90% for meat products to 30% for dairy products; the average is around 50%. The food industry has experienced exports mainly to Arab countries. Olive oil and other fair trade products have been exported to many countries around the world.

## SWOT Analysis

Internal Analysis	
Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• The strong relationship between the company and the Union of Agriculture Work Committees</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of additional financial resources from the current owner</li> </ul>
<ul style="list-style-type: none"> <li>• The company long experience in dealing with farmers</li> </ul>	<ul style="list-style-type: none"> <li>• The fluctuation in the olive oil quality, prices and availability</li> </ul>
<ul style="list-style-type: none"> <li>• The ability to adapt the products to the market needs</li> </ul>	<ul style="list-style-type: none"> <li>• The lack of enough space for filling and storing</li> </ul>
<ul style="list-style-type: none"> <li>• The company has annual orders from customers in the European Union, Japan, North Korea and Bahrain</li> </ul>	
<ul style="list-style-type: none"> <li>• Palestinian olive oil is certified by international expertise because of its distinguished taste and smell</li> </ul>	

External Analysis	
Opportunities	Threats
<ul style="list-style-type: none"> <li>• The external market attracted by “made in the Holy Lands” logo</li> </ul>	<ul style="list-style-type: none"> <li>• Political instability</li> </ul>
<ul style="list-style-type: none"> <li>• The opportunity to benefit from the Fair Trade Organization and its promotional programs</li> </ul>	<ul style="list-style-type: none"> <li>• Continued uprooting of olive oil trees to build settlements</li> </ul>
<ul style="list-style-type: none"> <li>• The existence of many organizations and programs that support the Palestinian olive oil</li> </ul>	<ul style="list-style-type: none"> <li>• The cost of production in Palestine is higher than the cost of production in other countries</li> </ul>
	<ul style="list-style-type: none"> <li>• Increasing competition from new producers of neighboring countries</li> </ul>
	<ul style="list-style-type: none"> <li>• The lack of national strategies to market the olive oil and to brand it in the exporting markets</li> </ul>

### Financial Projections in US\$

Indicators	2010	2011	2012	2013	2014
<b>Income statement Accounts</b>					
Revenues	1,161,552	2,065,906	2,474,109	3,030,660	3,333,726
Gross Profit	151,665	403,573	618,039	772,585	849,844
Net Income	(175,037)	65,749	261,750	400,847	461,168
<b>Cash Flow Accounts</b>					
Operating Cash Flow	(393,006)	(183,867)	388,045	475,827	531,944
Investing Cash Flow	(207,222)	(193,853)	-	-	-
Financing Cash Flow	836,498	139,332	(246,490)	(328,144)	(371,679)
<b>Balance Sheet Accounts</b>					
Total Assets	935,925	1,192,688	1,223,152	1,328,319	1,435,487
Total Liabilities	680,921	627,947	527,536	432,280	308,864
Total Equity	255,004	564,741	695,616	896,039	1,126,623
<b>Profitability Indicators</b>					
Return on Assets	(19%)	6%	21%	30%	32%
Return on Equity	(67%)	12%	38%	45%	41%

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