market snapshot

MENA

Middle East & North Africa

SHEEPMEAT

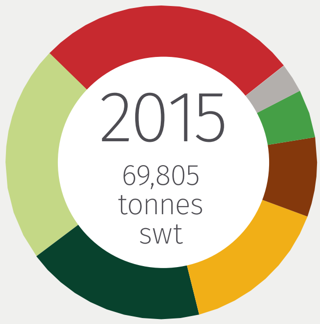
Australian trade overview

➡ Australia exported 69,805 tonnes swt of lamb to 21 countries in the Middle East and North Africa (MENA) region in 2015: Afghanistan, Algeria, Bahrain, Egypt, Iran, Iraq, Israel, Ivory Coast, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Senegal, Tunisia, the UAE and Yemen. This was valued at over $450 million.

➡ Australia also exported 50,149 tonnes swt of mutton to 21 countries in the region in 2015 (the same list except not to Afghanistan or Ivory Coast, but a small volume to Liberia and Syria). Mutton exports in 2015 were worth over $240 million.

➡ In addition to chilled and frozen lamb and mutton exports, Australia exported 2.1 million live sheep to the region in 2015, mostly from WA.

Australian lamb exports
(to MENA)



UAE 27%
Jordan 22%
Bahrain 19%
Qatar 16%%
Saudi Arabia 8%
Kuwait 5%
other 3%

Source: DAWR

population

1.25 billion
in 2015

GDP growth

1.8%/3.9%
oil exporters / oil importers
in 2015

flights
(Australia to MENA)

17
per day

export value
(sheepmeat)

$710 million
in 2015*

* estimate

Key insights

➡ The most important attributes of meat to consumers in the Middle East (based on surveys in Saudi Arabia and the UAE) include “freshness”, “taste”, “guaranteed safe to eat”, “low in fat”, and “consistent quality standards”.

➡ Australian lamb leads all other import sources in terms of awareness, most regular consumption, and favouritism, as well as the attributes mentioned in the point above. Local lamb is favoured in Saudi Arabia – by a significant margin, while Australian lamb leads local in the UAE.

➡ Having a reliable and reputable Halal processing system is vital for access to most markets in the MENA region. Australia’s systems are widely recognised as being compatible with the requirements of MENA countries, by religious institutions, governments, and consumers.

➡ Consumer research indicated that True Aussie Lamb matched “guaranteed safe to eat” and “consistent good quality in the UAE; and “consistent good quality” in Saudi Arabia.

➡ The decline in world oil prices in the past two years has led to sharp downgrades in economic growth outlooks for major oil exporters in the MENA region. This is likely to have flow-on effects to other markets, and will see reduced government and consumer spending in the region.

Consumer

➡ Consumers in the Middle East can be loosely divided into three main groups – nationals of each of the various countries; highly-paid expatriates (predominantly from western or developed Asian nations); and expatriate labourers (generally from the Indian sub-continent).

➡ Meat is an important part of the Middle East diet and a 2012 study carried out by the UN Food and Agriculture Organization has shown that, among all Arab countries, Kuwait consumes the most meat with each person in the country eating an average of 97kg of meat a year.

Consumption

➡ In the Middle East meat is seen as a food product that should have its consumption limited to help avoid possible health problems. However, this perception varies amongst countries and is generally declining.

➡ Of those that think meat consumption should be limited, lamb is the second most likely to be named by consumers, behind beef, but ahead of goat, chicken and seafood. The main reason given by respondents to surveys conducted for MLA is because of the relatively high fat content of lamb, and the potential for higher cholesterol and disease risk as a result.

Israel (102kg)

and

Kuwait (87kg)

are the two largest per capita consumers of meat in the MENA region, according to the latest FAO data (2011)

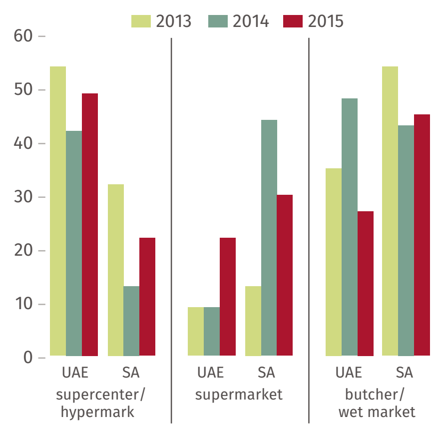
Retail trends

➡ The modern retail sector has grown significantly, especially in the GCC countries, over the last five years, accommodating the increasingly wealthy Arab nationals and growing populations of wealthy expatriates.

➡ In the UAE, the majority of consumers purchase red meat from hypermarkets or supermarkets, while butchers and wet markets are more popular in Saudi Arabia.

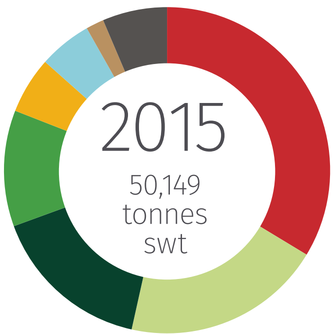
➡ With increasing Western influence and a rising middle and upper class, short to medium term forecasts suggest that there will be a rising demand for more convenience led retail stores. In response, large retail chains are not only investing in large hypermarkets but also smaller deli type convenience stores and markets where retail case ready meat will be a focus. This type of convenience store is becoming especially popular in new residential areas, where stores will be localised.

Red meat: purchase place



Source: Brand Navigator global research for MLA

Australian mutton exports (to MENA)



Saudi Arabia 34%
UAE 20%
Oman 16%
Kuwait 11%
Qatar 6%
Egypt 5%
Jordan 2%
other 6%

Source: DAWR

Dubai expects over
100 million
passengers through
its two airports by
2020

Foodservice trends

➡ Future growth is expected to be in high-end foodservice, particularly in countries that are looking to develop their tourism industries, such as the UAE. Other events, such as the World Expo 2020 in Dubai, and the FIFA World Cup 2022 in Qatar will help build capacity for tourism growth in the region.

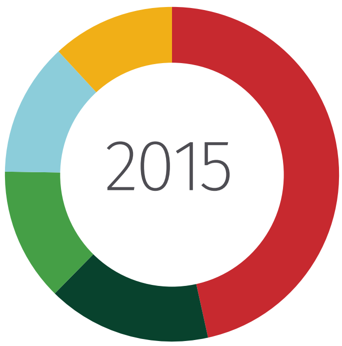
➡ There will also be opportunities for growth in the quick service sector, with more shopping centres being built, and the expansion of airports to accommodate a growing tourism sector. Dubai, for example, is expecting to have over 100 million passengers per year through two airports by 2020.

➡ Food service for the hotel sector is also forecast to grow, with UAE forecasting over 100 new hotels by 2020. The hotel construction will also result in a greater requirement for protein for the expatriate labour.

➡ These positive drivers of growth have the potential to be somewhat offset by some negative influences, including the stability of the region and the developments in the oil sector. Current low prices are having an impact on national incomes and budgets.

Lamb at Saudi foodservice

(country of origin of lamb consumed at foodservice)



Source: Brand Navigator global research for MLA

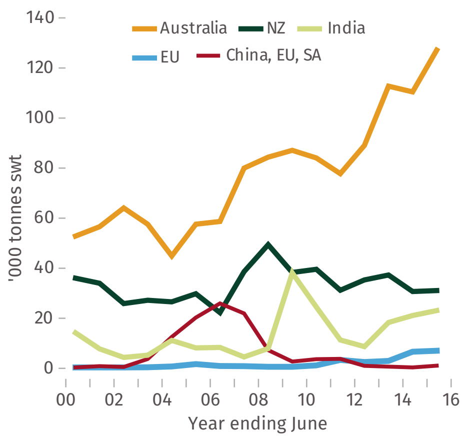
Competitors

➡ India is a large, and growing, source of sheep and goat meat in the Middle East. India is also well recognised as having a suitable Halal processing system in place, which satisfies religious requirements for the region. Sheepmeat from India (and Pakistan) tends to be sold at a lower price point than Australian lamb, but fills an important protein gap in that sector that Australian mutton and live sheep also seek to fill.

➡ New Zealand and some EU nations also compete in the Middle East. Most of the product exported from these countries tends to be relatively high value, and competes directly with Australian lamb in retail and high end foodservice.

➡ Religious considerations exclude pork from the vast majority of the Middle Eastern market, but there is huge demand across the region for protein in general, with beef, goat, seafood and poultry all popular.

Sheepmeat exports to the Middle East



Source: DAWR, GTA

Market access

➡ Most Australian sheep meat exported to the Middle East is to GCC (Gulf Co-operative Council) countries, which have a 0% tariff on chilled meat, and 5% on frozen or processed meat. Other markets such as Morocco have severe tariff barriers with 200% on chilled and frozen meat and 54% on offal.

➡ Besides tariff barriers, there are a large number of technical barriers to trade (TBTs), estimated to cost the Australian red meat industry (beef and lamb combined) up to A$360 million per year.

➡ The key TBTs in the Middle East are related to shelf life of chilled packed meat. GCC standards recognise a 70 day shelf life limit for vacuum packed meat but some countries have even shorter periods than this.

➡ Similar shelf-life inconsistencies exist across the GCC with Oman and Qatar having a 12 months expiry on frozen meat whereas other GCC countries recognise 24 months.

➡ Saudi Arabia has further restrictions, including not allowing the flat stacking of sheep carcases in containers, and a requirement to separate, into different containers, meat cuts from offal products.

➡ Halal certification and labelling requirements are other conditions of entry to most countries in the Middle East.

Top export markets

	AUSTRALIAN LAMB EXPORTS	'000 tonnes swt 2015	'000 tonnes swt 2014	% CHANGE	'000 A$ 2015 (Jan-Nov)	'000 A$ 2015 (Jan-Nov)	% CHANGE
	WORLD TOTAL	233,999	236,908	-1%	1,622,301	1,544,463	5%
1	US	49,904	46,224	8%	535,824	417,360	28%
2	CHINA	31,326	38,842	-19%	129,612	202,079	-36%
3	UAE	19,034	17,479	9%	124,411	104,956	19%
4	PAPUA NEW GUINEA	15,716	9,033	74%	45,673	37,843	21%
5	JORDAN	14,738	14,408	2%	75,336	68,360	10%
6	QATAR	13,941	10,078	38%	86,583	54,327	59%
7	MALAYSIA	8,901	7,389	20%	47,872	43,338	10%
8	JAPAN	7,977	10,127	-21%	67,226	80,556	-17%
9	UNITED KINGDOM	7,806	10,561	-26%	61,989	73,889	-16%
10	BAHRAIN	7,540	11,973	-37%	47,441	70,802	-33%
12	SAUDI ARABIA	6,638	5,126	29%	48,259	37,541	29%
14	KUWAIT	3,787	3,203	18%	24,011	16,987	41%
27	IVORY COAST	800	277	189%	823	416	98%
28	IRAN	748	322	132%	4,837	1,840	163%
	other	45,143	51,864	-13%	244,566	412,005	-41%
	TOTAL MENA	69,805	65,661	6%	430,089	373,504	15%

	AUSTRALIAN MUTTON EXPORTS	'000 tonnes swt 2015	'000 tonnes swt 2014	% CHANGE	'000 A$ 2015 (Jan-Nov)	'000 A$ 2015 (Jan-Nov)	% CHANGE
	WORLD TOTAL	150,921	185,992	-19%	681,477	766,543	-11%
1	CHINA	28,894	50,064	-42%	96,867	176,808	-45%
2	SAUDI ARABIA	16,878	18,538	-9%	68,288	71,217	-4%
3	MALAYSIA	14,963	15,939	-6%	67,392	68,434	-2%
4	US	12,971	13,273	-2%	78,161	67,621	16%
5	UAE	9,946	12,587	-21%	47,808	53,054	-10%
6	SINGAPORE	8,883	9,052	-2%	46,501	42,549	9%
7	OMAN	7,994	6,772	18%	31,443	23,238	35%
8	TAIWAN	6,504	8,103	-20%	26,350	31,194	-16%
9	KUWAIT	5,773	5,751	0%	22,975	20,560	12%
10	UNITED KINGDOM	5,115	4,271	20%	34,261	25,783	33%
13	QATAR	2,819	2,720	4%	12,156	9,560	27%
14	EGYPT	2,632	3,623	-27%	12,524	14,391	-13%
23	JORDAN	893	1,307	-32%	12,589	9,943	27%
24	ALGERIA	533	673	-21%	2,324	2,993	-22%
25	ISRAEL	502	505	0%	7,985	4,111	94%
26	BAHRAIN	500	14	3508%	1,644	327	402%
27	MOROCCO	473	2,860	-83%	2,117	11,013	-81%
	OTHER	24,646	29,941	-18%	110,093	133,747	-18%
	TOTAL MENA	50,149	56,516	-11%	225,985	225,072	0%

Source: DAWR, GTA