



MEAT AND DAIRY EXPORTS TO THE MIDDLE EAST

How to make your mark in a market on the move

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Food Protein Vision 2018, Amsterdam – FoodNavigator.com

Farrelly & Mitchell

Global Specialist in Food & Agribusiness



200 PLUS
Sector
Specialists

GLOBAL
Reach and
Experience

ESTABLISHED
Over 15
Years

STRENGTH
Operational
& Strategic

CLIENTS
Corporate &
Government

VALUE CHAIN
Farm to Fork

Follow the money

The Gulf's rich economies and affluent demographic



POPULATION 55 million
FOOD MARKET \$130 billion
ANNUAL AGRI-FOOD IMPORTS \$48 billion

Favourable Demographic
Profile young & growing

Strong Disposable Income
High spending population

Steadily Growing Tourism
Travel hub and rising tourism

Changing Dietary Preferences
Western & ethnic Influences

Growth in Modern Retail
Hypermarket, supermarket
& convenience

Social & Cultural Changes
Convenience food popular as more
women enter job market

Demographics trends

One of the fastest growing regions and youngest demographics in the world....

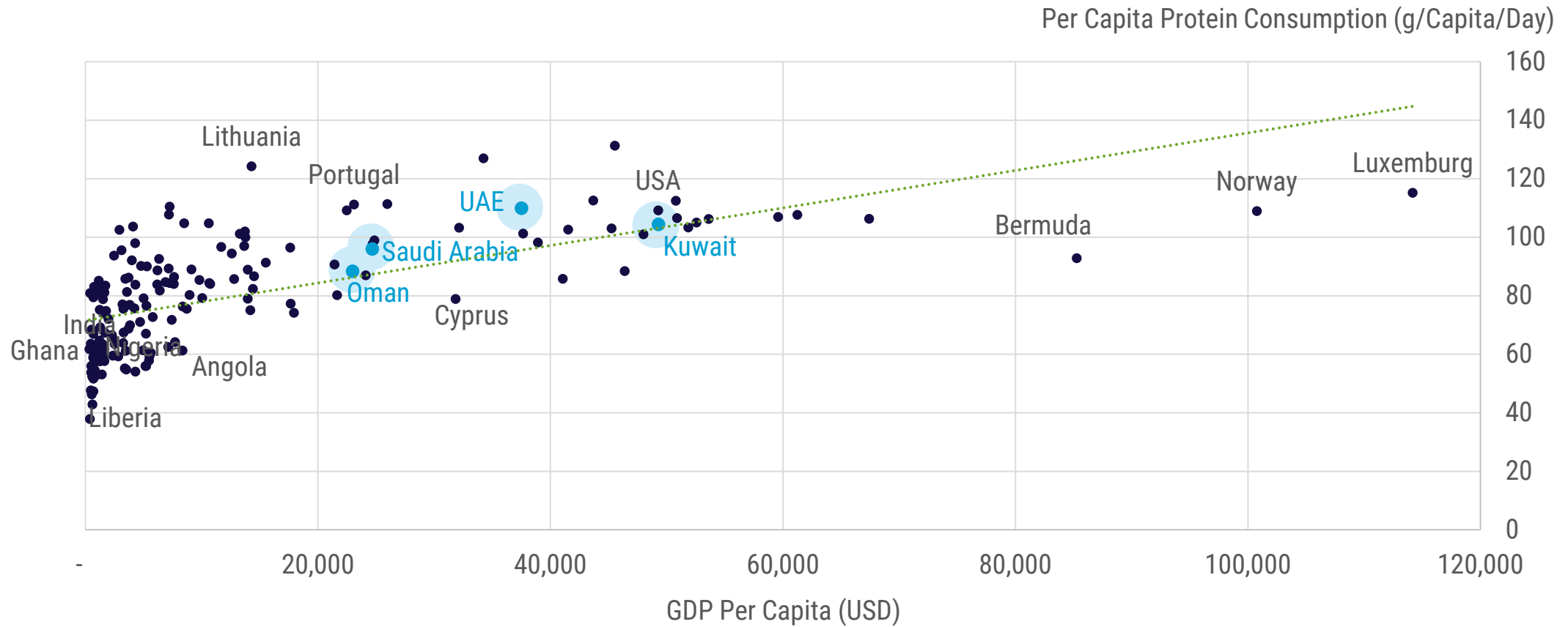
	GCC	EU
Population growth (CAGR 2010-2015)	3.3%	0.2%
Average Age 2015	29 Years	42.6 Years
GDP / Capita 2015 (USD)	26,666	35,100
Consumer Spending / Capita 2015 (USD)	11,307	17,585
Protein Consumption per Capita 2013	90g / capita / day	104g / capita / day



Source: UN Population Division, World Bank, IMF, National Statistics Authorities, Farrelly & Mitchell

An increasing shift towards protein

STRONG RELATIONSHIP BETWEEN RISING INCOME AND DEMAND FOR PROTEIN



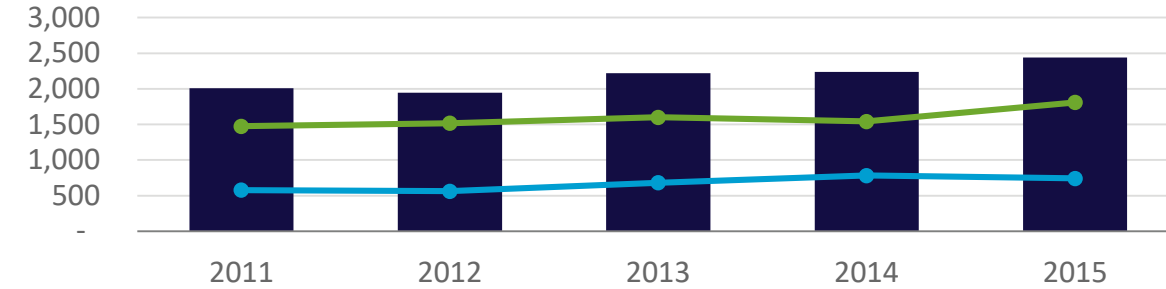
Source: IMF, FAO, Farrelly & Mitchell (2013 data)

An increasing shift towards protein

GCC Meat & Dairy Consumption 2012 - 2015

POULTRY

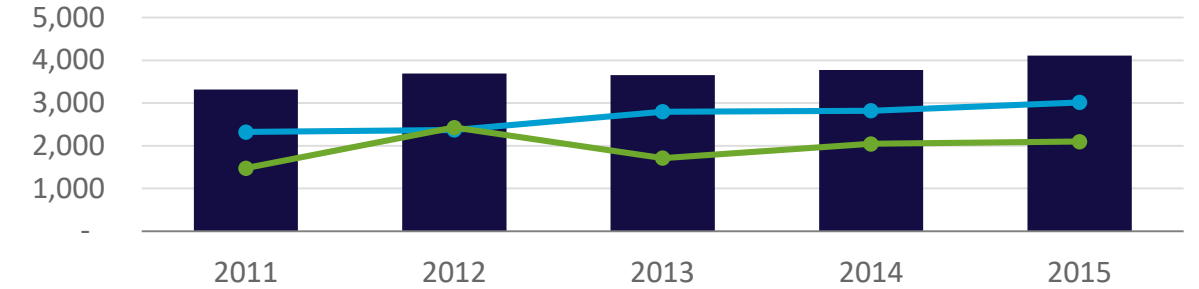
Broiler Meat Market Volume ('000 Tonnes)



■ Consumption — Local production — Imports

DAIRY

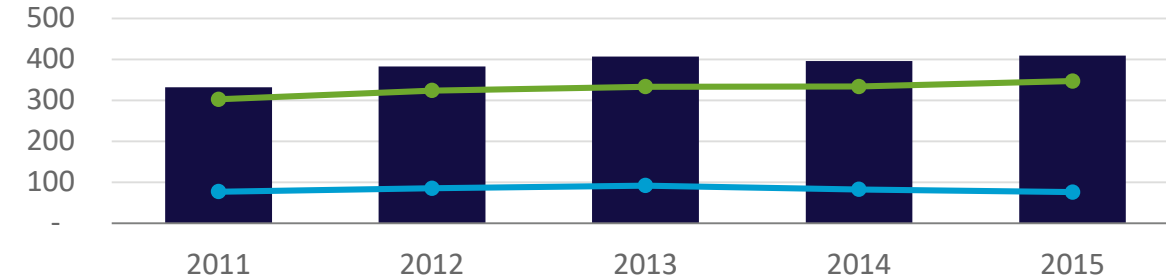
Dairy Market Volumes ('000 Tonnes)



■ Consumption — Production — Imports

BEEF

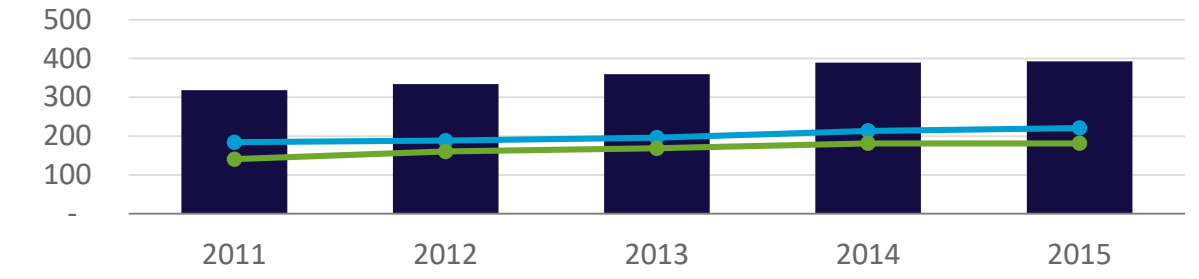
Beef Market Volumes ('000 Tonnes)



■ Consumption — Production — Imports

SHEEP

Sheep Meat Market Volumes ('000 Tonnes)



■ Consumption — Production — Imports

Source: FAO, USDA, AOAD and Farrelly & Mitchell

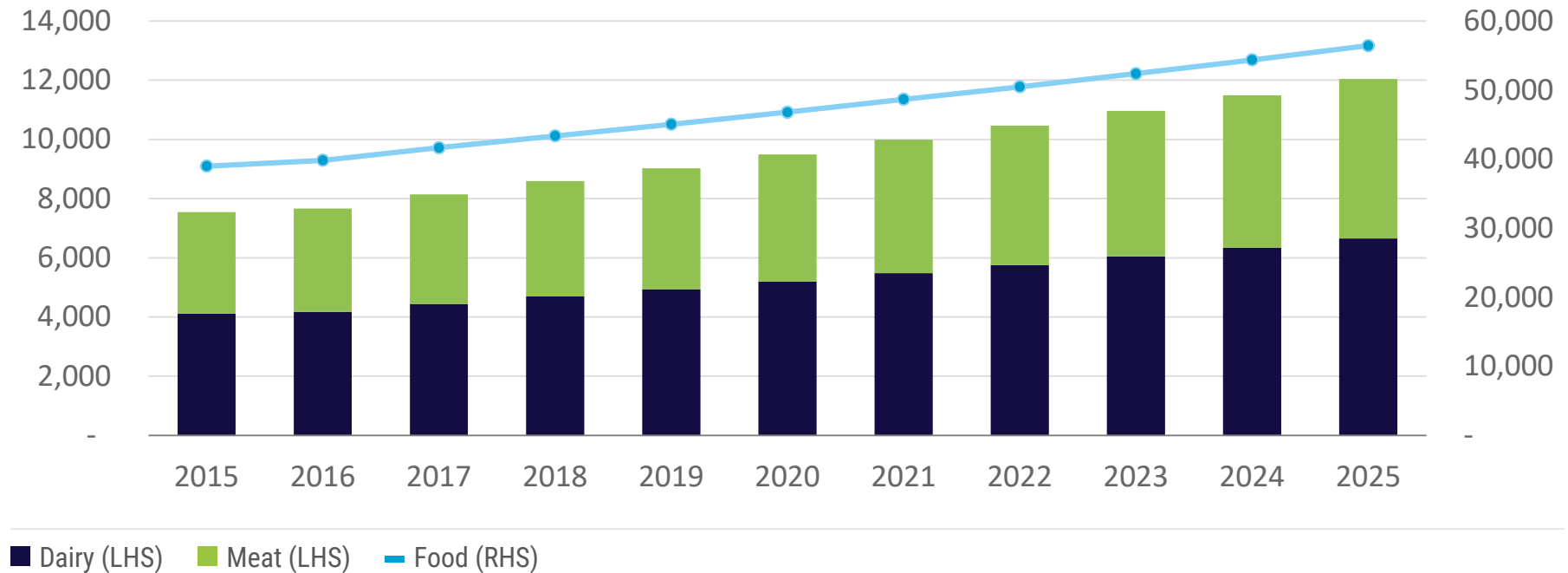
Increasing GCC dairy and meat consumption – Forecast 2025

GCC food consumption is expected to grow constantly due to strong demographic, social and macroeconomic trends

GCC FOOD CONSUMPTION

Dairy & Meat Consumption ('000 Tonnes)

Food Consumption ('000 Tonnes)



CAGR annual growth rate (2015-2025)

- Food (Total): 3.8%
- Dairy: 4.9%
- Meat: 4.6%

Source: FAO, USDA, AOAD and Farrelly & Mitchell

It is important to tune into the culture



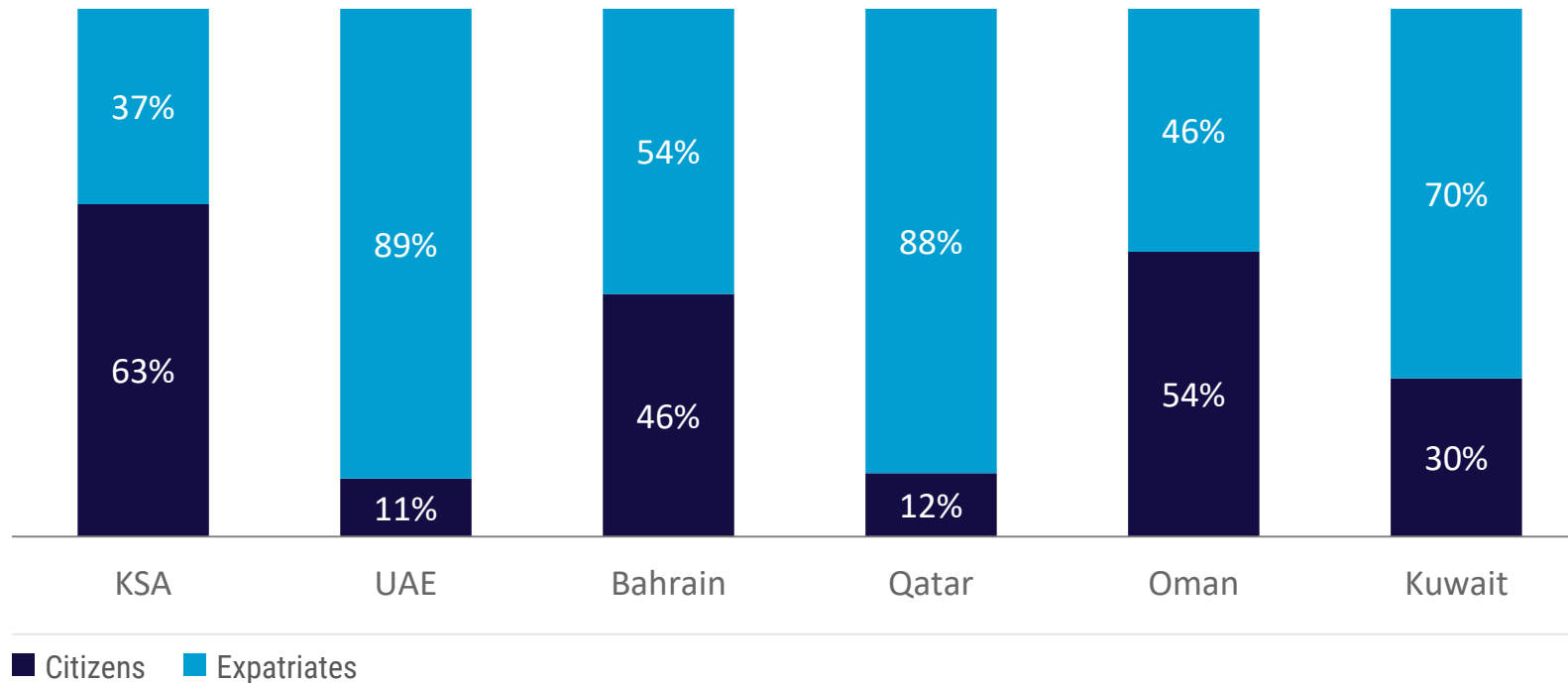
Title	Definition	Saudi Arabia	UK
Power Distance	Accept and expect that power is distributed unequally	High	Low
Individualism	Degree to which people in a society are integrated into groups	Low	High
Masculinity – Femininity	Preference in society for achievement and assertiveness	Average Masculine	High Masculine
Uncertainty Avoidance	Degree to which people avert the unexpected or status quo	High	Low
Long-term Orientation	High: Adaptation and circumstantial, pragmatic problem-solving as a necessity Low: Traditions are honoured and kept	Low	Average

Important to understand that demand is not homogenous

Significant expatriate population provides number of niche opportunities

BREAKDOWN OF GCC POPULATION BY NATIONALITY 2016

Population by Nationality (%)



Source: National Statistics Authorities

GCC food safety standards

GSO's main role is to create a common set of food regulations and standards but national standards also apply.... KSA and Dubai most influential & strict.
Gaining entry to Saudi Arabia or UAE will most likely mean access to other GCC markets

GSO Regulatory Bodies



Emirates Authority
for Standardization
and Metrology



Standards
& Metrology
Directorate
(Bahrain)



Directorate General
of Specifications
& Standards
(Oman)



Saudi Standards,
Metrology and
Quality
Organization



Laboratories &
Standardization
Affairs (Qatar)



Specifications
& Industrial
Services Sector
(Kuwait)

National Standards



GSO Regulations



Ongoing Development



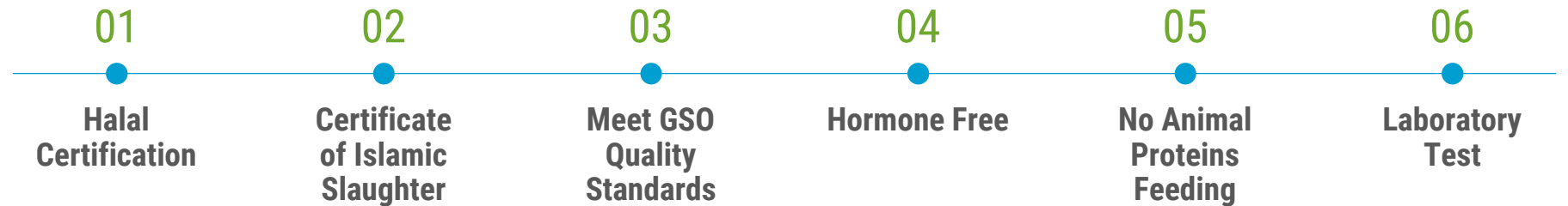
Inconsistent Application & Implementation

The dominance of halal meat and dairy

Import requirements are similar for meat & poultry....SFDA the most influential member of the GSO



- All food, ingredients and additives produced from animals which were not slaughtered according to Islamic rite or from swine are Haram and not suitable for Halal consumption/use.
- Any food product, ingredient or additive containing alcohol or produced with the use of alcohol is Haram and unsuitable for Halal consumption or use.



Product categories that are important in the GCC

Meat products frozen or chilled; (Imported) chicken is a frozen market But must target customer specific requirements

MEAT



- Whole Carcass
- Quarters
- Range of Other Cuts
- Frozen/Chilled

CHICKEN



- Whole Chicken
- Chicken Parts
- Frozen



GCC Market Entry: Checklist

An extensive market needs analysis to be undertaken to fully understand market dynamics and opportunity

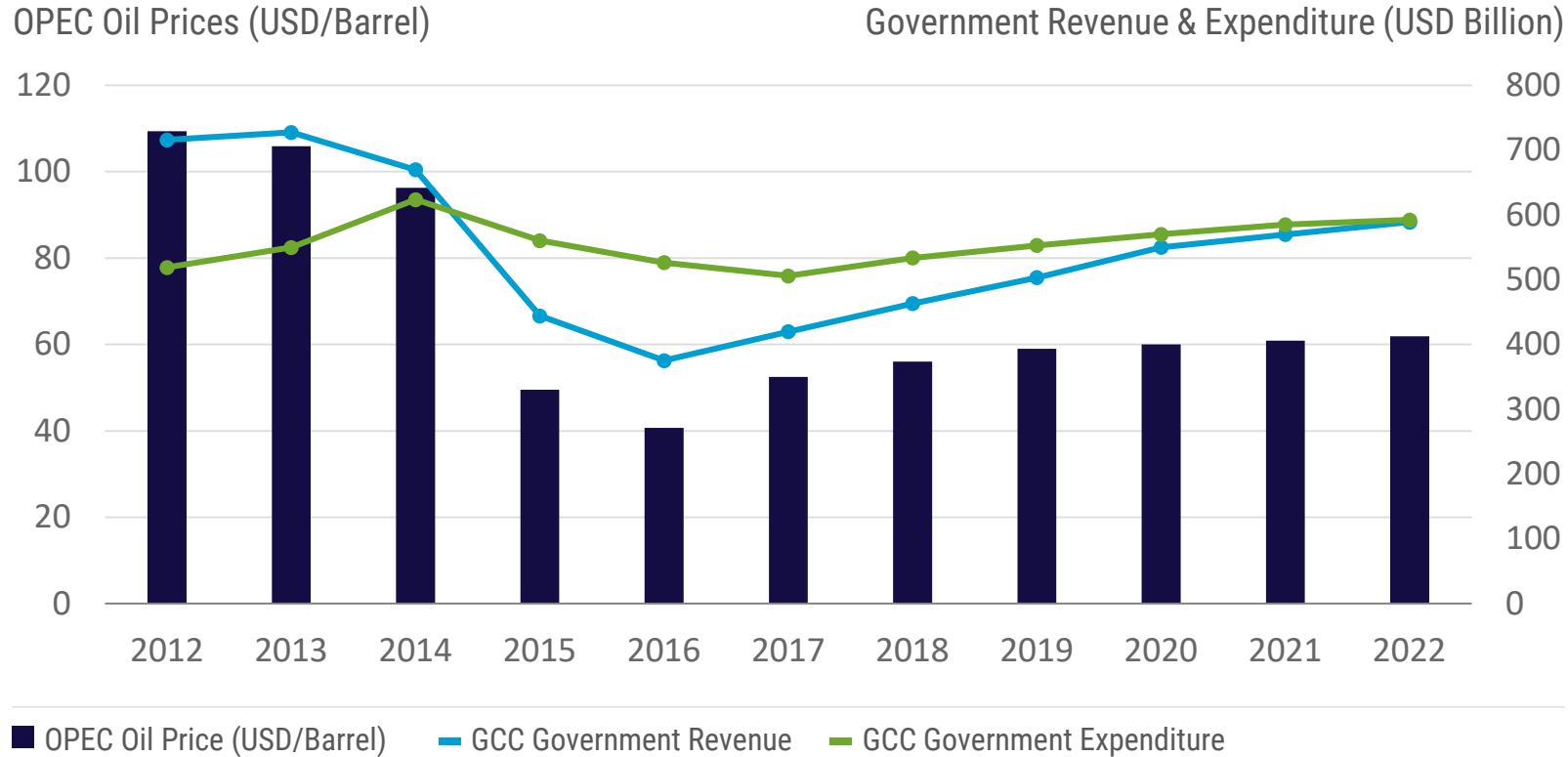


- 01 Clear strategy
- 02 Market contacts & cultural understanding
- 03 Formal contacts established
- 04 Halal registration & certification
- 05 Distributor in place
- 06 Localised product range

Fiscal balances driving necessity for economic reforms

Making it a good time to invest in the GCC

GCC FISCAL BALANCES, REVENUES AND EXPENDITURES 2012-2022



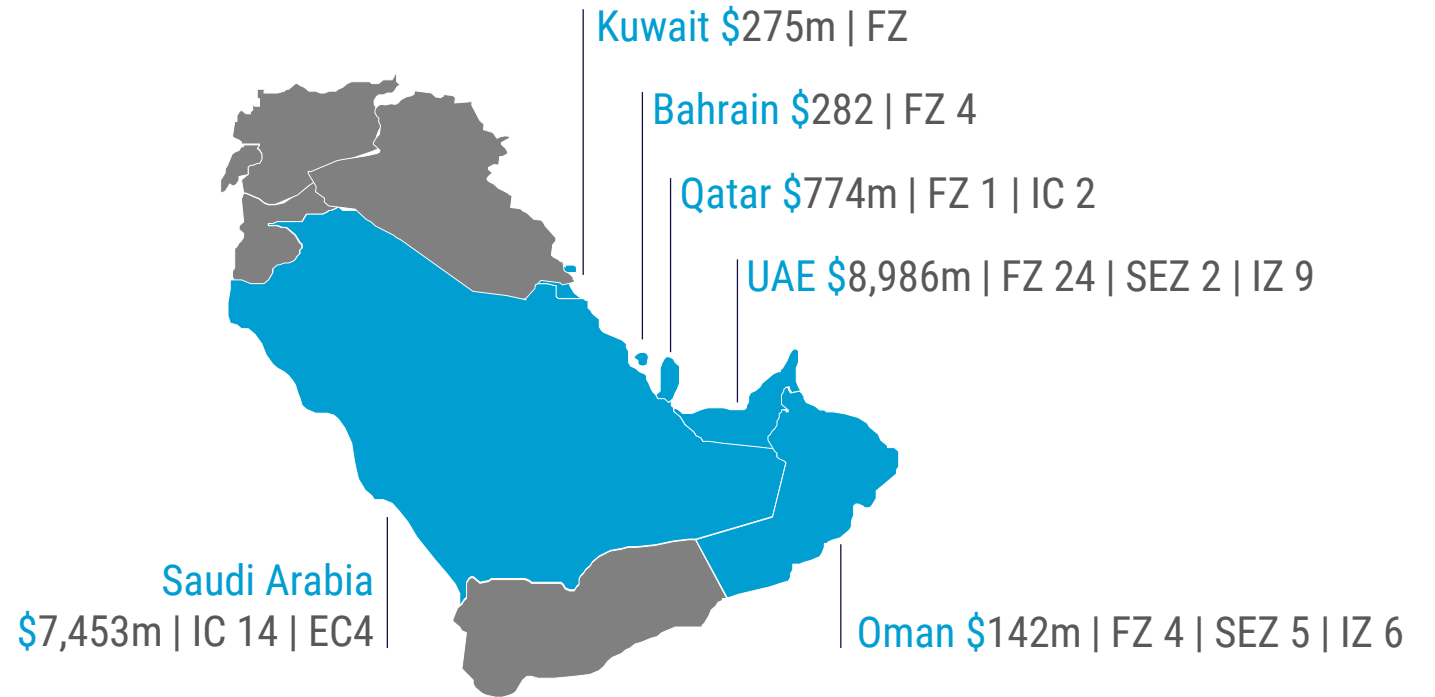
Source: World Bank, IMF, OPEC (Reference) Basket

Economic reforms are also opening doors for in-country partnerships and joint ventures



- GCC members plan to invest **USD 968 billion** over the next 10 years
- This investment includes **1,638 projects**
- The oil-rich countries plan to direct from 2011 to 2020, **USD 79 billion for rail**, including trains, subways and trams
- The most ambitious project, valued at USD 30 billion, is the **railroad** that will connect all the countries of the GCC
- For **roads construction**, investments are put at \$ 18 billion

Very significant inflow of investment into the region by major global food companies



Source: UN (2016 FDI Inflow)

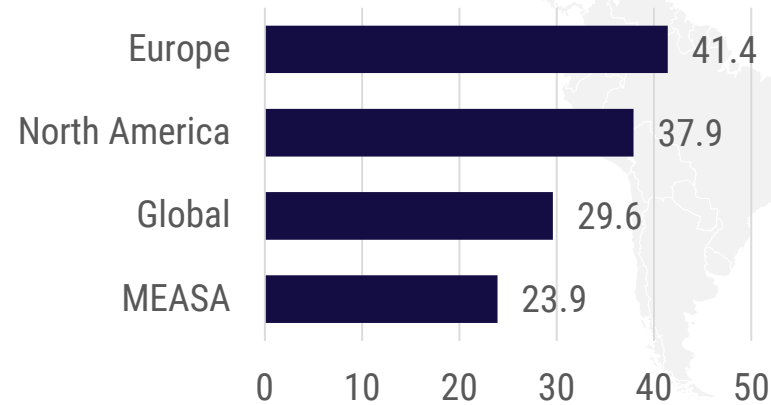
GCC is also a major launchpad to the MEASA region

A catchment of 3.3 billion consumers and growing

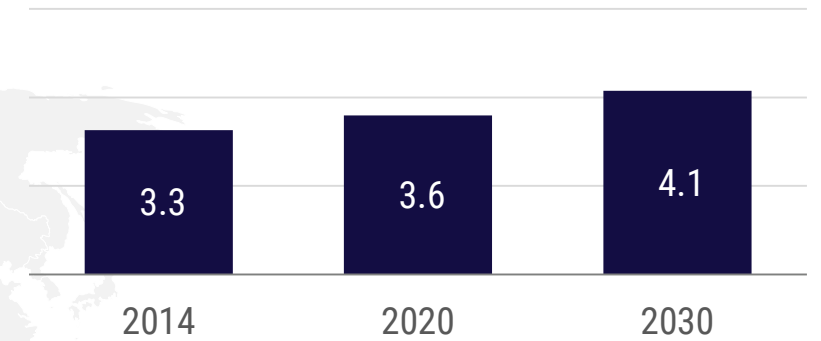
MIDDLE EAST AFRICA & SOUTH ASIA (MEASA) REGION

- 84 Nations
- 3.3 billion consumers
- 47% of world population
- 67% of world population growth
- Median Age of 23.9
- Rapidly expanding Middle Class

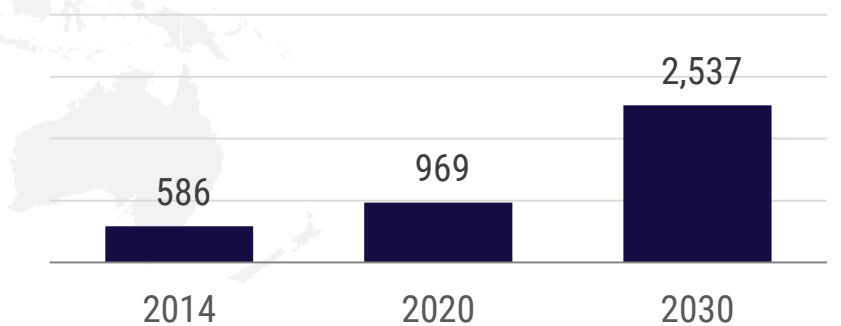
MEDIAN AGE



MEASA POPULATION (BILLION)



PACKAGED FOOD & BEVERAGE RETAIL MARKET VALUE (USD BILLION)*



Sources: IMF, UN, Euromonitor, Farrelly & Mitchell. *Excludes alcoholic beverages.

Client case

Innovation driven investment from Europe in the GCC

EUROPEAN DAIRY CORPORATE

- Raw Ingredients
- Innovation
- Systemisation
- Corporate Structure
- Management Expertise



DISTRIBUTOR (GCC BASED)

- Market Knowledge
- Key Relationships
- Local Infrastructure and Distribution Network



RESULT

- Successful Partnership/ Joint Venture Enterprise
- Profitable & growing business

- Experienced partner with key account relationships
- Shared vision of market and growth objective
- Strong local value add & import displacement

Significant market opportunities for trade or local investment

Establishing partnerships and joint venture arrangements

Undertaking a concerted marketing effort – long term investment

Compelling customer needs

Potential investment support

Niche opportunities & product innovation

Branding & private label opportunity

Strong growing market

Supply chain driven



FARRELLY & MITCHELL

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