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Global Analysis Report

Sector Trend Analysis
Livestock and Meat Trends In the Gulf Cooperation Council

March 2017

Trade summary

The Gulf Cooperation Council (GCC) states, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates, are home to 52.4 million people amongst the world richest in terms of per capita wealth.

However, due to water shortage and lack of arable land, these countries need to import almost 90% of their food requirements. These conditions make the growth and outlook of the food sector a very important issue for the GCC countries.

The region's young Muslim population is growing in size at a rate of 3.3% per year, compared to a global average of 1.1%. Saudi Arabia and United Arab Emirates are the two largest populations in the region, with the UAE hosting a larger professional expatriate populations of the two. The Saudia Arabia however, has highier per capita income than the reste of the GCC countries. The GCC countries are open to global food trends with some more price sensitive than others..

Domestic meat production is insufficient to meet the current requirements of the market demand. The GCC region imports of meat and meat products stood at US$5.0 billion in 2015 (US$3.8 billion as of October 2016).

The GCC is forecasted to be one of the fastest growing regions in halal meat consumption, according to Euromonitor. The driving force behind this projected surge is a combination of population growth, rising incomes and urbanisation. Despite relatively small populations (with the exception of Saudi Arabia and the UAE), the GCC offers an opportunity for Canadian livestock and halal meat exports.

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Gulf Cooperation Council trends

The 6 Gulf states that constitute the GCC are oil and gas producing, relatively stable, wealthy, and enjoy the highest standards of living in the Middle East, however consumer confidence mirror the oil market conditions. The GCC population is largely English-speaking, educated and the six countries have a large expatriate population which has a profound influence on the grocery selection in supermarkets, as well as the local food culture, in addition of being hungry for luxury goods and services.

Per-capita income in the in the GCC averaged US$47,500 in 2015. This high per-capita income is driving demand for imported goods and foods. In fact, almost 90% of foods are imported due to the agricultural limitations of the region.

Population growth and societal changes such as working women in addition to increasing income per capita and a booming tourism industry are drivers of changing food consumption in the GCC region. Euromonitor International indicates that the GCC is a fast growing market, with consumer spending on food and non alcoholic beverages reaching US$95.2 billion 2015.

Increasing urbanization in the GCC countries, hectic lifestyles, growing popularity of large modern food retail formats and the presence of multinational food companies in the region, are the main factors in increasing the popularity of convenience foods among consumers. Moreover, the affluent local population has shifted its consumption patterns from a carbohydrate-based diet to protein-based diet. This has increased the demand for meat and meat products and health and wellness products.

In addition to that, there is a growing market opportunity in GCC' states; for instance, the UAE will be hosting Expo 2020 in October 2020, in 4 years, and Qatar will be hosting the World Cup in November 2022 . These events represent tremendous market opportunities for the halal meat market in particular to the food service industry. In Qatar, the total volume growth of meat sold increased by 14% in 2015 over 2014, and this trend is likely to continue due to the strong economy, the increasing awareness of homemade meals and the tendency to eat outside of the home during weekends.

By the numbers

In addition to the domestic consumption, the GCC is now among the world's top tourism destinations. The UAE is amongst the top 10 destinations and the most popular in the Arab World according to the United Nations World Tourism Organization. During 2015, Dubai alone attracted over 10 million tourists, according to Dubai Tourism and Commerce Marketing, with a hotel occupancy rate of 85%.

GCC market sizes historic and forecast retail volume sales of beef and veal meat in '000 tonnes

Country	2010	2013	2015	% CAGR 2010-15	2016F	2017F	2019F	2020F	%CAGR 2016-20
Saudi Arabia	94.8	117.3	122.0	5.2	125.5	128.2	134.5	138.0	2.4
United Arab Emirates	37.5	43.6	51.1	6.4	54.8	59.1	69.9	75.6	8.4
Kuwait – modelled[1]**	33.8	42.1	48.6	7.5	52.7	57.1	67.7	73.3	8.6
Oman – modelled**	14.3	19.3	22.8	9.7	23.9	24.4	25.2	25.7	1.9
Qatar – modelled**	6.7	7.2	8.9	6.0	9.8	10.8	12.9	14.0	9.1
Bahrain – modelled**	3.9	5.0	5.3	6.3	5.4	5.4	5.7	5.8	2.0

[1] ** Euromonitor data for modelled countries is created by pegging countries with a similar consumer culture and development level taking into account populations, consumer spending patterns and other macroeconomic factors.

GCC market sizes historic and forecast retail volume sales of lamb, moutton and goat meat in '000 tonnes

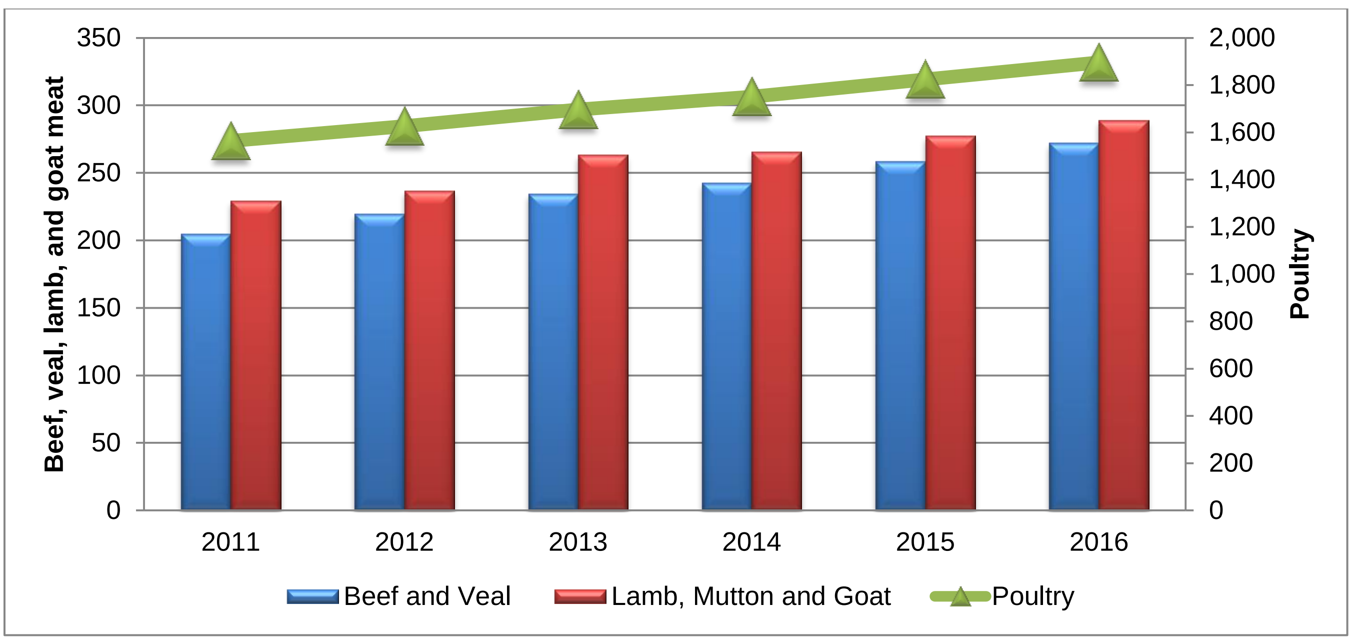
Country	2010	2013	2015	% CAGR 201-15	2016F	2017F	2019F	2020F	%CAGR 2016-20
Saudi Arabia	118.6	146.6	144.2	4.0	148.8	153.9	165.1	171.2	3.6
United Arab Emirates	68.5	75.0	82.8	3.9	87.5	93.5	108.2	116.3	7.4
Oman – modelled**	25.8	30.0	37.2	7.6	39.1	40.5	42.8	44.0	3.0
Bahrain – modelled**	7.0	7.8	8.6	4.3	8.8	9.0	9.6	9.9	3.1
Kuwait – modelled**	2.5	3.4	3.8	8.3	4.0	4.3	5.0	5.4	7.6
Qatar – modelled**	0.5	0.6	0.7	6.8	0.8	0.8	1.0	1.0	8.1

GCC market sizes historic and forecast retail volume sales of poultry in '000 tonnes

Country	2010	2013	2015	% CAGR 2010-15	2016F	2017F	2019F	2020F	%CAGR 2016-20
Saudi Arabia	1,006.4	1,092.8	1,127.0	2.3	1,154.6	1,184.9	1,259.0	1,301.1	3.0
United Arab Emirates	234.0	273.3	317.9	6.3	338.6	362.7	423.2	458.8	7.9
Kuwait – modelled**	103.8	144.5	168.4	10.2	181.6	195.7	228.7	248.2	8.1
Oman – modelled**	108.8	128.0	146.6	6.2	152.8	157.3	164.4	168.7	2.5
Bahrain – modelled**	29.4	33.2	33.8	2.8	34.3	35.0	37.0	38.1	2.6
Qatar – modelled**	20.5	24.8	30.9	8.6	33.9	36.9	43.5	47.3	8.7

Source for all: *Euromonitor 2016 F= Forecast , CAGR= Compound Annual Growth Rate*

Meat comsumption in the GCC countries in 000' tonnes



Source: *Euromonitor 2016 please note 2016 partial year (October 2016)*

Spending and consumption

Beef and veal meat comsumption in the GCC countries per capita in kilogram

Category	Country	2011	2012	2013	2014	2015	2016[E]
Beef and Veal	Kuwait - modelled	10.2	10.2	10.2	10.1	10.8	11.5
	United Arab Emirates**	4.7	4.9	5.2	5.5	6.0	6.3
	Oman – modelled**	5.1	5.0	5.3	5.4	5.5	5.5
	Bahrain – modelled**	3.6	3.9	4.1	4.2	4.3	4.3
	Qatar – modelled**	4.0	3.9	3.6	3.5	3.8	4.0
	Saudi Arabia	3.6	3.7	3.9	3.8	3.9	3.9

Source: *Euromonitor 2016 E=Estimate*

Lamb mouton and goat meat comsumption in the GCC countries per capita in kilogram

Category	Country	2011	2012	2013	2014	2015	2016[E]
Lamb, Mutton and Goat	United Arab Emirates	8.5	8.7	8.9	9.3	9.6	10.1
	Oman – modelled**	8.8	8.2	8.3	8.9	9.0	9.1
	Bahrain – modelled**	6.2	6.4	6.4	6.9	6.9	7.0
	Saudi Arabia	4.2	4.3	4.9	4.5	4.6	4.6
	Kuwait – modelled**	0.8	0.8	0.8	0.8	0.8	0.9
	Qatar – modelled**	0.3	0.3	0.3	0.3	0.3	0.3

Source: *Euromonitor 2016   E=Estimate*

Kuwait is the biggest consumer of beaf and veal meat in GCC countries with over 11.5 Kg per person, while the UAE is the biggest consumer of lamb, mouton and goat meat with 10.1Kg per person followed by Oman with 9.1Kg.

Poultry comsumption in the GCC countries per capita in kilogram

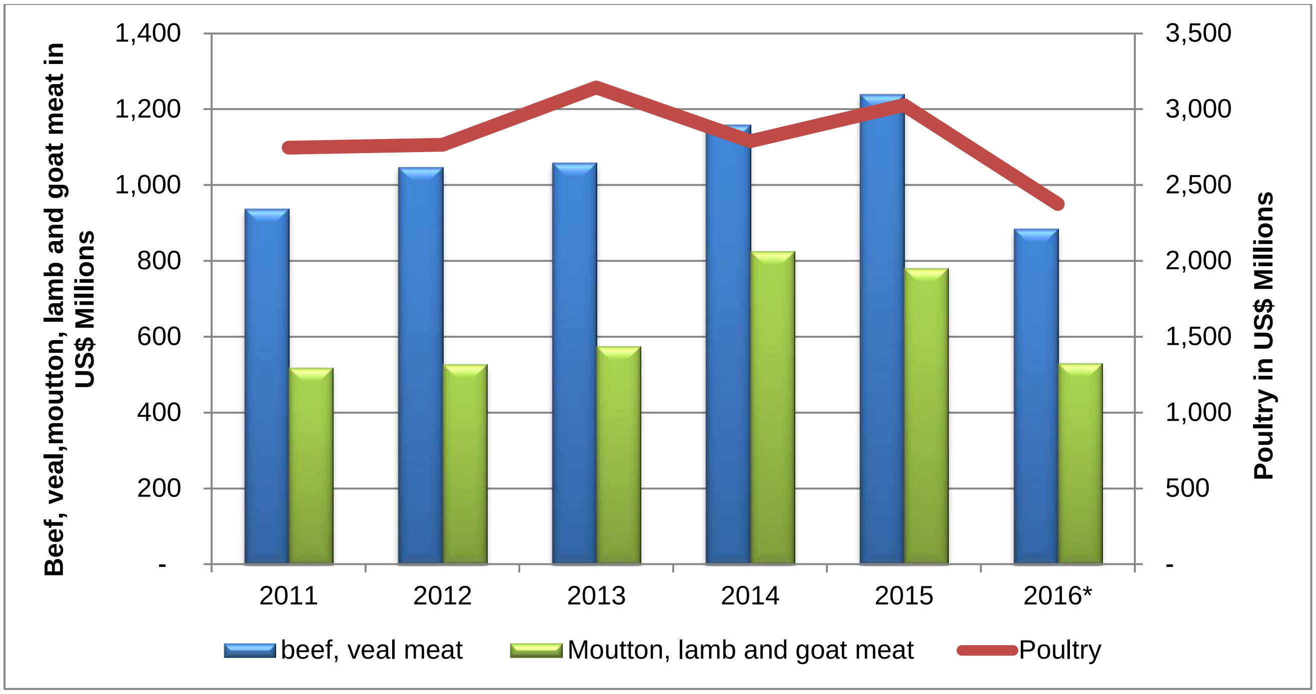
Category	Country	2011	2012	2013	2014	2015	2016[E]
Poultry	Kuwait – modelled**	32.5	33.9	34.9	35.1	37.6	39.6
	United Arab Emirates	29.3	30.7	32.5	34.6	37.0	39.0
	Saudi Arabia	36.0	36.2	36.2	35.8	35.7	35.9
	Oman – modelled**	37.1	34.8	35.2	35.3	35.3	35.4
	Bahrain – modelled**	26.1	27.0	27.4	27.4	27.4	27.5
	Qatar – modelled**	12.9	12.9	12.4	12.2	13.1	13.8

Source: *Euromonitor 2016 E=Estimate*

Population increase, growing tourism and transit passengers passing through GCC countries and active Hotel, Restaurants, and Institution (HRI) sectors contribute positively to increasing poultry consumption.

Meat imports trends

Meat meat imports by the GCC countries in US$ million



Source: *Global Trade Tracker 2016, *please note 2016 is partial year (October 2016)*

TOP foreign suppliers of meat and meat products to the GCC

GCC countries largely rely on imports of meat to meet most of their food requirements. The GCC countries imported over US$5.0 billion worth of meat and meat products in 2015.

All major food-producing countries are active in this highly competitive market. Brazil, Australia, India, the US and France are major players.

Top countries supplying meat products to the GCC in (US$)

Rank	Partner country	2015	2016*
Total imports**		5,046,541,282	3,788,585,471
1	Brazil	2,434,363,893	2,073,639,091
2	Australia	716,842,325	477,682,260
3	India	662,615,468	430,128,926
4	United States	213,671,707	177,267,455
5	France	302,275,568	171,423,214
6	New Zealand	181,083,075	109,956,979
7	South Africa	34,205,531	30,977,056
8	Argentina	70,298,471	27,885,088
9	Ethiopia	94,008,890	22,085,442
10	Turkey	20,194,906	20,729,089
11	Paraguay	45,999,840	17,425,468
12	Canada	19,551,050	16,973,342

Source: *Global Trade Tracker, 2016* ** Partial year (October 2016) *** ***HS: 0201, 0202, 0204, 0207***

The meat segment is comprised of red meat and poultry meat. Meat is an important part of the diet in the GCC region. Saudi and Kuwait are also large producers of meat in the region.

Canada has made it into the 12th top suppliers to the GCC in 2015. Canada's share represent's 0.4% of region total meat imports. The top GCC destination for Canadian meat in 2015 was Saudi Arabia with exports of US$17.3 million in 2015 (US$17.3 million as of October 2016), followed by the UAE with US$ 2.2 million in 2015 (US$2.3 million/October 2016),these exports were mostly made up of frozen boneless beef products. While still at a very small levels, Canada started exporting some fresh/chilled beef cuts and some bovine offal products.

Saudi Arabia and the UAE were the major importers accounting for nearly 75% of meat imports in the region.

GCC historic value imports of meat products in $US million

HS Code	Description	2011	2012	2013	2014	2015	2016*
Total Import*		4,201.41	4,338.64	4,777.15	4,773.47	5,046.54	3,788.59
0207	Frozen/fresh/chilled poultry	2,747.48	2,764.74	3,143.60	2,788.54	3,026.89	2,374.82
0202	Frozen beef	731.12	800.62	777.62	820.75	872.10	583.78
0204	Frozen/fresh meat of sheep or goat	517.25	527.00	574.54	825.73	780.44	529.34
0201	Fresh/chilled beef	205.55	246.28	281.39	338.45	367.10	300.64

Source: *Global Trade Tracker, 2016* ** Partial year (October 2016)* *****HS: 0201, 0202, 0204, 0207***

GCC historic value imports of meat products by country in $US million

Country	2011	2012	2013	2014	2015	2016*
Total Import**	4,201.41	4,338.64	4,777.15	4,773.47	5,046.54	3,788.59
Saudi Arabia	2,091.96	2,102.13	2,344.47	2,193.12	2,359.01	1,720.64
United Arab Emirates	1,021.94	1,142.81	1,242.42	1,356.07	1,375.08	1,090.22
Kuwait	480.24	447.25	455.84	447.08	506.27	320.19
Qatar	253.57	271.73	282.65	335.37	366.29	300.81
Oman	216.45	240.16	262.50	254.80	266.52	215.07
Bahrain	137.25	134.56	189.28	187.03	173.36	141.65

Source: *Global Trade Tracker, 2016* ** Partial year (October 2016)* *** **HS: 0201, 0202, 0204, 0207***

Competitive landscape

The GCC region is a significant poultry meat market, a destination for over 13 percent of world exports in 2015 (US$3.02 billion).

Over half of the shipments are sent to Saudi Arabia while nearly a quarter goes to the UAE. Demand for poultry meat imports is strong for two main reasons: low domestic production, and re-exports.

Top Countries supplying meat products to the GCC and their top three products ($US)

Country	Product	2015	2016*
Brazil	Poultry meat	2,355,371,025	1,899,940,616
	Frozen beef	46,749,335	98,902,067
	Fresh/chilled beef	32,243,533	74,796,408
Australia	Meat of sheep and goats	426,335,167	327,193,443
	Fresh/chilled beef	150,901,117	86,936,238
	Frozen beef	139,212,824	63,247,587
India	Frozen beef	468,601,053	289,376,700
	Meat of sheep and goats	127,770,647	98,335,298
	Fresh/chilled beef	56,977,739	38,665,653
United States	Poultry meat	91,663,589	91,397,200
	Frozen beef	82,475,828	64,103,790
	Fresh/chilled beef	39,333,436	21,570,395
France	Poultry	301,728,047	170,958,383
	Frozen beef	287,574	314,663
	Fresh/chilled beef	186,938	98,912
New Zealand	Meat of sheep and goats	105,774,033	54,334,429
	Fresh/chilled beef	49,116,120	42,417,894
	Frozen beef	24,110,192	10,776,333
Saudi Arabia	Poultry meat	122,589,052	103,722,184
	Frozen beef	9,927,865	1,304,680
	Meat of sheep and goats	794,185	545,126
South Africa	Fresh/chilled beef	22,401,043	21,756,886
	Frozen beef	11,749,612	8,844,585
	Meat of sheep and goats	657	346,600
Argentina	Poultry meat	60,219,466	25,525,297
	Fresh/chilled beef	1,992,329	1,503,793
	Frozen beef	7,478,346	529,916
Ethiopia	Meat of sheep and goats	93,814,493	22,077,314
	Frozen beef	148,376	7,947
	Fresh/chilled beef	45,899	181
Canada (12)	Frozen beef	14,961,976	11,799,085
	Fresh/chilled beef	4,314,874	4,906,376
	Meat of sheep and goats	274,200	212,694

Source: *Global Trade Tracker, 2016* ** Partial year (October 2016)*

Livestock trends

Governments across the Gulf region have been drafting and implementing long-term strategic plans to improve food security, while making optimum use of the available resources. In addition, GCC countries are focused on reducing food dependency and as such, they have made investments to enhance domestic livestock farming and aquaculture.

In addition, the active tourism sector, has stimulated the notable improvements in infrastructure (including cold chains) which facilitates trade of perishable goods, consequently the food consumption pattern is steadily shifting from carbohydrate-based staple foods (such as cereals) to protein-rich diets such as meat and dairy products. This combined with growth in population and visitors alike are boosting the demand for livestock products.

The most current Food and Agriculture Organization of the United Nations (FAO) data, shows that bovine, sheep and goat and poultry production numbers are increasing year over year by an average of 9% per year .

GCC livestock production in 2014

Product	Country	Head	Slaughtered including imports
Poultry	Bahrain	550,000	4,307,000
	Kuwait	44,203,000	28,100,000
	Oman	4,600,000	7,723,000
	Qatar	8,600,000	7,358,000
	Saudi Arabia	183,000,000	618,130,000
	United Arab Emirates	22,500,000	36,469,000
Goats	Bahrain	18,500	12,165
	Kuwait	153,391	44,850
	Oman	2,100,000	773,998
	Qatar	267,202	171,497
	Saudi Arabia	3,450,000	2,014,507
	United Arab Emirates	1,920,000	2,650,480
Sheep	Bahrain	40,000	963,887
	Kuwait	628,041	2,292,120
	Oman	560,000	996,352
	Qatar	545,440	571,859
	Saudi Arabia	11,650,000	5,034,904
	United Arab Emirates	2,150,000	390,819
Beef cattle	Bahrain	10,500	8,646
	Kuwait	27,310	17,875
	Oman	365,000	182,035
	Qatar	8,491	4,194
	Saudi Arabia	354,276	270,886
	United Arab Emirates	87,000	60,554

Source: *FAO 2016*

Saudi Arabia by far the largest producer of poultry the region. Its production covers about 70% of poutry flock in the GCC. On the other hand, Oman and Saudi Arabia host over 80% of the cattle.

Top live animal suppliers to the GCC by value in US$, 2015-2016

Rank	Country	2015*	2016*
	Total import	690,982,220	477,136,362
1	Iran (Islamic Rep. of)	237,492,372	182,249,807
2	Jordan	201,369,774	121,830,700
3	Australia	150,804,151	103,962,676
4	India	83,959	25,803,819
5	United Kingdom	8,164,578	9,855,108
6	Netherlands	11,719,642	6,769,392
7	Georgia	4,919,032	6,437,227
8	Germany	6,202,608	2,763,876
9	South Africa	1,178,206	2,669,433
10	United States	4,324,869	2,403,088

Source: *Global Trade Tracker, 2016* ** Partial year (October 2016)*

Conclusion

The GCC has limited local agricultural production, a growing demand for imported food products, and a strong re-export market. Canadian agri-food products are looked upon as high-quality, with a distinctive North American image.

The GCC countries demand for halal meat in particular, continues to rise both in quantity and quality, and with local meat supply and herd expension, are constrained by arid land, feed and water shortages, the GCC will continue to need to import a significant proportion of the meat it consumes.

For more information

International Trade Commissioners can provide Canadian industry with on-the-ground expertise regarding market potential, current conditions and local business contacts, and are an excellent point of contact for export advice.

- **Overview of Trade Commissioner Services in the MENA region**
  http://www.tradecommissioner.gc.ca/eng/offices-united-arab-emirates.jsp

- **Find a Trade Commissioner**
  www.tradecommissioner.gc.ca/eng/find-trade-contacts.jsp

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For more information on the 2017 Gulfood exhibition in Dubai, please contact:

- **Ben Berry, Deputy Director**
  Trade Show Strategy and Delivery, Agriculture and Agri-Food Canada
  ben.berry@agr.gc.ca

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Global Analysis Report

Prepared by: Karim Zarrouki, Market Analyst

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Agriculture and Agri-Food Canada, Global Analysis
1341 Baseline Road, Tower 5, 3rd floor
Ottawa, ON
Canada, K1A 0C5
E-mail: MAS-SAM@agr.gc.ca

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