



Middle East & North Africa

Primary Agriculture & Food Opportunities for Ontario

September 30th, 2011

Ontario Ministry of Agriculture, Food and Rural Affairs



Today's presentation will provide

- The Global Halal Food Market
- Middle East & North Africa (MENA) Region
- The Gulf Cooperation Council (GCC)
- Saudi Arabia & United Arab Emirates
- Saudi Arabia's New Grain Supply Policy
- Ontario Grain – Exports to Middle East & North Africa
- Opportunity for Ontario
- Dubai – A Major MENA Business Hub
- The Way Forward

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The Global Halal Food Market

- It is estimated that the Global Food Market in 2009 was valued at US \$ 3,992.2 billion (Retail & Trade).
- World Halal Forum estimates the global Halal food market in 2010 was worth US \$ 651.5 billion.
- The Halal market in Europe alone represents US\$ 67 billion, highlighting that the Halal food market in non Muslim countries is substantial.
- The 1.6 billion global Muslim population largely resides in countries where the economy is growing, enjoy higher levels of income and report higher expenditures on good-quality Halal food.

Source: AAFC - Market Indicator Report April 2011 "Global Pathfinder Report – Halal Food Trends,"

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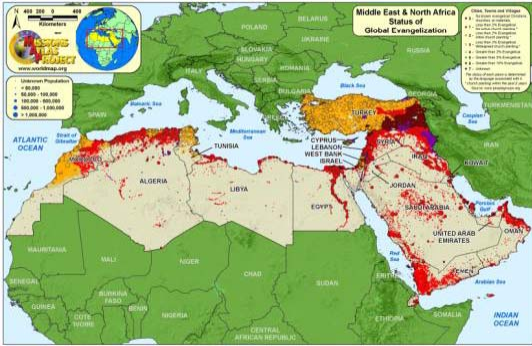


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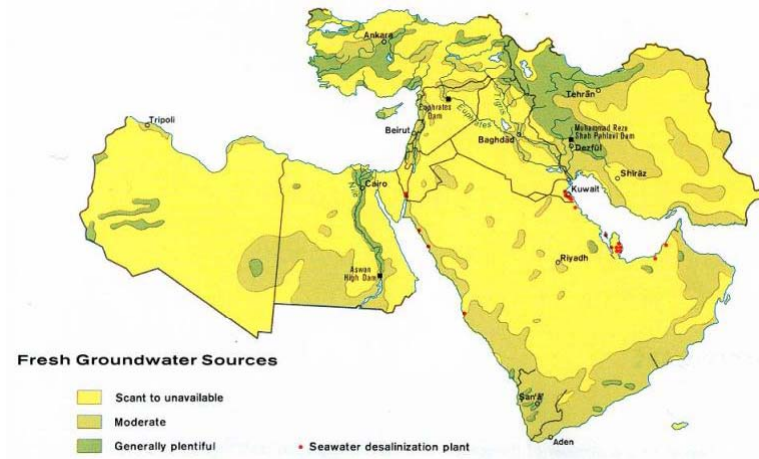
- Population: 475 million
- Predominant Religion: Islam
- Heavy dependence on imported Food.
- Rapid infrastructure growth facilitating trade and a booming tourism industry
- High income and consequently higher per capita consumption
- Khaleejtimes quotes the World Bank (2011) "economies in the Middle East & North Africa are set for a better-than-expected growth of 4.1% this year and 3.8% in 2012."



Source: AAFC - Market Indicator Report April 2011 "Global Pathfinder Report – Halal Food Trends." and Khaleejtimes, Dubai

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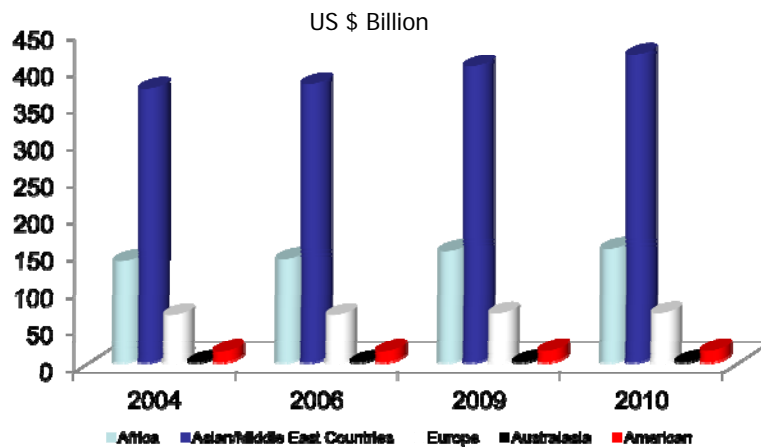
Middle East Fresh Ground Water Sources



Source: U.S. Central Intelligence Agency

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The Global Halal Food Market

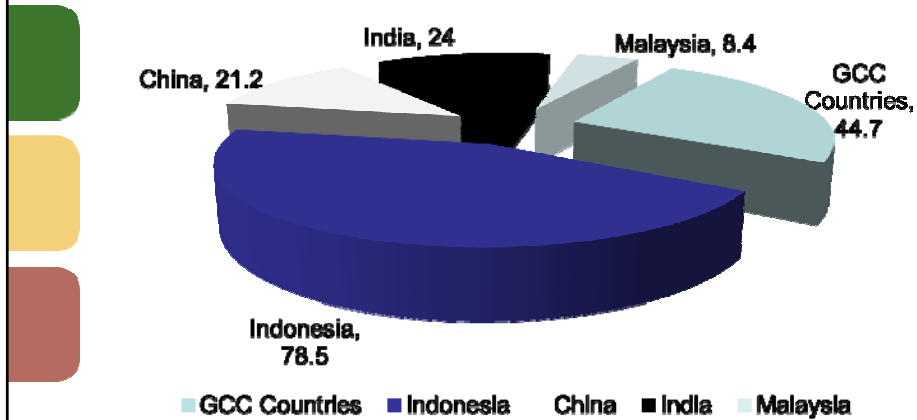


Source: AAFC - Market Indicator Report April 2011 "Global Pathfinder Report – Halal Food Trends," quotes World Halal Forum
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The Global Halal Food Market

Asian/Middle East Countries 2010 in US \$ Billion



Source: AAFC - Market Indicator Report April 2011 "Global Pathfinder Report – Halal Food Trends," quotes World Halal Forum
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The Gulf Cooperation Council Countries



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The Gulf Cooperation Council Countries

- Created on May 25th, 1981, the GCC Is a Political & Economic union of Oil Rich Arab States bordering the Persian Gulf.
- The GCC supplies 1/3rd of US Oil
- It's total population is 37.89 million with Saudi Arabia being the largest country in the union.
- The GCC region is seeing a return to robust growth, with a forecasted real GDP growth of 5.9% in 2011.
- The GCC generates US \$1.2 billion in Oil revenues per day.

Source: Dubai Chamber of Commerce & Industry

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The GCC Countries – Key Facts

	Bahrain	Kuwait	Oman	Qatar	Saudi Arabia	UAE	GCC
Population:	0.71	2.75	2.40	0.74	26.14	5.15	37.89
GDP per Capita	US \$15,572	US \$17,613	US \$10,325	US \$38,239	US \$24,200	US \$40,200	

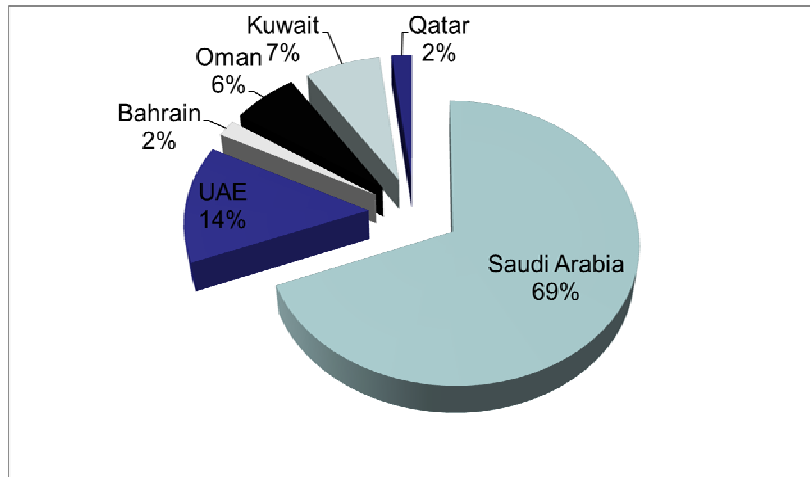
Population figures are in million

Source: Dubai Chamber of Commerce & Industry and AAFC Market Analysis Report – “Saudi Arabia, Egypt and the United Arab Emirates Consumers, Markets and Demand for Grain-based Products, June 2011.”

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The GCC Countries – Population in Percentage



Source: Dubai Chamber of Commerce & Industry and AAFC Market Analysis Report – “Saudi Arabia, Egypt and the United Arab Emirates Consumers, Markets and Demand for Grain-based Products, June 2011.”
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The GCC Countries

- More than 80% of food is imported
- Water Stressed
- Very little or no Agriculture
- Personal consumption + 75% vs. North Americans
- High income/ luxury
- Growth- Infrastructure, Residents, Tourism, Wealth
- Major target for aggressive nations; India, Brazil, Australia, France, etc.

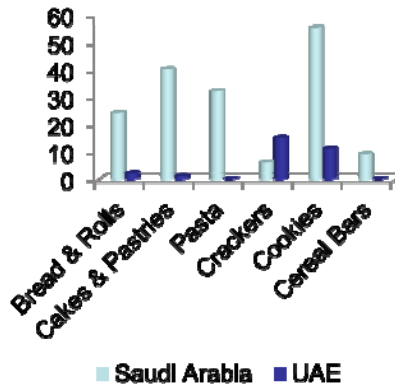


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The GCC Countries – Saudi Arabia & UAE

- The retail processed food sector is a growing market in Saudi Arabia & UAE.
- Each country saw significant growth in grain-based product sector – Pasta/noodles, bakery and processed snack foods.
- There have been 166 new grain-based new product launches in Saudi Arabia and 29 in UAE.



Source: AAFC Market Analysis Report – “Saudi Arabia, Egypt and the United Arab Emirates Consumers, Markets and Demand for Grain-based Products, June 2011,” quotes Mintel GNPD retrieved November 1, 2010

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Saudi Arabia – Wheat Production

- Investment and production planning based on 100% local production
- Wheat production rose in 2010 to reach 1.26 million tonnes from 950,000 in 2009
- Overall decrease in production: 2.65 million tonnes of wheat in 2005



Source: “Saudi Arabia’s New Grain Policy,” World Grain May 2011 and Saudi Arabian Grain Silos and Flour Mills Organization, Riyadh.

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Saudi Arabia – Wheat Consumption

- Almost 3 million tonnes per year
- Population growth at 3% leading to increased demand
- Wheat is a staple grain in Saudi Arabia
 - Consumed in the form of flat bread



Source: "Saudi Arabia's New Grain Policy," World Grain May 2011 and Saudi Arabian Grain Silos and Flour Mills Organization, Riyadh.

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Saudi Arabia – Policy of Self-sufficiency

- Long-standing policy of self-sufficiency for grain supply ended in 2007
- Country's shift to wheat imports prompts massive storage expansion in 2008
- Fossil water from deep non-renewable aquifers has fallen in grain and forage producing regions.
 - Estimated to last a generation at current rate of consumption
 - Saudi Arabia is one of the "most water stressed" countries in the world.

Source: "Saudi Arabia's New Grain Policy," World Grain May 2011 and Saudi Arabian Grain Silos and Flour Mills Organization, Riyadh.

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Saudi Arabia – New Grain Import Policy

- Since September 2008
 - 8 import tenders
 - 4.5 million tonnes of wheat
 - Largest tender: 990,000 tonnes of wheat from June 2010 to April 2011
- Latest tenders:
 - 330,000 tonnes of wheat from US and Europe (September to October 2011)
 - 275,000 tonnes from Europe from May to June 20

Source: "Saudi Arabia's New Grain Policy," World Grain May 2011 and Saudi Arabian Grain Silos and Flour Mills Organization, Riyadh.

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Saudi Arabia – The Goal

- Strategic supply of almost one year's consumption, a 1.5 million tonnes of increase
- At least 50% of total domestic consumption to be imported
- Increase wheat storage capacity to 3.5 million tonnes by 2016
- 2008 recession caused political leaders in developing countries to lose faith in grain and other commodity markets
- Local production expected to end in 2016

Source: "Saudi Arabia's New Grain Policy," World Grain May 2011 and Saudi Arabian Grain Silos and Flour Mills Organization, Riyadh.

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Saudi Arabia – The Impact

- Expected 14% rise in imports for 2011 to reach 2 million tonnes
- Need to double grain storage specially along the coast
 - Ports at King Abdullah Economic City, Yanbu and Dhiba will increase grain storage by 120,000 tonnes
- Tendency for imported grain to be processed

Source: "Saudi Arabia's New Grain Policy," World Grain May 2011 and Saudi Arabian Grain Silos and Flour Mills Organization, Riyadh.

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Ontario Grain – Exports to Middle East & North Africa

- In 2010 Ontario exported 65,000 tonnes of soybeans to Israel, Saudi Arabia and Turkey. Decreased from 2008 (127,000 tonnes).
- Soft Red Winter wheat is exported to Egypt and Middle East. Soft Red Winter is ideal for Arabic Flatbread.
- In 2010 over 40,000 tonnes of corn were shipped to Turkey and 70,000 tonnes to Syria. 152,000 tonnes of Corn was exported to Tunisia; 130,000 tonnes to Libya; 25,000 tonnes to Algeria and 12,000 tonnes to Egypt. Corn is normally used for feed in the Middle East.
- In 2010 Egypt purchased 67,000 tonnes of soybeans from Canada. In the same year Mauritius purchased 103 tonnes. Soybean is primarily used for crush.

Source: Ontario Grain Farmer, May/June 2011

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Opportunities for Ontario

- Shelf Stable Food
- Private Labels
- Forage
- Investment Attraction
- Food Security

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Opportunities for Ontario – Shelf Stable Food Products

- Spinney's is an up class chain of supermarkets in the Middle East.
- Spinney's has more than 67 supermarkets in the Middle East with 60 in UAE. Spinney's is currently in Egypt, Jordan, Lebanon, Qatar and the UAE.
- Spinney's is planning to open supermarkets in North Africa.
- Spinney's has a purchase office and a warehouse in Atlanta, Georgia to consolidate North American shipments.



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Opportunities for Ontario – Private Labels



- Low hanging fruit is OPTC's "Freshly."
- Goody is another potential in Medium to long term. Goody Brand is owned and marketed by Basamah Trading, its management of suppliers, co-packers and brand development activities have all be placed under a separate (Goody) company. Goody plans to expand the label into the frozen category in the next 2 years.

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Opportunities for Ontario – Forage



- United Feed Co. is the largest single company for forage imports in Saudi Arabia with more than 50% market share.
- United is interested not only in imports of Ontario forage but would also like to invest in securing its forage requirements for the Middle East in Ontario.

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Opportunities for Ontario – Investment Attraction



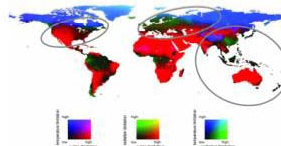
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Opportunities for Ontario – Food Security



Global Food Security 



Balocchi et al. 2004 SCOPE 62 Courtesy of Ian Cruickshank

- A number of Middle East companies are interested in investing into purchase of farms and building their own silos to secure their food supplies.

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Dubai – Middle East & North Africa's Business Hub



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Dubai – Middle East & North Africa's Business Hub



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Dubai – Middle East & North Africa's Business Hub



- Dubai occupies a strategic competitive location in the middle of the U.A.E. coast stretching along 400 miles.
- Dubai's strategic location between Asia, Europe and Africa is a major advantage for Business in the Region.
- Dubai's proximity to some of the world's fastest growing economies, such as India & China make it a premier business hub.
- Dubai has free economic policy.
- Dubai has modern infrastructural along with stable banking, other services and utilities.

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The Way Forward



- OMAFRA's Ontario Food Exports (OFEX)
- Gulfood – it is the world's largest annual trade event in Dubai
- Gourmet Food Show
- Ingredients Middle East
- Sial Middle East
- Private Label Middle East
- The Speciality Food Festival

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Thank You!

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