

AHDB Export Webinar – Middle East Week

# Understanding Dairy Export Opportunities: Saudi Arabia, Qatar and Kuwait

Thursday 10 September

10:00 – 11:30 BST

# Programme

**10.00**    **Chairman's welcome**

Lucy Randolph

**10.10**    **Understanding dairy export opportunities: Saudi Arabia**

Yazan Shukair, Head of Market Entry Arabian Enterprise Incubators, (AEI Saudi)

**10.30**    **Understanding dairy export opportunities: Qatar**

Fiona Chamberlain, Senior Commercial Attache, DIT

Suzanne Golding-Lynch, Country Manager, Welsh Government, Qatar

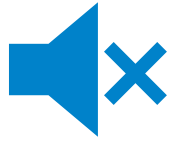
**10.50**    **Understanding dairy export opportunities: Kuwait**

Gula Al-Sharafi, Senior Trade Adviser, British Embassy. Kuwait

**11.10**    **Q&A**

**11.30**    **Webinar Ends**

# Housekeeping



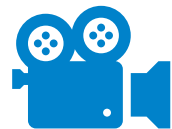
All attendees are muted



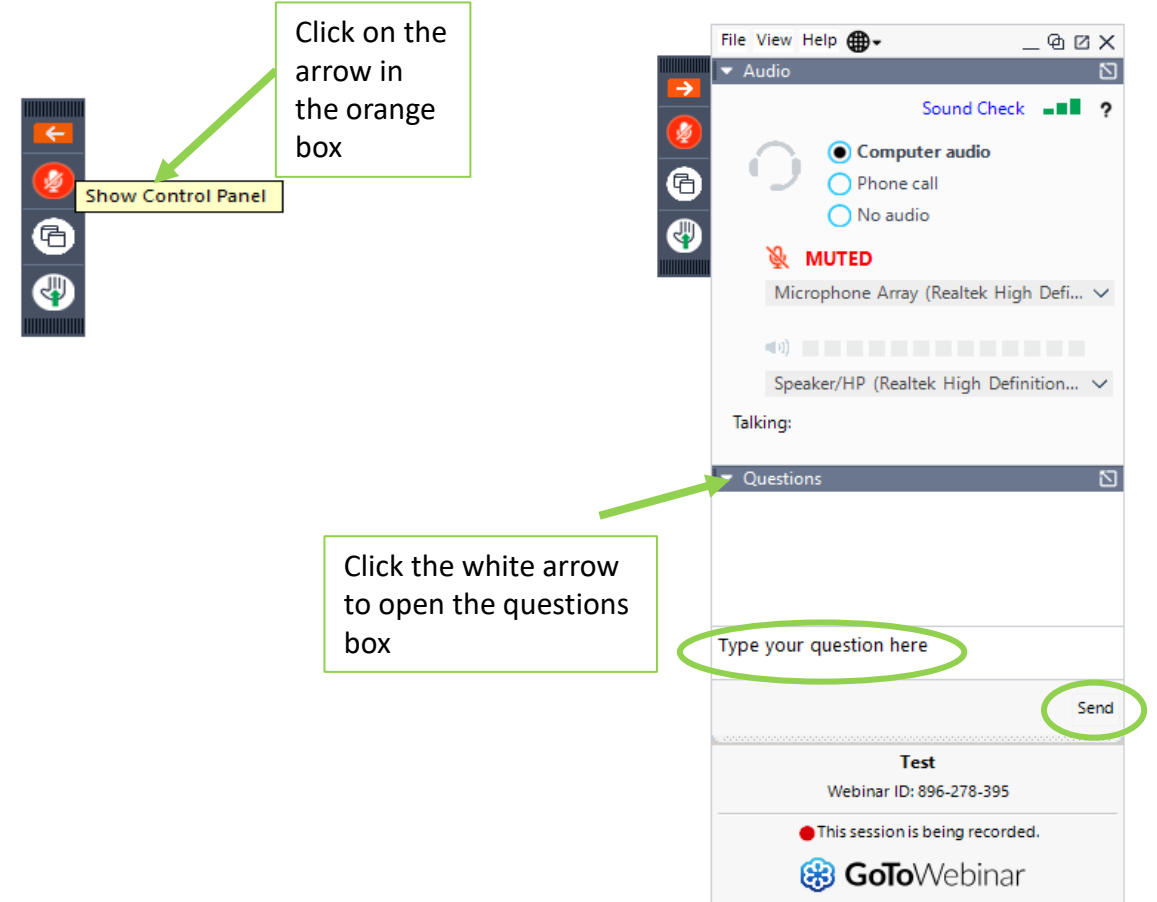
Timings



Q&A



Webinar will be recorded



The screenshot shows the GoToWebinar interface. On the left, a vertical toolbar contains icons for navigation and controls. An orange box labeled "Show Control Panel" is highlighted, with a green arrow pointing to it from a text box that says "Click on the arrow in the orange box". The main window displays the "Audio" settings, showing "Computer audio" selected and "MUTED" status. Below this, the "Questions" panel is visible, with a green arrow pointing to it from a text box that says "Click the white arrow to open the questions box". The "Questions" panel includes a text input field labeled "Type your question here" and a "Send" button, both circled in green. At the bottom, a "Test" section shows the Webinar ID (896-278-395) and a red dot indicating "This session is being recorded." The GoToWebinar logo is at the bottom right.

# Further information



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# Understanding Dairy Export Opportunities: Saudi Arabia

Yazan Shukair

Head of Market Entry – Arabian Enterprise Incubators (AEI Saudi)

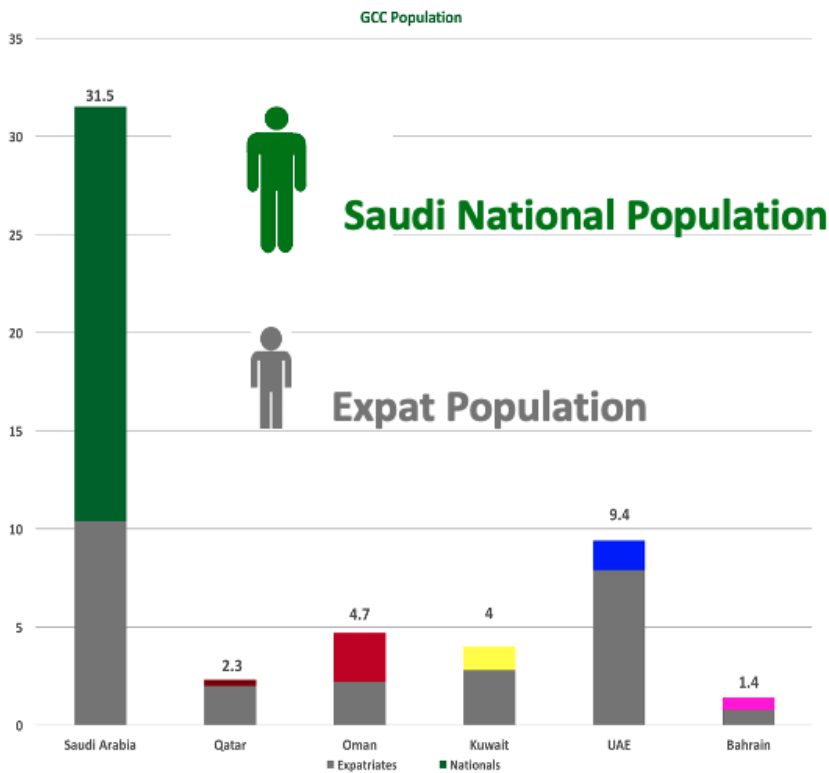


# KSA – Country Overview

- Founded in 1932 by HM King Abdul-Aziz Al Saud
- Largest trade partner with UK in MENA
  - UK is 2<sup>nd</sup> largest foreign investor in Saudi
- Population: About 32 million - 70% under 30
- Expatriate Population: 80% of private sector workforce
- Women: 60% of undergraduates are female, increasing pressure for jobs
- Interconnected: 2.2 mobile phones per head of population
- Social Media: Highest density Twitter & Facebook users globally
- 120,000 students overseas, 8,500 in UK



# Saudi Scale



The GCC overlaid on Europe





# Dairy in Saudi Arabia

- Saudi Arabia is the largest dairy consumer among the GCC countries
  - Increasing consumption of milk and other dairy products supported by:
    - High population growth
    - High per capita income
    - Changing consumer preference toward healthier foods and packaged dairy products (cream cheese, ice cream, butter)
- Saudi Arabia is the largest dairy producer among the GCC countries
  - Al Marai has the largest dairy processing plant in the world, producing million tons of milk and milk products
  - Saudi dairy producers have established cattle friendly environment for maximum output of milk from cows
- The dairy sector in KSA has come under some pressure recently due to:
  - Introduction of VAT
  - Increase in energy and labour costs
  - Economic slowdown
- The market is segmented into drinking milk, butter, cheese, yoghurt and others
  - Milk segment held the largest market share and is expected to dominate the market by 2025
  - Most dairy products are sold through supermarket and hypermarket channels
- Saudi Arabian dairy products market is projected to grow at a CAGR of 3.56% during the period 2020 to 2025





# Major Dairy Producers in KSA

- **Al Marai**
  - Largest dairy company in Saudi Arabia by market value and the world's largest vertically integrated dairy company
  - Operates dairy farms and processes food, with presence in the dairy, juices, bakery, poultry and infant nutrition categories
  - Distribution footprint covers the GCC, Egypt and Jordan
  - The strongest brand in Saudi Arabia and one of the most recognized names in the Middle East
  - Market capitalization of 54.4 billion SAR (\$14.5 billion)
- **SADAFCO**
  - A leading food manufacturer, seller and distributor in Saudi Arabia and the ME
  - A market leader in long life milk and ice cream
  - Marketing its products under its flagship name, Saudia
  - Market capitalization of 3.4 billion SAR (\$906 million)
- **NADEC (Saudi Arabia's National Agricultural Development Co)**
  - An agricultural and food-processing company
  - 20 percent owned by Saudi's Public Investment Fund
  - Distribution footprint in UAE, Kuwait, Bahrain, Jordan and Lebanon
  - Market capitalization of 3.2 billion SAR (\$853 million)
- **Nada Dairy Company**
  - Specialize in the production and distribution of fresh dairy, fresh juice and long-life milk
  - The Nada farm in Al-Hofuf is one of the largest dairy enterprises in KSA, accommodates over 12,000 milking cows
- **Al Safi Danone**
  - A joint venture between Saudi Arabia's Al Safi Group of Companies and French food company Danone
  - Soon to be acquired by NADEC



# Challenges

- The Dairy market in Saudi Arabia is highly competitive with a large number of foreign players.
- Saudi Arabia has 62 dairy firms with several farms of global standard milking around 100,000 cows daily
- Market leaders, such as Almarai and Al Safi Danone, control 60% of the dairy market, while Nadec and Nada control a further 25% of the market while the others must fight for a share of the remaining 15%
- Aggressive price war strategies
  - large dairy producers in KSA have significant control over their fixed costs and enjoy high profits
  - Dairy producers in KSA are capable of spending heavily on integrated marketing communication to outpace their rivals
- KSA's Halal and SFDA regulations can be difficult / expensive
- Saudi Arabia shows a strong potential, and is targeted to be self-sufficient in dairy, being the highest producer of dairy products in the GCC



# Opportunities

- Strong demand for packed dairy products such as cheese and butter
  - Butter is a very consolidated category with the Almarai, Lurpak, Président and Nadec brands accounting for almost all sales in Saudi Arabia
  - Butter and spreads continued to be negatively affected by the introduction of VAT in 2018 and unhealthy image
- Saudi Arabia is a large importer of cheese
  - Cheese is the most valuable category in the dairy market accounting for more than 30% of total dairy spends
  - The cheese market in KSA has witnessed a strong growth over the last five years
  - Saudi Arabia imports nearly 172K tonnes of cheese and curd in 2018.
  - Saudi Arabia imported 5,117 tons of French cheese at a value of 22 million euros in 2018.
- Shift in the consumer's preference towards healthier diet patterns
  - Consumer demand for healthy and high quality foods is growing in the Kingdom of Saudi Arabia
- Saudi Arabian Ice Cream sector accounted for a volume share of 29.9% of the regional (Middle East & Africa) market.
  - The sector and is forecast to grow at a CAGR of 7.6% during 2017-2021.
- There are variety of dairy products available in supermarkets and hypermarkets when compared to other stores.



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# Understanding Dairy Export Opportunities: Qatar

Fiona Chamberlain, Senior Commercial Attache, DIT

Suzanne Golding-Lynch, Country Manager, Welsh Government, Qatar





# Qatar - Overview



- The Department of International Trade, represents the UK in Qatar in conjunction with the devolved governments of Wales, Scotland and Northern Ireland
- A well-defined and publicly available [National Food Security Strategy](#)
- Qatar has recently announced that it has achieved 100 percent self-sufficiency in an increasing range of dairy products [Baladna](#)
- Some gaps in the market for specific UK Dairy Products
- Regulatory challenges
- [Qatar Market Guide](#)



# Qatar Baladna Dairy Farm





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# Qatar – Current Opportunities



- Consultancy services to look at dairy farming, to help improve business and environmental challenges
- Organic Chicken
- Organic Eggs
- Organic long life milk and milk powder
- Organic baby milk

# **Qatar – Contact Details**

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# Understanding Dairy Export Opportunities: Kuwait

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**Department for  
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Any questions?



A vibrant landscape of a green field at sunset. A path leads from the foreground towards the horizon where the sun is setting, casting a warm glow. The sky is filled with colorful clouds. The text is overlaid in the center of the image.

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