

HON KEN BASTON MLC

Minister for Agriculture and Food, Fisheries

OFFICIAL VISIT

UAE, QATAR, SAUDI ARABIA AND EGYPT

27 October – 10 November 2015



H.E. Khalid Mohammed Sharif, Director of Food Control Department, Dubai Municipality with Western Australian Government Minister for Agriculture, and Food, Fisheries Hon Ken Baston MLC discussing current and future trade opportunities. Members of the touring group (left to right) were Ms Brianna Peake, Government and Industry Relations Manager of CBH Group, Mr Trevor Whittington, Chief of Staff, Mr Pankaj Savara, Commissioner – Middle East and Africa of Western Australian Trade Office, Dr Bruce Mullan, Director Sheep Industry Development, Department of Agriculture and Food, Western Australia, and Mr Aziz Saba, Business Development Manager – Western Australian Trade Office.

Purpose of the visit

The purpose of the Minister's visit to the Middle East and North African region was to support Australia's A\$ 4.0 billion agriculture commodities and food export markets. The Middle East and specifically the Gulf countries import over 90% of their total food requirements. The Gulf is the fastest growing importer of Western Australia agriculture commodities, food products, and potential investor in WA's food supply chain. This mission focussed on the following markets – United Arab Emirates (UAE), Qatar, Saudi Arabia and Egypt.

UAE:

The UAE is a regional food hub, importing over 85% of its total food requirements and re-exporting over 60% of food imported to the wider Middle East region. UAE was Western Australia's ninth largest market for Western Australian agrifood exports in 2013/14 valued at A\$208 million, led by canola (A\$71m), barley (A\$54m), lamb (A\$20m) and carrots (A\$15m).

Qatar:

Qatar is one of the wealthiest states in the world and a potential investor in agriculture commodities and supply chain. They have already secured several investments in Australia through the government's investment arm Hassad Foods – having acquired 50-80,000 hectares of land in Western Australia alone.

Saudi Arabia:

The Kingdom of Saudi Arabia is a high-value and the biggest market in the region – accounting for 47% of the GCC economy. It is a prominent buyer of Western Australia agriculture commodities and potential investor in WA's agribusiness supply chain. Saudi Arabia was Western Australia's sixth largest market for Western Australian agrifood exports in 2013/14, valued at A\$383 million, led by barley (A\$252m), wheat (A\$95m), mutton (A\$12m) and lamb (A\$11m).

Egypt:

Egypt is a mostly untapped but valuable market for WA's grain, pulses and meat commodities. The market had not been visited by Western Australian Minister in a significant amount of time. Following the Trade Office's recent initiative for market development, a Ministerial visit was a clear statement to government bodies and industry players of Western Australia's commitment and potential for Egyptian bilateral relations.

Key objectives

- Meet with relevant Government and Business leaders;
- Visit leading importers and retailers of Western Australian grain, livestock and fisheries resources;
- Promote Western Australia as an investment destination for agriculture and aquaculture;
- Scope the potential for collaborate agreements for the development of new market opportunities for Western Australian produce.

The Minister acknowledged the excellent work undertaken by the Western Australian Government Trade office in Dubai and his Department of Agriculture and Food for their contribution towards the success of this trip.

Summary points

By Bruce Mullan, Pankaj Savara and Aziz Saba

23 November 2015

- The Tour of the Middle East was very well organised and the touring party was the right size and had the right balance of expertise. In each country the delegation met with either relevant Ministers and/or the biggest food/agribusiness companies, a reflection of the importance this visit was given by the four countries included in the tour. WATO office is already working with some of the key players to bring them to Perth for possible investment opportunities.
- Food security is a major issue throughout the region, especially given the shortage of water and diminishing groundwater supplies. Annual rainfall in Saudi is approximately 100mm per year.
- All countries that we visited thought that they were the logical hub for importation, possible manufacturing and then re-distribution of food to the region including North Africa and Europe. UAE seemed the most organised and committed.
- There was a very high standard of food hygiene and quality throughout the region, reflected in the tour of the Emirates Flight Catering Centre. That company was very interested in building direct relationships with producers in WA, with long-term contracts to supply premium products. Might be opportunities for Dorper lambs and/or some horticulture products. Tourism is important for the UAE and Qatar in particular, and with the high percentage of five-star hotels, they place a high emphasis on premium foods.
- Instability in nearby countries such as Syria has turned those countries from net exporters to importers. This provides the opportunity for countries in the Middle East to trade meat and grains into these countries.
- Privatisation of grain handling in Saudi Arabia is in progress, with the government responsible for purchase of all grain, but milling etc split between four companies to increase competition. However, the price of bread as a staple food is set, so the proportion of total business they can compete is relatively small. Government is looking for possible JVs between a local company and Australian wheat handling and flour milling companies like CBH.
- Egypt is very interested in buying wheat from WA, but it will depend on price and quality. In that country the government sets the price of bread and then calculated back to determine what it should pay for wheat. The quality of grain coming out of the Black Sea region has improved, which has increased competition for the Australian industry.
- There is much interest in the importing fodder, in particular alfalfa, as restrictions on water use in Saudi Arabia, in particular have increased. This has been a priority topic on previous delegations to Saudi Arabia in particular with little progress being achieved to date. Would be good for WA agriculture Saudi Arabia started using more feed grains and oaten hay in dairy rations.
- Very strong demand for red meat, especially sheep, throughout the region. A lot of discussion about Awassi's, but this is a premium market and questionable if we should do much to increase supply, but rather stick to Merinos and perhaps Dorpers. Those we visited encouraged a delegation of WA sheep producers early in 2016 as part of the sheep Royalties for Regions project.
- Major development happening in South Dubai which includes a new airport to handle 120 million passengers (Dubai has 90 million) and a free trade zone for companies to import through the port and then re-export.

- ESCAS was raised on several occasions in Saudi Arabia, but the issue did not influence discussion on other issues. Saudi currently sourcing sheep from North Africa. Other countries in the region would not want to see any special deals done for Saudi since they have had to comply and in some cases make investments in their supply chain.
- There was a high regard for Australian grown products (e.g. vegetables and meat) by the supermarkets that we visited. Scope for increased exports of carrots and potatoes in particular. There may be scope for other products in season. They are clearly buying from whoever can supply the quality they are after.
- Several companies are seriously looking at investment opportunities in Western Australia, with an announcement due soon on one of these.
- Technical knowledge in some sectors appeared to be limited which then affects their understanding of issues around food quality (e.g. cause of drip loss in meat). Technical expertise would be welcome in animal genetics, biosecurity, irrigation management and grain handling.
- Interest from a couple of companies to what is being planned in aquaculture in WA. A number of companies also expressed an interest in visiting WA in 2016, with the idea of either looking for products and/or investment opportunities. Should this happen then we need to be well prepared to ensure maximum benefit is made of their visit.
- DAFWA has established relationships between two people from Emirates Futures (Ahmed Ali) and SALIC (Jim Fortune). Both relationships, during and since the visit, have further developed. This should help build investment and/or trade with both companies.
- Interest from several companies in the importation of Australian camels, but most quite unaware of the logistical issues that would need to be overcome.

Meetings and outcomes achieved

Gulfood Manufacturing, Dubai UAE

Wednesday 28 October 2015 meeting with:

- Dr James Wallner, Consul General at Australian Consulate
- Dr David Beatty, International Business Manager – Middle East North Africa, MLA
- Scott Weelcome, Trader Grains, HAKAN
- Sandip Ray Burman, Pulses and special crops, HAKAN
- Sudhakar Tomar, Managing Director, HAKAN
- Clint Brown, Head of Dairy, HAKAN
- Afthab Ebrahim, Managing Director, SeaBlue Fisheries
- Upal Sarkar, Sales Coordinator, SeaHorse Processing
- Mandeep Singh Bindra, Head Procurement (Grains), Emirates Grain Products Co.

Discussion and outcomes

- Attended Seafex exhibition, the concurrently held exhibition
- Met Dr. James Wallner, Consul General at Australian Consulate and Dr. David Beatty, International Business Manager – Middle East North Africa at Meat & Livestock Australia. Had in market briefing from both parties
- Discussion with James Wallner, Consul (Agriculture) for Middle East, Australian Consulate Dubai. He sees a softening in the attitude to ESCAS given that all other countries including China has now accepted it. He has a contact whom he is working with behind the scenes.
- Met with major exhibitors including Hakan Agro, IFFCO, Dubai Municipality, and Dubai South.
- BM (DAFWA) to contact Paul Crane from V&V Walsh – general discussion about opportunities in the region

Dubai Municipality, UAE

Wednesday 28 October 2015 meeting with:

H.E. Khalid Mohammed Sharif, Director of Food Control Department, Dubai Municipality

Discussion and outcomes

- There is a strong focus on food security (need to clarify whether this is supply or food safety, but expect it means both). Given the importance of tourism to Dubai in particular and the high percentage of five-star hotels, food quality and safety are paramount.
- Minister to provide a thank you letter to H.E. Khalid Sharif.
- WATO to maintain communication with Dubai Municipality to explore areas of collaboration in such areas as:
 - Best practices and standards for food safety.
 - Possible export of food safety programs.

Dubai South, UAE

Wednesday 28 October 2015 meeting with:

- Justin Wilshaw, SVP – Commercial, Dubai South
- Edward Batten, Manager Business Development, Dubai South

Discussion and outcomes

- Attended a briefing on a new development called Dubai South, being established between Dubai and Abu Dhabi - it will have a free trade zone where goods can be imported, processed and exported to the region
- Area will accommodate a new international airport with 5 runways and capacity for 200 million people a year. Dubai has capacity for 90 million
- New airport already handling most of the freight for Emirates and some regional flights. They see Africa as a boom region with population expected to increase significantly.
- However, with road and rail in poor condition throughout Africa, they see that there will be a reliance on air travel. New hub will have 1/3 of the world's population with 4 hours flight, and 2/3 within 8 hours.
- Minister to provide a thank you letter.

International Foodstuffs Company (IFFCO), Dubai, UAE

Wednesday 28 October 2015 meeting with:

- Sudhakar Gupta, Director, IFFCO
- Jim White, General Manager – International Key Accounts, IFFCO

Discussion and outcomes

- Focus on pulses and grains.
- Quality coming out of the Black Sea region is improving all the time much to the amazement of some existing suppliers including Australia.
- Very focused on the quality of cereals they require for products for pizzas and doughnuts.
- If they imported lupins for human consumption they would do manufacture in Dubai – manufacturing zones already established.
- BM (DAFWA) to brief representatives of IAD about horticulture opportunities.

Widam Foods Company, Doha, Qatar

Thursday 29 October 2015 meeting with:

- Abdulrahman Al Khayarin, Chief Executive Officer
- Dafallah Abdelghani Elhassan, Production Section Head

Discussion and outcomes

- Currently importing about 1 million head of livestock per year, 80% being sheep
- Government company that buys via a tender system, so need to make sure appropriate WA companies are aware and are part of the tender process
- Main issues they have are a lack of commitment to supply and price which is not stable during the year – shows a lack of understanding about the cost of production and sheep production systems in general. Briefly discussed the reason why cost of lamb varies with the season, and the value of long-term contracts.
- While they look to have a variety of suppliers, they seem to be limited to three via the tender system
- Currently buying boxed meat from Fletchers
- Expressed an interest in Dorpers
- Currently no excess space for chilled product on airlines coming to Qatar. Transport to Doha an issue, live and chilled.
- Would like to bring live sheep to Qatar farms to rest pre-slaughter, but they are aware that this would not comply with ESCAS
- Wanting list of suppliers of meat and fodder from WA
- Talked about their interest in sheep breeding (AWASI, Najdi, Nuaimi) - best sheep needs to have a good looking face etc. (more a hobby than for commercial viability)
- Interest in camel meat – delegation had advised that sourcing from WA is not really an option unless they are prepared to invest substantial infrastructure
- Currently importing from 8 countries including Georgia and Kenya. All countries have some issues so would prefer to just deal with Australia
- Looking for more support from Australian Government in facilitating the visit visas process for consultants and doctors working at WIDAM and visiting Australia.
- WATO to send formal invitation for them to visit WA in April/May 2016 and to then maintain communication to develop the inbound visit. Visit to include; (a) Industry briefing (b) Briefing on livestock and meat, (c) Potential investment opportunities
- WATO to provide a list of suppliers of meat and animal feeds from WA to be used in upcoming tender – previously supplied but re-send
- BM (DAFWA) to explore interest from WA in supplying Dorper lamb

Hassad Food, Doha, Qatar

Thursday 29 October 2015 meeting with:

- H.E. Mr Nasser Mohamed Al Hajri, Chairman and Managing Director
- Khalid Mubarak Al-Delaimi, Board Director and CEO
- Gary Spiel, Executive Manager – Business Development, Global Grains

Discussion and outcomes

- Discussed potential opportunities in aquaculture, barramundi. WA has 12,000 km of coastline, which offers big investment opportunities in seafood and aquaculture.
- Hassad Food has long-term partnerships with WA players including CBH.
- Main food items include; livestock, meat, grains (wheat, faba beans, and lentils).
- Discussed opportunity for Awasi Sheep Investment
- Hassad Food is interested more in live animals more than carcass.
- The company was interested in discussing with WA government in regards to their grain production in WA - improving WUE on their farms, pest control, rail system in WA. Request for attention was discussed in these sectors
- Interest in investing in wheat breeding – seeking better wet gluten qualities and harder (higher protein) wheat
- BM (DAFWA) to follow-up on quarantine issues for Awassi's moving from the Eastern States to WA
- WATO to maintain communication with Hassad Food to push forward and develop their plans for livestock investments in Western Australia

Al Faisal Holding, Doha, Qatar

Thursday 29 October 2015 meeting with:

- H.E. Sheikh Faisal bin Qassim Al Thani, Chairman
- Maha Azzam, Business Development Officer
- Amer Sandawi, Business Development Manager
- Tarek M. El Sayed, Managing Director
- Mohamed A. Shafiek, Member, Board of Directors

Discussion and outcomes

- Very diverse group - owns 15 hotels in Doha and 35 hotels around the region. The group also has 5 hotels in Europe and USA. Have major investments in transport, hotels, schools, medical etc. One of the richest businessmen in Qatar.
- The group is interested in diversifying their business sectors to reduce risk and maximize profits.
- Has not been to Australia but been thinking about it for 20 years.
- The Chairman is also Chair of the Qatar Business Association, and has been trying to get a group of businessmen to go to Australia but has been unable to get agreement on time, so indicated he will just go himself.
- Was planning investment into Syria for livestock, but considers a better investment would be in Australia in livestock, hotels and aquaculture.
- One of their companies supplies much of the food to hotels in Qatar. Also an interest in organic food.
- Not currently involved in aquaculture investments – Qatar has only 12 km of coastline.
- Has offered parts of his museum collection to travel to WA and other Australian States.
- Appears keen to visit WA but would need to be a very slick tour and wouldn't want to miss out on the opportunity.
- WATO to follow up with formal invitation to visit WA:
 - Maintain communication to develop inbound visit.
- WATO to obtain further clarity required on company's interest in WA around hotels, aquaculture and food.
- WATO to send report on demand for hotels in WA.

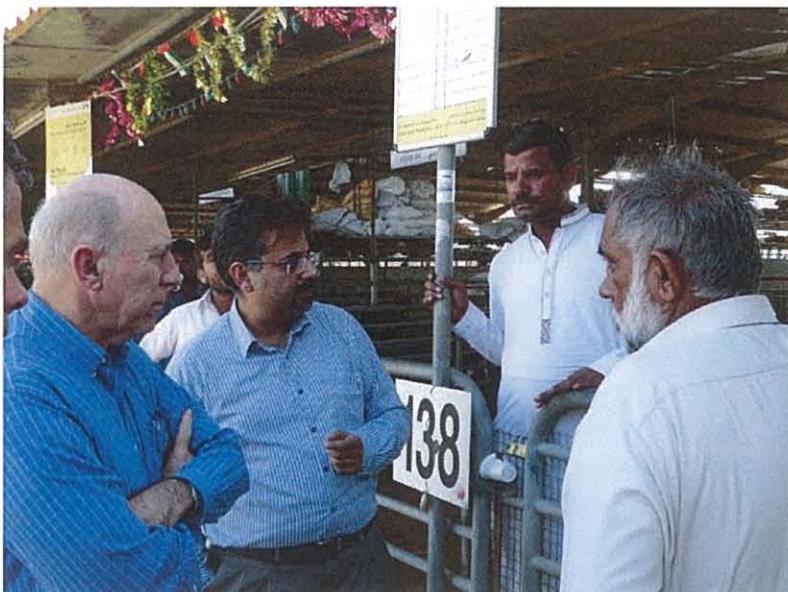
Dome Cafe, Dubai, UAE

Friday 30 October 2015 meeting with:

- Andrew Hillyar, Assistant General Manager
- Dr James Wallner, Consul General at Australian Consulate
- David Beatty, Regional Manager, MLA

Discussion and outcomes

- Dome Café now have 15 stores in Dubai.
- There are limitation to the education system in Dubai specifically with the shortage of 145,000 teachers. Could be good opportunities for WA teachers fresh out of college to spend 4-5 years teaching in Dubai (potential to save \$40k/year but different social life to what they are used to).
- No tax on income but charges on applying for developments etc – must pay for all government services.
- Dubai residents pay \$0.27/L for fuel.
- Red tape a major issue – government keep changing requirements.
- David Beatty – very keen to have producers visit to look at supply chain so that they see ESCAS in operation. Not as bad as we hear. Best time to visit between Nov and April. Ideally a group of about 6 to fit in a mini-van.
- Meeting concluded with a brief visit to a saleyard for sheep and goats.
- BM (DAFWA) to follow up with David and Andrew to thank them for meeting, and pursue possible visit of sheep producers to the region in early 2016.



Minister Baston and Pankaj Savara meeting with traders at a Dubai saleyard and processing works for sheep and goats.

Al Dahra Agriculture, Abu Dhabi, UAE

Sunday 1 November 2015 meeting with:

- H.E. Khadim AlDarei, Vice Chairman and Board Member
- Siju Varghese, Purchasing Manager
- Nael Khail, Senior Executive Director – Global Feed Division
- Salmeen Al-Ameri, Senior Vice-President Human Food Division
- Houssam Mahmoud, President – Human Food Division

Discussion and outcomes

- Very happy with the relationship with Australia which they see as a unique market.
- Strategic grains distribution hubs (wheat, corn, barley, rice and other grains).
- Interests in grain, rice, food and flour with a focus on value chain.
- Business has increased from 300 million to 1 billion in 3 years:
 - 1.7mt of animal feed
 - 2,000 employees
 - 1st rice mill
 - 8 processing plants
 - 12mL of milk from own dairy
- Biggest importer of alfalfa.
- Company has acquired 100,000ha in Egypt.
- When they enter a country, they produce about 30% of their own requirements but then buy the other 70% from locals, so are well accepted.
- Have a long-term outlook on feed and food security. Investments strategy is based around:
 - availability
 - accessibility
 - affordability.
- Into logistics – 100,000 containers a year – but have been considering how can they fill them up with something for the return trip.
- Grain storage a high priority – spoken with CBH about agreement:
 - Region has 32mT requirements, expected to increase to 72mT.
 - 20 Silos in Fujairah with a total storage capacity of 300,000 MT being built.
 - 250-300K tonne storage at Fularah port with 100m2 for expansion. The site was originally set up for storage (not throughput) so they have spent the last year modifying the site for throughput.
 - JV with Louis Mills to establish Etihad Mills in Fujairah.
 - Send bulk shipment and then what they don't require can be put into smaller shipments (e.g. 5,000 tonne boats or bags) for re-distribution.
 - Includes discussion with UN about food security in West Africa and now Syria which was a major producer.
 - Few ports are able to cater for bulk grain imports (e.g. Iran opening up market but don't have good port facilities for grain).

- Looking at Australia, Canada, Russia and USA for a proposal for its grain storage requirements:
 - Al Dahra would like CBH to consider a partnership in this area (format was not specified hence the company would be looking for guidance as to how it could be operated).
- Investment in South Australia for fodder as the company wish to have a continuous supply:
 - Interest in Rio Tinto opportunities.
 - If they invest in another country they:
 - care about people
 - add value to market
 - interested in 3–4 year contracts with farmers.
- Key message was to focus on the supply chain.
- Suggest send logistics team to understand port facilities.
- Company will be opening a Perth based office in the near future.
- Al Dahra to also announce investment in WA abattoir in Feb 2016.
- They have been working out what to do with the site and have decided instead of just storage they would like to have it as grain turnover hub - they can take Panamax shipments straight into the port and then they on-sell to other customers in smaller parcels - 5K+ with future potential for building processing facilities - feed and/or flour mills.
- Al Dahra was also keen to discuss with CBH the GSFMO privatisation and what opportunities there may be to work together.
- Brianna Peake to discuss with CBH about joint ventures with the company.
- CBH to send thank you letter to Al Dahra as well as an invitation to Perth letter – means to visit CBH’s S&H system and to progress discussions regarding the grains hub at Fujairah.
- Letters have been sent to WATO for verification – which is have been completed and forwarded back to CBH.
- Currently waiting for CBH to send the letter.
- Invitation letter to visit Australia should be created and sent by Minister to Al Dhara.
- WATO to draft invitation letter.
- Al Dahra will soon be announcing investment partnership projects in WA – DAFWA needs to be ready to discuss other options to increase their business here such as fodder.

Lulu Group, Abu Dhabi, UAE

Sunday 1 November 2015 meeting with:

- Yusuff Ali, Managing Director
- Saleem VI, Chief Operating Officer
- Fasal Rahman, Manager Operations
- Elizabeth Le Bas, Australian Embassy
- David Beatty, MLA
- Dr James Wallner, Australian Consulate

Discussion and outcomes

- Had tour of a large supermarket selling WA meat and carrots.
- High quality display of products.
- Facility had markets on the bottom floor where other traders could sell fish and other meats
- Fish could be cleaned and then cooked in another section of the markets.
- WATO to extend formal invitation to visit Perth, Australia. Will then maintain communication to develop inbound visit.



Minister Baston and Pankaj Savara inspecting carrots imported from Western Australia with Yusuff Ali, Managing Director of the Lulu Group.

Emirates Future, Abu Dhabi, UAE

Sunday 1 November 2015 meeting with:

- Dr Ahmed Ali, R&D Manager of Agriculture and Animal Wealth
- Walaa Awad Ali, Quality Control Manager

Discussion and outcomes

- Started 35 years ago and now import 1 million sheep with 4 abattoirs and 11 vessels.
- Customers very keen on Australian sheep and 90% of their imports are from Australia
- Markets include Jordan (70%), Kuwait, Qatar (tender) and Bahrain, and now trying penetrate the Omani market.
- One of the fastest growing livestock shipping company in the region and imports on average 800,000 live sheep from Australia, for regional distribution.
- Imports around 2,600 chilled carcasses (carcass weight of 14-15 kg) per day from Hill Side Abattoir WA, using Emirates Airlines for it cargo shipments.
- Possible expansion in their Hillside abattoir in Narrogin.
- The company is also looking at North Africa. The company could serve as a pathway for Australian products for the North African market.
- Interested in getting a quote on supply of a pelleted diet from WA for their feedlots – currently deals with John Milton, but limit their access to quotes from other mills.
- Would like price on supply of medications from WA – reliable supply has been the main issue.
- Have had discussions with Australia Forage Group (Rory Coffey) about supply of forage, but nothing has progressed.
- Both chilled and live meat is in demand.
- American chef wanting Australian Merino but need to change the colour and marbling of beef – specific about this issue is required.
- 25-30% Awassi, and 60 to 70% Merino – Awassi worth 2 times that of a Merino.
- Tender system for 1 -2 years. Would like long-term contracts.
- 5% growth, an average of 800,000 sheep / year.
- Syria was a major exporter but no longer the same as the market can no longer meet domestic demand.
- The company would like to see themselves as a Hub for sheep.
- Emirates Future is also diversifying its business model to include grains - main items of interest are: hay, lupins and barley.
- General comment about the region is that political unrest means that some countries that were self-sufficient or exporting, are now net importers (e.g. Syria).
- Don't see the price dropping.
- Three key issues are:
 - veterinary supplies
 - feed and fodder supplies
 - contracts.

- Minister/DAFWA to send thank you letter to Emirates Future.
- Emirates Future is interested to import large amount of feed from WA and are looking for competitively prices long-term contracts of feed supply:
 - BM (DAFWA) to follow-up email to Dr. Ahmed to get contact in WA for meeting on supply and possible long-term contracts with producers by-passing agents.
- BM (DAFWA) to contact Biojohn to get price on providing veterinary supplies
- BM (DAFWA) to arrange for an assessment of the Awassi industry in WA, including a costing on Awassi vs Merino:
 - This is for internal use and to have as background information for any subsequent visit to the region.
- CBH to send follow up email to put Dr. Ahmed in contact with Sean Cowman of CBH:
 - Means to address their request to discuss feed wheat and feed barley pricing, to see if the price is competitive to add into their feed mix. Has sought this information from Tom Puddy previously but didn't go anywhere.
 - CBH to determine the extent of previous communication between CBH and Emirates Futures for internal understanding/awareness.

Food Point (Emirates Flight Catering Company), Dubai, UAE

Monday 2 November 2015 meeting with:

- Saeed Mohammed Ahmad, Chief Executive Officer
- Faysal Moufarrej, Senior Vice President
- Stuart Murray, Senior Commercial Manager, Food Point

Discussion and outcomes

- Interested in dealing direct with the producer and not via a middleman.
- Very strong on relationships, not just focused on its profitability (currently, \$1.5 billion turnover).
- Focus on quality and the presentation of food on flights.
- 220,000 meals/day, 150,000 for Emirates; 15,000 chickens/day, 5,000L orange juice per day; 11,000 staff.
- 30% around what it tastes like, the majority around presentation.
- Have had 20% growth, but prefer its current rate of 7%.
- First priority is to buy direct from producers and interested in 5-7 year contracts, with a line of credit.
- Will not buy anything from China.
- Interest in lamb, vegetables and fish.
- Company will make a decision in 8 hours – no interest in committees.
- WATO to determine Food Points/Emirates Catering current product line as currently sourced from WA and how.
- WATO to identify the major product opportunities.
- BM (DAFWA) to organise visit to meet with potential suppliers for Emirates Catering.



Minister Baston and Pankaj Savara exchanging gifts with Saeed Mohammed Ahmad, Chief Executive Officer, Food Point (Emirates Flight Catering Company)

Emirates Livestock and Meat Products Trading Company, Dubai, UAE

Monday 2 November 2015 meeting with:

- Osama Khaled Boodai, Chief Executive Officer
- Hussam O. Sarhan, Director Commercial Operations
- David Beatty, MLA
- Dr James Wallner, Australian Consulate

Discussion and outcomes

- Feedlot now surrounded by other developments, but didn't seem to be in any pressure to move.
- Interested in doing some processing on site.
- May be interested in importation of prepared feeds.
- A major importer of sheep from WA, and very happy with the quality.
- BM (DAFWA) to follow-up to see what opportunities there are to expand trade and investment in the sheep industry.



Minister Baston and Bruce Mullan inspecting Australian sheep in a feedlot in Dubai with Osama Khaled Boodai, Chief Executive Officer, Emirates Livestock and Meat Products Trading Company.

Ministry of Agriculture in Saudi Arabia, Riyadh, Saudi Arabia

Tuesday 3 November 2015 meeting with:

- H.E. Abdulrahman bin Abdulmohsen Al-Fadhil, Minister of Agriculture
- H.E. Sami S. Al Nohait, Deputy Minister
- Dr Saad A. Khalil Esa, Direct General of International Cooperation & Agricultural Investment Abroad
- Bernard Lynch, Charge d’Affaires (Deputy Head of Mission), Australian Embassy Saudi Arabia
- Ian Dickson, First Secretary, Australian Embassy Saudi Arabia

Discussion and outcomes

- The importance of WA as a trading partner was highlighted.
- The Ministry of Agriculture in Saudi Arabia is interested in the following from WA:
 - knowledge transfer and consultancy services in fodder
 - livestock breeding, quarantine system
 - sustainable farmland management
 - irrigation management
 - agricultural marketing
 - producing new plants and joint ventures
 - expertise in research and genetics.
- WA Minister to send letter of appreciate and invitation to visit Australia to be sent to Saudi Minister. Letter to also identify areas of cooperation, excluding livestock:
 - fodder
 - red meat
 - fresh produce
 - milk production.

Grains Silos and Flour Mill Organization (GSFMO), Riyadh, Saudi Arabia

Tuesday 3 November 2015 meeting with:

- Eng. Ahmad A. Al-Fares, Director General
- Eng. Bandar Al Musallam, Deputy Director General

Discussion and outcomes

- Main suppliers include Australia, Canada and Brazil - 10% of grains are imported from Australia.
- The main grains entry ports are Jeddah and Dammam ports.
- GSFMO has plan to open 13 branches across Saudi Arabia (silos, flour mills, feed mills) and 14 milling branches by 2025.
- Total milling asset has 3.1mmt storage capacity and can produce 14k tonnes of flour per day.
- While there is interest to source more Australian wheat, unless price drops they will source their requirements from the EU.
- GSFMO will be privatised by 4 different companies and this will be done through 4 phases:
 - Transition period is 18 months – the 4 separate companies will be run by the Saudi Government for one year migration with their own PnL to make sure there is consistency of supply and that they make sure they've split the assets correctly.
 - Will be able to import specialty grains (e.g. durum wheat).
- Regulation and procurement will remain under government control.
- The 13 flour mills / feed mills and port assets will be split evenly by 4 with the objective of:
 - Seeking spread of asset location and value to create greatest competition and also other objective to increase operational efficiency.
 - Principal activity of flour milling and by-products for stockfeed.
- Objectives of privatisation are:
 - get better efficiencies and competition
 - decrease government expenditure
 - encourage local investment
 - split policy setting with that of operations
 - encourage new technology.
- The organisation will become the main regulator, which issues licenses. Regulator will stop any cartel and ensures competition.
- Interest in JV with Australian companies as a means to bring in foreign expertise – similar to the CBH – Interflour model .
- Saudi Government will still provide subsidies to the four companies for wheat with set control over bread flour prices:
 - Effectively toll milling arrangement for this portion of the market (majority but not sure how much exactly).
 - Potentially any further value for companies to be gained through specialised flour milling for other markets.
 - Feed milling will not be regulated.

- From discussion with other parties it seems that the real value will be picking up assets with feed milling attached. Customers are craving for more specialised mix of flour options for high end products.
- The new companies can increase capacity and build new mills however any further expansion will need to be signed off by the GSFMO regulatory body.
- Any Australian companies interested are welcome to visit.
- Investors seeking to purchase future assets will require a Saudi partner with majority ownership to stay with Saudi entities.
- Grain Growers Limited (Ken Quail - Ken.Quail@graingrowers.com.au) had been contracted to provide some advice on the privatisation initiative. Details on specific expertise acquired was not provided.
- Minister to send thank you letter and expressing WA's (WATO Dubai) support of their flour mills privatisation initiatives.
- Unclear why they are interested in importing prepared feeds if they can mill themselves, unless they actually don't they have the feedmills. WATO to clarify, if possible.
- CBH to send thank you letter to GSFMO.

Saudi Agriculture & Livestock Investment Co. (SALIC), Riyadh, Saudi Arabia

Tuesday 3 November 2015 meeting with:

- Abdullah Aldubaikhi, Chief Executive Officer
- Yasir A. Alsalman, CFO
- Abdulraheem Bawazeer, SVP-Portfolio Management
- Abdulrahman H. Alhassan, Chief Investment Officer

Discussion and outcomes

- Saudi Sovereign wealth fund, specific to agriculture and food.
- Allowed to invest in a wide-range of products, concentrating on food security:
 - wheat
 - barley
 - corn
 - rice
 - soya
 - fodder
 - red meat.
- SALIC imports agriculture commodities from Australia, as an important source to fulfil requirement and as an investment destination:
 - Grain (barley and wheat, 7 + 3 mT/yr) – have to diversify in markets.
 - Red meat – high quality processed meat. Interested in biosecurity and would like to slaughter in another country as they don't have the water to slaughter in Saudi. Looking at Australia to invest in beef and lamb.
 - Fodder – use 3.5mT per year. Not happy with pelletising alfalfa as affects quality. 2mT for dairy, but will soon be a ban on alfalfa production because of lack of water. Currently do 11 cuts/year.
- Not interested in livestock due to biosecurity.
- Interested to invest in Alfa Alfa in Australia.
- Support diversification of the market.
- Discussed the use of mine water in WA.
- They are keen to form a team – use of their expertise.
- Want supply chain with own processing, long-term contracts and new business models. Fly in by air. There are good opportunities to grow with partnerships.
- Sheepmeat demand will increase in Turkey, Iran, Iraq, Romania, Ukraine (breeds are for wool and not meat).
- Select right breed for Saudi market – like lamb the best. Awassi not needed as will take too long to get sufficient supply. Need to ascertain if they are interested in whole carcass or just cuts.
- Complained about tough meat, especially beef, which they attribute to diet and age. Discussed briefly other factors that contribute to toughness - Opportunity for some technical information?

- Keen on sheep producer visit from WA.
- SALIC has a representative attending North Australian Investment Forum.
- Camels – they are realistic about it not being an option.
- Bruce Mullan had a telephone hook up with James Fortune from SALIC (ex UWA) after the meeting. He indicated that there was a big lack of technical knowledge, and that they should be looking at barley based dairy diets and not fodder per say – but fixated on having to have green feed in front of them.
- They are looking at a project in WA but not clear what that is. James was reluctant to mention it as negotiations are at a critical stage.
- Minister to send thank you letter and invitation to visit Australia.
- BM (DAFWA) to contact James Fortune who is in charge of investments, to share details on investment options.
- DAFWA and WATO to explore available investment opportunities for SALIC.
- - interest lies in acquiring existing slaughterhouse or invest in new slaughterhouse in WA. Location should be near airport in WA to facilitate transport logistics.
- WATO to develop further SALIC's interest in chilled lamb, red meat, fodder sourced from WA.

National Agricultural Development Co. (NADEC), Riyadh, Saudi Arabia

Tuesday 3 November 2015 meeting with:

- Abdulaziz Al Babbain, Managing Director & CEO
- Abdulaziz S. Al-Owain, Executive Consultant
- Abdulla Sulaiman Al-Sudaïd, General Manager – Agriculture
- Karim Manssour Dahbi, CEO, Dairy and Beverages
- Adel A Alabdulsalam, Chief Operating Officer
- Patrick Satamian, Chief Executive Officer

Discussion and outcomes

- Focus on milk production, but also juices from imported concentrates and organic olive oil.
- 100,000ha, 450,000t forage -Alfalfa is very important to them.
- Forage 60% of the cost of milk production.
- Availability of cows an issue, but now sourcing from Australia because of health issues in USA and Europe. Brought in 1,200 heifers in 2008/2009 – largest importation ever.
- Key issues are around Fodder, Milk and Red meat.
- Might be interested in Dandaragan dairy project, but possibly not of a scale big enough to interest them.
- Briefly discussed GSFMO privatisation opportunities with CBH with interest for follow up discussion on this topic .
- Minister to send thank you letter to NADEC for meeting and visit to Haradh Farm.
- DAFWA to determine WA Alfalfa capabilities. NADEC is highly focus on that commodity but questions arise on WA's ability to grow and transport.
- WATO to re-open discussion on trial study of concentrates using barley and lupins, and oaten hay:
 - Follow up on previous visit by Terry Burnage and Ruairi McDonald.
- WATO to re-open discussion on Dairy / cattle partnerships with WA as discussed during NADEC's last visit to Perth in 2014:
 - To reinforce use of alternative dietary supplement for dairy cows such as oaten hay with grains as a source of fibre.
- CBH to write to NADEC seeking to progress discussions GSFMO privatisation:
 - They will keep collecting information in Saudi, access and provide to CBH for further discussion.
- WATO to follow up on interest in R&D partnerships.
- WATO to follow up interest in new varieties of Rhodes grass seeds:
 - To liaison with DAFWA subject to information required.



Minister Baston tasting products of NADEC with Abdulaziz Al Babbain, Managing Director and CEO, NADEC.

Networking reception at Ambassador's residence, Riyadh, Saudi Arabia

Tuesday 3 November 2015 meeting with:

- David Yates, Corrs Chambers Westgarth (from Perth)
- Alan Churley, Corrs Chambers Westgarth (from Perth)
- Igor Afanasyev, Business Development Executive, Al Rajhi International for Investment
- Saleh A. Al Munajem, General Manager Almunajem Cold Stores
- Mohsen Mohammed Elbahaie, Senior Investment Manager, Australian Trade Commission
- Dr Eng. Abdulaziz Y. Al Babtain, President, Himmah (discussed supply chains)

Discussion and outcomes

- Almarai Dairy Company:
 - Indicated that Almarai are already speaking to Greg at Interflour regarding GSFMO privatisation.
 - Has invited CBH to speak with Ken Quail from Grain Growers to discuss the privatisation initiative in more detail.
- Al Rajhi International for Investment:
 - Indicated renew interest the past proposal of CBH on storage of reserve stocks by Al Rajhi International and their subsidiary Saudi Grain and Fodder Company.
 - Interest in exploring of mutual opportunities with CBH.
 - Keen to progress discussions regarding CBH's food security product.
 - Discussed expertise and interest in alfalfa with BM DAFWA.
- Himmah:
 - Indicated interest to hold discussions with CBH regarding the privatisation of GSFMO and see if there is an opportunity to partner or work together.
- Minister/DAFWA to send thank you letter to all guests who attended the reception. Letter to include invitation to Australia.
- WATO to maintain communication with guests means to develop relationship and follow up to invitation letter.
- BM (DAFWA) to send David Yates and Alan Churley a copy of the Sheep Investment Options paper for comment (DONE).
- BM (DAFWA) to contact Igor Afanasyev about technical information on alfalfa.
- CBH to send follow up email providing Sean Cowman's contact details to Himmah.
- CBH to maintain communication with Almarai and Al Raji regarding GSFMO privatisation.

Savola Group, Jeddah, Saudi Arabia

Wednesday 4 November 2015 meeting with:

- Eng. Abdullah M. N. Rehami, Managing Director
- Nouman Farrukh, Chief Financial Officer
- Asif Amjad, Executive Director Mergers and Acquisitions
- Tarik M. Ismail, Executive Director – Corporate Affairs
- Bader H. Al Aujan, Board Member & CEO
- Muwaffaq M. Jamal, CEO, Panda Group

Discussion and outcomes

- Heavily involved in trade of bulk ingredients and logistics since 1980s.
- Involved with new port 150km north of Jeddah, a distribution hub for North Africa.
- 50% of the group is retail and 50% is food. Include hypermarkets and supermarkets (Hyperpanda).
- Number 1 retail market in Saudi Arabia.
- Current investments are in: Egypt, Iran, Turkey, Algeria, Sudan, Morocco and Kazakhstan.
- Heavily involved in edible oils, own 40% of Almarai, and sugar and now pasta (350,000t and supply Egypt as the biggest supplier). Did try canola oil but had some issues years ago and haven't gone back.
- Strengths are that they have a large footprint, are a market leader, good brand, good consumer knowledge and into value adding.
- 7 countries where they have investment in order of size; Saudi, Egypt, Iran, Turkey, Algeria, Sudan and Morocco.
- Talked a lot about the value chain, indicated by them being involved in refining and packaging and processing.
- Have the largest distribution centre outside of Europe and the USA.
- Their vision is to be the number 1 retailer for the Gulf region.
- Working with SALIC to trade in sheep meat. Would like to prove the viability of processing in Australia.
- One of many companies interested in operating as a hub for WA products.
- Interested in information on aquaculture opportunities in WA.
- Consumption of seafood is currently at 12kg/person.
- Government wants this to increase to 30kg/person/year.
- Were supportive of the privatisation of GSFMO - splitting grain processing into four companies.
- They are skeptical regarding value and potential for growth outside of milling for bread.
- Interested to welcome any future CBH farmer's delegation.
- SAVOLA had insighted that best assets will be with feed processing as well as a high demand for value added flour.
- Prominent opportunities from WA include: fresh produce, meat and grains.

- Minister to extend thank you letter and invitation to Australia. Letter to express WA capabilities and its alignment to SAVOLA priorities. WATO/DAFWA will offer comprehensive visit program which will include potential partners/suppliers:
 - WATO to maintain communication and periodic meetings with the Group to develop inbound visit.
- Savola Group is interested in aquaculture technical assistance and is interested in value added services/products from WA:
 - WATO to follow up with SAVOLA and determined requirement of products of interest.
- DAFWA/WATO to investigate links with SALIC via James Fortune.
- CBH to follow up with thank you email.

Al Jabri Holding Company, Jeddah, Saudi Arabia

Thursday 5 November 2015 meeting with:

- Sulaiman S. Al Jabri, Chairman
- Hozifa M. Zaror, Vessel Supervisor

Discussion and outcomes

- Complained about the way the live sheep trade was suddenly halted, which affected large investments that they had in the industry:
 - A \$70M ship that they had just bought was sold for 30% less.
- Minister agreed to meet with their WA representative, John Edwards, upon his return to WA. This was warmly received.
- Use to import 1 million sheep from WA each year.
- Sourcing most of their sheep from North Africa.
- Toured feedlot with sheep and goats, all looking in excellent condition.
- Minister to extend thank you letter for their hospitality and generous time during Ministerial visit:
 - WATO has a draft letter to be used as provided by Al Jabri. Kindly utilize this draft for the thank you letter by the Minister to Al Jabri Holding.
- BM (DAFWA) to arrange a meeting between Minister and John Edwards of Al Jabri Australia.



Minister Baston meeting with Sheikh Sulaiman S. Al Jabri, Chairman of the Al Jabri Holding Company.

National Aquaculture Group (NAQUA), Jeddah, Saudi Arabia

Thursday 5 November 2015 meeting with:

- Eng Ahmad Alballaa, Managing Director
- David Cahill, Director Fish Business Unit
- Cameron Maclean, Director, Engineering and Technology

Discussion and outcomes

- 2,500 employees from 32 different countries.
- Have since started aquaculture with Barramundi.
- Vertically integrated company, producing 50,000 t of feed per year mainly from barley, wheat, fishmeal and soybean meal.
- 16 farms with total of 672 x 10ha ponds.
- 6,000 ha of water area. Harvesting 13t per day.
- Have 2 x 28 sea cages each with 300,000 fish.
- Within 7 hours of harvesting product has been processed and frozen.
- Feed accounts 70% of total cost of operation.
- High standards of food safety based on EU certification.
- Also starting to grow algae and linked in with WA company (dunalielia).
- Average in Saudi is for 2% of women to work, but for their company it is 32%.
- Meeting included a tour of the facilities at night (harvesting of shrimp) and to the off-shore fish farms the following day.
- Minister to send thank you letter for their generous time and effort extended for the Ministerial visit to NAQUA:
 - Possibly express opportunity for knowledge transfer subject to NAQUA requirements.
- WATO to follow up the thank your letter, and asking what information they may want on WA developments in aquaculture.



Minister Baston inspecting aquaculture farm in the Red Sea with Eng Ahmad Alballaa, Managing Director, and David Cahill, Director Fish Business Unit.

Gourmet Egypt, Cairo, Egypt

Saturday 7 November 2015 meeting with:

- Jalal Abu-Gazaleh, Managing Director of Gourmet Egypt
- Neil Hawkins, Australian Ambassador, Australian Embassy Cairo
- Hussein A. Fakhry, Owner-President, Aromatic materials company

Discussion and outcomes

- A major importer of Australian agricultural products including meat.
- Goumet Egypt is a prominent supermarket brand in Egypt.
- WATO to express a note of thanks for the function.



Minister Baston and the touring party at a lunch hosted by Mr Jalal Abu-Gazaleh, Managing Director of Gourmet Egypt and attended by Mr Neil Hawkins, Australian Ambassador, Australian Embassy Cairo.

Ministry of Trade and Industry, Cairo, Egypt

Sunday 8 November 2015 meeting with:

- Tarek Kabil, Minister of Industry and Foreign Trade
- Neil Hawkins, Australian Ambassador, Australian Embassy Cairo
- John Cavanagh, First Secretary, Australian Embassy Cairo

Discussion and outcomes

- Some of the challenges that faces the Egyptian industry players include, bureaucratic system and licensing.
- Priorities of the government is to make it easy to invest by reducing red tape.
- Plans under process to build industry clusters which will facilitate inwards investments.
- The Ministry is planning to further develop its export support system.
- Discussion on the impact of FTAs.
- Working on agreements with COMESA, SADEC and East Africa as well as Euroasia (Russia, Ukraine).
- For Western Australia, interest lies not in investment but in trade opportunities.
- There was an agreement signed but nothing much has eventuated.
- Some financial challenges to overcome.
- Focus on logistics, first the Suez canal and now movement of products into North Africa.
- Interest in technical expertise from Australia in mining and fodder/feed.
- 5-star flour mills a good example of value adding.
- Would welcome visit by WA sheep farmers – stressed the need to build confidence in the industry.
- Looking for commercial operators. Look to the UK as a good model, but would consider what WA has to offer.
- DAFWA/WATO to send formal invitation to the Minister to attend the mining conference in Kalgoorlie (August 2016).

Government Office of Veterinary Affairs, Cairo, Egypt

Sunday 8 November 2015 meeting with:

- Dr Ibrahim Mahrous, Chairman GOVS
- Neil Hawkins, Australian Ambassador, Australian Embassy Cairo
- John Cavanagh, First Secretary, Australian Embassy Cairo

Discussion and outcomes

- Seemed to be unclear about ESCAS and importation of livestock for breeding purposes, especially heifers.
- Discussed issue about size of meat cuts – currently cuts less than 2kg not allowed.
- John had put forward a case for increasing the use by date from 49 to 70 days for chilled and vacuum packed meat:
 - Formal application to come, but handled by a different agency.
 - This can be compared to the expiry period regulations of 90 days in the UAE.
- Concerned about drip loss. Expect drip loss to not be higher than 1% (unrealistic).
- Talked about the technical issues around vacuum packing and what to expect when seal is broken – change in colour etc so important to rest before sale.
- Seem to be keen to inspect Australian abattoirs based on the rejection of a consignment:
 - John had commented that only one abattoir in Australia was involved and not several as had been implied by GOVS.
 - The delegation had expressed that Australia is focused on premium products, so meat quality issues should be minimal.
- Interested in receiving training in quarantine and import risk assessment from Australia.
- WATO to follow up on requirements on training in quarantine and import risk assessment opportunity:
 - DAFWA can provide Training in quarantine seminars for veterinary personnel.
- WATO and DAFWA to extend formal invitation for GOVS to visit Australia.
 - Invitation present opportunity to check randomly selected abattoirs.
- John (Australian Embassy Cairo) to clarify ESCAS regulations in regards to importation of pregnant cattle and sheep.

Australian Ambassador's Reception, Cairo, Egypt

Sunday 8 November 2015 meeting with:

- Neil Hawkins, Australian Ambassador, Australian Embassy Cairo
- John Cavanagh, First Secretary, Australian Embassy Cairo
- Eng. Hatim Badawi, Chairman, Prime Foods
- Nabeel M. El Shorbagi, General Manager, Five Stars Group
- Dr Mohamed Mamdouh Yacoub, FAO representative in Egypt
- Christopher Tutty, Director of Sales, Sofitel Group

Discussion and outcomes

- General discussion about opportunities for increased trade in meat, grains and other food products.
- 5 Star Flour Mills:
 - Had reiterated that CBH was always their first choice for an Australian partner.
 - Expressed desire to have been able to make the final arrangements work.
 - CBH encouraged open communication with company.
- CBH to send follow up email to 5 Star Flour Mills and FAO representative in Egypt.

Ministry of Supply and Internal Trade, Cairo, Egypt

Monday 9 November 2015 meeting with:

H.E. Khaled Mohamed Hanafy Mahmoud, Minister of Supply

Discussion and outcomes

- Australia is a major partner for Egypt in grains, meat and livestock.
- Imports from Australia to Egypt have increased by 124% from previous year.
- Egypt has access to 1.6 billion persons.
- Egypt has trade partnerships with major trading alliances including: GAFTA (Arab countries), COMESA and EU.
- Egypt is considered as a hub for the Middle East region due to its re-export capabilities.
- Key issues are around:
 - livestock and meat
 - wheat and faba beans
 - interest in lentils.
- Cost a big issue for Egyptian consumers (Government).
- Strategy is to set shelf price and then determine what they can afford to pay for the raw material such as wheat.
- Interest in collaborating with CBH to create a hub for importation and then redistribution of grain.
- Suggested that if they could do more processing the by-products could be used to reduce the cost to consumers.
- Discussed desire to increase private sector involvement for grain import.
- WATO to develop relationship and to explore possibility of partnerships with processing and distribution centres in Egypt.

Arab League of Nations, Cairo, Egypt

Monday 9 November 2015 meeting with:

- Dr Gamal Jaballah, Director of Environment, Water Population & Sustainable Development
- Dr Hammou Laarani, Water and Climate Change Expert
- Neil Hawkins, Australian Ambassador, Australian Embassy Cairo
- John Cavanagh, First Secretary, Australian Embassy Cairo

Discussion and outcomes

- The Arab Organization for Agriculture Development is interesting in further opening up communication channels between Australia and the Arab World:
 - Interested in building links between Australian business community and Arab League.
- The league aims to develop Arab Free Trade Zone area.
- Need technical assistance in water management and breeding of dairy cattle
- Key objectives include:
 - Increase agricultural productivity
 - Focus on food security
 - Improve living standards of farm workers
- Sees potential in Sudan in particular.
- John advised that Egypt – Australian Business Council being established, so perhaps after that a similar arrangement could be made with the Arab League.
- Indicated they have a strategic plan to 2030.
- Australian Embassy Cairo had provided two key documents on food security and sustainable agriculture.
- The Arab League of Nations welcomes the idea to have Australian Egyptian Business Council in Egypt – WATO/DSD to follow up on opportunity with Australian Embassy Cairo.
- The Arab League of Nations is planning to send a delegation by the first quarter of 2016 to Australia to discover cooperation opportunities – WATO to maintain communication with Australian Embassy Cairo who will be the Organization's point of contact.

Conclusion:

The visit promoted Western Australian premium produce, identified investment opportunities and provided contact details for two way business development. Information on specific opportunities is available from the Department of Agriculture and Food Western Australia.

