



Department of
Agriculture and Food



THE MIDDLE EAST

WESTERN AUSTRALIA'S EXPORTS

2007/08

and

BUSINESS DEVELOPMENT STRATEGY

TO 2010

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WA AGRICULTURE MARKETS IN THE MIDDLE EAST

General overview

The fast growing population of the Middle East is opening up tremendous opportunities for Western Australian food and agriculture producers and exporters. With regard to the Department of Agriculture and Food's Trade Development Project, the Middle East includes North Africa, the Gulf, and the Levant, with 22 countries in the region from Morocco in the west to Pakistan in the east (*see map next page*). The countries are included on the basis of cultural similarities, location, and Western Australian opportunities for business development.

With a population of more than 600 million people – including nearly 300 million Arabs, 157 million Pakistanis, 72 million Turks, 70 million Iranians and seven million Israelis – the Middle East represents a tremendous market for food and agriculture commodities. According to projections by the United Nation's Food and Agriculture Organisation (FAO), the population of the Middle East region will increase by 130 million people per decade to reach 870 million people in 2025. On top of that, the development of hospitality and tourism industries represents significant potential market segment.

The population is predominantly Muslim (Sunni and Shiah), with a large group of Coptic (Orthodox Christians in Egypt), Jews and many other religions.

Table 1. Countries and populations in the Middle East

	Country	2004 (million)	2025 (million)
1	Algeria	32	42
2	Bahrain	1	1
3	Egypt	73	103
4	Iran	70	91
5	Iraq	26	42
6	Israel	7	9
7	Jordan	6	8
8	Kuwait	3	4
9	Lebanon	4	5
10	Libya	6	8
11	Morocco	31	41
12	Oman	3	5
13	Pakistan	157	250
14	Palestine	2	3
15	Qatar	1	2
16	Saudi Arabia	25	40
17	Sudan	34	48
18	Syria	16	27
19	Tunisia	10	12
20	Turkey	72	89
21	UAE	3	4
22	Yemen	21	43
	Total	603	877

Source: FAO, projection 2025.



The Middle East accounts for more than 7 per cent of the world's net imports (year 2005, US\$683 billion, FAO database, data for some commodities provide for 2004 only) of agricultural products, with imports of US\$52 billion in 2005 (latest available FAO data). Food accounts for 77 per cent, or US\$40 billion, of this figure.

In 2005, the region imported US\$4.7 billion of wheat; US\$4.4 billion fruit and vegetables worth; US\$3 billion meat worth; US\$3.8 billion dairy products; US\$1.2 billion live animals and US\$1.6 billion barley.

In recent years, Australia supplied an average of four per cent of the region's total agriculture imports of which Western Australia supplied nearly half of that.

The development of agriculture in many areas of the Middle East is limited by factors such as climate, lack of water, and environmental issues. Such factors strengthen the belief that the region will rely on agriculture and food imports in the future. Currently, major food suppliers are European countries, the USA, India and Australia.

Virtually all countries in the Middle East see Australia as a positive and successful agricultural and food provider. The Australian agricultural industry has a reputation for meeting and often exceeding the specific requirements of customers. Proximity to the market and excellent resources in some agricultural sectors are other significant advantages enjoyed by Western Australia's exporters.

The dynamic and competitive Middle East food markets are generally very open, with minimum restrictions and impediments. The general trend is towards liberalisation of tariffs

according to requirements of World Trade Organisation (WTO) membership, although the import policies and regulations vary from country to country.

The Gulf Co-operation Council (GCC) – which includes Kuwait, Saudi Arabia, United Arab Emirates, Qatar, Oman and Bahrain – is developing a common policy for agriculture and trade that could have a positive impact on Australian exports to GCC countries. Australia is in the process of negotiating a Free Trade Agreement with the GCC.

Table 2. Major imports by the Middle East (2005 US\$ million)

	Agric.	Food	Barley	Wheat	Dairy	Fruit/Veg*	Meat	Sheep* meat	Bovine* meat	Sheep	Cattle
Algeria	3,971	3,456	24	1,031	822	309	221	41	149	0	35
Bahrain	448	338	0	8	83	104	50	32.5	9	15	1
Egypt	3,989	3,356	0	1,035	122	241	344	0	181	0	9
Iran	3,336	2,448	178	16	89	110	71	0	92	0	0
Iraq	1,988	1,412	0	460	185	146	43	1	1	0	0
Israel	2,250	1,635	34	192	30	272	130	1	151	0	23
Jordan	1,430	1,148	100	120	95	118	103	27	35	30	7
Kuwait	1,122	972	0	53	93	156	268	14	7	148	5
Lebanon	1,392	1,099	0	50	179	180	86	1	44	5	108
Libya	1,150	1,049	0	79	91	77	33	11	19	1	1
Morocco	2,367	1,776	124	468	107	82	7	0	2	0	16
Oman	1,089	928	8	26	239	181	112	17	19	28	1
Pakistan	2,927	1,789	0	289	12	132	3	0	0	0	0
Palestine	523	412	0	0	38	99	0	2	0	2	4
Qatar	705	562	2	12	75	79	102	12	5	46	0
Saudi A.	8,788	7,509	1,048	1	859	793	960	104	136	589	17
Sudan	638	571	0	294	33	42	0	0	0	0	0
Syria	1,274	916	0	26	62	85	1	0	0	2	4
Tunisia	1,206	874	98	177	46	66	28	5	23	0	6
Turkey	5,061	2,361	11	25	68	161	11	0	0	0	4
UAE	4,968	3,926	0	144	350	934	320	61	46	42	4
Yemen	1,158	1,018	0	195	103	75	121	1	4	0	27
Total ME	51,780	39,555	1,627	4,701	3,781	4,442	3,014	331	923	908	272

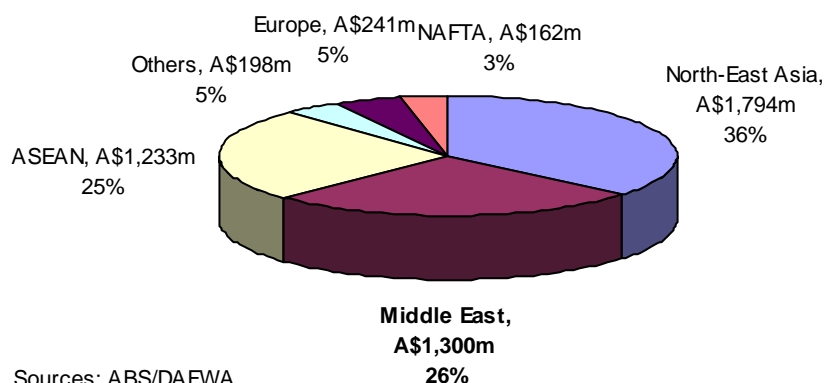
Source: FAO – Iraq, Libya, Sudan data available for 2004; * commodity data available for 2004

WESTERN AUSTRALIAN EXPORTS TO THE MID-EAST AND FUTURE PROSPECTS

Western Australia's agricultural and fisheries industry exports, valued at A\$4.9 billion, strongly rely on exports to North-East Asia, the Middle East, South-East Asia and Europe. The Middle East is one of the most active markets for agricultural commodities, importing up to an average of 26 per cent of WA's agricultural commodities in recent years.

The value of WA's exports relies very much on commodity production. The developing food processing industry in the Middle East is the largest consumer of WA commodities, importing mainly grains and livestock.

Figure 1. WA Food, Agriculture and Fisheries Exports by World Regions 2007/08
Total: A\$4,928 (Agric. A\$4,572m, Fish. A\$356m)



The Middle East has been, and continues to be, a major destination for Western Australian live sheep, live cattle, meat, wheat and horticultural products. The total value of Western Australian agricultural and fisheries exports to the Middle East almost doubled from A\$512 million in 1995/96 to more than A\$1 billion in 2003/04. Likewise, the average exports in three consecutive years – 2000/01, 2001/02 and 2002/03 – was A\$740 million, and this increased to an average of A\$1,100 million in the last three years.

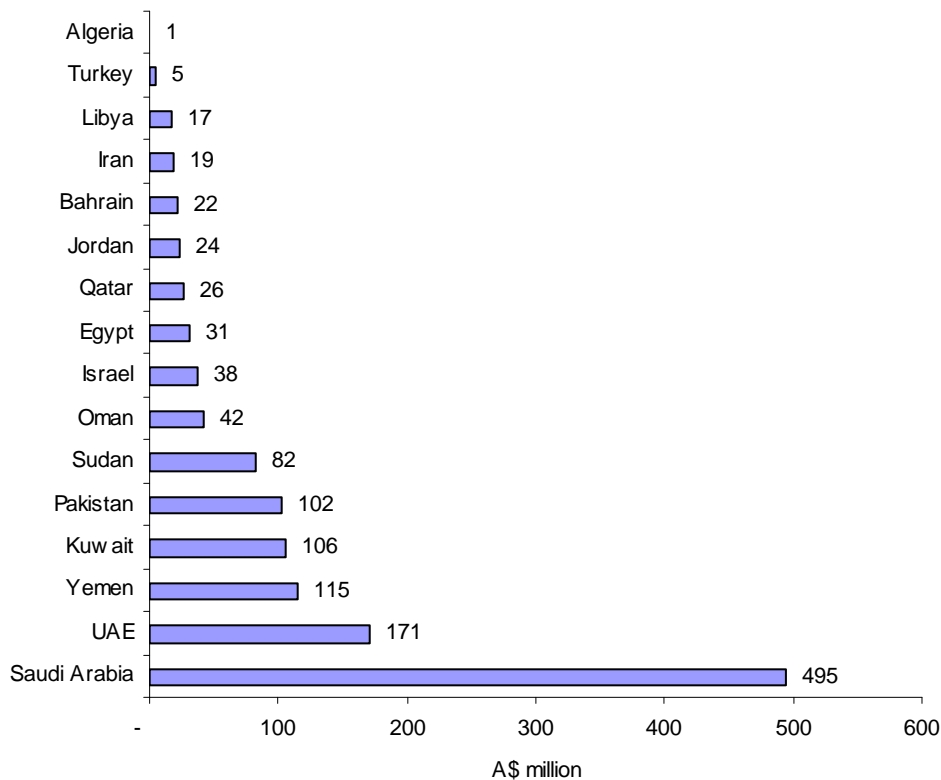
Due to a lack of commodities caused by drought, the value of WA exports to the region in 2006/07 declined to A\$724 million, well down on the historic record of A\$1.3 billion recorded the previous year.

However, in 2007/08, the value of Western Australian exports recovered and once again reached A\$1.3 billion.

In general, the major traditional WA agriculture and food exports to the Middle East are wheat, sheep, barley, cattle, meat, canola and horticulture products. These products went to very active and diversified markets in Saudi Arabia, UAE and Kuwait; along with significant markets for wheat such as Yemen, Sudan, Egypt and Iran. In recent years, exports to the Middle East represented an average 26 per cent of Western Australia's total agriculture and

fisheries exports (with the exception of 2006/07), or more than double the amount of the State's annual exports to the combined EU and US markets. The Middle East is Western Australia's second or third most significant export region, after North-East Asia and ASEAN.

Figure 2. WA Exports to the Middle East by Country 2007/08



Sources: ABS/DAFWA

(NB: All figures for this report are based on preliminary data provided by the Australian Bureau of Statistics (ABS) and Agrifood Infonet which includes estimates for exports classified confidential in ABS.)

Basic market characteristics of the Middle East and some general trends for WA's agriculture exports include:

- The Middle East market remains the major market for WA live sheep and a significant market for cattle.
- There is a large demand for wheat and barley for stockfeed, in some years more than WA's growers can supply.
- The Middle East market has a few major players in the livestock trade. These key players import the majority of WA's livestock.
- Demand for dairy products in the Middle East is increasing.
- Limited wool markets exist only in Turkey, which also imports WA hides and skins.
- Market opportunities are limited due to a lack of understanding of potential markets and limited contacts in some countries (e.g. Algeria, Morocco, Iran, Pakistan).
- Limited logistic and cool chain facilities in some countries in the region.

- Western Australia has moderately increased lamb, mutton and – to a lesser extent – beef exports to the Middle East.
- Horticultural exports from WA are slowly increasing, partly limited by local production and lack of logistics, including cool chain facilities and management (this applies for all perishable foods).
- Exports of pulses to the Middle East have some opportunities relative to WA production.
- WA's exports to the Middle East have focused on the regional processing industry, followed by local retailers for fresh produce and, to some extent, the hospitality industry.
- The largest markets in the Middle East – such as Saudi Arabia, Egypt, Yemen and Pakistan – are significant in terms of the value of exports but some of them are not diversified enough, mainly importing grain only.
- WA has limited opportunities in supplying processed products due to the State's relatively undeveloped manufacturing sector.
- WA has a fragmented trade industry with limited resources invested in market development.

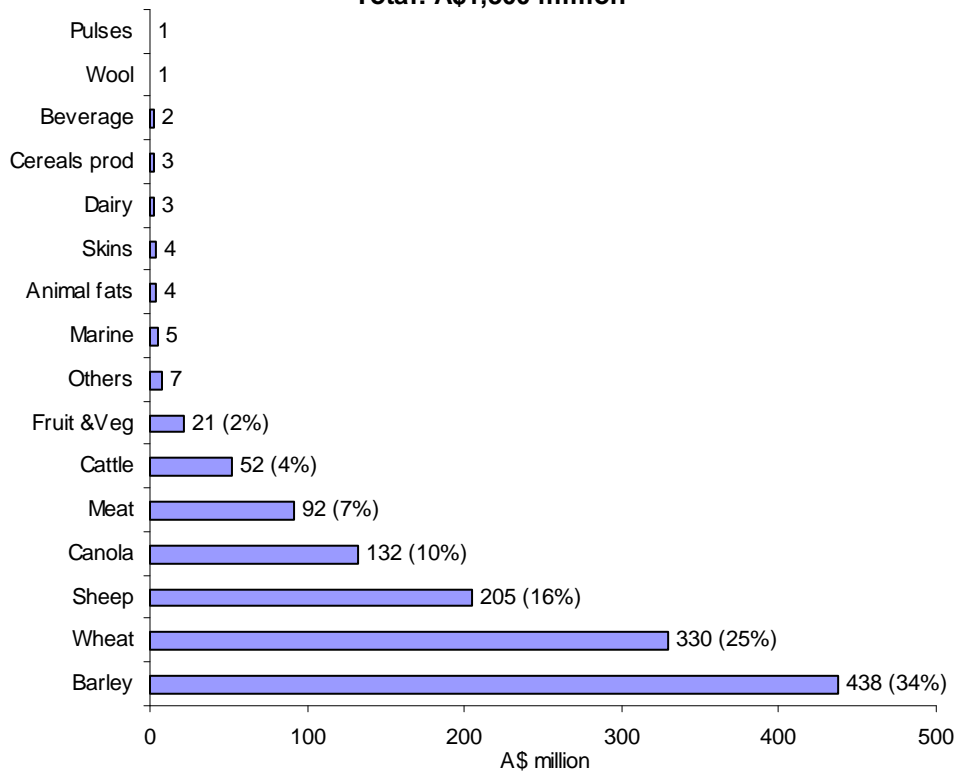
Western Australian agriculture exports contributed 32 per cent of total State commodity exports, which were valued at A\$4 billion in 2007/08 (see Table 3). Other exports from WA to the region include alumina to UAE and Bahrain.

Table 3. WA Total and Agriculture Exports by Country 2007/08

Rank*	Country	Total A\$m	Agric. A\$m	% Agric. of total
1	Saudi Arabia	938	495	53
2	UAE	1,873	171	9
3	Yemen	230	115	50
4	Kuwait	176	107	61
5	Pakistan	134	102	76
6	Sudan	169	82	49
7	Oman	90	42	47
8	Israel	84	38	45
9	Egypt	63	31	49
10	Qatar	35	26	74
11	Jordan	25	24	96
12	Bahrain	24	22	92
13	Iran	44	19	43
14	Libya	18	17	94
15	Turkey	130	5	4
16	Algeria	8	1	13
17	Syria	0	0	
18	Lebanon	1	0	
19	Iraq	0	0	
20	Morocco	2	0	
21	Tunisia	1	0	
	Total	4,045	1,300	32

Sources: ABS/DAFWA. * Rank by WA Agriculture exports 2007/08.

Figure 3. WA Major Exports to the Middle East 2007/08
Total: A\$1,300 million



Sources: ABS/DAFWA, (%) commodity of total WA exports to the region

WA MEAT AND LIVESTOCK EXPORTS TO THE MIDDLE EAST

Australia's total meat and animal exports to the world's markets reached nearly A\$7.9 billion in 2007/08, with WA contributing of 10 per cent (A\$772 million) of this total. WA exported A\$366 million – or 39 per cent – of Australia's total animal exports of A\$945 million. On the national level, WA is a significant contributor in animal exports to the world's markets and, to a lesser extent, in meat and other animal products.

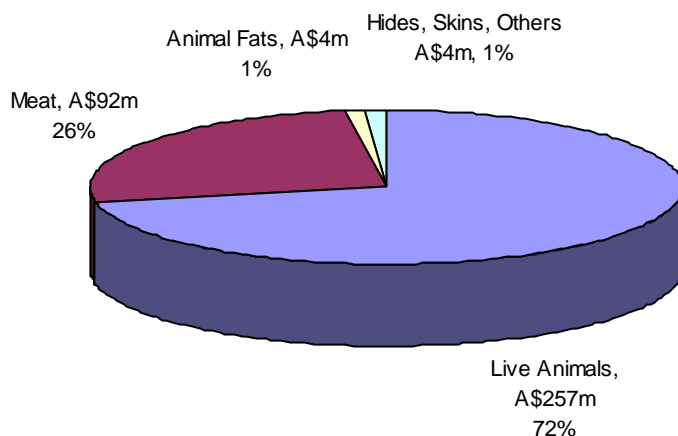
The Middle East region imported A\$702 million of meat and animals from Australia in 2007/08, with A\$350 million (50%) of this coming from WA. In 2007/08, the region's meat and animal imports from WA recorded marginal changes over the last financial year. There was a slight decline in animal imports and an increase in meat imports.

The Middle East's share of WA's total meat and livestock exports to the world (A\$772m in 2007/08) was nearly 45 per cent. Apart from meat and animals, the region also bought A\$4 million of animal fats and A\$4 million of hides and skins.

The Middle East is by far the largest regional market for WA animals, consuming A\$257 million (or 70 per cent) of the total WA animal exports to the world, which were valued at A\$366m in 2007/08.

Approximately 71 per cent of Australia's A\$362 million of animals sent to the Middle East in 2007/08 are sourced from WA (A\$257m).

Figure 4. WA Meat and Livestock Exports to the Middle East 2007/08
Total: A\$357 million

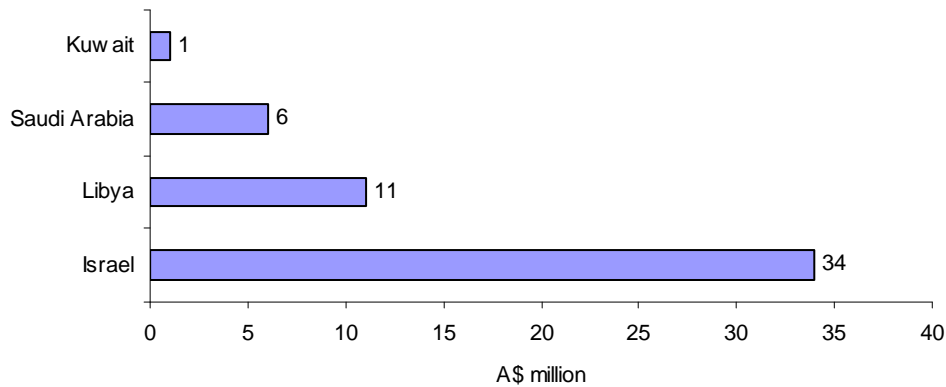


Sources: ABS/DAFWA

Live sheep are traditional WA exports to the Middle East. In 2007/08, WA exported three million head of sheep to the region, worth A\$205 million; along with 90,000 head of cattle worth A\$52 million. The region consumes 99 per cent of WA's total sheep exports and nearly 33 per cent of cattle exports.

Australia exported A\$287 million of sheep to the world in 2007/08, of which A\$205 million (71%) were sourced from WA. In the same year, Australia exported A\$540 million of cattle, with A\$156 million (29 per cent) coming from WA.

Figure 5. WA Cattle Markets in the Middle East 2007/2008
Total Exports: A\$52 million



Sources: ABS/DAFWA

Table 4. WA Cattle Export Trends for the Middle East (A\$ million)

	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Israel	2	1	6	19	16	17	25	32	36	34
Saudi Arabia	0	0	3	9	24	0	0	16	18	6
Jordan	11	10	11	4	4	19	10	9	2	0
Kuwait	1	0	1	2	1	1	2	2	1	1
UAE	0	0	0	1	1	0.2	0.3	0.5	0	0
Egypt	60	57	83	68	19	2	4	0	0	0
Libya	15	10	0	0	0	0	0	0	0	11
Turkey									1.5	0
Total ME	90	79	107	104	65	39.2	42	59.5	58.5	52

Sources: ABS/DAFWA.

Israel has become the largest cattle importer (56,000 head) followed by Libya and Saudi Arabia. After 10 years, Libya re-opened its doors to Australian cattle and imported approximately 21,000 head cattle from Australia, all sourced from WA.

Figure 6. Sheep Export Trends for the Middle East

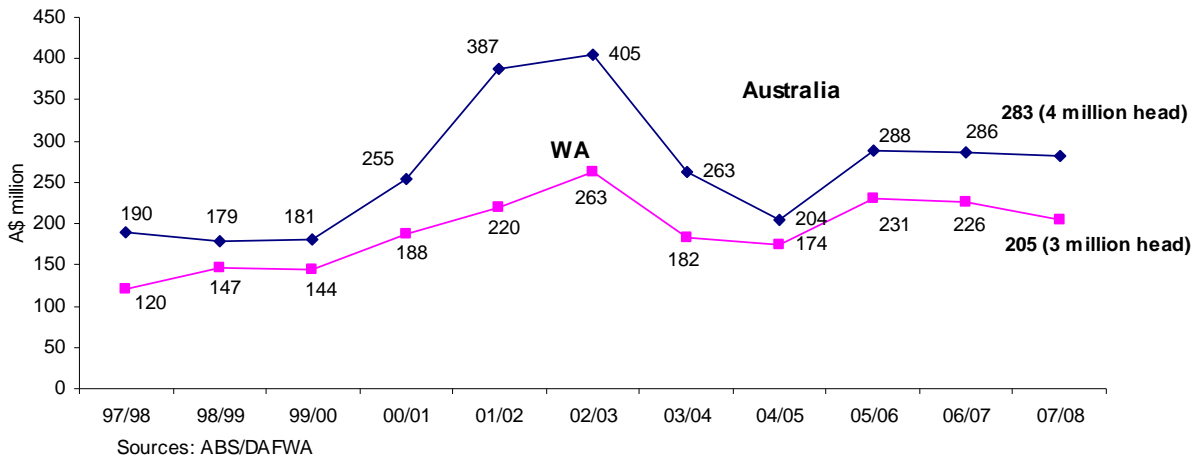
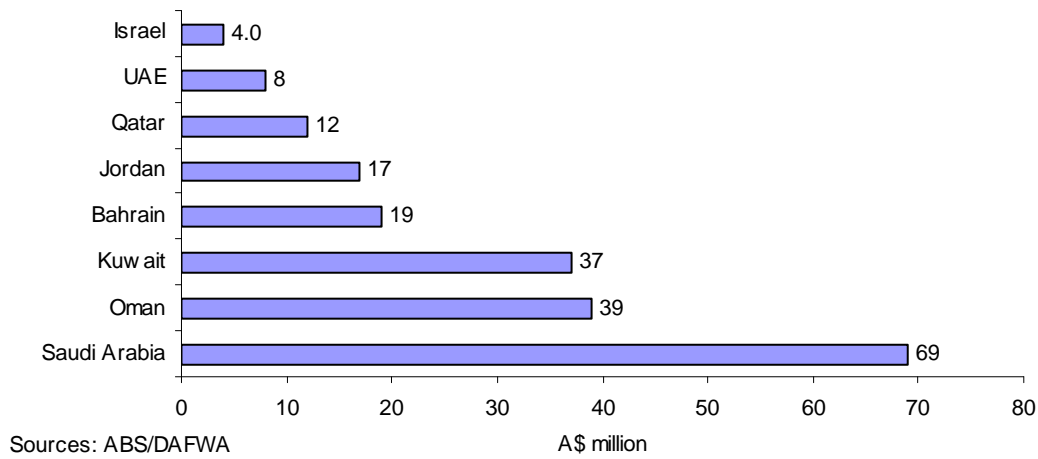


Figure 7. WA Sheep Exports to the Middle East 2007/08
Total Exports: A\$205 million



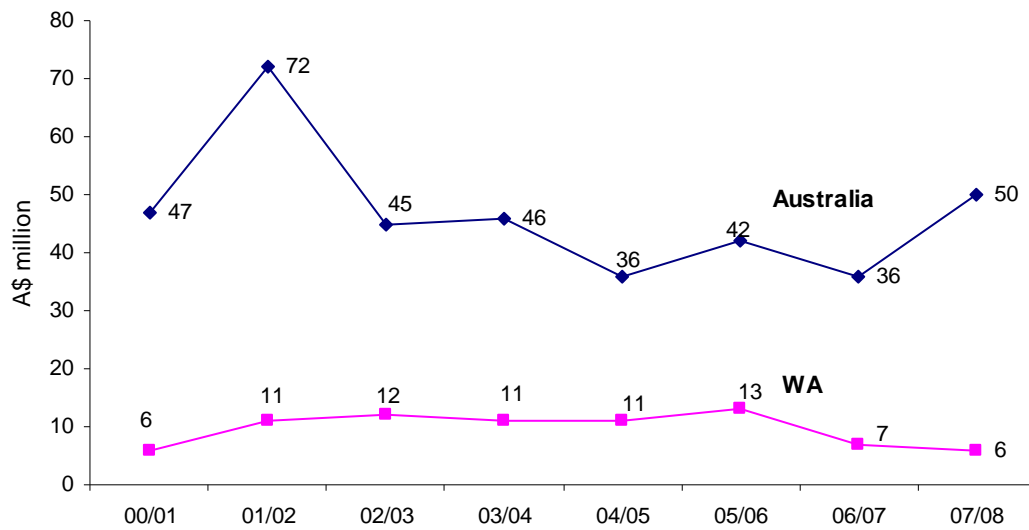
Saudi Arabia is by far the largest market for WA sheep, importing nearly one million head or 34 per cent of total WA sheep exports.

Table 5. WA sheep exports trends to the Middle East (A\$ million)

	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Saudi Arabia	0	5	50	76	112	8	0	84	105	69
Kuwait	36	45	38	44	66	65	54	54	42	37
Jordan	38	21	16	27	22	53	56	37	32	17
Bahrain	13	9	10	9	9	16	25	19	17	19
Oman	12	17	19	16	14	13	18	19	14	39
UAE	31	20	24	17	10	11	10	12	10	8
Qatar	11	15	16	12	14	9	9	5	6	12
Israel	3	5	2	9	8	4	2	0.3	0.4	4
Egypt	2	7	11	10	6	0	0	0	0	0
Palestine	0	0	1	1	0	0	0	0	0	0
Lebanon	1	1	1	0	1	3	0	0	0	0
Total ME	147	144	187	220	262	182	174	231	226	205

Sources: ABS/DAFWA.

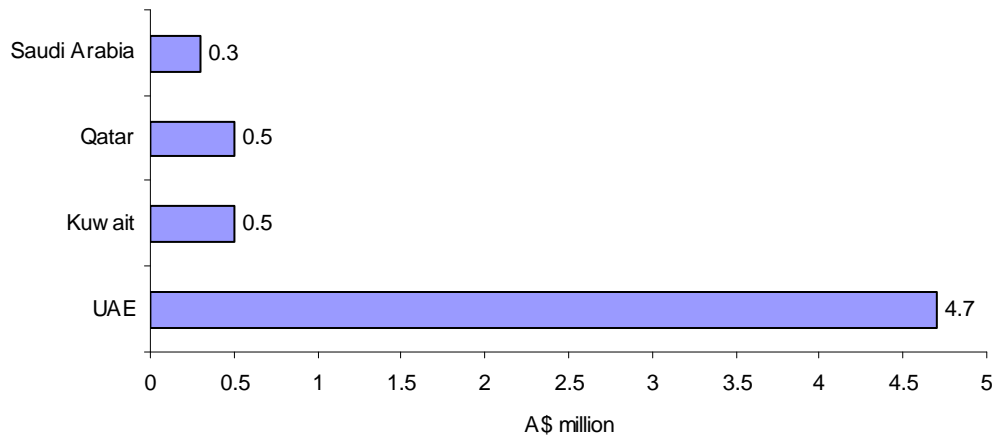
Figure 8. Beef Export Trends for the Middle East



Sources: ABS/DAFWA

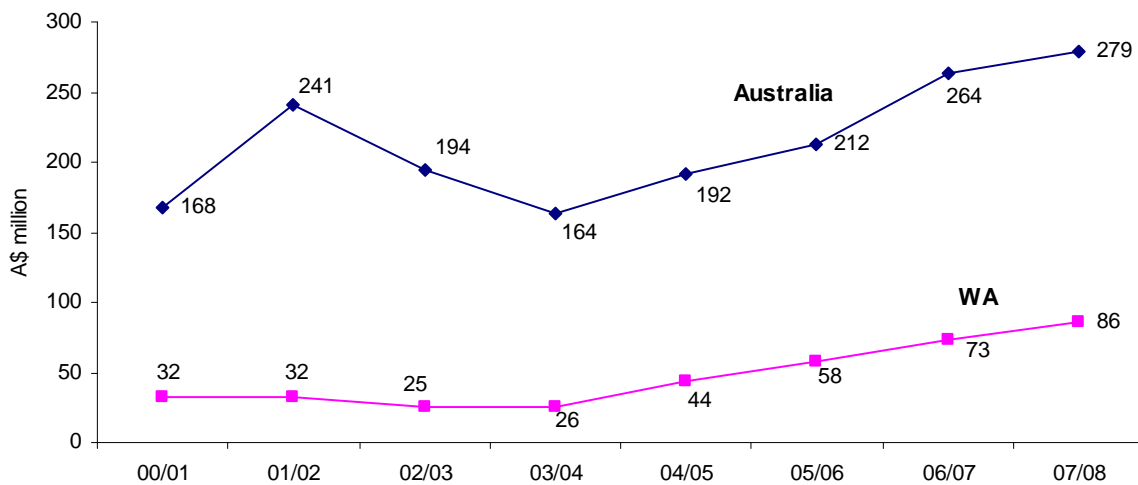
WA beef and beef offal exports to the Middle East are steady but relatively small, and in 2007/08 declined to A\$6 million.

Figure 9. WA Beef Export Markets in the Middle East 2007/08
Total Exports: A\$6 million



Sources: ABS/DAFWA

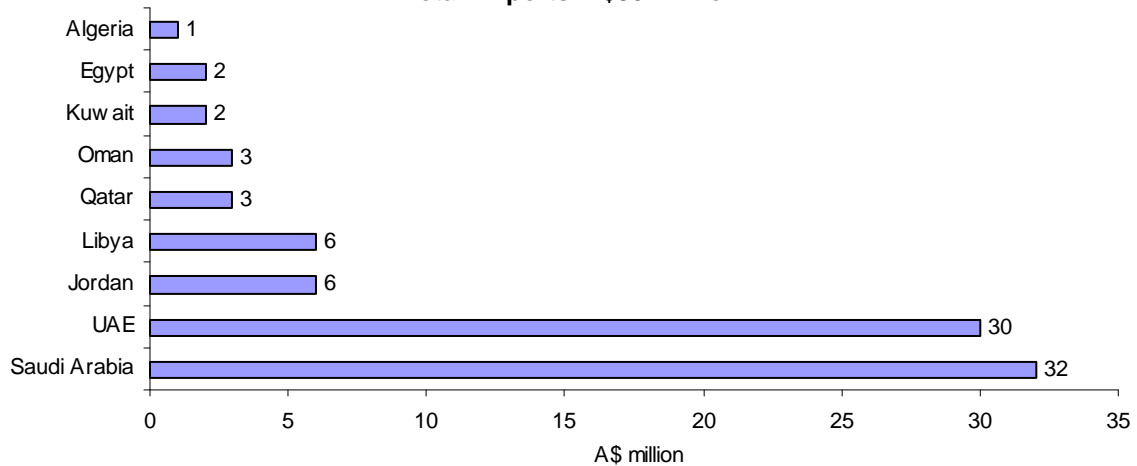
Figure 10. WA Sheep Meat Export Trends for the Middle



Sources: ABS/DAFWA

Sheep meat and offal exports (particularly mutton and lamb) doubled over the past 10 years. In 2007/08, WA sheep meat exports to the Middle East increased 18 per cent to A\$86 million – with A\$55 million of mutton exports, and lamb exports worth A\$24 million. Saudi Arabia consumed A\$6 million of lamb and A\$25 million of mutton, while the UAE imported A\$15 million of lamb and A\$10 million of mutton.

Figure 11. WA Sheep Meat Markets in the Middle East 2007/08
Total Exports: A\$86 million



Sources: ABS/DAFWA (sheep meat incl. lamb, mutton and offal)

SWOT meat

Strengths

- Australia is seen as a reliable meat supplier.
- Positive safe image (food safety).
- WA is closer than the Eastern States as a supplier.

Weaknesses

- Limited stock supply.
- Few WA exporters to the Middle East.

Opportunities

- Two daily direct flights from Dubai-Perth-Dubai provide better access to the region.
- Expansion of tourist facilities, particularly in the GCC (the Gulf Cooperation Council countries of Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman).
- Growth in modern retail supermarkets – brand development.
- Meat is a traditional ingredient in meals.
- Growth in fast food outlets – Burger King, etc.
- The growing price of crude oil.

Threats

- Middle East political developments.
- Health issues.
- International financial crises.
- Increased competition – from South Africa, Brazil, Sudan, India, Somalia and Syria
- Increased insurance costs for sea freight.

SWOT livestock

Strengths

- WA is closer to the majority of markets than the Eastern States as a supplier.
- Strategic alliances.
- Reliable supply.
- Healthy stock.
- Good quality stock.
- WA is generally recognised as a favoured source.
- Ability to supply in large numbers (e.g. for festive seasons).
- Local support and investment from the region particularly in logistic facilities.

Weaknesses

- Current relative shortage of animals.
- Few major traders and shippers.
- Sheep still seen as a by-product of wool-producing sheep.
- Reliance on a few markets.
- High prices.
- Inability to supply in small numbers.

Opportunities

- Increasing demand.
- Improving logistics facilities.
- Meat is a traditional ingredient in meals.
- Market demand for fresh meat.
- Religion, culture and tradition issues.
- Market for goats.
- Development of long- and fat-tailed sheep flocks.
- Outbreak of major diseases in other countries – BSE, Rift Valley Fever, Congo-Crimea.
- Re-gaining access to lost markets – Libya, Syria, Iraq.
- Movements through Suez Canal improving the market to Mediterranean countries.
- Freeing of trade with Israel and Palestine.

Threats

- Aberrant behaviour by exporters – pregnant ewes, cows calving en route, incorrect stock selection.
- Welfare issues in some countries.
- Inappropriate scientific handling of scientific data.

- Australian stock with low immune status being exposed to exotic diseases.
- International financial crises.
- Increasing livestock movement from other sources, legal and illegal.
- East African countries (especially Sudan and Somalia) as vast warehouses of livestock.
- Increasing numbers of young nationals changing from traditional lifestyles and eating habits.
- Increasing uptake of supermarket shopping.
- Uncertainty over the Middle East peace process.
- Size of vessels.
- Media coverage of domestic issues.
- International politics.
- Bio-terrorism.
- Impact of sheep ship incidents and Australian policy.
- Inability of some shippers to meet export standards.

(Note: the SWOT for Meat and Livestock was prepared with the assistance of Meat and Livestock Australia, Bahrain office.)

Investment opportunities

Investors from the Middle East have invested a substantial amount of money in WA's livestock and meat industry. Investments in new farms, the new Awassi sheep breed, feedlots, and stockfeed are estimated at more than A\$200 million. Investments in three new ships are valued at approximately A\$300 million.

A Jordanian investor has invested in a new feedlot in WA (2005) and is seriously considering investment in stockfeed facilities.

More opportunities have been identified from some potential investors in livestock farming and meat processing, including new sheep breed development, the camel industry and goats. Strong economies and limited opportunities for local production in some very rich countries are major reasons for potential investments in WA.

Outlook for meat and livestock

The Middle East will remain the major market for livestock – particularly sheep, cattle and (to a certain degree) goats, as well as a relatively small market for camels. Competition, political issues, cost of products and services, and the balance between supply and demand could affect export trends. However, with a comprehensive approach to marketing and production, the Middle East region will be the major export market for WA's livestock industry for a long time.

Improvements in the quality of products, sustainable supply, logistics facilities and a proactive marketing system will increase exports of meat in the medium term. Direct flights to Dubai and strategic alliances with a growing hospitality industry may show very positive results even in the short-term. The development of projects such as the Sokhna project in Egypt could provide new opportunities for exports. The Sokhna Port's (Free Zone) new feedlot and new meat processing facilities should help in re-opening the Egyptian market for livestock. Turkey has become a new potential market, however, development of the industry in Turkey (GAP project) could generate more competition in the Middle East.

Russia and some former Soviet Union countries are emerging markets for cattle for beef and dairy.

Re-opening markets in Libya, and hopefully Iraq and Syria, should provide new export opportunities for both livestock and processed meat. Iraq remains a potential market subject to political developments and the peace process.

The Cormo Express incident in 2003 and its consequences followed by few welfare issues (example Egypt) have had a very negative impact on livestock export trends. It is unlikely that the livestock industry could expect a significant increase in exports, particularly to the key markets in the Middle East.

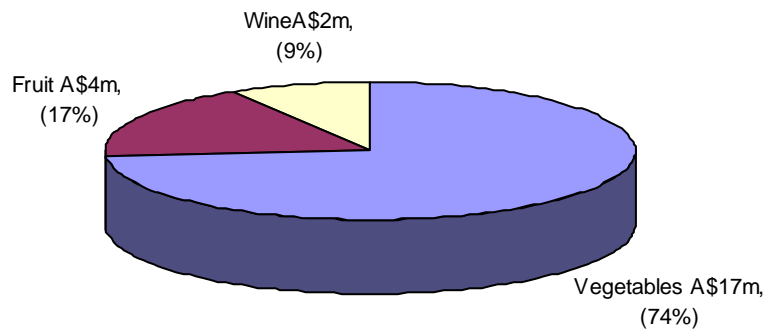
Brazil, Uruguay and China are relatively new suppliers of livestock in the Middle East. South American countries are major competitors in beef exports and lately for sheep meat as well.

HORTICULTURE

The Middle East imports A\$21 million or 42 per cent, of WA's fruit and vegetables export to the world. Major WA products exported to the region include fresh produce such as carrots, melons, stone fruits, strawberries, mangoes and avocados.

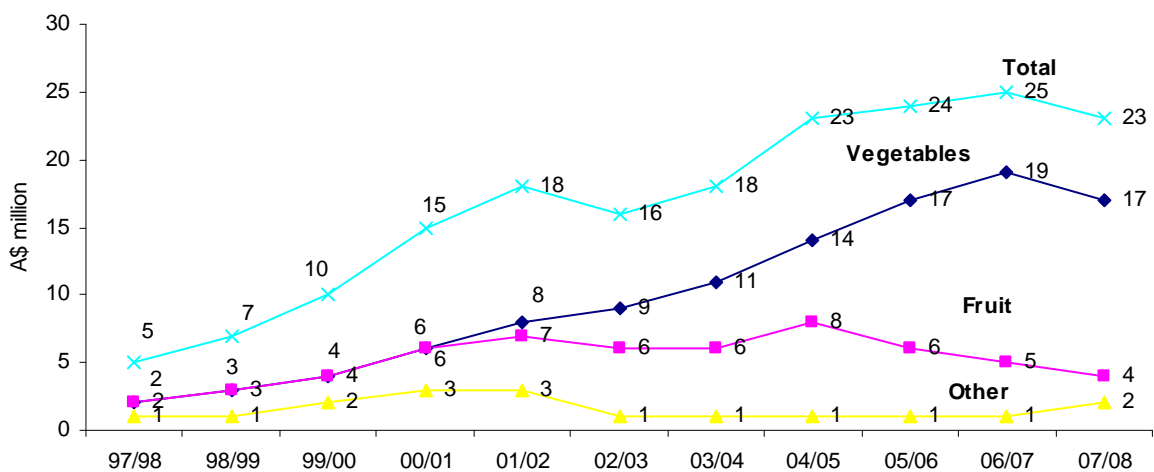
The UAE imports approximately 60 per cent of WA horticulture (a total of A\$23m, including wines) exported to the region. Dubai is very often the distribution hub for Gulf countries. Apart from fresh produce, niche market opportunities exist for flowers and wine (which reached nearly A\$2 million) in the hospitality industry sector.

Figure 12. WA Horticulture Export to the Middle East 2007/08
Total: A\$23 million



Sources: ABS/DAFWA

Figure 13. WA Horticulture Export Trends for the Middle East



Sources: ABS/DAFWA (05/06, 06/07, others is wine)

Figure 14. Major Horticulture Exports to the Middle East

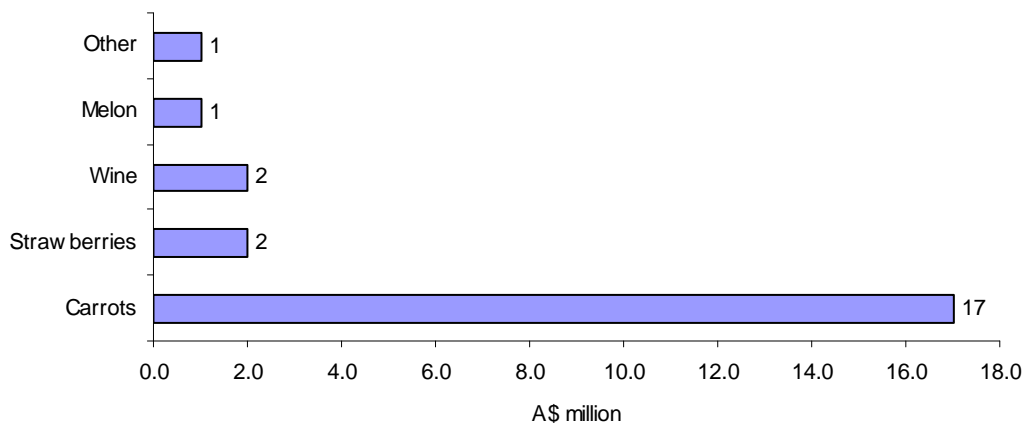
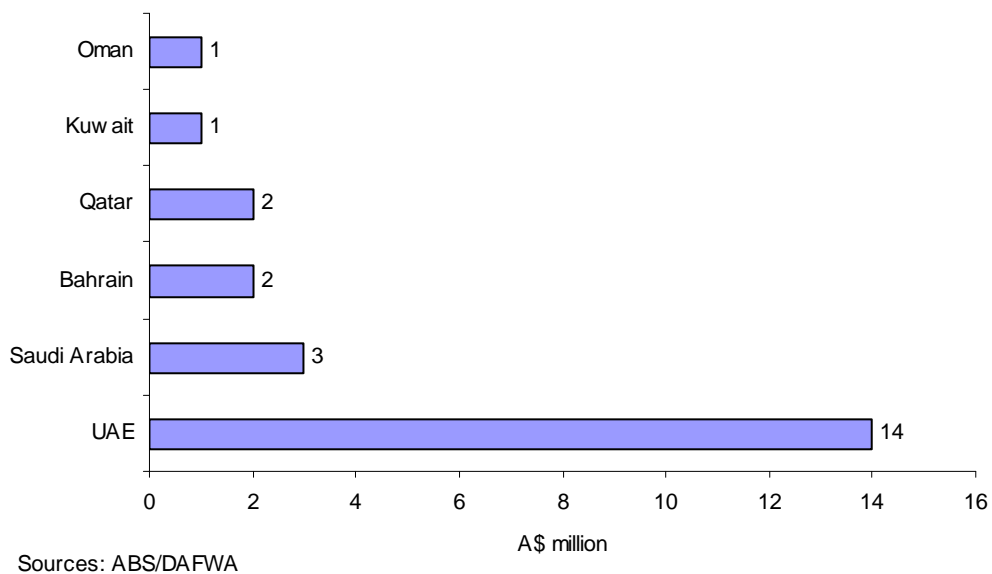


Figure 15. WA Horticulture Markets in the Middle East 2007/08



SWOT horticulture

Strengths

- Australia is seen as a reliable supplier.
- Positive safe image (food safety).
- WA is closer than the Eastern States as a supplier.
- Seasonal issues.

Weaknesses

- Cost of shipping freight.
- Limited supply for some produce.
- Few WA exporters to the Middle East.
- Costs of produce and services.
- Cool chain management.
- Retail and distribution in the market.

Opportunities

- Growing demand.
- Very limited local production (UAE, Kuwait, Saudi Arabia, Qatar, Bahrain, Oman).
- Two direct daily flights Dubai-Perth-Dubai.
- Expansion of tourism facilities particularly in the Gulf region.
- Increase in prices for crude oil.
- Growth in modern retail supermarkets.

Threats

- Middle East peace process.
- Increased value of the Australian dollar.
- Increased competition – South Africa, Chile, USA, Europe, India and China.
- Increased insurance costs for sea freight.

Outlook for fresh produce

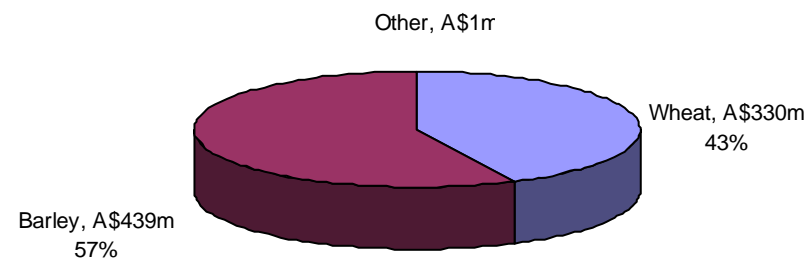
The Middle East has been a traditional market for fresh produce. The market is very open, and competition from America, African countries (including Egypt and South Africa) and countries in the region with seasonal exports (Iran, Jordan, Lebanon, Syria, Egypt) is growing – although demand for fresh produce is also growing. India and Pakistan are targeting the region with produce such as mangoes. A strong hospitality industry, the development of tourism (particularly during the European winter), a growing population and limited local production offer good opportunities for WA fresh produce in certain countries and segments of the market. Development of logistics services (such as direct flights to the region), cool chain management and alliances provide excellent prospects for high-value produce. Of course, quality products, comprehensive post-harvesting technologies, sustainable supply and a market-oriented industry offer a good future in the Middle East, particularly in some rich Gulf countries. The growing hospitality sector offers some opportunities for wines and flowers (UAE, Jordan, Egypt).

GRAIN (CEREALS)

Cereals (wheat, barley) dominate Western Australia's grain exports and agriculture exports, especially to the Middle East. The value of WA's worldwide cereal exports averages A\$2 billion, which accounts for more than 50 per cent of WA's total agricultural exports. In 2007/08, there was a significant increase in exports to the Middle East, up to A\$770 million from A\$305 million in 2006/07 when WA's grain exports to the region were historically low.

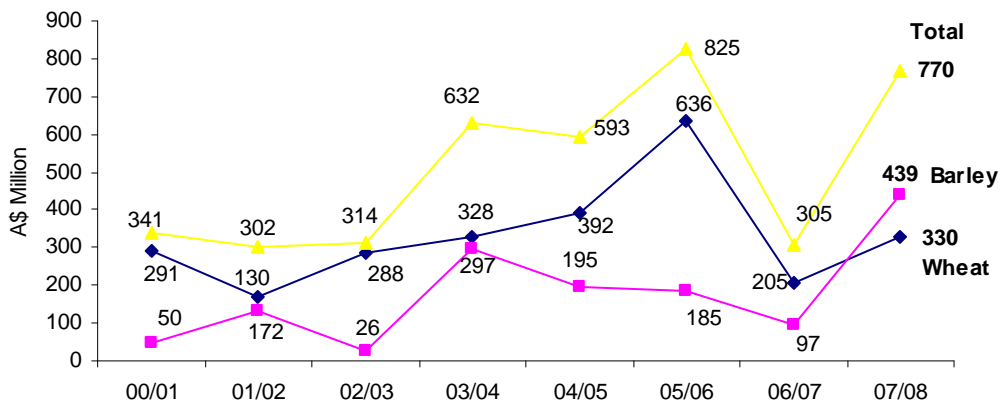
Wheat exports to the region increased in value from A\$205 million in 2006/07 to A\$330 million in 2007/08 for almost the same quantity (0.9 million tonnes). At the same time, barley exports increased from 329,000 tonnes – with a value of A\$97 million – to 1,301,000 tonnes (A\$439 million).

Figure 16. WA Grain Exports to the Middle East 2007/08
Total Exports: A\$770 million



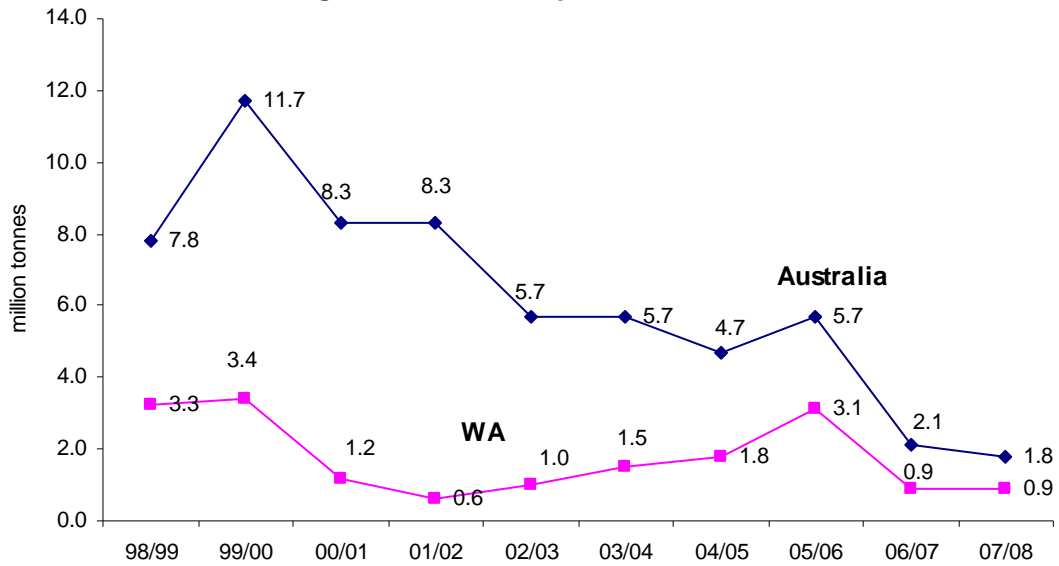
Sources: ABS/DAFWA

Figure 17. WA Cereals Export Trends for the Middle East



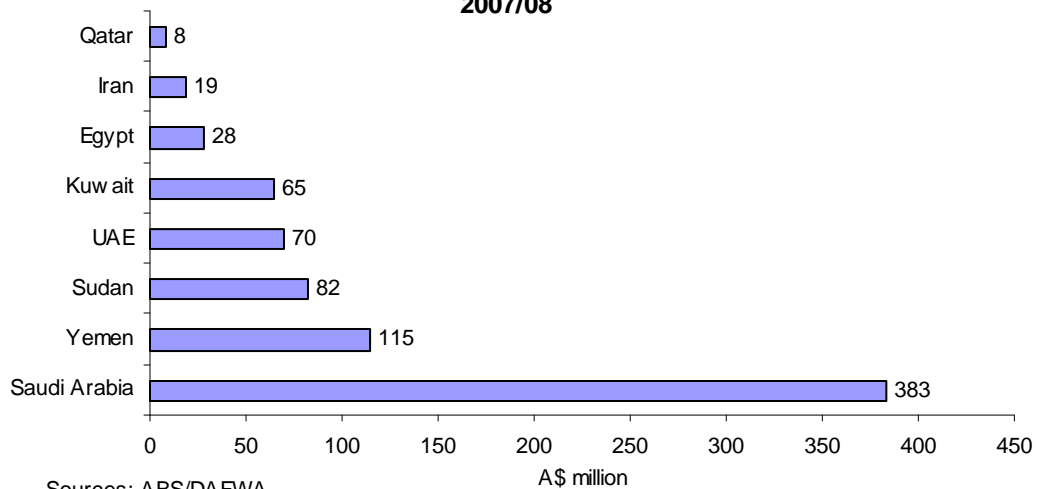
Sources: ABS/DAFWA

Figure 18. Wheat Export Trends for the Middle East



Sources: ABS/DAFWA

Figure 19. WA Major Grain (Cereals) Markets in the Middle East 2007/08



Sources: ABS/DAFWA

In 2007/08, Saudi Arabia bought A\$382 million of barley, Iran A\$19 million, Kuwait A\$20 million and UAE A\$17 million.

For wheat, major markets were Yemen (A\$115m), Kuwait (A\$45m), Sudan (A\$82m), UAE (A\$53m) and Egypt (A\$28m).

The opportunities for wheat and barley in the Middle East are significant and in some years limited by WA's supply capabilities. The Middle East is also a potential market for oats and stockfeed such as hay.

The Australian Wheat Board's investment in flourmills in the Middle East region (e.g. Five Stars Flour Mill in Egypt) ensures a long-term future for markets in the grain and stockfeed industry.

The new policy in Saudi Arabia to give up local production of commodities big water consumers including wheat and subsidise imports will generate more demand and opportunities for grain exports.

Outlook

The WA grain industry has significant market opportunities in the Middle East. The countries such as Yemen, Egypt, Iran, Iraq, UAE, Jordan and Kuwait will rely on importing wheat for a long time, as will Pakistan and Sudan, to some extent. Competition is strong from Europe, the USA, Canada, the Black Sea region and – in recent years – India, due to subsidies. Consistent supply, quality, logistics and facilities are major factors that will drive market development. New varieties, access to new non-traditional markets (Jordan), and market segments in the processing industry (UAE) might provide new opportunities for the WA wheat industry.

It is expected that the Middle East region will remain the largest world market for feed barley, with Saudi Arabia, UAE and Kuwait continuing to be key markets. The stockfeed industry might find opportunities in livestock farming and horse racing (Dubai, Saudi Arabia).

Libya provides significant opportunities for stockfeed barley and wheat, subject to competition, particularly from Black Sea countries accessing the market with lower quality and prices.

Although the issues involving Iraq may present some challenges for the AWB, they are not expected to have a major impact on wheat exports to the wider region.

The grain export deregulation process in Australia may require a new approach in wheat marketing where the State policy and coordination between key stakeholders could be essential.

The Saudi Arabian subsidy for imports of food products instead of local production (the "save water policy") offers new opportunities for WA exporters of barley and wheat in particular. This new policy for the diversification of imports is opening doors for overseas investments, particularly in Egypt, Sudan and Pakistan – and potentially for Australia in wheat, barley and stock feed.

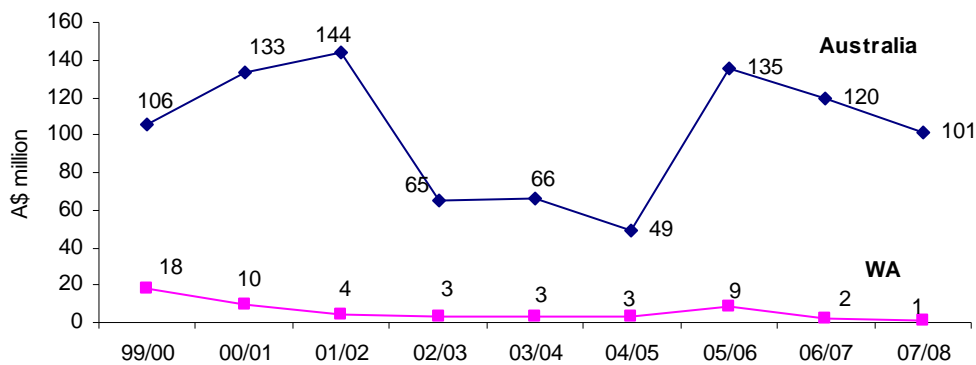
PULSES

Chickpeas, various beans and peas are traditional foods in the Middle East. The value of WA's exports of pulses declined significantly in 2007/08.

Faba beans are constantly in demand in Egypt, while the exporting of lupins is marginal. Opportunities for lupin exports exist in the stockfeed industry segment, particularly in Saudi Arabia, subject to meeting criteria for subsidies.

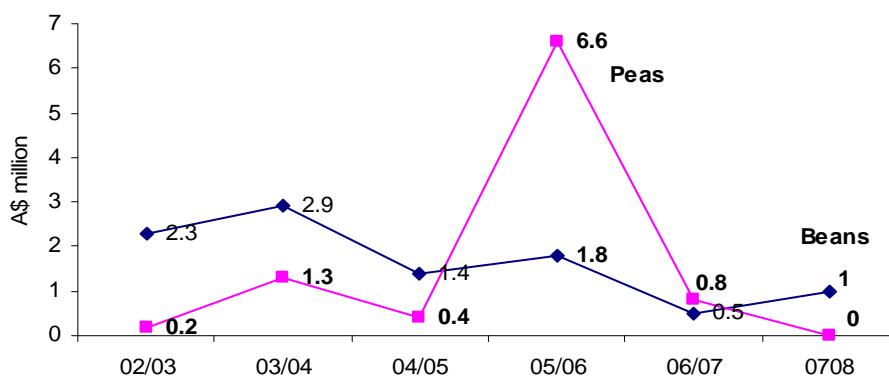
Major markets for pulses in the region are the UAE, Pakistan and Egypt.

Figure 20. Australia's and WA's Pulses Export Trends for the Middle East



Sources: ABS/DAFWA

Figure 21. Major WA Pulse Export Trends



Sources: ABS/DAFWA

Outlook

Inquiries from the Middle East – particularly from the UAE, Saudi Arabia, Egypt, Libya and Lebanon – for chickpeas, lentils, dry peas and various beans are indicators of demand. Despite demand, WA's exports have been constrained due to limited production capabilities.

The potential for lupin exports exists for the stockfeed industry. The market for lupins for human consumption needs research, particularly for significant expatriate market segments (consumers from India, Pakistan and Bangladesh). There are some opportunities for lupin flour in the food processing industry.

OILSEEDS

The value of canola exports increased significantly from a historic low of A\$10 million in 2006/07, to A\$132 million (221,248 tonnes) in 2007/08.

Long-term huge opportunities exist for canola exports to Pakistan, due to demand from several canola crushing plants. In 2007/08 Pakistan was the largest market, importing canola worth A\$98 million; followed by the UAE (which has a new canola crushing plant) imported A\$35 million of from WA .

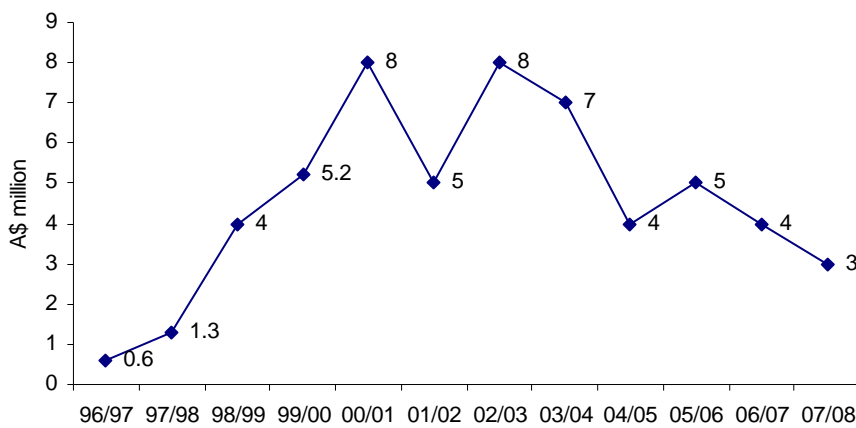
Future canola exports could be very much subject to the introduction of GMO technology and competition from countries applying this technology.

DAIRY

Western Australia contributes a small proportion of Australia's total dairy exports. In 2007/08, Australia's world dairy exports were valued at A\$2.8 billion, with WA's exports totalling A\$49 million. The Middle East consumed A\$403 million of dairy products from Australia, with A\$3 million from WA.

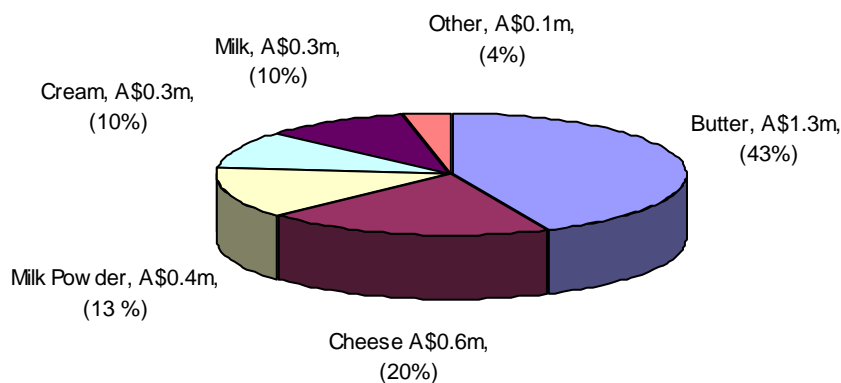
Major products exported to the region are butter and cheddar cheese. Almost all dairy products went to the UAE (A\$1.4m) and Saudi Arabia (A\$1m).

Figure 22. WA Dairy Export Trend for the Middle East



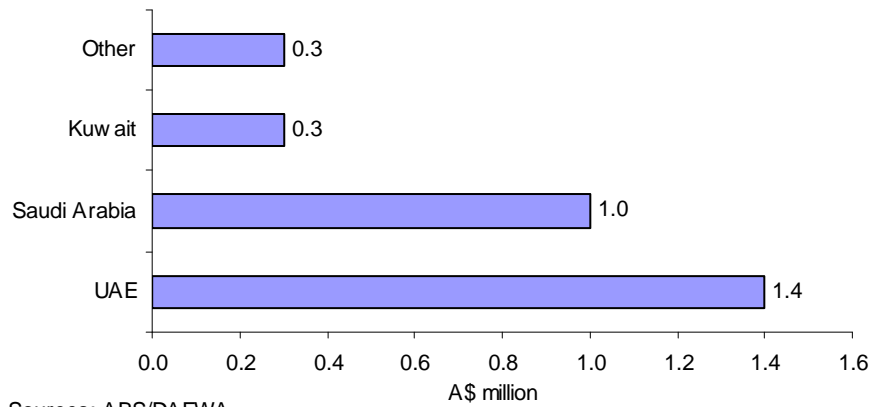
Sources: ABS/DAFWA

Figure 23. WA Dairy Exports to the Middle East 2007/08
Total Exports: A\$3 million



Sources: ABS/DAFWA (%-of total dairy)

Figure 24. WA Dairy Markets in the Middle East 2007/08



Sources: ABS/DAFWA

Outlook

Export opportunities exist for dairy products such as fresh milk, cheese and yoghurt, particularly in the fast food segment; while milk powder can be used in the growing food processing industry. Major potential markets for cheese exist in the UAE, Saudi Arabia, Kuwait, Iraq and some North African countries, particularly in the hospitality and fast food sectors.

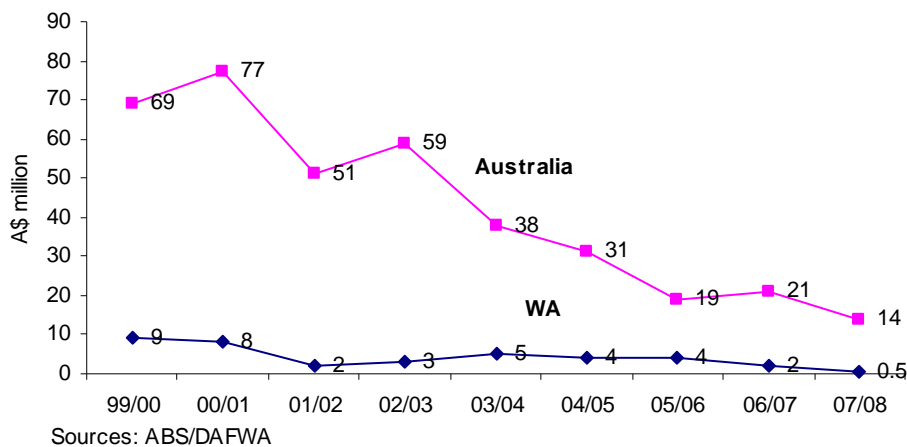
Development of the sheep milk industry can provide more opportunities for exports and import replacement (sheep milk cheese).

The lack of dairy product supply in WA is a key issue affecting exports.

WOOL

Wool exports from Australia have declined significantly in recent years. In 2007/08, the value of Australian wool exports to the Middle East declined to A\$14 million, mostly to Turkey and Iran. However, WA's exports of wool to the Middle East have fallen to a negligible A\$0.5 million. The only small markets for wool are Turkey and Egypt, although there are some opportunities in Pakistan and Iran.

Figure 25. WA Wool Export Trends for the Middle East



STRATEGIC BUSINESS ENVIRONMENT IN THE MIDDLE EAST

Although each country has its own specific business environment, the following common issues significantly affect regional development and Australia's potential trade:

- Security issues and political instability in the some parts of the region are affecting the development of long-term businesses. This problem has spread from the North African region – including Sudan – through to Turkey, Iraq, Iran, Pakistan and, of course, the long-term Israeli-Palestinian conflict and recent developments in Lebanon. Significant political changes, peace processes and diplomatic efforts are always encouraging development in the regional economy and international business arena.
- The political developments in Iraq and the War Against Terrorism have significantly affected international trade and the costs of logistics and insurance.
- Some countries in the region are extremely rich in natural resources, with oil and gas being major sources of income. A number of countries in the region are diversifying their economies in order to strengthen prospects for sustainable economic growth and to reduce vulnerability to adverse oil price movements. Tremendous investments in the manufacturing sector, tourism and services have been recorded in recent years. However, some countries in the Middle East have relatively low purchasing power.
- The fast growing population of more than 600 million people (2004 estimate) represents a tremendous market for food and agricultural commodities. According to FAO population projections for the Middle East, the region will increase by 130 million people per decade, and will result in a population of more than 870 million people by 2025.
- The Middle East accounts for about 7 per cent of the world's net imports of agricultural products. Average annual imports of agricultural products have grown to more than US\$52 billion over the past 10 years, 77 per cent of which have been food (see Table 2, with FAO figures for 2005).
- Climate, lack of water and environmental issues are limiting factors for agricultural development in the Middle East. Therefore, there is a strong belief that the region will have to rely on agriculture and food imports in the future.
- Trade policies related to market groupings, similar to the European Union (for example, the Gulf Cooperation Council, or GCC), and subsidies to the agriculture industries in the US and EU.
- Almost all countries in the Middle East view Australia positively. The Australian agricultural industry has a reputation for meeting the specific requirements of customers, and there are strong similarities between Australia and the Middle East. Proximity to the market and excellent resources in some agricultural sectors are also significant advantages for Western Australia's export trade with the Middle East.
- Relatively cheap imported labour and government incentives (particularly in some oil rich countries) provide opportunities for improvements in relatively labour-intensive agriculture and food processing sectors (for example, the production of dates and the food processing industry in the UAE and Saudi Arabia).
- The new Saudi Arabian policy to encourage imports of food products instead of local production (the “save water policy”) offers new opportunities for trade with barley, wheat, and stock feed commodities, as well as investments in overseas production to secure supply.

Recent issues possibly affecting Australian businesses in the Middle East include:

- The war in Iraq and the War Against Terrorism, including wheat export issues related to Iraqi market.
- Process of democratisation.
- The Israeli-Palestinian conflict and developments in Lebanon and Turkey-Northern Iraq.
- The impact of the War against Terrorism, particularly on the tourism and hospitality industries.
- A slowdown in the Egyptian economy.
- Mixed feelings and media speculation about Australia's involvement in Iraq, Afghanistan, the War Against Terrorism, Australian policy and alliances with the US, as well as immigration issues.
- Animal health and welfare issues.
- Some trade issues (Halal issues, livestock exports to the region) that require more precise regulations.
- Shortage of labour and labour costs in Australia.
- Economical and financial crises and increased crude oil and chemicals prices.
- Strong competition (including new competitors from China and India).
- Sustainable supplies from WA (subject to harvest).
- Weakness in the supply of highly processed products.
- Some concerns and uncertainties in regulation/deregulation of grain exports.

OPPORTUNITIES FOR WA AGRICULTURE IN THE MIDDLE EAST

With a large and growing requirement from the Middle East for agricultural commodities and services, Western Australia's close proximity to these markets gives local exporters a competitive advantage – particularly in perishable agricultural products. Major opportunities for growth in Western Australia's agricultural trade to the Middle East include:

- Traditional products (bulk exports) such as wheat, barley, livestock and oilseed – mainly for the growing food processing market segment.
- Perishable products – including fresh produce, dairy and meat – mainly distributed through retail trading and partly through the hospitality industry (fast food outlets) distribution chains.
- Highly processed products, prepared foods, and convenience foods.
- Investment in Western Australia and market development in the region; and
- Services, expertise, training, and implementation of agriculture developing projects.

Better logistics services from WA to the Middle East, including sea and air transport, provide an additional boost for new exports such as fresh meat, fish, horticulture and dairy products.

Air access is the key to developing international trade and tourism opportunities. The Middle East has been identified as a key market for perishables that require airfreight to achieve optimum market penetration and prices. Although Perth is very well served with connections to Asian destinations and the Middle East through Singapore, Hong Kong and Kuala Lumpur, the direct, twice daily Dubai-Perth-Dubai flight provides a major boost for the WA food export industry in opening up new trade opportunities with the Middle East.

The direct non-stop Perth-Dubai service takes around 11 hours, and reduces the previous flying time by a minimum of four hours without transit port handlings. According to a current daily schedule, fresh products may depart Perth at 10.30 p.m. and arrive in Dubai the next day at 5 a.m. Products can then be placed on the shelf or served for lunch on the same day – approximately 24 hours from the farm to the table. It also provides much better access to European and former Soviet Union countries.

There is a fast developing hospitality sector in the region, with more than 200 high-class hotels and a growing number of supermarkets offering relatively new segments for WA exporters.

New opportunities also exist for meat exporters in relatively new potential markets in North African countries, particularly Libya and Egypt.

CURRENT AND POTENTIAL MARKETS IN THE MIDDLE EAST

Iran

For many years, Iran was on WA's list of top Middle East markets in terms of value, importing grain – predominantly wheat and barley – and small quantities of other products. In 2007/08, WA only exported stock feed barley to Iran, with a value of A\$19 million.

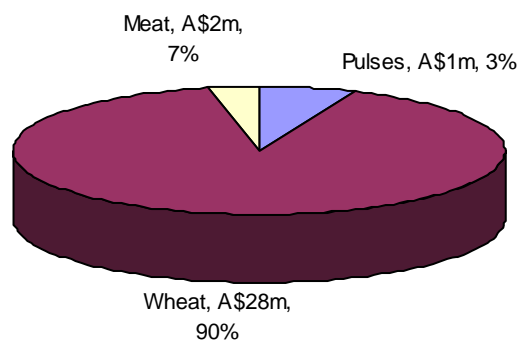
The political tensions between Iran and the USA are being watched by many countries and could have a longer-term impact on trade with Iran.

Egypt

Egypt is a traditional market for wheat, beans and stockfeed; a large market for cattle; a growing market for sheep; and a potential market for meat, cheese and expertise. Five Stars Flour Mills, a joint venture with AWB and local partners, is an excellent example in market development investment for wheat and potentially for other grains for stockfeed production. Egypt remains a significant potential market for WA exports. Animal sector exports declined in recent years due to prices, the strong Australian dollar and the recent ban on exports to Egypt imposed by Australia (involving animal cruelty issues). In 2007/08, WA exports to Egypt were valued at A\$31 million. Major exports were wheat, meat and faba bean.

The new facilities for livestock and meat processing in the Al Sokhna Port free zone could provide new opportunities for re-opening the Egyptian market for livestock exports.

Figure 26. WA Major Exports to Egypt 2007/08
Total: A\$31 million



Sources: ABS/DAFWA

Saudi Arabia

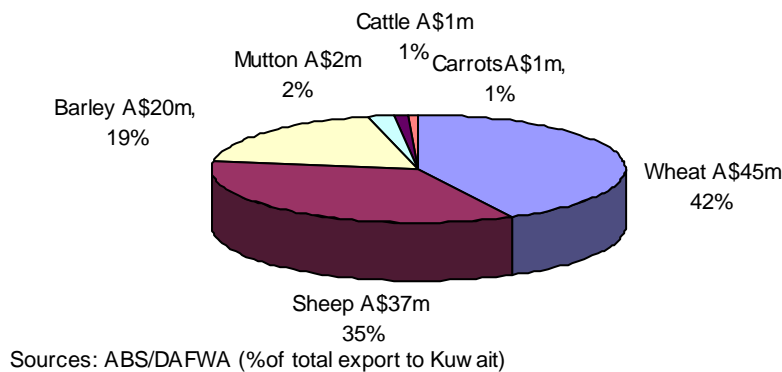
Saudi Arabia has been WA's largest and most diversified market in the Middle East, with exports increased from A\$267 million in 2006/07 to A\$495 million in 2007/08. Saudi Arabia imports nearly 50 per cent of total WA sheep exports and at the same time is the largest importer of barley. It is also a very significant market for cattle, meat (including offal), cheese and horticulture products.

There are more opportunities in the Saudi market for WA exports of meat, fresh produce and services. With the development of a canola crushing plant, an opportunity will also arise for canola.

Kuwait

Kuwait is a significant market for sheep, meat and fresh produce. There are opportunities to increase current export supplies. Feed barley and stockfeed exports should increase. In recent years, Kuwaiti firms have invested a substantial amount of money in WA agriculture (Awassi sheep, sheep logistics, feedlots). In 2007/08, the value of WA exports reached A\$107 million. Kuwait could be a good point of entry for the Iraqi market, particularly Southern Iraq, as well as for coalition forces based in Kuwait.

Figure 28. WA Major Exports to Kuwait 2007/08
Total: A\$107 million



Yemen

Yemen is a traditional market for wheat, with imports of A\$115 million in 2007/08. It is also a potential market for pulses and services. DAFWA has developed a good relationship with Yemen's Ministry of Agriculture, and has a proposal for long-term cooperation under a Memorandum of Understanding which is under consideration by Yemeni authorities.

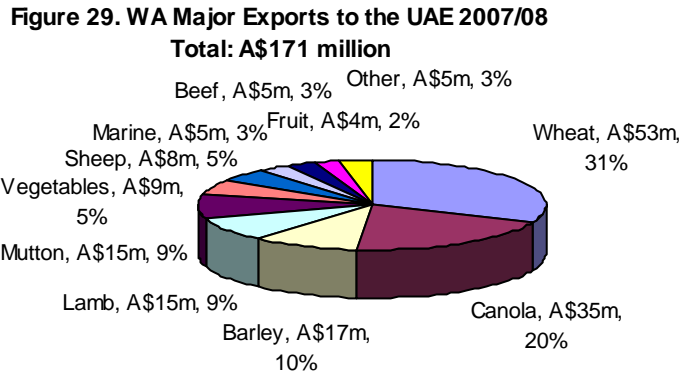
Iraq

In recent years, Iraq has become a market for Western Australian wheat, dairy products and processed foods (which have been re-exported through UAE and Jordan). Potential markets exist for a range of products including meat, livestock, dairy, pulses and services – subject to the peace process and political developments. Over the past three years, WA's exports of wheat to Iraq declined from A\$164 million in 2004/05, to A\$123 million in 2005/06, to zero in 2006/07 and 2007/08 probably due to competition, lack of wheat supplies and issues related to the wheat trade in previous years. It is interesting that while WA's traditional wheat market of more than a hundred million dollars has fallen to "zero" in 2007/08, Australia exported wheat and cheese valued at close to A\$94 million.

United Arab Emirates

The UAE is probably the most diversified market for WA, importing grain, live sheep, meat, fresh produce, honey, stockfeed, flowers, wine, pearls, lobster, and essential oils. There is the potential to increase WA exports to the UAE and regional markets, particularly with the

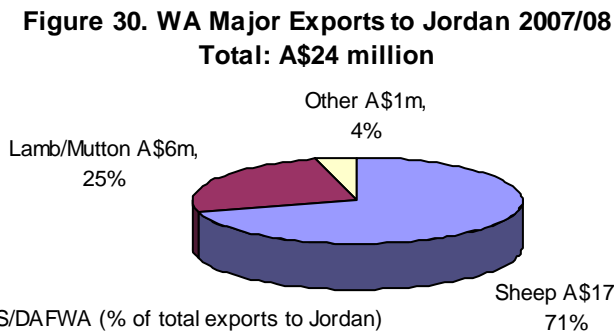
two daily direct flights from Perth to Dubai. WA exports to the UAE more than doubled from A\$74 million in 2006/07 to A\$171 million in 2007/08.



Sources: ABS/DAFWA (% of total exports to the UAE)

Jordan

Jordan is a traditional market for sheep, cattle, stockfeed and meat. It is also a very interesting trans-shipment hub, with potential for more WA exports of processed food not only to Jordan, but also Israel, Palestine, Syria and Iraq. In 2006/07, WA exports to Jordan were valued at A\$24 million, down from A\$38 million in 200/07.



Sources: ABS/DAFWA (% of total exports to Jordan)

Oman, Qatar, Bahrain

These are traditional export markets for sheep, some cattle, meat and fresh produce, mainly via Dubai. Oman, Qatar and Bahrain are relatively small but rich countries that could be good investors in WA. Western Australia can provide good services for new projects such as abattoir and meat processing, fisheries, biosecurity and grain handling facilities.

Figure 31. WA Major Exports to Qatar 2007/08
Total: A\$26 million

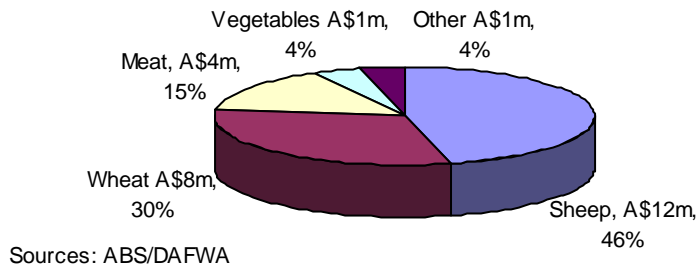


Figure 32. WA Major Exports to Bahrain 2007/08
Total: A\$22 million

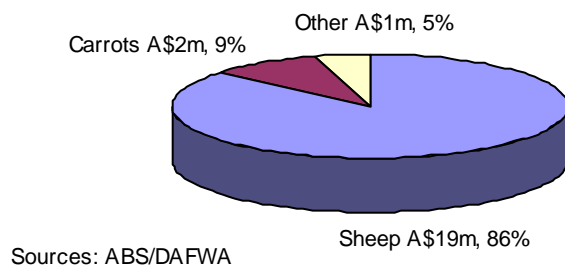
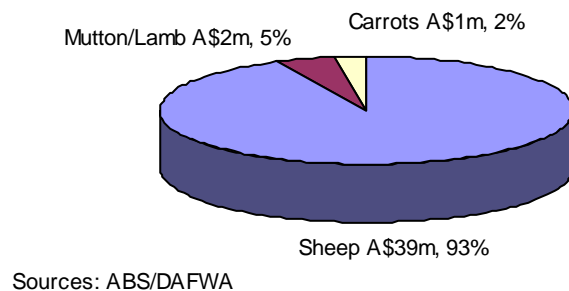


Figure 33. WA Agriculture Exports to Oman 2007/08
Total: A\$42 million



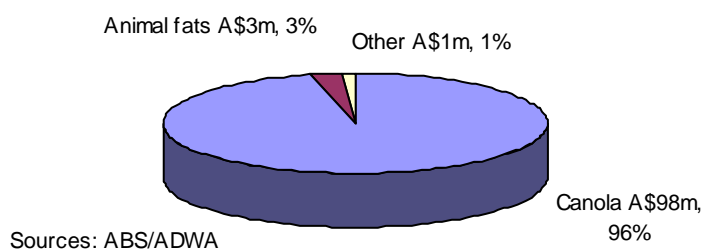
Turkey

Turkey is a small market for wool, hides and skins, with opportunities for lupins and ingredients for stockfeed. WA exports to Turkey remained relatively small and constant at A\$5 million (mainly hides, skins and wool) in 2007/08. Its fast developing agriculture industry provides opportunities for WA expertise in the animal and horticulture sectors, including wine. Opportunities in Turkey exist for exporting dairy cattle and services. In 2006/07, Turkey imported dairy cattle from WA for the first time— but in 2007/08, WA could not supply animals.

Pakistan

Pakistan is a wheat importer (except in 2006/07) with significant potential for canola, meat and processed foods.

Figure 34. WA Major Exports to Pakistan 2007/08
Total: A\$102 million



Israel

Israel is an export market for live animals valued at A\$38m, including A\$34 million of cattle and A\$4 million of sheep; as well as a small quantity of lentils and lamb with the potential to increase, particularly for cattle exports.

Algeria

Algeria is a potential market for mutton, lamb and dairy products (cheese). In 2006/07, Algeria's imports from WA increased from A\$3 million to A\$5 million of lamb and mutton; but declined to A\$1 million of meat in 2007/08.

Lebanon

Lebanon is a relatively small market for sheep and a potential market for meat, pulses and processed foods. It is also an interesting re-exporting country. However, recent political developments in the country will probably have a significant impact on trade. Lebanon has become a significant importer of cattle and beef from Brazil.

Palestine

Palestine is a market for cattle and sheep, and a potential market for a range of processed products.

Libya

Libya imports meat from WA, and was the largest cattle importer from WA in the mid-1980s. It is a very volatile and politically driven market with great potential for livestock, grain, processed foods and expertise. The re-opening of the Libyan market is crucial for trade development in the region, particularly for the meat and animal sectors. Libya started meat imports from WA. Libya has a huge demand for wheat, barley and stockfeed. The services it requires include land management and desertification, and livestock services; and these are potential future projects for WA. In 2007/08, Libya re-opened its market and imported 21,000 head of cattle and some sheep and meat. The value of WA exports to Libya reached A\$17 million in 2007/08.

Sudan

Sudan is significant importer of wheat from WA. In 2007/08, WA wheat exports were A\$82 million, an increase from A\$35 million in 2006/07. Sudan needs expertise in livestock and desertification projects.

Morocco

Morocco imported meat, including offal, from WA in 2005/06. But this declined to marginal amounts in the past two years.

BASIC STRATEGY FOR WESTERN AUSTRALIAN BUSINESS DEVELOPMENT WITH THE MIDDLE EAST

(EXPORTS OF PRODUCTS, SERVICES AND INVESTMENT ATTRACTION)

Exports of products

- Traditional products such as wheat, barley, livestock, pulses and oilseeds – mainly for the growing regional food processing industry segment.
- Perishable products distributed through wholesalers, retailers (supermarkets) and the hospitality industry; and
- Highly processed products, prepared foods and convenience foods for supermarkets, the hospitality industry and convenience shops.

Objectives

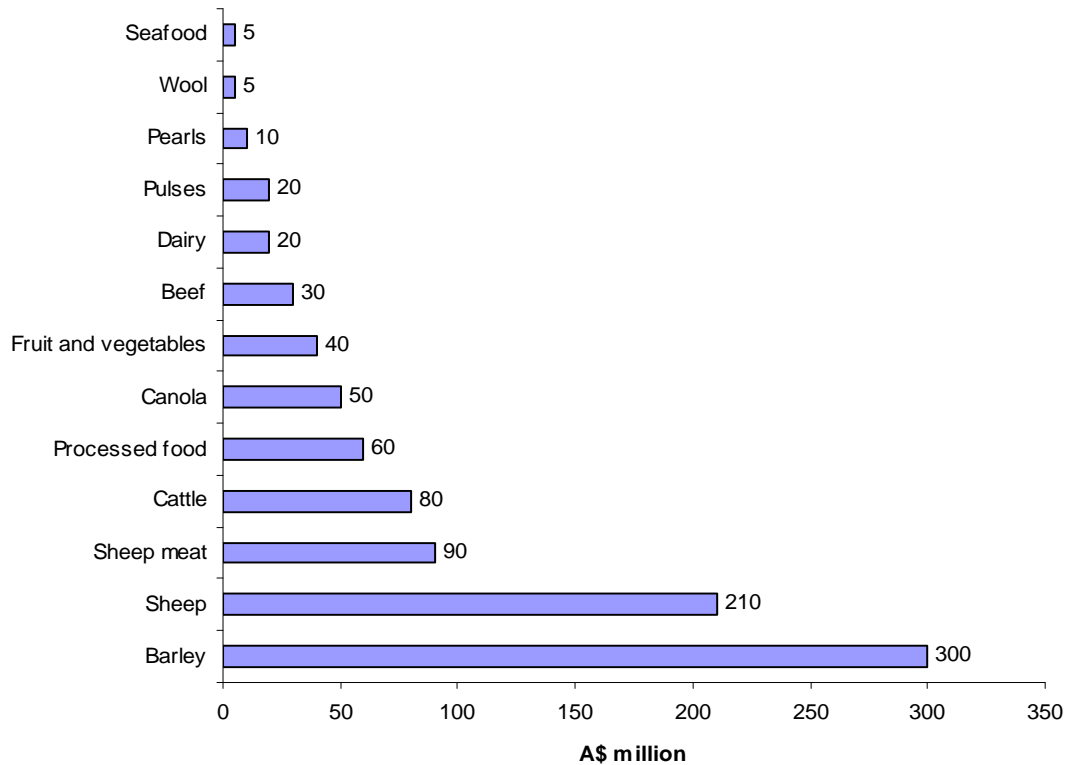
Table 6. Commodity exports (A\$ million)

Commodity	Average exports (2001/02-2004/05)	Average target exports 2010-14	Change %
Wheat	270	380	40
Barley	124	300	140
Sheep	220	210	-5
Dairy	8	20	150
Sheep meat	29	90	210
Cattle	75	80	7
Processed food	10	60	500
Canola	30	50	67
Fruit and vegetables	17	40	135
Beef	10	30	200
Pulses	5	20	300
Pearls	10	10	0
Wool	5	5	0
Seafood	0.2	5	
Total	820	1400	70

Note: Objectives are based on market size, market demand, assessment of supply capacities over a longer period (average of a few years), and the impact of competition.

Source: ABS/DAFWA

**Figure 36. WA Food and Agriculture Export Targets 2010-14
(average total A\$1.4 billion)**



Exports of services

- Consulting services
- Expertise
- Education
- Training
- Design and construction
- Management
- Know-how

Recent contracts for a soil survey in Abu Dhabi (A\$8 million) and the successful training of Iraqis (A\$3.5 million) are very encouraging signs for future exports of services. New potentially multi-million dollar project in Libya started with an initial investment by the Libyan Government of nearly A\$1 million.

Major potential markets for services

GCC countries, Iraq and Libya.

Objectives

By 2010, achieve A\$5 million per annum in the value of services, in conjunction with strategic alliances.

Investment attraction

- Investment in production and processing industries, preferably in WA;
- Investment in primary industry; and
- Investment in the Middle East in joint-venture projects and market development (e.g. flour mills in Egypt).

Current investments

The major investments from the Middle East flow to the livestock industry (farms, feedlots, logistics/ships, offices).

By country, the major investors are Kuwait, Saudi Arabia, and Jordan.

Estimates of the value of investments from the Middle East over recent 10-15 years:

Farms: A\$200 million.

Ships: A\$300 million (related to livestock trade).

Other: A\$50 million (feedlots, business premises).

Opportunities for investment

- **Meat and Livestock**

Investment in farming, feedlots, logistics and meat processing.

- **Dairy**

Milk processing.

- **Grain (canola, stockfeed, barley, lentils, lupins)**

Production and processing of barley, canola, pulses and wheat for Saudi Arabia.

- **Horticulture**

Storage and packing facilities, the olive oil and wine industries.

- **Fisheries**

Aquaculture, including the pearl industry.

Major potential investors

GCC countries.

Objectives – investment attraction

By 2010, achieve investment of A\$10 million in Western Australia.

Priority markets for WA commodities and services

Group 1: Saudi Arabia and the other GCC countries (Kuwait, Qatar, UAE, Oman, and Bahrain), Egypt, Jordan.

Group 2: Iraq, Iran, Israel, Pakistan, Yemen.

Group 3: Sudan, Libya, Turkey, Algeria.

Group 4: Lebanon, Morocco, Palestine.

Group 5: Syria, Tunisia.

(NB: Criteria for prioritisation are based on the historical volumes of WA exports, country imports, assessment of opportunities, purchasing power, logistics, alliances, investments in WA, economical and political stability, and competition.)

Key markets for major WA commodities

Permanent objectives: Diversification of markets and opening of new markets and market segments

- **Sheep**

Saudi Arabia, Kuwait, Jordan, Israel, UAE, Qatar, Oman, Bahrain, Egypt, Lebanon.

- **Cattle**

Egypt, Jordan, Israel, Saudi Arabia, Libya, Iraq, Kuwait, UAE.

(Welfare issues, the cost of transport and insurance, the policy that favours processed meat exports, and competition may all affect WA cattle exports.)

- **Meat**

Saudi Arabia, Kuwait, Jordan, UAE, Qatar, Oman, Bahrain, Egypt, Lebanon, Morocco, Iraq, Algeria, Libya.

(Exports of meat are expected to increase relevant to market size, development of the Middle East hospitality industry, and Australia's policy to increase exports of value-added products.)

- **Barley (stockfeed)**

Saudi Arabia, Kuwait, Jordan, UAE, Libya, Iraq, Iran.

(Development of the local livestock industry will demand more stockfeed and stockfeed barley.)

- **Wheat**

Egypt, Iraq, Iran, Sudan, Yemen, Pakistan, UAE, Jordan, Libya and Saudi Arabia.

(The demand for wheat is envisaged to rise, according to market size and demands of the hospitality industry, particularly fast food outlets.)

- **Pulses**

Egypt, UAE, Libya, Pakistan.

(There is permanent demand for chick peas, lentils, broad beans and faba beans. The further development of production in WA is essential. There are opportunities in the Mediterranean region for lupins.)

- **Oilseeds (canola)**

Pakistan, UAE, Saudi Arabia (potentially).

(A new canola crushing plant in Dubai, developments in Pakistan, and plants for canola processing in Saudi Arabia will create more demand for canola.)

- **Dairy**

Saudi Arabia, Egypt, UAE, Algeria, Kuwait, Qatar, Bahrain, Jordan, Iraq, Libya, Sudan.

(The development of fast food outlets demands more and more processed products including cheese and yoghurt. There is permanent demand for milk powder in the region.)

- **Horticulture**

Saudi Arabia, UAE (incl. wine), Egypt (incl. wine), Bahrain, Kuwait, Qatar, Oman.

Market size (including a developing hospitality industry) and the improvement of logistics facilities (two direct flights to Dubai) are major factors in the development of exports of fresh produce, flowers and wines.

- **Fisheries, including pearls**

UAE, Saudi Arabia, Kuwait, Jordan, Lebanon.

Premium markets (five-star hotels) for crustaceans and the jewellery industry (pearls) are potential segments for the WA fisheries industry.

- **Wool**

Turkey, Egypt, Pakistan.

(The opportunities for wool exports to the region are limited due to local production and the production of cotton. However, there is demand for wool in Turkey, Pakistan and Egypt.)

MAJOR FACTORS AFFECTING WESTERN AUSTRALIAN BUSINESS DEVELOPMENT 2006–2010

- WA's capability to supply competitive products.
- Investment in WA's primary production and food processing industries.
- Increase of demand from the region in line with growth (the FAO estimates the region's population will increase by 130 million people per decade). An increase in demand is expected particularly from Saudi Arabia for grain and stockfeed.
- Development of the tourism and hospitality industries that are booming in some countries (GCC).
- Political developments, instability and security in the region.
- Regional development of trade policies, including free trade agreements and market groupings (such as GCC).
- Development of WTO world policies, particularly related to subsidies in the USA and EU (market access and flexibility).
- Increasing competition from traditional and emerging countries (India, China).
- More challenges for labour intensive food and agriculture industries.
- Shifting labour intensive food and agriculture production to developing countries with cheap labour and tax incentives (off-shore production).
- New technologies, including GMO.
- Biosecurity issues, including bio-terrorism.
- Increase in oil prices.
- Development of new industry sectors in WA (e.g. cotton, sugar).
- Market development, including marketing activities such as intelligence, promotion and strategic alliances.
- Structure of export industry and export policy in WA and Australia (single desk exporters, fragmented trade industry, reliance from small number of players and in some cases, foreign-owned/controlled industries).
- Development of rural communities.
- Australian immigration policy related to shortage of labour.
- Training and labour availability.

MAJOR ACTIVITIES

Market intelligence and promotion

- Gathering market intelligence and establishing tools such as databases.
- Promotion of trade in commodities and investment through various avenues including the media, exhibitions, seminars and improving market awareness throughout industry.
- Permanent communication with markets and WA industry.

Establishment of Strategic Alliances

Australia and Western Australia

- Federal Government organisations including the Department of Foreign Affairs and Trade (DFAT), Department of Agriculture, Fisheries and Forestry (DAFF), Austrade, and AusAID.
- The WA Government and its departments.
- Industry groups such as the WA Livestock Exporters Association (WALEA), and the Australian Meat Industry Council (AMIC).
- Private companies, producers, exporters, agents, and service providers.
- Banks, Australian Customs Service, the Australian Quarantine and Inspection Service (AQIS), Australian Bureau of Statistics, and the Australian Bureau of Agricultural and Resource Economics (ABARE).
- Chambers of Commerce and Industry.

Overseas strategic alliances

- Government organisations, ministries, departments, chambers, municipalities, forward agents, transport organisations.
- Major finance organisations, aid organisations.
- Major importers, consumers, processors, distributors, wholesale and retail sellers.
- Australian overseas offices (embassies, Austrade, consular offices, DAFF, State and company offices).