

Middle East – an Excellent Market for Agri-Food

The nations of the Middle East imported over US \$12 billion in agri-food products in 1990. The sparse arable land and the growing population make this region an excellent market for agri-food products, especially value-added commodities and technology.

There are several key considerations to keep in mind when entering this highly competitive and price-sensitive market.

Canadian industry should be prepared not only to sell agricultural commodities, but also to provide consulting services and joint venture opportunities. Exporters should be aware of religious and cultural requirements on animal slaughter, processing and labelling of products for human consumption, specifically the slaughter methods of kosher and halal. Canadian exporters should also familiarize themselves with local trade regulations, including the law of agents in some countries, which prohibits foreigners from direct product sales to users.

The major exports from Canada to the Middle East are cereals and cereal products, meat and meat products, dairy products, sugar and preparations, and tobacco products.

Canada's agricultural exports to the Middle East in 1992 totalled \$404 million, including \$303 million in wheat.

Canada's largest grain markets in this region are Egypt and Iran for wheat and Saudi Arabia for barley. Canadian exports of grains are decreasing as domestic production increases. There is an excellent market potential in Iran, and good market potential in Egypt. Countries such as Iran should be encouraged to grow canola as an alternative crop, providing Canada with the opportunity to supply technical expertise and services. Forage products and technology

should hold potential for Canada, as the market has some 8 million head of cattle and large numbers of camels, goats, buffalo and 300 million poultry, but only produces less than 15 per cent of the required animal feed.

Opportunities exist to supply alfalfa cubes and pellets to the dairy industry in the United Arab Emirates. The racing camel industry is also a potentially large market for forage and dehydrated alfalfa products.

Dairy genetics and breeding livestock show potential in several countries which are trying to develop larger herds. These include Egypt, Kuwait, Iran, Saudi Arabia,

the United Arab Emirates, Jordan and Syria.

Seed potato exports hold promise after successful trials of Canadian varieties in Jordan, Syria and Egypt. More variety testing, marketing and the assignment of agents in the region to lobby on behalf of the Canadian industry should be undertaken to take advantage of a market which imported 100,000 tonnes of seed potatoes in 1990.

Imports of processed food products totalled US \$3.8 billion in 1990, in almost equal amounts for meat products, fruits and vegetables and dairy products. Saudi Arabia and the United Arab Emirates are the

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New Packaging Seals the Deal

Agriculture and Agri-Food Canada's Summerland Research Station and a B.C. produce company have developed an innovative technique to preserve fresh herbs that allows them to be exported to faraway markets.

5B Produce and Agriculture and Agri-Food Canada researchers developed the modified packaging after two years of research.

The packaging involves a special gas mixture surrounded by a carefully selected plastic packaging film, which manages the gas exchange inside the package with the surrounding air. This preserves the herbs for a longer period of time. The technology is being used to help the company sell salads to upscale restaurants in Vancouver.

However, **5B Produce** is also building a large processing facility near Surrey, B.C. to take advantage of the export opportunities in Asia provided by the longer shelf life of the packaging system.

This packaging has been adapted to cherries, and researchers have succeeded in extending their shelf life from two weeks to a maximum of three months.

5B Produce is an exporter of 190 different products, ranging from herbs to miniature vegetables to edible flowers.

Last year, sales exceeded \$2 million, including both exports and domestic sales. Twelve per cent of the exports were destined for Hong Kong, Taiwan, Singapore and another 40 per cent to the U.S.

The packaging research done at the Summerland station was co-sponsored by **5B Produce**. This type of commercially viable research demonstrates the necessity of scientific exploration, in cooperation with shrewd marketing techniques.

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Training Programs Can Boost Our Exports

Successful exports are those which keep customers coming back for more.

In today's hyper-competitive world market, luring and keeping customers is harder than ever. As a result, some commodity groups in Canada have learned that training, education about products and their uses, is an investment with concrete financial rewards.

Two organizations with well-developed training programs with direct benefits for exports are the **International Livestock Management Schools (ILMS)** and the **Canadian International Grains Institute (CIGI)**. Both organizations work to ensure that potential customers are well aware of the qualities of their products and that customers know how to use the products effectively.

ILMS, a branch of Semex Canada, has trained over 900 persons from 62 countries since 1985, delivering up-to-date commercially viable livestock technologies and management skills that have been immediately applicable in their own economies. ILMS and its trainees now have trained an additional 20,000 persons in foreign markets.

The results of this training can be dramatic. For example, in late 1992, a group of trainees for the British market returned with what they had learned at ILMS and their sales increased 23 per cent, or by about \$1 million.

The primary goal of ILMS is to service the market expansion goals of the Canadian livestock genetics industry. But it also provides industry development training on a cost-recovery basis for countries which may be of future market interest to Canadian livestock genetics vendors; those who would not normally at this time be identified as part of their immediate marketing strategy plans.

Training is designed to show prospective buyers of Canadian livestock genetics how to manage those genetics profitably. Because margins on a dose of semen are very small and initial sales into a country may be unprofitable, it is important that the investment made to gain access to a market leads to large volumes. Failure of the resulting animals to perform effectively closes a market and loses the initial investment.

The importance of this can't be underestimated. In 1992, dairy genetics exports injected over \$85 million in offshore currency into the Canadian economy.

Similarly, the Canadian International Grains Institute works to ensure that potential customers of Canadian grains are aware of the many varieties of Canadian grains and their applications. Through training, CIGI demonstrates the milling, baking, and

noodle-making properties of Canadian wheat and flour to both Canadian and foreign millers.

It is also important for CIGI to understand what foreign customers require from Canadian flours and wheat. As a result, CIGI, together with the Canadian Wheat Board, the Canadian Grain Commission and other organizations, holds seminars in other countries to discuss wheat, barley, canola and other crops.

Recently, CIGI hosted a group of buyers from Central America who learned how Canadian Durham Wheat is grown and what differentiates it from other wheats. The group then toured a terminal elevator to see how it was handled, toured a flour mill to see it milled into semolina, then to a pasta manufacturer. Finally, the group went to a restaurant to taste the end product. With this type of tour, all aspects of the industry are highlighted and customers are more likely to work with the products effectively.

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largest importers in the Middle East. However, Kuwait and Syria are also significant importers of processed food products. The Gulf region imports almost all of its food and beverages. A high per-capita income makes this an important high-value products market. Consumers are health and quality conscious, however the number of fast food outlets is growing to cater to a younger market.

Given the good economic conditions of most Middle East countries, the increasing population, limited water resources and increasing government and private-sector cooperation, there will be a continued dependence on off-shore suppliers for a large portion of food and agricultural products and technology.

Canadian companies can supply that market, particularly in the areas of grains and oilseeds, dairy genetics and breeding livestock, seed potatoes, processed food products, forage products and technology, and agri-food technology and consulting services.

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