



MEAT PROCESSING SECTOR IN QATAR

SME INDUSTRY
SERIES REPORT

2022



QDB

بنك قطر للتنمية
QATAR DEVELOPMENT BANK



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MESSAGE FROM THE CEO



As part of Qatar's efforts to develop its private sector and bring progress to the country's Entrepreneurship, SME, and Innovation Ecosystems towards the realization of its national vision for 2030, Qatar Development Bank (QDB) continues to advance its role as the Entrepreneur's and SME's growth partner from ideation to fruition.

QDB has published a series of reports across various sectors in the local market to extend meaningful support to local businesses and

Qatari entrepreneurs. These reports aim at providing entrepreneurs with potential opportunities to enter sectors with relevant information and perspective, which includes overall market demand, competitive landscape and data pertaining to existing companies operating in such sectors.

“ The State of Qatar initiated the Qatar National Food Security Program, and one of the key objectives was to increase self-sufficiency in meat production from 18% in 2018 of the total demand of the country to 30% by 2023. Since then, Qatar has witnessed substantial growth levels to reach 1.48 Mn livestock in 2021 to fulfill availability of local meat. ”

Consumption of meat in Qatar was ~205,000 MT (tons) in 2020, which included meat from all types of animals like poultry, sheep, bovine, and camel as well as both fresh/chilled and frozen types of meat. This demand is expected to grow to 240,000 MT (tons) in 2025 at a CAGR of 3.1%. Meat processing industry has emerged as an attractive sector in Qatar with substantial investments in the recent past in terms of acquisition of farms for farming and fattening of live animals as well as setting up of new slaughterhouses.

This report provides detailed insights on the demand for meat from various animals like poultry, sheep, bovine and camel. Using a prioritization framework, the report also identifies key meat processing segments that not only have the potential to meet the food-sufficiency goals but also attract investments. The report provides a holistic view of the entire meat processing in Qatar, and I hope it will be beneficial to all stakeholders within the country.

I invite readers to go through the report to gain in-depth knowledge about this sector's prospects.

Abdulrahman Bin Hesham Al-Sowaidi
Acting Chief Executive Officer

ACRONYMS AND ABBREVIATIONS

Bn	billion
Mn	million
MT	Tons (1,000 Kg)
CAGR	Compound Annual Growth Rate
GDP	Gross Domestic Product
SME	Small and Medium Enterprises
USD	United States Dollar
QAR	Qatari Riyal
KSA	Kingdom of Saudi Arabia
UAE	United Arab Emirates
GCC	Gulf Cooperation Council
F/C	Fresh/ Chilled

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1- INTRODUCTION

1.1- MEAT DEFINITION AND CLASSIFICATION

Meat is referred to as animal flesh (mostly muscle tissue) that is edible and is fit for human consumption. Within the meat industry, businesses are engaged in industrialized livestock farming for the production, packing, preservation, and marketing of meat. The meat industry is a fusion of primary (agriculture) and secondary (industry) activity and is difficult to segment strictly in terms of either one. A major part of the meat industry is the packaging of raw meat – this segment handles the slaughtering, processing, packaging, and distribution of animals such as poultry, cattle, sheep and other livestock.

Animal farming always forms an intensive and important part of the various value chain segments of the meat processing industry. In this, livestock is kept almost entirely indoors or in restricted outdoor settings like pens. Production of livestock is a heavily vertically integrated industry where a majority of supply chain stages are generally integrated and owned by one company.

Meat is important to economies and cultures around the world since it not only provides nutrition to our bodies but also provides jobs and businesses across its value chain i.e. from animal feedstock, and animal farming to meat and finished food. Individuals who promote meat consumption do so for several reasons, such as health, cultural traditions, religious beliefs, and scientific arguments that support the practice.

1.1.1 MEAT CLASSIFICATION

Basis the origin and its nutritional properties, meat is classified as under:



White Meat



Red Meat



A) **White meat:** It is also termed as poultry meat that is in whitish or pale in color before being cooked. Generally, it is meat that comes from birds (Ex: chicken, turkey, etc.), but there are exceptions with some mammals that are white meat, such as rabbits and suckling lambs. Other exceptions include fish, which is traditionally termed as white meat, even though certain kinds of fish like salmon and tuna are red in color.

B) **Red meat:** As the name suggests, red meat in its raw state has a reddish or pink color. This type of meat gets its color because of its high Myoglobin (type of protein) content. Generally, red meat comes from mammals, but there are exceptions with some birds that can be classified as red meat, such as duck, ostrich and goose.

1.1.2 TYPES OF MEAT & EXAMPLES

White Meat		Red Meat	
Type	Examples	Type	Examples
Poultry	Hen Ducks Goose Ostrich Turkey	Sheep/Lamb	Wether Spring/yearling Mutton Hogget
Reptiles	Crocodiles Snakes Turtles Alligators Lizards	Beef	Bull/Cow Steer Heifer Yearling bull/Cow
Seafood	All Fishes Crab Lobster	Goat meat	Chevon
Milk-fed young mammals	Ram/Eve /Kid Lamb Veal Cabrito	Others	Bison Deer
Others	Rabbit Pheasant		



1.1.3 TYPES OF ANIMAL MEAT & EXAMPLES

A) Poultry

Poultry refers to any domesticated bird that is used for food. It is broadly used for birds such as ducks, turkeys, chickens, and even goose.

Poultry is highly nutritious meat as it can be classified as a complete protein source for humans. It is classified into white meats, and it is one of the leanest meats available after fish.

i. Poultry classification: Chicken

Poussin	Spring Chicken	Broiler	Boiling Fowl	Capon
Chicken weighing 300-400 grams	Chicken weighing 400-450 grams	Chicken weighing between 1-1.5 Kg and 7 – 9 weeks old	A mature hen of 1 year of age and weighing between 1.5 – 2 kg	Castrated male roosters, that are 4- to 5-month-old and weigh between 3-4 kg

ii. Types of Poultry

Ducks:

All ducks are classified into the same poultry family, but the cooking methods are adopted, and the taste is strikingly different from a chicken. There are many breeds of ducks available around the world. Some of the famous ones are barbary, peking, nantes and rouen. A canard is a name given to a duck that is three months old, and a duckling is under two months of age.



Turkey:

Turkey is a farm-raised bird, is prevalent for its delicate flesh and is always associated with festivities like Thanksgiving Day and Christmas. The size of the bird varies with age, but on average, it could weigh between three to 11 kg.



Squab:

Squab is a baby-pigeon which is typically under four weeks old. It takes about 25-30 days for a pigeon to learn to fly. It would weigh around 600 g and have reached its maximum growth limit at this age. Squab meat is very flavorful and is much darker than its other poultry counterparts. It is very tender and retains moisture when cooked. Since ancient times it has been a dinner entree for people from all walks of life.



B) Lamb

Basis the age and gender:

Ram/Hogget/Ewe	Wether	Kid Lamb	Spring/yearling	Mutton
Male lamb under 1 year is called Ram or Hogget. Female lamb under 1 year is called ewe	Castrated male lamb is called a wether	Male of female sheep 30-60 days old In France, it is referred to as "agnelet"	In the UK and the USA, a lamb between 2-6 months is called a spring/yearling	Lamb above 12 months is called Mutton

C) Beef (Bovine)

The edible flesh of various bovine animals, especially cows, bulls, or other bovine animals raised for their meat, is called Beef.

Basis the age and gender:

Bull/Cow	Steer	Heifer	Veal	Yearling bull/cow
Male is called bull Female is called cow after calving	Castrated male bull	Cow which has not calved yet	Young cattle from 0-6 months is called Veal	Bull or cow under 12 months of age



2- OVERVIEW OF THE GLOBAL MEAT PROCESSING SECTOR

The world meat production for 2020 is estimated at ~333 million tons¹ (carcass weight equivalent). This global meat production registered a contraction of 1.7% from 2019, making it a second consecutive decline year. The pace of expansion is majorly impacted by Covid-19 disruptions as well as aggravating effects of animal diseases. Majority of the shrinkage in the global production of meat can be attributed to Asian countries affected by the African swine fever (ASF) viral disease. Other countries also witnessed a decline especially the United States of America (USA) and Australia. By contrast, global production of poultry meat is forecast to expand, albeit at half the rate recorded last year (2019).

2.1- GLOBAL MEAT PRODUCTION AND TRADE

International meat trading is estimated at 37 Mn tons for 2020², with a growth of 2.5% from 2019. Though there is a year-on-year increment, but the growth has slowed down compared to 6.8% registered in 2019.

Chart 1: Global Meat Production and Trading (Mn Tons)

Global Meat Production (Mn Tons)



Source: FAO- Meat market Review, March 2021

Global Meat Trading (Mn Tons)



Source: FAO, March 2021 and USDA report, 2020

¹ Source: Food and Agriculture Organization of United Nation (FAO)

² Source: United States Department of Agriculture (USDA)



Meanwhile, North American imports, primarily led by the United States of America, expanded by 6.8 percent, reflecting weaker year-on-year growth in domestic bovine and poultry meat production than in previous years. Meat imports from all other regions (Africa, Central America and the Caribbean, Europe, Oceania and South America) decreased, reflecting reduced food services sales, economic hardships, foreign exchange limitations and internal stock accumulations. Many countries registered significant import curtailments, including Vietnam, Japan, the European Union, the United Arab Emirates, the Republic of Korea, the Russian Federation and Mexico. The fact that 14 out of the top-20 meat importing countries registered lower imports in 2020 shows the widespread nature of import curtailments due to complications like pandemic hardships, widespread economic downturns, transportation bottlenecks or increased domestic availabilities.

2.2- PRODUCTION AND TRADE ACROSS MEAT SUB-CATEGORIES

2.2.1 POULTRY MEAT

World poultry meat production reached 138.3 million tons in 2020³, up 2.4% year-on-year but marked the lowest annual growth rate since 1960. Nevertheless, the growth sustained in 2020 was still an achievement given the challenging production and trading environment the sector encountered during the health crisis and avian influenza outbreaks in some European countries. Poultry meat's relative affordability and shorter production cycle were the two critical enabling factors contributing to the sector's better performance than the bovine, ovine and other meat sectors.

Much of the output expansion occurred in China, the United States of America, Brazil, South Africa and the European Union. By contrast, India registered production declines. China's production for 2020 is pegged at 22 million tons⁴, 5.3 percent more than in 2019, bolstered by high demand.



Poultry Trading

The world poultry meat trading is estimated at 13.8 Mn tons for 2020⁵, with a slight decline of less than 1% year-on-year. The market is principally driven by high imports by East Asian countries, especially China, amid escalated red meat prices that prompted consumers to switch to cheaper meat alternatives. Poultry meat imports in China surged by nearly 55 percent from 2019, rising to a record level of 2.2 million tons, secured from many countries, including Brazil, the United States of America, the Russian Federation, Thailand, Argentina, the European Union and Chile. The Democratic Republic of the Congo and Canada, among others, also increased poultry meat imports in 2020.

Chart 2: Global Poultry Market and Trading (Million Tons)

Global Poultry Market (Mn Tons)



Global Poultry Trading (Mn Tons)



Source: Food and Agriculture Organization of United Nations (FAO)

2.2.2 BOVINE (BEEF)

World bovine meat output in 2020 was estimated at 72 million tons⁶, down by 0.8% from 2019, underpinned by declines in many regions with the sharpest fall in Asia, followed by Oceania, South America, Europe and North America. Output increased moderately only in Central America and the Caribbean. India's production decline was the largest, followed by Australia, Brazil, the European Union and South Africa. In India, difficulties in collecting animals and transportation restrictions caused the decline, whereas, in Australia, the fall was due to herd rebuilding demand and

³ Source: Food and Agriculture Organization of United Nations (FAO)

⁴ Source: Food and Agriculture Organization of United Nations (FAO)

⁵ Source: United States Department of Agriculture (USDA)

⁶ Source: FAO, Report 2021 and USDA, 2020

depleted stock due to high slaughtering in recent years. Brazil's production fell by 3 percent to about 9.9 million tons due to slaughtering and processing delays, including the implementation of worker safety protocols and tight animal supplies. In the European Union, a contraction in the herd size and weaker prices were the main reasons behind the output fall. South Africa's production decline was mainly due to banning cattle auctions, owing to a foot-and-mouth disease outbreak in March 2020 and COVID-19 related processing disruptions.

Bovine meat outputs expanded moderately in a few countries, including Argentina, China and Mexico and remained stable in others, such as the United States of America and the Russian Federation.

Bovine Trading

World total bovine meat trading in 2020 was estimated at 11.1 million tons⁷, a decline of less than 1% year-on-year, following a fast pace of trade expansions for three years at the annual average rate of 6.9 percent. Stemming from economic distresses and consumers' shift to less-expensive meat products, especially poultry or stock build-up, bovine import curtailments were reported by 13 out of the 20 largest bovine meat importing countries, with the most significant volume declines registered by Viet Nam, the United Arab Emirates, Egypt, the European Union, Indonesia, the Russian Federation and Mexico.

Chart 3: Global Bovine Meat Production and Trading (Million Tons)

Global Bovine Meat Production (Mn Tons)



Source: FAO, Report 2021 and USDA, 2020

Global Bovine Meat Trading (Mn Tons)



Source: FAO, Report 2021 and USDA, 2020

2.2.3 OTHER MEAT

Global meat output in 2020 for other categories, which include Ovine and Pig, was estimated at 117.2 million tons⁸, down 7% percent from 2019, principally due to ASF-induced production contractions in China, the Philippines and Viet Nam. However, the United States of America, Brazil, the European Union, the Russian Federation, Canada, Mexico and Chile registered moderate production expansions, partially offsetting production contractions elsewhere. Investments in new farms, enhanced biosecurity and genetics were mainly behind the faster recovery.

Chart 4: Global Other Meat Production (Million Tons)

Global Other Meat Production (Mn Tons)



Source: FAO and USDA

⁷ Source: FAO, Report 2021 and USDA, 2020

⁸ Source: FAO and USDA

3 - OVERVIEW OF THE GCC MEAT PROCESSING SECTOR

3.1- FOOD MARKET OVERVIEW

In recent years, food demand growth in the GCC has remained relatively conservative, growing at a slower pace because of the slowdown in crude oil prices since mid-2014 leading to partial reduction in discretionary spend. While growth in the GCC food market was mainly due to the rising population, increasing awareness of healthy eating habits has led to increasing consumption of healthy food. On the other hand, the continuous collaboration between the public and private sector and the ongoing efforts of the governments to improve food security has helped the GCC nations build a robust food ecosystem. However, the market growth has been challenged by rising food prices, unfavourable climatic conditions and increased dependence on food imports.



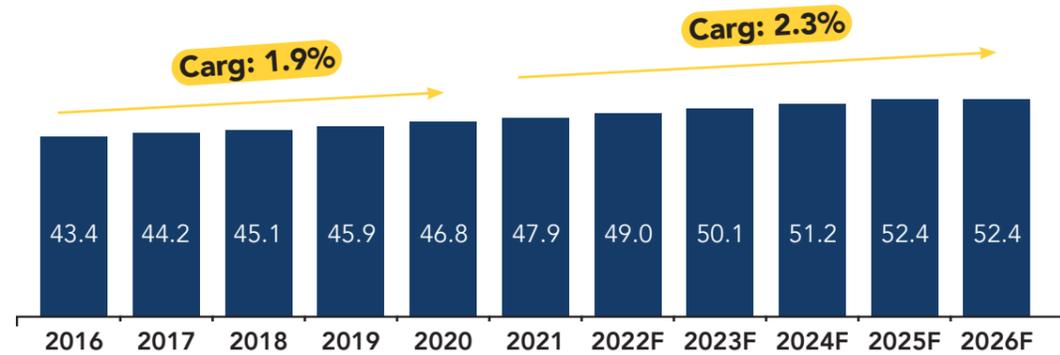
GCC food consumption for 2020 is estimated at 46.8 Mn

GCC food consumption for 2020 is estimated at 46.8 Mn tons and is anticipated to grow at 2.3% to reach 52.4 million metric tons by 2025⁹, with the greater emphasis falling on domestic production. In 2020, the GCC consumed 46.8 million metric tons of food, with Saudi Arabia and the UAE consuming a combined 77.9% of the total, due to their more significant population. Outside the two most populous nations in the region, Oman, Kuwait and Bahrain are forecast to grow at 4.1% to 4.2% taking higher growth rates in the region. Qatar's food consumption for 2020 is estimated at 2.26 Mn tons and is anticipated to grow by 2.8% to reach 2.6 Mn tons by 2025¹⁰. Cereals will remain the staple food of the region, albeit with much slower growth as most food categories experience a minimal change in share through to 2025. However, the 'others' food category comprising of eggs, fish, pulses, oils & fats, potatoes and honey is expected to witness the highest growth rate of 3.7%, driven by pandemic-led changes in eating habits.

⁹ Source: Primary Interviews with Suppliers

¹⁰ Source: Primary Interviews with Suppliers

Chart 5: GCC Food Market (Million Tons)



Source: Primary Interviews with suppliers

Overall sector growth will be driven by population expansion as governments enhance economic infrastructure, alongside the much-anticipated revival of tourism and related facilities post-vaccination. Mega-events such as the Dubai Expo and the FIFA World Cup in Qatar will also contribute to growth over the next five years.

In 2020, the GCC consumed 46.8 million metric tons of food products with an annual consumption of 733.6 kilograms per person¹¹. Oman recorded the highest per capita consumption at 930.8 kilograms in the region, while Bahrain had the lowest at 622.0 kilograms in 2020. Qatar (779.3 kg) and Oman’s per capita food consumption remained higher than the average consumption of 733.6 kg in the GCC, while UAE (730.8 kg), Saudi Arabia (713.5 kg), Kuwait (700.0 kg) and Bahrain (622.0 kg) had below-average per capita consumption.

3.2- GCC – MEAT MARKET

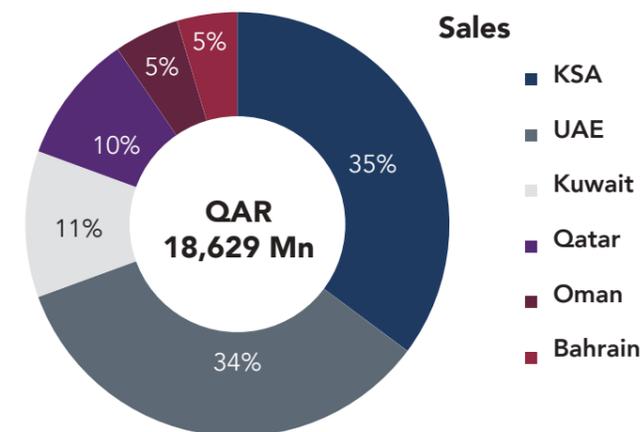
Out of the total GCC food consumption, meat consumption accounts for ~9.5-10% of the total, which is estimated to be at 4.4 Mn tons for 2020¹².

Meat and Meat products hold strong popularity in the GCC region, owing to which various meat processing and meat product manufacturing players have entered the region. The increase in the development of food service infrastructure in the region along with rising per capita income and changing lifestyles will support consumers to go for diet diversification, primarily by increasing consumption of animal protein as

compared to starches, which is expected to boost the demand for high-quality food ingredients and products in the foodservice sector thereby driving the meat market across the GCC region.

GCC countries imported QAR 18,629 Mn (USD 5,120 Mn) and 1,850 thousand tons of meat in 2020¹³ where KSA and UAE are the leading importers. Import share of the meat for GCC i.e. import volume vs total consumption volume, is ~42% in 2020. Meat production from the local animal farming along with the import of live animals is estimated to be contributing the balance demand.

Chart 6: GCC Meat (HS Code: 020) Import Statistics (2020); Value: QAR 18,629 Mn (USD 5,120 Mn)



Source: UN Comtrade Data

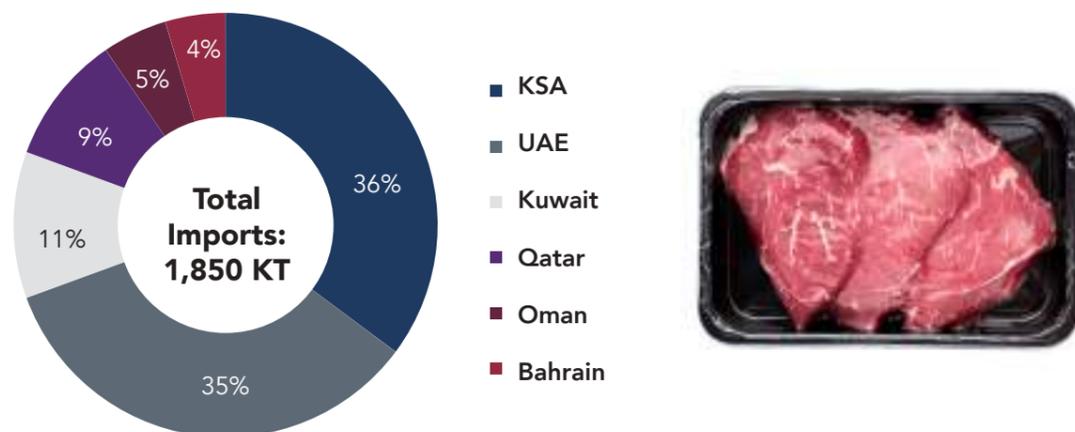


13 Source: UN Comtrade Data

11 Source: Market Research reports, 2021

12 Source: Market Research Reports on GCC

Chart 7: GCC Meat (HS Code: 020) Import Statistics (2020); Volume: 1,850 Thousand tons



Source: UN Comtrade Data

Kingdom of Saudi Arabia is the biggest importer of Meat in GCC having a total import of QAR 6,556 Mn (USD 1,802 Mn) and ~660,000 tons followed by UAE with QAR 6,378 Mn (USD 1,753 Mn) and 645,000 tons imports in 2020. Kuwait and Qatar closely follow KSA and UAE having an import of ~200,000 and ~175,000 tons, respectively in 2020.

Animal farming in GCC is mainly limited to Poultry whereas majority of demand for Sheep, Bovine and other red meat is fulfilled through animal import or import of meat carcass as chilled or frozen.

There is a limited export of ~85,000 tons meat by GCC countries which is mere 4.6% of the total import value or just 1.9% of the total demand of 4.4 Mn tons in 2020. UAE (60%) and KSA (30%) are the main exporter of meat cuts and meat products to neighboring and African countries.

4- OVERVIEW OF THE QATAR FOOD MARKET

4.1- ECONOMY

The Qatar GDP (current) for 2021, was estimated at QAR 653.6 Bn (USD 179.54 Bn)¹⁴, and the anticipated growth for 2022 is at 3.7%, respectively.

Table 1: Key economic parameters of Qatar

Data type	Unit	2016	2017	2018	2019	2020	2021	2022F
Total population	million	2.6	2.7	2.8	2.8	2.9	2.9	3.0
% Population with higher education degrees	%	13.0	12.8	12.7	12.5	12.4	12.3	12.2
% Population aged 65+	%	1.4%	1.6%	1.8%	2.0%	2.2%	2.5%	2.7%
% Population aged 0-14	%	12.0%	12.2%	12.5%	12.7%	12.9%	13.1%	13.2%
% Middle & upper class of total population	%	25.7	25.6	25.5	25.4	25.4	25.4	25.3
Average number of children per household	children	0.7	0.6	0.6	0.6	0.7	0.7	0.7
GDP (current) – PSA, Qatar	QAR bn	552.3	586.4	667.3	640.0	525.7	653.6	677.8
GDP (Current) Per Capita	QAR '000	212.3	217.2	238.3	228.6	181.3	225.4	225.9
Consumer expenditure per capita on food and non-alcoholic beverages	QAR per capita	6,360	6,440	6,577	6,609	6,731	6,860	6,933

Source: PSA, Qatar, 2022 and World Bank, 2022

¹⁴ Source: PSA, Qatar, 2022



4.2- IMPACT OF COVID ON THE ECONOMY

Impact of COVID-19 containment measures on health and economies in 2020 has been uneven, due to differences in the economic structures of countries and the speed of imposing containment measures and obliging the population to implement these. The same scenario was repeated during 2021, when the economies of the world's countries witnessed varying degrees of recovery, which reflected the discrepancy in efforts to combat the repercussions of measures to contain the spread of the virus, including the availability of financial capabilities to adopt expansionary policies that lead to a rapid recovery.

On 29th February 2020 Qatar reported its first case of the new coronavirus (Covid-19) and became part of a growing number of countries affected by this pandemic. However, Qatar managed the negative impacts very well as the country adopted proactive measures to contain the spread and it was supported by favourable demographics and proficient healthcare infrastructure.



Table 2: Impact of Covid-19 in Qatar

Category	Description
Economic Impact	<ul style="list-style-type: none"> • Decreased demand for industrial goods and services, which affected the pace of economic and social activities • Disruption of supply chains around the globe and disruption of local transportation, resulted in economic slowdown in Qatar • Closure or partial closure of many economic activities and businesses in Qatar, including allocating all medical services in the private and public sectors to treating Covid-19 patients, halting the ability of patients to attend routine medical appointments, the exception being for emergencies • Greater use of local and international communication technologies for the purposes of carrying out public and private works, and social communication. • Staff layoffs and expats travelling back to the native countries impacted economic activities • Decreased government revenues, due to substantial decline in oil & gas prices, as well as increased government expenditures to assist both the public and private sectors, led to increased government deficit.
Social Effects	<ul style="list-style-type: none"> • The closure of educational and religious institutions, including schools, mosques, institutes, and universities and resorting to distance education, social distancing etc. changed lives of many families. • Covid-19 has resulted in an increase in the food consumption across the globe. Companies were well prepared with the online delivery systems in Qatar to respond better to the changing consumer habits.

Source: PSA, Qatar, 2022 and World Bank, 2022

4.3- QATAR FOOD MARKET DYNAMICS

4.3.1 AVAILABILITY OF RESOURCES

Cultivation of food crops is a challenging proposition for Qatar due to the scarcity of water supply and limited availability of arable land. The country could also be vulnerable to fluctuations in international commodity markets because of its dependence on imported grains and food items. The reliance on foreign food import leads to a growing need towards developing better food security, this was one of the reasons that the State of Qatar initiated the Qatar National Food Security Program.

4.3.2 KEY FACTORS IMPACTING FOOD PRODUCTION

Challenging conditions for food production:

Limited arable land and water supplies makes the development of agricultural industry difficult. According to a World Resource Institute study, Qatar is one of the highly water-stressed countries in the world.

Action:

Qatar government introduced a new strategy of acquiring arable land abroad through Hassad Foods, a subsidiary of the Qatar Investment Authority. Additionally, the government has embraced use of technology for greenhouses and set targets for being self-sufficient for vegetables and fruits.

Despite unfavorable conditions, the country has managed to become self-sufficient in dairy and poultry production. Having previously relied on dairy imports for 72 percent of its supply, Qatar's milk producer Baladna recorded its first dairy export in June last year.

Limited aquifers:

Aquifers of Qatar are limited, even the existing ones are at the greatest depths, and their exploitation is exceeding their recharge rates. This has resulted in a saline intrusion of the aquifers and there is no alternative for water apart from desalinization, which requires a high amount of energy for the process.

Action:

Qatari authorities plan to introduce measures that would reduce the depletion of Qatari aquifers by banning the use of the precious source to grow fodder and restricting its use to produce vegetables and fruits. Also, the future strategy includes the introduction of cutting-edge crop production technologies with a limited impact on the environment. One such example is the 'circular' approach adopted by the country's key vegetable producer Agrico, which developed organic hydroponics operations, reportedly reducing 90 percent of water use. In collaboration with the Norwegian chemical firm Yara, Hassad Food also seeks to improve the utilization of fertilizers, by developing new types that are more suited to the country's climate conditions and soil salinity.

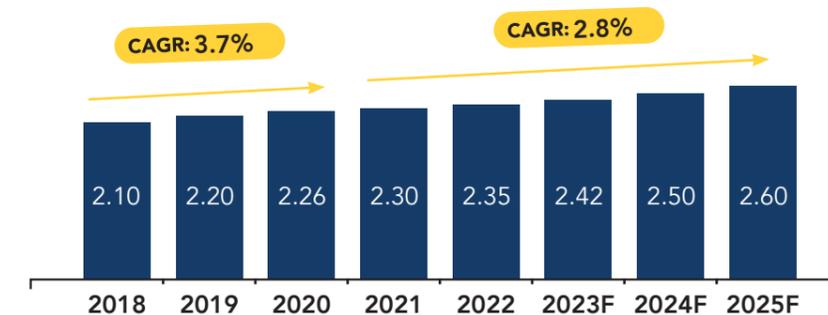
4.3.3 FOOD CONSUMPTION OF QATAR

Annual food consumption of Qatar is estimated at 2.26 Mn tons in 2020 and 2.3 Mn tons¹⁵ in 2021 with an expected annual growth rate of 2.8% from 2021 till 2025. Growth in food consumption is likely to be aided by high disposable income (highest in the region), an increasing number of young and urbanized consumer base and a growing expatriate population.



Food consumption is also dependent on the growing influx of tourist in the country. The upcoming 2022 FIFA World Cup is expected to attract millions of tourists for the 28-day sporting event.

Chart 8: Annual Food Consumption (Million Tons)



Source: Food Security Department, Qatar

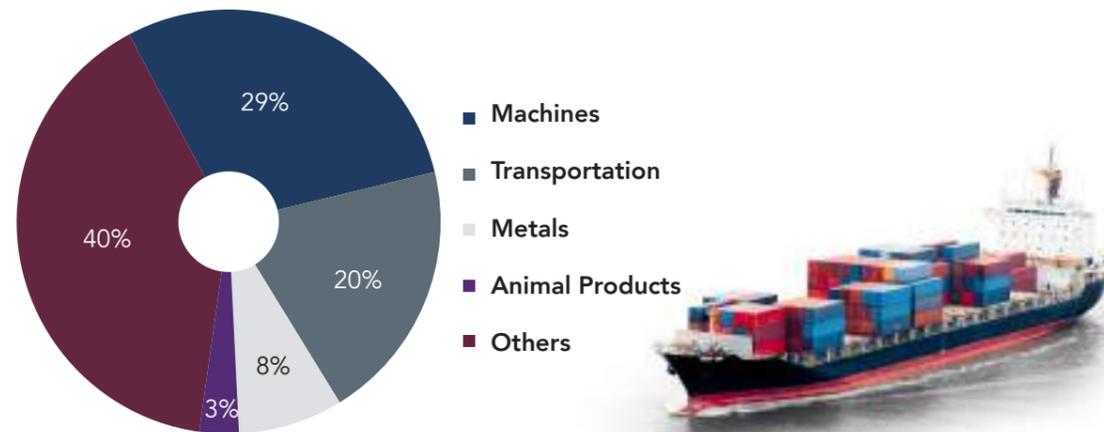
¹⁵ Source: Food Security Department, Qatar



4.3.4 FOOD SOURCING

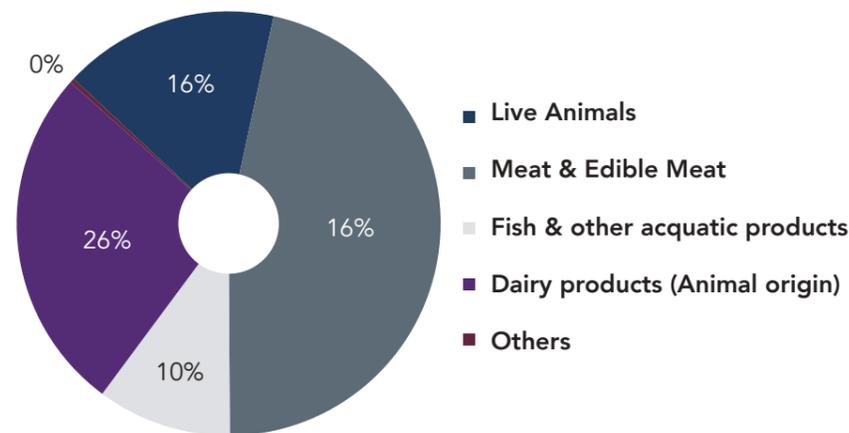
The country is facing an agricultural trade deficit of QAR. 4.38 billion¹⁶ (USD 1.2 billion). State of Qatar majorly imports its food requirement primarily due to challenging climatic conditions. However, this is set to change in next five years as the country targets to become increasingly self reliant for vegetables, fish, red meat, poultry, dairy, etc.

Chart 9: Qatar Import Statistics (2020); QAR 123.0 Bn (USD 33.7 Bn)



Source: UN Comtrade Data

Chart 10: Qatar Animal Import Statistics (2020); QAR 4.0 Bn (USD 1.1 Bn)



Source: UN Comtrade Data

¹⁶ Source: Food Security Department, Qatar

Self-sufficiency Program in Qatar has been encouraging local and international firms to invest in production facilities to boost its self-sufficiency in food and other commodities. In the short-term, Qatar airlifted goods and rapidly established new direct shipping routes, leading to a rebound in imports by August, 2018. Qatar made international investments in agricultural land and companies; Hassad Food, a subsidiary of the Qatar Investment Authority, has invested heavily in animal farms outside Qatar.



Through Hassad Food, Qatar has also acquired arable land in Sudan, Australia, Kenya, Brazil, Vietnam and the Philippines in order to diversify the range of food produce and ingredients needed to reach the government's 2030 self-sufficiency milestone.

Qatar expanded its international relationships to diversify its sources of food imports. It increased trade with Turkey, Iran, Kuwait, and Oman as well as with countries in Southeast Asia.





4.3.5 SUPPLY SCENARIO

Supply chain disruptions caused by key events like blockade, Covid-19 pandemic, Russia Ukraine conflict had significant effects on countries supply of food. Qatar seeked proactive approach to derisk itself from such supply chain disruptons. The country developed alternative supply routes, scaled up domestic production of basic goods and services, and expanded its Hamad Sea Port, which had begun operations in early 2017.

4.3.6 EVOLUTION OF QATAR NATIONAL FOOD SECURITY STRATEGY ¹⁷

To ensure food security, the government has successfully implemented several measures like increasing local food production and building strategic storage facilities for essential food items to provide for six months supplies. The government also diversified sources of import through exploring alternative markets, upgrading local markets and enhancing logistical services.

The National Food Security Strategy was based on basic pillars like:

- 1** Development and increase of local production of fresh foods, considering the proper utilization of natural resources
- 2** Diversification of foreign trade sources to avoid exposure to any potential risks that may arise in crises and emergencies
- 3** Formation of strategic stockpiles in the country of food commodities that can be stored for long periods.

Qatar has successfully enhanced its storage capabilities by implementing project to build food security facilities and warehouses in Hamad Port (area of more than 0.5 Mn Sq.M). The project includes storage silos, manufacturing facilities specializing in rice, raw sugar, and edible oils. The project has been equipped with appropriate infrastructure and equipment for handling, processing, packing, reloading, and transport operations associated with the project.

¹⁷ Source: Food Security Department, Qatar

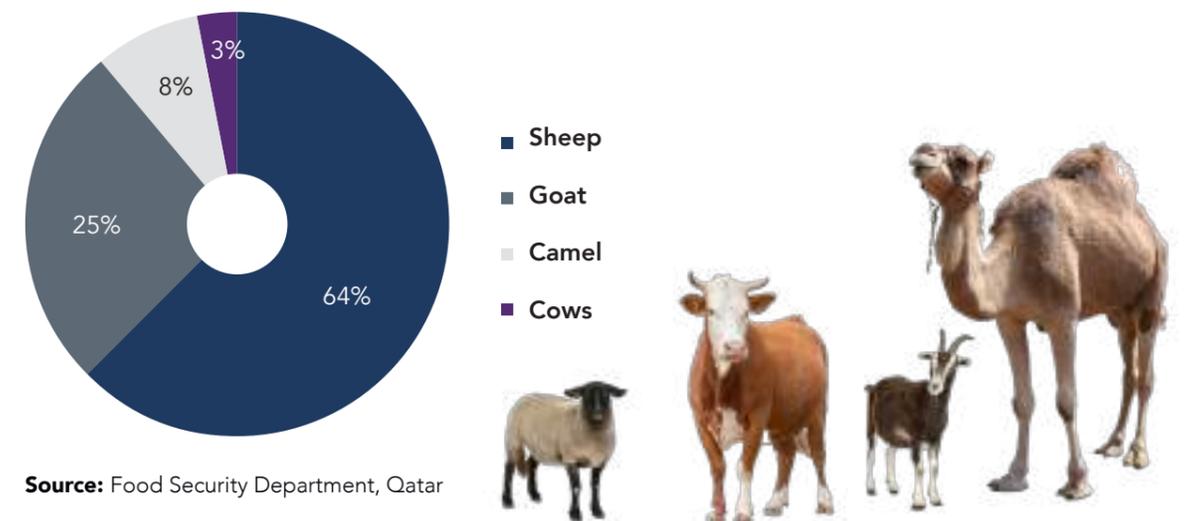
Under Qatar’s National Food Security Strategy 2018-2023, it was aimed to increase local meat production and increase self-sufficiency. To enhance local meat production, government has initiated a number of projects such as the following:

1. **8 projects** for Red Meat Breeding and Fattening having a potential production target of 1,200 MT annually.
2. **4 projects** for Aquaculture having a potential production of 3,610 MT annually.
3. **3 projects** for Table Eggs having a potential production of 13,500 MT annually.
4. **2 Projects** for Animal Feed Concentrates having a potential production of 50,000 MT annually.

In 2021, the government of Qatar has achieved a self sufficiency of 18% for the fresh red meat category. The target is to achieve 30% self-sufficiency for fresh red meat by 2023.

Qatar witnessed substantial growth at all levels from 2017 to 2021 to reach 1.48 Mn livestock representing 62.4% Sheep, 26.1% Goats, 8.1% Camels and 3.4% Cows.

Chart 11: Live Animal Stock Split by Type (2021); 1.48 Mn



Source: Food Security Department, Qatar

4.3.7 INTRODUCTION TO CULTIVATED FOOD (MEAT)

Meat produced by in-vitro cultivation of animal cells, instead of slaughtered animals is termed as a cultivated food. It is a form of cellular agriculture. Cultured meat is produced using many of the same tissue engineering techniques traditionally used in regenerative medicine.

Qatar became the second country in the world to allow the sale of lab-grown (also known as “cultivated” and “cultured”) meat. Cultured meat is grown from a small amount of animal cells in a lab setting, a process that creates real meat without the need to slaughter animals. The Qatar Free Zones Authority (QFZA) and the Ministry of Public Health indicated their intent to grant regulatory approval for GOOD Meat, a subsidiary of the cultured meat brand of California-based food technology startup “Eat Just”, known best for its vegan JUST Egg.

“Eat Just” recently partnered with Doha Venture Capital (DVC) and QFZA to build the first-ever cultured meat production facility in the MENA region which will be in Umm Alhoul Free Zone with direct access to Hamad Port.

In the facility, Eat Just aims to produce its GOOD Meat cultured chicken with plans to open a facility dedicated to producing its green gram-based JUST Egg — which, to date, has sold the vegan equivalent of 160 million chicken eggs.



5- QATAR MEAT MARKET STRUCTURE

5.1- MEAT VALUE CHAIN IN QATAR ¹⁸

The Meat value chain includes business units to produce input material for animal feed, production of animal feed, animal farming (breeding and fattening), slaughtering, processing, distribution, and meat products and market.

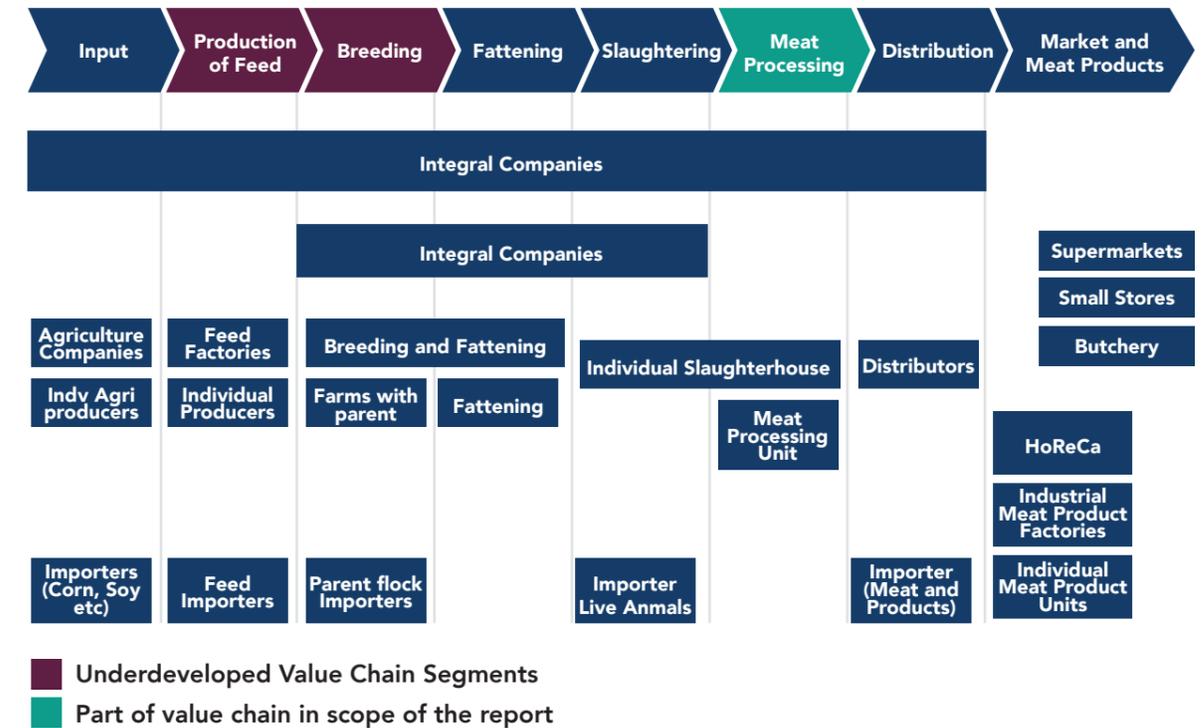
Meat processing is mainly defined as the conversion of the live animal into meat, including slaughtering, cutting, processing, and packaging. These processing units are also referred to as meat packaging units in some countries. The output products of these units are whole meat (e.g whole chicken or full carcass) and Cuts (also referred as portions) and minced, supplied as fresh/chilled or frozen.

Integrated companies in meat processing have a presence across the value chain from Input/Animal Feed to meat processing, manufacturing and selling meat products under their brand or company-owned / franchise retail stores. Global meat companies such as Cargill, Clemens, and Hormel or GCC-based companies such as Tanmiah are integrated companies.

Arab Qatari Poultry Company, Mazzraty Chicken and Qatar National Food Company are the leading integrated meat processing companies for poultry meat having backward integration with poultry farming and fattening. Alaraam Factory and Widam Food are the main processing companies for red meat, though they are importing live animals or chilled/frozen carcasses from outside. Weather condition of Qatar makes it challenging to have local farms for sheep, bovine, or other animals. Therefore, though the poultry industry could develop self-sufficiency by having local farms, companies in the red meat segment are making more investments in farms outside Qatar.



Figure 1: Meat Value Chain



Hassad food has made investments through Arab Companies of livestock development (ACOLID) in different countries such as Australia, Lebanon, Turkey, Sudan, Egypt, and others to secure the supply of live animals and are working to increase the supply at competitive prices. Since its commencement, the company adopted a state-of-the-art investment model that mainly focused on investing globally in viable prospects to support Qatar and the region's food requirements.

Hassad Food has diverse vertical investments in Qatar, Australia and Oman, with potential future investments in other locations. In the State of Qatar, Hassad owns companies like AALAF Qatar (fodder farms), QTFA (Agricultural farms), ALWAHA (poultry farm), NAFCO (Dates factory) and others.

Other independent farming companies have farms in Europe and Asian countries. Noor Farms is one of such independent farming company having sheep and bovine

¹⁸ Source: Food Security Department, Qatar



farms in Bulgaria. These companies work with the leading meat processing companies and distributors to import and supply live animals in Qatar.

Meat processing companies are selling fresh/chilled or frozen meat products such as:

-  **Poultry:** Whole Chicken, Cuts (Legs, Thighs, Drumsticks, Wings, Liver, Heart, Bones), Boneless or Minced
-  **Sheep/Lamb:** Full/Half Carcass, Cuts (Lion Chops, Short Loin, Whole Legs, Short Cut Leg, Frenched Racks, Standard Racks, BRN Shoulder, Square Cut Shoulder, Foreshanks), Boneless Cuts or Minced

Meat processing companies in Qatar are mainly in fresh meat categories which are being produced through the local slaughterhouse. Fresh meat products fetch higher value in comparison to the frozen products. Therefore, it makes more economic reason to match the local production according to the local demand for the fresh/chilled meat.



Figure 2: Top Four Meat Processing Companies in Qatar



Leading meat processing companies in Qatar are Widam Food, Al Anaam Factory for Red meat, Arab Qatari Poultry Co and Mazraty Chicken for Poultry meat. These companies are importing, storing live animals, slaughtering, and processing (cleaning and cutting) and packaging them to supply as fresh/chilled to HORECA (Hotels, Restaurants and Cafes), Retail Stores, Hyper Markets, Company Own Retail Stores, Meat Product factories and other customers.

Meat products are those packaged food products that are mainly produced either from single or mixed meat types without the addition of any other food items such as grains, flour, rice and others. These products are normally sold as Ready-to-Cook or Ready-to-Eat food segments.





Meat products can be classified into two main categories

1

Ready-to-Cook: Ready to cook segment provide meat in a form where it can be easily cooked in the kitchen without much usage of a knife or marination. This includes cutting (sorting, portion control), grinding and marinating or dry seasoning and packaging. These products include Burger patty, Chicken Wings, Kebab, Chicken soup bones, Chicken tikka, Meatballs, Smoked Chicken, Thin Sliced T-Bone Chops, Boneless Legs Steaks, Shoulder Blade Chops, Loin Chops, Chump Steaks, and others.

2

Ready-to-Eat: This includes forming meat into different product forms such as Salamis, Sausages, Frankfurter, Beef Slices, Mortadella and others.

Meat product companies such as Qatar Meat Production, Fresh Meat Factory, Dallah Factory, Al Qusaimi Factory, Al Touqa, National Food Company, and others are one of the **customer segments** of the meat processing companies.

These companies are sourcing frozen full/half carcass or full chicken and then further processing them into different meat products such as meatballs, burger patties, sliders, sausages, and others.



These suppliers are mainly importing frozen meat from different countries and processing them to sell to HORECA, Fast food industry, Retail stores and others. They are mainly operating in the red meat category where bovine and sheep meat is the main product category along with smaller shares of poultry, camel, fish, and shrimps.

Qatar meat production company is one of the leading meat product companies manufacturing around 6,000 tons of meat annually. Having started in 2016, they provided a local alternative to imported meat products during the Qatar blockade. Other companies such as Fresh Meat Factory, Dallah Meat Factory, Al Touqa and others also invested to increase local manufacturing capacities.

Meat products are mainly sold under the frozen food category and therefore these factories source frozen meat, which is mainly through imports. Furthermore, some of the meat products such as patty, sausages and others are normally produced from unpopular meat cuts such as leftover cuts from meat processing, chicken breast bones and others.



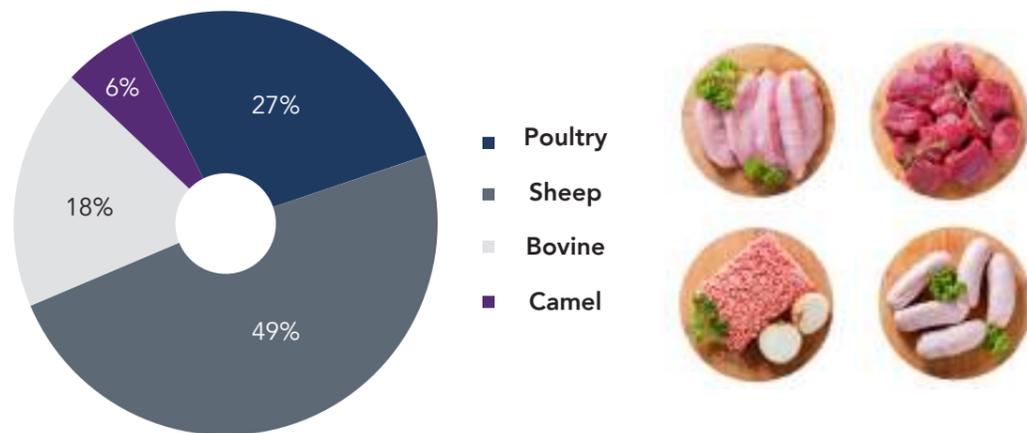
Though the meat processing industry is fairly developed in Qatar, from the fattening of poultry and slaughtering of sheep / bovine till the manufacturing of meat products and distribution, it is underdeveloped in the animal feed, breeding, and fattening segment across animal categories. In the case of animal feed, Qatar is currently importing most of its animal feed which is mainly because the input/feedstock required for manufacturing animal feed is not available locally. This makes Qatar non-competitive for frozen poultry, and is therefore imported from countries such as Australia, Brazil, US, India, etc. These countries have integrated value chains which include local feed production to slaughtering of animals.

Similarly, in the bovine category, local value chain is also underdeveloped in the fattening segment and live bovine animals are imported for local slaughtering. For fattening of large animals like bovine, large quantities of water and animal feed is required. Animal feed is not manufactured locally and mainly imported as mentioned above, also, water required is also scarce locally. Hence, both these commodities add substantially to the cost of fattening. Another important aspect is the non-conducive climatic condition for raising these animals which adds to the constraints of fattening activity. Considering all of these above aspects, it is challenging for Qatar to develop the animal feed, breeding and fattening value chain locally.

5.2- MEAT PROCESSING MARKET

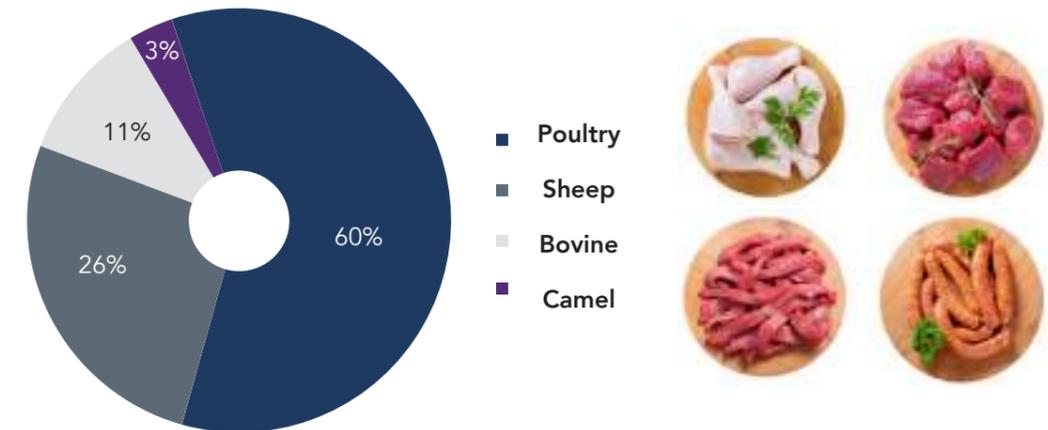
Annual edible meat consumption, excluding fish and other seafood accounts to 8.2% of total Qatar's food consumption. Meat consumption was estimated at 205,000 tons and QAR 2,274 mn (USD 625 mn) in 2020.

Chart 12: Qatar Meat Market 2020, Value; QAR 2,274 mn (USD 625 mn)



Source: UN Comtrade Data

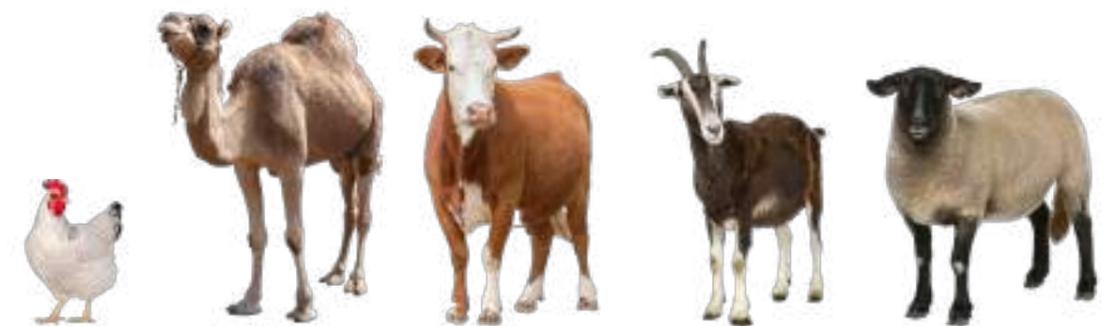
Chart 13: Qatar Meat Market Volume 2020, Volume; 205,000 Tons



Source: UN Comtrade Data

Sheep was the leading segment having a value share of 49% and a volume share of 26% in 2020. Sheep was followed by poultry which had a value share of 27% and volume share of 60% in 2020. Bovine meat was the other main category having a 18% value share in 2020. The average price per kg was highest for sheep, followed by bovine, camel, and poultry meat. The average prices for sheep meat are around four times that of poultry meat.

Total meat market volume of 205,000 tons in 2020 is expected to grow with a 3% CAGR reaching 240,000 tons by 2025¹⁹. Poultry was the most consumed meat that accounts for more than 60% of the total meat consumption in 2020 and is expected to remain the single largest product segment in the meat category till 2025.



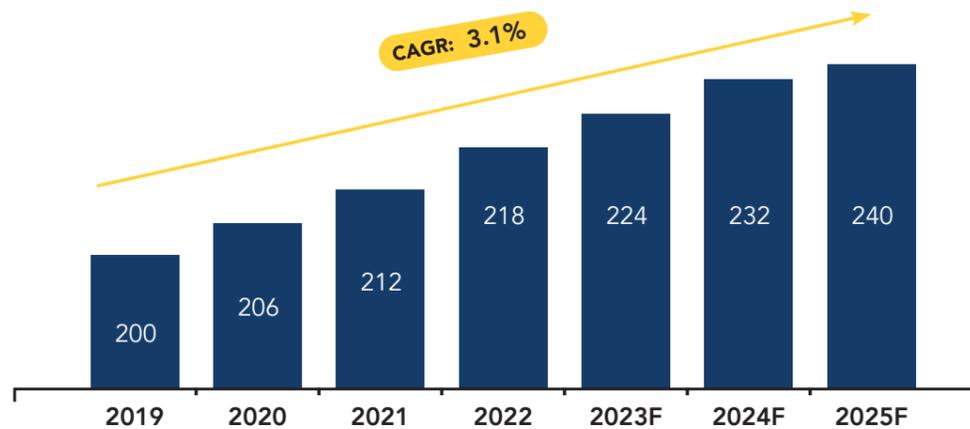
¹⁹ Source: Food Security Department, Qatar

Table 3: Qatar Meat Demand Growth Table During 2019-2025 (Thousand Tons)

Category	2019	2020	2021	2022	2023	2024	2025
Poultry	118.9	122.0	125.0	128.0	132.0	136.0	140.0
Sheep	53.0	54.0	57.0	59.0	61.0	63.0	65.6
Bovine	21.1	22.0	22.8	23.2	23.6	25.0	26.0
Camel	7.0	7.0	7.2	7.3	7.4	7.5	7.8
Total	200.0	205.0	212.0	217.5	224.0	231.5	240.0

Source: Meat Consumption, 2019 - Food Security Department, Qatar

Chart 14: Qatar Meat Demand Growth During 2019-2025 (Thousand Tons)



Source: Meat Consumption, 2019 - Food Security Department, Qatar, Primary Interview with Suppliers

Growth in the Sheep meat consumption (which includes Sheep, Lambs, and Goats) is expected to be the highest (CAGR: 3.6% during 2020-25). The main growth driver for the Sheep category is the increasing availability of fresh or chilled meat in the local market. Some of the recent investments towards local meat production are Al Wakra Central Market, automated slaughterhouse by Widam, public slaughterhouses at Um

Salal and Al Shehaniya. Other factors include restarting of the public slaughterhouses at Al Khor and Al Shamal areas, quarantine facility at the Air and Seaport, local animal farms, investment in animal feed and others.

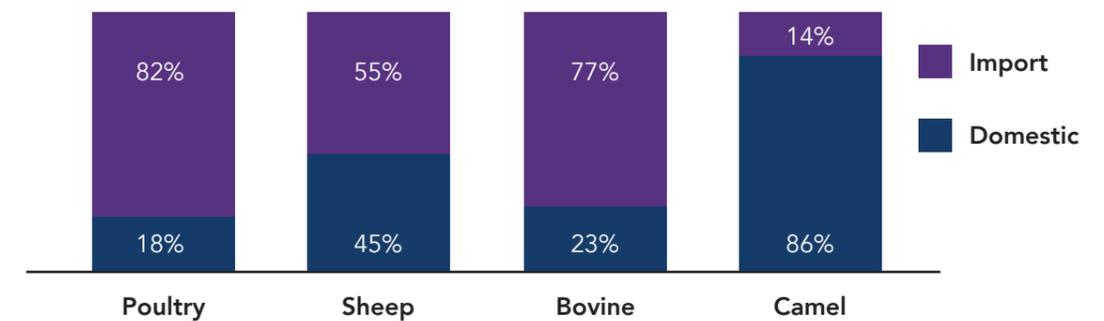
In the year 2020, domestic production of meat reached 58,000 tons. Sheep (including Lambs and Goat) is the leading product segment at 24,000 tons followed by Poultry at 22,000 tons, Bovine at 5,000 tons and Camel and others at 7,000 tons.

Table 4: Qatar Meat Demand 2020 Break-up by Domestic vs Import (Thousand Tons)

Category	Total Demand (Thsd Tons)	Domestic Supply (Thsd Tons)	Imports (Thsd Tons)	Domestic Supply Proportion (%)	Import Proportion (%)
Poultry	122.0	22.0	100.0	18%	82%
Sheep	53.0	24.0	30.0	45%	55%
Bovine	21.1	5.0	17.0	23%	77%
Camel	7.0	6.0	1.0	86%	14%
Total	205.0	58	148	28%	72%

Source: UN Comtrade Data

Chart 15: Qatar Meat Demand 2020 Break-up by Domestic vs Import (Thousand Tons)



Source: UN Comtrade Data

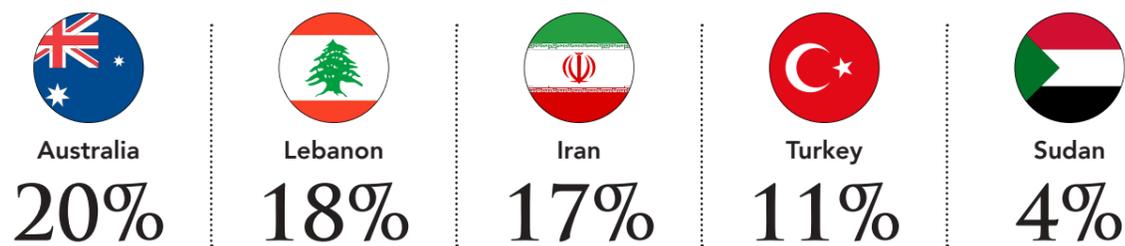
The highest import share was in Poultry, followed by Bovine and Sheep (including Lambs and Goats). Of the total, Poultry was the most consumed meat that accounts for more than 60% of the total meat consumption in 2020 and is expected to remain the single most consumed meat.

Poultry farming has shown rapid growth over the last 3-4 years, and most of the domestic production of the poultry meat is from the livestock farmed locally in the country. For Sheep, slaughterhouses have made investments or sourcing partnerships with the farms in different countries such as Australia, Lebanon, Jordan, Sudan, Syria, Turkey and others.

Hassad Food has also made several investments outside the country through Arab Company for Livestock Development (ACOLID) in Australia, Jordan, Sudan, Syria, Egypt, and others to farm and source livestock.

Qatar imported 27,500 tons of live sheep and goats along with 5,000 tons of bovine animals to feed their slaughterhouses²⁰. Australia (20%), Lebanon (18%), Iran (17%), Turkey (11%), and Sudan (4%) by value are the top sourcing countries for the livestock²¹. Other European countries such as France, Germany, UK, Belgium, Spain, and others are the other main sourcing region.

The top sourcing countries for the livestock



²⁰ Source: UN Comtrade Data

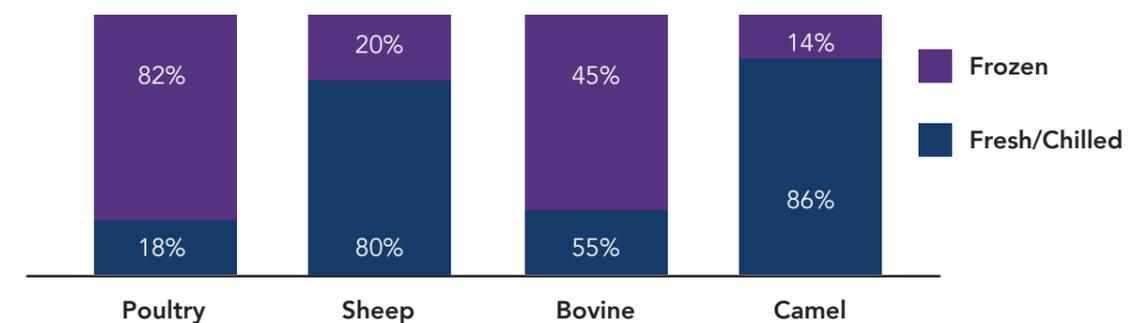
²¹ Source: UN Comtrade Data

Table 5: Qatar Meat Demand 2020 Break-up by Fresh/Chilled or Frozen Type (Thousand Tons)

Category	Total Demand	Fresh/Chilled	Frozen	Fresh/Chilled %	Frozen %
Poultry	122.0	22.0	100.0	18%	82%
Sheep	54.0	43.0	11.0	80%	20%
Bovine	22.0	12.0	10.0	55%	45%
Camel	7.0	6.0	1.0	86%	14%
Total	205.0	60.0	145.0	28%	72%

Source: UN Comtrade Data, Primary Interview with Suppliers

Chart 16: Qatar Meat Demand 2020 Break-up by Domestic vs Import (Thousand Tons)



Source: UN Comtrade Data, Primary Interview with Suppliers

Locally produced meat is generally sold as fresh or chilled, whereas imported meat mostly comes as frozen. Trade data analysis shows that only in the bovine category, Qatar still has a considerable import of fresh/chilled meat whereas majority of the other type of meat which is imported is frozen. Fresh / Chilled meat is imported mainly from Pakistan, Brazil, and Australia which have a share of around 80% of the total fresh/ chilled bovine meat imported by volume in 2020.

Table 6: Meat Products Market (Thousand Tons)

Category	Total Meat Processing	Fresh / Chilled Meat	Frozen Meat	Meat Products Market Size	Meat Products Share in overall Demand (%)
Poultry	122.0	22.0	100.0	11.0	9%
Sheep	54.0	43.0	11.0	6.0	11%
Bovine	22.0	12.0	10.0	12.0	55%
Camel and others	7.0	6.0	1.0	1.0	14%
Total	205.0	60.0	145.0	30.0	15%

Source: UN Comtrade Data, Primary Interview with Suppliers

Qatar Meat Products' market share is around 15% of the total meat processing market and serves as one of the leading customer segments. Red meat is the main product segment having a share of 80%, followed by Poultry at 20%. The Meat product industry has been able to grow rapidly over the last 5-6 years and has replaced most of the meat products' imports in Qatar.

The above estimate doesn't include the captive manufacturing of the meat products by food processing companies, manufacturing or import of ready-to-eat food such as chicken rice, chicken wrap, packed meat burgers, Chicken pizza topping and others. This also excludes captive meat processing by fast-food chains, HORECA and other foodservice companies.

5.3- KEY MEAT PRODUCTS COMPANIES ²²

Profile of key meat product companies in Qatar have been listed below. Other key players active in meat products are Integral Food Company, Silver Fern, Mena Group, Noor Farms for Meat and Trading, Gulf Centre for Food, QNIE and others.

Company	Location	Annual Capacity (MT)	Annual Production (MT)	Key Products
Qatar Meat Production Co.	Doha	9,000	6,000	Burgers Patty, Kebab, Meat Balls, Hot Dogs, Frankfurter, Cooked Chicken, Smoked, Chicken Jumbo Sausages, Chicken Frankfurter Sausages, Chicken Cocktails, Chicken Pizza Topping,
Freshmeat Factory	Doha	8,000	4,000	Lamb Chops, Lamb Shank, Beef Stroganoff ,Whole Chicken, Chicken Drumsticks, Beef Sujuk, Beef Cubes, Beef Ribeye Steak, Beef Burger Patti, Beef Meatballs
Al Qusaimi Meat Co.	Doha	5,000	3,000	Minced Beef, Sausage, Kofta, Slice, Mini Steaks, Shanks, Shawarma, Cubes, Burger patty, String, Steak, Kebab
Al Touqa Meat Company	Doha	3,000	1,000	Minced Meat, Kofta, Sausage, Meat Balls, Kebabs, Steak and others
Dallah Meat Factory	Doha	1,000	700	Chicken rings, Breast boneless, Franks, Kebab, Rolls, Minced, Nuggets,
National Food Company	Doha	2,000	1,000	Nuggets, Breaded Fingers and Fillets, Burgers, Meatballs, Kebabs, Shish Tawook & Chicken Tikka, Minced Meat

²² Source: Primary Interview with Suppliers

6- SUPPLY CHAIN

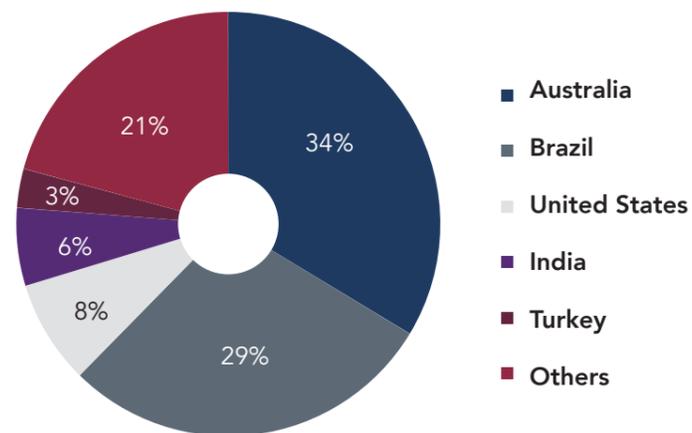
6.1- SUPPLY CHAIN STRUCTURE ANALYSIS ²³

Majority of the meat supply in Qatar (>72% by volume) is driven through imports (either as carcass or as processed meat products). Hence, assessment of supply chain from perspective of key countries exporting to Qatar is important. Cold chain industry plays an important role in the import and distribution of meat in Qatar. Almost 70% of the cold chain market is contributed by cold storage facilities market and the remaining share is contributed by the cold transportation.



72%
of meat being imported
either as carcass or as
processed meat products

Chart 17: Key Meat Exporting Countries to Qatar in 2020 QAR 2.1 bn (USD 0.56 bn)



Source: UN Comtrade Data

²³ Source: UN Comtrade Data

The need for a quarantine facility for animals has emerged post-covid-19 where imported animals are tested and kept for a specified period before their supply to the farm, slaughterhouses, and meat markets. Qatar's Ministry of Municipality is also building new veterinary quarantine houses near Hamad Port and Ruwais Port at a cost of QAR 95 mn which are expected to be ready in 2022.



Qatar is highly dependent on sourcing live animal from outside. With the recent shift of sourcing strategy from meat to live animal, the country is expected to see more of such quarantine facilities.

The Ministry of Transport and Communications is building the Qatar Freight Master Plan, which is expected to be finalized by the end of 2022. The QFMP aims to establish modern infrastructure for freight industry across the country. The aim is to reduce freight traffic leading to road congestions. The freight industry infrastructure development along with planned freight routes will boost the investments taking place in Qatar's cold chain industry, allowing the sector to grow.

The Qatar Rail Development Program (QRDP) envisages development of a long distance passenger and freight rail network to connect major centres of population and industries in Qatar and to form part in planned Gulf Cooperation Council (GCC) railway network linking the six countries in GCC. Moreover, the project involves the construction of passenger and freight railway line linking the border with Saudi Arabia to Mesaieed and the New Doha Port project on the east coast of the peninsula as well as an inland station known as Doha West International, which will connect to Doha Metro. The establishment of these trade and passenger routes will facilitate the growth of the exports and imports of temperature sensitive products, thereby increasing the reliance on cold warehousing and transportation in the country.

6.2- MEAT IMPORT DATA

Table 7: Meat Import Data (2020)

HS Code	Product label	000' QAR	MT
0201	Meat of bovine animals, fresh or chilled	222,568	10,428
0202	Meat of bovine animals, frozen	172,031	11,445
0203	Meat of swine, fresh, chilled or frozen	13,229	460
0204	Meat of sheep or goats, fresh, chilled or frozen	721,578	29,628
0205	Meat of horses, asses, mules or hinnies, fresh, chilled or frozen	12,629	1,034
0206	Edible offal of bovine animals, swine, sheep, goats, horses, asses, mules or hinnies, fresh, chilled or frozen	-	-
0207	Meat and edible offal of fowls of the species Gallus domesticus, ducks, geese, turkeys and guinea fowls, fresh, chilled or frozen	693,650	122,074
0208	Meat and edible offal of rabbits, hares, pigeons and other animals, fresh, chilled or frozen (excluding of bovine animals, swine, sheep, goats, horses, asses, mules, hinnies, poultry «fowls of the species Gallus domesticus», ducks, geese, turkeys and guinea fowls)	1,532	123
0210	Meat and edible offal, salted, in brine, dried or smoked; edible flours and meals of meat or meat offal	1,364	18
	TOTAL	1,838,581	175,192

Source: UN Comtrade Data

6.3- IMPORT LICENSES

All imported meat, including beef and poultry products, requires a health certificate issued by the country of export and a 'Halal' slaughter certificate issued by an approved Islamic center in that country. Specific requirements are met by ensuring quality at every stage, including sorting, processing, and packaging.

Storage:

It involves the maintenance of factors, such as temperature and humidity control. Chilled meat products need to be cleared within 24 hours of arrival. Poultry products are treated to a core temperature of 70°C for at least 3.6 seconds or 74°C for at least one second.

Processing:

Poultry and meat products are routinely inspected for Salmonella and other bacteria. Frozen meat is subjected to damage and discoloration inspection. It further involves optical testing for color followed by testing of inputs and packaging material.

The manufacturing facility must be HACCP and ISO certified, which requires stringent quality control at each level of processing. The process involves a series of procedures with equipment starting from:



Processed and finished meat products are distributed to wholesalers and retail channels, including supermarkets, hypermarkets, traditional grocery stores, and other retailers.

In Qatar, meat products are mostly imported in bulk, in fresh/chilled or processed form, which goes to foodservice chains or as the finished branded products from regional and international giants.

6.4- DISTRIBUTION NETWORK & RETAIL ANALYSIS

The Government

The Government of Qatar is the biggest end-user of a wide range of products and services. The government procurement process is based on standard tender procedures. A foreign supplier wishing to participate in government tenders may appoint a local commercial agent. However, appointing a commercial agent in Qatar raises specific legal and commercial issues that a foreign company or supplier should carefully consider. An effective agent in Qatar will have extensive contacts both in the public and private sectors, enabling the collection of valuable information for the business. Most Qatari trading entities represent a variety of foreign firms in the local market.

Private supermarkets

Private supermarkets account for most retail sales, and the sector is witnessing an expansion. Share of modern trade in Qatar market is relatively high.



Wholesalers

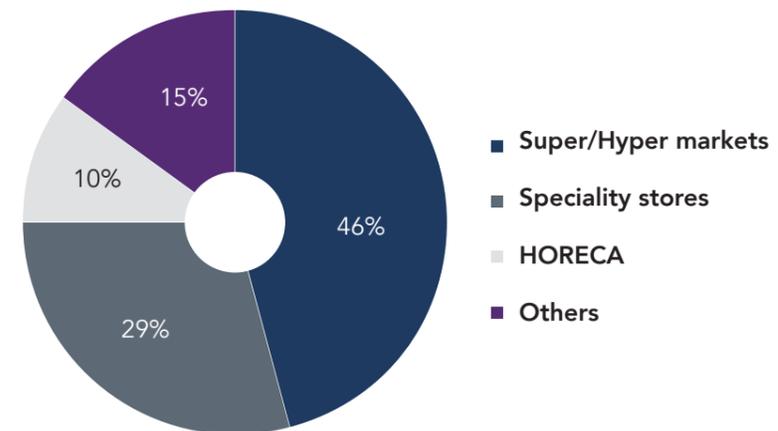
Wholesalers sell directly to consumers, to small supermarkets, and to restaurants.

Generic and branded supermarket promotions are common in Qatar and commonly employed by local and foreign companies. Newspaper advertisements and inserts are most used for food and other products. TV advertising, while very effective, is expensive.

Food product margins typically are 20-25% for distributors, 5% for wholesalers, and 10-15% for retailers. Qatar does not apply VAT or sales tax.

6.5- MEAT MARKET – SPLIT BY DISTRIBUTION CHANNEL ²⁴

Chart 18: Meat Market Split by Channel; QAR 2.274 bn (USD 625 mn)



Source: Primary Interview with Suppliers

A large amount of meat is supplied through supermarkets and hypermarkets constituting 46% of the total market. Post covid, consumers are more concerned about the health and safety. Hypermarkets and supermarkets were able to maintain the standards.

Number of Stores	Number of Stores
Al Meera	54 Supermarkets
Carrefour	5 Supermarkets and 5 hyper markets
Lulu hyper market	15 retail stores*
Monoprix	6 retail stores
Safari	4 retail stores
Spar	3 retail stores

*Lulu plans to add seven more stores by 2022.

²⁴ Source: Food Security Department, Qatar

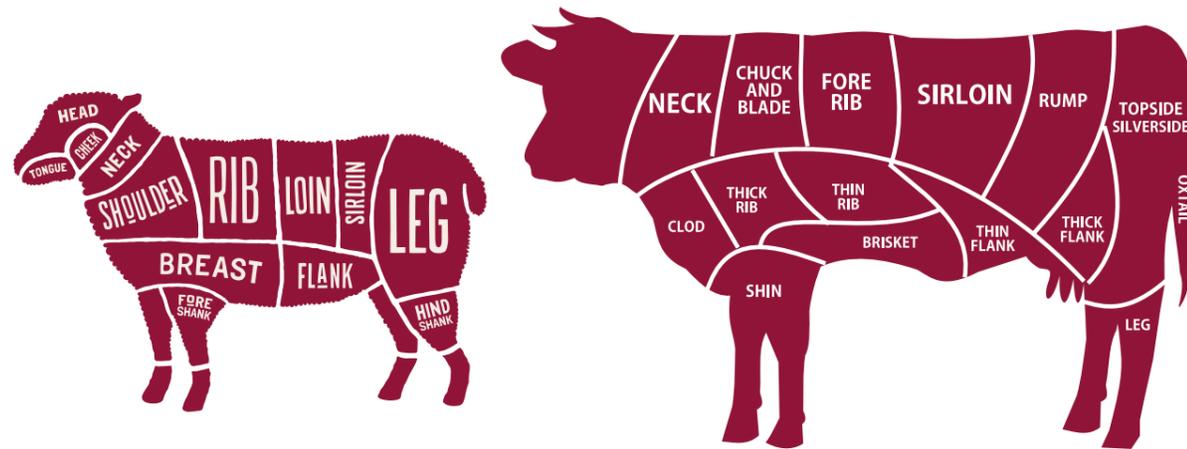


Other retailers include MegaMart and Rawabi Hyper Market, family food center, Ansar gallery, etc. On the other side, large meat suppliers in Qatar are majorly the integrated meat processing companies. They import meat from major countries like Australia, Canada, USA, SA, etc., process into different cuts and then package and label it to distribute through various channels. Supplier locations are primarily in Industrial areas (old and new).

6.6- QUALITY / DURATION OF STORAGE

Meat is graded into 4 quality classes:

- 1st quality:** Rib roast (beef), leg (veal), saddle and leg (lamb)
- 2nd quality:** Central breast (beef), saddle and chine (veal), shoulder (lamb)
- 3rd quality:** Brisket and chine (beef), neck and belly (veal), neck and breast (lamb)
- 4th quality:** Skirt (beef), head (veal)



Frozen meat must be properly deep frozen on loading. Meat that is not at the required core temperature will spoil during a long voyage. Checks must accordingly be carried out during loading. Properly deep-frozen meat sounds like wood when struck. Occasionally frozen meat is also supplied, which is exposed to higher temperatures.

Such incorrect storage results in depreciation. Such interim thawing can be recognized by the protective coverings having frozen onto the meat. Distortion of the pieces of meat and dark muscle tissue color are further indications of incorrect handling.

Chilled is referred to the meat where the rapid cooling of a food product from its manufacturing temperature down to refrigerated or cold temperatures, usually from 1 to 4°C. Chilled meat, if maintained and transported with care and required temperature, has a shelf life upto 15 days.

Frozen is referred to the meat where after the rapid cooling, temperature of the product is lowered below -18°C. Frozen meat, if maintained at the required temperature, can be stored for longer period i.e 2-3 months.





7- INDUSTRY ATTRACTIVENESS²⁵

7.1- QATAR MARKET – DRIVERS, RESTRAINTS AND OPPORTUNITIES

Drivers:

Qatar has 2nd highest per capita food consumption after Oman in the GCC driven by the changing lifestyle, urbanization, and food habits. Further, the shift in consumption patterns of Qatar’s local population from a carbohydrate-based to a protein-based diet contributes to increased demand for meat and meat products. As a result of government initiatives to enhance self-sufficiency, there has been widespread growth in the domestic production of poultry and other meat products to satisfy local demand.

The Qatari government has also strived to diversify import sources, and improve trade links & policies with other countries to maintain food security. This move has improved market conditions for local meat production and will be an enabler in promoting export opportunities for meat producers in the country.

Restraints:

Meat products imported by Qatar cross several national boundaries, which exposes it to the risk of becoming contaminated along with other health related risks. With these factors in mind, the Qatari government strictly adheres to its food guidelines to ensure the safety of its meat and other food imports. This has negatively impacted the business of several exporters, who exported meat products to Qatar. Exporters are barred if they do not meet up to the country’s quality expectations and there are reported cases of adulteration.

For instance, Qatar has imposed strict regulations on the import of cattle, poultry, and other related meat products from Brazil, in reaction to the reports about unlawful practices in certain Brazilian beef and poultry abattoirs. This has negatively affected the exports from Brazil, as it became impossible for even the clean labelled Brazilian meat producers to export their products to Qatar in a timely and hassle-free manner.

²⁵ Source: Primary Interview with Suppliers

Further, the country has also tightened up its certification process to safeguard meat from adulteration. Qatar has also implemented bans on animal food imports from several countries to ensure that its poultry, egg, and meat imports are free from contaminations, such as BSE (mad cow disease), Avian Influenza, and Ebola contamination. With the fast-developing population and the parallel upsurge in demand for domestic food items, Qatar’s governmental authorities are focusing on establishing long-term strategies and solutions to make the country self-sufficient in meat and other food products.



Opportunities

Qatar’s population is constantly increasing and has quadrupled since 2000, and thereby, the edible meat demand is leading to increased opportunities for meat producers to set up production facilities and build export relations with notable distributors in the country.

The government’s Qatar National Food Security Program was established to reduce reliance on food imports through self-sufficiency. The Program develops recommendations for food security policy and works with foreign governments and non-governmental organizations to develop practices that utilize resources efficiently. This offers stakeholders across the value chain from local manufacturing of animal feed, to livestock breeding, fattening, slaughtering and distribution, to developing infrastructure and supply of equipment for manufacturing, processing of meat and meat products as well as storage and supply.

Many trade exhibitions and fairs are being organized privately and by the government in Doha to promote the trade between potential foreign meat traders and the representatives of Qatar-based large supermarket chains and retailers. Further, the strong purchasing power of the Qatari population promises good fortune for international meat producers and vendors looking for premium markets for their high-quality and expensive edible meat products.

7.2- PORTER'S 5 FORCE ANALYSIS

Figure 3: Porter's 5 Forces



Bargaining power of suppliers – MODERATE

- In line with the global trend, Qatar is witnessing a changing consumption pattern, where consumers are observed to shifting to a protein rich diet, majorly meat products.
- Suppliers play a prominent role in bridging the gap between manufacturers / distributors and consumers, which has largely shifted the power in the hands of suppliers.
- Distribution channel in the country is highly developed and requires a network of suppliers to operate and manage the product circulation in the retail space of the country.

Customer has option to choose from a variety of the imported and locally produced meat. There are limited producers manufacturing meat locally and are dependent on the imported carcasses. This makes their bargaining power as Moderate.

Bargaining power of buyers – HIGH

- Buyers considered in this context are institutional buyers such as large retailers, distributors, hospitality industry chains like large hotel, fast-food chains, etc. Most of these institutional buyers prefer frozen meat due to its low cost. There are also some institutional buyers that buy fresh meat, but their requirements are low .
- Most of these institutional buyers will have an option to directly import rather than procure from local meat processing companies.
- The meat processing industry which has recently started developing in Qatar cannot compete on cost with frozen meat because of high cost of local production and hence will always be disadvantaged.
- The number of firms, when compared to the total number of buyers in the country is very less. This creates an opportunity for the corporate buyers to bargain over the prices or import directly.
- Large retail chains also import directly to sell across their retail network and large HORECA customers have the option to import in case of higher local prices
- In Qatar edible meat market, the existing substitute products for meat are negligible. However, there is a growing market for meat alternatives in the country, which is still not able to compete with the edible meat category.

The degree of dependency of the population on existing distribution channels is high, which makes it difficult for the consumers to source the products on their own terms. Hence, the bargaining power of consumers is moderate.



Threat of new entrants - LOW

- Meat processing is high capex-oriented industry where the player needs to have integrated value chain from farming, processing, and distribution.
- The government policy surrounding the manufacture and trade of meat and meat products is supportive of setting up new manufacturing units. However, players usually need to make investment in local farming or have partnership locally or abroad to source animals. This makes it challenging for a new player to enter the segment
- The local meat processing segment for red meat is dominated by the state-owned company, Widam, which has integrated value chain and therefore, it is not easy to enter the segment and compete with the existing players
- The demand and supply gaps are high in red meat for fresh and chilled category. This is primarily because fresh meat has a short shelf life and has an advantage if manufactured / processed locally which offers opportunities for a new player to enter the market.

Hence, there exists an opportunity in the market for the sustenance of new companies, however, entry require higher investment and the entrant should have existing capabilities across the value chain. Therefore, the threat of new entrants is low.

Threat of substitute products/services – LOW

- There is rising opportunity in the local market with growing meat alternative market, but it has still not been able to compete with the edible meat market.
- Meat alternative products includes products like tofu and soy meat which provide similar taste and texture of meat but is actually plant-based origin. The awareness regarding the presence of such substitutes in the local market is less primarily because such products are mainly demanded by vegetarian food eating population which is not a major percentage in Qatar.
- The other meat alternative is lab-grown (cultivated) meat which is produced by taking a small sample of animal cells and growing them in a controlled environment.

The product can replicate the experience of eating a chicken breast or ground beef.

- Qatar became the second country in the world to allow the sale of lab-grown meat. The Qatar Free Zones Authority (QFZA) and the Ministry of Public Health indicated their intent to grant regulatory approval for GOOD Meat, a subsidiary of the cultured meat brand of California-based food technology startup “Eat Just”, known best for its vegan JUST Egg. In the facility, Eat Just aims to produce its GOOD Meat cultured chicken with plans to open a facility dedicated to producing its green gram-based JUST Egg — which, to date, has sold the vegan equivalent of 160 million chicken eggs.

Since availability of these substitute products is easier in the market, consumers in the local market may shift from animal-based protein sources to plant-based protein sources, trusting the quality offered by the manufacturers of such products. Hence, threat of substitutes is assessed to be low.

Degree of competition - HIGH

- Owing to a minimal production base in the country, majority of food consumption in the country is dependent on imports and many global players are operating in the local market, which has intensified the competition in the market.
- Competition for local meat processing companies is mainly from companies that import meat because of the high cost of local production of meat and meat products.
- Options available for local meat processing companies is to be backward and forward integrated to derive maximum value from meat processing. This would include local manufacturing/sourcing of animal feed, getting into breeding and fattening, further processing or manufacturing of value-added meat products like patty, sausages, salamis, etc.

Meat processing companies will also need to rely on innovation, new product developments, and marketing campaign strategies to differentiate themselves in the market.

Hence, the overall degree of competition for the meat processing industry is assessed to be high.



7.3- QATAR MEAT PROCESSING - SWOT



7.3.1 STRENGTH

- Qatar has a high per capita meat consumption ratio and therefore, there is a sustainable local demand for meat and meat products. Moreover, through different initiatives, Qatar has invested in animal farming outside Qatar to secure the sourcing of live animals. The country has an established supply chain and distribution network having cold storage and distribution chains.



7.3.2 WEAKNESS

- Qatar has high temperature for most time of the year, scarce arable land and water. These conditions add to the challenges of local farming, especially of Sheep and Bovine. The strategy of establishing farms outside the country for key sheep and bovine animals combined with local fattening for smaller animals can help the industry manage the climate weakness of the region.



7.3.3 OPPORTUNITIES

- High import of chilled meat of sheep and bovine, offer opportunities for local production of sheep and bovine meat. Additionally, there are under developed value chain segments in ancillary fields like animal feed development, incubation centers, veterinary services which offer potential investment opportunities.



7.3.2 WEAKNESS

- Qatar has made several investments outside the country through Arab Company for Livestock Development in Australia, Jordan, Sudan, Syria, Egypt, and others to farm and source livestock.
- Outbreak of diseases within these livestock could be a major threat for the meat processing industry, though Qatar's Ministry of Municipality has taken initiatives to build new veterinary quarantine houses near Hamad Port and Ruwais Port to ensure that the animals are healthy before feeding them to the slaughterhouses.
- Additionally, import of live animal is difficult during the summer months. Higher temperatures during the long sea travel is the main challenge and poses a threat of sickening or death of the animals during the transit.

8- PRODUCT SELECTION FRAMEWORK

The following framework is designed to shortlist high potential products from a longlist of possible products within meat processing. Meat processing industry is different, in this industry, the manufacturers don't have a choice to select between parts of the products that they can process or deal with. The slaughterhouses will have to cut and process the whole animal, and they sell various parts of the animal as per the popularity and acceptance of the market.

Processing units integrated with slaughtering house units import carcasses and have limited choice of product. Choice is mainly available only at the processing units of meat products where the same machines can be used to produce products from different meat types for e.g., burger patty of beef and chicken are made on similar machines.

Step 1:

The market was studied in detail to understand the meat products that were processed in Qatar. Based on trade data and interaction with Qatari meat processing companies, a detailed understanding of meat processing industry was built. Thereafter, a list of products was prepared for evaluation of attractiveness. The list of products is as given below:

Suggested Product Categories / Segmentation for Analysis and Shortlisting:

Poultry	Sheep	Bovine	Camel
Poultry Fresh/ Chilled (F/C)	Sheep F/C	Bovine F/C	Camel F/C
Poultry frozen	Sheep frozen	Bovine Frozen	Camel Frozen
Poultry Meat Products	Sheep Meat Products	Bovine Meat Products	Camel Meat Products

Step 2:

List of parameters was identified for evaluating the attractiveness of meat processing in Qatar, and various weightages were assigned to these parameters to objectively score the products as per their attractiveness for local processing in Qatar. The list of parameters as well as the weightages are given as below:

Product Selection Framework

Parameters	Weightage
Market size (revenue in QAR Mn)	25%
Potential growth (CAGR)	15%
Potential for Import substitution (revenue)	25%
Potential for exports to GCC countries (revenue)	10%
Competitiveness with regional players (within GCC countries)	10%
Feedstock availability (live animals, carcass, etc.)	15%
Total	100%

Parameters Used are as Defined Below:

Market Size (QAR Million): Total consumption of meat in volume terms was estimated for each meat product category, which was then converted in value terms by multiplying the same with price.

The market size in value terms is equally divided into five segments from zero to the highest value of market size. In this case the highest market size is for frozen sheep at QAR 569 Mn. This is then scored at 5 and each of the other product categories are scored from 1 to 5 depending in which of the 5 segments the value for the product category belongs to.

Potential Growth (% CAGR till 2025): Demand / consumption growth rate for each meat product category was estimated and scoring was given.

The growth rate in value terms is equally divided in to 5 segments from zero to the highest value of growth rate. In this case the highest growth rate is for sheep meat products at 12% CAGR. This is then scored at 5 and each of the other product categories is scored from 1 to 5 depending in which of the 5 segments the value for the product category belongs to.

Potential to Substitute Imports: All import data was analyzed and products which are hardly / not imported was scored as 1. The product that had maximum imports was scored at 5. Other products that were imported were relatively scored in between.

For example: Fresh / chilled poultry is not imported and hence there is no potential to replace and is scored as 1. Frozen poultry, though this is 100% imports, cannot be substituted because of the high local cost as compared to import price. This is also scored as 1. Fresh / Chilled Bovine is the most imported meat category and hence scored as 5

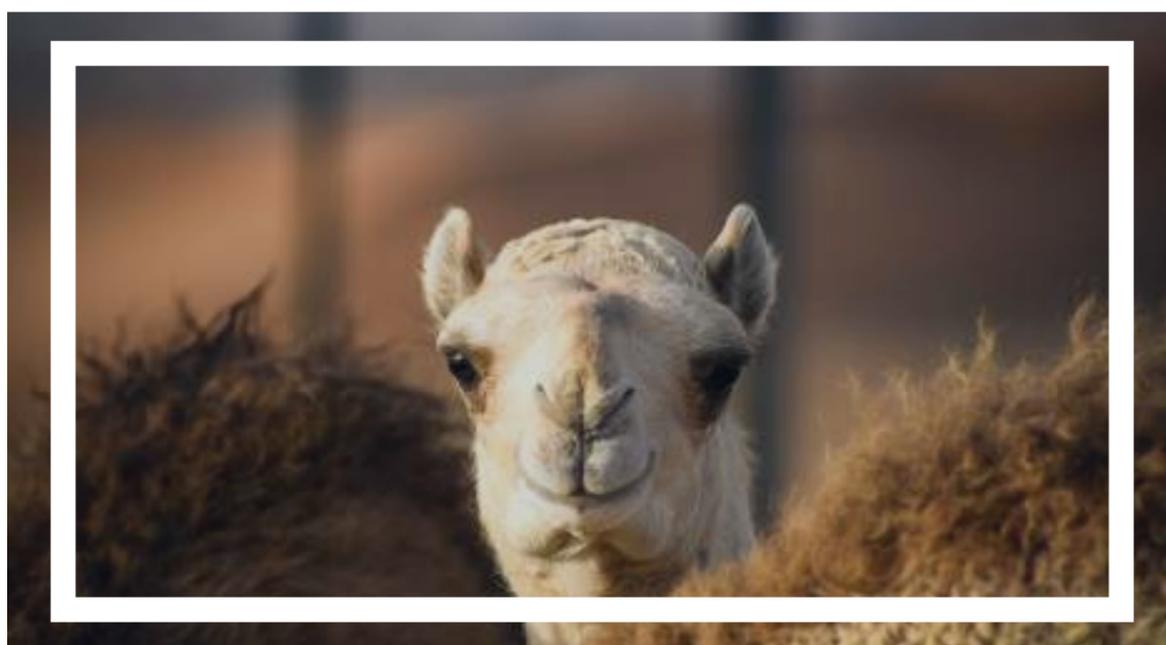


Potential to Exports: Competitiveness of export all the studied meat products were evaluated and products that had no possibility of being exported to neighboring countries were scored as 1 and those that had relatively maximum potential to export were scored as 5. All other products were relatively scored in-between.

For example: Because frozen poultry was 100% imported it would not make sense to export the same and was scored as 1. Fresh and processed sheep is scored as 3, since sheep is mainly slaughtered locally and is possible to be shipped to neighboring countries as fresh / chilled which can fetch premium price as compared to any other meat. No meat product is given a scoring of 4 and 5 because it is not very competitive to export any other meat products.

Competitiveness with Regional Players: This parameter is based on our subjective understanding of how competitive various meat products could be as compared to other players in neighboring countries.

For example: All frozen meat products are scored as 1 because of the high manufacturing costs locally in Qatar. Camel meat, including fresh/chilled, frozen, and processed, is scored as 5 since any Qatari player will have similar advantages/disadvantages of farming/slaughtering/processing camel meat as any other players in neighboring countries.



Feedstock availability: This parameter is based on the availability of local inputs for the manufacturing of various meat products.

For example: For fresh / chilled poultry, the chicken is fattened locally and is more than 100% available for slaughtering and hence is as 5. Whereas for fresh / chilled Bovine meat, live animals are imported for slaughtering. Further, to overcome the local demand for chilled bovine meat, imports of frozen bovine are also happening and hence it is scored as 1.

Table 8: Product Selection Analysis and Outcome

Parameters	Market size	Potential growth	Potential for Import substitution (revenue)	Potential for exports to GCC countries (revenue)	Competitiveness with regional players (within GCC countries)	Feedstock availability (live animals etc.)	Total
Weightage	25%	15%	25%	10%	10%	15%	100%
Poultry F/C	2	3	1	2	2	5	2.4
Poultry frozen	4	1	2	1	1	1	2.0
Poultry Meat Products	1	5	1	2	3	3	2.2
Sheep F/C	5	2	3	3	3	4	3.5
Sheep frozen	5	2	1	1	1	1	2.2
Sheep Meat Products	4	5	3	3	3	3	3.6
Bovine F/C	3	2	5	1	2	1	2.8
Bovine frozen	2	2	2	1	1	1	1.7
Bovine Meat Products	4	5	1	2	3	3	3.0
Camel F/C	2	2	1	3	5	4	2.5
Camel frozen	1	1	1	3	5	4	2.1
Camel Meat Products	1	3	1	3	5	4	2.4

Shortlist products are

- 1 Fresh/Chilled Sheep meat
- 2 Fresh/Chilled Bovine meat
- 3 Fresh/Chilled Camel meat
- 4 Meat Products of Sheep meat
- 5 Meat products of Bovine meat



9- OVERVIEW OF THE F/C SHEEP, BOVINE AND CAMEL

9.1- DETAILED UNDERSTANDING OF 3 OF THE TOP 5 SHORTLISTED PRODUCTS

The top 5 products that were shortlisted based on the attractiveness framework include 3 products that are fresh/chilled meat of Sheep, Bovine and Camel, and the remaining 2 products are Meat Products from Sheep and Bovine.

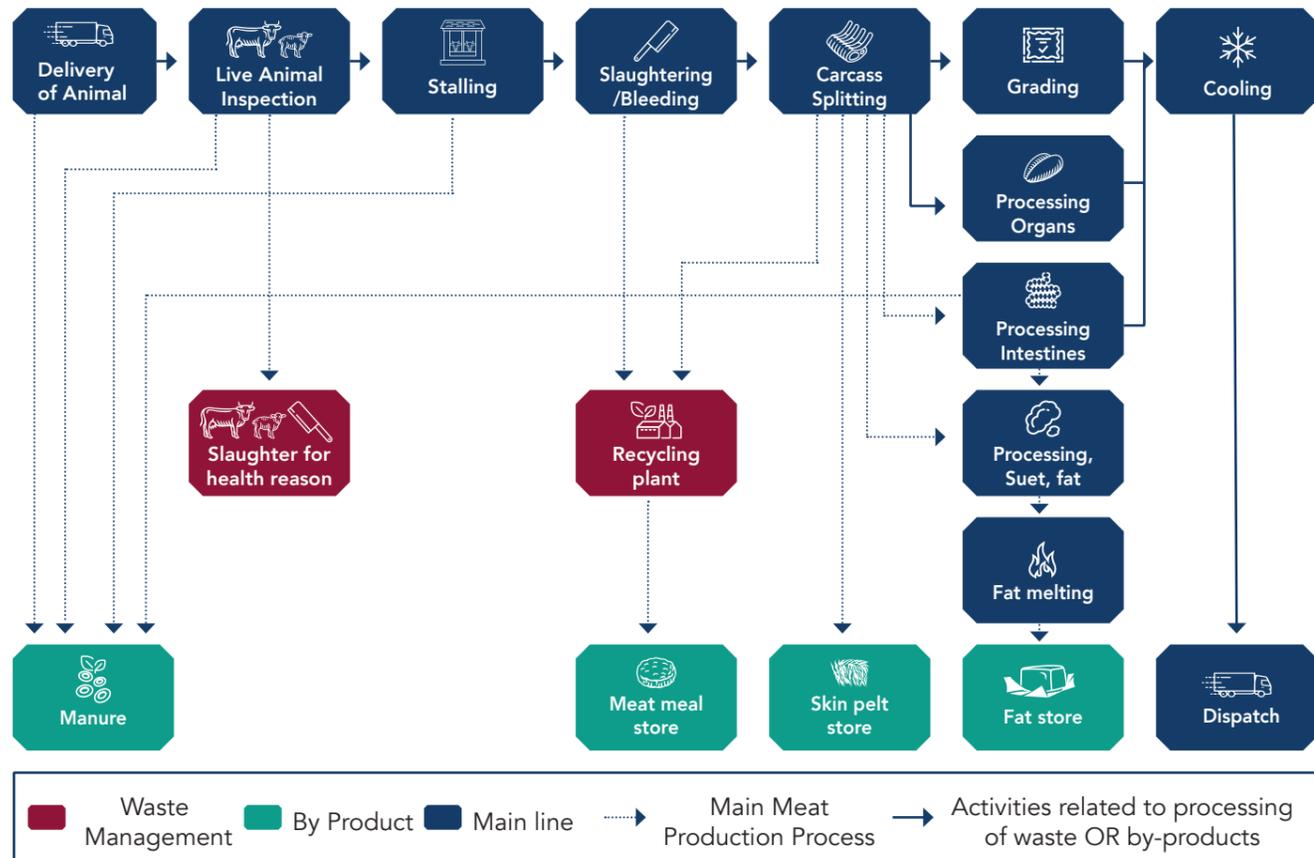
For the fresh/chilled meat category, the manufacturing process and the setup are very similar for meat from any of the 3 animals, i.e., sheep, bovine, or camel.

9.2 PRODUCTION PROCESS AND VALUE CHAIN

Fresh/chilled meat that is covered in this section covers meat for Sheep, Bovine, and Camel which are part of the red meat category. These, fresh/chilled meat, are produced in a slaughterhouse cum processing unit. The manufacturing process of these three categories of meat is similar and can be done in the same facility with minor changes.



Figure 4: Schematic Production Process of Red Meat (Sheep, Bovine and Camel)



Source: Primary Interview with Suppliers and Industry Experts

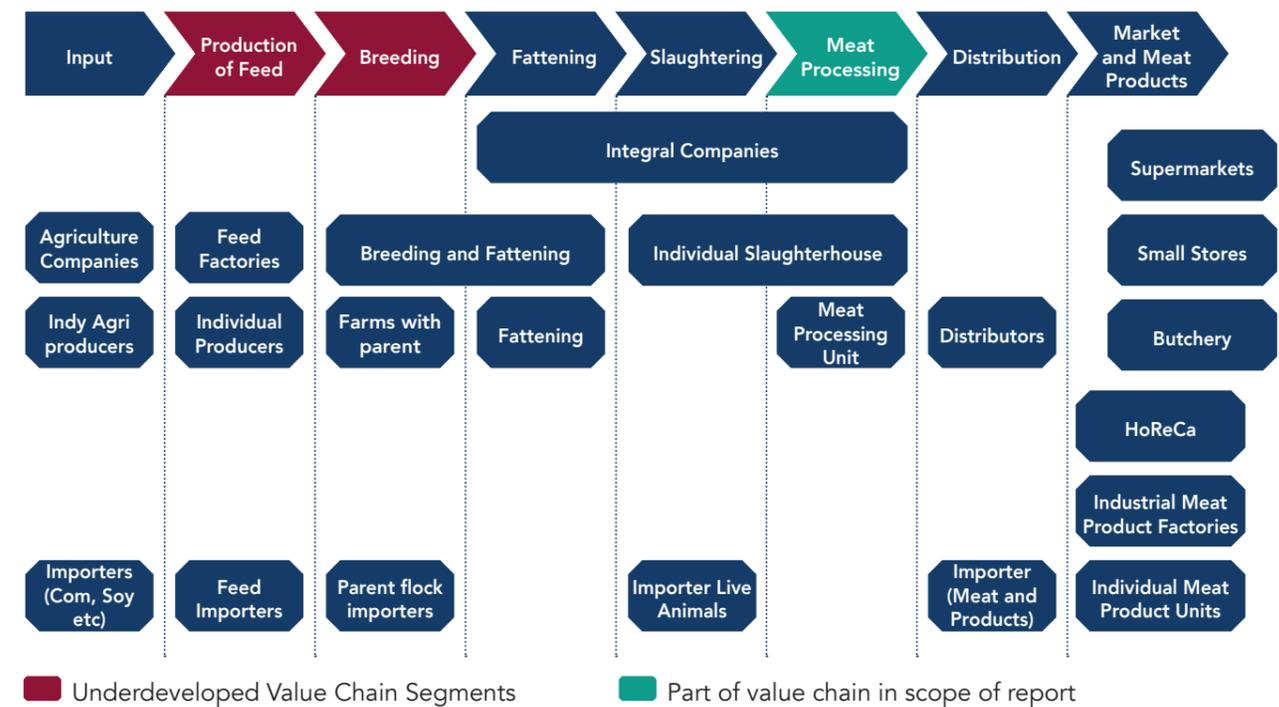
Meat processing plants for Sheep, Bovine and Camel are either close to the meat markets or have inhouse animal stalls to maintain a continuous input supply. The production process is similar for sheep, bovine, and camel however, there are difference in size and specification of the equipment. Though, Camel and Bovine can be processed on the same line; processing plant, normally have dedicated lines for each type of animal. These are also required from safety and processing standards as the entire unit needs to wash and disinfected after switching between animals.

The value chain is also similar, and processing units normally are active across all the three types of animal meats in the Middle East. Meat processing units are sourcing animals from the farming and fattening units through local partnerships or import.

Leading meat processing companies for red meat in Qatar are Widam Food and Al Anam Factory. These companies are importing, storing live animals, slaughtering, and processing (cleaning and cutting) and packaging them to supply as fresh/chilled to HORECA (Hotels, Restaurants and Cafes), Retail Stores, Hyper Markets, Company Owned Retail Stores, Meat Product factories and other customers.

The local eco-system for animal feed, breeding and farming is still evolving in Qatar where there are select companies such as AALAF Qatar (fodder farms), Noor Farm for Sheep and other local farms for Bovine and Camel.

Figure 5: Meat Value Chain for Fresh or Chilled Sheep, Bovine and Camel in Qatar



Source: Primary Interview with Suppliers and Industry Experts

Recent investment by the local companies such as Al Wakra Central Market, automated slaughterhouse by Widam along with investment of Hassad Food, has helped the availability of the fresh and chilled sheep meat. Widam also have a dedicated line for Bovine at Al Wakra Central market which is further expected to increase the local supply of fresh or chilled Bovine meat.

9.2.1 DETAILED UNDERSTANDING OF F/C SHEEP MEAT MARKET

The total market for fresh/chilled meat of sheep was around 43,000 tons in 2020, which is expected to reach 50,000 tons by 2025 and 60,000 tons by 2030.

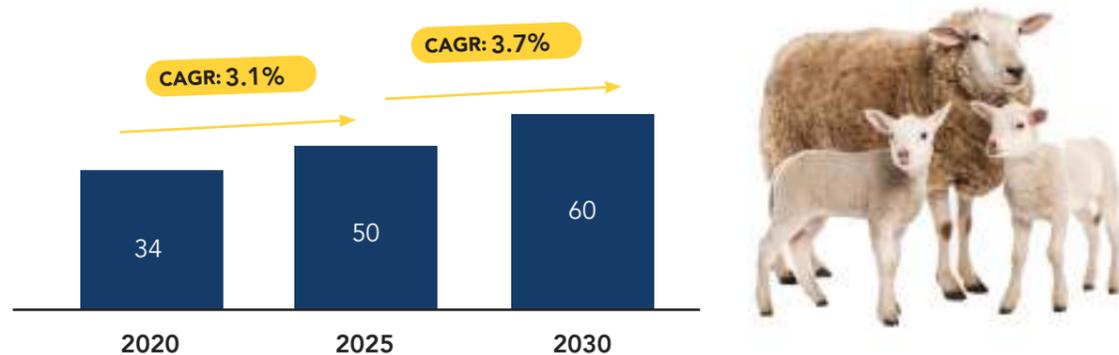
The total demand for the Sheep meat in 2020 was 54,000 tons where F/C Sheep meat had an ~80% share.

Table 9: Demand for Fresh/Chilled Sheep Meat in Qatar (2020-30) in Thousand Tons

Category	2020	2025	2030	CAGR % 20-25	CAGR % 25-30
F/C Sheep	43.0	50.0	60.0	3.1%	3.7%

Source: UN Comtrade Data, Primary Interviews with Suppliers and Industry Experts

Chart 19: Current and Future market of Fresh/Chilled Sheep Meat in Qatar (2020-2030)



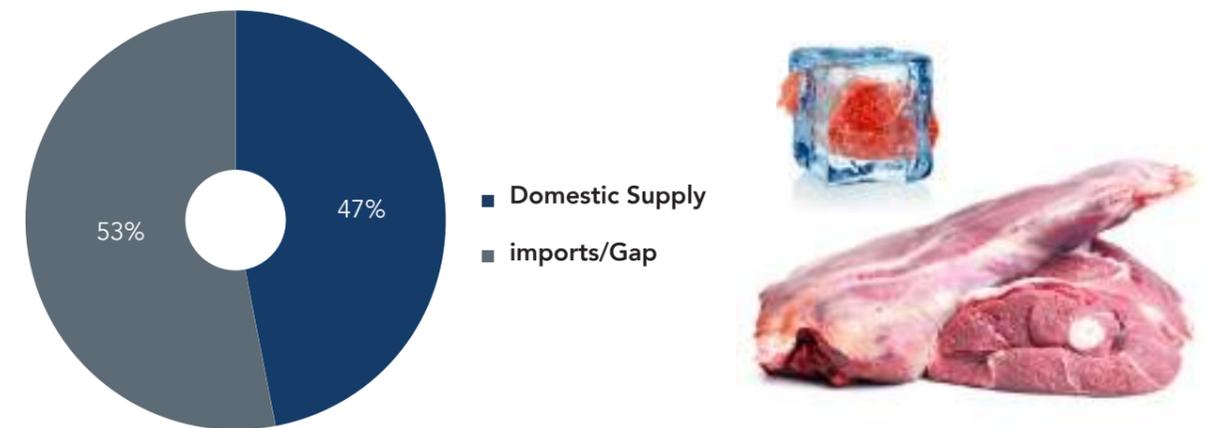
Source: Primary Interview with Suppliers and Industry Experts

Sheep (includes goat) meat is the main product segment in the fresh/chilled category having more than 70% market share in 2020 and likely to have a dominating share over the next 10 years. Total demand for sheep meat is expected to grow at a CAGR% of 3.1% during 20-25 and 3.7% during 25-30 reaching a volume of 60,000 tons by 2030. Demand for sheep meat will be mainly driven due to increase in population and due to increased affordability.

9.2.1.1 DOMESTIC PRODUCTION VS IMPORT

The domestic supply of fresh/chilled meat for sheep was around 20,000 tons in 2020²⁶, mainly consumed as fresh or chilled. The total demand for fresh or chilled sheep was around 43,000 tons having a demand supply gap of around 23,000 tons in 2020.

Chart 20: Demand and Supply gap for Fresh/Chilled Sheep Meat was 43'000 Tons (2020)



Source: UN Comtrade Data, Primary Interview with Suppliers

Widam Food was the main player along with public slaughterhouses to produce red meat (sheep, bovine, and camel) in 2020. Widam has five slaughterhouses and twenty-seven butcheries nationwide. They are the exclusive provider of Australian sheep to the Qatari market.

Qatar imported 27,500 tons of live sheep and goats to feed their slaughterhouses²⁷. Australia (20%), Lebanon (18%), Iran (17%), Turkey (11%), and Sudan (4%) by value are the top sourcing countries for the livestock²⁸. Other European countries such as France, Germany, UK, Belgium, Spain, and others are the other main sourcing region.

Al Anam factory was a recent investment by Wathnan Holding in 2020 which was spread across 100,000 sq mt areas in Doha. They started production in 2020 and have reached a 10% market share in 2021. The company has a separate animal fattening facility which is spread across 14,000 sq mts.

²⁶ Source: Primary Interview with Suppliers

²⁷ Source: UN Comtrade Data

²⁸ Source: UN Comtrade Data

Out of the total demand of Fresh/Chilled Sheep meat of 43,000 tons in 2020, it is estimated around 23,000 tons was met through imports. As per trade data, Qatar imported 25,570 tons of Fresh/Chilled Sheep meat in 2020. Considering the challenges in the supply chain in 2020 due to covid and local inventory levels, it is fair to estimate a demand (consumption) of 23,000 tons for fresh sheep meat in 2020 being met through import. These were mainly the air freight import of the chilled lamb and sheep carcasses from Australia, Pakistan, India, Syria, and other countries.



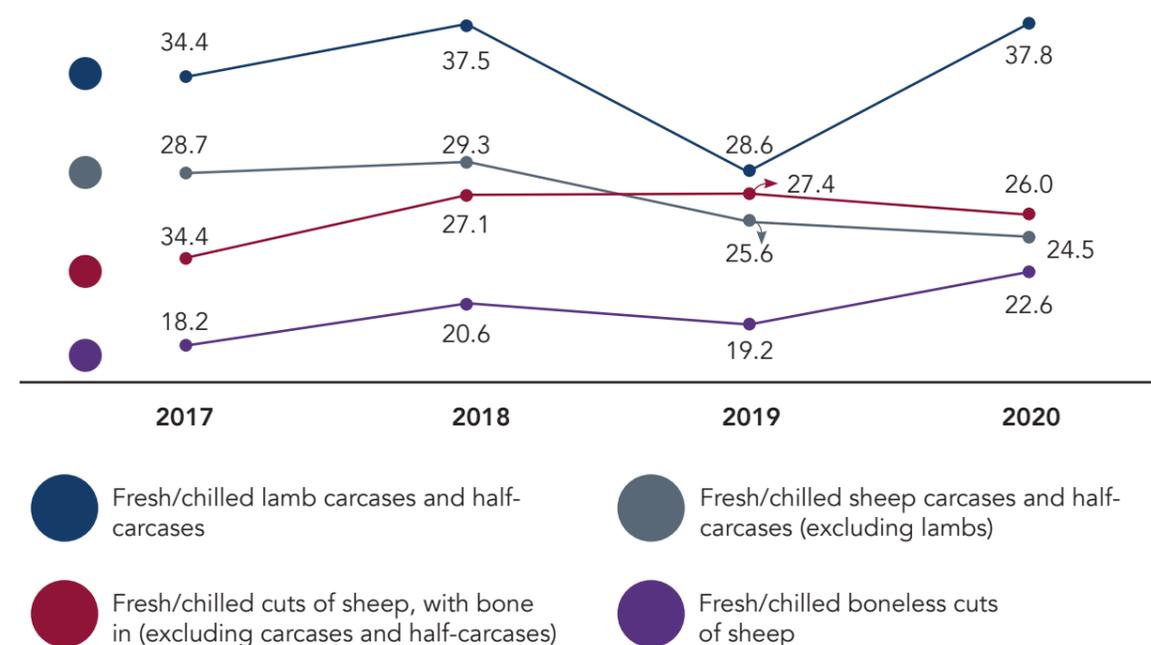
Table 10: Import Value and Volume of Sheep Meat

HS Code	Product label	Import Value QAR mn				Import Volume (tons)			
		2025	2025	2030	2030	2025	2025	2030	2030
020410	Fresh or chilled lamb carcasses and half-carcasses	389.3	693.1	611.4	550.5	16,644	25,603	22,309	21,138
020421	Fresh or chilled sheep carcasses and half-carcasses (excluding lambs)	2025	2025	2030	2030	2025	2025	2030	2030
020422	Fresh or chilled sheep carcasses and half-carcasses (excluding lambs)	2025	2025	2030	2030	2025	2025	2030	2030
020423	Fresh or chilled lamb carcasses and half-carcasses	389.3	693.1	611.4	550.5	16,644	25,603	22,309	21,138
Total		474.6	765.5	673.0	652.0	20,877	28,887	25,289	25,570

Source: UN Comtrade Data

9.2.1.2 LOCAL VS IMPORT PRICING

Chart 21: Average Import Prices for Sheep Meat (QAR/Kg)



Source: UN Comtrade Data

Since 2015, there was a subsidy by the Qatar government which was paid to the importers of Australian sheep/lamb meat in Qatar as part of a trade valued at QAR 1,089 Mn (USD 300 Mn). As a result of this subsidy, Australia was the main importing source for sheep and lamb meat in Qatar.

As a result of this subsidy, one kg of Australian mutton (sheep/lamb meat), used to cost less than QAR 20. This was much lower than the price of mutton (sheep/lamb meat) from countries like India or Pakistan (QAR 35-36) or from Syria and other Arab countries (up to QAR 55-60).

In December 2020, The Qatar government ended this subsidy which has impacted the prices in 2021. As a result, now Australian sheep or lamb meat are at par with the

same being sourced from India or Pakistan i.e QAR 35-36. During the research period of this project, it was observed that the Australian lamb meat was sold in the market at QAR 34-36 (retail price).

This price increase is likely to have a temporary impact on the demand of sheep/lamb meat in 2021. However, this will act as a growth driver for local farming and the production of meat. Local retail prices for an Arabic Awasi whole lamb were around QAR 60-65/ kg, which still shows a significant gap with imported chilled meat prices.

Al Anam has started supplying sheep meat sourced live from Syria and slaughtered locally at a retail price of QAR 48-50. These price differences are likely to increase the import of live lambs from India, Pakistan, and African countries.

Such demand-supply dynamics and pricing gaps are likely to support the investment toward the import of sheep and lambs, local fattening, slaughtering, and processing.



9.2.1.3 LOCAL CAPACITY VS PRODUCTION

Widam has setup automated slaughtering and processing unit at Al Wakra market which is spread across 14,000 sq mt and has the capacity to process 3,000 heads per day²⁹ which can be extended to 9,000 heads per day. Having dedicated lines for Sheep, Bovine and Camel, they are likely to bridge the gap going forward. This is the biggest meat processing plant of Qatar having an annual capacity to process 20,000 tons of red meat. Widam owns seven slaughterhouses and fifteen butcheries and is further expanding its capacity to cover all the regions in the country. They also have plans to sell more meat and meat products under their own brand.

Al Anam Factory for Animal Production also has invested in its new facility in Doha having a capacity of around 20,000 tons per annum. They are planning to expand their production capacity to secure a market share of around 50% over the next 2-3 years³⁰.

It is expected that the current processing capacity of red meat of around 80,000 tons per annum in 2020 is likely to further expand soon.

Table 11: Demand vs Manufacturing Capacity (Utilization Levels)

Category	Total Demand	Fresh/Chilled Demand	Fresh/Chilled Production	Manufacturing Capacity
Sheep	54	44	20	50

Source: Primary Interview with Suppliers and Industry Experts

The current utilization level of the red meat processing industry is around 30%. However, local processing capacity, growing local infrastructure around fattening and farming and removal of import subsidy is likely to increase the local production.

²⁹ Source: Widam – Website and Annual Report, 2020

³⁰ Source: Widam – Website and Annual Report, 2020

9.2.1.4 COMPETITIVE ADVANTAGES FOR LOCAL PRODUCTION VS IMPORT

Qatar faces several challenges in local farming of animals and meat production. The weather condition, local production of animal feed, animal fattening and stalling are some of the main challenges to local animal sourcing.

To overcome these challenges, Hassad food has done investments through Arab Companies of Livestock Development (ACOLID) in different countries such as Australia, Lebanon, Turkey, Sudan, Egypt, and others to secure the supply of live animals and are working to increase the supply at competitive prices.

These investments are likely to increase the import of live animals in future and therefore require local infrastructures such as quarantine facilities, slaughterhouses, processing, and cold storage. Qatar's Ministry of Municipality is now building new veterinary quarantine houses near Hamad Port and Ruwais Port to ensure that the animals are healthy before feeding them to the slaughterhouses.

QDB analysis shows that sufficient investments have already been made toward local capacity building for meat processing. On-going projects of key players towards animal farming in Sudan, Australia and other countries is further likely to increase the supply and lower costs. This is likely to increase the competitiveness of locally produced meat.



9.2.1.5 INVESTMENT OPPORTUNITIES AND SETUP

Low-capacity utilization of the red meat processing units in Qatar along with already planned capacity addition of addition 20-30,000 tons over the next two years is impacting the attractiveness of new investment in this sector.

Current underutilization is because of the following factors:

- 1. Challenges in Raw Material Sourcing** – High cost of import, quarantine and local storage makes the locally produced red meat costlier.
- 2. Repeated Waves of Covid-19** – Repeated waves of Covid-19 has impacted the supply chain and made imports of live animal more challenging. This now requires additional investment toward the quarantine facilities.
- 3. Higher Cost of Local Farming** - The Arabic Awasi Whole Lamb weighing 17-19 kg cost around QAR 1,200 in local market making the Awasi meat per kg costing at around QAR 65-70. This is almost twice the cost of the chilled meat cost imported from India or Pakistan. Widam had invested in the local farming at Al Rkiya Farm which they discontinued in 2019, disposing off all the animals at a net loss of QAR 13.8 mn³¹
- 4. Challenges in Live Animal Import** – Import of live animal is harder during the summer month. Higher temperature during the long sea travel is the main challenge and can result in sickening or death of the animals.

Qatar has further increased their meat processing capacity by opening new slaughterhouses and processing units such as Al Wakra, Al Shahaniya and others

The total project cost excluding the land cost of setting up a new slaughterhouse and processing units for sheep meat (10,000 tons per annum capacity) having animal stalls and recycling units is estimated in a range of QAR 65-75 mn.

³¹ Source: Widam Annual Report

Table 12: Project Cost of a New Slaughterhouse and Processing Unit for Sheep

Sl no	Facilities	QAR Mn
1	15,000 sq mt Animal testing and Stalling	6-8
2	Slaughterhouse & processing facility @10,000 tons per annum	45-50
3	Cold Storage for chilled products	2-3
4	Recycling plant	5-6
5	Other Capex	7-8
Total Cost		65-75

Source: Primary Interview with Suppliers and Industry Experts

9.2.2 DETAILED UNDERSTANDING OF F/C BOVINE MEAT MARKET

The total market for fresh/chilled meat of bovine was around 12,000 tons in 2020 which is expected to reach 15,000 tons by 2025 and 19,000 tons by 2030.

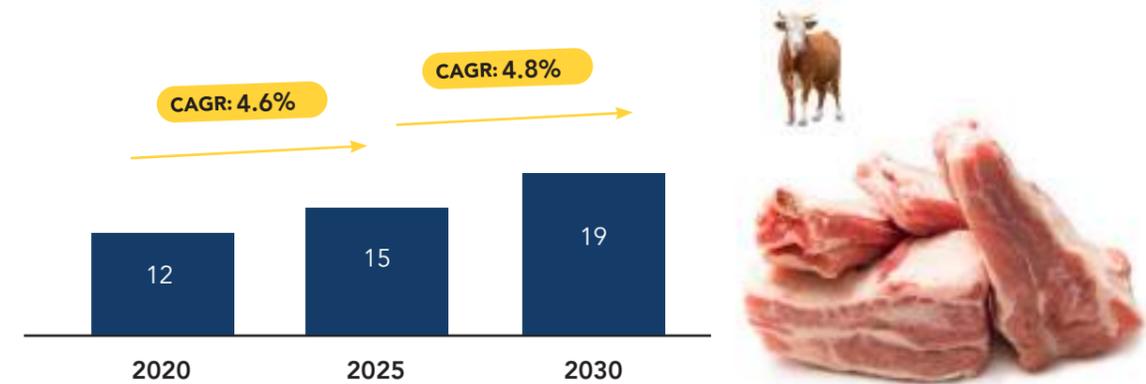
The total demand for bovine meat in 2020 was 22,000 tons where F/C bovine meat had a 55% share.

Table 13: Demand for Fresh/Chilled Bovine Meat in Qatar (2020-30) in Thousand Tons

Category	2020	2025	2030	CAGR % 20-25	CAGR % 25-30
F/C Sheep	12.0	15.0	19.0	4.6%	4.8%

Source: UN Comtrade Data, Primary Interviews with Suppliers and Industry Experts

Chart 22: Current and Future Market of Fresh/Chilled Bovine Meat in Qatar (2020-2030)



Source: Primary Interview with Suppliers

Bovine meat is the second most consumed meat in volume terms, at 20% share in total red meat consumption, as well as the fastest to grow in demand over the next 5 to 10-year period. Total demand for bovine meat is expected to grow at a CAGR% of 4.6% during 2020-25 period and 4.8% during 2025-30 period reaching a volume of 19,000 tons by 2030. The demand for bovine meat is likely to be driven by growth in the fast-food segment and due to its lower price as compared to sheep meat.

9.2.2.1 DOMESTIC PRODUCTION VS IMPORT

The domestic supply of fresh/chilled bovine meat was around 5,000 tons in 2020, which was mainly consumed as fresh or chilled. The total demand for fresh/chilled bovine meat was around 12,000 tons having a demand supply gap of around 7,000 tons in 2020.

Chart 23: Demand and Supply Gap for Fresh/Chilled Bovine Meat in 12'000 Tons (2020)



Source: UN Comtrade Data, Primary Interview with Suppliers

Out of the total consumption of Fresh/Chilled bovine meat of 12,000 tons in 2020 around 7,000 tons was consumed through imports.

Table 14: Import Value and Volume of Bovine Meat

HS Code	Product label	Import Value QAR mn				Import Volume (tons)			
		2025	2025	2030	2030	2025	2025	2030	2030
0201	Meat of bovine animals, fresh or chilled	168.5	183.2	193.7	222.7	6.8	7.6	8.3	10.4

Source: UN Comtrade Data

Table 15: Demand vs Manufacturing Capacity (Utilization Levels), '000 Tons

Category	Total Demand	Fresh/Chilled Demand	Fresh/Chilled Production	Manufacturing Capacity
Bovine	22	12	5	20

Source: UN Comtrade Data, Primary Interview with Suppliers

The current utilization level of the red meat processing industry is around 30%. However, local processing capacity, growing local infrastructure around fattening and farming and removal of import subsidy is likely to increase the local production.

The total project cost excluding the land cost of setting up a new slaughterhouse and processing units for bovine meat (10,000 tons per annum capacity) having animal stalls and recycling units is estimated in a range of QAR 70 to 80mn.

Table 16: Project Cost of a New Slaughterhouse and Processing Unit for Bovine

Sl no	Facilities	QAR Mn
1	15,000 sq mt Animal testing and Stalling	5-7
2	Slaughterhouse & processing facility @10,000 tons per annum	50-55
3	Cold Storage for chilled products	3-4
4	Recycling plant	5-6
5	Other Capex	7-8
Total Cost		70-80

Source: Primary Interview with Suppliers and Industry Experts

9.2.3 DETAILED UNDERSTANDING OF F/C CAMEL MEAT MARKET

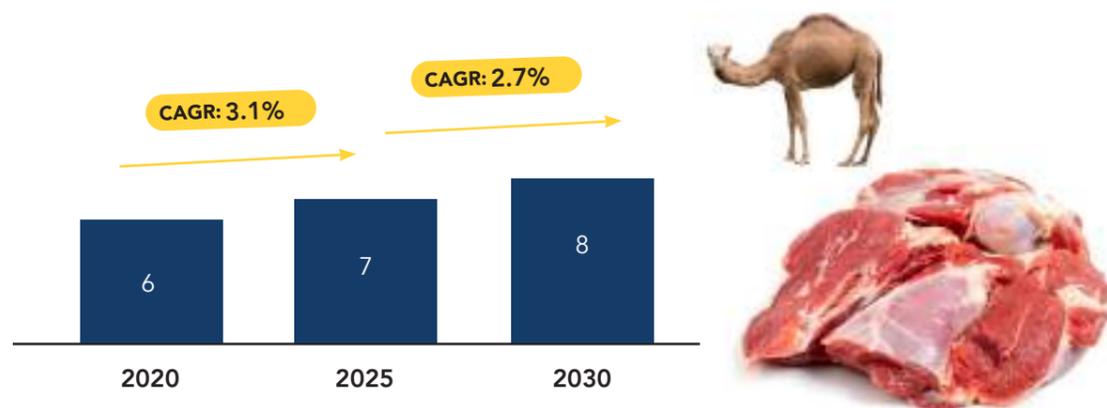
The total market for fresh/chilled meat of camel was around 6,000 tons in 2020 which is expected to reach 7000 tons by 2025 and 8,000 tons by 2030. The total demand for the camel meat in 2020 was 7,000 tons where F/C camel meat had an 85% share.

Table 17: Demand for Fresh/Chilled Camel Meat in Qatar (2020-30) in Thousand Tons

Category	2020	2025	2030	CAGR % 20-25	CAGR % 25-30
F/C Camel	6.0	7.0	8.0	3.1%	2.7%

Source: UN Comtrade Data, Primary Interview with Suppliers

Chart 24: Current and Future Market of Fresh/Chilled Camel Meat in Qatar (2020-2030)



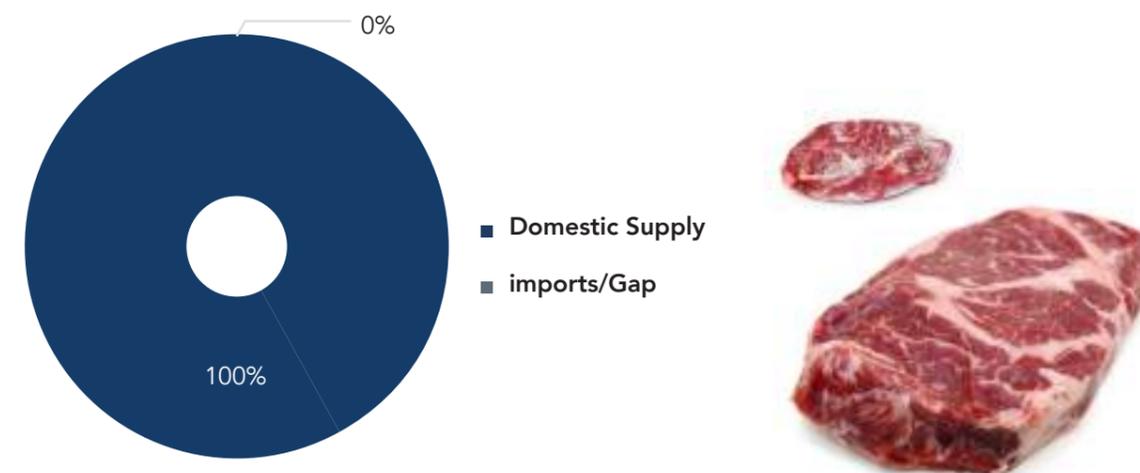
Source: Primary Interview with Suppliers

Camel meat was the smallest segment having 10% market share in 2020 and will continue to be the smallest market over the next 10 years. Total demand for camel meat is expected to grow at a CAGR% of 3.1% during 20-25 and 2.7% during 25-30 reaching a volume of 8,000 tons by 2030. Demand for camel meat will be largely driven by growth in local population including increase in expats from neighboring and African countries.

9.2.3.1 DOMESTIC PRODUCTION VS IMPORT

The domestic supply of fresh/chilled meat for camel was around 6,000 tons in 2020, which was mainly consumed as fresh or chilled. The total demand for fresh/chilled sheep was around 6,000 tons with no demand-supply gap in 2020.

Chart 25: Demand and Supply Gap for Fresh/Chilled Camel Meat was 6'000 Tons (2020)



Source: UN Comtrade Data, Primary Interview with Suppliers

Out of the total consumption of Fresh/Chilled bovine meat of 12,000 tons in 2020 around 7,000 tons was consumed through imports.

Table 18: Demand vs Manufacturing Capacity (Utilization Levels)

Category	Total Demand	Fresh/Chilled Demand	Fresh/Chilled Production	Manufacturing Capacity
Camel	7	6	6	10

Source: UN Comtrade Data, Primary Interview with Suppliers

Table 19: Project Cost of a New Slaughterhouse and Processing Unit for Camel

Sl no	Facilities	QAR Mn
1	15,000 sq mt Animal testing and Stalling	2-3
2	Slaughterhouse & processing facility @10,000 tons per annum	15-16
3	Cold Storage for chilled products	1-2
4	Recycling plant	2-3
5	Other Capex	2-3
Total Cost		22-27

Source: Primary Interview with Industry Experts

10- OVERVIEW OF THE SHEEP AND BOVINE MEAT PRODUCTS

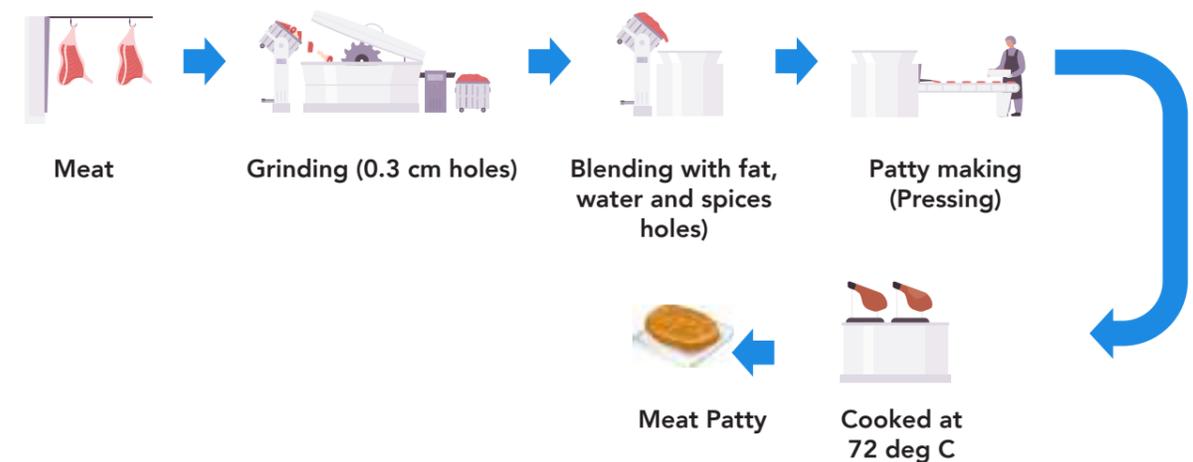
10.1- PRODUCTION PROCESS AND VALUE CHAIN

The remaining 2 products shortlisted based on the attractiveness framework are Meat Products made from sheep and bovine meat. Meat products are defined as products where only meat is the main ingredient, and the production process involves the cooking (heating, fermentation) process. Main meat products of Sheep and Bovine include Burger Patty, Sausages (Franks, Hot Dogs), Meat Balls, Kebabs and Salami.

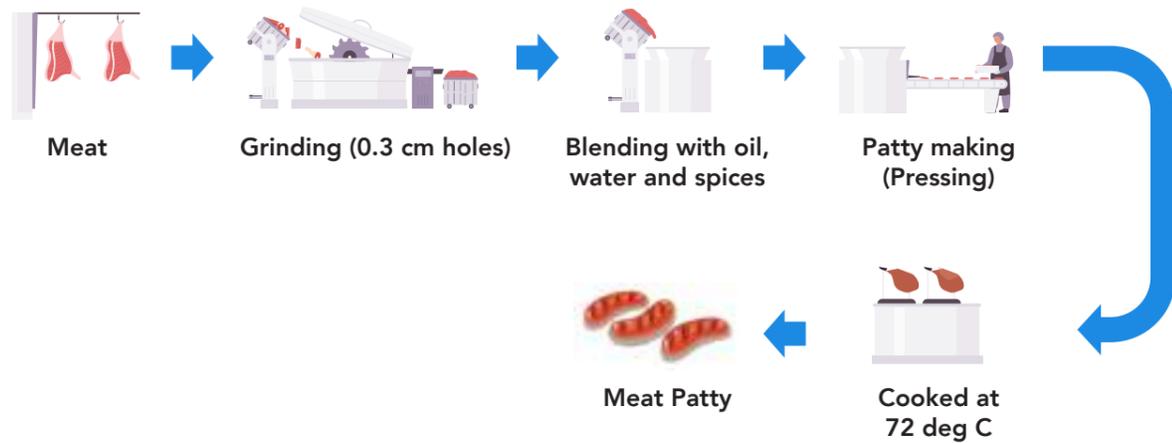
Similar to the manufacturing process and setup being similar for producing fresh/chilled meat category, the manufacturing process and setup are also very similar for meat products, the process does not vary on the type of animal meat, i.e., sheep or bovine. The manufacturing process of these products includes grinding/cutting, blending/mixing, patty making, cooking, and packing.

Figure 6: Schematic Production Process of Main Meat Products

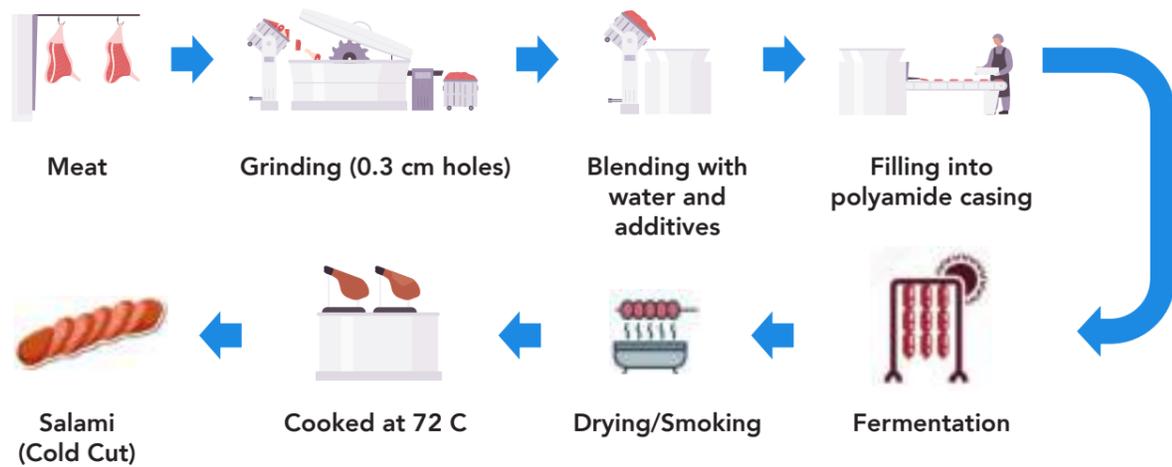
Patty Production



Sausages Production



Salami Production

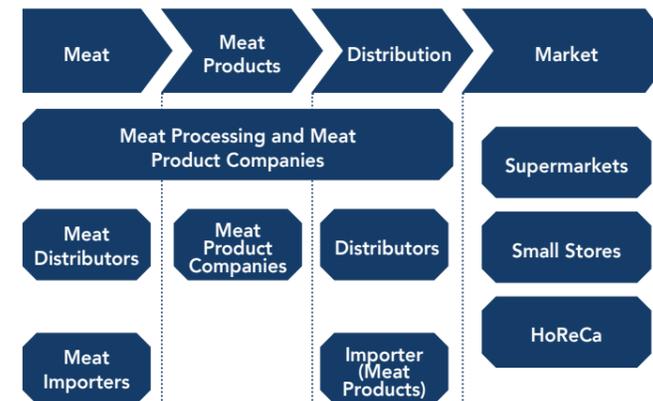


Source : Primary Interview with Suppliers and Industry Experts

Meat products are value-added products and are normally manufactured using unpopular animal parts or small cuts coming off the meat processing lines as a by-product. Input meat is ground and filtered to remove the bones parts, which is then blended with a different ingredient as per the final product recipe. Blended meat is then formed into the required product and cooked using a mechanized process.

Blended meat is used to make burger patty, meatballs, filled in casings to make sausage, kebabs, hawashi and other meat products. Units having a high volume, have automatic production lines where blending, making, and cooking lines are integrated. Same lines can be used to make products with different meat e.g. patty making line can be used to produce beef patty or chicken patty and similarly kebab making line can be used to produce both mutton kebab or beef kebab.

Figure 7: Value Chain for Meat Products



Source : Primary Interview with Suppliers and Industry Experts

Meat processing companies sell their produce as a whole animal or cut them into different small parts as value added products. The by-products produced during the cutting and grading process in such units are used to produce meat products in the integrated units. Independent meat product companies import frozen meat to produce different meat products.

10.2- KEY MEAT PRODUCT COMPANIES

Qatar has 10+ integrated players producing meat and meat products. Leading players are Qatar Meat Production, Fresh Meat Factory, Al Quasaimi Meat, Al Touqa Meat Co., Dallah Meat Factory National Food Company and others.

Leading players import meat carcasses and supply meat cuts along with meat products. These players are active in all types of meat i.e., Chicken, Sheep, Bovine, Camel, and others.

Other key players active in meat products are Silver Fern, Mena Group, Noor Farms for Meat and Trading, Gulf Centre for Food, QNIE and others.



Meat Production Companies

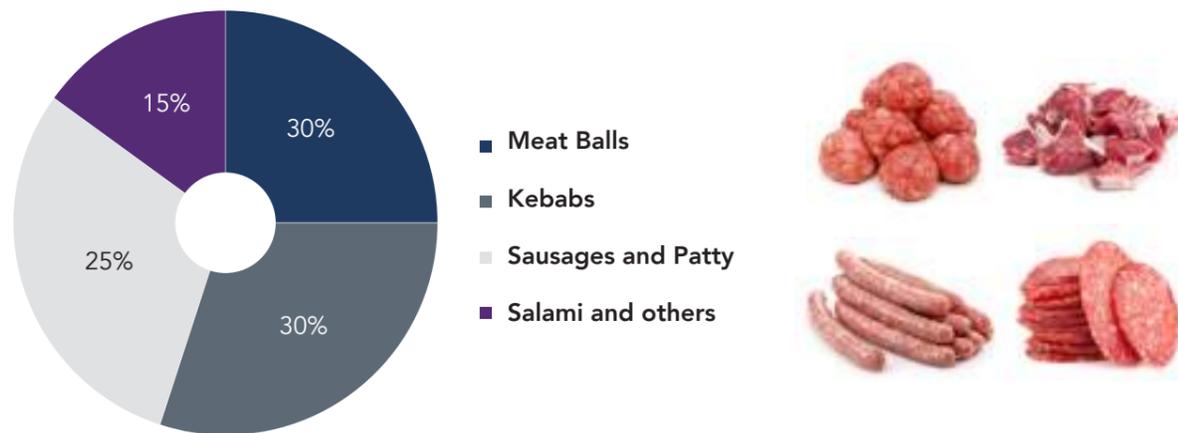
Company	Location	Annual Capacity (Tons)	Annual Production (Tons)	Camel
Qatar Meat Production Co.	Doha	9,000	6,000	Burgers Patty, Kebab, Meat Balls, Hot Dogs, Frankfurter, Cooked Chicken, Smoked, Chicken Jumbo Sausages, Chicken Frankfurter Sausages, Chicken Cocktails, Chicken Pizza Topping
Freshmeat Factory	Doha	8,000	4,000	Lamb Chops, Lamb Shank, Beef Stroganoff, Whole Chicken, Chicken Drumsticks, Beef Sujuk, Beef Cubes, Beef Ribeye Steak, Beef Stroganoff, Beef Burger Patti, Beef Meatballs
Al Quasaimi Meat Co.	Doha	5,000	3,000	Minced Beef, Sausage, Kofta, Slice, Mini Steaks, Shanks, Shawarma, Cubes, Burger patty, String, Steak, Kebab
Al Touqa Meat Company	Doha	3,000	1,000	Minced Meat, Kofta, Sausage, Meat Balls, Kebabs, Steak and others
Dallah Meat Factory	Doha	1,000	700	Chicken rings, Breast boneless, Franks, Kebab, Rolls, Minced, Nuggets
National Food Company	Doha	2,000	1,000	Nuggets, Breaded Fingers and Fillets, Burgers, Meatballs, Kebabs, Shish Tawook & Chicken Tikka, Minced Meat

10.2.1 MARKET SIZE – MEAT PRODUCTS OF SHEEP

The total market for meat products made from sheep was around 6,000 tons. Sheep has a high share of fresh/chilled meat and only 20% of the overall demand (54,000 tons in 2020) was consumed as frozen. Out of which nearly 50% was used to produce meat products.

Sheep meat had lower demand for meat products as compared to Bovine meat because of the lower preference for sheep meat in the overall meat products segment like the burger patty. Chicken is the most preferred meat-type followed by Beef for the burger patty, which is also true for Sausages and Salami. The main types of sheep meat products are Meatballs and Kebabs.

Chart 26: Sheep Meat Production Market Split by Type; 6,000 Tons (2020)



Source: Primary Interview with Suppliers and Industry Experts

Meatballs and Kebabs are the main sheep meat products having 60% market share in 2020. Sausages, Patty, Salami and others have the balance 40% share.

The above estimate doesn't include captive manufacturing of the meat products by food processing companies, manufacturing or import of ready-to-eat food such as chicken rice, chicken wrap, packed meat burgers, Chicken pizza topping and others. This also excludes captive meat processing by fast-food chains, HORECA and other food service companies.

Table 20: Import Value and Volume of all Type of Meat Products

HS Code	Product label	Import Value QAR mn				Import Volume (tons)			
		2017	2018	2019	2020	2017	2018	2019	2020
020410	Meat and edible offal, salted, in brine, dried or smoked; edible flours and meals of meat or meat offal	389.3	693.1	611.4	550.5	16,644	25,603	22,309	21,138

Source: UN Comtrade Data

Table 21: Demand and Supply Gap for Sheep Meat Products in Qatar (2020) (Thousand MT)

Category	Domestic Supply of Meat Products	Demand of F/C	Demand and Supply Gap
Sheep	6	6	0

Source: Primary Interview with Suppliers

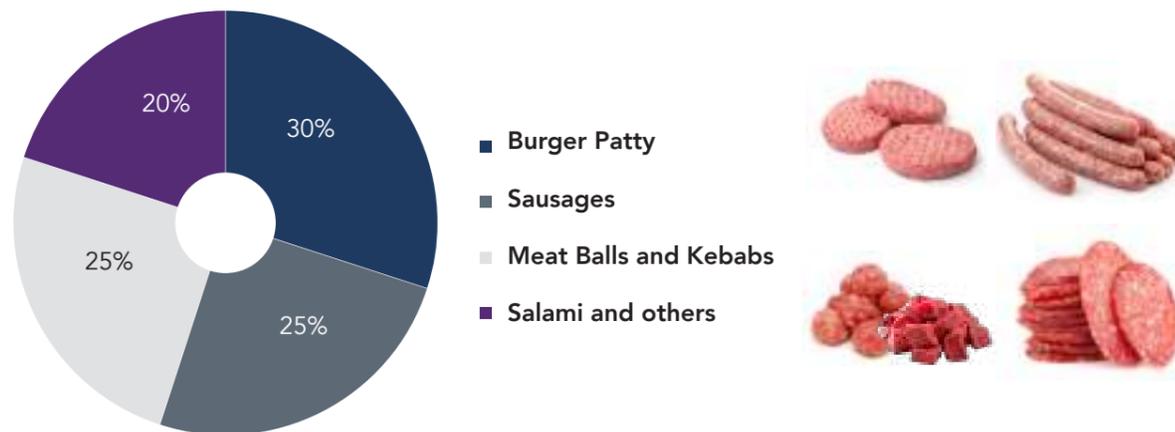


10.2.2 MARKET SIZE – MEAT PRODUCTS OF BOVINE

The total market for meat products made from bovine was around 12,000 tons. Meat products made from bovine meat had a higher market as compared to sheep because mutton has a limited share in the overall burger patty market. Main types of bovine meat products are Burger Patty, Sausages (Franks, Hot Dogs), Meat Balls, Kebabs and Salami.

The total market of Bovine meat products was 12,000 tons in 2020. Burger patty is the main product having a market share of 30%, followed by Sausages at 25%, Meatballs and Kebabs were at 25% and Salami, Hawashi, Beef Stroganoff at 20% in 2020.

Chart 27: Bovine Meat Production Market Split by type; 12,000 Tons (2020)



Source: Primary Interview with Suppliers

10.2.2.1 DOMESTIC PRODUCTION VS IMPORT

Table 22: Demand and Supply Gap for Sheep and Bovine Meat Products in Qatar (2020) (Thousand Tons)

Category	Domestic Supply of Meat Products	Demand of F/C	Demand and Supply Gap
Bovine	12	12	0

Source: Primary Interview with Suppliers

10.2.2.2 LOCAL CAPACITY VS PRODUCTION

Leading players such as Qatar Meat Production, Fresh Meat Factory, Al Quasaimi Meat, Al Touqa Meat Co, Dallah Meat Factory National Food Company, and others are operating at the capacity utilization of 50-60%. In absence of the import gap, players are dependent on the organic growth of the market.

Market growth remained impacted over the last two years because of Covid-19 and leading players are developing new products and are exploring export markets for growth. Qatar is working to develop their local meat production by investing in the local slaughterhouses.

10.2.3 INVESTMENT OPPORTUNITIES AND SETUP

Moderate-capacity utilization of the meat product manufacturing units in Qatar along with the expected expansion of the slaughterhouses cum meat processing units in the meat products is impacting the attractiveness of new investment in this sector.

Emerging factors impacting the attractiveness of the sector

- 1. High Self-sufficiency** – Negligible import of meat products is limiting the growth factor to only organic growth. Players in this segment are now working on the marketing campaigns to create more demand for meat products.
- 2. Repeated Waves of Covid-19** – Repeated waves of Covid-19 have impacted the fast-food chain and HoReCa market which has acted as a restraint for meat products. Fast-food chain and HoReCa is the main consumer segment of meat products.
- 3. Online Food Service Industry** – Growth in the online food service industry during the Covid-19 connecting restaurants to the consumers is likely to impact the consumption of frozen meat products at home.

Therefore, standalone meat product units have low attractiveness. Meat product offers value addition to an integrated meat processing unit and therefore, upcoming capacities of local slaughterhouses cum meat processing can invest in the meat products.

The total project CAPEX for setting up a new meat burger patty line (1,000 tons per annum capacity) is in a range of QAR 200,000-250,000.

Table 23: Project Cost of a Burger Meat Patty Line

Sl no	Facilities	QAR (000)
1	Grinding	20-25
2	Blending	10-15
3	Burger Patty making	115-140
4	Cooking	40-50
5	Packing and others	15-20
Total		200-250

Source: Primary Interview with Industry Experts

The total project CAPEX for setting up a new line for Sausages (1,000 tons per annum capacity) is estimated in a range of QAR 250,000 to 300,000.

Table 24: Project Cost of a Sausage Making Line

Sl no	Facilities	QAR (000)
1	Grinding	20-25
2	Blending	10-15
3	Sausage making	165-190
4	Cooking	40-50
5	Packing and others	15-20
Total		250-300

Source: Primary Interview with Industry Experts



Salami can be produced from the Sausage line and they only need a separate fermentation chamber costing around QAR 10-12,000. Similarly, machines for kebab making cost around QAR 150-200,000.

The total project cost of a meat production unit having production line for burger patty, sausage, salami and kebabs of Sheep and Beef meat is estimated in a range of QAR 600-750,000.

Table 25: Project Cost of a Meat Product Unit Having Burger Patty, Sausage, Salami and Kebabs (Sheep and Beef Meat)

Product	Line	QAR (000)
Burger Patty	1	200-250
Sausages	1	250-300
Added Machine for Kebab and Meat Balls	3	115-140
Added setup for fermentation and others	4	40-50
Packing and others	5	15-20
Total		200-250

Source: Primary Interview with Industry Experts

It is assumed that the capacity combined capacity for the machinery mentioned above would be ~3,000 tons per annum.

10.3- CRITICAL SUCCESS FACTORS

Increased sourcing of live animals: Qatar is still dependent on imports of fresh/ chilled meat of both sheep and bovine. The first step would be to increase the sourcing of live animals, which would include further investing in foreign farms or need to tie-up with local and foreign animal farms to secure the availability of livestock at competitive prices. Mix of local and foreign sources can help secure a regular supply chain.

Developing local partners for allied services: Development of local partners from allied industries such as animal feed, veterinary, incubation and quarantine centers and others would be required to maintain animal health and thereupon the quality of the product as well as the competitiveness.

Forward integration into meat products: Forward integration into meat products is the most economical and logical step to optimize the value of the products processed. The meat processing companies will be able to utilize all the waste or low value products and process them further in high value meat products. This will help meat processing companies to generate additional revenues and hence compete with imported products and grow.

Tie-up with milk production companies: Tie-up with milk production companies that produce milk from cattle or any other animal will become an economical source of animals at the end of its life for slaughtering and production of meat and meat products.

11- ANNEXURE

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