



Middle East Market Opportunities

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Executive Summary

AsiaAustralis has been engaged by Regional Development Australia Adelaide Hills, Fleurieu and Kangaroo Island to research and recommend its **Middle East Trade and Investment Strategy** by undertaking a high-level analysis of international markets for products/services that firms within the RDA region are seeking to export and/or attract investment.

This project specifically seeks to:

- Identify priority markets for RDAHC Stakeholders in the Middle East and North Africa (MENA).
- Inform RDAHC stakeholders and business about the opportunities and risks of priority markets to inform their business decisions.
- Inform the future focus, effort and approach for the RDAHC in undertaking its international efforts.

In order to achieve the core objectives of this project and to provide RDAHC with a roadmap for International engagement in MENA, AsiaAustralis utilised existing market knowledge and Asian networks to research and analyse RDAHC's Relative Competitive Position (RCP) by market and Market Attractiveness (MA) as presented in this report. Based on this analysis, it is recommended that the following countries comprise RDAHC's priority countries for International Engagement in MENA:

- United Arab Emirates
- Saudi Arabia
- Qatar

A secondary but lower priority cluster where RDAHC has been assessed to have a high competitive position in less attractive markets includes:

- Kuwait
- Oman

In terms of market priorities for specific RDAHC industries and companies identified in this report, the following priority markets are recommended:

For **Vegetable Product** exports:

- United Arab Emirates
- Qatar
- Kuwait

For **Fruit Product** exports:

- United Arab Emirates
- Qatar
- Saudi Arabia

For **Dairy Product** exports:

- United Arab Emirates
- Qatar
- Bahrain

For **Meat Product** exports:

- United Arab Emirates
- Kuwait
- Qatar

For **Beverage Product** exports:

- United Arab Emirates
- Turkey
- Bahrain

As noted above, AsiaAustralis has been able to research and analyse the specific Australian export performance of RDAHC's key non-service industries to determine the international markets which demonstrate the strongest 'appetite' for RDAHC's products. However, similar data for service exports are not available with the exception of the number of students studying in South Australia. The primary and only significant market for international students is **Saudi Arabia**. In relation to **homestay student programs**, there appears to be no opportunity for

RDAHC as there were only 2 MENA school students attending SA schools during 2016 and 2017 (average of 1 per annum).

In addition to export sectors, RDAHC has expressed an interest in Investment Attraction opportunities in the following sectors:

- Hotel accommodation
- Farm investment
- Horticultural cultural joint ventures
- Bottling plants

Based on the major sources of MENA investment in Australia, the follow priorities are recommended for RDAHC (in priority order):

- United Arab Emirates – Manufacturing (Bottling Plants)
- Kuwait - Manufacturing (Bottling Plants)
- United Arab Emirates – Tourism (Hotel Accommodation)
- Qatar - Manufacturing (Bottling Plants)
- United Arab Emirates – Horticulture (Joint Ventures)

The research and analysis contained in this report provides RDAHC with recommended priorities for MENA International Engagement covering the region's industries and associated companies. The next step for RDAHC would be the formulation of MENA Market Entry Strategy based on these priorities with clear objectives and action plans to deliver regional economic development via, for example, export promotion and investment attraction.

It is **recommended** that RDAHC now proceed to detailed in-country market research and market entry strategy development for the priority cluster of markets (UAE, Saudi Arabia, Qatar) and associated product and service areas. The following broad steps are recommended for implementation:

- Identification of companies/products by category for market entry strategy development (including brochures/price lists/etc.).
- Detailed in-country market research in accordance with the findings of this study and recommendations:
 - **United Arab Emirates** – Vegetables; Fruit; Dairy; Meat; Beverage; Investment (Bottling Plants;

- Hotel Accommodation; Horticulture).
 - **Saudi Arabia** – Vegetables; Fruit.
 - **Qatar** – Fruit; Dairy; Meat; Investment (Bottling Plants).
- Detailed in-country market research to identify (for example):
 - Regulatory and Bio Security requirements.
 - In-country value-chain.
 - Major importers/distributors by product.
 - Key personnel for negotiations.
 - Retail outlets.
 - Packaging and shipping requirements.
 - Competitor products and pricing.
 - Supply and Demand including potential supply windows.
 - Major trade fairs/exhibitions.
 - Potential investors in the RDAHC area.
- Development of Market Entry Strategies comprising:
 - Country/Company.
 - Key targets – export and investment.
 - Trade mission/in-country visits
 - Timing of in-country activities.
- Trade mission/in-country visits – Support required for RDAHC and companies would include:
 - Trade Mission support to priority markets to meet with prospective buyers, investors and other stakeholder organisations.
 - On ground market support for in-country visits.
 - Pre-delegation country briefings for companies.
 - Advice on the in-country program.
 - Setting of target meetings and meeting objectives.
 - Schedule of meetings and appointment setting.
 - Post-delegation debriefing.

1.0 Introduction and Project Objectives

AsiaAustralis has been engaged by Regional Development Australia Adelaide Hills, Fleurieu and Kangaroo Island to research and recommend its **Middle East Trade and Investment Strategy** by undertaking a high level analysis of international markets for products/services that firms within the RDA region are seeking to export and/or attract investment.

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- Identify priority markets for RDAHC Stakeholders in the Middle East and North Africa (MENA).
- Inform RDAHC stakeholders and business about the opportunities and risks of priority markets to inform their business decisions.
- Inform the future focus, effort and approach for the RDAHC in undertaking its international efforts.

The AsiaAustralis methodology for addressing these objectives is based on assessing and ranking:

- The RDAHC's Relative Competitive Position (RCP) in the targeted markets.
- The Market Attractiveness (MA) of the targeted markets for the RDAHC's exportable products and services.

As noted above, this has been undertaken at 2 levels. Firstly, an assessment at the regional level incorporating all products and services, and secondly at the product/service level where each product/service is assessed across all agreed markets.

At the commencement of the project RDAHC was asked to nominate the countries and key products/services for the strategy development. The following were recommended for assessment based on RDAHC's feedback.

Countries

- UAE
- Qatar
- Saudi Arabia
- Bahrain
- Iran
- Kuwait

The following additional countries have been included in the assessment for regional completeness and to provide RDAHC with a broader MENA priority listing:

- Yemen
- Turkey
- Sudan
- Oman
- Lebanon
- Jordan
- Iraq
- Egypt

Priority Products and Services

RDAHC was also asked to nominate its priority products/services for assessment and strategy development. The following were recommended for assessment based on RDAHC's feedback:

Products

- Vegetables, both fresh and frozen
- Citrus
- Stone fruit
- Cherries
- Apples
- Pears
- Strawberries
- Avocado
- Capers
- Fresh and frozen beef and lamb
- Milk and dairy products
- Table grapes
- Wine
- Fruit juice
- Cider
- Beer
- Specialty spirits

Services

- Homestay student programs
- Environmental services
- Aged care training services

Investment Opportunities

- Hotel accommodation
- Farm investment
- Horticultural cultural joint ventures
- Bottling plants

2.0 RDA Adelaide Hills, Fleurieu and Kangaroo Island

Regional Development Australia Adelaide Hills, Fleurieu and Kangaroo Island (RDAHc) was established as a partnership between the commonwealth, state and local governments.

“Regional Development Australia (RDA) is a partnership between the Australian, state and local governments to support the growth and development of Australia’s regions. RDA committees will build partnerships between governments, regional development organisations, local businesses, community groups and key regional stakeholders to provide strategic and targeted responses to economic, environmental and social issues affecting the regions of Australia.”¹

The RDAHc has a responsibility and commitment to developing and growing the ‘Hills & Coasts’ region by engaging in the following activities:

- Consult and engage with the community on economic, social and environmental issues, solutions and priorities.
- Liaise with governments and local communities about government programs, services, grants and initiatives for regional development.
- Contribute to business growth plans and investment strategies, environmental solutions and social inclusion strategies in their region.

RDAHc has taken a leadership role within the community to develop investment attraction strategies which will have a discernable impact on international engagement and regional development. RDAHc has been working in collaboration with Invest SA, Austrade, PIRSA and a number of local financial institutions to develop investment attraction strategies throughout Asia. RDAHc has developed a range of in-market connections with investment bankers, commercial lawyers, trade and industry groups as well as state agencies across Asia, and specifically in China and South East Asia.

The RDAHc has committed to developing *“a portfolio of public and private investment opportunities; a range of partners and collaborators here and overseas to promote these prospects; a series of visits and presentation to highlight developments, and this will be supported with a range of tools to assist proponents in preparation of proposals.”* The first stage of this project has been to focus upon the investment attraction opportunities in China, with the second stage of the project to look more broadly across Asia to targeted markets in South East Asia and India. The third stage of this project is to develop the Middle East Market for both trade and investment outcomes.

¹ <http://www.rdahc.com.au/>

3.0 Middle East and North Africa in Context

The World Bank Group's recently released its latest Middle East and North Africa (MENA) Economic Monitor and has projected substantial regional growth across the MENA region. They forecast an increase in economic growth from 2% in 2017 to 3.1% in 2018. This increase in growth is expected to be broad based, driven by a favourable global economic environment, stability in the oil market at slightly higher prices, and the resumption of post-conflict reconstruction. The Gulf Cooperation Council (UAE, Bahrain, Saudi Arabia, Kuwait, Oman and Qatar) Gulf Cooperation Council countries and oil exporters could see growth reach 3% in 2018, double the rate in 2017. Growth among oil importers is expected to increase to 4% on average from 2018 to 2020, driven by a sharp rebound in Egypt and a rise in remittances, tourism and exports. Almost all countries in the region have embarked on major reforms to reduce or eliminate energy subsidies, identify new sources of non-oil revenues, and expand social safety nets to shield the poor from adverse effects of change.

Low oil prices and a global shift toward renewable energy to meet climate goals pose risks and opportunities. One of the emerging opportunities for the region is to harness the regions solar generation through investments in solar technology. Most analysts believe that the region's medium term growth will be built on turning risks into opportunities through innovation and the adoption of new technologies. The MENA region will need to adapt to low oil prices, and leveraging new technologies could be a new engine of growth and jobs for the regions. A focus on corporate governance will need to accompany efforts to improve the business environment, to create a new system of incentives at the firm level that encourages the bold and creative thinking required for economic transformation. Adopting new technologies will require significant investments in infrastructure, which will require greater leveraging of private finance. This can be achieved through public-private partnerships, which Jordan has used to build the Queen Alia airport, and Egypt to attract sizeable private investments in its energy sector. Public-Private partnerships have the added advantage of drawing on the innovation and efficiency of the private sector, and are a step toward changing the role of the state from the main provider of employment to an enabler of private sector activity.

3.1 Gulf Cooperation Council

The Gulf Cooperation Council is a political cooperative council that comprises the countries of the Arabian Peninsula between the Persian Gulf and the Red Sea, and currently has only members who have sea borders with the Persian Gulf. The GCC was formed in 1981 by the leaders of the United Arab Emirates, State of Bahrain, Kingdom of Saudi Arabia, Sultanate of Oman, State of Qatar and State of Kuwait and created a cooperative framework joining the six states to effect coordination, integration and inter-connection among the Member States in all fields in order to achieve unity. Recently Jordan and Morocco have applied for

membership of the GCC due to being the other 'Arab Kingdoms' not currently members. Jordan is connected by land to Saudi Arabia and has substantial economic, political and social cohesion with the GCC members, while Morocco separated by geography is viewed as having similar shared economic, political and social values. They are currently not members of the council. The GCC is based upon:

“Deep religious and cultural ties link the six states, and strong kin relations prevail among their citizens. All these factors, enhanced by one geographical entity extending from sea to desert, have facilitated contacts and interaction among them, and created homogeneous values and characteristics. The GCC is a continuation, evolution and institutionalisation of old prevailing realities, and seeks practical answers to the challenges of security and economic development in the region.”²

The Supreme Council of the Gulf Cooperation Council (GCC) is the highest authority of the organization. It is composed of the heads of the Member-States. Its presidency rotates periodically among the Member States in alphabetical order. It meets in an ordinary session each year. The GCC Charter states that the basic objectives are to have coordination, integration and inter-connection between Member States in all fields, strengthening ties between their peoples, formulating similar regulations in various fields such as economy, finance, trade, customs, tourism, legislation, administration, as well as fostering scientific and technical progress in industry, mining, agriculture, water and animal resources, establishing scientific research centers', setting up joint ventures, and encouraging cooperation of the private sector. GCC comprises of some of the fastest growing economies in the world, mainly due to an increase in oil and natural gas revenues coupled with a building and investment boom backed by reserves. Most of these economies which were affected during recent economic downturn have now recovered and are growing at a fast pace again.

The GCC countries have been instrumental to the recovery and reconstruction efforts in the region. These efforts have been strengthened by existing partnerships with the Arab development funds and other multilateral and bilateral foreign assistance funds, such as the Islamic Development Bank, the Arab Monetary Fund, Saudi Fund for Development, Kuwait Fund, and Abu Dhabi Fund, aiming to leverage the financial support extended by the GCC countries to the Arab World. GCC countries have also supported the work of the International Development Association (IDA) over many years. Although the GCC has been an active grouping for nearly 40 years there has not always been alignment in views on economic, political and social affairs. Most recently there has been the political arguments between Qatar, and Saudi Arabia, Bahrain and UAE, which has led to a blockade of Qatar and a cooling of relations. Despite these difficulties Qatar is still a member of the GCC, and was represented at the most recent meeting of the GCC in December 2017. Ultimately the group is still an important framework, and is increasingly responsible for strategic external economic relationships and

² <http://www.gcc-sg.org/>

negotiations related to free trade agreements, single currency and customs zones.

3.2 Australia Gulf Cooperation Council Free Trade Agreement (AGCCFTA)

In 2006 the Australian Government had initial discussions with the United Arab Emirates about negotiating a bilateral free trade agreement between the two countries, due to the ongoing growth in trade and investment between the two countries. The UAE expressed a preference to negotiate a combined FTA for the Gulf region bringing their neighboring countries within the Gulf Cooperation Council. Free Trade Agreement negotiations with the Gulf Cooperation Council (GCC), comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates, ultimately commenced in July 2007. These negotiations were preceded by bilateral FTA negotiations with the UAE, which were abandoned following a decision by GCC Ministers to only negotiate FTAs as a group. To date, there have been four rounds of GCC-Australia FTA negotiations, with the last one held in June 2009.

Australia and the GCC share a significant economic relationship, encompassing trade and investment across a broad range of goods and services. For example, the GCC is an important market for exports of live animals and other agricultural and food products. There are further opportunities in mineral commodities, automotive parts and services (particularly education, engineering and construction). The GCC has a rapidly growing middle class and a youthful population giving the GCC strong prospects for continued economic growth. Large hydrocarbon reserves also contribute significantly to government revenues. These factors, along with a plurilateral FTA, will help sustain growth in Australia's trade and investment relations with the region. The last negotiating round, held in Muscat, Oman focused on services, investment, intellectual property, government procurement, competition policy, rules of origin as well as legal and institutional issues.

The Australian Government is advocating strongly for a resumption of the Australia-GCC FTA negotiations. From 2010 – 2016, the Australia government focused trade negotiation activities on South East Asia and East Asian Trade Agreements (ASEAN 2010, Malaysia 2011, Japan 2014, South Korea 2014, China 2015, Trans Pacific Partnership 2017) and more recently Indonesia, Pacific Islands and New Zealand. In 2014 the Australia Trade Minister indicated a strong willingness to recommence negotiations on the agreement however with internal tensions still high between Qatar and some member states its unlikely in the short term for negotiations to recommence. In March 2014, the GCC Ministerial Council agreed FTA negotiations could once again proceed, but made no announcement on which countries negotiations would resume. In January 2016, the GCC announced commencement of FTA negotiations with China. Negotiations with other potential FTA partners, including Australia, are still under consideration.

Key interests and benefits of the Proposed AGCCFTA

- The GCC is a key market for **agricultural exports** such as livestock, meat, dairy products, vegetables, sugar, wheat and other grains. The agreement provides an opportunity to address a range of tariff and non-tariff barriers related to our food exports.
- A GCC FTA would provide an opportunity to reduce barriers to trade in mineral commodities and automotive parts.
- The negotiations can address market access barriers related to the provision of **services**, including in the areas of construction, engineering, architecture, health care, hospitality, education and financial services.
- Provisions on **investment** would both encourage inward investment from the GCC, as well as enhancing security for Australian investments in GCC countries themselves, including in such areas as mining or the development of educational campuses.

This proposed agreement provides a good foundation for attracting investment into Australia and provides further opportunities for the export of goods and services and specifically the Adelaide Hills, Fleurieu and Kangaroo Island region. The large Middle East based food consolidators, and service providers are actively looking for opportunities to invest in the food value chain in Australia to bring favourable new products into these growth markets in MENA. As a consequence, there will be opportunities for the RDA Adelaide Hills, Fleurieu and Kangaroo Island to target these companies for trade and investment.

4.0 Country Specific Overviews

AsiaAustralis has analysed the country specific conditions for trade and investment attraction in target countries in MENA including United Arab Emirates, Saudi Arabia, Qatar, Bahrain, Oman, and Kuwait. These countries have been selected for in-depth analysis as a consequence of a regional market assessment across the region. This section provides analysis of the economic conditions that underpin each of the five target markets, followed by a review of any regulatory issues that would affect organisations in the Adelaide Hills, Fleurieu and Kangaroo Island region from developing key export markets and attracting investment from key stakeholders in the target markets.

4.1 United Arab Emirates Country Profile

United Arab Emirates Socio Economic Profile³

Population	10.1 Million
Gross Domestic Product per Capita (PPP International US\$)	US\$68,662.4
World Bank Ease of Doing Business Rank (Global ranking from 1 Best – 189 Worst)⁴	21st
World Bank Trading Across Borders Rank (Global ranking from 1 Best – 189 Worst)⁵	91st
Global Competitive Rank (Global ranking from 1 best – 144 worst)⁶	17th
Outbound FDI Global Ranking (Global Ranking 1 largest Investor)⁷	29th
Outbound FDI Total 2013-2017	US\$52.9 Trillion

4.1.1 Key Economic Drivers

The United Arab Emirates (UAE) is situated in the Southeast of the Arabian Peninsula, bordering Oman and Saudi Arabia. In December 1971, the UAE became a federation of six emirates - Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al-Quwain, and Fujairah, while the seventh emirate, Ras Al Khaimah, joined the federation in 1972. The capital city is Abu Dhabi, located in the largest and wealthiest of the seven emirates. Since its Federation in 1971, the UAE has developed rapidly and is now noted for its modern infrastructure, international events and status as a trade and transport hub. It possesses among the highest per capita incomes in the world. Overall real GDP growth is estimated to further moderate to 1.4 percent in 2017, down from 3 percent in 2016. Hydrocarbon GDP growth is estimated to contract by 2.9 percent in 2017 from 3.8 percent in 2016 in compliance with the OPEC agreement to cut supply. The non-oil sector is estimated to grow by 3.3 percent in

³ Schwab, K, 2018, "The Global Competitiveness Report 2017-18", World Economic Forum.

⁴ World Bank 2018, "Doing Business 2018; understanding regulations for small and medium sized enterprise", World Bank, 11th Edition

⁵ World Bank 2018, "Doing Business 2018; understanding regulations for small and medium sized enterprise", World Bank, 11th Edition

⁶ Schwab, K, 2018, "The Global Competitiveness Report 2017-18", World Economic Forum

⁷ Source: ©UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics).

2017 reflecting higher public investment and a pickup in global trade. The average rate of inflation increased slightly to 2.2 percent in 2017 from 1.6 percent in 2016 partly reflecting utility and gasoline price adjustments, and higher imported inflation, in addition to an uptick in activity. The current account surplus is expected to improve to 2.6 percent of GDP this year mainly owing to rising non-oil exports.

The UAE is the Middle East's second largest economy, after Saudi Arabia, and one of the wealthiest countries in the region on a per capita basis. Its current GDP in 2015 was estimated at US\$339.1 billion, a real GDP growth rate of around 3.0 per cent. The UAE has six per cent of the world's oil reserves and the seventh largest proven natural gas reserves. Petroleum exports were US\$126 billion in 2014. In the medium term, oil and gas (which account for over two-thirds of exports and the bulk of government revenue) will continue to underpin the UAE's economy. However, significant steps towards economic diversification have already been taken, with approximately 70 per cent of GDP now generated by sectors other than oil and gas. The UAE is also developing a civil nuclear energy program and plans to build four nuclear power reactors by 2020, with the first scheduled to come on-line by 2017. Renewable energy generation is also a focus for the UAE, both for domestic energy needs and in terms of investment abroad. The UAE population of 9.3 million (2014) depends substantially on its expatriate workforce, which made up about 80 per cent of the population in 2012. The UAE government has increased spending on job creation and infrastructure expansion, including in preparation for hosting a world expo in Dubai in 2020. The UAE is also opening up utilities to greater private sector involvement. Free trade zones attract foreign investors by offering full ownership and zero taxes. There are over 17,000 companies and FDI estimated at over US\$73 billion in the free zones. Foreign investors may purchase 109 of the 135 issues on the UAE stock markets, the Abu Dhabi Securities Market and Dubai Financial Market. The remaining 26 issues are primarily those of government-related entities.

4.1.2 Trade and Investment Environment

The UAE is Australia's largest trading partner in the Middle East and 16th largest overall, with two-way goods and services trade worth \$8.8 billion in 2015. Australian goods and services exports to the UAE grew 10.5 per cent to \$4.0 billion in 2015. Goods exports to the UAE were worth \$3.4 billion in 2015 and were dominated by motor vehicles and meat. Australian goods imports from the UAE were worth \$2.5 billion in 2015 (mainly petroleum products).

Services trade is an increasingly important component of the commercial relationship, including construction, financial and professional services, tourism and education. Education is seen as an area of potential growth, with several Australian institutions active in the UAE market, including: Wollongong University, which in 1993 was the first private university to establish a campus in Dubai; Murdoch University, which opened in Dubai in

2007; the Australian International School Sharjah; the Victorian International School Sharjah; and a number of Australian institutions with partnerships with local institutions to deliver the Australian curriculum in-country. Australia's commercial profile in the UAE is significant, with UAE-based Australian companies numbering over 360 and increasing. Australian companies, institutions and capabilities are working in a range of industries, including steel trading, building, construction and financial services, banking services, materials and equipment, agricultural supplies and services, industrial minerals, dairy products, marine manufacturing, education and training services, sports and recreation, health services, livestock, oil field supplies, courier and freight services. Many companies use Dubai as a regional base, in view of its transport, financial and communications infrastructure. UAE entities hold significant investments in Australia, including in the agribusiness, tourism, health and aged care and resources sectors.

In 2015, UAE investment in Australia was estimated at \$12.5 billion according to ABS data. The Abu Dhabi Investment Authority (ADIA), the world's second largest sovereign wealth fund, became Australia's largest hotel owner in late 2013, acquiring 31 Accor-branded hotels. It has also invested in ports, the TransGrid electricity network and the Queensland Motorway project. Other UAE sovereign wealth funds also have assets and are examining other investment opportunities in Australia.

4.1.3 Regulatory Environment

Bilateral relations between Australia and the UAE are multi-faceted and growing rapidly. They are underpinned by extensive trade relations, and the UAE is Australia's largest Middle East trading partner. The two countries enjoy good defence and law enforcement cooperation, the latter underpinned by agreements on mutual legal assistance in criminal law matters and extradition. The Agreement between the Government of Australia and the Government of the United Arab Emirates on Cooperation in the Peaceful Uses of Nuclear Energy entered into force in April 2014, paving the way for Australia to provide uranium for the UAE's civilian nuclear energy program. The Australian Ambassador to the UAE is based at the Australian Embassy in Abu Dhabi, and the Australian Consulate-General in Dubai is managed by Austrade. State government offices representing New South Wales, Queensland, Western Australia, and Victoria are also based in the UAE. The new South Australian Government has identified the UAE as a priority market for establishment of a state representative office in the near future which should provide further assistance and advocacy for South Australian and specifically exporters from the RDAHC region.

A customs duty of five per cent is generally levied on imported goods (a number of categories are exempt, some agricultural products and pharmaceuticals) and luxury goods such as tobacco is 50 to 70 per cent. A number of UAE 'free zones' have been established, where customs duties are not payable, such as Dubai International Financial Centre (DIFC) or Jebel Ali port. Goods may only be imported by an entity which is registered in the UAE. Only companies in the UAE that have the appropriate trade licence can import products into the country.

Import controls exist for a number of products including alcoholic beverages, pork and pork products, medicinal substances, printed matter such as magazines and videos, photographic material, firearms and fireworks.

The entry of many kinds of products has been banned in accordance with the local values, religious beliefs and morals. The following items are prohibited:

- goods manufactured in Israel
- pornographic literature.

Special permission is required for the import of:

- alcohol
- drugs
- firearms
- ammunition and explosives
- agricultural pesticides
- industrial alcohol-denatured
- methyl alcohol
- methylated and medicated spirits.

The rules around packaging and labelling in the UAE are important to consider particularly for food exporters. Goods should be packed to provide protection against extreme heat and humidity, storage in the open and possible unloading into lighters. The UAE Ministry of Health requires all pharmaceutical imports to be carried under temperature controlled conditions of 25 degrees centigrade. Outer containers should bear the consignee's mark and the port mark in Arabic, this is essential, as most wharf labourers cannot read English. Labels of imported goods/food need to have the following standard information and should be in English and Arabic:

- product and brand
- ingredients, in descending order of proportion
- additives using their 'E' numbers (group names are also accepted)
- the origin of all animal fats
- net contents in metric units
- production and expiry date
- country of origin
- manufacturer's name and address
- special storage and preparation instructions, if any.

UAE health authorities require Islamic Slaughter Certification for all shipments of Australian food products containing meat and poultry. An Original Slaughter Certificate and Original Halal Products Certificate must be issued by an approved Halal centre in Australia.

4.2 Saudi Arabia Country Profile

Saudi Arabia Socio Economic Profile⁸

Population	32.4 Million
Gross Domestic Product per Capita (PPP International US\$)	US\$55,859
World Bank Ease of Doing Business Rank (Global ranking from 1 Best – 189 Worst)⁹	92nd
World Bank Trading Across Borders Rank (Global ranking from 1 Best – 189 Worst)¹⁰	161st
Global Competitive Rank (Global ranking from 1 best – 144 worst)¹¹	30th
Outbound FDI Global Ranking (Global Ranking 1 largest Investor)¹²	38th
Outbound FDI Total 2013-2017	US\$24.6 Trillion

4.2.1 Key Economic Drivers

The Kingdom of Saudi Arabia is the largest Arab country of the Middle East. It is bordered by Jordan and Iraq on the north and northeast, Kuwait, Qatar, Bahrain and the United Arab Emirates on the east, Oman on the southeast, and Yemen on the south. The origins of Saudi Arabia go back as far as 1744 with the establishment of the first Saudi State. The formation of the current Kingdom began in 1902, when Abdul-Aziz bin Saud captured the Al-Saud's ancestral home of Riyadh, and culminated in 1932 with the proclamation and recognition of the Kingdom of Saudi Arabia.

The Saudi Arabian economy grew at a more moderate rate of 1.7 percent in 2016 as oil prices continued to remain below USD\$50 for almost the entire year. The data for the first half of 2017 suggests that GDP in the first quarter deteriorated, registering a 0.5 percent contraction on a year-over-year basis. The crude oil production index declined by 4.4 percent due to the OPEC agreement on curbing production. However, non-oil GDP grew by around 0.7 percent in the same period. Though official GDP data for the second quarter of 2017 has not been released, other indicators suggest continued subdued economic activity. The fiscal deficit slightly deteriorated to 16.6 percent of GDP in 2016 compared to 15.8 percent a year earlier. In September 2016, the authorities introduced the biggest measure towards fiscal consolidation within the Fiscal Balance Program by a cut to civil

⁸ Schwab, K, 2018, "The Global Competitiveness Report 2017-18", World Economic Forum.

⁹ World Bank 2018, "Doing Business 2018; understanding regulations for small and medium sized enterprise", World Bank, 11th Edition

¹⁰ World Bank 2018, "Doing Business 2018; understanding regulations for small and medium sized enterprise", World Bank, 11th Edition

¹¹ Schwab, K, 2018, "The Global Competitiveness Report 2017-18", World Economic Forum

¹² Source: ©UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics).

service remuneration applying to around two thirds of employed nationals. However, a decision was taken in April 2017 to reverse some of the cuts (including all allowances, financial benefits, and bonuses, but not including the thirteenth month salary payments) after 6 months and reports of better than anticipated effects of other measures of fiscal consolidation that had also been implemented.

Australia and Saudi Arabia enjoy a friendly relationship. This is underpinned by commercial ties and supported by shared membership in the G20 as well as Australia's engagement with the GCC and OIC, which are both headquartered in Saudi Arabia (Riyadh and Jeddah respectively). Australia and Saudi Arabia also have well-established cooperation in countering terrorism and are both members of the anti-ISIL coalition and the International Syria Support Group. People-to-people contacts are also an important aspect of the relationship, with over 8,100 Saudi enrolments at Australian education institutions in 2016. Saudi Arabia is Australia's second largest trading partner in the Middle East region. There is significant potential for economic ties to grow, given areas of complementarity in agriculture, education and construction. The launch in April 2016 by the Saudi government of a plan (Vision 2030) for economic reform and diversification also provides potential opportunities for Australian business. The establishment of the Australia-Saudi Business Council in 2013 also supports the promotion of bilateral business ties.

Saudi Arabia has nearly 20 per cent of the world's conventional oil reserves, Saudi Arabia is the Middle East's largest economy. Real GDP growth in 2016 was 1.2 per cent, according to the IMF, having declined as a result of continued low oil prices. The Saudi Government initiated structural reform measures in the 1990s designed to encourage privatisation, liberalise foreign trade and reform investment regimes. Commercial laws were revised and initial steps were taken to free up foreign investment and privatise parts of the state sector. Sustained low oil prices have seen an accelerated agenda for economic reform, focused on diversification, privatisation and job creation. Education and skills development are a major focus for the government, as the policy of 'Saudisation' looks to increase the percentage of Saudi citizens working in the private sector. An approximately \$5 billion scholarship program was launched in 2005, funding over 185,000 young Saudis to undertake tertiary studies abroad. The program has recently been revamped to ensure closer alignment between scholarships and in demand skills. It is now known as the King Salman Scholarship Program. The Saudi Government is also engaged in a major program for the construction of educational institutions in Saudi Arabia.

4.2.2 Trade and Investment Environment

Saudi Arabia is Australia's second largest market in the Middle East and an important trading partner for Australia. In 2016, the two-way merchandise trade totalled \$2.0 billion and trade in services \$363 million. Passenger motor vehicles were Australia's largest commodity export to Saudi Arabia, worth \$796.8 million in 2016. Saudi Arabia is also a substantial market for beef, sheep meat, barley, wheat, dairy products, vehicle parts

and accessories and vegetables. Exports of services, notably education, are also significant. A large number of Saudi tertiary students study in Australia, mostly under the King Salman Scholarship Program (formerly known as either the Custodian of the Two Holy Mosques Scholarship Program or the King Abdullah Scholarship Program). In 2016, there were more than 8,100 Saudi enrolments in Australian educational institutions, with Saudi students representing the largest contingent from the Middle East region. Australia-Saudi business ties have expanded. The March 2013 Joint Ministerial Commission meeting saw the signing of a MoU between the Australia Saudi Business Council and the Council of Saudi Chambers of Commerce establishing the Australia Saudi Joint Business Council. The establishment of the Saudi-based chapter, the Saudi-Australian Business Council, was formally approved in July 2014. Saudi Arabia's needs are well suited to Australian capabilities. Saudi Arabia has a sound economy with a fast-growing and young population, a well-managed banking system, good infrastructure, and generally low import duties and barriers. Its business community is sophisticated and familiar with Western practices.

4.2.3 Regulatory Environment

Tariffs and duty rates are constantly revised and are subject to change without notice. Single-column tariff based on the Harmonised System. Most duties are ad valorem assessed on the cost and freight (C&F) value (Incoterms 2000). Most basic consumer goods (rice, tea, unroasted coffee, barley corn, etc.) are exempt of duty. The most common rate is five per cent, with a 20 per cent rate being levied on commodities for which there are domestic substitutes. The International Conformity Certification Programme (ICCP) was introduced by the Saudi Government in 1995 and is being managed by the Saudi Arabia Standards Organisation (SASO). In 1998, SASO announced that all food products are to be eliminated from the pre-shipment. This represents a major reduction in barriers to trade for Australian food exporters, although exporters are still subject to Saudi quality controls and testing.

General information:

- Consolidated shipments are not allowed. Back-to-back shipments consigned to forwarding agents are not allowed for duty exempted shipments.
- Customs clearance is done at airport and seaport customs warehouses. There are no bonded warehouse facilities. Consignee's authorisation letter to broker is required.
- Transhipments via Saudi ports are now allowed through special arrangement with S/S Line agent.

- Temporary import on bond (duty on deposit) is permitted only to the importer under the special arrangements and prior approval from the ministry.
- Customs duty for general commodities is five per cent. Some commodities are 12 per cent and the 20 per cent rate is applied to imported commodities for which they are also domestic substitutes.
- Turnaround shipments are not allowed unless the import entry clearance has been processed.
- Actual description of material is to be declared on the MAWB and OBL and they must match other shipping documents.
- Net weight/gross weight of shipments shown in all shipping documents should match.
- Chemical/hazardous shipments require prior approval before being moved from the port of origin. Based on the details provided, Namma Cargo Services could approach consignee and Customs to expedite the relevant import licenses. Chemical/hazardous shipments are dealt with on a case-by-case basis.
- A temporary ban exists on some EU countries for the imports of meat due to the Creutzfeldt-jakob disease scare.
- Import licences are required for flour, rice and sugar.
- The import of arms and ammunition is strictly controlled.
- A wide range of products must comply with the published standards of the Saudi Arabian Standards Organisation (SASO) to gain entry.
- Import permits issued by the appropriate Saudi ministry are required for plants, seeds and agricultural machinery.
- The import of alcoholic beverages, flour, nutmeg, pork, 14-carat gold, and a range of prefabricated buildings are prohibited.
- Commercial agencies are limited to Saudi citizens and imports may be made only through such agents.

- There are virtually no foreign exchange restrictions. Banks may require cash deposits when opening letters of credit.

Packing should be strong and should guard against extreme heat in summer, humidity in winter, and possible brief periods of storage in the open. All products, materials and goods must bear the name of the country of manufacture. If the consignment does not have printed/embossed/engraved phrases 'made in' or 'product of' legible on its packaging, the customs department will not permit the goods to be cleared and the importer's agency will be responsible for returning the goods to the original source. Port authorities require a label to be affixed to the inside of the container door indicating the following¹³:

- the consignee name and address, plus their fax number
- details corresponding with those on the packing list
- the mode of packaging and the sensitivity/damageability of the contents.

General cargo in containers must be palletised/unitised. If cargo is not palletised/unitised a fine of 5000 riyals per container will be imposed on the shipper/consignee. The weight limit is 2000 kilograms per pallet or unit. Dry bulk material should be packed in bags or bales and palletised, or could be shipped in jumbo bags fitted with lifting points. The shipment of dry bulk cargo by container is prohibited. Specific regulations covering mechanical freight handling govern the types of containers that may be used. The regulations governing the marking of packages are quite specific. Depicting human or animal forms and reproducing the government mark are prohibited. The Saudi Arabian Standards Organisation (SASO) is responsible for establishing labelling guidelines and these are strictly enforced, especially with halal products. Labelling on foods must indicate, in both English and Arabic:

- name of product
- contents
- net weight (in metric)
- production and expiry dates (in Arabic only)
- name of company and country of manufacture.

Other general information:

- Adhesive labels on foodstuffs are not permitted.

¹³ Note: a clause to this effect must be inserted in the accompanying documentation. Fines of 500 riyals per bill of lading will be imposed if this information is missing

- Sweets, sugars and tahini sweets are prohibited unless net weight in English and Arabic is clearly marked in outer cover of packet.
- Product literature for pharmaceuticals must be printed in both English and Arabic. Literature for products used in the treatment of neurotic and terminal diseases are exempt.
- Insecticides must include detailed information of contents and use on all cans and packages.
- Operating manuals must accompany every piece of equipment, machinery, device, tool or instrument imported into Saudi Arabia and must be printed in Arabic.
- All cigarette packets must carry a legible indelible health warning in Arabic.
- Special labelling for genetically modified food and non-genetically modified food products is required.

The following certification from the appropriate Australian authorities is required:

- Articles of raw hair must include a certificate that the consignment is free of anthrax germs.
- Used clothing must include a certificate indicating the clothes have been satisfactorily disinfected.
- Consignments of meat and meat products for human consumption must be accompanied by the halal certificate.

All animals, animal products, plants and plant products (including seeds and grains) require health certification issued by the approved authority in the country of origin.

4.3 Qatar Country Profile

Qatar Socio Economic Profile¹⁴

Population	2.8 Million
Gross Domestic Product per Capita (PPP International US\$)	US\$ 128,702.8
World Bank Ease of Doing Business Rank (Global ranking from 1 Best – 189 Worst)¹⁵	83rd
World Bank Trading Across Borders Rank (Global ranking from 1 Best – 189 Worst)¹⁶	90th
Global Competitive Rank (Global ranking from 1 best – 144 worst)¹⁷	25th
Outbound FDI Global Ranking (Global Ranking 1 largest Investor)¹⁸	37th
Outbound FDI Total 2013-2017	US\$28.3 Trillion

¹⁴ Schwab, K, 2018, "The Global Competitiveness Report 2017-18", World Economic Forum.

¹⁵ World Bank 2018, "Doing Business 2018; understanding regulations for small and medium sized enterprise", World Bank, 11th Edition

¹⁶ World Bank 2018, "Doing Business 2018; understanding regulations for small and medium sized enterprise", World Bank, 11th Edition

¹⁷ Schwab, K, 2018, "The Global Competitiveness Report 2017-18", World Economic Forum

¹⁸ Source: ©UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics).

4.3.1 Key Economic Drivers

The State of Qatar occupies around 11,600 square kilometres on the small Qatar Peninsula on the northeast coast of the much larger Arabian Peninsula. Its sole land border is with Saudi Arabia to the south, with the rest of its territory surrounded by the Gulf. A strait in the Gulf separates Qatar from the nearby island state of Bahrain. Qatar has been ruled as an absolute and hereditary Emirate by the Al Thani family since the dynasty was founded by Muhammed Al Thani in 1868. The non-elected executive branch of the government comprises a Council of Ministers and an Advisory Council (Majlis al-Shura). Formerly one of the poorest Gulf States, the country was noted mainly for pearl diving. It was a British protectorate until it gained independence in 1971. Qatar has large oil reserves and the world's third largest natural gas reserves (see below). Oil and gas revenue has, since 2007, made Qatar's citizens the world's richest per capita. Qatar has an estimated population of 2.6 million (2018), with approximately 10 per cent citizens. A large proportion of foreign expatriates are Indian or Pakistani, followed by Iranians, Arabs and other nationalities.

Qatar is the richest country in the world per capita (per capita GDP (PPP) in 2017 was estimated at USD124,927.4) and enjoyed 2.5 per cent real GDP growth in 2017. Qatar's main economic driver remains its LNG sector. Qatar has enjoyed strong economic growth as a result of the massive investments in its hydrocarbons industry. Qatar's oil reserves are over 25 billion barrels and its gas reserves are over 25 trillion cubic metres. Qatar has been the world's leading exporter of LNG since 2006 and accounted for 41.6 per cent of global exports in 2017. Oil and gas represent nearly 60 per cent of Qatar's gross domestic product. Qatar's industrial base is located at Mesaieed, 50 kms south of Doha on the east coast of the peninsula. It includes a refinery with a capacity of 140,000 barrels per day, a fertiliser plant for urea and ammonia, a steel plant and a petrochemical complex. The Ras Laffan Industrial City, located 80 kms north of Doha, is the main site for production of LNG and includes Qatar's first condensate refinery, which has a processing capacity of 146,000 barrels per stream day. Economic diversification has emerged as a high priority in Qatar. Major infrastructure investments are planned for the 2022 FIFA World Cup and to achieve Qatar's National Vision 2030, with these two drivers estimated to be worth \$285 billion in government spending. Qatar is attracting major global educational institutions to its 'Education City' in Doha, in line with its aim of becoming a centre of educational excellence in the Gulf region. Several international institutions have campuses in Doha, including Georgetown University and Carnegie Mellon University.

Growth in 2017 is anticipated to slow to 2 percent from 2.2 percent in 2016, on weaker activity and sentiment in the non-hydrocarbon sector, reflecting the severing of diplomatic and trade ties by several Arab countries, including the Kingdom of Saudi Arabia, Bahrain, UAE and Egypt. These countries constitute a small share of destination markets for Qatar's exports and a relatively small proportion of financial and FDI flows.

Nevertheless, the boycott and the disruption of economic ties led initially to a sharp drop in imports, requiring a (costly) diversion of merchandise and services trade and financial flows through other neighbouring countries. It has also dampened investor sentiment, reflected in the stock market being down 11 percent at the end of August relative to early June levels. In August, Fitch became the third major credit rating agency to downgrade the country's debt one notch to AA- (on par with Belgium and South Korea) due to the uncertain economic outlook.

High frequency data suggests that the economy is adjusting. In September, Qatar inaugurated the US\$7.4 billion Hamad seaport, thereby securing alternative trading routes. Investor confidence in the currency peg remains anchored by the country's large stock of liquid external assets worth nearly US\$180 billion (of a total stock of close to US\$300 billion), which have helped to contain the increase in risk premiums on sovereign and corporate debt. The hydrocarbon sector, which constitutes 80 percent of export earnings and 90 percent of government revenues, has been largely unaffected. Fiscal consolidation is continuing, albeit, according to some reports, at a slower pace. The fiscal deficit is projected to decline to 5.7 percent in 2017 from over 8 percent in 2016.

4.3.2 Trade and Investment Environment

Australia's goods trade with Qatar was \$947 million in 2016-17 and services trade was \$823 million. Australian goods exports totalled \$572 million, an increase of approximately 4.8 per cent from the previous financial year. Exports are dominated by aluminium ores, meat, and live animals. Imports from Qatar are almost entirely fertilisers and LNG products. Qatar's infrastructure development plans have generated renewed opportunities for Australian companies. Joint ventures between Australian and Qatari companies are increasing and major Australian companies have operations in Qatar. Qatar's sovereign wealth fund (Qatar Investment Authority and its subsidiary Hassad Food) is a valued source of foreign direct investment in Australia. Qatar has invested significantly in Australia's wheat, barley and other grain-producing farms, and sheep properties, to support its food security strategy. Qatar Investment Authority also has investments in Australia's resources sector. Demand for Australian live animal exports, food, and meat products are expected to continue to grow. Opportunities also exist to increase the number of Qataris studying in Australia and to boost collaboration across a range of fields such as tourism, education, sports management, agriculture and infrastructure development.

The United Arab Emirates (UAE), Saudi Arabia (KSA) and Bahrain severed diplomatic ties with Qatar on Monday 5 June 2017 and blocked access (land, sea and air) for respective Qatar routes (Yemen, Egypt, Libya, Mauritius, Maldives, Comoros and Mauritania also cut diplomatic ties with Qatar. Jordan downgraded its representation). Movement of people is disrupted with a number of regional and international airlines announcing flight cancellations to/from Doha. These actions have been taken unilaterally by a number of countries. Australia, like

many other countries, continues to trade with Qatar. The Australian Government is not supporting any political position and at all times expects Australian companies to adhere to the rule of law applicable from time to time.

Australian companies doing business with Qatar are advised to plan for operational disruptions and seek legal advice to assess contractual terms. Qatar is the third largest projects' market (A\$300 billion planned or under construction) in the GCC after KSA and UAE, with project companies already feeling the effect of slowdown in activity in 2016/2017. UAE, KSA and Bahrain banned all vessels traveling directly from/to Qatar routes from entering their respective ports. Closing vital land border with Saudi Arabia will affect Qatar's imports including food and construction material. The rerouting of trade will raise the cost of imports and pass-through to consumer inflation.

4.3.3 Regulatory Environment

Australia enjoys a friendly and fast developing bilateral relationship with Qatar underpinned by commercial ties and complementarities between the two countries, notably in food supply and education. Qatar opened an Embassy in Canberra in early 2012, and Australia opened the Embassy in Doha in late 2016. Aviation links have expanded significantly in recent years, aided by the opening of Doha's Hamad International Airport in 2014. Qatar Airways have daily direct scheduled flights into Melbourne, Perth, Sydney, Canberra and Adelaide. It is estimated that approximately 3,300 Australians reside in Qatar. The number of Australians visiting Qatar rose to around 34,000 in 2017 (from approximately 14,000 in 2014), as a result of improved aviation links.

Tariffs and duty rates are constantly revised and are subject to change without notice. It is required by law to have an import license for almost all products and are issued only to Qatari nationals. Imports of alcoholic liquor, firearms, ammunition and dangerous drugs are strictly controlled. Importing and distribution of pork products and alcoholic beverages are highly restricted. The Government of Qatar may ban import of religious or politically sensitive items. Outer packages should bear the consignee and port mark and should be numbered (according to packing list) unless their contents can be otherwise readily identified. Labels on foodstuffs must have the following information:

- product and brand names
- production and expiration dates
- country of origin
- name of the manufacturer
- net weight in metric units
- list of the ingredients and additives in descending order of importance

- all fats and oils used as ingredients must be specifically identified on the label and be in Arabic or in Arabic/English - Arabic stickers are accepted.

4.4 Kuwait Country Profile

Kuwait Socio Economic Profile¹⁹

Population	4.4 Million
Gross Domestic Product per Capita (PPP International US\$)	US\$66,673
World Bank Ease of Doing Business Rank (Global ranking from 1 Best – 189 Worst)²⁰	96th
World Bank Trading Across Borders Rank (Global ranking from 1 Best – 189 Worst)²¹	154th
Global Competitive Rank (Global ranking from 1 best – 144 worst)²²	52nd
Outbound FDI Global Ranking (Global Ranking 1 largest Investor)²³	31st
Outbound FDI Total 2013-2017	US\$48.3 Trillion

4.4.1 Key Economic Drivers

The State of Kuwait is situated in the north-east corner of the Arabian Peninsula, bordered by the Republic of Iraq to the north and the Kingdom of Saudi Arabia to the south and west. It also shares a maritime border with the Islamic Republic of Iran. Kuwait covers an area of almost 18,000 square kilometres, approximately a quarter of the size of Tasmania, and has a population of 4.1 million (2015 est.), with expatriate foreign workers accounting for around two thirds. Kuwait's modern history began in the 18th century with the founding of the city of Kuwait by Arab tribes from the Arabian Peninsula. Kuwait became a British protectorate in 1897 and gained independence in 1961. Oil production in Kuwait had begun in the 1940s and was largely nationalised by Kuwait in 1974. Kuwait is a member of the Organization of Petroleum Exporting Countries (OPEC). Kuwait has a small, relatively open economy dominated by the oil industry and government sector. Oil revenues comprise about 95 per cent of exports and of total government revenues. Kuwait currently has long term plans to develop around A\$325 billion worth of infrastructure and development projects, representing significant opportunities for Australian companies.

OPEC-related oil production cuts have weighed on growth, with GDP anticipated to shrink by 1 percent in 2017, following a 3.6 percent increase in 2016. Hydrocarbons account for nearly half of GDP, and the OPEC's June

¹⁹ Schwab, K, 2018, "The Global Competitiveness Report 2017-18", World Economic Forum.

²⁰ World Bank 2018, "Doing Business 2018; understanding regulations for small and medium sized enterprise", World Bank, 11th Edition

²¹ World Bank 2018, "Doing Business 2018; understanding regulations for small and medium sized enterprise", World Bank, 11th Edition

²² Schwab, K, 2018, "The Global Competitiveness Report 2017-18", World Economic Forum

²³ Source: ©UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics).

decision to extend production cuts until the first quarter of 2018 has weighed on oil output and exports. Outside the oil sector, activity has remained supported by the implementation of the five-year Development Plan (2015/16-2019/20) which contains several large infrastructure, transport and refinery projects. In January, the government released the New Kuwait 2035 Strategic Plan, which aims to transform the country into a regional, financial and commercial hub as part of long-term economic diversification efforts. Incoming data suggest that non-oil activity is continuing to expand. Consumer confidence rose in July to its highest level in almost two years, although it remains well below 2014 levels prior to the fall in global oil prices. Consumer spending, as reflected in point-of-sale transactions, strengthened in Q2, rising 9 percent y/y. The correction in property markets over the past two years appears to have run its course: real estate prices have stabilized in recent months, and residential sector sales rose by a robust 43 percent y/y in July. While the banking sector remains well capitalized and generally healthy, bank lending to both firms and households has slowed over the past year. However, growth in lending to “productive” business sectors (this excludes real estate and securities lending) remained resilient at 8.4 percent y/y in July.

In addition to being a member of the GCC, which includes Bahrain, Oman, Qatar, the United Arab Emirates (UAE) and Saudi Arabia, Kuwait is also a member of the Arab League, the Organisation of Islamic Cooperation (OIC), the Organization of Petroleum Exporting Countries (OPEC), the World Trade Organization and the United Nations and its various agencies. Kuwait’s foreign policy is founded on a long-standing strategic alliance with the United States.

4.4.2 Trade and Investment Environment

Kuwait has the sixth largest oil reserves in the world and the world’s 25th highest gross domestic product (GDP) per capita. Its small, relatively open economy is dominated by the oil industry and the government sector. In 2015, oil revenues comprised about 95 per cent of merchandise exports and about 60 per cent of GDP. Kuwait generally has healthy fiscal and current account surpluses, although lower oil prices through 2015 have substantially reduced its fiscal surplus. Kuwait contributes a proportion of its revenue (historically ten per cent) into a Future Generations Fund managed by the Kuwait Investment Authority (KIA). KIA is considered to be the world’s fifth largest sovereign wealth fund.

Kuwait has one of the oldest economic systems in the Middle East, with a stock exchange dating back over 50 years and a well-developed banking system. The latest five-year development plan (2015-2020) aims to transform Kuwait into a financial and commercial centre for the northern Gulf region. The Plan includes intended spending of US\$116 billion on energy and infrastructure projects and strengthening of the role of the private sector. Kuwait has implemented reforms to allow 100 per cent foreign ownership of inward foreign investments in most non-oil and gas sectors and is seeking to encourage foreign businesses into Kuwait.

Major industries include real estate, shipping, construction, cement, water desalination, construction materials and financial services. Real GDP grew by 2.5 per cent in 2016.

The trade relationship is substantial, with strong potential for further expansion in the energy sector (professional services and related equipment), education, agribusiness, advanced manufacturing, tourism and other services. Two-way merchandise trade amounted to \$718.5 million in 2016. Kuwait is a significant market for Australian exports of passenger motor vehicles, wheat, dairy, food and other agricultural products. It is Australia's largest market for live sheep with exports valued at \$70.7 million in 2016. Imports from Kuwait are almost entirely petroleum products and fertilisers. Kuwait is also an important market for Australian education and tourism services which build the people-to-people relationship. In 2016, there were 1,092 Kuwaiti students are enrolled in Australian institutions, the majority on Kuwait Government scholarships. The establishment of the Australian College of Kuwait in 2004 and Box Hill College of Kuwait in 2007 has assisted in expanding educational links.

Kuwait's investments in Australia are estimated at over \$12 billion, including significant investments from the Kuwaiti sovereign wealth fund, KIA, and the Kuwait Foreign Petroleum Exploration Company (KUFPEC). Areas of investment include real estate, hotels, banking and the oil and gas sector. Kuwait Finance House, one of the largest Islamic banks in Kuwait, has an office in Melbourne, while private Kuwaiti companies, including Agility Logistics, Action Group Holdings and the Al-Ghanim Group, have also invested in Australia. There is considerable scope for Australia to develop further the bilateral commercial relationship with Kuwait. Kuwait's plans to develop infrastructure mega-projects and to diversify the skills base of its citizens represent significant opportunities for Australian companies. English is widely spoken and Kuwait has low import tariffs and taxes. The number of Australian food and beverage products in Kuwait has increased in recent years. There is also scope for growth in sectors including construction, infrastructure, education and health services.

4.4.3 Regulatory Environment

Australia and Kuwait enjoy a friendly and cooperative relationship. Kuwait recognises the support for Kuwait's independence and territorial integrity provided by Australia's contribution to the coalition force which in 1991 liberated Kuwait from the Iraqi occupation. Relations are underpinned by our strong commercial ties and increasing people-to-people links.

Diplomatic relations between the two countries were established formally in 1974 and Australia opened an Embassy in Kuwait City in December 2004. The then Foreign Minister of Australia opened the Australian Embassy at its current premises when he visited Kuwait in June 2008. The Australian Trade Commission

(Austrade) opened an office in February 2010. Kuwait upgraded its Liaison Office in Canberra to an Embassy in January 2002 and opened a Cultural office in 2008.

Tariffs and duty rates are constantly revised and are subject to change without notice. The General Administration of Customs collects four per cent general tariff on most imports. The cost, insurance and freight (CIF) incurs a flat rate on imported goods. Most imports are subject to the general rate of four per cent, assessed on the CIF value or on cost and freight (C&F) value (Incoterms 2000) plus one per cent of the value of the goods. On all other items wherein a similar product is manufactured in Kuwait, the duty will range from 15 to 25 per cent. Goods exempt from duty include:

- most foodstuffs
- raw gypsum
- unworked mosaic stones
- most live animals
- books
- newspapers.

Protective tariffs also exist on 'infant industries' where imports compete with locally manufactured goods and can be up to 25 per cent. Items subject to the higher duty include:

- ACR batteries
- paint
- certain aluminium doors and windows
- roofing felt
- steel furniture
- wooden household furniture.

The Kuwaiti Government may also raise tariffs in order to raise revenue and 'harmonise upward' with the tariffs in other Gulf Cooperation Council (GCC) countries. There are no customs duties on food, agriculture items or essential consumer goods. Some machinery, most spare parts and all raw materials are also exempt from customs duty. Import licences are required for most private imports and are issued by the Ministry of Commerce and Industry. Most fresh foodstuffs are exempted.

Importers must be Kuwaiti nationals, registered with the Kuwait Chamber of Commerce and possessors of a general import licence. Customs clearance is prompt and takes about three hours for perishable imports arriving via air, land or sea. The importer must present the import licence and quality test certificate. An importer does

not need an import licence for each product for each shipment. However, an importer needs to obtain an annual import licence from the Ministry of Commerce and Industry. Imports that do not have the established standards may be allowed a three month temporary entry against storage fees. Goods coming in for transshipment may be allowed temporary entry. The following products are not permitted into Kuwait:

- pork and pork products
- alcoholic beverages and products containing alcoholic beverages
- gambling machines
- materials considered pornographic
- Kuwait also prohibits imports from Israel.

Kuwait labelling standards have been adopted as the standard for the GCC, all goods imported must be clearly labelled with the country of origin. All foodstuffs should carry an Arabic language label. Outer containers must show a distinguishing mark which consists of a triangle containing:

- package number
- cable address of the importing merchant or importing agent (whichever held the relevant import licence)
- country of origin.
- The mark of the importing merchant or that of the importing agent may be added outside the triangle if desired. Goods to which these rules cannot be applied e.g. iron, timber, pipes, etc. are exempt.
- Outer packaging must contain a description of the product in Arabic (other languages used in addition, such as English are permitted).

Basic information must be provided on the packing list submitted to customs:

- invoice number
- marks and number
- gross weight of total cargo
- description of the kind and type of contents
- statistical code of the goods (available in Harmonic System code)
- total package of each type
- packing type of each type
- total units and gross/net weight of each type
- value (free on board (FOB) or C&F) of each type.

In preparing the packing list, the following points should be noted:

- The packing used for each kind of goods, must be described in the relevant section of the packing list.
- Description/information about the cargo should be clear and informative and describe the nature of the goods.

If the above information is not provided to customs, the transaction will be described as lacking documents. An undertaking letter with a deposit would be needed, with the exception of break bulk and cargo of the same kind. If the invoice contains all the information required on the packing list, a packing list will not be required. The country of origin must be shown on each item of the imported goods in such a manner that it cannot be removed or altered. This information must conform to details contained in all other documents. Goods that cannot be labelled individually e.g. fresh fruits, may have a sticker attached or their packaging labelled instead. If an imported product consists of components from more than one country, the percentage from each country should be indicated. Information must form an integral part of the label (stick-on labels are not acceptable). Food labelling must include the following:

- the name of the food
- the contents i.e. ingredients in descending order of either weight or volume
- the date of manufacture/production
- the expiry date
- net and gross weights
- country of origin.

Strict labelling laws concerning some pre-packed foods have been introduced. Exporters should confirm all requirements before exporting. Animals and animal products must be accompanied by health certificates issued by the competent authorities in the country of origin. Consignments of meat and meat products must be accompanied by an original slaughter certificate issued by the Australian Federation of Islamic Councils stating that the animals have been slaughtered in accordance with Islamic Sharia rites. When registering food products, a certificate stating that the food does not contain any form of cyclamate compound is required by the Ministry of Public Health.

4.5 Oman Country Profile

Oman Socio Economic Profile²⁴

Population	4.1 Million
Gross Domestic Product per Capita (PPP International US\$)	US\$45,723
World Bank Ease of Doing Business Rank (Global ranking from 1 Best – 189 Worst)²⁵	71st
World Bank Trading Across Borders Rank (Global ranking from 1 Best – 189 Worst)²⁶	72nd
Global Competitive Rank (Global ranking from 1 best – 144 worst)²⁷	44th
Outbound FDI Global Ranking (Global Ranking 1 largest Investor)²⁸	66th
Outbound FDI Total 2013-2017	US\$2.9 Trillion

4.5.1 Key Economic Drivers

The Sultanate of Oman is the oldest independent state in the Arab World. It is bordered by Saudi Arabia on the western side, the United Arab Emirates in the northwest and Yemen in the southwest. Oman also has maritime borders with Iran and Pakistan. The Arabian Sea lies to Oman's southeast, and the Gulf of Oman to the northeast. Although partially under Portuguese occupation during the 16th to mid-17th century, Oman had its own empire in East Africa from the early 18th to the mid-19th century. Oman has a population of 3.8 million (2015) of whom approximately 1.7 million are foreign expatriates working in Oman. Administratively, Oman is divided into six regions. Its national day, 18 November, is the birthday of the Sultan, HM Qaboos bin Said Al-Said. Oman's capital is Muscat on the northern coast.

Growth in Oman continues to be held back this year by lower oil production and weaker consumption and investment. Real GDP growth is projected to slow down to 0.1 percent in 2017 from 2.8 percent in 2016. Record high oil production levels (1 million bd) drove overall growth in both 2015 and 2016. In 2017, Oman joined most OPEC non-members in participating in oil production cuts, leading to a contraction of the hydrocarbon sector by 2.8 percent. Non-hydrocarbon GDP growth is estimated to continue to slow down to 2.5 percent in 2017 from 3.4 percent in 2016 as public spending declines with knock-on effects on consumption and investment.

According to the national consumer confidence survey, the confidence index slowed to 78.8 percent in 2016 from 95.3 percent in 2015. The current account deficit is estimated to slightly improve to 15.7 percent in 2017 from 17.4 percent of GDP in 2016 on the back of higher oil prices. The ongoing Gulf sanctions on Qatar had

²⁴ Schwab, K, 2018, "The Global Competitiveness Report 2017-18", World Economic Forum.

²⁵ World Bank 2018, "Doing Business 2018; understanding regulations for small and medium sized enterprise", World Bank, 11th Edition

²⁶ World Bank 2018, "Doing Business 2018; understanding regulations for small and medium sized enterprise", World Bank, 11th Edition

²⁷ Schwab, K, 2018, "The Global Competitiveness Report 2017-18", World Economic Forum

²⁸ Source: ©UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics).

raised concerns over the possibility of the disruption of gas supply to Oman from the Qatari pipeline, however, Qatari officials have confirmed they do not plan on closing the pipeline. In fact, Oman has benefited from this Gulf crisis with its ports increasingly used as a conduit for exports to Qatar. Oman has seen continuous gross domestic product (GDP) per capita expansion over the last four decades. Sultan Qaboos Bin Said has pursued policies to modernise the economy and position the Sultanate as an active player in the global marketplace. Oman is actively seeking to reduce dependence on oil, develop national infrastructure and take advantage of a growing service and tourism sector.

Australia established diplomatic relations with Oman in 1981. The Australian Embassy in Riyadh, Kingdom of Saudi Arabia, is accredited to Oman. Australia appointed an Honorary Consul in Muscat in December 2011. Austrade services in Oman are provided through the Australian Embassy in Riyadh. Oman's Ambassador in Tokyo is accredited to Australia. Oman opened a Consulate-General in Melbourne in June 2005, mainly to support Omani students in Australia. Our bilateral relations with Oman are friendly and cooperative. As co-founders of the Indian Ocean Rim Association (IORA), Australia and Oman work closely together to advance cooperation on a range of Indian Ocean rim regional issues, including fisheries and maritime security and safety. Australia and Oman enjoy close defence cooperation, with frequent port visits by Australian naval vessels deployed to the Gulf and a range of defence exchange and training programs. Education links are growing, with approximately 1,280 Omani student enrolments at Australian institutions in 2016. There are eight formal agreements between Australian and Omani universities to facilitate student and academic exchange, and research collaboration. This includes the establishment in 2003 of the Sultan of Oman Endowed Chair in Arab and Islamic Studies which was established at the University of Melbourne, by the Sultanate of Oman, as a lasting token of the partnership between Oman and Australia.

4.5.2 Trade and Investment Environment

Oman is a middle-income economy (GDP of US\$51.7 billion in 2016). Faced with the prospect of dwindling oil supplies, the Omani Government has pursued an accelerated economic reform agenda built on three pillars: (i) diversification of the economy away from oil and reducing the oil sector's contribution to GDP to nine per cent by 2020; (ii) privatisation; and (iii) boosting the skills and employment of Omanis. The Omani Government is also seeking to attract more foreign business and investment. Up to a billion dollars have been committed to the development of new maritime ports and the expansion of existing gateways. A new international airport in Muscat is under construction and once complete will have the capacity to handle 12 million passengers annually. Development of a Special Economic Zone at the port of Duqm is intended to create a major logistics hub for the region.

Real GDP growth slowed to 1.8 per cent year on year in 2016 down from 4.1 per cent in 2015 (IMF estimate).

With an extensive Indian Ocean coastline, Oman has historically looked outward to the Indian Ocean and South Asia. Oman aims to become a gateway to international trade between Europe, the Gulf and South Asia. Australia's two-way merchandise trade with Oman totalled \$540.1 million in 2016 and is growing. Passenger motor vehicles (PMVs) and agricultural commodities were Australia's principal exports. Our sheepmeat exports have grown 36 per cent over the last five years, to \$39.2 million. In 2016, imports from Oman to Australia were worth \$47.1 million; including fertiliser imports of \$34.7 million in 2015. A number of Australian companies are active in Oman across a range of sectors. Oman is encouraging Australian investment to support its economic reform agenda, aimed at diversification of the economy and the education of its citizens. It has a particular interest in tapping into Australia's agribusiness and natural resources-related expertise, including on dairy production. There is potential for useful scientific collaboration on agriculture, aquaculture and coastal ecosystems. There are significant prospects for further expansion in Australian education services, including in vocational education and training (VET). A priority for the Australian Government is the resumption of free trade agreement negotiations with the GCC, of which Oman is a member.

4.5.3 Regulatory Environment

The current economic stance in Oman is one of economic openness. Sultan Qaboos Bin Said has pursued policies to modernise the economy and position the Sultanate as an active player in the global marketplace. Oman is actively seeking to reduce dependence on oil, develop national infrastructure and take advantage of a growing service and tourism sector. Oman is a middle-income country with an economy based primarily on limited overall hydrocarbon resources, notwithstanding a few significant recent gas finds. Oil and gas accounted for about 79 per cent of the government's revenue in 2015.

A customs duty of five per cent is generally levied on imported goods. However, there are a number of exempt categories, such as consumer goods and foodstuffs. Goods produced within the Gulf Cooperation Council (GCC) are typically duty free. Single-column tariff. Duties are ad valorem assessed on the cost and freight (C&F) value (Incoterms 1990). The GCC unified rate of five per cent applies to most imports, exceptions include:

- alcoholic beverages and pork products – 100 per cent
- bananas and potatoes – 25 per cent
- pipes and dates – 20 per cent
- cement – 50 per cent
- paints and polyurethane products – 15 per cent.

A specified list of items is exempt from duty, including basic foods, such as:

- meat
- edible vegetables and fruits
- rice and sugar
- fuel
- fertiliser
- printed matter
- machinery for agricultural purposes and government purchases.

Special licences are required for certain classes of goods e.g. alcohol, firearms, narcotics and explosives. The licences are issued by the Oman Chamber of Commerce. Importing agents must hold a general licence authorising the agent to carry out import transactions. Other general information:

- Only registered traders may import automobiles, machinery and electronics.
- A number of items are prohibited for health and security reasons. Special regulations apply to cigarettes and items intended for re-export.
- Some essential goods are subject to price control.
- In order to protect domestic producers, seasonal bans are placed on the import of certain fruits and vegetables which are grown locally.
- Imports from Israel are prohibited.

Outer cases should bear consignee's mark and port mark and should also be numbered (to accord with packing list) unless their contents are such that they can be otherwise readily identified. Arabic or bilingual English/Arabic language labels or stickers are required for all food products. Production and expiry dates are required to be on all "original" food labels. Labels should show:

- date of manufacture (in embossed letters)
- date of packaging
- expiry date (in embossed letters)
- place of manufacture
- type of food (including ingredients).

All consignments of foods must be accompanied by a certificate attesting to freedom from contamination. Carbonated beverages and cigarettes are subject to specific labelling requirements. An international phytosanitary certificate, issued by the Australian Quarantine and Inspection Service, Commonwealth Department of Agriculture, Fisheries and Forestry or the relevant state department of agriculture attesting to freedom from contamination, must accompany all fresh food consignments. Health certification, issued by the

appropriate authorities in the country of origin must accompany shipments of plants and their products (including fruit and vegetables) and animals and their products.

5.0 Assessment Criteria

As noted in Section 1 above, Relative Competitive Position (RCP) and Market Attractiveness (MA) are assessed and ranked against a range of market specific criteria agreed with the client, which results in a priority matrix that facilitates the ranking of markets, and product/service by market. The following criteria were recommended and approval by Council for this assessment:

Relative Competitive Position Factors

- Where RDAHC have industry market strengths (Source: Austrade/ADB/ World Bank).
- Existing Government strategic international relationships and partnership/links programs (National, State and Local) including any existing preferential trade relationships.
- Geo-political factors that favour RDAHC Goods and Services (Source: DFAT/UN /AsiaAustralis).

Market Attractiveness Factors

- Evidence in Australian exports of RDAHC product and service types.
- Population of Middle Class & Upper Middle Class Markets (Source: Credit Suisse /AsiaAustralis).
- Regulatory Environment (Source: FTA's, WTO, Investment Climate).
- Corruption Perception Index.
- Ability and propensity to invest in RDAHC Industry sectors and to raise export capability (Source: FIRB/ABS).
- World Bank "Trading Across Borders" Rank 2017.

These criteria are recommended for adoption as selection criteria for the prioritisation of target markets (for both the RDAHC and individual industry assessments) in the Relative Competitive Position and Market Attractiveness Assessment. This assessment is based on the allocation of weightings to the selection criteria, the rating (or scoring) of each of these criteria by market, the calculation of an assessment score for each criteria by market and finally an overall total or priority score for each market.

The following important issues are noted in relation to this assessment:

- The weights attached to each of the Relative Competitive Position and Market Attractiveness factors below are based on AsiaAustralis's assessment of the relative importance of each factor to export and investment success based on desktop research and in collaboration with RDAHC.

- The scoring of each country against the Relative Competitive Position and Market Attractiveness factors is based on either (1) an objective and sourced global competitiveness indicator (e.g. GNI per Capita) or, where such indicators are not available (2) AsiaAustralis's interpretation of research.

The weights assigned to each of these factors are detailed in the following tables.

Table 1: Relative Competitive Position Factors and Weightings

Relative Competitive Position Factors	Weight
Where RDAHC have industry market strengths (Source: Austrade/ADB/ World Bank)	0.3
Existing Government strategic international relationships and partnership/links programs (National, State and Local) including any existing preferential trade relationships.	0.2
Geo-political factors that favour RDAHC Goods and Services (Source: DFAT/UN /AsiaAustralis)	0.5
Total Relative Competitive Position	1

Table 2: Market Attractiveness Factors and Weightings

Market Attractiveness Factors	Weight
Evidence in Australian exports of RDAHC product and service types	0.2
Population of Middle Class & Upper Middle Class Markets (Source: Credit Suisse /AsiaAustralis)	0.3
Regulatory Environment (Source: FTA's, WTO, Investment Climate,)	0.1
Corruption Perception Index	0.1
Ability and propensity to invest in RDAHC Industry sectors and to raise export capability (Source: FIRB/ABS)	0.1
World Bank "Trading Across Borders" Rank 2017	0.2
Total Market Attractiveness	1

Scores (from 0 – 10 with 10 being the best) have been assigned to each country against the relevant factors. Total scores have then be derived (in ranking order) for RDAHC's Relative Competitive Position in each country and each country's Market Attractiveness (i.e. weight x score). Assuming equal rating is given to RDAHC's Relative Competitive Position and Market Attractiveness, the priority market order for International Engagement in MENA has then been determined and charted in Section 3 following.

A similar process has also been adopted for the assessment of individual industry sectors as nominated above. This has been undertaken by the ranking of all nominated markets for each product/service category and is detailed in Section 4.

6.0 Priority Markets for International Engagement

As noted above, Relative Competitive Position (RCP) and Market Attractiveness (MA) are assessed and ranked against a range of market specific criteria agreed with the RDAHC, which results in a priority matrix that facilitates the ranking of markets, and product/service by market.

The criteria and weightings are details in Section 2 above. The following scores (from 0 – 10 with 10 being the best) have been assigned to each country against the relevant factors:

Table 3: Relative Competitive Position Scores

Country	Where RDAHC have industry market strengths (Source: Austrade/ADB/ World Bank)	Existing Government strategic international relationships and partnership/links programs (National, State and Local) including any existing preferential trade relationships.	Geo-political factors that favour RDAHC Goods and Services (Source: DFAT/UN /AsiaAustralis)
Yemen	1	3	1
UAE	10	10	10
Turkey	4	5	3
Sudan	1	1	1
Saudi Arabia	9	9	10
Qatar	8	9	8
Oman	7	4	6
Lebanon	5	2	3
Kuwait	8	7	7
Jordan	5	6	2
Iraq	4	1	5
Iran	3	5	2
Egypt	4	8	2
Bahrain	6	4	4

Table 4: Market Attractiveness Scores

Country	Evidence in Australian exports of RDAHC product and service types (Comtrade/DFAT)	Population of Middle Class & Upper Middle Class Markets (Source: Credit Suisse /AsiaAustralis)	Regulatory Environment (Source: FTA's, WTO, Investment Climate, Ease of Doing Business Rank)	Corruption Perception Index (Transparency International)	Ability and propensity to invest in RDAHC Industry sectors and to raise export capability (Source: FIRB/ABS/World Bank)	World Bank "Trading Across Borders" Rank 2017
Yemen	1	2	1	1	2	2
UAE	10	6	10	10	10	9
Turkey	5	9	9	6	7	4
Sudan	1	1	2	1	1	1
Saudi Arabia	8	10	6	8	8	7
Qatar	9	8	7	10	9	9
Oman	7	5	8	8	5	10
Lebanon	6	3	3	3	6	8
Kuwait	8	7	6	6	10	8
Jordan	6	2	5	9	3	10
Iraq	3	1	2	2	4	3
Iran	2	4	4	4	3	6
Egypt	4	4	4	5	4	5
Bahrain	8	2	9	7	1	9

As noted previously, it is important to note that the scoring of each country against the Relative Competitive Position and Market Attractiveness factors above is based on either (1) an objective and sourced global competitiveness indicator (as indicated) or, where such indicators are not available (2) AsiaAustralis's interpretation of research. The following scores have subsequently been derived (in ranking order) for RDA's Relative Competitive Position in each country and each country's Market Attractiveness (i.e. weight x score):

Table 5: RDAHC's Relative Competitive Position Ranking by Country

Country	RDAHC Relative Competitive Position
UAE	10
Saudi Arabia	9.5
Qatar	8.2
Kuwait	7.3
Oman	5.9
Bahrain	4.6
Iraq	3.9
Egypt	3.8
Turkey	3.7
Jordan	3.7
Lebanon	3.4
Iran	2.9
Yemen	1.4
Sudan	1

Table 6: Market Attractiveness Ranking by Country

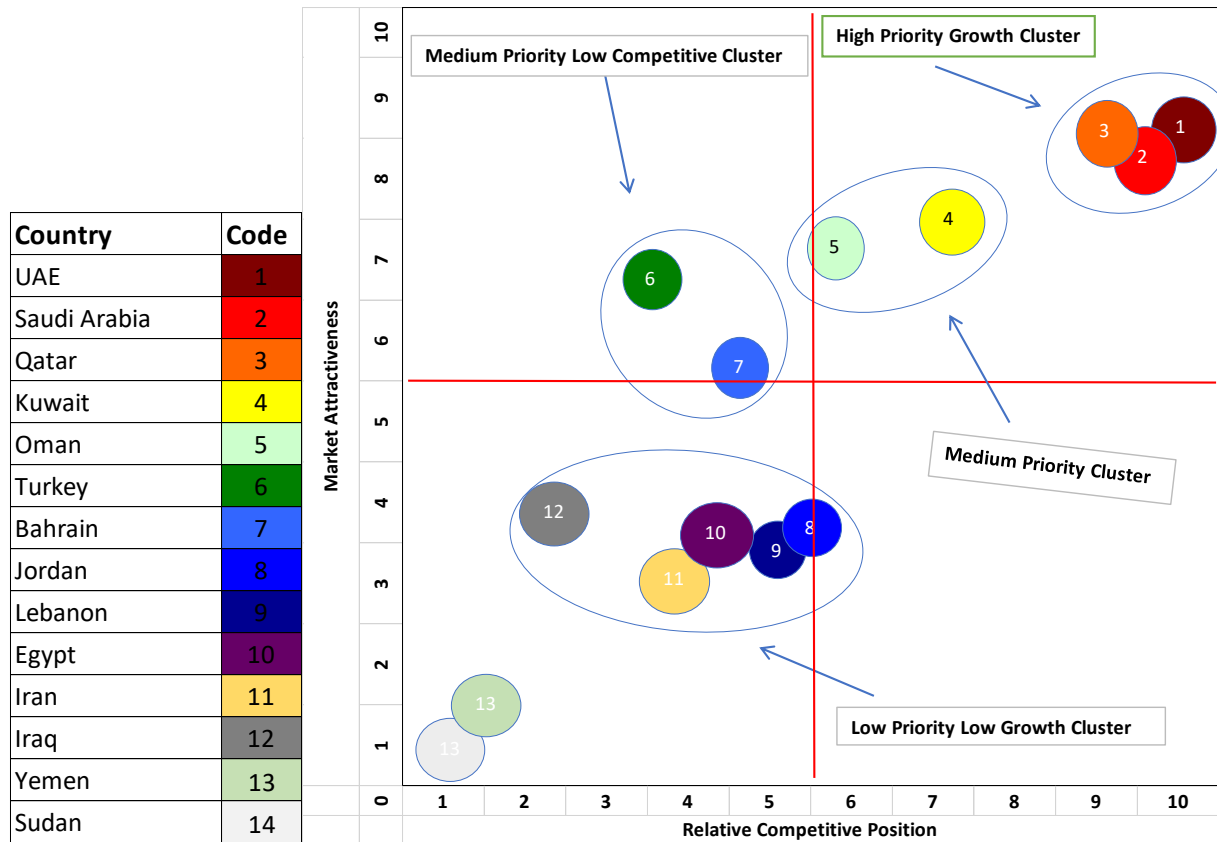
Country	Market Attractiveness Score
UAE	8.6
Qatar	8.6
Saudi Arabia	8.2
Kuwait	7.5
Oman	7
Turkey	6.7
Bahrain	5.7
Jordan	5.5
Lebanon	4.9
Egypt	4.3
Iran	3.9
Iraq	2.3
Yemen	1.6
Sudan	1.1

Assuming equal rating is given to RDAHC's Relative Competitive Position and Market Attractiveness, the priority market order for its MENA International Engagement Strategy is shown in the following table and chart:

Table 7: Total Ranking – Priority Market Order

Country	Total Score
UAE	18.6
Saudi Arabia	17.7
Qatar	16.8
Kuwait	14.8
Oman	12.9
Turkey	10.4
Bahrain	10.3
Jordan	9.2
Lebanon	8.3
Egypt	8.1
Iran	6.8
Iraq	6.2
Yemen	3
Sudan	2.1

Chart 1: Priority Market Clusters



Based on the above analysis, it is recommended that the following countries comprise RDAHC's priority countries for MENA International Engagement:

- UAE
- Saudi Arabia
- Qatar

7.0 Priority Markets for Specific Industries

While Section 3 above analyses and recommends overall MENA International Engagement priorities for RDAHC, it is recognised that the Relative Competitive Position of specific industries and associated RDAHC companies will vary from market to market regardless of each markets' attractiveness. The assessment undertaken above at the macro RDAHC level has therefore been undertaken at the individual industry/company level based on the priority industries supplied by RDAHC as detailed in Section 1.

AsiaAustralis has researched and analysed the specific Australian export performance of RDAHC's key non-service industries²⁹ to determine the international markets which demonstrate the strongest 'appetite' for RDAHC's products as shown in Table 8 below.

The table ranks each international market from 1 - 20 based upon its level of imports (Australian exports) of each commodity category. Boxes coloured dark green demonstrate an export of greater than \$10 million annually, light green between \$1-10 million, yellow between \$100,000 and \$1 million, burgundy between \$1 and \$100,000, while boxes coloured red indicate no evidence of Australian exports. At the base of each category is an accumulation of the ranking to indicate which markets have greater propensity for the import of RDAHC based products. The lower the aggregate score, the higher the propensity to import the designated product categories.

This analysis has not sought to replicate what is specifically exported from RDAHC, but instead it has sought to identify international markets where there is latent demand for products in which RDAHC companies may have a comparative or competitive advantage. Analysis of Australian export data demonstrates the overwhelming demand for RDAHC's commodities from the following key markets (in ranking order):

- United Arab Emirates
- Qatar
- Kuwait
- Saudi Arabia
- Bahrain
- Oman

²⁹ Similar data are not available for service industries

Table 8 - Australian Exports of Selected Commodities by RDAHC Industry

Products/Services	United Arab Emirates	Qatar	Bahrain	Saudi Arabia	Kuwait	Oman	Lebanon	Egypt	Turkey	Iran	Jordan	Yemen	Sudan	Iraq
Cabbages, cauliflowers, kohlrabi, kale and similar edible brassicas; fresh or chilled	1	4	6	2	3	5	20	20	20	20	20	20	20	20
Potatoes; fresh or chilled	1	2	3	4	5	6	7	20	20	20	20	20	20	20
Tomatoes; fresh or chilled	4	1	20	20	2	3	20	20	20	20	20	20	20	20
Onions, shallots, garlic, leeks and other alliaeous vegetables; fresh or chilled	1	2	3	5	4	6	20	20	20	20	20	20	20	20
Lettuce (lactuca sativa) and chicory (cichorium spp.) fresh or chilled	1	2	6	5	3	4	20	20	20	20	20	20	20	20
Carrots, turnips, salad beetroot, salsify, celeriac, radishes and similar edible roots; fresh or chilled	3	3	4	2	5	6	20	20	20	20	20	20	20	20
Leguminous vegetables; shelled or unshelled, fresh or chilled	1	2	20	5	3	4	20	20	20	20	20	20	20	20
Vegetables, leguminous; shelled, whether or not skinned or split, dried	1	12	14	5	11	13	8	2	3	4	6	7	9	10
Vegetables Total	11	28	76	48	36	47	135	142	143	144	146	147	149	150
Vegetables Rank	1	2	5	4	3	4	6	7	7	8	8	9	9	10
Citrus fruit; fresh or dried	1	3	20	2	5	4	20	20	20	6	20	20	20	20
Grapes; fresh or dried	1	3	6	2	4	5	7	20	8	9	20	20	20	20
Apricots, cherries, peaches (including nectarines), plums and sloes, fresh	1	3	5	2	20	4	6	20	20	20	20	20	20	20
Fruit, edible; avocados, fresh or dried	5	2	6	3	1	4	20	20	20	20	20	20	20	20
Fruit, edible; apples, fresh	3	1	6	2	4	5	20	20	20	20	20	20	20	20
Fruit, edible; pears, fresh	3	1	2	5	4	20	20	20	20	20	20	20	20	20
Fruit, edible; strawberries, fresh	1	4	6	3	2	5	7	20	20	20	20	20	20	20
Fruit Total	15	17	51	19	40	47	100	140	128	115	140	140	140	140
Fruit Rank	1	2	6	3	4	5	7	10	9	8	10	10	10	10
Milk and cream, not concentrated, not containing added sugar or other sweetening matter, of a fat content, by weight, not exceeding 1%	1	2	20	20	20	20	20	20	20	20	20	20	20	20
Fresh cheese (including whey cheese), not fermented, and curd	4	5	6	1	2	7	20	20	8	20	9	20	20	3
Cheese, blue-veined	20	20	20	20	20	20	20	20	20	20	20	20	20	20
Milk and cream of a fat content, by weight, exceeding 1% but not exceeding 6%	1	4	3	20	2	20	20	20	20	20	20	20	20	20
Milk and cream in powder, granules or other solid forms, of a fat content exceeding 1.5% (by weight)	2	3	9	6	20	1	20	4	20	20	8	7	20	5
Milk and cream in powder, granules or other solid forms, of a fat content not exceeding 1.5% (by weight)	3	7	5	4	1	20	20	20	20	20	6	2	20	20
Milk and cream not containing added sugar or other sweetening matter, other than in powder, granules or other solid forms	1	20	20	20	20	20	20	20	20	20	20	20	20	20
Milk and cream, containing added sugar or other sweetening matter, other than in powder, granules or other solid forms	1	20	2	20	20	20	20	20	20	20	20	20	20	20
Dairy Total	33	81	85	111	105	128	160	144	148	166	123	129	160	128
Dairy Rank	1	2	2	4	3	5	10	7	8	10	6	4	10	5
Meat of bovine animals; frozen	2	6	7	1	3	8	9	4	20	20	5	20	20	10
Meat of sheep or goats; fresh, chilled or frozen	1	3	6	2	5	8	10	9	11	7	4	20	20	12
Meat Total	3	9	13	3	8	16	19	13	31	27	9	40	40	22
Meat Rank	1	3	4	1	2	5	6	4	9	8	3	10	10	7
Fruit juices (including grape must) and vegetable juices, unfermented, not containing added spirit	1	20	4	20	5	20	20	20	2	20	3	20	20	20
Beer made from malt	1	20	20	20	20	20	20	20	20	20	20	20	20	20
Wine of fresh grapes, including fortified wines; grape must other than that of heading no. 2009	1	2	4	20	20	3	6	20	5	20	20	20	20	20
Fermented beverages, n.e.c. in chapter 22; (e.g. cider, perry, mead)	1	20	20	20	20	20	20	20	20	20	20	20	20	20
Whiskies	1	20	20	20	20	20	20	20	20	20	20	20	20	20
Gin and geneva	1	20	20	20	20	20	20	20	20	20	20	20	20	20
Beverages Total	6	102	88	120	105	103	88	128	87	126	103	120	120	120
Beverages Rank	1	4	3	10	6	5	3	10	2	10	5	10	10	10
Total Value	68	237	313	301	294	341	502	559	537	566	521	576	609	560
Priority	1	2	5	4	3	6	7	10	9	12	8	13	14	11
Aggregate Rank	1	3	4	4	4	5	6	8	7	9	6	9	10	8
No Evidence of Export														
\$1 - 100,000														
\$100,001 - \$999,999														
\$1million - \$10million														
>\$10 million														

The data in Table 8 above have been used to supplement the previous relative competitive position criteria and scoring in order to more accurately identify priority international markets for RDAHC's specific industries and companies, which are summarised below.

The recommended priority cluster of countries for the selected commodities exports includes:

- United Arab Emirates
- Qatar
- Kuwait
- Saudi Arabia

In terms of market priorities for specific RDAHC industries (and sub-regions) identified in this report, the following priority markets are recommended:

For **Vegetable Product** exports:

- United Arab Emirates
- Qatar
- Kuwait

For **Fruit Product** exports:

- United Arab Emirates
- Qatar
- Saudi Arabia

For **Dairy Product** exports:

- United Arab Emirates
- Qatar
- Bahrain

For **Meat Product** exports:

- United Arab Emirates
- Kuwait

- Qatar

For **Beverage Product** exports:

- United Arab Emirates
- Turkey
- Bahrain

As noted above, AsiaAustralis has been able to research and analyse the specific Australian export performance of RDAHC's key non-service industries to determine the international markets which demonstrate the strongest 'appetite' for RDAHC's products. However, similar data for service exports are not available with the exception of the number of students studying in South Australia. The following table details the number of students from MENA that studied in South Australia during 2016 and 2017 (aggregate for both years):

Table 9 – MENA Students Studying in South Australia 2016 and 2017 (Aggregate)

	United Arab Emirates	Qatar	Bahrain	Saudi Arabia	Kuwait	Oman	Lebanon	Egypt	Turkey	Iran	Jordan	Yemen	Sudan	Iraq
Higher Education	6	2	6	1069	69	191	21	37	16	222	16	3	1	71
VET	0	0	0	12	1	0	3	1	2	10	3	0	0	0
Schools	0	0	0	2	0	0	0	2	0	10	0	0	0	0
ELICOS	21	0	3	435	2	55	2	0	5	19	1	0	1	2
Non-award	15	0	0	78	4	95	1	1	2	10	0	1	0	0
Grand Total	42	2	9	1596	76	341	27	41	25	271	20	4	2	73

AS can be seen from the above table, the primary and only significant market for international students is **Saudi Arabia**. In relation to **homestay student programs**, there appears to be no opportunity for RDAHC as there were only 2 MENA school students attending SA schools during 2016 and 2017 (average of 1 per annum).

In addition to export sectors, RDAHC has expressed an interest in Investment Attraction opportunities in the following sectors:

- Hotel accommodation
- Farm investment
- Horticultural cultural joint ventures
- Bottling plants

The following table details total approvals and value of foreign investment into Australia by industry sector for 2016/17.

Table 10 - Approvals by country of investor, by industry sector in 2016–17

Country (a)	Number of approvals (f)	Agriculture, forestry and fishing \$m	Financial & insurance \$m	Manufacturing, electricity & gas \$m	Mineral exploration & development \$m	Real estate \$m	Services \$m	Tourism \$m	Total \$m
China (b)	9,714	2,211.5	244.9	7,396.0	7,326.9	15,253.5	6,434.0	0.0	38,867.0
United States	316	901.7	1,238.3	983.0	3,814.1	6,810.9	12,488.4	218.4	26,454.6
Canada	193	1,466.5	507.4	4,425.4	650.6	7,252.7	8,887.9	0.0	23,190.4
Hong Kong	649	241.5	1.7	11,824.2	508.5	1,568.8	1,572.0	0.0	15,716.7
Singapore	477	380.5	6.2	879.8	113.6	5,295.8	3,461.4	21.8	10,159.1
Japan	113	12.2	0.0	1,150.3	109.5	3,199.6	937.5	0.0	5,409.1
Malaysia	666	106.4	0.0	52.2	16.4	3,494.2	597.7	0.0	4,266.9
United Kingdom	488	182.3	0.0	454.6	61.2	2,145.4	1,315.4	0.0	4,158.8
Netherlands	83	273.8	0.0	0.0	68.8	1,936.8	1,769.2	0.0	4,048.6
United Arab Emirates	90	38.9	200.0	2,016.8	0.0	464.2	98.8	401.1	3,219.8
Germany	90	231.2	0.0	48.7	42.3	1,687.3	1,174.3	0.0	3,183.8
Switzerland	32	159.2	1,241.0	0.0	0.0	979.2	304.5	0.0	2,684.0
Kuwait	16	6.1	0.0	2,021.2	0.0	30.5	0.1	0.0	2,057.9
Korea, Republic of	108	9.4	53.2	108.1	9.7	1,205.4	196.8	0.0	1,582.6
South Africa	110	0.3	0.0	0.0	642.8	520.7	367.0	0.0	1,530.7
New Zealand	37	5.3	0.0	78.8	31.2	551.9	681.0	0.0	1,348.2
Thailand	34	0.3	0.0	146.0	8.3	1,117.6	0.0	0.0	1,272.2
Qatar	18	1.6	0.0	800.0	0.0	32.2	277.2	0.0	1,111.0
Other Countries (c)	1,546	173.4	262.4	910.3	1,253.0	3,414.2	1,128.5	28.1	7,169.9
New Dwelling EC (d)	46	0.0	0.0	0.0	0.0	9,357.8	0.0	0.0	9,357.8
<i>Subtotal</i>	<i>14,826</i>	<i>6,401.8</i>	<i>3,755.0</i>	<i>33,295.5</i>	<i>14,656.8</i>	<i>66,318.6</i>	<i>41,691.9</i>	<i>669.3</i>	<i>166,789.0</i>
Australia (e)	394	582.2	0.0	7,596.8	1,201.9	2,661.5	12,495.8	1,584.2	26,122.4
Total	15,220	6,984.1	3,755.0	40,892.2	15,858.7	68,980.1	54,187.7	2,253.5	192,911.4

Source: Foreign Investment Review Board Annual Report 2016/17

In terms of MENA, and the above RDAHC priorities, the major sources of MENA investment, and therefore initial priorities for RDAHC, include (in priority order):

- United Arab Emirates – Manufacturing (Bottling Plants)
- Kuwait - Manufacturing (Bottling Plants)
- United Arab Emirates – Tourism (Hotel Accommodation)
- Qatar - Manufacturing (Bottling Plants)
- United Arab Emirates – Horticulture (Joint Ventures)

8.0 In-Country Corporates

Based on the research and analysis contained in this report, it is recommended that the following countries comprise RDAHC's priority countries for MENA International Engagement:

































- United Arab Emirates
- Saudi Arabia
- Qatar

In relation to the **United Arab Emirates**, information sourced from Austrade indicates that import and land distribution of food products is carried out by the private sector and that Government intervention is limited to health regulations and labelling requirements.

Most importantly, Austrade identifies that many importers in Oman, **Qatar**, Bahrain and Kuwait buy food items via the UAE, since individual orders from these countries tend to be less than the minimum required by suppliers. Thus, container sized loads are shipped to the UAE and broken down into smaller quantities for transshipment to these countries. Large importers are often integrated with logistics and distribution companies, who supply to wholesalers and retailers. Some of the large importers and distributors run their own retail outlets as well. The UAE distribution industry is very advanced, with sophisticated warehousing (cold chains) and inventory systems. The smaller organisations that do not own their own warehouses still have access through rented facilities³⁰.

Major food and beverage importers in the UAE (i.e. potential targets for RDAHC exporters) are detailed in the follow chart sourced from the Dubai Chamber of Commerce.

³⁰ Source: Austrade Market Profile - UAE

AKM FOOD STUFF TRADING LLC ADVT Phone : +971-4-8853930 Fax : +971-4-8854917 Box No. : 242241 City : Dubai Location : DIP 2, Plot No.597-836 Website : www.akmfoods.com   Update your listing	AKM LOGISTICS DWC LLC ADVT Phone : +971-4-8853930 Fax : +971-4-8854917 Box No. : 242241 City : Dubai Location : Dubai Aviation City, Logistics Wing, Plot No D1C- FF-1-FB 134 Website : www.akmfoods.com   Update your listing
AKM SHIPPING & STORAGE LLC ADVT Phone : +971-4-8853930 Fax : +971-4-8854917 Box No. : 242241 City : Dubai Location : DIP II, Plot No.597-836 Website : www.akmfoods.com   Update your listing	AL QARAWAN GENERAL TRADING LLC ADVT Phone : +971-4-3695059 Fax : +971-4-3695069 Box No. : 643540 City : Dubai Location : www.alqarawan.com   Update your listing
AL QUDWA FOODSTUFF CO (L.L.C) ADVT Phone : +971-4-2977937 Fax : +971-4-2977936 Box No. : 26679 City : Dubai Location : Salahuddin Rd, Bin Sougat Bldg Website : www.alqudwastd.com   Update your listing	AL SHARAH GENERAL TRADING LLC ADVT Phone : +971-4-3393012 Fax : +971-4-3333344 Box No. : 391005 City : Dubai Location : Industrial Area 2 Website : www.alsharah.com   Update your listing
ARABIAN AMERICAN TECHNOLOGY CO. (ARAMTEC) ADVT Phone : +971-4-3808444 Fax : +971-4-3808411 Box No. : 6936 City : Dubai Location : Al Ques, Ind Area 1, Ne Khalef Time Office Website : www.aramtec.com   Update your listing	BEST FOOD CO (L.L.C) ADVT Phone : +971-4-2850045 Fax : +971-4-2857976 Box No. : 10602 City : Dubai Location : Near AHS Steel Mill R/A Website : www.bestfoodco.com   Update your listing
AKM FOOD STUFF TRADING LLC ADVT Phone : +971-4-8853930 Fax : +971-4-8854917 Box No. : 242241 City : Dubai Location : DIP 2, Plot No.597-836 Website : www.akmfoods.com   Update your listing	AKM LOGISTICS DWC LLC ADVT Phone : +971-4-8853930 Fax : +971-4-8854917 Box No. : 242241 City : Dubai Location : Dubai Aviation City, Logistics Wing, Plot No D1C- FF-1-FB 134 Website : www.akmfoods.com   Update your listing
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AL QUDWA FOODSTUFF CO (L.L.C) ADVT Phone : +971-4-2977937 Fax : +971-4-2977936 Box No. : 26679 City : Dubai Location : Salahuddin Rd, Bin Sougat Bldg Website : www.alqudwastd.com   Update your listing	AL SHARAH GENERAL TRADING LLC ADVT Phone : +971-4-3393012 Fax : +971-4-3333344 Box No. : 391005 City : Dubai Location : Industrial Area 2 Website : www.alsharah.com   Update your listing
ARABIAN AMERICAN TECHNOLOGY CO. (ARAMTEC) ADVT Phone : +971-4-3808444 Fax : +971-4-3808411 Box No. : 6936 City : Dubai Location : Al Ques, Ind Area 1, Ne Khalef Time Office Website : www.aramtec.com   Update your listing	BEST FOOD CO (L.L.C) ADVT Phone : +971-4-2850045 Fax : +971-4-2857976 Box No. : 10602 City : Dubai Location : Near AHS Steel Mill R/A Website : www.bestfoodco.com   Update your listing

In relation to **Saudi Arabia**, Austrade advises there are three major distribution and sales regions: the Western Region, with the commercial centre of Jeddah; the Central Region, where the capital city of Riyadh is located; and the Eastern Province, where the oil and gas industry is heavily concentrated.

Multiple agencies and distributors in the Middle East can present logistical and management difficulties, so foreign firms often choose to appoint a master distributor for states of the Gulf region, which includes Saudi Arabia, Kuwait, Qatar, Bahrain, Oman, and the UAE.

Major food and beverage importers in Saudi Arabia (i.e. potential targets for RDAHC exporters) are detailed Appendix 1 Accompanying this report (Source: www.apeda.gov.in/apedawebsite).

9.0 Implementation

This research and analysis provides RDAHC with recommended priorities for MENA International Engagement covering the region's industries and associated companies. The next step for RDAHC would be the formulation of MENA Market Entry Strategy based on these priorities with clear objectives and action plans to deliver regional economic development via, for example, export promotion and investment attraction.

It is **recommended** that RDAHC now proceed to detailed in-country market research and market entry strategy development for the priority cluster of markets (UAE, Saudi Arabia, Qatar) and associated product and service areas. The following broad steps are recommended for implementation:

- Identification of companies/products by category for market entry strategy development (including brochures/price lists/etc.).
- Detailed in-country market research in accordance with the findings of this study and recommendations:
 - **United Arab Emirates** – Vegetables; Fruit; Dairy; Meat; Beverage; Investment (Bottling Plants; Hotel Accommodation; Horticulture).
 - **Saudi Arabia** – Vegetables; Fruit.
 - **Qatar** – Fruit; Dairy; Meat; Investment (Bottling Plants).
- Detailed in-country market research to identify (for example):
 - Regulatory and Bio Security requirements.
 - In-country value-chain.
 - Major importers/distributors by product.
 - Key personnel for negotiations.
 - Retail outlets.
 - Packaging and shipping requirements.
 - Competitor products and pricing.
 - Supply and Demand including potential supply windows.
 - Major trade fairs/exhibitions.
 - Potential investors in the RDAHC area.
- Development of Market Entry Strategies comprising:
 - Country/Company.
 - Key targets – export and investment.

- Trade mission/in-country visits
- Timing of in-country activities.
- Trade mission/in-country visits – Support required for RDAHC and companies would include:
 - Trade Mission support to priority markets to meet with prospective buyers, investors and other stakeholder organisations.
 - On ground market support for in-country visits.
 - Pre-delegation country briefings for companies.
 - Advice on the in-country program.
 - Setting of target meetings and meeting objectives.
 - Schedule of meetings and appointment setting.
 - Post-delegation debriefing.