



Poultry Import Drivers in the GCC



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 **Quick read**

- Around \$2.8 billion of poultry meat is imported annually into the GCC to satisfy local demand
- However local production capacity is expanding at a steady rate, and new market entrants
- GCC producers find it hard to compete in the frozen poultry sector but are in a stronger position in the fresh and chilled poultry market
- KSA aims to reach 80% in poultry self-sufficiency by 2025 and major investments are driving that aim
- Turkey is an emerging force in this market and is increasingly targeting its exports towards the GCC
- With supermarkets gaining market share over traditional outlets, branding is becoming more important in this high growth, but very competitive sector

Introduction

The GCC imports almost \$2.8 billion of poultry meat annually to satisfy local demand. However, traditional exporters to the region are coming under increasing pressure from rising consumer expectations, expanded local production capacity and new entrants into the market.

Imports

In the period between 2016 and 2020, the proportion of poultry imported to the Gulf Cooperation Council (GCC) increased from 75 percent to 77 percent.

Total demand in the region is also increasing at a Compound Annual Growth Rate (CAGR) of 4 percent, increasing from 1.82 million tonnes in 2017, to 2.16 million tonnes in 2019. In Saudi Arabia - by far the largest market in the GCC - consumption grew at a CAGR of 6 percent over that period.

Chicken imported into the GCC is almost invariably in frozen form, comprised of 70 percent whole chickens and 30 percent chicken cuts. Although GCC producers find it difficult to compete in the frozen poultry sector, they are in a stronger position in the fresh and chilled poultry market.

Saudi Arabia

Saudi Arabia has taken significant steps to develop local poultry production capacity to boost the country's food security. Poultry meat production in the Kingdom aims to reach 80% of self-sufficiency by the year 2025.

This expansion is expected to come as a result of major investments by the most significant participants in the market - Al Watania Poultry, Al-Fakieh and Almarai.

Most of the GCC poultry imports come from Brazil, followed by France and the USA - with 12 percent and nine percent respectively - with the balance made up by countries such as Thailand, Uruguay, Malaysia and Argentina.

“ Saudi Arabia has taken significant steps to develop local poultry production capacity

Turkey

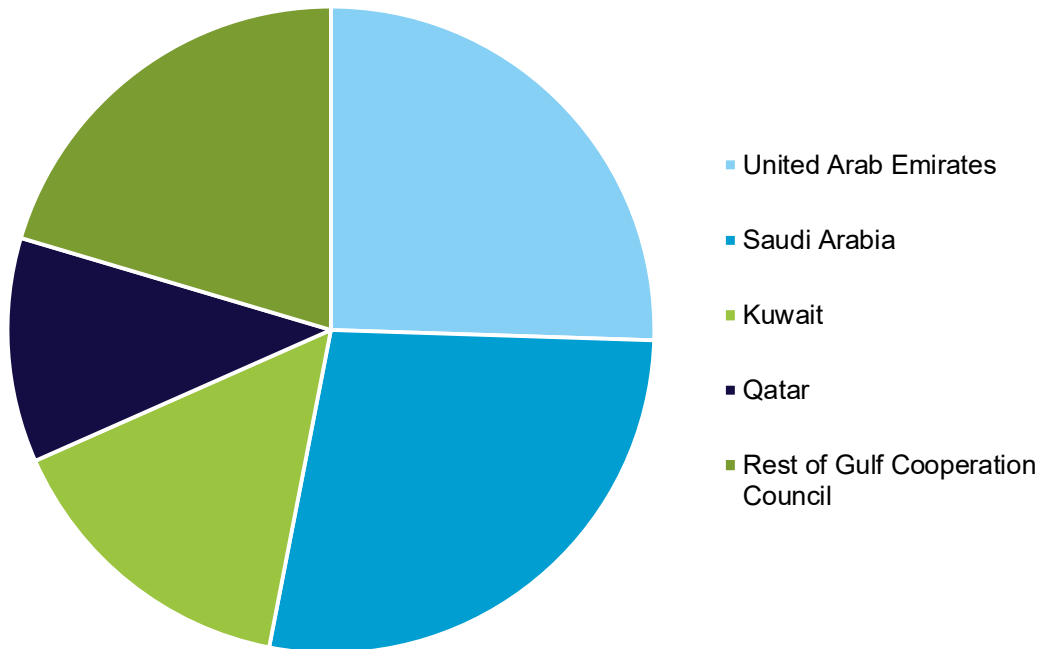
Turkey is an emerging force in this market and is increasingly targeting its exports towards the GCC. Its exports of – mostly whole – chicken has increased at a CAGR of more than 60 percent in the period between 2016 and 2019 and Turkish exports are expected to account for almost 26.5 percent of global trade in 2021.

Saudi Arabia lifted a ban on Turkish poultry imports, reflecting the fact that these products meet halal requirements, are of high quality and are available at a relatively low cost. Although Turkey is building from a small base, its share of the GCC market is expected to grow significantly over the coming years.

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Figure 1: Import volumes of poultry to the GCC in 2019.



Source: USDA

Conclusion

With a strong preference for fresh chicken underpinning local production, traditional importers also face the challenge of increasing consumer preferences for chicken pieces and a varied offering of value-added products. Also, with supermarkets gaining market share over traditional outlets, branding is becoming more important in this high growth, but very competitive sector.



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