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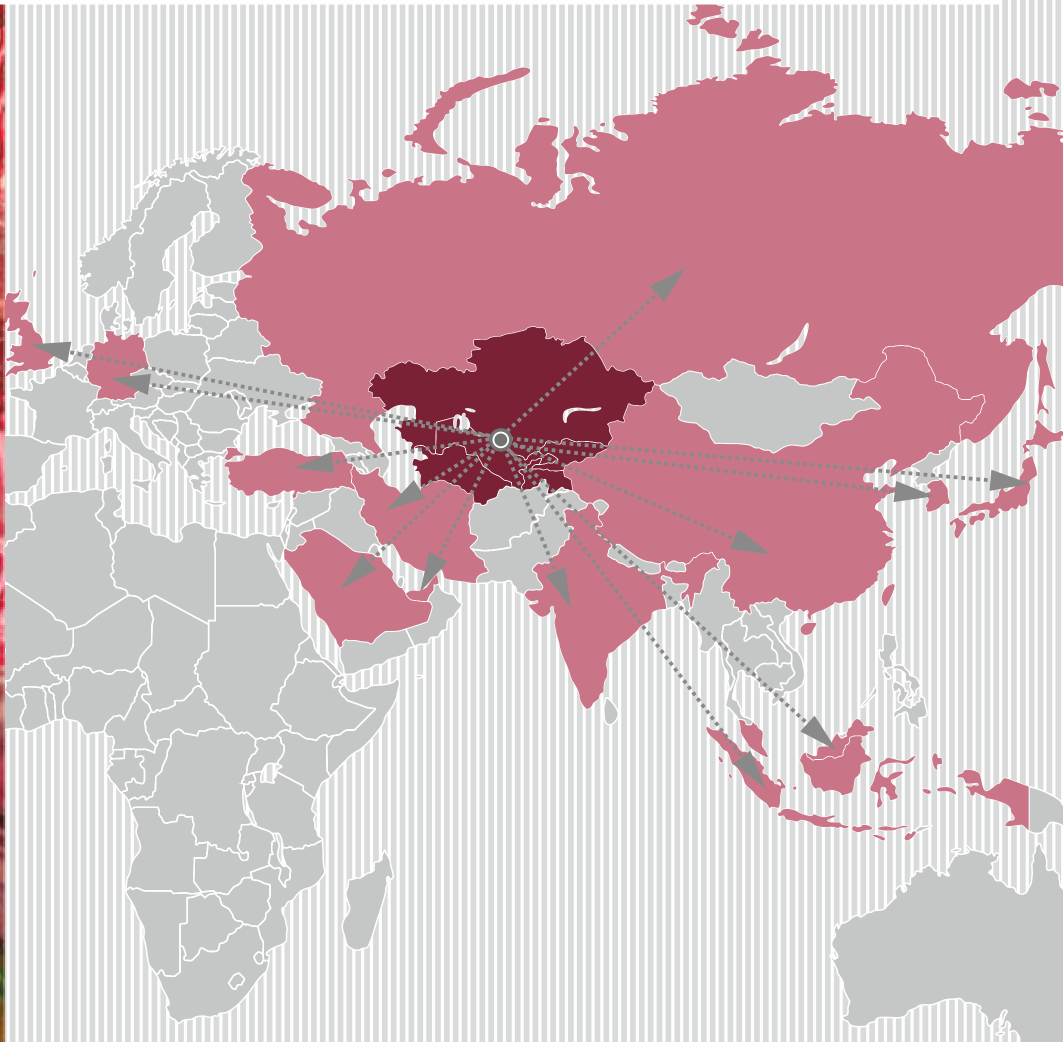

Analysis of Priority Markets for diversification of export of products from Central Asia

Meat products: market access strategies and recommendations

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A report developed by Euromonitor International

This research was made possible under the order of the Programme 'Trade Facilitation in Central Asia" implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Federal Government.

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1. INTRODUCTION

This report is a summary of findings and analysis Euromonitor International performed under the order of the Programme 'Trade Facilitation in Central Asia', implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Federal Government. "Trade Facilitation in Central Asia" is a Regional Program for Central Asia and aims at implementation of selected trade facilitation measures among the countries of Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan.

GIZ aims to find the ways to facilitate international trade to traditional and other potential new export markets from the Central Asian countries for selected agricultural products, including fresh fruits (apricots, grapes, cherries and melons), processed fruits and vegetables (dried fruits, leguminous and nuts) and meat (bovine, sheep and sausages). Please see Appendix 1 for more detailed scope of the research.

The goal of the research was to help GIZ Programme to achieve its objectives in development of market access strategies and trade related services to facilitate export trade from Central Asian markets by:

- Identifying the existing challenges that Central Asian exporters face, when exporting to international markets;
- Understanding the exporting environment, demand for the product, distribution network and consumer trends related to the products in question;
- Gap analysis of both challenges and opportunities in order to design and implement intervention measures aimed at overcoming these challenges in order to facilitate trade and take advantage of export opportunities.

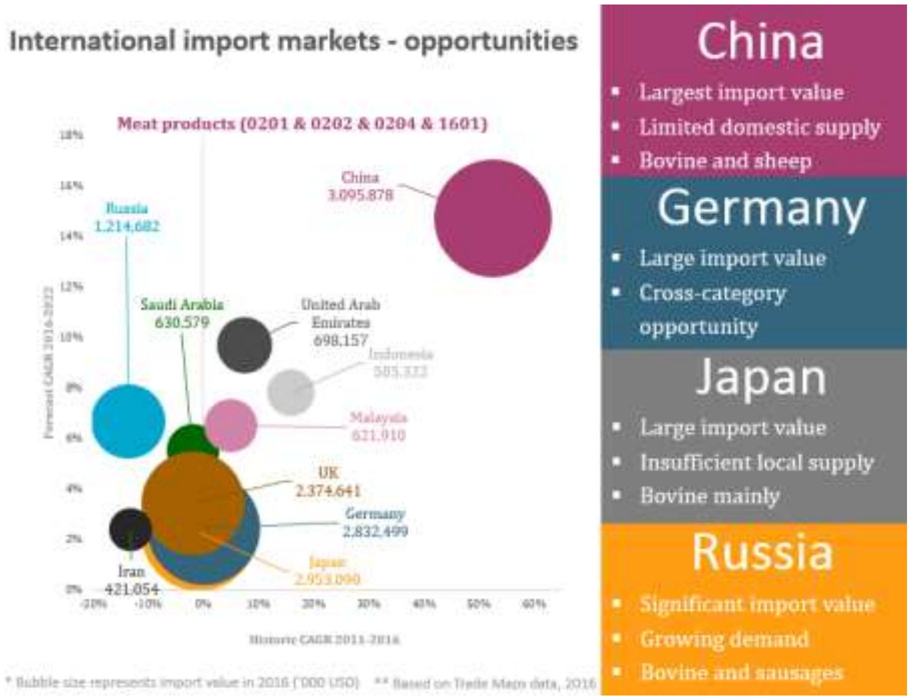
Please note, that all the text in this report that is displayed as underlined is an active hyperlink to a more detailed source of information.

2. METHODOLOGY

Euromonitor International has approached the study in two stages. The first stage of the research was focused on the top-line analysis of potential international export market opportunities. GIZ Programme has selected 10 international markets, based on their experience and previously collected trade feedback that presented potential opportunity for Central Asian exporters of agricultural produce. The long-list of international markets was comprised of China, Germany, India, Japan, Russia, Saudi Arabia, South Korea, Turkey, United Arab Emirates and United Kingdom.

Within the first research stage Euromonitor team was sizing the import demand of each of the ten markets for each of the product categories, including bovine meat (HS0201 and HS0202), sheep meat (HS0204) and sausages (HS1601), based on the officially published international trade data published by International Trade Centre and Comtrade. While building the opportunity matrices, Euromonitor team aimed to highlight the top export markets for each of the categories *(*see *Appendix 2)* as well as presented a cross-category view for the complete processed fruit and vegetables opportunity *(*see *Figure 1)*, in terms of import market size, demand preferences as well as initial screening of market entry requirements.

Figure 1: International import market opportunity matrix for meat



Source: ITC Trade Maps, 2016
Notes: Bubble size represents import value in 2016 ('000 USD)

As a result of the first stage of the research the top three export priority markets were selected, including Germany, United Arab Emirates and People's Republic of China. Such choice of the priority markets allows Central Asian exporters to get a closer view on the export opportunities into three different regions, including European Union, Middle East and South-East Asia. Furthermore, the choice of the priority market was determined by the cross-category opportunities presented for fresh fruit, processed fruit and vegetables and meat categories combined, which were discussed and supported by the feedback of Central Asian agricultural trade industry and GIZ internal knowledge of the Central Asian capabilities.

The second stage of the research was focused on the above mentioned short-listed three priority markets and aimed at the detailed analysis of the priority markets, including understanding the consumer demand, distribution channels, supply chain, legal framework, customs regulations, and retail landscape. Such a multitude of research angles allowed Euromonitor to provide GIZ Programme with an actionable recommendations on the future initiatives and activities to be developed for further trade facilitation.

The research was based on a wide range of sources, including official publications, such as national statistics, Euromonitor in-house data, United Nations Comtrade statistics, International Trade Center Developed Trade Maps's import and export indicators (see *appendices*), trade publications, including trade press, industry articles and brand websites as well as primary research across the 88 trade interviews conducted across the C-level executives of the agricultural trade supply chain. The findings were cross-checked and validated before the conclusions were formed.

3. EXECUTIVE SUMMARY

Central Asia meat market overview

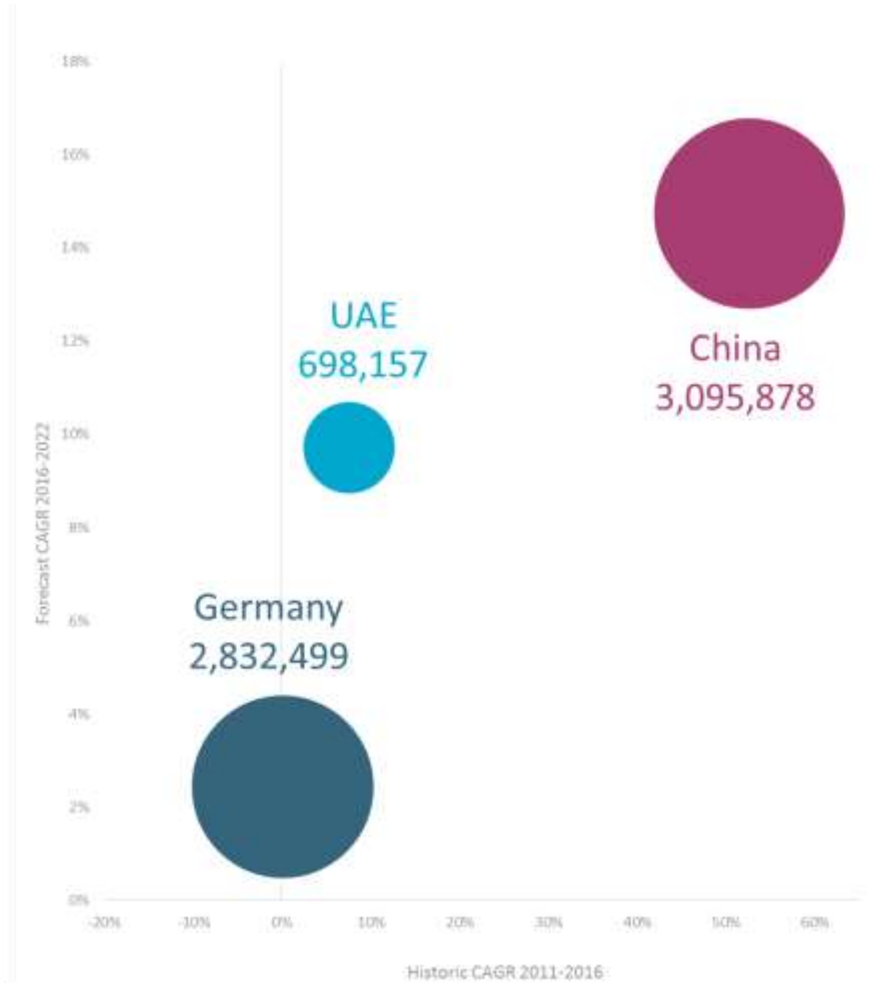
Currently, agriculture remains a key industry for Central Asian countries. Kyrgyzstan, Tajikistan and Uzbekistan are significantly more dependent on agriculture, while agriculture in Kazakhstan is rather limited, and primarily focused on meat.

The international meat trade in Central Asian markets is highly unbalanced, with sizeable export volumes coming only from Kazakhstan. The remaining three Central Asian markets are focused on the production of fruits and vegetables.

Meat and meat products imports are in demand across the priority markets

All three priority markets are large global meat importers, in regards to the product categories in scope (see *Chart 1*)

Chart 1: Meat import markets value slaes, USD, mn 2016 (HS0201, HS0202, HS0204 and HS1601)



Source: ITC Trade Maps, 2016
Notes: Bubble size represents import value in 2016 ('000 USD)

Germany is one of the largest European beef producers, as well as a traditional sausage market. Thus, these two product categories prove to be difficult to penetrate. However, the demand for lamb is not fully met by domestic supply. Thus, lamb offers an interesting opportunity to Central Asian suppliers. The price points of lamb in Germany are rather high, the packaging is typically quite small, and consumers expect to pay higher than the average meat price for lamb, to benefit from its health properties and nutritious value.

As domestic meat production volumes are very limited, the **UAE** strongly relies on agricultural imports from international markets. Consumers in the UAE generally prefer high-quality tender beef and lamb. However, lamb benefits not only from market demand, but also from cultural/religious demand over the Hajj period, which also features higher price points, in order to regulate supply and demand.

China provides an opportunity in beef and lamb, especially focusing on the high quality and organic produce, which Kazakhstan is striving to get the quarantine access for.

Central Asia may benefit from international meat export opportunities

Central Asian countries, and in particular Kazakhstan and Kyrgyzstan, have good prospects in terms of meat exports, counting on rising support from the government and improved international cooperation. Being a member of the WTO has boosted and will continue to boost the region's international trade.

Looking closer into the meat categories in scope, Central Asian producers are well-positioned to develop trade in bovine and sheep meat. Both variants are considered healthier meat options, providing vital minerals and vitamins to the human body. Furthermore, lamb benefits from delicatessen status in some markets, and cultural religious ritual demand in others. While the healthy living trend does call for lower consumption of meat, consumers tend to cut back on pork, while choosing higher-quality beef and lamb.

Halal meat of sheap should be the key focus of Central Asian exporters

While the UAE is the obvious market for halal meat, Germany and China are also seeing growth in demand for halal meat, as more immigrants are looking to make halal meals.

Central Asia is on a path towards international trade facilitation

While there are a number of factors that Central Asia has to improve on to gain access and demand in international markets, the starting point is improving the awareness of Central Asian meat and meat produce, their quality and health benefits across the international markets, so international buyers, who currently source their meat from suppliers across the globe, include Central Asia to their suppliers' pool. Furthermore, consolidation of the highly fragmented Central Asian meat market is key in developing international trade partnerships, providing quality produce with recognized veterinaty certification on time and in required volumes. Furthermore, international standardisation, certification and of course adherence to legal requirements are the 'musts' the Central Asian suppliers have to prioritise, while developing international trade agendas. In order to sustain long-term international trade, Central Asia should also develop its livestock count.

As GIZ, the commissioner of the study, is looking for improving international cooperation and sustainable development of the Central Asian region, the recommendations of the study are tailored to the perspective of development of trade related services that GIZ can support further in the region.

1 Raise awareness of taste and attributes of Central Asian meat produce

- Facilitate and promote participation of Central Asian producers and exporters at international trade expositions
- Develop or facilitate the development of educational programs focused on international market demands in regards to Central Asia meat market
- Develop of facilitate the development of the Central Asia origin promotional campaigns (arm exporters with marketing materials)

2 Consolidate production to enhance quality consistency and volume supply

- Promote or facilitate the promotion and education on industry consolidation through cooperatives and associations
- Facilitate the industry and government dialogue and cooperation in terms of governmental support of coordinated production efforts
- Develop or facilitate the development and promotion of an export promoting and coordination body

3 Develop livestock population for long-term trade sustainability

- Facilitate dialogue between farmers and governments to foster support programmes focusing on catle and other livestock population development
- Develop or facilitate the development of education programs for farmers on long-term cattle sustainability strategies

4 Achieve international certification

- Develop educational programs for SME farmers on international certification benefits and requirements
- Facilitate the development of educational platforms (e.g. university courses) for future certification experts
- Establish or facilitate the establishment of GlobalG.A.P. or wider certification advisory body available to consult SME's
- Educate SME's on the group GLOBALG.A.P. standard through industry consolidation initiatives
- Facilitate lobbying between the industry and the government in terms of subsidising the certification process for small players
- Facilitate dialogue between the industry and financiers, in order to facilitate the financial mechanisms and make them more accessible

5 Learn from international best practices to modernize laboratories

- Facilitate the establishment of internationally recognised laboratories in Central Asia through dialogue between the globally recognized certification bodies and Central Asian controlling institutions and training
- Facilitate the development of educational systems for future food quality experts
- Develop an information sharing program aiming to provide information to exporters and current laboratories about what are the acceptable quality levels in international markets as well as detail what are the tests that are to be performed

6 Identify opportunities for partnerships in air freight

- Facilitate the dialogue and partnership building between exporters and air freight carriers
- Help exporters to connect with relevant cargo carriers
- Educate exporters on charter and other competing cargo solutions

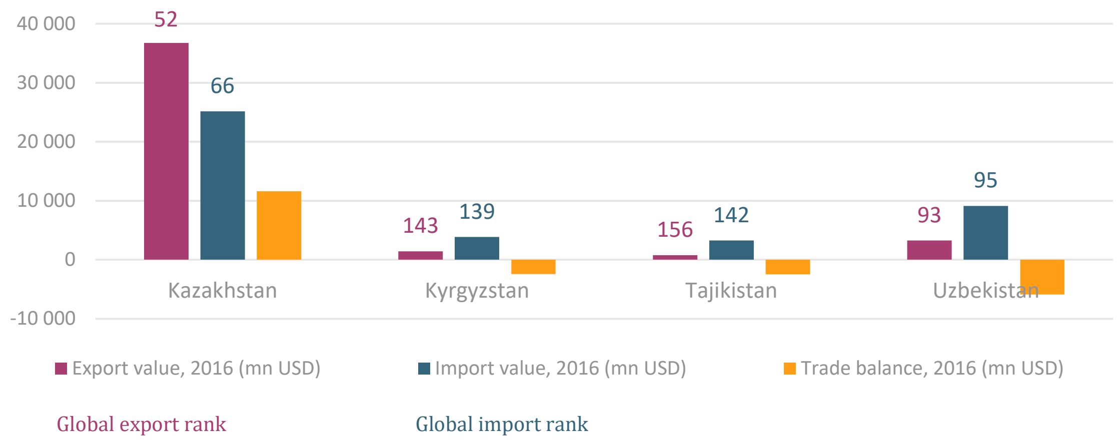
4. OVERVIEW OF CENTRAL ASIAN SUPPLY

4.1 OVERVIEW OF CENTRAL ASIAN MARKETS

Central Asian trade is focused on natural resources, while agricultural trade remains limited

While long ago the Silk Road put the Central Asia region at the forefront of international trade, today the region's trade is underdeveloped. With a population of 61.9 million, spread over 3.5 million sq km of land, with limited connectivity and long distances, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan face low density of trade (see *Chart 2*), particularly focused on a few commodities, including crude oil, gas, metals and cotton fibre. As oil and gas are the key export commodities, the region is highly dependent on global oil price fluctuations, which in 2017 were rather favourable for overall trade development.

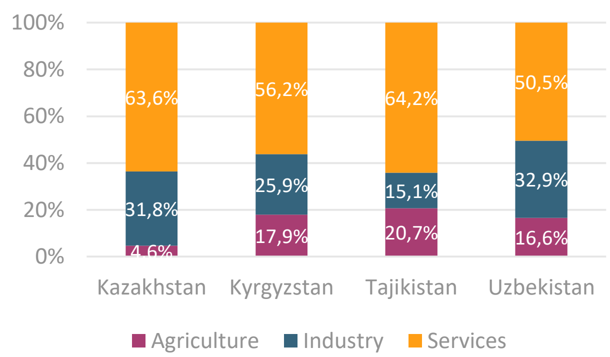
Chart 2: Central Asia international trade, 2016



Source: ITC Trade Maps, 2016

Among all Central Asian countries, the meat sector within agriculture is key for Kazakhstan

Chart 3: Composition of Central Asian GDP, 2016



Source: The World Factbook, Central Intelligence Agency

The largest producers and exporters of meat in the Soviet period in the region were Kazakhstan and Kyrgyzstan. With the reform of agriculture, large-scale commodity production of meat has almost disappeared. Despite the sustained efforts of governments to develop the meat sector, all countries in the region continue to import meat. Even in Kazakhstan, with its traditional large-scale cattle breeding in 2013, large enterprises accounted for only 21% of total meat sales (calculated according to the Ministry of Agriculture of Kazakhstan). Despite the agricultural sector accounting for the lowest share of overall GDP (see *Chart 3*), Kazakhstan has the strongest potential in meat production compared with other Central Asian countries, because of its enormous territorial advantage. The country is placed fifth in terms of pasture globally, although in terms of meat production Kazakhstan holds only 42nd position [Trade interviews].

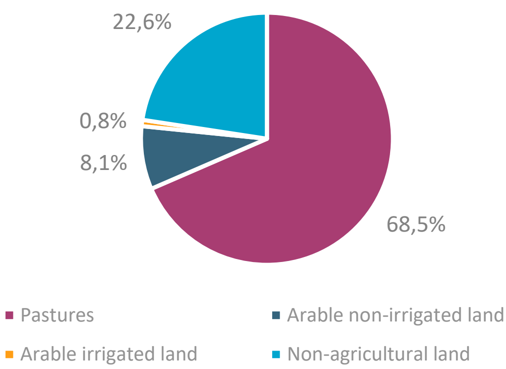
Kazakhstan's international trade is driven by oil and gas, while meat trade is highly unbalanced

Kazakhstan is the largest Central Asian market under research by territory, and is the only Central Asian market showing a positive trade balance, with export value sales exceeding import value sales by 30%, largely due to the export of crude oil and gas. As briefly mentioned above, the Kazakh agricultural industry is rather limited. Trade in meat in Kazakhstan shows a negative balance, with import value sales exceeding export value sales by 10 times (see *Chart 4* and *Chart 5*). Exports of the researched meat product categories in scope amounted for 0.02% of total export value sales in 2016, while imports of meat products were responsible for 0.27% of total import value sales [ITC Trade maps, 2016]. Kazakhstan's agricultural industry is strongly focused on grains, mainly wheat and barley; thus, flour is the main agricultural export. Across the meat categories in scope, bovine meat has the strongest presence, accounting for 67.7% of the researched meat export value sales in 2016 [ITC Trade maps, 2016]. The key meat export destination for Kazakhstan is the Russian Federation.

Table 1: Kazakhstan – Key facts

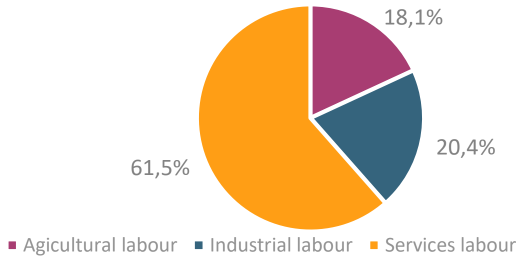
Land

Area	2,724,900 sq km
Agricultural land	2,089,567 sq km
Arable land	240,273 sq km
Irrigated land	20,660 sq km
Pastures	1,849,295 sq km



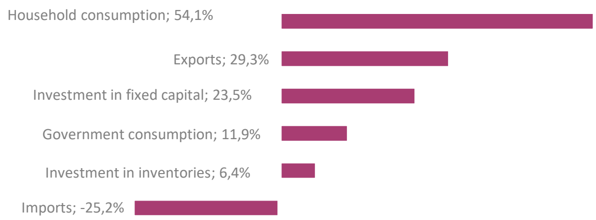
Population

Total population	18,360,353
Rural population	8,592,645
Labour force	8,964,000
Agricultural labour	1,622,484



$ Economy

GDP (PPP)	USD468.8 bn
GDP per capita	USD25,700
GDP (agriculture)	USD21.6 bn



International trade

Export commodities	Oil and oil products, natural gas, ferrous metals, chemicals, machinery, grain, wool, meat, coal
Export partners	China, Russia, France, Germany, Italy, Greece
Import commodities	Machinery and equipment, metal products, foodstuffs
Import partners	Russia, China, Germany

Meat trade*

	Bovine meat	**Sheep meat**	**Sausages**
Production volume**	405,000 tonnes (430,000 tonnes***)	138,630 tonnes	n/a
World export rank (value)	61	57	60
World export value	USD4,821,000	USD510,000	USD1,385,000
Key export partners	Russia	Russia	Russia

Source: The World Factbook, Central Intelligence Agency

*Notes: *ITC Trade Maps, **Faostat (2014), ***Trade Interviews (2016)*

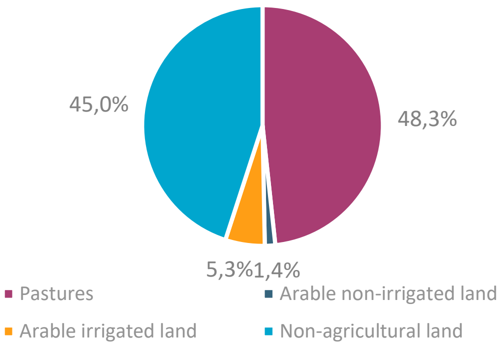
While trading with Russia and Kazakhstan, Kyrgyzstan's international trade remains very limited

Kyrgyzstan is the least populated country of the four Central Asian markets researched. At a total level, import value sales were 2.7 times higher than export value sales in 2016 [ITC Trade maps, 2016]. The trade balance deficit is caused by the import of natural resources; crude oil and gas in particular. International trade of meat products also sees a negative trade balance, with import value sales of bovine meat, sheep meat and sausages exceeding export value sales by more than three times (see *Chart 4* and *Chart 5*). The key and the only meat product export category is sheep meat, accounting for 100% of total export value sales, destined mainly for the Iranian market. Sausages, meanwhile, is the key meat import product category, responsible for 75.4% of import value sales in 2016 [ITC Trade maps, 2016]. The key import commodities in Kyrgyzstan include sugar, vegetable oils and bakery products, while major export categories are legumes, dairy and dried fruits.

Table 2: Kyrgyzstan – Key facts

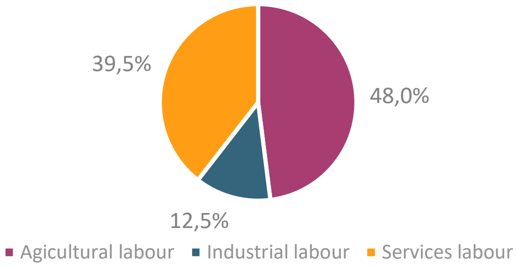
Land

Area	199,951 sq km
Agricultural land	110,772 sq km
Arable land	13,396 sq km
Irrigated land	10,233 sq km
Pastures	92,639 sq km



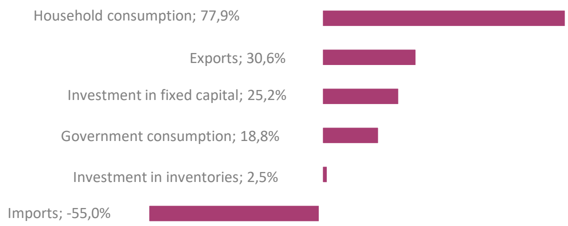
Population

Total population	5,727,553
Rural population	3,682,817
Labour force	2,778,000
Agricultural labour	1,333,440



Economy

GDP (PPP)	USD21.0 bn
GDP per capita	USD3,500
GDP (agriculture)	USD3.8 bn



International trade

Export commodities	Gold, cotton, wool, garments, meat, mercury, uranium, electricity, machinery, footwear
Export partners	Switzerland, Uzbekistan, Kazakhstan, UAE, Turkey, Afghanistan, Russia
Import commodities	Oil and gas, machinery and equipment, chemicals, foodstuffs
Import partners	China, Russia, Kazakhstan

Meat trade*

	Bovine meat	**Sheep meat**	**Sausages**
Production volume**	101,514 tonnes	51,800 tonnes	n/a
World export rank (value)	0	64	0
World export value	0	USD296,000	0
Key export partners	n/a	Iran	n/a

Source: The World Factbook, Central Intelligence Agency
*Notes: *ITC Trade Maps, **Faostat (2014)*

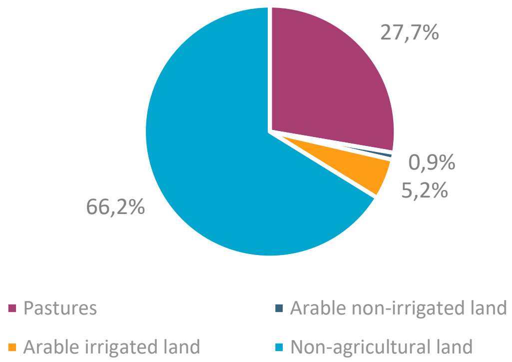
Tajikistan meat products are primarily consumed domestically

Tajikistan is the smallest country by territory, yet had the lowest level of international trade compared with the other three Central Asian markets in scope in 2016. Tajikistan's import value is just slightly lower than that of Kyrgyzstan, while export value sales are over twice as low as those of Kyrgyzstan; therefore, the trade deficit is significantly larger, with import value sales exceeding export value sales by 4.5 times (see *Chart 2)*. Tajikistan is a highly agrarian market; therefore, looking at the key export categories, agricultural produce is the fifth biggest export category in the country. However, turning to international trade of meat products Tajikistan shows a negative trade balance, as export value sales of bovine meat, sheep meat and sausages account for a negligible 0.02% share of the import value sales of the same (see **Ошибка! Источник ссылки не найден.** and *Chart 5*). The key export destination for meat products in 2016 was Kyrgyzstan. Meat products that are produced in Tajikistan are primarily consumed within the country.

Table 3: Tajikistan – Key facts

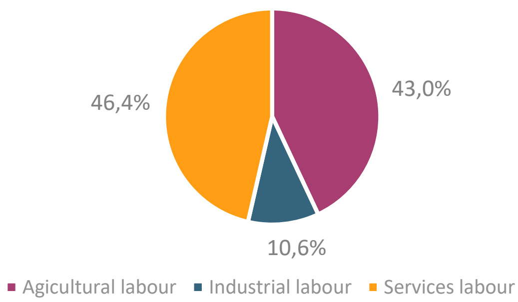
Land

Area	144,100 sq km
Agricultural land	49,103 sq km
Arable land	8,632 sq km
Irrigated land	7,420 sq km
Pastures	39,198 sq km



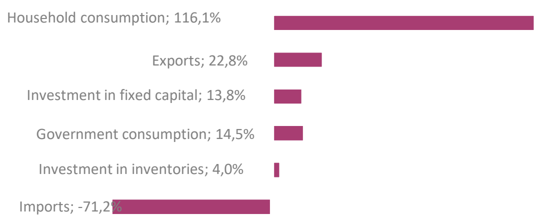
Population

Total population	8,330,946
Rural population	6,098,252
Labour force	2,295,000
Agricultural labour	986,850



$ Economy

GDP (PPP)	USD25.8 bn
GDP per capita	USD3,000
GDP (agriculture)	USD5.3 bn



International trade

Export commodities	Aluminium, electricity, cotton, fruits, vegetable oils, textiles
Export partners	Turkey, Kazakhstan, Switzerland, Iran, Afghanistan, Russia, China, Italy
Import commodities	Petroleum products, aluminium oxide, machinery and equipment, foodstuffs
Import partners	China, Russia, Kazakhstan, Iran

Meat trade*

	Bovine meat	Sheep meat	Sausages
Production volume**	44,200 tonnes	49,400 tonnes	n/a
World export rank (value)	0	0	116
World export value	0	0	USD1,000
Key export partners	n/a	n/a	Kyrgyzstan

Source: The World Factbook, Central Intelligence Agency
*Notes: *ITC Trade Maps, **Faostat (2014)*

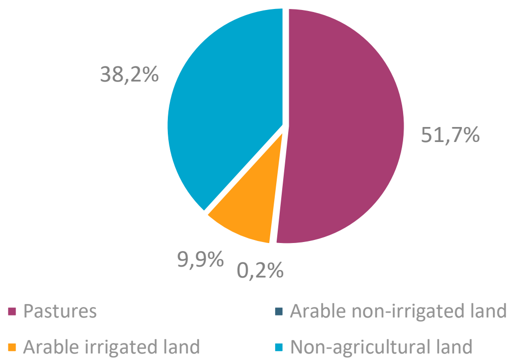
Uzbekistan's agricultural focus is on fruits; meat is produced only for domestic consumption

Uzbekistan has the highest population density of the four Central Asian markets in the research. Uzbekistan's international trade balance is also negative, just as that of Kyrgyzstan and Tajikistan, although import value sales exceed export value sales by only about 30%, while in the other two markets there is a much bigger difference [ITC Trade maps, 2016]. Turning to the international trade of bovine meat, sheep meat and sausages, Uzbekistan follows the dynamics of its neighbours, being mainly a meat-importing country (see *Chart 4* and *Chart 5*). Along with Kazakhstan, Kyrgyzstan and Tajikistan, Uzbekistan also displays a negative international trade balance across these categories. Due to the high population and its constant growth, Uzbekistan's meat products are mainly consumed within the country. No export activities of meat products were observed in 2016.

Table 4: Uzbekistan – Key facts

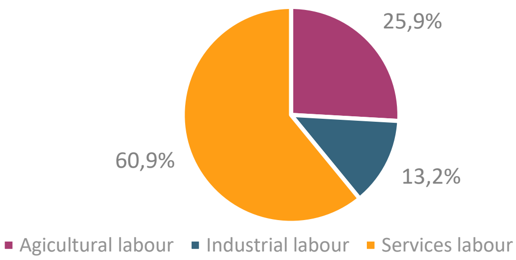
Land

Area	447,400 sq km
Agricultural land	266,300 sq km
Arable land	8,632 sq km
Irrigated land	42,150 sq km
Pastures	219,932 sq km



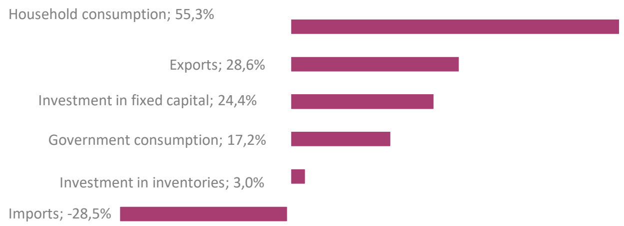
Population

Total population	29,473,61
Rural population	18,745,22
Labour force	18,100,000
Agricultural labour	4,687,900



$ Economy

GDP (PPP)	USD202.3 bn
GDP per capita	USD6,500
GDP (agriculture)	USD33.6 bn



International trade

Export commodities	Energy products, cotton, gold, mineral fertilisers, ferrous and nonferrous metals, textiles, foodstuffs, machinery, automobiles
Export partners	Switzerland, China, Kazakhstan, Turkey, Russia, Bangladesh
Import commodities	Machinery and equipment, foodstuffs, chemicals, ferrous and nonferrous metals
Import partners	China, Russia, South Korea, Kazakhstan, Turkey, Germany

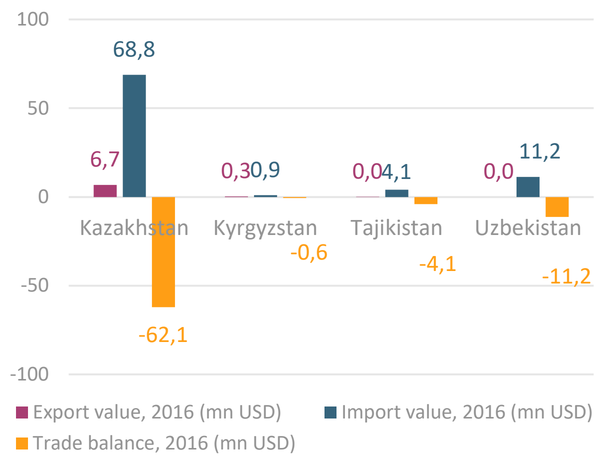
Meat trade*

	Bovine meat	**Sheep meat**	**Sausages**
Production volume**	800,000 tonnes	177,000 tonnes	n/a
World export rank (value)	0	0	0
World export value	0	0	0
Key export partners	n/a	n/a	n/a

Source: The World Factbook, Central Intelligence Agency
*Notes: *ITC Trade Maps, **Faostat (2014)*

Chart 4: Central Asia International Trade Value Sales of Meat Products, 2016

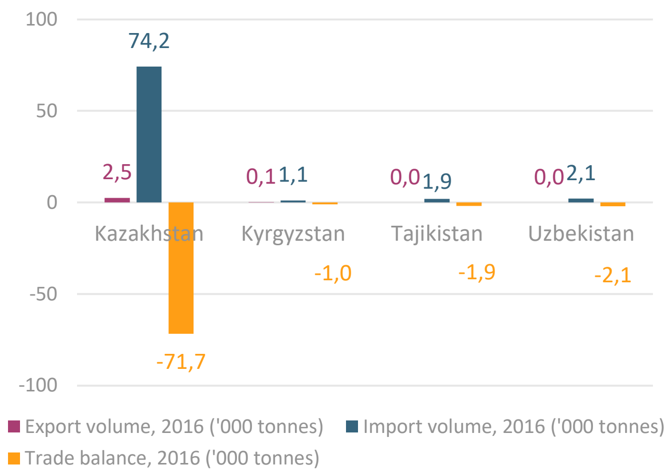
(HS0201, HS0202, HS0204, HS1601)



Source: ITC Trade Maps, 2016

Chart 5: Central Asia International Trade Volume Sales of Meat Products, 2016

(HS0201, HS0202, HS0204, HS1601)



Source: ITC Trade Maps, 2016

High meat prices in international markets contribute to the development of the meat industry in Central Asia

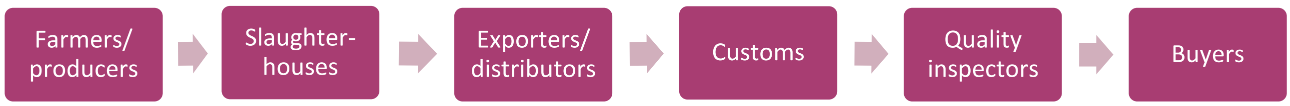
The development of the meat sector in the region is witnessing positive trends. On the one hand, the governments of Central Asia have started to support the meat industry, allocating considerable funds for its development and making a number of important decisions, such as the establishment of cooperatives and uniting SMEs, which in turn could facilitate their export opportunities. On the other hand, the prices of meat in international markets have been gradually increasing in response to the demand for higher quality. Therefore, importers are looking for new meat suppliers which are able to offer competitive prices. Kazakhstan has strong potential to become one of the leading meat and meat products producers in the mid- to long-term. Currently the country holds 42nd position in meat production globally, although in terms of pastures the country is in the top five globally [Trade interviews].

4.2 CENTRAL ASIAN EXPORT SUPPLY CHAIN OVERVIEW

The meat supply chain across Central Asia follows the typical global set-up; however, lack of volume consolidation results in high costs and a lack of efficiency

The typical meat supply chain in all Central Asian countries is rather standard, with producers, processors, exporters and buyers being the key links in the chain (see *Figure 2*). The majority of producers are individual farmers and small and medium-sized agricultural enterprises which have limited funds and experience, but most importantly rather limited production volumes. When trading meat domestically, small farmers can offer their products to local traditional trade; however, international trading requires a different level of bureaucracy, procedural conformity and volumes of produce.

Figure 2: Central Asia meat export supply chain



The majority of large-scale international buyers require their suppliers to be GLOBALG.A.P certified. While Central Asian producers are fully aware of the requirement, there are only a handful of organisations which able to independently go through and afford GLOBALG.A.P certification. The majority of micro and SME producers are not able to afford GLOBALG.A.P certification independently, and there are currently no significant trade cooperation bodies or cooperatives which would work towards volume consolidation and potentially be able to afford GLOBALG.A.P group certification. Other quality standards that are difficult to implement due to fragmentation of the producing sector are ISO22000 and veterinary and organic certifications. Export consultants' services are currently under development, in order to facilitate international trade relations in the meat industry. International consultants are rather expensive for the Central Asian economy; thus, once again producers face an issue of affordability, while local consultants are yet to develop. There are a number of start-up and young companies going into the consultancy business; however, there is a need for many more. Once again, the major industry players already have a good understanding of international trade requirements, procedures and costs, while small-scale producers have a number of concerns with regard to international market demand, product quality standards, labelling requirements, certificates, customs procedures, logistics and all the related paperwork.

Slaughterhouses play one of the most important roles in the supply chain. Therefore, international buyers pay distinct attention to whether slaughterhouses follow the internationally recognised norms and standards. In terms of specific slaughtering processes in Central Asia, it should be noted that sometimes farmers slaughter their cattle in the back yards of their farms, or send their cattle to the nearest slaughterhouse, which often does not possess all the necessary veterinary certificates. This practice takes mainly place in remote regions of these countries.

Exporters may and perhaps should play the role of producers' consolidator. Currently there are established exporters to Russia and bilateral trade between Central Asian markets; however, exporters to other international markets are quite limited. The key goal of international exporters should include sample quality inspections with buyers, as well as overall quality assurance, logistics management and payment management.

International customs and quality conformity inspectors are important in the meat supply chain; however, the meat industry has the least control over these. The key challenges for Central Asia with regard to customs control and inspection are to do with recognition and trust, as local quality certificates are not recognised by the EU or China, due to lack of local internationally recognised conformity assessment bodies (laboratories, certification and inspection bodies). Lack of trust is caused by trade experience, whereby Central Asian meat products lack veterinary certificates corresponding to international standards.

Beyond customs control and the obligatory safety and quality requirements, international buyers have their own individual requirements of their suppliers. Therefore, even if the product passes customs and is allowed into the international market, the final level of checks performed by the buyer may result in the order being declined due to a number of reasons, including visual appearance, transportation conditions, smell or current supply and demand situation in the market.

Therefore, although the typical supply chain seems rather standard, there are inspections and checks involved at every step, which all result in a rather high level of risk linked to the international meat trade.

4.3 OVERVIEW OF CENTRAL ASIA EXPORT BOTTLENECKS

Cattle farming and slaughtering lack modern technologies to gain global bio and ecological status

A distinct quality of Central Asian, and particularly Kazakh, cattle farming is its ecological or close to ecological nature, as farmers historically have not used harsh chemicals on their crops, and often cannot even afford to purchase them. Moreover, thanks to the high amount of pasture, the cattle in Kazakhstan enjoy free-range farming, with free movement and sunlight, which are prevented by indoor housing systems. However, such a "clean" approach in many cases is not certified by organic or ecological certificates, due to a lack of knowledge, experience and finance; therefore, in many cases cannot be officially claimed on the product label. Nevertheless, the development of biological and organic produce has been recognised as one of the major trends in the region, and is gradually developing, with attention being paid to chemical composition as well as wider production criteria.

Central Asian agriculture, including the meat sector, undergoes improvement; however, the majority of today's producers have at least some technological difficulties

Agriculture across the Central Asia region is seeing modernisation and improvements; however, a lack of strong financial muscle amongst the majority of small-scale producers means that technological advancement is slow and time-consuming. Nevertheless, Central Asia as a region strategically understands that the meat sector offers international trade opportunities that have barely been unveiled, and therefore the region is aiming to improve and develop its technological capabilities to meet international requirements (see *Table 5*).

Table 5: Central Asia production enhancement areas

Production enhancement areas	
Current situation	▪ Although all Central Asian countries aim to increase the production of meat as part of their agricultural policy, only Kazakhstan demonstrates a stronger focus on the meat sector, while other countries in the region are

	currently prioritising agricultural development in fresh and processed fruit. Moreover, Kazakhstan is in fifth position in terms of pasture area, but only in 42nd position in terms of meat production globally. Therefore, the country is trying to use its territorial advantage and increase meat production for domestic and international trade. ▪ Pursuing the goal of increasing the export potential of the country, by the end of 2015 Kazakhstan had adopted a law, "On Agricultural Cooperation". It defines the status of the agricultural production cooperative (SPC) as a commercial organisation and allows its members to distribute profits. Previously, there was no such opportunity for farm associations. The law also provides a mechanism for allocating government subsidies to SPC members. ▪ Kyrgyzstan developed successful international cooperation with Iran, as in July 2016, two representatives of the Iranian Veterinary Service arrived in Bishkek to conduct a set of restrictive health and administrative measures aimed at preventing the spread of infectious diseases. As a result, Kyrgyzstan managed to export sheep meat to Iran. The country plans to continue and even increase its exports to Iran in 2017.
Focus of current technological advances	Throughout the region the current technological improvements are focused on the development of organic meat products. ▪ Kazakhstan recently made further steps towards its priority objective – to export agricultural products to the People's Republic of China (PRC). It should be noted that the Chinese are focusing on the import of high-quality organic meat products from Kazakhstan. Therefore, Kazakh enterprises producing meat and meat products which wish to export their products to China must meet the veterinary and sanitary requirements stipulated in the regulatory acts of the EAEC and national legislation. In pursuit of this goal, Kazakhstan has already adopted a law "On Production of Organic Products", which creates the basis for the turnover of organic products in the domestic and international markets. However, it is important to note that Kazakhstan faces some challenges on its way to increase exports. First, the country does not possess sufficient cattle to satisfy markets such as China for the longer-term. Second, many slaughterhouses in Kazakhstan do not meet international standards, which also affects the reliability of meat and meat products produced in the country. ▪ With the purpose of developing the export potential of the country, Kyrgyzstan aims to attract international investors. By the end of 2016, within the framework of the EAEU, an agreement was signed on economic cooperation between Kazakhstan and Kyrgyzstan. According to the agreement, Kazakhstan will provide Kyrgyzstan with USD100 million of financial aid. The first tranche of USD41 million is aimed at modernising

	customs, veterinary, phytosanitary and quarantine systems in accordance with international standards, as well as training Kyrgyz specialists. Hence, within the short-term Kyrgyzstan plans to start the reconstruction of veterinary laboratories. ▪ Tajikistan and Uzbekistan, in the meantime, are focused on increasing production in order to satisfy the domestic demand for meat and meat products.
Future plans	Across the four Central Asian markets, the production of bovine meat, sheep meat and sausages is expected to continue growing in the next five years. However, only Kazakhstan and Kyrgyzstan are predicted to demonstrate significant growth in export dynamics over the forecast period. Both Kazakhstan and Kyrgyzstan aim to continue providing farmers with privileged credits for acquiring cattle and sheep. In pursuit of this goal, Kazakhstan, for instance, plans to create more than 1,000 agricultural cooperatives involving many small farms by 2021. Kyrgyzstan, in the meantime, will continue working on improving its production standards in order to access foreign markets, which currently remain closed for Kyrgyz meat and meat products.

Lack of sufficient cattle is the key factor hindering growth

As stated above, international trade of meat products in Central Asia in general, and in Kazakhstan and Kyrgyzstan in particular, is underdeveloped. Kazakhstan, despite its enormous area of 187 million hectares dedicated for pasture, lacks the cattle necessary to increase its export opportunities. Another challenge for Kazakh manufacturers is the lack of veterinary control over farmers and slaughterhouses. International consumers have concerns regarding Central Asian meat products, since there is no strict veterinary control to meet international standards. Therefore, many foreign markets are reluctant to purchase meat and meat products from Kazakhstan. It is worth noting that this problem is also applicable to the rest of the researched Central Asian countries, without exception.

Apart from this, Kazakh producers lack familiarity with and sometimes awareness of export procedures and standards. Also, many local slaughterhouses are not equipped with the latest technologies and do not even possess the necessary veterinary certificates, and are therefore unable to produce globally-accepted meat products. Kyrgyzstan, similar to Kazakhstan, sees insufficient local certification, as well as a lack of government support for the maintenance of pastures, which are facing gradual degradation as a result of irrational use. The lack of a scientific approach and appropriate management prevents the successful development of the meat sector in the country.

Tajikistan and Uzbekistan, in the meantime, continue to increase their meat production in order to reduce imports and satisfy domestic needs with their own production.

While each of these markets has individual pain-points in terms of international trade development, all of them face a lack of support from their governments in terms of policies and subsidies, experts and consultants on exports for procedural practice and advice, as well as certification bodies, financiers and academics (see *Table 6*).

Table 6: Central Asian export facilitation bottlenecks

Key export facilitation bottlenecks	
Lack of cooperation and knowledge-sharing	As Central Asian agriculture is primarily run by micro and SME businesses, there is a lack of production efficiency in terms of: ▪ Ability to meet the volume demand of large international buyers. Small players can only negotiate on small-scale orders, while bigger orders may be more cost-effective, as well as binding the retailer. ▪ Ability to provide production quality certificates, such as GLOBALG.A.P and ISO. Small farmers are not able to afford voluntary certification and all the related audit and inspection costs. ▪ Ability to apply the best industry practices. Agriculture is a traditional industry, and while there are small yet highly innovative and forward-thinking establishments, the majority of agricultural entities are limited by their existing knowledge and lack the wider global best practice experience.
Lack of implementation of private standards	While countries in the Central Asia region fully understand the importance of private standards, there is a lack of local certification expertise: ▪ The lack of a complete understanding of the requirements of private standards and how to ensure conformity. ▪ The lack of domestic inspection/veterinary control, able to provide the required checks and recommendations to improve upon. ▪ While foreign consultants, auditors and inspectors are available to invite into these countries, the costs of such inspections preclude the majority of local businesses from the possibility of obtaining the standard. ▪ The high fragmentation of the agricultural industry once again limits the ability of individual and small-scale farms to afford certification, while the lack of collective exporters does not allow for collective certification. ▪ Lack of technological capabilities does not allow all the required inspection tests to be performed, or they are performed with limited success or a lesser level of confidence.

	Central Asian markets already understand the problem areas, and are developing plans to improve upon these, including introducing special university courses to develop local certification experts.
Costly and time-consuming logistics	As Central Asian markets do not have direct access to marine transportation, SMEs face logistical difficulties, while balancing transportation costs, production margins and competitive offering. Exporting to European markets would make Central Asian meat very expensive, and thus uncompetitive compared with the meat products coming from other countries [Trade interviews].
Lack of access to finance	Across the region, agricultural producers face difficulties in acquiring business loans or mortgages for improving pasture and/or acquiring cattle. While banks have developed products for agricultural borrowers, the requirements are complicated, challenging and unclear to the majority of SMEs.

4.4 OVERVIEW OF CENTRAL ASIA EXPORT OPPORTUNITIES

Despite the challenges, Central Asia expects meat exports to grow

Central Asian meat-producing countries expect to increase their meat exports in the next five years. They will count on rising support from governments and wider international organisations, including the World Trade Organization, the United Nations Economic Commission for Europe and International Trade Centre; facilitating export procedures domestically and improving international bilateral and multilateral trade agreements, including Generalised Scheme of Preferences (GSP) and GSP+ agreements with Europe.

Kazakhstan, Kyrgyzstan and Tajikistan are World Trade Organization (WTO) members and can therefore enjoy Most Favoured Nation (MFN) treatment. Uzbekistan, whilst still in the very early stages of accession to the WTO, is clearly restructuring its agricultural export focus and facilitating internal export procedures.

Looking at the particular meat categories in scope, Central Asian producers are equally well-positioned to develop trade in any of the three product categories. It is also important to underline that thanks to its wide natural pastures, Kazakhstan aims to develop the export of organic meat, the demand for which is constantly growing in international markets. For this purpose, Kazakhstan has already adopted a law, “On Production of Organic Products”, which will create the basis for developing a system of effective certification of Kazakh products in the future.

At the same time, Kazakhstan is also working on the development of halal meat, which is believed to be high quality and meets Islamic requirements. However, it lacks international marketing and consumer awareness.

5. PRIORITY EXPORT MARKETS: GERMANY

5.1 GERMAN MEAT MARKET OVERVIEW

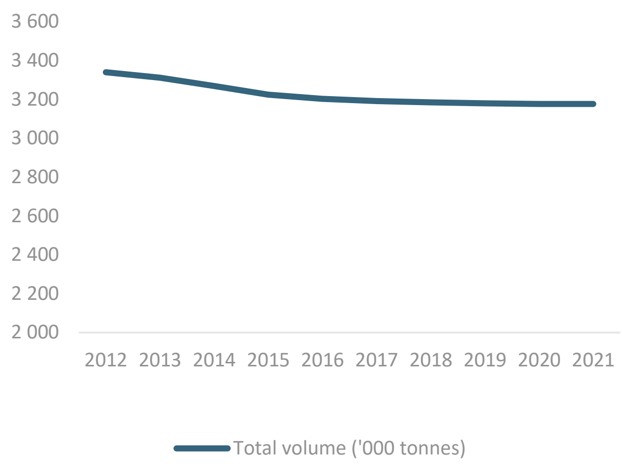
Mature German meat market is stable

During the last year, Germany enjoyed a rather favourable macroeconomic environment, supported by lower interest rates. Unemployment remained below 5%, and rising consumer confidence positively contributed to spending on goods and services. Fresh food benefited from this development, with German consumers purchasing more high-quality products, often labelled as organic, fair trade or regionally produced. Meat already sees very high per capita consumption in the German market, which limits the growth of the category. Furthermore, health bodies, health insurance companies and independent consumer watchdogs and environmental agencies are constantly encouraging consumers to reduce their meat intake for health reasons, with this leading to an increasing proportion of Germans changing their meat purchasing and consumption behaviour.

The total meat market was rather stable, featuring a flat performance over the historic period; however, 2016 marked a somewhat better performance after four years of decline (see *Chart 6*).

According to the Federal Office of Agriculture and Food (Bundesanstalt für Landwirtschaft und Ernährung (BLE)) the volumes of bovine meat marketed in Germany constituted 1,155 million tonnes, sheep and goat meat 75,000 tonnes, and sausages around 2,100 million tonnes in 2016. Retail sales accounted for the lion's share of the market, with 86% of total meat consumption in volume terms, leaving 10.5% for foodservice and 3.5% for institutional distribution in 2016.

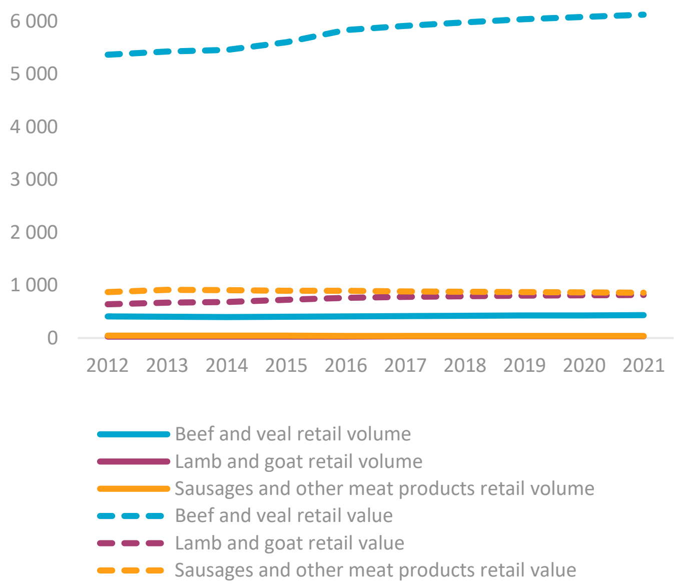
Chart 6: Meat in Germany



Source: Euromonitor. Fresh food, 2017

Germany is the largest European pork producer and the second largest beef producer, with 151,000 cattle farms and about 13 million animals [German Meat]. The retail market for beef and lamb is expected to continue its stable positive development, while sausages and other processed meats are expected to see declines, along with pork (see *Chart 7*). The lamb market in particular sees retailers responding to the needs of refugees, adjusting their portfolios slightly in order to offer the products preferred by immigrants.

Chart 7: Bovine, sheep and other meat products retail market size in Germany ('000 tonnes and mn USD)



Source: Euromonitor. Fresh food, 2017

Organic meat variants, while remaining niche, continue to record strong growth. The organic segment is expected to remain niche, since the price points of organic products are over 20% higher than those of standard products, and although consumers are looking for higher-quality produce, the mass-market is not yet prepared to pay more for an organic label. Nevertheless, as the healthy living trend is gaining strength, organic buyers will also grow.

Being a strong beef producer, Germany's beef import needs are limited; however, with regard to lamb, domestic production meets only up to 45% of domestic demand.

5.2 OVERVIEW OF GERMAN MEAT MARKET REQUIREMENTS

German meat-eaters enjoy a great variety

Germany remains a meat-eating country, with average consumption exceeding the European level. Based on the Federal Ministry for Food, Agriculture and Consumer Protection consumer survey, 83% of respondents confirm that they eat meat several times a week, with 47% of male respondents stating that they consume meat on a daily basis, and only 3% of respondents confirming vegetarian diets.

Due to such strong demand, the German market offers over 1,000 different types of meat, sausages and other meat products, which differ in taste and production process, as well as price points. Such a diverse supply of meat allows all consumer groups, irrespective of their budget, to find an affordable meat option in the market. Typically, German consumers prefer domestic meat, followed by products from Europe and Argentina.

Tenderness is demanded in meat

The choice of a particular cut of meat depends on the recipe; however, the upper part of the bovine thigh is considered especially tender, consisting exclusively of muscular meat and providing a lot of intramuscular fat. Thus, this is usually the best-selling bovine meat. In the sausages category, consumers show a preference for boiled sausages versus the raw varieties. Various types of sausages (frankfurters, wieners, etc.) remain stable at the top with regard to consumption quantities.

Two meal sized packaging is preferred

When it comes to formats, Germans typically prefer chilled meat, as it is perceived as particularly fresh and ready for home-cooking. Despite the preference for fresh meat, German consumers tend to choose pre-packed chilled meat versus loose meat, with rigid plastic packaging gaining popularity. The size of the packaging should serve at least two persons.

Fixed meat consumption traditions

German preferences are rather fixed, and do not see a great deal of change over time. However, with the influx of refugees, there is increasing demand for halal meat, which is now available through modern retail chains, whilst niche kosher meat remains only focused on specialists.

Beef is recognised as a healthier variety of meat

Whilst Germans are big pork eaters, it is bovine meat that is considered the healthier meat option. Nevertheless, in terms of daily consumption, bovine meat can be replaced by any other type of meat in the market, be it for price reasons or due to personal taste preferences. However, bovine meat has a good reputation of being high quality, and does not seem to be completely replaceable by meat or meat substitutes.

Wide price range caters to various consumer budgets

The price and quality are fairly correlated for bovine meat products. The beef category as a whole is one of the most expensive in the market. Besides quality, the price is also highly dependent on the origin of the produce, as well as the cattle breed and the cut of the meat. Product quality is somewhat associated with organic farming standards, as organically certified products are perceived as higher quality. The average retail price of bovine meat holds at around EUR14.0 per kilogram (USD16.7/kg), ranging from EUR8 to EUR30 per kilogram. The more premium cuts, such as steaks and roast beef, may cost over EUR25 per kilogram (USD29.9/kg), while less popular chest meat is priced as low as EUR9 per kilogram (USD10.8/kg) (see *Table 7*). German retailers tend to extensively offer averagely-priced bovine meat in order to appeal to mass consumers; however, some premium types, such as Argentinean steaks, or Black Angus bovine meat from Ireland, are typically available, along with organic and other niche segments in the majority of retailers, including discounters. In addition to the quality and organic origin of the produce, German consumers are becoming more aware of issues of animal abuse and cruelty, and are ready to pay more if they are assured that the animals have been taken care of in a proper way.

Barbecue beef is in demand over the sunny months

Bovine meat is not a seasonal product; thus, the price does not vary much during the year. However, retailers (discounters in particular), regularly offer up to 50% price discounts for chilled bovine meat when it is about to expire. The somewhat seasonal aspect of beef consumption is the summer barbecue period in Germany. Germans start to barbecue in the mid- to late spring, and continue to do so through to September. Moreover, one of the recent trends was winter grilling, when people continued to demand meat for barbecues in the colder months.

Lamb is perceived as high-quality meat by definition

Sheep meat prices saw rises across the EU in the last couple of years, as a reaction to rising demand in terms of both quality and quantity. Thus, if lamb imports are not sufficient, market prices increase, in order to regulate supply and demand. Besides, consumers perceive sheep meat, as well as other sheep products, such as milk and cheese, as healthier and higher-quality alternatives to beef and bovine dairy products. Typical lamb consumption is rather occasional amongst German consumers, thus organic or premium quality labels do not significantly affect the price, as lamb in general means higher price points. Sheep meat has rather specific qualities, and is not easily replaceable on the market. Moreover, consumers are aware of various taste differences between the meat of younger and older animals, and male and female sheep. All of these factors influence the way meat tastes, and what dishes it suits the best.

Rather high prices are offset by smaller packaging

Typically, lamb is sold in smaller portions; particularly popular is 200-350g packaging, with an average price of around EUR29 per kilogram (USD24.7/kg). Based on market observations, the retail prices of lamb vary from EUR19.9 per kilogram (USD23.8/kg) to EUR39.9 per kilogram (USD47.8/kg) (see *Table 7*). The price points are mostly fixed during the year. However, before the Easter holidays German consumers usually purchase more sheep meat, and supermarkets typically offer discounts and promotions on lamb around Easter.

Sausages are a German speciality

There are many variations of sausages in the market, and consumers have a wide choice between sausages made from various types of meat. Thus, people do not tend to actively substitute sausages in their daily consumption. Vegetarian and vegan sausages, however, represent niches that may replace some meat sausages. This trend may increase in the coming years, but these currently remain niche in comparison with mass consumption.

The retail price level varies significantly for different types of sausages, ranging from as low as EUR5.0 per kilogram (USD6.0/kg) to as much as EUR30.0 per kilogram (USD35.9/kg) (see *Table 7*). For everyday consumption, Germans usually prefer less expensive sausages. More expensive products may be consumed occasionally, or due to certain taste preferences. Boiled sausages are more popular than raw, and an organic label is not essential for mass consumption. Premium sausages are less important for daily or regular consumption, while at the same time more consumers are starting to pay attention to origins of products and their quality. Thus, it is fair to expect that more and more consumers will be ready to pay average or above-average prices for sausages. Sausages do not see any seasonal trends, and are typically distributed through 100g, 200g, 300g and 500g packaging.

Table 7: Average retail price observations for meat in Germany, 2017

Bovine meat	
Average price	EUR13.0/kg
Minimum price	EUR8.0/kg
Maximum price	EUR30.0/kg
Sheep meat	
Average price	EUR29.0/kg
Minimum price	EUR15.0/kg
Maximum price	EUR39.0/kg
Sausages	
Average price	EUR10.0/kg
Minimum price	EUR5.5/kg
Maximum price	EUR29.9/kg

Source: Rewe, Edeka

Urban meat consumption exceeds rural consumption

Germans in urban areas tend to consume more meat, especially in big cities such as Hamburg, Bremen and Berlin. Urban consumers typically enjoy higher disposable incomes and are also able to spend on out-of-home consumption. At the same time, organic and healthy lifestyles are also much more prevalent in cities compared with rural areas. Here, consumers appreciate organic products and care about the origin of their food. The organic trend is particularly strong in Berlin, where there are over 100 organic shops and departments, as well as countless offers in the gastronomy sector.

5.3 OVERVIEW OF IMPORT COMPETITION IN THE GERMAN MEAT MARKET

Germany is one of the largest EU meat producers

Germany is one of the largest EU meat producers, and in recent years the production of meat steadily increased. At the same time, the consumption of meat slightly decreased in the last couple of years, as healthy lifestyles, vegetarian diets and higher awareness of the nutritional value and origin of food products came into play. Therefore, some of the local production also goes to international markets. Nevertheless, Germany remains one of the highest meat-consuming nations in the EU.

German domestic production is focused on larger enterprises

Historically, the domestic German meat production market was comprised of small and medium-sized farmers. With the advance of technological solutions and production process optimisation technology, such as intensive feed systems, farmers faced the challenge of increasing pressure to invest. Such cost pressure eventually led to the development of specialised farms, focusing on the production of a particular type of meat. At the same time, many traditional meat farms disappeared from the production landscape, as they could not keep up with the competition. As a result, the German market became more concentrated around larger farming businesses. Today, more than 60% of cattle are kept in herds of more than 100 animals. The German market has 64,500 agricultural businesses, with 3.5 million head of cattle subject to performance testing for milk and beef yield [German Meat]. The advantage of larger agrarian enterprises is also that they can often get concessions for large purchases of the necessary equipment and feed. As with agriculture in general, cattle stocks in Germany are tending to develop in favour of larger farming businesses. The German meat production market has very high standards covering the whole supply chain, from breeding and insemination on farms via husbandry, slaughtering and processing, through to performance and quality control.

Regional peculiarities apply, as rural consumers trust SMEs

Bavaria and Lower Saxony regions are the largest meat producers in Germany, especially when it comes to bovine meat, featuring larger-scale businesses. Despite this general trend, meat production patterns differ from one federal land to another. For instance, Rheinland Pfalz is still characterised by the prevalence of small farms, which is related to geographic particularities, demographic distribution of the rural population, and consumer trust in small enterprises rather than large-scale businesses. Local authorities also have the capacity to support policy in favour of smaller agrarian enterprises. In some federal lands, the share of meat farms is relatively low, as agrarian produce is concentrated on other sectors. What is increasingly common for all German lands and enterprises in the meat sector is the trend of paying attention to animal welfare. Many farms tend to specialise in organic meat production, and enterprises are increasingly looking for solutions to improve the conditions in which animals are held, and the quality of the animal feed.

Whilst beef relies on domestic production, lamb looks for international suppliers

Germany can cover most of the domestic demand for beef and sausages. Some minor imports are primarily from Europe, with the Netherlands, France, Poland and Denmark being amongst the top suppliers. Argentina and Brazil are typically known for supplying premium produce; however, the recent scandal over Brazilian bovine meat quality caused some decline in meat imports from this country. In fact, due to lower consumption and the higher production trend, German producers have to position themselves strongly in international export markets.

New Zealand is a traditional German supplier of lamb

However, when it comes to sheep meat, domestic production does not cover demand; hence, Germany relies on imports of lamb. New Zealand traditionally dominates the German sheep meat market, supplying 56.9% of the imported volumes in 2016. The country ships mostly frozen cuts, which have low price volatility and stable demand in the market. Sheep meat from New Zealand accounts for one third of German lamb consumption, and over 70% of products with frozen distribution. The UK, Ireland and the Netherlands, whilst significantly smaller than New Zealand, remain important sources of lamb for the German market, supplying 19.6%, 7.8% and 7.4% of import volumes in 2016, respectively. UK suppliers focus on chilled meat carcasses. German importers usually have medium- to longer-term contracts with foreign suppliers. German consumption of sheep meat could increase further, due to the rising Muslim population and due to the trend of consuming the foods of various ethnic groups. In addition, EU lamb promotional campaigns should help increase the volumes of this product.

Central Asian producers are not on the German meat market radar

Central Asian meat producers are not particularly familiar to German importers and consumers. Large German importers point out the necessity of their meat establishing itself among other similar products on the market and becoming a brand in the eyes of consumers (e.g. Argentinean steaks). However, this may require years of continuous trade cooperation. The first step will have to be via EU legislative channels and conformity checks. So far, Central Asian countries have limited access to export their meat to the EU, which mostly consists of inner bladders, intestines and other inner parts that are further used for processing.

5.4 OVERVIEW OF THE GERMAN REGULATORY LANDSCAPE

Veterinary authority recognition is the first step for exports

Before any meat products can be exported to Germany, legitimate recognition by the EU Directorate General for Health and Consumer Protection of the competent veterinary authority in the exporter country must be in place. Veterinary authorities must ensure legitimate control of the production chain and quality in the exporting country. Aspects to be covered include hygiene, animal health and public health. All aspects related to export must be negotiated between the veterinary authority and local producers, and communicated to the EU.

To access the German market, meat producers must comply with EU eligibility criteria

There are certain eligibility criteria for exporter countries in order to introduce their meat products to the EU market:

- Exporter countries must have a competent veterinary authority;
- The country should be a member of the World Organization for Animal Health, and thus fulfil all animal health standards;
- National authorities must guarantee that all hygiene and public health standards are met – this has to be contained in the relevant legislation about equipment, establishments, operational processes of meat farmers and processers;
- A proper monitoring system must ensure that there are no veterinary medicine residues, pesticides or contaminants in the production chain;
- A suitable monitoring programme must be in place for the initial approval by the EU, and for further annual renewals;
- Only approved establishments can export to the EU – this means they are inspected by national authorities and approved by the EU;
- For bovine and sheep meat, certain BSE status must be acquired. This relates to the BSE import conditions;
- Inspection by the EU Food and Veterinary Office is essential for the approval of the above-mentioned conditions;
- Border control. Each consignment is checked at the border (relevant documents, ID checks, etc.). If the requirements are not met, the consignment must either be destroyed or re-dispatched within 60 days.

The European Commission approves all international meat products coming into the EU market following a set procedure. First, the national veterinary authority has to submit a request to the Directorate General for Health and Consumer Protection and confirm its capacity to implement all necessary steps of inspection and control. Then, the Directorate General for Health and Consumer Protection sends a specific questionnaire that must be completed in the exporter country. The residue monitoring plan for the exporting country must be approved. After a positive evaluation, the EU inspection can be carried out on the ground. In the case of a positive result of the inspection, and control guarantees by the exporting country, the Directorate General proposes a listing of the exporting country, and approves certain establishments that may export to the EU, as well as any specific import conditions. After these steps, the European Commission adopts specific import conditions for the country, and the list of establishments, that can further be amended upon request of the country. The list of approved establishments from each country can be found here (please click on 'here' in the sentence before to view the complete list). For Kazakhstan, there are fishery companies on the list, as well as plants in some other sectors (pet food plants, processing plants, etc.) With regard to Kyrgyzstan, only plants for animal by-products are included, while Uzbekistan sees the inclusion of processing plants for treating bladders, intestines and stomachs, while in Tajikistan plants for game trophies are included.

Prevention of animal epidemics is a requirement

Products of animal origin from third countries must comply with requirements that prevent the introduction of animal diseases into the EU. These requirements are listed in Council Directive 2002/99/EC, and one of them is that products of animal origin must originate from listed third countries. In addition, for meat and dairy products, certain treatments have been established, which are proportionate to the animal health risk of the third country concerned, and which are laid down in the third country lists. All products of animal origin from third countries intended to be imported into the EU must comply with EU food hygiene and microbiological requirements.

Other health requirements are laid down in EU law and complement food hygiene; these requirements concern contaminants, the use of food additives, materials in contact with food products and radioactivity. Moreover, EU legislation requires that all consignments of animal origin must undergo mandatory veterinary checks at the prescribed border inspection (BIP).

Table 8: German meat-related regulations affecting Central Asian suppliers

Summary of the legislation	Implications for exports from Central Asia
EC Regulation 853/2004	
Document location: Regulation EC 853/2004 on hygiene rules for food of animal origin	
This regulation provides rules of food hygiene for all imported food of animal origin, and applies equally to all types of establishments and slaughterhouses. The	Products from third countries must come from **the listed establishments.** Products must have health identification marks before they leave the establishment (indicating the number of the approved

rules apply to both unprocessed and processed food of animal origin.	establishment). For packaged products, the mark should come from the approved plant or establishment where these processes have taken place. Depending on the form of the product, the mark may be applied directly on the wrapping or packaging, or can be attached on a separate piece of paper. If the mark is applied directly on the meat, the colours and colouring substances must be authorised by EU authorities. Food business operators must ensure that their procedures meet HACCP requirements and that the following rules are observed: ▪ each animal is properly identified; ▪ each animal does not come from an area where there are health restrictions or threats to public health unless allowed so by the proper authority; ▪ animals are clean; ▪ animals are healthy; ▪ animals are in a satisfactory state upon arriving to the slaughterhouse (concerning animal welfare). Food chain information is required for all food businesses operating slaughterhouses. Food safety information covers the following aspects: ▪ the status of the establishment and regional animal health status; ▪ the animal's health status; ▪ veterinary products used for the animals together with dates of application and withdrawal; ▪ the occurrence of disease that may affect animal health; ▪ the results of any analyses carried out on samples of animals; ▪ relevant reports about inspections of animals (ante- and post-mortem); ▪ the name and address of a veterinarian normally attending the holding or provenance. Requirements for slaughterhouses: ▪ clean and hygienic facilities and waiting pens for the animals, allowing watering and feeding if needed; ▪ facilities must be easily cleaned, and waste water should not compromise food safety;

- installations must prevent the contact of meat with the floor or walls.

Animals must be slaughtered and skinned without undue delay, in order to not contaminate any part of the meat. Potable water must be used for washing-off any visible contaminations (e.g. faecal). Parts unfit for human consumption must be removed as soon as possible from the clean sector.

Each animal must be inspected post-mortem, and after that, the meat has to be chilled to ensure a temperature of not more than 3˚C for offal and 7˚C for other types of meat. Meat intended for freezing must be frozen without undue delay at −18 °C. The temperatures acquired must be maintained throughout storage and transportation. Packaged and non-packaged meat must be stored and transported separately to avoid contamination.

Food business operators and slaughterhouses may consult the Regulation for further details regarding cutting and preparing the meat, slaughterhouse hygiene and transportation.

Council Directive 2002/99

Document location: Council Directive 2002/99/EC

This directive lays down rules for the production, processing, distribution and introduction of products of animal origin to the market for human consumption. The document also provides information on the procedure of meat treatment in order to avoid diseases, and other relevant practical information on certification and import.

Several health requirements must be considered.

General animal health requirements:

- products should not come from territories that are subject to animal health restrictions;
- animals should not be infected with diseases such as swine fever, African swine fever, foot-and-mouth disease, Avian influenza, Newcastle disease, Rinderpest, sheep and goat plague, aquaculture diseases.

Imports from third countries:

- EU countries can only import from the approved establishments present on the list; those which are subject to EU controls.

Documents needed:

- a veterinary certificate is the most important document;
- documents may include other details required by the EU and Member states law.

EC Regulation 1760/2000

Document location: Regulation 1760/2000 on identification of bovine animals and labelling of beef and veal

Each EU country must have a system of labelling cattle and beef. The regulation puts together provisions for compulsory labelling to avoid the introduction of any diseases and to enable the traceability of beef and veal.	Key points: ▪ Every animal and imported cattle must have a tag on its ear; ▪ EU member states must adhere to the tracing of cattle; ▪ Labels on all beef on sale in the EU must contain a reference number that allows traceability to its origin and place of slaughter; and state the country of birth of the animal; ▪ Additional voluntary information to be confirmed by the national authority.

EC Regulation 275/2007

Document location: Regulation EC 275/2007 on Labelling of Meat

This document provides a more detailed overview of the labelling rules for various types of beef – minced meat, cut meat, pre-packaged meat, trimmings, non-pre-packaged meat.	Beef labelling is an important aspect for importing meat to Germany, and is also mandatory for other EU countries. For most types of beef products, it is important to state the country where the animals were born and raised, and the country of slaughter, as well as the number of the approved plant. For pre-packaged meat, it is also important to state the country and the plant(s) where the meat was cut and packed.

List of approved border inspection points (BIP) for Germany

Document location: List of approved EU border inspection points

This list contains the names and addresses of all German border inspections where compulsory veterinary checks of meat are conducted.

Amongst these locations are Berlin, Hamburg, Bremen, Hanover and Munich.

EC Regulation 1308/2013

Document location: EC Regulation 1308/2013 on the establishment of common market

This document provides insights into the functioning of the common EU market and lists classifications and definitions of meat and beef and veal products. Classification of beef and veal carcasses is laid down in	Classification of carcasses of bovine animals is made according to their age; there are six classes of carcasses and half-carcasses: Z: carcasses of animals aged from eight months to less than 12 months;

Annex IV of the Regulation, and this corresponds to the trade classification law of Germany.	A: carcasses of uncastrated male animals aged from 12 months to less than 24 months; B: carcasses of uncastrated male animals aged from 24 months; C: carcasses of castrated male animals aged from 12 months; D: carcasses of female animals that have calved; E: carcasses of other female animals aged from 12 months. Carcass profiles and essential parts such as round, back and shoulder are assessed for the attribution of quality class (superior, excellent, very good, good, fair, poor). The better the muscles are developed and the more convex the structure, the higher the class of the meat.

EC Regulation 854/2004

Document location: Regulation EC 854/2004 on organisation of official controls of food of animal origin

This document provides information on the organisation of official controls on foods of animal origin intended for human consumption and food businesses.	Establishments may be approved by the EU after an official on-site visit. Each establishment is granted an identification number. Competent authorities carry out audits for the control of the establishments and products of animal origin. All food businesses must give access to the premises and all infrastructure. The following aspects are included in the good hygiene practices audit: ▪ checks on food chain information; ▪ the maintenance of premises; ▪ pre-operational, operational and post-operational hygiene; ▪ personal hygiene; ▪ training on hygiene procedures; ▪ pest control; ▪ water quality; ▪ temperature control; ▪ controls on food entering and leaving the establishment, with any relevant documentation. HACCP procedures should verify that establishments comply with the requirements, and also with the microbiological criteria laid down by the EU, as well as with legislation on contaminants, pests and prohibited substances. No physical hazards must be found in the premises.

	A competent auditing authority may also carry out staff performance tests. Upon analysis, aspects such as public health risks, animal welfare and food businesses' past records may be checked.

Wooden packaging of imported products

Document location: Wooden Packaging regulation

Certain types of wooden packaging fall under phyto-sanitary control requirements, and thus must be regulated separately.	Packaging made of raw wood, or wood not processed sufficiently (e.g. heat treatment), must be accompanied by a phyto-sanitary certificate and/or be stamped accordingly. There are certain exceptions to the rule: ▪ Packaging made of raw wood but no more than 6mm thick; ▪ Packaging of wood that has undergone processing such as heat treatment, pressure treatment, or contains glue materials; ▪ Wooden shavings, sawdust; ▪ Wooden materials that are continuously linked to the transportation/containers. Wooden packaging that is included in the regulation must undergo relevant treatment to ensure it is free from harmful organisms.

Food and Feed Safety

Document location: Food and Feed Safety norms

EU rules on food safety are designed to protect human life and health, while the rules on animal feed aim to protect human and animal life and health. There are some general principles and requirements for this category of imports to be considered before introducing them to the market.	Regulation (EC) No 178/2002 – Section 4 lays down all the main principles of food safety under food law. Unsafe products should be prohibited from sale. All food businesses must ensure the traceability of their products at all stages of production and distribution, and immediately withdraw unsafe products from distribution. The following aspects are important in assessing food safety and risks: ▪ Information provided to consumers; ▪ Normal conditions of consuming the products; ▪ Short- and long-term effect on health; ▪ Toxic effects; ▪ Sensitivities among some consumer groups (e.g. children).

	Regulation (EC) No 852/2004 on the hygiene of foodstuffs provides information on ensuring the hygiene of food products at all stages of production and distribution. This concerns food premises and equipment, transport, water supply, food waste, personal hygiene of workers, wrapping and packaging and any heat treatment.

Single market requires compliance control

EU trade policy is based on the law of the EU, and the agreement to establish a common economic area, and thus a single market. This creates a free trade zone between European Union (EU) and European Free Trade Association (EFTA) member states, and allows for free movement of goods, services, people and capital. Apart from this, the EU has multiple bilateral trade agreements that benefit its trade. For instance, an agreement with Turkey creates a customs union and provides concessions for tariffs on agricultural goods. As the European Union represents one single market, trading of products is barrier-free between the member states. However, each member state has to ensure compliance with EU legislation when it comes to producing and trading foods of animal origin. For this reason, EU countries have similar controlling authorities and rely on the above-mentioned EU regulations when it comes to in-country conformity checks, audits and documentation. Besides, a specific electronic system for tracing foods of animal origin is in place (TRACES – Trade Control and Export System). It helps obtain and fill out all necessary documents, including health certificates. For goods coming from third countries, health certificates can so far be submitted to the Border Inspection Point only in hard copy (exceptions are made only for Chile and New Zealand, which may submit them electronically).

Strong ties between the EU and Argentine meat trade

Some of the largest non-EU meat suppliers to the EU are Latin American countries – Brazil, Argentina and Chile. Argentina and Brazil in particular have strong trade ties with European countries, including Germany, when it comes to bovine meat. These Latin American countries are part of the MERCOSUR union, which is currently in trade talks with the EU. The negotiations about a trade agreement have lasted for over 18 years, and continue to face criticism. In particular when it comes to the meat sector, EU farmers are against such a trade agreement, which may threaten their competitive advantage in the market. It looks unlikely that meat will be included in the agreement any time soon.

Central Asia is considered as a strategic partner; however, trade is not yet developed

The EU considers the Central Asia region to be significant from a geostrategic perspective, and aims to develop and facilitate trade relations with the Central Asian republics. Whilst the intention to develop trade is present from both sides (the EU and Central Asia) trade turnover currently remains very low. The main goods imported to the EU from Central Asia are of non-food nature (cotton fibre, oil, gas, metals), and the EU exports mostly machinery and transport to the region. The EU has developed a strategy for cooperation with the Central Asian republics, and the main prerequisite for building closer economic relations has been World Trade Organization (WTO) membership for the republics. Kyrgyzstan (1998), Tajikistan (2013) and Kazakhstan (2015) already satisfy the criteria and are WTO members, while Uzbekistan is just starting the accession process. Further relations with the region are based on the general EU Central Asia strategy, and on bilateral Partnership and Cooperation Agreements that also provide for Most Favoured Nation treatment, and prohibition of general quantitative restrictions on imports to the EU.

Table 9: Germany's bilateral and multilateral trade agreements affecting the meat trade

Summary of the legislation	**Implications for exports from Central Asia**
The EU Single Market Policy Document location: EU Single Market Policy	
The Law of the EU (Treaty on Founding the EU, other additional treaties) provides that all EU member states become part of a single market, with no trade barriers. Quantitative restrictions on imports and exports are prohibited, and standardised technical procedures are applied to manufacturing, monitoring and other procedures in the market. All EU products get a CE mark that certifies their safety for consumption in the whole territory of the Union.	For countries in Central Asia, such a situation provides both advantages and challenges. On the one hand, exporters in Central Asia may expect harmonised rules and import conditions across all EU-28 countries, and thus apply unified EU requirements to their products and enter the EU at any border point that is most suitable from a logistical point of view. On the other hand, such exporters face increased competition from the EU-28 countries, which have no barriers to supplying their products to other member states. For the meat category, this implies that competitors within the EU have harmonised control systems in place, and can ensure the quality of the meat produced across the Union. Central Asian republics will need to achieve recognition of the level of safety and quality of their products of animal origin.

European Economic Area (EEA)

Document location: European Economic Area Agreement

The EEA brings together EU member states and EFTA member states (Liechtenstein, Norway and Iceland) in a single market. The Agreement provides for the distribution of four main freedoms (free movement of people, goods, services and capital) across the 31 EEA states. It also includes provisions on cooperation in terms of research and development, education, environment, etc. Note: Switzerland is not part of the EEA, and has separate bilateral agreements on free trade with the EU.	The EEA Agreement prohibits customs duties and equivalent charges between the contracting parties, as well as any quantitative restrictions on imported/exported products. Besides, food safety and veterinary legislation is harmonised across the EEA member states. Restrictions are only applied to some fishery and agricultural products.

EU Partnership and Cooperation Agreements

Document location: EU PCA with Uzbekistan, EU PCA with Kazakhstan, EU PCA with Kyrgyzstan, EU PCA with Tajikistan

EU PCAs with countries in Central Asia promote trade relations between the parties and lead to further harmonisation of legislation and standards, including those related to trade.	In terms of trade, PCAs are non-preferential in nature, and ensure the regime of Most Favoured Nation, while prohibiting quantitative restrictions on imports/exports between the parties. PCAs envisage approximation of the legislation related to trade, customs, technical standards, intellectual property rights, etc. Thus, the agreements lay down a base for promoting closer relations between the EU and Central Asian countries.

5.5 OVERVIEW OF THE GERMAN MEAT IMPORT SUPPLY CHAIN

Importers and wholesalers are needed to meet the inconsistent demand

The German meat import supply chain is rather standard. A typical supply chain for meat starts with cattle farmers, which supply the cattle to the slaughterhouses, which then provide meat exporters with various meat cuts. With regard to imports, exporters trade mainly with importers and/or distributors in the German market, such as Tönnies Lebensmittel GmbH, Vion Food Group and Westfleisch SCE. All meat products must go through quality checks before entering the domestic market, following which the distributors sell the meat stock to retailers, and to a lesser extent wholesalers (see *Figure 3*). Retail channels distributed 86% of meat in the German market in 2016.

Figure 3: Meat imports to Germany – supply chain

Border Inspection Point controls

All consignments containing products of animal origin have to undergo mandatory checks at an approved Border Inspection Point (BIP). There are a limited number of BIPs in Germany, which predefine the route of meat consignments from third countries. Amongst the largest ports for imports are Hamburg (seaport and airport), Berlin (airport), Frankfurt am Main (airport), Bremen (seaport) and Munich (airport).

German buyers prefer marine distribution for long-distance deliveries

Traditionally, sea imports have been more important than air or road transportation. This can mainly be explained by the fact that the sea route allows for the transportation of larger quantities, as well as the largest importers choosing to be located in seaport areas (such as Hamburg). Sea imports usually require lower transportation costs than air freight imports. Road imports have a slightly larger share than air imports, which is due to trade within the EU. At this time, sea imports comprise around 80-90% of all meat imports from third countries. The air route has been particularly important for imports from Canada and Mexico, and some imports from New Zealand and African countries.

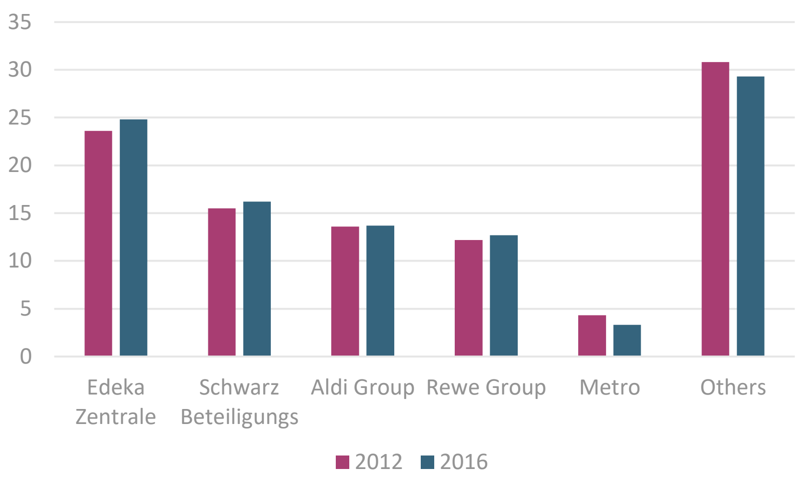
German importers are free to choose the INCOTERM (International Commercial Terms - a series of pre-defined commercial terms published by the International Chamber of Commerce (ICC) relating to international commercial law) clause to follow, based on their preferences and experience. The same applies to the minimal import volume requirements; however, these may be subject to legal quota requirements. Most large importers of meat in Germany have warehouses that are well-equipped, and the logistics routes are usually well-organised. The typical requirements for transportation conditions are aimed at safeguarding the quality of the product, with the EU defining cold chain requirements of 3-4˚C for chilled offal and 7˚C for other types of meat, and –18˚C for frozen meats.

Germany is known to be a large hub for meat imports both for internal consumption and re-export. Currently, internal consumption still comprises the largest share of imports. This is particularly true for sheep meat.

5.6 OVERVIEW OF THE GERMAN MEAT RETAIL LANDSCAPE

German grocery retail becomes more concentrated

Chart 8: Grocery retail landscape in Germany (value shares 2012, 2016)



Source: Euromonitor. Grocery retailing 2016

The German grocery retail landscape is strongly focused on modern retailers, with a particular focus on discounters, such as Lidl and Aldi. Looking at the wider grocery market, 71% of grocery value sales in 2016 were generated by the top five retail holdings (see *Chart 8*), namely Edeka Zentrale AG & Co KG (Edeka, Netto Marken, Marktkauf), Rewe Group (Rewe, Penny Markt, Rewe Center), Schwarz Group (Lidl, Kaufland), Aldi Group (Aldi) and Metro AG (Real). Besides the big five, there are a few more important players, including nationwide discounter Norma and regional purchasing cooperatives, such as Bünting, Tengelmann, Bartels-Langness, Dohle Handelsgruppe, Globus and Klaas & Klock. Discounters alone control around 35% of grocery retail value sales, catering to price-sensitive consumers; nevertheless, offering good-quality products. In recent years, retailers such as Edeka and Rewe particularly addressed the quality needs of German consumers through product and store differentiation, as well as the grocery shopping experience as a whole. It is also particularly important to them that their product ranges reflect current trends and consumer needs. Retailers typically work directly with the large producers, while in the agro sector SMEs are dominant. Therefore, retailers work with importers which are able to meet their volume requirements by consolidating the stock of different producers. Importers themselves do not have any minimum volume requirements of producers, since importers typically work on commission basis (around 8-10%), so they are interested in any volumes.

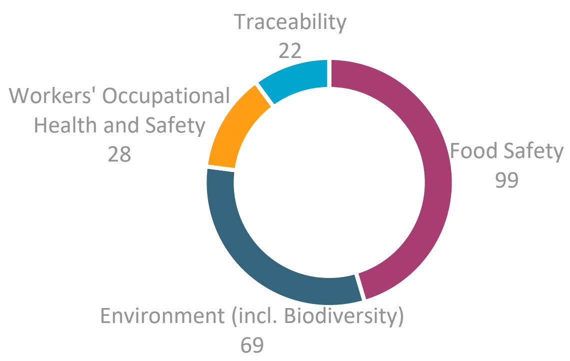
Healthy and organic meat distribution comes online

Grocery internet retailing continues to gain share within sales of groceries in Germany; however, it remains very limited compared with store-based operations. While typical consumer behaviour still includes store visits, rather than time-efficient online shopping, in recent years several initiatives allowed consumers to purchase high-quality products online. For example, the delivery service Meine Kleine Farm provides consumers with information about meat, and photographs of the production sites/animals. Most online shops deliver products directly to consumers' homes, while some services, such as Food Assembly, specialise in weekly deliveries from the regions to several pick-up stations in Berlin. In big cities, there is also a tradition for weekly markets, which contribute to sales of fresh meat and sausages.

Key German retailers work with GLOBALG.A.P-certified suppliers

European supermarket chains are increasingly demanding that their suppliers be certified with private food safety standards such as GLOBALG.A.P and IFS. These chains account for over 60% of retail sales of fresh produce in many European countries. In addition, each individual retail company may impose even stronger quality requirements on its suppliers, in order to differentiate its products from those of its competitors. German retailers in particular are looking for holistic suppliers which can not only guarantee food safety, but also occupational health and safety, traceability, biodiversity and environmentally-friendly production methods (see *Chart 9*). With regard to the meat market, the GLOBALG.A.P Cattle and Sheep Standard is in demand. The Standard covers Identification and Traceability, Breeding and Young Stock, Feed, Forage, Housing and Facilities, Hygiene and Handling.

Chart 9: Composition of GLOBALG.A.P standard



Source: www.globalgap.org/fv

For example, the largest German retailer Edeka has been a GLOBALG.A.P member since 2005. While GLOBALG.A.P has 15 different standards, Edeka demands all its producers be certified with Integrated Farm Assurance Standard, Chain of Custody Standard and, since 2014, GRASP (Risk Assessment on Social Practice) standard.

Rewe Group demands its suppliers be certified with Quality Scheme for Food (QS) or GLOBALG.A.P standards, as a means to add an additional level of end-to-end control and inspection throughout the entire production and supply chain, including farming, logistics and wholesale.

Other key German players, such as Metro, Lidl and Aldi, support the Global Food Safety Initiative, and demand their suppliers provide International Featured Standards (IFS) and GLOBALG.A.P certifications.

Table 10: Common voluntary conformity requirements in the German meat industry

GLOBALG.A.P

Document location: Cattle and sheep GLOBALG.A.P standard

GLOBALG.A.P is an international standard ensuring Good Agricultural Practices across almost 200,000 farmers worldwide. The aim of GLOBALG.A.P is to ensure safe and sustainable food production, and offer the opportunity for voluntary certification to small and large enterprises, as well as to groups of farmers.
Several aspects are crucial for the GLOBALG.A.P standard and certification:

- Food safety and traceability;
- Environmental protection (including biodiversity);
- Safe working conditions and social responsibility;
- Animal protection;
- Plant safety control and quality management system, Hazard Analysis and Critical Control Points (HACCP).

All retail chains in Germany require GLOBALG.A.P certification in addition to other conformity standards. Thus, this cannot be considered a voluntary conformity requirement in the context of the German market for food and agricultural products. A technical benefit of GLOBALG.A.P certification is that it allows farmers' status to be traced by their unique certification number in the online database at any time.

Localg.a.p is a stepping-stone to GLOBALG.A.P certification. localg.a.p can be created by a local programme owner, and allows farmers to step, generally from a foundation to an intermediate level, and obtain GLOBALG.A.P certification in five years. localg.a.p thus represents an assessment process, and is a subset of the International Farm Assurance Standard. Every localg.a.p programme has a programme owner who has signed a Memorandum of Understanding with the GLOBALG.A.P Secretariat. Implementation of the programme is customer- and market-related; the process and results of assessments are only visible to the specific customer requesting the localg.a.p programme for certain farmers. Programme owners must be members of GLOBALG.A.P and can be retailers, manufacturers, traders or cooperatives.

There are five main steps to get GLOBALG.A.P certification (skipping localg.a.p):

- Get the relevant document on the GLOBALG.A.P. website;
- Choose a certification body within the relevant country and acquire a GLOBALG.A.P Number (GGN);
- Conduct a self-assessment based on the checklist and see which points are the weakest. GLOBALG.A.P-licensed Farm Assurers can provide necessary consultations and help;
- After arranging an appointment with the local GLOBALG.A.P certification body, the first on-site inspection will be conducted.

After successful completion of the steps, a GLOBALG.A.P certificate will be granted to producers for the scope of their products for one year.

The Hazard Analysis and Critical Control Points (HACCP) system

Businesses in the food sector should apply the HACCP principles, which are part of the Codex Alimentarius (please click on "Codex Alimentarius" for detailed information). These principles, however, do not replace official checks.

The HACCP system outlines the key principles of food hygiene and safety, and is a legal requirement according to EU law.

EU countries must encourage the development of national guidelines based on HACCP principles, with the possibility of EU-wide guidelines if this is thought necessary.

Food imported into the EU must comply with EU standards or their equivalent, as well as any requirements which the importing country may impose.

International Featured Standard (IFS)

IFS is one of the most widespread food standards, and although not directly laid down as an obligatory requirement, IFS is preferred by most German buyers and traders. IFS can apply to both producers and to logistics and packaging companies. HACCP is also part of IFS certification. All retailers (Metro Group, Rewe Group, Edeka, Aldi, Lidl) in Germany require IFS from their suppliers. For developing small enterprises there is the opportunity to obtain an IFS Global Markets Certificate.

The main aspects of IFS are as follows:

- Responsibility of enterprises;
- Establishment of quality and food safety systems;
- Resource management;
- Production process;
- Assessments, measurements, analysis;
- Food defence (defence of the food chain from terrorist attacks).

To be audited by the IFS, the following steps have to be taken:

- Decision to get IFS Food or IFS Logistics certificate;
- Ordering the latest version of the Standard via www.ifs-online.eu
- Assessment of current status (by the enterprise itself);
- Choice of the certification location;
- Determining the audit conditions and times;
- Optional: having a pre-audit to maintain the status quo;
- Conduct of the audit.

ISO22000

ISO provides quality norms for the entire supply chain, from production to end destination. However, IFS is a more detailed and broad standard, and would be sufficient for most buyers.

ISO 22000 requirements enable an organization

- to operate and maintain a food safety management system aimed at providing products that are safe to consumers,
- to comply with applicable food safety regulations,
- to evaluate and conform with customer requirements related to food safety,
- to communicate food safety issues to their suppliers, customers and other relevant food chain participators,
- to seek certification of its food safety management system by an external organization, or make a self-assessment of conformity to ISO 22000.

There are 10 ISO standards available at the ISO website. The standards apply to prerequisite programs on food safety and hygiene in the realms of food manufacturing, catering, farming, packaging, feed production. Each standard can be purchased at the website for a full review. Any organization in the food chain may choose to apply for ISO certification. However, certification is not a requirement, food businesses can also benefit from implementing the standards without being certified. ISO does not perform certification itself, but the process can be carried out by external certification bodies.

FSSC 22000

FSSC 22000 represents a complete food safety certification system, and is primarily based on independent international standards such as ISO 22000 and, ISO 22003, with sector-specific requirements. The certification scheme includes manufacturing, transportation and on-site storage. The standard can be applicable to all kinds of food businesses, regardless of their size and structure.

The geographic scope of FSSC 22000 includes Central Asian republics, except for Tajikistan and Turkmenistan. The scope includes countries where the standard is currently implemented and product sectors covered by the standard are verified. As for the product scope, FSSC 22000 covers food safety systems for animal products, vegetal products, products with a long shelf-life and food packaging.

In order to obtain and maintain the standard, third-party audits have to be conducted; surveillance audits take place once a year. More specific information on the certification process can be found under the FSSC certification scheme (please click on "the FSSC certification scheme" in the sentence before for detailed information).

The FSSC certification process can be viewed as the following sequence:

- Selection of the certification scheme and preliminary self-assessment;

- Addressing of any non-conformities;
- Selection of a certification body;
- Creation and signing of a certification agreement between the certification body and the food enterprise;
- Elaboration of an audit scheme and calculation of the costs;
- Audit process: check of the relevant food safety documentation and check of the implementation of the food safety standards;
- Issuing of the certificate.

The certificate expires three years after its issuance. During this period, surveillance audits are conducted at least once a year. It is up to the certification body to decide whether an extension of the certificate can be granted after the initial three years.

Organic Regulation EU 834/2007

This document puts together the main principles for the production and certification of organic products. The product range covers living and unprocessed agricultural products, processed food products, feed and seeds. The document provides the main standards for organic farming and food processing, as well as prohibits the use of ionising radiation and the use of GMOs.

Organic production should rest on the following principles:

- the appropriate design and management of biological processes based on ecological systems using natural resources which are internal to the system by methods that:
  - use living organisms and mechanical production methods;
  - practice land-related crop cultivation and livestock production or practice aquaculture which complies with the principle of sustainable exploitation of fisheries;
  - exclude the use of GMOs and products produced from or by GMOs, with the exception of veterinary medicinal products;
  - are based on risk assessment, and the use of precautionary and preventive measures, when appropriate;
- the restriction of the use of external inputs. Where inputs are necessary they should be limited to:
  - inputs from organic production;
  - natural or naturally-derived substances;
  - low solubility mineral fertilisers;
- the strict limitation of the use of chemically synthesised inputs to exceptional cases;
- the adaptation, where necessary, of the rules of organic production, taking account of sanitary status, regional differences in climate and local conditions, stages of development and specific husbandry practices.

The German Organic Trade Association has similar, yet somewhat higher standards for food products to be marketed in Germany. Bio-Siegel is one of the most widespread organic labels in Germany for the categories in scope. Before using Bio-Siegel for the first time, manufacturers of organic products must notify their intention to the Bio-Siegel information service, located within the Federal Office of Agriculture and Food (BLE). Both the German Bio-Siegel and the trademarks of other organic producer organisations may be used in addition to the EU eco label.

In order to get a clearer understanding of the existing organic standards and requirements, it is useful to consult the Organic Standards information portal.

5.7 OVERVIEW OF GERMAN CUSTOMS AND DUTIES

Exporters to the German market face stable customs tariffs and online services

German import customs and tariff norms conform to the wider EU tariff system, and are available online within the TARIC database (see *Table 11*). Over the last decade, customs and tariffs were rather stable for meat supplies. Some preferential quotas may appear, based on preferential agreements. Such agreements are not in place for the Central Asian republics. Common Veterinary Entry Document is the most important entry document for import checks. A number of other tax-related documents must be prepared by the importer.

Table 11: Key meat customs duties in Germany

Bovine meat	
Third country duty	12.8% + EUR176.80/100kg
Sheep meat	
Third country duty	12.8% + EUR171.30/100kg
Sausages	
Third country duty	15.4%

Source: TARIC database

Every product is assigned a tariff norm based on its country of origin. Normally, the importer is notified about the delivery of the import consignment to the border. The importer should fill in the import declaration and present it with all necessary documents such as declaration of value, invoice check the export tax rate, enter the name of the country of origin and the harmonised product code etc. For more specific tax information, each exporter or importer may contact the tax office directly and enquire personalised calculation of the tax for the particular import/export consignment. The tax enquiry is binding to the extent that it sets the tariff for the particular product to be imported and lasts for and other applicable documents at customs. When all supporting documents (see *Table 12*) are correct, the import duties are fixed and as soon as they are paid and the goods have been controlled by the BIP, the importer receives the goods.

Value-added tax for imported food products is set at 19%. For more specific information, tax authorities have to be contacted as to check, if certain products may have lower VAT rate. As a rule, importers have to pay 19% tax at the customs, as to be positioned under the same conditions as companies selling the same product categories inland.

Table 12: Customs-related documentation in Germany

Import declaration

Document location: Import declaration (Einfuhrzollanmeldung)

This document is issued by the central tax authority of Germany, and can be found online at zoll.de.

Invoice

The invoice should contain information about the buyer and seller, date and place of the document, precise description of goods and packages, price of the goods, conditions of delivery and payment, as well as the country of origin of the goods.

Declaration of value

Document location: Declaration of value

Declaration of value is normally necessary for imports valued at over EUR 15,000. The declaration is to be presented with the import declaration, and is about the customs value and calculation of customs value. The document is issued by the central tax authority of Germany.

Import license

Required - laid down by EU legislation.

Commission Regulation (EC) No 2204/1999

Document location: EC 2204/1999

This is the resolution setting the tax rate for all products imported to the EU. Meat products also fall under this regulation (Chapter 2). In Annex 7 (p.985) there is information on tariffs and quotas in accordance with the WTO.

5.8 OVERVIEW OF OPPORTUNITIES IN THE GERMAN MARKET FOR CENTRAL ASIAN SUPPLIERS

Bovine meat is overcrowded

The German market is rather mature and crowded, especially in beef and sausages. Given that German importers lack awareness of Central Asian suppliers, countries in Central Asia do not have an opportunity to enter beef and sausages in the medium- to long-term.

Sheep meat offers opportunities for Central Asia

However, as the healthy living trend calls for more rational meat consumption, German "flexitarians" and older people are choosing to consume less meat, and the remaining consumption is being carefully chosen amongst healthier meat variants and high-quality offerings, including organic. Sheep meat in particular is known for its high nutritional quality, and is seeing increasing demand from the local and immigrant German populations. Moreover, sheep meat sees a lack of domestic production and high price points. Central Asian markets, and in particular Kazakhstan, have an opportunity to supply organic and/ or halal-certified lamb to the German market. It is important to focus on a particular niche segment, rather than just supplying standard lamb, so German importers should start building trust in Central Asian exports in relation to a particular specialisation.

Moreover, German consumers are very aware of issues of animal wellbeing, and demand that local production adheres to the highest standards of livestock farming. Thus, if Central Asian suppliers are able to certify conformity to animal welfare standards, the price points may be increased.

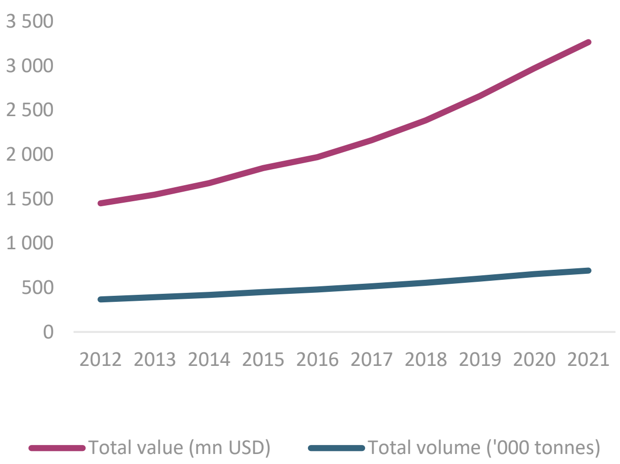
6. PRIORITY EXPORT MARKETS: UAE

6.1 UAE PROCESSED MEAT MARKET OVERVIEW

Strong economy and growing population positively affect demand for meat

The United Arab Emirates (UAE) is the fourth largest economy in the Middle East and Africa, and has amongst the highest living standards globally. Despite the UAE being amongst the most diverse economies in the Middle East, it remains strongly dependent on oil prices and hydrocarbon exports. Therefore, in 2016 the UAE saw real GDP growth of only 3%, the lowest in the last seven years, caused by hampered oil production, which in turn resulted in lower consumption and levels of investment. Decelerated economic development is expected to continue through 2017, with real GDP growth of 1.5%. In 2018, the economy is expected to rebound, thanks to recovering oil prices and a return to stronger real GDP growth of 4.4%. Furthermore, the UAE is expected to continue benefiting from the improvement of Iran's trade relations globally, as it serves as a transhipment point for renewed trade activity. In January 2017, the UAE and India signed 14 deals that will strengthen and enhance the two countries' technology, defence, infrastructure and trade sectors [Euromonitor. Countries and consumers].

Chart 10: Meat market size in the UAE

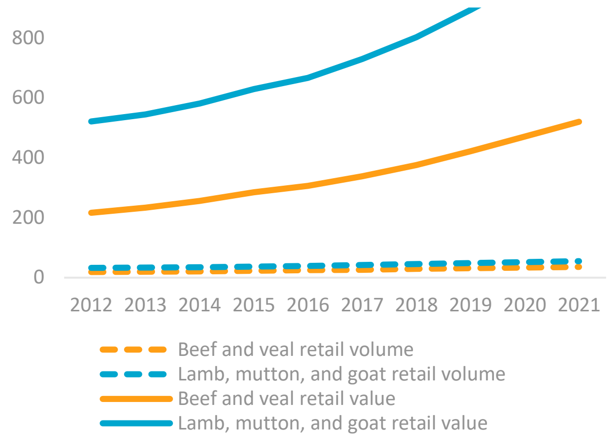


Source: Euromonitor. Fresh food, 2017

The total meat market in the UAE amounts to 481,400 tonnes per annum (see *Chart 10*). Retail sales accounted for half of meat volume sales, at 213,100 tonnes in 2016. The UAE imports more than 90% of its food, and does not produce enough meat to meet local demand. UAE residents on average consume 73.2kg of meat each per year, ranking the country amongst the highest consumers of meat in the world, and meat consumption is expected to increase further, by up to 70% by 2050 [FAO annual report]. As domestic bovine meat production volume is insignificant, the UAE strongly relies on imports from international markets, such as Australia, India, New Zealand, Somalia and Oman.

Over 80% of the country's population are foreign expatriates; thus, cuisines and eating habits in the United Arab Emirates are extremely diverse. The population is seeing domestic organic growth, as well as a growing expatriate community and expanding labour market. As the consumer base is getting

Chart 11: Sheep and bovine meat market size in the UAE ('000 tonnes and mn USD)



Source: Euromonitor. Fresh food, 2017

larger, the demand for meat consumption is also on the rise; however, due to such a diverse consumer base, demands and expectations vary depending on the particular consumer group. For example, Mediterranean expatriates are particular about the meat type and quality, since meat has an important role in Mediterranean cuisine and is the key ingredient in every main course. Furthermore, the increasing demographic trend towards families over singles strengthened sales in 2016. While the UAE population is developing its meat appetite, beef sees very limited demand compared with lamb, the consumption of which is fuelled by religious demand (see *Chart 11*).

Besides residential demand, tourism is dynamically expanding in the UAE, with hotel chains and infrastructure growing at a rapid pace. Foodservice accounts for almost 47% of the overall meat market.

Furthermore, the UAE is considered a hub for further international trade within the GCC and many other countries in the region, thus the meat re-export market captures a significant share of imported processed meat, accounting for 13% of processed meat imports in volume terms. The UAE is very careful about imported meat quality and its effect on public health; therefore, before allowing meat imports into the country, the UAE considers the health of cattle in exporting countries. The country has banned imported meat products in the past, especially from some European regions associated with cattle health risks.

Demand for sheep meat driven by religious motivations

The consumption of meat, especially sheep meat, is primarily influenced by local traditions and religious festivals, such as Adha Eid – Hajj season. The festive period typically lasts from one to two weeks (around 70 days after Ramadan), and plays a key role in the demand for sheep meat in the UAE and other Islamic markets. Based on Muslim traditions, the sheep is centre stage in religious rituals, whereby sheep are sacrificed and the meat is then donated to people in need. Therefore, sheep meat sees seasonal demand, peaking around the Hajj season.

Due to climatic conditions and the desert-like soil in the UAE, the local meat market is limited to a small number of farms. Furthermore, the health of cattle is compromised by long journeys and the hot weather, which in turn further hinders market development. The UAE diversifies its imports through stocking both livestock and slaughtered meat. Livestock imports are further processed by local slaughterers in line with religious halal requirements, and then sold to retail or foodservice. However, both scenarios come with health risks. For instance, in June 2017, a large livestock shipment from India, one of the major suppliers of meat to the UAE, was deemed unfit for slaughtering by veterinarians; hence the shipment was cancelled, causing a shortage of meat imports in the market. The typical meat suppliers to the UAE include India, Australia, Pakistan and New Zealand.

6.2 OVERVIEW OF UAE MEAT MARKET REQUIREMENTS

Tender texture is key for the palates of UAE consumers

Similar to fruit and vegetables, consumers in the UAE demand high quality, and expect flavoursome meat. Tenderness is the most sought-after quality in meat amongst consumers; hence cuts of both bovine and sheep meat are popular in the UAE. Within bovine meat, while various cuts find their market, the most popular are rib-eye, tenderloin and sirloin. Within sheep meat, leg, loin and neck are the most popular cuts. The UAE market sees demand for various sausages, including beef, chicken and mixtures of these with a small amount of pork. Most of the distribution of meat takes the form of chilled and canned meat; valued for its reasonable price and longer shelf-life. Frozen meat, on the other hand, is the least popular, and mostly consumed amongst the lower-income consumer group, as it is cheaper than chilled and fresh meat.

Bovine and sheep meat are targeted towards diverse consumer groups

Bovine meat is available to all consumers in the UAE, as the typical price point varies from a minimum of AED20 per kilogram (USD5.5/kg) to a maximum of AED100 per kilogram (USD27.2/kg) (see *Table 13*). Such a wide range of price points allows the targeting of diverse consumer income groups, ranging from low-income labourers to the elite and expatriate populations in the UAE. The price varies based on the cut of meat and country of origin. For example, Pakistani beef is typically cheaper than beef of Australian and New Zealand origin, because of the perceived difference in quality. Lamb from India is widely preferred, as it is cheaper than the meat coming from Australia and New Zealand. The average price of sheep meat is rather stable, and is set at AED80 per kilogram (USD21.8/kg); however, during the peak season of the Hajj festival, sheep meat sees up to a 30% increase in price, as a reaction to the strong demand. Other than that, meat prices are mainly affected by the country of production origin.

Domestic sausages are in demand

Domestically produced sausages are preferred to imported sausages; however, with limited domestic production capability, the key sausage importers are France, the Netherlands and Germany, offering average price points of around AED35 per kilogram (USD9.5/kg) (see *Table 13*), with German sausages being the most expensive. Domestic sausages are more affordable to mass consumers in the UAE. As busy lifestyles call for simplified and quick food solutions suitable for the whole family, sausages have become rather popular. Therefore, the sausage market caters to both high-end and low-income consumers, offering primarily chicken and beef sausage varieties in various shapes and formats, in order to appeal to the majority of consumers. Consumers prefer local sausages, trusting the quality of local production. Thus, with regard to sausages, the country of production origin is not a significant price-differentiating criterion.

Table 13: Meat average retail price observations in the UAE, 2016

Bovine meat	
Average price	AED20-100/kg
Producing market	Pakistan, Australia, New Zealand
Sheep meat	
Average price	AED80/kg
Producing market	India, New Zealand, Australia
Sausages	
Average price	AED35/kg
Producing market	Germany, the Netherlands, France

Source: JM Foods LLC

Demand for meat is highly determined by income range

The lion's share of imported meat, constituting some 87% of import volumes, is designated for domestic consumption, while the remaining 13% of meat import volumes are aimed at further re-export. Domestic consumption sees a relatively equal split across the horeca and food processing industries, controlling around 47% of meat volume sales, and retail, accounting for around 44% of volume sales of meat. The remaining 9% of domestic consumption is distributed through institutional channels. The UAE's foodservice channel sees cultural influences, as diverse population demands require the provision of a variety of cuisines. Lebanese and Syrian cuisines are particularly strong in the UAE, resulting in broad meat-based menu offerings.

As the wealthy expatriate population is on the rise, high meat quality requirements have become the norm, and the trend towards premium price points for high-quality produce is getting stronger. Elite consumers associate quality with the country of production origin; hence are willing to pay higher prices for meat originating from Australia and New Zealand, particularly beef and sheep meat.

The lower-income population, however, demands Indian and Pakistani meat, trusting that these suppliers offer good quality at affordable prices.

Quality and health are priorities for all consumers

As the healthy living trend is gaining momentum in the UAE, the demand for high-quality and nutritious protein is on the rise. Despite the increasing popularity of non-animal-based proteins, meat remains the key choice of protein for consumers in the UAE. The diverse UAE population sees the Syrian and Western population as the key meat consumers, as meat is deeply grounded in their respective local cuisines, and is therefore highly demanded by consumers. Sheep meat and sausages see particularly high demand, due to social gatherings such as barbeques and house parties. The UAE is also home to Islamic traditions, thus over the Hajj season demand for meat rises rapidly, as sheep and bovine meat is highly consumed in the post-Ramadan period and during Eid celebrations.

As Arabs and Westerners are increasingly looking at the nutritional value of their diets, demand for good-quality meat is on the rise, especially for home-cooking. Furthermore, there is an increasing preference for organic meat, as consumers are starting to pay closer attention to farming conditions as part of wider health awareness and quality assurance.

Despite the health risks associated with red meat, retailers and producers market their products using health claims, such as the benefits of animal protein and additive-free products. For instance, Banvit ME, the UAE subsidiary of Turkish poultry producer Banvit, showcased its processed meat products as additive-free, and that it could be the first choice of mothers to serve the family healthy and tasty meat-based food [Halal focus. Gulfood exhibition in the UAE, 2017].

6.3 OVERVIEW OF IMPORT COMPETITION IN THE UAE MEAT MARKET

The UAE is looking to improve domestic production

The UAE is the second highest consumer of food in the GCC, and due to the lack of domestic produce, local demand is primarily met by imports. Some of the leading importers and suppliers of meat in the UAE include Kibsons, JM Foods, Al Qudwa Food Stuff LLC, Farm Fresh LLC and BTM Internal General Trading LLC. Domestic demand is high, and is expected to increase by a CAGR of 8% in volume terms by 2021, due to the rising consumer base in the UAE. As domestic consumption is growing rapidly, there are initiatives to improve the domestic production of meat. Currently, there are around 17,000 commercial and traditional farms in Dubai, housing around 400,000 farm animals, and of these about 70,000 are camels [Khaleej Times]. The UAE government invests in farms and introduces programmes to encourage and support the capacity of local farmers. For example, Dubai Municipality is currently launching an initiative aimed at boosting the production of local farms, particularly focusing on dairy and poultry produce. Furthermore, the Abu Dhabi Farmers Service Center (ADFSC) has introduced a breeding programme of 3.3 million goats and sheep in Abu Dhabi farms. Farmers are invited to join the breeding programme by signing a contract with the ADFSC. The programme offers guidance, training and support for cattle farmers. The ADFSC has started selling domestically-produced meat and poultry through its own souqs since 2012. Despite public and private initiatives, the domestic meat industry is nascent; thus, the product categories in the scope of the research will remain highly import-dependent in the medium- to long-term.

While happy with the current import structure, the UAE is open to new quality partnerships

As domestic production remains marginal, the key meat supply is generated by imports, which amounted to USD1,700.1 million in 2016, and were sourced from markets such as Australia, India, New Zealand, Somalia and Oman, amongst many others. The origin of chilled meat is Brazil, Australia, New Zealand, South Africa, Saudi Arabia, Ethiopia, Sudan, Pakistan and Oman. Since roughly 90% of the meat supplies in the UAE come from imports, the country puts an especially high emphasis on developing a diverse portfolio of suppliers, in order to meet its demand for meat throughout the year.

Currently, the majority of importers have a poor understanding of the trade agreements that exist between the UAE and other countries. However, the UAE and the GCC have free trade agreements with New Zealand, making it a favourite amongst local importers. Imports of bovine meat, namely beef, were banned from the US and Brazil due to “mad cow” disease in 2012, which gave the upper hand to Australia and New Zealand, which further penetrated the UAE market. Local consumers were exposed to premium cuts of beef such as Angus beef from Australia, which soon became a local favourite. Sausages are mostly locally produced, with minor imports of pork sausages coming from Germany, the Netherlands and France.

Australia leads sheep meat imports to the UAE

Australia, which is known for its superior quality lamb, supplied 47.7% of sheep meat volumes to the UAE in 2016. Ethiopia and India were the following two suppliers, with 19.9% and 19.8% shares of import volumes, targeting more price-sensitive consumers and offering value for money products. Pakistani, Tanzanian and Kenyan suppliers have a limited presence, and target labourers, while New Zealand, with 1.7% of import volumes, caters for organic and premium demand. Central Asian suppliers are not yet present in sheep meat in the UAE [ITC Trade Map].

Affordable beef offering prevails over premium

India and Pakistan are the leading suppliers of bovine meat, with 41.1% and 18.0% of import volumes respectively. Both markets cater to low- to middle-income consumers, offering affordable prices and value for money produce. Brazil, Australia, the US and New Zealand are the following largest bovine suppliers in the UAE, primarily targeting premium quality and organic produce. Similar to sheep meat, Central Asian producers have not yet found their place in bovine meat in the UAE [ITC Trade Map].

Turkey takes centre stage in the UAE's sausage supplies, providing 23.9% of import volumes, offering a mixture of high-quality and affordable products. Brazil, accounting for 17.2% of import volumes in 2015, primarily focuses on the high-end of the market, whilst the Philippines, with 11.1% of imports, targets low-income consumers. Some European suppliers, including Germany, France, Denmark and the Netherlands, also have a strong footprint in sausages in the UAE. [ITC Trade Map].

6.4 OVERVIEW OF THE REGULATORY LANDSCAPE IN THE UAE

Health assurance is achieved through detailed import regulations

Imported products, whether for final consumption or re-export, face the same legal requirements. Food, including meat imports to the UAE, regardless of their purpose, be it final consumption, food processing or re-export, is subject to national import regulations and standards, which aim to safeguard human health, and only allow products which are fit for purpose into the market. The import procedures are required to be covered by the producer or exporter prior their goods reaching UAE customs. Some of the pre-requisites before goods enter the UAE include registration of the company in the Dubai Municipality (DM) and Food Import and Re-export System (FIRS), which allows for food label approval in order to confirm produce compliance to quality standards. FIRS approval is followed by the FIT inspection performed by Dubai Central Food Laboratory or by another internationally accredited laboratory, specifying the items' fitness for human consumption. In addition, exporters are required to fill in paperwork supporting the imported goods, including documents such as an original health certificate issued by the government health authority of the country of origin, packing list and invoice, to name a few. Post-shipment, food products are subject to visual inspection to ensure compliance with label and shelf-life regulations.

The UAE focuses on increasing food quality requirements

With the rising healthy living trend, the UAE is looking to increase its domestically consumed food quality, as well as transparently inform consumers about the nutritional benefits of food and substantiate other marketing claims. Thus, in 2003 and 2004, the UAE banned imports of live cattle and sheep from Luxemburg, Italy, the Netherlands, the UK, France, Germany, Belgium, Spain, Switzerland and Greece, due to reported cases of the mosquito-borne Schmallenberg virus. Moreover, the government specified that all countries affected by the ban had to submit certificates to indicate that all the animals were bred in farms and areas with no cases of diseases reported. Furthermore, the UAE is looking to increase food quality requirements, whereby imported live cattle undergo laboratory tests seven days or less prior to the shipment date.

Due diligence checks pre-shipment will benefit products entering the UAE

Products entering the UAE go through a set of procedures before they are finally approved for further distribution and sale. UAE trade officials, customers and food authorities scrutinise a product to determine compliance with food ingredients standards. For all products entering the market for the first time, laboratory testing is required; however, some imported products also go through random laboratory testing. It is recommended that exporters carefully go through the guidelines and requirements for fresh products before actual shipment of goods, especially for the first few consignments to the UAE. The costs involved vary, depending on the type of product and ingredients. Occasionally, local health officials will permit the importation of food products with minor labelling infractions. Exemptions are granted on a one-time basis, and the sale of such products usually is limited to institutional end users.

Before commencement of the inspection process, a deposit of 15,000 Dhirams is paid to Food Control Department in Dubai Municipality and this amount can be withdrawn after all cases have been closed after inspection of imported food items. Inspection procedure varies for consignment imported for local market, and those that are kept for re-exports.

Consignment imported for local market: It includes physical inspection of all products at the port of entry, label of food products is checked, then laboratory tests are performed for some sampled items according to the risk levels in the FIRS system (see *Table 14*). If the consignment had any contravention in the label or there was a need to take a sample from the shipment, but it was hard to reach to the item, the consignee should have a warehouse in Dubai and a trade license from Dubai and if not the consignment will need to be transferred to the related municipality.

Consignment imported for re-exports: The consignee cannot request food export health certificate. The consignee should apply for food import re-export services (FIRS) (see *Table 14*). Physical inspection is done without testing the food items. If the shipment found to be physically satisfactory it will be released, but if not the shipment will be stopped in the port of entry. If the consignee asked for health certificate to export the food items from Dubai Municipality, the consignment will be inspected and samples will be collected for laboratory test according to the risk levels of the products. Consignment imported for partial export will be dealt with as a consignment which was fully imported for local market. Release for re-export is a temporary release until export documents of the shipments are submitted to the follow up team in Karama Center. The documents should be issued by customs authority within 180 days only and if the consignee failed to submit the documents his company will be placed in the black list.

Standard labelling rules apply for fresh products entering the UAE

Labelling regulations apply to all products shipped in bulk and institutional-sized containers. The letter "P" must precede the production date. The expiry date must be preceded by one of the following statements, "Expiration (date)"; "Fit for.....from the date of production"; "Use by (date);" "Use before (date);" "Sell by (date);" "Valid until (date) from the date of production;" or the letter "E". Production dating is a key difference in determining quality products from various countries. Bilingual labels are now required; they should contain the product description, ingredients, country of origin, name and address of manufacturer/producer or exporter, special storage requirements (if any) and net weight, clearly written in Arabic and English. Foods with health claims should be labelled accordingly, as they require re-approval by the Ministry of Health. There are no specific requirements for imported food samples. Samples for food shows and other promotional events are routinely exempt from local labelling and shelf-life requirements. Product samples must be clearly marked as samples, and accompanied by a statement claiming that they are not for sale.

Table 14: UAE meat import-related regulations affecting Central Asian suppliers

Summary of the legislation	**Implications for exports from Central Asia**
Import procedures for foodstuffs Document location: Regulation	
The regulation covers the import and re-export requirements for foodstuffs, and includes food labelling procedure, company procedure, food label approval, registration of the company with eGovernment, Food Item Barcode registration, activation of FIRS service and company representative training, laboratory test and deposit.	If Central Asia is to import meat products to the UAE, suppliers must adhere to: Food Items Procedure: Includes the procedures of food labelling and item barcode registration in the FIRS database. Company procedures: The consignee should have a trade license for food trading activity or general trading issued by the government licensing authority in the UAE. Food label approval: Request to assure the compliance of the label with standards and regulation on food labelling. Samples or a complete scanned label of the item should be submitted online. Registering the company with eGovernment:

	Copy of the trade license is required with stamped registration form, available at the DM website, DM Main office, Tawar Center, Karama Center. Food Item Barcode registering: Samples or a complete scanned label of the item should be submitted to be registered and classified in the database of the system, Karama Center 04-3374800, Dubai Flower Center 04-2163485. Activation of FIRS service and company representative training: Copy of trade license and contact details of the company and their representative should be submitted. Laboratory test: Lab test for the item at the consignee's expense to assure the item's compliance with standards and regulations. Deposit: Permanent deposit for an unlimited number of consignments of AED 15,000 should be paid, Karama Center 04-3374800.
FIRS	
This system covers all services provided by the Food Trade Control Section of the Food Control Department. Such services include: importing foods, importing foods for re-export, food label approval, issuing all kinds of health certificates, food destruction applications and issuing of their certificates. This is in addition to displaying all circulars and information to food traders, all food establishments and other internal and external clients.	Fully electronic FIRS system allows an application to be made and its status reviewed, as well as payments submitted from anywhere in the world.
Federal National Council regulation Document location: Regulation	
The goal of the regulation is to establish a system of effective regulatory and oversight services to ensure the protection of public health and consumers.	As the UAE's quality standards are being recognised by other international markets, the country has a well-established standardisation body. It harmonises standards at the local and federal level and participates in regional and international standards-setting

	activities. All the standard mentioned in this table are mandatory requirements.

GCC Gulf Standard – GSO 9/2007

Document location: GCC Standards

This GCC standard looks into the labelling requirements for UAE. While the UAE has accepted English-only labels in the past, bi-lingual labels are now required.

The product that is imported should have Arabic stickers or labels that clearly mentions the product description, ingredients, country of origin, and net weight. Products intended for institutional use, may be exempt from the Arabic labelling requirement, but the "mechanism" is designed to eventually provide greater clarity on this point. Exporters should work closely with their importers to ensure that their products will meet the needs of retailers. Labelling regulations apply to all products shipped in bulk and in institutional-size containers. Bulk cartons of fresh fruits and vegetables must contain most label information, but need not carry production/expiry dates. Most major municipalities in the UAE offer the services related to pre-shipment approval of food labels, compliance checks with food ingredients standards

GCC Gulf Standard – GSO 150/2007

Document location: GCC Standards

This standard concerns the shelf life of imported products and relates to expiration periods of food products. The following products are exempt from expiration dating - salt, white sugar, dried legumes, dried vegetables, spices and other condiments, tea, rice, fresh fruits and vegetables and vinegar. However, importers tend to prefer to have such products labelled with production and expiry dates, as consumers often are not aware of this exemption.

GCC Gulf Standard – GSO 2233/2012

Document location: GCC Standards

This regulation applies to the nutrition labelling of all pre-packaged food products except for raw products such as fresh fruits, vegetables, meat and fish. The health claims mentioned in the product must be cleared by one of the following bodies in the importing country:

1)Food control section of the importing municipality

2)Medical clinic of the municipality

3)Federal Ministry of Health of importing country/municipality

GCC Gulf Standard – GSO 839/1997

Document location: GCC Standards

The standard stresses the need to use suitable materials that protect the integrity of the food, its wholesomeness and characteristics whether it is packed with metal, glass, plastic, paper, carton, multi-layered textile, or wood.

GCC Gulf Standard – GSO 2500/2015

Document location: GCC Standards

UAE health authorities look closely at the addition of food colouring, preservatives, antioxidants and non-nutritive sweeteners when reviewing new-to-market products. The Food Control Section of the respective Municipality should be contacted for further details.

GCC Gulf Standard – GSO 593/1995

Document location: GCC Standards

This GCC standard concerns physical test for meat and meat products.

GCC Gulf Standard – GSO 936/2007

Document location: GCC Standards

This standard specifies a method for the determination of the total ash content from all kinds of meat and meat products, including poultry.

GCC Gulf Standard – GSO 3496/2007

Document location: GCC Standards

This international Standard specifies a method for the determination of the hydroxyproline content of all kinds of meat and meat products, including poultry. It is applicable to meat and meat products containing less than 05% (m/m) hydroxyproline.

GCC Gulf Standard – GSO ISO 1444/2007

Document location: GCC Standards

This international standard specifies a method for the determination of the free fat content of meat and meat products by means of extraction.

GCC Gulf Standard – GSO 849/1997

Document location: GCC Standards

This GSO standard specifies a method for the determination of creatinine content in meat and meat products.

GCC Gulf Standard – GSO 1882/2008

Document location: GCC Standards

This standard is concerned with methods for physical and chemical analysis of meat and meat products

Country of origin certificate

Document location: Origin certification

Conformity of origin confirmation issued by the customs authority.	This is to certify and promote products from Central Asian countries and bring awareness of Central Asian produce through "Made in Kazakhstan", "Made in Uzbekistan", "Made in Kyrgyzstan", and "Made in Tajikistan".

Health Certificate and Radiation-free Certificate

Document location: Health certificate

Health department-issued certificate.	Confirming products' fitness for human consumption.

Conformity certificate for Organic Products

Detailed organic certification requirements.	Registration on ESMA website (Emirates Authority for Standardization and Metrology); Application for a certificate of conformity; Uploading the required document as per the scope (Crops – Livestock – Processed Food); Paying the service fees; Evaluation of the facility; Obtaining a certificate of conformity. The average period for service completion is 10 working days, and it costs AED 1,000 in application fees and AED 2,500 in assessment fees.

Bill of entry

Electronic document that includes the country of origin, the source of the shipment, its type, its cost and other information, issued by customs.

Delivery order

A document that is issued by the port authority for the shipment once it arrives to release it under the consignee's request, issued by the port authority.

Animal Identification and Registration System (AIRS)

Imported meat products are identified and registered with AIRS. The import of livestock into the UAE (including Abu Dhabi) is controlled by federal legislation and implemented by veterinarians employed by the Federal Ministry of Environment and Water

- **Destination of imported animals.** As a general rule, animals entering the UAE, whether or not for slaughter, enter the domestic livestock markets and are then destined: (a) for fattening or breeding on a local farm, (b) for a slaughterhouse for immediate slaughter, or (c) exported to a third country. As the fate of any given animal is not known, it follows that all such animals entering Abu Dhabi must be individually identified. **Livestock markets**. The livestock markets in Abu Dhabi do not work on the basis of "all in" and "all out", whereby animals enter a market and all are removed (either back to the holding of origin if not sold, or on to the buyer if sold) at the end of the day. In Abu Dhabi livestock markets, animals may be "resident" for weeks or even months until a buyer is found. This has a number of consequences:

- It represents a disease hazard, as livestock markets foster the dissemination of animal diseases, and;
- The location of any animal at any point in time must be known; all animals must be identified and lost identifiers replaced.

Systems must therefore be in place at each livestock market to correct deficiencies noted. This represents a significant challenge to financial and human resources.

- **Personnel responsible for AIRS recording**. The vast majority of livestock keepers in Abu Dhabi are expatriate employees with a relatively low level of education. This means that the maintenance of the records required by AIRS (the holding register, details of livestock movements and movement documents) and the application of AIRS identifiers to new-born animals, etc. cannot generally be entrusted to the animal keepers. An alternative means of capturing animal movements and herd dynamics data and applying identifiers must be found.

Issuance of license to use Halal National Mark

Document location: Halal License

Establishes the requirement and the process of halal licensing, recognised in the country	Registration on ESMA website; Apply for a Halal National Mark; Upload the Required Document; Review of documents; Factory Assessment

Relevant control bodies

- Emirates Authority for Standardization and Metrology– develops specifications and technical regulations for products, as well as regulating imported products.
  Website: http://www.esma.gov .ae/en- us/Pages/index.aspx
- Abu Dhabi Food Control – regulates the import of food products.
  Website: http://www.adfca.ae/ english/pages/default .aspx
- Dubai Municipality – responsible for issuing guidelines for importing products, assuring food safety and providing conformity standards.
  Website: http://login.dm.gov.a e/wps/portal/home_ ar
- Sharjah Municipality – responsible for issuing guidelines for importing products, assuring food safety and providing conformity standards and inspection.
  Website: http://portal.shjmun. gov.ae/

Meat is free from exemptions, as per trade agreements with the UAE

The UAE, along with Saudi Arabia, Kuwait, Qatar, Bahrain and Oman, is part of a political and economic alliance of Middle Eastern countries known as the Gulf Cooperation Council (GCC). The six GCC member states have formally become part of a customs union, allowing for a free-trade area, with a common external tariff first outlined in January 2003. The free-trade bloc has set a standard 5% levy on goods imported from outside the GCC, and has a single point of entry system for imported goods. Similar to the EU model, customs duties are paid only on non-GCC-produced products, and only once at the port of entry. GCC countries will also implement the unified GCC customs procedures guide in order to facilitate bilateral trade and strengthen co-operation with non-GCC countries. Beyond the customs union, the UAE has a number of bilateral and multilateral trade agreements, starting with General Agreement on Trade and Tariffs (GATT) membership since 1994, WTO membership since 1996, Trade and Investment Framework Agreement with the US (TIFA), EFTA-GCC Free Trade Agreement, GCC-Singapore Free Trade Agreement (GSFTA), Greater Arab Free Trade Area Agreement (GAFTA) and many other bilateral preferential agreements (see *Table 15*).

While it is the UAE's strategic goal to have diverse import suppliers, the region is particularly interested in preferential trade agreements with Asia, the US and Europe. Cooperation with Europe has become easier since the EFTA-GCC FTA, which includes Switzerland, Iceland, Liechtenstein and Norway on the European side and the UAE, Saudi Arabia, Oman, Qatar, Bahrain and Kuwait on the GCC side. While the UAE does not currently have any sizeable meat trade with Central Asia, in 2012 it signed a free trade agreement with Kazakhstan.

Table 15: UAE's bilateral and multilateral trade agreements affecting the meat trade

Summary of the legislation	Implications for exports from Central Asia
GCC Document location: GCC Law, GCC regulation	
The GCC law aims to unify the customer procedures of all GCC member states and enable cooperation in the customs field and regulation of the relationship between these administrators and the community of traders in the GCC member states, namely Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.	Standard customs rules apply for Central Asia for the entry of goods to any of the GCC member states, including the UAE.
EFTA-GCC FTA Document location: EFTA-GCC trade agreement	
The EFTA-GCC trade agreement is between European countries such as Iceland, Liechtenstein, Norway and Switzerland, and the GCC countries, including the UAE, and this agreement was implemented on 1 July, 2015.	No implications for Central Asia.
GSFTA Document location: Trade agreement with Singapore	
GSFTA is a trade agreement between the GCC countries and Singapore. It allows GCC goods full duty-free access to the Singapore market, and eliminates most tariffs (99%) for Singaporean goods coming into the GCC market.	No implications for Central Asia.
GAFTA Document location: UAE trade agreements, Other UAE trade agreements	
GAFTA is a trade facilitation and development agreement with 17 member countries, including, Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, the United Arab Emirates and Yemen.	Standard customs rules apply for Central Asia for the entry of goods to any of the GAFTA member states, including the UAE.
Bilateral trade agreements with Central Asia Document location: Other bilateral trade agreements, Kazakhstan trade agreement	
A trade agreement between the Republic of Kazakhstan and the UAE on trade and economic cooperation	Central Asia has a trade agreement with the UAE, in the form of a long-standing trade partnership

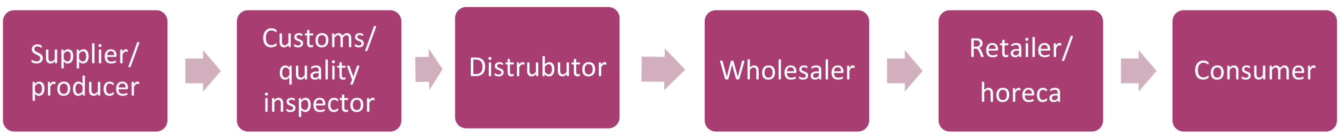
between the two countries, with a priority focus on agriculture, industry and consumer goods production.	with Kazakhstan. As per Article 4 of the trade agreement, it will help Kazakhstan make arrangements for trade fairs, exhibitions and events in the UAE for the purpose of developing trade and economic relations.

6.5 OVERVIEW OF THE UAE MEAT SUPPLY CHAIN

Intermediaries-driven supply chain prevails

The UAE processed meat supply chain is fairly standard; however, based on the current market structure, the typical route to market for products is rather lengthy, going through a number of intermediaries before reaching the end retailer and consumers. Typically, processed meat products arrive at Jebel Ali Zone, where the produce is received by distributors. Amongst the major distributors of meat include Al Qudwa Food Stuff LLC, Farm Fresh LLC, BTM International General Trading LLC, JM Foods and Kibsons. Thereafter, the distributor, based on market demand and current contract agreements, shifts the imported produce either to domestic wholesalers, SME distributors, retailers or foodservice. Amongst the imported meat targeted for local consumption, 44% of volume sales were distributed to retail in 2016, 47% to foodservice and the remainder were institutional sales. In addition, there are SMEs which play a key role as wholesalers, importers and exporters in the processed meat market in the UAE (see *Figure 4*).

Figure 4: Meat imports to the UAE – supply chain

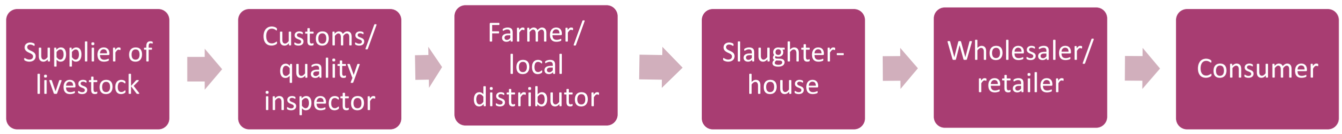


In the case of large retail chains such as Lulu Hypermarket, JM Foods and Spinneys Group Ltd, imported products reach retailers directly, bypassing the middlemen (see *Figure 5*). In this scenario, meat is directly imported from suppliers in order to guarantee quality and control costs. Such supply chain optimisation has become possible in modern retail due to their state-of-the-art logistics solutions, which facilitate efficient distribution through warehouse management processes and automate communication of resource allocation. Buying fresh food directly from suppliers helps to reduce prices on average by 15%, benefiting all parties, including the chained retailer, supplier and end consumer.

Figure 5: Effective large retail chain supply chain in the UAE

In some cases, the UAE imports livestock, which is further processed through slaughterhouses into various meat cuts. Domestic slaughterhouses by definition follow halal standards, whereby the farmers or livestock owners in the UAE receive the cattle, and after the slaughtering process in local farms, they are sent to distributors and further to retail or horeca for final consumption (see *Figure 6*). Some of the well-known local slaughterhouses in Abu Dhabi include Bani Yas, Al Wathba and Al Shahama, and it is also very common to find these slaughterhouses selling processed meat directly to end consumers. Veterinarians perform quality checks during the slaughtering process to ensure conformity to health standards as per Abu Dhabi Municipality's Public Health division. For processed meat products imported into the UAE, the slaughtering function is primarily performed in the exporting country as per halal standards. The UAE by default imports only halal meat.

Figure 6: Livestock imports to the UAE and the local meat processing supply chain



Only a small volume of about 13% of imported processed meat is available for re-export, whereby distributors import meat and resell it to various neighbouring countries. Demand through local consumption (retail) is rising noticeably due to population growth in the UAE.

Marine distribution is preferred

Marine is the preferred route for food, including processed meat imports to the UAE, due to its relatively low costs and significantly larger volume capacity compared with air or road transportation. Keeping in mind that the UAE has become an important re-exporting partner to further Middle East markets, the volumes required by industry players are significant. Moreover, marine distribution typically uses containers as the transportation units, thus it is slightly easier to ensure legal cold chain temperatures of 0-4˚C for chilled meat, and –18˚C for frozen meat products.

Table 16: Key UAE cargo ports

Key Port	Location	Cargo Handled	Website
Jebel Ali Port	Dubai	General cargo	http://www.dpworld.ae/en/content/71/47
Port Rashid	Dubai	General cargo	http://www.dpworld.ae/en/content/45/101
Khalifa Port	Abu Dhabi	General cargo and containers	http://www.adports.ae/en/article/khalifa-port/khalifa- port-was-inaugurated-on-december-12th-handling-all- of-abu-dhabis-container-traffic.html

Port Zayed	Abu Dhabi	General and bulk cargo	http://www.adports.ae/en/article/ports/mina- zayed.html
Port Khalid	Sharjah	General, reefer, and dry, liquid, and bulk cargo	http://www.sharjahports.gov.ae/
Port of Hamriyah	Sharjah	General cargo and oil tankers	http://www.sharjahports.gov.ae/
Port of Khor Fakkan	Sharjah	Containers (transit shipment hub)	http://www.sharjahports.gov.ae/
Port of Fujairah	Fujairah	General cargo, bulk cargo, wet bulk cargo and container handling	http://fujairahpor

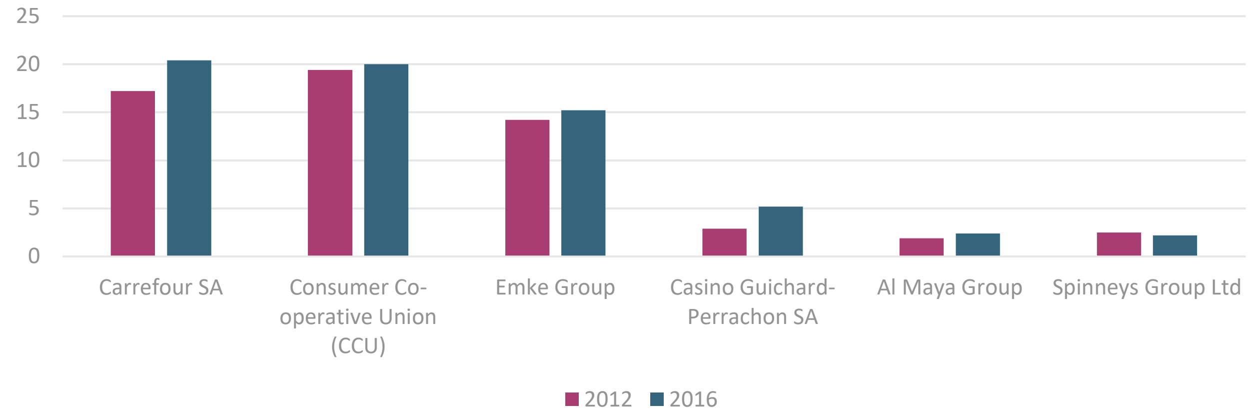
6.6 OVERVIEW OF THE UAE RETAIL LANDSCAPE

Convenience-driven consumers are looking for a one-stop-shop

Within retail, modern supermarket and hypermarket chains such as Carrefour SA, Consumer Cooperative Union (CCU), Lulu Hypermarket (managed by Emke Group), Geant (a franchise by a French grocery retailer Casino Guichard- Parrachon SA), Al Maya Group and Spinneys Group Ltd aggressively compete in the UAE, with a 65% share in the retail market (see

Chart 12). The retail infrastructure has changed in the last 10 years; adapting to busy consumer lifestyles, people are shifting preference towards bigger outlets offering a one-stop-shop. These outlets offer a large variety of culturally distinct food items in terms of flavours and variants. The consumer preference for modern retail has increased strongly in the country, and as the number of expatriates grows and the government works towards world-class infrastructure, modern retail is developing. Grocery retailers is set to increase by a CAGR of 6% at constant 2016 prices over the forecast period. Key drivers of growth for the channel are rising disposable incomes and population growth, as the UAE is continuously emerging as a desirable country for expatriates to live and work, in the light of the weaker economic conditions in regional countries and high unemployment levels in South Asia. In addition, an open market channel is also of importance in the UAE, as it supplies mostly to the lower-income consumer segment, which is quite significant in the country, considering the large pool of labourers. [Euromonitor. Grocery retailing 2016].

Chart 12: Grocery retail landscape in the UAE (value shares 2012, 2016)



Source: Euromonitor. Grocery retailing 2016

Voluntary certification is yet to develop in the UAE

As traditional trade controls a significant share of the market, and modern retailers are not yet as developed as in developed markets, voluntary conformity norms are not yet common in the UAE. While large UAE retailers are certainly familiar with conformity standards such as GLOBALG.A.P, HACCP and ISO22000, these retailers primarily use certification as a "nice to have", rather than mandatory requirement.

6.7 OVERVIEW OF CUSTOMS AND DUTIES IN THE UAE

Standard taxes for all meat products entering the UAE

The UAE is part of the GCC free trade area, and therefore faces similar tax norms, rates and procedures as the wider GCC. The customs duties for most items are calculated on Cost, Insurance and Freight (CIF) value at the rate of 5%. CIF value will normally be calculated by reference to the commercial invoices covering the related shipment, but customs is not bound to accept the figures shown therein, and may set an estimated value on the goods, which shall be final, as far as duty is concerned.

Customs duty is calculated based on the value of imported goods declared by the importer or his agent. In addition to custom duty, UAE has introduced a standard VAT rate of 5% across GCC countries effective 1 January, 2018. According to the VAT law basic food items will be subject to a standard VAT rate of 5%. VAT is due on the goods and services purchased from abroad. In case the recipient in the State is a registered person with the Federal Tax Authority for VAT purposes, VAT would be due on that import using a reverse charge mechanism. In case the recipient in the State is a non-registered person for VAT purposes, VAT would be paid on import of goods from a place outside the GCC. Such VAT will typically be required to be paid before the goods are released to the person. A business must register for VAT if their taxable supplies and imports exceed the mandatory registration threshold of AED 375,000. Furthermore, a business may choose to register for VAT voluntarily if their supplies and imports are less than the mandatory registration threshold, but exceed the voluntary registration threshold of AED 187,500. Similarly, a business may register voluntarily if their expenses exceed the voluntary registration threshold. This latter opportunity to register voluntarily is designed to enable start-up businesses with no turnover to register for VAT.

To promote growth and expansion in investment and trade with UAE, the Ministry of Finance (MoF) has an agreement with its trading partners to avoid double taxation on income between UAE and foreign countries. The agreements on the avoidance of double taxation aim to ensure fairness across the board of taxpayers, companies or individuals, and protecting the national economy. These agreements also aim to support the principles of transparency and information exchange to strengthen UAE's position as a global financial and trade hub. UAE has signed 94 agreements with other nations to avoid double taxation on investment overseas, and among Central Asian countries it has agreements with Tajikistan, Azerbaijan, Uzbekistan, Kazakhstan, and the agreement is under ratification for Kyrgyzstan.

A customs declaration form is produced for any goods entering or leaving the country; the goods are then presented to the customs authorities at the nearest customs office. All papers are required to be ready before products are shipped, and for customs declaration they should be ready upon the arrival of goods/products to port. In addition to the manual customs declaration procedure, Dubai customs provides an online service for paying any outstanding bills, surcharges or customs fines and top-ups on their customs duty accounts. Every import consignment must be supported by the following documents:

- Delivery order from a shipping agent addressed to a company licensed in the UAE;
- Original bill of loading (for seaports);
- Original invoice from the exporter addressed to a licensed importer in the country, detailing total quantity, goods description and total value for each item (in triplicate)*;
- Copy of the trade license of the buyer and seller;
- Certificate of origin approved by the Chamber of Commerce in the country of origin detailing the origin of goods*;
- Transport certificate*;
- Customs entry declaration;
- A form or letter of exemption from customs duties in cases where exemption requirements are fulfilled, including a Local Purchase Order (LPO);
- Detailed packing list: weight, method of packing and HS code for each individual article contained in the shipment*;

- Import permit from the competent agencies in the event of importing restricted goods*;
- A health certificate or, for processed goods, an export certificate confirming that the product is fit for human consumption;
- A non-radiation certificate (optional for European products)*;
- Transport documents required for import clearance.

Further customs and tariff requirements may be found in *Table 17*

Table 17: Additional customs-related information

Import tariff information
https://www.export.gov/article?id=United-Arab-Emirates-Import-Tariffs
http://www.dubaicustoms.gov.ae/en/eServices/ServicesForBusinesses/ClaimsRefund/Pages/PayCustoms.aspx
https://www.export.gov/article?id=United-Arab-Emirates-Import-Tariffs
http://www.dubaitrade.ae/knowledge-centre/laws

Additional costs of warehousing and administration apply in the UAE

Goods placed in the yards and warehouses of the customs office are subject to storage, handling and insurance charges, and other services required for the storage and inspection of goods are charged at the applicable rates. However, storage charges normally do not exceed 50% of the estimated value of the goods. If the warehouses are administered by entities other than the customs office, additional charges can be levied according to the provisions and rates specified between the parties. Goods may be subject to charges for stowage, sealing, analysis and all services rendered.

6.8 OVERVIEW OF OPPORTUNITIES IN THE UAE MARKET FOR CENTRAL ASIAN SUPPLIERS

Beef and lamb may present opportunities for Central Asia

As the UAE strongly relies on imports of beef and lamb, there is an opportunity for Central Asia, and Kazakhstan in particular, to offer produce to the UAE market.

* Documents must be attested by the Embassy of the United Arab Emirates and the Chamber of Commerce in the country of origin of the products.

However, similar to fruit supplies, due to the premium requirements in the food market in general, UAE importers are interested in the highest-quality produce at competitive prices. Moreover, halal certification is a pre-requisite for the UAE market. As Central Asia producers are able to produce halal meat, this is the segment on which to focus with regard to the UAE. However, Central Asian producers should be mindful of the quality of meat produce in terms of chemical content, and freshness as UAE has specific high quality standards for meat products, both at regulatory level as well as composition level as per GCC Standard Organization.

Perhaps a good strategy for market entry would be to offer supplies over the busiest periods of Islamic festivals such as Ramadan and Hajj celebrations, so Central Asian suppliers would benefit from higher price points, while proving high-quality produce for the tables of celebrating consumers.

Central Asian producers must invest in marketing projects in order to raise awareness of Central Asian produce amongst UAE importers; otherwise, market entry may be rather lengthy and complicated.

7. PRIORITY EXPORT MARKETS: CHINA

7.1 CHINESE MEAT MARKET OVERVIEW

Healthy living drives demand away from meat to other protein sources

The rising healthy living trend is driving Chinese consumers to consciously cut their meat consumption, whilst shifting their protein intake to seafood and non-animal-based protein. Moreover, the increase in the older population is expected to accelerate over the forecast period, resulting in a notable reduction in meat consumption per household. Furthermore, aiming to improve public health, as well as cut greenhouse gas emissions, the Chinese Nutrition Society issued an updated version of the Dietary Guidelines in 2016, which recommend consumers reduce meat consumption by 50% to 280-525g per week. Therefore, the volume of meat consumption in China is expected to slow down. [Euromonitor. Fresh food, 2017].

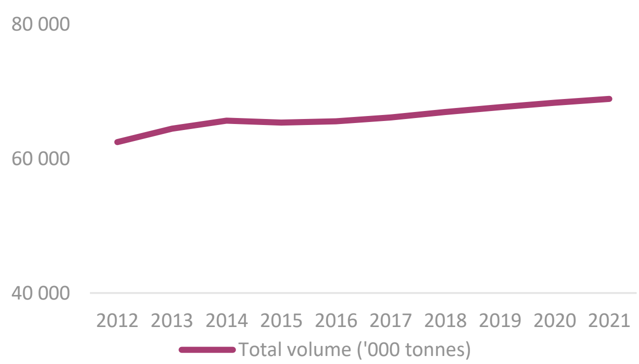
Environmental protection law challenges Chinese pork producers

In 2015, the Chinese government revised the Environment Protection Law, limiting the discharge standards allowed for farms. Such a legal predicament pushed many pig farms out of business, as they failed to comply with the discharge standards. As a result, the domestic production of pork significantly declined in 2015 and 2016, resulting in sharp price increases for pork products. At the same time, the beef and lamb markets remained stable and welcomed previous pork consumers, benefiting from stable price points as well as a healthier and more nutritious offering, full of keratin, vitamin B and less fatty substances. Consequently, beef and veal registered the fastest volume growth, largely thanks to rising health awareness amongst consumers [Euromonitor. Fresh food, 2017].

Insufficient domestic bovine and sheep production calls for imports

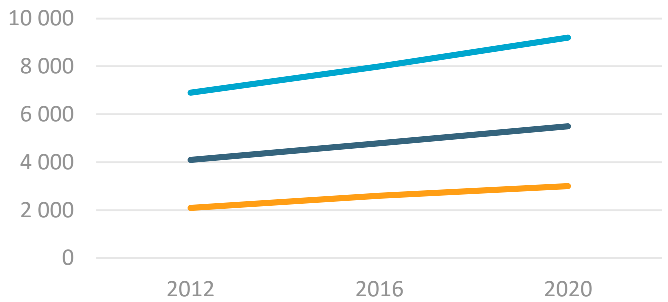
Domestic meat consumption at the total level stood at 65.5 million tonnes in 2016 (see *Chart 13*). Domestic production of bovine and sheep meat saw a stable volume increase over the historic period. According to the National Statistics Bureau of China, the production of bovine meat amounted to 7.2 million tonnes in 2016, with a CAGR of 2.0% from 2012 to 2016. However, it hardly meets domestic demand. It is

Chart 13: Meat market size in China



Source: Euromonitor. Fresh food, 2017

Chart 14: Meat market size in China ('000 tonnes)



Source: National Statistics Bureau of China

reported that the annual consumption of bovine meat increased from 6.9 million tonnes in 2012 to 8.0 million tonnes in 2016 (see *Chart 14*), while the per capita consumption of bovine meat increased from 4.9kg to 5.9kg from 2012 to 2016. This indicates that there is a shortage of domestic beef supply in the market.

The local production of sheep meat is lower than that of bovine meat, and the total production volume of sheep registered 4.6 million tonnes in 2016, growing by a CAGR of 3.4% from 2012 to 2016. Similarly, the annual consumption of sheep meat also increased, from 4.1 million tonnes in 2012 to 4.8 million tonnes in 2016. The per capita consumption of sheep meat climbed to 3.5 kg in 2016. A shortage of supply of sheep meat is also seen in China.

The production volume of sausages only occupies approximately 5% of total pork production. In addition, there is an oversupply of sausages in the market, as the export volume is 16 times higher than the import volume.

7.2 OVERVIEW OF CHINESE MEAT MARKET REQUIREMENTS

Higher health awareness and price advantages are driving forces specific to imported meat

As more Chinese consumers adopt a healthy lifestyle, the beef market is prospering, focusing on positioning bovine meat as high-quality protein, containing minerals and B group vitamins, whilst also providing a low fat content. Furthermore, the nutritional value of beef proves effective in enhancing the immune system, iron levels and blood health, in addition to its anti-ageing effect. Meanwhile, sheep meat has lower fat and cholesterol levels than beef and pork. Its delicate texture allows it to be easily digested and absorbed. According to traditional Chinese medicine, sheep meat is "warm in nature"; thus, could help to improve immunity.

The demand for imported bovine and sheep meat is fostered by the price advantage foreign suppliers' offer in contrast to the domestic market. This is because Chinese farms are relatively small-scale and need heavy investment to run their operations, whilst large-scale foreign farming faces relatively low-cost operations due to economies of scale, thus allowing for lower prices for imports than for domestic produce. The 13th Five Year Plan continued to drop the tariffs on Australian sheep and bovine meat imports, and offered tariff-free access for New Zealand sheep meat.

Fresh, standardised and healthy meat and sausages are welcomed by Chinese consumers

Currently, the typical preferences of Chinese consumers in terms of meat cuts depend on the meat variety. For example, in bovine meat, tenderloin, brisket and oxtail cuts are dominant, while in sheep meat, lamb chops, sheep ridge and lamb leg are the best-selling cuts (see *Table 18*). The preference in sausages is for traditional Chinese sausages, including Cantonese (salty) and Sichuan (spicy), which are made of meat and seasoning, usually air-dried, and need to be cooked before eating. Another subcategory of sausages available in China is Western sausages, which are made not only of meat, but also starches and seasonings and are ready to eat. In some cases, there are also frozen Western sausages which need to be cooked.

Across all categories, the majority of beef and lamb is consumed fresh and/or chilled, while sausages are usually processed and can be stored in ambient or chilled conditions. Consumers' preferences for specific meat cuts are primarily influenced by cooking methods and recipes. For instance, beef tenderloin is favoured as it has the best texture for braised beef. In addition, sirloin, fillet and rib-eye are popular when preparing steaks. Lamb legs are widely used for mutton skewers, while lamb ribs are cooked for lamb chops. In terms of sausages, most Chinese consumers prefer Chinese-style, which are prepared for meals, while ready-to-eat Western sausages can serve as snacks. Overall, consumer preferences in bovine and sheep meat and sausages have not changed over the years.

Table 18: Chinese consumer meat preferences

Bovine meat	
Cut(s)	Cattle tenderloin, fillet steak, rib-eye steak, cattle ridge (i.e. sirloin)
Format	The most preferred format is fresh, followed by chilled. Frozen is only preferred for steaks
Packaging and storage	Unpackaged for fresh and chilled meat, and vacuum box packages for frozen meat
Sheep meat	
Cut(s)	Lamb ribs, lamb legs, sheep neck, etc.
Format	Fresh
Packaging and storage	Unpacked

Sausages

Variants	Chinese–style sausages (salty or spicy, air-dried); Western-style sausages (ready to eat as snacks)
Packaging and storage	Vacuum packaging, stored in ambient conditions

Slight seasonality of demand for meat and sausages throughout the year

There are two peak seasons for lamb throughout the year in China. The first is from early June to late September, due to demand for mutton skewers in the night markets. The other is in the winter, from early December to late February, driven by the traditional Chinese medicine theory that winter lamb could improve health, as well as the demand for meat during the Chinese New Year. Usually, the Chinese New Year is in February, during which Chinese people often visit relatives and friends and eat out frequently. Hence, the demand for meat reaches its highest point in the year. Similarly, for bovine meat, the Chinese New Year season from December to February is the high demand period. Sausages are less affected by seasonality of demand, as these are not eaten during festive meals.

Domestic supply typically faces an off-season period from September to December. It is up to processors to ensure that the stock levels are able to meet the off-season consumption demand. However, as the local demand for meat products is increasing and there is year-round demand for meat products from hotels, Western restaurants and Chinese hotpot restaurants, there are no significant differences between peak periods and off seasons.

In line with seasonal demand, beef and lamb see price rises over festive periods

Price points of bovine and lamb meat see fluctuations, with spikes around the Chinese New Year celebratory period, as supply reacts to the increased demand. Following the New Year, the price points tend to go down, as from March to April demand for meat is typically substituted with the demand for the new in-season vegetables. As the vegetable harvest matures, the demand for meat normalises until August, when for a couple of months, the domestic meat market sees a surge of supply, as farmers often choose to sell cattle before the cold season starts, hence leading to a fall in price points (see *Table 19*).

Typically, lamb prices increase during January to March, fall between April and September, and peak again over the period October-December. Prices in February reach the maximum annual value, as a result of high demand for winter lamb, which is considered to improve health. The lower prices during April to September mainly result from the large short-term supply of mutton, as sheep are usually slaughtered between July and October in China. In October, although there is still a large domestic supply of sheep meat, the cooling weather and the National Day holiday lead to high mutton consumption.

Therefore, prices rebound in October. In addition, at the Chinese New Year the prices of sheep meat become their highest during the year.

As sausages are processed and can be consumed all year round, the prices of sausages are not greatly affected by seasonal changes, although demand is slightly higher in the winter. Factors affecting prices include the prices of raw materials (i.e. pork), cost of ingredients (e.g. seasonings, casings, etc.) and labour costs, which do not fluctuate greatly throughout the year.

Table 19: Average retail price observations for meat in China, 2016

	Modern retail chain	Open market
Bovine meat (chilled or frozen)		
Minimum price	RMB76.0/kg	RMB60.0/kg
Maximum price	RMB3,180.0/kg[1]	RMB130.0/kg
Average price	RMB120.0/kg	RMB85.0/kg
Sheep meat (chilled or frozen)		
Minimum price	RMB68.0/kg	RMB48.0/kg
Maximum price	RMB398.0/kg	RMB105.0/kg
Average price	RMB100.0/kg	RMB60.0/kg
Sausages		
Minimum price	RMB18.0/kg	RMB35.0/kg
Maximum price	RMB150.0/kg	RMB45.0/kg
Average price	RMB30.0/kg	RMB100.0/kg

Source: Open market, Carrefour, Wal-Mart, Century Mart, Ole, Tmall.com

[1] Imported high-end steak from Australia, sold in premium supermarket

Quality of meat is important to both industrial and end consumers

Similar to other product categories, both product quality and price are important to end consumers. On the one hand, most consumers value product quality in order to ensure safety of consumption. On the other hand, products should not be overpriced, so they remain affordable to the mass-market. Some high-end consumers, primarily residing in first-tier cities such as Hangzhou, Shanghai, Beijing, Shenzhen, Harbin and Qingdao, put quality as the primary purchasing criteria, and are willing to pay higher prices for better-quality products, in order to ensure both their health and social status. Industrial consumers of meat pay attention to the hygiene and quality of products, considering the regulation requirements regarding food safety and hygiene. Overall, quality is still the primary concern, and valid price is also a factor for consideration.

Sausages sees significant competition from substitute products

The nutritional value of beef and lamb is higher than that of the most widespread meat in China: pork. As living standards increase and as consumers are looking for nutritious foods, beef and lamb do not see competition from direct substitutes. However, sausages can easily be substituted by pork or pork products, such as bacon and ham, as well as pre-cooked meats available in delicatessens.

Halal bovine and sheep meat is an important market for manufacturers

Some northern parts of China demand bovine and sheep meat conforming to halal dietary requirements. There are in total 10 ethnic minorities with halal food requirements, and the total population of Muslims in China is over 20,000,000. They still have the habit of raising cattle and sheep and producing meat themselves. This meat is also widely accepted by people without halal dietary requirements. Usually halal certification is required, which can be applied for at the China Islamic Association.

7.3 OVERVIEW OF IMPORT COMPETITION IN CHINA’S MEAT MARKET

Domestic beef and lamb supply is insufficient

Despite the stable yet marginal growth of local meat production, domestic supply is not able to fully cover the demand. China is not a traditional livestock husbandry market, having a limited cattle and sheep rearing industry, facing relatively high production costs, all leading to limited supply of beef and lamb. This supply situation is expected to continue for the mid-term future at least, as efficiency developments are slower than the rising demand.

However, the highly pork-oriented Chinese market is able to fully meet domestic demand for sausages. The main domestic suppliers include Yurun, Jinluo and Shuanghui, which are leading players with a wide variety of pork meat products, including sausages, ham and bacon.

High imports of frozen and chilled bovine meat, mainly from South America

In China, frozen and chilled bovine meat mainly comes from South America. According to official customs data, imported volume sales of chilled and frozen beef amounted to 579,835 tonnes, accounting for 8.1% of local production of all kinds of bovine meat. The leading exporting countries for frozen and chilled bovine meat include Brazil (29.5%), Uruguay (26.8%), Australia (19.1%), New Zealand (12.4%), Argentina (9.0%), and countries such as Canada, Chile and Costa Rica. South American countries such as Brazil, Uruguay, Chile and Argentina have a higher yield of bovine meat at lower costs, thus enjoy price advantages. Australia mainly provides high-end products with low prices and fair quality and enjoys preferable tariffs according to the FTA between China and Australia [UN Comtrade].

New Zealand and Australia are the absolute leaders in lamb imports

According to official customs data, the import volume of chilled and frozen sheep meat was 220,063 tonnes in 2016, taking a 4.8% share of domestic production of total sheep meat. The main importing countries for frozen and chilled lamb include New Zealand (62.1%) and Australia (36.3%), and the rest (<2%) is imported from Chile, Uruguay and Mongolia. New Zealand and Australia not only have strong supply of lamb at high quality, but also enjoy favourable tariffs owing to the FTA signed with China [UN Comtrade].

Low demand for sausages from overseas markets

Sausages are largely supplied domestically. The import of sausages was only 1,806 tonnes in 2016, which occupies a negligible share of local production. South Korea is China's largest sausage importing country, accounting for 89.2% of total imports in 2016, with the remaining countries accounting for less than 1%. South Korea's imports are mainly sold as casual snacks for children [UN Comtrade].

There are no imports of meat from Central Asian countries

As Central Asian countries are not granted permission to export meat products to China, there is no existing trade between China and these countries.

7.4 OVERVIEW OF CHINA'S REGULATORY LANDSCAPE

Strict regulation of meat imports by the Chinese government

The Chinese government has released a series of laws and regulations to control the quality of imported meat products, in order to ensure that all imports of meat and meat products conform to national standards in terms of inspection, quarantine access and prevention of animal deceases, such as foot-and-mouth disease, avian influenza and many others (see *Table 20*)

Inspection and quarantine access is a prerequisite for countries and exporters to export meat to China

In order to conduct meat trading with China, export countries should obtain inspection and quarantine access first, and be listed on the “List of products from countries and regions meeting relevant assessment requirements or having traditional trades with China”, developed by the General Administration of Quality Supervision, Inspection and Quarantine (SAQSIQ).

First of all, the Ministry of Agriculture of the exporting country should submit its written application to SAQSIQ. The Chinese authorities then send a questionnaire to the exporting country. The questionnaire includes information regarding the production environment, production scale and risk control system and quarantine situation for exporting agricultural products. The Chinese authorities will analyse the questionnaire and decide whether to initiate the assessment review procedure. If the case is initiated, a field inspection is required.

The field inspection covers an inspection of the production environment, processing enterprises, processing technology, product packaging, logistics, etc. The two sides consult on the contents of the inspection and quarantine health protocol for related products to be exported to China. After reaching agreement, both sides sign and confirm the contents and format of the health certificate.

After completion of the above assessment procedures, the enterprises which plan to export meat products to China from the exporting country should be registered in China in accordance with the Provisions on the Administration of Registration of Foreign Enterprises Producing Imported Food (Order No. 145 of the General Administration of Quality Supervision, Inspection and Quarantine). Meanwhile, the exporting country should provide the product offerings, annual production capacity (unit in tonnes), the signature of a veterinary officer and other information of the registered enterprises to the Chinese State Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China. Only after the registered enterprises in China are included in and listed on the “List of meat product categories from countries or regions meeting the assessment requirements” and published on the SAQSIQ website, are the registered enterprises from the exporting countries allowed to export meat products to China.

Table 20: China's meat import-related regulations affecting Central Asian suppliers

Summary of the legislation	Implications for exports from Central Asia
Foreign Trade Law of The People's Republic of China	
Document location: Complete regulation (Chinese).	
This Law is formulated with a view to developing foreign trade, maintaining foreign trade order and promoting the healthy development of the socialist market economy.	Regulates the import of goods and techniques at the top level.
Customs Law of the People's Republic of China	
Document location: Complete regulation (Chinese).	
This states the provisions for import and export in terms of transport, goods, tariff and law enforcement.	Regulates the transportation means, customs clearance and tariffs on imported goods at the top level.
Regulation of the People's Republic of China on the Administration of the Import and Export of Goods	
Document location: Section II of Chapter II (Chinese).	
This Regulation regulates the import and export of goods in China.	Meat and meat products are the restricted import categories.
Law of People's Republic of China on the Entry and Exit Animal and Plant Quarantine	
Document location: Chapter II (Chinese).	
It regulates the inspection and quarantine of imported animals and plants, including frozen and chilled meat.	Central Asian countries should apply for meat import permission if they want to export meat to China, and their products need to be inspected and quarantined for access permission
Measures for the Supervision and Administration of the Inspection and Quarantine of Imported and Exported Meat Products	
Document location: Complete regulation (Chinese).	
These measures shall be applicable to the inspection and quarantine of imported and exported meat products and the supervision and administration thereof.	Imported meat products must conform to the provisions of the laws and administrative regulations of China, the requirements of the national food safety standards, the inspection and quarantine requirements provided for in the relevant agreements, protocols and memos signed by China with the exporting countries or regions and the quarantine requirements stated in trade contracts.

	The SAQSIQ shall, based on the provisions of laws and administrative regulations of China, the requirements of the national food safety standards and the risk analysis result of epidemic situation, epidemic diseases, toxic and hazardous substances of domestic and overseas meat products, and in light of the effectiveness evaluation on the quality and safety management systems of countries or regions intending to export meat products to China, formulate and announce the inspection and quarantine requirements for imported meat products to China; or sign inspection and quarantine agreements with countries or regions intending to export meat products to China, and determine the inspection and quarantine requirements and the relevant certificates. Exporters and agents of exporters of meat products to China shall be subject to the record filing management of the SAQSIQ, and the list of exporters and agents who have made record filing shall be regularly announced by the SAQSIQ. The registration and administration of overseas production enterprises of imported meat products shall be governed by the relevant provisions of the SAQSIQ.

Provisions on the Administration of Registration of Foreign Enterprises Producing Imported Food

Document location: Complete regulation (Chinese).

These provisions apply to the registration, supervision and administration of foreign enterprises engaging in the production, processing and storage of food exported to China	Conditions for the registration of a foreign enterprise producing imported food are as follows: (1) the veterinary service system, plant protection system and public health administration system that are relevant to registration in the country (region) where the foreign enterprise producing imported food is located have passed appraisal; (2) the animal and plant materials used in the production of food to be exported to China are from regions not stricken by epidemic. Where the food to be exported to China is at potential risk from animal and plant diseases, the competent authorities in the country (region) where the foreign enterprise is located shall provide documents and relevant scientific materials proving that such risks have been eliminated or kept under control; and

	(3) the foreign enterprise shall be approved by the competent authorities in the country (region) where the foreign enterprise is located and be under the effective supervision and administration of the competent authorities. The sanitary conditions of the foreign enterprise shall comply with Chinese laws, regulations and standard specifications.

Food Safety Law of the People's Republic of China

Document location: Complete law (Chinese), Complete law (English)

This Law is formulated to assure food safety and safeguard people's health and life. The following business activities carried out within the territory of the People's Republic of China shall abide by this Law: 1) Food production and processing; food sales and catering service; 2) Production and trading of food additives; 3) Production and trading of packing materials, containers, detergents/disinfectants for foods, as well as tools and equipment used in food production and trading; 4) Food additives and food-related products used by food producers and traders; Food storage and transportation; Safety management of food, food additives and food-related products.	The new food safety law came into force on the 1st October 2015. Currently China Food and Drug Administration (CFDA) is the main, central authority for food safety. Other ministries who also share regulatory competences in this matter are The General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) which overview food import/export and The National Health and Family Planning Commission of Peoples Republic of China (NHPFC) which is in charge of risk assessment. Traceability is a key principle of the new law, aiming to pursue food safety across the supply chain, including producers, traders, caterers, authorities, consumers, and media. Producers and traders are obliged to recall non-compliant or unsafe products. Sanctions for incompliance include criminal liability, punitive damages or fines of 20 to 30 times the value of the non-compliant products. Imported foods, food additives and food-related products shall comply with China's national food safety standards. Imported foods and food additives shall pass inspection by the exit-entry inspection and quarantine agencies (CIQ) pursuant to laws and administrative regulations. Imported foods and food additives shall be accompanied by inspection certificates, as required by AQSIQ. Overseas exporter and producers shall guarantee that the foods, food additives, and food related products exported to China comply with requirements of this Law, other Chinese administrative laws, regulations and the national food safety standard; they shall be responsible for content of the food labels and instructions. Imported food produce that does not have specific food safety standards in China is now allowed to apply for ad hoc approval by submitting documents providing compliance with foreign and international safety standards.

Regulation on the Implementation of the Food Safety Law of the People's Republic of China

Document location: Complete regulation (Chinese)

This Regulation is formulated in accordance with the Food Safety Law of the People's Republic of China (hereinafter referred to as the "Food Safety Law").	The food producers and business operators shall, in accordance with laws, regulations and food safety standards, engage in production and business operation, establish and improve the food safety management system, and take effective management measures to ensure food safety. The food producers and business operators shall be responsible for the safety of food which they produce and deal in, be responsible to the society and the general public, and bear the social responsibilities.

NHFPC Food safety standards

Document location: List of Standards (English)

List of 37 National food safety standards include food additives, testing methods, specific food product and hygienic practice for food operation.

- Procedures for toxicological assessment on food safety – GB15193.1-2014
- Good laboratory practice of food toxicology – GB15193.2-2014

China CFDA Food Safety Sampling Inspection regulation

Document location: About the regulation (English)

China Food and Drug Administration (CFDA) issued Food Safety Sampling Inspection regulation, containing 53 articles and specifying planning, sampling, inspection, treatment method and legal liability of food sampling inspection.	**Food manufacturers or distributors are responsible for food safety** It is manufacturers and distributors duty to stop selling unqualified products and actively assist the government to solve the food safety problem. **Increased legal obligation of food inspection institution** Increase penalties for the misconduct of food inspection institution. Food safety inspection institutes presenting false testing reports, seeking illegal benefits or illegally releasing information will face penalties or annulment of qualification. **Sampling focus** ▪ Food with high risk, increasing pollution level, high consumption, large number of customer complaints or obvious security risk; ▪ Main and subsidiary foods especially for high risk groups (eg infants, pregnant women, etc)

	▪ Collective meal distribution units, school canteens and scenic catering services ▪ Foods, which caused healthy issues in foreign countries **Improving the re-examination procedures of disqualified results** Food Safety Sampling Inspection Regulation stipulates that food manufacturers can submit written application for re-examination within 5 days after receiving the disqualification report. The inspection agency shall draw a re-examination conclusion within 10 days after receiving the backup sample. However the regulation also indicates that if the samples were tested with microbial overweight or the backup samples are beyond expiration date, the application for re-examination will not be accepted. **Simplifying the authenticity dissent handling procedure** Food manufacturers or distributors can submit written application and related materials of the food authenticity within 5 days after receiving the disqualification report.

Food Contact Material Standards

Document location: About the regulation (English)

National Health and Family Planning Commission of the People's Republic of China (NHFPC) released 53 Food safety national standards including 52 standards on food contact materials and articles (herein called FCM) on 18 November 2016.	The standard consists of: **2 General standards** General safety requirements in regards to food contact materials and packaging **10 Product standards** Specifies particular requirement to various contact materials, such as plastic, enamel, ceramic, etc **40 testing standards** Specifies requirements and procedures of testing

Leading meat importers benefit from FTAs with China

Similar to other categories, with China's accession to the WTO in 2002, China offers Most Favoured Nation (MFN) treatment to all WTO members. In addition, China has signed free trade agreements with several countries to facilitate bilateral and multilateral import and export trade. By August 2017, China had signed 11 bilateral FTAs (with Georgia, Australia, South Korea, Switzerland, Iceland, Costa Rica, Peru, New Zealand, Singapore, Pakistan and Chile) and two multilateral FTAs (with ASEAN (the Association of Southeast Asian Nations) and the Asia-Pacific Trade Agreement).

Table 21: China's bilateral and multilateral trade agreements affecting the meat trade

Summary of the legislation	Implications for exports from Central Asia
Free Trade Agreement between China and Australia	
Document location: Complete FTA (English).	
Strengthen the economic partnership and further liberalise bilateral trade and investment to bring economic and social benefits	Conventional tariffs for the following products in 2017: 1) Frozen and chilled bovine meat 0201.10.00 – 14.0% CIF 0201.20.00 – 8.4% CIF 0201.30.00 – 8.4% CIF 0202.10.00 – 17.5% CIF 0202.20.00 – 8.4% CIF 0202.30.00 – 8.4% CIF 2) Frozen and chilled sheep meat 0204.10.00 – 10.0% CIF 0204.21.00 – 15.3% CIF 0204.22.00 – 10.0% CIF 0204.23.00 – 10.0% CIF 0204.30.00 – 10.0% CIF 0204.41.00 – 15.3% CIF 0204.42.00 – 8.0% CIF 0204.43.00 – 10.0% CIF 0204.50.00 – 13.3% CIF
Free Trade Agreement between China and New Zealand	
Document location: Complete FTA (English).	
Encourage the expansion and diversification of trade between the parties, eliminate barriers to trade in, and facilitate the cross-border movement of goods and services between the parties.	Zero tariff for frozen and chilled bovine and sheep meat.

Free Trade Agreement between China and Chile Document location: Complete FTA (English)	
Committed to strengthening the special bonds of cooperation between China and Chile.	Zero tariff for frozen and chilled bovine and sheep meat.
List of meat product categories from countries or regions meeting the assessment requirements (Updated on August 23rd, 2017) Document location: Complete list (Chinese)	
According to the list, none of the Central Asian countries are allowed to export meat products to China.	In order to export meat products to China, Central Asian countries must first be listed on the list and obtain permission.
Provisions on the Administration of Registration of Foreign Enterprises Producing Imported Food (Order No. 145 of the General Administration of Quality Supervision, Inspection and Quarantine) Document location: Complete regulation (Chinese)	
This explains the registration conditions and procedures for foreign enterprises producing imported food.	Enterprises which plan to export meat products to China from the exporting country should be registered in China in accordance with this regulation.

One Belt One Road Initiative is expected to facilitate trade between China and Eurasian countries

The One Belt One Road Initiative (OBOR) is a development strategy proposed by China's leader Xi Jinping, which focuses on connectivity and cooperation between Eurasian countries, primarily the People's Republic of China (PRC), the land-based Silk Road Economic Belt (SREB)[2] and the ocean-going Maritime Silk Road (MSR)[3]. The strategy underlines China's promotion of a China-centred trading network by investing heavily in infrastructure in countries along the old Silk Road linking it with Europe. Its ultimate goal is to make Eurasia a strong economic and trading area, with this route being as important as the transatlantic route.

The OBOR initiative is geographically structured along six corridors, as well as the Maritime Silk Road, including: New Eurasian Land Bridge (running from western China to western Russia); China–Mongolia–Russia Corridor (running from northern China to eastern Russia); China–Central Asia–West

[2] Including five provinces in northwest China (i.e. Shaanxi, Gansu, Qinghai, Ningxia, and Xinjiang) and four provinces in southwest China (i.e. Chongqing, Sichuan, Yunnan and Guangxi)

[3] The Maritime Silk Road, officially the 21st Century Maritime Silk Route Economic Belt, is a Chinese strategic initiative to increase investment and foster collaboration across the historic Silk Road. China–Pakistan Economic Corridor is an extension to the proposed Silk Road.

Asia Corridor (running from western China to Turkey); China–Indochina Peninsula Corridor (running from southern China to Singapore); China–Myanmar–Bangladesh–India Corridor (running from southern China to Myanmar); China–Pakistan Corridor (running from southwest China to Pakistan); and Maritime Silk Road (running from the Chinese coast through Singapore to the Mediterranean).

It is expected that with this initiative and the associated infrastructure investment, foreign trade between China and the countries along these corridors will be further facilitated, and Central Asian countries will definitely benefit from this initiative.

7.5 OVERVIEW OF CHINA'S MEAT IMPORT SUPPLY CHAIN

Domestic consumption is the main import purpose

Meat imported to China is aimed at domestic consumption, rather than further re-export. Chilled and frozen produce find success with food processors, including restaurants and delicatessens, as well as food processors, whilst fresh meat is typically cooked at home by end consumers. A typical meat import supply chain to industrial customers starts from export market production. Importers, which are listed and have the right to directly import meat from abroad according to the regulation, purchase meat from the exporters in the origin countries and sell the produce to primary distributors and/or wholesalers (see *Figure 7*). Industrial consumers, for instance hotels, restaurants, meat processing enterprises, etc. then purchase from the primary distribution market. Some of them purchase directly from importers. Typically, importers do not have any minimum volume requirements and deal with any suggested volumes. However, as typically imported meat is packed in containers, it is reasonable for importers to deal with a minimum of one container of meat.

Figure 7: Meat imports to China B2B supply chain

It is also observed that some wholesalers directly sell pre-packaged meat to customers such as chained hypermarkets, premium supermarkets, food department stores, etc (see *Figure 8*). Some international groups of hypermarkets have their own importing subsidiaries and will import directly from abroad, as large quantities allow them to negotiate prices.

Figure 8: Meat imports to China B2C supply chain

Quarantine access is the first step towards imports

Chinese buyers of meat products are highly fragmented. There are over 2,700 importers of meat products throughout the country. As China has a vast territory, importers are only dominant in certain regions. According to the Measures for the Supervision and Administration of the Inspection and Quarantine of Imported and Exported Meat Products, Chinese importers of meat products should obtain the qualification of receiving imported meat products and be listed on the "List of Consignees of Imported Meat Products". Currently there are 2,741 enterprises listed which are allowed to import meat from foreign countries, such as COFCO Meat Products (Beijing) Co Ltd, Shunxin (Beijing) International Trade Co Ltd, Shanghai Dajiang (Group) Co Ltd and CR Ng Fung (Shenzhen) Co Ltd.

Meat can only be imported through designated ports after inspection and quarantine

Meat can only be imported through ports designated for inspection and quarantine. Currently, there are a total of 68 designated ports. The main ones include the ports of Tianjin, Shanghai and Shenzhen. Shanghai is a major port, as imported meat can be further transported to various coastal regions. Tianjin port can supply the entire domestic market. However, inland ports have no such advantages due to limitations on the sales regions.

There are no designated ports in Northwest China, which means there are no designated ports in Xinjiang province, which borders Central Asian countries.

Marine is the main transportation method

Different designated ports allow different import methods. Overall, maritime transport has the largest proportion, as most ports are located along the east coast of China, and it has cost advantages compared with other methods. Although marine comes with cost savings, it takes more time. Meat from South America is usually transported by sea and takes a particularly long time to reach the Chinese market. Air transport has advantages in terms of delivery time and is usually used for chilled meat, but it is relatively expensive. Transport of European meat is currently dominated by marine transport. Road transport is mainly used for domestic meat distribution.

Domestic importers are usually responsible for inland transportation of imported meat in the domestic market

CIF (Cost, Insurance and Freight clause, requiring a seller to arrange for the carriage of goods by sea to a port of destination) and FOB (Free on Board clause, stipulates that the supplier is responsible for the goods and transportation until the goods reach the import port (border), from where the buyer takes responsibility) clauses are widely used in domestic trades related to the import of meat. Imported meat is shipped to China from abroad by shipping companies. Upon arriving at the ports, domestic importers will entrust third-party customs service companies to assist with customs clearance of goods. After the customs clearance of imported products, domestic importers will arrange logistics agencies to distribute the products directly to the food processing enterprises or downstream distributors. In some cases, goods will also be transported to importers' own warehouses.

0°C to 4°C for chilled meat and –18°C for frozen meat during transportation

In China, there is a regulation for cold chain transportation of imported frozen and chilled meat products. According to "Practices for Cold-Chain Transportation of Livestock and Poultry Meat (GBT 28640-2012)", the temperature of meat should be checked to comply with the standard before transportation. The centre temperature of the chilled meat of livestock or poultry should be between 0°C and 4°C, while the centre temperature of frozen meat of livestock and poultry should be lower than –18°C.

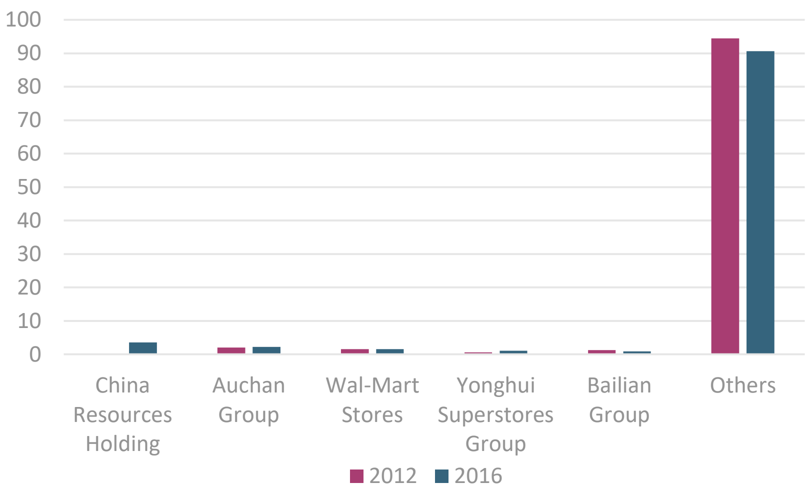
In addition, the temperature of the compartment should be checked. When the compartment temperature is higher than that of the product temperature, the compartment should be cooled in advance to the respective standard temperature. The standard compartment temperature for chilled meat should be lower than 7°C, and that for frozen meat should be lower than –15°C.

During the transportation process, refrigeration trucks, thermally insulated trucks, refrigeration containers, refrigeration ships, refrigeration trains (for special purposes) and other transportation equipment with a thermal incubator should be used. Transportation vehicles should be equipped with temperature and humidity sensors and temperature and humidity automatic recorders, to monitor and record real-time temperature and humidity. All transport devices should be in good technical condition, such as functioning ventilation holes at the top, functioning drainage system and pad with air cycling functions.

7.6 OVERVIEW OF CHINA'S MEAT RETAIL LANDSCAPE

The Chinese retail market is highly fragmented, with the leading company holding just a 3.6% market share

Chart 15: Grocery retail landscape in China (value shares 2012, 2016)



Source: Euromonitor. Grocery retailing 2016

Grocery shopping in China was characterised by polarisation in 2016. Chinese consumers' shopping habits became increasingly polarised, as many consumers, especially those in higher-tier cities, started to focus more on convenience and quality, in line with their rising disposable incomes and the fast pace of work and life, although others were still more price-sensitive due to the economic downturn. Therefore, small formats and premiumisation became the major trends impacting grocery retailers in 2016, with many leading players adopting corresponding activities, such as opening convenience stores and boutique supermarkets. A growing number of retailers are shifting away from large store formats such as hypermarkets and supermarkets to concentrate on smaller store formats, such as convenience stores. This move aims not only to meet consumers' changing shopping emphasis on convenience, but also to follow an omni-channel strategy to maintain competitiveness. Some of the leading players, such as Carrefour and Yonghui, aimed to segment the market even further, by launching Easy Carrefour and Yonghui Membership Stores, providing more premium products, and in particular increasing the share of imported products.

Due to such significant retail market fragmentation, voluntary quality standards are not popular

Chinese retailers trust the checks, inspections and other quality controls run at government level. Nevertheless, retailers and other distributors do tend to run additional quality checks and inspections; however, they follow their own sets of rules, rather than a standard such as GLOBALG.A.P. Nevertheless, with retailers such as Auchan and Wal-Mart making their way into the Chinese market, typical conformity standards such as GLOBALG.A.P, HACCP, ISO22000 and IFS are expected to become more significant in the mid- to long-term.

7.7 OVERVIEW OF CHINA'S CUSTOMS AND DUTIES

Most Favoured Nation treatment for Central Asian countries

There are two taxes related to imported goods in China, namely tariffs and value-added tax.

Kazakhstan, Kyrgyzstan and Tajikistan enjoy Most Favoured Nation (MFN) tariffs when importing meat to China. According to MFN treatment, the tariffs vary from as low as 3% up to 25% (see *Table 22*). The amount of tariff is calculated based on the CIF value of imported goods and the tariff rate, using the formula: Amount of tariff = CIF value of goods * tariff rate.

Value-added tax for meat is usually 13%, which cannot be exempted. The calculation base for value-added tax is CIF value of goods plus tariff, using the formula:

Amount of value-added tax = (CIF value of goods + amount of tariff) * value-added tax rate

Through the historic period the rates of MFN tariffs and VAT did not undergo any changes.

Table 22: Key meat customs duties in China

Bovine meat	
Kazakhstan, Kyrgyzstan, Tajikistan (MFN)	HS020110: 20%; HS020120, HS020130: 12% HS020210: 25% HS020220, HS020230: 12%
Uzbekistan	70%
Sheep meat	
Kazakhstan, Kyrgyzstan, Tajikistan (MFN)	HS020410:15% HS020421:23% HS020422, HS020423, HS020430:15% HS020441:23% HS020442: 12% HS020443:15%

	HS020450: 20%
Uzbekistan	70%
Sausages	
Kazakhstan, Kyrgyzstan, Tajikistan (MFN)	15%
Uzbekistan	90%

Source: Ministry of Commerce of the People's Republic of China

Customs clearance of goods is usually taken care of by importers

Similar to other categories, tariffs and value-added tax should be paid to Chinese customs when the imported meat arrives in the ports in China. Usually, the importers of meat will take charge of the customs clearance of goods. In China, it is common for importers to delegate the customs clearance of goods to third-party customs service companies. A series of documents is needed for customs clearance of goods, among which are Certificate of Origin and Sanitary Certificate provided by the Ministry of Agriculture of the exporting country.

No additional costs for exporters

For imports of meat, most additional costs usually occur during the customs clearance of goods, such as various costs and charges for filing, inspection, quarantine, services and agency fees, which are usually borne by importers. Therefore, there are no additional costs for exporters during the whole procedure.

7.8 OVERVIEW OF OPPORTUNITIES IN THE CHINESE MARKET FOR CENTRAL ASIAN SUPPLIERS

Price reduction and quality improvement are necessary

The price of beef and lamb in China is higher than in other countries, as domestic costs of meat production (e.g. feeding costs and pasture management costs) are higher. Meanwhile, the level of agricultural subsidies in China is only half of that in the EU, and one fifth of that in Japan and South Korea. Price reductions for meat products are expected by Chinese consumers.

A fight against smuggled products is needed for bovine meat to control quality

Regulations regarding smuggling activities are necessary for meat products. As there is high demand for imported meat, lawbreakers smuggle bovine meat from the US to avoid tariffs. Some unscrupulous merchants also sell fake "imported meat" from domestic sources. Currently, the regulatory environment in the domestic market is undergoing transformation. Smuggled meat and fake products are now better controlled and reduced.

Opportunities for exporting differ for different categories of meat

There are opportunities for imported bovine meat. Currently, most bovine meat in the Chinese market comes from small, inefficient family farms. High costs make it hard to scale production, thus the supply cannot catch up with the increasing demand from domestic consumers. As a result, it is expected that imported bovine meat from Central Asian countries has advantages in terms of both price and quality, if the quality can be on par with bovine meat from other exporting countries. In addition, products from Central Asian countries have a shorter transportation period, making it easier to control logistics costs.

Opportunities also exist for sheep meat, especially in Northwest China, including Xinjiang province. The current products available in Xinjiang province mainly come from countries with higher production, such as Australia and New Zealand. More import channels are needed due to the constant changes in the diet of Chinese consumers. It should be noted that Central Asian countries have a similar farming environment and dietary habits to Xinjiang province. Therefore, meat from Central Asian countries is anticipated to be more acceptable to people from Xinjiang province; hence an important source of halal meat.

However, there is no opportunity for sausage exports. Currently, low-priced, high-quality sausages are available in the Chinese market, produced by local enterprises. Imported sausages only form a small proportion in the current market. In addition, there are many substitutes available for sausages (e.g. processed pork products such as ham, bacon, luncheon meat and canned processed pork).

8. IMPLICATIONS, GAP ANALYSIS AND RECOMMENDATIONS

8.1 TRADE REQUIREMENTS OF INTERNATIONAL MARKETS – IMPLICATIONS FOR CENTRAL ASIA

As all the markets have been discussed in isolation, in this section we will aim to bring the market findings together and discuss the key insights into Central Asian production and its export opportunities.

Table 23: Central Asian meat SWOT analysis

Strengths
Kazakhstan and Kyrgyzstan have meat on their agricultural agenda Central Asian producers, in particular Kazakh, and to some extent Kyrgyz producers, are able to offer chilled and frozen beef and lamb varieties to the priority markets. Kazakhstan and Kyrgyzstan both understand the potential of meat exports and aim to develop the meat sector further. **Some international meat presence has been achieved** Kazakhstan has managed to develop international trade with Russia in both bovine and sheep meat. With their eyes on China, Kazakh producers are working on obtaining a quarantine access permit to export meat to this market. Kyrgyzstan has established international trade with Iran, on the basis of successful international negotiation and inspections run by experts in the importing market, in order to assure quality requirements. **Competitive meat distributors are looking for value for money deals** The lower economic development of the Central Asian region results in lower labour costs and other cattle farming costs, making the final produce more affordable than that from other countries. **Health-aware consumers are turning down pork in favour of beef and lamb** Both beef and lamb are considered to be at the top of the healthy meat offering, as they are lean, have a low fat content, nutritious content of vitamins and minerals (supporting blood health and iron levels), as well as are great sources of protein for a balanced diet. In particular, lamb is considered as a healthy meat alternative, with some cultures, such as China, featuring the consumption of "winter lamb" as part of health improvement rituals.

Kazakhstan is one of the global leaders in terms of pasture availability

Kazakhstan enjoys a wealth of pasture suitable for cattle farming, being the fifth global market with regard to pasture area. Thus, Kazakhstan has the potential to increase meat production for both domestic and international trade.

Central Asian suppliers choose niche specialisations to target international markets

As both China and the UAE have high requirements in terms of meat quality, Kazakhstan has already adopted a law on the production of organic products, in order to appeal to Chinese consumers and buyers, while the UAE market is being targeted through halal certification, as this is the key pre-requisite of Muslim countries.

Regional cooperation in the meat development arena

As Kyrgyzstan aims to attract international investors into the county to support the development of its meat exports, an agreement on economic cooperation between Kazakhstan and Kyrgyzstan was established in 2016 based on the EAEU framework. According to the agreement, Kazakhstan provides Kyrgyzstan with financial aid of USD100 million. The first tranche of USD41 million is aimed at modernising customs, veterinary, phytosanitary and quarantine systems in accordance with international standards, as well as training Kyrgyz specialists.

Tajikistan and Uzbekistan continue developing the domestic meat market

Tajikistan and Uzbekistan continue their efforts to increase their meat production in order to satisfy their domestic need for meat and meat products; however, the key focus remains on the fruit and vegetables sector.

Central Asia's accession to international trade agreements positively affects trade

As Kazakhstan, Kyrgyzstan and Tajikistan are members of the WTO, they benefit from MFN treatment, whilst Uzbekistan is still in the very early stages of WTO accession.

Central Asia understands that global certification is the way forwards

With European buyers' requirement for GLOBALG.A.P or other global certification standards, Central Asian producers are in agreement that certification has become a standard requirement for international trade. Moreover, the region is actively developing an education system for future certification experts, so regional producers would not have to depend on international experts.

Weaknesses

Limited international consumer awareness of Central Asian meat products

Whilst meat from Central Asia is tasty and high quality, international consumers are not aware of this, and buyers lack awareness of Central Asia as an origin country for meat products. The region lacks international marketing campaigns promoting products as "made in Kazakhstan" and "made in Kyrgyzstan".

While productivity and efficiency improvement are on the agenda, implementation is challenging

As the Central Asian agricultural industry is highly fragmented, small players often cannot afford strategic production enhancements, such livestock head increase, slaughterhouse modernisation and certification and the modernisation of machinery across farming, packing and processing. Although commercial banks offer loans to agricultural players, the interest rates are high, the available loan principal is insufficient and the banking procedure is complicated and lengthy, driving many small and micro business away from the opportunity.

While Central Asia may be able to offer lower prices than the competition, investment is needed first

Due to the economic development of the region, labour costs, operational costs, land transportation costs and other related costs are lower than those in more developed rival exporters. Moreover, Central Asian producers are promptly developing and ready to adapt to the standards of international buyers in order to meet their demands. However, the costs are considerable for Central Asian producers, and they need to gain more trust and orders from international buyers first.

Historically natural, production lacks internationally-recognised proof

Whilst Central Asian production is considered natural, the region needs to gain international organic, eco or bio certificates to be able to use the natural claim when trading with international markets.

Insufficient livestock volumes

The international meat trade in Central Asia in general and in Kazakhstan and Kyrgyzstan in particular is underdeveloped. Kazakhstan, despite its enormous area of 187 million hectares dedicated for pasture, lacks livestock count, which is a first priority in order to establish long-term sustainable trade partnerships with buyers such as China.

Lack of veterinary controls hinder international trade opportunities

Another challenge for Kazakh manufacturers is the lack of veterinary control over farmers and slaughterhouses. International consumers have concerns regarding Central Asian meat products, since there is no strict veterinary control that would meet international standards. Therefore, many foreign markets are reluctant to purchase meat and meat products from Kazakhstan and other Central Asian suppliers.

SME meat exporters face difficulties in compiling same quality produce volumes

As Central Asian agriculture is highly fragmented and lacks coordination between the individual entities, when building their stock volumes Central Asian exporters face various levels of produce quality and different levels of veterinary controls. Whilst this is acceptable in the Russian and domestic markets, priority markets look for uniformity.

Central Asian trade is highly focused on Russia, and lacks further diversification

Historically, culturally and geographically, Russia is the key export market for Central Asian producers, along with cross-border trade amongst the Central Asian markets. While the sole focus on Russia has resulted in strong partnerships with Russian buyers, other priority markets have remained untapped. Domestic farmers are not motivated to change their way of working and produce better-quality produce to satisfy the requirements of international markets, because they profitably realise their current produce through the domestic market and Russia. There is a lack of wider information-sharing about the benefits and the requirements to export to international markets.

Certification and voluntary standards

Although Central Asian producers realise the need for international certification and conformity to buyers' voluntary requirements, such as GLOBALG.A.P, Fairtrade and ISO22000, and some of the larger sized producers, in particular in Kazakhstan and Uzbekistan have practical experience of ISO 22000 implementation,the certification process for majority of the SME's is only familiar in theory, and there is a lack of practical advice. There is a lack of local certification auditors, laboratories and other experts, such as business consultants, to help domestic producers through the certification process. Furthermore, certification is close to unaffordable for the majority of SMEs.

Access to market

While it is Central Asia's strategic goal to improve international trade, the Central Asian producers, slaughterhouses and exporters lack understanding of international markets' requirements, when it comes to other international destinations than Russia. Fragmented and SME based industry lacks awareness of legal access requirement to China and UAE markets. While European standards are more familiar, the industry needs more education on voluntary certification and standardization requirements. Furthermore, there is a need for further education on typical export operational process, when it comes to international markets.

Lack of regional cooperation

Central Asian countries, whilst developing some wider regional strategies in terms of international trade development, continue lacking cooperation and dialogue between the countries, as well as failing to efficiently share their experiences (both successes and failures).

Opportunities

Germany

Market

Large and mature market, featuring one of the highest levels of consumption of meat per capita.

Product

Lamb is gaining popularity through an increasing base of health-aware consumers, who are happy to pay a premium for better-quality meat, as well as an influx of refugees and immigrants, such as from Syria and Turkey, who culturally consume a lot of lamb.

Such a premium positioning for lamb in the meat arena allows for higher price points and smaller weight packaging; thus, suppliers should be able to enjoy healthy profit margins.

UAE

Market

The import-dependent UAE market is increasing its beef and lamb consumption, especially at religious festive periods.

Product

The UAE does not have domestic production, and therefore heavily depends on imports.

Therefore, there are equally interesting opportunities across both bovine and lamb meat. However, due to a lack of awareness of Central Asian produce, quality is the key aspect of successful trade partnerships.

Trade agreements

As the UAE is part of the GCC free trade area, it is the

China

Market

The Chinese market is looking to support significant domestic production with additional beef and lamb volumes.

Product

Although China features domestic meat production, the key focus is on pork, while domestic beef production is insufficient and features high, uncompetitive price points.

The opportunity in beef and lamb is focused on high-quality products, and also organic meat varieties.

The market is primarily focused on retail end consumption; however, foodservice is also sizeable.

Trade agreements Germany is part of the EU, and thus provides access to the wider European markets; however, re-exporting is not a primary German trade strategy. No other bilateral agreements with Central Asia are in place.	gateway to wider Middle Eastern trade through re-exporting. Kazakhstan and the UAE, despite the lack of sizeable trade relations, have established a trade agreement, on mutual trade development.	**Trade agreements** Kazakhstan, Kyrgyzstan and Tajikistan enjoy MFN treatment. China has granted quarantine access control to Kazakh meat exporters. Furthermore, the Chinese government has the **“One belt, One Road” initiative,** aiming to enhance China’s international trade with Central Asian countries. Besides, the Chinese government provides Central Asian countries with technological support, encouraging these countries to export agricultural products to China.

Challenges

Access to market

Central Asian countries face difficulties when attempting to export fresh produce:

- German imports face twofold conformity requirements. First all internationally sourced meat products coming into the Germany or any other EU market are required to be approved by European Commission, thus Central Asian producers must be included in the list of approved suppliers in the first place. Secondly, German buyers require all their suppliers to adhere to voluntary quality and sustainability standards. Depending on the retailer there may be a specific demand for the implementation of a particular standard. However, GLOBALG.A.P is one of the most trusted certificates, required by retailers such as Edeka, Rewe, Lidl, Aldi and Metro. In particular, retailers require the implementation of Integrated Farm Assurance Standard, Chain of Custody Standard and Risk Assessment on Social Practice Standard.
- While UAE buyers do not have experience trading with Central Asian suppliers, they associate the whole Central Asian region with the negative trade experience they had with Azerbaijan.

Thus, Central Asian suppliers, whilst not required to provide any additional certificates or proof of conformity, do need to convince UAE buyers of their quality and consistency.

- China has set quarantine access for imports of agricultural produce, with only Kazakhstan so far having been granted an entry permit, but not other Central Asian countries. Therefore, before being able to establish trade relationships with Chinese buyers, other Central Asian countries will first have to work on quarantine access.

Lack of awareness of Central Asian produce

Central Asian meat produce is not widely present in the priority markets, and therefore buyers are not sure of the demand for Central Asian meat produce, while consumers are not used to the taste.

Technological challenges in meeting quality requirements

All the international priority markets have legally set requirements for meat quality, based on rather detailed legal requirements. The import procedure for any of the priority markets includes product quality inspection, which is performed upon arrival to the market. In order to make sure that these quality standards are met, Central Asian producers and exporters need to test the produce while still in the country. However, local laboratories lack the equipment to run all the tests required by the buyers in more developed economies, and even if they do, due to the obsolete equipment the results are not always trustworthy. There were a number of cases when Central Asian exporters had the local certificate of testing stating that the level of pesticides and other residues was within the norm, while the test performed by foreign laboratories was negative for particular residues, and therefore the produce was not allowed into the country.

Insufficient livestock count is a threat to long-term success

While developing an international meat profile, Central Asia should consider the long-term sustainability of the meat market, as a lack of livestock, while may be ignored in the short-run, will not be sustainable in the long-term.

8.2 GAP ANALYSIS AND POSSIBLE INTERVENTIONS

As seen from the above SWOT analysis, there are misalignments between the current state of Central Asian meat production and the export industry and the demands and requirements of the buying markets. The following table provides a summary of the gap analysis and suggests the possible intervention measures that can be employed to narrow or close the gap between the supply and demand in the market.

Table 24: Central Asian supply and international demand gap analysis

Current supply situation	Current demand requirements	Interventions
Raise awareness of taste and quality of Central Asian meat		
Central Asian countries do not have efficient rules and marketing means to promote the Central Asian origin of produce.	International buyers are not aware of Central Asian produce quality. Moreover, there are barely any trade relations between Central Asia and the priority markets, so international buyers are not aware of the exporters, and lack trust in their consistency and ability to deliver.	▪ Facilitate and promote the participation of Central Asian producers and exporters in international trade expositions and other trade promotional events, specifically focusing on those in priority markets. ▪ Establish relevant branded produce for them to showcase. ▪ Educate the agricultural industry (from farmers to exporters) on the demands of international markets. ▪ Promote "Made in Kazakhstan" and "Made in Kyrgyzstan" through educational materials on agricultural products in priority markets.
Develop livestock population for long-term trade sustainability		
While Kazakhstan is currently the largest Central Asian meat producer, it does not have a significant and sustainable livestock population to allow for long-term meat trade partnerships, especially with	Central Asia has started to support the meat industry, allocating considerable funds for its development and adopting a number of important decisions, such as the establishment of cooperatives	▪ Educate farmers on long-term cattle sustainability strategies. ▪ Facilitate dialogue between farmers and governments to foster support programmes

such large-scale buyers as China.	and uniting SMEs, which in turn, can facilitate their export opportunities.	focusing on the relevant industry verticals.
Consolidate production to enhance quality consistency and volume supply		
Following the collapse of the Soviet Union, Central Asian agriculture is highly fragmented, with many individual farmers, as well as micro and SME farms. As farms are free to choose the type of livestock and/or the type of meat cut to produce, as well as the exact technological processes to be applied, the produce is highly fractured and lacks uniform quality.	International buyers are looking for suppliers which can assure consistent quality and quantity of produce.	▪ Educate Central Asian producers on the benefits of cooperation and knowledge-sharing; focus on how cooperation would benefit them. ▪ Introduce government support for farmers who participate in coordinated production efforts. ▪ Introduce an export promotion and coordination body (for each of the products separately), which would be the go-to entity for farmers who want to export goods. This could take the form of a cooperative, association or stock broker.
Identify opportunities in logistics development		
As a landlocked region, Central Asian exporters have to deliver by land or air. Land transportation is available; however, there is a need for cold chain modernisation. Air freight is another available option; however, it is expensive.	International buyers generally prefer marine transportation; however, they are happy to accept other solutions, as long as the price and quality are guaranteed.	▪ Facilitate relationships between exporters and land/air freight carriers. ▪ Provide exporters with information about competing land/air freight carriers (beyond national carriers). ▪ Provide information about charter cargo flights with

		independent carriers, rather than traditional big players. ▪ Facilitate a lobbying plan, for domestic exporters to gain access to discounted air freight rates if they export agricultural produce to priority markets. ▪ Facilitate a dialogue between exporters/ carriers and government and financiers to offer some subsidies or investment or loans into development of the cold-chain park.
Learn from international best practices to modernize laboratories		
Central Asian food testing laboratories are not recognised by international markets such as Germany or China, because the laboratories lack modern technology, up-to-date training and consistency in running tests. There are cases when Central Asian laboratories have granted food safety/quality certificates specifying varying criteria within norms, while the same tests repeated on entry to international markets showed different results. Central Asian producers are able to provide samples to international laboratories; however, as in	Each of the priority markets has laws specifying the detailed requirements for fresh food produce, either for agriculture, product group or even product type. Each of the markets performs food quality inspection as the products enter the market. If the produce does not satisfy the minimum requirements, it is returned to the supplier or destroyed.	▪ Facilitate the establishment of internationally recognised laboratories in Central Asia. ▪ Facilitate the development of educational systems for future food quality experts to fill the laboratory jobs. ▪ Provide information to exporters and the current laboratories on the acceptable quality levels in international markets, as well as detail what tests must be performed (to avoid using different methodologies).

many cases imported produce is the collective produce of many farms, the sample testing is not efficient.		
Achieve international certification		
Fragmented Central Asian producers are not aware of the international market entry requirements on meat quality and veterinary standards. Moreover, the Central Asian slaughtering process often lacks veterinary certification. With regard to European markets, most of Central Asian suppliers are not able to afford GLOBALG.A.P, ISO 22000 or other high-calibre internationally recognised food quality certification. Such a lack of awareness stops farmers from going through the certification. Moreover, domestic, cross-regional and Russia-focused trade does not require the extra effort of certification, and is more familiar to farmers, thus a lot of producers opt for the 'easy' option.	All the markets have high requirements for quality and animal health certification, in order to safeguard public health. European markets require GLOBALG.A.P or QS certification of their suppliers, in order to assure not only the quality of the produce, but also the farming process, transportation process and sustainability of the producer.	▪ Educate SME farmers on the benefits of the adoption of veterinary standards and adherence to the quality requirements of international markets. ▪ Educate SME farmers on the benefits of certification and their subsequent ability to enter international markets, which may return higher profits for the same produce. ▪ Facilitate the development of educational systems for future certification experts. ▪ Establish a GLOBALG.A.P or wider certification and advisory bodies which would be able to address the questions of SMEs. ▪ Promote volume consolidation through cooperatives or associations, so the GLOBALG.A.P standard would be obtained for a large

		number of farmers, rather each of them individually. ▪ Facilitate lobbying of the government with regard to subsidising the certification process for small players (through taxes or loans). ▪ Facilitate dialogue between financiers (banks) and the agricultural industry, in order to flatten the loan process as well as agree on acceptable interest rates and relevant principal sums of loans.

8.3 RECOMMENDATIONS FOR GIZ TRADE FACILITATION PROGRAMME DEVELOPMENT

The goal of the report was to provide GIZ with detailed information about the export priority market demands and guide GIZ towards the next step the trade facilitation programme may take, in order to improve international trade in agricultural produce across the Central Asian region. Based on the research findings, industry insights and analysis, Euromonitor International suggests the following future trade facilitation initiatives, programmes and lobbying verticals.

Table 25: Recommendations for meat trade facilitation development

Recommendation	Detailed summary	Beneficiaries
Raise awareness of taste and quality of Central Asian meat		
Facilitate and promote the participation of Central Asian producers and exporters in international trade expositions and other trade promotional events, specifically focusing on those	Educate exporters, exporting producers and traders about the Trade Expo calendars (when, what kind of Expo, product relevance, entry prices, markets targeted), so they can plan their attendance in advance.	▪ Exporters ▪ Traders ▪ Farmers

in priority markets. Establish relevant branded produce for them to showcase.	Establish a body to help participants with the implementation of expo requirements; a go-to entity to find out what to prepare for the trade show, how to prepare for the trade show, what to expect to find there and how to network whilst at the show.	
Educate the agricultural industry (from farmers to exporters) on the demands of international markets.	Provide farmers, processors and exporters/traders with information on priority export markets in order to promote exports, highlight the opportunities and convince them to focus on international trade. Include factors such as: ▪ Consumer demand and preferences ▪ Market size ▪ Buyers' requirements ▪ Legal market entry requirements ▪ Competitor analysis ▪ Key trading partner analysis	▪ All the supply chain
Promote "Made in Kazakhstan" and "Made in Kyrgyzstan" as countries of origin through educational materials on agricultural products in priority markets.	Facilitate the development of "made in…" support programmes by creating marketing and educational materials about Central Asian agriculture, presenting the meat the region aims to export, explaining the production process, presenting some of the exporting bodies or cooperatives of exporters and claiming the benefit of Central Asian produce versus some of its competitors. The goal is to develop visual print materials and promotional videos which could be presented to partners, as well as to a wider audience through social media.	▪ All the supply chain

Develop livestock population for long-term trade sustainability		
Educate farmers on long-term cattle sustainability strategies.	Facilitate the development of educational programmes for farmers and other meat industry players promoting the importance of long-term sustainability of the livestock population.	All the supply chain
Facilitate dialogue between farmers and governments to foster support programmes focusing on the relevant industry verticals.	Facilitate the initiation of public-private dialogue between government officials and trade, in order to pinpoint and develop the most relevant support programmes for livestock development.	▪ All the supply chain
Consolidate production to enhance quality consistency and volume supply		
Introduce government support for farmers who participate in coordinated production efforts.	Facilitate a lobbying programme to connect domestic exporters with the government to discuss the following support systems: ▪ Government support of meat market coordination aimed at improving exports to international markets. ▪ Tax relief or deductions for the initial set-up stage (3-5 years), so farmers have more funds to introduce the technological support required. ▪ Subsidies for exporters – consolidators, enabling them to learn more about the best agricultural practices to be applied by the coordinated farms. ▪ Subsidies for coordinated farm livestock development.	▪ All the supply chain, excluding large corporations
Introduce an export promoting and coordination	Facilitate the development of export-promoting entities specific to particular	▪ Farmers ▪ Micro farms

body (for each of the products separately), which would become the go-to entity for farmers who want to export goods. This can take form the of a cooperative, association or stock broker.	products (e.g. beef export cooperative), which would be the knowledge centre for all specific product-related export information, including costs and prices, transportation, customs, potential partners, etc.	▪ SME farms ▪ Exporters
Identify opportunities for logistics development		
Facilitate relationships between exporters and air freight carriers.	Facilitate dialogue between exporters and air freight companies. Help exporters to connect with the relevant cargo carriers. Provide exporters with information about competing air freight carriers (beyond domestic carriers). Provide information about charter cargo flights with independent carriers, rather than traditional big players. Facilitate a lobbying plan, for domestic exporters to gain access to discounted air freight rates if they export agricultural produce to priority markets.	▪ Exporters
Learn from international best practices to modernize laboratories		
Facilitate the establishment of internationally recognised laboratories in Central Asia, particularly in Kazakhstan and Kyrgyzstan	Facilitate the development of internationally recognised food testing laboratories in Central Asian countries. Initiate dialogue between European, UAE and Chinese laboratories and Central Asian experts to share best practices. Facilitate business plan development for the establishment of a laboratory(-ies) and	▪ Exporters

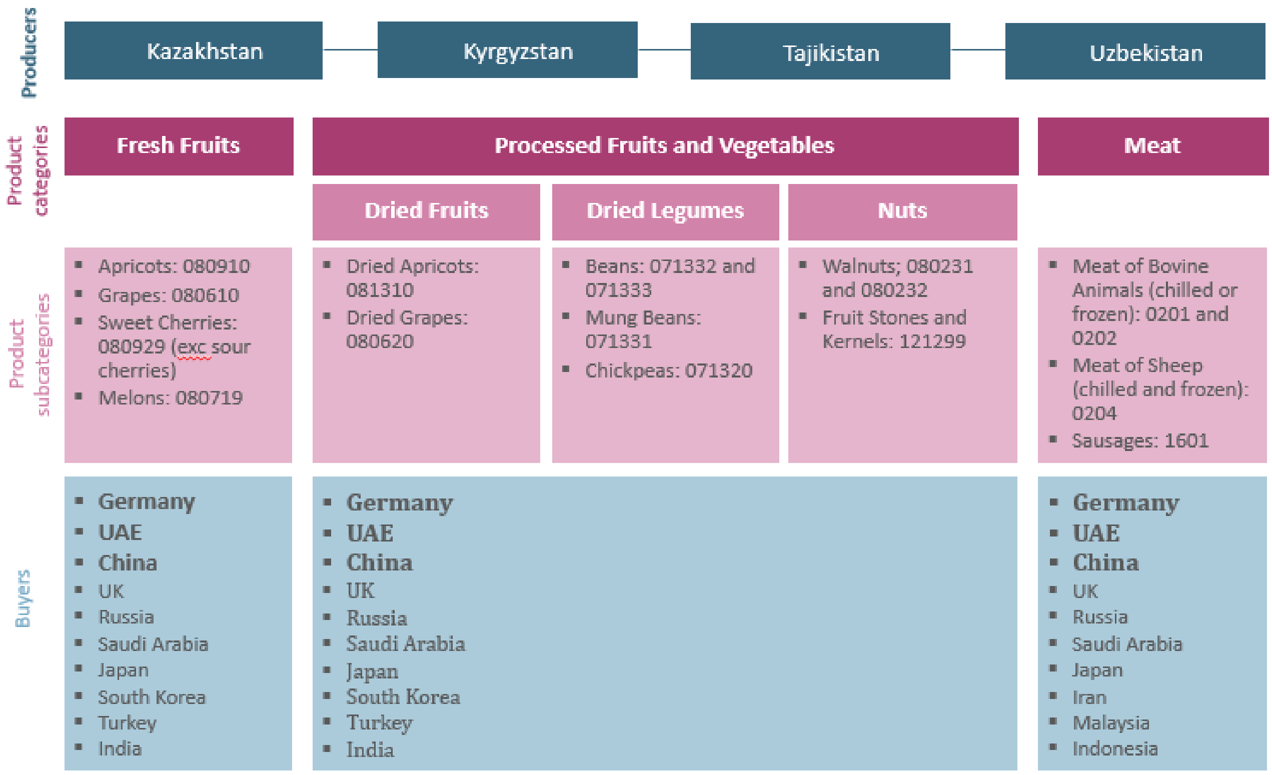
	its impact on the costs currently faced by exporters.	
Facilitate the development of educational systems for future food quality experts to fill laboratory jobs.	Facilitate the development of food testing professional training in local universities. Introduce current food testing specialists to international training.	▪ Exporters
Provide information to exporters and current laboratories on the acceptable quality levels in international markets, as well as detail of the tests that are to be performed (to avoid using different methodologies).	Facilitate the education of exporters on the detailed food safety requirements of international markets: ▪ Provide a library of food safety requirements by country. ▪ Explain the type of testing international laboratories run and how it differs from the current domestic checks. ▪ Highlight the particular tests that domestic laboratories do not run, or do not have the proper technology to achieve accurate results.	▪ Exporters
Achieve international certification		
Educate SME farmers on the benefits of international conformity and voluntary certification standards, and their subsequent ability to enter international markets, which may return higher profits for the same produce.	Facilitate the development of educational programmes for individual farmers, as well as micro and SME farms, on: ▪ Quality requirements in international markets. ▪ The benefits an international market presence provides. ▪ The exact requirements (quality, legal, market demand).	▪ Farmers ▪ Exporters

	▪ International certification, such as GLOBALG.A.P., Halal and etc. ▪ The benefits international certification provides to the farmers (e.g. more efficient production, sustainable production). ▪ The new market entry opportunities when having the certification (e.g. for the German market this is a prerequisite). ▪ The detailed composition of international certification and highlight which standards are recommended for which part of the agricultural business.	
Facilitate the development of educational systems for future certification experts	Facilitate the development of international certification professional training in local universities (GLOBALG.A.P, ISO 22 000, Organic, Halal, etc.). Introduce the current food testing specialists to international training.	▪ All the supply chain
Establish a GLOBALG.A.P or wider certification and advisory bodies, which would be able to address the questions of SMEs.	Facilitate the development of domestic consulting companies and certification bodies specialising in international standardisation and certification. Consultants would be responsible for step-by-step facilitation, coordination and other assistance to farmers who would like to know more or to start the certification process.	▪ Farmers ▪ Micro farms ▪ SME farms ▪ Farming cooperatives

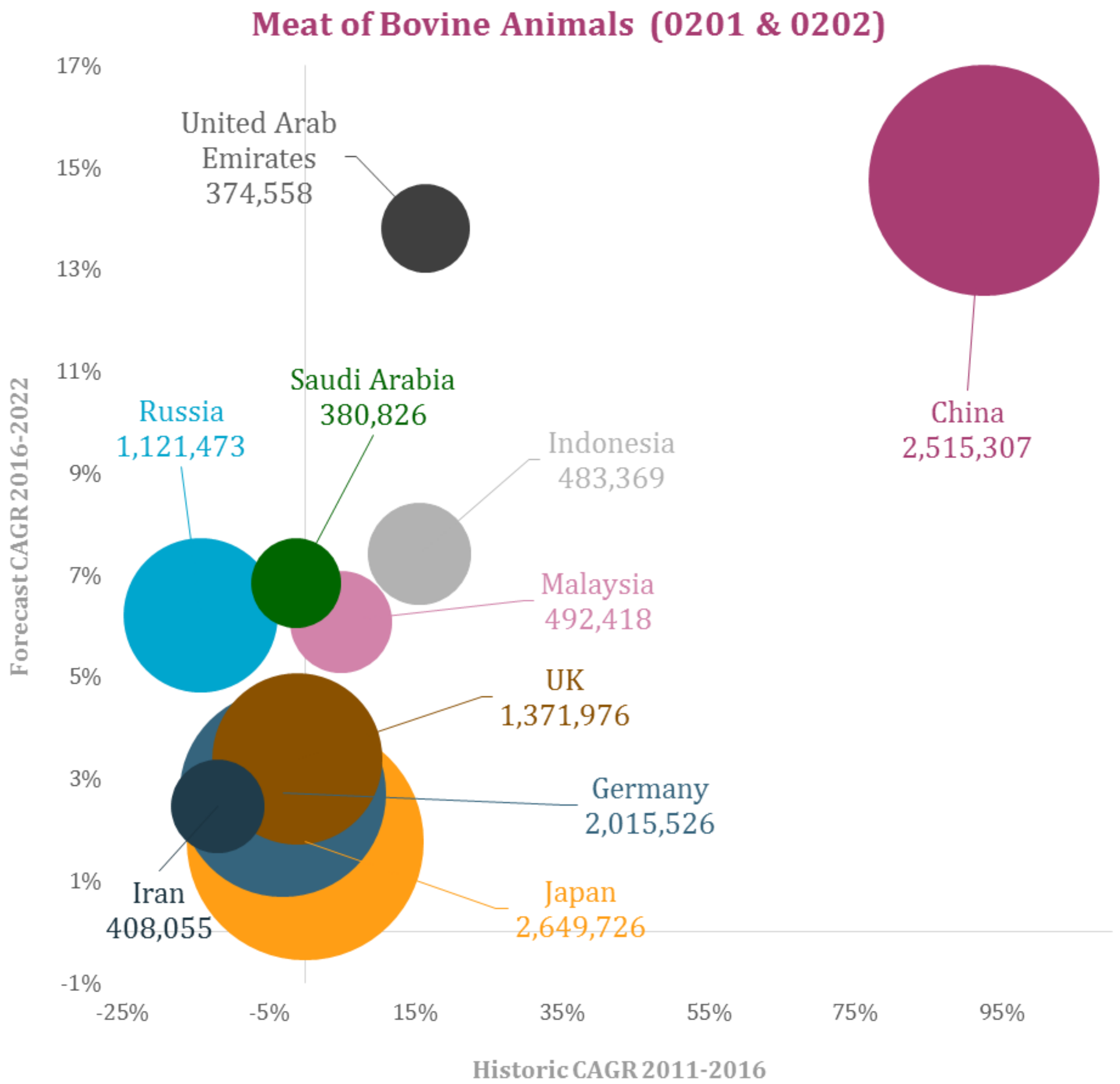
Promote volume consolidation through cooperatives or associations, so the GLOBALG.A.P standard could be obtained for a large number of farmers, rather than each of them individually.	GLOBALG.A.P certification, or any other international standard, is a big investment that SME's cannot afford. Facilitate the development of the above-mentioned cooperatives/associations of farmers, which would be allowed to get the certification at the cooperative level, and therefore split the cost of certification.	▪ Farmers ▪ Micro farms ▪ SME farms ▪ Farming cooperatives
Facilitate lobbying of the government with regard to subsidising the certification process for small players (through taxes or loans).	Facilitate dialogue between farmers, exporters and the government in order to agree on possible subsidies or tax reliefs for those farmers that choose to be internationally certified.	▪ All the supply chain
Facilitate dialogue between financiers (banks) and the agricultural industry, in order to flatten the loan process, as well as agree on acceptable interest rates and relevant principal sums of loans.	Facilitate dialogue between the farmers, exporters and banks in order to agree on possible financing tools available for certification purposes.	▪ All the supply chain

9. APPENDICES

Appendix 1: Central Asia international trade facilitation scope



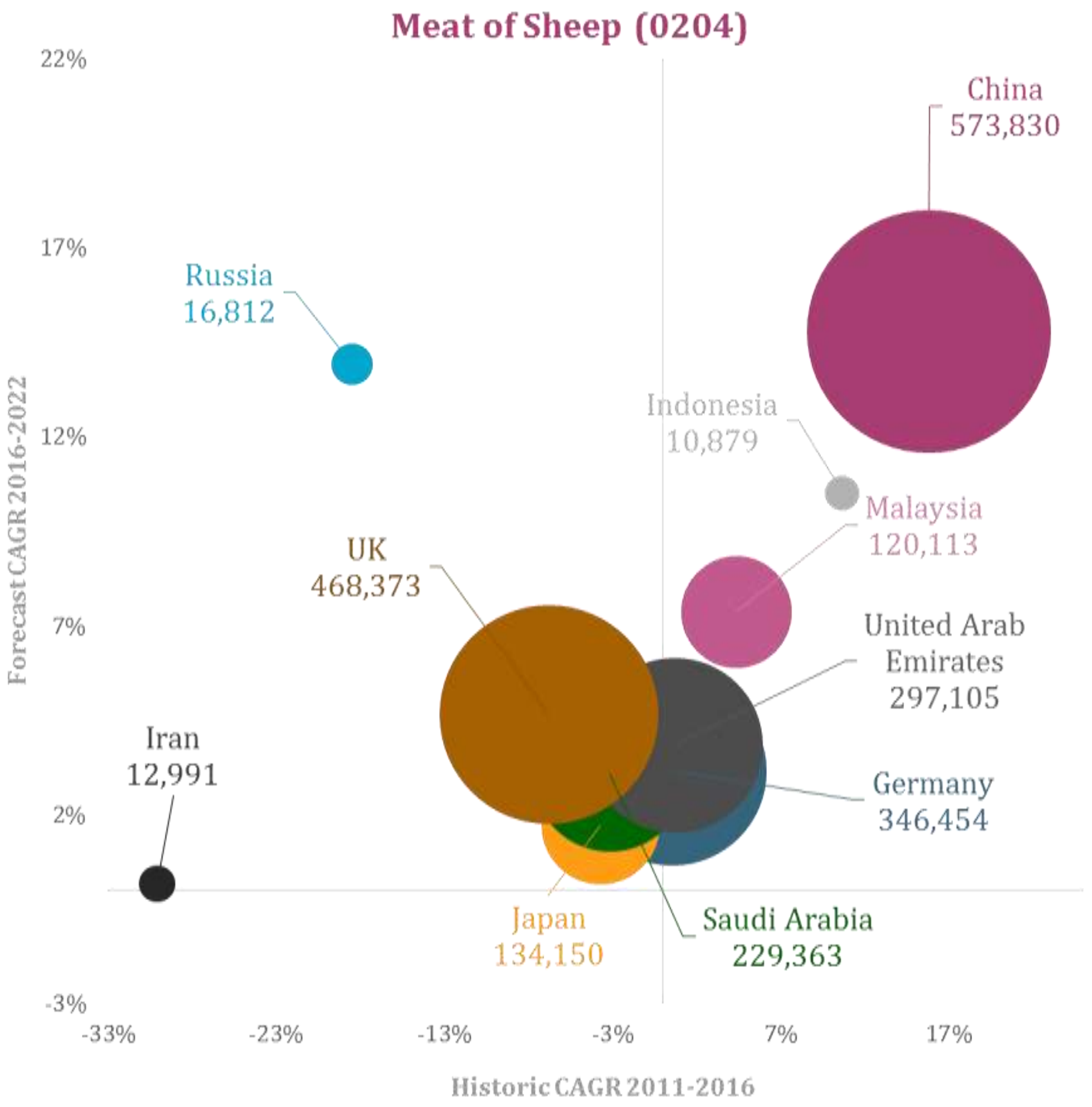
Appendix 2: Meat international demand opportunity matrices (result of the first stage of the research)



Source: ITC Trade Maps, 2016

Note: Bubble size represents import value ('000 USD)

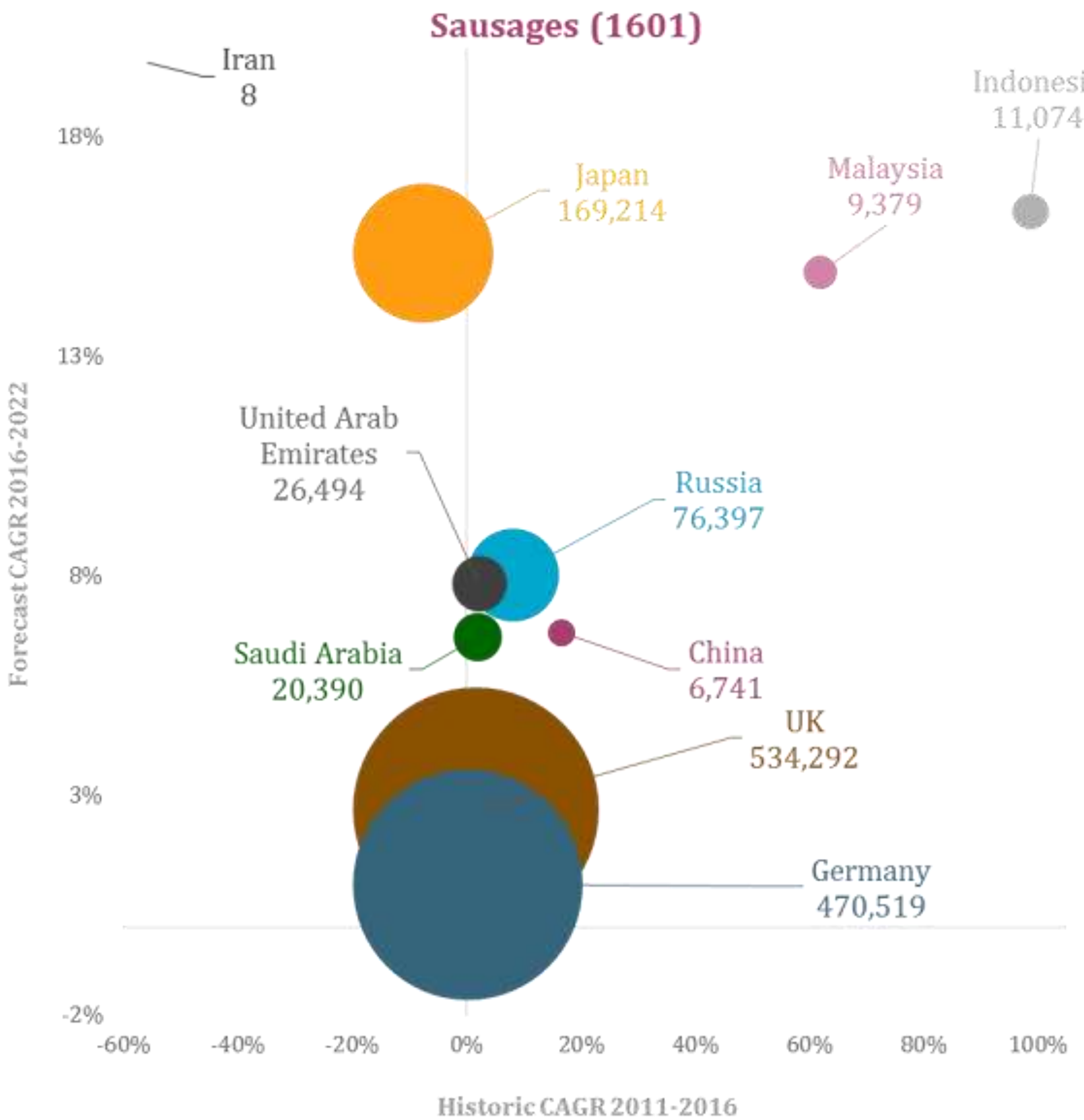
Note: Forecast CAGR was modelled by Euromonitor research team, based on the historic category performance and macro-economic markets' performance



Source: ITC Trade Maps, 2016

Note: Bubble size represents import value ('000 USD)

Note: Forecast CAGR was modelled by Euromonitor research team, based on the historic category performance and macro-economic markets' performance



Source: ITC Trade Maps, 2016

Note: Bubble size represents import value ('000 USD)

Note: Forecast CAGR was modelled by Euromonitor research team, based on the historic category performance and macro-economic markets' performance

Appendix 3: Germany's international bovine meat (HS0201) imports volume sales (tons)

Exporting Country	2012	2013	2014	2015	2016	Volume share
World	260441	258871	259567	286015	279051	100%
Netherlands	70761	67540	71421	82656	81281	29%
France	36834	33434	31453	39512	36914	13%
Poland	27112	35971	33478	39976	29698	11%
Denmark	27182	27111	29489	22628	26417	9%
Argentina	22522	21811	18032	18625	19426	7%
Austria	17763	16524	15602	16735	17574	6%
Belgium	16253	13295	14282	17012	17556	6%
Ireland	9174	9983	12452	12502	12154	4%
Italy	6107	6310	8819	10010	11505	4%
Uruguay	4618	5637	6133	5913	6602	2%
Brazil	4751	6207	6272	5993	6062	2%
United Kingdom	2474	3655	2511	3168	3809	1%
United States of America	5779	5682	4337	3942	2828	1%
Spain	1464	793	835	2017	1275	0%
Paraguay	3	0	1	483	977	0%
New Zealand	711	477	645	1164	914	0%
Luxembourg	769	553	709	855	798	0%
Australia	194	269	563	798	771	0%
Hungary	1	544	294	209	723	0%
Czech Republic	1366	1651	1403	744	618	0%
Romania	547	158	102	330	490	0%
Chile	957	270	386	345	263	0%
Botswana	0	431	52	173	141	0%
Canada	66	51	58	63	67	0%
Lithuania	199	3	3	13	61	0%
Namibia	127	187	66	55	50	0%
Japan	0	0	28	54	32	0%
Latvia	2037	229	4	0	22	0%
Sweden	2	3	3	1	7	0%
Portugal	627	17	1	6	6	0%
Malta	0	0	0	0	5	0%
Norway	0	0	0	0	3	0%
Greece	1	1	0	11	1	0%
Switzerland	0	2	0	0	1	0%
Turkey	0	1	0	1	1	0%
Bulgaria	25	10	0	0	0	0%
China	0	0	0	0	0	0%
Croatia	0	0	0	11	0	0%
Estonia	6	0	5	0	0	0%
Finland	1	56	0	0	0	0%
Iran, Islamic Republic of	0	2	2	5	0	0%
Taipei, Chinese	0	0	0	0	0	0%

Exporting Country	2012	2013	2014	2015	2016	Volume share
Peru	0	0	0	0	0	0%
Anguilla	0	0	0	0	0	0%
Slovakia	1	0	0	0	0	0%
Slovenia	7	0	21	6	0	0%
Thailand	0	2	107	0	0	0%

Source: ITC Trade Maps

Appendix 4: Germany's international frozen bovine meat (HS0202) imports volume sales (tons)

Exporting Country	2012	2013	2014	2015	2016	Volume share
World	49939	49548	54202	57985	50387	100%
Netherlands	16378	13053	12543	14592	14199	28%
Austria	13997	16550	17885	18439	11098	22%
Italy	2106	2349	5356	5893	6034	12%
Poland	3315	3023	5135	6599	4161	8%
Brazil	951	1392	2252	2067	3698	7%
Uruguay	2709	3147	2376	2467	2117	4%
Spain	915	769	761	1381	1861	4%
United Kingdom	1243	2487	1779	929	1677	3%
Belgium	1868	1201	1042	887	1290	3%
Argentina	1238	1125	1113	1044	948	2%
Ireland	1473	477	711	744	804	2%
United States of America	561	1447	1177	940	694	1%
France	428	658	687	547	584	1%
New Zealand	415	432	459	404	572	1%
Lithuania	43	20	101	483	382	1%
Denmark	1510	592	154	123	110	0%
Australia	438	367	407	212	46	0%
Switzerland	13	49	61	80	39	0%
Luxembourg	3	2	5	7	31	0%
Finland	0	0	0	13	12	0%
Slovenia	0	0	0	5	8	0%
Hungary	140	63	16	30	7	0%
Bulgaria	0	1	4	10	5	0%
Portugal	0	3	4	4	4	0%
Japan	0	0	1	1	2	0%
Paraguay	0	0	0	22	2	0%
Canada	2	24	1	4	1	0%
Greece	1	2	2	2	1	0%
Azerbaijan	0	0	0	1	0	0%
Botswana	0	20	6	0	0	0%
Chile	3	0	3	2	0	0%
China	0	0	0	0	0	0%
Czech Republic	0	0	0	0	0	0%
Hong Kong, China	0	0	0	0	0	0%
Korea, Republic of	0	0	0	1	0	0%
Malta	0	4	0	0	0	0%
Namibia	67	280	136	19	0	0%
Norway	0	0	0	0	0	0%
Romania	98	0	0	2	0	0%
Serbia	0	0	0	0	0	0%
Singapore	0	0	0	1	0	0%
Slovakia	0	0	0	0	0	0%
Viet Nam	0	0	0	0	0	0%

Exporting Country	2012	2013	2014	2015	2016	Volume share
South Africa	19	0	0	0	0	0%
Sweden	5	9	23	31	0	0%
Thailand	0	0	1	0	0	0%
Uganda	0	0	0	0	0	0%

Source: ITC Trade Maps

Appendix 5: Germany's international sheep meat (HS0204) imports volume sales (tons)

Exporting Country	2012	2013	2014	2015	2016	Volume share
World	31809	35515	34448	38479	39185	100%
New Zealand	19797	21911	18673	21946	22279	57%
United Kingdom	5241	5781	6771	8778	7683	20%
Ireland	2117	2223	3104	2524	3054	8%
Netherlands	1762	2872	3003	2920	2884	7%
Belgium	519	629	740	477	1072	3%
Australia	565	610	630	409	413	1%
France	218	175	151	262	385	1%
Chile	58	131	263	126	348	1%
Spain	612	539	409	346	291	1%
Uruguay	600	424	429	427	249	1%
Argentina	40	2	15	2	199	1%
Austria	138	60	22	36	164	0%
Greece	68	73	67	85	108	0%
Poland	5	11	17	6	34	0%
Italy	1	2	1	3	4	0%
Macedonia, The Former Yugoslav Republic of	0	0	4	0	4	0%
Luxembourg	1	4	3	2	3	0%
Romania	4	0	48	93	3	0%
Czech Republic	0	0	0	0	2	0%
United States of America	0	32	60	18	2	0%
Bulgaria	0	2	0	0	1	0%
Denmark	48	10	18	8	1	0%
Iceland	1	1	2	2	1	0%
Portugal	0	0	1	2	1	0%
Sweden	0	3	3	0	1	0%
Switzerland	0	0	0	0	1	0%
Falkland Islands (Malvinas)	7	17	1	6	0	0%
Brazil	4	1	9	1	0	0%
Hungary	1	1	0	0	0	0%
Iran, Islamic Republic of	0	0	1	0	0	0%
Latvia	0	0	0	0	0	0%
Morocco	0	0	0	0	0	0%
Namibia	0	0	0	0	0	0%
Norway	0	0	0	0	0	0%
Philippines	0	0	0	0	0	0%
Singapore	0	0	0	0	0	0%
Slovakia	0	0	0	0	0	0%
Viet Nam	0	0	0	0	0	0%
Thailand	0	0	0	0	0	0%
United Arab Emirates	0	0	0	0	0	0%

Source: ITC Trade Maps

Appendix 6: Germany's international sausages (HS1601) imports volume sales (tons)

Exporting Country	2012	2013	2014	2015	2016	Volume share
World	66342	71480	76909	78028	80084	100%
Austria	21978	24185	24464	22413	21962	27%
Netherlands	8343	10725	13169	16123	16292	20%
Italy	12627	13211	14223	14982	15170	19%
France	8590	7888	8517	7828	8296	10%
Hungary	3901	4119	4244	5025	5130	6%
Poland	3239	3865	3836	2945	4080	5%
Spain	3239	2940	3178	3393	3920	5%
Denmark	1682	2040	2309	2476	2275	3%
Belgium	2027	1245	1451	954	848	1%
Ireland	35	319	465	464	419	1%
Czech Republic	118	318	245	371	397	0%
Romania	6	20	85	179	308	0%
Latvia	71	80	146	296	296	0%
Lithuania	29	62	150	192	192	0%
Portugal	66	63	48	72	118	0%
Slovenia	83	143	52	100	90	0%
Slovakia	0	0	1	1	73	0%
Switzerland	58	68	93	41	71	0%
United Kingdom	87	33	43	24	42	0%
Sweden	126	51	34	36	39	0%
Croatia	3	10	20	32	31	0%
Greece	22	23	21	33	25	0%
United States of America	0	41	106	41	3	0%
Finland	1	1	0	1	2	0%
Japan	0	1	0	0	1	0%
Luxembourg	4	3	4	2	1	0%
South Africa	0	0	0	0	1	0%
Bangladesh	0	0	0	1	0	0%
Bosnia and Herzegovina	0	0	0	0	0	0%
Bulgaria	2	23	1	1	0	0%
Canada	0	0	0	0	0	0%
China	0	0	0	0	0	0%
Estonia	0	2	0	0	0	0%
Iceland	0	0	0	0	0	0%
Indonesia	0	0	0	0	0	0%
Israel	3	1	1	0	0	0%
Korea, Republic of	0	0	0	0	0	0%
Malaysia	0	0	0	0	0	0%
Norway	1	1	1	2	0	0%
Peru	0	0	0	0	0	0%
Philippines	0	0	0	0	0	0%
Russian Federation	1	0	0	0	0	0%
Serbia	0	0	0	0	0	0%

Exporting Country	2012	2013	2014	2015	2016	Volume share
India	0	0	0	0	0	0%
Singapore	0	0	0	0	0	0%
Viet Nam	1	0	0	0	0	0%
Thailand	0	0	0	0	0	0%

Source: ITC Trade Maps

Appendix 7: UAE's international bovine meat (HS1601) imports volume sales (tons)

Exporting Country	2012	2013	2014	2015	Volume share
World	33632	36208	40217	44178	100%
Pakistan	12710	15389	16719	18284	41%
India	6414	6503	6610	6586	15%
Brazil	4216	4751	5859	6413	15%
Australia	5563	5199	5954	5961	13%
New Zealand	2380	2436	2758	2678	6%
South Africa	0	0	103	1946	4%
United States of America	1409	1530	1673	1681	4%
Netherlands	123	106	135	193	0%
Canada	60	73	99	120	0%
Argentina	76	74	82	70	0%
Ethiopia	5	3	3	59	0%
Ireland	139	28	31	38	0%
Spain	1	0	26	29	0%
Tanzania, United Republic of	20	1	0	23	0%
Belgium	1	15	21	22	0%
Oman	12	2	5	17	0%
Turkey	3	11	11	12	0%
France	3	12	13	11	0%
Italy	0	3	3	11	0%
Sudan	152	15	13	7	0%
Japan	0	1	3	5	0%
United Kingdom	6	16	1	5	0%
Austria	4	19	2	3	0%
Jordan	0	0	6	3	0%
Russian Federation	0	0	0	1	0%
Area Nes	0	0	12	0	0%
Botswana	0	0	50	0	0%
China	26	0	0	0	0%
Denmark	0	0	16	0	0%
Georgia	0	0	0	0	0%
Palestine, State of	0	6	0	0	0%
Germany	0	0	0	0	0%
Iceland	0	0	0	0	0%
Indonesia	1	2	1	0	0%
Iran, Islamic Republic of	0	0	0	0	0%
Kenya	231	4	0	0	0%
Lebanon	2	0	2	0	0%
Morocco	0	0	0	0	0%
Saudi Arabia	29	5	4	0	0%
Switzerland	0	0	0	0	0%
Egypt	45	3	1	0	0%
Uruguay	0	0	0	0	0%

Source: ITC Trade Maps

Appendix 8: UAE's international frozen bovine meat (HS1601) imports volume sales (tons)

Exporting Country	2012	2013	2014	2015	Volume share
World	58541	58009	56187	57380	100%
India	40877	39693	36628	35120	61%
Brazil	8195	8303	7922	8420	15%
Australia	4019	3602	4499	6792	12%
United States of America	3198	3547	4367	4251	7%
Jordan	114	518	234	535	1%
New Zealand	420	365	274	474	1%
Netherlands	376	475	386	461	1%
Kuwait	19	43	151	369	1%
South Africa	1	1	1	290	1%
Bahrain	0	0	0	113	0%
Saudi Arabia	1009	262	156	111	0%
Portugal	0	0	28	81	0%
Argentina	27	0	16	55	0%
Italy	6	12	16	36	0%
Turkey	0	30	18	31	0%
Belgium	8	0	8	29	0%
Brunei Darussalam	0	0	0	29	0%
Oman	2	0	5	29	0%
Qatar	8	0	0	29	0%
Uruguay	26	53	1	26	0%
Philippines	0	1	4	20	0%
Somalia	0	0	0	16	0%
Germany	1	0	6	16	0%
Poland	0	2	2	12	0%
Malaysia	0	25	0	8	0%
Japan	0	85	9	7	0%
Denmark	0	0	0	6	0%
United Kingdom	26	12	2	6	0%
Lebanon	1	1	2	3	0%
Free Zones	0	0	0	2	0%
France	2	2	2	2	0%
Canada	3	57	67	1	0%
Spain	0	26	147	1	0%
Turkmenistan	0	29	0	0	0%
Area Nes	0	18	118	0	0%
Austria	3	0	0	0	0%
Bangladesh	23	611	697	0	0%
China	75	5	66	0	0%
Ethiopia	26	0	0	0	0%
Iran, Islamic Republic of	29	138	161	0	0%
Ireland	0	3	1	0	0%
Kenya	1	0	0	0	0%
Morocco	0	0	28	0	0%
Pakistan	29	1	83	0	0%

Exporting Country	2012	2013	2014	2015	Volume share
Singapore	0	0	26	0	0%
Viet Nam	0	0	52	0	0%
Sudan	0	0	2	0	0%
Switzerland	0	0	0	0	0%
Thailand	17	1	0	0	0%
Egypt	0	89	0	0	0%

Source: ITC Trade Maps

Appendix 9: UAE's international sheep meat (HS0204) imports volume sales (tons)

Exporting Country	2012	2013	2014	2015	Volume share
World	51620	52665	57670	58615	100%
Australia	22843	26773	29293	27958	48%
Ethiopia	8339	8386	10448	11680	20%
India	10153	10110	11294	11599	20%
Pakistan	2678	1665	1466	1531	3%
Tanzania, United Republic of	1357	965	823	1245	2%
Kenya	2332	1620	1167	1159	2%
New Zealand	1481	1514	1036	980	2%
Somalia	388	478	505	823	1%
Spain	296	119	528	527	1%
Sudan	595	410	376	434	1%
Saudi Arabia	534	46	49	299	1%
Jordan	87	7	155	100	0%
United Kingdom	39	77	89	74	0%
China	100	147	63	52	0%
Oman	5	0	6	34	0%
Netherlands	24	28	0	17	0%
Brazil	57	0	16	16	0%
Canada	0	1	35	15	0%
United States of America	51	46	17	12	0%
Bahrain	0	10	2	10	0%
Lebanon	1	3	5	8	0%
South Africa	2	0	0	8	0%
Georgia	0	0	38	7	0%
Ireland	0	5	3	7	0%
Turkey	1	10	2	7	0%
Egypt	15	1	0	5	0%
Italy	0	2	9	3	0%
Austria	51	0	0	1	0%
France	2	0	2	1	0%
Morocco	0	2	0	1	0%
Romania	0	0	3	1	0%
Russian Federation	0	0	0	1	0%
Area Nes	0	0	62	0	0%
Argentina	0	0	15	0	0%
Bangladesh	5	42	19	0	0%
Chile	0	0	0	0	0%
Eritrea	0	0	3	0	0%
Estonia	0	0	1	0	0%
Germany	1	0	0	0	0%
Indonesia	0	0	2	0	0%
Iran, Islamic Republic of	0	34	11	0	0%
Kuwait	15	0	5	0	0%
Malaysia	0	0	10	0	0%
Norway	0	0	0	0	0%

Exporting Country	2012	2013	2014	2015	Volume share
Philippines	0	2	0	0	0%
Portugal	0	43	40	0	0%
Qatar	0	0	0	0	0%
Syrian Arab Republic	5	0	0	0	0%
Thailand	1	0	0	0	0%
Tunisia	2	0	0	0	0%
Uganda	0	0	0	0	0%
Uruguay	161	117	71	0	0%

Source: ITC Trade Maps

Appendix 10: UAE's international sausages (HS1601) imports volume sales (tons)

Exporting Country	2012	2013	2014	2015	Volume share
World	12072	12417	19076	11674	100%
Turkey	936	422	1902	2789	24%
Brazil	5326	4951	6122	2003	17%
Philippines	1049	1062	1315	1297	11%
Saudi Arabia	33	542	726	796	7%
France	1499	1563	1627	770	7%
Denmark	1605	1191	1309	748	6%
Free Zones	0	0	0	732	6%
United States of America	473	522	1322	723	6%
Germany	113	614	162	322	3%
Netherlands	129	182	233	248	2%
Kenya	66	115	142	183	2%
United Kingdom	190	213	133	168	1%
Malaysia	153	152	135	139	1%
Palestine, State of	59	93	131	131	1%
Italy	68	106	214	107	1%
Austria	80	92	92	97	1%
Poland	36	54	23	70	1%
Jordan	0	11	82	61	1%
Oman	60	0	57	48	0%
Singapore	0	2	1	40	0%
Iran, Islamic Republic of	42	28	13	35	0%
Ireland	0	5	3	29	0%
Canada	0	80	452	23	0%
Portugal	0	0	0	23	0%
Belgium	5	32	26	16	0%
Thailand	36	0	33	16	0%
Bosnia and Herzegovina	5	0	7	13	0%
Spain	15	87	41	10	0%
Lebanon	8	9	37	7	0%
Morocco	15	6	1	6	0%
Czech Republic	0	0	0	4	0%
Slovenia	0	0	0	4	0%
Switzerland	0	0	0	4	0%
Korea, Republic of	0	1	18	3	0%
China	0	25	153	2	0%
Cyprus	2	0	0	2	0%
South Africa	2	3	2	2	0%
Egypt	1	1	1	1	0%
Area Nes	0	145	2482	0	0%
Australia	9	18	11	0	0%
Sri Lanka	0	6	3	0	0%
Finland	0	6	0	0	0%
Hungary	32	6	0	0	0%
Japan	0	50	0	0	0%

Exporting Country	2012	2013	2014	2015	Volume share
Kuwait	0	0	0	0	0%
Namibia	0	7	0	0	0%
Norway	1	0	0	0	0%
Pakistan	1	1	0	0	0%
Qatar	0	12	12	0	0%
Romania	23	0	1	0	0%
India	0	0	55	0	0%
Viet Nam	0	0	0	0	0%
Sweden	0	0	0	0	0%

Source: ITC Trade Maps

Appendix 11: China's international fresh bovine meat (HS0201) imports volume sales (tons)

Exporting Country	2012	2013	2014	2015	2016	Volume share
World	862	11332	2907	6692	6833	100%
Australia	847	11068	2907	6692	6833	100%
Argentina	11	10	0	0	0	0%
Canada	3	6	0	0	0	0%
New Zealand	1	248	0	0	0	0%

Source: ITC Trade Maps

Appendix 12: China's international frozen bovine meat (HS0202) imports volume sales (tons)

Exporting Country	2012	2013	2014	2015	2016	Volume share
World	60525	282891	295042	467152	573002	100%
Brazil	8705	0	0	56403	171161	30%
Uruguay	14497	70334	89061	123227	155420	27%
Australia	26446	143709	132303	149260	103926	18%
New Zealand	7456	35126	40403	70266	72037	13%
Argentina	208	9211	16983	42688	51932	9%
Canada	3213	24370	14724	23125	13588	2%
Chile	0	0	0	238	2594	0%
Costa Rica	0	141	1568	1945	2160	0%
Hungary	0	0	0	0	104	0%
Mongolia	0	0	0	0	64	0%
Area Nes	0	0	0	0	12	0%
United States of America	0	0	0	1	4	0%

Source: ITC Trade Maps

Appendix 13: China's international sheep meat (HS0204) imports volume sales (tons)

Exporting Country	2012	2013	2014	2015	2016	Volume share
World	123939	258723	282865	222925	220063	100%
New Zealand	70776	137494	158972	138644	136690	62%
Australia	51028	111758	114358	81687	79869	36%
Uruguay	2134	9471	9534	2032	2074	1%
Chile	0	0	0	562	1254	1%
Mongolia	0	0	0	0	176	0%

Source: ITC Trade Maps

Appendix 14: China's international sausages (HS1601) imports volume sales (tons)

Exporting Country	2012	2013	2014	2015	2016	Volume share
World	1728	1173	1152	1611	1806	100%
Korea, Republic of	140	425	625	1173	1611	89%
Japan	5	3	19	84	147	8%
France	5	1	0	1	17	1%
Thailand	2	1	2	4	14	1%
Taipei, Chinese	8	2	2	0	7	0%
Italy	0	0	0	4	6	0%
Mongolia	0	0	0	0	3	0%
Canada	470	251	0	1	0	0%
Germany	10	0	0	0	0	0%
Poland	0	0	0	0	0	0%
Portugal	1	0	0	0	0	0%
Russian Federation	0	0	0	2	0	0%
Spain	0	0	21	0	0	0%
United Kingdom	1	1	0	0	0	0%
United States of America	1086	489	483	341	0	0%

Source: ITC Trade Maps

Appendix 15: Source list

Country	Source type	Organization type	Name of establishment	Website
Central Asia	Secondary	Media	Uzbekistan National News Agency	www.uza.uz
Central Asia	Secondary	Media	Gazeta	www.gazeta.uz
Central Asia	Secondary	Media	Review.uz	www.review.uz
Central Asia	Secondary	Media	K news	www.knews.kg
Central Asia	Secondary	Government	Agro news	www.agro.kg
Central Asia	Secondary	Media	Asia plus news	www.news.tj
Central Asia	Secondary	Media	Avesta	www.avesta.tj
Central Asia	Secondary	Consultancy	Kazagro	www.kazagro.kz
Central Asia	Secondary	Government	Ministry of Agriculture, Kazakhstan	www.mgov.kz
Central Asia	Secondary	Government	Ministry	www.agroprod.kg
Central Asia	Secondary	Government	Ministry of Agriculture, Tajikistan	www.moa.tj
Central Asia	Secondary	Government	Ministry of Agriculture, Uzbekistan	www.agro.uz
Central Asia	Secondary	Statistical agency	ITC Trade statistics	www.trademap.org
Central Asia	Secondary	Inter-governmental	FAO	www.faostat.org
Central Asia	Secondary	Government	Public Services, Kazakhstan	www.egov.kz
Central Asia	Secondary	Media	Kazakh Zerno	www.kazakh-zerno.kz
Central Asia	Secondary	Media	Kabar	www.kabar.kg
Kazakhstan	Secondary	Government	Atameken	www.atameken.kz/en/press/25141
Uzbekistan	Primary	Consultant	UNDP	www.undp.uz
Uzbekistan	Primary	Producer	GDF	www.gdf.uz
Uzbekistan	Primary	Consultant	DAI	www.dai.com
Uzbekistan	Primary	Consultant/Logistics	Alimkhan Exim Group	www.alikhan.uz
Uzbekistan	Primary	Producer	Spectrum Industrial Technology Group	www.spectrumitg.com
Uzbekistan	Primary	Consultant	USAID	www.usaid.gov
Tajikistan	Primary	Consultant	Hilfswer Austria International	www.hilfswerk.at
Tajikistan	Primary	Consultant	Advisory council on the development of entrepreneurship and the investment climate in the Khatpon region of the Republic of Tajikistan	
Kyrgyzstan	Primary	Producer/Exporter	Nuristan company (General Director) Association of suppliers, producers and distributers	www.pelmeni.kg, www.lojka.kg
Kyrgyzstan	Primary	Producer/Exporter	Vestra Food	-
Kyrgyzstan	Primary	Trade association	Kyrgyz Association of food processing companies	www.afve.org
Kazakhstan	Primary	Producer	Batys Marka Lamb	-
Kazakhstan	Primary	Producer/Exporter	TOO Aktep	www.aktep.kz/about
Kazakhstan	Primary	Meat Union	Meat Union	-

Kazakhstan	Primary	Producer	TOO "Sever Agro N"	
Kazakhstan	Primary	Producer	TOO "Empire Food"	_
Kyrgyzstan	Primary	Government	Ministry of Agriculture	
Uzbekistan	Primary	State Laboratory	Private laboratory	_
UAE	Primary	Distributor	Bayara Gyma food Industries	www.bayara.ae/
UAE	Primary	Importer	Dena Trading	www.denatrading.com/
UAE	Primary	Importer	Al Nayah Food Stuff	-
UAE	Primary	Importer	Al Douri Group	www.aldourigroup.com/
UAE	Primary	Wholesaler	JM Foods LLC	www.jmfoodgulf.com/
UAE	Primary	Wholesaler	Siam Trading Co.	www.siamuae.com/
UAE	Primary	Distributor	Arab Poultry Breeders	www.ommat.com/
UAE	Primary	Consultant	ISO	www.iso-uae.ae/
UAE	Secondary	Government	Dubai Municipality	www.dm.gov.ae
UAE	Secondary	Government	Export.gov	www.export.gov
UAE	Secondary	Government	Federal Customs Authority	www.fca.gov.ae
UAE	Secondary	Government	United Arab Emirates Ministry of Economy	www.economy.gov.ae
UAE	Secondary	Government	Government of Dubai	www.dubaided.ae
UAE	Secondary	Government	Emirates Authority for Standardization & Meteorology	www.esma.gov .ae
UAE	Secondary	Government	Anu Dhabi Food Control	www.adfca.ae
UAE	Secondary	Government	Sharjah Municipality	www.portal.shjmun. gov.ae/
UAE	Secondary	Government	DP World	www.dpworld.ae/en/content/10/3
UAE	Secondary	Government	USDA Foreign Agricultural Service	www.gain.fas.usda.gov
UAE	Secondary	Government	UAE Government	www.government.ae
UAE	Secondary	Government	Dubai Trade	www.dubaitrade.ae
UAE	Secondary	Inter-governmental	UNECE	www.unece.org/trade/agr/standard/dry/ddp-standards.html
UAE	Secondary	Media	The National	www.thenational.ae/uae
UAE	Secondary	Retailer	Lulu Group International	www.lulugroupinternational.com/import-distribution.php
UAE	Secondary	Media	Arabian Supply Chain	www.arabiansupplychain.com/
UAE	Secondary	Retailer	Spinneys	www.spinneys-dubai.com/
UAE	Secondary	Media	Khaleej Times	www.khaleejtimes.com
UAE	Secondary	Media	Freshplaza	www.freshplaza.com/info
Germany	Primary	Retailer	Schwarz Group (Lidl)	www.lidl.de/
Germany	Primary	Retailer	REWE Group	www.rewe-group.com
Germany	Primary	Research	AMI Agrarmarkt Informations-Gesellschaft mbH	www.ami-informiert.de

Germany	Primary	Government	Bundesanstalt für Landwirtschaft und Ernährung	www.ble.de
Germany	Primary	Trade Association	Deutscher Fruchthandelsverband e.V.	www.dfhv.de
Germany	Primary	Importer	E. Jacobsen Fleischimport & Großhandel GmbH	www.jacobsen-fleisch.de
Germany	Secondary	Government	TARIC	www.ec.europa.eu/taxation_customs
Germany	Secondary	Government	TIS	www.tis-gdv.de
Germany	Secondary	Government	Federal Tax Service Germany	www.zoll.de
Germany	Secondary	Government	Council of the European Union	www.consilium.europa.eu/en/policies/trade-agreements/
Germany	Secondary	Inter-governmental	Global G.A.P. Certification Organisation	www.globalgap.org
Germany	Secondary	Inter-governmental	IFS Certification Database	www.ifs-certification.com
Germany	Secondary	Trade Union	Bundesverband der Deutschen Fleischindustrie	www.bvdf.de/
Germany	Secondary	Media	Fleischwirtschaft.de	www.fleischwirtschaft.de/
Germany	Secondary	Media	Agrarheute.com	www.agrarheute.com
Germany	Secondary	Media	Top Agrar	www.topagrar.com
Germany	Secondary	Agency	Halal Certification Organization	www.halal-certification.de/en/
China	Primary	Government	General Administration of Customs, PR China	www.customs.gov.cn/
China	Primary	Others	Shenzhen Bojun Supply Chain Co Ltd	www.bojunimport.1688.com/
China	Primary	Others	Channel Ltd	www.channelsh.com/en/
China	Primary	Government	Certification and Accreditation Administration of the People's Republic of China	www.english.cnca.gov.cn/
China	Primary	Retailer	Shanghai Xijiao International Agricultural Product Trade Center	www.xjgj.com/
China	Primary	Government	General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China	www.aqsiq.gov.cn/
China	Primary	Consultant	Qingyang Gardening Studio	www.cnxdny001.blog.163.com/
China	Primary	Government	Xinjiang Entry Exit Inspection and Quarantine Bureau	www.xjciq.gov.cn/xxgk/csxx/tgyw_305/
China	Primary	Association	China Meat Association	www.chinameat.org/
China	Primary	Government	Registration Department of Imported Foods and Cosmetic Importer and Exporter	www.ire.eciq.cn/#

China	Primary	Government	Zhejiang Food and Drug Administration	www.zjfda.gov.cn/
China	Primary	Distributor	Qingdao Xieji Food Co Ltd	www.xiejifood.com/
China	Primary	Government	Shanghai Entry-Exit Inspection and Quarantine Bureau	www.shciq.gov.cn/
China	Primary	Importer	Chengdu Haiyunda International Trading Co Ltd	www.haiyundagj.com/
China	Primary	Association	China Animal Agricultural Association	www.org.caaa.cn/
China	Primary	Importer	Nicefood (Beijing) International Trading Co Ltd	www.tianyancha.com/company/3014126590
China	Primary	Others	Beijing LTD AQSIQ Certificates Services Co Ltd	www.aqsiqchina.com/
China	Primary	Producer	Qingdao Yuerong Food Co Ltd	www.rongyuefood.1688.com/
China	Primary	Importer	Ningbo Best-home Imp.& Exp. Co Ltd	www.besthome21.com/
China	Primary	Importer	Dongguan Aita Trading Co Ltd	www.aitafood.1688.com/
China	Primary	Distributor	Urumuqi Meiyu Food Trading Co Ltd	www.xjtc1688.cn.gongxuku.com/
China	Primary	Producer	Lin'an Xiaoxiao Food Co Ltd	www.wclcly.1688.com/
China	Primary	Others	Guangdong Seabond Import and Export Co Ltd	www.seabond.cn/
China	Primary	Others	Shanghai Zhifan Import and Export Co Ltd	www.shzhifan123.gxso.net/
China	Primary	Others	Ephon Food International Supply Chain Co Ltd	www.ephonfood.jdzj.com/
China	Primary	Government	Ministry of Commerce of the People's Republic of China	www.mofcom.gov.cn/
China	Primary	Distributor	Dongguan Anjia Food Co Ltd	www.dganjia.1688.com/
China	Primary	Distributor	Yingbo (Shanghai) Import and Export Co Ltd	www.shop1467391167456.1688.com/
China	Primary	Others	Shanghai Lianying Import and Export Co Ltd	www.lianying-sh.com/index.html
China	Primary	Distributor	Jiashan Tuode Food Co Ltd	www.shop1449248377835.1688.com/
China	Primary	Importer	Weihai Teddy Import and Export Co Ltd	www.teddyfoods.1688.com/?spm=a261b.2187601.com-list.180.3pAwug
China	Primary	Distributor	Xinjiang Gongchuangtianxia Trading Co Ltd	www.shop1431942458204.1688.com/page/contactinfo.htm?spm=a2615.2177701.0.0.35688ae8MEoPfC
China	Primary	Producer	Ningbo Guodizi Food Co Ltd	www.guozidinet.1688.com/?spm=a261b.2187601.com-list.136.elXo5r

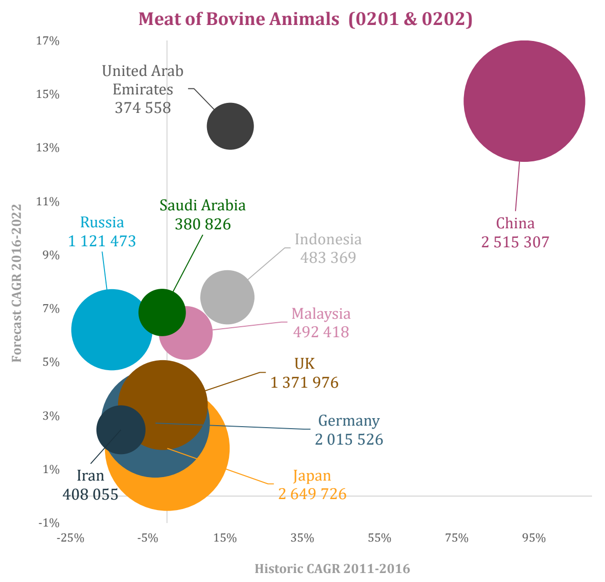
China	Primary	Importer	Ningbo Beihong Food Trading Co Ltd	www.weiqufood.1688.com/page/contactinfo.htm?spm=a2615.7691478.0.0.61936f5bnTcCCO
China	Primary	Brand owner	Be & Cherry Food Co Ltd	www.vipbcw.com/
China	Primary	Brand owner	Shanghai Lyfen E-Commerce Co Ltd	www.laiyifen.com/
China	Primary	Brand owner	Hangzhou Huaweiheng Food Co Ltd	www.huaweiheng.com/
China	Secondary	Media	China Industry Information Website	www.chyxx.com/
China	Secondary	Media	China Commercial Information Website	www.askci.com/
China	Secondary	Agency	UN Comtrade	www.comtrade.un.org/
China	Secondary	Media	China National Radio	www.news.cnr.cn
China	Secondary	Government	China MOFCOM FTA	www.fta.mofcom.gov.cn/index.shtml
China	Secondary	Government	China SAQSIQ	www.dzwjyjgs.aqsiq.gov.cn/fwdh_n/qymd/
China	Secondary	Government	China Electronic Inspectiion and Quarantine Net	www.eciq.cn
China	Secondary	Government	The Central People's Government of the PRC	www.gov.cn
China	Secondary	Government	General Administration of Customs, PR China	www.customs.gov.cn
China	Secondary	Government	Ministry of Agriculture of the PRC	www.moa.gov.cn
China	Secondary	Government	National Bureau of Statistics of the PRC	www.stats.gov.cn/

Project scope

	Kazakhstan	Kyrgyzstan	Tajikistan	Uzbekistan
Producers	Kazakhstan	Kyrgyzstan	Tajikistan	Uzbekistan

	Fresh Fruit and Vegetables	Processed Fruit and Vegetables			Meat products
Product categories	Fresh Fruit and Vegetables	Dried Fruit	Dried Leguminous Vegetables	Nuts	Meat products
Product sub-categories	Apricots: 080910 Table Grapes: 080610 Sweet Cherries: 080929 Melons: 080719	Dried Apricots: 081310 Dried Grapes: 080620	Beans: 071332 & 071333 Mung Beans: 071331 Chickpeas: 071320	Walnuts: 080231 & 080232 Fruit Stones: 121299	Bovine Meat (chilled and frozen): 0201 & 0202 Sheep Meat (chilled and frozen): 0204 Sausages: 1601
Buyers	**Germany** **China** **UAE** UK Russia Saudi Arabia Japan South Korea Turkey India	**Germany** **China** **UAE** UK Russia Saudi Arabia Japan South Korea Turkey India			**Germany** **China** **UAE** UK Russia Saudi Arabia Japan Iran Malaysia Indonesia

International import markets - opportunities



* Bubble size represents import value in 2016 ('000 USD) ** Based on Trade Maps data, 2016

Volume (tonnes)

- China: 579,903
- Japan: 503,226
- Russia: 363,887

CAGR 2011-2016 (volume)

- China: 95.8%
- Indonesia: 12.0%
- Malaysia: 5.5%

Production (mn tonnes 2016)

- China: 6.9
- India: 4.3
- Turkey: 1.6

Japan

Current suppliers (USD '000, %)

- Australia: 1.4 mn (54.4%)
- US: 1.0 mn (38.1%)
- New Zealand: 0.1 mn (3.9%)

China

Current suppliers (USD '000, %)

- Brazil: 0.8 mn (30.4%)
- Australia: 0.6 mn (22.2%)
- Uruguay: 0.5 mn (20.9%)

Germany

Current suppliers (USD '000, %)

- Netherlands: 0.5 mn (26.1%)
- Argentina: 0.3 mn (13.2%)
- China: 0.2 mn (9.6%)

Based on Trade Maps data, 2016

Meat replaces rice in daily eating habits

- Meat consumption **increased around ninefold** between 1955 and 2005, and amounted to 6.6kg per capita in 2014
- Japan is **very particular about the quality** of beef imports, however it recently lifted its ban on Italian and Danish imports, and eased the procedure for US imports

Beef gaining demand despite rising prices

- **Difficulties with efficient meat production** have led to lack of domestic supply
- **Beef accounts for 10% of total meat** consumption in China
- Beef **prices are rapidly rising,** however **demand continued rising**, with consumption reaching 4.4kg per capita

Germany is second biggest EU beef producer

- **Germany produces over 1.1 million tonnes of beef,** accounting for 14.8% of EU output
- German **consumption remains stable** despite the healthy living trend advocating reduced meat consumption

Kazakhstan

- **World exports (value): 4,821**
  - Russia: 4,074 (84.5%)
  - Kyrgyzstan: 708 (14.7%)
  - China: 31 (0.6%)

Kyrgyzstan

- **World exports (value): 0**

Tajikistan

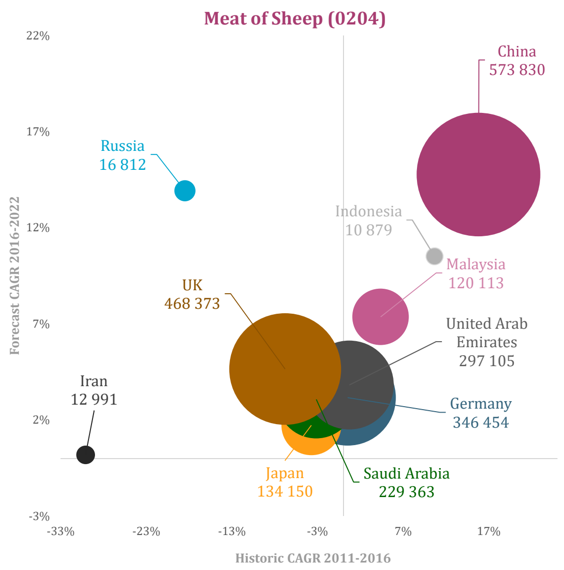
- **World exports (value): 0**

Uzbekistan

- **World exports (value): 0**

Note: Value data are expressed in USD '000.

International import markets - opportunities



* Bubble size represents import value in 2016 ('000 USD) ** Based on Trade Maps data, 2016

Volume (tonnes)

- China: 220,063
- UK: 89,961
- UAE: 56,233

CAGR 2011-2016 (volume)

- China: 21.5%
- Indonesia: 16.1%
- Malaysia: 13.1%

Production (mn tonnes 2016)

- China: 2.1
- Turkey: 0.3
- Russia: 0.2

China

Current suppliers (USD '000, %)

- New Zealand: 390,431 (68.0%)
- Australia: 174,246 (30.4%)
- Uruguay: 4,931 (0.9%)

UK

Current suppliers (USD '000, %)

- New Zealand: 358,054 (76.4%)
- Australia: 56,974 (12.2%)
- Ireland: 26,1004 (5.6%)

Germany

Current suppliers (USD '000, %)

- New Zealand: 216,624 (62.1%)
- UK: 47,764 (13.8%)
- Netherlands: 27,974 (8.1%)

Rising pork prices make lamb more affordable

- Chinese market is mainly focused on poultry and pork, however lamb is gaining demand
- As pork prices rise, lamb becomes more affordable and drives imports up
- New Zealand and Australia are the key importers

UK and Germany offer stable demand

- EU produces 707,000 tonnes of lamb across the 28 member states
- Sheep and goat meat represents 1.4 % of total EU agricultural output
- The UK accounts for a third of EU total production of sheep meat
- The EU consumes one million tonnes of sheep meat per annum with a stable forecast for the medium term

Based on Trade Maps data, 2016

Kazakhstan

- **World exports (value): 510**
  - Russia: 509 (99.8%)

Kyrgyzstan

- **World exports (value): 296**
  - Iran: 291 (98.3%)
  - Qatar: 5 (1.7%)

Tajikistan

- **World exports (value): 0**

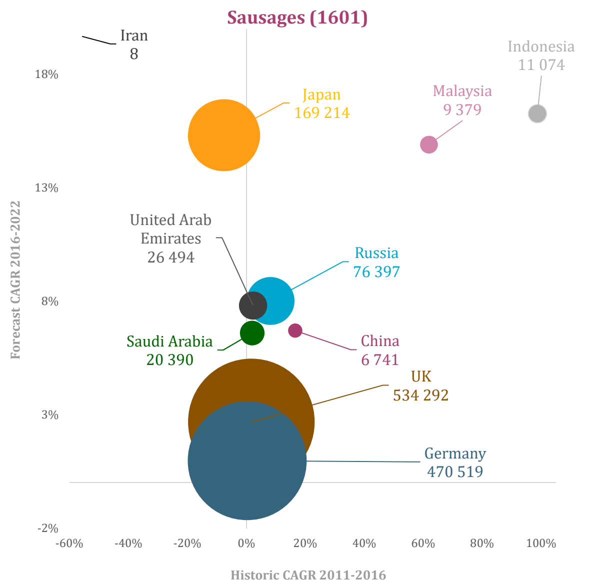
Uzbekistan

- **World exports (value): 0**

Note: Value data are expressed in USD '000.

Sausages

International import markets - opportunities



* Bubble size represents import value in 2016 ('000 USD) ** Based on Trade Maps data, 2016

Volume (tonnes)

- UK: 122,956
- Germany: 80,084
- Russia: 35,956

CAGR 2011-2016 (volume)

- Indonesia: 107.1%
- Russia: 20.3%
- Malaysia: 12.7%

UK

Current suppliers (USD '000, %)

- Germany: 188,618 (35.3%)
- Spain: 68,663 (12.9%)
- Poland: 58,831 (11.0%)

Germany

Current suppliers (USD '000, %)

- Italy: 150,745 (32.0%)
- Austria: 116,537 (24.8%)
- France: 53,801 (11.4%)

Japan

Current suppliers (USD '000, %)

- US: 51,555 (30.5%)
- China: 42,848 (25.3%)
- Thailand: 35,639 (21.1%)

Based on Trade Maps data, 2016

Processed meat and sausages follows similar trends to unprocessed meats

- Sausages represent one of the **key cuisine elements** in both the UK and Germany
- **Germans in particular** consume large quantities of minced meat-based bratwurst-type sausages
- **Japan**, while not being as culturally accustomed to sausages, is **westernising its eating habits**, and therefore consumption of sausages is rising

Kazakhstan

- **World exports (value): 1,385**
  - Russia: 1,377 (99.4%)
  - China: 8 (0.6%)

Kyrgyzstan

- **World exports: USD 0**

Tajikistan

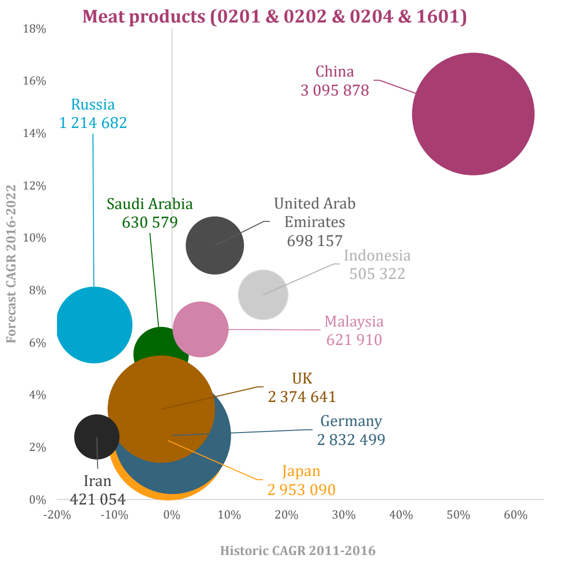
- **World exports (value): 1**
  - Kyrgyzstan: 1 (100%)

Uzbekistan

- **World exports: USD 0**

Note: Value data are expressed in USD '000.

International import markets - opportunities



* Bubble size represents import value in 2016 ('000 USD) ** Based on Trade Maps data, 2016

China

- Largest import value
- Limited domestic supply
- Bovine and sheep

Germany

- Large import value
- Cross-category opportunity

Japan

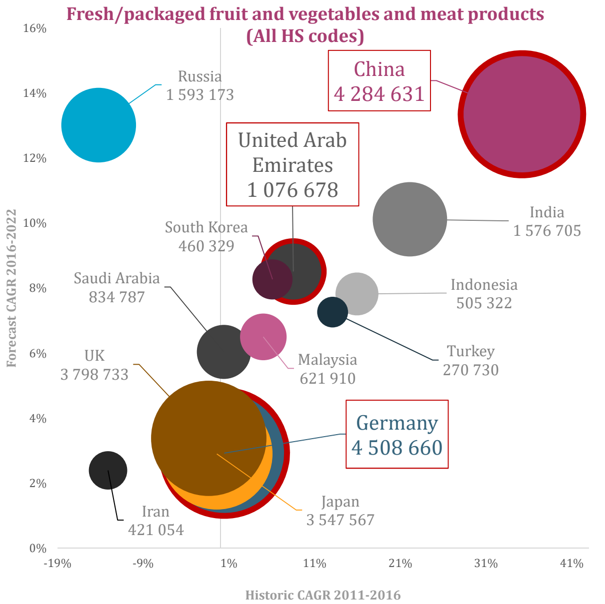
- Large import value
- Insufficient local supply
- Bovine mainly

Russia

- Significant import value
- Growing demand
- Bovine and sausages

Priority markets

International import markets - opportunities



* Bubble size represents import value in 2016 ('000 USD) ** Based on Trade Maps data, 2016

China

- USD4.3 bn import value
- Double-digit growth
  - Meat
  - Cherries
  - Grapes

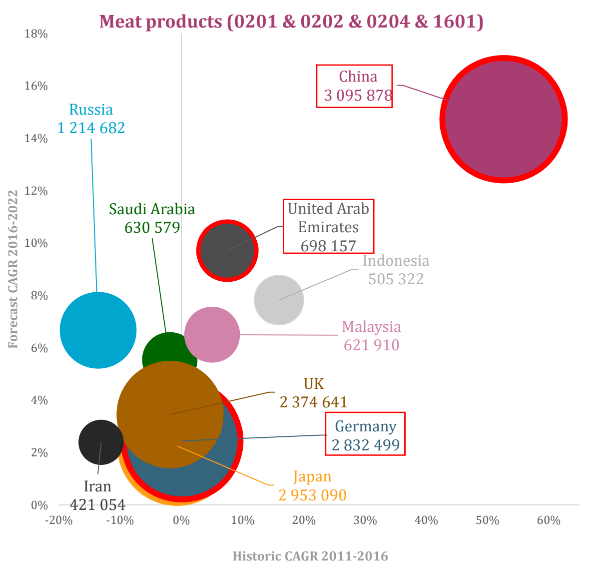
Germany

- USD4.5 bn import value
- Stable and developed
  - Fresh fruits
  - Dried fruits and nuts
  - Meat

UAE

- USD1.1 bn import value
- Strong growth
  - Meat (unprocessed)
  - Leguminous
  - Fresh fruits

International import markets - opportunities



Bubble size represents import value in 2016 ('000 USD)

Based on Trade Maps data, 2016

China

- Largest import value
- Limited domestic supply
- Bovine and sheep

Germany

- Large import value
- Cross-category opportunities

UAE

- Marginal domestic production
- Heavily import-dependant
- Sheep meat is a religious symbol

Central Asia exports

5.3

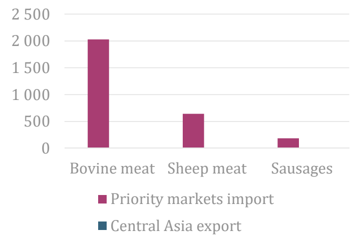
'000 tonnes

Priority market imports

2,857.0

'000 tonnes

Meat trade balance: priority market imports vs Central Asia exports ('000 tonnes, 2016)



UAE trade data for 2016 modelled based on historic CAGR

Source: ITC Trade Maps, 2016

Domestic regulation limits pork produce

- The **rising healthy living** trend calls for a reduction in the consumption of meat
- **Environmental protection law challenges** Chinese pork production
- **Insufficient local beef and lamb production**

Healthy meat options are in demand

- The **stable economic climate** is gradually increasing disposable incomes
- Already **high per capita consumption** of meat limits the growth of the category
- **Public pressure to reduce meat consumption** mostly affects pork and processed meat
- Traditional German **cuisine is heavily meat-based**

Halal is a key requirement for the UAE market

- Amongst the h**ighest living standards**, with a highly **multinational consumer** group
- **Meat consumption is already high**, and is expected to increase significantly by 2050
- **Demand for sheep meat is driven by religious festivals** and celebrations, such as Eid
- Due to cultural and religious aspects, **halal certification is key** for Middle Eastern consumers

China

- The **low fat and high vitamin B content of beef** positions it as a healthy meat variant
- **Tenderloin, brisket and oxtail cuts** are dominant in beef, while in sheep meat, lamb **chops, sheep ridge and lamb leg** are the best-selling cuts

Germany

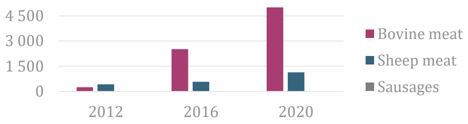
- Germans **look for tenderness** in meat, while preferring **packaging to serve two persons**
- While Germany is a sausage-eating country, imports are **focused on bovine meat**, with particular demand for **lean healthy meals and barbecues**

UAE

- The **premium market requires outstanding quality**, packaging and calibration
- **Halal is a pre-requisite** for market entry

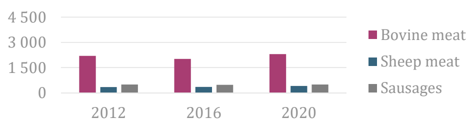
Pork is starting to be replaced by beef and lamb

Imports of meat, mn USD, 2012/2016/2020



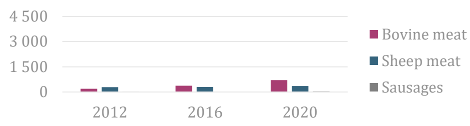
Call for healthy products benefits lean meat

Imports of meat, mn USD, 2012/2016/2020



Sheep meat is an important cultural choice

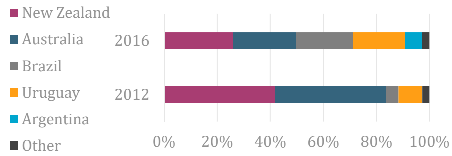
Imports of meat, mn USD, 2012/2016/2020



Source: ITC Trade Maps, 2016

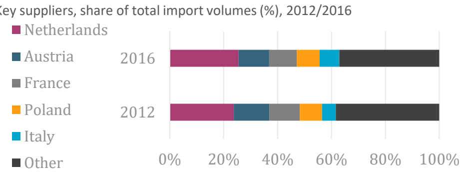
Top-quality meats are demanded

Key suppliers, share of total import volumes (%), 2012/2016



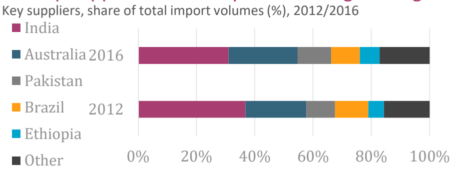
The EU is the key meat supplier to Germany

Key suppliers, share of total import volumes (%), 2012/2016



The top suppliers focus only on their target categories

Key suppliers, share of total import volumes (%), 2012/2016



Source: ITC Trade Maps, 2016

China

- While **New Zealand** focuses on supplying **sheep meat** and **Brazil** targets **frozen bovine** meat, **Australia** manages to **conquer both markets**

Germany

- The German meat market strongly **favours EU suppliers**
- **New Zealand**, however, is the leading supplier of **sheep meat** to Germany

UAE

- **India** leads in terms of **frozen beef** imports, **Australia tops lamb** imports and **Pakistan focuses on fresh beef**
- **Brazilian** suppliers are targeting the **premium market** with best-quality bovine produce

China

- Chinese meat importers **must be listed** on the "List of Consignees of Imported Meat Products". Currently there are 2,741 enterprises listed, including COFCO Meat Products Co Ltd, Shunxin International Trade Co Ltd, Shanghai Dajiang Co Ltd and CR Ng Fung Co Ltd

Germany

- Highly **retail-oriented consumption** is catered for by regional importers and distributors, such as Tönnies Lebensmittel GmbH, Vion Food Group and Westfleisch SCE
- The **wholesaler link is rather weak** in Germany

UAE

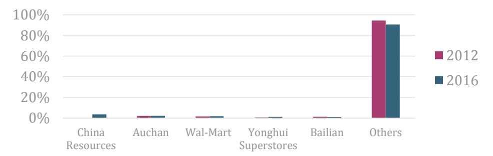
- The **largest domestic importers**, such as Kibsons, JM Foods, Al Qudwa Food Stuff LLC, Farm Fresh LLC and BTM Internal General Trading LLC, trade through **regional**

Wholesalers are typically in place for B2B distribution to the food processing industry

Cattle farmer
↓
Slaughterhouse
↓
Customs and quality inspectors
↓
Local importer
↓
Wholesaler
↓
Retailer/foodservice
↓
Consumer

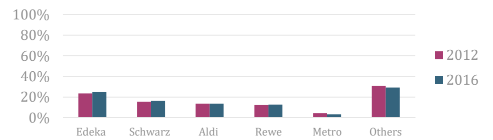
Traditional retail caters for the mass-market

Grocery retail landscape, value shares (%), 2012/2016



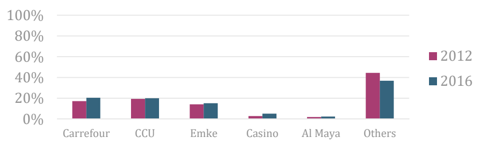
Meat retail is controlled by modern chains

Grocery retail landscape, value shares (%), 2012/2016



Polarised retail market caters for various wallet sizes

Grocery retail landscape, value shares (%), 2012/2016



Source: Euromonitor. Grocery Retailing, 2016

China

- **Half of meat produce is distributed through retail**
- Key **modern chains focus on high-end** Brazilian supplies
- **Traditional retail caters for the mass-market** across the country

Germany

- Around **86% of imports** of meat produce are **distributed through retail**
- **Fresh bovine** meat **is preferred to frozen**
- **Sheep meat is** considered by definition the **healthiest** meat option, and enjoys higher price points

UAE

- 44% of meat produce is distributed through retail, and **47% through foodservice**
- **SMEs play a key role as wholesalers, importers and re-exporters** in the processed meat market in the UAE

Meat:
Regulatory overview

Key regulations in China

- Domestic safety requirements
- Domestic labelling and packaging requirements
- Veterinary norms
- Quarantine access
- Sample testing
- On-going improvement of legal quality standards and safety requirements

Key regulations in Germany

- Compulsory EC registration
- Veterinary norms
- Control of contaminants in foodstuffs
- Control of pesticide residues
- Sample testing

Key regulations in UAE

- Domestic safety requirements
- Veterinary norms
- Sample testing

China

Source: PR China's Ministry of Commerce, 2017

MFN treatment for all WTO members

Market	Kazakhstan	Kyrgyzstan	Tajikistan	Uzbekistan
	12.0-25.0%	12.0-25.0%	12.0-25.0%	70.0%
	12.0-23.0%	12.0-23.0%	12.0-23.0%	70.0%
	15.0%	15.0%	15.0%	90.0%

Germany

Source: TARIC database, 2017

Central Asian countries face third country duty rates

Market	Kazakhstan	Kyrgyzstan	Tajikistan	Uzbekistan
	12.8%	12.8%	12.8%	12.8%
	12.8%	12.8%	12.8%	12.8%
	15.4%	15.4%	15.4%	15.4%

UAE

Source: UAE Ministry of Finance, 2017

No special treatment for Central Asian suppliers

Market	Kazakhstan	Kyrgyzstan	Tajikistan	Uzbekistan
	5.0%	5.0%	5.0%	5.0%
	5.0%	5.0%	5.0%	5.0%
	5.0%	5.0%	5.0%	5.0%

Beef and lamb in high quality, organic and halal niches

China	Germany	UAE
Key opportunities: ▪ **Offer high-quality and competitively-priced beef,** as both domestic produce and long-distance supplies are expensive ▪ **Supply halal sheep meat to Northwest China,** particularly Xinjiang province, as consumers are familiar with the taste and there is a lack of supply	**Key opportunities:** ▪ Supply opportunity for **organic and/or halal-certified lamb,** due to the lack of sufficient production ▪ As German consumers care about **animal wellbeing**, Central Asian suppliers should **consider certification**	**Key opportunities:** ▪ Offer **halal lamb and beef over the busiest periods** during Islamic festivals such as Ramadan and Hajj celebrations, so Central Asian suppliers can benefit from higher price points ▪ Central Asian producers must **invest in marketing** projects in order to raise awareness of Central Asian produce

Strengths
SWOT

Kazakhstan and Kyrgyzstan have meat on their agricultural agenda

- **Limited international meat presence** has been achieved
- **Kazakhstan** is one the global **leaders** in terms of **pasture** availability
- Suppliers are able to offer **value for money** deals
- Suppliers **recognise** the importance of niche targets, including **organic and halal**
- **Regional cooperation** in the meat development arena
- **Health-aware consumers** are turning down pork in **favour of beef and lamb**
- Accession to **international trade agreements** positively affects trade
- An understanding that **global certification** is the way forward

Central Asia has to overcome a number of internal challenges

- **Limited awareness** amongst **international consumers**
- **Productivity enhancement** remains challenging
- **Initial investment** in international partnerships
- Traditionally natural production **lacks certificates**
- **Insufficient livestock volumes**
- **Lack of veterinary controls** hinders international trade opportunities
- **Difficulties in compiling larger scale volumes** of unified quality
- Russia-focused trade **lacks diversification**
- **Weak certification** due to the cost and lack of experts
- **Restricted access to markets** due to lack of conformity
- **Lack of regional cooperation**

Weaknesses
SWOT

Fragmented meat production calls for competitively-priced imports

- **The largest** of the priority markets, as domestic beef and lamb production is insufficient
- **Increasing demand for non-pork varieties is** focused on beef and lamb
- The local beef market is highly fragmented, resulting in high prices and inconsistent quality
- **Kazakhstan and Kyrgyzstan** enjoy **MFN** treatment

Central Asia should **focus on high-quality beef supplies,** including **organic variants, targeted primarily at the retail market**

Halal sheep meat should be targeted particularly at Northwest China, as these consumers are familiar with the taste and lack supply

Healthy lifestyles benefit the consumption of sheep meat

- **Large and mature** market with traditionally very high meat consumption
- Opens up **wider opportunities in the EU** market, however **strong European competition**
- Preferential trade under **GSP+** for Kyrgyzstan
- **Lamb is gaining momentum** across health-aware and cultural minority consumers

Central Asia should **prioritise exports of sheep meat,** which allows for higher price points and smaller pack sizes

Beef is also in demand; however, Central Asia will have to compete with EU suppliers, which benefit from FTA

UAE: opportunities

SWOT

Halal meat is particularly in demand during religious festivals

- **The smallest, yet most dynamic market** among the priority countries, with a high appetite for meat
- The UAE is a **gateway to the wider GCC** market
- **UAE consumers** are **only** interested in **halal meat**
- **Limited domestic production**

Equally interesting **opportunities** for both **bovine and sheep meat** exporters

Halal sheep meat is particularly in demand during religious festivals such as Eid, thus **Central Asian suppliers should target holiday periods to start trade partnerships**

Quality is a must

Central Asia has to enhance its international image and improve its technology

Challenging access to international markets:

- Voluntary quality standards in **Germany**
- Negative perception of Central Asian consistency in the **UAE**
- Quarantine access restrictions in **China**

Lack of awareness of Central Asian produce:

- Lack of international market presence raises a question about the level of demand

Technological challenges in meeting quality requirements:

- **Conformity to** minimum **quality requirements** is a must
- However, Central Asia **lacks the appropriate veterinary checks** and food testing laboratories

Insufficient livestock is a threat to long-term success:

- **Long-term sustainability** should be considered before benefiting from short-term bids

Threats

SWOT

Meat:
Gap analysis

Raise awareness of the taste and attributes of Central Asian meat products

Current supply situation	▪ Lack of efficient regulations **safeguarding meat safety standards, as well as country of origin** claims
Current demand requirements	▪ International **buyers are not aware** of the quality of Central Asian **meat** ▪ Marginal trading relationships between Central Asia and the priority markets **cause a lack of trust in consistency and the ability to deliver**
Suggested interventions	▪ Participation in **international trade expositions** and promotional events ▪ Agricultural industry **education** on international market demands ▪ **Promotion of "Made in…"** claims in priority markets

Consolidate production to enhance quality consistency and volume supply

Current supply situation

- Central Asian agriculture is **highly fragmented**
- Exporters and wholesalers are **not able to guarantee produce of uniform quality**

Current demand requirements

- International buyers are looking for suppliers which can **guarantee consistent quality**

Suggested interventions

- **Educate** farmers **on the benefits of cooperation**
- Introduce **government support for those that coordinate production**
- Introduce an **export promotion and coordination body**

Develop the livestock population for long-term trade sustainability

Current supply situation

- **Kazakhstan's livestock population** is **insufficient** to meet China's demands in the long term
- Meat trade development programmes are being launched

Current demand requirements

- International buyers are looking for **high quality, consistency and competitive prices**
- In particular, the UAE and China demand **halal certification**

Suggested interventions

- **Educate farmers** on long-term cattle sustainability strategies
- **Facilitate dialogue between farmers and governments** to foster support programmes

Achieve international certification

Current supply situation

- The fragmented industry is **unable to afford** international certification
- **Domestic and cross-regional trade** does not require certification
- Farmers are **becoming familiar with certification procedures**

Current demand requirements

- **International markets require halal, GFSI and/or GLOBALG.A.P. certification** for their suppliers
- In particular, buyers are interested in produce quality, the farming process, transportation process and sustainability of the supplier
- **European** buyers also demand proof of **animal wellbeing**

Suggested interventions

- **Educate farmers** on the benefits of certification and related opportunities
- Facilitate the **education and development of certification experts**
- Establish a **certification advisory body**
- Facilitate **lobbying of governments and financiers**

Learn from international best practices to modernise laboratories and veterinary checks

Current supply situation

- Food and veterinary testing laboratories **are not recognised by international markets**
- Local laboratories **lack modern technology, up-to-date training and consistency** in running tests
- **Use of international laboratories is limited,** as imports comprise the collective produce of many farms

Current demand requirements

- Priority markets have **legal requirements for the quality and safety of meat produce**
- Each market **performs a food quality inspection** as products enter the market

Suggested interventions

- Facilitate the establishment of **internationally recognised laboratories**
- Facilitate the development of an **educational system** for future food quality experts
- **Inform exporters and current testing facilities of acceptable quality levels** in priority markets

Identify opportunities for partnerships in air freight

Current supply situation	▪ As a **landlocked region**, Central Asian exporters have to deliver by land or air ▪ While **road transportation is lengthy, air freight is costly**
Current demand requirements	▪ International buyers **prefer marine transportation** ▪ However, they are **happy to accept other solutions**, as long as the price and quality are not affected
Suggested interventions	▪ **Facilitate relationships between exporters and air freight carriers** ▪ Provide exporters with **information about a wide range of air carriers** ▪ Provide information about **charter cargo flights** ▪ **Facilitate lobbying** to gain discounted rates when exporting to priority markets

1 Raise awareness of Central Asian meat produce

- Facilitate and **promote the participation** of Central Asian producers and exporters at **international trade expositions**
- Develop or facilitate the development of **educational programmes focused on international market demands** with regard to Central Asian meat
- Develop or facilitate the development of **Central Asia origin promotional campaigns** (arm exporters with marketing materials)

2 Consolidate production to enhance quality consistency and volume supply

- Promote or facilitate education and **promotion on industry consolidation** through cooperatives and associations
- Facilitate **industry and government dialogue** and cooperation in terms of governmental support of **coordinated production** efforts
- Develop or facilitate the development and promotion of an **export promotion and coordination body**

3

Develop the livestock population for long-term trade sustainability

- Facilitate dialogue between farmers and governments to foster support programmes focusing on the **development of the cattle and other livestock population**
- Develop or facilitate the development of **educational programmes for farmers on long-term cattle sustainability strategies**

4

Achieve international certification

- Develop **educational programmes for SME farmers** on the benefits and requirements of international certification
- Facilitate the development of **educational platforms for future certification experts**
- Facilitate the establishment of GLOBALG.A.P. , halal, GFSI and wider **certification advisory bodies to oSMEs**
- Facilitate the **establishment of certification bodies**
- Facilitate **lobbying between the industry and governments** in terms of **subsidising** the certification process
- Facilitate **dialogue between the industry and financiers**, in order to facilitate **financial mechanisms**

5 Learn from international best practices to modernise laboratories

- Facilitate the **establishment of internationally recognised laboratories in Central Asia** through dialogue between globally recognised laboratories, training and adapting best practices
- Facilitate the development of **educational systems for future food quality experts**
- Develop an **information sharing programme** aiming to provide information to exporters and current laboratories about the acceptable quality levels in international markets, as well as detailing the tests to be performed

6 Identify opportunities for partnerships in air freight

- Facilitate dialogue and **partnership-building between exporters and air freight carriers**
- Help exporters **to connect with relevant cargo carriers**
- Educate exporters on charter and other **competing cargo solutions**
- Facilitate **dialogue between financiers/ government** in order to support **financing of cold chain fleet development**

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