

QATAR - FOOD & BEVERAGE SECTOR OVERVIEW & FORECAST

THOUGHT LEADERSHIP SERIES

January 2019

Developed by D&B Qatar Research & Advisory Services team

dun & bradstreet

Executive Summary

Total F&B demand is estimated to grow in line with population CAGR of 1.68% over the next 5 years to reach USD 2.93 Bn by 2022

Macro economy of Qatar



**Nominal GDP
(2017)**
USD 167 Bn



Oil Share in GDP
2014: 53%
2017: 33%



Ranked FIRST
in terms of GDP
per capita



**Population
(2017)**
2.7 Mn

F&B sector in Qatar



**F&B sector demand
(2017)**
USD 2.7 Bn

**Top 3 products by
demand**



Meat



Dairy products



Cereals

**Top 3 exporters to
Qatar (2017)**



India



Australia



KSA

Key Growth Drivers



Population of Qatar expected to grow at a CAGR of 1.7% to reach 3.3 Mn by 2030

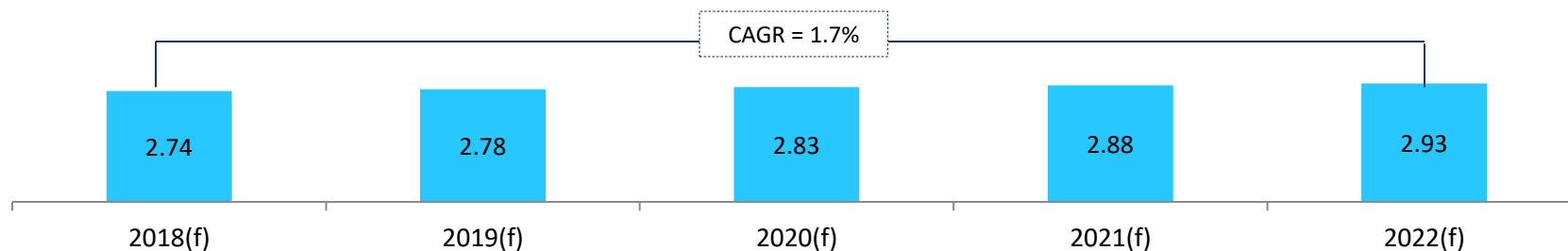


International Tourist arrivals estimated to increase at a CAGR of 5% to reach 2.9 Mn by 2022



Substitution of imports from KSA and UAE, which used to account for major share of market in F&B sector prior to blockade

F&B sector Forecast (USD Bn)



Agenda

Qatar - Strategic Overview

Food & Beverage Sector in Qatar

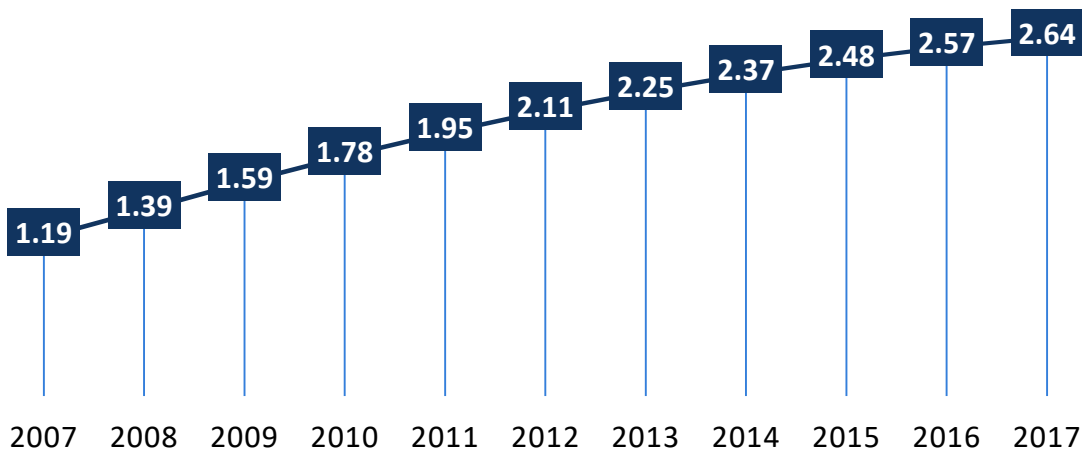
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Qatar - Population Demographics

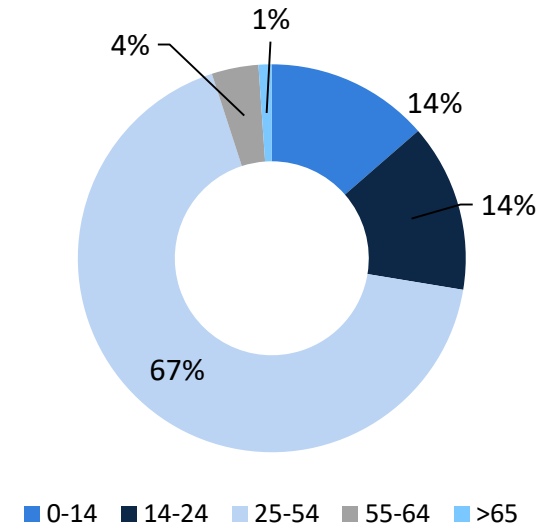
Population in Qatar has doubled in the last 10 years to reach 2.6 Mn in 2017

Population in Qatar and Age Structure

Population in Qatar (Mn)



Age structure (years)



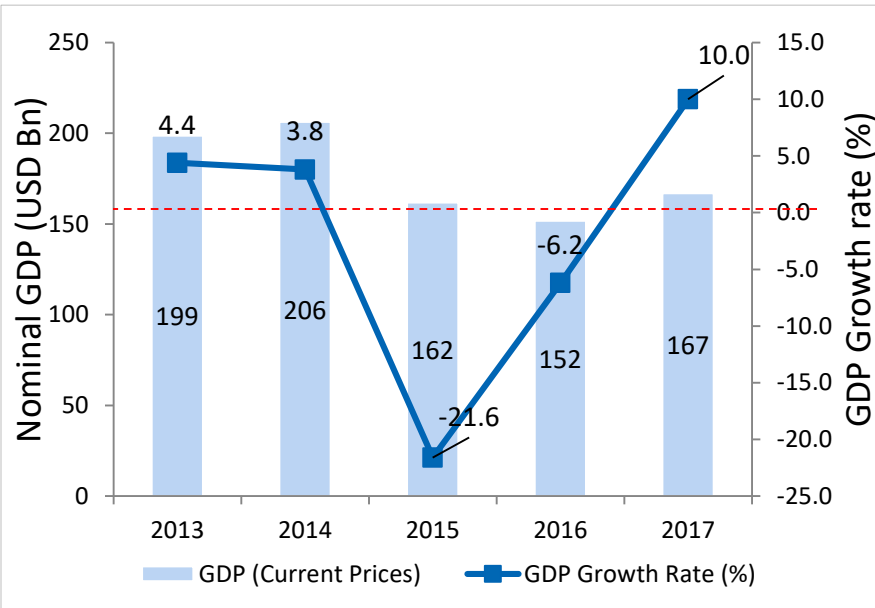
- Qatar's population has doubled in the past 10 years to reach 2.6 Mn in 2017, increasing at a CAGR of 8%
- ~70% of the population is in the working age group of 25-54 years (median age: 30)
- The United Nations Population division estimates that the population is expected to reach 3.23 million by 2030
- Administratively, Qatar is divided into eight (8) municipalities – Doha, Al-Daayen, Al Khor, Al Wakrah, Al Rayyan, Al Sheehaniya, Al Shamal and Umm Slal (further divided into 92 zones), with a total area of ~11,586 sq. Km

Source(s): Ministry of Development Planning and Statistics, World Bank, United Nations

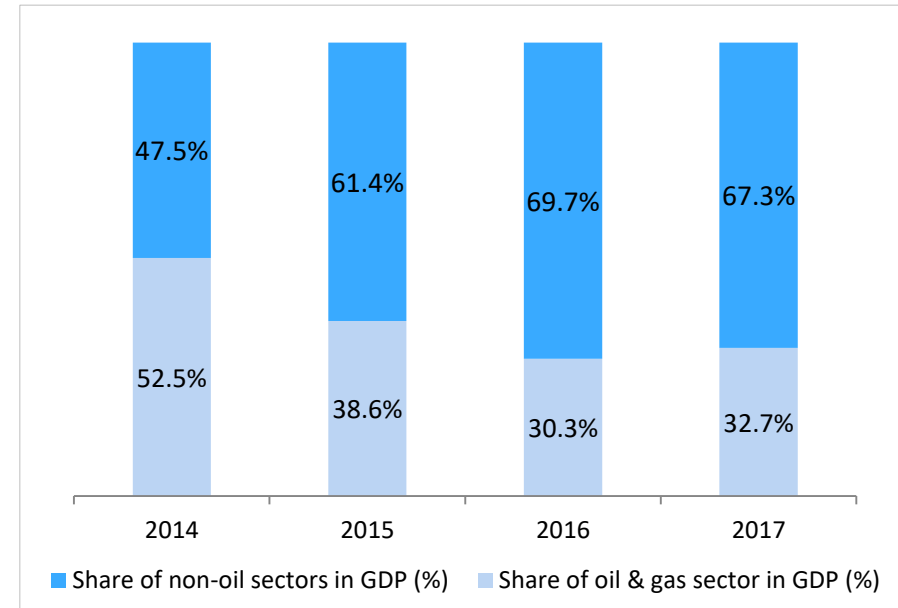
Qatar - GDP and GDP Growth Rate

Qatar's GDP has grown at a rate of 10% in 2016-17, after two years of decline owing to fall in global oil prices; During this period, the share of hydrocarbon sector to GDP has reduced substantially

Nominal GDP (USD Bn) and Growth Rate (%), 2013-17



Contribution of Oil and non-oil sectors in GDP, 2014-17 (%)



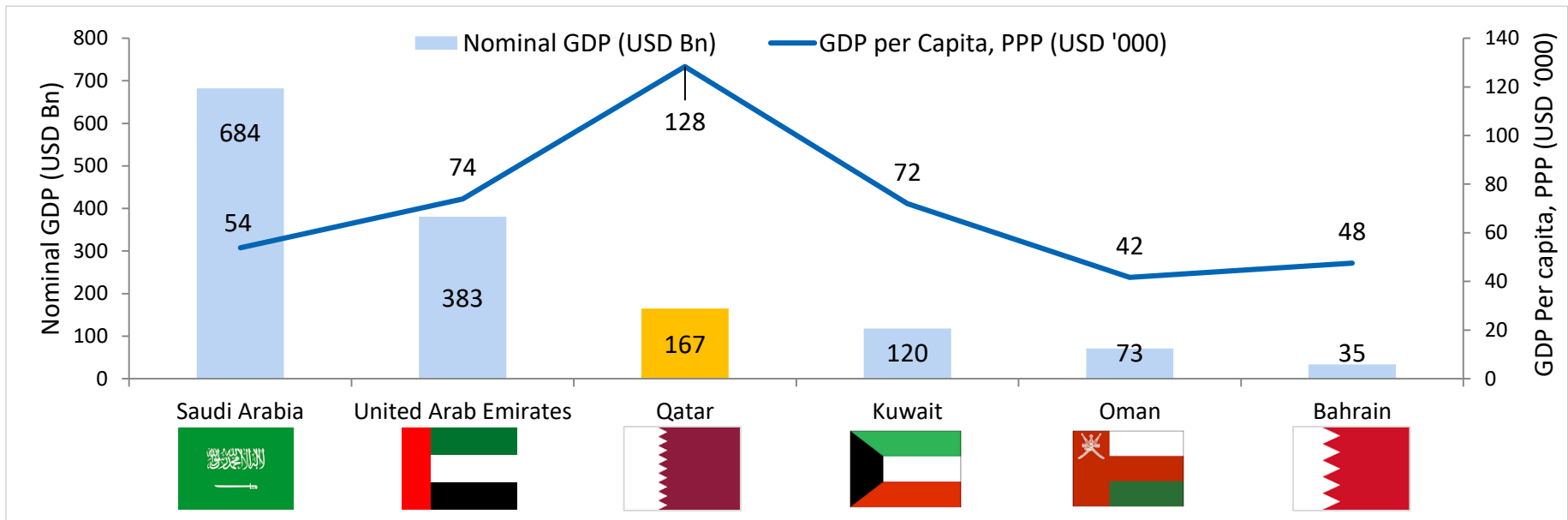
- Qatar's GDP grew at CAGR of 5.07% from USD 187 Bn in 2012 to USD 206 Bn in 2014, and then declined in 2015 and 2016 due to the fall in global oil prices.
- Strong recovery in global energy prices, aided by supply cut and rise in global demand, resulted in improved domestic growth performance, with a nominal GDP growth rate of ~10% in 2016-17
- **During this period, the share of Hydrocarbons in the GDP reduced from 52.5% in 2014 to 32.7% in 2017, which shows the shift in focus of the Government to non-oil revenues**

Source(s): Ministry of Development Planning and Statistics, Qatar Central Bank

GDP of GCC nations

Qatar is the richest country in the world in terms of GDP per capita (PPP); It is the third largest country in the GCC region, in terms of Nominal GDP

Nominal GDP (USD Bn) & GDP per Capita, PPP in 2017 (USD '000) - comparison with other GCC nations



- Qatar is the third largest country in the GCC region, in terms of nominal GDP, behind Saudi Arabia and UAE
- However, in terms of per capita GDP (PPP), Qatar is the richest country in GCC and in the World. The five richest countries in the world, in terms of GDP per capita in PPP terms, are Qatar, Macao, Luxembourg, Singapore and Brunei Darussalam (2017)

Source(s): World Bank

Qatar National Vision



Qatar National Vision, 2030 has been formulated based on four pillars: (a) Human Development, (b) Social Development, (c) Economic Development and (d) Environmental Development

Qatar National Vision, 2030

- Qatar National Vision was formulated in 2008, which aims to transform Qatar into an advanced country by 2030, capable of sustaining its own development and providing a high standard of living for its population and future generations



Human Development

- Development of Qatar's residents and citizens to enable them to sustain a prosperous society



Social Development

- Development of a just and caring society based on high moral standards, and capable of playing a significant role in the global partnership for development



Economic Development

- Development of a competitive and diversified economy capable of meeting the needs of, and securing a high standard of living for, all its people for the present and for the future



Environmental Development

- Management of the environment such that there is harmony between economic growth, social development and environmental protection

Agenda

Qatar - Strategic Overview

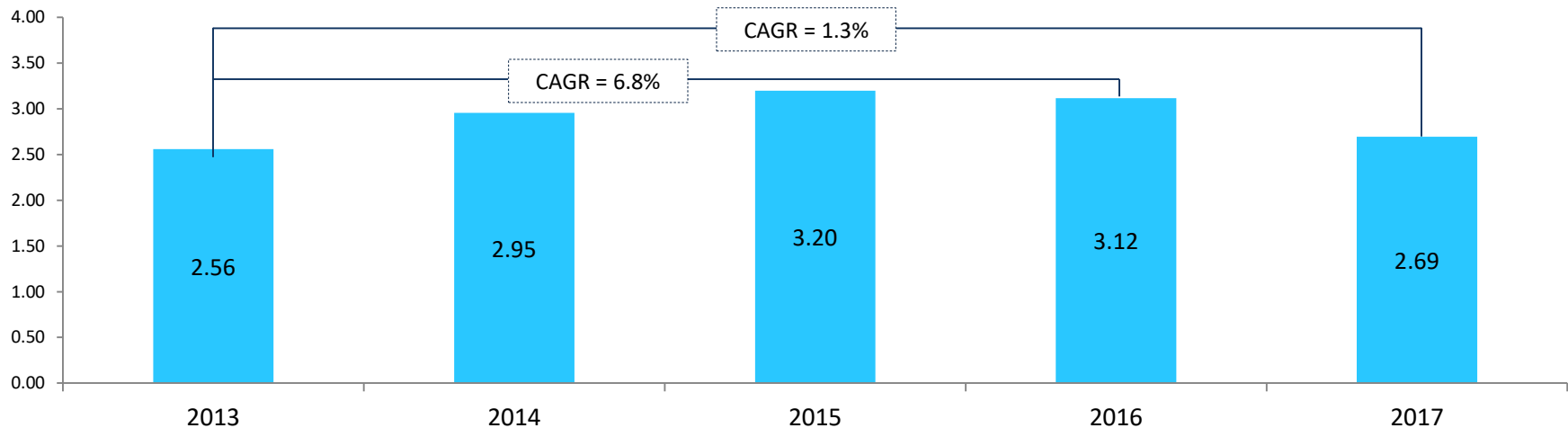
Food & Beverage Sector in Qatar

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Food & Beverages Sector in Qatar

Total food demand in 2017 stood at USD 2.69 Bn, growing at a CAGR of 1.3% in the 2013-2017 period; Qatar accounted for ~4% of the overall food consumption in GCC in 2016

Food Imports (USD Bn)



- Qatar is highly import dependent for meeting its food requirements, a few products where import dependence is low are dates, dairy and poultry products
- 2013-16 CAGR was 6.8% as population grew at a faster pace in the corresponding period; 2017 imports have been impacted due to the disturbance of trade routes
- Qatar accounted for ~4% of the overall food consumption in the GCC in 2016, amounting to 1.9 million metric tons

Source: ITC Trade Map; Alpen Capital

Food Demand - Categories

Top 3 food products, accounting for more than 35% of total imports in 2017 are i) Meat & Edible meat offal, ii) Dairy, eggs, honey, edible products of animal origin and iii) Cereals

Food Product Imports (USD Bn) – Top 15 products by import value in 2017

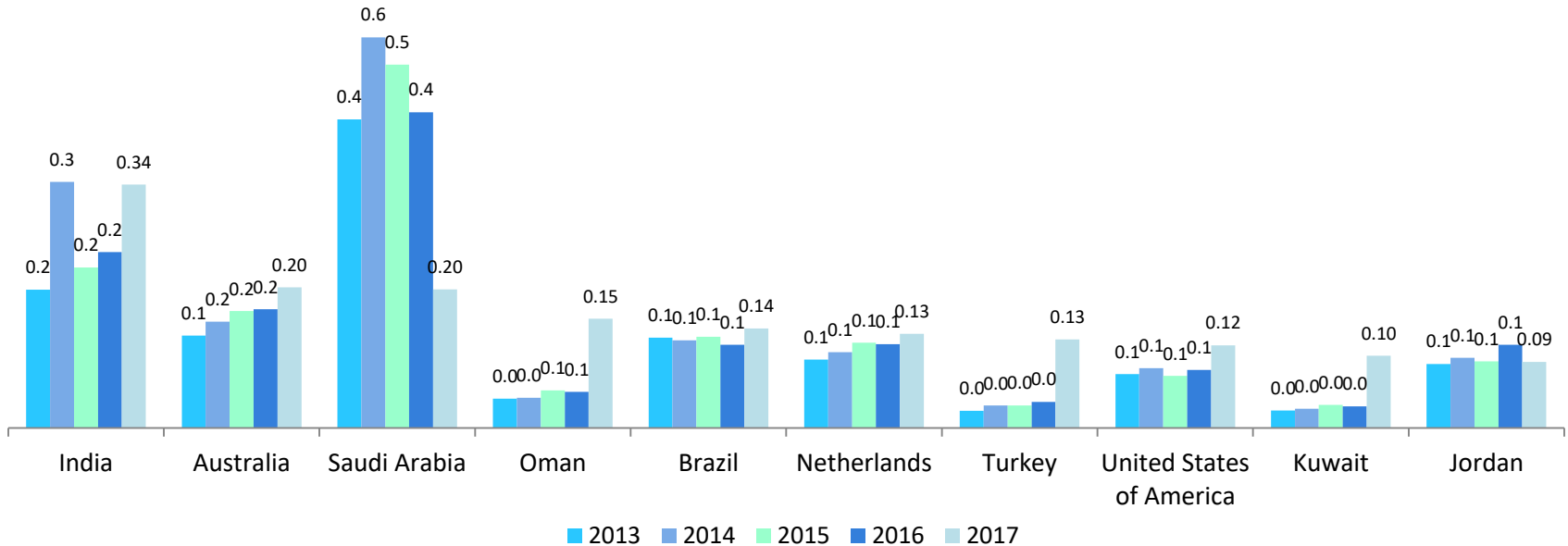
Food Category	2013	2014	2015	2016	2017	CAGR growth rate
Meat and edible meat offal	0.38	0.42	0.46	0.44	0.43	3.45%
Dairy produce, eggs, honey, edible products of animal origin etc.	0.33	0.37	0.40	0.40	0.34	0.70%
Cereals	0.16	0.33	0.27	0.28	0.23	9.82%
Edible vegetables and certain roots and tubers	0.21	0.24	0.28	0.27	0.22	1.11%
Live animals	0.22	0.28	0.31	0.22	0.20	-3.08%
Edible fruit and nuts; peel of citrus fruit or melons	0.15	0.16	0.20	0.23	0.19	7.24%
Preparations of cereals, flour, starch or milk; pastrycooks' products	0.19	0.19	0.21	0.21	0.18	-0.20%
Beverages, spirits and vinegar	0.18	0.16	0.20	0.17	0.15	-3.32%
Miscellaneous edible preparations	0.15	0.17	0.20	0.17	0.13	-2.91%
Preparations of vegetables, fruit, nuts or other parts of plants	0.09	0.10	0.11	0.11	0.11	5.16%
Animal or vegetable fats and oils and their cleavage products	0.10	0.09	0.10	0.11	0.09	-2.22%
Cocoa and cocoa preparations	0.08	0.08	0.08	0.09	0.08	0.45%
Coffee, tea, maté and spices	0.06	0.07	0.07	0.08	0.07	3.66%
Fish and crustaceans, molluscs and other aquatic invertebrates	0.05	0.06	0.08	0.08	0.07	5.09%
Preparations of meat, of fish or of crustaceans, molluscs etc.	0.05	0.07	0.07	0.08	0.05	0.31%
Other products	0.17	0.15	0.16	0.18	0.14	-4.13%
TOTAL	2.56	2.95	3.20	3.12	2.69	1.29%

- Top 3 food products accounting for more than 35% of total imports in 2017 are i) Meat & Edible meat offal (16%), ii) Dairy, eggs, honey, edible products of animal origin (12%), and iii) Cereals (9%)
- Among the Top 15 products, cereals, edible fruits & nuts and fish showcased significant CAGR during the period 2013-17

Food Trade Top Exporters to Qatar

The average value of the Top 10 exporters in 2017 to Qatar was USD 160.86 Mn, led by India with total exports of USD 344.93 Mn

Top 10 Exporters (USD Bn)



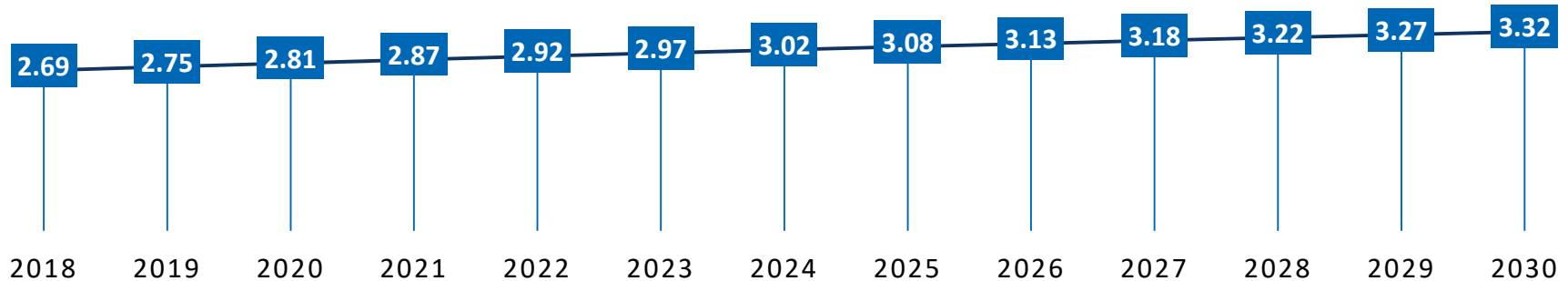
- Imports from KSA have been on a decline for the past three years, dipping the most in 2017 (56%); imports from Oman (203%) & Kuwait (234%) have increased significantly in 2017
- Imports from Turkey have grown 238% in 2017
- Import from USA and India have grown 42% and 38% respectively
- In 2017, Pakistan was the 18th largest import source, with total food imports of USD 39.50 Mn

Key Growth Drivers

F&B sector in Qatar is expected to be driven by 3 major factors: (1) Population growth, (2) Increased tourist arrivals and (3) Increased import substitution in view of the Economic Blockade

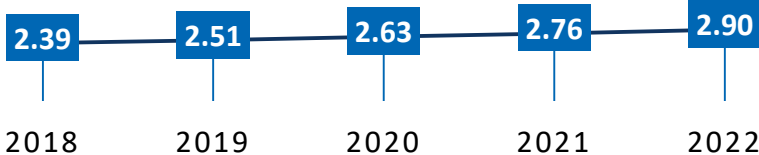
Population in Qatar is expected to grow at a CAGR of 1.7% to reach 3.3 Mn by 2030

Population Forecast in Qatar (Mn)



Tourist arrivals estimated to increase at a CAGR of 5%

International Tourist Arrivals in Qatar (Mn)



- International Tourist arrivals estimated to increase at a CAGR of 5% to reach 2.9 Mn by 2022
- This is due to the favorable policies of Government of Qatar (like visa free entry for tourist from over 80 countries), FIFA World Cup 2022 etc.

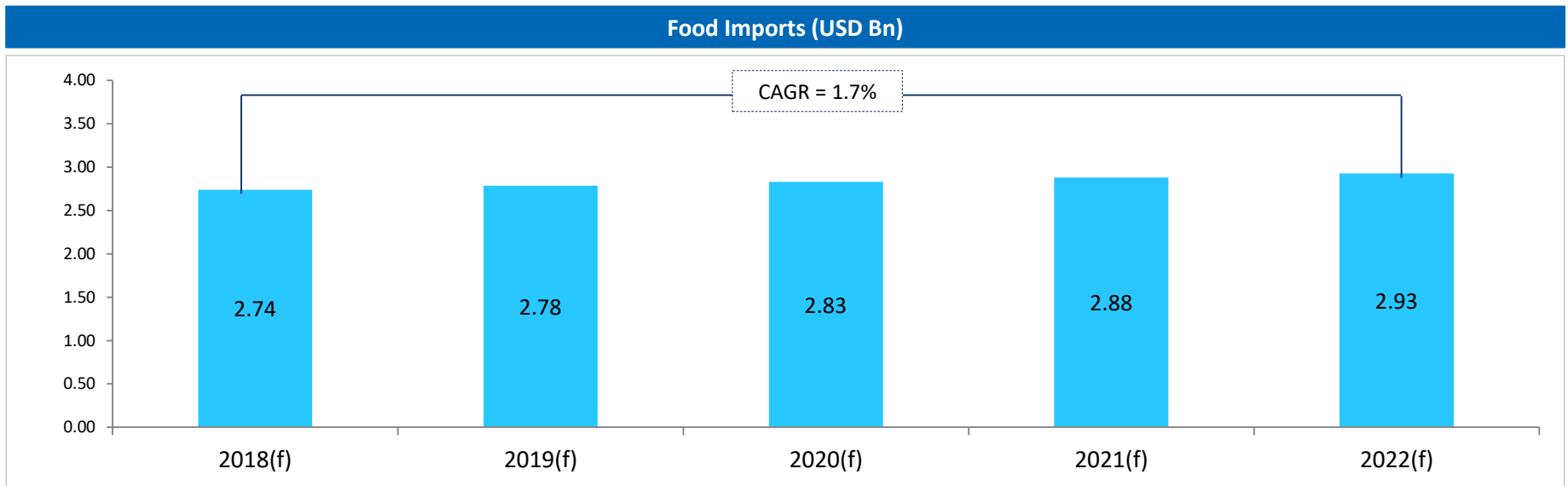
Increased import substitution in view of Economic Blockade

- Prior to the economic blockade imposed on 5th June 2017, brands from KSA and UAE used to account for a majority of the market share in many food products. The void which was created due to blockade can be filled by local manufacturers
- In particular, in case of short-shelf life products, there is a huge opportunity as it is difficult to import by sea due to the perishable nature of products, whereas importing by air is very expensive
- Existing local companies such as Dandy, Gourmet etc. have seen considerable growth in market share post the blockade

Source: Apen Capital, D&B Research

Food & Beverages Sector in Qatar Forecast

Total F&B demand is estimated to grow in line with population CAGR of 1.68% over the next 5 years to reach USD 2.93 Bn by 2022



- The F&B sector demand is expected to grow in line with the population growth rate (1.7%) to reach ~USD 2.93 Bn by 2022
- The key reasons aiding food consumption growth in Qatar include high disposable income and urbanization rate, coupled with an expanding consumer base. Additionally, infrastructure development in the build-up to the World Cup 2020 are expected to boost tourist arrivals and eventually food consumption in the country. Moreover, the high affluence levels have backed the locals' demand for high-value products

Source: SAK Holding Report

Agenda

Qatar - Strategic Overview

Food & Beverage Sector in Qatar

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Assad Shaikh
Regional Head, Consulting Practice
✉ ShaikhA@dnbsame.com



Suyog Raulgaonkar
Engagement Leader, Qatar
✉ RaulgaonkarS@dnbsame.com

D&B Qatar Office

Dun & Bradstreet LLC
PO Box 32315
Doha
Qatar
T +974 4021 3900/01

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