Agriculture and Agri-Food Canada

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International Markets Bureau

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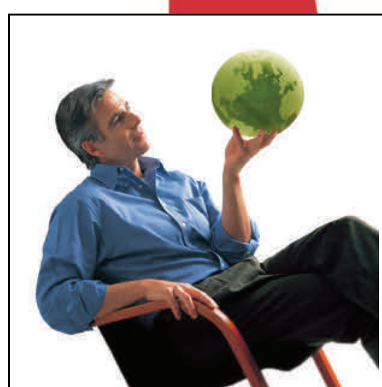
Consumer Trends

Pulses in the Middle East and North Africa Region



Growing Forward

Canada

EXECUTIVE SUMMARY

Pulses such as chickpeas, lentils, peas and beans feature prominently in the cuisine of the Middle East and North Africa (MENA). In addition to traditional uses for pulses like soups, tajines, curries and hummus, pulses can also be added to processed meats, frozen prepared meals and salads for a nutritional boost. They can also be used to enhance baked goods, snacks, beverages and dairy products.

While predominantly Islamic, the MENA region is diverse in landscape, religion and ethnicity. This region has high population growth rates, and many countries are seeing extraordinary growth in foodservice and retail sales. Its massive potential as a trading region is just beginning to be realized.

The MENA region has long-established trade links with Canada, particularly in commodities such as grains, cereals, oilseeds and seeds for sowing. Agri-food and seafood exports from Canada to the MENA region were valued at C$2 billion in 2011, with pulses alone representing close to 25% of all Canada's exports at C$484 million.

Consumption of processed foods is increasing in the MENA region. According to Euromonitor, the largest market for processed foods is Saudi Arabia, where 80% of retail food sold is imported and 'consumer ready.' This proportion is expected to increase further, alongside a growing young population. About 70% of the Saudi population is under 30 years of age.

The Middle East and North African countries examined in this report include those of the Gulf Co-operation Council (the United Arab Emirates [UAE], Saudi Arabia, Bahrain, Qatar, Kuwait, and Oman) as well as Egypt, Turkey, Syria, Jordan, Israel, Yemen, Iran, Iraq, Morocco, Algeria, Tunisia and Libya.

INSIDE THIS ISSUE

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RETAIL TRENDS

Consumers in the MENA region are increasingly relying on supermarkets and hypermarkets for food purchases. According to Planet Retail, these formats now account for nearly 50% of all food retail sales in the UAE, 42% in Turkey and 60% in Israel. Supermarket and hypermarket launches are increasing across the region, including those by European chains such as Carrefour, and Middle Eastern chains such as Spinneys.

Along with hypermarkets and supermarkets, retail formats also include smaller convenience stores and traditional stores. Consumer co-operatives in various formats are also common and expanding, particularly in Kuwait. Investment from European supermarket chains is growing, especially in countries where populations are large such as Morocco, Turkey and Egypt. This development is coming at the expense of smaller independent stores, and is changing the associated distribution channel structure.

The distribution of products in the MENA region market is currently undergoing significant change, according to Planet Retail market analysis. The entry of foreign retailers, such as Carrefour and Casino, has brought new practices into the region and new levels of competition. Domestic retailers are rapidly learning to adapt. New merchandising skills, formats, products and experiences are making their way into the market. Discount stores have been the main beneficiary in the past few years, and are quickly gaining market share as they expand across most MENA countries.

Source: *Planet Retail, 2012*

FOODSERVICE AND TOURISM

The foodservice market in the MENA region is growing rapidly in such countries as Morocco, Egypt, Israel and the city of Dubai (UAE), where there is extraordinary growth in the hotel industry. By 2016, 200 new hotels are expected to emerge within these areas. This provides an excellent opportunity for Canadian agri-food companies, particularly with the emergence of developed sea freight services in Morocco (Tanger-med in Tangier is the biggest port in Africa) and Dubai.

Tourism is a very important industry in Morocco, Egypt and Israel, and has been heavily promoted in past years. The UAE and Jordan are also promoting tourism, with the former currently undertaking an impressive venture in building artificial islands and hotels off the coast of Dubai. This project is reportedly costing upwards of US$50 billion.

Tourism in the remainder of the Middle East and North Africa region is largely underdeveloped, with the exception of Turkey. Saudi Arabia, which formerly resisted any form of tourism, is now allowing limited tourist stays within pre-determined itineraries.

Source: *Shutterstock*

PULSES AND WELLNESS

Pulses are inexpensive, high-quality sources of multiple nutritive and wellness qualities, and populations around the Mediterranean basin have been consuming them for centuries. However, pulses such as lentils and chickpeas are being actively sought more than ever as a part of health-conscious diets to promote general well-being and to reduce the risk of illness and heart disease. They are low in fat, low in sodium, cholesterol free, high in protein and are an excellent source of complex carbohydrates, and vitamins and minerals, especially B vitamins, potassium and phosphorus. Flour made from pulses is a gluten-free and nutritious option for individuals with celiac disease.

Pulses are also a great source of both soluble and insoluble fibre. Studies have reported the beneficial effects of soluble dietary fibre on cardiovascular disease, especially in lowering cholesterol levels. In addition, research has shown soluble fibre to be beneficial in the management of type-2 diabetes. The consumption of insoluble dietary fibre can be beneficial to a healthy colon and has been associated with reducing the risk of colon cancer. Diets high in fibre have demonstrated beneficial effects on weight loss because they deliver more bulk and less energy.

PULSE PRODUCTION IN THE MENA REGION

Pulse Production in the Middle East and North Africa Region, by Country in Thousands of Metric Tonnes

Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Iran	561.5	558.1	669.7	670.8	665.5	638.8	677.9	710.6	388.1	507.7	565.8
Egypt	426.7	521.6	492.0	424.3	410.7	360.9	331.6	391.6	368.9	391.6	315.5
Morocco	100.4	181.7	257.9	252.2	263.5	172.4	351.9	144.1	201.4	275.7	282.4
Syria	173.2	305.9	290.0	323.8	241.1	290.2	312.7	223.5	126.5	228.8	272.9
Tunisia	56.7	45.1	51.3	86.3	83.5	80.7	77.9	108.8	104.2	105.9	137.0
Yemen	63.1	64.0	60.5	60.1	63.9	61.2	83.2	96.5	91.9	82.1	83.6
Algeria	22.0	38.5	43.7	57.9	58.1	47.2	44.2	50.2	40.2	64.4	68.0
Israel	28.9	27.4	27.9	23.1	23.9	29.8	41.0	42.3	29.3	27.6	25.2
Iraq	75.4	103.3	118.4	120.8	71.4	32.4	44.3	28.8	20.7	17.2	22.4
Saudi Arabia	8.0	8.2	9.2	11.3	10.7	7.5	9.2	8.7	11.4	7.7	12.9
Lebanon	13.4	13.1	15.0	16.2	10.8	11.0	10.5	11.5	10.7	11.7	12.1
Libya	12.3	11.3	10.7	9.6	8.4	8.6	7.9	7.9	7.9	8.3	8.6
Jordan	4.0	3.9	6.5	2.6	2.9	6.2	3.5	1.8	1.9	2.1	6.0
Bahrain	0.5	0.3	0.5	0.4	0.5	0.2	1.0	0.2	0.2	0.2	0.3

Source: *Datamonitor, 2012*

CANADA'S PERFORMANCE

Canadian pulse exports to the Middle East and North Africa have increased in response to growing demand. This has contributed to the diversification of pulse crops in the prairie provinces, especially Saskatchewan, which accounts for the majority of Canada's pulse production.

Canada's growing pulse production has proven valuable in terms of crop rotations, which help control weeds, diseases and insects, while improving soil texture and fertility. Furthermore, it has contributed to the expansion of the pulse crops handling, marketing and processing industry, which has opened new employment opportunities in rural areas.

Canadian Pulse Exports to the Middle East and North Africa Region by Country in C$ Thousands

Destination	2006	2007	2008	2009	2010	2011
World	1,018,441	1,395,302	1,953,435	2,195,877	2,119,704	2,241,487
Turkey	27,497	18,104	221,528	135,491	184,801	178,337
UAE	37,875	44,966	72,719	118,318	85,070	109,628
Algeria	24,343	38,097	60,754	54,178	79,392	83,033
Egypt	18,391	21,458	61,509	58,492	49,680	59,915
Jordan	7,264	8,292	8,268	6,420	6,954	11,054
Israel	5,222	5,881	7,771	7,400	8,577	8,830
Saudi Arabia	5,204	10,050	15,989	11,874	10,967	7,588
Iran	6,891	6,847	14,253	4,016	2,409	7,401
Lebanon	3,334	6,847	9,939	8,832	7,808	6,463
Morocco	9,146	17,148	17,581	14,440	13,414	5,029
Yemen	1,200	2,084	2,970	3,335	5,338	2,729
Tunisia	670	281	305	802	2,899	1,839
Qatar	192	405	1,151	632	887	782
Kuwait	454	614	671	2,278	235	348
Bahrain	347	768	825	929	398	227
Oman	94	146	388	104	131	154
Iraq	15	0	1,020	6,594	49	61
Libya	300	27	0	0	0	37

Source: *Global Trade Atlas, 2012*

CANADA'S PERFORMANCE (continued)

Canadian Pulse Exports to the Middle East and North Africa Region by Product, in C$ Thousands

Commodity	Description	2006	2007	2008	2009	2010	2011
	Total Pulses	149,756	182,013	498,168	434,160	459,037	483,732
071340	Lentils, dried shelled, including seeds	106,052	123,656	444,875	368,170	402,077	420,445
071320	Chickpeas (garbanzos), dried shelled, including seeds	14,420	20,551	9,746	10,717	27,455	30,209
071310	Peas, dried shelled, including seeds	25,602	31,381	36,079	47,607	22,797	29,858
071339	Beans not elsewhere specified, dried shelled, including seeds	1,520	3,835	5,746	4,815	4,053	1,643
071333	Kidney beans and white pea beans, dried shelled, including seeds	1,732	1,514	1,193	1,502	1,865	753
071350	Broad beans and horse beans, dried shelled, including seeds	369	633	298	1,143	261	479

Canadian Pulse Exports to the Middle East and North Africa Region by Product, in Tonnes

Commodity	Description	2006	2007	2008	2009	2010	2011
	Total Pulses	369,217	351,129	513,525	581,624	567,160	695,142
071340	Lentils, dried shelled, including seeds	254,060	229,019	427,707	428,698	468,958	590,192
071310	Peas, dried shelled, including seeds	84,688	84,533	64,845	128,190	58,382	67,884
071320	Chickpeas (garbanzos), dried shelled, including seeds	24,108	27,314	12,372	14,463	32,945	33,704
071339	Beans not elsewhere specified, dried shelled, including seeds	2,038	6,206	6,476	5,062	4,116	1,483
071350	Broad beans and horse beans, dried shelled, including seeds	932	1,356	464	3,290	467	965
071333	Kidney beans and white pea beans, dried shelled, including seeds	3,299	2,164	1,406	1,645	1,785	608

Source for both: *Global Trade Atlas, 2012*

COMPETITION

Exports of Pulses to the Middle East and North Africa Region by Country, from Canada and Closest International Competitors 2010 – Commodity 0713 (Leguminous Vegetables, Dried Shelled)

MENA Country	CANADIAN PULSE EXPORTS			CLOSEST COMPETITORS TO CANADA		
	Value (US $)	Rank	Market Share	Country	Rank	Market Share
Turkey	184,800,949	1	67.2% (2011)	China	2	6.7%
UAE	85,070,125	1	33.8%	Myanmar	2	17.2%
Algeria	79,391,897	1	41.3%	Argentina	2	20.0%
Egypt	49,680,292	3	17.4%	France	1	24.2%
Jordan	6,953,913	2	20.2%	Turkey	1	23.7%
Israel	8,577,012	1	24.2%	Argentina	2	14.5%
Saudi Arabia	10,966,924	4	13.4%	UAE	1	22.9%
Iran	2,409,017	5	2.4%	UAE	1	69.7%
Lebanon	7,808,026	1	30.8%	Mexico	2	11.8%
Morocco	13,414,069	1	37.3%	Egypt	2	27.5%
Yemen	5,337,953	4	10.1% (2009)	China	1	48.7%
Tunisia	2,898,566	6	6.0%	Egypt	1	29.3%
Qatar	887,253	3	15.3%	UAE	1	34.3%
Kuwait	234,895	No data	No data	No data	No data	No data
Bahrain	398,165	3	15.1%	UAE	1	24.7%
Oman	130,641	3	2.7%	UAE	1	78.9%
Iraq	48,823	No data	No data	No data	No data	No data
Libya	0	No data	No data	No data	No data	No data

Canada's Top 5 Competitors in the Export of Pulses to the Middle East and North Africa Region by Value, in C$ Thousands – Commodity 0713 (Leguminous Vegetables, Dried Shelled)

Country	2006	2007	2008	2009	2010	2011
Canada	149,756	182,013	498,168	434,160	459,037	483,732
Australia	86,627	58,598	90,502	81,448	114,412	224,077
Turkey	157,238	81,594	109,842	205,584	166,113	157,736
Russia	2,701	3,584	8,780	21,504	10,733	123,396
Argentina	18,460	23,966	40,250	52,465	61,228	120,749
India	67,327	81,877	84,715	61,558	51,396	107,856

Canada's Top 5 Competitors in the Export of Pulses to the Middle East and North Africa Region by Volume, in Tonnes – Commodity 0713 (Leguminous Vegetables, Dried Shelled)

Country	2006	2007	2008	2009	2010	2011
Canada	369,217	351,129	513,525	581,624	567,160	695,142
Australia	272,967	116,022	137,906	161,430	259,700	440,312
France	187,727	148,806	185,060	241,604	246,015	219,666
Argentina	29,033	31,597	33,567	65,427	74,070	115,266
Turkey	68,282	132,216	176,357	132,866	138,283	113,125
United States	35,882	20,394	115,685	45,815	69,665	40,318

Source for all: *Global Trade Atlas, 2012*

OPPORTUNITIES

The region's fast-developing hospitality sector and grocery retail industry in the MENA region offer relatively new, but expanding segments of interest for Canadian exporters. With these large and growing demands for agricultural commodities and services, Canada's reputation as a high quality agricultural producer gives exporters a competitive advantage, particularly in pulse products.

Major opportunities for growth in the MENA region pulse market include:

- Traditional products (bulk exports) such as lentils, chickpeas and beans, mainly for the expanding food processing segment;
- Processed pulse products that are mainly distributed through retail trading, but also through the hospitality industry (fast food outlets and hotels);
- Highly processed products, prepared foods, and convenience foods; and
- Pulses for animal feed.

In terms of consumer-ready pulse products, opportunities exist for the following products, that are in high demand in the MENA region:

- Bagged pulses, including whole and split;
- Ground pulses, such as pulse flours and specialty dough mixes (pappadums and rotis, for example);
- Whole processed pulses, including canned, micronized, and toasted formats;
- Products made with processed pulses such as dried soup mixes, packaged entrées, frozen entrées, snack mixes and canned items (soups, refried beans, curries, and chilies, for example);
- Fractionated pulses, such as starches and proteins; and
- Extruded pulses, used instead of pastas, and as meat substitutes.

CONCLUSION

Populations in the Middle East and North Africa region have long been consumers of pulse products, but demand is on the rise amongst both traditional consumers, and new markets. Consumers in the MENA region are increasingly looking for convenient products that offer traditional taste and quality. Growing health consciousness and awareness of the benefits associated with pulse products, coupled with new variations in product use and ethnic influence, are creating an expanding market for pulse products that meet these criteria, and thus opportunities for exporters.

Source: *Planet Retail, 2012*

Source: *Planet Retail, 2012*

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