Regional Development Australia
ADELAIDE HILLS
FLEURIEU &
KANGAROO ISLAND

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EXPORTER GUIDE

Kingdom of Saudi Arabia, Qatar and United Arab Emirates

We have identified that the Middle East provides a great opportunity for our producers to meet the growing demands of these booming communities. Indeed, a recent report identified food security, fresh fruit and vegetables are key products for their markets. This report identifies both technical aspects and cultural aspects with countries as diverse as The Kingdom of Saudi Arabia, Qatar and United Arab Emirates.

Shaping the future of our region

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Foreword

The Adelaide Hills, Fleurieu and Kangaroo Island produce some of the finest foods and beverages in Australia. Nestled in the Hills and Plains to the South and East of Adelaide we have the climate, topography and ingenuity that makes us such a successful region.

We have a well-educated and growing population supporting the increased number of tourists that visit the wineries and beaches both on the mainland and Kangaroo Island. This growing reputation is based on a solid foundation of knowledge and expertise, being close to Adelaide enables us to export our products to the world with ease.

We have identified that the Middle East provides a great opportunity for our producers to meet the growing demands of these booming communities. Indeed, a recent report identified food security, fresh fruit and vegetables as key products for their markets. This report identifies both technical aspects and cultural aspects with countries as diverse as The Kingdom of Saudi Arabia, United Arab Emirates and Qatar.

We are indebted to Veronica Coram the author of the document who is a PhD candidate at the University of Adelaide. The research skills and expertise that Veronica possesses has enabled us to channel these skills to our benefit. We would just like to thank the State Government for continuing to support our efforts to increase Trade and Investment for our region.

James Sexton

Chairman

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Executive Summary

Background

Regional Development Australia - Adelaide Hills, Fleurieu and Kangaroo Island (RDAHC) recently commissioned AsiaAustralis to undertake a high-level analysis of international markets and trade and investment opportunities in the MENA region. AsiaAustralis' report identified the following key export opportunities in the region (UAE = United Arab Emirates, KSA = Kingdom of Saudi Arabia):

- Vegetables (Qatar, UAE)
- Fruit (KSA, Qatar, UAE)
- Dairy products (Qatar, UAE)
- Meat products (Qatar, UAE)
- Beverages (UAE)

This guide provides practical background information on exporting the identified products to the three target markets. It covers the following areas:

- Opportunities in the target markets.
- Characteristics of the target markets.
- Developing market entry strategies.
- Competitors in the target markets.
- Preparing for export.
- Marketing and promotion.
- Risk management, legal and financial considerations.
- The export process
- Pricing considerations.
- Customs, tax, regulatory and compliance issues (applying both to export from Australia and import into the overseas country).
- Selecting overseas partners such as agents and distributors.
- Transport, freight, logistics and supply chain considerations.

Packaging, labelling and documentation requirements.

Business practices and cultural considerations in the target markets.

A brief summary of some of the key points covered in the report is provided below.

Characteristics of Target Markets

The three target markets of KSA, Qatar and UAE, all part of the (Persian) Gulf region, are changing rapidly as they try to diversity their economies away from oil and gas. They are formulating and implementing long-term strategic visions to guide their development. Qatar and UAE in particular have positioned themselves as regional and global tourism, transport and logistic hubs. Major infrastructure development is occurring across the transport sector, especially in Qatar as it prepares to host the 2022 FIFA World Cup. Dubai (in UAE) is also preparing to host a major international event, Expo 2020.

Together these three markets have a population of around 45m, including 33m in KSA, 10m in UAE and 3m in Qatar. Qatar is small but has the highest per capita Gross Domestic Product (GDP) in the world. All three countries have high proportions of expatriates, including 80-90% of the population in Qatar and UAE. This includes Westerners and foreign workers, largely from the Indian sub-continent. The populations of these countries are relatively young and growing, and consumer tastes are changing.

Export Opportunities

The Gulf states offer significant opportunities for exporters, and many Australian and South Australian companies are already active in these markets. Australians are well-respected in the Gulf state business world and our agribusiness and food and beverage sectors are considered high quality. The Gulf states are familiar with Western business practices and English is widely spoken, including in KSA, where many business people have been educated overseas.

Advantages of these markets include relatively low tariffs, excellent transport links (especially in Qatar and UAE), sophisticated business communities, high GDP per capita and good established relationships with Australian companies and government agencies. Challenges include strong competition, the lack of a free trade agreement between Australia and the Gulf Cooperation Council (GCC), stringent packaging and labelling requirements (including Arabic translations) and intra-GCC tension. Most of the GCC members, including KSA and UAE, placed sanctions on Qatar in 2017, which has disrupted the flow of goods and people from a number of countries to Qatar.

The Gulf states are highly desertified, with little arable land for farming. This means they are heavily reliant on food imports and there are high levels of concern around food security. The European Union and the United States dominate the bulk food import markets, and generally benefit from cheaper shipping to the Gulf region. However, the premium and specialty niches are growing and offer significant opportunities for small and medium enterprises. Opportunities in the food and beverage sector include grocery retailing and supplying hotels and restaurants as tourism in Qatar and UAE especially grows.

Export Readiness

Preparing to begin export activities can be a long process. Prospective exporters usually need to:

- Visit the target market and conduct market research.
- Identify competitors.
- Develop a market entry strategy.
- Obtain specialist advice on tariffs, risk management, financial issues, IP and legal issues.
- Formulate an appropriate approach to pricing.
- Build capacity to ensure overseas orders can be met.
- Undertake negotiations and due diligence to identify suitable overseas partners.
- Familiarise themselves with relevant cultural considerations to conduct business effectively in the target market.
- Familiarise themselves with terminology related to international shipping and export, including Incoterms, foreign exchange terms, the harmonised tariff code and prescribed vs non-prescribed goods.
- Ensure compliance with relevant regulatory requirements, such as food standards and halal certification.
- Ensure they can meet packaging and labelling requirements in the target market.
- Understand relevant export and import regulations, including accreditation, inspection, documentation and declaration requirements.
- Make appropriate arrangements for freight forwarding and logistics.

A number of agencies are able to provide advice and support to prospective and current exporters, including:

South Australia Department of Trade, Tourism and Investment.

Austrade.

Business SA.

Food SA.

FIAL.

Australia-Arab Chamber of Commerce and Industry.

This includes assistance with funding export activities through programs such as:

- Export Accelerator Program Grants (SA State Government).
- Export Market Development Grants (Federal Government).
- Export Finance Insurance Corporation (Federal Government).
- FIAL grants (Federal Government).

Background

Summary

The Middle East and North Africa (MENA) region offers excellent opportunities for trade, investment and collaboration. The Gulf states of the Kingdom of Saudi Arabia (KSA), Qatar and the United Arab Emirates (UAE) have been identified as key target markets for product categories including fruit and vegetables, dairy products, meat products and beverages. Opportunities in other categories such as honey, jams and condiments also exist.

These countries are diversifying their economies away from oil and gas and undertaking major infrastructure development. Food imports are vital due to their lack of arable land for farming. They have young, fast-growing populations with increasingly Westernised tastes. UAE in particular has a highly developed distribution industry with sophisticated warehousing and inventory systems. This enables it to act as a hub for re-exportation to other countries, particularly those with smaller markets.

The Middle East Region

The Middle East and North Africa (MENA) region offers Australian companies' excellent opportunities for trade, investment and collaboration. A number of these countries have been experiencing strong economic development, including rising Gross Domestic Product (GDP) and per capita income, largely based on their oil and gas resources. This has generated significant infrastructure improvements. Countries such as Qatar and UAE have leveraged their strategic position on the Persian Gulf to become transport and tourism hubs. MENA countries which have generated substantial wealth from oil and gas are now aiming to diversify their economies.

MENA countries generally have young and fast-growing populations with increasingly Westernised consumer tastes. In countries with oil and gas reserves, a significant proportion of citizens fall into upper income and wealth bands, indicating a sizeable (and growing) market for premium food products. Western expatriate communities and expanding tourism and hospitality sectors also drive demand for these products. In the smaller MENA countries, large pools of consumers and buyers are located in relatively confined geographical areas, minimising distribution costs.

Many MENA countries are largely desertified where limited arable land and food security is a key issue. Importation of equipment and expertise is necessary to develop agricultural activity, which depends heavily on irrigation. Countries with food security issues also tend to be reliant on food imports. This creates export opportunities for Australian food producers. By volume UAE is already Australia's largest vegetable export market (and second only to Singapore by value), with carrots the most highly traded commodity.

The economies of this region are not new for South Australia, which exported goods worth over half a billion dollars to MENA countries in the 2016-17 financial year. Key exports have included grains, vegetables, fresh meat, live animals and base metals. The South Australian Department for Trade, Tourism and Investment identifies the possibility of increased services exports (such as education, healthcare and resource management) to the MENA region but also notes the potential for expanding goods exports, including premium food products.

Market Opportunities in the Middle East

Target Markets and Products

Regional Development Australia - Adelaide Hills, Fleurieu and Kangaroo Island (RDAHC) commissioned AsiaAustralis to undertake a high-level analysis of international markets and trade and investment opportunities in the MENA region. AsiaAustralis' report, produced in August 2018, utilised existing market knowledge and networks to analyse possibilities for international engagement with MENA countries by businesses in the RDAHC region. The report considered the following factors:

- RDAHC industry market strengths.
- Existing Federal, State and local government strategic international relationships.
- Geo-political factors favouring RDAHC goods and services.
- Evidence of RDAHC product types in Australian exports.

- Size of middle and upper middle-class markets in MENA countries.
- Regulatory environments.
- Corruption Perception Index and World Bank Trading Across Borders rankings.
- Ability and propensity to invest in RDAHC industry sectors and raise export capability.

Based on an assessment of these factors, the report identified three priority countries for international engagement with MENA by RDAHC businesses: the Kingdom of Saudi Arabia (KSA), Qatar and the United Arab Emirates (UAE).

The following product categories for export were identified:

- Vegetables (UAE, Qatar).
- Fruit (UAE, Qatar, KSA).
- Dairy products (UAE, Qatar).
- Meat products (UAE, Qatar).
- Beverages (UAE).

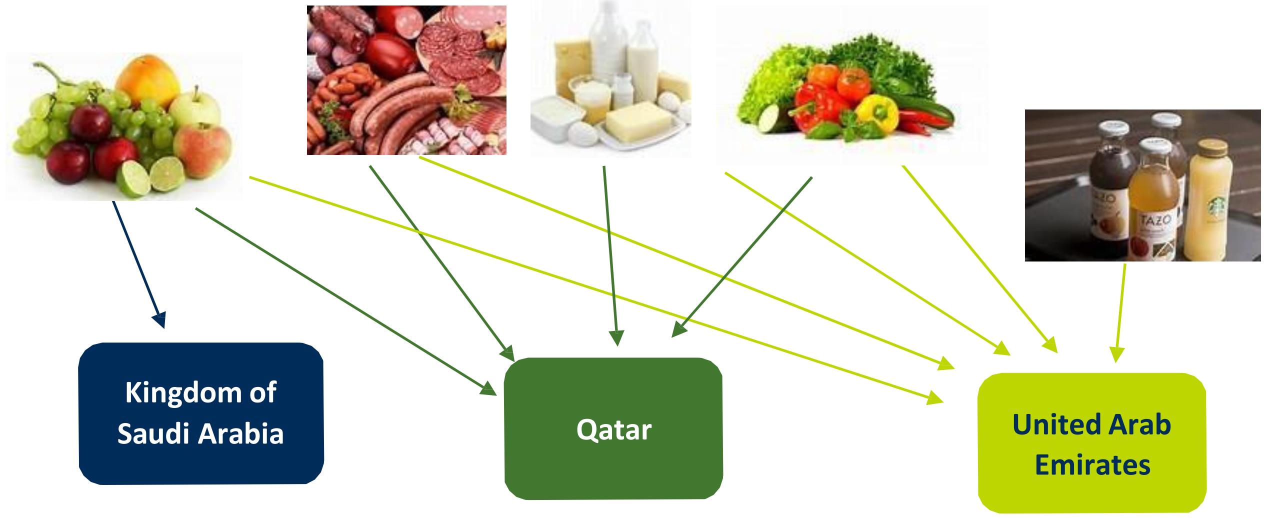


Figure 1: Target Markets and Product Categories

The AsiaAustralis report concluded that latent demand for these products in the specified markets was likely to exist.

Other Opportunities

While the AsiaAustralis report identified three target markets and five product categories as having the greatest potential for producers in the RDAHC area, broader opportunities also exist. It can be cost-effective to tranship goods through a single port in the MENA region for distribution to a number of other countries. This is an especially good strategy for exporters of niche products, who can consolidate small orders from several markets and ship them as a single consignment. It may not be appropriate for fresh produce (fruit, vegetables, meat and dairy products) which requires cold transport and storage or is highly perishable, but transhipment of ambient-temperature beverages is common.

UAE in particular has a highly developed distribution industry with sophisticated warehousing and inventory systems. This enables it to act as a hub for re-exportation to other countries, particularly those with smaller markets. Jebel Ali port in Dubai is a 'duty free zone' where tariffs are not payable on goods being imported for re-exportation. UAE also has a well-integrated supply chain of importers, logistics and distribution companies, and wholesalers/retailers.

Identifying a UAE-based master distributor for the MENA region, rather than using multiple agencies and distributors, can streamline the export process and reduce management difficulties. This can open up smaller Gulf state markets such as Oman (population 4.4m, GDP per capita US$47,846), Kuwait (population 4m, GDP per capita US$69,669) and Bahrain (population 1.4m, GDP per capita US$51,956). It can also facilitate access to rapidly-growing markets in Africa.

A Note on Alcoholic Beverages

Alcohol is banned in KSA, but permitted in other Gulf states (including Qatar, UAE, Bahrain, Kuwait and Oman) under strict conditions and subject to high tariffs. The hospitality sector, including large hotels, is a major buyer. Expats living in these countries are also permitted to purchase and consume alcohol under certain circumstances. As tourism in the region expands, particularly with major events such as the 2020 Expo in Dubai and the 2022 FIFA World Cup in Qatar, the market for alcoholic beverages is likely to grow.

However, prospective exporters of alcoholic beverages should be aware that alcohol imports in Qatar and UAE are tightly controlled and it can be difficult to gain market entry through the designated importers and distributors. Hotels, as prominent buyers, may be better placed to liaise with the major importers.

Developing Market Entry Strategies

The AsiaAustralis report recommended that RDAHC move to detailed in-country market research on UAE, Qatar and KSA, with a view to developing a market entry strategy. The research should include practical information relevant to the export process, including regulatory requirements, packaging and labelling, shipping and transportation, logistics and distribution, and competitor products and pricing.

This guide addresses the AsiaAustralis recommendation by providing more detailed information about exporting to the three target markets of UAE, Qatar and KSA, with a particular focus on fruit and vegetables and dairy products. RDAHC believes the following products in particular have strong potential:

Fruit – berries, cherries, citrus fruits, apples.

Vegetables – bulk carrots, onions and potatoes.

Dairy – fresh milk, cheese, cream, butter, yoghurt.

Seafood – oysters.

Other – honey, jam and chutneys, nuts.

The guide is intended to help food producers in the RDAHC area assess whether export to the MENA target markets is viable for their businesses.

Moving into Export

Summary

Moving into export is an excellent way of expanding your business, increasing efficiency and productivity and diversifying to spread risks, but it can be challenging and requires significant investment before returns are seen. Businesses may take responsibility for their own export operations or work with a large consolidator who shares both the returns and risks/responsibilities.

Producers managing their own export operations can seek advice and support from government agencies (such as Austrade and the South Australian Department of Trade, Tourism and Investment) and private sector bodies (such as Business SA and the Australia Arab Chamber of Commerce and Industry). There are grant schemes available to support export activities, including the Federal Governments Export Market Development Grants and the SA Export Accelerator Program Grants.

Businesses intending to move into exporting, or expand into new export markets, need to assess their export readiness and undertake appropriate planning activities. Exporting is not simply an overseas version of selling to the domestic market. There are a whole range of new considerations, risks and costs involved. Specialist marketing, legal and financial advice is likely to be required, along with appropriate insurance.

Export Readiness

Exporting is a way of expanding your business, increasing efficiency and productivity and diversifying into new markets to spread risks. It can lead to exposure to new ways of managing, marketing and competing that enhance a business's performance in the domestic market as well. Small businesses with relatively limited domestic markets can find exporting an ideal way to expand. Exporting companies have better growth potential and tend to adapt technology and best practice approaches more readily. Global brands can be built from small local companies, especially in rural and regional Australia.

Moving into exporting, or expanding into new export markets, can be challenging. In addition to establishing a competitive market niche, there are a range of other obstacles to overcome, including transport and logistics, regulatory issues and finding the right overseas partners. This process can require substantial investments of time and money. Companies should be aiming to develop sustainable export capabilities, rather than just the ability to deliver a few small consignments.

Not only are export markets different to the domestic market, they are also different to each other. It is usually preferable for exporters to avoid spreading themselves too thin dealing with different markets, and to focus on tailoring their export activities to two or three key markets. Even with appropriate resourcing, the timeline from investigating export opportunities to receiving the first export order can be two years or more. However, there are many sources of information, advice and support, including financial, for small to medium businesses moving into export markets.

Export Options

There are three main pathways to market:

1. Individual producer. The producer takes responsibility for developing their own export operations and building their own relationships with logistics providers and overseas partners. The producer keeps all the returns from export activities but also bears all the risks and responsibilities at each stage of the supply chain.

2. Online. This can involve a range of different business models. Some online platforms take ownership of goods from producers, while others only list the goods and the producer is still responsible for sales direct to buyers.

3. Large exporter. Producers can work with large exporters who will buy their goods and export them under their own brand and through their own networks, sometimes consolidating them with other products. The producer shares both the returns and risks/responsibilities with their partner.

Large exporters will usually take responsibility for activities such as:

- Meeting market-specific requirements around packaging and labelling.
- Marketing and brand development.
- Finding and maintaining relationships with overseas customers, importers and distributors.
- Managing foreign currency transactions and risk.
- Managing the logistics supply chain.

Figure 2: Export Options

This guide is aimed at producers taking responsibility for their own export operations, although it will also provide useful background information for producers choosing to work with large export companies. This can be an easier and more convenient option for small producers in particular. Many export companies have years of experience exporting to the relevant countries and have built long-standing relationships with distributors and buyers. They often have in-country offices and extensive overseas networks.

Australian-based export companies sometimes specialise in Australian products and are skilled at leveraging Australia's reputation for high quality food and beverages in overseas markets. These companies can promote your brand and products in-country and select the best market entry strategy, such as wide distribution across a range of retail outlets or direct supply to selected A-class retail chains for more niche products.

Australian-based export companies with specialist experience exporting Australian food and beverage products to Middle Eastern markets include Lawand Trade and Bemco, both based in Melbourne. Companies such as these have considerable experience of the relevant markets and can provide advice to potential exporters on whether there is a market for their products.

Support and Advisory Services

Producers who do choose to manage their own export operations will find there are many sources of advice and support available to them, including the government and commercial organisations listed below. In addition to the services they deliver directly, many of these organisations can provide exporters with referrals to more specialised professional service providers such as legal and financial services, and advice on marketing, business development, intellectual property and risk management. Some of these organisations also offer funding support and grants for exporters (see the 'Funding Options' section below).

Austrade

The Federal Government's Australian Trade and Investment Commission (Austrade) provides advice and support to Australian businesses seeking to enter the export market and provides a range of resources through their website: www.austrade.gov.au. This includes general information about exporting and information on specific export markets.

Austrade identifies the following as key signs a business is export-ready:

- A product or service that is in demand in overseas markets.
- Strength in the domestic market.
- Significant management time and commitment.
- Financial resources for expansion.
- Formal business planning, including an export plan.
- Knowledge and skills to export successfully.

Businesses can access Austrade's International Readiness Indicator at www.austrade.gov.au/Australian/Export/Guide-to-exporting/International-Readiness-Indicator. The indicator can be accessed using an ABN (Australian Business Number), takes 5 minutes to complete and generates an individual report card.

SA Department of Trade, Tourism and Investment

The South Australian Department of Trade, Tourism and Investment (DTTI) provides export businesses with a one-stop shop for training, mentoring and advice on enhancing existing markets and developing new ones. Their website includes helpful links to resources and services to assist South Australian exporters: www.dtti.sa.gov.au/trade/exporting-from-south-australia.

DTTI works with Austrade to deliver the Tradestart program aimed at assisting South Australian exporters to achieve long-term success in international markets. Tradestart combines local assistance with links into Austrade's services and extensive overseas network. In SA, Tradestart has five export advisers who can help businesses assess their export capability and prepare for entry into specific markets.

Tradestart's export advisers can help companies determine if they are export-ready, if there is an export market for their product and how the product can best be pitched in different markets. Companies should undertake their own market research, but Tradestart can fill in some of the gaps with advice tailored by product and market from in-country Austradeoffices.

This includes local knowledge about competition, distribution networks and consumer tastes that can be hard to access.

Tradestart and Austrade services are mostly free of charge to eligible exporters, but they can also be contracted to provide tailored services, including pitching products in-market on behalf of Australian companies. Agencies such as Austrade are well-networked in-country and government links can lend credibility to new exporters' forays into overseas markets. Companies' dealings with Tradestart and Austrade are treated as commercial-in-confidence.

As well as tapping into overseas networks, Tradestart advisers can help exporters navigate the complex framework of Australian government support, funding, compliance and regulation. They can also refer exporters on to other sources of specialist and informal advice and provide support in the case of unforeseen circumstances.

DTTI is planning to (re)open an SA office in Dubai to cover the MENA region before Dubai's Expo 2020, as well as increasing SA representation in Austrade offices internationally.

SA Department of Industry and Skills

The South Australian Department of Industry and Skills supports SA's small businesses (defined as employing 20 people or less) to become successful, innovative and globally competitive. They provide general online resources related to operating a business in SA, including information on exporting and joining SA Government business missions overseas: www.business.sa.gov.au/running-your-business/Business-essentials/Doing-business-overseas.

SA Department of Primary Industries and Regions

The Department of Primary Industries and Regions SA (PIRSA) is a key economic development agency that aims to support primary industries, including agriculture, food, wine and forestry, and drive the growth of regional areas across the state. It plays a role in supporting the increased productivity of primary industries, ensuring biosecurity and food safety standards, and facilitating producers' access to domestic and global markets. PIRSA does not focus specifically on export markets, but their website includes a range of resources that can assist produce exporters: www.pir.sa.gov.au/home. These resources include 'toolkits' for dairy, horticulture, meat, seafood and wine producers, as well as information about biosecurity and food safety.

Business SA

Business SA is the state's peak Chamber of Commerce and Industry and employer body. It works to ensure the overall economic environment is conducive to successful business outcomes in an increasingly globalised economy. Business SA offers an Export Ready training program for South Australian businesses who are new to exporting or want to take a more strategic approach to their export activities: www.business-sa.com/exportready. The cost of $1,600 per participant is heavily subsidised by the SA State Government.

The program comprises six full-day workshop sessions covering areas such as market entry strategies, export costing, price and risk, marketing, logistics and working with sales partners, followed by individual mentoring with an Export Adviser. South Australian businesses with an ABN, operating for a minimum of two years and with an annual turnover of at least $150,000 are eligible to participate (others may be considered on a case-by-case basis).

Food SA

Food SA (www.foodsouthaustralia.com.au) provides support to South Australian manufacturers and producers wishing to expand their food business. The Business Growth Program helps businesses to identify potential markets, develop strategies and capacity, and connect with the right support providers. It aims to help businesses answer three key questions:

- **Can I sell it? What are the markets and the pathways to these markets?**
- **Can I make it? What are the business development needs and how can they be met?**
- **Can I afford it? What sort of investment is required and how can the associated risks be managed?**

The program is open to South Australian registered food and beverage manufacturers of any size or age, and to agricultural producers looking to value-add products. It includes evaluation of the needs of your business and ongoing case management, with a follow-up review 9-11 months after commencement. The program currently costs $220 for Food SA members and $715 for non-members.

Food SA has run past programs on luxury food and beverage focusing on brand building and internationalisation, agribusiness growth to support small and medium enterprises with value-adding strategies, kick-starting small agribusinesses less than five years old and rapid innovation. Food SA has undertaken special projects on areas such as pathways to distribution, fast-tracking functional foods development and leveraging research and emerging technologies for commercial outcomes in the food industry.

Food SA partners with the South Australian Research and Development Institute to provide food technology services, including technical advice, product development, product testing and assistance with labelling, shelf-life, packaging and processing. They host regular inbound buyer missions and can assist with outbound trade missions. The Food SA website includes a range of resources for food and beverage businesses, including guidelines on packaging and labelling, marketing and branding, distribution and logistics, food safety, business planning, pricing and export strategy.

FIAL

FIAL is an industry-led, government-funded initiative aimed at developing Australia's food and agribusiness sectors. FIAL acts as an industry voice to government, connects businesses with researchers to drive innovation in the sector, and works with relevant agencies to identify opportunities for regulatory reform to reduce barriers to export. FIAL can help businesses understand new market opportunities and the steps required to export and assist with boosting industry capabilities.

The FIAL website (www.fial.com.au) is a good source of news items and other resources relevant to the food and agribusiness sectors. FIAL runs events around Australia, including 'Export Essentials' workshops for businesses planning on entering international markets. FIAL regularly has stands at international expos and trade fairs, including the Gulfood trade show in Dubai in February 2019, and can provide representation for exporters' products at these events. They can also connect exporters with buyers via in-bound trade missions and roadshows.

FIAL's website is linked to the Australian Food Catalogue (AFC) (www.australianfoodcatalogue.com.au), a tool that connects qualified international buyers with Australian export-ready suppliers. Suppliers can showcase their products in the AFC, including through images and links to brochures and social media. Buyers accessing the AFC are able to review these profiles and make contact with suppliers if they wish.

Export Council of Australia

The Export Council of Australia (ECA) is the peak membership body for Australian companies involved in international business. It promotes Australian industry in international markets by building Australian business capabilities and global networks, informing Australian trade policy and helping remove barriers to trade. ECA provides training seminars, workshops and resources, mentoring and advisory services, and referrals to other service providers.

The ECA website (www.export.org.au) includes links to a range of useful resources for exporters. This includes information on freight and logistics, international pricing, market research, packaging, risk management and foreign exchange management. Membership of

ECA costs $649pa for small businesses (with a turnover of less than $20m) and $1320pa for large businesses.

The ECA publishes the Australian Export Handbook, now in its 21st edition (hard copies cost $137.50 and can be ordered through the ECA website). This comprehensive handbook covers all aspects of exporting.

Australia Arab Chamber of Commerce and Industry

The Australia Arab Chamber of Commerce (AACCI), established in 1975, supports two-way trade and investment between Australia and the Arab League countries, including KSA, Qatar and UAE (and 19 other states). The AACI specialises in providing commercial intelligence, business matching and networking opportunities for members, including advice on distributors in the MENA region. They have offices in Canberra and each state capital (except Hobart). The Adelaide office is located in the Airport Business District.

Corporate membership costs between $350 and $1500pa (plus GST). AACCI provides export document certification services to members and non-members for a fee (see the 'Packaging, Labelling and Documentation' section), with reduced rates for members. They run trade missions to the Gulf region (the next planned for April 2019) which can give businesses a platform for meeting potential overseas partners and showcasing their products. AACCI in Adelaide is also planning a series of free breakfast workshops for members around halal certification, cultural competencies, distribution in the MENA region, and other issues. Tailored sessions for particular audiences can also be arranged for a fee.

Australia Saudi Business Council

The Australia Saudi Business Council was formed by a consortium of industry leaders and associations with the support of the Australian and Saudi Governments in 2013. It aims to develop and promote business and commercial links between Australia and KSA. The Council provides business matching and networking opportunities for members and can facilitate access to relevant government bodies. It is based in Melbourne. Corporate membership costs $5,000pa, or $2,500pa for a small business (50 employees or less). The Council's website provides some information and resources on doing business in KSA: australiasaudicouncil.com.au.

Council for Australian-Arab Relations

The Council for Australian-Arab Relations (CAAR) is a non-statutory regional council within the Department of Foreign Affairs and Trade (DFAT), established in 2003. It seeks to strengthen relations between Australia and the Arab nations by promoting areas of shared political, economic and social interest, including encouraging increased trade and investment.

Export Planning

Businesses intending to export need to develop an export plan and strategy to help define their aims and allocate resources appropriately. This should be incorporated into the business's overall business plan so that export activities are aligned with daily operations.

The export plan should cover the following:

- Market opportunities and outlook.
- Competitive advantages and strengths.
- Weaknesses and how they can be addressed.
- Reputation and brand management.
- Advertising and promotion strategies.
- Managing demand.
- Minimising costs.
- Ensuring adequate productive capacities and management capabilities.
- Practical issues such as regulatory requirements, transport and distribution.
- A risk management plan.
- How new technology will be utilised where appropriate.

Austrade provides an export plan template that can be downloaded from www.austrade.gov.au/Australian/Export/Guide-to-exporting/Export-strategy. Implementing an export plan may require reallocating resources or accessing new resources, including new staff. A detailed export budget will be required and should include the following:

- Market visits.
- Providing product samples.
- Professional advisory services.
- Working capital (production costs will usually be incurred before payment).

Exporting is not simply an overseas version of selling to the domestic market. There are a whole range of new considerations and costs involved, as well as a market that may have very different characteristics to the Australian market. Exporting is a much riskier form of business activity than operating in the domestic market.

Many of the important factors that potential food exporters to the Gulf states should consider are outlined in this Guide. This will assist with determining if you are ready to export and with undertaking the early stages of export planning.

Funding Options

Funding options for expanding into the export market include:

- Bank loans.
- Venture capital.
- Government grants and assistance schemes.
- The Australian Government's export credit agency, Export Finance Insurance Corporation (Efic).

The Australian Government provides a helpful directory of funding assistance available to businesses, including to support export activities: www.business.gov.au/Assistance. Some of the main grant schemes are outlined below.

Export Market Development Grants

The Australian Government offers the Export Market Development Grants (EMDG) scheme through Austrade: www.austrade.gov.au/Australian/Export/Export-Grants/About/what-is-emdg. The EMDG scheme is aimed at helping small to medium businesses to increase their international marketing and embed themselves in global value chains. The scheme is open to individuals and organisations that conduct business in Australia, promote the export of goods, have an income of less than $50m per year and spend at least $15,000 on eligible export promotional activities.

The annual budget for the EMDG scheme is around $138m. In 2016-17, the average grant was over $34,000, three quarters of recipients were small businesses with annual income of less than $5m and 582 recipients were from rural and regional areas.

Expenses that can be claimed under the EMDG scheme include overseas representation costs, marking consultancies, marketing visit expenses, samples, trade fair attendance, production of promotional literature, intellectual property-related costs and overseas buyer expenses. Applicants can receive grants of up to $150,000 per application (to a maximum of eight grants annually), with up to 50% of eligible expenses reimbursed (although usually less). Applications must be submitted online between 1 July and 30 November each year, for expenses incurred the previous financial year (authorised EMDG consultants are able to apply on exporters'

behalf until February each year). The EMDG operates more like a claims scheme than a competitive grants program as effectively all eligible expenses will be approved for (partial) reimbursement.

SA Export Accelerator Program Grants

The South Australian Government's SA Export Accelerator Program offers three grant schemes for South Australian businesses looking to grow into international markets: www.dtti.sa.gov.au/saea. Emerging Exporter grants provide up to $5,000 to businesses new to export and planning to make their first overseas visit to make business contacts or attend trade shows. Export Accelerator grants provide up to $30,000 to small and medium-sized businesses to access new global markets through marketing and export development opportunities. New Market Entry grants provide up to $15,000 per new international market to small and medium-sized businesses that have exhausted or are not eligible for one of the other two grants.

Eligible activities under the SA Export Accelerator grants include producing marketing materials, market research, e-commerce development, export training, participating in trade shows and missions, overseas travel costs and support for inbound buyers. Applications are submitted online.

The Export Accelerator grants are smaller and more competitive than the EMDG grants but have the advantage that they can be applied for before expenses are incurred, improving cash flow for businesses. Applications open in December and close in mid-February. Eligible applicants who properly complete the application process have a good chance of success. Many businesses utilise both Export Accelerator and EMDG grants, although you cannot claim twice for the same expense.

SA Regional Growth Fund

The Regional Growth Fund, administered through the SA Department of Primary Industries and Regions, is a $15m per annum fund which includes a competitive grants scheme awarding (usually matched) funding of between $50,000 and $2m: www.pir.sa.gov.au/regions/grants. Projects that support new economic activity, create benefits for multiple entities, contribute to the scale of an industry and are connected to a specific regional community are prioritised. Applications for 2018 closed in August but future rounds of funding may be made available.

FIAL Grants

FIAL has a Project Fund to encourage collaboration between small and large businesses in the food and agribusiness sector, with a view to boosting productivity and competitiveness. These grants provide matched funding of between $100,000 and $2m to help businesses solve innovation challenges. FIAL's Enterprise Solution Centre Programme offers matched funding of up to $100,000 for small and medium businesses who need to work with a researcher or technical adviser to overcome a technical challenge.

FIAL's focus on collaboration also underpins the matched funding offered through their Cluster Programme, which is based on evidence from around the globe that activity clusters can help drive innovation, capability and productivity. A cluster is a group of businesses, government agencies, research and associated organisations in a defined geographic area that share a common purpose or interest in enhancing the growth or competitiveness of the region. Detailed information about eligibility and the application process for FIAL grants can be found at www.fial.com.au/connection-to-funding.

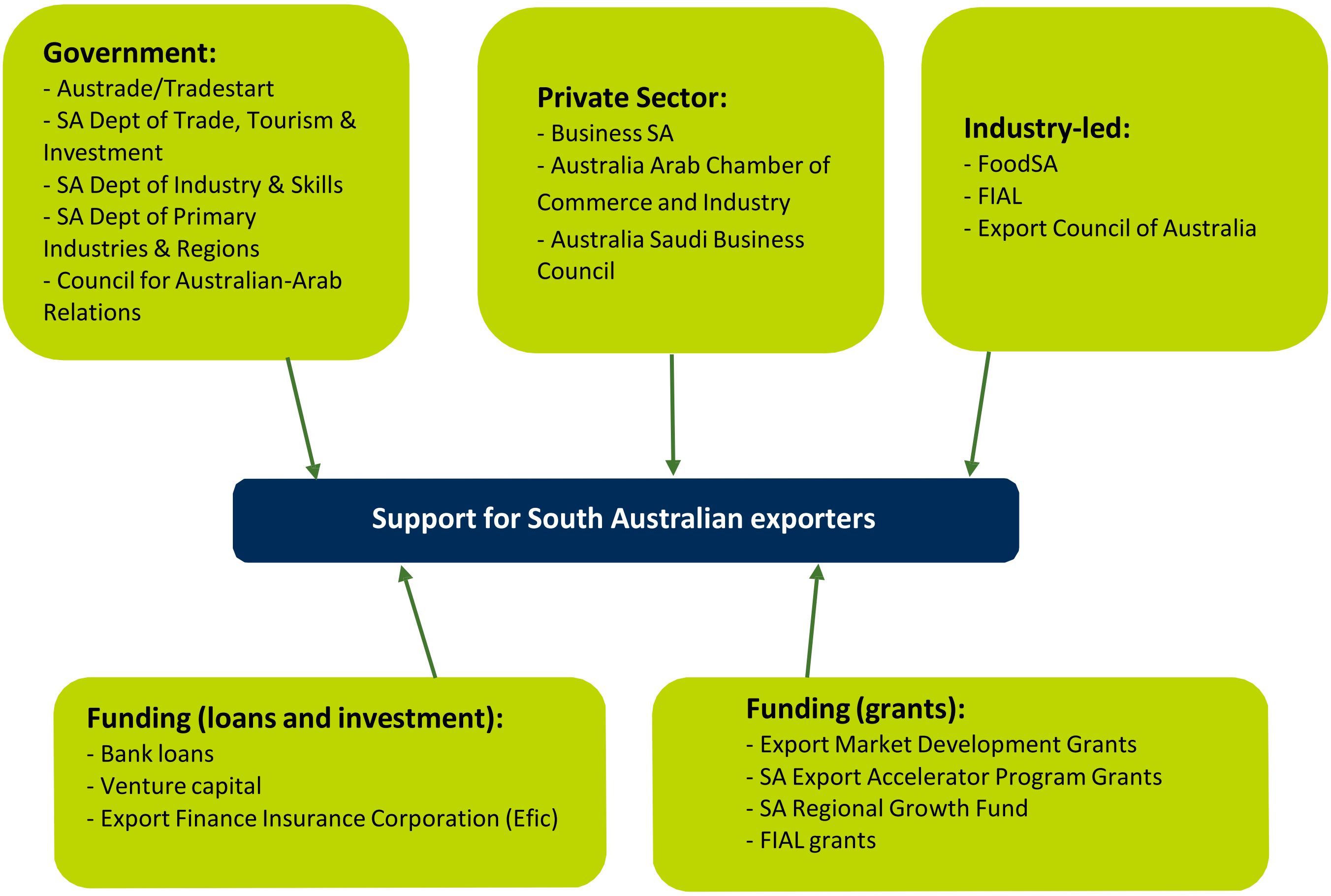


Figure 3: Support and Funding for SA Exporters

Marketing

Managing your business's brand and having a sound marketing strategy become more important when entering the export market. A good website is vital, including customer endorsements and photos of products where possible. A social media presence may also be helpful. Some buyers prefer printed material. Product literature should be available both online and in hard copy form.

Participating in trade missions and visiting the countries you wish to export to can be helpful (see below under 'Business Practices and Cultural Considerations'). Businesses can also register their names in Austrade's Australian Suppliers Directory (www.austrade.gov.au/asd) for free. The business.gov.au website contains useful resources relating to an online presence, and the Customer Service Institute of Australia (www.csia.com.au) provides resources on best practice in customer service.

Sometimes export opportunities arise through chance, especially in less-structured markets such as those in the Arab world. Developing a wide, diverse network and expanding your contact base in Australian and offshore helps generate opportunities. Attention is also required to following up leads, though it is important to distinguish between genuine possibilities and poorly defined prospects.

Risk Management

Operating in an international market entails greater and different risks than domestic operations. Some of the possible risks that may affect the conduct of your business are:

- Political instability and civil disorder.
- Personal security when travelling overseas.
- Loss or damage of goods during transit.
- Goods causing damage (such as illness or injury) in the destination country which is addressed under local liability laws.
- Trade embargoes.
- Natural disasters.

- Restrictions on some imports.
- Changes to government rules and regulations, including import duties and taxes.
- Different legal systems.
- Corruption.
- Payment default.
- Foreign currency fluctuations and changes to economic conditions.
- Insolvency of agents, distributors or client companies.

Businesses usually need to rely on the support of professional advisers, including bankers, lawyers, accountants and insurers, to manage these risks appropriately. Exporters doing business with Arab countries such as KSA, Qatar and UAE should not use insurers with connections to Israel. The Department of Foreign Affairs and Trade (DFAT) provides up-to-date advice on developments that may affect visiting and doing business in countries around the world.

A range of insurance products are available to protect against the risks exporters face, including marine cargo insurance, product liability insurance, trade credit insurance, political risks insurance, corporate travel insurance, insurance premium funding and credit insurance for export receivables. However, export activities involve some risks that are very difficult to insure against or plan for, such as unexpected changes to government rules and regulations. Resulting expenses may sometimes need to be absorbed as part of the cost of exporting.

Banks can provide advice on how to manage payment default and foreign exchange risks. To reduce the risk of payment default, businesses should avoid offering credit terms to customers or take out credit insurance. Credit insurance usually needs to be taken out prior to shipping and may not be provided if the buyer has a track record of non-payment.

Sometimes it is necessary to offer credit terms or an 'open account' in order to match competitors despite the risks this entails for the exporter, especially when there is not a long-standing relationship between exporter and buyer. Exporters should do their own due diligence, such as credit checks, on new buyers. Independent companies can be contracted to perform these checks. The impact of credit terms on business cash flow should also be considered.

Requesting upfront or pre-payment in advance of a shipment limits risks to the exporter but may not be satisfactory to buyers. There are intermediate options, such as letters of credit, where the importer's bank undertakes to pay the exporter when the terms of the letter are fulfilled, which offer some security (though there are still risks associated with foreign banks). Letters of credit should be in place before production and definitely before shipment. The documentary collection payment method, involving the exporter's and buyer's banks handling the trade documents, is another option. There are costs involved in banks providing these services.

Intellectual property (IP) needs to be protected in foreign markets. IP registration in Australia only provides protection in Australia. Foreign applications for protection of trademarks and designs should be lodged within 6 months of Australian registration if possible. Separate IP applications can be lodged in each country that you will be exporting to, or international agreements facilitating protection in several countries at once can be used. IP Australia can assist with further advice.

Businesses should be aware that under Australian law it is a criminal offence to bribe foreign public officials (and is also likely to be against local laws). These matters can be pursued through the local country's legal system or the Australian legal system. It is also an offence under Australian criminal law to do business with terrorist organisations. DFAT and National Security Australia have lists of proscribed entities.

Legal Issues

Different countries have different legal systems and different laws. It is not always clear which will apply in the case of a dispute or liability issue, which is one reason why international contracts for the sale of goods can be very complex.

Local legal proceedings in the Gulf states are conducted in Arabic. Court fees are cheap, but cases can be lengthy and enforcing judgements difficult. Arbitration is generally a preferable option for resolving commercial disputes involving foreigners. The Dubai International Financial Centre (DIFC) Courts are an alternative that may be available to Australian companies operating in UAE, including for disputes arising outside the DIFC 'zone'. The DIFC Courts practice English common law principles administered by judges in English.

The Australian Government is often asked to intervene in commercial disputes between Australian and overseas companies, but there is usually little they can do to assist. Exporters should ensure they access legal advice from a specialist in international contracts. Some of the key issues specialist lawyers can assist with are:

- Defining key trade terms.
- Describing the goods.
- Drafting the payment clauses.
- Processes for dispute resolution.
- Force majeure provisions.
- Responsibility for fees and charges involved in the export/import transaction.

Exporters also need to conduct due diligence on overseas partners and buyers to avoid scam operations. This may include reference checking, credit reports and requiring upfront payment. For example, some businesses have been targeted by scammers purporting to represent government agencies from the Middle East and placing orders for goods. Exporters should watch out for warning signs such as:

- Suspicious documents or contact details.
- Unsolicited emails, especially from free email providers such as Hotmail or Gmail.
- Large orders.
- Requests for up-front payments and advance fees (e.g. – for product registration or to finalise a purchase order).
- Requests for payment through untraceable and irreversible transactions (such as wire transfers through Western Union or Moneygram).
- Requests for bank account details so the buyer can make a deposit before placing an order.
- Requests for the pricing of your whole product range without any information as to why the enquirer is interested.
- Requests for correspondence inviting the enquirer to Australia to meet you to discuss business.
- Promises that the enquirer will act as your representative before firm details are established.
- Trade embargoes.

Many of these requests might be regarded as normal once a business relationship is established but are out of place if you don't know the potential client. The SCAMWatch website run by the Australian Competition and Consumer Commission can help exporters check what scams have already been reported.

Figure 4: Specialist Advice and Risk Management

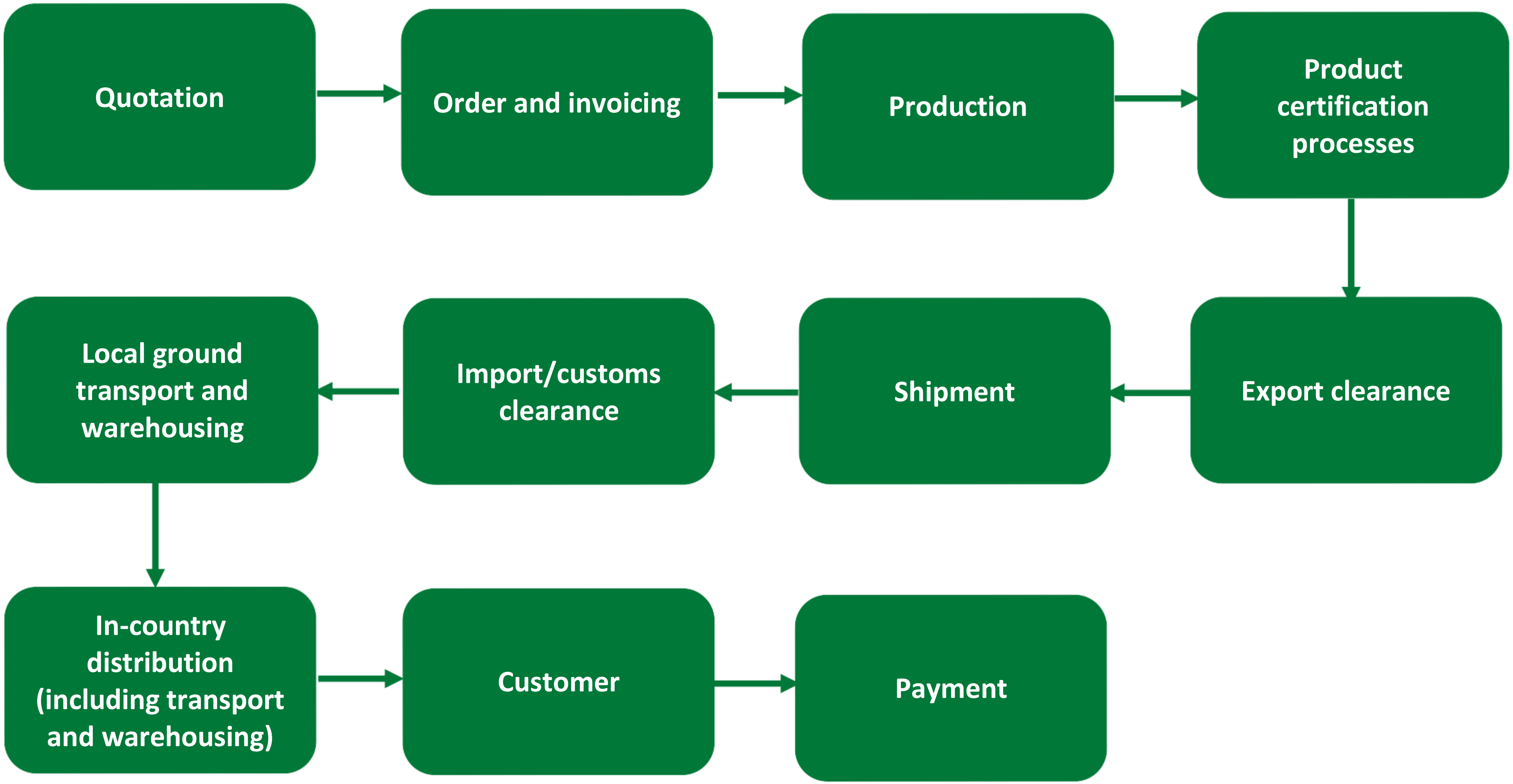
Free Trade Agreements

DFAT provides information about free trade agreements (FTAs) to which Australia is a signatory and how they can benefit exporters: www.ftaportal.dfat.gov.au. FTAs give Australia preferential tariff arrangements in some markets.

Most of the FTAs currently in force are with Asian countries, but an Australia-Gulf Cooperation Council (GCC) FTA is under negotiation. The GCC, formed in 1981, comprises Bahrain, Kuwait, Qatar, Oman, KSA and UAE (all of which have sea borders with the Persian Gulf). There have been four rounds of negotiations, the most recent in June 2009, and the Australian Government is advocating for a resumption of negotiations. However, particularly given recent tensions within the GCC, it is possible the focus may shift to negotiating FTAs with individual countries such as UAE.

Pathway to Export

The Export Process



Target Markets at a Glance

	KSA	Qatar	UAE
Population	32.4m	2.8m	10.1m
Capital	Riyadh	Doha	Abu Dhabi
Language	Arabic	Arabic	Arabic
Currency	Saudi Arabian Riyal	Qatari Riyal	UAE Dirham
Time Zone	7hrs behind AEST	8hrs behind AEST	6hrs behind AEST
Country Code	966	974	971
Power	220 volts, square three-pin plugs	240 volts, round three-pin and square three-pin plugs	220 volts, round two-pin and three-pin and square three-pin plugs
Visa Requirements for Australians	Visa required ahead of arrival.	Free 30-day tourist visa issued on arrival.	Free 30-day tourist visa issued on arrival.
Climate	Temps up to 50 degrees C in summer (June to Sept). Mild winters with temps around 22-30 degrees C. Riyadh, in the centre, can drop to almost freezing at night. Humid on the coast.	Temps up to 50 degrees C in summer (June to Sept). Mild winters with temps around 20-25 degrees C. Some humidity Aug-Sept, low rainfall.	Temps up to 50 degrees C and high humidity in summer (May to Oct). Mild winters with temps around 20-25 degrees C.
Area	2,149,690 sq km	11,581 sq km	83,600 sq km
Driving side	Right	Right	Right
DFAT advice (Dec 18)	Reconsider your need to travel (do not travel near Yemen border).	Exercise normal safety precautions.	Exercise normal safety precautions.
Government	Absolute monarchy	Unitary constitutional monarchy	Federal constitutional monarchy
GDP per capita	US$55,859	US$128,703	US$68,662
Imports from country into Australia	A$488m	A$938m	A$4,366m
Exports from Australia into country	A$1,921m	A$758m	A$3,516m
World Bank ease of doing business rank	92nd best	83rd best	21st best
World Bank trading across borders rank	161st best	90th best	91st best
Global competitiveness rank	30th best	25th best	17th best
Gini coefficient*	46 (high)	41 (medium)	36 (medium)
Human development index	0.853 (very high), 38th best	0.856 (very high), 37th best	0.863 (very high), 34th best

* A measure of inequality.

Data from Austrade market profiles, AsiaAustralis (2018) and DFAT Smartraveller website.

Target Market Background

Summary

Getting to know a new export market may involve background and targeted research and multiple in-country visits. It can take considerable time to build trust and rapport with overseas buyers and partners. The MENA region presents particular challenges but many Australian businesses operate very successfully in this area. Australia has friendly relationships with KSA, Qatar and UAE, and our food and beverage produce has a reputation for quality. There are strong opportunities in the sector for small to medium local producers, especially in niche, premium and speciality categories.

KSA, Qatar and UAE are all diversifying their economies and developing medium to long-term strategic plans for ongoing economic and social development (whilst retaining a strong commitment to local culture and traditions). Dubai is hosting Expo 2020 and Qatar the 2022 FIFA World Cup, which is generating considerable infrastructure development. All three target markets are characterised by openness and relatively sophisticated business practices, although also by high levels of competition.

Market research involves not just gathering data, but also getting a sense of 'market feel' – knowledge of how buyers operate, how business works in a particular country, what competitors are doing, what obstacles there might be to market entry. This guide is intended to provide some background information on the three target markets – KSA, Qatar and UAE – but market feel is often best gained through in-depth, first-hand knowledge and experience.

This may require in-country visits, or meetings with overseas buyers who are visiting Australia. Austrade representatives can also liaise in-country on behalf of exporters. Commissioned market research is another possibility. Other companies who export to the MENA region may also have useful advice.

The MENA region is sometimes perceived as enigmatic and can present particular challenges and complexities. However, these markets are not new to Australian exporters and they offer significant opportunities for further growth and development. The region is evolving quickly as the Gulf states try to diversify their economies and reduce reliance on oil and gas. This has seen a shift from short-term outlooks to planning for transformative and sustainable change over the medium to long term. The Gulf states have become more open to Western influences in some respects but seek to balance these influences with their traditional Islamic values.

The Gulf state economies tended to experience slowing growth over the last few years, largely due to lower oil prices and a global shift towards renewable energy. Recent changes to internal tax regimes have affected consumer sentiment and business operations. However, growth is expected to pick up again from 2018. The Gulf states are working to harness innovation, leverage new technologies and improve corporate governance. These developments, along with changing consumer tastes, make the target markets of KSA, Qatar and UAE increasingly attractive for Australian exporters.

The Gulf state markets are already highly developed, with sophisticated business practices, (in contrast to some parts of Asia). However, business remains very relationship-driven. Trust and rapport may need to be built on a personal level with Arab associates before progressing to doing business. The Bahrain-based Trade Arabia website (www.tradearabia.com) provides general information and news items about business in the Gulf states.

Food security remains an ongoing concern for the largely desertified Gulf states and opportunities in agribusiness, food and beverage are only likely to grow, though the sector is highly competitive. The European Union in particular is a significant player in Gulf state food imports, and it can be difficult for Australian producers to compete with them in relation to many bulk commodities (especially as shipping rates are cheaper from Europe to the Middle East). There are still a range of niche opportunities in the food and beverage sector, ideal for small to medium enterprises, particularly in categories like premium food, specialty food (such as gluten free products) and organic produce. The South Australian and Federal governments both view food and beverage as a key strategic export opportunity for MENA markets.

Niche food producers need not seek to enter export markets on a large scale, and the mass grocery sector can be highly competitive. Sometimes forming strong relationships with one or two key buyers, such as high-end hotels and restaurants, can be a very effective strategy. Such buyers may even conduct their own tie-in marketing and promotional activities, such as themed menu offerings, food and beverage matching and profiling products from particular countries/regions. Australian producers are well-placed to benefit from these activities due to our strong reputation for high quality food and beverage products in Asian and Middle Eastern markets.

Kingdom of Saudi Arabia

Market Characteristics

KSA is a traditional monarchy, with a King assisted by a Council of Ministers which he appoints and which includes royal family members. The country is a member of the Gulf Cooperation Council (GCC), Arab League, G20, United Nations and World Trade Organisation (WTO).

KSA has a young and fast-growing population of around 33 million, including approximately 8 million expatriates, many from developed countries. It is the largest economy in the Middle East and accounts for 50% of the GDP of the GCC. It has nearly 20% of the world's oil reserves. Structural reform in the 1990s opened up the economy considerably, encouraging privatisation, trade liberalisation and foreign investment. Efforts have been made to diversify, but the country remains heavily dependent on the oil and petrochemical sector.

Fiscal conditions have tightened in the last few years and there have been some reductions in government spending and weaker consumer and business sentiment. This impacts on private sector activity with a softening of sales and profits. The food sector is expected to remain resilient, with spending on convenience and premium foods in particular increasing.

In 2016 the Saudi Government released its Saudi Vision 2030 plan (www.vision2030.gov.sa/en) outlining steps to further reduce oil-dependence and diversify the economy, including by developing sectors such as health, education and recreation. Increased government spending on infrastructure, arms manufacturing and the military is also foreshadowed. The Vision 2030 plan emphasises KSA's centrality in the Islamic world, its aim to become a key global investment player and its potential to act as a geographic hub between Asia, Europe and Africa. The plan includes the reform of government institutional structures and legal frameworks, strategies to achieve fiscal balance, and improved project management and performance measurement approaches.

Australia has a friendly relationship with KSA underpinned by commercial ties and shared membership of the G20, as well as Australia's engagement with the GCC. KSA is Australia's second-largest trading partner in the Middle East after UAE. The main exports from Australia to KSA have been motor vehicles, meat and livestock, grains such as barley, dairy products and vegetables. There are over 8,000 Saudis studying at Australian education institutions.

There is potential for economic ties to strengthen, particularly in agriculture, education and construction. The Australia-Saudi Business Council, established in 2013, aims to promote bilateral business ties. Austrade has offices in Riyadh and Jeddah.

There are a number of positive characteristics of the Saudi market:

- Modern infrastructure.
- A well-managed banking system.
- A sophisticated business community familiar with Western practices.
- Relatively low import duties and barriers.





More challenging aspects of the Saudi market include:

- Complexity.
- Limited transparency in some areas.
- Statistics and market data may be imprecise.
- Highly competitive.
- Stringent documentation and labelling requirements.
- A large range of agents and distributors (time and care are required to screen).
- Long decision and transaction cycles.
- Careful attention required to payment terms.
- Conservative family-based business models remain common.
- Influence of Islamic law on business practices.
- No direct air links with Australia.

Business can be easier once inside the country, with good local advice and attention to cultural considerations. Expatriate managers in KSA have been introducing more sophisticated sales strategies in place of reliance on word-of-mouth and established buying patterns. Saudi consumers are also becoming more discerning.

The Saudi Arabia Market Information Resource (www.saudinf.com) provides general information and news about doing business in KSA. The websites of chambers of commerce and industry are also sources of information about local business practices and developments, including commercial directories. The Council of Saudi Chambers website has links to subsidiary chambers across the country: www.csc.org.sa/english.

Agriculture

Only 1% of the country (5 million hectares) is used for agriculture, mainly wheat, fruit and vegetables (especially watermelon, dates and tomatoes), barley, eggs and poultry. Irrigation is essential in the desert environment. 10% of the Saudi workforce is in the agricultural sector but it contributes relatively little to the economy compared to the industry and service sectors. There are ten large agricultural development companies and a range of smaller ones. Most agriculture takes place in the north of the country, around Qasim, Hail and Wadi.

Australia has been involved in agricultural projects in KSA for the past two decades and our expertise in this area is respected. Australia also has a long history of supplying grains, dairy products, meat and live sheep to KSA, giving us a strong reputation for quality food products. The government is aiming to replace low-value crops such as grains with imported commodities but remains supportive of high-value crops such as fruit and vegetables being produced domestically.

With low levels of arable land, food security is a concern for the Gulf states and especially KSA. There are opportunities for Australia to export feed and fodder for the dairy industry and farm equipment. Australia can also provide expertise in food-related engineering, greenhouse and hydroponics, saline agriculture and irrigation, aquaculture and water conservation.

Food and Beverage Sector

Importing fresh and processed foods is also a key element of KSA's strategies for addressing food security issues. The country is a strong market for grain, dairy products and fruit and vegetables in particular.

KSA manufactures dairy products, meat products, snack foods, beverages, bread, biscuits and confectionery. The food processing sector (especially the meat, dairy and confectionery segments) has been developing fast, supported by attractive financing and subsidy arrangements from the government. There have been high tariffs on imports that compete with local production, including meat and poultry, eggs, infant formula, sugar and pasta, though some of these have been reduced following high inflation rates.

The retail grocery sector expanded strongly for several years through to 2016. Slower expansion is expected to continue through to 2020, largely because the government is allowing 100% foreign ownership and multinational companies have been increasing their investment. However, this is being counteracted by lower levels of disposable income and higher operation costs for retailers due to the government increasing water, electricity and fuel charges.

Some convenience stores and small independent grocers have been doing less well over the last couple of years in line with the general slowdown in the Saudi economy. The leading chain is Panda Retail Co, with an 8% market share, including 182 Pandati convenience store outlets and 63 HyperPanda hypermarkets (at end 2016). Panda runs regular sales promotions and makes heavy use of social media.

Saudis are gradually shifting towards more Western food consumption habits. Milk and dairy products in particular are increasingly popular and while dairy farming makes up 3% of KSA's GDP, the domestic industry is unable to meet demand. Alcohol consumption is prohibited in KSA, pushing up demand for non-alcoholic beverages, including healthier options such as juice and bottled water.

Qatar

Qatar has a small population but the highest per capita incomes in the world for its citizens. Only 10% of the population are citizens, with the remainder made up of expatriates (including large numbers from the Indian sub-continent). Qatar is one of the most economically secure countries in the Gulf due to having oil reserves and the world's third largest natural gas reserve. Oil and gas account for nearly 60% of GDP.

The securing of the 2022 FIFA World Cup has stimulated growth across Qatar's economy, and particularly in infrastructure and transport. New Doha International Airport is being expanded, and Qatar Airways is also expanding its route network. New roads, ports and metro lines are under construction. The tourism and hospitality sectors are also expected to burgeon in the lead-up to the World Cup and thereafter.

In 2008 the Qatari Government released its Qatar National Vision 2030 plan (www.qatarnationalvision2030.com) outlining steps towards sustainable development in four areas: economic, social, human and environmental. The plan includes goals around the education and employment of Qatari citizens to reduce the economy's reliance on expatriate workers. It also contains a strong focus on responsible natural resource management to mitigate environmental problems. Qatar aims to become a more important player in regional politics and to strengthen bilateral ties with other countries. Strategies for achieving the plan's goals include building a stronger institutional framework and public-private cooperation.

Australia has a friendly and fast-developing relationship with Qatar. There has been an Australian Embassy in Doha since 2016. Australia's main exports to Qatar have been aluminium ores, meat and livestock. There are opportunities to strengthen ties between the two countries in terms of trade, investment and collaboration in areas such as education, tourism, infrastructure development and agriculture.

Qatar is potentially a strong market for food exports, particularly dairy products and fruit and vegetables. However, the country is making efforts to become more self-sufficient in terms of food security. Hassad Food was established in 2008 to invest in agricultural activities, including in Australia, with the goal of meeting 60% of Qatar's food demand.

There are a number of positive characteristics of the Qatari market:

- Modern infrastructure.
- A well-managed banking system, including eight locally-owned and a number of major international institutions.
- A business community familiar with Western practices.
- Relatively low import duties and barriers.
- A high-quality international dispute resolution system.
- Very good air transport links with Australia, including direct daily flights between Adelaide and Doha with Qatar Airways.

There are currently high levels of tension between Qatar and other GCC members, and diplomatic and trade ties were severed in 2017. This initially led to a drop in imports as some products and services were rerouted through neighbouring countries. There remains some ongoing disruption to the movement of people and goods by land, sea and air, requiring the usual supply chains to be rethought. For example, KSA and UAE have banned vessels travelling to or from Qatar from entering their ports. This will raise the cost of imports into Qatar.

However, exporters to Qatar report only minimal practical impacts on business operations. The dispute has also opened up new opportunities. For example, the closing off of food imports from (or via) UAE and other Gulf states immediately increased concerns about food security in Qatar and forced the country to seek alternative supply sources. Exporters have opportunities to leverage Australia’s strong reputation in the Qatar market, especially in relation to meat, horticultural and processed food products.

There is still some uncertainty about Qatar’s economic outlook, although evidence suggests the economy is adjusting. The Australian Government, like many other countries, continues to trade with Qatar and has not taken any position on the political situation. Australian companies doing business with Qatar are advised to plan for possible operational disruptions and seek legal advice on contractual terms.

The website of the Qatar Chamber of Commerce and Industry is a source of information about local business practices and developments, including commercial directories: www.qatarchamber.com.

United Arab Emirates

Market Characteristics

UAE is a federation of seven emirates: Abu Dhabi, Dubai, Ajman, Sharjah, Fujairah, Ras al-Khaimah and Umm al-Quwain. Abu Dhabi and Dubai are by far the largest and most accessible centres, with direct flights from Australia. UAE has a medium-sized population, with 80% comprised by an expatriate workforce (including large numbers from the Indian sub-continent). It is the second-largest economy in the Middle East after KSA. UAE has 6% of the world's oil reserves and the 7th largest natural gas reserve.

UAE is diversifying its economy and expanding education, sustainable energy, infrastructure and tourism and hospitality. Around 70% of GDP is now generated from outside the oil and gas sectors. Abu Dhabi and Dubai are major tourist centres with very well-developed hospitality sectors. These cities are also transport hubs, aviation and logistics hubs. Around half of imported products are re-exported to other Gulf states, former Soviet states, the Indian subcontinent and Africa.

UAE is Australia's largest trading partner in the Middle East (and 16th largest overall). The main exports from Australia to UAE have been motor vehicles and meat. Bilateral relations are strong and multi-faceted. There is an Australian Embassy in Abu Dhabi and an Australian Consulate-General (managed by Austrade) in Dubai. The South Australian Government is planning to (re)establish a state representative office in Dubai in the near future, which would offer further support for South Australian exporters to UAE and other Gulf states.

The UAE government is increasing spending on job creation and infrastructure, partly in preparation for hosting Expo 2020 in Dubai from October 2020 to April 2021. Australia will have a large pavilion at the expo, which is expected to attract 25 million visitors, including over 70% from outside UAE, and will have a strong commercial rather than tourism focus.

The expo will offer Australian producers a chance to showcase their products to a substantial audience from UAE, the Gulf region and further afield. There are also opportunities for food and beverage producers, including boutique operators and small to medium enterprises, to contribute to catering within the Australian pavilion and at the expo more broadly. Austrade is coordinating Australia's participation in Expo 2020 and will provide updates at www.austrade.gov.au/events/events/expo-2020-dubai.

There are a number of positive characteristics of the Emirati market:

- A highly open market.
- Modern infrastructure.
- A well-managed banking system, including eight locally-owned and a number of major international institutions.
- A business community familiar with Western practices.
- Relatively low import duties and barriers.
- Strong logistics.
- A high-quality international dispute resolution system.
- Excellent air transport links with Australia, including direct daily flights between Adelaide and Dubai with Emirates (fresh horticulture, dairy and meat comprise much of the freight on these flights).

More challenging aspects of the Emirati market include:

- The openness of the market makes it highly competitive.
- Consumption levels are low for some products, making mixed consignments a better value proposition.

The websites of chambers of commerce and industry in UAE are sources of information about local business practices and developments, including commercial directories. The Dubai Chamber (www.dubaichamber.com) and the Abu Dhabi Chamber (www.abudhabichamber.ae) are the largest.

Food and Beverage Sector

As with the other Gulf states, UAE imports a significant proportion of its food (around 70%). Food and agriculture form the major part of Australia's trade and investment relationship with UAE. There are export opportunities in most food categories, particularly:

- High-value processed and convenience foods, including ready-to-eat, ready-to-cook, frozen, canned and preserved items.
- Dairy products
- Specialised and premium foods.
- Fruit and vegetables.
- Health and whole foods, including organics.
- Soft drinks, juice and flavoured water.

Rising incomes, increasing health consciousness, a more Westernised diet and the growth of tourism are changing the food and beverage sector in UAE. The introduction of new hypermarkets providing a more diverse range of foods is reshaping the retail grocery sector. In-country food processing and packaging capabilities are lagging behind demand. However, UAE is playing a leading role in the development of standards for the fast-growing halal food segment.

Cities in UAE are developing new residential zones, which generates opportunities for modern grocery retailers to expand so that consumers can access shopping facilities close to home. There has also been an increase in small convenience stores as part of commercial office developments. Majid Al Futtaim is the leading grocery retailer with a 20% market share, followed by Emke Group with 15%. The multinational chains Carrefour and Lulu are developing strong consumer affiliation, including with expatriate consumers.

Carrefour works on a value-for-money proposition and has a large in-store product range. It appeals to middle-income consumers in particular. Most of its revenue derives from hypermarkets in key shopping centres but it is also looking to expand into the convenience store format. Carrefour's global operations allow it to have a wide network of suppliers and provide products at the best prices. It has an innovative approach to promotional strategies in-store.

Grocery retailing is expected to grow strongly in UAE on the back of rising disposable incomes and population growth (especially among expatriates).

Trade Strategies and Competition

Summary

Participating in trade missions and exhibitions (such as the annual Gulfoods in Dubai each February) can be very helpful for gathering market knowledge, but the most effective way for exporters to identify opportunities and build strong business relationships is usually spending time in-country, particularly liaising with distributors. Appointing a local representative as importer/distributor is the most common way of establishing an in-country business presence.

There is strong competition in the KSA, Qatar and UAE markets, with Europe, Asia and North America benefitting from lower freight rates than Australia. However, while price is important, quality, reputation and strong business relationships also carry weight in these markets.

Trade Missions and Exhibitions

Businesses exploring export opportunities may benefit from joining an Australian selling mission, run by an agency such as Austrade, Business SA or the RDAHC itself. These missions are a great opportunity for companies new to exporting, or new to the relevant markets, to gain some quick on-the-ground experience.

Trade missions usually have a high profile, attracting media attention and access to a wider pool of potential customers. They can also assist with networking and information-sharing between exporters and with government representatives. Travelling to some countries such as KSA may be easier as part of a group. Trade missions are often timed to allow participation in overseas events, such as trade shows, expos and exhibitions.

Trade shows are a fixture of the global food and beverage sector and the largest can attract 100,000 or more visitors, offering excellent opportunities for networking and testing the market. However, they are not always the most effective way of targeting overseas markets. Small businesses can get lost in the volume of exhibitors and niche target markets may not be represented at some shows. Sometimes better results can be achieved by more focused overseas visits to meet potential buyers and distributors.

Attending a large trade show such as the annual Gulfood exhibition held in Dubai in February each year (17-21 February in 2019) can work best as a form of initial market research rather than facilitating later stages of the export process such as connecting with potential overseas partners. If this is the case, it is not necessary for companies to exhibit themselves. Rather, the event is an opportunity to see what others are doing in the market and to gather market information by talking to exhibitors and other attendees.

Most chambers of commerce in the Gulf region are proactive about promoting trade and eager to attract Western suppliers or organise presentations for individual groups. The largest trade events are held in the major cities (Riyadh, Jeddah and Dammam in KSA, Doha in Qatar, Dubai and Abu Dhabi in UAE) but sometimes local chambers of commerce sponsor smaller events in regional centres. Advertising is common in Qatar and UAE and increasing in KSA (especially via satellite television), but there are strict religious and ethical codes to comply with.

Exporters wishing to showcase their products to potential buyers can also access buying missions from overseas visiting Australia. Again, the coordination point for these missions is often a government agency or peak business or industry body. Visitors have already demonstrated an interest in purchasing from Australia by joining the mission. Participating in these events can be an effective way for exporters to liaise with a number of potential customers at once without travelling overseas themselves.

However, the most effective way for exporters to build strong business relationships and identify and pursue opportunities is usually spending time in-country, particularly liaising with distributors. Arabs tend to view a physical presence in the country as a sign of a long-term commitment, and face-to-face interactions are very helpful in forming and maintaining business relationships. Appointing a local representative as importer/distributor is the most common way of establishing an in-country business presence. Brand loyalty and product preferences may be quite fluid, making prompt delivery of goods, after-sales service and customer support vital.

Competitors

The relative openness of the Saudi, Qatari and Emirati markets makes them highly competitive. Suppliers from the European Union, US and Asia are major competitors as they benefit from lower freight rates than Australia. The strength of the Australian dollar also adds to the cost of imported products. Australia is widely viewed in these markets as competitive on quality, particularly for premium, whole and organic foods, but less so on price.

This can be a challenge as price unsurprisingly carries some weight in Arab business negotiations. However, other factors are also important and tend to operate in Australia's favour. Arab business people place considerable emphasis on working with partners who are competent, professional and well-informed (including about their own products), and with whom they can develop strong relationships based on mutual trust.

Exporters should be able to clearly state what their product offers to the market, why it is unique and what its key selling points are. In-country visits are an ideal opportunity to gather firsthand information about competitor products. There is no substitute for visiting supermarkets and retail outlets to observe pricing and how products are promoted and displayed.

Kingdom of Saudi Arabia

Some of the countries exporting large volumes of food to KSA include:

- Beef: Netherlands, Brazil, India, Ireland, US.
- Lamb: New Zealand, Pakistan, Sudan.
- Dairy products: New Zealand, Denmark, Netherlands, France, Romania, Cyprus.
- Horticulture: New Zealand, South Africa, Turkey, India, Egypt, European Union and South East Asia.
- Grain: Russia, Brazil, Argentina, European Union.

Some example prices for grocery commodities in KSA sourced from the largest grocery chain, Panda, are set out below. Panda is a mass-market rather than premium retailer so product prices tend to reflect the lower end of the range.

Item	*Quantity*	*Price (SAR)*	*Price (AUD)*
Valencia oranges	kg	3.95	1.54
Navel oranges	kg	4.95	1.93
Moroccan mandarins	kg	11.95	4.66
Spanish mandarins	kg	8.95	3.49
Pakistani mandarins	kg	6.95	2.71
Lemons	kg	5.25	2.05
Globe red grapes	kg	7.95	3.10
White seedless grapes	kg	11.95	4.66
Green apples	kg	5.95	2.32
Gala apples	kg	5.75	2.24
Fuji apples	kg	5.95	2.32
Pears (Chile or Spain)	kg	9.95	3.88
Local nectarines	kg	7.95	3.10
Watermelon	kg	1.95	0.76
Bananas	kg	5.75	2.24
Egyptian strawberries	250g	8.45	3.30
Yemeni mangoes	kg	8.95	3.49
African mangoes	1	14.95	5.83
Pineapple	1	7.95	3.10
Item	*Quantity*	*Price (SAR)*	*Price (AUD)*
Imported carrots	kg	3.95	1.54
Brown onions	kg	6.75	2.63
Green cabbage	1	2.75	1.07
Green capsicum	kg	6.95	2.71
Green chillies	kg	8.95	3.49
Zucchini	kg	9.95	3.88
Potatoes	kg	5.45	2.13
Green beans	kg	12.95	5.05
Cucumber	kg	4.95	1.93
Parsley, mint and coriander	bunch	0.95	0.37
Tomatoes	kg	7.95	3.10
Butternut pumpkin	kg	3.95	1.54
Fresh ginger	kg	7.95	3.10
Cauliflower	1	6.75	2.63
Cherry tomatoes	250g	5.95	2.32
Local iceberg lettuce	kg	22.95	8.95
Egyptian feta cheese		15.70	6.12
Cheesaland feta cheese		16.75	6.53
Valbresso sheep feta cheese	kg	56.80	22.15
Highland double cream cheese		19.95	7.78
Forsana mozzarella		19.95	7.78
Pinar labneh	1.5kg	16.95	6.61
Al Tayeb fresh cream		13.95	5.44
Sliced turkey breast	kg	59.95	23.38
Halwani Bros Beef mortadella	1.5kg	25.95	10.12
Al-Youm whole fresh chicken	1.1kg	15.75	6.14

Exchange conversion rate of 1 Saudi riyal = AU$0.39

Some example prices for grocery commodities in KSA sourced from Danube, which operates hypermarkets and supermarkets in Jeddah, Makkah and Madinah, are set out below. Danube tends to offer a few more premium products than Panda.

Item	*Quantity*	*Price (SAR)*	*Price (AUD)*
Australian mandarins	kg	15.95	6.22
Grapes (red, black, white)	kg	7.95	3.10
Red apples	kg	5.95	2.32
Pears	kg	7.95	3.10
Australian carrots	kg	3.95	1.54
Sweet potato	kg	1.95	0.76
Cucumber	kg	4.50	1.76
Green beans	kg	5.95	2.32
English cheddar cheese	kg	29.95	11.68
Saudia unsalted butter	300g	17.34	6.76
Lurpak butter	300g	17.34	6.76
Italian parmesan (Grano Padano)	kg	59.95	23.38
Turkish labneh	kg	16.95	6.61
Item	*Quantity*	*Price (SAR)*	*Price (AUD)*
Dary feta cheese	kg	9.95	3.88
Foodys haloumi cheese	250g	16.28	6.35
Three Cows shredded mozzarella	500g	22.95	8.95
Zaina Baladi cream	kg	15.95	6.22
Nadec whipping cream	litre	29.50	11.51
Kraft Philadelphia cream cheese	200g	12.25	4.78
Saudia milk powder	1.8kg	54.95	21.43
Almarai long life milk	12 litre	45.00	17.55
Dione assorted ice cream	500ml	27.95	10.90
Cone Zone ice cream	500ml	16.25	6.34
Nadec Greek yoghurt	160g	8.50	3.32
Nada yoghurt	2 kg	13.13	5.12
Americana mortadella	kg	24.95	9.73
Brazilian sirloin beef	kg	68.25	26.62
Brazilian minced beef	kg	36.95	14.41
Sea bass	kg	32.95	12.85
Large shrimps	kg	82.95	32.35
Doux whole chicken	1.2kg	15.95	6.22
Al Shifa natural honey	500g	36.50	14.24
Langnese Black Forest honey	500g	97.13	37.88
Al Shifa Sidr honey	500g	131.25	51.19
Helios jam	170g	8.40	3.28
Durra jam	430g	14.50	5.66
Prisca gourmet fruit jam	230g	32.55	12.69
Saudi tomato ketchup	825g	13.60	5.30
Lindt chocolate	100g	11.50	4.49
Jardin Bio dark chocolate	100g	13.65	5.32

Weinrich chocolate	250g	22.00	8.58
Ferrero Rocher chocolates	300g	45.00	17.55
Baytouti extra virgin olive oil	500ml	18.50	7.22
Pons extra virgin olive oil	500ml	23.63	9.22
Ponentino Oilio extra virgin olive oil	500ml	71.00	27.69
Almonds	kg	58.80	22.93
Walnuts	kg	78.75	30.71
Nescafe classic instant coffee	200g	23.05	8.99
Dole 100% pineapple juice	1.36 litre	11.50	4.49
Rauch apple juice	900ml	16.95	6.61
Starbucks Frappuccino (bottled)	250ml	12.55	4.89
Ledger's tonic water	200ml	13.65	5.32

Exchange conversion rate of 1 Saudi riyal = AU$0.39

Qatar

Some example prices for grocery commodities in Qatar sourced from the mid-market multi-national chain Lulu are set out below.

Item	*Quantity*	*Price (QR)*	*Price (AUD)*
Driscoll's blackberries	170g	21.75	8.48
Green chillies (Thailand)	1 pkt	4.50	1.76
Cherry tomatoes	250g	8.75	3.41
Baby carrots	340g	7.75	3.02
Pineapple (Philippines)	1	7.50	2.93
Nestle Nido milk powder	900g	29.75	11.60
Lurpak salted butter	400g	13.75	5.36
Three Cows whole mozzarella	200g	10.00	3.90
Puck shredded mozzarella	500g	23.75	9.26
Castello Danish Blue cheese	100g	8.75	3.41
Kerrygold cheddar cheese	150g	10.50	4.10
Kingdom organic cheddar cheese	198g	21.50	8.39
Monte Christo English cheddar cheese	400g	30.75	11.99
Item	*Quantity*	*Price (QR)*	*Price (AUD)*
Daiya Greek yoghurt	150g	11.50	4.49
Rachel's organic Greek style yoghurt	450g	18.50	7.22
Jenan white eggs - large	30	22.00	8.58
President cooking cream	litre	24.75	9.65
Starbucks iced coffee (canned)	250ml	12.50	4.88

Exchange conversion rate of 1 Qatari riyal = AU$0.39

United Arab Emirates

The US dominates the premium snack market and the EU the cereals market in UAE. Australia is a major supplier of beef and lamb but has strong competition from the US, Brazil, China, New Zealand and the Indian subcontinent. Australia is also a major cheese supplier, with competition from France, the UK and the Netherlands.

Some example prices for grocery commodities in UAE sourced from the mid-market multi-national chain Carrefour are set out below.

Item	***Quantity***	***Price (AED)***	***Price (AUD)***
Pineapple	1	7.95	3.10
Rosemary pears	kg	14.60	5.69
Peaches	kg	24.95	9.73
Kiwifruit	kg	19.70	7.68
Rockmelon	kg	24.95	9.73
Mixed berries	300g	42.60	16.61
Item	***Quantity***	***Price (AED)***	***Price (AUD)***
Bananas	kg	10.25	4.00
Pink lady apples	kg	14.90	5.81
Green apples	kg	9.95	3.88
Golden apples	kg	12.95	5.05
Avocadoes	2	19.70	7.68
Australian carrots	kg	4.95	1.93
Broccoli	kg	15.00	5.85
Pumpkin	kg	14.50	5.66
Garlic	kg	12.95	5.05
Red onions	5kg	9.50	3.71
Organic red onions	350g	12.95	5.05
Spring onion bunch	1	0.95	0.37
Parsley or mint bunch	1	0.95	0.37
Tomatoes	kg	4.95	1.93
Organic cherry tomatoes	250g	23.95	9.34
Organic shitake mushrooms	100g	19.95	7.78
Jumbo asparagus	kg	39.95	15.58
Thai green limes	500g	19.75	7.70
Potatoes	kg	10.95	4.27
Eggplant	kg	29.95	11.68
Cucumbers	kg	24.60	9.59
Soignon goat's cheese	125g	21.00	8.19
Agriform Parmigiano Reggiano	200g	28.65	11.17
Australian's Own organic soy milk	litre	13.15	5.13
Puck light cooking cream	200ml	7.50	2.93

Almarai feta cheese	400g	10.50	4.10
Dodoni organic feta cheese	200g	21.00	8.19
Paysan Breton butter	250g	14.40	5.62
Almarai spreadable butter	450g	22.00	8.58
Activia yoghurt	120g	1.85	0.72
Yoplait yoghurt	120g	2.10	0.82
Kolios Greek yoghurt	150g	9.20	3.59
Rachel's organic Greek yoghurt	450g	18.25	7.12
President sour cream	400g	14.90	5.81
Pinar haloumi cheese	200g	14.70	5.73
Organic blue cheese	kg	120.75	47.09
Turkish-style labneh	kg	19.75	7.70
Carrefour camembert	250g	20.50	8.00
Carrefour roquefort	150g	23.75	9.26
Carrefour gouda slices	200g	13.50	5.27
Buratta	200g	41.00	15.99
Ricotta	200g	15.75	6.14
Carrefour cream cheese	200g	15.75	6.14
Philadelphia cream cheese	170g	30.60	11.93
Ifantis Greek taramas dip	200g	17.10	6.67
Organic Emmental cheese	kg	115.00	44.85
Item	***Quantity***	***Price (AED)***	***Price (AUD)***
Ile de France petit brie	125g	14.35	5.60
Puck shredded mozzarella	200g	11.75	4.58
Galbani organic mozzarella ball	125g	15.95	6.22
Baby peppers stuffed with cheese	kg	149.00	58.11
Preluknjaj chicken liver pate	50g	3.70	1.44
Arla organic milk long-life	litre	9.45	3.69
Koita organic cow milk	litre	12.50	4.88
Al Rawabi full cream milk	250ml	2.25	0.88
Bulla cottage cheese	200g	13.10	5.11
Ripe organic free range eggs	6	12.10	4.72
Organic medium brown eggs	10	16.75	6.53
Al Jazira medium eggs	30	21.85	8.52
Starbucks frappuccino	250ml	8.95	3.49
Carrefour organic orange juice	litre	26.50	10.34
Siniora mortadella	kg	39.75	15.50
Siniora salami	kg	66.00	25.74
Siniora sliced roast beef	kg	89.75	35.00
Colombian beef mince	kg	43.90	17.12
Brazilian beef sausage	kg	31.90	12.44
New Zealand beef sausage	kg	37.90	14.78
South African beef topside roast	kg	45.90	17.90
Australian thin cut beef steak	kg	50.90	19.85
Swordfish	200g	29.90	11.66
Salmon fillets	200g	30.90	12.05
Salmontini organic salmon	100g	38.85	15.15

Cooked peeled prawns	500g	66.95	26.11
Fresh local sea bass	kg	42.90	16.73
Organic chicken fillet	500g	73.90	28.82
Emirates honey	kg	205.50	80.15
Hero jam	340g	12.00	4.68
Carrefour jam	750g	15.50	6.05

Exchange conversion rate of 1 UAE dirham = AU$0.39

Pricing

Summary

The right pricing strategy is vital to successful exporting and each market involves different considerations. A range of costs not applicable in the domestic market may need to be taken into account, such as in-country visits, special labelling and packaging, shipping costs, warehousing, tariffs, customs clearance fees, importer mark-ups and foreign exchange costs. Sometimes exporting generates unexpected costs that cannot be insured for.

Export price lists and quotations must be very clear on who pays which costs at each stage of the export process and when ownership of the goods has been transferred. Exporters use International Commerce Terms ('Incoterms') to ensure clarity and consistency. Quoting and receiving payment in foreign currencies also raises specific issues.

Export Pricing

The right pricing strategy and quoting goods appropriately are vital to a successful export business. Export pricing involves different considerations to domestic pricing, including different costs, currencies, demand levels, competitors and buyer characteristics. Each export market requires a separate price as each market will vary across these factors.

Price is often the first thing overseas contacts will want to know. However, it is important to note that other factors also attract potential buyers, including the quality of the product, speed of delivery, availability of credit terms, sales support and customer service.

Businesses must understand the total cost of exporting goods before determining prices, including all the costs involved in the supply chain. Export may involve costs not necessarily incurred in the domestic market, including:

- In-country visits.
- Shipping and freight.
- Import duties.
- Customs clearance fees.
- Production of special packaging and labelling.
- Insurance.
- In-country promotion and marketing.

- Conducting due diligence on overseas agents, distributors and buyers.
- The impact of credit terms on cash flow.
- In-country transportation and warehousing fees.
- Agent’s commission or importer’s mark-up.
- Specialist legal and financial advice relevant to international contracts and payments.

Some of these costs are ‘fixed costs’ of exporting, not specific to an individual contract or shipment, that need to be recovered. There may also need to be a ‘risk margin’ built in to pricing, to cover unexpected costs which are not covered by insurance. For example, circumstances outside the control of exporters can result in shipments being lost, re-routed or delayed. Issues with paperwork and customs clearance can easily hold goods up, potentially resulting in thousands of dollars of warehouse or demurrage fees.

Then there are costs associated with each order to consider. The cumulative impact of each operator along the export supply chain taking their cut should not be underestimated.

The parties who expect to profit from each consignment in addition to producers and manufacturers may include logistics service providers, freight forwarders and customs brokers, shippers, importers, warehouse operators, sales agents, distributors and retailers. Conducting business in a foreign currency involves sometimes unpredictable exchange costs. Finally, the Australian Government operates export regulation services on a cost recovery basis and importing countries often charge tariffs.

Pricing needs to take all these factors into account. Sometimes price adjustments are necessary, for example as a result of changes to production or shipping costs or currency fluctuations. However, it is best to give customers and in-country partners as much notice as possible and explain the reasons for any price changes.

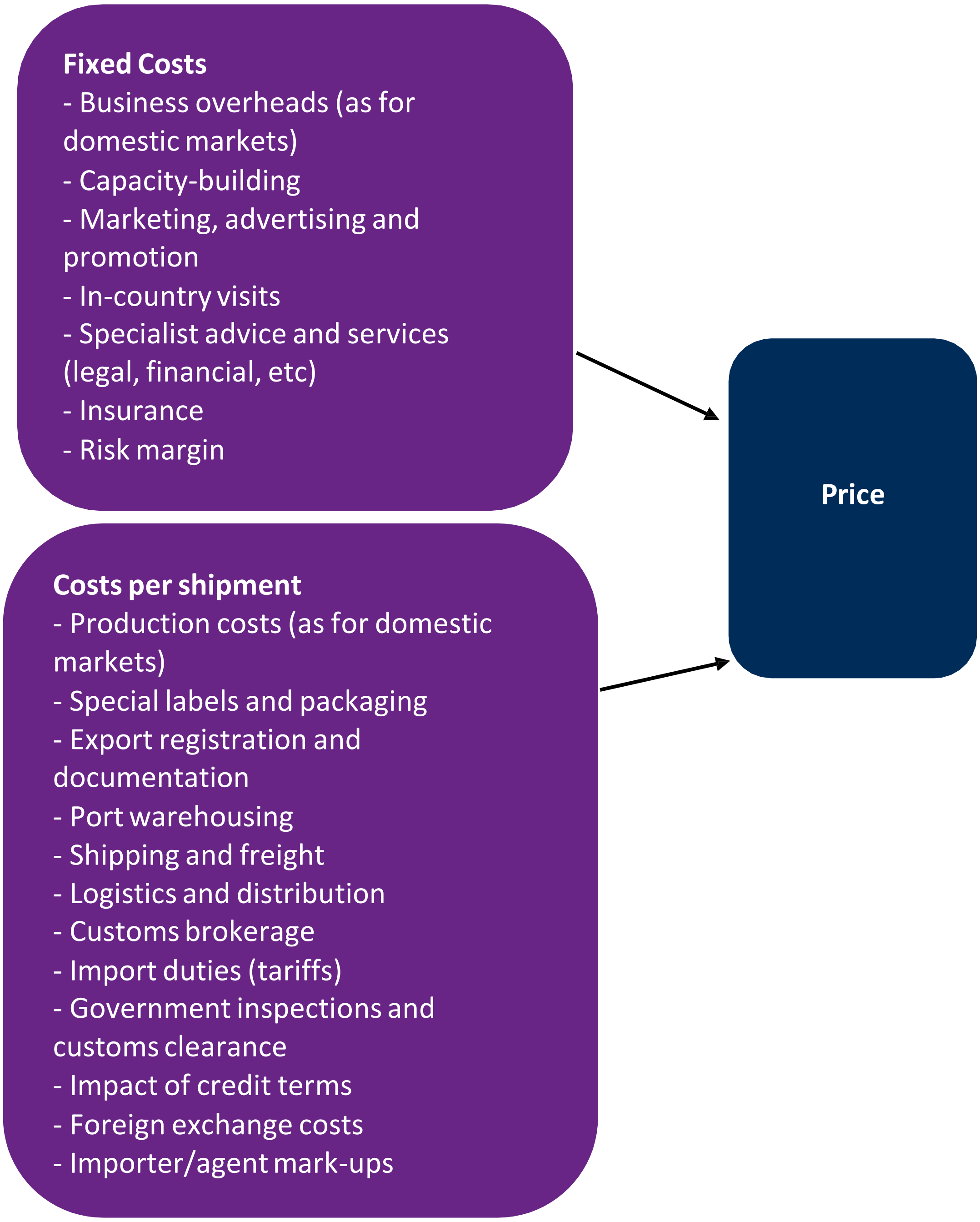


Figure 5: Pricing Considerations

Calculating Prices

Two of the best methods for calculating export prices are Cost Plus and Top Down. The two can be used in parallel – do two separate calculations and then compare to achieve a finely-balanced result. Cost Plus involves working outwards from the ex-production price to the end customer. Using this method alone can result in a price that's too high and too few customers. Top Down involves working from the ideal end-customer price backwards. Using this method alone can result in a price that's too low and the business losing money.

Prices should reflect the product brand but if it is unknown in the market prices might need to be set lower than well-known competitors who are already in-market. Prices can be revised once a product is established in the market. Businesses should be aware of their profit margins and break-even points so they can make informed decisions as required, for example, if a customer asks for a discount.

It can be problematic to quote low prices initially to attract business, hoping to raise them later. Buyers tend to expect the opposite – they expect price reductions to reward them for ongoing business, especially if orders increase in size. Competitive pricing as a strategy for gaining a foothold in the market can make it harder to move to a premium pricing model later. Competitive pricing tends to signal a 'value for money' or 'affordable' proposition.

Premium pricing is developed around a principle of what the market will bear. It is a good export strategy because it is more profitable and provides a higher margin to absorb cost increases and currency fluctuations. It also establishes premium branding in the market. It may be pointless trying to compete at the low-end or mid-point of the market when all of the additional costs associated with export are taken into account.

Large retail chains, including supermarkets, may charge listing fees for products, which can be a significant cost element.

Export Price Lists

Preparing an export price list involves particular considerations that may not apply to domestic price lists. It is vital to show which currency you are quoting in (e.g. Australian dollars = A$ or AUD). Merely using a dollar sign may be interpreted as referring to US dollars. GST should not be included in prices.

Price lists should include a 'Valid Until' date and any minimum order quantities that are required. Item codes make it easier for buyers to place orders and reduce confusion. Price lists should clearly show company name, address and contact details, and how to enquire or place an order.

Quotations

Incoterms

Product prices are quoted differently to domestic sales in international markets. It must be very clear who pays which costs at each stage of the export process and when ownership of the goods has transferred from seller to buyer. To ensure clarity and consistency, exporters use International Commerce Terms ('Incoterms') created by the International Chamber of Commerce (ICC). The most recent set of Incoterms are from 2010 and accessible via the ICC website at www.iccwbo.org/resources-for-business/incoterms-rules.

Common Incoterms are:

- FCA – Free Carrier
- CPT – Carriage Paid To
- CIP – Carriage and Insurance Paid To
- CIF – Cost, Insurance and Freight
- CIFC – Cost, Insurance, Freight and Commission
- FAS – Free Alongside Ship
- FOB – Free on Board
- DDP – Delivered Duty Paid
- DDU – Delivery Duty Unpaid
- DAT – Delivered at Terminal
- DAP – Delivered at Place

Austrade offers short courses on understanding Incoterms. Different Incoterms indicate different arrangements for paying costs and transferring ownership of goods, as agreed between exporters and buyers. A named place is added after the Incoterm, for example, using FOB and shipping from Adelaide would be stated as 'FOB Adelaide'. Even if Incoterms are used, it is also a good idea to spell out details of what the price includes in quotations, export price lists and contracts.

Quoting in Foreign Currencies

Exchange rates can be a complex and tricky area for exporters, and one of the major sources of risk that needs to be managed. 'Foreign exchange risk' is the risk that profitability and possibly cash flow will be negatively impacted by currency exchange rate movements. It occurs because invoices generally need to be converted into the client's currency at the prevailing rate on the day the invoice is issued. However, the invoice is likely to be settled in the local currency anywhere between 30 and 90 days later, and only after the funds have been received can they be converted back into Australian dollars.

This leaves the invoicer exposed to any exchange rate fluctuations for a period of time. For example, if the Australian dollar appreciates against the local currency during the time lag, the exporter will be paid less (in Australian dollars) than they anticipated. Quoting prices and invoicing in Australian dollars rather than local currency passes the risk to the customer, but they may not be prepared to accept it.

Advice on managing foreign exchange risk can be sought from banks and financial advisers. Exporters should develop foreign currency policies and procedures to ensure foreign currency transactions are managed appropriately, and to plan for currency fluctuations.

Banks and other financial service providers (such as OFX) can offer advice on international payments, competitive exchange rates and options to manage exchange rate risk. For example, forward exchange contracts lock in an exchange rate at the time of contract so there is certainty about the amount of payment regardless of currency fluctuations. Other options include limit orders (setting a target exchange rate with payment triggered when the target is reached) and paying an upfront premium to guarantee you the right to transfer funds at a set rate (while leaving open the option to transfer at a more favourable rate should it become available).

Common terminology that you may hear when undertaking foreign exchange transactions includes:

- Spot rate: the exchange rate quoted for the sale of foreign currency with a value date (the date that settlement is due) of two business days from the date of the quote.
- Value TOM: the exchange rate quoted for the sale of foreign currency with a value date of the following day.
- Value TOD: the exchange rate quoted for the sale of foreign currency with a value date of the same day.

- Forward rates: where the foreign currency is fixed at the time of the quote with a value date beyond two business days.

Customs, Tax and Regulatory Issues

Summary

Exporters need to comply with the customs, tax and regulatory regimes of foreign governments. Products including alcohol, pork and sensitive printed matter and images, are either banned or subject to very strict import restrictions in the target markets of KSA, Qatar and UAE. Other products are subject to tariffs (taxes on traded goods).

Australia does not have free trade agreements with the target market countries, so goods are usually subject to a general tariff rate of 5%. Some products attract a higher tariff rate, which can be up to 100% in the case of products such as alcohol. The target markets, like most countries, use the Harmonised Tariff Code (HTC), an internationally standardised classification system maintained by the World Trade Organisation (WTO).

Most aspects of compliance with foreign requirements are managed through Australian authorities to ensure that Australia maintains its reputation for high quality goods. All consignments for export require clearance via the issue of an export declaration number (EDN) through the Department for Home Affairs. Many consignments of food and beverage products also require export certification by the Department of Agriculture and Water Resources. This may require production premises to be accredited and sometimes individual consignments to be inspected. For example, fruit and vegetable shipments usually need phytosanitary certification to comply with biosecurity requirements.

Importing countries may impose additional requirements. For example, the target markets require halal certification of many food and beverage products.

One of the biggest differences between selling in the domestic and international market is the need for exporters to comply with the customs, tax and regulatory regimes of foreign governments. Compliance with some requirements is managed through Australian authorities (such as the Department of Agriculture and Water Resources in the case of food products). The requirements can be complex but compliance is vital.

Some goods are subject to very strict import restrictions in the target markets of KSA, Qatar and UAE. These goods include alcohol, pork products, printed matter and videos (especially of a sensitive religious or political nature), pharmaceuticals and goods manufactured in Israel.

In addition to the regulations described in this section, the Gulf states have strict rules relating to how imported goods are packaged and labelled, as well as the documentation that accompanies consignments. More information about these requirements can be found in the 'Packaging, Labelling and Documentation' section of this guide.

Tariffs

Countries apply tariffs (taxes on traded goods) to imported goods at varying rates, which are often set higher when they wish to protect local production of similar goods, or when the goods are luxury items. Some products are banned completely from importation, or have restrictions applied, often due to local religious or cultural practices.

Most countries use the Harmonised Tariff Code (HTC), an internationally standardised system of names and numbers used to classify products that is maintained by the World Trade Organisation (WTO). The WTO's Tariff Download Facility can be used to search for applicable import tariffs by product and market: tariffdata.wto.org/Default.aspx. It also provides information about total import quantities for each market by product category.

The Australian Bureau of Statistics produces data on Australian exports using the Australian Harmonised Export Commodity Classification (AHECC): www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/1233.0Main+Features1Jan%202017?OpenDocument. These codes are used by exporters, customs brokers and freight forwarders in the classification of goods when providing export declarations. AHECC codes use the six-digit HTC codes plus an extra two digits for Australian exports. The codes are subject to change and are usually updated every January and July.

The tariffs imposed by other countries change from time to time, sometimes as a result of free trade agreements between countries or 'trade wars' and sanctions. World Trade Organization members, including KSA, Qatar and UAE, have committed to 'binding' their tariffs on some goods (including agricultural products), making them more stable and harder to increase.

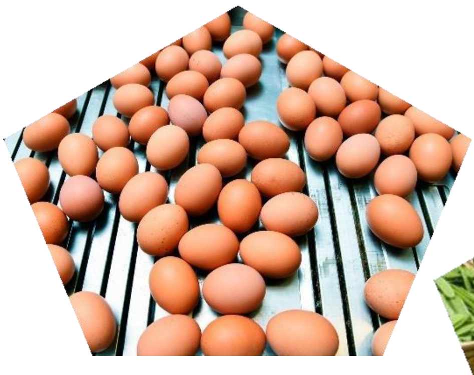
Food Product Regulations

Specific regulatory requirements apply to some goods, especially chemicals and some food items, due to public health and safety concerns. Biosecurity measures designed to reduce the risk of infectious diseases being transmitted from imported organic material to domestic crops and livestock are common, though the Gulf states are less concerned than some countries due to limited local agricultural practice.

The Australian Government, through the Department of Agriculture and Water Resources, controls the export of agricultural products. This is to maintain quality standards so that trading partners know Australian agricultural products are reliable and meet import requirements. The Department's powers in this area are defined in the Export Control Act 1982 and associated legislation. Prospective exporters should be aware that there can be considerable 'red tape' and long lead times involved in meeting Australia's export regulations and documentary requirements.

Prescribed Goods

The export commodities listed in the legislation (known as 'prescribed goods') include dairy products, eggs and egg products, fish and fish products, fresh fruit and vegetables, grains and seeds, and meat and meat products. Honey and highly processed products can usually be exported without government controls as they are unlikely to transmit any plant or animal diseases and will meet food safety criteria.



The Department confirms that the export commodities are fit for human consumption, adequately described and labelled, and fully traceable. This certification ensures products comply with import regulations in place in the target markets of KSA, Qatar and UAE. The Department maintains a Manual of Importing Country Requirements (MICoR): www.agriculture.gov.au/export/micor.

However, the importing country's relevant authority is the definitive source of information about that country's requirements and it is ultimately the exporter's responsibility to ensure they meet those requirements. If goods do not meet the importing country's requirements, they are unlikely to be allowed in. They will either be destroyed, or the exporter will have to pay for their return to Australia. Breaches like this damage business relationships and affect future export opportunities.

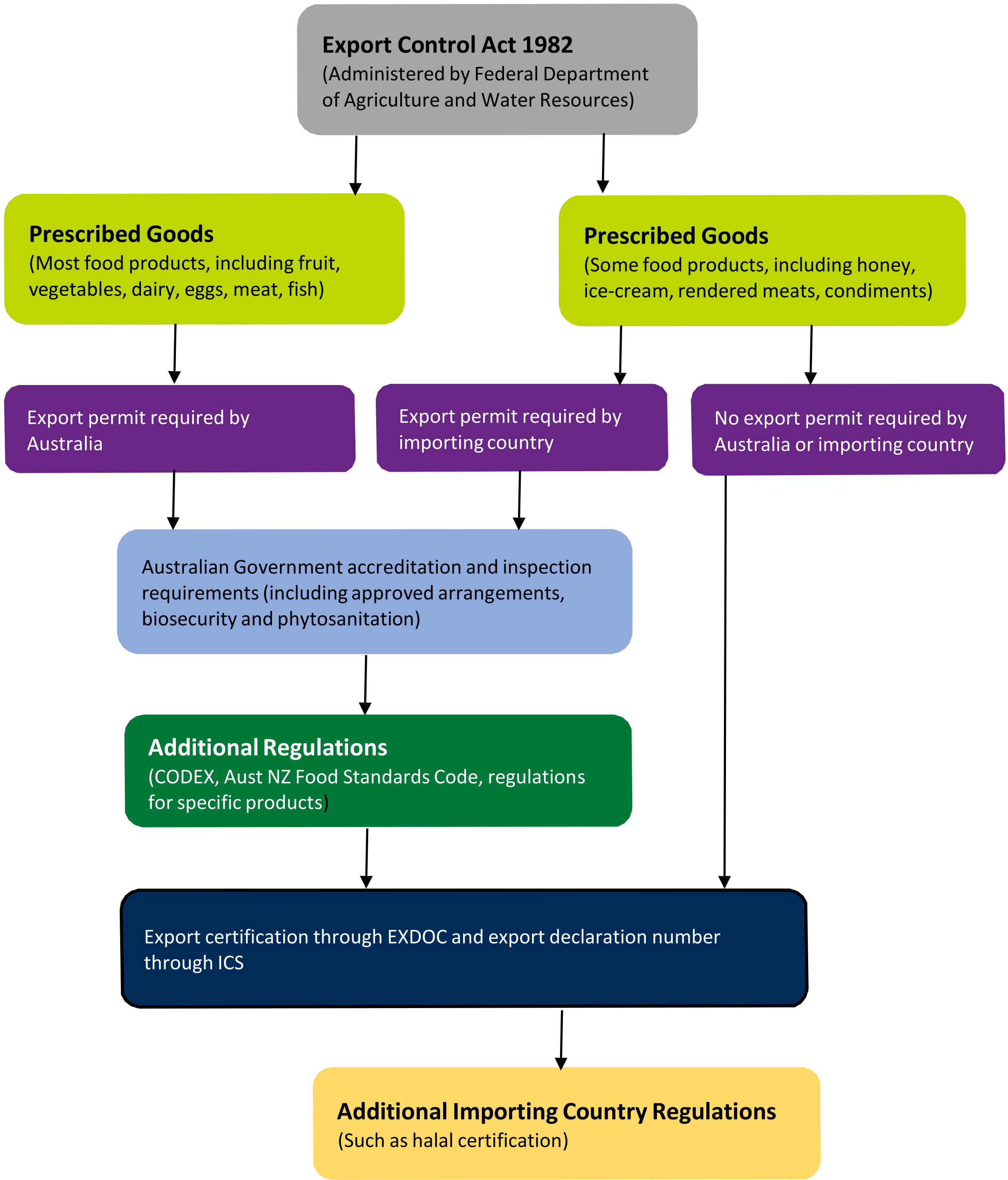


Figure 6: Export Regulation

Export Registration

Premises where prescribed goods are prepared for export, including production, packing, treating, storing and transporting, must be registered with the Department. This means not only manufacturers, but raw material suppliers, freight forwarders, warehousers and other logistics companies may require registration. Handlers at exit ports (wharves and airports) are excluded from the registration requirement.

Companies must complete an Export Registration Form and document an 'approved arrangement' (AA) which includes the processes and procedures that ensure the relevant establishments are eligible to export. Premises will then be audited to confirm compliance with export requirements. For plants and plant products, the application for registration must be accompanied by plans, specifications and evidence of an operational record-keeping system.

If compliant, the AA specific to that establishment is approved. The AA will cover all the commodities the establishment wishes to export as well as the requirements of the destination markets. Fees are charged by the Department for the approval service on a cost recovery basis.

Exporters of meat, fish, dairy, eggs, grain and horticulture may apply manually via a form for export certification or use an electronic certification system (the Export Documentation System or EXDOC) to generate their own health certificates and related documents. When exporters also register for the Single Electronic Window (SEW) and register their ABN in the Customs system (Integrated Cargo System or ICS), EXDOC can generate an export declaration number (EDN) necessary for ICS clearance, which streamlines the export process.

Exporters who wish to use EXDOC themselves need to purchase a software package from a third party accredited by the Department of Agriculture and Water Resources. Staff using the system will also need to undergo EXDOC training. Alternatively, exporters can use the services of an agent or freight forwarder who is EXDOC-accredited.

Export Declaration

In addition to complying with the biosecurity measures enforced by the Department of Agriculture and Water Resources, exporters must also report goods for export to the Department of Home Affairs' Australian Border Force (ABF, previously known as Customs and Border Protection) and obtain an export declaration number (EDN). All shipments with a value of more than AU$2,000 and/or which require an export permit must be declared.

Goods can be declared electronically through the ICS, which interfaces with EXDOC, or manually via an Export Declaration Form. Goods may not be exported, or loaded onto a ship or aircraft for export, unless they have been issued an EDN and granted a 'cleared' status by the ABF. Businesses who sign up for the ABF's Trusted Trader program (www.abf.gov.au/about-us/what-we-do/trustedtrader) can access streamlined export procedures.

There are several reasons why the Australian Government requires exported goods to be declared. Customs ensures that prohibited export goods (such as protected wildlife, some weapons, some heritage items and dangerous goods) are not exported and restricted goods are only exported with the required approvals. The Australian Bureau of Statistics also uses the data to compile trade statistics which assist businesses and governments with decision-making.

Under the Customs Act 1901, the movement of most goods for export must be reported to Customs at each stage of the export cycle. All air and most sea cargo received at a wharf or airport for export must be reported to Customs by the party receiving it. Every vessel or aircraft departing Australia is required to lodge a main manifest with Customs within three working days of departure. Export goods at cargo terminals at wharves and airports (and some prescribed warehouses) are deemed under Customs control for a period of time, during which permission is usually required to move, alter or interfere with them.

The Export Control Manual provides detailed information on export declaration requirements: www.homeaffairs.gov.au/busi/cargo-support-trade-and-goods/exporting-goods/export-declarations.

Other Requirements

The Codex Alimentarius (CODEX) or 'Food Code' is a set of harmonised international food standards which protect consumer health and promote fair practices in food trade: www.fao.org/fao-who-codexalimentarius/en. The CODEX is administered by the Codex Alimentarius Commission, established by the Food and Agriculture Organization of the

United Nations and the World Health Organization in 1963. CODEX requirements include guidance for developing a Hazard Analysis and Critical Control Points (HACCP) plan to meet export requirements.

The Australia New Zealand Food Standards Code is developed and administered by Food Standards Australia New Zealand: www.foodstandards.gov.au/code/Pages/default.aspx. The Code sets out legally binding requirements around labelling of food products, food safety, product recall protocols, genetically modified foods and primary production and processing. The Code is interpreted and enforced by state and territory governments and food agencies in Australia and New Zealand. User guides to the Code are available to help industry comply.

Exporters of beef, sheep or goat meat must obtain a Meat Export Licence.

Exporting Dairy Products

Australia exports around 30-40% of its milk. It accounts for less than 2% of the world's estimated milk production but is a significant exporter of dairy products, ranking fourth in terms of world dairy trade with a 6% share of the market. However, this is well behind New Zealand with 38% and the European Union with 31% (the US is third with 12%).

China is Australia's largest market, accounting for 24% of dairy exports by volume. Asia as a whole accounts for over 80% of Australia's dairy export value. This reflects both Australia's geographic location and the extent to which it has been excluded from other major markets either by direct restrictions (in the case of the European Union) or the impact of increased export volumes from competitor countries. As food preferences in the wealthy Gulf states become more Westernised, there are opportunities for dairy exports to expand into these markets.

Regulatory Framework

All dairy products manufactured in Australia, intended for human consumption, having dairy as the major ingredient and destined for export (except to New Zealand) are prescribed goods under the Export Control Act 1982. This includes milk, butter, cheese, cream, yoghurt, dairy-based dips, milk powder and infant formula. Ice-cream, cheesecake and custard are not prescribed goods. Products deriving from animals other than cows, such as sheep, buffalo, goats and camels, are not prescribed goods. Sometimes the importing country might impose certification requirements on non-prescribed goods that means they must be treated as prescribed goods.

Dairy products that are prescribed goods must conform to the requirements of the Export Control (Milk and Milk Product) Orders 2005: www.legislation.gov.au/Details/F2005L02871. This is usually sufficient to meet the requirements of the importing country. Exporters and other companies involved in handling the products must first secure export registration under documented 'approved arrangements'.

The regulatory framework for dairy exporters in Australia comprises federal and state bodies. The Federal Department of Agriculture and Water Resources oversees export requirements. This includes compliance with the Australia New Zealand Food Standards Code and other national food safety policy and standards, developed by Food Standards Australia New Zealand.

The state Dairy Food Authorities are responsible for implementing the Code and national food safety policy and standards. Other agencies, such as state health departments, state primary industry/agriculture departments and environmental protection bodies may also be involved from time to time.

The agencies involved in developing and implementing the regulatory framework work together with the dairy industry to ensure an integrated approach and maximum harmonisation of domestic and export requirements. Both domestic and international customers generally have the same expectation: safe, high quality products delivered with reliability.

Export Registration

Manufacturers are responsible for making a declaration of compliance confirming that goods are eligible for export: fit for human consumption, compliant with the requirements of the Export Control (Milk and Milk Product) Orders 2005 and compliant with importing country requirements. Each shipment requires this declaration. Organic or biodynamic produce requires further certification in the form of an organic produce certificate from an approved certifying organisation.

Once dairy products are ready for export, the exporter or their agent needs to make a request for permit (RFP) via EXDOC before shipping. The appropriate dairy product code needs to be selected as this will be used in customs declarations and to link the permit to the registered establishment.

After an RFP is approved, the exporter will be issued with an export permit (required for all shipments leaving Australia) and a health certificate when required by the importing country. An export declaration must also be lodged through the Department of Home Affairs so that an Export Declaration Number (EDN) can be issued.

Approved Arrangements

The Department of Agriculture and Water Resources manages requirements for the approved arrangement (AA) that dairy establishments must have in place to be export registered. An AA is a documented food safety management system. It generally covers the following areas:

- Export documentation.
- Identification, tracing systems, integrity and transfer.
- Management of food safety and suitability.
- Operational hygiene.
- Preparation.
- Product standards.
- Registration.
- Structural requirements.
- Trade description.
- Transport.

The Department has checklists available to help with the development of AAs. The checklists should be read in conjunction with the Export Control Orders.

Elements of AAs which are often identified as non-compliant during importing country reviews and departmental audits include:

- An effective internal audit program, including a schedule, staff training, corrective actions and documented evidence of activities being undertaken.
- Verification of good manufacturing practices and housekeeping programs, including cleaning and hygiene.
- Accurate and up-to-date HACCP programs, reviewed as part of annual verification and validation programs and supported by risk assessments.
- An effective maintenance program, including preventative maintenance.
- An effective corrective action program, including all internal and external non-compliances.
- Identification of importing country requirements and how export eligibility is verified product testing, ingredient sourcing conditions, labelling).

- Documentation of the testing regime needed to meet general export requirements (e.g. – antibiotic testing of raw milk, water testing).
- Documentation of the testing regime needed to meet specific country requirements, if any (e.g. – frequency of testing, triggers for corrective action, where testing is conducted, what test methods are used).

Export-registered establishments are subject to ongoing audits by the Department, usually once a year but more frequently for establishments considered at risk of non-compliance. On-site audits aim to confirm that controls identified in the AA are working in practice.

Other Compliance Activities

In addition to the Export Control (Milk and Milk Products) Orders 2005, standard 4.2.4 (Primary Production and Processing Standards for Dairy Products) of the Australia New Zealand Food Standards Code is a key element of the dairy industry's regulatory framework.

Dairysafe (formerly the Dairy Authority of South Australia) monitors compliance with the Food Standards Code in SA at each stage of the dairy supply chain. Dairysafe requires that all dairy farms, milk transport operators, milk and dairy product manufacturers and distributors have a Food Safety Program (FSP) in place.

For manufacturers, core elements of the FSP include:

- Pathogen reduction technologies such as pasteurisation.
- Temperature controls.
- Cleaning and sanitising.
- Storage.
- Traceability forwards and backwards through the supply chain from farm to customer.
- Post-pasteurisation hazard management.
- Raw material and ingredient management.
- Records.
- Personnel competency.

Establishments should have verification strategies in place such as:

- Testing of milk and ingredients.
- Measurement of temperature, time and chemical composition.
- Calibration of measuring and testing equipment.
- Monitoring of the factory environment for contaminants.
- Final product testing.
- Internal auditing of procedures.

Guidelines and Resources

A range of guidelines are available to assist dairy exporters to develop good quality management systems. The Australia New Zealand Dairy Authorities' Committee (ANZDAC) publishes a manual on the validation and verification of heat treatment equipment and processes: www.agriculture.gov.au/export/controlled-goods/dairy/links/pasteurisers.

Dairy Food Safety Victoria publishes a Dairy Pathogen Manual which details current approaches for managing pathogens in the dairy industry: www.dairysafe.vic.gov.au/publications-media/regulations-and-resources/guidelines. There are also links to other helpful documents via this website.

The Dairysafe website has links to a number of useful resources on the regulatory framework, microbiological limits and food safety issues: www.dairy-safe.com.au/publications-media/regulations-resources.

Dairy Australia is the national service body for the dairy industry in Australia, with DairySA one of eight regional offices around the country: www.dairyaustralia.com.au. Dairy Australia has online resources available for industry producers, including overviews of the regulatory framework, food standards and food safety requirements, and manufacturing practices.

Dairy Australia also has a website on exports and trade in the dairy industry: www.dairyaustralia.com.au/Industry/Exports-and-trade. This includes an Export Market Dairy Tariffs Guide and guides for individual markets, including the Gulf Cooperation Council.

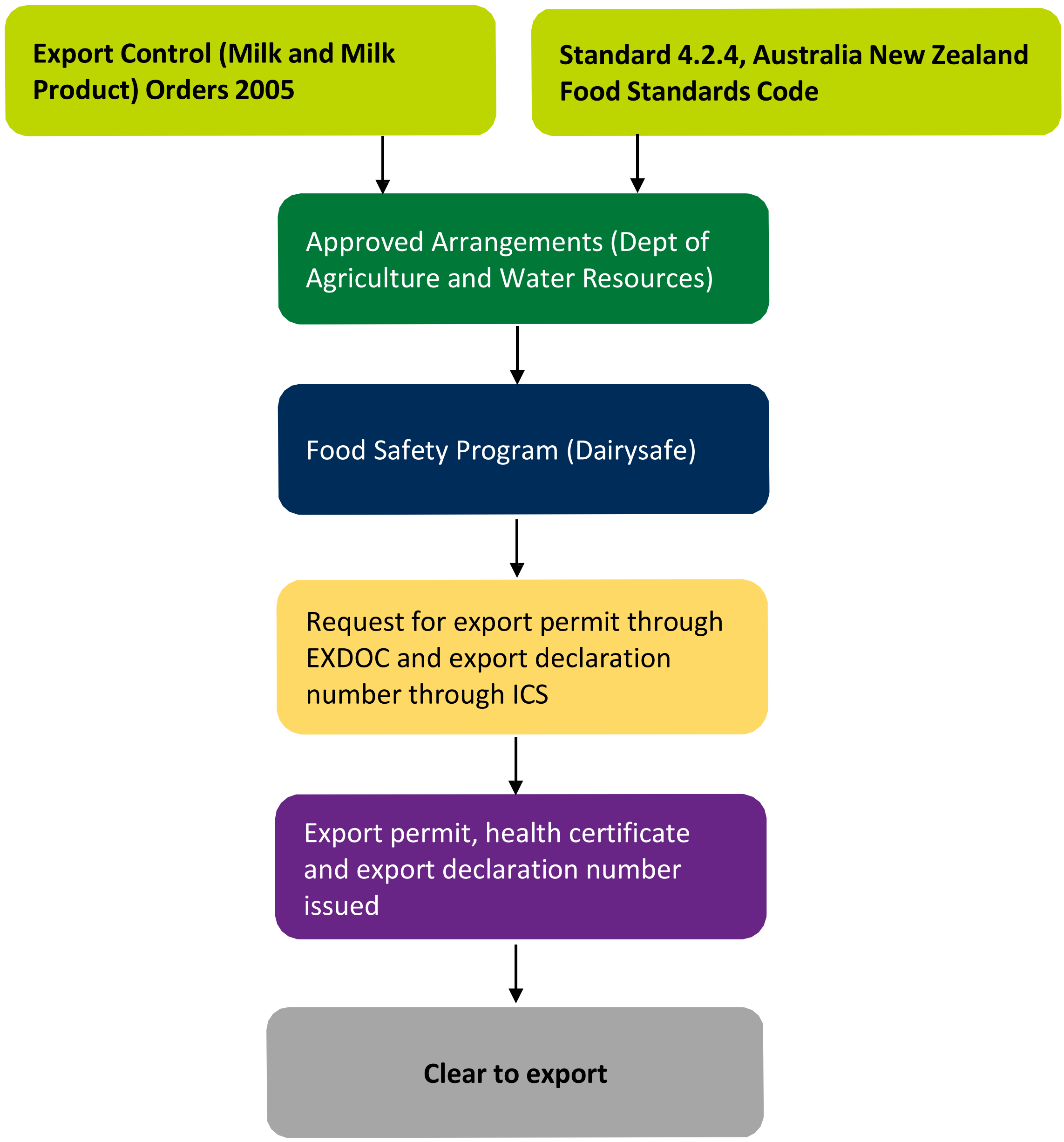


Figure 7: Dairy Export Process

Exporting Fruit and Vegetables

The international horticulture market is competitive and the Australian Government, through the Department of Agriculture and Water Resources, aims to ensure Australia retains its reputation for high quality produce, as well as streamlining export processes.

Regulatory Framework

Fresh fruit and vegetables, including mushrooms and sprouts, grown in Australia are prescribed goods under the Export Control Act 1982. They must conform to the requirements of the Export Control (Plants and Plant Products) Order 2011: www.legislation.gov.au/Details/F2011L02005. This is usually sufficient to meet the requirements of the importing country. Exporters and other companies involved in handling the products must first secure export registration.

For plants and plant products (including fruit and vegetables), MICoR sets out the specific requirements of individual importing countries for different products. For example, for vegetables KSA requires a phytosanitary certificate but not an import permit, and consignments are to be free from pests, soil, weed seeds and extraneous material. Australia strongly supports international cooperation in controlling pests through quarantine measures, and the Department of Agriculture and Water Resources will check compliance with importing country biosecurity requirements before providing certifying documentation.

Export Registration

Exporters use the Department's Plant Export Management System (PEMS) to streamline the process of securing export registration and the export documentation process. The Department must issue an export permit before the export of prescribed goods or goods that require a phytosanitary certificate.

A phytosanitary certificate is an official government-to-government certificate stating that plants and plant products:

- Have been inspected according to appropriate procedures and/or
- Have been tested according to appropriate procedures and/or
- Are sourced from particular pest-free areas and /or
- Are considered to be free from quarantine pests or diseases specified by the importing country.

Phytosanitary certificates are only issued if required by the importing country's national plant protection organisation. If the importing country requires an additional declaration or details of treatment to be included on the phytosanitary certificate, supporting evidence may need to be presented by the exporter. This may include lab analysis results, field or orchard inspection records, pest-free area status or treatment certification.

Sanitary and phytosanitary (SPS) measures are governed by the World Trade Organization's SPS Agreement, which provides a framework of rules to guide WTO members in developing and enforcing SPS measures which may affect trade. Sanitary measures relate to human or animal life or health (e.g. staying below maximum residue limits for pesticides on produce), while phytosanitary measures relate to plant life or health. The SPS Agreement strikes a balance between allowing WTO members the right to maintain the level of SPS protection it deems appropriate, while not restricting trade any more than necessary.

Further documentation in addition to a phytosanitary certificate may be required by some importing countries, such as a certificate as to condition or a ship's hold inspection certificate. These documents can be lodged electronically through EXDOC.

Authorised officers from the Department conduct inspections of produce before issuing phytosanitary certificates. Exporters must complete the relevant documentation for export certification before inspection. The documentation may be completed manually or via EXDOC. A request for plant export inspection must also be submitted.

Inspections are valid for 28 days. Goods may be pre-packed before inspection if the packaging can be removed in a way that allows for the required inspection. Alternatively goods may be packed after inspection.

It is exporters' responsibility to only present goods that are export-compliant for inspection. For example, the presence of live insects in a sample will usually result in the consignment being refused an export permit.

Export permits can be revoked and must be surrendered if the goods are not exported within 28 days, do not comply with legislative orders or information in the export permit is incorrect, incomplete or without sound basis.

The Plant Export Operations section of the Department issues regular advice notices to inform exporters of changes and updates affecting plant product exports. Exporters can register to automatically receive these notices via an online stakeholder registration form.

The Department also provides a series of online user guides describing the correct method for completing export certification for plants and plant products.

Fees are charged by the Department for all inspection and certification services on a cost recovery basis. Costs can be minimised by ensuring produce presented for inspection is export-compliant. Some companies also arrange for staff to be trained to act as authorised officers and conduct in-house inspections on behalf of the Department. Exporters who need an inspection service conducted by the Department must request one.

Accredited Properties

Properties involved in the production and preparation of prescribed goods under the Export Control (Plants and Plant Products) Order 2011, including farms and packhouses, must be accredited for horticulture export by the Department of Agriculture and Water Resources. Export permits will not be issued unless all relevant establishments are accredited. The Department publishes a Plant Export Operations Manual to assist exporters in meeting their obligations: www.agriculture.gov.au/export/controlled-goods/plants-plant-products/plantexportsmanual.

The Export Control (Plants and Plant Products) Order 2011 has had a number of recent amendments, including as recently as September 2018, when a new provision for the accreditation of properties exporting to protocol markets was inserted. Protocol markets are those which have a specific agreement or understanding with Australia in relation to a particular product. Protocol requirements may include providing information on where and how products are grown, packaging specifications and sampling.

Small Horticultural Establishments

The Export Control (Plants and Plant Products) Order 2011 allows for some small horticultural exporters to pay a reduced accredited property charge. The eligibility criteria were broadened in 2017 to help more small growers to enter the export market. To be considered a small establishment, total export tonnage per year must be under a specified limit (for example, 400 for apples/pears/citrus, 30 for cherries, 10 for leafy vegetables, 100 for other vegetables, 5 for berries).

Guidelines and Resources

Austrade provides a guide for Australian exporters of fresh fruit and vegetables: www.austrade.gov.au/fresh-fruit-veg. It includes information about pathways to market, export regulatory requirements, registration of facilities handling produce for export, phytosanitary treatments and inspections, export and shipping documentation and in-market requirements.

AusVeg is the peak industry representative body for vegetable and potato growers in Australia and is based in Melbourne: www.ausveg.com.au. It has a wealth of online resources for industry producers, including the searchable InfoVeg database with over 1,400 reports, tools and fact sheets, data on Australia's trade in vegetables by country and commodity, information on food safety and quality assurance, and resources on biosecurity and crop protection

AusVeg also delivers the Vegetable Industry Export Program, which aims to increase the volume and value of Australian vegetable exports. This includes a range of projects, workshops and events to help growers develop export readiness and facilitate market development activities. The AusVeg website provides resources and links on export in the vegetable industry: www.ausveg.com.au/export. These include an export readiness guide, a produce tracking booklet, a costing worksheet and an in-country visit checklist.

The Australian Horticultural Exporters' and Importers' Association (AHEIA) is the peak industry body for Australian exporters of horticultural products. It promotes the development of horticultural trade and represents the interests of Australian horticultural exporters to government and industry. AHEIA provides market intelligence, aims to develop new and maintain existing markets, and ensures regulatory burdens are minimised. The AHEIA website is a good source of news items relevant to horticultural export: www.horticulturetrade.com.au.

Fruit growers may find useful resources through the relevant industry body, such as Citrus Australia, Cherry Growers Australia, Summerfruit Australia, Apple and Pear Australia, Strawberries Australia, or Raspberries and Blackberries Australia.

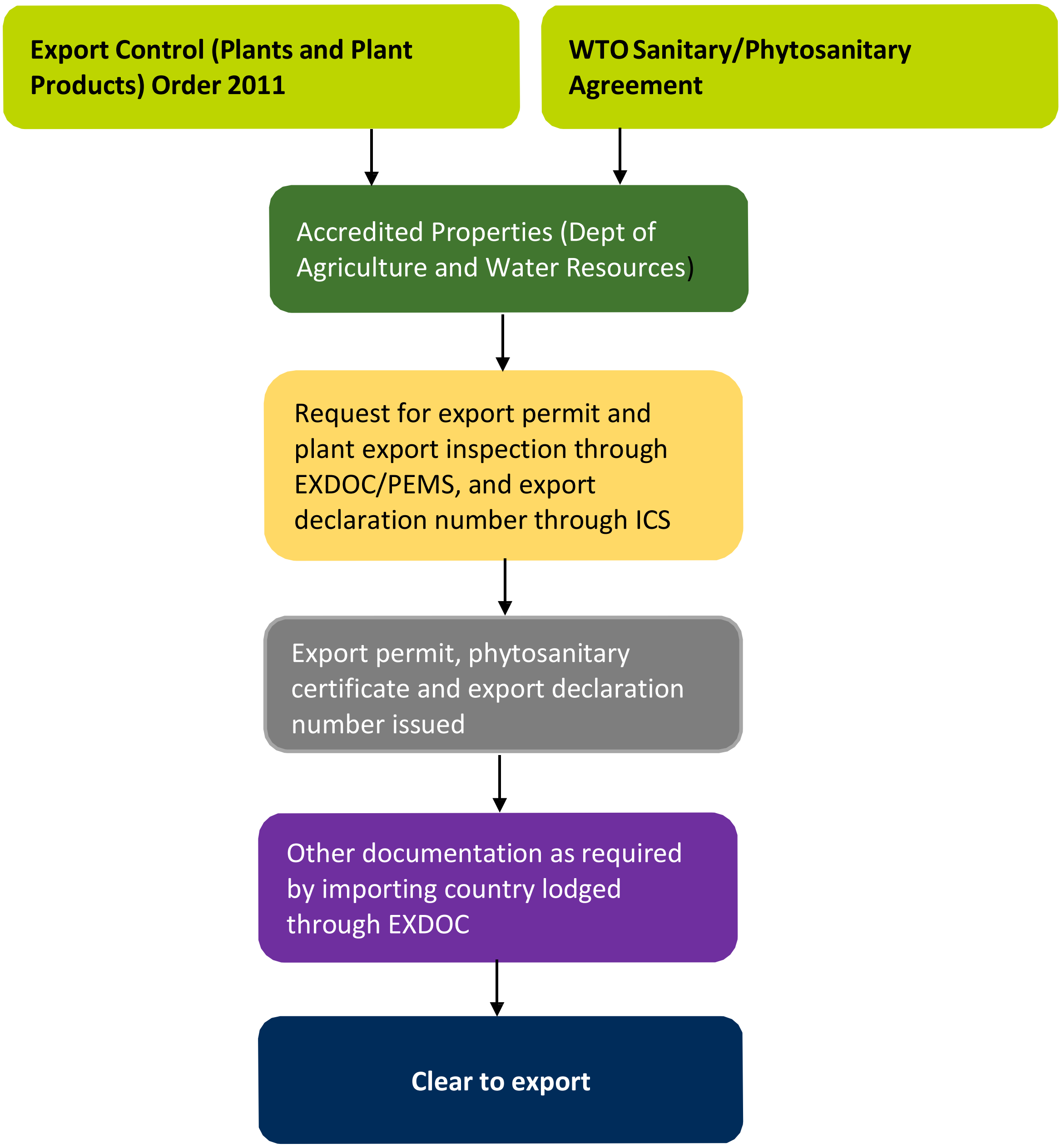


Figure 8: Fruit and Vegetable Export Process

Exporting Non-Prescribed Goods

Many of the goods produced in the Adelaide Hills, Fleurieu and Kangaroo Island region, including milk and dairy products, fresh fruit and vegetables, eggs and meat are classified as prescribed goods under the Export Control Act 1982. However, products such as ice-cream, honey, rendered meats and processed foods like condiments, are non-prescribed goods.

The Department of Agriculture and Water Resources does not need to provide an export permit for non-prescribed goods under Australian legislation. However, it can provide certification of these goods when required by the importing country. This should be obtained before the goods leave Australia. The Department provides a range of online resources relating to the export of non-prescribed goods: www.agriculture.gov.au/export/controlled-goods/non-prescribed-goods.

Exporters should check MICoR for information about importing country requirements and confirm with their customer or importer. Where a country requires specific declarations or endorsements to be made on the government-issued certificate, the exporter must provide supporting evidence to substantiate these claims before the Department can issue the certification.

Sometimes the importing countries require a manufacturing establishment to be registered with the Department, which involves an audit process. This is generally to confirm that the facilities are fit for preparing, handling and storing the product for export, and appropriate hygiene and other measures in place. The Department has an application form for animal by-product establishments seeking registration.

The process for obtaining Departmental export certification is similar to that for prescribed goods, by submitting a manual application form or using EXDOC. EXDOC is not available for all non-prescribed goods.

Halal Certification

‘Halal’ refers to food that has been prepared in accordance with requirements deriving from the Qur’an and the Hadith (the Prophet Muhammad’s example), which have been followed for centuries of Islamic practice. ‘Halal’ also means permissible and is used more generally to refer to non-food related aspects of Islamic practice.

Halal certification of food is an extremely important consideration in Muslim countries, just as it is important to many consumers around the world to know if their food is certified as organic, nut-free or gluten-free. Modern food processing, packaged convenience foods and globalised food markets have made it harder for consumers to know exactly how their food was produced and where the ingredients have come from.

All foods are halal unless they are 'haram' (prohibited or unlawful). Foods that are considered haram include:

- Pork and its by-products.
- Blood.
- Carnivorous animals, including those with fangs and birds of prey.
- Halal animals which have been improperly slaughtered or are dead before slaughtering.
- Lard.
- Alcoholic drinks and intoxicants.
- Any foods contaminated with any of these products.

Some foods, such as those containing enzymes, gelatine, emulsifiers and flavours, are 'mashbooh' (doubtful or questionable) because the origin of the ingredients is unknown. Observant Muslims will generally avoid eating mashbooh foods.

As with many aspects of Islamic practice, the definition of halal food is contested. For example, there is disagreement about whether stunning animals before slaughter produces halal meat. The halal certification process can depend on who is performing the service.

In Australia, the halal certification process can apply to individual food products, meaning the production process and ingredients are halal, or to production facilities as a whole. Halal certification conventionally applies to red meat and facilities such as abattoirs. However, importing countries sometimes require assurance that other food products have been produced in halal-certified premises and have not come into contact with any non-halal products or production facilities.

The Australian Department of Agriculture and Water Resources maintains a list of Islamic organisations in Australia that are Government-approved to certify halal meat for export: www.agriculture.gov.au/export/controlled-goods/meat/elmer-3/list-islamic-halal-certification. These include the Adelaide Mosque Islamic Society of South Australia and the Halal Supervisory Board of South Australia for the Kingdom of Saudi Arabia. These organisations, as well as Halal Australia (www.halal-australia.com.au), can provide information about halal certification processes for meat and non-meat products for export.

The certification process involves an application to a certifying organisation from a food producer or manufacturer, usually providing details about raw materials, ingredients, additives and the manufacturing process. An inspection of the manufacturing premises is conducted by the certifying organisation, a report prepared and halal accreditation or certification awarded for a set period of time.

Fees vary depending on the product, the certifying organisation and the country for which certification is required but are usually modest. In recent years some media reports have referred to the possibility of funds raised through the halal certification process being directed to terrorist organisations but an Australian Government parliamentary committee concluded in 2015 that there was no evidence of this occurring.

Target Market Information

Kingdom of Saudi Arabia

The general import tariff rate in KSA is 5%. Some commodities, including basic consumer goods such as rice, tea, unroasted coffee and grain, are duty-free. Other goods attract a protective tariff, usually 12-20%. This applies to around 600 items, detailed on the Saudi Customs website: www.customs.gov.sa/en. Customs brokers can also advise on applicable tariffs. KSA uses single-column tariffs based on the Harmonised System. Duties are assessed ad valorem (proportionate to the estimated value of the goods) based on cost and freight.

In 2017, the Saudi Government announced it was terminating subsidies for certain consumer products, meaning the tariffs on some agricultural products, including dairy products, would increase from 5%. Australian exporters should check with Saudi partners to confirm the current tariff rate for their products.

Shipments in transit are not subject to tariffs. Import surcharges are sometimes levied and even goods that are tariff-exempt may be subject to port fees. Consolidated shipments are not allowed and back-to-back shipments consigned to forwarding agents are not allowed for duty-exempt products. Transhipments through Saudi ports are sometimes permitted by special arrangement with S/S Line agent.

Accurate and complete trade documentation (see the section ‘Packaging, Labelling and Documentation’ below) is vital to avoid lengthy and costly delays obtaining customs clearance for imported goods. Customs clearance occurs at airport and seaport customs warehouses; there are no bonded warehouse facilities.

Most export consignments to KSA require a Certificate of Conformity in compliance with the Conformity Assessment Programme administered by the Saudi Standards, Metrology and Quality Organization (SASO). However, food products are exempt from this requirement. All products containing alcohol or pork are banned. Import licenses are required for flour, rice and sugar.

The Saudi Food and Drug Authority (SFDA) is the government body that oversees the food and beverage sector (as well as cosmetics, pharmaceuticals and medical equipment). The SFDA is responsible for inspecting imported food entering KSA. It has a suite of electronic services for the benefit of importers to facilitate procedures at sea and air ports.

Exporters are not subject to Saudi income tax if their earnings are outside the country, i.e. – they don’t have a permanent presence established in-country. Direct sales by a foreign business to a Saudi customer, or to a distributor for resale in KSA, are not considered doing business in the country and are not subject to Saudi taxation.

Qatar

The general import tariff rate in Qatar is 5%. Some commodities, including basic foodstuffs like wheat, flour, rice and powdered milk, are duty-free. Other goods attract a higher tariff, as detailed on the General Authority of Customs - State of Qatar website: www.customs.gov.qa/eng. Customs brokers can also advise on applicable tariffs. Qatar uses single-column tariffs based on the Harmonised System. Duties are assessed ad valorem based on cost, insurance and freight value.

Products containing alcohol or pork are strictly controlled and alcoholic beverages are subject to a 100% tariff. The market for alcohol and pork products is largely expatriate residents and the tourism and hospitality sector. Import licenses are required for nearly all products and can only be issued to Qatari nationals. Food safety standards in Qatar are the joint responsibility of the Ministries of Economy and Trade, Municipalities and Urban Planning, Environment and Public Health.

Profits exceeding QR100,000 (around A$38,000) may be subject to taxation. There is no personal income tax in Qatar.

United Arab Emirates

The general import tariff rate in UAE is 5%. Some commodities, including some agricultural products, are duty-free. Other goods attract a higher tariff, as detailed on the UAE Federal Customs Authority website: www.fca.gov.ae/En/. Customs brokers can also advise on applicable tariffs. There are several UAE 'free zones', including the Dubai International Financial Centre and Jebel Ali port, where tariffs are not payable for goods that are to be transhipped on from Dubai to another port. UAE uses single-column tariffs based on the Harmonised System. Duties are assessed ad valorem based on cost, insurance and freight value.

Products containing alcohol or pork are strictly controlled and alcoholic beverages are subject to a 100% tariff. The market for alcohol and pork products is largely expatriate residents and the tourism and hospitality sector. Only entities registered in UAE can import goods. Dubai Municipality is the government body that oversees food imports and food safety. It provides a range of information for food importers at www.dm.gov.ae/en/Business/FoodSafetyDepartment.

With the exception of foreign banks and oil companies, there is no income tax in UAE.

Agents and Distributors

Summary

Most Australian exporters rely on agents or distributors to represent their businesses in international markets. Having the right in-country partners is vital to successful exporting. In-country visits are usually the best way to build trust and effective working relationships. Having an effective agent or distributor is not a substitute for exporters developing firsthand knowledge of their markets.

Agents do not take ownership of goods, but act as exporters' representatives in local markets. Distributors are the buyers of goods, adding a mark-up before on-selling them to local end users. There are many factors to consider when negotiating arrangements with potential agents and distributors, including whether they will have exclusive rights to represent your product, their knowledge of the local market and your product category, which other products they represent, and how they can contribute to the marketing of your product. Contracts with agents and distributors should carefully outline who is responsible for what.

If there is one factor that is crucial to the success of an exporting business, it is having the right partners on the ground in-country. The selection of agents, importers and distributors requires careful consideration, although it is not always easy to access information about the companies providing these services without local knowledge. In-country visits are usually much more effective than remote contact via email or phone. The good news is that many large Middle East-based food consolidators are actively looking for opportunities to bring new products into the growth markets in the Gulf states, and Australian food products have a strong reputation for quality.

Fruitful business connections often arise by chance, but when setting out to find an agent or distributor it is preferable to take a planned, methodical approach rather than rushing into an agreement. It is easy to identify a range of potential agents or distributors from web listings, word of mouth or at trade shows but finding the *right* partner is harder. Exporters should be clear on what they are looking for from an overseas partner. They should not necessarily expect to rely wholly on their partner to sustain relationships in-country; sometimes it will be useful for exporters, who know their own products best, to be present at meetings with buyers and other relevant parties.

The possibility of signing up with an agent or distributor who does not meet expectations must be borne in mind. Agreements should include performance criteria and circumstances under which the agreement can be terminated. Specialist legal advice on contracts with overseas partners is usually required.

Agents vs Distributors

Most Australian exporters rely on agents or distributors to represent their businesses in international markets, including the Middle East. There is often confusion about the difference between agents and distributors, and their roles may vary depending on the country or industry, or even the individual agreement between the exporter and partner. It is important that specific responsibilities are clearly documented in the contract. The discussion below reflects the usual understanding of the role of agents and distributors.

Agents

Agents do not take ownership of goods but act as representatives of the supplier. The agent is usually paid by the exporter by commission, based on the sales value generated. The exporter receives orders from the agent but then delivers goods directly to customers, invoices the customers and receives payment from them. The exporter sets the selling price although the agent will often provide advice on local market conditions.

Agents often represent several complementary product lines. They may operate on an exclusive basis, as sole agent for a company's goods in a specific market, or they may be one of a number of agents used by the company in that market.

Using agents offers several advantages:

- The exporter retains control over branding, marketing and pricing.
- Commission-only agreements are a good incentive for agents to generate higher sales volumes for the exporter.
- Agents tend to have smaller product ranges than distributors, making them more focused on your lines.

There are also disadvantages to operating through an agent:

- Agents may have fewer resources than distributors.
- Working on a commission-only basis can mean the agent is less committed to your company's success.
- More effort is required from the exporter in terms of liaising direct with customers and providing support for the agent.
- There is less protection from risks associated with non-payment, currency fluctuations, etc.
- Agents needs to be monitored to ensure their effectiveness.
- A poor agent can ruin opportunities and even undermine your company's reputation.
- Agents can be poached by competitors.

Distributors

Distributors take ownership of goods – they are the buyers. They then on-sell the goods to local end users, either retailers or consumers. Sometimes the distributor may sell to another wholesaler who then on-sells to the end users.

Distributors are paid fees by adding a margin to products, sometimes a mark-up of 50% or more. They are more expensive than agents because they usually carry inventory, extend credit terms to customers, take responsibility for marketing and offer after-sales support. Some exporters find that they are unable to use a distributor as their profit margin is too small to provide enough margin for the distributor and a competitive price for end users. Distributors may carry complementary and competing lines.

Using distributors offers several advantages:

- The exporter has one large customer who supplies many smaller end users.
- Less effort is required from the exporter in terms of marketing, liaising directly with customers and providing sales support.
- The distributor holds stock in the market to reduce order lead times for customers.
- The distributor builds a customer base for your product.
- In-market risks are largely carried by the distributor.

There are also disadvantages to operating through a distributor:

- Export companies have no control over the selling process.
- Export companies lose some control over branding and marketing.
- The costs of selling through a distributor can make products uncompetitive.
- The distributor will be less knowledgeable about your products than your own people.
- The exporter develops less firsthand knowledge of the market and customers.
- Some distributors are less effective sellers than others.
- Distributors usually represent multiple products, so their time and attention are divided.
- It may be difficult to 'disengage' distributors if you are unhappy with their service.

The Exporter-Agent/Distributor Relationship

Exclusivity and Non-Exclusivity

Appointing an agent or distributor on an exclusive basis, where they have sole rights to sell your product in a particular market, allows them to build their business free of competition. Many agents and distributors want exclusivity given that they are going to invest effort and resources into building brand awareness for your product. The stronger the brand reputation, the more valuable exclusivity is to the agent or distributor.

It is sensible for exporters to think about whether they are willing to offer exclusivity before entering negotiations with potential business partners. Exclusivity usually means it is especially important to include performance measures in the contract, as well as a termination clause for non-performance. It is not a good idea to offer exclusivity across a wide area to an overseas partner who cannot do it justice. In some markets and regions local knowledge is key.

Choosing an Agent or Distributor

A strong business relationship, characterised by trust and communication, is the key factor when choosing an overseas partner. It is a good idea to talk to at least four or five potential partners before making a decision. Potential partners should be asked to provide trade references, and it may be worth using a professional credit checking agency to confirm financial stability. Austrade provides services for background checking of Saudi companies; business consultants, banks and accounting firms may also be able to provide references.

Exporters need to make the effort to meet potential partners in-market, ideally several times initially, rather than meeting in Australia or relying on remote communications. This avoids misunderstandings, gives both parties a chance to get to know each other, and allows the partner to show the exporter the market firsthand. Face-to-face meetings are an opportunity to build the relationship and establish how you are going to work together.

Factors to consider when choosing an overseas partner include:

- Their knowledge of the market, including competitive products and prices.
- Their networks and contacts.
- The other companies they represent.
- How experienced they are in your market sector (sometimes a less experienced company has more to prove and demonstrates flexibility and innovation).
- Whether the partner is able to develop your market rather than just selling your product.
- Whether the size of the company is appropriate (a small exporter might be swamped in a large company with many principals to serve).

Questions to consider asking prospective partners include:

- What are your financial resources and credit rating?
- Do you have experience with similar product lines?
- What are some of the successes you have had with other clients?
- How large is your business and what systems do you use?
- How do you recruit, train and incentivise your staff?
- Have you worked with any other Australian companies?
- Do you represent any competing products?
- What are your sales projections for my products?

- What is the geographical coverage of your distribution network and what sort of representation do you have in each of the markets?
- What is your approach to marketing and managing the marketing budget?
- What facilities, such as warehouses, do you have and what services do they provide for customers?

An overseas distributor in the food and beverage sector needs to have capabilities like cold stores, dry storage areas and a fleet of refrigerated trucks able to distribute products across the target market. Some distributors in this sector may have their own retail stores.

Working with an Agent or Distributor

It is recommended that the agreement between the exporter and overseas partner is documented in the form of a written contract, drafted by a legal professional with international contract experience. It should set out all the terms and conditions of the relationship, leaving no ambiguities. Clarity about who does what is vital. Rules and regulations are not uniform across the world, so the terms of individual agreements between exporters and overseas partners are very important.

The International Chamber of Commerce provides contract templates that incorporate the prevailing practices of international trade: www.store.iccwbo.org/model-contracts. These could be useful references for exporters who would like to know more about what should be included before entering negotiations with prospective partners.

It is a good idea to agree on the big issues first before starting on the legal drafting of an agreement. Important issues include:

- The product range.
- What will be provided by the exporter (e.g. – product literature, price lists, product briefings and training).
- Whether and how product samples will be supplied.
- The territory covered by the agreement (geographical area and market segment).
- How goods will be supplied.
- Amount and conditions of commission.
- Reporting arrangements.
- Communications and dealing with issues such as delivery delays.
- How the brand will be managed.

- Who owns trademarks and intellectual property.
- Performance expectations and provisions for termination.

Regular market visits are key to maintaining a strong relationship with overseas partners. They also allow exporters to gain firsthand knowledge of the market rather than relying too heavily on their partner. Exporters should ensure overseas partners are well-informed about the product range and provide training sessions as required.

Target Market Information

Kingdom of Saudi Arabia

Saudi commercial regulations require all importers of goods for resale to be Saudi nationals (or Saudi companies with no more than 25% foreign ownership). Nationals from other GCC countries are also permitted to engage in trading and retail activities. Agent/distributor relationships are governed by the Commercial Agency Regulations of the Kingdom of Saudi Arabia, administered by the Ministry of Commerce and Industry.

There are three major distribution and sales regions in KSA:

- The Western region (commercial centre Jeddah).
- The Central region (commercial centre Riyadh).
- The Eastern Province, where the oil and gas industries are concentrated (commercial centre Dammam).

Each region has a distinct business community and there are only a few truly national companies that work across all three. It may be unwise to grant a partner all-country representation if they don't have a strong presence across all three regions.

Exporters may find it useful to appoint a different agent or distributor for each region. However, multiple agencies and distributors can present logistical and management difficulties. Firms often choose to appoint a master distributor who can work across the Gulf states. Using a UAE-based agent with established Saudi connections can also be a convenient distribution channel.

There is no statutory requirement that distributorships be exclusive in respect to product line or geographic region, but this is the policy of the Saudi Ministry of Commerce and Industry. Any agency/distributorship contract should follow the standard format approved by the Ministry. Terminating an agency/distributor relationship can be protracted and expensive.

Many Saudi companies handle a range of product lines, sometimes competing lines, and this can make it hard for them to promote all products effectively. Saudi partners will generally expect strong market development support from their principals, including joint financing of promotional programs and product training. Exporters should plan to spend time in-country regularly to support their overseas partners.

The retail grocery sector in KSA comprises hypermarkets, supermarkets, wholesale stores and convenience stores (Baqala). The sector is expanding due to growing demand, higher consumer confidence and new store openings. A rationalisation process is occurring, with small grocery businesses being replaced by larger, more sophisticated supermarkets. A more open foreign investment policy has encouraged international retailers to enter the market. However, national chains are under-developed and the industry is fragmented.

Qatar

Large food distributors operating in Qatar include:

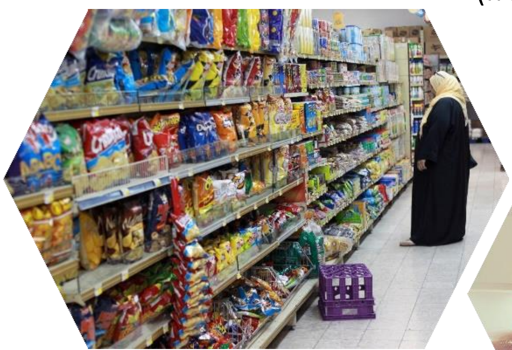
- Delta Group. Local company specialising in frozen food and fresh fruit and vegetables. Has relationships with Australian suppliers. Supplies to tourism and hospitality sector.
- Al Rawabi. Local company importing fresh meat, poultry and seafood, fresh fruit and vegetables, dairy products, grocery items and frozen food. Linked to a strong distribution and retail network.
- Quality International Fruits and Vegetables. Local company, division of a larger Qatar-based conglomerate. Supplies to tourism and hospitality sector and retail sectors. Has supplier relationships in Australia.

United Arab Emirates

The retail grocery sector sources most products locally from exclusive agents, although major supermarket chains import some products direct from overseas suppliers.

Large food distributors operating in UAE include:

- Pan Fresh International Trading. Local company, specialising in fresh fruit and vegetables, has a range of cold storage facilities.
- SAFCO International General Trading Co. India-based, with 8 exclusive brands and 20 non-exclusive, supplies to tourism and hospitality sector. Imports from 22 countries. Portfolio includes frozen meats, poultry and seafood, fresh fruit and vegetables, dairy products, confectionery and bakery items, and dry and canned products. Has a range of cold and dry storage facilities, including the main facility 10 minutes from Dubai International Airport and 15 minutes from Jebel Ali port. 40 distribution vehicles cover all seven emirates.
- NMC Trading. A subsidiary of NMC Healthcare, a leading private health care provider in UAE. The food and beverage division imports spices and condiments, frozen foods, spreads and honey and long-life dairy products. No fresh produce.
- Promar Trading. Local company, specialising in premium food products, including seafood, cheese and other fresh dairy products, processed meats, eggs and poultry. The company moved into fresh fruit and vegetables in 2015. Supplies to major grocery retailers such as Carrefour, Spinney's and Lulu. Four warehouses with cold and dry storage in Dubai, handles multiple weekly air shipments and regular sea shipments.
- Farzana Trading. Local company, specialising in fresh fruit and vegetables, eggs and frozen foods. Cold and dry storage warehouses and offices in Dubai, Abu Dhabi and Sharjah. 100 distribution vehicles. Long-standing partnerships with Australian suppliers, including Sumich (carrots) and BGP International (fruit).



Logistics and Supply Chain

Summary

Logistics relates to the flow of goods between their origin and the point of consumption, including production, packaging, inventory, transport and warehousing. The supply chain is the system involved in transforming raw materials into a product and moving that product from supplier to customer.

Efficient and competitive transportation is the key element of the supply chain. The most economical mode of shipping is by sea, but some delicate or perishable goods need to be shipped by air. Customs brokers and freight forwarders can advise on the best methods of transporting consignments to their overseas destinations, applicable fees and tariffs, and the required export documentation.

Logistics refers to managing the flow of goods between their point of origin and point of consumption. This usually involves production and packaging, integrating information flow, materials handling, inventory, transport and warehousing. A supply chain is the system involved in transforming raw materials into a product and moving that product from supplier to customer. It may include organisations, people, information and resources. The Supply Chain and Logistics Association of Australia is the peak member organisation for practitioners in this sector and offers useful resources and educational materials: www.sclaa.com.au.

Efficient and competitive transportation is the key element of the supply chain. It is vital for goods exporters to ensure prompt delivery without adding unnecessarily to costs. Transportation includes ground transport from point of production to sea or air ports, shipping or air freight, and ground transport overseas from air or sea port to the distributor or buyer.

Using a good customs broker and freight forwarder is the best way to ship goods. These companies are experts in documentation, negotiating freight rates and finding the cheapest way to get products to their destination. However, exporters should know their products: do they need to be kept at particular temperatures? Do they require special protection or packaging? Are there any certification or inspection processes required before the goods leave Australia or are accepted at their destination?

The Export Council of Australia, the peak membership body for companies involved in international business, provides education programs for exporters to develop their skills and knowledge about export processes and documentation requirements: www.export.org.au.

Overseas Transportation

Freight Forwarding

The first step is to ascertain whether the goods can be ocean shipped or must be transported by air. Ocean shipping is nearly always more economical but is not feasible for some fresh food products due to perishability issues. Daily flights between Adelaide and Dubai (Emirates) and Adelaide and Doha (Qatar Airways) make air freight to the Gulf region straightforward, though expensive. The Incoterms discussed in the 'Pricing' section above apply to both sea and air freight.

Airlines generally bill by 'chargeable weight', which is calculated from a combination of the weight and size of a shipment. Ocean carriers charge per container for shipping in standard full containers (FCL). Consignments that are less than a container load (LCL) are often charged by cubic metre or volumetric weight. The most appropriate form of shipping (FCL, LCL or air) will depend not just on the size of the consignment, but also how quickly it needs to reach the destination and how perishable or fragile it is.

Freight forwarders will provide exporters with a range of options for transporting goods overseas. Sometimes the overseas buyer will specify their preferred option, taking into account factors such as ease of customs clearance at the overseas port and the frequency and reliability of sailing.

Transhipment is a common option. This involves shipping to a hub port such as Singapore, Hong Kong or Dubai, from where smaller consignments are shipped onward to their final destinations. The transhipment hub should be an efficient operation so cargo does not suffer delays.

Freight forwarders usually have special space and freight deals negotiated with sea and air carriers. The key to choosing a freight forwarder is to ensure they cater for your business profile in terms of product type, scale of operation and geographic coverage. Freight forwarders who specialise in the shipment of heavy equipment, for example, may not be the best choice for exporters of small consignments of food products.

Goods should be insured for loss or damage during shipping. A range of marine and cargo insurance products are available. Exporters should also take into account other 'hidden' costs associated with shipping goods overseas, including customs brokerage fees, government inspection fees, tariffs and taxes, warehousing and storage fees, port facility charges, demurrage fees (costs incurred if a ship is delayed in port during loading or unloading) and foreign exchange costs.

The Customs Brokers and Forwarders Council of Australia (CBFCA) Member Directory contains an up-to-date listing of customs brokers and international freight forwarders located in Australia: www.cbfca.com.au. It is advisable to contact several firms to select the one that is right for you, and to obtain a written quote for their services.

The Australian Freight Councils Network (AFCN) also provides information on freight forwarders: www.freightcouncils.com.au. There is a Freight Council in each state, jointly funded by the Federal and State Governments with support from the Australian logistics industry. The AFCN identifies and addresses constraints and impediments to the efficient operation of supply chains and Australia's transport and logistic industry more generally.

The South Australian Freight Council (SAFC) includes members from across relevant sectors such as manufacturing, farming, packing, freight forwarding, transport, warehousing, sea and air port operation, peak industry bodies and government agencies: www.safreightcouncil.com.au.

The Freight and Trade Alliance (FTA) is Australia's leading body representing the international supply chain sector: www.ftalliance.com.au. It brings together importers, exporters, customs brokers, freight forwarders, logistics providers and industry groups. It incorporates the Australian Peak Shippers' Association (APSA), as the peak body protecting the interests of Australia's cargo owners and shippers. The FTA provides operational support, professional development training, news and industry updates, commercial services and events.

Documentation and Tariffs

Export documentation (both border and shipping documentation) can be complex but accuracy is important to prevent delays in customs clearance and unnecessary expenses. The aim is to ensure goods are cleared and ready for release prior to the arrival of the ship or plane at its destination. Exporters should ensure shippers book port slots for 'first available day' to minimise delays.

The minimum export documentation required is a packing list, a commercial invoice and an Export Declaration Number (EDN). Other documentation that may be required includes a shipper's Letter of Instruction, purchase order, insurance certificate and Certificate of Origin. Electronic documentation has streamlined the export process somewhat. More information about documentation requirements can be found in the 'Packaging, Labelling and Documentation' section below.

The 'Customs, Tax and Regulatory Issues' section above has more information about tariffs in different markets. Freight forwarders can provide advice about applicable port fees, customs duties and tariffs.

Terminology

There can appear to be a whole new language associated with international shipping, including semi-archaic terms dating back centuries and much more recent terminology relating to containerisation. The Export Council of Australia provides a comprehensive glossary in its Australian Export Handbook. A small sample of terms that may be used is provided below.

Air waybill: a document which is receipt for cargo received by an airline and is evidence of a contract between the consigner and the airline.

All containership: vessel designed to carry containers only and no other cargo.

Backfreight: payment due to a shipowner for the carriage of goods beyond the contracted port due to circumstances beyond the control of the shipowner.

Basic Service Rate (BSR): costs of ocean liner freight, wharfage and other port charges at both port of departure and port of entry (the Basic Service Charge is then calculated by multiplying the Basic Service Rate by the freight in tonnes).

Bill of lading: a document which is receipt for cargo received on board a ship and is evidence of a contract between the shipper and the shipowner (it is also evidence of title to the goods described).

Bonded goods: imported goods deposited in a government warehouse until customs duty is paid.

Break bulk cargo: an assembled variety of shipments in a vessel, or one hold of a vessel, to be sorted after discharge (bulk cargo is where a single shipment occupies a hold or the entire vessel).

Broker: an agent employed (at a customary or agreed rate of commission or remuneration) to buy or sell goods or negotiate insurance, freight rates or other matters for a principal.

Bulk terminals: port berths with facilities for mechanical loading or unloading of bulk products such as oil, grain, coal or mineral ores.

Carnet: a temporary exportation or importation customs clearance document issued by chambers of commerce.

Cellular vessel: ship specially equipped for container transport, with vertical guides into which containers are lowered to form secure stacks.

Clean bill of lading: bill of lading in which there is nothing to indicate that the goods are not shipped in good order and condition.

Combi ship: a ship designed to carry both conventional and containerised cargo.

Common carrier: shipper who carries any type of goods, rather than a particular category of goods.

Consolidator: a transport contractor or carrier who undertakes the transportation of small shipments in groupage, usually in a container which will be stripped by a receiving agent at the destination.

Consular invoice: an invoice prepared on a special form and legalised by the consulate of the importing country if required by the customs authority in that country to confirm details and origin of the goods.

Container Freight Station (CFS): area where parcels of cargo and grouped and packed into containers (also described as a container base or consolidation depot).

Container Load (CL): a shipment sufficient in size to fill a container, either by cubic measurement or weight (also described as FCL).

Container Part Load: a consignment which does not occupy the full capacity of a container and allows the inclusion of other part-loads (also described as LCL).

Container terminal: area where large-scale container handling facilities are available, and containers can be transferred between different forms of transport (such as ship to road train).

Combined Transport (CT) document: a contract for a freight company to move goods by more than one form of transport (for example, ship and road transport).

Cube out: when the volumetric capacity of the container has been reached before the permitted weight limit.

Dead freight: freight rate which is paid on empty space in a vessel when the charterer is responsible for the freight rate of a full cargo.

Devanning: removal of contents from a container (also described as stripping or discharging).

Target Market Information

Kingdom of Saudi Arabia

KSA has good air connections with other Gulf states (through airlines such as Emirates, Etihad and Gulf Air). The main international airports are:

- King Khalid International Airport, Riyadh (RUH).
- King Abdul Aziz International Airport, Jeddah (JED).
- King Fahd International Airport, Dammam (DMM).

Jeddah Islamic Port on the Red Sea and King Abdul Aziz Port (Dammam) on the Persian Gulf are the main sea ports. Goods for Riyadh are usually shipped through Dammam.

Ground transportation is relatively efficient, with major centres connected by good quality roads and increasingly by rail (extensive rail networks are rare in the Gulf states). The Saudi Government has plans to build a number of new domestic rail lines, including the Saudi Land Bridge line which will link Jeddah with Riyadh, and include an upgrading of the existing line between Riyadh and Dammam. Other lines are also planned, including one from Qurayyat in the north to Riyadh, passing through Hail and Buraydah, as well as lines linking Jeddah with Mecca and Medina.

KSA has road links with neighbouring Yemen, Oman, Kuwait, Iraq, Jordan and UAE. Qatar usually has good sea, air and road links with KSA but these are currently disrupted due to the dispute between Qatar and other Gulf states.

Most distributors own their fleet of small, medium and large refrigerated and normal trucks. Many of these companies use good technologies for vehicle tracking and communication.

Qatar

Qatar is surrounded by the Persian Gulf and shares only one land border, with KSA. Hamad International Airport (HIA), or New Doha International Airport (DOH), in Doha is the main international airport. The Port of Doha is the main sea port in Qatar.

Qatar is currently somewhat isolated due to action taken against it by other Gulf states, including UAE, KSA and Bahrain. This has disrupted sea, land and air links with surrounding countries. In particular, the closing of the land border with KSA has affected food imports, and the closing of the sea border with UAE has removed the opportunity of transhipment through Dubai to Qatar.

Re-routing is adding to transportation costs for importers and distributors. Austrade can assist companies with shipping and transport queries on a case-by-case basis.

Qatar Airways Cargo

Qatar Airways flies out of Adelaide at 22.25 each night, arriving in Doha at 4.50 the following day (flight number 915). The return flight to Adelaide leaves Doha at 20.15 each night, arriving at 17.00 the following day (flight number 914). These are passenger flights on which air cargo is carried; Qatar Airways does not offer dedicated freighter services out of Adelaide.

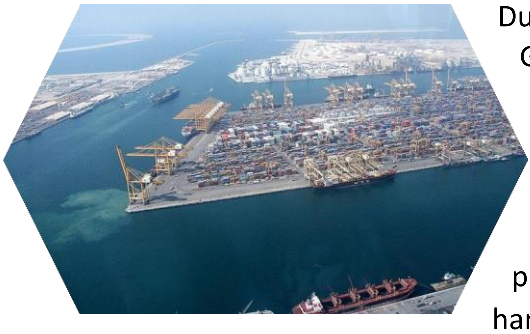
Qatar Airways Cargo offers the QR Fresh air freight service for perishable products such as fruit, vegetables, flowers, meat and fish. Shipments are kept at controlled temperatures airside while awaiting aircraft departure and are managed by a dedicated climate control team with high loading priority and quick ramp transfers.

The air cargo terminal at HIA is highly sophisticated, processing 1.4 million tonnes of cargo each year. The 55,000 square metre facility is fully-automated and includes 42 airside loading docks and 31 landside truck-loading facilities.

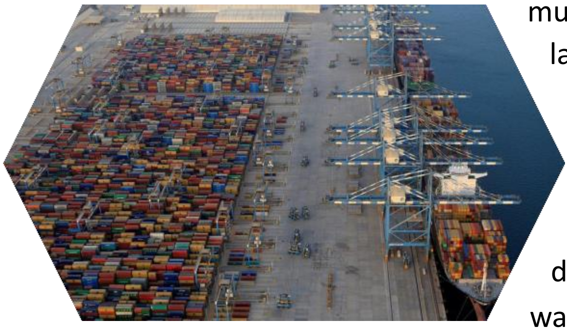
The HIA cargo hub operates in compliance with IATA’s Chapter 17 (Perishable Cargo Regulations). It includes a 2,470 square metre airside Climate Control Centre with two zones operating at 2-8 degrees Celsius and 15-25 degrees Celsius, as well as 64 temperature-controlled cells in the terminal’s cold room. Refrigerated (reefer) truck services are offered for ramp transfers, ensuring a seamless cool-chain process for temperature-sensitive commodities. Qatar Airways are looking to expand their cargo operations and construction of a second air cargo terminal at HIA is underway.

United Arab Emirates

UAE shares land borders with KSA and Oman. It has excellent sea and air links with the Gulf region, Europe and Asia in particular. The main international airports are Dubai International Airport (DXB) and Abu Dhabi International Airport (AUH). The main ports are Jebel Ali Port in Dubai and Khalifa Port in Abu Dhabi, both on the Persian Gulf.



Food items enter UAE mainly through the free trade zones such as Jebel Ali Port, the world's largest man-made port and highly regarded for its cargo handling practices. Dubai Cargo Village, attached to the airport, handles more air cargo than any other airport in the region, much of it arriving by sea and going out by air, largely to Europe.



The UAE distribution system is very advanced, with sophisticated warehousing (including cold chain) and inventory systems. Smaller distributors who don't own their own warehouses have access to rented facilities. Large importers are often integrated with logistics and distribution companies, who supply to wholesalers and retailers.

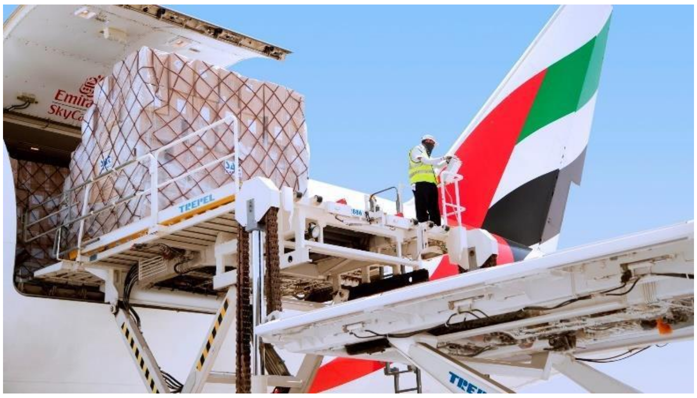
Emirates Sky Cargo

Emirates flies out of Adelaide at 22.35 each night, arriving in Dubai at 6.00 the following day (flight number 441). The return flight to Adelaide leaves Dubai at 02.05 each morning, arriving at 20.50 the same day (flight number 440). These are passenger flights on which air cargo is carried; Emirates does not offer dedicated freighter services out of Adelaide.

Emirates offers the Emirates Fresh three-tier cool chain solution for the transportation of perishable goods. They use specially designed containers and tailored treatment depending on how much temperature fluctuation the goods can withstand to ensure products remain in optimum condition.

The standard process is appropriate for most fruits and vegetables and processed meats. Emirates Fresh Breathe is used for products that benefit from ventilation, such as flowers and some meats and seafood. Emirates Fresh Active is a premium service for products that cannot withstand any temperature fluctuation, including frozen goods, some dairy products and high-end fruits and seafood.

The DXB cargo hub operates in compliance with IATA's Chapter 17 (Perishable Cargo Regulations). It has warehouses dedicated to perishable cargo and a fleet of 12 refrigerated trucks. It handles 1.2 million tonnes of cargo per year.



Packaging, Labelling and Documentation

Summary

The Gulf states experience extreme weather conditions which must be considered when packing food and beverage products for export. The Department of Agriculture and Water Resources may need to inspect the packaging of consignments before issuing export permits. Importing countries also have their own individual requirements. Packaging generally needs to be robust and consignments palletised in standard form for forklift handling.

External packaging labels should be in Arabic for the Gulf states, as many logistics workers are unable to read English. Product labels must also be in Arabic for import into the Gulf states. Required information generally includes the product weight, ingredients, origin and expiry dates.

All consignments need to be accompanied by export documentation (required by Australian authorities) and import documentation (required by authorities in the importing country), but there is usually considerable overlap between the two sets. Ensuring correct documentation is vital to avoid delays with customs clearance and additional expenses. Customs brokers and freight forwarders can assist with this.

The minimum export documentation required is usually a commercial invoice, a packing list and a bill of lading/airway bill. Health/phytosanitary certification and a certificate of origin may also be required. The Gulf states also require halal certification for some food and beverage products and individual countries may expect documentation in a specific form.

Packaging Requirements

How food products are packaged for export is an important consideration, particularly in the Gulf states where shipments may be exposed to extreme weather conditions. Summer temperatures in this area can be over 45 degrees Celsius and at some times of the year there is also high humidity. Goods may be stored in the open for short periods and may be subject to rough handling.

General packaging considerations include:

- Avoid using worn or old cardboard boxes.
- Use proper inner packing and reinforce your boxes.
- Don’t over-pack.

- Use standard-size pallets, ensure boxes are secured on the pallet and don't exceed the pallet edges.
- Calculate weights and dimensions correctly, including the gross cargo weight of each item.

Australian Government requirements for the packaging of food products for export are set out in the relevant Export Control Orders. When inspection of goods by the Department of Agriculture and Water Resources is required before the issue of an export permit, they may also inspect the packaging to ensure it is clean and sufficient to protect the goods. Containers for shipping, and the vessel itself, may also be inspected.

While protecting produce is the most important role of packaging, it can also be an opportunity to reinforce branding. Produce boxes have high visibility at many stages of the supply chain.

Labelling Requirements

KSA, Qatar and UAE have very strict labelling requirements, especially for food products. The Gulf Cooperation Council (GCC) has been working towards a uniform approach and some areas (such as shelf life for food products) are covered by GCC Standardisation Organisation (GSO) standards: www.gso.org.sa/en. Each country also has its own regulations, outlined below. Shipments are likely to be refused import clearance if labelling requirements are not met.

An overview of labelling requirements in the target markets is set out below but they are subject to change. Exporters should check with in-country agents and distributors for the latest information.


NUTRITION FACTS
القيم الغذائية

Serving size	14 ml	حجم الحصة
Serving Size per Container	25	عدد الحصص في الزجاجة
AMOUNT PER SERVING		الكميات لكل حصة
Calories	35 kcal	السعرات الحرارية
Calories from fat	0 kcal	السعرات الحرارية من الدهون
	DV %*	النسبة اليومية
Total Fat 0 g	0	الدهون الاجمالية
Protein 0 g	0	بروتين
Total Carbohydrate 17 g	6	كربوهيدرات
Sugar 0 g		سكر
Natrium 0 mg	0	ناتريوم

* % Daily Values are based on 2000 calorie diet.
*النسبة اليومية مبنية على برنامج غذائي أساسه ٢٠٠٠ سعرة حرارية

Export and Import Documentation

Australia requires export documentation for all consignments exiting Australia. Importing countries also require documentation relating to shipments entering their countries. There is some 'overlap' between the two sets of documentation. For example, The Australian Department of Agriculture and Water Resources issues certifications for food products exiting Australia to ensure some of the requirements of importing countries are met. Sometimes importing countries require additional certifications that are not routinely provided by the Australian Government as part of export documentation. For example, the Gulf states require halal certification for some food products.

Ensuring the correct documentation accompanies all shipments is vital to avoid delays with customs clearance and possibly unnecessary charges. The role of a customs broker/international freight forwarder includes ensuring appropriate export and import documentation is prepared for each consignment and submitted to the appropriate authorities in Australia and the importing country. Most countries have electronic systems available to exporters, customs brokers and freight forwarders to streamline this process.

In Australia, the Department of Agriculture and Water Resources administers the Export Documentation System (EXDOC) for the issue of export documentation, including certifications for prescribed goods (see the 'Customs, Tax and Regulatory Issues' section above). EXDOC interfaces with the Customs system (Integrated Cargo System or ICS), administered by the Department of Home Affairs.

Other commercial providers can also assist with preparing export documentation that complies with Australian Government requirements and the requirements of importing countries. Business SA offers a range of services, including issuing certificates of Australian origin and certificates of health, and preparing commercial invoices and packing lists. The Australian Arab Chamber of Commerce and Industry (AACCI) is accredited by both the Australian Government and the Gulf states to certify export documents.

The AACCI service is offered to both members and non-members at Export Park (Adelaide Airport) and the Port Adelaide Business Centre. AACCI members receive discounted rates. Both certificates of origin and certificate declarations of origin are issued (the AACCI can help members determine which is required).

Exporters and freight forwarders must download and complete the relevant form and submit it to the AACCI for certification/stamping (there is an online eCertify system to assist with this process). An exporter's registration form must also be presented, along with any required supporting documentation and the full set of export documents (such as commercial invoice, packing list, health certification and halal certification).

Sometimes importing countries will require export documentation to be legalised as well as certified. The consulate or embassy of the importing country in Australia can advise whether legalisation is necessary. Further information is provided below but these requirements are subject to change.

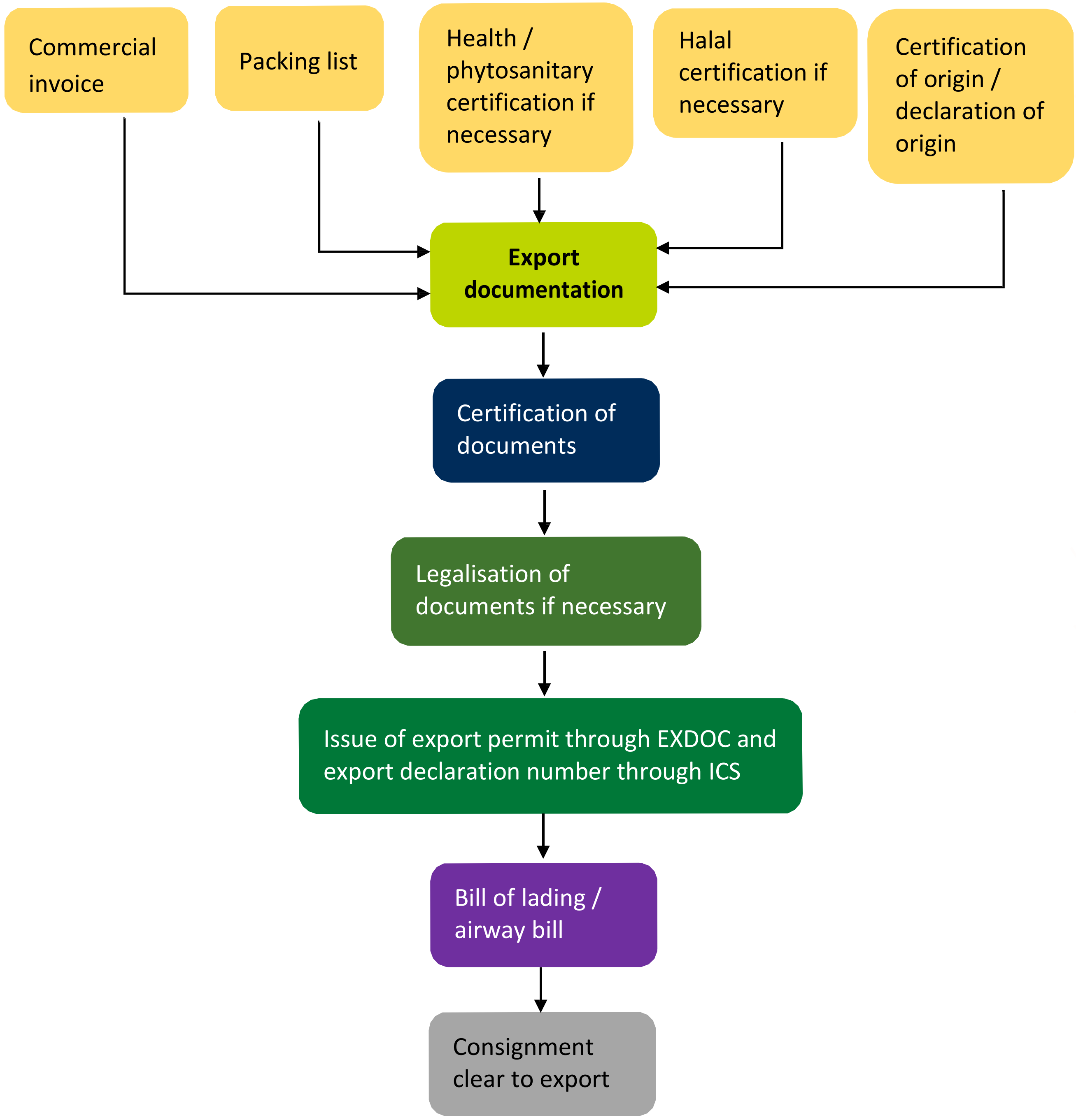


Figure 9: Export Documentation

Target Market Information

Kingdom of Saudi Arabia

Food Labelling

KSA's labelling regulations are administered by the Saudi Arabian Standards Organisation (SASO) and government quality laboratories at delivery ports.

The following are key requirements:

- Labelling must be in both English and Arabic.
- Labelling must indicate the name of the product, contents and net weight or volume (metric).
- Products must be clearly labelled with the production and expiry dates and may be rejected if less than half the time between production and expiration remains.
- Products must clearly show the name of the production company and the country of production ('Made in…' or 'Product of…') to avoid rejection.
- Depicting human or animal forms, or reproducing a government mark, on labels and packaging is prohibited.
- Adhesive labels on foodstuffs are not permitted.
- Special labelling requirements apply to genetically modified food products.
- All animal and plant products require health certification issued by an approved authority in the country of origin. In Australia this is usually the Commonwealth Department of Agriculture and Water Resources (www.agriculture.gov.au/export) or the relevant state department of agriculture.
- Meat and meat products for human consumption must have halal certification issued by an approved authority in the country of origin.
- Frozen meat and other foods are subject to strict regulations regarding import and storage.
- Artificial sweeteners in food and beverages are subject to stringent restrictions.

Labelling of Packaging and Containers

Containers must be properly packed and palletised for forklift handling. Pallets loaded in a standard dry box container must not exceed 2000kg gross per piece. Outer packages should be properly marked (with consignee and port mark) and numbered, with information identical to that in the shipping documents. Information on outer packaging should be in Arabic as wharf workers cannot read English.

Port authorities require a label on the inside of the container door indicating:

- The consignee's name, address and fax number.
- Details corresponding to those on the packing list.
- The mode of packaging and the sensitivity/damageability of the contents.

Fines are imposed if these requirements are not met. A packing list must be provided and accurately describe in detail the contents of each outer container, net weight, gross weight and CIF value.

Shipping Documentation

Shipping documentation, packing lists, packaging/container labelling and product labelling must all match exactly. Importers are required to present the following shipping documentation for clearance of goods:

- A commercial invoice.
- A bill of lading/master airway bill (one non-negotiation original copy required, no prescribed form).
- A Certificate of Origin.
- A packing list.

All imported foods must be approved by Saudi health authorities. Import permits are issued by agricultural offices licensed by the Ministry of Commerce, provided the prior approval of the Ministry of Agriculture is obtained.

Five copies of the Certificate of Origin are required and must be certified by an approved authority and legalised by the Saudi Arabian Embassy.

The following key points apply to commercial invoices for KSA:

- No prescribed form.
- Five copies are required.
- Quotations should be in Australian dollars with equivalents in US dollars or pounds sterling, CIF or CIFC.
- Payment is usually by letter of credit or sight draft.

- Fax signatures are not permitted.
- Country of origin should be included.
- All marks and numbers should be included.
- Net and gross weights (metric) should be included.
- A full description of the consignment and its value should be included.

The invoice must bear the following declaration: “We hereby guarantee that this is a true and correct invoice and that the goods referred to are of the origin, manufacture and production of ………[Country of Origin] Signed……….[Director, Secretary, Partner, etc]”.

Importers must complete clearing procedures by presenting the necessary documents and completing the customs declaration form at least 48 hours prior to the arrival of the shipment at the port of entry. The information can be presented directly or via a customs broker through FASAH (www.fasah.sa). Importers can then track the shipment through customs and receive instant notifications.

Qatar

Food Labelling

Qatar’s labelling regulations are administered by the Ministry of Municipality and Environment and the Ministry of Public Health.

The following are key requirements:

- Labelling must be in Arabic or Arabic and English.
- Labelling must indicate the name of the product, brand name, contents and net weight or volume (metric).
- Products must be clearly labelled with the production and expiry dates (on the manufacturer’s label, not a sticker added after the fact) and may be rejected if less than half the time between production and expiration remains.

- Products must clearly show the name and address of the production company and the country of production (‘Made in…’ or ‘Product of…’) to avoid rejection.

- Labelling must include a list of all ingredients and additives in descending order of proportion (all fats and oils used must be specifically identified).
- All animal and plant products require health certification issued by an approved authority in the country of origin. In Australia this is usually the Commonwealth Department of Agriculture and Water Resources (www.agriculture.gov.au/export) or the relevant state department of agriculture.
- Meat and meat products for human consumption must have halal certification issued by an approved authority in the country of origin.

Labelling of Packaging and Containers

Containers must be properly packed and palletised for forklift handling. Outer packages should be properly marked (with consignee and port mark) and numbered, with information identical to that in the shipping documents. Information on outer packaging should be in Arabic as wharf workers cannot read English. A packing list is not compulsory but facilitates clearance. Exporters should ensure that food products are not contaminated during shipment. Food products must be shipped direct to Doha – transhipment through other ports is prohibited.

Shipping Documentation

Shipping documentation, packing lists, packaging/container labelling and product labelling should all match exactly.

The following key points apply to commercial invoices for Qatar:

- Pro-forma invoices for government purchases are provided.
- Invoices should be stamped and signed by the supplier or exporter.
- Invoices should give the same serial numbers as the items in the order.
- Invoices should indicate the delivery period and validity of the quotations.
- Quotations should be in Australian dollars with equivalents in pounds sterling, CIF or CIFC.
- Payment is usually by letter of credit.
- Invoices must be legalised by the Commercial Department of the Qatari Embassy in the country of origin or by the General Authority of Customs at the point of entry into Qatar (legalisation fees are charged).

United Arab Emirates

Food Labelling

The following are key requirements:

- Labelling must be in both English and Arabic. A sticker with the Arabic translation is acceptable.
- Labelling must indicate the name of the product, brand name, contents, batch number and net weight or volume (metric).
- Labelling must indicate any special storage and preparation instructions. Display of nutritional information is optional (except for products with special uses such as baby food or food for patients).
- Products must be clearly labelled with the production and expiry dates and may be rejected if less than half the time between production and expiration remains. The expiry date should be stated as day/month/year for goods with a shelf life of 6 months or less, and month/year for goods with a shelf life over 6 months.
- Products must clearly show the name and address of the production company and the country of production ('Made in…' or 'Product of…') to avoid rejection.
- Labelling must include a list of all ingredients and additives (using their 'E' numbers) in descending order of proportion (all fats and oils used must be specifically identified).
- No food labels can have pictures or recipes including pork or alcohol.
- Food products require health certification stating that the product is fit for human consumption, issued by an approved authority in the country of origin. In Australia this is usually the Commonwealth Department of Agriculture and Water Resources (www.agriculture.gov.au/export) or the relevant state department of agriculture.
- Genetically modified food products may require special certification.
- Meat and meat products for human consumption must have halal certification issued by an approved authority in the country of origin. This documentation may also require attestation by the Australia Arab Chamber of Commerce and the UAE Embassy.
- Food containing cyclamates is prohibited from entering Abu Dhabi. Though there is no legislation prohibiting these foods from entering Dubai, it is not encouraged.

Labelling of Packaging and Containers

Containers must be properly packed and palletised for forklift handling. Outer packages should be properly marked (with consignee and port mark) and numbered, with information identical to that in the shipping documents. Information on outer packaging should be in Arabic as wharf workers cannot read English. A packing list must be provided but there is no prescribed format, as long as the details match the bill of lading description.

Shipping Documentation

Shipping documentation, packing lists, packaging/container labelling and product labelling must all match exactly. Importers are required to present the following shipping documentation for clearance of goods:

- A valid trade license copy.
- A delivery order from the shipping or line agent.
- A commercial invoice from the original supplier.
- An original bill of lading endorsed by the shipper; if not endorsed, a full set of three originals need to be surrendered to the line.
- A Certificate of Origin, including name and address of manufacturer.
- A packing list.

The following key points apply to commercial invoices for UAE:

- No prescribed form.
- May be made out To Order.
- Certification by an approved authority may be requested.
- Appropriate tariff number should be included to ensure the correct freight rate is applied.
- Two original copies are required.
- Quotations should be in US dollars (the UAE dirham is valued at a fixed rate against the US dollar), CIF or CIFC, and may be requested as pro-forma invoices to facilitate opening of lines of credit.
- Country of origin should be included.

- A full description of the goods, including net and gross weights, units and total value, and details of the packing (matching the bill of lading) should be included.
- Name of manufacturer should be included.

The Certificate of Origin must be certified by the UAE Embassy (for a fee). The Certificate should contain the following clause: “We certify that the goods or materials are of Australian origin.”

Methods of duty payment for import shipments are cash or cheque, bank receipt if customs duty has been paid through a bank, or customs duty debit facility against bank guarantee. If at the time of clearance the original commercial invoice is provided but the Certificate of Origin and packing list are not available, clearance can proceed on the basis of photocopies and a deposit. The deposit can be claimed back if the original documents are submitted within 60 days of filing the bill of entry.

ALASKA MARINE LINES

Non – Negotiable Bill of Lading

PRO No.

FREIGHT BILL PRO NUMBER (CARRIER USE ONLY)

Seattle Office
5615 W Marginal Way SW
Seattle, WA 98106
Tel: 206-763-4244
Fax: 206-764-5782

Toll Free Customer Service
Juneau 1-800-585-6102
Ketchikan 1-800-809-7660
Seattle 1-800-326-8346

Date Received:	Voyage No:	Booking No/Cont Code:	Origin:	Destination:	Container No:	Seal#:	Byd Carrier:

SHIPPER	CONSIGNEE	BILL TO
Name	Name	Name
Street Address	Street Address	Street Address
City, State	City, State	City, State
Ref No Phone	Ref No Phone	Ref No Phone

Remit COD TO:			
Name	C.O.D. AMT $	C.O.D. FEE:	RECEIVED $
Street Address	COMPANY CHECK YES ☐ NO ☐	PREPAID ☐	To apply in prepayment of charges on the property described hereon
City, State		COLLECT ☐	Cash/MC/VISA/Check#

Units	HM* X	Description provided by Shipper *(For Hazmat - UN/NA Number, Proper Shipping Name, Hazardous Classification, and Packing Group)	Weight in Lbs
		TOTAL WEIGHT	0

In the event of hazardous goods the Shipper's signature on this bill certifies that the above named materials are properly classified, described, packaged, marked, labeled and are in proper condition for transportation according to the applicable regulations of the Department of Transportation (49 C.F.R. 172.204).

All goods shall have an agreed released value of **$500 per package**, unless Shipper declares and Carrier accepts a higher released value directly below. ***An additional charge may be applicable to any such declaration.*** Shipper and Carrier's signatures on this bill shall constitute acceptance of the declaration. ***DECLARED VALUE*** $________

It is understood and agreed all household goods/personal effects will be released at **$.60/lb** **unless otherwise specified**, but in no event will exceed $5.00/lb.
INITIAL ________ RELEASE VALUE NOT TO EXCEED: ________ PER LB

Shipper agrees that the custody and carriage of goods identified shall be subject to the terms and conditions on the reverse (or page 2) as well as the Carrier's tariff, which may be reviewed at: www.aml.lynden.com

Refrigerated Temp Loads:
Requested Temp ____ F ____ C
Temp at Receiving: ____ F ____ C
Date ______ Time ____

Shipper must identify in writing prior to shipment any perishable, temperature controlled, keep from freezing, chilled or frozen goods. **Carrier shall not be responsible for freezing down or reducing the core temperature of goods.**

SHIPPER (SIGNATURE REQUIRED)
PER
DATE

CARRIER
PER
DATE

Subject to the terms and conditions as well as Carrier's tariff, which may be reviewed at: www.aml.lynden.com

Cultural Considerations

Summary

Business practices are influenced by cultural factors and showing respect for local practices is essential to successful business relationships, especially during in-country visits. Business people in the Gulf states usually have good English (logistics workers and some buyers may not), but it demonstrates goodwill to know a few words of Arabic. Visitors to the Gulf states need to be aware that local laws are very different to Australia, especially around alcohol, drugs, sex and free speech. Women and men should dress conservatively, especially in KSA.

Business meetings in the Gulf states are often less formal than in Australia. For example, there is a heavy emphasis on hospitality, small talk is important to establish rapport, and timelines may not be rigidly adhered to. During the Islamic holy month of Ramadan, religious and cultural rules, including not eating or drinking in public between sunrise and sunset, must be respected. Ramadan and local festivals such as Eid or the Hajj Pilgrimage in KSA may disrupt work practices. 'Weekend' days are Friday and Saturday.

The Department of Foreign Affairs' Smartraveller website provides up-to-date information on issues to consider when travelling to the Gulf states, including entry prohibitions, security concerns and health issues.

Business practices are heavily influenced by cultural factors and vary substantially between countries. Showing respect for local practices and culture is essential to successful business relationships. This is especially important when making in-country visits. This section discusses factors to consider when doing business in the Gulf states of KSA, Qatar and UAE. There are some common considerations and some that are more specific to each country.

Exporters generally report that conducting business in, and visiting, Qatar and UAE is relatively straightforward. KSA presents more challenges, beginning with obtaining entry visas, although many Australian exporters operate very successfully in this market.

Language barriers can impact on doing business with overseas partners. Business people in the Gulf states usually have good English, though transport and logistics workers, and some buyers, may not. It demonstrates goodwill to know a few words of Arabic when visiting the Gulf states, as does having some understanding of the culture and of Islam. The value of having some cultural familiarity is often overlooked by new exporters trying to establish relationships in the Arab business world.

Some materials such as product labels are required by law to be in Arabic, and it is useful to have business cards, brochures and other promotional material in Arabic versions as well. Business SA and other commercial providers offer translation services. The National Accreditation Authority for Translators and Interpreters has a searchable directory that lists providers by language.

Legal Issues

The Gulf states, KSA in particular, are conservative Muslim countries. While Dubai, Abu Dhabi and Doha may seem increasingly open and Westernised, the local laws are very different to those in Australia and penalties can appear harsh. Drug and alcohol laws are strictly enforced. Behaviours that are acceptable or merely anti-social in Australia may be illegal in the Gulf states and result in imprisonment, corporal punishment or deportation. All local laws apply to foreigners visiting the Gulf states, even if they are only transiting through airports.

Drugs, Alcohol and Medication

The Gulf states have a zero-tolerance approach to drugs. Visitors must not be in possession of any illegal substances, with the limited exception of some medications for personal use. If you are found to have traces of an illegal substance in your body, that is considered possession. For example, some travellers have been refused entry when authorities have detected alcohol on their breath.

Visitors should not carry drug paraphernalia or anything that could be mistaken for an illegal drug (including marijuana-flavoured products such as tea, gum or lollies). These substances may be sent to laboratories for testing that can take weeks, during which time the possessor could be detained without bail.

In KSA alcohol is completely banned. In Qatar and UAE (except for the Emirate of Sharjah, which is completely dry), there are strict limits on importing duty free alcohol. Alcohol may be purchased and drunk under highly controlled conditions in licensed premises such as major hotels. Possessing or drinking alcohol remains prohibited if you are Muslim. It is illegal for non-Muslims to sell or offer alcohol to Muslims. Being intoxicated in public, including in a taxi, is not permitted. Foreigners have been arrested after disembarking drunk from incoming aircraft.

The Gulf states' strict drug laws include restrictions on some medications that are legal in Australia, including codeine, Valium and Ritalin. Travellers should carry sufficient medications to last their trip as some may not be available overseas, but they should not carry more than is necessary for personal use. Carry medications in their original boxes with a copy of your prescription and a letter from your doctor stating what the medication is, how much you take and that it's for personal use only. Travellers have been detained and deported in the Gulf states for carrying medication used to treat HIV or hepatitis, or for testing positive to either illness.

Other Entry Prohibitions

Visitors must not bring prohibited items such as pork products, poppy seeds, printed material with images of scantily clad people, or religious books and materials other than those reflecting orthodox Islam into the Gulf states. Books, magazines and videos may be seized and the possessor detained while they are reviewed. Electronic cigarettes are prohibited.

Immigration authorities can refuse you entry if you have a criminal record, regardless of how long ago the offence took place. If you are concerned about being denied entry, contact the relevant embassy before departing Australia. If you have outstanding criminal charges or debts in a Gulf state you can be detained or arrested on arrival even if you are only transiting through the airport.

If you are travelling from an area with yellow fever risk you will need a valid yellow fever vaccination certificate for entry to a Gulf state. You may be refused entry if your passport or luggage shows any evidence of travel to Israel.

If you are travelling on an Australian passport showing ‘X’ (indeterminate/intersex/unspecified) in the sex field you will not be permitted to enter a Gulf state. If you are transgender, intersex or your physical appearance does not match the sex recorded in your passport you may be interrogated by authorities and possibly refused entry. If you are Jewish, travelling on an Israeli passport or have an Israeli entry stamp in your passport you may have difficulty entering some Gulf state countries.

Criminal Charges

If you are arrested on a criminal charge you are likely to be imprisoned for some time, possibly months, while the investigation process is completed. Court proceedings may take several more months. Bail may not be available, particularly if a drug offence is involved. Sharia and Islamic courts operate alongside civil and criminal courts in the Gulf states, making legal proceedings complex and lengthy. In UAE, each of the seven emirates has an independent legal system and laws may vary

People convicted of serious offences can face long jail sentences, corporal punishment, heavy fines or deportation. Some crimes, including some drug and sexual offences, incur severe penalties, including the death penalty. For example, in KSA, murder, adultery, rape, homosexual activity and abandoning Islam are all punishable by death.

The following activities are illegal in the Gulf states:

- Public displays of affection.
- Sex outside marriage.
- Homosexual activities.
- Cross-dressing.
- Providing or utilising prostitution services.
- Blasphemy.
- Preaching or publicly practising a religion other than Islam.
- Harassment of women, including unwanted conversation, prolonged stares, touching any part of the body, shouting, stalking or any comments that may offend.
- Producing or distributing material, including on social media, that ridicules or disrupts public order, religious values or public morals.

- Producing or distributing material, including on social media, that defames or is offensive to other people, including spreading rumours and gossip, and making threats or accusations.
- Producing or distributing material, including on social media, that is deemed critical of the nation, the government, the royal family or Islam.
- In KSA and UAE, displaying sympathy towards Qatar or objecting to the government's position on Qatar.
- Using obscene language or making obscene gestures.
- Photographing local people (especially women) without their consent.
- Photographing official buildings, palaces, military installations, checkpoints, embassies, bridges, airports, transport infrastructure and some religious sites.
- Posting photos on social media with others in the background who have not consented.

During the Islamic holy month of Ramadan, religious and cultural rules and customs must be observed. Eating, drinking and smoking in public between sunrise and sunset is prohibited and you can be detained and deported for flouting this rule.

Hotels may refuse shared accommodation to couples who can't prove they are married. De facto relationships and civil unions are not recognised as marriage. While in the Gulf states, avoid all public displays of affection, including kissing and holding hands. Do not interact with someone of the opposite sex in public unless you are related (or your respective spouses are present).

It is possible for victims of sexual assault in the Gulf states to face arrest, detention or criminal prosecution for having sex outside marriage, depending on the circumstances of the assault. If you are a victim of sexual assault, contact the local Australian embassy or consulate, or the Consular Emergency Centre in Canberra, for guidance.

Commercial and Civil Disputes

If you become involved in a commercial dispute while in a Gulf state you may be required to remain in the country until the case is resolved in the courts or abandoned, which could take many months. If you present a cheque that is dishonoured, fail to pay bills or fines, or have an overdue personal loan or local credit card payment, you can be imprisoned for 'fraud'. Bail is generally not available to those who are arrested for crimes involving fraud. If you have outstanding debts or criminal charges in a Gulf state you may be detained upon arrival even if you are only transiting.

Business Practices

Local religious and cultural practices also affect business interactions. Most business people in the Gulf states are familiar with Western business practices and many, particularly Saudis, were educated in the US or Europe. In Qatar and UAE in particular, due to the relatively low proportion of citizens in the population, some middle managers may be of other nationalities.

Arab business meetings can take a different tone and approach than Westerners are used to. They tend to be more relaxed and informal, with a heavy emphasis on hospitality (although pre-arranged business lunches tend to be formal affairs). Arab hosts are gracious and will try to put their visitors at ease.

All local religious and cultural practices should be respected to avoid offence. Do not express extreme views and take care not to appear inflexible. Be polite at all times, avoiding aggressive or demonstrative behaviour. Do not criticise or correct others in a group setting as causing someone else to lose face is considered very rude. The business dress code is conservative, especially in KSA and in rural areas throughout the region.

Arabs may greet each other with kisses on the face or forehead but Westerners are usually greeted with a handshake. However, women's hands should not be shaken unless they indicate it is okay to do so. Allow your hosts to take the lead. Arab men are usually addressed by their first or given name. For example, Mr Khalid Bin Abdullah Al-Tuwari has the given name Khalid, is the son of Abdullah, and has the family grouping or tribe of Al-Tuwari. He would be addressed as Mr Khalid.

Arabs are concerned with seniority and precedence and visitors should observe this. Older or more senior people should go through doors first and if walking together, the guest or senior person should be on the right of the group.

Small talk is vital to establish trust and must not be hurried. In introductory business conversations, this may involve discussing the health and wellbeing of the other person and their family. It is not appropriate to ask business partners about their wives or female relatives directly in Muslim countries. It is acceptable for people to take mobile phone calls during business meetings.

It is quite common for an Arab businessman or official to have a number of people in an office discussing various matters at once. When invited into an office, you will be given a seat, offered refreshments and engaged in introductory conversation. Your host may then break off conversation to deal with one of his other visitors before returning to you. Business meetings may sometimes take place in cafes.

When offered refreshments such as coffee or tea, you should always accept. Refreshments are offered to guests in order of their rank, if known to the host. It is usual to drink more than one cup of coffee or tea, but not more than your host or others present. To decline a further serving, shake the cup when handing it back to the server. When passing items, eating or drinking, avoid using your left hand as this is considered unclean. Do not sit with the soles of your feet facing other members of the group as this is considered offensive.

The actual business component of a meeting may be quite short. Your host may expect you to commence business discussions by making a proposal. A ‘yes’ does not necessarily confirm agreement, but can merely mean ‘yes, I hear you’. The exchange of gifts is quite common in business circles but usually limited to small corporate items such as pens. Do not express admiration for something owned by your host or you may have the object offered to you immediately as a gift. This is an ancient custom still preserved in many traditional areas. Do not take photos of anyone without asking prior permission.

If invited to a dinner function, it can usually be assumed that only males will attend. Women frequently have separate functions. Refusing an entertainment invitation may offend. If you invite a local to dine with you, do not include his wife in the invitation unless you have a prior indication that she will accept. It is unlikely that you will be invited to an Arab’s home unless he is very aware of Western culture or the relationship is very close.

Translations of business meetings are not required but there is often a requirement for company documentation to be translated, especially for government permits and registrations.

Taking the time to build strong relationships and trust with contacts is important. Face-to-face meetings are usually required before serious business commitments are made. This process cannot be rushed and may require multiple in-country visits.

Time is generally not viewed as rigidly in Arab cultures as it is in the West. Meetings and appointments may not start and finish precisely at the appointed times. Paperwork can take some time to process. Arab businesspeople may sometimes prioritise cultural, family and religious demands over doing business.

Planning an In-Country Visit

Timing

Plenty of time (at least 6 weeks) should be allowed to prepare for an in-country visit. It may be planned to coincide with trade shows or expos. In the Gulf states, weather may also be a consideration. The temperatures during summer (around May to September) can be above 45 degrees Celsius, making for an uncomfortable visit if any time is spent outdoors.

The most important thing is to visit *before* entering into any agreements with prospective agents, distributors or other business partners. In-country visits should be used to meet with multiple prospective partners to allow a comparison. If possible, the best prospects should be left until last when you are more seasoned at handling enquiries and assessing the fit with what you want to do.

Business SA, Austrade and chambers of commerce can provide advice and in some cases support with planning in-country visits. Support on the ground overseas is especially useful to help exporters target the right prospective partners and make the most of their time in-country. It is very helpful to be accompanied on an in-country visit by someone with experience operating in the relevant market. Theoretical knowledge and pre-planning are not a substitute for 'street smarts', on-the-ground experience and established local networks. Utilising key in-country contacts can also fill this gap. It is invaluable to work with someone who has local knowledge and contacts and can arrange meetings and introductions with potential overseas partners.

Business visits to the Gulf states should be avoided during Ramadan (or the Hajj pilgrimage in KSA) as working hours are shortened and many businessmen will not be available. Public holidays include Eid Al-Fitr (end of Ramadan), Eid Al-Adha (Feast of the Sacrifice).

The timing of Muslim festivals depends on the phases of the moon. The lunar month of Ramadan precedes Eid Al-Fitr. It is expected to take place from late May to late June in 2019. Disruptions associated with Ramadan may continue into Eid Al-Fitr. Eid Al-Fitr and Eid Al-Adha may last from 2 to 10 days depending on the region. Generally, if a holiday falls on a Friday, a day is given in lieu.

Practical Considerations

Booking flexible flights and allowing additional travel time to and from airports is important. Meetings can sometimes run overtime, flights can be delayed, and traffic can be unpredictable. Taking out travel insurance is essential.

Passports should have at least 6 months' validity and 4-6 weeks should be allowed to arrange visas if necessary. A longer period may be required if you need to obtain multiple visas and send your passport away to various embassies. Visa information is best obtained direct from the relevant consulate or embassy in Australia, not from a commercial visa provider.

ATMs are widely available in the Gulf states and many businesses, especially those catering to visitors, accept credit cards. However, you should check with your bank that your cards will work at your destination and advise the bank of the dates you will be overseas. Foreign currency exchange bureaux are also common (currency should only be exchanged at commercial banks and official exchange bureaux). Israeli currency is prohibited.

The Department of Foreign Affairs and Trade's Smartraveller website (www.smartraveller.gov.au) has up-to-date information about on-the-ground conditions in overseas countries, including political instability, natural disasters, public health concerns and security/terrorism threats.

Depending on the destination and the individual traveller, it may be necessary to see a doctor up to 8 weeks before departure to arrange vaccinations and other health checks.

Driving

Traffic accidents are a leading cause of death in KSA, Qatar and UAE. Factors that contribute to dangerous driving conditions include speeding, tailgating, poor lane discipline and reckless overtaking. There may also be a large number of roundabouts and construction works. Rural roads are affected by poor lighting, wandering animals and drifting sands. Fog, dust and sandstorms can affect visibility. Pedestrian deaths are also common. Only cross at designated pedestrian crossings and note that vehicles will not always give way. Jaywalking and walking on highways are illegal.

If you plan to drive in the Gulf region, note the following:

- Familiarise yourself with local traffic laws and practices, including in the case of an incident or accident.
- It is illegal to drive with alcohol in your system or to leave the scene of an accident until allowed to do so by police.
- It's illegal to use a mobile phone, eat or drink while driving, though it does commonly occur.
- Make sure you have adequate insurance cover.
- Drive defensively.
- Keep car doors and windows locked at all times.
- Travel with at least one other vehicle in desert areas, use GPS and take enough petrol and water.
- Ensure you have identification papers (passport and driver's license) with you at all times as there may be checkpoints.
- If you plan to leave a country by road, check that the border crossing is open before departing.
- In KSA, check with authorities whether you need approval to travel outside the main cities.
- In KSA, ensure any fines from the automated traffic ticketing system are paid before you leave the country.
- KSA lifted a ban on female drivers in mid-2018 but the number of female drivers remains small and support mechanisms (e.g. – to discourage harassment) are still being developed.

Preparation

It is helpful to find out as much as possible about the country you are visiting before the trip. Some cultural knowledge and interest in the country will go a long way towards smoothing business negotiations. Ideally, visitors will be able to ask appropriate questions while in-country and be able to make informed commercial judgements.

It should be clear what you are hoping to achieve from in-country visits, and from individual business meetings as well. Is the goal to develop more of a 'market feel'? Gather knowledge and information about specific aspects of the market? Identify appropriate in-country business partners? Generate selling opportunities?

Exporters should also be prepared for the questions they will be asked in business discussions overseas. They should anticipate being asked about pricing, shipment volumes and delivery times. Some thought needs to be put into product pricing before in-country visits. Exporters should have developed their export strategy, including how it can be adapted to the specific market. They should be prepared with a unique selling proposition – what sets their product apart from competitors?

It is also useful to prepare some questions you would like to ask potential business partners. What role would your product play in their business strategy? How would they market it? What would the terms of payment be? Further suggestions for questions are in the 'Agents and Distributors' section above.

Making a Good Impression

First impressions are key when meeting potential business partners, particularly in person but also via phone, video-conferencing, etc. Dress well for meetings and if in doubt, wear conservative business attire. Materials such as business cards, brochures, presentations, etc can also affect how you are perceived and whether your pitch is memorable. Powerpoint presentations should be succinct and have impact. This is an opportunity to depict your products through graphics and images, preferably relevant to the market and in a way that recognises the local culture.

It is important to be confident, friendly but professional and responsive. In the Middle East, it is appropriate to avoid over-familiarity and be more polite than would perhaps normally be the case in Australia. Even with good English speakers, avoid jargon and vernacular language. Talk slowly and deliberately.

Try to become familiar with some of the relevant communication protocols. For example, in the Middle East emails and written correspondence often do not elicit a response but everyone answers their mobile. Similarly, familiarise yourself with applicable meeting protocols. When in an overseas country, their practices and customs should take precedence.

Potential partners and clients will appreciate quick, efficient and informative responses to enquiries and requests. Taking a 'customer service' rather than high-pressure selling approach works best.

Correspondence, calls and meetings should be kept simple and to-the-point. It should be easy for your contact to understand your message and respond. Try to find out convenient times to phone or make in-person contact and always follow up as promised. Be aware of time zone differences when making contact from Australia. State your company's key objectives for meetings up-front. Listen carefully and restate your partner's comments to help reach agreement.

Business Cards

Business cards are widely used overseas and a good supply should be carried at all times when travelling. For use in the Gulf states, business cards should be printed in English on one side and in Arabic on the reverse (especially in KSA). The standard format (around 9cm x 5cm) should be used to make it easy for recipients to carry and store your cards alongside others. Full international phone contact details should be included.

Business cards should be passed to others with the Arabic side facing up. When receiving business cards it is polite to use two hands, study the name and details thoughtfully and put the card away carefully. Throwing it down on the desk or writing on it may cause offence.

Brochures and Samples

Brochures showing your products can be very useful when visiting potential buyers and distributors in-country or attending trade shows. For use in the Gulf states, brochures should be translated into Arabic or at least have an Arabic insert. Material used for brochures may also be useful in building a website.

It can also be very helpful to show potential buyers and overseas partners product samples. Most food products cannot be carried on your person into another country so samples will have to be dispatched before you leave if they are to be available during your in-country visit.

Follow-up

Business meetings should always be followed up afterwards. Within 48 hours of the meeting, it is good practice to call or email thanking your contacts for their time and providing any further information that was requested (or stating a timeline within which you will follow up requests). This strengthens contacts, reinforces the good impressions that have been made and makes you seem like a reliable business partner. Like any developing relationship, building on momentum established is vital.

It may be useful to sign non-disclosure agreements with potential partners before further discussions take place. Ideally, it is better to wait until you have returned to Australia before making any other formal agreements with overseas business partners, even if they attempt to lock you in while you are in-country. This allows time to consider proposals and seek legal and financial advice if necessary.

Managing Enquiries and Prospects

Sometimes contact with prospective overseas partners is initiated by them. They may be contacting a number of competing companies in Australia or elsewhere. How you respond to enquiries will help the importer decide whether to do business with you or someone else.

Some enquiries will not be genuine. You don't want to miss out on any real opportunities, but nor do you want to waste time and effort following up enquiries that are not legitimate. It is necessary to do some initial screening of enquiries and due diligence, especially when dealing with unsolicited email contact.

Tips include:

- Searching for the enquirer's company website.
- Checking with the relevant consulate or embassy in Australia if the enquirer claims to be a government representative.
- Asking the enquirer for more information about their company, their other overseas suppliers, and their interest in your company (and try to verify their responses).
- Asking other exporters or producers if they have had similar approaches.
- Not sending product samples until you believe there is a strong chance a business deal will go ahead.

Even if it seems an enquiry is genuine, you may choose not to pursue it. Not all export opportunities will match your business capabilities and strategy. For example, your company may not be ready to do business in the relevant market, the customer may not be a good fit for your product, or potential order sizes may be too big or too small.

If you decide to pursue the enquiry, try to find out some information about the enquirer (e.g. – is the company a distributor or retailer?). Respond to the enquiry (usually by email) by introducing yourself and your company and asking further questions of the enquirer. If the enquiry looks particularly promising, an immediate phone call response before email follow-up can be the best approach.

Australia is often perceived as being a long way from the rest of the world. Try to communicate in a speedy and effective manner to show that distance is no barrier to doing business.

Building export relationships usually takes longer than domestic relationships. Buying processes can be long and complicated, and subject to particular cultural considerations. Sometimes prospective buyers will take a long time to respond to contact but this doesn't necessarily mean they are not interested or not trustworthy. Polite persistence may be required for opportunities to bear fruit. Successful exporting requires, above all else, patience and a long-term strategy and commitment to the relevant market.

Target Market Information

Kingdom of Saudi Arabia

Entry Requirements and Restrictions

Australian visitors need a visa to enter KSA. This may be time-consuming and difficult to secure. Fingerprints need to be provided with the visa application. The Saudi Embassy in Canberra provides information about visa requirements: www.embassies.mofa.gov.sa/sites/australia/EN/Pages/default.aspx. Passports should be carried at all times while in-country in case of security checkpoints or spot checks. Business SA can provide assistance with KSA visa application letters, as can the Australia Arab Chamber of Commerce and Industry (AACCI).

It can be difficult to obtain a visa for a female business visitor but it is generally easier if she is part of a delegation. Female visitors travelling alone have experienced delays before being allowed to enter the country if they are not being met by a local sponsor.

Entering by a land entry port such as the King Fahd Causeway from Bahrain on a visa annotated 'via air' (possibly in Arabic) may not be permitted. Carefully read and understand the restrictions on your Saudi business/visit visa. If you overstay your visa, you will be fined 10,000 Saudi Riyals and imprisoned pending deportation. Visitors on a single-entry visa don't need an exit permit to depart the country, though people on work or residency permits do.

Restrictions on entering Jeddah, Madinah and Taif may apply to non-Saudi residents before and during the annual Hajj pilgrimage.

Security Threats

Terrorism is a significant threat in KSA and the Australian Government currently (as at December 2018) advises Australians to reconsider their need to travel there. Attacks commonly target the minority Shia community, including Shia religious sites, and members of the security and police services. Bystanders, including expatriates, have been killed and injured in attacks targeted at others. Symbols of Western culture, such as shopping malls, restaurants and recreational facilities, are sometimes targeted.

Tactics include bombings, gun attacks and kidnappings. The threat of terror attack is highest in the Eastern Province and surrounding areas. The area around the border with Yemen is also dangerous due to cross-border attacks, including by missile, rocket and drone. Several ballistic missiles fired from Yemen have been intercepted over Riyadh since late 2017. Political and civil unrest may occur but is relatively uncommon due to the illegality of demonstrations.

Religious Customs

KSA's strict rules of behaviour should be respected at all times to avoid causing offence or worse. Women are generally expected to wear the abaya, a long cloak concealing body shape, in all public places. The abaya is worn over normal clothing. Women should also carry a headscarf that can be worn in case of a confrontation with the religious police (Mutawwa) or a private citizen who takes offence. If confronted, respect the authority of the religious police and try to end the encounter as quickly as possible by covering hair with the scarf and leaving the area.

Standard business attire for men is suit and tie. For casual wear, pants and a short-sleeve shirt are acceptable, but men should avoid wearing shorts or singlets in public. Jeddah and Dammam tend to be slightly less conservative than Riyadh. Public events, food courts and some shops may be segregated according to gender and family composition.

Health

The extreme temperatures at sometimes of year can cause dehydration or heatstroke. Sandstorms and dust storms occur regularly and can trigger allergies and respiratory difficulties in susceptible people.

Malaria is common in south-western KSA (except in high altitude areas of Asir Province, Jeddah, Mecca and Medina). Chloroquine-resistant strains have been reported. Dengue fever, leishmaniasis and other insect-borne diseases also occur. Precautions such as insect-proofing accommodation, using repellent, and wearing long, loose, light coloured clothing should be taken. Seek medical advice if you develop a fever, muscle pain, rash or severe headache.

Water and food-borne diseases and other infectious illnesses (including typhoid, hepatitis, brucellosis and rabies) are present in KSA, with outbreaks occurring periodically. Serious outbreaks of meningitis have occurred, especially in association with the Hajj.

Good hygiene practices, including frequent handwashing, are important. Drink bottled water, avoid ice cubes and don't eat raw or undercooked food. Swimming in fresh water is not advised due to exposure to diseases such as bilharzia (schistosomiasis). Seek medical advice if suffering from fever, persistent vomiting or diarrhoea.

The standard of medical facilities in KSA varies. Major cities generally offer high quality services but smaller cities and towns are only adequate for routine procedures. Private healthcare facilities usually require payment at time of treatment. If you become seriously ill or injured, you may require medical evacuation to a location with appropriate treatment facilities and this is likely to be very expensive.

Business Hours

Offices are open 8am-2pm Sunday to Thursday. Some companies may reopen for several hours in the evening and/or Saturday mornings. Banks are open 8am-4pm Sunday to Thursday. Government ministries are usually open 8.30am-2pm Sunday to Thursday. Retailers close after noon prayer and reopen 4pm-10pm all days of the week.

All public institutions close for prayer for around half an hour, five times per day. Prayer times change as they depend on the position of the sun, but they usually occur at dawn, midday, mid-afternoon, sunset and night (around 1.5 hours after sunset).

Qatar

Entry Requirements and Restrictions

Australian visitors are eligible for a free 30-day tourist visa on arrival provided they have an onward ticket. The visa can be extended for another 30 days. The Embassy of the State of Qatar in Canberra provides information about visa requirements: www.canberra.embassy.qa/en. Qatari authorities won't issue visas in Australian emergency passports. Emergency passports can be used to exit or transit only. Passports should be carried at all times while in-country in case of security checkpoints or spot checks.

The suspension of diplomatic ties with Qatar by KSA, UAE, Bahrain, Egypt and several other countries has disrupted some air, land and sea transport links. This should be borne in mind when travelling between Gulf states.

Security Threats

Terrorism is a possibility in Qatar and the Australian Government currently (as at December 2018) advises Australians to exercise normal safety precautions. There have been calls for attacks targeting Western interests in Qatar, including residential compounds and military, oil, transport and aviation facilities. Symbols of Western culture, such as shopping malls, restaurants and recreational facilities, as well as religious facilities, may also be targets.

Political and civil unrest may occur in response to regional developments or prompted by days of national or commemorative significance. Crime rates are low in Qatar, though unaccompanied women sometimes experience verbal and physical harassment.

Religious Customs

Qatar is less conservative than KSA but more so than Dubai. Local rules and customs should be respected at all times to avoid causing offence or worse. Women and men should dress modestly, with clothing covering the shoulders and knees. Men should wear a suit and tie to business meetings. Women do not need to cover their hair. Some tourist attractions, shopping malls and other facilities will have their own dress codes displayed or on their websites.

Health

The extreme temperatures at some times of year can cause dehydration or heatstroke. Sandstorms and dust storms occur regularly and can trigger allergies and respiratory difficulties in susceptible people. Although rare, heavy rainfall and flash flooding can occur.

The standard of public medical facilities in the major cities is adequate but services are limited in remote areas. Private healthcare facilities may require payment at time of treatment or evidence of insurance coverage. If you become seriously ill or injured, you may require medical evacuation and this is likely to be very expensive.

Business Hours

Weekends are Friday and Saturday, though some trading companies may work Saturdays. Western companies are open 8am-5pm. Local and trading companies are open 7.30am-12.30pm and 3.30pm-8pm.

United Arab Emirates

Entry Requirements and Restrictions

Australian visitors are eligible for a free 30-day tourist visa on arrival. The visa can be extended for another 30 days. The Embassy of the United Arab Emirates in Canberra provides information about visa requirements: www.mofa.gov.ae/EN/DiplomaticMissions/Embassies/Canberra/Pages/home.aspx. Passports should be carried at all times while in-country in case of security checkpoints or spot checks. They are also required when checking into a hotel. Australian emergency passports are only accepted in UAE for transits of up to 96 hours.

Security Threats

Terrorism is a possibility in UAE and the Australian Government currently (as at December 2018) advises Australians to exercise normal safety precautions. There have been calls for attacks targeting Western interests, including residential compounds and military, oil, transport and aviation facilities. Symbols of Western culture, such as shopping malls, restaurants and recreational facilities, as well as religious facilities, may also be targets.

Broader conflicts in the Middle East have the potential to affect UAE. Rebel groups in Yemen have stated their intent to target neighbouring countries using drones and missiles. Political and civil unrest may occur in response to regional developments but demonstrations are rare and must be authorised by the government. Crime rates are low, though unaccompanied women sometimes experience verbal and physical harassment.

Religious Customs

Some of the seven emirates, such as Sharjah and Ajman, are more conservative than others. Local rules and customs should be respected at all times to avoid causing offence or worse. Some tourist attractions, shopping malls and other facilities will have their own dress codes displayed or on their websites.

Both women and men should dress modestly and conservatively. Women should wear clothing covering the shoulders and knees. Loose-fitting garments, such as a long dress or pants and baggy shirt are appropriate. Women do not need to cover their hair. Men should wear a suit and tie to business meetings. Evening functions can vary from a sports coats to a business suit and tie. Trousers and shirt are acceptable for casual wear.

Health

The extreme temperatures at certain times of year can cause dehydration or heatstroke. Sandstorms and dust storms occur regularly and can trigger allergies and respiratory difficulties in susceptible people. Although rare, heavy rainfall and flash flooding can occur. Flash flooding in river canyons (wadi) makes for dangerous driving conditions and has caused deaths. Morning fog in the winter months can reduce visibility, causing flight delays and road hazards. Red algae, or red tide, which can cause skin and eye irritations and breathing problems, may affect beaches from time to time.

The standard of public medical facilities in the major cities is adequate but services may be limited in remote areas. A number of private healthcare facilities, especially in Abu Dhabi, Dubai and Al Ain, meet international accreditation standards. They may require payment at time of treatment or evidence of insurance coverage. If you become seriously ill or injured, you may require medical evacuation and this is likely to be very expensive.

Business Hours

The working week can vary from business to business but is generally Sunday to Thursday. Retail and some other businesses are open six days a week, closing on Fridays. Standard business hours are 8am to 1pm, and 4pm to 7pm (avoiding the heat in the middle of the day). Ramadan work hours may be shorter. Peak traffic times are usually 6.30am to 9am and 4.30pm to 8.30pm.

Are You Ready to Export?

The following checklist provides a quick way of assessing whether your business is ready to export to the Gulf states and MENA region. You are not truly ready to manage your own export activities until you are able to answer 'Yes' to all questions!

1. Do you have a strong domestic market presence and want to expand your business operations or diversify into different markets?

☐ Yes ☐ No

2. Do you have reason to believe there is demand for your product in the relevant market?

☐ Yes ☐ No

3. Have you undertaken, or are you able to undertake, market research tailored to the relevant market?

☐ Yes ☐ No

4. Have you visited, or do you plan to visit, the importing country?

☐ Yes ☐ No

5. Have you developed a comprehensive export plan and market entry strategy for your product in the relevant market, including differentiation from competitors?

☐ Yes ☐ No

6. Have you developed a pricing strategy for your product in the relevant market?

☐ Yes ☐ No

7. Have you confirmed that it is preferable to manage your export activities within your business rather than working with a large consolidator?

☐ Yes ☐ No

8. Have you planned how you will build export capability within your business and ear-marked resources (financial, human, physical) to support this?

☐ Yes ☐ No

9. Have you considered how you will manage the risks associated with export activities, including obtaining additional insurance and incorporating a risk margin into your pricing strategy?

☐ Yes ☐ No

10. Have you identified sources of specialist legal and financial advice?

☐ Yes ☐ No

11. Are you aware of the tariffs that will apply to your product on import and factored this into your pricing strategy?

☐ Yes ☐ No

12. Does your product need to meet any specific requirements for export from Australia (such as food standards or phytosanitary certification) and have you planned how these will be met?

☐ Yes ☐ No

13. Does your product need to meet any specific requirements for import into the overseas country (such as halal certification) and have you planned how these will be met?

☐ Yes ☐ No

14. Have you selected, or do you have a plan for selecting, local partners such as customs brokers and freight forwarders?

☐ Yes ☐ No

15. Have you selected, or do you have a plan for selecting, overseas partners such as agents and distributors?

☐ Yes ☐ No

16. Have you considered whether your product will be shipped by sea or air and factored freight costs into your pricing strategy?

☐ Yes ☐ No

17. Have you planned how you will manage other stages of the supply chain, from production to buyer, and factored relevant costs into your pricing strategy?

☐ Yes ☐ No

18. o you have some understanding of terminology related to international shipping and export, such as Incoterms and foreign exchange terms?

☐ Yes ☐ No

19. Have you planned how you will ensure appropriate packaging for your product, taking into account protection from rough handling and weather conditions, temperature control, external labelling and importing country requirements?

☐ Yes ☐ No

20. Have you planned how you will ensure appropriate labelling for your product, taking into account importing country requirements?

☐ Yes ☐ No

21. Are you familiar with the export and import documentation that will be required to accompany your product?

☐ Yes ☐ No

22. Are you aware of the cultural considerations that should be considered in your dealings with overseas partners, especially in-country?

☐ Yes ☐ No

Useful Links

International trade information and data

World Trade Organisation - tariff download facility
www.tariffdata.wto.org

International Trade Centre (affiliated with WTO and UN) - market analysis tools
www.intracen.org/Itc/market-info-tools/overview

Food and Agriculture Organization of the UN – global trade data
www.fao.org/faostat/en

International Chamber of Commerce – Incoterms www.iccwbo.org/resources-for-business/incoterms-rules

International Chamber of Commerce – international contract templates
www.store.iccwbo.org/model-contracts

Market-specific information

Austrade – Saudi Arabia market profile
www.austrade.gov.au/Australian/Export/Export-markets/Countries/Saudi-Arabia/Market-profile

Austrade - Qatar market profile
www.austrade.gov.au/Australian/Export/Export-markets/Countries/Qatar/Market-profile

Austrade - United Arab Emirates market profile
www.austrade.gov.au/Australian/Export/Export-markets/Countries/United-Arab-Emirates/Market-profile

Council for Australian-Arab Relations and Australia-Arab Chamber of Commerce and Industry – business guide to Saudi Arabia
www.dfat.gov.au/geo/saudi-arabia/pages/saudi-arabia.aspx

Kingdom of Saudi Arabia - Vision 2030
www.vision2030.gov.sa/en

Qatar - National Vision 2030
www.qatarnationalvision2030.com

Trade Arabia
www.tradearabia.com

Saudi Market Information Resources
www.saudinf.com

Council of Saudi Chambers
www.csc.org.sa/english

Qatar Chamber of Commerce and Industry
www.qatarchamber.com

Dubai Chamber
www.dubaichamber.com

Abu Dhabi Chamber
www.abudhabichamber.ae

Saudi Arabia Customs
www.customs.gov.sa/en

General Authority of Customs State of Qatar
www.customs.gov.qa/eng

Dubai Municipality – food importation and food safety
www.dm.gov.ae/en/Business/FoodSafetyDepartment

Gulf Cooperation Council Standardisation Organisation – labelling standards
www.gso.org.sa/en

Embassy of Saudi Arabia in Canberra
www.embassies.mofa.gov.sa/sites/australia/EN/Pages/default.aspx

Embassy of Qatar in Canberra
www.canberra.embassy.qa/en

Embassy of the United Arab Emirates in Canberra
www.mofa.gov.ae/EN/DiplomaticMissions/Embassies/Canberra/Pages/home.aspx

South Australian Government

Department for Trade, Tourism and Investment – resources for exporters
www.dtti.sa.gov.au/trade/exporting-from-south-australia

Department for Trade, Tourism and Investment - Export Accelerator Program
www.dtti.sa.gov.au/saea

Department for Industry and Skills – doing business overseas
www.business.sa.gov.au/running-your-business/Business-essentials/Doing-business-overseas

Department for Primary Industries and Regions – resources for producers and exporters
www.pir.sa.gov.au/home

SA Regional Growth Fund grants
www.pir.sa.gov.au/regions/grants.

Federal Government

Business.gov.au – funding assistance
www.business.gov.au/Assistance

Austrade
www.austrade.gov.au

Austrade - international readiness indicator
www.austrade.gov.au/Australian/Export/Guide-to-exporting/International-Readiness-Indicator

Austrade – export plan template www.austrade.gov.au/Australian/Export/Guide-to-exporting/Export-strategy

Austrade – Export Market Development Grants
www.austrade.gov.au/Australian/Export/Export-Grants/About/what-is-emdg

Austrade - fresh fruit and vegetables export requirements www.austrade.gov.au/fresh-fruit-veg

Austrade – Australian Suppliers Directory
www.austrade.gov.au/asd

Austrade – Expo 2020 Dubai
www.austrade.gov.au/events/events/expo-2020-dubai

The Australian Border Force (Customs)
www.abf.gov.au

The Australian Border Force – Trusted Trader program www.abf.gov.au/about-us/what-we-do/trustedtrader

Department of Home Affairs – export information www.homeaffairs.gov.au/busi/cargo-support-trade-and-goods

Department of Home Affairs – Export Control Manual
www.homeaffairs.gov.au/busi/cargo-support-trade-and-goods/exporting-goods/export-declarations

Department of Foreign Affairs and Trade – free trade agreement portal
www.ftaportal.dfat.gov.au

Department of Foreign Affairs and Trade – Smartraveller
www.smartraveller.gov.au/Pages/default.aspx

Council for Australian-Arab Relations
www.dfat.gov.au/people-to-people/foundations-councils-institutes/caar/Pages/council-for-australian-arab-relations.aspx

Department of Agriculture and Water Resources - export information
www.agriculture.gov.au/export

Department of Agriculture and Water Resources - Manual of Importing Country Requirements
www.agriculture.gov.au/export/micor

Department of Agriculture and Water Resources – Plant Export Operations Manual
www.agriculture.gov.au/export/controlled-goods/plants-plant-products/plantexportsmanual

Department of Agriculture and Water Resources – export of non-prescribed goods
www.agriculture.gov.au/export/controlled-goods/non-prescribed-goods

Export Control (Milk and Milk Product) Orders 2005
www.legislation.gov.au/Details/F2005L02871

Export Control (Plants and Plant Products) Order 2011
www.legislation.gov.au/Details/F2011L02005

Australian Competition and Consumer Commission – SCAMWatch
www.scamwatch.gov.au

Australian Bureau of Statistics – Australian Harmonised Export Commodity Classification data
www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/1233.0Main+Features1Jan%202017?OpenDocument

Industry bodies – food

Australian Horticultural Exporters' and Importers' Association
www.horticulturetrade.com.au

AusVeg
ausveg.com.au

Dairy Australia
www.dairyaustralia.com.au

Dairy Australia – export and trade information www.dairyaustralia.com.au/Industry/Exports-and-trade

FIAL
wwww.fial.com.au

FIAL grants
www.fial.com.au/connection-to-funding

Australian Food Catalogue
www.australianfoodcatalogue.com.au

Food South Australia
www.foodsouthaustralia.com.au

Food standards

Food Standards Australia New Zealand – Food Standards Code
www.foodstandards.gov.au/code/Pages/default.aspx

Codex Alimentarius (Food Code) www.fao.org/fao-who-codexalimentarius/en

Australia New Zealand Dairy Authorities' Committee – heat treatment
www.agriculture.gov.au/export/controlled-goods/dairy/links/pasteurisers

Dairy Food Safety Victoria - Dairy Pathogen Manual
www.dairysafe.vic.gov.au/publications-media/regulations-and-resources/guidelines

Dairysafe – resources on food safety
www.dairy-safe.com.au/publications-media/regulations-resources

Department of Agriculture and Water Resources – halal certifiers
www.agriculture.gov.au/export/controlled-goods/meat/elmer-3/list-islamic-halal-certification

Halal Australia
www.halal-australia.com.au

Industry bodies – logistics and other

Export Council of Australia
www.export.org.au

Freight and Trade Alliance
www.ftalliance.com.au

Customs Brokers and Forwarders Council of Australia
www.cbfca.com.au

South Australian Freight Council
www.safreightcouncil.com.au

Supply Chain and Logistics Association of Australia
www.sclaa.com.au

Customer Service Institute of Australia
www.csia.com.au

Chambers of commerce

Business SA
www.business-sa.com/Home

Australia Arab Chamber of Commerce and Industry
www.austarab.com.au

Australia Saudi Business Council
www.australiasaudicouncil.com.au

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