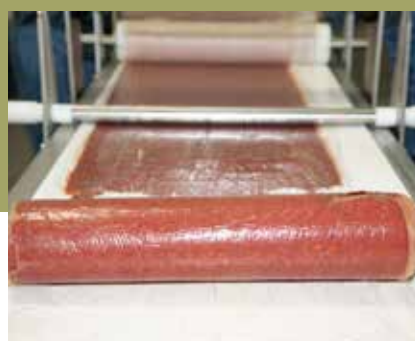


# THE STATE OF PALESTINE NATIONAL EXPORT STRATEGY AGRO-PROCESSED MEAT SECTOR EXPORT STRATEGY 2014-2018



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# THE STATE OF PALESTINE NATIONAL EXPORT STRATEGY AGRO-PROCESSED MEAT SECTOR EXPORT STRATEGY • 2014-2018





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This document represents the ambitions of the private and public stakeholders who dedicated long hours to define the enhancements and future orientations for the sector to increase its export performance and growth (full list of stakeholders in Appendix 1).

Guidance and support were provided to the project by the following key personnel.

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## ACRONYMS

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FPCCIA	Federation of Palestinian Chambers of Commerce, Industry and Agriculture	PEC	Palestinian Export Council
GDP	Gross Domestic Product	PFI	Palestinian Federation of Industries
HACCP	Hazard Analysis and Critical Control Points	PFIU	Palestinian Food Industries Union
HS	Harmonized System	PIPA	Palestine Investment Promotion Agency
ISO	International Organization for Standardization	PNA	Palestinian National Authority
ITC	International Trade Centre	PoA	Plan of Action
MoA	Ministry of Agriculture	PPU	Palestine Polytechnic University
MoF	Ministry of Finance	PSI	Palestine Standards Institution
MoFA	Ministry of Foreign Affairs	PWA	Palestinian Water Authority
MoH	Ministry of Health	SME	Small or Medium Enterprise
MoL	Ministry of Labour	SPS	Sanitary and Phytosanitary
MoNE	Ministry of National Economy	TSI	Trade Support Institution
MoWA	Ministry of Women Affairs	TSN	Trade Support Network
NES	National Export Strategy	TVET	Technical and Vocational Education and Training
OECD	Organisation for Economic Co-operation and Development	UAE	United Arab Emirates
PalTrade	Palestinian Trade Centre	UN	United Nations
PCBS	Palestinian Central Bureau of Statistics	UNDP	United Nations Development Programme



Source: © PalTrade.

# EXECUTIVE SUMMARY

## CURRENT CONTEXT

The Palestinian meat processing sector consists of 15 firms, which have collectively achieved a 90% share of the domestic market. However, they export only about 6% of their production<sup>1</sup> and have heavily over-invested in production capacity. If these firms are to continue growing and earn satisfactory returns on their capital investments, penetrating export markets is a necessary next step. The sector also represents one of the country's best, untapped sources of exports. Its ready production capacity, satisfaction of international health standards, and reliably strong global market could make this sector a relatively 'quick win' for the country's overall export strategy. The sector's success would likely also provide positive spillover effects for the domestic livestock sector and Palestinian food security, and be a powerful demonstration for all other sectors with serious export aspirations.

## EXPORT PERFORMANCE

Between 2007 and 2011 the State of Palestine exported an annual average of US\$4.8 million in processed meat. Of that, 99.4% is made up of only six products at the

1. The value of the processed meat sector's total output in 2012 is estimated at US\$70 million by Mr. Fuad Issa Akra, Executive Director of the Palestinian Food Industries Union (PFIU). According to UN Comtrade data, an average of US\$4.6 million worth of that was exported each year from 2009 to 2011. On this basis, it is estimated that 5.75% of Palestinian-produced processed meat is exported in a typical year.

Harmonized System (HS) six-digit level. Sausages and similar products (HS-160100) alone account for 85%, with half of that going to Jordan. This is a risky position as a single event, for example a health scare associated with Palestinian sausage in Jordan, could halt imports and shut out 42% of the State of Palestine's total exports in the sector.

Sausages are the only processed meat product consistently exported to several countries. Israel has been the sole importer of the other goods during this period, with the exception of an almost negligible amount of frozen, bone-in beef cuts to Jordan in 2011. Because Jordan imports the most sausage and Israel imports the most products, the two countries accounted for 81% of Palestinian processed meat exports between 2007 and 2011. Beyond its neighbours Israel and Jordan, the State of Palestine exports the most overall to the Gulf states of the United Arab Emirates (UAE), Saudi Arabia, and Kuwait.

## OPTIONS FOR FUTURE DEVELOPMENT

The sector's current export performance is far from its full potential. That potential is articulated by the following sector vision:

“ To achieve international competitiveness and global brand recognition as a reliable supplier of quality processed meat products, leading to high sector growth and socioeconomic impact. ”



To achieve this vision the strategy will reduce the binding constraints on trade competitiveness and capitalize on strategic options identified for the Palestinian processed meat sector. The strategic orientations for the next five years aim at developing key markets in the short and medium terms for Palestinian exporters, and facilitating structural changes in the value chain to increase its efficiency and value generation.

The short term market development of the sector will focus on selected products in such target destinations as the UAE, Saudi Arabia, Japan and Canada. In the medium term the strategy will enable exporters to expand their export reach through the supply of new products to selected target markets such as Switzerland, Austria, Slovenia, Slovakia, and Romania.

## ROADMAP FOR SECTOR DEVELOPMENT

The sector strategy vision will be achieved through the implementation of the Plan of Action (PoA) for the sector. This PoA revolves around the following four strategic objectives, each spelling out specific sets of activities intended to address both challenges and opportunities facing the sector:

- Enhance the sector's access to trade-related information and knowledge;
- Enhance the competitiveness of meat processing companies through effective trade promotion activities;
- Formulate, adopt and improve local regulations and trade policies in favour of the sector's growth and development;
- Enable Palestinian processed meat enterprises to produce high quality products according to international standards.

This will require a number of steps to increase competitiveness, such as:

- Getting recognition in target markets of a Palestinian certifying body for food safety and quality;
- Providing Palestinian firms with actionable intelligence on consumer preferences and market characteristics in target markets;
- Building research, development, design, and quality management capacity to adapt products to target markets; and
- Strengthening suppliers of local content, as a way of lowering costs and deepening socioeconomic impact.

## TARGET MEASURES

If the sector's PoA is fully implemented, the sector should expect to meet the following targets:



Source: © PalTrade.

- Increase the number of regular markets from five to nine and the number of markets importing US\$ 500,000 or more each year from two to five;
- Steadily increase annual average growth from 20% now to 40% in five years;<sup>2</sup>
- Quadruple the value of processed meat exports by 2020.

## IMPLEMENTATION MANAGEMENT

The PoA calls for a range of activities to help achieve these ambitious targets through coordinated efforts from all relevant private and public stakeholders, as well as support from key financial and technical partners, donors, and investors.

Several institutions are designated to play a leading role in the implementation of the sector PoA and bear the overall responsibility for successful execution of the strategy. They will be assisted by a range of support institutions that are active in the meat processing sector. Each institution mandated to support the sector's export development is clearly identified in the strategy PoA. Moreover, the proposed Palestinian Export Council (PEC) and its Executive Secretariat will play a coordinating and monitoring role in the implementation of the strategy in the overall framework of the National Export Strategy. In particular, PEC will be tasked with coordinating the implementation of activities in order to optimize the allocation of both resources and efforts across the wide spectrum of stakeholders.

2. Ninety-three countries had positive growth in both the periods 2006-2011 and 2010-2011. These countries averaged 41% growth for each of the years from 2007-2011, while the State of Palestine had only 20%. Considering the strengths of processed meat in the State of Palestine, its ready production capacity, and the fact that the PoA will reorient the sector toward exports, full implementation of the PoA should allow it to achieve at least the same level of growth.

## Box 1: Methodological note

The approach used by ITC in the strategy design process relies on a number of analytical elements such as value chain analysis, trade support network (TSN) analysis, problem tree, and strategic options selection, all of which form major building blocks of this sector export strategy document.

### **Value chain analysis**

A comprehensive analysis of the sector's value chain is an integral part of the strategy development process. This analysis results in the identification of all players, processes and linkages within the sector. The process served as the basis for analysing the current performance of the value chain and for deliberating on options for the future development of the sector.

The analysis charts the main stages involved in the sector's export process, from inputs sourcing to distribution in market segments. This is followed by the identification of key stakeholders, which includes not just the primary players (e.g. producers, processors, distributors etc.) but also those fulfilling support functions with direct linkages to the primary players. These support services include input providers (meat suppliers, equipment suppliers etc.), transportation service providers, packaging houses, and financial service providers, among others.

### **TSN analysis**

The trade support network comprises the support services available to the primary value chain players discussed above. It is comprised of policy institutions, trade support organizations and business services providers. An analysis of the quality of service delivery and constraints affecting the constituent trade support institutions (TSIs) is an important input to highlight gaps in service delivery relative to specific sector needs. A second analysis of TSIs assessed their level of influence (i.e. their ability to influence public policy and other development drivers in the country and therefore make things happen or change) and their level of capacity to respond to the sector's needs.

### **Problem tree analysis**

The problem tree analysis used is based on the principles of root cause analysis and the Pareto principle. The reason for using the problem tree exercise is to gain a deeper understanding of what is causing the high level constraints, and where solution-seeking activities should be directed. This exercise involves a two-step process.

- First the value chain analysis, surveys, and consultations with key public and private stakeholders identify constraints affecting sector-specific export value chains. These constraints are abstract and a more thorough breakdown is required to identify the specific root causes of constraints. Multiple levels of root causes are identified for each high-level constraint.
- Second, the problem tree uses the Pareto principle to identify critical root causes in the problem tree. This is especially important for resource limitations that usually exist during the strategy implementation phase. Therefore focus is needed on the 20% of the root causes which result in 80% of constraints affecting the sector. Critical paths through the problem tree are charted to discover the most significant root causes constraining the sector.

These steps resulted in a comprehensive problem tree detailing the constraints affecting the sector's export value chain, along with characterisations related to the types, granularity and intensity of the root causes. The problem tree then guides the design of the solution-seeking phase of the strategy.

### **Defining where we want to go**

The strategic options for the development of the sector are reflected in the future value chain, which is the result of consultations, surveys and analysis conducted as part of the sector strategy design process. The future perspective has two components:

- A market-related component involving identification of key markets in the short and medium – to-long term for Palestinian exporters, and;
- Structural changes to the value chain that result in either strengthening of linkages, or introduction of new linkages.

Both components are integral parts of the future value chain, which is the basis of the strategic plan of action developed for the sector.





Source: © PalTrade.



# INTRODUCTION

In its simplest form the processing of meat may be minimal, turning livestock into carcasses or cuts of meat, with or without bones, and chilled or frozen for preservation. These are the types of products covered by the Harmonized System of tariffs code HS-02, meat and edible meat offal. HS-16, food preparations of meat, fish, and seafood, covers higher value-added processed meats such as sausages. In this strategy paper, the products under HS-02 and HS-16 are collectively referred to as 'processed meat'.

The processed meat sector in the State of Palestine generated US\$70 million in revenue in 2012, or about 7% of the overall food and beverage sector,<sup>3</sup> and 1% of national gross domestic product (GDP).<sup>4</sup> Within the food and beverage sector, the Executive Director of the Palestinian Food Industries Union (PFIU) cites three subsectors as the most important: dairy, olive oil, and processed meat. Apart from its high annual sales, processed meat has played an important role in modernizing Palestinian industry. It was the first sector to adopt internationally recognized food safety management systems, and as of 2010 four companies were ISO 22000-certified.<sup>5</sup>

The food industry in the State of Palestine began in the early 20th century with the establishment of several factories and food processing shops.<sup>6</sup> Among these was the current domestic market leader Siniora Food Industries,<sup>7</sup>

which was established in Jerusalem in 1920. However, the sector has never been as dynamic as in the last 20 years.

The mid-1990s saw many changes in the sector with the establishment of new companies; the acquisition of the largest meat processor by the Arab-Palestinian Investment Company; the advent of internationally recognized food safety standards that enabled participation in foreign markets; and the founding of PFIU. Shortly after the turn of the century, measures by the Palestinian National Authority (PNA) to encourage consumption of domestically produced food were successfully implemented. At the same time, the drop in GDP per capita which followed the beginning of the second intifada has increased demand for processed meats as a cheaper substitute for fresh meats. Relative to many other sectors in Palestinian industry, the processed meat sector has actually grown stronger since the second intifada began.

The combination of these factors has made processed meat one of the most domestically dominant sectors with 90%<sup>8</sup> of market share and a wide variety of products that includes sausage, luncheon meat, hamburger, canned meat, roasts, frankfurters, prime cuts, dried beef, and mortadella. Siniora alone says it produces more than 70 varieties.

This strong domestic supply contributes to food security both directly and by linking domestic farmers to consumers, domestic and foreign. Several producers export significant amounts of sausage but there is much room for growth as the variety of processed meat products exported, the number of importing countries, and the share of production exported are quite narrow.

3. Akra, Fuad Issa, Executive Director of Palestinian Food Industries Union (2013). Interview by A. Deeb. May 2013.

4. Based on 2010 gross domestic product of US\$7.35 billion, in current dollars, as reported by: United Nations Statistics Division (2013). State of Palestine. Available from: <http://data.un.org/CountryProfile.aspx?crName=State%20of%20Palestine>. Accessed 13 June 2013.

5. Akra, F. I. (May 2010). The Palestinian Food-Processing Sector: Its Impact on Agricultural Development. Available from: <http://www.thisweekinpalestine.com/details.php?id=3111&ed=182&edid=182>

6. Akra, F. I. (June 2007). Best Foods from Palestine. Available from: <http://www.thisweekinpalestine.com/details.php?id=2156&ed=142&edid=142>

7. Massar Associates (2002). *Sector Report: Food and Beverage Manufacturing in West Bank/Gaza*. Arlington, Virginia: The Services Group.

8. United States Agency for International Development and Palestinian Federation of Industries (2009). *The Current Status of Industrial Sector in Palestine*.

# WHERE WE ARE NOW

## STRUCTURE OF THE SECTOR

The processed meat sector in the State of Palestine consists of 15 factories.<sup>9</sup> Together they produce about 1,800 tons per month.<sup>10</sup> Most output is sold in the Palestinian market, although at least 10 firms export to Israel, Jordan, and several Gulf states.<sup>11</sup>

9. Akra, F. I. (May 2010). The Palestinian Food-Processing Sector: Its Impact on Agricultural Development. Available from: <http://www.thisweekinpalestine.com/details.php?id=3111&ed=182&edid=182>

10. Akra, Fuad Issa, Executive Director of Palestinian Food Industries Union (2013). Interview by A. Deeb. May 2013.

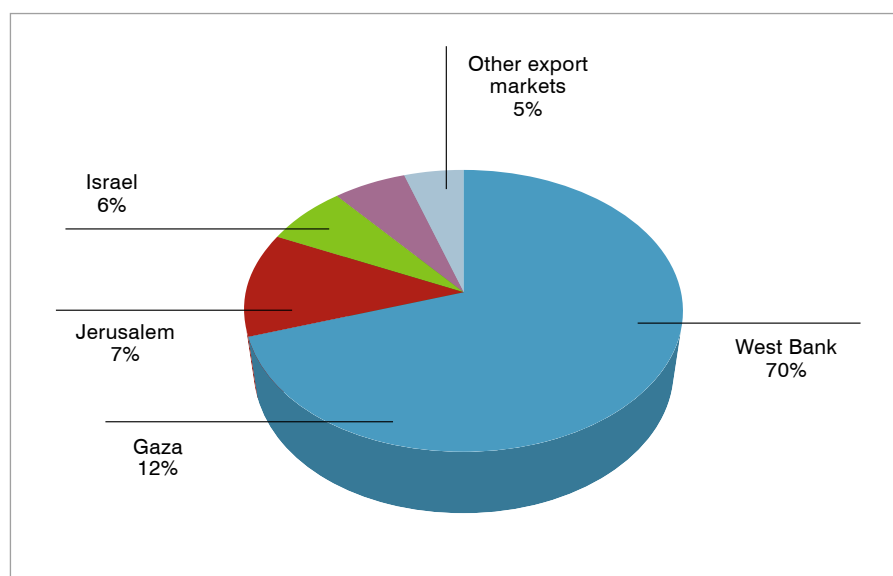
11. Akra, F. I. (May 2010). The Palestinian Food-Processing Sector: Its Impact on Agricultural Development. Available from: <http://www.thisweekinpalestine.com/details.php?id=3111&ed=182&edid=182>

The Palestinian share of the domestic market climbed greatly over the last decade, going from about 65% in 2002<sup>12</sup> to 90% today. Israeli firms possess most of the remaining Palestinian market share.<sup>13</sup> The local market size for processed meat is limited and almost all companies have set goals to export to regional or international markets. Various private sector organizations (e.g. PalTrade, Palestinian Federation of Industries (PFI)) have programmes and activities to help companies build their export readiness, capacity, and knowledge.

12. Massar Associates (2002). *Sector Report: Food and Beverage Manufacturing in West Bank/Gaza*. Arlington, Virginia: The Services Group.

13. On average between 2007 and 2010, 77% of imports of HS-02 and HS-16 products, according to ITC based on UN Comtrade statistics.

Figure 1: Share of the State of Palestine's processed meat supply, by destination market



Source: ITC based on UN Comtrade statistics

The majority of raw meat, the sector's largest input by share of total costs (30%-35%), is imported. This is a consequence of the high cost and low supply of domestic meat production, as well as inadequate industrial infrastructure.

The processed meat sector employs about 500 workers directly and another 2,000 indirectly on turkey farms and in product distribution.<sup>14</sup> With an average of about 30 employees per firm, meat processing firms are among the largest employers in the overall food and beverage sector, in which only about 3% of firms have 20 or more employees.<sup>15</sup>

Salwa Food Products, which a 2002 study by Massar Associates called the leading exporter of salami and canned meat,<sup>16</sup> exports only 10% of its production. All of that goes to Jordan, although the company has plans to promote its products in Saudi Arabia and Egypt.<sup>17</sup>

Overall, the sector is advantaged by high technical capacities and decades of experience producing a good range of differentiated products, much of which already meets exacting international standards for safety and quality. Scaling up the sector to make it globally competitive is an obvious next step which, despite the sector's advantages, is really more of a big leap. The sector has close to no experience with non-Arab markets, leaving it at a loss in terms of product design, marketing and distribution. Skilled labour is in short supply, inputs are relatively expensive, and gaps in the industrial infrastructure hinder the sector's ability to compete. Fortunately, the disadvantages are not insurmountable. With the concerted

efforts of the PNA, donor community and private sector, this sector is better positioned than almost any in the State of Palestine to ramp up exports and help build the country's commercial image on the international stage.

## INVESTMENT NEEDS OF THE SECTOR

In a 2009 survey<sup>18</sup> stakeholders in the food and beverage sector were asked about investment needs in five areas: machines and technology, certification, new market penetration, product development, and strategic alliances and partnerships (see figure 2). The area most cited (72%) as needing investment was machines and technology. This would include not only meat processing equipment but also slaughterhouses and cooling facilities, which could alleviate major bottlenecks in the current value chain. For example, the processed meat sector currently takes in 20% of Palestinian turkey production, but with investment in these facilities and large turkey farms, the Executive Director of PFIU believes the processed meat sector would absorb 100% of domestic turkey production.<sup>19</sup>

Only two other areas were cited by a majority of stakeholders: product development (66%) and new market penetration (55%). These areas are essential to export development and the fact that there is sector-wide agreement about their importance is an indication of the sector's readiness to grow internationally. This may be especially true of the processed meat subsector, since the 90% domestic market share it enjoys is the highest of any food and beverage subsector, leaving it almost no room to grow without more exports.

14. Akra, F. I. (May 2010). The Palestinian Food-Processing Sector: Its Impact on Agricultural Development. Available from: <http://www.thisweekinpalestine.com/details.php?id=3111&ed=182&edid=182>

15. Massar Associates (2002). *Sector Report: Food and Beverage Manufacturing in West Bank/Gaza*. Arlington, Virginia: The Services Group.

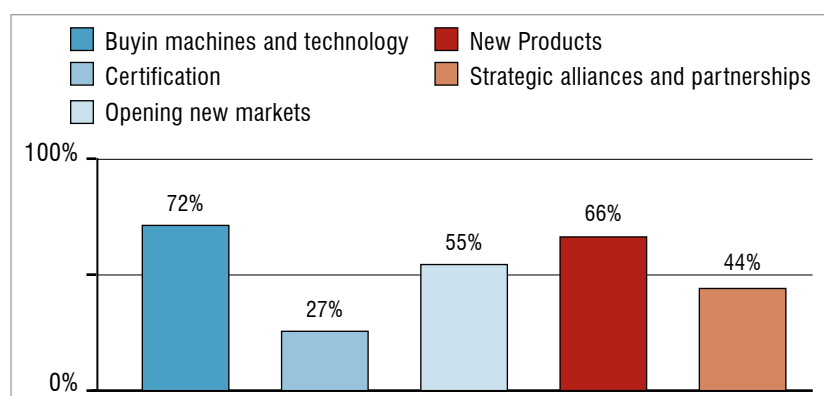
16. *Ibid*.

17. Salwa Food Company (2013). About Us. Available from: <http://www.salwa.ps/en/about-us.html>

18. United States Agency for International Development and Palestinian Federation of Industries (2009). *The Current Status of Industrial Sector in Palestine*.

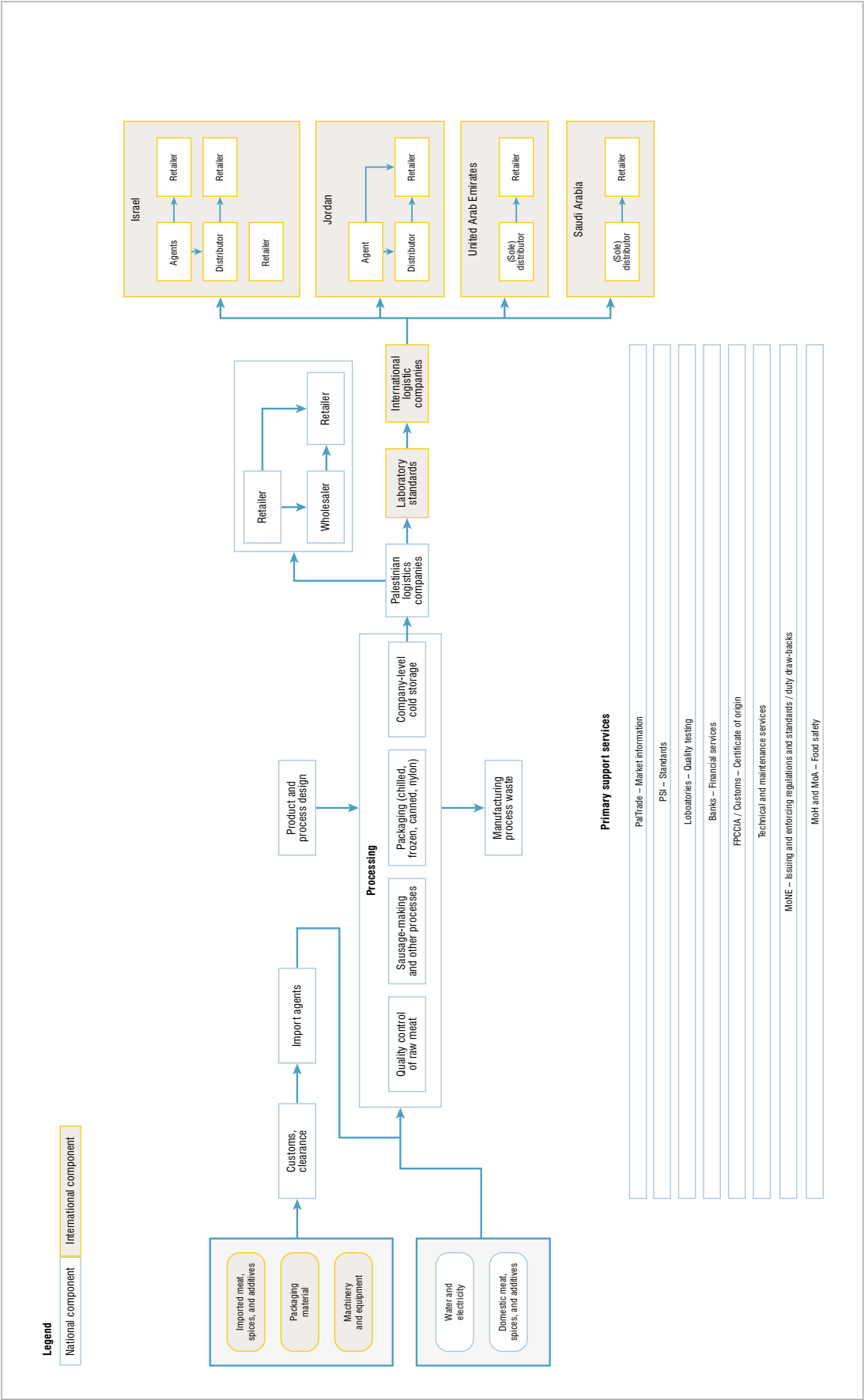
19. Akra, F. I. (May 2010). The Palestinian Food-Processing Sector: Its Impact on Agricultural Development. Available from: <http://www.thisweekinpalestine.com/details.php?id=3111&ed=182&edid=182>

Figure 2: Views from food and beverage stakeholders on investment needs



**Source:** United States Agency for International Development and Palestinian Federation of Industries (2009). *The Current Status of Industrial Sector in Palestine*.

FIGURE 3: SECTOR VALUE CHAIN



## VALUE CHAIN OPERATIONS

### INPUT SOURCING

The processed meat sector relies primarily on the seven following types of inputs:

- Raw meat: primarily beef, poultry and fish purchased domestically and imported;
- Additives: for example, salt, spices, curing agents and binding agents;
- Utilities: water and electricity;
- Packaging: for preservation of quality, extension of shelf life and marketing;
- Skilled labour: for product design, equipment operation and maintenance, quality assurance, packaging, marketing and management;
- Machinery: saws, slicers, grinders, scales, mixers, injectors, sausage stuffers, vacuum sealers and transportation equipment, among others;

At the beginning of the value chain is livestock, the sector's most fundamental input and largest cost, accounting for 30%-35% of the price of processed meats. Beef, turkey and chicken are the meats most commonly imported and transformed for export – in the form of sausages and similar products. There is little comparable data on domestic production and imports of these live animals as raw materials, but a look at cattle in 2008 shows that Palestinians produced 5,047 tons<sup>20</sup> of cattle in the same year that 38,537 tons were imported.<sup>21</sup> Interviews with sector stakeholders validate the conclusion that 2008 was not an exceptional year and that a large majority of the raw meat input for processing is imported.

### PRODUCTION AND TRANSFORMATION

Each type of processed meat goes through different production processes, although there is considerable overlap among them. Processing may be relatively low for prime cuts or hamburger, but many of the products sold by companies like Siniora and Salwa –sausages, frankfurters, mortadella, and canned meat– require more extensive processing. The following five-step process is used internationally in the production of fresh sausages, by far the State of Palestine's largest processed meat export. Additional steps are given for the production of cooked and dried sausages.

#### FRESH SAUSAGE PRODUCTION PROCESSES

1. Grinding meat: this is done to chilled meat, for health reasons, or frozen meat, for quality and efficiency reasons.
2. Adding non-meat ingredients: these may include salt, spices, curing agents, and binding agents.
3. Blending: this should be done to achieve uniform distribution in a way that controls unwanted chemical reactions and excessive heat from friction.
4. Stuffing: the simplest way to do this is by hand, but larger manufacturers may use automatic stuffers with air or water pistons.
5. Packaging: fresh sausages are often sold on trays and wrapped in plastic according to sanitary standards, and possibly with appropriate marketing value.

#### ADDITIONAL STEPS FOR COOKED AND SMOKED SAUSAGES

6. Smoking: this is done to dry and cure the sausage, while adding taste and flavour. It is typically done with natural smoke from hardwoods or fruitwoods. This step may be skipped for some dry sausages.
7. Cooking: this is done to kill bacteria and parasites, as well as add flavour. Cooking may be done in an oven or a heated water bath. Temperature must be monitored. This step may be skipped for some dry sausages.
8. Showering: this done to maintain humidity, while halting the cooking process.
9. Chilling: chilling for several hours prevents bacterial growth and maintains product quality.
10. Peeling: this removes inedible casings.

#### ADDITIONAL STEPS FOR DRY SAUSAGES

11. Blending special curing ingredients: salt, nitrates and/or nitrites, and sometimes anti-oxidants are added after grinding to cure the meat. Controlled bacterial fermentation is then used to achieve the desired flavour.
12. Drying: this process, which can last from 10 to 120 days depending on sausage dimensions and type, and is done in a way to maintain moisture and the moisture-to-protein ratio within target ranges for health and quality.

These processes make intensive use of water, technology and skilled labour, all of which are relatively scarce and expensive in the State of Palestine. There are shortages of machines and equipment for deboning, quality assurance, packaging, and energy efficiency. This directly affects the sector's ability to develop new products, meet international quality and health standards, market effectively, and keep costs down.

20. Palestinian Ministry of Agriculture (2010). *Agriculture Sector Strategy: "A Shared Vision,"* 2011-2013.

21. International Trade Centre (2010). Trade Map. Available from Trade Map: [www.trademap.org](http://www.trademap.org). Accessed 27 May 2013.

## DISTRIBUTION TO MARKET

Most production is destined for the Palestinian market, passing directly to retailers or through wholesalers. Products being exported are either shipped by the manufacturer or through a customs broker to agents or distributors in the cases of Jordan, where about half of Palestinian processed meat exports were sold between 2007 and 2011, the UAE (9%) and Kuwait (6%). In the case of Israel, the second largest export market (31%), goods are sold to agents and distributors but also directly to retailers.

## SECTOR IMPORTS

A look at the State of Palestine's imports of meat and edible meat offal (HS-02) for the years 2007-2010 show turkey and beef to be the most imported processed meats. Turkey alone represents over two-thirds, and together with beef they account for 94% of all processed meat imports to the State of Palestine. More than 90% of each meat arrives in the form of frozen cuts, and all of the products in HS-02 are only minimally processed, from carcasses to cuts, sometimes deboned, and then chilled or frozen.

**Table 1:** Average annual value of Palestinian raw meat imports (HS-02), 2007-2010, by product and country (in US\$ thousands)

Code	Leading products imported	Leading countries exporting raw meat (HS-02) to the State of Palestine							Total, by product (incl. countries not shown)	Share of meat imports (%)
		Israel	Brazil	Australia	Canada	China	New Zealand	Argentina		
020727	Turkey, cuts & offal, frozen	11 470							11 504	61
020230	Bovine cuts boneless, frozen	42	1 808	218	350	259	35	25	2 836	15
020220	Bovine cuts bone in, frozen	1 688	5	11		5		1	1 730	9
020725	Turkey, whole, frozen	730							730	4
020726	Turkey, cuts & offal, fresh or chilled	497							497	3
020734	Ducks/geese/guinea fowl, fatty livers, fresh/chilled	467							467	2
021091	Meat and edible offal, salted, in brine, dried or smoked, and edible	270							270	1.4
020442	Sheep cuts, bone in, frozen			153			47		256	1.3
020441	Sheep carcasses and half carcasses, frozen			49			74	33	156	0.8
020120	Bovine cuts bone in, fresh or chilled	108							108	0.6
Total, by country (incl. products not shown)		15 435	1 956	455	350	264	162	94	18 967	
Share of Palestinian market		81%	10%	2.4%	1.8%	1.4%	0.9%	0.5%		

Green shading indicates the largest source for a given Palestinian import

**Source:** ITC calculations based on UN Comtrade statistics



Effectively all imported turkey comes from Israel, while frozen beef cuts are mostly split between Israel and Brazil. Israel supplies 98% of the State of Palestine's bone-in frozen beef, while Brazil supplies 64% of the State of Palestine's boneless frozen beef.

As 90% of the Palestinian market for processed meat is supplied by domestic producers at least a majority, if not all, of these imports are destined for Palestinian meat processors. These firms use the products as inputs for the production of the higher value-added category of HS-16: food preparations of meat and seafood.

The majority of higher value-added processed meat (HS-16) imports to the landlocked State of Palestine is understandably in seafood. Thailand, Israel and Portugal provide the State of Palestine with almost US\$5 million worth of tuna, mackerel, sardines, shrimp, and the like in an average year (see table 2).<sup>22</sup>

There are, however, significant imports in one product category which the State of Palestine exports in significant quantities. In 2007-2010, the State of Palestine exported an annual average of US\$3.8 million worth of processed meat and seafood (HS-16), with about 95%, or US\$3.6 million, being in sausages or similar products (HS-160100). During the same period the State of Palestine imported US\$2.9 million per year in the same product category, all of it from Israel.



Source: © Alpha.

Although the value of the State of Palestine's exports and imports for this strategic product are comparable, it is mostly a reflection of the country's underperformance in exports. At the moment the imported volume itself does not represent a major threat to Palestinian producers, who hold 90% of domestic market share after two decades of strong and steady growth.

22. ITC calculations based on UN Comtrade statistics

Table 2: Average annual values and top suppliers for all Palestinian imports under HS-16 since 2008

HS code	Description	Average annual value, 2007-2010 (in US\$ thousands)	Top suppliers (2010 exports, in US\$ thousands)
160414	Tuna, skipjack, and Atlantic bonito, prepared/preserved, whole/in pieces, ex. minced	3 861	Thailand (1 624) Israel (1 056)
160100	Sausage and similar products of meat, meat offal/blood and food preparations based on these products	2 865	Israel (3 440)
160415	Mackerel, prepared or preserved, whole or in pieces, but not minced	461	Portugal (545) Thailand (127)
160413	Sardines, sardinella, and brisling or sprats prepared or preserved, whole or in pieces, ex. minced	392	Israel (164) Portugal (113)
160250	Bovine meat and meat offal not elsewhere specified, excluding livers, prepared or preserved	284	Israel (154) Belgium (97)
160420	Fish prepared or preserved, except whole or in pieces	25	Portugal (61)
160520	Shrimps and prawns, prepared or preserved	13	Israel (7)
160231	Turkey meat and meat offal prepared or preserved, excluding livers	9	Israel (10)

Source: ITC calculations based on UN Comtrade statistics

## GLOBAL MARKETS – A SNAPSHOT

A common starting point for the development of an export strategy is an analysis of global markets for the products in question. Therefore, it is necessary at this point to exclude any products which have already been identified as nonstrategic. While the foregoing analysis has included product categories under HS-02 (meat and edible meat offal) and HS-16 (food preparations of meat, fish, and seafood), the former is minimally processed and of relatively low added value. This should be considered nonstrategic, and in the section 'the State of Palestine's export performance' a case is made for focusing the export strategy only on products under HS-16.

Within HS-16 there are only eight products at the six-digit level which do not pertain to fish, seafood, swine, or low-value meat extracts. As the State of Palestine has almost no natural resources in fish and seafood and is culturally averse to swine this strategy and, therefore, the analysis of global markets in this section, will focus on the eight products listed in table 3.

## GLOBAL IMPORTS

The value of global sausage imports more than tripled between 2001 and 2011, going from US\$ 1.27 billion to US\$ 4.03 billion. In 2009 and 2010, the two years immediately after the recent global recession, import values were a negligible 1.5% lower than 2008. With that exception, since 2001 every year's market value has exceeded the previous year, setting a new all-time high.

Throughout this century the world's two largest importers have been the United Kingdom of Great Britain and Northern Ireland and Germany, which in 2012 accounted for a combined 24% of global import demand (as shown in table 4). Japan, France, and Belgium have traded the third, fourth, and fifth place spots over the last 12 years, and in 2012 accounted for another 17% of the market.

**Table 3:** *Palestinian exports and the world market value for all processed meat products (at the HS six-digit level) which are not based on fish, seafood, swine, or meat extracts*

HS Code	Description	Value imported by the world, 2012 (US\$ thousands)	Average annual value exported by the State of Palestine, 2007-2011 (US\$ thousands)
160232	Fowl (gallus domesticus) meat, prepared or preserved	6 781 114	8
160100	Sausage & similar products of meat, meat offal/blood & food preparations based on these products	4 147 678	3 601
160250	Bovine meat and meat offal n.e.s., excluding livers, prepared or preserved	2 217 105	46
160231	Turkey meat and meat offal prepared or preserved, excluding livers	824 391	No experience since at least 2007
160239	Domesticated fowl, duck, goose & guinea fowl meat & meat offal, prepared or preserved, excluding livers	553 058	No experience since at least 2007
160290	Meat, meat offal or blood, prepared or preserved, n.e.s.	351 215	No experience since at least 2007
160220	Livers of any animal, prepared or preserved	266 389	No experience since at least 2007
160210	Homogenized preparations of meat and meat offal	191 539	No experience since at least 2007

**Source:** ITC calculations based on UN Comtrade statistics

Table 4: *Leading global importers of sausages and similar products (HS 160100)*

Rank	Importers	Value imported in 2012 (US\$ thousands)	Unit value (US\$ /unit)	Annual growth in value 2008-2012 (%)	Annual growth in value 2011-2012 (%)	Share in world imports (%)
	World	4 147 678	3 210	5	3	100
1	United Kingdom	512 192	4 877	4	7	12.3
2	Germany	465 666	7 414	3	1	11.2
3	Japan	291 433	5 694	15	16	7
4	France	231 218	4 613	0	4	5.6
5	Belgium	194 307	5 384	-1	-5	4.7
6	Canada	166 083	5 006	24	15	4
7	Russian Federation	127 012	3 568	43	147	3.1
8	Angola	123 481	2 100	9	12	3
9	Denmark	111 102	4 804	8	5	2.7
10	Mexico	109 742	3 456	6	8	2.6
11	Sweden	104 293	6 207	8	-6	2.5

**Source:** ITC calculations based on UN Comtrade statistics

While market growth rates are typically indicators of opportunity, the lingering effects of the global recession may distort the picture they present. For example, the United Kingdom grew by an annual average of 19% from 2001 to 2008, before its demand contracted in 2009 and 2010. As the country's economy recovers its sausage market may become more attractive as a dynamic destination for Palestinian exporters.

The average global unit value of sausages from 2001 to 2012 has grown much less quickly than total value imported, only a nominal 58%, or about 4.7% per year. With consumer price inflation of about 1.9% in the G7 economies<sup>23</sup> that make up almost half of the global sausage market, and similar rates in the mostly OECD countries that dominate this import market, the real increase in the global unit value for sausages would appear to be in the range of 2%-3%. This is positive in that there does not appear to be significant downward price pressure. However, neither is there significant growth in profit margins. Although the 2%-3% increase in prices may be a partial result of product innovation or a shift in consumer demand, it may also reflect higher costs, such as those for animal feed and energy.

High-level trends that are negative for sausage consumption, such as increased demand for healthful foods, appear to be having a much smaller impact on the size of the sausage market than positive trends, such as a growing global middle class and increased demand for cheaper substitutes for raw meat.

One of the aspects of the sausage market which should be most encouraging to aspiring exporters is its ubiquity. Of over 5,000 products tracked by the ITC Trade Map database at the HS six-digit level, sausages (HS-160100) are the 689th most traded by value. This puts it in the 87th percentile of most traded products with a global export market value of over US\$4 billion. Furthermore, importing countries are numerous and diverse. Of the 232 countries and territories tracked by Trade Map, 215 imported sausages in 2012. Half of these imported US\$2 million worth or more, 52 imported more than US\$10 million worth, and the top 11 each imported more than US\$100 million worth.

The State of Palestine's 2010 exports of US\$3.6 million represent less than 0.1% of the global export market, meaning there is plenty of room for the global market to absorb even several-fold increases in the value of Palestinian exports. The diffusion of the market also means that Palestinian exporters can find major markets almost anywhere.

23. Pain, N., Koske, I. and Sollie, M. (2008). Globalisation and OECD Consumer Price Inflation. *OECD Economic Studies*, No. 44. OECD.

Table 5: Major global exporters of sausages and similar products (HS 160100)

Rank	Exporters	Value exported in 2012 (US\$ thousands)	Unit value (US\$ /unit)	Annual growth in value 2008-2012 (%)	Annual growth in value 2011-2012 (%)	Share in world exports (%)
	World	4 639 504	4 204	6	8	100
1	Germany	732 839	5 318	-1	-4	15.8
2	United States	565 116	3 666	15	7	12.2
3	Italy	442 481	7 791	5	-2	9.5
4	Spain	423 980	8 743	16	19	9.1
5	Austria	256 168	4 633	6	3	5.5
6	France	218 304	4 651	-1	-1	4.7
7	China	195 576	5 461	18	31	4.2
8	Poland	167 124	3 252	10	4	3.6
9	Brazil	144 059	1 613	0	-10	3.1
10	Denmark	141 023	4 448	0	1	3
11	Netherlands	132 378	3 301	1	-3	2.9
12	Belgium	122 919	3 494	-3	-6	2.6
13	Czech Republic	107 907	3 660	9	10	2.3
14	Portugal	95 578	2 839	6	-1	2.1
15	Thailand	90 906	7 067	53	103	2
45*	The State of Palestine	5 989*	4 203*			0.13

Source: ITC calculations based on UN Comtrade statistics.

\*2011 data

## GLOBAL EXPORTS

Throughout this century Germany has been the uncontested export leader for sausages, with its share of the global market fluctuating between 16% and 21%. The United States of America and France perennially occupy the 2nd and 3rd ranks, while Spain and France move within 4th through 6th place.

The countries which have demonstrated the strongest export growth are China, Brazil and Austria. China's exports have risen by 78% over the last three years. Brazil's exports grew nine-fold between 2003 and 2008, when the country entered the top 10, where it has stayed ever since. Austria is the only country to have consistently grown and improved its relative position from 2001, when it was the world's 10th largest exporter of sausages, to today, where it is a solid 5th.

Among the major exporters the countries which have lost relative position over the last dozen years are Denmark, Belgium and Hungary. They started the century in 4th, 7th and 9th place, respectively, but have not occupied the top nine ranks since 2009.

In 2012 the top 10 exporters accounted for 71% of global supply. By comparison, in the virgin olive oil market it takes only the top two olive oil exporting countries to account for the same market share. The processed meat sector has a relative diffusion of supply sources. Even the top 25 exporters only account for 93% of market share. This is a positive sign for Palestinian meat processors. Whereas a concentrated market like olive oil pushes new exporters to search for niche markets, the diffuse market for processed meat suggests the possibility of greater participation in mass markets.

A search for countries with at least US\$ 10 million in processed meat exports and an export growth rate of 35%<sup>24</sup> or higher produces a list of nine countries. Three of these – Poland, Turkey, and the former Yugoslav Republic of Macedonia – are contiguous to a high import growth region which will be discussed in the 'Future perspective' section of this strategy as an attractive concentration of target markets for Palestinian exporters (see figure 8). Another three – the Czech Republic, Slovakia

24. By comparison, the global annual average growth rate from 2007 to 2011 was 13%.

and Romania—are in the region itself. These are apparent beneficiaries of the region's growth and the countries with which the State of Palestine could expect to compete there.

## THE STATE OF PALESTINE'S EXPORT PERFORMANCE

Palestinian exports of processed meat are dangerously undiversified. Table 6 presents the six products at the HS six-digit level that have made up 99.4% of the State of

Palestine's processed meat exports (HS-02 and HS-16). Of these, 85% are in sausages and similar products (HS-160100) and half of that goes to Jordan. This is a risky position as a single event, for example a health scare associated with Palestinian sausage in Jordan, could halt imports and shut out 42% of the State of Palestine's total exports in the sector.

**Table 6:** Average annual value of Palestinian processed meat exports, 2007-2011 (by product and import market, in US\$ thousands)

Code	Leading products exported	Israel	Jordan	UAE	Saudi Arabia	Kuwait	Others	Total, by product	Product share in Palestinian exports
160100	Sausages and similar products	789	2 362	438	300	46	143	4 079	85%
	Size of import market, 2012	no data	4 138	27 565	16 199	5 937	n/a	n/a	n/a
020727	Frozen turkey cuts or offal	269						269	6%
020220	Frozen beef cuts, bone-in	210	8					218	5%
160414	Tuna, skipjack, or Atlantic bonito, prepared or pre-served	105						105	2%
160413	Sardine, sardinella, brisling, or sprat, prepared or pre-served	82						82	2%
160250	Beef and offal NES, excl. liver, prepared or preserved	46						46	1%
Total by country		1 499	2 370	438	300	46	143	4 797	
Country share in Palestinian exports		31%	49%	9%	6%	1%	3%		

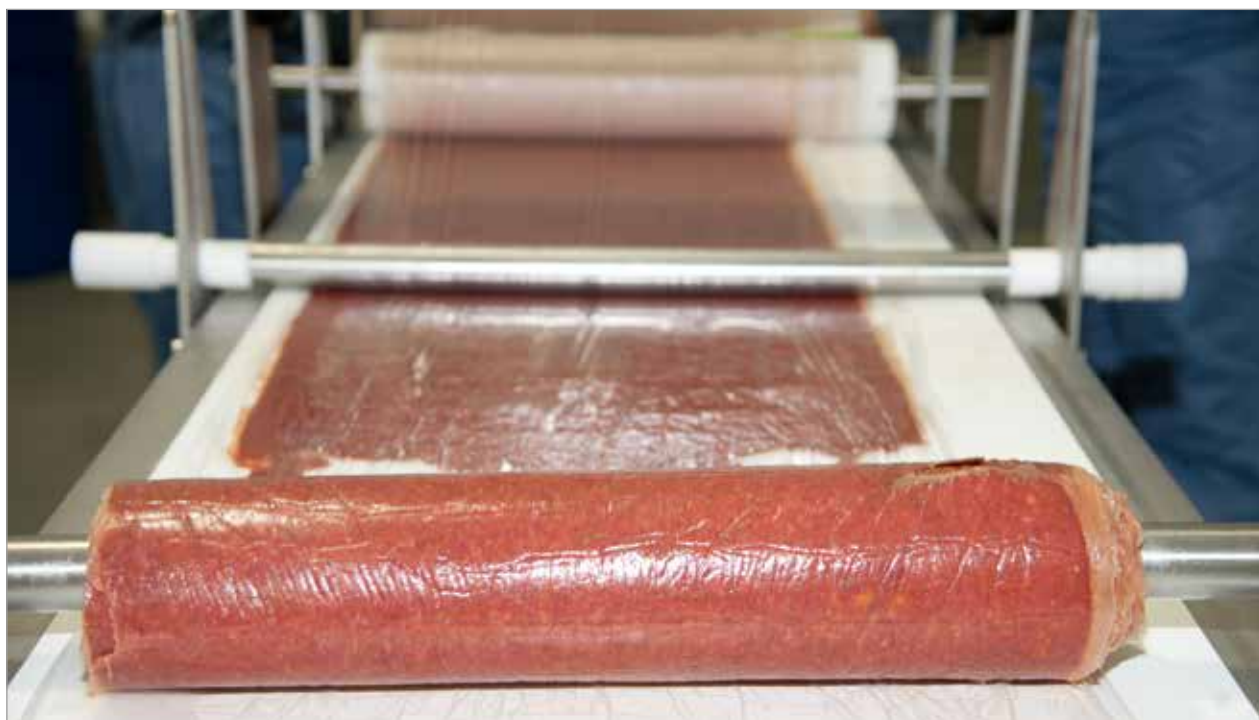
**Source:** ITC calculations based on UN Comtrade statistics

Only sausages are consistently imported by several countries. Israel has been the sole importer of the other four goods during this period, with the exception of an almost negligible amount of frozen, bone-in beef cuts exported to Jordan in 2011.

Because Jordan imports the most sausage and Israel imports the most products, the two countries accounted for 81% of Palestinian processed meat exports between 2007 and 2011. Beyond its neighbours Israel and Jordan, the State of Palestine exports the most overall to the Gulf States of the UAE, Saudi Arabia and Kuwait. Likewise, these three countries round out the group of five consistent importers of Palestinian sausages and similar prepared meats.

Under Israeli travel restrictions, Palestinian exports may not travel directly from the State of Palestine to destination markets. Rather, they must first go through Israel or Jordan. Palestinian processed meat producers or their transportation companies must hand shipments over to Israeli transportation companies at the border. This obligatory use of third countries as intermediaries, the black market sale of Palestinian products in the restricted Israeli market, and the fact that Israel does not report goods from the State of Palestine as imports, may in fact understate the importance of Israel as an export market for Palestinian processed meats.





Source: © RDECOM.

## COMPETITION IN TARGET MARKETS

As part of the NES design process sector firms and stakeholders made quantitative assessments of their collective competitiveness in the State of Palestine's four major target markets. The State of Palestine and its chief competitors in each market were scored against seven criteria – price, quality, production standards (national and Hazard Analysis and Critical Control Points (HACCP)), packaging supply consistency and delivery reliability – which were weighted for their importance in each market.

As indicated in table 6, the State of Palestine's four largest existing markets are Jordan, Israel, the UAE and Saudi Arabia. The State of Palestine is not the most competitive source in any of these. However, it is close in Jordan and the UAE and it is a distant second in Israel and Saudi Arabia.

In the Jordanian market, where price and quality account for two-thirds of the competitiveness assessment, Brazil, the Netherlands, Germany and the State of Palestine are very close competitors. The State of Palestine is fourth, in large part because of its weaknesses in supply consistency and delivery reliability. However, even halving its assessment gap in these categories would be enough to make the State of Palestine the most competitive.

In the Israeli market Palestinian suppliers are rated highly for price, but they lag behind Israeli suppliers in quality. That weakness, combined with strong disadvantages in terms of supply consistency and delivery reliability, make the State of Palestine a distant second source to Israel's domestic suppliers.

The same weaknesses prevent the State of Palestine from being the strongest competitor in the Emirati market, where it is a close second to Jordan but only slightly more competitive than third place Egypt. Slight improvements in price, supply consistency, or delivery reliability could make the State of Palestine the most competitive. However, at the same time, the State of Palestine's lead over Egypt depends on only slight advantages in product quality and packaging. The State of Palestine's position in the Emirati market is similar to its position in the Jordanian market. Both markets are highly competitive and although the State of Palestine is not the market leader, slight improvements could make it so.

On the other hand, the State of Palestine's position in the Saudi Arabian market is like its position in the Israeli market: it is a distant second. In Saudi Arabia, Kuwaiti suppliers have almost no advantage over Palestinian or Jordanian suppliers in terms of price or quality, which account for 60% of competitiveness scores. However, strong advantages in terms of supply consistency and delivery reliability, as well as minor advantages in terms of packaging and volume, are enough to give Kuwaiti suppliers a clear competitive advantage.

In Jordan and Israel the sole Palestinian advantage is in price. In the UAE, it is quality and packaging; and in Saudi Arabia there are no buyer requirements for which it has a clear-cut advantage. In all of these markets, however, the major weaknesses of Palestinian processed meat are the same: supply consistency and delivery reliability. Packaging is a weakness in the State of Palestine's biggest existing markets, but a slight strength or non-factor in the markets it hopes to grow.



# THE INSTITUTIONAL PERSPECTIVE

The trade support institutions (TSIs) providing important services to the Palestinian processed meat sector can be categorized according to the following support areas:

- Policy support network
- Trade service network
- Business service network.

Tables 7 to 9 identify the main TSIs whose service delivery affects the processed meat sector in the State of Palestine. An assessment (high/medium/low) is given for each TSI according to its overall performance in terms of coordination, human capital, financial resources, and advocacy. The assessments were made by representative samples of TSI stakeholders.

## POLICY SUPPORT NETWORK

The institutions in the policy support network represent ministries and competent authorities responsible for influencing or implementing policies at the national level.

## TRADE SERVICES NETWORK

These institutions or agencies provide a wide range of trade related services to both government and enterprises.



Source: © PalTrade.

Table 7: *Palestinian processed meat policy support network*

Policy support network					
Name	Function/role	Coordination*	Human capital**	Financial sustainability***	Advocacy****
Ministry of National Economy (MoNE)	The Ministry of National Economy is responsible in the processed meat sector for: <ul style="list-style-type: none"> <li>Standards and regulation enforcement</li> <li>Duty draw back payments</li> <li>Release of financial guarantees</li> <li>Industrial licences</li> <li>Renewal of industrial operating licences</li> <li>Verification of names</li> <li>Certification of a Certificate of Origin</li> <li>Re-exporting transactions</li> <li>Certified Exporter certificates.</li> </ul>	H	M	M	H
Ministry of Agriculture (MoA)	Implementation of state policy on agricultural and rural development supports: the planning, development, and organization of the whole value chain of plant and animal products; post-harvest handling of agricultural products; and the food industry.	M	H	M	M
Ministry of Health (MoH)	MoH has the mandate to ensure good governance of the health sector; leadership in policy making for and regulation of the health system; the promotion of better health; and the provision of accessible, quality health services in both the public and private sectors. For the export sector, MoH maintains quality standards for food and issues Certificates of Health.	M	M	L	L
Ministry of Labour (MoL)	MoL manages the formulation and administration of labour laws and legislation, managing and monitoring the labour market. It also support the development and organization of cooperatives.	L	L	L	L
Ministry of Finance (MoF)	MoF is responsible for the collection and administration of customs duties, as well as following up on customs revenues from Israel to the Palestinian treasury and dealing with daily problems facing importers and exporters.	L	M	L	L

\* Coordination with other TSIs: measures the strength of this institution's linkages with other institutions, as well as the beneficiaries of their services (in particular, the private sector) in terms of collaboration and information sharing.

\*\* Human capital assessment: assesses the general level of capability of this institution's staff in terms of their training, and responsiveness to the sector stakeholders.

\*\*\* Financial resources assessment: Assesses the financial resources/capacity available to the institution to provide service delivery in an efficient manner.

\*\*\*\* Advocacy: The efficacy of this institution's advocacy mechanisms, and how well/frequently this institution disseminates important information to the sector.

Table 8: *Palestinian processed meat trade services network*

Trade services network					
Name	Function/role	Coordination	Human capital	Financial sustainability	Advocacy
Palestinian Trade Centre (PalTrade)	PalTrade is the trade promotion organization of the State of Palestine with the mandate to develop exports. PalTrade's mission for the sector is improving trade competitiveness through trade promotion and capacity building; fostering international business practices and standards among professionals, firms and business organizations; and providing trade-enabling knowledge.	H	M	M	M
Palestine Standards Institution (PSI)	PSI is considered the sole body responsible for issuing Palestinian standards: by providing accreditation for labs, granting the quality mark for products, and signing cooperation and mutual recognition agreements with other countries to facilitate trade.	M	M	L	L
Palestinian Central Bureau of Statistics (PCBS)	The responsibility of PCBS for the sector is: <ul style="list-style-type: none"> <li>• To serve the instrumental needs of businesses and their organizations for statistical information on states and trends;</li> <li>• To participate effectively in building the different administrative records and central registers to meet the administrative and statistical needs of the Palestinian society;</li> <li>• To publish a statistical yearbook annually.</li> </ul>	M	H	M	L
Palestinian Water Authority (PWA)	PWA acts as the regulatory authority responsible for the legislation, monitoring and human resources development in the sector. PWA is also in charge of water resources management. It has the mandate to carry out regular inspections and to keep a register of all water-related data and information.	M	L	L	L
Palestine Polytechnic University (PPU)	PPU is an important potential source of skilled labour. It is a technical and vocational education and training (TVET) institution with colleges of engineering, information technology and computer engineering, applied science, administrative science and informatics, and applied professions.	L	L	M	L

Table 9: *Palestinian processed meat business services network*

Business services network					
Name	Function/role	Coordination	Human capital	Financial sustainability	Advocacy
Palestinian Food Industries Union (PFIU)	PFIU represents the interests of food industry companies and aims to develop food processing industries. It does this by advocating policies and regulations; promoting higher quality and greater production capacity; supporting member competitiveness and export readiness; and developing support services.	M	L	L	M
Palestinian Federation of Industries (PFI)	PFI facilitates industrial development as the basis for economic performance. PFI's representational role is to educate, advocate, and communicate the value of a developed, socially responsible and globally competitive industry.	M	L	L	M
Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA)	The Federation's main task is to help local chambers of commerce to meet the requirements of the global business environment. FPCCIA is an advocacy institution that aims to ensure that the private sector operates freely and has a voice in policy formulation at the national level. It also strives to create strong regional and international links to global markets and works with SMEs to improve their performance, focusing on market access, quality, costing and financial management.	M	L	M	H

## BUSINESS SERVICES NETWORK

These are associations, or major representatives, of commercial service providers used by exporters to carry out international trade transactions.

TSI coordination is critical to allow for relevant and diversified services and efficient service delivery to exporting enterprises. In the absence of coordination, redundancies and overlaps result in wastage of effort and valuable resources, and on the other hand lead to gaps in service delivery. There is weak coordination, some redundancy, and many gaps in terms of sector-specific information and assistance made available to the processed meat sector by these institutions. MoA and PFIU are not providing adequate services for the realization of the sector's export potential. PFIU, PSI, PPU and PCBS all lack adequate human capital. In terms of financial stability, MoA, PFIU, PSI and PFI all face significant challenges as a result of the economic crisis affecting the State of Palestine.

According to the assessment, institutions most affected by significant human capital deficiencies are those in the business services network, whereas those in the policy support and trade services networks fare slightly better,

with mostly medium scores. Either there is a need to improve the skills levels of the staff of these institutions or there is a need for organizational alignment.

From the point of view of financial stability, PalTrade, PCBS and FPCCIA are the only institutions considered to possess fairly adequate financial resources to complete their mandate. The fact that most institutions are considered financially constrained may stem from the economic crisis that is affecting the State of Palestine, due to which funds allocation is affected at all levels, including ministries.

Advocacy is a very important aspect of the work of TSIs. It serves to inform current and potential exporting enterprises of available services, business intelligence, and other important information. This area has been cited as a significant weakness for MoA, PFIU, PPU, PSI and PCBS. This indicates a disconnect between private enterprises and the institutions established to help them through policymaking, sector development, public-private dialogue, TVET provision, standards setting, and statistics collection and dissemination. This has an aggregate adverse impact on the export competitiveness of the sector.

## OVERALL PERCEPTION OF PALESTINIAN TSIS IN THE PROCESSED MEAT SECTOR – INFLUENCE VS. CAPABILITY

Table 10 classifies Palestinian TSIs for the processed meat sector according to two criteria: the levels of influence they have to support the sector and their capacities to respond to the sector's needs.

As indicated in table 10:

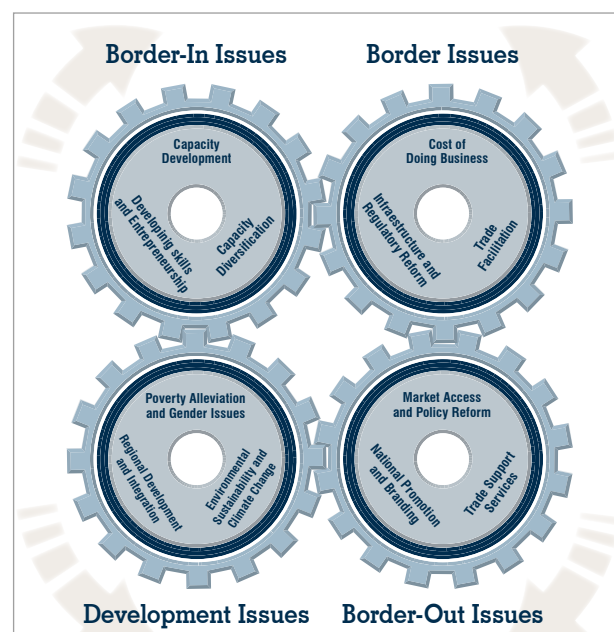
- Institutions at the policy making level, such as MoA and PSI, have a high level of influence but overall low levels of resources to respond to the sector's needs;
- PalTrade and FPCCIA are both in a relatively good position in terms of their level of influence on the sector, as well as their resource capacities.

From a TVET perspective, PPU is the main organization that supplies skilled labour to industry, however its only relevant programmes for the processed meat sector are in automation and general engineering. Similarly, while PCBS does provide valuable information, there is little to fill the most urgent information gaps for aspiring exporters of processed meat.

## EXPORT COMPETITIVENESS ISSUES

This section presents a summary analysis of the major constraints to export developments faced by Palestinian meat processors, as well as issues that would likely inhibit the positive socioeconomic spillovers desired from the sector's growth. The analytical framework for the analysis is a 'four gears' framework consisting of the following elements.

- **Supply-side issues** impact production capacity and include challenges in areas such as availability of appropriate skills and competencies; diversification capacity; technology, and low value addition in the sector's products.
- **The quality of the business environment** are constraints that influence transaction costs, such as regulatory environment; administrative procedures and documentation; infrastructure bottlenecks; certification costs; Internet access and cost of support services.
- **Market entry issues** are essentially external to the country (but may also be manifested internally), such as market access, market development, market diversification and export promotion.
- **Social and economic concerns** include poverty reduction, gender equity, youth development, environmental sustainability and regional integration.



## THE BORDER-IN GEAR (SUPPLY-SIDE)

### ISRAELI RESTRICTIONS ON TRADE AND LAND USE LIMIT SOURCING OPTIONS AND RAISE COSTS FOR ESSENTIAL INPUTS

Raw meat, additives and spices are not available in sufficient quantity and/or variety within the State of Palestine, but Israeli restrictions on land use and trade prevent Palestinian firms from scaling up domestic production or purchasing imports at bearable prices. The cost-raising effect of Israeli restrictions is also felt indirectly, for example when limited water supply raises the cost of growing animal feed and livestock.

### PALESTINIAN MEAT PROCESSORS LACK ADEQUATE KNOWLEDGE OF INTERNATIONAL MARKETS

The only product which Palestinian meat processors have exported beyond Israel in any significant quantity is sausages, and only Jordan imports substantial quantities of it. The other markets appear to have been chosen for proximity or linguistic and cultural affinity. These firms have little knowledge of, and less experience in, doing business with the more dynamic and profitable markets of Europe, Canada and Japan. Before entering these markets they will need an understanding of consumer preferences, market characteristics, packaging requirements, and regulations, which will allow them to develop suitable products and market them effectively.

## Box 2: Overview of supply-side issues

- Israeli restrictions on trade and land use limit sourcing options and raise costs for essential inputs.
- Palestinian meat processors lack adequate knowledge of international markets.
- Quality assurance practices are not to international standards at many meat processing companies.
- There is a shortage of domestic skills in food-related research & development and design.
- Management capacity at Palestinian meat processing firms is not internationally competitive.

### QUALITY ASSURANCE PRACTICES ARE NOT TO INTERNATIONAL STANDARDS AT MANY MEAT PROCESSING COMPANIES

This sector is one of the most advanced in the State of Palestine in terms of meeting international quality and process standards, such as:

- The International Organization for Standardization's ISO 22000 standard for food safety, derived from ISO 9000; and
- HACCP, the United States government standard for food safety.

However, many of the firms in this sector still do not meet this level of quality assurance, which is effectively a pre-requisite for entering foreign markets.

### THERE IS A SHORTAGE OF DOMESTIC SKILLS IN FOOD-RELATED RESEARCH & DEVELOPMENT AND DESIGN

New product development should be a systematic process by which firms find innovative ways to satisfy existing market needs or develop new products to satisfy evolving consumer preferences and market circumstances. This requires skills in food science, engineering, research and statistical analysis, design and marketing, as well as the management and accounting wherewithal to effectively test and launch a new product.

Palestinian meat processors have a long history in a small market in which everyone in the company is also a consumer. These characteristics facilitate product development and launch, as do PNA policies promoting Palestinian-made products. However, Palestinian firms will enjoy none of these advantages in large, ever-changing foreign markets; making research, development, design, and quality assurance capacity important factors in their success. However, existing TVET programmes do not graduate enough workers with the specific skills needed by this sector.

### MANAGEMENT CAPACITY AT PALESTINIAN MEAT PROCESSING FIRMS IS NOT INTERNATIONALLY COMPETITIVE

Palestinian producers have a 90% domestic market share, a 50% share of the Jordanian market, and consistently low participation in the other Arab markets to which they export sausages at nearly double the average unit price of competitors. They satisfy this demand with monthly production of about 1,800 tons, yet they maintain capacity for approximately 3,000. This represents a large over-investment, which not only ties up capital in a wasteful manner; it hurts overall competitiveness, as final product prices must absorb maintenance costs for this idle capacity.

Such high excess capacity gives the impression of investors either riskily building up supply capacity without a clear idea of where the demand was going to come from, or not knowing how to more effectively use financial resources to build international competitiveness. In either case, it appears that Palestinian meat processors would benefit from entrepreneurial and managerial training specifically as it relates to competitiveness in the global market.



Source: © Peter Hellberg.



### Box 3: Overview of business environment issues

- There is inadequate infrastructure to link domestic raw meat suppliers to meat processors.
- Unlike most competitors, Palestinian processed meat exporters must obtain costly, independent certification from a different source in each target market.
- Imported packaging materials are extraordinarily expensive, accounting for 25%-30% of final production costs.

## THE BORDER GEAR (QUALITY OF THE BUSINESS ENVIRONMENT)

### THERE IS INADEQUATE INFRASTRUCTURE TO LINK DOMESTIC RAW MEAT SUPPLIERS TO MEAT PROCESSORS

Demand by meat processors for turkey is enough that it could fully absorb all domestic turkey production but there is inadequate infrastructure in terms of slaughterhouses, cold transport and cold storage to get an adequate supply of domestic raw meat to Palestinian meat processors. Gaza suppliers, in particular, are challenged by the double border crossing to enter Israel and then the West Bank. Waits of up to six hours preclude transportation of unrefrigerated raw meat. These circumstances make it more practical in many cases to import more expensive frozen turkey parts from Israel. Consequently, meat processors absorb only 20%<sup>25</sup> of domestic turkey production, meaning lost opportunities for turkey farmers and higher prices for meat processors.

### UNLIKE MOST COMPETITORS, PALESTINIAN PROCESSED MEAT EXPORTERS MUST OBTAIN COSTLY, INDEPENDENT CERTIFICATION FROM A DIFFERENT SOURCE IN EACH TARGET MARKET

The lack of international recognition of PSI increases exporter costs, complexity of procedures, and risks, by forcing them to obtain costly, time-consuming and potentially adverse sanitary tests for each shipment in each foreign market. Exporters from most countries can rely on a public national body to play this role, putting Palestinian

firms at a relative disadvantage. In this sector and others dependent on sanitary and phytosanitary (SPS) certification, international recognition of PSI would have a broad effect on exporter competitiveness.

### IMPORTED PACKAGING MATERIALS ARE EXTRAORDINARILY EXPENSIVE, ACCOUNTING FOR 25%-30% OF FINAL PRODUCTION COSTS

Packaging is particularly important to food and beverage subsectors. Sanitary packaging ensures public health and minimises losses due to spoilage. At the same time, marketing aspects of packaging are critical to differentiate a product from a field of very similar products and to draw customers away from favourite brands. However, there is no design and production capacity for packaging materials within the State of Palestine and the materials which are imported from Israel are very expensive, accounting for 25%-30% of the final production cost. This substantially diminishes the international competitiveness of Palestinian processed meat products.

## THE BORDER-OUT GEAR (MARKET ENTRY)

### THERE IS A SHORTAGE OF AFFORDABLE COLD STORAGE SPACE AT BORDER CROSSINGS

Israeli export procedures can cause long delays at checkpoints and border crossings, threatening many processed meat exports with spoilage and making the quality and profitability of Palestinian exports unpredictable. Privately run cold storage is available at some checkpoints and border crossings but on the whole cold storage is neither affordable nor reliable. Relatively small investments in cold storage and transportation, whether by the public or private sector, could alleviate a major cross-cutting bottleneck to the country's export readiness for perishable food items, several of which have been deemed strategic through the NES design process.

25. Akra, F. I. (May 2010). The Palestinian Food-Processing Sector: Its Impact on Agricultural Development. Available from: <http://www.thisweekinpalestine.com/details.php?id=3111&ed=182&edid=182>

## THE PNA HAS NOT ADEQUATELY EQUIPPED THE STATE OF PALESTINE'S TSIS TO FURNISH PROCESSED MEAT PRODUCERS WITH QUALITY TRADE INFORMATION

As a whole, the Palestinian processed meat sector is not export-minded. Palestinian production goes to satisfying local demand, with only 5%-8% of production being exported, and with negligible imports. Breaking into foreign markets can be daunting, especially when producers are small relative to competitors, face the risks of dealing in perishable goods, and have little knowledge of foreign business, culture and language. In such a sector, there is a tremendous need for government support to achieve export success. The Palestinian government, through its TSIs, should provide detailed and regularly updated market analysis for target markets, including on customers, products, competitors, distribution channels and market access. However, Palestinian TSIs are not adequately funded or sufficiently well-publicized to stimulate potential beneficiaries to request information.

## PALESTINIAN PROCESSED MEAT EXPORTS SUFFER FROM A LACK OF BRANDING

The market for mass-market processed meat products is crowded with competitors whose products may not be easily distinguished from one another. Furthermore, consumers often limit their purchases to a small range of trusted brands. Innovative product characteristics or lower prices may entice consumers to try new products, but a strong brand is needed to convert these opportunities into repeat purchases.

As most meat processors are focused on meeting local demand they do little to brand themselves or create brand awareness internationally. Their export transactions are often small-scale, and business relationships may start

because of personal relationships and proximity, making branding less essential.

Similarly, a review of the State of Palestine's export history shows that it exports disproportionately to countries where common language, common culture, and pre-existing awareness of the State of Palestine facilitate business. With better trade information and capacity-building extension services from the country's TSIs, exporters may overcome the gaps in knowledge and confidence which keep them from breaking into the larger, more dynamic or more profitable markets in the world. Whatever branding meat processors attempt, they should include brands designed to exploit Palestinian advantages, such as the availability of organic, halal, and fair trade products.

## DEVELOPMENT GEAR

### PALESTINIAN INFRASTRUCTURE GEOGRAPHICALLY LIMITS THE SOCIOECONOMIC BENEFITS OF THE MEAT PROCESSING SECTOR'S SUCCESS

Palestinian infrastructure discourages establishment of meat processing facilities outside of Ramallah and a few other major cities. While this keeps production closer to domestic consumers, it limits the ability of most Palestinians to participate in the sector's relatively skilled employment and it hurts the exportability of products by increasing the number of time-consuming, and therefore quality-degrading, checkpoints that need to be crossed.

Considering the fact that most raw meat used by Palestinian meat processors comes from Israel, an export-oriented industrial park with critical infrastructure (e.g. water supply, slaughterhouse, cold storage) could be placed in a smaller population centre between the border and traditional big city locations for meat processing plants.

### Box 5: Overview of development issues

- Palestinian infrastructure geographically limit the socioeconomic benefits of the meat processing sector's success.
- The general food and beverage sector has a very low female-to-male worker ratio.

## THE GENERAL FOOD AND BEVERAGE SECTOR HAS A VERY LOW FEMALE-TO-MALE WORKER RATIO

Of all female employment in the State of Palestine, 34% is in the agricultural sector.<sup>26</sup> Yet as the product of that sector moves up the value chain into the food and beverage sector, female employment drops to a mere 6%.<sup>27</sup> This is not surprising, as female labour in agriculture is used primarily for low-skill functions such as weeding in the

olive sector,<sup>28</sup> where about 15% of all working Palestinian women are employed.<sup>29</sup>

Greater targeting of TVET towards women is needed to equip them with the specific skills to move up the value chain as a group. Government-supported services, such as child day care and transportation, might also be provided to compensate for the responsibilities (e.g. child care) and disadvantages (e.g. lower rate of car ownership and licensing as a driver) which tend to accompany traditional gender roles.

26. Food and Agriculture Organization of the United Nations and World Food Programme (December 2009). Occupied Palestinian Territory: Food Security and Vulnerability Analysis Report.

27. Palestinian Central Bureau of Statistics

28. Oxfam (2010). The road to olive farming: Challenges to developing the economy of olive oil in the West Bank.

29. Of all female employment in the State of Palestine, 34% is in the agricultural sector and approximately 45% of agricultural land is dedicated to olives. Although the labour intensity of olive cultivation may differ from the average for the agricultural sector overall, we may estimate from these numbers that 15% of all working women work with olives.



Source: © Watershed Post.



# WHERE WE WANT TO GO

## VISION

The Palestinian processed meat sector has a dominant and stable place in the country's economy, and the potential to grow tremendously through fuller participation in the global marketplace. This aspiration underlies the following vision statement for the sector.

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“ To achieve international competitiveness and global brand recognition as a reliable supplier of quality processed meat products, leading to high sector growth and socioeconomic impact. ”

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However, the sector faces major challenges in terms of market development and the strength of the value chain. In order for the sector's transformation to succeed, its competitiveness should be raised through the following actions:

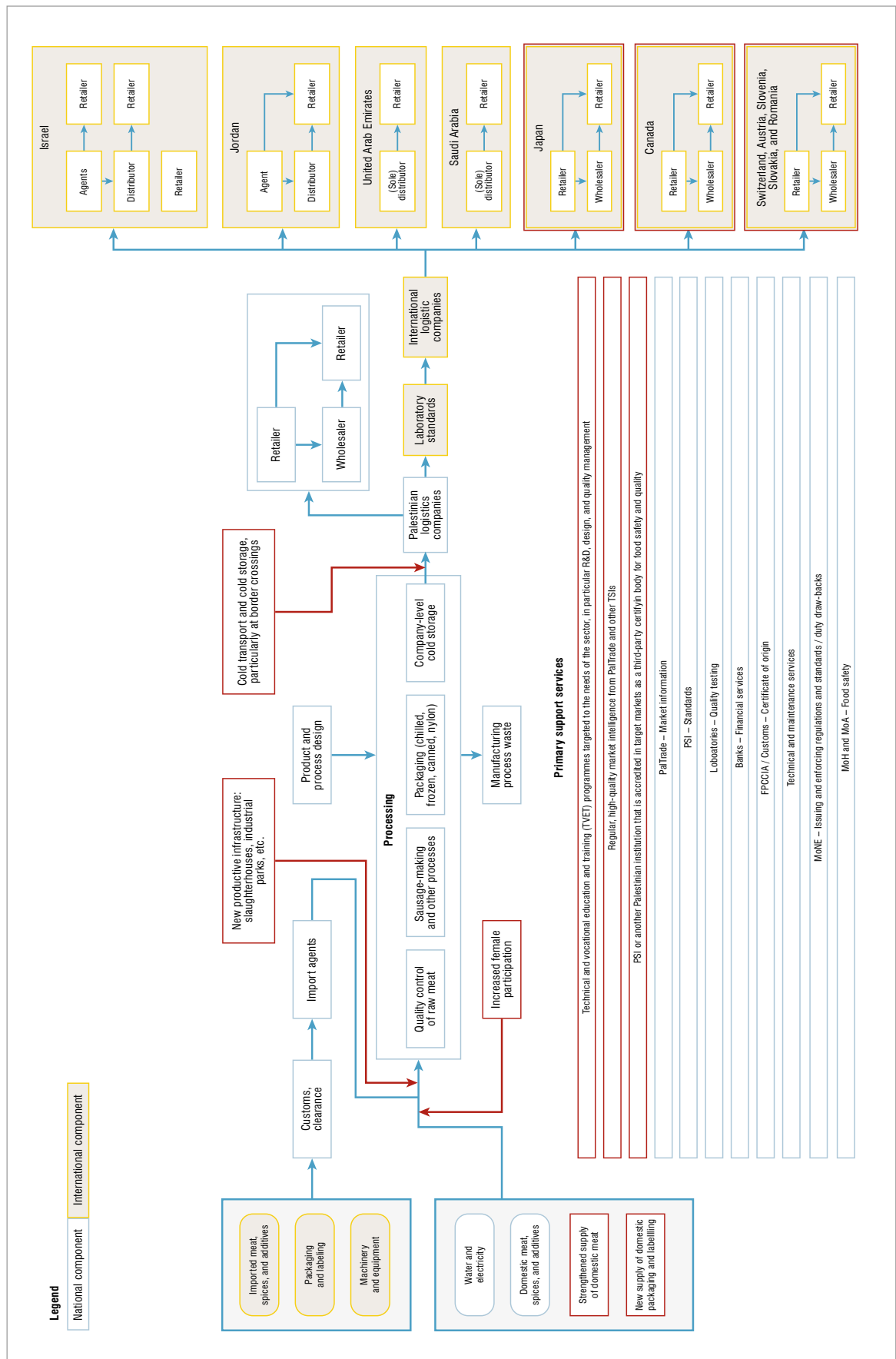
- Achieve industry-wide compliance with international sanitary and quality standards;
- Get PSI recognised in target markets as a third-party certification body or as a national accreditation body, with other Palestinian organizations acting as third-party certification bodies;
- Enhance the sector's capacity for research, development, design and quality management to enable its taking of significant international market shares;
- Increase local content, particularly raw meat and packaging materials, along the sector's value chain as a means of reducing production costs and supporting socioeconomic development;
- Ensure that TSIs support the sector through effective delivery of services;
- Ensure that meat processors have the financial security to do business in new foreign markets;
- Get sector-supporting policies adopted with respect to investment, trade, infrastructure and education.



Source: © PalTrade.

With decisive and coordinated action by the PNA, the international donor community and entrepreneurs, the experienced, certified, and high-capacity firms in this sector could make quick inroads in major new markets, providing NES stakeholders with a quick win and other sectors with an important demonstration. This chapter lays out the actions needed from enterprises along the value chain to realize these strategic objectives. The following chapter lays out the supporting initiatives needed from government, international donors, and civil society to enable this.

FIGURE 4: FUTURE VALUE CHAIN





## MARKET IDENTIFICATION

### PRODUCTS

#### SAUSAGES AND SIMILAR PRODUCTS

This strategy focuses on HS-160100, sausages and similar products, which is a classification that covers a wide variety of products. It includes fresh, cooked or dried sausages; sausages of pure beef, chicken, turkey, pork, and other meats; sausages of mixed meats and other ingredients, such as olives, peppers, and pistachios; and sausages with any number and combination of distinctive spices. Export success will depend heavily on the ability of meat processors to tailor their products to exploit consumer preferences and competitor weaknesses in each market. In this sense, for sausages more than most products, market development will advance hand in hand with product development.

#### NON-SAUSAGE PRODUCTS WHICH HAVE BEEN EXPORTED TO ISRAEL BUT NOWHERE ELSE

Palestinian firms, which already enjoy a roughly 50% market share for sausages in Jordan, may not be able to expand their share of that market much more but they may use Jordanian familiarity with their brands to introduce their full range of products. These may include the other five processed meat products which the State of Palestine typically exports to Israel:

- Frozen turkey cuts or offal (HS-020727);
- Frozen beef cuts, bone-in (HS-020220);
- Canned tuna and certain similar fish (HS-160414);
- Canned sardines and certain similar fish (HS-160413);
- Assorted prepared or preserved beef products, excluding livers, not classified under other HS codes (HS-160250).

However, the first two items are minimally processed (i.e. cut and frozen only), which implies relatively low margins that may not be able to absorb the costs associated with export. More critically, the lack of adequate, affordable cold storage at checkpoints and border crossings may make the export of frozen products logistically impossible.

#### NON-SAUSAGE PRODUCTS WHICH PALESTINIAN MEAT PRODUCERS MAY BE PRODUCING BUT HAVE NEVER EXPORTED

In 2011 prepared or preserved chicken (HS-160232) was the processed meat product (HS-16) with the highest value of international trade, US\$6.8 billion, at the six-digit level. The State of Palestine is self-sufficient in this, having

imported none in four of the last five years for which data is available. Similarly, turkey production is disproportionately high in the State of Palestine and a common ingredient in sausages and other products that blend meats for taste, health, or cost. Yet the State of Palestine exported no processed chicken in three of the five years from 2007 to 2011 and no processed turkey at all during the same period.

#### PRODUCTS WITH SPECIAL, MARKETABLE CHARACTERISTICS

Some Palestinian meat processors may have special capacity to produce goods under the conditions needed to claim halal, fair trade, and/or organic status. All of these may provide competitive advantages and/or higher prices in niche markets in many parts of the world. Similarly, solidarity with Palestinians as a factor in consumer choices is an advantage that meat processors should not forget.

## MARKETS

The following analysis leads us to 11 target markets, including major markets (among the top 15 in the world), medium markets (US\$15 million to US\$30 million) which offer Palestinian producers familiarity or rapid growth, and the existing markets of Israel and Jordan. These can be put into four categories according to their size, their growth and the State of Palestine's export record there.

1. **Target market group #1:** existing markets where new products may be developed and market share may be increased. These are Israel and Jordan.
1. **Target market group #2:** small and medium-sized markets in which the State of Palestine already has consistent but low market shares. These are the UAE and Saudi Arabia.
1. **Target market group #3:** world-leading markets with good unit prices and well-above-average growth rates, but where Palestinian exporters have no history. These are Japan and Canada.
1. **Target market group #4:** medium-sized markets with excellent growth and a range of unit prices. These include Switzerland, Austria, Slovenia, Slovakia and Romania, the last four of which are European Union members.

However, as noted previously, market circumstances may change and necessitate revision of the longer-term target markets. For example, the Belgian market grew by 49% in the three years preceding the recent global economic recession, and while it has yet to fully recover its peak import volume, economic recovery could eventually put its sausage imports back on that growth trajectory.

It is recommended that these targets be divided into two broad phases, with groups #1 and #2 being pursued in the short term (0-3 years) and group #3 in the medium term (3+ years). It is expected that a significant portion of the NES and sector plans of action will have been implemented by the end of the first phase. This approach is aimed at staging interventions in alignment with the evolving capacities of sector TSIs and enterprises as the NES implementation moves forward.

## SHORT TERM (0-3 YEARS)

### TARGET MARKET GROUP #1: ISRAEL AND JORDAN

Many of the State of Palestine's meat processors lack substantial export experience. For them, the Israeli and Jordanian markets are obvious first steps, as their market requirements, distribution channels, supporting services (e.g. laboratory testing), and export/import procedures are well known in the State of Palestine.

For the firms already participating heavily in these markets, maintaining that revenue stream will be important to the firms' financial positions and their abilities to venture

into new markets. Israel and Jordan also provide these firms with a good testing ground for the new capacities of product development and roll-out recommended in this strategy. Mastering those processes will be important for breaking into new target markets.

Table 11 presents the two countries of target market group #1, both of which are Palestinian neighbours, and some of the fundamental market characteristics of each.

### TARGET MARKET GROUP #2: UAE AND SAUDI ARABIA

One focus in the short term will be further penetrating existing markets by deepening existing trade relationships and getting more Palestinian firms to export to these markets for the first time. During this phase cultural affinity, bilateral geographical distances and existing trade relationships are the major criteria for determining target markets. Establishing export relationships in new markets will be difficult due to the weak business environment and low capacities of firms and the trade support network.

Table 12 presents the two countries of target market group #2, both of which are on the Arabian Peninsula, and some of the fundamental market characteristics of each.

Table 11: Target market group #1 for Palestinian processed meat, short-term phase (0-3 years)

Target market	Market segment	Product	Distribution channel	Sector exports to market (US\$ thousands) (2011)	Average annual growth of sector imports 2008-2012	Average annual GDP growth estimates 2013-2017
Israel	Mass consumers	Sausages and similar products (HS-160100)	Agents, distributors, retailers	536	50%	3.6%
Jordan	Mass consumers	Sausages and similar products (HS-160100)	Agents, distributors	4 353	20%	4.0%

Source: ITC calculations based on Comtrade's data, IMF world economic outlook database.

Table 12: Target market group #2 for Palestinian processed meat, short-term phase (0-3 years)

Target market	Market segment	Product	Distribution channel	Sector exports to market (US\$ thousands) (2011)	Average annual growth of sector imports 2008-2012	Average annual GDP growth estimates 2013-2017
United Arab Emirates	Mass consumers	Sausages and similar products (HS-160100)	Distributors	702	3%	3.5%
Saudi Arabia	Mass consumers	Sausages and similar products (HS-160100)	Distributors	230	16%	4.3%

Source: ITC calculations based on Comtrade's data, IMF world economic outlook database.

In the high-income UAE, the average per-ton price of imported sausage is US\$2,190, but in 2011 Palestinian exporters sold US\$702,000 worth of apparently higher-end, gourmet sausage at an estimated average per-ton price of more than US\$4,000.<sup>30</sup> Exporting in greater volumes and to more countries will depend on the ability of Palestinian producers to tailor price-competitive goods to more mainstream market segments in each country.

Palestinian exporters seeking to expand significantly beyond the Israeli and Jordanian markets should seek out large or dynamic markets of the variety described in the section on the medium-term phase. The Gulf Cooperation Council countries which are often among a Palestinian exporter's first targets do not have dynamic markets for sausages. Although the six member countries together did import US\$53 million worth of sausage on average between 2007 and 2011, available data for that period shows the following:

- **UAE:** reliable but stagnant demand in this country which accounted for half of the region's sausage imports;

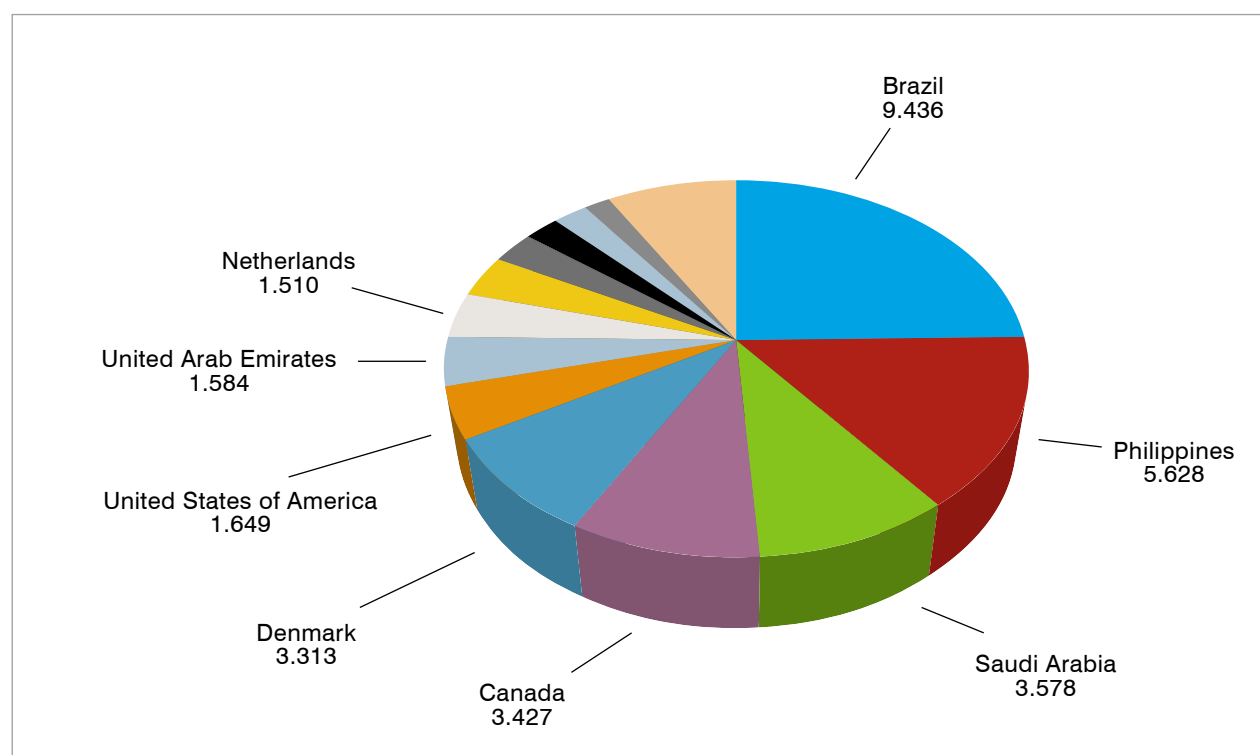
30. Precise unit price data is not available for Palestinian exports to this market, so a five-year average of estimates from the UN Statistics Division is used here.

- **Saudi Arabia:** a near doubling of demand between 2007 and 2011, but during which imports were close to nothing for two consecutive years, 2008 and 2009;
- **Kuwait:** rapidly declining demand in this country which accounted for the second largest share (18%);
- **Oman:** slow and unreliable growth;
- **Bahrain:** a market which has quadrupled in value but remains small at US\$3.7 million;
- **Qatar:** a traditionally very small market – US\$243,000 annual average from 2001 to 2008 – which may or may not have suddenly boomed, depending on the reliability of trading partner data, as national data is unavailable in ITC's Trade Map database for 2009, 2011, and 2012.

Nevertheless, Palestinian sausages represent less than 2% of sausage imports in the UAE and Saudi Arabia. There is significant room for increased Palestinian participation, which could provide a meaningful and achievable –if not transformative– short-term export goal.

The State of Palestine's competition in these markets is diverse, with 10 countries on four continents exporting over US\$1 million worth of sausage annually. Brazil and the Philippines supply approximately one-third of the combined demand of the UAE and Saudi Arabia.

Figure 5: Countries participating in the sausage imports of the UAE, Saudi Arabia, and Kuwait



Source: ITC calculations based on UN Comtrade statistics

Table 13: Most attractive markets among the leading global importers of sausages and similar products (HS 160100)

Rank	Importers	Value imported in 2012 (US\$ thousands)	Unit value (US\$ /unit)	Annual growth in value 2008-2012 (%)	Annual growth in value 2011-2012 (%)	Share in world imports (%)
	World	4 147 678	3 210	5	3	100
1	United Kingdom	512 192	4 877	4	7	12.3
2	Germany	465 666	7 414	3	1	11.2
3	Japan	291 433	5 694	15	16	7
4	France	231 218	4 613	0	4	5.6
5	Belgium	194 307	5 384	-1	-5	4.7
6	Canada	166 083	5 006	24	15	4
7	Russian Federation	127 012	3 568	43	147	3.1
8	Angola	123 481	2 100	9	12	3
9	Denmark	111 102	4 804	8	5	2.7
10	Mexico	109 742	3 456	6	8	2.6
11	Sweden	104 293	6 207	8	-6	2.5

Colour legend: Beats world average unit value by more than 50% Beats world market growth rates by more than 100% Beats both unit value and market growth

Source: ITC calculations based on UN Comtrade statistics

Table 14: Target market group #3 for Palestinian processed meat, short-term phase (0-3 years)

Target market	Market segment	Product	Distribution channel	Sector exports to market (US\$ thousands) (2011)	Average annual growth of sector imports, by value, 2008-2012	Average annual GDP growth estimates 2013-2017
Japan	Mass consumers	Sausages and similar products (HS-160100)	Wholesalers, large retailers	0	15%	1.3%
Canada	Mass consumers	Sausages and similar products (HS-160100)	Wholesalers, large retailers	0	24%	2.2%

Source: ITC calculations based on UN Comtrade data, IMF world economic outlook database.

### TARGET MARKET GROUP #3: JAPAN AND CANADA

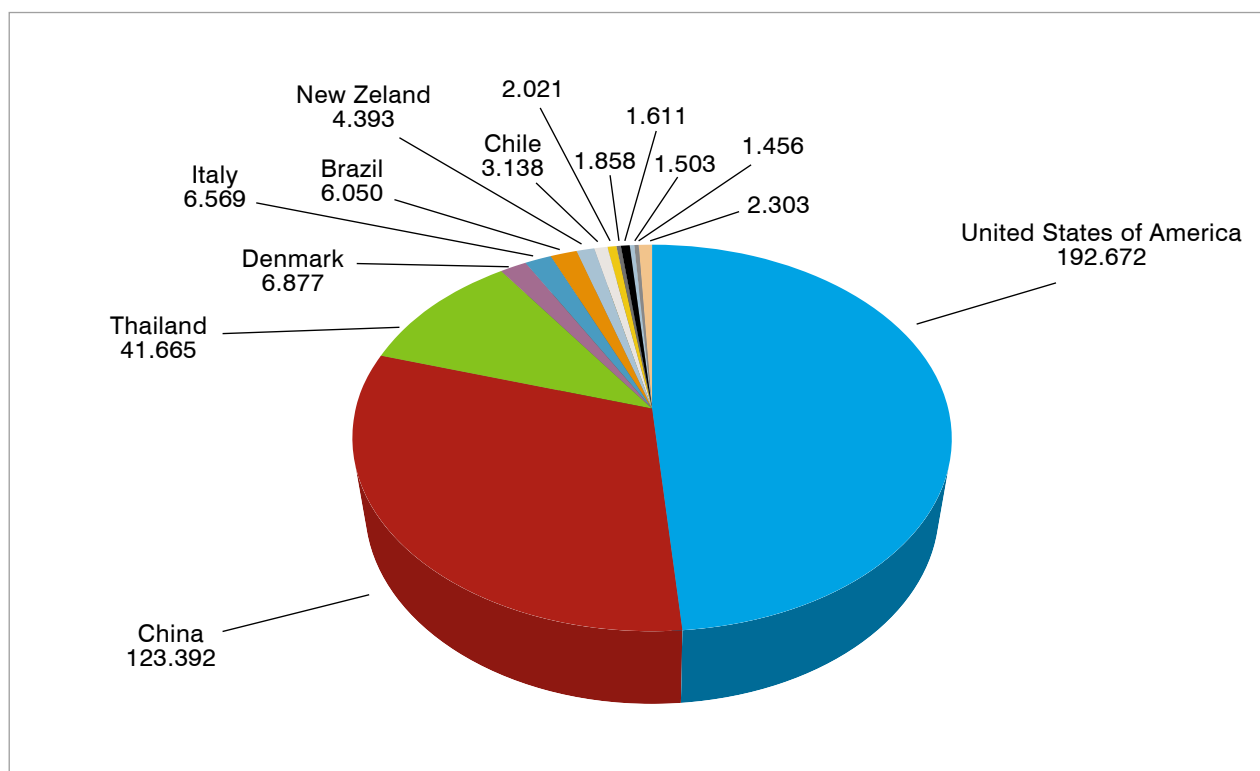
A typical methodology for identifying good potential target markets would look for a combination of large market size, high unit value and market growth that consistently beats the global market. This leads us to Japan and Canada.

Over the last four years the market value has increased by an annual average of 5%, and last year it went up by 3%.

Among the top 10 importing countries, three have more than doubled both of these rates: the Russian Federation (43%, 2008-2012), Canada (24%), and Japan (15%). Among these, two offer unit values at least 50% higher than the global average: Japan (77% higher in 2012) and Canada (56%).

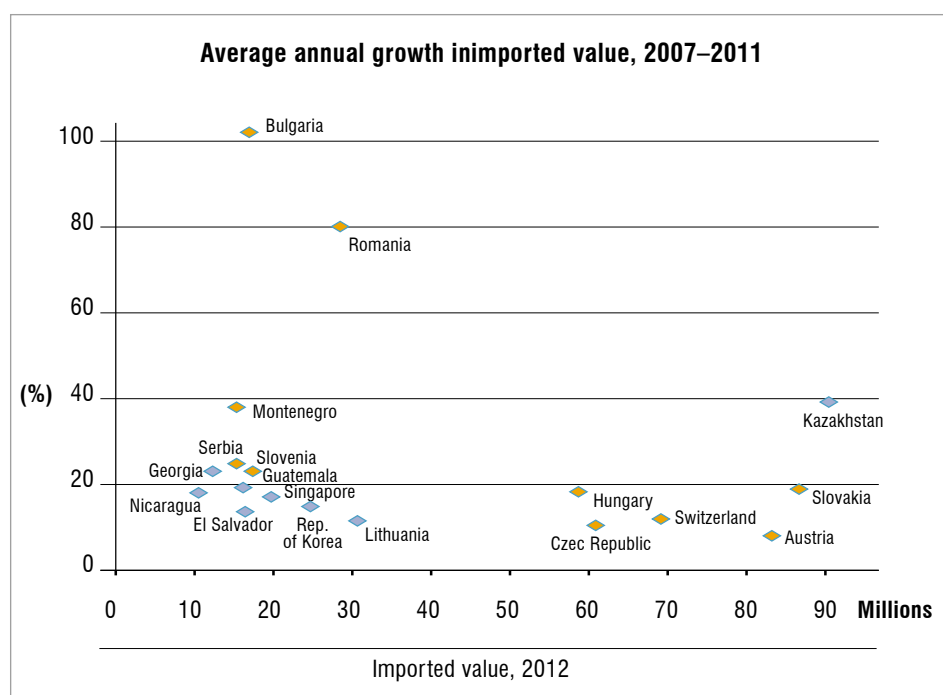
The United States, China and Thailand dominate supply to these two markets, taking a combined market share of about 80%, but that leaves almost US\$ 100,000 in imports to be supplied by a score of other countries.

Figure 6: Countries participating in the sausage imports of Japan and Canada



Source: ITC calculations based on UN Comtrade statistics

Figure 7: Eighteen high-potential markets based on growth rate and market size (under US\$ 100 million)



Source: ITC calculations based on UN Comtrade statistics

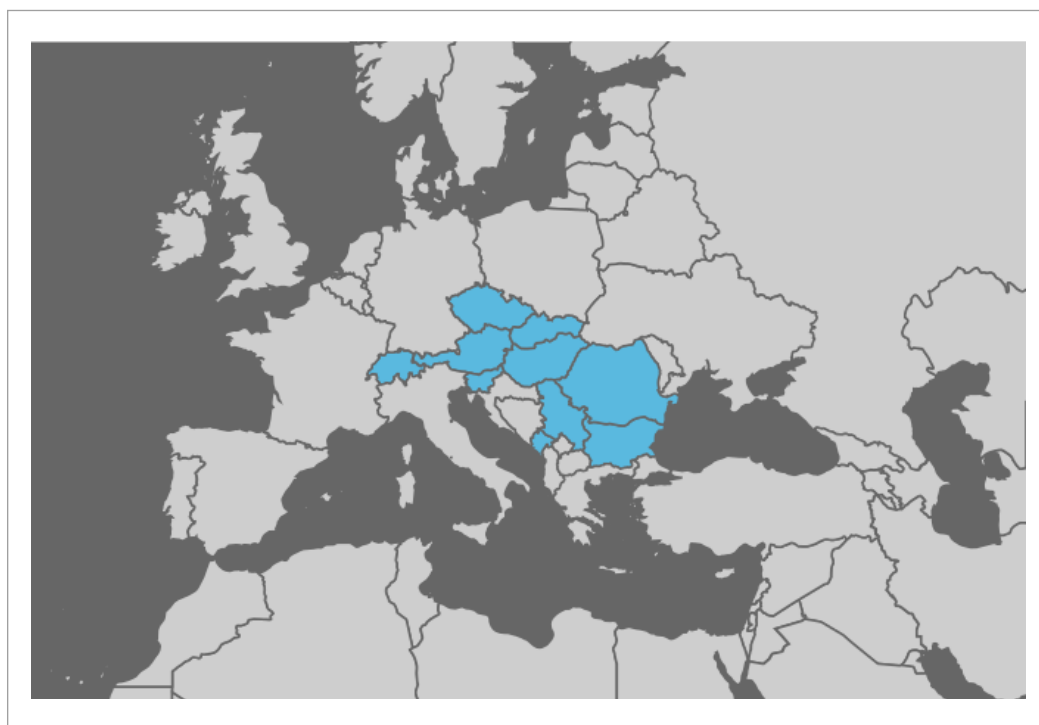


Table 15: Target markets for Palestinian processed meat, medium-long term phase (3+ years)

Target market	Market segment	Product	Distribution channel	Sector exports to market (US\$ thousands) (2011)	Average annual growth of sector imports, by value 2007-2011	Average annual GDP growth estimates 2013-2017
Switzerland	Mass consumers	Sausages and similar products (HS-160100)	Wholesalers, large retailers	0	12%	1.8%
Austria	Mass consumers	Sausages and similar products (HS-160100)	Wholesalers, large retailers	0	10%	1.4%
Slovenia	Mass consumers	Sausages and similar products (HS-160100)	Wholesalers, large retailers	0	23%	1.1%
Slovakia	Mass consumers	Sausages and similar products (HS-160100)	Wholesalers, large retailers	0	20%	2.9%
Romania	Mass consumers	Sausages and similar products (HS-160100)	Wholesalers, large retailers	0	80%	2.4%

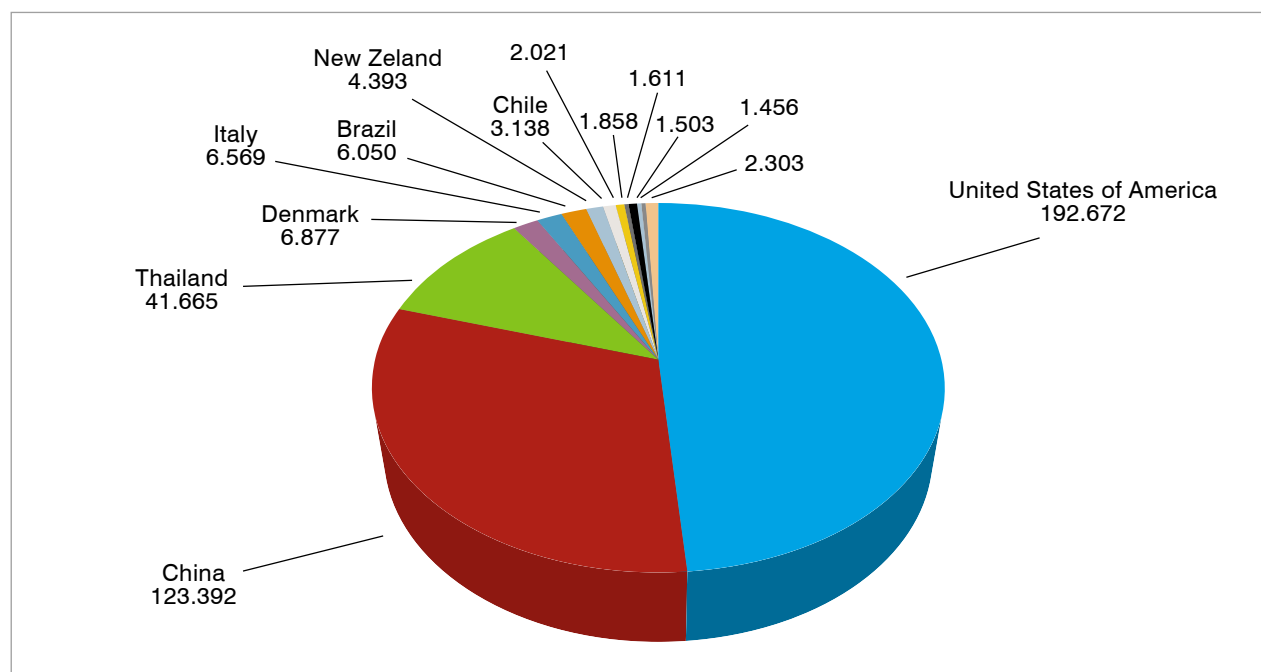
**Sources:** ITC calculations based on UN Comtrade data, IMF world economic outlook database.

Figure 8: A central and southeastern European cluster of dynamic markets for HS 160100 (sausages, etc.)



**Source:** ITC, created with the amMap Visited countries map widget

Figure 9: Countries participating in the sausage imports of Switzerland, Austria, Slovenia, Slovakia, & Romania



Source: ITC Trade Map based on UN Comtrade statistics

## MEDIUM TO LONG TERM (3+ YEARS)

The outlook for exports in the medium-to-long term (3+ years) is expected to focus on expansion of export relationships in hitherto unexplored markets (market development), or focus on the more ambitious aspects of new product development in altogether new markets (full diversification).

In the longer term, it is expected that the evolving capacities of Palestinian exporters – across multiple dimensions including quality management, supply capacities, and marketing/branding – in conjunction with the improving business environment and export value chain improvements effected by the NES and sector plan of action implementations, will allow exporters to target other markets in the medium-long term which seem hard to penetrate at the moment.

Figure 7 plots the import values against the import growth rates of 18 high-potential markets outside the top tier of 11 countries with over US\$100 million listed in table 4. These markets have the following strengths:

- 2007-2011 annual average value growth exceeding 10%;
- 2012 import value exceeding US\$10 million;
- Positive market growth in 2007, 2010 and 2011 (i.e. all non-global recession years since 2007 for which complete data is available).

Ten of the 18 attractive markets mentioned in figure 7 form a contiguous block in central and south-eastern Europe, seven of which are European Union members (see figure 8). Although the populations of these countries are diverse, their relatively similar consumer markets and geographic proximity may provide Palestinian meat processors with a cluster of consumers, distributors, logistical networks, and other service providers that allow them to cost-effectively promote their products simultaneously in several countries within the region. Together these 10 countries represent 11% of world imports, as well as an exciting and sustained average annual growth rate of 34% (2007-2011).<sup>31</sup>

Giving equal weight to market size, growth rate, and unit prices, the countries in this region can be scored and ranked by attractiveness. Doing so produces the list of five target markets in table 15.

Switzerland and Austria have very high unit prices but they are well established markets with discerning consumers. Palestinian sausages would likely have to find a niche market based on innovative product characteristics or, perhaps, fair trade marketing. Slovenia's market may offer Palestinian exporters the best balance of characteristics: a unit price well over that of the average Palestinian

31. ITC calculations based on UN Comtrade statistics

export, US\$3,963 per tonne,<sup>32</sup> and high sustained growth in a market the size of Saudi Arabia. Slovakia and Romania offer the most attractive combination of market size and growth rate, but their average unit prices might be difficult for Palestinian exporters to meet. Slovakia is within 5% of the estimated Palestinian unit price, but the average price in the booming Romanian market is almost 20% less. To participate widely in these relatively low-income markets Palestinian producers would have to look to cost-effective mass market products, such as turkey luncheon meat, rather than higher-end gourmet goods, which appears to have been the approach in the UAE.

## STRUCTURAL IMPROVEMENTS TO THE VALUE CHAIN

The foregoing analysis leads to several recommendations for value chain improvements that would:

- Improve general efficiency and competitiveness;
- Reduce leakage through vertical integration;
- Add value through new products and services;
- Contribute to the larger development goals of employment, gender equality, and environmental sustainability.

The recommendations are as follows.

### ESTABLISH A PALESTINIAN INSTITUTION THAT IS ACCREDITED IN TARGET MARKETS AS A THIRD-PARTY CERTIFYING BODY FOR FOOD SAFETY AND QUALITY

This institution may be PSI or another, even private, organization. It may participate in a global certifying system such as the International Accreditation Forum, a regional certifying system like the Euro-Retailer Produce Working Group on Good Agricultural Practices, or even company-specific certification programmes in the cases of some major retailers. Establishing this resource and getting industry-wide compliance would cut costs, quality-degrading time to market, and procedures, while contributing greatly to the formation of an international image of Palestinian processed meat as being safe and of high quality.

### STRENGTHEN DOMESTIC SUPPLY OF RAW MEAT AND CREATE A NEW DOMESTIC SUPPLY OF PACKAGING AND LABELLING

Together these two inputs represent between half and two-thirds of the cost of exported sausages, and building strong domestic supply would have a transformative effect on the global competitiveness of Palestinian

processed meat. Improving domestic supply of meat would also benefit food security, while packaging and labelling supply would have important cross-cutting benefits for Palestinian industry. Both of these supply chain links would need to be accompanied by the development of support services such as equipment manufacturing, installation and maintenance.

### ESTABLISH REGULAR FLOWS OF DETAILED, HIGH QUALITY MARKET INTELLIGENCE AND TRAINING FROM TSIS TO MEAT PROCESSORS

Rather than attempting to provide some assistance on demand to meat processors looking for intelligence on foreign markets, sector-specific TSIs should take ownership of the goals in this strategy and proactively engage firms to encourage their sales abroad and to understand and meet their information needs. TSIs should use this engagement to identify training gaps which they can fill with regularly scheduled and well-publicized trainings.

### TARGET TVET PROGRAMMES TO THE NEEDS OF THE SECTOR

Better linkages are needed to dedicated TVET institutions such as PPU for the collaborative tailoring of educational offerings and graduate job placement. Narrower, sector-specific training capacity should also be built at MoA and PFIU. For Palestinian meat processors to expand beyond the domestic market they will need new or strengthened capacities in the research, development, design, and quality management of products tailored to the requirements of new markets in Europe, North America, and Asia.

### MAKE STRATEGIC INFRASTRUCTURE IMPROVEMENTS

An infrastructure needs assessment and strategic planning process should lead to targeted expansions of water supply, slaughterhouses, packaging, cold transport and cold storage in a way that maximizes uptake of domestically produced raw meat and minimizes export time and spoilage. This process may lead to targeted additions to the existing infrastructure landscape or it may involve consolidation, for example in industrial parks.

### INCLUDE AND EMPOWER WOMEN

Women are already deeply involved in the agricultural activities which feed into processing sectors like the one under discussion. However, in agriculture and beyond, female participation drops as skill levels rise. Special initiatives are needed to enable and encourage equal female participation in training programmes and employment.

32. As official export unit price data is not available, a five-year average (2007-2011) of United Nations Statistical Division estimates is used to arrive at this figure.





Source: © Beau Lebens.

# HOW TO GET THERE

## STRATEGIC OBJECTIVES

The NES design process was highly inclusive of all major stakeholders in the processed meat sector. This was critical to understanding the real situation on the ground from every angle, to building consensus on the strategic steps to be taken, and to starting the work of assembling a coalition of actors with the interest and ability to jointly implement the strategy in a decisive and effective manner. This section contains a Plan of Action to guide the strategy's implementation. It is broken into targeted activities or projects, each with its own concrete goals, beneficiaries and responsible parties. Each of the activities contributes in one or more ways to the accomplishment of the following strategic objectives:

1. **Enhance the sector's access to trade-related information and knowledge.** This objective will be realized through initiatives implemented along the following dimensions (or operational objectives):
  - Enhance the usefulness and quality of trade-related information provided to processed meat companies;
  - Improve and ease processed meat sector access to trade information for target markets.
2. **Enhance the competitiveness of meat processing companies through effective trade promotion activities.** This objective will be realized through initiatives implemented along the following dimensions (or operational objectives):
  - Increase market penetration in existing markets;
  - Promote and ease access of Palestinian processed meat products in new markets.
3. **Formulate, adopt and improve local regulations and trade policies in favour of the sector's growth and development.** This objective will be realized through initiatives implemented along the following dimensions (or operational objectives):
  - Lobby to grant financial institutions incentives for lending to the sector's companies;

- Develop the sector's branding strategy;
- Lobby for modification, development and enforcement of current and future trade agreements.

4. **Enable Palestinian processed meat enterprises to produce high quality products according to international standards.** This objective will be realized through initiatives implemented along the following dimensions (or operational objectives):
  - Increase research and development activities in the meat processing sector;
  - Gather and disseminate relevant information for product innovation and diversification in target markets;
  - Improve access to quality and affordable food grade packaging material;
  - Improve the sector's capacity to provide high quality products;
  - Enhance the competitiveness of the sector's companies by improving the business enabling environment;
  - Enhance employee productivity and satisfaction;
  - Set the foundation for SPS regulation development and implementation.

The types of activities undertaken will include training; provision of information and assistance; institutional strengthening and funding; and stakeholder outreach. The immediate outputs of these activities should be improved performance by: meat processors; PSI or an alternative certifying body for food safety and quality; and PFIU and PalTrade as critical TSIs for the sector.

Together, the activities will lead to better product quality, reduced costs and a transformative level of export preparedness among the State of Palestine's meat processors, many of whom will be exporting for the first time. Over several years, their success is expected to lead to a several-fold increase in the output value of the sector, which until now has been largely contained to the State of Palestine but has the potential to join the multi-billion dollar global market for processed meat.



## IMPORTANCE OF COORDINATED IMPLEMENTATION

The first step in rolling out the PoA is matching the activities to donors, many of whom were heavily consulted during the NES design process. If all activities are fully funded and implemented it is expected that the value of the State of Palestine's processed meat exports would quadruple by 2020. The largest and most immediate export growth is expected to occur in niche markets – gourmet, organic, fair trade, Palestinian solidarity, etc. However, as the value chain strengthens and quantities and quality become reliably high, Palestinian processed meat should become more competitive in more mass markets. As Palestinian exporters get more experience in a diversity of countries they will be able to start participating in relatively more exotic mass markets, like those of Central and South-eastern Europe, where the most exciting growth is occurring.

The activities needed to realize this vision are broad in scope and their coordinated implementation is a complex matter. An effective coordinator is needed to guide the broad range of stakeholders involved in implementation, ensure the efficient allocation of resources, advocate policies in support of the strategy, and monitor results at both

the micro and macro levels. To this end, the Palestinian Export Council (PEC) will be established in order to facilitate the public–private partnership which will elaborate, coordinate and implement the NES. Moreover, PEC will play a key role in recommending revisions and updates to the strategy so that it continues to evolve in alignment with the State of Palestine's changing needs.

## IMPLEMENTATION PARTNERS – LEADING AND SUPPORTING INSTITUTIONS

A number of institutions will play a key role in the implementation of this export strategy for the processed meat sector, as illustrated in the TSI section and the PoA. These are institutions that have the overall responsibility for successful execution of the strategy, as well as support institutions that are active partners but not leading institutions. Each institution mandated to support the export development of the processed meat sector is clearly identified in the plan of action.

Implementing partners include PalTrade, MoNE, PFI, PFIU, PSI and various consulting firms hired through these partners, among others.



Source: © Beau Lebens.

# THE STATE OF PALESTINE NATIONAL EXPORT STRATEGY

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## PLAN OF ACTION



Strategic objective 1: Enhance the sector's access to trade-related information and knowledge.									
Operational objective	Activities	Priority 1=low 2=med 3=high	Beneficiaries	Target measures	Means of verification	Leading implementing partners	Supporting implementing partners	Existing programmes or potential support	Estimated costs (US\$)
1.1 Enhance the usefulness and quality of trade-related information provided to processed meat companies.	1.1.1 Conduct competitive analysis reports in target markets and make the reports available for the sector's companies (detailed, fee-based market studies).	3	Meat processing companies	Three competitiveness reports	Documents	Consulting firms (local, foreign), PalTrade	PFIU, PFI, sector companies, consulting firms		30 000
	1.1.2 Build and capitalize on relationships with international trade bodies to collect information and market intelligence reports in the targeted markets.	3	Meat processing companies, PalTrade, private sector	One signed Memorandum of Understanding with international trade bodies and information centres	Photocopies of the memorandum	PalTrade, MoNE, PCBS, MoFA, PFIU, PFI	International trade bodies and information centres	At PalTrade	15 000
1.2 Improve and ease processed meat sector access to trade information for target markets.	1.2.1 Set up an online database for sector companies to access information in a timely manner.	2	Meat processing companies	One online information centre (PalTrade)	Website address	PalTrade	PalTrade (internal capacity)		12 000
	1.2.2 Compile and disseminate a monthly newsletter, whether digital or print.	3	Meat processing companies	12 export newsletters (regional focus)	Newsletter	PalTrade, PFIU, PFI	Design and printing houses		48 000
Strategic objective 2: Enhance the competitiveness of meat processing companies through effective trade promotion activities.									
Operational objective	Activities	Priority 1=low 2=med 3=high	Beneficiaries	Target measures	Means of verification	Leading implementing partners	Supporting implementing partners	Existing programmes or potential support	Estimated costs (US\$)
2.1 Increase market penetration in existing markets.	2.1.1 Develop tailored promotion packages and activities for each target market (packages include, but are not limited to: business to business meetings (B2B), trade missions, trade fairs).	3	Meat processing companies	Number of trade missions, B2B events, etc.	Documents in general	PalTrade, PFIU, PFI, MoNE	Logistics companies, design houses, printing houses	PalTrade core activity	12 000
	2.1.2 Increase representation of Palestinian commercial attaches in target markets.	2	Exporting companies	Level of representation	Office activity report	PalTrade, MoNE, MoFA	Consulates in target markets.		6 000
2.2 Promote and ease access of Palestinian processed meat products in new markets.	2.2.1 Provide market access information to the sector's companies on new market opportunities arising from latest trade developments (agreements, exemptions, standards, etc.).	3	Meat processing companies	Newsletter or bulletin	Issued newsletters	PalTrade	Design houses, printing houses, international trade bodies, international statistics offices		18 000
	2.2.2 Support the sector's companies and private sector organizations in their readiness for market access developments.	3	Meat processing companies, TSIs	Training programmes, workshops, conferences	Number of workshops, training sessions, etc.	PalTrade, PFI, PFIU, MoNE	Logistics companies		25 000

Strategic objective 3: Formulate, adopt and improve local regulations and trade policies in favour of the sector's growth and development.									
Operational objective	Activities	Priority 1=low 2=med 3=high	Beneficiaries	Target measures	Means of verification	Leading implementing partners	Supporting implementing partners	Existing programmes or potential support	Estimated costs (US\$)
3.1 Lobby to grant financial incentives for lending to the sector's companies.	3.1.1 Establish agricultural financing and funding programmes for the processed meat sector.	3	Meat processing industry, agricultural sector	One funding programme	Loan applications	MoF, Palestine Monetary Authority, donors, investors	Private sector organizations	Middle East Initiative	500 000
	3.1.2 Establish an agricultural insurance and guarantee fund.	3	Meat processing industry, agricultural sector	Agricultural insurance programmes	Agricultural insurance policies	MoF, Palestine Monetary Authority, donors, investors, Palestine Capital Market Authority	Private sector organizations		500 000
3.2 Develop the sectors' branding strategy.	3.2.1 Formulate a strategy development team that includes all active stakeholders (private and public) in the processed meat sector.	3	Processed meat sector	Strategy development team	Meeting minutes	Private and public sector	Private and public sector institutions		5 000
	3.2.2 Conduct a baseline study on the current branding initiatives in the sector, and analyse branding strategies in competing markets.	3	Processed meat sector	Baseline study conducted	Baseline study document	Consulting firms (local, foreign), trade centres, PalTrade	Consulting firms		15 000
	3.2.3 Contract an external consultant for the strategy development assignment.	3	Processed meat sector	Contractor selection panel	Contract	Consulting firms	Consulting firms		25 000
	3.2.4 Present the branding strategy to all stakeholders.	3	Processed meat sector	Study and strategy documents	Branding strategy presentation workshop	Private and public sector	Logistics companies		5 000
3.3 Lobby for modification, development and enforcement of current and future trade agreements.	3.3.1 Facilitate trade missions from Arab countries to promote the sector's companies, and provide first-hand experience for these missions of the high standards and quality of the sectors' products.	3	Processed meat sector	Number of trade missions which visited local plants	Trade mission report	PalTrade, PFIU, PFI, MoFA	MoNE		12 000
	3.3.2 Study the current deficiencies in the Paris Protocol and prepare a white paper on the amendments needed in favour of the Palestinian economy.	3	Palestinian economy in general	White paper development	White paper presentation	PalTrade, universities, MoNE	Private sector institutions		6 000
	3.3.3 Provide a platform for active participation of the private sector in negotiations of future trade agreements.	3	Private sector exporting companies	Improved and tailored trade agreements	Panel (committee) formulation	MoNE, MoFA, private sector organizations	Private Sector Coordination Council		9 000

Strategic objective 4: Enable Palestinian processed meat enterprises to produce high quality products according to international standards.									
Operational objective	Activities	Priority 1=low 2=med 3=high	Beneficiaries	Target measures	Means of verification	Leading implementing partners	Supporting implementing partners	Existing programmes or potential support	Estimated costs (US\$)
4.1 Increase research and development activities in the meat processing sector.	4.1.1 Promote partnerships between private and public education and training institutions to develop an export development and management curriculum.	3	Private sector	Curriculum existence	Number of graduates	Ministry of Education and Higher Education, MoL, PFIU, PFI, universities, vocational training centres	Private Sector Coordination Council		6 000
	4.1.2 Promote the value of training and capacity-building to SME family businesses.	2	Private sector	Baseline survey, evaluation survey	Survey results (updated every two years)	PFIU, PFI	FPCCIA, consulting firms		15 000
	4.1.3 Build the capacity of public and private sector institutions (such as PFI, PFIU, the Palestine Investment Promotion Agency (PIPA), PSI) to provide their services effectively and efficiently.	3	Private sector, private and public sector institutions	Baseline survey, need assessment study	Study results (updated every two years)	PFIU, PFI, PIPA, PSI, FPCCIA, etc.	Donors, consulting firms		75 000
4.2 Gather and disseminate relevant information for product innovation and diversification in target markets.	4.2.1 Develop market research reports on new product opportunities in target markets.	3	Meat processing companies	Number of new products	Product labels and packages	International trade bodies, PalTrade	Consulting firms		15 000
	4.2.2 Deliver training courses on package and label design for the meat processing sector.	3	Meat processing companies	Number of training sessions	New product and label designs	PalTrade, PFIU, PFI	Consulting firms, design houses, branding specialists	PalTrade initiative	12 000
4.3 Improve access to quality and affordable food grade packaging material.	4.2.3 Deliver market research findings to the sector's companies.	3	Meat processing companies	Number of workshops, conferences, reports	Workshop documents	PalTrade	Logistics companies		5 000
	4.3.1 Increase knowledge of local packaging providers and sector companies on target market packaging standards and requirements.	3	Meat processing companies	Workshops, seminars	Documents	PalTrade	TSIs		6 000
	4.3.2 Build relationships with international packaging providers for packages that are not available locally.	3	Meat processing companies	Number of new packages imported	New packages	PalTrade, PFIU, PFI	Logistics companies, international trade bodies		3 000
4.4 Improve the sector's capacity to provide high quality products.	4.4.1 Develop a cost-efficient quality certification system for export companies (HACCP, ISO).	3	Meat processing companies	Cost-efficient certification process in place	Number of certified companies	PFIU, PFI, PalTrade, PSI	Certification brokers		18 000
	4.4.2 Provide information on quality benefits and standard requirements in target markets.	3	Meat processing companies	Newsletter, bulletins	Newsletters issued	PalTrade	PFIU, PFI		6 000
4.5 Enhance the competitiveness of the sector's companies by improving the business enabling environment.	4.5.1 Reduce the time needed for the PNA to pay back VAT re-funds, to enhance efficiency and free up capital for reinvestment, by applying the current law.	3	Private sector	Reduced time for VAT refund	VAT refund documents		MoF	Private sector organizations	



Strategic objective 4: Enable Palestinian processed meat enterprises to produce high quality products according to international standards.								
Operational objective	Activities	Priority 1=low 2=med 3=high	Beneficiaries Target measures	Means of verification	Leading implementing partners	Supporting implementing partners	Existing programmes or potential support	Estimated costs (US\$)
4.5 Enhance the competitiveness of the sector's companies by improving the business enabling environment.	4.5.1 Reduce the time needed for the PNA to pay back VAT re-funds, to enhance efficiency and free up capital for reinvestment, by applying the current law.	3	Private sector Reduced time for VAT refund	Reduced time for VAT refund	VAT refund documents	MoF	Private sector or-ganizations	12 000
	4.5.2 Enhance sector companies' knowledge and awareness of the current investment promotion law and incentives.	3	Private sector	Investment incen-tives used	Number of beneficiar-ies of the investment promotion law	Private sector organ-izations	PIPA	3 000
4.5 Enhance the competitiveness of the sector's companies by improving the business enabling environment.	4.5.3 Provide additional incentives and tax exemptions for ex-ported companies.	3	Private sector ex-ported companies	Exporting com-panies' lists of in-vestment and tax incentives	Number of beneficiar-ies of the investment promotion law	Private sector organ-izations	PIPA	6 000
	4.5.4 Provide competitive energy and water prices for industrial and exporting companies.	3	Industrial sector	Percentage reduc-tion of water and energy costs	Applied energy and water prices	Industrial sector, PFIU, PFI	Water and energy authorities	8 000
4.6 Enhance em- ployee productivity and satisfaction.	4.5.5 Provide incentives for exporting companies to use existing and future industrial parks.	3	Private sector ex-ported companies	Percentage reduc-tion in rent pric-es of industrial parks	Price list	Palestinian Industrial Estate and Free Zone Authority	PaITrade, PFI, PFIU	30 000
	4.5.6 Advocate for coordination of the roles of different govern-ment inspection and testing units, to ensure a smooth and time-ly exportation process.	3	Exporting compa-nies	Reduce time re-quired to get per-mits for export	World Bank Doing Business indicators	Private sector organ-izations		5 000
4.7 Set the founda-tion for SPS regu-lation development and implementa-tion.	4.6.1 Tailor training to fulfil the job needs of employees in this sector.	3	Meat processing companies' em- ployees	Number of train-ees in specialized meat processing companies	Training sessions sub-jects, dates and lo-cations	PFIU, PFI	PaITrade, techni-cal consulting and training houses	25 000
	4.6.2 Establish a public-private dialogue to negotiate alignment of the curricula for vocational training to the priorities of the meat processing sector.	3	Processed meat sector	Development of the curricula	Number of graduates	Ministry of Education and Higher Education, MoL, PFI, PFIU	Private Sector Coordination Council	6 000
	4.7.1 Create a roadmap for the required infrastructure, proce-dures, systems and governmental offices required for the devel-opment of SPS regulations.	3	Agriculture, agro-related industries, MoH, MoA, MoNE	Document	Initial assessment re-port	World Bank, World Health Organization, World Trade Organization		50 000
	4.7.2 Develop a cost benefit analysis for SPS framework develop-ment and implementation in the State of Palestine.	3	Agriculture, agro-related industries, MoH, MoA, MoNE	Document	Cost benefit analysis report	Consulting firms	PSI	15 000
	4.7.3 Develop the SPS regulation implementation plan.	3	Agriculture, agro-related industries, MoH, MoA, MoNE	Document	Implementation plan document	Consulting firms, MoH, MoA	PSI	5 000
	4.7.4 Advocate for providing the necessary financial and techni-cal resources needed for SPS regulation development.	3	Agriculture, agro-related industries, MoH, MoA, MoNE	Donor commit-ments	Creation of a fund for SPS development	MoFA, MoH, MoA	PSI	6 000



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# APPENDIX 1:

## LIST OF STAKEHOLDERS

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## APPENDIX 2: DIRECTORY OF PALESTINIAN MEAT PROCESSING COMPANIES

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Al-Sunbola Islamic Foundation for Meat Products	Salah Maarouf	09-2379342	09-2379342
Islamic Foundation for Food Products	Waleed Mohammed Khatib	09-2674139	09-2681115/6
Manar Meat Factory	Masoud Othman	04-6383451	04-6383798
Salwa Company for Food Products	Taher Aldoaat	02-2987174	02-2951569
Ghosheh Company for Food Industries.	Majid Ghosha	02-2322320	02-2321919
Al-Aqsa Mortadella Factory	Rajab Abu Arab	08-2840234	08-2820846
Siniora Food Industries.	Majdi Al-Sharif	02-2799088	02-2796804
Saeed Jameel Al-Danaf & Sons	Said Jamil Danaf	08-2823351	08-2822198
Meat Land Company	Maher Ramadan	02-2345659	02-2340006
Palestinian National Factory for Meat	Omar Abu Oud	02-2269380	02-2268491
Al-Madaen Foodstuffs	Haitham Abu-Ghazaleh	02-6569982	02-2345315
Al-Hilal Mortadella Factory	Muhammad Yunus	08-2804398	08-2804399
Food Land Company	Azzam Al-Halawani	02-6566957	02-6566958
Al Mahareeq Investment	Mohammed Mahareeq	02-2263967	02-2263966





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