

Required Report: Required - Public Distribution

Date: August 12, 2022

Report Number: TC2022-0006

Report Name: Food Processing Ingredients

Country: United Arab Emirates

Post: Dubai

Report Category: Food Processing Ingredients

Prepared By: Rana Tarraf

Approved By: Lucas Blaustein

Report Highlights:

The United Arab Emirates' food processing sector is expanding due to significant public and private sector investments, low regional tariffs, and a convenient geographic location bolstered by excellent infrastructure. There are over 568 food and beverage processors and manufacturers in the UAE, most of which are small to medium size. The food processing sector not only feeds UAE demand but is also focused on meeting needs regionally and throughout the world. These firms are almost entirely dependent on imported ingredients due to the UAE's low production of intermediate, commodity, and lightly processed agricultural products. Significant opportunities exist for U.S. companies to expand their business with this growing sector of the UAE economy.

Market Fact Sheet: United Arab Emirates

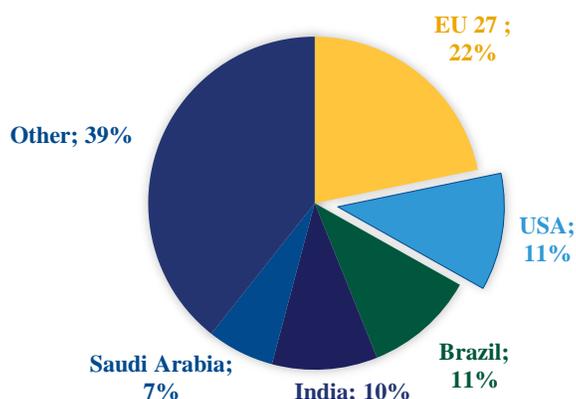
Executive Summary

The United Arab Emirates (UAE) is a developed nation with a federalist monarchy form of government. It is the second largest economy in the Arab world after Saudi Arabia, with a Gross Domestic Product (GDP) of \$410 billion and a growth rate of 2.3 percent in 2021. Foreign nationals comprise almost 90 percent of the very diverse population. Approximately 80 percent of the UAE's agricultural products are imported. In 2021, the United States exported \$1.13 billion in agricultural and related products to the UAE, making it the second largest export market for U.S. Agricultural products among the countries of the Gulf Cooperation Council (GCC) and 30th largest in the world.

Imports of Consumer-Oriented Products

The UAE imported \$6.4 billion in consumer-oriented products in 2021, accounting for 39 percent of total Agricultural imports. Primary suppliers are the European Union, India, United States, Brazil, and Saudi Arabia. The market is highly competitive but there is great potential for U.S. export growth in this segment, including in dairy products, prepared food, fresh fruit, poultry, tree nuts, and beef products.

**IMPORTS OF CONSUMER ORIENTED PRODUCTS
(US\$ MILLIONS)**



Food Processing Industry

According to UAE government statistics there are 568 food and beverage processors in the country. These factories produce 5.96 million metric tons (MT) of food and beverage products annually, with 2.3 MT in staple food items. This sector relies heavily on imported commodities and ingredients and plays a major role in the government's efforts to enhance food security and self-sufficiency in basic commodities. In 2021, imports of bulk and intermediate products were \$4.3 billion, five percent (\$207 million) of these imports came from the United States.

Quick Facts CY 2021

Imports of Consumer-Oriented Products

US\$ 6.4 billion

10 Top Consumer-Oriented Products Imports

Dairy	\$1.4 billion
Food preparations	\$1.1 billion
Fresh fruit	\$815 million
Poultry meat & products	\$804 million
Tree nuts	\$762 million
Beef & beef products	\$582 million
Chocolate & cocoa products	\$475 million
Fresh vegetables	\$430 million
Meat products (NESOI)	\$368 million
Wine & beer	\$375 million

Top UAE Retailers

Carrefour, Lulu Hypermarket, Union Co-operative Society, Abu Dhabi Co-operative Society, Sharjah Co-operative Society, Emirates Cooperative Society, Al Madina Hypermarket, Baniyas Co-operative society, Nesto Hypermarket, Al Maya, Spinneys, Choithrams, Waitrose

GDP and Population

Population: 9.89 million
GDP: \$410 billion
GDP per capita: \$38,661

Strengths	Weaknesses
UAE is a modern transit hub for the broader MENA region	Specialized labeling and restrictive shelf-life requirements
U.S. products are considered high quality	Long shipping time and high freight costs
USA brand recognition is prevalent among consumers	Requires dedicating significant resources to branding and consumer outreach
Opportunities	Threats
Import regulations are transparent and not complex	Developing rules, subject to change without prior notice
Health-conscious consumers with growing incomes	Proximity to India, Europe, and other MENA agricultural producers with cheaper prices
Expanding e-commerce and food delivery sectors	Market oversaturation and strong branding from competitors

USDA FAS Dubai | Telephone: +971 4 309 4000 |

Email: agdubai@fas.usda.gov



SECTION I. MARKET SUMMARY

The United Arab Emirates (UAE) is a developed nation strategically located with excellent infrastructure to import, export, and transit products to the region and around the world. The UAE has low tariffs within the Middle East because it is a member of the both the Pan-Arab Free Trade Area with the nations of the Arab world and the Gulf Cooperation Council (GCC), a regulatory and political union between countries of the Arabian Gulf.

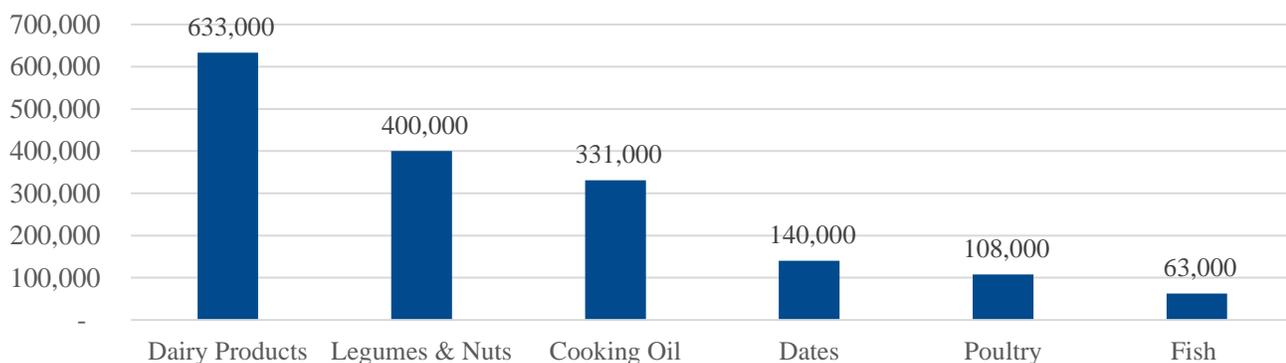
The International Monetary Fund projected that the UAE's gross domestic product contracted by -5.9 percent in 2020 due to the novel coronavirus pandemic curbing demand and halting tourism but recovered by 3.1 percent in 2021 with large scale events and travel resuming. COVID-19 has been a major disruptor and while the retail sector rebounded to pre-pandemic levels by the end of 2020, food services are not expected to fully recover until 2024.

Due to the major import supply concerns in 2020, the UAE government enhanced its food security protocols and invested heavily in local food production. The UAE aims to triple food production by 2030; to this end the Abu Dhabi Agriculture and Food Safety Authority have earmarked \$272 million in investments for agricultural projects and the Dubai government has launched the first phase of its major food production hub, the 'Food Tech Valley'.

The main staple food items processed in the UAE are dairy products, legumes, nuts, cooking oil, dates, poultry, and fish. Other products processed in the UAE include sugar, tea, pepper, eggs, rice, wheat, coffee, baby food, and fresh meat.

Trade sources state that 85 percent of the processed staple food products are consumed locally, and the remainder is exported. According to the UAE government, 85 percent of processed staple foods are directed to retail and 15 percent to foodservice. Ten percent of non-staple food products are consumed locally while the rest are exported, with 75 percent directed to retail and 25 percent to foodservice.

Major UAE Food Processing Industry by Sector in Metric Tons (MT)



Source: Emirates Food Security Council, Ministry of Energy and Infrastructure

Advantages and Challenges for U.S. Food Ingredients

Advantages	Challenges
Food processing sector relies mainly on imported commodities and ingredients.	COVID-19's impact on the UAE economy, negatively impacting transportation, tourism, and hospitality.
Potential growth in the food processing sector and imported food ingredients in UAE due to a focus on food security.	Significant competition from Europe, Asia, Australia, New Zealand, and local regional processors due to price flexibility and lower freight costs.
Preference for U.S. products due to their safety and high quality.	Lack of interest from some U.S. exporters who are not willing to entertain small orders and consolidate shipments.
UAE is a major trading hub with excellent infrastructure and a gateway to other countries in the Middle East and North Africa.	All imported food products into the UAE must comply with strict GCC standards, including but not limited to, product registration, Arabic labeling, and halal certificates for meat products.
All manufactured food products in the UAE outside of a free trade zone are exempted from the custom duties between the GCC countries.	New regulations for UAE food manufacturers

SECTION II. ROAD MAP FOR MARKET ENTRY

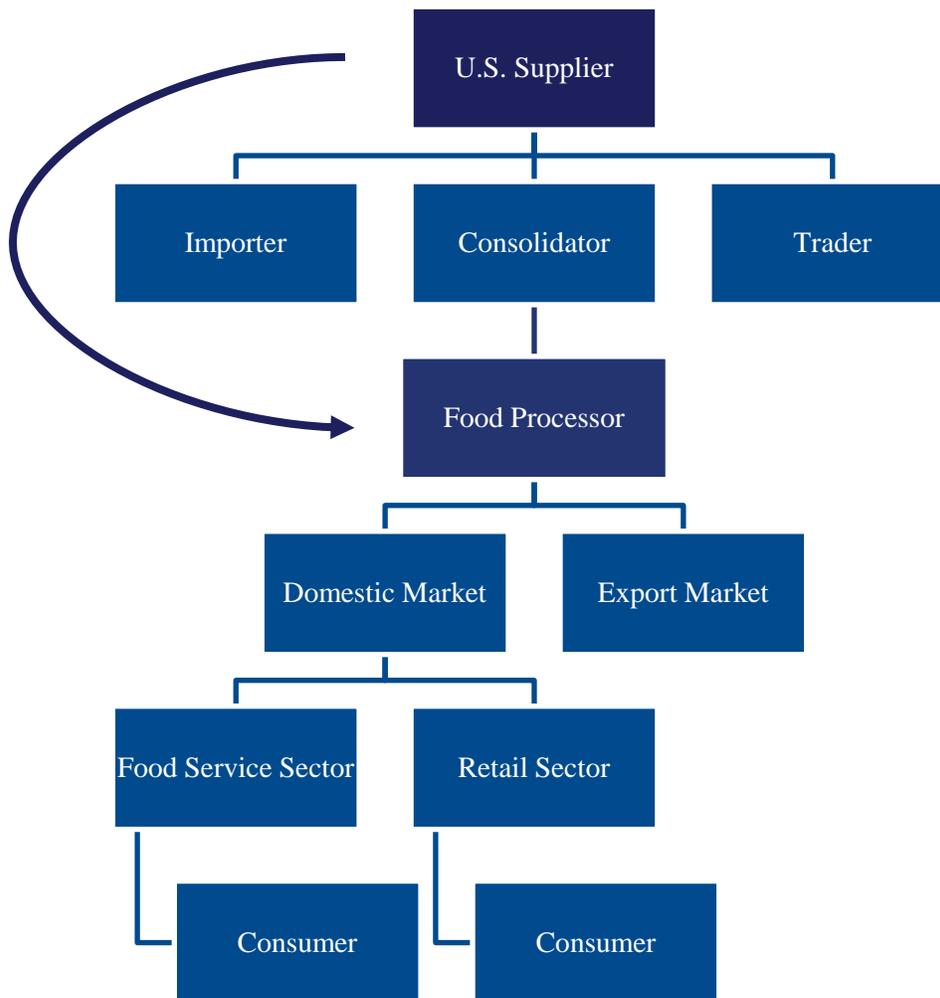
Entry Strategy

USDA's Regional Office of Agricultural Affairs in Dubai (OAA Dubai) maintains resources to help U.S. suppliers stay current on the latest news, trends, and regulations. USDA FAS OAA reports can be found here: [United Arab Emirates | USDA Foreign Agricultural Service](#)

U.S. suppliers are advised to study the market to determine if there is potential for their products. It is recommended to understand the overall business climate, market size and dynamics, consumption trends, food import procedures, and regulations. After initial market research is completed, it is recommended to visit the UAE and meet in-person with local industry.

Attending and participating in UAE trade shows is a great opportunity for U.S. suppliers to build contacts with local industry and meet potential buyers. [Gulfood](#) is the largest annual food show in the world and attended by countries all over the region and the globe. [Gulfood Manufacturing](#) is the largest trade show in UAE that specializes in food ingredients for further processing. The [Future Food Forum](#) is a small but impactful annual gathering for local food processors in Dubai.

Market Structure



Import Procedures

Dubai is a regional trade hub and center of international exhibitions and events. Around 75 percent of shipping volume into the UAE arrives via Dubai's ports. Regulations and registration procedures vary between each Emirate. You can find more information regarding import requirements for food products into the major Emirates through the following links.

- For Abu Dhabi: [Food Importers Guide](#), Abu Dhabi Food Control Authority
- For Dubai: [Import and Re-export Requirements for Foodstuff](#), Food Control Department, Dubai Municipality

For more information about regulatory requirements related to the importation and sale of agricultural goods in UAE, please review the [Food and Agricultural Import Regulations and Standards Report \(FAIRS\)](#) and the [FAIRS Export Certificate Report](#).

Distribution Channels

Large food and beverage processors in the UAE usually buy agricultural raw materials directly from foreign suppliers. While smaller processors may buy from importers or consolidators. Processors of essential food products focus on the local market while non-essential food processors focus on exports.

Company Profiles and Company Products

The UAE has 568 food and beverage processors, mainly small and medium-sized factories. The majority of the food and beverage factories are based in Dubai (315) factories, with the rest distributed among the other six emirates. A full list of the UAE food and beverages processing firms can be found at UAEExports.net. A select group of the largest food processors covering different sectors is listed below:

Company	Location	Annual Revenues (US\$)	Number of Employees	Website
IFFCO	Dubai, Abu Dhabi, Sharjah, Ajman	\$3.6 B	12,000	https://iffco.com
NCC Group	Abu Dhabi	\$1.0 B	5,000	https://www.nccauh.ae/
Unikai	Dubai	\$395.3 M	2,000	http://www.unikai.com/
Masafi	Dubai	\$52.7 M	1,600	https://www.masafi.com/

Company Highlight: Al Jameel International Group

Al Jameel International Group is one of the UAE's largest importers of U.S. nuts.

Al Jameel opened their new walnut cracking facility in February 2022. The new production facility consists of two advanced production lines, including the first for cracking walnuts and the first of its kind in the Middle East with production capacity of 17,000 tons annually. The second production line is focused on the processing and sorting of raw cardamom.

In Picture: Al Jameel International Walnuts Cracking Facility



Sector Trends

The food processing sector plays a major role in the government's efforts to enhance food security and is expected to grow gradually in the upcoming years. The UAE government is investing heavily to develop and support local processors. [Dubai Exports](#) is one of the Dubai government's platforms to aid local processors in accessing international markets and provides [market reports](#) about the UAE industrial sectors.

Major Consumer Trends:

- Health-conscious UAE consumers are growing in number and looking for nutritious products and with clear labeling. Demand for organic, sugar free, and natural products have all grown in the past few years. Additionally, preference for locally produced products is increasing gradually.
- However, UAE consumers are becoming more price oriented due to the negative impacts of COVID-19 on the UAE economy. Shoppers are balancing value for money with product quality. This trend is expected to affect consumer shopping habits in 2021 and 2022.
- In 2021, changing consumption habits due to the pandemic increased the use of e-commerce platforms in the region. UAE retailers continue to invest in e-commerce platforms with new players, such as Noon Daily and Amazon, entering the online grocery retail segment. Online grocery shopping is a long-term trend and will continue to play a major role in the grocery shopping in UAE.
- The value of processed frozen food sole in the UAE increased by 22.5 percent from 2016 to 2021 as consumers sought easy at-home options. According to Euromonitor, chilled and processed meat retail and foodservice volume grew by 15 percent from 2016 to 2021 to reach 115 million metric tons.

SECTION III. COMPETITION

The food processing sector in the UAE depends heavily on imported raw materials due to low domestic agricultural production. Russia, Canada, India, and Argentina are the main competitors in sourcing bulk products. As for dairy products, local dairy farms focus on fresh products and face high import competition for processed products. Some local processing firms reconstitute dairy products from milk powder that is mainly imported from Europe and New Zealand.

For more trade statistics information, please visit: [UAE Federal Competitiveness and Statistics Centre or USDA FAS GATs](#).

SECTION IV. BEST PRODUCT PROSPECTS

A: Products Present in the Market That Have Good Sales Potential (Unit: US\$ million)

Product Category	2021 U.S. Exports	2021 Total Exports to the UAE	Key Constraints for Market Development	Market Attractiveness for U.S. Exporters
Dairy Products	\$55	\$1,527	High competition from EU and lack of consumers awareness of the wide variety of U.S. dairy products	The United States has a growing portfolio of high-quality dairy ingredients; the UAE imports large volumes of dairy products giving U.S. dairy products great potential in all sectors
Fresh Fruits	\$29	\$694	Price competition from neighboring countries	Growing of health awareness after the spread of COVID-19 and consumer preference for fresh and healthy products
Poultry Meat & Products	\$48	\$918	High competition from Brazil and U.S. packaging sizes and practices prevent higher market penetration	U.S. competitive price and high quality for chicken leg quarter
Tree Nuts	\$389	\$755	Competition from other tree nuts suppliers especially Iran for pistachio and Chile for walnuts	Competitive price and high quality for U.S. tree nuts. UAE is a re-export hub for tree nuts to the Middle East, Africa, and southeast Asia

Source: Trade Data Monitor

A: Products Present in the Market That Have Good Sales Potential (Unit: US\$ million) Cont'd.

Product Category	2021 U.S. Exports	2021 Total Exports to the UAE	Key Constraints for Market Development	Market Attractiveness for U.S. Exporters
Bakery goods, cereals, & pasta	\$40	\$587	Strong competition from EU and Saudi Arabia, with large productions and competitive prices	Preference for U.S. products due to the safety and high quality

Source: Trade Data Monitor

Category B. Products Not Present in Significant Quantities but Possess Good Sales Potential (Unit: US\$ million)

Product Category	2021 U.S. Exports	2021 Total Exports to the UAE	Key Constraints for Market Development	Market Attractiveness for U.S. Exporters
Dog and Cat Food	\$4	\$55	High competition from EU and price competition with lower quality brands	Growing number of pet owners in UAE
Coffee, Roasted and Extracts	\$5	\$158	Price competition from other coffee producing countries	Growing number of coffee shop chains in UAE
Nursery Products and Cut Flowers	\$5	\$128	Lack of awareness of U.S. suppliers	Growing number of hotels and landscaping areas in UAE
*Organic Products	\$120	\$11	Growing competition from EU	Growing health awareness after the spread of COVID-19 and consumer preference for organic and healthy products

Source: Trade Data Monitor & Euromonitor

*The data available for global exports of organic products is limited due to the lack of HS codes assigned to organic products.

SECTION VI. KEY FAS/USDA CONTACTS AND FURTHER INFORMATION

USDA Foreign Agricultural Service Regional Office of Agricultural Affairs

Address: U.S. Consulate General in Dubai, 8 Al Seef St - Umm Hurair 1 - Dubai Telephone: +971 4 309 4000 Fax: +971 4 354 7279

E-mail: agdubai@fas.usda.gov

Host Country Government:

- Ministry of Climate Change and Environment: For information on federal laws, ministerial decrees, regulations as well as available business services.
[UAE | Ministry of Climate Change & Environment](#)
- Ministry of Industry & Advanced Technology: For UAE national standards and regulations.
[UAE | Ministry of Industry & Advanced Technology](#)
- Dubai Municipalities: For issues related to food safety, central laboratory, and accreditation in the Emirate of Dubai.
[Dubai | Dubai Municipality](#)
- Municipalities in the other six Emirates:
[UAE | Government of Ras al Khaimah Links to UAE Municipalities](#)

AMCHAM in the UAE and local chambers of commerce and industry in the seven Emirates:

- [Abu Dhabi Chamber of Commerce and Industry](#)
- [Dubai Chamber of Commerce and Industry](#)
- [Fujairah Chamber of Commerce and Industry](#)
- [Ras Al Khaimah Chamber of Commerce and Industry](#)
- [U.S.-UAE Business Council](#)
- [Sharjah Chamber of Commerce and Industry](#)
- [Um Al Quwain Chamber of Commerce & Industry](#)
- [Ajman Chamber of Commerce](#)
- [American Business Council of Dubai and the Northern Emirate](#)