

**Required Report:** Required - Public Distribution

**Date:** January 25, 2022

**Report Number:** TC2021-0009

**Report Name:** Food Processing Ingredients

**Country:** United Arab Emirates

**Post:** Dubai

**Report Category:** Food Processing Ingredients

**Prepared By:** Rana Tarraf and Lucas Blaustein

**Approved By:** Valerie Brown

**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

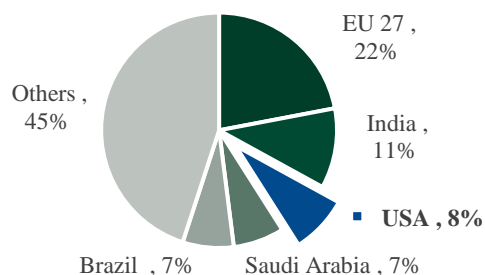
### Executive Summary

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 \$396 billion in 2020. The International Monetary Fund (IMF) forecasts the UAE's real GDP will grow by 3.1 percent in 2021. Foreign nationals account for 88 percent of the UAE's population. 90 percent of food consumed in the UAE is imported. In 2020, the United States exported \$973 million 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 31st largest in the world.

### Imports of Consumer-Oriented Products

Global exports of consumer-oriented agricultural products to the UAE totaled \$9.2 billion in 2020, a 10 percent decrease from 2019. The United States has 8 percent market share and is the third largest supplier after the European Union (EU) and India. Despite the high competition and the negative impact of the novel coronavirus (COVID-19) pandemic on the UAE food sector, the region continues to present a great opportunity with a strong preference for U.S. food products.

Imports of Consumer Oriented Products (US\$ Millions)



### Food Processing Industry

Food and beverage investments in the UAE are currently \$16.8 billion and are anticipated to grow gradually as part of the UAE's new Food security strategy. In 2019, the UAE had 568 food and beverage processors, mainly small and medium-sized factories. These factories produced 5.96 million metric tons (MT) of food and beverage products annually, with 2.3 MT in essential food items. The 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 2020, imports of bulk and intermediate agricultural products totaled \$4 billion, five percent (\$211 million) of these imports came from the United States.

### Quick Facts CY 2020

#### Imports of Consumer-Oriented Products

US\$ 5.4 billion

#### 10 Top Consumer-Oriented Products Imports

Dairy	\$1.5 billion
Food preparations	\$830 million
Fresh fruit	\$634 million
Poultry meat & products	\$572 million
Tree nuts	\$550 million
Beef & beef products	\$530 million
Chocolate & cocoa products	\$456 million
Fresh vegetables	\$400 million
Meat products (NESOI)	\$446 million
Wine & beer	\$520 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 Hypermjarket, Baniyas Co-operative society, Nesto Hypermarket, Al Maya, Spinneys, Choithrams, Waitrose

#### GDP and Population

Population: 9.85 million

GDP: \$396 billion

GDP per capita: \$35,170

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](mailto: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.

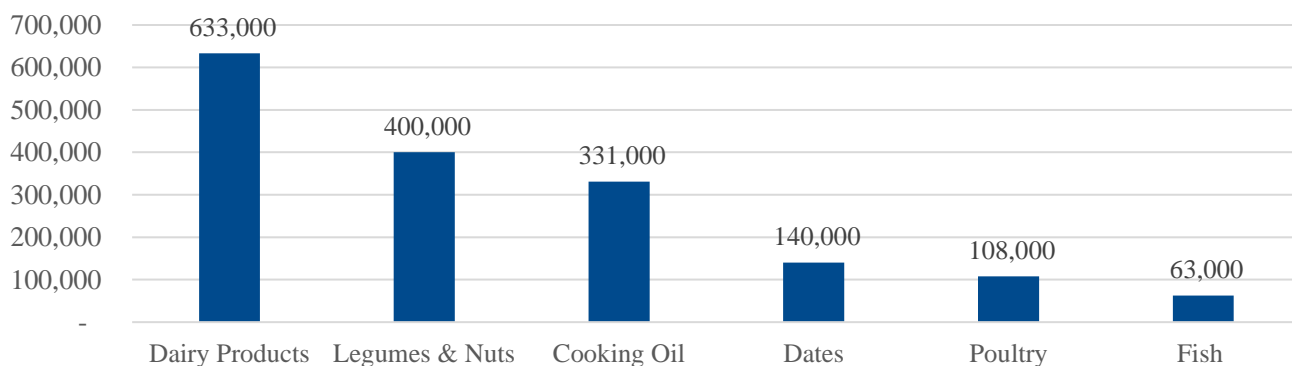
The International Monetary Fund projected that the UAE's gross domestic product contracted by -5.9 percent in 2020 due to the novel coronavirus pandemic curbing demand and halting tourism but recovered by 3.1 percent in 2021 with large scale events and travel resuming. COVID-19 has been a major disruptor 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 essential food items processed in the UAE are: dairy products, legumes and nuts, cooking oil, dates, poultry, and fish. Other products such as sugar, tea, pepper, eggs, rice, wheat, coffee, baby food, and fresh meat are also processed in the UAE.

Trade sources state that 85 percent of the processed essential food products are consumed locally while the rest are exported, with 85 percent directed to retail and 15 percent to foodservice. As for non-essential food products, ten percent are consumed locally and 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**

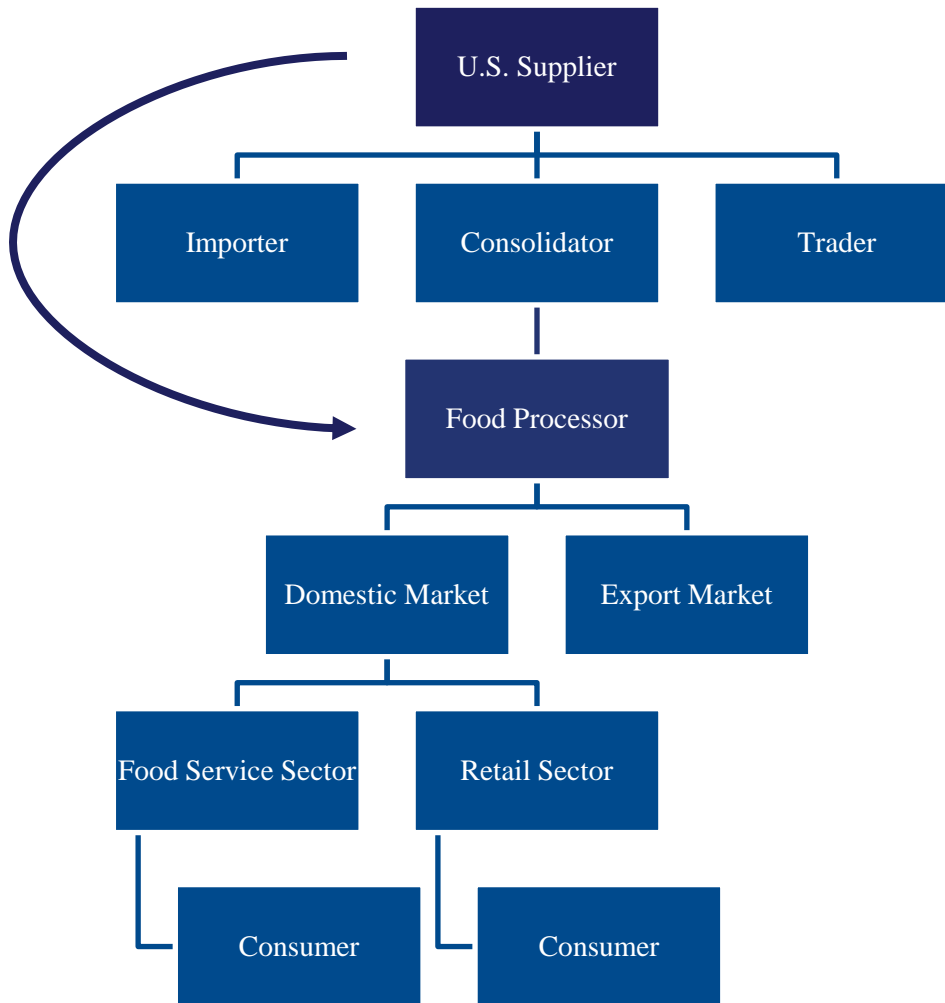
### **Entry Strategy**

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 Manufacturing](#) is the largest trade show in UAE that is specialized in food ingredients for further processing and the UAE [Future Food Forum](#) is a small but impactful annual gathering for local food processors in Dubai. [Gulfood](#) is the largest annual food show in the world and attended by countries all over the region and the world.

## 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 and the rest are distributed between the other six emirates. You can access a full list of the UAE food and beverages processing firms at [UAEEExports.net](http://UAEEExports.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 K	<a href="https://iffco.com">https://iffco.com</a>
NCC Group	Abu Dhabi	1 B	5 K	<a href="https://www.nccauh.ae/">https://www.nccauh.ae/</a>
Unikai	Dubai	395.3M	2K	<a href="http://www.unikai.com/">http://www.unikai.com/</a>
Masafi	Dubai	\$52.7M	1.6K	<a href="https://www.masafi.com/">https://www.masafi.com/</a>

### COMPANY HIGHLIGHT: IFFCO



IFFCO has developed many fast-moving consumer goods brands, to include Allana, London Dairy, Igloo, Tiffany, Savannah, Noor, Rahma, Hayat, Allegro, Al Baker and Al Khazna.

*In Picture: An IFFCO Egg Processing 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 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.
- Demand for processed frozen food increased in 2020 with more people looking for easy options to cook at home. According to Euromonitor, processed meat and seafood retail volume grew by 6 percent to reach 31,900 MT in 2020. Shelf stable seafood recorded the strongest retail value growth of 9 percent to reach \$71 million in 2020.

## 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 are unable to meet local demand and face high import competition. 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	2020 Imports from the United States	2020 Total Imports	Key Constraints for Market Development	Market Attractiveness for U.S. Exporters
Dairy Products	\$49	\$1,553	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	\$38	\$830	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	\$34	\$634	High competition from Brazil and lack of interest among U.S. suppliers to improve the handling and packaging of U.S. products	U.S. competitive price and high quality of chicken leg quarter
Tree Nuts	\$307	\$550	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	2020 Imports from the United States	2020 Total Imports	Key Constraints for Market Development	Market Attractiveness for U.S. Exporters
Bakery goods, cereals, & pasta	\$37	\$572	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	2020 Imports from the United States	2020 Total Imports	Key Constraints for Market Development	Market Attractiveness for U.S. Exporters
Dog and Cat Food	\$4	\$41	High competition from EU and price competition with lower quality brands	Growing number of pet owners in UAE
Coffee, Roasted and Extracts	\$6	\$134	Price competition from other coffee producing countries	Growing number of coffee shop chains in UAE
Nursery Products and Cut Flowers	\$4	\$106	Lack of awareness of U.S. suppliers	Growing number of hotels and landscaping areas in UAE
Organic Products	\$8	\$34 (Organic packaged food)	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 U.S. 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](mailto: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](#)

### Attachments:

No Attachments