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ATO ACTIVITIES reports

Food Exporter's Guide For Doing Business in the GCC-5 1999

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Report Highlights:

The GCC-5 countries (Bahrain, Kuwait, Oman, Qatar and the United Arab Emirates) are relatively small but geared toward consumer ready food products. These markets are also open to free trade and barriers are minimal. This report provides handy information to suppliers about doing business with importers in these markets.

Includes PSD changes: No
Includes Trade Matrix: No
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This guide offers practical tips on how to market U.S. agricultural products in the five Gulf countries (GCC-5) covered by the Agricultural Trade Office (ATO) in Dubai, UAE. It is intended to compliment ATO's Annual Marketing Plan which contains detailed information about the region's food markets.

A. Practical Business Tips

1. Study each market. This may seem like obvious advice, but importers often complain that U.S. suppliers are ignorant of local market conditions. ATO's annual marketing plan, as well as trade data for the GCC-5 can be obtained from the AgExport Services (AGX) Division, FAS/Washington (Fax: 202-690-4374) or via Internet at <http://www.fas.usda.gov>.

Information on ATO Dubai activities as well as related useful links in the United States and the GCC-5 countries may be obtained on the ATO Dubai Home Page on the following URL:

<http://www.usembabu.gov.ae/atodubai.htm>

2. Visit the region. This is perhaps the single most important step a U.S. company can take, if it is serious about doing business in the Gulf. To quote one successful U.S. company contact, "Letters and faxes alone will not suffice". Follow-up visits are equally important; do not give up.

If you cannot make the trip, exhibit at a major U.S. food show and inform potential customers of your participation well in advance. Approximately 50 major GCC-5 food importers attend the FMI/NASDA exposition each year. Many report importing U.S. products as a direct result of their visit.

3. Target reliable importers. The AGX Division in FAS/Washington can provide a list of local importers, by product. In addition, ATO Dubai (Fax: 971-4-314-998; Email: atodubai@emirates.net.ae) can provide a directory of GCC-5 companies importing U.S. food products, by product category and country.

4. Be prepared to discuss product price, preferably on a C&F basis. Be sure to include the cost of label modifications required to meet local regulations. Production and expiry dates are mandatory and Arabic/English labels or stickers are required, depending upon the country.

5. Bring samples and be prepared to discuss marketing strategy and possible promotional assistance. Local importers are increasingly looking for assistance such as free samples, advertising, in-store displays and price discounts, particularly for new-to-market products.

6. Help advertise. Print advertising is perhaps the most cost effective means of promoting a new product. Television advertising is expensive, but can be effective.

7. Participate in the Gulf Food Show. Held every two years in Dubai, UAE, the Gulf Food Show has grown to be the largest food show in the Middle East. Please contact ATO Dubai for more details on the 2001 exhibition.

8. Stress USA quality. Local consumers are increasingly aware that "Made in the USA" is synonymous with high quality. Thus, identifying your USA origin with symbols like the Statue of Liberty or the U.S. flag can boost sales.

9. Be prepared to fill orders smaller than normal or share a shipment with someone. Local importers tend to purchase small quantities, particularly from new suppliers, until they are sure of the product's market potential and the supplier's staying power.

10. Be wary of agency agreements. These agreements have been virtually impossible to terminate without penalty, even if the local company fails to comply. Fortunately a relaxation in agency agreement law is underway in GCC countries, and is not a constraint in the UAE and Oman.

B. Market Characteristics

--Growth Market: Currently a \$3 billion+ market for all agricultural and food products, demand for consumer-ready food products, in particular, in the GCC-5 is growing about 10-15 percent annually. In 1998, U.S. consumer-ready food exports to the region reached a record \$145 million, up nearly 15 percent from 1997.

--Affluent Market: Per capita gross domestic product ranged from \$6,500 in Oman to \$20,000 in the UAE¹.

--Open Market: Import tariffs on most food products are very low, ranging from 0 percent in the UAE and Kuwait to 4 percent in Qatar, 5 percent in Bahrain and a maximum of 15 percent in Oman.

--Regional Trade Hub: Boasting the largest man-made port in the world, the UAE is the region's commercial trade hub with significant re-exports to other nearby markets including Saudi Arabia, Iran, the Indian subcontinent, Africa and the former Soviet Union.

C. Regional Trade Barriers

--Labeling: Arabic or Arabic/English labels are required in all five countries. Kuwait, Oman, Qatar and the UAE allow Arabic stickers in lieu of Arabic labels. The UAE and Oman are considering the use of Arabic stickers.

--Production/Expiry Dates: They are mandatory and must be printed on the original container or label in digits in the following order: day/month/year or, for products with a shelf life longer than 6 months, month/year.

--Shelf Life Requirements: Stiffer enforcement of shorter shelf life durations have adversely affected some U.S. products. Those requirements reported to be the most onerous for U.S. suppliers are:

¹1997 data

<u>Product</u>	<u>Duration</u> (Months)
Table eggs	3
Baby food, strained	9-12
Cookies, cream filled	6-9
Canned meat w/vegetables	12
Confectionary	12
Canister snacks	9-12

Complete reports on labeling requirements and shelf lives can be obtained from the USDA Home Page.

--Banned Products: Alcohol and alcohol-containing products (and even alcohol-free products with label recipes requiring alcohol) are banned in Kuwait. Pork products are banned in Kuwait and Qatar.

D. General Information

--Business Work Week: Saturday-Thursday; Government work week: Saturday-Wednesday

--Work Hours: Generally, 8:00 a.m. to 1:00 p.m. and 4:00 p.m. to 7:00 p.m. On Thursdays, most businesses close around 1:00 p.m. Government work hours: 8 a.m. to 2:30 p.m.

--Visas: Required for all GCC-5 countries. Whenever possible, a visa should be obtained prior to departure. Otherwise, for about \$85.00, most hotels can obtain visas within one week of notification, for airport pickup. Below are country specific details:

1. Bahrain: A 72 hour (\$27.00) or one week (\$40.00) visa can be purchased at the airport. There is an exchange window next to immigration. For a five year multiple visa, a sponsorship letter will be required.

2. Kuwait: U.S. citizens can obtain a ten year, multiple entry visa. A sponsorship letter is required with the application.

3. Oman: U.S. citizens can only obtain a single entry visa. A sponsorship letter is required with the application. Hotels may also apply for a visa on your behalf.

4. Qatar: U.S. citizens can obtain a ten year multiple entry visa, usually without a sponsor.

5. UAE: U.S. citizens can obtain up to a 10 year, multiple entry visa, usually without a sponsor.

--Flight reservations: Reconfirmation of flights at least 72 hours prior to departing the GCC states is necessary.

--Currency Exchange: Currency fluctuations are. Except in Kuwait, local currencies are linked directly to the U.S. dollar.

E. Key Contacts

--Bahrain, Kuwait, Oman, Qatar and the UAE:

U.S. Address

U.S. ATO - Dubai
Department of State (AGR)
Washington, DC 20521-6020

Tel: 011-971-4-314-063
Fax: 011-971-4-314-998
E-mail: atodubai@emirates.net.ae

Local Address

Agricultural Trade Office
U.S. Consulate - 21st Floor
World Trade Center
P.O. Box 9343 Dubai, UAE

— Saudi Arabia and Yemen:

Agricultural Trade Office
American Embassy
Unit 61307
APO AE 09803-1307

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