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UAE's New Federal Law on Organizing the Strategic Stock will Increase Wheat and Rice Volumes

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Report Highlights:

FAS Dubai (Post) forecasts UAE imports of wheat, rice, corn and barley to increase in MY2020/2021. Factors such as a post-corona virus recovery of the food service and tourism sectors, Dubai Expo 2021, population rise, and the UAE's new law on organizing the strategic stock of commodities, will increase wheat and rice imports, consumption and stocks. To date, concerns over the spread of COVID-19 has slightly tempered UAE imports; however, the prolonged pandemic has caused a severe deterioration of the food service and tourism sectors, decreasing wheat and rice consumption. In MY2020/2021, Post forecasts corn and barley imports to increase slightly to meet the increased demand from local dairy and poultry producers.

Executive Summary:

This report covers all wheat, rice, corn and barley. Wheat numbers include the following HS codes: wheat grain (HS 1001), wheat flour (HS 1101), pasta (HS 190219, HS 190230) and couscous (HS 190240) and have been converted to the wheat grain equivalent. Rice figures include milled rice (HS 100630), broken rice (HS 100640), rough/paddy rice (HS 100610), brown rice (HS 100620) both converted to the milled equivalent. Corn (HS 1005) and Barley (HS 1003).

Unless otherwise noted, “EU” in this report refers to EU27+UK, the current EU Customs Union

Long-term growth in United Arab Emirates (UAE) grain and feed demand is attributed to a series of factors, including steady increases in population and tourism, a resumption of Hotel, Restaurant Institutional (HRI) activity and the country’s new federal law to maintain strategic food reserves.

Immediate concerns of COVID-19 as it relates to food supply and trade will result in UAE stock increases in MY 2019/2020 and limited exports/re-exports of bulk commodities.

Area Planted & Production

Commodity: Wheat, Rice, Barley and Corn

The UAE severe weather conditions and limited water resources effectively eliminate the country’s production of wheat, corn, rice and barley. The country relies on imports and storage of these raw commodities to meet consumer demand.

Addressing Food Security Through Grains

The UAE imports 80 to 90 percent of the food it consumes. This reality has mobilized the UAE government to implement a robust food security strategy to reduce risks associated with global supply shortages, emergencies, price surges and to ensure sufficient food quantities are readily available to feed its population.

Within this food security strategy is the establishment of grain silos with enough storage capacity to feed the population for approximately six months. In 2016, the UAE, through its Al-Dahra Holding Company, constructed 20 silos (28-meter diameter and 42-meter height) in an area covering approximately 45,000 square meters alongside the port of Fujairah. These silos can store roughly 300,000 MT of wheat, corn, rice and other bulk commodities. Furthermore, the surrounding area has planned space for an additional 30 silos, making the total storage capacity approximately 900,000 MT. Etihad Mills, a subsidiary of Al Dahra holding, is operating and managing these strategic silos under the supervision of UAE authorities.

The UAE government expects these silos to expand domestic and regional capabilities in grain trade and serve as a strategic food reserve for local consumption. This facility imports grains from North and South America, Europe and Australia and distributes across various Gulf Cooperation Council (GCC) countries, the Indian Subcontinent, East Asia and Africa.

In absence of its own agricultural production, the UAE has a substantial number of foreign agricultural investments to produce food directly intended for the UAE market. This approach diverges from previous self-sufficiency strategies of expanding domestic agricultural output that proved economically inefficient and resource depleting. Examples of foreign investment include the Saudi Arabia Agricultural and Livestock Company (SALIC) and the UAE's Al-Dahra Holding \$1.33 billion agreement in 2017 to develop lands for food production in the black sea region. The two companies are reported to have assets in Ukraine, Poland, Romania and Serbia. Furthermore, in April 2018 Al-Dahra acquired Agricost Braila, the largest agricultural producer in Romania with a farming capacity of 56,000 hectares.

Furthermore, the UAE recently celebrated its ten-year anniversary since announcing the country's Food Security Strategy. Over the last decade the UAE has invested significantly in ensuring basic commodities are readily available for its consumers. This plan included the formation of a six-month strategic reserve targeting 15 commodities, among which included wheat, rice, sugar, meat, chicken, vegetables oil and wheat flour. This reserve aims to secure the basic needs of the population and offset any major price volatility. Public, semi-public and some private companies are part of this national plan and dedicate a portion of their production and imports into the strategic reserve.

In 2017, the UAE established a Ministry of State for Food Security. The mission of this Ministry focuses on "food data, research and development, establishing a national food waste program, expanding nutritional guidelines, and enhancing the regional trading environment." Finally, in late 2019 the UAE established the Food Security Council chaired by Minister of State for Food Security and comprised of representatives from relevant Ministries and local governments. While still pending full implementation, this body's responsibilities look to include food regulation review, proposing regulations and policy to enhance food security and developing the UAE's local food production capacity.

Consumption:

Commodity: Wheat & Rice

Post forecasts UAE total wheat consumption in MY2020/21 to increase by 10 percent or 150,000 MT to reach 1.7 MMT. The MY2019/20 wheat consumption estimate has been revised downward to 1.55 MMT, lower by 150,000 MT or 9 percent from the USDA official estimate.

UAE rice consumption is forecast to increase in MY2020/21 by 42 percent or 310,000 MT to reach 1.050 MMT. Post has revised MY2019/20 rice consumption to 740,000 MT, lower by 185,000 MT or 20 percent from the USDA official estimate.

Post attributes the future increase in wheat and rice consumption in MY2020/21 to a recovered tourism and food service sectors following a down MY 2019/20 due to the spread of the novel coronavirus (COVID-19). An uptick in UAE population, a return of tourism, and a steady flow of foreign workers involved in Dubai Expo and general infrastructure development will drive MY 2020/21 wheat and rice consumption growth.

Tourism and food service are the key elements to wheat and rice consumption in UAE. In addition to tourists who visit UAE for leisure and sightseeing, the UAE enjoys a packed business/cultural calendar. Major trade shows, exhibitions and conferences, as well as numerous arts, sport, and music festivals take place year-round. Approximately 17 million tourists visited Dubai in 2019 and nearly 16 million in 2018. The World Travel and Tourism Council's forecasts this number to reach 33.5 million by 2028 and ranks Dubai as one of the top five most visited cities in the world.

The UAE population in 2020 is estimated at 9.9 million, a 1.2 percent increase from the previous year. The country's population consists primarily of expatriates, roughly 89 percent, with most originating from sub-continental Asia, the Philippines and other Arab countries. The largest groups of non-UAE nationals are from South Asia, India and Pakistan, followed by Western expatriates. Diets within these groups traditionally consist of staple goods such as rice and bread which are consumed at almost every meal.

World Expo in Dubai 2021

Postponed until 2021, Dubai Expo 2020 is another driver for the increase in rice demand in MY2020/21 while wheat the increase will be reflected in MY2021/22. On March 31st, 2020 an official statement was released by Dubai Expo announcing a one-year delay to help participant countries overcome challenges of COVID-19. Dubai Expo 2021 new dates are yet to be announced, but is expected to take place October-April 2021. This event aims to attract over 25 million visits from over 192 countries. In addition to visitors, the UAE employment sector was expected to see a boost of approximately 277,000 new jobs created for Expo preparations.

COVID-19 Outbreak and Consumption in MY 2019/20:

Post attributes the decline of wheat and rice consumption in MY2019/20 to the closure of the food service and tourism sectors due to the spread of the COVID-19 as well as the government's actions to limit movement of residents.

Tourism and food service sectors, two important areas for food consumption in UAE, are severely impacted by the spread of COVID-19 outbreak. Thousands of hotel bookings and flights have been cancelled, restaurants are confined to home delivery service only, and nearly all local events, shows and conferences have been cancelled or postponed through the summer. Public tourist sites, beaches, parks, and schools have been closed and 24-hour curfew limits resident movements to emergencies or buying essential goods only.

Some food service distributors report a drop of 30-50 percent in sales with expectations of further losses over the coming months. For now, suppliers have shifted away from a shuttered restaurant

and hotel sector and redirected efforts to retail and online shopping. While some retailers were able to initially absorb excess food quantities during the onset of the pandemic, shelf stable products, including wheat flour, pasta and rice are now being put into storage facilities until demand returns.

Wheat Consumption & Flour Milling:

In the UAE a small number of companies handle 80 percent of the wheat trade and flour milling industry. These firms include, Al-Dahra “Etihad Mills”, Agthia “Grand Mills”, IFFCO and Al-Ghurair. The remaining 20 percent is divided among several, privately-owned entities like Ocean Mills, Astarta FZC, and others. Al-Dahra and Agthia are quasi-governmental companies based in Abu Dhabi. Al-Ghurair is Emirati privately-owned and IFFCO, a subsidiary of Indian Allana Sons Limited. These companies have assets in several countries around the globe.

Total wheat flour milling capacity of public and private sector mills is roughly 1.67 MMT per year with total storage capacity of roughly 920,000 MT (table 1). UAE mills package flour for re-export and supply local bakeries, hypermarkets, and retailers. Seventy percent of wheat imported to the UAE is white medium hard with the remainder a blend of white hard and soft. White wheat is desirable due to its high milling extraction, water absorption, flour color, and end-product quality. Red wheat is not desired in this region due to limited baking options. Small amounts of other flour varieties are utilized for specialty breads and bakery products.

Table (1): UAE’s Wheat Flour Milling Capacity

<i>Company</i>	<i>Flour Milling Capacity Per Annum</i>	<i>Storage Capacity</i>
<i>Al-Dahra “Etihad Mills”</i>	500,000 MT	300,000 MT
<i>Agthia “Grand Mills”</i>	300,000 MT	150,000 MT
<i>IFFCO</i>	500,000 MT	130,000 MT
<i>Al-Ghurair</i>	300,000 MT	300,000 MT
<i>Others</i>	70,000 MT	40,000 MT
<i>Total</i>	1.670 MMT	920,000 MT
<i>Source: FAS Dubai Research</i>		

Considering the diverse population and consumption trends in the UAE, wheat is used heavily in bread, cake, pastry, snacks, and sweets. Bread made from medium hard wheat is used regularly in Arab, Iranian, Pakistani and Indian cuisines. The most popular in the UAE are tandoori breads, which is single layered flat bread baked in a shell oven and made of medium hard wheat. There are over 500 small tandoor bakeries in the UAE specializing in this type of bread. Additionally, Arabic or Lebanese bread (also known in western countries as pita or flat bread) is highly desired especially among Emiratis, Arabs, and Indians.

This bread is made from Flour Number One (80 percent white wheat medium hard and 15-20 percent hard wheat). Chapatti bread is favorable among Indians and made entirely of whole wheat flour. The majority of the flour sold in the UAE market is processed locally; however, some flour is imported from other origins, principally India. All flour prices are comparable and fluctuate slightly according to variety and origin.

UAE Wheat Flour Production Subsidy Program Nixed

In 2019, the Emirate of Abu Dhabi has phased-out its subsidy for flour produced by its Grand Mills facility. Abu Dhabi had subsidized wheat flour production, bearing around 30 percent of the total production costs of the locally processed wheat flour. Instead, the UAE government now provides a number of food and non-food commodities, include wheat flour and rice, at subsidized prices for citizens.

Rice Consumption

Basmati remains the most prevalent rice variety sold in the UAE and traditionally incorporated into many Indian and Arabic cuisines. Jasmine rice is also popular and used regularly in Filipino and Chinese dishes. Hypermarkets and supermarkets are the main distribution channels for rice in the UAE. Traditionally, retail outlets maintain a larger shelf space for rice that enables consumers to purchase the product in bulk quantities. At retailer stores, rice varieties from different origins are available to meet the needs of the diverse population. Indian and Pakistani rice is prevalent but rice from other origins like American, Australian, Thai, and the Philippines is available across the market.

Rice Milling:

In 2016, the UAE's Al-Dahra launched "Al Dahra Kohinoor facility", a joint venture between Abu Dhabi's agribusiness firm Al Dahra Holding and India's Kohinoor Foods, located in the Khalifa Industrial Zone Abu Dhabi (Kizad). The facility is capable of handling the full processing cycle from milling, storing, packing and distributing the rice within the UAE and exporting to foreign markets via Khalifa Port. The total milling capacity is 120,000 MT with storage capacity of around 30,000 tons of rice. The company imports semi-milled rice for processing and white rice for packaging. This facility is a main supplier for the government's subsidized rice program.

Al-Dahra Kohinoor Rice Milling facility



UAE Food Subsidy and Price Support Program

In June 2012, the government, through Khalifa Bin Zayed Al Nahyan Foundation for Humanitarian Action, decided to expand the food subsidy program to expand the umbrella of support, to include new food and non-food items, in addition to the rice and wheat flour commodities that are sold to citizens at subsidized prices. Subsidized commodities are sold to citizens through the Union Cooperative Society retailers in Dubai, and municipal centers in the emirates of Abu Dhabi, Sharjah, Ras Al Khaimah, Ajman, Umm Al Quwain and Fujairah, which also distribute rice and flour.

For example, in the city of Al-Ain, the total of the subsidized goods in the Food Distribution Centers is about 214 food and non-food commodities, where the support percentage ranges between 30% to 50% in the majority of commodities, including rice, flour, water, milk and juices. The number of registered citizen families is more than 54 thousand Emirati nationals. The centers distribute four types of rice, among which is basmati rice, with a subsidized value of AED 120 (\$32) for a bag of 40 kg compared to the regular retail market price of around AED 200 (\$55).

There is also the Soft Star rice brand with subsidized price of AED 152 (\$41) per 20 kg, Fortress brand with a value of AED 110 (\$30) per 20 kg bag and Al-Bassam rice at AED 126 (\$34) per 39 kg bag. In addition to the food subsidy program, the UAE government applies food price control by fixing the price of some staple foods. One of the main duties of Ministry of Economy's Consumer Protection Department (CPD) is to monitor prices and limit their increases when deemed necessary. The CPD has the right to allow or deny price increases based on justifications and petitions by the industry.

Commodity: Corn & Barley

In MY2020/21, Post forecasts UAE total corn consumption to increase by 12 percent or 50,000 MT to reach 450,000 MT. The MY2019/20 corn consumption estimate has been revised downward to 400,000 MT.

Barley consumption in 2020/21 is expected to rise four percent from the previous year to reach 460,000 MT. Post has revised downward barley consumption estimate in MY2019/20 to 440,000 MT, higher by 10 percent or 40,000 MT from the USDA official estimate. Corn and barley consumption will increase as a result of UAE dairy and poultry expansion.

UAE poultry and dairy industries are the main consumers of corn while barley. These products are also utilized in animal feed for sheep, goats and is the preferred grains for camel breeders. According to UAE's Ministry of Climate Change and Environment, in 2018, there were around 67,000 of bovine animals, 500,000 camels, 2 million sheep and 2 million goats. Also, there are 44 UAE poultry farms producing meat for the country and surrounding GCC market. The UAE consumes around 3.0 MMT of grain and green feed varieties. In addition to corn and barley, UAE imports 1.291 MMT of hay, 114,335 MT of soybean meal and 103,677 of alfalfa to meet local consumption.

The UAE poultry and dairy industries are expected to increase steadily in the coming five years, subsequently increasing the demand for animal feed. Consumer inclination towards dairy and its health benefits coupled with innovative flavors in the yoghurt, milk and cheese signals positive growth in this sector. In late 2019, a major company operating in the UAE dairy market, Al Marmum Dairy, announced the establishment of a new facility in the Emirate of Abu Dhabi (4,500 dairy cows) to begin in 2020. The company announced that in five years their total production will be able to cover 25 percent of the local dairy market.

Additionally, a leading public agricultural company, Jenan, continues implementation of its project to grow the local poultry production sector. This company provides small-scale farmers with chicks, feed, veterinary services, infrastructure, and worker training to produce eggs and broilers. Jenan also buys the final product from the farmer to market the goods. Small farmers register with Jenan to benefit from this partnership, which is expected to produce 10 million chickens per year. Jenan's project is part of UAE's government efforts to increase food security and support local farm production. UAE farmers face high input costs, especially for feed, and strong price competition from imports.

Feed Subsidy Program:

Abu Dhabi subsidizes animal feed through its Abu Dhabi Agriculture and Food Safety Authority (ADAFSA). The current program pays Agthia Group and National Fodder the difference between a fixed price and the current market price for feed. Al Dahra Group also receives a subsidy for the importation of alfalfa. ADAFSA provides two feed varieties, a complete mix and a concentrated feed. The protein content in the complete feed hovers around six to eight percent while the concentrated feed variety requires a minimum 16 percent protein level.

The complete feed (or grass feed) consists of at least one of the following feed crops, alfalfa, Rhodes grass, oats or ryegrass. The concentrated feed (grains feed) variety consists of barley, corn, wheat bran, soybean or sunflower meal, vitamins, minerals and salt. The subsidized fixed price is AED 400 (\$109) for a weight less than 10 tons, AED 600 (\$164) for a weight between 10-

20 tons and higher than 20 tons is sold at regular market price. Small quantities are also offered at AED 15 (\$4) for a package of 25 kilograms of complete grass feed and AED 25 (\$7) for a package of 25 kilograms of concentrated grain feed. Feed subsidy beneficiaries are UAE citizens who own a registered farm in Abu Dhabi.

Industry expects ADAFSA will ultimately halt the feed subsidy program as the government of Abu Dhabi has phased out similar subsidy programs for wheat flour. However, with the government's new food security policy to enhance local agricultural and livestock production, this policy will most likely remain in place for the foreseeable future.

Ending Stocks:

Wheat: Post forecasts MY2020/21 ending stocks to remain unchanged from previous year at 480,000 MT. The stock is mainly the government's strategic reserve in cooperation with private sector companies complying with the new federal strategic food reserve law.

Rice: Post forecasts MY2020/21 rice ending stocks at 300,000 MT compared to 250,000 MT estimated in MY2019/20. Like wheat, rice stock is part of the government's strategic reserve.

Corn: Post forecasts MY2020/21 corn ending stocks to remain unchanged from previous year at 20,000 MT. At least 50 percent of these stocks are carry-over maintained by feed mills and traders with the remainder apportioned to food security reserves.

Barley: Post forecasts no ending stocks for barley in MY2020/21. Barley total supply is expected to be consumed domestically with two percent exported to neighboring countries.

UAE's Federal Law on Organizing the Strategic Stock of Commodities

With the COVID-19 outbreak, the need for food reserves has become a top priority for the UAE and accelerated government measures to require companies to comply with the UAE Food Security Strategy. On March 30, 2020 the UAE signed Federal law number 3 of 2020 regulating the nation's strategic food reserve. The law permits the Ministry of Economy to propose policies, plans and programs related to the strategic stockpile of food commodities, coordinate with supplying countries, establish quantities necessary to have on hand, offer incentives to participants and enforce penalties for local companies not conforming to the measure. The Ministry will coordinate with other competent authorities to establish a database to register and classify food suppliers and traders. The law aims government to safeguard food reserves given the uncertainties surrounding the impact of COVID-19 or any other future emergency, crisis or disaster.

Registered suppliers will include private, government owned, and government affiliated companies. Those suppliers are obligated, by law, to maintain designated stocks volumes and supply it upon request. These companies will maintain regular contact with UAE authorities to

ensure continuous monitoring of quantities, varieties and status of stockpiles. Violators of this law may face penalties including imprisonment and hefty fines.

Trade:

Imports

While agricultural products, including wheat, barley, rice, and corn are exempt from the UAE customs duty, the UAE introduced a five percent Value Added Tax (VAT) in 2019 on goods and services, including food. All grain imports into the country are subject to this additional charge.

With the UAE’s dependence on imports, foreign country’s imposing agricultural export restrictions could potential disrupt the UAE’s ability to source grain supplies. For instance, in late March 2020, Russia’s Ministry of Agriculture announced from April 1st to June 30th, 2020, exports of wheat, meslin, rye, barley and corn outside the Eurasian Economic Union EAEU would be limited to 7 MMT.

While traders indicate this quota will unlikely to have a strong market impact, these and similar types of decisions raise alarm in import dependent countries like the UAE and its Gulf neighbors. Russia is the largest wheat supplier to UAE. In CY2019, UAE imported around 736,157 MT of wheat from Russia which was nearly 50 percent of the country’s total wheat imports. External actions potentially limiting the UAE’s access and availability of food are closely monitored by food traders and government authorities who are establishing contingency plans to ensure a dependable food supply chain.

Wheat Imports:

In MY 2020/21, Post forecasts UAE wheat imports to increase by 12.5 percent at 1.8 MMT. Post estimates wheat imports in MY2019/20 at 1.6 MMT, lower by 11 percent or 200,000 MT than the USDA official estimate. Post attributes the increase in imports to the expected increase in local consumption mainly after the recovery of tourism and food service sectors. Around 92 percent of UAE wheat imports are raw product with the remainder coming in the form of wheat products such as flour, pasta and couscous.

Table (2): UAE Imports of Wheat and Wheat Products from World Volumes in MT

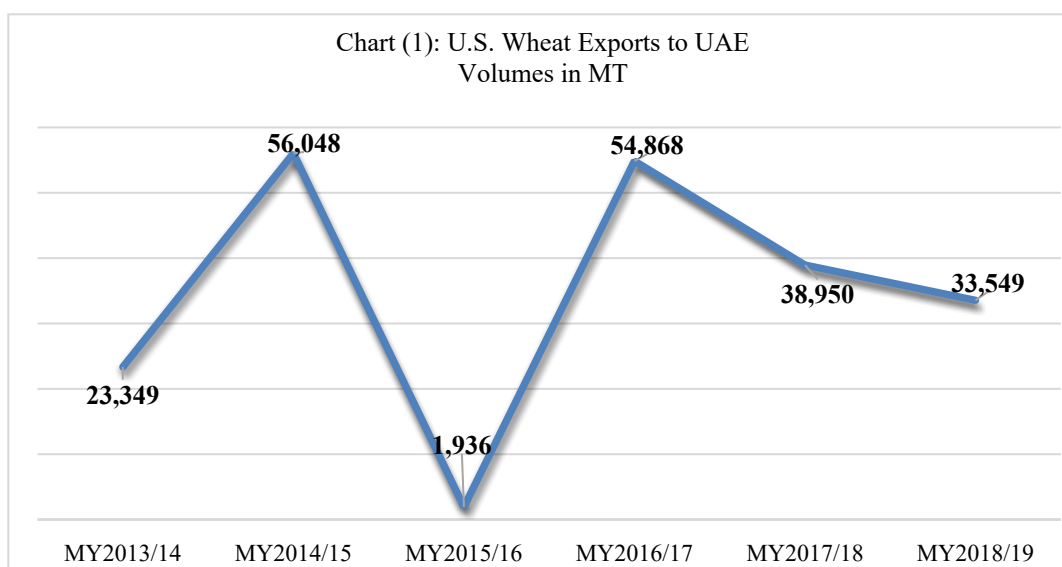
Marketing Year	Wheat	Flour	Uncooked Pasta	Prepared Pasta	Couscous	All Wheat
	1001	1101	190219	190230	190240	(Equivalents)
MY2015/16	1,501,730	127,868	22,247	6,115	666	1,716,364
MY2016/17	1,910,995	118,438	23,248	6,847	546	2,114,935
MY2017/18	1,648,230	105,612	20,953	7,288	533	1,832,070
MY2018/19	1,210,021	136,595	37,616	14,167	738	1,468,730
July – Dec 2018	622,643	31,948	12,621	4,123	197	689,523
July – Dec 2019	864,326	78,565	14,091	5,178	283	998,550

Source: TDM

UAE wheat imports in first half of MY2019/20 were 864,326 MT. This figure is significantly higher by 241,683 MT or 39 percent than previous year's volumes for the same period. From July 2018 to December 2018, UAE wheat imports were 622,643 MT. UAE wheat flour imports in first half of MY2019/20 were 78,565 MT compared to 31,948 MT imported during the same period of previous year. UAE imports of total all wheat (equivalents) in the first half of MY 2019/20 were 998,550 MMT, higher by 45 percent or 309,027 MT at 689,523 MT during the same period of previous year.

U.S. Exports of Wheat to UAE

Post forecasts U.S. exports of all wheat to UAE in MY2020/21 to reach 50,000 MT compared to 35,000 MT estimated for MY2019/20. From July through December 2019, U.S. exports of wheat to UAE were 2,286 MT compared to 1,042 MT for the same period of 2018.



Source: GATS

From July through December 2019, the United States exports of wheat flour were at 88 MT compared to 406 MT during same period of previous year (table 3). UAE flour producers appreciate the quality of U.S. wheat compared to other origins. However, high prices of U.S. wheat limits UAE flour producer's willingness to expand their imports from the United States.

*Table (3): U.S. Exports of Wheat and Wheat Products to UAE
Volumes in MT*

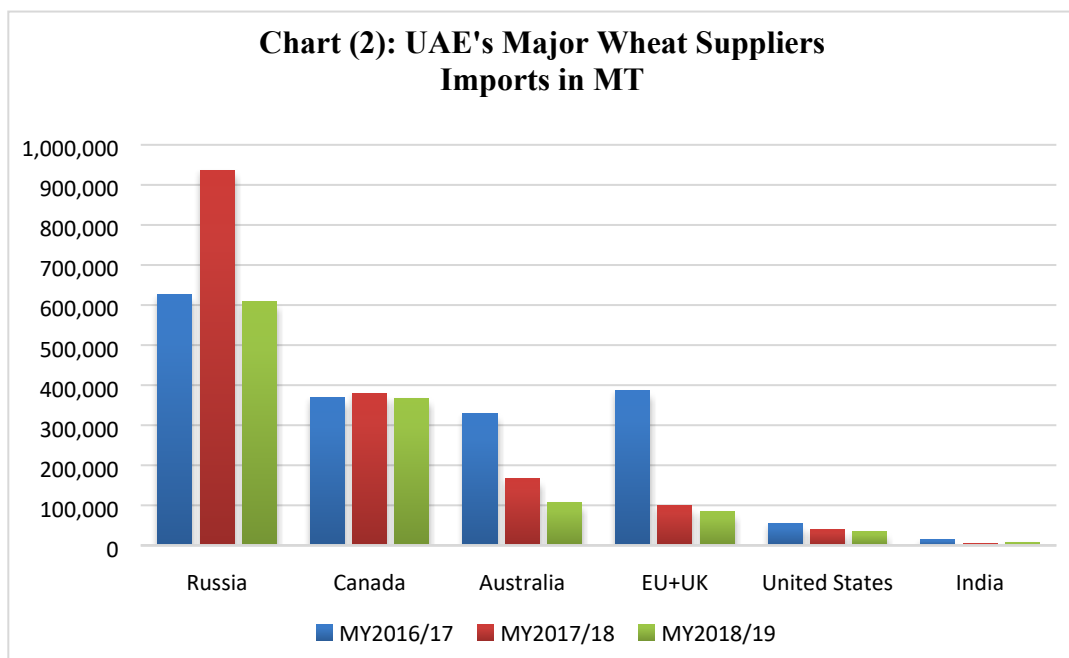
Marketing Year	Wheat HS 1001	Flour HS 1101	Uncooked Pasta HS 190219	Prepared Pasta HS 190230
MY2013/14	23,349	523	152	112
MY2014/15	56,048	1,046.1	106	215

MY2015/16	1,936	521	55	127
MY2016/17	54,868	890	111	93
MY2017/18	38,950	877	51	95
MY2018/19	33,549	799	22	100
July – Dec 2018	1,042	406	12	49
July – Dec 2019	2,286	88	31	41

Source: GATS

Main Suppliers of Wheat and Flour to UAE Market:

Russia, Canada, Australia and the European Union are the major suppliers of wheat to the UAE, supplying nearly 90 percent of UAE wheat imports. The leftover 10 percent is provided by United States, India and others. In MY2018/19, Russia wheat exports to the UAE market dropped to 608,234 MT compared to 936,300 MT in MY2017/18. In MY2018/19, EU wheat exports to the UAE market slightly dropped to 84,971 MT compared to 99,446 MT in MY2017/18. (Chart 2).



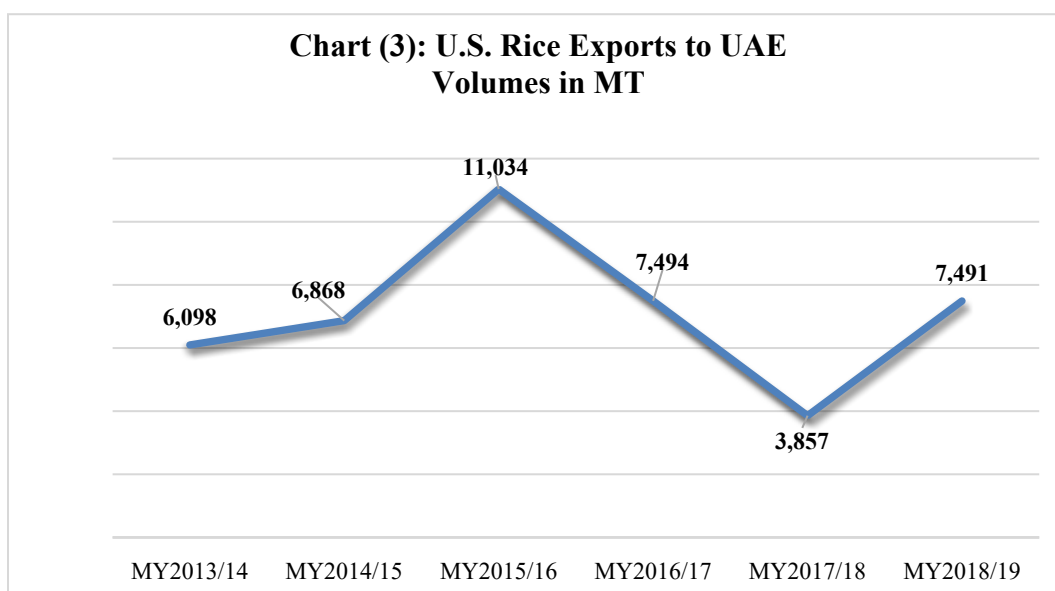
Source: TDM

Rice Imports:

In MY 2020/21, Post forecasts UAE rice imports at 1.2 MMT, an increase of 20 percent or 200,000 MT from 2019/20 estimates at 1.0 MMT. Post 2019/20 estimates for rice imports are higher by eight percent or 75,000 MT from USDA official estimates. Post attributes the increase in imports in MY2020/21 to the rise in local consumption and government's mandatory policy to keep stocks for 3-6 months. Around 98 percent of UAE rice imports are milled and semi-milled while the other two percent are brown and broken rice.

Around 90 percent of UAE’s rice imports are sourced from India. According to Trade Data Monitoring (TDM), around 470,000 MT of UAE total rice imports in MY2018/19 were sourced from India. India’s rice exports to UAE have significantly dropped in MY2018/19 by 24 percent or 152,0000 MT to 470,000 MT compared to 621,566 MT in MY2017/18. Thailand was ranked second with 28,862 MT in MY18/19 compared to 82,074 MT the previous year. Brazil was ranked third with total exports of 16,925 MT compared to 243 MT in MY2017/18. Exports from the United States, EU and other suppliers account for only one percent of UAE’s total rice imports. Expatriates who represent the majority of UAE population prefer to buy products originating from their home countries.

Post forecasts U.S. exports of rice to UAE in MY2020/21 to remain modest at 5,000 MT.

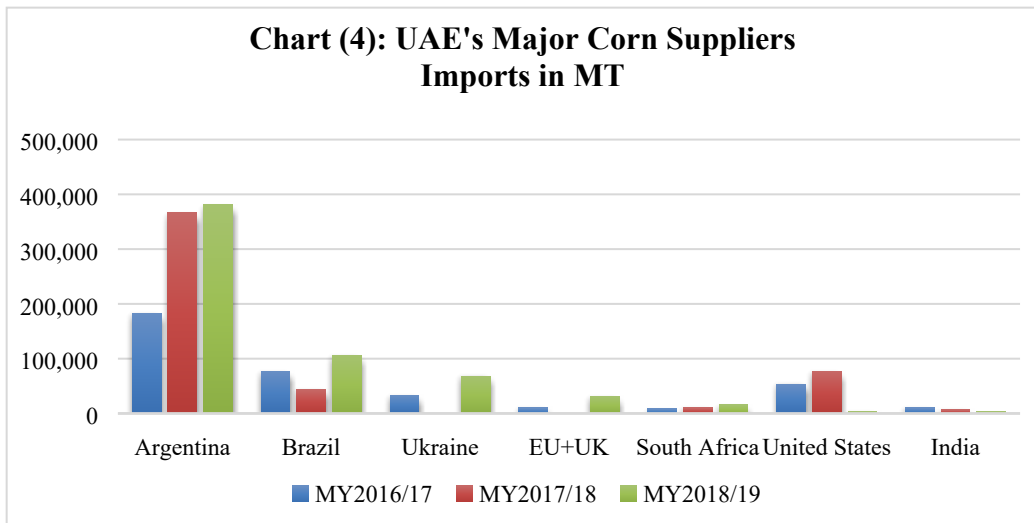


Source: GATS

Corn Imports:

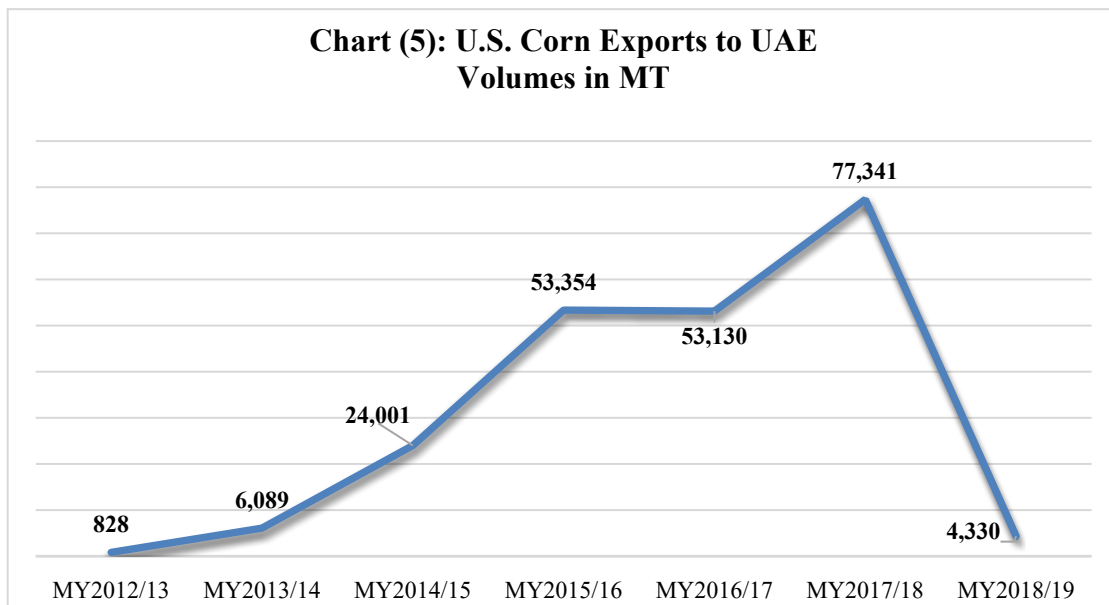
In MY 2020/21, Post forecasts UAE corn imports to increase by six percent or 30,000 MT to reach 500,000 MT. Post estimates UAE total corn imports in MY2019/20 at 470,000 MT. This increase in total feed consumption will be driven by growth in UAE dairy and poultry industries. Argentina, Brazil, Ukraine, EU and South Africa were the main suppliers of corn to the UAE market and expected to remain as the leading sources for MY2020/21.

In MY2018/19, Argentina supplied 60 percent of UAE total corn imports, Brazil 17 percent, Ukraine 11 percent, EU five percent and South Africa three percent. In MY2018/19, U.S. exports of corn to UAE dropped to 4,330 MT compared to 77,341 MT in MY2017/18, a 95 percent reduction.



Source: TDM

In MY2020/21, Post forecasts U.S. corn exports to UAE to remain low at 5,000 MT. U.S. corn exports to UAE steadily increased over the last five years reaching their highest volume in a last decade at 77,341 MT in MY2017/18. However, lower prices offered by suppliers, mainly Argentina and Brazil have limited U.S. corn competitiveness in this market the last couple years.



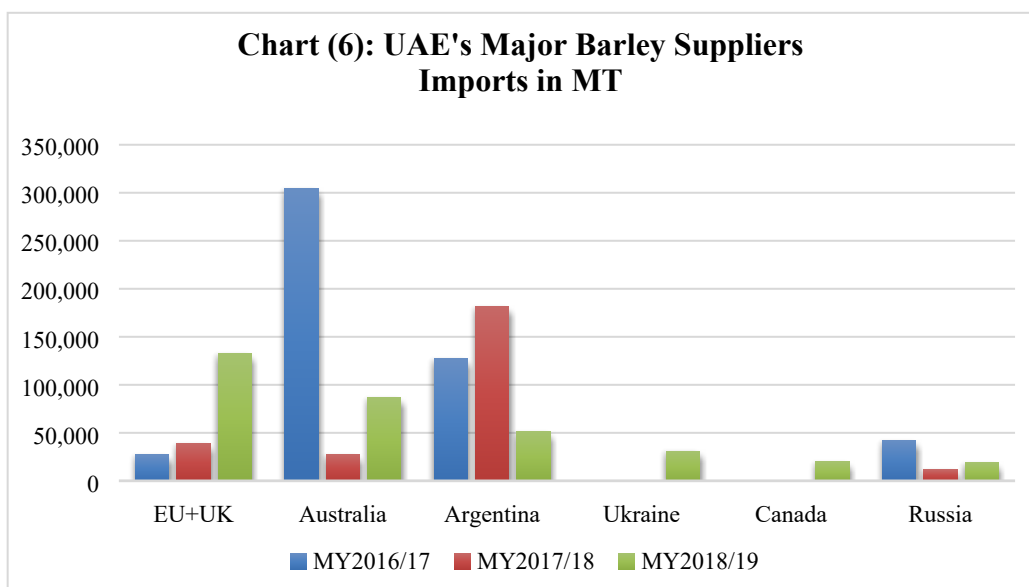
Source: GATS

Barley Imports:

In MY 2020/21 Post forecasts UAE barley imports to increase five percent or 20,000 MT to reach 470,000 MT. The MY2019/20 barley imports estimate has been revised downward to 450,000 MT, higher by 12 percent or 50,000 MT from the USDA official estimate. Post attributes this

increase to rising demand from the UAE feed industry to meet the increase need of the local dairy and poultry industries.

EU, Australia, Argentina, and Ukraine are the main suppliers of barley to the UAE market. EU exports in MY2018/19 have increased to reach 132,819 MT compared to 39,184 MT in previous marketing year. A severe drop in Argentina exports from 181,580 MT in MY2017/18 to 51,450 MT in MY2018/19 opened the door for EU product. Australian barley exports to the UAE have increased from 27,525 MT in MY2017/18 to 86,879 MT in MY2018/19. There were no reported exports of U.S. barley to UAE in the last three years.



Source: TDM

Exports

The UAE is positioned as geographic gateway between East and West and a top trade and transit hub for the world. A significant portion of the country’s import volume is ultimately destined for another market. Goods that are shipped to the UAE, mainly to Dubai’s Jebel Ali Free Zone, are often never off-loaded and recorded by UAE authorities as “re-exports.”

Additionally, local traders and distributors regularly sell imported goods to foreign buyers once the product has officially entered the UAE. Products are sometimes further processed or repackaged and sent out of the UAE as an “export.” This happens frequently and in large quantities, ultimately impacting trade and consumption data. Trade in re-exported goods has given UAE’s economy a competitive advantage over neighboring Middle East countries. Goods merely passing through the free zones of Emirati ports, like Jebel Ali represent over three quarters of the country’s total exports but generate significant revenue.

Wheat Exports:

Post forecasts 2020/21 UAE wheat exports to remain unchanged from 2019/20 volumes of 100,000 MT. Sri Lanka, Jordan, Iran, and Malaysia are the top wheat importing countries while Saudi Arabia, Bahrain, Taiwan and Jordan are the top importing countries of wheat flour from UAE.

In MY2018/19, the UAE wheat flour exports reached 37,218 MT compared to 38,195 MT in MY2017/18. The UAE wheat flour exports have significantly dropped by almost 44 percent during the last five years. In MY2013/14, UAE exports of wheat flour were at 65,994 MT. The drop in UAE wheat flour exports is attributed to less product crossing into Saudi Arabia. In MY2018/19, the UAE exports of wheat flour to Saudi Arabia were at mere 16,256 MT.

Table (4): UAE Wheat Flour Exports- Volume in MT

Importing Countries	MY2013/14	MY2014/15	MY2015/16	MY2016/17	MY2017/18	MY2018/19
Saudi Arabia	42,237	36,287	32,330	20,761	18,228	16,256
Bahrain	806	748	814	616	5,573	6,412
Taiwan	3,318	5,314	4,116	5,166	4,599	4,284
Jordan	2,302	2,443	2,671	2,417	2,647	2,676
USA	3,006	2,955	2,896	2,638	2,920	2,606
Others	14,325	16,351	25,332	17,583	4,227	4,984
Total	65,994	64,098	68,159	49,183	38,195	37,218
Wheat (Equivalent)	90,280	87,686	93,241	67,282	52,250	50,914

Source: TDM As Reported by Importing Countries

Furthermore, decline in UAE wheat exports and re-exports has been caused by Iran's reduction in wheat trade. Iran traditionally absorbed around 95 percent of UAE wheat re-exports. In MY2018/19, Iran reported total wheat imports from UAE (TDM) at 204 MT compared to 386,581 MT and 178,081 MT in MY2015/16 and MY2016/17 respectively. The UAE's Federal Competitiveness Statistics Authority (FCSA) has reported zero exports and re-exports of wheat in MY2017/18 to Iran. The drop in UAE wheat exports and re-exports to Iran relates to Iran's ongoing ban on wheat imports since 2018 after announcing self-sufficiency in domestic wheat production. The government of Iran allows wheat imports strictly for private flour millers who are required to export all their flour production to Iraq.

Rice Exports:

In MY 2020/21, Post forecasts UAE rice exports to return to normal levels and reach 100,000 MT. The majority of these exports will be destined to African countries and Iran. However, in light of COVID-19 challenges, Post has revised its MY2019/20 rice export estimates downward from 150,000 MT to 10,000 MT as the UAE moves to stem exports and safeguard domestic rice supply.

UAE rice exports and re-exports to Iran transits Dubai Creek and Deira Ports via 1,200 wooden ships. Vessel weights capacity range between 75 to 3000 tons. The port of Deira accounts for

the largest percentage of ships at 650, followed by Dubai Creek with 550 ships. Customs authorities estimate 10-15 percent of UAE trade is done through these channels with rice being one of the principal commodities loaded and shipped.

Wooden Ships in Deira Area, Dubai



Corn Exports:

In MY2020/21, Post forecasts UAE corn exports and re-exports to remain unchanged from MY2018/19 estimates of 50,000 MT.

*Table (5): UAE Corn Imports, Exports and Re-exports
Local Official Data - Volumes in MT*

Corn 1005	Imports	Exports	Re-Exports
CY 2017	661,143	100	56,449
CY 2018	414,667	1,077	35,936
Oct 2017 - Sep 2018	461,552	474	42,093

Source: Emirates Federal Competitiveness and Statistics Authority (FCSA)

The FCSA reported 37,013 MT of total corn exports and re-exports in calendar 2018. Out of this, 1,077 MT were exports and 35,936 MT were re-exports. From October 2017 through September

2018, corn exports and re-exports were at 42,567 MT of which 474 MT were exports and 42,093 MT of re-exports (table 5).

Barley Exports:

Post forecasts UAE exports and re-export of barley in MY2012/21 to remain unchanged. The MY2019/20 barley exports estimate has been revised downward to 10,000 MT. According to FCSA, in CY2018, UAE total exports and re-exports were 10,398 MT. Out of this, 7,879 MT were exports and 2,519 MT were re-exports. Data for October 2017 through September 2018 indicated exports and re-exports were 12,052 MT (table 6). Bahrain and Iran were the main destinations for these volumes.

*Table (6): UAE Barley Imports, Exports and Re-exports
Local Official Data - Volumes in MT*

Barley 1003	Imports	Exports	Re-Exports
CY2017	438,877	13,790	7,149
CY2018	365,794	7,879	2,519
Oct 2017- Sep 2018	310,868	8,586	3,466

Source: Emirates Federal Competitiveness and Statistics Authority (FCSA)

According to Trade Data Monitoring (TDM), Iran reported barley imports of 350,281 MT from the UAE in MY2017/18. Comparatively, FCSA reports 600 MT of barley re-exports to Iran over the same period.

Wheat	2018/2019		2019/2020		2020/2021	
Market Begin Year	Jul 2018		Jul 2019		Jul 2020	
United Arab Emirates	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	781	781	530	530	0	480
Production	0	0	0	0	0	0
MY Imports	1399	1399	1800	1600	0	1800
TY Imports	1399	1399	1800	1600	0	1800
TY Imp. from U.S.	35	35	0	50	0	50
Total Supply	2180	2180	2330	2130	0	2280
MY Exports	100	100	100	100	0	100
TY Exports	100	100	100	100	0	100
Feed and Residual	100	100	150	150	0	150
FSI Consumption	1450	1450	1550	1400	0	1550
Total Consumption	1550	1550	1700	1550	0	1700
Ending Stocks	530	530	530	480	0	480
Total Distribution	2180	2180	2330	2130	0	2280

(1000 HA), (1000 MT), (MT/HA)

Note: This is not USDA official data

Rice, Milled	2018/2019		2019/2020		2020/2021	
Market Begin Year	Jan 2019		Jan 2020		Jan 2021	
United Arab Emirates	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	250
Milled Production	0	0	0	0	0	0
Rough Production	0	0	0	0	0	0
Milling Rate (.9999)	0	0	0	0	0	0
MY Imports	850	850	925	1000	0	1200
TY Imports	850	850	925	1000	0	1200
TY Imp. from U.S.	7	7	0	5	0	0
Total Supply	850	850	925	1000	0	1450
MY Exports	0	0	0	10	0	100
TY Exports	0	0	0	10	0	100
Consumption and Residual	850	850	925	740	0	1050
Ending Stocks	0	0	0	250	0	300
Total Distribution	850	850	925	1000	0	1450

(1000 HA), (1000 MT), (MT/HA)

Note: This is not USDA official data

Barley	2018/2019		2019/2020		2020/2021	
Market Begin Year	Oct 2018		Oct 2019		Oct 2020	
United Arab Emirates	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
MY Imports	476	500	400	450	0	470
TY Imports	476	500	400	450	0	470
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	476	500	400	450	0	470
MY Exports	0	15	0	10	0	10
TY Exports	0	15	0	10	0	10
Feed and Residual	476	485	400	440	0	460
FSI Consumption	0	0	0	0	0	0
Total Consumption	476	485	400	440	0	460
Ending Stocks	0	0	0	0	0	0
Total Distribution	476	500	400	450	0	470

(1000 HA), (1000 MT), (MT/HA)

Note: This is not USDA official data

Corn	2018/2019		2019/2020		2020/2021	
Market Begin Year	Oct 2018		Oct 2019		Oct 2020	
United Arab Emirates	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	20
Production	0	0	0	0	0	0
MY Imports	0	450	0	470	0	500
TY Imports	0	450	0	470	0	500
TY Imp. from U.S.	0	5	0	5	0	5
Total Supply	0	450	0	470	0	520
MY Exports	0	50	0	50	0	50
TY Exports	0	50	0	50	0	50
Feed and Residual	0	400	0	400	0	450
FSI Consumption	0	0	0	0	0	0
Total Consumption	0	400	0	400	0	450
Ending Stocks	0	0	0	20	0	20
Total Distribution	0	450	0	470	0	520

(1000 HA), (1000 MT), (MT/HA)

Note: This is not USDA official data

Attachments:

No Attachments