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GAIN Report

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United Arab Emirates

Poultry and Products Annual

UAE POULTRY REPORT

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Report Highlights:

Total domestic production of poultry meat in the United Arab Emirates (UAE) is expected to increase to 41,000 MT in 2013 compared to 37,000 MT in 2012. The estimated increase is attributed to the increase in demand for poultry products driven by the growth in UAE population and the establishment of a new production facility in Abu Dhabi. Industry estimates indicate that local production is expected to further increase to 43,000 MT in 2014, a 5% increase. Production of locally produced chicken is expected to represent 15% of total market demand.

Commodities:**Poultry****Production:**

The domestic poultry meat production in the United Arab Emirates (UAE) is expected to reach 41,000 MT by the end of 2013, a 10% increase over 2012 production levels. Despite the challenges facing the industry, a newly constructed farm in Abu Dhabi started operations in 2013 contributing to the increase in local production. Also, according to industry sources, Saudi Arabia resumed exports of fresh poultry meat to UAE in 2013 catering to the increasing UAE population. Assuming that all factors determining production level will continue at the same pace and under the same surrounding factors, industry sources expect production to increase to 43,000 MT, in 2014, a 5% increase.

The poultry industry largely has been affected by outbreaks of diseases such as the new castle disease and low pathogenic avian influenza. As a result, the mortality rate increased from an average of 3% in 2011 to 8% in 2012. The average mortality rate in 2013 and 2014 is expected to reach 10%. Migratory birds and loose animals largely contribute to the movement of diseases to producing farms. Biosecurity remains a delicate issue in poultry production farms in UAE. Also, the increasing prices of feed and high operational cost have added to the problems facing poultry producers. As a result, some small producers have either closed down or scaled down their operations.

In the absence of subsidies from the federal government, poultry producers in Dubai face fierce competition from their counterparts in Abu Dhabi, as the Emirate of Abu Dhabi provides 25% subsidy to its poultry farmers for feed purchases.

The sale of subsidized feed from the Emirate of Abu Dhabi to other Emirates is illegal in UAE. As a result, a new production facility opened in Abu Dhabi, to operate on a contract bases by providing feed and raw materials to small farmers willing to operate and grow their business.

Poultry production is on a 4-6 week cycle. On average, the ages of the birds slaughtered are between 28 to 32 days. The average bird weight gain rate is reported at 40 g/day. Live chicken is slaughtered at 1.3 kg weight that dresses out at 1 kg. The feed conversion rate is reported between 1.55 kg and 1.62 kg to 1 kg and it varies depending on the farm management and utilized breed.

Major poultry operations are fully integrated, including on-farm slaughtering facilities. Domestically produced poultry is generally marketed fresh/chilled. During the summer months when sales typically drop, major operations freeze 5% to 10% of production. Spent hens are either destroyed or recycled in rendering plants. The same applies to chicken paws.

The use of growth hormones in poultry production is prohibited in UAE. The UAE imports day old baby chicks from Arab and European countries to meet the local demand since the production of chicks remains insufficient.

Estimates of UAE poultry production from 2008 to 2013:

Production Estimation According to Type (2008 - 2013)							
TYPE	2008	2009	2010	2011*	2012*	2013*	2014*
No. of Farms	24	24	13	12	11	13	15
Chicken Meats (Tons)	78,785	36,907	47,148	40,000	37,000	41,000	43,000

Source: Ministry of Environment and Water
* OAA Dubai Estimates

Consumption:

The increase in population, tourists, and active HRI sector reflected positively on poultry imports and consumption which combined, is estimated to increase from 360,000 MT in 2012 to 375,000 MT in 2013. Consumption is expected to increase to 390,000 MT in 2014, consisting mostly of imported poultry products, provided favorable surrounding factors prevail. The consumption ratio of locally produced chicken is expected to remain constant. Locally produced chicken are generally consumed by UAE nationals (15% of the population), consumers with high disposable income and Muslims who prefer to consume products with guaranteed Halal slaughter. This sector of the consumers is not affected by the increase in population.

Locally produced chicken is subject to strict supervision and inspection by the UAE government to ensure fitness for human consumption. The UAE does not have a market for paws. They are usually rendered, dried and used as manure.

In the HRI sector, the consumers' preference is for whole birds of small sizes weighing 800 to 1100 grams. Domestic and imported poultry is retailed in major retail outlets. Local production is marketed fresh/chilled. For imported birds, mostly frozen, the sizes vary between 900 grams to 1500 grams. In the retail market, 65% of market share consists of birds between 1,000g to 1,200 grams, and 35% between 1,300 to 1,400 grams. Imported whole chicken retails at about \$4.5/kg, whereas the cost of domestic chicken retails at about US \$5/kg.

Brazilian chicken is popular in UAE because of its perceived quality, competitive prices, and low water content. The cost of Brazilian whole bird fluctuates between \$2,100 and \$2,200 per ton, and leg quarters between \$1,550 and \$1,600 per MT. U.S. leg quarters have a bigger market share than the Brazilian. The average size of leg quarter imported from the US is 350 to 500 grams, bigger than the Brazilian. Leg quarters are popular among the local HRI sector because of its high quality and low prices. Current U.S. leg quarters C&F prices range between \$1,075 and \$1,125 per MT. However, the relatively large size of U.S. leg quarters can cause problems for some end users such as cafeterias and catering companies accustomed to working with smaller pieces. Leg quarters, usually packed in 20 lb. cartons, are well suited for the HRI sector. Almost 75% of imported poultry is consumed in the foodservice sector.

Drumsticks are sold in retail trays of 900 grams, 9 to 12 pieces of small sized pieces are sold for \$2,150 to \$2,160 per MT. Boneless chicken (for shawarma) is dominated by Brazil and it is sold between \$2,800 and \$2,850 per MT. Consumption of whole turkey is seasonal, mainly by Westerners and the HRI sector during the November/December holiday season, while duck is consumed primarily in Chinese restaurants and in some Arabic restaurants.

The poultry consumption preference is whole birds, leg quarters, boneless whole chicken, chicken breast, drumsticks, wings and other offal.

Retail prices of imported and locally produced poultry:

Description	Origin	Price Per Kg (USD)
Whole Chicken - Fresh	Oman	4.84
Whole Chicken - Fresh	UAE	4.90
Whole Chicken - Fresh	France	12.47
Chicken Breast - Fresh	UAE	12.26
Chicken Leg Quarters - Fresh	UAE	8.11
Whole Chicken – Frozen	Brazil	3.00
Whole Chicken - Frozen (Different brand)	Brazil	4.22
Boneless, skinless breast - Frozen	Brazil	5.59
Chicken Wings - Frozen	Brazil	5.45
Chicken Wings – Frozen (Different brand)	Brazil	5.99
Chicken Wings – Frozen (Different brand)	Brazil	5.99

Drumsticks - Frozen	Brazil	5.99
Whole Duck - Frozen	USA	10.00
Whole Duck - Frozen	Germany	6.81
Quails – Frozen	Brazil	7.63

Trade:

The UAE is the world's 31st most popular tourism destination and the most popular in the Arab World according to the United Nations World Tourism Organization (UNWTO). During the first six months of 2013, Dubai alone attracted 5.5 million tourists, according to the Dubai Tourism and Commerce Marketing (DTCM), an 11% year on year increase; with a hotel occupancy rate of 85% in Dubai and 68% in Abu Dhabi in the same period, an increase of almost 3% and 7% respectively, consumption in the Hotel Restaurant and Institution (HRI) sector is set to increase further in 2014.

Poultry imports in UAE increased by almost 10% in 2012, reaching 322,000 MT. A further 10% and 5% increase is estimated in 2013 and 2014, to 354,000 MT in 2013 and 372,000 MT in 2014 respectively, provided economic and demographic growth continues at the current pace. Exports on the other hand have increased by almost six folds to 1,450 MT and are expected to reach 1,600 MT in 2013 and 1,700 MT in 2014 as a result of estimated increase in production levels and foreign demand. And re-exports reached 25,000 MT in 2012, a 73% increase from 2011. They are also expected to increase to 27,000 MT in 2013 and 28,000 MT in 2014, given Dubai's position as a re-export hub in the region.

The UAE follows an open market policy and closely monitors the OIE and its notifications regarding animal health. Importers in UAE prefer to maintain limited stocks in order to take advantage of changing international prices. This practice reduces their exposure to fluctuating prices, reduces the cost of cold storage and enables them to market a fresher product. As for local production, producers prefer to dispose of stocks on a daily basis.

The UAE economy continues to show consistent growth. Abu Dhabi, where contribution of crude oil to the economy is significant, is expecting a 7% average growth rate in its economy through 2015. Dubai on the other hand, with its depleting oil reserves, achieved a \$185 billion in non-oil trade during the first six months of 2013, exceeding its 14% expectations for the entire 2013. The tourism sector is expected to contribute 14% to the UAE's Gross Domestic Product (GDP) according to Reem Al Hashemi, Minister of State, which is well above the global average of 9 percent. Ongoing developments in infrastructure projects, recovery in the construction sector, and growth in the tourism sector and the steady increase in population are contributing factors to this growth.

Brazil is the leading supplier of poultry to the UAE, with 68% of market share, followed by the United States, France, Oman, Saudi Arabia, Thailand and Argentina; whereas the majority of re-exported poultry products are destined to Afghanistan, Oman, Iran, Qatar, and African countries.

The following tables are summaries of poultry trade in the UAE for the past four years. They provide a breakdown of imported, exported and re-exported poultry by volume, categorized by HS Code and top 10 countries of destination.

UAE POULTRY DIRECT TRADE 2009-2012						
	IMPORT		EXPORT		RE-EXPORT	
	Value (USD)	Weight (Kg)	Value (USD)	Weight (Kg)	Value (USD)	Weight (Kg)
2009	433,227,113	293,563,722	781,527	328,498	30,634,158	23,167,662
2010	444,463,628	265,137,518	763,640	726,780	36,518,868	27,654,248
2011	588,270,044	294,323,867	366,393	248,198	26,080,725	14,555,164
2012	628,381,955	322,219,126	3,755,709	1,448,450	40,907,493	25,180,855
2013*	680,000,000	354,000,000	4,100,000	1,600,000	44,355,000	27,500,000
2014*	714,000,000	372,000,000	4,350,000	1,700,000	46,774,000	29,000,000

Source: Trade Statistics – UAE Customs Authorities
 Not official USDA Data
 *OAA Estimates based on trade recommendations

Major poultry supplying countries & their poultry exports to the UAE in 2012 (Top 10 suppliers):

HS Code 0207	UAE Imports By Volume
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Country	Weight (Kg)	Value (USD)
Brazil	218,689,089	438,453,229
USA	65,539,425	87,214,303
France	9,313,914	21,592,366
Sultanate of Oman	8,328,488	30,781,793
Saudi Arabia	5,858,934	20,205,683
Thailand	5,633,539	12,809,019
Argentina	3,917,551	6,035,580
Germany	1,792,697	3,438,219
Denmark	968,369	2,051,059
Uruguay	642,309	991,501

Source: Trade Statistics – UAE Customs Authorities
Not official USDA Data

UAE poultry exports in 2012 (Top 10 countries exported to):

HS Code 0207	UAE Exports by Volume	
Country	Weight (Kg)	Value (USD)
Sultanate of Oman	910,375	2,564,171
Iraq	269,150	357,543
Djibouti	101,380	279,777
Qatar	73,291	215,640
Saudi Arabia	28,307	130,467
Iran	25,000	57,805
Yemen	17,060	56,282
Kuwait	12,117	51,919
Bahrain	5,447	13,833
Sri Lanka	1,800	1,992

Source: Foreign Trade Statistics – UAE Customs Authorities
Not official USDA Data

UAE poultry re-exports in 2012 (Top 10 countries re-exported to):

HS CODE 0207	UAE Re-Exports by Volume	
Country	Weight (KG)	Value (US\$)
Afghanistan	8,478,886	10,819,302
Sultanate of Oman	6,305,522	12,614,960

Iran	3,819,740	5,513,481
Qatar	2,066,397	3,894,011
South Africa	1,156,982	1,256,039
Tanzania	534,973	1,061,290
Kenya	360,577	764,730
Jordan	330,561	390,629
Djibouti	271,415	506,536
Pakistan	231,386	526,985

Source: Foreign Trade Statistics – UAE Customs Authorities
Not official USDA Data

Policy:

Import Requirements-

Labeling requirements for poultry products remain unchanged. The product label is basically required to carry the following information, in Arabic:

- a) Date of production and expiry;
- b) Product and Brand name;
- c) Net weight;
- d) Country of origin; and
- e) The producer's name and address.

Poultry must be slaughtered according to Islamic requirements. A Halal slaughter certificate issued by an approved U.S. Islamic Center must accompany the shipment.

More details are available in the Food and Agricultural Import Regulations and Standards (FAIRS) report by clicking [HERE](#)

Marketing:

The most popular advertising tool is the print media followed by television. Year-round advertising campaigns are the norm for this market. In store promotions are common, particularly for new to market products. Suppliers and local producers are looking constantly to identify new markets and opportunities to expand sales. Suppliers usually support local agents with promotional resources.

Distribution Channels:

Distribution channels for imported and domestically produced poultry are very similar: importer to wholesaler to distributor to retailer. Large domestic producers distribute products directly to retailers. Both importers and domestic producers of poultry are well equipped with excellent cold storage warehouse facilities and refrigerated trucks for distribution. Both sectors are staffed with well-trained sales

representatives. Major retailers have state-of-the-art supermarkets and hypermarkets and are focusing on customer service to ensure that their products are ideally presented and marketed to consumers.

Production, Supply and Demand Data Statistics:

Poultry PSD table with estimates for 2013 and 2014:

PSD Table	2011	2012*	2013*	2014*
Production (MT)	40,000	37,000	41,000	43,000
Total Imports	279,520	297,039	326,743	343,080
Total Supply	334,323	359,219	395,441	415,163
Total Exports	248	1,448	1,600	1,700
Human Consumption	319,272	332,591	366,143	384,380

Source: *Foreign Trade Statistics - UAE Customs Authorities*
 ** OAA Estimates - Not official USDA Data*

Author Defined:

Note: "Data included in this report is not official USDA data. Official USDA data is available at <http://www.fas.usda.gov/psd>".