

Food sector opportunities in the UAE

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1. Catalonia Trade and Investment Office in Dubai

ACCIO Office Dubai



Countries:

- Saudi Arabia
- Bahrain
- United Arab Emirates
- Kuwait
- Lebanon
- Oman
- Jordan

Services:

- Innovation
- Internationalization
- Trade
- Trade missions
- Foreign direct investment in to Catalonia

1. Catalonia Trade and Investment Office in Dubai

The ACCIO Dubai office overlooks the whole **GCC** and the **Levant**, as well as **Iraq**.

- **The GCC (Gulf Cooperation Council)**

- It is a regional intergovernmental political and economic union consisting of all Arab states of the Arabian Gulf, except for Iraq. Its member states are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.



- **The Levant**

- The countries that comprise the Levant are Cyprus, Israel, Jordan, Lebanon, Palestine and Syria. Areas of southern Turkey are also considered part of the Levant. The definition of the Levant and the lands does not have a consistent meaning and varies over time and by source.

The Dubai Office focuses on:

- Lebanon
- Jordan
- Palestine



*Syria (halted since start civil war).

2. Food Sector in GCC

Industry Overview

- The GCC countries have been meeting the food demand of its diverse population largely through imports.
- Saudi Arabia and the UAE are the major importers, collectively accounting for over 80% of the region's net imports in 2014.
- Despite the present economic downturn, the demand for food – a basic necessity – is likely to continue growing in the face of an expanding consumer base.
- Population of the GCC region is estimated to have grown at an annualized rate of 3.0% since 2011 to reach nearly 54 million in 2016.
- Saudi Arabia and the UAE are likely to remain the major food consumption centers.

2. Food Sector in GCC

- Food is the **second biggest sector** in the UAE. The total food sales figure in the UAE for 2016 was Dh121 billion (\$329 billion) and will only continue to grow.
- **Food consumption** forecasts to rise from 48.1 million tonnes in 2016 to 59.2 million tones by 2021, due to a rising consumer base and growth in income.
- UAE's key **food manufacturing industry** players face a range of challenges to meet demand while improving efficiency.
 - Challenges: the impending implementation of VAT, and rising costs, as the core factors encouraging companies to be more efficient.
- The **production** of food products and food industry in the UAE makes up about 47% of the national sector of non-resource industry. According to experts, this sector has a latent potential for manufacturers growth.
- The **food industry** of the United Arab Emirates includes the following sectors:
 - production of meat and meat products;
 - dairy and bakery products;
 - production of refined sugar and vegetable oils;
 - bottled water and dessert products.
- Dubai is home to more than 16,000 food **outlets and restaurants**, including 2,074 new restaurants that opened between the middle of 2015 and the end of 2016, according to the latest figures from Dubai Municipality.

2. Food Sector in GCC

Challenges:

1. Climatic conditions

Exposed to global food price fluctuations and geopolitical tensions from source countries and trade routes.

2. Oil price

3. Infrastructures



2. Food Sector in GCC

Entry Barriers to UAE and GCC Food Market:

- Existing operators continue to invest in new locations.
- Increasing competition puts pressure on both topline and overheads most evidently in the form of rising rents for UAE food businesses.
- Difficulties predicting consumer behavior.
- Language
- Business culture

2. Food Sector in GCC

Consumer Habits:

- **Restaurants:** people in the UAE, residents and tourists, like to eat out.
- 67% dine out at least once a week.
- 44% have lunch out or get a take away – about the same as those who bring a packed lunch from home.
- 66% of respondents have brunch at least once a month.

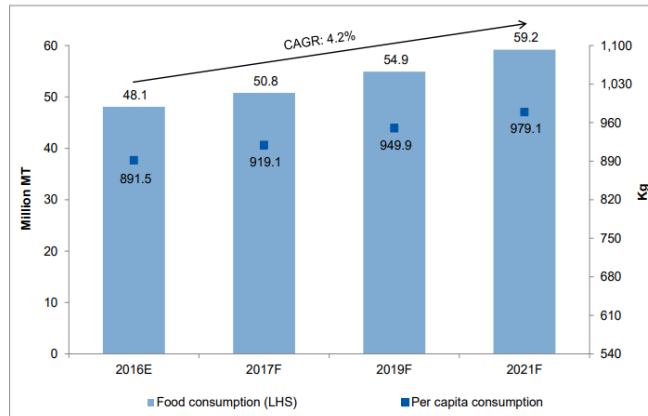
Source: KPMG 2016_uae_foodandbeverage_report

- **Groceries:**
 - The price, quality and convenience are the critical success factors influencing consumer buying behavior in UAE.

Source: An Empirical Study of Key Critical Success Factors (CSFs) of Consumer Buying Behavior for Grocery Products in United Arab Emirates (UAE)

2. Food Sector in GCC

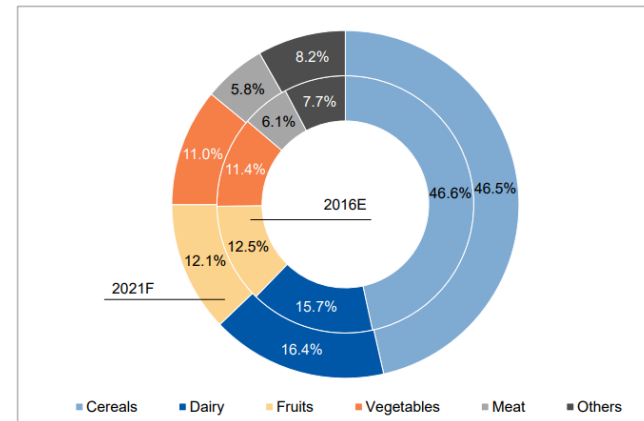
Forecast of Food Consumption in GCC



Source: IMF – October 2016, Alpen Capital
 Note: E – Estimated, F – Forecasted

Food consumption in the GCC is expected to expand at a CAGR of 4.2% from an estimated 48.1 million MT in 2016 to 59.2 million MT in 2021.

Forecasted food consumption growth by category 2016-2021



Source: IMF – October 2016, Alpen Capital

Note: E – Estimated, F – Forecasted; 'Others' food category comprises potatoes, pulses, fats & oil, fish, and eggs

Share of most of the food categories is anticipated to remain broadly unchanged through 2021 .

2. Food Sector in GCC

Growth Drivers:

1. Growing population 
2. Higher income per capita 
3. Tourism market 
4. Organized retail formats 
5. Changes in dietary habits and preferences 

2. Food Sector in GCC

Trends:

- Packaged food
- Healthy and organic
- Halal market
- Food processing segment
- Digital technology
- Food trucks
- International cuisines
- Re-exports





2. Food Sector in GCC

Opportunities:

- Fruits
 - Vegetables
 - Olive Oil (at wholesale level B2B)
 - Fish
 - Meats (veal, beef, poultry, lamb)
 - Beef: one channel is high quality piece
the other channel is for the meat processing industry in UAE
 - Poultry: Frozen (to complement to local UAE production)
 - Lamb: Frozen and must compete with Australian products in price and quality
 - Innovative Food Concept/Packagings
 - Niche markets (special products)
- } Trends sensitive consumer based.

Difficult products:

- Pork: high restrictions for not being Halal
- Alcohol: few distributors

3. UAE Market Entry: Import procedures and regulations

Food Safety and Food Standards:

- **ESMA (Emirates Authority for Standardization and Metrology)** : Responsible in cooperation with other members of the GCC Standardization Organization, for either **developing** or **adopting** all standards.
- **Ministry of Climate Change and Environment:** Establishes and **enforces** food safety regulations.
- **Municipalities:** respective health department is responsible for **enforcing** the federal food safety standards on locally produced as well as imported foods through its food control section.

3. UAE Market Entry: Import procedures and regulations

UAE Customs:

- Custom Duties:

- **5%** foreign goods imported from abroad
- **50%** on alcoholic drinks
- **100%** on tobacco and derivatives

- Exempted from Custom Duties:

- Imports for international organizations, diplomatic and consular corps.
- Imports for the armed forces and internal security forces
- Personal effects and used household-ware belongings to UAE nationals residing abroad or foreigners that arrive to reside in the UAE for the first time.
- Personal effects and gifts brought in by passengers (no more than USD 817).
- Charitable organization's needs
- GCC Products
- Industrial production requirements

GCC Common Customs Law : Principle of single point of entry applies.

3. UAE Market Entry: Import procedures and regulations

Labeling:

- Arabic or Arabic/English
- Arabic stickers are accepted
 - Production and expiry dates must be printed on the original manufactured installed label.

Labeling of Special Items:

- Pork
- Alcohol
- Pet Food
- Items with required nutritional information

3. UAE Market Entry: Import procedures and regulations

Requirements for non-Halal Food:

- **Permit** from Food Control Department.
- **Label:** state the ingredients in Arabic and English and state clear it is a Non- Halal Product.
- **Not to mix Halal and Non-Halal** products during transportation, storage, preparation or display.
- Importer/Distributor make sure Non- Halal products are only sold to **food establishments** with permit to handle and sell Non-Halal products.



4. Food Distribution in UAE

Route to market:

- Commercial Agent/Distributor
- Food Imports – Firms specialized in import and distribution of food.
- Mass Market/Premium or specialized product

Distribution in Dubai:

- Dubai World Central (DWC)
- Jebel Ali Port
- Dubai Al Maktoum International Airport

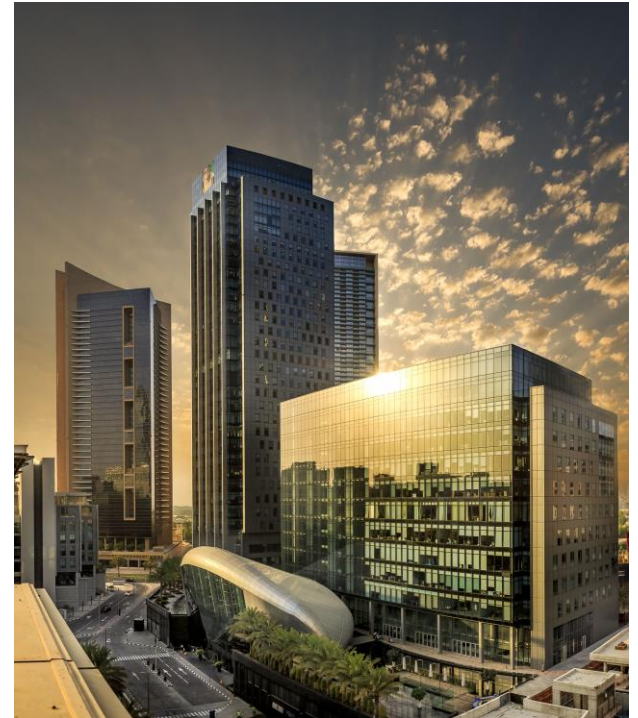
4. Food Distribution in UAE

Most important food and beverage retailers in UAE:

- Carrefour UAE
- EMKE Group
- Lifco Group of Companies
- Lulu Hypermarket
- Choithrams
- Nesto Group
- Al Maya Group
- Spinneys Dubai
- Union Co-operative

5. Accio Dubai - Cases

- Cocoa Milkshakes Producer
- Dietary Supplements
- Frozen Wild Seafood Products
- Animal Health, Feed Nutrition and Food Additives.



Contact

Mireia Sitjas Montaner/ Director

DIFC -Dubai International Financial Center
Al Fattan Building, Tower 1, Office 708A
Dubai - United Arab Emirates
Tel. + 971 43 29 64 22

Pròximes Missions Comercials:

- **Cambra Barcelona:** Aràbia Saudita + Kuwait (6-10 maig)
- **Cambra Terrassa:** Emirats Àrabs + Kuwait (30-4 octubre)

Our Barcelona Office:

Tel. +34 934 767 287

catalonia@catalonia.com

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