

UNITED ARAB EMIRATES

Market Overview

USDA's Office of Agricultural Affairs (OAA) in Dubai, hereinafter referred to as "Post," reports that global exports of consumer-oriented agricultural products to the UAE totaled US\$1.03 billion in 2022, a 15.4% increase from 2021. The UAE hosted the World Expo in 2021, the first Expo in the Middle East. Small and medium sized enterprises (SMEs) played a key role in the success of the World Expo, which awarded US\$436 million to UAE-based SMEs. The World Expo also earned an Excellence in Procedure Award from the Chartered Institute of Procurement & Supply. The UAE will be the host nation of the 2023 UN Climate Change Conference (COP 28) in 2023 and plans significant global engagement. The region continues to present a great opportunity with a strong preference for U.S. food products.

U.S. exports of consumer-ready food products to UAE totaled US\$ 1 billion in 2022, with 15.4% growth from 2021. The UAE is the largest U.S. consumer food export market in the Middle East and the 14th largest overall. The UAE also imported US\$489 million of U.S. tree nuts in 2022, growth of 26.6%. Top U.S. exports of processed food products to the UAE in 2022 included food preparations, beef and beef products, dairy products, poultry meat products, distilled spirits, and condiments and sauces.

Market Opportunities and Challenges for U.S. Exporters in the U.A.E.

Opportunities:

- U.S. suppliers enjoy well established trade relationships with major UAE retailers. Several UAE retailers have U.S. sourcing offices.
- American products are considered high quality by UAE consumers.
- UAE importers are frequently searching for new to market products to update their portfolio.
- UAE is a modern transit hub for the broader region and supportive of trade.
- Import regulations are transparent and non-complex.
- UAE Dirham is stable, secure, and pegged to the U.S. dollar.

Challenges:

- The market is saturated and highly competitive. With 195 nationalities living in the UAE, consumers are biased toward their home country products.
- Unwillingness of U.S. suppliers to provide small product quantities due to the limited size of the UAE market.
- Competitors dedicate significant resources for product branding and marketing.
- International food brands and local products are available at competitive prices.

Retail Sector

Post reports that the grocery retail industry sales exceeded US\$24 billion in 2021, up 7.6% from the previous year. The retail food market remains dominated by several retailers with the majority of the UAE's market share. E-commerce sales continue to expand rapidly and reached US\$4.8 billion in 2021, a 17.6% increase from 2020. Food retail caters to a tech-savvy

international population and e-commerce food and drink grew by 25% in 2021 to reach US\$515 million and is expected to increase by over 23% in 2022 due to further innovation and strong demand.

The UAE retail food market is extremely competitive and overly saturated with local, regional, and international products. Proximity to other food supplying countries in the Middle East, Asia, and Europe allows easier and, in most cases, faster access to cheaper consumer-oriented products with fair quality. Major wholesalers and distributors are interested in seeking new brands and introducing as many products as possible to the market. With recent market saturation, wholesalers and distributors have switched from purchasing new brands to acting as brand-building partners for established products already available in the UAE. Merchants and consumers prefer recognized brands; therefore, potential U.S. suppliers need to think long-term, be persistent, and focus on marketing.

Top product prospects include animal proteins (beef and chicken meat), organics, and “free-from” products. Based on retailers’ reviews and market observations, there is an increasing demand for fresh food, natural, organic, healthy, and free-from products. Consumers are looking for healthier and natural products over processed foods. This change is driven by good disposable incomes, consumer awareness, and government initiatives to lower obesity rates.

Foodservice Sector

Post reports in 2021, the UAE hotel, restaurant, and institutional foodservice market value totaled US\$12.3 billion, almost 17% increase from 2020. The closure of hotels and foodservice outlets during the pandemic in 2020 significantly affected the foodservice industry. Foodservice volume sales rebounded in 2021 but did not reach pre-pandemic levels. The number of hotels in the UAE has increased to 1,089, while the hotel capacity in the country reached 180,000 hotels, serving 14.8 million guests in different hotel establishments.

The travel and tourism sector in the UAE recovered strongly after the pandemic. Dubai is one of the world's most visited cities and ranked number one in hotel occupancy by 82% in the first quarter of 2022. Dubai Expo 2020, new tourism attractions, and numerous business events were factors in the boost to the number of tourists in 2021. According to Dubai’s Department of Economy and Tourism (DET), tourist numbers reached 7.12 million international overnight visitors in the first six months of this year. The FIFA World Cup 2022 in Qatar attracted a significant number of international visitors that traveled between the two countries to attend tournaments.

Food Processing Sector

Post reports that 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 within this growing sector of the

UAE economy.

Top product prospects include dairy products, poultry meat and products, tree nuts, fresh fruits, beef and beef products, and bakery goods, cereals, and pasta.