Agri-Food Sector Profile
United Arab Emirates (UAE)

Key Findings

✓ The GCC (Gulf Cooperation Council) region accounts for more than 60% (2007) of total retail industry in the Middle East.
✓ Food sector offers a glut of opportunities as a major fraction of the food items are imported throughout the Middle East.
✓ Hypermarkets, superstores, and supermarkets account for half of food retail sales in UAE.
✓ The trend of shopping at modern retail formats is growing in the Middle East.
✓ Increasing preferences for international brands among consumers in the Middle East.
✓ Presence of lifestyle disease offers opportunities for Dietetic and Health Foods.

Key Issues and Facts

The report also addresses the issues and facts that are critical to success of the Middle East retail industry, like:

✓ What is the market size and scope of the retail industry in the Middle East?
✓ What and where are the growth prospects and issues related to the industry?
✓ What are the factors driving growth in this sector?
✓ What is the segment-wise size of organized market & what are its growth prospects?
✓ Who are the major players in the Middle East retail industry?
✓ What are the opportunities & challenges faced by retailers in the Middle East?
✓ What are the emerging trends there?

INTRODUCTION
For the Arab region as a whole, the Council of the Arab Common Market released its forecast in 2007 of the expected gap between demand and what is available in food product supplies. By 2010, the gap will widen to 61 million tonnes (t), including the need for 28 million t of flour, 7 million t of sugar, 5 million t of edible oils, 15 million t of meat, and 7 million t of milk and dairy products. The gap will result from both increased population growth and rising per capita income in the region...and UAE remains well-positioned both with the needed infrastructure and expertise to service the imports (and re-exporting) needed to meet this demand.

1. The Gulf Cooperation Council (GCC) members (i.e., Saudi Arabia, Bahrain, Kuwait, Oman, Qatar and the UAE) are generally booming along for a variety of reasons, not the least of which are oil revenues. The Middle East, more broadly, meets roughly 90% of its food requirements through imports, mostly for obvious reasons. The collective annual food bill for the GCC region alone hovers in the US$9 billion range, of which the UAE share is about 60%, due to the presence of its large expatriate community having a noticeable impact on the demand for quality food products.

2. One key strategic principle which underlies and promotes Dubai’s growth is that it is designed to be a distribution hub within the region. With respect to agriculture and food products this focus has been and remains an ever growing reality, with redistribution occurring not only within the Gulf and Middle East, but reaching further-flung markets such as Iran, Iraq, Russia, India and Pakistan to name but a few. The considerable investment in state-of-the-art infrastructure to achieve this end has occurred and continues to be upgraded. In short, Dubai (and the UAE) is far more than solely an export destination in its own right.

3. Pakistani agri-food exports to the UAE now have a "momentum" to be capitalized on. Our export levels by the end of July 2008 were up as compared with exports for 2007. The range of opportunities run across the board from 5-star hotels, to a more-than-doubling of cruise ship tourist visits expected next year, to the huge expat worker camps, continued growth the well-heeled westpat "immigration" whether as professionals or retirees.
With strong demographic and economic growth driving increased demand for modern international cuisine, the food industry in the United Arab Emirates (UAE) is experiencing a boom that has attracted the attention of various global players.

The UAE's highly competitive food sector is expecting double-digit growth this year, driven by a 7% annual rise in the population, booming foodservice and tourism sectors and rapid economic expansion.

The UAE is experiencing swift economic expansion and population growth. The Emirates' GDP increased by 23.5% in 2006 in nominal terms, while its population reached 4.3m this year, with some estimates predicting it could reach 10m by 2010. These sociological changes are not only expanding the area's food market, they are also changing consumer habits. Before the market was commodity driven, but it's now brand driven.

Supermarket chains have been a major driving force behind the growth of private labels. The market has come to be dominated by France's Carrefour and GÉANT, while regional chain Spinney's has also established itself as an important player in the food retail sector.

With roughly three-quarters of the population foreign born, international food products are in high demand and represent a major growth opportunity. The large expatriate Asian population is driving demand for Asian products, particularly Indian and Pakistani foods, while European and American foods appeal to Western emigrants and the local populace alike.

With its immigrant guest-worker based economy an estimated 75% of the UAE's population is made up of single men, a fact that has shaped the food industry in the region and led to increased demand for fast, easy-to-consume, low priced meals.

The region's booming food market has attracted the attention of international food producers, who are setting up shop in the GCC to get a larger slice of the Gulf's $12bn food sector.

Nestlé is preparing to open a 100,000 square-metre factory in Dubai's Jebel Ali Free Zone this year, and Kraft is set to open a $40m 60,000 square-metre food plant in Bahrain to produce cheese and powdered beverages for export throughout the region. With the continued expansion of the UAE's food
industry on the horizon, it is becoming increasingly important for global food manufacturers to assess the unique needs of the region and deliver tailored food products to consumers in the Gulf in order to take advantage of this area's booming food market.

The United Arab Emirates' (UAE) food and drink industry continues to demonstrate signs of a rapidly maturing market. Many trends that have had a major impact on the global level can now also be seen in the UAE, such the increasing concern with environmental values. In April leading retailer Carrefour introduced reusable bags as an alternative to disposable plastic bags at 10 of its UAE outlets. According to the company, Carrefour alone is currently responsible for 100 tonnes' worth of plastic bag waste a month. Rival retailer Spinneys has also been quick to jump on the environmental cause and has announced that it is developing more durable reusable bags, which will soon be available in its UAE outlets, and has also launched recycling centres in three of its Dubai stores. Masafi, the leader in the bottled water industry has also launched an environmental initiative, partnering with a local non-profit environmental organisation to promote civic awareness and recycling initiatives.

Although environmental concerns have not traditionally had a major impact on consumer purchasing decisions in the Middle East, this could soon change, particularly if such major retailers and drink companies take the lead. Another 'greening' example is the government's support of organic farming.

In fact, it is not that surprising that the UAE market is being affected by the same trend that can be observed in the markets of the West, given the large number of expatriate residents in the country. With expatriates making up close to 80% of the population, and tourism levels booming, the food and drink landscape is becoming increasingly globalised and westernised, which, along with the country's phenomenal economic development, is a major driving force behind the growth of the industry.
UAE Market Overview

UAE is the centre of the agri-food trade in the Gulf Cooperation Council (GCC) Region - with the major marine ports and air traffic hub for the region. It is both an important market in its own right, and also a major re-export market, serving other Gulf Cooperation Council (GCC) countries, and the region more broadly.

According to estimates, some 30-40% of UAE's consumable items imported every year move-on to other markets, reaching as far as Russia, and East Africa. Re-exports of some agri-food products (e.g., pulses and lentils) could exceed 60-70%, and indeed more as in the case of canola seed imports which are largely crushed for oil exports to Europe.

The United Arab Emirates depends largely on imports of agriculture and food products. The majority of the US$ 3.5-4.0 billion in annual food imports come from the United States, United Kingdom, Germany and France. Agriculture and food exports to the UAE from Pakistan over the past four years have averaged over US$ 200 million, with a sharp increase in 2007 to reach US$ 260 million in that year mostly due to rice, wheat, and meat & meat products.

Business Opportunities

Excellent opportunities exist for a wide range of agricultural commodities, bulk and packaged foodstuffs, frozen and prepared foods. The UAE already imports large volumes of Pakistani rice, meat & meat products, fish & fish products, fruits & vegetables and spices. Given the large foreign population, importers have preferred dealing with well-known brands with proven promotion strategies. However, with the large supermarket chains now dominating retail sales, they are showing increased interest in private labelling.

There is a large hotel/restaurant institutional trade industry in the UAE and entry into the market through this route is a good strategy. The foodservice industry has shown the most growth recently. This has been led by a large expansion in hotels, targeted at a growing tourism market. Most of these large, upper-end hotels have several retail outlets (i.e., their own hotel-restaurants) that require a wide-range of quality food products.

The demand for halal food products also presents an important opportunity for Pakistani exporters. Given the UAE's (and the GCC's) Muslim base, reliance on imported foods, and relative affluence, the market is very much
open both to meats that meet halal criteria, as well as value-added products (from soups to prepared frozen entrées) that likewise meet halal certification requirements. Several trade shows devoted specifically to halal products now take place annually in the UAE.

Obtaining a good local agent/distributor that can get products widely distributed is understandably important. Building personal relationships, follow-up and commitment are keys to doing business in the region and "patience" is the watchword. Pakistani firms are advised to invest time in the market with a local presence or, at least, be prepared to invest in relatively frequent visits to the marketplace. Face-to-face contact is essential. Local businessmen and government officials prefer to deal with someone they know and trust. Personal relationships are far more important in doing business in the Middle East than in EU or USA, for example.

**Market Access Considerations (also see Annex-I)**

Arabic labelling of products is required by legislation. Arabic labelling is also wise from a long term marketing perspective. Many companies use Arabic label stickers as a temporary stop-gap measure, when they enter the market initially. Once sufficient volumes of product are being sold into the market, the development and design of a permanent Arabic product label is highly recommended. And one should recall that the benefits of such an investment also serve well in the other 20-plus Arabic speaking country markets.

Each item of food must show a production expiry date (day/month/year). Dates cannot be hand-written or on stickers. They must not be removable (must be mechanically printed, embossed or ink-jetted). Foods cannot be double-dated and imported foods cannot be date-marked in Dubai or in one of the free zones, after they have landed. Product expiry dates are still determined by and set-out in government regulations, although both this requirement and food labelling standards are currently the subject of new regulations being considered and expected to take effect soon. In this regard, the UAE is expected to move to a manufacturer’s determined shelf-life dating (rather than the current government-set requirements), for most non-perishable food products.

All meat and meat containing products imported into the UAE must be halal certified. Halal-certifying bodies must be approved by the UAE’s General Secretariat of Municipalities. The UAE does not allow the entry of any meat or meat containing product when less than half of the mandated expiry date remains (again this regulation is under review).
All imports of live animals and birds into the UAE require official approval prior to arrival. Presently there is a ban of live bovine animals into the UAE.

**Major Competition**

Pakistan’s main competitors, such as the U.S. and EU (notably the UK, France, Germany and Italy) are advantaged by having been present in the market for many years. They have developed their contacts, built brand familiarity and maintained a consistent presence. Countries like Australia and New Zealand are relatively newer entrants, and have built and capitalized on their image as high quality, safe and reliable food suppliers, particularly with respect to beef and lamb products. These are followed by a host of new entrants into the food market led by Brazil, China and India.

**MUTTON & BEEF**

There are clearly a number of reasons undermining Pakistan's mutton and beef presence in retail coolers/freezers and on restaurant menus. However, with the UAE's recent (August 2008) acceptance of mutton and beef from Pakistani animals (i.e., for an initial period of four months), and continued efforts to have additional Pakistani halal certifiers approved, we hopefully look forward to Pakistani mutton and beef in this market over the medium term. This market wants meat. For example, Meat and Livestock Australia (MLA) announced (Fall 2007) that the demand and consumption of Australian beef per month has nearly doubled in the UAE. A year ago, about 10-12 tonnes of Aussie beef were consumed per month, but the amount has now shot up to about 20 tonnes per month, in a market that consumes a total of some 100 tonnes per month.

The general prosperity enjoyed in the market, as well as the growing numbers of working women, has meant eating-out is a fast growing trend. As well, another important and visible reason is the continuing huge construction boom with a host of international hotel chains all offering fine dining experiences, causing the demand for quality beef to grow exponentially.

**FISH**

There’s no shortage of demand for fish in the Emirates, from the needs of the growing numbers of 5-star hotel-restaurants aiming to satisfy the palates of their discriminating clientele, to fresh (and in some cases live) fish markets catering to nationals and resident expats, to extensive fresh fish counters in all the major retail chains.
In terms of a domestic industry, fishing in the UAE is carried out mainly at an artisanal level. On the supply side of fresh fish, the country is considered self-sufficient, with a catch of around 115,000 tonnes (2006), which includes pelagics, demersals and migratory species at given times of the year. Modern large fishing boats are prohibited in coastal waters in order to preserve the coastal environment, as well as fishermen’s interests. Per capita fish consumption of UAE nationals is estimated at 33 kg. This is high relative to other Arab countries and the world as a whole (FAO world estimate of 16.5 kg in 2006).

The full gamut of frozen fish products (including bagged IQF shrimp in all sizes from around the world) are readily available at retail. The range of more highly processed products is also extensive, originating from EU-based processors, South Africa, Australia, Malaysia, Oman and other suppliers. Likewise, there is also an established market and consumer demand for smoked salmon and canned products.

In the Fall 2006, a special section of the Dubai fish market opened to cater to consumers seeking live fish. Emirates Aqua Live is the first such fish outlet in the UAE, and supplies both to individuals, as well as top restaurants. Their special facility carries all the regional fish, live crabs, lobsters, and others.

Pakistan currently exports a variety of fish and seafood to this market, including fresh and frozen lobster, frozen shrimp, scallops and crab, and canned fish products, and the opportunities continue growing.

**HALAL PRODUCTS**

Halal literally means “what is permissible” under Islam. Halal food must be free of alcohol, pork and other prohibited substances. In addition, meat and meat products must be from animals slaughtered according to Islamic guidelines. Some recent reports have argued that most food companies in the region have not understood the direction the global halal market is taking, and they will have to adapt if they wish to eke out a share of this growing market by adopting contemporary industry trends.

Analysts note that food companies in most Middle Eastern countries take their consumers for granted. Compared to buying halal food in other countries, consumers in overwhelmingly Muslim countries are seen as accepting what is on offer without raising too many questions. The halal food-wave has already happened in Southeast Asia, Europe and Africa. They suggest that it is just
starting in the Arab world, and consumers are becoming more conscious of halal branding of food products. It is believed that consumers in the region will buy halal products from non-Arab companies, if they do not find the properly certified products on their grocery shelves. A study puts the global retail market for halal food at between US$400-580 billion a year (i.e., based on per capita expenditures on food by Muslims). A breakdown of the 1.5 billion Muslim consumers around the world suggests both a substantial Middle Eastern market, as well as opportunities for re-export from Dubai to other impressive markets.

ORGANICS PRODUCTS

Organics - domestically at the farm production level in the UAE, the Ministry responsible for agriculture is encouraging the pursuit of organic farming, mainly as an environmentally friendlier alternative to current practices.

However, in a market which includes a goodly portion of its consumer base (both nationals and westpats) that is affluent, educated and aware, can demand for organic products be far behind? The answer is a resounding "no". Organic products are evident in most retail food product categories. We believe that opportunities exist for a greater presence in this niche segment.

Diabetes - one in every four UAE adults is believed to be affected by diabetes according to the UN's World Health Organization (WHO). This rate is one of the highest incidence in the world. Both diabetes and childhood obesity are major health concerns, and the two go largely hand-in-hand, with Type II diabetes (i.e., usually referred to as "adult onset" diabetes) now growing far more common among younger individuals. Some 96% of the UAE's diabetic population are Type II which, although not insulin dependant, requires close management through proper food intake (i.e., given a diet's significant role in helping control blood-sugar levels). Indeed, WHO has estimated UAE youths to be 2-3 times more obese than the international standard, and the link between being overweight and diabetes is generally unquestioned.

This unfortunate situation does however present a number of opportunities for Pakistan. These can be seen not only in terms of specialty products aimed specifically at this particular segment, but more significantly for products that are not only helpful to diabetics, but support good nutrition principles for the population as a whole.

In terms of more traditional uses, a very wide range of honeys are available on retail shelves, both by type/flower origin and country source (e.g.,
U.S., Germany, UK, Australia, NZ, China, in addition to Gulf-product from Oman and Saudi Arabia). Honey has always been an important diet component in this part of the world, and is also traditionally served during Ramadan observances. In short, it's a competitive well-serviced market, with little technically preventing Pakistani honey from being a player.

**RETAIL**

Residents and visitors alike pound the retail corridors relentlessly. In fact, recent AC Nielsen figures estimate some 492 million cumulative person-hours are spent annually by UAE residents in hypermarkets and supermarkets alone.

The average UAE consumer spends some 127 hours in supermarkets per year, and embarks on shopping trips nearly 4 times every week. By 2010, the Emirates' retail space is set to further quadruple, while retail spending is forecast to reach 30% of GDP. Supermarket space in this country has already experienced a 60% growth over the past 4 years, but interestingly, this has not been at the expense of more traditional grocery stores which have maintained their overall property base. Retail, and food retailing in particular, is economically important and highly competitive.

Consumption patterns vary with ethnicity. Asian expatriates are the largest consumer segment, but are also the most price-conscious. The major supermarket chains import some of their product direct from overseas suppliers, but most items are sourced locally from exclusive agents. The major sources of supply are from the Indian sub-continent and European markets, which enjoy comparatively low freight rates. There are significant imports of juices and non-alcoholic beverages despite the availability of locally manufactured product.

**The structure of the retail market:**

Food retail outlets throughout the UAE are estimated as follows:

- Western-style supermarket multiples 128
- Self-serve outlets and independent supermarkets 190
- C-class grocery outlets 1,500
- D-class grocery outlets (bakalas) 2,250
- Wholesalers 55
The leading retail groups (IMES, January 2007) operating Western-style supermarket multiples are:

- Choithrams 18
- Shop ‘N Save 18
- Lal’s 17
- Abu Dhabi Co-operatives 16
- EMKE Group (Lulu) 14
- Union Co-operatives 13
- Spinneys 11
- Sharjah Co-operative 9
- Carrefour 8
- Emirates Co-operative 4

However, these numbers do not tell the whole story. The UAE market has a typical pyramidal retail outlet structure, with high unit value products concentrated at the apex of the pyramid. For example, the Carrefour Group is reputed to account for 15% of retail dairy product trade, despite having only eight outlets.

Large retailers are adopting Western approaches to their business, including:

- shelf management techniques, including rationalization to three-five brands within each category
- high profile deployment of leading global brands to reinforce an image of quality and cosmopolitan sophistication
- increasing deployment of house brand products at follower price points
structured brand strategies, either three-brand strategies (market leader, imported brand and local brand) or five-brand strategies (market leader, follower, price fighter and two house brands)

- institution of listing fees and co-operative advertising programs

- growth in the fresh or chilled categories, particularly evident in the fresh dairy market.

Private labelling - the rapid expansion of supermarket and hypermarket space across the Middle East finds private labelling to be alive, well and growing in the retail food sector. In the UAE, more than 50% of consumers involved in a Fall 2007 AC Nielsen study said that they buy private label goods. Although private labels only average an approximate 6% share in the region's emerging markets, the industry in these markets is growing at an 11% rate (compared to 5% globally), thereby cranking up the competition for a Middle East consumer base that is 1.3 billion strong, growing at 3% annually, and is expected to generate US$500 billion in sales by the year 2010.

The Nielsen retail study revealed that 89% of consumers questioned are aware of private labels in the UAE, with the French chain Carrefour's shoppers leading the way in terms of such awareness. UAE food cooperatives on the other hand, are ahead in terms of actual purchase percentages. In the UAE, private labels now represent more than 15% of supermarkets' grocery turnover.

With an estimated US$1 billion turnover in the Middle East, Carrefour is not sitting idly by. From its initial foothold in the UAE, the brand now has upwards of 20 stores, most recently culminating in the largest hypermarket in the region located in Dubai (2005). It is planning a raft of additional outlets (i.e., Bahrain, Qatar, Kuwait, Beirut, Cairo, Alexandria, Amman, possibly more in the UAE, and perhaps Iran). But the cornerstone of the chain's future development in the region appears to be its ambitious plans for Saudi Arabia. Carrefour is reported to want to launch more than 20 additional stores in the Kingdom over the next 10 years. Their presence in the UAE now includes 10 stores.
The market - the Middle Eastern foodservice market is estimated to be worth more than US$31 billion annually, of which the GCC countries account for almost US$9.5 billion. The UAE foodservice market alone was worth US$4.36 billion (2004), and is conservatively predicted to grow at 11% for 2005 and 2006. Dubai and Abu Dhabi account for 80% of total foodservice demand amongst the seven emirates.

In addition to the UAE resident population's considerable expenditures in this sector, latest economic studies estimate total spending by tourists will reach US$7.6 billion in 2009, which is expected to be the highest consumption rate in the GCC and at three meals a day plus snacking on the run, the foodservice segment will attract its own significant portion of that total outlay.

Asian cuisine is the most popular of all cuisines and is growing the fastest. Lebanese food is also continuing to be popular as it suits Arabic tastes and is also relatively healthy. Coffee chains are also showing excellent growth.

The largest product groups purchased by UAE foodservice operators are meat, poultry and fish, accounting for just over 30%. These are followed by dairy products (13%), and rice, bread, pasta and cereal at just under 13%. On an expenditure basis, restaurants are the largest foodservice channel, closely followed by street outlets (e.g., lunch bars, tea/coffee shops), then hotels and ship chandlers. These 4 channels make up roughly two-thirds of total foodservice expenditure on their food inputs and supplies.

The major factors supporting growth in the UAE's foodservice industry include: population growth, currently averaging over 7% per annum; rising rates of private consumption expenditure which also have the effect of driving up foodservice expenditures; three-quarters of the population are non-nationals, with a large percentage of this segment being male bachelors (in fact, males outnumber females two-to-one); given the prevalent working lifestyle, most people are compelled to eat at least one meal per day while at work; and finally, the impact of well over 6 million (and climbing relentlessly) tourist visits annually, hotels alone account for 17% of total foodservice expenditure. In fact, Dubai has set a target of attracting 10 million tourists in 2010. And for those wanting yet another different spin on the hotel room growth number, one of the world's leading hotel investments services projects that 55,000 luxury four and five-star hotel rooms are expected to be completed in the next 5 years across the UAE.
Pakistan appears well-positioned to take advantage of a number of opportunities in this market segment. These would range from supplying inputs to the highly price sensitive fast food component (e.g., from canola seed for crushing and use as frying oil, wheat for milling and baking, frozen potato products, etc.), to important opportunities apparent in the hotel segment with premium fish and seafood products and high quality beef.

New figures show that 26% of UAE residents eat out at a quick service restaurant at least once a week, with the frequency of visits to this type of outlet being some 65% higher among Emiratis and expat Arabs. Despite growing health awareness, experts say there remains immense scope for growth in the UAE’s fast food market. Aware of this potential, McDonald’s for example (with its 43 restaurants to date in the UAE), has introduced several meals directly targeting the Mid-East market, such as the McArabia grilled kofta and grilled chicken.

**Food Processing and Manufacturing**

The UAE is beginning to develop its value-added food manufacturing sector for life beyond oil, and has invested US$1.4 billion since 1994, targeting local and re-export markets.

Over 22 million date palms have been planted in the UAE making it one of the largest producers of dates worldwide, with a single factory processing more than 14,000 tonnes a year.

There are around 150 food processing plants in the UAE producing poultry and eggs, seafood, fresh tomatoes and other vegetables, vegetable oils, soft drinks and juices, snack foods, pasta, dairy products and confectionery. There are opportunities for Pakistani food businesses to establish themselves as manufacturers or suppliers to food manufacturers.

**Domestic Production**

With only 0.9% arable land (75,000 ha), agriculture contributes only 3.6% of GDP. However, investment in water and technology is resulting in strong growth, at 9.3% per annum (2007). The most significant products are:

- dates (758,000 tonnes)
- tomatoes (231,000 tonnes)
Distribution Channel

Despite UAE’s liberalized economy, it is not very easy for foreign players to break into the market independently. The national equity participation of 51% is required for locally incorporated companies. Foreign companies must find agents/distributors to market their products locally.

The most recommended channels for the successful drives of meat & meat products/foodstuff is through agency contract. Once an agency has been negotiated and settled, the agent concerned will make all the required distribution arrangements and promotion to suit the local conditions. However, cautions should be taken in finding agents since agency contracts are difficult to terminate.

Meat & meat/food products are imported by numerous medium to large-sized firms. Briefly, wholesalers, chain stores, department stores usually buy directly from importers. The wholesalers have their own distribution arrangement with retail groups. Since anybody with an import license can import, the importers are also usually wholesalers and commission agents although there are separate establishments of wholesalers and of commission agents who play an important role in marketing their respective products. The most common practice is that a certain agent/importer makes an agency agreement with exporting firms regarding certain product and then he will make his own arrangement to market the product within the limits of the specified zone.

Major importers own and operate their own warehouses, refrigerated storage and truck fleets. Excellent public storage facilities are also available for those companies that do not own storage facilities.

Many wholesalers purchase their products from importers. These wholesalers are usually located in the central markets or in special food wholesale areas.

High-quality meat importers are limited in number and mostly supply to hotels and restaurants. A few hotels import their meat requirements directly as do all the major retail supermarket chains. Poultry meat importers are generally
large-scale operations, which own refrigerated storage and transportation facilities. They supply to retailers, hotels, restaurants and the central markets.

Many importers in Oman, Qatar, Bahrain and Kuwait purchase meat and food products via the UAE, since individual orders from these countries tend to be less than the minimum required by suppliers. Thus, container-sized loads are shipped to the UAE and broken down into smaller quantities for transshipment to these countries. It is estimated that about 35 percent of the UAE's food imports are transshipped to other destinations, including Iran, the UAE's largest re-export market.

The retail market consists of central markets, cold stores, supermarkets and consumer cooperatives. Central markets are particularly important in the fresh produce and meat trade.

New-to-market suppliers are encouraged to work with an established importer capable of servicing major retail outlets and hotels. Markups of 10 percent over import price can be expected from wholesalers and of 15-20 percent over wholesale price from retailers.

Importing Foodstuffs

Import Procedures
Import procedures in the UAE follow standard international practice. Customs clearance at ports is usually straightforward.

Import documentation
Crucial import documentation includes:

• a valid and relevant trade license
• a pro-forma invoice
• a commercial invoice from the original supplier
• a certificate of origin
• a packing list
• a bill of lading
• a certificate of insurance
• a delivery order from the shipping or line agent

Special certificates may be required for some imports.

**Trade licenses**

Importers must have a trade license for the goods being imported. Only companies in the UAE that have the appropriate trade license can import products into the country.

**Invoices**

There is no prescribed form for invoices, but certification by an approved authority may be requested. The invoice must indicate:

- the country of origin
- a full description of the goods, including net and gross weights, unit and total value, and details of the packing
- the name of the manufacturer
- Details on the invoice should match details on the bill of lading.
- Quotes should be in US$ or UAE dirham (AED) CIF or CIFIC (Inco terms 1990) and may be requested in the form of pro forma invoices to facilitate the opening of letters of credit. The UAE dirham (AED) is valued at a fixed rate against the US dollar. Prices are usually given for landed product, including all charges and duties.

**Certificates of origin**

Certificates of origin must include the name and address of the manufacturer.

Certificates must be certified by the UAE Embassy and should contain the following clause: ‘We certify that the goods or materials are of Pakistani origin.’

If the certificate of origin and packing list are not available at the time of clearance, clearance can be effected on the strength of photocopies and a deposit of Dhs 500, which can be claimed back if originals are submitted within 60 days of filing the bill of entry.

**Packing lists**
A packing list is required, but there is no prescribed format. Details must match details on the bill of lading.

**Bills of Lading**

Bills of lading may be made out ‘To Order’. The appropriate tariff number should be shown to ensure the correct freight rate is applied to the items shipped.

At least two original copies must be furnished. If ladings are not endorsed by the shipper, a full set (usually three) of original bills need to be surrendered to the line.

**Certificates of Insurance**

Inward cargo may not be cleared without the insurance certificate.

**Special certificates**

Livestock require sanitary certificates issued by the approved authority in the country of origin.

All plants and plant products require phytosanitary certification issued by the approved authority in the country of origin.

Meat and other animal imports must be accompanied by a halal certificate attesting that the slaughter was carried out in accordance with Islamic rites.

**Public Health Requirements**

Livestock are inspected upon arrival.

Food containing cyclamates is prohibited from entering Abu Dhabi and although there is no legislation prohibiting such food from entering Dubai, the practice is not encouraged.

Department of Ports and Customs has designated specific types of commodities for mandatory inspection. An inspection is required in all cases.

**Packing and Labelling**
Packing

Goods should be packed to provide protection against extreme heat and humidity, possible periods of storage in the open, and awkward handling during unloading into and out of lighters.

Outer containers should bear the consignee’s mark and the port mark. The latter is essential, as most wharf labourers cannot read English.

Labelling

Food labels need to include the following standard information in English and Arabic:

• product and brand
• ingredients, in descending order of proportion
• additives using their ‘E’ numbers (group names are also accepted)
• the animal origin of all animal fats
• net contents in metric units
• production and expiry dates
• country of origin
• manufacturer’s name and address
• special storage and preparation instructions, if any

All measures are in metric.

Tariff

Import duty for foodstuff is largely standardized at 5%. The following three categories of food and beverage are exempted from import duty.

1. Fresh vegetables
2. Fresh fruits
3. Fish & meat not processed

(A complete list of exempted food items can be obtained from www.dxbcustoms.gov.ae)
Customs regulations are relatively straight-forward and in line with internationally recognized standards.

**Consolidators and Export Service Providers**

**Establishing a Supply Chain**

There are a number of different models for the supply chain from Pakistan to the UAE. These include:

<table>
<thead>
<tr>
<th><strong>Local supply</strong></th>
<th>Local food companies supply their product direct to retail and food service outlets. In many cases they have arrangements to import products which complement their own range, in some cases under established brand names, sometimes privately labelled.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct import</strong></td>
<td>In the case of short shelf-life products, direct import has the advantage of cutting down transit time and supply chain links, thus optimizing quality. However, direct supply is cost-effective only for orders in container multiples. Smaller volumes are better managed through consolidators.</td>
</tr>
<tr>
<td><strong>Import agents</strong></td>
<td>Local import agents typically look after shipping and handling protocols, and may also hold stock in warehouses within the UAE. Agents link in with wholesale distributors to service individual accounts, or act independently as wholesale distributors on their own account.</td>
</tr>
</tbody>
</table>

It should be noted that a considerable volume of foodstuffs enters and leaves the UAE ‘under the veil’ through the grey market dhow trade, with product sourced from or exported to the Indian sub-continent, Iran, Iraq, Lebanon, Yemen and eastern Africa. The trade goes back into prehistory, and is largely opportunistic, with a focus on non-perishable and long shelf-life products.

**Choosing a Consolidator**
Using a consolidator can be an effective way to enter the UAE and broader Gulf market, and provide a cost-effective local presence. Consolidators operating within the emerging Efficient Foodservice Response framework offer:

- efficient and transparent information flows along the supply chain
- cost reduction, profit improvement and sustainability improvement through a lean supply chain involving only value-adding parties
- demand-driven supply through category management

Factors to consider in choosing a consolidator include the consolidator’s:

- reputation in the market for quality, outstanding customer service and consistent, reliable supply
- expertise in food service or retail, and market penetration
- local infrastructure in the UAE, including cool chain management, safe food handling facilities and distribution networks
- ability and commitment to differentiate the product offer in the marketplace
- robust supply chain linkages back into Pakistan, including the ability to consolidate air and sea shipments at point of procurement from a range of small suppliers
- experience in freighting perishable foodstuffs
- efficient systems for purchasing, ordering, documentation management, order and consignment tracking
- effective systems for providing market feedback on products and packaging to suppliers and producers
- existing precommitments to complementary or competing products and suppliers
- commitment to partnering in product innovation
- level of expertise in relation to traceability and other emerging food market trends generally, cost-efficiency, flexibility and responsiveness

Consolidators may be able to add additional value by providing local processing facilities, for example, juicing, cheese cut and wrap, or packaging.
**Logistics**

Shipping links between Pakistan and the UAE are numerous. Each of the Emirates has at least one modern seaport. Dubai’s Port of Jebel Ali is the world's largest man-made port, and its most modern. Once goods have entered the UAE they are distributed within the country and region by truck.

**Insurance**

Normal commercial practice applies to insurance, but the insurance company must not have any Israeli connections.

**Product Promotion and Strategy**

Personal contact, price and delivery remain the important features of marketing in the UAE.

- **Labelling**: Labelling of the product is very crucial for marketing in this region. There is an increasing move towards Arabic labelling. However, due to the large number of expatriate (almost 75%) population English labelling should also be accompanied with.

- **Product quality**: For foodstuff, freshness is an important concern to the consumers.

- **Price**: UAE market is highly price sensitive, therefore, products should be priced competitively.

- **Promotion through agents**: Foodstuff could be promoted through established agents specially those who already have a channel to distribute their food products.

- **Taking part in Exhibitions**: Taking part in exhibitions is one of the most effective ways of marketing products here in this region. It also helps establishing direct contact with importers / agents and in getting to know the market requirement which is vital before introducing any product in this region.
**Recommendations for Exporters**

- Pakistani exporters should visit and study the market. Face-to-face contact is key to successful marketing in the Gulf. Pakistani exporters should bring samples or a catalog of the products and be prepared to discuss price.

- Exporters should not be discouraged if they fail to conclude a sale on their first visit. Over time, repeated visits will prove commitment to the market and encourage local importers to strike a deal.

- Exporters should consider participating in one of the major food shows in the area. It is an excellent way to meet potential customers from throughout the region and beyond.

- Exporters should be prepared to provide Arabic/English labeling, and production and expiry dates on labels. Arabic labeling is an added advantage here.

- Exporters should stress on quality, price of the product. If possible, clear packaging should be used. Gulf customers like to see what they are buying.

- Exporters should be prepared to discuss marketing and advertising strategies. Gulf importers have become very market oriented and regularly discuss advertising plans with their suppliers.

**Conclusion**

UAE’s growing population, high per capita incomes, liberal trade policies, and limited agricultural production offer excellent market opportunities for high-quality, consumer-ready food products. Based on current trends, food imports are expected to increase roughly 10 to 15 percent annually over the next few years. Overall, the food products market is a huge market in UAE and Pakistani
exporters can benefit by supplying quality products at a reasonable price to the traders here.

Appendix 1

HALAL EXPORT REQUIREMENTS FOR THE UNITED ARAB EMIRATES

ELIGIBLE PRODUCTS

1. Fresh/frozen red meat and poultry.
2. Processed red meat and poultry products.

SLAUGHTER REQUIREMENTS

Ritual Islamic Halal Slaughter requirements apply.

LABELING REQUIREMENTS

A. All products

Storage temperature must be placed with the refrigeration statement on the label to fully clarify the type of product being handled.
(EXAMPLE: "KEEP FROZEN STORE AT OR BELOW ___ DEGREE C.; KEEP CHILLED (OR REFRIGERATE) STORE BETWEEN ___ DEGREE C. AND ___ DEGREE C."

B. Fresh/ frozen Meat and Poultry

Packaged meat and poultry must bear the following features (in print):
1. Production (slaughtering or freezing) and expiration dates.

   a. The expiration date must be calculated from the date the product was first frozen.

   b. The following statement is not acceptable: "The expiration date is ___ months from the date of production."

   c. The use of a number for a month is not acceptable. Spell out or abbreviate name of month (EXAMPLE: JAN. OR JANUARY 1985). Calendar strips preprinted on label allowing the designation of calendar dates with literal translation are in frequent use.

   d. EXCEPTION: Dubai permits expiration dates on bagged poultry to be printed on adhesive tape wrapped around metal clip area.

2. Statement that product has been slaughtered according to Islamic principles.

3. Shelf life of Product: Shelf life limits have been placed on chilled vacuum packed meat, frozen meat and other meat/poultry products. Fast spoiling foods with a shelf life not exceeding 3 months must have complete date stated on the label. The use of the terminology "Better to use before ..." on label will not be accepted.


5. Metric net weight. Lettering and numbers for unit metric weight must be in Arabic. At present, there are no restrictions regarding the net weight tolerances.

6. Bilingual labels. The Arabic language must be one of the languages used for declaration. (EXCEPTION: Emirate of Dubai accepts English only labels.)
7. Other materials: Alcoholic materials and species of animal fats, gelatin, food additives and blood must be declared on label when product contains such materials.

C. The following methods of labeling are alternatives to meeting the requirements for labeling precut and packaged fresh/ frozen meat and poultry:

1. Sticker: Must not interfere with label terminology and be self destructive on removal. Over labeling may result in refused entry of product. Stick on labels covering existing labeling information are in violation.

2. Inserts: Must be accompanied by production and expiration dates. Inserts must be made of approved materials.

3. Ink stamp: Ink must be indelible and legible. (ink stamps are the least acceptable labeling method.)

D. Canned Goods: Expiration and production dates must be preprinted on the labels.

DOCUMENTATION REQUIREMENTS

Certification Requirements

UAE authorities require the following rules to be rigidly adhered to for all imports. Failing which the goods are liable for rejection at the port of entry.

a) All inner packs and outer cartons must indicate information in English and Arabic on product name and description, producers name, country of
origin, net weight and/or packing (wherever applicable) and production and expiry dates (product validity to be 12 months from date of production)

b) All beef, lamb, mutton and poultry products must be Muslim slaughtered and supported with ‘halal’ certificate (bearing name and signature of Muslim Slaughterman), on official stationery of competent of competent Islamic Authorities.

c) Health Certificate (issued by a competent authority) and halal Certificate should incorporate establishment numbers of the concerned meat works, Slaughter/ Production and Expiry dates, shipping marks, invoice reference etc.

d) Certificate of origin and invoice should be authenticated by Chamber of Commerce.

e) Invoice and Certificate of Origin, health and Halal should be duly legalised by UAE or any Arab Embassy.

f) In case more than one brand or item is shipped in a container, few cartons of each brand/item should be stacked at the door of the container for inspection at the port.

g) On processed products with Halal label claims. Raw materials used in processed products with Halal label claims must be accompanied by an appropriate Halal certificate.

HANDLING/STORAGE REQUIREMENTS

A. Product Requiring Special Handling. The United Arab Emirates requires that instructions for consumers concerning storage, preparation and other special handling requirements accompany all shipments. These instructions should be addressed to the Dubai Municipality.
B. Poultry Packaging: Poultry must be packaged in clear plastic.

OTHER REQUIREMENTS

A. Product Arrival. Product must arrive in the United Arab Emirates at least 3 months before the expiration date.

B. Expiration Period.

1. Frozen Beef. The United Arab Emirates has no fixed expiration time period for frozen beef. Twelve months is suggested as a reasonable expiration date.

2. Frozen Poultry. The United Arab Emirates has no fixed expiration time period for frozen poultry. Nine months is suggested as a reasonable expiration date.

3. Chilled vacuum packed meat/poultry has an expiration period of 3 months.

4. The shelf life (expiration period) for other meat/poultry products must not exceed 3 months.