

# Food and beverages - UAE

Summary of findings related to international market opportunities for Norwegian food and beverage products to UAE

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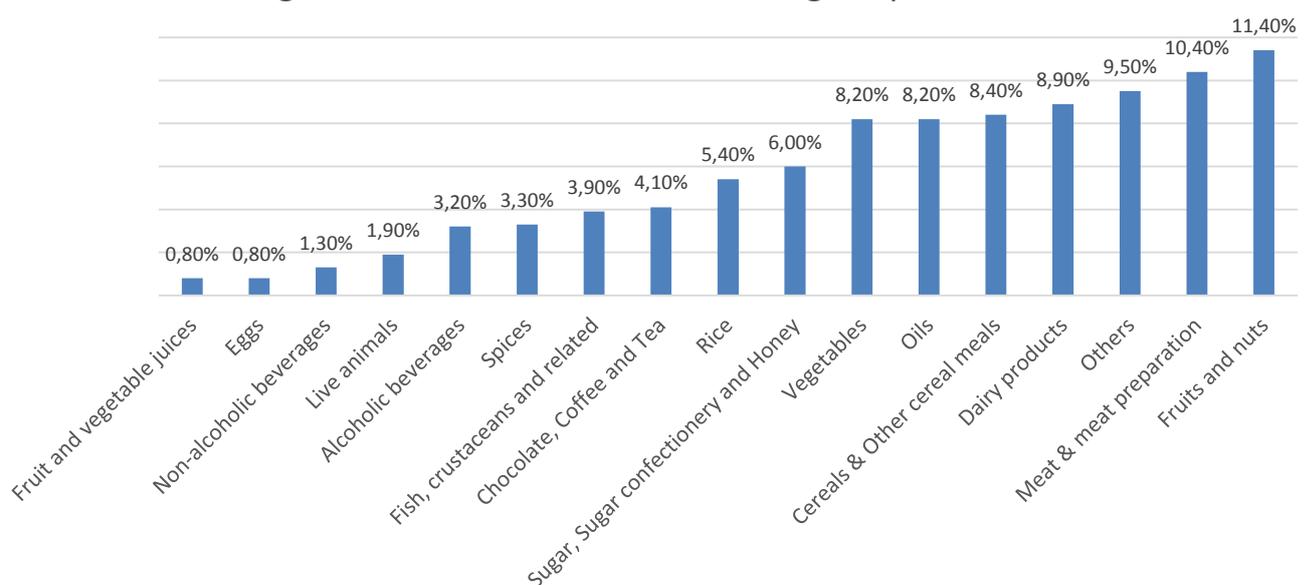
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## 1. Brief facts about the market

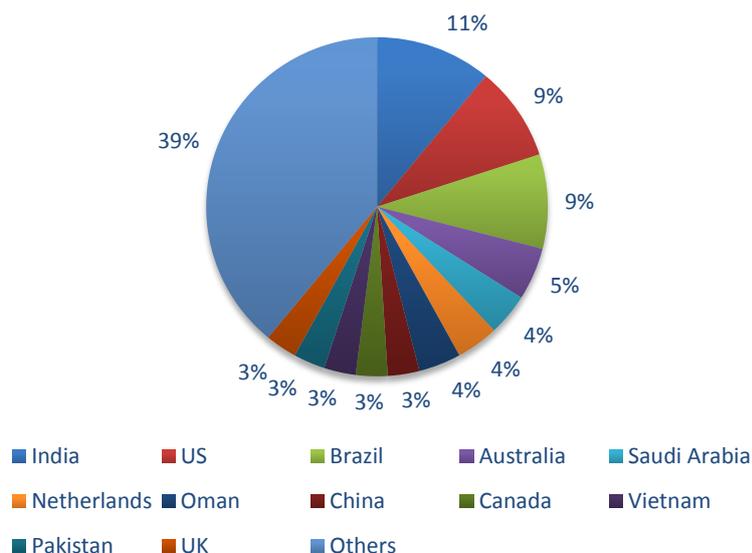
Due to the lack of arable land, the UAE imports 85% of its food. It is the 15<sup>th</sup> largest importer of food in the world. In order to ensure national food security the government the government urges diversification of the sources of food imports to hedge against any crisis and plans the development of farmland in other countries and the establishment of aquaculture practices.

Food imports are expected to rise from \$100 in 2014 to \$400 billion in the coming ten years. The UAE's increasing and cosmopolitan population (local citizens comprise of just 11% of the population), thriving economy and its ranking as a top tourist destination for enjoying five-star hospitality services and quality food is driving the increase in imports. The UAE is characterized for its insatiable desire for new products and as such there is enormous variety on products available from quail eggs to white truffle oil in its gourmet and speciality food stores, organic supermarkets, spice souqs, fish markets, international hypermarket chains and local convenience stores.

Percentage Distribution of Food and Beverage Imports 2011-2013



## UAE major food suppliers by percentage - 2014



Source: Dubai Chamber

## 2. Opportunities for Norwegian companies in the UAE

### Reindeer meat (halal):

**Brief interviews with 22 local Chefs shows they would consider cooking with reindeer meat and positive replies were received from steakhouses.**

While locals have become more health aware, they continue to choose the unhealthy option on the menu so the healthy value proposition of Reindeer meat would most likely attract only expatriates. As the Islamic community does not permit the consumption of blood, the majority of locals eat their meat "well done". Game meat, however, should not be cooked more than medium hence alternate preparation techniques are required.

Suggestion: It might be difficult for the Norwegian meat exports to directly compete with Brazilian and American products but for a lower cost, high-quality Halal meat production, Geno, the breeding organization of Norway can consider the distribution of semen from elite Norwegian breeds to UAE farms. The UAE could serve as a good Halal accreditation hub for Norwegian breeds which would enable re-export to other GCC countries.

- Between 2008-2015, the UAE resident's total expenditure on meat products have averaged **\$5.76 Billion** which is **24%** of the average consumer **spending on food**.
- In UAE, Halal meat is dominated by **unpackaged meat** which, according to 2013 estimates, constitutes about **78.7% of the market share** while packaged meat took the remaining 21.3%.
- Meat sold in the UAE is **uncooked**, with **retail sales and food service business (hotels, restaurants and catering outlets) having 43.8% and 47.9 % of the UAE uncooked meat market** in 2013 .
- Records from the UAE's food service industry suggest that 75% of consumers prefer to eat-in as opposed to take-out or home delivery. This highlights the importance of freshly prepared food.

### Dairy products:

**The UAE's Dairy product range is not as diversified as it is in Europe and there is continual increase in demand for dairy products.**

Dairy products have potential either through direct exports of the products or by exports of expertise/facilities. There is high demand of packaged and fresh products in the UAE and high quality of Norwegian Dairy products has a high prospect of satisfying the UAE market. Although it would be difficult to rival farm to shelf time of local milk production, this industry could potentially be open for Norwegian businesses if an **export of livestock and production facilities** is considered.

As Norwegian cheese (Jalsberg) already has a good reputation, **local production** in the UAE should be considered. This would not only open the UAE fresh cheese market but also the Iran, Qatar and Saudi Markets which are also fast growing. There are only two companies that produce cheese locally.

**Norwegian Genetic Manipulation services** for an improved milk production during summer (temperatures of about 50C) could be a potential business opportunity in the Middle East.

Organic milk products also hold a strong prospect for Norwegian expertise. This market requires further investigation.

- The UAE's Dairy industry is valued at about \$225 Million, expanding at a rate of **7 % annually** and currently meets 56% of its demand with its local production.
- Total **consumption** is expected to grow to **328 million liters per annum** by 2017, giving another 50% growth in consumption.

### Wheat, Grain, Edible Oil – Processing:

**The consumer preference of this industry is directly related to the top imported raw foodstuffs in the UAE are wheat, grains and edible oil. The food processing industry in UAE has tripled in size in the past two years, according to Dubai Chambers. The sector is set for further expansion in the coming years as demand across the region increases.**

The UAE is currently erecting **100,000 square miles** of wheat and 14 other essential **foodstuffs storage** which would secure food supplies to the Emirates which would require processing.

New activities in the region is concentrated on frozen, convenience and ready-to-eat meals, which are popular among consumers who faced with busy schedules and need to eat at least one meal at their offices.

**Packaging of these processed food** is also an important aspect for the GCC region as weather conditions requires meticulous packaging procedures for preservation. As the packaged food industry has also shown significant growth, this industry particularly has great appeal in the region.

### Services for the local fooders, fruit, vegetable and organic food producers:

**The UAE had a marked increase in the organic farming area from 200 hectares to 4,286 hectares in the last three years and plans to continue increasing acreage by 5% per year. This has led to growing market for organic fertilizers, seeds, pesticides and other materials.**

Due to the dominance of poultry and cattle farms in the UAE, animal dung is the leading source of raw material for bio-fertilizers.

Innovative production techniques and sources of organic fertilizers also have a good potential in this region.

Fodders grown in this region are mostly water intensive and constitute about 90% of the cultivated crop in the UAE. Water reduction technologies for this type of crop is also in high demand.

### **Seafood:**

**The per capita consumption of fish in the UAE stands at 28kg per year, 5.1kg more than the world wide average.**

Estimates by the FAO suggest demand for fish in the UAE will grow at a rate of 8% per year until 2030, bringing the demand up to 900,000 tonnes.

Norway is UAE's 10<sup>th</sup> largest supplier in terms of weight (5,000 tonnes) and 5th largest in terms of value (\$38.7million) (2014 figures).

Opportunities lie both in the export of seafood and in the supply of equipment for aquaculture and fish farming as the UAE aims to increase local seafood production in its efforts to ensure national food security.

Norwegian companies have a good reputation for their excellent quality of products and services, professionalism and reliability.

The UAE has a trade agreement with EFTA hence, Norwegian exporters should benefit from significant privileges, including waiver of certain tariffs.

## **3. Challenges for Norwegian companies in the UAE**

### **Meat products**

For meat products it must be **ensured the Dubai Municipality accepts the Halal accreditation by the Islamic Council of Norway - IRN**. We could not find a Norwegian institution on the list of approved Islamic organizations who can issue the Halal certificate – and for this reason we suspect there may be a need to take a few additional steps.

It might be difficult for the Norwegian meat exports to directly compete with Brazilian and American products but for a lower cost, high-quality Halal meat production, Geno, the breeding organization of Norway can consider the distribution of semen from elite Norwegian breeds to UAE farms. The UAE could serve as a good Halal accreditation hub for Norwegian breeds which would enable re-export to other GCC countries.

### **Dairy products**

Fresh products are appreciated but this can only be assured by local production which would require a large upfront capital. The heat of the summer months can affect local production greatly.

## **4. Recommendations to Norwegian companies considering export of food and beverages to the UAE**

The **easiest path** to import food and beverage products into the UAE would be through a distributor with a good local network. For retail distributions, the top retail outlets in the UAE are recommended.

For the sale of genetic manipulation / cross breeding services, direct farm contacts is the best distribution channel. Potential farms for these services are: Al Ain (Al Ain), Al Rawabi (Dubai) and Marmun (Dubai)

Norwegian products have good potential in the UAE which likes to try new flavours. More specific market analysis should be conducted to ensure good market potential and to avoid a “here today, gone tomorrow” result.

Patience and long term commitment is required when approaching the UAE market. Creating a local network and good contacts is recommended for success.