



## Food to the United Arab Emirates.

### Trends and opportunities

#### The market

With the growing population and affluence of the United Arab Emirates (UAE), **the demand for high quality and specialised foods is growing**. This will create opportunities for Australian suppliers for a wide range of food and beverage areas.

Gulf countries enjoy some of the highest per capita incomes and population growth rates in the world. Due to limited agriculture and industrial sectors, all these countries are **heavily reliant on imports of food products**. The Gulf food market is estimated to be worth around US\$35 billion. There are well-established trade and distribution channels between countries with Dubai being one of the main distribution points for the region.

Australia exports in excess of about A\$145 million worth of food products to the UAE including meat, fruits, vegetables, dairy, grains, supermarket goods, and alcoholic beverages. This figure excludes the significant exports of wheat that supports three large flours mills in the UAE.

Due to the large expatriate population diverse ranges of foods are available. In recent years there has been a **shift in food habits from traditional to Western-style convenience foods**. The retail sector has been experiencing major developments in recent years and most supermarkets are undergoing modernisation and upgrades. More consumers are choosing to shop at the hypermarkets, superstores and supermarkets, which are located centrally in the main cities.

The UAE retail market is estimated to more than US\$2.5 billion, with an annual growth rate of between five and 10 per cent. Almost 85 per cent of the food items are imported. Only 15 per cent are locally produced consisting mainly of:

- ✍ dairy products
- ✍ poultry and eggs
- ✍ seafood
- ✍ snack foods
- ✍ fresh tomatoes
- ✍ some vegetables
- ✍ a limited number of supermarket items

The UAE Government has a keen interest in fostering the development of the food processing industry having invested some US\$1.4 billion since 1994 to develop a value-added food manufacturing sector to target local and re-export markets. The result is that there are around 150 food processing plants in the country representing a large chunk of the region's food manufacturing capability. Major food processing plants include vegetable oils, soft drinks and juices, snack foods, pasta, confectionary and dairy products.

#### Opportunities

For Australian exporters trade opportunities in the UAE exist in most food categories. However, the market is highly competitive given the UAE's open trade policies. In some instances, opportunities for consolidators exist as import requirements are for mixed consignments.

The food service sector is also a particular growth area given the significant expansion of the tourism sector and the large number of new hotels and resorts being opened in the UAE. Specific areas of opportunity exist for:

- ✍ meat products
- ✍ fresh and canned fruits and fresh, frozen and canned vegetables
- ✍ cheese and powdered milk
- ✍ edible oils
- ✍ confectionery and snack foods
- ✍ breakfast cereals and health foods
- ✍ grains
- ✍ honey

#### Competitive environment

Most products are sourced from Europe, Asia and the USA. Lower freight rates work in favour of these suppliers. It is acknowledged that Australia can compete on quality but higher freight costs can add to the price making products less competitive.

The major supermarket chains import some of their products direct from overseas suppliers. Most items are sourced locally from exclusive agents. The major sources of supply are from the Asian sub-continent and European markets that enjoy comparatively low freight rates.

- ✂ The USA dominates the high quality snack market.
- ✂ European companies, under license from American manufacturers, dominate the cereals market.
- ✂ Australia is a major supplier of beef and lamb.
- ✂ France, Australia, the UK and Holland dominate the market for cheese.
- ✂ There are significant imports of juices and non-alcoholic beverages despite the availability of locally manufactured product.
- ✂ The USA leads the market for almonds but other nuts are imported from India and Iran.
- ✂ Holland, India and Pakistan share the market for nursery stock.
- ✂ Australia, Europe and the US share the pet food market.

### More information

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