



# ATTACHE QUERY DETAIL

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Approved By: Edwin Porter  
Drafted By: Hovaguim Kizirian

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Agricultural Situation  
A. Summary

Increasing demand for frozen vegetables in Kuwait, particularly french fries, offers solid export opportunities for U.S. suppliers. Frozen vegetable imports are expected to increase 15 percent annually over the next five years, to an estimated 30,000 MT in 2001, including 9,000-10,000 MT from the United States. U.S. frozen vegetables are well-known for their high quality.

Kuwait's frozen vegetables imports amounted to 14,500 MT in 1995, including about 3,600 MT from the United States. French fries constituted over 70 of these imports. Four countries- Egypt, the United States, the Netherlands and Canada supply 80 percent of Kuwait's frozen vegetable imports.

## B. Trends in Consumption

Between 1989 to 1995, Kuwait's imports of frozen vegetables doubled to 14,517 MT, valued at \$18 million. During the same period, imports of U.S. frozen vegetables grew nearly four fold, to almost 3,600 MT, or 25 percent of total frozen vegetable imports in 1995. Frozen french fries accounted for about 70 percent of total and U.S.-origin frozen vegetable imports. Demand for frozen corn-on-the-cob also grew significantly.

Despite an estimated slight decline in 1996 (complete trade data is not yet available), trade sources expect imports of frozen vegetables will increase 15 percent or more annually, over the next five years, to reach 30,000 MT by 2001. Assuming current trends continue, ATO Dubai estimates Kuwaiti imports of U.S. frozen vegetables will increase 20 percent annually during the same period, to about 9,000 to 10,000 MT by 2001.

The main reasons for the strong growth in frozen vegetable demand in Kuwait include: (1) increased consumer awareness of the convenience of frozen vegetables; (2) the perception that frozen vegetables are healthier than canned vegetables; (3) more freezers in homes and retail outlets; (4) increased numbers of single-person households; and (5) an increase in dining out due to the rapid expansion of the restaurant sector.

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### B. Trends in Consumption

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In addition, U.S. frozen vegetables are in greater demand due to more competitive U.S. prices vis-a-vis European prices, increased demand for frozen french fries by U.S. fast food restaurants, greater interest in the Gulf market on the part of U.S. suppliers and growing consumer awareness of the high quality of U.S. food products in general.

According to trade sources, approximately 70 percent of frozen vegetables are sold in the retail market and 30 percent to institutional end-users, mostly restaurants, fast food outlets and, to a lesser degree hospitals, schools and the military.

Consumers prefer small-size packages of 400 to 500 grams. One kilogram packages are also popular. Institutional users prefer larger sizes, mostly 2.5 kilograms. Consumers also prefer attractive, colourful packaging with ample transparent sections that allow for viewing of the product. Since U.S. food products are highly regarded for their quality, it is advantageous for U.S. suppliers to highlight the U.S. origin of their products.

## C. Domestic and Foreign Competition

Due to harsh climatic conditions and limited water resources, local production of vegetables is minimal and nearly all of it is consumed fresh. There is no local production of frozen vegetables. Consequently, demand

must be entirely met by imports.

Four countries-Egypt, the United States, the Netherlands and Canada supply 80 percent of Kuwait's frozen vegetable imports. Other lesser but consistent suppliers include Belgium, New Zealand, the United Kingdom and Denmark. Occasional suppliers include Greece, Turkey, Poland, Italy and Hungary among others. South Africa is a newcomer to the market following normalization of relations with that country in 1994.

U.S. market share, at 25 percent in 1995, was second only to Egypt's share of 27 percent and compares well with those of Canada and the Netherlands, at 15 percent each. In fact, for reasons noted earlier, the U.S. market share increased consistently each year between 1989 and 1995 and is expected to continue to grow as demand for frozen vegetables increases.

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    C. Domestic and Foreign Competition

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Egyptian suppliers benefit from their geographic proximity to Kuwait, as well as low production costs, due mainly to low wages. Thus, over the past few years an increasing number of vegetable processing plants have been established in Egypt, including joint ventures involving Gulf companies. For example, a major Kuwaiti-based food company purchased a frozen vegetable processing factory in Egypt, from which it imports products, mainly french fries, under its own brand name.

European suppliers also benefit from geographic proximity to Kuwait, which means shorter shipping times (10-15 days shorter than U.S. shipments) and lower shipping costs than U.S. suppliers. Furthermore, European company representatives visit the market more frequently than their U.S. counterparts and routinely offer 30-60 days credit to their prime customers, a practice that few U.S. suppliers reportedly follow.

Egypt is a leading supplier of french fries under the "Americana" label. It also supplies artichokes, mulukhiya and peas under the "Bravi Gold" brand; mixed vegetables, garlic, peas, artichokes, green beans and okra under the "Edfina" brand; mulukhiya, mixed vegetables, okra, green beans and spinach under the "Kaha" brand; mixed vegetables and mulukhiya under the "Bayan" brand; and spinach, mixed vegetables and mulukhiya under the "Montana" brand.

The United States supplies sweet corn kernels, corn-on-the-cob, cauliflower, broccoli, green peas, green beans and mixed vegetables under the "Green Giant" brand, french fries under the "IGA" label and various other vegetables under lesser known labels.

Other well known brands by country are:

- The Netherlands: "Butler", "Aviko", "Keiser" and "Lamb Weston" (french fries).
- Belgium: "Emborg" (spinach, brussels sprouts, mixed peas

and carrots, cut beans and broad beans); "Primpom" (potatoes); "Garden Fresh" (mixed vegetables, green beans and peas); and "Marquise" and "Pomador" (french fries).

- The United Kingdom: "Ross" (french fries, cut beans, broccoli florets, garden peas, sweet corn, crinkle cut chips, broad beans and mixed vegetables).

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C. Domestic and Foreign Competition

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- Canada: "McCain" (french fries, broccoli, corn kernels, corn-on-the-cob and green peas).

- Denmark: "Dat-Shaub" (potato chips, sweet corn and broad beans).

- Saudi Arabia: "Sunbulah" (whole and sliced mushrooms, sweet corn, mixed vegetables and mixed sliced peppers).

- New Zealand: "Haymarket" (mixed vegetables, garden peas and cross cut beans).

D. Distribution and Pricing

Nearly all frozen vegetables are imported via one of Kuwait's two main seaports, Shuwaikh in Kuwait City and Shuyaiba about 25 miles south of the city. Both ports boast modern facilities with state-of-the-art equipment.

Imports of frozen vegetables are controlled by a small number of food distributors who own their own frozen storage facilities (See below for a list of leading frozen vegetable importers). Using their own refrigerated trucks, these importers distribute frozen food products directly to retail outlets, the wholesale market and institutional end users such as restaurants, hotels and hospitals. Small, family-run stores and restaurants, as well as large families, normally purchase their food requirements from the wholesale market.

The food retail trade is dominated by consumer cooperative societies, with 43 societies accounting for about 70 percent of all retail food sales. Much of the remaining market share is taken by a single, privately owned retail chain that operates six outlets. In response to growing competition, many of the cooperative societies have built new, state-of-the-art supermarkets, while others have upgraded their existing branches. By law, cooperative societies cannot import food products, so they must rely on local importers for their requirements.

The restaurants sector in Kuwait has experienced phenomenal growth over the past few years, in large part due to the opening of several U.S. restaurant chains. As a result, dining out is rapidly growing in Kuwait, which has significantly boosted demand for frozen french fries. Many of the restaurant chains are owned by food importing companies which supply products directly to their restaurants.

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D. Distribution and Pricing

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According to trade contacts, the distributor margin for frozen vegetables varies between 20 to 30 percent. The wholesale and retail margins are about 10 percent each. Thus, the retail price for frozen vegetables is normally about 40 to 50 percent above the import price.

Frozen vegetable retail prices vary widely, depending upon the brand and country of origin. Prices of imports from Egypt tend to be lower than comparable items imported from Europe or the United States. For example, at \$1.82 per kilogram, the average retail price of mixed vegetables from Egypt is 20-50 percent lower than the retail price of European and American brands.

Currently, there are no promotions for frozen vegetables by U.S. or competitor brands, except those within the general context of national food weeks held in major supermarkets. Nor is there any press or television advertizing for frozen vegetables. Trade contacts believe that newspaper advertising would be the most cost effective way to promote frozen vegetables. In their opinion, television advertizing is too expensive.

E. Packaging

There are no legal requirements for package size. Consumers, however, mostly prefer packages of 450 to 500 grams and to a lesser degree, 900-1,000 grams. For french fries, sizes of 1 kilogram, 2 kilograms and 2.5 kilograms are preferred, although 450 gram packages are available in the market. Institutional end-users prefer 2.5 kilogram packaging for all frozen vegetables.

Consumers prefer attractive, colourful packaging with ample transparent sections that allow for viewing of the product. Since U.S. food products are highly regarded for their quality, it is advantageous for U.S. suppliers to highlight the U.S. origin of their products.

Kuwait enforces standard KS-42/1973 for food labels. This local standard is identical to GCC standard GS-9/1984. Under KS-42, food labels must include the following information, in Arabic, on the original label or primary packaging:

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E. Packaging

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- Product and brand names;
- Ingredients, in descending order of proportion;
- Additives, using their common name and index or "E" number;
- Net contents in metric units;
- Origin of all animal fats;
- Production and expiry dates;
- Manufacturer's and/or packer's name and address;
- Country of origin;

- Special storage, transportation and preparation instructions, if any.

Labels may not contain pictures or recipes requiring pork or alcohol.

Bilingual labels are permitted, provided one of the languages is Arabic (e.g. Arabic/English). Arabic language stickers are permitted on English-only labels, provided they do not cover or contradict information on the original label.

Production and expiry dates must be engraved, embossed, printed or stamped directly onto the original label or primary packaging at the time of production, using indelible ink.

Since the shelf-life for frozen vegetables is longer than six months, only the month and year, printed in that order, are required. The dates must be printed as digits: text format is not permitted. For example, 1/97 is acceptable, JAN/97 is not. Arabic or English digits are permitted. U.S. bar coding is not permitted in lieu of production/expiry dates.

As of July 5, 1997, Kuwait will enforce Ministerial Decree 146/1996, which establishes shelf-life limits for a variety of food products. Under this decree, the shelf-life of frozen french fries is set at 18 months. Although shelf-life durations for other frozen vegetables were not established, most importers are requesting that their suppliers provide frozen vegetable products with a shelf-life duration of 18 months.

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F. Import Regulations

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While it can require as little as 2 to 3 days to clear a food consignment through customs, health clearance can take 7 to 10 days, due to laboratory testing. Trade sources report that frozen vegetables are rarely subject to laboratory analysis, however, if visual inspection reveals no problems. Thus, most frozen vegetable shipments are normally released for import within 1 to 2 days after arrival. If testing is required, an importer may elect to store a consignment in his own warehouse, pending final clearance. Total clearance fees are about KD 10 (USD 33) per consignment.

The following import documents are required for frozen vegetables:

- Commercial invoice
- Packing list
- Bill of Lading
- Health certificate
- Certificate of Origin

The certificate of origin must be notarized by both the local Arab Chamber of Commerce and the Kuwaiti Embassy (or one of its consulates) in the exporting country. If

the latter is not available, any other Arab embassy, except Iraqi, may be used.

A consignment rejected because it is unfit for human consumption must be re-exported, but not to another GCC country, or destroyed by local authorities, normally within six months of arrival.

An importer may appeal a rejection to the Food Health Control Committee. If after additional testing, the consignment is again rejected, no further appeal is possible. If, however, the consignment is determined fit for human consumption, one more round of tests will be conducted to confirm the results on which the decision was based. These tests will be final and an appeal closed if the results are negative. As noted earlier, an importer may store a consignment in his own warehouse until final clearance is granted.

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    F. Import Regulations

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Products rejected for labeling infractions may be allowed entry upon appeal, provided the infraction is minor. Trade contacts report that new-to-market and ethnic food products will normally be allowed entry on a one-time basis, despite minor labeling infractions. Infractions of production/expiry date requirements (e.g., missing or incorrectly printed dates or dates printed on stickers rather than original labels/packaging) will almost always result in rejection of a shipment.

All food imports, including frozen vegetables, are exempt from customs duty. Furthermore, there are no import quotas, import licensing requirements or other non-tariff barriers governing imports of frozen vegetables.

Under local standard KS-214/1985, Kuwait has adopted GCC standard GS-23/1984, regulating the use of color additives. As noted earlier, the common name and index or "E" number of all food color additives contained in a product, must be noted on the product label.

The use of other food additives is regulated by local standard KS-147/1994, which is identical to the Codex Alimentarius regulation, Abridged 1989-Division 3-Food Additives. According to trade contacts, no U.S. food product has ever been rejected by Kuwaiti officials, due to the unauthorized use of an additive.

Maximum allowable pesticide and other contaminate residues in food products are specified in local standard KS-514/1994. This standard is identical to various Codex Alimentarius regulations governing residues in food products.

#### G. Major Frozen Vegetable Importers

Al-Yusra Company  
P.O. Box 3228  
Safat 13033, Kuwait

Tel: (965) 483-5146  
Fax: (965) 483-5140

Gulf Supply Company  
P.O. Box 24410  
Safat 13105, Kuwait  
Tel: (965) 484-4257  
Fax: (965) 484-0540

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    G. Major Frozen Vegetable Importers

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Gulf Trading & Refrigerating Co.  
P.O. Box 72  
Safat 13001, Kuwait  
Tel: (965) 484-2988  
Fax: (965) 484-3612

Jassim Al-Wazzan Sons Co.  
P.O. Box 124  
Safat 13002, Kuwait  
Tel: (965) 484-6433  
Fax: (965) 483-6162

Kuwait Agriculture Company  
P.O. Box 20468  
Safat 13065, Kuwait  
Tel: (965) 472-3850/60  
Fax: (965) 476-3403 and 472-2654

Kuwait Food Company (Americana)  
P.O. Box 5087  
Safat 13051, Kuwait  
Tel: (965) 481-5900  
Fax: (965) 484-6925 and 481-5914

Kuwait Protein Company  
P.O. Box 26332  
Safat 13124, Kuwait  
Tel: (965) 431-1032/4/5/6  
Fax: (965) 431-1033

Petra Trading & Industrial Est.  
P.O. Box 901  
Safat 13010, Kuwait  
Tel: (965) 481-4188  
Fax: (965) 484-8772

Sons of Hamed Y. Al-Essa Trading Co.  
P.O. Box 26534  
Safat 13126, Kuwait  
Tel: (965) 431-1555  
Fax: (965) 433-2810

The Sultan Center  
P.O.Box 26567  
Safat 13126, Kuwait  
Tel: (965) 434-3155  
Fax: (965) 431-9071



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Appendix A: Frozen Vegetable Imports

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Kuwait: Frozen Vegetable Imports

Country	1989	1991	1992	1993	1994	1995
	(Metric Tons)					
Australia		26	39	79		
Belgium	351	159	331	425	1023	743
Canada	224	223	563	597	1442	2170
China			84			
Denmark	251		109	72	70	96
Egypt	1932	734	2678	2684	3536	3902
France						41
Greece	55		65	35	124	
Hungary	310	39	193	144		
India				101	82	230
Italy			59	79	139	
Netherlands	1235	477	1336	1726	2672	2113
New Zealand	435	117	228	273	358	447
Norway		18				
Poland	182			134	97	
Saudi Arabia		108	7			130
Singapore			58			
South Africa						513
Spain	130				31	
Taiwan	61			107		
Turkey	531		279		125	197
UK	332	137	285	145	189	161
U.A.E.				65	6	
U.S.A.	907	309	1535	1560	1467	3582
Unknown	102	201	213	230	162	192
Totals	7038	2548	8062	8456	11523	14517

Source: Ministry of Planning, Central Statistics Office,  
Annual Statistics Yearbooks.

## Notes:

1. Statistics for 1990 are not available due to the occupation of Kuwait.
2. Statistics for 1991 cover the period following Kuwait's liberation in February.
3. Statistics by vegetable type are not available.

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