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**Country:** United Arab Emirates

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**Report Category:** Retail Foods

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**Report Highlights:**

The United States is one of the top three leading suppliers of imported consumer oriented agricultural products to the United Arab Emirates (UAE) with a total of \$737 million in 2020, a 29.8 percent decrease from 2019 due to the novel coronavirus (COVID-19) outbreak. From January to May 2021 U.S. exports of consumer products to the UAE have rebounded by 19 percent and are now back in line with historic trends. The long-term outlook is positive as the country reopens to tourists with a strong vaccination campaign and prepares to host 25 million visitors from 192 countries for Expo Dubai running from October 2021 through March 2022.

## Market Fact Sheet: United Arab Emirates

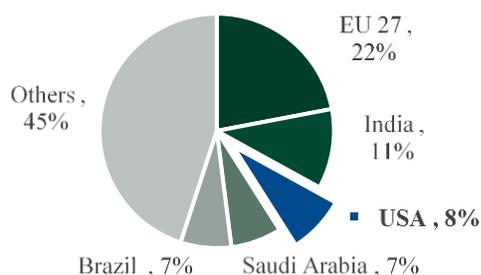
### Executive Summary

The United Arab Emirates (UAE) is a developed nation with a federalist monarchy form of government. It is the second largest economy in the Arab world after Saudi Arabia, with a gross domestic product (GDP) of \$396 billion in 2020. The International Monetary Fund (IMF) forecasts the UAE's real GDP will grow by 3.1 percent in 2021. Foreign nationals account for 88 percent of the UAE's population. 90 percent of food consumed in the UAE is imported. In 2020, the United States exported \$973 million in agricultural and related products to the UAE, making it the second largest export market for U.S. agricultural products among the countries of the Gulf Cooperation Council (GCC) and 31st largest in the world.

### Imports of Consumer-Oriented Products

Global exports of consumer-oriented agricultural products to the UAE totaled \$9.2 billion in 2020, a 10 percent decrease from 2019. The United States has 8 percent market share and is the third largest supplier after the European Union (EU) and India. Despite the high competition and the negative impact of the novel coronavirus (COVID-19) pandemic on the UAE food sector, the region continues to present a great opportunity with a strong preference for U.S. food products.

Imports of Consumer Oriented Products (US\$ Millions)



### Food Processing Industry

Food and beverage investments in the UAE are currently \$16.8 billion and are anticipated to grow gradually as part of the UAE's new Food security strategy. In 2019, the UAE had 568 food and beverage processors, mainly small and medium-sized factories. These factories produced 5.96 million metric tons (MT) of food and beverage products annually, with 2.3 MT in essential food items. The sector relies heavily on imported commodities and ingredients and plays a major role in the government's efforts to enhance food security and self-sufficiency. In 2020, imports of bulk and intermediate agricultural products totaled \$4 billion, five percent (\$211 million) of these imports came from the United States.

### Quick Facts CY 2020

#### Imports of Consumer-Oriented Products

US\$ 5.4 billion

#### 10 Top Consumer-Oriented Products Imports

Dairy	\$1.5 billion
Food preparations	\$830 million
Fresh fruit	\$634 million
Poultry meat & products	\$572 million
Tree nuts	\$550 million
Beef & beef products	\$530 million
Chocolate & cocoa products	\$456 million
Fresh vegetables	\$400 million
Meat products (NESOI)	\$446 million
Wine & beer	\$520 million

#### Top UAE Retailers

Carrefour, Lulu Hypermarket, Union Co-operative Society, Abu Dhabi Co-operative Society, Sharjah Co-operative Society, Emirates Cooperative Society, Al Madina Hypermarket, Baniyas Co-operative society, Nesto Hypermarket, Al Maya, Spinneys, Choithrams, Waitrose

#### GDP and Population

Population: 9.85 million

GDP: \$396 billion

GDP per capita: \$35,170

Strengths	Weaknesses
UAE is a modern transit hub for the broader MENA region	Specialized labeling and restrictive shelf-life requirements
U.S. products are considered high quality	Long shipping time and high freight costs
USA brand recognition is prevalent among consumers	Requires dedicating significant resources to branding and consumer outreach
Opportunities	Threats
Import regulations are transparent and not complex	Developing rules, subject to change without prior notice
Health-conscious consumers with growing incomes	Proximity to India, Europe, and other MENA agricultural producers with cheaper prices
Expanding e-commerce and food delivery sectors	Market oversaturation and strong branding from competitors

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## SECTION I. MARKET SUMMARY

The UAE has always been at the center of global trade because of its geographic position as a nexus between East and West, the Middle East and North Africa. In the last thirty years it has built a diverse economy with state-of-the-art air and seaports, a trade friendly regulatory environment, low duties, and extensive free trade zones. These advantages result in the UAE being one of the world's leading annual re-export hubs.

The UAE is a reliable importer of agricultural products due to limited local production. In the past ten years the food retail segment has expanded rapidly, with the openings of large-scale hypermarkets, supermarkets, convenience stores, online retailers, and home delivery services all catering to an expanding population. The general retail landscape is well established in urban areas with extensive malls and world-leading shopping centers. UAE residents frequent hypermarkets and supermarkets in malls due to easy access, car parking availability, the variety of products, and of course attractive in-store promotions.

The UAE retail industry targets customers from four major groups: the local Emirati population, Arab expats, Westerners, and Asians. Retailers must meet the needs of a diverse population with varying income levels by closely monitoring consumer attitudes and trends.

Per capita UAE consumer expenditure exceeded \$17,500 in 2020, with a 2.6 percent average annual growth rate for total consumer expenditure<sup>1</sup>. Retail industry sales exceeded \$22 billion in 2020, up 14.4 percent from the previous year. However, imports of consumer-oriented agricultural products fell to \$9.3 billion in 2020, an 8.8 percent decrease from 2019 due to the novel coronavirus pandemic. Due to the UAE's level of development and limited domestic manufacturing, consumer-oriented food products make up the bulk of all agricultural imports at 64 percent of value in 2020<sup>2</sup>.

In 2020, 8 percent (\$737 million)<sup>3</sup> of the consumer-oriented agricultural imports came from the United States. UAE consumers generally recognize the United States as a trusted origin for quality products and demand a wide variety of U.S. goods, including dairy, fresh fruits, poultry meat, bakery goods, cereals, pasta, tree nuts, spices, beef, fresh vegetables, and chocolates.

The COVID-19 pandemic caused significant challenges to the UAE retail industry. The UAE was one of the first countries in the region to enforce strict lockdowns and require social distancing measures. Panic buying was only seen during the first weeks of the lockdown as the government acted quickly to facilitate restocking of food, medicine, and other supplies at all retail stores. While food service and restaurants continue to be negatively impacted, retail sales improved as UAE residents stayed at home and cooked more. Concerns over health also increased demand for healthy food categories such as fruits and vegetables.

Many retail contacts report that 2018 was the toughest year in the history of the UAE retail industry due to an economic recession, tight liquidity in capital markets, limited consumer spending, the introduction

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<sup>1</sup> Source: Euromonitor International

<sup>2</sup> Source: Trade Data Monitor

<sup>3</sup> Source: FAS Global Agricultural Trade System (GATS)

of a five percent value added tax, and increased government fees for services. Since 2018, the economy and retail sales have recovered, and retailers remain optimistic about the UAE returning to its previous 10-year historic growth in sales. Government plans to increase food stocks and an emphasis on food security have also provided a boost to the demand for retail goods.

The food retail market is dominated by several retailers with majority market share. Starting in 2018, these powerful players forced change across the retail chain to survive the above-mentioned challenges. Sourcing, transportation, and storage solutions were all changed to minimize costs and defend market share. As a result, U.S. suppliers have encountered stricter trade terms on market entry.

<b>Advantages</b>	<b>Challenges</b>
New ideas and trends are eagerly tried and accepted. High incomes create demand for diverse and high-quality food.	The market is saturated and highly competitive. With 195 nationalities living in the UAE, consumers are biased toward their home country products.
U.S. suppliers enjoy well established trade relationship with major UAE retailers. Several UAE retailers have U.S. sourcing offices.	Unwillingness of U.S. suppliers to provide small product quantities due to the limited size of the UAE market.
American products are considered high quality by UAE consumers.	Long shipping times and high freight costs.
Product visibility through market promotion is widely available.	Suppliers often required to bear the cost of market promotions.
USA brand recognition is prevalent among consumers.	Competitors dedicate significant resources for product branding and marketing.
Expanding online retail sector for food products.	International food brands and local products are available at competitive prices.
UAE is a modern transit hub for the broader MENA region and supportive of trade.	Specialized labeling and restrictive shelf-life requirements.
Import regulations are transparent and non-complex.	New regulations and rules are common, and subject to change without prior notice

## SECTION II. ROAD MAP FOR MARKET ENTRY

### II-1. Entry Strategy:

The best way to enter the UAE market is to identify a reliable business partner with a strong understanding of consumer demand, import regulations, and local business practices. This partner could be an importer, distributor, wholesaler, retailer, or a combination thereof. UAE retailers rely heavily on independent importers or distributors for food products. However, leading UAE retail companies also have direct import channels with U.S. suppliers. In the past five years, major retail companies have opened consolidation offices and facilities in the United States to import directly from U.S. suppliers.

For assistance in reaching out to established UAE import distributors and food retail buyers, please contact the U.S. Department of Agriculture’s Regional Office of Agricultural Affairs (OAA) in Dubai.

The Office maintains a regional importer directory to help guide U.S. suppliers and offers various marketing tools and trade facilitation assistance. For additional information on market entry tools and strategies for the UAE, please refer to the following:

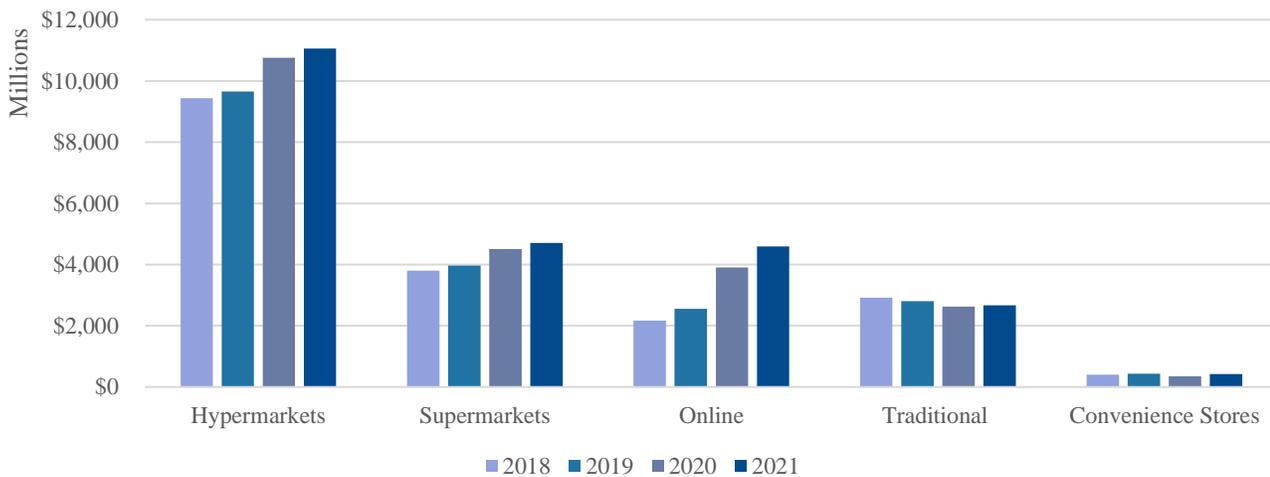
- [United Arab Emirates Exporter Guide](#): food market sector overview, market structure, food import trends, exporter business tips and market entry guidance.
- [United Arab Emirates FAIRS Report](#): UAE government regulations and standards on imported food and agricultural products.
- [UAE Country Commercial Guide](#): published by the U.S. Commercial Service, this provides important information on the UAE market including import tariffs, customs regulations, trade barriers, etc.

## II-2. Market Structure:

Food retail holds the largest share of the UAE retail market, and it is expected to continue to be the dominant market sector in the future. Grocery retailers are classified into two major groups in the UAE: modern and traditional trade. Modern trade includes hypermarkets, regional grocery chains, express markets, specialty grocers, convenience stores and online grocers. Modern trade dominates the market especially in the emirates of Dubai and Abu Dhabi. Traditional trade includes direct trading services and standalone small grocers (baqala in Arabic) focusing on immediate household needs and high turnover grocery products; they accept phone-in orders and offer free and immediate delivery with no minimum order. Traditional trade is more popular in the older part of Dubai and the Northern Emirates.

In 2018, the first discounter “VIVA” opened in the UAE, operated by the retail company Landmark Group. Today, it has 27 outlets and remains the only bulk discount store in the country offering prices 25 to 40 percent lower than traditional retail. Grocery sales make up 44.2 percent of the retail market in the UAE at \$9.7 billion, with the overall retail market valued at \$22 billion in 2020.

**Shift in Sales by Retail Industry Segment (2018 - 2021)**



Source: Euromonitor International

In 2020, retailers in the UAE tried adjusting to the changes in consumer behaviors due to the pandemic, with consumers being both more price conscious and shifting spending online. Work shifted to the home reducing outside socializing and increasing at-home cooking, eating, and snacking. Grocery retailers introduced pandemic-related safety and hygiene measures and realized the importance of following an omnichannel approach especially during the summer of 2020 when only essential businesses were allowed to remain open.

Due to COVID-19, online retail expanded and many of the behaviors that consumers adopted are unlikely to wane, leading to further growth in the segment. In 2020, e-commerce sales in the UAE reached \$4 billion, a 53 percent increase from 2019. Based on Euromonitor data, foods and drinks were the third largest category in the UAE e-commerce market in 2020, at 11 percent or \$440 million. Some of the major online based grocery retailers are: [Kibsons](#), [Noon](#), [Instashop](#), [El Grocer](#), [NRTCfresh](#), and [Farmbox](#). Most of the conventional retail chains also introduced an online option, for example: [Carrefour](#), [Lulu](#), and [Choithrams](#), as well as organic and specialty shops such as [Organic Foods and Café](#) and [Ripe](#).

<b>Major Hypermarkets in 2020</b>				
Company/ Brand	# of Stores	Chain Type	Market Share	Website
Carrefour (Majid Al Futtaim Hypermarkets LLC)	28	National/International owned	40.7	<a href="https://www.carrefouruae.com">https://www.carrefouruae.com</a>
Lulu Hypermarket (Lulu Group International LLC)	76	Regional	22.3	<a href="https://www.luluhypermarket.com/en-ae/">https://www.luluhypermarket.com/en-ae/</a>
Union Co-operative Society	20	National	18.5	<a href="https://www.ucs.coop">https://www.ucs.coop</a>
Abu Dhabi Cooperative		National	5.3	<a href="https://abudhabicoop.com">https://abudhabicoop.com</a>
Sharjah Cooperative Society		National	3.6	<a href="https://www.shjcoop.ae?lang=en">https://www.shjcoop.ae?lang=en</a>

<b>Major Supermarkets in 2020</b>				
Company/ Brand	# of Stores	Chain Type	Market Share	Website
West Zone	128+	National	17.1	<a href="http://westzonefresh.com/">http://westzonefresh.com/</a>
Carrefour Market	43	Regional	13.2	<a href="https://www.carrefouruae.com">https://www.carrefouruae.com</a>
Spinneys	70	Regional	11.2	<a href="https://www.spinneys.com">https://www.spinneys.com</a>
Al Maya Supermarket		Regional	11.1	<a href="https://www.almaya.ae/supermarket.php">https://www.almaya.ae/supermarket.php</a>
Buy 'N' Save		National	8.9	<a href="http://www.safeergroup.com/BuyNSave.aspx">http://www.safeergroup.com/BuyNSave.aspx</a>
Al Madina Supermarket	75	National	7.5	<a href="https://www.almadinahypermarket.com">https://www.almadinahypermarket.com</a>
Choithrams	41	Regional	5.5	<a href="https://www.choithrams.com">https://www.choithrams.com</a>
Waitrose	15	Regional	5.1	<a href="https://www.waitrose.ae">https://www.waitrose.ae</a>
LuLu Supermarket		Regional	2.1	<a href="https://www.luluhypermarket.com">https://www.luluhypermarket.com</a>

<b>Major Convenience Stores in 2020</b>				
Company/ Brand	# of Stores	Chain Type	Market Share	Website
Zoom	235	National	19.2	<a href="https://www.enoc.com/our-businesses/other-businesses/convenience-stores/zoom">https://www.enoc.com/our-businesses/other-businesses/convenience-stores/zoom</a>
Spinneys		Regional	9.1	<a href="https://www.spinneys.com">https://www.spinneys.com</a>
Fresh Plus		National	8.7	<a href="https://www.emarat.ae/individuals/service-stations/convenience-stores/freshplus/">https://www.emarat.ae/individuals/service-stations/convenience-stores/freshplus/</a>
All Day Minimart	41	National	8	<a href="http://alldayuae.com/stores/">http://alldayuae.com/stores/</a>
Spar Express	20		5.3	<a href="https://spar-international.com/country/united-arab-emirates/">https://spar-international.com/country/united-arab-emirates/</a>
LuLu Express		Regional	4.7	<a href="https://www.luluhypermarket.com">https://www.luluhypermarket.com</a>
Circle K	40		4.3	<a href="https://www.circlek.ae">https://www.circlek.ae</a>
Carrefour City		International	3	<a href="https://www.carrefouruae.com">https://www.carrefouruae.com</a>
24 Seven	14		3	<a href="http://www.24-seven.ae/whoarewe.htm">http://www.24-seven.ae/whoarewe.htm</a>
7-Eleven			2.4	
ADNOC Oasis 365			1.9	<a href="https://www.adnocdistribution.ae/en/fueling/convenience-stores/adnoc-oasis/">https://www.adnocdistribution.ae/en/fueling/convenience-stores/adnoc-oasis/</a>
Emarat / Emarat Plus			0.9	<a href="https://www.emarat.ae">https://www.emarat.ae</a>
All Day Advantage			0.6	<a href="https://www.allday.ae/app/w/e/STPV2%20P_AboutUs.htm">https://www.allday.ae/app/w/e/STPV2%20P_AboutUs.htm</a>

<b>Major Online Retailers in 2020</b>				
Company/ Brand	# of Stores	Chain Type	Market Share	Website
Amazon	N/A	National	15.4	<a href="https://www.amazon.ae">https://www.amazon.ae</a>
Noon		National	4.8	<a href="https://www.noon.com/uae-en/">https://www.noon.com/uae-en/</a>
Instashop		National		<a href="https://instashop.com">https://instashop.com</a>
Kibsons		National		<a href="https://kibsons.com">https://kibsons.com</a>

<b>Organic Grocery Stores</b>				
Company/ Brand	# of Stores	Chain Type	Market Share	Website
<b>Organic</b> Foods and Café		National		<a href="https://organicfoodsandcafe.com">https://organicfoodsandcafe.com</a>
Biorganic Store		National		<a href="http://www.biorganicstore.com">www.biorganicstore.com</a>

Source: Euromonitor International

### **Top Five Retailers in the UAE:**

**Carrefour:** Started in 1995, this French brand is the largest hypermarket chain in the UAE. It has since expanded to over 75 stores split between hypermarkets, supermarkets, and express markets serving over

250,000 customers a day. Carrefour offers food, non-food, and household goods with year-round deals and promotions. It has a private label called “First 1” and a [Carrefour Bio](#) range offering affordable quality organic products. Majid Al Futtaim (MAF) is the exclusive franchisee operating Carrefour in 38 countries across the Middle East, Africa, and Asia.

**Lulu Hypermarkets:** Founded in 2000 and managed by EMKE group, Lulu is an Indian multinational brand operating a chain of hypermarkets, supermarkets, Lulu Express, and Lulu webstores at 75 locations. It is considered the second largest food retail chain in the UAE. Lulu serves over 200,000 customers a day with total annual food sales in excess of \$1 billion and forecasts a 30 percent annual growth rate in food retail over the next three years. Lulu imports 75 percent of its food products, 50 percent of which is imported directly and another 50 percent using consolidators.

**Union Cooperative Society:** The largest consumer cooperative in the UAE offering a wide range of food, non-food, and household appliances. It operates 20 retail stores and two malls (Al Barsha Mall and Etihad Mall). It was established after a ministerial decree to serve the local community. Union Coop has also launched mini stores under the brand (Coop) as well as an [online store](#). It offers a loyalty card called “Tamayaz” for both shareholders and non-shareholders and provides discounts through promotional campaigns and special deals.

**Abu Dhabi Cooperative Society:** Established in 1980, the Abu Dhabi Cooperative Society operates three major hypermarkets, supermarkets and convenience store brands in the country: Abu Dhabi Coop, SPAR, and Megamart. With 45 stores in the UAE, it serves 50,000 customers a day and offers an exclusive range of private labels.

**Sharjah Cooperative Society:** Founded in March 1977 as the first cooperative society in the UAE, it has 27 branches in the emirate of Sharjah equipped with modern shopping facilities. They recently launched an e-commerce site offering free delivery across Sharjah city. It has its own private label called “Sharjah Coop.”

### SECTION III. COMPETITION

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 good quality. Please see the UAE’s top 10 consumer-oriented products and supplying countries in (graph 3). Global exports of consumer-oriented products to the UAE in 2020 reached nearly **\$9.3 billion**.

In general, there is ample diversity of food products in the UAE market across all categories, but there is potential for 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.

Merchants and consumers prefer recognized brands. Therefore, U.S. potential suppliers need to think long term, be persistent, and focus on marketing activities both in the digital and traditional space to acquire brand recognition and shelf position.

<b>Global Exports of Consumer Oriented Products to the UAE</b>					
Rank	Country	Exports 2018	Exports 2019	Exports 2020	% Market Share 2020
1	EU	2,121,830,658	2,194,045,473	1,987,671,470	21.4
2	India	1,114,970,040	1,050,176,504	993,946,795	10.6
3	United States	803,515,050	958,581,653	731,964,916	7.9
4	Saudi Arabia	727,037,104	776,692,885	688,195,557	7.4
5	Brazil	718,563,870	911,122,084	675,660,780	7.3
6	New Zealand	486,719,600	432,920,193	424,945,892	4.5
7	China	322,342,736	381,456,055	361,754,728	3.9
8	Australia	451,185,021	373,160,971	325,312,453	3.5
9	United Kingdom	446,089,314	379,936,028	301,443,038	3.2
10	South Africa	229,149,104	227,795,548	276,477,018	3.0
<b>Total</b>		<b>9,816,983,055</b>	<b>10,229,442,667</b>	<b>9,264,506,620</b>	

Source: Trade Data Monitor

#### **SECTION IV. KEY FAS/USDA CONTACTS AND FURTHER INFORMATION**

##### **USDA Foreign Agricultural Service Regional Office of Agricultural Affairs**

Address: U.S. Consulate General in Dubai, 8 Al Seef St - Umm Hurair 1 - Dubai Telephone: +971 4 309 4000 Fax: +971 4 354 7279  
E-mail: [AgDubai@USDA.gov](mailto:AgDubai@USDA.gov)

##### **Host Country Government:**

Please check the [UAE Exporter Guide](#) for contact details.

##### **USDA Cooperators, SRTGs, AMCHAM, Chambers of Commerce and Industry in Dubai and Abu Dhabi:**

[U.S. State Regional Trade Groups \(SRTGs\)](#)

[American Business Council of Dubai and the Northern Emirates](#)

[Abu Dhabi Chamber of Commerce and Industry](#)

[Dubai Chamber of Commerce and Industry](#)

**Attachments:** [UAE Market Consultants and Cooperators.docx](#)

[UAE's Top Imports of Consumer Oriented Products Graphic.pdf](#)