Fresh Produce Industry: United Arab Emirates (UAE)

Table of Contents

I. Executive Summary

The United Arab Emirates (UAE) is the fourth largest economy in the Middle East and Africa and one of the most important trading hubs globally. Due to extreme weather conditions and limited arable land, the UAE relies on fresh produce imports to meet demand from its growing population, mainly the influx of expatriates. The multiculturalism of the country's expatriate society (about 88% of the overall population) results in diverse eating habits and a large foodservice sector offering a variety of cuisines, hence there is a diverse demand-structure within fresh produce.

UAE consumers are categorized by income level as well as origin. High-earners are increasingly interested in healthy eating, which is driving demand for organic produce and superfoods, such as kale and berries, regardless of price. Low-income expatriates, on the other hand, have showed price-conscious behavior in recent years, which strengthened demand for staple products as well as discounted items.

Catering to this diversity, the country's well-developed modern retail infrastructure ensures a diverse portfolio of fruit and vegetables as well as prices. Most supermarkets and hypermarkets as well as leading importers have established relationships with suppliers from around the globe to ensure year-round supply. Local producers follow a similar strategy, and many have acquired farms outside the UAE to ramp up operations, while others invested in innovative solutions such as hydroponics. Despite these initiatives, domestic supply remains limited, therefore, one of the UAE's strategic goals focuses on establishing a diversified import supplier landscape to ensure food security.

Similar to any other imported product, fresh produce must follow standard import regulations. For instance, while fresh fruit and vegetables (except certain starchy roots) are exempt from the generally imposed 5% import duty, they are still subject to the newly introduced 5% VAT, which is applicable on all products. They also have to go through a set of procedures to determine compliance with health and import standards before they are approved for further distribution and sale. The regulatory framework for imports and standards is mostly based on GCC (Gulf Cooperation Council) and GSO (GCC Standardization Organization) requirements. The execution and specifics are then organized by the individual Emirates themselves.

The UAE's strategic geographic location on the Arabian Peninsula facilitates the import process. Maritime imports are the most common mode of transport, especially after one important land route was disrupt-

Executive Summary

ed due to the closure of the Jordanian-Syrian border between 2015 and 2018. The most common landing port for ships carrying fresh produce to the UAE is Jebel Ali in Dubai, the largest and busiest port in the region. Dubai is also home to the Al Aweer Central Fruit and Vegetable Market, the heart of fresh fruit and vegetable trade in the country.

Import procedures and regulations are mostly in line with international standards and the UAE has ensured a trade-friendly environment with straightforward automated processes. Well-established infrastructure, a safe and stable environment and the presence of various free-trade zones have made the country one of the most important destinations for re-exports in the region.

By combining the diversity in demand with a structured supply side, the country becomes an interesting market for fresh fruit and vegetables. The market still presents opportunities for suppliers of high-quality produce. As Asian and African suppliers dominate the competitive lower priced produce segment, opportunities for suppliers are mainly found within the premium segment. Another premium subsector to explore is the organic market, which is benefiting from government initiatives to increase health awareness among UAE consumers since 2016. While domestic production within this sector will continue to rise, it is unlikely that local farms will be able to satisfy demand throughout the year due to the dry climate. The main challenge for U.S. suppliers will be partnering with leading retailers or one of the major distribution companies in the UAE, as they have already established long-term relationships with suppliers. However, entering the UAE will also open the gate to the broader region, as most retailers and distributors work throughout the GCC.

II. Country Overview

The United Arab Emirates (UAE) is a unique country with several factors that help drive robust international trade, encourage economic development, and support opportunities for business development and expansion. These factors include:

- a large, multicultural society with varying tastes and demands for food;
- a workforce, more than 88% of which is comprised of expatriate workers from around the globe;
- a geographic location that places it between Africa, Asia and Europe;
- a major trading hub with free-trade zones and excellent infrastructure to import, export, and transit products and goods within the country and to neighboring markets; and
- a liberal and business-friendly environment, as well as one of the most stable and safest markets in the region.

The main entry point for foods are the country's seaports, where health official inspections and custom clearance are usually completed within a few hours. Doing business in general, and specifically within fresh produce, is therefore oftentimes easier than in many other countries. This is also supported by a favorable and liberal business environment, broad economic freedom, the presence of several free zones (i.e. free-trade areas), and low taxes. The country is also an interesting and exciting marketplace and demand is manifold.

The presence of people from all over the world, belonging to various social classes and a broad variety of income brackets, explains demand for all types of fruit and vegetables at various levels of quality and pricing. The fact that residents are mostly expatriates, residing inside the country on work visas, ensures a favorable demographic. However, this creates a level of uncertainty regarding consumption levels in times of economic difficulties, as loss of work usually means a return to their respective home country.

The UAE is also home to a very diverse and significant foodservice landscape, also supported by its position as an important tourist hub. The growing presence of restaurants and novel dishes portrayed as healthy will likely continue to benefit sales of fresh fruit and vegetables through this channel in the future.

Country Overview

Opportunities and Challenges For Doing Business in the Fresh Produce Industry

According to recent government reports, imports still account for 80% of the country's consumption of fresh fruit and vegetables, even though support for local agriculture has intensified over the years. While the introduction of hydroponics is expected to boost domestic production, large-scale cultivation of various crops seems unlikely due to weather conditions, water scarcity and lack of arable land. Importing fresh fruit and vegetables therefore appears an exciting field for investment. An additional advantage is the broad knowledge and acceptance of English for business conversations, written correspondence, and as an additional language to Arabic for important documents, certificates, forms, and websites.

Moreover, import and registration procedures are usually straightforward and largely supported by modern online systems. The country also features a clear set of regulations regarding labeling and packaging requirements and a list of necessary documents and certificates, which can often be pre-approved online. The entire import procedure, including offloading, inspections, paperwork, and transportation can usually be done within a few hours.

However, a trade license is needed to import and supply the UAE. Suppliers are advised to either work with a local distribution company or target direct importers, including local grocery chains. Such partners may help with some challenges companies face when doing business in the UAE, such as handling VAT-related processes, compliance with labeling and product regulations and emergency strategies in case of import bans due to health considerations.

As VAT requirements were introduced in 2018, there have been incidents of technical problems related to implementing the new tax system. Several companies reported that imports were being held at the border, as the customs department was unable to verify the Tax Registration Number (TRN). The number identifies VAT-registered companies, which would usually make payments during their VAT returns via the reverse-charge mechanism. With VAT regulations still being in their infancy, similar problems may occur in the future. With fresh produce being imported from all over the world, biosecurity risks are perceived to be high. To minimize such risks and ensure healthy and safe food, the Ministry of Climate Change and Environment sometimes uses temporary bans on specific regions or items. Imports from Kerala, for example, were suspended during the outbreak of the Nipa virus in 2018. In 2017, the ministry banned several items from Egypt, Oman, Jordan, Lebanon, and Yemen due to high pesticide levels.

Inexperienced suppliers often face rejection at the border due to labeling issues, duplicated or incorrect registration of food items, and non-adherence with ingredient specifications for processed products.

Country Overview

Table 1 . Opportunities and Challenges for Businesses in the Fresh Produce Industry

Opportunities	Challenges
• Broad acceptance of English for business conversation in addition to Arabic • Easy and quick import and registration procedures • Clear set of regulations and documents • Reliance on imports • Diverse demand due to the multicultural consumer base	• Dry and hot weather • Water scarcity • Lack of arable land • Initiating investment in hydroponics • Financial support for local agriculture (however limited due to lack of arable lands) • VAT regulations in infancy stage causes unclarity in tax registration

Socio-Economic Conditions

Economic outlook

While the UAE is one of the wealthiest and most dynamic countries in the world, ranking 13th in terms of GDP per capita in 2017, it has been experiencing an economic slowdown since 2014. The country suffered under low oil prices and OPEC-induced oil production cuts, a drop in tourism due to currency devaluations in Russia, China, and Europe, as well as a more cautious business and consumption environment after the introduction of VAT in 2018.

Real GDP growth hit rock bottom in 2017 with a rate of 0.8% but has since started to recover, and 2018 saw GDP growth of 2.9%, as a result of government investments and preparations for the upcoming EXPO 2020 in Dubai and a set of reforms to encourage private investments and boost growth. These developments are expected to further support growth in the coming years, as shown in Chart 1. While GDP rates are set to peak between 2019 and 2020 because of the Expo in Dubai, the subsequent decline is expected to remain above 2018 levels.

Nevertheless, the current state of the economy, and especially the introduction of the VAT, had a dampening effect on consumer spending, even on essential items, such as food and beverages. Consumers started to adapt more price-conscious consumption patterns, which benefited staples, such as potatoes, tomatoes, and onions but restrained growth for more exotic fruit and vegetables. Notably, however, demand continued for produce items that are considered nutritious and healthy, such as kale and various berries, despite premium prices.

While economizing is the underlying sentiment, many consumers are still willing to pay a premium for products considered to be healthy, as rates of obesity, cardiovascular diseases and diabetes are on the rise. Foods with exceptional nutritional profiles as well as high-value products, such as organic produce, are therefore benefiting. Based on these two tendencies, many fresh fruit and vegetables continue to see good growth in comparison to other food categories.

Within the developed foodservice environment, saturation led to marginal growth, even though various mixed-use retail development projects, such as La Mer, Al Seef and Bluewaters in Dubai creating space for exciting new venues. In this increasingly competitive environment, several existing players struggled to face the dampened economic environment and several brands and outlets reported closures.

Country Overview

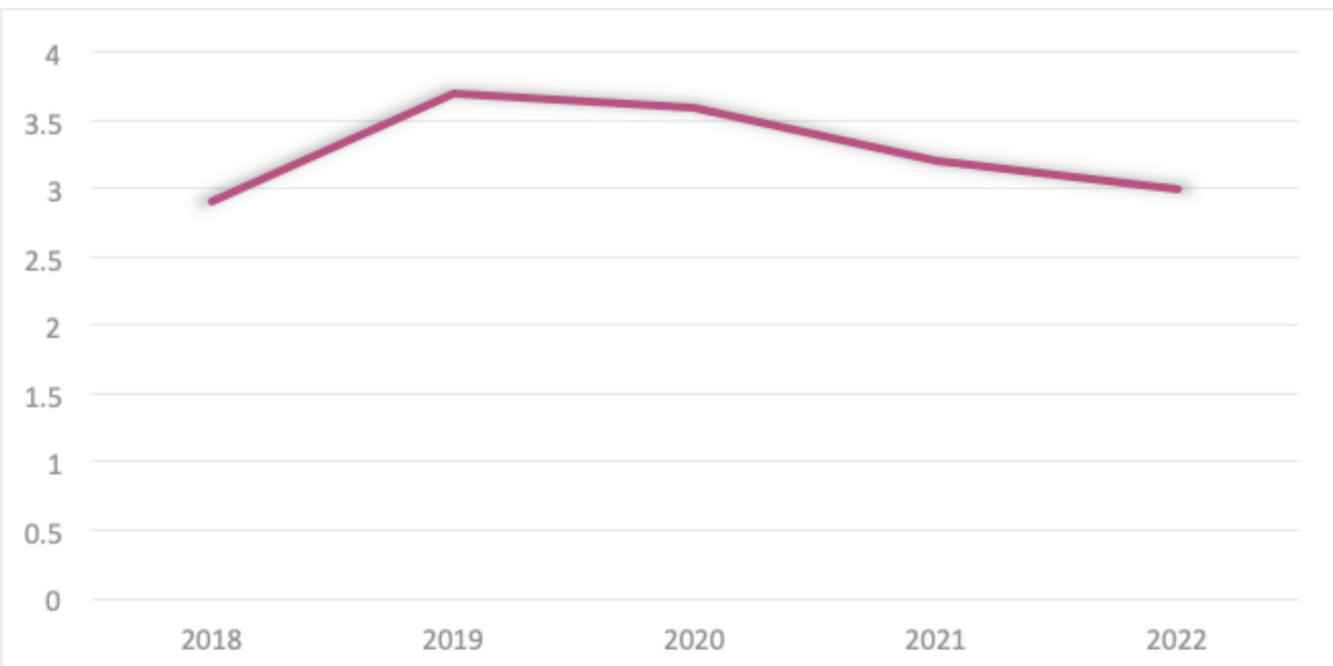
The total proportion of consumer spending allocated to food and beverages (14%) as well as its share of the country's GDP (5%) remained below the global averages (16% and 9% respectively in 2017), as overall income levels remained high and supported robust spending on discretionary items. These rates are expected to remain stable over the forecast period but are unlikely to negatively impact consumer spending on food and beverages, including fresh food.

The importance of agriculture and production of fresh produce inside the country could increase, however. The government started to actively support local farmers, which may decrease demand for imports over time (and likely only modestly in the short- to medium-term). Manure, hydroponic and organic fertilizers, as well as integrated pest management (IPM) supplies, such as low-impact insecticides and fungicides that are environmentally safe and suitable for aquatic agriculture, as well as materials for protected and organic farming are given to farmers for half of the standard market price.

The Ministry also signed a deal with Shalimar Biotech Industries in 2018 to establish 12 vertical farms on 7,600 square meters of land, further highlighting their interest in advancing production capacity and yields.

Arable land and water resources are limited, and long-term food security and self-sufficiency are considered a key challenge and major strategic goal for the coming years. While local production will remain a small part of the overall availability, it is expected to grow on the back of these government initiatives.

Chart 1. Real GDP Growth 2018 – 2022 (%)



Source: Euromonitor International

Demographic dynamics

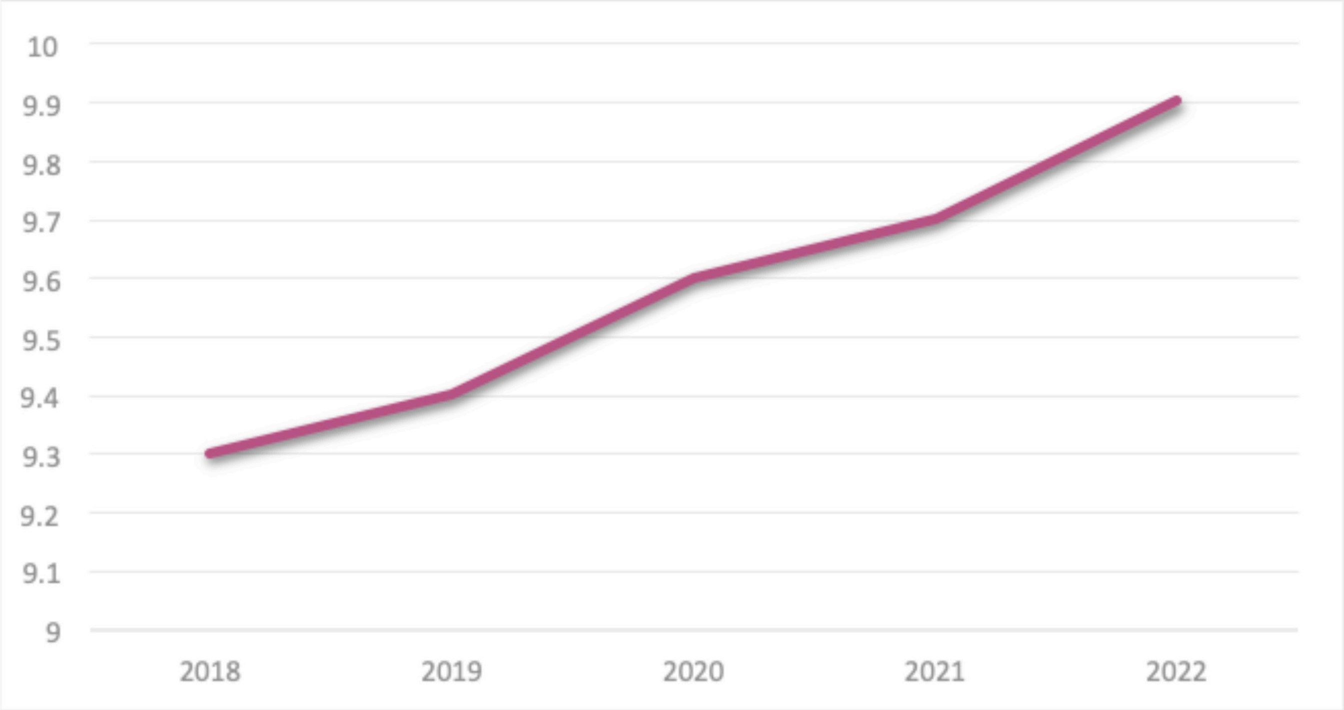
The total population of the UAE stood at 9.3 million in 2018 and is expected to reach 9.9 million in 2022, with annual growth rates of around 1.5%. This is greatly supported by relatively high net migration rates. As with many other countries in the Gulf region, the UAE relies on a large segment of foreign workers residing in the country on temporary work visas and

Country Overview

is home to one of the most multicultural societies in the world. In 2018, 88% of the country's population were expatriates with estimates suggesting India, Pakistan, Bangladesh and the Philippines as the major source countries. Due to the magnitude of foreign labor and the fact that dependents, including children of most low-skilled workers, are raised in the respective home country rather than in the UAE itself, net migration based on economic evolution is expected to remain the determining factor for population growth and developments in the UAE over the coming years (see Chart 3).

Growth of service-based industries, for example, is expected to shift demand from male labor to female labor over the coming years. Men currently account for 69% of the population, and this is expected to decrease to 67% in 2022 and to 65% by 2030. The importance of work opportunities for population growth through expatriates will also boost urbanization rates even further. Even though most of the population already lives in urban areas, rates are projected to increase from 87% in 2018 to 88% in 2022 and 89% in 2030.

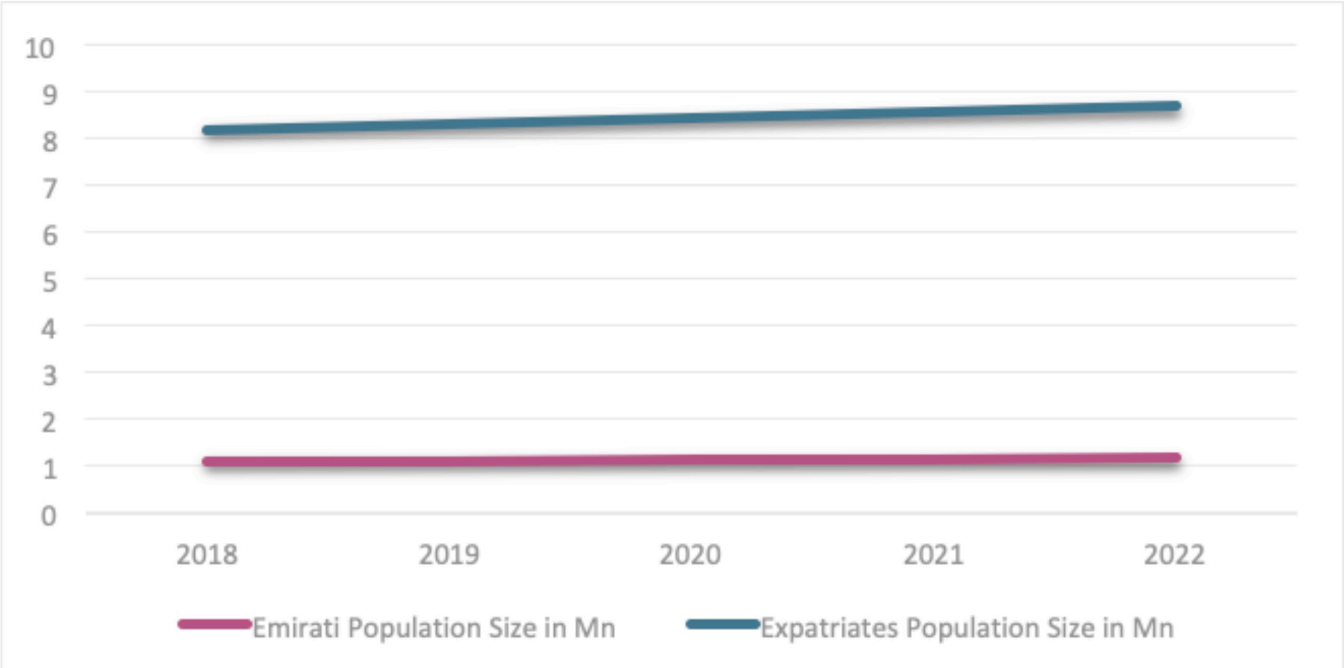
Chart 2. Population Size 2018 – 2022 (million)



Source: Euromonitor International

Country Overview

Chart 3. Population Size of Emiratis vs. Expats 2018 – 2022 (million)



Source: Euromonitor International

Business Environment

The UAE is one of the most liberal and business-friendly environments globally and is said to be the easiest place to do business and one of the least corrupt markets in the region. Minimal taxes, the presence of several free-trade zones, and the absence of a minimum capital requirement for starting a business are some of the benefits the country has to offer. Nevertheless, the unfavorable economy in recent years put pressure on many businesses and slowed down new entrants.

Foreign Direct Investment (FDI) intensity also narrowed slightly from 2.7% of GDP in 2014 to 2.6% of GDP in 2016. The government therefore launched several initiatives and reforms to stimulate growth and investment. Major changes include more flexible visa access tools and procedures, the replacement of the bank guarantee system for private sector employees, with a low-cost insurance scheme, the introduction of post retirement and long-term residency options for expatriates and the possibility of 100% foreign ownership in companies. Such reforms strengthened the country's position in the World Bank's Ease of Doing Business Index, where the UAE now ranks 21st and is expected to reach 11th in 2019, making it the leader among countries in the Middle East and Africa (MEA).

Fresh produce replaces processed fruit and vegetables

Overall, apparent consumption of imported frozen fruit and vegetables saw slow growth in recent years, as consumers shifted towards fresh produce. Growing health awareness is increasingly expressed through a desire to eat more natural foods, which dampened demand for processed fruit and vegetables. Shelf-stable fruit, for example, saw retail sales decline (-1%) in 2017 and stagnate in 2018.

Country Overview

Trading fresh fruit and vegetables in the UAE

The government of the UAE invested heavily to establish one of the most trade-friendly environments globally. In addition to its liberal business framework, the presence of various free-trade zones, which allow full foreign ownership and a zero-taxation regime, the country is also home to an advanced system of warehouses and a sophisticated transportation infrastructure. This ensures good connectivity and quick and efficient transportation within the country, between ports and free-trade zones.

To supply the domestic market, importers must have a valid trade license and cannot operate out of a free-trade zone. The country offers a general license, which can be used to import various goods or a specific license for food trading activity, which is more cost effective.

Under the "GCC Unified Customs Law and Single Customs Tariff", fresh fruit and vegetables are exempt from tariffs, while processed fruit and vegetables, (including frozen, dried and otherwise preserved produce, e.g. canned vegetables and fruit) are subject to a 5% duty rate. The same rate applies to all kinds of roots and tubers with high starch or inulin content, such as cassava/manioc, arrowroot, salep, Jerusalem artichokes or sweet potatoes. Fresh fruit and vegetables are also exempt from the requirement of production/expiry information on labeling. To ensure smooth and fast clearance at the entry point, most municipalities in the UAE offer pre-shipment approval services for food labels[1], products, and item registration.

Domestic Agriculture

The country's agriculture sector is highly impacted by its lack of arable land, limited water supplies and intense heat. To ensure food security and diversity, the government started to invest heavily abroad and has signed a deal to establish an agricultural free zone in Uganda for Emirati companies. Furthermore, support has been amplified for local production, which currently accounts for just 20% of all fruit and vegetables consumed in the UAE. Major focus areas include new technologies, especially hydroponics (tackles the issue of water scarcity, as it uses up to 70% less water than regular farming, increases the growing season and avoids harmful chemicals), as well as sustainable cultivation methods, with a special interest in organic farming.

The Abu Dhabi Farmers' Services Center (ADFSC), for example, was established in 2009 to support domestic farming in Abu Dhabi through training, extension programs and a special fund to support adaptation of greenhouse hydroponics methods in the Emirate. ADFSC can also certify farms as adhering to Global Good Agricultural Practices (Global GAP certification). Similar work is done by the Ministry of Climate Change and Environment on a countrywide level. The ministry supports initiatives and programs to help with the adaptation of hydroponics and organic farming methods and has partnered with the private sector to boost developments in this field. Demand for local produce was also supported by marketing activities, high media coverage and agreements with the country's largest grocery retail chains to ensure broad availability and awareness among consumers in recent years.

Overview of the supply chain for fresh fruit and vegetables

Fresh fruit and vegetables typically arrive in one of the country's seaports, especially Jebel Ali in Dubai, the biggest and busiest port in the Middle-East. As such, Al Aweer Market in Dubai is the center for the fresh fruit and vegetable trade in the country. Once the vessel arrives and the container is discharged, the shipment undergoes a visual inspection by health inspectors and customs to ensure compliance with labeling regulations. They also confirm the validity and presence of all documents and certificates. All food shipments are also subject to random laboratory analysis, which can delay delivery. Transportation within the port is usually be done through an external hauler, nominated by the importer through the

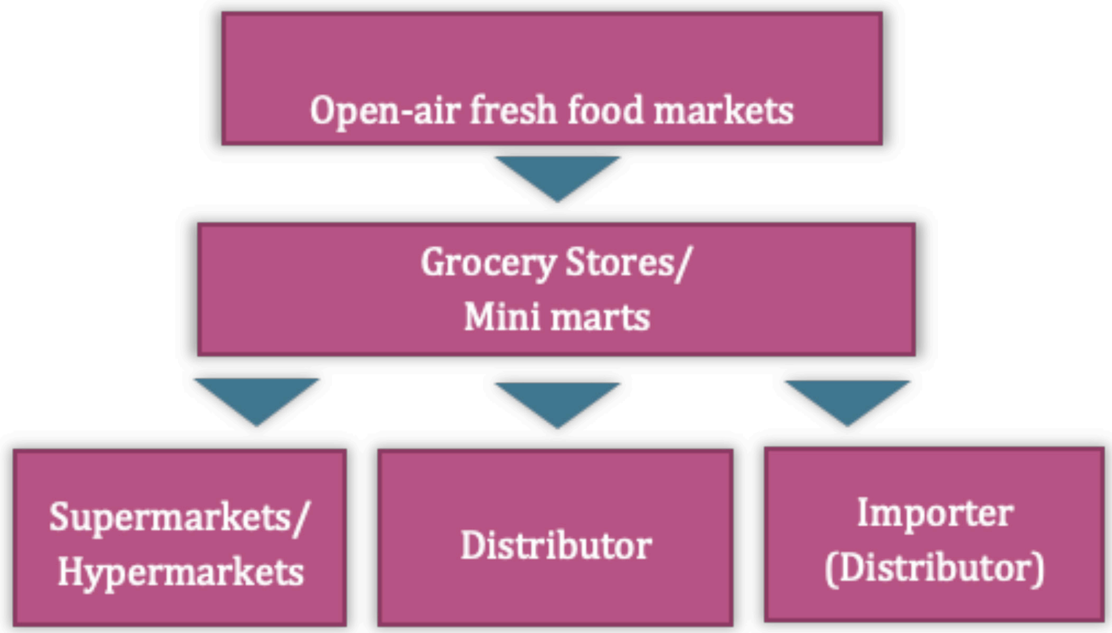
[1] More details will be found under the "import process and procedure" section

Country Overview

Haulier Nomination Service on the UAE Trade Portal. After clearance, the hauler delivers the goods to the importer's warehouse.

Everyone conducting business inside the UAE needs a valid trade license. Suppliers trying to enter the market have different options, but most work with a local partner, who operates as the importer and is also often the one distributing the product to wholesalers, including markets such as Al Aweer, hypermarkets, supermarkets, hotels, restaurants and institutions. Large retail chains, such as Lulu Hypermarket, JM Foods and Spinneys Group Ltd, however, usually work directly with suppliers, which helps reduce the price of fresh food for end consumers. Price differences between supermarket chains usually arise because of quality differences, rather than distribution system costs.

Chart 4. Supply Chain Infrastructure for Fruit and Vegetables

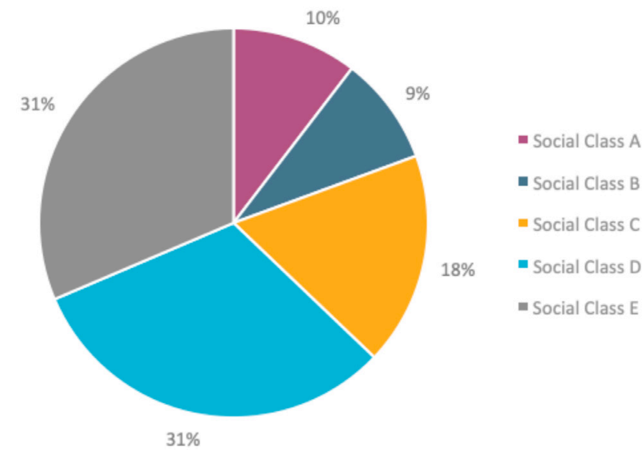


III. Consumer Assessment

Country of origin, income level and social class, as well as the current imbalance between men and women, are all important factors determining general demand and product preferences within fresh fruit and vegetables.

In terms of ethnicity, South Asians are said to be the largest population group, although nearly all nationalities are present in the UAE. In terms of income, Knight Frank's (property consultancy) 2017 Wealth Report estimates the number of ultra-high net-worth individuals in the UAE at 1,500[2]. While this group is able and eager to enjoy a luxurious life with all its perks, there are an estimated 4.5 million low-income migrant workers[3] (often men), who typically share accommodation and spend most of their income on essentials or send money back to their families in their respective home countries.

Chart 5. Social Class Distribution in the United Arab Emirates in 2018



Source: Euromonitor International

Despite these imbalances, there are still some important macro-trends visible across the population. Health awareness, increasing demand for convenience, and a more conscientious spending approach in the face of the current economic situation have shaped consumption of fresh produce in terms of type, quality and pricing in recent years. They are also expected to be the main variables for future developments.

Ultra-high net-worth individuals (UHNWI): A person with a net worth of over US$30m excluding their primary residence. According to this report, the overall number in the Middle East stood at 7,370 individuals, with the UAE thereby accounting for 20% of overall UHNWI's in the region.

The term "workers" refers here to blue collar workers, defined by a profession that requires manual labour. As wages within these sectors remain relatively low in the UAE, most blue-collar workers would fall under social classes D and E.

Consumer Assessment

Table 2. Affordability of Fresh Produce by Social Class (Shaded cells indicate affordable produce)

Social Class	Annual Income bracket (US$)	Types of produce that can be afforded by each class		
		Basic and staples[4]	Organic[5]	Superfood[6]
Social Class A	> US$ 44,367			
Social Class B	US$ 33,275 – US$ 44,367			
Social Class C	US$ 22,183 – US$ 33,274			
Social Class D	US$ 11,092 – US$ 22,182			
Social Class E	< US$ 11,092			

Source: Euromonitor International

Macro Consumer Trends Impacting Fresh Produce Consumption and Sales

Health awareness and demand for sustainability boost growth for fresh fruit and vegetables

Health awareness is neither a new, nor a UAE-specific trend, but its impact is increasing steadily. Given the government and media spotlight on high and increasing rates of obesity, diabetes and cardiovascular diseases in the country, consumers are trying to adopt healthier eating habits. Consumer preferences are therefore slowly shifting from better-for-you and fortified products towards food that is perceived as less processed or more natural. This trend is naturally benefiting fresh fruit and vegetables, especially items with a reportedly superior nutritional value and therefore often categorized as a superfood. Kale, as well as various berries, such as blueberries and acai, are benefiting from this development, regardless of their high unit prices.

Another important field is organic produce, which is further supported by all major retail chains. Carrefour, for example, increased its organic fresh fruit and vegetable portfolio from cucumbers and apples to a wide range of items, including herbs, mushrooms and starchy roots since 2016. A similar development was observed in Spinney's, a supermarket designed to target high-income expatriates from Europe and North America. The retail chain used the introduction

[4] Fruit and vegetables eaten routinely and in such quantities that it constitutes a dominant portion of a standard diet in the UAE. Examples include onions, tomatoes and potatoes.
[5] Organic food production must comply with the standards of organic farming. Prices for organic produce are above average
[6] Superfoods are defined as nutrient-rich foods. Examples within vegetables and fruit include kale and berries. They often feature high prices in the UAE.

Consumer Assessment

of various organic items for a broad in-store marketing campaign in 2016 to create an image as a retailer specializing in healthy and organic foods.

Local produce is also benefiting from the trend and received an additional boost through recent government support for sustainable, domestic agriculture. An important consumer group for such premium products, and fresh fruit and vegetables in general, are parents. This led to high inclusion rates of fresh fruit in school lunches throughout the country.

Growing demand for convenience holds risks and opportunities for fresh produce

Demand for convenience is growing all over the world in line with rapid urbanization and rising numbers of working women and single-person households as well as generally busier lifestyles. The UAE is ahead of many countries in this regard. Most of the population resides in the country on working visas, resulting in high overall employment rates among men and women. Furthermore, most of the population already lives in cities and a large number of inhabitants are either living alone or in shared accommodation. All these factors support demand for convenient solutions. Among a price-sensitive consumer segment, this supports sales of processed food and regular foodservice visits and has a negative impact on demand for fresh fruit and vegetables through retail. Among busy mid- and high-income consumers, however, demand for convenience and growing health awareness are boosting sales of higher priced options, such as pre-packaged or ready to eat products.

Demand for convenience in combination with growing health awareness also led to an established market for healthy meal plans, such as Right Bite, Simply Healthy Diets and Kcal. These plans are often guided by a nutritionist and include the delivery of at least three healthy meals a day throughout the week. Designed to deliver a nutritious diet to consumers, most of these meals are based on large portions of fresh vegetables and fruit. A similar development can be observed in the HORECA channel. Hotels and restaurants are experiencing increasing demand for healthier meals and have therefore adjusted their menus to include more salads, fresh fruit snacks, desserts, and dishes rich in vegetables.

Economic uncertainty supports sales of staples as well as discounted products

In the current economic climate, grocery shoppers in the UAE are more price conscious than ever. Even many mid- and high-income consumers started to focus on essentials and discounted products. While various fresh food products are considered staples, consumers are still cautious and on the look-out for value for money. In this situation, discounts and promotions are often the best tool to grab the consumer attention, a tactic widely applied by most grocery chains. Onions, tomatoes and eggplants are especially important, as all three are used in everyday cooking by many nationalities residing in the UAE. Potatoes are also popular, as they are a staple in South Asian dishes.

Consumer Purchasing Behavior

Consumption and Factors Affecting Consumer Behavior

Overall consumer expenditure on food and beverages stood at US$17 billion in 2018, accounting for 14% of overall consumer spending and 5% of the country's GDP. These rates would suggest consumption patterns similar to developed countries in Europe and North America. The reality however is more diverse, and consumption differs vastly between consumer segments based on country of origin, income levels and overall living situation, gender and social class. Future changes within this framework can therefore impact demand levels for fresh fruit and vegetables through retail and foodservice as well as overall preferences in terms of quality, pricing-levels and type.

Consumer Assessment

Popularity of shared accomodation supports demand for convenience and HORECA sales

The fact that 88% of the country's inhabitants are expatriates with temporary residency has a strong effect on average household sizes and general living conditions. To sponsor one's family, an expatriate must meet certain criteria in terms of salary and housing. As large parts of society do not meet these criteria, expatriates with lower and even middle incomes often come alone and support their family through remittances.

This phenomenon explains the relatively large presence of shared accommodation, where expatriates rent separate rooms or so-called bed spaces. Access to kitchen facilities can be limited in such living arrangements and inhabitants are therefore more likely to eat out or eat processed foods rather than prepare a home-cooked meal, using fresh fruit and vegetables as cooking ingredients. This consumer group relies on shelf-stable products and ready meals as well as restaurants, cafes and delivery services. Nevertheless, growing health awareness has opened the way for ready-to eat fruit and vegetable bowls, prepared salads as well as healthy food catering services and meal plans.

Larger households on the other hand, especially those with children and stay-at-home mums, are more likely to prepare traditional home-cooked meals on a regular basis. Demand for fresh fruit and vegetables among this consumer group is therefore high.

Growing number of women supports culture of healthy eating at home

Health awareness as well as cooking at home is traditionally more likely among women than men. The large presence of male expatriates sees men currently accounting for 69% of the population. This supports the country's foodservice culture as well as high demand for processed foods. As the share of women is expected to grow over the coming years, reaching 33% in 2022 and 35% in 2030, demand for fresh vegetables and fruit, as well as plant-based healthy options through foodservice outlets, is expected to see a further boost.

Diverse cuisines and eating habits on the back of a multicultural society

The UAE is home to nationalities and ethnicities from all over the world and while most are exposed to different cuisines every now and then, many adhere to their traditional dishes and ingredients most of the time. This explains the large presence of South Asian restaurants as well as strong demand for ingredients typically used to prepare dishes popular on the Indian subcontinent. Onions and tomatoes, for example, are always in demand, as they build the base for all curries. Potatoes are of similar importance as they are used as an ingredient and a side dish in meat-based meals. Vegetarian dishes, on the other hand, often feature okra (also known as bhindi), lauki (a long green pumpkin) and eggplant.

Middle Eastern cuisine, especially Levantine dishes, is another popular genre. Lebanese cuisine enjoys growing popularity among Arab and non-Arab expatriates and has therefore experienced good growth. Tomatoes, cucumbers, parsley, eggplant and courgette are all staples and used in several important appetizers as well as main dishes.

Neither the share of expatriates in the overall population, nor the ethnic composition of UAE society are expected to see dramatic changes over the coming years, and trends in terms of preferences are therefore expected to remain relatively stable.

Income levels and social class determine consumption patterns and preferences

Consumption patterns are highly impacted by income level and social class. Consumers with low wages, often from South Asia, are more likely to seek out discounts and promotions, while expatriates with large incomes usually prioritize quality and convenience. Growth of potatoes, for example, was supported by rising demand for economy options from Egypt as well as convenient premium options,

Consumer Assessment

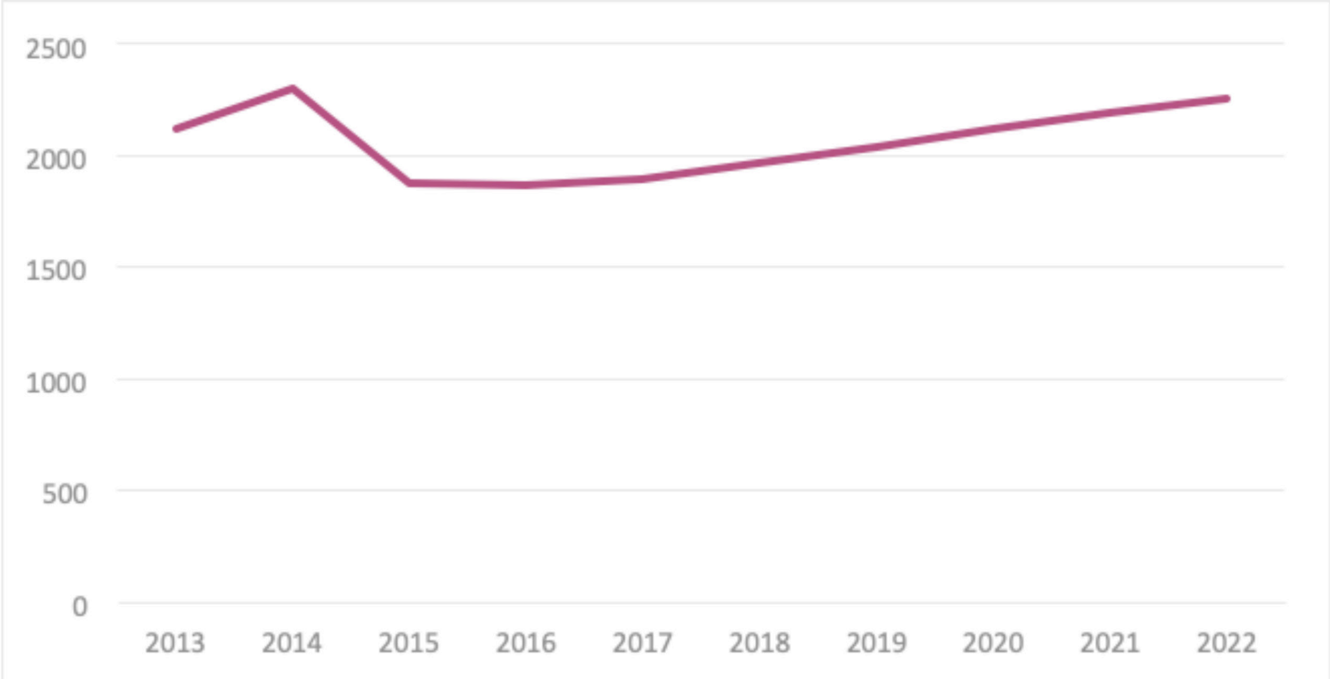
such as baby potatoes. While economizing appeared the general sentiment since 2014, current developments suggest a further diversification over the coming years: Social classes E[7] and A[8] are forecast to expand the fastest by 2030 with growth of 22% and 23% respectively between 2018 and 2030, which will provide opportunities within the economy and the premium segment alike.

Overall consumer spending on food and beverages on the rise

Per capita consumer expenditure on food and beverages grew significantly between 2017 and 2018 due to the introduction of VAT and is expected to see further growth on the back of an economic recovery over the coming four years. GDP, consumer expenditure and consumer spending on food and beverages are expected to show similar growth rates of around 4% between 2019 and 2020 and 3% annually between 2020 and 2022. Fresh food is therefore expected to see even stronger growth, benefiting from health awareness and a wider range of convenient options.

It is however important to note that this growth in per capita spending on food and beverages follows a massive drop between 2014 and 2015 and marginal growth between 2015 and 2017, reflecting the economic climate during these years.

Chart 6. Per Capita Consumer Spending on Food and Non-Alcoholic Beverages (US$)



Source: Euromonitor International

[7] Social Class E refers to individuals with a gross income less than 50% of the average gross income of all individuals aged 15+. This class may include blue-collar workers who could also be majorly working in the construction sector. They usually reside in shared accommodation in neighborhoods distant from the city center.

[8] Social Class A refers to individuals with a gross income over 200% of the average gross income of all individuals aged 15+. This class may include managerial, administrative or professional positions residing in central areas in the UAE.

Consumer Assessment

Per capita consumption of fresh fruit and vegetables above global averages

Per capita consumption of fresh fruit and vegetables in the UAE stood at an average rate of 236kg in 2018, significantly higher than the average for the Middle East Africa (MEA) region (82kg per capita) and global levels (206kg per capita) in the same year. Furthermore, consumption is set to reach 266kg per capita in 2022, which equates to 13% growth for this time period, significantly higher than the 9% increase forecast on global levels or the 8% increase projected for MEA region over the same period.

This reflects developments and tendencies in many important source countries for UAE expatriates, such as India (207kg per capita), Pakistan (204kg per capita), the Philippines (171kg per capita) and Egypt (297kg per capita). Eating habits and specific diets usually prevail, explaining the strong demand for fresh vegetables and fruit in the UAE in general and certain types, such as potatoes, onions and tomatoes specifically.

Furthermore, high incomes and low levels of private cultivation in the country boost sales even further. The high use of vegetables in Mediterranean and Asian cuisines in comparison to North American and European dishes also explains significant differences in consumption levels in the US (134kg per capita) as well as many European countries, such as Germany (129kg per capita) or the United Kingdom (134kg per capita).

Factors for superior growth on the other hand are more traditional, such as population growth and an expected recovery of the economy. Other important factors are very country-specific, such as a growing share for women in a society currently dominated by men. Women are not only more likely to cook at home on a regular basis, but also to follow a healthier, plant-based diet. This will likely also affect the foodservice environment and the country might see a growing number of healthy restaurants, catering services, and meal plans, which should naturally strengthen average demand for fresh fruit and vegetables per outlet.

An additional boost for foodservice demand is expected through the recovery of the tourism sector: 2018 saw a return of Russian and Chinese visitors as well as new arrivals and a growing number of transit visitors due to significant visa policy changes. Furthermore, the global buzz about eating healthy and more natural foods, is highly supported by the media and official authorities in the UAE and therefore, another variable to support growth.

Product Preferences

The UAE vegetable market is dominated by varieties popular on the Indian subcontinent, such as potatoes, tomatoes and onions. Unsurprisingly, these three vegetables accounted for a combined total volume share (including retail, foodservice and institutional sales) of 59% and a retail volume share of 51% in 2018 in the UAE. In value terms, retail sales share was significantly lower with only 41% due to low price levels. Growth rates for all three however remained moderate and mainly supported through population growth and growing demand for healthier, plant-based meals through the foodservice landscape.

More dynamic were vegetable types with supposedly superior nutritional profiles, such as kale and salad ingredients, such as parsley and coriander. A similar development could be observed within fruit, where oranges, tangerines and mandarins, as well as bananas and apples, remained the preferred choice in the UAE. They are popular among consumers from all over the world and used for freshly squeezed juices. The strongest growth rates, however, were achieved by fruit categorized as superfoods. Especially berries, such as acai, strawberries and cranberries/blueberries, which all saw demand levels rise, regardless of their traditionally high unit prices.

Consumers in the UAE are usually aware and very adaptive to trends within the global healthy eating movement. Social media platforms are popular and

Consumer Assessment

widely used. Preferences therefore change often based on recommendations by important TV personalities, such as Dr Oz, websites, such as webMD.com, or influencers and bloggers, especially the growing number of health-conscious eaters in the #foodies community – a trending hashtag on social media channels like Facebook and Instagram.

Growth of pre-packaged products in line with premiumization and growing demand for convenience

While most fruit and vegetables are still sold loose, packaging is becoming more common. Organic produce as well as premium products prone to being crushed, such as berries or cherry tomatoes, are often offered in a pre-packaged format. The extra protection underlines the premium character of such products and is seen as more hygienic by many. Consumers also appreciate the convenience of placing the item directly inside their grocery bags or trolleys.

While only 17% of all fruit and vegetables were sold in a pre-packaged format in 2013, this figure increased to 20% in 2017. Furthermore, ready-to-eat, pre-cut vegetables and fruit as well as prepared salads and freshly squeezed juices are also gaining momentum. Most retailers offer a variety of such items in a dedicated section for chilled ready-meals. Most include a small plastic fork or spoon to facilitate on-the-go consumption. Nevertheless, unpackaged products continue to dominate, especially in the value-for-money segment, as consumers prefer to check products individually for quality to make sure they choose the best ones.

IV. Distribution Channel Analysis

Retail

The most important channel for fresh fruit and vegetable sales is retail, accounting for 50% of fruit sales and 72% of vegetable sales in 2017.[9]

The grocery retail environment in the UAE is dominated by chained hypermarkets and supermarkets catering to different price and consumer segments as well as to the manifold demands of the country's multicultural society. In 2018, 84% of grocery retail sales were made through modern grocery retailers, with hypermarkets alone accounting for 60% of overall grocery retailing.

A key trend in recent years was the expansion of convenience stores and smaller supermarkets, with Carrefour Market and Carrefour Express outlets penetrating metro stations and upscale urban neighborhoods. The country also saw the introduction of Viva, the country's first discounter in 2018. Landmark group, the owner of Viva, promised prices up to 30% lower than other outlets. While convenience stores and small supermarkets benefit from the growing demand for convenience, Viva is expected to profit from the country's large community of price-conscious consumers. These two developments reflect overall sentiments among consumers in a country split between the economic difficulties of recent years and the slow beginning of a recovery process: the need for lower-priced products among the country's low-skilled laborers and growing demand for convenience from high-income expatriates with busy schedules. Sales of fresh fruit and vegetables are benefiting from both consumer segments. Items considered staples remain important to price-conscious consumers, while expatriates with higher salaries increasingly seek convenient options to live a healthy lifestyle. As a result, pre-packaged, washed, cut and even seasoned vegetables and fruit are witnessing good demand.

Most retail chains, like Carrefour, Lulu and Spinney's import directly from suppliers, while traditional grocers, including so called "baqalas" often work with a distributor. Purchases are also done directly through wholesale vegetable and fruit markets, especially Al Aweer in Dubai.

[9] Data excludes fruit and vegetables targeted at food processors.

Distribution Channel Analysis

Foodservice

The second most important channel for fresh produce is the foodservice sector, which accounted for 39% of fruit sales and 24% of vegetable sales in 2017.

The strong share for this channel is explained by the large and diverse foodservice landscape in the UAE. Fruit are especially important, as many outlets, including full service restaurants and cafes offer freshly squeezed juices. The country is also home to many street stalls, kiosks and small fast food outlets offering a broad selection of freshly prepared juices and milkshakes at affordable prices, as well as a growing number of premium juice outlets in the health and wellness spectrum.

The foodservice sector is currently suffering below marginal growth rates and high saturation levels, due to the dampened economic climate and a continued lull in tourism arrivals. The upcoming Expo 2020 in Dubai, a slow return of Chinese and Russian tourists as well as general economic improvements are expected to support a recovery of the whole sector in the coming years. However, while overall demand levels are expected to rise, individual outlets might still see a decline. Several development and retail projects as well as the growing number of meal plan options are set to increase competition significantly.

Fruit and vegetable sales through foodservice are also benefiting from growing demand for healthy alternatives. The country became home to many healthy restaurants and cafés but also to companies specializing in healthy meal delivery services and guided nutrition plans. Many existing restaurants upped their offering of salads, vegetarian options, freshly squeezed juices and fruit-based desserts, often featuring superfoods, such as blueberries, kale or acai. Unsurprisingly, organic offerings and restaurants also benefited. In this environment, high-priced, quality ingredients are expected to remain in strong demand through a growing number of foodservice outlets. However, rising awareness and availability of locally grown organic products may create fierce competition for imported produce.

Hotels and chained restaurants often work with large distributors, like Fresh Fruits Company or Barakat, a large fresh fruit and vegetable processor, with products such as fresh juices, ready-to-eat, cut, and washed fruit and vegetables that are sold through modern grocery retailers. Smaller outlets on the other hand are more likely to work with SME distributors or go directly to the Al Aweer wholesale market. SME distributors in the UAE often compete by offering credit. Payment terms can exceed more than three months. An interesting development is the announcement of Carrefour entering the wholesale business. Carrefour Wholesale will benefit from its owner company's (Majid Al Futtaim) strategic role in the HORECA channel. The holding group owns several outlets in this segment and Carrefour Wholesale will start by supplying these 13 hotels in summer 2019.

Institutions

Institutional sales account for a small share of fresh produce sales, 10% and 4% of fresh fruit and vegetables respectively in 2017.

Fresh fruit and vegetables usually reach institutions through foodservice providers and caterers. Important recipients are labor camps, healthcare providers, and educational institutions. While planned development projects are realized and finalized, new ones are currently rare and the overall need for construction workers much lower than in the past. Sales to labor camps are estimated to experience a slowdown as a result. Nevertheless, the sheer size of this sector and the possibility of a recovery make it an interesting segment for suppliers of staples in lower price segments.

Good opportunities await sales in the healthcare sector, as the government tries to establish the UAE

Distribution Channel Analysis

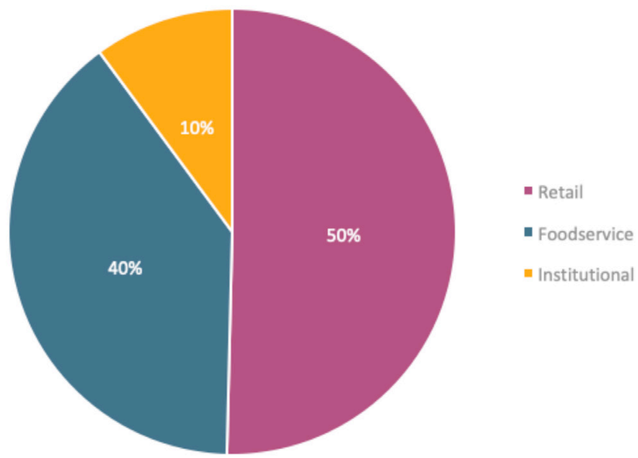
as a medical tourist destination. Enhanced facilities and treatments could therefore not only benefit medical tourism, but also increase local demand. Many Emiratis still travel to hospitals in Europe, North America and Asia for treatment, while expatriates often go back to their respective home countries. In line with growing treatment options to tackle obesity, cardiovascular diseases and diabetes in the country, demand for fresh fruit and vegetables through this channel is expected to surge. Demand for high quality produce could rise in line, as privately paying medical tourists are likely to expect exceptional care in all regards.

Similar developments are expected within the educational sector, as parents are increasingly worried about their children's diets. As expatriates pay high annual school tuition fees, parents expect high standards in all regards, including school catering.

Institutional sales in the UAE largely follow international standards in terms of procedures. Supply of food and beverages is mostly outsourced to a foodservice provider or caterer. Public sector decisions on which provider or caterer are based on a tender process with companies bidding on contracts. The main variables impacting the decision are price, quality and time management. The tender process usually ranges between two weeks and 45 days. New tenders are offered every year at which point the contract for existing suppliers may get revised.

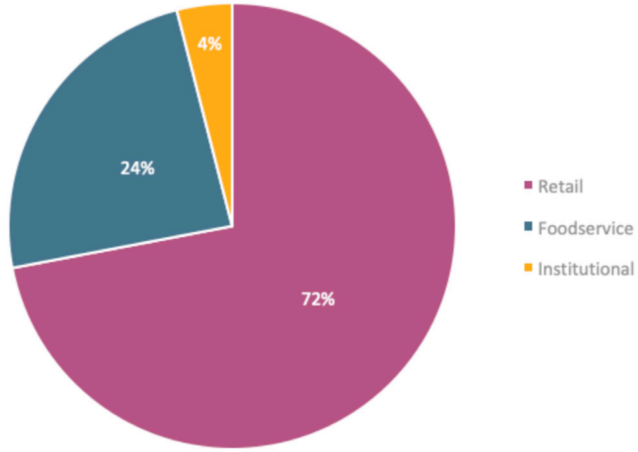
Companies entering the bidding are usually required to be licensed and registered with the official authorities in the UAE. The provision of work samples with various institutions as well as government and federal authorities is an advantage and bids with conditional stipulations or reservations by any bidder can be rejected. Bidding firms must provide a provisional bank guarantee letter valid for 90 days and drafted in Arabic for a requested amount. The contract terms usually include key performance indicators (KPIs), for example a tender for school catering involves timings of the lunch provision, required number of staff in proportion to the number of students, etc. Catering companies entering the bidding also need to be certified for health standards and transport vehicles must be licensed by food inspection authorities. Private sector procurement on the other hand is largely dependent on the type and quality of services. Most caterers have a website, while contracting opportunities are also often listed in newspapers.

Chart 7. Percentage of Sales of Fruit Across Distribution Channels in 2017



Source: Euromonitor International

Chart 8. Percentage of Sales of Vegetables[10] Across Distribution Channels in 2017



Source: Euromonitor International

[10] Including starchy roots

Distribution Channel Analysis

E-Commerce

E-commerce developments within fresh fruit and vegetables are mainly shaped by growing demand for convenience combined with growing health awareness among UAE consumers. Online retailing however does not seem an adequate alternative to brick and mortar stores, as consumers often prefer to visually check fruit and vegetables to choose the best quality options.

Nevertheless, internet retailing is expanding rapidly in the UAE, highly supported by the tech-savvy community, a growing need for convenience and an ambition by the government of Dubai, to create the "smartest city in the world". The e-commerce grocery segment is currently witnessing a shift from pure players, like trolley.ae and supermarket.ae to third-party services, such as InstaShop and ElGrocer. These companies collaborate with grocery retailers throughout the country to facilitate a fast and uncomplicated home delivery service, presenting a challenge for pure e-grocery players. Such third-party marketplaces usually offer mobile-based apps. The growing home delivery trend from pure players, delivery apps and even traditional brick and mortar grocery retailers who run their own independent online platforms solidifies the need for an omnichannel strategy for large players in the market. Emke Group (Lulu Group) for example introduced a click-and-collect model, which allows consumers to make online purchases and pick them up at a later point from a designated Lulu Supermarket.

Another e-commerce trend caused by growing demand for healthy and convenient food solutions are fresh fruit and vegetable boxes as well as DIY cooking boxes and meal plans. DIY cooking boxes are delivered to consumer doorsteps and contain all pre-measured ingredients including herbs, vegetables and fruit as well as clear instructions on preparing a healthy meal at home. Fruit and vegetables boxes, on the other hand, feature a selection of fruit and vegetables, often based on seasonal availability. Such boxes are usually subscription based and marketed for their convenience and as a good way to increase fresh produce intake and home-cooked meals in general. As many importers offer such delivery services these options are also advertised as fresh and budget-friendly, as they skip the middleman. Important examples are Nassar Al Refaee Vegetables & Fruits Trading (NRTC) and Kibsons International. While NRTC offers boxes, baskets and an online system to choose manually, Kibsons also includes cooking boxes in their portfolio.

Meal plans on the other hand target busy, single consumers, in most cases, with a desire for weight management. Such meal plans are usually compiled and monitored by a nutritionist, who also discusses goals and progress in regular consultation sessions.

Key to e-commerce in all its forms is cash-on-delivery which is still the preferred mode of payment for online shoppers in the UAE.

Informal Markets

The UAE is home to three different kinds of fruit and vegetable markets. The most important are large, dedicated wholesale markets, where importers and distributors offer their products to restaurant owners and grocery retailers. These markets also feature a retail section for everyday consumers, looking for a bargain. Such markets can be found in every Emirate, with Al Aweer in Dubai being the most prominent. Every notable importer, including Barakat, Fresh Fruits Company and Nassar Al Refaee (NRTC) has a store presence there. After consultation with vendors throughout 2015 and in preparation for the Expo 2020 in Dubai, the government decided to renovate Al Aweer. By the end of 2019, the market will boast

Distribution Channel Analysis

300 extra parking spaces, air-conditioned halls with dedicated wholesale, retail and farmers sections, cycling paths and a pathway for smart trolleys.

Another important type of market are fruit and vegetable stalls and small markets in more remote areas. These are found especially towards the border with Oman, where fresh fruit and vegetables from the UAE and Oman are sold for low prices. These markets can be outside or in dedicated market halls. Both wholesale markets and smaller vegetable markets are usually open throughout the year and on a daily basis.

A relatively new and expanding phenomenon in the UAE are more traditional farmer's markets, which open only on weekends and cater solely to private consumers. These open markets focus on local and/or organic and seasonal produce and run during the cooler months[11]. For example, Baker & Spice, a chain of shops and restaurants, runs a pop-up market between October and May in Dubai's Business Bay area, while Deerfield Farmer's Market saw a relaunch in October 2018. The latter was opened as an initiative of Abu Dhabi Municipality and the Abu Dhabi Farmers Services Center and will close by the end of March 2019 for the hot summer months – a return in autumn is not yet confirmed. The most prominent farmer's market in the UAE however is Ripe market, which started in 2011 as a weekly food and crafts market in Dubai. Ripe Fresh Trading LLC, the company behind the market now organizes a weekly market in Abu Dhabi and one in Dubai. The company is also the owner of four dedicated organic Ripe shops in Dubai. The Ripe outdoor markets in Abu Dhabi and Dubai are seasonal and usually open between October and April. In Dubai, Ripe is also open inside the Times Square Center mall during the hot summer months (May to October).

Retail Environment

Fresh fruit and vegetables are primarily sold through one of the country's 10,221 grocery retailers. Modern grocery retailing, with more than 35 different chains and an overall outlet count of 1,273, accounts for the lion's share of value sales. The main store type within grocery retailing are hypermarkets, generating 60% of sales through grocery retailers, followed by supermarkets with a share of 19% and forecourt retailers and convenience stores accounting for a combined share of 5%. Further growth in modern grocery retailing in the coming years is expected through the newly introduced discounter chain Viva and the expansion of smaller supermarkets and convenience stores, especially Carrefour Market and Carrefour Express.

Grocery retailing, including sales of fresh produce, is therefore expected to follow two opposing trends. On one hand it will cater to the growing demand for convenience and upscale quality among the country's business elite and on the other the need for cheaper options in the face of the economic limitations many consumers are currently experiencing.

Similarly conflicting, are marketing strategies within the fresh produce segment. Higher-priced organic products as well as pre-cut and packaged fruit and vegetables increased their presence significantly in all major retail chains since 2016. At the same time, promotions and discounts for staples are often essential to lure price-conscious consumers into retail outlets.

Traditional grocery retailing, mainly composed of so called "baqalas", are continuously losing importance and accounted for merely 16% of sales in 2018. These outlets are highly affected by increasingly stringent regulations regarding facilities and structures, especially in Abu Dhabi. Nevertheless, traditional grocers

[11] Cool months in the UAE are usually between November and April, where the temperature gradually drops at the beginning and increases at the end of this period. Winter season is between the end of December and the end of March.

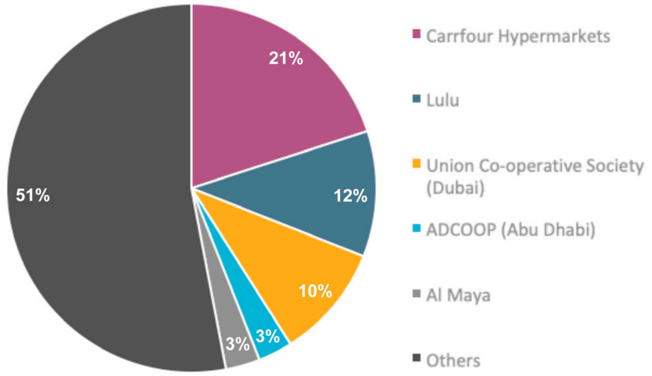
Distribution Channel Analysis

still prevail in terms of outlet numbers, accounting for close to 88% of the overall outlet count in the UAE's retail environment. In many areas however, convenience stores and smaller supermarkets are replacing "baqalas", as consumers appreciate the modern structure and larger selection of products. Convenience stores, forecourt retailers, and small supermarkets can usually offer a broader range of products through the use of modern equipment and central supply management. This supported growth of pre-packaged products as well as ready-meal solutions, like cut vegetables and fruit, freshly squeezed juices, and ready-to-eat salads.

Leading Retailers

The country is home to over 35 different modern grocery retail chains covering all different segments, including hypermarkets, supermarkets, convenience stores and forecourt retailers. While the latter have large numbers of outlets, hypermarket chains generate the highest value sales, as they attract consumers with a large and competitive portfolio. The leading grocery retailers in the UAE in value terms (as owning companies) are Carrefour, Lulu, Dubai's Union Co-operative Society, Abu Dhabi's Cooperative Society (ADCOOP), and Al Maya.

Chart 9. UAE Grocery Retailers Brand Shares In Value Sales % in 2018



Source: Euromonitor International

Carrefour hypermarkets accounted for 21% of overall value sales through grocery retailers in 2018. Meanwhile, Carrefour SA's overall share stood at 24%, due to the growing importance of its supermarket chain Carrefour Market and its convenience store Carrefour Express. The company saw a significant boost in 2017 through the acquisition of Géant hypermarkets.

The second most important modern grocery retail chain was LuLu, with a value share of 15%. The chain has a large network of hypermarkets, supermarkets and convenience stores as well as growing success with its online store.

Dubai's Union Co-operative Society accounts for 10% of overall value sales through grocery retailers, despite its geographic limitations. Abu Dhabi's Cooperative Society on the other hand accounts for just 3% of sales, which is in line with the sales generated by Al Maya supermarkets. Cooperative Societies are very popular throughout the country and as a whole play an important role within grocery retailing. They are estimated to generate 17% of overall sales through grocery retailers in the UAE.

Carrefour SA

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Website	www.carrefouruae.com

Carrefour in the UAE is managed by Emirati holding group Majid Al Futtaim. The group has the exclusive rights to the Carrefour franchise in 38 markets across the Middle East, Africa and Asia and currently operates a portfolio of more than 243 outlets. The group is also the owner of major shopping malls throughout the country, including Mall of the Emirates, City Center malls, My City Center neighborhood centers, and four community malls. As a result, most Carrefour hypermarkets are situated in shopping Centers and

Distribution Channel Analysis

by default have a broad consumer spectrum.

Carrefour Market and Carrefour Express on the other hand, have established a network of smaller supermarkets and convenience stores in upscale neighborhoods as well as in and around public transport hubs, such as metro stations. The overall store count for Carrefour outlets in the UAE, including Carrefour Market and Carrefour Express stood at 80 in 2018, generating value sales of US$4 billion. Distributed throughout the country, individual outlets adapt their selection and prices according to location and outlet type. Products in Carrefour Market and Carrefour Express are usually priced higher than in hypermarkets. Areas that are home to mostly Asian consumers, stock different products at lower price levels than areas with more Western consumers.

Consumer Co-operative Union (CCU) – Dubai and Abu Dhabi

Address of Headquarters	**Dubai**: P.O. Box: 294448 Ras al Khor, Al Aweer Fruits & Vegetable Market, Dubai, UAE **Abu Dhabi**: PO Box: 833, Mina Center, Al Mina, Abu Dhabi, UAE
Phone number	**Dubai**: +971 800 8889 **Abu Dhabi**: +971 2 304 0300
Email	**Dubai**: info@unioncoop.ae **Abu Dhabi**: customerservice@adcoops.com
Website	**Dubai**: https://www.unioncoop.ae **Abu Dhabi**: http://www.abudhabicoop.com/

The preferred shopping destination for local Emiratis and Arab residents are the country's consumer cooperatives, among which Dubai's Union Coop has the largest share in value terms. The chain generated US$1.8 billion in sales through its network of hypermarkets and supermarkets, located solely in Dubai. The second largest consumer cooperative is Abu Dhabi Co-operative Society (ADCOOPS), which had a network of 7 outlets and generated value sales of US$655.4 million in 2018. Sharjah's Co-operative Society on the other hand is the largest in outlet terms, as it operates 23 stores. In sales terms, however, the cooperative falls behind its counterparts in Dubai and Abu Dhabi, with sales of only US$373 million in 2018. Only Emirati nationals can buy shares in cooperative societies, which entitles them to a share of the cooperatives' annual profit. An important pre-condition is permanent residency within the cooperatives specific area of operation.

Lulu Group International LLC

Address of Headquarters	P.O. Box: 4048 Y-Tower Building, Al Nahyan Camp, Abu Dhabi, UAE
Phone number	+971 2 4182000
Email	headoffice@ae.lulumea.com
Website	www.lulugroupinternational.com

LuLu Hypermarket is one of the largest hypermarket chains in the Gulf Cooperation Council (GCC) and has additional operations in Asia and North Africa, including stores in Malaysia, India, Indonesia and Egypt. The chain generally targets a more price-conscious Asian segment, with its core consumer group being from the Indian subcontinent. Its selection of fruit and vegetables reflects the specific needs of Indian and Pakistani cuisine and includes products like turmeric, ginger and a broad selection of mangoes. Prices are generally low, especially for staples like onions, potatoes and tomatoes. Most products are from Asia or Africa. In 2018, Lulu operated 47 different stores throughout the country and generated an overall sales value of US$2.5 billion in the UAE. Latest developments include the introduction of convenience stores in 2016 and a growing focus on consumers from the Philippines in terms of product and brand offerings.

Distribution Channel Analysis

Al Maya Group

Address of Headquarters	P.O. Box: 8476, National Industries Park, Jebel Ali Industrial 3, Dubai, UAE
Phone number	+971 4 823 0000
Email	info@almaya.ae
Website	http://www.almaya.ae

Al Maya Group is a conglomerate with multiple business verticals, including a wholesale foodstuff division, which engages in FMCG distribution of various food and non-food brands. Nevertheless, its retail segment is estimated to make up 50% of the group's turnover, while wholesale contributes 30%. Headquartered in the UAE, Al Maya has successfully expanded to other GCC countries, including Oman, Kuwait and Bahrain. One of the group's main target segments is the Filipino community, with aisles dedicated to ethnic Filipino foodstuffs and other products. The supermarket chain usually offers affordable products from Asia and Africa adjusted to the specific needs of Asian cuisine. In 2018, Al Maya operated 54 outlets in the UAE, concentrated in Dubai, Abu Dhabi and Sharjah. These outlets generated combined value sales of US$452 million. A focus in recent years was expansion into prime locations, to harvest new opportunities within the premium segment and increase the groups' target consumer group

Spinneys Group Ltd

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Website	www.spinneys-dubai.com

Spinney's is a premium retailer with outlets in several countries in the Middle East, including the UAE, Egypt, Lebanon and Jordan. Outlets are usually placed in upscale neighborhoods and their selection of fruit and vegetables covers a variety of organic produce and high-quality varieties of more common products. Fresh produce in Spinneys' outlets in the UAE are often sourced from North America, Europe, Australia and New Zealand as well as South Africa, rather than other African countries and Asia. The chain is designed to attract Western expatriates and high earners with a willingness to invest in high-quality food. In the face of recent economic developments, Spinney's saw fluctuating sales and its 51 outlets generated just US$368 million in 2018, less than the year before. Focus areas for Spinney's in recent years were the expansion of its private label portfolio as well as large in-store marketing campaigns to promote itself as a leading retailer of premium products, including locally sourced fruit and vegetables and a broad portfolio of organic items.

Foodservice Environment

The UAE, especially Dubai as a tourist hub, is home to a vast and diverse foodservice landscape, covering all different types of cuisines and price levels. There were 17,415 different foodservice outlets in the UAE in 2018, of which 3,212 belonged to a chain. Stability, security, a business-friendly environment and excellent infrastructure made the country a good base for international brands eager to enter or expand operations in the Middle East and North Africa. It is therefore not surprising that more than one third of all foodservice transactions are made in one of the country's various chains, which in return generate one quarter of overall value sales. Marketing within foodservice in the UAE currently follows one of the

Distribution Channel Analysis

two major trends within the food segment: either innovative, convenient and healthy concepts for the country's growing community of healthy eaters, or good value-for money offerings for price-conscious consumers.

The largest segment of foodservice outlets in the UAE are full-service restaurants, which accounted for 55% of value sales and 58% of outlets in 2018. Most of these restaurants offer Asian cuisine, especially from the Indian subcontinent, reflecting the country's population composition. This consumer group consists mainly of young, single men, who often live in shared accommodation with limited access to cooking facilities and are therefore more likely to visit competitively priced full-service restaurants on a regular basis. The fastest growing, however, are Middle Eastern full-service restaurants. Specifically, Lebanese cuisine is becoming popular among different consumer groups, as many dishes and ingredients attracted the attention of the global health community. Tabbouleh, Hummus, Falafel and Baba Ghanoush have become staples among health-conscious consumers, who also appreciate the use of olive oil and a large variety of fresh vegetables and herbs in most Levantine dishes.

The second most important outlet type are cafés, accounting for 22% of foodservice value sales. Cafés in the UAE are roughly split into three types: traditional, upscale and specialist. Traditional cafés and teahouses are frequented mainly by Arab or Asian men to socialize. The food menu in these outlets is often limited, with hot and cold beverages as well as shishas being the main source of turnover. Upscale cafés on the other hand, are outlets with signature menus and often themed interiors, such as Shakespeare & Co, known for its Victorian decoration. These cafés usually feature an extensive food menu, including breakfast, sandwiches and salads as well as a broad selection of fancy bakery products and other desserts. Many items reflect current health trends with ingredients such as quinoa, salmon or avocado. The third type of cafés are specialist coffee shops, such as Starbucks and Costa Coffee. Even though the food menu in such outlets is limited, it is expanding and often includes healthier dishes.

Fast food outlets account for 19% of foodservice sales in the UAE, making it the third most important outlet type. The category is highly impacted by current health and wellness developments and is witnessing growing competition from outlets with a healthy theme and high level of convenient delivery options among full-service restaurants and cafés. This, combined with the economic situation in recent years, saw many established players forced to close outlets, while others tried to incorporate healthier options into their menu.

All other outlet types had a minimal share of the country's foodservice landscape.

Leading Foodservice Players

Full Service Restaurants

Accounting for only 6% of all full-service restaurant outlets and 16% of value sales, the importance of chains within this category is limited. Despite this, the country is home to a variety of established international and home-grown chained full-service restaurants in different segments and price categories.

- **Chili's**
  Chili's is an American casual dining restaurant with a longstanding presence in the UAE. The restaurant benefits from its prime locations in malls, ensuring good footfall even during the hot summer months. Like most restaurants in the UAE Chili's offers home delivery services and is featured on all common online food ordering platforms, such as talabat.com and Deliveroo.ae. The biggest threat for the chain is the tendency towards healthier eating patterns and the ever-increasing number of healthy restaurants and fast food outlets.
- **Pizza Hut**
  Pizza Hut is the flagship brand of Americana Group, a leading player in the region's foodservice environ-

Distribution Channel Analysis

ment. The chain benefits from its global setup, as most expatriates know Pizza Hut from their respective home countries. Pizza Hut is continuously expanding by opening outlets in new malls, some of which have customer seating, and is present in most food courts. Malls and city Centers are prime locations in the UAE, as they guarantee high footfall throughout the year. Growing health awareness however is dampening sales, as consumers search for healthier options and more innovative concepts.

- **Hatam**
  Hatam offers affordable Persian cuisine and is present in several malls. The chain is currently suffering from increasing competition from Levantine restaurants. Chains like Zaatar w Zeit and Zaroob managed to establish a more modern and healthier image, thereby attracting former Hatam customers.
- **Nando's**
  Nando's has successfully created a niche as a healthy alternative to fried chicken. Consumers appreciate the exotic spin on roasted chicken through presentation and ingredients. The chain has successfully penetrated the country with an increasing number of outlets in recent years.
- **Karachi Darbar**
  Karachi Darbar is a homegrown chain, which is representative of the large segment of Asian full-service restaurants. Low prices, fresh ingredients and a broad selection of authentic Pakistani dishes cater to the demands of many low-skilled workers from the Indian subcontinent. The chain's outlets are mainly found in Dubai and Sharjah, in areas with a high percentage of residents from India, Pakistan and Bangladesh. The chain tried to enter the premium segment, by opening Karachi Grill in Jumairah, one of Dubai's prime locations. However, because of the economic downturn further expansion in this segment appears unlikely until the economy recovers.
- **Fast Food**
  53% of all fast food outlets in the UAE were under the umbrella of a chain and their overall sales accounted for 63% of general fast food value sales. The country is home to many international chains but also witnessed the formation of important domestic players, especially within Middle Eastern cuisine.
- **McDonald's**
  The fast food burger chain's growth was supported by impressive outlet expansion during 2016 and 2017. McDonald's has also been very active in menu and ingredient changes in response to pressure from health-conscious consumers. Another important marketing tool were promotions, such as free coffee during breakfast hos on some days, catering to the demands of more price-conscious consumers. An additional boost came through the McCafé concept, which allowed McDonald's to create a more premium casual image and compete within the café segment.
- **KFC**
  Chicken fast food is very popular in the UAE, with KFC leading the category. The chain benefits from prime locations and appreciation among consumers from around the world. Nevertheless, KFC is facing growing competition from smaller players with a more contemporary image and healthier portfolios. Many Arab consumers also regard KFC as a US symbol, which has led to boycotts among this consumer group in the past in response to unwanted turns in US policy in the region.
- **Burger King**
  Burger King remains in the shadow of McDonald's and has yet to adapt to the growing demand for more innovative and healthier fast food burgers in the UAE. The chain lures consumers through prime locations in food courts as well as family offers and promotions. Nevertheless, like many more traditional players within this segment, Burger King has closed some outlets due to declining demand.
- **Subway**

Distribution Channel Analysis

Subway's success in the UAE is based on a large network of outlets throughout the country. The chain saw growing competition from cafés and new fast food options, as consumers sought healthier and more innovative alternatives. In 2017, several Subway outlets closed as a result. The chain is currently trying to win consumers back by expanding its product portfolio, including the introduction of wraps.

- **Tim Hortons**
  Tim Hortons has enjoyed growing success in the UAE, as consumers appreciate the combination of bakery fast food with a specialist coffee shop. The chain witnessed massive expansion in terms of outlets in recent years, while also running a large billboard campaign to advertise its brands and offers.

Meal plan delivery services see growing success

Healthy meal plan delivery players are a growing phenomenon in the UAE. This segment is supported by high demand for a combination of healthy eating and convenience by increasingly busy consumers. Most providers offer consultation sessions with nutritionists to discuss personal goals and requirements. A meal plan usually includes five days of three meals a day, which are delivered to homes or, on request, to offices. Most players start off with a subscription model, but some have now expanded into other foodservice formats. Kcal for example also opened several outlets throughout Dubai and Abu Dhabi, while Right Bite has extended its catering and delivery services.

V. Consumption and Food Supply

Due to the country's dry climate and limited presence of arable land, the UAE remains highly dependent on imports of fresh fruit and vegetables. According to a 2015 survey by the Abu Dhabi Farmers' Services Center (ADFSC), only 16% of all fruit and vegetables sold in the UAE are domestically produced. Meanwhile, agricultural production estimates from the Food and Agriculture Organization of the United Nations (FAO) in combination with trade statistics suggest an even lower share. The ratio between apparent consumption of imported products (imports minus exports/re-exports) and crop production of fresh fruit and vegetables (excluding dates) was only 10% in 2016, according to the FAO.

However, many imported fruit and vegetables undergo further processing inside the country, explaining the official rate of 20%. Locally produced fruit and vegetables are rarely exported. Dates, however, are an exception, and are currently the only significant agricultural product in the UAE. Most dates are sent to neighboring Oman, closely followed by Bangladesh, India and Morocco. Dates are traditionally eaten during important Islamic holidays and are therefore popular in countries with large Muslim populations. Exports peak during Ramadan, as fasting is traditionally broken by eating a date.

Generally, climate conditions inside the UAE are a major barrier to large-scale production of most crops, hence imports are expected to remain the main source of fresh produce. Nonetheless, several initiatives by the central government and Emirate-specific authorities are aimed at boosting sales of local produce. These include financial incentives, training and workshops to support the adoption of hydroponics as well as deals with major retail chains, such as LuLu or Carrefour to increase availability and raise awareness of locally grown fruit and vegetables.

To ensure food security, the UAE government is eager to establish a broad supply structure through trade agreements as well as direct investment in agricultural projects all over the world. Current investments include projects in Sudan, Pakistan, Indonesia, Algeria and Egypt. The country also signed an agreement with Uganda in 2018 to establish an agricultural free-zone. Private UAE companies will have the opportunity to establish agricultural production in a 2,500-hectare area of the country.

VI. Domestic Fresh Produce Insights and Related Investments

Agriculture accounts for a very small part of the UAE's economy. The UAE lacks arable land, suffers from extreme weather conditions, with exceptionally high temperatures in summer and limited water supplies. Official data suggests that agriculture accounted for an unsurprising 0.8% of the country's GDP in 2015, which equates to approximately US$820,000. The Food and Agriculture Organization of the United Nations (FAO) estimated the production of fruit and vegetables in the UAE at 730,000 tons. However, 65% of this local production is attributable to dates. Accordingly, other fruit and vegetables (excluding dates) produced in the UAE equated to just 255,000 tons. The most important crops aside from dates are tomatoes (16% share), cucumbers (13%) and onions/shallots/greens as well as carrots/turnips, with each category accounting for around 10% of total fruit and vegetable production (excluding dates).

The UAE government is eager to increase local production as a matter of food security. Incentives for farmers include subsidies as well as government loans for machinery and technical assistance. A major objective of recent campaigns is the expansion of hydroponic and organic farming. The Global Food Security Index by The Economist Intelligent Unit (EIU) names "access to financing for farmers" as a key strength of the UAE. One of the most important support systems is the Ziraai program, which supports Emirati citizens working within agriculture through training and marketing services and the possibility to receive an interest-free loan of up to US$270,000 per farmer. This program aims to improve the marketability, profitability and efficiency of farms in the UAE.

The government also invested in research as well as training and workshops, but "public expenditure on agricultural R&D" is still listed as a weakness by the EIU. Nevertheless, research facilities, such as The Baniyas Center for Agricultural Research in Abu Dhabi and the Agricultural Innovation Center in Sharjah were launched in recent years to support industry developments and help local farmers to adopt the latest technologies.

These developments and investments in hydroponics paved the way for the introduction of large-scale vertical farming in the UAE. In 2017, Badia Farms announced the opening of the GCC's first commercial vertical indoor hydroponics farm. The farm produces vegetables on an industrial scale without the need for soil, sunlight or chemicals.

Furthermore, the government is also supporting the local industry from a sales perspective. Agreements

Domestic Fresh Produce Insights and Related Investments

with large retail chains, such as Carrefour and LuLu have strengthened the overall availability of locally produced crops in the country's major hypermarkets and supermarkets. Furthermore, Emirates Flight Catering, owned by a Dubai government investment company recently partnered with a US based leader in vertical farming called Crop One Holdings. The joint venture will build the world's largest vertical farm in Dubai, to supply airlines and airport lounges with fresh produce.

In 2018, the Ministry of Climate Change and Environment (MoCCAE) announced an agreement with Shalimar Biotech Industries for the construction of 12 vertical farms on 7,600 square meters of government-owned land in Dubai. The farms will be equipped with a water desalination plant, climate-control air conditioning, LED lighting and automatic irrigation systems.

However, imports are expected to remain the major source of fresh produce in the country despite all these measures, as high set-up and maintenance costs for these alternative methods make large-scale production of affordable produce unlikely. Vertical hydroponic farms require artificial lighting, heating and cooling systems, ventilation, shade and nutrient dosing which in turn increase set-up and electricity costs significantly, which explains why many local farms are hesitant to adopt the new technology regardless of the government support offered. Furthermore, certain crops, such as large root vegetables e.g. potatoes, onions, garlic, and carrots do not grow well in hydroponics. Domestically produced crops are therefore expected to remain a niche, marketed as a healthier, high-priced option for certain crops, such as leafy greens and lettuce, rather than a mass phenomenon.

Another government strategy to ensure food security in the future is large scale investments abroad. Most of cross-border agricultural investments have been made mainly in Africa, but Asia, the Americas and Europe account for a growing share. Currently, Vietnam, Cambodia, Egypt, Pakistan, Romania, Serbia, Namibia, Sudan and the Americas are named as the most important countries for investment in agricultural project by the UAE government or government-owned entities abroad.

Leading Producers

The UAE is home to a large number of farms, but only a handful produce fresh fruit and vegetables on an industrial scale. Large players, such as Mirak Group and Elite Agro, dominate commercial farming in the country, as well as having additional large investments abroad, to supplement their offer and ensure sufficient supply throughout the year.

Mirak Group

Address of Headquarters	P.O. Box: 765 Central Fruit and Vegetable Market, Al Aweer, New Cold Store Area, Plot #40 Dubai, UAE
Phone number	+971 4 333 9778
Email	info@mirakgroup.com
Website	www.mirakgroup.com

Mirak Group contract farms cover more than 200 hectares of farmland in the UAE alone. The company also has major farms in Tunisia, Armenia, Spain and Greece, with an overall production capacity of 12,000 metric tons. Mirak Group offers a variety of products, but specializes in strawberries and lettuce, of which an estimated 60% are sold in the local UAE market. The company uses greenhouses, hydroponics and aquaponics (a combination of aquaculture/raising fish and hydroponics). Production inside the UAE primarily takes place between December and May, with supply in all other months ensured through imports from Mirak's network of farms outside the country. The company does not specify its export markets but states worldwide coverage.

Domestic Fresh Produce Insights and Related Investments

Emirates Bio Farm LLC

Address of Headquarters	P.O. Box: 17786 Al Shuwaib, Al Ain Abu Dhabi, UAE
Phone number	+971 3 7838422
Email	info@emiratesbiofarm.com
Website	www.emiratesbiofarm.com

Emirates Bio Farm claims to be the largest private organic farm in the UAE, operating a 250,000-square-meter facility in Al Ain, a city in the eastern Region of Abu Dhabi. It claims a production capacity of 500 tons per day, which is used as local supply and for exports to international markets. Production comprises various herbs and vegetables. The farm also offers delivery services as well as a subscription-based farm box.

Badia Farms

Address of Headquarters	P.O. Box: 390394 Al Quoz Industrial Area I Dubai, UAE
Phone number	+971 4 339 7733
Email	info@badiafarms.com
Website	www.badiafarms.com

Badia Farms claims to be the first commercial vertical indoor farm in the GCC area. Use of the latest hydroponic technology is key to the company's year-round production of approximately 200 boxes of leafy greens. The company operates on 800 square meters in Dubai's industrial Al Quoz area and targets the large foodservice landscape in the UAE through its distributor, Classic Fine Foods.

Elite Agro LLC

Address of Headquarters	P.O. Box: 126836 Saih As Sidirah Road, Abu Dhabi, UAE
Phone number	+971 2-510-5000
Email	info@eag.ae
Website	http://www.eag.ae

Elite Agro LLC is a large producer and distributor of fruit and vegetables in the UAE. The company claims to be the country's largest grower of potatoes, with a production capacity of 20,000 metric tons per season. Other locally produced crops include onions, figs, tomatoes, cucumbers and bell peppers. Large greenhouse operations ensure production throughout the year. The company also has farms outside the country, mainly in Morocco, Serbia and Mauritania. In 2018, the Abu Dhabi Farmers' Services Center (ADFSC) and Elite Agro announced an agreement to support local produce: the ADFSC will supply Elite Agro with locally grown produce, including tomatoes, bell peppers and cucumbers, while Elite Agro will ensure distribution to key retailers, such as Spinney's, Carrefour, LuLu and Choithrams.

Al Rawafeed Holding

Address of Headquarters	P.O. Box: 94148, Sweihan Road, Abu Dhabi, UAE
Phone number	+9712 658 3654
Email	info@alrawafedholding.com
Website	www.alrawafedholding.com

Al Rawafeed Holding operates subsidiaries in the

Domestic Fresh Produce Insights and Related Investments

agriculture sector in the UAE, Serbia and Namibia. The Abu Dhabi-owned company claims its UAE farm to be the largest organic producer in the country. Currently operating 50 hectares of farmland, the company has plans to increase its operations to 1000 hectares in the coming three years. In 2016/2017, Al Rawafeed Agriculture UAE produced and distributed 1,600 tons of vegetables and herbs as well as 150 tons of fruit, comprising 35 different types.

Pure Harvest Smart Farms

Address of Headquarters	P.O. Box 39160, Al Khazna Tower, Al Najda Street Abu Dhabi, UAE
Phone number	M: +971 56 100 59 69 T: +971 2 418 760
Email	info@pureharvest.ae
Website	https://pureharvest.ae

Founded in 2016, the Pure Harvest smart farms start-up was able to secure US$4.5 million funding through various sources, including a government-backed fund, technology partners and angel investors such as Careem founder Magnus Olsson. The company's goal is to establish a high-tech commercial-scale greenhouse in Nahel and produce a variety of crops throughout the year. In autumn 2018, the company announced its first successful harvest of different tomato varieties, which were sold at major retailers, including Spinney's, Carrefour, Waitrose, Zoom, and Choithrams as well as a selection of hotels and restaurants. The company plans to expand within the UAE as well as Saudi Arabia in the coming years to increase its geographical reach and introduce a broader variety of vegetable and fruit types to its product portfolio.

Crop One Holdings Inc

Address of Headquarters	Dubai, UAE
Phone number	N/A
Email	N/A
Website	http://croponeholdings.com

US-based company Crop One Holdings and Emirates Flight Catering entered into a joint venture in 2018 to build the world's largest hydroponic farm in Dubai. The two companies agreed to invest US$40 million to build a vertical farm that will provide food for 105 airlines as well as 25 airport lounges. The vertical farm will be built on a 12,000-square-meter facility, the equivalent of 365 hectares of farmland and is supposed to produce a total of 6,000 pounds of leafy greens harvested daily. Crop One Holding opened an office in Dubai at the beginning of 2019 to support its local operation.

VII. Import Supply Chain Assessment

Being a country reliant on imports of fresh produce, a large number of importers can be found in the UAE. These importers specialize in fresh produce with adequate facilities throughout the country and/or within the numerous free-trade zones[12]. While the country is home to over 37 free-trade zones, the most important ones for fruit and vegetable trade are Jebel Ali Free Zone (JAFZA) in Dubai, Abu Dhabi Free Zone (ADFZA) and Hamriyah Free Zone in Sharjah. Most importers of fresh fruit and vegetables have a store in the Al Aweer Central Fruit and Vegetable Wholesale Market in Dubai. Al Aweer Central Fruit & Vegetable Market opened in 2004 and is the biggest fruit and vegetable market in the GCC. It includes an administrative block as well as wholesale and retail markets and is considered the heart of fresh produce trade in the UAE.

Below are profiles of three leading and renowned importers of fresh produce:

Fresh Fruits Company

Address of Headquarters	P.O. Box: 294040 Sheikh Mohammed Bin Zayed Road, Exit 52 Fruit and Vegetable Market, Dubai, UAE
Phone number	+971 4 302 0800
Email	info@freshfruitscompany.com
Website	http://freshfruitscompany.com/

Established in 1979, Fresh Fruits Company, headquartered in Dubai, is one of the leading players in the fresh fruit and vegetables business in the region. The company imports various products from South Africa, Latin America, the USA, Europe, Australia, New Zealand and Asia and covers a wide range of products, including all standard fruit and vegetables, such as apples, bananas, oranges, onions, potatoes and tomatoes as well as a range of exotic fruit and vegetables. Fresh Fruits Company represents a large number of globally renowned brand names, such as Chiquita, Pink Lady and Dole. It also supplies various clients in the wholesale and retail fresh produce industry, as well as leading HORECA names. Major clients include all leading retailers including Spinney's, Carrefour, the UAE's Cooperative Societies, Choithrams and Al Maya as well as important hotels, including the Jumeirah Group, Burj Al Arab, Emirates Towers and Jumeirah Beach.

[12] Free-trade zones in the UAE offer several advantages to companies, such as allowing companies to have 100% foreign national ownership, exemption from personal and trade taxes, easier recruitment processes, etc.

Import Supply Chain Assessment

Barakat Vegetables & Fruits Co LLC

Address of Headquarters	P.O. Box: 11286 Nadd Al Hamar, Dubai, UAE
Phone number	Dubai: +971 4 239 3333 Abu Dhabi: +9712 6733500
Email	info@barakatfresh.ae contact@barakatuae.ae
Website	https://barakatfresh.ae

Established in 1976, Barakat prides itself as being the most important supplier of fresh fruit and vegetables in the premium segment. The company focus on the HORECA channel, with a clear emphasis on upscale 5-star hotels and catering. The company also supplies rulers' palaces and UAE royalty as well as A-Grade supermarkets. Barakat has been present in the convenience segment since 1976, with a large range of not-from-concentrate juices, pre-cut salads, vegetable and fruit bowls as well as ready-made soups and lately ice cream and ice pops. Barakat imports from various countries around the world, including South Africa, the USA, China, various European countries and Australia, but also has a growing number of locally grown products from the UAE and the wider GCC area.

Nassar Al Refaee Trading Company (NRTC Group)

Address of Headquarters	P.O. Box 21802 Al Awir Central Market, Dubai, UAE
Phone number	Dubai HQ: +971-4-3201117
Email	Dubai HQ: cr@nrtcgroup.com Import Department: Mr. Adnan Nassar Al Refaee (adnan@nrtcgroup.com) Mr. Shihad Aboobacker (shihad@nrtcgroup.com)
Website	http://www.nrtcgroup.com

Nassar Al Refaee Trading Company (NRTC) is a leading importer and exporter in the region, headquartered in Dubai and with branch offices in Lebanon and Abu Dhabi. It has launched its business in 1973. The company supplies a wide spectrum of clients in the UAE, including HORECA, wholesale and retail as well as labor camps, hospitals, palaces and airlines. NRTC's product portfolio is therefore wide and includes all common fruit and vegetables as well as a selection of more exotic produce. The company offers also pre-cut vegetables and juices as well as an e-commerce platform with direct delivery services for consumers, including a range of pre-packaged boxes. NRTC sources fruit and vegetables from the Middle East, Africa, Australia, Europe, North America and South Asia. The company operates a large fleet of more than 300 vehicles calibrated to HACCP requirements, 35 international-standard cold storage units and has an overall cold storage capacity of 20,000 tons.

VIII. Trade Flow Assessment

Flow Of Fresh And Frozen Categories

Trade agreements impacting imports of fresh fruit and vegetables

The UAE's limited agricultural capacity and general concern about food security are the main drivers for its strategic goal to set up a network of suppliers from different countries. The growing number of trade agreements in place or under negotiation are important tools to implement this strategy. The most important trade agreement for the UAE is its membership in the Gulf Cooperation Council (GCC). The GCC acts similarly to the European Union, as a political and economic alliance with a unified set of regulations and import procedures. This includes a standard import duty of 5% on most goods and a 'single point of entry' system. Customs duties therefore only apply on non-GCC-produced products, and products imported into one country can be moved freely to another member state.

The GCC comprises Saudi Arabia, Kuwait, Bahrain, Oman and officially Qatar. The latter however is currently at the center of a diplomatic crisis, with several countries in the council (UAE, Bahrain and Saudi Arabia). Diplomatic and economic relations between the four nations came to a standstill in June 2017 and direct exports to Qatar from Bahrain, UAE and Saudi Arabia are currently suspended. Qatari planes, ships and trucks are restricted from crossing borders or enter the airspace and sea routes of these countries. A quick resolution to the conflict currently seems unlikely as does direct trade between the UAE and Qatar in the near future. Nevertheless, the remaining GCC member states still apply the regulations and decisions of the union, including free trade. Suppliers are therefore advised to invest in a GCC-wide strategy.

The UAE is also part of several multilateral and bilateral trade agreements, including WTO and Agreement on Trade and Tariffs (GATT) memberships, the Investment Framework Agreement with the US (TIFA), EFTA-GCC Free Trade Agreement, GCC-Singapore Free Trade Agreement (GSFTA) and Greater Arab Free Trade Area Agreement (GAFTA). The country is currently negotiating free trade agreements with the European Union, Mercosur, Australia, India, Pakistan, Turkey and many more.

Free-trade zones relevant to fresh fruit and vegetable imports

In addition to trade agreements to facilitate trade activities, free zones are another key characteristic in

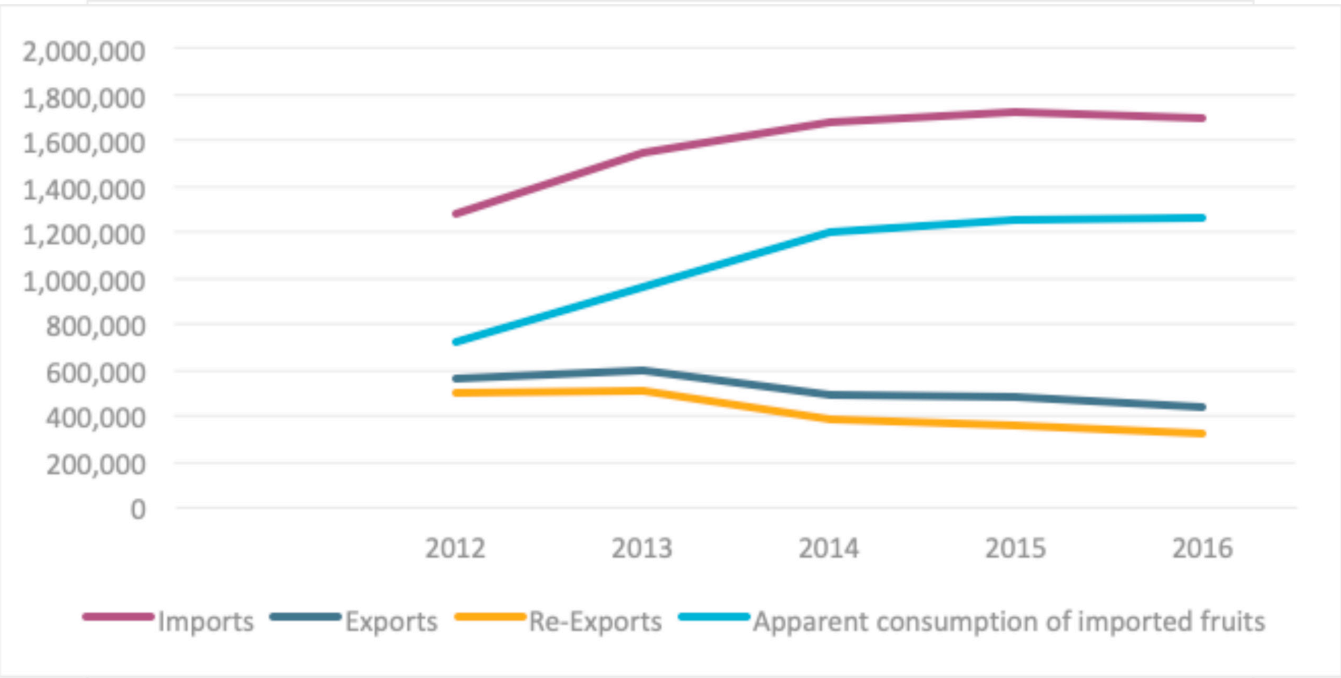
Trade Flow Assessment

the UAE. The country's numerous free-trade zones are regulated by independent free-trade zones authorities under the supervision of the respective emirate. Imports into free-trade zones cannot be consumed inside the UAE, as they are considered to be outside the country's customs territory even though they are part of the geographical territory. Goods imported into a free-trade zone are therefore either intended for re-export or have to go through an additional import procedure (similar to those from a foreign country). Key free-trade zones for fresh fruit and vegetable trade are Jebel Ali Free Zone (JAFZA) in Dubai, Abu Dhabi Free Zone (ADFZA) and Hamriyah Free Zone in Sharjah.

Fresh Fruit

Apparent consumption of imported fruit (imports minus exports) followed the course of overall economic development in the country, with strong growth between 2012 and 2014 and more stagnant development in 2015 and 2016. With agriculture playing a minor role in the country's economy, exports of fresh fruit mainly consist of re-exports as well as dates, the only domestically grown fruit with significant export rates. The reason for this is Dubai's role as a major trading hub between Europe, Asia, Africa and the Middle East.

Chart 10. Trade Flow of Fresh Fruit in Volume Terms 2012-2016 (metric tons)[13]

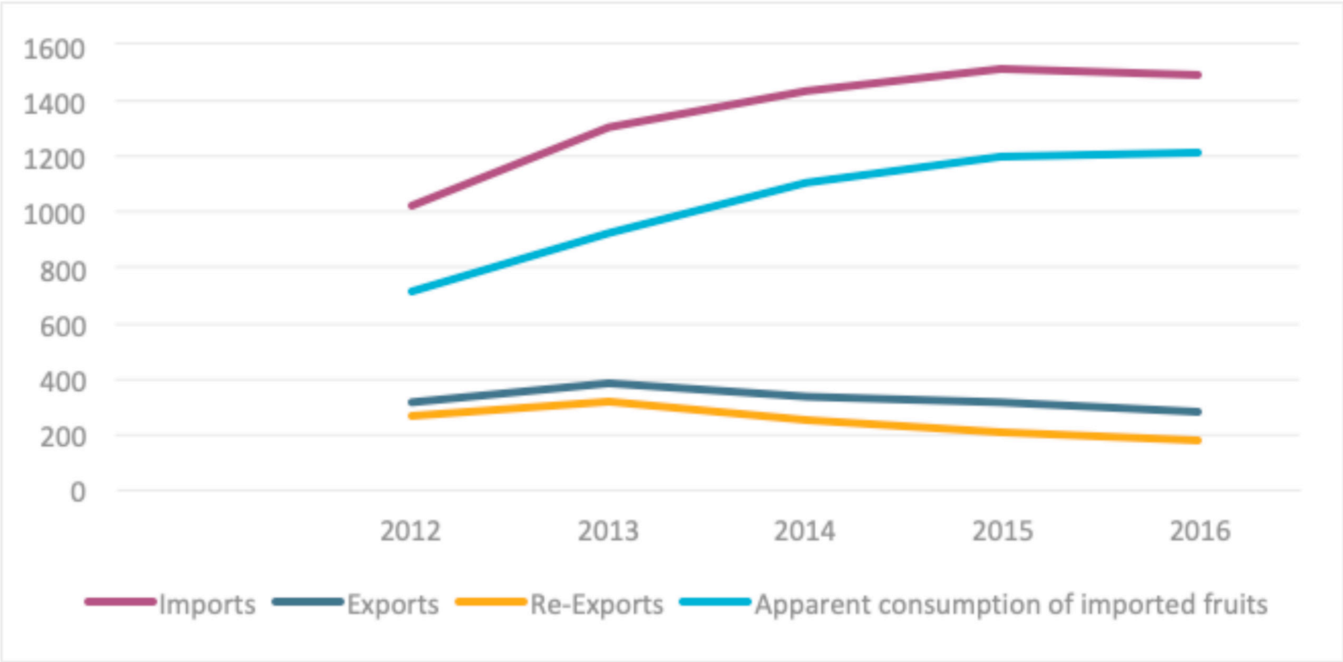


Source: Federal Competitiveness and Statistics Authority (FCSA)

[13] Export volumes include re-exports. On average re-exports accounted for 94% of UAE fresh fruit export volumes between 2012-2016.

Trade Flow Assessment

Chart 11. Trade Flow of Fresh Fruit in Value Terms 2012-2016 (US$ million)[14]



Source: Federal Competitiveness and Statistics Authority (FCSA)

Table 3 Top Ten UAE Re-Export Destinations For Fresh Fruit in Volume and Value (%) in 2016

Country	volume (%) fresh vegetables	Country	volume (%) fresh vegetables
India	35%	Oman	32%
Oman	34%	India	23%
Pakistan	8%	Iran	9%
Bangladesh	7%	Bangladesh	7%
Iran	4%	Afghanistan	5%
Afghanistan	2%	Maldives	4%
Somalia	1%	Pakistan	3%
Djibouti	1%	Djibouti	2%
Maldives	1%	Somalia	2%
Sudan	1%	Bahrain	2%

Source: Euromonitor International calculations based on UN Comtrade Database trade statistics

[14] Export values include re-exports. On average re-exports accounted for 95% of UAE fresh fruit export values between 2012-2016.

Trade Flow Assessment

Key subcategories of fresh fruit

As imports flow throughout the year, a wide variety of fresh fruit and their subcategories can be found in the market. Oranges and apples remained the most important fresh fruit imports over the years, as expatriates from all over the world enjoy them as part of their regular diet. They are also the most important juice flavors, therefore benefit from strong demand from the beverage industry. Bananas are similarly important as a fruit; they are regularly used as a cooking ingredient in several Asian and African cuisines. This also explains the presence of various banana types throughout the country, such as pisang awak bananas, fig bananas and red bananas. Mangos are very popular among Asian expatriates and an important ingredient in smoothies, salads and desserts. Watermelons are also among the top imports because they are popular among Arab expatriates, who often enjoy eating them with white cheese as a refreshing snack in hot weather.

Table 4. Top Ten Fruit Import Volumes in 2012-2016 (as % of Overall Fruit Imports)

Fruit	2012	2013	2014	2015	2016
Oranges	20%	18%	17%	17%	17%
Apples, Fresh	19%	16%	15%	15%	15%
Bananas, Fresh or Dried	3%	9%	9%	10%	11%
Watermelons, Fresh	12%	11%	12%	11%	11%
Lemons/Limes, Fresh/Dried	8%	7%	7%	8%	8%
Guavas, Mangos	8%	8%	7%	6%	7%
Mandarins, Clementines	6%	7%	8%	7%	6%
Grapes, Fresh	5%	4%	4%	4%	4%
Fruit, Fresh Nes[15]	3%	3%	3%	4%	4%
Pears, Fresh	1%	3%	3%	3%	3%

Source: Euromonitor International calculations based on UN Comtrade Database trade statistics

Key import countries for fresh fruit

The most important country of origin for fresh fruit in the UAE is South Africa. South Africa and the UAE have established a strong bilateral relationship, which has benefited trade in general and imports of South African fruit to the UAE specifically. Apples and oranges are two of the most important agricultural products available for export in South Africa and are popular in the UAE. South Africa is therefore benefiting from the UAE's demand-structure and the close economic relationship and trade infrastructure between the two countries. India and the Philippines, on the other hand, benefit from strong demand from expatriates for products from their respective home countries. Philippine expatriates for example like to buy fruit, such as pineapples and bananas from the Philippines, while Indian expatriates enjoy the availability of Indian mangos, grapes and citrus fruit. Egyptian imports include a variety of fruit, with citrus fruit such as oranges, being especially important. The country benefits from its close geographic proximity and large agricultural sector. Strong demand for apples also created an opportunity for the US, which was the third most important origin for fresh fruit imports to the UAE: apples constituted about 70% of overall US imports in this segment.

[15] Nes (not elsewhere specified) is used for items not mentioned elsewhere in the classification system

Trade Flow Assessment

Table 5. Major Source Markets of Fresh Fruit (as % of Overall UAE Fresh Fruit Imports)

Country	2012	2013	2014	2015	2016	Rank 2012-2016
South Africa	19%	19%	19%	17%	17%	1
India	9%	10%	10%	10%	11%	2
United States	9%	11%	10%	10%	6%	3
Philippines	5%	9%	9%	9%	8%	4
Egypt	7%	6%	6%	5%	6%	5
Australia	4%	4%	3%	4%	5%	6
Iran	4%	4%	3%	4%	4%	7
Spain	3%	3%	4%	4%	4%	8
Pakistan	3%	4%	4%	3%	4%	9
Italy	4%	3%	3%	3%	3%	10
Chile	5%	3%	3%	2%	3%	11
China	5%	4%	3%	2%	2%	13
Mexico	0%	0%	0%	0%	1%	32
Peru	0%	0%	0%	0%	1%	33
Canada	0%	0%	0%	0%	0%	46

Source: Euromonitor International calculations based on UN Comtrade Database trade statistics

Opportunities within fresh fruit

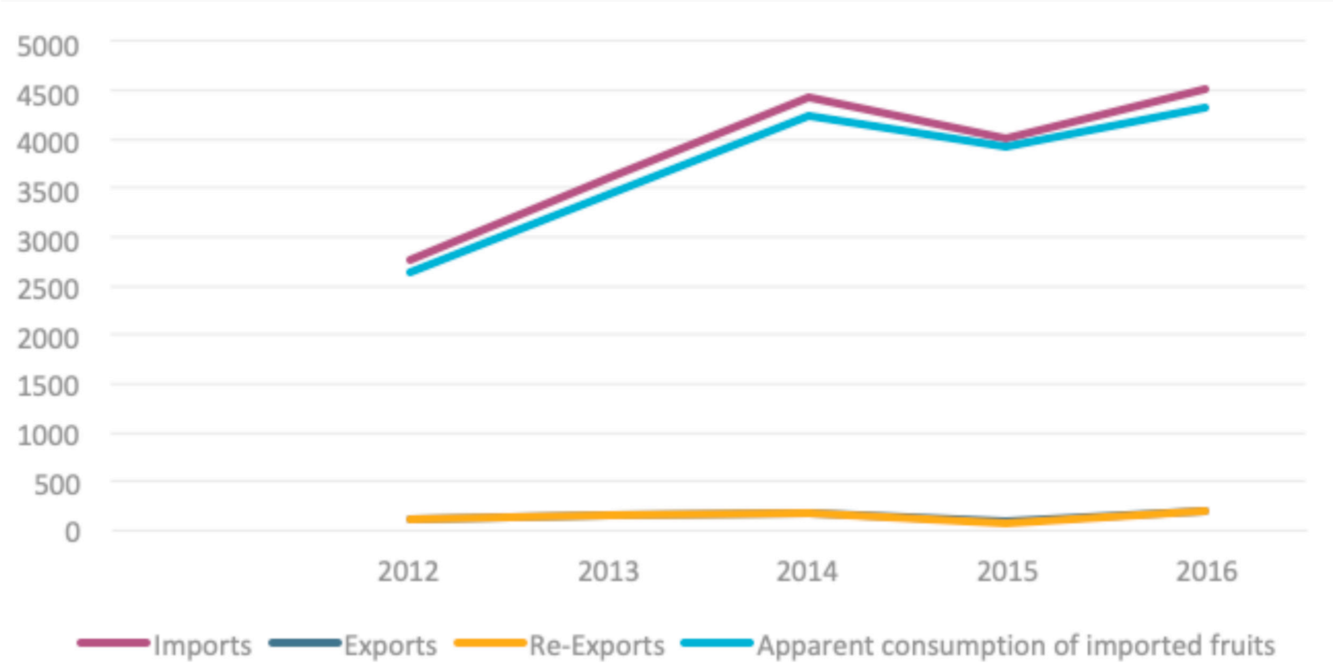
The fresh fruit sector in the UAE remains relatively stable and developments are less between categories than between price segments. So rather than switching from one type of fruit to another, consumers are switching from cheaper (discounted) to more expensive fruit or vice versa within the same type. However, positive developments in the country's economy are expected to boost demand for fruit with superior nutritional profiles, usually marketed as 'superfruit'. In line with global developments, berries are currently benefiting from their marketed health benefits. However, changing preferences among leading personalities within the global healthy eating community, such as bloggers, influencers and TV personalities are expected to have an impact on consumption patterns in the UAE, through their blogs and posts on social media discussing health benefits of food.

Frozen fruit

Imports of frozen fruit experienced a drop in 2015, in line with developments in the country's economy, especially the tourism sector. Currency devaluations in Russia, China and the EU had an immense impact on visitor numbers from Russia and China, while German tourists, the most important visitor group from Europe, shortened their average stay in the UAE, which had a strong impact on overall demand in the foodservice sector. The industry also suffered due to consumers further migrating to fresh food as an expression of increasing health awareness. Although import levels increased in 2016, and exports saw a further drop, overall consumption levels of imported frozen fruit remained below 2014 levels.

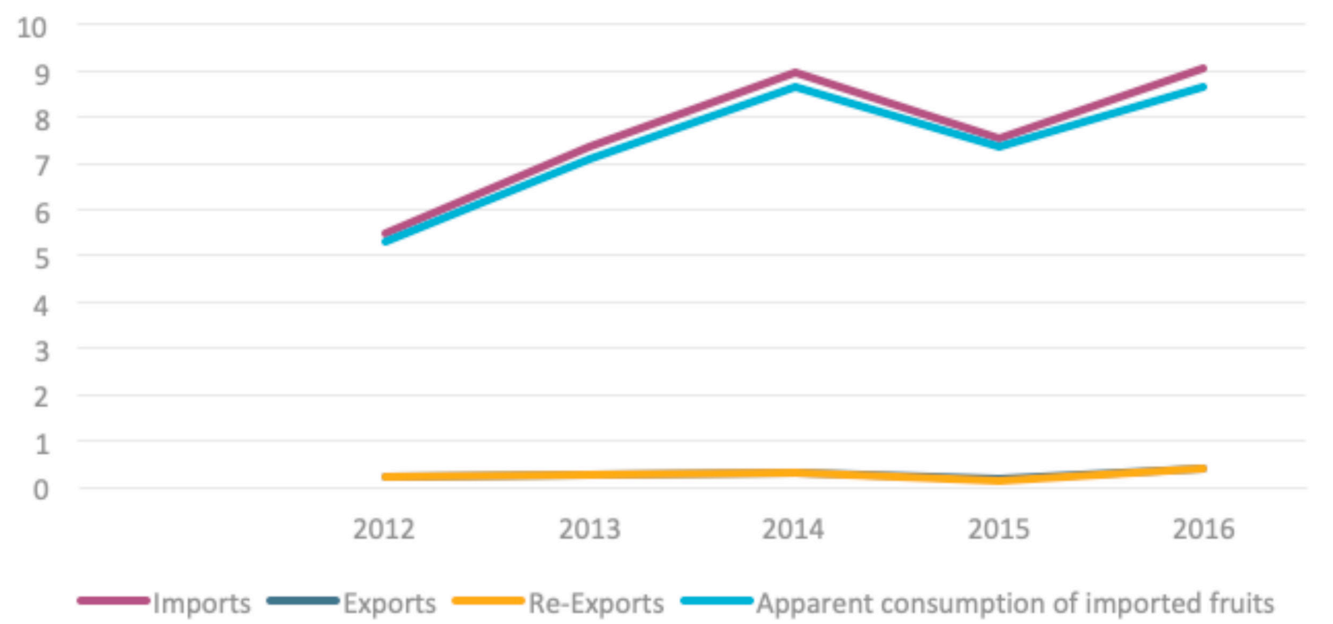
Trade Flow Assessment

Chart 12. Trade Flow of Frozen Fruit in Volume Terms 2012-2016 (metric tons)[16]



Source: Federal competitiveness and statistics authority (FCSA)

Chart 13. Trade Flow of Frozen Fruit in Value Terms 2012-2016 (US$ million)[17]



Source: Federal competitiveness and statistics authority (FCSA)

[16] Export volumes include re-exports. On average re-exports accounted for 96% of UAE frozen fruit export volumes between 2012-2016.
[17] Export values¬¬ include re-exports. On average re-exports accounted for 95% of UAE frozen fruit export values between 2012-2016.

Trade Flow Assessment

Table 6. Top Ten UAE Re-Export Markets For Frozen Fruit in Volume and Value (%) in 2016

Country	volume (%) frozen fruits
Iran	44%
Pakistan	20%
Libya	13%
Oman	8%
Kuwait	8%
Canada	3%
Qatar	2%
Seychelles	1%
Maldives	1%
Bahrain	1%

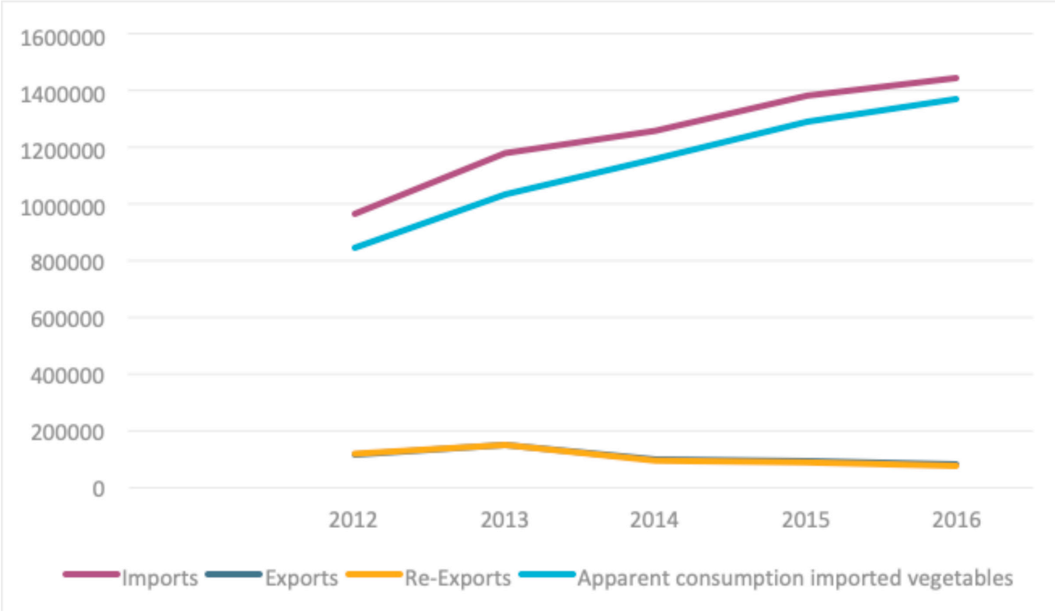
Country	volume (%) frozen fruits
Iran	29%
Kuwait	19%
Pakistan	17%
Canada	15%
Libya	9%
Oman	6%
Maldives	1%
Qatar	1%
Seychelles	1%
Djibouti	1%

Source: Euromonitor International calculations based on UN Comtrade Database trade statistics

Fresh Vegetables

Vegetable imports were less affected by the economic development of recent years compared to many other food categories. Alarming rates of diabetes, cardiovascular diseases and obesity led to growing health awareness, which in turn is benefiting this segment. The combination of growing import rates and slightly declining export rates therefore resulted in double digit growth for apparent consumption (imports minus exports/re-exports) of imported fresh vegetables. As vegetables cultivation remains niche in the UAE, all exports are basically re-exports, while locally produced vegetables are consumed by the domestic market.

Chart 14. Trade Flow of Fresh Vegetables in Volume Terms 2012-2016 (metric tons)[18]

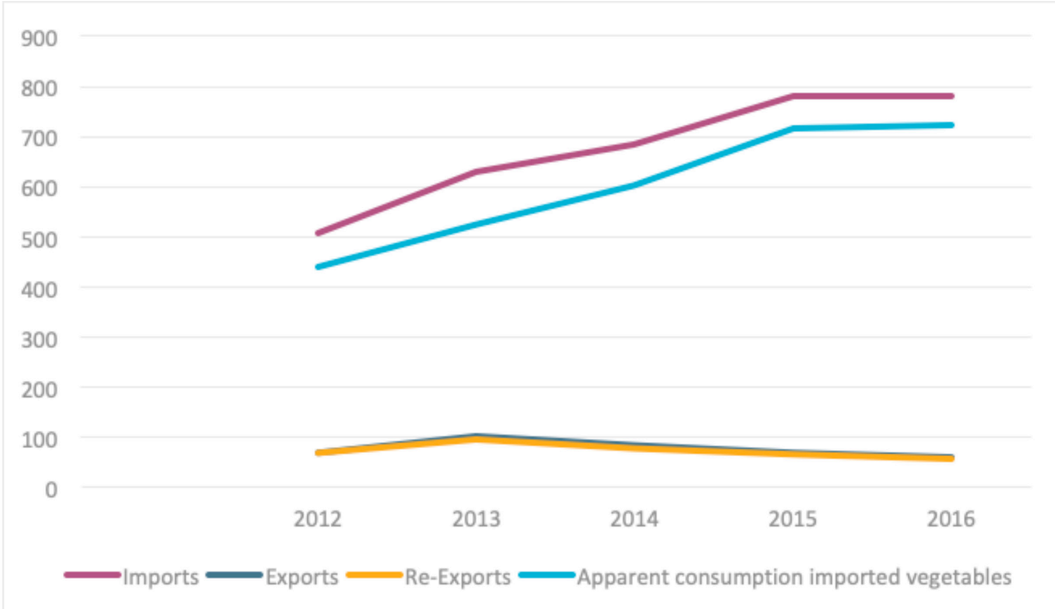


Source: Federal competitiveness and statistics authority (FCSA)

[18] Export volumes include re-exports. On average re-exports accounted for 99% of UAE fresh vegetable export volumes between 2012-2016.

Trade Flow Assessment

Chart 15. Trade Flow of Fresh Vegetables in Value Terms 2012-2016 (US$ million)[19]



Source: Federal competitiveness and statistics authority (FCSA)

Table 7. Top Ten UAE Re-Export Markets For Fresh Vegetables in Volume and Value (%) in 2016

Country	volume (%) fresh vegetables
Oman	79%
Afghanistan	7%
Iran	4%
Maldives	2%
Djibouti	1%
Japan	1%
Yemen	1%
Somalia	1%
Kuwait	1%
Ethiopia	1%

Country	volume (%) fresh vegetables
Oman	54.53%
Afghanistan	20.28%
Iran	6.44%
Maldives	3.99%
Japan	3.82%
Djibouti	2.76%
Somalia	1.39%
Azerbaijan	1.13%
Yemen	0.96%
Ethiopia	0.77%

Source: Euromonitor International calculations based on UN Comtrade Database trade statistics

Key Subcategories of Fresh Vegetables

The most important imports in terms of fresh vegetables are onions and shallots, potatoes, and tomatoes. Considered a staple by most Asian consumers and the base for most Indo-Pakistani dishes, demand for these categories is high through retailers as well as foodservice. Demand is therefore mostly driven by mass products offered at lower prices.

[19] Export values include re-exports. On average re-exports accounted for 94% of UAE fresh vegetable value exports between 2012-2016 .

Trade Flow Assessment

Table 8. Top Ten Vegetable Import Volumes in 2012-2016 (as % of Overall Vegetable Imports)

Vegetable	2012	2013	2014	2015	2016
Onions and Shallots	29%	28%	26%	26%	25%
Potatoes, Fresh	19%	18%	17%	17%	18%
Vegetables, Other, fresh or chilled	2%	12%	14%	15%	16%
Tomatoes, Fresh	17%	13%	14%	14%	13%
Carrots and Turnips	7%	6%	7%	7%	7%
Garlic, Fresh	4%	4%	4%	4%	4%
Peppers, Fresh	4%	3%	3%	3%	3%
Edible Brassicas Nes[20]	4%	4%	4%	4%	3%
Pumpkins, squash, fresh or chilled	1%	1%	1%	2%	2%
Cabbage Lettuce	3%	2%	2%	1%	2%

Source: Euromonitor International calculations based on UN Comtrade Database trade statistics

Key Import Countries of Fresh Vegetables

When looking at the top importing countries for vegetables, India ranks as the leader. India and the UAE have established a strong economic relationship and Indians are estimated to be the largest expatriate group by nationality residing inside the country. Furthermore, many Indian expatriates prefer to purchase produce from their home country. China, on the other hand, benefits from its increasing importance on a global level and relatively low-price levels in comparison with other source countries. Jordan, Iran, Egypt and Oman benefit from their close geographic proximity and popularity among Arabs and Iranian expatriates, who often prefer vegetables from one of these countries.

Table 9. Major Source Markets of Vegetables (as % of Overall UAE Vegetable Imports)

Country	2012	2013	2014	2015	2016	Rank 2012-2016
India	17%	19%	15%	17%	19%	1
China	17%	13%	14%	15%	19%	2
Jordan	14%	11%	12%	9%	9%	3
Netherlands	6%	7%	8%	7%	7%	4
Iran	5%	9%	6%	7%	7%	5
Egypt	3%	5%	7%	9%	5%	6
Oman	6%	7%	6%	5%	5%	7
Pakistan	2%	5%	6%	6%	5%	8
Australia	4%	4%	4%	4%	4%	9
Spain	2%	3%	3%	3%	4%	10
United States	2%	2%	2%	2%	1%	13

Source: Euromonitor International calculations based on UN Comtrade Database trade statistics

[20] Nes (not elsewhere specified) is used for items not mention elsewhere in the classification system

Trade Flow Assessment

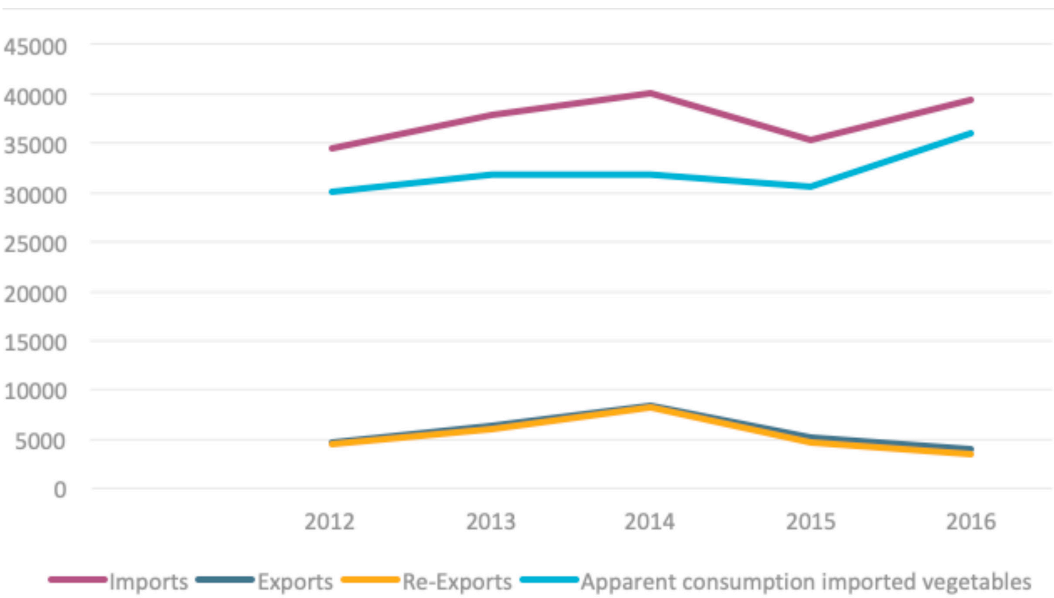
Opportunities within Fresh Vegetables

Good growth is expected for vegetables promoted through the global health community, such as kale and other leafy greens. Similar to developments in fruit, changing preferences on a global level are expected to have an immediate impact on consumption patterns in the UAE. This is further boosted by promotion of these vegetable types in the growing number of organic stores in the country.

Frozen vegetables

Similar to frozen fruit, frozen vegetables felt the impact of the economic slowdown and low flow in tourism starting from 2015. Import levels declined and even though exports also decreased, overall apparent consumption of imported products in 2015 remained below 2014 levels. Higher rates of apparent consumption in 2016 hint at industry recovery. Nevertheless, such fluctuating rates also indicate unexpected demand changes and possibly long storage of imported goods in 2014.

Chart 16. Trade Flow of Frozen Vegetables in Volume Terms 2012-2016 (metric tons) [21]

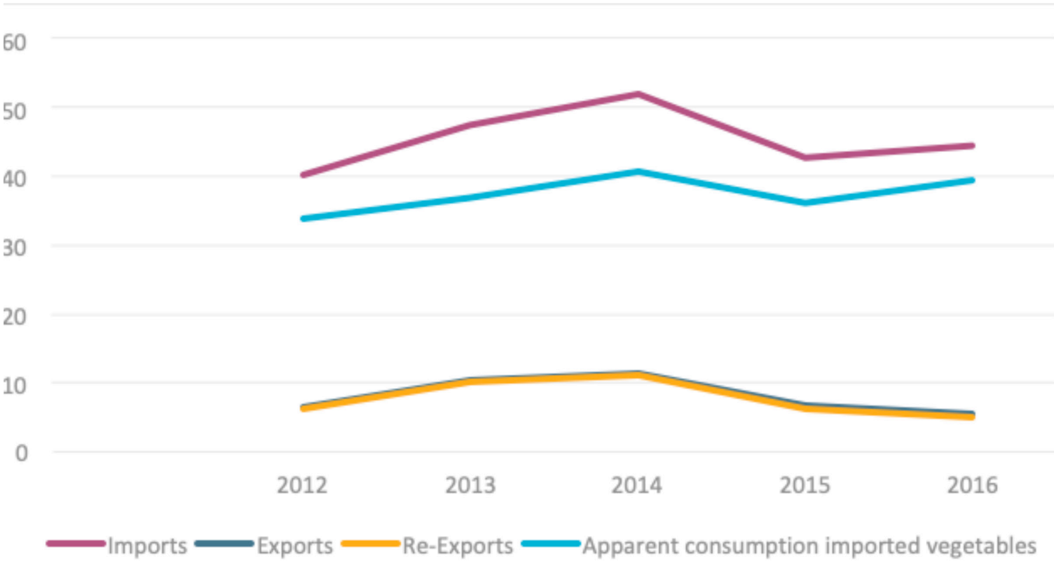


Source: Federal competitiveness and statistics authority (FCSA)

[21] Export volumes include re-exports. On average re-exports accounted for 92% of UAE frozen vegetable export volumes between 2012-2016.

Trade Flow Assessment

Chart 17. Trade Flow of Frozen Vegetables in Value Terms 2012-2016 (US$ million)[22]



Source: Federal competitiveness and statistics authority (FCSA)

Table 10. Top Ten UAE Re-Export Markets For Frozen Vegetables in Volume and Value (%) In 2016

Country	volume (%) frozen vegetables
Iran	16%
Iraq	16%
Seychelles	14%
Oman	12%
United Rep. of Tanzania	8%
India	8%
Afghanistan	6%
Qatar	4%
Djibouti	4%
Pakistan	3%

Country	volume (%) frozen vegetables
Iraq	24%
Seychelles	11%
Oman	10%
Afghanistan	10%
Iran	7%
India	7%
Pakistan	5%
United Rep. of Tanzania	5%
Maldives	4%
Djibouti	4%

Source: Euromonitor International calculations based on UN Comtrade Database trade statistics

[22] Export values include re-exports. On average re-exports accounted for 94% of UAE frozen vegetable export values between 2012-2016.

Trade Flow Assessment

Import Processes and Procedures

The UAE follows international standards in terms of import procedures, where requirements and processes are usually straightforward. There are however some additional requirements specific to food imports, including a health inspection at the port of entry, the provision of a health certificate and adherence to correct labeling standards.

Imports to the UAE are defined as the process of "bringing goods into the UAE from a foreign country, from one of the Emirates' free-trade zones or vice versa into a free-trade zone from a UAE onshore location". Importers need a valid trade license and must adhere to a clear set of regulations and requirements. The framework for this is set by the 'GCC Common Customs Law' and specified in the 'Unified Guide of Customs Procedures at GCC First points of Entry'. The guide lays down the general control mechanisms, required documents and procedures for different import and export procedures. These general regulations are valid for the whole GCC and only required at the first point of entry into the union. Trade between GCC member states is still registered through a statistical export declaration. In addition, exact import procedures and requirements differ by country, and inside the UAE by Emirate. The framework for food standards on the other hand is set by the Gulf Standardization Organization (GSO) of the GCC. The Ministry of Climate Change and Environment (MOCCAE) is responsible for food safety regulations and laws as well as their enforcement inside the country.

Free-trade zones are quite different. They are exempt from many requirements and regulations, including "first point of entry". They are not considered part of the GCC trade union. Items imported into one of the free-trade zones are therefore not subject to the full set of import requirements and regulations. However, imports to free-trade zones are not eligible for the local market and cannot be sold or consumed in the UAE, unless they are officially imported to the mainland.

This interaction between GCC regulations, federal and individual Emirati laws, as well as free-trade zone status, may appear complex and confusing at first, but is often standardized and straightforward. Furthermore, most procedures and requirements are easily organized and accessible online and can be adjusted to different needs. The Food Control department in Dubai, for example, allows importers to apply online for a delayed inspection in the premises (Deferred Inspection to Premises (DIP)), which is often used for large shipments with difficult to reach products. Local health officials often also permit the importation of food products with minor labeling infractions on a one-time basis.

Import procedures and government entities/ agencies involved in the process

Most supplies of fresh fruit and vegetables enter the UAE via sea, as shipment costs are low, while volume capacities are high. The major entry point for fresh fruit and vegetable imports remains Dubai, due to the importance of its Jebel Ali port, followed by Abu Dhabi and Sharjah. All Emirates have adapted slightly different import and food control procedures, while also having separate food control authorities, customs and service providers. Documentation requirements and general processes however are very similar.

Due to their importance, the import and food control procedures described in the following sections are specific to imports via sea to Dubai, being the main trade route and point of entry. An overview of the government entities and their responsibilities for Dubai, Abu Dhabi and Sharjah can be found in tables 5 and 6.

The land route to the UAE was interrupted by the closure of the Syrian-Jordanian border in 2015. However, the re-opening of this border in 2018 is expected to slowly restore trade via land, especially from Lebanon and Turkey. Imports via land can only be done through the Al Ghuwaifat/Batha border between

Trade Flow Assessment

Saudi Arabia and the Emirate of Abu Dhabi.

General import procedures

Import procedures can be done online, after registration with Dubai Customs via the www.dubaitrade.ae. This service is available to shipping agents, clearing agents and importers, but requires detailed information on the business itself, the user, the trade license, associated facilities as well as payment of AED100. Import procedures can also be done in person at Ports & Customs Documentation Centers.

Customs import declaration and clearance

Before fresh fruit and vegetables can be imported into the UAE, the supplier (exporter) has to forward the original bill of lading, the original commercial invoice, the certificate of origin and the packing list to the importer (a valid trade license holder in the UAE). At least 3-4 days before the scheduled arrival, the importer should approach the shipping agent to submit the original bill of lading and pay all remaining dues. The shipping agent issues a delivery order to the importer in return, which can be done online via www.dubaitrade.ae. The importer can then pay the port dues (DP World) and submit the import declaration application for UAE customs clearance online via www.dubaitrade.ae. The following documents are required:

1. Commercial invoice
2. Original certificate of country of origin
3. Detailed packing list

Custom fee payments can be made through a Customs Duty Credit (CDR) account or by credit or debit card (e-payment). After payment, the Customs Import Declaration can be printed (Bill of Entry).

VAT payments

The UAE introduced a Value Added Tax (VAT) of 5% in 2018, which also applies to imports of most goods, including fresh produce. VAT payments however differ between registered and non-registered companies. Import companies can voluntarily register for VAT if their annual turnover is between AED187,500 and AED375,000. For all companies with a turnover higher than AED375,000 registration is mandatory. A registered company accounts for the payment on their VAT returns via the reversed charge mechanism. Non-VAT registered companies are required to create an e-service account at the Federal Tax Authority website (https://eservices.tax.gov.ae) and pay VAT at the time of the import based on the customs import declaration.

Shipment arrival

Once the shipment arrives and is discharged by customs, the importer can nominate a registered transport company through the Haulier Nomination Service on www.dubaitrade.ae and generate an e-token. The website also provides status updates on the vessel's arrival and discharge. The e-token is required to enter the port and undertake the pick-up and transportation of the container in coordination with DP World, the port operator of Jebel Ali. Fresh fruit and vegetables are required to undergo a physical inspection by the Food Control Department before they are released. It is possible to apply for a Delayed Inspection in Premises (DIP) through FIRS. After pick-up and inspection, DP World provides an Equipment Interchange Receipt (EIR) for each container. A copy of the EIR has to be presented when exiting the port.

Trade Flow Assessment

Table 11. Government Entities and Their Import Functions

Geography	Government Entity	Function	Website
Dubai	Dubai Trade	Provides e-services regarding import and customs procedures, vessel arrival and transportation inside and from the seaport.	www.dubaitrade.ae/
Abu Dhabi	Department of Finance General Administration of Customs	Provides e-services regarding import and customs procedures.	www.auhcustoms.gov.ae
Sharjah	Sharjah Customs Department of Seaports and Customs	Provides e-services regarding import and customs procedures, vessel arrival and transportation inside and from the seaport.	www.sharjahcustoms.gov.ae
All Emirates	Federal Customs Authority	Develops nationwide customs policies and legislation, to be implemented and executed by the Emirate-specific custom authorities.	https://www.fca.gov.ae
GCC	GCC	Introduces and establishes GCC-wide standards concerning tariffs and customs.	www.gcc-sg.org

Source: Dubai Trade, Abu Dhabi Customs, Sharjah Customs, Federal Customs Authority, Secretariat General of the Gulf Cooperation Council

Food control procedures for fresh fruit and vegetables imports

Most food imports enter the country via Dubai, due to the importance of its Jebel Ali port in international trade and are therefore subject to the Dubai Municipality (DM) Food Control department's set of rules on food imports. Dubai is the only Emirate that requires registration and pre-approval of labels for all food products by the local health department.

Importer registration

Companies who want to import fresh fruit and/or vegetables through Dubai must register in the DM Food Import and Re-export System (FIRS), which can be done online, at www.dm.gov.ae. To register, a company needs a valid UAE trade license, either general or specifically eligible for food activities. During the registration process details of the trade license have to be input into an online form. Requested services must be specified as food control department and food import re-export services. The system will then create a username and password, which will be sent alongside a final form to the license holder via email. To finalize the registration, the form (filled, signed and stamped), username/password and the trade license must be brought to Karama Municipality Center. To use the account for imports a deposit of AED15,000 is required.

Registration of items and labels (Dubai-specific)

Food item and label registration via FIRS must be completed before the product can be imported and is therefore advisable to go through the procedure before the arrival of the shipment. This can be done by registered users via FIRS on the DM website. Food items are registered once through a barcode, although different packaging sizes of the same food item require separate registrations.

Trade Flow Assessment

New food labels and food label amendments need to be approved by the Food Studies and Planning office in Karama. The system requires users to upload a clear picture of the product and the label, followed by the payment of a AED7 fee per label. The approval should arrive after a maximum of five working days.

Untreated, fresh fruit and vegetables in the UAE are exempt from certain labeling requirements, applied to other food products. They must however contain the below information, which should either be in Arabic or include an approved sticker translating the food label into Arabic.

1. Brand Name
2. Product Name (a summarized description of the food product)
3. Name of the food manufacturer, packer, distributor or importer
4. Net weight or volume
5. The actual country of origin (political or economic unions, such as the EU are not considered a country of origin)
6. Product barcode
7. Storage conditions (if the safety and freshness of the product depend on such conditions).

Peeled, cut, pre-packaged or treated fruit and vegetables (especially when including more ingredients, such as pre-packaged salads) often fall under one or more of the regular labeling regulations. In addition to the above, these include:

1. Lot number
2. A list of ingredients that could cause hypersensitivity
3. Instructions for using the product (if required)
4. Optional display of nutritional information.

Food imports or food import for re-export requests

Food import or food import for re-export requests can be done by registered users through FIRS via the Dubai Municipality website. In addition to product specific details, the importer must provide the following information (if applicable): port of entry, air waybill no/bill of entry no, flight no, arrival date of the consignment and country of origin. FIRS automatically creates a reference number that will link the request with the shipment.

Inspection at the food trade section in the port of entry

Shipments of fresh fruit and vegetables first undergo a general inspection, which includes a physical check of the shipment and a detailed assessment of the accompanying documents. The importer must therefore provide the following documents related to the shipment:

5. Bill of entry
6. Delivery order
7. Detailed packing list
8. Original health certificate/Animal & Plant Health Inspection Service Phytosanitary Certificate
9. Other certificates might be required in case of international epidemics or for certain products/countries of origin (e.g. Free from radiation certificate for certain countries).

The general inspection is followed by a full inspection, which includes checking the individual products, all labels as well as random laboratory testing. Newly registered food items will be tested thoroughly through Dubai Municipality.

Trade Flow Assessment

Table 12. Government Entities' Food Control Import Functions

Geography	Government Entity	Function	Website
Dubai	Dubai Municipality Food Control Department	Responsible for setting food safety standards and import regulations as well as inspection of food imports. Food product and label registration for imports through FIRS.	www.dm.gov.ae
Abu Dhabi	Abu Dhabi Food Control Authority (ADFCA)	Responsible for setting food safety standards and import regulations as well as inspection of food imports	www.adfca.ae
Sharjah	Sharjah Municipality (Food Control Department)	Responsible for setting food safety standards and import regulations as well as inspection of food imports.	portal.shjmun.gov.ae
All Emirates	UAE Ministry of Climate Change and Environment (MOCCAE)	Establishes and enforces foodservice regulations and laws.	www.moccae.gov.ae
GCC	GCC Standardization Organization	Establishes GCC-wide food standards within the guidelines of the Codex Alimentarius, ISO and other international organizations.	www.gso.org.sa

Overview of required documentation

Foods, including fresh fruit and vegetables, fall under the same regulations as other imports and therefore require the standard set of documentation as well as an additional health/phytosanitary certificate to ensure that the product is fit for human consumption and is pest-free.

Trade Flow Assessment

Table 13. Required Documentation/Certifications for Fresh Fruit and Vegetables Imports

Document	Description
Trade License	Either a general trade license or a trade license specifically eligible for food activities.
Original Bill of Lading copies/ Original Air Waybill	A legal document between the shipper and the carrier with details about the type, quantity, destination of the goods being carried. For transportation via land, the transport company usually designs a bill of lading, as no standard document exists.
Delivery Order	A document from the shipping or airline agent to the importer, which orders the release of the cargo.
Commercial Invoice	From the exporter addressed to the importer with goods description, details of quantity, and total value of each imported item. Must be legalized. Legalization fee: 1% of consignment value.
Certificate of Origin	Approved by the Chamber of Commerce in the country of origin and legalized. Legalization fee is AED150.
Detailed Packing List	Information for each individual item in terms of weight, method of packing and the corresponding HS code.
Bill of Entry	Electronic document issued by customs with information on country of origin, source of shipment, type, cost.
Original Health Certificate/ Phytosanitary Certificate for Export of Plant and Plant products	Original health certificate issued by the governmental health authority of the country of origin/phytosanitary certificates to ensure that the consignment meets the phytosanitary import requirements.

Taxes and tariffs applied to fresh produce imports

Fresh fruit and vegetables are exempt from import duties, while roots and tubers with high starch or inulin content, such as sweet potatoes, arrowroots or manioc are subject to the general 5% tariff. All fresh fruit and vegetables are subject to 5% VAT since 2018 as per the table below (8)

Trade Flow Assessment

Table 14. Overview of Import Duties and Taxes for Fresh Fruit and Vegetable Imports

HS Code	Products	Duty Rate	VAT Rate
701-706	Potatoes, fresh or chilled, tomatoes, fresh or chilled, onions, shallots, garlic, leeks and other alliaceous vegetables, fresh or chilled, cabbages, cauliflowers, kohlrabi, kale and similar edible brassicas, fresh or chilled, lettuce (Lactuca sativa) and chicory (Cichorium spp.), fresh or chilled, carrots, turnips, salad beet-root, salsify, celeriac, radishes and similar edible roots, fresh or chilled, cucumbers and gherkins, fresh or chilled, other vegeta-bles, fresh or chilled	0%	5%
803-810	Bananas, including plantains, fresh or dried, dates, figs, pine-apples, avocados, guavas, mangoes and mangosteens, fresh or dried, citrus fruit, fresh or dried, grapes, fresh or dried, melons (including watermelons) and papaws (papayas), apples, pears and quinces, apricots, cherries, peaches (including nectarines), plums and sloes, Other fruit, fresh	0%	5%
714	Manioc, arrowroot, salep, Jerusalem artichokes, sweet potatoes and similar roots and tubers with high starch or inulin content, fresh, chilled, frozen or dried, whether or not sliced or in the form of pellets; sago pith	5%	5%

Regulations

The UAE's regulatory framework concerning food safety and imports is based on GSO/GCC standards. In the absence of such standards, the country recognizes International Standards such as Codex/EU/US standards. The table below lists the most important regulations concerning imports of fresh fruit and vegetables.

Trade Flow Assessment

Table 15. Important Regulations on Import of Fruit and Vegetables

Regulation	Description
GCC Gulf Standard – GSO 123/1990	General requirements for fresh fruit and vegetables
GCC Gulf Standard – GSO 124/1990	General requirements for fresh fruit and vegetables boxes
GCC Gulf Standard – GSO ISO 125/1990	Methods of sampling fresh fruit and vegetables
GCC Gulf Standard – GSO ISO 6661/2009	Fresh fruit and vegetables - arrangement of parallelepipedic packages in land transport vehicles
GCC Gulf Standard – e.g.: GSO 2298/2013 GSO/CAC 245/2008	Technical regulations by individual fruit or vegetable e.g. Fresh fruit & vegetables apple Fresh fruit orange
GCC Gulf Standard – GSO 9/2017	Labeling of prepackaged foodstuffs
GCC Gulf Standard – UAE MRL 1/2017	Maximum Residue Limits (MRLs) for pesticides in agricultural and food products
GCC Gulf Standard – GSO 2532/2016	Maximum limits of pesticides residues and contaminants in organic food
GCC Gulf Standard – GSO CAC GL 32/2008	Guidelines for the production, processing, labeling and marketing of organically produced foods
GCC: Common Customs Law of the GCC States	All GCC countries have adopted common customs laws which serve to unify customs procedures in all of the GCC Customs Administrations and enhance co-operation among member states
GCC: Guide for Control on Imported Foods	A framework of principles and regulatory requirements to be applied by importing (GCC) countries in assuring the safety and suitability of imported food
UAE: Federal Decree-Law No. (8) of 2017 on Value Added Tax	Introduction and implementation of 5% VAT in the UAE

Commentary on cultural norms for sales agreements and doing business in the UAE

Although the UAE is home to a multicultural society, the official national religion is Islam. The national religion influences the local culture, however, other cultures and religions are respected and can be practiced freely, making the UAE a multicultural and metropolitan country in the Middle East. For example, while modest clothes are appreciated, an Islamic dress code is not compulsory among residents. Furthermore, although Arabic is the official national language, English is widely accepted as the business language and most official documents are presented in both languages. Arabic speakers and bilingual business cards can be an advantage in certain situations, especially when dealing with public sector entities. While many dealings can be organized online, face-to-face meetings with important business partners or entities are often preferred, as emails and phone calls can be considered impersonal. The working week is Sunday to Thursday.

IX. Opportunities for US Suppliers

Mass produce, such as affordable onions, tomatoes and potatoes, is mainly imported from Asia and Africa. Suppliers from other regions often struggle to offer fruit and vegetables that can compete with prices offered by producers from Kenya, Egypt and India in particular.

While retail outlets remain an important recipient, these imports are also widely bought by smaller foodservice players. The country is home to a large segment of mainly independent full-service restaurants and fast food outlets catering to the demands of social classes E and D, primarily of Asian origin, by offering lower-priced traditional menu items. The most visible and regular consumers found there are male blue-collar workers living in shared accommodation. Price is a decisive factor for end-consumers and therefore similarly important when choosing a supplier.

The field of distributors and suppliers working in the low-cost segment is fragmented and competition is fierce. Many foodservice players buy directly from one of the country's wholesale markets, such as Al Aweer Central Fruit and Vegetable Market in Dubai. Even though demand for lower-priced fruit and vegetables is high, opportunities in this field require very competitive pricing, flexibility in terms of payments and a good knowledge of the market and demand-structure.

Therefore, when studying the long-term opportunities for US producers, these are more likely to be found within the significantly smaller premium segment. Many distributors and retail chains operate in the wider region and use the UAE as a base for re-exports, thereby offering additional sales opportunities to suppliers.

Established retail and foodservice chains as well as the large number of fine dining options require trustworthy suppliers who can deliver premium options in terms of selection and quality levels. Basic requirements for success within this segment can be summarized as follows:

1. Produce must be of superior quality in terms of taste and visual appearance
2. The supplier must adhere to delivery schedules and provide consistent quality
3. The supplier must offer prices that can compete with produce from Europe and Australasia.

The premium market is also more consolidated in terms of retailers and distribution companies who like to establish long-term relationships with reliable suppliers that can provide consistent high quality. Leading retailers include Carrefour, LuLu, Al Maya and the country's different Cooperative Societies, while

Opportunities for US Suppliers

Barakat and Fresh Fruits Company are important players within the fine dining field.

Another more recent field of opportunity lies in organic produce. The UAE government is actively supporting organic production in the country, which has led to broad availability in most retail chains throughout the country since 2016. Consumer awareness for this segment is growing in line. While importers would have to compete with an increasing number of domestically grown organic fruit and vegetables in winter, major opportunities arise during the hot summer months. When consumers within social classes A, B and C switch to organic produce, they are unlikely to return to industrially produced and non-organic fruit and vegetables. As local production is limited between May and November, increasing demand will need to be met through imports. Consumers often prefer products from developed countries, assuming that formal government ¬standards and regulations for certified organic farming are fully implemented and stricter than in developing countries.

X. Key Trade Associations and Trade Shows

Trade Associations

Trade associations and organizations specializing in fruit and vegetable trade have a limited presence in the UAE. However, local players in the fresh fruit and vegetables trade segment, especially distribution companies, have joined the Food and Beverages Manufacturing Business Group (FBMG). Established in 2012 under the patronage of the Dubai Chamber of Commerce, this group has become a major platform for companies working in the broader food and beverage (F&B) industry in the country. The association facilitates a platform for dialogue between the industry and the government and gives members an opportunity to connect, network and cooperate. For example, a 2018 initiative started a round of meetings and workshops with representatives and decision-makers of sub-sectors within the F&B field in an attempt to facilitate a collaborative network between all stakeholders.

The country is also home to a large number of country-specific business councils from around the world, similar to the US-UAE Business Council. They are usually registered by the local chamber of commerce and industry and recognized by the UAE authorities as the country's representative body in all business matters.

The main objective for these business councils is the provision of a platform to network, encourage and promote business in the UAE among their community. They usually organize events and activities to support local businesses owned by their respective citizens as well as trade between their country and the UAE.

The UAE has established itself as a major business hub in the region and solidified its positioning for trade shows and exhibitions. Venues like Dubai's World Trade Center offer fully equipped, state-of-art facilities and a safe and convenient environment for exhibitors. Another important country for trade fairs in the region is Saudi Arabia, which is often chosen due to the size of its domestic market. Both countries host a range of established annual trade shows with a focus on food, hospitality or agriculture. Below is a list of some of the leading trade shows.

WOP DUBAI (International Perishables Expo Middle East) - UAE

https://www.wop-dubai.com/

WOP Dubai is an annual event organized by Planet-Fair LLC Dubai and Messe Essen GmbH to give the

Key Trade Associations and Trade Shows

fresh produce industry a platform in the Middle East. The exhibition lasts for three days and attracts visitors from all over the world, from a variety of business segments and from all different stages of the fresh fruit and vegetable supply and retail chain. The main goal of the exhibition is to offer a platform for fresh produce industry players to showcase new products, network and connect. For example, producers have an opportunity to get in touch with potential distribution companies, importers or even directly with retailers.

In 2018, WOP was held simultaneously with the International Plants Expo Middle East (IPM Dubai) during a 3-day event. This event attracted participants from 40 countries, hosted a total of 213 exhibitors and attracted more than 6,000 visitors. In 2019, the WOP expo will be held from 9th to 11th December in Dubai's World Trade Center.

Gulfood - UAE

www.gulfood.com

Gulfood is the world's largest annual food and beverage trade show. The fair offers a platform to connect with other industry players, including distributors and retailers. It prides itself as a place where the latest innovations and developments are presented and explained. Gulfood is expected to see more than 5,000 exhibitors and 120 country pavilions in 2020 and expects more than 100,000 attendees from all over the world. The event will be held 16th-20th February 2020 in Dubai's World Trade Center.

SIAL Middle East - UAE

www.sialme.com

SIAL Middle East is an annual food, beverage and hospitality exhibition. The event attracts visitors and exhibitors from around the world and presents itself as a trade-friendly environment and a platform to find new strategic partners and network. In 2018, the event saw 1,089 exhibitors, over 40 country pavilions and attracted 28,324 trade attendees (including repeat visitors). In 2019, SIAL Middle East will be held 9th-11th December at Abu Dhabi National Exhibition Center (ADNEC).

Middle East Natural and Organic Products Expo - UAE

https://naturalproductme.com

Middle East Organic & Natural Products Expo is one of the largest international trade fairs in the Middle East for natural and organic products from different segments, including food and beverages, health and beauty and personal care. The event offers a platform to showcase new products and brands to the market as well as learn latest trends in the organic sector. It also offers an opportunity to connect with international and regional companies from different sectors. In 2018, the exhibition hosted 9 country pavilions and exhibitors from 55 countries. Furthermore, the organizers counted more than 6,000 trade visitors.

Global Forum for Innovations in Agriculture (GFIA) - UAE

http://innovationsinagriculture.com

The GFIA presents a platform for agricultural innovations and technology and an opportunity to connect and network with regional food producers, buyers, innovators, policy makers and investors. In 2018, the event saw over 6,000 attendees from 120 countries and more than 230 exhibitors. The event is scheduled for 1st-2nd April 2019 and is expected to choose a similar timing for its 2020 edition. The GFIA takes place in the Abu Dhabi National Exhibition Center.

Foodex Saudi – Saudi Arabia

www.foodexsaudi.com

Foodex Saudi is the largest international food and drink trade exhibition in the Kingdom. In 2018, the event featured 209 exhibitors from 32 countries, 14 country pavilions and attracted over 8,000 visitors. Visitors and exhibitors include wholesalers/importers, retailers, distributors, suppliers, caterers, hotels, restaurants, food service providers and investors.

Key Trade Associations and Trade Shows

While the event itself provides a good place to connect, network and discover the latest developments, it also features a "Business Matching Program", which is designed to organize and facilitate meetings with exhibitors on a more formal basis. Foodex Saudi is scheduled for the 11th-14th November 2019 in the Jeddah Center for Forums and Events in Saudi Arabia.

Saudi Food , Hotel & Hospitality Arabia (SFHH Arabia) –Saudi Arabia

http://sfhh-arabia.com

SFHH Arabia is an annual international trade show for Food, Beverages and Catering, Hotel Equipment, Supplies and Services. The event is designed to connect potential business partners and establish a platform to discuss customer requirements, meet decision-makers and increase brand awareness. Scheduled for 26th- 29th March 2019, the event is likely to be held around the same time in 2020.

Saudi Agriculture – Saudi Arabia

http://saudi-agriculture.com

This event is the largest specialized B2B exhibition in the agricultural sector in the region and offers an opportunity to connect with international companies, major investors and traders. It also offers a platform to network with officials and decision-makers from the public and private sectors from all over the world. In 2017, the event featured around 350 exhibitors, 9 country pavilions and attracted over 12,000 visitors. The next Saudi Agriculture event is scheduled for the 21st-24th October 2019 in the Riyadh International Convention and Exhibition Center.

HORECA – Kuwait – Saudi Arabia – Jordan - Lebanon

http://sfhh-arabia.com

HORECA is the biggest annual hospitality exhibition in the region. The event series is held annually in different locations throughout the Middle East and is considered an essential business meeting place for the hospitality, foodservice and beverage industries. The events offer an opportunity to showcase products and services and bring together international chefs, experts, restaurateurs, producers and distributors from around the world.

Event Location	Date 2019	Description	Website
Horeca Kuwait Kuwait International Fair	14th - 16th January	Kuwait's largest event for the hospitality and food industry: • Approx. 90 exhibitors • Approx. 7,000 visitors	horeca-kuwait.com
Horeca Lebanon Seaside Arena Beirut	2nd - 5th April	Most important business meeting place for the hospitality and food industry in Lebanon: • Approx. 350 exhibitors • Approx. 18,000 visitors	horecashow.com
Horeca Jordan Amman (venue pending)	15th - 17th October	Most important exhibition for the hospitality and food industry in Jordan: • Approx. 120 exhibitors • Approx. 9,500 visitors	horeca-jordan.com
Saudi Horeca Riyadh International Convention & Exhibition Center	26th - 28th November	Most important business meeting place for the hospitality and food industry in KSA: • Approx. 340 exhibitors • Approx. 32,000 visitors	saudihoreca.com

XI. Sources

Category	Name	Website (if applicable)
Trade Press	Arabian Business	www.arabianbusiness.com
	Arabian Business	www.arabianbusiness.com
	The National	www.thenational.ae
	Gulf News	https://gulfnews.com
	Trade Arabia	www.tradearabia.com
	Emirates 24/7	www.emirates247.com
	Fructidor	www.fructidor.com
	Food Navigator Asia	www.foodnavigator-asia.com
	International Trade Middion- Trade Mission to the UAE	www.dubaitrademission.org
	The Pro Chef Middle East	www.theprochefme.com
	Zawya	www.zawya.com
	Fresh Plaza	www.freshplaza.com
	Fin 24	www.fin24.com
	All Africa	ttps://allafrica.com
	Khaleej Times	www.khaleejtimes.com
	Eater	www.eater.com
	SF Gate	www.sfgate.com
	GMI Blog	www.globalmediainsight.com
	Emirates News Agency	http://wam.ae
Official Sources	Food and Agriculture Organization of the United Nations (FAO)	http://www.fao.org
	UN Comtrade Database	https://comtrade.un.org/
	Federal Competitiveness and Statistics Authority	http://fcsa.gov.ae
	Unified Guide for Customs Procedures at First Point of Entry into the Member States of the Cooperation Council For the Arab States of the Gulf (GCC)	
	GCC Guide for Control on Imported Foods	

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Official Sources	GSO (GCC Standardization Organization)	www.gso.org.sa
	UAE Imports and Exports Guide (United Arab Emirates Ministry of Economy)	http://www.economy.gov.ae
	UAE Government	www.government.ae
	United Arab Emirates Ministry of Climate Change & Environment (MOCCAE)	www.moccae.gov.ae
	Federal Customs Authority	www.fca.gov.ae
	Dubai Municipality (Government of Dubai)	www.dm.gov.ae
	Dubai Chamber of Commerce and Industry	www.dubaichamber.com
	ADFCA (Abu Dhabi Food Control Authority)	www.adfca.ae
	Sharjah Customs	www.sharjahcustoms.gov.ae
	Sharjah City Municipality	https://portal.shjmun.gov.ae
	Department of Agriculture Cooperation and Farmers Welfare (India)	http://agricoop.nic.in
	Ministry of Agriculture -Government of India	http://agritrade.iift.ac.in
	Export.gov (US)	www.export.gov
	Gov.uk (UK)	www.gov.uk
	Flanders Investment & Trade	www.flandersinvestmentandtrade.com
	Saudi Exports (Saudi Exports Development Authority)	www.saudiexports.sa
	Dubai Trade	www.dubaitrade.ae
Company Sources	Department of Finance General Administration of Customs	www.auhcustoms.gov.ae
	Dubai Forum	http://dubaiforum.me
	Fresh Fruits Company	http://freshfruitscompany.com
	Carrefour SA	

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Company Sources	Consumer Co-operative Union (CCU)	Dubai: www.unioncoop.ae Abu Dhabi: www.abudhabicoop.com Sharjah: https://www.shjcoop.ae
	Lulu Group International LLC	www.lulugroupinternational.com
	Al Maya Group	www.almaya.ae
	Spinneys Group Ltd	www.spinneys-dubai.com
	Chili's	www.chilis.com
	Pizza Hut	www.pizzahut.ae
	Hatam	
	Nando's	www.nandos.ae
	Karachi Darbar	www.karachidarbargroup.com
	McDonald's	www.mcdonalds.com
	Kentucky Fried Chicken (KFC)	https://uae.kfc.me/
	Burger King	https://burgerking.me/
	Subway	www.subway.com
	Tim Hortons	www.timhortonsmena.com
	Kcal	https://kcallife.com
	Right Bite	www.rightbite.com
	Mirak Group	www.mirakgroup.com
	Emirates Bio Farm LLC	www.emiratesbiofarm.com
	Badia Farms	www.badiafarms.com
	Elite Agro LLC	www.eliteagro.ae
	Al Rawafeed Holding	www.alrawafedholding.com
	Pure Harvest Smart Farms	https://pureharvest.ae/
	Crop One Holdings Inc	http://croponeholdings.com/
	Barakat Vegetables & Fruits Co LLC	https://barakatfresh.ae/
	Nassar Al Refaee Trading Company (NRTC Group)	www.nrtcgroup.com
Other Sources	WOP Dubai (International Perishables Expo Middle East)	www.wop-dubai.com https://ipm-dubai.net
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	Saudi Food, Hotel & Hospitality Arabia (SFHH Arabia) –Saudi Arabia	http://sfhh-arabia.com
	Saudi Agriculture – Saudi Arabia	http://saudi-agriculture.com
	HORECA – Kuwait – Saudi Arabia – Jordan - Lebanon	horeca-kuwait.com horecashow.com horeca-jordan.com saudihoreca.com
	Dubai's Agricultural Sector Overview (Report by Emirates NBD)	www.emiratesnbd.com
	The Economist Intelligence Unit (EIU)	www.eiu.com
	Dubai World Trade Center	www.dwtc.com
	Eurofresh Distribution	www.eurofresh-distribution.com
	Best Food Importers	https://bestfoodimporters.com
	Euromonitor International Passport Database and website	www.portal.euromonitor.com