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F2F Health Matters

F2F Health Matters: International development of innovative European healthy food, and sustainable bio-based techno-functional ingredients and solutions, and bio-solutions in new global markets

D1.6 Country analysis - United Arab Emirates

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Abbreviations and Acronyms

AED	United Arab Emirates Dirham
CAGR	Compound Annual Growth Rate
ESMA	Emirates Authority for Standardization and Metrology
FAO	Food and Agriculture Organization
FCA	Federal Customs Authority
FIRS	Dubai Municipality's Food Import and Re-Export System
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GI	Government Issue
HPAI	Highly Pathogenic Avian Influenza
ICPR	International Centre for Patent Registration
IT	Information Technology
MENA	Middle East and North Africa
MOCCA	Ministry of Climate Change and Environment
UAE	United Arab Emirates

Executive summary

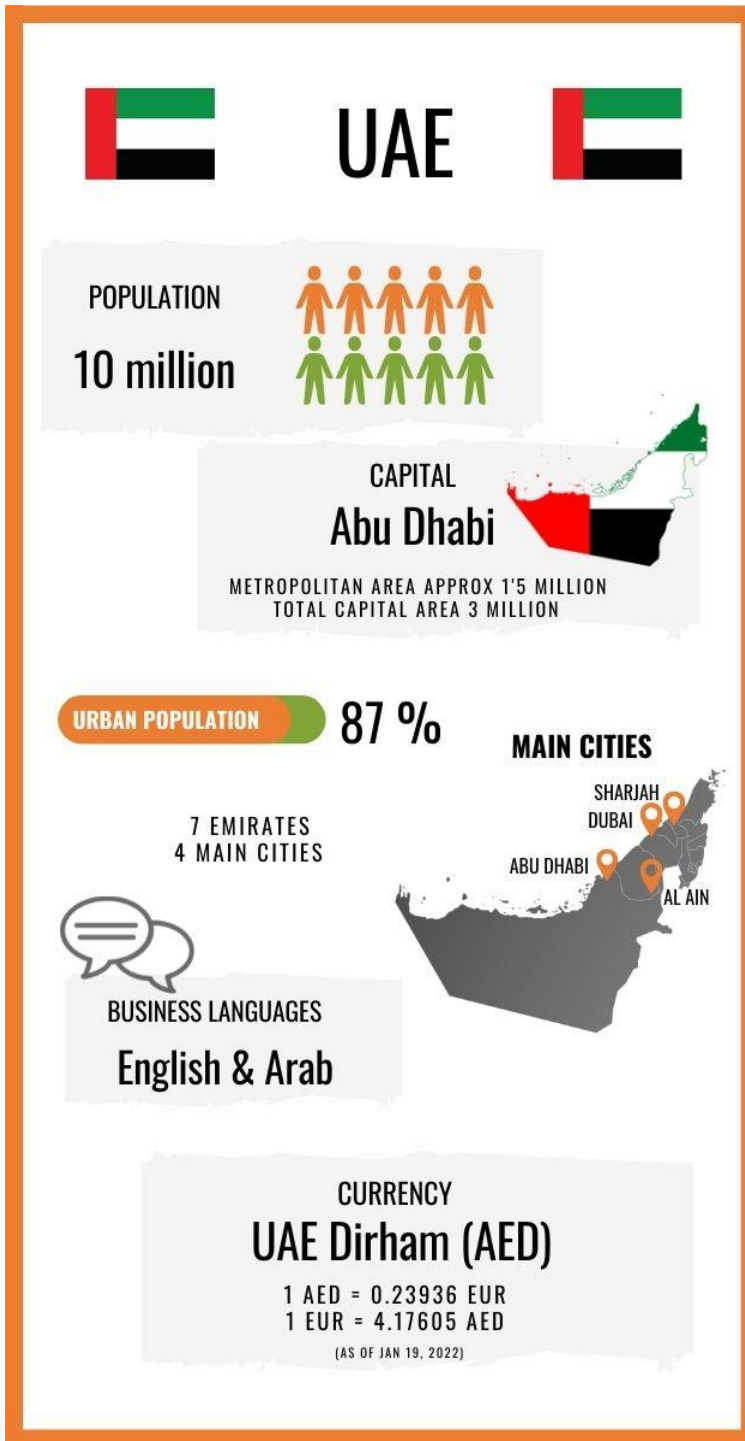
This document provides information about the United Arab Emirates market and the opportunities for EU companies in the healthy food and bio-solutions sector.

To this end, the report firstly provides a market overview of United Arab Emirates, in which the economic data of the country is studied. It also shows relevant information about the food and beverage industry in the market.

To provide more information, it analyses the trade relations and trade agreements that exist between United Arab Emirates and the EU, providing, based on this data, information on the information and requirements necessary to export to the Middle East country (entry barriers, documentation, risks, etc.).

Finally, the report includes trends on healthy and bio-based sustainable solutions (including food) in the market, and a study about Emiratis consumers.

1 Market overview



United Arab Emirates (UAE) is a country located in the Arabian Peninsula. The total population of the country was 9 890 400 inhabitants in 2020. The vast majority of the population of the UAE lives in urban areas (87,05%).

The UAE is bordered by Saudi Arabia in the south and west, Oman in the east and northeast and by the Persian Gulf in the north.

The country is a federal presidential elective constitutional monarchy, formed from a 7 emirates federation: Abu Dhabi, Dubai, Ajman, Fujairah, Ras Al Khaimah, Sharjah, and Umm Al Quwain. Each emirate is ruled by a *Sheikh*. Together they form the Federal Supreme Council. The President of the UAE is the Sheikh of Abu Dhabi, Khalifa bin Zayed Al Nahyan.

The Emirate of Abu Dhabi is where the capital of the federation is located. Other relevant cities in the Emirates are Dubai (the most populous city in the country and an important trading hub), Sharjah and Al Ain.

The majority and official religion in the UAE is Islam (around 74% of the population is Muslim), followed by others like Christianity (14%), Hindus (8,65%) or Buddhists (2,2%).

The UAE is a member of the Cooperation Council for the Arab States of the Gulf (known as Gulf Cooperation Council or GCC), a regional, political, economic, and intergovernmental union formed by 6 countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates). The country is member of other relevant international institutions such as the United Nations, the World Bank, the International Monetary Fund, and the World Trade Organization, among others.

1.1 Economic data

Table 1. Economic Data - United Arab Emirates Market 2020

ECONOMIC DATA (2020)	
Population	9 890 400
Population growth (annual)	1,2%
GDP (M.€)	314 191
GDP growth	-6,1%
GDP per capita (€)	33 850
GDP per capita growth	-7,3%
Inflation rate	-2,1%
Current account balance (Million USD)	20 985 (3,1% GDP)
Total debt (M.€)	100 949 (27,09% GDP in 2019)
Exports (M.€)	268 260,4 (85,38% GDP)
Imports (M.€)	198 185,1 (63,08% GDP)
Trade balance (M.€)	70 075,3 (22,3% GDP)
Gini Index	26,0
LABOUR MARKET	
Unemployment rate	5,0%
Minimum wage (€/month)	In UAE there is no mandatory minimum wage, but it is expected to be imposed in 2022. The average wage is about 2 700 EUR

The UAE has experienced a tremendous development since its foundation due to the discovery of oil and natural gas in its waters and land. Nowadays the country has a solid position among the wealthiest countries worldwide.

The economic growth is reflected in the GDP of the country, which skyrocketed from 14 721 billion USD in 1975 to 358 869 billion USD in 2020. However, the GDP decreased by -6,1% in 2020 due to the effects of the Covid-19 pandemic in the Emirati economy. The Central Bank of the UAE's projects the country's economy will expand 2,1% in 2021 and 4,2% in 2022.

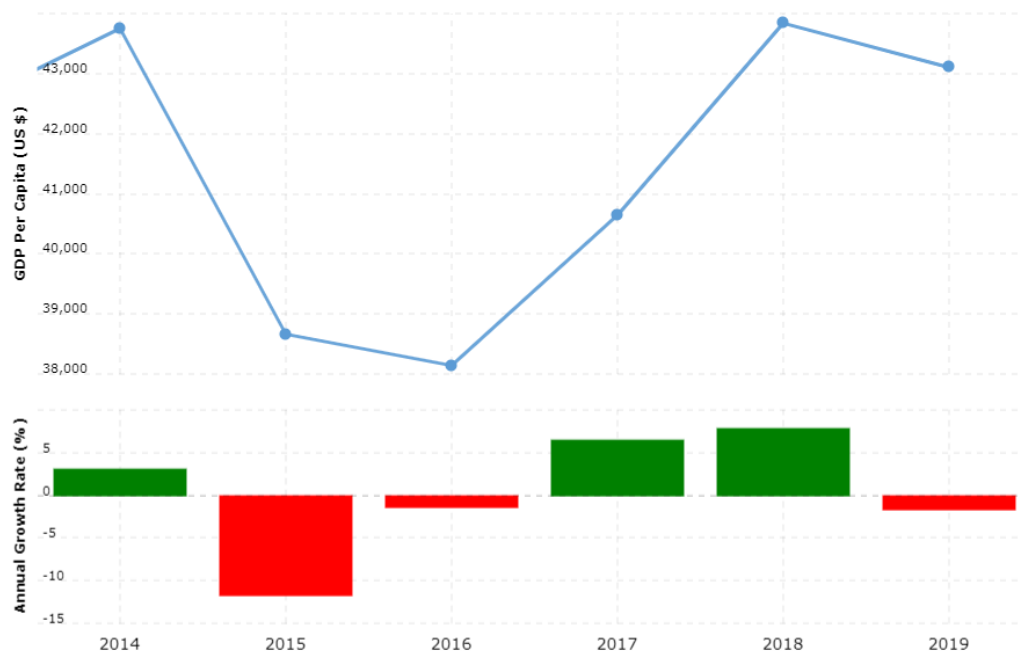
The United Arab Emirates is heavily dependent on oil and natural gas, which accounted more than 50% of its GDP in 2019. The country is among the top exporters of oil and gas worldwide. Other sectors are also relevant in terms of percentage of the GDP like construction (9,92%), finance and insurance (6,72%), and manufacturing industry (5,97%).

The UAE is attracting new investment in several new sectors to diversify its economy, gain resilience and become an innovation hub for advanced technology industry.

In terms of GDP per capita, the UAE is ranked among the top 25 countries worldwide with 33 850 EUR in 2020. The Gini Index of the country in 2020 was significantly low, however, according to the World Inequality Database, the bottom 50% of the population in terms of income constitute the 5,8% of total income, while the top 1% of the citizens make up about 22,8% of total income in the UAE.

The UAE had one of the lowest unemployment levels worldwide in the last two decades, with an average of 2,33% from 2000 to 2019. Due to the effects of the Covid-19 pandemic the unemployment rate reached 5% in 2020.

Figure 1. Evolution of GDP and GDP per capita in United Arab Emirates (2014 - 2019)



SOURCE: MACROTRENDS

1.2 Agri-food and beverage industry in UAE

Agriculture absorbs 60% of the UAE's water resources, but accounts for less than 1% of the country's GDP. Water scarcity, urbanisation, desertification and industrialisation mean that agricultural land is very limited. The available fertile land area in the UAE is 0,41% of the country's total land area and more than half of the country's arable land is unused. Abu Dhabi is the emirate with the largest concentration of arable land (78%), with the Al Ain area having the greatest diversity of crops produced by modern agricultural methods and technology.

Therefore **UAE relies heavily on imports of agri-food and seafood products to meet domestic demand** (due to its extremely hot climate and the high salinity of its scarce water resources). As a result, about **90% of the food consumed in the country is imported**. At the same time, the country is an important re-export market for other countries in the region, with up to half of the food products imported into the UAE being re-exported out of the country.

Different factors have been boosting the consumption of food in the region over the last few years, such as the high level of disposable income, the rising of the tourism, the growing population and evolving consumer preferences.

However, the Covid-19 pandemic had a great impact in tourism and HORECA, opening new opportunities like online food deliveries but causing immense damage to the sector with the restrictions on restaurants.

The Emirati diet is based mainly on grain (specially rice), dairy, meat (chicken and small fowl, goat and camel mainly) and some vegetables that are not difficult to grow like tomatoes or

cucumbers. Other ingredients like dried lemons called “loomi” are also used in several dishes of the local gastronomy.

Regarding local production, the main domestic crop in the UAE are dates, followed by fresh vegetables. Animal domestic livestock, goats, sheep and chickens represent 88,7% of the local production, while camels and cattle represent 11,3% combined.

The top global partner for food and beverages is India, followed by the United States of America and Saudi Arabia. **The main EU supplier of the UAE in this category is France.** In 2020, the top food and beverages products exported to the UAE were milled rice, canola seeds, food preparations, and cigarettes.

The EU has a positive trade balance with the UAE, mainly due to the fact that the country has limited food production and is highly dependent on foreign trade to meet the local demand of agri-food and beverages.

Recent years have seen an expansion of food retailing driven by hypermarkets, supermarkets, grocery shops, online retailing, home delivery services and customer loyalty programmes.

Hypermarkets are the most popular retail sector among consumers due to discount and promotional programmes. However, online retailing is showing significant growth, especially after COVID-19.

In 2019, the UAE had 568 food and beverage processors. These factories produce 5,96 million metric tons of food and beverage products annually. This sector relies heavily on imported products and ingredients and plays an important role in the government's efforts to improve food security and self-sufficiency in commodities (dairy products, pulses, nuts, cooking oil, dates, poultry and eggs, fish, sugar, tea, baby food, wheat, rice, coffee, fresh meat, fruits and vegetables).

Some locally produced foods are of very high quality with competitive prices compared to imported products.

There are a wide range of varied international ingredient needs due to income differences between lower and higher income earners in the UAE, as well as the wide diversity of ethnic groups.

In 2019, imports of bulk and intermediate agricultural products amounted to 2,5 billion USD and included: dextrins, peptones, proteins, vegetable oils, sugars, sweeteners and beverage bases, soybean oil, essential oils, and ground grains and products.

Despite its dependence on imports of all types of food, **the agri-food sector in the UAE is a mature and highly competitive sector.**

1.3 Opportunities for agri-food and beverage industry in the UAE market

The UAE remains the region's most attractive market for food and beverages.

Health, taste, nutrition, convenience and online shopping are becoming the new drivers of the food industry in the UAE and the MENA region.

UAE presents great opportunities for the agri-food products from the EU. The foodservice market in the Emirates is expected to grow at a 5,22% CAGR between 2021 and 2026. This is caused by the lack of recreational alternatives in the country (leading to the population spending more time in foodservice outlets with friends and family), and other aforementioned factors such as high disposable income, rising tourism or the constant evolution of consumer trends.

In the last decades, the UAE went through a quick urbanization process in certain areas such as Dubai or Abu Dhabi. As a result, people's lifestyle in the Emirates has evolved as fast as the area, changing the food and beverage offer in the country completely.

During the pandemic, **there was a push to buy private labels**, because they were the products least likely to run out of stock. Thus, private label is likely to gain traction during the forecast period due to its favourable prices and good quality. The current private label range is still limited in the UAE and is expected to expand. In addition, people with high purchasing power bought **premium products** such as premium water, high-quality meat cuts, chocolate and premium snacks.

Clean and ethical eating is a trend to follow in the Emirates, since the consumers are more aware of the environmental and health risks. This can **open new opportunities for products such as fruits, vegetables, or dried fruits from the EU, especially those from ecologic crops**.

Sustainable products and packaging would also help to penetrate the Emirati market, those companies that have already implemented this kind of measures have bigger chances in the UAE than those that haven't.

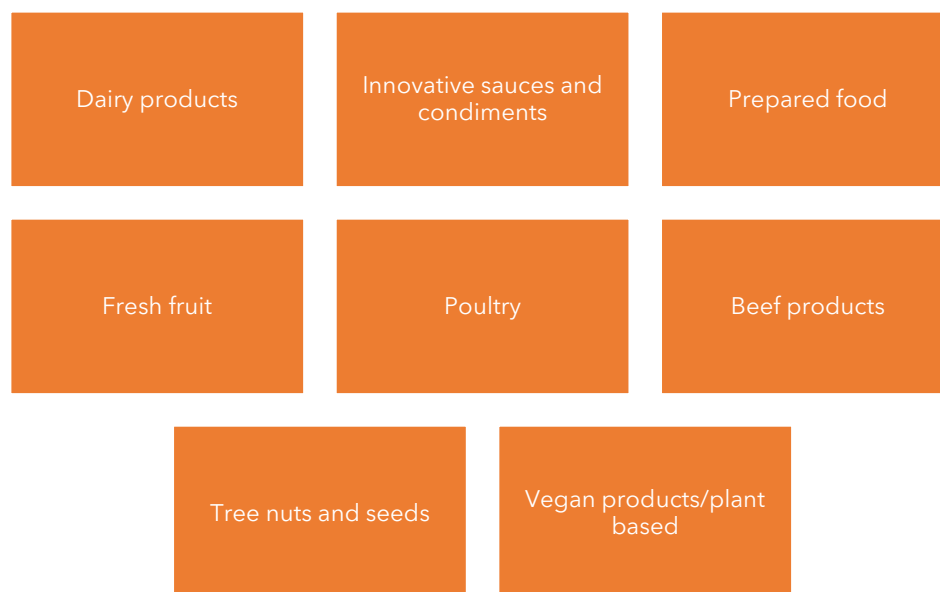
The rising popularity of the products from local production might be a threat for some imported products, however, the country needs to import most of the total food and beverage products consumed by its citizens because the local production is very limited and does not cover the local demand.

According to Euromonitor forecasts, from 2018 to 2023, UAE sales of packaged food, fresh food and non-alcoholic beverages will grow at a CAGR of around 3.5%, 5.2% and 1.2%, respectively.

In **packaged foods**, retail sales value growth will be the highest in staples, followed by cooking ingredients, snacks and dairy products. In **fresh foods**, the strongest growth is expected in meat, pulses, nuts and vegetables. On the other hand, about the **non-alcoholic beverages** category, the strongest growth will be in ready-to-drink coffee, bottled water, concentrates, and tea.

Other products with a high sales potential in the UAE are:

Figure 2. Products with sales potential in UAE



It is also important to **consider e-commerce and the opportunities** it can attract. The UAE has one of the highest online connectivity penetration rates in the world (99% of its population uses the internet and a significant majority have smartphones). This has driven the growth of online food and beverage retail in the UAE in recent years, which reached 116 million USD in 2019.

There are many e-commerce websites or mobile apps in the UAE that offer food delivery services or connect supermarkets with consumers. In addition, this market in the UAE is growing very fast and there are also some specialised e-commerce websites that focused, for example, on organic products, meat and seafood products.

1.4 Characteristics of Emiratis consumers

UAE consumers are diverse. Approximately 80% of residents are foreigners. Many of them are expatriate workers (coming from more than 200 different countries) and tourism has become an important economic activity. As a result, the hotel, restaurant and institutional (HRI) sector is particularly active.

Given the great diversity of the population and the level of income, which varies greatly between different groups, there is no 'general' consumer profile, but rather different profiles for different groups. Origin and income factors play a more important role than geography within the country, although restrictions in certain Emirates may lead to other nuances in consumer profiles and preferences.

This diversity is reflected in the variety of food available in the country and the demand. All those nationalities have different diets and preferences in products; therefore, it might be hard to determine a specific buyer for this product category in the UAE.

The following main consumer groups can be identified:

- **Emiratis:** This is 10% of the population and tends to be an affluent group (due to a combination of high wages and favourable economic policies for the native population). The vast majority of the Emirati workforce works in the public sector. For this group, luxury shopping is a trend, and their food preferences are influenced by tradition (they do not eat pork or drink alcohol). This demographic group is more balanced in terms of age and gender.
- **High-income expatriates:** This group tends to include Western expatriates with high incomes (8% of the population). With their high-income levels, these consumers tend to have luxury tastes and stimulate demand for different types of cuisine, including from their country of origin.
- **Low-income expatriates:** This group comprises about 50% of the UAE population. They are usually employed in manual or low-skilled jobs. These consumers tend to spend most of their income on food, accommodation (often shared) and other essentials, and send the rest of their income back to their home countries. The main characteristic of this group is that they are very price sensitive and do not tend to spend money on discretionary or luxury items. This demographic is expected to shrink in the coming years.

Foreign nationals are mainly responsible for the rapidly increasing population. However, almost all immigrants are young or middle-aged adults, and their presence ensures a relatively high median age.

In addition, it is important to mention other consumer groups:

- **Women:** They are a minority in the UAE, there are two men for every woman in the UAE. But for the native Emirati population, this figure is much closer to equality. As a group with more freedoms than their predecessors and who tend to be highly educated, young Emirati women are a potentially interesting demographic.
- **Elderly:** The over-65 age group, although growing, is a very small part (around 1%) of the overall UAE population. They are generally quite wealthy.

The standard of living in the UAE is one of the highest in the world and, in general, incomes are high.

Food is at the centre of social relations in the UAE. It is considered an honour in the Arab culture having friends and family over for celebrations around tremendous quantities of food. The increasing urban lifestyle of the population is reflected in the raise of their spending in food and beverage outlets.

An important aspect to keep in mind in this market is the fact that **Muslims** (76% of the population of the country) **do not consume alcohol or pork**. Alcohol can only be served in hotels. Those bars and restaurants which are not associated with any hotel, cannot serve alcohol.

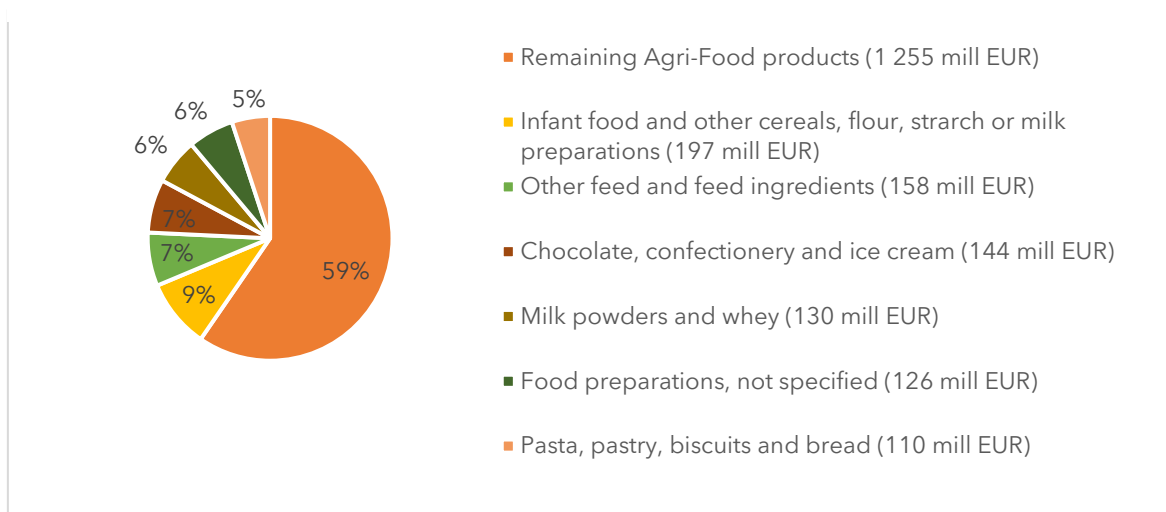
In the UAE grocery retailers are classified into two broad groups: the modern trade and the traditional trade.

- **The modern trade** includes organised retail chains, regional grocery shops, express markets, speciality shops, convenience stores and online retailers. This group dominates the market, especially in the emirates of Dubai and Abu Dhabi.
- **Traditional trade** includes direct trade services and small independent grocery shops (operating on average 18 hours a day, seven days a week, and focusing on immediate household needs and fast-moving grocery products). Traditional trade is more prevalent in the northern emirates due to the lower availability of modern outlets.

1.5 Total EU exports of agri-food and beverages to UAE

EU exports to United Arab Emirates were 2 119 million euros in 2020 in the agri-food and beverages category.

Figure 3. EU Agri-Food Exports to United Arab Emirates by product category



SOURCE: COMEX-EUROSTAT

Table 2. Evolution of 20 top EU Agri-Food exports to UAE, 2016 - 2020

		EXPORTS					% Share in all Agri 2020
		Value (million EUR)					
		2016	2017	2018	2019	2020	
	Total agri-food and beverages	2 709	2 529	2 205	2 384	2 119	100,0
1	Infant food and other cereals, flour, starch or milk preparations	147	180	144	185	197	9,3
2	Other feed and feed ingredients	190	148	159	186	158	7,5
3	Chocolate, confectionery and ice cream	236	191	168	195	144	6,8
4	Milk powders and whey	123	143	127	118	130	6,1
5	Food preparations, not specified	136	128	109	116	126	5,9

		EXPORTS					
		Value (million EUR)					%
		2016	2017	2018	2019	2020	Share in all Agri 2020
6	<i>Pasta, pastry, biscuits and bread</i>	107	99	97	109	110	5,2
7	<i>Vegetables, fresh, chilled and dried</i>	109	116	109	102	102	4,8
8	<i>Preparations of vegetables, fruit or nuts</i>	113	109	102	110	97	4,6
9	<i>Spirits and liqueurs</i>	115	111	126	153	86	4,1
10	<i>Cheese</i>	83	81	81	80	79	3,7
11	<i>Beer</i>	42	44	42	93	76	3,6
12	<i>Cigars and cigarettes</i>	321	272	129	70	70	3,3
13	<i>Waters and soft drink</i>	87	91	68	84	64	3,0
14	<i>Fruit, fresh or dried, excl. citrus & tropical fruit</i>	113	92	74	79	64	3,0
15	<i>Wine, vermouth, cider and vinegar</i>	115	120	128	119	62	2,9
16	<i>Fresh milk and cream, buttermilk and yoghurt</i>	28	34	38	39	45	2,1
17	<i>Butter</i>	25	30	29	61	38	1,8
18	<i>Pet food</i>	26	32	34	32	37	1,7
19	<i>Olive oil</i>	35	35	33	28	33	1,6
20	<i>Roasted coffee and tea</i>	32	29	24	31	33	1,6
	<i>Remaining Agri-Food products</i>	527	445	385	393	371	17,5

SOURCE: COMEX-EUROSTAT

1.6 Share of agri-food imports and exports from EU to UAE

United Arab Emirates is the 18th country of destination for EU food and beverages. With a value of 2 119 million euros, it represents a 1,2% share of extra-EU exports.

On the other hand, United Arab Emirates is the 80th exporter of food and beverages goods to the EU, amounting around 57 million euros.

As we have already seen in the previous section, the main EU exports to United Arab Emirates (referring to the food and beverage sector) are infant food and other cereals, feed ingredients, chocolate, confectionery and ice cream, milk powder and whey, and food preparations.

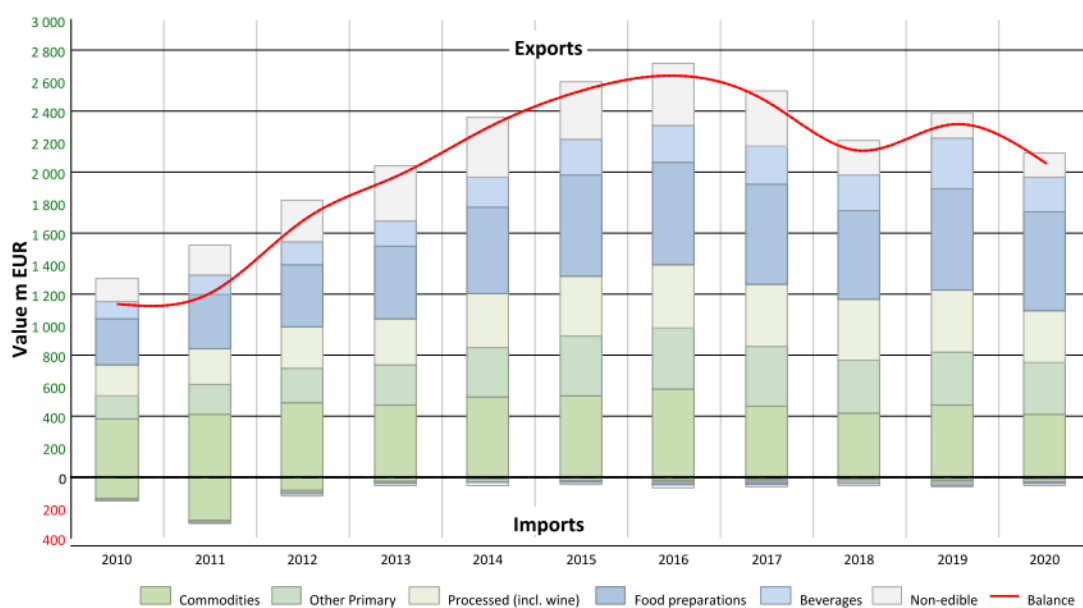
UAE exports to the EU are mainly roasted coffee and tea, tropical fruit, waters and soft drinks, spirits and liqueurs.

Table 3. Trade Indicators EU27 with United Arab Emirates

	UNIT	EXPORTS	IMPORTS	BALANCE
<i>EU27 Total trade value with UAE</i>	Million EUR	25 927	8 625	17 302
<i>Share of EU27 total trade with UAE</i>	(%)	1,3	0,5	N.A.
<i>EU27 Agri-Food trade value with UAE</i>	Million EUR	2 119	57	2 062
<i>Share of EU27 total Agri-Food trade</i>	(%)	1,2	0,1	N.A.
<i>Change 2019-2020</i>	(%)	-11,1	-13,6	N.A.
<i>Annual rate of change from 2010-2020</i>	(%)	5,0	9,9	N.A.

SOURCE: COMEX-EUROSTAT

Figure 4. Evolution of EU agri-food imports and exports to UAE (2010-2020)



SOURCE: EUROPEAN COMMISSION

1.7 Health functional food market in UAE

A shift in consumer trends has been observed in the UAE's health and wellness industry, with consumers aiming more towards preventative healthcare. Thus, nutritional supplements are positioning themselves as a natural and healthy substitute for traditional medicine in the country. The functional food sector was the leading category in the market during 2018.

Functional foods and beverages are those that not only cover basic nutrition, but also **contain added ingredients that affect human health in a positive way**. They are dietary supplements intended to provide nutrients that would otherwise not be consumed in sufficient quantities, such as proteins, vitamins, minerals, amino acids or other nutritional substances. The products are mainly taken in the form of tablets, capsules and liquid.

Consumers in the UAE have increasingly busy lifestyles. In the last few decades, reducing the intake of calories was the most popular trend, nowadays, they are trying to focus on nutrients and healthier eating habits.

Thus, the total functional packaged foods sales in the UAE grew at a 9,3% CAGR between 2016 and 2020. This impressive growth opens several opportunities for the EU companies.

The growth of the functional food market was fuelled by increasing health awareness, government initiatives and growth in disposable incomes, growth in the ageing population and health awareness of the age group (25-45 years). The market is expected to continue to grow during 2018-2023.

Food and beverages companies are willing to support this new trend, mainly for economic reasons. **Functional food is considered valued added products and are exempt from the price limits imposed to staple agri-food products in the UAE.** As a result, functional food products can be commercialized at a higher price increasing the profits.

The growing demand for value-added foods, especially functional health foods, opens up great potential for food manufacturers (especially for heart health) in the region. Companies are launching new omega-3 ingredients as well as products targeting the heart-healthy functional food market.

High consumption of dairy products, particularly dairy-based yoghurt, during the Ramazan season is one of the main growth drivers for these products. Functional dairy food sales are increasing as consumers become more aware of the digestive health benefits of the probiotics.

This segment was followed by the **functional beverages market**, whose most popular category is energy drinks (a product widely consumed by teenagers and young adults). However, the market weakened following the implementation of the 100% excise tax on energy drinks in 2017. In addition, in 2020, a new 50% excise tax was imposed on beverages containing sugar content and sweeteners.

Functional soft drinks are expected to remain the leading category in the functional beverage market in the coming years.

Vitamins and dietary supplements also have an important contribution, which have developed due to the increased participation of people in sport and physical activities, awareness of anti-ageing and detoxification issues.

There has also been an **increasing demand for functional baby food meals**. One of the prominent products in this category are milk formulas with added ingredients such as vitamins, minerals or omega 3, including ready-to-drink products or powdered versions.

Competition in the UAE functional food market was concentrated in 2018 with five major players capturing almost three quarters of the revenue. The market involves multinational giants and a few small domestic players. The major players in this UAE functional food market include Nestlé SA, Danone Group, Kellogg Company, Al Rawabi Dairy Company, and IFFCO Group, among others.

The market will observe the introduction of new products that include more natural content, such as natural sweeteners, fruit blends and many others. It is expected that vitamins will lead in vitamins and dietary supplements by 2023.

1.8 Bio solutions in GCC and UAE

Organic agriculture is a production system that supports healthy soils, ecosystems and people. It focuses on the use of agricultural techniques that promote sustainability by minimising negative environmental impacts.

In the absence of more specific data about the organic fertiliser market in the UAE, information on this sector is provided for all the GCC (Gulf Cooperation Councils), including the UAE.

GCC nations recognise the potential of organic agriculture and have taken steps to support a more environmentally friendly agricultural system. This is expected to boost demand for organic fertilisers.

The GCC organic fertiliser market is segmented by product group (organic residues and biofertilisers), application (in grains and cereals, pulses and oilseeds, fruits and vegetables, cash crops, and turf and ornamentals) and geography (in Saudi Arabia, Qatar, Oman, the United Arab Emirates, Bahrain and Kuwait).

The rising focus on organic farming practices and high availability of raw materials for fertilizer production are the two major factors that are driving the GCC organic fertilizer market. In addition, the state-run organic fertiliser development programmes implemented by governments and huge expansions of crop areas are also responsible for the growth of the market.

Thus, the GCC organic fertiliser market is forecast to register a CAGR of 13.5% between 2020 and 2025.

The GCC organic fertiliser market is concentrated in a few players, such as RNZ International FZCO, Abu Dhabi Fertilizer Industries Co. WLL and Emirates Bio-Fertilizers Factory.

The companies are collaborating with technology and other companies to ensure sustainable product innovation in the near future. Companies operating in this region are mainly focused on improving their production facilities and distribution network.

1.9 AgTech in UAE

With climate becoming increasingly unpredictable and its population on the rise, the UAE's food security is at risk. The country is highly dependent on food imports, the pandemic and the global supply-chain crisis made clear that the UAE needs to act quickly in order to guarantee its food supply.

The Emirati Government is supporting several initiatives and innovation programs to develop technological solutions to become more self-sustaining. As a result, **the UAE has become a global hub in AgTech** creating attractive opportunities for businesses and investors.

In 2018 the country launched the National Food Security Strategy 2051 (<https://u.ae/en/about-the-uae/strategies-initiatives-and-awards/federal-governments-strategies-and-plans/national-food-security-strategy-2051>), with the aim of improving the agricultural practices, increasing their sustainability and resilience in order to ensure the population's access to safer agri-food products.

Two years later, the Government approved a sustainable agriculture national system aiming to reduce the consumption of water in agricultural practices by 15%. As a result, the farms will be more efficient and the country more self-sufficient.

All these initiatives are increasing the food security of the UAE, the country was in the 21st position in the Global Food Security Index in 2019 (being in the 31st position just one year before).

The UAE presents interesting opportunities for the EU AgTech companies since the government is offering attractive incentives to bring global AgTech companies to Abu Dhabi. **In 2021 they invested more than 500 million AED (120 million EUR) just in the AgTech sector.** This investment was part of the AED2bn Innovation Programme as part of Ghadan 21, Abu Dhabi's accelerator programme (<https://www.ghadan.abudhabi/en/home/>).

The Government of the **UAE has also planned to develop an AgTech Park in Abu Dhabi**. It will be the first agricultural industrial park helping to ensure the leading position of the UAE in AgTech in the Middle East.

The COVID-19 crisis has highlighted weaknesses in the system, prompting the authorities to implement strategies to encourage local farmers to adopt new sustainable technologies to ensure an abundant and secure food supply.

With the numerous measures put forward to achieve these goals, the UAE hopes to be at the forefront of the sector with the digital transformation in Agrotechnology, looking at the role of artificial intelligence and automation in agricultural systems and sustainable supply chains to reduce food waste, also focusing on energy efficiency, seeking to ensure that the food cold chain remains uncompromised in a sustainable and cost-effective manner.

In terms of AgTech, the UAE has witnessed a revolution with LED-assisted indoor vertical farms using hydroponics, aeroponics, sea container farms, greenhouse farms, precision farming using hyperbaric chambers, and coastal and indoor modular farming.

2 Trade relations between UAE and the EU

2.1 EU Cooperation Agreement with UAE

The commercial relations between the UAE and the EU exist under the framework of the Gulf Cooperation Council (GCC), an important organization formed by six countries from the region: Kuwait, Oman, Bahrain, Saudi Arabia, UAE and Qatar. The GCC members formed a customs union, and they are currently working to complete an internal market.

The European Union and the GCC cooperate in trade, investment, and other issues. The GCC is an important supplier of the EU for fuels, chemicals, and mining products, while the EU exports a wide variety of manufactured products to the GCC, being its 4th largest trade partner.

EU-GCC relations are based on a 1988 Cooperation Agreement, ([https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:21989A0225\(01\)&from=en](https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:21989A0225(01)&from=en)) which establishes regular dialogues on cooperation between the EU and the GCC on trade and investment, macroeconomic issues, climate change, energy, environment and research. Regular senior officials' meetings between the EU and individual GCC countries also cover trade and investment-related topics.

These negotiations were suspended in 2008 as they faced several challenges, however the EU-GCC Trade and Investment Dialogue was launched again in May 2017 to better structure discussions between the two sides about trade and investment.

The European Union has no trade agreements with United Arab Emirates at the time of writing this report. However, negotiations are currently underway between both parties and exists a **Cooperation Agreement between the EU and the UAE** signed on January 2018 in Brussels. The aim of this agreement is to provide a framework for a better cooperation, to increase the bilateral trade, intensify political relations and enhance cooperation on key strategic issues of mutual interest, in particular trade facilitation and research (which accompany the UAE's Vision 2021). The EU strengthened its political relations with the UAE with the opening of an EU Delegation in Abu Dhabi in 2013.

In March 2021, the second meeting of senior officials under the Cooperation Agreement between the European External Action Service (EEAS) and the Ministry of Foreign Affairs and International Cooperation of the United Arab Emirates (UAE) was held virtually. This agreement continues to seek to provide a framework for expanding bilateral relations through intensified political dialogue and enhanced cooperation on key strategic issues of mutual interest.

GCC has already signed FTAs with many trade groups and countries such as Singapore, New Zealand, and the European Free Trade Association (Norway, Iceland, Switzerland, and Liechtenstein).

Aside from the EU, the United Arab Emirates is also negotiating free trade agreements with many other countries such as Japan, Australia, India, or Mercosur member countries, among others.

All these agreements will enhance the position of the UAE as a global trade hub and as an attractive investment's destination. The UAE's exports and the competitiveness in foreign markets will be also improved, while reducing trade barriers and protecting intellectual property rights among many other benefits.

2.2 General trade data

Economy-friendly regulations, low tariffs and extensive free zones throughout the country have enabled the UAE to become one of the world's leading re-export hubs.

Abu Dhabi and Dubai together account for about 80% of the UAE's revenues. The UAE is the second largest recipient of foreign direct investment (FDI) among Arab countries, after Saudi Arabia. As the UAE's economy has become a major service centre in the Middle East, its reliance on oil exports has declined.

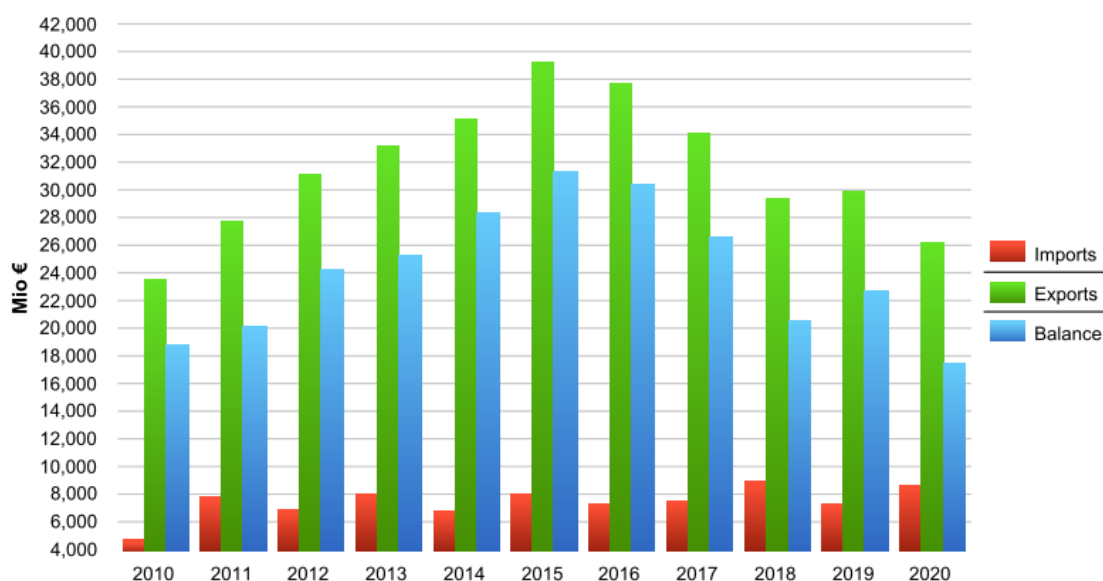
The country exported 268 260 million EUR in 2020, being mineral fuels and oils the main exported category, followed by natural or cultured pearls and other precious and semi-precious stones and metals. Both categories represent almost three quarters of the country's exports in terms of value (73,6%). The UAE has a surplus in the trade balance of 70 075 million EUR.

The EU has a positive trade balance with the UAE, mainly due to the fact that the country has limited food production and is highly dependent on foreign trade to meet the local demand of agri-food products.

The EU exports to the UAE are mainly industrial and electrical machinery and equipment, natural or cultured pearls, vehicles, and pharmaceutical products. Among food and beverage imports from the EU, dairy products are the most imported category, especially milk and cream, cheese and curd and butter. Other products such as beer, mineral water, or spirits are also relevant among the most popular food and beverages products exported to the Emirates.

Imports of processed food and agro-based products from the EU accounted a total of 2 723 million EUR in 2019 while exports from the Emirates to the EU were just 190 million EUR.

Figure 5. Total goods: EU and UAE trade flows and balance, annual data 2010-2020



SOURCE: EUROPEAN COMMISSION

Figure 6. European Union, trade flows with UAE by SITC section 2017-2020

	IMPORTS				EXPORTS			
	VALUE MILL. EUR				VALUE MILL. EU			
	2017	2018	2019	2020	2017	2018	2019	2020
Total	7 531	8 852	7 249	8 647	34 056	29 311	29 876	26 081
0 Food and live animals	29	23	26	30	1 748	1 589	1 739	1 658
1 Beverages and tobacco	14	15	17	10	671	524	541	383
2 Crude materials, inedible, except fuels	141	151	171	188	423	397	486	463
3 Mineral fuels, lubricants & related materials	2 153	3 307	2 814	1 202	1 361	1 343	714	455
4 Animal and vegetable oils, fats and waxes	9	8	19	9	51	42	37	47
5 Chemicals and related products	419	332	309	233	3 754	3 551	3 895	3 572
6 Manufactured goods classified chiefly by material	3 365	3 511	2 653	1 893	5 070	4 728	4 170	3 559
7 Machinery and transport equipment	940	947	833	683	15 413	12 093	13 029	11 659
8 Miscellaneous manufactured articles	215	242	267	232	4 702	4 252	4 591	3 590
9 Commodities and transactions	241	314	125	4 157	552	491	357	423
Other	6	3	15	9	312	302	318	271

SOURCE: EUROPEAN COMMISSION

2.3 Main trade partners

The UAE is a very open economy and offers a very favourable trade regime with low tariffs and efficient customs management.

As a result of the establishment of the Customs Union among the GCC countries, a general **common external tariff of 5% applies to almost all products**. The UAE continues to increase its import and export capabilities, firmly positioning itself as a **global logistics hub**.

The UAE exported about 238 billion USD of goods and 72,5 billion USD of services in 2019. Also, they imported about 267,9 billion USD of goods and 72,7 billion USD of services in that year. According to the IMF, the volume of exports of goods and services decreased by -11.9 % in 2020 compared to 2019. While the volume of imports decreased by -13.1 %.

China is the UAE's largest trading partner and Saudi Arabia maintains its position as the largest Arab trading partner. Besides, India has become the second largest trading partner, followed by the USA, Japan and Switzerland.

Figure 8. Imports to UAE (by country) 2020

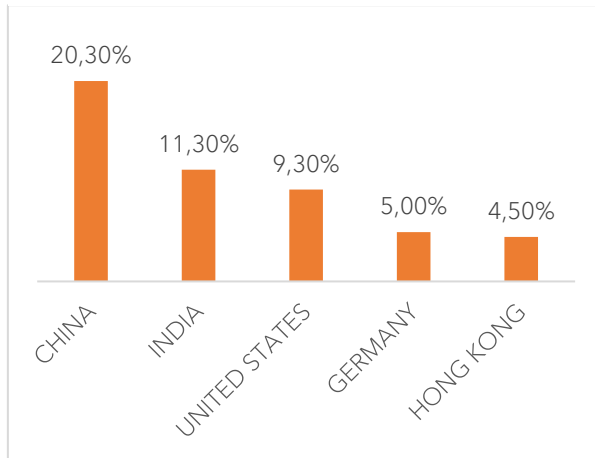
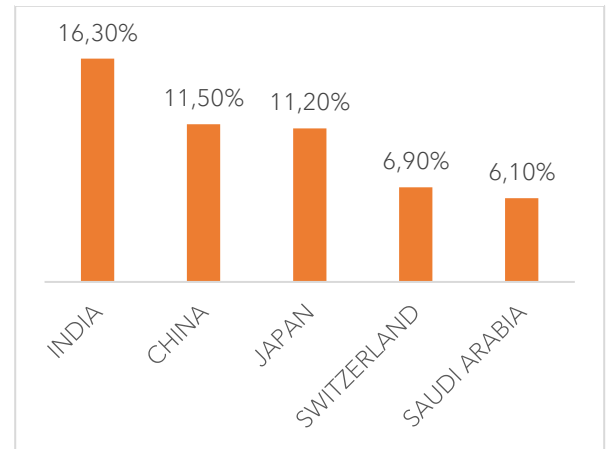


Figure 7. Exports from UAE (by country) 2020



SOURCE: COMTRADE

2.4 Country of origin image perception in the UAE market

BELGIUM	
COUNTRY MARKET SHARE* ¹	1,21% (144 million USD)
FOOD AND BEVERAGE EXPORTS TO CANADA (2019)	Chocolates, other vegetables (frozen), milk concentrated, beer, bakery products and food preparations
TOURIST EXCHANGE	Not available data
INFORMATION ABOUT MARKET EXPERIENCE AND CONSUMER PERCEPTION	There are more than 150 registered Belgian companies operating in the UAE, with around 54 commercial agencies, as well as 551 trademarks, approximately. Belgium is currently the UAE's 11th largest trading partner and ranks third among countries receiving re-exports from the UAE.

FRANCE	
COUNTRY MARKET SHARE	1,71% (682 million USD)
FOOD AND BEVERAGE EXPORTS TO CANADA (2019)	Wine, spirits <80% alcohol, waters, malt extract, cheese, apples and pears, poultry and bakery products
TOURIST EXCHANGE	Not available data
INFORMATION ABOUT MARKET EXPERIENCE AND CONSUMER PERCEPTION	The United Arab Emirates is France's 2 nd largest trading partner in the Middle East. The bilateral trade balance is in surplus for France, being the 7 th largest trade surplus in the world for France. There are more than 600 French subsidiaries established in the country. French cuisine is one of the most popular in the UAE among the foreign offers.

¹ This data shows the country market share of exports of agri-food and beverage products from each of the studied origin countries to UAE in 2019

PORTUGAL	
COUNTRY MARKET SHARE	0,10% (31,4 Million USD)
FOOD AND BEVERAGE EXPORTS TO CANADA (2019)	Wine, chocolates, food preparations, malt extract, apples and pears, and milk concentrated
TOURIST EXCHANGE	Not available data
INFORMATION ABOUT MARKET EXPERIENCE AND CONSUMER PERCEPTION	There exist opportunities for agri-food Portuguese products, especially gourmet market. Halal certification is not a barrier for Portugal as they have several certifying institutions. Portuguese products are recognised in this market and there is scope for new business between the two countries.

SLOVAKIA	
COUNTRY MARKET SHARE	0,12% (7,08 million USD)
FOOD AND BEVERAGE EXPORTS TO CANADA (2019)	Food preparations, confectionery sugar, chocolates and milk concentrated
TOURIST EXCHANGE	Not available data
INFORMATION ABOUT MARKET EXPERIENCE AND CONSUMER PERCEPTION	Slovakia exhibited its agri-food products with a national booth in the popular Gulffod show in Dubai for the first time in 2018. Slovak food and beverage products could break into the Emirati market with a proper promotion strategy.

SPAIN	
COUNTRY MARKET SHARE	0,96% (353 million USD)
FOOD AND BEVERAGE EXPORTS TO CANADA (2019)	Citrus fruit, olive oil (blended), spirits <80% alcohol, apples and pears, food preparations and other vegetables, prepared or preserved
TOURIST EXCHANGE	About 121 000 tourists from the UAE visited Spain in 2019 and only 20 000 in 2020 due to the pandemic
INFORMATION ABOUT MARKET EXPERIENCE AND CONSUMER PERCEPTION	The trade balance with the UAE is clearly favorable to Spain. Considering 2020 data, the UAE is our 30th customer and is our second largest customer in the Middle East after Saudi Arabia (although it overtook it in 2019). Its importance as a supplier is much lower, ranking 70 th .

3 Exporting to United Arab Emirates

United Arab Emirates is ranked 17th out of 190 countries in the Doing Business ranking, which ranks countries according to the ease of doing business. Among the topics in which the UAE has a higher score are electricity access (ranked 1st), dealing with construction permits (3rd position), registering property (ranked 10th) and enforcing contracts (9th position).

The UAE's lowest scores in the Doing Business index are 80th position in resolving insolvency (studies the time, cost and outcome of insolvency proceedings involving domestic legal entities) and 92nd position in the ranking in trading across borders (measures the time and cost associated with the logistical process of exporting and importing goods).

3.1 Entry to the market

The Emirati market is a gateway to the Middle East market. A good reference in the UAE will, most probably, open new opportunities in other markets of the region.

The UAE presents good opportunities for the European companies. The country has **well-developed logistical services and transportation infrastructure, high and increasing demand for premium-high-value foods and imported products**, and free trade zones that offer a lot of advantages to foreign businesses.

However, there are some other aspects that must be considered, such as the delays in the negotiations of the FTA between the EU and the UAE, the complex regulatory frameworks (differences between Emirates), or the competition with agri-food products from other regions.

Therefore, it is important to choose a proper entry strategy in order to increase the success chances in this important trade hub. **The importance of having a local partner in the UAE is key.** This partner can help overcoming the knowledge barriers and cultural differences with the local market.

3.1.1 Entry strategies

There are different options for doing business in the UAE, although **the most used in the agri-food sector is the agreement with a local importer/distributor**. Finding the right local partner can be a critical first step for success in the Emirates.

This alternative allows European companies to benefit from the deep knowledge of the market that a local partner has and reduces risks by selling their products through a partner that understands the market much better than the foreign exporting company.

The Emirati partner can also help to better understand the requirements to import food products, the cultural aspects to consider or the new consumption trends in the market and the demands of the clients. This access option reduces risks considerably.

In order to import products into the UAE, an import licence is required, which can only be obtained if the company is established in the UAE (51% of the capital in the hands of local partners) or is an Emirati-owned company. This is the first reason to choose the local agent or

distributor option, as it will **be the local agent or distributor who will provide the licence for the products to be imported.**

Another option is to **sell directly to the retailer** or distributor, as some supermarkets and hypermarkets import directly (so this route, although complicated, can be considered). This alternative can be recommendable for those companies already selling big volumes of food and beverages products in the UAE.

An interesting option for multinational companies is to establish a representative office in the UAE. Operating in the Emirates through a **branch or subsidiary** will not be required to appoint a national service agent (local partner with Emirati nationality).

In 2019, the UAE Government approved freehold foreign ownership in an additional 13 economic sectors, including IT, manufacturing, renewable energy, aerospace industry, and agriculture. This represents an interesting cost-cutting opportunity for foreign companies choosing this model in the UAE.

3.2 Import requirements and documentation

Prior to the entry of any imported food into the United Arab Emirates, the product and its label must be registered in the Dubai **Municipality's Food Import and Re-Export System (FIRS)**. A key aspect to consider is the fact that **the same product with two different weights is considered a different product and both, the product, and the label, must be registered in the FIRS separately.**

This registration is carried out by the local importer and can only be done online. It is recommended to carry out this procedure before the merchandise arrives at the Emirati port since, in the event of any problem, time will be available to correct it.

If there are no problems with the labels or documents, the shipment will be cleared from the port of entry in a matter of hours.

- **Commercial invoice**, including the total value of each item and product descriptions.
- **Certificate of origin**, with the approval of a Chamber of Commerce in the exporting country.
- **Packing list**, including the total weight, the number of packages, and the HS codes of the different goods.
- The corresponding **transport document**.
- **Health Certificate** issued by the health authorities of the exporting country, declaring that those products are fit for human consumption.
- If a company is exporting meat and poultry, they must provide the **Halal certificate** with the official logo of the Islamic association (i.e. issued by an approved Islamic organisation).
- **In case of importing restricted goods or goods with any duty exemption**, an import permit from the competent agency will be required.

According to the World Bank's Doing Business report, **the United Arab Emirates facilitated cross-border trade in 2020**, reducing the time needed to import and export products through the digitization of the certificates of origin. The cost of importation has also been reduced by issuing certificates of conformity that cover multiple shipments.

3.3 Labelling specifications

Any food label must include the following information to be approved for commercialization in the United Arab Emirates:

- **Name of the product**, including a summary description of the food product
- **Brand name**
- **Ingredients**: All the ingredients used in the elaboration of the product. They must be written in descending order according to their weight or volume
- **Production and expiration dates** (except those products exempt from showing them, such as fresh products)
- **The only accepted date format is DD/MM/YYYY**. For those products with a shelf life longer than 3 months, the MM/YYYY format is also accepted
- **Batch number**
- **Barcode**
- **Name of the food manufacturer, packer, distributor, or importer**
- **Net weight of the product**
- **The country of origin** of the food must be clearly declared and must be specific according to the rules of origin
- **Storage conditions** (if conservation and expiration of the product depends on such conditions)
- Mention of **ingredients that may cause hypersensitivity**
- **Instructions for use of the product** (if necessary)
- **Nutritional information is optional** (catering only - and products for special use such as for babies and patients, etc.)
- **The label should be in Arabic**, at least some important information. It is possible to include an additional label to translate part of the original label into the Arabic language. **The minimum requirements for information in Arabic on the label or sticker are:**
 - **Product name**
 - **Ingredients**
 - **Country of origin**
 - **Storage conditions** (if applicable)
 - **Instructions for use** (if applicable)
 - **Nutritional information** (if applicable)

For further information regarding food labelling in the UAE, click in the following link to check the [GENERAL FOOD LABELLING REQUIREMENTS](#) of the Abu Dhabi Agriculture and Food Safety Authority.

3.4 Import Barriers

In general, the trade regime of the United Arab Emirates is largely open, with low tariffs and few non-tariff barriers to international trade. However, exporters may encounter some problem when it comes to complying with any of the current legislation. For example, food labelling is a complex issue that often leads to non-compliance with import requirements.

Furthermore, with the negotiations on a free trade agreement between the EU and the GCC stalled, it is difficult to solve problems such as the lack of protection of GI products.

All this continues to pose a problem for access to the Emirati market for agri-food products from the European Union.

In addition, the GCC countries would be drafting an imported food guide that would add some complexities for market access, although it is true that this is not currently being applied.

There are some specific types of products that cannot be imported or suffer some importing restrictions in the United Arab Emirates, for different reasons. Importation of the following products is strictly prohibited in the UAE:

- **Live pigs**
- **Products that contradict the Islamic faith and public morals**

Importing goods of Israeli origin or with Israeli flags and emblems was forbidden before the normalization of the relation between both countries in 2020.

Other goods need the approval of the competent authority in each case to be imported and cleared, for example:

- **Pork and pork products: Ministry of Climate Change and Environment**
- **Alcoholic beverages: Police** (for example, Dubai Police)
- **Food: Municipality** (for example, Dubai municipality)

Regarding poultry exports, the EU regulation for Highly Pathogenic Avian Influenza (HPAI), in line with the World Organisation for Animal Health, is recognised by the local authority in the UAE. Therefore, the imports from the EU are allowed but the UAE can limit the trade exchanges with any European regions affected with HPAI.

3.4.1 Customs Regulations and Taxes

The Federal Customs Authority (FCA) (<https://fca.gov.ae/en/Home/Pages/default.aspx>) oversees the customs regulations in the United Arab Emirates. Among its functions, is also the supervision of the execution of the aforementioned regulations.

In compliance with the [GCC Common Customs Law](#), the local customs department are in charge of the executive work and draw the general customs policies for each of the emirates.

Goods destined for the UAE are generally subject to duties under the GCC Common Customs Law. In the trade of agri-food products between the United Arab Emirates and the European Union, the principle of the Most Favoured Nation and the corresponding tariff for exports to the UAE are applied. **In the case of agri-food products, the average tariff will be 5.5%.**

It should be noted that this tariff does not fully reflect reality as it is highly conditioned by the high taxes applied in the UAE to alcoholic beverages and tobacco. A very high number of tariff lines are exempt from the payment of tariffs in the category of food and beverages, while many other products are subject to the payment of a tariff of less than 5%. For their part, alcohol and tobacco must pay customs duties of 50% and 100%, respectively.

Products from GCC member countries are exempt from paying tariffs.

More information about the duties applied in the UAE for imported food products can be consulted in the following links:

http://madb.europa.eu/madb/datasetPreviewFormATpubli.htm?datacat_id=AT&from=publi

<https://www.government.ae/en/information-and-services/finance-and-investment/clearing-the-customs-and-paying-customs-duty>

Meanwhile, in January 2022, the UAE Ministry of Finance announced that Emirates will introduce a federal corporate income tax (CIT) effective for tax years beginning 1st June 2023.

A standard statutory corporate tax rate of 9% will apply (by comparison, the average top corporate tax rate among EU27 countries is 21,3%), positioning the UAE competitively compared to other financial centres and developed economies globally.

While formal CIT legislation has not yet been published, the MOF announcement states that CIT will be payable on the profits of UAE companies as reported in their financial statements prepared in accordance with internationally acceptable accounting standards.

CIT will apply to all businesses and commercial activities equally, with the exception of natural resource extraction, which will continue to be subject to corporate taxation at the emirate level.

The standard statutory CIT rate will be 9%, while a 0% rate will apply to taxable profits of up to 375,000 AED to support small and new businesses. Multinationals earning more than 750 million EUR in global revenue will be subject to a CIT rate of 15%.

With the introduction of this corporate tax, the UAE reaffirms its commitment to meeting international standards for tax transparency and preventing harmful tax practices.

3.4.2 Country risk

United Arab Emirates has a **country risk score of A3** (Coface), which means that the political and economic situation is good. The country has an advanced economy with a high per capita income, a solid financial sector, political stability, new investment opportunities related to the normalization with Israel and its an international trading hub.

Among the risks and weaknesses, it should be taken into account the weak oil prices that are affecting the Emirati economy, the rising regional tensions and the lower number of tourists because of the Covid-19 pandemic.

The A2 business climate rating implies a reliable business situation, efficient debt recovery and a satisfactory business environment.

Figure 9. United Arab Emirates country risk



SOURCE: COFACE

3.4.3 IPR legislation

The competent authority in terms of intellectual property in the United Arab Emirates is the [Ministry of Economy](#). The registration of any trademark, patent or copyright can be done on the website of the ministry.

Trademarks are regulated by the [Federal Law No. 37 of 1992 on Trademarks](#). In order to register a trademark in the UAE any company interested can submit an online application through the following link: <https://services.economy.ae/m/Pages/ServiceCard.aspx?WFID=37&lang=en-US>

Among the required documentation to register a trademark in the UAE are:

- **Trademark logo**
- **A copy of the commercial licence**
- **Power of Attorney**
- **Priority document**
- **Passport copy**
- **Other attachments.**

Regarding **patents**, Federal Law No. 31 of 2016, promulgated by Law No. 17 of 2002 on Regulation and Protection of Industrial Property of Patents, Industrial Drawings and Designs, the protection of a patent in the UAE is guaranteed for any new invention or improvement of an existing invention as a result of innovation with scientific basis and industrial appliance. There are some exceptions that are not subject to protection such as diagnostic methods, treatments and surgical operations, scientific principles, or inventions that could cause public disorder or are against the public morals, among others.

The **competent authority in the UAE is the International Centre for Patent Registration (ICPR)** under the Ministry of Economy. Any company interested can submit an application for a patent registration in: <https://services.economy.ae/m/Pages/ServiceCard.aspx?WFID=92>

In terms of copyright, the [Federal Law No. 7 of 2002 on Copyrights and related rights](#) establishes that any artistic, literary, or scientific work is an intellectual work and must be protected. According to this law, the author's economic rights are protected from the publication until 50 years after the author's dead.

The registration can be done through the following link from the Ministry's website: <https://services.economy.ae/m/Pages/ServiceCard.aspx?WFID=41>

3.5 Healthy food into the UAE market

In 2017, the UAE government established a State Ministry of Food Security, which became the line ministry of the FAO in June 2019. The new Minister has spearheaded the new **UAE National Food Security Strategy 2051**, which was approved in November 2018.

This new strategy aims for the UAE to top the Global Food Security Index by 2051, and focuses on facilitating global food trade, diversifying food import sources and identifying alternative supply schemes.

In 2019 UAE ranked 21st, demonstrating that they are benefiting from the strategy that aims to ensure their population has access to safe, nutritious and affordable food for a healthy life even during states of emergency.

The UAE introduced the **Strategic Food Security Law which was passed with the aim of improving food supply in case of emergencies and achieving food sustainability**. The provisions of the law apply to the Ministry of Economy (MOE), the producer/importer and registered vendors in order to ensure an adequate food supply in the UAE at all times.

Organic Certification

Emirati standards for organic products are equivalent to international organic standards.

The MOCCA (Ministry of Climate Change and Environment) regulates everything related to the local production of organic products and establishes the certification system for organic food which is developed by ESMA (Emirates Standardization and Metrology Authority), the authority that determines the standards and technical regulation in the UAE.

There are different laws regulating organic products in the UAE:

- **Federal Law No 5 of the year 2009**, for organic food and its raw materials.
- **Federal Law No 28 of 2001**, which regulates the establishment of ESMA.
- **Ministerial Resolution No 84 of the year 2012**, to develop the implementing regulation of Federal Law No 5 of the year 2009 for organic food and its inputs.
- **Certification system issued within the framework of the resolution of ESMA's board of directors no. 8 of 04/06/2009.**

Imported products are not required to bear the ESMA seal and it is sufficient that they are certified by one of the approved bodies, including ESMA. approved bodies, including the certificate of the country of origin. The **list of organic certificates from outside the UAE admitted by ESMA** includes:

- **EU Organic**
- **USDA Organic**
- **Canada Organic**
- **Soil Association**
- **Bio Tunisia Organic**
- **Japanese Agricultural Standard**
- **Australian Certified Organic**
- **Certified Bioagro New Zealand Organic**
- **Indian Organic**

Although not mandatory, labelling initiatives have emerged in the UAE. For example, in Abu Dhabi, the Weqaya nutrition labelling scheme was introduced in 2015 to identify foods considered healthy because they are low in fat, low in sodium and high in fibre. Foods labelled with the Weqaya logo are not intended to be diet, therapeutic or allergy-free foods, but a better choice of healthy food.

Figure 10. Weqaya logo



SOURCE: ABU DHABI DEPARTMENT OF HEALTH

4 Market trends and consumer analysis

4.1 Healthy food trends in UAE

- **Low-sugar beverages**

An increasing number of low-sugar beverages have emerged as alternatives to high-sugar carbonated beverages, such as flavoured water, juices not from fruit concentrate and herbal teas. These promotions are spurred by public policies to reduce sugar consumption in Middle Eastern countries.

Countries such as Saudi Arabia and the UAE have passed indirect taxes on the consumption of sugar-sweetened beverages, which has encouraged the growth in consumption of healthier beverages. In addition to coffee, an increasing demand for green and black tea is expected.

- **High protein products and sports nutrition.**

There is a growing concern for personal image. These products range from whey shakes to nutrient-rich snacks. The increased concern for a healthy personal diet has motivated this growth in the supply of these products.

Sports nutrition experienced 98,5% value growth between 2011 and 2016, along with increasing sales of weight management products and vitamin supplements. Protein powders made up the largest proportion followed by protein bars and RTDs (Ready To Drink).

This interest in Western ideals and sports nutrition could mean a gap in the market for promising protein-based products, which could use this growing trend to build reputation and brand loyalty among new consumers who are just beginning to turn to this type of product.

- **Dairy products**

The main trends in dairy consumption are linked to a growing concern for the environment and for human and animal welfare, which has also driven demand for organic products and plant-based beverages in many countries in the region.

Trends include increasing variety in yoghurts, non-dairy alternatives and increasing demand for products such as milk, due to its availability.

- **Organic food**

The total market size for health foods in UAE of 1 912,82 million USD in 2018. The growth of these foods has been remarkable, showing a growth of 65.72% in recent years. Per capita market size for organic food in the UAE was 4,18 USD in 2020.

The UAE organic food market is expected to experience rapid growth until 2025 due to the increasing number of local standard organic food farms in the country. In addition, the government is implementing organic farming regulations and developing a certification process to ensure that locally grown organic fruits and vegetables meet international organic farming standards.

- **Free from foods**

There is a growing perception of eating gluten-free foods as a healthier and more appealing lifestyle. In the UAE, Free From packaged foods have grown in recent years, especially gluten-free bread. This type of bread has driven sales by those who see it as healthier or more fashionable, not by people who are gluten intolerant.

Since the UAE does not currently issue a gluten-free certificate, most of these products are imported.

- **Healthy snacks**

There is a demand for convenience products and healthy alternatives to traditional snacks. Examples of such snacks include nuts, seeds, trail mixes and rice snacks.

This trend was also driven by the choice of many manufacturers to offer a greater variety and flexibility of pack sizes, allowing for on-the-go snacking and portion size control.

Major international brands already compete in this category and consumers are accustomed to these snacks, so product innovations are needed to attract the attention of shoppers.

- **Plant-based foods**

Consumers are increasingly choosing to reduce their consumption of meat and dairy products. As a result, vegan products are growing at very high levels. Importantly, the vegan, plant-based meat sector is gaining ground by offering healthier options.

In addition, recent technological advances have allowed plant-based protein alternatives, such as soy, peas and nuts, to resemble meat and dairy products in taste and form. Among young people, it is becoming a trend of choice.

4.2 Bio solutions and AgTech trends in UAE

- **Increasing organic farming practices**

The increasing demand for organic products is booming, not only because of growing awareness among consumers, but also because of rising incomes, coupled with improved farming practices that strengthen organic yields.

As a result, the demand for organic food worldwide has led to an increasing area devoted to organic agriculture. The UAE recognises the potential of organic agriculture and has taken steps to support a more environmentally friendly agricultural system by growing the demand for organic fertiliser.

- **National sustainable agriculture system**

With this system, the government aims to improve the self-sufficiency of agricultural crops, increasing the average farm income, increasing the labour force in the sector, and achieving a 15 % annual reduction in the water used for irrigation of a production unit.

- **Dubai Food Security Dashboard**

A dashboard capable of using artificial intelligence to analyse food security indicators such as stock availability, production and consumption levels.

- **AgTech and farm management software**

Farm management software solutions are highly automation-oriented. They provide analysis on technical, commercial and financial performance of crops. Farm management software helps reduce disruptions in the supply chain and improves efficiency.

There are several farm management software tools that are region-specific.

- **Indoor farming technology**

Looking to conserve water in the Emirates, advancing indoor farming technology and adapting the most advanced solutions to the desert environment is a priority area. With a growing population, the demand for high quality agricultural products is leading to a rapid advancement in indoor farming technology.

4.3 Consumer behaviour analysis

UAE consumers are loyal to their favourite brands, although earning their loyalty can be challenging because of their high expectations. In order to gain their loyalty, it is recommendable **to implement a great customer service strategy** and to offer a fantastic overall customer experience. Offering loyalty reward, benefits and promotions is really appreciated by the local consumers in the UAE and could be helpful in order to gain market presence.

Although just 27,8% of the population is female, they influence around 80% of the purchases in UAE. Therefore, most of the brands need to connect with the female public if they want to be successful in the Emirates.

High Internet penetration, a growing working population and an increasing number of single-family households have led to the growth of e-shopping, including grocery services.

Value and convenience are the main reason consumers spend their money and try new brands, as well as new places to shop, quality and purpose.

Figure 11. Reasons for shopping at a new retailer/store/website in the past 3 months (March-May 2020)



SOURCE: MCKINSEY COVID-19 UAE CONSUMER PULSE SURVEY

Until the pandemic occurred, retailing in the **United Arab Emirates was closely linked to social habits**. Shopping malls in these countries are public spaces where consumers' needs are met and where they have a social experience, a source of entertainment and air conditioning.

Pre-pandemic physical experiences were an integral part of daily life for UAE consumers, whether it was visiting the mall as a lifestyle destination and having the convenience of shopping and eating under one roof, or shopping in neighbouring shops. Across the region, **the COVID lock-in led to digital adoption**.

The percentage of households with internet access exceeds 94% in the GCC countries, denoting an established digital infrastructure that has fostered the acceleration of e-commerce.

In the United Arab Emirates, internet penetration reaches 377 per 100 inhabitants in 2021, meaning that **consumers have multiple devices at their disposal to conduct a variety of online activities**. Moreover, this region has a young population with a rapid adaptability to digital innovation.

The preferred channels for essential products such as food and beverages in 2020 continued to be face-to-face in-store. Therefore, consumers see value in an omni-channel approach to purchasing products and services.

Emirati consumers have come to value a holistic approach in their path to purchase. As such, companies provide value through high quality products and services at competitive prices, promotional programmes, multiple purchase options such as click and collect and cash on delivery.

4.4 Consumer trends

Consumer trends in the UAE show that shoppers have become more price conscious than ever and have been continuously looking for ways to save, whether through loyalty programmes, coupons or simply limiting their spending.

- **Online grocery shopping**

Before the pandemic, grocery shopping accounted for only 5% of e-commerce sales in the UAE. During the confinement, that figure rose to 24%. UAE retailers have been quick to invest in digital sales channels, developing a catalogue of online products and services that adapt to changing customer needs.

The value of online food and beverage sales in the UAE is expected to reach 2,3 billion by 2025 and will register a compound annual growth of 8,5% from 2020 to 2025.

Having an online presence will be key for all grocery retailers and it will be critical for brands to create differentiation in the form of customer experience and focus on retaining customers for the long term. Consumers aged 25-44 are the most influential consumers for online grocery shopping. It has been noted that 52,1% of UAE internet users turn to social media when researching a brand.

- **Support local and seasonal production**

According to a survey conducted by Deliveroo, 28% of Emiratis consider it important to use local and nearby produce, while 36% also believe in using seasonal vegetables.

UAE residents are moving towards a cleaner and more ethical gastronomic lifestyle.

- **Natural products**

Consumers in the UAE showed a growing interest in natural foods, supported by the idea that these natural products are the healthier choice. Nearly 60% believe that the naturalness of the product influences their grocery choices, the highest of all markets. 84% of UAE consumers seek to limit their consumption of artificial additives.

Purchases of naturally healthy foods increased by almost 8 percent, with fruit, vegetables, nuts, seeds, honey and olive oil showing remarkable growth.

- **Sustainability**

Consumers in the UAE are increasingly aware of food quality and traceability and, as a result, are willing to pay more for quality-assured, high nutritional value and natural food and beverage products.

For example, 29% of UAE beef consumers are willing to pay a premium for quality assured beef, above all other attributes.

This interest means that companies must work to educate consumers about their sustainability agenda and wider food production practices.

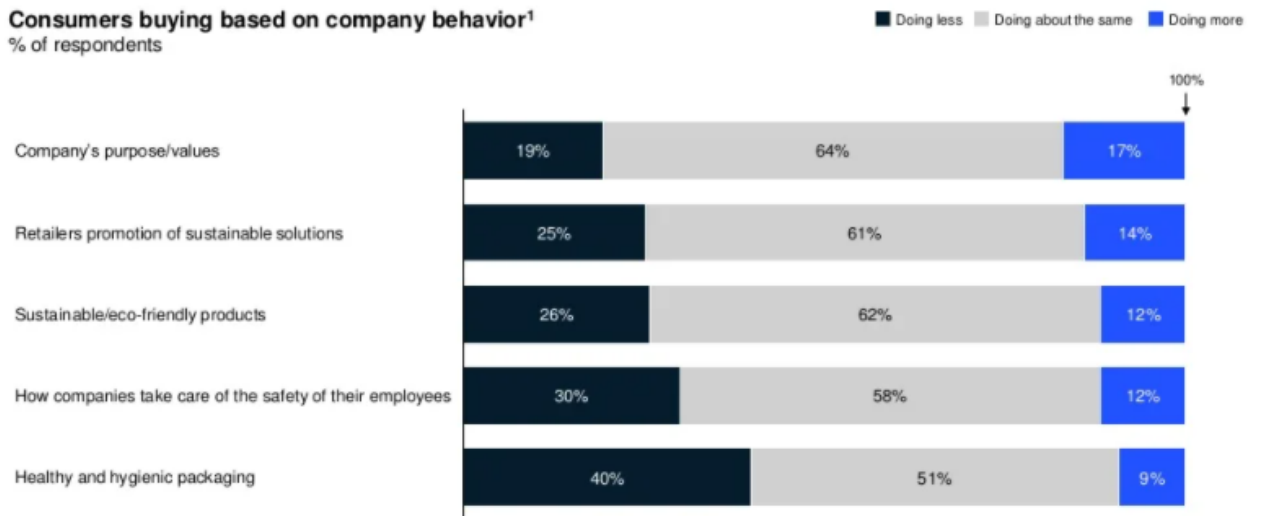
4.5 Healthy food and the Emiratis consumer

The growing trend for healthier lifestyles has contributed to more brands trying to enter the market through products that improve health and wellness.

Society's awareness of health, environmental and animal welfare issues is one of the latest shifts in consumer perceptions in the region, which are beginning to look for minimally processed and natural food and beverage options.

Consumers are paying increased attention to companies' purpose and value while buying.

Figure 12. Consumers buying based on company behaviour



SOURCE: MCKINSEY COVID-19 UAE CONSUMER PULSE SURVEY

5 Sites of interest

Services Directory - Ministry of Climate Change and Environment of the United Arab Emirates
<https://www.moccae.gov.ae/en/our-services/service-directory.aspx?mainCategory=274#page=1>

Ministry of Industry and Advanced Technology (UAE) <https://www.moiat.gov.ae/en/>

Abu Dhabi Customs <https://www.adcustoms.gov.ae/>

Dubai Customs <https://www.dubaicustoms.gov.ae/en/Pages/default.aspx>

UAE Customs <https://www.fca.gov.ae/En/UAE-Customs/Pages/CustomsInUAE.aspx>

Intellectual property UAE <https://u.ae/en/information-and-services/business/intellectual-property>

Food Importers Guidelines Abu Dhabi
<https://www.adafsa.gov.ae/Documents/2018/food%20import%20english.pdf>

Import and re-export requirements for foodstuff in Dubai
<http://www.foodsafe.ae/pic/requirements/Food Import and Re-export Requirements Eng.pdf>

Import operational procedures in Sharjah <https://www.sharjahcustoms.gov.ae/en/import-procedures>



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