



Opportunities for U.S. Agricultural Exports to the UAE

The United Arab Emirates (UAE) is home to 9.8 million people. It ranks among the world's richest in terms of per capita wealth. According to the International Monetary Fund in 2020, the UAE had a gross domestic product (GDP) of \$421 billion, and a per capita spending level in line with that of developed economies, \$35,000. However, due to limited arable land, increasing climate issues and acute water shortage, the UAE continues to rely heavily on imports to meet almost 90 percent of the food needs of its expanding population. In 2020, UAE's food import bill hovered around \$14 billion, an increase from nearly \$10 billion a decade ago. The U.S. share of this has been consistent, averaging 8 percent, behind the EU (17 percent) and India (14 percent).

Consumption in the UAE is shifting away from staple products and towards value-added, convenient, and healthier alternatives. Tourism is a major source of income making up 12 percent of UAE GDP. U.S. consumer-oriented product exports, which appeal to travelers, have maintained competitiveness in the UAE, mostly in tree nuts, dairy products, fresh fruit, bakery goods, cereals and pasta, as well as beef and beef products. High health awareness and developing taste for a westernized diet, introduced by the increasing expatriate population, are bringing about a change in the country's dietary habits and creating demand for organic and international foods as well.

Emirati consumers are brand-loyal and stress an importance on the quality of products and customer service. According to the World Bank, 34 percent of UAE customers are willing to pay premium prices for their brand of choice as long as the brand maintains its high-quality standards. The UAE consumer is moving from mid-grade products to luxury goods. Foreign brands are considered especially luxurious. Like in most of the developed world, e-commerce swelled during the 2020 global pandemic, increasing access to international brands. The United States is well known for having high-quality products, giving it an advantage for consumer demand throughout the country. According to Euromonitor, online food subscriptions have soared in the UAE as well, with 52 percent of consumers choosing the convenience of subscription products (including meal boxes) to cheaper products sold in stores. The COVID-19 pandemic also stressed the importance of a healthier lifestyle for UAE consumers, sparking interest in higher quality goods and products, making the United States an optimal partner of choice. Plant-based foods are increasingly chosen over meat products. Organic goods and nutrient-rich foods and produce such as nuts, sweetener alternatives, and vitamin-fortified fruit and vegetable juices are also being chosen over processed sugar-sweetened goods. A reported 64 percent of UAE consumers check for healthier ingredients in food and beverages according to Euromonitor.

The UAE is home to two of the world's top 50 container ports, with Dubai ranked in the top 10 busiest ports in the world. The UAE also hosts the only deep-water container port in the Arabian

Gulf where U.S. dry agriculture shipments arrive by container. The UAE is investing and positioning itself to become a top global manufacturing hub, creating ample opportunity for bulk-commodity U.S. exports.

U.S. Agriculture Exports to United Arab Emirates						
(January - December Million USD)						
	2016	2017	2018	2019	2020	% Change
Total U.S. Agriculture Exports	1,212	1,163	1,170	1,252	936	-23%
Consumer Oriented Total	885	855	802	954	734	-17%
Tree Nuts	310	301	304	439	308	-1%
Dairy Products	34	49	49	60	47	39%
Food Preparations	57	69	62	57	46	-18%
Beef & Beef Products	66	62	60	60	42	-37%
Condiments & Sauces	45	42	40	39	41	-10%
Fresh Fruit	56	55	46	40	38	-32%
Bakery Goods, Cereals, & Pasta	42	36	31	41	37	-13%
Poultry Meat & Prods. (ex. eggs)	58	54	43	55	36	-37%
Processed Vegetables	30	31	27	37	32	6%
Other Consumer Oriented ¹	26	26	22	22	21	-16%
Chocolate & Cocoa Products	31	22	22	24	15	-51%
Intermediate Total	276	275	316	273	163	-41%
Hay	110	89	85	106	59	-46%
Dextrins, Peptones, & Proteins	31	33	37	39	29	-4%
Other Feeds, Meals & Fodders ²	12	11	9	9	20	68%
Live Animals	19	33	25	25	15	-21%
Bulk Total	51	34	52	25	39	-23%
Pulses	8	11	3	6	14	83%
Rice	10	7	4	8	10	0%
Wheat	6	5	7	8	9	63%
Corn	9	6	12	0	3	-62%
Other Bulk Commodities ³	4	1	4	2	2	-53%

Source: U.S. Census Bureau Trade Data, BICO-HS10

¹ Including but not limited to peanut butter, popcorn, tobacco, and spices.

² Comprised mostly of alfalfa cubes and other livestock feeds.

³ Comprised mostly of cereals, gums, and resins.

Opportunities for Some Select Products – Growth and Competitors

Dairy Products (Milk & Cream, Cheeses, Butter)

Reported UAE Imports from the World --- \$1.6 billion

Top 5 Import market share: EU (35%), New Zealand (23%), Saudi Arabia (20%), Chile (3%), U.S. (3%)

The top three 2020 dairy imports for the UAE are milk and creams (43 percent share of total dairy imports at \$669 million), malt extracts (21 percent at \$284 million), and cheeses (18 percent at \$280 million). Butter imports from the United States to the UAE have increased 331 percent between 2019 and 2020. Baking hobbies taken up during the pandemic skyrocketed demand for butter and dairy spreads in the UAE, with U.S. butter being one top choice. The United States, Saudi Arabia, and Uruguay were the only countries to increase exports by more than \$1 million, while all other top exporters of butter to the UAE dropped 16 to 84 percent (\$1.0 to \$38.1 million). The United States is the fifth-largest exporter of dairy products to the UAE with a 3 percent market share in 2020 at \$47.4 million. The top three exporters are the EU (35 percent market share, \$543.9 million), New Zealand (23 percent market share, \$362 million), and Saudi Arabia (20 percent market share, \$306.7).

Fresh Fruit (Apples, Strawberries, Raspberries, Grapes, Pears, Avocados)

Reported UAE Imports from the World --- \$943 million

Top 5 Import market share: South Africa (21%), India (11%), EU (10%), Iran (7%), Egypt (7%)

Top UAE fresh fruit imports in 2020 were apples (\$149 million), oranges (\$108 million), bananas (\$101 million), and guavas, mangoes, and mangosteens (\$69 million). Most apples are imported from the EU and New Zealand. While EU's market share is decreasing at an annual average of 5 percent during the past 5 years, New Zealand has an annual average growth rate of 7 percent. The United States is the ninth-largest import supplier of fresh fruit to the UAE at \$38 million. Top U.S. fresh fruit exports to the UAE in 2020 were apples (\$15.2 million), strawberries (\$9.7 million), and berries (\$6.1 million). The top three exporters of fresh fruit to the UAE in 2020 were South Africa (21 percent market share), India (11 percent market share), and the EU (10 percent market share). Proximity to the UAE is beneficial for fresh produce trade as there is less loss during transit, and shipping is cheaper. However, despite the distance, the United States maintains its position among the top 10 trading partners because of its trusted and preferred products. Increased consumer demand for healthy foods means increased opportunities for U.S. exports of fresh fruits.

Tree Nuts (Almonds, Walnuts, Pistachios, Pecans, Brazil Nuts, Cashews)

Reported UAE Imports from the World --- \$597 million

Top 5 Import market share: U.S. (52%), India (20%), Iran (8%), China (4%), Chile (3%)

The United States has overshadowed competitors in the tree nut export market, holding the number one market share of UAE imports for more than 30 years. In 2020, the United States exported \$312 million in tree nuts to the UAE, making up 52 percent of UAE tree nut imports. During the past 5 years (2016 to 2020), the UAE tree nut imports were reduced by an average of 4 percent per year; however, during that same period, U.S. tree nut exports have grown by 4 percent. When it comes to tree nuts, the UAE clearly prefers the U.S. product. Almonds make up most U.S. tree nut exports

to the UAE, with \$193.9 million shelled and in-shell almonds in 2020. However, pistachios have had the most growth since 2016, rising from \$4.8 million to \$90.3 million in 2020, with a significant jump of 44 percent in 2019 (\$42.6 million). Walnuts remain in second place with a 15 percent growth rate during a five-year period, with \$90.3 million shelled and in-shell walnuts exported to the UAE from the United States. India and Iran are second and third in market share, exporting \$116.2 million and \$47.5 million respectively in 2020.

Chocolate & Cocoa Products (for retail sales and for food preparations)

Reported UAE Imports from the World --- \$369 million

Top 5 Import market share: EU (41%), Malaysia (7%), Turkey (7%), UK (6%), Saudi Arabia (6%)

In 2020, the UAE imported more than \$15 million in cocoa products from the United States, with more than 70 percent targeted for retail sales and the rest for food manufacturing. While UAE global imports of chocolate for retail sales have decreased 15 percent during the past 5 years, chocolate and cocoa product for preparations has increased 30 percent during that same period. The UAE's growing food manufacturing industry may be the impetus for a potential increase in U.S. exports of chocolate and cocoa products. The decrease in retail-ready chocolates may be a result of the "sin tax" implemented by the UAE in 2017, effectively reducing global imports of chocolate and cocoa products by 4 percent. The "sin tax" is a 50 percent tax on products that are harmful to the environment or perceived as unhealthy for human consumption.

Fresh Vegetables (Organic Carrots, Potatoes, Onions, Asparagus)

Reported UAE Imports from the World --- \$567 million

Top 5 Import market share: Iran (22%), India (17%), EU (16%), China (15%), Pakistan (7%)

U.S. exports of fresh vegetables to the UAE started shrinking in 2019 from \$12.6 million (2018) to \$4.4 million (2019), while imports rose from regional suppliers like Iran (4 percent five-year growth rate), Pakistan (21 percent five-year growth rate), Turkey (74 percent five-year growth rate), and South Africa (20 percent five-year growth rate). A more health-conscious population has looked to vitamin-enriched juices and fresher produce. The United States has an opportunity here with top-tier U.S. organic and fortified product brands. Heartier vegetables are the top U.S. export commodities to the UAE, including carrots (\$711,700), potatoes (\$508,600), and onions and shallots (\$460,000).

Snack Foods (Baked products, Puddings, Potato Chips, Peanut Butter, Peanuts, Mixed Nuts)

Reported UAE Imports from the World --- \$463 million

Top 5 Import market share: EU (25%), Saudi Arabia (20%), U.S. (12%), UK (8%), India (7%)

With the UAE's diverse population, U.S. snack foods are a hot commodity. The United States makes up 12 percent of the UAE's market share of snack food imports. Almost half of the U.S. snack food exports to the UAE are baked products such as pretzels and sweet pastries/cookies (\$27.1 million in 2020). Potato chips are close behind, with U.S. imports maintaining a five-year growth rate of 9 percent (2016 to 2020) and 2020 imports reported at \$18.2 million. In 2020, mixed nuts and prepared peanuts and peanut butter were the third- and fourth-highest U.S. snack food imports into the UAE, reported at \$4.9 million and \$4.3 million respectively. Annual growth of UAE snack food imports since 2016 rests at a stable 1 percent. Bahrain's snack food imports have

increased the most since 2016, accounting for a \$21.7 million increase in exports to the UAE, but still only making up 4 percent market share. The EU tops the market share at 25 percent (annual average of \$109 million) with its proximity to the UAE. Saudi Arabia takes second place with 20 percent market share (annual average of \$100 million), utilizing its free trade agreements (FTA) with the UAE and other Gulf countries.

Confectionary (Gum, White Chocolate)

Reported UAE Imports from the World --- \$68 million

Top 5 Import market share: EU (34%), Turkey (10%), China (9%), Saudi Arabia (8%), U.S. (6%)

UAE's global imports of confectionary goods have witnessed a significant decline since 2016, dropping \$56.1 million (45 percent). With impulse purchases down since the pandemic, global gum imports for the UAE have seen a major decrease of \$27 million (28 percent decrease from 2019 to 2020). There is an opportunity to introduce new and quality U.S. products to the UAE as pre-pandemic behaviors resume. In 2020, the top four markets exporting confectionary goods to the UAE are the EU (\$23.5 million), Turkey (\$6.7 million), China (\$6.1 million), and Saudi Arabia (\$5.4 million).

Baked Goods, Cereals, and Pasta (Pastries, Cakes, Biscuits, Cookies, Rusks, Waffles, and Wafers)

Reported UAE Imports from the World --- \$577 million

Top 5 Import market share: EU (26%), Saudi Arabia (23%), UK (13%), U.S. (6%), India (6%)

Breads, pastries, cakes, biscuits, and other similar products made up 62 percent of U.S. baked goods exports to the UAE in 2020 at \$23.1 million, ranking U.S. exports fourth behind the EU (\$150.7 million), Saudi Arabia (\$130.7 million), and the UK (\$72.8 million). Mixes and doughs for breads, pastries, cakes, biscuits, and other similar products make up 16 percent (\$5.8 million in 2020) of the second-highest category of U.S. exports to the UAE in baked goods, cereals, and pasta. Euromonitor reports that 70 percent of UAE consumers enjoy trying new products and that 67 percent of consumers are reporting a preference for baking at home. A popular quarantine activity easily shared over social media, baking gained popularity during 2020 and well into 2021. Demand for convenience goods will increase as pre-pandemic behavior resumes, resulting in opportunities for U.S. retail-ready baked goods products.

Trade in the UAE

To mitigate trade obstacles during the COVID-19 pandemic, the UAE temporarily reduced import taxes on food items to 4 percent (from 5 percent). The UAE continues to look for new ways to stimulate investment as they seek to diversify from economic reliance on oil. In June 2021, the UAE enacted a new amendment to its commercial companies' law, which had previously required that all foreign businesses operating in the UAE include a local partner. The June 2021 amendment states that commercial companies are no longer required to include a local business partner and ownership can be 100 percent foreign.

A recent [GAIN](#)¹ report highlights the UAE's membership in the Pan-Arab Free Trade Agreement (PAFTA), contributing to the UAE's re-export market. PAFTA members include Algeria, Bahrain, Egypt, Iraq, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, Yemen, and the United Arab Emirates. The UAE is party to several multilateral and bilateral trade agreements. As a member of the Gulf Cooperation Council (GCC), the UAE shares strong economic ties, including a common market and customs union, with the other GCC partners – comprised of Saudi Arabia, Kuwait, Bahrain, and Oman. Under the Greater Arab Free Trade Area Agreement, the UAE has free trade access to Saudi Arabia, Kuwait, Bahrain, Qatar, Oman, Jordan, Egypt, Iraq, Lebanon, Morocco, Tunisia, Palestine, Syria, Libya, and Yemen. In June 2009, the GCC signed an FTA with the European Free Trade Association (EFTA). Implemented in July 2015, the EFTA is comprised of Iceland, Liechtenstein, Norway, and Switzerland.

While the United States has disadvantages with regard to distance, freight costs, and no FTA with the UAE, one large advantage is that the United States produces high-quality products in which the UAE takes great interest. The UAE prioritizes quality over cost for many products, even with the strain of the global pandemic on the economy. It should be noted that like the rest of the world, the UAE is increasingly concerned with climate change, with consumers more often choosing sustainable products as they look to have a positive impact on the environment. During the United Nations' climate change conference, COP26, the United States and the UAE launched the Agriculture Innovation Mission for Climate (AIM for Climate/AIM4C). AIM4C is a joint initiative created by the United States and the UAE to address the climate crisis by uniting participants to significantly increase and accelerate investment in climate-smart agriculture and food systems innovation during the next 5 years (2021-2025). With many U.S. products having high standards to protect against environmental impact, the UAE consumer will be influenced by the advertisement of recycled and biodegradable packaging and by companies that practice minimal food waste. UAE consumers do extensive research on the products and services they use. As U.S. companies continue to employ an improved user-friendly internet presence and environmentally conscious practices, U.S. products will increasingly align with UAE preferences and the United States will easily become a partner of choice for the United Arab Emirates consumer.

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Nationally sourced market share and global trade information is collected by Trade Data Monitor, LLC, unless otherwise indicated.

¹ United Arab Emirates: Exporter Guide – Attaché Report – December 30, 2020