

AHDB Export Webinar – Middle East Week

Understanding Dairy Export Opportunities: United Arab Emirates

Report by Promar, Commissioned by DEFRA

Tuesday 8 September

10:00 – 11:30 BST



Programme

10.00 **Chairman's welcome**

Lucy Randolph

10.10 **Understanding dairy export opportunities: United Arab Emirates**

Adil Khan, Trade & Investment Adviser, Department of International Trade, UAE

10.25 **Bounce back plan & Defra Agri-Food Counsellor**

Lorna Berdunova, Agriculture, Food and Drink Counsellor, Gulf Region, Defra

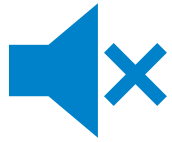
10.35 **Promar Report – Market Opportunities UAE**

Caroline Dawson, Head of Agri Food, Promar International

11.15 **Q&A**

11.30 **Webinar Ends**

Housekeeping



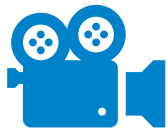
All attendees are muted



Timings



Q&A



Webinar will be recorded

The image shows two screenshots from a webinar interface. The left screenshot shows a vertical toolbar with icons for back, mute, chat, and hand raise. A yellow box labeled "Show Control Panel" is positioned over the toolbar, with a green arrow pointing to it from a text box that says "Click on the arrow in the orange box". The right screenshot shows the "Audio" settings window. A green arrow points from a text box "Click the white arrow to open the questions box" to a white arrow icon in the toolbar. In the "Audio" window, the "MUTED" status is shown. Below the audio settings, there is a "Questions" section with a text input field labeled "Type your question here" and a "Send" button, both circled in green. At the bottom of the window, a "Test" section displays "Webinar ID: 896-278-395" and a red dot indicating "This session is being recorded." The GoToWebinar logo is at the bottom.

Further information



Lucy Randolph
Senior Exports Manager, Dairy
AHDB
Tel: +44 7808 794 559
Email: Lucy.Randolph@ahdb.org.uk

Understanding Dairy Export Opportunities in the UAE

08 Sep 2020



Department for
International Trade

**FOOD
IS
GREAT**
BRITAIN & NORTHERN IRELAND



DIT Middle East, Afghanistan & Pakistan (MEAP)

- The MEAP region consists of 12 countries consisting of the GCC, Jordan, Lebanon, Iran, Iraq, Afghanistan & Pakistan.
- Headed by Her Majesty's Trade Commissioner (HMTTC), Simon Penney, based in Dubai.
- Taken as a region, the GCC is the UK's 2nd largest export market outside Europe, behind only the USA.
- The UK exports more to the GCC than to China, and three times what we export to India.
- And within the GCC, the UAE makes up for 40% of our trade.
- In 2019, MEAP was the 5th largest export market of the 9 HMTTC regions, accounting for 4.9% of all UK exports.

Market Access issues during & post Covid-19



DIT UAE successfully lobbied UAE authorities to exempt UK food products from the mandatory Arabic labelling & production date coding from 01/04/20 to 30/06/20.



DIT UAE also successfully lobbied for the UAE to accept scanned copies of Export Health Certificates (EHCs) via email during the ongoing pandemic. All shipments will not have to carry hard copy EHCs until further notice.



Halal certificates are being accepted with QR codes to prove their authenticity without the need to have them wet stamped by the Halal Certifying Body in the UK.

Food & Drink in the UAE



£24bn

UK global food exports 2019



85%

of UAE's food is imported



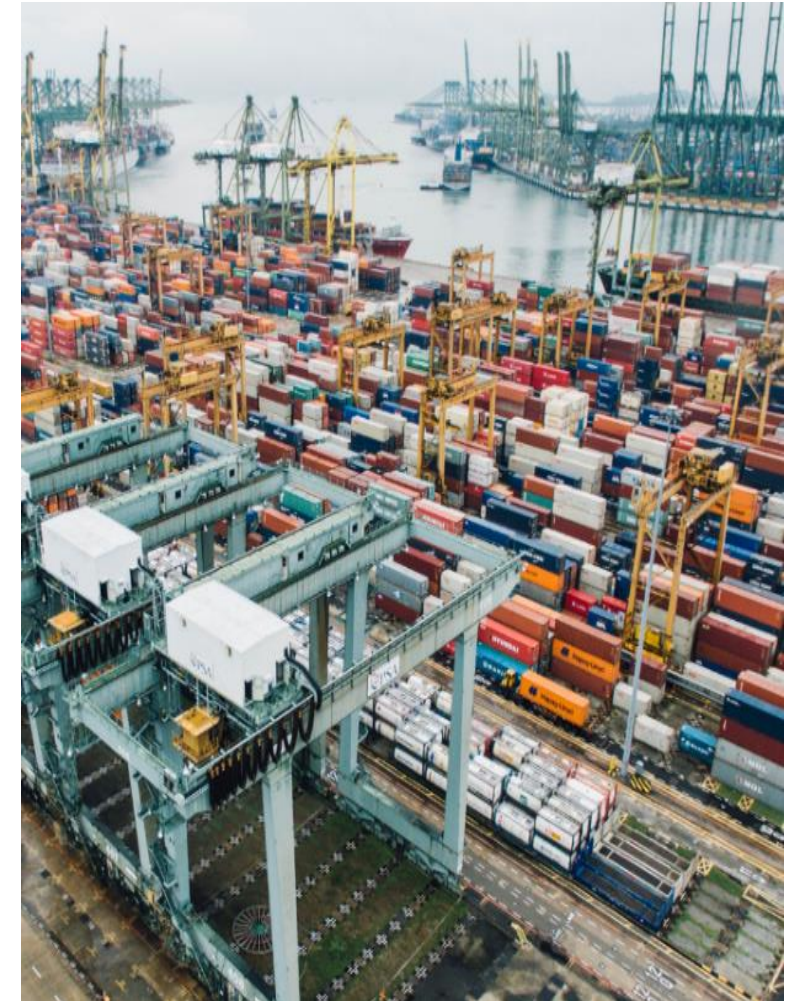
£361mn

UK F&B exports to the UAE in 2018



£427.5mn

Expected F&B sales at Expo 2020



UK Exports

The UK's overall food & drink exports stand at £24bn versus imports of £48bn, a trade deficit of £24bn.

The UAE already has well established British brands.



Regional Imports

The UAE along with KSA, account for over 80% of the region's net food imports. Expo 2020 is expected to see approximately 900mn meals served during the 6-month duration of Expo 2020.

DIT 'Bounce back' plan for agriculture, food and drink industry

- UK Government's export 'bounce-back' plan for UK food and drink sector announced on 22 Jun 2020 - <https://bit.ly/2Buih5g>.
- Jointly announced by DIT & Defra will offer immediate support to help businesses in the industry grow their trade activity overseas.
- Introducing a new programme of physical and virtual events that have been tailored to help a variety of businesses and exporters. These include
 - Virtual MTB events package of 'Ready to Trade' Exporting Masterclass webinars
 - Food & Drink SME E-commerce Accelerator Pilot to leverage DIT's E-exporting Programme.
 - 50 Food and Drink Export Champions to stimulate aspiring exporters.
 - International Trade Advisor specialist networks focused on agri-food.
 - Announce the first Defra Agri-food Counsellor serving the UAE and wider Gulf Region.

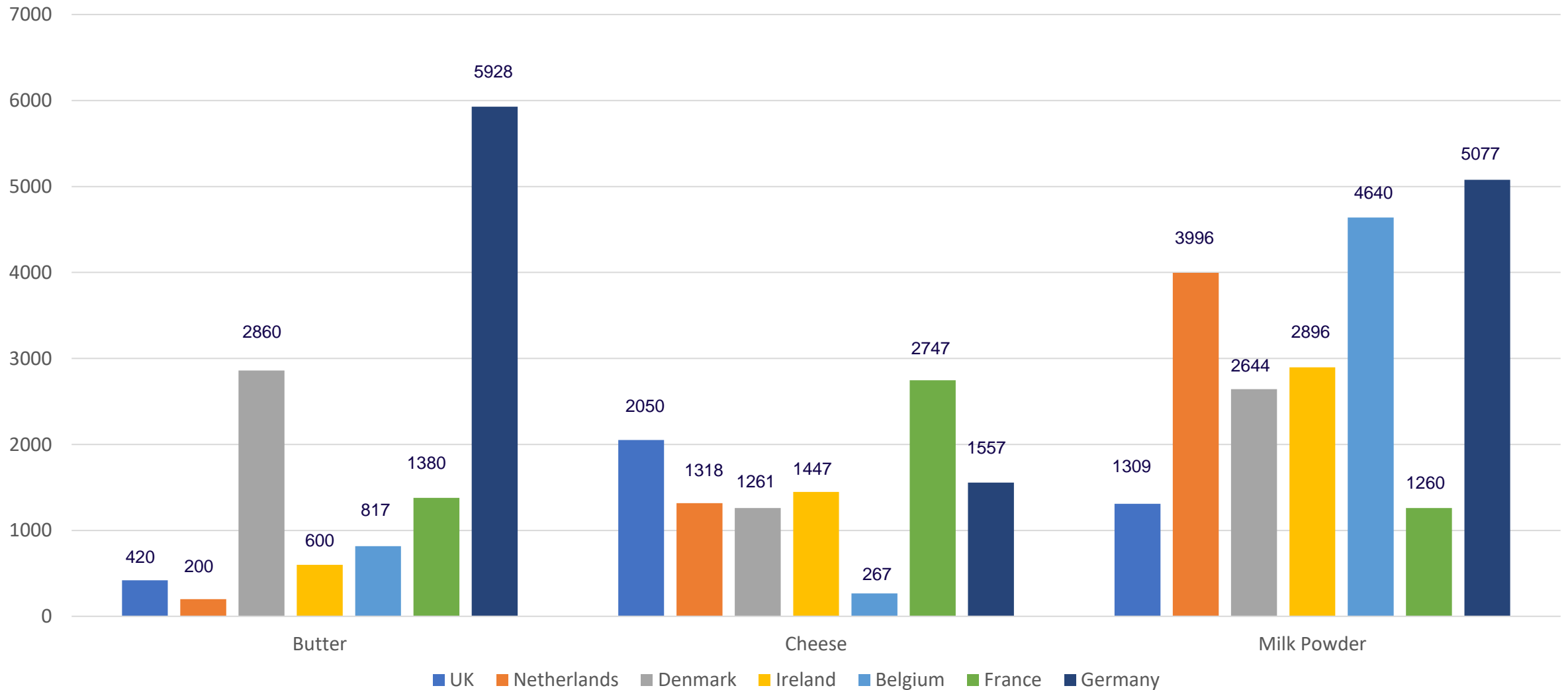


DIT assistance to UK companies

- Participation in events organised by DIT UAE
 - Agri-Tech webinar (Sep 2020) – opportunities in Iran, Jordan, Kuwait, Qatar, Saudi Arabia and the UAE
 - British Lamb promotion (Oct-Dec 2020) – virtual or visiting trade mission
 - Seafood webinar (Nov 2020) – webinar
 - Gulfood 2021 (Feb 2021) – Meet-the-Buyer event between local buyers and UK suppliers
- Introduction to food & drink leads in other MEAP markets.
- Introduction of brands via the GREAT British Food Box programme.
- Introduction to new business opportunities e.g.: Emirates, Etihad, Abu Dhabi government procurement post Covid-19.
- Specialist retailers – organic, free-from, healthy food categories.
- Online platforms – Amazon UAE, Noon.com, Truebell, and specialist online food platforms.



Dairy Exports to the UAE from the UK & the EU (Tonnes) 2019



UAE Regulations

Emirates Quality Mark (EQM) introduced by the UAE in May 2019 for juices & beverages and dairy & milk products. It affects the following product categories:

- Flavoured milk UAE.S/GSO 785
- Goat milk UAE.S/GSO 1983
- Pasteurised camel milk UAE.S/GSO 1970
- Yoghurt UAE.S/GSO 992
- Flavoured yoghurt UAE.S/GSO 474
- Laban (butter milk) drink UAE.S/GSO 2033
- Laban UAE.S/GSO 1338
- Flavoured laban UAE.S/GSO 1375



UAE Regulations...continued

- EQM introduced by the Emirates Authority for Standardization & Metrology (ESMA), UAE.
- Before being introduced for juices & beverages and dairy & milk products the EQM was already in use for all water products in the UAE.
- Three notification bodies – GulfTIC Certification LLC, RACS UAE and SGS Gulf Limited – have been appointed by ESMA to help companies navigate and complete the EQM registration process.
- EQM certificate awarded for three years.
- Total registration fees include
 - ESMA registration fees of AED 16,000 (£3,350) per product category
 - Document review fee, label review – between AED 5,000 – 7,000 (£1,050 to 1,500) depending on number of categories, SKUs and factories



Selecting a Distributor – setting KPIs

Category – Retail or Food Services or both

Retail – Modern trade, convenience stores, petrol stations, online

Food Services – Which chain of hotels it serves, dedicated sales force, key accounts

Products – sell itself, consumers need educating, marketing, brand building



KPIs

- Launch plan
- Commitment to your brand
- Frequency of store distribution
- Infrastructure – chilled storage, distribution vehicles
- Other brands they represent
- Call frequency on outlets by sales personnel
- Multi-Channel distribution
- Healthy financials
- Placement of goods – information on outlets the products are sold in (demographics)
- What are the returns – damage, defect, expiry. Are they in line with agreed KPIs
- Promotion activities the distributor is willing to invest in (in partnership with the brand owner)
- Innovative mind-set – is able to adapt to changes and new trends

Thank you for listening!

Adil Khan

Trade & Investment Adviser

Department for International Trade

British Embassy Dubai

adil.khan@fco.gov.uk



@adilakhan_

Bounce back plan & Defra Agri-Food Counsellor

Lorna Berdunova, Defra

Bounce back package

- ‘Bounce back’ plan of trade measures for the agriculture, food and drink industry was announced on 22nd June 2020 to support businesses impacted by Covid-19
- The new strategic interventions jointly announced by the Department for International Trade (DIT) and Defra will offer immediate support to businesses looking to grow their trade activity overseas
- Food sector is UK’s largest manufacturing industry, and agriculture, food and drink is a major contributor to the UK economy – supporting 4 million jobs. In 2019, exports of food, feed and drink were worth £23.7bn
- Measures will support producers, manufacturers and agri-tech companies throughout the supply chain, and were developed with input from a range of stakeholders
- The UK agriculture, food and drink industry has been significantly impacted by Covid-19, and the Government is committed to supporting the industry through this period and beyond

Bounce back package

- The full range of measures include:
 1. Launch of a GREAT DIT Food & Drink exporting masterclass
 2. Launch of Food & Drink SME e-commerce accelerator pilot
 3. Promote 50 Food and Drink Export Champions
 4. Announce the first Defra Agri-Food Counsellor for the Gulf region
 5. Launch of a programme of physical and virtual events
 6. Leveraging Defra's Food is GREAT campaign
 7. Two virtual investor roundtables
 8. Uplift of UK Export Finance's "Exporter's Edge" campaign

Further details: <https://www.gov.uk/government/news/bounce-back-plan-for-agriculture-food-and-drink-industry-launched>

Defra Agri-Food Counsellor

- Based in Dubai, serving the UAE and wider Gulf region
- Focus on supporting UK food and drink sector and representing the interests of businesses already exporting to the region, and those looking to export for the first time
- Working with colleagues based across region, and in the UK on market access
- Promote UK interests and the UK food and drink sector in Government to Government discussions
- Support food and drink promotion activity at the UK Pavilion at Expo 2020
- Identify new opportunities for UK food, drink and agri-tech exports to the region

Background to report

- Part of a series of in-market reports commissioned by Defra
- Aim to assist industry in better understanding food and drink opportunities, and the export process
- Highlight the benefit of undertaking detailed market research on new export markets
- Markets reported on include the US, India and the UAE
- These are the markets which featured most in industry feedback

Promar International

Market Opportunities UAE

Caroline Dawson



Introduction

- The **Department of Environment, Food & Rural Affairs (Defra)** has commissioned Promar International to carry out a series of market research studies in the US, India and the UAE
- It is expected that a study of the Chinese market will be undertaken when CV19 travel restrictions ease
- This work was commissioned by Defra in October 2019
- An extensive period of desk research carried out between November 2019 and January 2020, not least to narrow down the list of products that were to be studied in our in depth country research
- In – country research was undertaken during February and March 2020, pre CV19
- This presentation acts as a summary of some of the key points from our work in UAE

Our Approach



Using a semi structured topic guide, developed in conjunction with Defra and with input from other project stakeholders, we carried out a series of business to business interviews with importers, distributors, retailers, foodservice businesses. We undertook the following:



- 27 interviews in India

- 23 interviews in the US



- 25 interviews in the UAE

We also carried out retail store audits in each of the 3 markets under review: 7 in India, 8 in the US and 5 in UAE.

The UAE: Market Overview

UAE Market Snapshot

- 9.6 million population
- 3.3 million in Dubai and 3.2 million Abu Dhabi - both are popular tourist destinations
- 60% of the population are SE Asian expats
- 100,000 UK expats, down from 125,000
- 550,000 UK tourists 2019
- Highly wealthy Emirati
- 700,000+ tourists on cruise ships 2019 – Port Dubai
- A major international hub for air transport – 88 million passengers passed through UAE last year
- The retail sector is dominated by the likes of Carrefour, Lu Lu, M&S, Waitrose, Spinneys and Choithrams (Tesco)



What does the UAE market look like?

- Pro British sentiment starts at the very top of the country
- UK influence in UAE retailing is strong
- A strong enabling environment
- There is a buoyant foodservice sector, especially hotels and restaurants
- UK food and drink products are widely available in “UK” influenced retailers and are well known
- Tariffs - essentially 5% for everyone, except Gulf Corporation Council (GCC) suppliers 0%

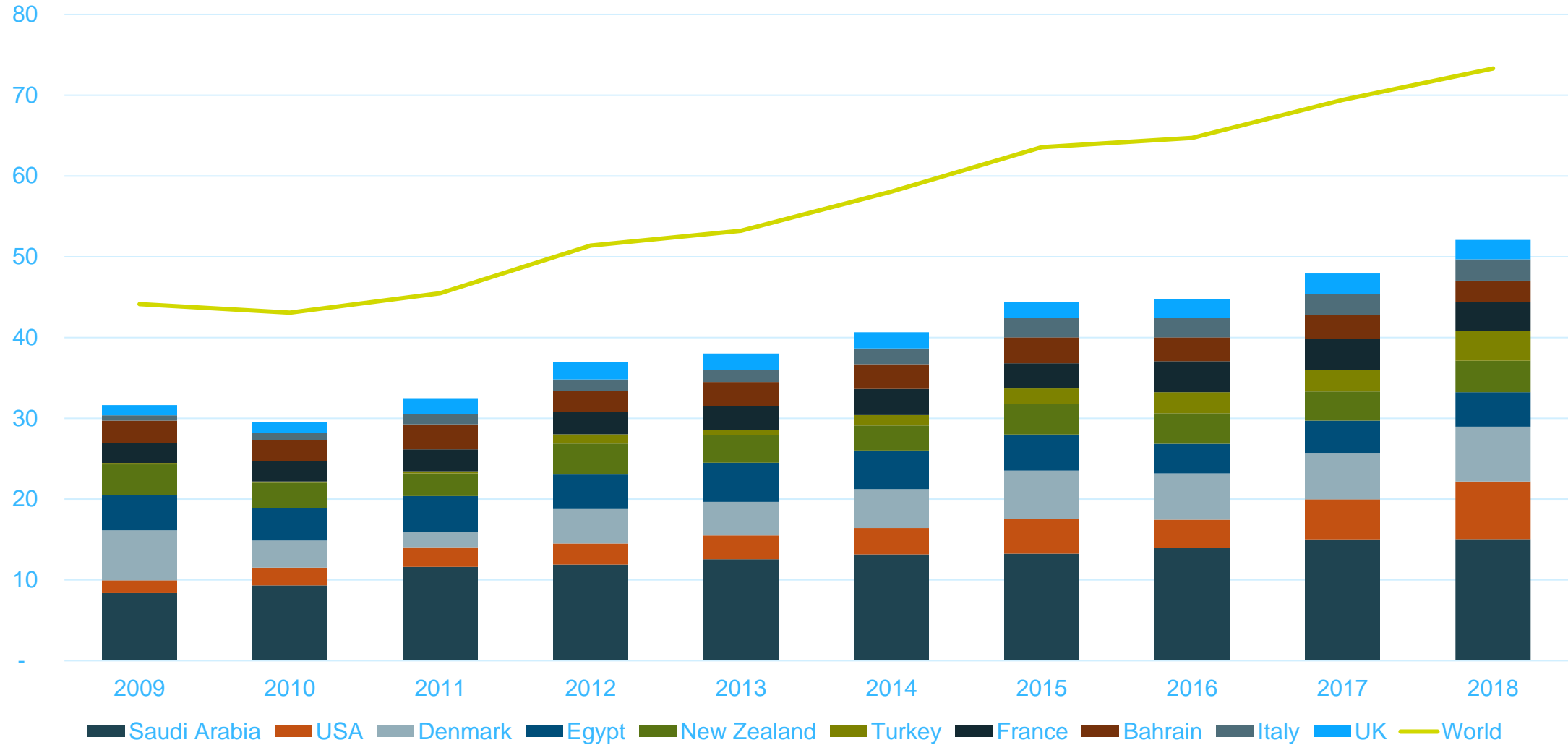


UAE cheese imports

- Total UAE cheese imports have risen between 2009 – 2018 from 44,000 to 73,000 tonnes per annum
- UK exports to the UAE are still overall relatively modest at 2,400 tonnes per annum in 2018, though they have increased from 1,200 tonnes from 10 years earlier
- Nearly all of these UK exports are of cheddar cheese from established UK processors, although there are some minor exports of goats cheese too
- Familiar on the shelf names include: Wyke, Grandma Singleton's and Delamere Dairy

UAE imports of cheese ('000 tonnes)

(Source: UN Comtrade)



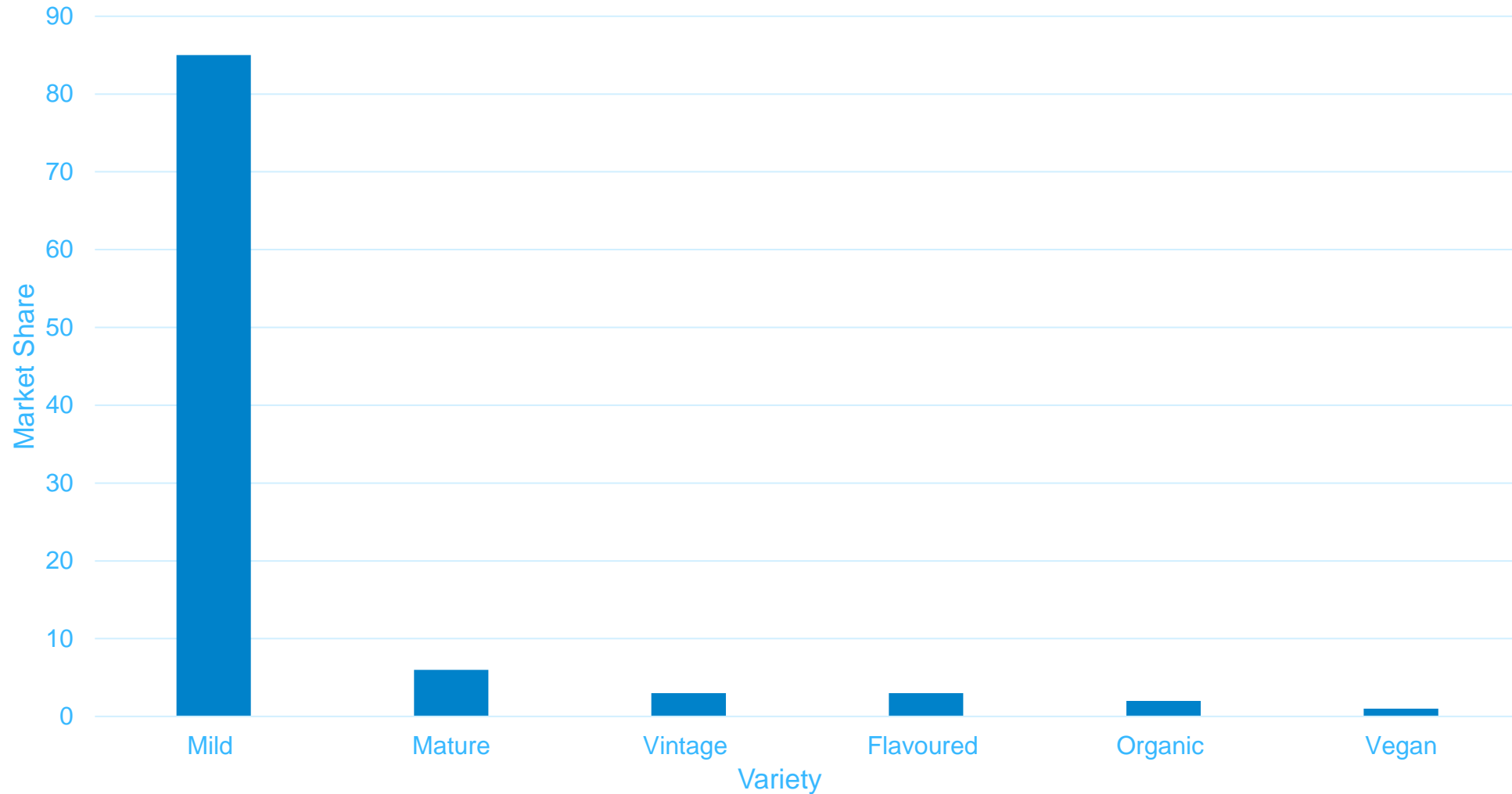
Leading cheese suppliers to the UAE 2018

(source: UN Comtrade and Promar research)

Country of supply	Volume	% Market Share	Products
Saudi Arabia	15,000	20.0	Processed cheese
US	7,000	9.5	Processed cheese, mozzarella and some Monterrey Jack, etc
Denmark	6,000	8.2	Mainly feta style cheese
Egypt	4,250	5.8	Processed cheese
New Zealand	4,000	5.4	Mainly cheddar and mozzarella
Turkey	3,700	5.0	Processed cheese
France	3,500	4.8	A range of French cheese products
UK	2,400	3.3	Mainly cheddar

UAE demand for cheddar cheese (% market share)

(Source: Promar International, based on trade research)



UK cheese suppliers are commonly seen in the UAE market





Demand, supply and packaging

- The vast majority of demand in the UAE for cheddar cheese is for mild varieties - these are favoured due to their highly price competitive nature
- There are a number of UK cheese processors already active in the UAE market – at least 6 companies were identified as being active in the market during the course of our store audits



UK cheese is supplied to the UAE in a number of formats as follows:

- 200g to 400g prepacks primarily for the retail sector
- 2.5kg and 5kg blocks for foodservice customers



Competition to the UK - Cheese

Country of Supply	Comments
New Zealand	<ul style="list-style-type: none">• NZ supply primarily cheddar cheese to the UAE and in effect sets the price via the GDT auction held every 14 days. All leading UAE cheese importers follow this on a regular basis and are totally clued up on world prices and availability of products from the likes of the US, EU and other MENA countries.• NZ exports are made to the UAE via Fonterra the leading NZ processor and exporter.
Australia	<ul style="list-style-type: none">• Australia is also a well established supplier to the UAE market and provide a combination of cheddar and mozzarella cheese.• Cheddar is normally distributed to the retail sector and mozzarella to the foodservice (pizza) chains.
France	<ul style="list-style-type: none">• A wide range of French cheese is exported by consolidators and distributed to a wide range of retail outlets across the UAE and then in to the high end HORECA sector.• French cheese has a good reputation in the UAE market for its high quality.

Competition to the UK - Cheese

Country of Supply	Comments
MENA and GCC countries	<ul style="list-style-type: none">Imports of cheese from these countries tend to be of processed cheese and so are not in direct head to head competition with the UK.They do however sell for very competitive prices in the USE retail market – 0% tariffs.
The UK	<ul style="list-style-type: none">In the course of our field research, we identified at least 7 suppliers of UK cheese to the UAE retail sector but there maybe more of course - this is all for a market size of 2,400 tonnes.As a result, there is a good deal of competition in the UAE market for UK cheddar in particular as well as other cheese types such as Red Leicester.This produces a strong degree of price competition between UK suppliers and limited loyalty amongst key UAE buyers.

Competition to the UK - Cheese

Country of Supply	Comments
Ireland	<ul style="list-style-type: none"><li data-bbox="657 354 2359 482">• Ireland is a small scale supplier to the UAE for cheese, although dairy exports from Ireland increased by 23% to over 11,400 tonnes in 2019, compared to 9,279 tonnes during 2018. Much of these exports are a combination of SMP/WMP and butter.<li data-bbox="657 529 2104 572">• There are modest exports of Irish cheddar supplied to the UAE dependent on prices.
The US	<ul style="list-style-type: none"><li data-bbox="657 639 2359 811">• The US exports a range of cheese products to the UAE and the US Dairy Export Council (USDEC) benefits from USDA funding to underpin export promotions work across the Gulf region. US cheese exports range from cream cheese, mozzarella for the foodservice sector and then US speciality varieties such as Monterrey Jack.<li data-bbox="657 858 2359 943">• The US cheese sector is especially strong in the foodservice market but some product can be found in the retail sector too.<li data-bbox="657 991 2359 1119">• UAE importers are concerned that US exporters are fundamentally more interested in other markets in NAFTA and SE Asia than the GCC, but US exports to the region are up in the last years not least as a result of the fall off in exports to China.

How do UK firms get to market?

- **Most UK exporters use consolidators based either here in the UK or sometimes the NL**
- There are also a plethora of UAE import companies to trade with
- **Air freight links are excellent. Sea freight links are also very regular too**
- Short shelf life products are shipped by air, longer shelf life by sea
- Many UK exporters attend Gulf Food
- Other business contacts made at SIAL, ANUGA, US Fancy Food and others
- Help available through DIT/UK Embassy located in Dubai



How do UK firms get to market?

- Many UK companies have been doing business in the UAE for some time
- **Being an existing supplier to UK retailers is a big help - but no essential**
- **UAE customers look at the track record of success in the UK as a key indicator**
- UK food companies are seen as being very good at dealing with well known UK influenced retailers - but much weaker in other routes to market
- UK products are also manufactured in MENA countries and shipped to the UAE
- Terms of business are standard for international trade – 30/60/90 days, but are tightening even pre COVID 19
- Patience is everything in doing business in the UAE. You need to consider a three to five year plan

What are the lessons for the UK in the UAE cheese sector?

- The UK is recognised as one of the key suppliers of cheddar cheese to the UAE
- The UK share of the cheese market is still quite small and could be grown further
- There is already a proliferation of UK suppliers all chasing a limited market at the moment
- The UK faces strong competition from other quality driven EU producers, such as France, and then countries with structurally lower costs of production, such as Ireland, NZ and Australia
- As with other British products, cheese producers have invariably done well in the UK influenced retailers in the UAE – it would be common to see British products being sold in the likes of Lu Lu, Spinneys, Waitrose, M & S and Choithrams - and even in Carrefour
- In contrast, British suppliers have done less well in the more non traditional routes to market for them, and in other areas, such as foodservice and the HORECA sectors

The impact of COVID-19

What the long term impact of this will be on the food and drink sector will be is hard to tell, but a number of things to appear to be clear as follows:

- oil prices will remain volatile and this is one of the key drivers of the UAE economy per se. Any economic down turn will have an obvious impact on overall consumer spending, even in a relatively wealthy country such as the UAE
- the UAE will remain dependent on food and drink imports, but the emphasis on security of supply will increase
- some retailers might look to shorten their supply chains and stress test their supply base to see how they cope with such a shock to their distribution networks
- for the immediate future, food and drink demand from hotels and restaurants is likely to remain subdued, as both business tourist travellers look to avoid the UAE – this will have a knock on impact on both airline and cruise liner travel
- home delivery systems and online ordering technologies will increase in popularity
- transport links to the UAE from the UK will be disrupted
- the overall commercial and trading environment will invariably tighten

Further Information



Caroline Dawson

Head of Agri Food

caroline.dawson@genusplc.com

Twitter: @agrifood_promar

Website: promar-international.com

Any questions?

Our next webinar in the 'Middle East Week' series "*Understanding Dairy Export Opportunities: Saudi Arabia, Qatar and Kuwait*" will be held on Thursday 10 September, 10:00 – 11:30 BST

To book please go to: <https://ahdb.org.uk/events>



A vibrant landscape of a green field at sunset. The sun is low on the horizon, casting a warm glow over the scene. The sky is filled with colorful clouds, and the field is lush and green. A path leads from the foreground towards the horizon. In the foreground, there are several thin, white, wavy lines that appear to be part of a design or graphic element.

**‘Inspiring our farmers, growers
and industry to succeed in a
rapidly changing world’**

© Agriculture and Horticulture Development Board 2017 | All Rights Reserved