

Voluntary Report – Voluntary - Public Distribution

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Report Name: Food Service - Hotel Restaurant Institutional

Country: United Arab Emirates

Post: Dubai

Report Category: Food Service - Hotel Restaurant Institutional

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Report Highlights:

This guide intends to provide an overview for those looking to learn more about the hotel restaurant and institutional (HRI) sector. The UAE is a global hub for tourism, trade, and transportation, with world-class hotels and restaurants; tourism alone accounts for 10 to 15 percent of total economic activity in a given year. New trends such as food markets with the availability of different international cuisines, food trucks, and healthy fast food are becoming more popular in the UAE. In 2021, the HRI market was valued at \$12.3 billion, an almost 17 percent increase from 2020.

Market Fact Sheet: United Arab Emirates

Quick Facts CY 2022

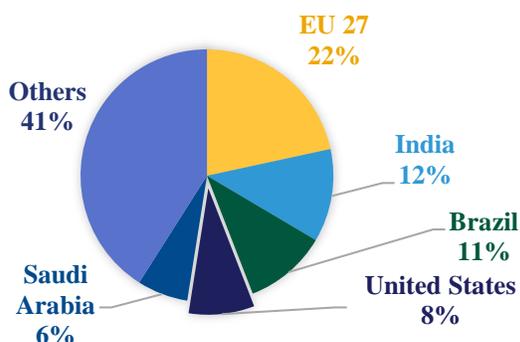
Executive Summary

The United Arab Emirates (UAE) is a developed nation with a federalist monarchy form of government. It is the second largest economy in the Arab world after Saudi Arabia, with a Gross Domestic Product (GDP) of \$503 billion and a projected growth rate of 4.2 percent in 2023 according to IMF World Economic Outlook Update. Foreign nationals comprise almost 90 percent of the very diverse population. Approximately 80 percent of the UAE's agricultural products are imported. In 2022, the United States exported \$1.28 billion in agricultural and related products to the UAE, making it the second largest export market for U.S. Agricultural products among the countries of the Gulf Cooperation Council (GCC) and 25th largest in the world.

Imports of Consumer-Oriented Products

The UAE imported \$12.5 billion in consumer-oriented products in 2022, accounting for 59 percent of total Agricultural imports. Primary suppliers are the European Union, India, Brazil, United States, and Saudi Arabia. The market is highly competitive but there is great potential for U.S. export growth in this segment, including in dairy products, prepared food, fresh fruit, poultry, tree nuts, and beef products.

IMPORTS OF CONSUMER ORIENTED PRODUCTS (US\$ MILLIONS)



Hotel, Restaurant, Institutional

According to UAE government statistics there are over 30,000 food outlets in the country, with 60 percent located in the Emirate of Dubai. In 2021, the HRI market was valued at \$12.3 billion, an almost 17 percent increase from 2020. The UAE food service market is divided by structure into independent restaurants and chained restaurants and by type to full-service restaurants, limited-service restaurants, quick service restaurants (QSR), cafés and bars, as well as street stalls and kiosks. According to Euromonitor, full services restaurants have the largest share of the total sector sales with a sales value of \$6.78 billion followed by cafes and bars with a sales value of \$2.75 billion.

Imports of Consumer-Oriented Products

US\$ 12.5 billion

10 Top Consumer-Oriented Products Imports

Dairy	\$1.8 billion
Poultry meat & products	\$1.19 billion
Tree nuts	\$948 million
Fresh fruit	\$946 million
Beef & beef products	\$828 million
Bakery Goods	\$738 million
Soup & Food Preparations	\$671 million
Distilled Spirits	\$594 million
Tobacco	\$581 million
Meat Products (NESOI)	\$429 million

Top UAE Chained Consumer Food Service

Yum! Brands Inc., McDonald's Corp, Restaurant Brands International Inc., Starbucks Corp., Doctor's Associates Inc., Brinker International Inc., Coca-Cola Co., Papa John's International Inc., Inspire Brands Inc., Al Khaja Group

GDP and Population

Population: 10.755 million

GDP: \$503 billion

GDP per capita: \$46,768

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

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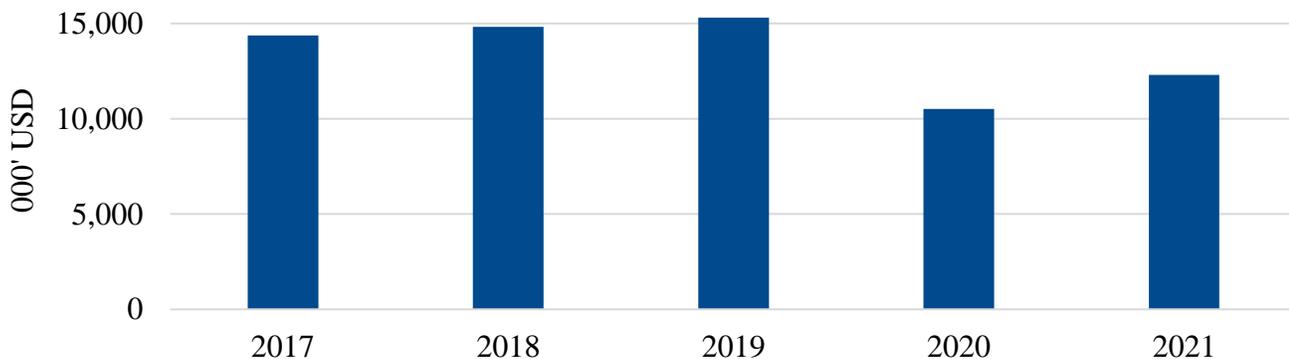
SECTION I. MARKET SUMMARY

The United Arab Emirates (UAE) is a developed nation conveniently geographically located at the center of the world, with excellent infrastructure to import, export, and transit products to the region and around the globe. The UAE has low tariffs within the Middle East because it is a member of the both the Pan-Arab Free Trade Area with the nations of the Arab world and the Gulf Cooperation Council (GCC), a regulatory and political union between countries of the Arabian Gulf.

The International Monetary Fund projected that the UAE's gross domestic product will increase by 4.2 percent in 2023 due to high petroleum rents and growth in non-oil sectors. The IMF projected the UAE's population in 2023 will grow to 10.755 million, an increase of two percent from 2022 estimates at 10.544 million. Dubai is one of the world's most visited cities. According to data from the Dubai Government Statistics Center, the tourists visiting Dubai have almost doubled in 2022 to reach 14.360 million visitors compared to 7.280 million visitors in 2021 (Chart 1), an increase of 97 percent (see the 2022 Report and the 2021 Report). The tourism sector is forecast to grow again in 2023 as the numbers of visitors to Dubai are expected to reach even higher levels than before the pandemic, at 16.730 million visitors. In 2020, during the pandemic, the number of visitors to Dubai dropped to a low 5.510 million. All local events, conferences, and international shows, including Gulfood, the world's biggest annual food show received more visitors in 2023. From November 30 to December 12, 2023, Dubai will host the United Nations Climate Change Conference (COP 28) and in the first quarter of 2024 Abu Dhabi will host the 13th World Trade Organization's Ministerial Conference. The UAE is expected to use both events as a catalyst to attract additional business and tourism.

UAE is the second largest food service market within the Arab Gulf Cooperation Council (GCC) region after Saudi Arabia. In 2021, the UAE hotel, restaurant, institutional sector value totaled at \$12.3 billion, almost 17 percent increase from 2020. Closure of hotels and food service outlets during the pandemic in 2020 had negatively affected food services sector. Food service volume sales rebounded in 2021 but did not reach pre-pandemic levels (Graph 1).

Graph 1: UAE HRI Market 2017 - 2021



Source: Euromonitor

The UAE's strong economy, well-developed infrastructure, and diverse culture made it the culinary hub of the region. The food service sector offers various cuisines coming from more than 200 different nationalities, award winning chefs, restaurant groups, fine dining restaurants, cafes, and street food. The UAE food service market is divided by structure into independent restaurants and chained restaurants and by type to full-service restaurants, limited-service restaurants, quick service restaurants (QSR), cafés and bars, as well as street stalls and kiosks. According to Euromonitor, full services restaurants have the largest share of the total sector sales with a sales value of \$6.78 billion followed by cafes and bars with a sales value of \$2.75 billion (Table 1).

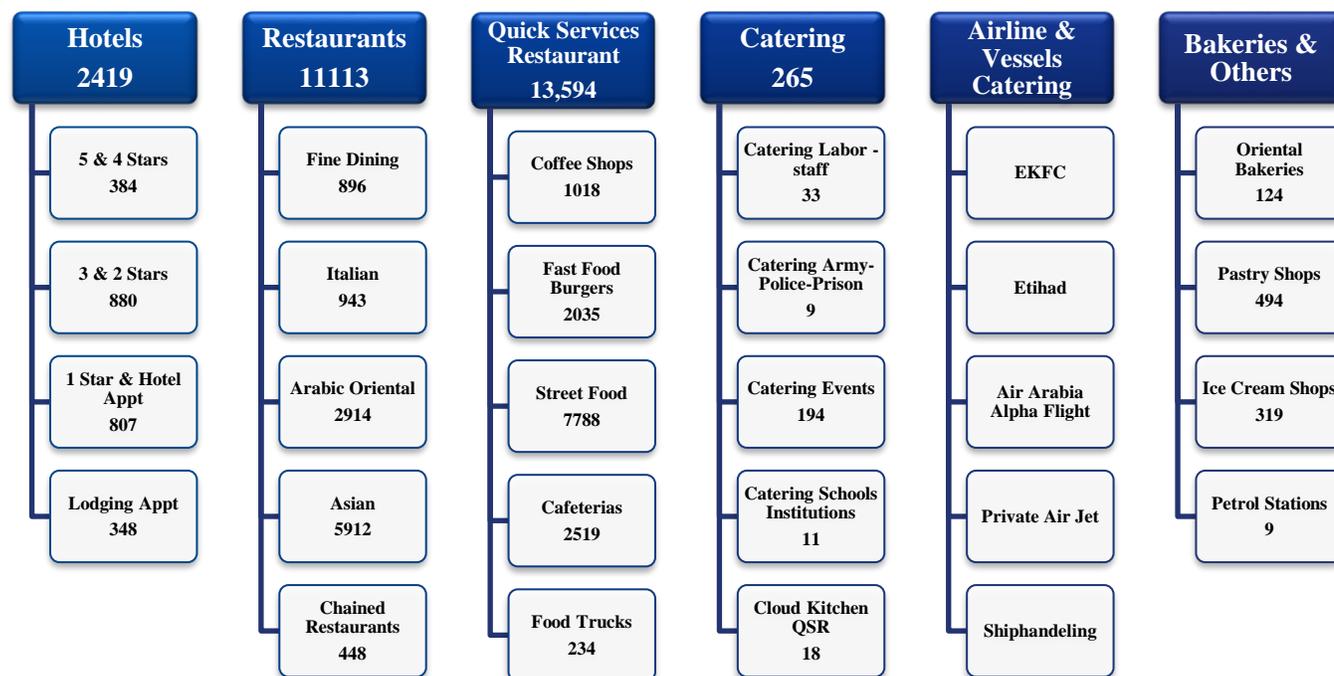
Table 1: UAE Food Service Sales by Sub Sector 2016 to 2021 (000' USD)

	2017	2018	2019	2020	2021
Full-Service Restaurants	8,083	8,312	8,548	5,702	6,773
Limited-Service Restaurants	2,819	2,882	3,034	2,336	2,647
Cafés/Bars	3,335	3,485	3,564	2,364	2,753
Self-Service Cafeterias	67	74	76	56	62
Street Stalls/Kiosks	65	71	86	61	67
Total	14,369	14,823	15,308	10,519	12,302

Source: Euromonitor

In the absence of official federal data on the number of food service establishments, post has based food service establishment numbers on information gathered from trade sources, contacts, and the Dubai government. In 2022, the number of food service establishments in the UAE based on industry estimates reached 30 thousand outlets with over 60 percent located in the Emirate of Dubai.

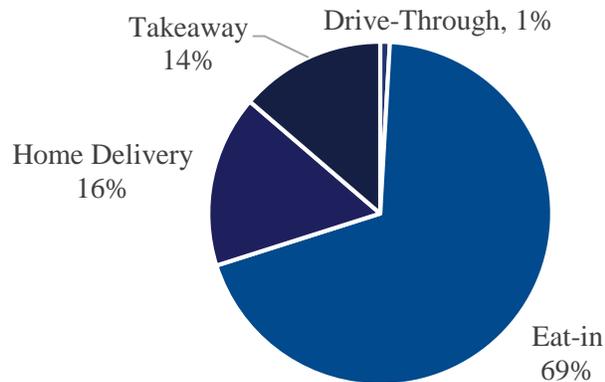
Food Service Channels in UAE



Source: Euromonitor

According to Dubai Municipality, the number of food service establishments in the emirate of Dubai reached 18,667 with 9,705 restaurants, 4,310 coffee shops, 2,809 Cafeterias, 840 hotels, 728 catering, and 275 schools. Due to the outbreak of the COVID-19 pandemic in 2020, online food service sales have increased dramatically with more than 16 percent market share in 2021. This segment is expected to continue to grow in the upcoming years. Talabat dominates the food delivery market in the UAE with 74 percent market share followed by Deliveroo and Careem.

Graph 3: Eat-In vs Delivery and To-Go Sales in 2021



Source: Euromonitor

The food service sector in the UAE depends heavily on imported raw materials due to the low domestic agricultural production. The sector has seen a huge increase in production cost including raw materials, transportation, labor cost, and energy in 2022. The food service entrepreneurs struggled to maintain profit margins with increasing costs and had to find cheaper sources to avoid passing along menu price increases to consumers. QSRs, cafes, fast casual, casual dining, and cloud kitchens have seen the most growth with people looking for affordable meals. The QSR and cafe industry are facing increasing competition from the growing cloud kitchen sector, which reached 18 companies in 2021.

The key sector trends this year are cloud kitchens, new delivery apps, innovation, new digital marketing methods, and technology adaptation especially in customer service due to labor shortages across the country. To learn more about latest industry trends and market insights, you may visit [UAE Restaurant Group](#) that represents many restaurants in UAE. Additionally, it contains great market studies and monthly industry newsletters.

Major Consumer Trends

- Healthy fast-food concepts are growing in the UAE with the increasing number of health-conscious UAE consumers. UAE consumers are becoming more price oriented and looking for affordable healthy meals to eat with the increasing costs of living in the country. Many fast-food restaurants are promoting healthy eating and including calorie information on their menus.

- Find dining is growing with increasing numbers of tourists in the country who are interested in experiencing the luxurious dine-in culture that the UAE and especially Dubai has to offer.
- Trendy culinary platforms such as Foodie Experiences, Hidden Gems, and Made in Dubai are highlighting the diverse dining experiences in the city and continue to attract UAE consumers to try new recipes and different cuisines. Demand for specialty coffee is growing among younger generation who enjoy new brewing processes.
- In 2021, changing consumption habits due to the pandemic increased the use of e-commerce platforms in the region. UAE restaurants continue to invest in e-commerce platforms with new players, such as Noon and Instashop, entering the food delivery segment. Online food ordering is a long-term trend and will continue to play a major role in food service sector in the UAE.
- With more than 200 different nationalities in the UAE, food markets with the availability of different international cuisines are attracting UAE customers to try different foods and spend more money on outside dining.

Advantages and Challenges for U.S. Products in UAE HRI

Advantages	Challenges
Food service sector relies mainly on imported commodities and ingredients.	Inflation in the UAE affected residents' spending on eating out and encouraged them to cut back non-essential expenses.
Potential growth in the food service sector and imported food ingredients in UAE due to the increasing number of tourists in the country.	Significant competition from Europe, Asia, Australia, New Zealand, and local regional processors due to price flexibility and lower freight costs.
UAE consumers are more food conscious and concerned about the quality and origin of their food. Preference for U.S. products due to their safety and high quality.	Lack of interest from some U.S. exporters who are not willing to entertain small orders and consolidate shipments.
UAE consumers are diverse and following the latest food trends. This creates a great opportunity for U.S. food chains who offer unique dining experience. Increasing number of digital food delivery platforms that makes it easy to reach consumers but requires more efforts to build a long-term engagement with consumers.	All imported food products into the UAE must comply with strict GCC standards, including but not limited to, product registration, Arabic labeling, and halal certificates for meat products.

SECTION II. ROAD MAP FOR MARKET ENTRY

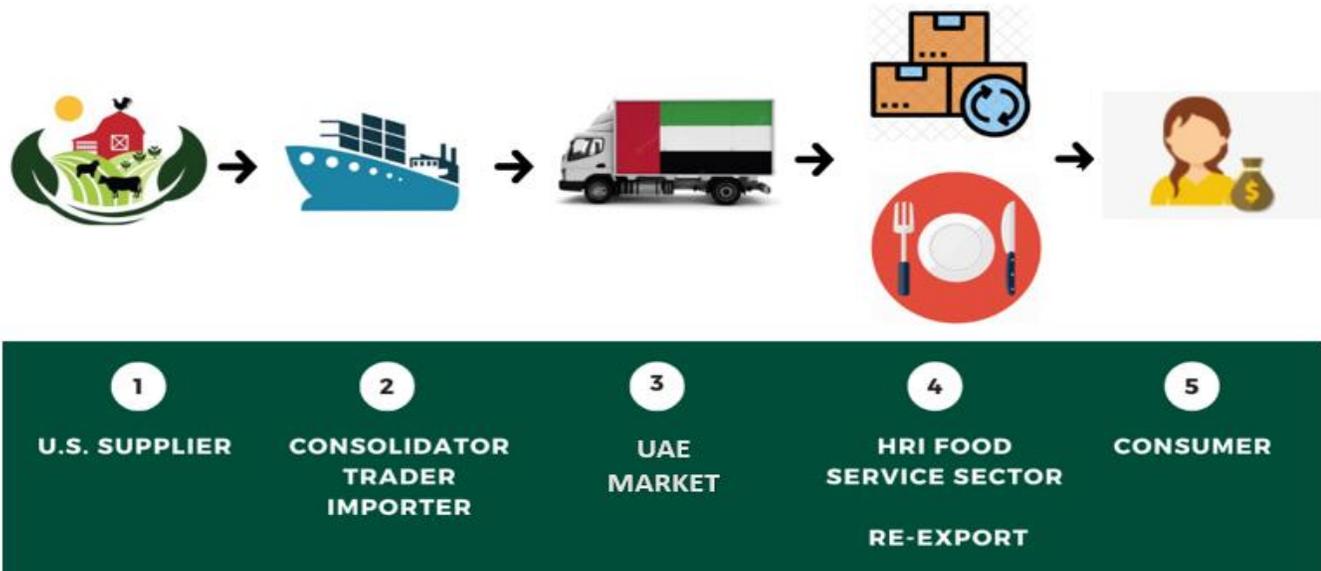
Entry Strategy

USDA's Regional Office of Agricultural Affairs in Dubai (OAA Dubai) maintains resources to help U.S. suppliers connect with local industry and stay current on the latest news, trends, and regulations. USDA FAS OAA reports can be found here: [United Arab Emirates | USDA Foreign Agricultural Service](#)

U.S. suppliers are advised to study the market to determine if there is potential for their products. It is recommended to understand the overall business climate, market size and dynamics, consumption trends, food import procedures, and regulations. After initial market research is completed, it is recommended to visit the UAE and meet in-person with local industry.

Attending and participating in UAE trade shows is a great opportunity for U.S. suppliers to build contacts with local industry and meet potential buyers. Gulfood is the largest annual food show in the world and attended by countries all over the region and the world. There are several events in UAE specialized in restaurants and HRI sector. You can find more information about HRI events at [UAE Restaurant Group](#) which represents many restaurants in UAE and contains great market studies and monthly industry newsletters.

Market Structure



Import Procedures

Dubai is a regional trade hub and center of international exhibitions and events. Around 75 percent of shipping volume into the UAE arrives via Dubai's ports. Regulations and registration procedures vary between each Emirate. You can find more information regarding import requirements for food products into the major Emirates through the following links.

- For Abu Dhabi: [Food Importers Guide](#), Abu Dhabi Food Control Authority
- For Dubai: [Import and Re-export Requirements for Foodstuff](#), Food Control Department, Dubai Municipality

For more information about regulatory requirements related to the importation and sale of agricultural goods in UAE, please review the [Food and Agricultural Import Regulations and Standards Report \(FAIRS\)](#) and the [FAIRS Export Certificate Report](#).

Distribution Channels

Small individual restaurants buy from butcher shops, fresh food market, and small size wholesalers while larger and chained restaurants get their supply from wholesalers and distributes. HRI-focused wholesalers are consolidating to provide the required amounts for their clients. They have their own warehouses, distribution trucks to distribute products thought UAE. Chef Middle East, Aramtec, Bid Food, M.H. Enterprises LLC, SAFCO, HK Enterprises, Transmed, Fresh Express, JM Food, FANTCO, are few examples of active distributes in the food service sector in the UAE.

Company Profiles and Company Products

Yum! Brands Inc had the largest share of the UAE food service market with 3.3 percent in 2021. The top 5 companies who accounted for 10.7 percent of the total food service market in the UAE in 2021 are Yum! Brands Inc, McDonald's Corp, Restaurant Brands International Inc, Starbucks Corp, and Doctor's Associates Inc (Table 2).

Table 2: Top 10 Chained Consumer Food Service in the UAE by Market Share

Company Name	2017	2018	2019	2020	2021
Yum! Brands Inc	2.5	2.6	2.7	3.7	3.3
McDonald's Corp	2.0	2.0	2.2	2.5	2.3
Restaurant Brands International Inc	2.0	2.0	2.0	2.3	2.1
Starbucks Corp	1.6	1.6	1.6	2.1	1.9
Doctor's Associates Inc	1.1	1.1	1.1	1.3	1.1
Brinker International Inc	0.9	0.9	0.8	0.9	0.8
Coca-Cola Co	-	-	0.5	0.7	0.6
Papa John's International Inc	0.3	0.4	0.3	0.6	0.5
Inspire Brands Inc	-	0.0	0.0	0.5	0.4
Al Khaja Group	0.6	0.5	0.5	0.5	0.4
Others	80.0	80.1	79.9	76.4	86.5
Total	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor

SECTION III. COMPETITION

The food service sector in the UAE depends heavily on imported food products due to low domestic agricultural production. European Union, Brazil, India, and Saudi Arabia are the main competitors in sourcing consumer-oriented products.

For more trade statistics information, please visit: [UAE Federal Competitiveness and Statistics Centre](#) or [USDA FAS GATs](#).

SECTION IV. BEST PRODUCT PROSPECTS

A: Products Present in the Market That Have Good Sales Potential (Unit: US\$ million)

Product Category	2022 Imports from the United States	2022 Total Imports	Key Constraints for Market Development	Market Attractiveness for U.S. Exporters
Beef & Beef Products	\$71	\$887	Price competition from Australia and Brazil	The United States has a growing portfolio of high-quality beef
Seafood Products	\$17	\$646	Price competition from India, Thailand, Norway, China, and EU	Strong demand in the UAE for quality and diversified seafood products with the increasing number of hotels and growth in fine dining
Dairy Products	\$72	\$1.8	High competition from EU and lack of consumers awareness of the wide variety of U.S. dairy products	The United States has a growing portfolio of high-quality dairy ingredients; the UAE imports large volumes of dairy products giving U.S. dairy products great potential in all sectors
Fresh Fruits	\$37	\$926	Price competition from neighboring countries	Growing of health awareness after the spread of COVID-19 and consumer preference for fresh and healthy products

Poultry Meat & Products	\$53	\$1.2	High competition from Brazil and lack of interest among U.S. suppliers to improve the handling and packaging of U.S. products	U.S. competitive price and high quality of chicken leg quarter especially in catering services
Tree Nuts	\$491	\$945	Competition from other tree nuts suppliers especially Iran for pistachio and Chile for walnuts	Competitive price and high quality for U.S. tree nuts. UAE is a re-export hub for tree nuts to the Middle East, Africa, and southeast Asia
Bakery goods, cereals, & pasta	\$35	\$748	Strong competition from EU and Saudi Arabia, with large productions and competitive prices	Preference for U.S. products due to the safety and high quality

Source: Trade Data Monitor

Category B. Products Not Present in Significant Quantities but Possess Good Sales Potential (Unit: US\$ million)

Product Category	2021 Imports from the United States	2021 Total Imports	Key Constraints for Market Development	Market Attractiveness for U.S. Exporters
Coffee, Roasted and Extracts	\$5	\$234	Price competition from other coffee producing countries	Growing number of coffee shop chains in UAE and increasing interest in specialty coffee
*Organic Products	\$10	\$34 (Organic packaged food)	Growing competition from EU	Growing health awareness after the spread of COVID-19 and consumer preference for organic and healthy products

Source: Trade Data Monitor & Euromonitor

**The data available for U.S. exports of organic products is limited due to the lack of HS codes assigned to organic products.*

SECTION VI. KEY FAS/USDA CONTACTS AND FURTHER INFORMATION

USDA Foreign Agricultural Service Regional Office of Agricultural Affairs

Address: U.S. Consulate General in Dubai, 8 Al Seef St - Umm Hurair 1 - Dubai Telephone: +971 4 309

4000 Fax: +971 4 354 7279

E-mail: agdubai@fas.usda.gov

Host Country Government:

- Ministry of Climate Change and Environment: For information on federal laws, ministerial decrees, regulations as well as available business services.
[UAE | Ministry of Climate Change & Environment](#)
- Ministry of Industry & Advanced Technology: For UAE national standards and regulations.
[UAE | Ministry of Industry & Advanced Technology](#)
- Dubai Municipalities: For issues related to food safety, central laboratory, and accreditation in the Emirate of Dubai.
[Dubai | Dubai Municipality](#)
- Municipalities in the other six Emirates:
[UAE | Government of Ras al Khaimah Links to UAE Municipalities](#)

AMCHAM in the UAE and local chambers of commerce and industry in the seven Emirates:

- [Abu Dhabi Chamber of Commerce and Industry](#)
- [Dubai Chamber of Commerce and Industry](#)
- [Fujairah Chamber of Commerce and Industry](#)
- [Ras Al Khaimah Chamber of Commerce and Industry](#)
- [U.S.-UAE Business Council](#)
- [Sharjah Chamber of Commerce and Industry](#)
- [Um Al Quwain Chamber of Commerce & Industry](#)
- [Ajman Chamber of Commerce](#)
- [American Business Council of Dubai and the Northern Emirate](#)

Attachments:

No Attachments.