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Prepared By: Mohamed Hamza and Lucas Blaustein

Approved By: Valerie Brown

Report Highlights:

The United Arab Emirates' consumption and imports of grain and feed are projected to increase over the coming year. Rice and wheat consumption will grow with the UAE's economic recovery, spurred by one of the world's fastest vaccination drives. Growing herds will help lift demand for corn and barley. A government push for greater food security through a strategic stockpile will lift all imports. FAS Dubai forecasts UAE all wheat imports to increase by 13 percent to 1.7 MMT. Rice imports are forecast to increase by 15 percent to 1.150 MMT. UAE MY2021/22 corn imports are forecast to increase by roughly 8 percent to reach 700,000 MT, and barley imports in MY2021/22 are forecast to increase 6 percent to reach 500,000 MT.

Executive Summary:

The United Arab Emirates' consumption and imports of grain and feed are projected to increase over the coming year. Rice and wheat consumption will grow with the UAE's economic recovery, spurred by one of the world's fastest vaccination drives. Growing herds will help lift demand for corn and barley. A government push for greater food security through a strategic stockpile will lift all imports.

Wheat

UAE total wheat consumption in MY2021/22 is forecast to recover by 10 percent or 150,000 MT to reach 1.7 MMT. The MY2020/21 wheat consumption estimate has been revised downward to 1.55 MMT, lower by 50,000 MT or 3 percent from the USDA official estimate due to COVID-19 reducing demand.

UAE wheat imports in MY2021/22 are forecast to increase by 13 percent to 1.7 MMT on the economic recovery. MY2020/21 estimates were adjusted downward to 1.5 MMT due to the pandemic. Ending stocks are forecast to drop to 463,000 MT from 563,000 MT due to overhang.

Corn

UAE total corn consumption in MY2021/22 is forecast to increase by 8 percent or 50,000 MT to reach 680,000 MT. The MY2020/21 corn consumption estimate has been revised upward to 630,000 MT based on the growth of the livestock sector.

UAE MY2021/22 corn imports are forecast to increase by roughly 8 percent or 50,000 MT to reach 700,000 MT due to growing livestock demand. MY2021/22 Corn ending stocks are unchanged.

Barley

Barley consumption in 2021/22 is expected to rise by 6 percent to reach 490,000 MT compared to the prior-year estimate of 460,000 MT due to increased demand from livestock.

UAE barley imports in MY 2021/22 are forecast to increase 6 percent or 30,000 MT to reach 500,000 MT as demand for feed increases with expanding herds. Post estimates barley imports in MY2020/21 at 470,000 MT, similar to USDA's official estimate. No barley stocks are forecast in MY2021/22.

Rice

UAE rice consumption and imports are forecast to improve in MY2021/22 by 15 percent or 150,000 MT to reach 1.15 MMT as the UAE economy expands and stockpiles are maintained. Post has revised MY2019/20 rice consumption lower by 150,000 MT to 850,000 MT due to COVID-19 negatively impacting demand. MY2021/22 rice ending stocks are estimated at 250,000 MT, slightly higher as the UAE maintains its strategic grain reserve.

Sources and Common Terms

Common Terms in this Report Include:

ADAFSA – Abu Dhabi Agriculture and Food Safety Authority

COVID-19 – Novel Coronavirus Disease or Pandemic

FAS – Foreign Agricultural Service

FSI – Food, Seed and Industrial

GADAS – Global Agricultural & Disaster Assessment System

GDP – Gross Domestic Product

ha – Hectare

MT – Metric Ton

MMT – Million Metric Ton

MOCCAEC – Ministry of Climate Change and Environment

MY – Marketing Year

PS&D – Production, Supply, and Distribution

SSL – Container Steamship Line

TRQ – Tariff Rate Quota

TY – Trade Year

TDM – Trade Data Monitoring

UAE – United Arab Emirates

UAECSC – UAE’s Competitiveness and Statistics Center

USDA – U.S. Department of Agriculture

WPI – World Perspectives Incorporated

This report covers all wheat, rice, corn, and barley. Wheat numbers include the following HS codes: wheat grain (HS 1001), wheat flour (HS 1101), pasta (HS 190219, HS 190230) and couscous (HS 190240) and have been converted to the wheat grain equivalent. Rice figures include milled rice (HS 100630), broken rice (HS 100640), rough/paddy rice (HS 100610), brown rice (HS 100620) both converted to the milled equivalent. Corn is (HS 1005) and barley is (HS 1003). Unless otherwise noted, “EU” in this report refers to EU27+UK.

Graphs in this report may disagree with both official USDA numbers and Post PS&D estimates. Graphs are intended to support Post conclusions and inform readers. Data in this report was sourced from TDM, the USDA Global Agricultural Trade System, USDA FAS Export Sales Query System, UAECSC, WPI, and other sources where noted. Pricing data was either taken from Post research or as reported by the USDA Agricultural Marketing Service. All maps were created using USDA FAS GADAS. Other data sources in the report are referenced directly.

For questions on any information found in this report, please contact the Regional Office of Agricultural Affairs at the United States Consulate in Dubai, United Arab Emirates. To learn more about what our office does, watch this [video](#).

**USDA Foreign Agricultural Service
Office of Agricultural Affairs**

Email: AgDubai@USDA.gov
Phone: 971 04 309 4902

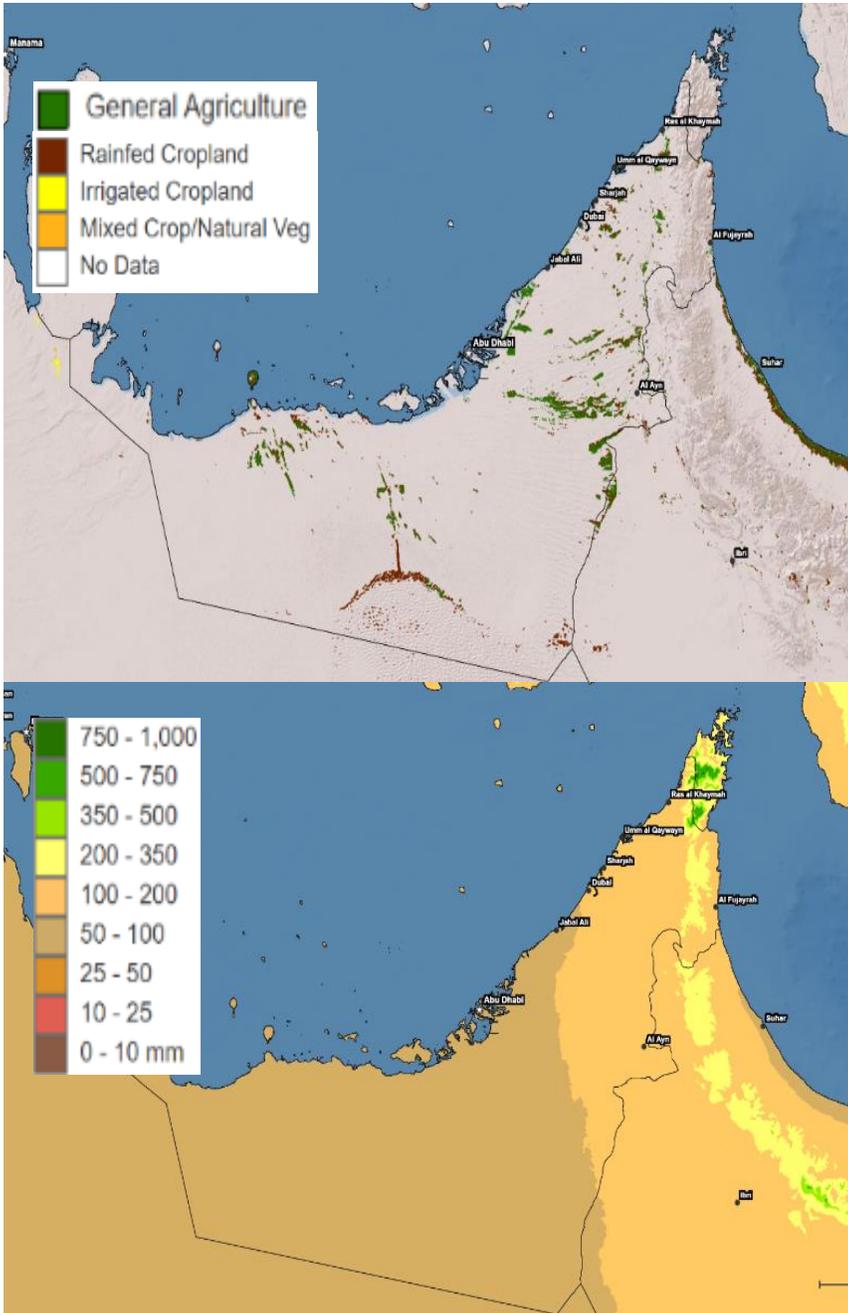


**United States
Department of
Agriculture**

Area Planted & Production

Commodities: Wheat, Rice, Barley and Corn

UAE Crop Production and Average Rainfall



The United Arab Emirates is an arid country with limited water resources and little natural water recharge. Demand for water is met through costly desalination programs and water recycling. Negligible rainfall precludes the production of row crops like wheat, corn, rice, and barley. Demand for grains is met through import and storage programs.

Despite limited water resources, the UAE government continues to look for the new technologies that can support local production of certain strategic commodities. Several trials for certain grain varieties that can withstand heat, saline soil, and drought have been implemented. In May 2020, the UAE's MOCCAЕ announced the harvest of 1700 kilograms of "Asemi" rice that was planted in the desert of the Emirate of Sharjah. This was part of a pilot project between MOCCAЕ and South Korea's Rural Development Administration. The project uses desalinated seawater, which the UAE can produce in abundance, instead of relying on groundwater pumped from shrinking aquifers. In 2018, the UAE and the People's Republic of China announced trials for growing rice in Dubai's desert by using a hybrid rice strain that can grow in saltwater.

In addition to these trials for rice cultivation, small areas of the UAE are planted with field crops, most commonly corn. In 2019, according to ADAFSA, a total area of 3,629 ha was planted with field crops in the Emirate of Abu Dhabi producing around 161,506 MT of field crops. Out of this area, around 222 ha is planted with corn, yielding 4,105 MT ([ADAFSA Statistical Book 2019](#)). In 2019, based on

reporting from the Dubai Statistics Authority, the Emirate of Dubai grew around 12 ha of corn producing 340 MT ([Dubai Agriculture Statistics 2019](#)). For comparison, the United States normally plants around 39 million ha of corn.



Rice Plantation Trials, Desert of Dubai, 2018



Rice Plantation Trials, Desert of Sharjah, 2020

COVID-19 Accelerates Investment in UAE Production Abroad

On February 13, 2021, as the coronavirus pandemic continued to rage around the world, Ukraine’s President Volodymyr Zelenskyy confidently stated on his first official visit to the UAE, "Ukraine can and will be the guarantor of the food security of the Emirates."

COVID-19 has put a renewed impetus on improving food security for the United Arab Emirates. Limited land and water resources has pushed Emiratis to invest in production abroad. On May 13, 2020, Abu Dhabi’s largest government owned holding company purchased a 50 percent stake in Al Dahra, solidifying government control over the UAE’s largest food conglomerate. Al Dahra manages or owns farmland across the world, including 20,000 ha in Serbia, 4,047 ha in Spain, 2,023 ha in Australia, and 4,047 ha in the United States. Al Dahra also has significant investments in Ukraine and the Black Sea region through an agreement with the Saudi Arabia Agricultural and Livestock Company. Since its founding in 1995, Al Dahra has grown to employ 5,000 people across 20 nations operating

Fujairah Silos



significant midstream assets, including grain elevators, storage, and transportation infrastructure. These assets include 20 silos with a capacity of over 300,000 MT in the port of Fujairah.

ADQ has also announced its intention to purchase a 45 percent stake in the Louis Dreyfus Company (LDC) for an estimated \$800 million. Investments in LDC and Al Dahra will further solidify the UAE as a major player in both the production and marketing of agricultural commodities globally.

Consumption

Commodity: Wheat & Rice

Post forecasts UAE total wheat consumption in MY2021/22 to recover by 10 percent or 150,000 MT to reach 1.7 MMT as overall economic conditions in the UAE improve. The MY2020/21 wheat consumption estimate has been revised downward to 1.55 MMT, lower by 50,000 MT or 3 percent from the USDA official estimate due to COVID-19 reducing consumption.

UAE rice consumption is forecast to improve in MY2021/22 by 15 percent or 150,000 MT to reach 1.15 MMT as the UAE economy recovers. Post has revised MY2019/20 rice consumption lower to 850,000 MT due to the negative impacts of COVID-19.

Tourism and Food Service Sectors Suffer Amid COVID-19

According to the World Economic Forum, in 2019 travel and tourism accounted for 11.9 percent of the UAE's GDP and employed roughly 10 percent of its labor force. There are 1,136 registered hotel establishments operating in the UAE, welcoming 27 million guests annually. Tourism and food service are the primary drivers for wheat and rice consumption.

On May 6, 2020, after two months of full closure, the UAE government reopened all commercial centers, shopping malls, restaurants, hotels, entertainment venues, and tourist attractions. Precautionary measures were put in place that continue to include a 50 percent limit on capacity at indoor venues, including cinemas, entertainment, and sports venues; a 70 per cent capacity limit on shopping malls and hotels, and the closure of restaurants and cafés by 1:00 a.m.

On July 7, 2020, Dubai reopened to international tourists after four months of closure to global travel. Before the pandemic struck, the Emirate of Dubai expected 20 million visitors in 2020 while the UAE's World Travel and Tourism Council forecasted this number to reach 33.5 million by 2028, ranking Dubai as one of the top five most visited cities in the world. In contrast to these projections, the Dubai Tourism and Marketing Department reported only 5.51 million tourists visited Dubai in 2020 compared to 16.73 million in 2019, a drop of 67 percent ([see the report highlights here](#)). According to the United Nations Conference on Trade and Development (UNCTD) the pandemic is forecast to reduce tourism to the UAE by roughly 2 to 7 percent of GDP and lower wages by 3 to 10 percent annually.

Food service suppliers have reported that the resumption of tourism and the reopening have improved sales; however, the return to a pre-COVID state needs more time. During the first half of 2020, some food service distributors reported a sales drop of up to 50 to 60 percent. Suppliers redirected efforts to retail and online shopping from hotels and restaurants. While some retailers were able to initially absorb excess food quantities during the onset of the pandemic, shelf stable products, including wheat flour, pasta, and rice were put into storage facilities pending a recovery in demand. Many suppliers refrained from importing and some cancelled orders due to the weak food service sector. For more information on UAE's retail sector and COVID-19 impact please see [FAS Dubai Exporter Guide Report published in January 2021](#).

Foreign Workers Flee Economic Downturn

In 2020, many resident workers left the UAE during the initial months of the coronavirus outbreak due to business closures and subsequent unpaid leave. Local media reports collected by FAS Dubai indicated that around 430,000 Indians, 80,000 Pakistanis, 40,000 Filipinos, and 20,000 Bangladeshis left the UAE between May to September 2020. Recent reports and demand for visa services indicates that as the UAE’s economy is recovering and many who left the country amid the height of the pandemic are now returning.

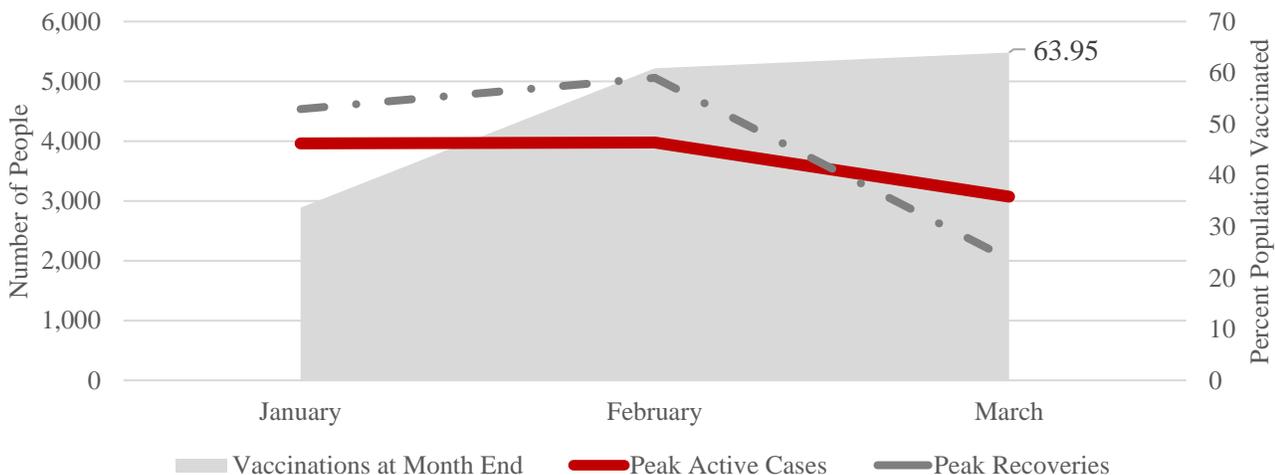
The UAE Population Recovers

Expatriates compose 89 percent of the UAE population, with most originating from south-central Asia, the Philippines, and other Arab countries. Diets within these groups traditionally consist of staple goods such as rice and bread which are consumed at almost every meal. The United Nations estimates the UAE’s population in 2020 at 9.89 million with an average annual growth rate of 1.3 percent ([United Nations UAE Population Data](#)). According to Dubai’s government, its population increased by 1.6 percent in 2020 to 3.4 million. Out of the 2020 estimate, around 3.14 million were expatriates while 271,050 were Emiratis ([Dubai Population Statistics](#)). However, juxtaposed to official statistics, media reports have indicated a drop of 8.4 percent in Dubai’s population in 2020 due to the pandemic and the departure of expatriates ([News on Dubai Population](#)). Both media and government sources note a recovery in the population since lockdowns have ended and international travel has mostly resumed.

A Pathway to Recovery Emerges

The UAE has implemented one of the most robust responses to the COVID-19 pandemic in the world (Chart 1). As a gateway economy, UAE authorities have put an emphasis on keeping the doors open to international travel and tourism. Most local events, conferences, and international shows, including Gulfood (the world’s biggest food show) have now resumed. Expo Dubai, postponed to October 2021, is projected to draw millions of visitors and help support a recovery in consumption. The International Monetary Fund forecasts the UAE’s real GDP will grow by 1.6 percent in 2021. Active cases peaked in the winter of 2020 and have since fallen, and most positively, the UAE is leading the world in vaccination efforts, with 63.95 percent of the population inoculated as of this report’s writing.

Chart 1: COVID-19 in the UAE



Source: UAE National Emergency Crisis and Disasters Management Authority

Wheat Consumption & Flour Milling:

The UAE has a wheat milling capacity of 1.67 MMT per year and total storage capacity of roughly 920,000 MT (Table 1). Wheat milling and processing is driven by both re-export demand and local consumption. Diverse baked goods reflect the international origins for the UAE’s population, with Arab, Eastern, and Western baked goods widely available. White medium hard accounts for 70 percent of wheat imported to the UAE; the remainder is a blend of white hard and soft. Red wheat is the least imported given its limited use in local baking.

Table 1: UAE’s Wheat Flour Milling Capacity

Company	Flour Milling Capacity Per Annum	Storage Capacity
<i>Al-Dahra “Etihad Mills”</i>	500,000 MT	300,000 MT
<i>Agthia “Grand Mills”</i>	300,000 MT	150,000 MT
<i>IFFCO</i>	500,000 MT	130,000 MT
<i>Al-Ghurair</i>	300,000 MT	300,000 MT
<i>Others</i>	70,000 MT	40,000 MT
Total	1.670 MMT	920,000 MT

Source: FAS Dubai Research

Rice Consumption & Milling

Basmati and Jasmine rice are the two most popular rice varieties in the UAE. Most rice is bulk bag packaged and sold through hyper and supermarkets. Indian and Pakistani rice is prevalent but rice from other origins like the United States, Australia, Thailand, and the Philippines are widely available.

In 2020, Al-Dahra announced it was expanding the milling capacity of its rice facility, Kohinoor, to 300,000 MT within the next two years. Kohinoor’s current milling capacity is 120,000 MT with 30,000 MT of storage capacity. In 2016, Kohinoor was launched as a joint venture between Al Dahra Holdings and India’s Kohinoor Foods; it is located in the Khalifa Industrial Zone in Abu Dhabi (Kizad). The facility can handle the full processing cycle from milling, storing, packing and distribution not only within the UAE but also to foreign markets via Khalifa Port. Kohinoor imports semi-milled rice for processing and white rice for re-packaging and is the main supplier to the UAE government’s subsidized rice program.

Al Dahra Kohinoor Rice Milling facility



UAE Food Subsidy and Price Support Program Expands with COVID-19

The Emirates sell subsidized food goods and staple commodities through the operation of the Union Cooperative Society retailers in Dubai, and municipal centers in the Emirates of Abu Dhabi, Sharjah, Ras Al Khaimah, Ajman, Umm Al Quwain, and Fujairah. In the Al Ain municipal center over 214 food and non-food goods are subsidized between 30 to 50 percent. While these centers mostly serve 54 thousand local Emirati nationals, the UAE has recently moved to expand assistance to foreign-born residents in [response to the coronavirus pandemic](#). It is uncertain if these programs will last past the pandemic, given assistance through municipal centers is normally reserved for only UAE citizens.

In 2020, the Al Meer initiative provided essential food staples to over 12,000 low-income families and foreign workers. Both municipal centers and major retailers such as Carrefour and Lulu provided two months of free sales space. The UAE also launched SmartHub to allow families in Abu Dhabi, Al Ain, and the Municipality of Al Dhafra Regio to schedule discounted food pick-up online to help with social distancing. The UAE Ministry of Economy's Consumer Protection Department (CPD) stepped up monitoring prices due to pandemic related supply shortages. The CPD worked with industry to limit price increases and also to help ensure shelves have remained stocked throughout the last year for all families regardless of income.

Consumption Cont'd

Commodity: Corn & Barley

In MY2021/22, Post forecasts UAE total corn consumption to increase by 8 percent or 50,000 MT to reach 680,000 MT due to increasing livestock production as a result of food security concerns. The MY2020/21 corn consumption estimate has been revised upward to 630,000 MT based on the growth of the livestock sector. Barley consumption in 2021/22 is expected to rise by 6 percent to reach 490,000 MT compared to the prior-year estimate of 460,000 MT also due to increased demand from livestock.

The UAE poultry and dairy industries are expected to steadily expand in the coming five years as part of UAE's National Food Security Strategy, subsequently increasing the demand for animal feed. Both poultry and dairy sectors are the primary drivers for corn and barley demand, with small but robust demand from sheep, goat, and camel farms.

Post Dubai forecasts UAE's poultry production in 2021 at 56,000 MT, a 12 percent increase above the 2020 estimate due to higher demand for UAE chicken meat products. Many companies both independent and government backed are planning flock increases to fulfill food security goals. For more information please see the [2021 UAE Annual Poultry GAIN Report](#).

The Abu Dhabi Investment Office has developed a pipeline of investment projects worth AED 1 billion (\$272 million) for the private sector to enhance the food security and agriculture sustainability system in the Emirate of Abu Dhabi. Among these projects is the Agthia Group's new farm for conducting research and improving forage products; the farm will include a new poultry processing facility. Another project is the opening of a dairy processing plant for sheep and goat milk by the Al Suwaidi and Al Ghurair Groups. More details about these projects can be found [here](#).

In July 2020, a shipment of roughly 4,500 dairy cows arrived in Abu Dhabi from Uruguay to help increase the UAE's production. Emiratis announced that the shipment is the first of several that will arrive in Abu Dhabi as part of the launch of the country's largest dairy cattle breeding program, one facet of a broader initiative to increase food security. Additionally, Al Marmum Dairy, announced the establishment of a new facility in the Emirate of Abu Dhabi with around 4,500 dairy cows. The new establishment is expected to be fully operational in 2021 after construction was delayed due to the pandemic.

The UAE consumes around 3 MMT of grain and forage products annually. In addition to corn and barley, the UAE imports hay, soybean meal, and alfalfa to feed around 4.8 million head of cows, camels, sheep, and goats in addition to 44 UAE poultry farms producing meat and eggs for the country and other markets in the Gulf Cooperation Council (GCC).

Feed Subsidy Program to Stay as UAE Grows Herds Amidst COVID-19

Given most livestock production in the UAE occurs in Abu Dhabi (see map on Page 4), ADAFSA operates a fixed-price feed subsidy program through the Agthia Group and National Fodder. Emirati farmers located in Abu Dhabi and government owned agribusinesses can purchase both fodder and feed grain for a discount based on the difference between a government set fixed price and the current prevailing market price. Prior to COVID-19, the survival of the program had been questioned. But with the UAE's food security push and expansion of domestic livestock production, in the first quarter of [2020 ADAFSA provided subsidies worth \\$175 million](#) through the feed subsidy program and rice and flour programs mentioned above.

Ending Stocks and Carryout

Wheat: Post forecasts MY2021/22 ending stocks to drop to 463,000 MT from 563,000 MT. The projected drop in ending stocks is a result of overhang driven by a rush to import during the pandemic. In cooperation with industry, the UAE government intends to maintain large stocks in accordance with the new federal strategic food reserve law.

Rice: Post forecasts MY2021/22 rice ending stocks at 250,000 MT, unchanged from the 250,000 MT estimate in MY2020/21. Rice ending stocks are largely stable as the UAE maintains its strategic food reserve to combat global food price inflation.

Corn: Post forecasts MY2021/22 corn ending stocks to remain unchanged from the previous year at 30,000 MT. At least 50 percent of these stocks are carry-over maintained by feed mills and traders with the remainder apportioned to food security reserves.

Barley: Post forecasts no ending stocks for barley in MY2021/22. Barley's total supply is anticipated to be consumed domestically with two percent re-export.

UAE Food Security Drive Causes Stock Overhang

Learning from the Arab Spring, over the last decade the UAE has taken many steps to improve its food security. In 2017, the UAE established the Ministry of Food and Water Security (MoFWS) to focus on research and development, food waste, nutrition, and trade. In late 2019, the UAE established the "Food Security Council" chaired by the MoFWS and comprised of other representatives to review food regulations and propose policies to improve food security.

After the onset of the coronavirus pandemic, the UAE government reexamined its strategic food reserve plan. On February 19, 2020, members of the Federal National Council passed [Law Number 3](#) updating the UAE's strategic food reserve with stricter penalties for violators. The law was signed and published by the Emiratis on March 30, 2020 and designated the Ministry of Economy (MOE) as the legal authority in charge of the updated strategic reserve program. The goal of the law is to maintain a 3 to 6 months stockpile of food reserves to handle any uncertainty in supply chains or large price increases. MOE is coordinating with other competent authorities to establish a database of food suppliers and traders and provide incentives for participation.

In 2020, the law was used to ensure food and grain stocks were maintained at sufficient levels to supply local consumers and livestock producers. The UAE put a priority on keeping store shelves full and feeding growing herds; other than a short-supply shock in April, the UAE was able to achieve its objectives. And while global food commodity prices remain high, a rush to import in MY2020/21 has led to a slight overhang in domestic stocks. Post anticipates stocks to correct over the next year as supply chains recover. However, despite significant work to improve food security, rising prices amidst the COVID-19 pandemic drove the UAE to fall 21 places in the Global Food Security Index from 21 in 2019 to 42 in 2020. In March 2021, UAE authorities [announced](#) they are considering additional measures to curb food price inflation.

Trade

Like many other countries that depend heavily on imports, the UAE fears that its food security will be severely impacted if the pandemic causes major food producing nations to adopt trade barriers or export bans, as experienced during the 2007 to 2008 food crisis, especially if COVID-19's impact on workforces and supply chains is prolonged. The UAE government has been actively supporting any initiatives that address these concerns and oblige major grain and food producing countries to keep trade open.

The UAE announced its support for the World Trade Organization's ministerial statement on trade policies, under the framework of the fight against COVID-19, encouraging members to continue notifying the WTO of any export restriction with as much lead time as possible. In addition, the UAE was part of a joint ministerial statement issued by several countries around the world, expressing their commitment to maintaining open supply chains in the face of pandemic-related challenges. Initiative signatories pledge their commitment to the continuity of supply chains during the pandemic and dedication to joint efforts to identify and remove trade restrictive measures impacting the movement of necessary goods. Signatories included New Zealand, Singapore, the UAE, Australia, Brunei, Canada, Chile, Laos, Myanmar, and Uruguay.

Several countries applied trade restrictions on grain exports during the early months of the pandemic. Russia, one of the largest wheat exporters in the world, implemented a quota system on wheat. Other countries, such as Oman, Tajikistan, and Kyrgyzstan, banned the export of wheat altogether. Global rice prices rose significantly after Cambodia and Myanmar banned the export of rice from April to May 2020, and Vietnam implemented a quota system. Also, despite the absence of an official government ban on exporting rice from India, many suppliers stopped signing new contracts during the height of India's lockdown in April 2020.

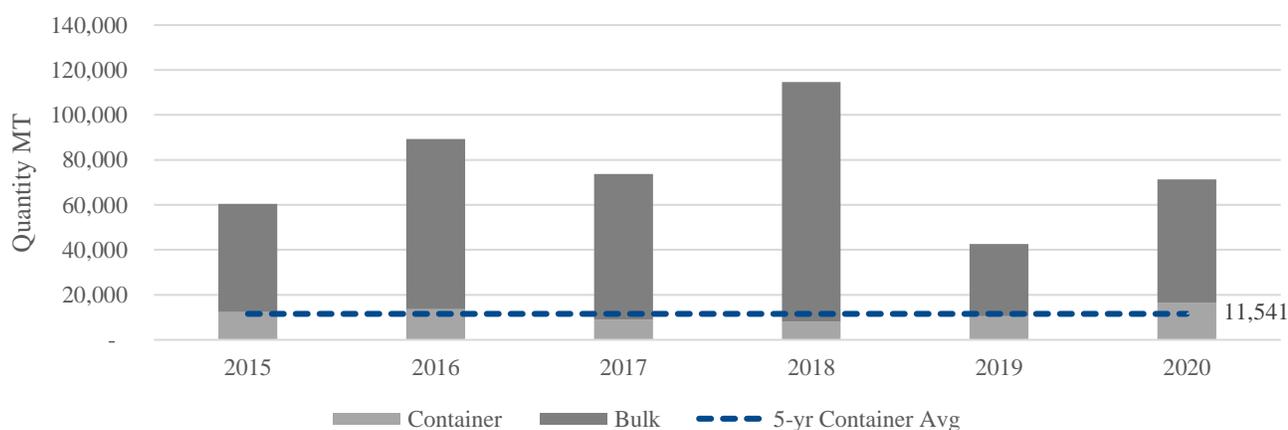
These uncertainties forced the UAE government to ask local traders to secure more wheat and rice grain supply during the first half of 2020 to avoid shortages, while UAE authorities reinforced their commitments to the 3-to-6-month stockpile program. Many traders in the UAE remain heavily impacted by container delays and freight increases. To address supply issues, Al Dahra initiated an online auction, which drew around 142 suppliers in three days and resulted in a roughly 15 percent price reduction ([see details](#)).

Rising Freight Costs Challenge Food Security and U.S. Cost Competitiveness

The UAE is a global center in the international container trade. The country hosts 12 major ports with 310 berths supporting the trading of over 80 million metric tons of cargo annually. Two of the world’s top 50 container ports are located in the UAE, with Dubai ranked within the world’s tenth busiest; Khor Fakkan Container Terminal is the only deep-water container port in the Arabian Gulf. The UAE relies on these ports to import all of its grain supply.

Over the last two-years world freight prices have risen dramatically. Systemic long-term factors such as lack of U.S. infrastructure investment and the consolidation of railways and steamship lines were already negatively impacting U.S. price competitiveness to the UAE and the world. From 2011 to 2020 the number of international container SSLs declined from 24 to 11. Complicating the monopolization of the container industry has been foreign government ownership or backing for most of the large SSLs. Freight cost increases have always challenged the competitiveness of U.S. grain exports to the UAE, but since 2020 the situation has deteriorated such that many U.S. container exporters report they are not even offering forward contracts for April, May, or June shipment. While the UAE annually imports the majority of its grain and feed from the United States in dry bulk ships, roughly 16 percent of its U.S. grain and feed arrives in container.

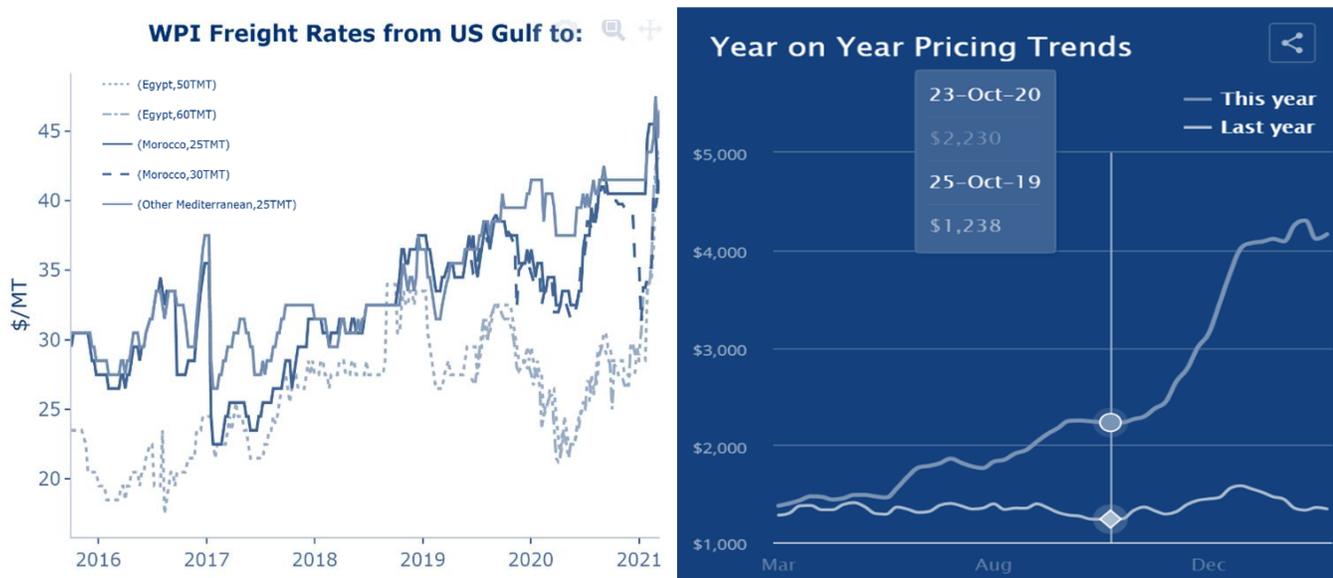
Chart 2: U.S. Wheat, Rice, and Corn Exports to UAE in Container and Bulk



Source: USDA GATS U.S. Customs Districts

From October 2018 to March 2021, dry bulk freight costs to the Mediterranean have increased by \$14 per MT. The price of corn in the U.S. Gulf ready for export to markets overseas has increased by 55 percent from \$155 per MT to \$240 per MT today. Over the last two marketing years the estimated landed price of U.S. corn in the UAE has risen by roughly \$100 per MT.

Container freight has also experienced the same significant cost increase. Over the last year world container freight prices have almost doubled. Exacerbating industry consolidation, the uneven global recovery from COVID-19 has created an enormous demand for inbound containers into the United States, causing export container rates to rise significantly. Industry contacts report to Post that container grain freight off the U.S. East Coast has gone from \$350 in 2018 to almost \$900 dollars today. Logistical delays and freight cost disparities have even led some SSLs to ban bulk grain shipments or send containers back to the Middle East and Asia empty.



Source: WPI and Freightos

Imports

Export restrictions imposed by number of grain suppliers during the first half of 2020 did not impact UAE imports. For instance, Russia’s decision to limit exports of wheat, meslin, rye, barley and corn outside the Eurasian Economic Union (EAEU) from April 1 to June 30, 2020, to only 7 MMT had no impact on UAE wheat imports from Russia. In MY2019/20, UAE wheat imports from Russia increased by 50 percent or 298,590 MT to reach 908,931 MT, up from 608,341 MT during the previous marketing year. Similarly, UAE rice imports recovered quickly from India’s lockdown in April to finish MY2019/20 up 18 percent or 86,785 MT to reach 556,694 MT in MY2019/20.

Supply Concerns Cause Wheat Import Spike

Post forecasts UAE wheat imports in MY2021/22 to increase by 13 percent to 1.7 MMT as the UAE recovers economically from COVID-19. MY2020/21 estimates were adjusted downward to 1.5 MMT due to weak demand during the height of the UAE’s pandemic. Around 92 percent of UAE wheat imports are raw product with the remainder coming in the form of wheat products such as flour, pasta, and couscous.

UAE wheat imports increased by 462,780 MT or 33 percent to 1.862 MMT in MY2019/20 compared to 1.399 MMT in the previous marketing year (Chart 3). The UAECSC reported UAE imports of all wheat at 1.220 MMT from January through September 2020. Wheat imports in the first half of 2020 were up

21 percent versus 2019 as the UAE rushed to secure supply, before falling 38 percent in the second half of 2020 as COVID-19 cratered consumption (Chart 4). The UAE government acted quickly to during the first quarter of 2020 to secure additional wheat stocks fearing global supply uncertainties related to the pandemic. UAE wheat imports during the months of March and April 2020 were the highest in 5-years (Chart 5).

Chart 3: UAE Wheat Imports from the World

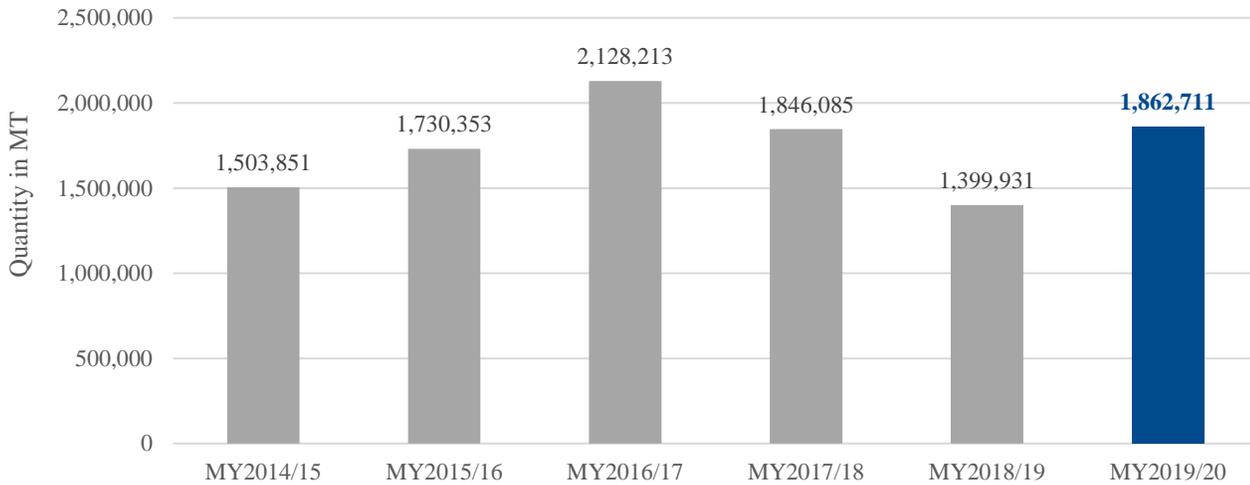


Chart 4: UAE's Monthly Wheat Imports from World 2019-2020
Volumes in MT

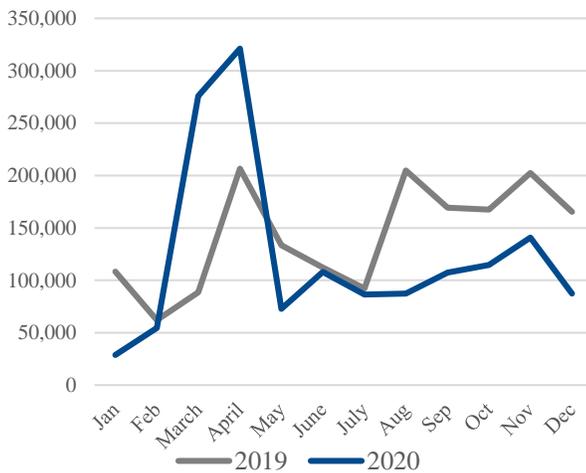
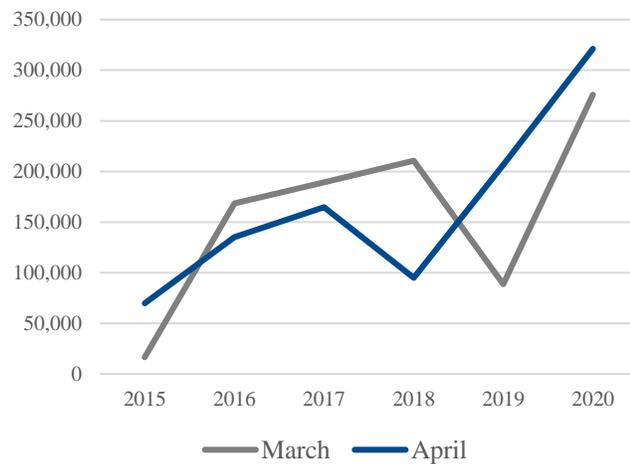


Chart 5: UAE Wheat Imports in March & April for the Last 5 Years
Volumes in MT

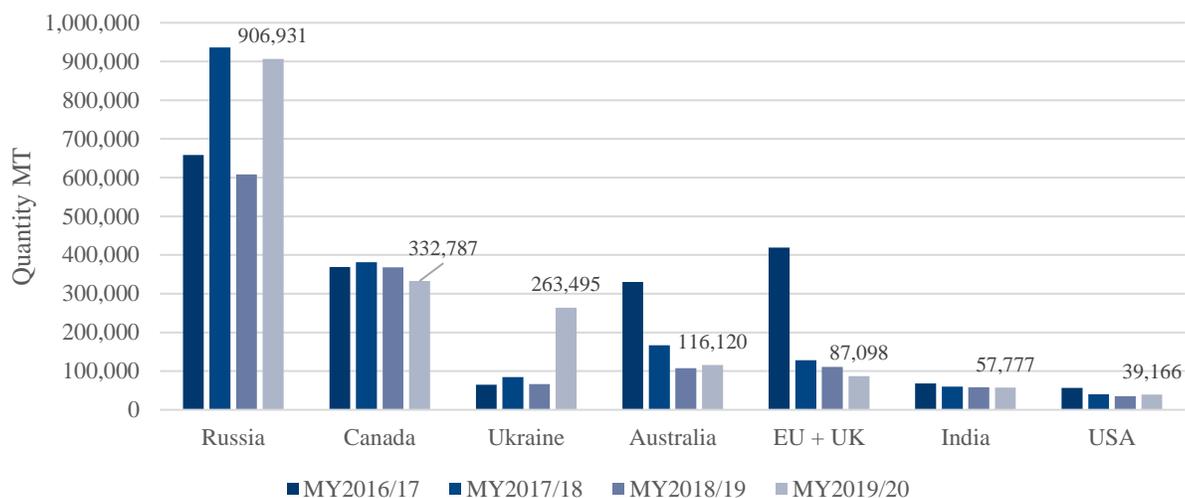


Source: TDM

Major Supplier Mix Remains Unchanged

Almost 90 percent of the UAE’s wheat import originate from Russia, Canada, Ukraine, Australia, the EU, India, and United States (Chart 6).

Chart 6: Major Wheat Suppliers to the UAE



Suppliers	MY2016/17	MY2017/18	MY2018/19	MY2019/20
Russia	658,007	936,440	608,341	906,931
Canada	369,203	380,998	367,885	332,787
Ukraine	64,481	84,226	66,731	263,495
Australia	330,580	166,752	107,232	116,120
EU + UK	419,021	128,329	110,981	87,098
India	68,310	59,578	58,100	57,777
USA	56,372	40,350	35,156	39,166

Source: TDM

Russian Export Restrictions May Shift UAE Wheat Origins

In 2020, the Russian government issued several export restrictive measures to stabilize food prices. Russia has implemented a tariff-rate quota (TRQ) of 17.5 MMT on grains, including wheat and meslin, rye, barley, and corn. Effective February 15 to February 28, 2021 all wheat exported within the 17.5 MMT TRQ will be subject to a duty of 25 euros/MT (\$30.23/MT), from March 1 to June 30 the duty will increase to 50 euros/MT (\$60.46/MT). Effective March 15 until the end of the 2020/21 season, a 25 euros/MT (\$30.23/MT) duty will apply to corn and 10 euros/ton (\$12/MT) will apply to barley. Please see the [GAIN Voluntary Report from FAS Moscow](#) for more information.

Analysts expect that the full effect of export duties on Russian grains is unlikely to be felt until MY2021/22, when shipments out of the country could fall significantly. Expectations are that the wheat tax could curb Russia’s overseas sales by about 3.0 MMT but Russia will likely still be able to supply ample amounts to the world market.

Russia is the UAE’s largest wheat supplier, with approximately 50 percent market share. Concerns among local traders have been rising since Russia announced its intentions to curb local grain and feed

prices by imposing export restrictions. According to a local trader, risk over Russian export policies could drive the UAE to look to other origins, with price being the deciding factor.

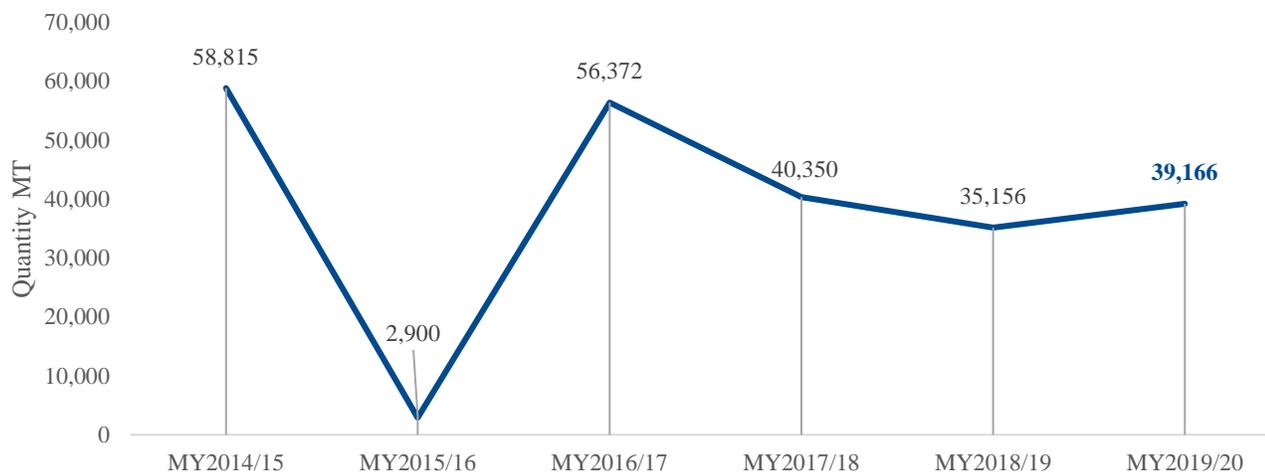
The first pillar of the UAE National Food Security Strategy is to facilitate global agribusiness trade and diversify international food sources to have at least 3-months of secure supply. Given the UAE's large wheat consumption, risk driven by Russian policies may drive the UAE government to work with traders to obtain alternative origins.

U.S. Exports of Wheat to UAE at Trend

Post forecasts U.S. exports of all wheat to the UAE in MY2021/22 to remain stable at 50,000 MT. Current marketing year current commitments for MY2021/22 are 3,430 MT after the cancellation of a 40,000 MT Handymax in February. From July through December 2020, U.S. exports of wheat to the UAE were 3,623 MT compared to 2,531 MT for the same period in 2019. In MY2019/20, U.S wheat exports to UAE increased by 11 percent to 39,166 MT (Chart 7).

Around 95 percent of U.S. wheat exports to the UAE take place during the second half of the marketing year or the first half of the calendar year (January to June). UAE flour producers appreciate the quality of U.S. wheat compared to other origins. However, high prices of U.S. wheat limits UAE flour producers' willingness to expand their imports from the United States. The U.S. remains at a persistent freight disadvantage to other origins in the Black Sea and Europe. Given the reliability of U.S. supply, Russian export controls may provide opportunities to U.S. wheat exporters in MY2021/22.

Chart 7: U.S. Wheat Exports to the UAE



Source: TDM

Rice Imports Projected Higher on Economic Recovery

UAE rice imports are forecast to increase by 15 percent or 150,000 MT in MY2021/22 to 1.150 MMT. Post attributes the increase in imports in MY2021/20 to a recovery in local consumption and the UAE government's mandatory policy to keep stocks for at least 3 months. Post has adjusted the MY2020/21 estimate downward by 20 percent to 1.0 MMT or 200,000 MT due to the pandemic lowering consumption. Around 98 percent of the UAE's rice imports are milled and semi-milled while the other two percent are brown and broken rice.

Around 93 percent of UAE total rice imports in MY2019/20 were sourced from India. Indian and other Asian expatriates represent the majority of UAE population and prefer rice that originates from their home countries. According to TDM data, India’s rice exports to the UAE increased by 18 percent or 86,785 MT to reach 556,694 MT from MY2018/19 to MY2019/20. Thailand had the second largest reported exports to the UAE at 25,209 MT in MY2019/20, slightly lower than the last marketing year. U.S. rice exports were the third largest reported, ending higher than the previous marketing year at 9,363 MT. In MY2019/20, exports from China, EU, Turkey, Sri Lanka, Russia, and others accounted for the remaining reported 6,322 MT, representing only 1.2 percent of UAE’s total rice imports. However, many other countries like Egypt participate in the UAE’s porous rice trade.

During the first months of the COVID-19 pandemic, exporters reported a significant increase in sales to the UAE, peaking in April 2020 with total imports of 82,823 MT compared to 33,365 MT during April of 2019 (Chart 8). The increase in imports during the first half of MY2019/20 is attributed to uncertainties in world grain supply during the pandemic driving stockpiling by both the government and traders.

Chart 8: UAE Rice Monthly Imports 2019 to 2020



Source: TDM

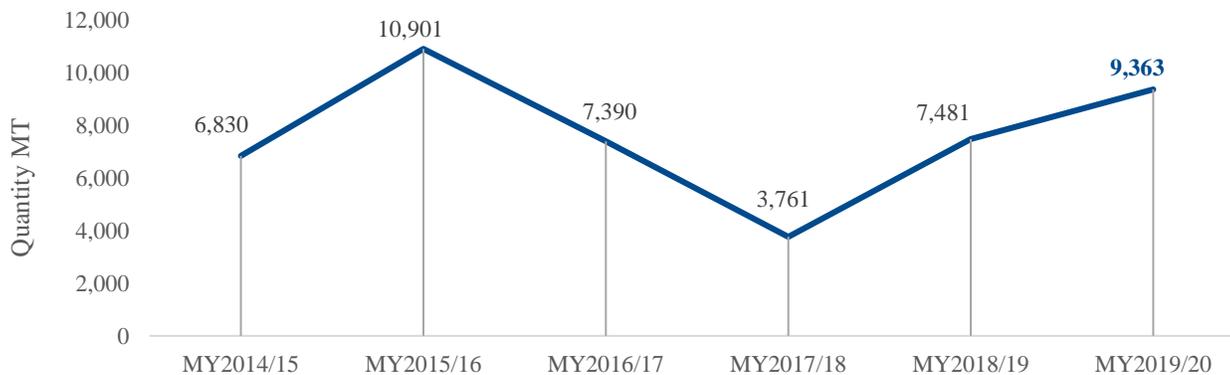
U.S. Rice Exports to UAE Benefit Slightly from Trade Disruptions

Post forecasts U.S. exports of rice to the UAE in MY2020/21 to remain modest at 9,000 MT. In MY2019/20, the U.S. rice exports were 9,363 MT, higher by 25 percent or 1,882 MT compared to the previous marketing year at 7,481 MT (Chart 9), largely due to trade disruptions from other major rice exporters. For the last 15 years, U.S. exports of rice to the UAE have ranged between 3,000 MT and 11,000 MT. As of February 2021, U.S. current marketing year total commitments to the UAE were 4,934 MT, 29 percent higher than the same time last year. Around 85 percent of the U.S rice exported to

UAE is medium grain milled while the remaining 15 percent is long grain parboiled milled rice and short or long grain milled rice.

U.S. rice prices in UAE hypermarkets are often higher by 13 to 15 percent compared to the same varieties from other origins due primarily to higher shipping costs. As per March 2021, the average price of 1 kg of U.S. long grain rice is AED 9.20 (\$2.51 per 1 kg package) while the average price of 1 kg of premium U.S. long grain brown rice is AED 17,85 (\$4.86/kg). The average price of 5 kg package of U.S medium grain rice is AED 22,50 (\$6.13 per 5 kg package) while the 5 kg of Egyptian medium grain rice is sold at AED 19,95 (\$ 5.43 per 5 kg package). Various Indian rice varieties are available in the UAE, but basmati rice is dominant. The average price of a 5 kg package of Indian basmati rice is around AED 27,50 (\$7.49 per 5 kg package), while the price of 5 kg package of basmati rice from United Kingdom is around AED 29,75 (\$8.10 per 5 kg package).

Chart 9: U.S. Rice Exports to the UAE



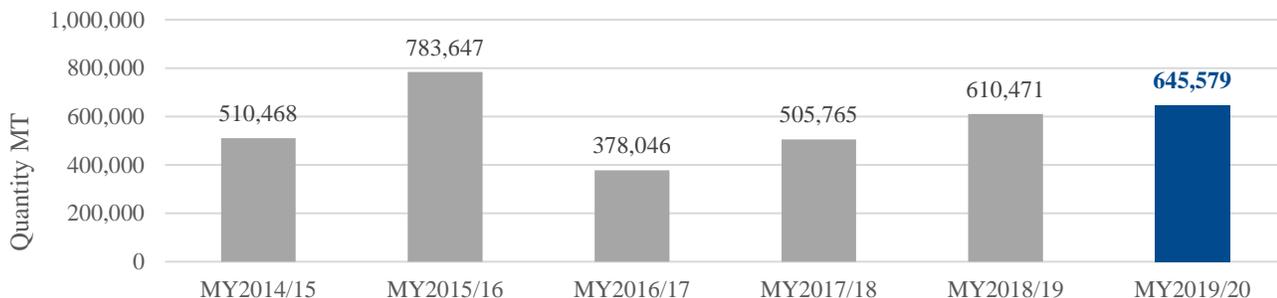
Source: TDM

Corn Imports Increase as Herds Grow

Post forecasts MY2021/22 UAE corn imports to increase by roughly 8 percent or 50,000 MT to reach 700,000 MT compared to the previous estimate of 650,000 MT. This increase is attributed to rising feed consumption driven by growth in the UAE dairy and poultry industries.

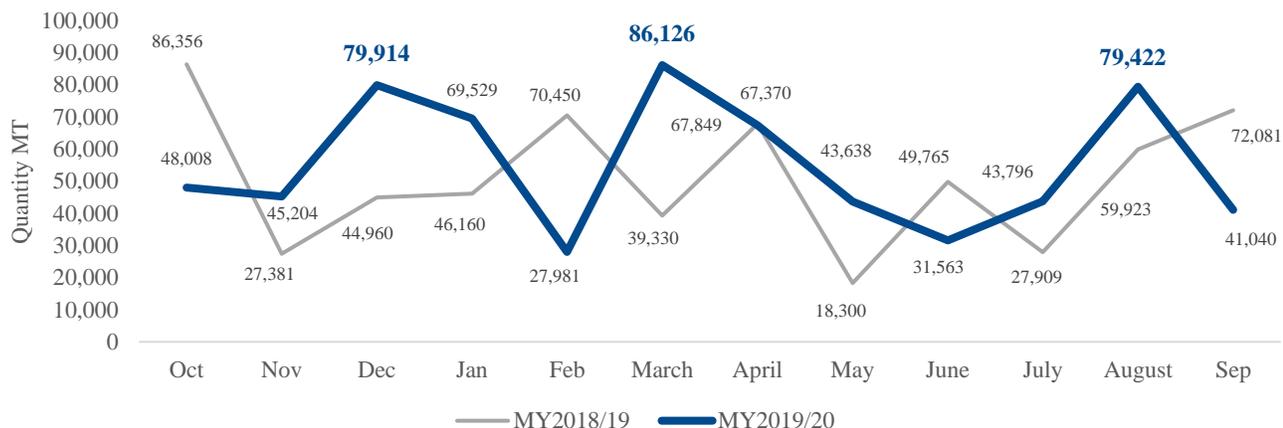
UAE’s corn imports from the world increased in MY2019/20 by 6 percent or 35,108 MT to reach 645,579 MT (Chart 10). The highest imports in MY2019/20 were reported in the months of December, March, and August (Chart 11). The UAECSC reported the UAE imported 416,183 MT of corn from January through September 2020.

Chart 10: UAE Corn Imports from World



Source: TDM

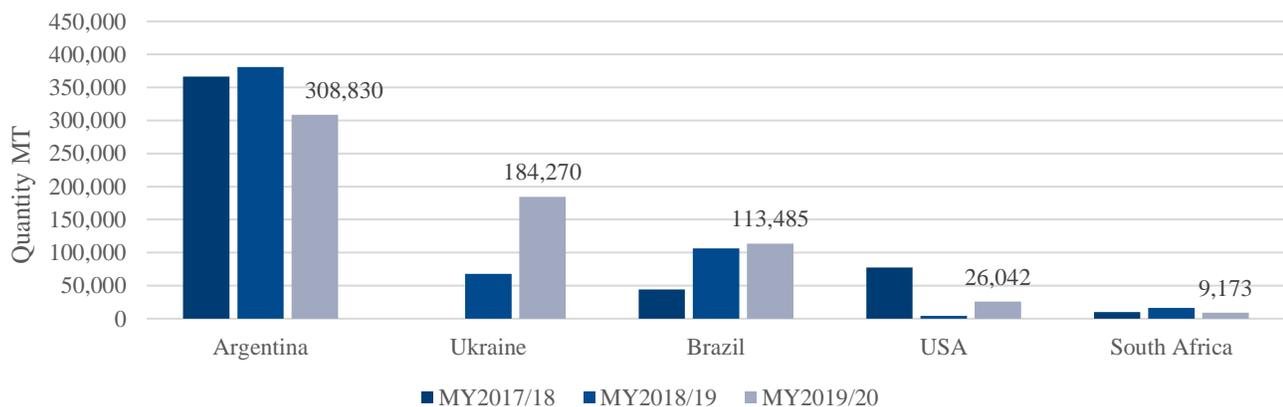
Chart 11: UAE Corn Monthly Imports from World



Source: TDM

Due to the competitive prices, Argentina was the major supplier for the UAE market with total exports of 308,830 MT in MY2019/20, representing 48 percent of UAE’s total corn imports. Other top suppliers included Ukraine at 28 percent or 184,270 MT, Brazil at 17 percent or 113,485 MT, the United States at 4 percent or 26,042 MT and South Africa at 1.5 percent or 9,173 MT. In a portent of the Black Sea’s increasing role as a source to the UAE, in MY2019/20, Argentinian exports to the UAE dropped by 19 percent or 72,184 MT while Ukrainian exports to the UAE increased by 171 percent or 116,345 MT (Chart 12).

Chart 12: UAE's Major Corn Suppliers

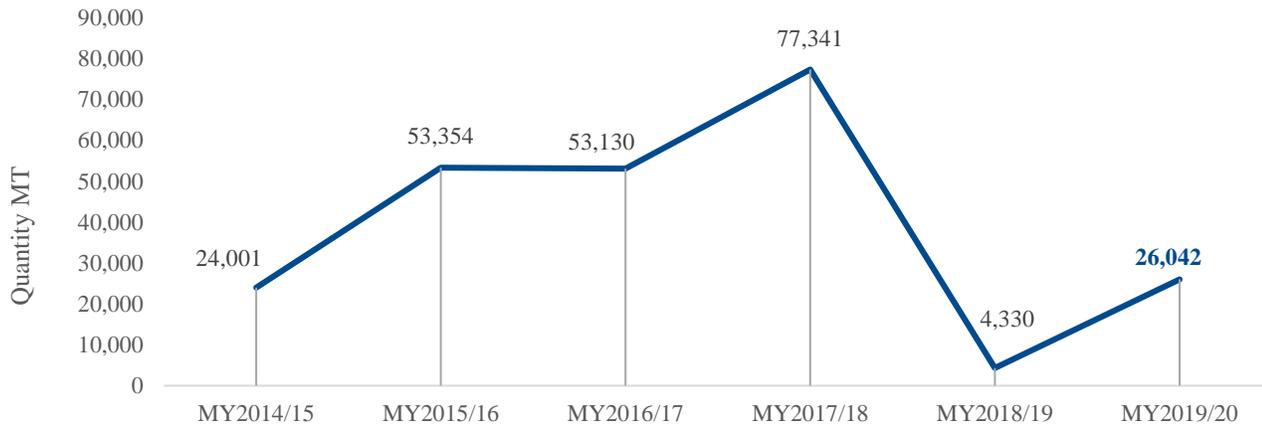


Source: TDM

U.S. Corn Exports to UAE Remain Stable

In MY2021/22, Post forecasts U.S. corn exports to the UAE to remain stable at 30,000 MT. U.S. corn exports to UAE steadily increased over the last five years reaching their highest volume in the last decade at 77,341 MT in MY2017/18. However, lower prices offered by other suppliers, mainly Argentina, Ukraine, and Brazil have limited U.S. competitiveness in the UAE market the last couple of years. In MY2018/19 U.S. exports dropped significantly to 4,330 MT and increased to 26,042 MT in MY2019/20 (Chart 13).

Chart 13: U.S. Corn Exports to UAE



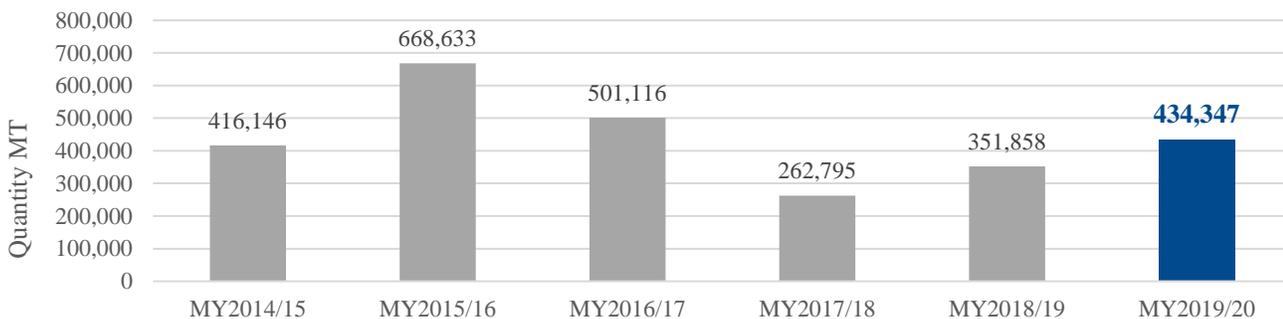
Source: TDM

Barley Imports:

In MY2021/22, Post forecasts UAE barley imports to increase 6 percent or 30,000 MT to reach 500,000 MT as demand for feed increases with expanding herds. Post estimates barley imports in MY2020/21 at 470,000 MT, similar to USDA’s official estimate.

The UAE’s Barley imports from the world increased in MY2019/20 to reach 434,347 MT compared to 351,858 MT in MY2018/19 (Charts 14 and 15). The UAECSC reported UAE imports of barley 326,130 MT from January through September 2020.

Chart 14: UAE Barley Imports from World



Source: TDM

Russia, Ukraine, Argentina, Australia, Kazakhstan and EU are the main suppliers of barley to the UAE market. Russia Exports in MY2019/20 have increased to reach 132,237 MT compared to 19,529 MT in the previous marketing year. A severe drop in EU exports from 132,819 MT in MY2018/19 to 17,495 MT in MY2019/20 opened the door for other suppliers, including Ukraine and Argentina. Australia’s drought and fire struggles lowered barley exports to from 86,879 MT in MY2018/19 to 50,820 MT in MY2019/20 (Chart 16). There were no reported exports of U.S. barley to UAE in the last four years. U.S. barley has difficulty competing in the UAE market due to both a freight disadvantage and issues of identity preservation.

Chart 15: UAE's Barley Monthly Imports from World

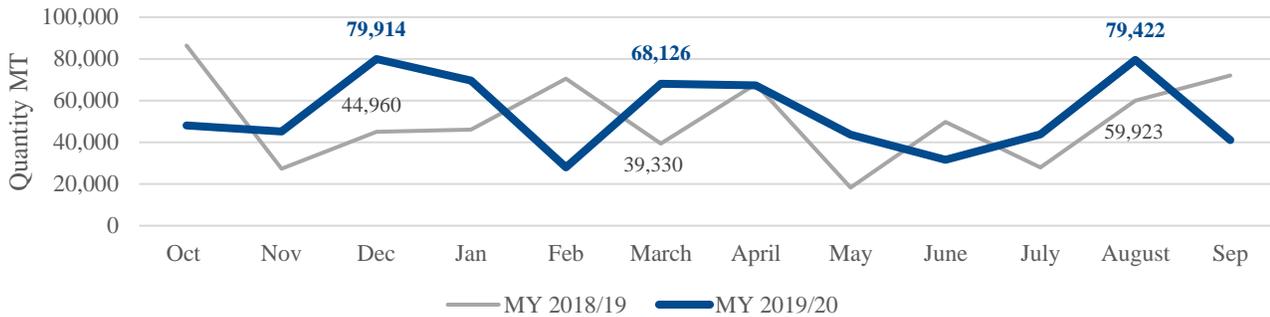
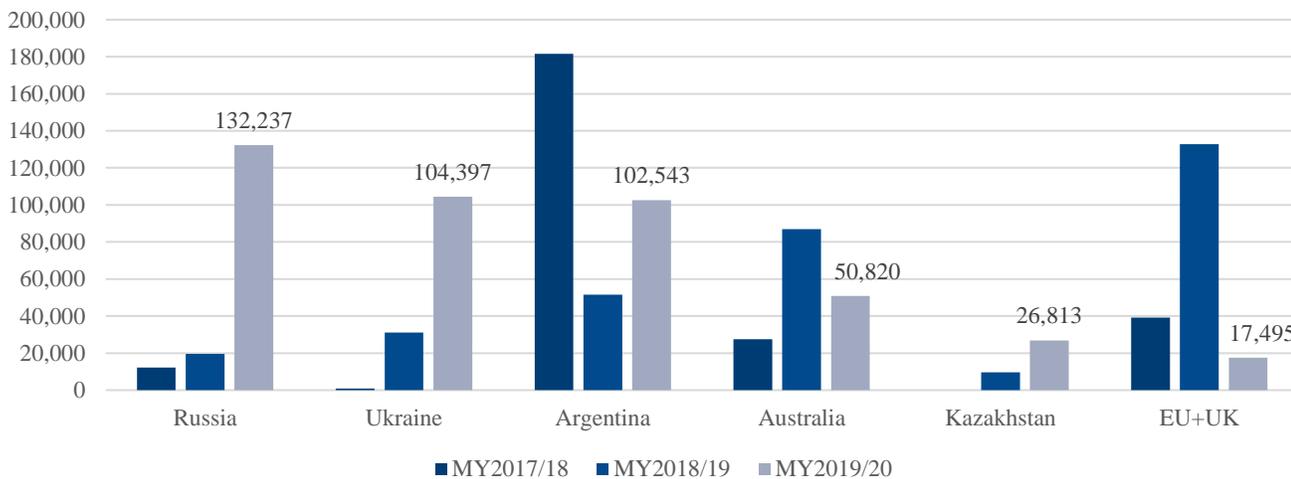


Chart 16: Barley Major Suppliers to UAE



Source: TDM

Exports

The UAE is a major regional center in the international container trade, with large container ports in Jebel Ali, Sharjah, and Khalifa. Many products never get unloaded at the UAE's large freezones; some are lightly processed before being re-exported. Due to low tariffs and tax agreements both within the GCC and Arab League, many traders in the UAE import products only to quickly resell them to other markets. All of this heavily impacts trade and consumption numbers.



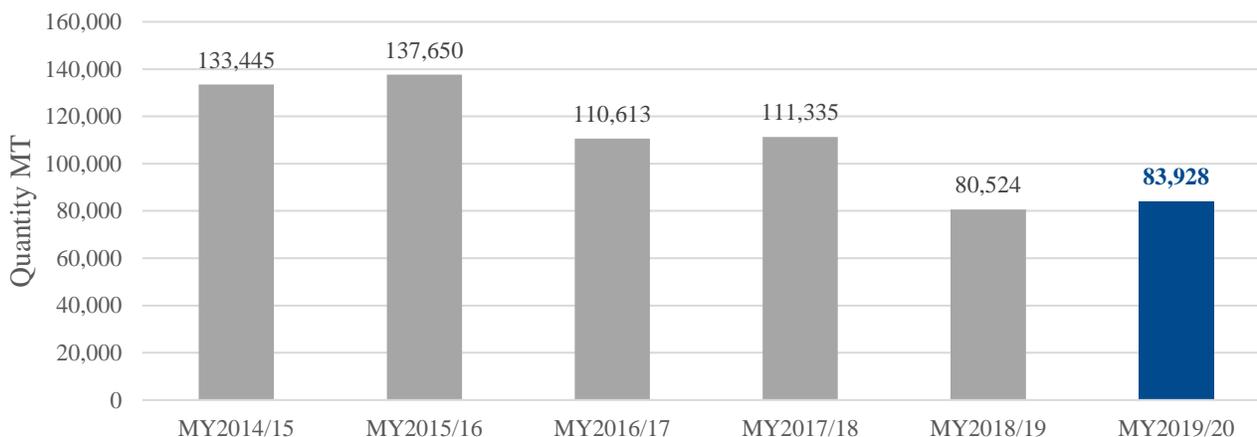
Around 1,200 wooden ships at Dubai Creek and Deira Ports support the UAE's grain exports and re-export trade with Asian and East African countries. Vessel weight capacity ranges between 75

to 3000 tons. The port of Deira accounts for the largest percentage of ships at 650, followed by Dubai Creek with 550 ships. Customs authorities estimate 10 to 15 percent of UAE trade is done through these channels, with rice being one of the principal commodities loaded and shipped. These wooden ships are also used to deliver Indian basmati rice to Iran. Indian exporters sell basmati rice to Iran through Iranian agents in the UAE who pay in Emirati dirham.

Wheat Exports Unchanged

Post forecasts MY2021/22 UAE wheat exports to remain unchanged from 2020/21 volumes at 100,000 MT. Most of the UAE’s wheat exports are locally milled flour that is sold to Saudi Arabia, Bahrain, Taiwan, Philippines, Jordan and Ethiopia. Iran used to absorb around 95 percent of UAE’s wheat re-exports; but after Iran declared self-sufficiency in wheat in 2018 and banned trade, export declined precipitously. The government of Iran gives exceptions to private flour millers to import wheat and wheat products if they are intended for re-export to Iraq.

Chart 17: UAE Wheat Exports to the World



Source: TDM

In MY2019/20, UAE all wheat classes exports to world increased by 3,404 MT or 4 per cent to 83,928 MT compared to 80,424 MT in the previous marketing year (Chart 17). UAECSC reported exports of all wheat at 110,530 MT from January through September 2020 and 22,756 MT of re-exports during same period. Around 70 percent of these exports were wheat flour, and the remaining 30 percent were pasta. UAE wheat exports during the second half of 2020 dropped by 19 percent due to the coronavirus pandemic. In MY2019/20, Saudi Arabia, the top importing country, imported around 42 percent of UAE’s total exports of wheat flour followed by Bahrain, Taiwan, Ethiopia, and Jordan.

Rice Exports Lower on Supply Concerns

In MY 2021/22, Post forecasts UAE rice exports to remain stable at 10,000 MT. Post has revised its MY2019/20 rice export estimates downward to zero as the UAE moved to stem exports and safeguard domestic rice supply amid the pandemic.

UAECSC reported UAE exports of rice from January through September 2020 at 924 MT and 34,812 MT of re-exports during same period. In MY2019/20, according to TDM data UAE rice exports

increased by 3,579 MT to reach 6,154 MT. Most of these exports were destined to Iran and countries in African. South Africa is the top destination for the UAE's rice exports, followed by other markets that include the EU, Ghana, United States, Canada, Australia, Turkey and Bahrain.

UAE Corn Exports and Barley Exports Unchanged

In MY2021/22, Post forecasts UAE corn exports to remain unchanged at 20,000 MT. Post has revised downward MY2020/21 to 20,000 MT due to the pandemic's effect on demand. Bahrain, India, and Saudi Arabia are the three major importers of UAE corn. UAECSC reported corn exports at 22,496 MT from January through September 2020 and 18,757 MT of re-exports during same period.

Post forecasts UAE exports and re-export of barley in MY2021/22 to remain unchanged at 10,000 MT. Almost all of the UAE's barley exports are destined for Bahrain. UAECSC reported UAE exports of barley at 25,809 MT from January through September 2020 and 658 MT of re-exports during same period. UAE corn and barley exports are mainly imported by local traders and distributors who sell these imported goods to foreign buyers once the product has officially entered the UAE and is recorded as "imports".

Wheat Production, Supply, and Distribution Table

Wheat	2019/2020		2020/2021		2021/2022	
Market Begin Year	Jul 2019		Jul 2020		Jul 2021	
United Arab Emirates	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	-	0
Beginning Stocks	530	530	713	713	-	563
Production	0	0	0	0	-	0
MY Imports	1908	1862	1500	1500	-	1700
TY Imports	1908	1862	1500	1500	-	1700
TY Imp. from U.S.	39	39	0	50	-	50
Total Supply	2438	2392	2213	2213	-	2263
MY Exports	100	100	100	100	-	100
TY Exports	100	100	100	100	-	100
Feed and Residual	150	150	125	150	-	150
FSI Consumption	1475	1429	1475	1400	-	1550
Total Consumption	1625	1579	1600	1550	-	1700
Ending Stocks	713	713	513	563	-	463
Total Distribution	2438	2392	2213	2213	-	2263

(1000 HA), (1000 MT), (MT/HA)

Note: This is not USDA official data

Rice Production, Supply, and Distribution Table

Rice, Milled	2019/2020		2020/2021		2021/2022	
Market Begin Year	Jan 2020		Jan 2021		Jan 2022	
United Arab Emirates	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	-	0
Beginning Stocks	0	0	125	200	-	250
Milled Production	0	0	0	0	-	0
Rough Production	0	0	0	0	-	0
Milling Rate (.9999)	0	0	0	0	-	0
MY Imports	1000	850	1200	1000	-	1150
TY Imports	1000	850	1200	1000	-	1150
TY Imp. from U.S.	0	7	0	9	-	9
Total Supply	1000	850	1325	1200	-	1400
MY Exports	0	0	0	0	-	0
TY Exports	0	0	0	0	-	0
Consumption and Residual	875	650	1050	950	-	1150
Ending Stocks	125	200	275	250	-	250
Total Distribution	1000	850	1325	1200	-	1400

(1000 HA), (1000 MT), (MT/HA)

Note: This is not USDA official data

Corn Production, Supply, and Distribution Table

Corn	2019/2020		2020/2021		2021/2022	
Market Begin Year	Oct 2019		Oct 2020		Oct 2021	
United Arab Emirates	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	-	0
Beginning Stocks	0	0	0	30	-	30
Production	0	0	0	0	-	0
MY Imports	0	650	0	650	-	700
TY Imports	0	650	0	650	-	700
TY Imp. from U.S.	0	26	0	30	-	30
Total Supply	0	650	0	680	-	730
MY Exports	0	20	0	20	-	20
TY Exports	0	20	0	20	-	20
Feed and Residual	0	600	0	630	-	680
FSI Consumption	0	0	0	0	-	0
Total Consumption	0	600	0	630	-	680
Ending Stocks	0	30	0	30	-	30
Total Distribution	0	650	0	680	-	730

(1000 HA), (1000 MT), (MT/HA)

Note: This is not USDA official data

Barley Production, Supply, and Distribution Table

Barley	2019/2020		2020/2021		2021/2022	
Market Begin Year	Oct 2019		Oct 2020		Oct 2021	
United Arab Emirates	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	-	0
Beginning Stocks	0	0	0	0	-	0
Production	0	0	0	0	-	0
MY Imports	434	434	470	470	-	500
TY Imports	434	434	470	470	-	500
TY Imp. from U.S.	0	0	0	0	-	0
Total Supply	434	434	470	470	-	500
MY Exports	0	10	0	10	-	10
TY Exports	0	10	0	10	-	10
Feed and Residual	434	424	470	460	-	490
FSI Consumption	0	0	0	0	-	0
Total Consumption	434	434	470	460	-	490
Ending Stocks	0	0	0	0	-	0
Total Distribution	434	434	470	470	-	500

(1000 HA), (1000 MT), (MT/HA)

Note: This is not USDA official data