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Post: Dubai

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Report Highlights:

UAE chicken meat imports are forecast to increase in 2024 as domestic production expansion is unable to fulfill rising demand. Brazil's market share is expected to continue to grow. Production is forecast to rise - spurred by improved margins on higher retail prices and lower feed prices. Consumption is forecast higher in 2024 on continuing post-COVID economic recovery.

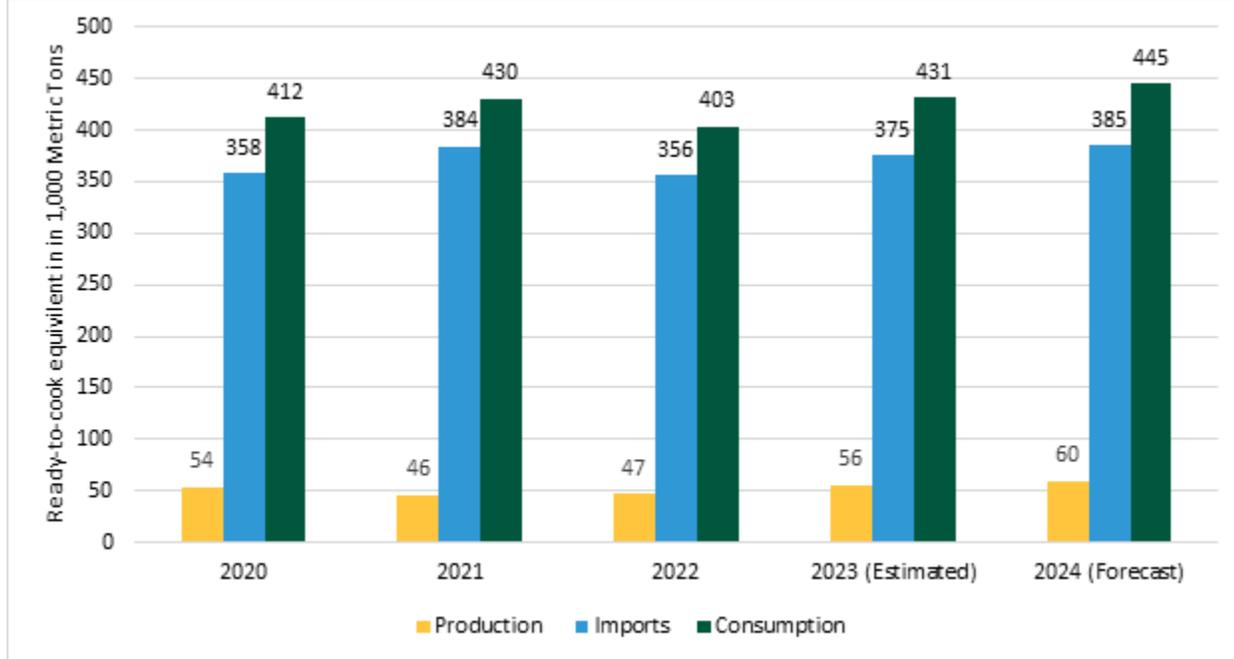
Executive Summary

Production is forecast to rise 7 percent in 2024 spurred by improved margins. The United Arab Emirates (UAE) Ministry of Economy has allowed for higher poultry meat and table egg retail prices; feed prices are expected to marginally decline.

Consumption is forecast 3 percent higher in 2024. Continuing post-COVID economic recovery supported by foreign direct investment inflow and rising gross domestic product. Robust real estate demand and the return of tourists, as well as the jobs to support these sectors, will also bolster consumption.

Imports are forecast to increase 3 percent in 2024 as the domestic production expansion is unable to fulfill rising demand. Brazil's market share is expected to continue to grow.

Figure 1: UAE Chicken Meat (Ready-to-Cook Equivalent) Production, Supply, and Distribution



Note: Not official USDA data

Production

Post forecasts continued production growth in 2024 of 7 percent reaching 60,000 MT (Table 1 and Figure 2). Expansion is driven by high demand on fresh poultry and government support.

Table 1: Chicken Meat (Ready-to-Cook Equivalent) Production, Supply, and Distribution in the UAE

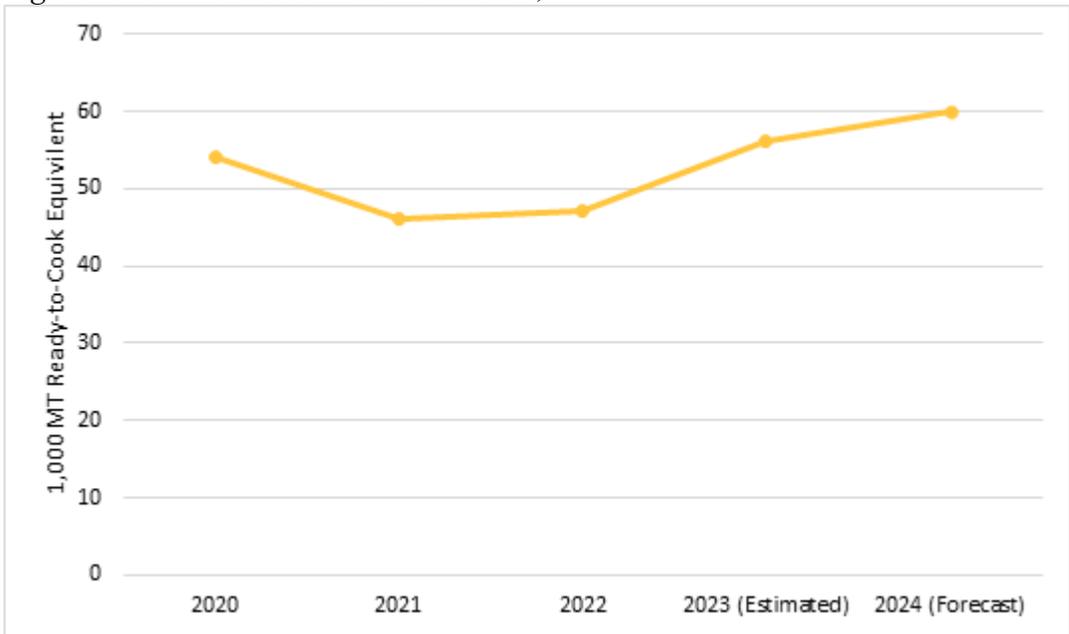
	2022		2023		2024	
Market Year Begins (in 1,000 MT)	January 2022		January 2023		January 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	0	0	0	0	0	0
Production	47	47	56	56	60	60
Total Imports	356	356	375	375	385	385
Total Supply	403	403	431	431	445	445
Total Exports	0	0	0	0	0	0
Human Consumption	403	403	431	431	445	445
Other Use, Losses	0	0	0	0	0	0
Total Domestic Consumption	403	403	431	431	445	445
Total Use	403	403	431	431	445	445
Ending Stocks	0	0	0	0	0	0
Total Distribution	403	403	431	431	445	445

Note: Not official USDA data

Two major factors will drive production growth:

- The UAE's Ministry of Economy agreed to raise poultry meat and table egg retail prices by 13 percent in March 2023 to help maintain local production, encourage investment, and ensure the profitability of the local poultry sector. This decision stemmed from retailers' and producers' requests following losses by local producers due to increasing shipping costs and unstable feed prices due to the war in Ukraine. The costs could not be passed along to consumers without the government's approval per [Ministerial Resolution No. 41 of 2023](#).
- The second factor in production growth stems from forecasted lower feed prices (corn, barley, and oilseeds) in 2024 which will boost producer margins.

Figure 2: UAE Chicken Meat Production, 2020-2024

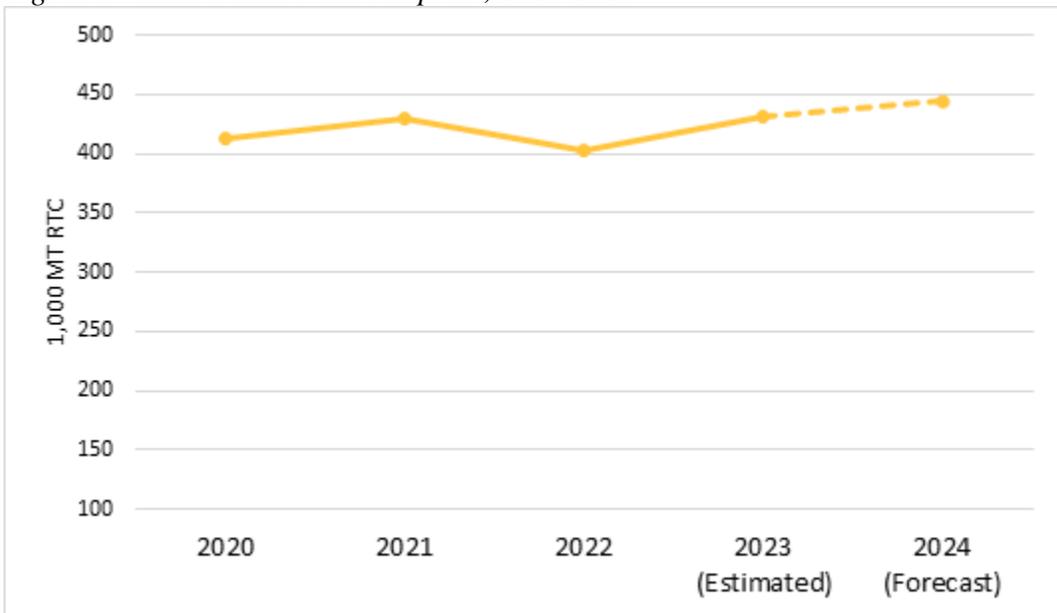


Note: Not official USDA data

Consumption

Post forecasts total consumption to reach 445,000 MT in 2024, up 3 percent (Figure 3).

Figure 3: Chicken meat Consumption, 2020-2024



Note: Not official USDA data

Industry experts and trade association interlocutors report chicken meat consumption in the UAE is higher than the global average for four reasons: population growth, facilities housing migrant labor, the hotel restaurant institutional (HRI) sector, and tourism.

Population Growth Spurs Demand

The International Monetary Fund projects the UAE’s population will reach 10.7 million in 2023, an increase of 2 percent from 2022’s estimate of 10.5 million. This population growth expands the market and raises consumption.

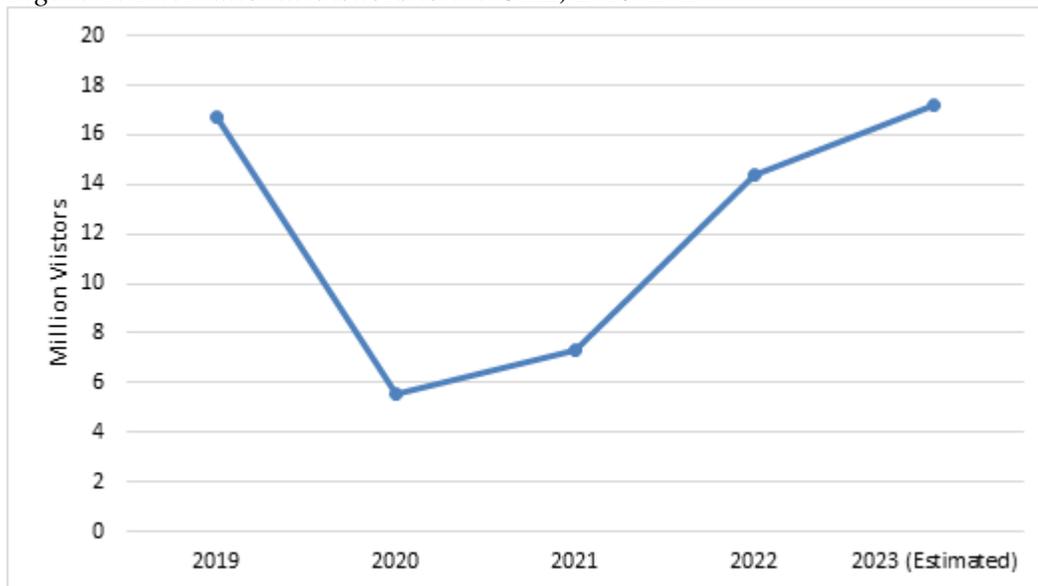
Continued Real Estate Development and Construction Requires Labor

Most of the U.S. imported chicken meat (leg quarters) is sold in bulk and consumed in facilities where workers in labor-intensive industries reside.

HRI Sector: Robust and Diverse

USDA’s [2023 Hotel Restaurant Institutional Report](#) notes that the UAE is the second-largest food service market within the Gulf Cooperation Council region after Saudi Arabia. UAE government statistics show that there are more than 30,000 food outlets in the country, with 60 percent in Dubai. With more than 200 different nationalities in the UAE, international food markets entice UAE consumers to try different foods and spend more money on dining out. Expatriates make up 90 percent of the UAE’s population, a dynamic that is unlikely to change.

Figure 4: International Visitors to the UAE, 2019-2023



Source: Dubai Department of Economy and Tourism

Greater Tourism in 2024 to Spur Demand

Tourism is expected to continue expansion in 2024. This will fuel demand for protein sources, including poultry products (Figure 4). The World Travel and Tourism Council (WTTC) projects that the UAE travel and tourism sector will contribute AED 180.6 billion (\$50 billion) to the economy by the end of 2023, representing nearly 10 percent of the economy.

- With large international mega events, exhibitions, and conferences returning to Dubai following the COVID-19 pandemic, WTTC forecasts that the sector will create nearly 7,000 jobs in 2023.
- Dubai's Al Maktoum International Airport aims to become the world's largest air passenger gateway by 2050, representing a 160 million passenger per year capacity, in addition to supporting a multimodal logistics hub for 12 million freight tons.
- The UAE will host the World Trade Organization's 13th Ministerial Conference in Abu Dhabi in February 2024 which will also generate demand.

Trade

Imports

Expansion to Continue in 2024

Post forecasts an increase of chicken meat imports to the UAE in 2024 by almost 3 percent or 385,000 MT (Figure 6). This growth is driven by the high demand for real estate, greater foreign direct investment (FDI) inflow, and a flourishing tourism sector. Imports will continue to account for approximately 87 percent of the consumption.

Real Estate

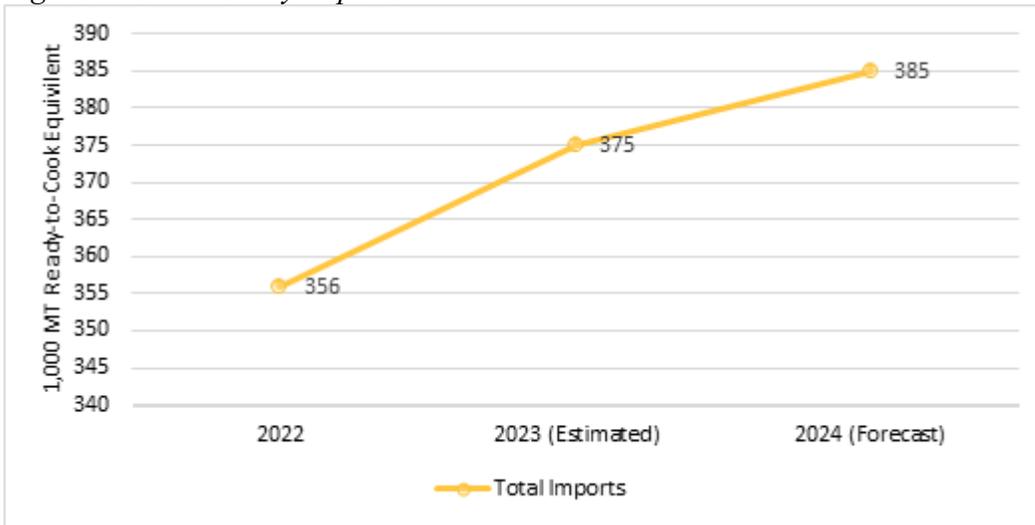
The Global Real Estate Transparency Index ranked the Abu Dhabi and Dubai markets as two of the most improved globally for the sector in 2022. The UAE, and Dubai in particular, have emerged as attractive destinations for Russians and Ukrainians in the aftermath of the ongoing war in Ukraine. Russian investment and purchases have played a large role in the upward climb of residential sales and rentals in Dubai's hot property market. A notable number of Russian and Ukrainian firms have also moved to the UAE since the war.

Real estate development is labor intensive, and poultry serves as the primary source of protein for a construction workforce. Indeed, poultry is a relatively affordable compared to beef, for instance, and comports to many religious or cultural dietary preferences. Many Indians, who make up the largest ethnic community in the UAE—30 percent of the country's population—do not consume beef.

Foreign Direct Investment

Foreign Direct Investment in the UAE is expected to continue. The [World Investment Report 2023](#) reports that the value of FDI inflows into the UAE in 2022 rose to \$22.7 billion, up 10 percent over the previous year. This places the UAE in the 16th position globally for FDI inflows in 2022. The UAE also was ranked first in the MENA region as it accounted for 32.4 percent of total FDI inflows to the region. According to [Dubai FDI](#), FDI inflows resulted in 35,000 new jobs being created in 2022, a 10 percent increase over 2021. Greater investment in the UAE has increased the demand for food, including for protein sources such from poultry.

Figure 6: UAE Poultry Imports

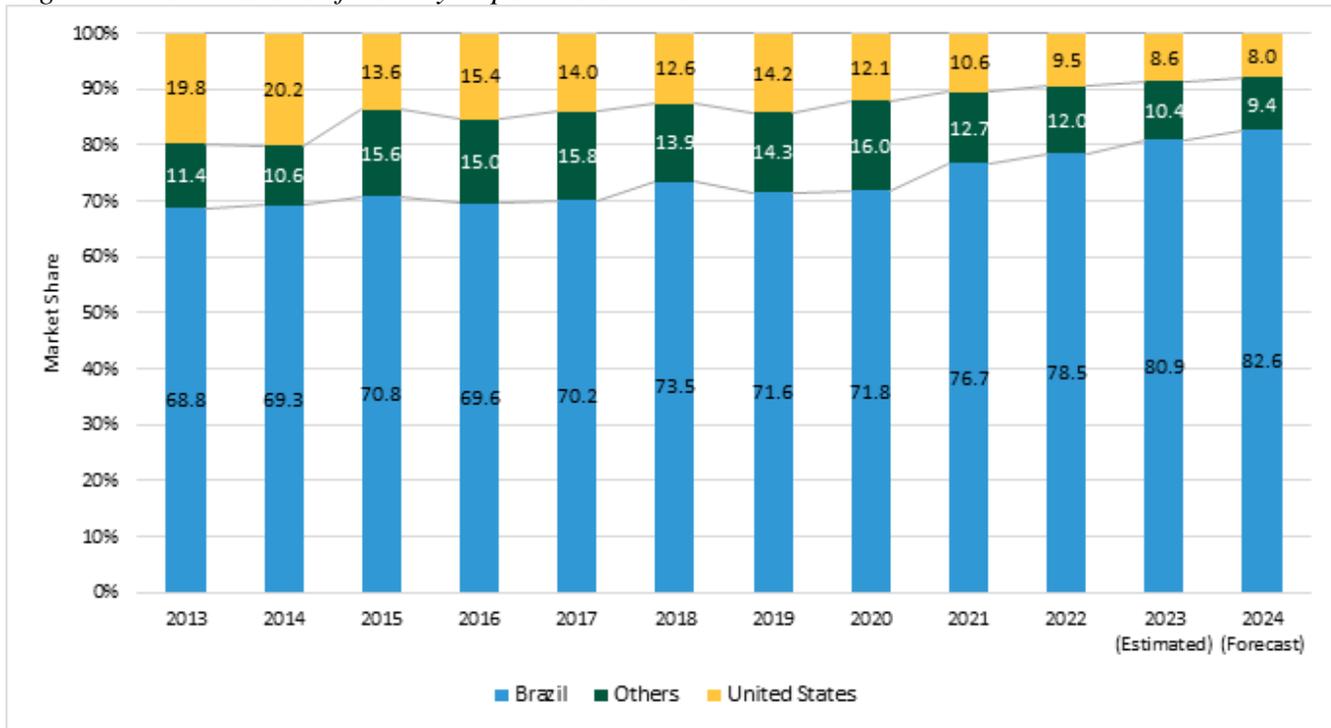


Note: Not official USDA data

Despite Growing Shipments, the United States Has Lost Market Share

Although the UAE has been increasing imports of U.S. poultry since 2020, historical data (2013-2023) reveals that U.S. poultry has lost market share relative to the market (Figure 7). In fact, the United States lost an average of 11 percent market share over the last ten years—and decreased significantly from 20 percent in 2013 to 9 percent in 2023. The United States has lost market share to Brazil which is more competitive in the UAE market on price and product offerings.

Figure 7: Market Share of Poultry Exporters to the UAE



Source: Trade Data Monitor; Post

Brazil Continues to Dominate UAE Market

Brazil’s poultry exports increased an average of 12 percent market share from 2013 to 2023, attaining a record 78.5 percent of the market in 2022. Brazil’s market share is expected to continue to grow.

Industry sources report that Brazilian poultry continues to dominate the market in the UAE due to preferred pack size, price advantage, and a robust local presence of Brazilian companies in the UAE.

Pack Size: U.S. poultry exports to UAE are mostly large supersacks of dark meat (chicken leg quarters) targeting facilities serving migrant labor, as well as major processing facilities. Local importers state that supersacks put U.S. poultry at a disadvantage compared to smaller packaging sizes available from Brazil. This is because smaller packaging can feed multiple channels, such as HRI, whereas supersacks can only supply major processing facilities.

Prices: U.S. chicken meat prices have been driven higher by elevated shipping cost and production disruptions. When prices for U.S. leg quarters reached \$1,200 per MT in the second quarter of 2023 (and \$1,250 in April), demand for U.S. chicken meat began to decline as the price of whole chicken from Brazil could be purchased for \$1,500 per MT. This counterintuitive dynamic may be attributable to consumer behavior, cultural considerations, or low- and middle-income UAE consumer preference. Some consumers may deem a full or half-chicken (which includes white breast) preferable to merely a leg quarter, regardless of its weight or size. Thus, when the price of U.S. leg quarter reaches around 75 percent of the price for a Brazilian whole chicken, UAE demand for U.S. chicken meat begins to weaken.

Local Presence: The presence of Brazilian-owned processing facilities in the UAE also raises Brazil’s competitiveness. For example, Brazil Foods, which exports chicken meat and describes itself as “the world’s largest halal animal-protein company,” opened a new factory at Khalifa Industrial Zone Abu Dhabi. Another Brazilian poultry producer (JBS) acquired two plants in the UAE in 2022 to produce prepared foods and serve as a regional hub for halal products.

Policy

Updated Technical Regulation for Animal Slaughtering According to Islamic Rules

On November 30, 2022, the UAE published the updated mandatory technical regulation [UAE.S. 993/2022 “Animal Slaughtering Requirements According to Islamic Rules,”](#) with an effective date of December 1, 2023. The new technical regulation, also known as “The Halal Standard,” replaces regulation UAE.S. 993/2015. The new regulation allows for poultry stunning if it will not lead to death or stop the heart of the animal, or if it reduces the amount of bleeding before the slaughter. An Islamic slaughter certificate (called “Halal”) is required for export to the UAE. The exporter must obtain a halal certificate from an approved halal certifier.

New Federal Corporate Tax

In January 2022, the Ministry of Finance announced that it will introduce a [federal corporate tax](#) on the net profits of business. The tax will take effect on July 1, 2023, or January 1, 2024, depending on the business’s accounting year; see [Federal Decree-Law No. 47 of 2022](#). It is unclear as to what effect, if any, the tax will have on the market.

Appendix

This report covers poultry product codes: HS 020711 (fresh or chilled fowls of the species Gallus Domesticus, not cut in pieces); HS 020712 (frozen fowls of the species Gallus Domesticus, not cut in pieces); HS 020713 (fresh or chilled cuts and edible offal of fowls of the species Gallus Domesticus); HS 020714 (frozen cuts and edible offal of fowls); and HS 160232 (meat or offal of fowls of the species “Gallus Domesticus,” prepared or preserved).

Attachments:

No Attachments