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United Arab Emirates

Grain and Feed Annual

2017 Grain and Feed in the United Arab Emirates (UAE)

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Report Highlights:

The UAE's overall consumption of grain and feed is projected to grow nearly 6 percent over the next year. Due to the absence of domestic grain production, a rise in consumer demand for these products will need to be satisfied via imports. UAE's wheat imports are forecast to rise 5 percent, reaching 1,300 thousand metric tons (TMT) in marketing year (MY) 2017/18. Similarly, rice imports are estimated to climb 5 percent to 1,285 TMT with corn imports increasing 10 percent to 620 TMT by the end of 2017. Although UAE's barley consumption estimates are slightly higher for MY2017/18, a substantial volume of remained stocks will decrease barley imports by 12 percent to 450 TMT.

Executive Summary:

The UAE's severe climatic conditions restrict domestic agricultural production; subsequently, the UAE relies heavily on the importation of agricultural and related products. Approximately 80 percent of the UAE's food and feed, including raw products, are sourced from other countries.

There are very few restrictions on the importation of grains into the UAE. Most agricultural products, including wheat, barley, rice, and corn are exempt from import duties. The UAE government encourages the open trade of these commodities as it supports the country's goal of being the regional trade center for the Gulf Cooperation Council (GCC) region. Within the UAE, the Emirate of Dubai functions as the main hub for the majority of the goods entering the country. Dubai is often touted for its state-of-the-art infrastructure (air and seaports), numerous free-trade zones, and promotion of policies and procedures that encourage business investment. Similarly, the UAE is involved in the re-export of agricultural goods, serving as a key transit point for products traveling both to and from the GCC and Africa.

The greater demand for grain and feed in the UAE is attributed to a series of factors, including steady growth in population and tourism, large-scale investments in preparation for the UAE-hosted World Exposition in 2020, and a UAE food security initiative that focuses on improved food processing and grain storage capabilities within the country. These variables contribute to the UAE's increased need for wheat, barley, rice, and corn.

Trade statistics and analysis in this report are based on data received from the UAE Federal Competitiveness and Statistics Authority for calendar years 2015 and 2016, the Global Trade Atlas, and reliable trade sources within the UAE.

Commodities:

Wheat

Barley

Rice, Milled

Corn

Production:

There is no reportable production of wheat, barley, rice, or corn in the UAE due to extreme heat, low rainfall, and the prevalence of desert conditions.

Consumption:

Based on strong surges within tourism and labor sectors, overall food consumption in the UAE is expected to increase an average of 5 percent annually between 2015-2020.

Tourism: The UAE is now among the world's top 10 tourism destinations and most popular for travel in the Arab World according to the United Nations World Tourism Organization (UNWTO). The UAE projects the number of tourists visiting the country to grow by 5.7 percent annually between 2012 and

2020. Under these conditions, both hotel and restaurant industries are expected to increase their food service capacity significantly in order to satisfy the growth in visitors to the country.

Labor Sector: In preparation for the World Expo in 2020, the UAE is expanding its infrastructure considerably. According to the Government of Dubai, over the next four years nearly 500,000 new jobs are expected for infrastructure development. This activity will increase imports across a range of sectors, including agricultural and related products.

Wheat

In MY 2017/18, FAS/Dubai estimates total consumption slightly below 1.3 MMT, a moderate increase over MY2016/17 figures. Approximately 70 percent of wheat imports are consumed locally with the remaining 30 percent sent for re-export to neighboring GCC countries.

Seventy percent of wheat imported to the UAE is white medium hard and 30 percent is blend of white hard and soft. White wheat is more desirable because of its high milling extraction, high water absorption, good flour color, and end product quality. Red wheat is not desired in this region because of its very low baking options, non-absorption and low extraction only 7-8 percent.

Flour mills produce mainly two kinds of flour in the UAE: Flour Number One which is flat white wheat with no bran content and Flour Number Two a finely ground bran medium hard white wheat with high extraction. Limited amounts of other flour varieties are produced for specialty breads and bakery products.

Considering the diverse population and consumption trends in the UAE, wheat is consumed in the forms of bread, cake, pastry, snacks, and sweets. Bread which is mainly made of medium hard wheat is the center of Arab, Iranian, Pakistani and Indian food. It is eaten with the main course, to be dipped in gravy, or used to hold meat and vegetables. The most popular bread in the UAE are tandoori bread, which is single layered flat bread baked in a shell oven and made of medium hard wheat using Flour Number Two. There are over 500 small tandoor bakeries in the UAE and this kind of bread is most popular among Pakistanis, Afghanis, and Iranians. Additionally, Arabic or Lebanese bread (also known in western countries as pita or flat bread) is highly desired especially among Emiratis, Arabs, and Indians. It is made of Flour Number One (80 percent white wheat medium hard and 15-20 percent hard wheat). Chapatti bread which is favorable among Indians and made entirely of whole wheat flour using Flour Number One.

Wheat is primarily imported through a handful of food buyers and mills in the UAE. The Grand Mill in Abu Dhabi is a government-owned entity while the majority of companies are privately owned. UAE mills package flour for re-export and provide supplies to local bakeries, hypermarkets, and retailers.

Barley

In MY 2017/18, FAS/Dubai expects barley consumption to increase nearly 5 percent from MY2016/17, reaching a total of 420 TMT. Barley is utilized for animal feed in the UAE, particularly for camel, dairy cattle, sheep, and to a lesser extent poultry production. Provided economic conditions remain stable, the UAE's livestock sector is forecast to expand rapidly over the next decade. Consequently, this expansion will increase the demand for feed imports.

Rice

In MY 2017/18, rice consumption is expected to increase 5 percent for a total volume of 930 TMT. The main growth driver for rice in the UAE is the increase in consumers from Asian and Arab countries where rice is a staple food within the diet. Basmati remains the most prevalent rice variety sold in the UAE and traditionally incorporated into many Indian and Arabic cuisines. Jasmine rice is also popular and used regularly in Filipino and Chinese dishes. The overall average retail price of rice in the UAE has risen slightly due to the increase in organic rice brands becoming more widely available in the retail sector.

Hypermarkets and supermarkets are the most important distribution channels for rice in the United Arab Emirates. Traditionally, retail outlets maintain a larger shelf space for rice that enables consumers to purchase the product in bulk quantities.

Corn

In MY 2017/18, corn consumption is expected to reach 620 TMT, up 10 percent from MY2016/17. Similar to barley, an expanding feed market as well as a stronger demand for locally produced poultry has contributed to the uptick in field corn consumption in the UAE. Corn is a prime feed ingredient for the UAE's domestic production of camels, dairy cattle, sheep and poultry.

Trade:

Wheat

In MY 2017/18, wheat imports are expected to increase 3 percent to reach 1.3 million metric tons (MMT). Russia, Canada, Lithuania, and Australia remain the largest suppliers of wheat to the UAE. In MY2016/17, U.S. wheat exports to the UAE were 29 TMT and accounted for a modest 2 percent share of UAE wheat market.

According to official 2016 data reported by the UAE Federal Competitiveness and Statistics Authority, UAE re-exports of wheat reached 56 TMT; however, according to the Global Trade Atlas, Iran imported 285 TMT worth of wheat from the UAE over the same time period.

Anecdotally, UAE trade contacts indicate a slight decline in re-exports of wheat due to an increase in local consumption within the livestock sector. Nevertheless, actual wheat export figures from the UAE remain difficult to gauge due to inconsistent data reports from various sources.

Barley

In MY 2017/18, total barley imports are expected to reach 450 TMT. This 11 percent decrease is a result of overly aggressive importing in 2016 when the UAE government subsidized barley imports for local companies. This move has created a surplus of barley stocks for MY2017/18. Australia remains the major supplier of barley to the UAE with nearly 85 percent market share. In MY2016/2017, the UAE re-exported a total of 17 TMT of barley, mostly to Sultanate of Oman, Qatar, and Iran.

Rice

In MY 2017/18, imports are expected to reach nearly 1.3 MMT. This 5 percent increase is proportionate to the consumption growth projected for rice. The UAE's major rice suppliers are India with 85 percent market share and Pakistan with 10 percent. These two countries remain more competitive than the United States due to the preferred variety (Basmati rice) by local consumers, lower prices, and lower freight costs. In MY 2016/17, U.S. exports of rice to the UAE reached 11 TMT.

According to the Federal Competitiveness and Statistics Authority, the UAE re-exported a total of 401 TMT of rice primarily to Iran (375 TMT) and Sultanate of Oman (26 TMT). Rice in the UAE is imported and distributed through private sector traders that package and supply local retailers.

Corn

In MY 2017/18, total corn imports are expected to reach 620 TMT. A 10 percent increase from the previous marketing year is attributed to the expansion of local livestock production and related feed use. In MY2016/17, major corn suppliers to the UAE were Argentina, Australia, and Brazil. In 2016, U.S. corn exports to the UAE reached 50 TMT. In MY2016/2017, the UAE re-exported a total of 43 TMT with 70 percent going to Iran.

Stocks:

According to local industry contacts, UAE importers maintain a six-month supply of rice, barley, and wheat and approximately four months' worth of corn stocks.

In 2016, the UAE government subsidized barley imports to local companies which resulted in 110 TMT in ending stocks. Currently, the UAE federal government does not provide subsidies for wheat, barley, rice, or corn. However, the Emirate of Abu Dhabi provides a subsidy to bonafied end-users of these products, i.e. registered mills and processing facilities.

In early 2016, a strategic grain storage terminal called "Etihad Mills" opened within the Fujairah Free Zone to help ensure food security within the UAE. This facility is responsible for operating and managing a strategic supply of grain such as wheat, corn, and rice. It operates 20 silos in the western Emirate of Fujairah and has a total storage capacity of roughly 2.7 TMT. The UAE aims to build domestic and regional capabilities in grain trading to ensure a consistent supply of grain to the UAE market and greater GCC region. The facility is still in the testing phase of operation.

Following the UAE government's food security initiative, in December 2016 the Al Dahra Kohinoor company launched a new rice milling facility within the Khalifa Industrial Zone Abu Dhabi (KIZAD). This state-of-the-art facility is unique to the Gulf region and has the capacity to hold 60 TMT of rice per annum with a total trading capacity of 100 TMT. The plant is designed to cover everything from de-husking, milling, and packaging for their rice brand. Similar to "Etihad Mills" this facility is still in the testing phase of operation and due to come online in 2017.

Production, Supply and Demand Data Statistics:

Wheat	2015/2016		2016/2017		2017/2018	
Market Begin Year	Jul 2015		Jul 2016		Jul 2017	
United Arab Emirates	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	119	119	237	174	0	200
Production	0	0	0	0	0	0
MY Imports	1718	1100	1650	1270	0	1300
TY Imports	1718	1100	1650	1270	0	1300
TY Imp. from U.S.	3	30	0	29	0	30
Total Supply	1837	1219	1887	1444	0	1500
MY Exports	300	45	300	55	0	55

TY Exports	300	45	300	55	0	55
Feed and Residual	100	100	100	100	0	100
FSI Consumption	1200	900	1250	1089	0	1145
Total Consumption	1300	1000	1350	1189	0	1245
Ending Stocks	237	174	237	200	0	200
Total Distribution	1837	1219	1887	1444	0	1500
(1000 HA) ,(1000 MT)						

Barley	2015/2016		2016/2017		2017/2018	
Market Begin Year	Oct 2015		Oct 2016		Oct 2017	
United Arab Emirates	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	109
Production	0	0	0	0	0	0
MY Imports	467	505	400	510	0	450
TY Imports	467	505	400	510	0	450
TY Imp. from U.S.	1	0	0	0	0	0
Total Supply	467	505	400	510	0	559
MY Exports	0	2	0	1	0	1
TY Exports	0	2	0	1	0	1
Feed and Residual	467	503	400	400	0	420
FSI Consumption	0	0	0	0	0	0
Total Consumption	467	503	400	400	0	420
Ending Stocks	0	0	0	109	0	138
Total Distribution	467	505	400	510	0	559
(1000 HA) ,(1000 MT)						

Rice, Milled	2015/2016		2016/2017		2017/2018	
Market Begin Year	Jan 2016		Jan 2017		Jan 2018	
United Arab Emirates	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	0	0	0	100	0	100
Milled Production	0	0	0	0	0	0
Rough Production	0	0	0	0	0	0
Milling Rate (.9999)	0	0	0	0	0	0
MY Imports	670	1220	750	1220	0	1280
TY Imports	670	1220	750	1220	0	1280

TY Imp. from U.S.	0	7	0	11	0	12
Total Supply	670	1220	750	1320	0	1380
MY Exports	0	450	0	340	0	350
TY Exports	0	450	0	340	0	350
Consumption and Residual	670	670	750	880	0	930
Ending Stocks	0	100	0	100	0	100
Total Distribution	670	1220	750	1320	0	1385
(1000 HA) ,(1000 MT)						

Corn	2015/2016		2016/2017		2017/2018	
Market Begin Year	Oct 2015		Oct 2016		Oct 2017	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
United Arab Emirates	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
MY Imports	0	545	0	560	0	620
TY Imports	0	545	0	560	0	620
TY Imp. from U.S.	0	24	0	50	0	55
Total Supply	0	545	0	560	0	620
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	0	545	0	560	0	620
FSI Consumption	0	0	0	0	0	0
Total Consumption	0	545	0	560	0	620
Ending Stocks	0	0	0	0	0	0
Total Distribution	0	545	0	560	0	620
(1000 HA) ,(1000 MT)						