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United Arab Emirates

Poultry and Products Annual

UAE Poultry Report

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Report Highlights:

Total domestic production of poultry meat in the UAE is expected to drop to 37,000 MT in 2012, compared to a reported 40,000 MT in 2011. The decline is attributed to high production mortality and higher cost of feed. Trade estimates indicate that local production in 2013 is expected to rebound to 2011 level. Consumption of locally produced chicken is estimated at 14% of total market size. Imports are expected to increase by 5-10 percent in 2012 and 2013.

Commodities:

Poultry, Eggs

Production:

The domestic poultry meat production in the United Arab Emirates (UAE) is expected to drop to 37,000 MT by the end of 2012, a 7% decrease compared to 2011 production levels. This drop was preceded by a 15% decrease in 2011. The poultry industry largely has been affected by outbreaks of diseases such as the new castle disease, low pathogenic avian influenza and others. As a result, some plants have either closed down or scaled down their operations. Also, the increasing prices of feed and high operational cost have added to the problems of poultry producers.

Despite the challenges facing the industry, a newly constructed farm in Abu Dhabi is expected to start production in 2013. Also, according to industry sources, early this year, Saudi Arabia stopped exports of poultry meat. This development has encouraged UAE producers to increase their production. Consequently, industry sources expect production to increase by about 10 percent.

Generally, poultry producers do not receive any support from the UAE federal government. However, Abu Dhabi Emirate gives a subsidy of 25% on feed to its poultry farmers. As a result, Dubai producing companies face fierce competition from their counterparts in Abu Dhabi, making them to be more innovative to stay in business.

The sale of subsidized feed from the Emirate of Abu Dhabi to other Emirates is considered illegal in UAE. One of the largest producers in Dubai is considering opening production facilities in Abu Dhabi, to operate on a contract bases by providing feed and raw materials to small farmers willing to operate and grow their business.

Poultry production is on a 16-week cycle. Generally, five large-sized farms produce about 75 percent of the local poultry production, half of which is produced by a single farm in Dubai; two medium-sized farms produce nearly 10 percent of the total, while the balance is filled by several small operations. They are all spread out across the UAE. On average, the ages of the birds slaughtered are between 28 to 31 days. The average bird weight gain rate is reported at 40 g/day.

Winter represents an ideal production period for farmers. Summer heat causes both production and marketing problems when demand for poultry meat drops, as

many UAE residents travel abroad fleeing the high temperature. Live chicken is slaughtered at a 1.3 kg weight that dresses out at 1 kg. The feed conversion rate is reported between 1.5 kg and 1.6 kg to 1 kg and it varies depending on the farm management and utilized breed.

Major poultry operations are fully integrated, including on-farm slaughtering facilities. They are operated by highly trained management, who regularly upgrade their facilities. They also have their marketing, sales and distribution staff and some even retail directly. Domestically produced poultry is generally marketed fresh/chilled. During the summer months, when sales typically drop, major operations will freeze some production. In an effort to expand market share some producers are producing limited amounts of chilled boneless or bone-in parts. After the AI scare, the government banned backyard poultry production and the sales of live poultry. Spent hens are either destroyed or recycled in rendering plants. The same applies to chicken paws.

Poultry producers do not use growth hormones in their production. The UAE has outlawed the use of growth hormones in the production of poultry. The sector geared to breeding stock is the most ardent user of newer technologies. However, as production of chicks is not sufficient to meet local demand, the UAE imports day old baby chicks from Arab and European countries.

Estimates of UAE poultry livestock from 2006 to 2010:

| LIVESTOCK ESTIMATION ACCORDING TO TYPE (2006 - 2010) | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| TYPE | 2006 | 2007 | 2008 | 2009 | 2010 |
| No. of Farms | 20 | 19 | 24 | 24 | 13 |
| Chicken Meats (Tons) | 23,531 | 50,780 | 78,785 | 36,907 | 47,148 |
| Eggs (Million) | 352 | 507 | 718 | 534 | 616 |

Source: UAE Ministry of Environment & Water

Consumption:

Despite the decrease in production, local consumption remains stable at about 290,000 MT of both imported and locally produced fresh poultry. Fresh locally produced chicken are generally consumed by the UAE nationals, consumers with high disposable income and Moslems who prefer to consume products with guaranteed Halal slaughter.

The consumers' preference is for whole birds of small sizes weighing 800 to 1100 grams. This is why production plants are not under pressure to grow their birds bigger. Among consumers, poultry is perceived as healthy, easy to prepare and relatively affordable. Chicken also conforms easily to the requirements of the UAE's very diverse consumers.

The UAE government has continuously played an important role in guiding and assuring consumers of the safety of consuming locally produced and imported chicken. All locally produced chicken is subject to strict supervision and inspection to ensure fitness for human consumption. The UAE does not have a market for paws. They are usually rendered, dried and used as manure.

Domestic and imported poultry is retailed side-by-side in major retail outlets, such as hypermarkets, superstores and supermarkets. Local production tends to be marketed fresh/chilled because of high production costs. For imported birds, the sizes vary between 900 grams to 1500 grams. In the retail market, 65% of market share is birds between 1,000g to 1,200 grams, and 35% between 1,300 to 1,400 grams.

Minimum competition exists between domestic and imported poultry because of the price difference. Imported whole chicken retails at about \$3/kg, whereas the cost of domestic chicken retails at about US \$4.5/kg. Households with high disposable income, particularly Arabs, tend to consume domestically produced poultry in fresh/chilled form as it is perceived to be in full compliance with Halal slaughtering. To a lesser extent, local production is consumed at some institutions, such as universities, hospitals and the military, particularly in Abu Dhabi area.

Imported chicken, whole and parts, is less expensive than domestic chicken. Brazilian chicken is popular among the foreign community because of its perceived quality, competitive prices, and low water content. The cost of Brazilian whole birds fluctuates between \$2,350 and \$2,450 per ton, and leg quarters between \$1,550 and \$1,600 per ton. U.S. leg quarters have a bigger market share than the Brazilian. The average size of leg quarter imported from the US is 350 to 500 grams, bigger than the Brazilian. Leg quarters are suitable for the local HRI sector because of its high quality and low prices. Current U.S. leg quarters C&F prices range between \$1,350 and \$1,400 per ton. However, the relatively large size of U.S. leg quarters can cause problems for end users such as cafeterias and catering companies accustomed to working with smaller pieces. Leg quarters, usually packed in 20 lb. cartons, are well suited for the HRI sector. Yet, segments of the HRI sector prefer leg quarters and other chicken parts that are packaged in layers for easier storage and handling. The HRI sector has shown increasing interest in leg quarters, shifting away from the previous practice of purchasing whole chickens.

Drumsticks are sold in trays of 900 grams, either 6 to 8 average sized pieces for \$1,700 to \$1,800 per ton or 9 to 12 pieces of small sized pieces for \$2,300 to \$2,400 per ton. Boneless chicken is dominated by Brazil and it is sold between \$2,650 and \$2,800 per ton. It is consumed mainly in Arabic and Lebanese-style restaurants and cafeterias, while boneless breasts are marketed in retail outlets in

1 and 2 kg packs. Consumption of whole turkey is seasonal, mainly by Westerners and the HRI sector during the November/December holiday season, while duck is consumed primarily in Chinese restaurants and in some Arabic restaurants.

The market share of poultry parts by consumption preference is whole birds, leg quarters, boneless whole chicken, chicken breast, drumsticks, wings and other offal.

Importers prefer to maintain limited stocks in order to take advantage of changing international prices. This practice reduces their exposure to fluctuating prices, reduces the cost of cold storage and enables them to market a fresher product. As for local production, producers prefer to dispose of stocks on a daily basis.

Retail prices of imported and locally produced poultry:

| Description | Origin | Price Per Kg (USD) |
|--|---------------|---------------------------|
| Whole Chicken - Fresh | Oman | 4.33 |
| Whole Chicken - Fresh | UAE | 4.63 |
| Whole Chicken - Fresh | France | 12.70 |
| Chicken Breast - Fresh | UAE | 12.52 |
| Chicken Leg Quarters - Fresh | UAE | 7.62 |
| Whole Chicken - Frozen | Brazil | 2.99 |
| Whole Chicken - Frozen (Different Brand) | Brazil | 4.08 |
| Boneless, skinless breast - Frozen | Brazil | 5.85 |
| Chicken Wings - Frozen | Brazil | 5.44 |
| Chicken Wings - Frozen (Different Brand) | Brazil | 6.09 |
| Chicken Wings - Frozen (Different Brand) | Brazil | 8.16 |
| Drumsticks - Frozen | Brazil | 5.74 |
| Whole Duck - Frozen | USA | 10.45 |
| Whole Duck - Frozen | Germany | 5.93 |
| Quails - Frozen | Brazil | 7.62 |

Trade:

UAE poultry imports are expected to increase by 10% reaching 320,000 MT in 2012, provided economic and demographic growth continues at the current pace. Exports on the other hand are expected to decrease by 10% following the decrease in local production, and re-exports are expected to be 15,000 MT, a 5% increase from 2011.

The UAE follows an open market policy. Suppliers from all countries are eligible to export to the UAE, provided the country of origin enjoys a healthy production environment. It also closely monitors the OIE and its notifications regarding animal health. If warranted, imports will be banned if health issues of concern are reported.

The UAE market has shown sustained economic growth over the past few years as the government continues to become less dependent on oil resources, while diversifying its economy in other sectors such as tourism and trade. Continuous developments of major infrastructure are key elements of these efforts. The hospitality sector is growing with 16,000 hotel rooms expected to be added to the market in 2 years. There has been a significant increase in the number of food establishments ranging from retail outlets, to restaurants, to newly built hotels and resorts supported by the high influx of tourists visiting the country. Furthermore the steady increase in population will continue driving up the demand for poultry in the market.

Brazil is, by far, the largest poultry exporter to the UAE, followed by the United States. Other suppliers such as Oman, France, and Denmark follow, with much smaller market share. This year, Saudi Arabia stopped poultry exports which opened the door to other suppliers to fill the gap. The majority of re-exported poultry products are destined for African countries, Iran and other Gulf countries.

In 2011, almost 96% of the total poultry imported by UAE were frozen chicken, 50% of which were frozen meat and edible offal of chicken not cut in pieces (HS Code 02071200), and 46% frozen cuts and offal parts (HS Code 02071400). Similarly, 98% of total exports were frozen chicken, 64% of which were frozen cuts and edible offal (HS Code 02071400), and 34% frozen meat and edible offal not cut in pieces (HS Code 02071200), and almost 94% of re-exports were frozen chicken, 53% frozen cuts and edible offal (HS Code 02071400) and 41% frozen meat and edible offal not cut in pieces (HS Code 02071200).

The following tables are summaries of poultry trade in the UAE for the past four years. They provide a breakdown of imported, exported and re-exported poultry by volume, categorized by HS Code and top 10 countries of destination.

| UAE POULTRY DIRECT TRADE 2008-2011 | | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | IMPORT | | EXPORT | | RE-EXPORT | |
| | Value (USD) | Weight (Kg) | Value (USD) | Weight (Kg) | Value (USD) | Weight (Kg) |
| 2008 | 532,447,029 | 262,530,547 | 358,196 | 180,306 | 35,583,386 | 18,901,817 |
| 2009 | 433,227,113 | 293,563,722 | 781,527 | 328,498 | 30,634,158 | 23,167,662 |
| 2010 | 444,463,628 | 265,137,518 | 763,640 | 726,780 | 36,518,868 | 27,654,248 |
| 2011 | 588,270,044 | 294,323,867 | 366,393 | 248,198 | 26,080,725 | 14,555,164 |

Source: - Trade Statistics – UAE Customs Authorities
 - Not official USDA Data

Major poultry suppliers & their total poultry exports to the UAE CY 2011

| | |
|---------------------|------------------------------|
| HS Code 0207 | UAE Imports By Volume |
|---------------------|------------------------------|

| Country | Weight (Kg) | Value (USD) |
|-------------------|--------------------|--------------------|
| BRAZIL | 197,923,039 | 424,781,109 |
| USA | 60,482,201 | 75,736,129 |
| SULTANATE OF OMAN | 6,858,114 | 25,296,867 |
| FRANCE | 5,717,303 | 14,000,936 |
| SAUDI ARABIA | 5,477,903 | 15,776,987 |
| GERMANY | 4,714,855 | 10,087,177 |
| DENMARK | 3,715,615 | 6,905,340 |
| CHINA | 3,497,025 | 3,155,327 |
| ARGENTINA | 3,435,251 | 6,236,652 |
| NETHERLANDS | 953,654 | 1,661,411 |

Source: Trade Statistics – UAE Customs Authorities
Not official USDA Data

UAE total poultry exports in CY 2011:

| HS Code 0207 | UAE Exports by Volume | |
|---------------------|------------------------------|--------------------|
| Country | Weight (Kg) | Value (USD) |
| VIETNAM | 150,000 | 90,521 |
| QATAR | 64,879 | 181,489 |
| MALDIVES | 13,000 | 24,703 |
| SAUDI ARABIA | 9,955 | 28,529 |
| BAHRAIN | 3,825 | 11,374 |
| DJIBOUTI | 3,100 | 8,087 |
| ETHIOPIA | 1,185 | 9,106 |
| PAKISTAN | 1,148 | 1,507 |
| TURKMENISTAN | 1,106 | 11,076 |

Source: Trade Statistics – UAE Customs Authorities
Not official USDA Data

UAE total poultry re-exports in CY 2011:

| HS CODE 0207 | UAE Re-Exports by Volume | |
|---------------------|---------------------------------|---------------------|
| Country | Weight (KG) | Value (US\$) |
| IRAN | 4,443,408 | 5,620,367 |
| SULTANATE OF OMAN | 4,018,591 | 8,070,056 |
| QATAR | 1,025,021 | 2,445,269 |
| AFGHANISTAN | 990,228 | 1,577,492 |
| KENYA | 779,123 | 1,823,437 |
| JORDAN | 682,200 | 1,643,003 |

| | | |
|----------|---------|---------|
| KUWAIT | 404,966 | 819,562 |
| IRAQ | 370,450 | 424,493 |
| TANZANIA | 341,276 | 588,579 |
| PAKISTAN | 284,766 | 635,907 |

Source: Trade Statistics – UAE Customs Authorities
Not official USDA Data

Brazil is the leading supplier of poultry to the UAE market given Brazilian poultry's competitive pricing and quality. U.S. chicken leg quarters are competitive in the hotel, restaurant, and institutional (HRI) sector. Almost 75% of imported poultry is consumed in the foodservice sector.

Policy:

Import Requirements

Labeling requirements for poultry products remain unchanged. While detailed information is currently available on UAE FAIRS report, the product label is basically required to carry the following information, in Arabic:

- a) Date of production and expiry;
- b) Product and Brand name;
- c) Net weight;
- d) Country of origin; and
- e) The producer's name and address.

Poultry must be slaughtered according to Islamic requirements. A Halal slaughter certificate issued by an approved U.S. Islamic Center must accompany the shipment.

Health and sanitary regulations are strictly enforced, regardless of country of origin, to ensure human and animal health safety. Periodically local health officials will travel to supplier countries to inspect production and processing facilities. If the supplier country's processing facility is found unsanitary, products from that facility will be suspended immediately.

Established brands are checked randomly at port of entry for Salmonella or other pathogenic contamination. If a tested sample exceeds permissible levels of the detected bacterium, a second sample, taken at the time of the first one, is tested. If that sample, too, shows a level of bacterium in excess of the permissible level, the shipment will be rejected. Locally produced poultry is subject to the same monitoring regime as that for imported products by public health officials.

The most popular advertising tool is the print media followed by television. Year-round advertising campaigns are the norm for this market. In store promotions are common, particularly for new to market products. Suppliers and local

producers are looking constantly to identify new markets and opportunities to expand sales. Suppliers usually support local agents with promotional resources.

More details are available in the Food and Agricultural Import Regulations and Standards (FAIRS) report by clicking [HERE](#)

Marketing:

Distribution Channels:

Distribution channels for imported and domestically produced poultry are very similar: importer à to wholesaler à to distributor à to retailer. Large domestic producers distribute products directly to retailers. Both importers and domestic producers of poultry are well equipped with excellent cold storage warehouse facilities and refrigerated trucks for distribution. Both sectors are staffed with well-trained sales representatives. Major retailers are constructing state-of-the-art supermarkets and hypermarkets and are focusing on customer service to ensure that their products are ideally presented and marketed to consumers.

Production, Supply and Demand Data Statistics:

Poultry PSD table with estimates for 2012 and 2013:

| PSD Table | 2011 | 2012 | 2013 |
|------------------------|-------------|-------------|-------------|
| Production (Tons) | 40,000 | 37,000 | 41,000 |
| Whole, Imports | 150,662 | 158,195 | 166,105 |
| Parts, Imports | 138,745 | 145,682 | 152,966 |
| Other Imports | 4,916 | 5,162 | 5,420 |
| Total Imports | 294,323 | 309,039 | 324,491 |
| Total Supply | 334,323 | 346,039 | 365,491 |
| Whole, Re-Exports | 6,251 | 6,564 | 6,892 |
| Parts, Re-Exports | 8,679 | 9,113 | 9,569 |
| Total Re-Exports | 14,803 | 15,677 | 16,460 |
| Human Consumption | 319,520 | 330,363 | 349,031 |
| Per Capita Consumption | 42.6 Kg | 42.7 Kg | 43.8 Kg |

Source: 2011 Trade Statistics – UAE Customs Authorities
Not official USDA Data

Note: “Data included in this report is not official USDA data. Official USDA data is available at <http://www.fas.usda.gov/psd>”.

