



Italian trade Commission – UAE

Trade Promotion Section of the Italian Embassy

Istituto nazionale per il Commercio Estero - EAU

Sezione per la Promozione degli Scambi dell'Ambasciata d'Italia

Emirati Arabi Uniti

Nota di Settore Industria alimentare

A cura di
ICE_EAU

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Maggio 2009



Quadro Macroeconomico del Paese

Dati socio – economici

Localizzazione	Asia – Penisola Arabica
superficie	83,600 km²
capitale	Abu Dhabi
città principali	Dubai, Sharjah, Ajman, Al Ain
linea di costa	1318 km
paesi confinanti	Arabia Saudita e Oman
lingua ufficiale	Arabo (lingua commerciale e veicolare Inglese)
divisa	1 Dirham (AED) = 100 Fils 1 Euro = circa 5.2 AED (maggio 2009)
popolazione (fine 2005)	4,621 mln
età media	30 anni
struttura etnica	19% cittadini nazionali (arabi) 23% altre nazionalità arabe e iraniani 50% sud asiatici 8% occidentali e est asiatici
religione	96% mussulmani (sunniti 84%, Shiti 16%) 4% cristiani e hindu

Gli Emirati Arabi Uniti sono una Confederazione di sette stati (emirati): Abu Dhabi, Dubai, Sharjah, Ajman, Ras Al Khaimah, Um Al Quain e Fujairah, con consiglio federale e presidente nazionale.

Lo stato EAU fa parte del GCC (Consiglio di Cooperazione del Golfo), ONU, WTO e OPEC.

Esiste una convenzione doganale tra i paesi GCC (Arabia Saudita, Bahrein, EAU, Kuwait, Oman e Qatar), qualsiasi materiale sdoganato in uno dei paesi GCC, può circolare liberamente tra questi stati.

Gli EAU hanno ottenuto l'indipendenza dalla Gran Bretagna il 2 dicembre 1972 (festa nazionale)



Valutazione del mercato

FOOD AND BEVERAGE INDUSTRY

The noteworthy machines, equipments and tools used in food and beverage industry which are researched in this study report are mentioned and discussed below.

TABLE – Top 5 Imported Machinery Description by HS Code-2007

84212190	Machinery & apparatus for filtering or purifying water, other than those for domestic use.
85094000	Food grinders & mixers & fruit or vegetable juice extractors, with self-contained electric motor for domestic use.
84388000	Machinery for the industrial preparation or manufacture of food or drink, other than machinery for the extraction or preparation of animal
84198100	Machinery, plant & equipment for making hot drinks or for cooking or heating food, other than of a kind used for domestic purposes.
84351000	Presses, crushers & similar machinery used in the manufacture of wine, cider, fruit juices or similar beverages.

*HS Code=Harmonized Commodity Description and Coding System

TABLE – Top 5 Re-exported Machinery Description by HS Code-2007

85094000	Food grinders & mixers & fruit or vegetable juice extractors, with self-contained electric motor for domestic use.
84212190	Machinery & apparatus for filtering or purifying water, other than those for domestic use.
84198100	Machinery, plant & equipment for making hot drinks or for cooking or heating food, other than of a kind used for domestic purposes.
84388000	Machinery for the industrial preparation or manufacture of food or drink, other than machinery for the extraction or preparation of animal or fixed vegetable fats or oils, n.e.s. in this Chapter.
84378000	Machinery used in the milling industry or for the working of cereals or dried leguminous vegetables, other than farm-type machinery.

*HS Code=Harmonized Commodity Description and Coding System



TABLE – Machinery Description by HS Code-2007

84212190	Machinery & apparatus for filtering or purifying water, other than those for domestic use.
84351000	Presses, crushers & similar machinery used in the manufacture of wine, cider, fruit juices or similar beverages.
85098020	Slicers of all kinds (for example, for meats cheese, bread, fruits & vegetables), domestic, electro-mechanical with self-contained electric motor.
85094000	Food grinders & mixers & fruit or vegetable juice extractors, with self-contained electric motor for domestic use.
84349000	Parts of milking machines & dairy machinery.
84388000	Machinery for the industrial preparation or manufacture of food or drink, other than machinery for the extraction or preparation of animal or fixed vegetable fats or oils, n.e.s. in this Chapter.

1 Trade of Food and Beverage Machine, Equipments and Tools (Import, Export & Re-export)

To identify total machines, equipments and tools being traded, we identified machines with their international 'Harmonized Standard Codes' (HS Codes) and have listed them elsewhere. The list was prepared by consulting customs department and industry experts. It is quite possible that some machines and equipments being utilized in the mentioned industry might have been overlooked. It is worthy to note that more than one industry might and will utilize some machines and equipments mentioned in this section, so duplication of machines and equipments values will in due course take place.

1.1 Imports 2007- Machines, Tools and Equipments

TABLE – Top 5 Food and Beverage industry machines Imports for 2007

HS Code	Top 5 Machines Imported	
	Sum of Value	Sum of Weight
84212190	242,321,669	5,900,025
85094000	198,891,502	14,194,047
84388000	103,811,853	1,445,159
84198100	95,888,009	1,326,571
84351000	52,614,617	2,278,127
Others	165,533,140	3,900,642

*Value in AED

*Weight in Kg

*HS Code=Harmonized Commodity Description and Coding System



FIGURE – Top 5 Food and Beverage industry machine Imports for 2007

Top 5 Machines Imported

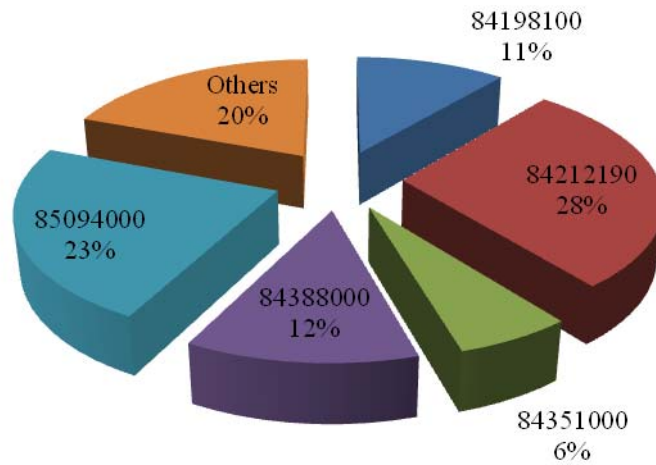


TABLE – Top 15 origins countries for Imports in 2007

Top 15 Countries			
Country	Sum of Value	% of total value	Sum of Weight
GERMANY (DEU)	169,711,154	20	2,243,777
CHINA (CHN)	162,102,176	19	14,388,438
ITALY (ITA)	129,770,079	15	3,085,214
USA	115,532,781	13	1,464,558
FRANCE (FRA)	46,040,957	5	645,269
UNITED KINGDOM (GBR)	41,351,955	5	535,569
INDIA (IND)	41,242,530	5	2,711,782
DENMARK (DNK)	18,819,330	2	147,311
SPAIN (ESP)	15,158,615	2	202,572
JAPAN (JPN)	12,395,267	1	259,935
SWITZERLAND (CHE)	11,670,321	1	83,686
NETHERLANDS (NLD)	11,034,820	1	189,207
TAIWAN	9,654,600	1	781,865
BELGIUM (BEL)	9,109,199	1	196,638
CANADA (CAN)	7,185,257	1	79,004
others	58,281,748	7	2,029,744
TOTAL	859,060,790	100	29,044,571

*Source – Ministry of Economy

*Value in AED

*Weight in Kgs



1.2 Re-Exports 2007- Machines, Tools and Equipments

TABLE – Top 5 Food & Beverage industry machines Re-exports for 2007

HS Code	Top 5 Machines Re-exported	
	Sum of Value	Sum of Weight
85094000	202,583,148	15,091,426
84212190	45,078,137	1,008,345
84198100	14,861,995	131,625
84388000	7,301,873	185,791
84378000	2,898,505	127,823
Others	21,044,779	983,544
TOTAL	293,768,436	17,528,554

*Value in AED

*Weight in Kg

*HS Code=Harmonized Commodity Description and Coding System

FIGURE – Top 5 Food & Beverage industry machine Re-exports for 2007

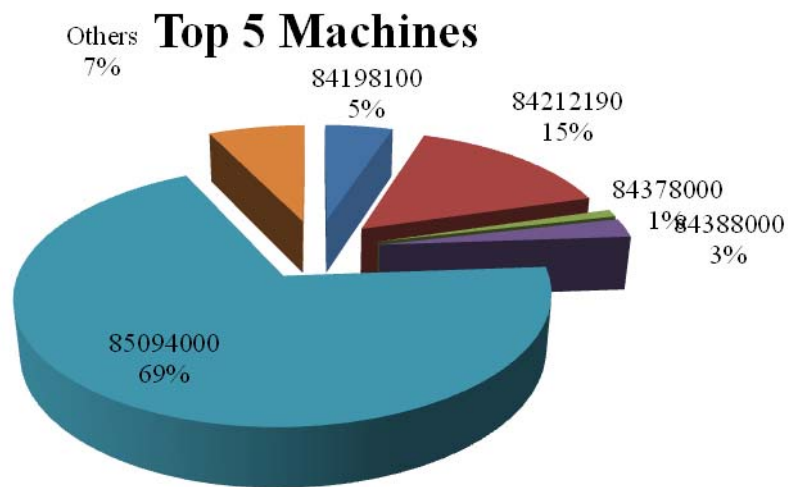


TABLE –Top 15 origins countries for Re-Exports in 2007

Top 15 Countries			
Country	Sum of Value	% of total value	Sum of Weight
IRAN (IRN)	157,157,418	53	8,330,080
IRAQ (IRQ)	15,875,402	5	1,309,117



SUDAN (SDN)	12,697,472	4	688,185
AZERBAIJAN (AZE)	8,481,072	3	766,919
ALGERIA (DZA)	7,981,804	3	544,482
QATAR (QAT)	7,335,079	2	166,395
TANZANIA (TZA)	6,667,969	2	611,175
SAUDI ARABIA (SAU)	5,199,900	2	292,821
PAKISTAN (PAK)	5,004,157	2	566,647
KUWAIT (KWT)	4,807,442	2	184,964
LIBYA (LBY)	4,783,653	2	214,602
INDIA (IND)	4,212,602	1	355,807
ARMENIA (ARM)	4,115,854	1	304,272
AFGHANISTAN (AFG)	3,451,034	1	76,397
BAHRAIN (BHR)	2,922,160	1	265,785
Others	43,075,420	15	2,850,907
TOTAL	293,768,436	100	17,528,554

*Source – Ministry of Economy

*Value in AED

*Weight in Kgs

1.3 Exports 2007- Machines, Tools and Equipments

TABLE – Top 5 Food & Beverage industry machines Exports for 2007

HS Code	Top 5 Machines Exported	
	Sum of Value	Sum of Weight
84212190	26,686,671	685,109
84351000	3,027,800	508,200
85098020	220,113	10,000
85094000	177,132	28,013
84349000	3,991	130
84388000	2,295	1,000
TOTAL	30,118,002	1,232,452

*Value in AED

*Weight in Kg

*HS Code=Harmonized Commodity Description and Coding System



TABLE –Top 15 Destination countries for Exports in 2007

Top 15 Countries			
Country	Sum of Value	% of total value	Sum of Weight
OMAN (OMN)	14,708,297	49	165,772
QATAR (QAT)	4,055,137	13	260,000
IRAN (IRN)	3,875,067	13	544,032
ALGERIA (DZA)	2,290,722	8	40,500
PAKISTAN (PAK)	1,616,646	5	87,165
EGYPT (EGY)	833,214	3	4,230
YEMEN (YEM)	441,381	1	21,959
TANZANIA (TZA)	411,139	1	35,246
SUDAN (SDN)	313,986	1	5,000
RUSSIA (RUS)	242,193	1	788
NIGERIA (NGA)	202,271	1	9,755
LIBYA (LBY)	189,041	1	4,300
SYRIA (SYR)	177,132	1	28,013
IRAQ (IRQ)	150,000	0	5,000
GHANA (GHA)	92,057	0	3,488
Others	519,719	2	17,205
TOTAL	30,118,002	100	1,232,452

*Source – Ministry of Economy

*Value in AED

*Weight in Kgs

2 Industry Overview

UAE Food Industry

The UAE food processing industry started to grow in the early 1980s. However, domestic food & agricultural production is hindered by the country's harsh climate. According to the Ministry of Planning, the food industry consists of 359 establishments and more than 30,412 employees. Between the years 2005-2006, the four largest product groups purchased by the foodservice operators are:



- Meat, poultry and fish accounting for just over 30%
- Beverages 18%
- Dairy products 13% and rice
- Bread, pasta and cereal 13%.

Statistics reveal that mass grocery retail sales reached an estimated US \$ 1100 million in 2007. Most of the mass grocery retail activities are concentrated in the three key emirates of Abu Dhabi, Dubai and Sharjah. Mass grocery retail sector is expected to expand further as result of soaring tourism industry, high population growth and consumer preference for shopping in modern retail setups. Further growth is expected in the retail sector in the smaller emirates mainly in Ajman, Ras Al Khaimah and Al Ain as these emirates opt to develop their tourist attractions.

Through a joint venture with Majid Al Futaim (MAF), Carrefour France has 8 outlets in the UAE. Emke group operates LuLu supermarkets and hypermarkets and Lulu department stores. Spinney's operates 17 supermarkets across the UAE. The Dubai Duty Free which is becoming one of the top buyers and sellers successful outlets, is based at the Dubai International Airport

TABLE – Outlets Breakup by Sales value

Format	2004	2007
Supermarkets & Co-ops	220	350
Hypermarkets	480	730
Convenience Stores	22	40
TOTAL	722	1120

Value in Million \$

3 Food and Beverage machines Utilizers

The Food and Beverage industry is defined herein as manufacturers and processors of Meat, drinks, sweets, breads, water, dairy products, juices and others.

TABLE 3 – Number of Food and Beverage utilizers in UAE – Emirates wise in 2007

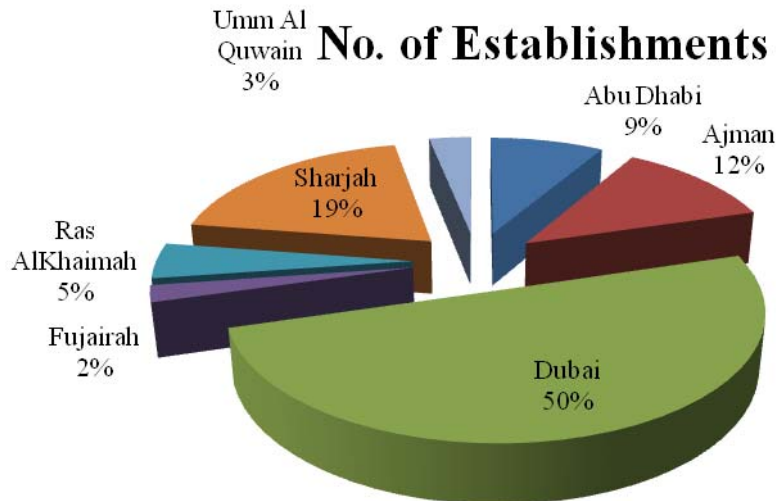
Emirate	Number of Establishments
Dubai	160
Sharjah	62
Ajman	38
Abu Dhabi	27
Ras Al Khaimah	15



Umm Al Quwain	10
Fujairah	7
TOTAL	319

Source – Ministry of Economy

FIGURE 3 – Food and Beverage industry utilizers distribution in percentage-2007



4 Investment

Investment herein is referred as to money invested in a business with the understanding that the money will be used to purchase fixed assets, rather than used to cover the business' day-to-day operating expenses.

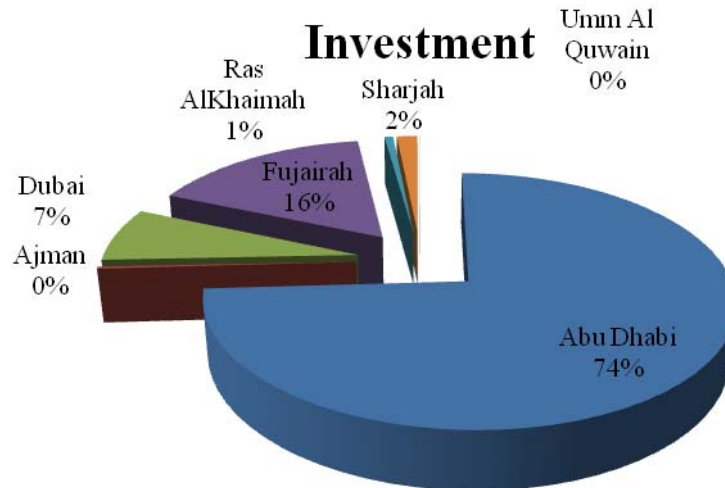
TABLE 4 – Total Investment in Food and Beverages establishments – Emirates wise in 2007

Emirate	Investments
Abu Dhabi	23,064,162,467
Fujairah	5,076,395,487
Dubai	2,226,957,613
Sharjah	477,194,522
Ras Al Khaimah	201,237,567
Ajman	81,090,940
Umm Al Quwain	8,739,190
TOTAL	31,135,777,786

Source – Ministry of Economy

Investment in AED

FIGURE 4 – Food and Beverage industry investment distribution in percentage-2007



5 Utilizers Opinion of Italian and the Competitor's products

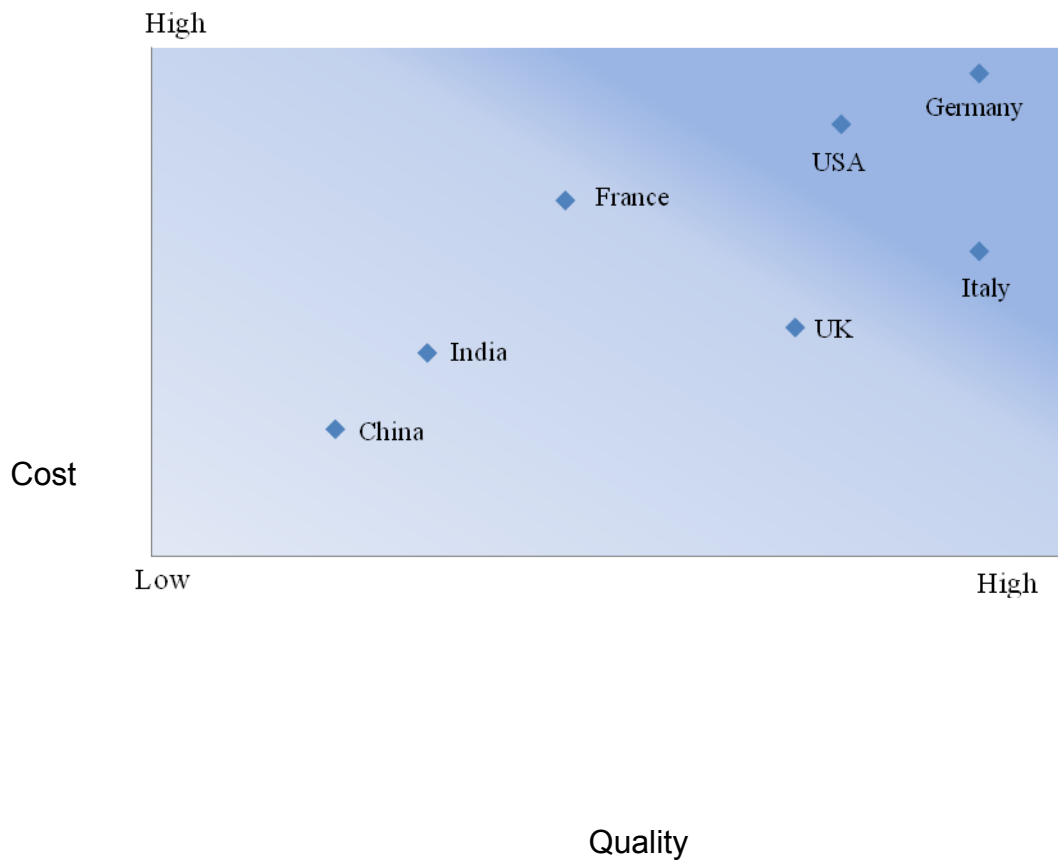
The data is based on analysis of the responses to the utilizers opinion of Italian machines and equipments and their opinion of competitors survey report which was collected by personal visits and telephonic interviews from 1st of March to 25th of March 2009.

There were 3 responses in each industry having different activities. All the respondents are listed with the Ministry of Finance and Industries, the name and the job title of the respondent has been collected to make the survey more relevant. The utilizers opinion survey report presents the utilizers opinion about the quality, cost, performance & reliability and maintenance cost & complexity of machines and equipments made in different countries.

The survey also presents the important factors that govern the purchase of machines and equipments. The competitors' options given to the respondent were based on the top 6 countries of origin for imports.



FIGURE – Utilizers opinion based on Cost and Quality of Food and Beverage machines and equipments

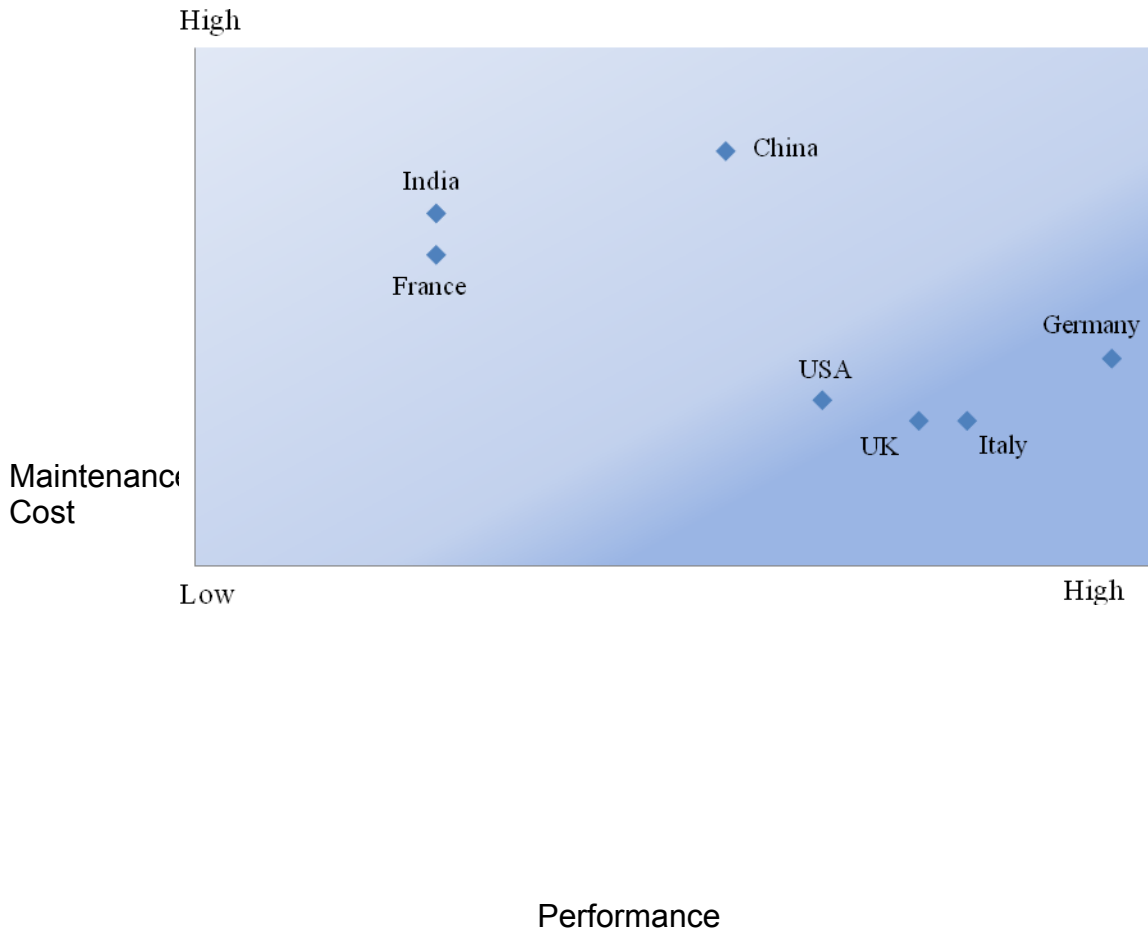


From the above figure it can be deduced that;

1. ME's* from Italy are of higher quality when compared with ME's* from UK, USA, France, Indian and China, but are of similar quality from Germany. The best quality MEs* according to the survey are from Germany and Italy.
2. ME's from Italy are of lower cost when compared with ME's* from Germany USA and France but higher to those of India, China and UK. The cheapest MEs* according to the survey are from China.



FIGURE – Utilizers opinion based on Maintenance cost and performance of Food and Beverage machines and equipments



From the above figure it can be deduced that;

1. ME's* from Italy perform better when compared with ME's* from UK, USA, China, France and India, but performs poorer than Germany's. The best performing MEs* according to the survey are from Germany.
2. ME's* from Italy have lower maintenance cost when compared with ME's* from USA, India, France and China but similar to MEs* from UK. The lowest maintenance cost MEs* according to the survey are from UK and Italy.

*ME – Machines and Equipments



Important Factors by ranking that governs the purchase of Food and Beverage Tools, Machines and Equipments (based on survey)

Sr. No	Factors	Ranking
1	Quality	1
2	Cost	2
3	After Sales Service	5
4	Availability & Deliver time	6
5	Performance & Reliability	3
6	Maintenance cost	4

6 Distribution Channel – Food & Beverage Industry

An organization or set of organizations (go-betweens) involved in the process of making machines, equipments and tools available for use by a business user for the local market of UAE. The channels presented herein are as follows;

1. Importer – A company which brings machines and equipments from one country to UAE.
2. Agents – Is on who typically sells direct on behalf of the producer
3. Distributor – Is one who sells to the retailer
4. Wholesaler - Is one who sells to the retailer

Efforts have been put to provide at least 4 companies in each section, in case of under developed distribution channel in the country only few contacts were mentioned due to lack of information or companies doing the required.

Importers	Company	P O Box	Emirate	Contact No.	Contact Person	Business Activity
1	Master Heat Industrial Co. LLC	40681	Sharjah	5338279	Scholl Fernandes	IM
2	Mohammad Azzi Machinery	403278	Dubai	050-6767085	Mr. Azir	I
3	UB Internaitonal Ltd	20196	Dubai	2821668	A K Khanna	I
4	Java Trading Establishment	41190	Sharjah	5539989	J C Sheth	I



Agents	Company	P O Box	Emirate	Contact No.	Contact Person	Business Activity
1	Mondo General Trading	174	Dubai	2255999	Samir Ebrahim	IA
2	Ekbatana General Trading	125711	Dubai	2349094	Alireza Shirazi	IA
3	Corodex Trading company LLC	12282	Dubai	3472900	George Joseph	IARM
4	Baseem Trading Company.	27028	Abu Dhabi	6448129	Hector Patel	IA

Wholesaler	Company	P O Box	Emirate	Contact No.	Contact Person	Business Activity
1	Rafco Trading Company	2548	Abu Dhabi	6311351	Samer Rafeh	IEWDA
2	Habtoor International	55332	Dubai	2721212	Abdul Aziz habtoor	IEWDAR
3	Emirates Modern Poultry Co.	4316	Dubai	8326565	Rashid Dafalla	IEWDRM
4	Bin Karaz Trading Establishment	45304	Abu Dhabi	6352832	Matar Mohammed	IDWA

Distributor	Company	P O Box	Emirate	Contact No.	Contact Person	Business Activity
1	Mnazza Electormechanics	4305	Abu Dhabi	6727707	Ghafoor A R	IDAO
2	Northern Trading Establishment	46958	Abu Dhabi	6730476	Kler	IDWAR
3	Bohec Middle East Company LLC	2392	Dubai	3374777	Sami Saadi	ID
4	Omnia Trading establishment	28520	Abu Dhabi	6311737	Riaz khan	IEWDAR



I - Import, E - Export, A - Agent, D - Distributor, W - Wholesaler, R - Retail, S - Supplier, O – Others

Dialing Code

Dubai	00971 - 4
Abu Dhabi	00971 – 2
Ajman	00971 – 6
Sharjah	00971 – 6
Al Ain	00971 – 3
Ras Al Khaimah	00971 – 7
Fujairah	00971 – 9
Umm Al Quwain	00971 - 6

7 Local Production – Food & Beverage Industry

Local manufacturing industry of machines and equipment is as good as negligible; the exact production figures of the machines and equipments of the industry are not evaluated, determined, estimated, assessed or published independently. Thus for evaluating the local production in UAE certain assumptions have to be taken which then can be applied to the available reliable data.

Industrial Activity	2008*	2007	2006	2005	2004*
Fabricated Metal and Equipments	5,892	5,159	4,516	3,954	3,462

* Production in AED Million

*2008 & 2004 figures – Ministry of Economy

*CAGR of 14.22% for others

It is assumed that less than 5% of production in fabricated metal and equipments is of actual machines, tools and equipments of various industries. For the purpose of this report it will be assumed that 5% of the above mentioned is the production of machines, tools and equipments.

This 5 % comprises of machines, tools and equipments utilized in 13 industries mentioned in this report elsewhere. Based on the percentage share imports of each industry from the total imports of machines, tools and equipments, the value of production will be evaluated.

Industrial Activity	2008*	2007	2006	2005	2004*
Machines, Tolls & Equipments	295	258	226	198	173

* Production in AED Million



Production Value of Food & Beverage Machines, Tolls & Equipments 2007 – 2004

Industry	2007		2006		2005		2004	
	%	Production Value	%	Production Value	%	Production Value	%	Production Value
F&B Industry	6	15,480,000	6	13,560,000	6	11,880,000	10	17,300,000

* Production in AED Million

*% of total Machines & Equipment production value

Production Value of Food & Beverage Machines, Tolls & Equipments 2012 - 2008

Industry	2008	2009	2010	2011	2012	CAGR
F&B Industry	14,916,923	14,374,327	13,851,468	13,347,628	12,862,115	-3.64%

*CAGR based on 2007-2004 figures, *Figures in AED

8 Internal Demand and Trends – Food & Beverage Industry

The main determinants of individual demand are: the price of the good, level of income, personal tastes, the population (number of people), the government policies, the price of substitute goods, and the price of complementary goods. The below established methodology would be used to calculate for the internal demand, the output of this would be in values of machinery and equipments. For the purpose of the study we would neglect exports in all industry.

$$\text{Demand} = (\text{Imports} - \text{Re-Exports}) + (\text{Local Manufacturing} - \text{Exports})$$

Import

Industry	2007	2006	2005	2004
Food & Beverage	859,060,790	613,130,841	558,300,001	607,458,454

Values in AED

Re-export

Industry	2007	2006	2005	2004
Food & Beverage	293,768,436	234,630,726	176,369,178	357,955,231

Values in AED



Local Manufacturing

Industry	2007	2006	2005	2004
Food & Beverage	15,480,000	13,560,000	11,880,000	17,300,000

Values in AED

Internal Demand

Industry	2007	2006	2005	2004
Food & Beverage	580,772,354	392,060,115	393,810,823	266,803,223

Values in AED

9 Forecast – Food & Beverage Industry

Machines, equipments and tools utilization in metal industry would see a substantial growth in coming years; the demand will be met by increase in imports and local manufacturing of machines.

For projection for the year 2008 – 2012 Compound annual growth rate (CAGR) was calculated using the available data of 2004 – 2007, taking into consideration the current market conditions the CAGR was discounted by 50%, meaning that there would be growth in import, re-export and local production by at a much lower rate than in last 3 years from 2004 to 2007. The projects for imports, re-exports, local production are as follows;

Description	2008	2009	2010	2011	2012	CAGR	Discounted CAGR
Imports	964,257,449	1,023,296,730	1,085,950,851	1,152,441,140	1,223,002,478	12.25%	6.12%
Re-Export	275,040,894	266,274,057	257,786,660	249,569,796	241,614,841	-6.37%	-3.19%
Local Production	14,916,923	14,645,625	14,379,261	14,117,742	13,860,979	-3.64%	-1.82%

Values in AED

CAGR – 2007 - 2004

10 Machines & Equipments required and technical specification – Plastic Food & Beverage Industry

Common and important Machines, equipments and tools utilization in the defined industry are as follows including their technical specification. It has to be noted that there are/ might machines of different make, kind, with technical specs,



performance capacity, etc, for the purpose of the study we have taken generalized technical specification.

The commonly used machines and equipments and their technical specification have been gathered interviewing the machine utilizers , providers of the same and through desk research. Not all the utilizers and providers were helpful in gathering the required information as most of them consider the information as to confidential and private.

1. Bakery Equipments

a. Technical Specification

Rated Voltage	220 V
Rated Input Power	0.6 KW
Power	0.37 KW
Thickness	31pcs 12mm
Weight	74 kg
Size	680×780×780 mm

2. Carbonated filling machine

a. Technical Processing

Working location	rinser 80, filler 80, capper20
Production capacity	34000BPH (0.5L)
Voltage ratin	380V
Dimension	6.7*6.7*2.75 (L×W×H)
Weight: about 13T	13 T

3. Food processing machine

a. Food dryer

b. Technical Specification

Frequency	2450±50MHz
Rated Input Power	≤80KVA
Microwave output Power	≥50KW



Height of In and Out materials	80mm
Width Transferring Belt	680mm
Speed Transferring	0-20m/min
Overall dimension	14000×920×1850 mm
Capacity dehydrating	Get rid of 50kgs water per hour

4. Vacuum Tumbler

- a. Meat and poultry processor
- b. Technical Specification

Capacity	250
Power	1.65 KW
Cylinder speed	7
Vacuum Level	-0.085Mpa
Voltage	380 V
Weight	380 kg
Dimensions	1650*1230*1420 mm

5. Water purification Plant

- a. Technical Specification

Capacity of pure water:	12000 L/H 25
General power:	19 KW
Electrical power:	AC 380V/50Hz 35A
RO membranes:	8040 12items
Beforehand filter:	4872 FRP 2 items 3672 FRP 1 item
PP sediment membranes filter tube:	400×1000 1 items
Booster pump:	CHL 16-40/4KW 1 item
Active carbon filter:	500kg
Quartz sand filter:	1500kg
Machine Size	3500×1200×1920mm