



AGRICULTURE AND FOOD AUTHORITY

NUTS AND OIL CROPS DIRECTORATE

ANNUAL MARKET RESEARCH REPORT

FOR THE UNITED ARAB EMIRATES (UAE)

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Executive Summary

Kenya's Agricultural products have for a long time been exported either in their raw form or in semi processed form with very minimal value addition. These products have also been ending up in traditional markets especially in the European Union. In an effort to address this skewed trade there is need to explore and exploit new markets. As part of the efforts to explore new markets a market research study was carried out with a special focus on the United Arab Emirates as a new market frontier. The objective of the study was to identify the opportunities available in this market while at the same time profiling the facilities and logistical requirements to be met by business people who want to venture into the UAE.

The study findings include insights on the existing and potential demand in terms the country's geographical location and its accessibility both by air and sea, its cosmopolitan population which is a mixture of its native population, Arab, Asian and many other nationalities from all over the world. In terms of ease of doing business the UAE futures favorably in the environment of doing business as compared to other growing economies at position 26 globally

The report also contains an analysis of the infrastructural facilities available in the UAE for economic and social development such as user-friendly Offices, designed to be adaptable standard warehouses, infrastructure plots, ready-to-use fully furnished business centers, showrooms designed for product display as well as storage and distribution. In addition to on site residential provided for company employees, easy hotels and opportunities to establish own retail outlets which enables organizations to sell their products

This report also contains findings on the regulatory and legal environment of the United Arab Emirates which is stringent and is purposely designed to protect the economy and nationals of the United Arab Emirates. The United Arab Emirates is divided into two economic zones-the **onshore zone** and the **offshore zone**. The onshore zone is that zone where the UAE economic policies apply in full and

everyone operating under this zone must comply with the prevailing economic policies and regulations.

The last section the report is dedicated to exploring the existing and the potential market for fruits and nuts in the UAE. The findings indicate that there is a high import demand of cashew nuts, almonds, pistachios, bananas, pears, oranges, apples grapes and coconuts. Further there is need for concerted efforts to expand supply to this market while also increasing the variety of products destined to the UAE.

Background

The United Arab Emirates is one of Kenya's leading trade partners. Trade between the two countries has evolved over years and cumulatively counts among the highest in Kenya's global international trade. The balance of trade of merchandise is however heavily in favor of the United Arabs Emirates. Kenya can increase exports into the UAE manifold if the right business decisions and clearer understanding of the market is brought within the domain of the exporters.

The purpose of the study was to undertake a competitive analysis through market research and surveys in the United Arab Emirates, for the following industry and product categories:

- Nuts
- Edible Oils

1 CHAPTER ONE: INTRODUCTION

1.1 Background of Kenya

Kenya is an East African Country that borders Indian Ocean to the East, Tanzania to the South, Uganda to the West, Sudan and Ethiopia to the North. According to the National Bureau of Statistics, Kenya had an estimated population of 43,178, 141 in 2012. The GDP was estimated to \$37,229,405,066 in 2012 and was growing at an estimated rate of 4.3% in the same year. The inflation rate for 2012 was estimated at 9.3%.

1.1.1 Kenya's Key Economic Indicators

Kenya entered 2013 from an improving economic position with low inflation and stable interest rates. By end-February, inflation was down to 4.5%, from a high of 18% in early 2012, and the shilling remained stable (at Sh85=US\$1) against major trading currencies. This enabled the Central Bank to lower interest rates to 9.5%, compared to a peak of 20% in mid-2012. Peaceful national elections in March 2013 and a smooth transition of power renewed business confidence, strengthening prospects for the economy to achieve a growth rate of five percent in 2013, compared to 4.3% in 2012.

But Kenya is still underperforming its peers and the economy remains out of balance with sharp differences in sectoral performance, this is according to the latest World Bank economic analysis. Macroeconomic management, the financial sector and the Information and Communications Technology (ICT) sectors remain very strong, but the port of Mombasa and agriculture are weak, says the Bank analysis in February 2013, which builds on the key findings of the Bank's December 2012 Kenya Economic Update. The economy remains vulnerable to external shocks, as the current account deficit is above 10% of Gross Domestic Product (GDP), despite global fuel prices moderating in recent months. Service exports have increased but goods exports remain weak. Short-term capital inflows have helped stabilize the exchange rate, but heightened vulnerability to external shocks. Moreover, the real exchange rate is 34% stronger than a decade ago, constraining economic competitiveness.

Growth in 2013 will mainly be driven by recovery in agriculture and more stable energy supplies due to good rains, compensating a slowdown in tourism. Energizing Kenya's export engine will be key to creating jobs for the 800,000 Kenyans who enter the labor force every year. World Bank analysis shows that Kenya is undergoing a long-term shift out of family farming, with less than half of working Kenyans being engaged on family farms today compared to two-thirds two decades ago. With the formal sector creating only 50,000 jobs, most jobs will need to be generated by the informal sector. Stronger job growth, will result only if Kenya improves infrastructure and business climate environment for export industries and boosts household productivity by accepting informal businesses as legitimate parts of the economy.

The World Bank has urged the new administration to focus its policy on several key areas, including social equity, quality education and better management of water resources to reduce vulnerability. Enhancing competitiveness through macroeconomic and political stability, infrastructure expansion (energy, roads, port and rail services) and overhaul of the state monopoly on maize and cereals sector is also critical. The new administration should strengthen institutional reforms in devolution, judicial transformation and public financial management.

Kenya should also maintain prudent macroeconomic performance and improve its growth rate closer to the average of its peers in Africa and East African Community (EAC), whose growth averages of 5.3% and 6.0% respectively. It should reduce non-tariff barriers to trade to benefit from emerging trade and investment opportunities in the EAC to improve its food and energy security.

1.1.2 Political Developments

Kenyans went to the polls on March 4, 2013 and elected a new president, together with a host of new leaders, including governors, senators and members of the national assembly, in accordance with the August 2010 constitution. The election conducted by the Independent Electoral and Boundaries Commission registered one of the highest voter turnouts in Kenyan history and was also widely

regarded to be free and transparent, with only isolated incidences of electoral violence.

A new central government with a trimmer structure of 18 ministries has been established. Cabinet secretaries appointed by the President to head the ministries have been appointed. The new administration has promised to tackle fundamental issues such as youth unemployment, regional imbalances and land reforms, which pose political risk and insecurity particularly in areas with high poverty levels.

Recent political reforms have strengthened Kenya's governance record, though it remains mixed. The World Bank's CPIA for Kenya improved from 3.6 in FY 2009 to 3.8 in FY2011.

1.1.3 Development Challenges

The economy's vulnerability to international oil prices, weak exports due to underperforming manufacturing sector, lower agricultural output resulting from drought and declining forex earnings and remittances, frequently exert pressure on the exchange rate and current account. Imported inflation from high fuel and food prices affects investments. The combination of output and employment losses has a direct impact on poverty. Business confidence has improved, after the recent peaceful elections and transfer of power, but recovery will take some time.

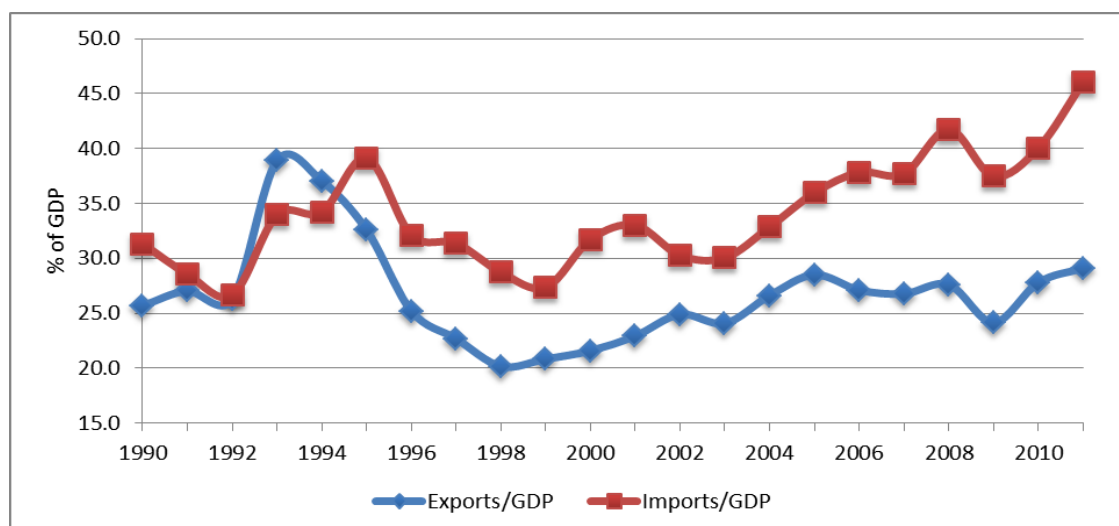
The quality of social services, infrastructure and governance remain bottlenecks to Kenya's ability to achieve shared prosperity. Rising public expenditure demands from the current and new devolved structures will continue to exert pressure on the current account and shortfalls will need to be financed by net domestic borrowing.

1.1.4 Kenya's International Trade Statistics

Imports and exports form the key international trade statistics for any economy. Exports and imports as a share of GDP indicate how much international trade contributes to the gross domestic product. Exports as a proportion of GDP were highest in 1993. This was during the structural adjustment programs when the Kenya government embarked on export promotion programmes. After 1993

and even after joining the WTO in 1995 Kenya's export performance has remained poor. The proportion of imports to GDP has remained high given the country's high dependency on imports to meet the demand for inputs and intermediate goods.

Figure1: Kenya Exports and Imports Trends 1990-2010.



Source: World Development Indicators (WDI) Database

Table 2-1 provides the trade balance for Kenya in constant 2000 USD. The use of constant prices is to facilitate comparison of trade figures over time and also across countries. While the early nineties had a positive balance of trade, largely attributed to the SAPs, trade balance became negative with the end of the SAPs and the new era (post 1994), which was when Kenya acceded to the WTO.

Table 1: Kenya's Balance of Trade in Constant USD Prices '000'

	1990	1991	1992	1993	1994
Exports	2,374,191.22	2,344,699.19	2,326,420.80	3,059,722.48	3,024,365.37
Imports	1,988,196.89	1,899,068.46	1,854,598.48	2,481,728.77	2,899,205.29
Trade Balance	385,994.32	445,630.74	471,822.32	577,993.70	125,160.09
	1995	1996	1997	1998	1999
Exports	2,792,661.37	2,919,976.94	2,609,128.43	2,481,689.50	2,711,995.80
Imports	3,406,321.85	3,468,334.77	3,834,354.57	4,013,828.72	3,954,458.73
Trade Balance	(613,660.48)	(548,357.84)	(1,225,226.14)	(1,532,139.22)	(1,242,462.93)

	2000	2001	2002	2003	2004
Exports	2,742,776.50	2,841,718.99	3,043,907.45	3,263,436.08	3,674,463.85
Imports	4,030,324.25	4,815,010.34	4,271,590.51	4,268,959.58	4,793,865.43
Trade Balance	(1,287,547.75)	(1,973,291.35)	(1,227,683.07)	(1,005,523.50)	(1,119,401.58)
	2005	2006	2007	2008	2009
Exports	4,019,121.92	4,142,282.59	4,417,655.68	4,735,672.47	4,294,785.27
Imports	5,510,230.79	6,491,680.01	7,209,479.16	7,688,183.61	7,903,321.51
Trade Balance	(1,491,108.88)	(2,349,397.42)	(2,791,823.49)	(2,952,511.15)	(3,608,536.25)
	2010	2011			
Exports	5,053,323.27	5,390,383.97			
Imports	8,381,705.80	9,687,553.18			
Trade Balance	(3,328,382.53)	(4,297,169.22)			

Source: World Development Indicators (WDI) Database

1.1.5 Trade Agreement and Preferential Treatments

Exports from Kenya enjoy preferential access to world markets under a number of special access and duty reduction programmes. Kenya is signatory to various agreements aimed at enhancing trade amongst member states.

a) Multilateral Trade System (MTS)

The World Trade Organization (WTO) is the only international organisation dealing with the global rules of trade between nations. The overriding objective of the WTO is to ensure that trade flows as smoothly, freely and predictably as possible. Kenya has been a member of the WTO since its inception in January 1995. www.wto.org

b) Regional Markets

Kenya is a member of the East African Community (EAC) with a population of about 80 million. It is also a member of the Common Market for Eastern and Southern Africa (COMESA) with a population of about 380 million. Exports and imports within member countries enjoy preferential tariff rates. EAC Member States have signed a Protocol to establish a Customs Union.

- COMESA: The aims and objectives of COMESA have been designed so as to remove the structural and institutional weaknesses in the member States by

pooling their resources together in order to sustain their development efforts either individually or collectively. The COMESA agenda is to deepen and broaden the integration process among member States through the adoption of more comprehensive trade liberation measures such as the complete elimination of tariff and non-tariff barriers to trade and elimination of customs duties. Some Member States have already signed a Free Trade Area protocol, and the rest are working towards this goal. Efforts are at advanced stage to establish a Common External Tariff (CET). COMESA headquarters are located in the city of Lusaka, Zambia. www.comesa.int

- EAC: The East African Community is the regional intergovernmental organization of the Republics of Kenya, Uganda and Tanzania, with headquarters located in Arusha, Tanzania. The Community was formerly established on November 30, 1999 through signatures of Heads of State and Governments of the three countries. The EA countries cover an estimated area of 1.8 million square kilometres and have a population of slightly above 80 million people, sharing common history, language, culture and infrastructure. These advantages provide the Partner States with a unique framework for regional co-operation and integration. www.eac.int

1.1.6 Kenya - UAE Trade Relations

Kenya- UAE trade falls within the multilateral trading framework of the World Trade Organization (WTO). Both Kenya and UAE were contracting party to the General Agreement on Trade and Tariff (GATT) and joined the WTO on 1st January 1995 and 10 April 1996 respectively. Both Kenya and UAE grant least MFN treatment to all trading partners; however, the UAE does not grant MFN treatment to Israel. The UAE is actively involved in the Doha Round of multilateral negotiations, as it is keen on multilateral negotiation in industrial products under the non-agricultural market access negotiations. Kenya on the other hand is very active in the trade negotiations in the region both at the East Africa Community level and Africa. Kenya takes lead in agricultural negotiations for the Africa group at the WTO.

1.1.7 Stakeholders in the Kenya-UAE Trade

As presented in the chapter, there are many stakeholders to the Kenyan – UAE trade. Some are private and others are state stakeholders. The private stakeholders, mostly associations play the role of pushing for the interest of their members. The private sector stakeholder initiatives are highly fragmented and duplicated. Each and every one of them appears to be pursuing the same thing but differently and on their own, the result is a highly fragmented and less effective stakeholder. Below is a summary of these stakeholders and what they stand for.

Table 2: Purposes of the various stakeholders

	Stakeholder	Purpose	Comment
1	Kenya Association of Manufacturers	Promote trade and investment among Kenyan manufacturers	<i>An analysis of these private stakeholders reveal that they are promoting the growth of their members</i>
2	Kenya National Chamber of Commerce and Industry	Uniting the private sector and working with the government to create vibrant economy	
3	National Jua Kali Association	Representation of the Jua Kali businesses to the government	
4	Kenya Private Sector Alliance	Promoting private sector development through advocacy, projects and partnerships both locally and internationally	
5	Marketing Associations	These include KTDA, the Dairy Board of Kenya, and Fresh Exporters Association of Kenya among other. NUTPAK and AFA. Their main function is to promote the growth of their members through marketing initiatives	

The government stakeholders (specifically the ministries) influence the activities and trade relations between Kenya and UAE through formulation and implementation of policies. The policies are formulated at the ministry level and implemented at government agencies or state parastatals levels. An analysis of the agencies and parastatals under the ministry of East African Affairs, Commerce and Tourism show overlapping and duplication of roles, that may lead to counter

productivity. Below is a summary of the agencies and parastatals that seem to play the same roles and whose activities may be harmonized for greater efficiency and productivity.

Table 3: State Agencies and Parastatals with similar roles

	Stakeholder	Purpose (Mandate)	Comment
1	Export Promotion Council	"To claim, expand and sustain the market share of Kenya's exports through product identification, development and marketing".	<i>An analysis of these government stakeholders reveal one thing- that is they are all promoting the growth of Kenyan businesses</i>
2	Export Promotion Zone Authority	Promoting, attracting and facilitating investment in Kenya.	
3	Kenya National Trading Company	To efficiently trade in quality products and services to ensure balance of supply and demand in the country's distribution networks, while promoting e-commerce and global trade with an aim of maximizing stakeholder's value. It planned to diversify into export market from 2011.	
4	Industrial and Commercial Development Corporation	Facilitation of economic development of Kenya through provision of medium and long-term financial solutions	
5	Kenya Trade Network Agency	To implement, operationalize and manage the Kenya National Electronic Single Window System (KNEWSWS) as well as trade facilitation	
6	Micro and Small Enterprises Authority (MSEA)	To formulate policies, coordinate, harmonize and facilitate the integration of various public and private sector activities and programs relating to Micro and Small Enterprises	

1.1.8 Trade Logistics in Kenya

Kenya as a country still has challenges with its transportation infrastructure. The poor network of roads and road conditions makes it difficult for producers to get their products to the market in time and cost effectively. This contributes to the drag in supply chain and increased cost thereby making Kenyan products more expensive as compared to its counter parts such as India and China. The fact that the transport system is not efficient is a big discouragement to the small scale producers who may not have their dedicated transport system as public transport system may not be relied upon when dealing with perishable fresh produce.

2 CHAPTER TWO: PROFILE OF THE UNITED ARAB EMIRATES

2.1 Background of UAE

2.1.1 Geographical Location and Area

The United Arab Emirates Lies on the Eastern coast of the Arabian Peninsula in the South Western Corner of the Arabian Gulf and is bounded to the North and North West by the Arabian Gulf, to the East and South East by the Sultanate of Oman and to the West and South West by Saudi Arabia and part of its Eastern boundaries lies on the Gulf of Oman. The Total Area of the United Arab Emirates (UAE) is around 83,600 square Kilometers as compared to the Kenya's 583,646 square Kilometers. This is to say that Kenya is 6.98 times bigger than the UAE.

Figure 2: Geographical Map of United Arab Emirates



The United Arab Emirates is a federation of seven Emirates (principalities) each governed by emir who chooses one of their family members to be the president of the federation. The constituent emirates are **Abu Dhabi, Ajman, Dubai, Fujaira, Ras al-Khaimah, Sharjah,** and **Ummal-Quwain**. The capital of the UAE is Abu Dhabi, which is also the states center of political, industrial, and cultural activities.

The emirate of Dubai, which is the major commercial hub of the UAE is located in the Northern part of the UAE. It stretches over 72 kilometers on the Gulf Coast and lies between longitude 55.16 degrees East and latitude 25.16 degrees north. The total area of Dubai is approximately 4,114 square Kilometers, Dubai therefore constitutes 4.9% of the total UAE area. The size of Dubai Emirate is therefore much bigger than that of our Nairobi County at 695 square kilometers and our Mombasa County's at 219 square kilometers. From our main port of Mombasa, Abu Dhabi, the capital of UAE is 3533km (2195 Miles) to the NNE, and the commercial town of UEA (Dubai) is 3657 km (2272 Miles).

2.2 Population and Language

In addition to its native population, the United Arab Emirates is home to a mixture of Arab and Asian nationals and to nationals of many other countries all over the world. The UAE society is distinguished by high rate of population growth

due to influx of foreign nationals attracted by the country's rapid economic and social development. The UAE national Bureau of Statistics estimated the UAE population to have grown from 5.0 million in 2006 to 8.2 million in 2010, this makes an average annual growth of 13.3% during the four year period.

The Dubai statistics Centre estimated the population of Dubai to be 2 million in 2011, with about three-quarters of which being male. The attractiveness of Dubai as a work place and as a place for learning, leisure and shopping is reflected in Table 4-1, showing that the population of Dubai swells during the day. In 2011, total daytime population was estimated to be about 3 million, 34% of which being non-resident workers and tourist and other temporary visitors.

Table 4: Actual and estimated population of UAE for the period 2000-2010

No. of Population	Year
2,995,000	2000
3,167,000	2001
3,349,000	2002
3,551,000	2003
3,761,000	2004
4,106,427	2005
5,012,384	2006
6,219,006	2007
8,073,626	2008
8,199,996	2009
8,264,070	2010

Table5: Economic Indicators (in million AED)

Indicator	² 2011	¹ 2010	2009
G.D.P.	1,243,839	1,042,682	953,871
Gross National Income	1,071,886	873,599	827,013
National Savings	337,291	207,808	183,259
Final Consumption Expenditure	734,595	665,791	643,755
Final Govt. Cons.	93.657	90.141	89.301
Final Private. Cons.	640,938	575,650	554,453

Gross Fixed Capital Formation		340,225	296,408	243,466
Compensation of Employees.		271,315	254,870	243,583
Per Capita Gross Domestic	Dh.	NA	132	121
Product ³	Us.\$	NA	36	33
Per Capita National	Dh.	NA	133	123
Income ³	Us.\$	NA	36	33
Per Capita Final	Dh.	NA	90	86
Consumption Exp. ³	Us.\$	NA	24	23
Per Capita National	Dh.	NA	23	20
Saving ³	Us.\$	NA	7	5

Source: National Bureau of Statistics

2.3 Investments Environment in the UAE

According to the International Bank for Reconstruction and Development 2013 ranking report of ease of **Doing Business for Small and Medium Enterprises**, the United Arab Emirates has been ranked in position 26 out of the 185 countries which were evaluated.

Doing Business sheds light on how easy or difficult it is for a local entrepreneur (not an external entrepreneur) to open and run a small to medium-size business when complying with relevant regulations. It measures and tracks changes in regulations affecting 11 areas in the life cycle of a business: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency and employing workers. In a series of annual reports Doing Business presents quantitative indicators on business regulations and the protection of property rights that can be compared across 185 economies, from Afghanistan to Zimbabwe, over time. The data set covers 46 economies in Sub-Saharan Africa, 33 in Latin America and the Caribbean, 24 in East Asia and the Pacific, 24 in Eastern Europe and Central Asia, 19 in the Middle East and North Africa and 8 in South Asia, as well as 31 OECD high- income economies. The indicators are used to analyze economic outcomes and identify what reforms have worked, where and why.

The Doing Business methodology provides some useful tip but it has its own limitations. Other areas important to business—such as an economy’s proximity to

large markets, the quality of its infrastructure services (other than those related to trading across borders and getting electricity), the security of property from theft and looting, the transparency of government procurement, macroeconomic conditions or the underlying strength of institutions—are not directly studied by Doing Business. The indicators refer to a specific type of business, generally a local limited liability company operating in the largest business city like Dubai.

At position 26 globally, the UAE fares favorably in the environment of doing business as compared to other growing economies. The United Arab Emirates has been ranked as follows on the basis of the eleven parameters mentioned above.

Table 4-4: Ranking on Ease of Doing Business on highlighted parameters

Ranking	Parameter
1	Paying taxes
5	Trading Across Borders
7	Getting Electricity
12	Registering Property
13	Dealing with Construction permits
22	Starting a business
83	Getting credit
101	Resolving Insolvency
104	Enforcing Contracts
128	Protecting Investors

2.4 Import requirements into UAE

There are special import requirements for different products into the UAE. Kenya's main imports into the UAE are food products. For this reason, this report focuses on the import requirements of food products. Attempt has been made to provide comprehensive information about requirements of food products being currently exported by Kenya into the UAE. Requirements regarding other potential food products export from Kenya to the United Arab Emirates have also been provided to adequately inform both present and potential food products in Kenya.

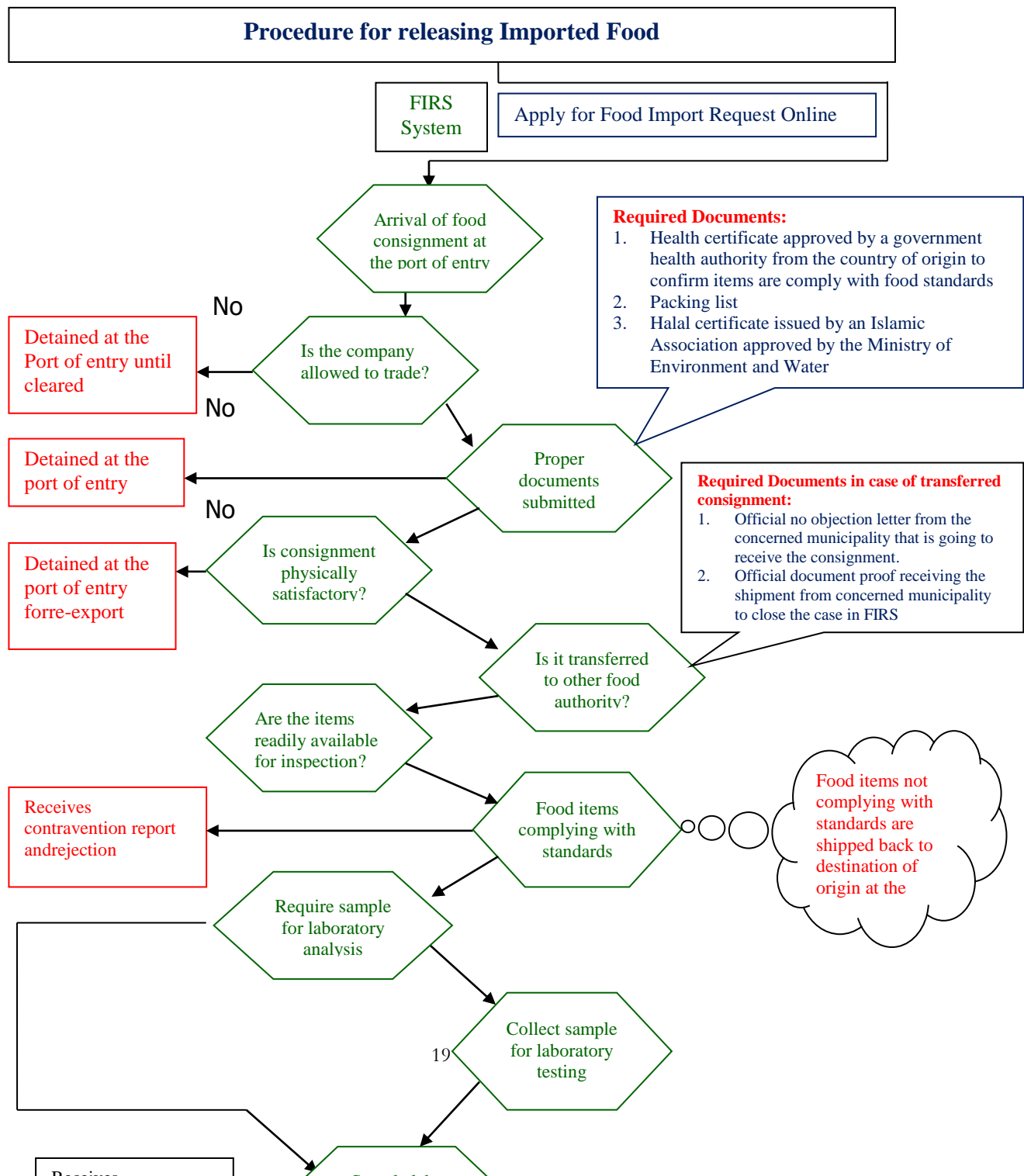
Food import activities are considered to be among the most vital and important activity in the UAE economy. The UAE in general and Dubai in particular has become the international hub of food trade in the Middle East. The high volume of food trade necessitated the establishment of proper food control procedures enforced by an active, efficient and effective food authority. The food authority aims at guaranteeing the safety and quality of imported and re-exported food. To keep up with the Emirate's electronic developments, the Emirates Municipalities have adopted innovative electronic programs referred to as Food Import Re-Export System (FIRS). This system captures very important food trade information such as:

- All services are provided by the Food Trade Control Section of the Food Control Department. Such services include: importing foods, importing foods for re-export, food label approval, issuing all kinds of health certificates, food destruction application and issuing of their certificates. This is in addition to displaying all circulars and information to food traders, all food establishments, and other internal & external clients.
- The possibility of submitting applications from anywhere in the world, in addition to performing all kinds of follow ups and submission of attachments.
- The system registers all food items and linking food product information to its barcode.
- The program is fully electronic: starting with approval & registration of food items, food importation, food inspection, performing follow ups, till closing the transaction.
- All fees can be paid electronically.
- It includes an advanced food sampling system which is based on analysing the risk of each food item, while ensuring complete integration with the electronic program of DM Food & Environment Laboratory. This guarantees prompt and correct laboratory results for the collected food samples.

2.5 Customs

Companies in the UAE customs territory must register with the Department of Economic Development. Below is the customs procedure of releasing food staff at the port of entry.

Figure 4-3: Procedure for releasing imported food



No

Commercial Banks in the United Arab Emirates

There is a good network of commercial banks in the United Arab Emirates. In total, there were 51 Commercial Banks as at 30th of June 2013. These banks include 28 foreign banks and 23 locally incorporated banks.

2.6 Foreign Banks in the UAE

1. National Bank of Bahrain
2. Rafidain Bank
3. Arab Bank PLC
4. BanqueMisr
5. El Nilein Bank
6. National Bank of Oman
7. Credit Agricole - Corporate and Investment Bank
8. Bank of Baroda
9. BNP Paribas
10. Janata Bank
11. HSBC Bank Middle East Limited
12. Arab African International Bank
13. Al Khaliji (France) S. A.
14. Al Ahli Bank of Kuwait
15. Barclays Bank PLC
16. Habib Bank Ltd.
17. Habib Bank A.G Zurich
18. Standard Chartered Bank
19. CitiBank N.A.
20. Bank Saderat Iran

21. Bank Meli Iran
22. Blom Bank France
23. Lloyds TSB Bank PLC
24. The Royal Bank of Scotland N.V.
25. United Bank Ltd.
26. Doha Bank
27. Samba Financial Group
28. National Bank of Kuwait.

2.7 Locally incorporated Banks in the UAE

29. National Bank of Abu Dhabi
30. Abu Dhabi Commercial Bank
31. Al Masraf (erstwhile ARBIFT)
32. Union National Bank
33. Commercial Bank of Dubai
34. Dubai Islamic Bank PJSC
35. Emirates NBD Bank
36. Emirates Islamic Bank
37. Mashreq Bank PSC
38. Sharjah Islamic Bank
39. Bank of Sharjah PSC
40. United Arab Bank PJSC
41. InvestBank PLC
42. The National Bank of R.A.K or RAKBANK
43. Commercial Bank International
44. National Bank of Fujairah PSC
45. National Bank of U.A.Q PSC
46. First Gulf Bank
47. Abu Dhabi Islamic Bank
48. Dubai Bank
49. Noor Islamic Bank
50. Al Hilal Bank

2.8 Dubai Infrastructure

The Government of Dubai has given top priority to completion of infrastructures and facilities in its drive towards economic and social development. Since the seventies, huge amounts of money had been invested on large construction projects to ensure the creation of healthy living and business communities; thus, making the emirate an attractive place for investments. At the forefront of all these infrastructures are the modern and world-class air and sea ports, transport and logistics facilities and services, and other specialized infrastructures and facilities that made Dubai a haven for not only investment and business, but also for everyday living and pleasure.

2.8.1 Air Ports

a) Dubai International Airport

Dubai International Airport is considered the Middle East's premier and busiest airport. In 2011, it registered 50.98 million passengers against 47.2 million passengers in 2010 and expected the numbers to reach 56.5 million passengers in 2012. Dubai's liberal "open skies" policy has attracted a large number of the world's international airlines. Many fly dedicated services into and out of the Emirate, while others use Dubai as a major transit stop on their inter-continental routes. In 2011, the number of airlines using Dubai International Airport exceeded 150, providing passengers a choice of 215 destinations around the world.

With the airports' constant developments over the last few years, Dubai emerging as world-class business and tourism hub, serving travel demands of the 21st century, Dedicated for use by Emirates Airline, Terminal 3 increased Dubai International Airport's to ultimate number of 62 million passengers. The Terminal 3 complex includes an associated airside facility (also known as concourse 2) and an A380 dedicated airside facility (concourse 3) that is currently under construction. By 2020, the number of passengers is expected to exceed 80 million.

Dubai Airports opened Dubai World Central (DWC) with 17 cargo operators on June 27, 2010. The opening of the new airport involved the commencement of cargo operations as part of the project's first phase. The airport has 22 freight operators signed up, of which 13 are already operating. DWC will eventually become the world's largest airport with a capacity of 160 million passengers and 12 million tonnes of cargo per year.

2.8.2 Seaports

Dubai ports are considered to be the most important infrastructural facilities in creating a suitable business environment. They have also made Dubai a regional distribution hub for transit trade between the East and West. Dubai ports are considered the fastest among the Gulf ports in terms of coping with the rapid growth and development of the sea transport industry. During the last decade, they started to introduce new methods of loading and unloading operations involving container vessels, which require special equipment.

The major development in sea transport, particularly by the container vessels, had a direct effect on all land and air transport operations. Transport revenues have become a source of large revenues due to their rapidity. Whereas the great change in sea, land and air transport operations was made by introducing container transport and designing the vessels under specifications to suit this type of transportation, Dubai has developed its ports and marine facilities to cope with this type of transportation. Other sea port facilities available include:

Container freight Station System

The Container Freight Station System (CFSS) computerizes the entire operations of the station including receiving containers, un-stuffing, segregation and palletizing, storage and delivery to customers.

Commercial trucking

DW's Commercial Trucking Department provides a cost effective service for container and general cargo deliveries between the Port Rashid and Jebel Ali terminals and anywhere in the UAE.

Container repairs

Each terminal has a well-equipped container repair yard where maintenance is carried out to IICL standards and approved by Bureau Veritas and the American Bureau of Shipping.

Tanker facilities

Jebel Ali terminal operates four multi-user tanker berths for class 1 petroleum products which can take vessels of up to 275 meters LOA with a draft of 14 meters, one multi-user berth of class 2 and 3 products max LOA 225 meters, draft 13.25 meters and one chemical tanker berth within Port Rashid terminal.

Dedicated Aluminium Handling Berth

Dubai Aluminium operates one of the world's largest aluminium smelters at Jebel Ali. The company imports raw material via its own dedicated berth at the Jebel Ali terminal and exports high quality ingots to major markets around the world.

Principal commodities handling

Timber, steel, cotton, minerals, bagged rice, sugar, wheat bran and project cargo, along with specialized cargoes such as frozen and chilled foodstuffs and various construction materials are the principal commodities handled.

Cool and cold Storage

The largest Lloyds approved cold store in the Middle East is situated 30 meters from the quayside at Jebel Ali. It offers space for 10,000 tons of frozen food and perishables.

Other Storage facilities

DW has ample space available at competitive rates for medium or long-term storage. Specialized storage is also available for sensitive commodities such as synthetic resins, heat-sensitive laminates, glass and paper in various stages of refinement.

Vehicles

Berthing facilities for Ro-Ro vessels and pure car carriers at both terminals are complemented by the large space available for short and long-term storage of cars, buses and construction vehicles imported for both local and re-export markets.

Dubai Creek

Historically Dubai Creek has tremendous commercial importance locally and regionally. It has always been a safe harbour for the sailing ships and dhows visiting the Creek from the Arabian Gulf, Indian sub-continent and East African Ports. Those ships used to be loaded with various cargoes for either local distribution or re-export.

Hamriya Port

Hamriya Port has become one of the small ports on the Gulf coasts prepared to receive medium size ships and dhows coming from different areas in the Arabian Gulf, Indian subcontinent and East Africa. Hamriya Port provides many facilities, for example, the wooden ships visiting the port are exempted from all fees as an encouragement to this type of ships, which is closely linked with the active commercial history of Dubai. The Port is also equipped with all the necessary facilities for ship handling.

2.8.3 Dubai Free Zones

a) Jebel Ali Free Zone

Since its establishment in February 1985, Jebel Ali Free Zone has been able to attract national and multinational companies and contributed to placing the name of the UAE and Dubai in particular on the world commercial map. The Jebel Ali Free Zone enjoys several features that businessmen and investors could benefit from such as:

- Being an open market to other international markets.
- 100% foreign ownership.
- No personal income and corporate taxes for 50 years, a concession that is renewable.
- 100% repatriation of capital and profits.
- Modern efficient communications.
- No recruitment problems.
- In-house e-business support "My JAFZA" Portal Service.
- No currency restrictions.
- Excellent support services from Dubai World's two modern container terminals.
- Unique staff accommodation and Modern community housing.
- On-site branches for Dubai chamber, international banks, insurance firms, consultancy offices.
- Owners of premises for land lease can be mortgaged for bank facilities.

b) Dubai Airport Free Zone

The idea behind the establishment of DAFZA is to create an ideal business environment for big international companies that select the zone not only as a base for UAE activities but also as regional base for manufacturing, distribution and services. Since DAFZA is situated within the vicinity of an airport, activities permitted at the zone are limited to high value, low volume products, which require a rapid access to markets. Therefore, DAFZA is an ideal location for hi-tech/IT products, luxury items, jewellery, light industry/assemble operations and activities related to the aviation industry. DAFZA has already attracted 860 companies by the

end of 2005, many of which are high calibre international blue-chip companies.

Dubai Airport Free Zone provides attractive business incentives for investors:

- 100% foreign ownership.
- A corporate tax holiday for 15 years renewable for an additional 15 years.
- No personal income tax.
- Freedom to repatriate both capital and profits.
- Full exemption of import duties.
- No currency restrictions.
- An ideal business location on the threshold and over 1.5 billion people in the Asian and CIS markets.
- Located just 15 minutes from Port Rashid and only 5 minutes from the city centre, which reduce response times and transportation costs. Offices one-window operation for a wide range of services and sponsorship of companies in their dealings with local government agencies such as sponsoring companies' personal and handling all the related employee residency products. These services are available also electronically.
- Meet all cargo handling, storage and distribution needs efficiently with just in time delivery systems through superior logistic services.
- World-class infrastructure which includes digital communications, satellite facilities, reliable power supply and ultra-modern equipment and utilities.
- In view of the high demand for setting up businesses in Dubai by international entities, the DAFZA is always under expansion process to meet customers' needs.

2.8.4 Dubai Internet city

Dubai Internet City (DIC) is a strategic base for ICT companies targeting emerging markets in a vast region extending from the Middle East to the Indian subcontinent and from Africa to the CIS countries, covering 1.5 billion people with GDP \$1.1 trillion. Within a short span of time, a dynamic international community of ICT companies has established itself in Dubai Internet City. The global ICT giants are all here: Microsoft, Oracle, HP, IBM, Compaq, DELL, Siemens, Canon, Logica, Sony Ericsson and Casio, to name just a few. The cluster of ICT companies

in DIC comprises of Software Development, Business Services, Web-based and e-Commerce, Consultancy, Sales and Marketing and Back Office Operations. DIC provides a scalable state-of-the-art technology platform for companies looking to provide cost effective business process outsourcing (BPO) services such as call center operations. DIC provides an environment that attracts each and every element of the value chain for an ICT business. In addition, it has developed programmes that can be leveraged by the ICT community to explore and expand “Channel Development” opportunities. The burgeoning ICT cluster at DIC also offers a high quality of business interaction and networking opportunities that can be utilized for enhanced problem solving and knowledge sharing.

2.9 Social factors in the UAE

Emirati culture mainly revolves around the religion of Islam, traditional Arab, and Bedouin culture. Islam is the official religion of the UAE making up 76% compared to the 9% Christians, and Arabic is the official language. About three-fourths of the population is Muslim, of which roughly four-fifths belong to the Sunni branch of Islam; Shiite minorities exist in Dubayy and Al-Shāriqah. There are also small but growing numbers of Christians and Hindus in the country.

The weekend begins on Friday due to Friday being the holiest day for Muslims. Most Muslim countries have a Friday-Saturday or Thursday-Friday weekend.

Generally, UAE is a high income country and the propensity to consume is high. Products are consumed across the board from food stuff to household products to top of the range vehicles. A good amount of consumption is also realized from leisure associated goods and services such as wine and cigarettes.

2.9.1 Technological advancements

The UAE is very progressive in its policies towards and adoption of ICT technology. The government has viewed an advanced ICT infrastructure as a way to attract foreign investment and to diversify the economy of the country. The country has an established National Telecom Policy in place to advance development and innovation within the UAE, especially in Dubai. In 2005 the Government also sponsored an ICT Development Fund, the first of its kind in the

Middle East specifically geared towards the promotion of ICT in the country. Finally the government has supported the development of ICT through investment in infrastructure like the Dubai Technology E-Commerce & Media Free Zone (TECOM).

2.9.2 Global Ranking of UAE on ICT

The World Summit on the Information Society (WSIS) has sought to encourage governments and their key stakeholders to work together to create the drivers for effective public-private partnerships and for sustainable development by setting development goals through its Action Lines.

WSIS Action Line 1 emphasizes the role of government in the promotion of information and communication technologies (ICT) for development. The United Arab Emirates (UAE) has made significant progress on this through a series of innovative programmes, funding opportunities and groundbreaking initiatives.

The UAE's WSIS National Committee, which includes the Telecommunications Regulatory Authority (TRA), has made impressive efforts to galvanize community leaders and government and non-government organizations to commit to the achievement of the WSIS objectives. Much has been achieved and UAE is committed to making progress on the higher objectives of WSIS by 2015.

The UAE WSIS National Report, launched at WSIS Forum 2011 is an important reference that documents every step taken by the country in its journey to achieve WSIS goals.

"WSIS Forum is a unique global platform which provides an opportunity for reviewing and addressing the critical issues for WSIS implementation. We are very grateful to ITU for giving us an opportunity to sponsor and to be a strategic partner for WSIS Forum 2011 and we are equally honoured to share our successful experience with all the participants through the launching of UAE WSIS National Report. The United Arab Emirates is committed to WSIS goals and implementation of its Action Lines," said Mohamed Nasser Al Ghanim, Director General of the UAE Telecommunications Regulatory Authority.

2.10 Legal (Regulations, forms of businesses, dispute settlement mechanisms)

The legal environment of the United Arab Emirates is stringent and is purposely designed to protect the economy and nationals of the United Arab Emirates. With all fairness, the legal environment is greatly skewed in favor of the UAE and its nationals and the great expense of foreigners and foreign entities. It over-protects the UAE and its nationals and over expose foreigners and their entities. The legal environment is actually the biggest impediments to Kenyan businesses trying to penetrate the UAE market and it will remain the greatest huddle to be addressed if Kenyan businesses are to penetrate and thrive in the UAE.

2.10.1 Foreign Companies

- Excluding the foreign countries licensed to practice its business in the country free zones, foreign companies may not practice its main businesses in the UAE and may not establish branches unless licensed to do that by the Ministry of Economy after obtaining the approval of the concerned authorities, which license shall specify the business it is licensed to practice, provided such license may not be issued unless the company has a national agent, and if the agent was company, it shall hold the UAE nationality and all its partners shall be nationals.
- The obligations of the agent towards his company and third parties shall be limited to rendering the services required for the company without holding any responsibility or financial commitment in respect of his company's branch or office business or activity inside the Emirate or abroad.
- Foreign companies licensed to work in the Emirate based on the provisions of the above paragraphs may not start their business in the Emirate unless they are registered in the foreign company register in the Ministry of Economy.
- The offices and branches of the foreign companies shall be the headquarters of its business and its business shall be subject to the provisions of the law.

- The foreign companies, or their offices, or branches shall have an independent budget, independent profit/loss accounts, and shall have an auditor.
- If the foreign companies, or their offices, or branches practiced their business inside the emirate without carrying out the above mentioned provisions, the persons practicing such business shall be personally and jointly liable for the consequences.

2.11 Food Import Regulations

These regulations are applicable on all food consignments at all ports of entry in Dubai, and on all licensed establishments in UAE which their licensed activity is related to foodstuff. The food import regulations are quite stringent possibly because of ecological environment of the UAE (The very high temperatures which can cause food to go bad in the UAE much faster than in Kenya. Another possible reason is the high income levels of the cosmopolitan Dubai, which means the inhabitants of Dubai in particular and UAE in general would like to have high quality food staff as they can afford it.

2.12 Trade information terminals and important institutions in UAE

There are important trade information terminals and institutions in the United Arab Emirates. It is strongly advisable that anyone seeking to do business within the UAE first visit such terminals and institutions. These institutions and terminals and their contacts are as follows:

Name	P. O. Box	Telephone	e-mail	website
Secretariat General of the UAE Municipalities	5665	(04) 2237785	(dxb)baladiat@baladiat.gov.ae	www.baladiat.gov.ae
Ministry of Public Works and Housing	1828	(04) 2610001	info@mopw.gov.ae	www.mopw.ae
Federal Electricity & Water Authority	1672	(04) 2315555	cs@fewa.gov.ae	www.fewa.gov.ae
Ministry of Health	1853	(04)230100		www.moh.gov.ae

		0		
Ministry of Justice	1682	(04) 2312000	moj@uae.gov.ae	www.moj.gov.ae
Ministry of Environment and Water	1509	(04) 2655822	pro@moew.gov.ae	www.moew.gov.ae
Ministry of Labour	5025	(04) 7023333	callcenter@mol.gov.ae	www.mol.gov.ae
Ministry of Social Affairs	4409	(04)263777 7	info@msa.gov.ae	www.msa.gov.ae
Ministry of Finance	1565	(04) 3939000	helpdesk@mof.gov.ae	www.mof.gov.ae
Department of Economic Development	13223	700040000	info@dubaided.gov.ae	www.dubaided.gov.ae
Federation of UAE Chamber of Commerce	3014	(9712) 6214144	info@fccuae.ae	www.fccuae.ae
Dubai Chamber of Commerce & Industry	1457	(9714) 2280000	customercare@dubaichamber.com	www.dubaichamber.com

2.13 Economic Zoning of the UAE

The United Arab Emirates is divided into two economic zones-the **onshore zone** and the **offshore zone**. The onshore zone is that zone where the UAE economic policies apply in full and everyone operating under this zone must comply with the prevailing economic policies and regulations. The evaluation of feasibility of our Integrated Logistical Centre must therefore take place on both economic zones because the present two different economic typographies.

2.13.1 Physical Planning Policies (City and Town Master Plans)

In general, the United Arab Emirates, and specifically Dubai which was our key target market has a unique urban planning policies which determines the city master planning system. The effect of cities master planning influences and at times dictates many things: from infrastructure to every form of physical development, and to trade systems. Dubai is a city, but within the main City of Dubai, there are many cities. This means that there are cities within the main city of Dubai. Some of these cities are fully constructed but others are being constructed. So far we have the following cities within the main city of Dubai.

- Dubai Maritime City
- Dubai Healthcare City
- Dubai Internet City (TECOM)
- Dubai Media City
- International Humanitarian City
- Dubai Financial City
- Dubai Sports City (Currently under construction)

This means that specific activities are expected to be undertaken within the designated cities. For instance, all medical facilities and hospitals are expected to operate within the Health Care City and all IT related companies are expected to operate within the Dubai Internet City.

The distribution system in Dubai follows the same arrangement and layout of the City of Dubai. Different products have their own unique and specific markets.

2.13.2 UAE Import/Export Agency policy

The UAE Import/Export agency Policy is probably the biggest blow to current and potential exporters and importers to the UAE market. The policy dictates that there can only be one licensed importer of a given product (Single product agency policy). This policy is probably pursued to give UAE home companies advantage in bargaining thereby making them by law to wield extreme bargaining power.

This is worsened by the fact that as soon as the fresh produce lands in the Airport, the importer has 6 hours to clear it from the airport, if the product takes more six hours, it receives a warning and the moment it hits the seventh hour at the airport, it is disposed by the customs authorities without any further warning. This custom's policy may benefit the home importing companies at UAE but remains very unfriendly policy to those exporting to the UAE. The situation is made worse to Kenyan exporters because they deal in very perishable fresh foods. Many companies have been forced into heavy losses when their UAE counter parts refuse to take products until the exporters accept the dictated prices.

2.13.3 Distribution System Feasibility within Zone B (UAE Off-Shore)

Zone B represents the UAE's Economic Free Zones. The leading free zone in the UAE which is the focus of our discussion is the Jebel Ali Free Zone. Since its establishment in February 1985, Jebel Ali Free Zone has been able to attract national and multinational companies and contributed to placing the name of the UAE and Dubai in particular on the world commercial map. The Jebel Ali Free Zone enjoys several features that businessmen and investors could benefit from such as:

- Being an open market to other international markets.
- 100% foreign ownership.
- No personal income and corporate taxes for 50 years, a concession that is renewable.
- 100% repatriation of capital and profits.
- Modern efficient communications.
- No recruitment problems.
- In-house e-business support "My JAFZA" Portal Service.
- No currency restrictions.
- Excellent support services from Dubai World's two modern container terminals.
- Unique staff accommodation and Modern community housing.
- On-site branches for Dubai chamber, international banks, insurance firms, consultancy offices.
- Owners of premises for land lease can be mortgaged for bank facilities.

Facilities available at the Jebel Ali Free Zone

Offices: Jafza provide ample working space and are fully maintained and pre-fitted with all utilities such as electricity, water, air - conditioning, and modern communication. Designed to be adaptable and user-friendly, the offices have spacious, flexible floor plans that can accommodate specific interior design requests and can incorporate future expansion.

Standard Warehouse: Jafza offer pre-built facilities for warehouses and factories to customers to meet their needs for high quality storage and light manufacturing.

Land: these are ready infrastructure plots of various sizes that Jafza offers for construction of own facilities such as warehouses, factories or offices. Land plot sizes range from 5000 Sqm up to any size requested by the customers.

Build-to-suit Warehouses: Jafza also offer customers the Gazeley build-to-suit capability. These are warehouses are customised as per the customer's specifications. Gazeley can deliver build-to-suit warehouses from 10,000 m² on a leasehold or freehold basis to suit customers' needs within Jafza and across the UAE region.

Business Centre: Business Centers World (BCW), ready-to-use, fully furnished and equipped offices and meeting rooms. Business centers are designed for your short term or long term use.

Showrooms: Each unit contains a warehouse at the rear with a glass façade showroom frontage. The showroom features a mezzanine floor, which is used as office space. The units are designed for product display as well as storage and distribution.

On Site Residential: An accommodation within Jafza which is provided for company employees that are established within the zone. Its proximity and facilities such as recreational activities, supermarkets and restaurants provide an ideal environment for an organization and its employees.

Hotels: Easy Hotel; A budget hotel (2 stars) with 216 rooms that offers absolutely first class 'sleep and shower' experience at a cost to visitors to the area. easyHotels is the first budget hotels in the world with sustainability built into its design.

Convention Centre: Housing two 34-storey business towers, an exhibition centre, a 600-seat auditorium and catering area, as well as a 322 room hotel, the complex will cater to the Jafza business community's growing needs.

Retail: Jafza offers the opportunity to establish own retail outlets, which enables organizations to sell their product

3 CHAPTER THREE: MARKET POTENTIAL OF KENYAN PRODUCTS IN THE UAE

3.1 Fruits and Nuts

Kenya largely exports mangoes and avocados to the UAE, while the UAE imports fruits under almost all the HS6 headings (Table 5-3). With the increasing import demand for mangoes and avocados by UAE, Kenya has opportunity to increase its exports of the same. Kenya largely has a monopoly of avocado exports to the UAE if one examines the amount of avocados Kenya exports to the UAE as a proportion of UAE avocado imports from the world. There is also a large import demand of mangoes by the UAE. In 2008, UAE imported USD 39,824 thousand of mangoes from the world, this increased to USD 62,110 in 2010. It is likely that by 2013, the demand for mangoes will double that of 2008. Kenya's main competitors in supplying mangoes to the UAE are India, Pakistan, Indonesia and South Africa (Table 5-3). India ranks first in mango supply, it provides more mango varieties than Kenya. While this is the case, based on interviews with the Kenya trade officer in the Dubai consulate, Kenya has a unique position for mango supply since she supplies mangoes in December-January, a time when no other country is supplying mangoes.

UAE has a high import demand of cashew nuts, almonds, pistachios, bananas, pears, oranges, apples grapes and coconuts. While Kenya should endeavor towards increasing its supply of avocados and mangoes which it is already supplying, there should be stronger efforts geared towards exporting products such as cashew nuts, coconuts, bananas, oranges and apples. While expanding supply to this market, there should be efforts geared towards supplying a variety of product under the same HS6 code. This will help deal with competition from other suppliers and also maintaining market leadership of a product in the same market as is the case with India. Data obtained from Kenya Airways shows that Kenya exported 1,292,045 tons of fresh fruits and vegetables to UAE in the financial year 2012/13.

Table 5-3: Kenya's Export of Fruits to the UAE and UAE's Fruit Imports from the World (\$'000)

		KENY'S EXPORT TO UAE (\$)			UAE IMPORTS FROM THE WORLD (\$)		
		2008	2009	2010	2008	2009	2010
'08031	Plantains	0	0	0	0		

		KENY'S EXPORT TO UAE (\$)			UAE IMPORTS FROM THE WORLD (\$)		
		2008	2009	2010	2008	2009	2010
0							
'08059 0	Citrus fruits, fresh or dried, nes	26	1	18	2265	2534	3333
'08062 0	Grapes, dried	0	0	0	13138	11781	62792
'08072 0	Papaws (papayas), fresh	0	0	0	3311	2139	2623
'08092 0	Cherries, fresh	0	0	0	1283	2030	4613
'08132 0	Prunes, dried	0	0	0	669	1144	2078
'08011 9	Coconuts, excluding dessicated	25	0	0	6135	6240	6860
'08024 1	Chestnuts (Castanea spp.) : In shell	0	0	0	0		
'08026 0	Macadamia nuts, fresh or dried, whether or not shelled or peeled	0	0	0	83	41	194
'08045 0	Guavas, mangoes and mangosteens, fresh or dried	4001	4974	6526	39824	51193	62110
'08071 1	Watermelons, fresh	0	0	0	12591	5345	24415
'08013 1	Cashew nuts, in shell, fresh or dried	0	0	0	47	902	3742
'08013 2	Cashew nuts, without shell, fresh or dried	43	68	71	81667	10361 1	11600 1
'08026 1	Macadamia nuts : In shell	0	0	0	0		
'08029 0	Nuts edible, fresh or dried, whether or not shelled or peeled, nes	14	0	0	6130	3001	4023
'08012 1	Brazil nuts, in shell, fresh or dried	0	0	0	12	114	46
'08021 2	Almonds, fresh or dried, shelled or peeled	0	0	0	69042	13485 6	18429 8
'08022 2	Hazelnuts or filberts, fresh or dried, shelled or peeled	0	0	0	897	1160	1795
'08023 1	Walnuts in shell, fresh or dried	0	0	0	1856	10856	19377
'08119 0	Fruits&edible nuts uncook,steam/boil (water) sweetend/not,frozen,nes	27	57	34	1251	1208	953
'08011 1	Coconuts, dessicated	2	0	0	20546	18089	12326
'08022 1	Hazelnuts or filberts in shell fresh or dried	0	0	0	520	316	387
'08026 2	Macadamia nuts : Shelled	0	0	0	0		
'08012	Brazil nuts, without shell, fresh or	0	0	0	176	503	34

		KENY'S EXPORT TO UAE (\$)			UAE IMPORTS FROM THE WORLD (\$)		
		2008	2009	2010	2008	2009	2010
2	dried						
'08023	Walnuts, fresh or dried, shelled or peeled	0	0	0	6771	11875	16244

Source: ITC Database (2013)

Table 5-4: SWOT Analysis and Porters Five Forces- Fruits and Nuts

	KENYA	COMPETITOR 1	COMPETITOR 2	COMPETITOR 3	COMPETITOR 4
PRODUCT 4P'S	Rank in Market Share	Rank in Market Share	Rank in Market Share	Rank in Market Share	Rank in Market Share
Products					
Coconuts, exc. Dessic...- 080119	Kenya 1.0% (4)	India 71.9% (1)	Sri Lanka 22.2% (2)	Thailand 2.9% (3)	Philippines 0.8% (5)
Cashewnuts - 080132	Kenya 0.0% (nr)	India 94.4% (1)	Viet Nam 4.8% (2)	Mozambique 0.5% (3)	Tanzania 0.2% (4)
Nuts edible, fresh or dried- 080290	Kenya 0.95% (11)	Pakistan 61.0% (1)	China 16.3% (2)	Turkey 7.6% (3)	UK 2.4% (4)
Fruits & edible nuts uncooked - 081190	Kenya 0% (nr)	France 56.1% (1)	Netherlands 21.3% (2)	Poland 6.0% (3)	India 4.9% (4)
Promotional Techniques	Promotional techniques are almost uniform across the board and has been observed to take the following approaches <ul style="list-style-type: none"> • Quality and freshness • Origin of the product • Brand strength • Quality of packaging which includes materials and communication of product features in the packaging • Product positioning in the retail outlets. • Advertising through print and electronic media. In store electronic advertising is increasingly being adopted. 				
Place	Hypermarkets (Carrefour, Lulu), supermarkets (Choithram, Union cooperative), food stores and retail shops.				
SWOT ANALYSIS					
Strength	<ul style="list-style-type: none"> • Kenyan avocado fuerte is the only one available in most outlets. • Kenyan enjoy supply monopoly of mangoes at specified seasons of the year 				
Weaknesses	<ul style="list-style-type: none"> • Kenya only exports avocado fuerte and not Hass even though it produces both 				

	KENYA	COMPETITOR 1	COMPETITOR 2	COMPETITOR 3	COMPETITOR 4
	<ul style="list-style-type: none"> • Kenya exports relatively small quantities of avocados as compared to its competitors • Kenya exports only two varieties of mangoes as compared to its major competitor in this product line, India which exports variety. • Though Delmonte produce Pineapple in Kenya, the Pineapples it exports to the UAE does not originate from Kenya 				
Opportunities	<ul style="list-style-type: none"> • Demand for fruits from Kenya is high in the UAE • Kenya has a high potential for increased production. 				
Threats	<ul style="list-style-type: none"> • India is a large scale producer of cashew nuts, coconuts, and mangoes and may continue to dominate the UAE market • Pakistan which has a larger market share of mangoes in UAE may increase its market share further squeezing Kenya 				
PORTERS FIVE FORCES APPROACH					
New Entrants	There many potential producers that can enter the UAE market				
Power of suppliers (Bargaining power)	<p>Large suppliers of mangoes, nuts and apples like India and China enjoys a much better bargaining power than Kenya.</p> <p>The Indian and Chinese suppliers are the importers/distributors; this gives them a strong negotiating power as suppliers.</p> <p>The law on sole distributorship of a product also strengthens the bargaining power of suppliers.</p>				
Substitutes	<p>There are basically no substitutes for avocado fuerte in the UAE market. The closest substitute is avocado Hass from USA</p> <p>The main substitutes for Kenyan mangoes are Indian mangoes which come in varieties and</p>				
Power of buyers	Buyers do wield some substantial powers due to sole distributorship policy which licenses certain buyers/importers to carry some product lines exclusively				
Industry Rivalry	The number of suppliers/distributors/importers of the same product encourages industry rivalry.				

5.6 Edible Oils

Kenya's exports of edible oils and seeds have been quite low to the UAE, even though there is increasing demand for oil products such as those used as insecticides, sunflower seeds, colza seeds.

Table 5-9: Kenya's Export of Oils and Seeds to the UAE and UAE's Oils and Seeds Imports (USD'000)

		Kenya Exports to the UAE			UAE Imports from the World		
		2008	2009	2010	2008	2009	2010
'120242	Groundnuts, shelled, whether or not broken (excl. seed for sowing, roasted or otherwise co	0	0	0	0		
'120730	Castor oil seeds, whether or not broken	0	0	0			
'120991	Seeds, vegetable, nes for sowing	0	0	0	3847	7693	8966
'121020	Hop cones, ground, powdered or pelleted and lupulin	0	0	0	18	14	10
'121293	Sugar cane, fresh, chilled, frozen or dried, whether or not ground	0	0	0	0		
'120922	Seeds, clover, for sowing	0	0	0	0	8	57
'120930	Seeds, flower, for sowing	0	0	0	169	605	829
'120210	Ground-nuts in shell not roasted or otherwise cooked	0	0	0	2173	1861	1727
'121120	Ginseng roots used primly in pharm,perf,insecticide,fungicide/sim pu	0	0	0	6	55	77
'121190	Plants &pts of plants(incl sed&fruit) used in pharm,perf,insect etc nes	0	0	0	18611	19067	25944
'120750	Mustard seeds, whether or not broken	0	0	0	1001	273	1048
'120999	Seeds, fruit and spores for sowing, nes	19	0	0	1007	2101	2687
'120400	Linseed, whether or not broken	0	0	0	323	128	301
'120720	Cotton seeds, whether or not broken	0	0	0	3091	2631	4441
'120799	Oil seeds and oleaginous fruits, nes, whether or not broken	0	0	0	399	3629	9442
'12092	Seeds of forage plants, except	45	0	12	5275	1603	1025

9	beet seeds, for sowing nes						
'12022 0	Ground-nuts shelld,whether or not broken, not roashtd or otherwise cookd	0	0	0	25526	15129	22113
'12130 0	Cereal straw & husks, unprepd, whether or not choppd,ground,pressd, pelletd	0	0	0	5891	2392	5265
'12092 5	Seeds, rye grass, for sowing	0	2	0	194	101	173
'12122 1	Seaweeds and other algae : Fit for human consumption	0	0	0	0		
'12060 0	Sunflower seeds, whether or not broken	0	0	0	23669	47799	49301
'12092 3	Seeds, fescue, for sowing	0	0	0	33	1206	1089
'12010 0	Soya beans	0	0	0	12823 5	29464	704
'12019 0	Soya beans, whether or not broken (excl. seed for sowing)	0	0	0	0		
'12129 9	Vegetable products nes used primarily for human consumption	0	0	0	27608	31790	33023
'12081 0	Soya bean flour and meals	0	0	0	6069	509	368
'12011 0	Soya bean seed, for sowing	0	0	0	0		
'12114 0	Poppy straw, fresh or dried, whether or not cut, crushed or powdered	0	0	0			
'12122 0	Seaweeds and other algae, fresh or dried whether or not ground	0	0	0	472	334	350
'12072 9	Cotton seeds : Other	0	0	0	0		
'12129 1	Sugar beet, fresh or dried, whether or not ground	0	0	0	576	3	7
'12149 0	Swedes, mangold, fodder root, hay, clover, sainfoin, forag kale, etc	0	0	0	27915	27199 4	20179 8
'12051 0	Low erucic acid rape or colza seeds "yielding a fixed oil which has an	0	0	0	53905	18302 8	35508 0
'12092 1	Seeds, lucerne (alfalfa), for sowing	0	0	0	14340	306	117
'12141 0	Lucerne (alfalfa) meal and pellets	0	0	0	97798	23193	13893 3
'12030 0	Copra	0	0	0	1420	2170	6751
'12089	Flours and meals of oil seeds or	0	0	0	206	407	80

0	oleaginous fruits, except mustard, nes						
'12091 0	Sugar beet seed, for sowing	0	0	0	11	23	6
'12059 0	High erucic rape or colza seeds "yielding a fixed oil which has an eru	0	0	0	99756	31	2047
'12074 0	Sesamum seeds, whether or not broken	9	34	111	14679	15686	24215
'12023 0	Groundnut seed, for sowing	0	0	0	0		
'12072 1	Cotton seeds : Seed	0	0	0	0		
'12077 0	Melon seeds	0	0	0	0		
'12079 1	Poppy seeds, whether or not broken	0	0	0	0		13
'12092 4	Seeds, Kentucky blue grass, for sowing	0	0	0	110	262	108
'12101 0	Hop cones, not ground, powdered or pelleted	0	0	0	7	69	9

Source: ITC Database (2013)

Table 5-10: SWOT Analysis and Porters Five Forces- Edible Oils

PRODUCT 4P'S	KENYA	COMPETITOR 1	COMPETITOR 2	COMPETITOR 3	COMPETITOR 4
Edible Oils					
Seeds, fruit and spores for sowing- 120999	Kenya 0% (16)	USA 63.3% (1)	Italy 14.8% (2)	Netherlands 10.7% (3)	India 4.5% (4)
Seeds of forage plants, ..., - 120929	Kenya 3.4% (4)	Australia 42.1% (1)	Zimbabwe 29.8% (2)	USA 19.0% (3)	Netherlands 2.5% (4)
Sesamum seeds,- 120740	Kenya 0.1% (10)	India 66.4% (1)	Sudan 12.7 % (2)	Pakistan 11.4% (3)	Somalia 2.9% (4)
Prices in (AED)					
Seeds, fruit and spores for sowing- 120999	na	na	na	na	na
Seeds of forage plants, ..., - 120929	na	na	na	na	na
Sesamum seeds,- 120740	na	na	na	na	na
Place	Hypermarkets (Carrefour, Lulu), supermarkets (Choithram, Union cooperative), restaurants, hotels				
Promotion	Through advertising in print and electronic media Online marketing				
SWOT ANALYSIS					
Strength	Kenya has great potential to produce Edible Oil products				
Weaknesses	Production is by small scale farmers who produce in small quantities Poor marketing initiatives by producers Low productivity leads to poor economies of scale hence little benefit to the farmer				
Opportunities	There is a potential market in the UAE and the wider Middle East market				
Threats	Potential competition from India, Australia, Zimbabwe, USA and other countries				
PORTERS FIVE FORCES ANALYSIS					
New Entrants	There are potential new entrants into the UAE market				

Power of suppliers (Bargaining power)	The USA holds a monopoly in the oil and seed market with over 60 % market share.
Substitutes	The product can be easily substituted by manufactured products
Power of buyers	Licensed and well established buyers may dictate price to new suppliers due to the single agency policy
Industry Rivalry	This is a largely monopolistic market as the market leaders have more than 40% of the market share

Recommendations of strategies for the Kenyan products in the UAE

S. No	Product market characteristic	Type of product	Recommendations
1	Products with market monopoly in the UAE	The Kenyan avocado Fuerte has market monopoly in the UAE market.	Kenya should increase the production of this product Producer of this product should be helped to organise the marketing of this product by first of all pulling it together and then approaching the market as a unit to increase their bargaining (supplier) power.
2	Product with dominant market share and near monopoly in some seasons	The Kenyan mangoes	Increase production Consolidate the product marketing Process and repackage the product
3	Potential products currently exported to the UAE but in small quantities	Flowers, bananas, oranges, beans, , tomatoes, fresh vegetables, Nuts including Macadamia nuts and Cashewnuts	Production be increased Marketing be organized and consolidated Aggressive promotion be pursued
4	Products that are currently exported but require value addition	Tea and Coffee	These products should be refined and well packaged to fetch good returns and to publicize Kenya.
5	Products demanded in the UAE but are exported in insufficient quantities	All manufactured Fast moving Consumer goods, agricultural supplies, textile and leather products	Production output and the quality of production of these products need to be increased. They should then be marketed aggressively in the UAE market.
6	Labor services	Waiters, security personnel, nurses, doctors, skilled personnel	There is a growing demand of these services in the UAE and the recruitment agencies need to pick them up and pursue the same.

4 CHAPTER FOUR : ESTABLISHING DISTRIBUTION SYSTEM IN THE UAE

4.1 International Trade Fairs, Exhibitions & Conferences

Dubai has emphasized its portfolio as the largest and most important centre for organising exhibitions and conferences in the Middle East. The Dubai World Trade Centre (DWTC), is considered the largest trade centre for organizing exhibitions in the region. Moreover, several exhibitions are held in Dubai hotels, which are well equipped with modern audio-visual facilities in addition to all other management services. In 2010, more than 85 regional and international exhibitions were held in the Dubai World Trade Centre and Airport Expo. These exhibitions are organized by local and foreign companies or countries. They are held periodically whether annually or once every two years and sometimes according to requirements.

Boosted foreign trade coupled with high industrial output and fast growing services sector, have a remarkable impact on the growth of the industry of international exhibitions and markets. As such activity is being viewed as the most influential promoter as far as media and marketing are concerned. The Dubai formidable success in this domain has asserted the potentialities of Dubai of serving the business, not only in UAE but also in the region as a whole.

4.1.1 The Dubai International Congress Centre

The facility developed for holding international conferences and other important events. It is linked and constitutes a division of the Dubai World Trade Centre Complex. The Dubai International Congress Centre was a venue for annual board meetings of the

Governors of the World Bank Group and the International Monetary Fund (IMF) held in September, 2003.

4.1.2 Importers (Leading, medium, upcoming), their lists and contacts

There are many importers in the United Arab Emirates. These importers import different types of products, however as they do this, they are guided by the single agency policy pursued by the UAE government. The idea of listing a number of importers and then choosing who you want to carry your product does not work in the UAE; exporters must go by the already existing importers who are licensed to stock their products. Please see some selected list of importers in appendix 1.

To establish the extent to which the single agency policy is implemented within the UAE, we sought an appointment with Mr. Mustafa, a manager at Carrefour Century Mall Branch in Dubai. Carrefour is the leading supermarket in the UAE. The appointment was to see if the supermarket can give us a direct opportunity to supply to them. True to the policy, Mr. Mustafa was not willing to take anything from us; he instead referred us to KAF Group, their supplier of fruits and vegetables. Khalid Ahmad Foudeh (KAF) is made up of seven companies and trades in 23 different brands of products in the UAE.

We managed to secure an appointment for interview with Mr. Youssef Al Najjar, the Group Finance Manager of Khalid Ahmad Foudeh (KAF) Group of companies. He is based at block B of the Al Aweer fruits and vegetables market. According to Mr. Youssef who has been a keen observer of fresh produce market, Kenya only exports avocados, mangoes, meat and beans into the UAE. He explains that avocado, the most consistent Kenyan product in the UAE also come from the Australia and USA. The problem Mr. Youssef has with not only Kenyan avocado but other products as well is that they come in very small quantities. Mr. Youssef's company imports at least 200 (40 feet) containers of food from china in a year. In addition to the air conditioned trailers, they have 150 canters that deliver their imports to their various customers within the UAE.

