



COMMITBIZ
Management Consultants

*The Food and Beverage Industry
in the UAE*



Index Page

1. Food and Beverage Sector in the UAE

- Key Drivers of Food and Beverage Industry in the UAE

2. Food Business Options in Dubai

3. How to Start a Restaurant or Cafeteria in Dubai?

- Obtain Food and Trade License
- Select a Strategic Location
- Draft Your Business Plan
- Do Get an Estimate Regarding the Cost

4. How to Start a Food Truck Business in Dubai?

- Submission of your Business Plan to the Department of Economic Development
- Get a Truck and Hire a Fit-Out Contractor
- Obtain an Approval from HACCP (Hazard Analysis Critical Control Point)
- Get Your License
- Choose the Best Location

5. Food Manufacturing Business in Dubai

- Essential Requirements to be Met
- The Streamlined Process of F&B Manufacturing Industry

6. Food Trading Business in Dubai

- How to Start a Food Trading Business in UAE?
- Decide the Trade Name and Get the Initial Approval from DED
- Draft the Documents and Get it Signed from Dubai Notary Public
- Get your Physical Space
- Submit the documents to DED and Avail the Payment Voucher
- Submit the documents from Dubai Municipality-Food Control Section
- Obtain the License and Start the Business Operations

7. Critical Areas of Cost Optimization for your Food Business

8. Gulfood 2019

- Sectors Focused in Gulfood 2019
- Gulfood 2019 in Numbers

9. Expo 2020 and Its Impact on Food and Beverage Industry



Description

The Food and Beverage industry finds UAE as one of the favourable and profitable business grounds. Read our latest guide to discover more about it.

Over the past few years, the love and craze for food have been increased to a significant extent at the global front. The Food and Beverage Market has seen tremendous growth over the past few years and is also expected to grow to a great extent. At a global front, the retail sales for clothes, white goods, footwear has been declining and is getting replaced by the Food and Beverage industry. When it comes to business incorporation, the United Arab Emirates grabs the first place in the minds of the investors and business owners. This guide is for the passionate individuals who hold the mindset of dreaming big and is looking forward to investing or start a business in UAE, in the F&B industry. If you own the same zeal, then continue the next paragraph.

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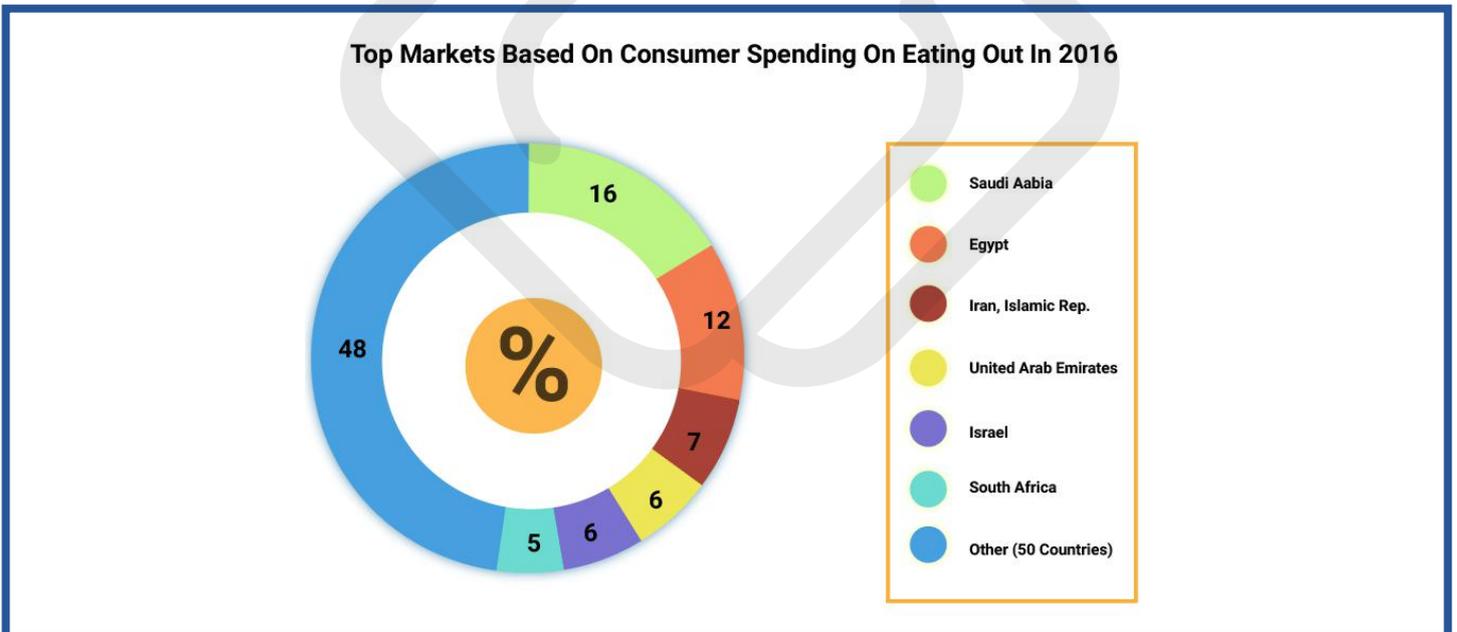
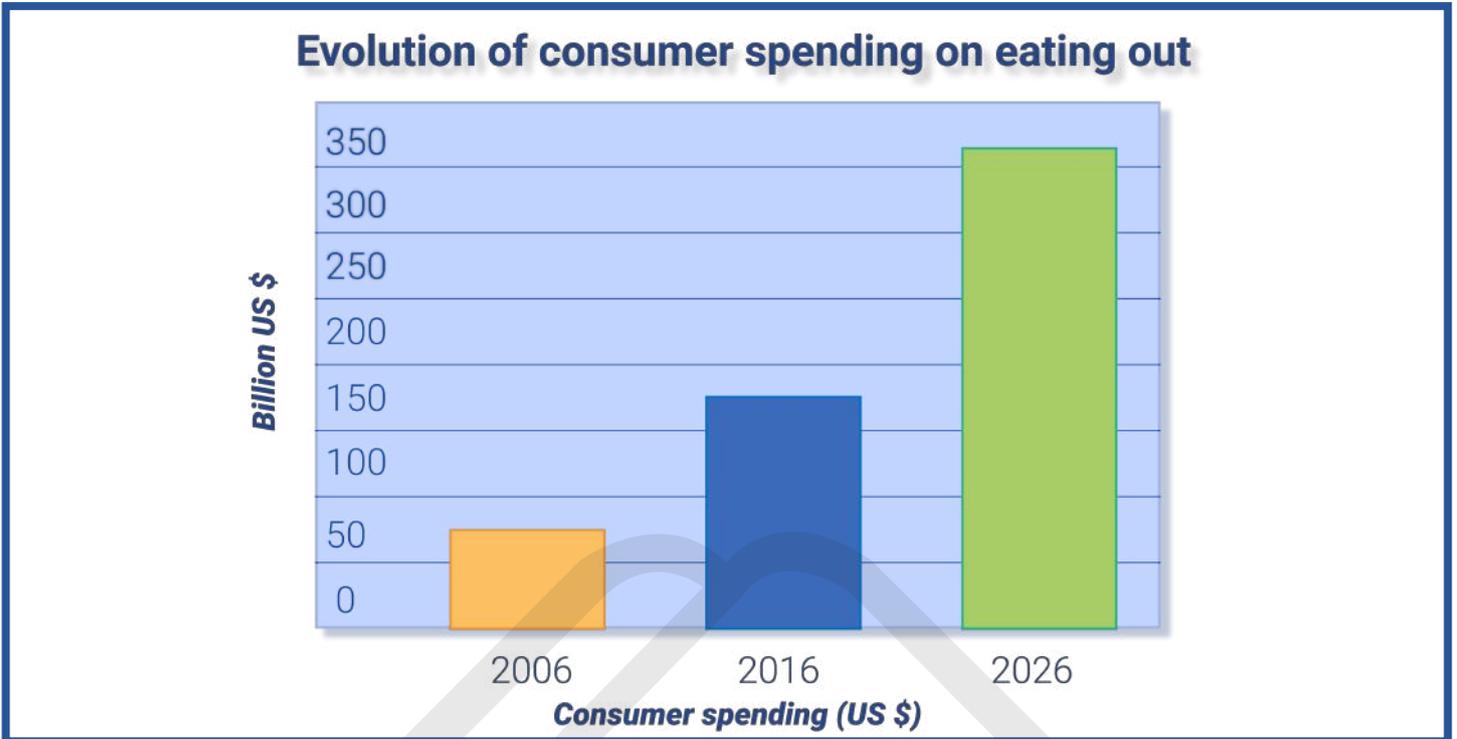
Food and Beverage Sector in the UAE

Just like the other business sectors in the United Arab Emirates, the ground of UAE has also been focusing on building a perfect platform when it comes to the food and beverage industry. The Government has been taking numerous steps to uplift the sector and has been initiating the most favourable steps due to which the sector has made its mark. There are multiple reasons to invest in the food and beverage industry in UAE, however, some of the highlights of the UAE Food and Beverage Industry are highlighted below:

- » Position held by UAE among GCC Countries: 1st
- » Total Number of F&B Manufacturing units: 575
- » Registered F&B members (Dubai Exports): 218
- » Estimated Market Size (Beverages) by 2021: 14 Billion AED
- » Increase in Beverages: 7.1%
- » Position held by UAE global level: 4th
- » Total Investment made: 39.5 Billion AED
- » Estimated Market Size (Food) by 2021: 131 Billion AED
- » Increase in Meat and Poultry Consumption: 6.9% CAGR
- » The expected increase in Food Consumption (by 2023): 3.3%



If we consider at a global level, United Arab Emirates stands as one of the top largest markets in terms of consumer spending on eating habits. The Average Annual Growth from the period of 2017 to 2026 is estimated at 7.3%.



You can see that consumer spending has been gradually increasing and is expected to grow at an exponential rate by 2026. Even the market of UAE stands as one of the lucrative markets when it comes to consumer spending. If we analyze it deeply, we can see that there are a few parameters that drive the entire F&B industry. Let's take a step forward and have a look at the underlying factors



Key Drivers of Food and Beverage Industry in the UAE

The food and beverage industry stand as one of the most profitable sectors in the world. When it comes to the zone of the United Arab Emirates, the following points stands as the key drivers for the industry.

- » Demographics- the high presence of youth
- » High GDP per capita
- » Dedicated tourist destination
- » The high demand for health, lifestyle and luxury-based F&B Products
- » Events and shows
- » High GDP growth
- » A multi-cultural ground
- » Continuous growth in Tourism, Retail and Hospitality industries
- » Extensive competitive market
- » Upcoming Expo 2020

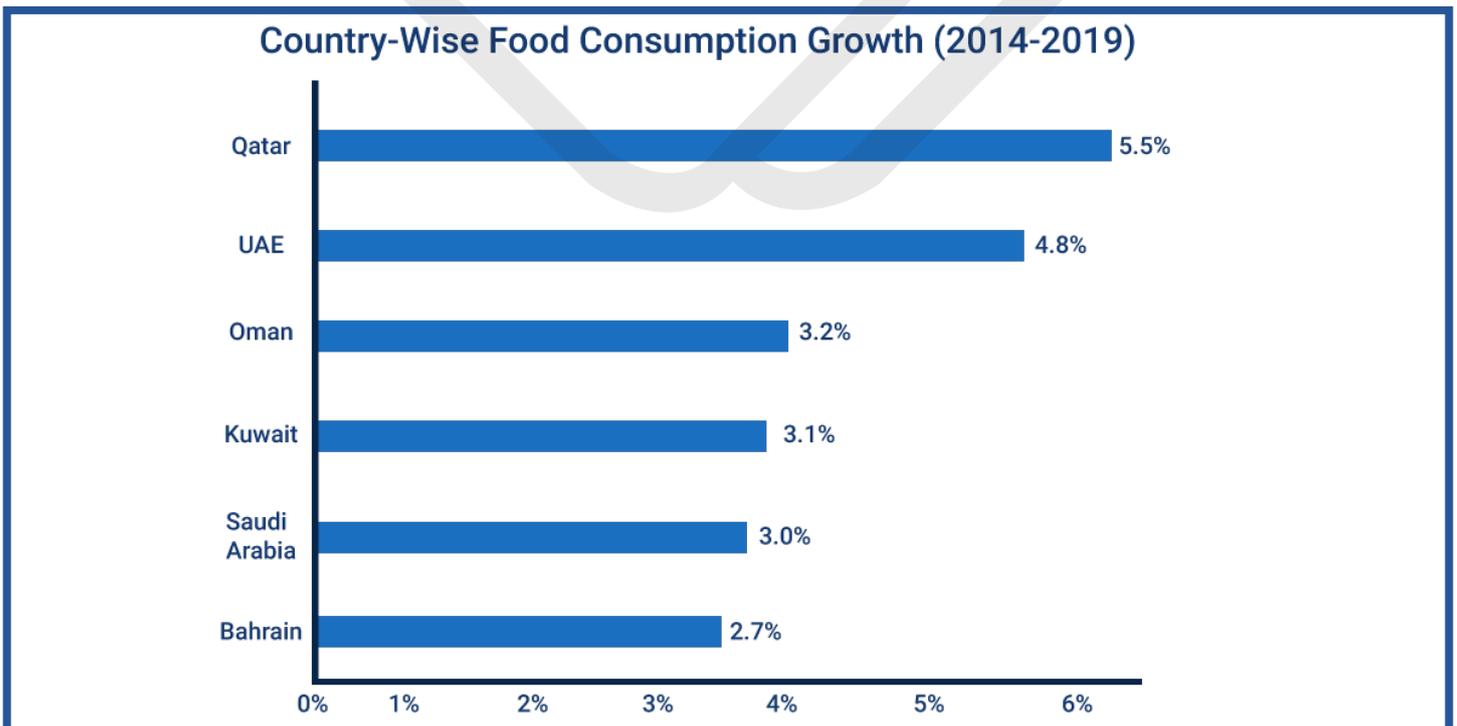
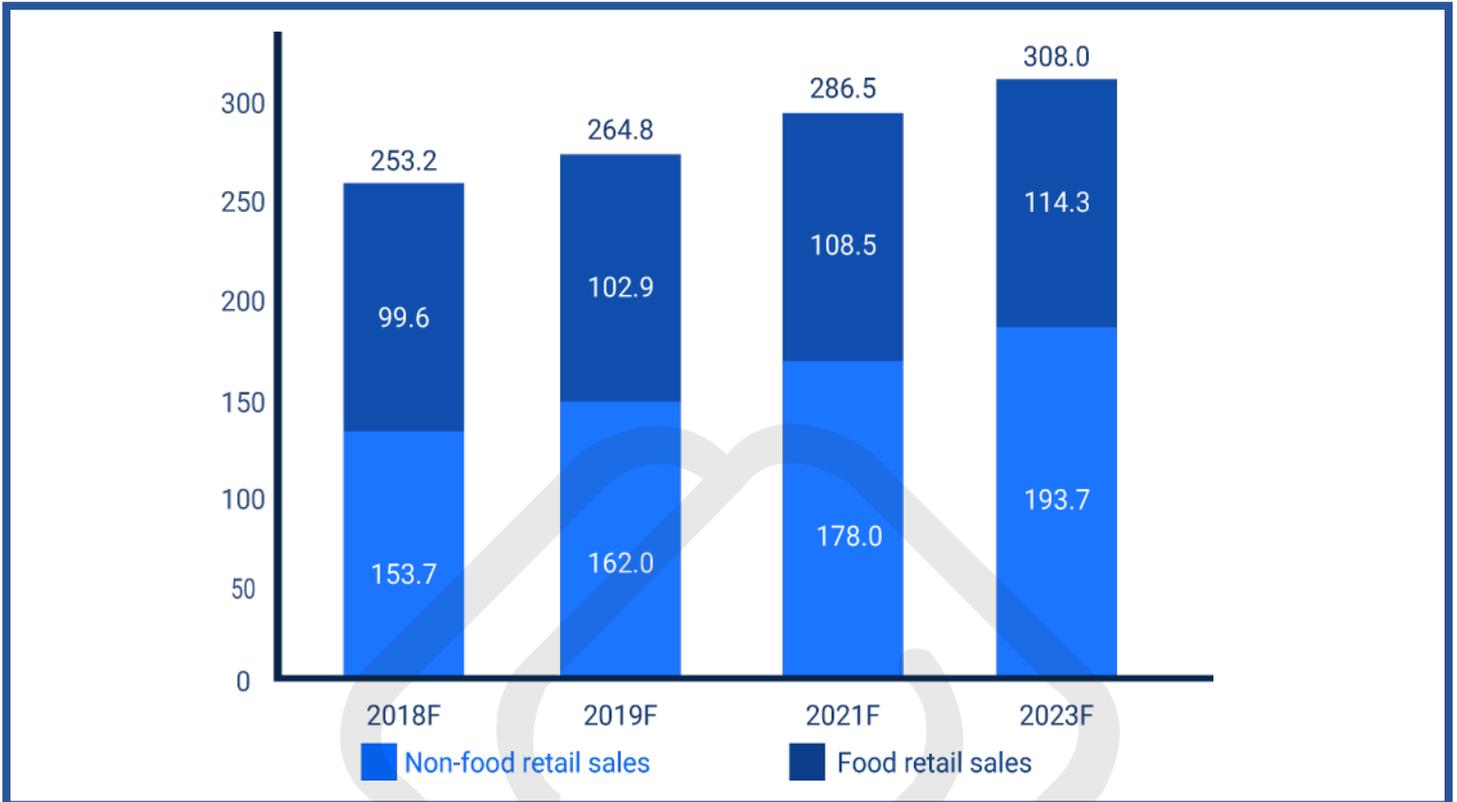
The United Arab Emirates stands as a collation of more than 200 nationalities holding different cultural values and food taste. Some of the dominating cuisines that rule the Food and Beverage sector of UAE are stated below:

Top Cuisines in the United Arab Emirates	Contribution to the Industry
Arabic	57%
Indian	57%
Italian	52%
Japanese	48%
American	53%



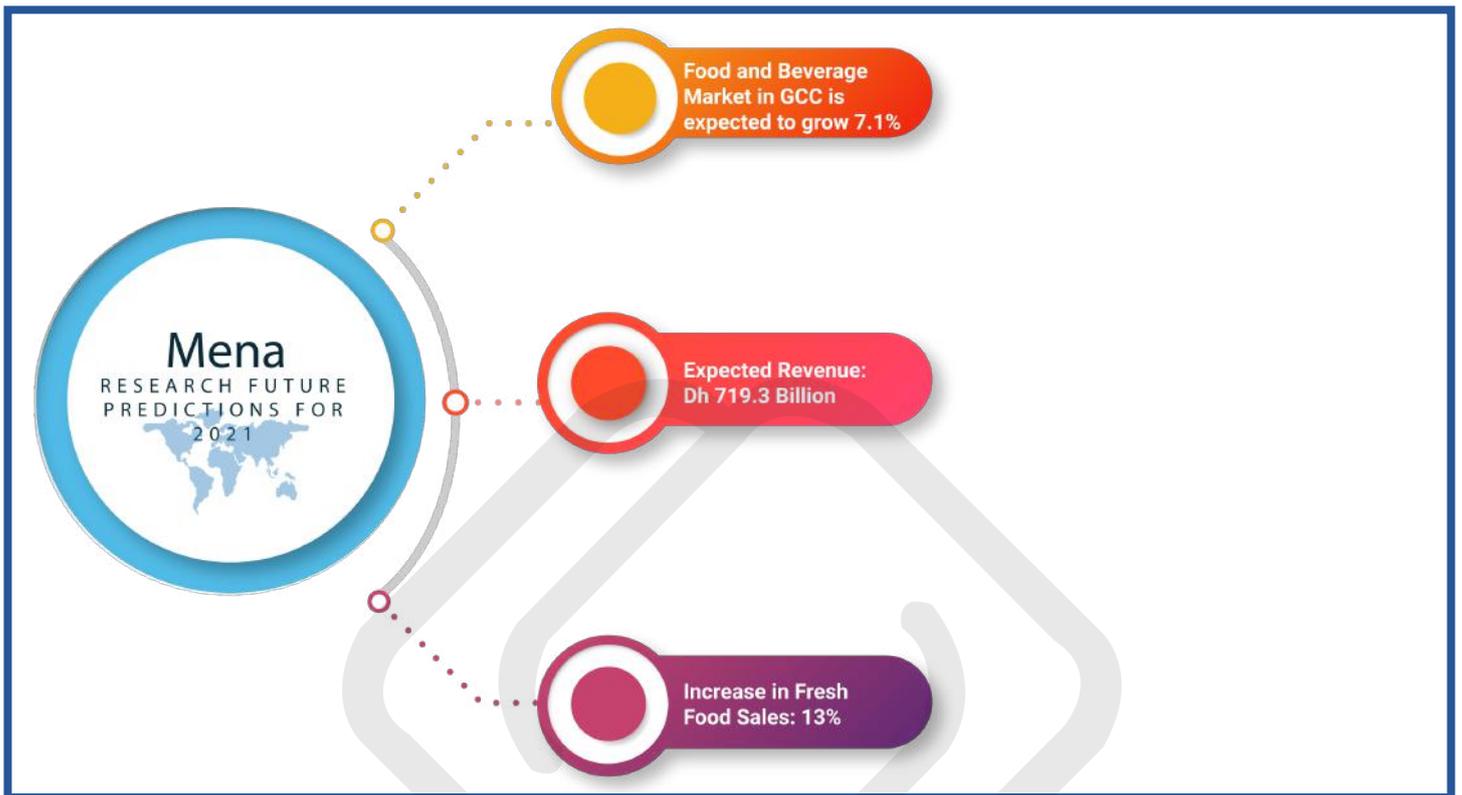
Forecast of Food Retail Sales in GCC

Now, you must have got a clear idea on the different cuisines that you can focus ahead. However, being a business investor in this domain, you need to have a clear idea regarding the market scenario that is prevailing in the region. You can get better clarity on the sales front by having a look at the graphs below.





The United Arab Emirates has set its benchmark when it comes to in competition with the GCC countries. Seeing the progress of the region, research has been conducted by the MENA region to understand the potential that the F&B Market holds. Some of the findings are mentioned below:



Source: <https://arabiangazette.com/gulfood-2019-united-arab-emirates-uae-food-industry/>

You can see that there exists a massive market that the industry grabs. Now, business owners and professionals who deal with the food business in Dubai has full flexibility to choose from any of the available options. Let's have a look at the business options that you can avail.

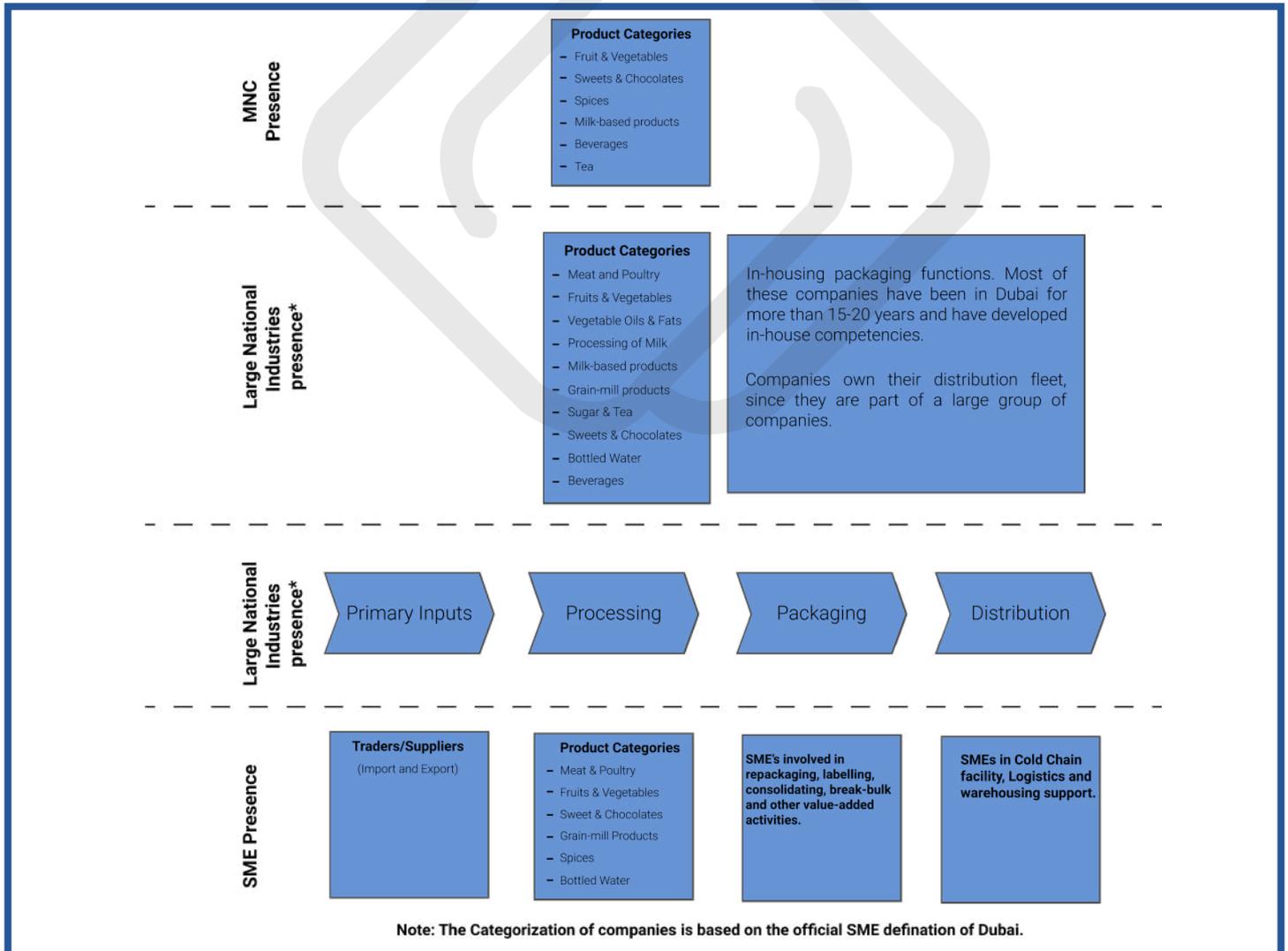


Food Business Options in Dubai

Some of the highly availed business options are highlighted below:

- » Restaurants, Hotels and Café
- » Bakeries
- » Food Truck
- » Food Factories and Warehouses
- » Canteen in schools and hospitals
- » Butcheries
- » Food Catering Units
- » Food Packing Material Manufacturers and Suppliers

As you are now aware of the different business options available for you, let's take a step ahead and understand how an SME, National and an International company contributes to the complete ecosystem of F&B industry.





Be it a small, medium or large-sized food business; it has got a respective role to play at every point. One of the core business options that most business owners prefer is to start a restaurant in Dubai. Alternatively, if you want to deal with packaged foods, you need to get it registered. To know more on packaged food registration, [click here](#). If you too hold the same idea, have a look at the process penned below.

How to Start a Restaurant or Cafeteria in Dubai?

To set up a restaurant business in Dubai, you need to follow the proceedings mentioned below.

1. Obtain Food and Trade License

First and foremost, you need to obtain a trade license that is issued by the respective authorities. Now, while starting a restaurant business, you need to hold two types of permits: Food License and Trade License. When it comes to the food license, it will be issued by the Department of Food and Safety, while the trade license will be issued by the Department of Economic Development (DED). You need to make sure to submit the relevant documents to carry out the process in a hassle-free manner.

2. Select a Strategic Location

Once you obtain the respective permits, it turns out to be essential to move towards the next step of selecting a suitable location for your business. It is important to mark that you should open your restaurant where your target audience is available. Randomly choosing a site might turn out to be difficult if your restaurant is not reachable. Dubai gives the complete flexibility of selecting the best location as the region has numerous options like Mainland, Free Zone and Offshore.



3. Draft Your Business Plan

Now, proper execution can only take place if you have a plan handy, which will help you to focus better. Before you initiate the process of setting up your restaurant in Dubai, you need to hold a clear idea regarding various aspects, and appropriate planning needs to be outlined. Some of the concerned areas stand as:

- » Financial Planning and Budgeting
- » Market Survey
- » Strategy Building
- » Business Cash Flow Projections
- » Manpower Projections

Every point mentioned above contributes to the growth of a company and stands as an essential part of the complete process. You need to consider a holistic view while drafting a blueprint of your business.

4. Do Get an Estimate Regarding the Cost

As stated above, you need to consider the financial planning at the initial stage itself, let me give you a gist of certain expenses that you need to meet while starting your restaurant in UAE.

Estimated Cost for Restaurant Business in Dubai	
Description	Approx. Cost in AED
Local Sponsor Fee	10,000/year
Trade License Fee	10,000-12,000
Labour and Immigration Registration	8,000
Restaurant Premise Rent	60,000

The second option that most of the food lovers opt for when it comes to business incorporation is a food truck business, which stands at a lower cost and is mobile.



How to Start a Restaurant or Cafeteria in Dubai?

To proceed ahead with the food truck business, you need to go through the following steps:

1. Submission of your Business Plan to the Department of Economic Development

Just like the restaurant business, the food truck business also needs significant approval from the DED. Apart from that, you need to get approvals from Dubai Municipality, the Roads and Transport Authority (RTA), Dubai Electricity and Water Authority (DEWA). To proceed further, your business plan must be approved from all possible sides.

2. Get a Truck and Hire a Fit-Out Contractor

In the next step, you need to purchase a truck where the business activities will be carried out. At the same time, you need to hire a fit-out contractor to design the truck as per the regulations stated by the Dubai Municipality (DM). Once done, you need to submit a copy of the layout to the Municipality. Another notable point is that your business only ready-made foods are allowed to sell in the food truck business.

3. Obtain an Approval from HACCP (Hazard Analysis Critical Control Point)

Utmost care needs to be taken when it comes to the kitchen where the food will be cooked and packed. Your kitchen and truck both need to gather approval from the respective authorities. In case, if you don't hold a kitchen of your own, you need to submit an agreement between the investor and a central kitchen. Now, in this case, the permit will be issued in the name of the kitchen. Obtaining a HACCP certification assures that the product served stands safe. The critical requirements as per HACCP are highlighted below:

- | | |
|--|--|
| » Proper cleaning and sanitation | » Maintenance of OH and S Policies |
| » Personal Hygiene | » Pest Control |
| » The healthy condition of the related equipment | » Proper Storage, Distribution and Transport |
| » Well-built Waste Management System | |



4. Get Your License

After qualifying the above requirements, you need to obtain your food truck license from the respective authorities. This food truck permit will stand as a passport for your business as you can carry out the operations legally.

5. Choose the Best Location

Once you qualify for the requirements mentioned above, you need to choose a perfect location for your business. It is suitable to analyze the market initially and then select an appropriate location based on your targeted audience.

The next business segment stands as a food manufacturing business in Dubai. Let's have a look at it.

Food Manufacturing Business in Dubai

When it comes to food manufacturing business, the business owners and investors have got the flexibility to choose from any of the following categories:

- » Natural (Organic) Food Manufacturing (Activity Code: 1549-15)
- » Baby Food Manufacturing (Activity Code: 1549-10)
- » Cereal Food Manufacturing (Activity Code: 1531-03)
- » Flavours and Fragrances Manufacturing (Activity Code: 1549-02)
- » Ice Manufacturing (Activity Code: 1511-05)
- » Poultry Products Manufacturing (Activity Code: 1511-04)
- » Meat Products Manufacturing (Activity Code: 2022-02)
- » Lime Manufacturing (Activity Code: 2699-02)

Before you proceed ahead towards the manufacturing activity, there are absolute essentials to be met as per the guidelines of the Dubai Municipality.



Essential Requirements

- » Dedicated Construction Plans
- » Adequate Plumbing and Sewage Disposal System
- » Proper Lighting and Ventilation Requirements
- » Required equipment for Food Manufacturing

Required equipment for Food Manufacturing

When it comes to Food and Beverage Manufacturing Industry, there exist a certain involvement of different departments to smoothen the manufacturing process. Let's have a look at the process.



Source: http://www.dubaided.ae/StudiesandResearchDocumentsinArabic/DUBAI_SME_FOOD_and_BEVERAGES_MANUFACTURING_REPORT.pdf

Food Trading Business in Dubai

When it comes to food trading, you have a wide range of selection regarding the products that you can initiate your business operations. Some of the core focused areas are stated below:

Food Trading Business Areas in Dubai	
Ice	Mineral Water
Fruits and Vegetables	Snack
Flour	Egg
Ghee	Vegetable Oil
Spices	Soft Drinks and Carbonated Water
Cereals	Grains



How to Start a Food Trading Business in UAE?

To initiate the process of food trading business in Dubai, you need to follow specific steps in sequential order, as stated below:

1. Decide the Trade Name and Get the Initial Approval from DED

The first and foremost task in hand is to decide the trade name for your business. Now, when it comes to naming, there are specific rules stated by the Government of Emirates, which you need to adhere to. Certain norms are stated below:

- » The name should not contain any indecent words, and shouldn't sound offending
- » In case if the selected name stands as a person's name, it stands mandatory that the person must be a partner or owner
- » Family, Country names are not to be used as trade names
- » The business activities must get reflected in the business name
- » No special characters allowed
- » The name cannot start with "International", "Middle East", "Global" etc.

In case, if the name is not suitable, the Department of Economic Development (DED) has the full right to cancel the trade name approval. You need to make sure that you get initial approval from the DED so that you can focus on the other processes.

2. Draft the Documents and Get it Signed from Dubai Notary Public

The Memorandum and Articles of Association (MOA & AOA) stand as one of the crucial business documents that need to be presented to complete the company incorporation process in Dubai. Once drafted, they need to get signed from Dubai Notary Public.



3. Get your Physical Space

Next, you also need to make sure regarding the physical space for your business. Selection of the physical space turns out to be an essential step when it comes to getting involved in the business process. Once you obtain an office or warehouse on rent, you need to get the tenancy contract with the Ejari.

4. Submit the documents to DED and Avail the Payment Voucher

The complete set of documents needs to be submitted to the DED after the complete attestation. Make sure to obtain the payment voucher from the DED.

5. Submit the documents from Dubai Municipality-Food Control Section

While you deal with food trading business, you need to obtain approval from the Dubai Municipality, for which you need to present the complete set of documents for approval.

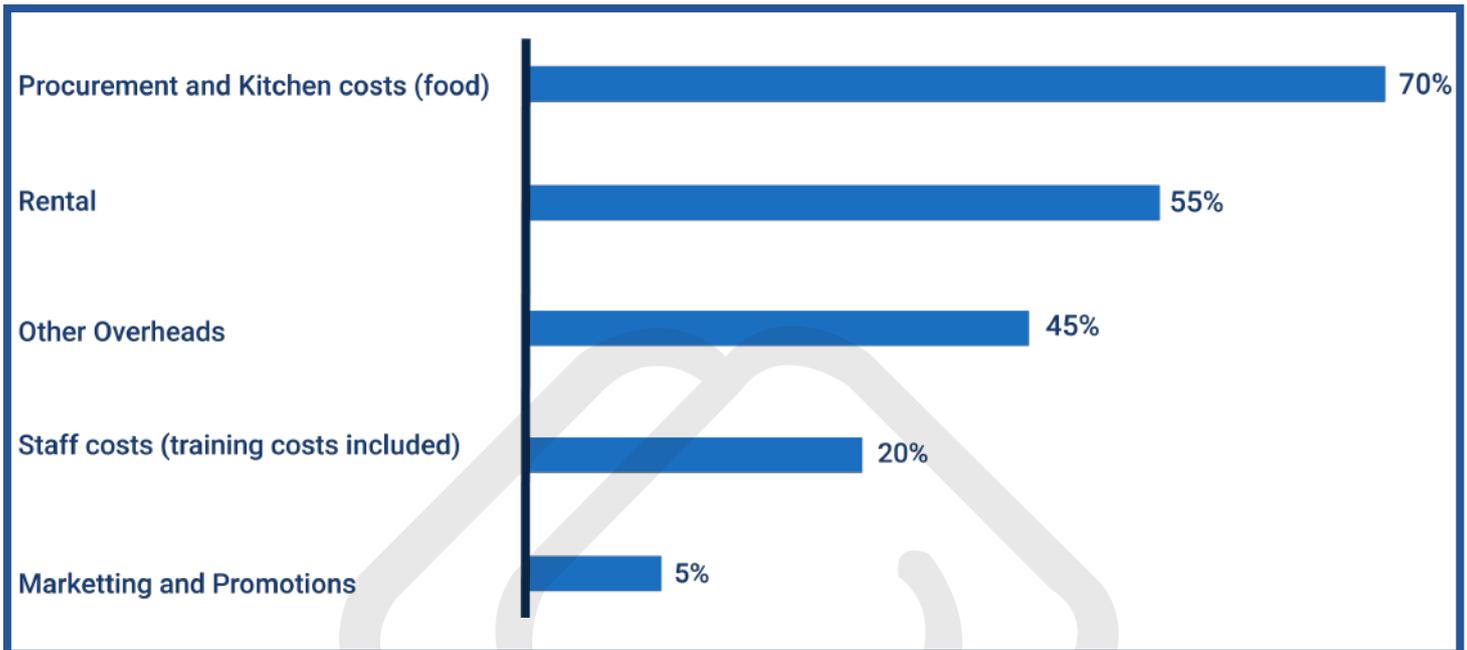
6. Obtain the License and Start the Business Operations

Once you obtain the required business license, you can carry out the proper business operations. The licensing act as a legal permit that gives you a green signal to go ahead and carry out the business operations. Thus, you have got a complete idea regarding the trading business. Next, let us focus on one of the critical factors that will help you to get a realistic projection of your business plan- **Business Cost.**



Critical Areas of Cost Optimization for your Food Business

Before you start a business, you should have an idea regarding the allocation of the cost that would get occurred in the complete process. Below mentioned are the key areas where you need to allocate your investment.



Source: <https://home.kpmg/ae/en/home/media/press-releases/2019/02/uae-food-and-beverage-report-18.html>

You can see that the graph mentioned above highlights a general idea about the cost that needs to occur. Now, the variation arises in the selection of zone, business entity, the target audience etc. To figure it out deep down for your business, it is advised to go ahead with the expert consultants. Next, let's have a look at the significant parameters that would drive the food and beverage industry to beyond its expectations.

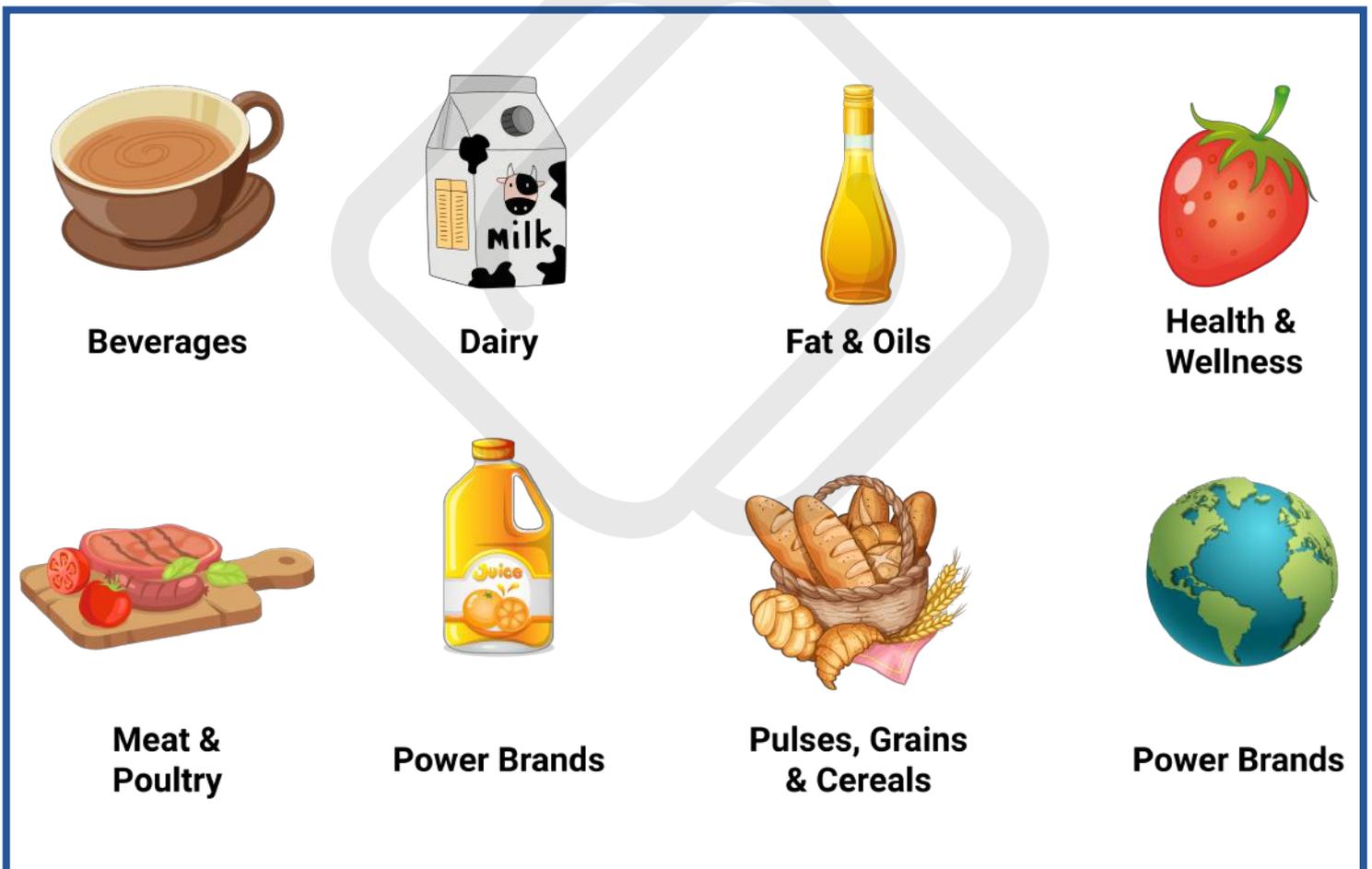


Gulfood 2019

You must have visited a vast number of trade shows and events, but have you ever thought of visiting a food show? Yes! Dubai has been continuously organizing food events named “Gulfood”, which stands as one of the world’s biggest food fair. The global flavour trends hold as a perfect platform for the regional practices and culinary experts to showcase their creativity and love for food. The show is dedicated to promoting the food and beverage industries at a global level.

Sectors Focused in Gulfood 2019

Let’s have a look at the core sectors focused during the event.





Gulfood 2019 in Numbers

Let's have a look at the stats of Gulfood 2019.

Dubai Gulfood 2019 in Numbers	
Description	Numbers
Area covered for the event	1 Million sq.ft.
Total Number of Attendees	98,000
Total Number of Countries Participated	198
Total Number of Exhibitors	5,000

It is projected that fresh food sales are expected to rise by 13% by 2020, which would hold almost 280.5 million tonnes in volume. The 25th edition of Gulfood is on its way dated 16th-20th Feb 2020. Apart from the Gulfood 2020: Rethinking Food event, and the other upcoming events are mentioned below:

» Private Label, Licensing & Contract Manufacturing

» Seafex- Seafood Event

» Yummex- Sweet and Snacks Even

» Gulfood Manufacturing- Processing, Packaging and Logistics



Expo 2020 and Its Impact on Food and Beverage Industry

The world has been continually waiting for the World Expo 2020, which is going to get conducted on the grounds of Dubai, UAE. The event would be conducted for a period of six months and is expected to grab the attention of 25 million visitors. At the same time, the event is going to position itself as a game-changer for various business industries. The food and beverage industry top the list when it comes to the focused sectors. Research has been conducted by KPMG, on the impact of Expo on the F&B industry. You can have a look at the highlights below.

- » Total Number of Outlets in Expo 2020 site: 200
- » Expected Sales during the event: 85,000 meals/hour
- » Expected Revenue to be Generated: AED 2 Billion
- » Presence of SMEs Food Outlets: 20%
- » Outlets to be reserved for District 2020: 10% - 15%

You can see that there is a continuous growth projection related to the industry, which means that it is one of the lucrative investment platforms. Investing today in the F&B business would fetch your business profitable results.

We can conclude that the region of UAE stands as a pure profitable destination for the Food and Beverage industry. There exists an ample amount of opportunities that exist under the umbrella of business incorporation in the UAE. Coping up with the initial stages stands as one of the most crucial parts as one needs to deal with legal laws and regulations stated by the nation. Inclusion of even a minor fault might lead to the cancellation of the business proceedings. To avoid such unwanted circumstances, the business investors and owners prefer to step ahead with professional business experts who are experienced and holds the industry knowledge.



Business incorporation consultants like Commitbiz Consultants stands as professional experts who take utmost care in providing the best business setup solutions. Right from the incorporation process to the building of core pillars like finding an office space, accounting, taxation, product marketing and legal proceedings, we take care of all your business needs. Our advisors are well-versed with the complete process and provide tailored solutions to meeting your business needs. If you are looking forward to setting up your company in Dubai, do have a word with our experts. Contact us today-we'd be glad to assist.





How Can Commitbiz Help?

Commitbiz Management Consultants help you with strategic business inputs, handle all the legal documentation and give complete business advisory solutions to ensure hassle-free business incorporation.

Our professional experts are well-versed with the incorporation procedures and maintain a vision to accelerate your business in the UAE.

Commitbiz was established in 2007 with a vision to provide world-class management advisory services to enterprises in the private, government, non-government and academic sectors. Over the years, we have developed comprehensive capabilities in several functional and specialty segments and have emerged as the chosen partner in several innovative and path-breaking initiatives undertaken by various businessmen across the world. With over 50 team members and 2,000+ clients, we are now one of the top business consulting firms in the UAE.

13 Years of Helping Businesses

50+ Members

2000+ Happy Clients

How Can We Benefit You?

Standing as one of the top business consultants in the UAE, we assist you in the following processes:

- » Strategize to accelerate your business growth
- » Streamline your business activities
- » Comply with the legal rules and regulations
- » Provide tailored business solutions
- » Helps you establish the business pillars with post-incorporation solutions like accounting, taxation etc.

If you are planning to step ahead and set up your company in the UAE, do contact us today- we'd be glad to assist.



Contact Us

Dubai

Commitbiz Management Consultants
Dubai,
10th floor
Dubai World Trade Center
Sheikh Zayed Road
P.O. Box 293816
Dubai
United Arab Emirates
Phone: +971 4 3867444
Fax: +971 4 3867474
Mob: +971 56 5927847
info@commitbiz.com

Abu Dhabi

#5, Suite no. 201 Level 2
P.O. Box 26389
Land Mark Plaza Building
Next to Al Salama Hospital
Hamdan Street
Abu Dhabi
United Arab Emirates
Phone: +971 2 6434601
Fax: +971 2 6434603
Mob: +971 55 7548296
info@commitbiz.com

Sharjah

Commitbiz Management Consult-
ants, Sharjah
#05, Level 1
AM Building
Rolla Squire, Rolla Street
P.O. Box 120922
Sharjah
United Arab Emirates
Phone: +971 6 5527902
Mob: +971 52 1056207
info@commitbiz.com

Bahrain

Commitbiz Management Consultants
Bahrain
Ground Floor
AS Gate Building
Hawar Hwy
Kingdom of Bahrain
P.O.Box: 37100
Phone: +973-77110288
Fax: +973-77110388
info@commitbiz.com

London

Commitbiz Management Consultants
Level 17,
Dashwood House
69 Old Broad Street,
London EC2M 1QS
United Kingdom
info@commitbiz.com