

Export Market Development Guidebook

Rock Lobster (HS codes 030631, 030621, 030611 and 030691) in
the UAE

July 2021



Australian Government
Australian Trade and Investment Commission



A person wearing a blue long-sleeved shirt is holding a large, cooked crayfish. The background shows a market stall with white crates and some blurred text on them. The entire image has a purple and blue color overlay.

Introduction

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Introduction

Project Background and Objectives

In December 2020, Austrade was allocated AUD42.9 million in funding to boost its support for Australian agri-food exporters.

Austrade primarily focuses its services on impact and reach. As part of its services, Austrade aims to increase assistance to an additional 2,000 agri-food exporters each year, as well as work with industry bodies to deliver specific advice to exporters about opportunities in existing and new markets.

Euromonitor International is collaborating with Austrade in delivering such services via the provision of enhanced market intelligence reports that further help Australian exporters make informed decisions.

The key objectives of the research are as follows:

- Understanding market volume and dynamics
- Evaluating the role played by local production versus trade
- Assessing the different channel/customer preferences and wider implications these have on demand for Australian products
- Understanding distribution landscape in terms of key players operating within the different channels
- Understanding pricing dynamics across different channels and the impact on demand for Australian products
- Evaluating competitive environment to assess Australian products' positioning
- Assessing import and trade regulations

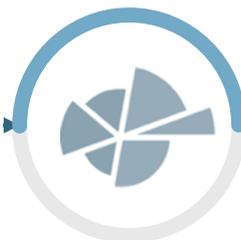
Overview of the research methodology implemented

PROJECT ALIGNMENT AND KICK-OFF



- Project alignment discussion on processes, objectives, goals, communication responsibilities/frequency, reporting needs and timeline
- Knowledge transfer

TEMPLATE PRODUCTION AND DATABASE ACCESS



- Development of research templates and an initial draft reporting template
- Central sweep of publicly available sources, including **governmental and quasi-governmental sources**, as well as **trade associations, industry publications and analyst groups** tracking agricultural trade and market conditions

PRIMARY RESEARCH AND TRADE DATA COLLECTION



- **Trade data extraction**
 - Retail audits to understand distribution landscape (six stores in Dubai and Sharjah)
 - **Discussions with key players** including, but not limited to importers, distributors, retailers, and industry associations
- N= 6 interviews

ANALYSIS AND REPORTING



- **Triangulation of results** to create a consensus output
- Multi-layer **quality control**
- **Delivery of the final report** (including the presentation pack, ie a highly visual executive summary of key findings)
- Austrade review, commentary, and report refinement and finalisation

List of stores audited and companies interviewed in the UAE

For the purpose of this research, Euromonitor International conducted detailed store audits in May-June 2021 and trade interviews with the following companies:



Stores audited in Dubai and Sharjah

LuLu Hypermarket, Hypermarket

Waterfront Market, Open market

Souq al Jubail, Open fish market

Spinneys, Supermarket

Safari Hypermarket, Independent traditional grocer

Noon.com, Online store

Fresh to Home, Online store



In-depth trade interviews conducted

West Zone Group, Importer/Retailer

Al Maya Group, Importer/Distributor/Retailer

Kibsons, Importer/Distributor/Wholesaler/Online retailer

Kempinski Hotels, Horeca

The Deep Sea Food Co, Importer/Distributor/Wholesaler

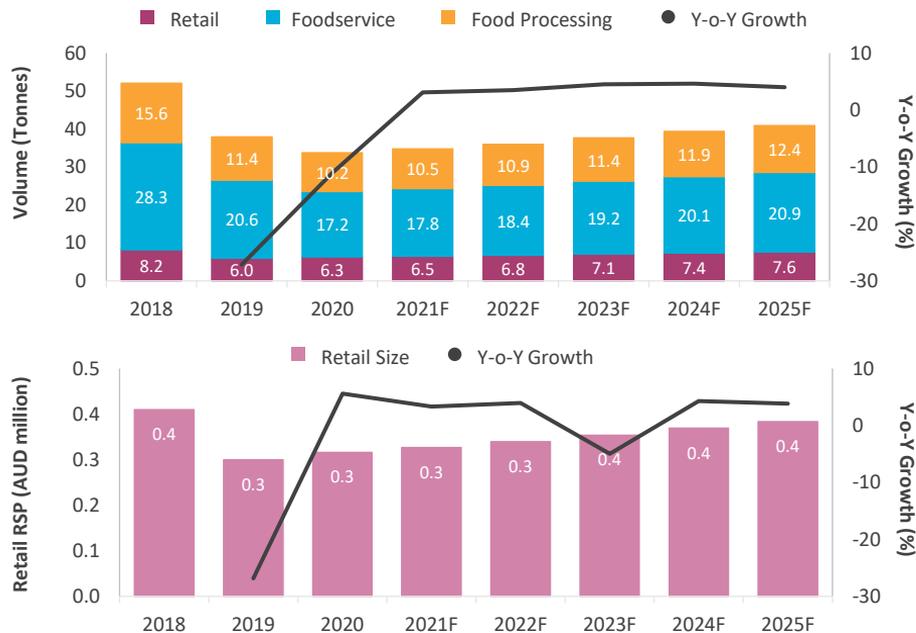
East Fish Processing, Importer/Distributor/Processor

Market Volumes and Dynamics

The rock lobsters market in the UAE is small, with consumption totalling just 33.7 tonnes in 2020. However, demand is predicted to experience a 4.2% CAGR over 2021-2025. The growing appetite for fresh spiny lobsters will be a key driver. Consumption is projected to increase across all distribution channels in the coming years. Nonetheless, the foodservice and food processing channels are both set to register a strong 4.2% CAGR over 2021-2025.

The anticipated rapid recovery of the foodservice channel is expected to support steady growth of rock lobster consumption volumes for the next several years

Rock Lobster Consumption in the UAE 2018-2025



Source: Euromonitor International estimates as per Passport Fresh Food (Ed 2021), FAO Fisheries, UN Comtrade and trade discussions.

Note: Rock lobster covers HS codes 030631, 030621, 030611 and 030691.

Retail Value RSP in historic current prices, forecast 2020 constant prices. Fixed exchange rate.



Rock Lobster

Total consumption:
33.7 tonnes, 2020

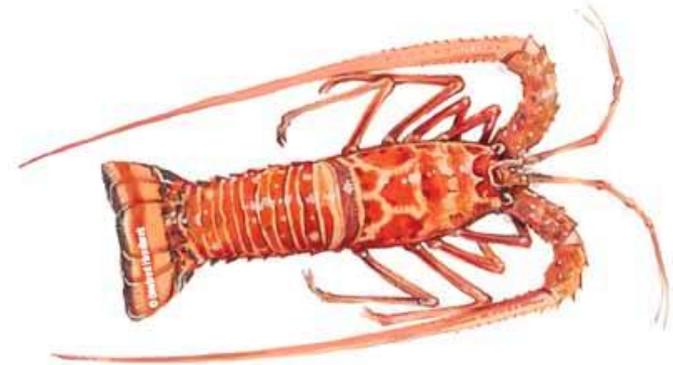
- In 2020, the UAE witnessed reduced import volumes due to **sealed air corridors and foodservice closures** in the wake of COVID-19. Hence, **demand for seafood, including rock lobsters, performed better in retail, with the foodservice and food processing channels plummeting.**
- With a retail share of 18.7% in 2020, consumption in the channel **grew by 5.6% annually**, underpinned by **reduced prices and rising at-home consumption trends**. However, the **channel's share is expected to remain relatively steady up to 2025.**
- Foodservice** witnessed a decline of **16.2% in 2020**, despite reduced prices. **The rise in take-out orders and the recovery of tourism** are predicted to boost sales over 2021-2025, with a **4.2% CAGR.**
- Food processing** also saw a **decline of 16.2% in 2020**. Overall processed rock lobsters (eg whole cooked lobster meat and boiled tails) are preferred over fresh by some foodservice establishments due to convenience and long shelf life. The channel is set to witness a strong 4.2% CAGR over 2021-2025.
- Products **sourced from Oman remained the top choice**. The strong preference among Middle Eastern consumers for mild taste, geographic proximity and price competitiveness are key purchasing factors.

Local Production Dynamics

Local production of rock lobsters in the UAE is non-existent, due to high water salinity and the country's warm climate. The limited availability of reefs further contributes to the country's significant reliance on imports.

Arid temperatures and high salinity levels create an unfavourable environment for domestic rock lobster farming and harvesting

- The country is home to many fish husbandries, but operations are typically restricted to certain species of crustaceans (eg mottled crab, brine shrimp and oysters) that can be harvested in closed environments.
- Yet the **arid weather and high salinity levels of the water, combined with the exorbitant costs of harvesting crustaceans, are unfavourable for rock lobster production in the UAE.**
- Given the non-existence of domestic production, the country is likely to continue to **rely on imports to ensure supply of rock lobsters.** Imported rock lobsters are more appealing to the foodservice channel than to retail for at-home consumption for the **consistency in quality, taste and texture.**



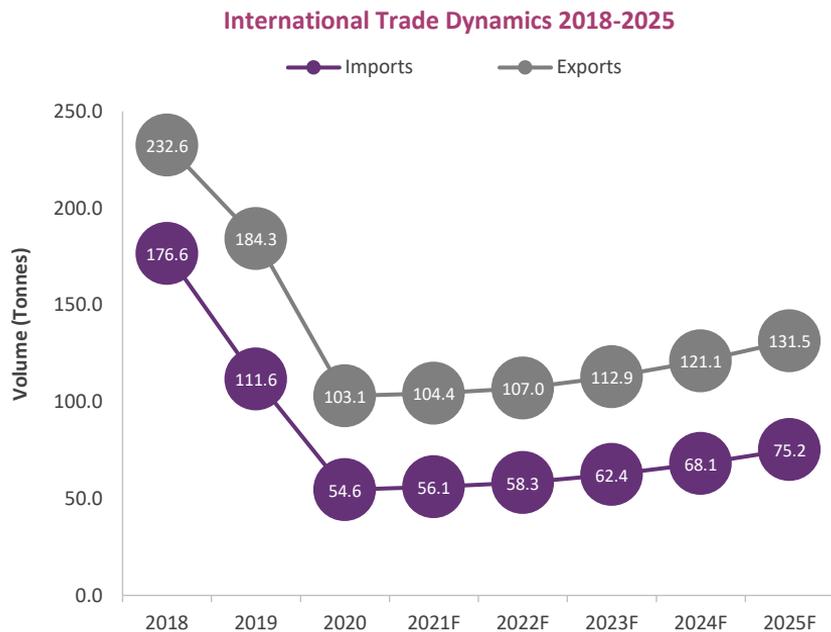
Rock Lobster

No local production in the UAE

Trade Dynamics

Imports play a pivotal role in fulfilling the growing demand for rock lobsters in the country. Imports are likely to witness a strong 7.6% CAGR over 2021-2025. The lack of local production and consumer preference for fresher, tender and juicy seafood year round will be key drivers. Leading export partners include Cuba, Somalia, India, Oman and the US. Oman is preferred for the shorter supply chain as a result of geographical proximity. Meanwhile, Indian imports are driven by price competitiveness.

The outlook for rock lobster imports is bright, driven by positive demand dynamics on the back of the anticipated uplift of domestic tourism and Expo 2020 Dubai



Source: Euromonitor International estimates as per FAO Fisheries, UN Comtrade, and trade discussions.

Note: Rock lobster covers HS codes 030631, 030621, 030611 and 030691.

Import and export forecasts are made without extensively analysing trade and non-trade barriers. The forecasts are based on historic performance and prospects for local production as gathered from trade discussions.



Rock Lobster

7.6% CAGR Imports, 2021-2025

5.9% CAGR Exports, 2021-2025

- The UAE imported 54.6 tonnes of rock lobsters in 2020. This constituted a decline of 51.1% over 2019, prompted by trade disruptions globally in the wake of COVID-19 and reduced demand on the back of the foodservice closures.
- The UAE largely imports frozen rock lobsters, thanks to the longer shelf life of the crustacean over fresh products. Frozen tails are the most commonly imported body part.
- Imports are expected to advance at a strong 7.6% CAGR over 2021-2025. Along with the lack of domestic production, imports are set to receive a notable boost from the commencement of the delayed Expo 2020 Dubai in the last quarter of 2021.
- Re-exports are set to witness a 5.9% CAGR over 2021-2025. The UAE also re-exports rock lobsters to neighbouring countries, due to easy sea access and favourable governmental trade regulations. Both frozen and processed rock lobsters dominate re-exports.

Rock lobsters from Cuba, Somalia, India and Oman accounted for a combined 60.7% share of total imports in 2019

Cuba*

19.4 tonnes (17.3%), n/a

AUD1.1 million (34.3%), n/a

- The UAE and Cuba initiated diplomatic relations in **2002**. The transit time through **maritime routes is around 41 days**. However, it takes **16 hours by air freight, which constitutes a competitive advantage for imported rock lobsters and tails** commonly consumed in retail and foodservice.
- The **growing appeal of Caribbean seafood**, particularly known for having a sweeter taste, is driving imports of Cuban rock lobsters. Consumers prefer **Caribbean-origin rock lobsters for their native origin characteristics**.

Somalia

17.8 tonnes (16.0%), +0.2% y-o-y 2018-2019

AUD0.7 million (21.3%), +0.9% y-o-y 2018-2019

- The UAE and Somalia have a strategic relationship, with Somalia positioned on the **Horn of Africa** and the major trading route between the **Arabian and Red seas**.
- Somalia **exports fresh and live aquaculture products to the UAE**, which are commonly appreciated by the foodservice channel for their competitive pricing and shorter supply chain. In addition, Somalia's **rock lobster tails are valued for their consistent quality**.

India

17.1 tonnes (15.3%), -0.4% y-o-y 2018-2019

AUD0.3 million (7.7%), -0.3% y-o-y 2018-2019

- The Indian trade association has a robust relationship with UAE-based importers. Moreover, there are around **three million expatriates residing in the country, who tend to prefer Indian spiny lobsters**. **Price competitiveness** is a key purchasing criterion.
- Rock lobsters sourced from India come primarily in **whole raw and frozen formats**. **Frozen tails are also popular**.

Oman*

13.5 tonnes (12.1%), n/a

AUD0.2 million (5.5%), n/a

- Oman is the UAE's second largest trading partner in the Middle East. As they share borders to the east and northeast, **trade flow is high**.
- Both countries feature similar **regional tastes and preferences**, with Arab expatriates and the local (Emiratis) population preferring **Omani rock lobsters** for their **mild flavour**. Rock lobsters sourced are primarily **imported live and frozen**. **Frozen baby rock lobsters** are also popular.



"Australian live rock lobsters are known for enticing affluent customers, thanks to the bright colours of their shell as well as the tender and juicy meat."

- Sales Manager, Fish Processing Company

"Australian rock lobster tails are expensive for the food processing sector, though their tails are heavier and hold the freshness scent for more days when compared to those sourced from Norway or the US."

- Operations Manager, Seafood Importer



Australian rock lobsters benefit from a **superior positioning in the UAE**, as they are known for their **freshness scent, firmness and medium sweet and rich taste**. Their **high content of omega-3 and vitamin E** due to the sustainable farming methods practised in the country is another key attribute. Rock lobsters from Australia are, however, considered **one of the most expensive products in the UAE market**, particularly in comparison to those that are imported from Oman and India, which are about 50-60% cheaper.

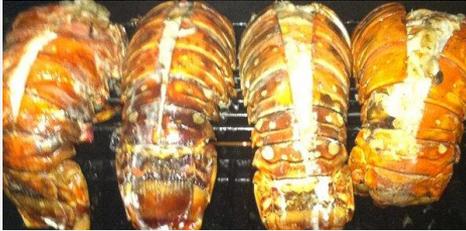
Channel and Consumer Preferences

Within retail, hypermarkets/supermarkets are the leading retail channels for rock lobsters in fresh (live), frozen and processed formats. This is driven by the extra layer of hygiene and safety procedures evident at such establishments. Fresh live open markets follow in importance, particularly for fresh and frozen formats.

Leading hypermarkets/supermarkets and open markets tend to import rock lobsters directly to ensure price competitiveness. By contrast, foodservice and food processing companies usually rely on local importers and distributors.

Growing appetite for rock lobsters in the UAE is driven by the coastal nostalgia connection among Arabs and the appeal of healthy protein sources among expats

Seafood, including rock lobsters on barbecue, preferred by Emirati and other Arab consumers



Emirati and Arab population consume BBQ rock lobster
Source: Image from Expotwoman

Arabs and local Emiratis often consume seafood during picnics. Their **cultural connections to marine environments** largely explains the increased "farm-to-table" consumption of seafood in general.

The UAE is a hotspot for BBQ, where parks such as **Al Safa and Zabeel** have dedicated BBQ spaces. **BBQ rock lobster tails are flavoured with just a few condiments such as lemon and salt**, as consumers already appreciate the **tender and sweet fluffy meat**.

Southeast Asian population in the UAE as a key consumer segment for rock lobsters

The Southeast Asian population is typically known to **consume rock lobsters at least twice a week**, with this being a **popular cooked seafood product at home**. Popular preparation choices include **hotpot, stir fry, grilled and/or baked rock lobsters**.

Moreover, the **UAE witnessed growth in the number of Chinese expatriates**, at 0.2 million in 2020, driven by enhanced UAE-China diplomatic relations. This has further boosted the appetite for seafood in the country, including rock lobsters.



Southeast Asian population prefers hotpot consumption
Source: Image from Timeoutdubai

Western expatriates' preferences for rock lobster determined by their healthy protein appeal



Healthy grill meats among Western population
Source: Image from Expotwoman

Western expatriates are one of the most health-conscious and nutrition-driven consumer segments in the country.

Rock lobsters, known as a rich source of **vitamin E, omega-3 fatty acids, proteins and minerals**, have been a valuable **crustacean included in this demographic's diets**. Western consumers prefer to **have the fresh and frozen meats from Europe and the US, which are associated with their native origins**. Rock lobsters are often served **grilled at home**.

Rock lobsters are present in hypermarkets/supermarkets, but open markets offer a wider assortment of both fresh and frozen products

Hypermarkets/Supermarkets

Open Markets

E-Commerce

Product Offer

- Imported **frozen rock lobsters** from several origins (eg **Somalia, India, Pakistan and the US**) are commonly available across the channel.
- **Frozen whole lobsters typically weigh between 500g and 1.2kg**, while frozen tails vary between 200g and 250g. Products are sold per weight at an average price of AUD43 per kg.
- **Live rock lobsters are sold between October and May only.** They have an average weight of 1.2kg to 2kg and the average price is AUD145 per kg.

- **Oman's rock lobsters are widely available in the channel in whole chilled (fresh) and frozen formats.**
- **Chilled rock lobsters are sold by weight**, at about AUD41.5 per kg. Meanwhile, **live rock lobsters are sold by unit**, with prices ranging from AUD115 to AUD135, regardless of the weight.

- **E-commerce has been trending for the delivery of both fresh and frozen seafood**, since the COVID-19 outbreak. **Fresh to Home and East Fish online stores**, for example, seasonally offer whole live lobsters from Greece at AUD115 per unit.
- Each **frozen rock lobster delivered to consumers is put in an airtight and vacuum-sealed foil pack, and delivered in ice boxes** to lock in product freshness. This also ensures compliance with the country's safety guidelines.

Australian Brands' Positioning

- **Availability of Australian rock lobsters is extremely limited. These are only found** in the frozen aisle **at high-end retailer, Spinneys**, which mainly caters to affluent consumers.

- **Australian rock lobsters were not identified in this channel during the research period**, with products of this origin being mainly imported during festive seasons.

- **Australian chilled and frozen rock lobsters are available across e-commerce (eg Noon Daily and Amazon).** Offerings depend on the product's seasonal timetable, **with weights ranging from 1kg to 2.2kg.** Prices are calculated per kg.

Open markets and e-commerce stores procure rock lobsters directly to achieve competitive pricing strategies, whereas hypermarkets consider distributors for steady supply

Hypermarkets/Supermarkets

Open Markets

E-Commerce

Shelf spacing/Marketing

- **Rock lobsters are positioned and displayed in the seafood aisle, along with other crustaceans.**
- Fresh (live) lobsters are placed in water tanks, while chilled and frozen formats are located in cooling aisles where a merchandiser assists consumers for hygiene and safety reasons.

- Each vendor in wet open markets has their wild caught fish and seafood laid on ice, and in **ice boxes labelled by country of origin** for identification.
- There are also aisles with fresh water for live species.

- Imported rock lobsters are segmented **under seafood. They are sold by size or weight. Origin and cuts are also highlighted features.**

Procurement

- Leading hypermarkets (eg Carrefour, LuLu and cooperatives) **import directly. However they also rely on distributors to lock in year-round supply.**
- **High-end supermarkets such as Spinneys opt for direct imports only** to ensure product consistency and quality.

- Open markets (eg **Souq al Jubail** and **Dubai Water Front**) are **communities of wholesalers and SMEs importers that procure directly at the port** to offer competitive prices.

- E-commerce follows a **similar procurement policy to open markets.**
- Players are also usually on a par with open markets in terms of price. However, on some occasions, they can be 10-15% more competitive than open markets.



In hypermarkets/supermarkets, there are dedicated frozen and live aisles for seafood. Both regional and other origins are identified through country of origin flags



Within hypermarkets/supermarkets, frozen whole rock lobsters are a common sight. The vast majority are marked with US and India flags



Live rock lobsters are available in both hypermarkets and open markets, but rarely in supermarkets during the winter season. After thorough cleansing, they are placed in live water for immediate sale



Imported and regional (Oman) rock lobsters are widely available in open markets. Frozen products are laid on mounds of ice



Rock lobster tail is the only marketable meat. It is available across most retail channels. It is typically placed on ice to maintain the tenderness and fluffiness of the meat



Australian rock lobsters are available online in both fresh and frozen formats. The lowest size is usually 1kg for whole rock lobsters. However, availability of tails and other processed formats remains limited



The experiential gastronomy trend in the UAE creates new opportunities for rock lobster recipes across both gourmet, fine dining and hotel restaurants

Casual seafood restaurant introducing rock lobster to expand consumer base



Rock lobster tails served with thyme at seafood bistro
Source: Image from BBC Goodfoodme

Casual seafood restaurants (eg Bayt al Wakeel) recently introduced rock lobster tails served with thyme, garlic and Middle East spices in their menu. The recent opening of bistros such as Budha Bar in Abu Dhabi is also expected to contribute to the positive outlook for rock lobsters. Budha Bar started serving rock lobster dim sum in 2019. This was followed by Siraj restaurant in Dubai, which now offers a new version of *kibbeh* (ie a Middle Eastern wheat dumpling filled with red meat and rock lobster meat).

© Euromonitor International

The emergence of both casual and gourmet dining concepts as a new avenue for rock lobsters

Speciality restaurants that offer both gourmet and casual cuisine is a fad now in the UAE.

Burger & Lobster, a key trending restaurant, serves burgers and rolls with fresh grilled and roasted tail meat with French fries.

Restaurants such as Joe Crab Shack and Urban Seafood have also recently included rock lobster in their fusion casual menus (ie lemon grilled tails, and signature lobster meat rolls).



Lobster tail meat grilled and served on a sub roll
Source: Image from Burger & Lobster Deliveroo page

Fine dining restaurants offering live cooking experiences with wild caught rock lobsters



Rock lobster tail cooked and grilled in a restaurant
Source: Image from Fairmont Hotel Fujairah

Fine dining restaurants are increasingly joining the experiential cooking trend in the UAE.

Various stand-alone fine dining restaurants (eg Seafood Market) and those located in hotels (eg The Copper Lobster, Seascape and Rock Fish) have complemented their menus with wild caught rock lobster recipes to capitalise on affluent consumers' preference for freshness and fluffy meat.

Casual dining restaurants use live and chilled rock lobsters from India, Pakistan and Somalia, while fine dining prefers only live wild caught for the fresh meat taste

Casual Dining Restaurants

Product Preferences

- Seafood casual dining restaurants often use **live and chilled rock lobsters** for their dishes (**eg stir fry, grilled with rice pilaf**). A few restaurants even display live **crustaceans in water tanks to induce consumption**.
- The majority of restaurants consume Asian (India, Pakistan) and Somalia-origin rock lobsters, due to their competitive prices. **Speciality seafood restaurants (eg urban seafood outlets)** also include **Western rock lobsters during festivities** such as Ramadan, Eid and Christmas.
- Rock lobsters or their tails are procured in **chilled/cold storage rigid plastic boxes of around 10kg (equivalent to 10 units) and about 2kg (or eight units)** as per their requests.

Australian Brands' Positioning

- **Australian rock lobsters are only considered by premium restaurants** in the UAE; such as **Bayt al Wakeel and Crab Market Restaurant and Lounge**, during festivities, or for private parties **catering to affluent consumers**.

Fine Dining Restaurants/Hotel Restaurants

- Fine dining restaurants and those within high-end hotels typically use **live wild caught rock lobsters for their exclusive recipes**. For example, **Fairmont Hotel Fujairah** procures wild caught rock lobster from Oman and displays them in water tanks.
- Fine dining restaurants, such as **Seafood Market**, prefer **fresh live rock lobsters** for the following dishes: **lobster tagliatelle and grilled rock lobster with garlic**.
- **Average weekly procurement** among fine dining restaurants is **5kg (about five units)**.

- **Australian rock lobsters are reserved for key festive occasions, corporate engagements and special requests** by customers who consider the origin of the meat important.

Casual dining restaurants rely on distributors for steady quality, while fine dining and hotels consider direct sourcing to shorten the supply chain from farm to table

Casual Dining Restaurants

Procurement

- Seasonality affects the availability of rock lobster-based dishes at restaurants. For example, **Urban Seafood** serves rock lobster all day long in winter (from October to May) whereas during summer (from June to August) it serves rock lobster only for evening feasts (**June to August**).
- On festive occasions or special days (private engagements, anniversaries, etc), these establishments go the extra mile to purchase fresh rock lobsters from retail on a per case basis or, alternatively, procure frozen lobster meat to satisfy their guests' requests.
- **Casual dining restaurants prefer local distributors for the consistency in quality, origin and pricing dynamics (weight rather than unit basis).**
- **Price and steady quality** are key determinants for seafood casual dining restaurants.

Fine Dining Restaurants/Hotel Restaurants

- At fine dining restaurants and restaurants at hotels, the kitchen team (chef, and food and beverage manager) is responsible for the purchase of ingredients to keep raising levels of service.
- Fine dining restaurants offer a haute cuisine experience to their guests. Therefore they prefer to deal with **direct importers** for quality and flavour purposes. For example, **Seascape in Wyndham Garden Hotel** uses chilled rock lobsters from India and Pakistan which are imported through a distributor. For Omani rock lobsters, it procures directly to ensure a **24-hours "farm to table"** experience.
- **Hotels consider both direct imports and local distribution** in order to cover any gap in supply. **Tails from the warm waters of Oman and Somalia are typically preferred.**

Rock lobster tail meat from both regional and international markets tops food processing's choice

Pre-cooked frozen tails popular among quick-service restaurants for ready availability



*Pre-cooked rock lobster, with salt and butter for quick meals
Source: Image from Kibsons.com*

Pre-cooked rock lobster tail meat from the US and Cuba is considered a **key ingredient for many quick meal recipes**, such as **stir fry**, **pilaf** (ie an Asian dish, similar to fried rice with lobster meat chunks) or **hotpots**. For example, **Butafish seafood restaurant** offers rock lobster dishes, including **Lobster Thermidor** which is popular among seafood lovers. This restaurant **procures pre-cooked frozen meats**.

Hotels prefer pre-cooked meat for **quick meal preparation during peak season (from October to December)**.

Cooked frozen whole rock lobster suitable for the catering segment

Frozen rock lobsters from Oman **cooked in salt and oil** are widely offered by the food processing sector. These are usually marketed as **ready-to-cook meats, marinated meats and ready-to-grill dishes**.

Processing companies (eg **Thomsun Group**, and **Reach FoodService**) offer **frozen whole rock lobsters in large quantities** catering to both ship chandlers and export markets. For example, **Noepe** (speciality seafood restaurant in Park Hyatt Dubai) consumes frozen whole cooked rock lobsters for its **lobster bun** dishes.



*Frozen rock lobsters cooked in salt and oil for easy grilling
Source: Image from www.pipf.ae*

Ravioli popular among Mediterranean diet lovers for quick meals



*Ravioli made from rock lobster meat consumed in horeca
Source: Image from paparedella*

Ravioli is one of the common dishes trending in the UAE, thanks to the popularity of **Mediterranean cuisine** among health-conscious consumers.

Leading e-commerce store **Kibsons** offers **rock lobster ravioli**. Fine dining restaurants, such as **BiCE Ristorante at Hilton Hotels**, also consume pre-packed rock lobster ravioli.

Seafood processors rely on rock lobsters from nearby markets, while packaged food manufacturers do not exhibit a clear origin preference

High Pressure Processing (HPP) Manufacturers

Product Preferences

- High pressure processing (HPP) is the only non-thermal technology that brings a high level of **functionality and nutritional values to products such as pre-cooked lobster meat**.
- **Omani whole rock lobsters are preferred by HPP companies** as this facilitates the utilisation of the entire crayfish, thus reducing losses. **Imported variants (Cuba and US) are preferred for the processing of tails**, due to price competitiveness.
- These companies typically consume **whole raw rock lobsters in insulated thermocol boxes in a range from 100kg to 300kg, and about 50kg for rock lobster tails** depending on the requirements of the final product (eg pre-cooked skinless meat).

Australian Brands' Positioning

- **Australian rock lobsters account for a negligible share**, with the sector preferring to procure crayfish **from other origins (eg Oman, India and Pakistan)** at a competitive price and availability year round.

Packaged Food Processors

- Packaged food processors (eg pasta) follow a similar pattern as that of HPP manufacturers. They procure rock lobsters in **bulk quantities ranging from 100kg to 500kg** (approximately 500-800 units when whole), plus about **100kg in tails (approximately 4,000 units)**. **Individually Quickly Frozen (IQF) rock lobsters are preferred**, as this reduces the ice formation on the product and ensures longer shelf life.
- In this sector, there is **no specific preference regarding origin**, as the meat is cooked and minced before being used simply as an ingredient in packaged food (eg ravioli pasta).

- The **penetration of Australian rock lobsters is also limited in this sector**, given there is no preference in terms of origin. The **key purchasing requirements are fresh tender meat and price**.

Consistent year-round supply, quality and competitive price are key purchasing factors within the food processing channel, which relies on both importers and distributors

High Pressure Processing (HPP) Manufacturers

Packaged Food Processors

Procurement

- HPP manufacturers do not experience any seasonality issues given year-round consumption across the country and export markets.
- The sector **procures directly from importers. However, manufacturers may also collaborate with local distributors** to ensure consistent supply.

- The procurement process is different from HPP, with **the sector relying more on local distributors and HPP manufacturers** due to less strict requirements in terms of lead times.

Distribution

Carrefour, LuLu, Spinneys and Al Maya are the leading modern retailers for rock lobsters in the UAE, with wide networks across the country



Carrefour Hypermarket

Hypermarket and supermarkets

Contact:

Majid Al Futtaim Hypermarkets
43 27th St - Port Saeed
Dubai

Tel: +971 4 393 9395

LuLu Hypermarket

Hypermarket and supermarkets

Contact:

LuLu Group International
Y Towers, PO Box 4048
Abu Dhabi

Tel: +971 2 418 2000

Spinneys Supermarket

Supermarkets

Contact:

Al Seer Group
Meydan Polo Residence
Nad Al Sheba 1
Dubai

Tel: +971 4 274 3333

Al Maya Supermarket

Supermarkets

Contact:

Al Maya Group
National Industries Park, Jebel Ali
Industrial 3, PO Box 8476
Dubai

Tel: +971 4 823 0000

Rock lobster sales via e-commerce are dominated by Noon Daily and Amazon, which are likely to keep gaining share thanks to their developed home delivery services



Noon Daily

Pure e-commerce

Contact:

Emaar Group
Boulevard Plaza Tower 24,
Mohammed Bin Rashid Boulevard,
7 Floor
Dubai
Tel: +971 8 003 6227

Amazon

Pure e-commerce

Contact:

Amazon Store
Dubai Internet City, Aurora Tower,
Office 1901
Dubai
Tel: +971 4 573 2000

Kibsons

Digital commerce

Contact:

Kibsons International LLC
Ras Al Khor Industrial Area, Ras Al
Khor Industrial Area 2
Dubai
Tel: +971 4 320 2600

Talabat Mart

Dark store retailer

Contact:

Talabat Middle East FZ LLC
Single Business Tower153, Sheikh
Zayed Road34, 35 Floor
Dubai
Tel: +971 8 0011 7117

Rock lobsters are commonly used by fine dining restaurants, followed by speciality and casual dining restaurants for a more niche clientele



Red Lobster

Casual dining chained seafood restaurant

Contact:

Red Lobster, Americana Group
Shop 112 [level LG], Unit LG - 112 -
3 - Financial Center Rd - Dubai
Tel: +971 4 325 3131

Bayt al Wakeel Restaurant

Fine dining speciality seafood restaurant (oldest seafood restaurant in Dubai)

Contact:

Bayt al Wakeel Restaurant
Inside Textile Souk, Besides Sea shore - Bur Dubai / Al Souq Al Kabeer - Dubai
Tel: +971 4 353 0530

Seascope Seafood Restaurant

Fine dining speciality restaurant/hotel (Wyndham Garden) restaurant

Contact:

Seascope speciality seafood restaurant, Wyndham Hotels and Resorts
Sheikh humaid bin rashid al nuaimi street - Al Nakhil / Al Rumailah 1 - Ajman
Tel: +971 4 701 4444

The Copper Lobster

Sea grill speciality restaurant/hotel (Fairmont Hotel and Resort) restaurant

Contact:

The Copper Lobster, Fairmont Fujairah Beach Hotel and Resort
Fairmont Fujairah Beach Resort - Rugaylat Rd - Fujairah
Tel: +971 9 204 1080

Leading seafood HPP and selected packaged food processors (eg pasta) are main end-users for rock lobster meat, with products then distributed to retail and foodservice



Gulf Sea Food

HPP processor, distributor, wholesaler and online retailer

Contact:

GSF Frozen Foods
Road N 604, Near Danube Metro Station, PO Box: 61115, Jebel Ali Free Zone, Dubai

Tel: +971 4 881 7300



East Fish Processing LLC

Importer, food processor and distributor

Contact:

East Fish Processing (Thomsun Group)
Al Jurf Industrial Area,
PO Box 2741 , Ajman, U.A.E

Tel: +971 6 744 4983/6 748 8750



The Deep Seafood Co LLC

Importer, HPP manufacturer and distributor

Contact:

The Deep Seafood Co LLC
PO Box: 81196, Dubai

Tel: +971 4 284 4227



Perfect International Fish Processing

Importer, HPP manufacturer and distributor

Contact:

Perfect International Fish Processing
Ajman Industrial Area,
Industrial Area 2

Tel: +971 6 766 4447

Australian exporters should engage with key links in the supply chain that usually act as importers, processors and distributors

Company	Type	Contact Details	Website
Asmak (Alliance Foods Company)	Importer and distributor	Alliance Foods Company LLC Plot No 5310227, Saih Shuaib, Dubai Industrial City, Dubai Tel: +971 4 564 8777	www.asmak.me
The Deep Seafood Co LLC	Importer and distributor	The Deep Seafood Trading Division PO Box: 81196, Dubai Tel: +971 4 284 4227	www.thedeepseafood.com
East Fish Processing LLC (Thomsun Group)	Importer, distributor and processor	East Fish Company LLC Al Jurf Industrial Area, PO Box 2741, Ajman Tel: +971 6 744 4983/6 748 8750	www.eastfish.com
Gulf Seafood (GSF Frozen Foods)	Importer, wholesaler, distributor, retailer and processor	Road N 604, Near Danube Metro Station, PO Box: 61115, Jebel Ali Free Zone, Dubai Tel: +971 4 881 7300	www.gsf.ae

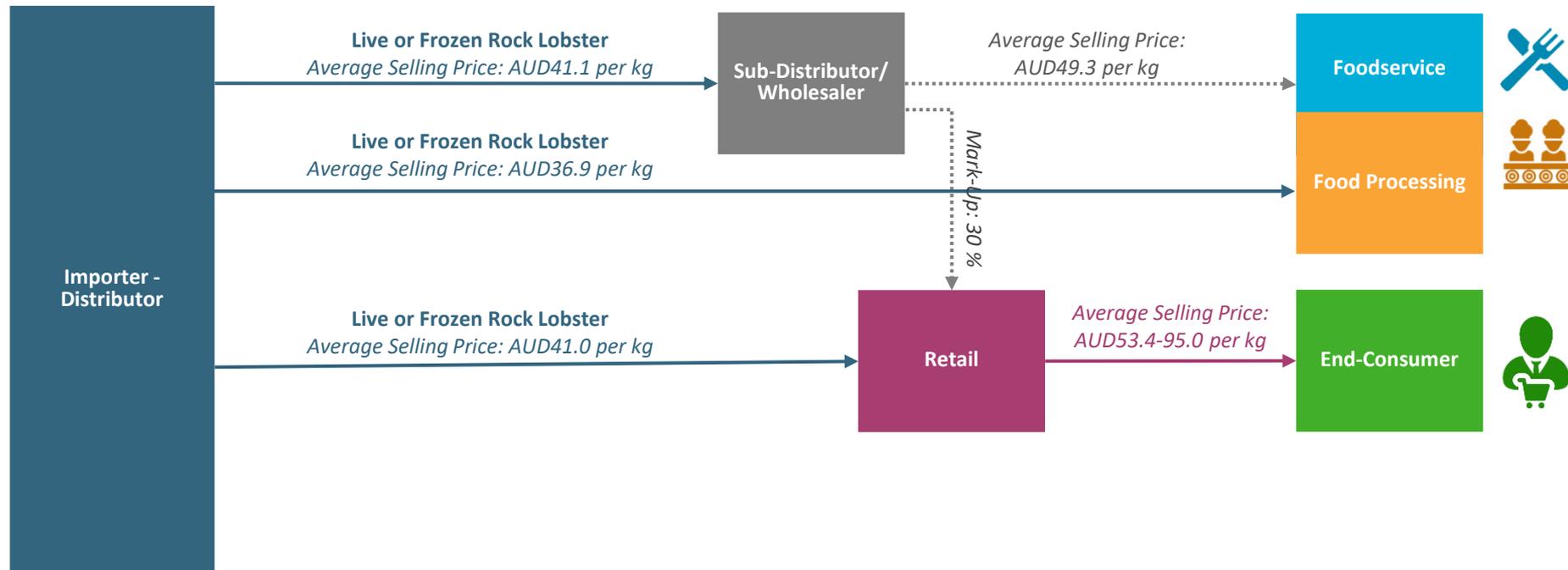
Pricing Analysis

Australian rock lobsters exhibit a higher unit price in comparison to other key exporting countries (by around 60%), due to the complexity of supply chain dynamics, and higher freight costs.

In the UAE, domestic retailers typically consider the bulk price and then add a mark-up of around 30%.

Food processing benefits from the most competitive pricing due to direct sourcing, while foodservice and retail rely largely on intermediaries

Imported Products Supply Chain



Source: Euromonitor International estimates as per store audits carried out in May 2021 and trade discussions
 Note: Average selling price includes tariffs and local taxes such as retail taxes.

Regional rock lobsters are commonly preferred for the shorter supply chain, intense taste and affordability over Australian imports (more than half the price per kg of Australian imports)

Hypermarkets/Supermarkets

Open Markets

E-Commerce

Price Competition

- The **average retail price of imported rock lobsters in live format (available in water tanks with a life of 4-5 days)** ranges between **AUD61.6 and AUD94.6 per kg**.
- The offering of frozen rock lobsters (including tails) is common in modern retailers. Their average price can reach up to **AUD57.5 per kg**.
- During festivities (eg **Christmas, Eid**), frozen rock lobsters benefit from **price discounts of around 10-15%**.

- Imported rock lobsters in live format (available in water tanks) are retailed at around **AUD61.6 to AUD94.6 per kg**, while Omani ones have a price tag of around **AUD32.8-39.1 per kg**.
- The offering of chilled/frozen rock lobsters (including tails) features an average price of **AUD47.5 per kg**. **Prices can vary based on the product size and country of origin**.

- **E-commerce follows a similar pricing trend to open markets** for both live and frozen rock lobsters. The average price range of live rock lobsters is **AUD53.4-61.6 per kg**.
- Frozen rock lobsters (including tails) range between **AUD34.0 and AUD47.8 per kg**.
- **Sales promotions** include price discounts of up to **15-20%**.

Australian Brands' Price Positioning

- Australian rock lobsters' availability is limited. Therefore, **Australian rock lobsters are retailed at the highest price**, which can go up to **AUD103.1 per kg**.

- Australian rock lobsters were not identified in this channel.

- Australian rock lobsters (live and frozen) are available across stores that specialise in seafood (eg **Fresh to Home, Eastfish**). These are typically sold at an average price of **AUD83.0 per kg**.

Competitive Environment

The rock lobster market in the UAE is dominated by local importers and fish processing companies, with a wider reach across both the retail and foodservice channels. The Deep Seafood Co leads the market, partly due to its imports from Cuba, Somalia, India and the US, and wide distribution network. Other established companies include East Fish Processing and Asmak Group.

The rock lobster market is highly concentrated and is dominated by large national importers, processors and distributors

Supplier	Retail Volume Share 2020	Unique Value Proposition
Asmak (Alliance Food Co)	20%	<ul style="list-style-type: none"> It is the leading aquaculture provider of fresh and frozen seafood across the Middle East, with a 60,000-tonne processing facility. It supplies to top tier retailers, leading hotels, caterers and restaurant chains. It is highly recognised for its wild caught fresh and chilled products portfolio. It holds a volume share of around 40% of fresh aquaculture products on retail shelves.
The Deep Seafood Co LLC	15%	<ul style="list-style-type: none"> The company features large warehousing capabilities (freezing plant, chiller rooms and cold storage). It is regarded as a key brand for consistent seafood quality supply and its competitive pricing strategy, with HPP capabilities to offer Caribbean and US rock lobsters to retail and foodservice. It accounts for about 25% of total volume sales of fresh and frozen seafood in retail.
The Gulf Sea Food	12%	<ul style="list-style-type: none"> It is one of the oldest seafood processing companies based in Dubai, catering to both retail and foodservice. It offers high-quality frozen products, including rock lobsters. It leads in terms of the supply of Caribbean and Indian rock lobsters (whole and tails) to the foodservice channel.
East Fish Processing LLC (Thomsun Group)	10%	<ul style="list-style-type: none"> It is a global leader within the seafood industry. It engages in the sourcing, processing and marketing of seafood products including rock lobsters, with its in-house brands Eastco, Coral Blue and CFP notably recognised as leaders. Rock lobsters are pre-cooked and then packed in vacuum-sealed packs, which are highly demanded by the retail and foodservice channels.
The Seafood Treasure	4%	<ul style="list-style-type: none"> It specialises in lobster offerings (including rock lobster) from Oman, China, India, Vietnam and Somalia. It serves both the retail and foodservice channels as well as wholesalers with value-added products such as breaded processed products. It is regarded for fresh, chilled and frozen rock lobsters in whole, tail, meat and cooked formats.

Source: Euromonitor International estimates and compilation as per secondary research (Asmak, Gulf Seafood, Asmak, among others) and trade discussions

Note: Market share estimates refer to retail volume sales of leading players in 2020.

The Deep Seafood Co leads the foodservice market, whereas East Fish Processing caters to both the foodservice and retail channels

US Whole Rock Lobster by The Deep Seafood Co



Very long, thick, spiny antennae and no claws

The Deep Seafood Co offers **fresh, frozen and HPP seafood**. Rock lobsters in frozen **whole format are among the best sellers, followed by tails** sourced from the US and available through both retail and foodservice channels. The average weight of the whole format is **900g to 1kg**, and the average tail weight is about **250g**.

Caribbean Rock Lobster Tail Halves by Gulf Seafood Co



Reddish brown shell, with light cream and dark brown colour spots on the tail

Gulf Seafood is one of the oldest distributors of **frozen and processed seafood** in the UAE. One of its best sellers is **rock lobster tail halves** consumed **across the retail, foodservice and food processing channels**.

The average weight of the tail halves is around **300g**.

Cooked Rock Lobster Meat by East Fish Processing



The lobster tail meat is more fluffy and light pinkish than any other lobster meat

East Fish Processing is a leader in fresh, frozen and processed seafood products. One of its **best-selling products is rock lobster meat (cooked and pre-cooked)**, available in two formats, **whole tail and chopped tail**.

The average cooked tail weight is around **200g**.

Import and Trade Regulatory Landscape

Dubai and Abu Dhabi are major trade hubs, providing access to both regional and international markets. Along with the three government entities in the UAE that control the majority of imports (ie Department of Economic Development (DED), Dubai Customs and the Food Control Authority), the Ministry of Climate Change and Environment (MOCCA) also contributes to ensure compliance in terms of live imports.

Importers of processed rock lobsters have to be registered with the Food Import and Re-export System (FIRS) and comply with the commodity and labelling requirements determined by the Emirates Authority for Standardization and Metrology (ESMA).

The UAE follows the rules of the GCC Standardization Organisation for packaging and labelling of fresh and processed rock lobsters



Packaging Requirements

GSO standards 524:1994, 1753:2006 and 1992:2009 are mandatory in the UAE

- The UAE follows the **Gulf Standardization Organisation's (GSO)** technical regulations regarding food contact materials. Key standards are included in regulations **UAE.S GSO 524:1994** and **UAE.S GSO 1753:2006** issued by the **Food Contact Materials (FCM) of the UAE**. Compliance with **UAE.S GSO 1992:2009**, and **UAE.S GSO 1973:2010** is also mandatory.
- **ESMA** is the authority responsible for developing and adopting these packaging standards in the UAE.
- Packaging for pre-packaged seafood should be of **suitable design, and provide protection to the product to ensure its shelf life. Packaging materials should not pose a threat to the food** when stored and handled under hygienic conditions to **minimise the risk of contamination**.
- **IQF** is a common practice for frozen rock lobster, as each individual piece is frozen quickly and individually. It is a well-known and efficient technology used for quickly freezing products. Typically, the quality of the finished IQF product is superior compared to that of a product frozen by cold store freezing.



Labelling Requirements

UAE health authorities require advance label approval and product registration

- The UAE standard UAE S.9:2017 "Labelling for Pre-Packaged Food Stuffs" recently replaced GSO 9:2013. Other key regulations include **UAE.S GSO 2333:2013** and **UAE.S GSO CAC GL1** regarding the use of **health claims**.
- Foreign suppliers are required to apply for a **label assessment prior to the product entry in the country** through the National Scheme for Food Accreditation and Registration. Its goal is to **verify product compliance with the country's food laws**.
- Labels must contain product and brand name, lot number, country of origin, manufacturer name and address, ingredients and additives, fats and oils used as ingredients, barcode, instruction for storage and use, net content weight in metric units, nutritional declaration, and name of the food, packer, distributor or importer. The language used on packaging labels of foodstuff must be **Arabic only or Arabic/English**.
- Products also must hold a certificate that guarantees that **farmed fish/seafood is not fed with pork protein or its derivatives**.
- All other aquatic animals including their by products shall be clearly labelled as "non-scaled fish". A **"use by" date** ("use before", "recommended last consumption", "expiration date") is also required for processed fish products.

In Dubai and Abu Dhabi, which account for the vast majority of import flows, paperless electronic customs systems are fully operational



Transportation Requirements

The majority of imported rock lobsters is procured through airfreight transport routes

- The **UAE is the air cargo hub** of the Middle East region and has a **capacity of 16 million tonnes of cargo per annum**.
- The average lead time **between Australia and the UAE** through airfreight routes is **42 hours (versus 35 days via sea)**. The **airfreight route** is the most commonly used mode of transport for trading fresh products, while **maritime** is common for frozen and processed rock lobsters with the country.
- UAE Customs **offers a bonded warehouse system with state-of-the-art hubs at airports with extensive cool chain facilities**, enabling food product storage for a week without **paying customs duties**. **This can be extended to longer long periods upon payment of a fee**.
- The **flow of cargo vehicles from airports (discharged air cargo) to importers' warehouses is managed by an e-token system** that ensures traceability of the commodity and/or product in the country.



Documentation and Customs Processes

The UAE follows stringent customs procedures

- Although customs procedures are unified, the **customs department of each emirate, or cargo airport authorities is responsible for applying them, and different customs systems are used**. In Dubai and Abu Dhabi, paperless electronic systems are fully operational.
- Mandatory documentation to import directly **to the UAE mainland** includes a **copy of the Bill of Lading, commercial invoice, packaging list, certificate of origin, and import declaration application**. The information in these documents is verified by **UAE Customs**, which may order the cargo to be inspected. **Port dues can be settled online** at any time after the importer receives the delivery.
- Importing **to free trade zones** means that **products are exempted from customs duties**. Besides the documentation required for imports into the UAE mainland, it is mandatory to present **importer code, import permit, sales invoice** (good description, quantities and value), and free zone goods conformity. These documents need to be delivered at customs centres located in free zones. A **Free Zone Transit** (bill entry) is then issued to clear goods, which may be collected after customs clearance upon payment of storage, handling and other port charges.

Source: Euromonitor International as per Dubai Municipality's Food Code 2020, Abu Dhabi Food and Safety Authority, Packaging Law and Export.gov

Container ships through Jebel Ali and Mina Rashid ports are the standard method chosen when transporting fresh food to the UAE

UAE's Ports of Entry



Jebel Ali Port, Dubai

Operated by DP World, Jebel Ali Port is the **largest in the Middle East, with over 80 marine and inland terminals**. The port's container **handling capacity is 22.4 million** twenty foot equivalent units (TEUs). It offers **cool and cold storage facilities spread across 9,665 sq m**.

Mina Rashid Port, Dubai

Port Rashid - the first commercial port established in Dubai and also operated by DP World - is an attractive site for non-containerised cargo, especially for **breakbulk and roll-on/roll-off vessels**. The port provides easy access to the Middle East, Iran and Africa.

Mina Zayed Port, Abu Dhabi

Mina Zayed Port is located in the northeast of Abu Dhabi. It features two deep basins for general cargo vessels and cruise liners, **spread over 5.3 million sq m**. It has **21 berths accommodating warehousing and cold storage facilities covering more than 143,000 sq m**, with a capacity to handle up to 10 oceangoing vessels at any one time.



About 90-95% of inbound freight is ocean freight, much of it transported in shipping containers.



More than 50% of freight imports into the UAE are managed through Jebel Ali Port in Dubai, followed by Mina Zayed Port in Abu Dhabi.



About 60-65% of total frozen seafood volumes sourced from overseas are imported through Jebel Ali Port.

Imported rock lobsters are exempt from customs duties, yet 5% VAT became effective in 2018

UAE's Tariffs and Quotas



Rock Lobster (HS codes 030631, 030621, 030611 and 030691)

0% Standard Tariff Rate

5.0% VAT

There are **no quotas nor customs duties** on the imports of rock lobsters to the UAE.

The **UAE Customs Authority**, or the respective port customs centres, are responsible for the customs process and goods clearance.

Every imported commodity is obliged to pay 5% VAT, effective from January 2018.

Negotiations regarding an **Australia - Gulf Cooperation Council free trade agreement (FTA)** started in 2006, but **were halted in 2009**. However, the GCC has renewed its interest in pursuing an FTA with Australia, and internal consultations have commenced again.

Source: Euromonitor International as per Dubai Customs

Opportunities and Challenges

The outlook for both fresh and frozen rock lobsters is positive in the UAE over 2021-2025, supported by the rise in per capita seafood consumption and premiumisation trends.

Australian exporters, however, face stiff competition from other origins with a more consolidated position in the market, such as Cuba, Oman and India. The establishment of a set of differential lobster weights across channels to enhance awareness and capitalise on Australia's reputation for high-quality and native origin may prove a successful strategy to drive volume sales.



OPPORTUNITIES

Rock lobsters in frozen format show great import opportunities into the UAE market

- The **UAE lacks local harvesting of rock lobsters**, which means a **reliance on imports** from Oman, India and Pakistan.
- Recent **turbulent trade relationships** between the **Horn of Africa and the UAE** can constitute an **opportunity for exporters of rock lobsters from other origins in the supply of frozen rock lobsters** to the UAE.
- **Consumers are increasingly keen on consuming native origins of rock lobsters (ie Australia and Ireland)** given their higher nutrient value in terms of protein and omega-3 fatty acids in comparison to products sourced from Asian origins.
- **Processing** companies have recently enlisted new value-added products (eg **rock lobster minced meat** for preparation of ravioli, and **cooked meats for dining** at home). Recipe innovation is expected to be another avenue to increase export volumes to the UAE.
- **Expo 2020 Dubai, delayed to late 2021, and the inclusion of rock lobsters in menus of more foodservice establishments** are also expected to be key growth market drivers.



CHALLENGES

Supply chain concerns hamper the availability of affordable live and frozen spiny rock lobsters from native origins (ie Australia and Ireland)

- **Pakistan and Indian rock lobsters compete heavily on price** (which is about **25-50% more competitive than Australia-origin products**), which is a key criterion for both the foodservice and food processing channels.
- **Oman** is also favoured for its **shorter supply chain, price competitiveness and mild taste preference** among seafood lovers. Moreover, rock lobsters from Oman are widely available across key retail channels.
- **Transit times for live rock lobsters can also pose a challenge.** For example, the transit time for fresh rock lobsters from Norway and the US is about 35 hours. This compares with 42 hours for Australia-origin products.
- Challenges around Halal certification can arise for farmed seafood, as currently no one certifies feed and therefore certificates are not granted.

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Thank you

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