

# ***FUTURE OF IMPORTS IN THE MIDDLE EAST***

***2021 Edition***



**DIGITAL  
TRADE  
EXPO**



MIDDLE EAST  
**Organic &  
Natural**  
PRODUCTS EXPO DUBAI

**MARCH | JUNE | SEPT**

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## **Introduction**

Towards the end of 2019, a certain zoonotic virus entered the world and disrupted everything in its path. The COVID-19, or Coronavirus, is a virus that affects the respiratory tract and spreads like wildfire without precautions. Little did we know that this virus would meander into other parts of our daily life, changing the world as we know it and creating a 'new normal'.

Millions of cases affected individuals around the world, with around 114 million cases recorded as of March 2021 and over 2.5 million cases in the MENA region alone according to the World Health Organization. The well-oiled engine that dictated everyday trade started forming cracks and one of the segments hit the hardest is imports.

This whitepaper will look at the impact of COVID-19 on exports and imports around the globe, specifically the MENA region, and will go on to see how Online, Offline and Hybrid platforms can increase global trade post-pandemic.



## What The Pandemic Did To Global Trade

During the first half of 2020, the World Trade Organization had estimated that total global merchandise trade volumes would fall by 12.9% during the year. **As 2020 progressed and people had found a way to work around difficulties, the forecast changed to 9.2%. While expected to pick up in 2021, with a 7.2% growth, the estimate is still well below pre-pandemic levels.**<sup>[1]</sup> Moreover, just at the start of the pandemic, more than \$50 billion worth of exports were instantly wiped out.<sup>[3]</sup>

In the MENA and GCC, while life is progressing back to normal, the second pandemic wave has imposed more restrictions. As the oil and non-oil sectors had been hit, the GDP contraction in GCC countries was 5.3% in 2020.<sup>[4]</sup>

However, it isn't all bleak, and this is largely due to a range of solutions employed to try and match up to pre-pandemic levels. Specifically, **in the MENA region. In fact, GDP recovery in the GCC is expected to be up by 2.4% in 2021.**<sup>[4]</sup>

Around the globe, Chinese exports have increased by nearly 10%, while exports in India have grown by 4% and South Korea by 8% by mid-2020. However, west and south Asian regions still felt most of the brunt with exports dropped by 29%, a better figure than the 41% decline recorded in early 2020.<sup>[5]</sup>

It is safe to conclude that while the early pandemic era saw myriad drops in trade volumes, imports and GDP, the latter half has seen a slight rise but is nowhere near pre-pandemic levels. However, by implementing a set of offline, online and hybrid tools, we will most likely see an even further increase in 2021 and beyond.



***The Three-Fold Solution***

***That Can Change***

***The Trade  
Game***



A blue-tinted photograph of three men in business attire and face masks. The man on the left, wearing a dark suit and glasses, is gesturing with his hands while looking down at boxes of 'Premium Fresh Herbs'. The man in the center, wearing a light-colored shirt and glasses, is also looking down at the boxes. The man on the right, wearing a dark shirt and glasses, has his arms crossed and is looking towards the other two men. They are standing in a large, brightly lit hall, likely a trade show or exhibition. In the foreground, several cardboard boxes are visible, some labeled 'Premium Fresh Herbs' and 'Flowers with Care 972-4-484848'.

**OFFLINE**

## Trade Events

Events have picked up a lot in the GCC, especially from December 2020. Now with proper COVID-19 precautions <sup>[6]</sup> visitors can enjoy all features of an event and exhibitors can create business opportunities. In fact, **the event calendar for physical events in the UAE seems to be completely full as of March 2021.** <sup>[7]</sup>

One of the main niche trade events in the region, the Middle East Organic and Natural Products Expo, was held successfully in the UAE at the Dubai World Trade Centre from December 15<sup>th</sup> to December 17<sup>th</sup>, 2020. The event witnessed millions of dollars of business transactions, saw 323+ pre-arranged meetings daily, more than 1300 registered VIP buyers, and a whopping 36% increase in visitors from last year in a pandemic era. This just proved the potential for trade events to flourish with appropriate protocol. <sup>[8]</sup>

The Expo also hosted exhibitors from around the world, and some eye-catching products have been successfully imported to the UAE. However, the offline effort wouldn't have taken off if not for the support of robust online activities.



## **GCC Intercountry Trade Policies and Reliance**

The GCC is highly reliant on imports, due to a lack of abundant natural resources. Food Security has always been a topic of contention. Kuwait is one of the front runners of this initiative, ranking 33 out of 113 countries in the Global Food Security Index 2020.<sup>[9]</sup> Moreover, the government of Kuwait proposed to create a join food supply network among GCC countries, with unique border control and customs checks for facilitating easier movement of food and medicines. They also struck deals with Egypt and Brazil for importing certain essential food.<sup>[10]</sup>

Meanwhile, **the UAE ranked #42 in the 2020 Food Security Ranking.<sup>[9]</sup> Some of the fastest growing trends in the Food and Beverage Market were naturally healthy food, with a 4.9% increase from 2019 to 2020, organic packaged food with an 8.7% increase and free-from food with a 9.6%. Top countries the UAE imports from include India, Brazil, USA, Canada and Australia according to a report by Dubai Chamber. Total Food and Beverage imports also increased by 6.7% in Dubai from 2019 to 2020 according to Dubai Customs.<sup>[11]</sup>**

With intercountry cooperation, imports are welcomed even more. Once a brand has gained entry to the GCC market, they would find it easier to penetrate different countries.



## Retail Avenues

Retail-intensive cities in the MENA aren't slowing down anytime soon. One of the primary reasons is the effective control on COVID-19 cases through proper adherence to rules. In fact, Dubai's retail area is all set to increase by 40% by 2023 and Abu Dhabi is expected to grow by 28%. Meanwhile, Riyadh will see a 20% rise by 2023. Regional malls will form 70% of the new retail area.<sup>[12]</sup>

Much of the success of these retail outlets depends on diversification and experiential marketing. Especially in a cosmopolitan country such as the UAE where people of numerous nationalities reside. It will become important to import products, brands and so forth from target countries of expats.



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- **Riyadh will see a 20% rise by 2023.**
- **Regional malls will form 70% of the new retail area.<sup>[12]</sup>**

## Summary

*The GCC has leveraged innovative tools, retail expansion plans and intercountry cooperation to ensure that import quotas are met. Meanwhile, even though physical trade events were halted during the first half of 2020, it picked up in the second half and has allowed suppliers from all over the world to exhibit in the MENA and bring products to the region.*

# ONLINE



## Consumer's Preference

According to a survey by Euromonitor, industry leaders in the F&B sector stated that online shopping will be a permanent to mid-term solution. A major reason for this is the change in consumers' preferences. Moreover, there are still fewer chances to eat at home despite an ease of restrictions in the MENA region and several foodservice occasions are celebrated at home.<sup>[13]</sup>

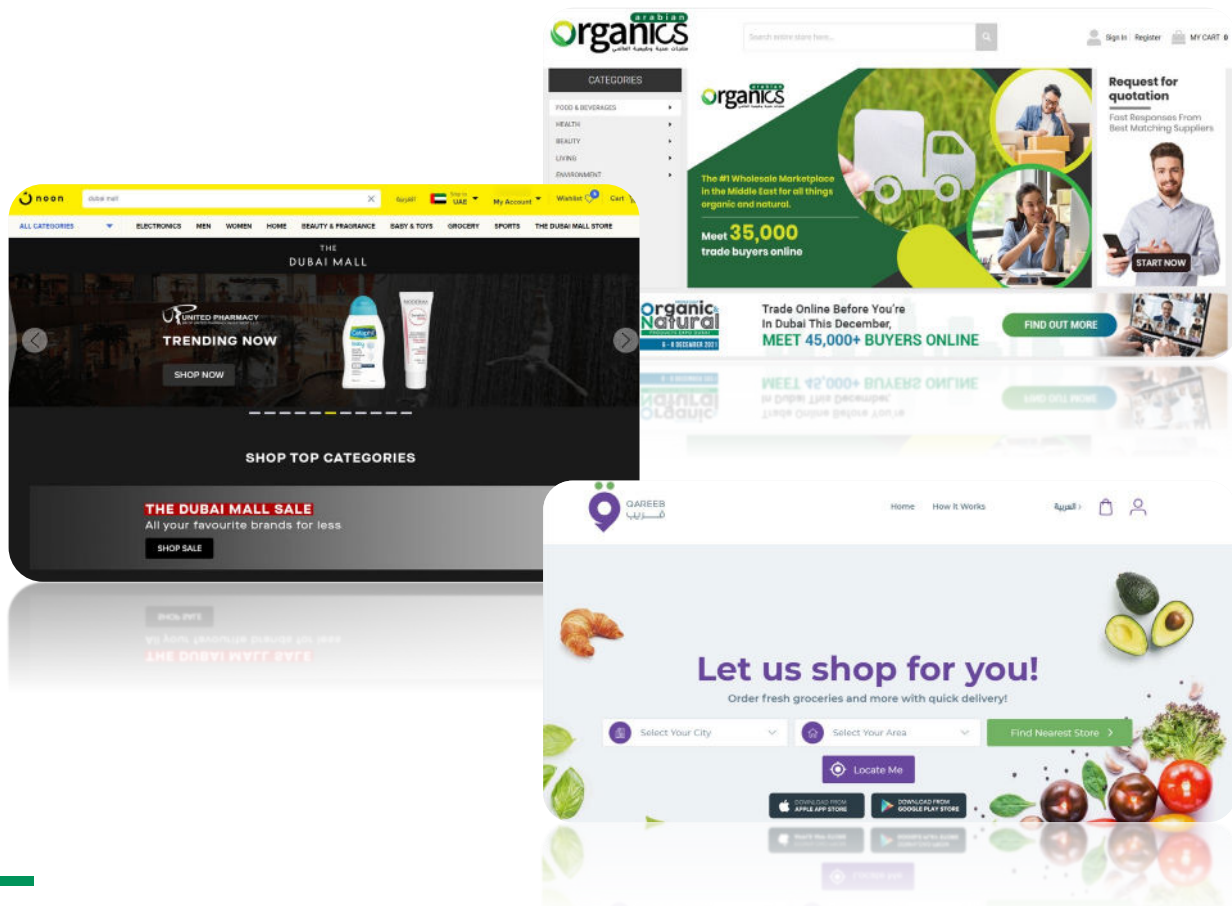
For health supplements and vitamins, seeing how immunity is a major topic in today's era, there was a 200% growth in online sales in 2020 as per a representative of The Thumbay Group <sup>[14]</sup>. For the beauty sector, consumers rely a lot on online beauty influencers to make purchasing decisions. A prime example is the business of Huda Kattan, a Dubai-based Iraqi-American entrepreneur of Huda Beauty, who started out as an influencer and now owns a USD 1.2 billion cosmetics line. With features such as Facebook and Instagram shop, we can see why consumers are shifting online. <sup>[12]</sup>



## Mass Investment in eCommerce

Private sector companies form a huge part of the landscape in the MENA region, specifically the GCC. With the advent of COVID-19 and lockdown restrictions, such companies were made to adapt to a new normal, making the most of digital solutions. In the UAE, for example, the largest retail space, The Dubai Mall, now has its own virtual store on popular regional platform noon.com.<sup>[15]</sup> Meanwhile the Mall of the Emirates launched an online shopping portal titled 'Trends at Your Doorstep' and multinational retail chain Carrefour in the UAE expanded its online portal for extra convenience.<sup>[16]</sup>

According to Statista, revenue from **e-commerce earned by the Kingdom of Saudi Arabia will rise from \$5bn in 2019 to \$8bn or more by 2024**. Around 36% of CEOs in the GCC said they had invested in automation hardware or software as per OBG's Gulf Covid-19 CEO Survey. This proves that private sector companies in the GCC are looking towards the future and investing in digital platforms that would enable them to import products of choice for consumers.<sup>[17]</sup>



## B2B Online Trade

The B2B sector isn't far behind in terms of online trade. The Middle East Organic and Natural Products expo organized the Digital Trade Week, a series of online trading events from May to September 2020 which included real-time enquiries for suppliers of organic and natural products from buyers in the MENA region. These weeks also included webinars with thought leaders from various sectors in the industry.

In total, more than 44,000 live buyers attended, 2,800 pre-scheduled meetings were realized, and more than 4,366 product enquiries were generated through the Arabian Organics platform <sup>[19]</sup> making it a huge success. This platform offers end-to-end services for international wholesalers and MENA buyers to connect and do business, while taking care of each supplier's shipping requirements if needed. Other companies have also started to leverage B2B online trade avenues to connect with suppliers from all over the world and increase exports to the MENA region.



**44,000 live buyers attended**

**2,800 pre-scheduled meetings**

**4,366 product enquiries**



## Summary

*Consumers are moving towards online sourcing options and private companies have noticed, investing millions of dollars into eCommerce platforms, thus increasing the demand for international imports. Meanwhile, B2B platforms and events have increased the exposure of international suppliers to the GCC market with end-to-end fulfillment options.*






# ***HYBRID***

## **Omni-Channel Retail Channels**

Bringing the online and offline experience together through click-and-mortar strategies is inevitable now. During lockdown restrictions in the MENA region and around the globe, online reigned supreme, but people still yearned to venture outside. Now, with an ease in restrictions, people are going to malls, supermarkets and so forth for offline shopping, while retaining a major portion of their online experience. The same goes for private companies. Omni-channel retail has become more popular than ever before, where consumers can pick up their shopping experience from both physical and online stores.<sup>[12]</sup>



**Sales went up after brands made a shift to the digital space, and the increase in e-transactions has more than made up for the lost revenues at the physical stores.**

## Successful Trading Outlets

As mentioned before, the Middle East Organic and Natural Products Expo hosted several Digital Trade Weeks from May to September 2020. The effort had an excellent online to offline conversion rate with 41% of the virtual show attendees visiting the actual show at the Dubai World Trade Centre from the 15<sup>th</sup> to 17<sup>th</sup> December 2020. Similarly, several thousand online enquires on the Arabian Organics platform lead to sizeable offline sales and transactions.<sup>[8]</sup>

The success of the Digital Trade Week has led to the organization of full-fledged Digital Trade Expos in March, June and September 2021, three-day online events, on different segments of the organic and natural industry, culminating in the physical show from December 6<sup>th</sup> – 8<sup>th</sup> 2021.



This presents a wonderful opportunity for suppliers from all over the world to export their products to the MENA region through a tried and tested hybrid platform.<sup>[18]</sup>

## Summary

*Hybrid methodologies and combining online with offline trade platforms is a sure shot booster of exports from international countries to the MENA region or across the globe. If companies want to survive in today's era, it's important to make use of both resources for long-term gain.*

## Conclusion

While the COVID-19 pandemic changed the landscape completely and reduced overall imports in the MENA region, innovative offline, online and hybrid outlets are leading the way to recover.

Opportunities present in the offline space are organizing trade events, benefitting from intercountry cooperation, especially in the GCC region, and the expansion plans of retail spaces in Dubai, Abu Dhabi, Riyadh and other cities.

For the online segment, private investments coupled with consumer's choice will promote the upward trend of international exports. Moreover, commercial trade weeks and B2B wholesale trade platforms will surely pickup in the coming years.

Combining the two platforms, hybrid solutions are already making their way into retail stores through click-and-mortar strategies. Online to offline conversions, such as digital expos and webinars to physical events are also on the rise and will be the way of the future.





The Middle East Organic and Natural Products Expo Dubai is the Middle East's sole business event that focuses on organic and natural products. It has been connecting suppliers with buyers for 19 years and is held under the patronage of the Ministry of Climate Change and Environment UAE and supported by International Federation of Organic Agriculture Movements (IFOAM).

UAE, where the Expo is held, also holds the position as the third largest re-exporter in the world, with over \$546 Billion worth of goods being sent out from the trade hub. Its unique location allows it to link hemispheres together, making it a popular center for re-export.

The show has been feeding the organic demand in the region through innovation, strong trade relationships and robust online trade solutions.

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