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GCC Food Market: Analysis By Category (Cereals, Fruits, Vegetables, Dairy, Meat and Others), By Region (Saudi Arabia, UAE, Oman, Kuwait, Qatar and Bahrain), Size and Trends with Impact of COVID-19 and Forecast up to 2028

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Abstracts

GCC typically refers to the Gulf Cooperation Council, a political and economic alliance of six Middle Eastern countries—Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates. The food in this region is a delightful blend of flavors, reflecting the rich cultural heritage and the availability of diverse ingredients. GCC food market by consumption is expected to reach 59.64 million MT by 2028, growing at a CAGR of 2.90% during the forecast period of 2023-2028. The GCC Food market holds immense potential for growth and innovation due to its strategic location and the region's burgeoning population.

The GCC Food market growth is driven by factors such as increased population, per capita income, and tourism. The millennial population is increasingly recognizing the importance of health and well-being, leading to a market for plant-based and organic food products. The GCC food sector has become more self-reliant over the last decade, driven by government efforts to increase domestic food production, reduce food wastage, support research and development, and streamline logistics. Governments have invested heavily in expanding local desalination capacity, supporting the growth of various fruits, vegetables, and cereals. Private sector participants are exploring opportunities for value engineering, optimizing efficiencies, and leveraging strong partnerships to build a robust food ecosystem. The GCC nations are also establishing strategic partnerships and investing in agricultural lands abroad to strengthen their food security system and meet rising demand. The industry is undergoing significant transformation, focusing on reinventing itself by deploying higher levels of automation

and new hydroponic and organic farming techniques. GCC food market production in 2022 stood at 17.35 million MT.

The GCC's arid conditions, including high temperatures, rare rainfall, and limited non-renewable groundwater resources, hinder conventional agriculture. The region relies heavily on food imports, with Saudi Arabia and the UAE being the largest importers. However, initiatives like organic farming and technology-enabled processes have helped boost production, reducing dependency on imports. GCC food market imports in 2022 stood at 34.15 million MT.

Market Segmentation Analysis:

By Category: According to the report, the GCC food market is segmented into six segments based on the category: cereals, fruits, vegetables, milk, meat and others. Cereals have remained the most consumed food category in the GCC in 2022, primarily because cereals like rice, wheat, and barley are staple foods of the region. Also, cereals remained the largest food item imported in the region. However, the consumption of cereals declined during the historical years. Whereas, vegetables segment is the fastest growing segment, primarily due to rise in health awareness among consumers and as consumers turn health conscious amid the rising incidence of NCDs, the demand for fresh produce and pesticide-free food with high nutritional value increases.

By production, fruits segment acquired majority of share in the market in 2022, primarily due to favorable climatic conditions, advanced agricultural practices, and strategic initiatives. Certain areas within the GCC boast climates conducive to fruit cultivation, and the region has embraced advanced agricultural technologies like controlled environment agriculture and precision farming.

By Region: The report provides insight into the GCC food market based on the region, namely Saudi Arabia, UAE, Oman, Kuwait, Qatar and Bahrain. Saudi Arabia held the highest market share in terms of both, consumption and production in 2022. The growth is attributed to large consumer base, growing tourism sector, economic development, rising disposable income, and increasing preference for healthy, protein-rich food due to rising prevalence of NCDs. The government's efforts to enhance food security and reduce dependence on imports have led to increased domestic food production. The country plans to build 1,000 new dams and develop a US$10 billion action plan to boost domestic production, diversify food sources, and reduce dependence on imports, which will further drive the local food production in the region.

On the other hand, Bahrain is expected to record the highest food consumption growth in the GCC, with a significant GDP rise between 2023 and 2028. Bahrain's growing tourism and population are expected to drive a strong demand for food. In November 2023, Bahrain launched a national strategic food production project that will generate large stocks locally. Under the project, local produce from farms are expected to reach more than 520 tonnes by 2024 with the first shrimp aquafarming scheme to be introduced amongst several fisheries aquafarms across the country.

GCC Food Market Dynamics:

Growth Drivers: The GCC's growing population, expected to reach 59.7 million by 2025, is driving the food consumption. With a growing and diverse population, there is a need for a wide range of food products to meet different tastes, dietary preferences, and cultural requirements. This diversity in demand encourages innovation and variety in the food market, driving the food market growth. Further, the market is expected to increase due to rising disposable income, GDP growth, urbanization and modernization, expanding food services sector, rise in tourism sector, etc.

Challenges: The GCC region is located in a hot desert climate due to which region faces challenges in domestic food production due to scarce water resources, high temperatures, and poor soils. With only 19.5% of land being agricultural, and the region's increasing salinization and desertification, food imports are heavily reliant. Other challenges that the GCC food market faces is supply chain vulnerabilities due to its heavy reliance on imports.

Trends: A major trend gaining pace in GCC food market is growing awareness of healthy eating and rising demand for organic food. The GCC population is becoming more concerned about chronic diseases, leading to increased awareness of healthy eating. Regional governments are promoting non-processed foods and reducing sedentary lifestyles. The UAE and Saudi Food and Drug Authority are leading in promoting community wellbeing and healthy eating habits. Also, GCC governments are enhancing local food production, supporting food trade, and diversifying import sources through partnerships and investments. They are also focusing on precision agriculture using data analytics, drones, AI, and IoT. Saudi Arabia's NEOM plans to construct sustainable food systems using technologies from the King Abdullah University of Science and Technology. The UAE's National Strategy for Food Security aims to become a global food security leader by 2051. Qatar, Kuwait, and Bahrain have implemented strategies to improve food security, including improving local self-sufficiency, promoting local and foreign investments, and securing agricultural investment opportunities. More trends in the market are believed to augment the growth of GCC food market during the forecasted period include technological advancements, like vertical farming, aquaculture, aquaponics, hydroponics etc.

Impact Analysis of COVID-19 and Way Forward:

The COVID-19 epidemic had a negative impact on market trends in GCC food market. The GCC food market has been significantly impacted by supply chain disruptions, decline in tourist visits, and changing consumer behavior. The food industry has seen a shift towards online shopping and home delivery services, while consumers have shown increased interest in health and wellness products, including organic and immune-boosting foods.

The food and beverage industry in the GCC economies has seen a strong recovery post-pandemic, with rising incomes, a growing young population, and normalization of tourism driving growth. The industry is focusing on innovation, offering new options like plant-based, keto, and gluten-free products. Ecommerce growth, electronic payment, digitalization, and social media influence are also driving growth. The organic and convenient packaged food segment has also seen growth. The GCC food sector has also seen 27 M&A deals since 2022.

Competitive Landscape and Recent Developments:

GCC food market is fragmented and competitive. In the coming years, the industry is likely to witness consolidation amid cost-containment issues and limited room for differentiation in service offerings. The M&As deals during the last two years comprised of a handful of cross-border and intra-regional acquisitions as companies focused on strengthening their position and expanding their portfolio, both domestically and internationally. Key players of GCC food market are:

Agthia Group PJSC
Al Islami Foods
Mezzan Holding Co. KSCP (only Arabic)
Almarai Co.
National Agriculture Development Company (only Arabic)
Saudi Dairy & Foodstuff Company
Trafco Group B.S.C
Al Ain Farms
Widam Food Co. (only Arabic)

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IFFCO International Foodstuffs Co. LLC
Barakat Group
Oman

The key players are constantly investing in strategic initiatives, such as adoption of new technologies, introducing their services to emerging markets, new launch, expansion, collaboration, investment, and more, to maintain a competitive edge in this market. For instance, In February 2023, Almarai completed the acquisition of International Dairy and Juice Limited (IDJ), a former PepsiCo joint venture in Egypt and Jordan and in August 2023, Foodco collaborated with MGolden Group in Kuwait to expand its FMCG distribution capabilities across the region. In August 2023, Foodco collaborated with MGolden Group in Kuwait to expand its FMCG distribution capabilities across the region. In October 2022, Al Ain Farms introduced new lactose-free dairy products in the UAE. This new product line will serve the UAE's rising lactose-intolerant population.

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