



Voluntary Report - public distribution

Date: 11/13/2001

GAIN Report #SA1019

## **Saudi Arabia**

### **Biotechnology**

# **Saudi Arabia To Establish a 1% Threshold for GMF 2001**

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#### **Report Highlights:**

In light of the growing concerns about the Saudi GMF labeling requirement, this report seeks to update U.S. suppliers on how Saudi foodstuff importers are reacting to the labeling requirement.

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Riyadh [SA2], SA

**Summary:**

The new Saudi Arabian GMO labeling requirement is set to take effect on December 1, 2001. However, ATO/Riyadh has been informed by senior officials at the Saudi Ministry of Commerce (MOC) that the Saudi Food Safety Committee will soon to set a 1 percent maximum threshold limit for defining a biotech foodstuff. Also, importers and representatives from supplying countries hope that the MOC would come up with clear cut answers whether or not labeling is required for foods sold at fast food restaurants and if meat derived from animals that are fed on biotech feed grains is considered a biotech product. As reported in our GAIN Report Number SA0021 of December 18, 2000, the Saudi Ministry of Commerce's decree number 1666 requires a positive GMF labeling if a product contains one or more genetically modified vegetable (plant) ingredients. A triangle should be drawn and in it the text should read "Contains Genetically Modified Product (s)." It should be noted that the Ministry will not accept a statement that says "This Product May Contain GMO Ingredients."

In light of the growing concerns about the Saudi GMF labeling requirement, this report seeks to update U.S. suppliers on how Saudi foodstuff importers are reacting to the labeling requirement.

**Importers Welcome a one Percent Threshold:**

Foodstuff importers have welcomed the MOC's plan to establish a 1 percent maximum threshold limit for defining a biotech foodstuff. The firms say that the one percent limit will help products that are unintentionally contaminated with GMO elements and will assist American suppliers to declare some of their products GMO free.

**Large Saudi Firms to Evaluate Consumer Reaction Before Importing GMFs:**

Major foodstuff importers, who are importing American foodstuffs either under their own brand names or who serve as exclusive agents for well known American brands, say that they would not, at least initially, import GMF and put this GMO triangle label on their foods. They say that importing GMF could jeopardize their product image and result in lost market shares that they have developed over several years given that consumers have limited knowledge about GMFs. Importers do not expect the MOC to initiate a favorable media campaign to give unbiased information on GMF to the public since the current MOC position is clearly anti-biotech. It is worth mentioning that the Ministry has made it unequivocally clear on several occasions that the primary reasons for requiring the GMF labeling are the consumers' right to know and to discourage the Saudi consumers from eating biotech foods until the long term effects are known. Traders are waiting to see how local newspapers will report when they see the first GMF products in supermarkets. Some importers have even been asking their US suppliers to put the GMO free symbol on their product labels to match initiatives taken by many European suppliers. Shoppers in local supermarkets can now find many European foodstuffs with GMF free labels.

**Small Quantities of GMF to Be Imported:**

Smaller food stuffs importers, who usually import small quantities of several foodstuffs in consolidated containers from the US, are likely to import products with positive GMO labeling since they can not afford to pay premium prices required to source GMO free foodstuffs and/or obtain alternative suppliers who can offer comparable quality at competitive prices. According to major foodstuff importers, it will cost 30 to 40 percent more to source none GMF from the US and up to 10 percent to source GMO free products from other supplying countries including the EU. As such, they are actively seeking alternative GMF free suppliers from other countries if comparable qualities can be secured at up to 15 percent price premium.

**Stocks to Last Until March:**

Since products that arrive at the Kingdom's ports that are cleared before December 1<sup>st</sup> are not affected by the GMF labeling regulations, large importers and major fast food restaurants have been importing and storing huge quantities of American foodstuffs to avoid shortages during the transitional period. Many firms reported carrying enough stocks to supply the market up to March 2002. According to them, the impact of the GMF regulation will most likely not to be felt until March 2002. Foodstuffs stocked piled by distributors are mostly those with over one year shelf life.

**Penalties for Not Following the GMF Labeling Regulation:**

The Ministry of Commerce has warned importers to fully comply with the GMF labeling rules. The MOC has told importers that it would randomly test products for compliance. If products defined as GMF free are tested as GMF, the importing firm will face fines according to the MOC anti-commercial fraud regulations (usually a monetary fine, jail terms or both). Many local firms have reportedly told their suppliers in writing that the suppliers would take the full financial and legal responsibilities if products supplied failed to meet the MOC's GMF labeling requirements.

END OF REPORT

Following is the summary of the Saudi Minister of Commerce's Ministerial Directive No 1666

issued on 11<sup>th</sup> of December 2000:

**1. Ban on GMO Animal Products:** one of the main features of the Ministerial Directive No 1666, is the **IMMEDIATE AND TOTAL** ban placed on the imports of foodstuffs containing genetically engineered animal products to the Kingdom. The directive did not give reasons for the total ban of animal products. However, ATO\ trade sources believe that the decision was taken to make sure all imported foodstuffs are Halal and do not contain products from swine and other animals banned for consumption by Islamic religion.

**2. Rescinded Free GMO labeling:** the Ministry of Commerce (MOC) dropped the requirement for GMO free labeling for all food and pet foods as stipulated in its last August directive. One should remember that the earlier directive (now rescinded) called for a circle drawn and in the circle a statement printed that reads "Free of Genetically Modified Products."

**3. Positive labeling:** if a product contains **one or more genetically modified plant ingredients**, the information should be clearly communicated to the consumer by labeling. A triangle should be drawn and in it the text should read "Contains Genetically Modified Product (s)." **It should be noted that the Ministry will not accept a statement that says "This Product May Contain GMO Ingredients."**

**4. Bilingual Labeling:** The GMO statement must be clearly written in Arabic and English languages with an ink different from that of the main product tag.

**5. Health Certificate:** GMO products or genetically engineered products which are exported to Saudi Arabia must have been approved in the country of origin for human consumption. Each shipment must be accompanied by health certificate issued by GMO licensing government agencies (such as the FDA) stating that the GMO ingredient (s) used in the foodstuff is approved in the country of origin (United States) for human consumption. One certificate could be issued that certifies a list of GMO items used in a foodstuff.

**6. Quality Standard:** All genetically modified foods products should be in compliance with legal and ethical controls observed in the Kingdom and must meet pertinent Saudi Arabian standard specifications.

**7. Locally Produced Foodstuffs:** The GMO labeling requirements will also apply to locally produced agricultural products.

**8. Grace Period Extension:** The new directive extended the grace period (initially due to expire at the end of January 2001) to December 1<sup>st</sup>, 2001 before enforcing the new GMO (one year grace period from the issuance of directive based on the Islamic calendar). The ministry believes the new deadline will give both local and foreign foodstuff suppliers\producers adequate time to comply with the new GMO labeling requirements. The extension was granted as a result of repeated requests to MOC officials by ATO\Riyadh, high level officials from USDA, USTR, State, and representatives of other agricultural product supplying countries. Also, the U.S. private sector (the U.S. Grains Council, American Soybean Association, and the Groceries Manufacturers of American) efforts to educate and

mobilize the Saudi private sector to lobby the Ministry of Commerce were critical to obtaining the delay. The new labeling deadline will allow time for continued dialogue with the Saudi Ministry of Commerce on the safety of GMO foodstuffs.

END OF REPORT