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Saudi Arabia

Poultry and Products

Semi-Annual

2003

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Report Highlights:

Saudi Arabian poultry production and import estimates for CY 2002 and CY 2003 remain unchanged since our 2002 Poultry Annual report. However, the Saudi Ministry of Commerce's recent requirement for Nutrofurans testing on Brazilian poultry meat has reportedly slowed down imports of Brazilian poultry meat to Saudi Arabia in recent weeks.

Includes PSD changes: Yes
Includes Trade Matrix: No
Semi-Annual Report
Riyadh [SA2], SA

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POULTRY PRODUCTION

Saudi Arabian poultry production and import estimates for CY 2002 and CY 2003 remain unchanged since our 2002 Poultry Annual report (GAIN Report #SA2016). This year, the Kingdom's poultry meat production mainly broiler meat is forecast to reach 472,000 metric tons (mt), an increase of over 6 percent compared to the expected 2002 level of 450,000 metric tons. According to the Ministry of Agriculture (MOA) and poultry farmers, the expected increase is based on the following factors: a) the minimized problem with New Castle disease which wiped out several small poultry farms in 2000/2001, continued expansion of existing producers, and the expected operation of newly licensed poultry farms.

PSD Table: Poultry Meat, Chicken -16 wks (1,000 metric tons)

PSD Table						
Country:	Saudi Arabia					
Commodity:	Plty, Meat, Chicken -16 wks					
	2001		2002		2003	
	Old	New	Old	New	Old	New
Calendar Year Begin		01/2001		01/2002		01/2003
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	50	0	50	0	49	0
Production	419	424	430	445	0	472
Whole, Imports	312	350	315	340	0	345
Parts, Imports	35	50	34	50	0	40
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	347	400	349	390	0	385
TOTAL SUPPLY	816	824	829	835	49	857
Whole, Exports	20	20	20	20	0	20
Parts, Exports	0	0	0	0	0	0
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	20	20	20	20	0	20
Human Consumption	741	799	755	810	0	832
Other Use, Losses	5	5	5	5	0	5
Total Dom. Consumption	746	804	760	815	0	837
TOTAL Use	766	824	780	835	0	857
Ending Stocks	50	0	49	0	49	0
TOTAL DISTRIBUTION	816	824	829	835	49	857
Calendar Yr. Imp. from U.S.	1	2	2	2	2	2

Note: beginning and ending stock levels are revised downward to zero since there are no government stock holding programs in the Kingdom.

TRADE

Currently, the Kingdom relies on imports to satisfy more than 40 percent of its total domestic consumption of broiler meat. Estimates for broiler meat imports, both whole and parts, in calendar year CY 2002 and CY 2003 are not changed from the August estimates: 390,000 mt for 2002 and 385,000 mt for this year. Imports are overwhelmingly whole broilers and are all frozen.

Saudi Arabia Conducts Test for Nutrofurans in Brazilian Imported Poultry Meat:

Brazil, the dominant supplier of poultry meat to the Kingdom is facing problems in the market due to the detection of the antibiotic Nutrofurans in at least one consignment which consists of 88,000 boxes of frozen broiler meat. According to trade sources, the Saudi Ministry of Commerce (MOC) has given the importer two choices: re-export the shipment to Brazil or destroy it locally. It is worth mentioning that the MOC decided to conduct tests on all Brazilian poultry meat exports to the Kingdom for possible contamination with Nutrofurans following a decision by the EU to carry out inspections for the antibiotic on poultry meat imports from Brazil earlier this year.

Since the MOC labs do not have the required equipment and know-how to test for the antibiotic, it has appointed a Riyadh based Saudi leading hospital, the King Faisal Specialist Hospital and Research Center (KFSH) to conduct the Nutrofurans tests on its behalf. The hospital in turn has made arrangements to send samples to an EU based lab to conduct the actual test for the antibiotic.

Following are the testing procedures:

- i At ports, the MOC takes samples from Brazilian poultry meat consignments on arrival.
- i The Saudi importer of Brazilian poultry meat pays the MOC laboratory at port 4,600 Saudi Riyals (USD\$1,226.67) per sample.
- i The remainder of the shipment is allowed into the country and stored at the importer warehouse. However, the importer is not allowed to sell the chicken until the test results are issued by the MOC. If the samples test positive for the antibiotic, the importer is asked to re-export the shipment to Brazil or destroy it locally at the importer's own expense.
- i The MOC sends the sample to King Faisal Hospital and King Faisal sends it to its European lab for testing. According to trade contacts, this process takes about six weeks.

The Nutrofurans testing requirement has reportedly slowed down imports of Brazilian poultry meat to Saudi Arabia in recent weeks due to the huge quantities of unreleased Brazilian frozen chicken at importers warehouses. If the testing process is not sped up, it is expected to significantly reduce Brazilian poultry meat imports to Saudi Arabia this year. The current shortage of Customs cleared Brazilian chicken has increased the wholesaler price of both Brazilian and French chicken meat by up to 15 percent in the past few weeks.

In mid February 2003, the MOC banned imports of frozen poultry meat from one U.S. firm and several Chinese companies due to reported contamination with Chloramphenicol: an antibiotic considered unfit for human consumption. In June 2002, the Ministry stopped imports of two Brazilian poultry brands for the same reason.

Recent CIF Prices

According to major importers, the average per metric ton C&F price of Brazilian whole broilers meat

(at Saudi ports) in January/February this year was \$985 USD, an increase of \$55 USD per metric ton compared to June 2002 . The Brazilian exports have reportedly asked for up to \$1080 USD per metric ton for March/April shipments. But the Saudi importers say that it is unlikely that the Brazilians will get the prices they are asking due to the huge unsold Brazilian poultry meat stock at local warehouses. The prices for French chicken meat were between \$1070 USD (TillySabco) and \$1,100 USD (Doux) per mt in January/February 2003. In June 2002, the prices for French chicken meat were between \$950 USD (TillySabco) and \$1,050 USD (Doux) per mt. The increase in French poultry meat prices are attributed mainly to the continuing appreciation of the Euro compared to the US dollar.

END OF REPORT