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Grain and Feed: Market Brief

An Overview of the Yemeni Rice Market

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Report Highlights:

Yemen is a significant rice market, with imports totaling nearly 188,000 metric tons in 1997. With a population of 20 million and a population growth rate of 3.7 percent, the volume of imported rice continues to increase. Rice imports more than doubled from 1995 to 1997; Thailand, India, and Vietnam were the main beneficiaries of the increase. Taking into account the substantial volume of American rice transhipped from Saudi Arabia, U.S. rice shipments to Yemen have increased as well over the past few years and are estimated at 25,000 MT in 1998. About 80 percent of all U.S. rice entering Yemen passes first through the port of Jeddah in Saudi Arabia.

Includes PSD changes: No
Includes Trade Matrix: Yes
Unscheduled Report

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AN OVERVIEW OF THE YEMENI RICE MARKET

GENERAL

Yemen is a significant rice market, with imports totaling nearly 188,000 metric tons in 1997. With a population of 20 million and a population growth rate of 3.7 percent, the volume of imported rice continues to expand. Rice imports more than doubled from 1995 to 1997; Thailand, India, and Vietnam were the main beneficiaries of the increase. Taking into account the fact that the bulk of American rice entering Yemen passes first through Saudi Arabia, U.S. rice exports to Yemen increased as well despite a decrease in direct shipments. 1998 U.S. rice shipments to Yemen are estimated at 25,000 MT. Of this amount, ATO/Riyadh estimates that 21,000 MT were transhipped via Jeddah; the balance shipped directly from U.S. ports to the Yemeni port of Hodeidah. With expanded port facilities in Aden, some traders have expressed interest in receiving direct shipments of American rice in bulk to Aden Port for repacking and distribution to Yemen and nearby East African countries. No rice is produced in Yemen.

CONSUMPTION

Most Yemenis include rice as part of their daily diet. Rice cooked with lamb meat "Mandi" is a traditional rice dish in Yemen and is served in most Yemeni households.

The overwhelming majority of rice consumed in Yemen is non-Basmati rice. Based on Customs data from supplying countries, only about 10,500 metric tons of Basmati rice were imported by Yemen in 1997, out of a total of 188,000 MT. Basmati rice commands a higher price than other rice and is consumed largely by well-to-do Yemenis residing in the Hadramout region of the country.

Parboiled rice is consumed throughout the country, with heavy concentration in the capital city of Sanaa, and surrounding areas such as Taiz. American rice exported to Yemen is parboiled. U.S. rice is found in abundance in northern Yemen, but not in the South. American rice is shipped directly to the Port of Hodeidah on the Red Sea or trucked down from Jeddah Port in Saudi Arabia to Hodeidah. No American rice has entered the Port of Aden in the South, but this may change. The Port of Aden is in the process of being enlarged with new container facilities.

TRADE

The Yemeni market is best described as a parboiled market. Thailand has been the dominant parboiled rice supplier to Yemen for several years, followed by India and Vietnam. In 1997 Thailand, India and Vietnam exported 68,900 MT, 43,260 MT and 35,065 MT, respectively of parboiled rice to Yemen. The United States is the fourth largest supplier of parboiled rice to Yemen. Pakistan exported 10,323 MT of Basmati rice to Yemen in 1997, with 141 MT of Basmati rice coming from India.

About 50 percent of all Yemeni rice imports enters Yemen through the Port of Hodeidah on the Red Sea, with the balance imported to the southern ports of Aden and Mukala.

Yemeni rice imports jumped from about 87,000 MT in 1995 to nearly 188,000 MT in 1997. The increase was attributed in part to the introduction of competitively priced parboiled rice varieties from Thailand, India, and Vietnam.

The Yemeni rice market is very price sensitive given the country's low per capita income: \$260 annually in 1998. Per capita income is not expected to improve in 1999 given low oil prices and the high population growth rate. Traders indicate that Thai long-grain parboiled rice sells for half the price of American parboiled rice. Direct shipments of American rice to Hodeidah comes in containers and carries a relatively high freight cost.

Traders, however, are optimistic that Yemen will continue to be a market for American rice. Links between Saudi Arabia and Yemen are well established. Some traders have expressed interest in importing cleaned American parboiled rice in bulk for distribution in both Yemen and East Africa once the Free Port of Aden is developed. The rice would be packed at the Port of Aden.

TRANSHIPMENTS OF U.S. RICE FROM SAUDI ARABIA TO YEMEN:

Currently, about 20,000 MT of American rice entering the Port of Jeddah in Saudi Arabia is transhipped to Yemen, either by ship or by truck. The Saudi firm, AJWA-RMTI, is the principal exporter of rice to Yemen.

AJWA is Saudi Arabia's only major rice processing plant and is located in the Port of Jeddah. The firm imports rice in bulk and cleans and bags the rice for distribution in Saudi Arabia and nearby countries, mainly Yemen. Because Saudi Arabia requires no import duty for rice, the product can be transhipped without penalty. Jeddah is not a free port, and most food and agricultural products are subject to a 12 percent import duty.

AJWA specializes in importing parboiled rice from the United States and to a lesser extent India. The two AJWA brands found in Yemen are the Ruzana and Mahasil brands. Ruzana is 100 percent American parboiled rice, while Mahasil is a blend of 60 percent American rice and 40 percent Indian rice.

Other Saudi brands of American rice found in Yemen are Abu Bint and Abu Bintain.

Saudi-packed American rice is exported to Yemen in two ways:

1. Direct exports to agents in Yemen, either by vessel or truck depending on the quantity exported. Vessels ship quantities averaging 4,000 - 5,000 metric tons directly from Jeddah Port to the Yemeni port of Hodeidah on the Red Sea. Lesser quantities are transported by truck from Jeddah to Hodeidah.
2. Yemeni rice traders or their agents in Saudi Arabia buy rice from warehouses in Saudi Arabia and truck the product to Yemen.

The following table shows Yemeni Rice Imports in metric tons: Calendar Years 1995-97

Country	1997	1996	1995
Thailand	68,900	62,950	37,660
India	43,401	37,790	7,680
Vietnam	35,065	11,300	10,000*
Saudi Arabia *	25,000	15,000	10,000
Pakistan	11,050	17,228	13,903
U.S. **	4,145	5,607	8,000
TOTAL EXPORTS	187,561	149,875	87,243

* About 80 percent of Saudi rice exports to Yemen originate from the United States.

** U.S. exports denote direct shipments from U.S. ports to the Yemeni Port of Hodeidah.

U.S. exports of rice to Yemen in CY 1998 totaled 4,010 MT.

Sources: Data based on Official Customs data from Thailand, India, Vietnam, Pakistan, and the United States. Saudi data based on trade sources.

IMPORT REQUIREMENTS:

Yemen does not have standards or specifications for imported rice. Private traders are free to import without restriction. A 5 percent import duty is imposed by Yemeni Customs. The government provides no subsidies on rice.

RICE PACKAGING (BAGGING)

The bulk of imported rice arrives Yemeni ports bagged in 45 and 50 kilogram jute and polypropylene bags. These sizes are preferred because of large family sizes (extended families) and economies of scale. However, some traders report that more and more rice is arriving in bags ranging from 5 KG to 20 KG. With more supermarkets popping up in Yemen, one can also find 500 gram and 1 KG retail packs.

DISTRIBUTION CHANNELS

Most major Yemeni rice importers have branch offices and warehouses throughout the country. In most cases, wholesalers and retailers buy directly from warehouses owned and operated by the importers. However, some importers have started to distribute directly to both wholesalers and retailers.

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