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Saudi Arabia

Grain and Feed

Saudi Arabia Requires Lab Test for Lead Levels in U.S. Rice 2002

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Report Highlights:

Last week, the Saudi Arabian Ministry of Commerce issued a circular informing traders of its decision to put in place a temporary measure that requires laboratory testing for lead levels in rice imports from the US. The requirement is in response to claims that contaminated U.S. rice has been found in Japan, and of a reported ban by the Government of South Korea.

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

On January 28, 2002, the Saudi Ministry of Commerce (MOC) issued a circular number 41/7533 to local Chambers of Commerce informing them of its decision to put in place a temporary measure that requires laboratory testing for lead levels in rice imports from the US. The testing is in response to claims that tainted U.S. rice has been found in Japan, and of a reported ban by the Government of South Korea.

The MOC said in its circular that several days ago it had instructed its quality control laboratories not to release any new U.S. rice shipments until test results indicate that they are free from lead contamination. The tests are reportedly being conducted at the MOC's laboratories and at the King Faisal Specialist and Research Center. Major American rice importers have informed the ATO that the MOC's restriction is not limited to new American rice shipments but also to rice already in importers' warehouses and those stocked by the wholesalers. Per the traders, MOC officials have been collecting samples and recording stock levels of U.S. rice held both by importers and wholesalers. The MOC told them not to sell any quantity until results of the rice samples are released. On the other hand, major supermarkets contacted for this report have not received any word from the MOC and are continuing to sell U.S. rice as normal.

Although, the Saudi authorities are testing for the presence of lead in U.S. rice, they have no local standard to evaluate the test results. The Saudi Arabian Standards Organization which is responsible for issuing foodstuff standards published a revised specifications for milled rice in 1998 (Saudi Arabian Standard No. 431/Gulf Standard No 1003). But the standard did not put any requirement for lead testing in milled rice or establish acceptable levels of lead content in packaging materials and/or rice itself. ATO has learned that the MOC is currently searching for CODEX specifications for lead levels in rice to compare with its tests results.

The total Saudi rice imports for the CY 2001 has been forecast to reach 895,000 metric tons with the U.S. market share estimated at about 20 percent. It is important to underline that the temporary measure that requires laboratory testing of lead content in rice applies only to U.S. rice. Rice from other sources are not affected and they are being tested as per the Saudi standard No. 431.

The ATO has been in contact on a daily basis with senior officials of the Saudi Ministry of Commerce to work out an amicable solution for this problem. Information received from FAS/Washington and the U.S. rice industry has been delivered to the MOC on a daily basis. MOC official have verbally assured the ATO that the MOC will shortly release its test results without giving any deadline. We are very concerned with the long time the MOC is taking to conduct and issue test results. Despite the fact that the new regulation has been in place for about 8 days, no test results have been issued so far.

It worth mentioning that most of the U.S. rice exported to Saudi Arabia is bagged in polypropylene made in Jeddah, Saudi Arabia and meets the Saudi Arabia Standards Organization's specifications. The raw material used in making the bags are also produced in the Kingdom. ATO has communicated this fact to the MOC to help expedite a favorable decision.

The demand for rice has started to sharply increase due to the approaching Hajj season (pilgrimage to Mecca) due to the arrival of large numbers of pilgrims to the Kingdom. Traditionally the demand for rice reaches its climax one month before and one month after Hajj as a result of arrival of more than two million Muslims to Mecca to perform Hajj and heavy use of rice in Eid festivities. This year's Hajj coincides with February 20-24. Even though, a maximum of 10 days is enough for the Hajj journey to Mecca, each year hundreds of thousands of pilgrims stay for up to two months in the holy cities of Mecca and Madina. As a result, the demand for foodstuff including rice increases sharply in the vicinity of the two holy cities for a few weeks.

Trade Matrix from 1995 to 2000

The table below shows exports of rice to Saudi Arabia from leading suppliers, for calendar years 1995 to 2000. The data was provided by FAS offices in India, Thailand, and Pakistan and are based on official Customs Data from these countries.

Country-of-Origin	CALENDAR YEAR Metric Tons					
	2000	1999	1998	1997	1996	1995
India	560,000*	524,736	482,183	416,599	449,389	288,637
U.S.	163,502	117,256	144,417	115,489	142,225	176,379
Pakistan	90,000*	84,484	56,766	65,222	108,774	88,002
Thailand	64,707	72,736	66,147	66,688	76,855	63,461
Other	12,000*	20,000 *	15,000*	15,000*	15,000*	15,000*
Total	890,209	819,202	764,513	678,998	792,243	631,479

Source: Supplying countries customs data

*Trade estimate

Note: Total annual imports from smaller suppliers (mainly Australia, and Egypt) are estimated at 12,000-20,000 metric tons.