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The Saudi Market for Breakfast Cereals 1998

Prepared by:

John H. Wilson

U.S. Embassy

Drafted by:

Rosemary Shenouda

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The Saudi Market for Breakfast Cereals

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THE SAUDI MARKET FOR BREAKFAST CEREALS

GENERAL

According to local traders, Saudi consumption of breakfast cereals ranges between 5,000 and 5,500 metric tons. Local production accounts for 15-20 percent of the total, with imports making up the balance. The United States, Germany, the United Kingdom, France, Japan, and Bahrain are principal suppliers. U.S. exports of breakfast cereals to Saudi Arabia totaled 2,484 MT in 1997, up 75 percent from the level a year-earlier.

A typical Saudi breakfast consists of baked horse beans, eggs, cheese, olives and/or ma'soub (pancakes with bananas), yet breakfast cereals are becoming more popular, especially among the younger generation. Consumption of cereals is particularly high in the Western and Eastern regions of the country, resulting from a growing "Western" influence. Satellite TV is now ubiquitous. With a high population growth rate of 3.75 percent, changing lifestyles, and a continued growth in Class A supermarkets, the market for breakfast cereals is expected to continue to expand.

LOCAL PRODUCTION

Four local companies manufacture breakfast cereals in Saudi Arabia:

- Wheat Products Company
- National Bakeries Company
- Food Products Company
- Al-Muhaidib Food Industries.

Wheat Products Co. was established 6 years ago and has facilities to produce 250 metric tons annually. The company's main output is honey wheat puffs (25 gram boxes). Corn flakes are sourced from Food Products Company.

National Bakeries Co. is owned by Al-Matroud, a well established dairy processing company based in Riyadh. The company imports corn grit from Europe for processing. Its factory is located in Jubail in the Eastern Province of the country.

Food Products Company imports La Plata hard flint dent corn from Argentina and mills it to produce cereals under its "Wafra" brand name. Its plant was established 1 year ago and has an annual capacity of 1,500 MT. A small percentage of its output is trucked to other Gulf Cooperation Council (GCC) countries.

Al-Muhaidib Food Industries started producing breakfast cereals one year ago. It sources corn grit from Germany and the United States. Wheat and rice are sourced locally. The company's plant is located in Hofuf.

IMPORTS AND IMPORTERS

Many Saudi companies import breakfast cereals. Some importers are agents of a particular brand; others source from the United States and other countries under their own private label, and others import mixed containers of food items (including breakfast cereals) for their own supermarket chain or for mass distribution. The latter uses consolidators, based in the United States and elsewhere.

Binzagr Company is the agent for Kelloggs, and is one of the largest food importers in the Kingdom. Basamh Trading Establishments, the agent for Nestle, is also a top breakfast cereal importer. Prior to 1980, Kelloggs cereals were imported directly from the United States through Aramco (the State-owned oil company). Now Kelloggs cereals are sourced from Kelloggs factories in Germany and the United Kingdom as well as the United States.

Mohamed O. Al-Guthmi and Sons Company is the agent for Shoprite and most recently Health Valley. This company also imports Kelloggs cereals, but directly from the United States. Al-Guthmi acts as a commissioning agent for Aramco, and hence imports many food items, including cereals, on the company's behalf.

United Trading Corporation (UTC) has been the agent for Ralston for about 10 years. Sulaiman Intermarket, agents for Post from Kraft General Foods, sources its imports through a broker company, EB International, Canada.

Saleh & Abdulaziz Abahsain Company, Ltd. are agents for Fairco USA and Sweet Home Cereals USA. The latter is a new brand, launched in the Kingdom one month ago.

Smaller companies such as Al El-Al International are also operating in the market. Al El-Al imports several varieties of Good Life breakfast cereals from the United Kingdom.

Zaid Fahd Al-Sulaiman, agent for Weetabix, sources its products from the United States, the United Kingdom, and Canada. Alpen and Country Mills are other brands handled by this firm.

Family Food Supply Company was the agent for Ralston before UTC. The company now has its own private label, "AFFCO" (American Fine Foods Co.), sourced from the U.S.A. through its sister company AFFCO-U.S.A.

Appendix D provides available Saudi import statistics for cereals, and shows the United States, Germany, the United Kingdom, Bahrain, Japan, and France as major suppliers. Appendix E provides U.S. exports of breakfast cereals to Saudi Arabia, per U.S. Customs.

MARKET ACCESS

The Saudi Arabian Standards Organization (SASO) imposes a one year shelf life for breakfast cereals. The product must be marked with a production date and an expiry date. Shipping requirements include identifying the product shipped, its origin, weight, production and expiry date, and the importer and exporter. An import duty of 12 percent is imposed on breakfast cereals in consumer packages. Corn grit imported for industrial use is exempted from

import duties.

MARKET OUTLOOK

Although the market is dominated by Kelloggs and Nestle cereals, it remains open for other brands. With a growing population, changing lifestyles, and a surge in Class A supermarkets, the market for breakfast cereals should continue to expand and present excellent opportunities to U.S. suppliers.

APPENDIX A: MAJOR IMPORTERS OF BREAKFAST CEREALS

Abbar & Zainy Cold Stores
P.O. Box 2495
Jeddah 21451
Tel: 966-2-637-1315/9076
Fax: 966-2-637-3012
Contact: Mr. Khalil Hanna, General Manager

Saleh & Abdulaziz Abahsain Co. Ltd.
PO Box 40, Al-Khobar 31952
Tel: 966-3-894-2192
Fax: 966-3-895-1542
Contact: Mr. Rashed Jaber, General Manager

Al El-Al International
P.O. Box 43299
Riyadh 11561
Tel/Fax: 966-1-476-4934
Contact: Mr. Shayesh Al-Khaldi

Azizia Panda
P.O. Box 11471
Tel: 966-1-480-3000
Fax: 966-1-480-2000
Contact: Mr. Mohin, Imports
Mr. Julius Barus, Import Manager

Babadr Trading & Industrial Corporation
PO Box 854, Jeddah 21421
Tel: 966-2-647-3125
Fax: 966-2-647-7582
Contact: Mr. Omar Babadr, General Manager

Basamh Trading Company
PO Box 427, Jeddah 21411
Tel: 966-2-660-6668
Fax: 966-2-660-1544
Contact: Mr. Salem Basamh, General Manager

Basamh Marketing Est.
PO Box 16362, Jeddah 21464
Tel: 966-2-660-4512

Fax: 966-2-667-1028
Contact: Mr. Saeed M. Basamh, General Manager

Binzagr Co.
P.O. Box 54
Jeddah 21411
Tel: 966-2-647-4388
Fax: 966-2-647-5856
Contact: Mr. Rizwan Ul Haque, Product Manager

Family food Supply Co.
PO Box 317, Al-Khobar 31952
Tel: 966-3-857-9622
Fax: 966-3-857-8106
Contact: Mr. Omar A. Amoudi, Manager
Mr. Adel Salah, Import Manager

Mohammed O. Al-Guthmi & Sons Co.
P.O. Box 858
Jeddah 21421
Tel: 966-2-642-2164/644-7526
Fax: 966-2-642-1477
Contact: Mr. Hussain Al-Amoudi, General Manager

National Biscuit & Confectionery Co.
P.O. Box 30972
Jeddah 21487
Tel: 966-2-636-0606
Fax: 966-2-637-6183
Contact: Mr. Fouad Antoun, Sales Manager

Zaid Fahd Al-Sulaiman Co.
P.O. Box 9717
Jeddah 21423
Tel: 966-2-665-2365/660-2850/660-9175
Fax: 966-2-660-2841
Contact: Mr. Ibah R. Al-Azzeh, Commercial Manager

Al-Sulaiman Inter.-Market Co., Ltd.
P.O. Box 8054
Jeddah 21482
Tel: 966-2-640-3201/0692/5692
Fax: 966-2-640-0323
Contact: Mr. Nader Mathkour, General Manager
Mr. Tariq Aziz, Good Adm. Manager

Tamimi Food Markets Ltd
PO Box 146
Al-Khobar 31932
Tel: 966-3-857-4050
Fax: 966-3-857-1592
Contact: Mr. Bony, International Buyers

United Trading Corporation UTC
PO Box 64, Dhahran 31932
Tel: 966-3-894-0706
Fax: 966-3-864-4085
Contact: Mr. Ahmed Khalid Hajj, General Manager
 Mr. Peter Pocock, Commercial Manager

APPENDIX B: LOCAL MANUFACTURERS

Food Products Co.
P.O. Box 23073
Jeddah 21426
Tel/Fax: 966-2-651-0313
Contact: Mr. Moh'd Fadhel Suliman, Sales Development Manager
Mr. Gary Butcher, Plant Manager (Tel: 01-462-6415)

Al-Muhaidib Food Industries Co.
P.O. Box 16197
Jeddah 12464
Tel: 966-2-637-2000/636-1985
Fax: 966-2-637-8976/636-1985
Contact: Mr. Alaa Ismail, Sales
Mr. Hisham Aytouni, Production Manager (Mobile: 055-800-421)

National Bakeries Co.
(Al-Matroud)
P.O. Box 97
Al-Khobar 31952
Tel: 966-3-856-0000
Fax: 966-3-856-1906
Contact: Mr. Kiren Walsh, Production Manager

Wheat Products & Food Co.
Tel: 966-1-498-3419
Fax: 966-1-498-1403
P.O. Box 54921
Riyadh 11524
Contact: Eng. Safouh
Mr. Adel Kharash, Owner

APPENDIX C: BRANDS

Brand Name	Package Size	Country of Origin	Local Supplier
Kelloggs (Corn Flakes)	250 gm	U.K.	Binzagr
Kelloggs (Corn Flakes)	750 gm	U.K.	Binzagr
Kelloggs (Honey Nut Loops)	375 gm	Germany	Binzagr
Kelloggs (Frosties)	250 gm	U.K.	Binzagr
Kelloggs (All Bran)	375 gm	U.K.	Binzagr
Kelloggs (Just Right)	482 gm	U.S.A.	Binzagr
Kelloggs (Mini Wheats)	468 gm	U.S.A.	Binzagr
Kelloggs (Honey Crunch)	428 gm	U.S.A.	Binzagr
Kelloggs (Optima)	375 gm	U.S.A.	Binzagr
Kelloggs (Raisin Wheats)	500 gm	U.S.A.	Binzagr
Kelloggs (Nutri-grain)	500 gm	U.S.A.	Binzagr
Kelloggs (Cocoa)	375 gm	U.S.A.	Binzagr
Kelloggs (Coco Pops)	375 gm	U.S.A.	Binzagr
Kelloggs (All Bran)	375 gm	U.S.A.	Binzagr
Alali (Corn Flakes)	230 gm	Germany	Basamh Marketing
National Bakeries	375 gm	KSA	National Bakeries
Fairco Fine Foods	510 gm	U.S.A.	S. & A. Abahsain
Shoprite -Apple & Lime	454 gm	U.S.A.	M.O. Al-Guthmi
Flakes Time	250 gm	KSA	Al-Muhaidib
Alpen	500 gm	Canada	Z. F. Al-Sulaiman
Weetabix (Ready Brek)	250 gm	U.K.	Z. F. Al-Sulaiman
Weetabix (Weeta-Flakes)	500 gm		Z. F. Al-Sulaiman

Weetabix (Fruit & Fibre)	500 gm		Z. F. Al-Sulaiman
Weetabix (Bran Flakes)	500 gm	U.K.	Z. F. Al-Sulaiman
Teashop	375 gm	France	National Biscuit & Confectionery
Wafra	500 gm	KSA	Food Products Co.
Post (Alpha Bits)	275 gm	Canada	Al-Sulaiman Intermkt.
Post (Nut'n Crunch)	425 gm	Canada	Al-Sulaiman Intermkt.
Post (Raisin & Bran)	525 gm	Canada	Al-Sulaiman Intermkt.
Nestle (Clusters)	375 gm	France	Basamh Trading
Nestle (Fibra Mix)	453 gm	U.S.A.	Basamh Trading
Neslte (different flavors)	30 gm	France	Basamh Trading
Nestle (Golden Grahams)	375 gm	France	Basamh Trading
Nestle (Cherrios - Grain Oat)	425 gm	U.S.A.	Basamh Trading
Nestle (Honeynut Cherrios)	396 gm	U.S.A.	Basamh Trading
Nestle (Country Corn Flakes)	425 gm	U.S.A.	Basamh Trading
Neslte (Country Corn Flakes)	283 gm	U.S.A.	Basamh Trading
Nestle (Nesquite)	375 gm	France	Basamh Trading
Nestle (Koko Crunch)	375 gm	France	Basamh Trading
Nestle (Cocoa Puffs)	390 gm	U.S.A.	Basamh Trading
Nestle (Gold)	450 gm	U.S.A.	Basamh Trading
Toasty O's	396 gm	U.S.A.	Al-Azizia Panda
Ralson (Nutty Nuggets)	680 gm	U.S.A.	United Trdg Corp. UTC
Good Life	750 gm	U.K.	Al El Al International
Good Life	1 kg	U.K.	Al El Al International
General Mills (Wheaties)	510 gm	U.S.A.	Tamimi
General Mills	567 gm	U.S.A.	Tamimi
General Mills	425 gm	U.S.A.	Tamimi
General Mills (Cherrios)	425 gm	U.S.A.	Tamimi
Sarima (Cocoa)	175 gm	KSA	Wheat Products Co.

Sarima (White Crisps)	175 gm	KSA	Wheat Products Co.
Ralston (Raisin Bran)	567 gm	U.S.A.	UTC
Ralston (Cocoa)	390 gm	U.S.A.	UTC
Ralston (Honey & Nut)	397 gm	U.S.A.	UTC
Ralson (Crispy Rice)	420 gm	U.S.A.	UTC
Wafra (Frosted)	375 gm	KSA	Food Products Co.
Wafra (Corn Flakes)	500 gm	KSA	Food Products Co.
Wafra (Rice Crispies)	250 gm	KSA	Food Products Co.

* The list is not conclusive of all brands sold in Saudi Arabia.

Source: Information obtained for this report was collected from two Class A supermarkets in Jeddah.

APPENDIX D: SAUDI IMPORT STATISTICS**Roasted or Swelled Cereals Containing Cocoa: 1994-96**
(Metric Tons and Thousands of U.S. Dollars)

1994			1995			1996		
Origin	MT	1,000 \$US	Origin	MT	1,000 \$US	Origin	MT	1,000 \$US
Malaysia	36	95.2	U.S.A.	26	90.4	U.S.A.	28	161.3
Other	31	100.3	Other	136	150.7	France	27	107.2
						Turkey	175	209.9
						Other	33	61.6
Total	67	195.5	Total	162	241.1	Total	263	540

Corn Flakes and the Like, Roasted:

1994			1995			1996		
Origin	MT	1,000 \$US	Origin	MT	1,000 \$US	Origin	MT	1,000 \$US
U.S.A.	151	554.7	Bahrain	226	453.3	Bahrain	281	819.7
Germany	146	516.5	U.S.A.	309	1121.9	Malaysia	17	80.3
Other	46	158.4	Germany	358	1551.5	U.S.A.	137	379.7
			England	122	349.6	Germany	232	1090.7
			Other	184	242.9	England	117	305.3
						Other	66	141.1
Total	343	1,229.6	Total	1,199	3,719.2	Total	850	2,816.8

Other Roasted or Swelled Cereals:

1994			1995			1996		
Origin	MT	1,000 \$US	Origin	MT	1,000 \$US	Origin	MT	1,000 \$US
Bahrain	96	197.6	Bahrain	86	169.33	Bahrain	73	288.8
Malaysia	39	116.8	Japan	245	970.94	Thailand	61	135.5
Japan	29	108.8	Indonesia	93	83.2	Japan	332	1,226.1
U.S.A.	90	200.3	Australia	48	145.6	U.S.A.	73	368.5
Other	55	97.8	U.S.A.	504	2,284.8	England	43	95.2
			Other	178	366.93	France	32	220.8
						Other	126	172.5
Total	309	721.3	Total	1,154	4,020.8	Total	74	2,507.4

Other Cereals:

1994			1995			1996		
Origin	MT	1,000 \$US	Origin	MT	1,000 \$US	Origin	MT	1,000 \$US
ALL	74	226.7	All	55	134.1	All	81	180.8

Source:

Ministry of Finance & National Economy, Central Department of Statistics, 1994, 1995, and 1996.

APPENDIX E:**U.S. EXPORTS OF BREAKFAST CEREALS TO SAUDI ARABIA, 1996-97:**

Type	Metric Tons		U.S. Dollars	
	1996	1997	1996	1997
Breakfast Cereals, with Sugar	1,313	2,291	2,861,785	3,479,123
Breakfast Cereals, without Sugar	66	102	105,496	220,154
Breakfast Cereals, Prep.	16	63	30,263	97,057
Breakfast Cereals, Prep. (Not Else Specified)	25	28	78,606	118,097
Total	1,420	2,484	3,076,150	3,914,431

Source: U.S. Customs

END OF REPORT