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MARKET BRIEF

The Saudi Market for Peanut Butter 1999

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Report Highlights:

The Saudi peanut butter market is estimated at about 3,000 metric tons. Based on official Saudi import statistics, 98 percent of Saudi peanut butter imports are U.S.-origin. Consumers of peanut butter are mainly Western ex-patriates and Asians, however, and increasing number of Saudis, particularly children, are becoming regular consumers of peanut butter. This and the rising number of Class A supermarkets in the Kingdom bode well for U.S. exports of peanut butter to Saudi Arabia. Local production of peanut butter accounts for less than 10 percent of total consumption.

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

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THE SAUDI MARKET FOR PEANUT BUTTER

GENERAL

The Saudi market for peanut butter is estimated at about 3,000 metric tons. Based on official Saudi import statistics, 98 percent of Saudi peanut butter imports are U.S.-origin. Consumers of peanut butter are mainly Western ex-patriates and Asians, however, and increasing number of Saudis, particularly children, are becoming regular consumers of peanut butter. Local production of peanut butter accounts for less than 10 percent of total consumption.

IMPORTS

The vast majority of imported peanut butter is from the United States. In CY 1998, the United States exported nearly 2,000 MT of peanut butter to Saudi Arabia. The product entered the Kingdom through the ports of Jeddah on the Red Sea and Dammam on the Arabian Sea.

U.S.-origin peanut butter for the retail market is imported in 3 different ways:

- By Saudi importers who are agents for U.S. national brands
- By Saudi importers who own their own private labels.
- By Saudi importers who use the services of consolidators and have no brand loyalty

National Brand Importers:

- United Trading Corporation (UTC) is the agent for Monarch
- Tamer Co. Is the agent for Bama
- General Trading Corporation (GTC) is the agent for Planters
- Saleh & Abdulaziz Abahsain is the agent for Country Sun
- Orient Provision is the agent for Dragon
- Mohammed O. Guthmi & Sons is the agent for Kroger

Private Label Importers

- Binzagr company imports U.S.-origin peanut butter under two of its private labels: Harvest and Elephant. Binzagr also imports small quantities of Skippy through its sister company Best Foods, U.S.A.
- Basamh Trading Company is one of the largest importers of U.S. peanut butter, marketing it under its own private label: "Goody".
- Basamh Marketing markets U.S. peanut butter under its label "Al Alali", a brand name which

tends to appeal to the Arab population.
-- Family Food Supply Company imports U.S.-origin peanut butter under its brand “AFFCO”.

Importers Using Consolidators

An increasing number of Saudi Class A supermarket chains are importing food items directly from the United States. These supermarket chains employ the services of U.S. consolidators, who source from wholesalers and manufacturers. The consolidators perform a host of services, including developing and affixing bilingual labels to the products and arranging for shipment to Saudi Arabia. Many consolidators servicing Saudi Arabia are located in Houston, Texas.

LOCAL PRODUCTION

There are 2 Saudi companies who produce peanut butter: Food Products Company and National Food Industries Company.

Food Products Company:

This firm manufactures peanut butter under its “Wafra” brand, and produces about 200 metric tons of peanut butter annually. Shelled raw peanuts are either sourced locally or from Argentina, China, or other countries. The raw material is then roasted and crushed to produce jars of 225 grams, 340 grams, and 10 grams in different varieties (smooth and crunchy, for example). The 340 gram-sized glass jars are purchased locally from Mahmoud Saeed Glass Factory; the two other sizes and their lids are imported from the United States.

National Food Industries Company:

This company manufactures peanut butter under two brand names, “Luna” and “Green Farms”, and produces about 4,500 MT annually. It imports raw peanuts from India and China and at times buys from peanut growers in the north of Saudi Arabia near the city of Hail.

MARKET ACCESS

Shipping requirements include identifying the shipped commodity, the origin, weight, production and expiry date, and the importer and exporter. A duty of 12 percent is imposed on the imports of prepackaged peanut butter.

Imported food ingredients destined for processing or industrial use are normally exempted from import duties. This, however, is not the case of imported raw peanuts destined for local manufacture. Sources indicate that the 12 percent duty is imposed on raw peanut imports in order to protect local peanut farmers. Imported glass jars and lids are subject to a 20 percent import duty.

Saudi Arabia requires that all food products be marked with Production and Expiration dates, or shelf life. The shelf life for peanut butter packed in plastic jars is one year while the shelf life for peanut butter packed in glass jars is two years.

The Saudi Arabian Standards Organization (SASO) has developed minimum quality standards for most food products. Saudi Standard SSA 1039/1995 concerns peanut butter. A copy of this standard is available at the Saudi Arabian Standards Organization (SASO) at the following address.

Saudi Arabian Standards Organization (SASO)
P.O. Box 3437
Riyadh 11471
Tel: 966-1- 452-0000/1207
Fax: 966-1-452-0167
Contact: Mr. Siraj Masoudi, Director General

FUTURE PROSPECTS

The growing number of Class A supermarkets in Saudi Arabia bodes well for imports of all consumer-oriented food products from the United States, including peanut butter. Sources estimate that there are about 275 Class A supermarkets in the Kingdom, with 15-20 more expected to be built over the next 2 years. Saudi families view supermarket shopping as family entertainment and as a result this form of shopping has become very popular. Many supermarkets are equipped with children entertainment centers and most are surrounded with a wide variety of boutiques, shops, and fast food outlets, resulting in a one-stop shopping experience. A recent trend is the proliferation of discount hypermarkets with very large parking lots. These stores carry both food and non-food products and are very successful, given their convenience, variety, and discounted prices.

The Saudi population growth rate is one of the highest worldwide (3.75 percent annually) and 60 percent of the Saudi population is under the age of 16. The total population in Saudi Arabia is placed at 21 million, with 7-8 million ex-patriates. About 40,000 of the ex-patriate population are American citizens. Peanut butter and other “Western” food items appeal to the younger generation, which should result in a continued upward market for the United States.

APPENDIX A. SAUDI IMPORTERS OF PEANUT BUTTER

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

Basamh Trading Co.
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

General Trading Company (GTC)
P.O. Box 319
Al Kobar 31952
Tel: 966-3-857-5622

Fax: 966-3-857-5834/5139
Contact: Mr. Nasir Muazzami, Marketing Manager (Ext. 6602)

Orient Provision & Trading
PO Box 11035
Tel: 966-2-667-3555
Fax: 966-2-660-9201
Contact: Mr. Abdul Mohsen M. Al-Ghamdi, General Manager

Tamer Co.
P.O. Box 180
Jeddah 21411
Tel: 966-2-643-5600
Fax: 966-2-643-9834
Contact: Mr. Suhail Eid, General Manager
Mr. Elyas Ad, National Sales Manager

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

APPENDIX B. LOCAL MANUFACTURERS OF PEANUT BUTTER

Food Products Co.
P.O. Box 23073
Jeddah 21426
Tel/Fax: 966-2-651-0313
Contact: Mr. Salah Ali Mahjoub, Operations Manager (tel: 966-1-462-6415)
Mr. Gary Butcher, Plant Manager (tel: 966-1-462-6415)

National Food Industries
P.O. Box 32040
Jeddah 21428
Tel: 966-2-608-1515/608-1199
Fax: 966-2-636-7938
Contact: Mr. Sol E. Bou-Nacklie, General Manager
Mr. Tom Cooney, Factory Manager

APPENDIX C. PEANUT BUTTER BRANDS FOUND IN CLASS A SUPERMARKETS

Brand Name	Package Size	Country of Origin	Local Importer
Alali (creamy)	510 gm	U.S.A.	Basamh Marketing Est.
Alali (Extra Crunchy)	510 gm	U.S.A.	Basamh Marketing Est.
Alali	226 gm	U.S.A.	Basamh Marketing Est.
Alali	340 gm	U.S.A.	Basamh Marketing Est.
Alali (extra crunchy)	793 gm	U.S.A.	Basamh Marketing Est.
Alali (creamy)	793 gm	U.S.A.	Basamh Marketing Est.
AFFCO (crunchy)	510 gm	U.S.A.	Family Food Supply Co.
AFFCO (creamy)	227 gm	U.S.A.	Family Food Supply Co.
AFFCO (creamy)	340 gm	U.S.A.	Family Food Supply Co.
AFFCO (creamy)	227 gm	U.S.A.	Family Food Supply Co.
AFFCO (mug -creamy)	340 gm	U.S.A.	Family Food Supply Co.
AFFCO (creamy)	793 gm	U.S.A.	Family Food Supply Co.
Bama (w/ grape jelly)	510 gm	U.S.A.	Tamer Co.
Bama (w/ honey)	510 gm	U.S.A.	Tamer Co.
Bama (w/ strawberry jelly)	510 gm	U.S.A.	Tamer Co.
Bama (w/ jelly)	510 gm	U.S.A.	Tamer Co.
Country Sun	227 gm	U.S.A.	Saleh & Abdulaziz Abahsain
Dragon	227 gm	U.S.A.	Orient Provision Co.
Dragon	341 gm	U.S.A.	Orient Provision Co.
Elephant	340 gm	U.S.A.	Binzagr Co.
Goody	227	U.S.A.	Basamh Trading Co.
Goody (chunky)	227 gm	U.S.A.	Basamh Trading Co.
Goody (chunky)	340 gm	U.S.A.	Basamh Trading Co.
Goody (creamy)	340 gm	U.S.A.	Basamh Trading Co.
Goody (creamy)	510 gm	U.S.A.	Basamh Trading Co.

Goody (chunky)	793 gm	U.S.A.	Basamh Trading Co.
Goody (creamy)	793 gm	U.S.A.	Basamh Trading Co.
Goody strawberry & jelly	510 gm	U.S.A.	Basamh Trading Co.
Harvest	510 gm	U.S.A.	Binzagr Co.
Kroger (crunchy)	510 gm	U.S.A.	Mohd. Guthmi Sons
Kroger (crunchy)	794 gm	U.S.A.	Mohd. Guthmi Sons
Monarch	227 gm	U.S.A.	United Trading Corporation
Monarch	340 gm	U.S.A.	United Trading Corporation
Monarch (creamy)	510 gm	U.S.A.	United Trading Corporation
Monarch (crunchy)	510 gm	U.S.A.	United Trading Corporation
Planters (Nabisco-crunchy)	340 gm	U.S.A.	General Trading Corporation
Planters (crunchy)	340 gm	U.S.A.	General Trading Corporation
Planters (creamy)	510 gm	U.S.A.	General Trading Corporation
Planters (crunchy)	510 gm	U.S.A.	General Trading Corporation
Skippy super chunk	340 gm	U.S.A.	Binzagr Co.
Skippy	510 gm	U.S.A.	Binzagr Co.
Smucker's Gober (grape)	340 gm	U.S.A.	Family Food Supply Co.
Smucker's (strawberry)	340 gm	U.S.A.	Family Food Supply Co.
Smucker's Gober (honey)	340 gm	U.S.A.	Family Food Supply Co.
Smucker's Gober (grape)	510 gm	U.S.A.	Family Food Supply Co.
Smucker's (strawberry)	510 gm	U.S.A.	Family Food Supply Co.
Smucker's Gober (honey)	510 gm	U.S.A.	Family Food Supply Co.
Wafra	340 gm	K.S.A.	Food Products Co.

Source: The above was taken from a survey conducted by the U.S. Agricultural Trade branch office in Jeddah.

Table 1. Saudi Imports of Peanut Butter, CY 1995-97

1995			1996			1997		
Origin	MT	\$1,000	Origin	MT	\$1,000	Origin	MT	\$1,000
U.S.	2,252	3,356	U.S..	2,760	3,896	U.S..	2,710	4,078
Other	33	43	Other	18	34	Other	44	74
Total	2,285	3,399	Total	2,778	3,930	Total	2,754	4,151

Source: Ministry of Finance & National Economy, Central Department of Statistics, 1995-97

Table 2. U.S. Exports of Peanut Butter to Saudi Arabia, CY 1996-98

Peanut Butter	1996	1997	1998
MT	2,126	1,967	1,948
\$1,000	4,327	3,783	3,748

Source: U.S. Customs

END OF REPORT