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Saudi Arabia

Retail Foods

Annual

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Report Highlights:

The Saudi retail food sector has been rapidly expanding in the last five years in response to increased competition and changing consumer lifestyle. In 2013, about 45 new supermarkets and hypermarkets and 525 neighbor stores were added to a growing number of retail food outlets in the Kingdom. Saudi food retailers offer a wide range of food products, from locally produced foods to imported upscale specialty products. U.S. exports of consumer-oriented products to Saudi Arabia have been steadily rising, reaching \$475 million in 2012, and were 7.4 percent higher than exports in 2011. The fast expansion of the Saudi retail food outlets provides an excellent opportunity for the U.S. suppliers of consumer products to further their exports into Saudi Arabia. This report provides an update on the Saudi retail food market structure as well as needed information for U.S. exporters who are considering entering this fast growing market.

Market Summary:

In the last five years, Saudi Arabia's retail food has been rapidly expanding in response to growing food consumption, increased competition and changing consumer preferences. Saudi food imports in 2012 totaled \$11.3 billion, an increase of 8.3 percent compared to imports in 2011. U.S. exports of consumer-oriented food products to Saudi Arabia have been steadily growing in recent years, totaling \$475 million in 2012 and rising 7.4 percent higher than their level in 2011. Total Saudi food sales at retail outlets were estimated at \$33.5 billion in 2012, an increase of about 7 percent compared to the previous year. One of the main reasons for the significant rise in retail food sales is the rapid expansion of retail food outlets in Saudi Arabia. In 2013, about 45 supermarkets and hypermarket outlets and 525 neighbor stores were added to the growing retail food network in Saudi Arabia.

In 2013, the total number of retail outlets was estimated at more than 41,000 units. The retail units are divided into three categories: hypermarkets, supermarkets and bakalas (convenience stores). The number of hypermarkets is relatively small, around 90 units, but they account for about 18 percent of total retail food sales. Hypermarkets entered the Saudi retail market in 2004 and have become very popular as going to the market is considered a family outing and a form of entertainment that substitutes for going to movie theaters or nightclubs since many hypermarkets have play grounds for children.

Supermarkets, about 800 outlets, accounted for about 26 percent of total sales at the retail food outlets in Saudi Arabia in 2012. Bakalas, more than 40,000 units currently operate in the Kingdom, accounted for about 56 percent all food sold in retail stores. With the expected expansion in the number of food outlets, mostly hypermarkets and supermarkets, the overall retail food sales is forecast to reach \$40 billion by 2015. The Tamimi Market group, the most upscale supermarket in Saudi Arabia, is planning to build additional 12 supermarkets by 2015. Currently, the firm has 15 outlets. Similarly, Lulu Hypermarket has plans to open 15 new hypermarkets by 2015, increasing its total outlet number to 18 units.

The changing life style for many Saudis have created an excellent opportunity for many of the hypermarkets to introduce ready-to-eat meals and take-away food dishes as a substitute for home cooking for many of the working families. This food service is very popular, especially with working women and millions of single foreign expats working in Saudi Arabia.

Currently, there are no food retailers that offer online/internet sales of food products in Saudi Arabia. Al-Othaim Supermarkets, the second largest food retail chain in Saudi Arabia, introduced internet based grocery sales in the city of Riyadh in 2011, but the service was discontinued in the summer of 2013 due to lack of interest from its consumers.

Advantages and Challenges for U.S. food suppliers in the Saudi Market

Advantages	Challenges
The U.S. is considered a supplier of quality food products. Major retail chains are constantly looking for new to market U.S. products.	Price competitiveness of local products and imports from EU, Brazil, Turkey, New Zealand and Asian countries has impacted U.S. market share.
Saudi Riyal (SR) is pegged to the U.S. dollar at the rate of \$1 to 3.75 SR.	Freight costs from the U.S. are higher than those from export competitors in Europe and Asia.
High per capita income and purchasing power help increase demand for relatively expensive imports	Local importers prefer to initiate business deals with small orders; conditions many U.S. exporters are not willing or able to meet.
Hypermarkets have become popular destinations for shopping as well as family outings.	Saudi Arabia maintains dual date labeling system (production and expiration) for all food products.
The U.S. is recognized among the business community as a reliable supplier.	High markups, listing and other fees that major retailers charge significantly increase the cost of launching new products in the Saudi market.
Consumers have affinity for trying new food products.	Some food retailers require to get reimbursed for expired products they sell in their outlets.
Ready-to- eat meals, fast-food and take-away foods are becoming increasingly popular with the young Saudi population.	General lack of brand awareness and loyalty by most of the Saudi consumers.
The about 10 million expats that live and work in Saudi Arabia create a strong demand for diversified and ethnic food imports.	Negative consumer attitude towards food containing or made from biotech products.
Saudi retail outlets are well equipped to carry all types of food products, including fresh as well as frozen items.	Some consumers perceive U.S. food products as promoting relatively unhealthy life-style.

SECTION II. ROAD MAP FOR MARKET ENTRY

A. Entry Strategy

In general, leading hypermarkets and supermarkets import a relatively small percentage of the total Saudi imports of consumer packed food products directly. Some of these outlets import a limited range of food products under their own brand names for distribution to their outlets in order to save cost and

increase profit margins. There are a few U.S. exporters who are currently engaged in these kinds of food export channels. The U.S. suppliers usually do not carry any stocks and their role is to help source Saudi importers of high value products directly from the U.S. at agreed prices that will give the U.S. supplier reasonable profit margins. The importers play a critical role in navigating the maze of the Saudi food import regulations and standards, and eventually the success of the new food product entering into the Saudi market.

The key to establishing a successful and growing business in Saudi Arabia is for U.S. supplier to get connected with a reputable Saudi food product importer. The U.S. exporter should look for partner with a knowledgeable and reliable domestic importer who knows how the Saudi retail food sector operates. The prospective importer should have a professional sales team and strong distribution network Kingdom-wide or at least in the major Saudi cities, particularly in Riyadh, Jeddah, Makkah, Medina, Dammam, Taif and Al-Khobar, where the bulk of the hypermarkets and supermarkets is concentrated.

Most food importers in Saudi Arabia are specialized in certain products, while some may deal with dry foods or import frozen and chilled food products, others handle fresh fruit and vegetables. It is very rare to find one company that imports all food categories. Some major hypermarkets and supermarkets import limited quantities of dry, frozen and chilled meat and fruit and vegetables. Some importers will deal with a new-to-market product only if it has a good potential could import the product under their own brand names, or be exclusive agents. They may also ask for the exporters' commitment not to deal with competitor importers in their geographical regions. The following is suggested guideline for U.S. companies considering entering the Saudi retail food market:

- i. Obtain an updated list of Saudi food importers and their contact information from the OAA Riyadh. Contact the importer directly to introduce your company and products and discuss future business.
- ii. Exhibit at regional shows: it is vital that prospective U.S. retail food products exporters consider exhibiting at regional food shows, particularly the Gulfood Show, which is held in Dubai annually. The Gulfood is the most important trade event for Saudi agribusiness, where more than 4,500 Saudi companies attend the show each year. Other regional food shows that attract a significant number of Saudi food buyers include Anuga in Cologne, Germany and SIAL in Paris. There are also a few smaller domestic food shows held annually in Jeddah and Riyadh.
- iii. A visit to Saudi Arabia will enable U.S. exporters to meet one-on-one with key potential importers to introduce your products to the Saudi importer and discuss potential business deals. The visit should assist the U.S. exporters to see for themselves the importers distribution network, evaluate product lines and provides the opportunity to size up potential importers as to whether or not they are good fit. Over all, the face-to-face meetings should help build trust and confidence. Most Saudi businessmen speak English. The OAA Riyadh would be happy to assist in setting up these meetings and provide other required assistances for U.S. companies who are interested to visit Saudi Arabia.

U.S. exporters should be aware of the financial costs that a food importer would incur in order to get a new product listed at one of the major retailers, such as listing fees, new store opening fees and rebates for expired items etc. The Saudi importers tend to spend a significant amount of time negotiating these

issues with prospective U.S. suppliers in order to get favorable import prices. As a result, reaching an export deal with a potential Saudi importer could take months of strenuous negotiations before the deal is concluded. According to trade contacts, the Saudi importer may ask the prospective U.S. exporter to pay for the supermarket's listing fees of the new product that could range between \$300 and \$18,000 for each stock keeping unit (SKU) to be listed at the retail outlet. The amount of listing fees usually depends on the size of the retail chain, its popularity and market share. For example, Panda retail food chain, which is the largest retailer in Saudi Arabia with 43 hypermarkets and 107 supermarkets, charges listing fees up to \$18,000 per SKU for most new-to-market importers. Large importers that carry well-known brand names would have more clout in negotiating lower listing fees than smaller suppliers.

Other fees that local hypermarkets and supermarkets charge to food importers include new store opening fees, which range between \$1,330 and \$8,000 per supplier. They may also charge importers annual rebates of 5 to 15 percent of annual their sales. In addition, distributors are often asked to contribute to advertising and promotional campaigns, and some may be asked to provide at least 60 day interest free payment terms as well as reimbursements for expired product items. In order to account for these charges and obtain reasonable returns on their investments, some local importers add 100 percent markup margin on their imported food products. The U.S. exporter should assess the Saudi importer's distribution capacity and make sure that the importer can accommodate the retail outlets requirement. In general, most Saudi food importers are financially sound and usually do not default on payments. However, it is recommended for a new-to-market exporter to ask his prospective importer for an irrevocable letter of credit until close working relationships and mutual trust between parties are established.

B. Competitiveness Analysis

U.S. food products are generally viewed as meeting higher quality standards compared to imports from other countries or those produced locally. U.S. origin and brand products have highly favorable consumer preferences and are well in demand so long as they are priced competitively. Most local retailers put shelf talkers or signs to identify U.S. products and to impress their customers that they carry high quality products. Usually, local importers prefer to initiate business deals by making small trial orders; conditions that many of U.S. exporters are not willing or able to accommodate.

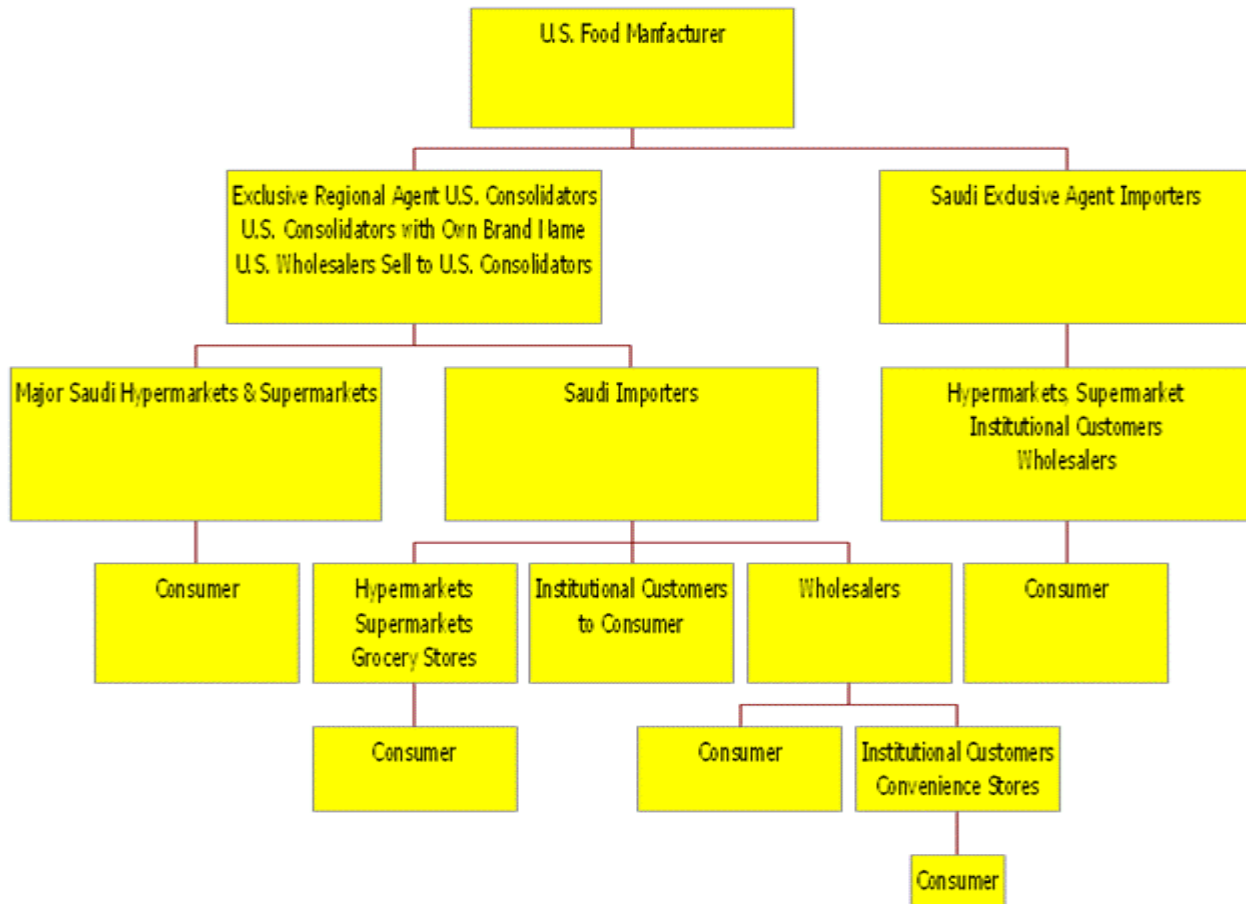
C. Market Structure

- Most U.S. food suppliers usually sell directly to their Saudi agents, pack for Saudi private label owners or sell exclusively to a U.S.-based consolidator.
- U.S. consolidators sell mostly to Saudi importers and, to some extent, to major retailers. Often, the consolidator is the sole regional agent of the U.S. manufacturer or brand owners covering the entire Middle East and African regions. The consolidators may also provide other services such as placing Arabic stickers or labels on food packages. Sticker is a laborious task and many manufacturers do not want to bother with it.

- Most major Saudi importers operate well established country distribution networks and sell directly to retailers, wholesalers and the HRI sector.
- Chain retailers have central purchasing offices where each outlet sends purchase orders on a daily basis. The central purchasing offices consolidate the orders and make the local or international purchases accordingly.
- The wholesalers usually sell to smaller retailers, HRI clients or directly to consumers. There are many wholesalers in the major cities throughout the Kingdom.

D. Distribution Channels Flow Chart

The flow chart below highlights the various marketing and distribution channels through which an imported food product will be handle from its arrival into the Saudi market



Market Size and Structure

In 2012, the total value of Saudi retail food sales was estimated at about \$31 billion, an increase about 26 percent compared to sales in 2010. The overall retail food market is forecast to grow by about 16 percent annually for the next few years, exceeding \$40 billion in 2015.

a. Super Stores (Hypermarkets)

Hypermarkets were first introduced into Saudi Arabia in 2004. Their sizes are huge (about 200,000 square feet or 18,580 square meters) and have up to 50 checkout counters. They usually carry over 50,000 items including foodstuffs, clothing, tools, toys, and electronics. Currently, there are about 90 hypermarkets (an increase of 20 outlets from 2012). They are mostly located in the three major cities of the Kingdom (Riyadh, Jeddah and Dammam). Hypermarkets accounted for about 18 percent of total retail food product sales in Saudi Arabia in 2012. Some hypermarkets such as Hyper Panda, Al-Othaim, Danube, Lulu, and Carrefour directly import parts of the food sold in their outlets. Shopping at

hypermarkets is becoming very popular as it offers outings for the family and is considered a form of entertainment that substitutes going to movie theaters. Many hypermarkets have play grounds for children and families tend to spend several hours during their shopping trips in the vicinity of hypermarkets.

b. Supermarkets

Class A supermarket is defined as a retail store with up to 5,000 square meters, five or more checkout counters with complete self-service, modern IT systems and which carries comprehensive grocery and other products such as produce, butchery, bakery, frozen, chilled, and non-food ranges. Products are supplied direct from suppliers and there are about 450 Class A supermarkets in Saudi Arabia.

Class B supermarkets have up to 500 square meters of store space and have two or more checkout counters. The stores are found in all major urban areas and medium-size cities of the Kingdom. The number of Class B supermarkets is estimated at more than 350 outlets and products are delivered to them by directly by importers. Currently, there are 800 supermarkets (both Class A and B) and account for about 26 percent of total retail food sales, compared to 725 outlets in 2012.

Major Saudi supermarkets such as Tamimi and Danube import a significant percentage of food products directly from the United States, employing consolidators. Tamimi imports chilled beef, dairy products, beef, nuts, fresh fruit and vegetables and several varieties of high value food products directly from the United States. Some products like chilled beef, strawberries, lettuce, and other fresh produce are shipped by air, while most products are shipped by sea containers.

Major Saudi hypermarket and supermarkets chains attend U.S. based FMI show and as well as regional shows such as Gulfood in Dubai, SIAL in Paris and Anuga in Cologne, Germany to seek new products and establish contacts with potential U.S. suppliers. The main factors that contributed to the rapid growth of modern retail chains in Saudi Arabia are increased urbanization, higher disposable income, more exposure to westernized foods consumption patterns through satellite television advertisements, and changing lifestyles of Saudis.

Competition

Supermarkets and hypermarkets strive to reduce costs and enhance their competitive position in the market. The Saudi retailers are constantly searching for new products, and often request support from the suppliers for product promotion and advertising. Product advertisement is a necessity to win Saudi consumers. Competitive pricing, weekly promotional offers, as well as offering advertisement support are key elements for a successful strategy for a new-to-market product entering the Saudi food market.

c. Convenience Stores

Convenience stores, commonly referred to as bakalas are found in every neighborhood. They have floor size of up to 100 square meters. Bakalas have limited access to distributors. They deal on a cash

basis and purchase most of their stocks from wholesalers except for a few fast moving brands that are delivered by importers. Despite the growing number of modern supermarkets in Saudi Arabia, the food-retailing role of bakalas continues to be important. In 2013, the number of bakalas was estimated at 40,000, increased by about 525 compared to 2012. Bakalas accounted for 56 percent or \$17.36 billion of all food products sold by retailers in 2013. The term bakalas include Gas-Marts and ethnic stores (geared to expats). The number of bakalas is expected to continuously grow with the increased urbanization and openings of new gas stations.

Prices tend to be high but bakalas maintain an advantage over supermarkets by providing services to shoppers looking to quickly buy a few items. A number of bakalas have developed a credit system that allows customers to pay at the end of the month. Women in Saudi Arabia are not permitted to drive and depend on bakalas within walking distance of their homes. Also bakalas are very important to third country nationals working in the Kingdom who do not own automobiles. Most compounds housing expatriates contain one or more corner grocery stores.

Bakalas are filled with many consumer-oriented products originating from the United States and most have refrigeration and the capacity to store frozen foods. In addition to corner grocery stores, there are hundreds of ethnic stores in the Kingdom, catering to Indians, Pakistanis, Filipinos, and other Asians. Foods from many parts of the world are found in the Kingdom.

E. Profiles of Major Saudi Hypermarkets and Supermarkets

There are no specialized food publications or retail outlet journals in Saudi Arabia. Reliable data on food retailers' sales and floor space figures are not readily available. Below is a summary profile and information we collected on major food retailers in the Kingdom.

Retailer Name & Market Type	Ownership	No. of Outlets	Locations (city/region)	Purchasing Agent Type
Panda Supermarkets	Saudi	150 retail outlets (43 hypermarkets & 107 supermarkets)	In major cities across the Kingdom and has one store in Dubai	Direct imports as well as domestic purchase.
Al-Othaim Supermarket	Saudi	109 retail stores(7 Hypermarkets, 68 supermarkets, 11 Wholesale Outlets, 23 corners stores)	Central, Northern, Eastern and Western regions.	Direct importer as well as domestic purchaser.
Farm Supermarkets	Saudi	45 supermarkets and 17 mini markets	Eastern, Western and Southern regions.	Domestic purchaser.
Al Raya Supermarkets	Saudi	30 supermarkets	Western and Southern regions.	Domestic purchaser.
Bin Dawood Supermarkets	Saudi	18 retail outlets (13 supermarkets and five hypermarkets)	Western and Southern regions	Domestic purchaser.
Tamimi Markets	Saudi	15 supermarkets	Central and Eastern	Direct importer as

			regions.	well as domestic purchaser.
Carrefour Hypermarkets	Joint venture	13 hypermarkets	Eastern, Western and Central regions.	Direct importer as well as domestic purchaser.
Danube Supermarkets	Saudi	11 retail outlet (6 hypermarkets & 5 supermarkets)	Western and Central regions.	Direct importer as well as domestic purchaser.
Al Sadhan Supermarkets	Saudi	8 retail outlets (4 hypermarkets & 4 supermarkets)	Central region.	Direct importer as well as domestic purchaser.
Balsharaf Supermarkets	Saudi	12 supermarkets and 5 wholesale outlets	Central region.	Direct importer as well as domestic purchaser.
Sarawat Supermarkets	Saudi	4 supermarkets	Western and Central regions.	Domestic purchaser.
Marhaba Supermarkets	Saudi	5 supermarkets	Western region.	Domestic purchaser.
Lulu Hypermarkets	UAE	3 hypermarkets	Eastern and Western Regions.	Direct importer as well as domestic purchaser.
Star hypermarkets	Saudi	3 hypermarkets	Western region.	Domestic purchaser.
Manual Hypermarkets	Saudi	4 hypermarkets	Western region.	Direct importer as well as domestic purchaser.
Nesto Hypermarkets	Saudi	3 hypermarkets	Riyadh	Direct importer as well as domestic purchaser.

Additional information on major Saudi food retailers

1. Panda Supermarkets chain was established in 1979 and today is the largest food products retail in Saudi Arabia. Currently the firm has 107 supermarkets and 43 hypermarkets outlets Kingdom wide. The firm has plans to increase the number of its outlets to 250 by 2020. In 2007, the company entered international operations by opening its first hypermarket in Dubai. Panda is owned by SAVOLA Group, the leading food products producer and retailer in Saudi Arabia with business interests in edible oil, sugar, dairy farm, confectioneries, fast food restaurants and packaging. This year Panda entered into convenience stores business by opening five outlets. The corner stores are name Pandaty and the firm has an aggressive plan to open 600 Pandatys in Saudi Arabia in the next five years.
2. With 68 supermarkets, 7 hypermarkets, 11 wholesale outlets and 23 corner stores, Al-Othaim Markets is the second largest food products retail chain in Saudi Arabia. Al-Othaim's other business include food products imports under own brand names, food production and ownership of shopping malls. Al-Othaim is the second largest retailer after SAVOL Group's Panda retail chain.
3. Farm Supermarkets was established in 1978 in Dammam. Currently, it the company operates a chain of 45 supermarkets concentrated in the Eastern, Western and Southern provinces of Saudi

Arabia. Besides, the company owns and operates 17 mini markets serving upscale residential compounds.

4. Al Raya Supermarkets chain was set up in Jeddah in 1992. Since then the retailer has increased the number of its stores to 30 covering seven regions (Jeddah, Najran, Taif, Khamis Mushayt, Baha, Sabya and Jizan.)
5. Bin Dawood Supermarkets chain was founded in Jeddah in 1962 with businesses that include supermarkets, bakeries, restaurants, catering, manufacturing, direct imports and exports. Currently, the firm has 13 supermarkets and five hypermarkets covering the cities of Jeddah, Makkah and Medina.
6. Tamimi Markets, which was launched in Riyadh in 1979, is considered the pioneer of the upscale supermarket concept in Saudi Arabia. The firm currently has 15 stores in the Eastern and Central Provinces of the Kingdom. Tamimi Markets carries the largest range of American foodstuffs compared to any supermarket in Saudi Arabia. Tamimi has plans to open additional 35 supermarkets in Saudi Arabia by 2020, raising the total number of its supermarkets to 50. Tamimi Markets is one of 30 companies owned by the Dammam based Tamimi Group. The group's business interests range from upscale catering company to chemical, electrical and power manufacturing.
7. Carrefour Hypermarkets (Saudi Hypermarkets CO) was established in Riyadh in 2004 as a joint-venture between Al-Olayan Group (Saudi company) and the Majid Al-Futtaim Group (U.A.E. company). Currently, the company has 13 hypermarkets in three main Saudi cities. Carrefour has plans to increase the number of its outlets to 20 in the next few years.
8. Danube Supermarket chain was established in Jeddah in 1987. In 2001, the outlet was purchased by Bin Dawood Group of Companies. Currently, Danube has six hypermarkets and five supermarkets (two hypermarkets in Riyadh and the rest in Jeddah).
9. Al Sadhan Supermarkets was established in Riyadh in the 1970s. Currently, the firm has 4 hypermarkets and 4 supermarkets in Riyadh. The firm has plans to increase the number of its retail outlets to 18 in the next ten years.
10. Balsharaf Supermarkets is one of subsidiaries of Balsharaf group which was established in 1955 as a small corner store in Mecca. Currently, Balsharaf Supermarkets operates twelve retail outlets and five wholesaler operations in Riyadh. Another company in Balsharaf Group is Balsharaf Importing company. The firm imports and distributes food products to more than 16,000 retailer outlet across.
11. Sarawat Supermarkets was established in Jeddah in 1981. Currently, the firm has five supermarkets (3 in Jeddah and one each in the cities of and Medina.) The retail chain is owned by Binzager Group, one of the leading Saudi conglomerates engaged in food and none food imports, distribution and production. The firm has several food production joint ventures with well-known international companies such as Best Food of U.S. to produces and distributes Mazola brand corn oil and oil based products in Saudi Arabia. Binzager Group is the sole agent for several international brands such as Unilever, Kellogg's, Heinz, Tyson, Hershey, Dunlop and McCain products in Saudi Arabia.

12. Star Hypermarkets was established in 1982 by Abbar Group in Jeddah. Currently, the company has two supermarkets in Jeddah and another one in Yanbu city. Also, the firm runs four commissaries in the Royal Commission of Yanbu.
13. Marhaba Supermarkets was established in Jeddah in 1980. Currently the company operates five stores in Jeddah.
14. Lulu Hypermarket, which entered the Saudi food retail market in 2009, is owned by EMKE Group, Abu Dhabi, United Arab Emirates based company. In June 2012, the company opened its third hypermarket in Riyadh with an area of more than 200,000 sq. ft. of shopping space. Like other hypermarkets in Saudi Arabia, Lulu caters to the growing consumer demands that include all types of food products, garments, electronics and home appliances. Lulu Hypermarket is the most preferred retail chain among the South Asian expatriates community residing in Saudi Arabia. Lulu has plans to open 15 more outlets in major Saudi cities in the next two years.
15. Manual Hypermarket was established in 2010 by a group of Saudi investors and currently has four hypermarkets in Jeddah.
16. NESTO, a Dubai based retailer which has currently three hypermarkets. The firm has plans to open three more hypermarkets in Saudi Arabia in the next two years. Its supermarkets cover up to 200,000 square feet of retail area.
17. There are several regional supermarkets that have one or more stores such as Sunbullah, Euromarche, Jazeera, Mandarin, Badruddine, Matajer, Nakheel, Nouri, Anoud, Refaat, Surat, Astra and Consumer Oasis. These supermarkets and others are estimated to have a combined total of 164 outlets.

SECTION III. COMPETITION

U.S. faces fierce competition in the Saudi food import market from major suppliers such as Brazil, India, Netherlands, China, Thailand, Turkey, France, Belgium, New Zealand, other EU countries. The catering and restaurant subsectors are very price sensitive, due to the stiff competition that prevails in the market. Catering companies and fast food chains compete on both prices and quality. They seek suppliers that provide good quality products at most competitive prices. The table below illustrates quality and price competitiveness from the major suppliers' countries, which have affected U.S. market share in many high value products in the Saudi market.

Table 1. Saudi imports of select food products by major supplier in 2012

Product Category and Total Import Value	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Frozen Broiler Meat \$1.5 billion	Brazil (79.1%), France (18.2%), U.S. (1.2%) and Argentina (1.1%)	Brazil is the most price competitive supplier that also meets food service size, moisture	Local broiler meat production accounts only for 42 percent of total consumption.

		and fat content requirements.	
Vegetable oils exc soybean oil \$650 million	Indonesia (35.5%), U.S. (17.4%), Malaysia (15.4%), Ukraine (10.7%), Spain (4.7%)	Indonesia is the most price complete palm oil supplier to Saudi Arabia while the U.S. is the dominant corn oil supplier to the food service sector.	Saudi Arabia does not produce cooking oil. Saudi SAVOLA Oil Company imports refined palm and corn oil and retail pack them for local distribution.
Fresh Fruit \$498 million	South Africa (21.2%), Turkey (19.8%), Chile (11.4%), India (9.9%), Italy (8%) and U.S (6.4%)	Price and availability are the major criteria when importing fresh fruit.	Saudi Arabia produces very limited fruits such as citrus, grapes, and pomegranate.
Processed fruit and vegetables \$495 million	U.S. (16%), China (15.6%), Netherlands (11.9%), Spain (8.9%) and Belgium (8.7%)	U.S. exports of these products have been steadily increasing in recent years due to its price competitiveness and quality.	Some local food processors import blocks of frozen fruit and vegetables for repacking into smaller consumer-size containers for sale in Saudi market.
Snack Foods \$434 million	Netherlands (15.8%), Italy (15.3%), Turkey (14%), Poland (9.6%), U.S. (7.4%)	EU countries to dominate the snack food sector due to products quality and competitive prices,	Local snack food producers depend on imported raw materials and they do not pay import tariff on food products imported for reprocessing.
Beef \$426 million	India (51.1%), Brazil (37.7%), Australia (5%), U.S. (3.4%) and New Zealand (1.7%)	India benefited the most from SFDA beef import bans placed on U.S. and Brazilian beef imports.	No significant beef production in the country.

Table 1 continued.

Fish and Seafood Products \$319 million	Thailand (46.4%), Indonesia (17%), India (10.6%), Taiwan (6%) and Japan (4.5%).	Thailand has been the dominant and the most price competitive supplier of fish and seafood to Saudi market.	Saudi Arabia has recently become a significant exporter of high quality commercial produced red sea shrimp to EU, U.S. and Japan.
Cheese \$246 million	New Zealand (26.7%), U.S. (14.3%), Poland (12.6%), France (9%), Turkey (8.1%)	Price competitiveness and quality are the key factors in making purchasing decision in this market. New Zealand has been the dominant export of cheese to Saudi Arabia.	Some local food processors import cheese blocks for repacking into smaller consumer-sizes for sale in the market.
French Fries (frozen potatoes)	Netherlands (44.3%) Belgium (20.4%) U.S. (14.8%), France	French fries is one of the strategic foods that is mostly used fast food restaurants. The huge demand has created fierce competition among	Local potatoes production is used fresh and by some local potatoes chips

\$176 million	(10.9%), and Egypt (6%)	major suppliers both in prices as well as quality. Netherlands French fries meet both the price and quality requirements of Saudi food service sector.	producers.
Tree Nuts \$141 million	U.S. (40.4%), India (31.8%), Turkey (7.5%), Iran (4.2%) and Sri Lanka (4.1%)	Almonds accounts for the largest percentage of tree nuts imported to Saudi Arabia. The U.S. has been a dominant supplier of almonds to Saudi Arabia for the past several years.	No local production of tree nuts.
Fresh Vegetables \$115 million	China (31.7%), Netherlands (19.2%), India (14.2%), Turkey (11.2%) and Australia (5.7%)	China has been gaining market share in the fresh vegetables market due to its price competitiveness compared to other suppliers.	Saudi Arabia is 85 percent self-sufficient in fresh vegetables production. Prices of locally produced vegetables are usually higher than imports.

SECTION IV. BEST PRODUCT PROSPECTS

The following is a list of some consumer ready food products with high export potential.

Potato chips and savory snacks, mayonnaise, tomato ketchup. sauces. beverage ingredients non-alcoholic beer, tree nuts, dairy products, red meats, fresh apples and pears, processed fruits and vegetables, jams and jellies, fruits and vegetable juices, honey, sweet pastry and biscuits, dietetic foods, snack foods, poultry meat, fresh fruit, processed fruit and , vegetables, organic foods.

V. KEY CONTACTS AND FURTHER INFORMATION

1. Post Coordinates

Office of Agricultural Affairs
American Embassy
P.O. Box 94309, Riyadh 11693
Tel: 966-11-488-3800 Ext. 4351
Fax: 966-11-482-4364
Internet E-Mail Address: Agriyadh@fas.usda.gov

2. OAA Riyadh Reports

Several reports on the Saudi food industry published by the Office of Agricultural Affairs in Riyadh can be accessed by visiting FAS website at the link below:

<http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems>