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GAIN Report

Global Agricultural Information Network

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Saudi Arabia

Poultry and Products Annual

2018

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Report Highlights:

Chicken meat production in Saudi Arabia is expected to reach 650,000 MT in 2018, and is projected to increase to 700,000 MT in 2019. Chicken meat consumption this year is estimated at 1.2 million MT.

Chicken meat consumption in the Kingdom fell this year is due to the departure of expats from the Kingdom and lower imports due to a ban on stunning poultry - which was put into effect on June 1.

Total Saudi broiler meat imports in 2018 are expected decline to by about 19 percent to 575,000 MT compared to 2017.

Changes to Data Series

This report provides chicken meat estimates and forecasts for 2017-2019. The prior chicken meat series has been discontinued and will not be revised or updated in the future.

Official USDA data are available via the PSD database (<http://www.fas.usda.gov/psdonline>).

The October 2018 data release includes a historical chicken meat series back to 1999. The chicken meat series will terminate with 2016 data. Chicken meat is defined as meat of domestic fowl (*Gallus gallus*/*Gallus domesticus*) including all chickens: chicken, layer, hybrid, domestic breeds, spent hens, ex-breeding stock, etc.

Executive Summary

Based on information provided by leading domestic chicken meat producers, total Saudi chicken meat production is expected to fall to 650,000 MT in 2018, significantly lower than the 2017 production estimate of 790,000 MT. Domestic chicken meat production in 2019 is expected to increase slightly to 700,000 MT. The production cost of locally produced chicken meat currently ranges between \$1.6 and \$1.87 per Kg of average dressed weight. Saudi Arabia is a surplus table eggs producer and a significant exporter to the GCC countries.

Estimated domestic chicken meat consumption in 2017 is reduced to approximately 1.27 million MT. The three main reasons for the decline in estimated chicken meat consumption in 2017 are reduced demand by catering companies, lower estimated production, and the departure of several thousands of expatriate families.

Saudi Arabia's 2018 chicken meat imports are estimated at 575,000 MT, a decrease of 19 percent from 2017. The main cause of the decline in Saudi Arabia's total chicken meat imports is the Saudi Food and Drug Authority's (SFDA) ban on electrical stunning in poultry slaughtering. The new requirement, which was fully enforced in June 2018, has substantially reduced the quantity of chicken meat exported to Saudi Arabia by Brazil, the dominant poultry meat supplier to Saudi Arabia. The requirement has also eliminated U.S. poultry from the Saudi market. In 2019, total Saudi chicken meat imports are forecast to reach 675,000 MT.

Saudi Arabia's 2018 chicken meat exports are estimated at 10,000 MT. The main reason for the sharp drop in Saudi chicken meat exports is the import ban placed on Saudi chicken meat imports by the GCC countries because of the discovery of highly pathogenic avian influenza in major chicken meat producing provinces beginning at the end of December 2017.

The Saudi government provides assistance to domestic poultry farms to increase local chicken meat production; they have a target of 60 percent of consumption by the end of 2020. The current self-sufficiency ratio is unknown. The ban on poultry stunning implemented earlier this year reduced chicken meat imports; supplying countries have not been able to meet demand.

Production

Almost all poultry meat produced in Saudi Arabia is chicken meat with the exception of about 1,500 MT of quail meat produced by Astra Farms in Tabuk.

Post reduced Saudi Arabia's 2017 and 2018 chicken meat estimated production based on information provided by major domestic poultry farms. The farms indicated that they have not been able to meet their planned expansion targets due to high land prices, land ownership disputes, zoning/environmental restrictions.

Post estimates Saudi Arabia's 2017 chicken meat production at 600,000 MT. Local chicken meat production is projected to reach 650,000 MT in 2018 and increase to 700,000 MT in 2019. The significant reduction in estimated 2017 and 2018 chicken meat production is mainly due to problems securing land permits for expansion and the prohibitively high cost of farmland.

In June 2018, the Saudi Ministry of Environment, Water and Agriculture (MEWA) organized a workshop entitled "Developing the Poultry Industry and Increasing Local Production". All major poultry producers participated in the workshop. All obstacles that hinder increased poultry production—such as securing poultry farmland, permits, and the excessively high cost of land—were discussed and recommendations were issued. In its July 2018 press release, MEWA indicated that it would implement workshop recommendations aimed at facilitating or accelerating procedures for obtaining environmental approval for poultry projects. It would also review the prices of land leases to stimulate domestic production and increase domestic production capacity. The objective is to enable the country reach 60 percent self-sufficiency in chicken meat production by the end of 2020.

Chicken meat production in Saudi Arabia is concentrated in about ten vertically integrated companies (three large companies: Al-Watania, Fakieh and Almarai and 7 medium farms) which control more than 80 percent of production. MEWA estimates that there were 436 chicken farms in Saudi Arabia in 2016, an increase of about 6 percent compared to 413 in 2012.

Saudi poultry farms are located in 12 provinces, but 93 percent of chicken meat production comes from six provinces. In 2017, Al-Qassim province (where Al-Watania Poultry Farm is based) accounted for about 34 percent of the total Saudi chicken meat production, followed by Makkah with 15 percent, Riyadh with 14 percent, Aseer with 13 percent, Hail with 12 percent, and the Eastern Provinces with 5 percent.

Spent Chicken meat

It is believed that the quantity of spent hens used for food in Saudi Arabia is negligible. Smaller table egg producers sometimes sell live spent hens to customers who desire the flavor of gamier bird. Customers generally visit the farms to purchase the birds and then cook them for several hours. As such, spent hen meat does not make it to the supermarket shelves in the Kingdom.

In 2013, MEWA gave poultry growers the option of slaughtering spent hens for further processing, but stipulated that slaughtering of spent chickens must be scheduled on different days from when younger and tenderer chickens are slaughtered. Major poultry producers (which also dominate table egg

production) prefer to kill the birds and bury them. The companies say that meat from the spent hens is tough and could negatively affect the quality and image of their poultry products if they include them in their product range. The companies also do not have separate slaughterhouses for spent hens and are concerned that processing spent birds meat on their normal processing lines might pass along a bad odor reportedly emitted from spent hens.

Production Costs

Chicken meat production costs in Saudi Arabia are relatively high because of the high costs of controlling temperature in chicken houses under extremely hot weather conditions, and a heavy reliance on imported feed, vaccines, and equipment. In order to reduce production costs, the Saudi government (SAG) provides several types of production support. These include subsidies for animal feed, and interest-free loans and rebates on the purchase of certain poultry equipment.

Feed costs account for about 70 percent, on average, of chicken production costs in Saudi Arabia. Production costs for local chicken ranges between \$1.6 and \$1.87 per Kg, of dressed weight. This is sometimes higher than the retail prices of some imported chicken meat in the Saudi market. The Saudi government offers import subsidies on 31 imported animal feed ingredients to importers to reduce production costs. The import subsidy is based on the energy and protein contents of each feed ingredient. For instance, import subsidies on 48 percent protein soybean meal and corn are set at \$137 and \$82 per MT, respectively. The imports subsidies on distiller's dried grains with solubles (DDGS) and corn gluten feed (CGF) are \$99 and \$91 per MT, respectively. There has been speculation in the poultry and dairy industries that Saudi Arabia might eliminate its feed import subsidies due to fiscal pressure.

Chicken Production Cycles

The growing cycle for chickens in Saudi Arabia varies between 28 to 35 days, with an average daily bird weight gain of 50 grams. The average live weight for chicken when marketed is approximately 1,300 grams, while the average ready to cook chicken carcasses weight when marketed is approximately one kg. The average feed conversion ratio (FCR) is estimated at approximately 1.70 kg.

Poultry Disease Outbreaks

Controlling poultry diseases is a major challenge for the Saudi chicken industry. According to some industry contacts, the chicken mortality rate has declined significantly over the past five years-it is currently estimated at less than 15 percent. The high mortality in Saudi chicken farms was mostly due to outbreaks of viral diseases such as Newcastle Disease (NCD), Gumboro (IBD), Infectious Bronchitis (IB) and Avian Influenza (H9N2 subtype).

In December 2017, a highly pathogenic avian influenza (H5N8) virus was discovered in a Riyadh live birds market. By March 2018, the virus had spread to seven poultry producing regions Riyadh, Al-Qassim, Makkah, Asir, Al-Madinah, and Jizan which forced MEWA to depopulate about 9 million birds to control the disease under its avian influenza contingency plan - which is based on a stamping-out policy. According to MEWA, commercial poultry farms have been free of H5N8 virus since the

end of March 2018. However, in July 2018, the governorate of Riyadh region closed the Azizia live birds market located in Riyadh city after discovering a duck infected by H5N8 virus.

Consumption

Estimated chicken meat consumption in 2017 is reduced to approximately 1.27 million MT. The main reasons for the sharp decline in chicken meat consumption in 2017 were: (1) the permanent departure of thousands of expatriate family members, who were not able to pay a new per capita levy on expat's that increases annually, and (2) reduced demand in the HORECA sector. The consumption estimate also fell due to lower estimated production. Food catering companies serving the construction sector were affected by a sharp contraction in that sector and closure of several major labor camps.

Reported chicken meat consumption is forecast to decline by an additional 4 percent this year due to the departure of additional expat family members, tight supplies of imported chicken meat, and higher retail prices caused by SFDA's decision to enforce a preexisting ban on electric immobilization in poultry production. Please note that projections do not include estimates for stocks as stock numbers are unavailable. Stocks were likely drawn down due to tight market conditions in 2018, so the actual decline in consumption is likely significantly less than 4 percent.

Reported chicken meat consumption is projected to increase by 12 percent to about 1.4 million MT in 2019. This is due to increases in stocks and a projected increased demand for chicken meat by catering companies that serve the growing number of religious visitors who come to Saudi Arabia to perform the Umrah and Hajj rituals. The Saudi government has been promoting religious tourism. The program appears to be successful as the number of religious tourists increased from 8 million less than a decade ago to 15 million in 2017. The government's Vision 2030 includes a target of 30 million religious tourists by 2030.

Work on several stalled construction projects is expected to resume next year as higher oil prices boost the Kingdom's revenues. This will increase demand for chicken parts such as leg quarters.

Poultry meat consumption in Saudi Arabia is high compared to other animal protein alternatives. Per capita consumption in 2017 is estimated at approximately 39 kg. According to the Saudi General Authority for Statistics, the total Saudi population was estimated at 32.6 million in 2017.

It should be noted that estimates for total and per capita chicken meat consumption in this report may overstate or understate the actual level in a particular year because chicken meat inventory data is unavailable. Beginning and ending stocks for poultry meat are assumed to be zero. Saudi chicken meat importers tend to purchase more than actual market needs when prices are attractive to build up stocks and sell when prices start to go up. A significant quantity of frozen chicken meat may be held as carry-over stocks. Total chicken meat imports reached a record high in 2015 of about 962,524 MT due to attractive prices offered by Brazilian suppliers, an increase of 20 percent over 2014.

Demand Fluctuation

The Saudi poultry meat market is cyclical. Demand rises dramatically in the winter, during the Umrah and Hajj seasons (prior to Eid-al-Adha)-particularly in the cities of Makkah and Medina where visitors

go to perform the Umrah and Hajj rituals. However, consumption declines in the summer months when millions of Saudis and expatriate workers leave the Kingdom for vacations and during the month of Ramadan. In recent years, and under normal conditions, poultry meat consumption has been steadily rising because of its affordability and the perception that it is healthier than red meat.

Consumer Preference

Saudis consumers prefer locally produced fresh chicken meat. More than 80 percent of local chicken meat is sold chilled; many poultry producers have switched their chicken meat production lines from frozen to chilled products for its higher profit margins. They are higher partly because chilling saves freezing and cold storage charges. Consumers, particularly Saudis, do not mind paying as much as 50 percent more for fresh\chilled domestic chicken meat over frozen imported chicken meat. In general, Saudi consumers prefer 900 to 1,100 gram birds. They perceive large chickens (1,200 to 1,500 grams) as old and not tender. Hotels and restaurants prefer 900 to 1,000 grams to serve whole, in halves or in quarters; they prefer to buy a lighter weight bird at the lowest possible price. All imported chicken meat into Saudi Arabia is frozen, and is mostly consumed by expatriate communities and the food service sector. Brazilian frozen chicken meat is the most preferred imported chicken by restaurants and catering companies as they offer smaller sized birds, which fit in rotisseries.

One of the incentives that the Saudi poultry sector receives from the Saudi government is a stipulation in catering contracts that companies that serve foods to government institutions should use more than 70 percent local content. Several Saudi catering companies contacted for this report indicate that they use 100 percent local chicken meat when catering to government institutions such as the military, hospitals and universities.

The issue of Halal slaughter is not a major concern for most consumers in Saudi Arabia, as the government assures them that all imported meat products, including poultry, are slaughtered according to Islamic rituals. However, some Saudis tend to believe that domestically slaughtered chickens are of higher Halal standards than imported products from non-Muslim countries like Brazil and France. As such, they prefer to purchase domestically grown chicken meat at higher prices.

Trade

Imports

Available trade data from supplying countries for the January-July 2018 period puts total Saudi chicken meat imports at 335,319 MT, a reduction of about 25 percent compared to 445,251 MT imported in the same period in 2017. The main reason for the reduction is SFDA's decision to implement a two-decade-old Fatwa (Islamic religion edict) issued on July 3, 1997 by the Makkah based International Islamic Fiqh Academy (religious scholars of the Muslim World League). The Fatwa banned electrical stunning of poultry before slaughtering. In Islamic Shari'a or law, slaughtering is achieved by cutting the throat, the

esophagus and the jugular vein. This is the preferred method to slaughter a sheep, cattle, bird, etc., and it is permissible in other animals. According to SFDA, the Fiqh Academy issued the fatwa to ban poultry stunning after it conducted experiments at major poultry slaughtering houses in Latin America and observed that electrical stunning led to the death of a significant number of chickens before their throats were cut. Analysts that follow the Saudi poultry industry question why it took Saudi Arabia 21 years to implement the fatwa. It can be viewed as a halal issue or a non-tariff measure to assist the competitiveness of local poultry producers.

The Saudi government provides local poultry producers with several direct and indirect subsidies to help them reduce their production cost. The sector depends on imported feed, equipment, and all year long air-conditioning. The government provides a wide range of assistance to the industry as part of its effort to boost the country's self-sufficiency level in chicken meat production to 60 percent by 2020.

Until this year, it was normal for the Cooperative Association of Saudi Poultry Producers (CASPP) to complain about Brazil and France dumping chicken in the Saudi market. CASPP blamed the two major exporters of frozen chicken for causing domestic chicken meat producers to lose money - which forced several small ones to close. CASPP claims that the price of imported chicken reached as low as \$1.87 per kg in 2016, which is close to the production cost of local producers. [The production cost of locally produced chicken meat is estimated at between six and seven SAR (\$1.6-1.87) per Kg average dressed weight]. The association lobbied the government for several years to intervene and to protect the local poultry industry from "unfairly low" prices by imposing anti-dumping duties on Brazilian and French exports of frozen poultry products. The local industry's lobbying efforts produced results in December 2016 when the government effectively increased customs duties on imported chicken meat from 5 percent ad valorem to 20 percent ad valorem. SFDA's ban on stunning in the production process appears to have reduced imports and increased the cost of imported frozen chicken. Even though some local major poultry producers have used chicken stunning technology on their farms, they have not publicly made complaints about the stunning ban. They may not find a reason to complain as it has drastically reduced imports, sharply increased retail prices, and made local chickens more competitive with imports.

SFDA's decree to ban poultry stunning was implemented on poultry products that were produced after May 31, 2018. SFDA had held several meetings with Brazil exporters, in the months leading up to the implementation of its ban on poultry electrical immobilization. It also changed several deadlines after discussions with Brazilian government and poultry exporters. Consequently, the implementation deadline for Brazil poultry imports was moved from initial date of January to March, then to May 31, 2018. Brazilian exporters asked SFDA to provide a longer grace period. Nevertheless, SFDA stood fast to the June 2018 deadline. The implementation of the stunning ban drastically reduced the size of Brazilian poultry exports to Saudi Arabia - particularly in the month of June when total Brazilian poultry exports to Saudi Arabia reached record low of 14,460 MT. It appears that Brazilian exporters have somewhat adjusted to the SFDA's ban on poultry immobilization and their monthly exports to the Kingdom have risen significantly in the past three months compared to June.

According to Brazilian Customs data, the country exported 47,641 MT of poultry meat to Saudi Arabia in the month of September, a 230 percent increase compared to the month of June.

The June nationwide strike by the Brazilian truck drivers could be another contributing factor for the record low exports in the month of June. Currently, there are only three major Brazilian poultry

companies (JBS, Vibra and Nicolini) that meet SFDA’s requirements and are engaged in exporting chicken meat to Saudi Arabia. BRF, which used to dominate the Brazilian poultry exports to Saudi Arabia with its household name Sadia, has reportedly not been able to meet the SFDA poultry immobilization or stunning ban requirement. According to local chicken meat importers, total Brazilian chicken meat exports to Saudi Arabia are expected to exceed 50,000 per month starting in October.

Saudi Arabia has been the largest importer of chicken meat from Brazil, accounting between 15 to 20 percent of all Brazilian chicken meat exports to the world. Brazilian dominance of the Saudi market has continued and but its market share was reduced by six percent to 78 percent in the first seven months of this year (Jan-July) compared to same period last year. France was the second largest supplier of chicken meat to Saudi Arabia with 16 percent followed by Ukraine with 3 percent and U.S. with 2 percent of the total Saudi poultry meat imports over the first seven months of 2018.

France exported 4,313 MT of poultry meat to Saudi Arabia in July 2018. A reduction of 31 percent from its June 2018 exports of 6,270 MT. French poultry exports to Saudi Arabia now come from one poultry slaughtering facility. The Brittany-based Doux Poultry facility which was acquired in May 2018 by Al-Munajem Group, a large Saudi frozen food importer. They were a minority shareholder and exclusive agent of Doux chicken in Saudi Arabia. According Al-Munajem, its Brittany-based facility meets all SFDA requirements and is geared to mainly supplying frozen chicken meat to Saudi, other GCC and Yemeni markets. Other poultry exporting countries that have already met or are expected to meet SFDA requirements shortly are Ukraine, Turkey and Russia. Turkey exported 240 MT of frozen chicken in July 2018.

Post estimates total Saudi chicken meat imports for 2018 at 575,000 MT, a reduction of 29 percent compared to 2017 mainly because of exporting countries difficulties in meeting SFDA’s requirement that stunning not be used in the production process. For 2019, total Saudi chicken meat imports are projected to increase by 100,000 MT to 675,000 MT.

The United States made its last shipment of chicken meat to Saudi Arabia in May 2018, when only 259 MT arrived at Saudi ports. No U.S. producer has indicated a desire to produce chicken meat without stunning. Many producers believe producing chicken without electric immobilization (stunning) is inhumane and that doing so would result in additional substandard product and reduced line speeds.

Exporting Country	Saudi Arabia Chicken Meat Imports			
	Quantity in MT			
	Jan-July 2017	Market Share	Jan-July 2018	Market Share
Brazil	373,666	84%	268,330	78%
France	57,849	13%	55,979	16%
Ukraine	5,731	1%	9,664	3%
United States	5,467	1%	7,410	2%
Turkey	1,448	0%	1,496	0%
Others	1,090	0%	1,656	0%

Total	445,251	100%	344,535	100%
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Source: Global Trade Atlas

Poultry production methods in the United States address SFDA’s root concern – that the chickens be alive immediately before slaughter – but not the letter of GSO standard 993. That standard does not allow electric immobilization (stunning) of poultry because of concerns, based on observations more than 21 years ago in another country, that it might kill the birds. GSO standard 993 does allow stunning of cattle, sheep and goats. U.S. Food Safety and Inspection Service (FSIS) regulations and practice also require that the chickens be alive immediately before slaughter. Electric immobilization is used however. USDA is continuing to work with SFDA to resolve the issue.

Over the past few years, the U.S. share of the Saudi imported chicken meat market has fluctuated between 1 and 3 percent. This is principally because of the difficulties that U.S. poultry meat producers face meeting SFDA’s poultry feed regulations. SFDA requires that imported poultry meat be accompanied by a government issued health certificate attesting that it came from poultry that were only fed on vegetable protein and are free from growth hormones. In order for FSIS to issue the required animal protein free certification, exports of U.S. poultry and poultry products to the Kingdom come from slaughter facilities that participate in the Agricultural Marketing Service’s (AMS) Animal Protein Free Verification (APFV) Program for Poultry. Very few U.S. poultry producers participate in the APFV program. These conditions have eliminated most U.S. poultry producers from exporting chicken and other poultry products to Saudi Arabia.

Reduced Chicken Meat Imports in 2017

In 2017, Saudi Arabia imported 707,410 MT of chicken meat, down by about 20 percent from a year earlier as reported by supplying countries. The significant decline in chicken meat imports in 2017 was mainly due to reduced demand because of the departure of hundreds of thousands expatriates from the Kingdom. This was the result of slowdown in the country’s economy (particularly the construction sector that depends on financed projects), the conversion of certain sectors of the economy to from predominantly expatriate employment to almost exclusively Saudi, and the imposition of a per capita tax on the dependents of expatriates.

Exporting Country	Saudi Arabia Chicken Meat Imports			
	Quantity in MT			
	2016	Market Share	2017	Market Share
Brazil	746,286	84.2%	589,575	83.3%
France	120,423	13.6%	97,901	13.8%
USA	11,778	1.3%	8,856	1.3%
Ukraine	2,484	0.3%	7,633	1.1%
Turkey	1,015	0.1%	2,041	0.3%

Argentina	3,990	0.5%	960	0.1%
Other Countries	394	0.0%	444	0.1%
Total	886,370	100%	707,410	100%

Source: Global Trade Atlas

Chicken Parts

While most poultry meat consumption in Saudi Arabia is in the form of whole chicken, demand for chicken parts has soared in the past several years due to expansion of food catering industry, the growth of fast food outlets, casual dining establishments, and increased demand by hotels. Saudi imports of chicken parts increased by 98 percent over the past seven years, from 115,512 MT in 2010 to 228,734 MT in 2017. In 2017, imported chicken parts accounted for 32 percent of total Saudi chicken meat imports. Brazil maintained its share of Saudi chicken parts imports at 94 percent for the third consecutive year.

Other important factors in the continued increase in demand for chicken parts (such as leg quarters and breast and deboned chicken meat) are increased demand by households of working-couples, expansion of Shawarma restaurants (a popular Middle Eastern style sandwich), rising demand for ready-to-cook poultry meals, and the continuing growth of hypermarkets and supermarkets.

The U.S. has been a distant second in the Saudi chicken parts imports market over the past several years. In 2017, U.S. chicken parts exports to Saudi Arabia were down by about 25 percent to 8,839 MT. According to trade contacts, dark chicken meat accounts for about 70 percent of total chicken parts imports and the balance is chicken breast. U.S. fast food chains such as McDonald's, KFC and their local rivals such as Al-Beck, Herfy, and Kudu depend mostly on imported chicken parts. Western casual dining restaurants including Chili's, Apple Bees, Fuddruckers, and TGI Fridays use significant quantities of chicken parts - particularly chicken breast. A large part of imported deboned chicken is destined for Shawarma restaurants. Shawarma is made of boneless chicken meat or beef mixed with pickles, lettuce and mayonnaise wrapped with pita bread.

Frozen Chicken Cuts And Edible Offal (Including Livers)		
Reporting Country	2016	2017
Brazil	201,401	215,249
United States	11,742	8,839
Ukraine	626	2,547
Turkey	673	1,807
Other	305	292
Total	214,747	228,734

Source: Global Trade Atlas

Import Prices

CIF prices (for August 2018 arrivals) for Brazilian frozen whole chicken ranges between \$1,800 and \$1,850 depending on the quantity imported, brand name and weight. This is approximately 28 percent higher than prices quoted the same time last year. The main reason for the higher prices this summer seems to be the shortage of chicken meat produced without stunning. Some Brazilian exporters are quoting C&F prices of up to \$2000 per MT for October arrivals. However, local importers believe that price is very high, and that the maximum import price that the market can support is \$1,850 per MT.

Local Chicken meat Retail Prices

The sharp increase in imported chicken prices has made local chicken meat become more competitive than ever before. During the last week of August, it was observed that per kg prices of domestic frozen chicken meat were cheaper or equal to imported Brazilian and French chicken meat. A 1100 gram package of local chicken was selling at \$3.63 while a brand of imported Brazilian chicken sold for \$3.87. A 1,200 grams package of local frozen chicken sold for \$3.91 while the same size of French frozen chicken was sold for about \$4. Locally produced chilled chicken meat sold for between \$3.93 and \$4.67 per kg.

Despite the recent increases in the chicken meat prices, it remains the most price competitive animal protein source. Imported lamb is sold for \$9.3 per kg while beef is as low as \$6.1 per kg. Domestically produced fresh lamb and veal were sold for \$18.4 and \$15.2 per kg, respectively.

Import Requirements

Saudi Poultry Meat Import Regulations:

1. **Ban on Poultry Stunning:** Chicken must be slaughtered without the use of electrical immobilization or stunning.
2. **Hormone Free Certification:** The official health certificate accompanying a shipment of poultry meat must include a statement confirming that the poultry meat was tested and found to be free from hormones by the responsible government agency of the exporting country.
3. **Ban on Animal Protein Feeding:** SFDA poultry meat regulations require that the government health certificate accompanying shipments of poultry meat must clearly indicate that the birds slaughtered were not fed animal protein, animal fats, or any animal byproducts. In order for FSIS to issue the required animal protein free certification, exports of U.S. poultry and poultry products to the Kingdom must come from slaughter facilities that participate in the Agricultural Marketing Service's (AMS) Animal Protein Free Verification (APFV) Program for Poultry. Information about this program can be found on [AMS' Website](#).
4. **Quality Standards:** Imported poultry meat and products must meet all existing Gulf Standards Organization's (GSO) poultry meat quality standards and specifications. An Appendix to this report lists all current GSO technical regulations or standards related to poultry meat.

5. **Halal Certificate:** Poultry slaughtering has to take place in an officially licensed slaughterhouse and in accordance with Islamic slaughtering procedures: GS 993/1998 “Animal slaughtering Requirements According to Islamic Law”.
6. **Certificate of Islamic Slaughter:** A certificate of Islamic slaughter must be issued for all poultry meat and products entering the Kingdom of Saudi Arabia. This certificate is issued by Islamic Centers in the United States approved by the Saudi Embassy or Consulates. The certificate must be attested by the Saudi Embassy or Consulate in the U.S. before the poultry meat is shipped to Saudi Arabia.
7. **Laboratory Test:** All poultry meat and products imported will be checked and tested at Saudi ports of entry to ascertain that they meet all of the above requirements.

Exports

The estimate of total Saudi chicken meat exports for 2018 is reduced to 10,000 MT due to the import ban imposed on Saudi exports by the GCC countries. This was due to the discovery of H5N8 cases in Saudi Arabia from the end of December 2017 until March 2018.

The Saudi government maintains a \$533 per MT export tax on exports of poultry to recover part of the production subsidies that it provides to domestic chicken producers. The export duty, which was imposed at the end of 2012, apparently made Saudi chicken meat prices more expensive in export markets. However, some consumers in the importing countries are willing to pay the higher price because it is fresh and guaranteed Halal.

Stocks

There are no government programs to hold strategic poultry stocks in Saudi Arabia. For PS&D table calculations we set beginning and ending stocks at zero – holding them constant.

Policy

The Saudi government has targeted increasing Chicken meat production to meet 60 percent of domestic consumption by the end of 2020 to help meet the Kingdom’s food security strategic goals. Some poultry analysts question if the Kingdom will be able to achieve this ambitious goal. It will require (1) very large investments to expand poultry production capacity, (2) implementation of a unified biosecurity system to help reduce chicken mortality rates, and (3) a large increase in the imports of subsidized poultry feed. It is a very costly endeavor to undertake during a period of reduced revenues from oil exports. Reduced oil revenues have already compelled the government to reduce subsidies on animal feed imports by up to 62 percent, and increase the cost of electricity, water, introduce a five percent value added tax, and raised gasoline prices.

The Kingdom has encouraged the establishment of new chicken farms and the expansion of existing ones by offering various types of production support. These include subsidies for animal feed, interest-free loans, and rebates on the purchase of certain poultry equipment. The current list of animal feed products eligible for import subsidies includes 31 feed ingredients, such as yellow corn, soybean meal, distillers' dried grain with solubles (DDGs), corn gluten feed (CGF) and sorghum. The import subsidy rates are calculated according to the energy and protein levels of each feed ingredient. Poultry analysts estimate that locally produced chicken meat receives about \$0.50 per kg of government subsidy on average.

Marketing

Saudi Arabia has an extensive infrastructure for poultry meat distribution. Poultry producers and importers generally have adequate storage facilities, including refrigerated trucks and cold storage. Poultry meat and products are available in both wholesale and retail outlets throughout the Kingdom. Major poultry farms and importers sell their products to retailers, wholesalers and directly to consumers through their own nationwide cold store outlets. Consumers may purchase poultry meat in cardboard boxes containing ten chickens from wholesalers or in individual pieces from retail stores and supermarkets. Commercial customers purchase their poultry supplies either from importers/distributors, poultry farms, or both.

Note: MEWA classifies poultry production farms as either specialized (commercial) or traditional. Commercial farms account for 99.8 percent of total Chicken meat produced in Saudi Arabia. As such, the PSD table in this report includes only chicken meat produced on commercial farms.

Chicken Meat Production, Supply and Demand Data Statistics:
Saudi Arabia (in 1,000 MT RTC)

Attribute	2017	2018	2019
Production	600	650	700
Total Imports	790	575	675
Total Supply	1390	1225	1375
Total Exports	40	10	10
Human Consumption	1350	1215	1365
Total Dom. Consumption	1350	1215	1365
Total Use	1390	1225	1375
Total Distribution	1390	1225	1375

Not Official USDA Data

Turkey Meat

Saudi Arabia's turkey meat imports are very small. In 2017, Saudi turkey meat imports totaled 2,549 MT, a decrease of approximately 17 percent on a year earlier. In 2016, total imports were 2,920 MT. Brazil supplied about 35 percent of imported turkey meat in 2017, followed by Turkey with about 28, France with about 14, the U.S. with 8 percent and Belgium with 17 percent. Most imported turkey meat is used to process value added products such as salami, bologna, smoked turkey breast, and honey

roasted turkey. The rest is imported for distribution to up-scale supermarkets for Thanksgiving and New Year's holidays.

Saudi Turkey Meat Imports		
Exporting Country	2016	2017
Brazil	1,301	880
Turkey	750	724
Belgium	503	185
France	317	347
United States	6	216
Other	43	43
Total	2,920	2,549

Source: Global Trade Atlas

In the past few years, the U.S. share of the turkey meat market has been falling because of the difficulties that U.S. turkey meat producers face meeting SFDA's animal protein free feed requirements.

Suppliers' data for Jan-Aug 2018 shows exports to Saudi Arabia of 1,300 MT of turkey meat, a reduction of 13 percent compared to the same period last year. While Brazil exported about 49 percent of total turkey meat exports in the first eight months of this year, there are no imports from the U.S. Total turkey meat imports is estimated at 2,000 MT for 2018.

Table Eggs

Saudi Arabia is a surplus producer of table egg and has been exporting eggs for more than two decades. Currently available data shows that the Kingdom produced more than 5.1 billion table eggs in 2017, an increase of 3 percent compared to 2016. The 2017 production provided Saudi Arabia with a 114 percent self-sufficiency rate. In 2016, the Kingdom exported about 760 million pieces of table eggs, mostly to the GCC countries, which represented about 15 percent of the Kingdom's total table egg production. The Saudi table egg sector is highly developed and has been relatively more successful than the chicken sector.