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Prepared By: Hussein Mousa

Approved By: Mark Ford

Report Highlights:

The Saudi Grains Organization (SAGO) projects domestic wheat production at 700,000 metric tons (MT) in MY 2021/2022, up approximately 17 percent from USDA's official estimate of 600,000 MT. Experts anticipate local domestic wheat production could reach 1 million metric tons (MMT) in MY 2022/2023 to offset expected import delays from Russia and Ukraine as a result of the ongoing war. Meanwhile, total Saudi feed barley consumption was estimated at 5.4 MMT in MY 2021/2022 due to a rough production season. As for corn, domestic production has been consistent over the past several years, but this past year, the United States was the second largest exporter of corn to Saudi Arabia with a 24% market share. Post estimates rice consumption at 1.4 MMT in MY 2022/2023, which is up from 1.3 MMT from the previous year. The United States is the third largest exporter of rice with 8% market share.

EXECUTIVE SUMMARY

In 2016, Saudi Arabia launched a new food security plan and comprehensive strategy to better address its food security needs. As a result, the Ministry of Environment, Water and Agriculture (MEWA), which manages the plan, assigned the supervision of the strategy to the Saudi Arabia Grains Organization (SAGO) to encourage Saudi companies to invest in foreign countries to export their agricultural production back to Saudi Arabia. In return, the Saudi government provides incentives to the Saudi private sector (companies and individuals) to produce strategic crops to meet their domestic demand as well as build up storage reserves. Most of the products include rice, wheat, feed barley, yellow corn, soybean meal, oil seeds, sugar, and red meat.

SAGO also owns and operates silo complexes in major cities around Saudi Arabia with total capacity around 3.45 MMT. Post sources believe Saudi Arabia maintains at least six months of stocks for various grain products to overcome any pending food shortages. Although, Saudi Arabia is a net importer for most grain products, they will occasionally produce grain products for the local market. Official wheat production data from SAGO indicates that in MY 2021/2022, Saudi Arabia produced 700,000 metric tons (MT), up approximately 17 percent from USDA's official estimate of 600,000 MT. SAGO anticipates domestic production will reach at least 1 MMT in MY 2022/2023 to offset expected import delays from Russia and Ukraine, as a result of the ongoing war. Even though SAGO would like to see local wheat production reach 1.5 MMT, many anticipate it is not possible this year due to numerous economic factors.

Meanwhile, total Saudi feed barley consumption for MY 2021/2022 was estimated at 5.4 MMT, down by approximately seven percent from USDA's official estimate of 5.8 MMT due to a rough production season. As for corn, domestic production has been consistent over the past several years, and Saudi Arabia produces about 15,000 MT annually. This past year, the United States was the second largest exporter of corn to Saudi Arabia with a 24 percent market share, and the third largest exporter of rice with an eight percent share. Post estimates rice consumption to increase to 1.4 MMT in MY 2022/2023.

WHEAT

Production

The Saudi Grains Organization (SAGO) projects MY 2021/2022 (July 2021 – June 2022) domestic wheat production at 700,000 metric tons (MT), up approximately 17 percent from USDA’s official estimate of 600,000 MT. SAGO anticipates domestic production will reach at least 1 MMT in MY 2022/2023 to offset expected import delays from Russia and Ukraine, as a result of the ongoing war. Even though SAGO would like to see local wheat production reach 1.5 MMT, many anticipate it is not possible this year due to numerous economic factors. However, the recently increased government purchase price (GPP) is expected to increase domestic wheat production in MY 2022/2023.

Local wheat production for MY 2020/2021 was also revised down to 595,000 MT based on SAGO’s official data, an increase of nearly 49 percent over USDA’s official estimate of 400,000 MT. For the two market years, the wheat production areas were reviewed using an average yield of approximately 6 MT per hectare (HA). In Saudi Arabia, wheat is planted at the end of November to the second week of January, and it is delivered to SAGO from April to October. SAGO purchases all locally produced wheat at a set competitive price that is adjusted annually.

SAGO estimates that Saudi Arabia will produce 700,000 MT of wheat in MY 2021/2022, but various experts believe production could be much lower since farmers prefer to plant alfalfa compared to wheat. When partial local wheat production resumed in MY 2018/2019, the Saudi government set a maximum production limit of 700,000 MT, but in the 2020/21 crop year, SAGO increased the maximum local wheat production cap to 1.5 MMT per year until MY 2022/2023.

However, it has been difficult for SAGO to convince local farmers to produce wheat at the maximum set production level since alfalfa is more profitable than wheat. Alfalfa produces for up to three years and yields between 6 - 9 cuts a year depending on planting region and weather conditions. As a result, farmers typically make more money producing alfalfa than wheat. Many experts believe farmers prefer producing alfalfa for one of three reasons:

1. Growers have more experience and knowledge with alfalfa than wheat.
2. Alfalfa is more profitable since it produces multiple cuts for up to three years per planted seed. (Currently, locally produced alfalfa is sold at more than \$300 per MT.)
3. The wheat crop is completely irrigated, but cooler temperatures and cloudy weather during most of the growing season significantly reduces wheat yields.

The war between Russia and Ukraine, if extended for a long period, could negatively affect the world wheat supply, which may force the Saudi Ministry of Environment, Water and Agriculture (MEWA) to compel farms to allocate more land to wheat production to meet its food security needs. Currently, in Saudi Arabia wheat is produced by small farmers on 50 HA of land, on

average, and most farmers do have enough expertise in wheat production. If need be, MEWA could enlist the country's large commercial farmers that are equipped with technical expertise and the latest farming technologies to help increase local wheat production drastically. While MEWA licenses local wheat production, SAGO is the exclusive buyer of licensed production.

Traditionally, Saudi Arabia grows a hard-winter variety known as "Yecoro Rojo" that was developed by the International Maize & Wheat Improvement Center in cooperation with the Mexican Ministry of Agriculture in Mexico. SAGO prefers Saudi wheat to imported wheat due to its hard kernel and lower moisture content, two attributes that allow for extended storage times.

Government Purchase Price

On March 2022, SAGO increased its GPP of the locally produced wheat for the second time this MY from SAR 1,550 (\$413.33) to SAR 1,700 (\$453.33) per MT delivered at nearby SAGO silos. Earlier in the year, the price was increased from approximately SAR1,306 (\$348.3) to SAR1,550 (\$413.33) per MT. Though SAGO purchases domestically produced wheat this MY at SAR1,700 (\$453.33) per MT, farmers receive a net payment of approximately SAR1,615 (\$430.67) per MT after a 5 percent deduction for Zakhat (Islamic religious tax). An additional four percent is deducted in case of foreign matter (impurity). Last year, SAGO paid \$348.3 per MT for local wheat purchase. The domestic purchase price is purposefully higher than international prices. The average CFR import price for SAGO purchased wheat for MY 2021/22 was \$337 (USD) per MT. The SAGO Board of Directors updates the local wheat purchase for each production season in early January of each year.

Consumption

Estimated MY 2020/2021 Saudi wheat consumption remained at 3.5 MMT based on data provided by SAGO, which is less than USDA's official estimate of 3.6 MMT. According to SAGO, no wheat is used as animal feed in the Kingdom. All wheat, both imported and locally grown, is exclusively used for human consumption. It is illegal to feed food wheat to livestock since the government provides monthly payments to livestock farmers to help reduce their animal feed expenses.

Wheat consumption has been static due to the continued departure of expatriate workers and their families as a result of strict policy measures to reduce the foreign workforce. Demand was also constrained by an increase in the cost of living in Saudi Arabia over the past few years due to sharp increases in utility charges, the implementation of a 15% value-added tax (VAT) in January 2020, and a continued increase in domestic petroleum prices. Preferences for other foods (e.g., imported pasta, rice, fruits, and vegetables) has also decreased the demand for wheat.

Wheat is mostly consumed in the form of a flat (pita) bread, or a local hamburger bun known as a "Samoli." Other western-style bread, such as French baguettes and pizza, are also popular. The

annual per capita consumption of wheat in Saudi Arabia (total population – 35 million) was estimated at approximately 100 kg in 2020. White flour constitutes the bulk of wheat flour consumed in Saudi Arabia.

However, in recent years, there has been a growing demand for whole-wheat flour due to its perceived health benefits, particularly by health-conscious consumers and those with health conditions, such as diabetes and obesity. It should be noted that Saudi Arabia has one of the highest diabetic and obesity rates in the world. As a result, the four flour mills currently operating in the Kingdom have increased their whole-wheat production in recent years to meet growing demand.

Trade

SAGO is the exclusive importer of subsidized food grade wheat in Saudi Arabia. The organization mainly imports hard wheat directly through public tenders that are open to registered international exporters. It does not buy through grain brokers. SAGO purchases wheat from a wide range of origins, including Australia, the EU, parts of South America, the United States, and various Black Sea countries. Saudi Arabia banned Canadian grain imports for nearly four years following diplomatic tensions, which started with a tweet from Canada's previous Global Affairs Minister calling for the release of a human right activist in Saudi Arabia. The tweet not only resulted into a diplomatic brawl, but also the suspension of trade and investment ties between the two countries. Trade volume between Canada and Saudi Arabia exceeded US \$3 billion in 2017.

SAGO issues two types of wheat import tenders:

1. International Wheat Market: Historically, SAGO issued import tenders to all international wheat suppliers to meet demand, but it set a minimum protein level of 12.5%. This practice lasted until MY 2019/2020.
2. Exclusive Wheat Import Tender for Saudi Companies Farming in Foreign Countries: As the title indicates, this tender is only for Saudi Arabian companies operating farms in foreign countries. Currently, there are two exclusive tenders in this category:
 - a. First Exclusive Tender: In April 2020 (MY2019/2020) SAGO issued a wheat import tender exclusively to Saudi investors farming in Ukraine and purchased 60,000 MT in September and November 2020. This was the start of an exclusive wheat imports tenders issued to Saudi agricultural companies that invested in foreign agricultural sectors. Two wheat shipments came from Ukraine produced by farms owned by the Saudi Agricultural and Livestock Investment Company (SALIC). When the first exclusive wheat import tender was issued, SAGO called on Saudi investors abroad to supply 10% of Saudi Arabia's wheat needs estimated at 350,000 MT. To qualify wheat imports from Ukraine and other Black Sea countries, SAGO reduced its protein content from 12.5 to 11%. (As previously

noted, all other wheat import tenders are issued at a minimum protein level of 12.5%.) The Ukraine/Russia conflict, if it continues for a longer period, is expected to eliminate Ukrainian wheat imports from the Saudi market, which would negatively affect Saudi investor's operations in Ukraine. However, SAGO will be able to weather the impact by sourcing all its wheat needs from traditional wheat suppliers, mostly from Australia and various EU countries.

- b. Second Exclusive Tender: In February 2021 (MY 2020/2021), SAGO issued its second exclusive wheat import tender to supply 10% of the country's annual wheat demand, or 355,000 MT of wheat with a 12.5% protein level. SALIC won the tender and reportedly sourced the wheat from its subsidiaries and joint venture farming projects in three countries: Australia, Canada, and Ukraine. Recently, SAGO included Canada in its wheat purchase tenders removing a nearly four-year ban. Commencing from this year, SAGO will ask Saudi companies to supply 20% of the country's annual wheat consumption or 700,000 MT.

As noted above, SALIC plays an important role in meeting the country's wheat demand. SALIC is the agricultural arm of the Public Investment Fund (PIF) owned by the Kingdom's sovereign wealth fund. It was formed in 2011 to secure food supplies through mass production and investments in foreign countries that have comparative advantages in targeted agricultural crops and products including: wheat, rice, beef, yellow corn, soybeans, forage, poultry meat, etc. The company also has the mandate to import food products when shortages occur in the Kingdom.

The Saudi government continues to encourage Saudi companies to invest in the agricultural sector of foreign countries in order to export some of their production to meet the Kingdom's food security needs. Detailed information on the Saudi foreign agricultural investments and the country's food security strategies are discussed at the end of this section.

SAGO Wheat Purchase Data

SAGO issued five international wheat import tenders for MY 2021/2022 MY 2021/2022 and purchased 3 MMT, which is expected to arrive by the end of June 2022. This is an increase of approximately 10% compared to SAGO's MY 2020/2021 MY 2020/2021 official wheat purchase data, nearly 17% below USDA's official estimate of 3.6 MMT. The significant increase in this year's government imports was aimed at increasing wheat state reserve stocks. SAGO ended MY 2021/2022 MY 2021/2022 by purchasing 1.27 MMT of wheat that is expected to arrive at Saudi seaports by the end of April 2022.

Total Saudi wheat imports for MY 2022/2023 are forecast to decline approximately 7% compared to MY 2021/2022 mainly due to an expected substantial increase in local production. As a result of the war between Russia and Ukraine, Saudi Arabia is expected to increase local production to offset tight worldwide supplies. SAGO also anticipates higher local production due to a better-than-expected GPP.

Table 1.
SAGO Wheat Purchase Tenders for MY 2020/2021 and MY 2021/2022

| SAGO Wheat Purchase Tenders for MY 2020/21 | | Protein Percentage | SAGO Wheat Purchase Tenders for MY 2021/22 | | CFR Per MT |
|---|-----------------------|---------------------------|---|--------------------|-------------------|
| <i>Shipment Arrival Date</i> | <i>Quantity in MT</i> | | <i>Shipment Arrival Date</i> | <i>Quantity MT</i> | |
| Jul - Aug 2020 | 660,000 | 12.5% | Aug - Sep.2021 | 674,400 | \$299.95 |
| Sep 2020 | 120,000 | 11- 12% | Oct-21 | 571,000 | \$287 |
| Nov – Jan 2021 | 745,000 | 11-12.5% | Nov-21 | 438,497 | \$355.58 |
| Feb – Mar 2021 | 860,000 | 12.5% | Dec-21 | 55,450 | \$330.04 |
| May -Jun 2021 | 361,000 | 12.5% | Jan-Apr 2022 | 1,268,000 | \$377.54 |
| Total MY 20/21 | 2,746,000 | | Total MY21/22 | 3,007,347 | \$330.02 |

Source: [SAGO](#)

Wheat Import Data

SAGO wheat import data for MY 2020/2021 was very close to the exports data provided by supplying countries (2.746 MMT vs. 2.749 MMT). As such, 2.749 MMT was used in the wheat PSD table in this report, which is similar to USDA’s official estimate. SAGO purchases only grain wheat. The 3,000 MT difference between SAGO’s data and that of the supplying countries could be comprised of wheat flour and wheat products (such as pasta) that are imported by the private sector but not included in SAGO’s data.

In MY 2020/2021, the EU retained its dominance of the Saudi imported wheat market with approximately 1.9 MMT, or approximately 68% of Saudi imports, though its market share was reduced significantly from the previous MY. Australia was the second largest supplier with 15.8% and increased its market share drastically over MY 2019/2020. Ukraine, Brazil, and Russia were the next three top exporters, respectively. Saudi Arabia is expected to offset Ukrainian and Russia imports with higher local production along with additional imports from Australia, Canada and various EU countries. The United States has not been a regular wheat exporter to Saudi Arabia since they commenced wheat imports in 2008. In MY 2016/2017 the United States exported a record 172,450 MT to Saudi Arabia, but U.S. exports have been less than 2,000 MT for each of the past two years.

Table 2.
Saudi Wheat & Wheat Products Imports Per Supplying Countries Customs Data

| Exporter | MY 2019/2020 | Market Share | MY 2020/2021 | Market Share |
|-----------------|-----------------|--------------|--------------|--------------|
| EU 27 | 3,397,090 | 93.5% | 1,870,136 | 68.0% |
| Australia | 8,335 | 0.2% | 435,349 | 15.8% |
| Ukraine | 120 | 0.0% | 154,921 | 5.6% |
| Brazil | 62,460 | 1.7% | 141,068 | 5.1% |
| Russia | 123,000 | 3.4% | 123,520 | 4.5% |
| Other countries | 42,649 | 1.2% | 24,151 | 0.9% |
| Total | 3,633,655 | 100% | 2,749,145 | 100% |

(Source: Trade Data Monitor, LLC)

SAGO Import Facilities

SAGO receives imported wheat at four seaports in the Kingdom with a total combined daily unloading capacity of 46,000 MT. The three seaports on the Red Sea (the Jeddah Islamic, Diba “Gazan” and Yanbu seaports) can each unload 12,000 MT per day while the King Abdul Aziz Seaport on the Arabian Gulf can unload 10,000 MT per day.

Stocks

SAGO owns and operates silo complexes in major cities around Saudi Arabia. Total silo capacity in the Kingdom was 3.45 MMT by the end of 2020. SAGO owns and operates silos with a total storage capacity of 2.705 MMT while the four private flour mills have a combined storage capacity of 745,000 MT. The silos are in 14 locations throughout Saudi Arabia.

SAGO considers the world wheat supply to be reliable and no longer strives to maintain strategic wheat reserves equal to annual consumption. Although SAGO does not release its actual wheat reserve stock levels, it is believed to maintain stocks for at least six months.

Policy

In November 2018, Saudi Arabia partially rescinded a ban on domestic wheat production, which was in place since crop year 2015/16 over concerns of the country’s scarce aquifer water resource reserve. Saudi’s decision to reduce domestic forage cultivation by 42.5% eliminated large producers from domestic forage production, although smaller-sized farmers were exempt from this regulation. Domestic wheat and forage production are completely dependent on irrigation. MEWA estimated that approximately 10.75 MMT of forage was produced in Saudi Arabia in 2015/16.

Following a major cut in local forage production in 2018/19, the government offered medium and smaller sized producers three options:

1. Terminate forage production altogether and receive financial compensation.
2. Produce forage on 50 HA.
3. Produce wheat on 50 HA.

Farmers who opted to produce wheat, or forage, must obtain licenses from MEWA and should only produce the crop they are licensed to grow until 2025. If a farmer wishes to switch between the two crops, they must reapply for a new license after two production seasons, and only licensed farmers can produce wheat or forage. Any unlicensed farming of the two crops will result in a severe financial punishment. SAGO was authorized by the government to purchase up to 1.5 MMT of locally produced wheat until 2024 to achieve this goal, and MEWA is willing to increase the production area for small farmers if they wish to increase their wheat production.

Many experts believe the government will renew their domestic wheat production policy in 2025, allowing the Kingdom to produce up to 20% of its wheat consumption demand annually in order to retain wheat production know-how and technology.

Food Security

In order for Saudi Arabia to meet its food security demands, in 2008 it issued a food security plan known as “King Abdullah’s Initiative for Saudi Agricultural Investment Abroad” (King Abdullah’s Initiative). King Abdullah’s Initiative focuses on guaranteeing the food supply for Saudi Arabia to build up strategic stock levels for selected grains to avoid a future food crisis. In 2016, with support from various stakeholders, MEWA revamped King Abdullah’s Initiative and launched a new comprehensive strategy called the KSA Food Security Strategy and Implementation Plan.

MEWA assigned the supervision of the Kingdom’s food security strategy to SAGO. One of the focal pillars of the plan encourages Saudi companies to invest in foreign countries to export part of their agricultural production to the Kingdom. The Saudi government provides incentives such as exclusive import tender and profitable purchase prices to the Saudi private sector (companies and individuals) to produce strategic crops to meet domestic demand as well as build up storage reserves. Most of the products include rice, wheat, feed barley, yellow corn, soybean meal, oil seeds, sugar, and red meat.

Following the privatization of all government-owned flour milling companies as well as the handover of barley imports to the private sector in 2021, SAGO is expected to meet the Kingdom’s food security needs. Under this new role, SAGO will continue to import wheat and manage local wheat production in addition to assuring that all targeted food products are available in the country at sufficient levels. SAGO’s existing silos will be handed over and managed by a national silo organization that the Saudi government is expected to form in the next few months. The organization is projected to generate revenue from its storage services.

Several large Saudi companies have invested in foreign countries to supply part of their production to meet the Kingdom's food security initiative. One of the leading firms investing in foreign agricultural projects is SALIC (www.salic.com). The firm, which has agricultural investments in Australia, Brazil, Canada, and the Ukraine has been exporting wheat to Saudi since MY 2019/2020 from its overseas farms. Wheat produced in Ukraine comes from SALIC' owned Continental Farmers Group that is in the western part of the country, and a prolonged conflict in Ukraine would have a negative impact on Saudi Arabia's investments. SALIC does not own farms in Canada but is a partner in the G3 Global Grain Group with Bunge (one of the main providers in grain trading).

Other leading Saudi investors in foreign farming sectors include:

- Al Rajhi International for Investment Company (www.raii.net/en). Al-Rajhi has agricultural-related investments in Egypt, Sudan, and the Ukraine.
- Almarai Company (owner of Fondomonte Argentina and Arizona). Fondomonte Argentina produces green fodder and grains while Fondomonte Arizona is dedicated to green forage production and exports to Almarai Dairy Farms in Saudi Arabia.

Saudi Arabia uses three different mechanisms to cover its wheat security needs:

1. Local production.
2. Imports from Saudi companies located in other countries.
3. Imports from the international market.

Flour Mill Privatization

As previously mentioned, Saudi Arabia privatized its four flour milling companies. Below is detailed information on the four privatized wheat milling companies:

- **First Mills Company:** Headquartered in the Red Sea city of Jeddah, the First Mills Company has flour mills in western, central, northern, and eastern Saudi Arabia. The company was sold to the Raha Al-Safi consortium led by the Saudi company Al-Mutlaq Group. The consortium includes another two Saudi firms (Al-Safi and Abunayyan Holding) and one UAE company (Essa Al Ghurair Investment). The First Mills Company has 4,200 MT of wheat milling and 900 MT of feed processing capacity per day.
- **Second Mills Company:** Headquartered in Riyadh, the Second Mills Company has mills in central, southern, and northern Saudi Arabia. This company has 4,350 MT of daily wheat milling capacity.
- **Third Mills Company:** Headquartered in the southern city of Khamis Mushait, the Third Mills Company was sold to a consortium made up by Al-Rajhi, a Saudi company, and two UAE companies (Al Ghurair Foods and Masafi). The company has flourmills in southern, western, and northern Saudi Arabia. The Third Mills Company has 3,451 MT of wheat milling and 1,400 MT of animal feed processing capacity per day.

- **Fourth Mills Company:** The Dammam based Fourth Mills Company has flourmills in eastern, western, and central Saudi Arabia. It has a daily wheat and animal feed milling capacity of 3,150 MT and 300 MT, respectively.

Wheat Subsidy

While there is an interest in ending the wheat subsidy while supporting low-income Saudis directly, it is not known when or if that will occur. If it does, there may be more opportunities for high-quality wheat and product differentiation. Until a royal decree changing the wheat subsidy policy is issued, the privatized flour mills will continue to receive wheat from SAGO in order to mill and distribute at subsidized rates. Most of the revenue from the private mills is expected to come from milling fees, and privatized mills can import wheat for non-subsidized flour. This could be used for premium products, but volumes are expected to be small.

SAGO's Role After Privatization

Privatization of the wheat import industry is an ongoing process. SAGO will remain the sole importer of subsidized milling wheat and will maintain ownership and operation of most of the wheat silos across the country. SAGO will manage the strategic wheat reserves and ensure the Kingdom's food security objectives. SAGO is expected to privatize only a part of its grain storage silos to provide a smooth transition for the new flourmills. SAGO's post-flour mill privatization roles will include the following:

- Issue import permits for unsubsidized wheat to interested flour mills.
- Establish regulations related to wheat flour quality.
- Inspect flour mills to ensure compliance with quality regulations.
- Encourage and regulate competition among private flour mills.
- Ensure enough wheat flour is produced and delivered.

Marketing

Licensed bakeries and supermarkets and almost all industrial users purchase their flour directly from SAGO's flourmills or from assigned agents in their respective areas. There are more than 525 appointed distributors, and they serve approximately 11,700 establishments, of which 6,500 are licensed bakeries. The distributors provide packaged flour to licensed bakeries in 45-kg sacks and to retailers in one, two, five and 10-kg sacks. Industrial users purchase in bulk (metric tons).

Market Development Activities

Since the resumption of wheat imports in 2008, the U.S. Wheat Associates (USWA) regional office has coordinated market development and trade servicing activities in Saudi Arabia. Though no recent market development activities have been conducted, USWA has conducted several capacity-building activities including seminars, training, and exchange programs to assist SAGO’s purchasing staff better understand U.S. wheat varieties. USWA has also offered workshops on: wheat purchasing, risk management, contract terms, quality specifications, wheat inspections as well as freight and shipping costs.

Prices

Flour prices to bakers and industrial clients have not changed for approximately the past four decades, but the wholesale price of consumer-packed flour increased by 50% from \$0.27/kg to \$0.40/kg in 2017. Large bakeries and industrial users purchase wheat flour directly from the four flourmills while smaller bakeries and retailers receive their assigned quotas from SAGO-appointed distributors. SAGO’s wholesale prices vary based on the flour type and extraction rate. Bakers purchase at prices from \$5.30 to \$8 per 45 kg based on flour extraction rates and flour type. Industrial users purchase in bulk between \$117.30 and \$160 per MT. Prices to bakers and industrial clients have not changed for decades.

Exports

Saudi Arabia does not export wheat. However, in MY 2020/2021, Saudi Arabia exported approximately 140,000 MT of wheat (such as wheat flour, macaroni, pasta, and spaghetti) to other Arab countries. The demand in Yemen for wheat products has been very strong in recent years and similar quantity exports are forecast to increase this year.

Table 3.
Production, Supply Demand and Distribution:

| Wheat | 2020/2021 | | 2021/2022 | | 2022/2023 | |
|----------------------------|--------------------|----------|--------------------|----------|--------------------|----------|
| | Market Year Begins | | Market Year Begins | | Market Year Begins | |
| Saudi Arabia | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Harvested (1000 HA) | 67 | 99 | 100 | 117 | 0 | 167 |
| Beginning Stocks (1000 MT) | 3168 | 3168 | 2747 | 2873 | 0 | 2923 |

| | | | | | | |
|---|--------|--------|------|--------|---|-------|
| Production (1000 MT) | 400 | 595 | 600 | 700 | 0 | 1000 |
| MY Imports (1000 MT) | 2818 | 2749 | 3600 | 3000 | 0 | 2800 |
| TY Imports (1000 MT) | 2818 | 2749 | 3600 | 3000 | 0 | 2800 |
| TY Imp. from U.S. (1000 MT) | 2 | 0 | 0 | 0 | 0 | 0 |
| Total Supply (1000 MT) | 6386 | 6512 | 6947 | 6573 | 0 | 6723 |
| MY Exports (1000 MT) | 139 | 139 | 150 | 150 | 0 | 150 |
| TY Exports (1000 MT) | 139 | 139 | 150 | 150 | 0 | 150 |
| Feed and Residual (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| FSI Consumption (1000 MT) | 3500 | 3500 | 3600 | 3500 | 0 | 3500 |
| Total Consumption (1000 MT) | 3500 | 3500 | 3600 | 3500 | 0 | 3500 |
| Ending Stocks (1000 MT) | 2747 | 2873 | 3197 | 2923 | 0 | 3073 |
| Total Distribution (1000 MT) | 6386 | 6512 | 6947 | 6573 | 0 | 6723 |
| Yield (MT/HA) | 5.9701 | 6.0101 | 6 | 5.9829 | 0 | 5.988 |
| (1000 HA), (1000 MT),(MT/HA) | | | | | | |
| MY = Marketing Year, begins with the month listed at the top of each column | | | | | | |
| TY = Trade Year, which for Wheat begins in July for all countries. TY 2022/2023 = July 2022 - June 2023 | | | | | | |

BARLEY

Production

Saudi barley production is estimated at approximately 10,000 MT and is used mainly for human consumption. The government stopped feed barley production to conserve scarce water resources as the Saudi barley crop is 100% irrigated. Local barley production is mainly used in specialty food items, such as soups and traditional Saudi dishes during the fasting month of Ramadan. A small quantity is used by households for barley tea.

Consumption

Imported barley is used exclusively for animal feed as there is no beer production in Saudi Arabia. Total Saudi feed barley consumption for MY 2021/2022 is estimated at 5.4 MMT, down by approximately 7% from USDA's official estimate of 5.8 MMT. Over the previous eight months, the weather throughout the production season was brutal (high temperatures and little rainfall) compared to the previous year thus creating poor pasture-like conditions for livestock. As such, demand for barley and processed feed should have increased, but the exact opposite occurred. While there is no definitive explanation for the significant decrease in local barley consumption this marketing year, most experts attribute it to the mass exodus of local farmers from the livestock industry.

According to numerous local feed producers, the demand for processed feed decreased 30% over the past three months even though a 50-kg bag of processed feed was priced \$2.13 below a 50-kg bag of barley. While no recent official government data is available, some contacts believe that a significant number of local livestock farmers exited the profession due to increasing barley prices mixed in with a low fixed government monthly cash payment to farmers.

It is worth mentioning that Saudi Arabia's new animal feed subsidy regime that was implemented in January 2020 gives direct monthly per head payments to small livestock farmers. Small farmers are those who have a maximum of 300 animals from each of the four livestock categories (sheep, goats, camels, and cattle). The total subsidy budget for this category is \$320 million a year. Livestock producers, the dominant users of barley, receive monthly per head subsidies of \$2.13 for goats and sheep, \$10.67 for camels, and \$16 per head for cattle. The direct monthly payments to livestock producers are intended to help farmers purchase the feed of their choice among available alternatives, particularly between grain barley and processed feed.

Post sources have stated that demand is low because of the continued exit of recreational farmers (e.g., a few hundred sheep or goats per family) who departed due to higher farming costs. However, other experts believe demand is down because farmers are reducing waste, thus buying less barley. Barley consumption is projected to increase by 7% in MY 2022/2023 due to an expected lower import price this marketing year. Historically, barley consumption increases when prices are very competitive.

Approximately, 80% of imported barley is fed to sheep, camels, and goats without further processing. Most of this is mixed with green forage. Dairy farms use limited quantities of barley in their feed formulations. Traditionally, white barley has been the preferred animal feed for Bedouins. Barley use in poultry feed is estimated at less than 5% of total imported barley.

Sheep and goats consume the largest portion of imported barley, followed by camels. When it is readily available at competitive prices, barley is often used in place of forage products, although animals require a certain level of forage in their diets to remain healthy. Historically, local feed processors have lobbied the Saudi government to cease direct or indirect subsidies to keep the domestic feed barley prices lower than processed feed. Many believe the government’s new barley trade policy will eliminate unfair competition and create a level playing field for local feed processors to compete with barley.

Trade

In April 2021, the Saudi government handed back the barley imports and distribution business to the private sector to purchase and sell barley at competitive prices. SAGO issued imports and distribution licenses to 11 local potential barley traders of which four have already commenced barley imports. However, persistently high international barley prices and high freight costs have curtailed the barley imports of three companies. Currently, the Jeddah based United Feed Company (UFC), is the only consistent importer of barley to Saudi Arabia. The company is estimated to import approximately 65% of the total Saudi barley imports in this marketing year. The country is currently importing most of its barley from Australia.

Recent available data shows that the Kingdom imported approximately 2.46 MMT of barley in the first six months of MY 2021/2022 (July – December 2021), a reduction of 31% compared to the same period last year (3.57 MMT). Imports are down mainly due to acute freight shortages from supplying countries along with decreased demand. Nevertheless, forthcoming improvements in freight logistics in Australia is expected to expedite the shipment of barley to Saudi Arabia, propelling the country forward as the dominant supplier to the Kingdom.

**Table 4.
Production, Supply Demand and Distribution:**

| Jul-Dec 2021 Saudi Barley Imports | | | Jul-Dec 2020 Saudi Barley Imports | |
|-----------------------------------|-----------|--------------|-----------------------------------|--------------|
| Report Country | Quantity | Market Share | Quantity | Market Share |
| Australia | 1,137,938 | 46.3% | 0 | 0% |
| EU | 574,645 | 23.4% | 1,349,060 | 37.8% |

| | | | | |
|-----------------|-----------|-------|-----------|-------|
| Ukraine | 372,776 | 15.2% | 1,008,088 | 28.3% |
| Russia | 370,619 | 15.1% | 944,939 | 26.5% |
| Argentina | 0 | 0.0% | 201,600 | 5.7% |
| UK | 0 | 0.0% | 62,659 | 1.8% |
| Other Countries | 60 | 0.0% | 79 | 0% |
| Total | 2,456,038 | 100% | 3,566,425 | 100% |

(Source: Trade Data Monitor, LLC)

In the first six months of MY 2021/2022, Australia exported approximately 1.14 MMT of barley to Saudi Arabia, accounting for 46.3% of total Saudi imports (2.46 MMT). Australia did not export barley to Saudi Arabia in the first six months of the previous marketing year. The EU, Ukraine, and Russia were the next largest exporters, respectively, this marketing year but with drastically reduced export quantities compared to the previous year. According to some contacts, due to some political tensions between China and Australia, China switched its barley imports from Australia to Ukraine and Russia, which forced Australia to focus on the Saudi market to move barley. Apparently, China was a more profitable market for the Black Sea barley exporters, which motivated them to focus on that market instead of their traditional Saudi market.

Per domestic and international grain traders, Australia exported an average of 382,000 MT per month of barley to Saudi Arabia since November 2021, and it is expected to continue for the rest of this marketing year. Australia is the most competitive barley exporter to Saudi Arabia, and it is projected to supply approximately 420,000 MT to Saudi Arabia per month for the remainder of this marketing year, enabling the country to supply about 70% of the forecasted total (5.2 MMT, 10% below USDA's official estimate of 5.8 MMT). Meanwhile, total Saudi barley imports for MY 2021/2022 were reduced approximately 25% compared to MY 2020/2021. Total Saudi MY 2022/2023 barley imports are projected at 6 MMT provided prices are competitive and freight conditions improve.

Domestic Barley and Processed Feed Prices

Currently, a 50-kg of barley is sold for \$19.32 inclusive of the 15% VAT at packing terminals while the same quantity was sold for \$15.74 in August 2021. Various experts indicate that the increase in domestic barley price has forced several smaller livestock producers (goat and sheep) to leave the industry. As a result, ARASCO (Arabian Agricultural services company) has maintained the wholesale price of its 50-kg bag of "Wafi" compound feed at least 8 Saudi Riyal (SAR), or \$2.13 USD, below the price of barley of the same weight. ARASCO maintains a lower

price to educate livestock farmers about the cost and weight gain benefits of its feed compared to grain barley.

According to some experts, replacing barley with processed feed reportedly benefits livestock farmers in two ways:

1. According to ARASCO, one kilo of “Wafi” is equal to 1.5 kilos of grain barley.
2. Processed feed is more fully digested, nutritional, and better for weight gain. (Note: MEWA reports that more than 30% of raw barley fed to livestock is discharged without being digested; thereby, providing no benefit to animals in terms of weight gain or nutrition.)

Stocks

SAGO’s barley stock is estimated at 20% of total consumption.

**Table 5.
Production, Supply and Demand Data Statistics:**

| Barley Market Year Begins Saudi Arabia | 2020/2021 | | 2021/2022 | | 2022/2023 | |
|--|------------------|----------|------------------|----------|------------------|----------|
| | Jul 2020 | | Jul 2021 | | Jul 2022 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Harvested (1000 HA) | 2 | 2 | 2 | 2 | 0 | 2 |
| Beginning Stocks (1000 MT) | 1016 | 1016 | 1002 | 1212 | 0 | 1001 |
| Production (1000 MT) | 11 | 14 | 11 | 14 | 0 | 14 |
| MY Imports (1000 MT) | 7000 | 6907 | 5800 | 5200 | 0 | 6000 |
| TY Imports (1000 MT) | 6100 | 6907 | 5400 | 5200 | 0 | 6000 |
| TY Imp. from U.S. (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Supply (1000 MT) | 8027 | 7937 | 6813 | 6426 | 0 | 7015 |
| MY Exports (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | |
|---|------|------|------|------|---|------|
| TY Exports (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| Feed and Residual (1000 MT) | 7000 | 6700 | 5800 | 5400 | 0 | 5800 |
| FSI Consumption (1000 MT) | 25 | 25 | 25 | 25 | 0 | 25 |
| Total Consumption (1000 MT) | 7025 | 6725 | 5825 | 5425 | 0 | 5825 |
| Ending Stocks (1000 MT) | 1002 | 1212 | 988 | 1001 | 0 | 1190 |
| Total Distribution (1000 MT) | 8027 | 7937 | 6813 | 6426 | 0 | 7015 |
| Yield (MT/HA) | 5.5 | 7 | 5.5 | 7 | 0 | 7 |
| | | | | | | |
| (1000 HA), (1000 MT) ,(MT/HA) | | | | | | |
| MY = Marketing Year, begins with the month listed at the top of each column | | | | | | |
| TY = Trade Year, which for Barley begins in October for all countries. TY 2022/2023 = October 2022 - September 2023 | | | | | | |

CORN

Production

Saudi Arabia produces about 15,000 MT of corn annually with an average yield of nearly 6 MT per HA. Domestic corn production has been consistent over the past several years because Saudi corn growers do not receive government support, neither through direct production subsidies nor by government-guaranteed prices. Saudi's government policy discourages the domestic production of water-intensive crops, including feed corn.

Corn planting occurs twice a year, in the spring and summer. The spring planting is in March with harvest in August while the summer planting is in the last week of June with harvest from mid-November until the end of December. Approximately 60% of corn production is from the summer crop.

Consumption

Imported corn is primarily used for animal feed. Approximately 200,000 MT is used in the production of food processing ingredients, such as starch and sweeteners. Domestically grown

corn is used as corn-on-the-cob or milled for flour by small neighborhood flourmills. Corn continues to be a very important feed grain for poultry farms, and it accounts for approximately 60% of poultry feed formulations. It is also a key feed grain used by commercial feed processors and domestic dairy farms.

Feed accounts for approximately 70% of broiler meat production costs. The Saudi poultry sector is presently confronting near-record high feed costs driven by the convergence of the tight supply of main feed ingredients (corn and soybean meal) and record freight costs. A typical local poultry ration is made up of 60% corn, 30% soybean meal, and 10% of other ingredients. Corn is preferred because it is highly digestible and a good source of dietary energy while soybean meal is preferred for its high protein content.

MY 2021/2022 total corn consumption is estimated at approximately 3.6 MMT, up by approximately 6% from USDA's official estimate of 3.4 MMT for MY 2020/2021. This is mainly due to the continued expansion in the Saudi local poultry farming sector that depends heavily on corn. Corn consumption is projected to increase to 3.9 MMT in MY 2022/2023 due to anticipated improvements in the world corn supply and the availability of competitive freight.

MY 2020/2021 corn consumption was estimated at 3 MMT, down by approximately 12% from USDA's official estimate of 3.4 MMT due mainly to reduced corn usage in local commercial feed processors. In that year, higher feed costs closed some small regional commercial feed processors and forced larger facilities to significantly reduce corn usage 10%. The increased feed costs also contributed to reductions in the demand for processed feed.

To reduce higher costs, larger feed processors increased the use of fiber sources (for example, wheat bran, alfalfa, and soya hulls) to reduce the need for corn. Historically, commercial livestock feed processors increased their corn usage up to 40% when corn prices were in the range of \$230 -\$240 per MT. The current reported CFR Saudi port of entry price is \$350 per MT.

Industrial Use

The Middle East Food Solution Company (MEFSCO), which is a joint venture between ARASCO and Cargill, is the most important end-user of corn and manufactures starch-based products for Saudi Arabia market and the MENA region. MEFSCO's plant produces starches, sweeteners, glucose, high fructose corn syrups and other food processing ingredients for confectioneries, juices, and bakeries. Based in Al-Kharj, MEFSCO depends on imported corn. The company crushes approximately 150,000 MT of corn annually and is not expected to increase production this year as it faces competitively priced starches, sweeteners, and other related food processing ingredients, mainly from Latin American suppliers.

Trade

In January 2020, the Saudi government stopped providing direct per MT corn import subsidies to importers to purchase corn from international markets. However, it still provides up to \$187 million, annually, as a direct production-based subsidy to the poultry industry of which approximately \$112 million is used to purchase corn from local corn importers or directly from the international market. However, poultry farms claim that the current production-based subsidy is not good enough to balancing the increased CFR cost imported corn.

Based on discussions with local corn importers and international corn traders, Post projects MY 2021/2022 total Saudi corn imports at 3.7 MMT, down by approximately 3% from USDA's official estimate of 3.8 MMT. Numerous trade contacts indicate that Saudi Arabia recently purchased a total of 3.35 MMT of corn for arrival by the end of August 2022, an increase of 11% compared to the same period last year.

Table 6.
Saudi Corn Imports

| Saudi Corn Imports (Metric Tons) | | | | |
|---|---------------|--------------|-------------------|--------------|
| Exporter | Oct/20-Sep/21 | Market Share | Oct/19- Dec/20 | Market Share |
| Argentina | 1,733,133 | 57% | 2,589,988 | 57% |
| US | 724,580 | 24% | 854,047 | 19% |
| Brazil | 512,146 | 17% | 721,337 | 16% |
| EU-27 | 28,903 | 1% | 91,169 | 2% |
| Paraguay | 14,393 | 0% | 180,018 | 4% |
| Ukraine | 0 | 0% | 71,733 | 2% |
| Other | 2,987 | 0% | 2,540 | 0% |
| Total | 3,016,142 | 100% | 4,510,832 | 100% |

(Source: Trade Data Monitor, LLC)

Argentina was the largest exporter of corn to the Kingdom in the MY 2020/2021, and it accounted for 57% of total Saudi corn imports. The United States was the second largest exporter of feed corn to Saudi Arabia, during the same period, with a market share of 24% while Brazil was third with a 17% market share. Unfortunately, due to issues previously mentioned, each of

the three leading suppliers exported less product than the previous year. Saudi Arabia corn importers prefer Latin American corn when supplies are good, and prices are competitive to U.S. corn. The main reported reason for the preference is less breakage, and many Saudi importers feel that this is due to different drying methods. According to various end-users, broken corn is more susceptible to mold and creates dust.

Stocks

There is no official data on corn stock levels in Saudi Arabia, but major feed processors indicate they keep at least a three-month supply to ensure the supply chain isn't interrupted due to market, transportation, or other logistical issues.

Imports of Distillers Dried Grains with Solubles (DDGS), Corn Gluten Feed (CGF) and Residues

In MY 2020/2021, Saudi Arabia imported 65,613 MT of DDGS, CGF and other residues. This is a decrease of approximately 3% compared to the previous year. Ukraine exported 42,617 MT, accounting for 65% total exports to the Kingdom, and exports were up by 29% compared to a year earlier. The United States was the second largest supplier of DDGS to Saudi Arabia with 22,822 MT, a decrease of nearly 4% compared to last year.

There are two groups of customers for DDGS in Saudi Arabia:

1. **Dairy Farmers:** Most farmers import and use it for dairy rations when prices are competitive to that of corn. The dairy sector is the main user of DDGS in Saudi Arabia and routinely imports DDGS to reduce costs while producing higher milk rates.
2. **Local Feed Processors:** Demand for DDGS in this industry materializes if the price is comparable to that of other fiber sources. Most local processors use DDGS as a source of fiber in their feed formulation to replace other sources, such as hulls and straw.

Table 7.
DDGS, CGF and other Residues Grouped under HS code 2303

| Reporter | DDGS, CGF and other Residues Grouped Under HS code 2303 | | | |
|---------------|---|--------------|---------------------|--------------|
| | Oct 2020 - Sep 2021 | Market Share | Oct 2019 - Sep 2020 | Market Share |
| Ukraine | 42,617 | 65% | 32,998 | 49% |
| United States | 22,822 | 35% | 23,781 | 35% |
| Egypt | 150 | 0% | 10,944 | 16% |

| | | | | |
|-------|--------|------|--------|------|
| Other | 24 | 0% | 158 | 0% |
| Total | 65,613 | 100% | 67,881 | 100% |

(Source: Trade Data Monitor, LLC)

If DDGS prices are comparable to that of hulls, DDGS is preferred due to its richer nutritional attributes. In January 2020, the Saudi government stopped part of its import subsidy program for DDGS and CGF (\$99 and \$91 per MT, respectively).

Table 8.
Production, Supply and Demand Data Statistics:

| Corn | 2020/2021 | | 2021/2022 | | 2022/2023 | |
|-----------------------------|---------------|----------|---------------|----------|---------------|----------|
| | Oct 2020 | | Oct 2021 | | Oct 2022 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Market Year Begins | | | | | | |
| Saudi Arabia | | | | | | |
| Area Harvested (1000 HA) | 2 | 2 | 2 | 2 | 0 | 2 |
| Beginning Stocks (1000 MT) | 703 | 703 | 332 | 735 | 0 | 850 |
| Production (1000 MT) | 12 | 15 | 12 | 15 | 0 | 15 |
| MY Imports (1000 MT) | 3017 | 3017 | 3800 | 3700 | 0 | 4000 |
| TY Imports (1000 MT) | 3017 | 3017 | 3800 | 3700 | 0 | 4000 |
| TY Imp. from U.S. (1000 MT) | 725 | 0 | 0 | 0 | 0 | 0 |
| Total Supply (1000 MT) | 3732 | 3735 | 4144 | 4450 | 0 | 4865 |
| MY Exports (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| TY Exports (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| Feed and Residual (1000 MT) | 3200 | 2800 | 3500 | 3400 | 0 | 3700 |
| FSI Consumption (1000 MT) | 200 | 200 | 200 | 200 | 0 | 200 |
| Total Consumption (1000 | 3400 | 3000 | 3700 | 3600 | 0 | 3900 |

| | | | | | | |
|---|------|------|------|------|---|------|
| MT) | | | | | | |
| Ending Stocks (1000 MT) | 332 | 735 | 444 | 850 | 0 | 965 |
| Total Distribution (1000 MT) | 3732 | 3735 | 4144 | 4450 | 0 | 4865 |
| Yield (MT/HA) | 6 | 7.5 | 6 | 7.5 | 0 | 7.5 |
| (1000 HA), (1000 MT) ,(MT/HA) | | | | | | |
| MY = Marketing Year, begins with the month listed at the top of each column | | | | | | |
| TY = Trade Year, which for Corn begins in October for all countries. TY 2022/2023 = October 2022 - September 2023 | | | | | | |

RICE

Production

There is no rice production in Saudi Arabia, and the country relies on imports to meet its domestic needs.

Consumption

Rice is one of the most competitively priced grains that is abundantly available in Saudi Arabia. A kilo of rice ranges between 80 cents to \$2.50 per kg depending on its variety and grade. U.S. parboiled rice is usually sold at retail for \$1.60 per kg.

Saudi rice consumption in MY 2021/2022 is estimated at approximately 1.3 MMT, a decrease of approximately 4% compared to USDA’s official estimate of 1.35 MMT. The Kingdom’s total rice consumption is projected to reach 1.4 MMT in MY 2022/2023 due to the lifting of most COVID-19 restrictions that allowed numerous restaurants and catering services to resume full-time operations. The demand for rice is also forecast to increase because of the resumption of religious tourists to Saudi Arabia. Historically, demand for rice significantly increases during the Umrah and Hajj seasons. Saudi Arabia projects the number of religious visitors will double by 2030 bolstered by massive expansion projects at the two holy mosques in Makkah and Medina, and Post projects rice consumption will continue to increase.

Rice is a staple food in Saudi Arabia that is served for lunch and dinner. A traditional dish called “kabsah” is widely consumed in Saudi homes, and nearly all Saudis include rice as a major part of their daily diet. Most of the 12 million expatriates living in Saudi Arabia (from the Indian subcontinent and other Asian countries) are also large consumers of rice. In 2021, the Saudi

population was estimated at approximately 35 million with a per capita rice consumption of approximately 34.5 kg. Rice consumption has not been increasing significantly in the Kingdom in recent years as consumers continue to be more health conscious or opt for bread, pasta, and vegetables.

Basmati (aromatic rice from the Indian subcontinent) is the most popular rice variety in the Saudi market. The American long-parboiled and medium-grain Calrose rice varieties are well known, but Saudi consumers' preference has shifted to basmati varieties in recent years. While Indian basmati rice is mostly consumed in the eastern, central, and western regions of Saudi Arabia, American rice is popular in the southern region. It is also very popular in restaurants that prepare kabsah dishes.

Most consumers in Saudi Arabia prefer aged basmati rice and Saudi rice importers store new harvested basmati rice for several months to improve the cooking quality of the rice and to maintain the quality of their branded rice. According to some importers, newly harvested basmati rice is very soft and sticky if cooked before it is aged, and the aging process improves the quality by maintaining several key attributes (e.g., fluffy, fragrant, and long grain). Each year, major Saudi importers market their aged rice for several months before they offer the new year products. It is not unusual to find basmati rice stored for several years in Saudi houses for aging purposes and as a reserve stock.

Trade

Private companies freely import rice into Saudi Arabia. However, in recent years, SAGO has implemented strategies with major rice importers to assure adequate rice reserves are kept at their warehouses. Rice does not face a tariff and is not subsidized. Most major Saudi rice importers purchase the new Indian rice crop by December each year and complete their imports by June. Meanwhile, imports from other countries, such as the United States, last throughout the year.

MY 2021/2022 Saudi rice imports are estimated at 1.3 MMT, down by approximately 7% from USDA's official estimate of 1.4 MMT or 8% higher than last year's estimated imports of 1.2 MMT. Total Saudi rice imports are projected to increase by approximately 8% in MY 2022/2023 due to an expected increase in visitors in 2023. (NOTE: Currently, all visitors to Saudi Arabia are required to be fully vaccinated to obtain a Saudi visa. This requirement could significantly reduce the number of pilgrims coming to religious rituals from developing countries or it might not be an issue.)

India continued to dominate the Saudi rice market in MY 2020/2021 (Jan. – Dec. 2021) and exported 909,205 MMT of rice to Saudi Arabia. This accounted for approximately 76% of the Kingdom's rice imports, although India's exports decreased by approximately 25%. Historically, India has been the largest rice exporter to Saudi Arabia accounting for more than 75% of total imports annually. Some of the main factors that contributed to its continued dominance are:

- (1) The country’s capability to offer various varieties (basmati and non-basmati) and grades of rice that meet consumer’s needs,
- (2) Competitive prices,
- (3) Saudi importers extensive knowledge of the Indian rice farming and trade sectors, and
- (4) Most major Saudi rice importers have a strong relationship with Indian farmers with rice processing/packing facilities in the country.

With an estimated 9% of the market, Pakistan remained the second largest rice exporter to Saudi Arabia, but exports also declined, approximately 14% in 2021. Pakistani basmati rice is known for its superior quality and should remain integral in the Saudi market for years to come.

The United States was the third largest exporter of rice to Saudi Arabia with approximately 8% market share last year. In MY 2020/2021, U.S. rice exports were 92,469 MT, a decrease of approximately 18% from the previous year mainly due to lower supplies and higher prices for the Calrose (medium-grain rice) variety.

In MY 2019/2020, the Saudi government loosened the import requirements and increased loans by local banks to encourage Saudi importers to purchase more rice for its food security needs. Currently, U.S. rice is facing relatively new challenges from Vietnam, Brazil, and some EU countries (Portugal, Italy, and Spain). Of particular concern is the labeling of Latin American rice as American rice. In Saudi Arabia people associate America with the United States of America and labelling a rice variety as “American Rice” has created some confusion among end-users. As a result, significant marketing activities along with competitive prices will help the United States maintain its market share in Saudi Arabia.

Many of the Saudi rice companies that import from India allocate a significant part of their marketing budgets to promote their own brand names, mostly on social media and FM radios. Indian and Pakistani rice exporters often participate in domestic food shows in Jeddah and Riyadh where they provide buyers with point-of-sale materials. Promotions coupled with product tastings are also occasionally organized in local supermarkets.

Table 9.
Saudi Rice Imports for MY 2019-2020 & MY 2020-2021

| Saudi Rice Imports MY 2019/2020 and 2020/2021 (Metric Tons) | | | | |
|--|-------------|---------------------|-------------|---------------------|
| Exporter | 2020 | Market Share | 2021 | Market Share |
| India | 1,285 | 79% | 909 | 76% |
| Pakistan | 129 | 8% | 114 | 9% |
| U.S. | 116 | 7% | 92 | 8% |
| Thailand | 30 | 2% | 21 | 2% |
| Vietnam | 32 | 2% | 29 | 2% |
| Brazil | 9 | 1% | 6 | 0% |

| | | | | |
|--------------|--------------|-------------|--------------|-------------|
| Australia | 4 | 0% | 15 | 1% |
| Other | 20 | 1% | 14 | 1% |
| Total | 1,625 | 100% | 1,200 | 100% |

Source: Exporting Countries Data & Post Estimates

Stocks

There are no government maintained strategic rice reserves. However, SAGO encourages local rice importers to maintain a strategic stock level of approximately six months. As a result, major rice importers hold several months of strategic stocks in their warehouses. A strategic stock of more than six months of non-basmati rice is usually kept by most major rice importers to assure that all commitments to customers (e.g., catering companies, the food service industry, and retailers) are met without any interruptions. The ageing requirement of long-grain white basmati rice increases the stock level to up to ten months.

Overall, it is the practice of nearly all major Saudi importers to maintain several months of rice reserves, and it is also not unusual for individual households to store several kilograms of basmati rice for ageing purposes aimed at increasing the quality of rice. Post anticipates the demand for rice to remain strong for several reasons:

- Rice is a staple food.
- The country does not produce rice.
- The need to maintain high-strategic stock reserves.
- An expected high demand when regular travel resumes to Saudi Arabia.

Competition

Many of the Saudi rice companies that import from India allocate a significant part of their marketing budgets to promote their own brand names, mostly on social media and FM radios. Indian and Pakistani rice exporters often participate in domestic food shows in Jeddah and Riyadh where they provide buyers with point-of-sale materials. Promotions coupled with product tastings are also occasionally organized in local supermarkets.

Table 10.
Production, Supply and Demand Data Statistics:

| Rice, Milled | 2020/2021 | | 2021/2022 | | 2022/2023 | |
|--------------|---------------|----------|---------------|----------|---------------|----------|
| | Jan 2020 | | Jan 2021 | | Jan 2022 | |
| Saudi Arabia | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |

| | | | | | | |
|--|------|------|------|------|---|------|
| Area Harvested (1000 HA) | 0 | 0 | 0 | 0 | 0 | 0 |
| Beginning Stocks (1000 MT) | 483 | 483 | 383 | 483 | 0 | 483 |
| Milled Production (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| Rough Production (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| Milling Rate (.9999) (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| MY Imports (1000 MT) | 1200 | 1200 | 1400 | 1300 | 0 | 1400 |
| TY Imports (1000 MT) | 1200 | 1200 | 1400 | 1300 | 0 | 1400 |
| TY Imp. from U.S. (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Supply (1000 MT) | 1683 | 1683 | 1783 | 1783 | 0 | 1883 |
| MY Exports (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| TY Exports (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| Consumption and Residual (1000 MT) | 1300 | 1200 | 1350 | 1300 | 0 | 1400 |
| Ending Stocks (1000 MT) | 383 | 483 | 433 | 483 | 0 | 483 |
| Total Distribution (1000 MT) | 1683 | 1683 | 1783 | 1783 | 0 | 1883 |
| Yield (Rough) (MT/HA) | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | |
| (1000 HA), (1000 MT) ,(MT/HA) | | | | | | |
| MY = Marketing Year, begins with the month listed at the top of each column | | | | | | |
| TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2022/2023 = January 2023 - December 2023 | | | | | | |

Attachments:

No Attachments