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Saudi Arabia

Poultry and Products Annual

2014

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Report Highlights:

The Saudi poultry sector has experienced a major production growth in recent years. Broiler meat production is estimated at 640,000 MT in 2014, and expected to further increase 9 percent in 2015. Local broiler production currently covers about 42 percent of total Saudi Arabia's consumption needs, estimated at 1.44 million MT. The soaring costs of poultry feed and the high mortality rates in Saudi poultry farms remain the major constraints to expand production. In 2013, Saudi Arabia was the world's largest importer of broiler meat, with a total of 875,259 MT. Broiler meat imports are forecast to decline by 10 percent in 2014, due to the large production of last year and reduced demand by food catering services, as the number of pilgrims visiting Saudi Arabia is expected to be lower this year. Brazil dominated the Saudi poultry import market in 2013, with 79 percent market share, followed by France with 18 percent, and the U.S. a distant-third with 3 percent.

Executive Summary:

In the past few years, the Saudi poultry sector has been undertaking major expansion projects in broiler production by the three largest poultry companies. Saudi Arabia's broiler meat production in 2013 was estimated at 600,000 MT, an increase of 13 percent over production in 2011. Total broiler production is projected to grow by 7 percent in 2014, to 640,000 MT, and forecast to further increase to 700,000 MT by 2015. Local broiler meat production currently covers about 42 percent of poultry meat consumption needs, estimated at 1.44 million MT. The Saudi government has been targeting the poultry sector to help achieve the Kingdom's food security strategy goals, through offering local poultry producers with different types of production supports that include subsidies for animal feed, interest-free loans and rebates on the purchase of poultry equipment. Despite the various types of incentives, Saudi poultry production still falls far short from a previously declared government's goal of achieving full self-sufficiency in poultry meat consumption.

Soaring poultry feed costs as well as the high chicken mortality rates in Saudi poultry remain major constraints to expanding broiler production in the Kingdom. Endemic poultry diseases have increased chicken mortality rates in many Saudi poultry farms in recent years, which have been estimated at 25 percent, on average, and reached 50 percent in some individual farms. To reduce the risks associated with high mortality rates and encourage local investors, the Saudi Agricultural Development Fund (ADF) is considering the implementation of a new cooperative plan to subsidize insurance for poultry production. The stated goals of this national scheme include establishing stricter bio-security programs for participating poultry farms, reducing average chicken mortality rate in the Saudi farms from 25 percent to 5 percent, and encouraging new investments in the poultry sector by compensating farmers for the financial losses they may suffer in the case of poultry diseases outbreaks.

Saudi broiler meat consumption is currently estimated at 1.44 million MT in 2013, but it is expected to slightly decline in 2014, to 1.38 million MT. The small decline in consumption in 2014 is attributed to a lower number of Umrah and Hajj pilgrims expected to visit Saudi Arabia this year, as a result of the government's efforts to manage the risks associated with the MERS Corona virus and the concerns over the Ebola virus outbreak in West Africa this year. In 2013, Saudi Arabia was the world's largest importer of broiler meat, with a total of 875,259 MT and an increase of 10 percent over imports in 2012. Broiler imports in 2014, however, are forecast to decline to 790,000 MT. This decline is mostly attributed the rise in local production last year and a lower demand by food catering services this year. In 2013, Brazilian exports accounted for about 79 percent of the Saudi poultry meat import market, followed by exports from France with 18 percent market share, and the U.S. a distant-third with 3 percent.

Saudi broiler meat exports to the GCC countries (UAE, Qatar, Bahrain, Oman and Kuwait) have been rising in the last few years. In 2013, Saudi Arabia exported about 35,000 MT of fresh and chilled broiler meat to the GCC countries. Exports are projected to further rise to 50,000 MT in 2014, with increased demand from these countries for the perceived high quality of the Saudi products. Saudi poultry exporters are required to reimburse to the Saudi government for the various production subsidies received by the Saudi producers, estimated at about \$533 per MT.

Production:

The Saudi poultry sector has been undertaking major expansion projects that will impact the long term production potentials and affect its contribution to help achieve the Kingdom’s food security goals. Several years ago, Saudi government stated a strategic goal of achieving full self-sufficiency in poultry meat consumption, a goal that most analysts thought was not practically feasible. Some poultry analysts believe that a more realistic goal of 60 percent self-sufficiency of poultry consumption would possibly be achievable. Reaching this target, however, would require a huge expansion in Saudi Arabia’s poultry production capacity, high costs of subsidized poultry feed products, and the implementation of a unified biosecurity system to help reduce chicken broiler mortality rates. In 2013, local poultry meat production covered about 42 percent of the country consumption needs estimated at 1.44 million MT. The self-sufficiency ration is expected to rise to 46 percent by 2015.

Broiler production in Saudi Arabia is concentrated in a small number of vertically-integrated companies that control more than 80 percent of total broiler meat production. The Ministry of Agriculture (MOA) estimates the number of broiler farms in Saudi Arabia in 2012 to be about 389 units, spread over 13 regions of the Kingdom. About 90 percent of these broiler farms are located in five provinces, with Al-Qassim province accounting for 27 percent, followed by Makkah with 22 percent, Riyadh with 15 percent, Aseer with 13 percent and the Eastern Province with 12 percent. Total broiler meat production in 2012 was estimated at about 588,000 MT, an increase of 11 percent compared to broiler production in 2011. In 2008 and 2010, broiler meat production was down by 9.5 percent each due to mainly poultry disease epidemics reported in the country. The 2008 broiler meat production was reportedly affected by the outbreak of H5N1 Avian Influenza that infected some poultry farms 2007-2008. Outbreaks of viral diseases such as Newcastle Disease were blamed for the decline in production in 2010.

According to the MOA data, broiler meat production has increased by about 32 percent from 447,000 MT in 2010 to 588,000 MT in 2012, and is projected to increase by about 9 percent to reach 640,000 MT by the end of 2014. The table below shows Saudi Arabia’s broiler meat production in the period 2007 to 2014.

Commercial Broiler Production during (2007-2014)

Year	Production in MT
2007	508,000
2008	459,479
2009	494,000
2010	447,000
2011	529,000
2012	588,000
2013*	600,000
2014*	640,000

Source: MOA’s estimates and * OAA/Riyadh projection

The recent surge in broiler production in Saudi Arabia is mostly attributed to ongoing expansion projects at three largest poultry producers in Saudi Arabia, Al-Watania Poultry, Fakieh Farms, and Almarai Company. Saudi broiler production is expected to continue its growth and reach 700,000 MT in 2015, about 17 percent higher than production in 2013. These three companies currently account for more than 65 percent of total Saudi broiler meat production. They have been implementing production

expansion projects that started in 2010 with total investment of more than 10.6 billion SAR. Poultry analysts expect that the three companies to continue their production expansion for the coming years, although at different levels of intensity. Below is a summary of the three companies' profile and development plans.

Al-Watania Poultry Farm (Al-Watania)

Al-Watania is the largest poultry producer in Saudi Arabia, accounting for more than one third of the Kingdom's broiler production. All company's facilities are located in Buraydah, Qassim Province. In 2013, Al-Watania's broiler production was estimated at 620,000 bird/day or 178 million broilers a year, an increase of 17 percent over production level in 2010. Al-Watania embarked on an ambitious expansion program in 2010 to double its annual broiler production capacity by 2016, from 550,000 broilers a day to 1.1 million broilers a day. Al-Watania's broiler production in 2014 is expected to reach 750,000 birds per day, an increase of about 20 percent compared to 2013. The company is planning to build a new mega poultry farm in Bisaita in Al-Jouf Province. The Bisaita's project, which is expected to be operational in five years, will have a total production capacity of one million broilers a day. Al-Watania is also working to increase its table egg production three folds, to 3 million eggs per day by the end of 2016.

About 80 percent of Al-Watania's broiler meat production is sold fresh\chilled, while 20 percent sold frozen. The company is the leading Saudi fresh broiler meat exporter to neighboring Gulf countries. In 2013, Al-Watania was the first company in Saudi Arabia to introduce the vacuum-packaging technology to extend shelf life of chilled broiler meat. Most of the company's broilers are sold as whole-bird, but there are significant quantities of chicken parts, such leg quarters, breasts and drumsticks that are sold by the company. Al-Watania is also becoming a major poultry processor, through producing more than 150 fresh and frozen value added products such as marinated chicken, sausages, hot dogs, chicken popcorn, meat balls, salami, chicken nuggets and a wide range of microwavable poultry products. The company also runs a fast food Chain Al Dajen Restaurants, which was established in 1996 and currently has 14 outlets in major cities of the Kingdom.

Fakieh Poultry Farms (Fakieh)

Fakieh Poultry Farms is the second largest broiler meat producers in the Kingdom. It is currently undergoing a huge broiler production expansion projects (\$800 million) to increase its annual production capacity from about 124,000 MT in 2010 to 288,000 MT by the end of 2016. It also plans to increase table egg production from one million eggs in 2010 to 2.1 million by 2016. Unlike Al-Watania Company, Fakieh's poultry farms are scattered around the Kingdom. About half of Fakieh's broiler production comes from its own farms, while the other half comes from 130 contracted farmers. According to the contractual arrangement, Fakieh provides the farmers with day-old chicks, poultry feed, medicine and technical assistance at cost value. When ready for marketing, the farmers sell the birds back to Fakieh at agreed upon prices. About 80 percent of Fakieh's broiler meat is sold fresh and 20 percent frozen. The company's expansion plans include both building its own poultry facilities farms as well as signing production agreements with new and existing poultry farmers.

Fakieh Poultry was the first poultry company to open and operate a fast food chain that uses broiler meat produced exclusively on its own farms. Fakieh's brand name "Taza Barbecue Chicken" which

was first opened in 1989 now has more than 100 outlets throughout Saudi Arabia as well as branches in Kuwait, Jordan, Qatar, Egypt, Oman, Yemen, and the United Arab Emirates.

Almarai Poultry Farm (Almarai)

Almarai Poultry is owned by Almarai Dairy Farm, the largest vertically integrated dairy farm in the Middle East. Almarai entered the broiler meat production business in 2009 by purchasing the former Hail Agricultural Development Company (HADCO) poultry farm. Since acquiring HADCO, the company has been engaged in a major broiler meat production investment projects estimated at 4.1 billion SAR (\$1.1 billion). The new investment will increase Almarai's Alyoum broiler meat brand production from 20,000 MT in 2009 to 150,000 MT by 2016. In 2013, Almarai reportedly produced 60,000 MT of broiler meat, an increase of three folds compared to 2009 production level. All Almarai broiler meat production facilities are located in HADCO and the company does not Almarai does not work with contract farmers. Almarai's broiler meat production is mostly sold fresh\chilled and currently the company exports significant percentage of its production to the GCC countries.

Almarai does not produce table eggs as Saudi Arabia has been a surplus table egg producer and exporter for more than two decades. Total Saudi table eggs production is estimated at over 4 billion eggs in 2012, about 220,000 MT. The production provided the country with about 118 percent self-sufficiency rate. In 2012, the Kingdom exported 33,058 MT of table eggs to the GCC countries, about 15 percent of its total table eggs production. The Saudi table egg sector is highly developed and has been relatively more successful than the broiler sector.

Production Costs

Broiler production costs in Saudi Arabia are very high because of the heavy reliance on imports of poultry feed products, poultry vaccines and equipment as well as the high costs of controlling temperature in the chicken houses under extremely hot weather conditions year-around. In order to help local poultry producers cope with the high production costs, the Saudi Government has been providing various types of production support that include subsidies for animal feed, interest-free loans and rebates on the purchase of certain poultry equipment. Feed costs account for about 70 percent, on average, of broiler production costs in Saudi Arabia. With rising world prices of animal feed ingredients, such as corn and soybean meal, local poultry producers are having difficulties competing with imports from major poultry producing countries like Brazil and France. Currently, the SAG provides import subsidies for 31 animal feed ingredients that range between \$49 and \$202 per MT, based on the energy and protein contents of each feed ingredient. In 2013, production costs for local broiler ranged between 6 SAR (\$1.6) and 7 SAR (\$1.87) per Kg, on average dressed weight. Poultry analysts estimate that the value of the various subsidies provided by the SAG to the domestic broiler producers to be around 2 SAR (\$0.53) per kg.

Broiler Production Cycles

The growing cycle for broilers in Saudi Arabia varies between 28 to 35 days, with an average bird weight gain of 50 grams per day. The average live weight for broilers when marketed is about 1,350 grams, while the average ready to cook broiler carcasses weight when marketed is about one kg. The average feed conversion ratio (FCR) is estimated at about 1.70 kg.

Other Poultry Products

Almost all poultry meat produced in Saudi Arabia is broiler meat, with the exception of about 1,000 MT of quail meat produced by on farm, the Astra Farms. Before 2007, spent hens used to be sold live at thousands of retail shops across the Kingdom. In August 2007, however, the Saudi government banned the sales of live chicken in order to reduce the risk of human infection with poultry related diseases. Most of the spent chickens are killed and mechanically buried. Recently, however, the MOA has given poultry growers the option to slaughter spent chickens for further processing, but stipulated that slaughtering of spent chickens must be scheduled in different days from when broilers are slaughtered.

Poultry Disease Outbreaks

Controlling poultry disease outbreaks has been among the major challenges facing the Saudi poultry industry in recent years. According to some industry contacts, chicken mortality rates as high as 60 percent were reported in some farms in the past two years. The high mortality rates in the Saudi chicken farms were attributed mostly to outbreaks of viral diseases such as Newcastle Disease (ND), Gumboro (IBD), Infectious Bronchitis (IB) and Avian Influenza (H9N2 subtype). The Saudi poultry industry lacks a national program for poultry disease prevention and control. Most medium and small poultry farms do not implement viable biosecurity measures to prevent infection and spread of these poultry diseases into their farms. Even large poultry farms do not have unified protocols for diseases prevention and control. According to poultry experts, the average mortality rate in the Saudi poultry farms in the last few years was around 25 percent.

Poultry experts believe that the lack of a national poultry vaccination program and the poor coordination between the MOA and the industry are to blame for the pervasive poultry disease outbreaks in the Kingdom. While some poultry producers, especially the large farms, implement their own vaccination plans, other farms do not vaccinate at all or use the wrong vaccines. Despite the fact that the MOA provides poultry farmers with free diagnostic service and vaccines, many poultry farmers learn about a disease outbreak in their region from a neighboring farm after it has already been infected.

Consumption:

Poultry meat consumption in Saudi Arabia is among the highest in the world, with per capita consumption estimated at 47 kg per year. The Saudi poultry meat market has a cyclical nature, with demand drastically rising during the holy month of Ramadan and Hajj season when millions of visitors come to Saudi Arabia to perform Umrah and Hajj rituals. However, consumption of poultry meat declines in the summer months, when millions of Saudis and expatriate workers leave the Kingdom for vacations. In recent years, poultry meat consumption has been steadily rising because of its affordable prices and the perceived healthier diet, compared to red meat. While most poultry meat consumption is in the form of whole broilers, demand for chicken parts such as leg quarters and breast has been rising. This is due to increased demand by households of working-couples and rising demand for ready-to-cook poultry meals. In addition, the continuing growth of hypermarkets and supermarkets throughout the

Kingdom has helped increase the availability of different poultry varieties and thus boost the overall demand for poultry meat.

Saudi broiler meat consumption in 2013 was estimated at 1.44 million MT, and is expected to slightly decline in 2014 to 1.38 million MT. The small decline in consumption in 2014 is due to lower numbers of pilgrims for Umrah and Hajj expected to visit Saudi Arabia this year, as the Saudi government tries to manage the risks associated with the MERS Corona virus in Saudi Arabia as well as the Ebola virus outbreak in West Africa this year. For 2015, broiler meat consumption is projected to increase by 5 percent, to 1.45 million MT. This increase is due to the annual population growth as well as to higher numbers of pilgrims expected in Saudi Arabia with the completion of the expansion projects of the Two Holy Mosques and reduced concerns over MERS infection.

Saudis consumers prefer locally produced fresh broiler chickens. More than 80 percent of local broiler meat is sold chilled. Many poultry producers have switched their broiler meat production lines from frozen to chilled products, as it is more profitable for the companies. Saudi customers would not mind paying as much as 50 percent more for the fresh\chilled domestic broiler meat over the price of frozen broiler. In general, Saudi consumers prefer 900 to 1,100 grams birds. They perceive large broilers (1,200 to 1,400 grams) as being aged and not tender meat. Hotels and restaurants prefer 900 to 1,000 grams to serve whole, in halves or in quarters and they prefer to buy a lighter weight birds at the lowest possible price.

The issue of Halal slaughter is not a major concern for most consumers in Saudi Arabia, as they are assured by the government that all imported meat products, including poultry, are slaughtered according to Islamic rituals. However, some Saudis tend to believe that domestically slaughtered broilers are of higher Halal standards than imported products from non-Muslim countries like Brazil and France. All imported broiler meat into Saudi Arabia is frozen, and mostly for the expatriates communities and institutional services consumption. Brazilian frozen broiler meat is the most preferred imported chicken by restaurants as they offer plenty of smaller sized birds, which fit in rotisseries used by restaurants.

Trade:

Imports

In 2013, Saudi Arabia was the world largest importer of broiler meat, with estimated quantity of 875,259 MT, about 9.4 percent higher than imports MT in 2012. The surge in imports in 2013 was mostly due to low stocks of broiler meat in late 2012 and early 2013. Available trade data for the January-May 2014 period puts the total Saudi broiler meat import at 327,519 MT, a decline of 13 percent compared to 378,325 MT imported in the same period in 2013. Based on data provided by trade contacts, post estimates the total Saudi broiler meat import by the end of 2014 at 790,000 MT, a decline of about 10 percent compared to total import in 2013. This is mostly attributed to high stock levels from 2013, reduced demand by food catering companies that serve Umrah and Hajj visitors as well as to significant increase in the local broiler production. For 2015, total poultry import is forecasted to slightly increase to 810,000 MT due to expected higher demand by institutional customers that cater to pilgrims as the result

of expected relaxation of Saudi Hajj and Umrah visa that will allow more pilgrims to come to two holy cities of Makkah and Madina.

Saudi Arabia Broiler Meat Imports			
Calendar Year: 2011 – 2013			
Exporter Country	Quantity in MT		
	2011	2012	2013
Brazil	622,643	628,627	688,884
France	148,385	147,677	153,283
United States	4,804	11,865	25,524
Argentina	7,686	9,008	6,016
Other Countries	1,958	2,218	1,552
Total Import	785,476	799,395	875,259

Source: Global Trade Atlas

Brazil remained the dominant broiler meat supplier to Saudi Arabia for the past two decades, followed by France, the United States and Argentina. In 2013, Brazil supplied 688,884 MT of frozen chicken, about 79 percent of total Saudi broiler meat imports, the same market share it had in 2012. In 2013, French broiler meat exports reached 153,283 MT, an increase of about 4 percent compared to 2012, while imports from the U.S. (all chicken parts) increased by about 115 percent from 11,865 MT in 2012 to 25,524 MT in 2013. Argentina exports were down from 9,008 MT in 2012 to 6,016 MT in 2013.

The U.S. poultry meat market share in the huge Saudi imported broiler meat market has been very small because of the difficulties that U.S. poultry meat exporters face meeting SAG's requirements that imported poultry meat must come from poultry fed on vegetable only protein and must be free from growth hormones. These conditions are very difficult for most U.S. poultry producers to satisfy.

The demand for chicken parts has been soaring in the past several years due to expanding fast food outlets, casual dining, and increased demand by hotels and catering services. Trade data shows that Saudi imports of chicken parts increased over 300 percent in the last decade, from 45,710 MT in 2003 to 191,866 MT in 2013. Brazil accounted for 88 percent of chicken parts exports to Saudi Arabia in 2013, and the U.S. was a distant second, with a 12 percent market share. According to trade contacts, dark broiler 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 depends mostly on imported chicken parts. Western casual dining restaurants including Chili's, On the Border, Apple Bees, Fuddruckers, and TGI Fridays use significant quantities of chicken parts particular chicken breast. A large part of imported deboned chicken is destined for Shawarma (popular Middle Eastern style sandwich) that made of boneless chicken meat or beef mixed with pickles, lettuce and mayonnaise wrapped with pita bread.

Saudi Arabia's turkey meat imports are very small. In 2013, Saudi turkey meat imports totaled 2,239 MT, compared to 1,817 MT imported in 2012. Most of the 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.

Imports Prices

The average CIF prices for imported frozen broilers meat from both Brazilian and French suppliers at Jeddah port for August 2014 arrivals ranges between \$2,050 and \$2,100 depending on the quantity imported, brand name and weight selections. In August 2013, both Brazilian and French broiler meat were sold for \$2,275 per MT. Suppliers started to reduce their export prices by the end of 2013 due to decreased demand and to encourage imports. Both the Brazilian and French suppliers maintained their export prices around \$1,900 MT for most of the first half of 2014 but started to raise them in June due to relatively increased demand in the past few weeks. Local buyers expect French and Brazilian exporters to increase their export prices in the fall when local demand increases when Saudi and expatriates return for summer vacations.

Local Prices

Chicken meat has been the most competitive source of animal protein in the Kingdom. Imported frozen chicken is sold locally for between \$2.67 and \$3.07 per kg, depending on products' brand name. This is compared to imported chilled lamb and beef (low quality) which are sold for \$11.70 and \$9.30 per kg, respectively. Locally produced frozen chicken are sold for up to \$4.47 per kg compared to domestically produced lamb and veal which are sold for \$21.05 and \$14.95 per kg, respectively.

Import Requirements

Tariff -- Customs duty on imported chicken is 5 percent ad valorem.

Saudi Poultry Meat Import Regulations

1. **Hormone Free Certification:** The Saudi Food and Drug Authority (SFDA) requires that the responsible government agency of exporting countries include in official health certificates accompanying exported poultry meat a statement confirming that the poultry meat was tested and found to be totally free from hormones.
2. **Ban on Animal Ruminant Feeding:** SFDA poultry meat regulations require that government health certificate accompanying shipments of poultry meat must clearly indicate that the birds slaughtered had not been fed with animal protein, animal fats, or any animal byproducts. In July 2012, FSIS updated its Export Library entry for Saudi Arabia to include the new SFDA requirements. In order for FSIS to issue the required animal protein free certification, exports of U.S. poultry and poultry products to the Kingdom should 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 at [AMS' Website](#).
3. **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.

4. 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”.
5. 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.
6. Laboratory Test: All poultry meat and products imported will be tested at Saudi ports of entry to ascertain that they meet all of the above requirements.

Saudi Poultry Exports

Saudi Arabia exports a significant portion of its local poultry meat production, mainly to neighboring Gulf countries, UAE, Qatar, Kuwait, Bahrain and Oman. Most of the Saudi exports are fresh\chilled broiler meat shipments trucked to these destinations. In 2013, Saudi poultry exports were estimated at 35,000, and expected to increase to 50,000 MT in 2014. Saudi broiler meat exports are expected to continue their growth in 2015 and beyond, as major Saudi poultry producers continue their plans to expand production capacity. The Saudi government, however, has intervened to ban exports in October 2012 when the local market experienced broiler meat shortages and retail prices went up by 40 percent. Saudi broiler exports were later resumed in December 2012.

The Saudi government has also installed some measures to ensure that broiler exporters do not benefit from the production subsidies the government provides to local producers. The measures stipulate that local broiler meat producers that export outside Saudi Arabia must reimburse the government for the various subsidies they received, estimated at \$533 per MT, before they are allowed to export. Despite the increase in domestic broilers export prices, after reimbursing the subsidy, demand for Saudi broilers remains strong in the Gulf countries.

Stocks:

There are no government programs to hold strategic poultry stocks in Saudi Arabia. For PS&D table calculation, we have assumed that beginning and ending stocks cancel each other and were set at zero.

Policy:

The Saudi government has targeted increasing broiler meat production as one of the means to help achieve the Kingdom’s food security strategic goals. The SAG has been encouraging the establishment of new broiler farms and expansion of existing ones to help increase self-sufficiency ratio, through offering various types of production support that 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 subsidy includes 31 feed ingredients, such as yellow corn, soybean meal, distillers’ dried grain with soluble (DDGs), Corn Gluten Feed (CGF) and

sorghum. The import subsidy rates are calculated according to energy and protein levels of each feed ingredient. Poultry analysts estimate that locally produced broiler meat receives about \$0.53 per kg of government subsidy on average.

Insurance Program for Poultry Producers

Despite the various government support and subsidies provided to the Saudi poultry producers, domestic production has not been able to satisfy more than 42 percent of the Kingdom's total consumption requirement. Endemic poultry diseases and high chicken mortality rates have been identified among the main constraints to significantly increase Saudi broiler meat production. To reduce the financial risks from high chicken mortality rate, the ADF initiated a new insurance program for poultry producers. The newly proposed insurance program calls for the government to cover 90 percent of the insurance costs, while the producers pay 10 percent of the costs in the first year, with their commitment to adhere to a strict bio-security scheme devised by MOA. According to the proposal, the government's contribution would be gradually reduced by 10 percent annually. The insurance program aims at helping establish a unified stricter bio-security plans for participating poultry farms, reducing chicken mortality rate from 25 percent to 5 percent to boost broiler production, and to compensate farmers for the financial losses they incur from poultry diseases outbreaks. The ADF is assuming the responsibilities to offer the insurance policy to the country's poultry sector because private companies are not willing to provide the coverage for the majority of the farms due to the high mortality rate. The ADF hopes that establishing its sponsored poultry insurance program will encourage new investments in the poultry sector and thus increase poultry production in the Kingdom.

Marketing:

Saudi Arabia has an extensive infrastructure for poultry meat distribution. Poultry producers and importers have generally 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 stores outlets. Consumers may purchase poultry meat in cardboard boxes containing ten chickens from wholesalers or on individual pieces from retail stores and supermarkets. Commercial customers purchase their poultry supplies either from importers/distributors, poultry farms, or both.

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

Appendix: List of GSO technical regulations and standards for poultry meat processing and handling.

GSO has issued the following technical regulations and standards related to slaughtering and processing of poultry meat for implementation in the seven member countries, Saudi Arabia, United Arab Emirates, Kuwait, Qatar, Oman, Bahrain and Yemen.

- GSO 322:1994 Chilled chicken

- GSO 986:1998 Frozen chickens
- GSO 993:1998 Animal slaughtering requirements according to Islamic law
- GSO 1328:2002 Processed meat: Poultry sausage
- GSO 1327:2002 Processed meat: Minced chicken meat
- GSO 1389:2002 Chilled and frozen domesticated birds and rabbits
- GSO 713:1997 Hygienic regulations for poultry processing abattoirs and their Personnel
- GSO 9/2007 Labeling of prepackaged food stuffs

The above copyrighted documents can be purchased from the GSO headquarters in Riyadh by logging to the following link:

<http://www.gso.org.sa/standards/public/standardsList.seam>

Production, Supply and Demand Data Statistics:

Poultry, Meat, Broiler Saudi Arabia	2013		2014		2015	
	Market Year Begin: Jan 2013		Market Year Begin: Jan 2014		Market Year Begin: Jan 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Inventory (Reference)	0	0	0	0		0
Slaughter (Reference)	0	0	0	0		0
Beginning Stocks	0	0	0	0		0
Production	590	600	620	640		700
Total Imports	820	875	860	790		810
Total Supply	1,410	1,475	1,480	1,430		1,510
Total Exports	25	35	25	50		60
Human Consumption	1,385	1,440	1,455	1,380		1,450
Other Use, Losses	0	0	0	0		0
Total Dom. Consumption	1,385	1,440	1,455	1,380		1,450
Total Use	1,410	1,475	1,480	1,430		1,510
Ending Stocks	0	0	0	0		0
Total Distribution	1,410	1,475	1,480	1,430		1,510

MIL HEAD, 1000 MT, PERCENT, PEOPLE, KG

Note: this data is Not Official USDA Data,

Source: GTA data and OAA Riyadh's estimates