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Saudi Arabia

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Saudi Arabia to Diversify Sources for its Wheat Imports

Report Categories:

Grain and Feed

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Report Highlights:

Saudi Arabia announced that it will diversify its sources for wheat imports and will not rely on a particular supplier. The Saudi Grain Silos and Flour Mills Organization (GSFMO) has revealed the Kingdom's wheat import policy indicating that it will hedge against fluctuations of wheat prices in the world markets and will procure its wheat requirements through transparent international tenders. Since resuming wheat imports in 2008, Saudi Arabia imported about 10.5 million MT from various sources, including the EU, Australia, Brazil, Argentina and the United States. The GSFMO expects that Saudi Arabia's wheat import needs for MY 2013 will be about 3.2 million MT and it estimates that the Kingdom has a total storage capacity of 2.52 MT, which should be sufficient for about 6 months of domestic consumption.

Saudi Arabia to Diversify Sources of Wheat Import

The Saudi Grain Silos and Flour Mills Organization (GSFMO), the sole buyer of wheat in Saudi Arabia, announced its wheat import policy stating that it will diversify its sources for importing wheat and will not rely on a particular supplier. The GSFMO's General Director said that Saudi Arabia will continue its policy of diversifying wheat import sources, which has helped the country guard against shortages of wheat supply in the world markets and provide its wheat import needs at best prices. Since resuming its wheat imports in 2008, Saudi Arabia imported about 10.5 million MT from various sources, including the EU, Australia, Brazil, Argentina and the U.S.

On November 4, 2013, GSFMO announced its fourth and last wheat import tender for CY 2013. Per tender's results, GSFMO purchased 720,000 MT of hard wheat with 12.5 percent minimum protein, origin options from the EU, North and South America and Australia. The average C&F price of 12 shipments (60,000 MT each) was \$325.33 per MT. The shipments' delivery will take place between January 1 and March 30, 2014, through the two main Saudi seaports in Jeddah and Dammam. With this latest purchase, Saudi Arabia has imported a total of 2.320 million MT of milling wheat since the beginning of the MY2013/14 (July-March). GSFMO projects that milling wheat imports for MY2013 to reach 3 million MT, while feed wheat imports to be about 200,000 MT, bringing total wheat imports for the year to about 3.2 million MT. GSFMO estimates that the current total wheat storage capacity is about 2.52 million MT, which should be sufficient for 6 months of Saudi Arabia's wheat consumption.

Saudi Arabia's wheat production in MY2013 is projected at 625,000 MT, a decline of 11 percent, compared to 700,000 MT in MY2012. The continuing decline in Saudi wheat production reflects the Saudi government's determination to enforce the implementation of policy started in 2008 to phase out domestic wheat production by 2016.

Production, Supply and Demand Data Statistics

Wheat Saudi Arabia	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jul 2011		Market Year Begin: Jul 2012		Market Year Begin: Jul 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	193	193	117	117	100	100
Beginning Stocks	2,594	2,594	2,682	2,682	2,153	2,100
Production	1,184	1,184	700	700	600	600
MY Imports	2,904	2,857	1,921	1,921	2,700	3,200
TY Imports	2,904	2,857	1,921	1,921	2,700	3,200
TY Imp. from U.S.	171	171	171	171	0	220
Total Supply	6,682	6,635	5,303	5,303	5,453	5,900
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	1,100	1,120	150	150	200	250
FSI Consumption	2,900	2,890	3,000	3,000	3,100	3,130
Total Consumption	4,000	4,010	3,150	3,150	3,300	3,380
Ending Stocks	2,682	2,625	2,153	2,153	2,153	2,520
Total Distribution	6,682	6,635	5,303	5,303	5,453	5,900

1000 HA, 1000 MT, MT/HA