

**Supporting  
Egypt's  
Processed  
Foods  
Export  
Industry**

**An Industry  
Rapid  
Analysis (IRA)  
of Market  
Opportunities  
In the Gulf**

**Saudi Arabia**

**Prepared By:  
Agriculture-Led  
Export Businesses  
(ALEB)**

**July 2000**

**Funded by the  
U.S. Agency for  
International  
Development**

**USAID/Egypt  
RP 0264  
Under Contract No:  
263-C-00-99-00011-00**

**USAID Cognizant  
Technical Office:  
USAID/Egypt/EG/ED  
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**INDUSTRY RAPID ANALYSIS OF EGYPTIAN PROCESSED FOOD PRODUCTS FOR:  
SAUDI ARABIA**

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## **ACKNOWLEDGEMENTS**

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The author wishes to thank the many importers with whom he met during the April 2000 market reconnaissance trip. These people were kind enough to take time out from their busy schedules to provide so many insights on various Gulf markets, that were not otherwise available through any previously published material. Interviews with these 50-plus importers constitute a large percentage of these five volumes. The author fully recommends that Egyptian exporters forge a close working relationship with any importers contacted in the Gulf in order to gain the best understanding of the market and to get feedback on products.

In addition to the 50-plus importers visited while in the Gulf, the author gratefully acknowledges the following Egyptian companies for providing the freight quotes cited throughout each of the five volumes on market opportunities in the Gulf. Their kind assistance contributed substantially to the transport information provided in each volume. These Cairo-based transport companies are:

- **East International Freight Forwarders**  
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In addition to the many volumes on trade data collected throughout the Gulf, the author also wishes to acknowledge the U.S. Foreign Agriculture Service for their detailed Attaché Reports on Saudi Arabia, Bahrain, Kuwait, Qatar, and the United Arab Emirates as well as the staff members of the U.S. Embassies for their compilations of Country Commercial Guides for each of the countries visited. While these reports/guides mainly focus on the U.S. exporter, this valuable information also speaks to any Egyptian exporter interested in exporting to the Gulf Region.

A detailed list of all references used to compile these Gulf reports will be provided separately. All information contained in these reports can be accessed either via the internet directly or through the ALEB Project library, ARAC.

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Finally, the author acknowledges Microsoft Corp. for use of its MapPoint 2000 program to produce the graphics on the cover of each volume.

**INDUSTRY RAPID ANALYSIS OF MARKET OPPORTUNITIES IN THE GULF:  
SAUDI ARABIA**

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## IV. SAUDI ARABIA -- COUNTRY PROFILE

According to FAS/Gain report #SA9024 dated 28 November 1999, "Saudi Arabia is a \$5,000,000,000 market for food and agricultural products." The only problem is that the report doesn't distinguish between frozen potatoes and farm tractors. The good news is that this report identifies \$625,470,063 of opportunity for Egyptian exporters in ALEB's targeted food commodities.

The Kingdom of Saudi Arabia (KSA) has a population of over 21 million inhabitants, made up of Saudi nationals, approximately 50 % of which are under 16 years old (35% which are non-nationals), plus a revolving work force of expatriate workers estimated to be around 7 million in number. The Saudi Arabian population is growing at a rate of 3.4% annually, and is predicted to grow to approximately 40 million within the next 20 years. The current average per capita income is approximately \$8,600 per year, of which approximately \$1,980 is allocated for food purchases.

Roughly 4 million of the 7 million expatriates in the KSA are employed as oil industry workers, construction workers or work in service-oriented jobs. This group of expatriate workers is comprised of several different Asian Sub Continent nations (India, Pakistan, Bangladesh, Sri Lanka), The Philippines, East Africa, British (30,000), and American (40,000) nationalities. It should be noted, that Saudi Arabian citizens are slowly assuming jobs previously filled by foreign workers.

The Kingdom of Saudi Arabia has the largest oil reserves in the world (26% of the proven reserves), which contributes to approximately 20% of budget revenues, 10% of the gross domestic product (GDP), and accounted for 90% of all export earnings (Agricultural exports amounted to approximately 5% in 1998).

The major population centers include Riyadh, the capital (Central Province), which has approximately 4 million residents. Jeddah (Western Province), the major port city, located on the Western Red Sea Coast, which comprises the majority of the processed food companies in Saudi Arabia. The bulk of the food processing activity is located in 5 industrial park: Al Damman - Al Khobar, and Dhahran (Eastern Province) on the Eastern Gulf of Arabian coast, located in the major oil production area of Saudi Arabia. Other cities such as Hail, Mecca, Medina, Al Jubayl, Jizan, Abha, and Tobuk make up the other population centers in the Kingdom.

Agricultural production is primarily centered on wheat, barley, tomatoes, melons, dates, citrus, poultry, eggs, dairy, and mutton production. Greenhouse production of vegetables is also a wide spread industry supplying higher quality vegetables.

Due to the lack of arable agricultural lands, most of the foods consumed in the KSA are imported, approximately \$5 billion per year (1998). Given the projected increase in population in the next 20 years, there will continue to be an increasing opportunity for exports of processed foods to the KSA.

### DISTRIBUTION CHANNELS:

#### SUPERMARKETS & HYPERMARKETS:

Supermarkets came to the KSA as a result of a demand for imported foods by expatriate workers in the KSA. Prior to the advent of the supermarket, most Saudi food purchases

were made in small neighborhood stores (*bakalas*) or wholesale markets. The introduction of supermarkets into the retail sector did not replace the small local stores, as these stores are still frequented by women, since they are not allowed to drive, and expatriate workers from developing countries that do not have access to automobiles.

**Currently there are approximately 275 "A" and "B" class supermarkets in the KSA.** Chains with as many as 32 stores are found in the KSA. Most of these chains purchase either by direct importation from manufacturers, or through producer's agents in the KSA. The practice of using consolidators is growing in the kingdom, as a way to reduce cost and to eliminate the need to purchase full container loads of a single item.

The future should show a continuous trend toward expansion as the population expands over the next few years. The expected population growth will be primarily due to the expected rapid growth in population which will be brought on as the current population (60% over 16 years old) of younger Saudi's get married and start families.

Many of the larger chain stores were not in place a few years ago, by acquiring smaller chain stores as well as promising individual stores; these large chain stores have expanded rapidly. By acquiring larger blocks of stores, increased volume ordering enabled many of these stores to buy at discount prices and become even more competitive.

A large percentage of consumers that visit supermarkets are Western expatriates, and middle- to upper-middle class Saudi nationals. A smaller percentage of the consumer base is comprised of Asian and other developing country expatriates that purchase food for themselves and in some cases for Saudi Arabian families for which they work. With this in mind, store buyers are very aware of the tendency of these "white collar" consumers to purchase new innovative products, even at a slightly higher price.

Consumers are more aware of ingredients, and caloric/fat content in products than in the past. Food processors developing new products should bear in mind that using higher fat content ingredients might be detrimental to the potential for sales due to this new customer awareness.

Supermarkets range from the small local stores (*bakalas*) to the "hyper-market" style stores. Many of these larger supermarkets are fashioned after "Western" U.S. and European markets. These supermarkets offer the consumer a full range of foodstuffs, ranging from frozen, fresh, canned, and deli-style ready-to-eat meals. In addition to foodstuffs, many of the larger stores also sell clothing, household supplies, on-site baked goods, plus they contain concessions for florists, video shops, and other convenience outlets ALL located inside the market. These super/hypermarkets are usually the anchor store in a shopping center. Large parking areas are provided to accommodate the sizeable customer base.

Supermarkets have become a family event, involving both mother and father along with the children. In the past, the father usually did most of the shopping on his way home from work. With 10% of the female population working, convenience is becoming more important to families. Some of the larger stores are providing "Play Areas" for younger children since these supermarkets are turning into family entertainment and shopping forays.

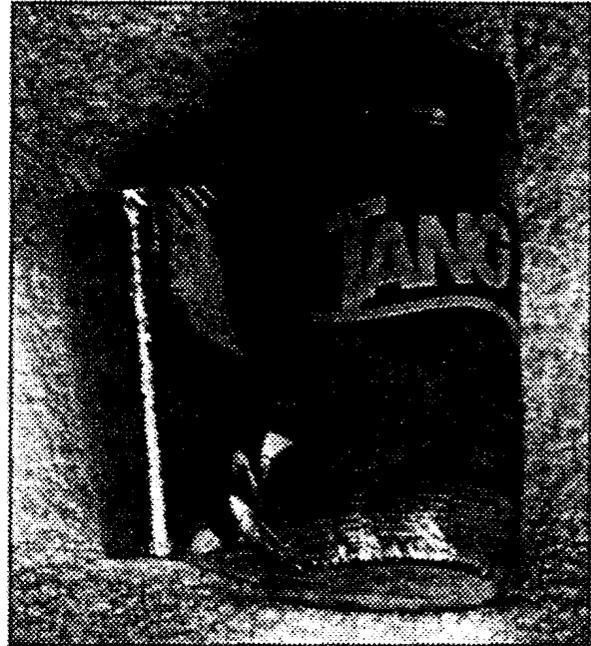
Most of the supermarkets visited in April 2000 were extremely well stocked with international brands and local brands. Aisles of products containing pasta or frozen vegetables can be as long as 15 meters in some of the larger stores. A supermarket

condiment section alone in one Riyadh supermarket contained over 27 different varieties of ketchup products.

Western style promotions were common in almost every store visited. "Buy One Get One Free" offers were commonplace. Co-packaging/promoting between two unrelated companies was also quite common in the KSA. Items like pasta noodles were often packaged with tomato sauce products or olive oils.

The photo to the right shows how even established products are not above enticing consumers with free offers. This type of co-packaging is also becoming more common in Egypt's stores.

Advertising is very prevalent in the KSA; full-page ads are taken in newspaper, and handed out as "flyers" at store entrances to promote special offers.



ONE CO-PACKAGING OPTION

Many times, loss-leader products are offered at below cost to attract customers. In one instance, frozen poultry products that are nearing the expiry date (12 months), are offered by the processor to a chain of supermarkets to avoid a total loss. Expiry dates are closely monitored in every store by the Saudi government to ensure that only quality products are sold to consumers.

Since Western consultants designed many of these supermarkets, they reflect the ultra modern style of Western markets with wide aisles, professional lighting schemes, well-maintained product shelves, and very professionally managed staffs. American or British expatriates often manage a large percentage of these supermarkets.

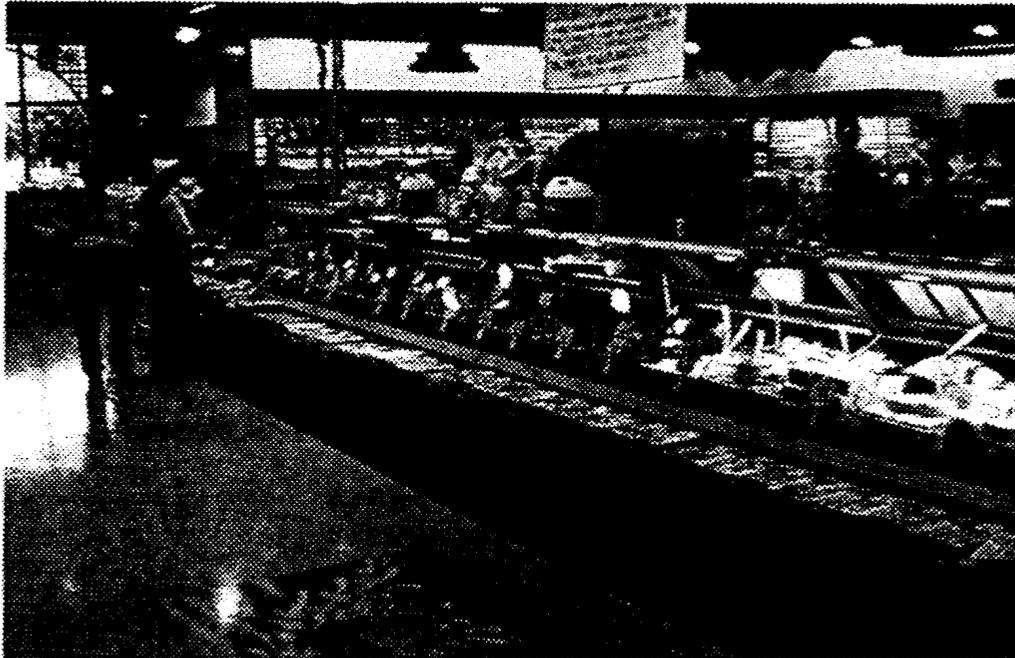
It is important to remember, that many of the supermarket/hypermarket purchasing departments are often managed by foreign expatriates that tend to buy as many products from their own countries if they are available

In the future, many of these supermarket management positions will be filled by Saudi managers due to the renewed demand for implementation of the "Saudi-ization program" which is targeting an employment increase of a 5% per year of Saudi citizens in the private sector. This program also targets certain categories of jobs that will be set-aside for Saudi citizens only.

The setting of these new supermarket environments is a good platform to present new products. Some supermarkets have new product tasting kiosks located throughout the store to entice customers into buying new products.

An interview with a purchasing department manager of a large Supermarket chain in the KSA revealed that they prefer to buy thorough Agents, as opposed to direct buying from processors. This arrangement is popular because the agent/importers handle most of the day-to-day problems associated with transportation, importation documentation, customs clearance, compliance with food safety requirements, and promotional activities.

merchandising services, labeling requirements, recall logistics if required, stocking and inventory controls (expiry monitoring).



HYPERMARKET DELICATESSEN CASE OFFERING READY MADE SALADS, OLIVES, AND PROCESSED MEATS

By utilizing agents to purchase supplies for their stores, supermarket chain stores also reduce the need for specialized staffing for each of the above mentioned issues.

#### **WHOLESALE MARKETS:**

Wholesale markets sell approximately 30 to 40 percent of the total food purchases made in the KSA. Wholesale markets still command a large percentage of the market, but there is a trend to shop at supermarkets due to the wider variety of products and services available through in-store kiosks.

Many of these wholesale markets are usually quite large, often divided into sections which offer separate products like frozen vegetables, meats, dairy, canned goods, and dry goods. Wholesale markets offer individuals to assist with purchases in each department, as opposed to the "Self Help" style of new Supermarkets

A large portion of the purchases made in these wholesale markets are made by drivers of Saudi families or other expatriate household workers, since Saudi women are not yet allowed to drive in the kingdom.

Many wholesale importers service retail outlets, other wholesalers, and institutional customers. A large percentage of these importers act as sole agents for brand name goods such as poultry, tomato products, canned goods, pastas, and frozen vegetables.

#### **BAKALAS:**

Bakalas are traditional neighborhood stores, which sell products to meet basic household needs. These small stores are frequented by women, and expatriate workers since they are either not allowed to drive or do not have ready access to automobiles.

Even with the introduction of supermarkets, these stores are steadily increasing due to the continuing urban growth. As neighborhoods become more sophisticated, supermarkets will gradually acquire more market share, but the need for the neighborhood *bakalas* will never be totally replaced due to their ease of access since they are often within walking distance of the customers' homes.

In the future, women may gain the right to drive automobiles in the KSA and the probable reduction of developing country expatriate workforces due to "Saudi-ization," may result in many of these *bakalas* losing their market edge to supermarkets.

Wholesalers traditionally supply *bakalas*, but a new form of this wholesale link is emerging, which is taking market share due to promotional enticements. A large Bahraini company has begun to build these discount centers in the Riyadh area to supply the *bakalas*. The first store constructed in Riyadh contains over 8,000 square meters of sales area, with a second store planned containing 15,000 square meters.

These new "Super Wholesalers" are drawing business away from other wholesalers by offering discounts and rebates on large purchases. One store manager predicted that there would be "Sam's Club" or "Price Club" style stores for the consumer in the near future.

It is important that processors subscribe to food industry related magazines, so that they can keep abreast of changes in the Gulf market trends. Processors with up to date knowledge can take advantage of opportunities that arise.

#### **MARKETING A PRODUCT(S):**

Establishing customer contacts in Saudi Arabia is not as easy as making a sales call on the phone. Even personal visits to the KSA are not a sure avenue for success. A limited number of Saudi Arabian importers are willing to test market new promising products provided an agreement to allow the importer to "private label" the product if it proves to be successful.

#### **PAYMENT METHODS:**

Private labeling is perhaps an easier path to take for entry into the market place, due to the importing company providing all necessary "shelving costs" and promotional/advertising costs. Most new products must basically purchase shelf space (called "slotting fees" or "green fees") when entering a new market.

In addition to the shelving costs that may be required, promotional support materials and advertising are common request from importers. With this in mind, a potential exporter must include any additional cost in quotes made on new products wishing to enter the Saudi Arabian market. Egyptian food processors need to budget for these costs in the future, as many foodstuffs importers will surely require these additional elements in the future.

There are several agents in the KSA that are sole agency representatives for certain brands of international foods. These international companies are considered to be some of the largest food companies in the world.

Importers use in-house local buyers in the KSA, but still rely upon agents to acquire their supplies of specific products sold only through exclusive agency agreements.

One complaint heard on several interviews with buyers, was that many Egyptian processors would set up an exclusive agency agreement, and then break the agreement by contracting with another importer for the same product. **Once an exclusive agreement has been agreed upon, these agreements MUST be honored.** Careful investigation of any potential importers should be completed prior to signing any agreements to ensure that they are capable of fulfilling the contracts and representing your products to their fullest potential.

It is not unusual to find a company offering the same product under several different labels, which might appeal to diverse group of consumers. Private labeling is very attractive for this reason. When approaching a potential Saudi Arabian importer, this private label option should be considered.

Another method of entry might be through the offer of consolidation. Many companies are not willing to gamble on an entire container shipment of a particular new product until it has been test marketed in country. An offer to consolidate several different products or even arrangement of a co-operative shipping agreement with other food processors in the same container might be an attractive alternative to an importer.

**Importers in the KSA traditionally expect extended credit payment options (30, 60, 90 or 120 day plans) and bulk discount offers. Volume discounts are also usually expected for larger orders or repetitive orders.** It is important for exporters to understand these practices prior to offering their products for sale with quotes which might not take into consideration the extended payment times or the bulk discounts expected by importers.

As with other GCC countries, Saudi Arabian importers are looking for *price, innovative products, AND packaging*, whenever a new product or processor knocks on the door. An exporter must remember that this market is highly sophisticated and demands high quality from input ingredients on through to packaging.

It is important to remember that any product containing any form of alcohol, pork or pork derivatives will NOT be allowed into the kingdom. All meat, poultry products or food products containing meat or meat by products, must meet "Halal" slaughter certification standards.

There is also a restriction on the number of ingredients (25) that may be contained in one product.

#### **COMPETITION:**

Food processors in the KSA are increasing production levels and are becoming more competitive from within their own borders. Increasing competition from the US, Europe, and the Far East also add to the continuous flow of new product coming into the KSA.

The Saudi Arabian government is protecting its own processing industry by providing financing and subsidies on selected equipment as well as imposing import tariffs on selected products (poultry meat, table eggs, infant foods based on milk, macaroni and similar products, etc.). It is important to remember that Saudi Arabia and Oman have petitioned to become members of the World Trade Organization (WTO). Should Saudi Arabia become a fully vested member of the WTO, these trade barriers will be threatened.

It must also be remembered that Saudi Arabian processors depend heavily upon imported raw materials to supply their production requirements. This is one area where potential exporting processors can find a niche market to supply partially or fully processed ingredients to fulfill the requirements of these Saudi Arabian food processors.

Saudi Arabia has an overall advantage in the GCC community, due to the advantage of duty free shipments within the Arabian Peninsula. This advantage has prompted several international companies to provide licensing agreements or joint venture production facilities with Saudi Arabian companies.

A few Saudi Arabian companies have made inquiries into strategic alliance opportunities in Egypt to take advantage of lower cost inputs and lower labor cost to produce foods that can be exported into the KSA, GCC countries, COMESA, and the EU.

Fast food type restaurants are going to become more prominent in the KSA in the future, mainly due to the increase of younger families, which will spring from the current sector of the kingdom's large teenage population (60%).

#### **IMPORT REGULATIONS AND STANDARDS:**

All foodstuffs manufactured and imported into the KSA are regulated by the Saudi Arabian Standards Organization (SASO), which sets standards, and regulates testing procedures.

SASO has been the lead agency in the Gulf region to form and adopt a common set of rules and regulations (standardization & metrology) for all of the countries that are members of the Gulf Cooperation Council (GCC).

The standards, which are being developed and adopted, cover commodities, products, measurements, testing methods, meteorological symbols & terminology, commodity definitions, safety measures & environmental testing.

Although SASO sets the standards and testing procedures, acting more on an advisory level, as opposed to an executive level, other agencies do the physical testing and monitoring procedures. The Saudi Ministry of Commerce Laboratories at all ports of entry performs testing of packaged foodstuffs. The Saudi Ministry of Health Environment Control Department, test foodstuffs at the point of sale for product safety standards.

SASO standards are taken mainly from CODEX Alimentarius regulations, but have also taken elements of US and European foodstuff regulation agency guidelines. These standards and testing procedures are all product-specific and can be obtained through the SASO office in Riyadh, Jeddah, or to a limited extent in the ALEB Library in Cairo. It is advisable for all food processors to obtain copies of their specific products requirements prior shipping any foodstuffs to any GCC countries.

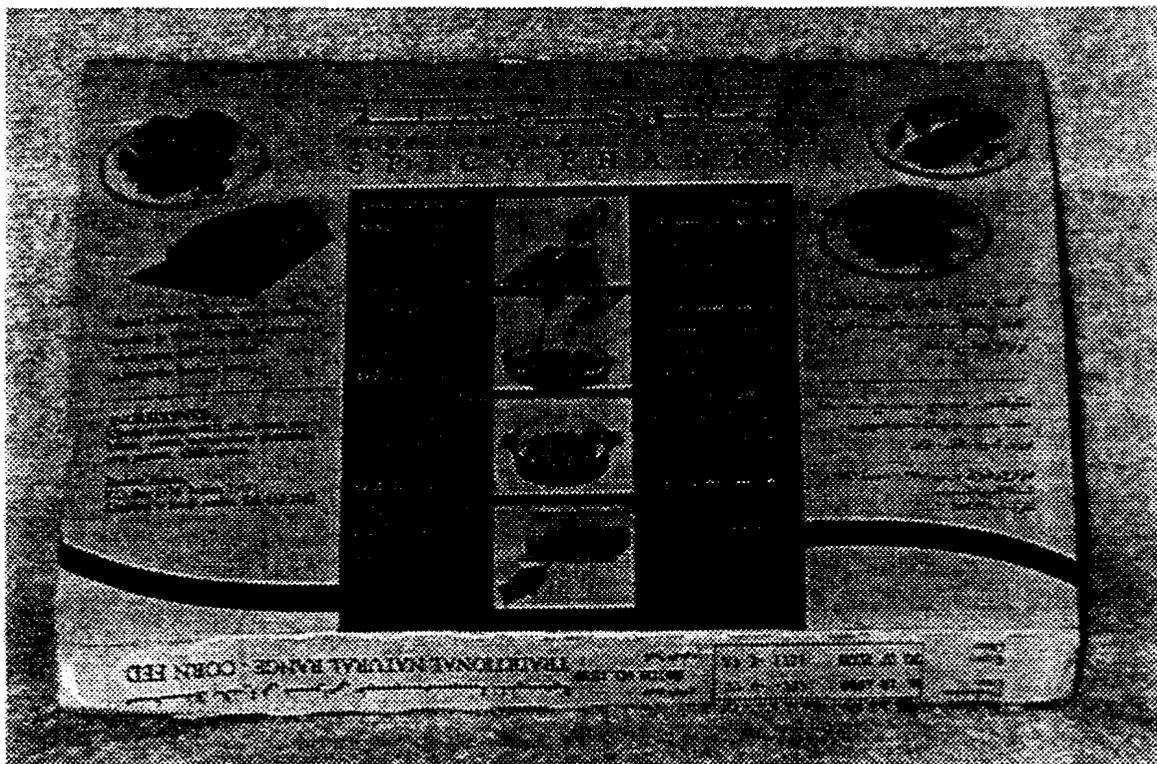
Should a product not meet the required standards, an importer has an option to appeal the decision, at which time the importer will be required to either hold the shipment in an approved facility (cold storage) until the product can be retested, return the product to the manufacturer, or have the shipment destroyed. Most perishable products like fresh or chilled foodstuffs will be cleared within 24 hours. All other containers of foodstuffs should clear customs within 10 days, provided that all required documents are presented upon arrival at the port of entry.

The Ministry of Health inspects products including herbal preparations, health & supplementary foods; this procedure is lengthier than traditional foodstuffs. Herbal preparations and supplementary foods must be registered with the General Directorate of Medical & Pharmaceutical Licenses of the Saudi Ministry of Health. This procedure cost approximately \$300 and under normal conditions, takes approximately 5 to 7 months for approval.

#### LABELING (GULF STANDARD NO. 9/1995):

Labeling standards are very strict in all GCC countries. All labeling standards are set forth in the Gulf Standards (9/1995), consisting of approximately 10 pages, which was basically prepared by the State of Kuwait.

- All labels of prepackaged foodstuffs and attached labels must be in Arabic. When the ingredients are printed in any language other than Arabic, the attached label must clearly state **all** of the ingredients in Arabic.
- A limitation to 25 ingredients for each product is strictly enforced.
- All label must contain the following minimum of information
  - Product Name
  - Name and Address of the Packer, Importer, Manufacturer, Distributor, Exporter or Vendor
  - Country of Origin or Manufacture
  - List of ingredients, descending order of proportion, from highest content to least.
  - Shelf Life (Saudi Standard – No: 702/1993) must be shown clearly giving Expiry Date (DD/MM/YY), Use By date, Fit For (from the date of production) Use Before (Date) & Sell By (Date) - Date of production is the 1<sup>st</sup> day of the month shown and the Expiry date being the last day of the month.
- Instructions for preparation if applicable

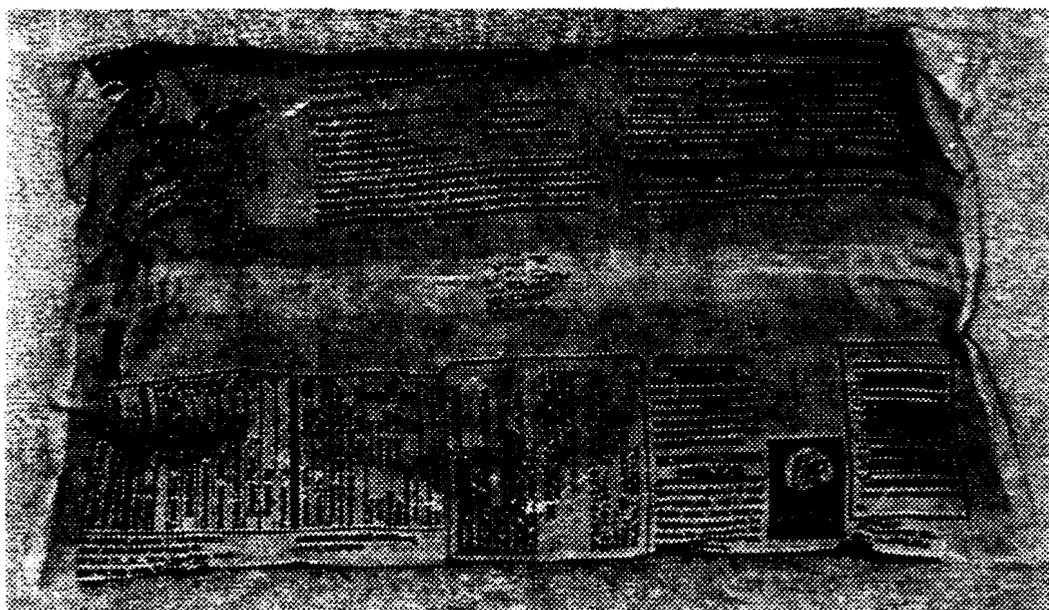


EXCELLENT EXAMPLE OF PREPARATION INSTRUCTIONS ON REVERSE SIDE OF PACKAGE

- If a product contains animal fats, meat, meat derivatives, excretions such as gelatin & rennet, the type of animal from which they were taken will be declared on the label that they are legally permitted under Islamic Law.
- The name of the foodstuff must be specific, not generic. It is forbidden to use names or phrases provocative to the Islamic religion. Terms such as "made from Pork or its derivatives," "Alcoholic Beverages" or any doctrinally forbidden symbols and marks such as the sign of the cross should not be used.
- List of all preservatives, additives or coloring agents used in manufacture.
- Over prints, erasable printing or stamping of any information is not permitted. Ink-Jet expiry dates are allowable on existing labels if printed by manufacturer; this is usually done on caps or at the bottom of flexible packaging if it does not obliterate ingredients information.
- All labeling must be legible.
- All labels must not cover any existing label information printed by the manufacturer. Only one label may be used to comply with the Arabic language requirements.
- All labeling must not be reactive with contents of packages.
- Products with No Expiry dates such as milled rice, salt, and spices need only be labeled with the date of production (DD-MM-YY) to comply with the Expiry Date requirements.
- Additional labeling requirements for food additives (*Saudi Standards 951/1995-678/1994-677/1994*), anti-oxidants, food colorings, flavors, preservatives, emulsifiers, stabilizers, thickeners, and sweeteners, are also required under the *GCC 9/1995* regulations. Due to the lengthy nature of these requirements, this document will not go into detail. Copies of these requirements are available from SASO and to a limited extent the ALEB offices in Cairo.

#### REQUIREMENTS SPECIFIC TO NUTRITIONAL LABELING:

The labeling requirements for nutritional content supplement the standard general labeling requirements as stated in the *GS 9/1995* publication, which is available through SASO, Riyadh or the ALEB Library in Cairo, Egypt.



NOTE: NUTRITIONAL INFORMATION WITH OTHER REQUIRED DATA ON LABEL.

## **PACKAGING & CONTAINER REQUIREMENTS:**

Saudi Arabian standards for packaging and containers (*SSA: 1149/1997 Food Packages – Part 1 – General Requirements*), specifically state the requirements for all food packages entering the KSA.

The following list of requirements represent the main focus of the above-cited standards:

- All materials used in food packaging including treatments (coatings) must be manufactured with **FOOD GRADE** quality materials as per the above-cited regulations.
- All packages will be clean and manufactured in such a manner that will not allow intrusion of foreign contaminants into the food product.
- The packaging materials should be of such construction that prevents the package from gaining undesirable odors, flavors, or taste.
- The package should prevent contamination by microorganisms, insects, rodents, and dirt should the product require it.
- The packaging should prevent moisture contamination of the foodstuff.
- Packaging should protect against environmental effects such as impacts, vibrations, static stresses, and should maintain an intact appearance during handling operations.
- Packaging should not allow the contents to come into contact with the packaging material to prevent any reaction with the food products.
- Food packaging materials should not resemble pharmaceutical shapes

Plastic packaging is regulated by Saudi Standards (*SASO 1301/1997*), which also specify labeling information for packaged foodstuffs. The following information must be stated on all plastic packaging.

- Type of plastic material
- Weight, capacity, number, or dimensions based on the type of package
- Statement of food grade
- Purpose and type of application
- Directions for usage
- Warnings if applicable.

## **FOOD ADDITIVE REGULATIONS:**

There are several different regulations that pertain to food additives, all of which can be found in GCC or Saudi Arabian (SASO) publications. Some of these regulations are available in the ARAC center in the ALEB Library in Cairo, Egypt.

## **PESTICIDE & CONTAMINANT RESIDUE REQUIREMENTS:**

Pesticide and contaminant levels in foodstuffs are strictly regulated under one of the following publications, which were adapted from CODEX standards.

- GCC Standard No. 382/1994 – *"Maximum Limits For Pesticides In Agricultural Food Products – Part 1"*
- GCC Standard No. 422/1994 – *"Maximum Limits For Pesticides In Agricultural Food Products – Part 2"*

- GCC Standard No. 357/1994 – “Antioxidants Permitted For Use In Foodstuffs”
- GCC Standard No. 841/1997 – Regulates maximum limits of aflatoxins permitted in foodstuffs
- GCC Standard No. 988/1998 – Regulates limits of radioactivity permitted in foodstuffs

#### **CERTIFICATION AND DOCUMENTATION REQUIREMENTS:**

The following documentation is required for all imported foodstuffs into the KSA. When certification is required for Halal, Health Certificates, Commercial Invoice, and Certificate of Origin, the processor can obtain the appropriate certification thru the Saudi Arabian Embassy or Consulate in the country of manufacture. In the event a Saudi Arabian Embassy or Consulate is not available, the embassies or consulates of a friendly Arab country can attest to the authenticity of these documents.

- Commercial Invoice
  - Health Certificate from the Country of Origin (Manufacture)
  - Halal Slaughter Certificate for all meat and meat products
  - Certificate of Origin
  - Bill of Lading
  - Packing List
1. **HALAL CERTIFICATION:** Any meat or meat products being exporting in the KSA, must comply with Saudi Arabian Standard No. *SSA 630/1990* (Animal Slaughtering Requirements According To Islamic Law) which is satisfied by obtaining a Certificate of Islamic Slaughter.
  2. **BABY FOOD:** Baby foods are regulated under two separate standards
    - Canned Baby Food – *SSA 676/1992*
    - Baby Food Based On Milk – *SSA 675/1994*
  3. **FROZEN CHICKENS:** All frozen poultry must comply with *SSA 117/1979* which regulates the Halal slaughter of poultry products and salmonella limits for poultry products.
  4. **BEEF PRODUCTS:** Any beef products containing meat, which was obtained from herds grown in countries known to have Bovine Spongiform Encephalopathy (BSE) or “Mad Cow Disease is not exportable to the KSA.

#### **CUSTOMS AND INSPECTION REQUIREMENTS:**

Saudi Arabia imposes a base 12% import duty on all food (Vegetables from Egypt are exempt from duty fees) and agricultural products entering the country. Currently an import duty reduction plan is in place to decrease the duties of Egyptian foodstuffs imports by 10% of the 12% base import duty each year until the duties are totally removed – *i.e.* the level reaches 0%.

Some products may enter Saudi Arabia duty free because of the limited ability of agricultural potential; these include these items targeted by the ALEB project:

- Cardamoms (HS Code 098.30.00)

- Infant food based on milk or milk prepared as a substitute for mother's milk, not containing cocoa (HS Code 1901.10.10). It is not clear if Baby Foods manufactured from Rice is included in this exemption – clarification not available at the time of this report.
- Frozen Vegetables

#### **TRADE BARRIERS:**

The KSA has also imposed an imposition of a 20% import duty on the following products that are in the target product group identified by ALEB. This import duty has been put into place when they directly compete with local production of Saudi processors.

- Meat and Offal of Poultry (HS Code 0207.10.00 – 0207.50.00). The Ad Valorem Duty Rate is 20% minimum duty of US \$0.27 per Kg.).
- Tahina (Sesame Concentrate) – (HS Code 1302.19.30)
- Infant Food based on milk or milk prepared as a substitute for mother's milk, containing less than 10%, by weight of cocoa (HS Code 1901.10.20)
- Macaroni & similar products such as spaghetti and pasta (HS Code 1902.11.10)
- Natural Mineral Waters & Ordinary Natural Waters (HS Code 2201.10.10 – 2201.90.10)

An additional 100% duty has been imposed on the following products:

- Dates, Fresh or Dried (HS Code 0804.10.10-0804.10.90)

#### **TRANSPORTATION:**

Saudi Arabia's transportation outlets take the form of roadways (69,000-plus kilometers, paved), rail lines (1,390 kilometers), 12 ports, 70-plus merchant marine fleet of ships and 70 freight-capacity airports.

Most imported, containerized foodstuffs arrive through either the Red Sea, Islamic Port of Jeddah, which handles approximately 65% to 70% of all imports, with the remaining sea shipments clearing through the Port of Dammam on Saudi Arabia's Eastern Coast.

It is important to note that the Kingdom of Saudi Arabia has been planning to implement tolls for all of its highways in the near future. When this new road tax takes effect, higher transportation costs will be forthcoming.

Due to the potential for claims caused by temperature damage to frozen or chilled products in transit, the Egyptian exporter should *place a temperature-recording device in each shipment to indicate transit condition. To preserve the quality of the shipment, the exporter should also ensure a completely chilled sea shipping container or overland truck trailer container before loading any shipment from Egypt destined for the Gulf.*

#### **FREIGHT COSTS:**

A couple of importers complained that it was more cost effective to import foods from Italy for approximately \$1,200 per container (20 foot) than it was from Egypt at \$2,400 for the same container – *based on shipping quotes they had received.* Transportation costs

can be a deal breaker, even if the product cost is lower. For this reason, it is highly advisable for all exporters to "shop around" for the best freight rates.

The table below reflects quotes from four different Cairo-based freight agents. Notice the fluctuating prices for freight to Saudi Arabia – Jeddah and Riyadh – from Egypt. The rates given are probably negotiable once a regular shipping schedule has been established. These prices are not guaranteed and in some cases, may be reduced given an advance notice of 10 or more days prior to shipment departure. Rates also tend to vary with seasons and availability of containers and trucks. From this listing of freight rates, it is clear that obtaining several quotes prior to deciding on a particular carrier or freight agent is cost-effective when exporting to the Gulf and elsewhere.

**FREIGHT ESTIMATES FROM CAIRO TO SAUDI ARABIA – JULY 2000**

Egypt to...	Container Small - Dry	Container Large - Dry	Container Small-Refrig.	Container Large-Refrig.	Truck Dry	Truck Refrig.
SAUDI ARABIA-Jeddah (1)	US\$350	US\$700	Not available	US\$1,700	US\$1,900	US\$2,000
SAUDI ARABIA Jeddah (2)	US\$450	US\$700	US\$1,600	US\$2,550	SR1,750 (US\$494.35; Rate: 3.54)	SR7,000 (US\$1,977.40 ; Rate: 3.54)
SAUDI ARABIA-Jeddah (3)	US\$450	US\$800	Not available	US\$1,850	US\$2,000	US\$2,600
SAUDI ARABIA-Jeddah (4)	US\$700	US\$1,000	US\$1,300	US\$2,000	US\$2,800	US\$4,000
SAUDI ARABIA Riyadh (1)	Not available	Not available	Not available	Not available	US\$2,800	US\$4,000
SAUDI ARABIA Riyadh (2)	US\$600	US\$1,100	Not available	Not available	SR1,800 (US\$508.47; Rate: 3.54)	SR7,000 (US\$1,977.40 ; Rate: 3.54)
SAUDI ARABIA Riyadh (3)	US\$800	US\$1,250	Not available	Not available	US\$1,900	US\$2,000
SAUDI ARABIA Riyadh (4)	US\$1,100	US\$1,450	Not available	Not available	US\$2,100	US\$3,000

According to Favia International Transport-Cairo, any refrigerated trucks traveling from Egypt to any destination within Saudi Arabia are stopped at the Saudi-Jordanian border. The products in these trucks must be unloaded and reloaded into Saudi Arabian licensed refrigerated trucks. The Saudi Arabian government does NOT allow foreign refrigerated trucks to deliver products within Saudi Arabia. Refrigerated trucks from Egypt CAN, however, travel through Saudi Arabia in transit to other countries (without having to unload and reload onto other trucks).

All standards for transportation and storage of chilled and frozen foods are outlined in Saudi Standard No. 626/1994.

## **FREIGHT HANDLING SUGGESTIONS:**

Due to the potential for claims caused by temperature damage to frozen or chilled products in transit, the Egyptian exporter should *place a temperature-recording device in each shipment to indicate transit condition. To preserve the quality of the shipment, the exporter should also ensure a completely chilled shipping container or overland truck trailer before loading any shipment from Egypt destined for the Gulf.*

It is important to provide the required documentation for all shipment, in order to avoid delays in Saudi Arabian ports. The following items must accompany the shipment while in transit:

- Commercial Invoice (Original)
- Health Certificate (Issued by Egyptian Health Authorities)
- Certificate of Origin (Country of Origin)
- Bill of Lading
- Packing List

It is also a good idea to send copies of all of these documents to the importer to provide backup certificates should documentation be lost during shipment. Packaging and labeling requirements must also be met on all shipments. If the proper procedure is not followed, shipments will be rejected at the port of entry.

In addition, testing of shipments for food standards will be performed at the port of entry to check for allowable limits of contaminants and food additive restrictions. The list of allowable limits from the Saudi Arabian Standards Organization (SASO) is available in the ARAC/Library located in ALEB's Cairo offices.

## **EXPORT OPPORTUNITIES:**

With Saudi Arabia adopting more westernized eating habits, the demand for more convenience foods will continue to grow in the future. An increase in younger families will make greater demands on the market to supply "meals ready to eat."

Those food categories expecting growth include: Frozen vegetables, prepared fruits and vegetables, soft drinks/fruit juices, snack foods, candies, cereals, bakery products, jams and jellies, salad dressings, sauces, condiments, nuts/seeds, soups and soup mixes, poultry parts, deserts, gravies, meats, ethnic foods, non-alcoholic beer, honey, dried beans and dietetic/health foods.

As mentioned above, the potential for dietetic and health foods is becoming more prominent due to increased consumer awareness of the benefits of a more healthy life style. Two health problems common in the Gulf States are: 1) diabetes, a widespread problem; and 2) an increasingly overweight population. These diseases present a good opportunity for exports of dietetic and health foods (those without refined sugar), which target these specific health concerns.

**NOTE:** Due to the ongoing project to update import requirements, it is advisable to contact SASO or the importer in Saudi Arabia to determine whether new requirements have been implemented on a specific processed food, BEFORE sending a shipment.

## **COMMODITY SUMMARIES:**

### **DEHYDRATED ONIONS & OTHER VEGETABLES**

Saudi Arabia imported an estimated US\$1,340,960 of Dehydrated Onions in 1998. In that year, Egypt was the LARGEST exporter of dehydrated onions to Saudi Arabia, exporting about 45% or 6,098, metric tons valued at US\$602,542 followed by India with exports valued at US\$534,180 (2,035 metric tons) in 1998. Saudi Arabia's imports in 1997 amounted to only US\$930,508 -- US\$410,452 less than 1998 imports.

Dehydrated mixed vegetable imports reached approximately US\$143,262 in 1998 with Egypt as the third largest exporting country (exports amounted to US\$15,254). Switzerland the United States are the first and second largest exporters of dehydrated mixed vegetables, respectively (based on value AND weight of products).

For 1999, CAPMAS-Egypt's data shows that Egypt exported a total of \$29,012 of dehydrated onions.

### **FRUIT, FROZEN**

In 1998, frozen fruit imports to Saudi Arabia amounted to US\$1,270,056, an increase of US\$481,073 over 1997 imports. The largest frozen fruit exporter, India, sent 1,017.44 metric tons of frozen fruit in 1998 valued at US\$1,007,909.60.

India's import market share increased by 12% (based on product value) in 1998 while Egypt's export market share increased slightly from 9% of the market (\$71,395) in 1997 to 11% in 1998 (\$138,684).

### **HERBS & SPICES - COMBINED**

Saudi Arabia's imports of both "Mixtures of Spices" and "Other Spices" amounted to \$8,672,597 in 1998. Pakistan, the largest exporter in the category labeled "Other Spices," saw exports reach 898.22 metric tons valued at US\$1,343,785. India, Indonesia and France captured the remainder of this market. Egypt's exports totaled a mere 0.7% of all "Other Spice" imports (based on import values). The total imports for "Other Spices" amounted to US\$6,672,033.

Mixtures of Spices imports totaled an estimated \$2,000,564 for 1998, an increase of \$725,423 over 1997 imports. Ireland, the United States, India, and Pakistan acquired most of this import market. Egypt's share of this market, however, amounted to a negligible 0.5% in 1998 with 0% in 1997 based on import values (not weight).

### **INFANT FOOD - COMBINED**

Saudi Arabia imported an estimated total of US\$46,476,000 for all categories of infant foods in 1998 according to FAO data. Jeddah Chamber of Commerce/Ministry of Finance data shows imports of "Other Baby Food" amounting to US\$11,823,446 in 1998. Of these specific imports, the Netherlands was the largest supplier capturing a 52% import market share, followed by Ireland with a 21% market share. Egypt supplied just 0.25% of these "Other Baby Food" imports with 4.49 metric tons compared to total imports of 3,607.70 metric tons.

## **JAMS & JELLIES - COMBINED**

According to the Jeddah Chamber of Commerce, Saudi Arabia imported an estimated US\$2,118,576 of "Other Jams and Jellies" in 1998. While data was requested on ALL jams and jellies, the Chamber of Commerce did not provide detailed data on each jam or jelly flavor – e.g. apricot, fig, strawberry, etc. Accordingly, the total estimated jam and jelly imports may be low. Egypt's market share according to these perhaps limited Jeddah Chamber of Commerce statistics shows a drop from 10% of import market share in 1997 (424,700 kg.) to just 3% of the market (118,670 kg.) in 1998.

CAPMAS-Egypt data revealed 50,570 kg. (a 68,100 kg. difference from Jeddah Chamber of Commerce statistics) of jam and jelly exports to Saudi Arabia in 1998, which includes: apple, apricot, orange, fig, strawberry, and "other" jams and jellies. Data from FAO does not track jams and jellies imports or exports and accordingly, could not serve as a cross-reference for greater accuracy.

## **JUICES - COMBINED**

Imports of total combined "Mixtures of Fruit Juices" to Saudi Arabia amounted to US\$12,218,223 in 1998. Kuwait, the largest exporter of Mixed Juices, exported US\$3,233,680 worth of products (27% of the market), followed by The Netherlands with exports valued at US\$2,144,163 (18% of the market). Egypt's juice exports to Saudi Arabia were negligible according to Jeddah Chamber of Commerce data – Mixtures of Juices totaled a mere 0.2% of the market (or US\$22,464).

According to CAPMAS, Egypt's exports of combined juices amounted to approximately US\$198,000 in 1998.

In the "Single Fruit Juice" category, the United States dominated the market with US\$3,821,751 (41% of the market) of total imports, while the UAE exported an additional US\$2,436,440 (26% of the market). Egypt managed to acquire a 1% share of this market.

## **OILS, EDIBLE - COMBINED**

In 1998, Saudi Arabia imported an estimated US\$145,837,570 of Combined Edible Oils, an increase of US\$16,772,621 over 1997 imports. The United States and UAE top the list of major exporters of all oils except for "Sunflower or Safflower Seed Oil" where Oman and Malaysia dominate the market.

The largest single oil import category was "Crude Corn Oil" with US\$51,192,372 in 1998 – with the United States as the exporter followed by Bahrain and the UAE. For all of the edible oils on which Jeddah Chamber of Commerce supplied data, Egypt only appears as a listed exporter of "Other Fixed Vegetable Oils" where it managed to acquire a VERY small, 0.01% share of this market (based on import value).

## **PASTA (MACARONI) - UNCOOKED**

In 1998, Saudi Arabia imported an estimated total of \$9,031,355, the largest category identified as "Macaroni...[Pasta] with Egg." The top three exporters of these pastas (with Egg) are Italy, the UAE and Kuwait.

Saudi Arabia decreased imports of "Macaroni...[Pasta] Without Egg" by \$576,390 in 1998, most likely because of increased domestic production. Saudi Arabian pasta

processors are producing a very good quality product, which will take more and more of the market share away from exporting countries.

Presently, Egypt's share of the macaroni export market is negligible – occupying FAR LESS 1% of the market. Due to the high incidence of diabetes in Saudi Arabia, however, a diabetic form of macaroni/pasta (no sugar added) offers excellent export opportunities for Egypt's processors.

#### **POULTRY – MEAT & WHOLE FROZEN CHICKENS - COMBINED**

Saudi Arabia imported an impressive US\$336,576,271 in "Frozen Whole Chickens (Poultry)" in 1998, representing an increase of US\$25,429,379 over 1997 imports.

Based on Jeddah Chamber of Commerce/Ministry of Finance data, in 1998, Brazil dominated the poultry market in Saudi Arabia acquiring a 60% share of the import market (US\$205,801,694). France and the People's Republic of China rank as the second and third largest poultry importers to Saudi Arabia. This same data indicates no poultry imports from Egypt for 1997 or 1998.

Saudi Arabia is the largest poultry producer in the Gulf, with an estimated 454,000 metric tons produced – out of an estimated 600,000 metric ton capacity – in 1999.

#### **TOMATO PASTE / PUREE**

According to Tomato Paste imports into Saudi Arabia were estimated at US\$9,366,384 in 1998, an increase of US\$4,664,690 over 1997 imports. Turkey, the largest importer in 1998, captured 30% of this market followed by United Arab Emirates (15%) and Portugal (11%). Conversely, in 1997, the UAE dominated the tomato paste market with a 47% share followed by Portugal (28%) and Turkey (7%). Egypt's share of this market, however, plummeted from 2% in 1997 to only 0.9% in 1998.

According to FAO reports, Egypt's total tomato paste exports reached US\$34,000 in 1998.

#### **VEGETABLES, FROZEN - COMBINED**

Saudi Arabia, in 1998, imported a total of US\$28,706,499 in various combined categories of frozen vegetables, according to Jeddah Chamber of Commerce/Ministry of Finance data. Egypt dominated the market for "Mixtures of Vegetables, Frozen" with 33% of the import market (based on commodity value). In 1997, Egypt and Belgium each captured a 23% share of the "Other Vegetables, Frozen" market.

Frozen potatoes was the largest single frozen vegetable imported into Saudi Arabia with US\$14,915,000, followed by Frozen Vegetables (NES) with US\$4,830,000 in 1998.

Egypt was the leading exporter of all frozen vegetables to Saudi Arabia in 1998. CAPMAS-Egypt reported an estimated US\$4,801,451 of frozen vegetable exports to Saudi Arabia in 1998.

#### **VEGETABLES, PICKLED – PACKED IN VINEGAR AND OTHER - COMBINED**

Imports of "Pickles Preserved By Vinegar," amounted to approximately US\$4,305,178 in 1998 – an increase of US\$134,839 between 1997 and 1998. Of the major importers,

Lebanon and India acquired the largest market share with 35% and 19% of the import, respectively.

Saudi Arabia's exports during that year of "Pickles Preserved By Vinegar" totaled 512,000 metric tons and were valued at an estimated US\$505,000.

In 1998, Egypt's exports to Saudi Arabia of these types of pickles increased to 2% of overall market share from 0.9% in 1997. (Note: All percentages are derived from import value rather than import tonnage.) According to Egyptian CAPMAS data, Egypt exported \$125,404 of pickles preserved in vinegar in 1999; data for 1998 was not available for this report. Clearly, Egypt can continue to increase its market share of these products.

#### **WATERS BOTTLED, COMBINED**

According Jeddah Chamber of Commerce/Ministry of Finance statistics, Saudi Arabia decreased imports of "Natural Mineral Waters" by an estimated US\$1.079 million and "Artificial Mineral Waters" by approximately \$34,746 between 1997 and 1998.

In 1998, France and the United Arab Emirates dominated the "Natural Mineral Waters" market with a 61% (valued at US\$1.694 million) and 21% share of imports respectively. At the same time, France acquired the largest share of imports of "Artificial Mineral Waters" (57%), followed by Bahrain (26%).

Saudi Arabia exported an estimated \$4.549 million of "Natural Mineral Waters" in 1998 according to FAO reports. Imports of either category of waters from Egypt, if any, were not reflected in the Jeddah Chamber of Commerce data.

## SAUDI ARABIA CODE INDEX

*(Listed Alphabetically by Commodity Type)*

OPPORTUNITY COMMODITIES	Jeddah Chamber of Commerce (JETNET)/Ministry of Finance EXACT COMMODITY TITLE	Jeddah Chamber of Commerce (JETNET)/Ministry of Finance CODE NUMBER
Baby Food	Baby Food Other	19011090
Baby Food of Fruit	Baby Food of Fruit	20071010
Baby Food of Vegetables	Baby Food Preparations of Vegetables	20051010
Dehydrated – Onions	Onions, Dried	07122000
Dehydrated/Dried - Vegetables	Other Vegetables, Mixtures of Vegetables, Dried	07129000
Fruit, Frozen	Other Frozen Fruit	08119000
Juices, Fruit	Mixtures of Juices	20099000
Juices, Fruit	Other Single Fruit Juice	20098090
Macaroni (Pasta)	Macaroni, Vermicelli, and Similar Items with Eggs	19021110
Macaroni (Pasta)	Macaroni, Vermicelli, and Similar Items Without Eggs	19021910
Jams and Jellies	Other Jams And Jellies	20079919
Oils, Sunflower	Crude Sunflower Seed or Safflower Oil	15121100
Oils, Sunflower/Safflower	Other Sunflower Seed or Safflower Oil	15121900
Oils, Corn (Maize)	Crude Corn Oil	15152100
Oils, Corn (Maize)	Other Corn Oil	15152900
Oils, Vegetable	Other Fixed Vegetable Oils	15159000
Oils, Vegetable/Hydrogenated	Vegetable Fats and Oil, Hydrogenated, Etc.	15162000
Poultry, Frozen	Whole Frozen Chickens	02072100
Poultry, Parts	Chickens (for Meat) More than 185 Grams	01059120

<b>OPPORTUNITY COMMODITIES</b>	<b>Jeddah Chamber of Commerce (JETNET)/Ministry of Finance EXACT COMMODITY TITLE</b>	<b>Jeddah Chamber of Commerce (JETNET)/Ministry of Finance CODE NUMBER</b>
Spices, Other	Other Spices	09109900
Spices, Mixtures of	Mixtures of Spices	09109100
Tomato Paste	Tomato Paste	20029010
Vegetables, Frozen	Other Vegetables Frozen	07108000
Vegetables, Frozen	Mixtures of Vegetables, Frozen	07109000
Vegetables, Pickled	Pickles (Assorted) Preserved by Vinegar	20019014
Waters, Flavored	Artificial Mineral Waters	22011020
Waters, Natural or Artificial	Natural Mineral Waters	22011010

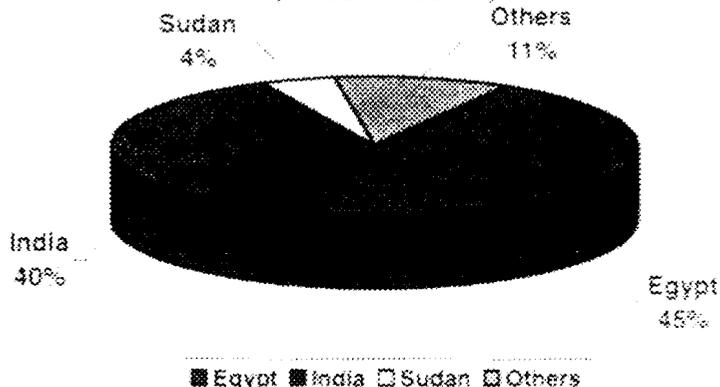
## **NOTES**

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- **Market Basket Surveys:** As you scroll through the tables entitled *Market Basket Survey Averages*, you will notice that products are listed more than once. A repeated "product" listing reflects one of two things – either:
  1. The product size is different; or
  2. If a Product AND Country of Origin are listed more than once, a brand name, which is NOT listed to protect the identity of the producer, may be different.

## SAUDI ARABIA - DEHYDRATED ONIONS / VEGETABLES

SAUDI ARABIA - DEHYDRATED ONIONS / IMPORTS 1998  
(CODE: 07122000)



SOURCE: JEDDAH CHAMBER OF COMMERCE

SAUDI ARABIA - DEHYDRATED ONIONS / IMPORTS 1998 (CODE: 07122000)				
COUNTRY	WEIGHT (MT.)	VALUE (SR)	VALUE (USD)	S/Mt.
Egypt	6,099	2,133,000	\$602,542.37	\$98.81
India	2,035	1,891,000	\$534,180.79	\$262.63
Sudan	360	204,000	\$57,627.12	\$160.08
Others	222	619,000	\$146,610.17	\$654.51
<b>Total - 1998:</b>	<b>9,716</b>	<b>4,747,000</b>	<b>\$1,340,960.45</b>	<b>\$153.85</b>
<b>Total - 1997:</b>	<b>5,130</b>	<b>3,294,000</b>	<b>\$930,508.47</b>	<b>\$181.39</b>

### MARKET ANALYSIS:

In 1998 and 1997, according to U.N. Food and Agriculture Organization (FAO) data, Egypt was the largest exporter of dehydrated onions to Saudi Arabia. The above table also supports this fact showing that Egypt captured about 45% of the Saudi Arabian dehydrated onion market (based on commodity value). Dehydrated onion exports rose almost 3% from 1997 to 1998, outpacing India by almost 5% per year. CAPMAS-Egypt data for 1999 indicates \$29,012 (or 9,222 Kg.) of dehydrated onion exports from Egypt.

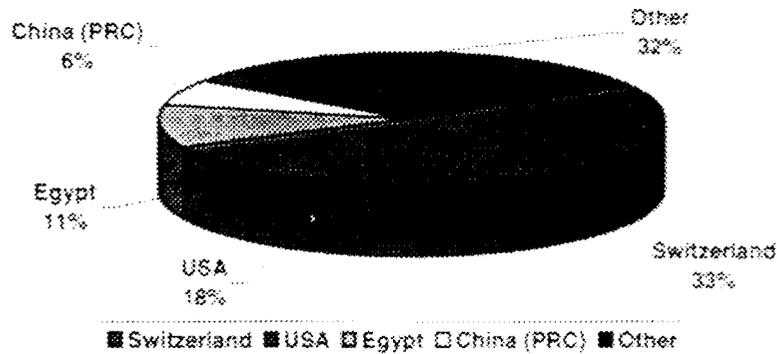
According to CAPMAS data, in 1999 Egypt was the third largest exporter of dehydrated mixed vegetables with \$15,254,000 in exports.

FAO data revealed that Egypt exported an estimated \$16,868,000 of dehydrated vegetables (exact vegetables included in this category are not known) in 1998, an increase of \$3,387,000 over 1997 production figures.

The food processing industry in Saudi Arabia continues to grow larger each year, which will drive up the demand for imported raw materials. Since food processors in the KSA can

export to other GCC countries without import tariffs, there is an incentive to process more foods than to import finished products from outside the GCC region.

SAUDI ARABIA - DEHYDRATED MIXED VEGETABLES/ IMPORTS 1998  
(CODE: 07129000)



SOURCE: JEDDAH CHAMBER OF COMMERCE

Many processed foods use dehydrated products as amendments to product recipes, thus the market for dehydrated onions and vegetables should grow exponentially with the 4% annual increased demand for imported processed foods.

#### SHELF LIFE (EXPIRY PERIOD):

Dehydrated products are exempt from expiry periods according to the Gulf Standard No. 150/1993 and the SASO Standard No. 702/1983, both of which are available in ALEB's ARAC Library Center in Cairo.

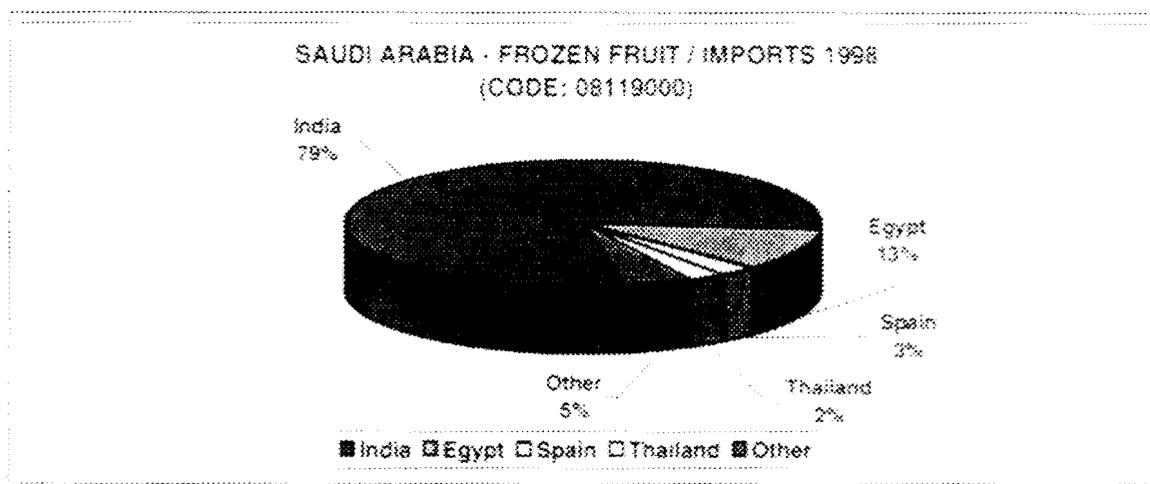
It is important to remember that imported foodstuffs are not allowed entry into the Saudi Arabia if the time period between the dates of manufacture to the date of entry into the Kingdom exceeds 4 months.

#### OPPORTUNITIES:

Saudi Arabia's domestic production of processed foods is expected to increase in the future. As production levels rise, a proportionate increase in raw materials/inputs like dehydrated onions or other vegetables should also increase.

Providing samples to food processors can highlight Egyptian raw materials and begin a dialog to promote sales. A commercial invoice stating that the product is not for sale and has no commercial value must accompany any sample sent to Saudi Arabia.

## SAUDI ARABIA – FRUIT, FROZEN



SOURCE: JEDDAH CHAMBER OF COMMERCE

SAUDI ARABIA - FROZEN FRUIT / IMPORTS 1998 (CODE: 08119000)				
COUNTRY	WEIGHT (Kg.)	VALUE (SR)	VALUE (USD)	\$/Kg.
India	1,017,000	3,568,000	\$1,007,909.60	\$0.99
Egypt	184,000	490,000	\$138,418.08	\$0.75
Spain	41,000	115,000	\$32,485.88	\$0.79
Thailand	41,000	109,000	\$30,790.96	\$0.75
Other	69,000	214,000	\$60,451.96	\$0.88
<b>Total - 1998:</b>	<b>1,352,000</b>	<b>4,496,000</b>	<b>\$1,270,056.50</b>	<b>\$0.94</b>
<b>Total - 1997:</b>	<b>880,000</b>	<b>2,793,000</b>	<b>\$788,983.05</b>	<b>\$0.90</b>

### MARKET ANALYSIS:

Saudi Arabia increased the importation of frozen fruits by \$481,073 in 1998 over 1997 imports. Egypt was the second largest exporter behind India in 1998 and 1997. India's export percentage increased by 12% (based on product value) in 1998 while Egypt's exports increased slightly from 9% of the market (\$71,395) in 1997 to 11% in 1998 (\$138,684).

### SAUDI ARABIA MARKET BASKET SURVEY AVERAGES – APRIL 2000

Products	Size	Price (S.R.)	Price (US\$) Rate: 3.54	Country of Origin
Fruit-Frozen, Mango Sliced	1000 gm.	12.00	\$3.39	Egypt
Fruit-Frozen, Strawberries	250 gm.	4.50	\$1.27	Denmark

SOURCE: ALEB - Saudi Arabia Market Basket Surveys, April 2000

CAPMAS data does not indicate the level of Egyptian exports of frozen fruits at the present time.

**SHELF LIFE (EXPIRY PERIOD):**

The Expiry Standards for Frozen Fruits is set forth in the Saudi Arabian Standards Organization (SASO) Standard No. 702/1993 and the GCC Standard No. 150/1993 is 12 months for product stored suitable container. Product must reach the port in Saudi Arabia no later than 4 months from the date of manufacture.

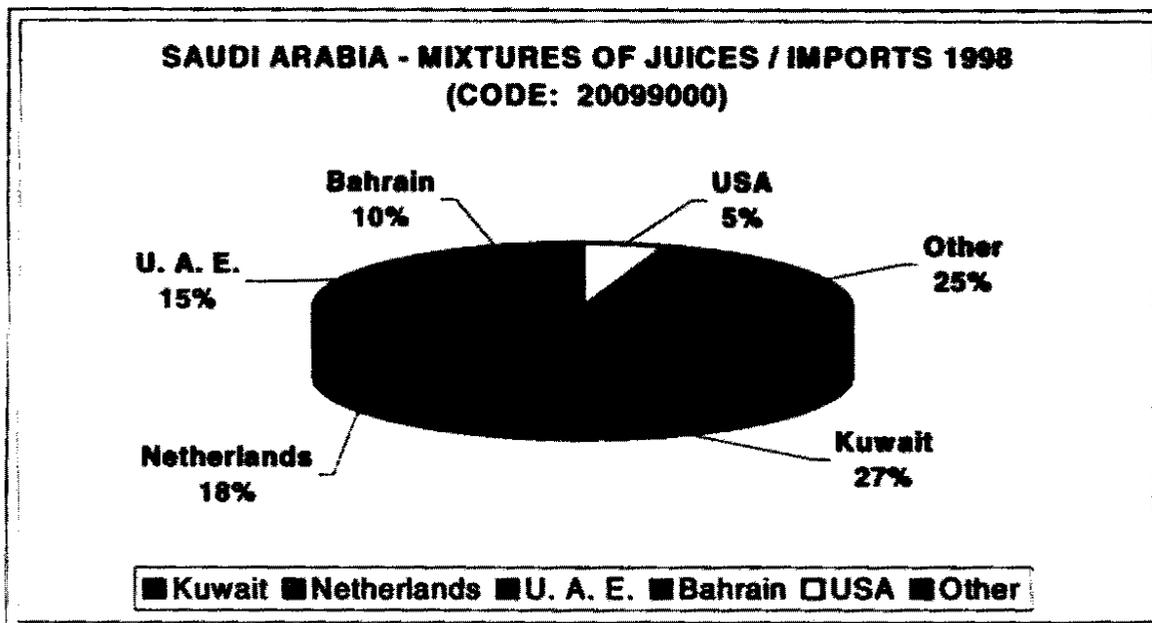
**OPPORTUNITIES:**

Egypt is only commanding a 13% share of the \$1,200,000 market in frozen fruit imports to Saudi Arabia. For two years, Egyptian exporters have remained at the same percentage level, while the competition has increased by 7%. Egypt should have the price advantage with a \$0.13 lower cost, but this advantage is probably being eaten up by high transportation costs.

Non-existent marketing efforts would also explain why Egyptian frozen fruits are not climbing in the percentage statistics. Aggressive marketing is extremely important to gain market share not only in Saudi Arabia, but throughout the Gulf region.

Foreign (EU) exporters usually visit their clients at least once per month to keep the buyers aware of their products and to also analyze the market for projecting potential sales opportunities.

## SAUDI ARABIA – FRUIT JUICES



SOURCE: JEDDAH CHAMBER OF COMMERCE

SAUDI ARABIA - MIXTURES OF JUICES / IMPORTS 1998 (CODE: 20099000)				
COUNTRY	WEIGHT (ML)	VALUE (SR)	VALUE (USD)	\$/ML
Kuwait	3,671	11,447,230	\$3,233,680.79	\$880.87
Netherlands	1,013	7,590,340	\$2,144,163.84	\$2,116.65
U. A. E.	2,234	6,602,030	\$1,864,980.23	\$834.82
Bahrain	1,634	4,338,130	\$1,225,460.45	\$749.98
USA	514	2,256,460	\$637,418.08	\$1,240.11
Other	2,925	11,018,320	\$3,112,519.77	\$1,064.11
<b>Total - 1998:</b>	<b>11,991</b>	<b>43,252,510</b>	<b>\$12,218,223.16</b>	<b>\$1,018.95</b>

### MARKET ANALYSIS:

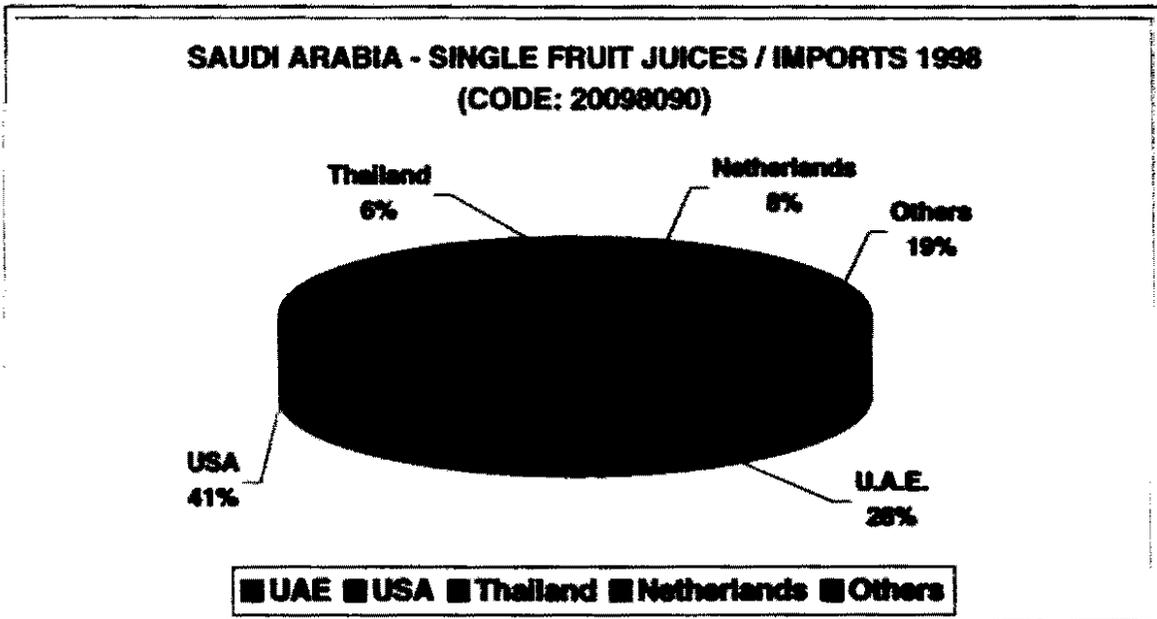
Fruit juice imports into Saudi Arabia amounted to over \$21,628,895 in 1998, the largest groupings comprised of "Mixed Juices" and "Single Juices." Kuwait dominated the mixed juice category with over \$3,233,680 (27%) in imports, while The Netherlands ranked second capturing 18% of this market based on product value. Egypt managed to acquire only 0.2% of this market – also based on product value.

The United States (U.S.) dominated the "single fruit juice" market with \$3,821,751 (41%) in imports, while the United Arab Emirates (UAE) supplied another 26% valued at \$2,436,440. (See table on following page.) Egypt's exports captured 1% of this market.

The combined total for these two categories and other assorted juices is approximately \$32,628,895 for fruit Juices imported into Saudi Arabia. Exports from Saudi Arabia were reached \$9,000,000 in 1998.

Between 1997 and 1998, Saudi Arabia saw a \$1,866,000 increase in imports for Single Fruit Juices. The U.S. increased exports to Saudi Arabia by \$2,233,898 in 1998. It is thought that this increase was partially fueled by higher imports of single strength high value juices from company's like Tropicana® and Dole®. These high-value juices are sometimes mixed with tropical fruits like banana and other exotic flavors to enhance sales in a very common market place.

<b>SAUDI ARABIA - OTHER SINGLE FRUIT JUICES / IMPORTS 1998 (CODE: 20098090)</b>				
<b>COUNTRY</b>	<b>WEIGHT (MT.)</b>	<b>VALUE (SR)</b>	<b>VALUE (USD)</b>	<b>\$/MT.</b>
UAE	3,725	8,625,000	\$2,436,440.68	\$654.08
USA	2,344	13,529,000	\$3,821,751.41	\$1,630.44
Thailand	1,040	2,148,000	\$606,779.66	\$583.44
Netherlands	533	2,789,000	\$787,853.11	\$1,478.15
Others	1,858	6,223,000	\$1,757,909.60	\$946.13
<b>TOTAL - 1998:</b>	<b>9,500</b>	<b>33,314,000</b>	<b>\$9,410,734.46</b>	<b>\$990.60</b>



SOURCE: JEDDAH CHAMBER OF COMMERCE

It is worth noting that Saudi Arabia exported approximately \$9,422,000 in juices to Kuwait in 1988, while importing \$3,233,680 from Kuwait. This discrepancy is apparently due to the fact that the juices exported back into Kuwait were packaged as opposed to the bulk shipments that may have been received from Kuwait.

The competition for the fruit juice market is very high, with as many as 23 different brands vying for the attention of the consumers. Packaging is very high tech, using several new

types of innovative packaging schemes. Tetra pak is the primary packaging system being used by most juice processors.

Advertising is widespread, including billboard sized ads, television ads, bus stop signs, and individual handout materials. Innovative packaging designs using high gloss catalytic lacquer printing, or metal materials are commonplace.

Bulk packaging is very common with Tetra Pak juices (6 Pack – 330 ml. SR 11.00). Juices packaged in 1-liter Tetra Pak cartons are very common (S.R. 5.00). Another popular size is the 2-liter refrigerated plastic jug (S.R. 12.00).

#### SAUDI ARABIA MARKET BASKET SURVEY AVERAGES – APRIL 2000

Products	Size	Price (S.R.)	Price (US\$) Rate: 3.54	Country of Origin
Juices – Apple	250ml/24 bottles	39.00	\$11.02	Saudi Arabia (Jeddah)
Juices – Apple	330 ml/24 tetra-pk.	39.00	\$11.02	Saudi Arabia (Jeddah)
Juices – Apple	330 ml./tetra pak - 27 carts/1case	18.95	\$5.35	Saudi Arabia (Riyadh)
Juices – Apple	330 ml/carts-18	31.00	\$8.76	Saudi Arabia (Jeddah)
Juices – Apple	1 lit./case-12	56.00	\$15.82	Saudi Arabia (Riyadh)
Juices - Apple	1 lit./case-12	33.00	\$9.32	Saudi Arabia
Juices – Apple	1 lit./case-6	29.00	\$8.19	Saudi Arabia (Jeddah)
Juices – Apple	1 lit./Plastic-Refrig.	6.00	\$1.69	Saudi Arabia (Al Khobar)
Juices - Apple	2 lit./Plastic-Refrig	10.00	\$2.82	Saudi Arabia (Al Khobar)
Juices – Grape	330 ml./tetra pak - 27 carts/1case	18.95	\$5.35	Saudi Arabia (Riyadh)
Juices – Grape	1 lit./case-12	56.00	\$15.82	Saudi Arabia (Riyadh)
Juices - Mango	1 lit./Plastic-Refrig.	6.00	\$1.69	Saudi Arabia (Al Khobar)
Juices – Mango	250ml/24 bottles	39.00	\$11.02	Saudi Arabia (Jeddah)
Juices – Mango	330 ml./24 tetra-pk.	39.00	\$11.02	Saudi Arabia (Jeddah)
Juices – Mango	1 lit./case-12	56.00	\$15.82	Saudi Arabia (Riyadh)
Juices - Mixed Fruit	1 lit./Plastic-Refrig.	5.50	\$1.55	Saudi Arabia (Al Khobar)
Juices - Mixed Fruit Punch	330 ml/carts-18	31.00	\$8.76	Saudi Arabia (Jeddah)
Juices – Mixed Fruit Punch	1 lit./case-6	29.00	\$8.19	Saudi Arabia (Jeddah)
Juices - Orange	1 lit./case-6	29.00	\$8.19	Saudi Arabia (Jeddah)
Juices – Orange	250ml/24 bottles	39.00	\$11.02	Saudi Arabia (Jeddah)
Juices – Orange	330 ml./24 tetra-pk.	39.00	\$11.02	Saudi Arabia (Jeddah)
Juices – Orange	330 ml/carts-18	31.00	\$8.76	Saudi Arabia (Jeddah)
Juices – Orange	1 lit./case-12	56.00	\$15.82	Saudi Arabia (Riyadh)
Juices – Orange Pineapple	250ml/24 bottles	39.00	\$11.02	Saudi Arabia (Jeddah)
Juices – Orange Pineapple	330 ml./24 tetra-pk.	39.00	\$11.02	Saudi Arabia (Jeddah)
Juices – Peach	250ml/24 bottles	39.00	\$11.02	Saudi Arabia (Jeddah)
Juices – Peach	330 ml./24 tetra-pk.	39.00	\$11.02	Saudi Arabia (Jeddah)
Juices - Pineapple	1 lit./case-12	56.00	\$15.82	Saudi Arabia (Riyadh)
Juices/Drinks - Apple	280 ml.	2.00	\$0.56	Saudi Arabia (Al Khobar)

Products	Size	Price (S.R.)	Price (US\$) Rate: 3.54	Country of Origin
Juices/Drinks - Apple	450 ml.	3.00	\$0.85	Saudi Arabia (Al Khobar)
Juices/Drinks - Apple	250 ml./case-27	18.00	\$5.08	Saudi Arabia (Al Khobar)
Juices/Drinks - Lemon	2 lit./Plastic-Refrig	8.00	\$2.26	Saudi Arabia (Al Khobar)
Juices/Drinks - Lemon	1 lit./Plastic-Refrig	5.00	\$1.41	Saudi Arabia (Al Khobar)
Juices/Drinks - Lemon Drink	280 ml.	2.00	\$0.56	Saudi Arabia (Al Khobar)
Juices/Drinks - Lemon Drink	1 lit./Plastic-Refrig	6.00	\$1.69	Saudi Arabia (Al Khobar)
Juices/Drinks - Mango	250 ml./case-27	18.00	\$5.08	Saudi Arabia (Al Khobar)
Juices/Drinks - Mango	280 ml.	2.00	\$0.56	Saudi Arabia (Al Khobar)
Juices/Drinks - Mango	450 ml.	3.00	\$0.85	Saudi Arabia (Al Khobar)
Juices/Drinks - Mixed Fruit	280 ml.	2.00	\$0.56	Saudi Arabia (Al Khobar)
Juices/Drinks - Mixed Fruit	450 ml.	3.00	\$0.85	Saudi Arabia (Al Khobar)
Juices/Drinks - Mixed Fruit	2000 lit./Plastic-Refrig	9.00	\$2.54	Saudi Arabia (Al Khobar)
Juices/Drinks - Orange	250 ml./case-27	18.00	\$5.08	Saudi Arabia (Al Khobar)
Juices/Drinks - Orange	280 ml.	2.00	\$0.56	Saudi Arabia (Al Khobar)
Juices/Drinks - Orange	450 ml.	3.00	\$0.85	Saudi Arabia (Al Khobar)
Juices/Nectars - Apricot (Special)	2 lit./Plastic-Refrig	8.00	\$2.26	Saudi Arabia (Al Khobar)
Juices/Nectars - Orange	1 lit./case-12	55.00	\$15.54	Saudi Arabia (Riyadh)
Juices/Nectars - Peach	1 lit./case-12	55.00	\$15.54	Saudi Arabia (Riyadh)
Juices/Nectars - Pineapple-Guava	1 lit./case-12	55.00	\$15.54	Saudi Arabia (Riyadh)
Juices/Nectars - Strawberry	2000 lit./Plastic-Refrig	11.50	\$3.25	Saudi Arabia (Al Khobar)
Juices/Nectars - Strawberry	1 lit./Plastic-Refrig	6.00	\$1.69	Saudi Arabia (Al Khobar)
Juices/Nectars - Apple-Cherry	1 lit./case-12	55.00	\$15.54	Saudi Arabia (Riyadh)
Juices/Nectars - Pineapple-Coconut	1 lit./case-12	55.00	\$15.54	Saudi Arabia (Riyadh)

SOURCE: ALEB-Saudi Arabia Market Basket Surveys, April 2000.

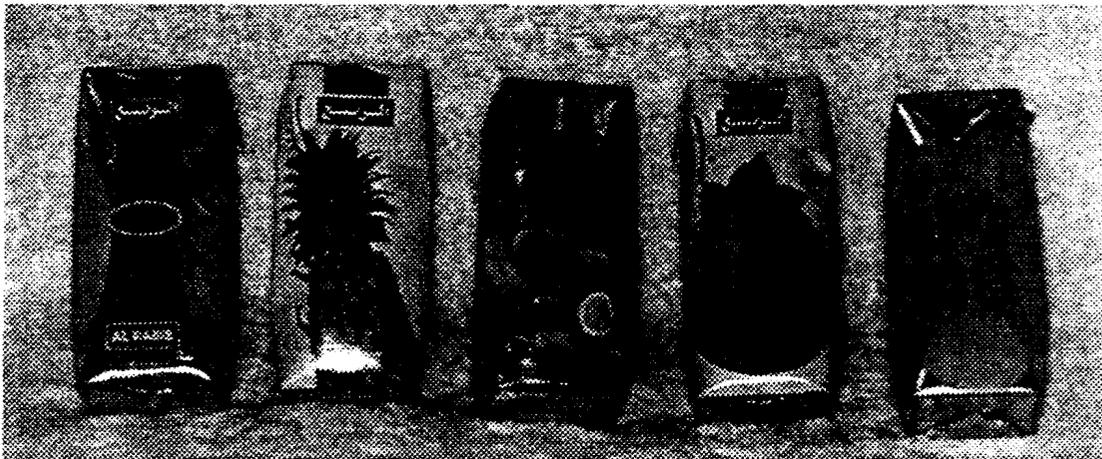
A large percentage of the juices found in the markets were packaged in Saudi Arabia. A small percentage was imported pre-packed from Gulf States producers. A growing trend toward U.S. packed pure juices from Tropicana® and Dole® are making an appearance in the up-scale markets. During an in-store interview, one customer commented that he was "tired of the taste of locally produced juices" and "interested in trying something new, as long as it is pure and fresh, regardless of the price."

When pricing between two juices is close, the packaging seems to be the deciding factor when customers choose one brand over the other. While observing a chilled juice case in a Riyadh supermarket for approximately 30 minutes, the brand with the better graphics was observed to clearly outsell its equally priced competition. A side note to this observation is

that the better-selling brand had provided strategically placed in-store advertising materials to gain the attention of the consumers.

To distinguish its nectars from its 100% juice products, the better-selling brand used high-gloss metallic Tetra Pak-aging incorporating a water droplet, "wet look" background with photo-quality, superimposed depictions of the fruit used for the nectars. The stock clerk at this particular store indicated that he had to re-stock this brand more than the other brands, and he thought that it was because of the packaging that the customers bought this particular brand. The stock clerk was asked if he thought that the juice itself was better, and replied that there was not that much difference between the two brands relative to taste (the authors agree with this assessment).

Any company wishing to enter the Saudi Arabian market place with juices must realize that this is a "cut throat" sector of the food industry according to one importer. There is a tremendous amount of competition in the market place, which will require a "great deal" of



**EXAMPLES OF 330-ML. TETRA PAK JUICE CARTONS**

money for mounting a successful campaign in order to gain access into this lucrative market. It is advisable to approach this market as a **bulk juice exporter** to some of the more established producers in Saudi Arabia.

#### **SHELF LIFE (EXPIRY PERIOD):**

As per the Saudi Arabian Standards Organization (SASO) Standard No. 702/1993 and the GCC Standard No. 150/1993, fruit juices have an expiry period for no more than 18 months in suitable containers. It is important to remember that products entering ports in Saudi Arabia must not be more than 4 months old from the date of manufacture.

#### **OPPORTUNITIES:**

With a \$32,000,000 market for fruit juices available in Saudi Arabia, Egyptian processors should take a good portion of the market share providing that the quality, pricing, packaging and transportation cost improve across the board.

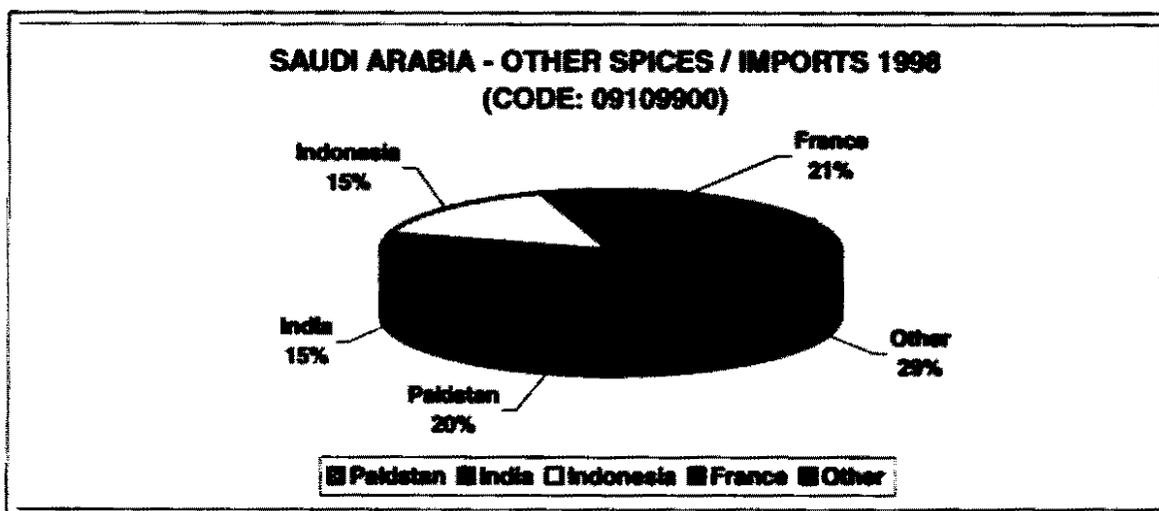
The image of Egyptian products must improve to increase exports. A reputation for poor quality reinforced by poor packaging dilutes any advantages Egypt might have with low labor costs and geographic location.

Most of the major exporting countries other than Kuwait and the United Arab Emirates (UAE) are at a major disadvantage geographically when compared to Egypt. Transportation costs are high in Egypt, but these costs can be offset by cost control measures and volume sales.

Egypt has the advantage of low-cost labor when compared to in countries like the U.S., and competing European Union countries. This is a distinct advantage when competing with these other processors half way around the world.

Aggressive marketing campaigns in the Gulf and other importing countries, in conjunction with an increased advertising will need to be budgeted to make importers aware of the products produced in Egypt.

## SAUDI ARABIA – HERBS & SPICES



SOURCE: JEDDAH CHAMBER OF COMMERCE

<b>SAUDI ARABIA - OTHER SPICES / IMPORTS 1998 (CODE: 09109900)</b>				
COUNTRY	WEIGHT (Kg.)	VALUE (SR)	VALUE (USD)	\$/Kg.
<b>Pakistan</b>	898,000	4,757,000	\$1,343,785.31	\$1.50
<b>India</b>	870,000	3,533,000	\$998,022.60	\$1.15
<b>Indonesia</b>	355,000	3,653,000	\$1,031,920.90	\$2.92
<b>France</b>	241,000	5,054,000	\$1,427,683.62	\$5.95
<b>Other</b>	648,000	6,622,000	\$1,870,621.47	\$2.88
<b>Total – 1998:</b>	3,012,000	23,619,000	\$6,672,033.90	\$2.22
<b>Total – 1997:</b>	2,885,000	17,115,000	\$4,834,745.76	\$1.68

### MARKET ANALYSIS:

Saudi Arabian spice imports increased by as much as \$2,562,711 between 1997 and 1998. According to Jeddah Chamber of Commerce/Ministry of Finance data, the category labeled, "Other Spices," increased imports by \$1,837,288 in 1998, while "Mixtures of Spices" rose by \$725,423. Egypt captured 0.7% and 0.5% of each market respectively in 1998.

Spice data obtained from the Jeddah Chamber of Commerce/Ministry of Finance did not break out each spice individually so as to indicate which varieties were the most heavily exported. The only reliable detailed information source at this time is the U.N. Food and Agriculture Organization (FAOSTAT) data, from which the following information was gleaned.

According to FAOSTAT data, in almost all spice categories, Egypt has declined in dollar-value exports, while increasing imports. In the FAO spice category labeled "Anise, Badian, and Fennel" exports decreased from \$5,808,000 in 1997 to \$5,520,000 in 1998, a

difference of \$288,000. Ironically, the metric tons exported increased during this same period from 7,147 metric tons in 1997 to 7,250 metric tons in 1998.

<b>SAUDI ARABIA - MIXTURES OF SPICES / IMPORTS 1998 (CODE: 09109100)</b>				
<b>COUNTRY</b>	<b>WEIGHT (Kg.)</b>	<b>VALUE (SR)</b>	<b>VALUE (USD)</b>	<b>\$/Kg.</b>
Ireland	8,000	3,168,000	\$894,915.25	\$111.86
USA	38,000	921,000	\$260,169.49	\$6.85
India	241,000	772,000	\$218,079.10	\$0.90
Pakistan	124,000	600,000	\$169,491.53	\$1.37
Other	133,000	1,621,000	\$457,909.60	\$3.44
<b>Total - 1998:</b>	<b>544,000</b>	<b>7,082,000</b>	<b>\$2,000,564.97</b>	<b>\$3.68</b>
<b>Total - 1997:</b>	<b>446,000</b>	<b>4,514,000</b>	<b>\$1,275,141.24</b>	<b>\$2.86</b>

SOURCE: JEDDAH CHAMBER OF COMMERCE

The FAOSTAT import data for this same category shows Egyptian imports rising from \$2,061,000 in 1997 (1,553 Mt.) to \$3,111,000 (2,228 Mt.) in 1998.

Saudi Arabian imports of "Anise, Badian, and Fennel" increased to \$6,274,000 (2,642 Mt.) in 1998, an increase of \$2,404,00 over 1996 import figures according to FAOSTAT data. Exports in this same category totaled \$24,000 (26 Mt.) in 1998

One of the largest categories of spices reported by FAO was Nutmeg, Mace, & Cardamoms, which reached import levels of an estimated \$29,070,000 (6,227 Mt.) in 1998, a decrease from 1996 levels which were \$34,666,000 (8,525 Mt.). No explanation for this large (\$5,596,000) decrease could be obtained from Saudi Arabian or FAOSTAT sources.

White pepper and long black pepper imports according to FAOSTAT data were reported to be \$4,787,000 (3,441 Mt.) in 1998, but it is believed that this total is probably included in the Jeddah Chamber of Commerce/Ministry of Finance category labeled "Other Spices." Exports ranged \$125,000 (85 Mt.) in 1997 to \$51,000 (26 Mt.) in 1998 -- a reduction of \$74,000 and 25 Mt.

Also based on FAOSTAT data, 1998 "Pimento and Allspice" imports were \$613,000 (527 Mt.), down from \$773,000 (796 Mt.) in 1996. Export data, however, was not available from FAO data sources.

#### **SAUDI ARABIA MARKET BASKET SURVEY AVERAGES -- APRIL 2000**

<b>Products</b>	<b>Size</b>	<b>Avg. Price (S.R.)</b>	<b>Price (US\$); Rate: 3.54</b>	<b>Country of Origin</b>
Herbs/Spices - Cardamom	400 gm.	6.25	\$1.77	Saudi Arabia
Herbs/Spices - Chili Powder	400 gm.	5.25	\$1.48	Saudi Arabia
Herbs/Spices - Chili Powder	400 gm.	7.00	\$1.98	U.A.E.
Herbs/Spices - Coriander	67 gm.	6.40	\$1.81	Saudi Arabia
Herbs/Spices - Coriander	67.3 gm.	3.70	\$1.05	Saudi Arabia
Herbs/Spices - Coriander	160 gm.	5.95	\$1.68	Saudi Arabia
Herbs/Spices - Coriander	200 gm.	3.50	\$0.99	Saudi Arabia

Products	Size	Avg. Price (S.R.)	Price (US\$); Rate: 3.54	Country of Origin
Herbs/Spices - Coriander	250 gm.	6.25	\$1.77	Saudi Arabia
Herbs/Spices - Coriander	400 gm.	6.00	\$1.69	Saudi Arabia
Herbs/Spices - Coriander	400 gm.	4.95	\$1.40	Saudi Arabia
Herbs/Spices - Coriander	400 gm.	4.50	\$1.27	U.A.E.
Herbs/Spices - Coriander	450 gm.	18.75	\$5.30	United States
Herbs/Spices - Coriander	510 gm.	20.00	\$5.65	Saudi Arabia (Jeddah)
Herbs/Spices - Cumin	67 gm.	6.40	\$1.81	Saudi Arabia (Jeddah)
Herbs/Spices - Cumin	67.3 gm.	3.70	\$1.05	Saudi Arabia (Jeddah)
Herbs/Spices - Cumin	160 gm.	5.95	\$1.68	Saudi Arabia (Jeddah)
Herbs/Spices - Cumin	200 gm.	4.75	\$1.34	U.A.E.
Herbs/Spices - Cumin	250 gm.	6.50	\$1.84	Saudi Arabia
Herbs/Spices - Cumin	400 gm.	10.00	\$2.82	Saudi Arabia
Herbs/Spices - Cumin	400 gm.	6.25	\$1.77	Saudi Arabia
Herbs/Spices - Cumin	450 gm.	19.75	\$5.58	United States
Herbs/Spices - Cumin	510 gm.	20.00	\$5.65	Saudi Arabia (Jeddah)
Herbs/Spices - Curry Powder	400 gm.	5.25	\$1.48	U.A.E.
Herbs/Spices - GARLIC Powder	100 gm./box	3.75	\$1.06	Saudi Arabia
Herbs/Spices - GARLIC Powder	160 gm./bottle	8.50	\$2.40	Saudi Arabia (Jeddah)
Herbs/Spices - GARLIC Powder	400 gm.	11.50	\$3.25	Saudi Arabia (Jeddah)
Herbs/Spices - GARLIC Powder	510 gm.	20.50	\$5.79	Saudi Arabia
Herbs/Spices - GARLIC Powder	67 gm./bottle	7.95	\$2.25	Saudi Arabia (Jeddah)
Herbs/Spices - GARLIC Salt	67 gm.	10.00	\$2.82	United States
Herbs/Spices - GARLIC Powder	400 gm.	7.95	\$2.25	Saudi Arabia
Herbs/Spices - Ginger Powder	400 gm.	6.25	\$1.77	Saudi Arabia
Herbs/Spices - Ginger minced	53 gm.	8.00	\$2.26	United Kingdom
Herbs/Spices - Mixed	250 gm.	6.25	\$1.77	United States
Herbs/Spices - Mixed	450 gm.	17.50	\$4.94	United States
Herbs/Spices - Mixed Spices	200 gm.	7.00	\$1.98	Saudi Arabia
Herbs/Spices - Mixed Spices	400 gm.	11.00	\$3.11	Saudi Arabia
Herbs/Spices - Mixed Spices	400 gm.	5.25	\$1.48	Saudi Arabia

Products	Size	Avg. Price (S.R.)	Price (US\$); Rate: 3.54	Country of Origin
Herbs/Spices - ONION Salt	120 gm./bottle	10.50	\$2.97	U.S.A. (San Francisco, CA)
Herbs/Spices - Pepper (Black)	400 gm.	11.50	\$3.25	Saudi Arabia (Jeddah)
Herbs/Spices - Pepper (Black/Ground)	400 gm.	12.50	\$3.53	Saudi Arabia
Herbs/Spices - Pepper (Black/Ground)	453 gm.	35.00	\$9.89	Saudi Arabia
Herbs/Spices - Pepper (White)	400 gm.	11.50	\$3.25	Saudi Arabia (Jeddah)
Herbs/Spices - Turmeric Powder	200 gm.	4.50	\$1.27	U.A.E.
Herbs/Spices - Turmeric Powder	400 gm.	8.00	\$2.26	Saudi Arabia

SOURCE: ALEB - Saudi Arabia Market Basket Surveys, April 2000.

#### **SHELF LIFE (EXPIRY PERIOD):**

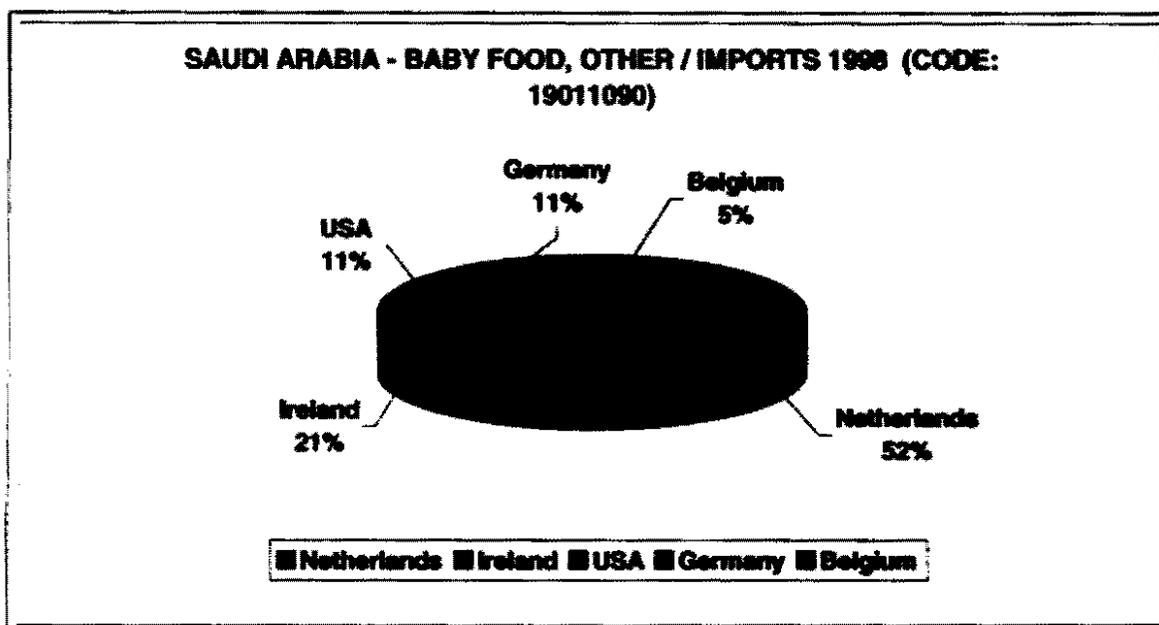
Herbs and spices are exempt from expiry dating regulations as per the Saudi Arabian Standards Organization (SASO) Standard No. 702/1993 and the GCC Standard No. 150/1993.

#### **OPPORTUNITIES:**

Opportunities for Egyptian herb and spice exports to Saudi Arabia are quite good, with 1998 figures standing at \$51,105,597.

Given Egypt's ideal growing climate, available lands, water resources, and abundant low-cost labor, there are ample opportunities for production to meet export requirements not only for Saudi Arabia, but the rest of the Gulf States. Exporters should investigate bulk packaging for repacking by Gulf importers. Exporters prepared to develop their own special packaging to market products directly, instead of opting for bulk-packing, also have ample opportunity to acquire a share of this market.

## SAUDI ARABIA - INFANT FOOD



SOURCE: JEDDAH CHAMBER OF COMMERCE

SAUDI ARABIA - BABY FOOD, OTHER / IMPORTS 1998 (CODE: 19011090)				
COUNTRY	WEIGHT (Kg.)	VALUE (SR)	VALUE (USD)	\$/Kg.
Netherlands	2,117,490	20,898,720	\$5,903,593.22	\$2.79
Ireland	260,540	8,167,600	\$2,307,231.64	\$8.86
USA	147,650	4,303,600	\$1,215,706.21	\$8.23
Germany	469,540	4,265,000	\$1,204,802.26	\$2.57
Belgium	103,600	1,910,400	\$539,661.02	\$5.21
Other	508,880	2,309,680	\$652,451.98	\$0.78
<b>TOTAL - 1998:</b>	<b>3,607,700</b>	<b>41,855,000</b>	<b>\$11,823,446.32</b>	<b>\$3.60</b>

### MARKET ANALYSIS:

According to U.N. Food and Agriculture Organization (FAOSTAT) reports, Saudi Arabia imported \$46,478,000 in all categories of infant foods in 1998, (1997 data not available to determine any change in importation). This total includes all forms of Infant Foods including liquid formulae, cereals, prepared vegetables and meats, as well as milk substitutes.

Under the Jeddah Chamber of Commerce heading "Baby Food of Fruit" (HS Code: 20071010), an estimated \$681,920,903 worth of products was imported into Saudi Arabia in 1998. According to this same data "Baby Food Preparations of Vegetables" (HS Code: 20051010) imports amounted to \$548,730 in 1998 according to Saudi Arabian import data.

Although there is a tariff imposed on milk-based Infant Food (with and without cocoa) - (HS Code 1901.10.10 - 1901.10.0), there is a sizeable opportunity (\$11,170,994) for other types

of baby food imports. In 1998, Egypt contributed only 0.25% of imports to the "Other Baby Food" market compared to the Netherlands with 52% and Ireland with about 21% of import market share respectively.

Infant food processors in the European Union (EU) dominated the market in Saudi Arabia with 89% of the total imports in 1998. Imports of infant foods from Egypt decreased by \$4,141,000 in 1998 over 1997 imports levels of \$20,245,000. Exports were \$51,000 in 1998, up by \$14,000 from the 1997 level of \$37,000.

#### SAUDI ARABIA MARKET BASKET SURVEY AVERAGES – APRIL 2000

Products	Size	Avg. Price (S.R.)	Price (US\$); Rate: 3.54	Country of Origin
Cereal-based Baby Food – RICE	250 gm.	10.50	\$2.92	France
Cereal-based Baby Food – RICE	400 gr.	11.75	\$3.26	Saudi Arabia (Jeddah)
Cereal-based Baby Food – RICE	400 gr.	11.75	\$3.26	Saudi Arabia (Jeddah)
Cereal-based Baby Food - RICE & CARROTS	250 gm.	11.50	\$3.19	France
Cereal-based Baby Food - WHEAT & 4 FRUITS	400 gr.	11.00	\$3.06	Saudi Arabia (Jeddah)
Cereal-based Baby Food - WHEAT & BANANA	400 gr.	10.00	\$2.78	Saudi Arabia (Jeddah)
Cereal-based Baby Food - WHEAT & FRUITS	250 gm.	11.50	\$3.19	France
Cereal-based Baby Food - WHEAT & HONEY	250 gm.	10.75	\$2.99	France
Cereal-based Baby Foods - CARROT & RICE	200 gr.	15.00	\$4.17	Germany (Friedrichsdorf)
Cereal-based Baby Foods - MIXED FRUIT	200 gr.	10.00	\$2.78	Germany (Friedrichsdorf)
Cereal-based Baby Foods - MIXED FRUIT	200 gr.	10.00	\$2.78	Germany (Friedrichsdorf)
Cereal-based Baby Foods - MIXED VEGETABLE	200 gr.	15.00	\$4.17	Germany (Friedrichsdorf)
Cereal-based Baby Foods - ORANGE	200 gr.	10.25	\$2.85	Germany (Friedrichsdorf)
Cereal-based Baby Foods - WHEAT	400 gr.	9.00	\$2.50	Saudi Arabia (Jeddah)
Cereal-based Baby Foods – WHEAT & 4 VEGETABLES	400 gr.	11.50	\$3.19	Saudi Arabia (Jeddah)

SOURCE: ALEB - Saudi Arabia Market Basket Surveys, April 2000.

Cereal foods, cooked baby foods (jars), fruits (jars), juices and a new entry into the market "organic baby foods" offer excellent opportunities for exporters. However, although this can be a lucrative market, there is a considerable amount of competition from the European Union.

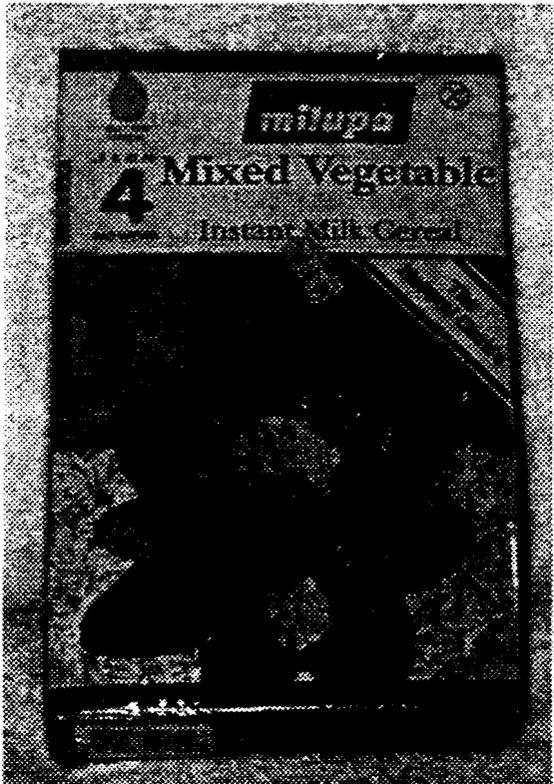
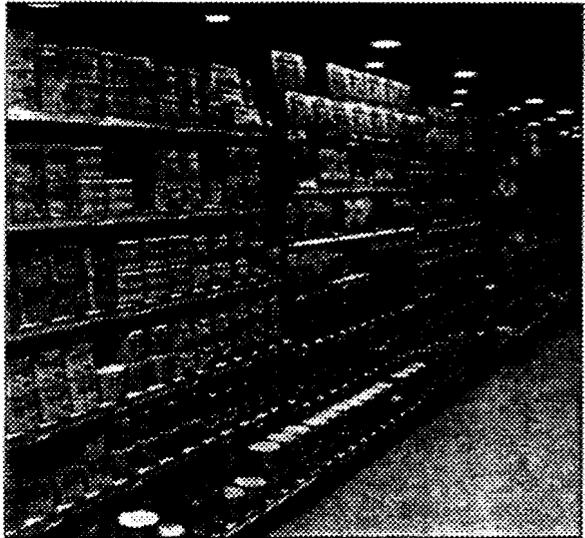
One importer indicated that some Saudi Arabian teenagers are still consuming a certain brand of instant cereal-based infant cereal up into their teenage years. After sampling this product it was obvious why this phenomenon is occurring – sugar.

The sugar content in this cereal was extremely high, which would appeal to younger consumers, apparently at an addictive level. (This information, however, is NOT provided as an endorsement or recommendation for Egyptian infant food producers to "fortify" their products with high levels of sugar to enhance sales potential).

Baby food packaging was excellent in both paper based and metal containers. All cereal-based samples acquired during supermarket surveys in Saudi Arabia were packaged with inner liners made with foil-lined materials.

One improvement to packaging would be to make these inner liners resealable for convenience.

It is very important not to place any photographs or depictions of naked babies on the labels of any infant food product, due to the sensitivity of some consumers in the Gulf.



Food safety inspection standards are very stringent for infant foods in Saudi Arabia and other Gulf Cooperation Council (GCC) countries. It is advisable to make regular inquiries with the Saudi Arabian Standards Office (SASO) to acquire the most current information on import standards.

**SHELF LIFE (EXPIRY PERIOD):**

Infant foods must comply with expiry dating regulations as per the Saudi Arabian Standards Organization (SASO) Standard No. 702/1993 and the GCC Standard No. 150/1993. Expiry periods for infant foods are: 12 months for carton containers lined with aluminum foils; and 18 months for metallic containers packed under vacuum or in the presence of an inert gas.

**CONSTRAINTS TO TRADE:**

Normally, duties for imported foodstuffs into Saudi Arabia are 12% based on value at a Saudi Arabia port of entry. However, Egypt enjoys an advantage over other countries outside the GCC countries by having its import duties reduced by 10% of the current 12% duty every year until the level reaches 0%.

Infant Foods fall into a special category for the determination of import duties. Due to the limited ability of either production capabilities or lack of agricultural support, the following items are either exempt or have additional fees placed on them for importation.

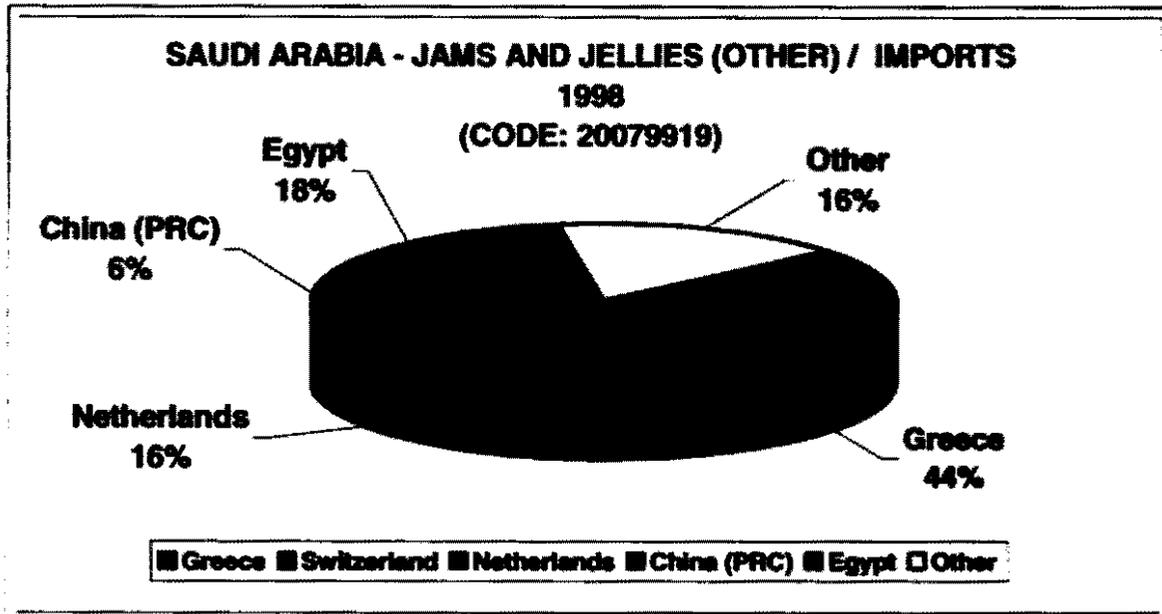
- **DUTY FREE:** Infant Food based on milk or milk prepared as a substitute for mother's milk, not containing Cocoa (HS Code 1901.10.10). The regulations did not clearly define all cases involving milk as an additive; clarification should be sought prior to making commitments for shipments based on price. Contact with importer in Saudi Arabia would be the most efficient method to determine customs duties and restrictions.
- **20% DUTY:** Infant Foods based on milk or milk prepared as a substitute for mother's milk, containing less than 10% by weight of Cocoa (HS Code 1901.10.20) It is important to understand that Cocoa is the qualifying element for this additional 20% import duty.

#### **OPPORTUNITIES:**

Organic Infant Foods, especially Vegetable and Fruit based products are gaining popularity in the Gulf States. Prices can vary as much as 2 to 3 times normal prices for similar non-organic foods.

Special cereal formulations for specific dietary problems such as diarrhea symptoms are available in Egypt, but were not found anywhere on Saudi Arabian supermarket shelves. Due to the high instances of diabetes in the Gulf, special formulations of infant foods (lower in refined sugar content) also offer export potential.

## SAUDI ARABIA - JAMS AND JELLIES



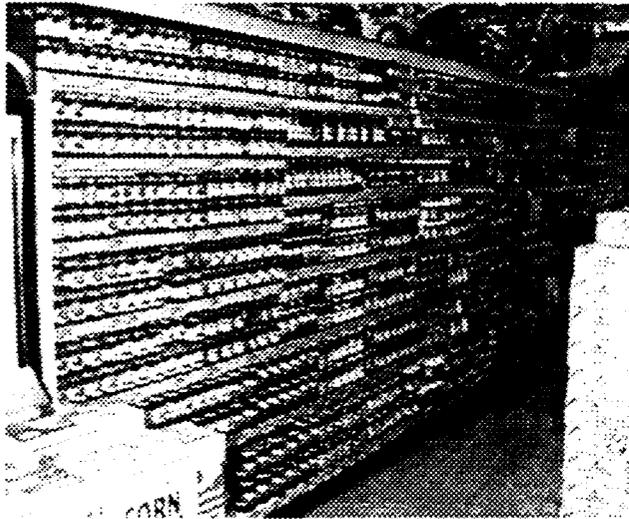
SOURCE: JEDDAH CHAMBER OF COMMERCE

SAUDI ARABIA - JAMS AND JELLIES (OTHER) / IMPORTS 1998 (CODE: 20079919)				
COUNTRY	WEIGHT (Kg.)	VALUE (SR)	VALUE (USD)	\$/Kg.
Egypt	119,000	224,010	\$63,279.66	\$0.53
Greece	929,000	2,476,700	\$699,435.03	\$0.75
Switzerland	352,000	1,781,080	\$503,129.94	\$1.43
Netherlands	151,000	931,390	\$262,104.52	\$1.74
China (PRC)	85,000	342,470	\$96,742.94	\$1.14
Other	428,000	1,748,350	\$493,884.18	\$1.15
<b>Total - 1998:</b>	<b>2,064,000</b>	<b>7,504,000</b>	<b>\$2,118,576.27</b>	<b>\$1.03</b>
<b>Total - 1997:</b>	<b>2,527,000</b>	<b>10,267,000</b>	<b>\$2,900,282.49</b>	<b>\$1.14</b>

### MARKET ANALYSIS:

Based on Jeddah Chamber of Commerce data for "Jams and Jellies, Other" ONLY, Egypt exported roughly 18% of Saudi Arabia's total imports of jellies and jams for 1998, while controlled the highest share with 44% of the market (based on import weight). There was an estimated \$781,706 decrease in imports for 1998, which might be explained by the high levels of imported processed fruits like strawberries (\$617,723), that were exported by Egyptian processors in 1998.

Egypt's market share according to limited Jeddah Chamber of Commerce statistics shows a drop from 10% of import market share in 1997 (424,700 kg.) to just 3% of the market (118,670 kg.) in 1998.



Note the large selection of jams, jellies and honey offered in this aisle. Competition is high for the exporters attempting to gain access to this market. Every element of a product must be of the highest quality, from contents to packaging and labeling.

As Saudi Arabian companies continue to construct more processing plants, the Kingdom country could further reduce its imports of finished jams and jelly products. Processors might consider alternative marketing techniques or strategic alliances to bolster future export opportunities with Saudi Arabian processors.

Data obtained from CAPMAS-Egypt reveals the following breakdown of jam and jelly exports to Saudi Arabia in 1998:

EGYPT - JAMS & JELLIES / EXPORTS TO SAUDI ARABIA - 1998				
HS CODE	COMMODITY	WEIGHT (Kg.)	VALUE (USD)	\$/Kg.
2007999011	JAM, ORANGE	2,016	\$1,651.90	\$0.82
2007999014	JAM, APPLE	1,620	\$971.48	\$0.60
2007999015	JAM, APRICOT	7,416	\$4,889.68	\$0.66
2007999018	JAM, FIG	6,774	\$4,209.26	\$0.62
2007999018	JAM, STRAWBERRIES	30,624	\$21,797.14	\$0.71
2007999019	JAMS, OTHER	2,120	\$1,121.48	\$0.53
	<b>TOTAL:</b>	<b>50,570</b>	<b>\$34,640.93</b>	<b>\$0.69</b>

**NOTE:** The Jeddah Chamber of Commerce (the most accurate trade data source in Saudi Arabia) supplied **only very limited information** on jam and jelly products, which may have skewed the data used to compile this report. Accordingly, a future update of this Saudi Arabia Jams and Jellies report may reveal a different breakdown of importers and import quantities. In addition, the U.N. Food and Agriculture Organization (FAO) does **not** track jam and jelly imports/exports to serve as a cross-reference for accuracy.

#### SAUDI ARABIA MARKET BASKET SURVEY AVERAGES – APRIL 2000

Products	Size	Avg. Price (S.R.)	Price (US\$); Rate: 3.54	Country of Origin
Jams/Jellies - Apricot	450 gm.	5.50	\$1.53	Saudi Arabia (Riyadh)
Jams/Jellies - Apricot	450 gm.	4.25	\$1.18	Egypt
Jams/Jellies - Apricot	465 gm.	5.95	\$1.65	Saudi Arabia (Jeddah)

Products	Size	Avg. Price (S.R.)	Price (US\$); Rate: 3.54	Country of Origin
Jams/Jellies - Apricot	900 gm.	13.50	\$3.75	Saudi Arabia (Riyadh)
Jams/Jellies - Apricot (Light)	225 gm.	9.50	\$2.64	Switzerland
Jams/Jellies - Black Cherry	340 gm.	9.40	\$2.61	Switzerland
Jams/Jellies - Blackberry	340 gm.	9.40	\$2.61	Switzerland
Jams/Jellies - Blueberry (Light)	225 gm.	9.50	\$2.64	Switzerland
Jams/Jellies - Fig	450 gm.	5.50	\$1.53	Saudi Arabia (Riyadh)
Jams/Jellies - Fig	450 gm.	4.25	\$1.18	Egypt
Jams/Jellies - Fig	900 gm.	13.50	\$3.75	Riyadh, Saudi Arabia
Jams/Jellies - Gooseberry	340 gm.	9.40	\$2.61	Switzerland
Jams/Jellies - Mixed Fruit	340 gm.	6.45	\$1.79	Switzerland
Jams/Jellies - Mixed Fruit	450 gm.	5.50	\$1.53	Saudi Arabia (Riyadh)
Jams/Jellies - Mixed Fruit	450 gm.	4.25	\$1.18	Egypt
Jams/Jellies - Mixed Fruit	465 gm.	5.95	\$1.65	Saudi Arabia (Jeddah)
Jams/Jellies - Mixed Fruit	900 gm.	13.50	\$3.75	Saudi Arabia (Riyadh)
Jams/Jellies - Orange Marmalade	340 gm.	6.45	\$1.79	Switzerland
Jams/Jellies - Orange Marmalade	450 gm.	5.50	\$1.53	Saudi Arabia (Riyadh)
Jams/Jellies - Orange Marmalade	450 gm.	4.25	\$1.18	Egypt
Jams/Jellies - Orange Marmalade	465 gm.	5.95	\$1.65	Saudi Arabia (Jeddah)
Jams/Jellies - Orange Marmalade	900 gm.	13.50	\$3.75	Saudi Arabia (Riyadh)
Jams/Jellies - Pineapple	450 gm.	5.50	\$1.53	Saudi Arabia (Riyadh)
Jams/Jellies - Pineapple	465 gm.	5.95	\$1.65	Saudi Arabia (Jeddah)
Jams/Jellies - Pineapple	900 gm.	13.50	\$3.75	Saudi Arabia (Riyadh)
Jams/Jellies - Quince	340 gm.	9.40	\$2.61	Switzerland
Jams/Jellies - Raspberry	340 gm.	6.45	\$1.79	Switzerland
Jams/Jellies - Raspberry	465 gm.	5.95	\$1.65	Saudi Arabia (Jeddah)
Jams/Jellies - Raspberry (Light)	225 gm.	9.50	\$2.64	Switzerland
Jams/Jellies - Strawberry	340 gm.	6.45	\$1.79	Switzerland
Jams/Jellies - Strawberry	450 gm.	5.50	\$1.53	Saudi Arabia (Riyadh)
Jams/Jellies - Strawberry	450 gm.	4.25	\$1.18	Egypt
Jams/Jellies - Strawberry	465 gm.	5.95	\$1.65	Saudi Arabia (Jeddah)
Jams/Jellies - Strawberry	900 gm.	13.50	\$3.75	Saudi Arabia (Riyadh)
Jams/Jellies - Strawberry (Light)	225 gm.	9.50	\$2.64	Switzerland

SOURCE: ALEB - Saudi Arabia Market Basket Surveys, April 2000.

**SHELF LIFE (EXPIRY PERIOD):**

The expiry standards for jams and jellies as set forth in the Saudi Arabian Standards Organization (SASO) Standard No. 702/1993 and the GCC Standard No. 150/1993 is 24 months for product stored in glass or metallic containers and 12 months for product stored in tightly sealed plastic or aluminum foil containers.

The following is taken from the GCC Standard No. GS 150/1993, which has been adopted by SASO (Saudi Arabian Standards Office) to regulate expiry dates on foodstuffs:

Without prejudice to what is stated in GS 9/1984 "Labeling Prepackaged Foods" and to the Gulf Standards for each food product, the production and expiration dates shall be declared on the label of the package in an "unencoded" manner as follows:

- (Day/Month/Year) - for food products having an expiration period up to 6 months.
- (Month/Year) - for food products having an expiration period exceeding 6 months.
- The use of any of the following statements for expressing the expiration date is permissible, but the production date is mandatory to be listed.

- |   |
|---|
| <ul style="list-style-type: none"><li>• Expiration date:</li><li>• Use by: .....(date):</li><li>• Fit for: .....(from the date of production):</li><li>• Use before: .....(date):</li><li>• Sell by: .....(date):</li></ul> |
|---|

In case of writing production and expiration dates in month and year only, the expiration period shall be calculated up to the end of the registered expiration month.

Without prejudice to what is stated in the Gulf Standards for each food product, no food products shall be released if more than half of their expiration period for human consumption – calculated from the date of production – has been spent before their arrival to the entry port in the importing country.

Dates shall be engraved or in relief, printed, or stamped by irremovable ink directly on all packages or on their original label by the producer only. Adding stickers for production and expiration dates is not permissible. There shall not be more than one date of production or of expiration on the same package. Both dates shall not be subject to deletion, change or deceit.

**OPPORTUNITIES:**

Opportunities for jams and jellies amounted to approximately \$1,800,000 dollar market in 1998. Even though the level of import decreased by \$1,000,000, opportunities still exist. It should be possible for Egyptian processors to take market share away from Greece, and

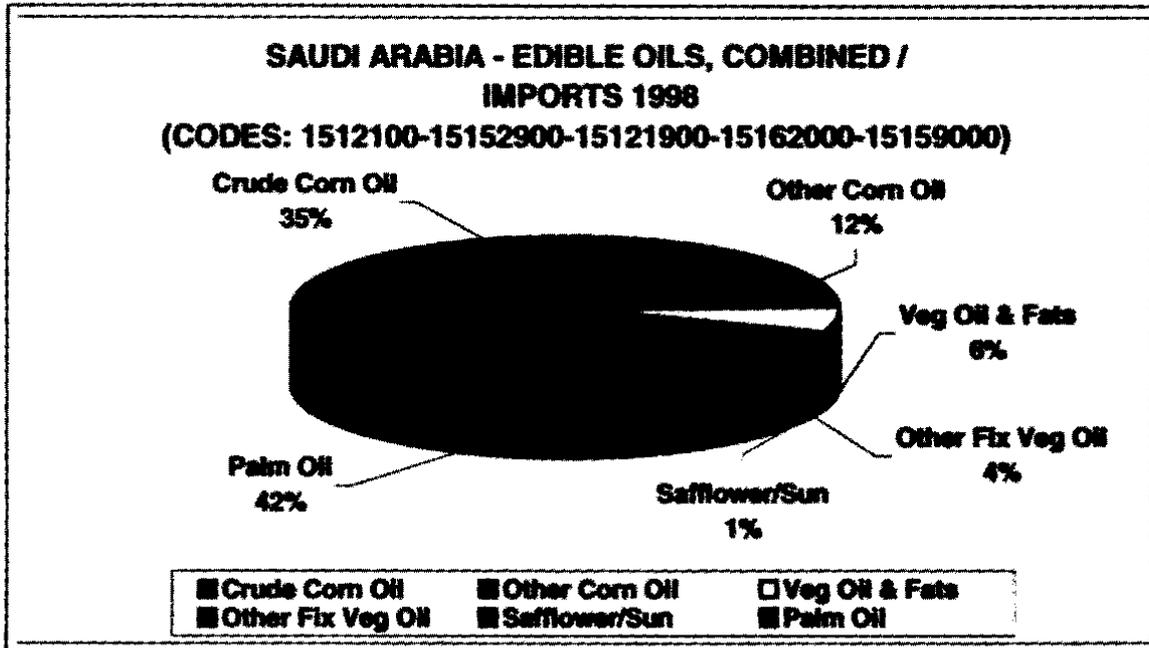
European Union (EU) countries. One Egyptian jam and jelly processor has cornered a sizeable market share in Saudi Arabia as well as the rest of the Gulf region.

Although freight is an issue (not an excuse), it is still not the reason why an Egyptian product that is as much as 50% or more below the other exporting countries price can't compete. It appears that the levels of export from Egypt have remained at the same level for two years; poor sales and marketing might explain this.

Processors cannot wait until their phone rings to sell their products. It is crucial that processors make personal visits to importers to make them aware of their products, a brochure will not sell products, the brochure is just a tool in the sales process.

A very successful salesman once said: "Put a face on the voice at the other end of the phone line, and you will never be forgotten." Importers are deluged with calls every day from faceless producers and wholesalers from around the world that are forgotten as soon as the phone call ends. Egyptian jam and jelly producers need to spend money to sell their product and make marketing and sales a part of your budget every year.

## SAUDI ARABIA - OILS, EDIBLE



SOURCE: JEDDAH CHAMBER OF COMMERCE

SAUDI ARABIA - EDIBLE OILS, COMBINED / IMPORTS 1998 (CODES: 15121100 - 15121900 - 15152100 - 15152900 - 15159000 - 15162000)				
COUNTRY	WEIGHT (Mt.)	VALUE (SR)	VALUE (USD)	\$/Mt.
Crude Corn Oil	55,569	181,221,000	\$51,192,372.88	\$921.24
Other Corn Oil	13,517	59,886,000	\$16,916,949.15	\$1,251.53
Veg Oil & Fats	8,916	29,610,000	\$8,364,406.78	\$938.13
Other Fix Veg Oil	6,283	18,973,000	\$5,359,604.52	\$853.03
Safflower/Sun	1,824	7,095,000	\$2,004,237.29	\$1,098.81
Palm Oil	177,800	219,480,000	\$62,000,000	\$349.10
<b>Total - 1998:</b>	<b>263,709</b>	<b>516,265,000</b>	<b>\$145,837,570.62</b>	<b>\$553.02</b>
<b>Total - 1997:</b>	<b>173,611</b>	<b>277,063,000</b>	<b>\$129,064,949.00</b>	<b>\$743.41</b>

SOURCE: JEDDAH CHAMBER OF COMMERCE & FAO DATA

### MARKET ANALYSIS:

In 1998, Saudi Arabia increased its edible oil imports by \$16,772,621 over 1997 imports based on data obtained from the Jeddah Chamber of Commerce (JETNET) and the United Nations Food and Agriculture Organization (FAO). The largest gain in imports came from corn oils, with an estimated increase of \$21,656,778 over 1997 imports. According to FAO data only, palm oil saw the largest decrease in the amount of \$8,798,000. Fixed vegetable oils, however, increased approximately \$2,557,344 over 1997 levels. The United States and UAE top the list of major exporters of all oils except for "Sunflower or Safflower Seed

Oil" where Oman and Malaysia dominate the market. For all of the above oil categories, Egypt only appears as a listed exporter of "Other Fixed Vegetable Oils" where it managed to acquire a VERY small, 0.01% share of this market (based on import value).

Saudi Arabia exported a combined total of \$21,308,000 worth of edible oils in 1998. The largest categories exported were fixed vegetable oils with \$10,583,000, followed by corn oils with \$6,810,000.

Egypt imports more edible oils than it exports. For example, in 1998, according to FAO data, Egypt imported an estimated \$10,685,000 in corn oil, an increase of \$2,664,000 over 1997 imports. Egypt had a \$9,958,000 increase in exports for Hydrogenated Oils for 1998 over 1997 figures.

For 1998, FAO data indicates that Egypt's overall exports of edible oils amounted to \$6,474,000, a decrease of \$4,763,000 over 1997 exports. Hydrogenated oils experienced the largest drop in exports, while corn oil showed the most improvement in exports with a \$243,000 increase.

One Saudi Arabian company, which packages the same oil under different brand names, manufactures a large percentage of the oils pictured in the photo at the right.

Oils such as corn oil are brought into Saudi Arabia in the crude form and then further processed in country.

In 1998, the United States exported \$51,000,000 in crude corn oils to Saudi Arabia for further processing.



GULF SUPERMARKET OIL DISPLAY

**SAUDI ARABIA MARKET BASKET SURVEY AVERAGES – APRIL 2000**

Products	Size	Price (S.R.)	Price (US\$) Rate: 3.54	Country of Origin
Oil, Corn	1 lit. Bottle	8.00	\$2.26	Saudi Arabia (Jeddah)
Oil, Corn	2 lit. Bottle	15.00	\$4.24	Saudi Arabia (Jeddah)
Oil, Corn	2.2 lit.	10.95	\$3.04	Saudi Arabia
Oil, Corn	2.25 lit.	10.00	\$2.82	Saudi Arabia (Dammam)
Oil, Corn	2.25 lit.	15.95	\$4.51	Saudi Arabia

Products	Size	Price (S.R.)	Price (US\$) Rate: 3.54	Country of Origin
Oil, Corn	2.25 lit.	14.50	\$4.10	Saudi Arabia (Jeddah)
Oil, Corn	2.4 lit.	12.97	\$3.66	Saudi Arabia
Oil, Corn	2.4 lit.	12.00	\$3.39	Saudi Arabia
Oil, Corn	2.4 lit.	13.95	\$3.94	Saudi Arabia (Jeddah)
Oil, Corn	2.4 lit.	12.00	\$3.33	Saudi Arabia
Oil, Corn	2.4 lit.	13.95	\$3.89	Saudi Arabia (Jeddah)
Oil, Corn	2.4 lit. Bottle	16.90	\$4.77	Saudi Arabia (Jeddah)
Oil, Corn	5 lit. Bottle	30.95	\$8.74	Saudi Arabia (Jeddah)
Oil, Garlic Flavored	236 ml.	9.75	\$2.71	United States
Oil, Olive	500 ml.	9.60	\$2.67	Spain
Oil, Olive	500 ml.	7.95	\$2.21	Saudi Arabia
Oil, Olive	500 ml.	6.75	\$1.88	Spain
Oil, Olive	500 ml. Bottle	9.50	\$2.68	Saudi Arabia (Jeddah)
Oil, Olive	500 ml. Bottle	6.50	\$1.84	Turkey
Oil, Olive	500 ml. Bottle	7.25	\$2.05	Spain
Oil, Olive	1 lit. Can	14.00	\$3.95	Spain
Oil, Olive	4.7 lit.	79.00	\$21.94	Spain
Oil, Olive - Virgin	500 ml.	10.25	\$2.85	Spain
Oil, Peanut	2.7 lit.	15.95	\$4.43	Saudi Arabia
Oil, Safflower	2.25 lit.	10.00	\$2.82	Saudi Arabia (Dammam)
Oil, Safflower	2.4 lit.	9.90	\$2.75	Saudi Arabia
Oil, Safflower	2.7 lit.	15.95	\$4.51	Saudi Arabia
Oil, Sesame	250 ml.	5.00	\$1.39	Italy
Oil, Vegetable	2.4 lit.	9.90	\$2.80	Saudi Arabia
Oil, Vegetable	2.4 lit.	13.00	\$3.61	Saudi Arabia (Jeddah)
Oil, Vegetable	2.4 lit.	9.00	\$2.50	Saudi Arabia
Oil, Vegetable	2.25 lit.	10.00	\$2.82	Saudi Arabia(Dammam)
Oil, Vegetable	2.25 lit.	7.50	\$2.12	Saudi Arabia
Oil, Vegetable	18 lit.	53.00	\$14.97	Saudi Arabia

SOURCE: ALEB - Saudi Arabia Market Basket Surveys, April 2000.

#### **SHELF LIFE (EXPIRY PERIOD):**

Edible oils must comply with expiry dating regulations as per the Saudi Arabian Standards Organization (SASO) Standard No. 457/1986 and the GCC Standard No. 150/1993. Expiry periods for Edible Oils, is 12 months packaged in Metal, Glass, or Plastic containers.

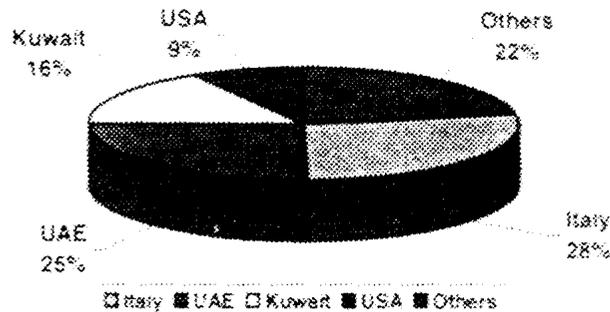
#### **OPPORTUNITIES:**

Saudi Arabia imported an estimated \$145,000,000 of edible oils in 1998. Large exporters like the United States have an advantage due to the massive inputs available.

In 1998, Saudi Arabia imported \$18,051,000 of olive oils. It is possible for Egypt to export into this market due to the growing olive oils processing industry in Egypt. Good packaging and innovative ideas using co-products can make Egyptian olive oils competitive in Saudi Arabia and other GCC markets.

## SAUDI ARABIA – MACARONI (PASTA WITH EGG & WITHOUT EGG)

SAUDI ARABIA - PASTA WITH EGG / IMPORTS 1998  
(CODE: 19021110)



SOURCE: JEDDAH CHAMBER OF COMMERCE

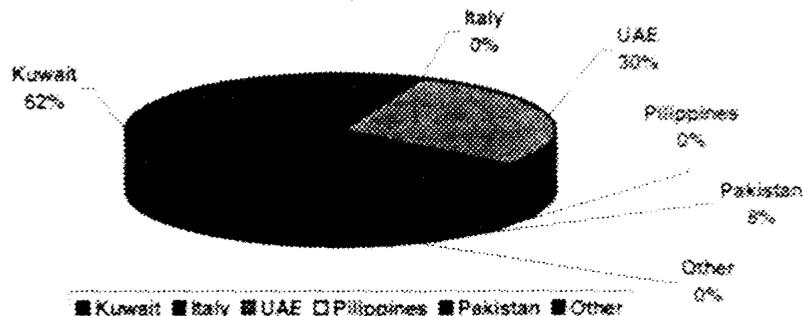
SAUDI ARABIA – MACARONI [PASTA] WITH EGG / IMPORTS 1998 (CODE: 19021110)

COUNTRY	WEIGHT (Kg.)	VALUE (SR)	VALUE (USD)	S/Kg.
Italy	2,545,000	6,478,000	\$1,829,943.50	\$0.72
UAE	2,134,000	5,996,000	\$1,693,785.31	\$0.79
Kuwait	1,371,000	3,857,000	\$1,089,548.02	\$0.79
USA	321,000	2,069,000	\$584,463.28	\$1.82
Others	1,842,000	5,219,000	\$1,474,293.79	\$0.80
<b>Total – 1998:</b>	<b>8,213,000</b>	<b>23,619,000</b>	<b>\$6,672,033.90</b>	<b>\$0.81</b>
<b>Total – 1997:</b>	<b>7,903,000</b>	<b>24,162,000</b>	<b>\$6,825,423.73</b>	<b>\$0.86</b>

### MARKET ANALYSIS:

Saudi Arabia imported a combined total of \$9,031,355 in pastas in 1998, a decrease of \$576,390 since 1997. The "Macaroni (Pasta) Without Egg" category saw the largest drop in imports. Egyptian CAPMAS data did not indicate Egyptian pasta exports.

SAUDI ARABIA - PASTA WITHOUT EGG /  
IMPORTS 1998 (CODE: 19021910)



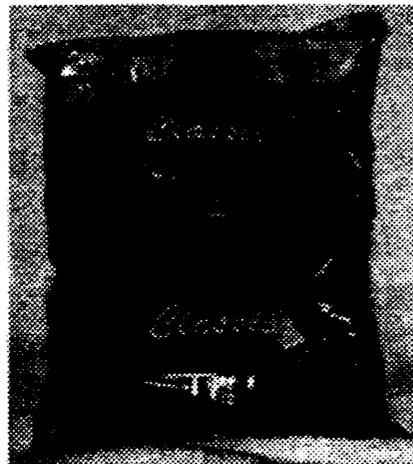
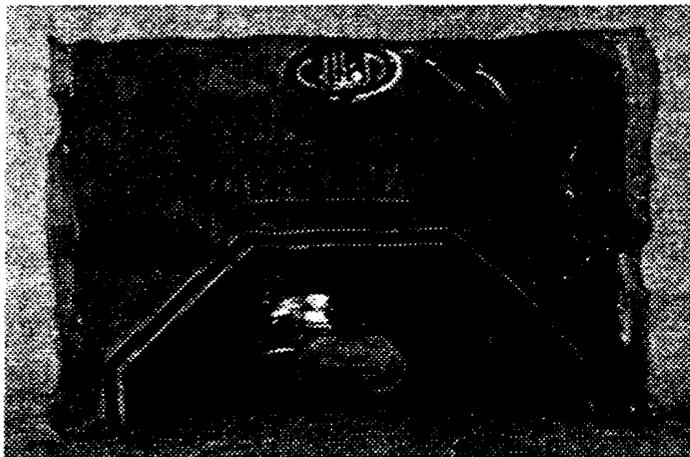
SOURCE: JEDDAH CHAMBER OF COMMERCE

SAUDI ARABIA – MACARONI WITHOUT EGG / IMPORTS 1998 (CODE: 19021910)				
COUNTRY	WEIGHT (Kg.)	VALUE (SR)	VALUE (USD)	\$/Kg.
Italy	559,000	1,784,000	\$503,954.80	\$0.90
Kuwait	910,000	2,587,000	\$730,790.96	\$0.80
Pakistan	237,000	354,000	\$100,000.00	\$0.42
Philippines	197,000	629,000	\$177,683.62	\$0.90
UAE	459,000	1,250,000	\$353,107.34	\$0.77
Other	482,000	1,748,000	\$493,785.31	\$1.02
<b>Total – 1998:</b>	<b>2,844,000</b>	<b>8,352,000</b>	<b>\$2,359,322.03</b>	<b>\$0.83</b>
<b>Total – 1997:</b>	<b>3,147,000</b>	<b>9,852,000</b>	<b>\$2,763,050.85</b>	<b>\$0.88</b>

Egypt's market share for pastas with and **without egg** is negligible – far less than a 1% portion.

Asian expatriates are probably the largest consumers of pastas without eggs. Oriental noodles made with various grains including rice are staples in the Oriental diet. However, with the Saudi Arabian government encouraging Saudi nationals to assume more positions in business, the number of expatriate workers is declining; this might explain the decrease in pasta without egg products.

Saudi Arabian processors are also producing more domestic pasta products to acquire market share from imported pastas. Saudi pastas are high quality products, equal in value to imported pastas. A blind taste test could not distinguish the difference between the better Saudi brand and the imported, Italian brand sold at a slightly higher price.



Simplified graphics in the Saudi Arabian macaroni/pasta label at left may give a consumer the impression that the Saudi pastas are perhaps "Generic", creating the false impression that the quality may not as sound that of Italian macaroni/pastas ([see photo at right](#)), when in fact they are both equal in quality and taste. With pasta aisles as long as 15 meters common in Saudi supermarkets, eye-catching packaging is essential.

## SAUDI ARABIA MARKET BASKET SURVEY AVERAGES – APRIL 2000

Products	Size	Price (S.R.)	Price (US\$) Rate: 3.54	Country of Origin
Macaroni/Pasta – Fettucini, Fusili, Penne, Rigatoni, Spaghetti, Vermicelli, et al.	400 gm.	1.00	\$0.28	UAE (Dubai)
Macaroni/Pasta – Fettucini, Fusili, Penne, Rigatoni, Spaghetti, Vermicelli, et al.	500 gm.	3.35	\$0.93	Ireland
Macaroni/Pasta – Fettucini, Fusili, Penne, Rigatoni, Spaghetti, Vermicelli, et al.	500 gm.	3.25	\$0.90	Italy
Macaroni/Pasta – Fettucini, Fusili, Penne, Rigatoni, Spaghetti, Vermicelli, et al.	500 gm.	2.75	\$0.76	Saudi Arabia
Macaroni/Pasta – Fettucini, Fusili, Penne, Rigatoni, Spaghetti, Vermicelli, et al.	500 gm.	2.70	\$0.75	Saudi Arabia
Macaroni (Pasta), DIET - Fresh (w/ egg; no sugar) Various shapes	1 kg.	22.00	\$6.11	Saudi Arabia
Macaroni (Pasta), DIET - Fresh (w/ egg; no sugar) Various shapes	1 kg.	35.00	\$9.72	Saudi Arabia
Macaroni/Pasta – Fettucini, Fusili, Penne, Rigatoni, Spaghetti, Vermicelli, et al.	400 gm.	1.00	\$0.28	UAE (Dubai)
Vermicelli (Macaroni)	250 gm./24 to cart.	70.00	\$19.77	Italy
Vermicelli (Macaroni)	250 gm./20 to cart.	41.00	\$11.58	Saudi Arabia

SOURCE: ALEB - Saudi Arabia Market Basket Surveys, April 2000.

### SHELF LIFE (EXPIRY PERIOD):

The expiry standards for pasta/macaroni are set forth in the Saudi Arabian Standards Organization (SASO) Standard No. 702/1993 and the GCC Standard No. 150/1993. The expiry period for Pasta products is 24 months when packed in cardboard containers or plastic bags.

The following is taken from GCC Standard No. GS 150/1993, which has been adopted by SASO (Saudi Arabian Standards Organization) to regulate expiry dates on foodstuffs.

Without prejudice to what is stated in GS 9/1984 "Labeling of Prepackaged Foods" and to the Gulf Standards for each food product, the production and expiration dates shall be declared on the label of the package in an "Un coded manner as follows:

- (Day/Month/Year) - for food products having an expiration period up to 6 months.
- (Month/Year) - for food products having an expiration period exceeding 6 months.

The use of any of the following statements for expressing the expiration date is permissible; it is mandatory to mention the production date.

- Expiration date:
- Use by: .....(date):
- Fit for: .....(from the date of production):
- Use before: .....(date):
- Sell by: .....(date):

In case of writing production and expiration dates in month and year only, the expiration period shall be calculated up to the end of the registered expiration month.

Without prejudice to what is stated in the Gulf Standards for each food product, no food products shall be released if more than half of their expiration period for human consumption – calculated from the date of production – has been spent before their arrival to the entry port in the importing country.

Dates shall be engraved or in relief, printed, or stamped by irremovable ink directly on all packages or on their original label by the producer only. Adding stickers for production and expiration dates is not permissible. There shall not be more than one date of production or of expiration on the same package. Both dates shall not be subject to deletion, change or deceit.

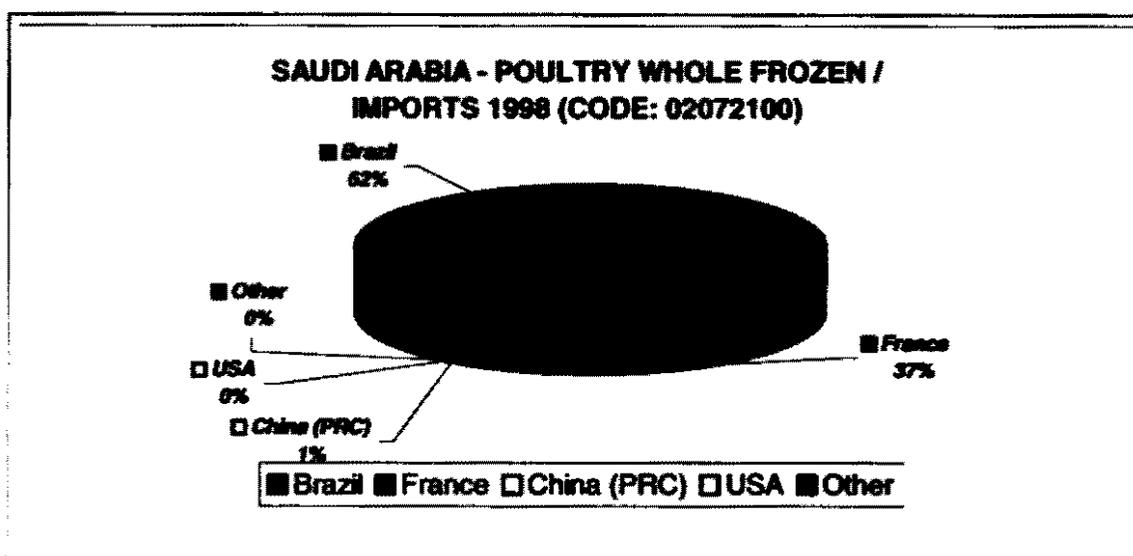
#### **OPPORTUNITIES:**

Due to the high incidence of diabetes in the Gulf region, diabetic pasta products (without sugar) have a huge market potential. During the Gulf market reconnaissance visits to importers, a request for diabetic products was constantly heard.

Another product that might have some opportunities in the Gulf is refrigerated fresh pasta for deli case sales. Due to the large expatriate community in Saudi Arabia, there is a ready-made market for these types of products.

Including recipes on packages or printed on small cards will attract consumer's attention and increase sales. Advertising cold pasta salads as an alternative to hot meals might increase sales in a country where the temperatures can reach 65° centigrade.

## SAUDI ARABIA – POULTRY



SOURCE: JEDDAH CHAMBER OF COMMERCE

SAUDI ARABIA – POULTRY WHOLE FROZEN / IMPORTS 1998 (CODE: 02072100)				
COUNTRY	WEIGHT (Kg.)	VALUE (SR)	VALUE (USD)	\$/Kg.
Brazil	153,173,000	728,538,000	\$205,801,694.92	\$1.34
France	93,606,000	441,996,000	\$124,857,627.12	\$1.33
China (PRC)	2,140,000	13,228,000	\$3,736,723.16	\$1.75
USA	722,950	3,295,000	\$930,790.96	\$1.29
Other	883,620	4,423,000	\$1,249,435.03	\$1.41
<b>Total – 1998:</b>	<b>250,525,570</b>	<b>1,191,480,000</b>	<b>\$336,576,271.19</b>	<b>\$1.34</b>
<b>Total – 1997:</b>	<b>198,056,000</b>	<b>1,101,460,000</b>	<b>\$311,146,892.66</b>	<b>\$1.57</b>

### MARKET ANALYSIS:

The Kingdom of Saudi Arabia experienced an approximate 9% increase in poultry imports of between 1997 and 1998. It is reported by trade sources that this increase was due to higher consumption as a result of decreased poultry prices in the Kingdom.

Saudi Arabia is the largest producer of poultry in the Gulf States, producing approximately 454,000 metric tons (98% broiler chickens) in 1999. Saudi Arabia has the production capacity of up to 600,000 metric tons per year at the present time. In addition to imports, Saudi Arabia exported approximately 20,000 metric tons of frozen broiler meats in 1998.

As evidenced by the tables and charts above, Brazil was the largest poultry exporter (60%) of whole birds (frozen) \$205,801,694.92 into Saudi Arabia in 1998. With over 153,173,000 kilograms imported into the country, the cost per kilogram averaged approximately \$1.34. As of June 2000, a Kuwaiti processor and importer reported prices of \$900 (CNF) per ton on Brazilian poultry; however this rate has not been confirmed for the Kingdom of Saudi Arabia at the time of this report.

France ranks second in importation of poultry into Saudi Arabia, which amounts to approximately 37% of the total imports. French and locally produced poultry is not as well received by food service vendors in the kingdom, due to higher fat and water content, which is usually not as prevalent in Brazilian poultry. Many food vendors utilize rotating spits and rotisserie cooking devices, which do not react favorably to higher fat and water content, resulting in reduced cooked weight and an unattractive wrinkled appearance.

Poultry producers in the Kingdom are expected to increase production in the near future (by 2% in 2001), due to the construction of new broiler growing facilities. Interviews with Gulf importers revealed that poultry producers in Saudi Arabia are planning to target Egypt in the future for poultry exports, after the relaxation of Egyptian import restrictions, which are scheduled for compliance with international trade agreements in the future.

Poultry producers in Saudi Arabia are subsidized 30% by the Saudi government for the cost of new imported equipment to help offset the higher levels of competition. The government is also reported to be subsidizing the poultry growers in the Kingdom to levels of \$0.50 per kilogram.

Even with the added assistance of government subsidies, much of the poultry produced in Saudi Arabia is still not competitive with imported poultry, which in effect leaves local producers no other option other than to export a portion of their production (20%) to other Gulf Cooperation Council (GCC) and Arab League countries. Data from the U.N. Food and Agriculture Organization (FAO) indicates that Saudi Arabia exported 24,000 Metric tons (\$48,000,000) of chicken meats in 1998.

In some cases, poultry producers in Saudi Arabia will face stiff competition from foreign imports and find their product difficult to market before the expiry date. There have been instances in the past, where a large quantity of the poultry produced in Saudi Arabia had to be sold for up to as much as one-half the normal price before it reached expiry (12 months). It is common for some large producers to offer these birds at a reduced price to stores for use as loss leaders for promotional purposes rather than totally lose their production.

It is difficult to export poultry that is nearing its expiry date outside of Saudi Arabia, primarily due the restrictions imposed by some countries that do not allow meat products entry into their markets if the date of slaughter is more than 4 months from the date of entry into the port.

With this expiry issue being so important, it is advisable to ship only the most recently processed products to ensure higher market price and to comply with import requirements. By law, Saudi importers will also not accept poultry that has a reduced shelf life of more than 4 months, due to the potential for loss.

Consumption of poultry in Saudi Arabia is estimated at approximately 33 kilograms per person per person, for a population of 21 million people. This 33 kilogram consumption rate is up from the 1979 consumption rate of approximately 16.5 Kg. per person.

The best selling size of frozen whole birds in Saudi Arabia is in the 1,000 Gram weight (SR. 76.00 per case of 10) to 1,100 Gram weight (SR. 83.00 per case of 10) range for typical consumers. Food service consumers prefer birds in the 900 Gram (SR. 68.00 per case of 10) to 1,000 Gram (SR. 76.00 per case of 10) range, primarily due to the practice

of selling half or quarter portions. This practice makes the lower weight bird more popular due to the lower cost. It is important to note that Brazilian frozen broilers are shipped without the offal, which is usually sold separately.



**FREEZER CASE DISPLAYING WHOLE CHICKENS  
- 10 METERS LONG**

Imports have increased over 1997 by as much as 15,000 metric tons per year, from 198,000 metric tons in 1997 to 250,000 metric tons in 1998. This increase in imports can be clearly attributed to increased consumption per capita and to a preference for imported poultry with a lower water and fat content than what is locally produced.

The CIF price of Brazilian and French poultry was approximately \$1,200 (Brazil) to \$1,180 (France) per metric ton in 1999 compared to the same prices in 1998 ranging in the \$1,275 (Brazil) to \$1,260 (French) landed in Jeddah, Saudi Arabia. As previously stated, prices for Brazilian poultry landed in Kuwait have been reported at \$900 per metric ton (CIF) as of June 2000.

The following market basket surveys are averages from both Riyadh and Jeddah to indicate the price comparisons between two different markets in Saudi Arabia:

#### **SAUDI ARABIA (JEDDAH) MARKET BASKET SURVEY - APRIL 2000**

Products	Size	Price (S.R.)	Price (US\$) Rate: 3.54	Country of Origin
Chicken Lasagna	650 gm	18.75	\$5.30	Brazil
Chicken-Fresh, Whole	1000 gm	11.00	\$3.11	Saudi Arabia
Chicken-Fresh, Whole	1100 gm	12.00	\$3.39	Saudi Arabia
Chicken-Fresh, Whole	1100 gm	13.50	\$3.81	Saudi Arabia
Chicken-Fresh, Whole	1200 gm	11.00	\$3.11	Saudi Arabia
Chicken-Frozen, Breasts (Breaded)	500 gm	12.00	\$3.39	Brazil
Chicken-Frozen, Breasts-Filleted	500 gm	14.10	\$3.98	Saudi Arabia

Products	Size	Price (S.R.)	Price (US\$) Rate: 3.54	Country of Origin
Chicken-Frozen, Breast-Tenderloins	200 gm.	6.50	\$1.84	Saudi Arabia
Chicken-Frozen, Burgers	1344 gm./24 pak	23.00	\$6.50	Brazil
Chicken-Frozen, Burgers	1344 gm./24 pak	24.00	\$6.78	Saudi Arabia
Chicken-Frozen, Burgers	1344 gm./24 pak	27.20	\$7.68	Belgium
Chicken-Frozen, Burgers	678 gm.	15.75	\$4.45	Kuwait
Chicken-Frozen, Drumsticks	500 gm.	7.95	\$2.25	Saudi Arabia
Chicken-Frozen, Drumsticks	900 gm.	7.95	\$2.25	Brazil
Chicken-Frozen, Drumsticks	907 gm.	9.25	\$2.61	U.S.A.
Chicken-Frozen, Franks	400 gm.	8.25	\$2.33	Belgium
Chicken-Frozen, Gizzards	450 gm.	3.74	\$1.06	Brazil
Chicken-Frozen, Lemon & Pepper	375 gm.	9.50	\$2.68	Saudi Arabia
Chicken-Frozen, Meat Balls	375 gm.	6.60	\$1.86	Saudi Arabia
Chicken-Frozen, Meat Balls	405 gm.	9.80	\$2.77	Saudi Arabia
Chicken-Frozen, Meat Balls	900 gm.	9.75	\$2.75	Brazil
Chicken-Frozen, Nuggets	270 gm.	7.50	\$2.12	Kuwait
Chicken-Frozen, Nuggets	400 gm.	11.00	\$3.11	South Africa
Chicken-Frozen, Nuggets	450 gm.	12.00	\$3.39	Saudi Arabia
Chicken-Frozen, Nuggets (Garlic)	500 gm.	11.25	\$3.18	Saudi Arabia
Chicken-Frozen, Nuggets (Hot)	270 gm.	7.50	\$2.12	Kuwait
Chicken-Frozen, Nuggets (Kid Shapes)	270 gm.	8.50	\$2.40	Kuwait
Chicken-Frozen, Thighs	900 gm.	8.75	\$2.47	Brazil
Chicken-Frozen, Wings	900 gm.	6.50	\$1.84	Brazil

SOURCE: ALEB - Saudi Arabia Market Basket Surveys, April 2000.

**SAUDI ARABIA (RIYADH) MARKET BASKET SURVEY – APRIL 2000**

Products	Size	Price (S.R.)	Price (US\$) Rate: 3.54	Country of Origin
Chicken - Burgers	4 pc. /200 gm.	5.50	\$1.55	U.A.E.
Chicken - Burgers	8 pc. /400 gm.	8.50	\$2.40	Brazil
Chicken - Drumsticks	907 gm.	7.95	\$2.25	France
Chicken - w/ Gizzards	1100 gm.	6.50	\$1.84	Brazil
Chicken - w/ Gizzards	1200 gm.	6.95	\$1.96	Brazil
Chicken-Boneless	800 gm.	9.95	\$2.81	Saudi Arabia
Chicken-Boneless	900 gm.	11.00	\$3.11	Saudi Arabia
Chicken-Boneless	1000 gm.	9.75	\$2.75	Brazil
Chicken-Boneless	1050 gm.	10.25	\$2.90	Brazil
Chicken-Boneless	1100 gm.	12.95	\$3.66	Saudi Arabia
Chicken-Boneless	1200 gm.	14.25	\$4.03	Saudi Arabia
Chicken-Frozen, Whole	1000 gm.	6.95	\$1.96	France
Chicken-Frozen, Whole	1000 gm.	9.25	\$2.61	Saudi Arabia
Chicken-Frozen, Whole	1000gm./Case of 10	76.00	\$21.47	Saudi Arabia
Chicken-Frozen, Whole	1000gm./Case of 11	53.00	\$14.97	Saudi Arabia
Chicken-Frozen, Whole	1100 gm.	7.75	\$2.19	France
Chicken-Frozen, Whole	1100 gm.	10.00	\$2.82	Saudi Arabia
Chicken-Frozen, Whole	1100 gm./Case of 10	61.00	\$17.23	France
Chicken-Frozen, Whole	1100 gm./Case of 10	83.00	\$23.45	Saudi Arabia
Chicken-Frozen, Whole	1200 gm.	8.25	\$2.33	France
Chicken-Frozen, Whole	1200 gm.	11.50	\$3.25	Saudi Arabia

Products	Size	Price (S.R.)	Price (US\$) Rate: 3.54	Country of Origin
Chicken-Frozen, Whole	1200 gm./Case of 10	91.00	\$25.71	Saudi Arabia
Chicken-Frozen, Whole	1300 gm.	8.95	\$2.53	France
Chicken-Frozen, Whole	1300 gm.	12.50	\$3.53	Saudi Arabia
Chicken-Frozen, Whole	1300 gm./Case of 10	99.00	\$27.97	Saudi Arabia
Chicken-Frozen, Whole	1400 gm.	9.75	\$2.75	France
Chicken-Frozen, Whole	600 gm.	5.25	\$1.48	Saudi Arabia
Chicken-Frozen, Whole	600 gm./Case of 10	40.43	\$11.42	Saudi Arabia
Chicken-Frozen, Whole	700 gm.	6.25	\$1.77	Saudi Arabia
Chicken-Frozen, Whole	700 gm./Case of 10	48.00	\$13.56	Saudi Arabia
Chicken-Frozen, Whole	800 gm.	6.75	\$1.91	Saudi Arabia
Chicken-Frozen, Whole	800 gm./Case - 10	55.00	\$15.54	Saudi Arabia
Chicken-Frozen, Whole	900 gm.	6.25	\$1.77	France
Chicken-Frozen, Whole	900 gm.	8.50	\$2.40	Saudi Arabia
Chicken-Frozen, Whole	900 gm./Case of 10	50.00	\$14.12	France
Chicken-Frozen, Whole	900 gm./Case of 10	68.00	\$19.21	Saudi Arabia

SOURCE: ALEB - Saudi Arabia Market Basket Surveys, April 2000.

It is interesting to note the difference in price between frozen whole chicken prices between Saudi Arabia and France for example.

COUNTRY OF EXPORT	SIZE	PRICE \$US
Saudi Arabia	1,000 gram	\$2.61
France	1,000 gram	\$1.96
Saudi Arabia	1,100 gram	\$2.82
France	1,100 gram	\$2.19

Not only is the Saudi domestic product higher in cost, it is also not favored by the commercial kitchens due to the higher fat and water content which impairs the quality of the cooked chicken.

Advertising has heavily influenced the sale of one particular brand of French poultry to the point that it has cornered approximately 65% of the household market. The marketing campaigns of some of these companies are wide spread and keep the brand names in the presence of consumers on a daily basis.

Although Saudi Arabia imported approximately **\$336,576,271** of Whole Frozen Chicken in 1998, it is important to note that Saudi Arabia also exported almost **\$36,427,606** of its domestic production to GCC, Arab League, East African countries like Uganda, Kenya, Tanzania and some Central Asian countries. The main reason for the exports, was that the poultry from Saudi Arabia is traditionally higher in price than the cheaper imports.

### 1. FRYER PARTS:

Fryer parts are used primarily by institutional or catering services to feed expatriate workers in Saudi Arabia. Most of the foreign workers in Saudi Arabia are from South East Asia, Philippines or the Sub Continent of Asia, whose diets traditionally include poultry.

Importers traditionally import "White Skinned" (leg quarters) fryer parts, which are packed in 15 Kg. boxes, with each individual piece weighing approximately 250-300 grams.

Saudi importers are quoting prices in the \$580 to \$600 per metric ton range for poultry parts, this price is reported down from \$950-\$1,000 per metric ton 3 to 6 months ago. The U.S. has been a traditional supplier of fryer parts in the past, but there has been a significant increase in fryer parts from the Netherlands, which ship in 10 Kg. boxes.

The US producers are losing market share, mainly due to the termination of the Export Enhancement Program and competition from Brazil and France.

- Drumsticks: Most importers order boxes containing "12/2" or 12 trays of 2 pounds each. Smaller drumsticks, usually from Brazil, fair better in the market place, mainly due to the advantage of the smaller sizes in comparison to the US products. Most importers request "White Meat" when ordering Fryer parts.



- Chicken Breasts: China (PRC) is the largest supplier of boneless/skinless chicken breasts into Saudi Arabia, mainly due to price advantages. Reports on price have been quoted around \$1,500 Mt. (CF). The quality of these poultry products is usually not on par with US produced poultry according to one importer.

Imported poultry products into Saudi Arabia require Halal certification prior to arrival at the port of entry. Halal certification must be issued by Islamic Institutions recognized by the Saudi Arabian Embassy, Consulate or friendly Arab country Embassy or Consulate in the producing country prior to shipment.

#### **SHELF LIFE (EXPIRY PERIOD):**

GCC Standard 150/1993 and SASO Standard 702/1993 set the standards for expiry dates for poultry products as well as other foodstuff products.

The above-mentioned standards specify that all frozen poultry shall be maintained at a temperature not exceeding -18 degrees centigrade.

Expiry dates for frozen poultry products in plastic containers is 12 months from slaughtering. The standard also states that the product will not arrive in port more than 4 months from the date of slaughter.

In addition to the shelf life or expiry date limitations, the following information and certification process must be met to export poultry into Saudi Arabia.

- **FROZEN CHICKENS:** All frozen poultry must comply with **SSA 117/1979** which regulates the Halal slaughter of poultry products and salmonella limits for poultry products.
- **HALAL CERTIFICATION:** Any meat or meat products being exporting in Saudi Arabia, must comply with Saudi Arabian Standard No. **SSA 630/1990** (Animal Slaughtering Requirements According To Islamic Law) which is satisfied by obtaining a Certificate Of Islamic Slaughter.

When certification is required for Halal, Health Certificates, Commercial Invoice, and Certificate of Origin, the processor can obtain the appropriate certification through the Saudi Arabian Embassy or Consulate in the country of manufacture. In the event a Saudi Arabian Embassy or Consulate is not available, the embassies or consulates of a friendly Arab country can attest to the authenticity of these documents.

- Commercial Invoice
- Health Certificate from the Country of Origin (Manufacture)
- Halal Slaughter Certificate for all meat and meat products
- Certificate of Origin
- Bill of Lading
- Packing List

#### **CONSTRAINTS TO TRADE:**

The Saudi Arabian government places a 20% or \$0.27 per kilo tariff on imported poultry to help Saudi Arabian poultry producers equalize their position in the market place. However, even with the 20% tariff in place, countries like Brazil and France are still very competitive in the market.

Importers in Saudi Arabia alluded to the fact that the French government offers subsidies to the French poultry industry to promote exports of poultry. It is not known what effect the removal of these subsidies will have on the Gulf poultry markets in the near future.

It is important to remember the time limitations placed on frozen poultry entering Saudi Arabia. All poultry products arriving at the port facility in Saudi Arabia must arrive within 4 months of slaughter. Do not forget to include shipping time in the equation when determining time limitation as some sea containers can take as long as 30 days to arrive in Saudi Arabia.

#### **OPPORTUNITIES:**

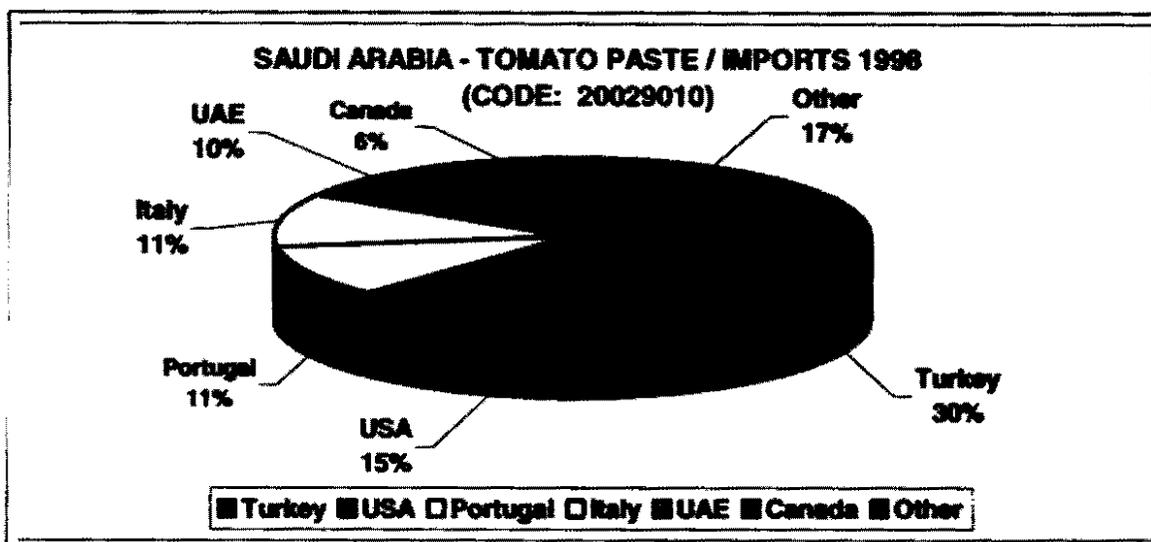
Opportunities for exportation of frozen, whole chickens into Saudi Arabia are not as wide open as the \$300,000,000 import figures indicate. Due to the extreme pressure placed on the Saudi Arabian poultry market by the Brazilian, French and other producing countries, market access is extremely competitive.

Egyptian poultry processors can compete in the value-added poultry market, however, due to excellent quality products like breaded and formed poultry products. Unfortunately, "chicken nugget"-type products are not sufficient, innovative new products using chicken meat must be developed to gain market share in Saudi Arabia and other Gulf states.

Heat-and-eat poultry-based convenience meals also have great market potential in Saudi Arabia give the country's younger, more mobile, and time-conscious population. As previously stated, Saudi Arabia's population is primarily comprised of younger citizens, who are in their mid teens (55% under 16 years old), a generation that has begun to adopt a more Western foods into their diets. Younger families with higher disposable incomes are the prime targets for new convenience foods.

Private labeling for supermarkets and wholesalers is another potential point of entry for poultry processors. By using private labeling options to produce specific products for large importers, a producer can reduce cost by having market entry fees, promotion fees, advertising and importation problems handled are by the importing company.

## SAUDI ARABIA - TOMATO PASTE



SOURCE: JEDDAH CHAMBER OF COMMERCE

SAUDI ARABIA - TOMATO PASTE / IMPORTS 1998 (CODE: 20029010)				
COUNTRY	WEIGHT (Kg.)	VALUE (SR)	VALUE (USD)	\$/Kg.
Turkey	3,444,000	10,075,000	\$2,846,045.20	\$0.83
USA	1,531,000	4,895,000	\$1,382,768.36	\$0.90
Portugal	1,120,000	3,642,000	\$1,028,813.56	\$0.92
Italy	971,000	3,558,000	\$1,005,084.75	\$1.04
UAE	720,000	3,198,000	\$903,389.83	\$1.25
Canada	542,000	2,025,000	\$572,033.90	\$1.06
Other	1,609,000	5,764,000	\$1,628,248.59	\$1.01
<b>Total - 1998:</b>	<b>9,937,000</b>	<b>33,157,000</b>	<b>\$9,366,384.18</b>	<b>\$0.94</b>
<b>Total - 1997:</b>	<b>5,454,000</b>	<b>16,644,000</b>	<b>\$4,701,694.92</b>	<b>\$0.86</b>

### MARKET ANALYSIS:

According to the above data, in 1998, Saudi Arabia increased imports of tomato paste by \$4,664,690 (4,483,000 kg.) over 1997 imports. Turkey, the largest importer in 1998, captured 30% of this market followed by United Arab Emirates (15%) and Portugal (11%). Ironically, in 1997, the UAE dominated the tomato paste market with a 47% share, while Portugal and Turkey followed with a 28% and 7% share of the market respectively. Egypt's share of this market, however, plummeted from 2% in 1997 (valued at \$100,328) to a mere 0.9% in 1998 (valued at \$82,212).

Egyptian CAPMAS data does not indicate exports of Egyptian tomato paste to Saudi Arabia in 1997 or 1998. Data from the U.N. Food and Agriculture Organization (FAOSTAT) shows that Egypt exported a total of \$34,000 in tomato paste in 1998, a decrease of \$203,000 from 1997 exports levels.

Saudi Arabia's tomato paste exports for 1998 reached only \$696,000 according to FAOSTAT reports. Based on this same data, in 1998, Saudi Arabia imported over 6,198 metric tons of tomato paste, valued at \$4,881,000, a decrease from the \$6,236,000 level in 1996. As with other commodities, Saudi Arabia is beginning to rely upon its own production capabilities to lower import levels.

#### SAUDI ARABIA MARKET BASKET SURVEY AVERAGES – APRIL 2000

Products	Size	Avg. Price (S.R.)	Price (US\$); Rate: 3.54	Country of Origin
Tomato Paste—Cans	425 gm.	1.75	\$0.49	Saudi Arabia
Tomato Paste-Tetra Pak	135 gm.	1.00	\$0.28	Saudi Arabia (Riyadh)
Tomato Paste-Tetra Pak	135 gm.	1.00	\$0.28	Jordan
Tomato Paste-Tetra Pak	135 gm.	1.25	\$0.35	Saudi Arabia (Al Khobar)
Tomato Paste-Tetra Pak	135 gm.	1.25	\$0.35	Bahrain
Tomato Paste-Tetra Pak	135 gm.	1.20	\$0.34	Saudi Arabia (Jeddah)
Tomato Paste-Tetra Pak	135 gm.-8 pak	6.95	\$1.96	Saudi Arabia (Al Khobar)
Tomato Paste-Tetra Pak	135 gm.-8 pak	7.95	\$2.25	Saudi Arabia (Jeddah)
Tomato Paste-Tetra Pak	135 gm.-8 pak	8.43	\$2.38	Saudi Arabia (Jeddah)
Tomato Paste-Tetra Pak	140 gm.	1.25	\$0.35	Saudi Arabia (Los Angeles, CA)
Tomato Paste-Tetra Pak	140 gm./8 pak	7.43	\$2.10	Saudi Arabia (Los Angeles, CA)

SOURCE: ALEB - Saudi Arabia Market Basket Surveys, April 2000.

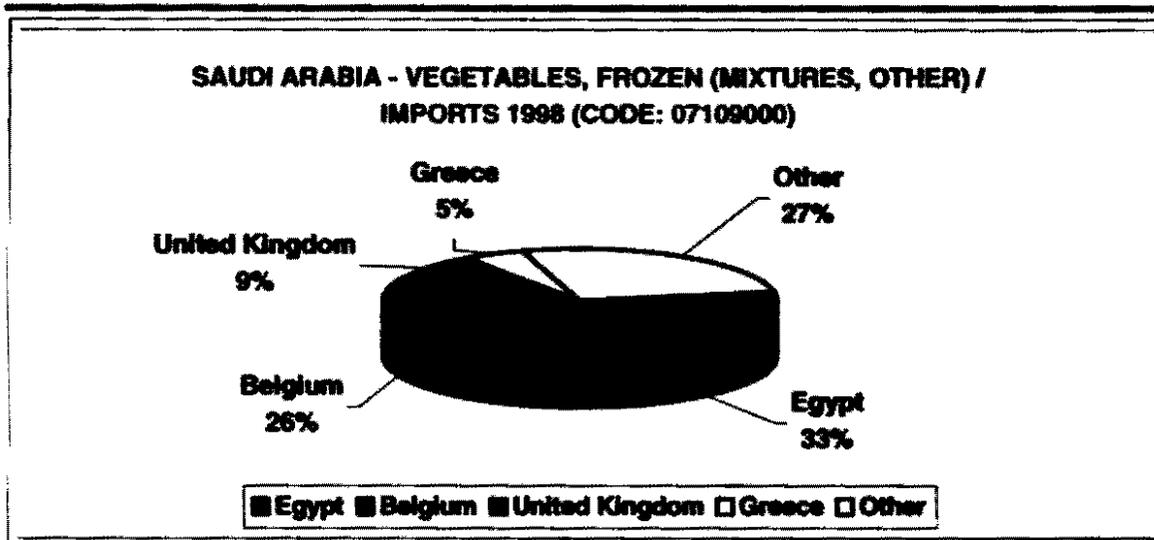
#### SHELF LIFE (EXPIRY PERIOD):

The Expiry Standards for "Tomato Puree (Pulp)" (includes paste) as set forth in the Saudi Arabian Standards Organization (SASO) Standard No. 702/1993 is and the GCC Standard No. 150/1993 is 12 months for products stored in metallic containers, and 18 months for product stored in glass containers. The product must reach the port in Saudi Arabia no later than 4 months from the date of manufacture.

#### OPPORTUNITIES:

With a \$9,000,000 market potential for tomato paste in Saudi Arabia, there are ample opportunities for exports. Although transportation is an issue, it is still possible for Egyptian tomato paste processors to acquire a market share from larger importers like Turkey (as per 1998 data). However, aggressive marketing and competitive pricing is absolutely essential to increase sales.

## SAUDI ARABIA – FROZEN VEGETABLES



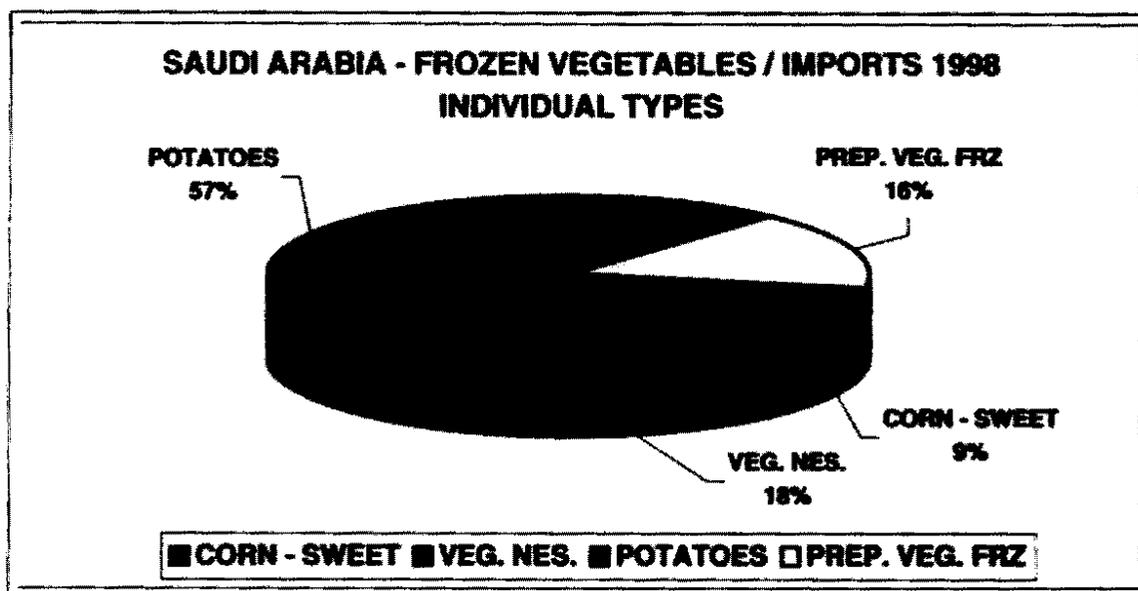
SOURCE: JEDDAH CHAMBER OF COMMERCE

<b>SAUDI ARABIA – VEGETABLES, FROZEN (MIXTURES, OTHER) / IMPORTS 1998 (CODE: 07109000)</b>				
COUNTRY	WEIGHT (Kg.)	VALUE (SR)	VALUE (USD)	\$/Kg.
Egypt	734,120	1,616,000	\$456,497.18	\$0.62
Belgium	346,790	1,225,660	\$346,231.64	\$1.00
United Kingdom	95,560	417,760	\$118,011.30	\$1.23
Greece	33,000	245,510	\$69,353.11	\$2.10
Other	276,740	1,290,500	\$364,548.02	\$0.25
<b>TOTAL – 1998:</b>	<b>1,486,210</b>	<b>4,795,430</b>	<b>\$1,354,641.24</b>	<b>\$0.91</b>

<b>SAUDI ARABIA - VEGETABLES, OTHER FROZEN / IMPORTS 1998 (CODE: 07108000)</b>				
COUNTRY	WEIGHT (Kg.)	VALUE (SR)	VALUE (USD)	\$/Kg.
United Kingdom	179,170	921,530	\$260,319.21	\$1.45
Egypt	287,370	719,570	\$203,268.36	\$0.71
Belgium	142,350	699,170	\$197,505.65	\$1.39
Denmark	77,890	428,070	\$120,923.73	\$1.55
New Zealand	44,880	155,640	\$43,966.10	\$0.98
Other	22,190	146,210	\$41,302.26	\$2.62
<b>TOTAL – 1998:</b>	<b>753,850</b>	<b>3,070,190</b>	<b>\$867,285.31</b>	<b>\$1.15</b>

### MARKET ANALYSIS:

The estimated market for frozen vegetables in Saudi Arabia now stands at approximately US\$50 to US\$55 million per year. This figure should grow steadily (10 to 15%) over the next 20 years due to the large population of younger consumers (50% under 16 years old).



SOURCE: FAOSTAT, U.N. Food & Agriculture Organization

SAUDI ARABIA - FROZEN VEGETABLES / IMPORTS 1998 - INDIVIDUAL GROUPS				
COUNTRY	WEIGHT (ML)	VALUE (SR)	VALUE (USD)	\$/ML
CORN - SWEET	1,681	\$8,874,780.00	\$2,507,000	\$1,491.37
VEG. NES.	5,411	\$17,098,200.00	\$4,830,000	\$892.63
POTATOES	18,989	\$52,799,100.00	\$14,915,000	\$785.45
PREP. VEG. FRZ	5,564	\$15,027,300.00	4,245,000	\$762.94
<b>TOTAL - 1998:</b>	<b>31,645</b>	<b>\$93,799,380.00</b>	<b>\$26,497,000</b>	<b>\$837.32</b>

Egypt is the leading exporter of "Mixtures of Vegetables, Frozen" to Saudi Arabia, (33% of the market, based on commodity value) down from 40% in 1997, with Belgium, the second largest importer, capturing 26% of the import market. In the category labeled "Other Vegetables, Frozen" both Egypt and Belgium each acquired a 23% market share (again, based on commodity value), while 27% of all imported frozen mixed vegetables came from a diverse list of countries like India, Indonesia, China, South Africa, Australia, and Italy.

In 1998, Saudi Arabia imported approximately \$28,706,496 in frozen vegetables, including "Frozen French Fried Potatoes." Up to 90% of all frozen vegetables are sold in the retail sector, with the remainder sold to institutional users and restaurants.

According to CAPMAS-Egypt data for 1998, Egypt decreased the exports of frozen vegetables and frozen potatoes. Frozen vegetable exports reached \$13,677,000 in 1998, a decline of \$535,000 from 1997 exports of \$14,212,000. Also in 1997, frozen potato imports decreased by \$3,373,000 to \$2,130,000, a loss of \$1,243,000.

EGYPT - FROZEN VEGETABLES EXPORTED TO SAUDI ARABIA - 1998				
JETNET CODE	FROZEN VEGETABLE	Kg.	VALUE US\$	\$/Kg.
071010000	POTATOES, FROZEN	2,665,528	\$1,603,062.08	\$0.60
071021000	PEAS, FROZEN	727,748	\$350,965.11	\$0.48

EGYPT - FROZEN VEGETABLES EXPORTED TO SAUDI ARABIA - 1998				
JETNET CODE	FROZEN VEGETABLE	Kg.	VALUE US\$	\$/Kg.
0710220010	HARICOT, FROZEN (Green Beans)	577,488	\$367,456.78	\$0.64
0710300000	SPINACH, FROZEN	314,040	\$156,329.37	\$0.50
0710400000	SWEET CORN FROZEN	9,213	\$8,898.54	\$0.97
0710800010	MOLOHKIA FROZEN	819,972	\$392,453.65	\$0.48
0710800020	OKRA, FROZEN	962,728	\$524,324.36	\$0.54
0710800030	ARTICHOKES, FROZEN	63,540	\$58,500.23	\$0.92
0710800090	VEGS.-OTHER, FROZEN	252,162	\$144,893.85	\$0.57
0710900000	VEGS.-MIXTURES OF, FROZEN	2,490,520	\$1,194,567.68	\$0.48
	<b>TOTAL:</b>	<b>8,882,939</b>	<b>\$4,801,451.65</b>	<b>\$0.54</b>

SOURCE: JEDDAH CHAMBER OF COMMERCE

### SAUDI ARABIA MARKET BASKET SURVEY AVERAGES - APRIL 2000

Products	Size	Price (S.R.)	Price (US\$) Rate: 3.54	Country of Origin
Vegs.-Frozen, Broad Beans	900 gm.	14.75	\$4.17	Denmark
Vegs.-Frozen, Corn Cob	4 kg.	14.00	\$3.95	Saudi Arabia
Vegs.-Frozen, French Fries	1 kg.	7.50	\$2.12	Saudi Arabia
Vegs.-Frozen, French Fries	1 kg.	4.75	\$1.34	Kuwait
Vegs.-Frozen, French Fries	1 kg.	6.00	\$1.69	Denmark
Vegs.-Frozen, French Fries	1 kg.	6.00	\$1.69	Saudi Arabia
Vegs.-Frozen, French Fries	1 kg.	6.50	\$1.84	Saudi Arabia
Vegs.-Frozen, French Fries	1 kg.	8.00	\$2.26	Canada
Vegs.-Frozen, French Fries	2 kg.	16.50	\$4.66	Canada
Vegs.-Frozen, French Fries	2.5 kg.	15.00	\$4.24	Saudi Arabia
Vegs.-Frozen, French Fries	2.5 kg.	10.45	\$3.38	Kuwait
Vegs.-Frozen, French Fries	2.5 kg.	9.38	\$2.97	Holland
Vegs.-Frozen, French Fries	2.5 kg.	8.00	\$2.26	Egypt
Vegs.-Frozen, French Fries	2.5 kg.	13.75	\$3.95	Canada
Vegs.-Frozen, French Fries	2.5 kg.	14.00	\$3.95	Saudi Arabia
Vegs.-Frozen, French Fries	2.5 kg.	7.95	\$2.25	Saudi Arabia
Vegs.-Frozen, French Fries/Golden Longs	850 gm.	7.50	\$2.12	Canada
Vegs.-Frozen, French Fries/Golden Longs	1 kg.	11.25	\$3.18	USA/Greece
Vegs.-Frozen, French Fries/Golden Longs	1.5 kg.	15.25	\$4.31	Canada
Vegs.-Frozen, Green Beans	250 gm.	3.50	\$0.99	Saudi Arabia (Jeddah)
Vegs.-Frozen, Green Beans	400 gm.	1.50	\$0.42	Egypt
Vegs.-Frozen, Green Beans	400 gm.	1.95	\$0.55	Egypt
Vegs.-Frozen, Green Beans	400 gm.	2.25	\$0.64	Egypt
Vegs.-Frozen, Green Beans	450 gm.	5.50	\$1.55	New Zealand
Vegs.-Frozen, Green Beans	450 gm.	7.00	\$1.98	Belgium

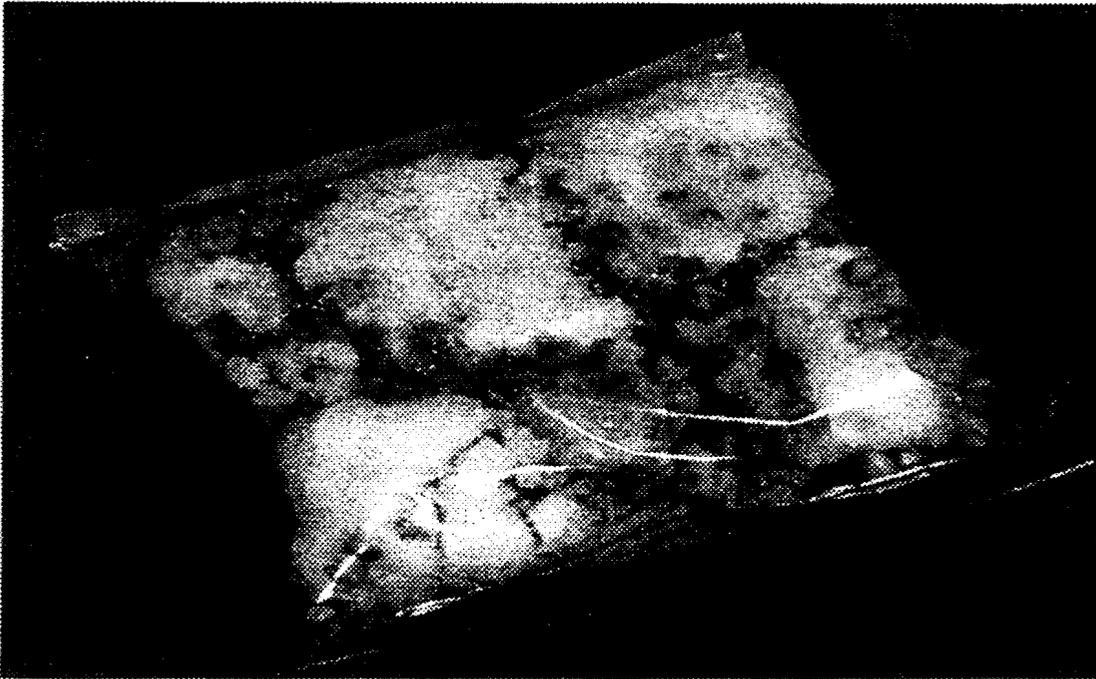
Products	Size	Price (S.R.)	Price (US\$) Rate: 3.54	Country of Origin
Vegs.-Frozen, Green Beans	450 gm.	6.25	\$1.77	
Vegs.-Frozen, Green Beans	450 gm.	6.00	\$1.69	New Zealand
Vegs.-Frozen, Green Beans	450 gm.	5.75	\$1.62	United Kingdom
Vegs.-Frozen, Green Beans	450 gm.	7.25	\$2.05	United Kingdom
Vegs.-Frozen, Green Beans	450 gm.	6.00	\$1.69	Saudi Arabia (Jeddah)
Vegs.-Frozen, Green Beans	454gm.	6.25	\$1.77	Canada
Vegs.-Frozen, Green Beans	900 gm.	10.25	\$2.90	New Zealand
Vegs.-Frozen, Green Beans	900 gm.	11.00	\$3.11	New Zealand
Vegs.-Frozen, Green Beans	900 gm.	12.00	\$3.39	Saudi Arabia (Jeddah)
Vegs.-Frozen, Molokhia	400 gm.	2.50	\$0.71	Egypt
Vegs.-Frozen, Okra	400 gm.	1.95	\$0.55	Egypt
Vegs.-Frozen, Okra	400 gm.	3.95	\$1.12	Egypt
Vegs.-Frozen, Okra WHOLE	400 gm.	2.95	\$0.83	Egypt
Vegs.-Frozen, Okra WHOLE	450 gm.	11.75	\$3.32	USAGreece
Vegs.-Frozen, Peas	400 gm.	2.50	\$0.71	Egypt
Vegs.-Frozen, Peas	400 gm.	2.95	\$0.83	Egypt
Vegs.-Frozen, Peas	450 gm.	6.00	\$1.69	New Zealand
Vegs.-Frozen, Peas	450 gm.	13.00	\$3.67	Denmark
Vegs.-Frozen, Peas	454 gm.	5.50	\$1.55	Canada
Vegs.-Frozen, Peas	900 gm.	13.95	\$3.94	USAGreece
Vegs.-Frozen, Peas	900 gm.	13.50	\$3.81	United Kingdom
Vegs.-Frozen, Peas	900 gm.	12.00	\$3.39	United Kingdom
Vegs.-Frozen, Peas & Carrots	450 gm.	6.25	\$1.77	Denmark
Vegs.-Frozen, Peas & Carrots	454 gm.	5.50	\$1.55	Canada
Vegs.-Frozen, Peas & Carrots	900 gm.	12.25	\$3.46	Denmark
Vegs.-Frozen, Spinach	450 gm.	6.50	\$1.84	Kuwait

SOURCE: Saudi Arabia Market Basket Surveys, April 2000.

Many importers interviewed complained of poor quality packaging that is not as attractive as higher quality western or European Union (EU) packaging. While on market basket surveys, some Egyptian packages were observed open due to poor sealing techniques.

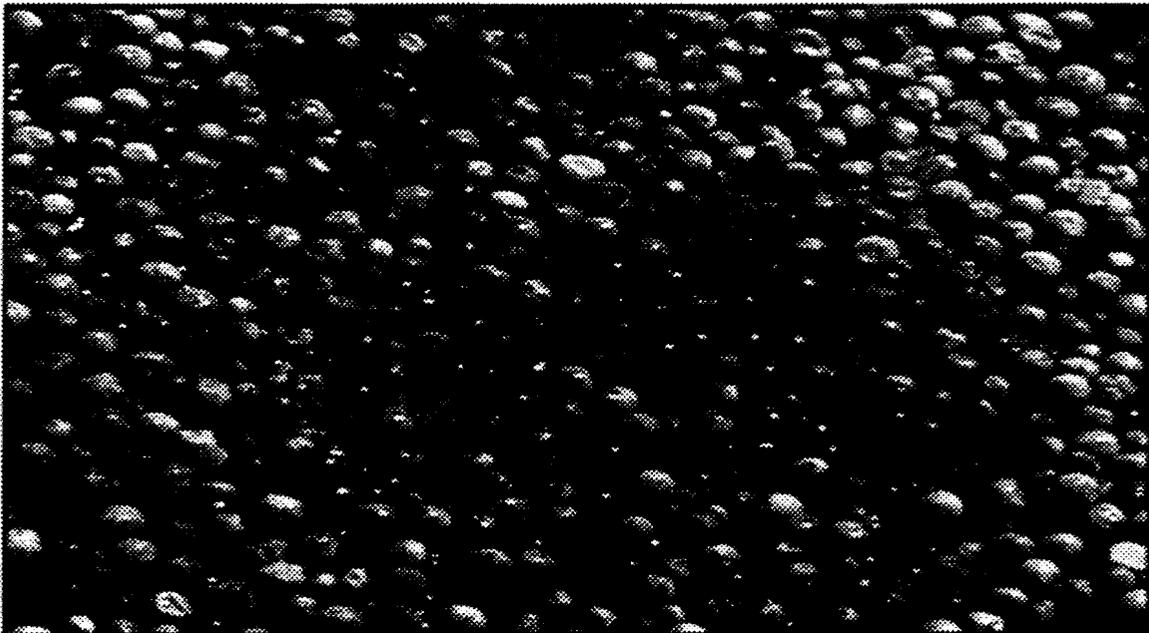
Frozen vegetables from Egypt tend to be sold in *bakalas* or small neighborhood stores that are frequented by expatriate workers from Asia unable to pay the higher prices found in Saudi Arabia's supermarkets.

While the peas shown in the bag below might not be typical of every producer in Egypt, this is just one example of how quality controls are not being observed. Every time a product from Egypt is shipped, it should be of the best quality to maintain the reputation of not only the producer, but also the industry as a whole.



EGYPTIAN PEAS PURCHASED IN RIYADH SUPERMARKET FREEZER CASE

The freezer-burned peas pictured are not simply "a result of shipping" as Egyptian products with this same problem can be found in Cairo supermarkets. Egyptian products in Saudi Arabia generally cost less, but are generally not high in quality – not graded or processed properly. Due to the lack of IQF processing machinery, Egyptian frozen peas are even considered inferior to Indian frozen peas as an example.



PRODUCT FROM BAG PICTURED ABOVE AFTER 5 MINUTE THAWING PERIOD

Consumers in Saudi Arabia are adopting more "westernized" dietary habits. The penchant for franchised fast and/or convenience foods has developed as an outgrowth of this change in diet. As an indicator of the effect that Western foods have had on the consumers in Saudi Arabia -- frozen French fried potatoes account for over 50% of the total importation of frozen vegetables into Saudi Arabia.

Frozen vegetables are perceived to be healthier than canned vegetables. Health is just one of the perceived advantages of frozen vegetables -- the other is convenience. Saudi Arabia was not traditionally a country known for its agriculture. So, the average Saudi consumer relied on imported fresh produce or the a few locally grown vegetables to satisfy their demands before frozen vegetables arrived on the market for both domestic and food service needs.

Convenience of frozen vegetables versus fresh extends to preparation and seasonal availability of vegetables. Vegetables such as broccoli have a high waste factor that makes them very expensive after the florets have been cleaned from the stems. Other vegetables such as corn, okra, spinach, artichokes, and peas require extensive preparation time, which does not lend itself to the new lifestyles of many Saudi families.

With the influx of fast-food franchised Western restaurants, the demand for frozen French fries for food service has increased significantly. Another factor contributing to this increase in consumption of frozen potato products has been the shift from rice as a dietary staple to potatoes.

Since over 60% of the Saudi Arabian population is under 17 years old, if Saudi Arabia's current population grows as expected, the country's current population of 22 million will double within 20 years. Such a dramatic population increase will result in an even greater demand for frozen vegetables; frozen potatoes in particular should increase exports exponentially in the future.

Egypt is the largest supplier of frozen potatoes to Saudi Arabia, followed by Denmark, the United States, and Italy. Saudi Arabia produces 25% of its total consumption, but the price is higher than imports due to higher production cost. Egypt, however, has an advantage over other importers due to the "duty free" free policy for Egyptian frozen vegetables.

Growth in frozen vegetables is predicted to range between 10% and 15% in the next two years, provided that local production facilities maintain their current production capacities. Due to the tax-free status of Egyptian frozen vegetables, some producers might realize the potential for higher profits over domestically grown vegetables by using Egyptian frozen vegetables. The only disadvantage to this potential windfall for Egyptian producers is, once again, the high transportation cost and lack of governmental intervention to support local producers.

Import statistics indicate that after the tariff was lifted for Egyptian frozen vegetables in 1995, there was a 200% growth in imports. In 1995 after the tariff was lifted, Egypt became the highest percentage exporter into Saudi Arabia (34% value).

Egypt not only dominates the market with frozen potatoes, but is also the largest exporter of peas (38%) of the total 18% of total frozen vegetable imports into Saudi Arabia behind Italy's 33% in 1997 according to FAS reports.

### **SHELF LIFE (EXPIRY PERIOD):**

Frozen vegetables must comply with expiry date regulations as per Saudi Arabian Standards Organization (SASO) Standard No. 702/1993 and the GCC Standard No. 150/1993. The expiry period for frozen vegetables is 18 months packaged in suitable containers.

### **OPPORTUNITIES:**

Egypt already has the largest share of the imported frozen vegetable market in Saudi Arabia, but more opportunities exist that should be explored.

Frozen potatoes especially should see a steady increase over the next 20 years because of the population boom.

Sweet corn and peas also offer an excellent opportunity for exports to Saudi Arabia. Sweet corn currently represents 9% of the total frozen vegetable import total. One trend catching on in Saudi Arabia is sales of sweet corn on the cob, which is being sold by various shopping mall kiosks in Saudi Arabia.

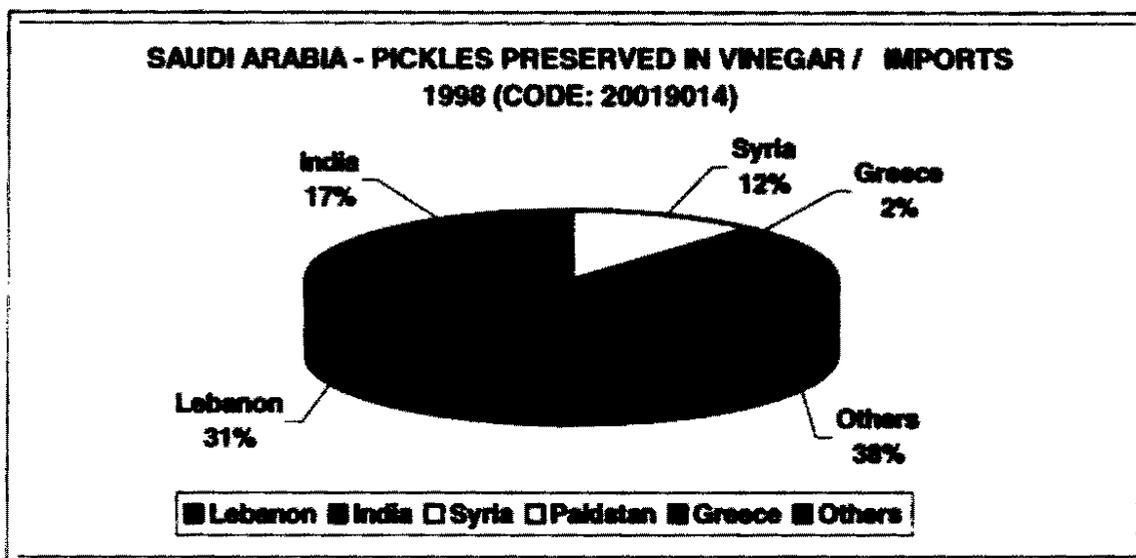
Peas also offer an area for export improvement by Egyptian processors. Approximately 20% of total frozen vegetable imports are frozen Peas. Egypt is the top exporter of peas to Saudi Arabia, but the current export totals could easily increase if quality is improved.

Saudi Arabian importers complained about the quality of Egyptian frozen peas every time the subject was broached in a conversation. The most often reported problems with Egyptian frozen peas were:

- Age or varietal problems resulting in the peas being tough
- Consistent Color
- Sizes of individual peas not controlled, not consistent caliper
- Lack of IQF processing
- Extremely poor packaging
- Poor customer service (not related exclusively to peas).

With its geographical proximity to the Saudi Arabian market, excellent growing conditions and the total relaxation of import duties, Egypt should be doing a much better job of maximizing its market potential in Saudi Arabia.

## SAUDI ARABIA – VEGETABLES, PICKLED - PRESERVED BY VINEGAR



SOURCE: JEDDAH CHAMBER OF COMMERCE

COUNTRY	WEIGHT (Kg.)	VALUE (SR)	VALUE (USD)	\$/Kg.
Lebanon	2,615,000	5,385,000	\$1,521,186.44	\$0.58
India	901,000	2,900,630	\$819,209.04	\$0.91
Syria	843,000	2,061,260	\$582,276.84	\$0.69
Pakistan	325,000	1,355,450	\$382,895.48	\$1.18
Greece	366,000	1,341,740	\$379,022.60	\$0.28
Egypt	172,550	274,000	\$77,401.13	\$0.45
Others	548,540	1,922,250	\$543,008.47	\$0.99
<b>Total - 1998:</b>	<b>5,771,090</b>	<b>15,240,330</b>	<b>\$4,305,177.97</b>	<b>\$0.75</b>
<b>Total - 1997:</b>	<b>5,247,000</b>	<b>14,763,000</b>	<b>\$4,170,338.98</b>	<b>\$0.79</b>

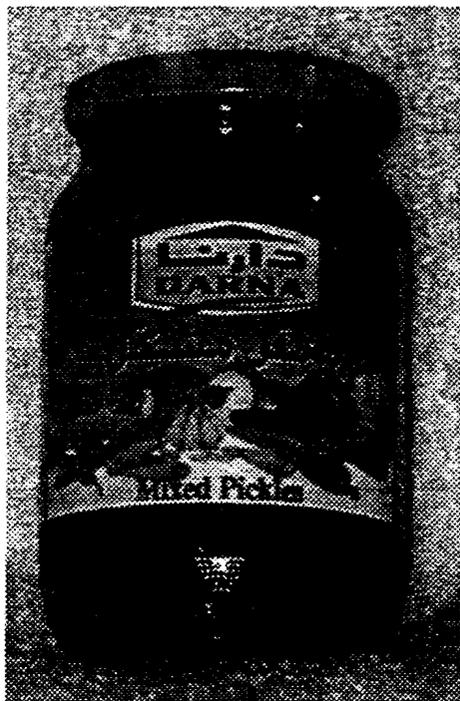
### MARKET ANALYSIS:

Saudi Arabia, according to Jeddah Chamber of Commerce data, increased its imports of "Pickles Preserved in Vinegar" by an additional \$134,839 between 1997 and 1998. The top two importers – Lebanon and India – acquired a 35% and 19% market share, respectively. In 1998, Egypt's exports to Saudi Arabia of these types of pickles increased to 2% of overall market share from 0.9% in 1997. (Note: All percentages are derived from import value rather than import tonnage.) According to Egyptian CAPMAS data, Egypt exported \$125,404 of pickles preserved in vinegar in 1999; data for 1998 was not available for this report.

According to FAO (UN Food and Agriculture Organization) data, Saudi Arabia imported 9,461 Metric Tons of pickles vegetables for an estimated value of \$8,287,000, which is considerably more than the imports reported by the Saudi Arabian import data.

Saudi Arabia exported an estimated 512,000 metric tons valued at \$505,000 in 1998, an increase of \$333,000 over 1997 imports according to FAO reports.

Pickled vegetables are marketed both in bottles and in deli cases throughout the Gulf States. Sizes range from individual serving sizes 370 grams to catering size tins. Pickles (in vinegar) from Lebanon as well as the United States appear to dominate the supermarket shelves in Saudi Arabia. **Bottled, brine packed pickles were rarely observed.**



Lebanese pickled vegetables are also widely found in deli cases throughout the Kingdom. Notice the advertising for Lebanese products on the deli case glass covering below.



#### SAUDI ARABIA MARKET BASKET SURVEY AVERAGES – APRIL 2000

Products	Size	Price (S.R.)	Price (US\$) Rate: 3.54	Country of Origin
Pickles - Almonds, Green Plums	650 gm.	6.50	\$1.84	Lebanon
Pickles - Asparagus/Green	370 gm.	12.50	\$3.53	Lebanon
Pickles - Asparagus/White	370 gm.	12.50	\$3.53	Lebanon
Pickles - Cucumber	650 gm.	4.25	\$1.20	Lebanon
Pickles - Cucumbers	1 kg.	4.50	\$1.27	Lebanon
Pickles - Cucumbers	1 kg.	6.50	\$1.84	Lebanon
Pickles - Lemons	550 gm.	11.00	\$3.11	Saudi Arabia

Products	Size	Price (S.R.)	Price (US\$) Rate: 3.54	Country of Origin
Pickles - Mixed	1 kg.	6.50	\$1.84	Lebanon
Pickles - Mixed	600 gm.	11.50	\$3.25	Saudi Arabia
Pickles - Peppercorn	650 gm.	4.25	\$1.20	Lebanon
Pickles - Turnips	650 gm.	4.25	\$1.20	Lebanon
Pickles/Preserved - Grape Leaves	1454 gm.	12.45	\$3.52	Saudi Arabia
Pickles/Preserved - Grape Leaves	454 gm.	14.50	\$4.10	United States
Pickles, Onions/DELI	1 kg.	8.50	\$2.40	Egypt
Pickles, Mixed VEG./DELI	1 kg.	7.00	\$2.00	Egypt

SOURCE: ALEB - Saudi Arabia Market Basket Surveys, April 2000.

#### **SHELF LIFE (EXPIRY PERIOD):**

The Expiry Standards for "Pickles Packed In Vinegar" are set forth in the Saudi Arabian Standards Organization (SASO) Standard No. 702/1993 and the GCC Standard No. 150/1993. The expiry period for bottled waters is 18 months for glass containers and 12 months for metallic containers lined with plastic.

The following is the wording of the GCC Standards No. GS 150/1993, which has been adopted by SASO to regulate expiry dates on foodstuffs:

Without prejudice to what is stated in GS 9/1984 "Labeling of Prepackaged Foods" and to the Gulf Standards for each food product, the production and expiration dates shall be declared on the label of the package in an "Uncoded manner as follows:

- (Day/Month/Year) - for food products having an expiration period up to 6 months.
- (Month/Year) - for food products having an expiration period exceeding 6 months.

The use of any of the following statements for expressing the expiration date is permissible; it is mandatory to mention the production date.

- Expiration date:
- Use by: .....(date):
- Fit for: .....(from the date of production):
- Use before: .....(date):
- Sell by: .....(date):

In case of writing production and expiration dates in month and year only, the expiration period shall be calculated up to the end of the registered expiration month.

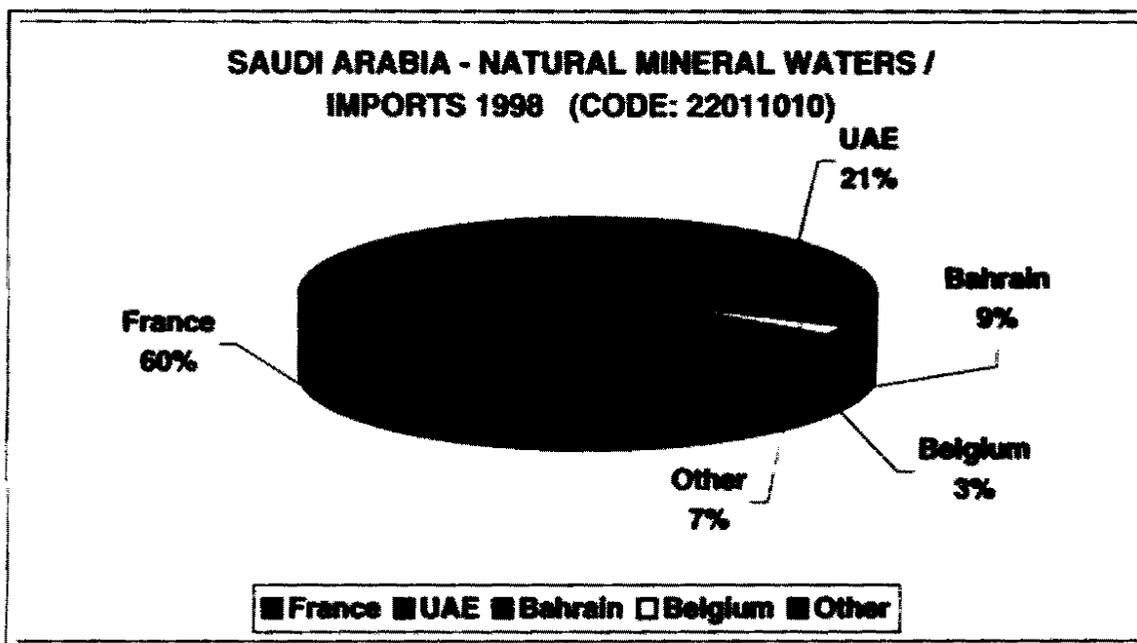
Without prejudice to what is stated in the Gulf Standards for each food product, no food products shall be released if more than half of their expiration period for human consumption – calculated from the date of production – has been spent before their arrival to the entry port in the importing country.

Dates shall be engraved or in relief, printed, or stamped by irremovable ink directly on all packages or on their original label by the producer only. Adding stickers for production and expiration dates is not permissible. There shall not be more than one date of production or of expiration on the same package. Both dates shall not be subject to deletion, change or deceit.

#### **OPPORTUNITIES:**

Opportunities for pickles packed in vinegar amounted to approximately \$4.3 million in 1998, most of which were supplied by Lebanon, India and Syria. Egypt could continue to increase its share of this market very easily given the abundance of fresh vegetables grown in Egypt. Again, it is worth noting that pickles packed in brine, which are commonly found in Egypt, were NOT observed bottled on many store shelves in Saudi Arabia or throughout the Gulf region.

## SAUDI ARABIA - WATERS, MINERAL (NATURAL & ARTIFICIAL)



SOURCE: JEDDAH CHAMBER OF COMMERCE

SAUDI ARABIA - NATURAL MINERAL WATERS / IMPORTS 1998 (CODE: 22011010)				
COUNTRY	WEIGHT (Kg.)	VALUE (SR)	VALUE (USD)	\$/Kg.
France	2,561,000	5,999,000	\$1,894,632.77	\$0.66
UAE	3,446,000	2,036,000	\$575,141.24	\$0.17
Bahrain	1,390,000	835,000	\$235,875.71	\$0.17
Belgium	153,000	248,000	\$70,056.50	\$0.46
Other	553,000	701,000	\$198,022.60	\$0.36
<b>Total - 1998:</b>	<b>8,103,000</b>	<b>9,819,000</b>	<b>\$2,773,728.81</b>	<b>\$0.34</b>
<b>Total - 1997:</b>	<b>10,465,000</b>	<b>10,747,000</b>	<b>\$3,852,824.86</b>	<b>\$0.37</b>

### MARKET ANALYSIS:

Between 1997 and 1998, Saudi Arabia decreased imports of "Natural Mineral Waters" by an estimated \$1.079 million and "Artificial Mineral Waters" by approximately \$34,746, according to Jeddah Chamber of Commerce/Ministry of Finance statistics. In 1998, France and the United Arab Emirates dominated this market with 61% and 21% of the "Natural Mineral Water" market respectively. At the same time, France acquired the largest import market share of "Artificial Mineral Waters" (57%), followed by Bahrain (26%). Imports from Egypt, if any, were not reflected in this Jeddah Chamber of Commerce data. Data from the United Nations Food and Agriculture Organization (FAO) reported total imports of \$3,438,000 in 1998, but this cannot be substantiated.

FAO reports that in 1998, Saudi Arabia exported an estimated \$4,549,000 of natural mineral waters, which is \$1,111,000 more than the total amount of waters imported. Given that the largest percentage of water imported was from France, it might be possible to determine that this was probably high-quality water in bottles rather than in PET containers.

Egyptian CAPMAS data readily available did not indicate any water exports from Egypt in 1998 or 1999.

<b>SAUDI ARABIA - ARTIFICIAL MINERAL WATERS / IMPORTS 1998</b> (CODE: 22022020)				
<b>COUNTRY</b>	<b>WEIGHT (Kg.)</b>	<b>VALUE (SR)</b>	<b>VALUE (USD)</b>	<b>\$/Kg.</b>
France	184,000	165,000	\$46,610.17	\$0.25
Bahrain	139,000	73,000	\$20,621.47	\$0.15
Other	54,000	50,000	\$14,124.29	\$0.26
<b>Total - 1998:</b>	<b>377,000</b>	<b>288,000</b>	<b>\$81,355.93</b>	<b>\$0.22</b>
<b>Total - 1997:</b>	<b>212,000</b>	<b>442,000</b>	<b>\$116,101.69</b>	<b>\$0.55</b>

SOURCE: JEDDAH CHAMBER OF COMMERCE

To reinforce the theory concerning imported French bottled waters, it is easy to see by the data in the chart below that this water is probably a niche market product.

#### SAUDI ARABIA MARKET BASKET SURVEY AVERAGES - APRIL 2000

<b>Products</b>	<b>Size</b>	<b>Price (S.R.)</b>	<b>Price (US\$) Rate: 3.54</b>	<b>Country of Origin</b>
Bottled Water	1.5 lt.	3.50	\$0.99	Saudi Arabia
Bottled Water	1.5 lt.	6.25	\$1.77	Canada
Bottled Water	1.5 lt. x12	12.95	\$3.66	Saudi Arabia
Bottled Water	1.5 lt. x12	11.95	\$3.38	Saudi Arabia
Bottled Water	1.5 lt. x12	55.00	\$15.54	Switzerland
Bottled Water	0.5 lt. x 24	57.00	\$16.10	Switzerland
Bottled Water	0.5 lt. x 24	52.50	\$14.83	France
Bottled Water	1.5 lt. x12	58.25	\$16.45	France

SOURCE: Saudi Arabia Market Basket Surveys, April 2000.

If the majority of the imported waters are niche market brands, it would appear on the surface that Saudi Arabia is producing large quantities of water domestically. However, current production figures from Saudi Arabia were not available at the time of this report.

The largest segment of the Saudi Arabian population is under 17 years old, a much larger average than most of the customers in other GCC countries in the Gulf. Younger consumers are more quickly attracted to modern packaging like the examples on the right. Note the use of decorative bottle designs pictured at right used to attract customers.

The blue/green water bottle from Canada offers a "Sports Top" as an added enticement to lure younger consumers. The cost of this bottle top replacement can be easily recovered by passing on the cost to the consumer.



In the United States (US) and in Europe, some bottled water promotions include a "free" nylon carry strap that fits around the neck of the bottle as an added enticement to consumers. The cost of the nylon strap is small when compared to the promotional value gained for a new product entering the market.

It is interesting to note that the Canadian bottle holds the same quantity of water (1.5 lit) as the other bottles displayed, but appears large on the store shelf when placed side by side. Once again, innovative packaging is attracting the consumer's attention, which sells products.

Is it out of the realm of possibility to offer the customer more water at the same price? Water is not an expensive input material, produce a bottle with a few more CC's of water to make the consumer think that they are getting a much better deal than from the competition.

These kinds of marketing tools will raise market share because it is innovative. Produce a product this not just another bottle of water on the shelf, but a product that stands out from the rest.

Many importers interviewed on the Gulf market reconnaissance trip repeatedly expressed that they were looking for innovative products because their customers were looking for innovative products. Supply the innovative product ideas and take market share away from the traditional water bottlers, who are perfectly happy selling the same old tired products.

#### TRANSPORTATION:

One Saudi Arabian importer interviewed in Cairo indicated that he observed a **problem with the cardboard boxes used** by Egyptian water bottlers were not made of quality materials and he doubted that these cartons could hold up on a trip to Saudi Arabia. This first impression of poor carton quality left a question in the importers mind about the quality of the other elements of the product.

It must be remembered that just putting the cartons in the shipping container is not the end of the shipment. When the shipping container arrives in the importers warehouse, the shipment must look as good as it did when it left the shippers dock.

One importer interviewed in the Gulf told a horror story of receiving a shipment of goods (not bottled water) that had fallen out of the cartons during shipment, leaving the product scattered on the floor of the container.

The horror story doesn't end here, the producer/shipper told the customer, "just glue the boxes back together." This comment, of course, outraged the Gulf importer and is a GUARANTEED way to lose market potential anywhere. This importer gladly tells this story to anyone who will listen. Imagine what this anecdote does to the reputation of this Egyptian company when they try to export to another company that has heard this story.

Only if Egyptian freight costs can become competitive, will Egyptian cases of bottled water be able to effectively compete on the import markets of the Gulf Cooperation Council (GCC). Innovative products that sell high volumes can be competitive despite high transportation costs.

#### **SHELF LIFE (EXPIRY PERIOD):**

According to Gulf Cooperation Council (GCC) Standards, the shelf life for bottled waters is normally 12 months, in glass or PET containers, unless otherwise specified. The expiry standards for bottled water as set forth in the Saudi Arabian Standards Organization (SASO) Standard No. 702/1993 and GCC Standard No. 150/1993 is 12 months. Here are the details:

#### **1. REQUIREMENTS:**

- Color shall not exceed 15 units on the platinum cobalt scale
- Turbidity shall not exceed 5 units on the Jacson Candle Apparatus
- No objectionable taste and odor
- Bottled water shall not contain the following metallic elements in concentrations exceeding the limits listed below:

<b>SUBSTANCE</b>	<b>MAXIMUM CONCENTRATIONS (p.p.m.)</b>
<b>Arsenic</b>	<b>0.05</b>
<b>Barium</b>	<b>1.0</b>
<b>Cadmium</b>	<b>0.01</b>
<b>Chromium (hexavalent)</b>	<b>0.05</b>
<b>Cyanide</b>	<b>0.05</b>
<b>Lead</b>	<b>0.05</b>
<b>Selenium</b>	<b>0.01</b>
<b>Silver</b>	<b>0.05</b>
<b>Mercury</b>	<b>0.001</b>
<b>Chloride</b>	<b>250</b>
<b>Copper</b>	<b>1</b>
<b>Iron</b>	<b>0.3</b>
<b>Total hardness (Calculated as Calcium Carbonate)</b>	<b>300</b>
<b>Electric Conductivity</b>	<b>500 – 1000 mhos/cm</b>
<b>Calcium</b>	<b>75</b>
<b>Magnesium</b>	<b>30</b>

<b>Manganese</b>	<b>0.05</b>
<b>Phenols</b>	<b>0.001</b>
<b>Sulphate</b>	<b>250</b>
<b>Zinc</b>	<b>5</b>

- The total dissolved solids shall range between 100 – 700 ppm.
- The lower permissible level of pH shall be 6.5 and the maximum permissible level shall be 8.5
- In case the bottled water is treated with Chloring, ozone, ultraviolet rays, iodine solution or by any other method, this treatment shall be sufficient for destruction of microorganisms. Treated bottled water shall comply with specific microbiological properties for bottled water mentioned in 4.5.2 of SASO Standards
- Bottled drinking water shall not contain fluoride less than 0.6 ppm and not more than 1 ppm.
- The nitrate content shall not exceed 45 ppm (10 ppm nitrogen) and the combined content of nitrate, nitrite and ammonia shall not exceed 10 ppm nitrogen.
- **PESTICIDES:** The contamination of bottled drinking water with the following pesticides shall not exceed the levels listed below:

<b>SUBSTANCE</b>	<b>MAXIMUM LIMIT (PPM)</b>
Endrine	0.0002
Lindane	0.004
Methoxychlor	0.1
Toxaphene	0.005
2,4 dichlorophoxy acetic acid	0.1
2,4,5 trichlorophenoxy	0.01

- **RADIOLOGICAL CHARACTERISTICS:** Bottled drinking water shall not contain radio substances in excess of the following concentrations:

<b>SUBSTANCE</b>	<b>MAXIMUM CONCENTRATIONS PICOCURIES/LITER</b>
Combined radium 226	3
Gross alpha concentration (including radium 226 – but excluding radon and uranium)	10
Strontium 90	30
Gross beta concentration (in the absence of strontium 90 & alpha emitters).	1000

- **BIOLOGICAL CHARACTERISTICS:** Bottled drinking water shall be completely free from insects, their ova or cyst, their vesicles or parts

and free from parasites including ameba and free from algae and molds.

- **MICROBIOLOGICAL CHARACTERISTICS:** Bottled drinking water shall be free from pathogenic and fecal microbes and viruses which may be hazardous to the public health, according to tests specified in the SASO Standards mentioned in 2.3. It shall meet the following bacteriological characteristics:
  - In the case of multiple tube fermentation method, Not more than one of the analytical units in the sample shall have a most probable number of 2.2 or more coliform organisms per 100ml. No analytical unit shall have a most probable number of 9.2 or more coliform group per 100 ml.
  - Membrane filter method: Not more than one of the analytical units in the sample shall have 4 coliform group bacteria per 100 ml, and the arithmetic mean of the coliform group bacteria shall not exceed one per 100 ml.
  - Application of hygienic conditions in production lines shall be checked, if the total count of bacteria in bottled drinking water exceeds 100 colony per ml when tested at 22 Centigrade for 72 hours incubation period. This test shall be performed in the factory within 3 days of production date.
  
- **PACKAGING OF BOTTLED DRINKING WATER:**
  - The container shall be hygienic, suitable, completely clean and shall not cause any undesirable change in taste, odor or color of the water and shall be inspected just prior to being filled and sealed.
  - It shall be packed in hermetically sealed containers to prevent contamination.
  - Filling and sealing operations shall be done in an aseptic atmosphere so as to prevent any contamination.
  - Transportation of bottled water should be done in such a manner that will protect it from contamination.
  - Storage of containers shall be away from any poisonous materials and as far as possible away from high temperature and contamination sources.
  
- **LABELING:** Without prejudice to what is stated in the SASO Standards, the following information shall be declared on the label in case of bottled drinking water.
  - The name of the product shall be (Bottled Drinking Water) Water content of the different anions and cations expressed in ppm.
  - The net volume in SI units.
  - Filling and expiry dates in a non-coded manner (month/year). The expiry date for drinking water bottled in plastic containers shall not exceed one year (12 Months) from the date of filling, as for drinking water bottled in glass

containers, the filling date only shall be declared on the label together with the batch number.

- The labeling information shall be written on the bottles or equivalent containers, and shall not be written on carton boxes or the like.

## **2. ADDITIONAL LABELLING REQUIREMENTS:**

As set forth in GCC Standard No. 150/1993, the following labeling conditions also apply to bottled waters:

Without prejudice to what is stated in GS 9/1984 "Labeling of Prepackaged Foods" and to the Gulf Standards for each food product, the production and expiration dates shall be declared on the label of the package in an "Uncoded manner as follows:

- (Day/Month/Year) - for food products having an expiration period up to 6 months.
- (Month/Year) - for food products having an expiration period exceeding 6 months.

The use of any of the following statements for expressing the expiration date is permissible; it is mandatory to mention the production date.

- Expiration date:
- Use by: .....(date):
- Fit for: .....(from the date of production):
- Use before: .....(date):
- Sell by: .....(date):

In case of writing production and expiration dates in month and year only, the expiration period shall be calculated up to the end of the registered expiration month.

Without prejudice to what is stated in the Gulf Standards for each food product, no food products shall be released if more than half of their expiration period for human consumption – calculated from the date of production – has been spent before their arrival to the entry port in the importing country.

Dates shall be engraved or in relief, printed, or stamped by irremovable ink directly on all packages or on their original label by the producer only. Adding stickers for production and expiration dates is not permissible. There shall not be more than one date of production or of expiration on the same package. Both dates shall not be subject to deletion, change or deceit.

## **CONSTRAINTS TO TRADE:**

Saudi Arabia currently imposes a 20% import duty on "natural mineral waters" and "ordinary natural waters" (Codes: 22011010 and 22019010). However, "artificial mineral waters"

(Code: 22022020) are NOT subject to this tariff. Since Saudi Arabia produces at least a dozen varieties of bottled water, tariffs on imported bottled water creates one obvious trade barrier.

Other quotas or barriers do not exist at the present time.

**OPPORTUNITIES:**

With the decrease in "Natural Mineral Water" imports to Saudi Arabia by an estimated \$1.079 million and another decrease in "Artificial Mineral Waters" imports by approximately \$34,746, it appears that Saudi Arabia is relying more on its own production to satisfy its water needs. Despite the prominence of France, the United Arab Emirates and Bahrain in the Saudi Arabian water market, Egypt's water bottlers may be able to access at least a portion of the "Natural Mineral Water" markets with innovative packaging, dependable customer service, and a strategically planned marketing program.

Another market to explore is the flavored water or soft drink market as 1.7 billion liters of these (carbonated) beverages are consumed in Saudi Arabia.