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Report Highlights:

Saudi Arabia's food security strategy is managed by the Saudi Grains Organization (SAGO), and sometime in 2021, they will transfer the barley imports and distribution business back to the private sector. As a result, Post reduced the MY 2020/21 domestic feed barley consumption level by 400,000 metric tons (MT) to 6.8 million metric tons (MMT). Post's reduction is based on discussions with leading feed processors and analysis of SAGO's data. Meanwhile, Post estimates MY 2020/21 Saudi wheat consumption to remain at 3.5 MMT based on data provided by Saudi Arabia as well as fewer tourists in the country due to COVID-19. As for corn, the United States was the third largest exporter to Saudi Arabia and exports increased by 40,000 MT. This trend should continue for the rest of the year. SAGO also estimated that Saudi Arabia consumed 1.2 MMT of rice in 2020, and U.S. rice exports were 116,005 MT, an increase of approximately 14 percent from the previous year.

WHEAT

Production

Wheat is planted from the end of November to the second week of January in Saudi Arabia. It is delivered to the Saudi Grains Organization (SAGO) from June to October of the next year. Post reduced estimated MY 2020/21 Saudi wheat production by approximately 100,000 MT to 400,000 MT based on purchase data provided by SAGO. Likewise, the estimated wheat production area decreased from 71,000 to 67,000 hectares (HA), with an average yield of approximately 6 MT per HA, as many farmers found it more profitable to produce alfalfa than wheat this MY. The organization indicated that it received a total of 400,000 MT of locally grown wheat in October 2020. In total, SAGO projects MY 2021/22 local wheat production to reach approximately 600,000 MT but has not disclosed what incentives farmers were offered to increase production by nearly 50 percent compared to MY 2020/21. When partial local wheat production resumed in MY2018/19, the Saudi government set a maximum production limit of 700,000 MT until MY 2022/23, but that production threshold has never occurred.

In November 2018, Saudi Arabia partially rescinded a ban on domestic wheat production, which was in place since crop year 2015/16 to protect the country's aquafer water resource. Saudi's decision to reduce domestic forage cultivation by 42.5 percent eliminated large producers from domestic forage production, although smaller sized farmers were exempt from this regulation. Domestic wheat and forage production are completely dependent on irrigation for 24 hours. The Saudi Ministry of Environment, Water and Agriculture (MEWA) estimated that approximately 10.75 MMT of forage was produced in Saudi Arabia in 2015/16.

In the 2020/21 crop year, SAGO increased the maximum local wheat production cap to 1.5 MMT per year until MY 2022/23. However, it has been difficult for SAGO to convince local farmers to produce wheat at the maximum set production level since farmers make more money by planting alfalfa in place of wheat. Alfalfa produces for up to three years and yields between 6 - 9 cuts a year depending on the Kingdom's region and weather conditions. Most farmers lack of interest in wheat production due to one of following three reasons:

1. Growers are more knowledgeable in forage production as they have developed extensive experience over the years and prefer to continue farming rather than switching to wheat.
2. It's more profitable to grow other products that produce multiple cuts for up to three years per planted seed. Currently, high protein locally produced alfalfa is sold at more than $300 per MT.
3. The wheat crop is completely irrigated. However, cooler temperatures and cloudy weather associated with rainfall (when it arrives) significantly affects wheat yields.

Unless MEWA takes a drastic measure to further curb the production of local forage, it is unlikely the country will achieve a current maximum wheat production ceiling of 1.5 MMT as farmers see local forage production more profitable. While, MEWA licenses local wheat production, SAGO is the monopsony buyer of licensed production. Traditionally, Saudi Arabia grows a hard-winter variety

known as “Yecoro Rojo” that was developed by the International Maize & Wheat Improvement Center in cooperation with the Mexican Ministry of Agriculture in Mexico. Saudi wheat is preferred by SAGO due to its hard kernel and a lower moisture content than imported wheat. These two attributes allow for extended storage times.

Government Purchase Price

Currently, SAGO purchases domestically produced wheat at SAR1,250 ($333.33 USD) per MT delivered at nearby SAGO silos, and farmers receive a net payment of approximately SAR1,187.5 ($316.67 USD) per MT after a 5 percent deduction for Zakhat (Islamic religious tax). An additional four percent is deducted in case of foreign matter (impurity). The domestic purchase price is purposefully higher than international prices. The average CIF import price for SAGO purchased wheat for the first nine months of MY2020/21 was $250 (USD) per MT. The SAGO Board of Directors updates the local wheat purchase price as needed.

Consumption

Estimated MY 2020/21 Saudi wheat consumption remained at 3.5 MMT based on data provided by SAGO, which is similar to USDA’s official forecast. According to SAGO, no wheat is used as animal feed in the Kingdom. All wheat, both imported and locally grown, is exclusively used for milling for human consumption. It is illegal to feed food wheat to livestock since the government provides monthly payments to livestock farmers to help reduce their animal feed expenses. Wheat consumption in the Kingdom has been static and is forecast to increase slightly by 50,000 MT annually in the next couple of marketing years if the COVID-19 pandemic is managed and tourism resumes. In early March 2020, the Saudi government temporarily barred foreign travel to the Kingdom for Umrah pilgrimages due to the coronavirus outbreak. A limited number of foreign Umrah visitors (age 18 – 50) were allowed entry to the Kingdom on November 1, 2020. Unfortunately, tourism halted within a few weeks’ time following the discovery of new COVID-19 variants in Brazil, South Africa, and the United Kingdom.

Wheat consumption demand is expected to remain static due to fewer tourists because of COVID-19 as well as the continued departure of expatriate workers and their families because of policy measures implemented by the Saudi government four years ago. Demand growth is also constrained by the increase in the cost of living in the Kingdom over the past few years due to sharp increases in utility charges, the implementation of a 15 percent value added tax (VAT) in January 2020, continued increased domestic petroleum prices and reduced bread wastage. These factors have reportedly contributed to significantly reducing food waste, including bread and wheat flour wastage, which has been estimated at 30 percent nationwide. Preferences for other foods, such as imported pasta, rice, as well as fruits and vegetables, has been an additional factor.

Wheat is mostly consumed in the form of flat (pita) bread, local hamburger buns known as “Samoli”, and other western-style bread, such as French baguettes and pizza. The annual per capita consumption of wheat in Saudi Arabia (total population – 34.2 million) was estimated

at approximately 103 kg in 2019. White flour constitutes the bulk of wheat flour consumed in Saudi Arabia. In recent years, however, there has been a small but growing demand for whole-wheat flour due to its perceived health benefits, particularly by health-conscious consumers and those with health conditions, such as diabetes and obesity. It should be noted that Saudi Arabia has one of the highest diabetic and obesity rates in the world. The four flour mills currently operating in the Kingdom have increased their whole-wheat production in recent years to meet growing demand.

Trade

SAGO is the exclusive importer of subsidized food grade wheat in Saudi Arabia. The organization imports mainly hard wheat directly through public tenders and open to registered international exporters. It does not buy through grain brokers. SAGO purchases wheat from a wide range of origins, including Australia, various Black Sea countries, the EU, parts of South America, and the United States. Saudi Arabia banned Canadian grain imports in 2018 following diplomatic tensions. On February 22, 2021, SAGO purchased 355,000 MT of wheat with 12.5 percent protein level in an exclusive tender issued to Saudi companies that invested in foreign countries' agricultural sectors to export parts of their wheat production to Saudi Arabia. SALIC, the agricultural arm of the Saudi Public Investment Fund (the Kingdom's sovereign wealth fund) won the tender and indicated that it will source 355,000 MT of wheat from its subsidiaries, or joint venture farming projects in three countries (Australia, Canada, and Ukraine).

Last year, SAGO issued two exclusive wheat import tenders exclusively to Saudi investors farming in Ukraine and purchased 60,000 MT in September and November 2020. To qualify wheat imports from the Black Sea countries, SAGO reduced its protein content from 12.5 to 11 percent. All other wheat import tenders are issued at a minimum protein level of 12.5 percent. The Saudi government continues to encourage Saudi companies to invest in the agricultural production in other countries in order to export that production to the Kingdom to meet its food security needs. Detailed information on the Saudi foreign agricultural investments and the country's food security strategies are discussed at the end of this section.

SAGO Wheat Purchase Data

SAGO issued four international wheat import tenders for the first nine months of MY 2020/21 to import 2.3 MMT of wheat by the end of March 2021, a decrease of approximately 15 percent compared to the same period in MY 2019/20. Total Saudi wheat imports are forecast to decline approximately 18 percent from last year and equal to USDA's official estimate of 3 MMT. For MY 2021/22, Post projects imports to remain at 3 MMT due to an expected 200,000 MT increase in local production in addition to high ending stocks.

SAGO Wheat Purchase Tenders for MY 2019/20		SAGO Wheat Purchase Tenders for MY 2020/21	
Shipment Arrival Date	Quantity in MT	Shipment Arrival Date	Quantity MT
Jul - Sep.2019	620,000	Jul - Aug.2020	660,000
Sep - Nov 2019	730,000	Sep - Nov 2020	120,000
Nov – Jan 2020	780,000	Nov 20 – Jan 21	685,000
Feb - Mar.2020	605,000	Feb - Mar.2021	860,000
Total July 2019-March 2020 purchase	2.735 MMT	Total July 2019-March 2020 purchase	2.325 MMT
Apr - Jun.2020	715,000	Apr - Jun.2021	675,000*
Total MY 2019/20	3,450,000	Total MY2020/21	3,000,000

Source: SAGO and *FAS Riyadh estimate

Wheat Export Data (From Suppliers)

USDA trade data as well as other countries customs data shows that approximately 3.65 MMT of wheat and wheat products were exported to Saudi Arabia in MY 2019/20, which is 198,486 MT lower than SAGO's reports or approximately 27 percent lower than total exports the previous year. There are several reasons for these discrepancies:

1. Exporting countries' data is based on shipments that depart seaports in each month, while SAGO's data reflects projected arrival dates per signed contracts. As such, wheat shipments may not arrive at Saudi ports of entry the month they sailed.
2. SAGO purchases only grain wheat. As such wheat flour and wheat products, such as pasta, that are imported by the private sector are not included in SAGO wheat imports data.

In MY 2019/20, the EU retained its dominance of the Saudi imported wheat market with approximately 3.4 MMT, or approximately 93.1 percent of Saudi imports. Russia was a distant second with approximately 123,000 MT or 3.4 percent, followed by Brazil (1.7 percent) and Turkey, Indonesia, Egypt, and Australia with 0.2 percent each. The United States did not export any wheat to Saudi Arabia in MY 2019/20, but the United States has not been a regular wheat exporter since the Kingdom commenced wheat imports in 2008. In MY 2018/19, the United States exported 95,756 MT of wheat. In 2016/17, the United States exported 172,450 MT, the largest quantity since Saudi Arabia turned to imports to meet its wheat consumption needs. The second largest year for U.S. wheat exports to Saudi Arabia was MY 2012/13 with 169,140 MT. The main reason for the low and irregular U.S. wheat exports to Saudi Arabia is high U.S. wheat export prices compared to EU wheat prices.

Saudi Wheat and Wheat Products Imports Per Supplying Countries Customs Data				
Exporter	MY 2018/19	Market Share	MY 2019/20	Market Share
EU 28	2,757,150	95.7%	3,397,137	93.1%
Russia	50	0.0%	123,000	3.4%
Brazil	0	0.0%	62,460	1.7%
United States	95,756	3.3%	0	0.0%
Turkey	8,572	0.3%	8,570	0.2%
Indonesia	2,566	0.1%	8,349	0.2%
Egypt	7,200	0.2%	7,219	0.2%
Australia	2,566	0.1%	8,335	0.2%
Other countries	6,334	0.2%	33,416	0.9%
Total	2,880,194	100.0%	3,648,486	100.0%

Source: Trade Data Monitor (TDM) and USDA Data

SAGO Imported Wheat Unloading Capacities

SAGO receives imported wheat at three ports located on the Arabian and Red Sea. The two ports on the Red Sea (Jeddah Islamic Port and Jazan Seaport) have 12,000 MT of daily unloading capacity while Dammam's King Abdul-Aziz Seaport located on the Arabia Sea has daily unloading capacity of 10,000 MT.

Stocks

SAGO owns and operates silo complexes in major cities around the Kingdom. In 2018, the organization had a total combined storage capacity of 2.6 MMT. There are several new silo construction projects underway and the total storage capacity is expected to reach 3.7 MMT by the end of 2021. The silos are being constructed in 13 locations, and their storage capacity ranges between 30,000 MT in Al Ahsa to 500,000 MT in Wadi Al Dawasir. SAGO considers the world wheat supply to be reliable and no longer strives to maintain strategic wheat reserves equal to annual consumption. Although SAGO does not release its actual wheat reserve stock levels, it is believed to maintain stocks for at least six months.

Policy

The Kingdom resumed limited domestic wheat production in 2018/19 after ending it in 2014/15 over concern of depletion of the country's scarce water reserves. Following a major cut in local forage production in 2018/19, the government offered medium and smaller sized producers three options:

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

Farmers that opted to produce wheat or forage must obtain licenses from MEWA and should only produce the crop they are licensed to grow until 2025. If a farmer wishes to switch between the two crops, they must reapply for a new license after two production seasons. Only licensed farmers can produce wheat or forage. Any unlicensed farming of the two crops will result in a severe financial punishment. SAGO is authorized by the government to purchase up to 1.5 MMT of locally produced wheat until 2024. It is believed that the government will renew the domestic wheat production policy in 2025, allowing the Kingdom to produce annually up to 20 percent of its wheat and to retain wheat production knowhow and technology.

Food Security

The Saudi government aims at achieving food security. Therefore, in 2008 it issued its food security plan known as King Abdullah's Initiative for Saudi Agricultural Investment Abroad (King Abdullah's Initiative). King Abdullah's Initiative focuses on guaranteeing food supply for Saudi Arabia to build up strategic stock levels for selected grains to avoid a future food crisis. In 2016, with the support from various stakeholders, MEWA revamped King Abdullah's Initiative and launched a new comprehensive strategy called the KSA Food Security Strategy and Implementation Plan. MEWA assigned the supervision of the Kingdom's food security strategy to SAGO. One of the focal pillars of the plan encourages Saudi companies to invest in foreign countries to export part of their agricultural production to the Kingdom. The Saudi government provides financial incentives to the Saudi private sector (companies and individuals) to produce strategic crops to meet domestic demand as well as build up storage reserves. Most of the products include rice, wheat, feed barley, yellow corn, soybean meal, oil seeds, sugar, and red meat.

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

Several large Saudi companies have invested in foreign countries to supply parts of their production to Saudi Arabia to meet the Kingdom's food security initiative. One of the leading firms investing in foreign agricultural projects is SALIC (www.salic.com), the agricultural arm of the Public Investment Fund (PIF), and the Kingdom's sovereign wealth fund. The firm, which has agricultural investments in Australia, Brazil, Canada, and the Ukraine, exported 120,000 MT of wheat to Saudi this marking year from its farms in the Ukraine. In late February 2021, the firm won an exclusive tender that SAGO

issued to Saudi investors to supply 300,000 MT wheat from May-December 2021 from farms in Australia, Canada, and Ukraine. SALIC does not own farms in Canada but is a partner in the G3 Global Grain Group with Bunge (one of the main players in grain trading) to purchase and export Canadian wheat worldwide.

Other leading Saudi investors in foreign farming sectors include:

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

Saudi Arabia makes use of three tools to cover its wheat security issues:

1. local production
2. imports from Saudi companies located in other countries
3. imports from the international market.

Flour Mill Privatization

On July 8, 2020, Saudi Arabia privatized two of its four flour milling companies for $740.5 million (USD). The milling companies were reportedly sold through a competitive bidding process to Saudi and the United Arab Emirates (UAE) investors. The remaining two are expected to be sold in the next few weeks. Below is detailed information on the two wheat milling groups that were purchased on July 8, 2020:

- **First Mills Company:** Headquartered in the Red Sea city of Jeddah, the First Mills Company has flour mills in western, central, northern, and eastern Saudi Arabia. The company was sold for $540 million to the Raha Al-Safi consortium led by the Saudi company Al-Mutlaq Group. The consortium includes another two Saudi firms (Al-Safi and Abunayyan Holding) and one UAE company (Essa Al Ghurair Investment). The First Mills Company has 4,200 MT of wheat milling and 900 MT of feed processing capacity per day.
- **Third Mills Company:** Headquartered in the southern city of Khamis Mushait, the Third Mills Company was sold for $200 million. The buying consortium is made up by Al-Rajhi, a Saudi company, and two UAE companies (Al Ghurair Foods and Masafi). The company has flourmills in southern, western, and northern Saudi Arabia. The Third Mills Company has 3,451 MT of wheat milling and 1,400 MT of animal feed processing capacity per day.

The Saudi government is in the process of privatizing the following two remaining flourmills in the next few weeks.

- **Second Mills Company:** Headquartered in Riyadh, the Second Mills Company has mills in central, southern, and northern Saudi Arabia. This company has 4,350 MT of daily wheat milling capacity.
- **Fourth Mills Company:** The Dammam based Fourth Mills Company has flourmills in eastern, western, and central Saudi Arabia. It has a daily wheat and animal feed milling capacity of 3,150 MT and 300 MT, respectively.

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

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

SAGO's Role after Privatization

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

- Issuing import permits for unsubsidized wheat to interested flour mills
- Setting regulations related to wheat flour quality
- Inspecting flour mills to ensure compliance with quality regulations
- Encouraging and regulating competition among private flour mills
- Ensuring enough wheat flour is produced and delivered

Marketing

Licensed bakeries and supermarkets and almost all industrial users purchase their flour directly from SAGO's flourmills or from assigned agents in their respective areas. There are more than 525 appointed distributors, and they serve 11,606 establishments, of which 6,500 are licensed bakeries. The

distributors provide packaged flour to licensed bakeries in 45-kg sacks and to retailers in one, two, five and ten-kg sacks. Industrial users purchase in bulk (metric tons).

Market Development Activities

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

Prices

Large bakeries and industrial users purchase wheat flour directly from SAGO flourmills, while smaller bakeries and retailers receive their assigned quotas from SAGO-appointed distributors. SAGO's wholesale prices vary based on the flour type and extraction rate. The wholesale price of a 1 kg consumer-packed white wheat flour increased by 50 percent from $0.27 to $0.40 in 2017. Bakers purchase at prices from $5.30 to $8 per 45 kg based on flour extraction rates, patent, or regular flour, while industrial users purchase in bulk for prices that range between $117.30 and $160 per MT. Prices to bakers and industrial clients have not changed for over three decades.

Exports

Saudi Arabia does not export wheat. However, in MY 2019/20 at least 50,000 MT of wheat (such as wheat flour, macaroni, pasta, and spaghetti) was exported to other Arab countries. The demand in Yemen for wheat products has been very strong in the recent years, and similar quantity exports are forecast to increase this year.

Production, Supply and Demand Data Statistics:

Wheat	2019/2020		2020/2021		2021/2022	
Market Year Begins	Jul 2019		Jul 2020		Jul 2021	
Saudi Arabia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	29	34	71	67	0	100
Beginning Stocks (1000 MT)	2859	2859	3159	3161	0	3011
Production (1000 MT)	200	202	500	400	0	600
MY Imports (1000 MT)	3648	3648	3000	3000	0	3000
TY Imports (1000 MT)	3648	3648	3000	3000	0	3000
TY Imp. from U.S. (1000 MT)	2	0	0	0	0	0
Total Supply (1000 MT)	6707	6709	6659	6561	0	6611
MY Exports (1000 MT)	98	98	50	50	0	50
TY Exports (1000 MT)	98	98	50	50	0	50
Feed and Residual (1000 MT)	0	0	0	0	0	0

FSI Consumption (1000 MT)	3450	3450	3400	3500	0	3550
Total Consumption (1000 MT)	3450	3450	3400	3500	0	3550
Ending Stocks (1000 MT)	3159	3161	3209	3011	0	3011
Total Distribution (1000 MT)	6707	6709	6659	6561	0	6611
Yield (MT/HA)	6.8966	5.9412	7.0423	5.9701	0	6
(1000 HA), (1000 MT), (MT/HA) MY = Marketing Year, begins with the month listed at the top of each column TY = Trade Year, which for Wheat begins in July for all countries. TY 2021/2022 = July 2021 - June 2022						

BARLEY

Production

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

Consumption

Imported barley is used exclusively for animal feed as there is no beer production in Saudi Arabia. Estimated MY 2020/21 domestic feed barley consumption was reduced 1.2 MMT to 6.8 MMT compared to the USDA official estimate of 8 MMT. Post's reduction is based on discussions with leading feed processors and analysis of SAGO's data. The demand for barley this year is equivalent to last year's level due to low rain fall over the past two winter seasons. Barley consumption in MY 2021/22 is projected to decline to approximately 12 percent to 6 MMT due mainly to expected liberalization and privatization of the country's barley trade in the next few weeks, which will eliminate the government subsidy on imported barley. SAGO's expected handover to the private sector will end a longstanding direct barley subsidy program that was established several decades ago. The elimination of this program is expected to increase the consumption of more locally produced animal feed that is more nutritious than barley.

Going forward, the demand for barley imports hinges on its price competitiveness compared to locally processed feed (complete and concentrates) combined with strong educational programs to convince traditional livestock farmers about the cost savings and productivity advantages of more nutritional processed feed over barley. Replacing grain barley with processed feed will reportedly benefit livestock farmers by lowering the overall costs in the long term since processed feed is consumed more easily than barley. (Please note that MEWA reports that more than 30 percent of raw barley fed to livestock is discharged without being digested; thereby, providing no benefit to animals in terms of weight gain or nutrition.)

Approximately 80 percent of imported barley is fed to sheep, camels, and goats without further processing in combination with green forage. Dairy farms use limited quantities of barley in their feed formulations. Traditionally, white barley has been the preferred animal feed for Bedouins. Barley use in poultry feed is estimated at less than five percent of total imported barley. Sheep and goats consume the largest portion of imported barley, followed by camels. When it is readily available at competitive prices, barley is often used in the place of forage although animals require a certain level of forage in their diets to remain healthy. Historically, local feed processors have lobbied the Saudi government to cease direct or indirect subsidies to keep the domestic feed barley prices lower than processed feed. The new government laissez-faire barley trade policy, when implemented, will eliminate unfair competition, and create a level playing field for local feed processors to compete with barley in both nutrition and value aspects.

For the past several weeks ARASCO has been keeping the wholesale price of its 50 kg bag of its complete processed feed called "Wafi" compound feed at least one Saudi Riyal (SAR) less than grain barley of the same weight. This month, a 50 kg of Wafi is being sold at $11.20 wholesale while the same weight of grain barley is being sold at $11.47. ARASCO is keeping Wafi's price lower than grain barley to educate livestock farmers about the cost and weight gain benefits of its feed compared to grain barley to eventually increase demand. Eliminating the barley subsidy and encouraging the establishment and expansion of local feed mills is expected to drastically reduce barley consumption in the next few years.

The number and mix of local livestock have not changed in the past several years. According to most recently available MEWA data (2018), livestock in the Kingdom totaled approximately 14 million head (9.4 million sheep, 3.7 million goats, 490,672 camels and 368,428 cattle). Livestock is difficult to count, however, and it is possible that these numbers significantly undercount the number of sheep, camels, and goats. The total number of livestock has not shown a significant increase in the past several years and is forecast to decrease sharply in the next few years due to a new MEWA announced policy. On February 8, 2021, MEWA announced an expected significant reduction in the country's livestock by nearly 40 percent to focus on the productivity of livestock (e.g., sheep and goats) while reducing waste. MEWA believes this strategy will benefit local feed processors at the cost of grain barley. The Kingdom plans to cut the number of local livestock drastically to create an opportunity for increased imports of live sheep and goats as well as chilled lamb and goat meat. The new policy is expected to help reduce subsidy payments on the domestic production of livestock.

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

producers are intended to help farmers purchase the feed of their choice among available alternatives, particularly between grain barley and processed feed.

Trade

In November 2020, the Saudi government decreed to hand back the barley imports and distribution business to the private sector to purchase and sell barley at competitive prices. To fully implement this decision, SAGO is expected to exit the barley imports business before the end this marketing year. In preparation for the handover, SAGO issued imports and distribution licenses to 11 local potential barley traders of which two have already commenced barley imports. The United Feed Company (UFC), which accounted for approximately 40 percent of the total barley imported to the Kingdom in 2011, purchased 1 MMT of barley late last year for arrival by the end of March 2021. The firm is currently selling imported barley at the SAGO price of $229 per MT. Currently, SAGO's average C&F price at Saudi ports thus far this MY is $232.35.

ARASCO purchased 100,000 MT of barley that will arrive in Saudi Arabia by the end of March 2021. While UFC bags and sells the imported barley directly to livestock farmers, ARASCO uses the grain as an ingredient in feed processing in place of corn. ARASCO uses barley and corn interchangeably in its livestock feed production based on price competitiveness.

SAGO has signed 7 barley purchase contracts for approximately 5 MMT over the first 11 months of this marketing year (July 2010 - May 2021), which is a decrease of nearly 18 percent compared to the same period last year. SAGO's latest feed barley purchase contract was announced on March 8, 2021 for 660,000 MT for delivery April - May 2021. SAGO's barley purchase on March 8 is expected to be the last barley procurement before the private sector steps in and assumes control of barley import purchases. The move, when implemented, will end a longstanding direct barley subsidy program that the Saudi government put in place several decades ago.

As a result, total Saudi barley imports for the first 11 months of this year is 6 MMT, nearly equal to the total quantity imported in the same period last year. Post estimates another 600,000 MT of barley will be imported by June 2021, either by SAGO or the private sector, to bring the total Saudi barley imports to approximately 6.7 MMT for MY20/21. In a Press Release (March 8), SAGO indicated that 660,000 MT was intended to increase stocks as procedures are being completed to assign the task of importing and selling barley to the private sector. The private sector is not expected to import additional barley until SAGO officially exits the barley import sector.

On March 8, 2021, SAGO purchased 660,000 MT for $279.77 per MT at the C&F Saudi seaports. SAGO is selling barley domestically at $229 per MT, while the current C&F price for imported barley arriving at major Saudi seaports is nearly $280 thus discouraging additional imports by the private sector. Major potential Saudi barley importers are waiting until SAGO stops purchasing barley before they go back to the international barley market. Some grain traders believe that SAGO should have exited the barley business a few months ago when average world barley prices were less than $200 per

MT. They say that a move to liberalize the barley trade at this time will drastically increase the domestic barley prices and could generate a public backlash if livestock farmers, mostly the Bedouin, consider the government's monthly per animal subsidy insufficient. Currently, farmers are benefiting from the monthly per animal allowance and subsidized SAGO barley.

SAGO Barley Purchase Contracts (Metric Tons)			
Jul. - Aug. 2020	600,000	Jul. - Aug.2019	840,000
Dec – Mar 2021 (Private Sector)	1,100,000	Aug. - Oct. 2019	900,000
Aug. - Sep. 2020	1,080,000	Oct. - Dec.2019	780,000
Oct. - Nov. 2020	725,000	Dec.2019 - Feb.2020	1,020,000
Nov. - Dec. 2020	540,000		
Jan. - Feb. 2021	730,000	Feb. - Mar.2020	1,020,000
March - April 2021	660,000	Mar. - Apr.2020	900,000
April-May 2021	660,000	May - June 2020	1,200,000
June 2021	600,000		
Total July 2020 - June 2021 Saudi barley imports	6,695,000	Total July 2019- June 2020 Saudi barley imports	6,660,000

Source: SAGO and barley importers and FAS/Riyadh estimate (June 2021 imports)

Total Saudi MY 2021/22 barley imports are projected at 6 MMT, a decrease of 10 percent from this year's forecast. The forecast predicts liberalized barley trade, which is expected to increase the competitiveness of locally produced complete feed.

In first six months of MY 2020/21, Russia exported approximately 1.97 MMT of barley to Saudi Arabia, accounting for 50 percent of total Saudi imports of roughly 6.5 MMT. Russia increased its exports in the marketing year by more than one MMT. The EU was the second largest supplier with 31 percent market share, but its total exports fell by nearly 200,000 MT compared to a year earlier. Australia was the third largest barley supplier to the Kingdom with 462,011 MT. With 8 percent market share, Ukraine was the fourth largest barley supplier to the Kingdom with 334,225 MT but exported approximately 67 percent less than a year earlier.

Saudi Barley Imports Jul 2020-Dec 2020 (Metric Tons)								
Reporter	20-Jul	20-Aug	20-Sep	20-Oct	20-Nov	20-Dec	Total Imports	Market Share
Russia	502,834	286,810	478,524	459,927	112,775	133,555	1,974,425	50%
EU 28	221,936	273,998	267,161	395,381	52,140	5,552	1,216,168	31%
Australia	0	0	0	66,000	0	396,011	462,011	12%
Ukraine	202,985	131,240	0	0	0	0	334,225	8%
Georgia	0	0	25	118	29	35	207	0%
Total	927,755	692,049	745,709	921,426	164,944	535,154	3,987,036	100%

Source: TDM Supplying Countries Data

Saudi Barley Imports Jul 2019-Dec 2019 (Metric Tons)								
Reporter	19-Jul	19-Aug	19-Sep	19-Oct	19-Nov	19-Dec	Total Imports	Market Share
EU 28	66,393	284,754	92,539	367,256	474,817	125,959	1,411,718	40%
Ukraine	115,346	273,439	392,100	105,703	61,500	60,000	1,008,088	28%
Russia	372,447	193,558	118,321	76,295	55,050	129,268	944,939	26%
Argentina	0	0	0	0	66,000	135,600	201,600	6%
Total	554,186	751,752	602,959	549,254	591,367	315,227	3,566,345	100%

Source: TDM Supplying Countries Data

Stocks

SAGO's barley stock is estimated at 25 percent of total consumption.

Domestic Barley Price

Barley is readily available at competitive prices throughout the Kingdom. Currently, feed processors, large livestock farmers, cooperatives, dairy farmers, and licensed distributors can purchase a 50 kg sack of barley at a packing facility at the government-set price of $11.47. The government permits barley dealers to resell the 50 kg sack at a wholesale price of $11.47 and a maximum retail price of $12.53.

Barley Distribution Channels

Barley shipments usually arrive through five Saudi ports: Dammam (the largest and second largest seaports in the country, respectively), Diba, Jazan (Red Sea), Jeddah, and Yanbu. After barley is discharged at port, it is transported by truck to one of the ten nearest SAGO-contracted bagging facilities in eight locations outside the seaports. Bagged barley is picked up by 3,728 pre-assigned dealers or large end-users from the distribution centers.

Production, Supply and Demand Data Statistics:

Barley	2019/2020		2020/2021		2021/2022	
Market Year Begins	Jul 2019		Jul 2020		Jul 2021	
Saudi Arabia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	2	2	2	2	0	2
Beginning Stocks (1000 MT)	1327	1327	1116	1214	0	1014
Production (1000 MT)	14	10	11	10	0	10
MY Imports (1000 MT)	6800	6700	8000	6600	0	6000
TY Imports (1000 MT)	7300	6700	8000	6600	0	6000
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	8141	8037	9127	7824	0	7024
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Feed and Residual (1000 MT)	7000	6800	8000	6800	0	6000
FSI Consumption (1000 MT)	25	10	25	10	0	10
Total Consumption (1000 MT)	7025	6810	8025	6810	0	6010
Ending Stocks (1000 MT)	1116	1214	1102	1014	0	1014
Total Distribution (1000 MT)	8141	8024	9127	7824	0	7024
Yield (MT/HA)	7	5	5.5	5	0	5

(1000 HA), (1000 MT), (MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Barley begins in October for all countries. TY 2021/2022 = October 2021 - September 2022

CORN

Production

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

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

Consumption

Imported corn is primarily used for animal feed. Approximately 150,000 MT is used in the production of food processing ingredients, such as starch and sweeteners. Domestically grown corn is used as corn-on-the-cob or milled for flour by small neighborhood flourmills.

Corn continues to be a very important feed grain for poultry farms, and it accounts for approximately 60 percent of poultry feed formulations. It is also a key feed grain used by commercial feed processors and domestic dairy farms. Feed accounts for approximately 70 percent of broiler-meat production costs.

MY 2020/21 total corn consumption is estimated at approximately 3.9 MMT, down by approximately 13 percent from USDA's official estimate of 4.3 MMT. This is mainly due to the availability of subsidized barley, which is used by local livestock feed processors in place of corn. Local livestock feed processors replace corn with barley when prices are cheaper, and mills are producing at nearly 60 percent of their targeted production levels.

Corn consumption by feed processors is projected to reach approximately 4.2 MMT in MY 2021/22 because of expected higher demand for processed feed by traditional livestock producers as domestic barley price increases due to liberation of barley trade and discontinuation of the government barley subsidy program. Demand for corn and processed feed is expected to increase sharply if the government stops subsidizing imported barley this marketing year.

Industrial Use

MEFSCO is a joint venture of ARASCO and Cargill that manufactures starch-based products for the Saudi market and the MENA region. MEFSCO's plant produces starches, sweeteners, glucose, high fructose corn syrups and other food processing ingredients for confectioneries, juices, and bakeries. Based in Al-Kharj, MEFSCO depends on imported corn. The company crushes approximately 150,000 MT of corn annually and is not expected to increase production this year as it faces competitively priced

starches, sweeteners, and other related food processing ingredients, mainly from Latin American suppliers.

Trade

In January 2020, the Saudi government stopped providing direct per MT corn import subsidies to importers to purchase corn from international markets. However, it still provides up to $187 million, annually, as a direct production-based subsidy to the poultry industry of which approximately $112 million is used to purchase corn from local corn importers or directly from the international market.

In MY 2019/20, corn imports hit a record high because:

1. Some Saudi feed millers, with advance information about the government's intention to end import subsides on feed corn, reportedly increased their corn imports in the first three months of the marketing year.
2. Companies used the government's import subsidy of $120.53 per MT on yellow corn to increase their stocks.
3. Importers purchased more corn early in 2020 in response to a potential trade shutdown due the COVID-19 pandemic.

As a result of earlier purchases in 2020, MY 2020/21 Saudi corn imports are expected to decline in comparison since companies are currently using higher stocks for feed purposes.

It is expected that the COVID-19 vaccination campaign will contribute to the continued supply of corn in the international market. Total corn imports are projected to reach 4.2 MMT in MY 2021/22 due to an increase in demand by animal feed processors seeking alternatives to barley imports. Meanwhile, Saudi corn imports in MY 2020/21 is forecast at 3.8 MMT, a reduction of approximately 16 percent compared to 4.5 MMT imported last MY.

Available data from supplying countries indicates that Saudi Arabian corn imports for the first four months of the current marketing year (Oct 19 – Jan 21) was approximately 741,000 MMT, down by 38 percent from imports in the same period last year.

Reporter	**Saudi Corn Imports - First Four Months of MY2020**	
	Oct/19-Jan/20	Oct/20-Jan/21
Argentina	717,850	261,583
Brazil	203,413	274,280
United States	147,055	187,391

Paraguay	133,945	14,393
Other countries	971	3164
Total	1,203,234	740,811

Source: TDM

Brazil was the largest exporter of corn to the Kingdom in the first four months of MY 2020, and it accounted for 37 percent of total Saudi corn imports. Brazil exported more than 274,280 MT, an increase of nearly 71,000 MT. Argentina was the second largest exporter of feed corn to Saudi Arabia during the same period with a market share of 35 percent. However, exports were down by approximately 64 percent from the same period last year. The United States was the third largest exporter and exports increased by 40,336 MT. Saudi corn importers prefer Latin American corn when supplies are good, and prices are competitive to U.S. corn. The main reason for the preference is less breakage, and Saudi importers feel that this is due to different drying methods. According to various end-users, broken corn is more susceptible to mold and creates dust.

Saudi Corn Imports in MT According to TDM

Exporter	Oct/20-Jan/21	Market Share	Oct/19-Jan/20	Market Share
Brazil	274,280	37%	203,413	17%
Argentina	261,583	35%	717,850	60%
United States	187,391	25%	147,055	12%
Paraguay	14,393	2%	133,945	11%
Other	3164	0%	971	0%
Total	740,811	100%	1,203,234	100%

Stocks

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

Distillers Dried Grains with Solubles (DDGS), Corn Gluten Feed (CGF) and Residues - HS code 2303

In MY 2019/20, Saudi Arabia imported 68,746 MT of DDGS, CGF and other residues. This is a decrease of approximately 33 percent compared to the previous year. Ukraine exported 32,998 MT,

accounting for 48 percent total exports to the Kingdom, but exports were down by 30 percent compared to a year earlier. The United States was the second largest supplier of DDGS to Saudi Arabia with 24,650 MT, an increase of nearly 77 percent over last year. Egypt was the third largest supplier in this category with 10,994 MT, a decrease of 73 percent compared to last the MY year.

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

1. Dairy farmers, which import and use it for dairy rations when prices are competitive to that of corn. The dairy sector is the main user of DDGS in Saudi Arabia and use DDGS to reduce production costs while achieving higher milk production.
2. Local feed processors, which use DDGS as a source of fiber in their feed formulation to replace fiber sources, such as hulls and straw. Demand for DDGS in this industry materializes if its price is comparable to that of other fiber sources.

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

Reporter	**DDGS, CGF and other Residues Grouped Under HS code 2303**			
	Oct 2018 - Sep /2019	Market share	Oct 2019- Sep /2018	Market share
Ukraine	47,258	46%	32,998	48%
United States	14,770	14%	24,650	36%
Egypt	40,741	40%	10,944	16%
Other	99	0%	154	0%
Total	102,869	100%	68,746	100%

Production, Supply and Demand Data Statistics:

Corn	2019/2020		2020/2021		2021/2022	
Market Year Begins	Oct 2019		Oct 2020		Oct 2021	
Saudi Arabia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	15	2	15	2	0	2
Beginning Stocks (1000 MT)	651	651	957	1318	0	1068
Production (1000 MT)	89	15	85	15	0	15

MY Imports (1000 MT)	4517	4517	4300	3800	0	4200
TY Imports (1000 MT)	4517	4517	4300	3800	0	4200
TY Imp. from U.S. (1000 MT)	855	0	0	0	0	0
Total Supply (1000 MT)	5257	5183	5342	5133	0	5283
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Feed and Residual (1000 MT)	4100	3700	4200	3900	0	4200
FSI Consumption (1000 MT)	200	165	200	165	0	165
Total Consumption (1000 MT)	4300	3865	4400	4065	0	4365
Ending Stocks (1000 MT)	957	1318	942	1068	0	918
Total Distribution (1000 MT)	5257	5183	5342	5133	0	5283
Yield (MT/HA)	5.9333	7.5	5.6667	7.5	0	7.5

(1000 HA), (1000 MT), (MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Corn begins in October for all countries. TY 2021/2022 = October 2021 - September 2022

RICE

Production

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

Consumption

Saudi rice consumption in MY 2019/20 is estimated at approximately 1.2 MMT, a decrease of approximately 20 percent compared to USDA's official estimate of 1.5 MMT. The official USDA estimate was based on higher total imports and a lower stock level. Major rice importers keep stocks equal to at least a six months' consumption level. SAGO, which is also in charge of the Saudi food security issues, estimated that the Kingdom consumed 1.2 MMT of rice in 2020. The organization does not forecast rice consumption to increase this year as no major population increase is expected due to the continued ban on tourism to control the spread of COVID-19. In 2020 and early 2021, several times, the

Kingdom limited the number of attendees at restaurants, cinemas, and special events to only 10 participants. On most occasions, restaurants were only open for takeaway orders.

Currently, it is unclear when Umrah pilgrims can visit Saudi Arabia. In 2019, approximately 12 million foreigners visited the Kingdom for Umrah rituals, and on average, they spent nearly two weeks in Saudi Arabia. As for Hajj rituals, there were an estimated two million foreigners in 2019, but only 1,000 foreigners visited Saudi Arabia for Hajj in 2020.

Promoting religious tourism is one of the Saudi government's key economic diversification initiatives, and they initially expected the number of Umrah visitors to reach 15 million by the end of 2020. Massive ongoing expansion projects at the two holy mosques in Makkah and Medina, as well as other infrastructure projects, are near completion. The number of visitors is projected to reach 30 million by 2030. To support this objective, the Saudi government has commenced issuing Umrah visas all year around except for a few weeks during Hajj season.

Post's projection for MY 2021/22 assumes that COVID-19 restrictions will be lifted, and normal business travel will resume. As a result, Post anticipates an increase in rice consumption of approximately four percent to 1.25 MMT.

Rice is a staple food in Saudi Arabia that is served for lunch and dinner. A traditional dish called *kabsah* is widely consumed in Saudi homes, and nearly all Saudis include rice as a major part of their daily diet. Most of the 12 million expatriates living in Saudi Arabia (from the Indian subcontinent and other Asian countries) are also large consumers of rice. In 2019, the Saudi population was estimated at approximately 34 million with a per capita rice consumption of approximately 35 kg. Rice consumption has not been increasing significantly in the Kingdom in recent years as consumers continue to opt for bread, pasta, and vegetables.

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

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

Trade

Private companies freely import rice into Saudi Arabia. However, in recent years, SAGO has implemented strategies with major rice importers to assure adequate rice reserves are kept at their warehouses. Rice does not face a tariff and is not subsidized. Most major Saudi rice importers purchase

the new Indian rice crop by December each year and complete their imports by June. Meanwhile, imports from other countries, such as the United States, lasts throughout the year.

MY 2020/21 Saudi rice imports are estimated at 1.3 MMT, down by approximately 20 percent from last year's estimated imports of 1.63 MMT and 13 percent less than the official USDA estimate of 1.5 MMT for this marketing year. This is due to reduced panic purchases caused by the COVID-19 pandemic. Total Saudi rice imports are projected to increase by approximately four percent in MY 2021/22 due to an expected increase in tourism in 2021. Recently, the country made it mandatory for future Umrah and Hajj pilgrims to have COVID–19 inoculation certificates to obtain Saudi visas. This requirement is expected to apply to any visitor traveling to Saudi Arabia, and it could reduce the number of pilgrims coming to the rituals from developing countries.

India continued to dominate the Saudi rice market in MY 2019/20 (Jan-Dec 2020), and it exported 1.3 MMT of rice to Saudi Arabia. This accounted for 79 percent of the Kingdom's rice imports, and India's exports increased by approximately 343,000 MT. With eight percent of the market, Pakistan remained the second largest rice exporter to Saudi Arabia, but only slightly increased exports last year. Pakistani Basmati rice is known for its superior quality and should remain integral in the Saudi market for years to come.

Meanwhile, the United States was the third largest exporter of rice to Saudi Arabia with seven percent of the market. In MY 2019/20, U.S. rice exports were 116,005 MT, an increase of approximately 14 percent from the previous year, and due mainly to panic buying by the private sector. Last year, the government loosened the import requirements and increased loans by local banks to encourage Saudi importers to purchase more rice for its food security needs. Saudi importers indicated that U.S. rice supplies were good, and prices were reasonable. Currently, U.S. rice is facing some relatively new challenges from Brazil, China, and some EU countries (Portugal, and Italy). Continued price competitiveness and significant marketing activities will be needed to maintain and increase U.S. market share in Saudi Arabia.

Saudi Rice Imports in MT				
	MY2018/19 (Jan-Dec 2019)		MY2019/20 (Jan-Dec 2020)	
Origin	Quantity Per Saudi Customs	Market Share	Quantity Per TDM Data and OAA Riyadh Estimates	Market Share
India	942,342	74%	1,284,929	79%
Pakistan	128,913	10%	130,000	8%
United States	101,492	8%	116,005	7%
Thailand	40,463	3%	30,366	2%
Vietnam	26,650	2%	30,000	2%
Australia	13,248	1%	7,000	0%
Brazil	10,642	1%	8,859	1%
Bangladesh	2,151	0%	5,000	0%
EU	1,543	0%	8,849	1%

Other	624	0%	9000	1%
Total	**1,272,266**	100%	**1,630,008**	100%

Source: Saudi Customs, TDM and OAA Riyadh Estimates

Stocks

There are no government maintained strategic rice reserves. However, SAGO encourages local rice importers to maintain a strategic stock level of approximately 10 months consumption or 1 MMT. As a result, major rice importers hold several months of strategic stocks in their warehouses. A strategic stock of more than six months of non-basmati rice is usually kept by most major rice importers to assure that all commitments to customers (e.g., catering companies, the food service industry, and retailers) are met without any interruptions. The ageing requirement of basmati rice increases the stock level to up to ten months. Overall, it is the practice of nearly all major Saudi importers to maintain several months of rice reserves, and it is also not unusual for individual households to store several kgs of basmati rice for ageing purposes aimed at increasing the quality of rice. Post anticipates the demand for rice to remain strong for several reasons:

- rice is a staple food,
- the country does not produce rice,
- the need to maintain high-strategic stock reserves, and
- an expected high demand when regular travel to the Kingdom resumes post COVID–19.

Competition

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

Production, Supply and Demand Data Statistics:

Rice, Milled Market Year Begins Saudi Arabia	2019/2020 Jan 2019		2020/2021 Jan 2020		2021/2022 Jan 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	0	0	0	0	0	0
Beginning Stocks (1000 MT)	220	220	350	650	0	700
Milled Production (1000 MT)	0	0	0	0	0	0
Rough Production (1000 MT)	0	0	0	0	0	0
Milling Rate (.9999) (1000 MT)	0	0	0	0	0	0
MY Imports (1000 MT)	1630	1630	1500	1300	0	1350
TY Imports (1000 MT)	1630	1630	1500	1300	0	0
TY Imp. from U.S. (1000 MT)	116	116	0	0	0	0
Total Supply (1000 MT)	1850	1850	1850	1950	0	2050

MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Consumption and Residual (1000 MT)	1500	1200	1510	1200	0	1250
Ending Stocks (1000 MT)	350	650	340	700	0	800
Total Distribution (1000 MT)	1850	1850	1850	1900	0	2050
Yield (Rough) (MT/HA)	0	0	0	0	0	0
(1000 HA), (1000 MT), (MT/HA) MY = Marketing Year, begins with the month listed at the top of each column TY = Trade Year, which for Rice, milled begins in January for all countries. TY 2021/2022 = Jan 2022 - Dec 2022						

Attachments:

No Attachments