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Saudi Wheat Imports Rise as Local Production Declines

Report Categories:

Grain and Feed

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Report Highlights:

On June 3, Saudi Arabia announced that it has purchased a total of 525,000 MT of wheat with seller's option from the EU, Australia, North and South America. According to tender's results, delivery of 410,000 MT of hard wheat and 115,000 MT of soft wheat will take place between September and October 2013 at Jeddah and Dammam seaports. With this purchase, Saudi wheat import shipments for Jan-Oct. 2013 will reach 1.750 million MT, compared to 2.212 Million MT imported for the entire CY 2012. It is projected that Saudi imports of milling wheat in CY 2013 would reach 2.5 Million MT, an increase of 13 percent over the previous year. Meanwhile, Saudi wheat production continues to decline as the Saudi government enforces its policy to phase out domestic wheat production by 2016. According to official estimates, Saudi wheat production for MY 2013/14 is projected to decline to 600,000 MT, compared to 780,000 MT in MY 2012/13.

On June 3, 2013, the Saudi Grain Silos and Flour Mills Organization (GSFMO) announced that it has purchased a total of 525,000 MT of milling wheat from Toepfer International Co., with seller's option from the European Union, Australia, North and South America. According to the tender's results, Toepfer will deliver 410,000 MT of hard wheat with minimum protein content of 12.5 percent, and 115,000 MT of soft wheat with a minimum protein content of 11 percent, to the main Saudi seaports in Jeddah and Dammam. Delivery will take place between September and October 2013. It is reported that the average import price for the hard wheat was \$306.25 per MT, while the average import price for the soft wheat was \$301.97 per MT. It should be noted that Saudi Arabia started to import soft wheat varieties for the first time in March 2013.

This latest wheat purchase by the GSFMO is the second import tender announced this calendar year, following a purchase made in March 2013 of 575,000 MT (465,000 MT of hard wheat and 110,000 MT of soft wheat) for delivery during July-August 2013. This brings the total wheat quantity contracted by the GSFMO for the period January-October 2013 to 1.750 million MT, compared to a total of 2.212 million MT imported in the entire CY 2012. According to the GSFMO, Saudi Arabia is expected to import about 2.5 million MT of milling wheat in CY 2013, an increase of 13 percent over total wheat imports in the previous year.

It should be noted that the continuing growth in Saudi Arabia's wheat imports is directly correlated to the decline in domestic wheat planted area and production, as the Saudi government continues to strictly enforce its policy to phase out wheat production by 2016. Local wheat production in MY 2013/14 is projected be about 600,000 MT, a decline of 23 percent compared to the production level of 780,000 MT in MY 2012/13.