

Exporting Agri-Food Products to Saudi Arabia

A Guide for Lebanese Businesses

AGRI-FOOD TRENDS AND MARKET OPPORTUNITIES

Home to almost 60% of the Gulf Cooperation Council (GCC)'s population and accounting for 80% of the region's cultivable land, the Kingdom of Saudi Arabia (KSA) is the largest food producer and consumer in the region (Source: GCC Food Industry, Alpen Capital, 2019). The country has witnessed in recent years a series of socio-economic changes that have fundamentally shifted consumer preferences, setting new trends for consumer behavior. An increasingly diversified economy driven by the Vision 2030, a large and growing young population, with more than half of the population being under 25 years old, estimated to reach 40 million by 2025, rising income levels coupled with the fact that Saudis spend around 27% of their net income on food, a stronger-than-ever participation of women in the workforce, and rapid urbanization are all factors that have led to a continuously growing market for high-end packaged and processed food products in Saudi Arabia (Source: Saudi Arabia Retail Foods, United States Department of Agriculture Foreign Agricultural Service, 2019), (Source: Saudi Arabia Food Processing Ingredients, United States Department of Agriculture Foreign Agricultural Service, 2018).

Furthermore, the growing expatriate population, exceeding 10 million people, coupled with an expanding religious tourism sector (expected to grow at a rate of 3.7% until 2029) have generated an increasing demand for international and culturally diverse food products (Source: KSA Ministry of Tourism, 2021). All these factors combined have made the country increasingly savvy for foreign food supplies to meet the growing demand of the local population (Source: The Food and Beverage Market Entry Handbook, Saudi Arabia, European Union, 2017).

Products with high growth potential

Better-for-you-products:

The increase incidence of illnesses such as obesity and diabetes along with increased government spending on healthcare have led to a widespread health awareness among Saudi consumers, hence driving the demand for healthier products like whole-wheat based products, quinoa, reduced-sugar, gluten-free and other organic produce (Source: The Food and Beverage Market Entry Handbook, Saudi Arabia, European Union, 2017).

Non-alcoholic beverages:

Saudi Arabia is the largest consumer of beverages in the region with beverages and water mostly imported from France and China.(Source: Food Safety Governance in Saudi Arabia,, Journal of Food Science, 2021) The country has been witnessing an increasing demand for drinks such as non-alcoholic beer, especially among young Saudi consumers who find it an appealing alternative to alcohol beverages (Source: The Food and Beverage Market Entry Handbook, Saudi Arabia, European Union, 2017).

What does Saudi Arabia import? And from where?

Despite the Saudi government's efforts to increase local food production, KSA still imports more than 80% of its food needs (Source: ITC Trade Map, 2020).

The top imported agri-food products in 2020 based on ITC data include:

- **Dairy produce** – accounting for 22% of total imported agri-food products. These were mainly imported from New Zealand (18%), Denmark (11%) and the United Arab Emirates (9%). Imports of dairy products stood at USD 2.2 billion and were mainly dominated by milk and cream imports (40%).
- **Preparations of cereals, flour, starch and milk** – accounting for 15% of total imported agri-food products. These were mainly imported from United Arab Emirates (10%), France (9%) and Spain (8%) Imports of cereals, flours, starch and milk products stood at USD 1.5 billion with malt extract preparations and bread, biscuits and pastry imports accounting for the majority of total imports of the category (43% each).
- **Miscellaneous edible preparations** – accounting for 14% of total imported agri-food products. These were mainly imported from Ireland (20%), the United Arab Emirates (12%) and the United States (10%). Imports of edible preparation stood at USD 1.3 billion, with food preparations accounting for the majority of imports (57%), followed by sauces and prepared condiments (15%).

Saudi Arabia – Lebanon Trade

Saudi Arabia is the number one destination for Lebanese agri-food exports (Source: Agri-Food Industry 2020 Factbook, IDAL, 2020).

In 2020, based on Lebanese Customs data, the top exported Lebanese products to KSA were:

- Prepared vegetables, fruits and nuts mainly “mouneh” products (71%).
- Animal or vegetal fats and oils (10%).
- Beverages, spirits, and vinegar (6%).
- Sugar and sugar confectionary (5%).
- Miscellaneous edible preparations (4%).

Based on the International Trade Center (ITC) data, key promising agri-food products with the greatest export potential to the Saudi market :

- Chocolate, cocoa, and sugar confectionery.
- Nuts and seeds.
- Preserved/prepared vegetables.
- Dried oranges and prepared food.

MARKET ENTRY AND DISTRIBUTION CHANNELS

The import and distribution of foreign products to Saudi Arabia requires a local partner. Succeeding in entering the market greatly depends on dealing with the right partner, agent or importer (Source: Saudi Arabia Retail Foods, United States Department of Agriculture Foreign Agricultural Service, 2019).

Main Supermarket Chains

One way of entering the market is through direct exporting and contracting with a large retailer in the country. Today, Saudi Arabia is witnessing strong growth in its modern retail sector (mainly hypermarkets and supermarkets) while traditional retail outlets are diminishing. In 2019, total retail sales of packaged food were estimated at nearly USD 20 billion, 41% of which were generated through modern retail channels. Major food retailers across the country are Panda Retail Company, the largest retailer with 230 outlets, Othaim Supermarket Chain, a leading player in the Saudi market, BinDawood Holding or Danube supermarkets, Farm Superstores, Al Raya Supermarkets, Tamimi Supermarkets, LuLu Hyper/Supermarkets, and Carrefour, the subsidiary of Majid Al Futtaim of UAE (Source: Saudi Arabia Retail Foods, United States Department of Agriculture Foreign Agricultural Service, 2019).

E-commerce Trends

E-commerce is another avenue to explore to enter the Saudi market. E-commerce for food and drinks, especially fresh food, has been rapidly developing in Saudi Arabia, as more people are buying their products through websites and applications. Saudi Arabia has become among the 25th largest markets for eCommerce, placing it ahead of Thailand and other developed economies. [With an increase of 34% from 2019](#), the Saudi Arabian e-commerce market contributed to the worldwide e-commerce growth rate in 2020. This structural shift is also fueled by the increasing number of Saudi working women. Online platforms like Souq, Talabat, Wadi, Bindawood and Nana Direct have been providing consumers with a vast range of cost-effectively priced products (Source: Food and Drinks E-commerce in Saudi Arabia, Euromonitor International, 2020). The trend intensified after Covid-19 broke out, as online grocery sales have dramatically risen with the creation of numerous online delivery applications. Additionally, supermarkets and hypermarkets have decided to be massively present on social media, as a means to launch new products and promote offers (Source: Saudi Arabia Retail Foods, United States Department of Agriculture Foreign Agricultural Service, 2019).

Practical tips to find buyers

- Make sure to attend major Saudi food fairs and exhibitions (e.g. [Saudi Horeca](#) or [Saudi Food Expo](#)) to meet market players and buyers, and learn about the existing products and competition.
- Network and meet potential partners and buyers through the [Lebanese Saudi Business Council](#).
- Contact one of the chambers in Saudi Arabia such as the one in [Riyadh](#) or [Jeddah](#) to list your services and find new buyers.
- Make sure to check [SAGIA's website](#) to support you in setting up your business in Saudi and help you identify industry opportunities and potential partners.
- Contact the [Ministry of Commerce](#) to help you find potential importers and distributors.

- Create a profile on [ITC Trade Map](#) and find a list of buyers by products and sectors in specific countries. This service is available for free for users from Lebanon.
- Try to find Lebanese executives in leading food importing and distribution companies in Saudi Arabia and contact them to pitch your company's profile and products. LinkedIn would be a good place to start to find such executives.
- Contact existing importers and distributors of Lebanese food brands in Saudi Arabia to introduce them to your products and discuss potential collaboration opportunities, such as [UCCM](#) (United Company for Central Markets).
- Engage with [social media influencers](#) and specifically with [food bloggers](#) to build your brand profile in Saudi Arabia.
- Take advantage of Ramadan's season or any other major event happening in Saudi Arabia (such as the yearly Hajj season) to introduce your brand to the market.
- Plan your market entry between September and April, as many expats, including senior managers and key decision makers, are outside the country during summer.

LEGAL REQUIREMENTS AND STANDARDS

Food safety standards and regulations in Saudi Arabia are mainly based on the Codex Alimentarius (the Codex Alimentarius is a collection of internationally adopted food standards and related texts aimed at protecting consumers' health and ensuring fair practices in the food trade) as well as the European and US standards but are adapted to country-specific conditions including religious norms of Saudi Arabia and the GCC region (Source: Food Safety Governance in Saudi Arabia, Journal of Food Science, 2020).

These regulations and standards are set regionally by the [GCC Standardization Organization](#) (GSO) and domestically by the [Saudi Standards Metrology and Quality Organization](#) (SASO). [The Saudi Food and Drug Authority](#) (SFDA) is the government agency in charge of implementing these standards and regulations.

All products entering Saudi Arabia are regulated by the GCC Common Customs Law. While the [Ministry of Commerce and Investment](#) (MCI) assists SFDA at the border control to ensure that imported food products are in line with national and regional standards, Saudi customs supervise the control of documents related to the imported food and the importer.

Since 2011, SFDA has been drafting in collaboration with SASO and relevant ministries a new unified food law that renews existing inspection policies and applies international standards as per the World Trade Organization (WTO) membership requirements, like the Sanitary and Phytosanitary (SPS) Agreement (Source: Food Safety Governance in Saudi Arabia, Journal of Food Science, 2020).

After SASO has launched an online platform called Saber to facilitate the entry of imported products into the market, and with the already existing Saudi Customs' online portal offering a variety of services for importers, the Saudi government has decided to unify these platforms by setting up a single electronic program for importers, referred to as Fasah. The system eases and centralizes the process of clearance and inspection of imported goods, by exchanging the necessary data among Saudi Customs, SFDA, MCI

and other related ministries (Source: Food Safety Governance in Saudi Arabia, Journal of Food Science, 2020).

Import Documentation

When you are exporting agri-food products to Saudi Arabia, you need the following documents for custom clearance:

- Certificate of Origin issued by the Chamber of Commerce and legalized by the Ministry of Foreign Affairs and the Kuwaiti Embassy in Lebanon.
- Original commercial invoice (in triplicate) attested by the Chamber of Commerce, and which must state the country of origin, name of the carrier, brand and quantity of goods, and description of the goods including weight and value.
- A bill of lading or airway bill.
- Pre-approval from Ministry of Economy and Trade for certain products that were subject to government subsidies.
- Insurance documents, if shipments are sent CIF.
- Halal certificate for meat-based products.
- Packing list.
- Health certificate issued by the Ministry of Agriculture.
- Phytosanitary certificate for plant-based products such as fresh fruits and vegetables issued by Ministry of Agriculture.
- Certificate of Free Sale for novel food issued by the Ministry of Agriculture.

It is important to note that imported food and beverages products need first to be registered with the Saudi Food and Drug Authority (SFDA) before being shipped to the country. Your buyer/importer should be able to help you in the registration of your products.

Labelling Requirements

- Labels pertaining to warnings and safety instructions must be in Arabic or in Arabic and English.
- The country of origin (CoO).
- Containers must be labeled in metric measurements.
- All fresh meat and poultry products must be labeled with the production and expiration dates, metric weight, the necessary storage temperature or range of temperatures, and attestation that the product meets Halal slaughtering requirements.
- Processed meat and poultry products labels must include net weight, a list of ingredients in descending order of weight, and name and address of the manufacturer and packer, and must identify any pork components, including lard.
- Prepackaged foods are subject to the Gulf Cooperation Council standard GSO 9/2013, "Labeling of Prepackaged Food Stuff."
- Plastic containers used to package food products must be labeled with the type of plastic material used; the weight, capacity, number, or dimensions of the container; statement of food grade; purpose; directions for use; and applicable warnings.

FREE TRADE AGREEMENTS AND RULES OF ORIGIN

Lebanon enjoys favorable export terms with Saudi Arabia, through the Greater Arab Free Trade Area (GAFTA) agreement, by which Lebanese agriculture and industrial products including agri-food

products enter the country customs duty-free, hence boosting their competitiveness in the Saudi market (Source: Agri-Food Industry 2020 Factbook, IDAL, 2020). However, it is important to learn about the rules of origin, as not all goods produced in Lebanon benefit from the agreement. To become qualified, products must be fully produced in Lebanon with 100% of raw material from Lebanon, or at least 40% of the value added of the product must be locally sourced. For more information, it is best to contact the [Ministry of Economy and Trade](#).

In order to benefit from the custom exemptions under the GAFTA agreement, exporters need to submit a certificate of origin that is issued by the Chamber of Commerce, Industry and Agriculture in Lebanon and authenticated by the Ministry of Foreign Affairs as well as the Ministry of Agriculture and Ministry of Industry. You can check the [export guide](#) developed by the Ministry of Economy and Trade to understand the paperwork needed to issue the certificate.

TRANSPORT AND LOGISTICS INFRASTRUCTURE

The transportation and logistics infrastructure in Saudi Arabia is undergoing massive investments to upgrade and expand it to be able to support the achievement of the objectives of the Saudi Vision 2030.

Air transportation

In terms of air transportation, the kingdom currently has [46 airports, 10 of which are international](#). The biggest and busiest airports are King Abdulaziz International Airport in Jeddah, King Khaled International Airport in Riyadh and King Fahd International Airport in Ad Dammam. The government is working on upgrading existing airports and constructing new ones, with the objective to drive the overall air cargo capacity from around 0.8 million tons/year in 2019 to 6 million tons/year in 2030. Saudi Arabian Airlines (Saudia) is the main and largest airline, followed by Flynas (Source: Saudi Arabia – Country Commercial Guide, International Trade Administration, Department of Commerce, 2019).

Sea Transportation

Similarly, the Kingdom is massively investing in its seaports in order to raise their capacity, with USD 8 billion allocated by the Saudi Ports Authority for this purpose. The major commercial and industrial ports serving KSA are Jeddah Islamic Port, King Abdulaziz General Port, King Fahd Industrial Port in Jubail, King Fahd Industrial Port in Yanbu, Yanbu Commercial Port, Jubail Commercial Port, Dhiba Port, Jazan Port, and Ras Al-Khair Port (Source: Saudi Arabia – Country Commercial Guide, International Trade Administration, Department of Commerce, 2019).

Land Transportation

Saudi Arabia has an advanced road network that links the country to its neighboring countries through modern highways and causeways. In addition, Saudi Arabia is one of the few Arab countries that has a railway network that allows easy cargo transportation between the country's main container ports. [Saudi Arabia shares border crossings with several countries](#). Three borders' crossings are shared with Jordan (Haql – Al Haditha – Hallat Ammar), two borders with Kuwait (Al Nawasib – Al-Salmi), one with Qatar (Salwa), one with the United Arab Emirates (Batha), five with Yemen (Tuwal – Al Khadhra – Al Wadeeah – Al Kharkhir – Alb Al Hadood), one with Oman (Ramlat Khaliya), two with Iraq (Rafhah – Arar), and one with Bahrain (King Fahd Causeway).

Disclaimer

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