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**Prepared By:** Hussein Mousa

**Approved By:** Chris Frederick

**Report Highlights:**

Saudi Arabia is the dominant market in the Middle East region and offers export opportunities for U.S. exporters of bulk commodities and consumer-oriented products. Despite impediments to trade, including burdensome export facility registration requirements along with halal-related restrictions on meat and poultry, U.S. food products are well-positioned to meet Saudi Arabia's changing dietary habits and food security needs. The Saudi Arabia Exporter Guide provides practical tips for U.S. exporters on how to conduct business in the Kingdom.

Executive Summary:

Saudi Arabia is one of the wealthiest countries in the world. In 2024, the 'country's GDP exceeded \$1.11 trillion, positioning the country as the 15th largest economy in the world and the most influential economy in the Middle East. Saudi Arabia is currently the largest exporter of petroleum in the world and depends on imports to meet 70 percent of its food demands.

Consumer-Oriented Agricultural Imports:

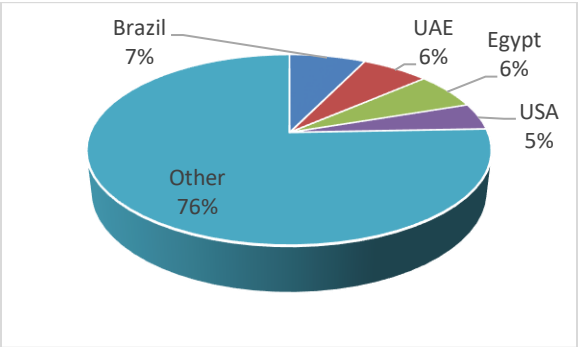


Chart 1: Top Exporting Countries to Saudi Arabia

Food Retail Industry:

Saudi 'Arabia's food retail sales reached approximately \$59 billion in 2024 and are expected to grow approximately 4 percent in 2025. The significant growth in the domestic retail food sector has been a major incentive for continued expansion of major retailers in the county such as: LuLu, Tamimi, Panda, Danube and Othaim. Together, the five chains represent more than 80 percent of retail revenues.

Food Processing Industry:

Saudi 'Arabia's food industry is comprised of 1,300 registered companies; approximately 80 percent of them are large companies with more than 100 employees. Food processing sales are a major focus in the domestic market and account for more than 75 percent of overall revenue. Total investment in this sector is estimated at \$60 billion.

Food Service Industry:

Saudi 'Arabia's food service sales reached \$29 billion in 2024 and are expected to grow approximately 8 percent annually over the next few years driven by demand from labor camps, tourists, and religious visitors.

Quick Facts CY 2024

**Imports of Consumer-Oriented Products** (US \$15.6 billion-as of 2024)

**List of Top 10 Growth Products in Saudi Arabia**

- 1) Processed Meat & Seafood
- 2) Baby Food
- 3) Baked Goods
- 4) Ice Cream & Frozen Treats
- 5) Breakfast Cereals
- 6) Processed Fruits & Veggies
- 7) Ready Meals
- 8) Savory Snacks
- 9) Fruit Pie Fillings
- 10) Beverages/mocktails

**Food Industry by Channels (in 000 million USD)**

Retail Food Industry	\$58
Food Service-HRI	\$29
Food Processing	\$60
Food & Agricultural Exports	\$1.4

**Top 10 Saudi Retailers**

- 1) Panda
- 2) Othaim
- 3) Tamimi
- 4) LuLu
- 5) Danube
- 6) Farms
- 7) Bin Dawood
- 8) Carrefour Saudi Arabia
- 9) Manel
- 10) Nesto

**GDP/Population**

Population (millions): 33.10

GDP (trillion USD): 1.11

GDP per capita (USD): 27,680

Sources: World Trade Atlas

Strengths/Weaknesses/Opportunities/Threats

Strengths	Weaknesses
<div>-Well-established market with modern distribution channels.</div> <div>- Dependent on food imports and U.S. food is considered high-quality</div>	<div>- Freight costs from the United States are higher than competitors</div>
Opportunities	Threats
<div>-Retail, food service and food processing sectors are growing</div>	<div>-High level of competition from export-focused competitors</div>

## SECTION I. MARKET SUMMARY

### Business Environment

Domestically, the Kingdom is investing in several **mega-construction projects** with a combined value exceeding \$1.5 trillion. These projects are central to economic diversification efforts and are expected to deliver long-term benefits. Notable examples include [Neom](#), a futuristic, fully automated business hub linking Jordan and Egypt, and the [Red Sea Project](#), a multibillion-dollar luxury resort development along the Red Sea coast.

Saudi Arabia remains the 'world's largest producer and exporter of petroleum. However, to reduce dependence on oil, the government has launched a broad range of economic reforms to enhance non-oil revenues and economic stability. These include issuing more tourist visas, investing in tourism infrastructure, and easing social restrictions—such as opening cinemas and hosting international music events. Additionally, the government has reduced subsidies and implemented a 15 percent value-added tax (VAT) on all goods and services.

With a GDP of \$1.11 trillion, Saudi Arabia has the largest economy in the MENA region. The population stands at 33.1 million, with a per capita income of \$27,680. High disposable income and a strong consumer spending tendency are supported by a low unemployment rate (5%), low annual inflation (below 2%), and minimal food price inflation (less than 1%). Online grocery shopping and food delivery services are thriving, and consumer demand is shifting toward healthier food options, particularly beverages and snacks.

Saudi Arabia imports more than \$20 billion of food and agricultural products annually, with the United States accounting for around 5% of that total. The country's growing population, expanding food retail and processing sectors, and rapidly developing food service industry—driven by the growth in tourism, labor camps, and religious pilgrimage traffic to Makkah and Madina—contribute to increasing demand. The Kingdom currently relies on imports to meet about 70% of its food security needs, and this reliance is expected to continue due to ongoing growth in the food service and hospitality sectors.

**Table 1 – Major Advantages and Challenges in the Saudi Market**

Advantages	Challenges
The U.S. is considered a supplier of quality food products.	The price competitiveness of local products and imports from EU, Brazil, Turkey, New Zealand, and Asian countries has impacted the U.S. market share.
Saudi Riyadh (SR) is pegged to the U.S. dollar at the rate of \$1 to 3.75 SR and historically favors U.S. exporters.	Freight costs from the U.S. are higher than those from European and Asian export competitors.
High per-capita income and purchasing power has increased demand for healthier/organic food products.	Local importers prefer to initiate business deals with small orders, conditions many U.S. exporters are unwilling or able to meet.
Hypermarkets have become popular destinations for shopping as well as family outings.	Saudi Arabia maintains dual date labeling system (production and expiration) for all food products.
The U.S. is recognized among the business community as a reliable supplier.	High markups, listing and other fees that major retailers charge significantly increase the cost of launching new products in the Saudi market.
Government regulations and awareness campaigns drive Saudis to choose healthier food products.	Some food retailers return products that are not sold by the expiration date and seek full refunds as a result.
An increasing number of pilgrims and tourists come to Saudi Arabia every year, creating demand for food products that target institutional customers.	There is a general lack of brand awareness and loyalty by most of Saudi consumers.
The more than 12 million expats that live and work in Saudi Arabia create a strong demand for diversified and ethnic food imports.	Negative consumer attitude towards food containing or made from biotech products.
Saudi retail outlets are well equipped to carry all types of food products, including fresh as well as frozen items.	Some consumers perceive U.S. food products as promoting a relatively unhealthy lifestyle.
Major retail chains are constantly looking for new-to-market U.S. products.	The Saudi Food and Drug Authority (SFDA) has been issuing new regulations and standards at a rapid pace, closing the market for several products.

## SECTION II. EXPORTER BUSINESS TIPS

### A. Local Business Customs

There are several food importers throughout Saudi Arabia and approximately 20 account for the bulk of food imports from the United States. Below are the ways food products are imported to Saudi Arabia.

1. **Private labels:** Some large Saudi importers and supermarket chains pack food under their own brand in foreign countries. These firms have developed private labels, which appeal to Saudis and expatriates in the Kingdom. For example, a jar of U.S. peanut butter can be marketed in Saudi Arabia under several different labels: an established U.S. brand such as Smucker's, AFFCO, or American Garden; or a Saudi private label like 'Goody's and Freshly.
2. **Agency Agreements:** Some importers are agents of major U.S. manufacturers of national brands (e.g., Kellogg's, Campbell Soup, and Florida Natural Fresh Juices). The Saudi importer will help build the brand but will request support from the U.S. company. The U.S. manufacturer usually also offers promotional and marketing assistance.
3. **Consolidation:** Some companies import a wide range of food products for mass distribution, employing consolidators in the United States. Often, consolidators are sole regional agents of major U.S. manufacturers, or brand owners, covering the entire Middle East and African regions. Most U.S.-based consolidators assist Saudi food importers by sourcing products from wholesalers (e.g., C&S Wholesale Grocers, 'Sam's Club, and Costco Wholesale) and provide services such as placing Arabic stickers over labels. (Current Saudi regulations allow U.S. suppliers to place an Arabic language sticker on the original English language label.) The stickers translate key ingredients and product information into Arabic and is typically performed by U.S. consolidators as most manufacturers consider it a laborious task. Most U.S. consolidators are based in port cities with large wholesalers like Houston, Miami, and New York.
4. **Direct Imports by Hypermarkets\Supermarkets:** Saudi based hypermarkets and major supermarket chains import part of their food products directly from suppliers. For example, the LuLu Hypermarket Group works with a U.S. sourcing company (Y International) based in Lyndhurst, New Jersey, and California that is expanding to Texas in a year or two. The company sources and exports most of its U.S. food products and consumer goods to LuLu stores in the GCC, Asia and Egypt.

However, Saudi importers constantly search for new products and often request support from suppliers for promotion and advertising. The Saudi consumer is discriminating, closely examining labels and looking for the best deal. Advertising is considered a necessity to win Saudi consumers. For example, "two-for-one deals" are very popular in large supermarkets and are often used to move items approaching their expiration dates. As a result, most major Saudi supermarkets have introduced category management and eliminated slow moving products request listing fees ranging from \$267 - \$17,067 per stock keeping unit (SKU) from local distributors.

The bigger the distributor, the more power to negotiate a lower listing fee. In addition to listing fees, distributors are asked to: provide a specified percentage rebate on total annual turnover, contribute to advertising campaigns, carry out store merchandizing activities seven days a week, provide payment terms of at least 60 days, rent gondolas, and provide reimbursement for expired items. Distributors frequently authorize retailers to make special offers to consumers (i.e., buy one, get one free); especially for products with 60 days or less of remaining shelf life. Hypermarkets and supermarkets depend heavily on merchandising services offered by importers and distributors.

## **B. General Consumer Tastes Preferences**

Saudi Arabia is a growing market for high-value food products, and consumers have an affinity for new food products, which benefits new-to-market U.S. foods. Ready-to-eat foods, home meal replacements, fast food and "take-away" foods are increasingly popular with the younger Saudi population. The approximately 13 million expatriates who live and work in Saudi Arabia also create demand for ethnic foods.

The high prevalence of obesity and diabetes in the country is driving healthier food options. Government regulations and awareness campaigns a Saudis to opt for healthier foods, which the United States has many respected brands. Demand for natural, diabetic, organic, and better-for-you products (e.g., low sodium, sugar-free, high in fiber, or added vitamins) is growing. While supermarkets/hypermarkets are increasing the selection of these foods, mini market-sized specialized health stores are also being established.

In the past two decades, Saudi Arabia has experienced rapid socio-cultural changes caused by a fast-growing economy. Higher disposable income allowed Saudis to travel to the West for education and tourism, and to learn more about western food and culture. The rapid expansion of Western-style retail outlets (supermarkets and hypermarkets) and fast-food restaurants has changed Saudi consumer tastes and preferences. An increasing number of Saudis look for high-quality foods and are willing to pay more, and as a result, most major retail outlets are selling cooked meals, marinated meat, ready-to-go salads, and frozen pizza to meet the growing demand for prepared foods.

One of the noticeable trends in the Kingdom has been the decline in 'consumers' preference for canned food products in favor of fresh or frozen food items. An exception to this statement is the continued popularity of canned beans and tuna. In general, frozen foods are perceived by consumers as being of better quality than canned foods.

An increasing number of women and changing lifestyles are entering the workforce and driving the demand for prepared foods. 'Women's participation in the workplace has risen from 15 percent to over 40 percent in less than a decade. The Saudi 'government's decision in June 2018 to allow women in Saudi Arabia to drive also increased the demand in the food service sector for prepared food options. Dining at restaurants, going out for coffee, and ordering food for lunch are growing trends among Saudi women. Meanwhile, eating out on the weekends has been very popular among both Saudi and expatriate families the past several years.

Some U.S. fast food and casual dining chains and some local fast-food chains import part of their supplies from the United States, this includes Applebee's, Burger King, Chili's, Fuddruckers, Herfy, KFC, Kudu, McDonald's, Sizzler, and TGI Fridays. Large catering companies, especially those serving Western expatriates, also buy a portion of their food items directly from the United States.

Saudi Arabia and the other GCC countries allow the importation of biotech food products if products containing more than one percent genetically engineered content are labeled. U.S. biotech animal feeds, such as yellow corn and soybean meal, are freely imported. Even though Saudi Arabia has allowed the importation of biotech-packed consumer products since 2001, no packaged foods with biotech labeling have been imported. High-value food importers in Saudi do not typically import food products with biotech labels as they are concerned these products could jeopardize their image.

### **C. Payment Method**

Most Saudi food importers are financially sound and usually do not default on payments. However, it is recommended that new-to-market exporters ask a prospective importer for an irrevocable letter of credit until they build a close working relationship. Once both parties build mutual trust, they should seek other payment alternatives to reduce transaction costs.

## **SECTION III. IMPORT FOOD STANDARDS/REGULATIONS & IMPORT PROCEDURES**

### **Import Food Standards & Regulations**

The Saudi Food and Drug Authority (SFDA) is the only Saudi government entity that sets and enforces food products regulations and standards. It is also the main agency that conducts inspections of imported food products at ports of entry to determine if they meet established Saudi and/or GCC Standardization Organization (GSO) standards. The SFDA strictly enforces Saudi and GSO food import regulations, standards, and circulars; particularly those related to halal, allowable limits for food additives, and labeling requirements. [This link](#) provides general and product specific information on SFDA food products import requirements. The Ministry of Environment, Water, and Agriculture (MEWA) inspects imports of live animals, such as lobsters and horses.

Some of SFDA's regulations are incompatible with U.S. regulations or costly to enforce or implement. For example, the ban on animal protein in animal feed and on the use of poultry stunning/immobilization has been problematic. [This link](#) leads to recently published FAS GAIN Reports on FAS 'Riyadh's Food and Agricultural Import Regulations and Standards (FAIRS) Report as well as reports on Export Certificates. These reports discuss detailed information on Saudi food regulations and certification requirements.

Meanwhile, [this link](#) takes you to an SFDA compiled list of approved, food, seafood and agricultural products technical regulations and standard specifications implemented in Saudi Arabia. The Saudi technical regulations and standards can be purchased from 'SFDA's [regulations store](#).

### **Import Procedures**

Imported food products, including food ingredients used in food processing, must obtain preapproval, and be registered with SFDA. Registration of imported food products is the responsibility of local importers or agents. Each importer or agent is required to open an E-Account and set up an individual user name and password at 'SFDA's Operations Sector at [E-Services](#). Once the E-Account is created, importers can upload information about their products, including the harmonized code (HS Code), bar code, item code, and listed ingredients in English and Arabic, a picture of each product, and a copy of the product label. The label must contain all information required by the GSO under regulation number GSO 9:2013 "Labeling of Prepackaged Food Stuff."

Individual importers are required to register all food products they intend to import even if all the products were already registered by another importer. The electronic registration is free of charge and there is no expiration date for registration. However, importers are required to re-register their products when there are changes in product formulations or labels. (Please note: SFDA will not allow the importation of food products that are not registered in its E-Account database.)

### **Documents Generally Required for Imported Agricultural and Related Products**

In general, a commercial invoice, a bill of lading, a country-of-origin declaration, a certificate of weight, and a packing list should accompany official certificates. For a more extensive list of documents that are needed, please review FAS 'Riyadh's "Export Certificate Report", at the following [link](#).

### **Import Tariffs on Food/Agricultural Products**

According to Saudi Customs, a clear majority of food products are subject to a five percent import duty ([Saudi Customs](#)) while selected processed food products are assessed higher import duties. To protect local production and food processors from competitively priced imports, Saudi Arabia ties import duties to the level of local production of similar products. Generally, a maximum import tariff rate of 40 percent ad-valorem is applied when local food or agricultural product production exceeds a self-sufficiency level. A 40 percent import duty rate applies to fresh, dried/processed dates while a 25 percent duty applies to wheat flour. Meanwhile, poultry imports face a mixed tariff; 25 percent or SAR 1.00 (\$0.267) per kilogram, whichever is higher. Ad valorem duties are levied on the CIF value.

Imports of rice, baby milk and animal feed (barley, corn, rice, sorghum, and soybean meal, etc.) coffee, tea and fresh red meat enter the country duty-free. Saudi Arabia has no tariff rate quota, but in April 2017, the country began levying a 50 percent excise tax on soft drinks and a 100 percent tax on cigarettes, tobacco products, and energy drinks.

On December 1, 2019, the Saudi General Authority of Zakat and Income Tax (GAZT) started collecting a 50 percent selective tax on sugary drinks in the local market. GAZT defined sugary drinks "as any product in which any source of sugar or other sweeteners is added, to be taken as a drink, whether ready for drinking, or in the form of a liquid concentrate, powder, gel, extract, or any form that can be converted into a drink."

## **SECTION IV. MARKET SECTOR STRUCTURE AND TRENDS**

In a normal economic situation, the hotel, restaurant and institutional (HRI) sector as well as the retail and food processing sector present great opportunities for U.S. exporters. Which sector to enter first depends on U.S. companies set up. However, for some first to market exporters, entering the retail sector could be a wise decision to get brand recognition and lay foundation to create demand by HRI sector.

- **Food Retail Sector:** In 2023, total retail sales in Saudi Arabia were estimated at more than \$59 billion. Of that amount, 55 percent was generated through traditional grocery stores and 45 percent through modern retail channels. Revenue in traditional retail channels has been declining due to rapid expansion of hypermarkets and supermarkets. The retail sector is expected to continue to expand with the creation of more urban centers. Online food purchases and deliveries have been increasing trends that created significant employment opportunities.



- **HRI Sector:** The HRI sector was expanding prior to COVID-19. However, the pandemic devastated the fine dining restaurant sector for several years, but the sector is fully recovered and thriving. In 2024, the HRI sector's total revenue was approximately \$29 billion, and is projected to grow approximately 10 percent annually over the next few years. The HRI sector depends on imported food products to meet approximately 70 percent of its ingredient needs. The expanding cloud kitchens and online food ordering/delivery services have reduced foot traffic in restaurants, forcing closure of some outlets.
- **Food Production Sector:** Saudi Arabia's local food processing is significant. Current available data indicates that in 2023 the country imported more than \$4 billion worth of intermediate food products, with the United States supplying approximately 12 percent. The Saudi government provides various incentives for the expansion of the local food processing industry to improve food security. As such, the prospect for increased expansion of the domestic food processing industry should increase the demand for food ingredients. The total investment in this sector is estimated at \$60 billion, and its output is estimated at \$30 billion.

## V. BEST PROSPECTS

Total Saudi food import data show an upward trend in the following products: healthier food options (fruits, tree nuts, diet foods, natural and organic products, etc.), beef, mocktails, beverage ingredients, non-alcoholic beer, high quality fish (salmon and black cod) seafood, snack foods and various dairy products. [This link](#) provides data on U.S. Exports of Agricultural & Related Products to Saudi Arabia over the past five years.

## IV. KEY CONTACTS AND FURTHER INFORMATION

FAS Riyadh maintains an extensive network of food and agricultural contacts and can provide lists of relevant Saudi food and agricultural product importers to U.S. exporters upon request. U.S. suppliers can also contact post for matchmaking services with prospective importers, assistance resolving issues clearing consignments of U.S. food and agricultural products, or for more information on the Saudi market and import regulations. FAS Riyadh also covers Bahrain and Yemen.

### 1. Post Coordinates

Office of Agricultural Affairs, American Embassy

Tel: 966-11-835-4351

Internet E-Mail Address: [Agriyadh@usda.gov](mailto:Agriyadh@usda.gov)

### 2. OAA Riyadh Reports

OAA Riyadh reports on the Saudi food industry can be found at [this link](#).

### Attachments:

### Attachments:

No Attachments