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Saudi Arabia

The Saudi Market for Non-Alcoholic Beer

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THE SAUDI MARKET FOR NON-ALCOHOLIC BEER**OVERVIEW:**

Alcoholic beverages are strictly prohibited in the Kingdom of Saudi Arabia, yet the market for non-alcoholic beer is thriving. Soft drinks account for about 25 percent of the total beverage market in the Kingdom, with tea being the principal beverage consumed. Trade sources estimate that non-alcoholic beer accounts for about 2 percent of the soft drink market, pegged at \$700 million.

The Saudi government has placed restrictions on advertisement and promotion of non-alcoholic beverages, which puts importers and distributors at a disadvantage compared to say, Coca Cola and PepsiCo, which both produce and distribute in the Kingdom. Nevertheless, imports of non-alcoholic beer have grown steadily since 1993.

Trade sources claim there were over 30 brands of non-alcoholic beer sold in Saudi Arabia in 1994. Currently this number appears to have declined. During a recent survey by the U.S. Agricultural Trade Office (ATO), 17 different brands of non-alcoholic beer from 8 different countries were identified in 3 Class A supermarkets in Jeddah. Only one of the brands was from the United States. Nevertheless, many Saudi companies have expressed an interest in buying from the United States.

MARKET SIZE, CONSUMPTION, AND DISTRIBUTION:

Based on Saudi import statistics, Saudi Arabia consumed over 13 million kilograms of non-alcoholic beer in 1996, with a CF import value close to \$9 million. Production or filling of non-alcoholic beer is strictly prohibited in Saudi Arabia, hence the market is 100 percent dependent on imports.

Saudis and ex-patriates are both consumers of non-alcoholic beer. Sources indicate that Filipinos, Egyptians, and Westerners are among the principal ex-patriate consumers.

The majority, about 80 percent, of importing companies distribute as well, directly to supermarkets, corner grocery stores, food service institutions, and hotels.

SUPPLIERS AND BRANDS:

According to official import statistics, the United Kingdom has been the dominant supplier of non-alcoholic beer to Saudi Arabia since 1993, with "Barbican" as its main brand. Switzerland held a 30 percent import market share in 1995, with Mousey as its principal brand. 1996 import data reflects a severe drop in Swiss market share, however, some private traders doubt Saudi Customs data, indicating that Mousey is still a market leader.

The Binazgr Company is the importer of Mousey and the Al Aujan Company is the importer of Mousey. The Egyptian brand, "Phiroze" was recently introduced and has made a substantial impact on the market, according to sources. Other brands found in Saudi Arabia and their corresponding importers are listed in the appendix.

PACKAGING AND SHELF LIFE:

According to traders, about 70 percent of non-alcoholic beer found in the Saudi market is packaged in bottles, the balance cans. Managers of supermarkets indicate that some suppliers have introduced flavoring to non-alcoholic beer, such as lime or orange, but have failed to win popular support among consumers.

The Saudi Arabian Standards Organization (SASO) has set a shelf life for carbonated beverages, including non-alcoholic beer as follows:

Metallic containers: 9 months
Glass bottles: 12 months

All cans must be stamped with a production date and an expiration date in the country of origin.

Saudi Standard 702/1993 (Gulf Standard 150/1993), entitled Expiration Periods of Food Products - Part I provides requirements and expiration periods for food products sold in Saudi Arabia. The coordinates of SASO are as follows:

Saudi Arabian Standards Organization
P.O. Box 3437
Riyadh 11471
Kingdom of Saudi Arabia
Tel: 966-1-452-0035/0070/0000
Fax: 966-1-452-0167

PRICES:

Despite a wide range of brands from several countries, prices tend to be relatively uniform. According to trade sources, the wholesale price of a case (24 bottles, each 330 ml) averages between US \$10.00 and \$11.00.

Retail prices also are fairly uniform. Most individual cans sell for 2 Saudi Riyals per can or bottle, or US\$0.53. The price of a 24 case (cans or bottles) ranges between 37 SR and 45 SR (3.75 Sr equals 1 U.S. dollar).

MARKET OPPORTUNITIES:

Trade sources believe the market for non-alcoholic beer will only increase, given the growing population (3.75 annual growth rate) and increased Saudi exposure with other cultures. This beverage offers an alternative taste to traditional soft drink beverages and is gaining a strong foot hold in the market. All major supermarkets contain a non-alcoholic beer section. Many traders have expressed an interest in sourcing more brands from the United States. A list of principal importers is provided in Appendix 2.

TABLE 1

Non Alcoholic Beer: Import Statistics: Value in thousands of US \$

YEAR	TOTAL VALUE	UNITED STATES
1992	7,968	405
1993	3,812	643
1994	6,841	502
1995	8,196	198
1996	8,876	172
1997(est)	9,320	175
1998(est)	9,970	195

Source: Saudi Arabian Import Statistics - Ministry of Finance

Estimates by U.S. Agricultural Trade Office/Riyadh

TABLE 2

Major exporters of Non Alcoholic beer to Saudi Arabia (value of exports in thousand US\$)

COUNTRY	1992	1993	1994	1995	1996
Phillippines	1,985	1,127	850	650	742
Australia	185	90	228	616	609
U.S.A.	405	643	502	198	172
Switzerland	2,863	553	987	2,425	394
Germany	86	116	292	290	431
Holland	307	205	228	730	483
England	1,898	571	3,268	2,800	5,218
Turkey	177	259	299	106	0
Egypt	0	219	97	245	521
Others	122	29	90	136	306*

*Others include Ireland and Oman, both of which began exporting to Saudi Arabia in 1996.

Source: Saudi Arabian Import Statistics - Ministry of Finance

APPENDIX 1

Range of brands of Non-Alcoholic beer found in three Class A supermarkets in Jeddah

BRAND	ORIGIN	PACKAGING	IMPORTER
Bavaria	Holland	Bottle	Al Amoudi Co.
Stella	Holland	Bottle	Abdul Elah Maghribi
Classe Royale	Holland	Bottle	Omar Saeed Bafail
Hollander	Holland	Bottle	Al Bahrawi Corp
Orangeboon	Holland	Bottle/Can	ARCOMA
Colt	Holland	Bottle/Can	Modern Coml. Mkt.
Holstein	Germany	Bottle/Can	Health Water Co.
Clausthaler	Germany	Bottle	Quraishi Industry
Buckler	Germany	Bottle/Can	Basamh Mkt. Co.
Kaliber	Ireland	Bottle	Tamer Foods
Barbican	England	Bottle/Can	Al Aujan
Mousey	Switzerland	Bottle/Can	Binzager Company
Birell	Switzerland	Bottle	Islam Coml. Center
San Miguel	Phillippines	Bottle/Can	Otaishan Co.
Swan	Australia	Bottle/Can	Arabian Food Sply.
EFES	Turkey	Bottle	Al Areef Est.
Phiroze	Egypt	Bottle	Abdul Elah Maghribi
Schlitz	U.S.	Bottle/Can	Int'l Food & Cons

Source: Visits to 3 A class supermarkets in Jeddah by ATO staff in Jeddah

APPENDIX 2**List of Importers and distributors of Non Alcoholic Beer in Saudi Arabia**

Al Bahsain Trading Co.

Tel: 966-3-894-2192

Fax: 966-3-895-1542

Abdullah Al Otaishan Co.

Tel: 966-3-826-7649

Fax: 966-3-826-7648

Al Quraishi Marketing

Tel: 966-2-670-0053

Fax: 966-2-672-0676

Arabian Food Supplies

Tel: 966-2-651-4284

Fax: 966-2-651-2856

Abdul Wahab Aujan & Brothers

Tel: 966-2-637-9040

Fax: 966-2-637-9185

Binzager Company

Tel: 966-2-647-4388

Fax: 966-2-647-5856

Bahrawi Trading Co.

Tel: 966-2-665-2441

Fax: 966-2-665-2464

Int'l Food & Cons. Goods Co.

Tel: 966-2-662-2450

Fax: 966-2-662-2195

Islam Commercial Ent.

Tel: 966-2-688-5282

Fax: 966-2-680-9445

Al Areef Establishment

Tel: 966-2-637-2866

Fax: 966-2-637-2866

Saudi Healthy Water Co.

Tel: 966-1-403-3300

Fax: 966-1-490-0153

Tamer (Foodds Division)

Tel: 966-2-643-5600

Fax: 966-2-643-9834

Health Water Company

Tel: 966-2-680-8064

Fax: 966-2-688-2345

Quraishi Industry Co.

Tel: 966-2-653-2441

Fax: 966-2-653-5016

Al Amoudi for Beverages

Tel: 966-2-682-1071

Omar Saeed Bafail Est.

Tel: 966-2-637-4702

Fax: 966-2-682-1407

Fax: 966-2-637-1679

Basamh Marketing
Tel: 966-2-660-4512
Fax: 966-2-667-1028

ARCOMA
Tel: 966-2-644-4212
Fax: 966-2-642-0975

The list was compiled by the U.S. Agricultural Trade Office/Jeddah and represents the majority of non-alcoholic beer imported in the Kingdom. Some importers may have been inadvertently excluded.