

Full Length Research Paper

Economic Analysis of the Competitiveness of Saudi Arabian Dates in International Trade

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Accepted 7 November, 2025

The Kingdom of Saudi Arabia is among the leading producers of quality dates where the per capita consumption of dates is highest in the world. We studied the global markets in terms of date importing and date exporting countries. Among the five groups of importing countries, the first group comprised of European Union, North America, Australia and New Zealand, group two comprised of Eastern Europe, Turkey and Russia, group three of the Gulf countries in the Middle-East including the States of Bahrain, Qatar, UAE and Kuwait, group four of the Arab States of Jordan, Syria, Morocco, Lebanon and Yemen while the fifth group from South Asia comprised of India, Bangladesh and Sri Lanka. The date exporting countries were categorized into three groups namely, the first group being USA, Mexico, South Africa and Israel, the second comprising of Egypt, Iran, Pakistan, Saudi Arabia, UAE, Iraq and Oman while the third group of exporting countries being Tunisia and Algeria. We calculated the average price of dates for each of the groups of importing and exporting countries and studied the status of Saudi Arabian dates in the global markets and their suitability for exports. Five potential strengths of Saudi Arabian dates were identified that may be used either individually or collectively to strengthen the exports of dates from the Kingdom in each of the five date importing groups of countries where we also determined the potential market opportunities.

Key words: Dates, Saudi Arabia, exports, imports, global markets, strengths, opportunities.

INTRODUCTION

The date palm (*Phoenix dactylifera* L.) is one of the oldest fruit trees of the world and is closely associated with the life of the people in the Middle East including the Kingdom of Saudi Arabia since ancient times. In the Middle-East, date palm was cultivated at least since 6000 BC (Al-Qarawi et al., 2003). The Arab countries of the Middle-East and North Africa account for 60% of the world's production where 800 different kinds of date cultivars are reported to be grown (Mikki, 1998; Al-Afifi and Al-Badawi, 1998). Worldwide, 2000 or more date cultivars are known to exist (Ali-Mohamed and Khamis, 2004). Saudi Arabia has a rich diversity of about 400 date cultivars (Anonymous, 2006). The date fruit is a good source of food, providing fibre, carbohydrates, minerals

and vitamins (Baloch et al., 2006; Al-Farsi et al., 2005). With an estimated 25 million date palms covering approximately, 72% of the total area under permanent crops, the Kingdom of Saudi Arabia produces nearly a million tones of dates annually with a good potential for exporting the surplus produce (Anonymous, 2006).

Some studies showed that the Kingdom occupies the first rank in the world in terms of average per capita consumption of dates per year, which reached 34.8 kg/year in 2003 (Food Agriculture Organization of the United Nations, the site of base consumption data, 2003). In view of the increasing cultivation and surplus date production in the Kingdom, there is an emphasis on exports (Al-Abbad et al., 2011). The Kingdom exports dates to France, Germany and India with Tunisia, Algeria and Israel, being the potential competitors for exports of Saudi Arabian dates. Recently, Al-Abdoulhadi et al. (2011) studied the fruit quality norms in three major Saudi

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Table 1. Estimates on the imports of dates in five groups of date importing countries.

Importing countries	Quantity (tons)	Value (USD)	Price/kg(USD)
Group 1			
European Community	87 332	222 949	2.55
North America	17 251	27 714	1.61
Australia and New Zealand	8 153	12 463	1.53
Total	112 736	263 126	2.33
Group 2			
Russia and Eastern Europe	27 036	19 559	0.72
Turkey	13 092	6 874	0.53
Total	40 128	26 433	0.66
Group 3			
Bahrain	571	524	0.92
Kuwait	1 831	3 089	1.69
Qatar	2 243	2 995	1.34
UAE	12 266	14 654	1.19
Southeast Asia	34 561	38 255	1.11
Total	51 472	59 517	1.16
Group 4			
Jordan	8 534	7 242	0.85
Lebanon	5 130	4 702	0.92
Morocco	50 473	43 524	0.86
Syria	11 274	4 979	0.44
Yemen	13 136	6 462	0.49
Total	88 547	66 909	0.76
Group 5			
South Asia (India, Bangladesh, Sri Lanka)	294 333	84 587	0.29

Arabian date cultivars so as to boost export of dates from the Kingdom, besides protecting the identity of the cultivars studied.

We studied the position of Saudi Arabian dates in international markets based on an analysis of demand in importing countries and classification of these countries into groups with a relatively uniform need of dates. Besides, identifying new international market outlets for Saudi Arabian dates, we also determined potential strengths (trumps) of Saudi Arabian dates to enhance the exports of dates from the Kingdom in the importing groups of countries where we also determined the potential market opportunities (attractions).

MATERIALS AND METHODS

Work on this aspect is mainly based on statistical data published on official websites such as FAOSTAT (<http://faostat.fao.org>). The approach was to analyse the volumes and prices of imported and exported dates, determine the level of consumption and position of Saudi dates in the international market. As regards imports,

importing countries were divided into five groups. The classification criteria are based on prices, volumes and varieties of dates. The quantities of dates imported and exported with value and unit price are presented in Tables 1 and 2, respectively. Date exporting countries were divided into three groups based on the same criteria that were applied for importing countries. Results on the status of Saudi Arabian dates in the global markets and their suitability for exports is presented and discussed below.

RESULTS

From Table 1, it is evident that countries in Group 1 comprising of the European Community, North America, Australia and New Zealand import quality dates valued at a premium price of USD 2.33 per kg. Although, countries in South Asia comprising of India, Bangladesh and Sri Lanka import the maximum quantity, these imports are mainly for low quality dates valued at a unit price of only USD 0.29 per kg. With regard to date exporting countries, it can be seen from Table 2, that countries in Group 1 comprising of Israel and date producing countries in

Table 2. Estimates on the exports of dates in three groups of date exporting countries.

Exporting countries	Quantity (Tons)	Value (USD)	Price/kg(USD)
Group 1			
Israel	9 513	52 592	5.53
South Africa	720	4 444	6.17
North America	3 573	19 208	5.38
Total	13 806	76 244	5.52
Group 2			
Egypt	4 707	3 014	0.64
Iran	242 092	83 083	0.34
Saudi Arabia	48 762	40 529	0.83
UAE	38 691	19 988	0.52
Pakistan	104 090	38 271	0.37
Iraq	37 063	9 532	0.26
Oman	9 368	5 687	0.61
Total	484 773	200 104	0.41
Group 3			
Algeria	25 039	23 140	0.92
Tunisia	68 856	164 759	2.39
Total	93 895	187 899	2.00

South Africa and North America get the highest unit price of USD 5.52, followed by Group 3 where the main date producing countries of the Maghreb region in North Africa including Algeria and Tunisia, whose exports fetch a unit price of USD 2.00 per kg. Saudi Arabia exports only 48,762 tons of dates annually valued at a unit price of USD 0.83 per kg.

To position Saudi Arabian dates on the international market, the approach used was based on an analysis of demand in importing countries and classification of these countries into groups with a relatively uniform need of dates (as has been applied earlier). This classification in groups is as follows:

G1: European Community, North America, Australia and New Zealand

G2: Eastern Europe, Russia and Turkey

G3: The Gulf and South East Asia

G4: Arab Countries

G5: South Asia (India and Bangladesh)

Each group is characterized by points of attractions or opportunities (needs) that can help assess the demand for dates. Those points that differ in kind and intensity from one group to another are as follows:

1. The capacity of the overall market for the purchase of dates
2. The specific capacity of the market for Saudi Dates
3. The level of competition within the market
4. The price level

5. The proportion of Muslim population in the group of countries.

In order to exploit these opportunities, the approach provides an analysis of the strengths or trumps enjoyed by Saudi dates. We therefore, studied the needs in the importing countries vis-à-vis the advantages of Saudi Arabian dates. Results on this aspect are presented in Table 3.

The world market for import of dates will in the years to come be divided into "country groups" that will measure the profitability for Saudi Arabian companies. In this context, we propose the following grouping (Table 4). From Table 5, it can be concluded that group 1 countries:

- i. Import medium quantities in comparison to world exports.
- i. These countries are not adapted to Saudi Arabian dates.
- iii. Competition level is strong (the number of "+" is inversely proportional to the increase in competition).
- iv. The proportion of Muslim population is important in relation to the total number of consumers of dates in group 1 countries.

Further, the trumps mentioned previously in this article in relation to Saudi Arabian dates and the strategic position of the global date importing markets may be used to:

- i. Enhance the exports of Saudi dates in some markets
- ii. Take a place in the most lucrative markets
- iii. Obtain high share of the market in the groups of countries with high muslim population.

Table 3. Market opportunities in date importing countries and strengths of Saudi Arabian dates.

Opportunities/ Attractions (A) of the market	Strengths/Trumps (B) of Saudi dates
The ability of the overall market to purchase dates (A1)	Existence of modern date palm plantations in the Kingdom that can control the quality of dates at the upstream and traceability (B1).
The specific capacity of the market for Saudi dates (A2)	Existence of varieties with low demand in the Saudi market that meet international market requirements (B2).
The level of competition in the market place (A3)	Possibility to upgrade the exporting packing house to be more competitive with the needs of the consumer (B3).
The price level (A4)	Capacity of companies to launch new products (value addition) on the international market (frozen dates, pastries from dates etc) (B4).
The proportion of Muslim population in this group of countries (A5)	Spiritual benefits of Saudi dates within the Muslim populations of these countries (B5).

Table 4. Date importing countries that can be potentially tapped for exports of Saudi Arabia dates.

Group	Countries
1	EU, North America and Australia
2	Eastern Europe and Russia
3	Gulf countries of the Middle East, Malaysia and Indonesia
4	Other Arab countries , Syria, Jordan and Morocco
5	Other Asia countries and India

Table 5. Attraction/Opportunity criteria (A)/competition level (+) for Saudi Arabian dates in date importing countries.

Countries**	Attraction*				
	A1	A2	A3	A4	A5
Group 1	++	+	+	++++	++
Group 2	++	+++	++	++	++
Group 3	++	++++	+++	++	++++
Group 4	++	++++	+++	+	++++
Group 5	++++	++++	+		+++

*, Attractions/Opportunities as mentioned in Table 3; **, countries as indicated in Table 4.

The scheme presented in Figure 3 depicts the strengths of Saudi Arabian dates to target markets in the five groups of date importing countries.

DISCUSSION

The Kingdom of Saudi Arabia is among the top three date producing countries of the world (<http://faostat.fao.org>) accounting for nearly 15% of the global date production. The Kingdom produces both high quality premium dates that could be potentially exported to the Group 1 date importing countries of the European Union, North America Australia and New Zealand, while also targeting

countries that prefer common date varieties that are imported in large volumes. Europe, and in particular, the European Union is a key market for date exporters. Although, the EU imports of dates represent only 10% of world imports in volume, they account for some 30% in value. This reflects the fact that import prices for dates in European Union are comparatively much higher than the world average (Liu, 2003). Our studies are in line with this report.

The exports of dates from Saudi Arabia are still low compared to the production estimated at one million tons. Figure 1 shows the evolution of exports of dates from the Kingdom, while Figure 2 depicts the average price in relation to different groups of date exporting countries,

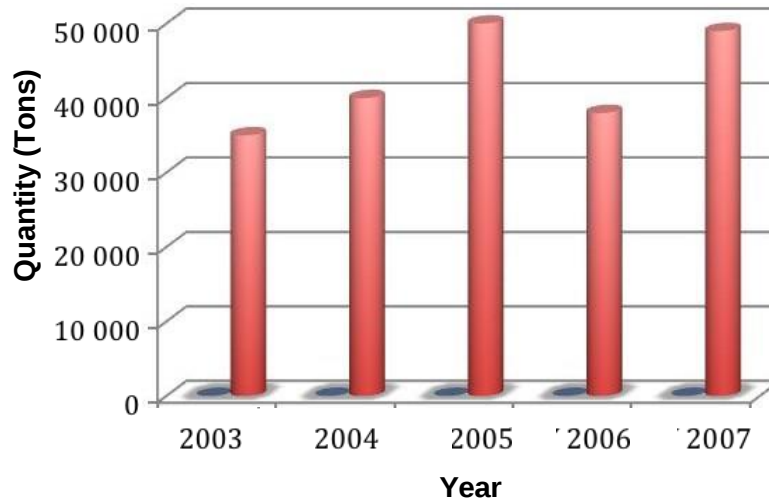


Figure 1. Export of Saudi Arabian dates (2003-2007).

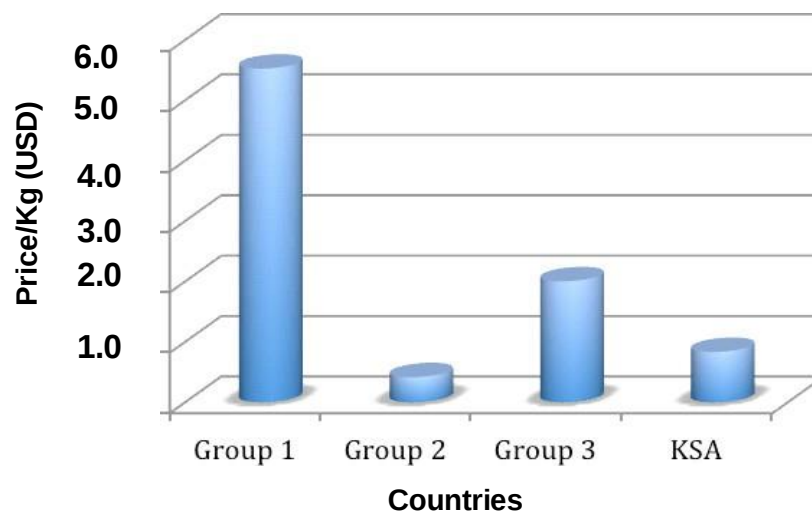


Figure 2. Position of the export price of Saudi dates in relation to different groups of date exporting countries (2003 to 2007).

based on data for the period 2003 to 2007. The Kingdom of Saudi Arabia produces a surplus of premium quality dates namely, Khalas (Al-Abdoulhadi et al., 2011) that has the potential to enhance exports to Group-I importing countries from EU, North America, Australia and New Zealand.

Botes and Zaid (2002) reported that Asia dominates the export market by far in terms of volume, but further analyses and showed that North Africa has 26% of the market in terms of value, while it represents only 8% in terms of quantity. This indicates that North Africa's strategy is to target the high value markets of Europe. With a diverse range of quality as well as, bulk dates

produced in the Kingdom, countries in Group 1 where premium quality dates are preferred as well as, countries in Group 5 where the emphasis is on volume rather than quality could be targeted for export of dates from Saudi Arabia.

Based on prices, volumes and varieties of dates, we categorised date importing and exporting countries into five and three groups, respectively. Further, five attractions or opportunities of the market in date importing countries were identified which could be exploited to enhance exports of Saudi Arabian dates based on five trumps or strengths of dates produced in the Kingdom.

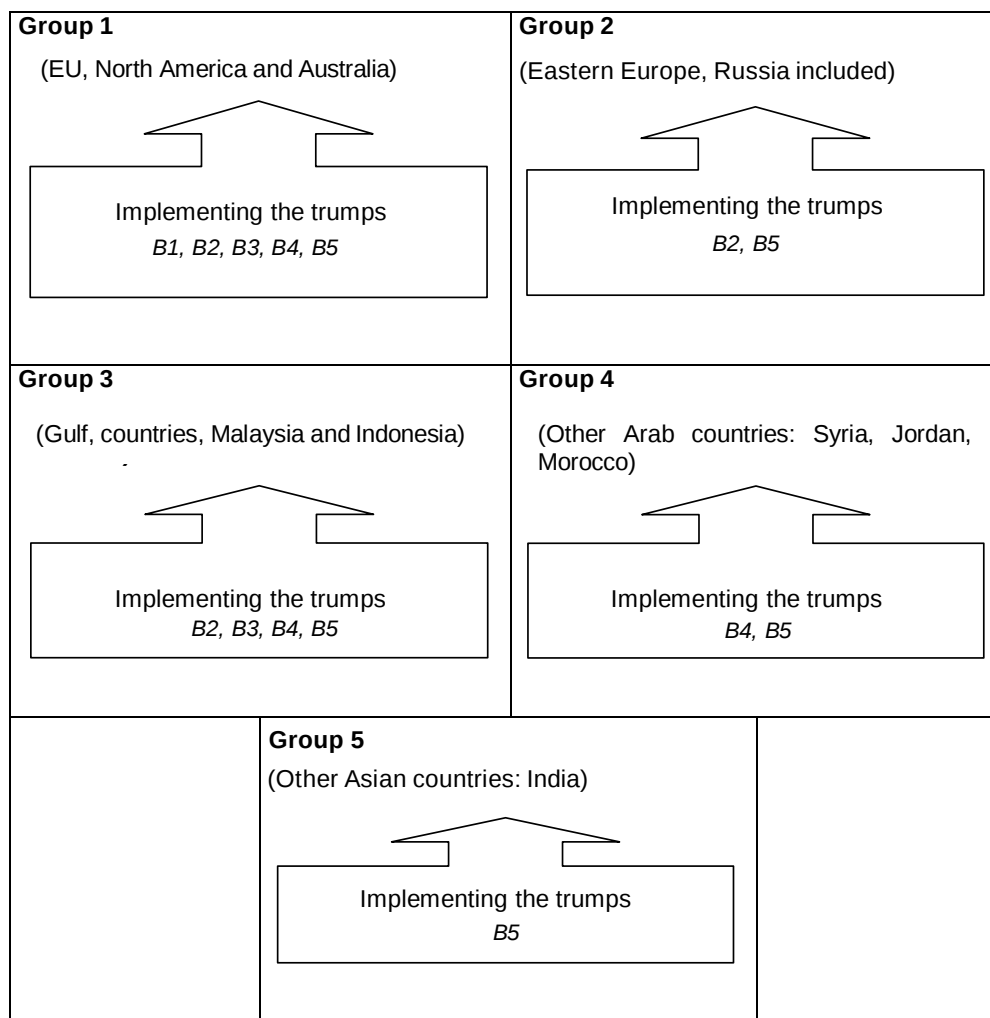


Figure 3. Trumps/ strengths of Saudi Arabian dates to be exploited in different groups of date importing countries.

ACKNOWLEDGEMENTS

The authors thank the Ministry of Agriculture, Kingdom of Saudi Arabia for providing the necessary facilities to conduct this study at the National Date Palm Research Centre (NDPRC), Al-Hassa, through the FAO funded project UTFN/SAU/015/SAU. We also wish to thank Mr. Adnan Al-Afalet Director, NDPRC and Mr. Ali Mohammed Al Jabr, Assistant Director, NDPRC for the support in carrying out the study.

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