



GIEWS Country Brief Saudi Arabia

Reference Date: 02-November-2017

FOOD SECURITY SNAPSHOT

- Phasing out of wheat production completed in 2016, green fodder to be phased out by 2019
- Cereal import requirements forecast to increase in 2017/18
- Cash transfer programme to compensate cuts in universal subsidies to be implemented in 2017

Wheat production phased out in 2016, green forage to be phased out by 2019

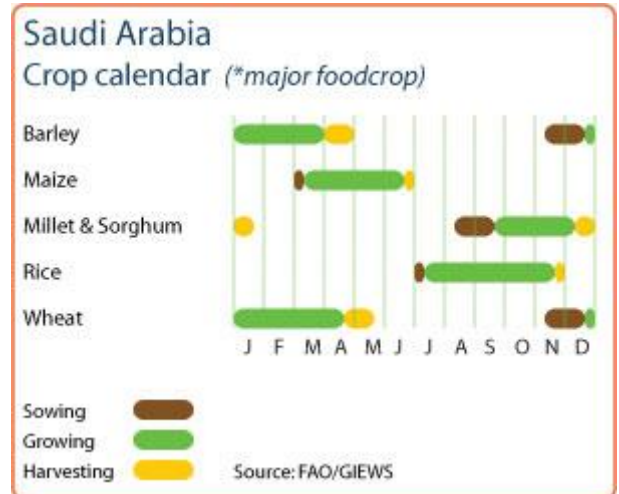
The country completely terminated its wheat cultivation by the end of the 2015/16 marketing year by gradually reducing wheat production quotas and purchase programmes for registered farmers. The measure was introduced because of the strong concern over the depletion of local water reserves, which were used to irrigate wheat production. Although no penalties were announced for farmers who continued growing wheat after 2015, State purchasing programmes are no longer in place. A small wheat crop of no more than 10 000 tonnes for traditional specialty bakery products prevails.

As some farmers have switched from wheat to forage crops, which consume more water than wheat, currently a three-year phase-out plan to terminate the local production of green fodder by 2019 is being also implemented. Farmers of phased-out crops are encouraged to engage in alternative sustainable production activities such as greenhouse farming or production of fruits and vegetables using advanced drip irrigation techniques.

In light of the decreasing domestic agricultural production and strong domestic demand for food and feed, the country is encouraging agricultural investments abroad for products to be then imported. This initiative targets wheat, rice, barley, yellow maize, soybeans and green forage.

Cereal imports to increase in 2017/18

Cereal import requirements in the 2017/18 marketing year (July/June) are early forecast at 20.5 million tonnes, about 9 percent above the previous year and 3 million tonnes above the five-year average. Imports of barley and maize, mainly used for feed, constitute the bulk of the cereal imports and are forecast at 11 million tonnes and 4.2 million tonnes, respectively. The Government has been encouraging the use of processed feed instead of raw barley with the aim to reduce barley imports by



Saudi Arabia
Cereal production

	2012-2016 average	2016	2017 forecast	change 2017/2016
	000 tonnes			percent
Wheat	411	10	10	0
Sorghum	205	265	265	0
Maize	86	80	80	0
Others	20	27	27	0
Total	721	382	382	0

Note: percentage change calculated from unrounded data.
Source: FAO/GIEWS Country Cereal Balance Sheets

1.5 million tonnes by 2020. Wheat imports are expected to remain high at 3.9 million tonnes, while rice imports are forecast at an average level of about 1.3 million tonnes.

Subsidies to be replaced by cash transfer programme

In an effort to balance its budget, the Government made first subsidy cuts in December 2015 and introduced an excise tax on selected products (such as tobacco, soft and energy drinks) in June 2017. Low and middle-income families affected by the price increases had the opportunity to register for cash transfers.

According to reports, disbursement of monthly payments averaging SAR 147 per beneficiary (equivalent to USD 40) should start in 2017, with modalities yet to be announced. As of October 2017, it was announced that the Government intends to adopt a more flexible approach to its subsidy reform and introduce subsidy cuts more gradually in order to mitigate the impact of the fiscal policy on stagnating national economy.

The overall inflation from January 2017 to September 2017 was negative, ranging between zero and 1 percent. The food price inflation recorded a decrease of 1.4 percent in September 2017, owing to strong US dollar to which the Saudi Riyal is pegged making food imports cheaper. Prices of wheat flour have not changed for over 30 years, wholesaling 1 kg of consumer packed wheat flour between USD 0.27 and USD 0.33 per kg.

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