



## GIEWS Country Brief Saudi Arabia

Reference Date: 10-January 2022

### FOOD SECURITY SNAPSHOT

- Despite lifting ban on wheat cultivation, wheat production remains below quota
- Cereal import requirements forecast at below-average level in 2021/22
- Food price inflation returns to low levels

### Despite lifting ban on wheat cultivation, wheat production remains below quota

Owing to natural and geographic conditions, crop production is limited to crops irrigated using underground water reserves. Although some areas receive rainfall, the amounts are not sufficient to grow any rainfed crops. Before the decision to phase out wheat production in 2015 following concerns over depleting aquifers, the country used to harvest, on average, about 2.5 million tonnes from 500 000 hectares. In 2018, the government reintroduced the support for wheat production to provide forage producers with an alternative crop that is less water-intensive than alfalfa, the main green fodder crop. The Saudi Grains Organization (SAGO), the monopsony purchaser of wheat, announced it would purchase up to 1.5 million tonnes of domestically produced wheat yearly until 2022/23. However, despite the high procurement price of wheat, many farmers still prefer to produce high protein alfalfa as its income per hectare is higher.

The 2021 wheat crop, harvested in May, is estimated at about 600 000 tonnes. In March 2021, the SAGO set the local procurement price at SAR 1 250/tonne (equivalent to USD 333/tonne), above the international price of USD 270/tonne (without freight) prevailing at the time. However, the price differential was erased as the new purchasing price for the 2022 wheat crop, set in December 2021 at SAR 1 440/tonne (USD 383/tonne), was similar to the international price of about USD 380/tonne.

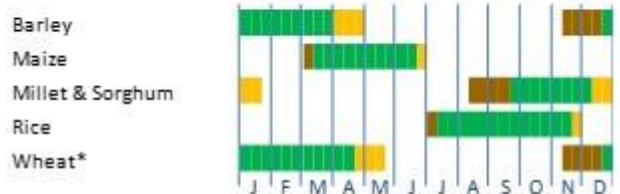
### Below-average cereal imports forecast in 2021/22

Cereal import requirements in the 2021/22 marketing year (July/June) are forecast at a below-average level of 14.5 million tonnes, slightly below the imports of the previous year. The decrease in import requirements compared to the average is mainly driven by the decline in the number of pilgrims allowed to enter the country. In August 2021, pilgrimages re-opened for vaccinated travellers, after being suspended for

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Crop Calendar

(\*major foodcrop)



Sowing  
Growing  
Harvesting

Source: FAO/GIEWS.

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#### Cereal Production

	2016-2020 average	2020	2021 estimate	change 2021/2020
	000 tonnes			percent
Sorghum	137	140	143	2.1
Wheat	129	400	600	50.0
Maize	86	85	86	1.2
Others	69	68	67	-1.5
<b>Total</b>	<b>421</b>	<b>693</b>	<b>896</b>	<b>29.3</b>

Note: percentage change calculated from unrounded data.

Source: FAO/GIEWS Country Cereal Balance Sheet.

foreigners since the start of the COVID-19 pandemic in March 2020.

Imports of barley and maize, mainly used for feed, constitute the bulk of the cereal imports and are forecast at 6.5 million tonnes and 3.5 million tonnes, respectively. Although demand for feed barley remains strong, the pace of imports in the current marketing year has been hampered by supply chain bottlenecks resulting from longer unloading times of vessels across the world. Wheat imports are expected at a slightly below-average level of 3.1 million tonnes, while rice imports are forecast at the average level of about 1.3 million tonnes. The country strives to maintain its wheat stocks equivalent to about six months of food consumption.

### Food price inflation returns to low levels

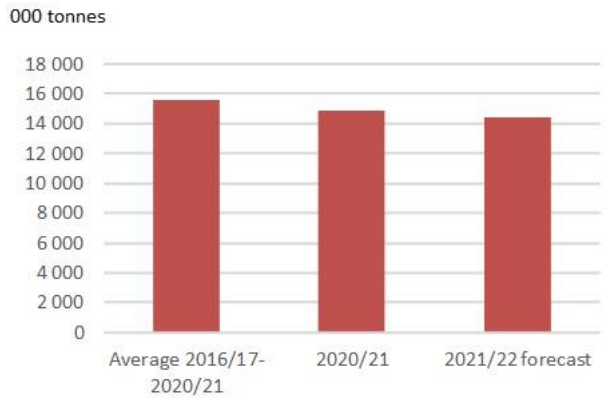
Food price inflation returned to low levels in July 2021, ranging between 1.2 and 2.4 percent in the second half of 2021 as the impact of a rise in the value added tax from 5 to 15 percent introduced in July 2020 wore off. The value added tax hike was implemented amidst low global oil prices that put pressure on the national budget. The oil sector contributes about 50 percent of the Gross domestic product (GDP) and oil revenues cover about 80 percent of country's budget expenses.

In 2020, as the measures to contain the spread of COVID-19 pandemic slowed down the economic activity across the world and compressed global oil prices, the country's GDP contracted by over 4 percent. In the third quarter of 2021, the economy grew by 6.8 percent compared to the same quarter of 2020 and by 5.8 percent compared to the second quarter of 2021, driven mostly by higher oil output as international oil prices recovered.

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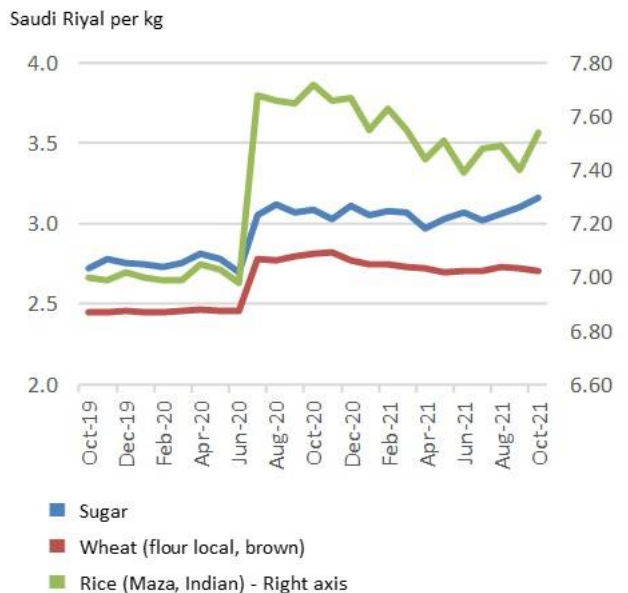
### Cereals Imports



Note: Includes rice in milled terms. Split year refers to individual crop marketing years (for rice, calendar year of second year shown).  
Source: FAO/GIEWS Country Cereal Balance Sheets.

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### Retail prices of selected food items



Source: FAO/GIEWS Food Price Monitoring and Analysis Tool.