



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
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Saudi Arabia: Food Security Strategy

MARKET INTELLIGENCE REPORT

Summary

Saudi Arabia's approach to addressing food insecurity has been two-fold; boost domestic production, while investing in its international supply chains to ensure privileged access to key commodities not produced domestically. The following is a market access report on the work being done under this plan, and the opportunities for New Zealand to offer both expertise in modern agricultural practices, as well as high quality food and beverage products.

Report

Approximately 80% of Saudi Arabia's food is imported, however domestic production has been on the rise. In September 2023, the Government announced self-sufficiency had been reached for fresh dairy products and eggs, with sufficient excess for export. The production of potatoes, poultry, tomatoes, red meat, carrots, fish, and onions has also increased.

Achieving increased levels of domestic production has been a difficult endeavour. Saudi Arabia is largely a desert environment; vulnerable to the challenges posed by water scarcity, high temperatures, soil fertility, and desertification. The Government has actively supported and encouraged the introduction of new technologies and start-ups, including:

- vertical farming;
- greenhouses;
- hydroponics;
- aquaponics; and,
- new systems designed to maximise yield.

All will be required if an arid environment is to produce enough food for Saudi Arabia's population, which is projected to reach 50 million by 2060 (currently 37 million). International forums hosted by Saudi Arabia provide the opportunity to share such products and technology with the market, most recently during the Saudi Agriculture Conference in October 2023, and the inaugural International Forum and Exhibition for Sustainable Agriculture in November 2023. Events of this nature can effectively act as a showcase for local producers and facilitate connections with possible business partners and investors.

Government subsidiaries have introduced a number of investment and loan initiatives. In June 2023, the Agricultural Development Fund (the ADF) announced the approval of 1.5 billion SAR in funding (approximately 667.6 million NZD) to support small farm production of vegetables, fish, and poultry. In September, a new initiative was launched to support farmers with land suitable for agriculture and agricultural tourism.

The ADF provides financial support in tranches, with a particular sector targeted each time. Total loans for the first half of 2023 equalled 4.2 billion SAR (approximately 1.9 billion NZD), with the aim of covering key agricultural sectors, including maize and soybeans. The ADF has previously commented to media that "signing these contracts is part of the fund's efforts to support food security and compensate for any shortage that may happen in the commodities and agricultural supplies." As of August 2023, loans

may also be approved to foreign companies and investors (those that hold a foreign investment license from the Ministry of Investment).

Concurrently, interagency cooperation continues to be encouraged and, in August, the ADF and the Saudi General Authority for Statistics signed a memorandum of cooperation, allowing for the exchange of data relevant to the ADF's activities. A memorandum of understanding was also signed with the Reef National Foundation, which aims to support sustainable rural development.

A key pillar of Saudi Arabia's food security investment efforts is the Saudi Agricultural and Livestock Investment Company (SALIC), a subsidiary of the Saudi Public Investment Fund (PIF). SALIC operates both domestically and internationally; establishing companies, entering into partnerships, and investing. The group's overall aim is to support the food security strategy, via bolstering global supply chains and protecting local access to products. Major announcements for 2023 include:

- In June 2023, SALIC acquired a 42.4% stake in the National Aquaculture Group, to support the farming of shrimp, fish, sea cucumber, and fish feed.
- In July 2023, SALIC acquired 180 million shares in Brazil's largest poultry producer, BRF.
- In September 2023, SALIC raised its stake in the National Agricultural Development Company (NADEC) from 32.46% to 38.65%.

In October 2023, SALIC's CEO and VP for International Investment visited a selection of New Zealand dairy companies in Auckland and Christchurch, in order to explore potential investment opportunities. Discussions are ongoing. Meanwhile, the Saudi market for dairy products remains attractive, New Zealand's exports have a reputation as high quality, and the country is considered a strategic partner for Saudi Arabia in this space.

While SALIC seeks international investment opportunities, the Government has canvassed partnerships around the world and brought expertise home to Saudi Arabia. This includes a three year project launched in June 2023 between the Saudi Ministry of Environment, Water, and Agriculture (MEWA), the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT), and the Food and Agriculture Organization of the United Nations (FAO). The project will reportedly focus on increasing productivity of sorghum, pearl millet, and sesame, and establishing five community seed banks. Support to farmers will also be provided via a new app, including information on digital tools.

There are significant opportunities for New Zealand businesses to assist Saudi Arabia with the Kingdom's food security goals, given New Zealand's strong experience (and reputation) on issues such as maximising production, improving the survival rate of stock animals, modern veterinary care methods, and the use of targeted computer systems to grow farming capabilities. New Zealand Trade and Enterprise (NZTE) has highlighted the important role New Zealand's dairy ingredients and honey products play in helping both

the public and private sectors achieve their local production goals. The New Zealand food and beverage brands, along with the NZTE market activation campaigns, serve to increase awareness about the nutritious food and beverage options available in New Zealand, and contribute to the Saudi Government's goal of promoting a healthy lifestyle for residents.

Increased tourism is now contributing to a higher demand for base ingredients and products to supply events, hotels, and restaurants (such as red meat, dairy products, and seafood). The trend towards healthier lifestyles has also led to interest in high quality fresh produce, snacks, and dairy products. In short, the market for high quality food and beverage products remains strong, and New Zealand remains well placed to meet it.

The New Zealand Ministry of Primary Industries (MPI) maintains a strong relationship with counterpart organisations in Saudi Arabia. New Zealand primary product exports to Saudi Arabia totalled \$950 million NZD in the year ending September 2023. New Zealand's well-established relationships and associated cooperation arrangements covering sanitary and trade matters are critical to maintaining and enhancing access to the Saudi market.

Although Saudi Arabian tariffs are relatively low (generally 5%), a Free Trade Agreement (FTA) would provide valuable security of access for New Zealand exporters and a framework for engaging on other important issues such as non-tariff barriers. New Zealand is negotiating an FTA with the Gulf Cooperation Council (a six-country grouping including Saudi Arabia). Updates on the process can be found here: [NZ-Gulf Cooperation Council free trade agreement](#).

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