



# King Abdulla's Initiative for Agricultural Investment Abroad

Eng. Taha A. Alshareef

Food and Environmental Security;  
The Role of Food and Agricultural Trade Policy  
Salzburg, Austria, May 10 – 11, 2009  
Arranged by: IPC



# The Problem



- In mid 2008, the world was faced with a noticeable decrease in supplies of a number of basic food products, that coincided with an increase of demand, witch lead to price surge of these products.
- With the beginning of the world economic crisis in the last quarter of 2008, food prices started to decline; this sign: is not an indicator for future abundance in such products.
- Because it is a long term strategy, King Abdulla's initiative had to go on as planned.



# Causes of the Problem



1. Increase in global demand for food products:
  - Changes in consumption habits.
  - Improvement in standard of living for most of the world nations.
2. Decrease in the supply of food products:
  - Climate change.
  - Market speculations.
  - Insufficient agricultural investment in developing countries.
  - Sharp increase in usage of agricultural land for production of bio fuel.
  - Implementation of Trade Barriers in food products:
    - Export ban on food products.
    - Imposing quotas on exports of food products.



# Facing the Challenge:

## King Abdulla's Initiative for Agricultural Investment Abroad

### □ Vision

The Kingdom's leadership vision is focused on facing the world food crisis by taking sustainable measures, and securing food supplies for the Kingdom's citizens and residents.

### □ Strategy

Establishment of a strategic reserve for basic food commodities, such as: Rice, Maze, Wheat, Barley, Sugar and Live Stock, which satisfies the Kingdom's needs for food and avoid future food crisis.



# Facing the Challenge:

## □ Tasks

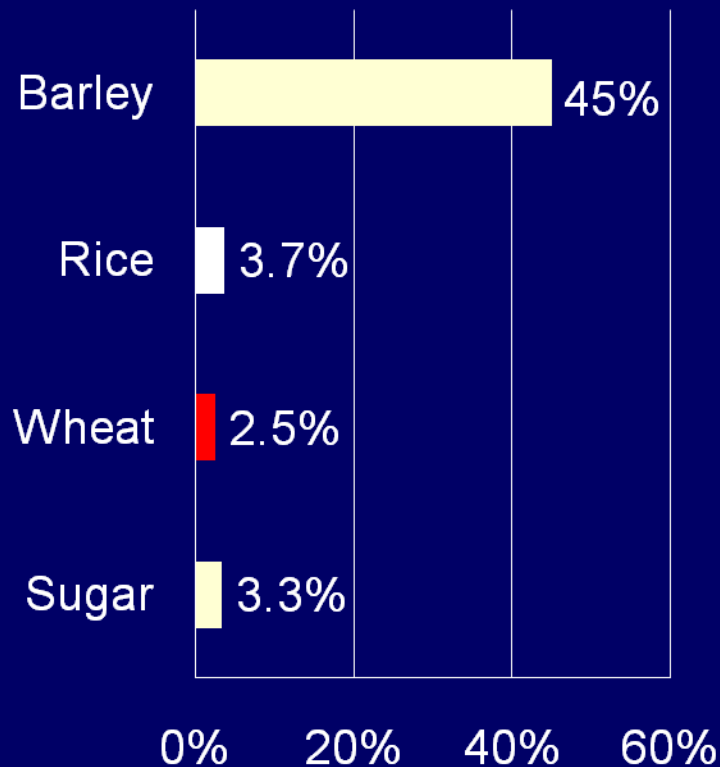
- **Identify** : Countries Targeted for Agri-Investment
- **Explore** : Prices, Ways of acquiring lands in targeted countries.
- **Agree**: with hosting countries on facilities given to the Saudi investors.





# Some Strategic Commodities

KSA Imports as a Percent of Global Imports



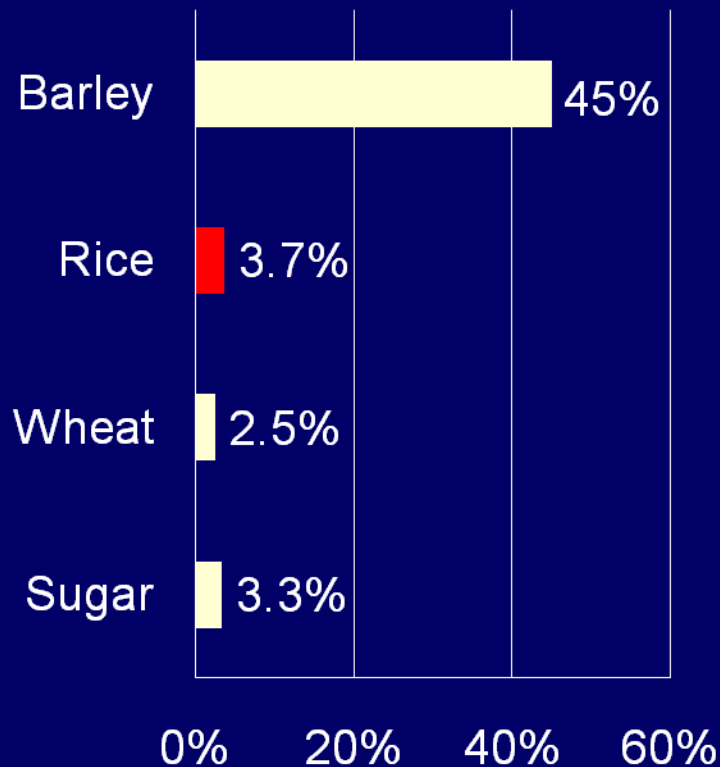
## Wheat

KSA Needs - (2008)  
2.7 Million Ton / year  
This represents 2.5%  
of the globally  
available Wheat for  
export.

# Some Strategic Commodities



KSA Imports as a Percent of Global Imports



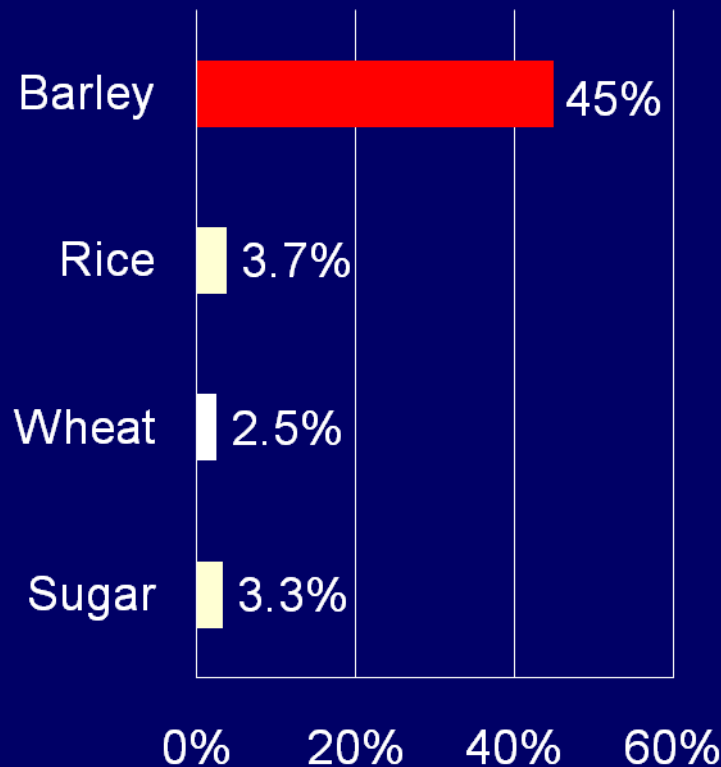
## Rice

KSA Needs - (2008)  
1 Million Ton / Year  
This represents 3.7%  
of the globally available  
Rice for export.



# Some Strategic Commodities

KSA Imports as a Percent of Global Imports



## Barley

KSA Needs - (2008)  
6.3 Million Tons/year  
This Represents 45%  
of the globally  
available Barley for  
export.



# Some Strategic Commodities

## Animal Feed

□ Total Green Animal Feed produced in KSA :

■ 3 Million Ton / year

□ Total Animal Feed needed in KSA :

■ 14 Million Tons / year :

7 Million Tons - Green

7 Million Tons - Barley



# PRINCIPLES OF SAUDI AGRICULTURAL INVESTMENT ABROAD

- ❑ Countries with agricultural investment capabilities were identified.
- ❑ The Saudi private sector is the main investor.
- ❑ Willingness of the Kingdom's Government to provide: Finance / Credit facilities, Off Take Agreements and needed support to the investors.
- ❑ Signing of Bilateral Investment Treaties (BITs) with host countries in order to guarantee safety of investments.
- ❑ Guarantee of the investor's right to export crops in order to enhance KSA strategic food reserve, (may leave some in host country if needed).
- ❑ The right to choose kinds of cultivated crops.
- ❑ Investments are long term.



# CONSULTANTS

- It is possible to engage with international consulting firms, or international organizations to provide consultancy for the executives managing the initiative.
- It is possible to contract local consulting houses in host countries.



# Target Countries

- Natural resources (climate, fertile farm land, water ...)
- Low cost labor
- Political, Social and Economic stability
- Stable legislative and administrative system
- Free market environment
- Anti corruption laws and Transparency
- Tax relaxation on agricultural inputs
- Friendly relations with the Kingdom

# Countries Visited to date



- Turkey
- Ukraine
- Egypt
- Sudan
- Ethiopia
- Kazakhstan
- Philippines
- Vietnam
- Poland



# Targeted Products

- Rice
- Wheat
- Barley
- Maze
- Soya Bean
- Oil Seeds
- Sugar
- Animal Feed
- Livestock
- Fisheries

# AGRO-INDUSTRIES & AGRO-BUSINESS



- Vegetable oil.
- Food Processing & Packaging.
- Compound animal feed.
- Animal Husbandry.
- Grain silos.
- Modern slaughter houses.

# POSSIBILITY OF PARTNERING WITH OTHER COUNTRIES & INVESTORS



- Some countries have already invested in agriculture projects in other countries, ie. some European countries & China have invested in Africa.
- Possibility for the Saudi private sector to partner up with multinational (or local) companies specialized in: agricultural investment, fish farming and animal husbandry due to their experience and knowledge.

# Initiative's Org. Chart





Thank you,,,

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