

## MARKET OPPORTUNITIES HAVE BEEN IDENTIFIED IN:

- Consultative services
- Agricultural machinery and equipment
- Dairy products
- Livestock, feed

## COMPETITION

Competitors have been identified as France, Benelux, Spain, U.S.A., and the FRG.

## FINANCING

Some agricultural projects have multilateral funding from the World Bank, the African Development Bank, etc., by way of the Caisse Nationale de Crédit Agricole, the main financial instrument for development of the agricultural sector. Food products are generally payable by 120- or 180-day documentary credit.



3.27

SAUDI ARABIA

### ONE: OVERVIEW - AGRICULTURE

During the past ten years, Saudi agriculture has changed from traditional agriculture to large scale commercial farming. Saudi Arabia now produces an increasing quantity of basic agricultural commodities.

The Saudi Government brought about this transformation by providing support to the private sector agriculture companies in the form of: a) free distribution of lands for projects approved by the government b) interest free loans for the development of agricultural projects c) investment subsidies ranging from 20 to 100% on the total cost. The government also subsidizes agricultural production by maintaining procurement prices for some crops at levels above world prices. For example, when subsidies are included Saudi farmers received US \$543 per tonne of wheat compared to the world price of US \$110.

Saudi Arabia is among the world's fastest growing food producers. The GDP in the agricultural sector recorded an average annual growth rate of 13.4% during the period 1985-90. Agricultural production increased by approximately 7% in 1991 and the same growth rate is expected for 1992 and 1993. However, the Kingdom still imports large amounts of food. Agricultural imports totalled US \$2.965 million in 1989. Live animals and meat products accounted for 33% of this total.

Saudi Arabia is an exporter of wheat and recently become a net exporter of eggs. Fresh fruit and vegetable production accounted for more than 3 million tonnes in 1991 satisfying more than 50% of the domestic market for vegetables and 20% for fruits. Saudi Arabia is the world's largest importer of live sheep; mutton is the preferred meat and a number of breeding projects are being developed.

#### **Opportunities for Canadian Exporters**

Government programmes to promote the development of the agricultural sector through long-term interest-free loans and generous subsidies are expected to continue. However more attention will be paid to lowering the cost of production and to diversifying output to reduce imports.