

#### 4. Import Mechanism

By law, all wheat imported into Saudi Arabia must come in through the Government Grain Silos and Flour Mills Organization. As mentioned above, however, in 1984, Saudi Arabia became basically self-sufficient in wheat. So in the future, unless there are crop failures, imports should be limited to some high quality wheat for blending and the occasional shipment required for peak consumption periods such as the pilgrimage. Barley and other coarse grain, however, are imported by the private trade. There continues to be a strong and growing market for barley.

#### 5. Grain Industry Infrastructure

The most noteworthy change in the past 12 months has been installation by the Saudi Ports Authority of facilities to receive bulk grain shipments (basically barley), at the main ports of Jeddah and Dammam (previously all coarse grains had to come in 50 kilo jute bags). In addition, the Ports Authority have installed bagging facilities at Jizan, Yanbu and Jubail.

All wheat is imported, stored and milled in facilities owned by the Saudi Grain Silos and Flour Mills Organization. In addition, this body has a series of elevators located throughout the Kingdom to receive wheat shipments from local farmers. These silos have a total capacity at present of about 700,000 tonnes and will be expanded to about 900,000 tonnes within the next year. The Grain Silos and Flour Mills Organization also operates feedmills as do a number of private companies. The fact that bulk grain shipments can be received should be significant for Canada.

#### 6. Government Policies Affecting Grain and Agriculture

The current government policy is to encourage the production of wheat in order that the Kingdom be self-sufficient. It would appear that in 1984, this goal was reached. There is no indication of whether the guaranteed purchase price offered by the government for all wheat (3.5 Saudi Riyals per kilo or approximately \$US28 per bushel) will be adjusted. It is known, however, that the government is giving consideration to stimulating the production of other grain (barley and maize). It is not known whether the guaranteed price for wheat will be lowered and guaranteed purchase prices for other grains established, although it is a scenario being discussed. Saudi Arabia is committed to maintaining at least a six month wheat reserve (450,000-500,000 tonnes). In future years, should production exceed domestic requirements plus the reserve, it is expected that wheat will be exported either commercially or as food aid to other Muslim countries.

Grain consumption, particularly coarse grain, should continue to increase as the livestock, (particularly sheep), chicken and dairy numbers increase.

The government's policy of stimulating wheat production has already meant that Canada has lost its opportunity to sell wheat to Saudi Arabia. If the government of Saudi Arabia offers the same stimulus to barley and corn as it offered wheat growers, this could have serious implications for Canadian exporters of barley.