

Arabian Business - Strategic, sustainable food: What Covid can teach us about resilience

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Unprecedented shock underlined the need for resilience throughout the global food system, as well as the critical need for national preparedness.

No one questions the importance of a healthy agricultural sector, so it's easy to take food production and distribution systems for granted. But crisis can pose unforeseen risks to agricultural and food supply chain models – that's something COVID-19 made abundantly clear.

During 2020, despite adequate food supply, disruptions around the world resulted in inflated prices, panic buying and hoarding – especially troublesome for countries lacking access to food or the money to obtain it.

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For nearly a decade, SALIC – the Saudi Agricultural and Livestock Company – has secured food stockpiles, investing in integrated agricultural and livestock supply chains to reinforce every link. But the COVID crisis has proven how this model can stand up not only to pandemic but other disruption, ensuring competitive agricultural advantage when it's needed most.

We call our formula “Produce More, Supply More.”

A New Food Paradigm

Before SALIC was launched in 2011 with \$800 million from the Saudi Arabia's Public Investment Fund (PIF) – one of the world's foremost sovereign wealth funds – the Kingdom relied heavily on food imports. Not ideal for a growing country producing seven million metric tons of food each year, but consuming some 31 million.

On the other hand, strategic investing in countries with capacity for an exportable agricultural goods surplus has proven to enhance production, improve efficiencies and develop capabilities. These food and agriculture (F&A) sector synergies create a win-win for global food security, sustainability and prosperity – something that matters even during “normal” times. After all, pandemic isn't the only stressor: solutions are also needed for persistent issues like drought, conflict and systemic poverty.

A paradigm that can withstand white swans, black swans and any shade in-between must approach food security from three integrated angles: cooperation, technology, and logistics.

Bilateral Ties: Strategic Partnering

Saudi Arabia's food supply plan aligns with Vision 2030, the national program driven by PIF to diversify the economy away from oil and enable the growth of different and dynamic private-sector industries. With its aims of acquiring a significant share of the global food market largely by investing outside Saudi Arabia – and backing emerging technology – SALIC is central to this strategic transformation. The basic target, 12 strategic commodities from 21 countries, started with action plans for grains, then expanded into dairy, poultry, aquaculture, oils and sugar, plus fodder.

Why not grow it ourselves? Because only 2 percent of the Kingdom's land is arable. Also, water is scarce; previously the world's sixth-largest wheat exporter, Saudi Arabia phased out the water-intensive crop to conserve nonrenewable resources. Geographic diversification mitigates risk to

supply – thus our partnering with Ukraine for wheat, corn, barley and soya; Australia for Merino sheep and cereal crops; Brazil for red meat; and India for rice – to name a few.

For their surplus, partners in target countries get a substantial 5 to 6 percent shareholder return. Our long-term investment, ranging from equipment and technology to purchases of land, seed, fertilizer and irrigation systems, adds value to their operations. Also, increased activity creates jobs in rural areas.

Smart Farming: The Technology Angle

Better yields are especially important given what most F&A organizations cite as the biggest challenge to food security and sustainability: the velocity and size of increased demand, as the Earth's population is on track to reach 9 billion (or higher) by 2050 – the kind of milestone that once took more a century to unfold. Innovation is the best hope for ensuring this exponential human growth is met with abundance. From autonomous tractors with GPS to robotics that increase productivity, innovation delivers higher yields, better quality, and reduced environmental impact.

To be at the forefront of agri-tech, SALIC invested in Hummingbird, a British company using artificial intelligence to give farmers advanced crop analytics through proprietary machine-learning algorithms applied to satellite, unmanned aerial vehicle and plane imagery. Exportable farm equipment files bring precision to inputs, targeting fertilizer or irrigation where needed, or optimizing operations like crop and livestock monitoring with drones and AI.

Logistics: Sustainable Storage and Transport

Moving through the cycle, greater production brings the need for improved storage and distribution capabilities, a big piece of the strategic food puzzle. Such frameworks are vital for stimulating logistics and global supply chains, as well as strengthening national food reserves.

Long-term supply is central to food security, so SALIC and Bahri, Saudi Arabia's shipping company, recently forged the Kingdom's first five-million-ton grain terminal partnership, the National Grain Company, to meet the country's future crop needs; support grain trade and handling in the Black Sea, Europe, North America and Red Sea regions; and contribute to the import, transportation and distribution process overall.

Infrastructure investments, including energy and water facilities and roads, also accelerate preparedness.

Feeding the Village

The African adage, "It takes a village to raise a child," suggests that everyone has a role in bringing along the next generation. It's not a big jump to adapt that saying for agriculture. A framework of strategic cooperation is a good model for that proverbial village, as it can ensure good nutrition and build prosperity. And it can offer resilience against food crises – no matter which form they might take – marked by high inflation and shortages.

Saudi Arabia's goal of becoming a leader in global food security and sustainable agribusiness not only will be a major contribution to the country's economic and social aims, it highlights the importance of pioneers like SALIC contributing to agricultural and livestock production and supply at home and in targeted countries.

It's a paradigm shift that could be the key to worldwide food security. Agriculture, arguably the world's oldest, biggest and most essential industry, deserves nothing less.

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