Wheat production gradually increases

Owing to natural and geographic conditions, only irrigated crops are grown in the country. Domestic wheat production resumed in 2018 after three years of very limited cultivation with an output of about 10 000 tonnes per year. In 2007, a Government decree called for a gradual phase-out of domestic wheat production by 2015 in an effort to stop the depletion of local water reserves. Although no penalties were in place for farmers not complying with the phase-out programmes, State purchasing and support programmes were no longer in place. Farmers of phased-out crops were encouraged to engage in alternative sustainable production activities such as greenhouse farming or production of fruits and vegetables using advanced drip irrigation techniques.

From 2018, the Government policy reintroduced support for wheat production to provide forage producers with an alternative crop. Wheat cultivation is deemed less water intensive than alfalfa (the main green fodder crop) cultivation. Responding to concerns over water, the current plan calls for an about 40 percent reduction in green fodder production from 2018. The Government will monitor the impact of the wheat and green forage production policies on water levels and adjust them if needed.

In 2019, about 700 000 tonnes of wheat were harvested (up 40 percent compared to 2018) from about 87 000 hectares. Before the decision to phase out wheat production, the country produced on average 2.5 million tonnes of wheat per year from about 500 000 hectares.

In light of the strong domestic demand for food and feed, the country is encouraging agricultural investments abroad for products to be then imported. This initiative targets wheat, rice, barley, yellow maize, soybeans and green forage.

Unusually good rains in August 2019 will allow breeding from September onwards and hopper bands may form in the southern coastal plains of the Red Sea. Immature adult groups were treated (3 900 hectares) in the southwest of the country.
Average cereal imports forecast in 2019/20

Cereal import requirements in the 2019/20 marketing year (July/June) are forecast at 17.4 million tonnes, about 15 percent above the previous year and close to the five-year average. Imports of barley and maize, mainly used for feed, constitute the bulk of the cereal imports and are forecast at 7.7 million tonnes and 5.2 million tonnes, respectively. Wheat imports are expected at a slightly below-average level of 3.2 million tonnes, while rice imports are forecast at an average level of about 1.3 million tonnes. The country strives to maintain its wheat stocks equivalent to six to eight months of consumption.

Inflation rates decrease

The overall inflation decreased from average levels of about 2 percent year on year in 2018 to negative levels between January and July 2019. The decrease is attributed to the declining impact of a value-added tax and fuel subsidy introduced in 2018. The food price inflation, which in 2018 fluctuated between 5 and 7 percent, recorded 0 percent year on year in July 2019. Wholesale prices of wheat flour for bakers and industrial users have not changed for over 30 years, ranging between USD 0.27 and USD 0.33 per kg.

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