Saudi SALIC plans expansion in Sudan

The company intends to produce forage

25 December 2015

Saudi Agriculture and Livestock Co (SALIC), the division owned by the public investment Fund, hopes to buy land in Sudan to produce fodder, was reported by the management company.

The message was made the next day after the company announced the signing of an agreement for the purchase 19.95% stake in the Brazilian exporter of beef at Minerva Foods SA for $188.4 million.

Residents of Saudi Arabia to gradually reduce the production of crops due to intensive use of water, which has depleted the reserves in the desert Kingdom. Of the Cabinet of Ministers this month said that the cultivation of fodder crops will be stopped in the camp for the next three years.

To maintain inventory and to maintain the food supply for the young and more affluent population, Saudi Arabia has taken in the past year the programme for the construction of agricultural enterprises abroad.

A place that is considered is the Sudan. It's a great place to cultivate fodder because of water availability and dry weather. The Sudan is considered a strategic location, where Saudi Arabia is looking for the best opportunities.

SALIC planned investment in beef and eight key crops, including wheat, barley, corn and soy. Agreement with Minerva follows taken in April, the decision to merge with American grain trader Bunge Ltd to create a G3, which bought 50.1 per cent of the canadian Uploader of CWB grain for C$250 million ($180.3 million).

The decrease in the Brazilian real against the US dollar occurred in the interests of SALIC, regarding the deal with Minerva, but talks began before that.

SALIC focused on Brazil because it is the most important country regarding the production of meat today, announced the company's management.

Saudi Arabia overshadowed the three-year embargo on the import of beef from Brazil last month imposed after diagnosing an atypical case of mad cow disease, or bovine spongiform encephalopathy (BSE) in the country. Prior to the ban, Saudi Arabia was one of the most important markets for Brazilian beef.

SALIC intends to create a company that will sell meat, and this is the main reason of deal with Minerva.

Source: Thomson Reuters

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