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**Covid-19 in the Gulf  
Special Coverage**

**Oman: Food Security in Times of Uncertainty  
Gertjan Hoetjes**

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## Oman: Food Security in Times of Uncertainty

### Gertjan Hoetjes

#### *Introduction*

[The first months of the reign of the new Omani Sultan Haitham bin Tariq al-Said](#) have been far from an easy ride. The drop in oil prices as a result of the [oil price war](#) between Saudi Arabia and Russia are projected to further widen Oman's annual [fiscal budget](#) deficit to over 17% of GDP according to [estimates](#) of the World Bank. Meanwhile, the economic impact of the outbreak of the Covid-19 pandemic had led to the country's central bank adopting a \$20 bn stimulus package that [will weaken the credit profiles of Omani banks](#). The double crisis of declining global oil prices and the implications of the Covid-19 pandemic will impact the [country's strategy](#) on food security as well, but consequences are likely only to be felt in the long-term because of the investments the Omani government from 2008 onwards has made to ensure the availability and affordability of food at all times.

#### *The Concept of Food Security*

Food security is a contested concept and policies approaches towards it differ in terms of the role of the state, commercial sector, producers and consumers to achieve it. In its [latest report](#) on the subject, the Food and Agricultural Organisation (FAO) of the UN has defined it as 'a situation that exists when all people at all times have physical, social and economic access to sufficient, safe and nutritious food to meet dietary needs and food preferences for an active and healthy

life.' [This definition was introduced in 2001](#), when the FAO report '[The State of Food Insecurity in the World 2001](#)' was published.

[According to Tim Lang and David Barling](#), two British experts on food policy, this consumer-centred conceptualisation of food security has encouraged a productionist policy paradigm in which food production is increased through better management of land, technological improvements and capital investment to reduce prices and make food more accessible and affordable for consumers. However, both authors argue that this paradigm does not take into account the power and influence of retailers and traders, changes in consumer demands, [the vulnerability of the global food commodity market to financial speculation](#) and the implications of food production, distribution and consumption on the environment.

The weaknesses of this productionist policy paradigm became visible between 2006 and 2008, when price hikes of major food commodities such as wheat, rice, maize and soya pushed [130 million to 150 million people](#) into poverty. As a major food importer, these global food price hikes as well as [the 2010 global food crisis](#) increased attention of the Omani government to the subject of food security. In January 2011, Muscat was even the setting of a [protest](#) by citizens against corruption and the high food prices in the country, a demonstration that preceded [the nationwide protests in the context of the Arab Uprisings](#) that would emerge a month later.

### *Challenges to Food Security in Oman*

As the protest illustrated, the affordability of food has been an issue of concern among Omani citizens. As a result of its arid climate, the salinity of the country's soil and water scarcity, there are restrictions to the number of products that are [commercially viable to produce](#). Over the years, problems have deteriorated as a result of [over-pumping](#), which has enhanced the salinity of groundwater and even resulted in some agricultural lands becoming unsuitable for cultivation. Simultaneously, farming has not been a profitable business, as large segments of Omani farmers live below the poverty line, as they are [struggling to sell their products to retailers](#) and [often lack access to finance for their operations](#). As a result, the number of farmers has significantly decreased since the 1970s, reducing self-sufficiency in wheat and livestock production making Oman largely dependent on the world food markets to satisfy domestic demand. This makes the country vulnerable to external supply shocks, such as the ones that occurred from 2006 to 2008 and in 2010.

### *Food Security Policies in Oman*

The vulnerability of Oman's food security has led to the initiation of new policies to address them. During the food price rises between 2006 and 2008 the Omani government [fixed the price of certain wheat, sugar and rice products](#). A [national committee for food security](#) was established to draft a strategy to prevent a repeat of large price increases, which culminated in the construction of [50 new warehouses](#) to store rice, sugar and wheat. Simultaneously, subsidies were

provided to small farmers for [farming equipment, fertilisers and seeds](#).

The public displays of dissatisfaction about rising food prices in 2011 made food security again a priority. Since 2012, an integrated approach that encompasses the entire food supply chain in Oman has been developed to enhance domestic food production in Oman. It particularly targets the growth of the country's livestock sectors and fishery sector to facilitate the growing consumption of meat, dairy products and fish in Oman and the wider region. Central to this has been the [support for the development of agribusiness](#) in order to improve the quality of Omani products and make them competitive at a regional level.

The main vehicle for the development of an agri-business sector in Oman has been the [Oman Food Investment Company](#) (OFIC), which since its founding in 2012 has launched four mega-projects worth OMR 270 million (\$700 million) to boost the country's [self-sufficiency in red meat, poultry and dairy](#). In 2015, this Government Owned Enterprise (GOE) also [gained control of leading food operators](#) such as Oman Flour Mills Company, Oman Fisheries and Oman National Livestock Development, further enhancing concentration and centralisation within the food industry in Oman. The OFIC aims to further extend its impact on other elements of the food value chain, with plans to expand into [food logistics services](#) and to establish a [fruit and vegetable marketing outfit](#) to support Omani farmers.

With this strategy, Oman partly emulates the food security policies of Saudi Arabia and the UAE, which as described in [Adam Hanieh's latest book](#) have given large agribusiness conglomerates such as for example Al

Dahra and Al Rajhi Group a central position in their strategy to enhance food security. Similar to both countries, investments are also directed towards improving food logistics, with ambitious plan to turn Oman into a food hub. A key role within this is played by the [Khazean Economic City, which comprises a food cluster project](#) that includes a fruits and vegetables market for wholesale trade. Aside from enhancing food self-sufficiency, these investments are also encouraged by [Tanfeedh](#), the national program that aims to stimulate economic diversification in Oman. Agriculture and fisheries have been selected as priority sectors within this programme, as it seeks to [enhance production in both sectors to boost exports and establish new value-added industries](#) that can provide employment to the national population and enhance foreign exchange earnings. Particularly the fishery sector is regarded as a [major area of growth and export](#). A [commercial fleet-line](#) is developed in a sector that is still dominated by traditional fishing, while simultaneously the country's [aquaculture industry is expanded](#).

#### *Food Policies in Oman and the threat of the 'Double Crisis'*

The measures taken from 2008 onwards to enhance the affordability and availability of food have been effective in staving off any direct challenge to Oman's food security. As recent figures of the [National Centre for Statistics and Information indicate](#), food prices have remained affordable in Oman during the Covid-19 pandemic, while the government ensured the availability of food through [additional agricultural consignments in April](#) and set funds aside to ensure food supply.

However, the challenges posed by the current crisis to food security are mainly long-term. As indicated by [a recent analysis of the FAO](#) on the impact of Covid-19, capital intensive systems such as the emerging agribusiness industry in Oman are more exposed to disruptions in credit markets. These disruptions could increase borrowing rates to develop this industry and inhibit the financing of the projected improvements in the logistical supply chain.

Meanwhile, the double crisis also jeopardises the central role the government has played in fostering production and ensuring the affordability of food since 2008. The loss of government revenue due to the decline in global oil prices has led to government [calls for further cuts in public expenditure](#) to control the fiscal deficit. This poses risks to government investments into the development of the food industry in Oman, while budget cuts could also further jeopardise ability of the government to ensure the affordability of food. The government already slashed subsidies on food items in [2017](#) and [2015](#). Meanwhile, in the long run the precarious public finances also increase [the pressure on the country's official foreign exchange reserves](#) that have been central to the country's currency peg with the Dollar that has been crucial in safeguarding the country against the impact of huge currency fluctuations on food imports.

#### **About the author**

Dr. Gertjan Hoetjes is a lecturer in the Middle East Studies department at the University of Groningen in the Netherlands. He recently obtained his doctoral degree in Middle East Politics from the University of Exeter. His main

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