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Jenaan to plant \$500m venture

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The National | 25 November 2010

by Megan Detrie

Jenaan Investment, a privately owned company based in Abu Dhabi, plans to invest US\$500 million (Dh1.83 billion) in the next three years developing its agriculture ventures abroad.

Jenaan has already spent \$500m acquiring land abroad. It owns and leases properties in Egypt and Sudan, as well as leasing land in Tanzania, Ethiopia and the US. The contracts have 30-year, renewable leases.

Jenaan plans to spend the next five years developing its locations and then "we will look to expand", said Ahmed al Falasi, a board member of Jenaan.

Jenaan began growing animal feed in Egypt but is now also producing dill, wheat, maize and potatoes.

"In Egypt, for example, the farmers there didn't used to feed animals alfalfa," said Mr al Falasi. "Now they are taking more than 50 per cent of [alfalfa] production at market price."

Egypt is also among the world's biggest importers of wheat, consuming an average of 14 million tonnes of the cereal a year.



(Photo: Asmaa Waguih / Reuters)

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Launched in 2003, Jenaan has acquired 20,000 hectares in Sharq al Owainat, Egypt, 30km from the border with Sudan and 250km from the border with Libya. The company chooses arid areas that are unused by the local population, Mr al Falasi said.

In Sudan, Jenaan is developing more than 40,500ha.

"We still didn't develop all of our land," said Mr al Falasi.

He stressed the importance of investing in local infrastructure, adding that Jenaan had built houses, schools and clinics near its farms. The agricultural technology used to develop its projects, he said, was imported from the US and Europe.

"We hire people and teach them, we give people their technology," he said.

Mr al Falasi said lower labour costs made farming abroad an attractive option.

"You need a lot of people and we don't have any of these experienced people [in the UAE]," he said.

Private investment is urgently needed in the developing world, said Jacques Diouf, the director general of the Food and Agriculture Organisation.

As the keynote speaker at the first Middle East edition of the Salon International de l'Agroalimentaire (SIAL) event in Abu Dhabi this week, Mr Diouf stressed the importance of increasing private investment in agriculture.

The UN estimates an extra \$70bn a year will have to be invested if the world is going to have enough food for its population in 2050.

The Gulf countries, which import about 90 per cent of their food, have been key players in developing land abroad. Food prices are increasing at a faster rate than before the previous peak in 2008.

One difference from 2008, however, is that there is 100 million tonnes more food in world reserves today, said Mr Diouf.

Imports alone cost the UAE about Dh11bn a year and Saudi Arabia, the region's largest food importer, more than Dh62bn.

Saudi Arabia is already paving the way for private investment through the King Abdullah initiative for Saudi agricultural investment abroad, which it launched last year.

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Reuters | 25 November 2010

Jenaan to focus on developing farmland

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Jenaan, an Abu Dhabi private firm, will focus on developing farmland it has already acquired in a number of developing nations until it breaks even in about five years, a company board member said.

'We have land in Egypt, Sudan, Ethiopia and Tanzania, which we had both bought and leased over the past seven years,' Ahemd Al Falasi told Reuters in an interview.

In the United Arab Emirates, the government and private companies have looked to lease and buy farmland to help ensure domestic food supplies. Like other Gulf states, the UAE suffered in 2008 when international food prices spiked to record levels, forcing up import bills.

Jenaan has so far invested around \$500 million in developing its farmland and plans to invest the same amount in the coming three years, Falasi said.

'We try to go to countries and develop very dry areas ... we go to remote areas away from farmers, so they don't say that we have taken their food or land,' he said.

In Egypt, Jenaan holds around 50,000 acres of farmland in Sharq Al Owainat, south of Cairo and around 30 km from the Sudan border.

'We started by growing fodder in Egypt and then we moved to growing wheat, potatoes, dill and maize,' he said.

Around 50 percent of the produce in Egypt is being sold in the domestic market, while the remainder is sold in the Gulf region including the UAE, said Falasi.

In Sudan, the firm was given 100,000 acres in the north by the Sudanese government to develop, said Falasi.

'There was only a small fee which we had to pay for the paperwork,' he added, declining to give more details on the amount of land the firm owns in Ethiopia and Tanzania.

Jenaan's strategy is to look for more land close to the Gulf region after it breaks even.

'We expect to break even in five years ... and our focus is the Middle East, so the land has to in that area to avoid high transportation costs,' Falasi said.

Land purchases by foreign companies in recent years have been criticised as 'land grabs', leading a number of companies to go underground.

The United Nations has expressed concern that farmers' rights could be compromised, given that there are no international regulations governing land acquisitions.

'The west and some media are opposing us ... they are doing a lot of negative propaganda. That's why we don't like to give out numbers,' said Falasi.

He stressed, however, that Jenaan's experience had been fruitful. 'All the time we go to desert areas to show the people and the country that you can grow food there ... If you have land and you have water, anything can

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be grown.'

Asked why the company does not look to develop the UAE's agriculture sector, Falasi said that farming abroad is a cheaper option, despite all the risks. 'You need a lot of people on a farm, and we don't have these experienced people here.' - Reuters

 **The National** 25 November 2010



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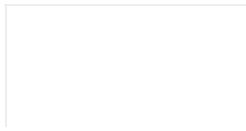
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