Foreigners farm for themselves in a hungry Africa

Some of the world’s richest nations are coming to grow crops and export the yields, hoping to turn the global epicenter of malnutrition into a breadbasket for themselves.

WAD RAWAH, SUDAN -- Africa’s abundant natural resources have long invited foreign exploitation.

Over generations, foreign empires and companies stripped the continent of its gold and diamonds, then its oil. Rubber and ivory were plundered from Congo. Even Africa’s people were exploited: captured and sold into slavery abroad.

Now foreigners are enjoined in a new scramble in Africa. The latest craze? Food.

Amid a global crisis that for a time this year doubled prices for wheat, corn, rice and other staples, some of the world’s richest nations are coming to Africa to farm, hoping to turn the global epicenter of malnutrition into a breadbasket for themselves.

Lured by fertile land, cheap labor and untapped potential, oil-rich Persian Gulf countries such as Saudi Arabia, the United Arab Emirates and Kuwait, where deserts hinder food production, are snapping up farmland in underdeveloped African nations to grow crops for consumption back home.

"It’s a perfect partnership," said Idriss Ashmaig, manager of the Sudan office for Hadco, a large Saudi agricultural company that made its first foreign foray with a $95-million deal to lease about 25,000 acres near the Nile River north of Khartoum. “Here there is water, land and climate. All they need is the capital.”

By next spring, Hadco hopes to be exporting wheat, vegetables and animal feed to Saudi Arabia.

The Emirates government recently signed a similar deal in Sudan for up to 70,000 acres south of Khartoum, the capital. Investors from Qatar are fattening sheep and chickens not far away. Now Egypt and Ethiopia are also touting their agricultural potential, hoping to draw foreign interest.

(And it’s not just Africa. Kuwaitis are exploring opportunities in South Asia. The Emirates is eyeing a $500-million investment in Pakistan. Libya is checking out Ukraine.)

The deals are bound to raise eyebrows because countries targeted by the investors are often struggling to feed their own populations. Though Sudan has thriving exports of cotton and gum arabic, it imports more than 1 million tons of wheat annually and has suffered recent deficits in another staple, sorghum. Regions in the south and west, including Darfur, are heavily reliant on international food aid, provided mostly by the United States.

"It’s not as easy as siphoning oil out of a country," said Joachim von Braun, director of the Washington-based International Food Policy Research Institute.

Ethiopia, for example, is marketing its farmland to Saudi Arabia, yet the Horn of Africa nation has a history of famine and is currently combating serious drought. Under such circumstance, foreign growers planning to export food could face potential protests, even riots, from hungry locals, experts said. And even as it tries to lure the foreign investment, the government recently slapped a ban on all food exports in response to domestic shortages.

"It would be unimaginable for a foreign investor in Ethiopia now to simply ship out large amounts of grain," Von Braun said.
But he stressed that the foreign partnerships should benefit everyone by increasing worldwide food production. "We should not look at this trend with alarm. The more capital that finds its way into agriculture, the [bigger] the total pie."

Sudanese officials say the new deals will help, not exploit, their country by creating jobs, promoting commercialization, and pumping much-needed investment into its agricultural industry.

"These partnerships can help lift our farmers," said Abdadafie Fadalah, agricultural commissioner at Sudan's Investment Ministry.

In Sudan, like much of Africa, decades of neglect have driven down crop production per acre to just one-third the international average. Even though it boasts the confluence of the White Nile and Blue Nile rivers, only 10% of Sudan's farmland is irrigated and only 20% of its arable ground is cultivated.

Government officials see foreign investment as a means of jump-starting the sector, expanding total output and introducing cutting-edge technology, such as new seed varieties and planting methods.

By watching and sometimes participating in foreign enterprises, farmers will learn improved techniques, Sudanese officials said. And if international prices stabilize, some of the food earmarked for export will probably be sold locally, boosting domestic supplies, they added.

To lure foreign dollars, Sudan eliminated duties on imports of agricultural-related goods, such as seed, fertilizer and tractors. Exports taxes, once 30%, were also removed. The government, which owns most of Sudan's land, is granting 99-year low-cost leases.

"The government is not interested in making money," said Salah Mohammed Taha, investment director at the Agriculture Ministry. "It's interested in developing the area."

Since the beginning of the year, he said, Sudan has leased nearly 2 million acres to foreign companies.

Agriculture is still a fraction of Sudan's total foreign investment. Oil has drawn more than $12 billion from China, Malaysia and India alone. Saudi interest in Sudan picked up sharply this year. The Persian Gulf country invested a fortune in cutting-edge technology to enable its own farmers to grow wheat in the desert. But the nation began to look outside, worried about long-term depletion of its underground water.

Investors with a longer history in Sudan say the country has already delivered impressive yields. By introducing a technique known as "zero tillage," in which seeds are planted without tilling the soil, the Arab-Sudanese Blue Nile Agriculture Co. said it drove cotton and sorghum yields up nearly three-fold.

"That's a remarkable increase in food production," said the project's deputy chief, Suleiman Shugeiry.

Officially, investors in Sudan are encouraged to assist communities by sharing irrigation systems, lending machinery or setting aside land for small farmers. But such benefits don't always materialize, and those snubs can lead to bad feelings.

For generations, the green fields of Wad Rawah, south of Khartoum, were used by Ahmed Mohammed Abdalla's family to grow sorghum. But when the Emirates-owned Zayed al Khair moved next door, his family lost the rights to more than 50 acres without compensation.

The foreign firm constructed a network of canals from the Nile for its crops, but it has refused to share the water. "They took our land and gave us nothing," said Abdalla, 80.

The firm hires about 300 locals as day laborers and permits herders to graze animals during the off-season. They also built a mosque.

But locals said foreigners should do more. "We don't need a mosque," Abdalla said. "We need hospitals and schools."

For investors, security and stability pose additional risks, analysts say. In the 1970s, Arab nations struck similar agricultural deals with Sudan, but most pulled out amid the country's worsening north-south civil war and a shift in government policy that nationalized some private ventures.

Sudan's current political problems, including the Darfur conflict, U.S. economic sanctions, an International Criminal Court genocide prosecution and the upcoming presidential election, could similarly threaten the foreign partnerships, said University of Khartoum economics professor Ibrahim Sobahi.

"This kind of investment tends to be shy because investors are sensitive to national and international hazards," he said. "The next three or four years in Sudan could be rough."

Source: Los Angeles Times - By Edmund Sanders
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