While wheat production is being phased out in Saudi Arabia there are growth areas in Gulf agriculture, like organic farming and indoor vegetables.

The Gulf also solidifies its position as a major fertilizer producer for global agricultural markets. This is not only true for nitrogen based fertilizer like ammonia and urea that is gained from natural gas, but also for the Al-Jalamid phosphate project, which has started to produce and aims at a 10 percent market share of globally traded Diammonium Phosphate (DAP) fertilizer.

Phosphates are now the focus of Saudi Arabia’s largest mining company Maaden and make up 60 percent of its value according to a research report of Al Rajhi Capital.

On a global level it needs to be noted that the Middle East holds the vast majority of global phosphorus/phosphates reserves. Fears of a ‘peak phosphate’ by as early as the 2030s have been overblown after the massive upgrade of the Moroccan reserve base, first by the International Fertilizer Development Center and then by the US Geological Survey. Morocco now holds over three quarters of global phosphorus reserves according to the new estimates.
Like Jordan, which also holds considerable reserves, Morocco has been offered GCC membership in the wake of the Arab spring. While this was about politically strengthening Arab monarchies, it is conceivable that Middle Eastern countries might use their fertilizer production in the future to foster relations with agricultural producer countries and improve their food supply security.

GCC Early Warning System for Food Safety

Posted on September 3, 2012

“The GCC Food Safety Committee is building the Gulf Rapid Alert System for Food (GRASF) through which all the member states will be able to take action in case of a crisis, like food borne diseases, and also work simultaneously toward banning or withdrawing products which fail to match food standards.”

Kenana Sugar Company plans Hong Kong IPO

Posted on April 4, 2012

Kenana Sugar Company wants to launch a $200 mn IPO in Hong Kong.

Sudanese regard the company as a shining example, while the Kuwaiti and Saudi shareholders (31% and 11%) are less happy about their investment that dates back to the 1970s when the Gulf countries wanted to develop Sudan as an Arab bread-basket.

Why Hong Kong? Getting access to Chinese capital, even though China has recently backed out of an agro project in the country as Sudan could not deliver the oil collateral for loans anymore?

Sudan has a sugar plan in place that wants to increase sugar production in the country tenfold by 2020, but Gulf countries have shown no interest so far to increase their investment beyond Kenana.
Center Pivot Irrigation at a project of Al Rajhi at Berber

I have just returned from a research trip to Sudan, during which I had the chance to interview a number of Sudanese decision makers and visit agricultural projects of Gulf countries.

Based on newspapers, grey literature and interviews in the Gulf region I argue in the Brown Journal of World Affairs that there is a gap between the announcements of Gulf agro investments and their actual implementation. This argument could be corroborated in Sudan. Gulf countries only engage reluctantly in the country. Fears of political unrest, volatile investment regulations and problematic governance are widespread. The ‘agricultural renaissance’ (al nahda al zira’iyya) that the Sudanese government envisaged in 2008 has not taken place so far. By 2011 self-sufficiency in wheat was promised, but it continues to linger around 30 percent for example.

As production increases in the center have found wanting the regime is touting a plan to use water from the West Nubian Sandstone aquifer, in order to cultivate wheat in the Northern desert. A plan that is eerily reminiscent of the failed Saudi wheat program that has relied on an unsustainable use of fossil water.
Most Gulf projects focus on the Northern area around Abu Hamad and Berber, where Nile water is pumped uphill in order to irrigate wheat fields on relatively poor soils.

As land around the riverain areas is limited the regime has advertised cultivation of desert land, but has oversold available land for irrigation. This has led to disappointments. One Gulf investor saw his project size diminish from 70,000 feddans to only 4,000 feddans.

Existing projects have faced various challenges. The Zayed al Khair project (see photo) at Wad Rawah about 100 km south of Khartoum has been around for 10 years. Yet it only plants 3000 feddans on an overall project size of 40,000 feddans, down from about 15,000 feddans during better times.

The limited activity can be clearly seen on the Google Earth snapshot below. The cultivation of wheat and sorghum has not proven to be profitable and the management is trying its luck with rice now. Water is pumped from the Nile, but an increase in acreage would require additional pumps and canals.

Similarly, a project of the Al Rajhi group near Berber only cultivates a fraction of its total project size of 25k feddans. A project by UAE based Al Zafra in the rainfed areas 140km south of Gedaref has been given up completely after only one year of cultivation in 2008/2009.

The Syrian management alienated local workers with their paternalistic style, the soils were poor and exhausted and lack of roads made access impossible during the rainy season. On some projects considerable conflicts with previous customary land rights holders exist and management complains about sabotage.

On another project early protests faded as former customary land rights holders are paid an annual rent and have been given land on a sugar project nearby.

The employment effect is limited in all cases, as production is capital intensive and foreign labor is imported from Egypt or the Philippines. Sudanese workers are seen
as lacking the skills needed for mechanized production and specific procedures like land leveling and rice refining.

Pumped Nile water in a canal on the plateau above the river

GCC food imports to hit $53.1b by 2020

“The value of food imports to the GCC countries will more than double over the next decade to satisfy a growing regional population with more money to spend as the process of urbanization continues. New research shows as food consumption increases, total GCC food imports will reach $53.1 billion by 2020, an increase of 105
percent from 2010 ($25.8). Rising at a rate of 4.6 percent annually from 2011-2015 in a region low on agricultural land and natural water sources, and forced to import 90 percent of its food products, food consumption in the GCC will reach 51.5 million tons per year during this period. Underlining huge opportunities for food and equipment manufacturers and suppliers, the latest estimates have been released by the Economist Intelligence Unit ahead of SIAL Middle East 2011, the region’s professional business platform for the food, drink and hospitality industry.”

Posted in Oil for Food | Tagged Food imports, GCC, Saudi Arabia | Leave a reply

My name is Eckart Woertz, I am a senior researcher at the Barcelona Centre for International Affairs (CIDOB) and on this site you find topical information about Middle East food security, Gulf agro-investments and the impact of the global food crisis on the region. During my years in Dubai at the Gulf Research Center I have followed the issue closely. Later I have written a book about it while being a visiting fellow at Princeton University, which will be
T A G S

Agriculture Agro-investments alfalfa Almarai Aquaculture Argentina Bahrain Brazil chicken China Dairy diet Egypt Ethiopia fertilizer Fisheries Food imports food prices Food processing Food security Food trade Food weapon GCC hydroponics Iran KAISAIA Kuwait Landgrab land rights Malnutrition meat Morocco organic agriculture Qatar Saudi Arabia SCAIAP self-sufficiency Strategic storage subsidies Sudan Syria UAE vegetables Water World Bank

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