

Arab Food, Water and the Big Gulf Landgrab that Wasn't

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The Gulf Food Security Dilemma

Arab food should be produced with “Arab capital, Arab land and Arab water,” argues Turki Faisal Al Rasheed, a Saudi agro-businessman.¹ However, there is not enough water around for self-sufficiency. The Middle East as a whole has lost the ability to grow all its needed food from renewable water resources in the 1970's. Water scarce countries like the Arabian Peninsula, Israel and Palestine passed this point in the 1950s already.² The recourse to mining of fossil water aquifers is unsustainable and the day of reckoning is drawing closer.

Food security is widely equated with food self-sufficiency in the Middle East. A fragile dependence on food imports during World War II and an embargo happy US that politicized food trade in the 1970s contribute to this threat perception. Domestic agro lobbies in the Middle East also like to sing from the hymn sheet of self-reliance in order to defend subsidies and access to scarce resources like water. If “drill baby drill” is regarded as a panacea for the energy challenge by some in the US, “plant baby plant” is the rallying cry of an equally convinced crowd in the Middle East.

Here as there such slogans fly in the face of factor endowments – resource independence is not an option. America being the world's largest oil consumer is obviously in a relationship of

¹ Turki Faisal Al Rasheed, “Al takamul.. 'ilaj fajwat al 'amn al ghidha'i al 'arabi,” (Integration.., the treatment of the Arab food security gap), *Al Eqtisadiyah*, no. 5375, June 29, 2008.

² Tony Allan, *The Middle East Water Question : Hydropolitics and the Global Economy* (London ; New York: I.B. Tauris, 2001).

energy *interdependence* with the largest producer region, the Gulf.³ The Middle East on the other hand has a similar dependence on food exporters like the US, Russia or Australia.

Saudi Arabia has decided to phase out its subsidized wheat production by 2016. As recently as the early 1990s it was the world's sixth largest wheat *exporter* because of such wasteful practices. Arguably groundwater depletion is an even more pressing issue in the Middle East than contentious cross border sharing of surface water along the Nile, Euphrates, Tigris and Jordan.⁴ As agriculture consumes around 80 percent of water in the Middle East the easiest way to save water is to reduce agriculture and direct scarce water resources to more urgent or more valuable uses such as residential water supplies or consumption in industries and services.

Rather than leading to Malthusian Armageddon the lack of water has been compensated by imports of "virtual water" that is embedded in food imports, most notably of cereals. This necessary precondition for food security in the Middle East will increase in importance. Population growth will continue until 2050 and domestic agriculture will stay flat at best. As long as other countries produce enough exportable surplus and the Middle East has the money to pay for it on sufficiently open markets there is no problem. If measured by daily calorie intake, per capita income and food import coverage by exports, the Middle Eastern countries are remarkably food secure. In fact the most water scarce countries in the Gulf are the best off.⁵ If anything they have a problem with too many calories, their per capita ratios of diabetes and obesity are among the highest in the world. The only Arab countries that face severe food security challenges are Yemen, Sudan, and Iraq.

³ Prince Turki Al-Faisal, "Don't Be Crude. Why Barack Obama's Energy-Dependence Talk Is Just Demagoguery," *Foreign Policy* (Sept./ Oct. 2009).

⁴ Jon B. Alterman and Michael Dziuban, "Clear Gold. Water as a Strategic Resource in the Middle East," (Washington D. C.: Center for Strategic and International Studies (CSIS), December 2010).

⁵ Clemens Breisinger et al., "Food Security and Economic Development in the Middle East and North Africa. Current State and Future Perspectives," *IFPRI Discussion Paper* (Washington D. C.: International Food Policy Research Institute (IFPRI), May 2010).

Yet, reality does not exist, only different perceptions of it. The perception of Gulf countries is one of threatened food security. Rising food prices in the wake of the global food crisis were easy to stomach for them with oil prices beyond \$100 per barrel. They did not face the same challenges as their poor cousins in the North of the Arab world. However, the export restrictions by food exporters like Argentina, Russia, India and Vietnam in 2008 were frightening. Gulf countries faced the specter that some day they might not be able to secure enough food imports at *any* price even if their pockets were lined with petrodollars.⁶ Such failure of markets reinforced the impression that food security is too important to be left to them. Yet, the penchant for politics in the Arab food security debate has prompted approaches that are unsustainable and expensive.

Affordable food is an important part of the social contract in any country and the Middle East is no exception. This was apparent during the Arab Spring protests. The immediate cause of protests in Algeria were rising food prices. In Kuwait the emir announced 14 months of free staple foods for nationals as part of a general subsidy package and in Egypt food subsidies have been a bone of contention in domestic politics since the bread riots of 1977. Gulf countries have reiterated their determination to increase strategic food storage up to six months. The UAE has tried to rein in food prices by announcing price controls for staple foods, and retailers increasingly grumble about resulting losses. Saudi Arabia has also addressed the issue with a mixture of subsidies and price controls. In 2008 the Saudi Minister of Commerce and Industry made the mistake of replying nonchalantly to public complaints about rising food prices. He said there were nineteen types of rice and that “it (was) not compulsory for people to eat the most expensive.” King Abdullah’s reaction: fire the minister, install a rice subsidy and hike government salaries, while at the same time critics were told that they should control their tone.⁷

⁶ Eckart Woertz, "The Gulf Food Import Dependence and Trade Restrictions of Agro Exporters in 2008," in *Will Stabilisation Limit Protectionism?*, ed. Simon J. Evenett (London: Center for Economic Policy Research, 2010).

⁷ Robert Lacey, *Inside the Kingdom : Kings, Clerics, Modernists, Terrorists, and the Struggle for Saudi Arabia* (New York: Viking, 2009).

Agro-Investments Abroad

The most publicized reaction of Gulf countries to the global food crisis were the announcements of agro-investments abroad in order to ensure privileged bilateral access to food production. Most targeted countries have hitherto not been known for their food export capacity but have very real food security concerns of their own like Sudan, Ethiopia or Pakistan. They have been chosen because they are logistically close and have established political and cultural ties with the Gulf countries. However, with the exception of Pakistan and its rice none of them contributes any meaningful quantities to Gulf food imports at this stage. Agriculture in the Middle East, South Asia and East Africa will also be disproportionately affected by climate change.⁸ Pakistan and Central Asian countries already have a physical water shortage. Many countries in Sub-Saharan Africa on the other hand have only an economic water shortage. As they have not witnessed the adoption of large-scale commercial farming and Green Revolution technologies as in Latin America or Asia it is conceivable that their agricultural production is raised by investments in infrastructure, extension services and facilitation of credit and market access.⁹ However, any such modernization of agriculture carries severe implications for the land rights of traditional small scale farmers and pastoralists.

Sudan in particular has occupied the fantasies of Arab development planners with its huge land mass, irrigation potential via the Nile and ample rainfalls in the south. In an article in 1976 John Waterbury quoted contemporary voices that compared Sudan to Brazil or the US west of the Mississippi – a mythical Arab new frontier for a region that became increasingly reliant on food imports in the 1970s.¹⁰ The high hopes of the 1970s to develop Sudan into the Arab bread basket did not materialize. In fact, the country is a food net-importer today and over six million of its people have to rely on food aid. Still, the Sudan development ambition is alive and well and has

⁸ William R. Cline, *Global Warming and Agriculture : Impact Estimates by Country* (Washington, DC: Center for Global Development : Peterson Institute for International Economics, 2007).

⁹ Roger Thurow, "The Fertile Continent: Africa, Agriculture's Final Frontier," *Foreign Affairs* 89, no. 6 (2010); Eckart Woertz et al., "The Potential for GCC Agro-investments in Africa and Central Asia," *GRC Report* (Dubai: Gulf Research Center, September 2008).

¹⁰ John Waterbury, "The Sudan in Quest for a Surplus. Part I: Dreams and Realities," *North East Africa Series, American Universities Field Staff Reports*, no. 8 (August 1976): 7.

been resuscitated in the wake of the global food crisis of 2007/2008 when Gulf countries announced agro-investments in the country on a large scale. The Director General of the Khartoum based Arab Organisation for Agricultural Development (AOAD) knew how to nourish such hopes when saying that he was “convinced (...) that the whole Arab World needs of cereal, sugar, fodder and other essential foodstuffs could be met by Sudan alone.”¹¹ The World Bank has a less optimistic projection of Sudan’s future export capacity. Even in the case of increased agricultural productivity and successful investments in infrastructure it will not be able to function as the bread basket for the Arab world as it also needs to cater to its own growing population.¹²

There is a controversial trend of large land deals in Africa and other parts of the developing world. The size of announced projects is disquieting, while social and environmental impact assessments are rarely undertaken. If realized, such projects could severely affect the socio-economic fabric of host countries. A worst case scenario would entail expropriation of smallholders and pastoralists and their migration to the cities without encountering sufficient job opportunities. The respective countries might then produce more and cheaper food, but they would do so for export, as many of its citizens could not afford it anymore. However, a recent World Bank report states that project implementation has proven to be elusive thus far. Most projects also involve domestic investors and not so much the widely publicized international ones.¹³ In Pakistan there was no evidence of a single implemented project, even though the country came directly after Sudan in terms of announced Gulf agro-investments. In Sudan and Ethiopia there is more activity but one can only be surprised by developments on the ground if

¹¹ N. Kawach, “Arab Nations Urged to Set up Strategic Cereal Stock”, *Emirates Business* 24/7, February 4, 2009.

¹² World Bank, FAO, and IFAD, "Improving Food Security in Arab Countries," (Washington D. C., 2009), 20.

¹³ World Bank, "Rising Global Interest in Farmland. Can It Yield Sustainable and Equitable Benefits?," (Washington D. C., September 2010). Other reports that include field work on the ground confirm the gap between announcements and actual implementation, even though they are highly critical of international agro-investments and their potential effects on host countries. Oakland Institute, "Understanding Land Investment in Africa. Country Report: Ethiopia," (Oakland, 2011); FIAN International Secretariat, "Landgrabbing in Kenya and Mozambique. A Report on Two Research Missions - and a Human Rights Analysis of Land " (Heidelberg, April 2010); Lorenzo Cotula et al., "Land Grab or Development Opportunity? Agricultural Investments and International Land Deals in Africa," *Report* (FAO, IFAD, IIEED, May 2009).

compared to the media hype that has been created around so called “landgrab” investments. Many of the involved Gulf institutions do not have a single agro engineer among their ranks and are at best in a process of commissioning feasibility studies and scouting land leases.¹⁴ After the partition of Sudan in July 2011, North Sudan is about to lose a large part of its oil income and is in need of alternative sources of revenue. North Sudanese officials have urged UAE investors to develop the vast swaths of land they have leased. They deplore that little progress has been achieved so far and suspect that some of the investors might hold the land just for speculation.¹⁵ Three years after Saudi Arabia has started its international investment drive and sent delegations abroad the assessment of Turki Faisal Al Rasheed is bleak: “Photos were taken and festivities were held, and then no results,” except for some forays into food aid dependent Ethiopia. However, these could fail, he cautions, should there be political instability.¹⁶

There are fundamental underpinnings of the global drive into agro-investments like water stress, biofuels, climate change and population growth. Yet, land and commodity investments were a must have for institutional investors in 2008 like internet stocks a decade earlier. Not surprisingly, Gulf agro-investments have been announced with great pleasure and often with the pomp and inclination for superlatives that was typical for Dubai real estate. Journalists were taking company announcements at face value and copied stories from each other, but asked few hard questions and did little follow-up investigations. The landgrab issue sold, so why ruin a good story? The press reports in turn often functioned as a basis for academic articles on the subject. To be fair, press freedom is regimented in the Middle East and the involved institutions have not been transparent. It has also become more difficult for downsized newspapers to finance the necessary in-depth research. Still, more nagging on the one side and openness on the other would have helped to convey a more realistic picture.

¹⁴ Various personal interviews with executives of the involved institutions.

¹⁵ Rebecca Bundhum, “UAE Investors Urged to Start Developing Farmland in Sudan,” *The National*, July 27, 2011.

¹⁶ Turki Faisal Al Rasheed, „Al istithmar al zira’i al khariji darura ... wa lakin!” (Foreign Agricultural Investment is a Necessity..., But!) April 30, 2011, available at: <http://www.tfrasheed.org/ara/?p=1501> .

Failure to Launch

Running a farm is more complicated than just trading real estate. One only has to look at the slow start the King Abdullah Initiative for Saudi Agricultural Investment Abroad (KAISAIA) is off to. The local business community demands extensive guarantees in the form of loans and offtake agreements from the state.¹⁷ Financing has become more complicated since the global financial crisis. It was quoted as a reason why the Saudi Bin Laden group has suspended multibillion projects for rice cultivation in Irian Jaya and Sulawesi on Indonesia.¹⁸ In the wake of the Arab spring and increased transparency Saudi Kingdom Holding had to relinquish a large part of its agricultural project in the Egyptian Toshka valley. The new Egyptian government froze assets of the former Minister of Agriculture and questioned whether business proceedings had been legitimate at the time of Kingdom's land acquisition in 1998.¹⁹ The commodity crash in the second half of 2008 reduced the urgency for agricultural investments, albeit their rationale has returned with a vengeance at the end of 2010 when food prices surpassed the record levels of 2008. It also dawned on the Gulf countries that the targeted countries face formidable challenges ranging from underdeveloped infrastructure, to corruption, political unrest and lack of skilled labor. Impediments such as these were the reason why the plan for Sudan as the Arab bread basket fell by the wayside shortly after its announcement in the mid-1970s.²⁰ Instead, Saudi Arabia embarked on its ill fated self-sufficiency drive in wheat production which has now hit a wall of ecological unsustainability.

The most important impediment to foreign agro-investments that has made Gulf countries think twice is the political backlash. Selling land to foreigners is a touchy subject anywhere. Gulf countries know this first hand. They forbid foreign land ownership at home and nationalized

¹⁷ *Al Jazirah*, January 12, 2011.

¹⁸ "Binladin Freezes Plans To Invest in Local Rice," *Jakarta Globe*, March 4, 2009; "Bin Laden Group Postpones Investment in SE Sulawesi," *Antara News*, August 10, 2010.

¹⁹ Bradley Hope, "Egypt Freezes Kingdom Farm Land Deal," *The National*, April 12, 2011.

²⁰ Peter Oesterdiekhoff and Karl Wohlmuth, "The "Breadbasket" Is Empty: The Options of Sudanese Development Policy," *Canadian Journal of African Studies / Revue Canadienne des Études Africaines* 17, no. 1 (1983); David Spiro, "Policy Coordination in the International Political Economy. The Politics of Petrodollar Recycling" (PH.D. Thesis, Princeton University, 1989); Jay O'Brien, "Sudan: An Arab Breadbasket?," *MERIP Reports*, no. 99 (1981).

their oil business in the 1970s because they regard it as an important strategic asset. In a similar vein agro exporters like Thailand or Brazil have taken steps to limit land ownership by foreigners.²¹ Agriculture is an export cash cow for them which they want to keep national, not unlike oil for the Gulf countries. Politicians in less developed countries have been generally receptive to capital inflows from abroad but they have faced resistance from their constituencies. In Madagascar a disputed large-scale land deal with South Korean Daewoo contributed to the downfall of the entire government.

The land in targeted countries in Africa might be formally owned by the state like in Sudan²² and underutilized by basic forms of traditional agriculture but it is not unused: small scale farmers and pastoralists dwell on it. These people have customary land rights and only if they get a fair deal out of large projects in the form of compensation, jobs and business opportunities can a win-win situation be conceivable. Gulf countries would provide the capital and targeted countries the land and labor. NGO's like GRAIN and grassroots movements have embarked on efficient advocacy campaigns and have questioned the legitimacy of land deals shortly after their announcements.²³ Planned projects of Gulf investors in Kenya, Mauretania and Indonesia have met with resistance. Without actually investing much Gulf countries have managed to become poster child crooks of the anti-globalization movement. To preempt such criticism Qatar has put foreign agro projects on hold until land rights issues have been sorted out in a mutually beneficial way. State owned Hassad Food announced that it would aim at investing in existing agro companies rather than acquiring land rights and building up farming operations from

²¹ "Thailand Says No to Farm Investment by Foreigners," *Reuters*, June 23, 2009; "Brazil Forgoes \$15 bln Investment over Land Law," *Reuters*, April 19, 2011.

²² Private land ownership is only common in the riverain areas of the Nile. Mohammed Hashim Awad, "The Evolution of Landownership in the Sudan," *Middle East Journal* 25, no. 2 (1971). Waterbury, "The Sudan in Quest for a Surplus. Part I: Dreams and Realities."

²³ GRAIN runs the excellent website <http://farmlandgrab.org/>, where it collects news reports about large-scale land acquisitions and deal announcements worldwide. While it is the most comprehensive documentation of this kind, its collected news items should not be confounded with actually implemented projects on the ground.

scratch. The Arab Authority for Agricultural Investment and Development (AAAID) chose a similar approach when launching a \$2 billion fund in October 2009.²⁴

Whether it is customary land rights in Africa, struggles for land reform on the Philippines or resistance in Irian Jaya against settlers from the Indonesian population centers, once Gulf countries invest in a country they own its socio-economic conflicts. Such investments can also affect their international relations. Successful completion of agro-investments by Gulf countries in Ethiopia could pit them against the interests of Egypt for example. The Nile water sharing agreement of 1959 allots 75 percent of the water flow to Egypt and 25 percent to Sudan, while Ethiopia and the other sub-Saharan riparians do not have any quota at all and are supposed to make ends meet with rainfed agriculture and soil water.²⁵ Historically Ethiopia has been against the logic of this agreement and has now openly questioned it together with Uganda, Tanzania and Rwanda.²⁶ Contrary to earlier times it might now have the political stability and access to funding to develop irrigation projects of its own. Egypt opposes any World Bank funding for dam projects south of its borders and has also pressed Gulf countries and China on this point.

The Egyptian Council for Foreign Affairs, a think tank of diplomats, generals and other public figures raised alarms at its annual conference in 2010 over the water situation along the Nile. It warned explicitly about projects financed by Gulf donors and the World Bank, claiming that there is an indirect cooperation of Gulf countries, Israel and the USA against Egyptian interests. The partition of Sudan was equated in no uncertain terms with the *nakba* of 1948, the lost war against Israel, which marks a low point in the collective Arab memory.²⁷ One may belittle this as the remarkable ability of aging Nasserites to sniff a good conspiracy, but in the 1960s the US did

²⁴ Remarks of Fahad Al-Attiya, Chairman of the Qatar National Food Security Programme (QNFSP), at a presentation of the Middle East Institute, Washington D. C., January 25, 2010; “Interview: Qatar’s Hassad Eyes Firms instead of Farmland” and “Gulf Arab States to launch \$2 bln Agricultural Fund,” *Reuters*, October 11, 2009.

²⁵ John Waterbury, *The Nile Basin : National Determinants of Collective Action* (New Haven: Yale University Press, 2002).

²⁶ William Wallis, Heba Saleh, “Egypt Queries Legality of Nile Accord,” *Financial Times*, May 15, 2010.

²⁷ “Tahaluf ghair mubashir baina duwal al khalij wa isra’il wa amrikafi manabi’ al nil didda masalih misr,” (Indirect alliance between Gulf countries, Israel and America against the interest of Egypt with regard to the Nile sources), *Al Ahrar*, December 29, 2010.

indeed try to spur Ethiopian-Sudanese cooperation in Nile water issues in order to counter Egypt's pro-Soviet leanings under Nasser.²⁸ There are very real concerns at stake and Nile Basin issues will have a high priority for Egyptian foreign policy in the years ahead. After the resignation of President Mubarak the first country the new Prime Minister Issam Sharaf visited was Sudan. Also, Egypt has recently announced a program for self-sufficiency in wheat and a reinvigoration of the cotton trade, for which sufficient irrigation water will be crucial.²⁹

The Food Weapon

The economic and ecological case against Middle Eastern food self-sufficiency is clear. At the same time a daunting set of impediments hamper the Gulf's foreign agro-investments. Yet, both strategies continue to loom large with decision makers in the region. In theory open and equitable markets and the harmonious workings of comparative advantages might be important avenues for Gulf food security, but in reality they are only a figment of economists' imaginations. The motivations that inform the primacy of politics in Mid Eastern food security considerations are neglected by this trade based approach to food security. Elizabeth Collingham has pointed out how food provision has been a decisive aspect of warfare.³⁰ In World War II starvation in the Gulf was only averted by supplies of the Allied Middle East Supply Center (MESC) in Cairo. This experience of scarcity is still quoted today as a rationale for securing food supplies at home or in supposedly "friendly" countries nearby.

The similarity with calls for "energy independence" in the US is striking. The situation today reminds Gulf countries of the 1970s when such calls were first raised under the Nixon administration. Not only oil prices rose at that time. Food price hikes led to the global food crisis of 1974 and the US implemented export embargos on various occasions, either out of concern for

²⁸ Waterbury, *The Nile Basin : National Determinants of Collective Action*, 137.

²⁹ Emad Mekay, "Egypt Tries to Turn Corner After Long Road of Crop Neglect," *New York Times*, May 11, 2011

³⁰ E. M. Collingham, *The Taste of War: World War Two and the Battle for Food* (London, New York: Allen Lane, 2011).

domestic inflation or as a foreign policy tool.³¹ In 1973 a soybean export embargo aimed at curbing prices for consumers and livestock producers at home. A grain export moratorium against the Soviet Union and Poland in 1975 had the same goal and was also unsuccessfully used to extract discounted oil from the Soviets against food deliveries. Earlier, a food embargo against OPEC countries was contemplated as retaliation to the Arab oil boycott but discarded as impractical. The leverage of the US was asymmetrically lower, as it was a large consumer with limited supply alternatives in oil, while the Gulf countries with their modest population size were a small consumer with ample opportunities to substitute US food deliveries. Only a multilateral approach by all OECD nations would have had chances of success but was deemed improbable for lack of unity among oil consuming countries in the industrialized world.³²

Finally, a unilateral grain embargo against the Soviet Union was implemented in 1980 in the wake of the Afghanistan invasion. It tarnished the reputation of the US as a reliable supplier of food, even in the Arab world that was opposed against the invasion. Like other embargos it was a story of trade diversion and lost market share for the US. Other countries happily picked up the slack and ultimately the embargo failed.³³ In marked contrast the multilateral UN embargo against Iraq in the 1990s was “successful” in the sense that it sealed the country off from supplies of food and other basic goods and caused an estimated number of 500,000 excess deaths that would not have occurred in the absence of the embargo, but it failed to achieve its policy objectives of regime change and significantly altering Iraqi foreign policy.³⁴ However, the impact was not lost on policy makers in the region. Syria started a program to increase wheat

³¹ Richard M. Fraenkel, Don F. Hadwiger, and William Paul Browne, eds., *The Role of U.S. Agriculture in Foreign Policy* (New York: Praeger, 1979); Dan Morgan, *Merchants of Grain* (New York: Viking Press, 1979); Emma Rothschild, "Food Politics," *Foreign Affairs* 54, no. 2 (1976).

³² US Congress, "The United States Oil Shortage and the Arab-Israeli Conflict. Report of a Study Mission to the Middle East. October 22 to November 3, 1973, Pursuant to H. Res. 267," Committee on Foreign Affairs (Washington D. C.: U.S. Government Printing Office, December 20, 1973), 26; Morgan, *Merchants of Grain*. "Food Ban on Arabs will Fail, U.S. Told," *New York Times*, November 23, 1973.

³³ Robert L. Paarlberg, "Lessons of the Grain Embargo," *Foreign Affairs* 59, no. 1 (1980).

³⁴ Joy Gordon, *Invisible War : The United States and the Iraq Sanctions* (Cambridge, Mass.: Harvard University Press, 2010).

production and shifted cultivated acreage from cotton to grains in the 1990s.³⁵ Arab public opinion increasingly galvanized around the humanitarian plight in Iraq and new Arab media like Al Jazeera elevated widespread debates that Arab officialdom could not ignore. While sympathy for Saddam Hussein's regime was not common, compassion with the Iraqi people developed into a "defining quality of Arabness."³⁶ Arab politicians had to pay at least lip service to a reconsideration of the Iraqi sanction regime and this pressure contributed to the eventual enactment of the Oil for Food Program.

The Way Forward and Alternatives

If strategies of self-sufficiency and foreign agro-investments are problematic but understandable, then how could a future food security scenario in the Middle East play out? The former WTO chief negotiator of Saudi Arabia, Fawaz Al 'Alami, has argued against foreign agro-investments, saying that they would not guarantee food security in times of crisis. While the WTO outlaws curbs on industrial exports it allows agricultural export restrictions in case of domestic food security concerns. It would be hardly conceivable to enforce delivery of food items from distressed countries. 'Alami also hints at the high costs of agricultural investments in developing countries, drawing attention to the necessary infrastructure like roads and dams that would need to be ramped up first. Instead he recommends the build-up of strategic food reserves in the Arab world.³⁷

Such programs are now being realized in the Gulf countries. However, the International Food Policy Research Institute (IFPRI) in Washington has contended that such national solutions could lead to unnecessary and expensive storage, an inefficient global production system and

³⁵ Michael Westlake, "The Economics of Strategic Crops," in *Syrian Agriculture at the Crossroads*, ed. Ciro Fiorillo and Jacques Vercueil, *FAO Agricultural Policy and Economic Development Series No. 8* (Rome: FAO, 2000); Marwa Daoudy, *Le Partage Des Eaux Entre La Syrie, L'Irak Et La Turquie : Négociation, Sécurité Et Asymétrie Des Pouvoirs*, Moyen-Orient (Paris: CNRS, 2005), 81. Personal interviews.

³⁶ Marc Lynch, *Voices of the New Arab Public : Iraq, Al-Jazeera, and Middle East Politics Today* (New York: Columbia University Press, 2006), 115.

³⁷ Fawaz al 'Alami, "Hal yanjah al istithmar al zira'i al khariji?" (Is the Foreign Agro Investment Successful?) , *Al Watan*, December 29, 2009.

tighter markets if practiced widely on a global level. They could cause the very problem they want to mitigate in the first place. Instead IFPRI has suggested an international food reserve not unlike the International Energy Agency (IEA) in the case of oil. Such a multilateral storage and information system could reduce volatility of markets by improving their transparency and predictability. By means of market intervention it could also prevent speculative overshooting of prices of agricultural commodities which have been increasingly traded on international futures exchanges. So, it's hoped that export restrictions like in 2008 could be avoided.³⁸

The idea of an international food reserve is an evergreen of development debates. It is not without critics.³⁹ In the 1970s food exporters like the US were reluctant to give up sovereignty in this matter and an international bureaucracy that would administer such a program would face questions about its legitimacy. It would also need to establish trading bands for intervention and large bureaucracies do not have a proven track record of such second guessing of markets. Still, large institutional investors and hedge funds certainly did no better during the global financial crisis. Widespread market failure has led to a reconsideration of former heresies. International coordination could open an avenue for Gulf countries to engage more actively with the global food economy.

There is no doubt that the future of food security in the Gulf will be food imports, most notably from regions with ample soil water reserves in the North. The challenge is to make them predictable and affordable. Here, an international system of food storage and market information would help and Saudi Arabia as a member of the G20 should participate more actively in such debates. Abu Dhabi recently announced the establishment of a food trading house to get a foothold in a market that is dominated by a few large trading companies like Cargill, Dreyfus or Bunge. It is also a major investor in the IPO of international commodity trader Glencore

³⁸Joachim von Braun and Maximo Torero, "Implementing Physical and Virtual Food Reserves to Protect the Poor and Prevent Market Failure," *IFPRI Policy Brief* (Washington D. C., February 2009); Joachim von Braun, Justin Lin, and Maximo Torero, "Eliminating Drastic Food Price Spikes – a Three Pronged Approach for Reserves," (Washington D. C., March 2009).

³⁹ For an overview of the historical debate since 1945 see D. John Shaw, *World Food Security : A History since 1945* (New York: Palgrave Macmillan, 2007).

alongside other Gulf investors like Saudi Prince Alwaleed's Kingdom Holding. Agro-investments in developing countries can be one aspect of the solution if handled in a transparent and equitable way, but they will hardly be its core and so far they have not gotten off the ground. The likelihood that they will fizzle out like the Sudan bread basket strategy of the 1970s is considerable, especially if global food prices should correct as they did in the second half of the 1970s.

Increased pan-Arab cooperation would be unable to achieve self-sufficiency because of a lack of water resources, but there is a point to be made to increase such cooperation to ameliorate food security and promote development in the wider Arab world like Turki Faisal Al Rasheed has suggested. Gulf countries have mainly cast their eyes on presumably virgin lands in Sudan and other Sub-Saharan countries, but there is considerable potential in the traditional producer countries like Egypt, Syria and Iraq. Not only in terms of increasing productivity but also in terms of reducing wastage in food processing and distribution.

Finally, domestic agriculture in the Gulf countries is currently reoriented towards water saving technologies in order to get "more crops for less drops," as the Saudi Minister of Agriculture Balghunaim put it. Qatar has reformulated the self-sufficiency strategy and aims at domestic production with futuristic means such as hydroponics and greenhouses that are run with solar based desalination. With such technologies Qatar wants to produce up to 70 percent of its food by 2023.⁴⁰ While this could make sense in the case of higher value crops like fruits and vegetables the production of water intensive cereal crops in this way will likely lead to white elephants. Qatar has one of the highest per capita incomes of the world and can afford this alongside other toys like luxurious cars and real estate. Still, in the long run and for the Middle East at large there is no way around food imports. The challenge for resource poor countries in the Middle East is to finance them without oil; the challenge for the resource rich countries of the region will be to finance them after oil. Ultimately the story of food security in the Middle East will be the story of economic diversification and sufficiently broad based participation in economic development to guarantee food accessibility of vulnerable segments of the population.

⁴⁰ *Gulf Times*, February 20, 2011.

Here the track record of the Middle East could be better. Contrary to some Asian countries it has lagged behind in raising per capita incomes, while inequalities and food insecurity have risen in the 2000s in the wake of an economic liberalization that only benefitted a few.⁴¹

⁴¹ Clemens Breisinger, Olivier Ecker, and Perrihan Al-Riffai, "Economics of the Arab Awakening: From Revolution to Transformation and Food Security," *IFPRI Policy Brief* (Washington D. C.: International Food Policy Research Institute (IFPRI), May 2011).

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