

KAMEL ABDALLAH

Managing Director and CEO of Canal Sugar

Abdulrahman A. Al Hamidy, Director General and Chairman of the Board of Directors at the Arab Monetary Fund

Last but not least, we have Kamel Abdallah, Managing Director and CEO of Canal Sugar, a UAE, Egyptian, multibillion dollar agricultural and industrial group in Egypt that aims to ensure it is self-sufficient in sugar. He will be talking about water and food security issues, and food security was an important issue for financial institutions like ours during the pandemic. You know that at that time we had meetings and received calls to say that if people were going to go out on the streets it was because of food security, so that is something that required a lot of attention and financing through a balance of payment deficit over the last three years. He will be covering those issues, as well as their relevance to national security and the economic and social stability of the region.

Kamel Abdallah

Thank you, Mr. Chairman. The first time I heard the word 'intifada' I was a kid in school and it was in 1977, during the first bread intifada that happened in Egypt and Lebanon, when the Sadat government at the time tried to remove the subsidies from food or bread. There were demonstration, riots and it was called the bread intifada and it resulted in over 100 dead. It was followed in 1984 by the Tunisian bread intifada, again with 70 people dead, riots in the street, again caused by the government trying to remove some food subsidies.

Food security is now a buzzword. I have been in this field now for about 20 years, mainly in the private sector, working in the UAE, Saudi, Qatar and now Egypt, working on food security issues. The good news and the bad news is that food security is now a buzzword used by taxi drivers as much as by government officials talking about policy. I will give you a heads-up, the new buzzwords we will be hearing about will be water security and water stress.

Let me connect the two. As I said, in the 80s we had the riots, the intifadas over food, so governments came with their AAA: availability, affordability, accessibility. They decided to bring the food from everywhere, Argentina, Australia, or Romania, north, south, east, west, subsidize it for people and make it available so that they would not continue to demonstrate on the streets. What happened is that we ended up with a different problem, which was that this is not enough and these people are now getting food but unhealthy food where they are becoming diabetic, getting health problems, living longer and as governments we now had to spend money treating them because they will live to 80 but need a lot of medication God forbid. That created a different move in food security and we moved from availability and affordability and said we needed to move to wellness. However, the challenge on both fronts is that to subsidize it you need money but we are running budget deficits, and if we add the



health costs we have to pay for, which is not an option, then the food security bill is coming massive. Hence, we moved into food wellness by arguing you need local production or healthy food but much more important than production, another buzzword you will hear besides water security, is healthy consumption. Sadly, we throw away about 30% of the food we produce and even our food consumption patterns are unhealthy not only among the poor but among the rich.

We link this to water because water is the biggest challenge now in food security in the region, in the Middle East. If we look at where our water comes from, 60% of it comes from outside the Middle East. We mentioned Turkey and whether it is in or out, assuming it is out, in terms of the rivers leading into Iraq and Syria, there is a big water accessibility issue for the Iraqis. Iraq which gave birth to agricultural civilization, no longer has water in the rivers due to dams and other procedures carried out by their neighbors. When it comes to Egypt, we all remember Egypt and Sudan and the Nile but it does not start in Egypt or even Sudan. We have to go back to other countries where it starts who are all now building dams to control access to those waters. If we are looking at water from rivers it is problematic, water from rain is almost non-existent and if it comes it is flooding that creates rather than solves problems.

The remaining water, which is the most interesting part, is in the underground aquifers. Whether in Saudi, UAE, Egypt or Libya, you will remember the big rivers they wanted to do there, as well as Tunisia, and the whole desert, the aquifers are more or less the same, just divided by the Red Sea. I personally have a lot of experience of those and in Egypt we have a farm the size of Singapore or Bahrain and the only water we have is that underground water. We are working hard to model the aquifer and the water use and we now have over 200 wells that will rise to around 400. We are digging from around 450 meters to as deep as 1 250 meters, reaching the Nubian waters. Of course, we are a large company with modelling and for every 10 wells we put into use we have one that with sensors that monitors the water. The water is also dropping alarmingly but we also work with 6 000 local farmers and we know that it is very easy for most of the people in Egypt who work in agriculture to put in a well without a lot of management. When we look at the sources of water we have problems, we are sorting them out in the UAE and in the GCC by using desalination, which provides one-third of the water in the UAE, for example. However, desalination is expensive and it is not a long-term solution.

When we look at the uses of water, it is mostly used for agriculture but we have different challenges. We do not have enough regulation on how, when and where to use, and we are abusing water in every way when it comes to consumption and use. For example, if you take sugar beet, which is used in sugar, you can use as little as 2 600 cubic meters of water for every 1 000 kilograms of sugar but most people probably use between 6 000 to 8 000, three times as much as necessary.

There are different technologies that can be used, I will not go much into the technicalities but I want to come back to the three critical questions. Do we have reliable, efficient delivery of water in the region? We do not. It is getting there and technology is helping a lot and thanks to that we are now being more self-sufficient in food production in the region, but it is still not enough. Are the water resources managed sustainably and efficiently? The aquifers should last us for more than 200 years, but when you are looking at the quality as well as the quantity

it is increasingly salty, which cannot be used in agriculture and that is a problem. There are technological developments trying to use salty water to produce agricultural products but that is not enough. Probably the third biggest issue is water risks being recognized and mitigated? Again, the answer unfortunately is not enough. We are delivering water better and we are using technology so that less water is used time after time, but when it comes to the government side and working with the private sector, not just large companies but also the thousands and thousands of farmers, there are a lot of issues. When it comes to mitigating and preparing for the risks in the use of water, we are not sure we are there. Whether it is Lebanon and Israel, Turkey, Syria and Iraq, or Ethiopia, Sudan and Egypt there are many conflicts over water use, and we expect that to be the source of the next war and if it is over water it is over food and that means over health and wellness.

I have tried to keep my comments brief because I know we are running out of time for discussion, so I will leave any other points for questions.

Abdulrahman A. Al Hamidy

Thank you for your comments. This is a very timely issue and a very challenging one. Water is a very big issue, with climate change and food security included.