

KAMEL ABDALLAH

Managing Director and CEO of Canal Sugar, Egypt

Thank you, Mr. Chairman, for your very interesting comments about what the future in the Middle East might look like. As always, the Middle East is the land of illusions and mirages, the land of crises and we do have major ones. Nowadays, people look at the Middle East and see we have problems in Yemen, Sudan, Libya, Lebanon and Syria and indeed, we do have a lot but if you look at our history we have had them for the longest time, even before the Crusaders came to our region.

Let me focus on my area of expertise, which is food security. We have problems with population growth in some countries, for example, in Egypt you must feed an additional 3 million mouths every year, which is a challenge for the government. Nowadays, we also have the opposite problem, not hunger but obesity and diseases; we have one of the highest rates of diabetes in the world between Saudi Arabia and the UAE, and people are living longer so governments have to spend more and more of their budgets on addressing the human costs of these diseases. In addition, unfortunately only about 9% of our land is ready and fit for agriculture. We do have places where we historically had water, of course, the Nile River, the Iraq Euphrates & Tigris, which used to be the food basket of the region. However, water scarcity is creating conflicts; when it comes to the Nile in both these countries, for example, without diplomacy we would have had a war between Egypt, Ethiopia, Sudan and everyone in-between. Then similarly when it comes to relations between Iraq and Türkiye, the rivers and dams are creating major tensions. Likewise, Lebanon Litani river, where I am originally from, is of interest to the Israelis and others. Beyond rivers, aquifers and underground water utilization is also a challenge. Within the GCC we have been using our aquifer without ensuring recharging it, and we have also been using that in Egypt because the solution to expanding agriculture has been land reclamation. Thank God, the technology allows us to do land reclamation but of course, you do not have infinite water underground and it will probably be affected within the next 100 to 200 years and, as His Highness the late Sh. Zayed has mentioned before, for us water is more vital, expensive and more important than oil.

That brings us to my area, food security. Since Covid and the Ukraine-Russia conflict, we have realized that we cannot depend on external imports of food. Gone is the idea that food security is about availability and affordability, which used to be the case, but no longer, as we have gone beyond that idea to say we need to be self-sufficient. With self-sufficiency comes the issue of what we are going to call social impact investments in agriculture, which essentially do two things. First, making sure we have locally produced food, which is generally going to be healthy, from what we call farm-to-fork in under three to five days. Second, also in relation to this critical point, is supporting farmers in rural areas, especially in countries where we have populations, such as Iraq, Egypt and others. It is a big challenge if you fail to support farmers because we know, even in Europe with the Treaty of Rome many years ago which

supported farmers, that frustrated farmers will block roads and revolt, while if you upset bankers, they will only sue you. These two issues are the driving force in the area of today's food security. Let us look at two projects like the one we did in Qatar and the one we are now doing in Egypt, where you work with local farmers but create these massive projects to ensure self-sufficiency. In Qatar we used technology, we flew in cows, which was challenging but it worked, and they have achieved self-sufficiency in dairy. In Egypt we are now reclaiming the dessert and will achieve self-sufficiency in sugar within two years. Of course, it is not easy because these projects involve the private sector as well as the public sector, so they are public/private partnerships. The problem with these public/private partnerships is the mismatch with the expectations of the private and public sides. The public side likes big projects, multimillions, major announcements, the largest, biggest, etc. The private side likes managed risk, scale-up, proper feasibility studies, and proper execution. The public side wants an immediate impact on employment as a key driver as well as reducing the government's need for foreign currency. The private side looks at the route to market, making sure what we produce is actually consumed and consumed wisely.

Now the challenge we are facing is managing this mismatch between private sector expectations and needs, and public sector expectations and needs. It will be an interesting time because practically every country regards food security or insecurity as a critical factor and in some countries, we now even have ministries of food security. The private sector is looking at it, but the challenge is that every new investor thinks they can become billionaires overnight in agriculture when we all know that agriculture is a long-term investment, and not like flipping a stock.

The third challenge is people's habits; obesity issues and people not consuming wisely and throwing away 30% of the food that comes to their tables; that is another challenge for us in the Middle East. The famous Iftar Ramadan tables are just one example of the kind of food habits that are not good in terms of managing consumption and the obesity level is another example of the unhealthy and insecure food habits we have in the region.

With that Mr. Chairman, I yield to my colleague.