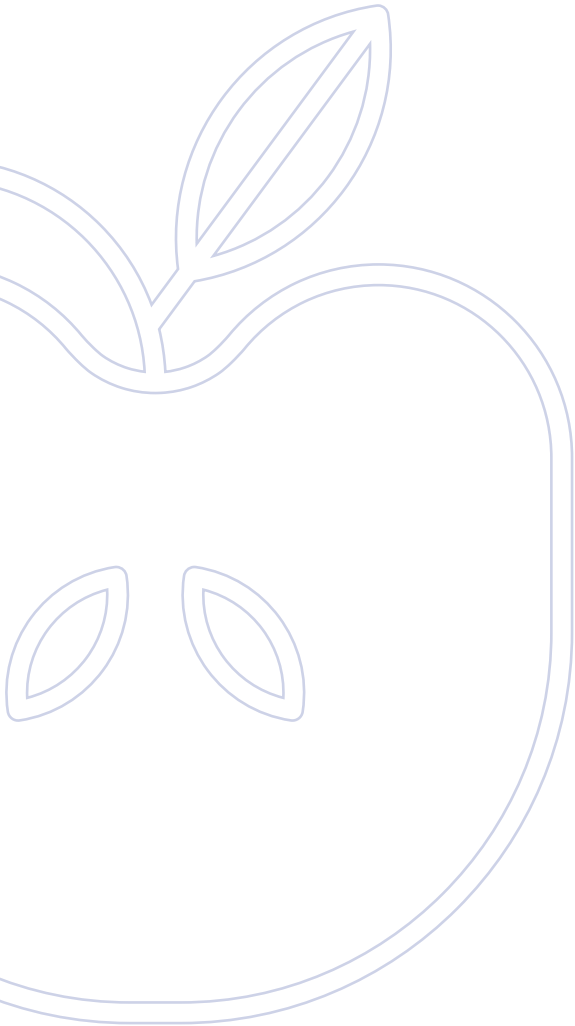


FOOD SECURITY: INVESTING IN AGRICULTURE PROJECTS ABROAD AND AT HOME



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INVESTING IN AGRICULTURE PROJECTS ABROAD

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Telecommunications Regulatory Authority (TRA)

P.O. Box: 116688 Dubai, United Arab Emirates

Coordinates: 25°17'14.0"N 55°21'02.4"E

Telephone: +971 4 7774049

E-mail: info@tra.gov.ae

Web: www.tra.gov.ae

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Context and Background

As noted by the United Nations, "It is time to rethink how we grow, share, and consume our food. If done right, agriculture, forestry, and fisheries can provide nutritious food for all as well as generate sustainable livelihoods, support people-centered rural development, and protect the environment."¹

"At present, our soils, freshwater, oceans, forests, and biodiversity are being rapidly eroded. Climate change is adding more pressure on these finite resources and increasing risks for disasters such as droughts and floods. Many rural women and men cannot sustain their livelihoods from their land resources, forcing them to migrate to cities in search of livelihood opportunities. Food insecurity and severe malnutrition are affecting child growth for a substantial number of children"²

Although the UAE is not in immediate danger of its food security due to its economic power, it can purchase imported food products even at a high cost. Due to the poor agriculture climate of the UAE, it imports about 90% of its food consumption. However, this heavy dependence on imported food products is a potential food security issue, which has long-term implications for the country if it cannot ensure a constant and reliable influx of food products.

Need

Food security is critical to the economic growth of any country. The UAE imports much of its food products, fruits, vegetables, meats, etc. As a result, it could be subject to external factors that disrupt its food supply. Also, the arid climate of the UAE, coupled with the expansion in the population limits the amount of food that can be produced in the country.

¹ <https://www.un.org/sustainabledevelopment/hunger/>

² <https://www.un.org/sustainabledevelopment/hunger/>

Idea

To secure food supplies and safeguard against market fluctuations, the UAE needs to create a constant supply of imported food products that it can manage and control. One way of doing this is to invest and manage agriculture projects abroad from countries from Africa, Asia and the Americas.

Projects

To improve and maintain a steady food supply, the UAE invested in foreign agricultural sectors through contract farming and the acquisition of agricultural enterprises abroad.

The food crisis of 2007- 2008 led to a change in the UAE policy, moving the country from being strictly an importer of food supply to have greater control of its food security through foreign partnerships. East Africa was the region in which the UAE invested the most through buying and/or leasing land from private businesses and foreign government contracts, which ensured a stable food production base.

At the end of 2009, UAE-based agricultural investment firm Janan formed an investment plan with Egypt to cultivate around 42,000 hectares of land with wheat, maize, and other crops. The project was extended to 2015 and was expected to produce 350,000 tons of wheat a year.

The UAE also has investments in the Rashid Al Dhahiri Olive Presses Company and the Al Marmouqa Food Company in Jordan. In Morocco, the UAE's Al Qudra Holding Company is investing in various sectors such as farming and fisheries.

In Ethiopia, which is one of 20 or more African countries where land is being bought or leased, 815 foreign-financed agricultural projects have been approved since 2007.

It is estimated that when developed, the land will yield roughly two tons of grain per hectare. With investments across the Asia Pacific and the Middle East reaching 100,000 hectares of land, it is expected that the newly cultivated land will produce one million tons of grain a year.

Story

UAE's Journey to Food Security

Less than 40 years ago, the UAE was populated by small local communities who lived satisfactorily off the desert land, with their meals mainly consisting of local livestock and produce.

A few generations later, the dinner tables around the UAE now consist of Indian rice, Japanese tuna, French mushrooms, and Brazilian meat. With a steadily growing expatriate population with their diverse tastes, demand has rapidly overtaken market supply. This, paired with worldwide shortages and spiraling prices, has made secure sources of food a matter of national strategic importance.

According to the International Fund for Agricultural Development (IFAD), Arab countries account for more than five percent of the world's population but less than one percent of global water resources. Due to its arid desert climate combined with the need for large scale farming, the UAE imports more than 80 percent of its food, spending up to AEDh2.5 billion in 2010 alone.

In order to insulate themselves from market fluctuations, the UAE and the other GCC states are following in the footsteps of China and investing heavily in agricultural land abroad. By shipping the produce home and bypassing world markets, they can cut food costs by up to 25 percent.

While the concept of buying or leasing farmland abroad is not new, the rising food prices have caused a recent flurry of investment activity. Between 2006 and 2008, UAE investments in agriculture abroad have increased by 45 percent. According to the International Food Policy Research Institute (IFPRI), between 2006 and 2009, the UAE ranked third, with China and South Korea coming a respective first and second, in the amount of agricultural land obtained by selected investors.

The key is for host countries to have investment policies that will ensure investment projects contribute to improving livelihoods, strengthening food security, create jobs, and utilize

natural resources in a sustainable manner. The UAE's geographical location, continuing population growth, and lack of arable land exerts great pressure on the agricultural sector. In 2017 the Pegasus Agriculture Group established Pegasus Food Futures, a fund that increased food security and reduced import reliance by investing in new technology and food manufacturing, supply chain transparency, and Research and Development. The fund will strengthen the growing operations in the MENA region and create new opportunities in agricultural sectors like Europe, Australia and North America.

Ziraai program

The Khalifa Fund for Enterprise Development has launched a program called 'Ziraai' to support citizens working in the agricultural sector by providing training and marketing services and giving an interest-free loan of up to AED 1 million to each farmer. This program aims to promote growth in the agricultural sector and help farmers to improve the marketability, profitability, and efficiency of their farms through the use of cutting-edge technologies such as hydroponics systems that can reduce water consumption by up to 80 percent.

In 2014, the Ministry of Climate Change and Environment opened the Agricultural Innovation Centre in Sharjah to promote agricultural advancements and maintain sustainability through technological innovations as well as promoting local and international exchange of expertise.

Adoption of organic and local farming as a healthier option

The UAE adopted organic farming to promote healthier production, as noted by the Ministry Climate Change and Environment increasing organic farming acreage under by 5 percent annually.

Further, Dubai Municipality ran an initiative called 'Grow Your Food,' the initiative aimed to reduce agriculture imports and build a happy and sustainable city through the promotion of food security.

Abu Dhabi runs a 50-hectare Al Rawafed Agriculture Organic Farm which supplies nearly ten tons of fresh produce to supermarkets and restaurants daily. It is one of the biggest local

sources of organic products in the country, alongside Greenheart Organic Farms and Yas Farm.

Several smart farming ventures have come up in recent years using Dutch hydroponics farming techniques, a process of growing plants in solutions rather than in soil.

The agri-tech start-up, which raised USD\$ 1.1 million (AED 4 million) from Abu Dhabi-based Shorooq Investments, aims to cultivate crops in glasshouses to address the challenges of year-round production.

At the Global Forum for Innovations in Agriculture, Abu Dhabi Food Control Authority showcased its protected agriculture project, which runs on recycled water treated with UV rays and has its own cooling system, thus not affected by climate change.

The International Centre for Biosaline Agriculture (Icba), a non-profit research facility at Dubai's Zayed University, showcased a New Generation Greenhouse that could triple crop products of fruits and vegetables in the UAE while only using 90 percent less water and 50 percent less energy.

Abu Dhabi Food Control Authority, which is in charge of the agriculture sector in Abu Dhabi, formulated a new agricultural policy based on six policy elements:

- Restructure the agricultural sector to make it more sustainable
- Reduce harmful effects on the environment and the pressure on natural resources
- Ensure fair income for the farmers and increase their competitiveness in the market
- Focus on products that Abu Dhabi has a competitive edge on
- Improve the quality of agricultural products
- Strengthen national productivity for better food security.

In order to achieve these aims, ADFCA launched the Abu Dhabi Farmers' Services Centre (ADFSC) in 2009. The center is in charge of reducing water usage in the agricultural sector, implement innovative methods, and boost production.

According to the 2015 survey by ADFSC, 16 percent of all fruits and vegetables are now sourced locally, and the market is estimated to have a size of 1.05 million tons of AED 2.4 billion value.

For the 2015-2016 season, farmers were expected to supply an estimated 31,050 tons of class one produce, which requires 4,635 acres for open field crops and 1,891 acres for greenhouse crops.

Promoting healthy lifestyles

Under Vision 2021, the UAE is making huge efforts to address malnutrition as well as intensify its fight against lifestyle diseases, promoting early intervention to change habits that can dramatically improve citizens' prospects for a better quality of life.

Safety of food

The UAE food safety law establishes key requirements for an effective system to ensure the protection of public health and consumers, with strict penalties on those found to be endangering food safety.

The law authorizes the Ministry of Economy to impose fines of up to AED 100,000 for other offenses, provided that the Cabinet regulates these offenses.

Food Bank initiative

The UAE Food Bank was launched as a humanitarian foundation to distribute food to those in need. The Food Bank would gather surplus foods and distribute them to charities that feed the needy in the UAE and abroad.

Preservation of Grace

Emirates Red Crescent initiated a project called Preservation of Grace, under this project, unused/discarded items such as food, clothes, furniture, and medicine that are in good

condition are given to those who need them. This project aims at reducing wastage and promotes recycling.

Impact

The investments made thus far and future investments planned in the future have ensured that the food supply to the UAE continues to flow unimpeded. The level of poverty in the UAE is extremely low and the vast majority of the country has access to healthy foods at an affordable price.

Foreign investment in agriculture in countries with more fertile soil has yielded a constant flow of food products in the country. All the supermarkets are full of items catering to the majority of ethnic groups in the country. The investments in agriculture in other countries by the UAE has also improved the agriculture capacity in those countries. This has led to better yield in crops, better agriculture tools being used, and more profits for those countries.

Each of the major segments of the expatriate population has access to their foods, fruits, spices, meats, etc. in the UAE. This has generated more employment opportunities both at home and the countries in which these products come from.

The UAE is known for its excellent restaurants from different cuisines. The investment by the UAE in food security has ensured that the food products arrived in the country fresh and continuous.

The UAE is also a major commercial trading hub. It is the gateway between the east and west. Thus, food products from all over the world can be shipped to and through the UAE. This has made the transport of food products more efficient and cost-effective.

The coherent and comprehensive policy on agricultural investment of the UAE has consolidated efforts made by the seven emirates in a number of sectors that has improved food security such as: national land tenure system that is transparent and accountable, implementation of Voluntary Guidelines on the Responsible Governance of Tenure of Land,

Fisheries, and Forests Security.

The UAE food and agriculture policies have ensured the following safety and religious requirements are in place to protect the population.

- No food may be imported into the country for the first time without approval of the Ministry of Climate Change and Environment
- Those dealing in food or products that contain pork or alcohol or any of their by-products without permission face a prison term of not less than a month and a fine of up to AED 500,000
- Misleading consumers by publishing a false description of food or using incorrect labels will attract a fine ranging from AED 10,000 to 100,000.

The enforcement of the food and agriculture policies lies with municipalities. It is their responsibility to oversee food safety requirements and ensure that products have correct labels and expiry dates for consumption. They conduct random inspections across all foodstuff stores and restaurants to ensure the quality of food supplied and to ensure that it is suitable for people to eat.

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