



15

JULY  
2012

## MIDDLE EAST: The food security issue

**Eckart Woertz**, Senior Research Fellow Associate, CIDOB

**World food prices increased dramatically in 2007 and 2008, creating a global crisis and causing political and economic instability and social unrest in mainly poor but also developed countries. Riots in the face of high prices hit the news. Systemic causes for the worldwide increases in food prices continue to be the subject of debate. After peaking in the second quarter of 2008, prices fell first, but then increased during 2009 and 2010, and reached the 2008 level again in early 2011. A repeat of the crisis of 2008 is not anticipated, though, due to (so far) sufficient stocks.**

**Initial causes for the price rises included droughts in grain-producing countries and rising oil prices. Oil price increases also caused general escalations in the price of fertilizers, food transportation, and industrial agriculture. The increasing use of biofuels in developed countries was also a factor, as was the increasing demand for a more varied diet from the middle-class populations of emerging countries. To these should be added two other crucial factors: the falling world-food stockpiles and the discovery of commodities as an asset class by financial investors.**

**The global food crisis of 2008 helped the world to come to terms with the fact that it faces a global food security challenge. To secure food supplies has now become a strategic priority, especially for many import-dependent countries and regions. This is notably the case of the Middle East, where oil-rich countries over the last four years have been announcing multi-billion agricultural investments.**

**Eckart Woertz points out that the Middle East is at the crossroads of the three global crises presently at play (food, finance, and energy), and that it is generally acknowledged that Middle-Eastern countries (particularly oil producers) will play a major role not only in global oil but also in global food markets --this time on the consumption side. He admits that global food markets are marred with politics, that the economists' world of unfettered markets essentially does not exist, and that the international food system is flawed, but still thinks that the best bet for these countries is to proactively engage with it.**

### **The 2008 price surge came as a surprise or was it a symptom of an ongoing crisis that had been years in the making?**

The 2008 price explosion was a diversion from the norm. Food prices in real terms had been declining steadily for decades. The problem for the oil and cash rich among the Middle Eastern countries was not so much the increased import bill but the export restrictions that some food producers like Argentina, Russia, Vietnam, or India) announced. This was the trigger that prompted Gulf countries into action. Obviously, these countries know full well (and have known for years) what their predicament is: a declining domestic agriculture, population growth and a heavy dependence on agricultural imports –hence, on global food markets. Since 2008, though, they are axed on securing privileged bilateral relations with partners which can meet their import requirements –securing, that is, privileged access to food production.

### **The Gulf countries' overseas agricultural investments in Sudan, East Africa, Pakistan and the Philippines have attracted enormous media attention...**

There has been a huge media hype around these 'landgrab' investments. Much ado about nothing: in reality, not much has happened so far, and few projects have been implemented –basically due to objective difficulties. There are a lot of issues involved: conflicts over land tenure and customary land rights, underdeveloped infrastructures, lack of political guarantees, corruption, and insufficient know-how in the targeted countries, conflicting political agendas with these countries (which have severe food security challenges of their own), and also, more recently, the political backlash in countries like Sudan, Ethiopia, Pakistan and the Philippines and the impact of the global financial crisis on financing conditions. Overseas agricultural investments make great headlines, but so far risks on the ground seem to prevent a more extensive project implementation. Also, there are important competitors investing now in land overseas: Japan, Korea, China (which is interested not so much in food but in raw materials) and Western investors betting on biofuels.

### **How would you describe the political importance of food and agriculture in the Middle East?**

They are centrally, critically important --for they are important for political legitimacy. As everywhere else in the world, for that matter: world public opinion tends to consider that it is the primary duty of governments to provide accessible food to its citizens. Subsidized agriculture and subsidized food are common features of food policies around the world (for instance: one out of seven US citizens receive food stamps). Everywhere, if food prices go up, there is trouble. In the Middle East (particularly in the Gulf countries), oil money has meant no taxes and accessible food for citizens –and this, in turn, has meant social and political stability and support for governments. You can call it legitimacy.

### **Throughout history, food has been used as a foreign policy tool, even as a weapon...**

Despite the WTO's efforts at market liberalization, the idea that trade is free does not stand the test of reality. The US and the EU call for tariff reduction in the developing world while subsidizing their own agriculture. That is unfair.

Food has been used as a weapon in war, not just in the Middle Ages. Food was notably used as a weapon in the siege of Leningrad by the Germans during the Second World War and also by the United States against the Japanese in the Pacific. 60% of Japanese casualties resulted from starvation, not military action, as maritime supply lines were disrupted. Food trade has been used as a political weapon in the Middle East on various occasions, too. In the 1960s, the US used withdrawal of Food-for-Peace food aid to Egypt in order to influence the country's foreign policy. In the 1970s there were threats of food embargos in retaliation to the oil boycott, and the creation of a 'Grain OPEC' was contemplated. The UN embargo against Iraq in the 1990s showed the Arab world the disastrous effects of a multilateral cut-off of food supplies: the so-called Oil-for-Food program resulted in the death of an estimated 500.000 people in Iraq, mostly children, and prompted Syria into embarking on a self-sufficiency policy. All these experiences have informed the widespread regional striving for self-sufficiency.

### **Why this fixation with self-sufficiency?**

In the Middle East, food security is widely equated with food self-sufficiency: 'Arab food should be produced with Arab land and Arab water' –so goes the slogan. However, self-sufficiency is simply not an option because there is not enough Arab water around. Hence, the overseas projects and the securing of purveyors: the future of Middle East food security will have to be found in the virtual water embedded in the region's agricultural imports.

### **Food security in the Middle East is about managing import dependence, then?**

In order to have food, you do not have to grow it: you can buy it --provided the markets are open and you have the money. A third of the global grain trade goes to the Middle East, Egypt imports more wheat than China. Food security in the Middle East is therefore the capacity to pay for the food imports it needs, now and in the future --hence, policies of economic diversification and inclusive growth are at the heart of the challenge, not so much domestic agriculture. Food security has also come to include the concept of quality: The Gulf countries, for instance, have one of the highest per capita ratios of obesity and diabetes and even in poorer countries like Egypt the obesity rate is at 30 percent, partly caused by a concentration of diets on subsidized staple food like bread and sugar. With the exception of Yemen, Sudan and Mauritania, Food security in the Middle East and North Africa today is not so much a problem of calories, but of lacking vitamins and other micro-nutrients --to have access to not just food, but healthy, nutritious food.