

Strategic Weekly Analysis

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From the Editor's Desk

Dear FDI supporters,

In another busy week at the FDI offices, FDI staff have met with the Premier of Western Australia, Mr Colin Barnett, and the Pakistani Chief of Navy. The first FDI board meeting of the year also took place.

In this week's edition of the *Strategic Weekly Analysis*, the the Global Food and Water Crises research programme looks into an innovative report outlining a plan for peace in the Middle East based on the co-operative management of shared water resources, Qatar's ambitious plans for food self-sufficiency and the implications of port developments in the West African country of Guinea.

Still overseas, the Indian Ocean research programme reports on the situation in Oman, which has become the latest Middle Eastern

country to experience popular unrest as demand grows for greater political and economic opportunities.

Upcoming *Strategic Analysis Papers* include 'Australia and the New Great Game in East Africa', which investigates Chinese and Indian rivalry and investments in East Africa, and their implications for Australia, and an examination of some of the implications of conducting negotiations in Afghanistan.

I trust that you will enjoy this edition of the *Strategic Weekly Analysis*.

Major General John Hartley AO (Retd)
Institute Director and CEO
Future Directions International

"Blue Peace" Could Bring New Hope to Middle East

Background

The Strategic Foresight Group has written a report titled *The Blue Peace: Rethinking Middle East Water*. It shows that the Middle East is likely to suffer a serious humanitarian crisis due to water shortages unless something is done to fix the problem – fast.

Comment

The report was prepared with input from almost 100 leaders and water experts from Israel, the Palestinian Territories, Jordan, Lebanon, Syria, Iraq and Turkey. It was supported by the Swiss Agency for Development Co-operation and the Swedish International Development Co-operation Agency.

The Strategic Foresight Group recommends a Co-operation Council for Sustainable Water Management in Turkey, Syria, Jordan, Lebanon and Iraq that can build on existing co-operation between those countries in trade, transit and energy.

The Co-operation Council would develop common standards for measuring water flows and quality, develop regional models for combating climate change, spread new technologies and facilitate basin-level integrated water management.

The report suggests that out of the water crisis, either pending or already being felt by some of the Middle East countries, a new form of peace could emerge: the “blue peace”, where any two countries with access to adequate, clean and sustainable water resources do not want to engage in military conflict. The report suggests that if internal management, storage, distribution, the establishment of a Co-operation Council for Water Resources and closer co-operation between Israel and Palestine were to occur, it would be possible to deal with the water challenges of the future.

The Strategic Foresight Group believes that, using the peace process laid out in the report, the River Jordan, the Barada and Mountain aquifers and the Dead Sea, which are now depleting at a fast rate, would be rejuvenated. Likewise, the Euphrates, Tigris, Litani, Orontes and El Kabir rivers and Lake Kinneret would be made sustainable.

Historically, it is possible to see what a lack of co-operation has delivered for water security in the region. The Strategic Foresight Report says that the marshlands in Iraq have shrunk by 90 per cent. The Mountain Aquifer, which is shared by Israel and the Palestinian Territories, has shrunk seven per cent from 1993 to 2010 and the Western Galilee Aquifer by 15-20 per cent. The river flows in Turkey, Syria, Iraq, Lebanon and Jordan have been depleted by 50 to 90 per cent from 1960 to 2010.

Feeling the effects of water shortages, failure to act on water security is not an option for these countries. To do so would mean political instability to the region. The report suggests another way forward for the Middle East which does not involve fighting for territory that holds water resources.

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Qatar Moves towards Food Self-Sufficiency

Background

Recent turmoil throughout North Africa and the Middle East is pushing up the price of oil and food commodities, raising further concerns about food security in the region. As a small country that depends

on the outside world for the majority of its food supply, Qatar is especially vulnerable to the risks of food insecurity. However, unlike neighbouring countries such as [Saudi Arabia](#) and the United Arab Emirates, Qatar is investing heavily and taking remarkable steps to increase domestic food production and raise the likelihood of food self-sufficiency.

Comment

With a mere ten per cent of Qatar's food requirements being sourced from within its borders, the country currently relies heavily on imports, but Qatar is hoping to drastically turn this around. It has set a target of 60-70 per cent food security by the year 2023. This may come as quite a surprise to those who are aware of Qatar's limited arable land, but the Gulf state is aiming to invest in innovative farming technologies that will transform its barren terrain into agriculturally productive lands.

Qatar is dependent on imports from other countries for 90 per cent of its food supplies, but as food prices are increasing along with the cost of shipping due to oil trading at its highest level in two-and-a-half years, importing food is becoming a more expensive option. In 2008, it resolved to address this issue by establishing a National Food Security Programme (QNFSP). The programme will begin in 2013 and focus on four key areas: agricultural production, desalination plants, sustainable energy resources and food processing industries.

Achieving food independence will prove to be quite a challenge given Qatar's hot, dry climate, low annual rainfall and high soil salinity. Only one-third of the country's arable land is being cultivated owing to the unfavourable conditions and the huge cost incurred by farmers. These are key challenges that the 17-member QNFSP taskforce plans to tackle and find sustainable solutions to with the support of cutting-edge technology.

Although it does not have enough land suitable for growing food, Qatar has enough wealth to find ways to improve the lands it does have. The QNFSP is seeking to make harvesting in the desert possible by using microbes to condition the soil. The programme also plans to work with the United States in developing solar-powered desalination plants designed to provide sufficient water supplies for farmers in order to boost agricultural yields.

Along with other Gulf countries, Qatar has been investing in land overseas to produce crops that could be shipped home. Qatar is developing partnerships with, and buying land from, nations that have abundant land, including Argentina and Ukraine. As reported by [ArabianBusiness.com](#), Mahendra Shah, director of the QNFSP, has vowed that no more than 40 per cent of the food produced will be shipped back to Qatar's shores, so as to promote local development and provide livelihoods for local farmers. By combining overseas production with domestic farming, Qatar is becoming closer to securing its own food supplies.

This innovative approach to ensuring local food security in Qatar ought to be watched closely by the international community. It remains to be seen whether Qatar will have success where other countries have failed in attempting to achieve food self-sufficiency.

As global food prices continue to rise and the effects of climate change become more apparent, Qatar's agricultural research and development efforts ought to be emulated by other states that are experiencing a food crisis. In fact, perhaps elements of the QNFSP could be adopted as a policy strategy towards eradicating hunger and malnutrition around the world.

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Oman Rocked by Protests

Background

Recent protests in Oman have degenerated into violence and looting as protesters battled security forces in the northern industrial city of Sohar on 27 February 2011. The clashes left at least one person dead as protesters demanded political reform, greater economic opportunities and an end to corruption. For now at least, Sultan Qaboos bin Said continues to enjoy the support of protesters, but the costly measures he has so far announced in response appear unlikely to satisfy demands.

Comment

After [Bahrain](#) and [Yemen](#), the normally peaceful Sultanate of Oman has become the latest Arabian Peninsula country to experience popular protests, as demonstrators march to demand democratic reforms, higher wages and more jobs, an end to corruption and the removal of government ministers.

The first protests took place in the capital, Muscat, on 17 January, following the events in Tunisia and involved around 200 people protesting against corruption and the high cost of living. Another march on 18 February saw some 350 people pledging support for Sultan Qaboos, but demanding political and economic reforms.

In three days of protests in Sohar, demonstrators calling for more jobs, fewer expatriate workers and a greater share of the country's oil wealth blocked the road to the city's port and oil refinery and set fire to a supermarket and police station on 27 February. Police responded by firing tear gas and rubber bullets at protesters. Estimates of the Sohar death toll varies between one and six, while protesters claim police used live ammunition.

Another protest in the city the following day was peaceful. In fact, police had withdrawn from the scene, prompting an outbreak of looting. Other peaceful protests took place in Muscat and the southern city of Salalah.

In response, Sultan Qaboos has announced the sacking of a number of cabinet ministers, the creation of 50,000 new public sector jobs and an unemployment allowance of US\$390.00 (\$383.00) per month. Also promised is a study of possible changes to the composition and powers of the *Majlis Oman*, an advisory quasi-parliament comprising an appointed upper house and elected lower chamber.

The measures, announced on Sunday, failed to prevent Monday's demonstrations and are unlikely to satisfy protesters' demands. The cost of financing them over the longer term could be another issue as, although dependant on hydrocarbon exports, Oman does not have the substantial oil and gas reserves of many of its neighbours.

Sultan Qaboos has ruled as absolute monarch since 1970, when he took control of an impoverished kingdom with few schools and hospitals, no universities, an insurgency and widespread disease, illiteracy and poverty. The protests are indicative of a growing generation gap between older Omanis, who experienced conditions prior to Sultan Qaboos' rule – whatever its faults – and a younger generation that is the product of those new schools and hospitals, but which is confronted by low wages and limited economic opportunities.

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Agriculture Firm Takes Slice of West African Port

Background

London-listed agribusiness company Agriterra Ltd is to develop port facilities in Guinea, West Africa as part of the company's strategy of controlling all facets of its business.

Comment

Agriterra is constructing an industrial and commercial terminal in the Port of Conakry, Guinea. It will include a 300 metre long dock and a 30 hectare platform, to be used as a base for its operations. It will contain grain storage silos, a processing unit, a preparation unit, logistics depot, fuel depot and freight hangers. German international port consulting engineers and architects Inros Lackner AG will assist in developing the project. The port is seen as a gateway and staging post to interior West African countries including Mali, Burkina Faso and Niger.

Agriterra chairman Phil Edmonds noted in a 21 February 2011 statement to shareholders that the economic fundamentals for the agricultural sector are extremely positive. 'The increasing focus on global food security means that there are significant opportunities for the Group given our personnel and experience,' Mr Edmonds said. Agriterra has large feedlot and cattle ranching operations in Mozambique, where its two ranches cover 16,000 hectares.

The company has done well to get a foothold in the Conakry port, which will increasingly face competing pressures for dock space from the mining sector. At least 90 per cent of Guinea's trade is said to go through the port; bauxite constitutes 80 per cent of exports and alumina 14 per cent.

By getting a foothold now as the port is redeveloped, Agriterra may not only secure its own supply chain, but will also be in a position to assist in the logistical management of other agricultural companies.

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What's Next?

- Spanish Prime Minister José Luis Rodríguez Zapatero is today concluding an official visit to Qatar and the United Arab Emirates, where he has been promoting Spanish business interests.
- The “Outlook 2011” conference is taking place on 1-2 March at Canberra’s National Convention Centre. It is hosted by the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARE) and is considering the key issues for Australia’s economy and primary industries. For more: <http://www.daff.gov.au/abare-brs/outlook>
- Malaysian Prime Minister Najib Razak is scheduled to visit Australia from 2-4 March at the invitation of Prime Minister Julia Gillard to discuss bilateral, regional and international issues.
- In an “inter-BRIC” visit, Brazilian Foreign Minister Antonio Patriota will travel to China from 2-4 March. Mr Patriota will to discuss bilateral and international issues with Chinese Prime Minister Wen Jiabao, Vice Prime Minister Wang Qishan and Foreign Minister Yang Jiechi.
- Prime Minister Julia Gillard is scheduled to travel to the United States from 5-13 March for meetings with President Barack Obama, Secretary of State Hillary Clinton, Treasury Secretary Timothy Geithner and other government officials. Ms Gillard is also to meet with US intelligence heads, World Bank President Robert Zoellick and UN Secretary-General Ban Ki Moon.

Any opinions or views expressed in this paper are those of the individual author, unless stated to be those of Future Directions International.