

ديناميكية الأمن الغذائي في بلدان الشرق الأوسط وشمال إفريقيا: كيف تكون السياسات مميزة؟

The Food Security Dynamic in MENA Countries: How Should Policies be Distinctive?

Key Outcomes:

- Food security in the Arab world is a seasonal event that triggers debate and discourse during transitory shocks caused by external factors (e.g., war in Ukraine), and causes disruption in the price and food supply chain.
- The nature of the shift and diversity in consumption patterns in the Arab world is caused either by a change in the lifestyle due to the change in living standards, or by the significant food assistance over decades, in which traditional approaches to the food security do not seem to be working and require a shift towards a more dynamic and mixed approach.
- Innovative solutions and revisiting the entirety of the food security approach require a mixed approach to food security to make the most out of commodity markets to support and smooth consumption and avoid transitory food deficits for countries during price hikes and to stabilize the prices accompanied with building grain storage strategy as part of the precautionary strategies for unusual times.



Abstract

The race of striking the balance in supply and demand for food security and consumption patterns in the Arab world is a challenging exercise. The nature of the shift and diversity in consumption patterns is caused either by a change in the lifestyle due to the change in living standards, or by the significant food

assistance over decades as is the case for Egypt and Sudan, where the entirety of the consumption patterns have shifted away from traditional crops toward imported wheat. This has resulted in the desire to achieve food security to MENA countries, from economic and security points of view, to be more complex due to the rise in grain consumption and import dependency over

time. The food security concept has evolved over time and was well debated since the early 1970s during the Israeli Arab conflicts to make the Arab world more food secure. Towards achieving this aim, the Sudan, with “huge potentials” and vast land, has been identified together with the Arab capital and Western technology as potential players and possible food baskets. Unfortunately, Sudan turned, from being the food basket of the Arab world, into a major recipient of food aid and assistance. As production in major wheat and rice producing countries have reached record levels, placing emphasis on building domestic efficiency of crops like rice and wheat in some MENA countries with potential is deemed to be a failure. In such circumstances and dynamics, playing the food security catch-up game through the supplying side may not work and requires different approaches. The paper argues that “virtual” food security is achievable if a different path of policy perspective is followed. The disruption of global food supply causes fear, confusion, and anxiety in MENA countries. The paper calls for a collective approach, and revisits the traditional focus on food security, and stresses on the supply-side towards adopting a mixed policy in intermediate

crops and final commodities with relatively comparative advantages. In this paper, we seek to fill these gaps by attempting to recommend some innovative solutions and revisiting the entirety of the food security approach which is very much the discourse always revisited during the times of upheaval and food supply disruptions, such as the case with the current war in Ukraine causing price hikes. As in many cases, shocks are country-specific, hence the paper calls for a mixed approach to food security to make the most out of commodity markets and to establish a Food Security and Resilience Transitory Emergency Trust Fund by Arab funds to support and smooth consumption and avoid transitory food deficits for countries during price hikes and to stabilize the prices accompanied with building grain storage strategy as part of the precautionary strategies for unusual times. Moreover, the paper is advocating for Arab transnational heavy investments by the private sector in intermediate food items and other final goods with great Global Value Chains (GVCs) advantages, like fisheries, livestock, fodder production, cooking oilseed complex, and vegetables. Other policy conclusions are drawn, and recommendations are reported.

1. Background

Rapid income growth and urbanization could significantly change the amount and the composition habits of the food basket including consumption patterns in the Middle East and North Africa Region (MENA). Shifts in consumption patterns and the marginal

propensity to consume in purely economic terms are simply associated with changes in income and wealth, whereas shifts in consumption patterns tend to correlate with income.

The region is inherently dependent on imports to meet the rising demand for food,



particularly cereals. These imports became exorbitantly expensive in recent years as cereals world market prices were high and erratic. As a result, MENA countries, as well as food importing countries throughout the world, have placed a new premium on designing strategies for improving food security by reducing the risks that accompany being a food importing nation (Sadler, M and, Magnan, N, 2011).

The overall implication of such dramatic trend in consumption patterns shifts from the homegrown traditional stable production over time is a continuous imbalances between supply and demand. Any external commodity price shocks and supply disruptions, like the current war in Ukraine, will automatically cause price hikes and serious implications to overall food security and macroeconomic management, and will result in pressure on limited fiscal space to maneuver shocks in MENA non-oil countries. Furthermore, it is evident from recent experiences with commodity price shocks, that the adaptation to alternative food items during shocks is neither elastic nor realistic. That is the reason why food consumption patterns have both political and macroeconomic serious implication levels,

particularly for non-oil producing countries (e.g., Egypt, Sudan, and Lebanon), in some cases, even some oil-producing countries, like Algeria, face such challenges due to heavily subsidized food.

The diversity of consumption patterns in MENA countries has made the food security concept in an elusive quest for results . For example, while rice dominates the meals in the Middle East countries, North African countries are dominated by wheat and bread consumption. Neither countries in the Middle East, nor those in North Africa have comparative advantages and capacities to produce enough wheat or rice compared to global production players, whether in the West or the Far East. As such, based on comparative advantages and trade theories, a production approach (availability) may not be an optimal solution to food security in these major two items for the Arab world. By contrast, a number of non-oil producing Arab countries have advantages in producing commodities with high values (cooking oilseed complex, vegetables, livestock and meat, fisheries and fodders), but lack internal efficiency, technology, and large-scale production techniques.

According to the United Nations Economic and Social Commission for Western Asia (2019), food security is a major challenge in the Arab region. Agricultural production in Arab countries, which continues to be an important livelihood for many of the poorest, is failing to keep up with the demands for accessible and stable food supplies for the region's burgeoning population. Despite all these challenges, some MENA countries like Sudan, Morocco, and Mauritania still have relatively comparative advantages and opportunities to scale up production and be a home for the production of more intermediate food security items like cooking oilseed complex, fruits and vegetables, fishing, livestock, and fodder with the great advantage that can contribute more significantly to the overall food security concept than the traditional approach focusing on the availability of some stable crops like wheat and rice. The contention here is that the new approach to food security should focus on a mixed approach of availability, accessibility, and capacity to procure food during price hikes just as historically viewed with the emphasis on availability as "a whole of food security approach" making the Arab world a "home" to produce everything.

Against this background, the scope of analysis of this paper aims to exert efforts and stimulate the debate on key policy priorities for food security in the Arab world by following different approaches aiming to view the concept differently. Its findings are based on an innovative combination of available rigorous economic analysis and the utilization of secondary data.

In its conclusion, the paper indicates that the ongoing analysis and food security initiatives in the Arab world are still dominated by the old concept of food security and the supply side approach. By contrast, consumption patterns continue shifting away from home production exponentially. Another policy issue that has been recommended in this paper is that countries with high potentials, like Sudan, are able to contribute significantly to intermediate food security commodities but have to exert more efforts in the area of the business environment. In addition, such countries should allow people from countries with high farming and technical experiences, like Egypt and Syria, to move in and improve the overall productivity and agriculture practices.



2. Scope, Rationale, and Significance of the Analysis

The paper aims to focus on food security as an important and effective policy instrument in providing political and social security and stability in MENA countries.

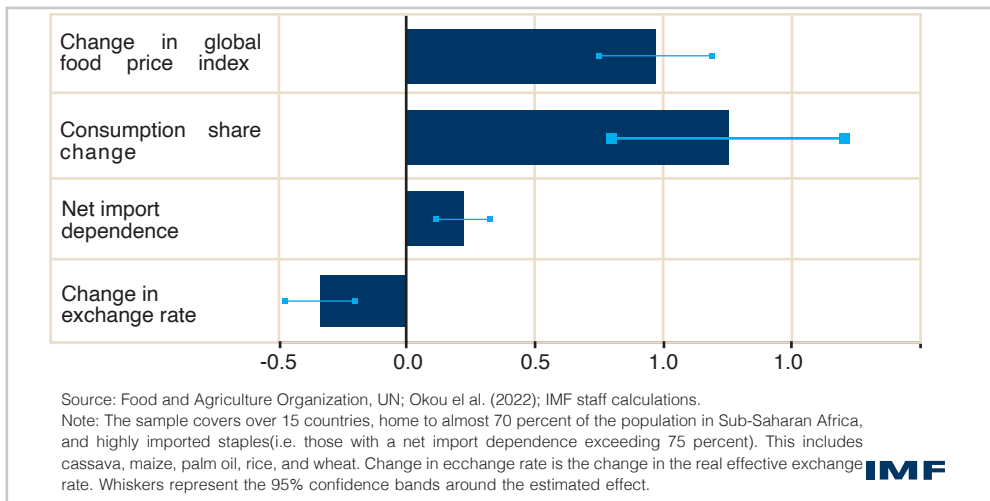
The rationale is that the current war in Ukraine has shown that a quick response from another part of the world is possible where Russia and Ukraine supply around 29% of all global wheat export (CNN Arabic, 2022). While most of the prices are soaring, global factors are to blame including geopolitics. Thanks to global diversity where

there is no country or region now controlling the global supply with an oligopoly nature as in the past, wheat production was dominated largely by few countries. This fact represents a dramatic shift and threat equating the food security concept with the national security issue in the Arab world. Some quick policy measures can rectify the emergency situation created by such disruption in supply.

The driver of food security, particularly the change in consumption patterns in Africa, is not much different from that of MENA countries as both regions are heavily

Drivers of food prices in Africa

A 1 percent increase in how much a staple food is consumed raises its local price by an estimated 1.2 percent if it is mostly imported.
(estimated effects on staple food prices of a 1 percent increase in listed factors)



dependent on wheat and rice imports. As indicated by Cedric Okou, and others (2022), those factors include the region's heavy reliance on food imports and changes in food consumption and incomes.

The paper also concentrates on the policy options with respect to the reality of food security aspect in the Arab world from the diversity and consumption pattern points of view, and the race of playing the "catching up game" between supply and increasing demand of imported food on one hand, and the desire of the Arab League to continue with old food security fashion and self-sufficiency strategy as an attempt to bring new perspectives to this important debate on the other hand. As the debate of food security has been occasionally re-ignited in the Arab League during times of upheaval and global supply disruptions, like the war in Ukraine, it is significant to bring fresh ideas and rationale contribution to this debate on what the future holds for future security in the Arab world and how to develop distinctive policies to address frequent shocks.

As indicated by Saab (2015), improving the self-sufficiency aspect of food security requires an all-inclusive regionally

integrated approach, recognizing the interdependence of the food-water energy nexus, and a new paradigm of agricultural sustainability, based on economic, social, and environmental considerations.

The significance of this analysis lies in the contribution to find innovative policy options. Given the fact that the ongoing discourse equating food security concept with self-sufficiency and availability seems to be a misleading recipe in leading the Arab League food security initiatives over time, such an approach has failed, and rather undermined significant achievements from the early 1970s to date in other crops that could transform some countries into major production players of certain food security items (e.g., cooking oilseed complex). The paper will look at this notion from different perspectives, namely the following three approaches:

First: Food security and consumption pattern within the context of oil-producing countries (inverse relationship with oil production constitutes a zero-sum). Farming out and outsourcing are the common practices in buying and renting lands in Europe, Latin America, Africa, and Australia.

Second: Food security and consumption pattern within the context of non-oil



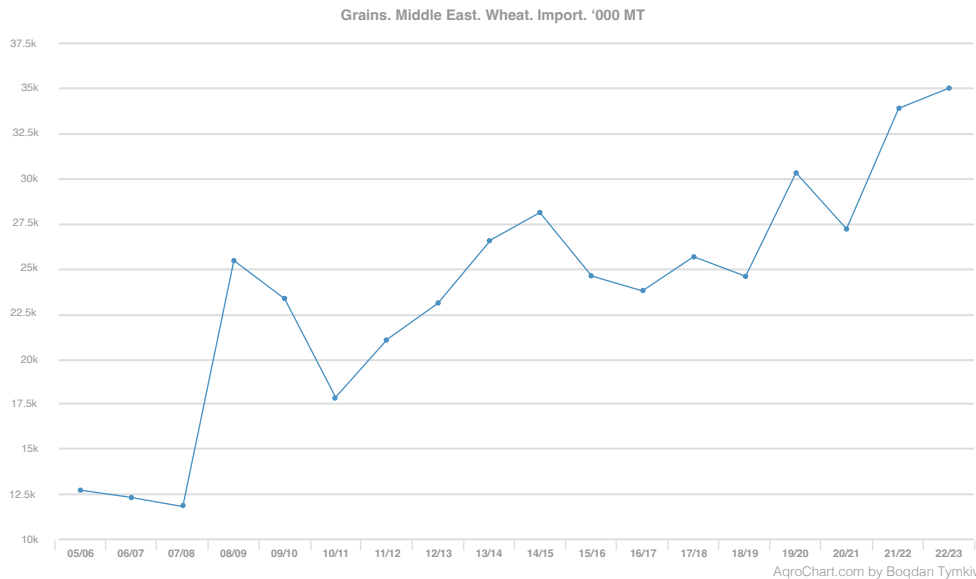
producing countries with high risk and vulnerability to external shocks.

Third: Given the comparative advantages with respect to a number of Arab countries with high-value potentials in intermediate food security items, like cooking oilseed complex, vegetables, fishing, livestock, and fodder production, policies can be distinctive to transform their intermediate and final goods towards becoming a major player and contributing to food security in the Arab world within the Global Value Chain (GVCs). Such an approach requires new thinking with respect to building collective food security partnerships and massive investments to transform those sectors and

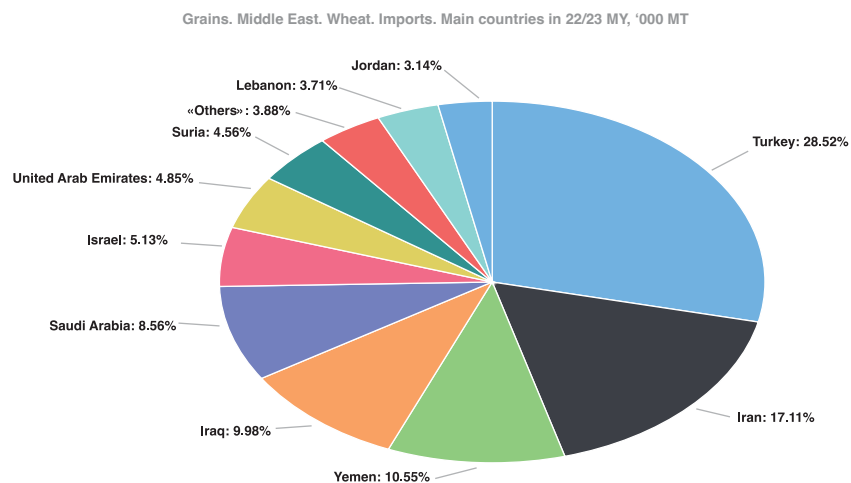
scale them beyond the current livelihood approach.

3. Food Security in MENA Countries through the Decades: A Primary Review

Since the 1970s, the food security concept has evolved over time to mean different things, particularly for the Arab world. From a security perspective, food security is considered the foundation of unified national security for the Arab world. Food is portrayed as a security issue in the Gulf states, a promulgated threat irrespective of the existing reliability in access and supply. According to Koch: ‘food security narratives are pervaded by the themes of in/



Source: (Agro Chart, 2022)



dependence, territorial sovereignty, national vulnerability, and the precarious integrity of food supply chains, which might become a site of attack in political confrontations' Christian (2020:, p. 120).

The food security concept has evolved over time and has been well debated since the early 1970s during the Israeli Arab conflict to make the Arab world more food secure. Towards achieving this aim, Sudan, with “huge potentials” and vast lands, has been identified together with Arab capital and Western technology as potential players and possible food baskets. Unfortunately, Sudan turned later into a major recipient of food aid – assistance instead of being a food basket of the Arab world, which is rather

ironic and unfortunate.

AFED's report: Food Security: Challenges and Prospects, released in November 2014, confirmed similar findings. It pointed out that Arab countries, in their quest to enhance food self-sufficiency, face serious challenges emanating from a backdrop of constraining factors, including aridity, limited cultivable land, scarce water resources, and serious implications of climate change.

A recent World Bank and FAO study (2012), The Grain Chain, Food Security and Managing Wheat Imports in Arab Countries argued that Arab countries are particularly vulnerable to increased volatility in international wheat markets since they rely heavily on wheat imports, and



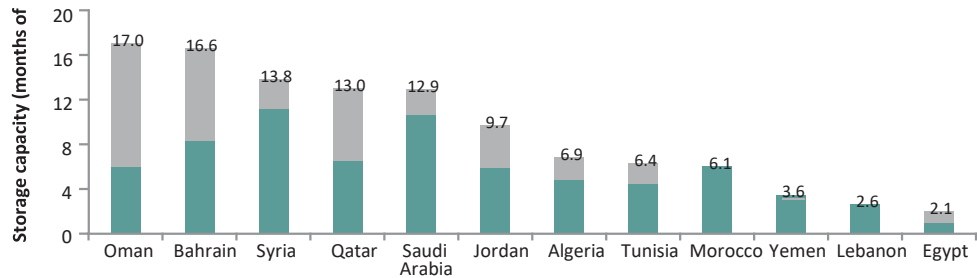


Figure 1: Many Arab countries are planning to increase storage capacity

short-term demand for wheat in the Arab world is relatively inelastic. In total, Arab countries import about 56 percent of the cereal calories they consume, the largest share of which comes from wheat. Some countries import 100 percent of their wheat consumption needs. As net wheat importers, Arab countries are exposed to both supply and price risks through the wheat import supply chain WISC. The study further indicated that Arab countries face a number of food security risks due to their high dependence on wheat imports. The study considers three critical aspects of the wheat import supply chain (WISC) and proposes several strategies Arab countries may consider to mitigate import risks, namely strategic storage, which implies maintaining strategic wheat reserves to times of weather crisis and food supply disruptions and the

contribution to domestic and international price stabilization effects.

Currently, overall storage capacity in the region averages the equivalent of six months of consumption and estimated ending stocks average four and one-half months. However, many Arab countries are planning to increase their strategic wheat reserves as a policy to improve food security. This can provide them with critical lead time to secure alternative wheat supplies or supply routes during times of crisis. Reserves also offer psychological benefits that may prevent hoarding and pilferage.

Juergen Voegelé, the Vice President for Sustainable Development at the World Bank in an article published on his blog (2020), Three imperatives to keep food moving in

a time of fear and confusion, emphasized that production levels and global stocks for staple foods are at an all-time high and world prices for most food commodities have been remarkably stable since 2015. There is plenty of food, globally, to go around. The real risk lies in export restrictions – behaviors of exporting countries that should urgently stop. The global food market is one of the rare things that are relatively stable these days. Policies should preserve that stability, not destroy it.

Commodity Price Cycles: Causes, Consequences and Lessons from Past Commodity Price Shocks

The global recession caused by the pandemic in early 2020 led to a widespread

collapse in commodity prices. The collapse was followed by a synchronized sharp rebound in prices. Commodity-exporting emerging markets and developing economies (EMDEs) generally need to take steps to better manage future commodity price shocks and reduce their reliance on commodities (Vasishtha, 2022).

Commodity prices have undergone repeated cycles over the past 50 years and these price cycles have been highly synchronized across commodities. A common “global factor”—a common factor derived from 39 commodity price series—accounted, on average, for roughly 15-25 percent of the price variability for energy and metals, but only 2-10 percent for

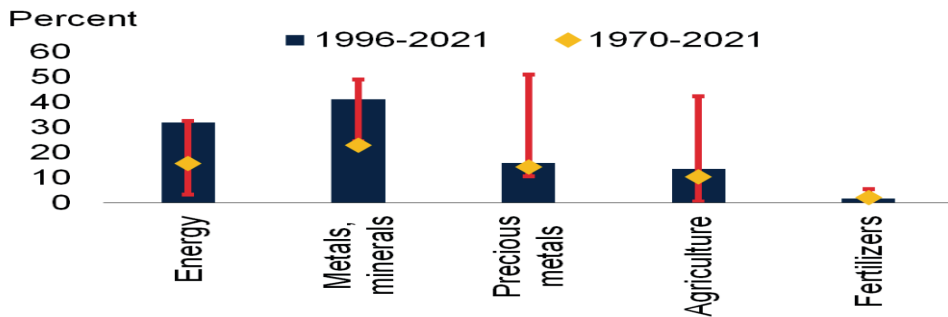


Figure 2: Commodity price variation due to the global factor, 1970-2021 and 1996-2021

Source: Baumeister and Hamilton (2019); Ha, Kose, and Ohnsorge (2021); Kabundi and Zahid (Forthcoming); World Bank. Note: Share of variation in month-on-month growth of 39 commodity prices—for 3 energy commodities, 7 metal and mineral commodities, 3 precious metals, 5 fertilizers, and 21 agricultural commodities—accounted for by the global factor and derived from a one-factor dynamic factor model as in Kose, Otrok, and Whiteman (2003). Bars show consumption-weighted averages. Whiskers indicate range from minimum to maximum during 1996-2021.



Box (1): Food Security: Concept, Definition and Measurements

Food security is a flexible concept as reflected in the many attempts at definition in research and policy usage. Even a decade ago, there were about 200 definitions in published writings]. Whenever the concept is introduced in the title of a study or its objectives, it is necessary to look closely to establish the explicit or implied definition

The continuing evolution of food security as an operational concept in public policy has reflected the wider recognition of the complexities of the technical and policy issues involved. Food security as a concept originated only in the mid-1970s, in the discussions of international food problems at a time of global food crisis. The initial focus of attention was primarily on food supply problems - of assuring the availability and to some degree the price stability of basic foodstuffs at the international and national level. That supply-side, international and institutional set of concerns reflected the changing organization of the global food economy that had precipitated the crisis. A process of international negotiation followed, leading to the World Food Conference of 1974, and a new set of institutional arrangements covering information, resources for promoting food security and forums for dialogue on policy issues.

The issues of famine, hunger and food crisis were also being extensively examined, following the events of the mid-1970s. The outcome was a redefinition of food security, which recognized that the behavior of potentially vulnerable and affected people was a critical aspect.

A third, perhaps crucially important, factor in modifying views of food security was the evidence that the technical successes of the Green Revolution did not automatically and rapidly lead to dramatic reductions in poverty and levels of malnutrition. These problems were recognized as the result of lack of effective demand.

Official concepts of food security

The initial focus, reflecting the global concerns of 1974, was on the volume and stability of food supplies. Food security was defined in the 1974 World Food Summit as:

"Availability at all times of adequate world food supplies of basic foodstuffs to sustain a steady expansion of food consumption and to offset fluctuations in production and prices"

In 1983, FAO expanded its concept to include securing access by vulnerable people to available supplies, implying that attention should be balanced between the demand and supply side of the food security equation:

"Ensuring that all people at all times have both physical and economic access to the basic food that they need".

In 1986, the highly influential World Bank report "Poverty and Hunger" focused on the temporal dynamics of food insecurity. It introduced the widely accepted distinction between chronic food insecurity, associated with problems of continuing or structural poverty and low incomes, and transitory food insecurity, which involved periods of intensified pressure caused by natural disasters, economic collapse or conflict. This concept of food security is further elaborated in terms of:

"Access of all people at all times to enough food for an active, healthy life".

By the mid-1990s food security was recognized as a significant concern, spanning a spectrum from the individual to the global level. However, access now involved sufficient food, indicating continuing concern with protein-energy malnutrition. But the definition was broadened to incorporate food safety and also nutritional balance, reflecting concerns about food composition and minor nutrient requirements for an active and healthy life. Food preferences, socially or culturally determined, now became a consideration. The potentially high degree of context specificity implies that the concept had both lost its simplicity and was not itself a goal, but an intermediating set of actions that contribute to an active and healthy life.

The 1994 UNDP Human Development Report promoted the construct of human security, including a number of component aspects, of which food security was only one. This concept is closely related to the human rights perspective on development that has, in turn, influenced discussions about food security. (The WIDER investigation into the role of public action into combating hunger and deprivation, found no separate place for food security as an organizing framework for action. Instead, it focused on a wider construct of social security which has many distinct components including, of course, health and nutrition)).

The 1996 World Food Summit adopted a still more complex definition: "Food security, at the individual, household, national, regional and global levels [is achieved] when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life".

This definition is again refined in The State of Food Insecurity 2001: "Food security [is] a situation that exists when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life".

This new emphasis on consumption, the demand side and the issues of access by vulnerable people to food, is most closely identified with the seminal study by Amartya Sen. Eschewing the use of the concept of food security, he focuses on the entitlements of individuals and households.

Essentially, food security can be described as a phenomenon relating to individuals. It is the nutritional status of the individual household member that is the ultimate focus, and the risk of that adequate status not being achieved or becoming undermined. The latter risk describes the vulnerability of individuals in this context. As the definitions reviewed above imply, vulnerability may occur both as a chronic and transitory phenomenon. Useful working definitions are described below.

Food security exists when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food which meets their dietary needs and food preferences for an active and healthy life. Household food security is the application of this concept to the family level, with individuals within households as the focus of concern.

Food insecurity exists when people do not have adequate physical, social or economic access to food as defined above.

Source: Edward Clay (2002), Food security: concepts and measurement, Overseas Development Institute, London, UK, for the FAO Expert Consultation on Trade and Food Security: Conceptualizing the Linkages, Rome, 11-12 July 2002 <https://www.fao.org/3/y4671e/y4671e06.htm>

agricultural commodities and fertilizers. The synchronization in prices has become more pronounced over time for industrial commodities. Since the mid-1990s, on average, the common global factor accounted for about 30-40 percent of the variability in industrial commodity prices—twice as much as during 1970-2021.

Food commodity markets, especially grain markets, have experienced two major price increases during the past half-century, both during similar time periods to the oil price shocks. The first occurred during the 1972-74 oil crisis—the World Bank's food price index increased 70 percent from 1972 to 1974 in real terms—reflecting weather-related production shortfalls in grain-producing countries, including Australia, Canada, the Soviet Union, and the United States. These shortfalls were compounded by higher input costs, including energy and fertilizers, due to the first oil price shock. Other contributing factors included earlier policies of major exporting countries to reduce stocks and idle cropland. The depreciation of the U.S. dollar following the removal of the gold standard played a role as well. The second price shock took place during the 2000s, as part of the broader commodity price boom—the real food

price index gained 45 percent from 2006 to 2008. As in the case of oil, food prices declined during the 2009 financial crisis but spiked again in 2011. These price increases occurred alongside adverse weather and a broad-based rise in input costs, including energy and fertilizers. Policies encouraging the use of food commodities for biofuels exacerbated the price spike (World Bank, 2022).

In comparing the current episode with earlier commodity price shocks, a key similarity between the Ukraine war and the earlier food price shocks is the role of high energy (and fertilizer) prices in driving the food price increases. However, the extent and breadth of price increases differed markedly across the three spikes. Whereas the 1970s food price increases were among the largest of the past 100 years, the more recent increases have been much smaller in magnitude. While the 1970s price boom was broad-based, in 2008-09 it was led by rice, and the current price spike has been led by wheat (with increases in maize and oilseeds as well), (World Bank, 2022).

The global production and emerging new players in agriculture commodities have established a no scarcity system



that ensured high levels of access to food. Henderson, (2022), argued that the orientation towards the private sector led to the food security complex in the Arab world, it is a complex as the business environment and infrastructures are challenging to countries considered with high potential for food security (e.g., Sudan). Under the farming out concept, oil-rich countries shifted their traditional focus from investing in Arab countries to other countries, in Europe, Latin America, and even Africa, with much better investment facilities. In this respect, the emphasis on the private sector and its ability to resolve these problems became far greater. The Gulf state's agribusiness companies and their access to the global food market were framed as a means to vault the limitations of the domestic biosphere. By the end of the 2000s, the private sector and its international investments became the mainstay of the Gulf states food security. Business could secure food security but in a more disciplined and efficient manner than the state. According to a US diplomatic cable in 2010, 'Saudi private companies and individual investors will take the leading role in investing in strategic agricultural crops overseas' (Farmlandgrab, 2010). In the UAE, a similar approach was adopted. In 2013,

the managing director of Al Dahra said: 'The (UAE) government has come up with a new initiative to make the agriculture sector both profitable and sustainable. The Abu Dhabi Food Control Authority was formed (in 2005) to create a sustainable structure for privatizing the agriculture sector' (Oxford Business Group, 2013).

4. Conclusion

Food security in the Arab world is a seasonal event that triggers debate and discourse during transitory shocks caused by external factors (e.g., war in Ukraine), and causes disruption in the price and food supply chain. Food security challenges are now more associated with trade and supply shocks.

The paper argues that "virtual" food security is achievable if a different path of policy perspective is followed. The supply-side emphasis on the food security approach, the failure of Arab countries with high "potentials" agriculture, and the inability to cope with the increasing demand and shift in consumption patterns, make the desire for food security through such a classical approach, to some extent, an elusive quest for results. Under such circumstances, the self-sufficiency notion is not likely to be

materialized.

Throughout history, and since the early oil shock period during the 1970s, the equation of the national security threat with food security in MENA countries, caused by global supply disruption and price risks, has not yet been materialized as a real threat, and largely remains a seasonal global event caused by external factors before markets elsewhere responding to the crisis. Thanks to global productivity gains and diversification, threats to food security became a transitory event through price hikes that may not have serious consequences on equating food security with the national security agenda. Efforts to improve risk preparedness are vital and likely to pay off through a number of policies recommended in this paper.

The paper suggests that countries with high potentials, like Sudan, are able to contribute significantly to intermediate food security commodities but have to do more in the area of the business environment and shall allow people from countries with high farming and technical experiences, like Egypt and Syria, to move in and improve the overall productivity and agriculture practices.

Lifestyle and heavy food assistance have

shifted dramatically the consumption and dietary patterns in the Arab world. Traditional approaches to the food security do not seem to be working and require a shift towards a more dynamic and mixed approach with the dominance of trans-Arab private investment in key crops with high value and comparative advantages as mentioned earlier.

While it is often presented as a win-win enterprise, concerns have been expressed about the appropriateness and sustainability of some land acquisitions. Practical concerns revolve around how to regulate such investments in order to maximize both economic and social benefits while minimizing risks. For such projects to be mutually beneficial, issues of land tenure rights, compensation, employment generation, distribution of harvests and other benefits, should be appropriately considered. Careful planning and transparency by the recipient and investing countries are needed for land acquisition projects to be successful and fair to both parties.

There are three channels through which market mechanisms may respond to price shocks and associated policies, these are: demand reduction, substitution, and supply responses. Strengthening grain storage



capacity offers a great opportunity for countries to maneuver the first wave of price hikes. Key policy decisions incorporated the requirement to create national oil reserves equal to 90 days and beyond of grain reserve relevant to 60 days oil reserve or minimum of 30 days.

The policy debates on whether the gains from international specialization in global value chains (GVCs) outweighs the associated risks of transmission of shocks have intensified in the aftermath of the COVID-19 outbreak and the resulting disruptions in the supply chains of some manufacturing and medical products. On current projections, global supplies of wheat for 2022 are adequate by historical standards.

In the past, and in response to price hikes, policymakers have often sought to provide relief to consumers via subsidies or lower taxes; however, these are generally ineffective remedies and may exacerbate supply shortages. Policymakers can better mitigate the impact of higher prices on low-income households through targeted measures, including cash transfers. Past commodity price shocks induced policy and market responses that led to increased sources of supply and, for oil price shocks,

greater consumption efficiency and substitution away from oil (World Bank, 2022).

It is evident that most non-oil Arab countries faced multiple shocks during the time of the soaring food crisis. Such multiple shocks (oil and food prices) have put those countries under serious pressure that requires instant intervention. It is evident that the shock is mutually exclusive between oil and food prices.

As income and urbanization grow, more consumption is likely to shift away from home. Playing catch-up games in the Arab world may not be the best approach but rather concentrating on those items with comparative advantages. The orientation toward food security generated by the private sector is the most viable option, and countries with high potentials should take progressive investment measures for doing business and enable investments from other Arab countries.

5. Recommendations for Dealing with Future Commodity and Food Security Shocks in MENA Countries:

- Establishing Food Security and Resilience Transitory Emergency Trust Fund with a clear mandate

to smooth consumption and macroeconomic stability during the times of upheaval. As in many cases, shocks are country-specific, and thus the paper calls for a mixed approach to food security to make the most out of commodity markets and to establish a Food Security and Resilience Transitory Emergency Trust Fund by Arab funds to support and smooth consumption and to avoid transitory food deficits for countries during prices hike and to stabilize the prices as well as to build strategic grain storage as part of the precautionary strategy for unusual times. The fund shall be designed to help countries better deal with macroeconomic management, smooth the consumption of near- and long-term effects of commodity price swings, and strengthen their fiscal, monetary, and prudential policy frameworks. Such measures are likely to help countries and ensure that transitory commodity shocks should not pass through causing both economic and political instabilities. The fund to operate only when food prices soar and hike beyond

the normal supply-demand forces caused by supply disruptions. The fund will help to avoid transitory food deficits that are largely estimated around six months before production responses from other regions in the world. Such fund or basket of Arab funds will allow countries to stabilize prices during prolonged periods of shock and to avoid macroeconomic instability that can cause riots and political instability. The fund to be operated with clear guidelines from Arab funds institutions to make resources available. In this respect, it shall not work as a conventional price stabilization mechanism. The fund will simply operate as a transitory support balance of payment by making resources available to member states.

- Placing emphasis on the supply-side approach of increasing food security through domestic production is costly, inefficient in allocating scarce resource, and deemed and proved to be a failure through decades of attempts. It is considered, in this analysis, as a bad example of traditional and classical food security



and self-sufficiency strategy. It is important to attach more attention to commodities with comparative advantages as mentioned repeatedly in this paper.

- Building a strategic grain reserve storage system for three or six months as part of the precautionary strategy for unusual times, which should not be meant to deal with stabilizing the traditional and conventional market and forces as distortion price mechanisms.
- The paper advocates for a trans-Arab investments in intermediate food items and other final goods with great Global Value Chain advantages, like fisheries, livestock, fodder production, cooking oilseed complex, and vegetables. Establishing a coalition of private investments along with reforming the investment climate in countries with “high potentials” in addition to building strong partnerships can make a difference towards achieving food security in the Arab world.

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الوكالة الإفريقية لمواجهة المخاطر

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