

HIGH-LEVEL CONFERENCE ON FOOD INDUSTRY FOR A SUSTAINABLE FOOD SECURITY

Towards more resilient
regional supply chains
and a more sustainable
food industry

Cairo (Headquarters of the
League of Arab States)
**22 and 23
October 2023**

OUTCOME DOCUMENT



Union for the Mediterranean
Union pour la Méditerranée
الاتحاد من أجل المتوسط



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Foreword

Back in 2015, the whole world adopted the United Nations Sustainable Development Goals (SDGs), including SDG 2, which aims at reaching zero hunger by 2030. However, the number of people affected by food insecurity has continued to increase due to various factors, such as the effects of climate change and the COVID-19 pandemic crisis.

Moreover, with Russia and Ukraine accounting for nearly 30% of the world's wheat exports and over 60% of sunflower oil global supplies, the war in Ukraine has provoked skyrocketing energy prices and staggering inflation rates around the world, as well as a disruption of supply chains, particularly in the food sector. The resulting food crisis greatly affects several countries in the Mediterranean region, notably on its Southern shores. Egypt for instance imports more than 60% of its wheat, over 80% of which comes from Russia and Ukraine.

Volatile prices and food shortages have already shown their negative socio-economic effects, including civil unrest particularly in developing countries. In fact, the ongoing crisis has laid bare such preexisting vulnerabilities and highlights the relevance of resilient and diversified regional food supply chains.

It also constitutes a real wake up call to review the architecture of the Food industry in the region, with a view to making supply chains more resilient and production more sustainable. According to FAO data for 2020, the Agri-food sector consumes 70% of fresh water and produces 30% of overall GHG emissions, while only 16% of the crops are destined to human consumption, while 72% are provided for livestock.

Given this fast-changing scenario, which directly impacts food security worldwide, the UfM Co-presidency Joint Statement adopted at the UfM Regional Forum held on 24th November 2022 called for "new arrangements for the production and supply of basic food products". Moreover, the Final Declaration of the 31st Arab Summit held in Algiers in November 2022 emphasized the need to join efforts to consolidate the collective Arab capacities to address common challenges, including food security.

In this context, the UfM Secretariat and the League of Arab States, having agreed to collaborate in areas of common interest, such as sustainable economic development and regional integration, held the High-Level Conference on Food industry and food security, which has been also supported by the German Development Cooperation and the Food Export Council Egypt.

The event included a field-visit to various leading food production companies in Egypt. Participants were able to see and experience food processing and packaging, e.g. of frozen strawberry or fruit juices, and discuss with industry leaders their current challenges. The main event was held in the Great Hall of the League of Arab States, which witnessed besides multiple high-level key notes, three central panel discussions with a large audience engagement.

This important event brought together high-level speakers exploring and discussing the different dimensions of a resilient food industry and sustainable food security in the region in three different thematic panels:

Panel I: State of play of Food industry in the region? The panel took stock of the main challenges which currently drive demand and supply. Government policies to support the food industry, its impact and effect, were discussed. This included a review of food trade policies and their impact.

Panel II: How to enhance the resilience of Food industry? The panel discussed the relation between climate change resilience and food system productivity. The debate focused on strengthening local supply chains, e.g. through diversification of external suppliers.

Panel III: How to make Food industry more sustainable and inclusive? The panel showcased best practices and initiatives towards sustainability and resource efficiency, e.g. highlighting chances by digitalization and AI technology. Examples on creating qualified jobs and bringing women in the Food sector were presented. The discussion brought forward to green the food sector more technology and ideas to implement it.



Impressions



H.E. YASMINE FOUAD, the Minister of Environment of Egypt

underlined the importance of the circular economy and drew attention to the initiatives promoted at COP27, which took place last year, under the presidency of Egypt, such as Food and Agriculture for Sustainable Transformation (FAST).



H.E. KHALED AL-MANZALAWI, Assistant Secretary-General of the LAS

declared that the Conference came in difficult economic and political circumstances, highlighting that the fostering of food industries requires strong cooperation among Arab countries and between them and UfM countries.



H.E. NASSER KAMEL, UfM Secretary General

highlighted the urgency of ensuring food security across the region and strengthening cooperation to fight against hunger. He went on to reiterate the UfM's commitment to continue to contribute to these goals in collaboration with key partners and stakeholders.

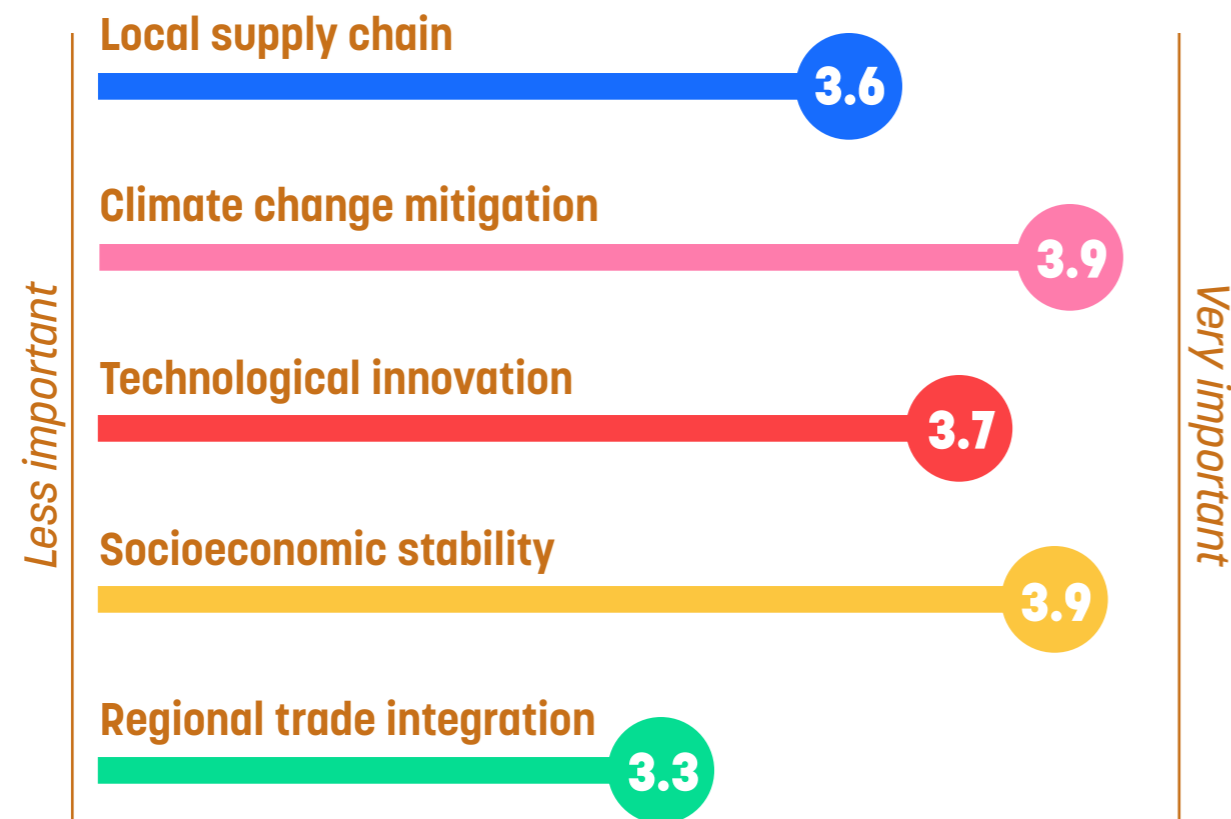


H.E. CHRISTIAN BERGER, Head of the EU delegation to Egypt

underscored the importance of the Egyptian food industry as demonstrated by the increasing food exports to Europe as well as the initiatives promoted by the EU to help address the challenges it is facing.

Event Summary and Outcomes

During the event, this interactive question was posed to all participants: **What factor is most important to enhancing resilience in the food industry in the region?**



The answers by the participants indicate that all those factors must be considered simultaneously. Climate change mitigation has been brought up throughout the event as a major driving force behind multiple challenges (e.g. water quality/drought, crop shifts, as well as violent conflicts). Socioeconomic stability is often a prerequisite for technological innovation, which can then actively enhance resilience in the food industry. Local supply chains and regional trade integration are considered throughout as similar in importance in the Mediterranean region.

Challenges identified

Climate change

The main driver for multiple challenges is climate change. Higher temperatures are

increasingly causing prolonged droughts and more constant water scarcity, including a decreasing water quality. Land degradation at large, including a Biodiversity crisis – up to the collapse of biospheres – are a massive threat for food production. Concrete effects can be observed already now, e.g. Egypt is to expect minus 25% harvest yield due to climate change impact. In turn this lower supply will lead to less production, thus costly overcapacities, in the food industry.

Agriculture specific challenges

There is a knowledge gap, and more specific development and skills are needed on the newest agriculture technology. Further this needs to be accompanied by finding climate change resilient crops and new technologies in support of them and in mitigation of the

changing climate. Support through regional cooperation in areas such as research and development as well as green innovation for more sustainable and resilient agricultural systems is needed in the region.

Energy challenges:

High energy prices and their volatility were identified as a challenge directly affecting the food industry. Energy availability and dependency in general can be a bottleneck for a resilient food industry development - e.g. Jordan is importing 98% of its energy.

International challenges:

Supply chains are critically affected by international developments such as armed conflicts. Examples for this are the Ukraine War, which directly cutoff supply and supply routes, and the War in Gaza that has aggravated the issue of food insecurity of the population. Other singular shocks of course are also not to be overlooked, e.g. the blockage of the Suez canal due to an accident. International developments impact directly prices and availability of crucial goods for the food industry: seeds, fertilizers, machinery and chemicals. Currency instability and inflation also affect the ability of businesses to import critical goods. Reducing dependence on international markets in the food sector is crucial to achieving resilience and sustainability.

Opportunities and best practices

Climate change mitigation strategies

Direct measures to mitigate the impact of climate change are undertaken to slow the speed and severeness of its impact on food production. This includes a very direct CO2 reduction in the food production sector – which e.g. amounts to 20-29% of total CO2 emissions in Egypt. Additional strategies to lowering the environmental footprint can be reached via circular economy, e.g. recycling of food waste and packaging.

Climate change adaption strategies will have to include the exploration of changes in crops and technology supporting them to stabilize production capacity.

Technology, skills and attractivity of jobs in the food sector

Capacity building and skilled laborers are needed, including on the new technologies, e.g. digitalization and AI in specific contexts. The development in this area provides great potential. To mainstream skills in technological innovation it will be important to include all parts of the population, especially the young and female. The food industry has to offer attractive and inclusive working conditions

in order to attract the necessary workforce. Competitive salaries and business opportunities will be needed, and the workers needs to be addressed (social support, health and child care...). Cooperation within the industry along value chains and clustering are necessary to advocate for important public policies enabling TVET, technology, and workers' rights.

Energy supply and price stability

Energy availability and price stability can be reached through the diversification of sources and by building on reliable and price stable renewable energy sources. The southern neighborhood has a strong energy potential, which should be harnessed with renewable energy solutions through collaboration between the member countries of the UfM region.

Supply chains

There is a need to constantly explore and build up alternative supply chains with a regional focus, e.g. fostering cooperation and exchange among local producers with other players in the region. It is also crucial to enhance the sustainability of supply chains to adapt to the new international and EU regulations whose successful implementation hinges on fostering dialogue and cooperation between the countries of the region.

Public and Private Sector cooperation

The dialogue between the public and private sector needs to be enhanced. Misunderstandings and failure to implement necessary policies need to be overcome. Cooperation between the important stakeholders has to build on an open understanding and collaboration on policy development and implementation. Updated implementation plans that consider business and government needs need to be drawn up. This requires a broad inclusion from larger industry actors to SME over to Municipalities and Regional governments.

International cooperation

Participants agreed that dialogue formats as organized by the Union for the Mediterranean, in cooperation with the League of Arab States can internationalize understanding for challenges and chances. Such platforms help bring insights to a higher level of political stakeholders and overcome national shortcoming. The North-South cooperation between European Countries and Arab Countries, and in smaller regions, is crucial not only to pass policies addressing the challenges to the food industry, but to give orientation for a useful and quick implementation supporting the food industry, which builds on the needs and capabilities for cooperation.

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