



**Dr. Shafik Ashkar
AFA Secretary General**

- Your Excellency: **Major General/ Khaled Fouda**, Governor of South Sinai
- Your Excellency: Mr. Mohammad Rashid Al Rashid,
AFA Board Chairman, FERTIL General Manager
- Your Excellency: **Mr. Mohammad Adel Al Mouzi**,
Chairman of Chemical Industries Holding Company,
Plenipotentiary Minister at Ministry of Investment,
AFA Board Member
- AFA Board Members
- Chairmen of Arab and International Companies

Ladies and Gentlemen ... Distinguished Gathering

- Allow me to express my sincere greeting for your participation in the proceedings of the 18th AFA International Annual Fertilizers Forum, organized by AFA since its establishment in 1975. AFA has been always following a clear and developed vision and strategy to serve AFA members from Arab and international companies, develop fertilizer industry and agriculture and contribute in the international efforts targeting bridging the food gap and achieving the still-unattainable international food security. Such efforts are exerted in the shed of the intensifying rate of poverty, war and disputes, tangibly decreasing amounts of water and rain fall together with the increasing phenomenon of desertification and trespassing over agricultural lands. All of

the previously mentioned take place amidst the significant growth in world population reaching around 7 billion people by the end of 2011.

- The economic transformations and the increase in the growth rates to striking records, reaching 12% in major countries such as China and India and 4% in some developing countries, have led to remarkable increase in the middle class and significant change in and demand on food system, resulting in a diversification in the food combination of these countries.
- Moreover, the political changes overwhelming the Arab world came with economic impacts crucially affecting the international economy and fertilizer industry sector. Being the industry of food and clothes, fertilizer industry is undoubtedly affected, whether positively or negatively, by the international economic changes taking place around the world.
- Most likely, 2012 will witness a new cycle of increasing regional and international needs and fertilizer trade movement accompanied by a heightened international demand on agricultural products according to the current and expected indicators.

Therefore, the challenges facing fertilizer industry and the rise in demand rate, compared to last year, and consequently the necessity of providing the required amounts of different fertilizers and related raw materials will be handled positively through the additional capacities that entered the commercial production in 2011, in a number of countries for example Qatar, Egypt and Saudi Arabia, in addition to the expected new capacities in 2012.

Ladies and Gentlemen

- The provision of food, taking in consideration quantity and quality of food, in the required timings is the momentum for achieving the so-called food security regionally and internationally. All international efforts of governments, organizations and UN, represented by FAO, target the previously stated objective; especially that the provision of food and clothes for people is one of the human fundamental rights without distinction or exception.
- Hunger is not an inevitable and inescapable destiny. So, wise policies and strategies should be laid down and agricultural development and planning should be sought. These endeavors should bear in mind atmospheric effects and considerations when planning for agricultural development; as the change

in atmosphere is one of the most dangerous environmental challenges facing the whole world, represented in draught, shortage in food materials, increase in pests and insects, spread in epidemics, augmented desertification rate, decrease in water and adversely affected fish life as a result of the rise of water temperature.

- With reference to the Arab region and the food security issue, it seems that the region is heading to face huge difficulties reflected in shortage in food supplies and widened food gap represented in the difference between local production and net imports of different food commodities reaching around USD 32 billion in 2011. The aforementioned should be taken in mind parallel to the following facts:
 - 75% of Arab region population live under the poverty line
 - 78% of wheat needs were imported
 - 81% of sugar needs were imported
 - 66% of edible oil needs were imported

Hence, **the current situation is alarming and even very alarming if not redressed**

- The reasons of food gap in the Arab region are attributed to a number of factors, shown in the following:
 - **Demographic Factor:** the increase in Arab region population by a growth rate of 4% annually, leading to an imbalance in supply and demand with reference to food materials and disorder in population distribution- as people residing in urban areas is more than rural ones- rise in unemployment rate and deterioration of agricultural system.
 - **Natural Factor:** the decrease in agricultural lands by 13%, deterioration of actually grown areas by 35% and the decline in available amounts of water.
 - **Water in the Arab Region:** facts pinpoint that about 60% of water amount in the Arab region comes from sources beyond the political limits. Thus, the Arab region is considered one of the poorest regions in water. To elaborate, the current feverish competition, this will maximize in future, on potable water, agricultural activity and industrial needs and will heighten in future. Such undoubtedly requires a comprehensive review for water consumption and distribution system, seeking the recycling and treatment of water, using underground water for industrial purposes and heading toward gradually

moving in a planned way from the traditional immersing irrigation to modern irrigation.

- **Developmental Plans:** Heading to industrial investment on the account of investing in agriculture and food crops in general.
- This harsh food situation afflicts the Arab region despite of the region possession to economic integration basis. The region hence could make use of the relative advantage of the Arab countries and distribute the resources in a way promoting the productive competitiveness, enhancing the total produced crops and narrowing the food gap.
- On the international level, the gigantic amount of challenges facing the present and future of humanity requires urgently to agree on clear basis, policies, promises for application besides to determine required investments to implement agricultural policies; so as to lay down a complete system for agricultural crops production. These attempts are to be crowned by: adopting modern technology to raise productivity, using good governance in fertilization, irrigation and agricultural extension, rationalizing water usages, benefiting from the unused available lands in agricultural production, improving agricultural investment vistas and providing the best circumstances to encourage the investment in this sector.

Ladies and Gentlemen

Concerning the relationship between fertilizer industry and local communities, it is clear that after the reduction of governments' role, in a number of countries, as a result of the faced financial and economic difficulties prevailing in the last few years, companies' social role maximized in the economic and social development field. Therefore, requirements arise calling for companies to bear a bigger share in the social responsibility via executing effective programs and policies to seriously contribute in supporting developmental projects and establishing specialized training centers, for employees or community people, providing them with better job opportunities requiring higher capabilities.

- Accordingly, companies are actually required to exceed their traditional commercially based profitable role - a normal role seeking the achievement of the best investment revenues- to a more inclusive role. To illustrate, companies' role should intertwine with governments and social organizations efforts toward a deeper commitment to the environment and the occupational

safety of workers and local communities in a transparent way. Also, these attempts necessitate the existence of a well-studied driven media reflecting, documenting and announcing the companies' activity concerning local communities and surrounding environment services.

- We then call upon companies to set a clear voluntary policy to contribute in significant social projects in agreement with the local communities and according to their expectations and requirements. This would positively reflect on both parties relationship and deepen the society acceptance to the industrial activity. The previously stated should be in line with abiding by the activity governing rules and legislations, entrenching the environmental culture and employing the best standards and systems in order to achieve sustainable development.

Ladies and Gentlemen

- Our 18th AFA International Annual Fertilizers Forum and the distinguished attendance of more than 500 participants from 36 countries and 166 Arab and international companies and organizations are a great manifestation of the participants keenness upon being part of such an event held annually in the first quarter of the year. This raises expectations concerning fertilizer trade movement during the year and highlights the confidence and distinction characterizing Arab fertilizer industry. It is worth mentioning that a number of specialized experts will tackle all the previously stated issues in detail.
- Our warm thanks to you all for your attendance and great appreciation for the Forum sponsoring companies from Egypt and abroad.

Dr. Shafik Ashkar
Secretary General