



An I2U2 Result: A New Era of Food Parks in India

India has always been an agriculturally inclined economy. Its doors to international trade and investment opened up with the LPG policies in 1991. Ever since, India has witnessed a direct shift from an agricultural economy to a service economy. Despite having a little less than half of the workforce still involved in agricultural activities and self-sufficiency in the production of most food products, the country has faced issues of food insecurity. This is due to the technological incapacities (lack of investment in the industrial and manufacturing sector) when it comes to food processing, inadequate agricultural infrastructure, economic distress, high unemployment, and high levels of economic disparities. India despite being a historically agricultural economy is unable to provide for its ever-growing population. The situation became graver with the onset of the pandemic. The prevalence rates of moderate to severe food insecurity increased from about 31.6 per cent in 2019 to 38.4 per cent in 2021.

As per the 2020 report on 'The State of Food Security and Nutrition in the world', 224.3 million people are undernourished in the country, which estimates to be around 14 percent of India's total population.

India isn't alone in this food security crisis. The recent 2022 'Global Report on Food Crises' stated that close to 193 million people faced acute food insecurity and were in need of urgent assistance across 53 territories in 2021, which is an alarmingly high number as compared to 135 million people as per 2019 statistics. Nearly half a million across 36 countries are facing famine-like conditions.

The 'Global Food Security-Call to Action' that took place in New York was chaired by the US Secretary of State Antony Blinken, who was joined by Union Minister of State for External Affairs V Muraleedharan. The meeting had discussions over the concerns regarding the rising global food insecurity, which has been the result of the ever-increasing climate emergency, the COVID-19 Pandemic and the ongoing Russia-Ukraine conflict. All these factors have contributed to skyrocketing energy and commodity prices and disruptions in global logistical supply chains. According to the 2022 Global Report on Food Crises, 139 million people had suffered across the world from conflict-induced acute food insecurity, up by around 30% reported previously.

The Mega Food Parks Scheme

To address the issue of food insecurity in India, the Ministry of Food Processing Industries established the Mega Food Park Scheme (MFPS) in 2008 with the aim to create a direct link between the agricultural produce from farms and the markets by using modern infrastructure facilities. These food parks comprise of Collection Centres (CCs) and Primary Processing Centres (PPCs) linked to a Central Processing Centre.

The setting up of 42 Mega Food Parks all over the country has been sanctioned by the Government under the Scheme, out of which 22 are operational. The vision of the MFPS was to increase the processing of perishables in the country and the country's share in the global food trade.

However, even with its enormous potential, the MFPS hasn't been able to achieve its expected outcomes. Several MFPS project deadlines have been missed since its inception. One major reason for this could be the global economic slowdown of 2008, the effects of which were felt by several nations around the world.

The timely completion of the projects faced a significant obstacle due to several financial problems, which resulted from the failure of the promoters to fully receive the grant money. The imports of machinery that were made in order to incorporate modern infrastructure facilities were expensive and resulted to be economically unfeasible for small or medium-sized food processors because of the lack of finances.

Acquisition of land also posed to be an obstacle for most developers. Another difficulty that has been faced is identifying proper beneficiaries, such as manufacturers and ancillary players, for the food parks.

India should learn from the global success stories and adopt international best practices and expertise when it comes to the model of food parks.

Food parks under I2U2

I2U2- abbreviation for India, Israel, US and UAE- is a quadrilateral group/ four-nation dialogue, also known as the West Asian quad, that is focusing on and working collectively in cooperation towards joint investments in six mutually identified areas such as water, energy, transportation, space, health, and food security. Originally convened on 18 October 2021 following the Abraham Accords, that were signed in September 2020 between Israel, UAE and Bahrain in order to normalise the relations between Israel and the Arab world, to deal with issues concerning maritime security, infrastructure and transport during the meeting held between the foreign ministers of the participant countries, the First Virtual Leaders' summit of the bloc that took place on July 14, 2022, was hosted by the US President Joe Biden, who was joined by the Indian Prime Minister Narendra Modi, the Israeli Prime Minister Yair Lapid, and the President of the UAE Sheikh Mohamed bin Zayed Al Nahyan. The global Food security and energy crisis were the major topics of discussion during this inaugural congregation. As stated in the joint statement, innovative ways to ensure longer-term, more diversified food production and food delivery systems that will be able to better manage global food shocks were discussed.

As a result of the summit, the United Arab Emirates announced to invest US \$ 2 billion across India to develop integrated food parks in order to address and tackle food insecurity in the Middle East and South Asia. State-of-the-art climate-smart technologies will be incorporated into the food parks to reduce food waste and spoilage, conserve fresh water, and employ renewable energy sources. This will be crucial for food security in the UAE and beyond.

In addition to this, private enterprises from the US and Israel will assist and provide their expertise and innovative solutions that will contribute to the overall sustainability of the projects under the Grouping. Land appropriate for facilitating the project will be provided by India. The nation serves as an ideal location for the project since it will be easy to develop a seamless supply chain, given its proximity to Israel and the United Arab Emirates.

Each of the participant nations brings something essential to the table and hence their association is very critical – the United States acts as an export hub, UAE growing in the energy sector, Israel is leading in defence research and technology and India has developed into one of the fastest growing economies in the world.

Conclusion

India stands a lot to gain with the implementation of the I2U2 grouping. India being a major oil importer and a major exporter of various commodities, is acting as a source of modernisation and diversification for Gulf nations like the UAE. India with its IT sector can assist these nations to modernise and diversify their economies into other sectors other than oil. UAE acts as the driving force of the I2U2 due to its goal to influence the post-oil scenario of the GCC.

I2U2 allows India to play a greater global role in West Asia, leading to the advancement of economic cooperation in South Asia and the Middle East, which is a favourable destination for India because of its economic and energy prospects.

With the objective of becoming one of the most globally connected nations in the gulf region, UAE through I2U2 can maintain and further build its relations with one of its leading Asian trade partners, that is India.

In addition to this, I2U2 enhances the India – UAE Comprehensive Economic Partnership Agreement (CEPA) signed in February 2022, taking the already flourishing relations between India and the UAE to the next level, particularly with respect to opportunities in labour-intensive sectors such as textiles, gem and jewellery, pharmaceuticals, and agriculture. Increased investment flows, lower tariffs, new prospects in critical industries for both India and the UAE, including as aviation, investment, financial services, hospitality, and digital trade, as well as assistance for SMEs to expand into international markets, are some additional benefits.

Building further on the foundation built by these recent developments between the two nations, India would be able to grow its food export and trade across the Arab-Mediterranean corridor. New opportunities that are important for the India-UAE food corridor may also arise as a result.

With the integration of farmers in the food parks, the agreements will lead to more job opportunities in India.

Aiming at the smooth flow of food products from India to the UAE and further in the Gulf, an evaluation of trade barriers, harmonisation of food safety and quality requirements as well as development of transportation and logistical benchmarks is set to take place.

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