

Proceedings of the Ministerial Meeting on Food Price Volatility



FAO Headquarters
Rome
16 October 2012



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Foreword

Mid-2012 saw another price hike on international food markets, the third in the last five years. Given the implications of this for food security, especially in low-income countries, international cooperation is key in addressing this global issue.

A lot has been learned from the experiences of the 2007-08 and 2010-11 price spikes about appropriate responses at international, regional and national levels. This greater understanding provided the basis for the Action Plan on Food Price Volatility and Agriculture adopted by the G20 Leaders in November 2011 at the Cannes Summit in France, that included the creation of the Agricultural Market Information System (AMIS).

This last episode of high food prices has made it opportune to reflect on recent price movements and the reactions by the international community, especially since agricultural markets and prices are expected to continue to be high and volatile at least in the foreseeable future, according to the 2012 edition of the OECD-FAO Agricultural Outlook.

In this context, FAO called for a ministerial level meeting to discuss these important issues from the perspective of global governance of food security. This is crucial because, in the globalized world we live in, we cannot have food security in one country or region alone.

On the occasion of the World Food Day 2012, FAO organized the Ministerial Meeting on Food Price Volatility in Rome. The high-level event was attended by more than 30 Ministers and Vice-Ministers, demonstrating great interest and the critical need to find effective and lasting solutions to the issue of excessive price volatility, addressing both immediate needs as well as the root causes of such movements that threaten food security.

The Meeting provided a timely opportunity for sharing experiences and knowledge, and has contributed greatly to enhancing the effectiveness of measures designed to

address excessive food price volatility and to reduce its adverse impacts on the most vulnerable populations, who spend most of their incomes on food.

It also presented a unique opportunity to renew political commitment to eradicate hunger in the world. We cannot accept that, in a world that already produces enough food and after decades of international action to further development and human rights, 870 million human beings continue to suffer from chronic hunger. More appropriate action is needed and is needed now because, with hunger, the only acceptable number is zero.

This proceedings report provides a compilation of statements made by country delegations on the occasion of this Ministerial Meeting. Improved governance, enhanced transparency and information on food markets, international policy coordination, risk management tools, the role of emergency food reserves, building resilience and responsible investment in agriculture were issues raised during the meeting and addressed in these statements.

They are collected together in this document not only to provide a record of the Ministerial Meeting, but also to stimulate further discussion and debate on the challenge of food price volatility and its devastating consequences for hunger and food insecurity.

José Graziano da Silva
Director-General
FAO



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Agenda

MINISTERIAL MEETING ON FOOD PRICE VOLATILITY Tuesday 16 October 2012 FAO Headquarters, Plenary Hall

- 12.00-12.10 Welcome and opening remarks by Mr José Graziano da Silva, Director-General, FAO
- 12.10-12.20 Introduction and opening statement by H.E. Stéphane Le Foll, Agriculture Minister of France, Moderator of the Meeting
- 12.20-13.05 Interventions by Ministers
- 13.05-13.15 Discussion and interventions from the floor
- 13.15-13.25 Concluding remarks by H.E. Stéphane Le Foll, Minister of Agriculture, France, Moderator of the Meeting
- 13.25-13.30 Closing by Mr José Graziano da Silva, Director-General, FAO
- 13.30-13.40 Group photo with Ministers
- 13.40 Press Conference

Objective

The last few months have seen another price rise on international food markets, the third in the last six years. The 2012 edition of the OECD-FAO Agricultural Outlook expects high and volatile food commodity prices to continue in the medium-term. Given the likely implications of this for food security, especially in low-income countries, international cooperation is key in addressing this global issue.

A lot has been learnt in recent years from the experiences of the 2007-08 and 2010-11 price hikes about appropriate responses at international, regional and national levels. There is a critical need to build on these experiences to effectively address both immediate needs as well as the root causes of food insecurity and to find lasting solutions.

By sharing experiences and knowledge, this Ministerial Meeting will contribute to enhancing the effectiveness of measures to address food price volatility and to reduce its impact on the most vulnerable populations who spend as much as 70-80 percent of their incomes on food. It will also provide a unique opportunity to renew commitment to eradicating hunger.

Topics to be addressed by the Meeting will include:

1. **How can transparency in agricultural markets be increased and how can international action be better coordinated?**
 - a) The role of the Agricultural Market Information System (AMIS)
 - b) Coordination of international action (including the role of the Rapid Response Forum)
 - c) The case for increasing regulation of financial markets
2. **How can increasing demand for food be addressed?**
 - a) Agricultural research.
 - b) The role of the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forestry.



- c) The role of the Principles for Responsible Agricultural Investment (RAI Principles).
3. How can the effects of excessive food price volatility on the most vulnerable be limited?
- a) Emergency humanitarian food reserves (regional emergency stocks), such as the pilot supported by ECOWAS
 - b) What other safety net mechanisms are available?

PART 1:

STATEMENTS DELIVERED AT THE
MEETING

FAO

STATEMENT BY:

Mr José Graziano da Silva
Director-General, FAO

Distinguished Ministers,
Deputy Ministers,
Permanent Representatives,
UN Colleagues,
Ladies and Gentlemen,

I want to thank all of you for being here today.

This informal ministerial meeting has one simple purpose: discuss food price volatility from the global governance perspective, recognizing what we already have accomplished and what still needs to be done.

Running the risk of leaving someone out, I want to acknowledge the presence of ministers from: Bangladesh, Brazil, Chad, Ecuador, Egypt, Ethiopia, Eritrea, France, Germany, Greece, Guatemala, Hungary, Japan, Lebanon, Mozambique, Netherlands, Papua New Guinea, Portugal, Sierra Leone, Spain, Sri Lanka and United Republic of Tanzania.

In this meeting, we will give the floor to the ministers present. If time allows, the deputy ministers will also be invited to speak. We have deputy ministers from over 10 countries.

We will also hear from the representative of the United States of America, who has assumed the Chair of the Agricultural Market Information System this month. It will be a sort of symbolic handover from France, the first chair of AMIS, to the USA.

Ladies and Gentlemen,

Food prices and volatility have increased in recent years. They are expected to continue high and volatile in the medium-term. In this context, it is important to improve governance of food security. In the globalized world we live in, it's not possible to have food security in one country alone.

We have already made important advances in our governance. We reformed the Committee on World Food Security, which is now more inclusive and representative. Within the UN System, the UN Secretary-General set up a High Level Task Force on Global Food Security. And the G20 nations launched the AMIS in October 2011, in the framework of the G20 Action Plan on Food Price Volatility, approved during the French Presidency.

AMIS is functioning well and has contributed to better international coordination, information sharing and greater market transparency. This has allowed us to react quickly to the price rise we saw in July 2012, preventing panic, avoiding unilateral action and further spikes in those initial tense days.

We are still in a complex situation, but we are being able to handle it successfully.

Ladies and Gentlemen,

In the past weeks I have exchanged views on this situation with Presidents, Prime Ministers and Ministers of France, China, Mongolia, Viet Nam, Korea, Japan, Argentina, Uruguay and China, among many others I have met with yesterday and today.

In these contacts, it's become more than clear that we share common views and positions. We share a commitment to international coordination. We recognize that we need to and that we are acting responsibly. We recognize the importance of strengthening global governance. And we agree that we must step up our efforts to increase food security at the regional and national levels.

Ladies and Gentlemen,

In a recent speech the President of France, François Hollande, said that the old world order had gone, but that a new one had not yet emerged.

The new global governance system of food security that we are building together, that has the CFS as its cornerstone and AMIS as one of its components, is part of this new world order that needs to emerge.

Now I would like to give the floor to our Moderator, the Minister for Agriculture of France, Mr Stéphane Le Foll.

FRANCE

STATEMENT BY:

H.E. Stéphane Le Foll
Minister for Agriculture, Food and Forestry

I would like to thank the Director-General of the FAO for organising this conference in light of the strong increase in cereal and soya prices that we have seen over recent months.

On World Food Day, I am pleased to have the opportunity to pay tribute to the efforts made by the FAO to achieve global food security and combat food price volatility, and above all to recognize the vital role it plays within AMIS in conjunction with other international organizations.

As Mr Graziano has said, today's conference provides a platform to discuss the current situation with regard to the fight against price volatility and its effect on the world's most vulnerable people, and it is a unique opportunity to benefit from having so many agriculture ministers all together in one place.

The importance of this issue is demonstrated by the fact that so many of us have decided to attend this conference. Could you please therefore limit your speeches to around 3 minutes so that as many people as possible can have their say.

As the subject is so vast, I suggest you focus your talks on the following three questions:

1. How can we improve the transparency of the agricultural markets and coordinate global action?
2. How should we respond to the growing demand for food?
3. How can we limit the effects of excessive price volatility on the most vulnerable?

To begin with, let's look at the question of transparency and international coordination. Greater transparency in the physical and financial markets is one of the key factors in the fight against excessive price volatility.

The AMIS (Agriculture Market Information System) was set up as a G20 initiative. After three working meetings, there is now a system of harmonized data collection, and indicators and technical assistance programmes relating to information and statistics have been set up. The AMIS has set itself ambitious goals that will take some time to achieve, but we are in a position to mobilize all the help we need, including from governments and international Organizations. Our American friends have just taken over the presidency of AMIS, and I know they are dedicated to pursuing these aims.

Going beyond transparency, there is also the question of coordination. The last few weeks have been dominated by one question: is there going to be a meeting of the Rapid Reaction Forum? In the end, its members have decided that if prices are high the situation does not justify a physical meeting, as this could send out a signal that we are on the verge of a crisis. Nevertheless, the Forum members have remained in constant touch. This is essential to compare their analyses of the situation, coordinate their responses and thus prevent problems from arising.

And finally, I would like to touch on financial regulation. This does not fall directly within our remit as agriculture ministers, but we cannot keep silent about the undeniable influence of financial markets based on agricultural commodities.

Allow me to move on to the issue of the growing demand for food:

How can we hope to feed 9 billion people by 2050? How should we deal with this issue?

How should we encourage the necessary investment in a way that is both sustainable and responsible?

How should we put in place the right agricultural policies, particularly at regional level?

How should we encourage and improve the coordination of agricultural research?

Here too, there are a great many initiatives.

Finally, how can we limit the effects of excessive price volatility on the most vulnerable sections of the population?

The memory of the food riots of 2007/2008 is still very much with us and we are only too aware of the devastating effect that a global grain crisis would have on many

importing countries. We all bear a collective responsibility to limit the effect of such market shocks on the most vulnerable so that, as far as possible, we can prevent the outbreak of humanitarian crises.

Once again, the G20 has been the catalyst for risk management initiatives for producers, in order to experiment with placing emergency grain stocks in regions where the food balance is particularly fragile.

GERMANY

STATEMENT BY:

H.E. Ilse Aigner

Federal Minister for Food, Agriculture and Consumer Protection

I wish to express my thanks for the invitation and initiative of Director-General Dr. Graziano to meet at ministerial level.

Extreme price fluctuations on the agricultural commodity markets and their impacts on ensuring global food security have been a concern to us for quite some time. Under its G20 presidency, France declared this topic a priority and moved it forward.

I wish to thank France most warmly for this.

We agree that more transparency regarding market activities on the physical markets and on futures markets and better coordination between member states are the main instruments to counteract extreme price fluctuations.

Under France's leadership, the G20 Ministers for Agriculture adopted the Action Plan on Food Price Volatility and Agriculture.

This was not only a strategically important step, but this way we also adopted an ambitious package of measures to effectively combat the risks of price volatility and its negative impacts on the global food situation.

The Mexican Presidency immediately followed up on this.

Today we can observe that the implementation of the Action Plan is being moved forward with great commitment and that we have already made good progress.

The Action Plan includes the Agricultural Market Information System (AMIS) with the Rapid Response Forum. The Rapid Response Forum provides a platform for

short term policy coordination when a food crisis emerges. We need to use this instrument with moderation in order to avoid a crisis mood which does not reflect the real market situation. I am happy that up to now we have not needed this instrument.

Under AMIS, market data are collected and processed and published in market reports. In the meantime, the information system has been successfully launched. This is not least thanks to the great commitment of France which has been the first country to act as chair of AMIS. I would also like to thank the AMIS secretariat, which is located at the FAO, for its committed and conscientious work. Since October our American friends have taken over the chair at AMIS. I fully endorse and support this work and I wish you every success in your work.

I am convinced that AMIS can only be successful if the working bodies continue to concentrate on their core task of improving market transparency.

To get a complete picture of the market situation, AMIS needs to rely on information provided by other countries. For this, the support of all member states is absolutely necessary. Therefore I would like to appeal to the member states to support the work done by AMIS! With your market data, you can make an important contribution to improving market transparency and hence to the success of AMIS.

AMIS improves the transparency on the physical markets.

We also need more transparency on the futures markets.

In this context, policy-makers need to safeguard the functioning of these markets and protect them from the risks of excessive speculation. As a consequence, transactions performed by stakeholders on futures markets will be recorded in the future.

In the G20 Action Plan we also demanded an adequate market regulation. For this purpose we need:

- The introduction of a position limit for financial investors on agricultural futures markets.
- Hedging measures at the trading hubs with regard to high frequency trading.
- Instruments to avert risks to physical agricultural markets.



In the EU we are already on a good way. I am confident that the implementation will be decided at political level in spring 2013.

BRAZIL

STATEMENT BY:

H.E. Gilberto José Spier Vargas
Minister for Agrarian Development

Good morning, ladies and gentlemen.

This is no doubt a very important discussion. We all know that Brazil is a major food producer. Domestically, Brazil's family farmers produce around 70 percent of the food consumed by our population, while our corporate farmers are major producers of grain and protein, especially for export. We are now looking forward to a record grain harvest in our country, so much so that the agricultural machinery industry has a backlog of orders of up to three months for delivery, due to the scale of expectations for the upcoming harvest.

Even so, the volatility and upward movement of prices are a concern for us, due in the first place to the impact on food security, particularly in developing countries and above all in countries with the poorest populations. Second, we also have domestic impacts because rising prices push up inflation and hinder the management of our monetary policy. The other, third, concern is that it also drives up the cost of our meat production chains. Therefore, for both ethical and practical considerations, we too are concerned about agricultural price volatility and rises.

The issue is what is to be done.

Our first task, I believe, is to implement the documents we have approved in international bodies, such as the Voluntary Guidelines for the Responsible Governance of Tenure of Land. At today's session, our objective is to approve a global strategic framework for food security, and to that end, it is essential that those documents be implemented.

It is also fundamental that we improve the tools recently adopted such as the Agricultural Market Information System and the Rapid Response Forum. We believe

they are working and their improvement will help decision making by countries and will help organize international assistance to the countries that are in need.

In short, we can stay ahead of events. It is also fundamental, however, to assure greater transparency regarding private stockpiles. We now have more information on public stockpiles. It is harder, however, to get information on private stocks, and a more appropriate level of transparency on this information is crucial for us to be able to plan our stocks.

We also believe that it is very important to prioritize public procurement from family farmers when organizing stockpiles. Our experience has been that, by organizing the public purchase of food from family farmers, we are able to overcome or at least deal directly with two types of problems. First, building strategic stockpiles and, second, providing income to a major share of the population that, in the absence of income, is exposed to food insecurity.

These are issues we find important, to move our dialogue forward on this theme. I would like to thank the French Minister for Agriculture and the Director-General of FAO for convening this ministerial session to address the issue of the price volatility of agricultural commodities.

SPAIN

STATEMENT BY:

H.E. Miguel Arias Cañete
Minister for Agriculture, Food and Environment

I would like to thank the French Minister of Agriculture and the Director-General of the FAO for convening this ministerial session to address the issue of the price volatility of agricultural commodities.

The recent rise in food commodity prices shows a worrying upward trend, with levels similar to those registered in 2007 and 2008, when we saw the most recent food price crisis which threatened the stability of the markets and the food supply of the population.

This fact is extremely relevant since, as I have mentioned, high food prices have serious, direct repercussions on food security in developing countries, especially those which depend on imports for their food supply.

High volatility affects food security and disrupts the normal functioning of food markets, impacting particularly on the most disadvantaged sections of the population who spend a greater proportion of their income on food. It also directly affects agricultural producers, as volatility makes it more difficult to plan production and to properly predict the development of risks and costs.

Lastly, price volatility has major repercussions for countries' economies, as it increases inflation and the costs involved in adopting mitigation measures such as consumer or import subsidies.

Moreover, we are in a situation that looks set to continue for a long time.

Experts broadly agree on the causes of high volatility and high food prices. Among them are the inelastic demand for food and speculation in the futures

markets, underinvestment in agriculture in recent years, low food stock levels, the rising demand for food due to population growth and dietary change, and limited natural resources and climate change. It is necessary, therefore, to implement comprehensive policies to tackle these factors in order to reduce international price volatility and to mitigate their impact, especially in the more vulnerable populations.

However, in respect of the aforementioned causes of food price volatility, I would like to focus on one in particular, which is very important: reducing food security stocks in regions such as the European Union, where these stocks were common. Despite for years being considered negative elements of international trade liberalisation, they actually served to stabilize the markets, helping to prevent the amplitude and frequency of current price fluctuations.

In our view, therefore, one of the most effective means of reducing the price volatility of staple foods is to have “strategic reserves” in those countries where supply is subject to frequent uncertainty.

In this respect, the international agricultural commodities market appears to be increasingly similar to the financial markets: if we want to avoid living in a constant state of alert, they must be regulated.

Another question is how to implement this regulation, how to create this reserve. In this sense, criticism of the EU system focused traditionally on the option given to farmers to sell their products to public warehouses at a previously established price.

This system has virtually disappeared. And it needs to be replaced.

The fact is that in the EU itself there are other ways of building reserves, such those established by Member States for energy products, particularly oil.

The reserve is established through the commitment of the operators in the territory of the State to place a part of their resources in predetermined locations, so that the State supply is assured in the event of a shortage, and for an established period of time. Exploring this mechanism could be particularly useful in alleviating the problem in question.

And before I finish, I would like to make a final proposal. The WTO has made immense efforts to achieve trade liberalisation, through opening countries up to

imports from those that can provide them with agricultural commodities when there is a surplus of those imported goods in the country of origin.

However, when the international agricultural commodities markets start to become strained, even if the demand-supply gap is small, two interrelated phenomena occur: demand increases way beyond normal expectations and supply is disproportionately reduced.

In these circumstances there is nothing included in the WTO's mechanisms to force supplying countries to respect and, above all, desist from interfering with the observance of established supply agreements.

In our opinion, we also need to explore a mechanism to achieve the vital regulation of the global agricultural commodities markets, crucial for the individual and collective health of societies, which is a fundamental element of social cohesion.

Thank you very much.

ERITREA

STATEMENT BY:

H.E. Arefaine Berhe
Minister for Agriculture

Mr Chairman,
Excellencies,
Ladies and Gentlemen,

At the outset, I would like to express my profound gratitude to the FAO and especially to the Director General, Dr Graziano da Silva for inviting me to participate in this timely and important meeting.

Mr Chairman, the Global Food Crisis that we are still experiencing today started in 2008 which was followed by high-profile summits organized by FAO and other countries with inputs from the United Nations. However, in spite of all the goodwill and pledges to turn things around, little has improved, if at all, since that time.

Dear colleagues and distinguished participants,

I believe it is first and foremost the responsibility of every country to give food and nutrition security the highest priority and earmark proportional resources to increase production and productivity to eliminate hunger from the face of the earth and keep food prices stable and affordable.

If most of our resources and focus are directed towards the smallholder families in the world and especially in Africa and aim to increase their productivity by only 50 percent, which is easily achievable target, we would not have the Food Crisis that has been aggravating especially since 2008. Statistics of FAO and IFAD tell us there are about 650 million smallholder families in the world and around 135 million in Africa and if they increase productivity by 50 percent it will definitely go a long way to turn the terrible food situation around. After all it is the smallholder families which are the prime victims of food crisis and starvation which are inflating

the numbers of hungry people that we all strive and pledge to reduce significantly every World Food Day.

Mr Chairman,

At this point in time it is not appropriate to celebrate the reduction of the hungry people from almost one billion to around 860 million because this figure is still higher than the number we started 17 years ago. According to our collective pledges we made in 1996, the number of hungry people should not have exceeded 500 million by now.

Dear Colleagues and Distinguished Participants, in my opinion, the reason why we are not making fundamental improvement is because instead of addressing the root cause which demands more time and resources, we tend to focus on short-term palliatives which make the smallholder farmer more dependent and less productive. In conclusion, dear colleagues, I think it is high time that we do it right this time in order to reverse the situation for good.

JAPAN

STATEMENT BY:

H.E. Akira Gunji

Minister for Agriculture, Forestry and Fisheries

Excellencies, Ladies and Gentlemen,

First of all, I would like to express my sincere appreciation to His Excellency the Moderator, Agriculture Minister, Mr Stephane Le Foll, and to FAO Director-General, Dr Jose Graziano da Silva, for organizing this meeting. I am convinced this Ministerial Meeting on Food Price Volatility is held at very appropriate time during the excessive price hike worldwide in food prices.

The last few months have seen price hike again on international food markets. Its impact on the most vulnerable populations is of great concern.

Ensuring food security

In the medium and long run, the world's food supply and demand are projected to remain tight due to the following reasons:

- Increased demand for food due to population growth and economic development of developing countries;
- Increased demand for non-food agricultural products as raw materials for biofuels;
- Impact on agricultural production due to global climate change.

As agreed at the G20, APEC Ministerial Meeting on Food Security and other international frameworks, it is indispensable for each country to increase sustainable agricultural production and productivity in order to ensure food security, considering the diversity of environmental conditions world-wide and positive externalities of agriculture. In addition, to address food price volatility, it is vital to enhance the transparency of markets and policy coordination.

Increasing sustainable agricultural production and productivity

As for the increase of sustainable agricultural production and productivity, each country's efforts for the promotion and coexistence of various types of agriculture help reduce the impact of poor harvests in major producing countries. An effective and sustainable use of limited natural resources in particular land and water is also a key element for that.

In this point, Mr Graziano stated in the Financial Times, "Over the longer term, strategies to increase local production and self-sufficiency should be implemented." His statement accords with our idea, which is that coexistence of various types of agriculture is essential to enhance food security.

It is also important to enhance the promotion of investment in agriculture, agricultural infrastructure resilient to climate change, research and development, the dissemination of their outcomes and women's participation in agriculture.

Promoting responsible agricultural investment

Concerning agricultural investment, it is important that the investment is carried out in a responsible manner, in which the tripartite benefits of the investment recipient countries, local people including small farmers, and investors are realized. Here in Rome, responsible agricultural investment is being discussed at the CFS - the Committee on World Food Security. Japan would like to actively contribute to these discussions based on our accumulated experiences.

Pilot projects are now being run by international agencies to field-test and operationalize the Principles for Responsible Agricultural Investment elaborated by the four international agencies including FAO and the World Bank. Japan has been supporting these efforts through the PHRD fund - Japan Policy and Human Resources Development fund - donated to the World Bank. I hope that the outcomes of these pilot projects will make valuable contributions to the CFS.

Market transparency

Furthermore, in order to prevent price volatility and address it appropriately, it is important to share timely and accurate information on supply and demand, stock level and projected production, aiming at formation of prices which reflects actual supply and demand in the physical market.

To this end, it is necessary to steadily implement the AMIS - the Agriculture Market Information System - based on the Action Plan on food price volatility and agriculture, which was agreed at the G20 Agriculture Ministers last year. Japan has decided to assist the AMIS initiative by conducting capacity building in ASEAN region, aiming at providing the AMIS with more accurate statistical data on agriculture in that region.

Japan has been playing a key role in developing a website, the APIP - the Asia Pacific Information Platform on Food Security. The APIP started this year. It aims at collecting and sharing information on food security policies and best practices in the APEC economies. We would like to share knowledge and experience from the APIP with the international community at large.

Refraining from protectionist measures such as export restrictions

Moreover, to deal with volatile food prices, careful and appropriate response should be made to avoid a global food crisis such as those in 2007-08 and 2010-11.

In this regard, trade in agricultural products should be basically conducted in accordance with the rules of WTO and other international agreements. It is important for countries to refrain from protectionist measures such as export restrictions and to share its awareness with the international community by sending a clear message.

In this point, last month Mr Graziano urged countries to refrain from unilateral actions such as export restrictions. I entirely support his request.

Risk management

Risk management is also needed for food security. ASEAN countries and Japan, China and Korea have established APTERR - ASEAN Plus Three Emergency Rice Reserve – which is designed to release reserved rice as a measure for humanitarian assistance in case of emergencies in the region such as natural disasters. The APTERR Agreement took effect in this July.

Japan will continue to make an active contribution toward the establishment of the APTERR system.

Conclusion

This meeting is a valuable opportunity for ministers to get together and discuss food security. Japan would like to make utmost contribution to global food security.

Thank you for your kind attention.

ECUADOR

STATEMENT BY:

H.E. Javier Ponce Cevallos

Minister for Agriculture, Livestock, Aquaculture and Fisheries

Many thanks, Mr President and colleagues. I should like to focus solely on two or three of the various points discussed, which I believe have been very precisely identified in the debate, and I do so on the basis of the concern that was seen at the most recent Regional Conference for Latin America and the Caribbean on the subject of transparency. I feel we have to differentiate between the various situations found in the world, and we cannot treat all the problems in a uniform manner as being soluble through a transparent price system, or in terms of certain measures that are emerging in the context of the food crisis. As our colleague from Eritrea has said, I believe we have to go to the root of the problem, and this raises the need for new models. For example, if we are talking about transparency, we have the problem of transparency starting with speculation, but this speculation does not concern only food: it refers also to the production system used for this food; and we, as small countries and countries with difficulties, are victims of the international speculation regarding food production systems. Or, for example, we could simply take the case of genetically modified food.

There is an ever-growing gap between the technological development of developed countries and our own technological development. If we are speaking of research and referring to it as a primary factor in facing the issue of growing demand, we may wonder how this research reaches our countries. This research does not reach our countries. What this research does is raise the productive capacity of inputs produced by multinationals and sold in our countries at exorbitant prices.

If we are focusing the topic around small family farming, we must understand the model on which this sector is organized, realizing that it has to purchase inputs at very high prices and that in countries such as ours in Latin America the problem of speculation over water is already starting to be felt. You may recall that some years ago a multinational's attempt to purchase water sources in Bolivia led to a serious

conflict. I therefore believe it is important to develop new models to show how we can ensure equitable worldwide management of reserves and how this approach can encompass the whole production chain.

THE NETHERLANDS

STATEMENT BY:

H.E. Henk Bleker
Minister for Agriculture

Excellencies, Ladies and Gentlemen,

“To feed the continents 9 billion people in 2050 we need food security. This can only be achieved through a green revolution. It must be a revolution that recognizes that farmers are the key to increasing production, promotes change across the entire agricultural system, and puts fairness and the environment at its heart.”

These words of Kofi Annan should be our inspiration for our discussions today.

We know the challenges ahead of us in feeding more than 9 billion people in 2050 under a changing climate. Only if we increase our food production with at least 70 percent between now and 2050 we will be able to achieve this. I would like to urge you to join us in actions to still our Hunger for Action. It's a moral outrage that one billion people are still going to bed hungry every day.

Volatility

Let us not forget the front-page news. We are confronted with significant market and price volatility. The key problem is the fact that the demand is much higher than the supply. Food prices are sky high and the poor are paying the price. Let me profess: this volatility is here to stay and we need to mitigate its negative impacts. Working in these volatile conditions should be an integral part of our challenge. Building on the results of the G20 summits and its development of the Agricultural Market Information System (AMIS), should give further guidance on how to deal with volatile prices and markets in a changing climate.

However, there are no simple answers. International organizations like the World Bank and FAO gave already clear directions. Calming the markets should be our first priority. Food security cannot be achieved in a single country. Governments and the international community should act in a coordinated manner. Unilateral measures are not helpful. Improve market transparency for example by publishing reliable statistics. Avoid panic buying. Encourage the consumption of substitute products, because the price hikes concern only a few commodities. Mitigate the risk of speculation.

Private Sector

This brings me to the last part of my intervention, the role of the private sector. Let us not fool ourselves. The last two decades in development cooperation did not deliver what we aimed to achieve in agricultural development and food production.

We know the answers. What we also need urgently is a paradigm shift in the concept of implementation.

We should focus on the farmers. As Kofi Annan clearly stated in The Hague: “most of us here are not farmers.” Let us give the lead to those who really can make a difference in climate-smart agriculture. Give them access to land, new and traditional knowledge, financial mechanisms and more. Together with the private sector they can set up value chains, which can stimulate green growth and access to markets.

So, the role of the private sector and that of private investment need to be strengthened. There is already a lot of talk about the role of Public Private Partnerships. The paradigm shift for me would be a change to Private Public Partnerships.

This is not about playing with words – or just putting them in another order. This is about changing the concept of agricultural development. This is about putting the private sector – farmers and agribusiness-companies – in the driver’s seat.

This means investments in farmers – smallholders and large scale – as well as in other private sector stakeholders along the food production chains. Let us match every private dollar sector investment in climate-smart agriculture with a dollar from public resources. Entrepreneurs as drivers for change should be the guiding principle.

Ladies and Gentlemen,

Let me conclude. Hungry for Action should be our motto.
Millions of hungry people have their hope vested in us.

Despite our serious global challenges as well differences we still have hope. They need your support to elevate agriculture to achieve our global goals of food security and the triple win of climate smart agriculture.

Thank you for your attention.

BANGLADESH

STATEMENT BY:

The Honourable Muhammad Abdur Razzaque
Minister for Food and Disaster Management

Excellencies,
Ladies and Gentlemen

It is indeed a great pleasure for me to be able to attend the Round Table on Global Food Price Hikes organized as part of the agenda of CFS 39 here in Rome. At the very outset, I would like to thank DG, FAO and the World Committee on Food Security for inviting me at this important Session and allowing me to speak few words on this very important global agenda.

The discussions so far have been very intriguing and thoughtful. Plenty of information has been shared already. I have learned a lot from the deliberations so far. I would like to share some of my observations here together with Bangladesh's experience about series of episodes of food price hikes since 2007.

Global food price hikes have been occurring every now and then since the 2007 and 2008 global food crises. The most bad news to me is the recurrence of price volatility in 2010, 2011 and in the recent months of 2012 especially in wheat prices. And most notable is that these are happening, by and large, due the same factors that led to the food crises in 2007 and 2008 – high or uncertain oil prices, biofuel policies of certain countries that promote the expansion of biofuel production, increased weather-related shocks such as droughts and floods, and growing demand from emerging economies.

Seeing the price hikes, a general citizen of a country might ask: does the world produce enough food for everyone. The answer is yes. Substantially more calories per person are produced now than, say, 30 years ago, despite a 70 percent increase in population. So what are the other man-made factors that led to the price volatility? The mal-distribution, market control, export bans or restrictions etc are few man-

made causes at both the global and national levels. I would request you to look at the issue of major market share of exports – both rice and wheat. One would see that those are at the hands of few countries.

In my opinion, the global food security governance has somehow failed to come to a consensus on food security friendly biofuel policy for the world. A somewhat pale progress has also been seen in the WTO negotiations. Various forms of export bans and /or restrictions by major exporting countries have also prevailed making it inevitable more pragmatic actions by the world community in this regard. It seems humanitarian considerations have yet to attract the attention of the global food security governance. So what is required is to break the shackle of market power alongside other pragmatic steps that are being thought of.

Our experience was equally bitter during 2007 and 2008 and onwards. Our market is not immune from what happens across the global food market. Between June 2007 and April 2008, nominal wholesale price of rice rose by 71 percent and that of wheat by 55 percent. Global price hike together with the devastation of two times floods and super cyclone “*sidr*” were instrumental behind this rise in prices. But the public stock was not enough to adequately intervene the market or expand safety nets to reduce shocks of poor households. The then government tried to augment the domestic supply by imports alongside private sector trade. Augmenting public stock was not as rapid as expected due to:

- Export prices were so unstable that it kept changing in short intervals.
- Export ban by countries.
- Non-response from importers/traders in commercial tenders.
- Slow implementation of Government to Government agreement.
- Food aid not delivered as committed.
- Administrative difficulties-resource constraints.

More importantly that the then government was of care-taker type, so did not have support from mass people in implementing policies. So, political government with mass support is a pre-requisite to address such emergencies.

Lessons from the 2007 and 2008 crises were loud and clear. It taught us that there is little alternative but to increase domestic production. Assuming office in January 2009, our government took it seriously to augment domestic production and offer support price to farmers in one hand and build public stock and expand the coverage and effectiveness of safety net program on the other. These did

work. We had consecutive good harvests making the production level to over 34 million MT.

Although we saw rice price shot up in February 2010 it remained stable until June 2010, after which it started to increase steadily until February 2011. But our efforts for augmenting production and expansion of PFDS and safety nets helped reduce shocks on the poor. The allocation to social safety net programs was enhanced from 2.25 percent of the GDP in 2008-09 to 2.64 in 2010-2011, increasing the overall coverage of households to nearly 25 percent. The food grain distribution was increased from 1.3 million tonnes in 2007-08 to 2.3 million tonnes in 2010-11, of which 1.3 million tonnes were distributed through Open Market Sales and Fair Price Cards to contain the rice price spike. The remaining lump being mostly for targeted Programs like VGD, VGF, TR and GR. The Employment Generation Program EGP, the largest safety net program in the country, is employing hardcore poor with an estimated 4.2 million person months during lean seasons, have helped eliminate *monga*, the seasonal food insecurity, from the north-western region. Rice import dependency also decreased from 4.7 percent in 2010-11 to 1.5 percent in 2011-12. The most important result of these efforts is that the key helped trim down the food inflation below 3 percent in September 2012, forcing the overall inflation to go under 8 percent. The rice wage equivalent thus went up to 9-10 kg per day which was only around 4.5 kg during the assumption of the office of the present government in 2009.

Now the global food prices, especially wheat prices started to increase again since few months. In fact, all key food prices have increased, except for rice. Domestic prices remain high in many parts of the world, with the magnitude of increases typically exceeding price declines across countries. The causes are mostly similar. If the current production forecasts for 2012/13 do not materialize, global food prices could reach higher levels. This underscores, among others, the need for improving the monitoring of early signals of global and regional crises. Efforts should be strengthened to reduce developed country huge food waste, reduce land degradation etc. on urgent basis.

I can see few good developments on the other side of the coin. These are: the increasing funding from donors in agriculture - L'Aquila Food Security Initiative (AFSI), US Feed the Future, GAFSP of World Bank; Greater attention of international communities, like G20; and ease of export restrictions. I think this is the high time for the global governance act responsively on all possible ways including supporting national and regional initiatives. In South Asia, for example, what I feel that FAO, WFP and other UN bodies have a role to play in assisting the Countries to materialize food security initiatives taken through Summit/Ministerial level decisions.

LEBANON

STATEMENT BY:

H.E. Hussein Al Hajj Hassan
Minister for Agriculture

Excellencies,
Ladies and Gentlemen,

For another year, on the occasion of the Committee on World Food Security (CFS) session, this meeting at the ministerial level is held at the Plenary Hall of FAO to discuss a sensitive global issue. That issue is food security, and it comprises a number of fundamental questions such as food availability, constant price increases, famine and malnutrition. These are important issues which have an impact on the stability of States and the lives of peoples, and which threaten peace and security at the regional and international levels.

While there have been a number of positive developments during recent years, many negative factors still hinder the resolution of these sensitive issues. Hundreds of millions of people continue to suffer from hunger and poverty, or from malnutrition. In my view, this is due to a lack of comprehensive and integrated approaches for the resolution of these issues. Where such approaches do exist, it is due to a lack of implementation programmes; and where there are such programmes, it is due to the fact that they are not put into effect. This is especially so in the richest and most developed States, such as those of the G8 and G20.

At this point I must highlight the following fundamental themes:

1. There is a need to reform the regulations and procedures of the World Trade Organization, and to curb commercial and economic conflicts and speculation, concentrating instead on cooperation and integration. To this I would also add the need for parity in commercial dealings between States, as well as the adoption of the principles of fair trade to replace the current state of completion wherein rich countries predominate over poor countries which are witnessing an increasing

decline in their agricultural and industrial production sectors in the face of the illegal and unfair competition of larger companies in rich and powerful States.

2. There is a need to arrive at workable international environmental policies in order to guarantee sustainable agriculture, especially in light of climate change, the continuing depletion of water resources, land degradation, loss of forested areas and rising levels of pollution. At the same time, it should be noted that world environmental summits have not so far produced any tangible results.
3. There is a need to resolve the impact that monopolies and intellectual property legislation - especially in the fields of seeds and seedlings - have on productivity, above all in poor countries, in light of the fact that productivity is considered to be one of the solutions for resolving food security crises, as well as being linked with research, the development of new varieties and the rise in the prices thereof.
4. There is a need to increase investment in the agricultural sector in order to stimulate development and sustainable production, encouraging international and regional funds, and relevant institutions to participate.
5. There is a need to implement the necessary fiscal and financial reforms, chiefly in industrialised States, in order to accelerate exit from the economic crisis of the last few years.
6. There is a need to focus on the role of Governments in social welfare, especially vis-à-vis the groups most exposed to crises and the absence of food and livelihood security. Indeed, the policies which dominated in the past, between the years 1990 and 2010, are shown to have failed because they neglected the protective role of Governments in favour of neoliberalism, which has proved incapable of dealing with fundamental crisis, such as the drop in living standards and social justice, and the increase in levels of marginalisation, poverty, malnourishment and hunger.

I wish to conclude by expressing the hope that these recommendations will be taken up, for a world of greater productivity and justice.

ECONOMIC COMMUNITY OF WEST AFRICAN STATES (ECOWAS)

STATEMENT BY:

Dr Lapodini Marc Atouga

Commissioner for Agriculture, Environment and Water Resources

Thank you Mr. Chairman.

Allow me first of all to thank FAO for inviting the Commission of ECOWAS to this important meeting.

Mr. Chairman, as you well know, the Economic Community of West African States comprises fifteen Member States from this subregion of Africa, most of which are located in the Sahelian zone – one of the zones subject to multiple natural disasters. We are fifteen Member States in which most of agricultural production is produced by small farmers. The food security situation in this subregion is catastrophic.

In the framework of its agricultural policy, and through several initiatives developed with its partners –whom we would like to thank in this meeting, ECOWAS endeavours to eradicate food insecurity in the subregion. To do this, one component of our fight against hunger is to develop the resilience of populations in this subregion to cope with the multiple periods of food insecurity they are facing.

One other component is the establishment of sub-regional food reserves to enable Member States to tackle the problem of food insecurity which is becoming more and more recurring. This food reserve, which will be established in large part from local production, will allow to create an opportunity for smallholders and also solve the food security problem when it happens. That is why we ask our partners who support us

and are present in this meeting, and particularly the G20 Members who have granted us this food reserve pilot project, to continue to give us their support in various forms.

Thank you.

MOZAMBIQUE

STATEMENT BY:

H.E. José Congundua António Pacheco
Minister for Agriculture

Thank you Mr Chairman.

In Mozambique, 80 percent of people live in the rural area. They rely on agriculture and fisheries and 80 percent of agriculture is done by women. For the last 10 years, Mozambique agriculture has been growing at the rate of 7 percent a year.

Looking at the Mozambican situation, we adopt three dimensions to tackle agriculture:

1. Our challenge in Mozambique is to contribute towards the victory against poverty.
2. Our priority is to increase food production and generate more wealth to make agriculture a business to people. Our destiny is to achieve global food and nutritional security. The volatility of price is there, and the solution in our point of view and I agree with some of my colleagues who mentioned that the productivity is the key issue to overcome this challenge of price. We still have particularly in Africa arable lands to be used at high level. The land we are using, we still face this challenge of low yield, so the issue is how to increase the productivity on the land that is underused. The issue is that we do have to invest in agriculture; invest in human resources for agriculture; and invest in infrastructure.
3. To develop a proper partnership. My dear colleague from Netherlands, you mentioned 3Ps. I would like to add the fourth P – public, private and people partnership. We pretend to forget the people, the community when we develop partnership –to involve local leaders, youth and to involve the women. If we look at the situation of Mozambique, agriculture is done in majority by women. On the 4Ps, it is crucial that the big investors should look at social responsibility to promote the local farmer, not to use the land but their own. They should involve local farmers to organize and develop small farmers organizations so when the farmers are organized they can be strong in dealing with market prices, market forces.

Thank you.

REPUBLIC OF KOREA

STATEMENT BY:

H.E. Jong-Jin Kim
Deputy Minister for Trade

Let me extend my gratitude to Director-General of FAO and the Agricultural Minister of France for organizing this meeting at a time when the global community is dealing with rising grain prices and therefore, is in a greater need of international coordination to reduce risks of price volatility.

Certainly, the steady upward trend in staple crops such as corn, wheat and soybeans is a great concern for all of us. Last August, President Lee Myung-bak of the Republic of Korea called on the G20 leaders to collaborate in responding to the risk of surging global crop prices through five actions, which are first, increasing agricultural production and productivity on a sustainable basis, second, as recommended by Director-General José Graziano da Silva of the FAO, reviewing and modifying biofuel policies to alleviate the current situation caused by the supply shock, third, restraining food export restrictions, fourth, enhancing transparency and preventing market-distorting speculations in financial commodity markets, and last but not least, activating existing international coordination channels such as the Agricultural Market Information System (AMIS) or Rapid Response Forum (RRF). The five actions were reiterated at the APEC summit meeting held in September 2012.

Recently, APEC members expressed concerns over food export restrictions and agreed to stop protectionist measures, whereas G20 leaders agreed to enhance agricultural productivity, strengthen international coordination, and improve regulation and supervision of commodity derivatives market, aiming to mitigate food price volatility. Such efforts will undoubtedly contribute to stabilizing international grain prices.

It is Republic of Korea's commitment to actively participate in international coordination, including AMIS and the RRF.

Soaring grain prices or price volatility should always be taken seriously. Despite the meaningful progress we have made up to now, it could be an uphill battle to achieve a meaningful progress, as the issue involves both food exporters and importers as well as a varied of political and economic interests of countries.

In this regard, the global community is asked to be actively involved in discussion and action for tangible results.

Thank you.

GREECE

STATEMENT BY:

H.E. Athanasios Tsiftaris
Minister for Rural Development and Food

It is apparent that today the world faces continuing and growing concerns regarding high and volatile food prices that undermine food security.

The global Food Price volatility has a serious impact, in many countries, where price increases give rise to social unrest. Price volatility, in combination with world financial problems, results in lower investment in agriculture both from states and farmers magnifying the problem of price volatility. On top we have the increased impact of climate change that can seriously disrupt stable supply of products enhancing price movements.

All these should force all of us to assign to agriculture a higher political priority and inform our society on the strategic role of this sector for the future, in securing sufficient supply of quality foods and in protecting our natural resources, while improving our nutrition. The international community and each country separately have to act in order to mitigate excessive price movements and smooth negative effects, especially to the most vulnerable. It is important to share experiences and knowledge in order to increase effectiveness of measures taken at international as well as at local level.

Greece was been hit hard by the world economic crisis. As a result, farmers find it more and more difficult to finance input purchases and have access to credit in order to sustain robust agricultural production and productivity gains. Poverty rates are increasing and more people find it more difficult to fully support their families.

As a response, we have taken a series of measures and we are taking more, in order to combat price volatility and mitigate effects that I have the opportunity to describe them in detail. Of course, through our rural development program of Common Agricultural Policy, we aim to enhance the productivity and competitiveness of

agriculture and increase resilience to price shocks and climate change. In addition, we not only make use of Common Agricultural Policy mechanisms concerning intense price fluctuations but we also support the strengthening of these tools within the framework of the European Agriculture Policy.

Originating from a research community, I have assigned a high priority to research, innovation, investing in people and education, and information dissemination, since we believe that the above plays an important role in securing sustainable production. If you allow me to make use of my scientific background and experience as a geneticist, understanding very well and following the developments in the field of genomics and their application in making more efficient conventional breeding (that goes beyond the issues of biotechnology) we must mostly direct our collective efforts together with the private sector towards the development of improved crop varieties, that are more resistant to climatic stresses, with increased heat and drought tolerance, greater resistance to pests and diseases and better fitted to particular environment conditions.

The results on this research field can be easily applied even by smallholders and can have a very large impact on growth and poverty reduction. We should always keep in mind that technology assessments indicate that 50 percent of innovation is entering agriculture through the means of improved cultivars.

Research on the efficient management of natural resources is also needed, giving emphasis to water, energy, and soil. Diversification of crops cultivated and of farmer's activities, can both increase farmers' endurance to extreme price movements.

Needless to stress in this audience that international cooperation, sharing of experiences and coherency of national policies are all of critical importance for the abovementioned goals. A coordinated and cooperative multilateral approach is by far less costly and more effective than separate national approaches.

Thank you very much for your attention.

TANZANIA

STATEMENT BY:

The Honourable Christopher Chiza
Minister for Agriculture, Food Security and Cooperatives

Introduction

Almost 80 percent of Tanzania households depend on agriculture as their primary economic activity. Agriculture is correspondingly identified as priority contributor to economic growth, poverty alleviation and food security. Development objectives relating to agricultural productivity growth and food security are highlighted in country's National Strategy for Economic Growth and Poverty Reduction (MKUKUTA), the Tanzania Long-Term Perspective Plan 2011/2012–2025/2026 and the Tanzania Five Years Development Plan 2011/2012–2015/2016. Tanzania's agricultural sector priorities have most recently been outlined in the Tanzania Food Security Investment Plan (RAQFSIP) which is part of the country's Comprehensive African Agriculture Development Programme (CAADP).

Causes of global food price volatility

The problem of food price started in 2008, when food prices globally rose to unprecedented levels. They continued to climb and stayed relatively high until mid-2011, when prices considerably exceeded 2008 levels. Many factors influence food price volatility, including: Agriculture and energy policy; commodity prices and market speculation; extreme weather events; rising global demand; and falling surplus stocks.

To address these, there is a the need to increase agriculture production and improvement in food distribution, if this is not adhered to, the world will have trouble feeding a growing population in the next two decades, and much less ending global hunger.

The Global Food Market

Much of the global increase in food prices stems from staple grains, which in some countries can represent more than half of calorie intake. Rice, maize (corn), and wheat comprising two-thirds of that number. Because grains also represent a major food source for livestock, higher grain prices have contributed to higher dairy and meat prices. According to the World Bank, global wheat, corn, and sorghum prices increased more than 70 percent between June and December 2010. Demand will require increasing cereal production by an additional one billion tonnes, up from more than two billion tonnes currently, and more than doubling meat production from current levels.

The report estimates that a 5 percent increase or decrease in harvest yield in major grains can lead to as much as 125 percent difference in price.

The world has experienced a major growth in biofuel production, in part due to higher fuel prices, particularly in the United States of America. Biofuel compete with food production and negatively impact prices. US increases in corn production and negatively impact prices. U.S. increases in corn production have largely gone to ethanol rather than to human consumption or animal feed. Corn-based ethanol rose from 15 percent of total U.S. corn production in 2006 to an estimated 40 percent in 2011.

In short increased use of grains to meet the demand for biofuel has largely contributed to a major increase in cereal demand.

Weather and Climate Change

Disasters framework such as drought and flooding can cause catastrophic damage to crops. A string of recent bad weather in 2010 and 2011 and related disasters such as wildfires in some of the world's biggest food exporters, such as in Russia and Australia, have helped raise prices to record levels. Climate change is forecast to spur more crop-damaging weather events and impact water supplies and the availability of arable land, especially in the developing world. Countries in South Asia and parts of Africa, some of which have the world's fast growing populations, could lose more than 5 percent of their growing season, the FAO forecasts, placing an estimated 370 million people in jeopardy due to diminished food security. These regions already contain large populations considered chronically hungry. Experts say policies and technologies to adapt crops to climate change and increase water supplies will be needed.

Trade policy

Export controls can disproportionately impact import-dependent countries. According to the UN's World Food Programme, over 40 countries in 2008 imposed some form of export ban in an effort to increase domestic food security. Many economists say hoarding, particularly in some rice –producing countries, exacerbated the 2008 food-price crises. Following a 2010 drought and wildfires, Russia limited exports of wheat and wheat prices more than doubled according to the World Bank.

Food Security and Policy Implications

Higher food prices have the greatest impact in developing countries. “For the planet's poorest two billion, who spend 50 to 70 percent of their income on food, these soaring prices may mean going from two meals a day to one.

Aid groups including the UN World Food Programme point out that rising food prices have increased the number of chronically hungry people by at least forty-four million people since June 2011 and jeopardize efforts to reduce global hunger. High prices mean that monetary pledges for food and buy less than before. Record high prices also contributed to unrest in a number of countries in both 2011 and 2008. Wheat prices in the Middle East, for example, are considered a contributing factor to the 2011 uprisings in the region, and dozens of countries in 2008 experienced civil unrest, ranging from protests to riots, because of food prices.

Strategies to Mitigate the impact of Price Volatility (Tanzania case)

The Global Food Market

Tanzania is one of the countries that have been affected by the global market. In order to curb this problem, Tanzania is and has done the following:

Increasing Crop Production and Productivity

Tanzania has embarked on several efforts through reforms of key National Policies and Strategies that emphasizes the importance of increasing agricultural productivity in achieving set of objectives and targets towards increasing food security. In this respect, Tanzania puts more emphasis on transformation of agriculture, addressing the key challenges through various interventions.

The Government's move to support its agriculture in a more systematic way using a sector-wide (Ag-SWAP) approach. In 2001 the Agricultural Sector Development

Strategy (ASDS) was formulated in Tanzania Mainland basically implementing the Agricultural and Livestock Policy of 1997. The formulation of the ASDS process was closely coordinated among the Agricultural Sector Lead Ministries (ASLMs) and the Development Partners. The Agricultural Sector Program (ASP) was formulated in 2006 to operationalize the ASDS. On the other hand, the Revolutionary Government of Zanzibar prepared the Agricultural Sector Program (ASP) as vehicle of transforming the agricultural sector. The ASDP is the sector reform programme implementing Decentralization Policy at local level.

Other initiatives which complement ASDP implementation include KILIMO KWANZA (Agriculture First) resolve, Southern Agricultural Growth Corridor of Tanzania (SAGCOT); Feed the Future (FF) and Bread Basket Transformation. The initiatives are aiming at involving Private Sector in commercialization of agriculture.

Public efforts to support the sector are also being complimented by a number of local and international NGS that are working in agriculture implementing innovative projects targeted mainly at smallholder farmers in supporting efforts to improve the situation of small-scale farmers.

Trading Opportunity to Address Weather and Climate Change

Tanzania is a country where grain production variability may increase due to changing climate volatility. Of particular interest is the potential inter-annual trading opportunities created by heterogeneous climate shocks, as well as the potential for trade to modulate the effects of climate-induced shocks on Tanzanian poverty.

There is considerable heterogeneity; in the impacts of climate change across countries. Farmers in Tanzania that are less severely afflicted by particular weather outcomes may be able to sell excess supply to meet the excess demand from consumers in the more severely affected parts of the country and neighbouring countries. In the medium to long run, declines in agricultural production arising from climate change in some parts of Tanzania often offset by increases in production in other parts of the country and neighbouring countries.

Irrigation and Water Management

The ASDP, Tanzania Five Years Development Plan and other initiative have accorded irrigation a high priority in transforming the agriculture. A target of irrigating one million hectares by 2025 has been set. Currently area under irrigation is 363 524 hectares, which has contributed to a doubling in irrigated rice productivity.

Improvement of Delivery Service

Tanzania embarked on targeted input support from ear 2003/04 which was then joined by the World Bank in 2009 as a response to emergency recovery operation under Global Food Crisis Response Programme. The input support has contributed to higher food production and productivity in targeted areas by improving farmer's access to critical agricultural inputs. Input supply chain has been strengthened through supported training of 3 800 agro-dealers.

Extension service delivery has been improved as a result of an increased in the number of extension officers at ward and villae levels from 3 379 in 2006 to 7 974 in 2012 and thereby reducing the deficit of agriculture extension staff by 54 percent.

Trade policy

Despite the apparent benefits of greater openness to trade as a mechanism to reduce food supply variability and food price volatility, the trade policy response to climate volatility may n fact be one of greater international agricultural price insulation. The national food self-sufficiency is an argument used by Tanzania to institute greater trade restrictions, with the restrictions becoming attractive mechanisms to maintain food supply objectives. Similarly, the food price crisis of 2007-2008 saw several countries erect export restrictions to enhance domestic food availability.

Export restrictions often had the additional goal of reducing domestic price volatility, an important policy objective in many countries, despite their potentially limited its effectiveness.

Tanzania was among those countries which had imposed a food ban especially on maize and rice. The aim was to maintain food security in the country but as from the crop year 2011/2012 export bans have been removed following the agreement with the EAC and SADC Countries. The removal of export ban will make farmers to increase their productions.

Falling surplus stocks

Promotion o National Food Reserves through National Food Reserve Agency (NFRA) and Cereals and Other Produce Board in supporting of government efforts is aiming a stocking food which can be distributed to the needy people and thus reduce the price volatility to the most vulnerable populations. This can be achieved by build a network of bodies responsible for the management of national food security stocks. Tanzania is planning to construct more storage structure so as to enable NFRA to be having a stock of at least 400 000 MT.

UNITED STATES OF AMERICA

STATEMENT BY:

H.E. David J. Lane
Ambassador of the USA to FAO

Thank you first to FAO Director General Graziano da Silva. Your experience and leadership of FAO is welcomed, and we look forward to our continued partnership and work together.

Thank you as well to France, especially Minister Le Foll, who through their 2011 Presidency of the G-20, launched AMIS (Agricultural Market Information System) and the RRF (Rapid Response Forum), and who ably chaired AMIS through its first critical year. We're honored to be taking the Chair of AMIS during its second year, and to build upon France's good work to ensure we share agricultural market information and collaborate to respond effectively to rising food prices.

As you know, experts at the AMIS meeting two weeks ago reviewed the most recent agricultural commodity market data. They assessed that while prices have increased for some commodities, agricultural commodity markets are functioning well despite high prices. Prices for cereals and oilseeds remain far less volatile than we saw in 2007/2008 and more recently in late 2010.

Over the past 6 weeks, price of corn, wheat and soybeans have fallen, as improved weather conditions in North America and indications of improved Southern Hemisphere crops have helped to moderate supply concerns.

Perhaps most importantly, Governments around the world, including large agricultural exports in the G20, have exercised prudence and responsibility in policy-making.

Countries have avoided panic buying and the export bans that exacerbated volatility in 2007-2008 and 2010-2011. The G20's leadership on this issue to date had made a real difference by changing global norms on agricultural export bans and is helping to prevent the current rise in food prices from worsening.

As this year's Chair, we think the AMIS meeting was a strong success. We look forward to working over the course of this year with all of you on the future activities of AMIS in capacity building among G20 members to improve country data and market analysis, and continuing an evidence-based and highly consultative process as we Chair this critical part of the global food security architecture.

Just a word about food reserves, since a number of speakers have mentioned the topic. The United States of America generally opposes the creation of regional or global food reserve systems to manage price volatility. While national reserves in food insecure areas have registered some important success, the fiscal, logistical, and governance costs of regional reserves are considerable and could divert limited and valuable resources away from sustainable solutions, such as targeted support to producers, safety nets for poor consumers, and increased investment in transportation and distribution infrastructure.

Large scale stocks can also encourage hoarding and corruption in the food system, and can create uncertainty in markets, as the timing and size of the release of stocks are generally non-transparent and unpredictable.

Food security is a top priority of the Obama Administration.

We are committed to effective collaboration and sharing of information to address food prices today, but also to the long-term solutions that will increase agricultural productivity, reduce the numbers of hungry, and help vulnerable populations become more resilient to short-term price volatility.

The best path to food security is to continue and expand our investments in agricultural development.

We look forward to our continued work with all of those present here today on this critical endeavor.

RUSSIAN FEDERATION

STATEMENT BY:

H.E. Ilya Shestakov
Vice Minister for Agriculture

It is becoming clear that the sharp increases in global food prices are neither short term nor temporary. It is also clear that one of the main reasons for the volatility is not just financial speculation, but rather the lack of a clear system of forecasting and predictability for farmers. On the one hand, they are the most affected by price fluctuations on their products, while on the other they are one of the root causes of those fluctuations, when they choose, without transparency or predictability, to reduce or increase production of products that are at a price favourable to them. Facing these challenges is a complex task, which requires close international cooperation. International coordination should be coordinated in the context of an agreed strategy, aimed above all at ensuring sustainable development of agriculture, and the development of a system for the computerized transfer of statistical data, and creating conditions for reducing the negative influences of excessive price volatility on produce markets in order to ensure global food security. We believe that the Agricultural Market Information System (AMIS) has had a stabilizing influence on world food markets against the backdrop of price fluctuations. But this work should be continued and needs to be developed further.

Given the sharp increase and volatility in food prices over recent years, as well as the increasing the number of hungry and undernourished people in the world, the majority of large international organizations are increasingly including issues related to agriculture and food security on their agendas. These issues are being given priority in various international fora, ranging from regional level to the United Nations.

This year the Russian Federation is chairing the Asia-Pacific Economic Cooperation (APEC) and in 2013-2015 will assume the role of leader of several important international fora: the G20 in 2013, the G8 in 2014 and the BRICS partnership in 2015. During its presidency of those for a, Russia will give sustainable development of the world's agricultural sector in the context of the



Millennium Development Goals and the United Nations Secretary-General's "Zero Hunger" initiative.

Russia has considerable agricultural potential, which theoretically allows it to provide good quality and affordable food not only on the domestic market, but also to guarantee a stable supply of Russian grain, oilseed crops and their products, and in the medium term of poultry and pork, to the global market. The combination of its unique geopolitical position, powerful agricultural potential and the continuity of the four successive presidencies constitutes an opportunity to consolidate the efforts of the world community and to implement an integrated strategy to achieve sustainable food security.

This issue has therefore become key to Russia's presidency of APEC in 2012, during which the ministers of agriculture of the participating countries adopted the Kazan Declaration on APEC Food Security. This is premised on the theory that the most essential conditions for ensuring food security are the continual increase in agricultural production and productivity, especially through increased investment and active use of innovative technologies, and by promoting open trade and the development of food markets.

As we have already said, in 2013, Russia will take over the presidency of the G20. Food security is being considered by the G20 firstly in view of the current global situation, as well as on the basis of declarations and agreements adopted previously. Since this issue was included on the priority list during the French presidency of the G20, Russia, in cooperation with other G20 countries will naturally seek to ensure continuity and consistency in considering it. Furthermore, Russia views one of its key objectives to be the development of new initiatives to ensure a practical solution to the problem of global food security.

We believe that it is particularly important to avoid duplication of G20 initiatives. The Food and Agriculture Organization of the United Nations could play a coordination role in that regard, as the central global forum in which the agricultural agenda is set and in which the global community takes its decisions on that issue.

During my bilateral meeting in Istanbul with Mr José Graziano da Silva, as well during our working relationship with FAO, FAO has expressed its readiness to assist Russia during its presidency of the G20. We believe that this is essential for ensuring continuity between the presidencies with regard to agriculture.

During the French presidency of the G20 the AMIS System was introduced. Over the past year and a half AMIS has improved the quality of analysis of the situation in world food markets, and increased the transparency of agricultural markets. The system has also proven to be a good mechanism for identifying threats to food security. Clearer definitions might be required of the format for the rapid response forum, the aims and targets of which will require clearer definitions.

Regarding AMIS, in the context of the Niigata Declaration and Action Plan, in March this year Japan developed and launched the Asia-Pacific Food Security Information Platform (APIP), which is similar to AMIS.

Russia, acting as a link, is offering to study the possibility of combining AMIS and APIP, or at least helping them to cooperate. Our experts are currently experts analysing the feasibility and technical capability of associating the two platforms.

During this session the Committee on Food security will consider the Global Strategic Framework for Food Security. Its main value, in our view, lies in the fact that it is a general mechanism and a single document providing practical guidance on the major recommendations of the strategic, policy and operational issues in respect of food security and nutrition, the validity of which is assured of participation, consultation and shared responsibility in the context of the CFS.

We consider that the Global Strategic Framework could be the basis for the future development of a global doctrine on food security, which could be a strategic document for addressing food availability around the world.

PART 2:

WRITTEN STATEMENTS RECEIVED
FROM MINISTERS

CHAD

STATEMENT BY:

H.E. Djimé Adoum
Minister for Agriculture and Irrigation

Mr Chairperson,
Mr Director-General of FAO,
Your Excellencies,
Honoured Representatives of international institutions and non-governmental Organizations,
Ladies and Gentlemen,

First of all, I have the very pleasant task of congratulating you on behalf of the highest authorities of the Republic of CHAD for the way the CFS has managed the work since your election, and of expressing our gratitude to the Director-General of FAO for the variety of support he has given our joint institution in order to assist my country and the working people of Chad. I also speak on behalf of the women and youth of rural Chad who – despite all our concerted efforts – still do not always enjoy the fruit of their labours.

The fact that this 39th session of the Committee on World Food Security is being held as we are coming to the end of a year that has seen exceptional rainfall, along with all its consequences, including the floods in Chad and other CILSS member states, shows how vital it is to create lasting food security linked to tackling the effects of climate change in our country and across the entire continent of Africa.

This year's topic of "Food Security and Climate Change" brings together all the issues relating to the agricultural and climatic conditions experienced during the 2012-2013 crop year as a result of the excessive rainfall, in contrast to the 2011/2012 crop year that was characterized by water deficit.

In both cases, vulnerable sections of the population have always been the victims of the harmful consequences of climate change. These effects have been the target of

the international community's ongoing efforts to find suitable solutions for making the rural population and production more secure while still protecting the environment.

It is with this in mind that Heads of State and African governments have decided to adopt the Comprehensive Africa Agriculture Development Programme (CAADP) to provide the framework for accelerating agricultural development and food security on the African continent.

This approach has a greater effect at the level of the CILSS member countries, where the Sahelian region remains the area most in need of sustainable agricultural development, given the fragility of its ecosystem and the major contribution made by the agricultural sector to the national economies of these states.

Mr Chairperson,
Ladies and Gentlemen,

It should be noted that my country, Chad, is currently making great progress in reducing hunger thanks to certain significant advantages. It is estimated to have 39 million hectares of farmable land, of which only 2.2 million hectares are farmed each year, with only 28,000 hectares of land irrigated out of a potential 5.6 million hectares. Added to this is the large number of livestock: 6.284 million head of cattle, 2.563 million sheep, 5.584 million goats and 1.185 million camels. Potential fishery production is 80,000 tonnes a year, and there are large reserves of water.

In 2005, Chad took matters into its own hands with the help of the FAO by scaling up the National Food Security Programme (NFSP). The main aim was to contribute to achieving Millennium Development Goal No. 1: the eradication of extreme poverty and hunger. It aims to revive food production while also addressing various aspects of food security: (i) the availability of food products in sufficient quality and quantity, (ii) access for all, including the most vulnerable groups and those on very low incomes, (iii) food use and food hygiene in order to encourage a balanced and healthy diet for all, (iv) stability of supply, which involves a political dimension and mechanisms for preventing/managing crises and natural catastrophes.

The following actions have been taken in this respect:

- Increasing the intensity and diversity of crop, animal, halieutic and fish farm production among small farmers.
- Facilitating access to foodstuffs for small farmers.

- Improving the nutrition of children below 5 years of age and of pregnant and breastfeeding women.
- Preventing and managing food crises.
- Encouraging cross-sector actions to work on microfinance, financial regulation, gender issues and rural roads.

However, it should be recognized that despite these many concerted efforts, a significant section of the population is still suffering food insecurity and malnutrition due to the ever-present constraints imposed by environmental, socio-economic and institutional issues.

In brief, the main objective is to give the rural population the means to produce, add value to and market its products with a view to breaking the vicious cycle of poverty. This is why we are convinced that giving small farmers access to credit can help them become more resilient.

Mr Chairperson,
Ladies and Gentlemen,

This situation is of concern to us all and bids us to act together to ensure permanent food security, a decent life and an effective way of combatting the effects of climate change.

Fully aware of the challenges before us, the Republic's highest authorities have begun the process of mechanizing our agriculture. They have provided producers with a range of inputs that takes account of all the needs of the rural population, including farmers, shepherds and agro-pastoralists in making the best use of their common space. For our part, we would like to announce the imminent creation of a Department for the Rural Economy and Sociology in order to improve the way we address the problems of small farmers and offer them appropriate solutions. The government has already set the ball rolling with a credit mechanism to facilitate access for small producers. Each of the 23 regions will receive CFA 2 billion (approximately USD 4 million).

By consistently coordinating all these activities in tandem with all the actors involved, we will achieve the objectives we have set ourselves, achieve food security and tackle climate change.

Mr Chairperson,
Ladies and Gentlemen,

In order to give substance to the initiatives that have been launched in my country, we would like to take advantage of this platform to tell you about the round table on the National Food Security Programme (NFSP) that will be taking place very soon. We are hoping for the support of the international community, as we are convinced that this makes a direct contribution to our common vision. I am sure this will be a great help to our people, who are working tirelessly to strengthen their resilience in the face of climate change. The world has tried out a range of initiatives such as “Zero Hunger”, which was launched with great success in Brazil. One of the architects of this programme is the Director-General of our own FAO, and I would like to take this opportunity to congratulate him for his work in this area.

We need to learn to live with drought and adapt to climate change while taking effective steps to combat hunger and reduce poverty.

For us, it is not a question of reinventing the wheel but of adopting processes that bring hope and adapting them to our needs in order to achieve our objective – to stamp out hunger in our country. I would like to leave you on this hopeful note and thank you for your kind attention.

HUNGARY

STATEMENT BY:

Mr Géza Poprády
State Secretary, Ministry of Rural Development

Mr Chairperson,

It is a great honour for me to attend the Ministerial Meeting on Food Price Volatility. I wish to congratulate the French Minister on the initiative and Director-General and his staff on the excellent organization of this event.

The topic selected for discussion is relevant and timely. On one hand, the volatility of food prices causes serious problems for many people. On the other hand, it is a good opportunity to reflect on possible measures to avoid it or to mitigate its consequences.

The first step to take is undoubtedly to create transparency in the agricultural markets and prices. In this respect, I consider appropriate the establishment of the AMIS (Agricultural Market Information System) as part of the G8 Action Plan and highly appreciate all efforts of its previous French and current American Presidency to make it function.

Another key to succeed is better coordination among all the stakeholders. International organizations, banks, donors and the private sector could work much more efficiently and avoid overlapping if they cooperate with each other and with the Partner Countries. The civil society, international and national NGOs have an important role to play, as well.

Increased food demand of the increasing population is a real challenge. Much could be done, as it has been mentioned several times these days, by reducing post-harvest losses and food wastes.

To increase food production new technologies and coordinated agricultural research are essential. Result of agricultural research and innovation are useful only if applied in practice properly. However, priority should be given to those scientific results that have proved to be safe, with no risks to human health and to the environment and biodiversity.

Increased food production and sustainability requirements are equally important. Sometimes it is not easy to remember and respect all the three dimensions of sustainability: the economic, environmental and social aspects. The recently adopted Voluntary Guidelines on Responsible Governance of Tenure of Land, Fisheries and Forestry provides guidance on this issue. We are very happy, that FAO has taken the initiative and is also working on the implementation of the Voluntary Guidelines.

Excessive food price volatility affects mostly the poorest population. There is no doubt, a safety net is necessary to protect them. One of the cheapest and most efficient safety net is local food production and marketing. A shortened food-chain is beneficial for both the producers and the consumers. We share the view that *“Investing in smallholder agriculture is one of the best ways to build a sustainable safety net that can protect societies in times of economic crises”*.

Thank you, Mr Chairperson.

SRI LANKA

STATEMENT BY:

The Honourable Mahinda Yapa Abeywardena
Minister for Agriculture

I take this opportunity to thank Mr José Graziano da Silva, Director-General of FAO, for having taken this initiative to convene a high-level exchange of views on high food prices and price volatility.

During 2007/08 period, Sri Lanka has been spending around USD One billion annually on its food bill to import essential food items. It was a blessing in disguise that in the face of 2008 world food crises, Sri Lanka by then had implemented a National Campaign called *“Let us cultivate and lift the nation Programme 2007–2010”* to increase production of food crops and make the production available year around with an aim to stabilize domestic market prices and to achieve food and nutrient security of the nation.

This was complemented by another programme called *“Divi Neguma”* (Uplifting Lives) to enhance production of vegetables and other food crops.

With the successful outcomes of these two programmes, Sri Lanka recognized that the negative impact of soaring world food prices can mainly be addressed through boosting food production and becoming self-sufficient in all food crops at domestic level, which Sri Lanka continues to achieve in the next few years.

Sri Lanka has also put in place an array of measures targeting to negate the spillover effects of world food prices volatility which include:

- Raising floor purchase prices and fixing minimum buy-back prices for selected food crops.
- Imposing ceiling prices for milled rice in the local market.
- Enlarging the role of paddy marketing board to cover purchase of paddy and other crops.

- Reduction/elimination and imposing import tariffs on main food commodities, within WTO Bound levels in favour of producers/consumers.
- Provision of duty concessions for agricultural machinery and inputs.
- Subsidizing land diversification.
- Wide application of fertilizer subsidy covering paddy and other field crop farmers; and
- Inject more public and private investment in the entire country and particularly in lagging regions through incentive programmes.

Sri Lanka has given high priority to food security issues at highest level by appointing a Sub-Committee on Food Security and Cost of Living – an Inter-Ministerial Coordination Unit – which is chaired by the Head of State to monitor food situation and food price volatilities and make necessary policy directives.

The remarkable gains of these initiatives included:

- Sri Lanka has achieved self-sufficiency in production of rice and nearly self-sufficiency level in maize.
- Reverse the food habits that led to increased consumption of rice based food items over wheat based products that are largely locally produced by 28 percent, thereby help decreasing malnutrition in those backward areas.
- Helped not only in reducing the consumer expenditure on basic food items (the price payable for wheat is Rs. 90 per kg to Rs. 60 per kg on rice flour) but also import food bill on imported food items.

Nevertheless, developing countries such as mine cannot alone address and solve the issue of food price volatility at global level and the international community has an important role to be played in this regard, It is particularly so, especially when the market experts consider that the price volatility will continue to characterize world food markets in the foreseeable future.

Sri Lanka is open to gain experiences and knowledge from other countries as to how they approach this issue, so that we can continue to enhance the effectiveness of measures to address food price volatility and to reduce its impact on the most vulnerable populations.

To name a few, enhanced transparency and information on agricultural markets; international policy coordination; risk management tools; the role of emergency food reserves; building resilience; and responsible investments in agriculture are such



measures that need to be discussed at international level and identify the suitable policies that are relevant to developing countries such as mine.

Thank you.

PART 3:

OTHER RECEIVED CONTRIBUTIONS

COLOMBIA

CONTRIBUTION BY:

H.E. Juan Manuel Prieto Montoya
Permanent Representative of Colombia to FAO

The Permanent Representative of Colombia to the Specialized Agencies of the United Nations with headquarters in Rome presents his greetings to the Food and Agriculture Organization of the United Nations, Office of the Director-General. With reference to the Ministerial Meeting on Food Price Volatility and Agriculture, convened by His Excellency the Director-General of FAO, José Graziano da Silva, and held on Tuesday, 16 October 2012, in the context of initiatives to mark World Food Day, we would express our deep appreciation for the opening up of this space for reflection on an issue that must undoubtedly occupy a primary place on the multilateral agenda, with a view to world food security.

In this connection, we are in full agreement with the Director-General's closing words, when he expressed his regret that it had been impossible for a considerable number of the delegations invited from member countries, ourselves included, and representatives of civil society organizations and other sectors, to speak.

We applaud this initiative of the Director-General's office and remain hopeful of a new, broader space for real dialogue, in which, as Your Excellency announced, ideas can be exchanged to enrich the debate with contributions from the interested parties, in order to fill out the studies presented by the Food and Agriculture Organization of the United Nations, in the commitment to move towards solutions.

The Permanent Representative of Colombia to the Specialized Agencies of the United Nations with headquarters in Rome has the honour of stating, with regard to speculation in food prices and the increasing volatility of these prices, that our country supports initiatives aimed at a greater transparency, boosting and effective monitoring of commodities markets in general and agricultural futures markets in particular.

Colombia's regulation policy seeks to correct flaws in the market, creating conditions for open competition and seeking to ensure that market prices are determined through free trade.

My country is concerned to help build a global consensus that can develop solutions to the undeniable impact that speculation in agricultural futures markets has on the volatility of food prices, socio-economic stability and sustainable development.

As His Excellency the Minister for Agriculture and Rural Development, Dr Juan Camilo Restrepo, has stated in various fora, Colombia does not support proposals aimed at controlling food prices, because it considers the establishment of regulatory mechanisms to minimize the impact of financial speculation on food price volatility as a more relevant priority, together with the creation of a comprehensive monitoring system both of the phenomenon and of the behaviour of the various actors in the agricultural products market.

Colombia is carrying out an inter-institutional analysis on the basis of the above considerations and of studies in this connection carried out by experts from the Food and Agriculture Organization of the United Nations. We recognize that the rise in food prices is also influenced by trends in supply and demand, and that there are other factors that have an impact on price volatility, such as the depreciation of the dollar, the rise in oil prices, which in turn affects the price of all commodities, the lack of food reserves, inflationary pressure and climate change.

In Colombia's case, the rise in prices works to the advantage of exporters of sugar, bananas and coffee, but to the major disadvantage of importers of such grains as wheat and maize. These conflicting facts require complex solutions, which call for a concerted, unselfish effort and much creativity on the part of countries.

Your Excellency Mr Graziano da Silva, the problems have been fully identified and do not need further study. Where we have failed is in implementation, as was rightly stated by His Excellency Maxime Verhagen, Deputy Prime Minister of the Netherlands. We must make every effort to provide small farming families with fair access not only to land but also to inputs and technology, avoiding abuses caused by speculation. We must set up local financial facilities and boost the means of access to the end users.

With an abundant supply and transparent markets, we shall meet our challenges and achieve our goals.



The Permanent Representative of Colombia to the Specialized Agencies of the United Nations with headquarters in Rome would like to take this opportunity to assure the Office of the Director-General of the Food and Agriculture Organization of the United Nations of his highest consideration and esteem.

DOMINICAN REPUBLIC

CONTRIBUTION BY:

H.E. Mario Arvelo Caamaño
Permanent Representative of the Dominican Republic to FAO

As the honourable ministers and distinguished delegates know, my country is making every effort to place food price volatility at the centre of the international debate on food security, inasmuch as this is an alarming new challenge requiring a decisive contribution from every state and every actor.

In December 2011, the General Assembly of the United Nations adopted a resolution proposed by the Dominican Republic, and a first high-level debate on the causes and consequences of volatility was held in New York on 11 April this year. The international community invited the United Nations agencies, especially FAO, to examine the issue in a constructive manner and continue research and analysis with a view to proposing and adopting concrete solutions.

The delegation of the Dominican Republic wishes to take this opportunity to thank the Director-General once more for hosting the high-level debate on food price volatility and the role of speculation that was held here on 6 July, barely a hundred days ago, on which occasion the then President of the Dominican Republic Leonel Fernández Reyna gave the keynote address.

Three months ago, the panel of experts examined the soaring rise in food prices on international markets and their growing instability. The high-level debate focused less on the basic functioning of the market and more on examining the role of speculation. The Permanent Mission of the Dominican Republic has collected the interventions into one volume, which is available on line.

For all these reasons, we are pleased that the ministerial meeting we are holding today is pursuing this issue, since it is an essential element in combating hunger and malnutrition with a view to their alleviation and eradication.

The first conclusion of the high-level debate on 6 July was the need to strengthen and fine-tune the Agricultural Market Information System. The panel agreed on the importance of promoting greater transparency in flows of information and disseminating all relevant data as widely as possible.

Furthermore, the international community must introduce reforms in the global financial system. Some actors with huge political influence, including the United States and the European Union, are taking concrete steps to carry out systemic, structural reforms to ensure that international markets function in an orderly, stable manner.

These reforms and other legislative and administrative initiatives now under way show that speculation does exist and that it has a very real, negative impact on people's lives. We are faced with a phenomenon in which there are many artificial components, inextricably bound up with financial speculation.

Food price volatility, driven and exacerbated by speculation, has a disproportionate impact on women and children in developing countries in Africa, Latin America and the Caribbean, Asia and the Near East.

We repeat: the hour for reform has come. The hungry cannot wait.

HAITI

CONTRIBUTION BY:

Mr Carl Benny Raymond
Deputy Permanent Representative of Haiti to FAO

Context

Poverty in Haiti remains a concern, despite the measures taken. It is estimated that between 2005 and 2010, three-quarters of the population live below the poverty line of USD 2 per person per day and more than half live in rural areas (58 percent against 20 percent in the metropolitan area). The widespread and extreme poverty leads to low resilience of the population to exogenous shocks.

Findings

- Deterioration of the food security situation due to drought and declining purchasing power.
- A worsening of the situation due to Tropical Storm Isaac.
- Rising prices: After a month of relative stability, the prices of basic food products showed an upward trend during the months of August and September.
- Deterioration in access to basic foods.
- Government response: The Haitian Government follows a way to address not only circumstantial problems but also and especially structural problems. In this context, firstly, a National Commission for Price Stabilization was established to address problems of rising food prices, arising from the current situation. In a second step, an agricultural revival plan 2012-2015 was developed to reinvigorate promising agricultural sectors and increase national food production and incomes of farmers and agricultural workers.

National Commission for Price Stabilization (CNSP)

Responsible for identifying the best ways to addressing the problem of access to staple foods by the poorest, the objective of the National Commission for Price

Stabilization is to formulate and submit proposals to managers on appropriate response to face the situation of rising prices of food commodities. The recommendations of the Commission focuses on six key measurers in attempt to stabilize food prices in the short, medium and long term.

1. Financial arrangements for the supply of the country over one year in a number of identified basic food commodities: rice, beans, corn oil, edible flour.
2. Establishment of strategic stocks of food commodities.
3. The obligation for importers to source their purchases from local producers, at the level of 10 to 15 percent of their stocks.
4. Strengthening of border controls to prevent the smuggling of products whose price has been stabilized.
5. Establishment of local structures to purchase agricultural products

The Agricultural Revival Plan 2012/2015

For the next five years, the objectives referred under this plan are, among others:

- Increase by 50 percent per capita income in rural areas.
- Promote the creation of 200 000 jobs in sustainable agriculture. In this respect, entrepreneurship will be strongly encouraged among the youth.
- Reduce dependence on food by 25 percent to reach a self-sufficiency rate of about 60 percent.
- Double agricultural exports.
- Increase by 5 percent the vegetation cover.

Provisional Budget

The budget for the implementation of the various activities planned under the Agricultural Revival Plan for the period 2012-2013 was 11 707 80 000 gourde. This envelope is in principle to start the recovery of the sector. An evaluation of the program is scheduled at the end of the first year to assess to what extent the effort must be sustained for the next two years.

Institutional strengthening and follow up

- A mission at the end of the year to support the Ministry of Agriculture to determine the food balance sheet for 2012/2013 and food needs for the year 2013.

- Strengthen the Observatories on food and nutrition security for the generation of information on food security.
- Conduct an agricultural survey in 2012 on food and nutrition security.
- Training of local staff, development of data collection centers and compliance with the IPC (Integrated Food Security Phase Classification).
- Technical and financial support for the implementation of the Agricultural Revival Plan.

The full document can be found on the website of the CNSA:

<http://www.cnsahaiti.org>

IRAQ

CONTRIBUTION BY:

Mr Mahdi Mohsen al-Allaq
Undersecretary of the Ministry of Planning

Mr Chairperson,

I wish to begin by expressing the appreciation of the Government of Iraq to the United Nations Food and Agriculture Organization for having organized this conference, and for having raised certain issues related to food security. I would also like to thank His Excellency the French Minister for Agriculture for promoting discussion on food price volatility.

I do not wish to reiterate how important it is to study this subject, but I would like to raise an issue that perhaps appears different in addressing this sensitive issue.

Due to the economic embargo which began in 1990, Iraq adopted a broad-based system of ration cards ensuring that each individual receives a monthly rationed share of food and non-food products.

After 2002, when the embargo came to an end and revenues improved, thoughts began to be given to reforming the ration card system by means of a poverty alleviation strategy (the details of which will be presented during the afternoon session of Friday 19 October 2012). Furthermore, an agricultural initiative was launched to improve the situation of rural areas in Iraq, where levels of poverty have increased to 22 percent compared to 16 percent in urban areas.

The direction now is one of gradual transition from a comprehensive rationing system to a system that targets the poor aiming to improve their conditions by guaranteeing transition to what is known as the system of effective social protection for the poor.

I now wish to talk about a challenge related to the subject of this meeting; i.e., the impact of transition from food rationing to cash funding for the poor.

The Higher Committee in charge of the poverty alleviation strategy under the presidency of the Deputy Prime Minister and the Ration Card Reform Committee under the presidency of the Secretary of the Council of Ministers are supervising the study of possible scenarios in order to ensure that the transition from ration cards to cash transfers is accompanied by appropriate policies ensuring that prices do not increase. The policies will also contain the required provisions for Government interventions, including guaranteeing that flour remains a subsidised and available commodity, in addition to adopting a coupon system to support the poor in particular.

Because of the sensitivity of this issue, and due to political interventions, in Reform Committee we are proceeding with great caution. For this reason we presented two important recommendations which had been approved by the Government:

1. The removal of non-food items from the ration card system (four non-food items had already been removed, and only five food items remained).
2. The introduction of a targeted distribution plan, with the removal of high ranking State officials and businessmen from the ration card system. However, this plan is facing lack of discipline because of many reasons.

We look forward to convening a national conference to gather support for our attempts to reform the system of ration cards, with Government's guarantees to face food price increases after the transition process.

CIVIL SOCIETY ORGANIZATION (CSO)

CONTRIBUTION BY:

Civil Society Mechanism Food Price Volatility Working Group

Thank you, Mr Chairman, for allowing an opportunity for civil society to make a short statement. Last year, farmer representative Ibrahim Coulibaly made the passionate case for urgent action to address food price volatility.

Today, the drought in the United States of America has triggered the third major spike in food prices in the last five years. Rising international prices for corn, soybean, and wheat are rapidly transmitting to domestic markets in developing countries. Communities that still have not recovered from the shock of the first two spikes are now being stretched to the limit.

Last year, the CFS (Committee on World Food Security) failed to take decisive action on food price volatility, ignoring the strong demands from the Civil Society Mechanism, instead deferring to the G20 Action Plan on Food Price Volatility and Agriculture. That plan has proven woefully inadequate to prevent the recurrence of price spikes because it failed to address the root causes of price volatility and rising prices.

Market transparency, as represented in the AMIS (Agricultural Market Information System) initiative, presents only a window into the problem, however calling the Rapid Response Mechanism to address spikes in food prices has proven impossible. In the case of this current spike, for example, some governments opposed a public meeting of the RRF for fear that it would roil markets. If that is the case, then the RRF would never meet in times of crisis, undermining its capacity to respond.

What is needed now is an inclusive process to address the core drivers of food price volatility.

The CFS is making a concerted effort to address some of the root causes, including the role of climate change in agriculture and increased investment in small-scale producers to build strong resilient food systems. It is time, now, for the CFS to take decisive action on the other key drivers of recent price increases, and establish a mechanism to calm price volatility, uninhibited by the limited ambition of the G20 Action Plan. Global leaders must:

- Stop the expansion of biofuels – Governments must abolish subsidies, tariffs, targets, and mandates for biofuels and take actions to eliminate any policies that artificially drive this strong additional demand for food and feed crops.
- Expand the use of food reserves – The explanation of regional emergency food reserves is not sufficient. Stocks are at historic lows for key food crops, and there has been little action on the part of the international community to increase public stocks of key staple foods. The use of national food reserves in some countries has proven successful in moderating price volatility in domestic markets. The CFS needs to coordinate efforts to expand the successful use of food reserves.
- In addition, the CFS needs to take leadership in ensuring that trade rules are structured to ensure the realization of the universal right to adequate food. Current trade rules, promoting openness, often increase transmission of international prices to local markets rather than curb price volatility.
- Finally the commitments made to regulate commodity markets should be translated into effective implementation.

The 870 million hungry people assessed in SOFI report does not include those that become hungry during food price spikes. However, food price volatility is becoming a fixture of our food system, and the number of hungry will grow to new heights if governments do not act now to address the root causes of volatility. The time is now to take action to protect the right to food.

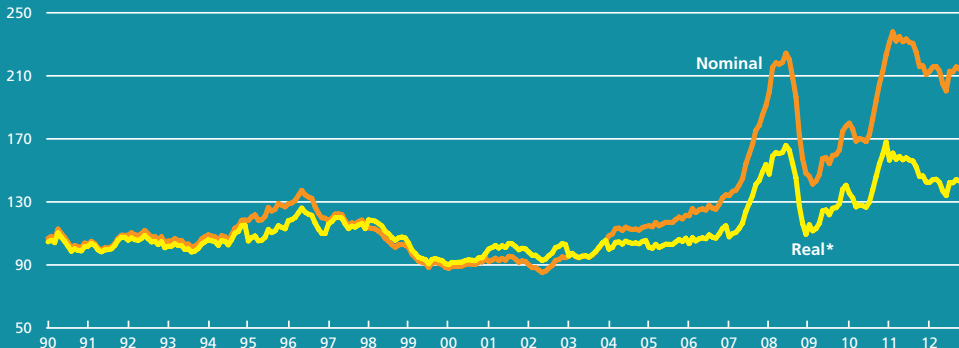
We do hope that we can count on your support, Mr Chairman, to further discuss these issues in the CFS.



This book is a compilation of the statements delivered at the Ministerial Meeting on Food Price Volatility organized by FAO on the occasion of World Food Day 2012. The statements are collected together not only to provide a record of the Meeting, but also to stimulate further discussion and debate on the challenge of food price volatility and its devastating impacts on hunger and food insecurity.

FAO Food Price Index

2002-2004=100



* The real price index is the nominal price index deflated by the World Bank Manufactures Unit Value Index (MUV)

Ministerial Meeting organized by:
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