

**OPENING REMARKS OF JOSEPH W. GLAUBER
CHIEF ECONOMIST, US DEPARTMENT OF AGRICULTURE
SECOND MINISTERIAL MEETING ON INTERNATIONAL FOOD PRICES**

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FAO Headquarters

Thank you Mr. Director-General. Your leadership in FAO's efforts to eliminate world hunger, food insecurity and malnutrition is well recognized. Indeed, it is an honor and a pleasure to welcome everyone and to serve as Chair at the Second Ministerial Meeting on International Food Prices.

A year ago, we witnessed the third commodity price spike in 5 years. Severe drought in North America as well as in portions of Southern Europe and the Black Sea resulted in sharply reduced production and cut stocks, particularly feed grains. Prices for many commodities such as wheat, maize and soybeans rose to record nominal levels. Many expressed concern that we would witness another food price crisis such as what we saw in 2007/08.

Instead world markets remained calm. Despite short supplies, markets worked efficiently. Unlike as in 2007/08, trade was not impeded by counterproductive restrictions and high price volatility was avoided. Higher prices encouraged increased production in the Southern hemisphere and by late fall prices began to fall from their peak in the late summer. With improved weather conditions in the Northern hemisphere this year, we will likely see improved grain production and a recovery in feed grain stocks. Prices for most commodities are down 15 to 25 percent below levels of a year ago.

In no small part, better information provided through mechanisms like the Agricultural Market Information System, and better discussion in forums such as this helped Members avoid the mistakes made in 2007/08.

But improved market conditions today must not lull us into complacency. We cannot afford to neglect the agricultural sector. We must improve productivity particularly in the developing world, and in a sustainable way that takes into consideration scarce water resources and other environmental factors. We must also continue to work to reduce trade barriers and subsidies and eliminate distorting forms of domestic support. In this regard, we must be careful to avoid policies that mitigate one country's food security problem but exacerbate the food security of its neighbors.

Lastly, I note that with the large number of ministers attending today's session, Ministers are kindly requested to limit the duration of their statements to not more than three minutes. This will allow a larger number of Ministers to take the floor and express their views on the issue of food prices. However, the full ministerial statements will be included and published in the Proceedings Report of the meeting. In addition, any member country is welcome to send a statement to be also included in the Proceedings Report.