

## Communications & Opinions



### Food Security

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\* OP-ED for Syngenta on food security

In the last decade, trends in population explosion, accelerated urbanization and income growth have become unsustainable. They are generating growing, compounded demands on food, notably animal proteins, and on natural resources such as land, water, energy and the environment. Cultivated land is receding, fossil (non renewable) aquifers are being depleted, desertification is spreading, research and investment in agriculture and food have been scaled down, average crop productivity growth has halved, and part of the benefit of staple food production has been shifting from people to cars via biofuels. This has resulted in price increases and environmental stress, and can be encapsulated into one, double challenge: food security and environmental security. If all this does not call for a new vision, what can? Should we allow things to become even worse before we try and meet the challenge?

No, said 83% of the participants in the conference of 27 March 2008, sponsored by Syngenta and the ELO on that very subject. As Fischler's Reform of the CAP indicated, they felt that neither food security, nor environmental security could be left to the market alone. They must indeed be actively pursued by developed as well as developing countries with agricultural policies (CAP included) and any other policies relevant to food production and resource sustainability.

Let me focus on food security, not in the traditional sense of self-sufficiency, but in that of everybody's right to nutrition, which is the first of all human rights. Ensuring that there is enough food on the table of their citizens is the first obligation of all governments, regardless of how much food they produce, import, or export. The new UN Special Representative for the Right to Food Olivier De Schutter has sensibly called for a special session of the Court of Human Rights to be devoted to food.<sup>1</sup>

The belief that one can cater for the world's food needs merely by pursuing CAP reform, forcing the US to change its own farm policy and liberalizing world farm trade is simplistic and deceptive. Unfortunately it is held by key WTO negotiators, who are still fighting yesterday's battles while the world has moved on since the Doha Declaration. Tomorrow's game will be less opening food markets than securing food supplies. Food availability is too important a subject to be mainly entrusted to trade experts with little knowledge of the multifunctional nature of agriculture and hardly any qualification in food.

The main problems with feeding the world have indeed less to do with trade, than with other factors. The main ones are demography and urbanization, with one additional Germany added

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<sup>1</sup> "Se nourrir: un droit de l'homme", Interview by Sabine Verhest, La Libre Belgique, 2 May 2008

to world population every year, the urban share of population increasing from 10% in 1900 to more than half today (from 150 million to three 3000 million), and the expected halving of grain area per person by 2050. These factors, together with many others have outstripped the growth in land utilization and technological developments.

The claim that agricultural production and export subsidies in developed countries have allowed them to export at dumping prices is tenable, but the inference that this has been the main cause of low domestic food production prices in poorer countries is way off. Without such subsidies, it can be shown that world agricultural food supplies would have been lower and hence food prices higher. While a few developing countries (Latin America) would have benefitted from higher world food prices, the vast majority of net-food importing developing countries would have suffered from them. The latter's capacity to produce food was not so much limited by low world food prices, as by a lack of production structures and by domestic agricultural policies penalizing home producers and favouring export crops. This is why Mr. De Schutter was right when he advocated that developing countries introduce policies on the CAP model in order to boost domestic food production.

In order to ensure food security and thereby stay in power, the main concern of poor country governments is still, and increasingly so, to keep domestic food prices as low as possible, so as to try to please their (voting) urban population; they do this, not only by fixing low domestic prices (regardless of world prices)<sup>2</sup>, but also by reducing food import duties, establishing or increasing food consumer subsidies, and supporting domestic production. This can be done by subsidizing agricultural implements or inputs (such as seeds, water, fertilizers, or plant protection products), but worsens public budget deficits and international indebtedness. Food security is important even to governments of traditional food exporting countries, some of whom keep domestic food prices lower than food export prices (taxes included). These governments have indeed shown a disposition to impose restrictions such as export taxes or outright export bans for fear of running out of food.

Food supply concerns are legitimate, but the kind of food security policies described above are the wrong way to go. They smack of autarky, and are more often than not counterproductive: they may feed speculation, lead to hoarding or smuggling, boost prices even further, make markets less predictable, discourage production and investment, and have contradictory effects.

Food security is at risk of becoming the next serious market failure after climate change, which Nicholas STERN has described as “the biggest market failure in history”, unless agricultural policies of both developed and developing countries are reformed further.<sup>3</sup> As the media tend to focus on the former, I will concentrate here on the latter.

Developing countries should adopt pro-active policies such as raising domestic farm gate prices, if necessary adding basic subsidies (decoupled from production), advising farmers to plant genetically modified drought-resistant crops providing higher yields and water savings, and taking any other (environmentally friendly) measures suitable to encourage their own

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<sup>2</sup> An extreme case is Egypt's fixing of the selling price of a simple bread so low that it was used in order to feed cattle.

<sup>3</sup> These are not the only market failures. Former FRB Chairman Paul Volcker (1979-1987) recently said: “Simply stated, the bright new financial system – for all its talented participants, for all its riche rewards – has failed the test of the market place . » (Economic Club of New York, April 8, 2008)

farmers to produce more food, and possibly build up national food stocks. Export restrictions should instead be discouraged, because they lower world food supplies and raise world prices.

This is easier said than done. One cannot turn a blind eye on the double challenge to keep domestic farmers in business and ensure at the same time that food supplies are sufficient at acceptable prices to urban dwellers, particularly where there are serious budgetary constraints. Nor can one ignore the natural inclination of all governments to leave untractable problems (hot potatoes) to their successors, penalizing the least influential sectors. After all, according to the World Bank, we can expect about 33 countries this year alone to face political crises and/or social strife because of food shortages.

Instead of blaming developing countries's current food policies, the richer one (apart from adapting their own food-related policies) should help them enter a virtuous food circle.

The market needs coordinated direction as to what kind of policies regarding soil use, energy, water, transportation, environment and indeed agricultural and rural development are the most appropriate ones to tackle the world's overall socio-economic and political security requirements, foremost among them food in the developing countries. What happens there will have a much greater impact overall than what happens in the advanced industrial countries.

Faced for a long time with large food market manipulation by governments and enterprises, there is an urgent need to deal with the matter in the appropriate fora besides the WTO, and seek appropriate solutions to to-day's biggest challenge: world food supply.

As humanity faces the biggest food crisis since the World War II, richer countries, including the oil exporters, should help net food (and energy) importers as they did with the emergency balance-of-payments support for the Most Seriously Affected Countries (MSA) in 1975, by providing the financial means necessary to limit famine and environmental stress, and thereby preventing growing indebtedness (which would have to be partly forgiven). The high income countries, including the oil producers, should boost overseas development assistance to sustainable food production and water, promote the creation of a world food stock to combat to limit speculative food price hikes and cater for food emergencies in the future and limit price peaks, boost research in agriculture, reverse the underinvestment of Overseas Development Assistance (ODA) in agriculture for the last 20 years (\$1bn annually), and make ODA, including food aid conditional upon agricultural reforms. By contrast, the rich countries should rapidly abolish their subsidies to biofuel production, because they represent "a crime against humanity" (UN Special Representative J. Ziegler) withholding food from the hungry without any net emission savings.

As to technology, it has an essential role to play regarding both food and the environment. New technologies capable of raising land productivity are shrinking and will be of diminishing help as yields of wheat, rice, and corn press against the ceiling ultimately imposed by the limits of photosynthetic efficiency. The most promising contribution can be expected from biotechnology, provided public opinion is prepared to support it. Current negative attitudes in Europe will need to change as the next GMO generation comes on stream. But this new technology should of course not be introduced without exhaustive impact assessment. On the other hand, caution is also of the essence in dropping any technology (including plant protection products) without judgment as to whether the pros

outweigh the cons, and whether there are alternatives in the pipeline, or when they could be expected.

We should be cautious about putting too much capital in the belief that technology alone will allow us to ensure sustainable world food production for all and reduce world hunger in accordance with UN targets, or stop, let alone reverse climate change. Technology primarily addresses the supply side. There will be no solutions without acting on the demand side as well, notably western life-styles and their impact on food demand (in particular beef) and the environment. Here too the lead must be provided by the higher-income countries. It is in fact inconceivable to tell the developing countries that catching up with western life-styles, notably meat consumption and transport patterns is unsustainable. The west must do its part to limit consumption so that others can catch up at lower levels.

Farming is fundamental to society, but more complex than any other activity.

EU farmers must wonder how they can be expected to contribute to satisfy world food demand, save energy and water, and preserve the environment, all at the same time, when farm payments and public support are on the down path (even if average long-term food prices remained high).

Weakening, let alone scrapping the CAP, as a growing number of people advocate, would involve a number of risks, and actually mean throwing out the baby with the bath water. The risks include: production intensification with increased pollution, land abandonment with rural desertification and reduced farm output, accelerated urbanization with additional infrastructural and environmental costs and loss of agricultural land, potential difficulties for the Internal Market, higher world food prices with serious humanitarian, economic and political consequences, in particular for the poor at home and for the net- food-importing developing countries.

However, the status quo is not an option. The CAP reform process is not quite over yet, far from that. Substantial investments will be needed to help respect cross-compliance rules and make farming more sustainable dealing with the negative externalities of production such as water pollution, promoting organic farming, adopting new, expensive technologies at an early stage, and rewarding farmers for the actual delivery of public goods, including the preservation of extensive farming. A real shift in CAP support towards rural development is of the essence. The CAP must substantially increase its assistance to the multifunctional tasks of European agriculture so as to provide the services to society that the market does not pay for.

All other countries in the world are also called upon to restructure their agricultural policies, so as to sustainably produce enough food, and open their markets step by step. The EU has shown the direction, others have not done so yet, in particular the US and the developing countries.

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