



Brussels Policy Briefing n.21 Geopolitics of Food: implications for ACP countries

2nd February 2011

On 2nd February 2011, CTA and other partners convened the 21st Brussels Development Briefing - part of a series of bimonthly Development Briefings on ACP-EU rural development issues. 159 participants gathered in Brussels to discuss the issue of the geopolitics of food and its implications for ACP countries.

Partners in the Briefings:

- CTA
- European Commission
- ACP Group and ACP Secretariat
- Concord
- Media

In introducing the 21st Brussels Development Briefing, Dr Mohamed Ibn Chambas, Secretary General of the ACP Group, stressed the successful organization of



the Briefings to raise awareness on issues on ACP agriculture and rural development and the fact that they have been extended to the ACP regions for wider coverage, participation and effectiveness.

Turning to the issue of geopolitics of food, he underlined the major role played by geopolitics stressing that implications of hunger and food security in ACP countries are compounded by complex challenges as climate change, water scarcity, energy insecurity, population growth, migration and urbanization. He explained that all these factors cannot be effectively tackled living out geopolitics factors. Dr. Chambas highlighted the importance of a global recognition of the right to food. Because of the increase in food production which has resulted in a hard competition for arable lands, water and production inputs, he expressed the necessity to shift away from aggressive policies to an increased investment in research.

Michael Hailu, director of CTA, underlined the very topical subject of the Briefing giving the continuing challenges that ACP countries face in terms of food and nutritional security, price volatility and climate variability. He recalled that since 2007 spikes in world food prices had threatened global food security leading as consequences political instability, governmental intervention in food market and the closure of borders for food exports. Moreover, nearly all the undernourished people are living in developing

countries and in particular they are women and young people. Therefore ensuring food and nutritional security for a worldly population which estimates to grow to 1 billion people by 2050 against the challenges posed by climate change, scarce land, water energy, will require not only technical innovations but also policies interventions and investments.

New challenges in the global food system

The first panel was moderated by Mr. Jean-Pierre Boris, commodities specialist and journalist at Radio France Internationale (RFI) who recently released a book and a documentary on the rice crisis. The various presentations highlighted the challenges in the global food system, the effects of the food crisis and its effects on ACP agricultures.



Dr. Hans Herren, President of the Millennium Institute and co-chair of the International Assessment of Agricultural Knowledge, Science and Technology for Development (IAATSD), presented some of the major challenges impacting food system in ACP countries. He pointed out that the social-economic sector is facing a new paradigm. Although global food production is sufficient for feeding the world population there are other possible conditions needed to achieve food security like ensuring adequate food availability and a food distribution system which reaches the vulnerable groups. Dr.



Herren called for a radical change of approach: to move forward from the Green Revolution to an ecological revolution where agriculture is in harmony and fits to the system. Agriculture is a complex issue which is deeply connected in the system and deeply rooted in societies and cultures.

He stressed the need for a transition to a sustainable highly productive agriculture through the reduction of post harvest losses, the improvement of post harvest storage, and investments to improve market access infrastructures. According to him the ecological agriculture provides the best prospects for sustainability which includes the use of organic nutrients and crops, the reduced use of fossil fuels and agrochemicals emission. Other priorities include financing an appropriate scaled mechanization for small farmers and cooperatives in order to improve the labor productivity; to invest more in agricultural research for no-till equipment and to provide greater incentives for domestic marketing. To him, this process can only be realized through a human and social capital development, notably by improving and expanding extension services and farmer field schools, introducing capacity building for cooperatives to enable locally owned and operated firms and increasing higher education in support of ecological agriculture.

Food insecurity and malnutrition

Sylvie Brunel, Professor of sustainable Development at the Sorbonne University, shared with the audience the issues related to food insecurity and malnutrition.

She recalled that every year around 50 million small farmers are leaving the rural areas because they cannot sustain themselves and satisfy their basic needs. This phenomenon could be reversed through the increase of investments in agriculture, especially through international cooperation. However, the figures show a considerable fall on agricultural investments: from an average of 20 % of the agricultural budget in 1980 to the 3 % of today's budget. Professor Brunel called also at the paradox of the reserves of lands: of the billions hectares of cultivable land only 1.5 billion are actually in use which means that there is a great potential for extension of land and crops currently not being used. In order to reverse these trends, there is a need to mobilize all forms of agriculture and to recognize the right to protection and food sovereignty. In her opinion, world food production is based not only thanks to the specific agronomic advantages of the various countries but also on the amount of resources invested in agriculture. The only way for small farmers to be resilient and resist to crisis and unexpected challenges, is to organize themselves into cooperatives, unions, groups of producers, NGO's.

She concluded by stressing that in order to meet the increasing demand for agricultural products, small family holdings and large companies need to work



together to tackle the challenges of food processing, logistics and transport process.

The voice of the small-scale farmers

Mr. Jethro Greene from the Caribbean Farmer's Network (CaFAN) offered the perspective from small-scale producers. CaFAN is an agricultural network representing 500.000 farmers across the Caribbean aimed at defending the interests of



the small farmers and reinforcing their organisational skills and know-how. Even though 80 % of Caribbean farming population operates on plots of 5 acres, they contribute significantly to the national GDP. He explained that in the past years the focus of Caribbean governments diverted to other sectors than agriculture (e.g. tourism, transportation, and infrastructure) creating several difficulties for farmer's organizations which lead to structural weaknesses. Fortunately, the situation is changing (especially due to the food-crisis) and there is a consensus for the recognition of farmers and the need for incentives to small-scale producers. For Jethro Greene, the future of small-scale producers rely on strengthening and building capacity of farmers' organizations and regional institutions; the use of science, technology and combined R&D for improved productivity and market focus; training of farmers groups; increased ownership by farmers of the value chain. In his opinion with a united effort and support through capacity building and advocacy, farmers groups can meet the needs of new and expanding markets and reaping fiscal rewards in a changing global economy.

In the debate, two main issues were raised. Firstly, the political will for governments in ACP countries to consider agriculture as a priority and therefore to put in place a political framework that encourages the farmers themselves to invest. This is the case of Nigeria where the government decided to invest in agriculture and after a few years the country managed to halve the number of hungry people. The second issue raised is the need for increasing agricultural production in developing countries. The audience discussed the difficulties for farmers in southern countries to develop their production due to the hard competition with subsidized products coming from northern countries. Professor Brunel stressed that only when a country can grant farmers' rights over the land, enable farmers to get organized and acknowledge the role of regional organization, important progress can be seen. The key role of women in agriculture and rural development and the need for states to invest in education are some of the elements considered fundamental to have an efficient model of agriculture.

Policy options and future governance to secure food for all

Panel 2 discussed some policy options to secure the food supply and availability at international and

national level. Mr. Olivier de Schutter, UN Special Rapporteur on the Right to Food, presented the new forms of food governance. In his opinion, the 2007/2008 food crisis had many consequences but he highlighted the importance of world governance for food safety. In this context, FAO decided to reform in November 2009 one of its major committees, the Committee on Food Security (CFS). According to Mr. de Schutter we are facing new civil society initiatives which are trying to exchange best practices and better understanding as to find solutions that can be very effective in terms of food sovereignty. He recalled the need to invest in agriculture and warned about the importance to look into the quality of food. Mr. De Schutter shared with the audience the three priorities in terms of food security: (i) Strengthening the public investment in agricultural research for small-scale farmers in order to shift from private to public goods; (ii) The urgent need to develop and strengthen farmers' organizations. This will enable farmers to have a greater bargain power in the entire food chain and to obtain greatest income for their harvest. Networking among farmers' organization is also crucial to get reliable and useful information for their work. Farmers' Field Schools are a good example of farmers networking; (iii) based on the right to food principle, all investments made by international donors must fit into a framework of rights, have a sustainable impact and increase the level of income. Mr. de Schutter added that the aid for agriculture must aim at making agriculture sustainable and investments in this field have to be used for what they are intended.



Rising Food Price Volatility

Mr. Hafez Ghanem, Assistant Director-General of the Food and Agriculture Organization, raised the causes and implications of agricultural price volatility. The FAO food price index has fluctuated wildly over the last four years. The index rose from 122 in 2006 to 214 in June 2008 as the 2007–2008 food price crisis unfolded. The index then fell rapidly in the second half of 2008, reaching 140 in March 2009. In the latter half of 2010, it increased markedly, especially after a severe drought hit Russia, and reached 215 in December, surpassing its 2007–2008 crisis peak. Is this structural or short term volatility? For the FAO, this volatility is considered structural. In these last 30 years due to the population growth and the urbanization, the demand of food production is on the increase, while in parallel the yields, especially cereals, are growing only by 1- 1.5 % compared to the 3 % growth of the 70/80's. According to him the drivers of volatility are not only the increasing demand but also the lack of growth in worldwide supply. Other reasons causing volatility in food prices are (i) the volatility in oil prices:



petroleum price volatility—which tends to be high— translates to food price volatility through transportation costs and fertilizer prices. The link has become even stronger with the advent of biofuels, which require food crops as inputs and can therefore change food prices; (ii) volatility of crop yields due to climate and structural changes. Because the demand for food is inelastic, small changes in supply can lead to big changes in prices, meaning that even limited crop yield volatility can have large effects on food price fluctuations. The role of crop yield variability is only expected to rise as extreme weather events become more common; (iii) the level of stocks: Food price volatility is inversely related to the level of food stocks—as stocks fall, price volatility rises. Both public and private actors have lowered stocks in recent years. This trend may be reversing itself; however, as countries are revising their reserves policies in response to recent bouts of volatility; (iv) exchange rates: changes in exchange rates, especially of major exporting countries, translate to changes in international food prices. Thus, as macroeconomic factors lead to more volatile exchange rates, food price volatility also rises. Finally Mr. Ghanem outlined the responsibilities of governments and states in increasing volatility of prices. He cited the example of the policies aiming to obstacle exports. This was the case of the 2007-2008 rice crises in Asia: there was no objective reason for the price of rice to double, but Asian countries stopped exporting the rice in the world market because of external pressure from other cereals. An additional cause of price volatility: the lack of reliable, up-to-date information on crop supply and demand, stocks, and export availability. Lack of information often leads countries to make bad decisions, such as panic buying in response to a temporary price rise, which leads to even higher prices than would have otherwise been the case.

The African perspective to agricultural governance

Mr. Ousmane Djibo, agribusiness expert at NEPAD, presented the African perspectives on agricultural governance and food security. He gave an overview of the role of NEPAD. In emphasizing the role of governance of the agriculture sector in the African continent, Mr. Djibo underlined the agricultural potential of the continent: 60% of uncultivated arable, about 600 million hectares in Sub-Saharan Africa of which about 400 million hectares can be used for agriculture but less than 10% are cropped. In terms of comparative advantages, Africa's producers are competitive in domestic markets because of the lower labor costs while at global level, this is not the case due to a weak regional cooperation and integration. Further developments are needed in terms of infrastructure and improvement of the entire process of value chain. Turning to the policy options needed to accompany this process, Mr. Djibo stressed as priority the land policy reform to allow and attract more foreign investments for the agricultural sector. Despite the



Maputo declaration of 2003 where African governments agreed to allocate 10 % of their total domestic budget to the agriculture sector, Mr. Djibo recalled that the growth rate target of most of African countries is between 2-4%. Some progress has been made (figures increased about 15% between 2007 and 2008). Mr Djibo called for the creation of a favorable environment for a sustainable agriculture, only possible with the involvement of all stakeholders. Another priority is carrying out in-depth analysis to be able to design investment plans based on evidences. According to Mr. Djibo this is one of the weaknesses in the agricultural development of the African continent because very often the projects developed are not properly integrated and don't tackle the problems on the ground.

Food security and international trade

Ms. Doaa Abdel Motaal, Counsellor on agricultural and environmental at the World Trade Organisation (WTO), talked about the vital role of the international trade into the food security paradigm. She pointed out



that food security has to be seen as a common global responsibility and not solely as an act of ensuring food security exclusively for people. Referring to studies based on a full cycle analysis, she explained that a tomato

grown in Europe has a higher carbon foot print than a tomato grown in an African country and then transported to the European market. She underlined the key role of food affordability and food safety and the necessity to tackle the export restrictions. Turning to the rules of trade and to WTO, Ms Motaal explained the role of the Uruguay Round in strengthening agricultural rules, and of the Doha round negotiations to further reduce agriculture subsidies and tariffs in both developing and developed countries. Concerning the issue of tariff escalation which is very significant on ACP products like tea, cocoa or tobacco, Ms. Motaal underlined that in the short term LDC's countries will benefit from the exemption of not reducing their subsidies or tariffs. It will possible to grant this system thanks to a new safeguard mechanism which allows classifying certain "sensitive" products and to impose higher duties on imports in case of a sudden price drop or increase in the volume of the imported products. Moreover, she explained that the Doha Round will not reduce the so called "policy space" of countries such the ACP in running their agriculture system. In terms of tariffs cuts LDC will not be taking any tariffs cuts in the Doha Round. Developing countries which have an average bound tariffs of 60% on agriculture, will find that the bound tariff will fall to 48% but their average apply tariff is at 15%. Therefore the new tariff sealing of the WTO will not becoming anywhere closer to the average applied tariff in the developed countries.

The debate raised the importance of world trade in the agricultural sector. Mrs Brunel recalled that only 10 % of the grain production is



traded in the world market while the remaining 90% are not traded globally. However this tiny percentage has a huge impact on the domestic prices. The real challenge which needs to be addressed is how to feed an increasing urban population keeping domestic food prices low while ensuring to small farmers a decent income. Turning to tariff reduction, Ms. Motaal underlined the aim to ensure food security within a well-functioning international trade system. Mr. De Schutter warned about the lack of investment in agriculture caused especially by cheap imported products, a system which, according to him, is not sustainable in the long terms as prices become more volatile. The need of an increased participation of small farmers in the international trade system was stressed as they have no access to big exports structures and they are suffering more from the dumping of prices than big producers which are getting a major share of the profits. The role of the multinational companies in responding to food security was also raised and the need to have a global engagement from every actor in order to provide input in the policy making process. Mr. Ghanem underlined the key role of women in agriculture and the necessity to ensure them access to credit. According to him if the gender inequality is solved in developing countries there will be on average an increase in agriculture GDP of 3-5%. Empowering the farmers through agriculture research and knowledge dissemination, ensuring that the food aid provided is fitting into long term developing strategies are other key aspects. Concerning the challenge of climate change, it was remarked that agriculture has not yet shifted entirely to a sustainable type of food production. Nevertheless, agriculture can be extremely productive without depending on fossil energies since there are shifts towards green agriculture and sustainable types of agriculture.

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