Food for All
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BRUSSELS – What should the G-20 do to prepare us to confront food crises, now and in the future? World Bank President Robert Zoellick recently listed nine measures that the G-20 should adopt under its current French presidency. These range from improving information about grain stocks and developing better weather-forecasting methods to strengthening social safety nets for the poor and helping small farmers benefit from tenders from humanitarian purchasers such as the World Food Program.

Although welcome, these measures tackle only the symptoms of the global food system’s weaknesses, leaving the root causes of crises untouched. They may mitigate the consequences of peak prices, but they are inadequate to avoiding the recurrence of shocks, which can be accomplished if the G-20 acts on eight priorities.

First, the G-20 should support countries’ ability to feed themselves. Since the early 1990’s, many poor countries’ food bills have soared five- or six-fold, owing not only to population growth, but also to their focus on export-led agriculture. A lack of investment in agriculture that feeds local communities makes these countries vulnerable to international price shocks, as well as to exchange-rate volatility. Mozambique, for example, imports 60% of its wheat consumption, and Egypt imports 50% of its food supplies. Rising prices directly affect these countries’ ability to feed themselves at an acceptable cost. This trend must be reversed by allowing developing countries to support their farmers and, where domestic supply is sufficient, protect them from dumping by foreign producers.

Second, food reserves should be established, not only for humanitarian supplies in disaster-prone, infrastructure-poor areas, as Zoellick proposes, but also as a means to support stable revenues for agricultural producers and ensure affordable food for the poor. If managed in ways that are transparent and participatory, and if countries combine their efforts regionally, food reserves can be an effective way to boost sellers’ market power and counteract speculation by traders, thereby limiting price volatility.

Third, financial speculation should be limited as well. While not a cause of price volatility, speculation on derivatives of essential food commodities significantly worsens it. Such speculation was enabled by massive deregulation of commodities-derivative markets that began in 2000 – and that now must be reversed. The major economies should ensure that such derivatives are restricted as far as possible to qualified traders.