UN holds emergency food talks
Food and Agriculture Organisation meets in Rome, Italy, amid concerns of hunger and unrest over high food prices.

The UN has held a special one-day emergency summit in Rome to calm fears of hunger and unrest because of rising food prices following a series of environmental disasters.

Despite recent events such as Russia’s grain export ban, imposed after a severe heatwave and wildfires devastated fields of crops, the Food and Agriculture Organisation (FAO) said on Friday that it did not foresee problems in providing for the global demand of food in the coming years.

UN officials also stressed the situation is nowhere near the crisis seen in 2007-08, which witnessed dramatic increases in world food prices.

While acknowledging the sudden increase in prices and the deterioration of prospects for cereal markets in recent months, for wheat in particular, Abdolreza Abbassian, the secretary of the FAO’s Inter-Governmental Groups concluded that this was not an indication of an impending food crisis.

"It is obviously a concern be it wheat or copper when prices rise sharply, it always raises legitimate questions about the underlining factors and when we are talking about such important food security crops as wheat or rice there is always a concern, I don't want to undermine that," he said.

"However, look at the spillover effects, it's nothing like we had in 2007 or 2008 because a lot of the other conditions in 2007 and 2008 which led to that sort of situation fortunately are completely not present this time around."

Violent protests

In addition to the factors causing an export ban in Russia, flooding in Pakistan and China has also ruined wheat crops, adding to the pressure on the market.

High food prices, including a 30 per cent hike in the price of bread, recently led to violent protests in Mozambique in which 13 people were killed.

The Rome summit also examined the role of market information and transparency, with higher food prices also blamed on rampant market speculators.

According to Britain’s Guardian newspaper, the UN’s special rapporteur on food has said that the increase in price of food commodities can be explained by institutional investors speculating on food markets.

In a paper obtained by the publication, Olivier De Schutter said: "A significant contributory cause of the price spike [has been] speculation by institutional investors who did not have any expertise or interest in agricultural..."
commodities, and who invested in commodities index funds or in order to hedge speculative bets."

Earlier this month, the FAO said the rising prices of grain, meat and sugar were threatening nearly one billion poor people worldwide and blamed the rising cost of food for the "unacceptably high" level of global hunger.

It estimates that 925 million people are undernourished in 2010, a decline from 1.023 billion in 2009, due to a more favourable economic environment, but still higher than before the 2008 economic crisis.

The UN agency said the number of hungry people had been rising for more than a decade, reaching a record high in 2009 triggered by the economic crisis and high domestic food prices in several developing countries.

Source: Agencies