



# Addressing Food Security Food Price Determinants in Context

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## Food price spikes

Food prices rose from 2006, especially 2007

- Corn prices began rising in mid-2006, soaring by 70%
- Wheat + soybean prices also skyrocketed
- Rice prices more than doubled in year ending 2008Q1
- Also, cooking oil prices

Food **prices rising again** since late 2009, especially **since late 2010**

## Major immediate causes

- Bio-fuels
- Oil price spikes
- Financialization →  
More speculation
- Financial crisis

## Higher prices → hunger

- Early 2008 food price spikes, then declined
- Food prices rising again
- MDG1: **Poverty down, hunger up since 1990**
- **Lack of food rarely reason** people go hungry
- Before price spikes, 1.4bn chronically hungry  
+ 2+bn more undernourished;  
18,000 kids die daily due to poor  
nourishment
- Recent price increases → more hunger

## Government role reduced

- **Less govt invt** in agriculture
- **Less aid** for food agriculture
- **Less govt agriculture research**
- **Economic deregulation**
- **Less food price controls**

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## Food trade liberalization

*2008 WDR: Agricultural trade liberalization as panacea*

- Food security → **cash crop exports**
- **Global** food security?
- **Rich countries'** export, food production **subsidies**
- Trade liberalization mainly benefits Cairns group of agric exporters <sup>6</sup>

## Agri-business bigger



**Fewer** agri-business TNCs now **dominate more** --production, marketing + inputs

Enjoy increasingly *monopolistic* + *monopsonistic* **market power**, largely at expense of small farmers + consumers

- process agricultural commodities
- manufacture + sell food + agric inputs
- provide agricultural credit + insurance.

Recently, most agri-businesses profiting exceptionally

## Other major LT causes



- Environmental degradation
- Climate change
- Over-fishing
- Farmland loss
- Deforestation

→ slower supply growth

- Greater demand growth

## Demand growth



- Population increase
- Inequality → consumption pattern
- Excessive consumption
- Food waste
- Growing demand for meat:  
more food for animal feed

## Food security



- Food not just another commodity
- Governments should develop **appropriate policies, infrastructure, institutions** to ensure food security at national or regional level
- **Requires public investments**, cross-border subsidies, research, food security protection to induce increased smallholder food production

# Thank you



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