



COMMITTEE ON COMMODITY PROBLEMS

Seventy-fourth Session

10-12 March 2021

STATEMENT BY THE DIRECTOR-GENERAL

Distinguished Delegates,

Ladies and Gentlemen,

1. I welcome you all to this Session of the Committee on Commodity Problems (CCP).
2. It is the second time I address the Committee in less than two months, following the Extraordinary Session on 22 January. This is a first for any FAO Technical Committee.
3. As of today, the world is off-track to achieve SDG 2. Data tell us that we are behind in both SDG targets:
 - **Target 2.1** of ensuring access to safe, nutritious and sufficient food for all people all year round, and
 - **Target 2.2** of eradicating all forms of malnutrition.
4. As you already realized, over 3 billion people cannot afford the least costly healthy diet.
5. This is a universal problem, with people lacking access to sufficient nutritious food living in all regions of the world.
6. It is an alarming situation, which is being aggravated even further by COVID-19 and its unprecedented impacts on all dimensions of human life, pushing more people into poverty and hunger.
7. In January 2021, the International Monetary Fund (IMF) estimated the global economic contraction in 2020 at -3.5 percent, on average, globally. However, from one country to another the scenario is various and different.
8. The scale of the economic downturn, amid widespread job losses and reductions in incomes and remittances, has raised serious concerns about hunger and malnutrition.
9. This added to existing challenges, such as the African Swine Fever disease, the Desert Locust crisis, the Fall Armyworm and extreme climate-related events.
10. The *State of Food Security and Nutrition in the World* (SOFI) 2020 estimated that the pandemic might have pushed an additional at least 100 million people into chronic hunger in 2020.

11. Over one year from the onset of the pandemic, its full economic and social consequences are still unfolding, and the global economic outlook is bleak.

12. Despite these uncertainties, the IMF projects the global economy to grow by 5.5 percent in 2021 and 4.2 percent in 2022.

13. But recovery would vary significantly across countries and regions, depending on several factors, including access to the vaccine and medical interventions, effectiveness of policy support, and the structural characteristics of the respective economic bodies.

14. The pandemic has resulted in a dual shock to food and agricultural markets, hitting both supply and demand.

15. The measures introduced to control the virus caused disruptions to agri-food supply chains and affected the global trading systems.

16. Food and agricultural production, processing, distribution, trade, logistics, and final demand were all affected.

17. This triggered fears as to whether international markets would continue to operate properly, particularly for countries that depend on trade for their food security.

18. Some countries imposed trade restrictions on specific food commodities, with the aim of curbing the negative effects of the pandemic on domestic markets.

19. Fortunately, these measures were not widely applied, and only short-lived.

20. Export restrictions can exacerbate food price volatility and result in a loss of confidence in global markets as a reliable source of food supplies, especially on the part of importing countries.

21. Other countries lowered import restrictions, including tariffs and technical regulations, and introduced trade facilitation measures, to ensure the availability of essential food items and to contain price spikes in domestic markets.

22. Overall, agri-food markets and trade have proved to be relatively resilient, compared to other sectors of the economy, thanks to the efforts of governments and all the stakeholders, to minimize disruptions and ensure the smooth operation of supply chains from the field to the table.

23. However, in many developing nations, and particularly least developed countries, market disruptions have emerged at national and regional levels and continue to pose a challenge to agriculture and food security.

24. **From the onset of the pandemic, FAO has highlighted the importance of keeping markets open, trade flowing smoothly and supply chains functioning properly**, and played a leading role in informing policy-making processes.

25. FAO's work under the mandate of the Committee on Commodity Problems has proven to be extremely valuable to calm markets and guide policy decisions, by providing up-to-date information on market conditions, monitoring policy developments, and proposing policy options to avoid the health crisis turning into a global food crisis.

Ladies and Gentlemen,

26. The pandemic has provided an astonishing **wake-up call on the fragility of our agri-food systems** and the vulnerabilities we face.

27. While it added to our challenges, it also provided an opportunity to redouble and refocus our efforts on how to address the drivers of hunger and malnutrition and build back better.

28. It made it clear that *business-as-usual* is no longer a viable option, and that we must change our food consumption and production patterns.

29. We face the challenge of transforming our agri-food systems to ensure that no one lacks regular access to sufficient, safe and nutritious food, while ensuring that production and consumption contribute to environmental sustainability.

30. This is why, in FAO, we developed a **new Strategic Framework** that responds to both present and future challenges facing humanity. During the past months, we had a lot of informal and formal consultations already. Especially, last year we had five FAO Regional Conferences, for formal consultation.

31. The Strategic Framework is anchored in the 2030 Agenda and guided by SDG 1 on no poverty, SDG 2 on no hunger, and SDG 10 on reducing inequalities, and of course others, SDG 5, SDG 6, SDG 14.

32. It focuses on the transformation to MORE efficient. I always say, “start with more efficient”, because even in Europe and a lot of developed nations, you have a lot of room to improve your efficiency for the whole chain from production to consumption. MORE inclusive, so different key players, different sectors, farmers, marginalised people, displaced people, you name it. We have to build up more inclusive development. Also, MORE resilient, not only against climate, natural disasters and also more resilient through bio approach or engineering approach, to build up the agriculture system more resilient to socio-economic and natural challenges. Of course, MORE sustainable, not only between people and nature, we are talking about One Health, One Planet, but also more sustainable between different sectors and between different ethnic groups. That is what we want, more efficient, more inclusive, more resilient, more sustainable, agri-food systems for *Better production*. We start from improving our production first. Then, *Better nutrition*, not only energetic carbohydrates and nutrition and also nutrient and healthy food. *Better environment*, not only for microenvironment, but also for agro environment, in the field, soil, water, pest, fertilizer, management and so on. *Better life*, not only improve livelihood in the country for young, women, children and vulnerable people, but also, we have to improve all lives on this planet, for about 7.7 billion people. They are all our consumers. They need a higher and better life quality and you can only reach that better life quality starting with good health, food and environment. Then we can leave no one behind.

33. Food and agricultural markets and trade, being an integral part of agri-food systems, have crucial contributions to make within the *Four Betters*.

34. We continue to support Members with innovative and transformative approaches.

35. We launched the **Hand-in-Hand Initiative**, which is evidence-based, country-led and country-owned and aims to accelerate agricultural transformation and sustainable rural development to end poverty, hunger and all forms of malnutrition.

36. In July 2020, following a comprehensive assessment, we launched our holistic **COVID-19 Response and Recovery Programme**, which aims to mitigate the immediate impacts of the pandemic while strengthening the long-term productivity and resilience of agri-food systems.

Ladies and Gentlemen,

37. You have a full agenda in front of you.
38. You will review the latest developments in food and agricultural markets and assess the market outlook, in both the short- and medium-terms.
39. The FAO Food Price Index started increasing in the second half of 2020, registering its eighth consecutive monthly rise in February and reaching its highest level since July 2014. So, seven years ago.
40. Rising prices in international markets will make it difficult for many countries to pay their food import bills. We need to keep a close watch on this because of the potential implications for food security and nutrition.
41. Stable and affordable food prices are crucial to maintain adequate access to food, especially by the poor and vulnerable.
42. In this regard, I wish to underline the importance of transparency for market conditions and policies to reduce uncertainty and ensure the proper functioning of commodity markets.
43. But transparency is not automatic. It requires investment and capacity development.
44. The **Agricultural Market Information System (AMIS)** and the **Global Information and Early Warning System (GIEWS)** are essential mechanisms in this regard.
45. During the Session, you will receive an update on the WTO agricultural negotiations and on Regional Trade Agreements.
46. Now, we have a new Director-General of WTO. She has already made a clear message and signature to the Members. They will look at the issues more carefully on agricultural issues.
47. Trade affects the four dimensions of food security.
48. It can improve access to food by keeping down food prices. Trade also allows for sufficient quantities of food to be available all year round and increases the variety of foods available to consumers.
49. It also encourages farmers' participation in markets and value chains, while boosting their productivity and incomes.
50. But trade can also pose risks. It is important that trade liberalization be accompanied by measures to ensure that those farmers and workers that are adversely affected by import competition are covered by adequate social protection programmes. As well, technical support to help them build up their capacity to improve their productivity locally.
51. You will discuss the findings of FAO's flagship report *The State of Agricultural Commodity Markets*, or SOCO, on the theme "**Agricultural Markets and Sustainable Development**".
52. The report addressed very topical issues, namely global value chains, farmers' participation in markets, and digital technologies in agri-food markets.
53. **The future of agriculture is in digital technologies.** They can produce significant gains in terms of efficiency, help markets to function better, and facilitate food trade.

54. Digital innovations, such as e-commerce in food and agricultural products, can benefit both consumers and producers.
55. However, to ensure that these gains are shared by all, we must **reduce the current digital divide** and **bear in mind the specific needs of smallholder farmers**. Because globally, we have more than 84 percent of small farmers; that is a real dominant majority. They are facing big competitions, but they have also shared not only the digital dividend, but also other technological progress.
56. I am pleased to see that you will dedicate time to digital innovation.
57. You will also review and provide guidance on **FAO's work programme** in markets and trade for the period 2022-25 and beyond.
58. This will allow us to define FAO's work priorities under the competence of the Committee.
Mr. Chairperson, Ladies and Gentlemen,
59. Your Committee has a critical role to fulfil. It is FAO's oldest technical committee, having held its first Session in 1950.
60. Through this **distinguished intergovernmental body**, we have established the World Pulses Day and the International Tea Day, celebrated each year.
61. Under SDG 2, two targets are directly related to the Committee's work.
- **Target 2.b** on correcting and preventing trade restrictions and distortions in world agricultural markets; and
 - **Target 2.c** on ensuring the proper functioning of food commodity markets and limiting extreme food price volatility.
62. We count on your knowledge and experience to identify emerging problems and develop the foresight to address them.
63. Ensuring access to adequate, safe and nutritious food to all is a complex task. Greater cohesion is required among all stakeholders.
64. We need to join forces and work hand in hand.
65. Let's roll up our sleeves up and make a difference!
66. Thank you.