



## CONCEPT NOTE

### High Level Regional Consultation on Policies to Respond to High Food Prices in Asia and the Pacific Region

1-2 October 2012

Plaza Athénée, A Royal Méridien, Bangkok, Thailand

#### Background

The world has experienced three international food price spikes in the last five years. Weather has been among the drivers of each case. Droughts in some part of the world have impaired global grain production virtually every other year since 2007. Elsewhere, major floods have also caused severe damage to crops. Increased diversion of food stocks for non-food purposes and increased financial speculation are among the other drivers of increased price levels and volatility.

The recent sharp increases in international market prices of maize, wheat and soybeans have raised fears of a re-emergence of another food price crisis. But swift, coordinated international action can stop that from happening. We need to act urgently to make sure that these price shocks do not turn into a catastrophe hurting tens of millions over the coming months as urban and rural poor and people in food import-dependent countries are most vulnerable to international commodity price increases, especially when these are substantially transmitted to local markets, because they spend the largest proportions of their incomes on food.

In general, we are better placed today than five years ago. We have developed new policies and new instruments, like the United Nations High-Level Task Force on Global Food Security and the Agricultural Market Information System (AMIS) which originated from the G20 Agricultural Minister's Meeting with the aim of improving the reliability of market information and transparency in global markets. We also have the AMIS-related Rapid Response Forum, set up to facilitate coordinated policy responses by the major world producers and traders of key cereals and soybeans in the event of market upheavals. The FAO Regional Office for Asia and the Pacific (RAP) has established a monthly and weekly food price monitoring system to watch food prices closely and disseminate this information to enable proactive measures to be taken.

There is a need to tackle two inter-related issues: the immediate issue of some high food prices, which can have a serious impact on food import-dependent countries and the poor; and the medium/long-term issue of how to produce, consume and trade more food in an era of increasing demand, competition of natural resources with bio-energy crops, and the threat of climate change.

What is needed, therefore, is a twin-track approach which supports long-term investments in agriculture, with a focus on support to smallholder agriculture, while ensuring that safety-nets are in place to help poor food consumers and producers avoid hunger, asset losses and poverty traps in the short run.

Small-scale food producers can potentially benefit from higher food prices and become part of the solution in reducing price spikes and improving overall food security if the environment is enabling for



them to raise production in response to the higher prices. To do this they need to be better equipped to raise their productivity, increase their access to markets and reduce their exposure to risk. And, of course, people need decent jobs and incomes so that they can afford the food they need and escape from poverty.

Many countries have social protection systems including social safety nets - such as assistance for smallholder farmers, conditional cash voucher scheme to targeted vulnerable population groups, nutritional support to mothers and children, and school meals - to ensure that their poorest citizens have enough to eat; yet, these need to be expanded significantly in poorer countries. Safety nets that are affordable, transparent and balanced with social, economic and environmental conditions are an absolute must if we are to safeguard most vulnerable groups in society against recurring price shocks and crises.

Much more investment is needed in agriculture and social protection, including programmes that help poor people to access food that has become unaffordable in their local markets. It is also important to review and adjust where applicable, policies currently in place that encourage alternative uses of grains.

On the other hand, in response to high food prices, we have learnt from past experience that there are things which should be avoided. In particular, countries must avoid panic buying and refrain from imposing export restrictions which, while temporarily helping some consumers at home, are generally inefficient and make life difficult for everyone else.

We are vulnerable because even in a good year, global grain production is barely sufficient to meet growing demands for food, feed and fuel - this, in a world where there are 80 million extra mouths to be fed every year. We are at risk because only a handful of nations are large producers of staple food commodities, and when they are affected, so is everyone else.

The challenge - and the opportunity - is both to reduce and to spread that risk. And the most obvious way is to promote sustainable food production in poor, food-importing countries, where there is often huge potential to improve production. That would make more food available in local markets and provide jobs and income, especially in rural areas where 70 per cent of the world's poor live. We should also address the fact that, globally, one third of food produced is wasted or lost to spoilage, damage and other causes. Nearly 15-20 percent of the food supply is wasted after they reach dining table in developed countries and middle income countries in Asia.

In moving to prevent a possible deterioration of the situation, we need to remain vigilant and prepare for the worst in the short run, while working on sustainable solutions for the long haul. Not to do so would inevitably mean that the world's poorest and most vulnerable pay the highest price, with a potential high risk for negative impact to social and political instability, and world security.

In this context, a High Level Regional Consultation on Policies to respond to High Food Prices is organized in Bangkok from 1-2 October 2012. The consultation would involve over twenty member countries from the region, regional inter-governmental organizations, UN agencies and International Financial Institutions (IFIs), development partners, bilateral donors, research institutions, the private sector and civil society organizations.



## Objectives

The Consultation aims to review the current situation with regard to high food prices, share information on policy interventions in previous food price crises, identify measures to prevent a re-emergence of another food price crisis, and assist countries in identifying various policy options and mechanisms to build resilience for coping with high food prices. Specifically, it aims to the following:

- Review global, regional and country food security and food price situation and their trend, and share experience on government policies and programmes;
- Internalize lessons from the 2007-08 and subsequent crises based on the analytical work and studies carried out by FAO and other international agencies and partners;
- Raise awareness of and share experience with the working of recent global initiatives such as the CFS High Level Panel of Experts (CFS-HLPE), the Agricultural Market Information System (AMIS) and the Global Initiative to Promote Agricultural and Rural Statistics and its Regional Action Plan;
- Identify future policy options and their implications in order to facilitate the design and implementation of appropriate policies at country and regional levels and exploring options for international coordination of food security policies;
- Discuss policy measures, including resource allocation, to prevent the emergence of another food price crisis and to build up resilience against negative impacts of high food prices, and agree on next steps and further opportunities for collaboration, including external assistance, at national and regional levels.

## Outputs

- Awareness of the global, regional and country food security and food price situation and their trend, and current policies and programmes in the Asia-Pacific region, enhanced.
- Key lessons from the 2007-08 and subsequent food price crises identified and their causes analysed.
- Awareness of the work of the CFS-HLPE, AMIS and the Global Initiative to Promote Agricultural and Rural Statistics and its Regional Action Plan promoted and their linkages with national and regional food security and nutrition interventions identified.
- Policy options at country and regional levels identified and shared to respond to high food prices identified and shared.
- Key priority policy options at country and regional levels discussed and next steps for policy actions agreed, including those by countries and development partners.
- A technical document including meeting proceedings produced



## Participants

The Consultation is expected to be attended by:

1. Ministers of Agriculture and senior government officials from the FAO member countries in Asia.
2. Representatives of development partners, including international financial institutions and other international / regional organizations.
3. Representatives of UN agencies and member agencies of the Regional Thematic Working Group on Poverty and Hunger.
4. Representatives of members of the Consultative Group on International Agricultural Research (CGIAR): IRRI, IFPRI, ICRISAT and/or others.
5. Representatives of civil society organizations, the private sector and the media from the region.