



6 September 2012

“Check Against Delivery”

Food Prices Press Conference

I want to convey five main messages to you today.

My first message is to point out the good news we have been able to share today: the Food Price Index for August remained unchanged and, overall, we also have a stable scenario regarding stocks and stock-to-use ratio, which is likely to approach 21%, better than in 2008. We have a relatively comfortable situation especially with regards to rice and wheat, which offsets the worse situation with coarse grains.

The facts that the August Food Price Index remain unchanged and that we have better stocks are reassuring. We should remain vigilant, but current prices do not justify talk of a world food crisis.

My second message is that the current situation is different from 2008. Five years ago, economic growth and a strong demand contributed to pushing prices up, oil prices and other mineral and non-agricultural commodities were higher, there were substantial inflows of speculative funds, and unilateral measures such as export restriction and panic buying added further pressure to prices.

Today, the world faces a different economic situation: oil prices are nowhere near their peak and fertilizer prices are significantly lower; rice prices remain stable;



and unilateral measures have not been taken by countries. Even if we are in a better situation, the international community still can and should move to calm markets further. There is much that can and is already being done.

And that leads me to my third message. We have better international coordination with the Agricultural Market Information System (AMIS), established by the G20 last year, following recommendations by FAO, OECD and other international agencies. We are not seeing panic buying and export restrictions this time around.

AMIS contributes to enhancing food market transparency, information sharing between the major food importing and exporting countries. Through its Rapid Response Forum, it also provides room for coordination and swift policy action in response to market uncertainty.

In a meeting last week between France (current chair of AMIS), USA (next chair of AMIS) Mexico (G-20 President), decision was made not to convene the Rapid Response Forum at this stage. But the situation is being followed closely and a meeting can be called if it worsens.

I just spoke this morning with the Minister of Agriculture, Stephane Le Foll, and I want to convey to you that France agrees with the messages I am bringing you today. He also agreed to participate in a side event of food prices that will take place upcoming session of the Committee of World Food Security in the week of October 15. And the Minister of Agriculture of France has confirmed his presence at this meeting.

Let me say that the possibility of speculative action also deserves our attention. This has been a factor pushing prices up in the past and may happen again. In this



regard, I think it is very positive that financial institutions, the Holy See and other governments have publically addressed this issue.

At the national level, many countries have already taken measures to strengthen social protection by increasing local small-scale production. These are important to reduce dependency in international markets and protect vulnerable populations.

My fourth message is that it is important that national efforts to promote food security, especially in the poorest countries, keep being supported by the international donor community.

And, finally, my fifth message: I also want to draw your attention to the fact that high agricultural prices can provide an incentive for boosting production in developing countries. It is an opportunity for poor farmers, but that they will only be able to seize if they have adequate support.

In closing, I want to repeat to you. We are not in a crisis and it's within our means to avoid one, but we need to remain vigilant and act responsibly.