

International Food Prices

Your Excellency, Mr. Graziano da Silva,

Honourable colleagues and distinguished guests,

It is a great pleasure and excellent opportunity for me as the Minister of Agriculture, Rural Development and Water Management in the new Government of Albania to address this very high level meeting and to be part of the discussions, exchange of views and share of experiences in this outstanding issue such as the international food price.

We are aware of the global macroeconomic situation and financial crisis, which is reflected in the sharp increases in food prices that have occurred in global and national markets over the last several years. The studies show that the rapid increases in prices of key food commodities such as maize, wheat, rice, soybeans - among others – is related to the increase in prices of energy products, and has strengthened the perception that energy and agricultural markets are becoming more closely linked .

Oil prices, affecting directly or indirectly the agricultural input prices, have shown a volatility contributing to more volatile agricultural prices. It is well-known that the extent to which global prices are transmitted to domestic markets depends on how strongly integrated the latter are with the former.

My country is part of Europe and the world, with an open economy so the impact of the global increase in food prices is reflected in the local market. Albania is an importing country facing with exceptionally high import prices which were reflected in the retail prices of the main agriculture products with an increase that varies from 20% to 200% comparing to the year 2012 prices to 2000 prices. In 2008 the prices of wheat, rice and maize increased sharply by

around 50% following the global trend. The oils were increased by 60% as well.

The negative impact of the crisis and price increase has been reflected in the country GDP growth. Since 2008 Albanian GDP growth was decreased and the trend continued the same way with an increase of 3 % in 2012 and the estimates of 2013 are at 1.8%. The domestic agriculture products didn't follow the same trend anyway, at the contrary the GDP in agriculture which rates at 17.7% of the GDP is grown by 7% (estimations) in 2012 compared to 2011 and 24% compared to 2008 (current prices).

Among factors that influenced this situation was the increase of yields and productivity which has an impact to the increase of the exports with around 25% annually in the last 3 years.

Despite of the positive trend of the domestic production, the impact of the global financial crisis and the overall macroeconomic situation linked to the low growth rate since 2008, Albania has faced an increase in poverty. The number of the population living below the poverty line is increased from 12.4% in 2008 to 14.3% in 2012. This trend has a new feature for Albania, the overall increase was accompanied with an increase of urban poverty.

The Government is aware of this situation and is taking policy measures to adjust to this situation and soften the impact in the population of the price increase. The government program aims to increase the agriculture production, increase the competitiveness in order to meet the local needs, decrease imports of food products and increase the exports of local fresh agriculture products aiming at regional markets and beyond.

We do agree that, starting from the region, we should make strategic investments to establish climate-resistant agricultural production systems, make efficient use of resources. This requires involvement of business and civil society and promotion of scientific and technological innovation.

The information and knowledge gain both play important role on food security issues as they do in all the other fields. Global economy means interrelated movements of positive and negative events. It means to share and to coordinate

with countries you're partners in trade. As stated in the World Summit for Sustainable Development, existing and future investments in information and knowledge, must be structured to identify limits, inform tradeoffs and deliver practical guidance for a sustainable future.

Honourable colleagues and guests, let's create our own space, maybe a regional one first and be included in the broader food security intergovernmental institutions. A space to interact in knowledge gathered or newly created let be more conscious about environment, wastes and climate change and make technology prevail in our policy goals.