

Dear FAO Director General

Dear fellow Agricultural Ministers

Dignitaries, Excellencies

I would like first to express my congratulations to the Director General of FAO for his initiative to organize a second Ministerial Meeting on Food Prices.

Food prices and volatility have increased in recent years. They are expected to continue high and volatile in the medium-term. In this context, it is important to improve governance of food security.

Price Volatility

High food prices have serious, direct repercussions on food security in developing countries, especially those which depend on imports for their food supply. High volatility affects food security and disrupts the normal functioning of food markets, impacting particularly on the most disadvantaged sections of the population who spend a greater proportion of their income on food. It also directly affects agricultural producers, since volatility renders planning and prediction risky and difficult.

Furthermore, price volatility dictates major repercussions for countries' economies, as it increases inflation and the costs involved in adopting mitigation measures such as consumer or import subsidies.

Cyprus is a net food importing country depending especially on import of relatively large quantities of cereal grain and has therefore a special interest on the issue of prices.

Experts broadly agree on the causes of high volatility and high food prices. Among them are the inelastic demand for food and speculation in the futures markets, underinvestment in agriculture in recent years, low food stock levels, the rising demand for food due to population growth and dietary change, and limited natural resources and climate change. It is necessary, therefore, to implement comprehensive policies to tackle these factors in order to reduce international price volatility and to mitigate their impact, especially in the more vulnerable populations.

Market Transparency

The most effective tool against price fluctuations is a transparent market. It is important to share timely and accurate information on supply and demand, stock level and projected production, aiming at formation of prices which reflects actual supply and demand in the physical market.

Increasing Sustainable Agricultural Production and Productivity

As for the increase of sustainable agricultural production and productivity, each country's efforts for the promotion and coexistence of various types of agriculture help reduce the impact of poor harvests in major producing countries. An effective and sustainable use of limited natural resources in particular land and water is also a key element for that.

It is also important to enhance the promotion of investment in agriculture, agricultural infrastructure resilient to climate change, research and development, the dissemination of their outcomes and women's participation in agriculture.

Refraining from protectionist measures such as export restrictions

Moreover, to deal with volatile food prices, careful and appropriate response should be made to avoid a global food crisis such as those in 2007-08 and 2010-11.

In this regard, trade in agricultural products should be basically conducted in accordance with the rules of WTO and other international agreements. It is important for countries to refrain from protectionist measures such as export restrictions and to share its awareness with the international community by sending a clear message.

Small countries may not affect the dynamics of price formation on a global scale, but they can gain a lot by conserving their natural resources and by supporting small scale farming. We also consider that it is important to ensure that price increases of the primary product are not transmitted in an unwarranted way across the whole value chain to the detriment of consumers. The EU gained valuable experience in this area following the 2008 price peaks.

Thank you Mr Chairman.