



FAO Ministerial on Governance and International Commodity Markets
6th October, Rome

Statement by Parliamentary Under Secretary of State for farming, food and marine
environment, Minister George Eustice

Food security is an important challenge for this and future generations and co-ordinated global action is needed to address it – I therefore welcome this opportunity to discuss international governance issues as part of our joint response.

The world faces the challenge of feeding an increasing population in the context of resource scarcity, changing consumption patterns and climate change, which will increase risks and require a more productive and resilient food system. Good governance and efforts at all levels of decision making will therefore be crucial to ensure global food and nutrition security. This includes measures which enhance the functioning of markets, and avoid adverse policy responses, with the aim of sustainably increasing agricultural productivity around the world.

The post-2015 development agenda has the potential to play an important role in delivering this through a set of simple, inspiring and measurable goals focused on the eradication of poverty and with sustainable development at the core. And in doing so we must leave no-one behind. It is clear that measurability and data collection will have a crucial role in underpinning this agenda. The High Level Panel on post-2015 called for ‘a data revolution’ to generate new and more accessible forms of data to help underpin the delivery of the goals. I know that the FAO will be well placed to contribute to this effort.

Over the years the international commodity architecture has evolved substantially. We have moved away from interventionist approaches into a role of facilitating the effective functioning of the markets including through the proactive involvement of the private sector. This evolution is very welcome but there is still more to do.

Open and transparent markets are paramount to ensuring global food security. They ensure a diversity of food supply and tend to reduce international price volatility. We do all have a part to play in this, promoting free trade, pressing for tariff reductions and other market opening measures, and challenging inappropriate responses to food price spikes such as export bans.

We need to support measures that help to improve the regulation, functioning and transparency of financial markets for agricultural commodities. The role of agricultural futures and options markets becomes more important as uncertainty and potential volatility increase.

Information is also key.

The Agricultural Market Information System (AMIS), initiated by the G20 as part of the 2011 G20 Action Plan, is an excellent example of how countries can come together to enhance stability and resilience of global commodity markets. I congratulate the Food and Agriculture Organisation and other International Organisations for their work in establishing this new body, and for its work in its first 3 years.

The UK is proud and privileged to be chairing AMIS and the Rapid Response Forum over the coming year. Global grain prices have fallen by 25%-30% over the last 12 months as markets have responded to the signal of higher prices. International organisations are forecasting grain stock levels to rise to 15-year highs. This will likely limit any significant price increases over the next year or so. The low risk of a price spike happening this year should enable AMIS and its members to make real progress on the long-term challenges – genuinely improving global market information and ensuring we are well-prepared to respond to future spikes.

Reliable data is a key component of market stability. The importance of the collection of timely and accurate data has become more important in recent years, following food price



spikes. The lack of good data played a role in the panic that we saw during the 2008 price spike. This is why international arrangements in commodity markets, like Agricultural Market Information System (AMIS) are important and why their aims must remain focussed on information provision and strictly avoid attempts to curb volatility or manage prices.

Transparency enables investment, stability and growth. Transparency in food policy is an extremely important component of the broader enabling environment for agriculture, creating more certainty and predictability for decisions to be taken.

Engaging both the public and private sectors. We need to ensure that if we want to achieve long term food security, all interested parties are able to access reliable and comprehensive market information and this relies on a reciprocity principle for sharing information.

But there are still improvements to make, grain producers have taken major strides over the years to produce enough for a growing population – Brazil, China and India produce more grain than the EU and US – and all countries can learn lessons from the research undertaken, and improvements in productivity achieved. I therefore hope we can also work together to share data as well as in discussions to coordinate policies.

I very much look forward to hearing from colleagues how we can take the opportunity of relative stability on global grain markets to support AMIS.

