

SPECIAL DISCUSSION: IMPACT OF SOARING FOOD PRICES (SFP) AND POLICY MEASURES

TABLE OF CONTENTS

I.	GENERAL INFORMATION.....	2
II.	INTRODUCTION OF THE TOPIC	2
III.	LIST OF CONTRIBUTIONS;	3
	Contribution by Ezike Chris. ESUT, Nigeria	3
	Contribution by Felicitas Atanga, FAO, Congo office	3
	Contribution by Alemu Asfaw, Food Security Analyst, SIFSIA-N, FAO-Sudan.....	4
	Contribution by Gabriel Rodriguez Marques, FAO, Barbados	4
	Contribution by Beatriz Sánchez, Nutritionist Consultant, WFP- El Salvador.....	4
	Contribution by Harun K.M. Yusuf, PhD, FBAS, Professor of Biochemistry and Human Nutrition, Dhaka University	6
	Contribution by Zakary Rhissa, FAO, Gabon	7
	Contribution by Jacques de Graaf and Materne Maetz, FAO, Rome.....	8
	Contribution by Esteban Moreno, Roma 3 University, Italy.....	8
	Contribution by Falana Adetunji, Nutrition Division, Federal Ministry of Health, Abuja	9
	Contribution by Charles Kizza, Makerere University, Uganda	9
	Contribution by Fatima Ali, Agriculture Economic Research Policy Center, Sudan	9
	Contribution by Michel Ferry, Researcher of INRA France and Scientific Director of the Research Station on Date Palm and Oasis Farming Systems.....	9
	Contribution by FSN Forum Moderator.....	12
	Contribution by Francois Leonardi, Policy Officer, Zimbabwe.....	12
	Contribution by George Kent, Department of Political Science, University of Hawaii, USA ..	13
	Contribution by Eltighani Elamin, Agricultural Economics & Policy Research, Sudan	13
	Contribution by Babatunde Adebisi Olunlade, Bowen University, IWO ,Nigeria.....	13
	Contribution by FSN Moderator	14
	Contribution by Samia Salim, MA Student: Human Development and Food Security, Roma 3 University.....	14

Contribution by Syed Ghazanfar Abbas, Technical Staff Officer to Chairman, Pakistan Agricultural Research Council.....	15
Contribution by Alemu Asfaw, Food Security Analyst, SIFSIA-N, FAO-Sudan.....	15
Contribution by Charles H. Teller, Bixby Visiting Scholar Population Reference Bureau.....	16
Contribution by Charles Lagu, Livestock Production Scientist, National Agricultural Research Organization (Uganda).....	16
Contribution by FSN Forum Moderator.....	17
Contribution by Moises Jorge Gomez Porchini	17
Contribution by Stéphane Doyon, Operations Médecins Sans Frontières.....	18
Contribution by FSN Forum Moderator.....	19
Contribution by Demetrio Miguel Castillo, Universidad Exp. Félix Adam. Rep. Dominicana.	19
Contribution by Charles Lagu, Livestock Production Scientist, National Agricultural Research Organization (Uganda).....	19
Contribution by Giulia Palma and Marie Claude Dop, Nutrition and Consumer Protection, FAO	21
Contribution by Moisés Gómez Porchini, Mexico	Error! Bookmark not defined.
Contribution by Harun K.M. Yusuf and Lalita Bhattacharjee, FAO-National Food Policy Capacity Strengthening Programme, Bangladesh	21
Contribution by Charles Lagu, National Agricultural Research Organization (Uganda)	23
Contribution by Kevin Gallagher, FAO Sierra Leone.....	24
Contribution by George Kent, Department of Political Science, University of Hawaii, USA ..	25

I. GENERAL INFORMATION

Duration: 18. 04 - 30. 05. 2008

Number of participants: 31

Number of Contributions: 33

II. INTRODUCTION OF THE TOPIC

In response to the world's dramatic increase in food prices, the FSN Forum has opened a new space for related discussions called Soaring Food Prices Forum (SFP forum). This space offers also a participatory resource centre of relevant information and resources.

Discussions in this forum would generate a valuable source of information and insights, available online for use by any individual and organization endeavoured to solve this global food crisis.

The first discussion topic “**Impact of Soaring Food Prices and Policy Responses**” was raised by Materne Maetz, Senior Officer, from the FAO’s Initiative on Soaring Food Prices. FAO through this Initiative is offering technical and policy assistance to the developing countries to advance efforts to increase food supplies in the upcoming agricultural seasons.

This discussion is open until **30th May 2008**. **Discussion questions include:**

- What is happening at country level at the moment and which actions are being taken to control the situation? Please share specific examples of the food price situation and adopted Policy Measures?
- What is the impact of the rise in food prices on the populations (in your country or region)?
- What is or could be the impact of the different policies and programmatic measures being adopted (or considered) by national governments at country, regional and global level? Please share your insights/analysis in country-specific situation.
- What could be the recommended policy measures (in country or regional-specific situations) to address the negative impacts on food security according to you? Why?

Contributions by forum members to this topic will be very valuable to help improve the work under the Initiative on Soaring Food Prices, such as guidance and best practices for interested stakeholders.

FSN Forum members are invited to suggest other topics to be discussed in this sub-forum.

III. LIST OF CONTRIBUTIONS

Contribution by Ezike Chris. ESUT, Nigeria

The most important cause of high food pricing is the short supply of food same to match the growing world population. Government world over and especially the developing ones simply pay lip service to this worrisome situation. The most visible measure is to aggressively venture into wide range of agricultural production with the view to making food available and affordable even for the poor.

Ezike Chris

Contribution by Felicitas Atanga, FAO, Cameroon office

Various measures have been taken recently in Cameroon to improve production and reduce the prices of imported basic food items.

In the field of **palm oil production** for instance, the Ministry of Agriculture held a meeting with all the key stakeholders in the sector. Amongst measures adopted in this sector are: **assistance to producers** in the provision of planting material, fertilisers, **a 50% tax reduction on palm oil producing companies**.

Other measures taken by the Cameroon government to reduce the impact of the price hikes of some basic food commodities are;

- ensuring that consumers get the value worth of their money by **imposing wholesale and retail prices to business men** in the sector;
- standardising measuring units for retailers** (a standard measuring glass for the retail of rice was recently introduced into the market);

- **reducing import taxes on basic commodities** such as rice, wheat flour and cement (for construction)

Decrees on these measures were published in the national daily newspaper, Cameroon tribune (<http://www.cameroon-tribune.net/edition.php?lang=Fr&oled=i02062008>) .

Best regards

Felicitas Atanga

Contribution by Alemu Asfaw, Food Security Analyst, SIFSIA-N, FAO-Sudan

Dear moderator,

the **Ethiopian Productive Safety Net Program** of providing predictable cash or food (or a mix) for more than 5 million chronically food insecure is being exercised since 2005. This obviously resulted in **increasing the income of the poor** and hopefully believed to have **a positive impact on effective demand of the food insecure**. However, this injection of money, among other things, were blamed to be one of the reasons for **further escalation of prices both at a localized level and nationally** in the years 2006/07. Even in some cases, the Government and donors were forced to revise the amount of money allotted for the poor due to further increase in prices. With the same reasoning, **many poor households had also preferred food to cash** at that point in time.

Options of non-agriculture looks to be very difficult to use as quick solutions since that warrants a more structural shift in the LDCs Governments' thinking. Governments while using their strong arm in manoeuvring the instruments at hand for a relatively rapid solution; can simultaneously start a more medium to long term solutions.

I want to end this quick note by posing another medium to long term solution – are there institutions which attempted to implement ideas of '**small town development**' as part of the overall government rural development package?

Cheers

Alemu Asfaw

Contribution by Gabriel Rodriguez Marques, FAO, Barbados

Dear Moderator,

Of course the Caribbean is being hardly impact by the increase on food prices. Some weeks ago the press published the situation lived in Haiti that conducted to the resign of high level authorities in the Government.

Most of the countries of the region are trying to control food prices, avoiding speculation and decreasing taxes.

Now the question is what will happen when the Governments could not continue providing the assistance to control food prices.

Best regards

Gabriel Rodriguez Marques

Contribution by Beatriz Sánchez, Nutritionist Consultant, WFP- El Salvador

Dear FSN forum moderator,
please find below my contribution to this matter.

Measures proposed to tackle high food prices in El Salvador

Different sectors of the society are raising their voices to propose solutions to high food prices, a summary of the most important proposals promoted so far are described below:

Measure	Proposed by	Status
To eliminate customs duty for imported wheat flour	Companies and supported by the government	Already in practice
To subsidize the price of agricultural inputs, such as fertilizers, seeds, etc.	Grains Farmers Livestock farmers	Not acceptable for the government
To increase the solidarity bonus given to low income families by the Program called "Red Solidaria" to raise their purchasing power.	Project manager at government level	Has not been discussed, it was mentioned only once
To eliminate customs duty for imported yellow maize and soy to reduce costs of production for livestock farmers	Livestock farmers	Not applied, government is considering
To expand the limits of land area ownership which was restricted by the Agrarian Reform in order to promote agricultural exploitation at large scale	Landowners	Opposition party at the parliament does not agree with this measure
To rent land in other countries of the region for example Panama, Guatemala or Nicaragua, to grow red beans and maize for the Salvadorian market.	Government-Ministry of Agriculture	Negotiating with counterparts of neighboring countries
To eliminate customs barriers for agricultural commodities imports	Small farmers	It's been considered a possibility by the government, but not approved
To increase the national production of sorghum to substitute yellow maize as an ingredient to prepare concentrate for animals (cows, pigs, chickens)	Government Ministry of Agriculture	Already in process, the Ministry of Agriculture is distributing sorghum seeds to producers

Educational campaigns for consumers to promote the consumption of cow's milk to increase demand	Milk producers association of El Salvador	Not in practice

Available also at:

http://km.fao.org/fsn/resources/fsn_viewresdet.html?no_cache=1&r=411&nocache=1

Kind regards,

Beatriz Sánchez

Contribution by Harun K.M. Yusuf, PhD, FBAS, Professor of Biochemistry and Human Nutrition, Dhaka University

Dear All

The turmoil of food price rise has affected Bangladesh as well, as elsewhere in the world in the last one and a half years. Bangladesh has had a good track record of food prices, **increasing only at annual rates of 2-6%** (the maximum for rice) during long 16 years **between 1991 and 2006**. Then, **in 2007 alone, rice price increased by 32% and wheat flour increased by 49%**, with other food items registering increases to variable degrees, highest of which was **57% for palm oil**. The price hike continued to persist well into the new year of 2008 and the prices of many food commodities increased by double during the first three month of 2008. Loss of crops due to **two consecutive floods** in July and September and **the devastating cyclone Sidr** in November last year, compounded with **flamboyant international rice market**, are held responsible for the present crisis.

Food price increases primarily affect the poor households, the bottom 40% income quintiles, whose share of **food expenditure already exceeds 50-60% of their income** at normal times. The recent price hikes have pushed these households to the edge of virtual starvation, consuming only rice and almost no other foods. The consequence of this '**nutritional**' starvation will be evident in devastating form of **severe malnutrition** in several months time, **especially in young children and pregnant and lactating mothers**. This will aggravate the already poor nutrition situation of the country.

As a motive for action against hunger and malnutrition, the Government of Bangladesh has taken a number of steps: 1) **Increased the coverage and duration of social safety net programmes** in the country, particularly in the Sidr and flood affected areas; 2) launched the **open market sales (OMS)** with a price subsidy for rice @Tk.10 per kg, with increased emolument of 5 kg per person per day (previously it was 3 kg); 3) started a Tk.150 crore (US\$22 million) **cash-for-work programme** throughout the country for jobless workers for light work like road repair, pond excavation and the like, which is likely to continue for 6 months from now; and 4) **payment of the promised agricultural subsidies to the farmers** affected by the floods and the Sidr. In addition, the Government has arranged **import of 500,000 tonnes of rice from India** over and above the rice imports in the private sector, the exact amount of which is not yet ascertained. Fortunately, Bangladesh will soon be endowed with an estimated 160-170 million tons of Boro harvest, which will be at its peak in 2-3 weeks from now. This will greatly ease the current tense situation in the supply and price in the domestic market.

It took a long time to settle the price of rice to be imported from India. At one stage when India suddenly declared the price of rice at US\$1000 a tonne, it appeared plausible that Bangladesh will never get rice from India at the initially agreed upon price which was less than US\$500 a

tonne. However, at the end, Indian exporters agreed to sell rice to Bangladesh at a price originally agreed upon – a friendly and good neighbourly gesture. Thanks to India, but in response to the Indian rice price increase, many other rice exporting countries also increased their price. Some countries even imposed **ban on rice exports**, meaning that you will not get food even if you have the money to buy it.

The greatest message that was given by this national and international food market scenario is the **instinctive motive for all food growing countries with subsistence agriculture (like Bangladesh) to produce their own food**, i.e. to become self-sufficient, and not merely self-reliant, in food. Bangladesh Government has decided to procure 1.2 to 1.5 million tonnes of rice from the ensuing Boro harvest to replenish the food stock. Civil society organizations and experts are suggesting to the government to plan to produce a record 32 millions of rice in the next Aman and Boro season (including a small amount coming from Aus), with all possible inputs given to the farmers adequately at fair prices. The Governemnt has agreed to accept such suggestions.

Additionally, another good thing is the heartening **FAO** food outlook that **forecasts a 1.8% increase in global rice production**. However, these are all things of the future and nobody knows about the future. We in Bangladesh hope to be able to produce our own food and would at the same time wish other countries success in producing their own food.

Harun K.M. Yusuf

Contribution by Zakary Rhissa, FAO, Gabon

Message posted by FSN Moderator on behalf of Dr Zakary Rhissa:

I am very interested in participating in this Forum on Food Security and Nutrition Policies and Strategies. I have had the opportunity to follow this kind of food crises over the years 1968 to 1972/73 and 1984/1985, especially in Niger.

As background information, please refer to the “Briefing Note” that I prepared for the 2005 crisis in Niger while I was responsible for Policies at FAO’s regional office in Accra:

http://km.fao.org/fsn/resources/fsn_viewresdet.html?no_cache=1&r=417&nocache=1

Regards,

Rhissa

Original message in French:

Bonjour

Je suis vivement intéressé à participer à ce forum sur la la sécurité alimentaire, nutrition et politiques et stratégies. J'ai eu l'opportunité de suivre ces crises alimentaire depuis les années 1968 1972/1973 et 1984/1985 particulièrement au Niger.

Je joins une note de briefing que j'ai préparée sur la crise de 2005 concernant le Niger quand j'étais chargé des Politiques au bureau régional de la FAO à Accra en guise d'information de base:

http://km.fao.org/fsn/resources/fsn_viewresdet.html?no_cache=1&r=417&nocache=1

Salutations,

Rhissa

Contribution by Jacques de Graaf and Materne Maetz, FAO, Rome

Message posted on behalf of Jacques De Graaf and Materne Maetz

FAO is in the process of preparing a Guide for Country Level Action. The Guidelines aim to provide some guidance to those involved in designing country level action plans to address high food prices. The guide is being developed in the context of the Initiative on Soaring Food Prices.

In the document a menu of options for different responses to high food prices have been elaborated. More specifically, a selection of policy and programmatic actions are reviewed that are available to address high food prices. In the short description of the various items of this menu, it will be seen that, depending on the conditions prevailing in the country, some of the options seem to be more appropriate than others. There is no "one size fits all" solution that would be applicable with the same chances of success in every country. The mix of policy and programmatic actions has to be specifically adapted to local conditions and needs to be agreed upon by the key stakeholders, or else they have little chances to succeed.

Some of the options reviewed here, many of which had been used in the past and that some governments are contemplating to reinstate, are strongly discouraged, as they have proven not to be successful in most if not all contexts.

Hereunder, a summary table is presented including:

1. the policy measure
2. the expected effects
3. Conditions for recommendation
4. Caution
5. Countries where the policy has been implemented

Please find the document at:

http://km.fao.org/fsn/resources/fsn_viewresdet.html?no_cache=1&r=418&nocache=1

Jacques de Graaf and Materne Maetz

Contribution by Esteban Moreno, Roma 3 University, Italy

The burden of high food prices in developing economies has started to raise concerns all over. It is known that inflation hits poor people harder, specially those earning less than 1 dollar a day and spending close to 80% of that pauper income in food.

Higher prices in the poorest nations translate in social unrest; protest have started to erupt all over developing nations, fact that brings many negative consequences when there are not instant measures that governments can apply to fight the high food inflation. In countries like Bangladesh, Burkina Faso and Guinea, dozens have been injured and some have been killed in the violent protests. It seems obvious that no one can be wise with an empty stomach.

These countries are a mere example what is going on in the poorest nations. The challenge to get policies right in order to stabilize prices in the short an medium term are hard to find. This fact is very important because if the wrong policies are taken then the problem might become even worst.

Some distorting measures like price controls and subsidies are some of these policies that some countries like, Egypt, Ivory Coast and Venezuela, are applying to face the high costs.

Other emergency measures that are being taken at this time by most countries are suspension in import duties and taxes for the main food items and some countries like Argentina, have introduced export taxes or cut exports to protect the local economy.

Finding the right measures is doubtless a task that needs not only local governments' effort; it is

also a challenge that needs the participation of developing nations and international institutions to find lasting policies that would help to alleviate the burden of empty bellies in the poorest nations.

Regards,

Esteban

Contribution by Falana Adetunji, Nutrition Division, Federal Ministry of Health, Abuja

The impact of soaring Food Prices and the needs for Policy Measures is timely for discussion. I can't but agree with other contributors that much has not been done and that much need to be done on these issues. It might be **important to start looking once again at Nutrition from Human Right perspective especially in the Developing Countries** where the impact of Food Insecurity due to soaring food prices will be most pronounced.

The Policy Measures are good, but they will amount to nothing without political commitment, especially if not be viewed from Human Right angle. Most of the Governments in the developing countries **still see Food and Nutrition as Welfare rather than a developmental issue**. Therefore issue of Policy measures might be another wasted effort. But sincerely something has to be done and very fast too.

Falana Adetunji

Contribution by Charles Kizza, Makerere University, Uganda

I totally agree with Demetrio Miguel Castillo regarding who exactly determines the price of agricultural produce. In developing countries like *Uganda*, **agriculture is done mainly by the so called peasants** who have remained **in abject poverty** all their time. Come to compare the life styles of the middlemen and the farmers.

If it were the farmer to determine the cost of the produce, then the current situation of high food prices would have seen them **improving their household incomes**. The situation is not helped in the developing countries with **poor infrastructure particularly road networks**. **Some of the farmers may not even be aware of the increased prices**.

Because **farmers** have lived under poverty, majority of the **most energetic group has migrated to towns and cities** for greener fields. **This has left the aged with the mantle of feeding the rest of the population using primitive farming methods**.

Charles Kizza

Contribution by Fatima Ali, Agriculture Economic Research Policy Center, Sudan

I think that the rise in grain prices due to government policy in the country concerned, for example, in *Sudan* **agricultural economy focused in rural area where there are no service roads, infrastructure and lack of access to service markets, lack of training** and rehabilitation for the farmers, **lack of access to bank loans** and **lack of technology to develop farms**. Each of **these problems affect farmers psychologically**, which will **reflect on productivity** and results in a fluctuation in prices and hence higher grain prices.

Fatima Ali

Contribution by Michel Ferry, Researcher of INRA France and Scientific Director of the Research Station on Date Palm and Oasis Farming Systems

Message in English and in French:

I find **indecent** as well as based on an ideological a priori the judgement so often heard in the

last days about the opportunity offered to poor farmers by the soaring of global food prices.

It's indecent because presenting as a possible opportunity this soaring of which the poorest will suffer so dramatically seems to me revealing either an unacceptable cynicism or a total unconsciousness. The food prices explosion is at the origin of a food disaster that has just started and will be catastrophic. The current increase of world markets food prices is not an opportunity but first of all the demonstration of a giant failure of the world food production system.

Ignoring this disaster and looking only at the opportunities to which it could possibly lead is to bypass the root of the problem and therefore to take a high risk of proposing solutions which don't look at the **main issue: a real food self-sufficiency. This is the real issue.** It means precisely independency from world markets (and consequently from world food prices speculation and variation), contrary to the ideological insinuations that present the recent rise of food prices as opportunities for poor farmers in developing countries.

The choice of a real food self-sufficiency opposes frontally to policies supported by governments of several countries (especially from the North but also from the South such as Brazil), WTO and lots of private interests. These national and private interests camouflage behind the unique fashionable thinking according to which the commercial liberalization should be the path to development, moreover confused with GDP growth.

This dogmatic idea has been supported with virulence these last years by several so-called development institutions at international and national level. For Africa, it is largely established that agricultural policies developed by colonizers that rely on exportation of single-crop farming have been essentially beneficial to the colonizers. Despite this, the interest of international market forces has been substituted on the same bases to the colonizers' one. The international market has been presented as the royal path of salvation for Africa and those who dare to resist this idea are marginalized and stigmatized. However, the work of some economists demonstrates clearly that **benefits from market opening, especially in agriculture, constitute a considerable risk for the poorest countries.**

The general and serious food crisis suffered by the population of several countries demonstrates the irresponsible and criminal side of incentives, if not constraints, that have been applied by most development institutions to promote export crops at the expense of food crops. The notorious concept of comparative advantage repeated by liberal economists that supports this choice is completely illusory and extremely dangerous. It leads only to sharpening the competition without taking into account the social and ecological consequences this competition brings about. It creates **dependencies and frailties unbearable for the poorest**, who can find themselves, from one day to another, completely destitute because an agribusiness or distribution multinational has decided to change providers or strategies to make more profit.

The choice for a real self-sufficiency in food implies that **agriculture should be considered a protected national (or regional) sector**, which should not be subjected to the liberalisation of exchanges imposed by those who have more advantages with this system.

In regions I know, very **important earnings of productivity exist and allow the achievement of food self-sufficiency.** Contrary to the arguments that several participants of this forum have put forward, these earnings don't necessarily require access to external inputs. Besides, to consider farming systems relying on abundant external inputs means to propose farming systems inappropriate to the self-sufficiency objective. Because of the unavoidable increase of inputs costs (energy, fertilizers, pesticides), proposing cultivation and production systems that rely on their use, leads to an impasse or to producing products of high added value for national and internal exportation. We fall again in this vicious circle which goes against food self-sufficiency and leads to today's food disaster. Many participants here have emphasised the relevance of **small-scaled family farming.** We know that **it can be as competitive as the best industrial farming and even better**, taking into account the social and environmental externalities.

In a world confronted with the extraordinary challenge of climate warming and increasingly insufferable income inequalities, shouldn't objectives such as the **preservation of cultures, food self-sufficiency (which ensures health) and education for all**, be the most reasonable and most ambitious choice of our society?

Michel Ferry

Message in French

Je trouve à la fois indécent et empreint d'un a priori idéologique le jugement entendu si souvent ces derniers jours sur l'opportunité que présente l'explosion des prix mondiaux pour les pauvres agriculteurs.

Indécent parce que présenter comme une possible opportunité la crise alimentaire très grave dont vont pâtir les plus pauvres me paraît relever d'un certain cynisme ou d'une certaine inconscience. Les marchés mondiaux actuels ne sont pas porteurs ils sont d'abord à l'origine d'une catastrophe alimentaire gravissime.

Passer pour perte et profit cette catastrophe pour ne s'intéresser qu'aux opportunités qu'elle serait susceptible d'engendrer c'est passer à côté du problème de fond qu'elle pose et c'est donc prendre le risque élevé de proposer des solutions qui ne traitent pas la **question essentielle, celle d'une réelle autosuffisance alimentaire**. Réelle et donc justement indépendante des marchés mondiaux contrairement au sous-entendu idéologique implicite qui présente l'augmentation des prix mondiaux comme une chance pour les paysans pauvres des pays en développement.

Ce choix pour une réelle autosuffisance alimentaire s'oppose frontalement aux politiques soutenues par les gouvernements de nombreux pays (surtout du Nord mais également du Sud comme le Brésil ou d'autres), l'OMC et beaucoup de gros intérêts privés. Ces intérêts nationaux et privés sont camouflés derrière la pensée unique à la mode qui veut que la libéralisation du commerce soit la voie du développement confondue d'ailleurs avec la croissance du seul PIB.

Cette idée dogmatique a été soutenue ces dernières années avec virulence par de nombreuses institutions internationales ou nationales dites de développement. Pour l'Afrique, alors qu'il était largement établi que les politiques agricoles élaborées par les colonisateurs qui reposaient sur des monocultures d'exportation, l'avaient été essentiellement à leur avantage, on a substitué aux colonisateurs le merveilleux marché international. Il a été présenté comme la voie royale de salut pour l'Afrique et ceux qui se permettaient de résister à ce mouvement étaient marginalisés et stigmatisés. Pourtant, certains travaux d'économistes démontraient très clairement que les bénéfices de l'ouverture des marchés, en particulier agricoles, présentaient un risque considérable pour les pays les plus pauvres.

La crise alimentaire généralisée et extrêmement grave que sont en train de subir les populations de nombreux pays démontre le caractère irresponsable et criminel des incitations pour ne pas dire contraintes qu'ont exercé la plupart des institutions de développement pour favoriser les cultures d'exportation au détriment des cultures alimentaires. Le fameux concept d'avantage comparatif rabâché par les économistes libéraux pour soutenir ce choix est complètement illusoire et extrêmement dangereux. Il n'aboutit qu'à exacerber les concurrences sans tenir compte des conséquences sociales et écologiques que cet affrontement entraîne. Il crée des **dépendances et des fragilités insupportables pour les plus pauvres** qui du jour au lendemain peuvent se retrouver complètement démunis parce que telle ou telle multinationale de l'agroalimentaire ou de la distribution a décidé pour faire plus de profit de changer de fournisseur

ou de stratégie.

Le choix pour l'autosuffisance alimentaire réelle implique que, à l'instar de la culture, **l'agriculture soit considérée comme un secteur nationale (ou régional) protégé**, non soumis à la vague de libéralisation des échanges imposée par ceux qui ont le plus d'avantage à en tirer.

Dans les régions que je connais, de très **importants gains de productivité existent pour tendre vers l'autosuffisance alimentaire** et contrairement à ce que de nombreux intervenants ont prétendu dans ce forum, ces gains ne nécessitent pas forcément l'accès à des intrants extérieurs. N'envisager d'ailleurs des systèmes de culture qui ne reposent que sur l'emploi d'intrants extérieurs abondants signifie en fait proposer des systèmes de cultures inadaptés à l'objectif d'autosuffisance. En raison de l'inévitable augmentation du coût de ces intrants (énergie, engrais, pesticides), proposer des systèmes de culture et de production qui repose sur leur emploi aboutit à une impasse ou à faire le choix d'une production de produits à forte valeur ajoutée, donc d'exportation nationale et internationale. On retombe dans ce cercle très vicieux qui va à l'encontre de l'autosuffisance alimentaire et aboutit à la catastrophe alimentaire d'aujourd'hui. Plusieurs intervenants ici ont souligné l'intérêt de la **petite agriculture familiale. Elle peut être tout aussi performante que la meilleure agriculture industrielle et même beaucoup plus** si on prend en compte les externalités sociales et environnementales.

Dans un monde confronté à l'extraordinaire défis du réchauffement climatique et d'inégalités des revenus de plus en plus insupportables et explosives se fixer comme objectif **la préservation des cultures, l'autosuffisance alimentaire (fortement garante de la santé) et l'éducation pour tous** ne constitue-t-il pas le choix de société à la fois le plus raisonnable et le plus ambitieux ?

Michel Ferry

Contribution by FSN Forum Moderator

Charles Lagu and **Robert Best** have added some comments to the draft of the "Guide for Country Level Action" by Materne Maetz and Jacques de Graaf.

To see them please follow this link:

http://km.fao.org/fileadmin/user_upload/fsn/docs/FAO_FoodPricesGuide_DraftISFPGuide_withComments.doc

The draft version of this guide (summary tables) was contributed by Materne Maetz and Jacques de Graaf, FAO Italy, and aims to provide some guidance to those involved in designing country level action plans to address high food prices. This guide is being developed in the context of the Initiative on Soaring Food Prices.

FSN Forum Moderator

Contribution by Francois Leonardi, Policy Officer, Zimbabwe

My comment to the "Guide for Country Level Action" draft, by Materne Maetz and Jacques de Graaf, can be seen in purple in the table available in the link below:

http://km.fao.org/fileadmin/user_upload/fsn/docs/FAO_FoodPricesGuide_DraftISFPGuide_withComments.doc

A **column reflecting short term/medium and long term** would be welcome, as many **measures** can be added for the long term but not necessarily needed at this stage –Market or production. –Rural roads, markets places, irrigations, ... or shifting crops...

On the **policy** side, some ideas on price **mechanism** are developed –floor price, max price– however it is **difficult to advice in general** as these **mechanisms are very linked to domestic**

market size, geographical constraints, imports/exports share...

On the opposite, **community mechanism** like **seed bank** or **cereal banks** could **help mitigate local situation**.

Bulk buying /organized purchasing –through government or not- to **have a better bargain** in input supply as well as major commodities can as well be mentioned –do not know where.

Regards,

Francois Leonardi

Contribution by George Kent, Department of Political Science, University of Hawaii, USA

The draft “**Guide for Country Level Action**” is useful but, standing by itself, **it makes it seem like soaring food prices are a country level problem**. Where is **the corresponding “Guide for Global Action”**? Clearly, the current surge in food prices is a **global problem**, one that **cannot be treated adequately through a series of uncoordinated country level actions**.

This focus on country level action fits a long term pattern of evasion of global responsibility. To illustrate:

The Office of the United Nations High Commissioner for Human Rights published a Handbook on National Human Rights Plans of Action. Why was there no counterpart Handbook on Global Human Rights Plans of Action?

There is an Economic, Social and Cultural Rights: Handbook for National Human Rights Institutions. Why is there no corresponding handbook for global human rights institutions?

The World Health Organization has been preparing a Planning Guide for National Implementation of the Global Strategy for Infant and Young Child Feeding. Where is the planning guide for global implementation?

The United Nation’s Children’s fund calls for the establishment of a nutrition “safety net” as a central component of national policies. Why not have a global nutrition safety net as well?

If there is some sort of **plan or guide for global action to deal with soaring food prices**, we need to have that **side by side with the guide for country level action**, so that we can **see how the two mesh together**.

Aloha, George

Contribution by Eltighani Elamin, Agricultural Economics & Policy Research, Sudan

There will be **no reduction in the State budget** in the long run **as this will be offset by increased revenues from increased food imports**.

Truly

Tighani

Contribution by Babatunde Adebisi Olunlade, Bowen University, IWO ,Nigeria

The **policy measures will probably work for countries with stable political landscape**. For **Nigeria**, the **panacea** is for us to **first of all be serious politically and then develop our agrarian economy**. Nigeria can feed the entire Africa.

Tunde Olunlade

Contribution by FSN Moderator

Dear all,

Thanks a lot for your contribution so far to the discussion “**Impact of Soaring Food Prices and Policy Measures**” on the Soaring Food Prices sub-forum (SFP forum). This topic was raised by Materne Maetz and Jean Balié, from the FAO’s Initiative on Soaring Food Prices. Through this Initiative, FAO is offering technical and policy assistance to developing countries to advance efforts to increase food supplies in the upcoming agricultural seasons, among others.

At this stage of the debate, the question posers would like to emphasise some discussion points which are very important for the Initiative to carry out and improve its technical and policy assistance work.

In general, the question for discussion is “**What is or could be the impact of the different policies and programmatic measures being adopted (or considered) by national governments and development organizations at country, regional and global level?** “. In answering that question, it would be useful to examine specific policy measures.

Several **governments** have recently decided to **get directly involved in food distribution, marketing and storage**, as a result of the current food crisis. This approach has been manifested in many policy measures, such as price control on key staple food products through regulation, actual buying and selling by stated-owned enterprises, progressive release of food kept in public food reserve etc. This U turn in policies is meant to undermine speculation and other “negative behaviour/effects” by the private sector in this current crisis. Looking at this approach, some specific questions for our discussion would be:

- What are, in your view, the **effects of an enhanced role of governments** (on consumers, private sector, government budget...) in the **marketing/distribution/storage of food products?**
- **What should be done to minimise** the possible **negative impacts** of this policy?

Likewise, your insights and analysis of the impact of any other policy and programmatic measure are most welcome.

Your views, in country or regional-specific situations, will be very valuable to help improve the work under the Initiative on Soaring Food Prices, such as guidance and best practices for interested stakeholders in affected countries.

Some of these questions have already been addressed to some extent during the debate on “**Food Price Rise as a Motive for Actions Against Hunger and malnutrition**” raised by the IAAH’s Secretariat in April 08. Please find below the summary of this discussion, on which it could be useful to base the current debate.

This summary is available on the Forum home page at

http://km.fao.org/fileadmin/user_upload/fsn/docs/DISCUSSION_SUMMARY_FoodPriceRise.doc

The proceedings of this discussion can also be found on the Forum home page at

http://km.fao.org/fileadmin/user_upload/fsn/docs/PROCEEDINGS_FoodPriceRise.doc

Contribution by Samia Salim, MA Student: Human Development and Food Security, Roma 3 University

As important as global policies are, I think **national policies should be given more emphasis**. For one, you will notice that states are usually more committed to internal (national) policies more than they ever are to globally laid policies. Secondly, even though the soaring food prices is a

global crisis, each country is affected due to different reasons, and also at different levels. I concur with the fact that in the long run, there will be a trickle down effect and even countries which are not feeling the pinch so much now, will be hit too if this trend continues. However, I do not believe that measures suggested or taken by Pakistan (for instance) would necessarily apply to Afghanistan, which is a neighbouring country. Or measures applied in Kenya to be replicated in neighbouring Somalia. The **diversities of political, social, ecological, (etc) aspects of each individual country calls for different measures and policies, both short and long term.**

Global policies are still important, as they can be used as guidance by individual countries when formulating national policies.

Samia Salim

Contribution by Syed Ghazanfar Abbas, Technical Staff Officer to Chairman, Pakistan Agricultural Research Council

I consider "**Good Governance**" as single most important factor in resolving the rising food prices crises. **Mismanagement by government officials** has been mainly responsible for uneven-distribution, import / export of cereals in developing countries. Thus, trade-mafia along-with the "Governance Structure" needs to be investigated for resolving the current food shortage / high prices.

Regards

Dr S G Abbas

Contribution by Alemu Asfaw, Food Security Analyst, SIFSIA-N, FAO-Sudan

Urgent actions critical for saving lives and livelihoods...

If there is **consensus** on understanding the **underlying causes of soaring food prices** (increasing in demand (China, India, and change in consumption patterns due to urban population growth); bio-fuel's increased intake of consumable corn and oilseeds; persistent rise in fuel prices (and its consequential impacts); poor performances of weather; poor food and trade policies; etc. If there is also a concurrence **that soaring food prices are significantly affecting the net buyers** (and consumers) and **resource poor in developing countries**, and as far as the **confluence of factors mostly understood and contextualized at country level**, we are more than half way through the challenge. That is underlying causes understood and geographic targeting safely on the table for donors and developing countries' governments to act. The **next important strategy will be two fold:**

First - Governments should immediately start to act before it is too late – we have been talking about it for so long and actions (if on-going) should be accelerated, if not started, should start soon. Donors and Governments must attempt to provide some **quick interventions** so as **to contain prices before we witness another astronomical impact**. If we are still **waiting to see outcome indicators** (like GAM rates to escalate), it will surely be **defeating the original purpose of protecting lives and livelihood of the poor**. In fact, **official statistics will also be too late to provide us any impact analysis results** in any recent future time....

With the current increase in recurrence of man-made and natural disasters, diversions will continue to occur more often as food price hikes were also diversions from the on-going food security crisis and development efforts in many countries. This basically warrants an immediate action to the current soaring food prices as it is becoming the major determinant in the escalation of general inflation rates in many countries....

The immediate **solutions of blanket approach of humanitarian aid, subsidies, social safety nets and trade policies**, continue to be **relevant as far as we're lacking precise info in addressing this core issue**. Hence, in the absence of any additional targeting information,

errors of inclusion and exclusion are acceptable at a specified geographic location, though with some more extra costs.

Second - The second step should follow in spending sometime to **understand who are the resource poor net consumers** (rural and urban)? **Where** are they? What is **their number**? What is the **magnitude of the current impact**? What are their **sources of food**, their sources of **income and expenditure**? What **other shocks** are currently prevailing in their localized context? And what kind of **coping mechanisms** do they traditionally use and what kind **are they currently exercising** as a result of soaring food prices or other shocks? The latter basically helps to understand how best we can make use of the existing meager resources.

For instance, if the very poor households start to **withdraw their kids from school or decrease their medical expenses** (which jeopardizes their lives and livelihoods), then the **government's provision of subsidy to school fee and medical expenses may bring a more sustainable solution** as this may not distort the food market which is dominantly affected by the global market. As this is not done across the board, the government will be able to use resources more efficiently rather than a costly exercise of across the board incentive/subsidy intervention. Another example would be if a subsistence farmer start to consume some seeds (other than decreasing their meal quantity and quality (less nutritious)) that have been saved so far and could not plant this summer, it would be extremely relevant to fill those gaps through seeds and other inputs.... So, **blanket approach may not help when we have enough information to act** and hence resources will be effectively utilized for selected poor.... This **extra understanding of the very poor should come in parallel to** or second step to the first **urgent and immediate actions** recommended above.

Of course, the **mid term and long term solutions** will continue to be **relevant in tackling the underlying issues of weather and climate change; increase in demand** from the world emerging markets; **poverty reduction; declining productivities** in LDCs (least-developed countries); **sustainable conflict resolutions**; issue of **bio-fuel and sustainable environmental solution**; **increase in overall fuel prices**; overall **increase in demand** in urban markets, especially for wheat, and change in consumption patterns, etc.

My best regards,

Alemu Asfaw

Contribution by Charles H. Teller, Bixby Visiting Scholar Population Reference Bureau

I agree particularly with Alemu's second step, and have **not seen enough data on the biomarkers** we need to **monitor changing maternal and child nutritional status among the poor in urban areas**- the WHO, WHAT, WHERE AND HOW. Our **African food and nutrition security early warning and surveillance systems tend to focus on rural areas** (and in East and Southern Africa less dependant on imported food), since they tend to have twice a high malnutrition than urban areas.

Can we hear from people in the field working and analyzing **trend data from surveillance systems in the urban "slums"**?

Charles

Contribution by Charles Lagu, Livestock Production Scientist, National Agricultural Research Organization (Uganda)

Very Urgent Measures to address the soaring food prices

I wish to add my voice to views expressed by Alemu Asfaw FAO Sudan and Forum members including the on going contribution on summary tables on immediate policy and programmatic actions (FAO's initiative on soaring food prices).

A lot has been raised by FSN members on the soaring food prices, what remains is action, action in all the parts of the world including my country Uganda.

Although, there has been reasons given to attribute the rising food prices to increasing demands in China, India, high fuel prices at global level and changes in consumption pattern including urban population growth, etc. It should be noted that **there are unique country specific reasons that can be blamed for the soaring food prices at country levels in addition to global challenges.**

Lack of attention by Government for quite a long time, low budgetary allocation to Agriculture Ministry etc; In spite of the good weather and good soils production of crops per acre in **Uganda** is among the **lowest in the world**. There is **no use of fertilizers and manure**. **Improved seeds are not available** to many farmers, **extension research budgets are very low and erratic** in terms of releases and insecurity and millions of people in Uganda are in displaced people's camps. The **farm gate prices have not increased appreciably** yet the **farm inputs are very high and not subsidized**.

Government lacks interest in the plight of ordinary citizens and Governments are not willing to influence prices, **Governments inaction, failed policies** that does not work compounded with the **debilitating effects of corruption in all areas/ sectors**. It is **prudent that Governments take cordial changes in doing business** with their citizens differently and not as usual supplemented by global efforts.

Charles Lagu

Contribution by FSN Forum Moderator

We'd like to draw your attention to a recent policy brief by IFPRI "**High Food Prices: The What, Who, and How of Proposed Policy Actions**" (http://km.fao.org/fsn/resources/fsn_viewresdet.html?no_cache=1&r=429&nocache=1). The brief has been contributed by Alemu Asfaw, FAO Sudan, to the Resource section of the Forum's site. It's particularly relevant to our current discussion.

Our newly opened space "**Soaring Food Prices**" on the Forum site http://km.fao.org/fsn/soaring_food_prices_space.html offers pertinent web links to information and resources on the current food crisis. Your contributions to this space are most welcome!

We also like to recall Charles Teller's request below.

FSN Forum Moderator

Contribution by Moises Jorge Gomez Porchini

Normally, crises, no matter what kind, appear due to a combination of factors, more than for one single reason. Even the effects caused by a natural disaster of great magnitude, such as a hurricane or an earthquake, are more easily solved if the conditions that help face them are in place. On the other hand, if the affected country does not have the financial means, or it has an insufficient infrastructure, or the government is unreliable, the problems may compound and the resulting crisis will be of even greater proportions.

The current high prices and food shortage crisis is no exception. Indeed, there have been multiple circumstances that have staged the conditions that favor the price increase: the use of crop harvests to produce biofuels, the constant increase of fuel prices, the resulting hike in prices of all the productive chain and the shortage of adequate harvests. However, all of these are convening circumstances that may be faced with a lesser or greater degree of success and make up the economy environment. I see the core of the problem in the broad difference that exists between the conditions in which crop and livestock production takes place in developed countries

and the conditions present in developing countries. As George Kent states, "there is a great difference between the price paid for crop and livestock products in developed countries and those paid for the same products in developing countries. The heart of the matter is that this is not by chance; this broad difference practically exists in all issues involved in crop and livestock production, something known by international organizations and even by countries that take advantage of this difference. However, when it is time to negotiate international treaties, the status quo is maintained. The basic argument for this is that free market competition must prevail to allow production to be efficient and as an end result, of benefit to every one.

Ideological issues aside, there are circumstances that hinder what is called free competition. How can we expect a functioning illiterate that lives trapped in a vicious cycle of poverty and hunger to really compete with his counterpart in the developed world? If, in addition, aid programs are withdrawn due to international treaties agreed to which establish that said programs be ceased to avoid altering markets?

I have broadly commented on this subject with other associates from Latin America and we are all aware that we share a similar structure. On one hand, we have a small percentage of producers using leading edge technology with access to loans and international markets, who work according to developed world standards and on the other hand, a wide majority of impoverished producers that share the same circumstances that exist in Sudan, as stated by Fatima Mohamed: there are no service roads, infrastructure and lack of access to service markets, lack of training and rehabilitation for the farmers, lack of access to bank loans and lack of technology to develop farms.

Nevertheless, the conditions have already been established, we have a price and food availability crisis, mainly affecting the poorest people in the poorest countries. What should be done?

Without a doubt, to begin with, we must ensure that food reaches properly those who need it the most. The preferred methods to accomplish this are school meal programs and household food coupons, which are still widely used in the United States, even though they do not have the poverty levels found in the developing countries. Emergency regulations must also be established to guarantee food supply, including subsidies, taxes, fees, etc., but these will always be compensatory measures because in the long term their usefulness will be questionable. What really should be done is avoid having the productive potential of Nigeria, as stated by Tunde Olunlade; of Uganda, as stated by Charles Lagu; or of México and so many other Latin American countries, continue to be underutilized. What Dr. Lagu states is the same thing currently happening in México: neither fertilizers nor improved seed are used adequately, there is a lack of farm equipment and research in crop and livestock is non-existent. Developed countries are already obtaining high yields in their crop and livestock production. The underdeveloped countries are those that are underutilizing their potential, making it necessary that resources be allotted to develop farmlands to effectively increase production. The excuse not to do this, at least in Mexico, is that this type of resources alters markets. That is how it has been established in our main commercial treaties, but, what about infrastructure and research? Don't their absence alter the results?

The current crisis makes us aware of the flaws but these have been present for a long time, and although they have been repeatedly pointed out, solutions have not been found to avoid affecting commercial business interests. However, at this point it seems appropriate to restate an approach where without denying legitimate business interests, higher goals are established, as stated by Michel Ferry, such as the preservation of culture and food self-sufficiency which ensure health and education for all.

Best regards from México
Moisés Gómez Porchini

Contribution by Stéphane Doyon, Operations Médecins Sans Frontières

With regards to Charles intervention and Alemu's writing, I do agree with them but there is also a need with regards to **actions aimed at tackling under-nutrition to change actual practice in terms of nutritional or food assistance**. Actually, if we look at practice to tackle this problem, only the most severe cases of under-nutrition did benefit from the progress science did on this

field during the past 50 years. As so, nutritional products have been constantly adjust, same for severe under-nutrition treatment.

If you look at past 50 years practice in terms of food aid or response to infant affected by other forms of under-nutrition than severe acute malnutrition, **these practice have not changed**. It is even **worse**. Before children under 2 years old were given milk which was part of the composition of blended flour provided by international assistance but in the 80's the milk portion was taken out and replace by soya because of price issue (milk price increased, no milk surplus). It is of universal medical knowledge that children under 2 years old need animal source protein in their diets. **Giving none adequate product** which do not respond to nutritional standard for infant under 2 years old, which is the **current actual practice**, will **not be effective**. **It is crucial to include in food actions product responding to nutritional standard for infant feeding** if the intention is to impact their nutritional status.

Stéphane Doyon

Contribution by FSN Forum Moderator

We'd like to draw your attention to a relevant FAO's paper called "**Soaring food prices: facts, perspectives, impacts and actions required**" (http://km.fao.org/fsn/resources/fsn_viewresdet.html?no_cache=1&r=432&nocache=1). This paper has been contributed to the Resource section of the Forum's site by Benoist Veillerette, from the FAO's Investment Center Division. It's one of the background papers for the High-Level Conference on World Food Security: the Challenges of Climate Change and Bioenergy, which will be held in Rome next month. Other background papers of this Conference can be found at <http://www.fao.org/foodclimate/conference/doclist.html>

Contribution by Demetrio Miguel Castillo, Universidad Exp. Félix Adam, Rep. Dominicana

Public Policies have always been directed to protect the middle men and the big merchants and their business; but where are all the products going? To big storage silos and at the end of their storage cycles they end up being send to Garbage Dumpsters because they were not sold or the consumption was less than expected. Besides that, there are still hungry children approaching restaurants' windows, they find big signs which read "we don't give away leftovers, they go to the garbage", and there is where poor and hungry children go to procure themselves something to eat, to the dumpsters; this thing happens everywhere, with a few exceptions.

Dr. Demetrio Miguel Castillo

Las políticas publicas siempre van encaminadas a la defens ad elos intermediarios y los grandes comerciantes y comercios, pero a donde van a parar los productos, a grandes silos d ealmacenamientos y al final d esu ciclo terminan en los basureros pues o no se vendieron o su consumo fue menor d elo que se pensaba y además de todo sigue la problemático d elos niños en las vidrieras de grandes restaurantes con letreros indicadores que dicen"Aqui no se regalan las sobras" "Van a parar al Basurero" y allí es en donde van los niños a aliemntarse y eso ocurre en todos los países del mundo salvo raras excepciones.

Dr. Demetrio Miguel Castillo

Contribution by Charles Lagu, Livestock Production Scientist, National Agricultural Research Organization (Uganda)

FARM INPUT SUBSIDIES CRITICAL TO BOOSTING FOOD PRODUCTION IN DEVELOPING COUNTRIES

I wish to look into this aspect of **farm input subsidies** at this time, when the world is facing soaring food prices. A lot has been articulated by FSN members into issues on how to address this global crisis of soaring food prices.

In yet another dimension, in Uganda the population has grown up to 30 million to date, yet food production has declined by half amount produced in the 1980's (UNDP, 2007). The costs of manufactured goods, which are mainly imported, have been rising, while locally-produced food crops have remained extremely low and in some cases declined. This trend surprisingly has never had positive effect on food prices to the detriment of peasant farmers in Uganda (see tabular representation of food prices at farmers' and middlemen's level: http://www.web2fordev.net/fileadmin/user_upload/fsn/docs/CharlesLaguTable.doc and the agricultural sector. Peasant farmers have become impoverished.

Some bureaucrats and technocrats, have urged peasants to shift from growing foods to high value cash crops e.g. vanilla, coffee, cotton, tea etc, this has had negative effects on food production.

A lot of reasons have been given to attribute to the current food price rises. Uganda has been a food basket for East African region and even beyond and now it is a serious net importer of food from other countries like Vietnam, India, Sri Lanka, Malaysia, Europe etc.

In yet another dimension, low food production in Uganda is a result of International Monetary Fund (IMF) and World Bank (WB) inspired Government macro-economic policies. The farmers are discouraged from growing on large scale because of **extremely low prices for the farm products** worsened by the fact that **input costs have more than doubled in the recent times** e.g. pesticides, acaricides, drugs and improved seeds. The market favours less laborious work like communications, banking, marketing etc than the crucial labor intensive growing of food products in the rural areas. Eventually, the energetic youth and the rich shift interest from growing food to other sectors leaving food production to very poor, the elderly who do not have easy alternatives to diversify production leading to low production but general demands keep going up hence the soaring food prices.

Governments try to stabilize inflation through selling treasury bills, bonds and stocks to mop out excess liquidity and other macro and micro stability measures in a country (Ddumba-Ssentamu, 2004). This approach should apply for agricultural production through **input subsidies**.

The developed countries like America, Europe and China give subsidies to their farmers. Farmers in US and Europe on average receive \$21,000 and \$16,000 a year in subsidies. Consequently, the US and Europe account for half of all wheat exports at prices 46% and 34% respectively, below costs of production. The US accounts for more than one-half of all maize exports at prices one-fifth below the costs of production, while the EU is the world largest exporter of skimmed milk at prices one-half the cost of production. China has a total investment around US\$ 0.6 billion, by way of improving the field infrastructure, especially the irrigation and drainage and service system including seed and extension system for commodity grain bases supplying 65% of the total commodity grain of China as a whole.

Further more, The EU spends more than 40 billion Euros a year in subsidies and other support measures to its farmers. Development advocates say the aid has made it hard for farmers in poor countries to compete but EU argue the subsidies are increasingly non trade distortive and help keep down prices for poor countries that import food (Reuters, 2008). This explanation to me is not true because in my country I know that prices of imported goods are as high as the locally produced goods. Yet the competition for these commodities is the same disregarding the subsidies enjoyed by the farmers in the developed countries.

Agricultural enterprises face challenges of weather changes, drought, floods, hailstorms, diseases and pests out breaks etc, and it is prudent that development workers cushion these

drawbacks in agricultural enterprises by advocating for subsidies to farmers in developing countries.

The benefits of subsidies to farmers in developing countries will be noticeable and the change of attitude from IMF, World Bank and Governments will be a milestone in addressing these soaring food prices in developing countries. These **subsidies should be at production and marketing levels to stabilize food prices for sustainable economic development** of the globe and mankind. Food stability in the world means peace in the world

Contribution by Giulia Palma and Marie Claude Dop, Nutrition and Consumer Protection, FAO

We have read the message from Dr Lagu concerning Uganda but we disagree with what he wrote " In yet another dimension, in Uganda the population has grown up to 30 million to date, yet food production has declined by half amount produced in the 1980's (UNDP, 2007)."

We don't know the source that Dr Lagu is quoting. The FAO Food balance sheets show that production of cereals and starchy roots has doubled in absolute terms while population has also doubled, so either in absolute terms or per capita production has not decreased.

For example, here are the levels for cereals and starchy roots/tubers (the main staples) for years 1986 and 2003

Production of cereals has gone from 1 050 992 tonnes to 2 376 703

Production of starchy roots has increased from 4 862 595 to 8 390 000

Giulia Palma and Marie Claude Dop

Contribution by Harun K.M. Yusuf and Lalita Bhattacharjee, FAO-National Food Policy Capacity Strengthening Programme, Bangladesh

Dear All,

Most of the contributions made to this forum have been extremely valuable in providing **directions for actionable policy measures** to tackle the global issue of soaring food prices and their impact on the life and livelihood of the poor. Policy measures should encompass the entire galaxy of human societies at all levels, beginning from international and regional to national and to households.

1) International level: The international community has always tried to ease any food crisis situation that has arisen due to either natural or man-made disasters in many parts of the world. This year's situation is no exception, but one thing to be reckoned with this year is the **food prices**, particularly that of rice which suddenly **started to soar from mid-2007**. Were these increases realistic in terms of **supply**? The world stock of foodgrains no doubt came to lowest levels in many years during that time, but it was not that any single country was facing severe food supply crisis as it was, for example, in 1974. Then **why food price increase?** In Thailand, or for that matter in India, the respective domestic stocks were monumental. Still the price of rice was increased by double to triple overnight. The global **rice price situation was further aggravated by government imposition of ban on export of rice in several rice exporting countries**. At one point of the beginning of the current year it appeared as if the needy countries would not get food even if they had money to buy it. While it is true that each country will be concerned about its own food security first, but over-concern with no fear of imminent food insecurity is questionable. It is important for the world community to look back and **ask if a food commodity** like rice which is the staple of more than half of the world's population **should be regarded as a commodity of the share market**. This would remind one of the great prophecies of the NL economist Prof. Amartya Sen that **famine is not really due to shortage of food supply, but due to a seriously distorted market management**, i.e. people die not from famine

but of starvation. **We propose that this be an agenda for discussion for the international community when it sits next (e.g. FAO meeting in early June).**

2) Regional level: We do not know how far the **regional cooperation bodies** in other parts of the world coped with the food price situation in the member countries, but that **it did not work in the SAARC** (South Asian Association for Regional Cooperation) region was clearly apparent. When Bangladesh was facing food shortage situation after the two floods and then the Sidr, the spirit of regional cooperation did not glow up that way. Only nearly 84000 MT of the 500,000 MT of rice agreed upon with India six months ago have arrived in Bangladesh so far.

3) Country level: The **best lesson learned by countries** of the world – especially those thriving on subsistence agriculture – is that they must try to produce more food to **become self sufficient in food**, without having to depend on import, which can be double fat in bill overnight on the one hand and uncertain on the other. Bangladesh, being one of those, is now giving due importance on this, which it failed to give during the last 6-7 years (agricultural growth <1% as compared to over 6% during the second half of the 90s). Agricultural inputs (seed, fertilizer, irrigation etc.), electricity supply for motor pumps, subsidies, good governance, well targeted social safety net programmes, stocking capacities, internal procurement, balance between producers' and consumers' interests, are all now high on the agenda of the government policy measures for the years to come. **Good government policy is thus the key factor in deciding the fate of food security** of the teeming millions of its own country, notwithstanding the linkages with external factors in the international arena. Although forecasts on global rice production in the coming year appear heartening (would increase by over 2%), **the forecasts on price are gloomy**, i.e. not likely to come down in the next 2-3 years.

4) Household level: Finally, **the households also have a role to play in ensuring their own food security**, taking into cognizance the issue of **dietary diversity and nutrition**. For instance, in rice eating countries, people should be encouraged to eat more of the locally produced energy giving nutritious foods at times when rice is dearer. Analysis of the price increases of food commodities in Bangladesh between 2006 and 2008 shows that, assuming food consumption and income levels remaining unchanged at the 2005 levels, the urban poor people's (the bottom expenditure quintile) share of rice expenditure in total food expenditure has increased from 54% in March 2006 to 87% in March 2008 and they have to now spend nearly 92% of their income for rice alone, which was 63% in 2006. The situation with the second bottom quintile is somewhat better, but it is also precarious (80% income being spent for rice alone). This means, **these urban poor have been pushed to the edge of total dietary monopoly with rice, with little chance to buy and consume other foods**. Such situations, if not corrected soon, would lead to **serious malnutrition especially among the young children**, particularly those under 2, who need a good complementary food after the age of 6 months.

In **Bangladesh**, there has been a bumper harvest of potato to the tune of some 8 mMT (3 mMT more than last year's), equivalent to 2.5 mMT of rice in caloric value, enough for the whole nation of 150 million for more than a month's ration. Potato is not only rich in calories, but it also has a good quality protein; it also has some extra health benefits (e.g. hypotensive due to high potassium and very low sodium contents). **People of all strata should be encouraged to eat potato in increased amounts**. This is particularly imperative for families for whom rice is too dear; they can replace a substantial portion of rice with potato, only for those months of rice shortages and high rice prices. Some people are apt in criticizing this suggestion for a change in dietary habit. But their criticism does not come to any real benefit for the sufferers.

Now that the new rice, the Boro, has been harvested quite well, the question remains whether the price of rice would decrease really, to the reach of the poor, to give them some room for some degree of dietary diversity.

We congratulate all contributors and also thank the FSN Forum leaders, particularly the facilitators Kostas Stamoulis and Mark Smulders and the moderator Huyen Tran who brought such an important issue of global concern for e-discussion. We hope that some important

decisions will emerge from the ensuing FAO meeting in early June.

Harun K.M. Yusuf and Lalita Bhattacharjee

Contribution by Charles Lagu, National Agricultural Research Organization (Uganda)

Dear all,

I hereby clarify on the remarks by Giulia Palma and Marie Claude Dop, from Nutrition and consumer protection, FAO.

This is in response to my earlier message on farm input subsidies. Paragraph 2 en quote "In yet another dimension, In Uganda the population has grown up to 30 million to date, yet food production has declined by half amount produced in the 1980's (UNDP, 2007)".

I kindly refer Giulia Palma and Marie Claude Dop to the UNDP report on rediscovering agriculture for human development from the link:

<http://hdr.undp.org/en/reports/nationalreports/africa/uganda/name,3409,en.html>

In yet another report on flood situation in Uganda, 2007 from the link:

<http://ochaonline.un.org/cap2005/webpage.asp?Page=1616>

Please take a look at some basic facts about Uganda. This site has information on population of Uganda, Percentage (%) of population undernourished, gross national per capita, Percentage (%) of population living on less than \$1 per day (37.7 % (rural 41.7/ urban 12.2). In the year 2006, Uganda's human development index score for Uganda (0.052; 145th of 177 medium.

More useful information can also be found from <http://www.undp.or.ug/publications/4>

Further more, FAO special report (2006) on global information and early warning system on food and agriculture-WFP from the site <http://www.fao.org/giews/> or <http://www.fao/docrep/009/j8416e/j8416eoo.htm> (FAO/ GIEWS review of crop and food situation in Uganda). This report by FAO points out that Agriculture in Uganda is still at substance level whereby there is low in put and low output approaches practiced by the farmers and use of hand hoe is a tool in use.

I want to ask Giulia Palma and Marie Claude Dop, do you think or expect increased production over the years even if the hand hoe is a common tool in use. Note that the Uganda's Population of 1980's was about 12 million compared to 30 million today.

If you look at Uganda critically, cereals and starchy roots/ tubers according to geographical and zonal requirements are best suited in Northern and Eastern parts of Uganda while the western and central parts of Uganda are mainly banana-coffee and dairy production systems.

As you may be aware, the poverty level in Northern parts of Uganda is about 64% compared to the National figure of 35% (UBOS, 2007).

Cognizant of the fact that the northern part of Uganda has been traumatized by civil war (insurgency) for the last 20 years (2 decades) with about 1.45 million internally displaced persons in camps and similar situation in the eastern part of Uganda.

It is therefore not true that cereals and starchy roots/ tuber (main staples) have increased over the years. Even if there was increased production, the increase was not nominal in absolute terms or per capita production.

Kindly remember that FAO through World Food Programme (WFP) have been supplying food aid

to all internally displaced people in camps for the last twenty years in northern Uganda and parts of Eastern Uganda including the refugee hosting areas in Uganda. Is it possible to supply food aid in an area where food production has increased?

I just want to emphasize that, when you go into the villages, where majority of Ugandans live (North, West Nile, East and many parts of Uganda), you will be able to note the number of times people have their meals per day, quantity of food (calories) per person/day, the quality of food access per person, the levels of malnutrition in homesteads (Household levels), acreage of fields cultivated, the amount of food store in home stead, the presence of granaries (evidence of food security from harvests) etc.

It is really appalling that you may think there is increase in food production (cereals and starchy roots), but the real situation on the ground is a different story altogether.

This is not fiction or dreams I am talking about but real field oriented facts on the ground. More useful facts and information can be accessed from Agriculture and food-Uganda <http://earthtrends.wri.org/pdf-library/country-profiles/agr-cou-80.pdf> .

Further still FAO, (2006) observed that; I quote “Indeed, a number of features of the system bring into question the reliability of annual production data for all but the “traditional” export crops. Data sets on staple crops such as maize show that the estimates of production are made at the national level and then the same growth rate is applied to each district. Consolidated data on agricultural practices are not available at any level. For livestock, the situation is no better”.

It appears that the situation of Ugandan agriculture is one of immense potential that remains grossly underdeveloped. With the population increasing at over 3.4 percent per annum the nation will not be able to avoid food problems in years to come unless efforts are urgently made to modernize agriculture (FAO. 2006)

It is my prayer that these aspects I have pointed out are treated as real and may help address the disparity between technocratic figures and actual situation on the ground. Sincerity in addressing this problem of soaring food prices is crucial.

Finally, I agree with Moises Gomez Porchini in his analysis report on the current crisis on soaring food prices and it is important that we restate our approaches towards this issue differently. (Doing business not as usual at country levels supplemented by global efforts).

Charles Lagu

Contribution by Kevin Gallagher, FAO Sierra Leone

On this topic, I would like to share some local observations from Freetown, Sierra Leone. The prices of fuel and food has gone up dramatically. Rice is 60% higher now than at the beginning of the year. One **impact** that staff have mentioned is that **children are not being sent to school to save on school fees as prices go up**. Switching to non-rice is not much cheaper because of transportation and transaction costs from the farm to city.

Under pressure from many sides, the Ministry of Finance **lowered tariffs on rice** from 15% to 10% and is using a **fixed rate for rice cost** no matter the actual cost so in effect, each metric ton of rice has a fixed tariff of US\$37.50 (approx). This represents **big loss to national revenues**, and potentially makes rice cheaper for me as much as for an unemployed person. However, there is no data showing if the lower tariff is past on to consumers - especially to poor consumers which should be the target beneficiaries - and there is some protection lost to local producers of rice (and the stimulating signals that might encourage them to produce more). Discussion is now arising on "**smart subsidies**" on how we might raise tariffs but then use tariffs to support the schools in the hardest hit neighborhoods, create work programmes and enhance productivity/marketing of local production.

The crisis is complicated but some sectors push for **simple solutions** (reduce tariffs, ban exports) **without good analysis of winners and losers**. This analytical aspect, especially among NGOs, would be a useful area for capacity building (we are running workshop next week on this) so that "more and better" advocacy can be done. A tool kit of analytical tools would be especially helpful. **Perhaps this is a good topic for IFAD-FAO-WFP-World Bioversity Centre supported International Alliance Against Hunger?**

With best regards,
Kevin Gallagher

Contribution by George Kent, Department of Political Science, University of Hawaii, USA

Comment on the letter by Médecins Sans Frontières (MSF) to the UN Task Force on the Food Price Crisis, available at:
http://km.fao.org/fsn/resources/fsn_viewresdet.html?r=435

THE COMPLEMENTARY FOOD DEBATE: WHO SHOULD DECIDE?

There is a hard debate swirling around the world regarding **complementary foods for young children**. One prominent dimension is the fear that over-zealous **promotion of commercially produced complementary foods could displace breastfeeding and local foods**.

Many participants have cast this as a debate over questions of science. It might be more useful to see it as a struggle over locus of control: **who is it that should finally decide what is the best way to feed young children?**

A press release from Médecins Sans Frontières Campaign for Access to Essential Medicines says in part:

"We see that when food prices rise the first thing to be reduced or cut out are things like milk products that young kids need most," said Dr. Susan Shepherd, nutritional advisor for MSF's Access Campaign. *"This is why it is so urgent that donors not only provide enriched flours, which are designed to meet the needs of adults, but also help supply foods specifically designed for growing kids."*

.....

Conventional food aid continues to provide children with inadequate foods, such as fortified blended flours that do not contain all the nutrients that a young child needs. Children require diets that contain specific nutrients included in animal-source food, like those in milk. Without essential nutrients, young children are at risk for malnutrition that leads to increased vulnerability to disease and increased risk of death.

.....

Changing food aid to meet children's needs is possible. Nutrient-rich and dense foods geared to the specific needs of young children exist, and have been used successfully by ministries of health and international organisations. Ready-to-use foods (RUFs) which require no cooking, added water or refrigeration, deliver the full range of nutrients a child needs in an energy-dense paste made with essential ingredients, including milk powder. **MSF is calling on donor governments to change current food aid programmes and develop strategies on providing food supplements.**

Ideally, families should be able to buy diversified food to feed their children, but when this is not possible, supplements should be made accessible to ensure that children do not become malnourished (Médecins Sans Frontières 2008).

It seems that this Campaign for Access to Essential Medicines wants to treat basic foods as if they were medicines.

When food prices rise, foods that are particularly important for children might sometimes be eliminated, but it might be that children's foods are protected more than adult foods.

When the price of rice increases, probably the household's rice supply suffers first, not its milk supply.

A deficiency in the diet does not always require delivery of products from the outside. It might be possible to encourage different ways of using local foods.

Food provided from the outside can relieve the pressure on the household budget, thus freeing up resources for the purchase of foods specifically for children and to meet other special food needs. For example, where the price of rice has increased sharply, providing rice to the household frees up money to be used for other purchases. There is no reason to expect food aid to provide the full diet with the full range of required nutrients for everyone in the household.

Rather than provide **rice**, it would be **more useful to provide money to the household**, and thus not undermine local rice sellers. The press release cited above says, "**Ideally, families should be able to buy diversified food to feed their children.**" If that is the ideal, perhaps those who assist from the outside should help families to do that. Most malnutrition results not from an absolute shortage of food, but from the fact that people are too poor to afford food of adequate quality and quantity. **When there are rapid increases in food prices, it may be more sensible to provide funds rather than foods.**

There should not be any undue pressure placed on governments or on households to follow a particular dietary pattern. Options should be made available, and thorough information about their merits should be made available. To the extent feasible, the **final decisions should be made at the household level or by appropriate well-informed government agencies** that have no relevant interests other than the well being of the families they serve.

Providing selected products to the household at no cost creates improper pressure in favor of those particular products. This has been demonstrated worldwide through the promotion of infant formula. This can go to extremes, as in the United States, where more than half the infant formula used is provided free by the government (Oliveira 2004). A few well-placed manufacturers of infant formula have been able to work with the national government to exercise huge influence over how infants are fed. Thus, fewer women breastfeed (Kent 2006). The resulting harm can only be estimated (Chen 2004; Hoddinott 2008).

Some Nigerian nutritionists are now alarmed with the ways in which nutrition interventions emphasize supplementation or fortification, and do not give adequate attention to the needs for basic energy and for diversity in the diet. The problem arises in part because outsiders come in with a focus on particular remedies. There is **little opportunity to make decisions locally, or to allocate nutritional resources based on local needs. Problems** arise because **decisions** are made in Geneva or Rome, or in the national capital, and **not locally.**

Decisions regarding diet should be based on the principle of subsidiarity, "**the principle that each social and political group should help smaller or more local ones accomplish their respective ends without, however, arrogating those tasks to itself** (Carozza 2003, 38, note 1). This means that decisions on how children should be fed in local communities should not be made in the headquarters of agencies in Geneva or Rome or Washington. If food is the problem, there is no need for medicine. **Food decisions should be made at the child's home or as close to it as possible.**

Exceptions can be made, with great care and through appropriate processes, if and when there is convincing evidence that well informed local people cannot make good decisions.

Those who want to improve infant and young child feeding should provide **funds to responsible**

local agencies for that purpose, and **let them decide** how the funds should be used. The grant should not require using particular products. Any such conditions would raise questions as to whose interests were being served.

Outsiders can make their arguments in favor of one approach or another. If their arguments are good the local agencies will follow the path they advocate. If not, they and the money will take a different path. There is no better way to protect local people from self-interested outsiders. This approach might mean that less money would come in from the outside, but that would be a small price to pay to protect the integrity of local people.

Funding may come from outside, but to the extent feasible, the control over how it is used should be localized. With some creativity, ways can be found to do that.

George Kent
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