

Statement
by
Deputy Minister Yavor Getchev, Bulgaria
at the Ministerial Meeting on Food Prices

Ministerial Meeting on Food Prices
October 7, 2013, Rome

DEAR MR CHAIRMAN,

LADIES AND GENTLEMEN,

It is an honour for me to take part in the Ministerial Meeting on International Food Prices.

Volatility of food prices undoubtedly has a significant adverse effect on a global scale. On one hand, high food prices aggravate food security situation in developing countries and undermine efforts to cope with poverty. On the other hand, the high price volatility leads to uncertainty in the income of farmers and discourages part of the farmers to engage in agriculture.

During the past 2012/13 marketing year we have witnessed record high international prices of cereals under the influence of lower global production and reduced export potential of some of the main producer countries.

Reflecting the trend in international markets, the prices of basic cereals and oil-yielding crops in Bulgaria grew by about 15 to over 30% compared to the previous year. At certain times of the marketing year price increase of some of the crops even reach about 40-50% annually.

These high prices naturally had a positive effect on the income of grain producers in our country. They also contributed to the realization of significant grain exports for yet another year and the formation of a substantial positive balance in the trade of Bulgaria in agricultural goods.

At the same time however, the high prices of cereals seriously hampered the smaller animal breeding farms which do not have their own feed and are highly dependent on the purchase of such. As animal products produced in our country are mainly for the domestic market, their prices reflected only partially the increase of production costs. In addition to the ongoing in recent years process of restructuring of

farms in Bulgaria, that contributed to a reduction of the number of bred animals and a decrease in the production of products of animal origin.

Over the last few months we have been observing a dramatic decline in the prices of cereals in the world, under the influence of prospects for high global supply in the marketing year of 2013/14. That has been directly reflected in the purchase prices in Bulgaria and in the month of September 2013 the prices of wheat and grain maize have been moving by nearly 40% below the levels of the previous year and part of the grain producers are already talking of poor economic performance and difficulties in financing of production for the next harvest.

It is clear that farmers are on the one hand some of the most affected by abrupt changes in the prices of the products produced by them, and on the other hand they are one of the factors contributing to this instability by the decisions taken by them to increase or decrease production.

Increasing the transparency and predictability of the markets of agricultural products worldwide and international cooperation in this field are essential for dealing with price volatility. In this regard, I believe the establishment of AMIS (Agricultural Market Information System under FAO) to be extremely useful. Coordinated multinational approach is certainly much more effective than separate national measures.

In conclusion, I would like to state that this ministerial meeting is an important impetus to the improvement of the food security situation in a regional and global scale. I would like to categorically state that the Bulgarian government is ready to actively participate in the implementation of concrete actions for achieving food security in the world. It is therefore necessary to further consolidate and specify the efforts of individual governments to work together with other international organizations, NGOs, financial institutions, the civil society and the scientific community.

Thank you for your attention.