

**Intervention of Mr. Viorel GUȚU, Deputy Minister of Agriculture and Food
Industry of the Republic of Moldova, at the FAO Ministerial Meeting on
International Food Prices**

October 7, 2013

Mr. Chairman,
Excellencies,
Ladies and Gentlemen,

I would like to thank Mr. Director-General for convening the second Ministerial Meeting on food prices giving us the opportunity to address the most important issues related to price fluctuations that continue to have a significant impact on international market stability and welfare of world population.

As an initial point, I would like to emphasize that our today topics are especially meaningful for Moldova taking into consideration the following two aspects: our situation as an economy in transition and severe weather variability that is happening with increasing frequency over the last decade.

Examining food price volatility should start with the characteristics of food markets. I have to say that Moldova is a small country where prices are highly affected by regional trends. Having as neighbours a number of big players in the production agricultural commodities, we, inevitably depend to a large extent to fluctuations on this regional markets, as well as volatility registered on the global market.

One of the features that characterize our economy, like one that faces the challenges of an economy in transition is the process of market monopolisation. And another alarming fact in this connection is that this process covers not only the market, but also access to the main infrastructure facilities, like railroads, warehouses, shipping management systems, etc. The outcomes of the big trading companies' activities are noticeable especially on the cereal and oilseed markets. As a consequence, small farmers, the most vulnerable part of the population, are those who have the biggest losses. The lack of consolidation of small farmers leads to their inability to have a strong position on the market and influence further development. For small countries like Moldova it is extremely important to be aware of the situation and identify timely and appropriate policy responses to cope with the negative impacts.

It is a well-known fact that farmers are paying the highest prices for the agricultural inputs and at the same time get the lowest prices for their outputs, along the value chain. The key solution to this situation is encouraging farmers to participate in business along the value chain, especially by consolidation and association of their efforts to greater market integration.

We must also recognize that bad weather events, natural catastrophes, and climate change in the medium to long-term, will all contribute to the uncertainty into the supply-demand picture. And considering the latest projections, it is highly likely that severe weather variability will be occurring quite frequently. Therefore, we should be aware that price uncertainty may continue for the foreseeable future. In this regard, we must develop mid and long-term agricultural policies responses to deal with all these challenges. Clearly, we need to increase sustainable agriculture production that can be achieved by raising food crop yields and their resilience, better use of price risk management tools, strengthening agricultural research, science and innovation and increase investment in rural areas. Many of the tools and technologies required to reduce the impact of extreme weather are available now. And many more are under development or waiting for the right policies to catalyse them.

In connection to my previous statements, I would like to point out that for us the combination of the two mentioned factors, monopolizing the market and lack of preparedness to weather related risks, has a direct role in aggravating food crises and the impact increases progressively.

In the end, I would like to reiterate my statements made at the Second Global Conference on Agriculture, Food Security and Climate Change “Hunger for Action” in Vietnam, that there is enough knowledge in the world, but there is no enough dissemination of this information; there are enough money to implement activities which would round the corners of crisis, we just have to increase our efforts to get financial resources directed to these scopes.