Ensuring Global Food Security

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Eradicating malnutrition across the globe will require an ambitious and coherent mix of policies, covering agriculture, trade, aid, environmental protection, research, investment and more. The correct balance will help provide the conditions for a general rise in prosperity - which is what puts food in people's mouths.
At the World Food Conference in Rome in 1974, the world’s governments examined global food production and consumption, concluding their meeting with the solemn declaration that ‘every man, woman and child has the inalienable right to be free from hunger and malnutrition in order to develop their physical and mental faculties’.

In spite of the considerable progress in increasing food production and reducing malnutrition over the two intervening decades, those ambitious words have yet to become a reality: the Food and Agriculture Organisation of the United Nations (FAO) estimates that over 800 million people in the developing world alone are still undernourished. Indeed, the FAO fears that, unless action is taken, many of these problems of food security will persist and some will become worse. In Africa in particular, lagging food production and a rapidly growing population are increasing the risk of serious and persistent food shortages.

At the World Food Summit held, again in Rome, from 13 to 17 November 1996, the member governments of the FAO reaffirmed their commitment to the eradication of hunger and agreed on a plan of action for increasing the year-round availability of food, improving access to supplies, and reducing the number of malnourished people.

To guarantee that all individuals have access to sufficient food - their ‘food security’ - the world must produce enough to feed its expanding population; and that output must be readily available to all. It is therefore literally vital that government policies do not impair incentives to available to all. It is therefore literally vital that government policies do not impair incentives to

Developing Food Resources

With enough investment to support the development and application of improved methods of production, the world can indeed produce the quantities required, even though its population is projected to rise from roughly 5.8 billion currently to 7.6 billion by the year 2020. In recent decades world production of food has expanded at a rapid rate, aided from the 1960s onwards by a scientific revolution that has led to major gains in the yields of rice and wheat. The introduction of improved varieties of crops and the use of fertiliser pesticides, mechanisation and irrigation have resulted in production increases in excess of population growth in many regions of the world. Increases in yields per hectare of 3% or more per year have not been uncommon. Science and technology have been of paramount importance, first, by making possible the dietary improvements that have accompanied the expansion of supply, and, more generally, in promoting economic development by lowering the real cost of food and releasing labour from agriculture for employment in other sectors.

In many richer countries, the speed with which agriculture is expected to adjust to changes in productivity has been a contentious political issue. Attempts have been made to protect farm incomes by supporting prices and even to limit necessary structural changes, such as an increase in farm size. Many of these attempts have been costly failures. They may even have accelerated the very pressures for structural change that they were intended to control.

As supply continues to expand, more attention will have to be given to the protection of the environment, which is now coming under considerable pressure from intensive farming techniques. Most of the world’s available cropland is currently being used, and little further production can be expected from bringing additional land under cultivation. The increases in crop yields necessary to meet demand will have to be both economically and environmentally sustainable. Further advances in biotechnology, such as the genetic modification of plants to reinforce their resistance to pests or diseases, offer substantial promise for increasing yields with minimal impact on the environment. Improvements in the management of scarce natural resources, particularly water, is important. Irrigated agriculture contributes nearly 40% of world food production from only 17% of the world’s cultivated land, but accounts for 70% of global water use.

Nor are these concerns purely terrestrial. Fish are an important source of protein, particularly in developing countries, with a vital role to play in food security. But stocks are under considerable pressure because of over-fishing. A plan of action for the sustainable exploitation of fisheries was agreed in Kyoto, Japan, in December 1995, by 95 member governments of the FAO. It calls for improved international co-operation and co-ordination in all aspects of fisheries management, and the use of fishery conservation and management arrangements to reduce over-fishing. If such a route is not followed, there is a risk of a large deficit in supply early in the next century. That would hit the developing countries particularly hard.

The expansion of supplies through aquaculture could be important in filling the gap. The FAO estimates that world aquaculture production is likely to be more than double by the year 2010, and could then account for over 35% of fish consumed. But so far aquaculture has centred largely on high-value species, such as salmon and shrimp, which are unlikely to provide inexpensive protein for developing countries. Their best option to increase the supply of protein is to focus on the promotion of aquaculture as part of sustainable agricultural systems by, for example, the rearing of fish in rice paddies.

The creation of sustainable agricultural systems is a complex process that requires appropriate technology and policies, and attention to education and training. The effective diffusion of improved techniques is crucial in increasing output and minimising post-harvest losses. And since many of the world’s food-producers are women, equal access for both men and women to training in these techniques is extremely imp-

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The OECD Contribution to Global Food Security

The OECD is making a contribution to achieving the goal of global food security through several parts of its work. It seeks to stimulate equitable economic growth and the expansion of international trade, promote a more efficient public sector, and improve policy positions and responses in the OECD countries as they affect developing countries and economies in transition. There are substantive collaborative efforts with other international organisations, the FAO in particular, in a number of activities, not least food, agriculture and fisheries.

The OECD constantly monitors and assesses the impact of agricultural and fisheries policies in OECD countries. Each year, it provides projections for global supply, demand, trade and prices for major agricultural commodities over the next five years. In doing so it considers developments in technology, incomes and other factors, such as agricultural and trade policies, and how these are likely to affect markets. This helps to identify necessary policy reforms to allow producers and consumers to respond to changes in market prices and to encourage international price stability.

In recent years, the global scope of the OECD’s aims has been reflected by reaching out to non-member countries, with workshops organised on important policy issues. Some of the economies involved are Argentina, Brazil, Chile, China, Hong Kong, India, Malaysia and Thailand; and there are evolving linkages between the OECD economies and those of non-member countries, particularly Brazil, China, India, Indonesia and Russia. Those linkages are the subject of a further in-depth study by the OECD.1

In collaboration with Sahelian countries and their aid donors, in 1990 the Club du Sahel at the OECD drew up a code of conduct for food-aid operations in that region. The main objective of the Food Aid Charter for the Sahel is to reduce the potentially adverse effects of food aid on the agricultural sectors in the region: it can, for example, depress farm prices and affect production. The Charter thus aims to maintain overall food supply at a relatively constant rate, while guaranteeing supplies to high-risk or underprivileged groups. It is based on three principles: the provision of more reliable information in order to estimate food requirements; improved co-ordination between donors and recipients; and stronger discipline in the implementation of food-aid activities, with an emphasis on local or regional purchases. The Charter’s impact is evaluated annually. Its success shows it to be a potential model for food-aid operations in low-income, food-deficit countries.

The members of the OECD Development Assistance Committee (DAC) recently made a renewed commitment to the promotion of economic development, which includes the objective of reducing by half the proportion of people living in extreme poverty in developing countries by the year 2015.2 In identifying how to target development aid towards this goal, the OECD countries have set out a series of specific measures to be taken: support for locally developed strategies, a commitment to adequate resources, enhanced co-ordination in international fora and on the ground, monitoring and evaluation, and expanding the base for co-operation. In order to assist countries in reaching their goal, the OECD is working to help fashion a consensus among international agencies, donor countries and recipients on future development strategies and the use of aid.


Economic Growth v. Poverty

Food insecurity can be a vicious circle: people who are malnourished often do not have the resources to grow their own food, or enough income to purchase it from others. The solution clearly lies in increasing the incomes of the poorest. In some countries that means ensuring that poor people have access to sufficient farmland and capital. In others it means finding ways to promote the growth of economic activity in rural and urban areas. The creation of a policy environment that encourages private investment and capital-formation throughout the economy is an important ingredient in accelerating economic growth and the creation of employment. All governments have to direct their efforts towards ensuring the necessary conditions for sustainable economic growth, which brings with it an improved distribution of income.

Political instability often contributes to food insecurity. Participatory and pluralistic political systems, with governments responsive and responsible to their peoples, are thus most conducive to food security. The disruption of food supplies through wars and civil strife has been a major factor in causing malnutrition and famine.

By contrast, economic growth and political stability in many parts of the world have done much to improve food security. It is not coincidental that where new techniques have made the largest contribution to agricultural productivity, in many of the large rice-producing countries of Asia, is also where the fastest economic growth has been occurring. Other regions of the world, particularly Africa, which have not had such a favourable combination of suitable technologies and political stability, have seen their food supplies deteriorate under the pressure of...
rapid population growth. It is towards such areas in particular that the focus of improving food security must be directed.

Reforming Agricultural Policies

The world’s farmers can feed its growing population if agricultural policies do not distort their incentives. Prices must reflect changes in supply and demand in order to guide the use of resources and stimulate productivity. Attempts by governments to try to insulate domestic markets from changes in world demand and supply are often costly and merely transfer the burden of adjustment to others.

Further reform of agricultural policies and the reduction of government intervention is essential to improve the functioning of markets at all stages - from the supply of inputs to the processing of raw commodities and the distribution of final products to consumers, and from local and regional markets to international ones. The reform of policies in many developing countries which tax production and those in many rich countries which subsidise production is necessary for markets to function efficiently. Lessons drawn from the expensive mistakes of agricultural policies in many OECD countries would help ensure that they are not repeated elsewhere as incomes increase.

Concern is sometimes expressed that the opening-up of domestic markets will expose consumers to unacceptable variability in prices and its associated risks. This risk can be handled through private-sector mechanisms, such as futures and options markets, provided that they are allowed to operate efficiently and that producers and consumers alike have access to them. The spread of information technologies offers considerable promise here. State-subsidised storage of agricultural commodities or other measures, such as restrictions on international trade, are likely to be costly and of limited effectiveness. That is not to say that governments have no role at all: the efficiency with which markets can handle fluctuations in supply and demand could be enhanced through assistance to infrastructural development, such as the improvement of transport and communication systems. It is increasingly recognised that the elimination of impediments to the free flow of goods and information is a key factor in increasing the efficiency with which food markets function.

International trade has a major role to play not only for its physical capacity for moving food from surplus to deficit areas, but also through its contribution to growth in world incomes. The aim of trade policy should be to increase self-reliance through the use of commercial imports and exports to balance changes in domestic production, rather than to pursue self-sufficiency regardless of cost. Trade will be vital in meeting the long-term food requirements of a large portion of the world’s population, and in alleviating the short-term pressures of domestic crises. Food aid will obviously be important in such emergencies, but it should take care not to skew the price signals that allow markets to work efficiently.

To ensure that international trade plays its role in food security, the reform of policies that insulate domestic markets from international ones is a high priority. The Uruguay Agreement on agriculture establishes a framework to this end. Members of the World Trade Organisation (WTO), recognising that the achievement of the long-term objective of a substantial and progressive reduction in support and protection would require an ongoing process, have agreed to initiate further negotiations on agriculture, starting in 1999. The aim is global integration of domestic markets.

Ensuring food security is an ambitious goal that requires governments to work with markets rather than against them. The commitment to market-oriented policies by the OECD countries, both in the OECD and the wider forum of the WTO, will contribute to the more efficient functioning of markets that is necessary for global food security.