BOOK REVIEW

Globalisation and the Determinants of Food Security

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Report of the High Level Panel of Experts (HLPE) on Food Security and Nutrition, 4 volumes, United Nations Committee on World Food Security, Rome, July 2011–June 2012.

HLPE Report 1, *Price Volatility and Food Security*, July 2011, http://www.fao.org/cfs/cfs-hlpe/report-1-price-volatility/en/.

HLPE Report 2, *Land Tenure and International Investments in Agriculture*, July 2011, http://www.fao.org/cfs/cfs-hlpe/report-2-land-tenure-and-intl-investments-in-agriculture/en/.

HLPE Report 3, *Food Security and Climate Change*, June 2012, http://www.fao.org/cfs/cfs-hlpe/report-3-food-security-and-climate-change/en/.

HLPE Report 4, *Social Protection for Food Security*, June 2012, http://www.fao.org/cfs/cfs-hlpe/report-4-social-protection-for-food-security/en/.

Global food prices, especially of food grain, have never been as high and volatile in a long time, at least not since the 1970s when widespread food shortages across the world resulted in anger spilling on to the streets. Since the summer of 2008, global food prices in general, and food grain prices in particular, have been on an unprecedented climb. In 2008, average food prices in the international market were almost two-and-a-half times higher than the average prices that prevailed between 1990 and 2006. The most spectacular increase was in the case of rice: the average world price for rice in April 2008 was about three-and-a-half times higher than prices between 1990 and 2006. Over the last four years food prices have declined from their 2008 peak, but they remain high in historical terms and extremely volatile.

Although high prices imperil access to food immediately, they are only one determinant of the security of access to food, especially for people who are the most

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vulnerable in economic terms. A range of factors imperils food security, and these factors are what the four volumes under review seek to explore.

The four reports, each exploring a different theme, arose from the work of the High Level Panel of Experts (HLPE) on Food Security and Nutrition that was established by the United Nations Committee on World Food Security (CFS) in 2010. The "reformed" CFS aimed to provide better coordination among nations and "policy support" to countries in order to tackle the problem of access to food and address the problem of malnutrition. M. S. Swaminathan chaired the Steering Committee of the HLPE.

The first of the four volumes addresses the issue of price volatility in the market for food grain, especially since 2007. While examining the recurrent episodes of food crisis between 1915–17 and 2003–08, it identified three major contributory factors: a significant decline in food stocks, a fall in agricultural investment, and reduced public spending on agriculture. The report observes that the spectacular growth in demand for biofuels, driven primarily by subsidies, tax incentives, and mandatory blending of conventional fuels in the advanced countries, have had an impact on the demand for edible oils and cereals (HLPE Report 1, p. 32).

Since the poor spend a higher proportion of their incomes on food than the rich do, and since this is a feature of consumption patterns in countries across the world, price instability does not affect every country in a similar manner. For instance, as the Report notes, food consumption is virtually unresponsive to price changes in the US as compared to, say, Pakistan, and therefore price instability has particularly adverse implications for consumption in the latter country. The Report also draws on evidence from other studies to show that the differential in food price elasticities across richer and poorer countries has been widening over the years. It observes: "The inverse relation between income and food price elasticity, coupled with growing incomes in most of the world, means world food demand is becoming less and less price elastic" (*ibid.*, p. 23).

Inequality in consumption within countries, whether the countries themselves are rich or poor, is a question this study does not address. The issue of inequality is not minor because there is evidence to show that growing demand in countries such as India and China is not the reason for the heightened volatility in world food prices. Although the Report discusses the mechanism by which international prices are transmitted to domestic economies, it does not deal with the potential impact of an efficient public distribution system and the use of publicly held food stocks on the general prices of cereals.

The Report observes that government interference in the form of export curbs and other such measures prevented global markets for food being "big enough to absorb, with limited price variations, any localised supply or demand shock" (*ibid.*, p. 24). "Export restrictions and bans were a significant factor in the 2007/08 food

price crisis, particularly for rice," it notes. Export curbs in exporting nations such as Russia, Argentina, and India "sent a strong signal to importing countries that the international market remains primarily a residual market in which domestic interests are still paramount" (*ibid.*, p. 24). However, the fact that per capita consumption of food grain hardly increased between 2000 and 2007 – before the price spiral began – indicates that the withdrawal of these countries from global markets resulted in improved access to food grain domestically. The Report's observation that "domestic interests are still paramount," and that the delinking of major supplier and consumer nations is what caused volatility in prices, confirms the reality that exports at a time of shortages is a national political issue – concerned with important questions of people's food security – in many countries.

The hotly debated issue of whether speculation in futures markets explains the high volatility and price levels is also examined in the Report, but the discussion is inconclusive. However, the Report does call for a "precautionary approach to the use of commodity futures trading in a food system meeting basic human needs" (*ibid.*, p. 38). It urges national governments, which had ceded control over derivative-based trading during the wave of deregulation during the 1990s, to seize control of the means to curb speculation.

> It is however misleading to set global production growth as the top priority. World agricultural production is already growing at a steady pace. As a result of the slowdown in world population growth, the growth rate of world food production per capita is today the highest it has been for 50 years (1.3 per cent per year). There is no need to boost agricultural growth but there is an urgent need to guide that growth toward long-term food security. (*ibid.*, p. 41)

While admitting that the World Trade Organisation, rather than the United Nations Committee on World Food Security (CFS), is the appropriate forum for fixing trade rules, the Report observes that the CFS, nevertheless, can act as the leading forum for debate that balances not only the interests of the rich and poor nations, but also "the interests of the handful of firms and the billions of people who depend on that trade for some part of their food security" (*ibid.*, p. 59).

The Report recognises the fact that coordinated stock management is critical to the success of any price stabilisation programme, and recommends that the CFS explore options for international cooperation that would result in efficient management of food stocks. It is interesting to recall that during the 1980s and 1990s, several commodity-specific international agreements collapsed because consumer member countries, acting under pressure from the large multinational companies that control commodity trade, prevented producing nations from using commodity stocks to stabilise prices.

What has been the impact of the recent large-scale cross-border investments in land on land tenures and food security? This issue, which has become significant

in the last five years in many countries, particularly in Africa, is the theme of the second Report. Although precise estimates of such a transfer of ownership are not, available, the report notes that between 50 million and 80 million, hectares of land, mostly in low income countries, has been bought by international investors. While observing that "land is becoming a global asset to be traded just like any other commodity," it points out that more than two billion small land owners depend critically on land, a fact that has crucial implications for food security (HLPE Report 2, p. 8).

The Report points out that official records with respect to cross-border land transactions are inadequate, as are records of the terms of the contracts that resulted in transfers of assets. It observes: "Data are poor in part because of secrecy from both investors and host governments over the scale of allocations and the terms on which land is acquired" (*ibid*., p. 9). Multinational companies with interests in extractive industries and biofuels, national governments (such as Libya and Saudi Arabia) with an interest in securing an assured supply of food, financial institutions, and commercial farmers from overseas (including those from India who have invested in land in Ethiopia, for instance) are the primary buyers of land – mostly in Sub-Saharan Africa. According to one estimate cited in the Report, 51–63 million hectares of land had been acquired in 27 African countries by cross-border investors till 2010. By another estimate, foreign investors acquired 3.6 million hectares of land in Ethiopia between 2008 and 2011 (*ibid*., p. 15).

The Report notes that there is little evidence to show that such investment in land, which also happened during a period when pubic investment was not forthcoming, has resulted in improved productivity. "Rather, large-scale investment is damaging the food security, incomes, livelihoods and environment for local people," it observes. More than three-quarters of the land deals that were announced had not resulted in tangible gains in investment in terms of higher agricultural output (*ibid*., pp. 8–9). Although some of these acquisitions may have been driven by the motive of pure speculation, it is unlikely that they were not backed by investments that resulted in improved productivity of the land. Perhaps the lack of data, especially on investment in land improvement, explains the Report's observation that there has been no increase in productivity of the land acquired by such investors.

The Report points out that although much of the agricultural land in middle- and low-income countries in Africa is "productively occupied and used," cultivators enjoy no formal title to the land, which makes them "vulnerable to dispossession." Women, ethnic minorities and indigenous peoples, and those who have traditionally depended on the commons for grazing, access to firewood, and other resources are particularly insecure, it notes.

The Report recommends that those directly affected by such investments "must have their say."

> Governments must have clear, transparent equitable land policies that are accessible, allowing for transparent transfers, equitable access, manageable systems of registration and deeds as well as open transparent heritage rights. (*ibid.*, p. 11)

HLPE Report 2 urges the CFS to ask national governments to report annually on the steps taken by them to ensure that investment in land is aligned with the objective of ensuring food security. More specifically, it asks the CFS to seek measures from national governments that would "prevent speculative pressures on land," for instance, by ensuring that lease approvals are conditional upon proven investment plans.

The third Report, which addresses the issue of climate change and its impact on food security, urges the adoption of a "social vulnerability lens" in order to understand why certain communities, individuals, and social groups are more vulnerable than others to the impact of climate change albeit within the same geographic space. The Report observes that the poor, because of their "pre-existing vulnerability," may be exposed more to the adverse consequences of climate change. It notes that a large proportion of the global poor are concentrated in Sub-Saharan Africa and in South Asia, regions where climate change is likely to be "especially pronounced."

Climate change is likely to adversely affect marginalised groups in the richest countries just as it is likely to affect marginal farmers and landless workers in poor countries, the Report observes. The "complex social, economic, and biophysical adjustments" that are needed to adapt to climate change would be most difficult for the most vulnerable. Tropical countries, especially those in the arid tropics, which are already among the poorest, would find adaptation even more challenging.

Agricultural crop production and livestock are estimated to account for about 15 per cent of global greenhouse gas (GHG) emissions. Since change in land use, which is driven by expansion of agricultural area, contributes significantly to GHG emissions, the Report calls for measures that reduce the conversion of non-agricultural land. Controlling direct and indirect emissions from agriculture is an essential part of the larger effort to slow the pace of climate change, it observes. Further, direct increases in agricultural GHG emissions are likely to be faster in regions where there is a larger increase in crop and livestock output, resulting in higher methane and nitrous oxide emissions. Policies that result in better management of such emissions are crucial (HLPE Report 3, p. 13).

The Report recommends an immediate increase in investments that provide a measure of insurance against the risk of food-supply dislocations. These include building up higher reserve stocks and improved transport infrastructure. It also calls for a refocusing of research from the agenda of increasing yields to one that has a "more complex set of objectives" which ensure that food production is sustainable and responds to climate change. Further, it urges the CFS to encourage explicit inclusion

of food security in the agenda of the United Nations Framework Convention on Climate Change.

The fourth Report is a strong rebuff to the prevailing orthodoxy on subsidies – that they distort markets and that, even if they have to be incurred, they ought to be targeted. It points out that input subsidies, such as those for fertilizers, increase farm output and incomes, especially of women farmers. It observes that targeting such subsidies narrowly at small landholders is expensive and cost-ineffective.

"A direct, untargeted food subsidy" that is available to all consumers ensures an increase in consumption by poor consumers. However, the non-poor tend to benefit disproportionately from this regime. The Report observes that such regimes have become fiscally unsustainable in several countries, although this may have more to do with the way the fiscal priorities are arranged.

The Report notes that the use of grain reserves, which used to be a key element of food security systems in many countries in the 1960s and 1970s, has diminished. It recommends that careful use and release of stocks be employed as a method to effectively counter increases in food prices.

The Report calls upon all countries to establish a "nationally owned" social protection system whose objective is to ensure adequate food for all. It urges nations to establish a "twin-track" strategy that provides assistance or insurance to people who need food, while simultaneously supporting the build-up of assets that afford long-term protection.

Finally, HLPE Report 4 urges the CFS to ensure that the right to adequate food and social protection, which is enshrined in the Universal Declaration of Human Rights and other conventions, is reflected in the national legislation of member countries.