Food price crisis should have been avoided - experts

Failure to reform food system blamed for escalating food insecurity sparked by Ukraine war

Read the IPES-Food special report, 'Another perfect storm?' at: https://www.ipes-food.org/pages/foodpricecrisis

Expert authors available for interview:

- Olivier De Schutter, co-chair of IPES-Food, UN Special Rapporteur on Extreme Poverty and Human Rights [Belgium - FR, EN]
- Jennifer Clapp, IPES-Food expert, vice chair of the High Level Panel of Experts on FoodSecurity and Nutrition [Canada - EN]
- Mamadou Goïta, IPES-Food expert, executive director of Institut de Recherche et de Promotion des Alternatives en Développement Afrique [Mali - FR, EN]
- Raj Patel, IPES-Food expert, Professor in the Lyndon B Johnson School of Public Affairs at the University of Texas [USA - EN]

6 MAY, BRUSSELS - With the invasion of Ukraine sparking a third food price crisis in 15 years, world leading food systems experts are today warning “underlying rigidities, weaknesses and flaws in global food systems” are fanning the flames of global hunger.[1] The IPES-Food report comes as the FAO Food Price Index today shows continued record high food prices in April 2022; and Germany is attempting to form a new G7-led food security alliance in response.

Fundamental flaws, which have allowed the Ukraine conflict to become a full-blown global food price crisis - such as heavy reliance on food imports and excessive commodity speculation[2] - were not corrected after previous food price spikes in 2007-2008, say the experts. They call for urgent reform of food systems to prevent growing numbers of people being left vulnerable to food insecurity.

After the Ukraine invasion, world food prices are sustaining all time highs, hitting some food insecure countries hard.[3] FAO modelling suggests numbers of undernourished people could increase by 13 million this year. Food riots, civil unrest, and repressive government tactics seem likely.

10 weeks after the outbreak of war, IPES-Food takes stock of the growing food security crisis, pointing to unresolved drivers:
● **Food import dependencies**: Global dietary diversity has been declining for decades (concentrated on wheat, rice and maize); cash crops have been promoted over more diverse food provision; some countries are now 100% dependent on imports of staple foods while being highly indebted.[4]

● **Entrenched production systems**: Geographical over-specialisation, trader and governmental preferences for commodity crops and biofuels, and reliance on synthetic fertilizers all hold back farmers’ ability to diversify food production and shift food production practices.

● **Market failure and speculation**: Global wheat stocks are currently high relative to historical trends and stock-to-use ratios are reasonable; what’s exacerbating price spikes is a lack of transparency on stocks, and what appears to be excessive commodity speculation.[2]

● **Vicious cycles of conflict, climate change, poverty and food insecurity** - leaving hundreds of millions of people without the ability to adapt to sudden shocks.

The expert panel warns against short-sighted responses to the crisis that exacerbate current trends - such as suspending environmental regulations, ramping up industrial food production, and further promoting export-oriented fertilizer-dependent agriculture. Instead it calls for urgent action to:

- provide financial assistance and debt relief to vulnerable countries,
- crack down on excessive commodity speculation and enhance market transparency,
- build regional grain reserves,
- diversify food production and restructure trade flows,
- reduce biofuels, livestock numbers, and reliance on fertilizers and fossil energy in food production.

**Olivier De Schutter, co-chair of IPES-Food, and UN Special Rapporteur on Extreme Poverty and Human Rights, said:**

"A new generation is once again facing mounting food insecurity, and it seems no lessons have been learned since the last food price crisis. Continuing to rely on a handful of food commodities and countries for global food supplies, combined with predatory financiers betting on food, is a recipe for disaster. We can only hope that this time will be different. Making our food systems resilient, diverse and less reliant on fossil fuels will help ensure the next shock - whether from conflict or climate change - does not spark another crisis."

**Jennifer Clapp, IPES-Food expert and Canada Research Chair in Global Food Security and Sustainability at the University of Waterloo, said:**

"Evidence suggests financial speculators are jumping into commodity investments and gambling on rising food prices, and this is pushing the world’s poorest people deeper into hunger. Governments have failed to curb excessive speculation and ensure transparency of food stocks and commodity markets - this must be urgently addressed."

**Mamadou Goïta, Mali, IPES-Food expert and executive director of Institut de Recherche et de Promotion des Alternatives en Développement Afrique (IRPAD Afrique), said:**

"It’s alarming to see rising prices and the threat of hunger and food riots return to many countries in Africa. Rebuilding regional sovereign grain reserves is a key
to resilience when these sorts of shocks hit - West Africa has made some progress, but it’s a wakeup call and all regions need support to accelerate this.”

**Raj Patel, IPES-Food expert and Professor in the Lyndon B Johnson School of Public Affairs at the University of Texas, said:**

“For decades, rich governments and institutions like the International Monetary Fund and the World Bank have pushed low-income countries to grow crops for export to the rich world and to import staples like wheat and corn to feed themselves. Now millions of people are left exposed to recurrent food price shocks, countries are in debt, and interest rates are rising. Cancelling debt for food import-dependent countries is essential to help them prevent domestic unrest, protect vulnerable populations, and to rebuild and diversify food production.”

***

**Notes:**


[2] Evidence suggests financial speculators are likely contributing to exacerbating food price rises and volatility. In just 9 days in March 2022, the price of wheat on futures markets jumped 54%. This is despite global wheat stocks being high relative to historical trends - global wheat and maize supplies have steadily increased since 2012. Stock-to-use ratios in 2022 for cereals are reasonable - at 29.7% in 2022, marginally below the 2020/21 level of 29.8 percent, indicating a relatively comfortable current supply level. Excessive price rises and fluctuations are not based on market fundamentals. Since the Ukraine invasion began, there has been increased investment in commodity futures and commodity linked funds (daily trades of one such fund increased up to 100-fold from January to early March), trade volumes on the Chicago Mercantile Exchange rose, and the share of speculators in the wheat and maize markets increased.

[3] 26 countries source over 50% of wheat imports from Ukraine and Russia - for Eritrea, Somalia and DRC it is 80-100%.

The price of bread has doubled in Sudan and increased by 70% in Lebanon. In Kenya and Egypt, the cost of importing wheat has increased by 33%.

The poorest populations in low income countries spend over 60% of their income on food, and as such, even small price rises can have devastating impacts.

[4] Just seven countries plus the EU account for 90% of the world’s wheat exports, and just four countries account for over 80% of the world’s maize exports.

70-90% of all grain trade is controlled by four companies: Archer-Daniels Midland, Bunge, Cargill, Dreyfus.

***
Contact:
Robbie Blake | Communications manager, IPES-Food | robbie.blake@foeeurope.org | [EN, FR]

***

IPES-Food (The International Panel of Experts on Sustainable Food Systems) is an independent, expert panel shaping debates on how to transition to sustainable food systems around the world | @ipesfood

IPES FOOD