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WORLD FOOD AND AGRICULTURE IN REVIEW

- *H.E. The Minister of Industry and Trade*
- *Mr Secretary General, Arab Fertilizers Association*
- *Mr Chairman, Arab Fertilizers Association*
- *Mr Secretary General, Council of Arab Economic Unity*
- *Honorable participants and guests*

Ladies and gentlemen

Salam Alaicom

It is indeed a pleasure and an honour for me and on behalf of the Assistant Director General of the Food and Agriculture Organization (FAO) of the United Nations, Mr Saad AlOtaibi, to express my sincere gratitude to address your gathering to give FAO views on world food security.

This is a period of grave concern for the fate of the world's hundreds of millions of poor and hungry people. The world's attention was focused on the global food crisis as rapidly rising prices of staple foods posed major threats to global food security. The leaders of the world's most industrialized nations voiced their deep concern "that the steep rise in global food prices, coupled with availability problems in a number of developing countries, is threatening global food security".

The episode of “soaring food prices” was followed in rapid succession by the most severe global financial crisis and deepest economic recession witnessed in the last 70 years. The crisis has hit large parts of the world simultaneously, pushing millions of people into hunger and undernourishment. While food commodity prices in world markets have declined substantially in the wake of the financial crisis, food prices in domestic markets have often come down more slowly.

The International Monetary Fund IMF emphasized the extreme uncertainty of the outlook and the concern that economic policies might not be sufficient to arrest the vicious spiral of deteriorating financial conditions and weakening economies. Both the prospects for recovery from the economic crisis and developments in agricultural markets are critical for the world’s poor and hungry and for the possibility of moving towards rapid and sustained progress in hunger reduction. While the outlook for the global economy remains uncertain, agricultural market uncertainties have grown over the past year, making the agricultural outlook particularly unclear.

Real energy prices still remain above trend levels while resumed income growth in developing countries could put renewed upward pressure on food prices. Biofuel feedstock demand is being sustained, if not by economic fundamentals, then by a surplus of consumption mandates, fuel blending requirements, subsidies and tax incentives in many countries.

Many of the various policies implemented by numerous countries to protect domestic consumers from high prices, several of which constituted a disincentive supply response, have been slow to be removed. Policy concerns about how to prevent a future food price crisis also remain. In short, considerable uncertainty persists in agricultural markets across the globe.

Beyond the overriding question of the timing and speed of recovery from the severe economic recession, some issues particular to agriculture and agricultural markets appear as critical for the future of global World food and agriculture. There are many open questions:

- *How efficient are global and domestic food markets in transmitting price signals to producers and consumers?*
- *Will resumed growth of the global economy lead to a renewed phase of soaring food prices?*
- *What is the capacity of global agriculture to expand in the face of higher agricultural commodity prices?*
- *How much have policies initiated to protect domestic consumers from the effect of higher food prices distorted international markets, thereby worsening the problem and hampering an efficient supply response?*

According to FAO’s report ***The State of Food Insecurity in the World (SOFI) 2010***, there are presently 925 million people suffering from hunger and malnutrition in the world. While this represents a welcome decline of nearly 10 percent from the 2009 level, it remains unacceptably high.

Today about 100 countries require emergency assistance to rebuild their agricultural productive capacity and there are 30 in a situation of food crisis.

As a consequence, the level of the FAO emergency assistance programme in these countries amounts to 1.1 billion US dollars.

The situation in member countries of the Near East Region mirrors the world situation, with more people suffering from hunger and malnutrition. The number of hungry and undernourished people in the Near East Region in 2010 is estimated at 37 million, this corresponds to a reduction of 5 million people from the 2009 level.

Focusing on Near East Region, severe droughts and unheralded heat stresses, which hit several countries in 2008/09, were the main factors behind the drop in cereal production. A better improvement was recorded in the livestock sector, where meat production increased by 5 percent between 2006/07 and 2008/09. Fishery and aquaculture production is assuming an increasing importance, but its pace of growth remains modest. Total capture fisheries and aquaculture production amounted to five million tones in 2008, with aquaculture accounting for more the 24 percent.

While the Region is regarded as low forest cover compared to the rest of the world, the forest sector contributes more than 7 billion US dollars to the regional gross domestic product. The effects of climate change on the natural ecosystems are contributing to the degradation of forests and rangelands and to faster desertification in the Region.

Agricultural production will need to increase by 70 percent in the world and to double in the developing countries in order to feed a global population expected to reach 9.1 billion in 2050. Almost all of this demographic growth will take place in developing countries, and primarily in urban zones.

Strong political and adequate financial resources are needed to rise the challenge of expel hunger from the world. Decision taken must be followed by actions adequate with the goals set. Agricultural production and productivity need to be increased in developing countries, and particularly in low-income food-deficit countries.

Official development assistance to agriculture should reach 44 billion US dollars per year and developing countries must themselves devote a greater portion of their budgets to the sector.

CONCLUSIONS

The rapid succession of two major crises – the global food crisis and the subsequent financial crisis and economic recession – has delivered the hardest blow to world food security in decades. The two crises have led to a sharp increase in the number of people suffering from chronic hunger and undernourishment in the world and a reversal of the previously declining trend in the proportion of the world's population without access to adequate food for a healthy and active life.

The impact of the recession requires immediate and effective measures to protect the poor and food-insecure who are the most severely affected victims of the crisis. To lift them out of hunger, the food insecure need control over resources, access to opportunities and improved governance

at the local, national and international levels based on right-to-food principles. Finally, it is necessary to strengthen the international trading system in order to prevent measures implemented to protect domestic populations from destabilizing international markets and penalizing other countries.