

Is a Global Food Crisis Looming?



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Outline



Recent Food Price Hike

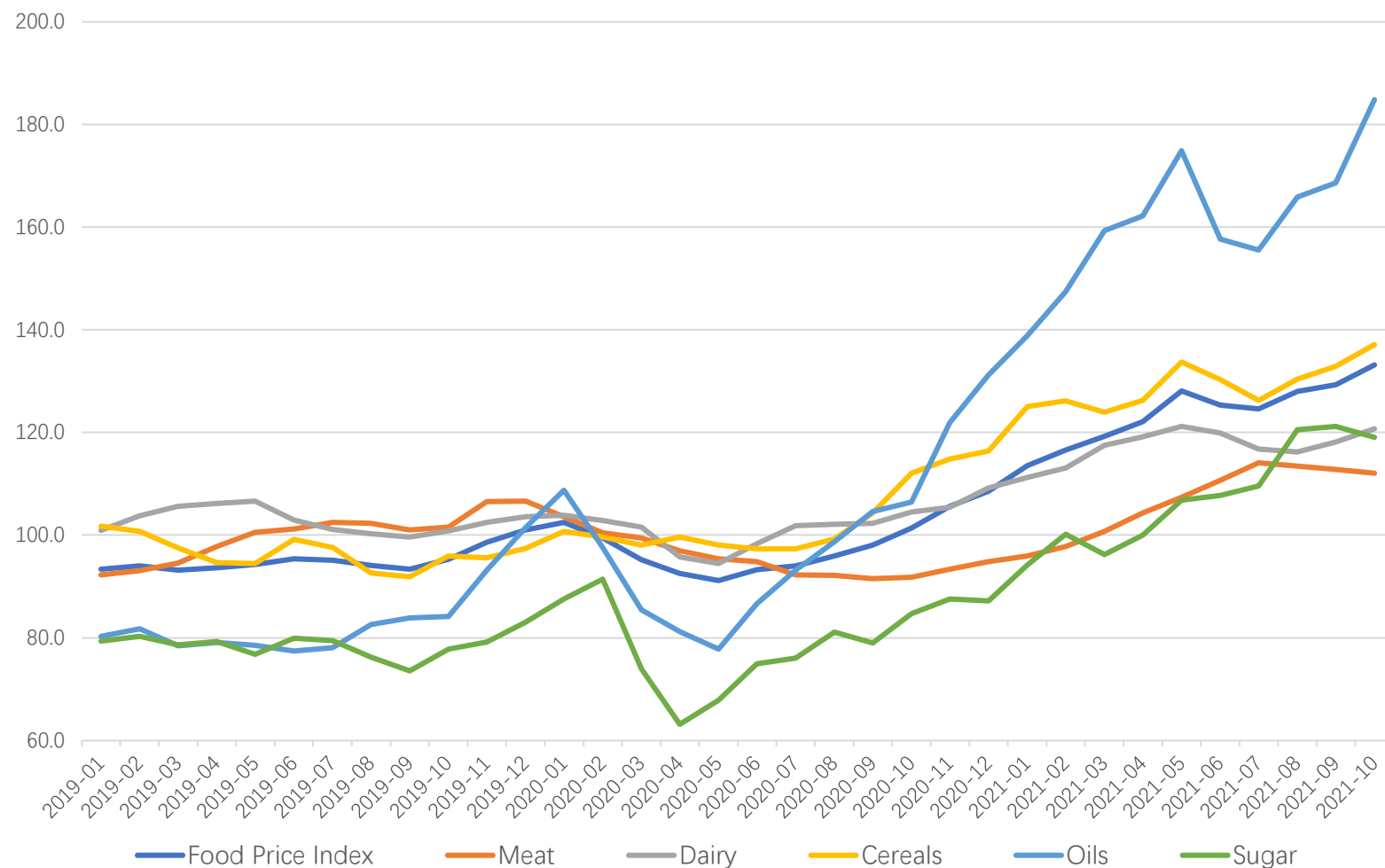
What Can We Learn from Past Food Crises

How to Prevent a Perfect Storm

The FAO Food Price Index at its highest since July 2011



FAO Food Price Index (2014-2016=100)



- The FAO Food Price Index (FFPI) averaged 133.2 points in October 2021, up 3.9 points (3.0 percent) from September and 31.8 points (31.3 percent) from October 2020.
- After rising for three consecutive months, the FFPI in October stood at its **highest level** since **July 2011**.
- The latest month-on-month increase was primarily led by continued strength in the world prices of **vegetable oils and cereals**.

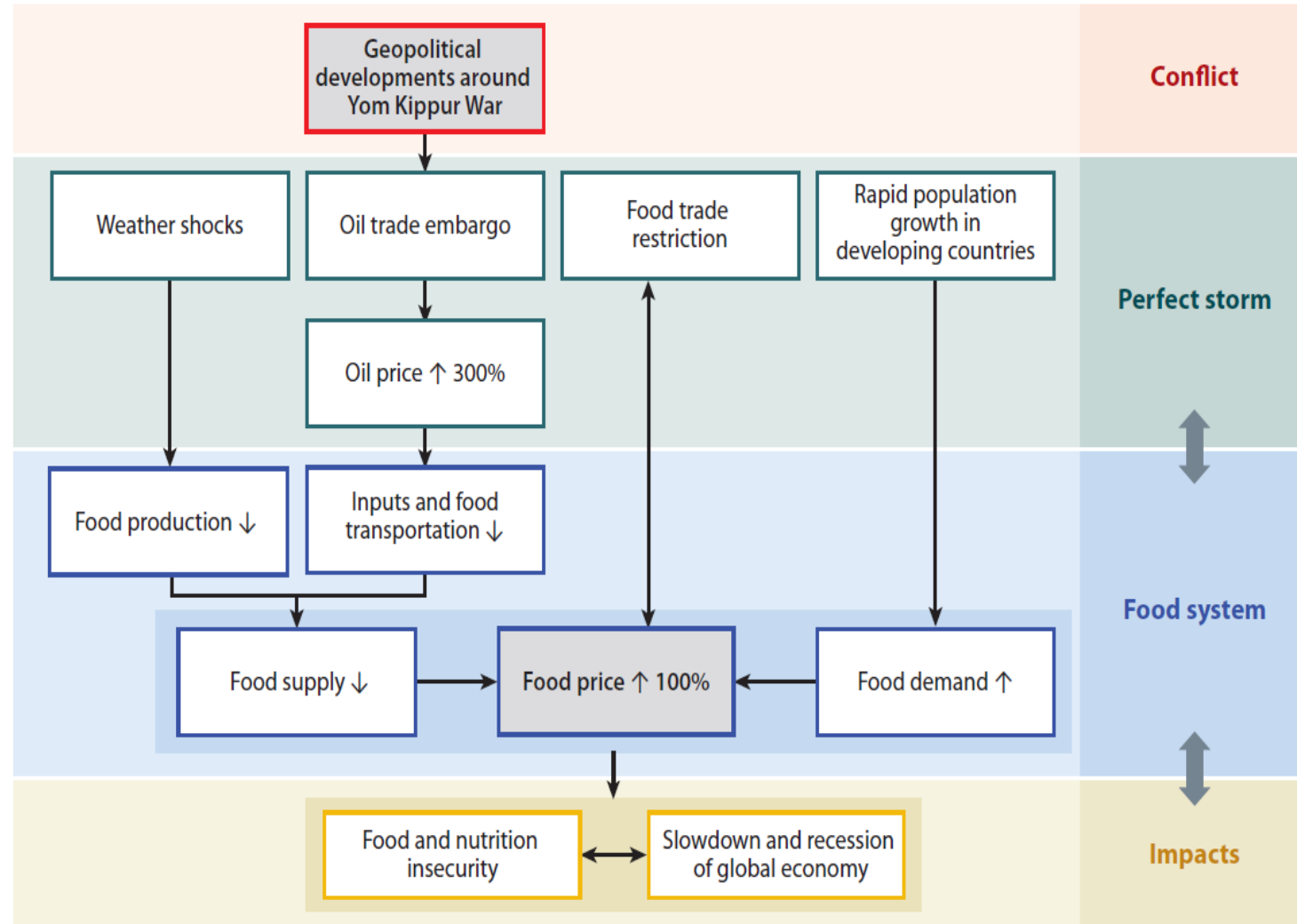
Food Crises: Past Experience



1970s Oil Price Crisis

During several months between 1973 and 1974, the prices of staple foods, especially rice, rose by more than **100%**, causing **a serious global food crisis**

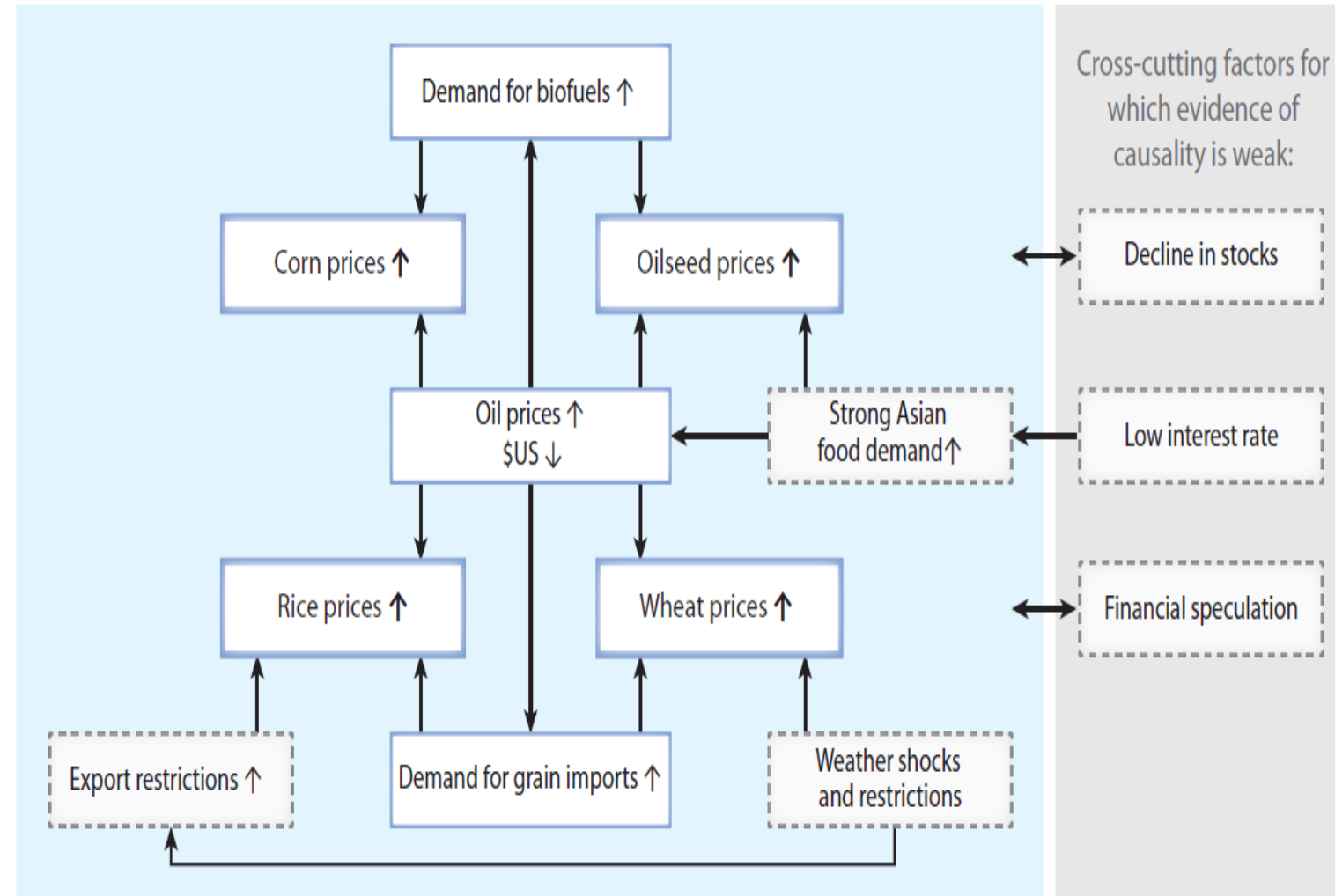
Although the food price spike closely followed oil prices, the drivers of the crisis can be considered **a perfect storm of events**



2007–2008 Food Price Crisis

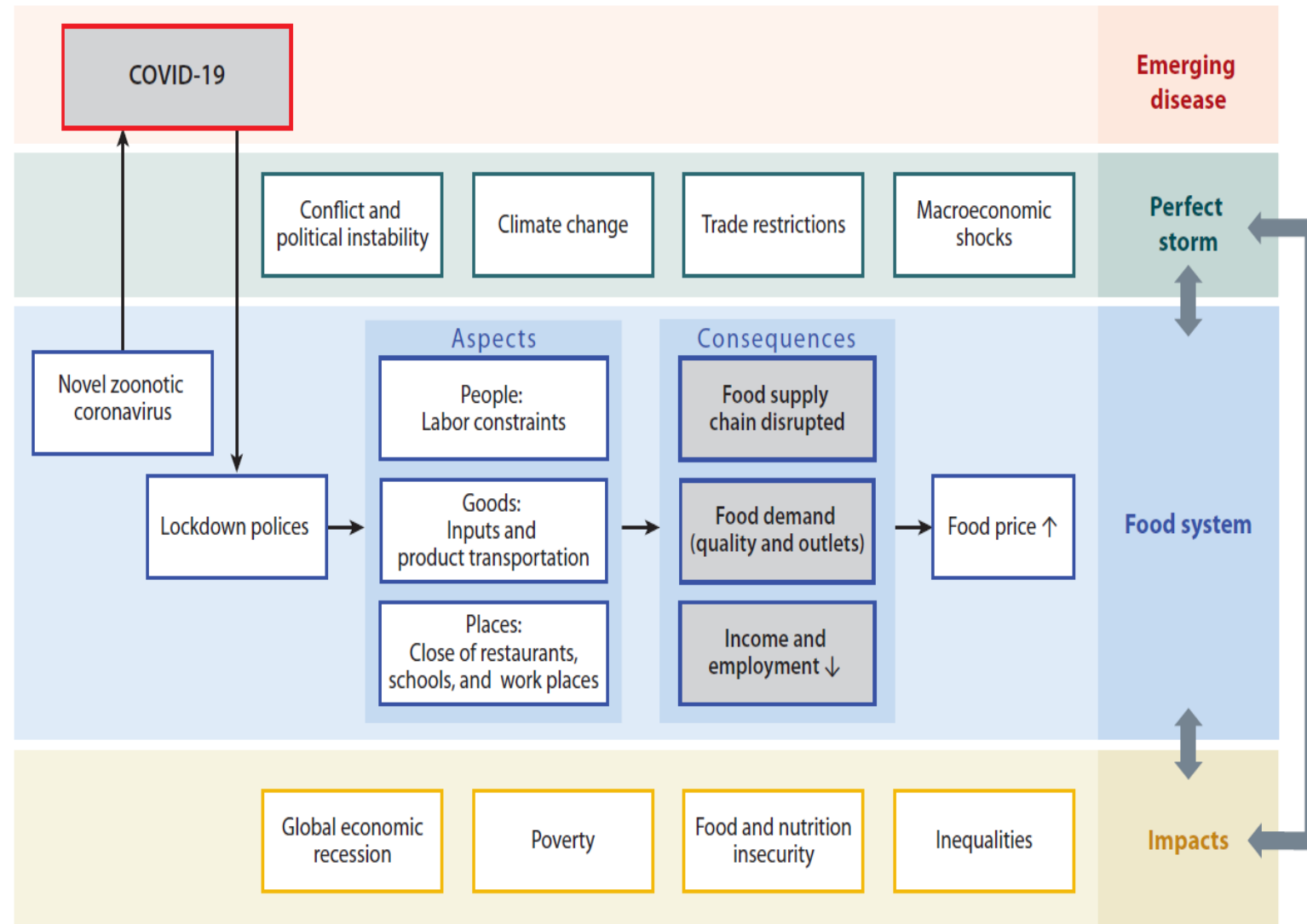
From mid-2005 to May 2008, the prices of staple crops surged, with the prices of some crops such as rice **doubling** in the span of a few months

The 2007–2008 food price crisis was driven by both **demand and supply-side events**



Coronavirus Disease 2019 Pandemic

- Instability generated by this outbreak and associated behavioral changes have resulted in **temporary food shortages, price spikes, and disruption to markets**
- Uncertainty regarding future impacts of the pandemic combined with restrictions on movement, soaring unemployment, limited access to food, and the erosion of already fragile livelihoods may lead to social tension, fueling violence and conflict



Coincidence of Risks

Coincidence of these risks can compound the effects on global food security and nutrition.



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How to Prevent a Perfect Storm



Causes of Recent Food Price Hike



➤ Macroeconomic Policy

- US Dollar over-issue
- Exchange rate fluctuation

➤ Energy crisis

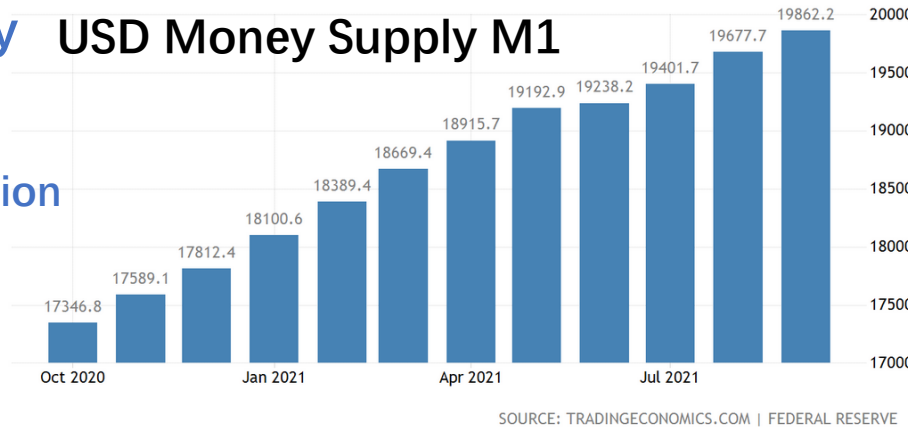
- Oil price hike

➤ Extreme Weather

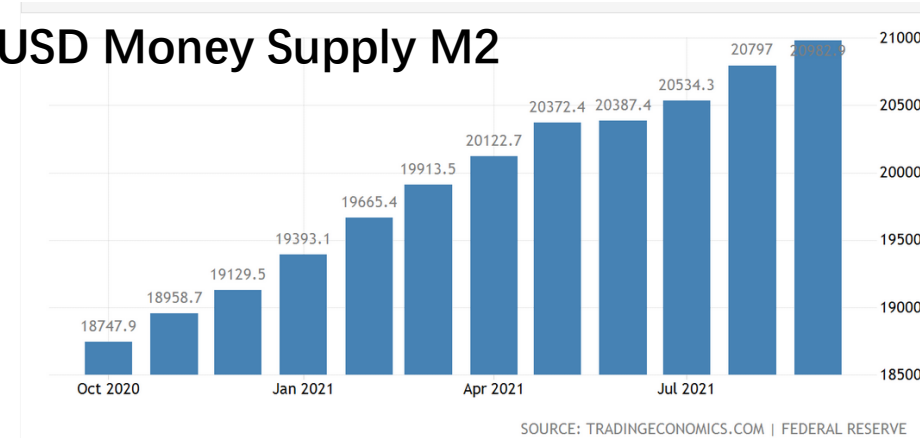
- Hurricanes and droughts in North America
- Cold waves and droughts in South America

➤ COVID-19

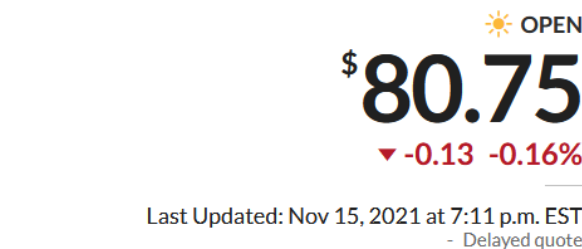
USD Money Supply M1



USD Money Supply M2



Crude Oil WTI (NYM \$/bbl) Front Month



Response to Recent Food Price Hike: Short Term Perspectives



- Green channels must be established to ensure smooth functioning of food supply chains
- Smallholders, small traders, and SMEs need special support
- New technologies such as E-commerce platform should be encouraged
- Protect poor consumers, particularly women, children and elderly, so they have access to nutritious and healthy foods
- Trade must remain open, particularly no trade restrictions
- Reform global governance. An IPCC for food can be set up

Response to Recent Food Price Hike: Long Term Perspectives

Rethink what future food supply chain should be: nutrition/health, sustainability, **inclusion and resilience**

