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Is a Global Food Crisis Looming?



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Outline



Recent Food Price Hike

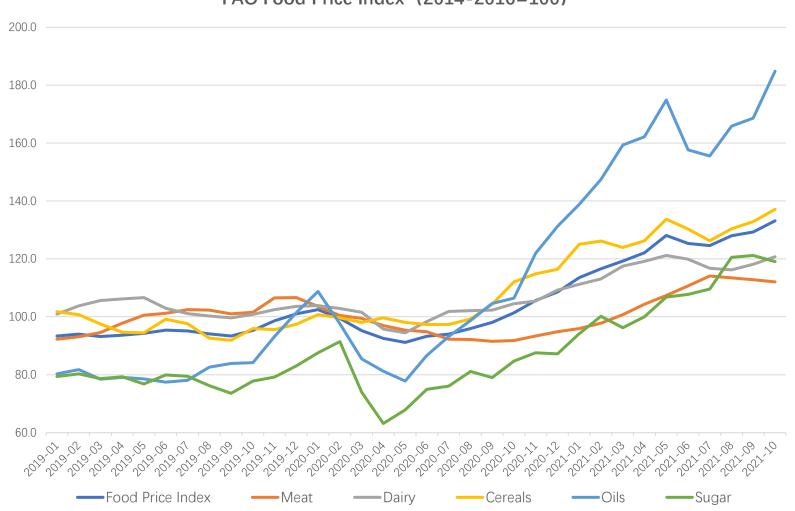
What Can We Learn from Past Food Crises

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.

Source: FAO

Food Crises: Past Experience

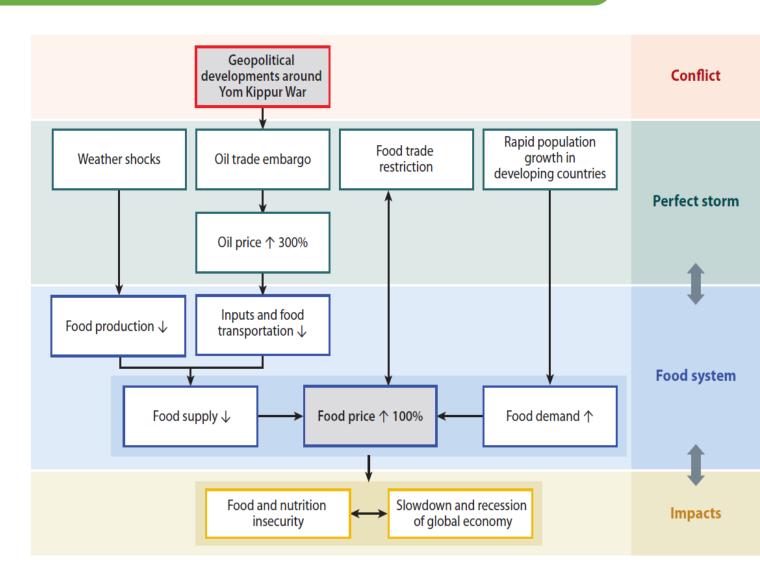


1970s Oil Price Crisis



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

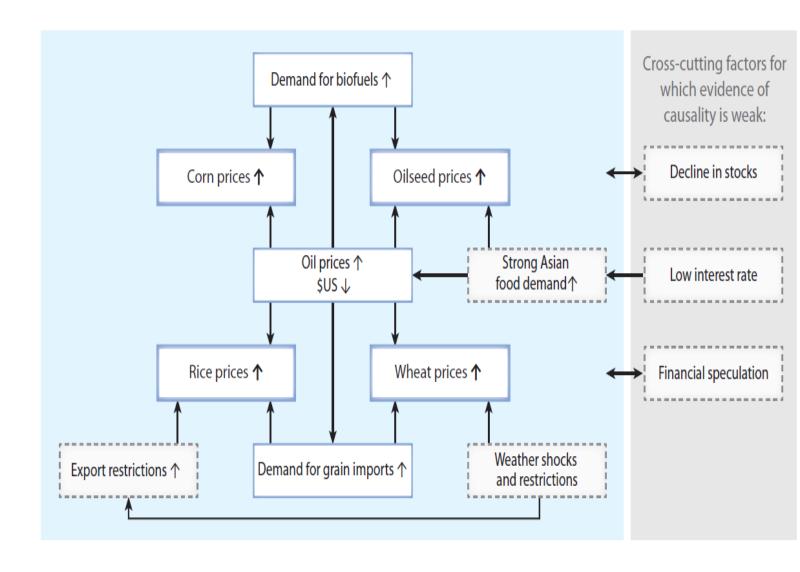


2007–2008 Food Price Crisis



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

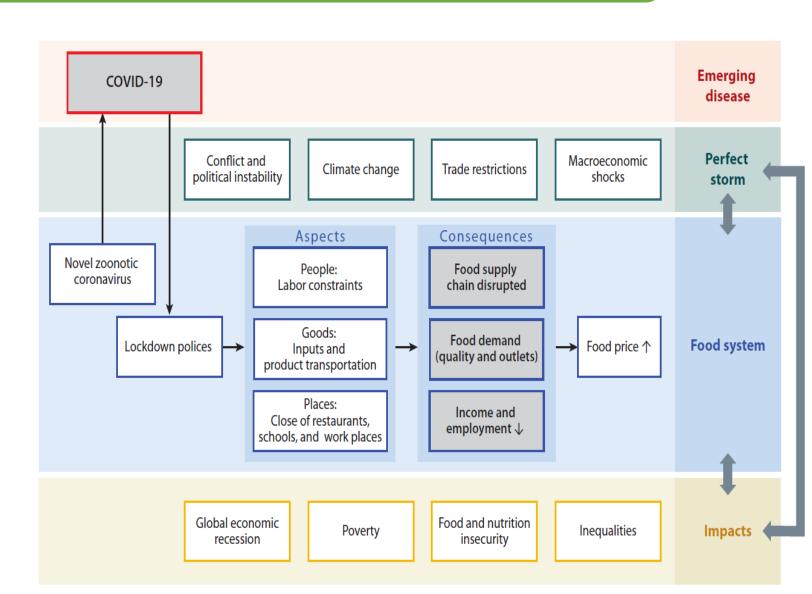
The 2007–2008 food price crisis was driven by both **demand and supply-side events**



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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Climate

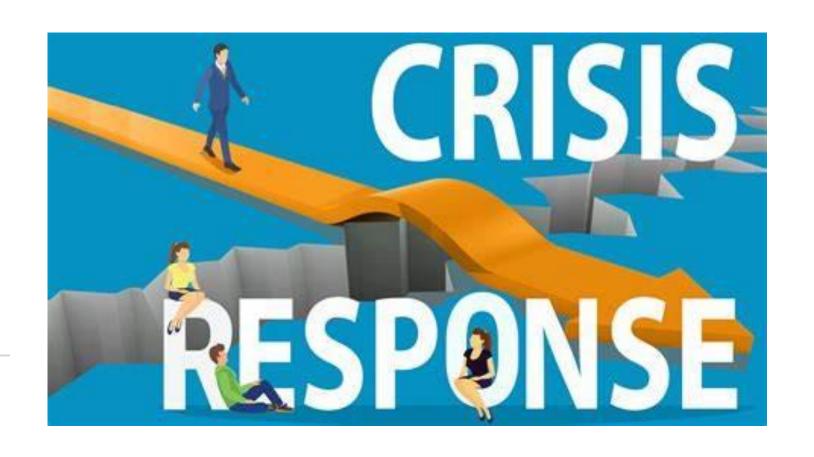
Conflict,
Climate
Change, and
Scarcity of
Natural
Resources

Emerging
Diseases,
Market
Shocks, and
Trade
Shocks

Macroeconomic Risks, High Oil Prices, and Food Price Volatility

Fan, S., Cho, E. E., Meng, T., & Rue, C. (2021). How to Prevent and Cope with Coincidence of Risks to the Global Food System. Annual Review of Environment and Resources, 46.

How to Prevent a Perfect Storm



Causes of Recent Food Price Hike

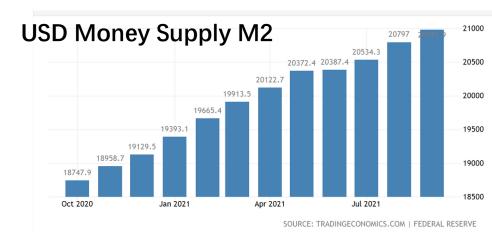


ADD TO WATCHLIST



- **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





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

▼ -0.13 -0.16%

Last Updated: Nov 15, 2021 at 7:11 p.m. EST

SETTLEMENT PRICE 11/15/2021

\$80.88



Response to Recent Food Price Hike: Short Term Perspectives



- ➤ Green channels must be establiashed 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 eldely, 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

