



The World Food Situation

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Overview

- 1. The new world food and agriculture equation**
- 2. High food prices: Impacts on the poor**
- 3. Responding to emerging challenges**

The food and agriculture equation: Changes

Production

Land

Water

Inputs & Transport costs

Workforce

Climate change

Agrarian structure

Technology

Demand

Income growth

Poverty and inequality

Consumer behavior

Bioenergy

Biomass (CO₂)

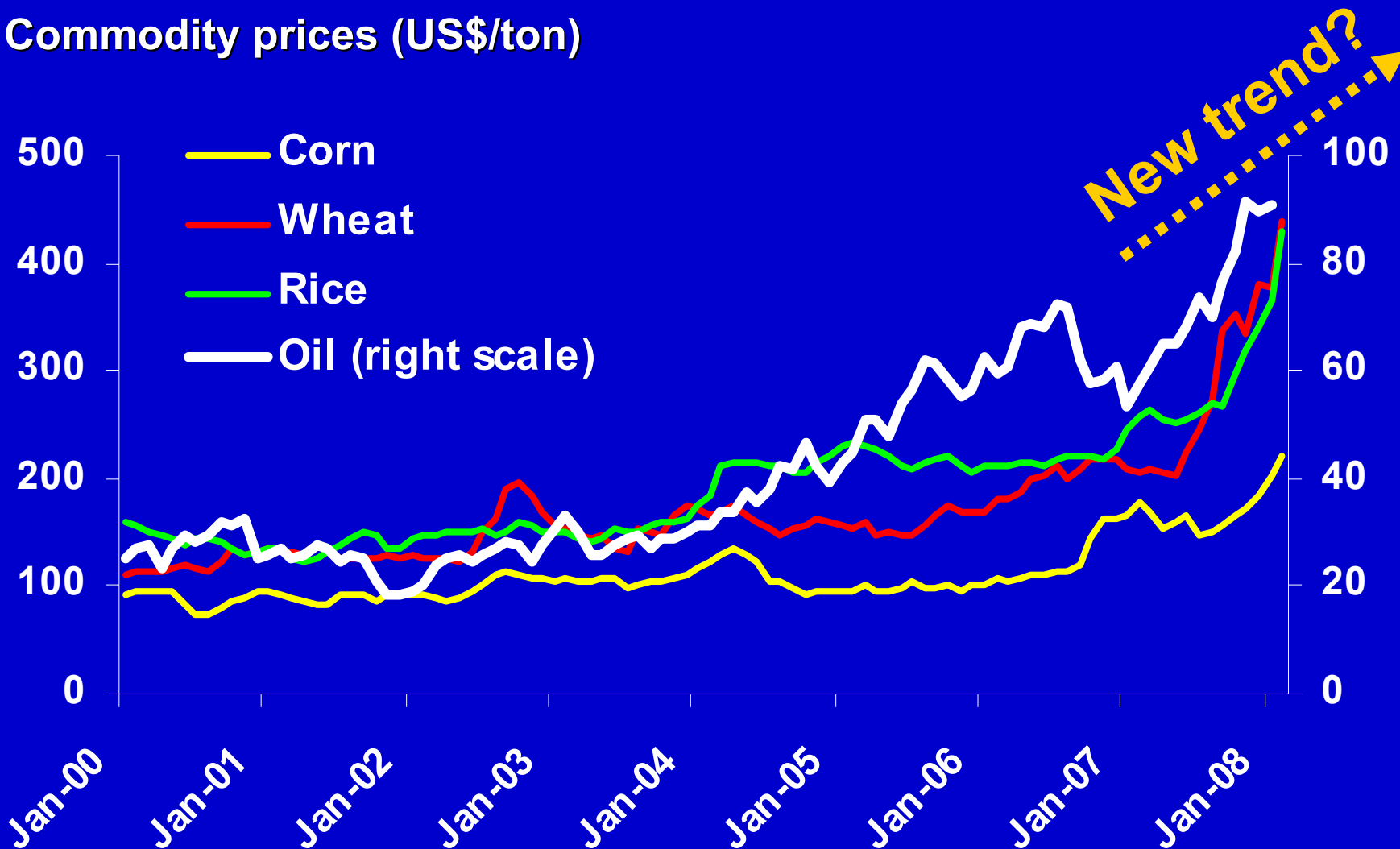
Trade and Markets

Information & Standards

Supermarkets

The new situation: Surge in prices

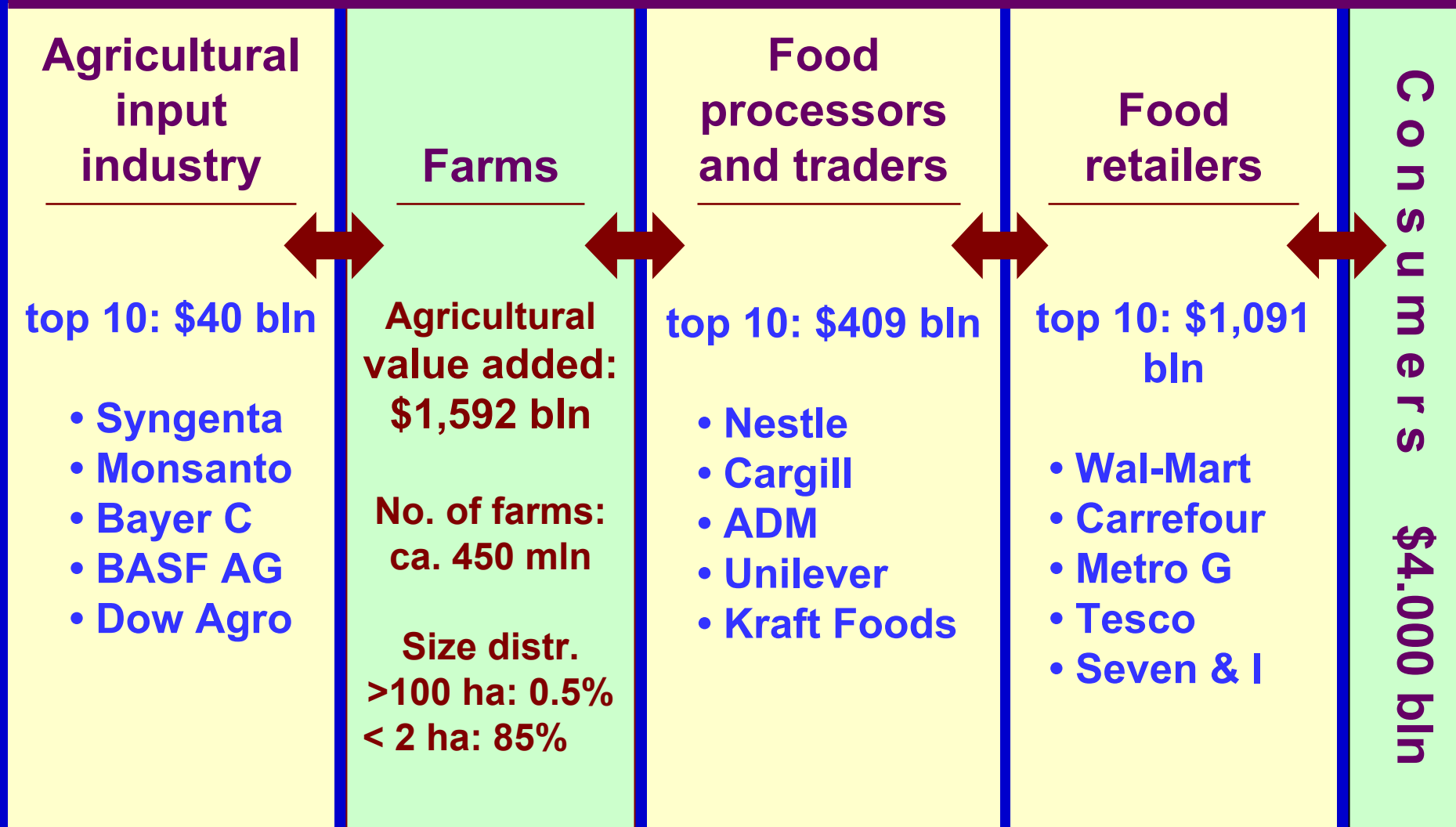
Commodity prices (US\$/ton)



Rising consumption

- Income growth (2004-06 per annum)
 - 9% in Asia, 6% in Africa, **5% in Morocco**
 - 2% in industrialized countries
- Since 2000, global cereal use for:
 - Food ▼ 4%, feed ▲ 7%
 - Industrial purposes ▲ 25%

Drivers of change: Globalization of the agri-food business chain



Source: von Braun 2008.

Grocery retail sales in Morocco

Large potential for expansion:

- Grocery retail sales grew 44% 2000-2005
- Supermarkets < 3% of grocery retail sales

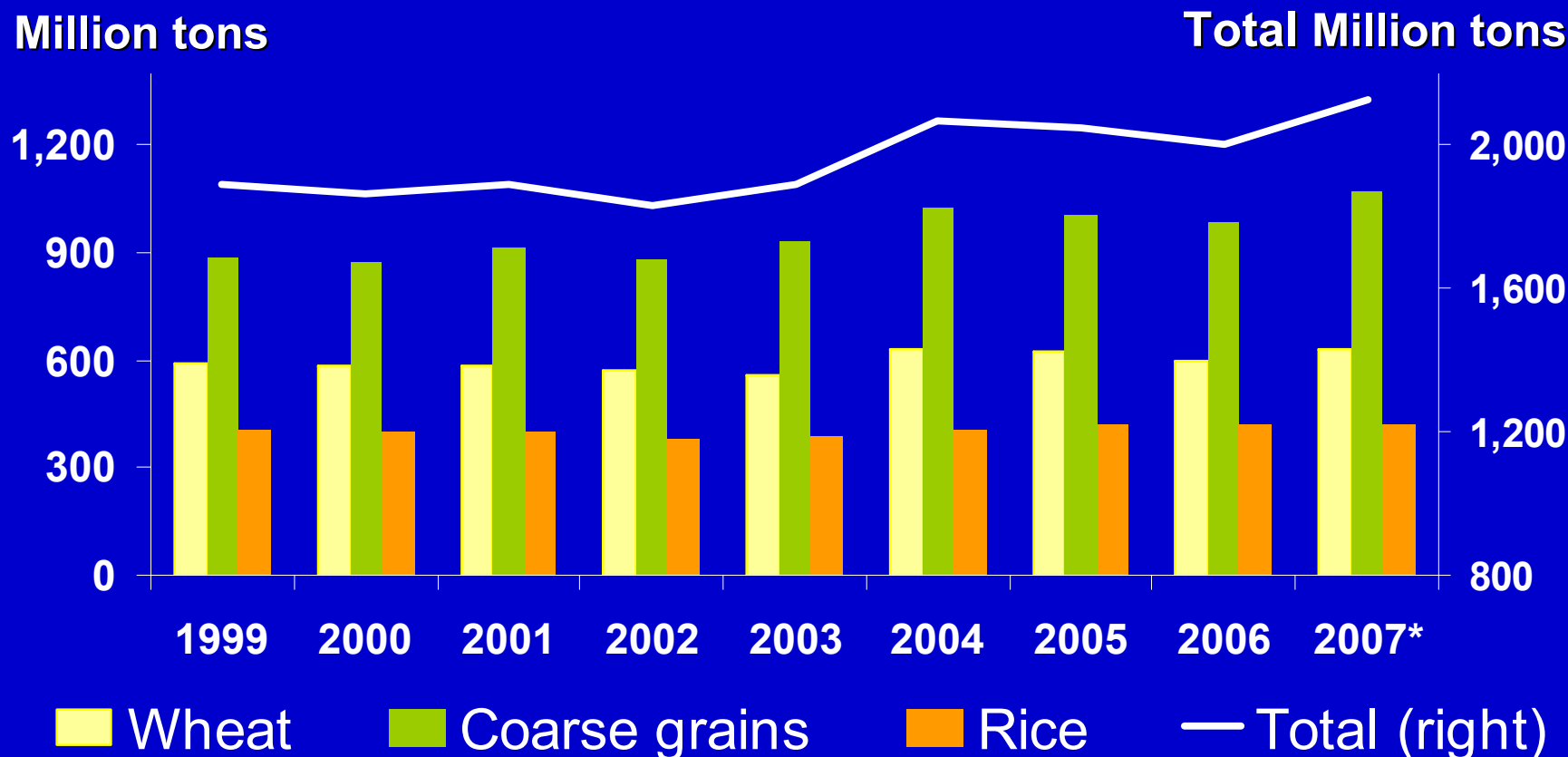
Shift towards high-value products in Morocco:

- **By 2020** per capita consumption of:

Beef and lamb ▲ more than 20%

Wheat and maize ▲ less than 2%

World cereal production: Not growing enough

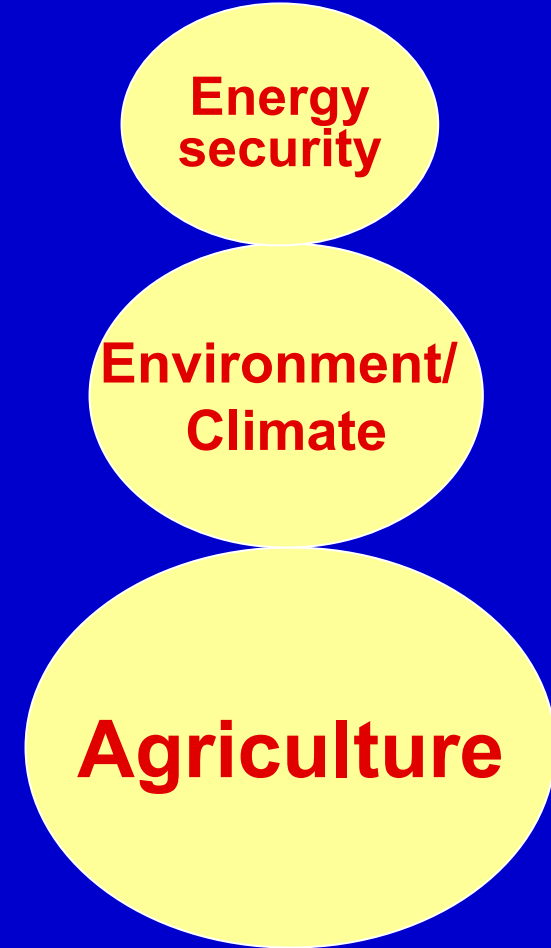


Source: Data from FAO 2003, 2005-07.

* Forecast.

Political forces of biofuels

Actual welfare effects



Biofuels will hardly contribute to energy security
The share of biofuels in road transport: ca. 3-4% in 2030

Climate change risks

Expected impact on agricultural output potential
(% change 1961-90 compared to 2070-90)

	Without carbon fertilization	With carbon fertilization
World	-15.9	-3.2
Industrial countries	-6.3	7.7
Developing countries	-19.7	-7.7
Middle East/ North Africa	-21.2	-9.4
Morocco	-39.0	-29.9

Overview

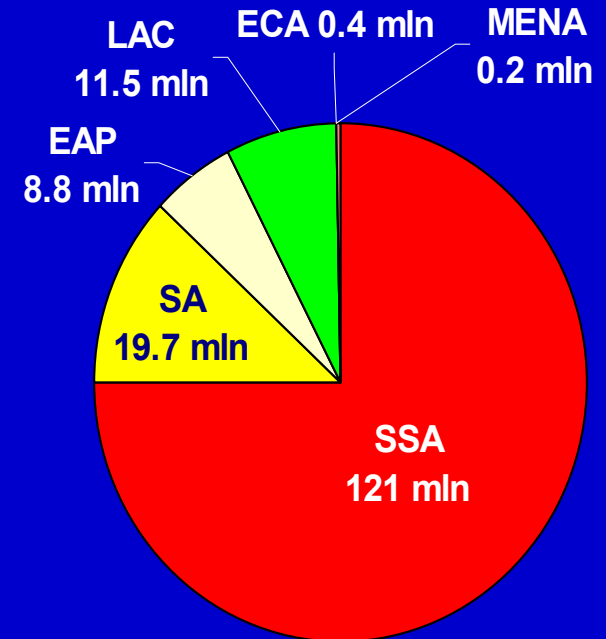
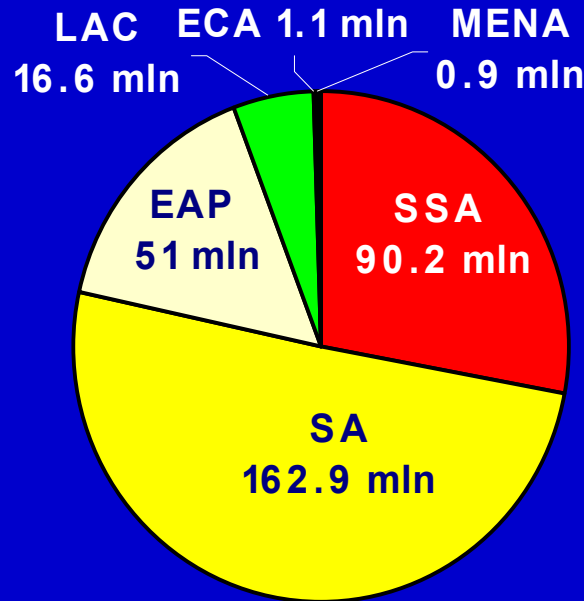
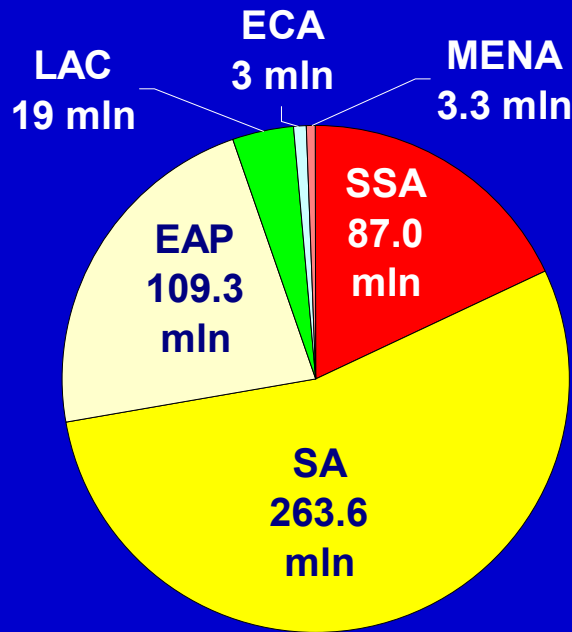
1. The new world food equation
2. **High food prices: Impacts on the poor**
3. Responding to emerging challenges

MENA: Small share of world's poor, but 4.4 mln still live on less than \$1 a day

**Subjacent poor
(\$0.75 and <\$1):
485 mln in 2004**

**Medial poor
(\$0.50 and <\$0.75):
323 mln in 2004**

**Ultra poor
(<\$0.50):
162 mln in 2004**



Source: Ahmed et al. IFPRI, 2007.

Increased costs for cereal importers

Net cereal imports, three-year average (2003-05)

Country	1,000s tons
Japan	-24,986
Mexico	-12,576
Egypt	-10,767
Morocco	-4,160
China	-1,331
Ethiopia	-789
India	3,637
Argentina	20,431
United States	76,653

Morocco: Wheat imports = 41% of wheat utilization in 2005-07

Security synergies and conflicts

Food insecurity ↔ Political security risks

Rising food prices:

- **The poorest suffer silently, the middle class protests and lobbies**
- **Mass protests against rising prices**

Decline in building international agriculture capacity contributes to insecurity

Policy responses to rising prices

Import tariffs

- **Morocco: wheat from 130 to 2.5%**
- **Turkey: wheat from 130 to 8%, corn from 130 to 35% , barley from 100 to 0%**

Subsidies

- **Increased in Saudi Arabia, Egypt**

Social protection

- **Bahrain: \$100 mil. for the most affected**

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In Conclusion: Reasons for imbalances in the world food equation

1. Income growth

2. Biofuels

3. Lack of technology to respond

4. Low stocks

5. Production shocks

6. High input and transport costs due to energy price

7. Population growth

Policy responses

- **Increase public investment in agriculture productivity**
- **Develop and enhance social protection programs**
- **Include agriculture in climate change mitigation strategies**