



Climate Change : Natural Disasters

Global Food Security: On the Table in Davos

Staple foods are more expensive than ever. But with fears over a recession, will politicians and executives be too busy to address the problem at the World Economic Forum?



A man carries bread in front of riot police during a protest in Cairo. In 2007, food shortages and high prices caused tensions in Mexico, India, and elsewhere (Photo: Reuters)

Food prices have been on the decline for decades, but the tide now seems to be turning. While farmers and producers may profit from price hikes, consumers all over the world are seeing a growing share of their income go to simple staple foods.

Prices for wheat and corn reached record highs in 2007, while global food reserves reached a 25-year low. The UN Food and Agricultural Organisation reports food price inflation reached 18 percent in China last year, 13 percent in Indonesia and Pakistan, and 10 percent or more in Latin America, Russia, and India. Wheat doubled in price, and rice is 20-percent more expensive than in 2006.



Picture Gallery (click on the photo to begin)

Eight global risks that will be discussed at the 2008 World Economic Forum (Photo: Reuters)

The reasons for high prices are manifold. Milk prices have spiked in China, for example, because a growing middle class is discovering lattes and other dairy goodies. Indians must endure higher costs for rice, because of higher gas prices and transportation costs. And the rising cost of tortillas and many other products can be pinned at least partly on a booming U.S. ethanol fuel industry, which now consumes about a fifth of the U.S. harvest each year.

Perfect storm

"In the last year or so, food reserves have been hit by a "perfect storm" of factors, including the switch to biofuels, drought in Australia, floods in

the UK, a badly affected wheat crop in Canada, many factors have contributed," says Sylvia Lee, co-author of the World Economic Forum's "Global Risks 2008" report. "We will not see food prices come down in the next year or two."

Global food security found its way onto the report's shortlist of four major, emerging risks, but it could take a backseat at the World Economic Forum to more immediate issues, such as a possible U.S. recession, tumbling financial markets, and geopolitical tensions.

Concerns over food prices, however, go beyond short-term economic problems like the current credit crunch. The UN predicts that world population will grow to around 9 billion people by mid-century, and with it the demand for food. Global warming will also become a driving factor.

"The combined effects of erratic weather linked to climate change, increased energy and input prices, growing demand in emerging markets like China and India, and increased demand for biofuels is pushing food prices up and poor people will suffer most," says Barbara Stocking, director of the development and relief organization, Oxfam, in Great Britain.

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"Increasingly intense droughts, floods and hurricanes, are ruining lives and livelihoods around the world, from India to Indonesia, West Africa to the Caribbean," says Stocking. "The changing climate means that people in many areas no longer know what to plant, or when."

Francesco Tubiello at Columbia University's Center for Climate Systems Research, also sees climate change as amplifying the fundamental causes of food insecurity.

"The key, underlying factors for hunger in the future are independent of climate change, and related more directly to population growth and low socio-economic capacity," says Tubiello. "Climate change will superimpose itself - mainly through increased aridity and heat stress in areas that are at the margin of production - to an already battered region."

Let them eat onions

Tubiello, a lead author on last year's UN Intergovernmental Panel on Climate Change assessment, believes the biggest impacts of global warming on food security may not come for another few decades. But he does not rule out earlier problems.

"Things may get considerably worse earlier, possibly as soon as the next decade, if things like frequency of extreme climate events on the climate side, and competition for bioenergy and food demand from China and India on the economic side, grow steadily," he says.

Last year, food issues boiled over in some the world's richest countries. Unease over pasta prices led to a one-day strike in Italy in September 2007, while the Russian government felt compelled to control runaway staple food prices with a price freezes ahead of parliamentary elections in December. Britain and the United States also saw food prices increase by an average of 4 percent during 2007 - an unusually high annual spike for both countries.

While few at the World Economic Forum are likely to miss many meals in the luxurious confines of Davos, awareness about the backlash of staple prices may give participants food for thought. If not, Indian delegates could remind them what happened in Delhi a decade ago, when the price of onions, crucial for the nation's beloved curry dishes, rose six-fold. The ruling party was ousted in the next state elections.

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