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About IATP

Institute for Agriculture and Trade Policy works locally and globally at the intersection of policy and practice to ensure fair and sustainable food, farm and trade systems. IATP is headquartered in Minneapolis, Minnesota with an office in Geneva.

Special UN Food and Agriculture meeting should put food reserves on the table

Reserves could help stabilize increasingly volatile agriculture markets

MINNEAPOLIS/GENEVA – When the UN Food and Agriculture Organization (FAO) holds a special meeting on increasing volatility in agriculture prices on Friday in Rome, governments should consider the establishment of food reserves to help stabilize the marketplace, according to the Institute for Agriculture and Trade Policy (IATP).

Food reserves, which set aside food in times of plenty and release food in times of scarcity, can be established at the local, regional, national or international level. Traditionally, food reserves have helped to stabilize prices for both consumers and farmers. But a several-decade push for market deregulation has discouraged the use of food reserves in recent years.

IATP released a new report today, “Trade and Food Reserves” by Sophia Murphy, examining how international trade agreements treat food reserves. The report was written with the support of the EcoFair Trade dialogue. The report found that while World Trade Organization rules actually give countries plenty of flexibility to establish food reserves, trade rules do create obstacles to the public policies that would be needed for them to function effectively.

“Trade and food reserves should be seen as complementary tools for tackling the inherent instability in agriculture markets,” said Murphy. “The pendulum has swung too far toward a deregulated market, which has hurt both farmers and the world’s hungry. In this age of climate change, it is time to establish reserves as an insurance policy against market disruptions, like those we’ve seen this year in wheat.”

The FAO special meeting will examine recent spikes in food prices, primarily wheat, in an attempt to avoid a repeat of the 2007-08 food price crisis that led to a sharp increase in global hunger. The FAO Committee on Food Security will meet in October 2010 to further discuss food price volatility. Experts agree that many of the ingredients for another crisis are still in place, despite efforts to address unregulated speculation in global commodity markets and some of the other causes of volatility.

Food reserves are receiving increasing support from governments internationally. At the G-8 meeting in Italy last year, some 30 governments and a wide range of intergovernmental organizations recommended that a system of stockholding be explored. The Comprehensive Framework for Action, a joint UN-system (including the WTO, World Bank and IMF) response to the global food crisis, also includes reserves as a policy tool recommendation. And a series of intergovernmental efforts to explore food reserves includes ASEAN (Association of Southeast Asian Nations) and the four BRIC countries (Brazil, Russia, India and China).

Earlier this year, IATP joined 60 civil society organizations from around the world calling on the UN to take action on food reserves. Last year, IATP's paper "Strategic Grain Reserves in an Era of Volatility" reviewed why governments have historically used reserves as a tool to manage volatility. IATP has co-hosted two meetings, in Washington, D.C. and Brussels, on the role of food reserves in tackling the food crisis. You can find background on the meetings and publications at IATP's Food Security web page: http://www.tradeobservatory.org/issue_foodSecurity.cfm.

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