



Stabilizing Agriculture Markets

WHAT NEXT ON FOOD RESERVES?

The public debate on food reserves is shifting from an ideological discussion about markets versus public action to one focusing on the technical, political and institutional feasibility of a system of food reserves. Food reserves can be an important tool to achieve more stable food supplies and prices for consumers, and more resilient and equitable markets for producers—especially given the diversity in food and agriculture systems and financial resources both nationally and locally. Governments are again waking up to this fact.

Action is needed to move beyond public rhetoric to effective actions on food reserves. Possible steps include holding governments accountable to their commitments to reduce hunger and invest in agriculture; fostering discourse with civil society and social movements on their experiences to learn best practice; and developing criteria for the successful implementation of food reserves.

Hold governments accountable

During the High-level Conference on World Food Security in 2008, then again in 2009 at the G-8 Summit in L'Aquila, Italy and at the World Food Summit in Rome, governments recognized the potential of food reserves to deal with humanitarian food emergencies and to limit price volatility. In fact, they called for a review of this issue as part of coordinated response to the global food crisis. Unfortunately, this review has not yet happened.

As a first step toward realizing the potential of food reserves, IATP and others have called on governments to honor their commitment for a comprehensive review of food reserves, incorporating lessons learned and identifying potential models, as well as allocating appropriate resources and setting a firm deadline for varying levels of implementation by the end of 2010.¹

Dozens of farm, faith, development and other citizens' organizations from around the world joined IATP to call on governments to:

- 1. INCREASE FOREIGN AND DOMESTIC INVESTMENT** to achieve culturally appropriate local and regional food security reserves.
- 2. LEAD EFFORTS TO ESTABLISH AN INTERNATIONAL COMMISSION ON RESERVES**, which could be coordinated by the FAO Committee on Food Security, to make recommendations on the establishment of a coordinated global food reserve system.
- 3. SUPPORT MULTILATERAL, REGIONAL AND BILATERAL AGRICULTURAL TRADE RULES** that allow developing countries to invest in the production and infrastructure necessary to support food reserves.
- 4. RENEGOTIATE THE FOOD AID CONVENTION**, to ensure contributions towards food security reserves are eligible to be counted towards meeting commitments under the convention.

These calls will be reiterated at food security events including the upcoming meeting of the Committee on World Food Security (October 11–14 and 16, 2010); the G-20 Summit to be held November 11–12, 2010 in the Republic of Korea; the G-20 Summit in 2011 and the meeting of G-20 agriculture ministers which will probably be held in May 2011.

Foster civil society engagement

Although important, reserves cannot solve all the problems of price volatility and world hunger. Good multi-stakeholder governance structures that include small-scale farmers are essential. Civil society organizations can play a key role in opening space in global and national political processes for the participation of farmer organizations and others directly affected by hunger, food insecurity and price volatility.

Capacity building may also be necessary for these social movements to engage effectively and for political actors to develop inclusive and participatory processes. The reformed FAO Committee on Food Security could play a role in developing and hosting this dialogue.

It is also important for civil society organizations and social movements to share their experiences with food reserve programs and new projects at the local, national and regional levels. These exchanges (organized independently or in conjunction with official political meetings) are a valuable contribution to the debate and to the development of improved food reserves.

Develop criteria for successful reserves

Several international organizations, research bodies and civil society organizations are researching the characteristics of successful food reserves. A review of the successes and challenges of dismantled food reserves and marketing systems offers insight into the development of new models. Efforts underway at the local, national and regional levels are useful for informing a global food reserve program. These efforts need to be brought together, with high-level governmental involvement, so as to be able to decide next steps.

IATP has developed an initial list of desirable criteria for a coordinated food reserve system designed to help stabilize prices, respond to food emergencies and improve producer opportunities. The criteria include:

- An arms-length and accountable governance structure;
- Enough policy flexibility to respond to unusual events and to evolve as circumstances change;
- A clear mandate and the requisite authority and means to fulfill that mandate;
- A measure of financial independence, possibly generated by the operation of the fund and/or in the form of an endowment or protected budgetary allocation;
- A regional component to respond more efficiently and effectively to crises;
- National and sub-national reserves, especially where poorly functioning markets inhibit the emergence of resilient and reliable food production and distribution mechanisms; and
- A realistic (and dynamic) assessment of what role world markets can be expected to play.

References

1. IATP et al., "International Call for a Coordinated Approach to Food Reserves," May 2010. Available at <http://www.tradeobservatory.org/library.cfm?refID=107471>.