

Soaring Food Prices and African Agriculture

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High Food Prices

- Still remain high, continuing to cause serious problems in poor countries
- Mid-term projection suggests food prices will not retreat to the previous levels

Cereal production

- Extreme weather events affected wheat in the past years
- Maize yields above long-term trend but prices soared
- 2007 5.4% up, 2008 2.8% up

Low Stock

- Historically very low level
- Cereal consumption exceeded production for 6 in 8 years since 2000
- Price swings likely to be with us for an extended period of time

Higher Input Prices

- High oil prices raised input cost
- Transportation cost also increased
- Regional marketing more important

Biofuel

- Demand for maize increased by 40 million tons in 2007, of which 30 million was for ethanol
- 5% of cereal production used for ethanol production
- Food linked to vast energy market

Export restrictions

- Exacerbated market volatility
- Imbalances in the rules may have resulted in inappropriate responses

Key Messages

- Humanitarian emergencies to be met by urgent relief operations
- An opportunity to reverse the decade-long decline in investment in agriculture
- A sustainable future to be secured for world food supplies

Constraints of African Agriculture

- Low irrigation ratio
- Limited fertilizer use
- Other weaknesses (infrastructure, storage facilities, seeds, extension services, marketing, labor force, political stability)
- Increasing agricultural imports

Development Agenda

- Agriculture's share of ODA fell from 17% in 1980 to 3% in 2006
- 10% of budget to agriculture
- Signs of increasing lending to agriculture
- Food Summit

FAO's Activities

- NEPAD/CAADP
- Technical Cooperation
- Global Information and Early Warning
- Initiative on Soaring Food prices

Conclusion

- Unprecedented challenges of feeding more people with expensive inputs
- An era of unprecedented opportunity for agriculture
- Need to create environment for poor farmers to reap benefits