



Why farmers still struggle when food prices rise

Primary Commodity Prices and Global Food Security

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Europe Hall, Helsinki
October 2nd, 2013

What happened to world food prices?

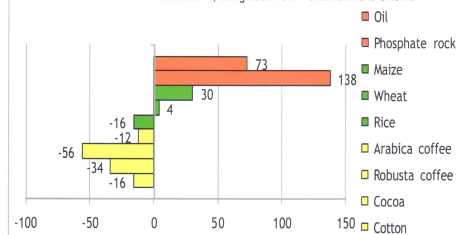
Table 1. Average world primary commodity prices, 1979-81 and 2009-11

Commodities	Average price, 1979-81 (in U.S. currency)	Average price, 2009-11		Percentage change in real price, 1979-81 to 2009-11
		Actual prices	As per cent of 1979-81	
Tropical beverages				
Coffee arabica, c/kg	339	449	132	57
Coffee robusta, c/kg	354.3	193	53	-73
Cocoa, c/kg	255.7	300	113	-41
Food				
Sugar, c/kg	40.3	48	119	51
Wheat, \$/mt	124	214.7	173	55
Maize, \$/mt	124	214.7	173	55
Wheat, \$/mt	149.3	254.7	150	65
Rice, \$/mt	194.3	229	118	-42
Sorghum, \$/mt	121	195	161	50
Export bananas, \$/mt	368	894.3	243	105
Vegetable oilsseeds and oil				
Soya beans, \$/mt	294	476	162	50
Groundnut oil, \$/mt	930.3	1,284.4	138	35
Palm oil, \$/mt	403	593	150	45
Agricultural raw materials				
Cotton, c/kg	188	233	124	51
Cattle hides, c/ltb	53.59	66.563	124	51
Rubber, c/kg	126.7	346.3	273	118
Tropical logs, \$/m ³	225.7	465	197	81
Minerals, ores and metals				
Aluminium, \$/mt	1,847	2,029.7	110	38
Phosphate rock, \$/mt	43.2	143.3	331	143
Iron ore, c/dry mt unit	26.7	131.3	492	213
Diox, c/kg	1,046	2,461	159	58
Copper, \$/mt	1,999.7	7,171	359	187
Gold, c/finy ounce	458.3	1,255.3	274	118
Cocoa oil, \$/tonne	34	81.7	240	104
Unit value of manufactured goods exports (base = 2005)	47.87	111.13	-	-

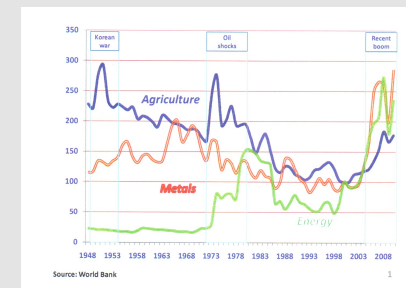
How do these price changes affect agriculture and food security?

Percentage changes in real average commodity prices 1979-81 to 2010-12

Sources: Author's calculations, using data from World Bank and UNCTAD



Commodity Price Indices (Real, MUV-deflated, 2000=100)



What does this show?

- Effects of 'peak oil' and 'peak fertiliser'
- *Food* prices are not up sharply in real terms
- Agriculture's input trap: costs rose by more than incomes

The consequences?

'If we want there to be agriculture in Finland in the future, then the sector needs to be a more inviting option in relation to other jobs.'

'Even now it tends to be difficult to find the entrepreneurs, and **the worst nightmare scenario is that farmers will disappear.**'

- Lauri Hantula (farmer)

How to reduce the shocks

Emphasise the better *use of natural* processes rather than addition to or intervention in them

- Research and encourage natural methods of crop production and protection ('agro-ecology') - rather than unnatural inputs (oil, agro-chemicals and fertilisers)
- Globally, encourage the production and consumption of 'non-traded' crops - rather than wheat, rice and maize
- In developing countries, review the balance between food production and cash crops for export
- Give precedence to trade in food and agriculture with neighbouring countries over global markets

Thank you for listening!

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