

Matthias Kalkuhl · Joachim von Braun
Maximo Torero *Editors*

Food Price Volatility and Its Implications for Food Security and Policy

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ISBN 978-3-319-28199-5 ISBN 978-3-319-28201-5 (eBook)
DOI 10.1007/978-3-319-28201-5

Library of Congress Control Number: 2016931306

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Printed on acid-free paper

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Foreword

Eight years ago the global food crisis caught most governments and academic researchers unprepared. The crisis triggered not only extensive research on drivers of international food price shocks and volatility but also many policy interventions and tentative institutional reform at the global and national scale. Despite the efforts of national governments and international organizations in recent years to halve the number of hungry people by 2015, about 800 million people still suffer from undernutrition and many more from micronutrient deficiencies. This impedes health and contributes to conflicts and sluggish economic development. Ending hunger completely by 2030 as aimed for in the Sustainable Development Goals requires a much stronger political commitment. Moreover, it needs a solid scientific base for understanding the threats to food and nutrition security and their complex interactions with social, environmental, and political factors. Globalization has created a highly interconnected world where resources, information, and policies are not constrained by national borders. Economic shocks spread quickly over entire industries and sectors. At the same time, environmental risks triggered by climate change, biodiversity loss, land degradation, and water scarcity as well as political conflicts will increasingly become a force of disruption, threatening the reliability of our global agricultural and food production system. Drastic price changes are often the first signs indicating upcoming crises and recent calm agricultural markets can be deceptive and lead to unjustified complacency.

Analyzing Food Price Volatility and its Implications for Food Security and Policy, edited by Matthias Kalkuhl, Joachim von Braun, and Maximo Torero, is devoted to the stability dimension of food security and in particular the causes, consequences, and remedies related to extreme events in food markets. Volatility is a measure of risk and uncertainty which, in turn, is the antagonist of security. Price volatility is an intrinsically market-related economic concept. The economics of this book is, however, carefully embedded into the political, agricultural, climate, and nutritional domains. This makes the book an important contribution for the ongoing political agenda of the international community to reduce undernutrition and enhance food and nutrition security.

The first chapter, which is written by the editors, provides a comprehensive overview of the recent debates, concepts, and literature and serves as an overview of the subject of the book. Subsequent chapters emphasize the global and multi-market

dimension of food markets and policymaking. Traditionally, harvests, stocks, and income were considered as the major determinants of food prices. Recently, new drivers emerged that are rooted in closer integration of food markets with energy and financial markets. Several chapters provide new evidence on these intensified linkages and explore the role of speculation. Another important topic of this excellent book is the role of policy as a tool to reduce volatility or to increase the capacity to cope with volatility and the potential or real consequences of poorly designed or implemented policies. The distortive trade restrictions in 2008 and 2010 provided a dramatic lesson. With unreliable international markets, some governments sought to become more self-sufficient—an often expensive way to reduce vulnerability to international market shocks. Chapter authors develop a promising third-way alternative between reliance on international market and autarky: regional trade and storage cooperation. While the economic gains of this alternative are high for Africa and Southeast Asia, political and institutional challenges prevail that need to be overcome. Trade integration and storage cooperation may be a catalyst for improved regional policy coordination and cooperation.

The concept of food security centers on the individual and its capability to satisfy basic nutrition and health needs. Consequently, the impact of market volatility on households is the subject of empirical analyses in several countries that were highly exposed to the international price shock in 2008. Besides household, farmers, traders, and communities deal with volatile prices at the local level and develop strategies to cope with volatility and reduce its negative impacts. By combining microeconomic and macroeconomic analyses, the book provides a comprehensive perspective on the manifold interactions of markets, people, and policymakers.

The book is outstanding in its methodological diversity and wide sectorial and geographical range. The contributions range from descriptive, empirical, and computational economic to simulation-based works. As such, it is a must-read book to guide researchers and research-oriented practitioners in governments, NGOs, and international organizations as well as students of agricultural, food, and nutrition policy.

Analyzing Food Price Volatility and its Implications for Food Security and Policy is one of the most comprehensive and interesting collections of applied state-of-the-art research on food security, risk, and uncertainty, and it will influence the research and action agendas for many years to come.

Ithaca, New York

Per Pinstrup-Andersen

Acknowledgments

The work presented in this book is the result of intensive research cooperation between the Center for Development Research (ZEF) and the International Food Policy Research Institute (IFPRI) and their research partners all over the world.

Part of the research of this book had not been possible without the support of the Ethiopian Economics Association, in particular Assefa Admassie and Seid Nuru Ali, of the Indian Council for Research on International Economic Relations, especially Anwarul Hoda and Ashok Gulati, and of the Institute of Statistical, Social and Economic Research of the University of Ghana, headed by Felix Asante. These institutes and persons proved to be reliable and very helpful partners for the field research and case-study analyses.

Other work in this book depends on secondary data where FAO GIEWS is a major provider granting us access to price, supply, and demand data for developing countries. We would in particular acknowledge the comments, discussions, and data support from David Hallam, Liliana Balbi, Felix Baquedano, and Paul Racionzer from the Trade and Markets Division (EST) at FAO. We further thank Sonja Perakis from FEWS.NET for providing additional price data.

Exchange and discussion of ongoing work at seminars at ZEF helped to advance our research on volatility and food security substantially. We would like to thank Nicolas Gerber, Christopher L. Gilbert, Christophe Gouel, Ulrich Hiemenz, Alisher Mirzabaev, Neil Pearson, Simone Pfuderer, Shahidur Rashid, Randall Romero-Aguilar, and Christian Schlag.

We are grateful to Peter Zhuang and Athene Cook for language editing and proofreading of the book and to Tobias Heimann for formatting the chapters. Katharina Gallant provided very helpful support for finalizing the book in its latest stages.

Much of the research in this book was part of the research project “Volatility in Commodity Markets, Trade and the Poor” financed by the Federal Ministry for Economic Cooperation and Development of Germany (BMZ). Additional support came from the research project “FoodSecure” financed by the European Commission. Co-funding of particular contributions was provided by Bayer CropScience AG and Union Investment and by the CGIAR Research Program on Policies, Institutions, and Markets, as well as the Center for Development Research (ZEF).

We thank all of these funders for their financial support, emphasizing that they are not responsible for the specific content and interpretations of our research. We also acknowledge the financial support from the BMZ for the publication of this book.

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