

# G20

## Food prices volatility

# Background

## G20 of Pittsburgh:

Leaders agreed to *“improve the regulation, functioning and transparency of financial and commodity markets to address excessive commodity price volatility”*,

## G20 Seoul:

- Multi-Year Action Plan for Development, with a pillar on food security. Food price volatility as a main challenge.
- => Mandate to international organizations for a report in 2011.
- G20 Finance: mandate to IOSCO to work on the regulation of derivative markets.

# Background

## French Presidency:

- Priority on the issue of commodities price volatility, including for agricultural commodities.
- => Organization of a G20 meeting of the Ministers of Agriculture in June.
- => Finance work stream: work on derivative markets, energy and macro-economic impacts.
- = > Development Working Group: impacts and solutions for developing countries

# Negotiation process

Agreement to address food price volatility issue and to prepare an Action Plan for the Ministers of Agriculture.

Identification of 5 main areas of work:

- Agricultural production in the long run
- Transparency and information on agricultural markets
- International coordination
- Risk management
- Financial markets

# The Action Plan : content and commitments

## 1. Agricultural production and investments:

comprehensive action to strengthen the longer term productivity, sustainability and resilience of the food and agriculture system worldwide.

=> A G20 seminar on agricultural productivity organized by France and Australia on October 13 in Brussels.

=> The Ministers decided to launch an International Research Initiative for Wheat Improvement. A kick-off meeting was organized on September 15 in Paris.

## The Action Plan : content and commitments

=>**First G20 Conference in Montpellier** (CGIAR Headquarters) to promote partnerships, coordination, capacity building, knowledge sharing.

- ***Global Agricultural Foresight Hub***, linking international, regional, national levels. To identify future challenges and shape priorities for research
- ***Agriculture Pull Mechanisms Initiative*** : pilots

## The Action Plan : content and commitments

- ***Tropical Agriculture Platform*** : support by FAO and Brazil ; 6 inter-related areas of action :
  - Capacity assessments
  - Exchange of experts and technicians
  - Fellowships, internships and short-term training
  - E-learning
  - Sharing of information relevant for the development and adoption of technologies for tropical agriculture
  - Curriculum development

# The Action Plan : content and commitments

## 2. Transparency and information and policy response

- => **Launch of an « Agricultural Market Information System » (AMIS)** in order to enhance the quality, timeliness and reliability of food market outlook information. AMIS composition: Secretariat hosted by FAO, Information Group, RRF. Adoption of « terms of reference » and « rules and procedures » of AMIS. Election of a Chair for 1 year (France) and nomination of a Secretary
- => **Launch of a Global Agriculture Geo-Monitoring initiative** to improve the use of remote sensing tools for crop production projections and weather forecasting. A technical meeting was held on September 22 and 23 in Geneva.



# The Action Plan : content and commitments

## 3. International policy coordination

- => **Launch of a Rapid Response Forum** to promote policy coherence and coordination in times of crisis. The first meeting was held on September 15 and 16, together with the AMIS meeting.
- => **Decision not to impose anymore export bans on food aid from the WFP.** No endorsement by the WTO Ministerial Conference in December 2011.
- => **Need to further analyse the links between biofuels and food security:** HLPE study in 2013

## The Action Plan : content and commitments

### 4. Reducing the effects of price volatility for the most vulnerable

=> **agriculture and food security risk management**  
Toolbox

- **Policies** : promoting risk analysis and management in national/regional farm policies - *e.g. African Union / NEPAD roadmap on the integration of risk management into CAADP national and regional investment plans*
- **Process** : a joint donor Platform for Agricultural Risk Management (the “**PARM**”) specialised on agricultural risk management in developing countries. AFD, WBG, IDB, IFAD confirmed an in-principle interest.

- **Creation of a public-private working group** on risk management to help execute the recommendations for a Agriculture and Food Security Risk Management Toolbox, to support the PARM

## => **Emergency Food Reserves**

- **Feasibility study and cost-benefit analysis** led by WFP ;
- **Pilot project led by ECOWAS** (regional level), support by WFP and regional partners (UEMOA, CILSS, ROPPA ...)
- Poor food deficit countries rapid access to food; Complement existing mechanisms; Active participation of the countries and region concerned; Prioritize local and regional procurement of food; Combine physical stocks / virtual stocks; Base trigger on information systems on price volatility and vulnerability; Distribution through schemes of targeted assistance; Code of conduct / FAO and CFS

# The Action Plan : content and commitments

## 5. Financial regulation

=> Political message to the Finance Ministers and Central Bank Governors to take appropriate decisions (in their October meeting) for a better regulation and supervision of agricultural financial markets (on the basis of the IOSCO report) .

## 6. Implementation

=> Commitment to monitoring and reporting the progress made in the implementation of the Action plan.

=> Next G20 Presidency: Mexico