

Presentation Tom van der Lee, Oxfam, 7 september IRR/Oxfam conference:  
**Food security in a resource constrained world**

## **Introduction**

Welcome, thank you.

Nearly one billion people face hunger every day. After decades of slow progress in the fight to eradicate hunger, it is on the rise again [slide 2]. It is vital that we mend the broken food system – for if we don't, this number will only increase further and we will face a wholesale reversal in human development and an ecological collapse.

It is undeniable that we have entered an age of crisis: of food price spikes and oil price hikes, of scrambles for land and water, of creeping, insidious climate change. This conference is timely, and I am happy to see people from so many different disciplines and backgrounds sitting together in this dialogue to come up with common approaches to deal with the challenges of food security and climate change.

Crises can act as a catalyst of change. And the good news is that we know enough to solve the challenges we face – but to implement them we must overcome the vested interests that defend the status quo.

To mention one example that demonstrates the power of these vested interests: 90% of global grain trading is controlled by just 3 companies (Cargill, Bunge and ADM).

Oxfam believes another world is possible. We are convinced that together we can grow a better future!

Therefore, Oxfam has launched the GROW campaign. In close cooperation with partners and allies in 45 countries Oxfam wants to address the challenge of food security in a resource constrained world.

In the first part of my presentation I will briefly explain how Oxfam sees the challenges we face and how we see the interlinkages between food security, agriculture, and climate change. In the second part of my presentation I will outline what Oxfam thinks needs to be done to address those challenges and grow a better future.

### **1. The challenges**

[Slide 3] This picture is a simple illustration of the challenges we face and our vision for the future. We want to pursue human development and ensure food for all, in ways that will both keep the planet within essential ecological boundaries and end extreme poverty and inequalities. As the picture shows, current ways of production and consumption are already crossing the earth's boundaries – and the 20% poorest in the world have a tiny share in world consumption and production. While global population will expand, we must work to reduce the impacts of consumption to within sustainable limits, and redistribute consumption towards the poorest.

[Slide 4] The 4 main challenges identified in Oxfam's GROW campaign are:

- 1 the challenge to increase sustainable production
- 2 scramble for resources, in particular land and water
- 3 climate change
- 4 price volatility

#### **1 Increase sustainable production**

On current trends, due to population growth and economic development, demand for food may increase by 70% by 2050. Higher incomes and increasing urbanisation leads people to eat less

grains and more meat, dairy, fish, fruit and vegetables – a diet which uses far more scarce resources [slide 5].

While demand is on the rise, yield increases are drying up and resources are running out. In the past, rising demand has been met and surpassed by increasing crop yields, but the dramatic achievements of the past century are running out of steam. Global aggregate growth in yields averaged 2% per year between 1970-90, but plummeted to just over 1% between 1990-2007. Climate change will make this even worse.

But it is not like this everywhere. Throughout the developing world, there is huge untapped potential for yield growth in small scale agriculture. Investments are needed to untap this potential.

## **2 Scramble for resources – scarcity of land and water**

Resources needed for agricultural production are running out. The scramble for resources is on. **Water, fresh water**, is already extremely scarce. 3 million people live in areas where demand outstrips supply. By 2030, demand for water is expected to have increased by 30%. The amount of arable **land** per head is decreasing, having almost halved since 1960.

At the same time, the phenomenon of landgrabbing is on the rise. [slide 7] Recent data indicate that at least 80 million hectares of land deals have been identified since 2001 – an area 20 times the size of the Netherlands – and as a forthcoming Oxfam report will show, this is a modest estimate.

It's no co-incidence that the majority of these deals have been concluded since 2007-8.

The food price crisis made investors and governments turn to agriculture and the financial crisis stimulated investors to look for new opportunities.

While some investors may claim to have experience in agricultural production, many may only be purchasing land for speculative purposes, anticipating price increases in the coming years.

According to World Bank research, out of 56 million hectares of large-scale land deals, nothing productive had yet been done with 80% of the land involved.

And, of course the increased demand for food and biofuels is also an important driver behind the rise in international land acquisition.

Often these large scale land acquisitions violate human rights, avoid transparent contracts and flout the principle of free, prior and informed consent

In these cases we speak of landgrabbing.

In particular women are often adversely affected. Women account for only 10-20 per cent of landowners. They may be responsible for the majority of food production, yet they face systematic discrimination in land tenure.

## **3 Climate change** [slide 8]

Climate change poses a great threat to food production. First, it will apply a further brake on yield growth. Estimates suggest for example that rice yields may decline by 10% for every degree Celsius rise in dry-growing season minimum temperatures.

Second, climate change will increase the frequency and severity of extreme weather events such as heat-waves, droughts, and floods, which can wipe out harvests at a stroke.

Meanwhile, creeping, insidious climate change in the seasons, such as longer, hotter dry periods, shorter growing seasons and unpredictable rainfall patterns are bewildering poor farmers, making it harder and harder for them to know best when to sow, cultivate and harvest their crops.

Climate change obviously not only threatens agriculture, the way we now farm also threatens the climate. Agriculture accounts for somewhere between 17-31% of all human induced greenhouse gases. Key drivers are emissions from fertilizer use and from cattle. Alarmingly, both are set to

increase significantly. The biggest contributor by far to agricultural emissions, however, is land use change, converting for instance forests and wetlands into agriculture. At the same time agriculture can provide for a large part of the solution to climate change as we will see later.

#### **4 Price volatility**

Food prices are on the rise [slide 9] and are increasingly volatile. Over the next 2 decades, prices for commodities such as rice, wheat and maize are forecast to rise between 60 -80% – not even taking into account the impact of climate change.

Such price rises hit the poorest people the hardest, as they spend up to three quarters of their income on food. The 2008 price spike in food prices pushed some 100 million people into poverty. Price rises so far in 2011 have done the same with another 44 million people.

Increasing demand is one reason for increasing food prices, although it is not a convincing explanation for short term price spikes. The dependency of the food system on oil for transport and fertilizers is a key factor in both.

Another factor is declining food stocks. Without reserves to smooth supply hick ups, any shock is transmitted directly into steeper prices. Supply shocks will become much bigger as climate change gathers pace. Poor wheat harvest in 2006 and 2007 were identified by some as contributing factors in the last crisis. A record breaking heatwave, with large scale fires, in Russia reduced the country's wheat crop by 40% in 2010, prompting the government to impose export restrictions. *Other extreme weather – devastating floods in Pakistan and Australia, dry weather in Brazil, heavy rain in Indonesia – have pushed up international prices and disrupted production.*

Excessive speculation may be another driver of food price spikes. Holdings in commodity index funds – the principle vehicle for pure financial investments in agricultural commodities – rocketed from 13 billion US dollars in 2003 to 317 billion in 2008, as investors stampeded to a safe haven from capital markets in meltdown.

Short-sighted biofuels strategies play a part too – food for people's plates literally disappears into fuel tanks. Estimates for the role of biofuels in the 2008 food price spike were in the range of 20-30%.

## **2. The solution [slide 10]**

From the failing food system to wider social and ecological challenges, the dominant model of development is hitting its limits. It is time to change course. Since the challenge of food security is linked to many other challenges – climate change, landgrabbing, price volatility, poverty, adverse global trade policies, clearly we need solutions in these interlinked areas as well.

Oxfam has identified three fundamental shifts needed:

- (1) we need to invest in small scale agriculture and grow a new agricultural future,
- (2) we need to address climate change and build a new ecological future; and
- (3) we need to improve national and global governance and tackle the barriers to food security, such as landgrabbing, biofuels policies, speculation.

### **1. A new agricultural future**

Hunger, vulnerability and poverty are concentrated in rural areas. And this is exactly where we can find solutions. The huge untapped potential in small scale agriculture is where the real opportunity lies. Currently 500 million small farmers in developing countries support almost 2 billion people, and do so without the access to markets, land, finance, infrastructure and technologies enjoyed by large farms; in Brazil and China they are the main providers of food for the country. And while less input-intensive, more climate friendly agricultural practices are not

exclusive to small farmers, they are often well suited to this scale of production, and easily adopted. One other reason to invest in smallholders rather than to export the big agribusiness model everywhere, is that investing in smallholders will also help build resilience, enhance biodiversity and increase equity. In fact, exporting the big agribusiness model may result in massive displacement of workers and farmers huge unemployment and destruction of the environment.

Oxfam believes that investing to increase access to resources – land, water, seeds, markets, knowledge – will increase production and help to close the yield gap. It is particularly important to invest in women farmers. If women had the same access to resources as men, they could boost their yields by 20-30%.

Realising this opportunity requires a sea change in the level and nature of investments in agriculture by national governments, the international community and by companies.

## **2. Tackle climate change and build a new ecological future**

It is clear that we need a very rapid transition to a new model of prosperity, which delivers growth, which respects planetary boundaries and has equity at its heart. This transition will only be possible with effective policy at the national and regional levels, and clear global commitments and frameworks for action.

The transition to a global economy that respects planetary limits will come primarily as a result of national and regional action. But it will also depend on whether our political leaders set clear global targets on climate change, water, biodiversity and other issues, and adopt a global framework for action. In the aftermath of Copenhagen, a fair, ambitious and binding global framework to tackle climate change looked a long way off. The pace of the negotiations remains too slow, and their ambition too low. Our challenge is to bring even greater pressure to bear on political leaders, to overcome the business lobbies that have stifled progress to date.

## **3. Improve national & global governance [slide 12]**

Finally, improved global and national governance is essential to tackle the barriers to food security. These include:

- New global regulations to stop landgrabbing
- An end to support measures for biofuels programmes, such as blending and consumption mandates, subsidies, tax breaks, and import tariffs.
- Measures to curb excessive speculation
- The establishment of food reserves at the local, national and regional level.
- Expansion of social protection
- An end to trade distorting agricultural subsidies

## **Concluding [slide 13]**

The age of crisis is a terrible threat, but also a moment of tremendous opportunity. Growing a better future is a tremendous challenge. It will take all the energy, ingenuity and political will that humankind can muster. It is vital that we work together, to come up with common approaches and to develop powerful campaigns to win significant reforms in how our societies manage common threats and resources.

As I said, achieving food security in a resource constrained world is far from easy. But at the same time, I believe we have no choice. We must grow a better future, together.