

PART 7

GLOBALISATION OF FOOD SUPPLY

There has been a steady globalisation of food supplies as trade restrictions have relaxed since the 1980s. Chapter 26 takes a close look at how marketing channels and changes in the retail food system are both responding to and driving major shifts in consumption, particularly in Africa and Asia. The policy evolutions – sometimes seemingly going through fits and starts – described in the previous part reflect the challenges policy makers face when confronted with massive demographic, social and economic changes within their countries.

Major changes in life styles, urbanisation, consumption patterns and diets are having profound influence on production, trade and marketing, not to mention human health. This translates into major changes in government policies as they relate to agricultural production and food security. Chapter 27 summarises how global consumption patterns have shifted and present general models of supply, demand and market/trade interactions. There has been an unsurprising shift from staple foods, primarily grains, as a source of calories to more diverse diets as incomes increase.

This generality masks some interesting, and seemingly contradictory, consumption trends. Local food consumption is becoming more diverse where incomes rise, showing increases in animal products, fats and oils. Internationally, a few major commodities (wheat, maize, rice and soybeans) increasingly dominate the overall make up of global food trade. As many traditional sources of calories become less important nationally (sorghum, millet and cassava in Africa and rice in Asia) overall diets are becoming more uniform across countries. Unfortunately, the similarity of the more diverse diets does not translate into healthier diets, because ‘modern’ diets tend to be high in sugars and fats. This leads to the rise in non-communicable disease discussed in earlier chapters and the lag in consumption of fruits and vegetables exacerbates the hidden hunger caused by micronutrient deficiencies. Populations living in urban areas are most likely to consume large amounts of sugars and fats while poor rural populations, especially in South Asia and sub-Saharan Africa, still experience malnutrition. Nonetheless, even in rural areas obesity, heart disease, and diabetes are becoming more common in some countries.

For several decades after World War II most countries had very protectionist policies around agriculture in order to achieve self-sufficiency. This began to change in earnest in the 1980s. The ensuing shift of emphasis from supply and national food self-sufficiency within the context of the global food system has led to more of a focus on trade. Chapter 28 argues for continued opening of trade in agricultural commodities as a means of further stabilising food supplies across the globe and strengthening WTO oversight. In an ideal world, unfettered access to affordable and very diverse foods should lead to better diets and improved health for even the poorer segments of society. The negative impacts on local providers notwithstanding, there are other thorny problems facing the argument for a completely free market in food and the resulting increased reliance of all countries on international trade.

In many countries, some parts of the food basket have significance far beyond simply providing nutrition. This has large consequences for the sometimes implicit, or even hidden, assumption that staples are freely substitutable. For most Asian countries, for example, rice occupies a central cultural position such that significant price fluctuations or shortages can cause an existential crisis. Governments are very sensitive to the ramifications of rice shortages and typically have a range of policies to assure adequate supplies are sourced locally and are insulated from international market fluctuations. An oft-repeated adage is 'when rice prices rise, governments fall'. So, regardless of economic theory, governments understandably look after what they perceive as their self-interests.

Chapter 28 points out perhaps an even more critical concern around the vulnerability of completely depending on open trade in agricultural commodities. Specialisation in large-scale production of crops where they grow best has led to a situation where there are actually relatively few providers for the most traded commodities. This exposes buyers to what may be unacceptable risks. A major weather event, or series of weather events, that drastically reduce the output of a major supplier could have major repercussions around the world. These repercussions could have life-long consequences should they result in significant malnutrition in very young children.

What is becoming increasingly clear as this is being written is the political vulnerability of a global food system dependent on open and reliable trade. The WTO, regional trade agreements and overall reduction of tariffs were expected to eliminate the uncertainty in food supplies that were the norm in the 1970s and early '80s when trade embargoes threatened the global economy. These agreements all depend on an underlying confidence in the community to impose compliance of all members to adhere to them. Confidence in the fairness of the system frayed, however, as the Doha Round of WTO GATT negotiations collapsed. Furthermore, unilateral abrogation of treaties and agreements by powerful members can wreak havoc with previously stable trading regimes. Today, rapidly escalating verbiage threatening trade wars is being met with threats of retaliatory tariffs on traded foods. Even if the world steps back from all-out trade wars, some damage from a crisis in confidence probably has already been done. What responsible government would place the very survival of its people in the hands of a system that can be severely disrupted by the capricious acts of a few powerful individuals?