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### **The Tripod: ‘AAA’ of Food Security**

*Raghavan Sampathkumar*

Although globally food prices softened since the food crisis in 2008, the world cannot afford to be complacent. There are still important issues getting ignored that are affecting the very existence and basic needs i.e. food, of people particularly the poorer sections of the society.

During the food crisis in 2008, high food prices was the hottest topic of discussion across the world. Academics, policy makers, politicians, think-tanks, NGOs, and Inter-Governmental organizations were scrambling to find solutions at every national, regional and global forum.

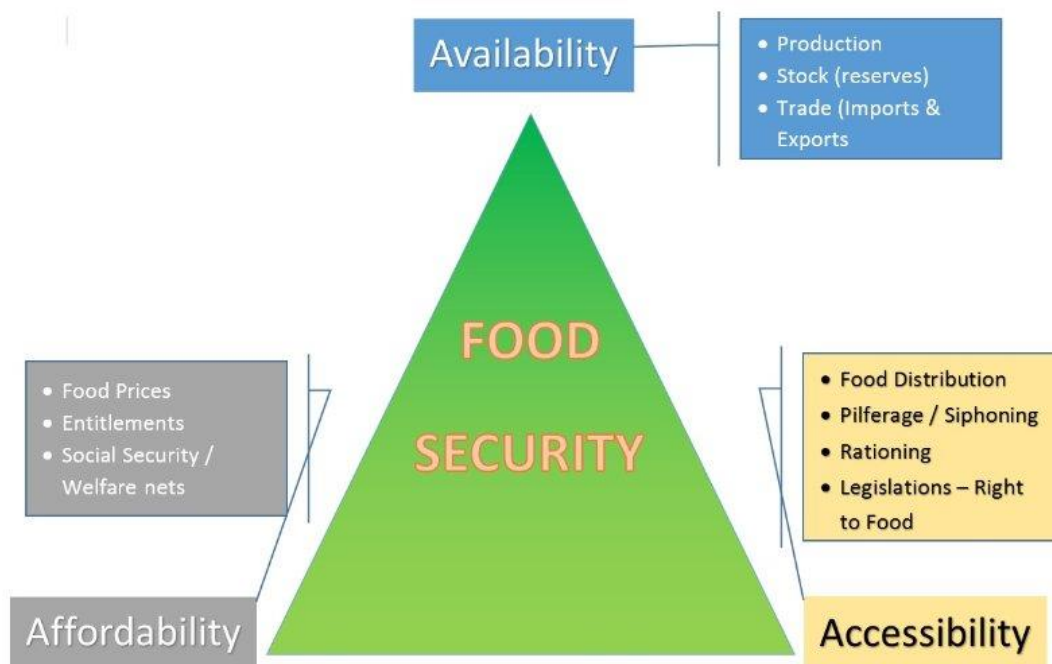
Calling it a crisis will grossly be an understatement as we witnessed yet another surge in food prices while the global economy continues to grapple with financial troubles on both sides of the Atlantic Ocean. During the financial crisis in 2008, the bourses went berserk, money markets tumbled and the world was brought down to its knees to speechlessly witness yet another tsunami sweeping across the financial markets. As erstwhile investment behemoths sunk silently, the storm that hit the US triggered off ripple effects worldwide. Almost all the Governments swiftly floated gigantic rescue plans costing astronomical amounts of tax payers’ money to get the markets back on their feet. The most striking features that intrigued even the most eminent intellectuals were the sense of extreme urgency and the sheer scale of magnanimity shown by the Governments in bailing out busted banks and bankrupt investors. But there are some chronic global issues – hunger and poverty - crying for more if not at least the same level of attention from the very Governments for many decades.

To give a broad perspective on hunger, poverty and food insecurity, let us consider the following facts. FAO in 2015 said about 800 million people are malnourished globally and almost all of them are in the developing countries of Asia and Africa. Although the absolute number has fallen from 1.1 billion between 1990-92 and 2014-16, the shares of South Asia (from 29% to 35%) and Sub-Saharan Africa (17% to 27%) has actually increased. This reflects the differences between the regions in terms of the priority given to the issues and the effectiveness of appropriate holistic agri-food policies in eradicating hunger and poverty.

From NIKKEI to NASDAQ, everyone is well aware of the importance of ‘AAA’ in financial lingo but it is also important to know about ‘AAA’s of food to understand the severity of food insecurity.

I conceive food security as a tripod of three important components but not necessarily in any particular order because all of these are equally important.

- Availability
- Accessibility
- Affordability



Sampathkumar's Tripod: 'AAA' of Food Security

A holistic understanding of the interdependence and cause-effect relationship between all the above components is very critical particularly for not making any policies in silos.

### 1) AVAILABILITY

Availability is a function of production, utilization, stock/reserves and trade (imports/exports). Since the green revolution that saved millions from hunger-driven death in Asia, progress has not been so appreciable in terms of investments and innovations to sustain the yield and productivity levels of many crops. A measly 2 percent average growth in the global agricultural output for the past many decades is far outpaced by faster growth in demand. Along with population growth, growing incomes and changing diets exert more pressure on the global food production systems. This is true particularly in case of many Low Income Food Deficit Countries (LIFDC) mainly in Africa and even some developing countries like India and a few in South East Asia also. While public and Govt. funded R&D is increasingly getting plagued by political-apathy, corruption, red-tapism and neglect, private investments are pumped onto crops of commercial interest driven by RoI (Returns on Investment), leaving too little done for food crops.

The vulnerability of global food market owing to inclement weather patterns affecting food grain production in major food grain producing regions had been exposed once again. The recent drought in the US mid-west, the worst in the last 50 years, proved to be another shock

to the global food trade as the country is one of the largest agricultural exporters, particularly of corn and soybean that are consumed mainly by the animal protein sectors. Wheat crop in the Black sea region and other major producers including Australia and Argentina also did not fare better and continue to remain until today vulnerable for weather aberrations in key producing regions.

Further, biofuels have taken the competition between food (and feed) versus fuel to a threatening level. Owing to colossal subsidies and obsessive fuel blending targets, about two-fifths of the total corn production is currently diverted for producing ethanol in the US. These have not only robbed millions of tonnes of grains off food and feed consumption, reserves of other grains across the world that are built up to tide over any shocks in food supply and safeguard the most vulnerable countries, have not been able to stand against the seemingly insatiable hunger for feedstock.

Knee-jerk reactive policies including taxing or banning exports by major agricultural exporting countries, under enormous domestic pressure to stabilize their domestic food prices, further strangle the supplies. As the stocks-to-use ratios of food grains sink to new lows, prices start rising alarmingly. The high food prices crisis in 2007-08 witnessed global cereal stock-to-use ratio plunging to 19.3 percent, the lowest in the past four decades (Is there a change in this statistics – update if it has changed).

A recent report by FAO states loss or wastage of food globally stands at about a third of total production mainly due to infrastructure bottlenecks in storage, processing and transport. This is colossal and must be reduced considering the fact that one in every six person is suffering from hunger in the world. Even if the magical MDGs (Millennium Development Goals) are achieved, there would at least be 600 million people - children, women in general, particularly pregnant mothers - malnourished in the world.

## **2) ACCESSIBILITY**

Accessibility is another burning issue particularly for the socially and economically under privileged. Defunct or near-deformed food supply and distribution systems in many developing and least developed countries do not justify the painstaking efforts to produce and/or bring food at their doorsteps. Greater challenges are faced in internal distribution to make food reach the people in need. Skewed policies framed based on vote-bank concerns rather than economic rationale are prime causes for situations where, for example in India, on one side huge stock piles of grains rot while more than 200 million people suffer from the national disease “chronic hunger” without having access to food they are entitled to. Vested interests such as illegal hoarding and siphoning had long been and continue to stand between the hungry and their due share of food. The PDS (Public Distribution System) established for distributing food grains to the people mainly the below poverty line (BPL) families in India continues to reel under severe criticism for being plagued with corruption, diversion of stocks and malpractices in its ground-level implementation. The issue starts right from the criteria of determining the eligibility of beneficiaries, quantity allocations to monitoring and punishing the violators. Prolonged paucity in making investments in improving the infrastructure is one of the main causes of the existing differences in over supply of food in one part of the country while some regions grapple with severe shortages. It needs a vigilant and determined Government not to yield to counter-productive forces at the peril of the poor, which unfortunately not commonly seen in many countries that are already beleaguered by internal conflicts, racial or communal wars.

### 3) AFFORDABILITY

All the factors mentioned above play direct and/or indirect roles in the price dynamics of food and contribute enormously to the volatility. As often pointed out by economists, high food prices are not always bad as they are necessary to help improve farmers' income and attract investments into agriculture. But affordability becomes an issue in the light of incomes and purchasing power of consumers. In general, neither low nor high prices are necessarily problematic but the scale or degree of variability between the peak and trough is certainly troublesome. Though debatable, investors with speculative expertise played a significant role during the crisis in 2008 as they flooded the markets with loads of money only to jack up the difference in prices between cash and futures markets to levels unseen before. Commodities, as an alternative asset class, made a yummy recipe in view of the ebbs and flows in returns from traditional instruments like equities. Current high levels of commodity prices similar to the 2008 crisis will mercilessly push livelihoods of millions deeper into poverty and hunger. The after effects of the drought in the US mid-west remain to be seen on prices of corn and other grains including wheat and coarse cereals. This is particularly critical for nearly half of the global population that are mostly in the developing and least developed nations, earning less than US\$ 2 a day and spending on an average nearly half or more of their income on food.

When it comes to feeding the 6 billion-strong world now and 9 billion by 2050, the AAA's of food need to be given immediate priority and due concern by the policy makers globally.

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**Disclaimer: Views are personal.**

#### **About the Author**

Raghavan Sampathkumar ([LinkedIn](#)) is currently based in Singapore. Raghavan is an agribusiness professional with 360 degree understanding of the complex political, socio-economic, environmental and cultural perspectives of the Ag-food value chain. He has more than 11 years of experience working in various subsectors of food & agribusiness including agro commodities, international trade, agri-inputs, biotech, and animal nutrition sectors across Asia-Pacific.

He graduated with High Distinctions in his Master of Agribusiness degree from University of Adelaide, Australia and is also an alumnus of TNAU, Coimbatore, India.

In his career, he has worked with several companies such as Monsanto; in different roles including as a Consultant – International Marketing with a Canadian Pulse Growers association; and also as a freelancer with many clients including Promar Consulting, Japan and DSM. He also founded “SMARTAgBiz”, a boutique consulting firm that focuses exclusively on food-agribusiness-animal sectors.

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