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Food Reserves Could Come Back Into Vogue

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While storing food had lost most of its meaning during the last decades due to easy access to global markets and high maintenance costs, the practice could come back into fashion in the face of the global food crisis.

Rapidly rising prices and food shortages over the last year, have sparked riots and popular uprisings, put pressure on food-importing countries, and according to World Bank estimates, pushed another 44 million people into poverty.

Last year's severe droughts in Russia, the catastrophic floods in Pakistan, the disaster in Japan, and the floods, fires, and tornadoes ravaging the United States, have rekindled an interest in storing food as a way to cushion the impact of shocks in agricultural production.

Twenty years ago, maintaining food reserves—a practice that goes back to biblical times—fell into disfavor because of high storage costs, and a neo-liberal aversion to unnecessary government intervention in the food market.

Today, global grain reserves are at a historic low. The U.S. Agriculture Department announced in April that U.S. reserves had reached the lowest point in 15 years, due to increased demand for corn for ethanol production. These reserves are projected to fall to 675 million grain bushels by late August, enough to feed only about 48 million people.

Last January, Russia's grain union reported that grain reserves had dropped by 24 percent to 32.8 million metric tons, mainly due to the country's worst drought in half a century.

During the last global food price crisis in 2007 and 2008, global prices for rice and wheat skyrocketed 74 percent and 130 percent respectively in a matter of weeks. By the end, the legions of the world's hungry had reached 1 billion people.

The United Nations World Food Program (WFP) warns that due to the effects of climate change alone, 20 percent more people will be at risk of hunger by 2050.

By that time, the U.N. predicts the world's population will increase from over 6.7 billion today, to approximately 9.1 billion. Most of that growth will be in sub-Saharan Africa where food insecurity is already a major concern.

Distribution Issues



The main reason for rising food prices, however, is not a lack of food. It is an issue of distribution and lack of buying power.

“Today there is no shortage of food; what we have is increase in prices because of increase in demand and also because the world production is highly concentrated in few countries,” said Maximo Torero, director of Markets, Trade, and

Institutions Division at the International Food Policy Research Institute (IFPRI) in an e-mail interview.

Thus any production shock in a main food exporting country, like the United States or Russia, will cause prices to rise, impacting poor, food-importing countries most.

Facing increasing hunger, market unpredictability, and food price volatility, world leaders have shown interest to resuming the practice of food stores.

At the G-20 meeting last month in Rome, leaders discussed developing an emergency reserve system, aimed at servicing the most vulnerable countries.

Still, world powers could not reach a consensus on what French Agriculture Minister Bruno Le Maire called, the “very last solution,” in a meeting with Agriculture Secretary Tom Vilsack in Washington earlier this month.

Some of the sticking points mentioned by Le Maire are Brazil and Argentina's desire to reduce price volatility, but at the same time willingness to allow commodity prices

to keep rising. And China has found it difficult to accept the idea of increasing transparency in the markets, which is what a global reserve system would require.

Further discussions will be held at the next G-20 meeting in Paris, June 22-23. France currently holds the G-20 presidency and has been spearheading the effort.

Another option would be to agree to “virtual reserves,” which is based on shared and coordinated commitment for supplying food between participating countries. In this system, commodities would be bought in the futures market as hedges. In other words, they would be promissory, not actual budget expenditures.

The concept has its critics, however, who see it as an inferior option.

“Virtual reserves concept is flawed from the beginning. Countries need out-of-market, physical reserves,” argues Harwood D. Schaffer, research assistant professor at the Department of Agricultural and Resource Economics of the University of Tennessee Institute of Agriculture.

Schaffer says that the issue of food reserves is purely a question of politics.

“We can easily solve the problem with food production. What makes this hard to solve, are actually politics and ideology,” he said.

Other experts say the most efficient way to secure food is by expanding capacity of global food production and involving more players in the agriculture game. And Africa has great potential.

“Half of the world’s arable land is in Africa. If this land is put into exploitation, it will lessen the pressure and will lower the baseline prices, and will add one more supplier, in times when there are droughts or floods,” said Joe Guinan, director of TransFarm Africa Initiative, at the Aspen Institute in Washington, D.C.

Local Solutions



In some parts of the world, farmers and households already store food for future use. In Cameroon, for example, the WFP is working with local communities to develop traditional village granaries to build resilience in the face of difficult climatic conditions and high food

prices.

“The reserves enable villagers to withdraw stocks from the granary during the lean season and pay it back later from their own crops when the harvest comes in,” wrote Jane Howard, public information officer of the WFP, via e-mail from Italy.

And while it is unrealistic and inefficient for countries to rely solely on a global food market, food reserves are also not a full solution.

“My view is that food reserves could contribute greatly to achieving food security, recognizing that this is one tool, not the panacea for ending hunger,” Alexandra Spieldoch, coordinator of the Network of Women Ministers and Leaders in Agriculture Women Organizing for Change in Agriculture and NRM (WOCAN), wrote via e-mail.

Instead, approaches need to be drawn from national and regional examples.

A good example for customizing of methods for storing food is again Africa, where a special plastic bag was invented to store cowpeas, a staple crop and an important source of protein for numerous communities in Western Africa.

“The storage bag is similar to the Ziplock bag used by consumers in the U.S. and can be reused for nearly a year,” explained Danielle Nierenberg, director of the project Nourishing the Planet of the Worldwatch Institute.

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Nierenberg, who spent the last 16 months traveling to 25 African countries, said that according to studies, this bag could be worth more than \$245 million annually to African farmers because it helps them save most of their crop. Before the bag was introduced, farmers were losing about 40 percent of their cowpea crops.

“These farmers are very poor, so any extra income or saving is very important for them,” said Nierenberg.

Food Waste



Nierenberg says that despite the lack of access to food in developing countries, 20-50 percent of the global food harvest is wasted before ever reaching people's stomachs. While rich countries throw food away, in Africa, for instance, it is lost all along the food chain: in the field, during transportation, and in storage due to rotting and pest problems.

“The food waste problem really needs to be attacked and solved on all fronts,” she says.

Every year, about 100,000 tons of mangoes are wasted in Africa, says Nierenberg. Mangoes are an important source of nutrition, particularly vitamin A—often lacking in diets in sub-Saharan Africa.

A recent report of the U.N. Food and Agriculture Organization (FAO) estimated the value of post-harvest grain losses in sub-Saharan Africa alone at around \$4 billion a year. The lost food could have fed 48 million people for a year.