



# Food security

Back on the agenda but what does it mean?

A report of the Business Forum  
meeting on 22nd May 2008

# Contents

Introduction.....	1
Food price rises.....	2
Food security.....	3
National security.....	3
UK policy.....	4
Challenges to government.....	4
Food capacity.....	5
Role of government.....	5
Business priorities.....	6
Speaker biographies.....	7
About the Business Forum.....	8

## Introduction

A surge in commodity prices has pushed 'food security' up the agenda in policy, business and public debate. Yet the term is used to promote everything from self-sufficiency to social justice. Globally and in the UK, the headlines have been taken by calls to boost production and trade in the face of rising demand and constraints on land, water and other resources.

The May meeting of the Food Ethics Council's Business Forum discussed what 'food security' means and what factors affect it. The meeting was chaired by Helen Browning OBE, Food and Farming Director of the Soil Association and a member of the Food Ethics Council.

We are very grateful to our speakers, Professor Philip Lowe OBE and Dr David Barling. Philip Lowe is Director of the Rural Economy and Land Use programme. David Barling is a Senior Lecturer at the Centre for Food Policy at City University London, where he researches the sustainability of our food supply.

This report outlines points raised during the meeting. Contributions are not attributed. The report was prepared by Tom MacMillan. It does not represent the views of the Food Ethics Council, the Business Forum or their members.

## Key points

- Some see the current short-term **spike** in food commodity prices to end the long-term downward **trend** in real food prices.
- **Poorer consumers** who spend proportionately more on food are hurt by higher prices, while potential gains for **producers** are eroded by **higher input costs**.
- A key concern for many businesses is to maintain profitability, if necessary by **passing costs** to their customers.
- Higher prices may put **pressure on the environment**, as land is farmed harder.
- Inflation has pushed **food security** up the policy agenda. Internationally, this means a renewed focus on tackling **hunger and malnutrition**. In this sense, food security is better seen as a question of **demand and distribution**, than supply and productivity.
- In the UK, renewed interest in food security owes more to **geopolitical** concerns about resource scarcity and supply chain resilience.
- While many stakeholders accept the UK government's long-standing principle that national **self-sufficiency** is not necessary to food security, they nevertheless challenge the prudence of the UK's **laissez-faire** approach.
- A study by City University proposes that the challenges raised by stakeholders are best captured by the concept of '**food capacity**', which is about building the foundations for a **resilient, healthy and sustainable food system**.
- Building food capacity demands major **public investment**, including in research.

## Food price rises

Rising prices have heightened interest in food security. The prices of oil, food commodities and household bills have all increased steeply over the past 18 months: oil has reached record highs; wheat prices have risen sharply but seem to have peaked below the high-water mark of the 1970s; consumer price inflation varies from product to product and country to country.

The main factors said to have driven up food commodity prices include biofuel incentives, harvest volatility, speculation, low world reserves and strong demand in the world's emerging economies. The importance of these different factors is the subject of competing analysis and political wrangling.

In the short term, the effect of this combination of factors is expected to weaken, and prices to decline. However, many commentators do not expect them to fall to the lows they had reached previously, and argue that the current spike marks the start of a reversal in the long-term downward trend in real food prices – the end of 'cheap food'.

Factors that may make it increasingly difficult to sustain the historic downward trend in food commodity prices in decades to come include: land, water and energy scarcity; climate change; urbanisation and rural labour shortages; and growing affluence and changing diets in rapidly growing economies. However, the latest OECD-FAO analysis suggests prices may eventually resume a slow downward trend.

## Winners and losers

Who wins and loses from these short- and long-term price trends? On the face of it, higher commodity prices are good news for producers and bad for consumers. Since most of the world's farmers are in developing countries, higher prices might, on the face of it, promise to bring net social benefits.

However, the picture is not so simple. Inflation in the prices of agricultural inputs such as fertiliser and feed is eating into producers' margins. Meanwhile, though many consumers in wealthy countries may be able to withstand a considerable increase in food prices, as food bills can account for less than 10% of household expenditure, consumers in poorer countries, for whom food can account for the great majority of spending, are extremely vulnerable to inflation. For consumers in rich countries who are already experiencing food poverty, higher food and energy bills are also an acute problem.

Raised food prices may also put pressure on the environment, threatening to undo improvements in sustainability that have been achieved in recent decades. On the demand side, some consumers may 'trade down', potentially compromising on premium products that make environmental, social and animal welfare claims, such as organic. On the supply side, higher prices may drive producers to farm harder, potentially compromising biodiversity and other ecological benefits. Scrapping set aside, which inadvertently

supported farmland biodiversity, illustrates this risk.

Farming systems that use fewer synthetic fertilisers and pesticides should be relatively insulated from the rising price of agricultural inputs. Does this mean that they will pass fewer costs along the supply chain to consumers, and therefore increase market share as high-input products become relatively more expensive? For organic, at least, this is unlikely, even though the price differential is falling: the major limit on expansion in the organic sector is the availability of supply.

## Food security

What all this means for food security depends how we define it. Internationally, food security is about hunger and nutrition. The 1996 World Food Summit (WFS) defined it as ensuring that “all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life”.

An increasingly large and affluent world population, combined with tighter constraints on natural resources due to scarcity and sustainability concerns, means that agricultural production and productivity will need to increase in order to ensure food security. Since the Business Forum meeting, this was highlighted at the June 2008 food crisis summit in Rome by UN Secretary General Ban-Ki Moon.

However, increasing production and productivity are far from sufficient to improve food security by the WFS definition. After all, 860 million people were hungry even when global supply and demand seemed in balance and prices were at their lowest in history.

As the Nobel laureate Amartya Sen famously argued, it is poverty, not lack of food, that causes hunger. You even have food poverty and malnutrition in rich, food-surplus countries like the USA. A major challenge in many poorer rural areas, where productivity is low, is less to multiply yields through new technology than to reduce post harvest losses and get produce to market, raising rural incomes and boosting investment in farming.

Similarly, even if rising incomes in China and India are one of many factors putting upward pressure on commodity prices, it is arguably wrong-headed to see this as driving food insecurity: it is a direct indicator of people being pulled out of poverty and hunger.

So food security is more helpfully seen as a question of demand and distribution, than of supply and productivity. There is also an overall challenge from falling food stocks and tightening resources, but food security may not be the best term to describe it.

## National security

If food insecurity has been such a problem for decades, why has it risen up the political agenda now? In part because of

concern that food insecurity could get even worse and in part down to opportunism, as interest groups use a period of crisis to advance their agenda. However, it is also because it has caught the attention of governments as a 'hard' national security issue.

Food shortages and price rises have prompted social unrest in many countries, including Indonesia, Saudi Arabia and Mexico. Some governments have sought to safeguard domestic supplies by restricting food exports, underlining the geopolitical importance of food. Population growth and climate change may magnify the logistical and political challenge of getting food from places that produce a lot, to places where a lot of people live, though the growth in production is currently steepest in countries experiencing the most rapid rises in demand, such as India and China.

China's strategy for ensuring it has an adequate food supply has been subject to particular scrutiny. One trend has been to expand its 'virtual' land area through what have been described as neo-colonial business relationships in Africa. Yet China also has a large portion of the world's farmland and farmers, and is investing heavily in domestic agriculture.

## UK policy

It is these geopolitical concerns, more than food poverty or hunger, that have brought 'food security' back into the UK policy scene. For years the term had been frowned upon as 'self sufficiency' by

another name. Successive UK government reports have argued that the nation's ability to feed itself is better served by well-oiled trade relationships that extend around the world than by overwhelmingly domestic supply chains that are subject to the vagaries of the weather and other threats.

The situation in 2006, when the UK was 63% self-sufficient for food in general and 73% for foods that could be grown in this country, falls in the middle of the highs and lows of national self-sufficiency we have experienced over the past 250 years.

Emphasising that food security does not depend on national self-sufficiency, the UK has promoted trade liberalisation, sought to dismantle EU agricultural support and endorsed the power of supermarkets to drive down food prices at the till.

Increasing concern over the effects of peak oil and bilateral trade agreements on international trade are just two of the factors that had reignited policy debate over the pros and cons of the UK's mercantilist approach to safeguarding its food supply. Food commodity price rises since the end of 2006 have further fuelled this discussion.

## Challenges to government

The government's position is being challenged from many quarters. The opposition Conservative Party and a major project by Chatham House both, separately, emphasise the geopolitical

importance of a resilient national food supply. The Commercial Farmers Group, which represents medium sized agricultural producers, has emphasised the needs of UK producers. Other groups, such as Farmers for Action, have defended the role of agricultural production in preserving the fabric of rural communities. Environmental, social and economic concerns have driven expanding support for local food production. Meanwhile, the UK position has been challenged in Europe, particularly by France and Germany.

These developments highlight a need for the UK government to rethink its policies on agriculture and trade in the face of changing international circumstances and its commitments to sustainable development. However, it is questionable whether alternatives on offer are up to these tasks either. Furthermore, though ‘food security’ has been the catchphrase for this policy debate, other terms may better capture the challenge.

## Food capacity

City University have studied the changing face of ‘food security’ in UK policy. Their project suggests that the challenges facing UK policy makers are better understood as in terms of ‘food capacity’ than ‘food security’. Building production capacity means improving the production base and supply chain governance, promoting labour skills and investing in R&D that supports sustainable agriculture. Building environmental capacity means

safeguarding the load-bearing capacity of ecosystems, including biodiversity, soil and water, and reducing our ecological footprint. Social capacity is about recognising people’s nutritional needs and limits, and respecting the social and cultural dimensions of food production and consumption – the limits to consumption capacity can be seen in diet-related ill-health and food waste.

## Role of government

Building these capacities is important, the City project argues, and requires both a change in government’s attitude to food and farming, and significant public investment.

The meeting focused on the need for greater investment in agricultural research, in the UK and internationally. Until now, the doctrine in UK policy has been that research related to production should be left to the private sector and to the levy boards, with government focusing on more ‘basic’ science. Public spending on agricultural research has declined.

While greater investment in agricultural research may support innovation and production capacity, it does not follow that agricultural science is the priority for improving food security, in the sense of tackling food poverty in the UK and hunger internationally. Even when it comes to increasing productivity, the priority may often be to better use what we already know, rather than develop new technology.

## Business priorities

Should businesses actively seek to promote food security or should that be up to governments? Is it not more rational and more responsible for food businesses to seize commercial opportunities presented by scarcity and higher prices, and for government to ensure businesses respond in ways that contribute to food security and respect for workers, the environment and animal welfare?

That might sound plausible in theory but, in practice, the immediate concern of many food businesses is to ensure that they maintain profitability, if necessary by passing their higher costs up the supply chain to their customers and, in turn, to consumers. They aim to get price increases through and sustain them if commodity prices drop down again. Retailers, meanwhile, are wary of price inflation because they are under scrutiny from the Competition Commission.

## Speaker biographies



**Helen Browning OBE** chairs the Food Ethics Council. She runs a 1350 acre organic livestock and arable farm in Wiltshire, supplying customers with organic meat through a nation-wide home delivery service and via multiple retailers. Since September 2004 she has been Food and Farming Director of the Soil Association, which she previously chaired. In May 2005 she was appointed as chair to Defra's Animal Health & Welfare England Implementation Group. Helen also sits on the Meat and Livestock Commission. She was previously a member of the Biotechnology Commission and of the Policy Commission on Farming and Food, which reported to the Government in January 2002.



**Dr David Barling** is a Senior Lecturer at the Centre for Food Policy at City University London. His research focuses on the governing of the agri-food sector and of our food supply in relation to sustainability, and the politics of food standards setting. He was a leading member of an EU research project Ethical Traceability (2004-7). He recently led the food retailing and consumption section of a European Science Foundation/COST Forward Look on European Food Systems in a Changing World (2006-7). He is currently a co-researcher on a study of UK Food Security Policy and Sustainability. Has is a member of several external groups including the expert advisory panel for the UK Prime Minister's Strategy Unit project on Food Policy.



**Professor Philip Lowe OBE** is Director of the Rural Economy and Land Use (RELU) Programme of the UK Research Councils. He has been a leading figure in the development of interdisciplinary rural studies in the UK. In 1992, he founded the Centre for Rural Economy at the University of Newcastle upon Tyne, where he holds the Duke of Northumberland Chair of Rural Economy. He has played an active role in rural policy development at the national and European levels and in the North of England. He is a member of the Science Advisory Council of the Department for Environment, Food and Rural Affairs (Defra) and currently chairs Defra's Vets and Veterinary Services Working Group. For his contribution to the rural economy he was appointed OBE in 2003.

## About the Business Forum

Ethical questions around climate change, obesity and new technologies are becoming core concerns for food businesses. We have launched the Business Forum to help senior executives gain expert insights into the big issues of the day. Membership is by invitation only and is strictly limited.

The Business Forum meets six times a year for in-depth discussion over an early dinner at a celebrated London restaurant. The forum members shape the meeting agenda.

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