

G-20 Officials Agree on Steps to Stabilize Food Prices and Improve Supplies

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PARIS — Agriculture ministers from the [Group of 20](#) leading economies agreed Thursday on measures intended to lift global production and improve supplies of basic foods, while mitigating price swings.



France's President Nicolas Sarkozy spoke at the G-20 meeting on Wednesday.

The agreements were hailed as important steps, although some advocates said they did not go far enough, especially in tackling biofuel subsidies.

The initiatives included a database on food stocks to be managed by the [United Nations' Food and Agriculture Organization](#) in Rome; a joint international research program on wheat; support for research into rice production; and a "rapid response forum" among Group of 20 members to assess and respond to food crises.

While investment in production was encouraged, the ministers did not offer specifics.

The ministers also agreed, in hard bargaining late Wednesday night, to remove export restrictions on food for humanitarian purposes and reaffirmed their opposition to export bans — an issue that will be taken up by the World Trade Organization. They asked the [World Food Program](#) to develop a pilot program for regional humanitarian food reserves.

"Concrete, very precise and ambitious measures will be taken," the chairman of the meeting, the French agricultural minister, Bruno Le Maire, told reporters. "Better transparency in agricultural markets will translate into less price volatility."

The president of the World Bank, Robert B. Zoellick, called the steps "modest," saying, "It's just a start, but it's progress." Mr. Zoellick was pleased, he said in an interview, that the Group of 20 had

finally focused on agriculture and the continuing crisis he sees in food supply, especially for poorer countries with weaker links to the world's financial and commodity markets.

Food stocks of wheat and corn are too low, he suggested, given the increasing demand for livestock feed in China, India and the developing world, where people are eating more meat. Keeping up with that demand will not allow a growth in emergency food stocks unless more action is taken, he said. And if there is an unforeseen event or disastrous weather, these stocks might quickly disappear, and prices would soar.

“We’re in a danger zone for a number of years,” he said. “If you get a bad weather event, you get hammered.”

The 24-page declaration was the result of months of negotiations. China and India, in particular, had been reluctant to release data on their food stocks, which are considered strategic information. Final agreement was obtained only at a dinner Wednesday night that was attended by, among others, President Nicolas Sarkozy of France and Pascal Lamy, the chief of the World Trade Organization.

In general, Mr. Zoellick said, the Group of 20 allowed countries like China and India to take more collective responsibility for world crises and challenges. “This is where the G-20 can work, as long as they don’t feel ordered around by the bigger countries,” he said, citing the agreement by Beijing and New Delhi on food stocks. “They know it’s in their interest to do it.”

This first-of-a-kind meeting was called by France, the current holder of the Group of 20 and Group of 8 presidencies, [after world food prices hit record levels](#) this year, raising concerns about a replay of the riots in some countries in 2007 and 2008.

The current spike — driven by drought in Western Europe, a Russian export ban last summer and bad weather in Canada and Australia — contributed to the social and political unrest in the Arab world this year.

In recent weeks there has been a slight letup in [food prices](#), but the main wheat futures contract traded in Chicago remains up about 50 percent from its level a year ago. And few analysts expect a major retrenchment in prices in the months ahead.

There was no agreement on the possible role of speculators in financial and food markets.

There was also no accord on whether or how to cut or end subsidies on [biofuels](#). In the declaration, the ministers merely said they would “continue to address the challenges and opportunities posed by biofuels.”

“The problem is not biofuels in themselves,” said the Food and Agriculture Organization’s director general, Jacques Diouf. “The problem is the policies adopted by certain governments to encourage the development of biofuels.”

Olivier De Schutter, a professor whom the United Nations has asked to report on food issues, said: “The final declaration is particularly disappointing on biofuels. There is a consensus among international agencies that this has been a major factor in the price increases of basic food commodities over the past four years.”

In the United States, about 37 percent of the corn crop in 2010 went to ethanol, and the figure will be no lower this year, Mr. De Schutter said. The American agriculture secretary, Tom Vilsack, noted that the issue was alive in Congress and said it was “likely that we will see changes in the way in which the industry is supported.”

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