

Securitising Food

The Case of South Asia

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Introduction

The notion of food security currently appears as an important lexicon in the current international security agenda. A seemingly comprehensive definition was arrived at the World Food Summit (1996): "food security, at the individual, household, national, regional and global levels (is achieved) when 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."¹ This popular definition identifies the significance of access, availability and utilisation of food. Thus the essence of food security stresses the access to and the availability of food, to meet the nutritional requirements of peoples. In light of this definition, it is clear that the global food crisis is an amalgam of the three factors, i.e. access, availability and utilisation (*denoting nutrition*) of food. Worldwide upsurge of oil prices, climate change, irregular weather conditions and the increasing transformation of agriculture by bio-fuels production have become important factors amongst others, in decreasing global food supply. This has contributed to upward pressures on food prices affecting 2 billion people.

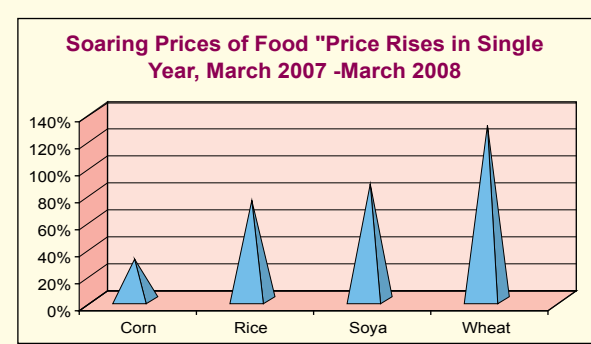


Figure 1: Soaring Prices of Food?²

The global food crisis threatens to increase malnutrition and dramatically reduce the pace of economic development for many countries, particularly agrarian based economies. The vast number of people living in poverty even before the current food crisis can only help but increase the challenges for governments of developing countries grappling with poverty alleviation.

This *Issue Brief* begins by looking at the drivers of today's rising food prices, noting that while in the short term pressure is on the demand side, a set of environmental and structural pressures i.e. climate change, energy security, water scarcity, land availability, will increasingly affect the supply side over the longer term. The *Issue Brief* then discusses the implications of the food crises for South Asia, subsequently focusing upon Bangladesh, painting a bleak picture in lieu of the current crises. It then turns to policies and sustainable long-term strategies that would help lighten the ramifications of the current crisis and position South Asian countries to meet the challenges of securitising food.

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Driving the Crises: The Bigger Picture

The immediate drivers of the current food crises can be understood in terms of both demand and supply side factors. However, this paper gives due significance to the long-term pressures that will undoubtedly vitiate into global food supplies and by extension, food prices.

Far from decreasing, the number of hungry people in the world is currently increasing at the rate of four million a year.
— Jacques Diouf
FAO Director-General

Demand Side Factors

Rising incomes conceivably account for half of the recent increases in food prices.³ The increasing wealth of the middle classes, especially within emerging economies, has seen traditional patterns of consumption modify to include diets richer in meat and dairy products and which are significantly more intensive in terms of both grain and water use.⁴ **Bio-fuels**, as a source of demand for grain, are also playing an important role. They divert both edibles such as corn and soybeans and valuable farm land away from food production. This diversion is likely to increase as oil prices increase. According to IFPRI, if leading nations stopped bio-fuel use this year, it would lead to a price decline in maize by about 20 percent and wheat by about 10 percent from 2009-10.⁵ **Precautionary demand** for food stocks is also fuelling upward price pressures. According to the ADB, public food grain agencies and private traders in many countries are replenishing their depleted stocks in the context of rising prices allowing traders gain windfall to profit. The situations has elicited policy responses that exacerbate rather than cushion price volatility. For instance, numerous instances of government raids on private traders accused of hoarding food grains to push up prices have not, however, been effective in curbing the surging domestic prices.⁶ Some current price volatility is attributable to **speculative investors** seeking safety in commodity markets from the weak dollar and from falling equity and bond markets.

Supply Factors in Play

One factor is the relative inelasticity of food prices, i.e. the inability of supply to respond commensurate

with demand. World cereal stocks have been falling over the past few years, indicating that growth in consumption of grains for all purposes has been in excess of production. The current stocks of rice, wheat, and corn are estimated to have fallen by over 40% between 2002 and 2007.⁷ The problem of reduced exports from important food producers is also problematic, particularly when at the same time importing countries attempt to procure volumes of food sufficient for building stockpiles. Lack of efficient logistical systems and infrastructure for food grain marketing and distribution has tightened the food market further.

Long-term Structural Pressures

There are four structural pressures affecting agricultural inputs that will have long-term implications. Indeed, they paint a comprehensive picture as to the challenges that lie ahead for global food supplies. The first and arguably most significant factor is **climate change**. Global warming and climate change have increased the probability (and the force) of weather events. Changes in rainfall patterns, rises in sea levels and storms and floods, will threaten rice culture and production in many parts of the world especially Asia. Although a long-term structural concern, global climate change is likely to cause supply disruptions in the short term as well.

The second is the question over the availability and access to **energy**. The global agricultural system is predicated on the availability of cheap, readily available energy, for use in every part of the food production chain: from cultivation to fertilizers. With global energy prices seeing year-on-year increases, dramatically surging to all-time highs in the past 6 months (recently reaching \$135 a barrel),⁸ will undoubtedly permeate into food prices even as alternative fuels are sought to reduce dependency on traditional energy sources. Third is the challenge of **land availability**. Increases in demand have in the past been met through increasing yields. However, today, there is intense competition for what land there is beyond food, including feed, fiber (e.g. timber, paper), fuel, forest conservation, coupled with soil erosion and desertification.⁹ Fourth, **water scarcity** will have a more immediate impact upon supplies. Agriculture consumes about 70 percent of all freshwater withdrawn and up to 95 percent in several developing countries.¹⁰ Global demand for water has tripled in the last 50 years; 500 million people

live in countries chronically short of water, and this number is expected to climb to 4 billion by 2050.¹¹ A particular worry is the depletion of limited groundwater resources.

The World Bank estimates it will take 'several years' for supplies to increase so as to rebuild stocks and allow prices to fall.¹² Yet, over the longer term, structural factors – a world population forecast to rise to 9.2 billion by 2050, rising incomes and the four long term 'pressures' noted give weight to a principally structural shift in global food production. To that end, the UN has declared that at least for the next 10 years, food prices will remain well above the levels of the last decade.¹³

Current Food Situation in South Asia

Most countries in South Asia are net importers of food. They have suffered from the crises particularly in terms of international trade shocks of at least 1% of GDP, thereby reducing their foreign exchange earnings and international purchasing power. At present, a billion people in South Asia are affected by the surging costs of daily staples.

In order to assess the basic challenges that South Asian countries currently face in securitising food, this section will look at the region, country by country.

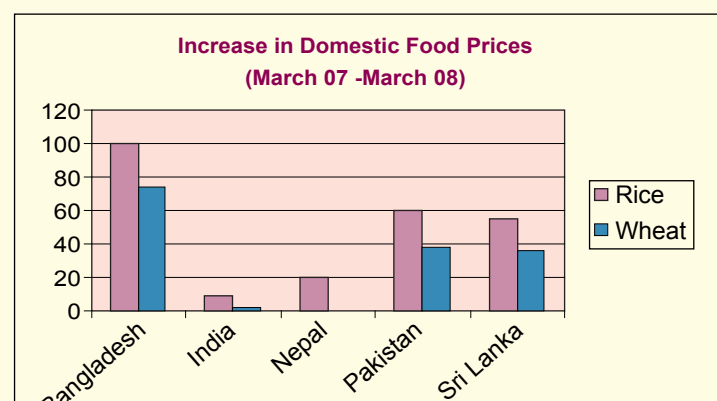


Figure 2: Increase in Domestic Food Prices in South Asia¹⁴

At present, the concerns over food security are increasing in **India**. It was estimated that 44% of households in India are deficient in calorie intake.¹⁵ India, which once initiated a "Green Revolution" for increasing production in the 60s, is now facing food scarcity. The reasons are manifold including segregation of agrarian classes, severe environmental consequences from using environment

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degrading technologies and tools, declining soil quality and stagnating yields. As it stands, the agricultural sector employs 68% of the available workforce within the country. Yet, the contribution of the agricultural sector to India's GDP has diminished from 38% in 1975 to 19% at present.¹⁶ As a consequence, India requires 210 million tons of grain to feed its people today, but produces only 200 million tons.¹⁷ In **Pakistan**, 77 million people¹⁸ are living within the minimum food security level. Rising food prices will surely hit economic growth and increase the country's health costs as an increasing segment of the population become vulnerable to diseases—a consequence of reduced nutritional intake. Similar consumption patterns and demand for food shared by all segments of society within Pakistan make it difficult to provide special food assistance to the poor. High international prices for petroleum and food commodities are also creating challenges for the Pakistani economy and reducing its ability to procure food staples from outside sources. **Sri Lanka**, at present has grave concerns on the impact of the current global food crisis upon its economy and its people.¹⁹ With limited home based energy sources and a small agricultural infrastructure, the Sri Lankan economy has been overburdened by the accelerating fuel prices internationally. The country has seen food price inflation rise to an estimated 34 percent.²⁰ **Nepal** depends on food imports from India and outside the region to manage its food demands. However the worldwide food scarcity, which has dramatically reduced exports from India along side increasing prices have lessened the ability of those with extremely low incomes to access food. Nepal has a limited social assistance program to protect its urban populations who have been more exposed to food insecurity. **Bangladesh** has been severely affected by the continued increase in world food prices. Natural disasters in the past year i.e. two major floods in July and August 2007 and a cyclone in November 2007 destroyed about 2 million metric tons of rice crop.

The food crisis in South Asia has fuelled anger and dissatisfaction among the common people. Most South Asian countries have seen spontaneous protests on the streets against the mounting food prices. For example, a general strike against spiraling food prices paralysed Kolkata on April 21, 2008,²¹ resulting in thousands of police being deployed across West Bengal state to stop protests becoming violent. In March this year, about 20,000 garment workers rioted near the capital Dhaka for

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higher wages to cover food prices.²² Moreover, public anger over food shortages, particularly wheat flour for the staple *roti* bread also caused social unrest in many areas within Pakistan.

Challenges of Securitising Food: Bangladesh Scenario

The Food and Agriculture Organisation (FAO), in 2007, put Bangladesh along with Nepal, Sri Lanka, Pakistan and Afghanistan on the list of 37 countries²³ requiring external assistance. According to the Bangladesh Bureau of Statistics (BBS), the food price inflation was 11 percent over 11 percent every month from July 2007.²⁴ According to a government calculation, the country needs 255 lakh tons in 2007-08 for a population of 140 million, taking 495.04 grams of food grains per capita, per day.²⁵ The government has set the food production target at 254 lakh tons for this financial year. The country will require the importing of approximately 3.5 million tons of food grains this year. Furthermore, the availability of farming acreage has seen a sharp decrease over the years. It was estimated that in 1983 there was approximately 202,000 acres of cultivable land in the country which has decreased to 143,000 acres today.²⁶ In other words, the amount of cultivable land has decreased by 60 lakh acres during the last 25 years. Recently country-wide crop harvest has been severely hampered more immediately by the natural disasters last year, not unrelated to the long-term factor of climate change. According to the government's estimates, the cyclone (Sidr) and two consecutive floods have caused a shortfall of 14 lakh metric tons (MT) of rice, while non-governmental think tanks including BRAC, estimate the shortfall could go up to 20 lakh per MT.²⁷ Consequently, where Bangladesh usually imports around 20 lakh to 24 lakh MT of food grains a year, it's imports will hover around 35 lakh MT. Worryingly however, Bangladesh is currently struggling to procure food from external sources. This is due primarily to a lack of interest by important food producing countries to export food to Bangladesh as exporting countries try and ensure their own domestic supplies. The global price hike also decreases the ability of people to get access to food. According to the Trading Corporation of Bangladesh, prices of most of the essential food items shot up by six percent to 116 percent over the last year. Indeed, the price of the primary staple, rice rose by 40 to 50 percent.

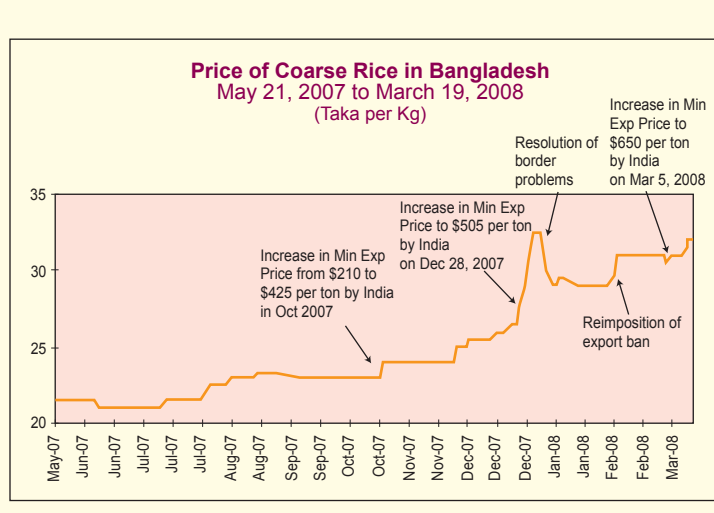


Figure 3: Price of Coarse Rice in Bangladesh²⁸

Thus, the current food situation in Bangladesh is the confluence of scarce food availability and people's reduced access to food. It can not be translated into insufficient utilisation of food. Indeed, many households have reduced their daily calorie intake. Therefore, people are facing risks of malnutrition. The poor in the country have less access to basic rice commodities as the graph above shows that the lowest grade rice "Chinese Irr" was sold at tk 25-27 a kg in 2007, almost 40 percent higher than what it was prior.²⁹ The prices of other basic food commodities have also increased. As a result, the mass of poor have been suffering greatly, decreasing human energy and accentuating their vulnerability to many diseases as a result of insufficient nutritional/vitamin intake. Whilst there is only one sustainable solution to the food crisis for Bangladesh, i.e. to increase domestic production, this initiative faces numerous challenges. This includes insufficient supply of fertilizers, decreasing food productivity, the over-use of insecticides, increasing dependence on alien seeds and technologies for production and the sharp decline of agricultural land available in the country.

The Way Forward

World wide hunger hotspots are increasingly a manifestation of the consequences of deteriorating capacities of states to securitise food. Never before in the history of mankind has the world been so densely populated. As noted, there will be a billion more mouths to feed by 2050, making demand for food an increasing though constant variable for which the world has to

'Food price surge could mean 7 lost years in poverty fight'
— Robert Zoellick
World Bank president

prepare. Within the South Asian context, all the countries are struggling to ensure security of food. The volatile global agricultural trade sector induces costlier food grains for net importing countries in South Asia.

Therefore, the means through which states in the region securitise food necessitates wider attention and coordinated planning domestically within each country. This should be augmented by regional cooperation among the policy makers of these countries. It is argued that focus here be paid to the two central issues under girding food security, i.e. security of food availability and ensuring access to food.

Ensuring Security of Food Availability

It is important to note that production of rice constitutes a central feature in food security within South Asia. With an annual world production of about 576 million tons, rice feeds more than half of the world's population.³⁰ At present, however, the stock of rice with major exporters worldwide is declining. In this sense, the availability of food could be ensured by increasing the levels of food production within the region. The highest level of land utilisation in this regard shall be of immense importance for each country in the region. Land utilisation therefore requires it's efficient distribution, adequate supply of environment friendly fertilisers and pesticides, use of indigenous seeds, avoiding genetically modified crops to reduce external dependence ensuring domestic control on food production particularly for Bangladesh. Increasing the food production would also involve steps to ensure water management and farmers entitlement to energy supply. From a regional perspective, building closer relations among the South Asian states to facilitate pro-poor safety net programmes, sharing information on weather pattern and forecasts as well as integrating modern techniques and tools in farming would facilitate the greater production of food. In South Asia about 300 million people are in danger of chronic hunger. Therefore, it is important that attention be drawn to establishing and sustaining a "South Asian Food Bank" to provide regional food security. Such a 'food bank' will be able to provide aid to its member countries to meet the challenges of future food crises emanating from, for instance, sudden destruction of crops by extreme weather events. Nonetheless, it is a welcome sign that the region is

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waking to the need for a regional approach to dealing with food security. To that end, the SAARC Council of Ministers met on April, 2008 in New Delhi to finalise the establishment of the SAARC Food Bank.

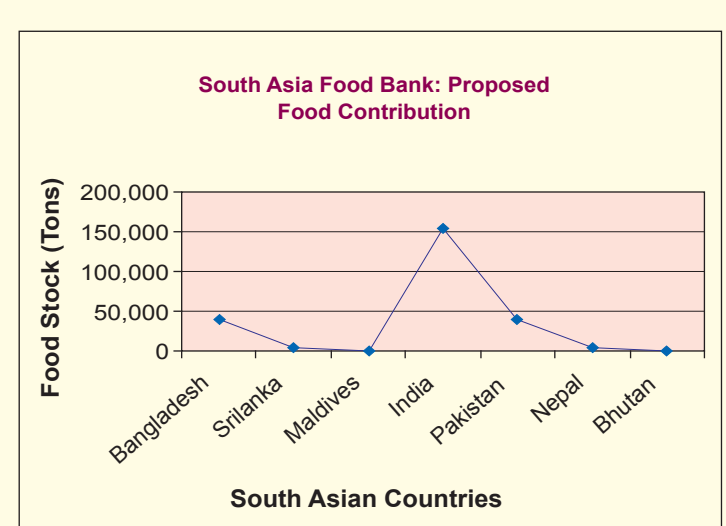


Figure 4: Country Specific Contribution in South Asia Food Bank³¹

According to the proposal, Bangladesh and Pakistan will contribute 40,000 tons of food grain each, while Sri Lanka and Nepal will provide 4,000 tons respectively. Maldives may contribute 200 tons and Bhutan 180 tons. India is going to contribute the highest quantity of 153,200 tons of food grain.

Ensure Access to Food

Access to food can be ensured by reforming the supply side of food production. In this regard, each country in South Asia should move forward to adopt better food procurement and distribution policies. Such policies can be adopted through the macro management of food, adequate budget allocation for the agricultural sector, managing demographic pressure, discouraging and avoiding bio-fuel production, smoothly diversifying nation food habits, widening stakeholders management, ensure bottom up approach for undertaking sustainable planning for agricultural development.

The issue of securitising food in Bangladesh requires a long-term and coordinated effort spanning all segments of the country. The three tier security of food i.e. availability, access and utilisation of food in Bangladesh depends on a number of factors. ultimately, current levels of domestic production must be increased. To facilitate this increase, the introduction of HVV varieties, fertilisers, pesticides and irrigation would be

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crucial in addition to bringing more unused land under crop cultivation through the use of proper land management, modern farming tools and techniques. In addition, other steps that could be taken, are as follows:

- Adopt the trident of food management i.e. advent of new technology (HYV), development of infrastructure and market liberalisation in Bangladesh.
- Liberalising trade regimes and reorienting/reforming of government role in procurement and distribution of food.
- Long-term bottom up and pro poor agricultural plan.
- Ensure cost-effectiveness of the public food grain distribution system (PFDS).
- CA thorough, comprehensive and objective assessment of the food situation in a country.
- The involvement of the private sector and large and medium-sized NGOs in the distribution of subsidised food and fertilisers among the target people i.e. those most vulnerable to price shocks.
- International development partners should come up with substantial amounts of essential commodities to avert the unfolding humanitarian crisis.

• Countries in the region should adopt a broader ranging safety net programme.

Conclusion

It is clear that long-term pressures noted above, i.e. climate change, energy, water scarcity and land availability, are here to stay. Yet, these are issues which are transnational in nature and therefore affect not just the South Asia region but have implications for the rest of the world. Nonetheless, as we have seen in South Asia, where millions face starvation and prospects of severe malnutrition, much needs to be done in the region to contend with the global food crises. A regional based response coupled with domestic increases in production seem to be the most viable ways for contending with the challenge, whether it be in the form of a closer harmonisation of food security policies between countries, encapsulated within perhaps the South Asia Food Bank or integrating traditional farming methods with modern techniques and tools. Such an holistic approach would be a more enduring, cost-effective and long-term solution to dealing with the challenges of the food crises.

End Notes

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