

## PHILIPPE CHALMIN

Professor, Paris-Dauphine University, founder of the Cercle Cyclope

I have the task of reporting to you on the second workshop, which dealt with the food challenge. We began by looking at the markets, i.e. the surge in world prices in the spring of 2008 and then again over the summer of 2010, with a doubling of the price of wheat and more recently of maize and soya. Apart from the controversies about the part which may have been played by speculation or other forces, these price surges must be seen as a warning message from the markets, a warning message on what we have considered as the major challenge of the 21<sup>st</sup> century, namely the food challenge. Even taking into account slightly more optimistic demographic outlooks, such as those mentioned by Jean de Kervasdoué yesterday, the fact remains that in two generations the planet is going to have to double its agricultural production to satisfy our food needs alone, without taking into account possible energy needs. All this is occurring in a context in which there is little new land to clear for cultivation. Therefore, the real challenge is going to be doubling the world's average yields.

To illustrate this challenge, we listened to reports on two experiences: the case of India and that of Kazakhstan.

The case of India was quite wonderfully presented by Mr. Thorat, and it must be remembered that India is the great success story of the green revolution. The great food challenge in India was in the 1960s, 1970s and 1980s, when it aimed to achieve self-sufficiency in food for 1.4 billion people, which they duly achieved. We associate this success with the green revolution and the awarding of the Nobel Prize to Norman Borlaug. Yet it was essentially a technological revolution, with the introduction of new high-yield hybrid seeds. But that was just one part of it. What was forgotten was that India was also capable of implementing a proper agricultural and rural policy which has survived against all the odds and against injunctions from Washington, banks and funds, in particular, over a long period. This explains why India did not have the hunger riots seen in 2008 in many other countries in the world. Nevertheless, India is in the process of overhauling its agricultural policy, no longer with the objective of self-sufficiency, but with the overall objective of food security: 150 million Indians still suffer from food poverty.

The case of Kazakhstan is very different. It was presented by Mr. Umarov. Kazakhstan used to be the breadbasket of the former Soviet Union. It was there that Khrushchev developed the virgin lands of Kazakhstan with considerable success, and what is striking in the case of Kazakhstan is its spectacular rebound after the fall of the Soviet Union. Kazakhstan has now become one of the world's major exporters and has potential in terms of new land for development and attracting substantial inward investment.

From these two examples and some others during the discussion, what do we conclude? To meet this food challenge, there is no single solution, but several. Of course, technological solutions immediately come to mind. We did, of course, mention the problems of the NGOs, the global problems with biotechnology. Nowadays, it is absurd to turn our backs on this kind of new technology – as was done in some countries including a country to the north of Morocco on the other side of the Mediterranean – even if it is not the only solution, even if it also poses problems, notably in terms of market domination by one player who has become practically unassailable. It is clear that well directed biotechnologies can provide some solutions. We also mentioned the issue of how best to use current methods, notably the issue of a second generation fertilizer. We now know that much better use could be made of nitrogen fertilizers with much more positive consequences for the environment. On this issue of fertilizers – all financiers in the room please note – it is no accident that today the main world take-over bids (TOBs) are in the fertilizer sector. BHP, the world's

number one mining company, has made a hostile TOB for PotashCorp, the number one Canadian potash company. Remember that potash is one of the three basic elements in fertilizers.

Even so, we should say a word about the third: phosphates, especially as we are in Morocco, about which there was controversy: would we reach a kind of ceiling, of Peak Phosphate as there was Peak Oil, etc.? The studies available show that this is not the case and that there are enough reserves to last 300 to 400 years. Nevertheless, as time goes by, the Moroccan market will become increasingly dominant and there is a challenge for Morocco to become the world's leading supplier, as phosphates are essential. So, technical solutions do exist. However, and I believe this was the important point in this workshop, we must realise that it is not just a matter of technology; that an interest must also be taken in the problem of agricultural and rural policies; that the challenge, notably regarding food supply in Sub-Saharan Africa, is to formulate agricultural policies worthy of the name, with price guarantees for producers and credit systems on the Indian model, so as to reintegrate farmers into the financial systems. Now here, a real question arises. There are two individuals who can pay for the agricultural policy: the consumer or the taxpayer; the consumer through high prices and the taxpayer through subsidies. What is to be done in countries where consumers are too poor and where there are no taxpayers? We have not found the solution to this, other than perhaps international aid as provided nowadays by foundations such as the Gates Foundation in West Africa.

A third path is that of world governance. Now, in this regard, we're starting from scratch. There is no world governance in this area. The FAO is a non-existent structure in terms of global governance, even though one must of course acknowledge the effectiveness of the world food programme which can resolve certain situations, but which *de facto* cannot be anything other than emergencies. On that, we shall hear more perhaps a little bit later in the morning from Jean-David Levitte since, in the French programme for next year's G8-G20, we know that the issue of regulation in agriculture is on the agenda. Now, in France, what lies behind the word regulation? Is it stabilisation or is it restriction? Anyway, this issue is a central plank in the projects of the French Presidency for the G8 and G20 meetings.

In conclusion, I would like to pick up on what Mr. Thorat said to us yesterday. He had asked Jean-Claude Trichet a question. Mr. Thorat is an Indian central banker. India is a fascinating country. The Indian Central Bank (known as the Reserve Bank of India) is concerned with agricultural policies and has even played a key part in the whole build-up of the system of rural credit. Of course, I don't ask Jean-Claude Trichet to deal with the European Union's Common Agricultural Policy. I ask myself whether many of the central banks in developing countries should not make agriculture their central concern. We have been told that *we have to fight against fatigue, fatigue of lands, fatigue of sciences, and fatigue of policies*. We have to take back to the drawing board everything which has worn out: worn out technology, worn out policies. I believe that this is a very good message for what is left. I do not deny the importance of the challenges in energy and the climate. The paradox is that in the 21<sup>st</sup> century, as in centuries past, the problem of feeding people is still the central question for humanity which, in two generations' time, will amount to between 8 and 9 billion people.