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I would like to give you a view of food markets. Since the beginning of this decade, we have had a period of a lot of tensions on world food markets. In fact, it began even before Covid, even before Ukraine, it began with the huge rise of Chinese imports of grains. By 2021, China was importing 50 million tons of grain, wheat, corn and sorghum, and I remember that figure because it was exactly the tonnage of grain that the USSR formerly imported back in 1980, when there was an embargo against the USSR for its invasion of Afghanistan. That is an old story and you will remember there was something called the USSR formerly but they were importing 50 million tons and were the world's biggest grain importer, but now the Black Sea, that is the former USSR, is the world's biggest exporter, mainly of wheat but grain as a whole, the USSR does not exist anymore and China is the world's biggest grain importer right now. You can see history is changing. Then, we had Ukraine, and with the idea that Black Sea could be blocked, prices almost doubled, and we reached USD 500 per ton for wheat and then, on other products, for example, Indonesia suffered from the embargo on rice exports decided by the Indian authorities.

What has happened since then and what is the situation right now? I would say normalization; we have had rather good crops on a worldwide basis. You may have heard about El Niño or La Niña but in recent months we have not had anything and unfortunately, the only place where crops were not very good this year was France. Apart from that there have been very good crops on a worldwide basis, beating the US, Brazil and now, in the Southern Hemisphere, beating Australia, Argentina, etc. China is less on the markets, which is important and finally, India has had a very good monsoon. That means that prices on worldwide food markets are now more or less what they were before Covid and Ukraine. I told you that wheat prices reached USD 500 per ton around May 2022 and right now, it is half that price. Russia is trying to set a sort of minimum price of USD 250 per ton from Russian Black Sea ports, but it is not working very well. We have also seen a very steep decline in prices for corn, soybeans, etc.

If you want to see some excitement on markets, just coming out from your breakfast, it is clear that coffee, cocoa, orange juice, olive oil – if you are from the Mediterranean and have some olive oil on your breakfast – all those products have seen prices going up, generally for climatic reasons. However, I would say that is the normal market history and there have also been tensions around sugar because we have had three years of deficits on the worldwide sugar market, and on palm oil. There is an increasing link on those two for why sugar prices are pretty high, and you may not know, but India is the world's second sugar exporter behind Brazil. However, this year, India will not export any sugar because it will be converted in ethanol. Of course, there is a link between food and energy. There is the same story with Indonesia, where

the government decided that more palm oil should be put into diesel, and Indonesia is the world's biggest palm oil exporter so there is less on the market and prices go up.

You can see the impact but what conclusions can we draw from those four or five years? First, there has been impact on food inflation in rich countries; and we should ask Kamala Harris what she thinks about food inflation in the States. It must also be emphasized that the share of agricultural products in final food products is very slim, especially in developed countries but also emerging ones, so when you look at agricultural prices, they are fairly different from food prices. The share of wheat in our beloved French baguette is around 8%, not more and far less than the cost of energy and the baker's intervention. In poor countries, it is clear that there has been an impact on food poverty and the countries that have finally managed to limit that are those that, as well as having an agricultural policy, also have a food policy. That is why, for example, in India 46% of agricultural subsidies go to consumption, and it is even more in the United States, where 55% of the US agricultural budget goes on food stamps, but in Africa it is zero. I would say that is the big difference, the problem between agricultural policy and food policy. Also, one interesting thing as far as geopolitics are concerned is that we have had a certain kind of return to the use of food as a weapon. I told you about the American embargo of 1980, but this year Russia donated some wheat to some African countries, very well-chosen, who more or less supported Russia's aggression against Ukraine. It is interesting to see the use of food as a weapon had almost disappeared but is now coming back. By the way, next year we should look at the rise of tariffs on food from the Chinese authorities against US products. There has been a frenzy of soybean purchases by Chinese companies to the US before the end of the year, before January 20 and the arrival of Donald Trump.

I will conclude by saying that to my mind agricultural production globally is not really a problem, sufficient agricultural products are produced in the world to satisfy human needs. I would be rather hopeful. When we were younger, Jean-Michel, there was a book written by Joseph Klatzmann, in France, *How to feed 10 billion people*, and I think the world will be able to do it. The problem is not there, it is a problem of poverty, and I am afraid to say that trade is not really the solution, to my mind self-sufficiency should be a problem. When I listen to our friend in Rome, there may be a problem on some markets one year because of climate, etc. But on the whole, I think the big question is food poverty and that is something that can be averted both through agricultural and food policies. I sometimes dream, not of the very complex system of insurance, etc., that the FAO loves but it seems pretty simple, like we had in Europe with the Common Agricultural Policy. The Common Agricultural Policy was a success, it allowed Europe to not only become self-sufficient but an exporter. I sometimes dream of an equivalent policy in many African countries, for example, but at the end of the day I have no answer to who pays for it.

Jean-Michel Severino

Thank you very much, Philippe, for continuing to set the landscape, with normalization, permanent structural issues, trade wars, geopolitics through subsidies, customs rights, etc., and this optimistic note about the world's capacity to produce enough for itself. I know Professor Krisnamurthi is going to follow up on some of those issues.