PolicyPennings by Daryll E. Ray & Harwood D. Schaffer

The second International Dakar Agricultural Forum: Learning from the past, looking to the future

The high and volatile agricultural commodity prices of 2007/2008 and 2010/2011 have given crop farmers relief from years of low and often below-the-cost-of-production prices, but they also have resulted in food riots around the world and a major jump in the number of persons experiencing chronic hunger—from approximately 850 million people to over 1 billion people. By far, the most devastating impact has been felt in developing countries, particularly the least developed among them.

As a result, President Abdoulaye Wade, Senegal, took the initiative of organizing the second edition of the International Dakar Agricultural Forum—called Dakar Agricole 2011—on Monday and Tuesday, April 18-19, 2011 in Dakar, Senegal. This meeting, scheduled two months before the G20 agricultural meetings, included heads of state, ministers, farmers and experts from across the globe to discuss the issues surrounding agricultural regulation and global agricultural governance.

The event was organized in collaboration with the French think-tank, MOMAGRI (Mouvement pour une Organisation Mondiale de l'Agriculture), to answer fundamental questions currently faced by the international community:

- Under which principles can we regulate agricultural markets to prevent food crises and avoid repeated agricultural crises?
- What instruments and international cooperation should be put to use to improve food security and fight poverty?
- On what grounds can we create a new global governance that will make agriculture, food and environmental preservation top priorities?

It is hoped that the conclusions that emerge from this Forum will form an essential pillar for international negotiations during the G20 summit chaired by France. Dakar Agricole 2011 also provides a means of strengthening "the role and the voice of the countries of the South in global governance."

One of the duo that writes this column, Harwood, had the opportunity to attend the meeting and make a presentation at the Tuesday morning plenary session. In this column we share a discussion that Harwood had during his time at Dakar Agricole 2011. In future columns we will discuss the 2011 Dakar Declaration that came out of the meeting.

Dr. Aliou Diagne, an economist and Program Leader with the Africa Rice Center in Cotonou, Benin, talked about some of the policies advocated in the past under the structural adjustment programs promoted by the World Bank (WB) and the International Monetary Fund (IMF) that made the recent problems worse than they otherwise would have been. One in particular, export oriented cash crop agriculture coupled with reliance on cheap imports of key food staples, had been clearly devastating as the result of the two recent price peaks in grains.

As a part of the Structural Adjustment Programs, the WB and the IMF advocated that the countries refocus their agriculture toward the support of higher-priced crops where they had a comparative advantage and could generate foreign currency. The reasoning was that these African countries should concentrate on growing these crops—like bananas, cacao, coffee, cotton, flowers—and leave the production of grains to developed countries and other developing countries in Asia and Latin American where the yield was higher and the cost of production was lower. African countries could then use their earnings to purchase more grain at a lower price than they could produce themselves. As a result of these policies, countries that were nearly self-sufficient in grain ended up importing a very large part of the grain eaten by their people. This is the case for rice in West Africa, which imports up to 40% of its rice consumption needs.

This makes common sense. And it is a classic textbook-like-economist's policy recommendation based on comparative advantage/trade theory that all economists can recite in their sleep. But when applied to food and agriculture, well, problems arise.

First, in most developing countries, millions of farmers produce the major grains and other staples that are the foundation of the diets of the farmers' own families and those of their city cousins. When shifted to export crops, those who receive the major financial benefits from producing the export crops are not necessarily the ones who till the soil and who no longer receive government support like access to extension personnel. As a result they become dependent upon feeding programs instead of growing most of their own food and the food needed to feed the rest of the population.

Second, when a country produces enough (says over 80 percent) of its staple foods, a sharp rise in in-

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ternational prices results in a relatively small increase in the cost of importing the balance needed. On the other hand, when a country imports 50 to 80 percent of its food needs and prices double or triple, suddenly they face a monumental crisis—adequate food imports become unaffordable.

Diagne suggested that, as a matter of food security for its population, developing countries should strive to produce at least 80 percent of their basic foodstuffs. They don't need to become fully self-sufficient in the production of all staples to ensure food security. They also should develop more integrated regional markets that encompass neighboring countries and for many of the key food staples consider regional instead of national self-sufficiency as a goal. When the basic imports of food are relatively small, even with a price shock like we have seen, the costs are more manageable for developing countries.

Daryll E. Ray holds the Blasingame Chair of Excellence in Agricultural Policy, Institute of Agriculture, University of Tennessee, and is the Director of UT's Agricultural Policy Analysis Center (APAC). Harwood D. Schaffer is a Research Assistant Professor at APAC. (865) 974-7407; Fax: (865) 974-7298; dray@utk.edu; http://www.agpolicy.org.