

National Office
2717 Wentz Ave.
Saskatoon, Sask., S7K 4B6
Tel (306) 652-9465
Fax (306) 664-6226



MEDIA INFORMATION AND COMMENT

MAY 9, 2008

**GLOBAL FOOD SUPPLIES TO STAY NEAR RECORD LOWS IN COMING YEAR:
NEW DATA RELEASED TODAY**

SASKATOON, SK, CANADA—Today, the United States Department of Agriculture (USDA) released its first projections of grain production, supply, and demand for the 2008/09 crop-year (the crop that Canadian, US, and other Northern Hemisphere farmers are now planting). USDA World Agricultural Supply and Demand Estimates (WASDE) figures are online at www.usda.gov/oce/commodity/wasde. USDA figures on food production and consumption are globally accepted as the best available.

The USDA projects global grain supplies at the end of the 2008/09 crop-year to be equivalent to 56.7 days—nearly identical to the record-low 56.0 day supply projected for the 2007/08 crop-year. (USDA's projected stocks/use ratio of 15.54% is equivalent to 56.7 days of supply [15.54% x 365 days]. USDA food supply data goes back as far as the 1960/61 crop-year.)

In seven of the past nine years, the world consumed more grain than farmers produced. With the USDA essentially projecting a “break even” year in 2008/09, food supplies remain precarious. Today's projections reaffirm that we have drawn down food supplies by more than half since 2000—from 115 days in that year, to a projected 56.7 days in the coming year. Despite today's projections that supply may cover demand in 2008/09, we remain in the fastest, most consistent food supply drawdown in the 49 years for which we have data, probably the fastest drawdown in a century (outside of the World Wars and the 1930s drought).

Partly as a result of the supply drawdown, global food prices have gone up rapidly. For information and graphs on food prices, see United Nations (UN) Food and Agricultural Organization (FAO) data at www.fao.org/giews/english/cpfs/index.htm.

Though grain prices have gone up rapidly—far too quickly for the world's 1 billion+ urban poor—grain prices are not “high.” Even with recent price increases for corn, wheat, rice, soybeans, and most other grains and oilseeds, inflation-adjusted farmgate prices remain below 50-year averages, and *far* below record highs. To illustrate, in the 1973/74 crop-year,

Canadian corn farmers received an inflation-adjusted average price of \$13/bushel. Wheat farmers received an inflation-adjusted average price of \$22/bushel. Current average prices will be half (or less) those 1973/74 values. Grain prices today have improved, but only when compared to the unprecedentedly-low grain prices of the 1985 to 2005 period.

Further, there is an increasing gap between what farmers get and what citizens around the world are forced to pay—an increasing gap between “grain prices” and “food prices.” This gap is largely a result of intermediaries taking more for themselves.

Also, many farmers—those producing livestock, potatoes, and some other foods—continue to receive very low prices and to earn near-record-low incomes.

The National Farmers Union (NFU) asks the media to be especially cautious when reporting on food prices. We encourage everyone to report on the destabilizing effects of too-rapid food price increases and the damaging effects that this is having on citizens around the world, but to refrain from characterizing grain prices as “high,” from giving the impression that farmers are receiving record or near-record prices, or from implying that grain prices must go down. Journalists, policymakers, and farmers alike must take care to distinguish food price increases from grain price increases, and to note the widening gap between what farmers receive and what citizens around the world are made to pay. Also, everyone should keep in mind that farmers’ input costs have risen dramatically over the past two to three years. Fuel, fertilizer, chemical, and other farm input prices are up by 50% to 100%. These increased costs consume much of farmers’ increased returns.

The NFU has taken a lead role in calling attention to the food supply drawdown and the food price crisis. For several years, the NFU has attempted to call policy-makers’ attention to the then-looming crisis, pointing out that then-fashionable talk of food “oversupply”, “surplus”, and “glut” was unsupported by the data and extremely dangerous. (See, for instance, the NFU’s January 2005 report on Canadian farm and food security, available online at: www.nfu.ca/briefs/2005/Ten_point_plan_to_end_farm_crisis_EIGHTEEN_FINAL.pdf) Unable to get Canadian policymakers to pay attention to the food-supply drawdown, in May 2006, well before food prices began to rise, the NFU wrote to United Nations then-Secretary General Kofi Annan calling his attention to the unfolding crisis. The NFU letter to the UN said: “we may be risking a calamitous shortfall in the world’s grain supplies; global food security is rapidly eroding”. (For a copy of the NFU’s letter to the UN, please see www.nfu.ca/press_releases/press/2006/May_06/UN_FOOD_LETTER_FINAL.pdf) Despite ample warnings and clearly visible signs of falling supplies and a looming food price crisis, Canadian and international leaders failed to act.

The NFU has also taken a lead role in laying out a coherent and effective solution to the many problems in our food system: supply drawdown, income crisis, increasing

unsustainability, the displacement of farmers around the world, and hunger. The thousands of farm families that make up the NFU believe that, globally and in Canada, we must begin again to value farmers and our local, regional, and national capacities to produce nutritious food. Canada and other nations must replace export-focused, agribusiness-dominated, industrial agriculture with “Food Sovereignty,” an approach focused on maximizing the economic, environmental, and social sustainability of farm families, local communities, and ecosystems. In the current system, at the World Trade Organization (WTO) table and elsewhere, Canadian policymakers aggressively promote globalized food trade and rules that compel nations to accept often-low-priced food imports that damage local food production capacities. The food and agriculture policies of Canada, the US, and other nations also encourage nations in the Global South to refocus from feeding their own citizens to producing export commodities for our consumption—nuts, flowers, feedstocks for Agrofuels, and protein for petfood. And Canadian, US, and other nations’ policymakers encourage farmers around the world to reject low-input, locally-appropriate, sustainable agriculture systems and to adopt the high-tech, high-input, high-cost, fossil-fuel dependent model utilized in Canada, the US, Europe, and Australia. In contrast, in a Food Sovereignty model, nations would be encouraged to take all necessary steps to strengthen their own food production and distribution systems, to make those systems more bountiful, sustainable, resilient, equitable, and just.

The multiple crises of food supply drawdown, price volatility, climate change, energy-supply uncertainty, soil erosion, the destruction of our family farms, and over 1 billion hungry or starving draw attention to the failure of the globalized industrial model of food production, processing, and trade. The recent report from the United Nations, the World Bank, and dozens of nations—the IAASTD report—underlines that same conclusion. (See <http://www.agassessment.org/>)

The NFU believes that the global food system stands at a fork in the road. We have a choice: continue to promote industrial, globalized, agribusiness-dominated, farm-destroying food production and trade, or turn in a new direction, embrace food production and trade methods that stabilize prices, enhance production, cut costs, support farmers and communities, reduce energy dependence and greenhouse gas emissions, and increase resilience and sustainability. The problems are many. The solution is the Food Sovereignty model. The food price crisis is a global wakeup call, an invitation to a better future.

—30—

For more information, contact:

Stewart Wells, NFU President:	(306) 773-6852
Colleen Ross, Women’s President:	(613) 652-1552
Darrin Qualman, NFU Director of Research:	(306) 492-4714