

Public-private efforts needed to tackle extreme price instability in food and agricultural commodity markets, says BIAC

Paris, 16 June 2011 – An international co-ordinated public-private effort is essential to address extreme price instability of food and other agriculture commodities, according to a new Business and Industry Advisory Committee (BIAC) [paper](#). Released to the OECD in advance of the first meeting of the G20 Agriculture Ministers, on 22-23 June 2011 in Paris, the BIAC paper highlights several policy recommendations for mitigating and managing price volatility in agriculture commodity markets.

“Extreme food price volatility creates uncertainty and undermines investor confidence, which is damaging for society and bad for business,” says Mr. Niels Nordgaard, Chair of the BIAC Food and Agriculture Committee. “This is particularly damaging given that, at the same time, the food and agriculture sector is facing the long-term challenge of continuing to increase investment in order to boost production to meet rising food demand.”

Business is concerned that current policies are either not sufficiently developed or implemented in practice in order to be able to cope with extreme price instability, which is both highly uncertain in its timing and potentially extremely destructive in its impact.

The BIAC paper highlights specific policy responses for addressing the underlying structural causes of this volatility (i.e. issues pertaining to supply and demand), such as the need to improve the overall investment environment, reduce trade barriers and address competing claims for scarce resources. Improving productivity through innovation, education and capacity-building is similarly essential for addressing price volatility, and in this context BIAC calls for establishing a high-level forum for dialogue between the public and private sectors on R&D investment.

BIAC also suggests policy options for managing sudden shocks such as extreme weather events and disease outbreaks; calling on policy makers to avoid trade-distorting policy decisions and to increase transparency in stocks. “The international community needs to develop a system of peer pressure that would encourage countries to share information on the quantity and quality of their domestic stock levels,” says Nordgaard.

BIAC is pleased that the OECD, together with several other international organisations, is proposing options for G20 consideration on “how to better mitigate and manage the risks associated with the price volatility of food and other agriculture commodities.” BIAC welcomes future opportunities to provide business input to the OECD work in this process.

Founded in 1962 as an independent organisation, the Business and Industry Advisory Committee to the OECD (BIAC) is the officially recognised representative of the OECD business community. BIAC's members are the major business organisations in the OECD member countries and a number of OECD observer countries.

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