

# FOOD SECURITY IN CHALLENGING TIMES

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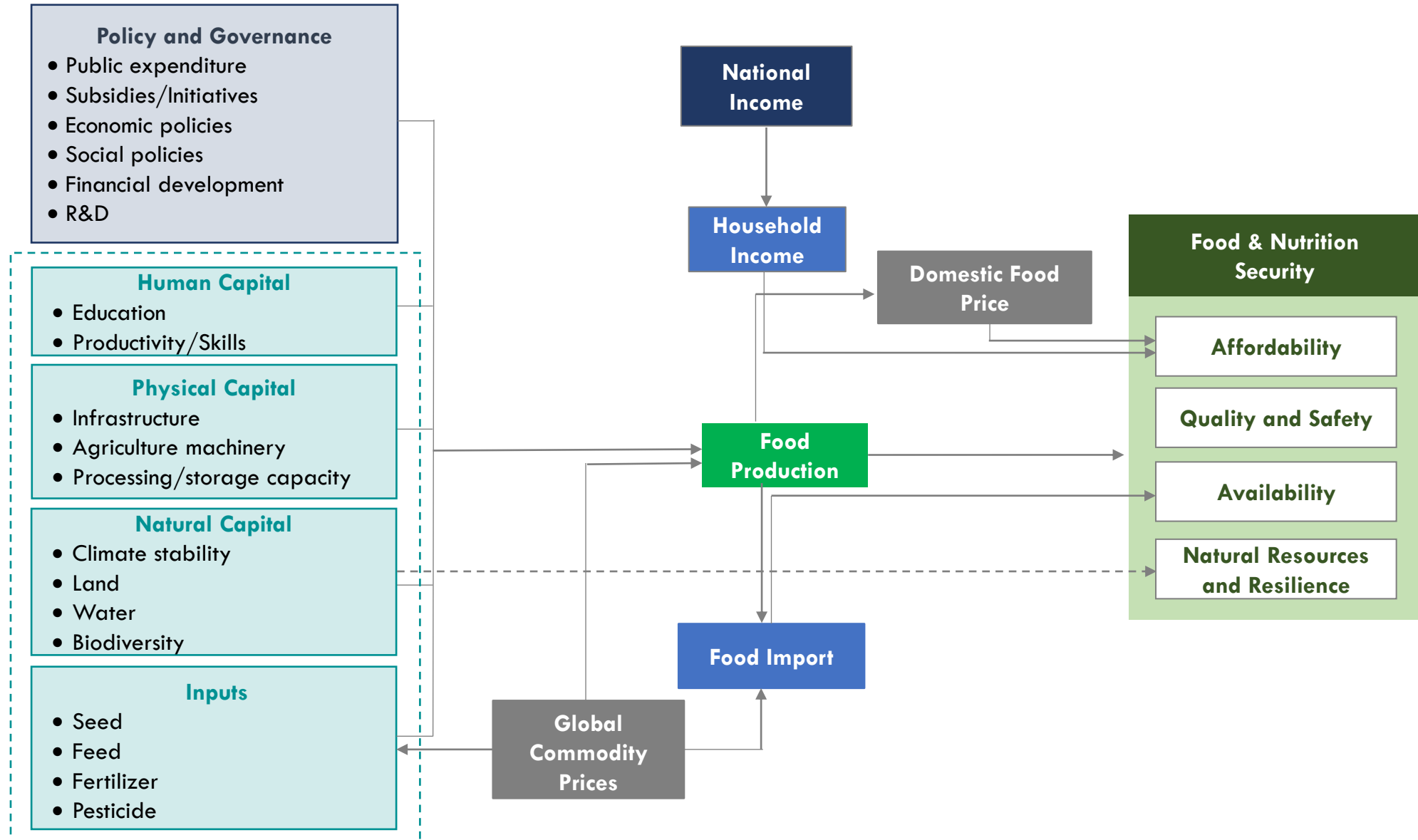
17<sup>th</sup> August 2021 | 2.30 pm – 4 pm



# Important points to note

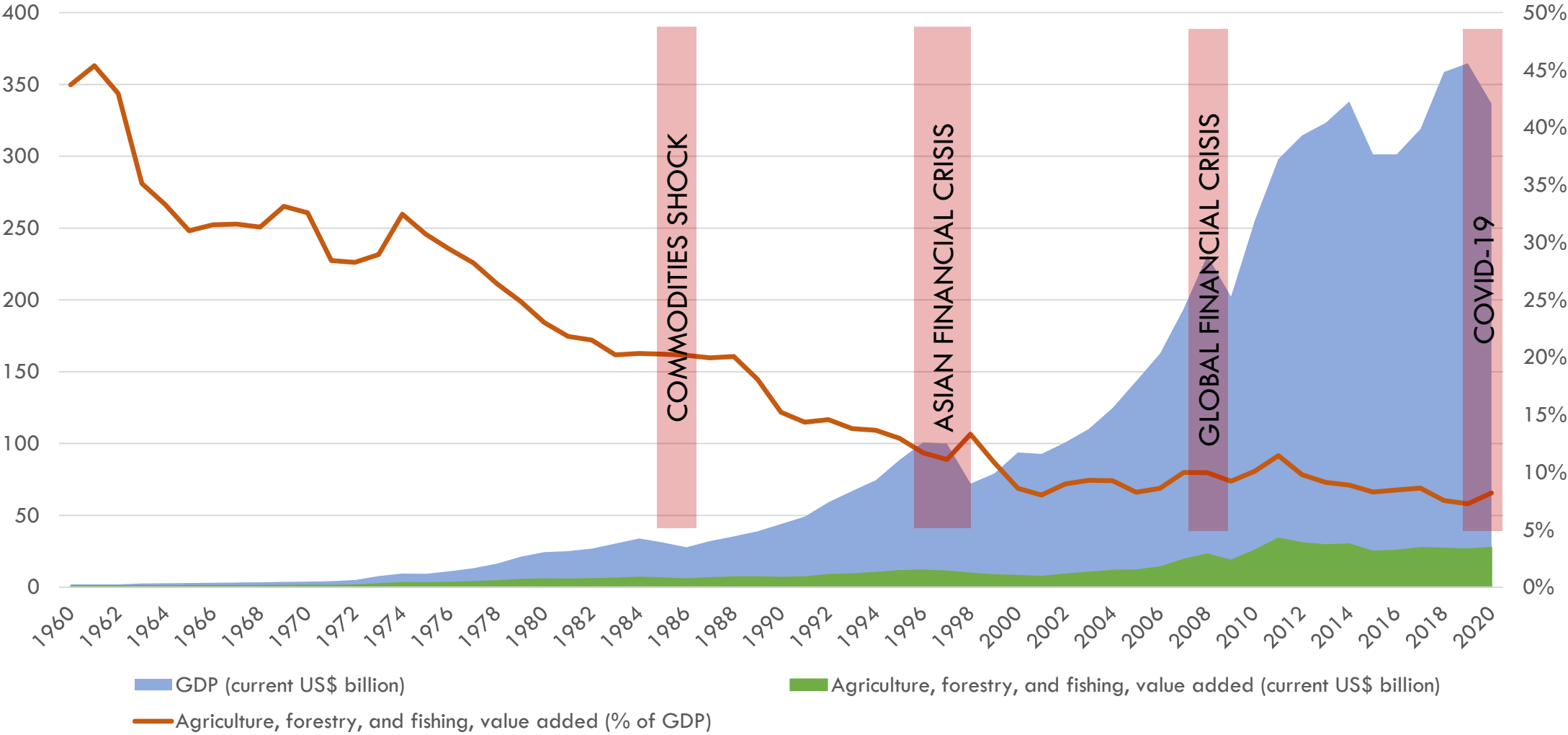
- Food security is multidimensional
- It is beyond just production and calories
- Sustainable food security requires a complete understanding of the complexity of the food system, which is interrelated with linear and non-linear feedbacks, and heterogenous over time and space

# General framework on food security



# Growth trajectory and crisis

Malaysia's GDP (US\$ Billion), 1960-2021



Source : World Development Indicators 2021

# How Covid-19 affects food security

- This pandemic has triggered an unprecedented global recession not seen since the Second World War
- The ***State of Food Security and Nutrition in the World*** report 2021:
  - 720 and 811 million people in the world went hungry in 2020, an increase of more than 162 million from 2019
  - 30 percent of the world population did not have access to adequate food in 2020
- Economic downturns are worse in almost all low and middle-income countries, exacerbating inequality and magnifying the negative impact on food security and nutrition

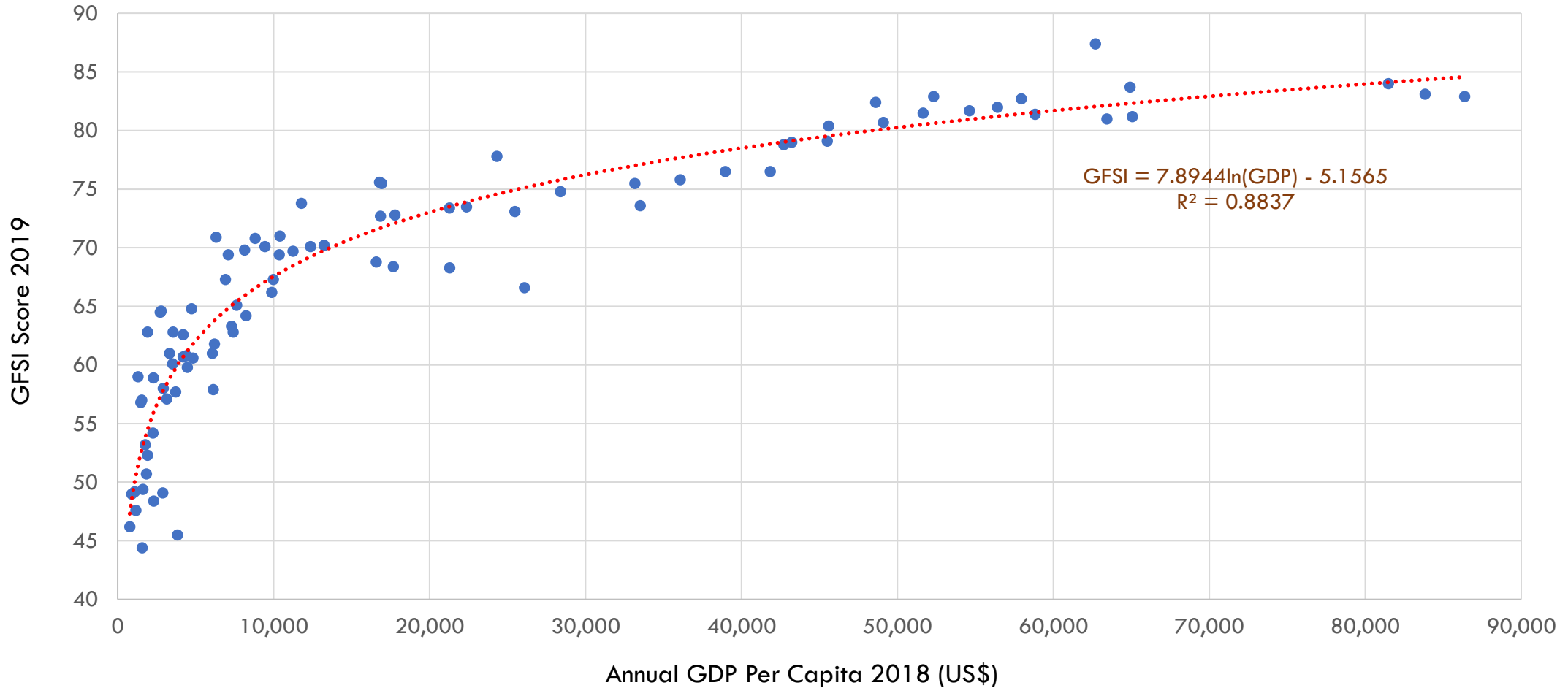
# Early disruption was temporary

## **First and second quarter 2020**

- Initial shock on domestic supply was temporary but highlights the importance of value chain
- No significant import supply disruptions from trade restrictions on major food and feed.
- Minor disruptions occurred due to limited port movement or other logistical hiccups

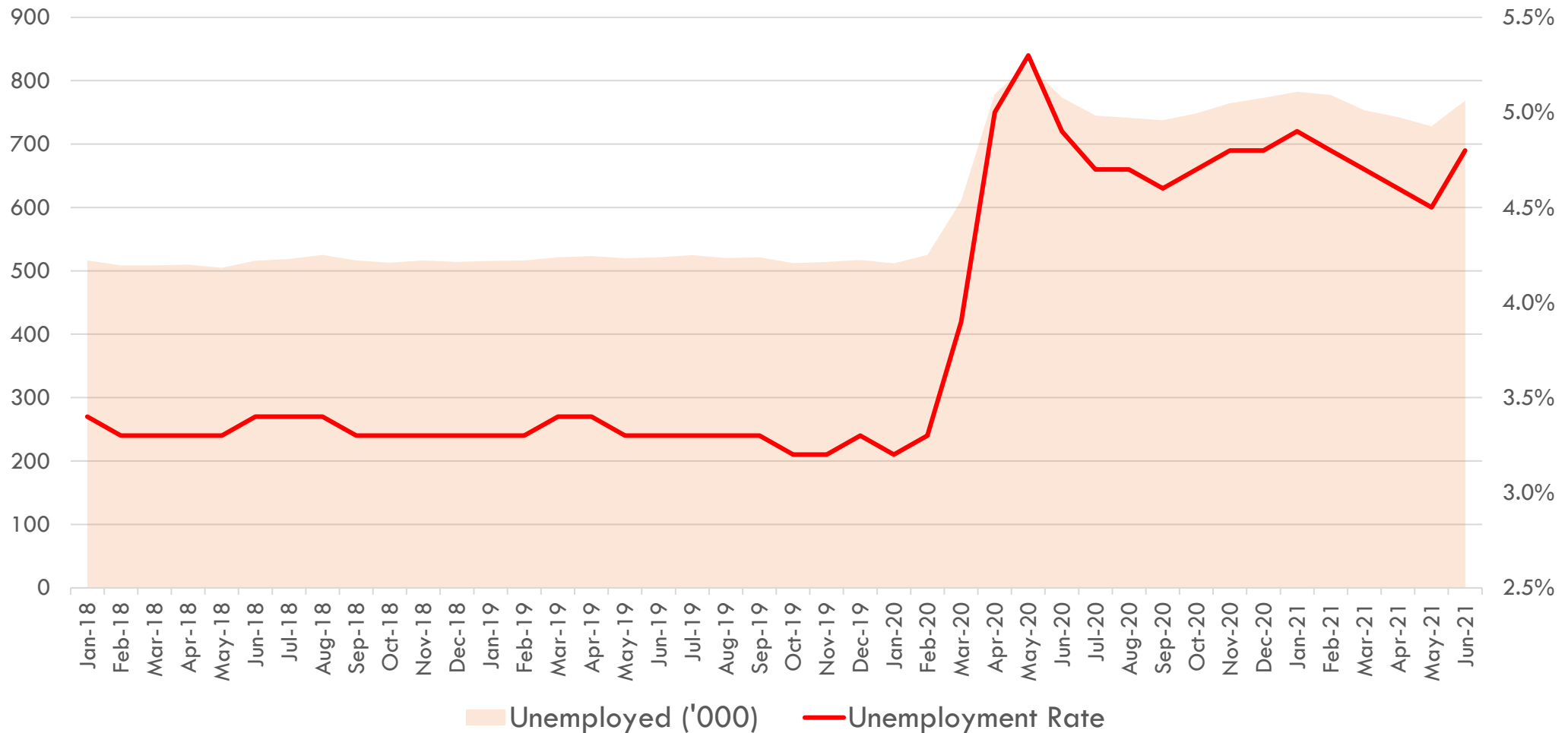
# Slower growth will affect food security

## Global Food Security Index (GFSI) & GDP Per Capita



# Unemployment will affect food security

## Unemployment in Malaysia, Jan 2018 - Jun 2021





# The poor spends more of their income on food

National Average		T20		M40		B40	
RM	%	RM	%	RM	%	RM	%
800	17.3	1,157	12.6	822	18	601	24.2

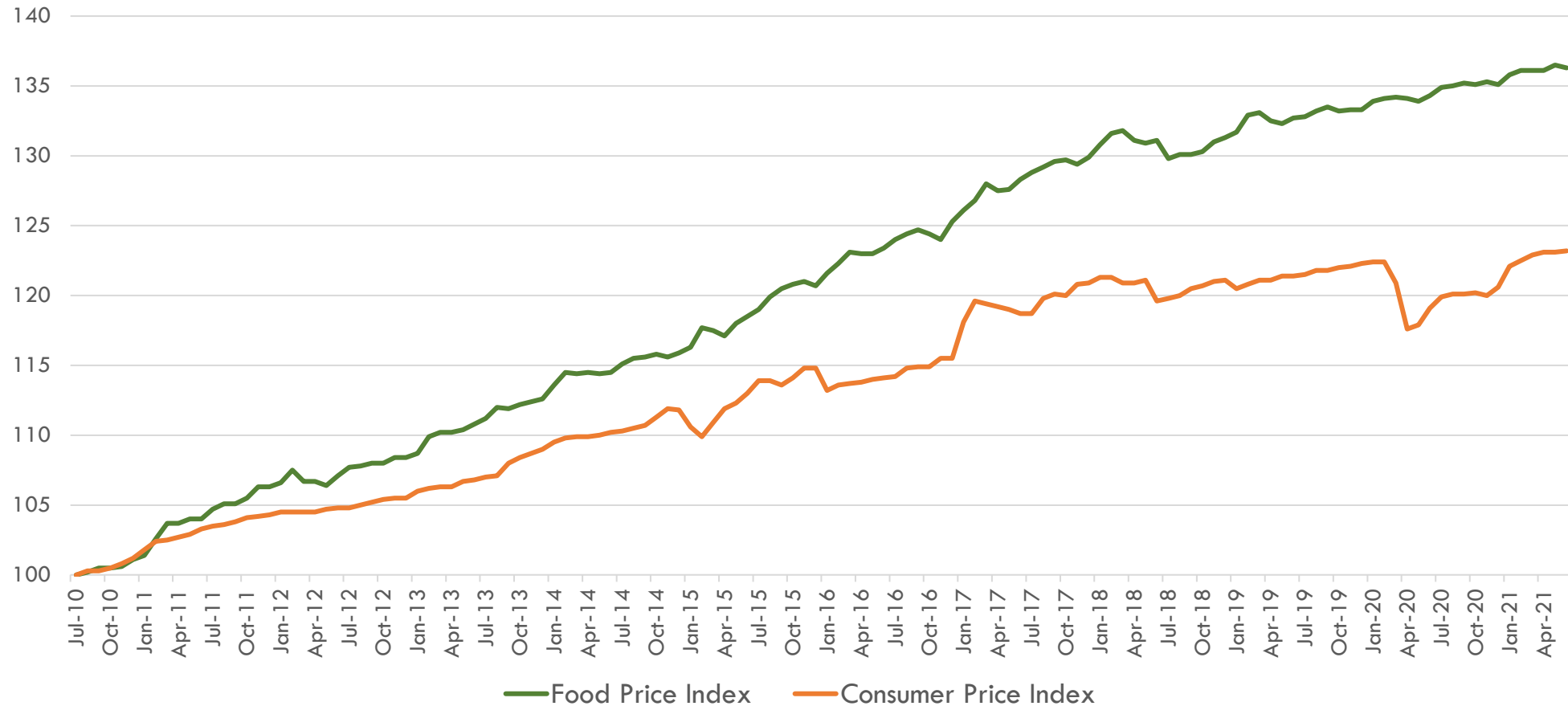
Source: Household Expenditure Survey Report, DOSM (2019)

Country	Percent
USA	6.2
Singapore	6.4
United Kingdom	7.9
South Korea	11.4
Japan	15.3
Brazil	15.5
Malaysia	17.3
China	19.4
Thailand	22.4
Mexico	24.9
India	27.2
Indonesia	32.3
Philippines	42.2

Source: ERS, USDA calculations based on annual household expenditure data from Euromonitor International

# Rising food prices will hurt the poor

## Food Prices and Inflation in Malaysia from 2010



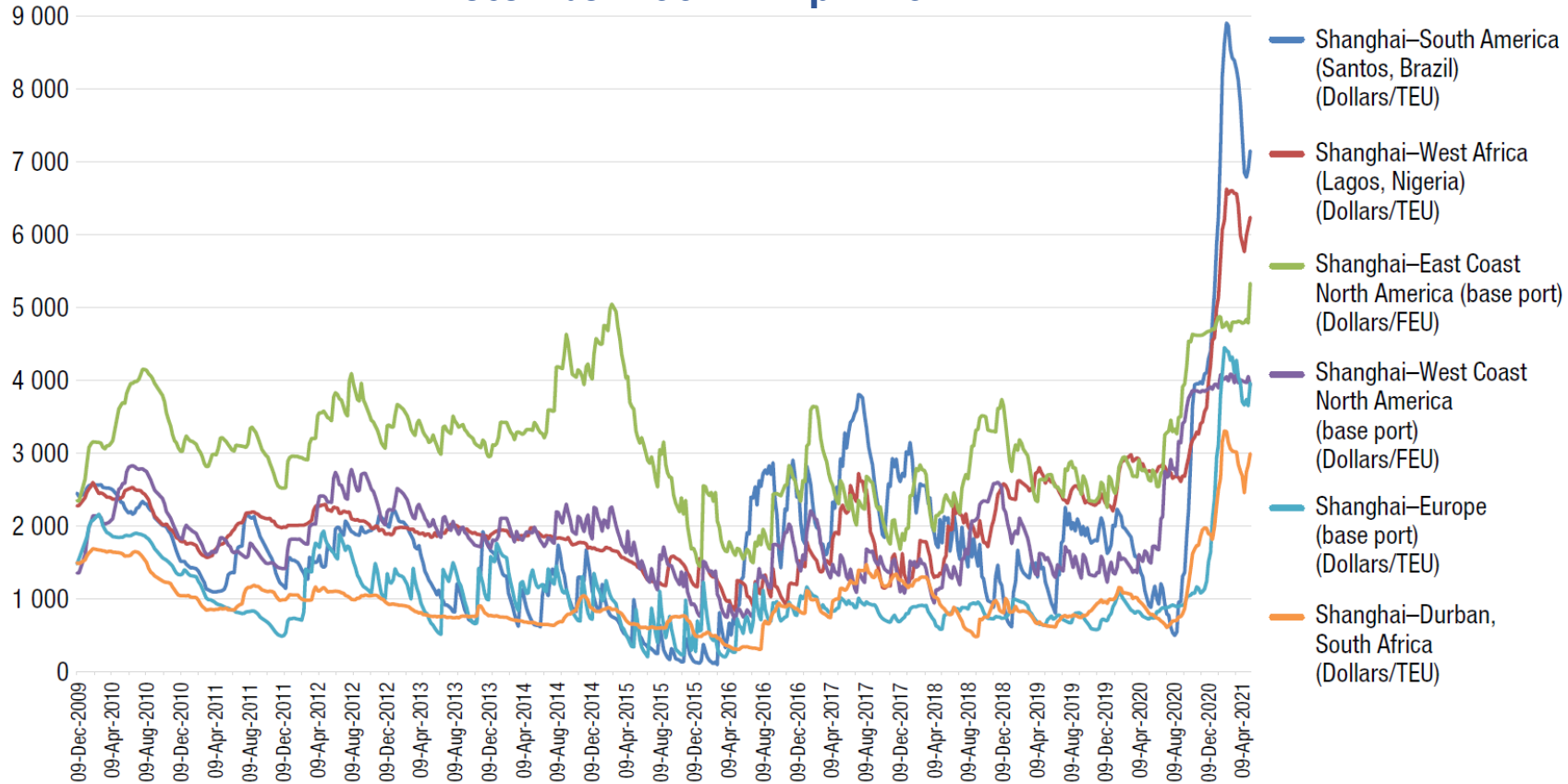
Source: Consumer Price Index Malaysia, DOSM (2010 - 2021)

# Large food trade deficit increases our exposure

- Recent increase in major commodity prices
  - The Agricultural Commodity Price Index in July 2021 was approximately 30% higher than in January 2020
  - Maize, wheat and rice prices are about 43%, 12% and 10% above their January 2020 levels
- Depreciating MYR – lockdown, political instability making it worse
- Surge in container freight rates

# Surge in container freight rates

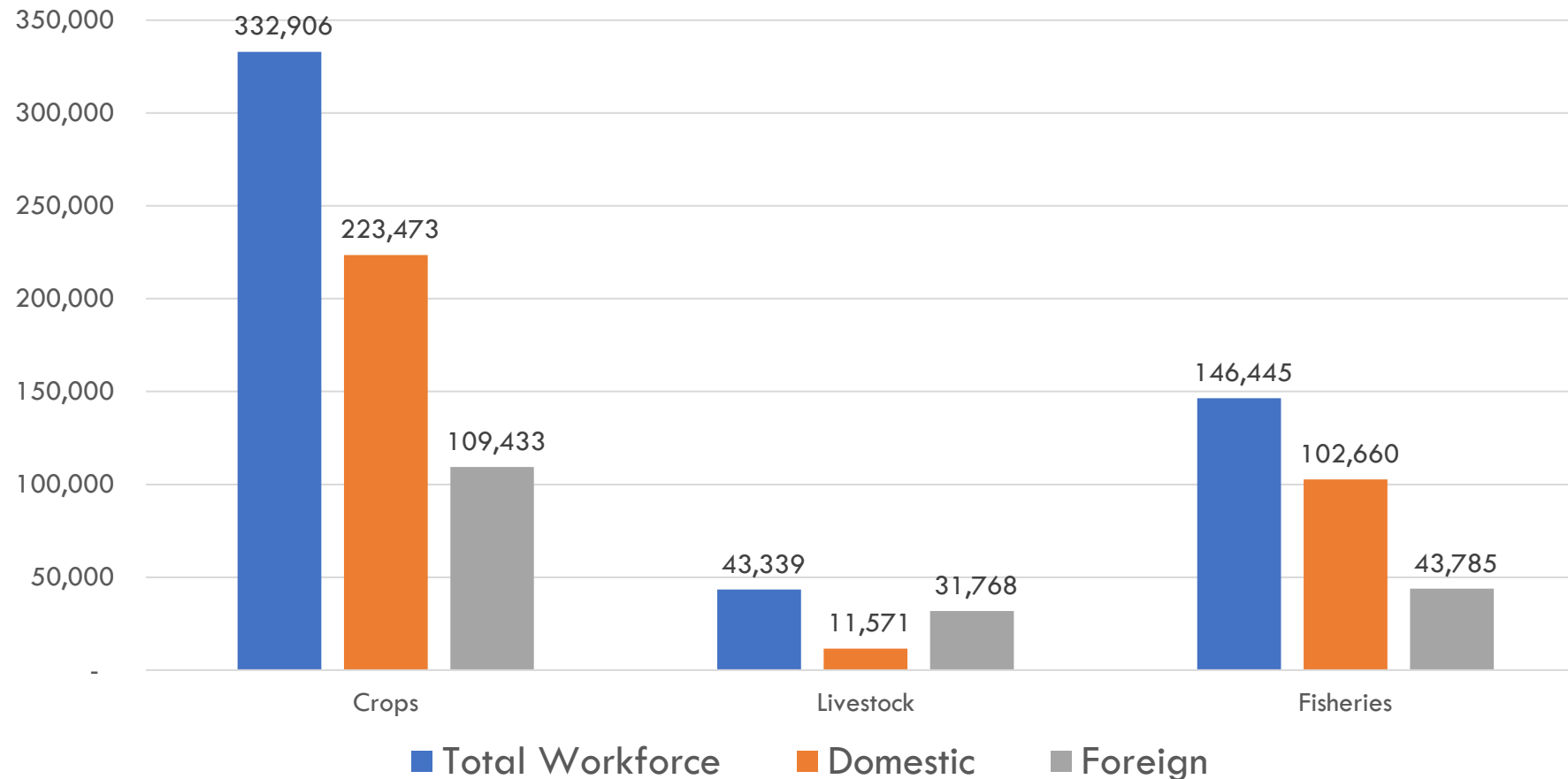
Shanghai containerized freight index, weekly spot rates, 18  
December 2009–9 April 2021



Source: UNCTAD calculations, based on data from Clarksons Research, Shipping Intelligence Network Time Series

# Dependency of foreign labor leaves us vulnerable

Total Workforce in the Malaysian Agrofood Industry, 2019



# Moving ahead

- No short-term solution for sustainable food security
- The multi-factor productivity growth has to be the ultimate goal instead of production level. Productivity increase leads to higher profits for farmers and competitive prices for consumers
- Intensify R&D and increase knowledge transfer
- Rethink current land allocation: food vs industrial crops
- Comprehensive financial ecosystem for agrofood to encourage value chain development
- Short term:
  - Social safety net for the poor
  - Financial assistance for MSMEs