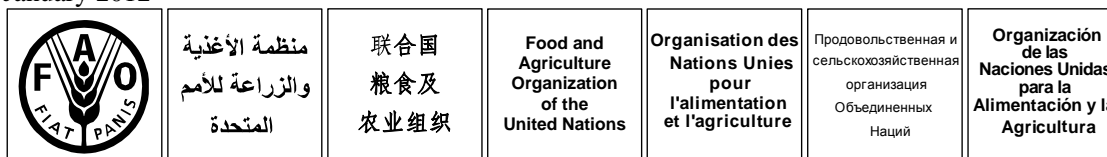


January 2012



# COMMITTEE ON COMMODITY PROBLEMS

**Sixty-ninth Session**

**Rome, 28–30 May 2012**

**REPORT OF THE EXTRAORDINARY JOINT INTERSESSIONAL  
MEETING OF THE INTERGOVERNMENTAL GROUP (IGG) ON  
GRAINS AND THE INTERGOVERNMENTAL GROUP ON RICE  
(Rome, Italy, 24 September 2010)**

1. Global cereal supply and demand still appears sufficiently in balance. While acknowledging the sudden increase in prices and deterioration of prospects for cereal markets in recent months, for wheat in particular, the Groups did not conclude that this situation was indicative of an impending food crisis. Unexpected crop failure in some major exporting countries followed by national responses and speculative behaviour rather than global market fundamentals, have been amongst the main factors behind the recent escalation of world prices and the prevailing high price volatility. The Low Income Food Deficit Countries (LIFDCs) are most adversely affected by these high prices. The Groups expressed sympathy towards countries which were affected by natural disasters.
2. The Groups recognize that unexpected price hikes and volatility are amongst major threats to food security and that their root causes need to be addressed, in particular:
  - a) The lack of reliable and up-to-date information on crop supply and demand and export availability.
  - b) Insufficient market transparency at all levels including in relation to futures markets
  - c) Growing linkage with outside markets, in particular the impact of “financialization” on futures markets
  - d) Unexpected changes triggered by national food security situations
  - e) Panic buying and hoarding
3. Given the growing complexity of factors influencing agricultural commodity markets, the Groups propose to enhance market information and transparency. The Groups recommend intensification of FAO’s information gathering and dissemination at all levels. They specifically recommend action, including capacity strengthening of all partners in relation to monitoring planting intentions, crop development and domestic market information. They further encourage analysis of different dimensions of futures markets behaviour, including involvement of non-commercial traders.

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4. The Groups recognize that the CFS, at its next meeting, will consider issues of vulnerability and risk.
  5. The Groups agree that additional work is needed in the following three areas:
    - a) analyses of alternative approaches to mitigating food price volatility, with a view to support policy decision-making
    - b) new mechanisms to enhance transparency and manage the risks associated with new sources of market volatility
    - c) exploring ways of strengthening FAO's partnerships with other relevant Organizations working on these issues
  6. As stated in the Declaration of the World Summit on Food Security of 2009, Member countries "agreed to refrain from taking measures that are inconsistent with the WTO rules, with adverse impacts on global, regional and national food security."
  7. The Groups agree that increased investment in agriculture, new technologies and good policies, amongst others, are key elements to ensure global food security.