

# Asean's role in Asian food security

S'pore's strategies include R&D, growing itself into a hub of agribusiness and shifting towards greater output of key items

By YANG RAZALI KASSIM

**A**SEAN has food security at the top of its agenda amid global concerns over the volatility of food prices. Rising costs of staples such as rice, wheat, grain and dairy products are causing nervousness because of their political and security impact.

Fresh on the minds of Asean policymakers is the indirect role of food prices in provoking riots and protests in Tunisia earlier this year, which snowballed into general instability and the fall of governments in the Arab world.

Asean economic ministers, who met in Manado, Indonesia from Aug 10 to 14, noted the continuing risks of rising food and commodity prices. But they cautioned against curbing food trade and erecting protectionist measures to boost domestic reserves as these would only worsen global food insecurity.

Asean has put in place a five-year strategic plan within its mutual help scheme called the Asean Integrated Food Security Framework (Aifs). The Aifs aims to assure long-term food security in the region through enhanced cooperation among Asean countries, said Mohamad Maliki Osman, senior parliamentary secretary for the Ministry of Defence and National Development. He was opening the International Conference on Asian Food Security (Icafs 2011) in Singapore on Aug 10 – the same day the Asean meeting in Manado began.

To be sure, food prices have improved somewhat since the global food crisis of 2007-2008, mainly because of larger reserves, according to the United Nations Economic and Social Commission for Asia and the Pacific. Over the longer term, however, prices of staples are expected to remain volatile and food security therefore uncertain.

The drivers for this uncertainty include climate change, increasing water and land scarcity, global population increase, growing demand for meat and dairy products, and the global financial crisis.

The growing consciousness for food security has galvanised the international community into greater cooperation. Icafs 2011 itself ended with a move to forge a global consortium on food security comprising various stakeholders of the global food system. Icafs was jointly organised by the Centre for Non-Traditional Security Studies of Singapore's S Rajaratnam School of International Studies and the Philippine-based Southeast Asian Regional Centre for Graduate Study and Research in Agriculture.

To mitigate the full impact of another global food crisis, Dr Maliki called for holistic solutions to solve food security issues.

He argued that the 2007-2008 global food crisis that triggered riots and demonstrations in many parts of the world highlighted the need for a re-examination of food security policies and approaches.



**Not just a consumer:** A vegetable market in China's Anhui province. Singapore is repositioning itself to promote international cooperation in addressing food security and lessen its high dependence on food imports. From a passive consumer of food, it aims to be a contributing player in the quest for a more stable global food system

Global action to tackle food security includes at least three fronts – Asean through its food security framework; the Asia Pacific Economic Cooperation through measures to enhance food security within Asia-Pacific such as agricultural investment, trade and markets; and the Group of 20 (G-20).

Under the French presidency, the G-20 moved to tackle the negative impacts of food price volatility on global food security. The G-20 is also looking at other measures that would have a bearing on global food security, such as international coordination, trade, development and finance.

To promote international cooperation in addressing food security and lessen its high dependence on food imports, Singapore is repositioning itself. From a passive consumer of food, it aims to be a contributing player in the quest for a more stable global food system.

Although neither a food exporter nor an agricultural country, Singapore sees itself playing a role at various points along the food value chain, according to Dr Maliki. There are at least four strategies:

◆ The first is through research and development, for which Singapore can leverage on its excellent infrastructure, intellectual property regime, a pro-enterprise tax structure and a financial eco-system that supports both publicly and privately funded research.

Its National Research Foundation recently awarded a US\$8 million grant to a collaborative project between the National University of Singapore, the Temasek Life Sciences Laboratory and the International Rice Research Institute to address pressing food concerns such as the need to

adapt to climate change. The potential benefits are for the whole of Asia, including Singapore.

◆ The second strategy is to grow Singapore into a hub for agribusiness. This is being pursued by promoting the role of the private sector. The Economic Development Board is supporting the set-ups of operational headquarters and trading operations, as well as upstream research. Two examples are Sygenta and Bayer Crop-Science, whose research laboratories aim to develop "elite" crop varieties for the region.

◆ The third strategy is to turn Singapore's own domestic market into a "test-lab" of sorts. One possibility is to leverage on its densely populated and urbanised environment to find unique, urban solutions to food security. Urban farming, for example, can eventually be shared and replicated

in other cities. Although not a farming country, agricultural production can be creatively brought within the city boundaries, thus reducing Singapore's reliance on food imports.

"Rooftop farming" and other urban farming ideas have been explored before, Dr Maliki revealed, but they have not been implemented on a large and commercially viable scale. However, one pilot project was started last year whereby the Agri-Food & Veterinary Authority of Singapore engaged a local company, SkyGreens, on a commercial "vertical farming" prototype.

More such projects and collaborations may be explored with the hope of turning Singapore one day into a centre for urban farming.

◆ A fourth, but no less important, strategy is the shift towards greater local production of three key food

items – eggs, leafy vegetables and fish. A \$20 million Food Fund, launched in December 2009, is now in place to incentivise farms to explore new farming technologies and build up capacity to ensure Singapore's food supply resilience.

In a nutshell, Singapore's overall strategy is to seek win-win partnerships regionally and globally as food security issues transcend national boundaries. By taking care of its own needs by being useful to the world, Singapore hopes to play its part in tackling the global food security problem.

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# Ben-bashing is the sport of politicians

**A**MONG Republican presidential hopefuls, bashing Ben has become a sport of choice. That's Ben Bernanke, chairman of the Federal Reserve Board. First, Texas governor Rick Perry said that it would be "almost treasonous" for Mr Bernanke to embrace so-called Quantitative Easing 3 (QE3).

Then former House Speaker Newt Gingrich, at last Wednesday's GOP debate, said that he'd fire Mr Bernanke, calling him the most "dangerous and power-centred chairman" in Fed history. This rhetoric is beyond over-the-top. Its distortions are so grotesque and its judgments so poor that they should suggest disqualification for the White House.

All presidents want to create economic confidence. Indeed, improving confidence is crucial to boosting today's lacklustre recovery. The easiest way to destroy confidence is for the White House and Fed to get into a public brawl.

By law, the Fed is "independent". The Fed chairman, for example, is not a member of the president's Cabinet. The reason is to insulate the Fed from short-term political pressures. It is to allow the Fed to take actions that, perhaps initially unpopular, are judged necessary for the economy's long-term health and stability.

"Independence", of course, is a term of art. The Fed is ultimately accountable to Congress, and Fed officials – led by the chairman – frequently testify before Congress, whose members are not shy about expressing their views. Every administration also tries to influence the Fed and conveys its views through regular meetings of top and lower-level officials.

But an open fight is the last thing that a president provokes, because it would almost certainly roil financial markets and frighten investors and business leaders.

Presidential candidates face different incentives. Just about everyone is unhappy with the state of the economy, and it's convenient to have a scapegoat who won't – because the Fed stays above the political fray – fight back. Mr Bernanke qualifies, especially given his identification with the highly unpopular rescue of Wall Street banks and

financial institutions in late 2008 and early 2009.

But the choice is particularly inapt. As much as anyone, Mr Bernanke contained the crisis by having the Fed provide short-term credit to besieged markets. If the Fed hadn't acted, chances are that today's horrendous unemployment of 9.1 per cent would be much higher.

Considering this, the most obvious way to make Mr Bernanke a political target is to invent facts. To get the full flavour of this, it's worth quoting Mr Gingrich's outburst in full. At the debate, NBC's Brian Williams noted that Mr Bernanke's term as chairman expires in 2014 and asked whether Mr Gingrich would reappoint him.

*Mr Gingrich: I would fire him tomorrow.*

*Mr Williams: Why?*

*Mr Gingrich: I think he's been the most inflationary, dangerous and power-centred chairman of the Fed in the history of the Fed. I think the Fed should be audited. I think the amount of money that he has shifted around in secret, with no responsibility, no accountability, no transparency, is absolutely antithetical to a free society. And I think his policies have deepened the depression, lengthened the problems, increased the cost of gasoline, and been a disaster.*

Where to begin? Since Mr Bernanke became Fed chairman in 2006, annual consumer price increases have averaged 2.2 per cent. Under Arthur Burns from 1970 to 1977, they were 6.5 per cent; Paul Volcker's 1979-87 average was 5.3 per cent; and Alan Greenspan's 1987-2006 average was 3 per cent. (To be sure, Mr Volcker's record is distorted unfavourably by inherited high rates in his early years.)

Under Mr Bernanke, the Fed is more open than ever. Its major policy decisions are announced publicly; the minutes of its policymaking meetings are released after three weeks; the chairman holds a regular quarterly news conference; the website is crammed with details about Fed lending. Power hungry? Actually, Mr Bernanke is widely regarded as being more low-key in the Federal Open Market Committee than Mr Burns, Mr Volcker and Mr Greenspan.



There is no evidence that Mr Bernanke's policies "have deepened the depression". Precisely the opposite (see above). During the crisis, the Fed did disclose the amounts of its loans but withheld the names of specific borrowers for fear of worsening the panic. Much of this information has now been released under congressional and legal pressure. In short, Mr Gingrich's indictment is an almost complete fabrication.

No one is infallible. Since the panic, Mr Bernanke's policies – essentially zero per cent short-term interest rates

and vast securities purchases to inject cash into the economy – have disappointed in spurring recovery. These policies, including the possibility of unintended inflation, are a legitimate source of debate and disagreement. They may be ultimately judged a failure. But it's not clear that anyone else could have done better. The basic conclusion may be that the Fed's economic powers are limited.

Whatever history's verdict, the Ben-bashing is pure politics. It's a cheap shot that reflects more on the attackers than the attacked. – *The Washington Post*



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