



FIXING ASIA'S FOOD SYSTEM

Written by

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Foreword

Transforming our food system to meet evolving consumer needs

Our food system today is facing the pressure of producing about 70% more food to feed a population that will cross 10 billion people by 2050. We need to do this with diminishing resources. Producing more with less and ensuring the highest safety standards are key challenges facing the food and agriculture industries to feed Asia. Three areas that can truly strengthen our food systems in Asia are trade, technology and profitable farming.

Nearly 1 billion people worldwide already depend on trade to meet their basic food needs and to feed 10 billion people by 2050, food must move and increasingly be grown in the most efficient and sustainable manner. There also needs to be fair and equitable rules-based systems as a world without multilateral trade dispute resolution institutions would be a world of chaos.

Innovation can radically transform the food system. In many pockets of Asia today, technology adoption across the food supply chain is not happening or not happening fast enough. We need to ensure that technology is being readily deployed and adapted with the clear purpose of making the supply chain more productive, efficient and resilient.

Agriculture today cannot exist without successful farmers. We need to make farming more profitable to ensure a healthy flow of labour. Today's youth is not interested in farming and with an ageing population and rapid urbanisation, farming is losing labour at an explosive rate in Asia, as high as 2,000 per day in India.

Cargill wants to nourish the world in a safe, responsible and sustainable way. We are constantly engaging governments, farmers, NGOs and other stakeholders to find out the most effective ways of meeting the demand for nutritious food in a growing world. Our hope is that this report will trigger more conversations and dialogues around the future of food and increase collaboration within the industry, with governments and other stakeholders to address the challenges we have today without compromising our ability to feed future generations.

Together, we can rewrite how food is produced, traded and consumed, and feed the world in a safe, responsible and sustainable way.



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Fixing Asia's food system

In Karnataka, India, Twitter has become an unlikely battleground in the fight to secure Asia's food system. In May 2017, the state's agriculture minister tweeted a cartoon of Millet Maga and Millet Magalu—two superhero children with eye masks and capes—to urge people to buy millet, a supergrain.

Complete with its own hashtag (#LetsMillet), the campaign is part of the government's effort to combat stress on the country's food system, which is facing droughts and other resource crises. Millet requires less water than rice and offers higher nutritional value. However, consumer tastes have changed over the years, and millet, which was once a traditional staple, has been shunned as poor people's food.

So the government teamed up with large companies and research outfits to try and recreate a market for the ancient wonder grain. Beyond social media, the campaign brought well-known chefs on board. One, chef Ramasamy Selvaraj, from the Taj hotel chain, came up with recipes for millet-based pasta, pizzas and even ice cream.

The campaign is just one example of recent efforts to nudge the food system towards more sustainable and nutritious consumption. According to Shenggen Fan, director general of the International Food Policy Research Institute, a research body, such initiatives are sorely needed to fix Asia's "broken" food system.

Concerns about Asia's ability to meet its food security needs were echoed in a recent Economist Intelligence Unit study of 820 business leaders in Asia's food industry. According to the respondents, 90% are concerned about their local food system's ability to meet food security needs, but only 32% feel their organisations have the ability to determine the success of their food systems. Within this gap is a shifting balance of responsibility between the public and private sectors, a tension that needs to and can be strategically addressed.

The need for change

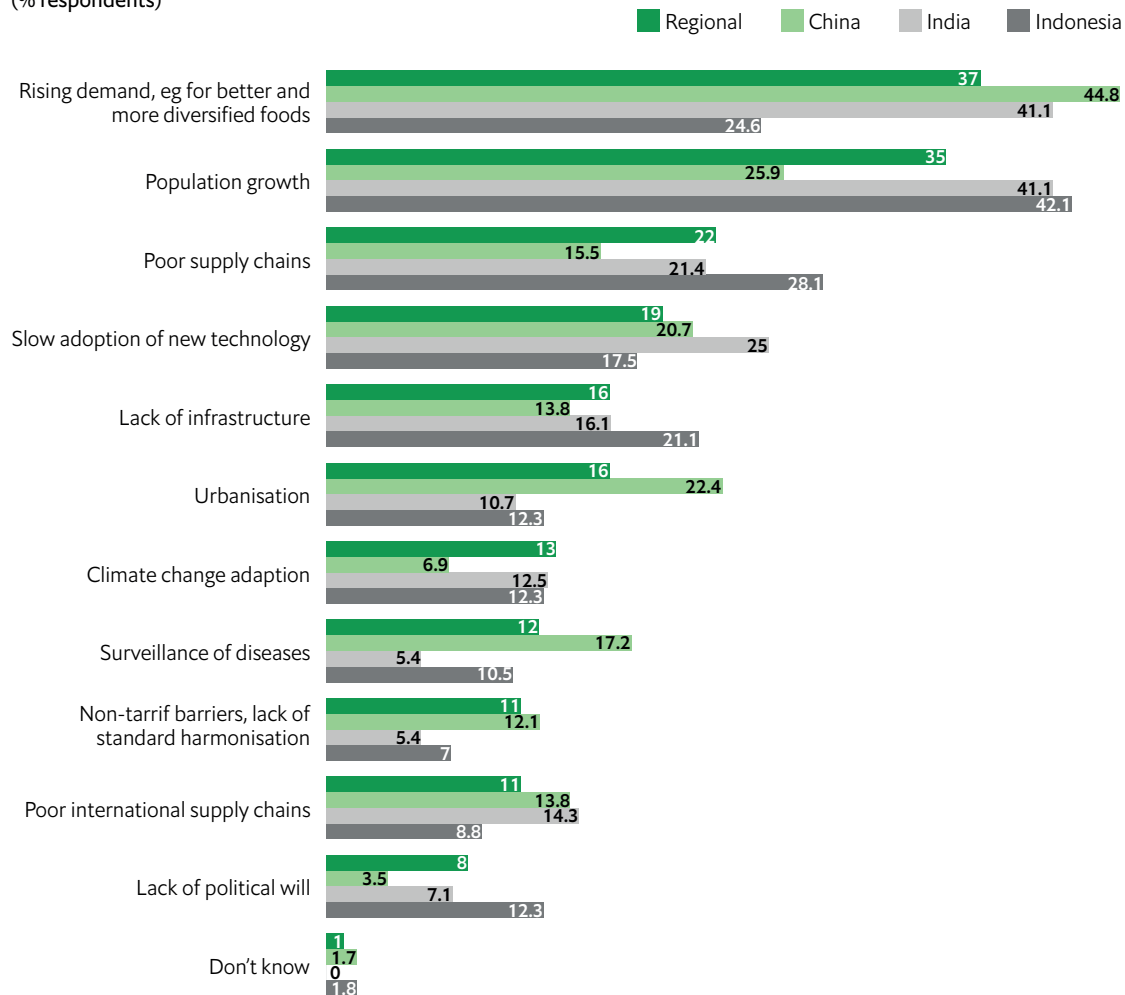
The urgency for change comes largely from the fact that Asian populations are growing, urbanising and changing food tastes too quickly for many of the regions' food systems to cope with. Asian cities are dense and are expected to expand by 578m people by 2030. China, Indonesia and India will account for three quarters of these new urban dwellers.

These urban populations will not only demand more food but also different varieties. People in cities consume more convenience food in the form of either processed or ready-made food. In Asia, imports of processed foods more than doubled to US\$162bn between 2005 and 2015 as the opportunity cost of time rose with economic development. City dwellers also tend to eat less carbohydrates and more

Figure 1: Insatiable appetite

What are the biggest risks to the food system in your country today? Select two.

(% respondents)

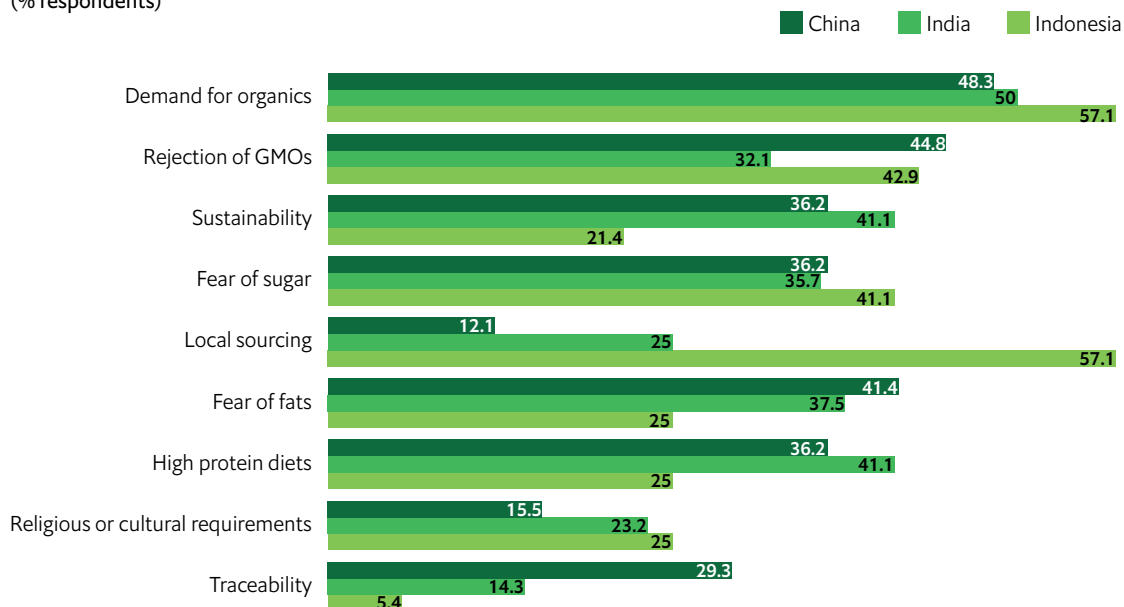


Source: The Economist Intelligence Unit.

Figure2: Picky eaters

Which dietary habits or consumer preferences present the biggest challenges to Asia's food system to reach food security? Select the top three.

(% respondents)



Source: The Economist Intelligence Unit.

protein, to be more open to non-traditional foods as they diversify their tastes, and to become more concerned about the quality of food as their income levels rise.

Keeping up with demand

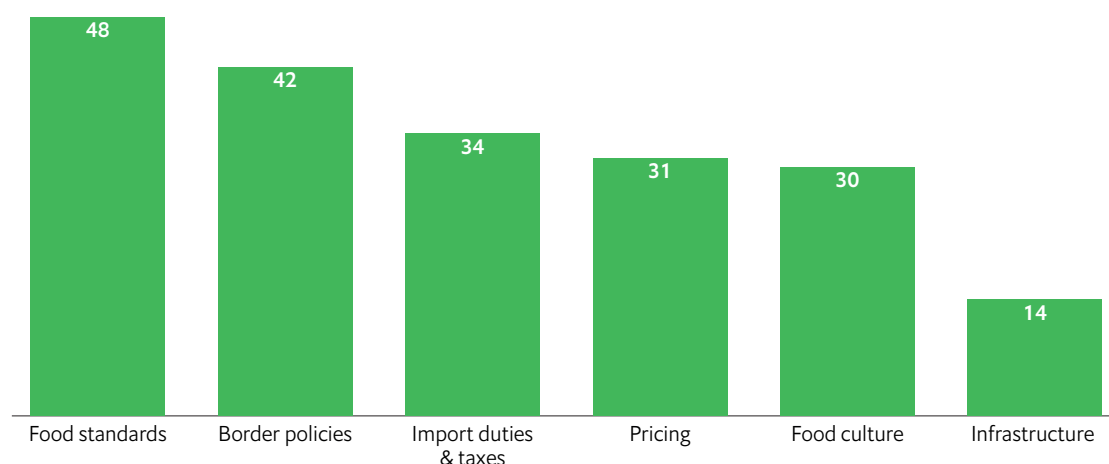
Meanwhile, Asia's fragmented food system, largely comprised of small producers rather than large industrial farms such as those in the West, are struggling to keep up. The surge in demand for food makes it difficult for countries to be self-sufficient, while diets that are shifting towards more protein are increasing demands on water and land. In addition, many national food security policies, set with a focus on maximising crop yields, remain biased towards stockpiling staple grains like rice and wheat. They don't necessarily grow the most efficient or competitive crops.

Greater inter-regional co-operation could help alleviate some of the stress, with 93% of respondents citing inter-regional trade liberalisation as important to their organisation's business. However, a variety of factors—including differing food standards, border policies, import duties and taxes, food culture, self-sufficiency programs and uneven economic development—stand in the way. In most cases, they also lead to higher pricing.

This lack of coherent policies, institutions and regulations is a "fundamental issue", according to Dr Fan. In fact, 51% of our survey respondents cite government policies and regulations as the toughest challenge they face in dealing with the complexity of food systems in the next five years. Governments

Figure 3: Separate tables**What are the biggest challenges to Asia's inter-regional food systems? Select the top two.**

(% respondents)



Source: The Economist Intelligence Unit.

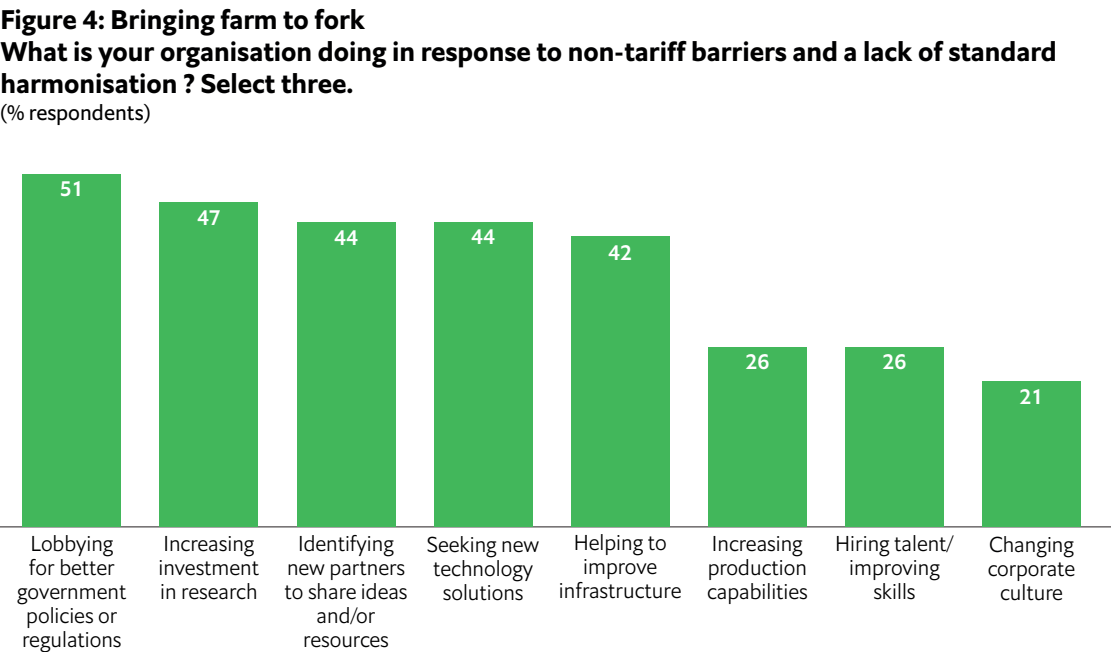
and enterprises are not moving quickly enough, observes Dr Fan. “There has been some progress in the last five years, particularly in awareness [that our food system is not sustainable], but more drastic action is needed.”

Experts encourage companies to engage governments. According to Alison Cairns, managing director of Food Reform for Sustainability and Health (FReSH), an initiative of the World Business Council for Sustainable Development, “companies can do a lot and there seems to be willingness on the side of governments to engage.”

However, the majority of surveyed business leaders say they have already both consulted with governments regarding food system issues and are actively promoting improvements in the inter-regional Asian food system. Yet 65% say they are limited in ultimately determining their food system’s success. In response, they are hedging by employing a diversified set of strategies.

To accelerate progress, policymakers and businesses need to shift mindsets and drive greater convergence among strategies, which corporates can do by applying an economic and health lens to the problems. “The private sector can pressure governments to make policy changes. For example, not just looking at producing wheat and maize, but fundamentally looking at the health of the population,” says Dr Fan. “Consumers need to be healthy so the private sector can make money.” This kind of shift could lead to measuring food system success based on quality rather than calories, which would help companies and farms become better aligned with food system needs and consumer demands.

Firms also need to make an economic case for change, says Ms Cairns. This means breaking out of the food silo, with companies engaging with energy, economic and public health officials as well as agriculture ministries, she adds.



Source: The Economist Intelligence Unit.

“Policymakers may be more willing [to act] if business put forward a commercial case in terms of jobs and public health that makes it a much more compelling need for [the] government to engage,” she says. Innovation is important, too. Businesses could apply sourcing policies where they only work with countries with strong climate change regulations, for example, she suggests. “That would spark much more government interest in shaping policies that enable companies to invest in Asia’s food system.”

More public-private initiatives, like India’s #LetsMillet programme, are also a powerful tool to change Asia’s food system. For example, in 2017 the World Economic Forum launched Grow Asia, a multistakeholder initiative in South-east Asia aimed at helping farmers with knowledge, technology and finance. FReSH has some 40 corporate members and aims to combine science and business to change global food systems. These groups are helping drive momentum in the system.

The cost of inaction

However, change must move faster and the cost of inaction is rising. The current system is not only under stress, but also doing real damage. Food production is the second leading driver of greenhouse gas emissions globally due in large part to the methane pollution caused by livestock. As Asians demand more and more protein-rich food, this problem is exacerbated.

Meanwhile, low quality foods are stepping in to meet demands for convenience and fill caloric gaps, but do not nourish, introducing into Asia the competing problems of obesity and undernutrition. Already, the same number of children in Indonesia are overweight (12%) as suffer from wasting, according to UNICEF.

In fact, according to Dr Fan, the urgency is greater enough that change can be seen as inevitable. “In the next ten years I’m very confident these countries will have to reshape their policies,” he says. “I don’t think they have a choice.”

Key takeaways

- Asian populations are rapidly growing, urbanising and changing food tastes too quickly for many of the region’s food systems to cope with.
- These urban populations demand more food and different varieties, with people in cities consuming more convenience food and animal protein.
- To keep up with demand, greater interregional cooperation and stronger private-public partnerships are needed.

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