INTRODUCTION

- Food security remains a fundamental, indeed growing, issue

**Overall food prices (US$) up 75 percent since 2000**

Source: World Bank, DECPG
A range of proximate demand and supply factors are behind the rise in global food prices:

Growing demand pressures…
- shifting of grain production for biofuels consumption;
- international speculation on commodities markets;
- continuing global, and specifically Asian, population growth;
- growing commodities demand from emerging markets, notably China and India;
- changing dietary preferences, including diversion of staples into livestock feed.

But falling supply capacity…
- diminishing growth in average annual yield productivity;
- low levels of research and development investment in agriculture;
- government corruption or incompetence;
- declines in national reserve stockpiles, export bans or curbs and the falling US dollar;
- increased input costs (fuel, fertiliser and freight rates, related to rising oil prices);
- challenging seasonal conditions in the major production regions;
- constraints on the amount of arable land utilised for permanent cropping;

Structure of presentation is in three parts:

1. establishes a definition of food security and outlines the East Timor context;
2. describes and reviews current approaches to managing short-term issues in East Timor;
3. suggests options to address the structural causes of food insecurity in East Timor.

As rice holds a special place as East Timor’s preferred staple, the circumstances surrounding rice are used for illustrative purposes.
PART 1: FOOD SECURITY AND CONTEXT

- World Food Summit (and FAO) definition:
  - Food security, at the individual, household, national, regional and global levels [is achieved] when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life.

- Alternative WFP definition:
  - Availability: sufficient food supplies for a given population;
  - Accessibility: adequate means to acquire required food;
  - Quality: the opportunity for a diet of healthy food.

- Not a new issue in East Timor
  - in 2006, WFP estimated 213,000 people (20% of population) are food insecure and 244,000 (23%) highly vulnerable.

- Impact of seasonal factors
- Mismatch in annual rice consumption and production:
  - Consumption: approximately 90-100,000 metric tonnes
  - Production: normally half is local but imports now 60%.

- Price has roughly doubled over past three years
- But GoET has two-fold policy to ensure accessibility:
  - free distribution of rice for selected groups; and
  - general price subsidizing of government-imported rice.
Political significance of questions of availability of rice in the context of the rural-urban divide.

- Urban areas: rice is the staple; legacy of the Indonesian period.
- Rural areas: maize (corn) is the staple for the majority. But rice is also preferred food for reasons of taste, convenience, even image.

In fact, complex hierarchy of food preferences in rural areas.

PART 2: SHORT-TERM ISSUES

Nature of current short-term issues:
- reflect steep rises in price (reducing ‘accessibility’) more than a shortage (‘availability’) of rice.
- role of Economic Stabilisation Fund.

International donor support:
- Technical assistance;
- Targeted humanitarian assistance.
PART 3: STRUCTURAL CAUSES

- Risk of short-term responses are maintained, leading to inefficient policy settings in the context of high food prices.

- The GoET’s agriculture sector strategy states that:

  *Agriculture is a fundamental sector for Timor-Leste’s economy and society. It plays a central role in food production and job creation and is key to improving the living conditions of communities. Its role in achieving food security is unquestionable.*

- Long-term measures to address the structural causes of East Timor’s food insecurity fall into three areas:
  1. strengthening institutions and infrastructure;
  2. improving agricultural production; and
  3. building community resilience.
1. Strengthening Institutions and Infrastructure

- Crucial role of National Food Security Committee:
  - centralising and coordinating food policy;
  - monitoring and data collection; and
  - generating support from senior Ministries and donors.

- Efficacy of procurement and distribution systems, and appropriate role for government.

- Supporting infrastructure development in the areas of transport, storage and irrigation, particularly in districts.

- New Australian support under consideration.

2. Improving Agricultural Production

- Increase in global rice prices has shifted the economics, improving relative competitiveness of local production.
  - possible to achieve substantially higher yields.

- Australian support for GoET-led Seeds of Life program.
  - delivered major outputs and conducted extensive field trials;
  - conflict between relief measures and long-term capacity

- Level and nature of state involvement in supporting and enabling the provision of essential farm inputs.
  - difficult decisions re. production of different food staple types

- Adapting to climate change and natural disaster risk management.
3. Building Community Resilience

- Most vulnerable need ongoing support:

  Food assistance is still relevant and appropriate to Timor Leste given the chronic malnutrition, food insecurity at the household level, 40% of people living below the poverty line of 55 US cents per day, limited access to health care services and low capacity in Government institutions.

- Importance of community nutrition, which underpins health and well-being.
  
  ◆ AusAID support for activities and programs in this area.

CONCLUSION

- Food security is a major, ongoing issue in East Timor
  ◆ current global context creates further challenges.

- Government of East Timor is leading efforts to address short-term problems, with support from development partners.

- Impacts of rising food prices still unfolding and careful consideration needs to be given to appropriate policy responses at a national level.
  ◆ strategic opening to reform policies and practices to address the structural causes and better align donor support.