Global Price Trends

International prices of food continued to decline between June and October 2013, but remain high (figure 1). The World Bank's Food Price Index decreased by 6% during that period. Price declines were sustained month-to-month until September, but remained virtually unchanged in October. The Bank's Food Price Index in October was12% lower than a year ago and 16% below the all-time peak in August 2012.

F *I* *N*, produced by the Poverty Reduction and Equity Group at the World Bank, is a series that aims at drawing attention to trends in domestic food prices in low- and middle-income countries and their policy implications. Contact: José Cuesta (jcuesta@worldbank.org)

Domestic Price Trends

Domestic prices of grains have followed different patterns across regions, mostly reflecting seasonal trends. Prices of staples in eastern and southern Africa generally increased (except in South Africa) between June and October 2013 due to tight supplies in anticipation of upcoming harvests and last year's production shortfalls. In contrast, prices of cereals in western Africa declined during this period as harvests reached markets in the region.[15] In Central America and the Caribbean, prices of maize have also declined as good main season harvests reached the markets. In South America, however, limited supplies and deteriorated prospects for upcoming harvests have driven up prices of wheat to record highs in several countries.[16] In East and South Asia, a few countries have seen wheat prices increase markedly due to limited supplies and strong demand. In contrast, rice prices remained stable from counterbalancing forces: increasing supplies in anticipation of harvests and released public stocks are being balanced by public procurement policies and flood concerns. Wheat prices in Central Asia continue to hold steady in the face of strong export demand and weather-related concerns in large producing countries.[17]

Between June 2013 and October 2013, the largest **wheat** price increases (table 2) took place across monitored markets in Argentina (60%) as a result of recent bad weather; in Brazil (27%) and Bolivia (14%)[18] because of tight imports from Argentina; and in Ethiopia (30%), Sudan (23%), and Belarus (22%) because of limited supplies associated with several causes.[19] Sizable wheat price reductions were observed in Ukraine (30%, national average) because of rebounding supplies, and in monitored markets in Moldova and Armenia (13%) because of outstanding harvests and cheaper imports, respectively.[20] Domestic **maize** prices experienced large increases in monitored markets in Tanzania (74%), Mozambique (67%), Malawi (58%), and Ethiopia, Uganda and Chad (between 31 and 36%) due to seasonal trends; strong demand; limited supplies from previous and current harvests; and higher transportation costs.

Table 2. Largest Variations in Domestic Prices

Quarterly Price Movements: June 2013 – October 2013			
Wheat	% change	Maize	% change
Argentina, Buenos Aires, Āour, wholesale, US$/kg		Tanzania, Dar es Salaam, wholesale, US$/ton	
Ethiopia, Jimma, white, wholesale, Ethiopian birr/local		Mozambique, Nampula, white, retail, metical/kg	
Brazil, natl. avg., wholesale, Brazilian real/kg		Malawi, Liwonde, retail, kwacha/kg	
Sudan, Dongola, wholesale, Sudanese pound/local		Ethiopia, Diredawa, wholesale, Ethiopian birr/local	
Belarus, Minsk, Āour, retail, Belarussian ruble/kg		Uganda, Lira, wholesale, US$/ton	
Bolivia, La Paz, Āour, imported (Argentina), wholesale, boliviano/local		Chad, Moussoro, retail, CFA franc/kg	
Pakistan, Karachi, Āour, retail, Pakistan rupee/kg		Honduras, Tegucigalpa, white, wholesale, US$/kg	
Bangladesh, Dhaka, Āour, retail, taka/kg			
Bausnta, Latl. avg., w _ ur, r ^ aqv ch, retail, kAusnta, bi s,kgHm İ M M İ M İ M İ M B franc/kg			
Š M ð ∫ Barool ` Dha kb ` ta bca Li ck,yal ` Āour, retail, tbanc/li ^ gola,,)kg14Russian Federation, natl. avg., offer EXW, wholesa			

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Table 2. Largest Variations in Domestic Prices, *continued*

Colombia, Bogot¨, Āour, wholesale, Colombian peso/kg		Thailand, Bangkok, wholesale, Baht/ton	
Congo, Dem. Rep. of, Kinshasa, Āour, retail, Congolais franc/kg		ruble/kg	
Ukraine, natl. avg., 3rd class, bid EXW, processing, hryvnia/ton		Ukraine, natl. avg., bid EXW, processing, wholesale hryvnia/ton	
Rice	**% change**	**Sorghum**	**% change**
Bolivia, Cochabamba, grano de oro, wholesale, boliviano/local		Sudan, Al-Fashir, feterita, wholesale, Sudanese pound/local	
Bangladesh, Dhaka, coarse, wholesale, taka/kg		Chad, Moundou, retail, CFA franc/kg	
India, Patna, retail, Indian rupee/kg		Ethiopia, Addis Ababa, red, wholesale, US$/kg	
Chad, N□Djamena, imported, retail, CFA franc/kg		Somalia, Mogadishu, red, retail, Somali shilling/kg	
Malawi, Lilongwe, retail, kwacha/kg		Togo, Anie, retail, CFA franc/kg	
Mexico, Mexico City, Morelos, wholesale, Mexican peso/kg		Niger, Maradi, local, wholesale, CFA franc/local	
Haiti, Port-au-Prince, local, retail, gourde/local		Burkina Faso, Ouagadougou, local, wholesale, CFA franc/local	
Costa Rica, natl. avg., 2nd quality, retail, US$/kg		El Salvador, San Salvador, Maicillo, wholesale, US$/local	
Colombia, natl. avg., 2nd quality, retail, Colombian peso/kg		Mali, Bamako, local, wholesale, CFA franc/local	
Somalia, Galkayo, imported, retail, Somali shilling/kg			
Thailand, Bangkok, 25% broken, wholesale, Baht/ton			
Mali, Sikasso, local, wholesale, CFA franc/local			

Source: Food and Agriculture Organization (FAO) and Global Information and Early Warning System (GIEWS).
Note:

reaches 9 billion by 2050, continue to demand sustained increases in agricultural productivity.

Where will these increases in agricultural productivity come from? Currently the dominant view is that small-scale farming is critical to boost agricultural productivity and reduce poverty.[30] Yet, large-scale farming is increasingly viewed as an attractive complement; some in fact argue that *both* small- and large-scale farming practices are necessary to increase agricultural productivity and produce enough food to feed the world's poor.[31] Advocates argue that large-scale farming benefits include e ciency gains from scale economies (at least for plantation-type agriculture) and vertical integration[32]; favorable access to credit, finance, and technology; capacity to satisfy product certifications and standards; and ability to expand agriculture to previously uncultivated areas.[33] But there are also those questioning the complementarity between large- and small-scale farming (box 1) and pointing out potential environmental, social and economic concerns, especially in the context of weak institutions and state fragility.[34]

Super farms, typically exceeding thousands of hectares (ha) in the developing world[35] (box 1), are at the center of this discussion. Much celebrated is the success of vast farms in Brazil's *cerrado*—some sprawling 100,000 ha—that have transformed once low-productivity land into a world powerhouse of soybean production.[36] More recently, a current joint venture between China and Singapore is projected to develop an extensive 145,000 ha "food zone" in the northeastern province of Jilin, China. The motivation is that the US$18 billion 15-year project will reduce Singapore's vulnerability to food-related shocks and generate employment opportunities for Jilin residents. China is also expected to benefit from adopting the highly recognized regulatory and export standards of Singapore.[37] In Indonesia, large-scale operations in oil palm have reportedly created between 1.7 and 3 million new jobs.[38]

But there are also multiple risks associated with large-scale farming. Opaque deals known as "land grabs," involving severely food insecure areas, outrageous conditions, and disappointing outcomes have attracted global interest.[39] This was the case in attempts to lease 1.3 million ha, or half the cultivable land of Madagascar, which is said to have contributed to the ousting of then President Ravalomanana, as well as vast land areas in South Sudan (up to 400,000 ha).[40] In Eastern Europe, rapid

What is a super farm? There is not a widely accepted standard definition of the minimum area (or livestock head count) that a farm must have to be considered a "super" farm. Cotula et al. (2010)[a] use 1,000 ha as the threshold for large-scale agriculture, while Deininger and Byerlee (2011)[b] consider 10,000–15,000 ha the minimum range for a farm to be consider a super farm. Deininger and Byerlee (2011) report that the median farm size in Brazil's cerrado is 1,000 ha, but many exceed 10,000 ha. In South Asia, a typical oil palm mill averages 10,000 ha. In Sub-Saharan Africa, some farms exceed 100,000 ha, while in Russia, some are larger than 300,000 ha.

Are all super farms the same? Super farms are quite heterogeneous in terms of the capital involved (foreign, national, or mixed; private, public, or combined), property terms (lease or purchase), exploitation model (land concentration or independent small farms) and degree and terms of integration (vertical or horizontal integration), among other criteria. What brings them together is their large scale of oper

concentration of farming land in a context of land-use contraction has been associated with rapid increases in the price of land and lower productivity growth compared to smaller farms.[41] Super farms—including also large livestock agribusiness—have also raised serious concerns regarding the environment, spread of disease and animal welfare, associated with waste disposal, monocultures and zero-grazing practices, respectively.[42]

But contrary to small-scale farming, there is little reliable evidence assessing the impacts of super farms or establishing meaningful comparisons with small-scale agriculture.[43] What it is known, however, does not necessarily point to a larger size as the only or main factor responsible for either positive or negative impacts on productivity. The spectacular productivity achievements of the Brazilian cerrado are largely attributed to breakthroughs in the treatment of acidic soils and the adaptation of pasture varieties to such soils and soybeans to tropical latitudes.[44] Furthermore, even in abundant land contexts, performance of large-scale farming might be more closely associated with their establishment in areas better endowed with quality soil and infrastructure and their use of superior management skills than necessarily with economies of scale.[45] The risks of large farms aggravating corruption, bad governance, and economic and social distortions to local communities constitute a more considerable concern in contexts that are starting with high levels of corruption and fragile institutions. It is in these contexts that abusive purchase or leasing conditions, monopolistic positions, and geopolitical frictions are more likely to emerge.[46]

Hence, it is unlikely that super farms will bring about agricultural and overall economic growth, food security, and poverty reduction in the absence of strong institutions, or without at least e ective safeguards and responsible investment practices in place (even though there is not a dearth of such initiatives).[47] But this also applies to strong institutions in the context of small-scale farming. In short, while the jury is still out, it is clearly too early to brand super farms a solution to hunger and the world's increasing food demand. The stakes are too high, however, to rule out any potential source of agricultural productivity growth, production, or income. supecI8(miu.0aR8t25(es).) g)-148 Tw T[(it s

36. *The Economist*