

India & China to have major impact on demand & food production by 2030

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E-paper

India, China and Indonesia will be home to three-quarters of the world's population by 2030. The three countries will be home to half the world's urban population. And this will have a significant impact on the demand and food production, as urban consumers have more diverse diets and convenience food. This was stated in a Cargill-Economist Intelligence Unit (EIU) report on the future of Asia's food sector, which stated that although there may not be an immediate change in the food systems in the next 10 years, discussions around diet, food security and food supplies often come up for discussion and will be the basis for future policy intervention in the long run.

Cargill, along with the Federation of Indian Chambers of Commerce and Industry (FICCI) and EIU, launched Fixing Asia's Food Systems, a five-part study which explores a range of issues and is centred around a survey of 400 business leaders in the region. In the first part, titled Bringing together Asia's Food System, six key megatrends, including urbanisation, the double burden of undernutrition and obesity, technology constraints, need for transparency and sustainability in the food businesses and politics influencing the food system, were discussed.

The report was unveiled in New Delhi by Harsimrat Kaur Badal, minister for food processing industries, Government of India, and Siraj Chaudhary, chairman, Cargill India. During the launch, there was an interactive discussion on the challenges and opportunities ahead. The panel comprised Ramesh Chand, member, Niti Aayog, Madhavi Das of FSSAI and other industry captains.

The report stated that diets would be more energy-dense and move away from the direct consumption of cereals, but local factors will affect how this transition happens in different countries. "China, India and Indonesia alone will account for 75 per cent of Asia's total population and 60 per cent of its real gross domestic product (GDP) by 2030. Income growth in Asia will continue to drive the transition away from direct consumption of cereals and towards more diverse diets," it added.

"Dairy products and eggs account for a larger proportion of calories consumed in India (six per cent) and China (four per cent) than in Indonesia (one per cent). India has a strong vegetarian culture, but projections estimate that India's meat consumption (mainly chicken and fish at 63 per cent) will rise to 9kg by 2050, from a base of 3kg," stated the report. It added that people will continue to need access to food that is affordable, safe and nutritious. According to the study, Asia is home to nearly two-thirds of the world's malnourished. Across South-East Asia, an estimated 60 million children under the age of five are stunted. One in five children in India are wasted (low weight for height).

The government can extend the progress made through policy changes, regulatory measures and encouraging public investments to make our food systems more responsive to nutritional needs. Improvements in nutritional status will not happen unless the incomes of rural households increase, the prices of nutritious foods are kept affordable, and households are better informed about the nutritional content of food and the need to diversify their diets. Fortification and reformulation focus is already underway in India, ensuring the availability of nutritious food to the undernourished population. There are indications that developing countries have a strong interest in sustainability. However, estimates suggest that sustainable products are 30 per cent more expensive than traditional products, which means

the shift towards sustainable food is likely to be led by higher-income countries in the period to 2030.

The report also mentioned research and development (R&D) in food production in Asia will remain a key driver of agricultural development. India's investment in R&D needs to be increased from the current figure of 0.40 per cent of the agricultural GDP to enhance productivity, manage resource scarcity and climate change to help achieve the objective of increased farmer remuneration. On politics, it added that it will continue to play a key role in food systems due to divergent interests and resource scarcity. A balance is needed between the approach of protecting farmers' interests through the use of subsidies, price floors or trade barriers and consumer interests, as these may come in the form of higher prices for consumers.

By 2030, Asia is projected to need 65 per cent more water for industrial use, 30 per cent more water for domestic use and five per cent more water for agricultural use. This increased need for water (coupled with declining resources) will drive water politics between upper and lower riparian countries. More technology-intensive farming is the need of the hour, for instance, climate-smart agriculture, precision and vertical agriculture.

The research showed that business leaders overwhelmingly agreed that there was cause for alarm around Asia's food security. The solutions included greater collaboration to enforce food safety standards, educate farmers and improve supply chain infrastructure.

Yet a number of other factors, including differing regulations, border policies, import duties, taxes, food cultures, self-sufficiency programmes and uneven economic development, require more robust thinking and policy solutions for Asia's food system to truly make the needed progress. "As Asia's population grows and urbanises, it is imperative that regional co-operation improves and food supply chains become smarter, better integrated and more efficient," said Rashmi Dalai, managing editor, EIU, and project manager, Fixing Asia's Food Systems.

"However, this is no easy task. A complex ecosystem of often divergent policy and societal concerns needs to be brought into alignment. This can only be done by first agreeing on the issues at hand and the urgency with which they need to be addressed," she added.