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Alejandro Litovsky is the founder and CEO of the Earth Security Group.

The Earth Security Group is a strategic consultancy that provides a new level of intelligence on inter-dependent sustainability risks, facilitating strategic responses by companies and governments and improving their engagement to invest in long-term resilience.

Transcending boundaries for global food security

In just 25 years, Olam International has gone from a single-country, single-commodity company to a fully integrated global agribusiness firm operating in 65 countries. This growth is a true reflection of the meanings of the word 'olam', which is alternatively translated from old Hebrew to mean 'transcending boundaries', 'the world' and 'timeless'.

These definitions also describe the sustainability challenges that will shape the business environment over the next 25 years: crises that are inter-connected beyond national boundaries; global in scope but needing to be managed in local political contexts; and time-sensitive due to the pressures on limited resources. Nowhere are the risks of a failure of sustainability more pressing than in the global agriculture sector, which accounts for most of our water consumption, land-use changes and food security.

The stakes are high because food security relies on inter-connected markets and is closely linked to political risk. Consider, for example, the drought that decimated Russia's 2010 wheat harvest. In response, Russia imposed export ban to shore up its domestic supplies, sending food prices soaring in its main export markets, especially Egypt. This in turn helped spark the political uprisings that spread rapidly across North Africa and the Middle East. Climate change is expected to trigger many more such chains of events.

As governments improve the efficiency of their food systems, they will open business opportunities for companies that are vertically integrated, involving business in improving production as well as distribution and logistics. The future of corporate sustainability will therefore be one where companies learn to position their business case as one that also improves the country's resilience to shocks.

But while 'resource efficiency' is the flagship of common business sense, rationality can be still trumped by political fear. Greater insecurity usually leads governments to think short-term, to restrict



trade, control prices, and protect domestic industries at the expense of modernization and competitiveness.

An interconnected food system where shocks originate from specific country conditions and spread systemically requires companies and governments to become more aware of critical bottlenecks and systemic risks.

Rice provides a case in point for being a crop vital to global food security while being exposed to such complex volatilities. Only 7% of the world's rice production is traded globally as rice is produced mainly for domestic consumption. Consequently, production shortfalls due to extreme weather events or productivity gaps, as well as trade restrictions and price controls imposed by governments concerned with domestic supplies, can have big impacts on the security of supplies.

The [Earth Security Group](#) is working in collaboration with Olam International, one of the sponsors of the [Earth Security Index 2015 Report](#), to explore the inter-dependent sustainability risks that will shape the business environment for rice in key markets like India and Nigeria.

The report, to be launched in January 2015, anticipates the sustainability risks for key commodities in the year ahead. It provides companies and governments with a high-level, data-driven visual tool used to improve their strategic policy decisions, and bridge their communication and investments.

When the Indian government banned rice exports in the wake of the global food crisis of 2008, import-dependent countries like Nigeria were driven to reconsider their dependence, adopting commitments to self-sufficiency and establishing import-restrictions to stimulate the growth of the domestic sector.

Throughout 2015, as India improves its rice stockholding position and resolves immediate concerns over food scarcity, a more complex set of sustainability risks will gain momentum. The Nigerian government is finding that the re-calibration of import-tariffs is not enough to stimulate a vibrant domestic agricultural sector. More targeted action will be needed to fight rice smuggling across Nigeria's borders and work with the private sector to build the capacity of smallholder farmers and develop the necessary infrastructure.

In the next 25 years, today's environmental, social and governance pressures will amplify the business risks of operating in a resource-constrained world. Companies must be more strategic in their policy leadership role, helping governments to build long-term prosperity. This business case will help leading companies to expand their market share, while helping countries manage their exposure to resource security.