

>>> ITUC Press <press@ituc-csi.org> 04.06.2008 16:27 >>>
INTERNATIONAL TRADE UNION CONFEDERATION (ITUC)

ITUC OnLine
108/040608

World food summit must deliver urgent action on food crisis

Brussels, 4 June 2008 (ITUC OnLine): As leaders of world governments and organisations meet in Rome at the High-Level Conference on World Food Security convened by UN Secretary-General Ban Ki Moon in response to the deepening global food crisis, the ITUC has reiterated its call on governments and world institutions to take far-reaching measures to guarantee food security for all.

Ban Ki Moon flagged a number of issues in advance of the summit, notably the impact of increasing biofuel production on food supply and the need for expanded safety nets for those most in need. The World Bank last week announced some US\$1.2bn of financing including grants of \$200m for three of the poorest countries. The focus on biofuels and support to the poorest countries is welcome; however, the role of commodity price speculation in exacerbating the problem must be tackled, along with the need to reverse years of underinvestment in developing country agriculture.

At the same time, the summit will also come under pressure to call for greater liberalization of agricultural trade and the end of emergency measures taken by some developing country governments to stop exports and stockpiling of agricultural commodities. Trade-related measures that damage the capacity of developing countries to produce their own food, or that increase the already huge market power of the relatively small number of large commodity trading companies, would exacerbate the situation rather than achieve the right balance between international trade and production for local consumption.

"This is an opportunity to completely revamp the failed policies which have led to this crisis, and it is vital that governments and the global institutions do more than just fiddle at the edges of a system which simply isn't delivering for the world's people," said ITUC General Secretary Guy Ryder.

"The factors behind soaring food and agricultural commodity prices are part of the same set of global policies which have resulted in massive global financial instability and intensifying climate change, and these three current global crises must be tackled through root and branch reform and effective regulation that can deliver decent work. Large parts of the global agricultural system are built upon poverty wages and violation of workers' fundamental rights. No durable solution to the crisis can be found unless the appalling worker rights record in global agriculture is addressed," Ryder added.

The IUF, the Global Union Federation whose coverage includes agriculture and food, has called for a series of major changes, including on trade, biofuels and the growing and critical influence of corporations, as part of a broader analysis and set of recommendations for action in the recent IUF statement "Fuelling Hunger"

http://www.iuf.org/cgi-bin/editorials/db.cgi?db=default&ww=1&uid=default&ID=579&view_records=1&en=1

The ITUC considers that the UN Summit must direct industrialised country governments to provide emergency grants and loans to developing countries that need it to offset the impact of sharply higher food prices. These should include funding of government programmes to provide basic foodstuffs at low cost, as well as longer-term programmes to increase food production. This would help compensate for two decades of structural adjustment programmes from the IMF and World Bank, and the impacts of the WTO Agreement on Agriculture, which by “opening up markets” has had the effect of consolidating the dominance of agrofood multinationals and orienting developing country agriculture towards exporting food rather than building production for their domestic markets.

The ITUC’s demands are echoed by those of GCAP, the Global Call to Action Against Poverty, with national coalitions in more than 100 countries, which called on people around the world to mobilise in solidarity with those affected by the food crisis on June 1, and at key moments throughout the year.

According to the UN, food prices have risen 57% in one year - and far more in the case of basic foodstuffs - and some 100 million people more than last year are facing serious food shortages. The IMF and World Bank have warned that hundreds of thousands could starve and that a decade of progress in poverty reduction could be cancelled out. Food riots have already spread to over 14 countries, including Haiti, Ivory Coast, Cameroon and Egypt and dozens of people have died. Since higher food prices most strongly affect those on the lower end of the income scale, inequality within countries will increase even further unless vigorous action is taken to protect the purchasing power of workers and the poor in developing countries.

Both the World Bank and the IMF, among others, bear responsibility for the current crisis by encouraging countries to dismantle government-run grain buffer stocks which could have played a vital role in alleviating current food shortages, in the name of deregulation and liberalisation. Much of the Bank’s past focus in agriculture has been to encourage developing country farmers to shift to export crops, which contributed to the scarcity of basic foodstuffs for domestic consumption. The Bank has frequently opposed state marketing boards, agricultural research and feed banks while overseeing a systematic lack of investment in necessary infrastructure and promoting the privatisation of water and the dismantling of tariffs that generated revenue for support programmes, all leading to declining incomes for rural producers.

More recently the World Bank has followed the lead of the US, EU and Brazil in promoting a shift to biofuel crops that, are believed to be responsible for between 10-30% of the world food price rise. The Director General of the FAO Jacques Diouf, said recently that 100 million tons of cereals were being diverted for biofuel production and that the quantity was estimated to increase 12-fold by 2017, while UN Secretary-General Ban Ki-moon called for a comprehensive review of policies on biofuels because the crisis in global food prices is partly caused by the increasing use of crops for energy generation and threatens to trigger global instability. The OECD has suggested that the European Union’s plans to obtain 10 percent of its transport fuel from plants by 2020 will have little or no effect on climate change, and has expressed doubts that the technical means exist to produce biofuels without compromising the ability to feed a growing population. Indeed, doubts are rapidly growing as to the potential contribution of

biofuels to mitigate climate change globally rather than exacerbating the problem.

Climate change is another major part of the escalating problem. Droughts are one of the main reasons for local food shortages and according to the UN's Intergovernmental Panel on Climate Change (IPCC), climate change will bring about increased droughts and desertification in some areas but heavier rains and flooding in others. This will severely disrupt food and agriculture systems all over the world and particularly in Southern Africa, South Asia and Brazil.

Responsibility for the crisis also lies at the door of the handful of multinational corporations that now control most of the world's agricultural trade. Their effect has been to "internationalise" production, consumption and prices of food, which has undermined national and local control over the very systems that are supposed to feed people. A small number of commodity trading companies and primary processors are exercising tremendous market power in global markets. These, along with food producing multinationals, many of which are integrated into energy and chemical companies, are reaping record profits while increasing numbers of people go hungry. As the IUF points out, "Getting a grip on food price inflation means confronting the concentrated power of the agrofood TNCs and reining in speculative finance."

According to the FAO, long term approaches are needed to identify and address the root causes of food insecurity, including control and ownership patterns over land, agricultural inputs, distribution systems, as well as trade and commodity pricing and speculation. The UN Environment Programme UNEP has also pointed to the role of food-price speculation in global markets as a key factor in the crisis, and has called for a move towards sustainable agriculture as part of the solution - echoing a long-standing call of the IUF.

"Workers and the urban poor in developing countries are the most directly affected by the high food prices, and there could be no clearer manifestation of the failures of the current system than the inability of the world to feed its people. We call on world leaders to take immediate and decisive action at the UN Summit to help those people and at the same time to prepare truly coherent long-term fundamental reform to respond effectively to the multiple crises that the global community faces at this time," Ryder said.

The ITUC represents 168 million workers in 155 countries and territories and has 311 national affiliates. Website: <<http://www.ituc-csi.org>>

For more information, please contact the ITUC Press Department on +32 2 224 0204 or +32 476 621 018.