



CIDSE STATEMENT

Food Price Crisis Highlights the Need for Real Reform in Trade and Agricultural Policies

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The rural poor in developing countries have been suffering from hunger for decades. Now the urban poor, who are crucial for political stability, have been able to bring this injustice to the attention of the international community. Over the past year food price rises have forced the poor onto the streets in more than thirty developing countries, resulting in deaths and widespread social unrest. The spiralling price of basic foods is, however, merely a tragic symptom of the combined effects of decades of unjust trade rules and ill-advised economic adjustment policies and neglected agricultural policies; a combination that must be effectively addressed if we are to achieve food security and the Millennium Development Goals (MDGs) agreed eight years ago.

The Doha Round of World Trade Organisation (WTO) negotiations, initiated in 2001, was mandated with establishing fairer trade rules that would help poor countries to develop. Continued disagreement between developed and developing States, however, has seen the Doha Round stalled, prolonged, and stalled again, prompting a proliferation of bilateral trade negotiations. What is clear, however, is that whether bilateral or multilateral, trade agreements continue to be dominated by a liberal economic model. The present crisis proves once again that an unchecked liberal approach to trade – particularly in trade in agriculture – is dangerous, as it directs food to where the market will pay the highest price, and not to where people are hungry.

Farmers in developing countries have been suffering from ‘dumping’ – the sale of cheap agricultural goods below the cost of production, from the US and the EU for decades. ‘Dumping’ destroys local markets and has forced millions to leave agriculture, exacerbating both rural poverty and rural-urban migration. With a simultaneous decline in investment in agriculture in accordance with prevalent development theories and economic conditionalities, the result is that many developing countries are now dependent on foreign imports for food. This means that with the current rise in global food prices, the poor, and in particular the urban poor, can no longer access basic food staples. Ironically, the most recent collapse in WTO talks was triggered by developed countries opposition to an effective Special Safeguard Mechanism (SSM) for developing countries. Access to such a mechanism would allow developing countries to mitigate some of the negative impacts arising from dumping. The SSM is a crucial protection instrument which must be included and effectively implemented in multilateral and bilateral or regional agreements alike.

As development agencies based throughout Europe and North America, CIDSE has been working for many years with farmers and rural communities in the South to promote sustainable agriculture and rural livelihoods. Based on this experience, we have been advocating for changes to the system of international trade rules to protect and promote sustainable development and food security in developing countries. We welcome the recognition of the importance of small scale farming in emerging international responses to the food price crisis. We emphasise, however, that beyond the provision of food aid to those immediately in need, and the introduction of safety nets in case of future crises, there is a need for a structural investment into agricultural and rural development policies. Small-scale sustainable farming must be placed at the heart of agricultural and development policy. Support to small scale farmers must address the variety of supply constraints they face – such as access to water,

credit, agricultural inputs and market information. This will require massive investments of billions of dollars a year into both on-farm and off-farm activities.

CIDSE welcomes initiatives to generate fresh funds to respond to the food price crisis and to contribute to food security, including the proposal of a 'conversion' of 1 billion Euros of unspent European farm subsidies. The fact that European producers have benefited from high food prices meant that farm subsidies remained unspent. It is therefore just and appropriate to now use these unspent subsidies to support the poor in developing countries who have been hit hard by the food price crisis. We call on the EU Member States to support this proposal and make the funds available as soon as possible. We emphasise the need to ensure these funds support sustainable solutions in developing countries, and are combined with coherent and pro-development EU policies. Only a holistic approach aimed at equipping local communities with the capacity to secure local production will ensure food security in developing countries. This will allow developing countries to harness the potential of agriculture for development, enabling farmers and rural communities to expand and diversify, providing them with the opportunity to benefit from higher global prices, rather than suffer the consequences of them.

Promotion of agriculture in developing countries must be combined with pro-development international trade rules that provide the policy space sought by developing countries. The lack of policy options available to developing countries under current trade rules meant some had little choice but to impose export restrictions in response to the scarcity of supplies, a measure which prompted others to follow suit and exacerbated the crisis.

In the Rome Declaration on World Food Security in 1996, Heads of State and Government reaffirmed 'the right to adequate food and the fundamental right of everyone to be free from hunger'. Food security was defined as a situation that exists when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life. Policy coherence is crucial to ensure that European trade and agricultural policies also contribute to achieving food security and the full realisation of the right to food.

Although prices have now begun to decline the OECD-FAO agricultural outlooks predict greater price volatility and higher food prices over the next decade as compared to the 2000-2006 average. Clearly the food price crisis is not over and the international community must not become complacent. This year we see the international community assembling to avow its commitment to aid effectiveness, increasing resources for development, and to the achievement of the MDGs. CIDSE calls for the international community to grasp this opportunity to reject the failures of the past and take the bold steps needed to achieve food security, poverty reduction and social justice for all.

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