21 May 2013

Dear Prime Minister,

I have the honour to address you in my capacity as Special Rapporteur on the right to food pursuant to Human Rights Council resolution 22/9.

I am writing to you with reference to the upcoming Nutrition for Growth Summit on 8 June 2013 and the G8 Leaders’ Summit from 17 to 18 June 2013, both of which are to be convened by your Government. I would like to commend the leadership you are taking to address the pervasive issue of hunger, and the focus you are placing on tax transparency under the UK’s presidency of the G8.

Eradicating hunger continues to remain one of the pressing global challenges as hunger still plagues the lives of one in eight in the world today – some 868 million people – and approximately two billion people suffer from micronutrient deficiencies. A world where every individual enjoys food security and adequate nutrition can only be achieved in a definitive and irreversible manner if based on the right of everyone to safe, sufficient, nutritious and affordable food. The past decades have demonstrated that hunger and malnutrition cannot be eliminated through simply increasing agricultural production and development aid alone. A key challenge facing the world today in this regard is the need to ensure that agricultural investments benefit the most marginalized and vulnerable farmers, and thus contributes to the full realization of the right to food.

Recent years have witnessed a renewed interested in investing in agriculture. This is to be applauded since this sector has for too long been neglected. However, such investment will not facilitate durable progress in combatting hunger and malnutrition unless it is combined with supporting local food security and rural development, and it results in higher incomes and improved livelihoods for the poorest, particularly small-scale farmers in developing countries. Equally, in the context of climate change and degrading ecosystems, it is crucial that sustainable modes of agricultural development are pursued in order to not undermine the ability of future generations to feed themselves. Another priority, which I expressed in a letter dated 17 April 2013 to EU Member States (enclosed), is to reduce and remove the public biofuels mandates that exacerbate pressures on food production. In this regard, I would like to encourage a discussion of biofuels and their impacts on hunger at the Nutrition for Growth summit.

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Rt. Hon. David Cameron MP
Prime Minister
The United Kingdom of Great Britain and Northern Ireland
10 Downing Street
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In addition, for Governments to fully leverage these new investments, they must be able to draw on their own revenues – alongside development assistance – to put cross-sectoral and holistic strategies and programmes, developed with the free, active and meaningful participation of all relevant stakeholders, in place to combat hunger.

Public funds are essential to combat hunger and malnutrition, and taxation is the most significant, sustainable and predictable source of finance for all Governments, including in developing countries. The failure of companies and individuals to pay their fair share of tax, including through tax evasion and tax avoidance, represents a major drain on the resources of countries. This is a concern to all countries struggling with tight national budgets and cuts in essential services in the wake of the economic and financial crises. The consequences, however, are more acute for developing countries owing to, inter alia, resource constraints and heavy external debt burdens, which impede development and exacerbate poverty and food insecurity. For developing countries not only is gross domestic product (GDP) significantly lower, but also a smaller share of national revenue is collected through taxes: 13 per cent as opposed to an average of 35 per cent in countries that comprise the Organisation for Economic Co-operation and Development (OECD). In many of the world’s least developed countries, democratic and effective governance is crippled as a result.

One specific difficulty Governments of developing countries face is that companies with global supply chains and networks of subsidiaries in multiple tax jurisdictions are able to manoeuvre around tax systems to their financial gain. Tax avoidance, including through trade mis-invoicing and transfer mispricing within multinational groups, is a common practice. Yet, the taxes not collected from multinational companies translate into the funding shortfalls that prevent developing countries from taking the necessary steps to the maximum of its available resources to finance their food security strategies.

The G8 has an opportunity to provide leadership and to take meaningful and effective action in this regard. The G8 tax justice initiatives must go beyond naming and shaming a handful of tax havens. Currently, the entire world serves as a tax haven for companies that thwart taxation by shrewdly navigating various tax jurisdictions. While the G8 cannot control tax policy in developing countries, it can curtail the individuals and multinationals whose wealth is often earned in developing countries but domiciled and managed in London, New York and Paris, resulting in a perverse situation in which more cash flows from poor countries to rich countries than the reverse.

Action by the G8 will of course need to be accompanied by concomitant action by developing countries, which should cooperate to stop the “race to the bottom” in order to attract foreign investment. Such competition has reduced their tax revenues to a point that undermines Government efforts to provide basic services, to fund food and nutrition security policies and the ability to comply with their human rights obligations, even before the impacts of tax evasion and tax avoidance are accounted for. With regard to taxation, what is required is less international competition and more international cooperation.

I believe the G8 can make a difference on hunger. The hunger and tax agendas merit separate summits, but not separate treatment. I encourage the G8 to first pledge
new development aid that recognizes the linkages between the agricultural, food and health sectors at the Nutrition for Growth Summit in London. Ten days later in Loch Erne, the G8 must treat tax injustice as a driver of hunger and poverty, and urgently initiate a new era of tax transparency. In doing so the G8 would pave the way for the poorest countries in the world to take on their part in the fight against hunger, the most complex part, the part that only they can do: to tax fairly, govern coherently, and put their natural and political resources at the service of their poorest citizens.

I am convinced that it is in this direction that the way forward lies. I hope these comments will be useful in your deliberations at both the Nutrition for Growth Summit and the G8 Leaders’ Summit.

I remain at your disposal for through the Office of the High Commissioner for Human Rights (Mr. Ulrik Halsteen, tel: +41 22 917 93 23; e-mail: srfood@ohchr.org).

Please accept, Prime Minister, the assurances of my highest consideration.

Olivier De Schutter
Special Rapporteur on the right to food