Press release

« The imbalance of power between smallholders and agribusiness must be corrected », warns UN Special Rapporteur

GENEVA, 5 March 2010 -- “Agribusiness can play a key role in realizing the right to food. But States have to give more support to their small producers and push corporations to change their pricing and standards policies” said the UN Special Rapporteur on Right to Food, Olivier De Schutter, as he presented his second annual report to the UN Human Rights Council today.

His report concludes that in an increasingly globalized food sector dominated by large transnational corporations, smallholders have a very limited number of buyers, and are in a deeply unequal bargaining position in respect of a fair price for their crops. “In these circumstances, sourcing and pricing policies of commodity buyers have a huge and sometimes negative impact on the right to food”, explained De Schutter. “This situation partly explains why smallholders in developing countries are the single most important group of those suffering unger in the world today.”

To address this situation and the specific needs of smallholders, the Special Rapporteur makes a series of recommendations to the agribusiness corporations and the States.

Support and pressure from the State

According to the UN food expert, States have a number of tools they could use to strengthen the position of smallholders and allow them to reap a larger proportion of the food dollar in their transactions with buyers. In particular, De Schutter said “States could support the establishment of farmers’ cooperatives through appropriate legal frameworks, capacity-building programs or tax incentives, thus enhancing the capacity of small producers to obtain higher prices when they seek to sell their produce. These organizations present many advantages in terms of services and information, and help the producers to implement the increasingly complex norms and requirements of buyers and public authorities active on regional and global food markets.”

The UN Special Rapporteur also called on States to act against unfair practices of corporations, excessive concentration in the food chain, or abuses of dominant position acquired by certain actors. National competition laws play a fundamental role here. “Competition law as it currently stands is not appropriately tailored to the circumstances that weaken the bargaining position of smallholders”, he explained. “States where suppliers are based should extend the reach of their competition laws to foreign buyers whose abuses affect national sellers, developing regional responses if they are concerned about being vulnerable as a small economy.”

Private standards too costly for smallholders

Looking at the role of the buyers in respecting the right to food, the report makes clear that the development of private standards (hygiene, food safety, etc.) has worked against smallholders. Compliance has often required higher levels of capitalization than many small producers could afford, and the high costs of monitoring compliance of a large number of
units have been an incentive for export companies to switch from smallholders to larger commercial farms. “The agrifood sector could carefully assess the impact of these standards on the right to food, and this has to happen with the participation of smallholders”, said De Schutter, adding that the sector should move beyond the inspection/audit approach and reinforce the capacity of its suppliers to comply with social and environmental standards.

While proposing changes in contract farming arrangements and promotion of Fair Trade, the UN Special Rapporteur warned that, in the absence of appropriate grievance mechanisms or remedies, the impact of the measures recommended in his report will remain limited. “The suppliers that are victims of unfair public or private buyer practices must be able to complain without fear of reprisals”, he added. “Since fears of delisting have sometimes led suppliers to abstain from complaining, the establishment of an ombudsman to monitor the policies and practices of buyers may need to be considered by States.”

**Protecting the rights of agricultural workers**

Noting that the pressure to produce at low prices was increasing on suppliers, leading to repress wages of agricultural workers and to the casualization of this workforce, the Special Rapporteur also made a number of recommendations on this issue. States must establish a clear legal framework with robust enforcement mechanisms. « But in addition », De Schutter said, « employers have a responsibility to respect the right to food, even where laws are insufficiently protective of agricultural workers or where the existing labour legislation is inadequately monitored : agribusiness companies must not contribute, directly or indirectly, to human rights abuses through their relationship with suppliers ». The report identifies a range of tools such as codes of conduct and international framework agreements that are available for agribusiness companies to ensure that wages and working conditions improve as a result of their suppliers joining global value chains, identifying at which conditions these tools can be made effective.

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**Olivier De Schutter** was appointed the Special Rapporteur on the Right to Food in May 2008 by the United Nations Human Rights Council. He is independent from any government or organization.