BRUSSELS, 23 June 2011 - “The fact that the G20 Ministers of Agriculture reached an agreement in Paris today is excellent news, and it shows that governments feel that business as usual is not an option anymore” said Olivier De Schutter, UN Special Rapporteur on the Right to Food, who commended the leadership in the process of the French presidency. “However, the action plan adopted today addresses the symptoms of price volatility on agricultural markets, but it fails to address the causes. Several points of the plan are insufficient.”

“The final declaration is particularly disappointing on the issue of biofuels”, said the UN expert. “There is a consensus among international agencies that biofuels production – and especially the diversion of land to corn production – has been a major factor in the price increases of basic food commodities over the past four years. That the G20 still insists on the need for more studies rather than on the need to remove distorting fiscal incentives and subsidies shows how commercial interests can trump the concern for food security. It is also troubling that biofuels are mentioned as a source of rural development, when in practice, up to now at least, the production of biofuels primarily benefits large agro-export companies and use the natural resources from the South to feed the thirst for renewable energies in the North.”

On the question of food reserves, the final declaration refers to a targeted system of humanitarian emergency food reserves. “This is of course an important tool for the World Food Programme, and it will allow the WFP to have access to food stocks on time to react to crises”, said De Schutter. “But at the same time, the issue of food stocks that could have a stabilizing effect on prices is studiously avoided. Yet, that question will necessarily reemerge when it will be asked how the emergency food reserves shall function: which farmers shall we buy from? Shall we turn to the local smallholders or shall these reserves be a means for US or EU farmers to deal with their surpluses? And shall we buy at a fair price, supporting the incomes of smallholders whom we shall source the supplies from?”

According to the UN Special Rapporteur, the chapter on financial regulation is welcome, but may miss the most important point. “The Agriculture Ministers strongly encouraged their Finance counterparts to allow authorities supervising the financial markets to impose position limits. However, speculation typically results not from the manipulation of prices by one single financial actor taking excessive positions, but from the combined actions of a large number of actors adopting a herding behaviour: it is this herding behaviour that is at the source of price bubbles.”

“Finally, it is important to provide countries and economic actors with instruments to hedge against volatility. Some developing countries like Malawi, Mexico or Ghana already use this instrument, either to secure imports of staples at affordable prices or to shield their export revenues. But this remains rather exceptional, and most developing countries -- and companies within these countries -- do not generally have access to such financial tools to hedge themselves against the risk of volatility. In order to rely on these instruments, such as the new fund established by the World Bank with the JP Morgan and Chase Bank, small farmers and
cooperatives in developing countries shall need considerable capacity-building, and it is not clear whether they shall be able to benefit. It should also be noted that such instruments address the impacts of volatility, reducing their negative impacts for producers and consumers; they of course are not a means to address the causes, which primarily result from a lack of investment in food production in a range of developing countries, from climate related events, from the increased competition for land between urban expansion and various agricultural uses, from the link between the food and the energy markets and from speculation."

“At the end, the roots of the problem remain unaddressed in this action plan: food markets that are highly dependent on energy markets, irresponsible mandates to increase the production and use of biofuels, and speculation that cannot be reduced to some investors manipulating prices. And while more transparency about stocks should help reduce the attractiveness of speculation, it remains doubtful whether the private sector will have enough incentives to participate in the information-sharing system that is being set up. In fact, even some of the tools that seek to address the symptoms are deficient: financial instruments to allow producers to hedge against price volatility shall not in fact be available to most smallholders, and as they are currently conceived, the emergency food reserves to address humanitarian crises are unable, by themselves, to ensure stable incomes to producers or to shield poor households from price shocks.”

“The G20 action plan is a step in the right direction. But the current situation called for an ambitious jump forward”, concluded the UN Food Expert.

END

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.

For more information on the mandate and work of the Special Rapporteur, visit: www.srfood.org or http://www2.ohchr.org/english/issues/food/index.htm

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