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# Bread and Butter Solutions

Addressing the **food crisis** from a European perspective



## The food crisis and the violation of the right to food

The recent dramatic surge in food prices has plunged millions of poor people, particularly women in net food-importing developing countries, into a food crisis. As the number of people going hungry in the world nears 1 billion, the FAO predicts that food prices will remain high for at least the next ten years. The effects of this crisis in many countries are already resulting in the rise of a new phenomenon involving the international migration of rural poor, particularly women. These “hunger refugees” are forced to flee their countries in search for food.<sup>1</sup> With the current number of hungry people in the world having risen by 50 million since the World Food Summit in 1998,<sup>2</sup> the hunger and famine brought on by the food crisis are to be seen as a violation of people’s right to food.<sup>3</sup> They are also a major obstacle to the attainment of the key political objective of eradicating extreme hunger and poverty within the framework of the Millennium Development Goals.

## Solving the food crisis: providing better aid

The European Union has taken a number of actions relating to the current food crisis. In May 2008, the European Commission (EC) issued a Communication,<sup>4</sup> followed by a European Parliament resolution the same month.<sup>5</sup> Most recently, the EC has announced the creation of a temporary facility that will provide an additional €1bn in aid to developing countries affected by the crisis.<sup>6</sup>

Action Aid welcomes these initiatives as a way of providing affected countries with immediate relief. However, the effectiveness of these measures is limited, time-constrained and ultimately dependent on the ability of donors to bring new attention to aid to agriculture in general. This should include a review of the quality of aid and governance in line with the principles defined in the Paris Convention on Aid Effectiveness.<sup>7</sup> What is needed is better aid, not more of the same.

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<sup>1</sup> Global Policy Forum. “UN Food Envoy Slams Europe over ‘Hunger Refugees’.” <http://www.globalpolicy.org/soecon/hunger/economy/2006/0922hungerrefugees.htm>

<sup>2</sup> ActionAid. “Aid, agriculture and the Millennium Development Goals: Failing the rural poor.” September 2008. [http://www.actionaid.org.uk/doc\\_lib/failing\\_the\\_rural\\_poor\\_actionaid\\_report.pdf](http://www.actionaid.org.uk/doc_lib/failing_the_rural_poor_actionaid_report.pdf)

<sup>3</sup> A socio-economic human right recognised internationally within the UN system.

<sup>4</sup> European Commission. “Tackling the challenge of rising food prices. Directions for EU action.” EC COM(2008)321, 5 May 2008.

<sup>5</sup> European Parliament. “Resolution of 22 May 2008 on rising food prices in the EU and the developing countries.” P6\_TA(2008)0229. May 2008.

<sup>6</sup> European Commission. “Proposal for a Regulation of the European Parliament and of the Council establishing a facility for rapid response to soaring food prices in developing countries.” COM(2008) 450/5.

<sup>7</sup> The Paris Declaration on Aid Effectiveness, signed in March 2005, establishes global commitments for donor and partner countries to support more effective aid in a context of significant scaling up of aid. The intention is to reform the delivery and management of aid in order to improve its effectiveness. The reforms are intended to “increase the impact of aid ...in reducing poverty and inequality, increasing growth, building capacity and accelerating achievement of the MDGs”.

## Four EU policy areas to alleviate the food crisis

Addressing the failure of donors' strategies on aid to agriculture will certainly improve our understanding of the current food crisis. However, failed aid policies alone are not responsible for this crisis. EU support for structural re-adjustment programmes as imposed by the World Bank and the International Monetary Fund (IMF) has led to progressive trade liberalisation and decreasing policy space for government intervention. Moreover, trade agreements negotiated at multilateral and bilateral level – such as those within the World Trade Organisation (WTO) or the Economic Partnership Agreements (EPAs) negotiated with African, Caribbean and Pacific (ACP) countries – have left the world's poor and vulnerable at the mercy of volatile market forces and international speculators. On top of this, failed reforms to Europe's Common Agricultural Policy (CAP) and the current emphasis on the role of agrofuels<sup>8</sup> within Europe's energy strategy, have exerted additional pressures on developing countries' ability to guarantee their citizens the right to food and freedom from hunger, with women being the most affected.

This policy brief focuses on the role that the EU can play in addressing this emergency by reviewing its current policies on: Aid to Agriculture; Trade; Agrofuels policies; and GMOs. The brief offers a set of key policy recommendations that can help EU decision-makers address and redress the current food crisis in line with its commitment to end poverty and hunger (MDG1).

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<sup>8</sup> ActionAid uses the term 'agrofuels' rather than 'biofuels'. 'Bio' conveys an image of environmentally friendliness, which is not an accurate description in the majority of cases.



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## Aid to agriculture

*“If farming had continued the way it was, then I’d be having a good life now. But over the last ten years things have been spinning out of control.”*

**Edna Metani**  
Smallholder farmer, Malawi

### 1.1. Falling aid to agriculture paved the way to the food crisis

Aid policies have helped cement the foundations of the current crisis in several ways. The amount of aid to agriculture has declined steeply over time. In the last 25 years, spending on aid to agriculture has decreased by 85% for multilateral donors (from US\$ 3.4 billion in 1982 to US\$ 0.5 billion in 2002), and by almost 40% for bilateral donors (from US\$ 2.8 billion to US\$ 1.7 billion over the same period).<sup>9</sup> Despite the total ODA commitment having increased by 250% in real terms over this period, agriculture’s share of the total has dropped from 17% in 1982 to a meagre 3% in 2005.<sup>10</sup> With respect to European donors alone, the DAC reports that between 1980 and 2000 aid to agriculture from the European Commission dropped from 25% to 6% of total aid funds, and from 7.4% to 6% for the EU 15.<sup>11</sup> It is this fall off in aid to agriculture, that has been part of the problem at the root of the current food crisis.

<sup>9</sup> UK Department for International Development (DFID). “Official development assistance to agriculture”. 2004.

<sup>10</sup> Cabral, Lidia. “Funding agriculture: Not ‘how much’ but ‘what for?’”. ODI Opinion 86. Overseas Development Institute. UK. October 2007.

<sup>11</sup> OECD. “Aid to Agriculture”. December 2001. <http://www.oecd.org/dataoecd/40/43/2094403.pdf>

## 1.2. Aid used to impose free-trade macro-economic frameworks

For the past 25 years, aid to agriculture has been used to promote free-market agricultural policies in developing countries, entailing the privatization of state agencies and the liberalization of agricultural trade, either through specific aid projects or by making aid conditional on promoting liberalization policies. This has resulted in the dismantling of state involvement in agriculture and the exposure of domestic producers to international competition. In the 1960s and 1970s the role of the state was to provide supply-management and support to agriculture by purchasing and selling farm produce at

fixed market prices, providing training, subsidising inputs (such as fertiliser and credit to farmers) and waving trade tariffs on agricultural imports to protect domestic production from volatile international markets. Aid conditionalities have required the state to withdraw from this role and let agriculture be driven by market forces instead. In fact, the largest proportion of agricultural aid during the 1990s and 2000s was allocated to agricultural policy and administration. That strategy resulted in the diversion of aid away from supporting smallholder farming systems (managed predominantly by women) that had previously helped farmers accessing local markets and productive resources – see Box 1.<sup>12</sup>

### Box 1: Malawi | Hope for smallholder farmers as aid to agriculture is reformed.<sup>13</sup>

Edna Metani is a 64 year-old smallholder farmer in Malawi. In a country dependent upon agriculture, Edna's experience over the last 50 years has been inextricably bound to the agriculture policies of government and international donors. After Malawi become independent from the UK in 1964, smallholders like Edna were able to sustain themselves. New farming technologies and credit schemes were provided by the government, resulting in increased production and self-subsistence.

However, in the mid-1970s Malawi underwent some drastic changes, as foreign debts mounted and structural adjustment programmes were imposed by international donors. The effects began to bite in the early 1990s and as farmers like Edna felt that *"government support disappeared, just like that"*. Credit schemes suddenly ended, while fertiliser and seeds leapt in price. The result was a drastic reduction in productivity and the undermining of farmers' food security. It is in 2005, when the Malawi government introduced targeted subsidies for the poorest farmers, that smallholder farmers like Edna could begin to afford once again to buy fertilisers and improve their output.

## 1.3. Aid to agriculture fails to reach the hungry and poor

Another result of aid conditionality in poor countries has been the failure of funds to reach those most in need. These include the rural poor, particularly women in rural communities, upon whom the self-subsistence of entire households are dependent. This is reflected in the insufficient prioritisation of agriculture in Poverty

Reduction Strategy Papers (PRSPs). Developed as a condition for aid, PRSP processes are supposed to be democratically owned and include civil society organisations representing poor women and men. However, this has largely remained an unfulfilled aspiration, as women and the rural poor have often found it difficult to influence policy negotiations at country level, resulting in the formulation of ineffective agricultural policies.<sup>14</sup> Furthermore, the DAC reports that 70% of

<sup>12</sup> ActionAid. "Aid, agriculture and the Millennium Development Goals: Failing the rural poor." September 2008.

<sup>13</sup> Ibid.

<sup>14</sup> Ibid.

malnourished people in the world live in just 13 countries and receive only 40% of aid to agriculture.<sup>15</sup> Sub-Saharan Africa, one of the most poverty-stricken regions in the world, has experienced a decrease of over 80% in its aid to agriculture over the past 25 years.<sup>16</sup> We have witnessed European donors channelling aid according to national interests rather than to countries' poverty indexes.<sup>17</sup> The European Commission has recently established a Special Facility in response to the food crisis which will provide €1bn of additional development funds to developing countries affected by the crisis. Whilst this is welcome, it is crucial that recipient governments own the policy space necessary to disburse the funds according to their national priorities and that support is provided to affected social groups to inform those priorities.

### 1.4. The need for more and better aid to agriculture

ActionAid believes that aid to agriculture itself is experiencing a crisis. A lot agricultural aid is of very poor quality and used to promote an ideological, failed economic model that is deepening hunger, not preventing it. Aid conditionalities have caused recipient countries to trade away their agricultural self-sufficiency in favour of an unhealthy reliance on food imports. As the current food crisis shows, this has left many poor countries, in a very vulnerable position. French President Nicolas Sarkozy recently acknowledged that past strategies - relying on food imports/exports to guarantee the right to food - have failed.<sup>19</sup> The recently published IAASTD report also acknowledges that industrial agriculture does not represent a solution for poverty, hunger or climate

change, whilst *"biologically diverse agro-ecological practice, especially those that are practiced sustainably by small-scale food producers, in particular women, makes agriculture more resilient, adaptive and capable of eliminating hunger and rural poverty"*.<sup>20</sup> To date, the innovative capacity of farmers on family holdings, and the agro-ecological potential of many African countries, have not led to the expected development of agriculture. This is because aid programmes have been imposed by donors, rather than developed in cooperation with recipient governments and their affected communities. As per the recent demand of ROPPA, (the Network of Farmers' Organisations of West Africa) aid must be reformed to equip governments with the policy space necessary to develop strategies in line with the needs of smallholder farmers.<sup>21</sup> To this end, there is a need to recognise the centrality of women in food production in developing countries – as they make up 80% of smallholder farmers – and the key role they play in guaranteeing food security at household level.<sup>22</sup> As research has shown, a more gender-equal and intra-household allocation of agricultural inputs could increase agricultural production in countries like Burkina Faso by up to 20%.<sup>23</sup> Re-aligning aid policies with the principles set out in the Paris Declaration on Aid Effectiveness would represent a first step for European donors towards redressing some of the key flaws in aid to agriculture currently contributing to the international food crisis.

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<sup>15</sup> OECD. "Aid to Agriculture". December 2001. <http://www.oecd.org/dataoecd/40/43/2094403.pdf>

<sup>16</sup> UK Department for International Development (DFID). "Official development assistance to agriculture". 2004.

<sup>17</sup> CONCORD. "Hold the Applause! EU governments risk breaking aid promises." Brussels. April 2007.

<sup>18</sup> European Commission. "Proposal for a Regulation of the European Parliament and of the Council establishing a facility for rapid response to soaring food prices in developing countries." COM(2008) 450/5.

<sup>19</sup> <http://www.ambafrance-uk.org/President-Sarkozy-s-speech-at-Rome.html>

<sup>20</sup> IAASTD. "Final Report." April 2008. [www.agassessment.org](http://www.agassessment.org)

<sup>21</sup> Ibid.

<sup>22</sup> According to Noeleen Heyzer, Executive Director, UNIFEM, "Women produce between 60- 80% of the food in most developing countries". [http://www.unifem.org/news\\_events/story\\_detail.php?StoryID=162](http://www.unifem.org/news_events/story_detail.php?StoryID=162)

<sup>23</sup> DFID. "Growth and poverty reduction: the role of agriculture." 2005.



## Economic partnership agreements

*“If you go to a virgin land in Africa and pick something, or remove their fish, what do you give them in return? Do you want to completely remove their fish? And leave them with nothing? Is that your ultimate objective? I think we should temper economy with humanity. We should temper globalisation with dignity. Whether you are taking the wood or the fish, remember to temper global politics with humanity, dignity and respect for human life.”*

**Hauwa Ibrahim**

Winner of the European Parliament 2005

Sakharov Prize

### 2.1. The contribution of trade to the food crisis

Trade liberalisation and government deregulation, as pursued within negotiations in the World Trade Organisation (WTO), have helped to further dismantle government control and open up country markets to foreign imports. Such manoeuvres are in line with trade liberalisation and deregulation policies imposed by aid conditionalities and Structural Adjustment Programmes (SAPs) on developing countries. As a result of the progressive reduction of tariff protection and government intervention, domestic producers and consumers are now at the mercy of international investors and speculators operating in a volatile international market that is profiting from people's hunger. In the last two years, global grain traders like Cargill, Archer Daniel Midlands (ADM) and Bunge, have increased profits by 36%, 67% and 49% respectively.<sup>24</sup> In addition, the scrapping of supply-control measures in Europe and the US has resulted in overproduction of agricultural commodities that are then dumped on the international market. As Box 2 illustrates, despite recent CAP reforms, the EU will continue to subsidise its agricultural exports. However, this will exacerbate the current impact of market volatility on food prices internationally, whilst also increasing Europe's food deficit that is already pushing European businesses to exploit developing countries' resources (see Box 3). As developing country governments are no longer able to protect their markets with anti-dumping tariffs or other non-tariffs measures as a result of trade liberalisation policies, they are forced to witness the dissolution of domestic production from unfair competition. Again, this takes place at the expense of the rural poor and their right to food.

<sup>24</sup> GRAIN. "Making a Killing from Hunger." April 2008. <http://www.grain.org/articles/?id=39>

### Box 2: CAP's contribution to the food crisis.

Despite the denials of the European Commission, the CAP shares a large responsibility for the recent international food crisis. The EU's responsibility in the explosion of agricultural prices is rooted in the CAP rules responsible for massive dumping of subsidized agricultural products on the world markets. Paradoxically, it is the political inability of the CAP to maintain a sufficient level of import protection for its feedstuffs which lies at the heart of the problem. Forced to import duty-free US feed as a precondition for the US' agreement to the CAP (a mechanism originally developed to protect European farmers and Europeans' food security), US imports rapidly displaced European cereal in animal feed. Due to a parallel loss of supply-management mechanisms in Europe, the unlimited subsidization of European farmers resulted in production surpluses that were consequently dumped on the world market.

With the exception of Argentina, Brazil and Thailand, the agricultural trade balance of developing countries has collapsed from a surplus of US\$4.8 bn in 1970 to a deficit of US\$49 bn in 2004. Consequently, food trade in these countries (which includes fish but excludes non-food agricultural products) has fallen from a surplus of US\$2.4 bn in 1970 to a deficit of US\$28.7 bn in 2004.<sup>25</sup>

The impact of European (and US) dumping on developing country markets has been exacerbated by the cuts in applied tariffs that developing countries have had to introduce as a result of international pressure from financial and trade organisations (such as the World Bank, IMF and WTO, of which the EU is a key partner). The loss of this tariff protection from dumping has caused the displacement of local production in developing countries as dependence on these cheaper imports increased, leaving developing countries particularly vulnerable to financial speculation.

Regrettably, periodic reforms of the CAP, as well as the current "Health Check" the CAP is currently undergoing, have failed to address these basic flaws: large agro-businesses, and not small-scale farmers, are still the primary beneficiaries of the CAP subsidies; and subsidies for export-oriented production are being maintained despite the disastrous impacts of dumping on international food markets. As a result, developing countries continue will continue to be denied their right to food as domestic producers will be unable compete with unfair competition. Moreover, the progressive reduction of policy space available to developing country governments – as a consequence of the liberalisation of the agricultural sector via trade agreements, aid conditionalities and structural readjustment programmes – denies developing countries the possibility to implement anti-dumping measures necessary to protect their farmers and consumers. As the examples provided in Box 4 illustrate, it is exactly this kind of policy matrix, comprised of protectionist measures, government support and supply management mechanism, that constitute a healthy agricultural policy, one that the EU should favour both within developing countries as well as at home.

### 2.2. EPAs will exacerbate the food crisis

Within the multilateral framework of international trade rules, the EU has developed a number of complementary bilateral agreements with developing countries. Economic Partnership Agreements (EPAs) between the EU and African, Caribbean and Pacific (ACP) countries are currently

at the centre of much controversy, with concerns raised about their possible conclusions and outcomes. Given the requirement for WTO-compatibility within bilateral negotiations, the EU is pushing ACPs to agree to the liberalisation of virtually all trade and to limit government intervention. This has led to serious concerns over the

<sup>25</sup> J. Berthelot, Rebuilding the Agreement on Agriculture on food sovereignty to implement the right to food, 17 June 2008, <http://solidarite.asso.fr/home/textes2008eng.htm>

future of agricultural trade and development in the region. Given the negotiations' objective to further reduce import tariffs, liberalise public sectors, commodify natural resources and deregulate state intervention, it is easy to see how the EPAs will worsen the already critical conditions of developing countries. They will serve to further increase ACP dependency on food imports, rather than encouraging domestic production and local food systems. Producers and consumers would become even more vulnerable to the effects of volatile financial markets on food prices, as measures previously available to governments to soften the effects will be discouraged under EPAs. Investment provisions would open ACP countries up to further resource exploitation by European competitors, as the latter would

be able to establish themselves in the country and operate in direct competition with domestic producers and benefit from "national treatment" provisions. In turn, ACP governments would no longer be able to introduce policy measures aimed at protecting domestic producers or at limiting the exploitation of resources upon which people's food security might depend. The seemingly generous offer of the EU to grant countries the possibility of protecting these sensitive products with high-tariffs would prove ineffective. The liberalisation of government procurement and the inclusion of investment provisions in the services chapter would allow foreign competitors to circumnavigate tariff barriers with major consequences for people's right to food (see Box 2).

### Box 3: SelfFISH Europe | EPAs threat to Senegal's fish stock.

The case of Senegal highlights the type of socio-economic and environmental impacts that trade liberalisation policies akin to the EPAs could have on developing countries. For almost three decades, European vessels have been fishing in West African waters through Fishery Agreements signed by the EU and individual countries in the region. These agreements provide European boats with access to the waters of third countries in exchange for financial compensation.<sup>26</sup>

Reports from the Saloum islands in Senegal have revealed a deterioration in the food supply of communities that live exclusively from fishing due to overfishing in the region. The scarcity of fish is forcing people to migrate to Europe, whilst women are finding it increasingly difficult to feed their families.<sup>27</sup> In the words of Fatou Bopp, a member of a fishing community in the Saloum Islands,

*"10 years ago we could earn a living from the sea. Men fished and we [women] processed the catch. Now there are too many boats in these waters and not enough fish. We used to have three meals a day. Now we eat at most twice or sometimes only once a day."*<sup>28</sup>

The inclusion of services and investment provisions in the EPAs are likely to lock in the existing exploitative practices of European fishery operators in Senegal, whilst limiting the ability of the Senegalese government to regulate access and control in favour of local people. European operators would no longer need to set up joint ventures with locals in order to operate in Senegal (as provided under the current Fishery Access Agreements). In addition, fishing quotas would be opened up to European investors, thereby increasing competition between local and foreign operators whilst depleting further already vulnerable stocks. As European fishing companies prefer to ship their catch to Europe for processing and sales, the likely result will be a continuation of local processing company closures and increasing job losses (mainly women) as well as a fall-off in traditional processing activities. It is not surprising that Senegal has so far refused to sign the EPA with the EU.

<sup>26</sup> Pieter van der Gaag et al.. "Trade Matters, Fisheries in Senegal and Mauritania. IUCN/Both ENDS. June 2005.

<sup>27</sup> ActionAid. "SelfFISH EUROPE - How the Economic Partnership Agreements would further contribute to the decline of fish stocks and exacerbate the food crisis in Senegal." 2007. [http://www.actionaid.org/assets/pdf%5C08.06\\_SelfFish-Europe\\_EN.pdf](http://www.actionaid.org/assets/pdf%5C08.06_SelfFish-Europe_EN.pdf)

<sup>28</sup> Ibid.

### 2.3. The need to abandon liberalisation and deregulation orthodoxy

Given the negative impact brought about by excessive trade liberalisation, it is understandable that an increasing number of poor countries are developing protectionist measures in an attempt to shield their agricultural sector and protect their citizens' right to food. Whilst free-traders criticise market protection as an unfair tool that discourages exports, results in inefficient productivity and impacts negatively on poor consumers, evidence suggests the opposite. Protectionism is often employed on a time-bound basis to build and strengthen domestic competitiveness in search of self-sufficiency. This strategy is often essential, in light of international trade, particularly when faced with unfair competition such as the European dumping of agricultural goods. The adoption of protectionist measures are seen by many developing countries as a necessary

pre-condition to enter the international market and not as an end in themselves, as the encouraging example of Kenya's dairy industry illustrates. Increased tariffs on milk and cream have resulted a drop in imports from 41m tons to 16 m tons between 2001 and 2005, enabling the Kenyan dairy industry to become self-sufficient and even to develop export-oriented production.<sup>29</sup> As the examples provided in Box 4 show, food security for the world's poor can be guaranteed by market protection measures aimed at sheltering local production from foreign competition in conjunction with government aid aimed at supporting domestic production. The EPA negotiations should be approached within a context of fair trade, protection and aid measures, not imposed trade liberalisation and deregulation. This is the only framework which will enable those countries currently affected by the food crisis to lift themselves out of hunger and to guarantee their people the right to food in the long term.

#### Box 4: Towards self-sufficiency | Senegalese onions and Guinean potatoes.

*"We must have confidence in our farmers' organizations because development comes from the grassroots".<sup>30</sup>*

**Moussa Para Diallo**

President of the Fouta Djallon Farmers' Federation, Guinea

The production of potatoes in Guinea developed rapidly in the 1990s as a result of a combination of seasonal import bans and government support for local producers. The marginal and mediocre production of potatoes in Guinea made it impossible for domestic producers to compete against the Dutch potato, which was being dumped on their market. Desperate to see their domestic potential grow, local producers organised themselves in the Farmers Federation of Fouta Djallon (FPFD) and mounted pressure on the government to introduce seasonal import bans on the Dutch potato. Despite such a measure being forbidden under the SAPs, import bans were eventually placed on the Dutch potato for periods of 5 months between 1992 and 1998. Both Government-financed credit mechanisms and R&D programmes improved the quality of the potato whilst commercial agreements with suppliers maintained low prices and increased producers' incomes. As a result local potato production and sales soared. Local production can now compete with imports and Guinea is now self-sufficient in the mass-production of what has become a staple food for rural communities.

Similarly, in Senegal, where domestic onion producers were faced with increased dumping of Dutch onions on the Senegalese market, temporary import bans were put in place with infrastructural support provided in parallel to domestic producers. As a result imports decreased by 11% in 2006 and 23% in 2007. As the country projects itself towards self-sufficiency in onion production, the same logic is now being applied to the domestic production of tomatoes, where a first import ban was put in place in early 2008.<sup>31</sup>

<sup>29</sup> Jacques Berthelot. "Sub-Saharan and West African agricultural trade and the economic partnership agreements with the EU." April 2007.

<sup>30</sup> [Jhttp://www.afd.fr/jahia/Jahia/lang/en/pid/5617](http://www.afd.fr/jahia/Jahia/lang/en/pid/5617)

<sup>31</sup> [Jhttp://fr.allafrica.com/stories/200711150519.html](http://fr.allafrica.com/stories/200711150519.html)



## Agrofuels

*“The [agrofuels] strategy will result in a highly unequal contest between the poor having to compete for the basics on which they live, and the rich who want to burn it to run their cars.”<sup>32</sup>*

**Annie Sugrue and Richard Douthwaite**

Authors of “Biofuel production and the threat to South Africa’s food security” (2007)

### 3.1. The contribution of agrofuels to the food crisis

Agrofuels are fuels produced from food crops, such as cereals (wheat and corn) and oilseed (rape and palm). They have become popular amongst governments keen to address issues surrounding energy, security and climate change. In March 2007, EU leaders committed to raising the share of agrofuels in transport from current levels of around 2% to 10% by 2020 as part of Europe’s Directive on Renewables.<sup>33</sup> As a result, the EU has been supporting agrofuels production via a series of subsidies – €4.836bn in 2007 alone, with €1.476bn being allocated to farmers and €3.360bn to the processing industry, with part of these subsidies coming directly from the EU’s Common Agricultural Policy (CAP).<sup>34</sup> EU Member States have also favoured the production and consumption of agrofuels in Europe via the introduction of agrofuel tax exemptions and national targets aimed at encouraging domestic industrial development.<sup>35</sup> However, over the past 18 months, a growing body of evidence has pointed to agrofuels as a major culprit in the recent upsurge of food prices, as agricultural land and crops are converted for fuel production.<sup>36</sup> For instance, in 2007 the EU used 2.85m hectares of arable land to grow rapeseed oil and other crops for agrofuels, rather than food.<sup>37</sup> The Joint Research Center (JRC) of the European Commission and the International Energy Agency estimate that meeting the

<sup>32</sup> <http://www.wahenga.net/uploads/documents/briefs/Brief%2011%20-%20Biofuels%5B1%5D.pdf>

<sup>33</sup> European Commission. “Communication From The Commission To The Council And The European Parliament Report on the progress made in the use of biofuels and other renewable fuels in the Member States of the European Union.” {SEC(2006) 1721}. Brussels. 2006.

<sup>34</sup> Personal communication with Jacques Bertholot.

<sup>35</sup> European Commission. “Communication From The Commission To The Council And The European Parliament Report on the progress made in the use of biofuels and other renewable fuels in the Member States of the European Union.” {SEC(2006) 1721}. Brussels. 2006.

<sup>36</sup> See: UK Gallagher Review, June 2008 - <http://www.renewablefuelsagency.org/reportsandpublications/reviewoftheindirecteffectsofbiofuels.cfm>; Leaked World Bank Biofuels Report, June 2008:<http://image.guardian.co.uk/sys-files/Environment/documents/2008/07/10/Biofuels.PDF>; OECD’s Economic Assessment of Biofuel Support Policies, July 2008: <http://www.oecd.org/dataoecd/19/62/41007840.pdf>

<sup>37</sup> Economist Intelligence Unit. “World Commodity Forecasts: Food, feedstuffs and beverages.” February 2008. <http://www.eiu.com>

10% target for agrofuel use will result in the conversion of 2.5% of the world's cereals and 19% of vegetable oil, with their respective prices rising by 4% and 24%.<sup>38</sup> As in most developing countries food costs make up 70%-80% of rural household income, the price increases that this subsidized conversion of land and crops will cause to food prices will represent a serious threat to the right to food of millions of the world's poor.

### 3.2. Ex-colonies become the growing fields of Europe

The EU will never be self-sufficient in the production of agrofuels, as current domestic production meets just 3% of Europe's needs and the land required to meet production levels necessary to satisfy the 10% target is simply unavailable domestically. The French National Institute for Agricultural Research (INRA) estimates that growing agrofuels in quantities sufficient to fuel Europe's 10% target will require +/-35% of the EU 25's arable land.<sup>39</sup> As a result, European investors are looking to developing countries for the land and resources necessary to meet energy demands. The commitment made by Latin American and Caribbean (LAC) countries to cooperate on agrofuels development during the 2008 EU-LAC Summit in Lima, saw European companies pledging almost €1bn for sugarcane expansion in Peru alone.<sup>40</sup> However, it is ACP countries, with their privileged trade route to the European market (currently protected by high import tariffs on agrofuels) that are favoured by foreign investors. Sugar reforms imposed by the EU on ACP countries in 2006, with a quota system for sugar exports to Europe, have seriously damaged their export market for sugar, forcing the industry to restructure

towards energy production in an attempt to survive.<sup>41</sup> The expansion of agrofuels' demand in Europe has catalysed foreign investment keen to exploit the agrofuel potential of ACPs.

Tanzania has recently experienced an invasion of British, German, Dutch and Swedish agrofuel producers taking up farmland for fuel production. British firm Sun Biofuels, for instance, has invested €14.5 million in the conversion of 9,000 Ha of farmland into fuel crops.<sup>42</sup> Similarly, German company Prokon has converted 200,000 Ha of arable land (an area the size of Luxembourg) into agrofuel plantations. Comparable experiences can also be found in Mozambique, Ghana and Ethiopia.<sup>43</sup> However, European investors are not alone in exploiting the agrofuel potential of ACP countries. Brazil, the world's largest exporter of agrofuels, has signed cooperation agreements aimed at the development of agrofuel production in Senegal, Indonesia, Ghana and Malaysia.<sup>44</sup> Similar agreements are also being negotiated between China and Malaysia, despite the likely negative impacts this will have on its forests and rural communities dependent on the forest for food. Agreements under discussion, have seen Chinese investors aim for the creation of a 3 million hectare agrofuel plantation in the DRC.<sup>45</sup>

As agrofuel production takes off in the South and as food prices continue to rise due to the reduction of food crops, it is the rural poor who are losing out. In contrast, as the case of Ghana illustrates, (see Box 5 below) dependency on food imports is on the increase, causing the world's poor to become even more vulnerable to financial speculation and volatile international markets.

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<sup>38</sup> [http://www.biofuelstp.eu/downloads/jrc\\_biofuels\\_report\\_march\\_2008.pdf](http://www.biofuelstp.eu/downloads/jrc_biofuels_report_march_2008.pdf)

<sup>39</sup> INRA. "Les enjeux du développement des biocarburants dans l'Union européenne." INRA Sciences Sociales. N° 23. Septembre 2007.

<sup>40</sup> <http://www.livinginperu.com/news-6474-eu-lac-peru-2008-eu-lac-investment-forum-would-attract-one-billion-dollars-peru>

<sup>41</sup> <http://knowledge.cta.int/en/content/view/full/4408>

<sup>42</sup> [http://www.biofuels-news.com/news/tanz\\_bio.html](http://www.biofuels-news.com/news/tanz_bio.html)

<sup>43</sup> <http://www.globalpolicy.org/soecon/develop/africa/2008/0905africabiofuel.htm>

<sup>44</sup> <http://www.scidev.net/en/news/brazil-and-india-join-senegal-for-biofuel-producti.html>

<sup>45</sup> <http://afp.google.com/article/ALeqM5jvzDT0oAPrUMHarZaER7wziSKWuA>

<sup>46</sup> <http://biopact.com/2007/07/dr-congo-chinese-company-to-invest-1.html>

### Box 5: Ghana | As agrofuel plantations grow, so do rice imports.

In Ghana, food prices have more than doubled since the crisis started. However in the midst of this instability, the government of Ghana has decided to use part of its agricultural land to grow crops for agrofuels. Following an UNCTAD-led international workshop on “the development of a biofuels industry in West Africa” hosted by Ghana in 2006, the Ghanaian government announced the creation of a €1.2 million fund for the development of Jatropha plantations across the country, inciting investors to flow into Ghana.<sup>47</sup> As a result, European companies have been moving into Ghana regardless of issues surrounding food security. Massive plantations have already been developed in Ghana, Madagascar, South Africa, India and the Philippines, with plans to expand further.

Brazil took advantage of the UNCTAD meeting of 2006 to sign an agreement with Ghana to grow sugarcane destined for the Swedish market with it has a commercial agreement. As a result, Brazil is “developing a project that will result in growing 27,000 hectares (of sugarcane) for the production of 150 million litres of ethanol per year.”<sup>48</sup> Given its trade agreements with the EU, Ghana has a comparative advantage over other large vegetable oil producers, such as Malaysia and Indonesia and stands to become the prey of foreign investors. This trend is likely to lead Ghana to greater dependency on food imports. Already more than US\$400 million is being spent annually on the importation of rice, when the crop could be cultivated in almost all the regions of the country.

### 3.3. Agrofuels violate the right to food

Increased food prices represent just one of the impacts of the agrofuels’ expanding market on the world’s poor. The boom in agrofuels means another expansion of monocultures, which divert scarce land and water away from food production. Large-scale plantations consume massive amounts of precisely the same inputs to which smallholders, particularly women, already have least access to: land, water and inputs.<sup>49</sup> Not only will these trends cause the displacement of local food production, but conflicts over access to land, water, and other resources may develop as a result. This can be expected to result in marginalised groups such as indigenous people and women farmers finding themselves under increased pressure.<sup>50</sup> It is unclear how many of these violations to people’s right to food are taking place. However, it is clear that the expansion of the international

market for agrofuels is putting poor people’s livelihoods, and not only their food security, at a great risk.

### 3.4. The need to review Europe’s agrofuels policy

In recent months the media, intergovernmental organisations, civil society and government reviews have been raising alarm bells over the contribution of agrofuels to the current food crisis. Regrettably, the European Commission has dismissed the evidence as being “one-sided”.<sup>51</sup> However, the European Parliament appears keen to review the current targets for renewables as both its Environment<sup>52</sup> and Industry<sup>53</sup> committees have proposed down-scaling the target from 10% by 2020 with an interim target of 4-5% by 2015, when a review of the feasibility of increasing the target should take place.<sup>54</sup> Although this still represents an increase in agrofuel production compared to current trends, the political signal

<sup>47</sup> <http://biopact.com/2007/03/ghana-takes-small-steps-to-get-biofuels.html>

<sup>48</sup> <http://environmentdebate.wordpress.com/2008/05/15/ghana-food-or-biofuels/>

<sup>49</sup> <http://www.ifpri.org/pubs/testimony/Rosegrant20080507.asp#read>

<sup>50</sup> FAO. “Gender and Equity Issues in Liquid Biofuels Production – Minimizing the Risks to Maximize the Opportunities.” Rome. 2008.

<sup>51</sup> Forbes. “EU calls UK biofuel report ‘one-sided’.” 8 July 2008. <http://www.forbes.com/afxnewslimited/feeds/afx/2008/07/08/afx5191313.html>

<sup>52</sup> European Voice. “MEPs urge EU to cut biofuel target.” 8 July 2008.

<sup>53</sup> Reuters. “EU panel votes to cut goal for biofuels from crops.” 11 September 2008.

<sup>54</sup> Ibid.

is a positive one, particularly as many EU member states have also begun reviewing their national targets.

Still, the EU is hoping to improve the image of agrofuels in Europe by developing sustainable criteria for their production.<sup>55</sup> Yet the weakness of the compliance, reporting and monitoring mechanisms suggest that there is little genuine concern surrounding the potential impact of expanding agrofuel production. The criteria represent a policy tool that will enable member states to select suppliers according to their national interest, given that some member states are net importers of agrofuels, whilst others are producers with an interest to limit foreign imports.<sup>56</sup> The industry is also developing similar initiatives with the hope of promoting the expansion of trade in agrofuels via the creation of a certification system aimed

at overcoming consumers' scepticism.<sup>57</sup> However, these kinds of initiatives will do little to protect either the poor or the environment from the impacts of agrofuels on food production and land management. On the contrary, it will promote and legitimise the expansion of industrial plantations that are already exerting massive pressure both on rural communities and the environment on which they depend on for household subsistence. EU decision-makers must recognise that agrofuel production has proved successful when developed on small-scale projects aimed at local consumption. But expansion aimed at fuelling international markets should be discouraged in light of the compelling evidence as regards both social and environmental impacts and its contribution to the food crisis.



<sup>55</sup> The creation of the working group followed the EU Council decision of 22 February that biofuel sustainability standards should be included in a revised version of the EU's 1998 Fuel Quality Directive.

<sup>56</sup> Kim Bizzari. Research conducted for Corporate Europe Observatory (CEO). Not yet published.

<sup>57</sup> [http://www.biofuels-news.com/news/roundtable\\_standard.html](http://www.biofuels-news.com/news/roundtable_standard.html)



## Genetically modified organisms

*"I think the debate about higher prices and being able to meet the demand of people in the world for food is a perfect opportunity to make the case [for GMO crops]... We may have a window of opportunity here and I would encourage you to exploit that."*

**Bob Stallman**

President of the American Farm Bureau Federation

### 4.1. The ghost of GMOs returns with new empty promises

Following the recent food crisis, a renewed emphasis has been placed on the potential role of GMOs in feeding the hungry. The political choice governments are facing is whether or not GMO crops should be grown for food or for fuel. This has resuscitated old arguments aiming at re-launching this technology. A powerful industry lobby group has recently been set up between agrofuel and GMO producers - including Archer Daniels Midland (ADM), DuPont and Monsanto - with the purpose of presenting GMOs as a solution to the food-fuel dilemma.<sup>58</sup>

The European Commission appears to support this and has prepared a legal proposal that would allow for "very limited" amounts of genetically modified material, not yet approved for sale in EU markets, to be mixed in imports of foodstuffs like maize, rice and soy in an attempt to alleviate the effects of the food crisis.<sup>59</sup> ActionAid does not believe that GMOs can contribute to solving the food crisis at all. On the contrary, there is evidence suggesting that GMOs would further fuel the crisis.

### 4.2. GMOs will fuel the food crisis

The claim that GMOs could provide a positive contribution to the food crisis is flawed in many respects. The majority of GMO varieties like soy, maize and cotton are grown on industrial-scale farms for export to rich countries as animal feed and fibre. They do not address rural poverty and hunger either at the source or destination. On the contrary, the expansion of industrial-

<sup>58</sup> [www.foodandenergy.org/](http://www.foodandenergy.org/)

<sup>59</sup> Reuters. "EU to propose more flexible GMO food imports." 10 June 2008. [http://greenbio.checkbiotech.org/news/2008-0610/EU\\_to\\_propose\\_more\\_flexible\\_GMO\\_food\\_imports/](http://greenbio.checkbiotech.org/news/2008-0610/EU_to_propose_more_flexible_GMO_food_imports/)

scale GM farming is often developing at the expense of small farmers growing diverse produce for local needs. For instance, in Paraguay, GM soy plantations now cover more than half of the cropland, and estimates suggest that up to 100,000 small farmers have been evicted from their lands as a result. Whilst the cultivation of GM soy expands, the percentage of the population living in poverty has risen from 33.9% to 39.2% between 2000 and 2005<sup>60</sup>.

Another element to consider is the unreliability of GM traits to adapt to different and changing climatic conditions and the loss of yields that this is causing to farmers. Researchers found that extreme temperature changes cause a loss of the genetic function in some GM varieties, resulting in lower yields as the crops fail to adapt to the rapid and radical weather changes.<sup>61</sup> For instance, herbicide tolerant GM soybeans grown in the US are reported to have a 10% lower yield than traditional crops.<sup>62</sup> As these varieties are not adequately tested in local conditions, farmers are placed at an even greater risk of crop failure. As climate change is increasingly affecting weather conditions worldwide, GMOs could prove detrimental to farmers.

In addition, crop contamination is causing a loss of revenue among conventional farmers. In September 2000, traces of Aventis GM corn (marketed as StarLink and not fit for human consumption) were identified in taco shells manufactured by KraftFoods. The incident led to the recall of nearly 300 food products by several food manufacturers and caused major disruptions in domestic and export markets. The United States, which accounted for 65% of world corn exports, experienced an estimated 6% drop in the price of corn, which translated into major

financial losses (US\$500 million) to non-GM corn growers.<sup>63</sup> Since 1996, there have been 216 cases of crops being contaminated by GMOs in 57 countries.<sup>64</sup> Coexistence has proven impossible due to the different ways in which GM contamination can occur. These include the contamination of fields, storage, transport, machinery and processing.<sup>65</sup> GMO contamination adds a further layer of uncertainty to food prices and food security.

### 4.3. GMOs favour an unsustainable model of agricultural production

The recommendations of the IAASTD report are especially significant as they clearly indicate the failure of past and present government-led programmes to boost food production<sup>66</sup>. Such programmes have required a model of agriculture which is highly dependent on costly toxic chemical inputs as well as corporate-owned seeds, such as GMOs and hybrid seeds. Intellectual property applying to GM seeds and grains, as well as reliance upon on specific fertilizers and pesticides, are causing farmers to become dependent on agricultural commodity chains. This relates to both input (seeds) and output (grains), which are increasingly concentrated in the hands of an oligopoly of western TNCs. In 2006, the top 3 biotech companies, Monsanto, Dupont, and Syngenta accounted for 46% of the total proprietary of the seed market, with Monsanto holding virtually a monopoly, as its GM traits were found in 86% of all biotech crops grown globally<sup>67</sup>. Monsanto has also been known to sue farmers for saving seeds collected from GM crops. In court judgements farmers have been forced to pay Monsanto over \$21 million, though a much larger amount is estimated to have been paid through out-of-court

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<sup>60</sup> <http://upsidedownworld.org/main/content/view/411/44/>

<sup>61</sup> Olsen, K.M., Daly, J.C., Finnegan, E.J. & Mahonr. R.J. (2005). "Changes in Cry1Ac Bt transgenic cotton in response to two environmental factors: temperature and insect damage." *Journal of Economic Entomology*. 98: 1382-1390.

<sup>62</sup> Elmore, R.W., Roeth, F. W., Nelson, L.A., Shapiro, C.A., Klein, R.N., Knezevic, S.Z. & Martin A. (2001). "Glyphosate-Resistant Soybean Cultivar Yields Compared with Sister Lines." *Agronomy Journal*. 93: 408-412.

<sup>63</sup> Carter, C., and Smith, A., (2003). "StarLink Contamination and Impact on Corn Prices." Contributed paper presented at the International Conference Agricultural policy reform and the WTO: where are we heading? Capri (Italy). June 23-26, 2003.

<sup>64</sup> [www.gmcontaminationregister.org](http://www.gmcontaminationregister.org)

<sup>65</sup> Binimelis, R., "Coexistence of Plants and coexistence of farmers: Is an Individual choice possible"? SpringerLink. May 2007.

<sup>66</sup> IAASTD. "Final Report." 2008. <http://www.agassessment.org/>

<sup>67</sup> [http://www.etcgroup.org/en/materials/publications.html?pub\\_id=656](http://www.etcgroup.org/en/materials/publications.html?pub_id=656)

settlements<sup>68</sup>. Whilst this locks farmers into dependency rather than self-subsistence, patent fees are also causing seed prices to increase. In the US, the price of GM cotton-seeds rose by 400% over the past 10 years, favouring the uptake of the technology by large-scale farmers rather than smallholders. It is regrettable that given the impacts of GMOs on food production and the general reluctance of consumers towards this technology, (see Box 6) that the EU has chosen to support the

biotech industry with massive public investment. As reported by Friends of the Earth Europe in 2007, the European Commission has spent around €400 million between 1982-2007 on R&D activities for GMOs via its community research frameworks, whilst the EU-15 have spent on average €80 million a year over the same period via national research programmes and initiatives. In contrast, R&D funding for ecological farming systems has been close to non-existent.<sup>69</sup>

### Box 6: GMOs | Force-feeding consumers via trade-rules and aid policies.

The resistance of consumers to GMOs both in the North and in the South has led GMO-producing countries to develop tactics to support their biotech industries in violation of consumer choice and, ultimately, of people's right to food.

In Europe, a powerful lobby of large biotech companies including Monsanto, Syngenta and Bayer pushed GMO producing countries, such as the US, Argentina and Brazil, to initiate a case within the WTO against the EU's authorisation procedure in order to facilitate the entry of GMOs into Europe. As discussed in the previous section on EPAs, international trade rules limit government intervention, often placing commercial interest before consumer and environmental concerns. Predictably, the WTO ruling favoured the complainants by requiring the EU to review its authorisation procedure for GMOs, resulting in the progressive authorization of new GM varieties in Europe since the 2006 ruling.<sup>70</sup>

In the South, the most scandalous case has been the shipment of GMOs as food aid to developing countries. Monitoring activities carried out by El Centro Humboldt in Nicaragua revealed that the World Food Programme (WFP) has systematically distributed GMO food to highly vulnerable groups, such as pregnant women and infants. Cereals introduced through food aid programmes included a variety of transgenic corn produced by the multinational Monsanto, which were not approved for cultivation or human consumption, resulting in several cases of dysentery being recorded.<sup>71</sup> Such examples raise serious questions about the effects of GMOs, the policies which support their use, and the ways in which GMOs impact upon people's right to food.

#### 4.4. The need to shift funds from supporting GMOs to sustainable ecological farming

Governments need to shift investment in research and development from GMOs to sustainable ecological farming methods, especially those that will increase food production by the poorest in the developing world. Such

research should focus on small-scale farmers, particularly since data indicates that small-scale farms average higher yields than larger ones. In order to increase our food security in a changing climate, policy makers need to follow the IAASTD's recommendations and invest more in agricultural R&D that is geared towards modern, effective,

<sup>68</sup> Centre for Food Safety. Monsanto vs. U.S. Farmers. November 2007 Update. <http://www.centerforfoodsafety.org/pubs/Monsanto%20November%202007%20update.pdf>

<sup>69</sup> Kim Bizzarri. "The EU's Biotechnology Strategy: mid-term review or mid-life crisis?" Friends of the Earth Europe. March 2007.

<sup>70</sup> EurActiv. "EU accepts trade ruling on GMOs." 22nd November 2006. <http://www.euractiv.com/en/trade/eu-accepts-trade-ruling-gmos/article-159918>

<sup>71</sup> Letter from REDCASSAN, IFSN and GISS to the European Commission. 2nd May 2008.

bio-diverse farming.<sup>72</sup> Policies and programs to advance and promote pro-poor agricultural growth should privilege an agro-ecologic and multifunctional model of agriculture based on closing material cycles; crops association and diversification; biological pest management; environmental respect, low use of external inputs, and aimed at local, regional and national markets supply.

The priority targets of such policies and programs should be small-scale farmers, peasants, forestry workers, fisheries, indigenous peoples, pastoralists and other traditional communities and their organizations. Particular attention should be given to women, who have been historically discriminated against despite being at the heart of rural agriculture and household food security. Attention should also be paid to adapted and low-input cost technologies. Water capture and storing technologies are now a public policy in Brazil and have

allowed small-scale farmers, peasants, indigenous peoples, forestry workers and traditional communities to produce quality food in semi-arid and transition regions of Brazil. Likewise, seed bank technology allows rural communities to collect and select the more adapted seeds and to store them safely until the following season, thus securing the communities' biodiversity of seeds in the long term. The dissemination of findings should also be encouraged via farmer-to-farmer interchange, as many problems affecting agricultural development in one country have often been solved in others, though information was rarely shared. To this end, EU decision-makers should review their current R&D priorities for agriculture in line with the findings produced by the IAASTD report. This could play an important role in strengthening those sustainable ecological farming methods which could guarantee the right to food for millions of the world's poor.



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<sup>72</sup> IAASTD. "Final Report." 2008. <http://www.agassessment.org/>

## Conclusions and policy recommendations

*“The problem is not so much the lack of food, but a lack of political will”.*

Jacques Diouf Director General of FAO

The root of the current food crisis is seen at the confluence of several policy areas whose objectives are, either directly or indirectly, in violation of people’s right to food. The EU alone is not responsible for the current crisis, but its policies have played a role in triggering and fuelling it and need to be adapted accordingly. A genuine commitment of the EU towards the resolution of the crisis must be reflected in coherence between its various policy areas to put an end to the food crisis. Otherwise, the Millennium Development Goal (MDG 1) of eradicating extreme hunger and poverty is unlikely to be achieved.

Particular attention should be paid to redressing the impact of trade liberalisation and failed aid strategies in limiting governments’ policy space. Such space is essential if governments are to manage the occurrence of a food crisis. This policy brief argues that the pursuit of trade liberalisation and deregulation through aid conditionalities, trade agreements and structural readjustment programmes, has had disastrous consequences. When combined with failed CAP reforms and flawed energy and R&D policies, it is clear that these initiatives have played a significant role in fuelling the food crisis by undermining the right to food of millions of poor people. It is time to abandon the liberalisation of trade, particularly trade in agriculture, and reintroduce the policy space necessary for governments to adapt national policies to their individual priorities.

An important conclusion of this brief is the need to recognise the role that women play in food production and provision in poor countries. Promoting gender equality and empowering women (MDG 8) in agricultural policies will be crucial in strengthening agricultural production and fighting hunger in affected countries. Based on the evidence produced in this brief, ActionAid calls on the European Commission and Member States to take the following action with reference to the key policy areas identified as net contributors to the food crisis:

### On aid to agriculture

- *Aid to agriculture needs to be based in supporting southern governments and poor people in pursuing their right to food*, not to fit global markets and liberalisation doctrines;
- *Agricultural policy should be formulated by developing country governments*, in close consultation with their smallholder farmers, and not by donors. As recognised by the Paris Declaration, “ownership” is essential to the effectiveness of aid;
- *The role of women in agricultural production must be reflected in aid programmes* as gender inequalities are currently impacting on the effectiveness of aid to agriculture. As women are responsible for most of the agricultural production in rural areas, it is important to ensure that aid funds target women as the primary beneficiaries;
- *More resources need to be allocated for aid to agriculture* both in absolute terms and as a percentage of total aid disbursement.

The Doha Financing for Development Summit offers the EU the opportunity to lead positive reform to aid to agriculture.

### On trade (EPAs)

- *Free-trade and deregulation orthodoxy must be abandoned* in favour of limited protectionism and government control aimed at supporting domestic producers, and the self-subsistence of consumers. These could function as the basis upon which to build an export-oriented production as a counter-mechanism to dumping;
- *Trade agreements must not limit the right of developing countries to regulate investment* and keep tighter control over the exploitation of natural resources upon which locals are dependent for their self-subsistence;
- *Interim EPA agreements should be renegotiated with ACP countries* without them becoming conditional to signature of a full EPA.

Given the slow pace of the negotiations and the reluctance of many ACP partner countries to sign the EPAs, the EU should seize the opportunity to review its negotiating position and its overall trade agenda, both within a bilateral and multilateral framework.

## On agrofuels

- *All EU targets are to be dropped* both at EU and national level;
- *All financial incentives to agrofuels should be abandoned*, including subsidies made under the Common Agricultural Policy CAP;
- *The EU should conduct an independent sustainability assessment on the impact of agrofuels* particularly with reference to their impacts on hunger and food security (including rising food prices and human rights). This must be conducted in an open, transparent and inclusive process in dialogue with interest groups and affected parties;

During the upcoming International Biofuels Forum (IBF) in Brazil in November 2008 - when leading agrofuel producing countries will seek to expand the international market in agrofuels - the EU should not agree to any deal that will lead to an increased production of agrofuels.

## On GMOs

- *The development argument of GMOs should not be resuscitated* in light of the current food crisis. GMOs do not address rural development or hunger but are predominantly designed for large-scale production of produce mostly intended for animal feed in the North;
- *GMO production must not be supported or encouraged* as there are many uncertainties regarding its long-term impacts on health and the environment. GMOs also cause increased seed and food prices, viable yields, and higher input costs. They also make farmers dependent upon agricultural value chains in the hands of a few biotech transnational corporations protected by intellectual property rights;
- *GMOs must not be shipped as food aid*, because developing countries should not be the testing ground of transnational corporations;
- *Disincentive measures such as compulsory insurance for GM farmers and compensation rules for contamination should be introduced* to support farmers affected by unwanted GM contamination of their conventional and organic crops as this is causing major losses to farmers;
- *Banning measures regarding GMOs should be taken into consideration* as well as the establishment of GM-free areas aimed at protecting organic farmers and local varieties given that coexistence between organic/traditional and GM farming is impossible;
- *International trade rules should not be used to prevent government intervention* aimed at both the protection of people's health and the environment from the potential negative impacts of GMOs;
- *Political and financial support must now shift towards sustainable ecological farming methods*, especially those that will increase the quantity and quality of food produced by the poorest in the developing world. The focus should be on small-scale farmers, with particular attention given to women. Such methods, to be truly sustainable, must be based on crop diversification, respect for the environment, with low use of external inputs and aimed at local, regional and national markets supply.

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**ActionAid is an international anti-poverty agency** working in over 40 countries, taking sides with poor people to end poverty and injustice together.

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**Action for food rights**

**HungerFREE is ActionAid's global campaign** that will force governments to deliver on their commitment to halve world hunger by 2015



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