

CSEND Conference

WTO Rules and Food Crisis in
the Least-developed Countries

Towards a new development strategy

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- Early 1960s: Developing countries, including LDCs, have 7 billion \$US food-trade surplus
- Early 1980s: This surplus has disappeared
- 2008: LDCs are likely to pay 100% more than in 2000 for food imports
- Africa imports 25 billion \$US worth of food
- What are the reasons for this change?
- How to change this?

The case of rice production in Haïti

- Early 80s: Haïti is self-sufficient in rice production
- 1980s: Introduction of two structural adjustment programmes by World Bank and International Monetary Fund
- In this context: rice tariff reduced from 50% to 3%

Haiti

- Result: subsidised rice imports increased from 15,000 tonnes to 350,000 tonnes between 1980 and 2004
- Local production: decreased from 124,000 tonnes to 73,000 tonnes between 1981 and 2002
- Government spends some 80% of export earnings for food imports
- High rural exodus continues

Haïti

- 2008: Increase of rice price by 40%
- 1 February 2008: Journal « Le Temps »: « Des Haïtiens en sont réduits à manger de la boue » (Haitians are reduced to eating mud)

The case of rice production in Ghana

- 1970s: Some 800,000 rice producers ensure all rice consumed by Ghanaians.
- 1980s: Trade liberalisation policies introduced by WB and IMF
- Result: tariff for rice reduced to 20%
- All State's policies in support of agriculture deleted (price support, fertilizer subsidies, marketing boards...)
- Consequences: Today Ghana imports some 70% of all rice consumed, some of it heavily subsidised (34%)

Ghana

- 2003: Ghana Government submits a new law to Parliament to raise rice tariffs from 20% to 25%. Parliament adopts that Bill
- Under IMF's advice, Government stops implementation of this law, although consolidated rate for rice is at 99%
- NGO FIAN study: right to food of Ghana rice producers violated
- Similar trade developments for imports of chicken and tomato concentrate
- 2008: Ghana's Government has to pay some 400 million dollars for food imports

One major reason for the food crisis

- A development model introduced by Bretton Woods institutions, aiming at:
 - liberalising the economies
 - lowering tariff rates, deleting policies in support of agriculture
 - priority to be given to cash crops
 - free market unable to replace
- In addition, ODA for agriculture fell from 13% to 3,4% -from 2.63 to 1.90 billion \$US - between 1980s and 2004

New development strategy

A: Developing countries

- Set new priority for agriculture - staple food production - in development strategies
- Consult civil society and farmers' associations
- Ensure minimum national investment for agriculture (AU Maputo Summit recommends 10%)
- Implement common agricultural policies on regional level (UEMOA, ECOWAS)
- Facilitate access to inputs, credit, knowledge and information

- Promote land reform, infrastructure development
- Develop stocks, irrigation, research
- Due to environmental and climate change constraints, focus on sustainable, small-scale family farming (see IAASTD Expert Meeting conclusions)
- Develop capacities

B: Developed countries

- Increase of ODA for agriculture, including research: minimum 10%

C: Trade policies

- Need to face price volatility
- Present price increase follows 40% decrease for staple food between 1996 and 2004 and 60% price decrease for cash crop products in the last 20 years
- Need for adequate market regulation ensuring profitable prices (prix rémunérateurs) so that the producer is at least covering production cost

- Such a market regulation also needs to cope with huge productivity gap between industrialised and emerging countries, on one hand, developing countries including LDCs on the other
- This gap has been 1:10 a century ago, it is today 1:1000
- This means that, while a peasant in the south produces 1 tonne of cereals, a farmer in the north or in emerging countries, produces 1000 tonnes

- Existing and new trade rules have to be adapted accordingly
- Effective elimination of all trade-distorting practices
- Developing countries and LDCs in particular, to be given policy space or sovereignty in order to fully use tariff flexibility between applied and consolidated rates
- Revise trade policies of the structural adjustment programmes
- Free trade agreements to be based on special and differential treatment
- Most industrialised countries and Asian countries (Japan, South Korea, Taiwan, China,...) developed their agriculture on the basis of market protection

Competition rules

- Given the oligopolistic market structure in food trade, need to strengthen competition rules

Policy coherence

- Improve cooperation between all concerned UN organisations (FAO, IFAD, WFP, UNCTAD, ...) and between UN and Bretton Woods organisations

Concluding remarks

- Not all LDCs are in the same boat (Cape Verde is not Malawi)
- Need to differentiate, there is no « one size fits all » model
- Before the world food crisis, already 850 million people suffered from hunger and malnutrition
- 3/4 of these people are living in rural areas.

- New development strategy to serve several purposes
 - fight poverty
 - promote respect for the right to food
 - enhance food self-sufficiency