ITUC REPORT

ITUC, International Trade Union Confederation
March 2009

REUTERS/Normand Blouin

A Recipe for Hunger:
How the World is Failing on Food

ITUC CSI IGB

The International Trade Union Confederation (ITUC) represents 170 million workers, 40 percent of whom are women, in 157 countries and territories and has 312 national affiliates.

The ITUC is a confederation of national trade union centres, each of which links together the trade unions of that particular country. Membership is open to all democratic, independent and representative national trade union centres.

The ITUC's primary mission is the promotion and defence of workers' rights and interests, through international cooperation between trade unions, global campaigning and advocacy within the major global institutions. Its main areas of activity include trade union and human rights, the economy, society and the workplace, equality and non-discrimination as well as international solidarity. The ITUC adheres to the principles of trade union democracy and independence, as set out in its Constitution.

ITUC
5 Boulevard du Roi Albert II, Bte 1
1210 Brussels
Belgium
Phone: +32 (0)2 224 0211
Fax: +32 (0)2 201 5815
E-mail: mailto:info@ituc-csi.org
www.ituc-csi.org

Front page photo taken during a demonstration against rising food prices in Dakar 26 April 2008 where more than 1,000 people marched throught the streets of the capital.

Graphs and figures in the report are reprinted with the kind permission of the United Nations Conference on Trade and Development, the Food and Agriculture Organization of the United Nations and the New Internationalist magazine.

A Recipe for Hunger: How the World is Failing on Food

A Recipe for Hunger: How the World is Failing on Food

Table of contents

Foreword

Food prices have diminished somewhat but the food crisis has not gone away: as long as the factors that caused it have not been tackled, it remains all too likely to return in the near future. And almost one billion people live in constant hunger. With the attention of the international community turned to the global financial and economic crisis, the real danger is that the world hunger situation may deteriorate even further.

This report has been prepared to highlight these risks. Workers suffered significantly from the food price explosion over recent times, and the trade unions that represent them are demanding action. The global financial and economic crisis makes this more, not less urgent. As the UN's Food and Agriculture Organisation (FAO) warns, the economic crisis and the current credit crunch combined with temporarily lower prices of some agricultural commodities might lead farmers to grow less food, and if this should transpire, the world will have to brace itself for another dramatic rise in food prices in the coming year.

If anything useful is to come out of the food crisis, we will have to learn from past mistakes. Now is the time to act, and if the international community is determined to halve the number of hungry people by 2015 in line with the Millennium Development Goals (MDGs) of the UN, serious political will and commitment is needed. The trade union movement is demanding more investment in the agricultural sector and universal social protection coupled with respect for core labour standards to bring about the decent and sustainable production of food and other agricultural products. The right to food must be considered a basic human right for everyone.

Guy Ryder, ITUC General Secretary, March 2009

Chapter 1 - Executive Summary

The phenomenon

Global hunger is not a new phenomenon; the world witnessed hunger and famine in almost every decade of the 20th century. Currently, more than 963 million people are malnourished and living in dire poverty across the globe. Most of them are rural and urban working poor. And yet the situation today is different in terms of its impact, ranging from poor people in developing countries who can no longer afford basic foodstuffs to workers in industrialised countries that are also feeling the effect of soaring food prices on their household budgets.

The food crisis has affected everyone but most of all the worst off, those living at the lower end of the income scale who spend 50 to 70 percent of their income on food. The global food crisis has deprived them of one of their fundamental human basic rights, the right to be free from hunger and malnutrition.

Never before have so many working women and men been forced to cut back on meals, health care or other essential spending so rapidly. Because of the high prices of food, there are now an additional 150 million poor people across the globe. As the report will show, the effects of high prices of food and lack of a decent income have been felt from Europe to Africa, from Asia to the Americas – no region has been left unaffected.

Over the course of 2007 and 2008, the prices of wheat and rice increased by over 70 and 130 percent respectively. Even though prices were declining slowly in early 2009, the current price level of basic food staples is still much higher than it was two years ago. The food crisis has affected everyone but most of all the worst off, those living at the lower end of the income scale who spend 50 to 70 percent of their income on food. The global food crisis has deprived them of one of their fundamental human basic rights, the right to be free from hunger and malnutrition. This report will look at the evidence at hand – the root causes of the crisis and why there are rising inequalities in the world so that while some are starving, others are reaping profits.

The sources of the crisis

The policies pursued by the international financial institutions since the 1980s have been significant in determining why developing countries cannot ensure food security for their own citizens. During the heyday of the "Washington consensus" of the 1980s and 1990s, the International Monetary Fund (IMF) and the World Bank supported market incentives by demanding that developing countries phase out agricultural subsidies that otherwise could have helped develop a strong domestic economy, and that grain buffer stocks be sold to pay off debt. A continuous and erroneous fixation on trade liberalisation as the answer to the world's economic and social problems took focus away from the vastly underdeveloped domestic agricultural sector in developing countries. Many of those countries are now net importers of food, as opposed to their status as net exporters in the 1960s, and with the incredibly high prices of food commodities, it is clear that the policies of the IMF and the World Bank failed in their purpose.

At the same time, more deregulation in trade and financial markets has mainly favoured agrofood multinationals based in industrialised countries and not the working rural and urban poor across the globe. The effects of the world trade system can be seen in the large increase of import bills of low-income food deficit countries, which have more than doubled in five years. Contrary to the promises of free trade advocates, successive rounds of trade liberalisation have not ensured equity and food security for all. Much of the problem can be ascribed to the multinational corporations that control the majority of international trade in maize and other grains, as well as massive subsidies to large-scale farms in the US and Europe that deprive developing country farmers of a place in the market. Trade growth has so far brought monopolisation in world grain markets and in banana, cocoa and tea trading, which has damaged the world food system and not provided greater food security or advances in workers' rights to a decent life.

In an effort to make quick returns and seek new investment options away from the traditional stock market, investors like hedge funds have sought out the agricultural commodity market in search for high-yield gains. The massive increase in speculative investment has been a contributing factor in driving up prices of basic food staples. In a few years, investments in food commodities and futures have grown twenty-fold because deregulation has allowed non-commercial traders to seek profit gains in a relatively small market, causing sudden volatility and turmoil.

Another part of the problem is that the world is getting more populous. By 2050, more than 9 billion people will inhabit our globe. The strain on food availability is estimated to rise in the future but already, as the middle classes in developing countries like China and India grows and their blossoming economies allow them to shift their eating patterns, pressure on water accessibility and grain production is rising because meat and dairy products are in higher demand than ten years ago.

Climate change will make matters worse: recurring droughts, flooding and other climate change-related pressures resulting from increased greenhouse gas emissions are a global challenge. Climate change disasters occur most often in developing countries where failed harvests and poor crop yields can result in people going hungry for months because the working poor can no longer afford to purchase basic foodstuffs at new and higher prices. As the impact of climate change intensifies over the coming decades, changes in weather patterns will continue and food production will be put under even more pressure. However, climate change cannot be tackled through simplistic advocacy of biofuels without concern for their side-effects. While the production of organic material for biofuels has diverted large amounts of food crops into the fuel tanks of cars, it has only accounted for 1½ percent of global fuel supply.

The solutions

The first priority in alleviating this crisis must be to ensure food security in all countries so that rapid and secure food supplies can be guaranteed for those in need. Only by ensuring economic safety mechanisms that with certainty can

reach the poorest people, the unemployed, waged workers and vulnerable groups such as women can the international community prevent the financial and economic crisis from worsening an already grim situation. This means that the more than 70 developing countries already experiencing problems with their balance of payments because they are struggling to pay their import bills for essential food staples require help. Financial assistance must be granted but without the same, failed policy conditionality from the international financial institutions. The policies that contributed to the creation of this crisis cannot be a part of the solution.

Financial assistance must be granted but without the same, failed policy conditionality from the international financial institutions. The policies that contributed to the creation of this crisis cannot be a part of the solution.

Another immediate action should be eliminating politically supported subsidies that boost biofuel production while diverting food crops into fuel, as biofuel production is heavily subsidised by industrialised countries and as a result, biofuels are estimated to account for at least 30 percent of recent food price rises.

Furthermore, more effective regulatory mechanisms are needed in the agricultural commodity and futures markets, to limit and contain the speculation that helped drive up food prices during 2008.

In the longer run, investment in rural infrastructure must be increased in developing countries. Assistance to small-scale agricultural production in developing countries would contribute to enabling the world to restore the supply-demand balance for food at a lower price level. Such assistance must take place under the right terms to achieve economic, social and environmental sustainability including decent work and respect for international labour standards for rural workers. The production of foodstuffs in developing countries for domestic consumption at accessible prices is essential in ensuring domestic food security and reducing poverty, by providing some security against escalating world prices for basic commodities. The provision of universal social protection, which the ILO is currently implementing a major campaign to achieve, is another part of the international framework for combating hunger.

The above combination of recommendations shows that there is no one, magic solution to the global food crisis. Yet governments must accept their role. They are failing when more than 963 million people are living in hunger and the number of poor people increases by more than 150 million in one year due to high food prices. In today's interdependent world, that is not acceptable. The international community must accept its joint responsibility to deliver an effective right to food for all the world's citizens.

Chapter 2 - Facets of the crisis

The rise in food prices during 2007-2008 affected people everywhere: from those living in extreme poverty in Africa to consumers in industrialised countries, from the rural poor in Latin America to mine workers in Asia. The question that must be answered is how it came to this. Is the world truly not able to feed its hungry? And how can we prevent this from happening again?

This report serves as a wake-up call – we must act now before inequalities and desperation within poorer countries as well as richer increase even further.

We have witnessed social unrest, riots and demonstrations because people have been unable to put food on their tables. Children have been affected because their parents cannot afford to pay both for school fees and meals at the same time, and as a result they have been forced into labour to help support their families. These are just some examples of the recent developments caused by rising food prices that this report will examine.

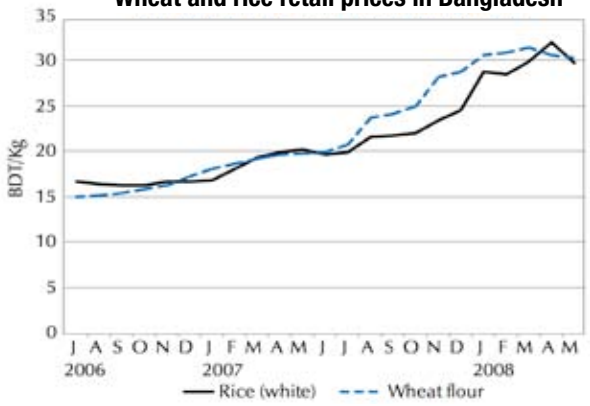
The following chapter will look at the evidence at hand: how workers' purchasing power is being diminished, how economic recession is causing declining consumption and job losses, and how drought across the African Horn is driving large parts of its population close to starvation. This report serves as a wake-up call – we must act now before inequalities and desperation within poorer countries as well as richer increase even further.

2.1 DECLINE OF PURCHASING POWER

Workers everywhere have felt the rise in food prices. In Africa the poorest are hit the hardest. 160 million people are trying to survive on an income of less than half a dollar a day. Most of those households are net buyers of food, not producers. The result is that soaring food prices hit household budgets of the poor in the developing countries. An impact felt instantly because an average of 50 to 70 percent of their budget is spent on food, leaving no room for a well-balanced, highly nutritional diet[1]. This is in stark contrast to the industrialised countries where people spend an average of 10-20 percent of their income on food[2]. Poor households are thus more vulnerable than the wealthy when it comes to an increase in food prices.

In Bangladesh, garment workers are spending 70 percent of their wages on rice alone[3]. Due to inflation, prices of some food items doubled in the first six months of 2008, and workers are having great difficulties making ends meet. The legal minimum wage of US$ 25 a month does not cover expenses on basic food staples, such as rice, and health care. To worsen matters even more, trade union activity was banned at the beginning of 2007, leaving the workers of Bangladesh without a social security net or any means to fight back against low wages and rising prices.

Wheat and rice retail prices in Bangladesh



(Source: UNCTAD, Least Developed Countries 2008)

Cutting back on healthy food, vegetables and fruits and eating fewer meals a day are some of the first impacts of higher food prices, both in developed and in developing countries. In the Republic of Kosovo, the urban poor are particularly affected by the rising cost of grains because the region relies a great deal on the import of food products. Since the 1990s, the agricultural sector has not seen signs of innovation. Unemployment in some communities of Pristina is close to 80 percent, and the number of reports of child labour has gone up. Traditionally, the people of Kosovo live on bread and other corn products; thus, fluctuations in the price of wheat are having an immense impact on their purchasing power as some of the poorest families try to survive on 35 € a month in a community where a loaf of bread costs 0.5 €[4]. As a result, malnutrition among children is rising, and a large part of the poorest population has not been able to maintain its livelihood.

The box below shows the bare realities for a working poor family forced to cut more than half of its daily spending on foodstuffs due to high prices in 2008:

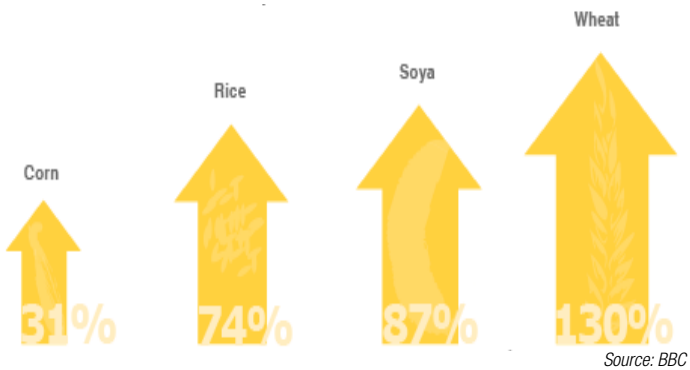
The effect of price rise for a five-person household living on one dollar-a-day per person in Bangladesh:

They spend their $ 5…
$ 3.00 on food
$ 0.50 on household energy
$ 1.50 on non-foods

A 50 % increase in food and fuel prices requires a cut back of $ 1.75 on expenditures.
Cut backs will be mostly on food items, resulting in:
Reduced diet quality
Increased malnutrition
Delay in wage rate adjustments

Adapted from: Joachim von Braun, IFPRI, August 2007

Price rises in one year, March 2007 – March 2008



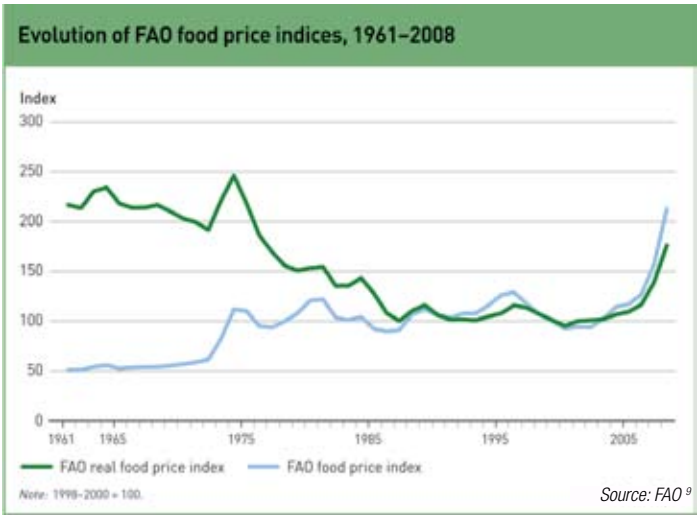
Source: BBC

The price of basic foodstuffs, such as wheat, rose more than 130 % percent in one year, while the prices of rice more than doubled - affecting the poor in the developing countries the most, as they are net consumers of food staples.

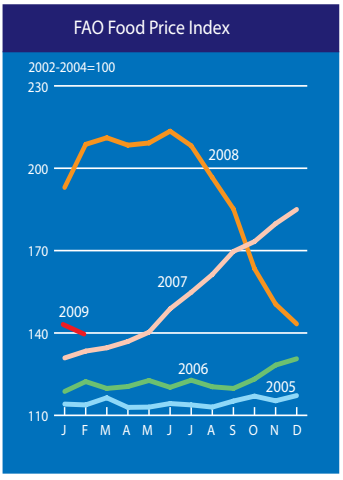
Medium-term projections from FAO indicate that food prices in 2009 may fall but will still remain well-above their pre-2004 level in the coming years.

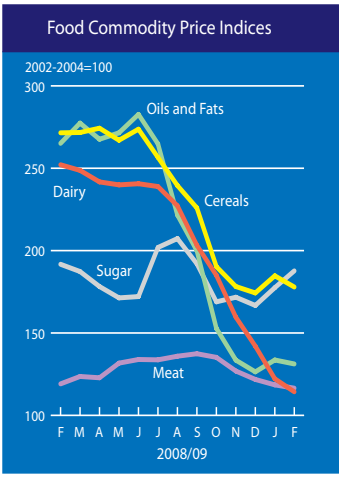
In the industrialised countries, the impact of rising prices has also been felt by consumers. The prices of goods like milk, meat, vegetables and bread climbed 4 percent in 2007, the biggest annual increase since 1990 and according to the U.S. Department of Agriculture, prices are probably going to have risen by 4.5 percent to 5.5 percent throughout 2008[5]. Some families and workers across North America have had to turn to growing corn, potatoes and fruit from their own backyards. Other less fortunate Americans cut back on the more expensive salads and other healthy vegetables, turning to cheaper food loaded with sugar or fat[6] – in the end endangering their health. The same tendency emerged in Britain where consumers are leaving behind their ethical and health-conscious customs in the supermarket by abandoning organic food products and shifting to cheaper budget solutions, as a way of saving on their household budget[7].

Not since the 1970s and the international oil crisis have food prices across the globe been this elevated, as the FAO graph illustrates. The shock of high prices began already in 2006, and agricultural commodity prices continued to rise until mid-2008. Medium-term projections from FAO indicate that food prices in 2009 may fall but will still remain well-above their pre-2004 level in the coming years[8].



Across the world, the cost of living has gone up: workers have been facing higher prices on everyday expenses such as gasoline, electricity and food and because of turbulent times in the economy, workers are afraid to ask for an increase in wages, fearing that they will be out of a job if they start making demands. The US trade union centre, AFL-CIO, is not convinced that real wages (i.e., adjusted for inflation) will increase[10]. In times of soaring food and fuel prices, workers are not counting on earning more, but instead expecting a decrease in their living standards.





The tables indicate the immense price volatility we have been witnessing since 2007. The prices of cereals, oils and fats increased by nearly 100 % when the food price index was at its highest in June 2008, reaching a total of 219 points.

Even though food prices have been on the retreat, the index is still 20 percent higher than that of December 2006, and agricultural commodity prices are expected to remain highly volatile in 2009.

2.2 CHILDREN ARE THE FIRST TO FEEL THE IMPACT

Unfortunately, in many developing countries, the effect of the global rise in food prices can be measured, not only by a decline in purchasing power, but also by the number of children having to leave school to help their families make a living. If a family has to manage without adequate levels of food and perhaps unable to care for the whole household, then extra hands are needed, and that includes the hands of children as well. Surviving on a day-to-day basis becomes more crucial for the poor in developing countries than ensuring education for their children, even though education provides the means to combat poverty.

Facts about child labour:

- 218 million child labourers aged 5-17 years according to the ILO
- 69 percent of working children are employed in agriculture compared with 9 percent in industry
- 122 million child labourers in the Asia-Pacific region; 49.3 million in sub-Saharan Africa and 5.7 million in Latin America and the Caribbean

The food crisis has already cost consumers in developing countries about US$ 680 billion in extra spending in 2008 and made an additional 130-155 million people poor.

Without proper nutrition, children risk malnutrition and can be damaged for life. Hunger and severe malnutrition can cause permanent negative effects on children's physical and cognitive growth, from which they never recover. UNICEF estimates that poverty is the major contributing factor that keeps children out of primary school – the majority of them being girls[11]. And because poverty has been on the rise, the outlook for children is grim. The most recent World Bank report on Global Economic Prospects reveals that the food crisis has already cost consumers in developing countries about US$ 680 billion in extra spending in 2008 and made an additional 130-155 million people poor[12].

Child labour can be defined as work that deprives children of their childhood and that can be harmful to their physical and mental development[13]. Child labour exists in many forms; it can be domestic work, agricultural work, work in industries, forced labour or work in small-scale, unprotected economic activities. It is crucial to eliminate any form of child labour that interferes with children's schooling, deprives them of attending classes or obliges them to leave school prematurely because in the end, it violates children's fundamental rights. In the longer run, both the individual and society benefit if children are educated rather than work for a poor salary during their childhood. Combating child labour can be difficult, but trade unions are committed to fight for the right to education as a way out of poverty.

Indeed, recent figures from the ILO have shown an 11 percent decrease in the number of working children in the age 5-17 between 2000 and 2004[14]. But with food prices skyrocketing, especially on basic foodstuffs, the progress achieved so far might be in danger of a major setback. The food crisis has undoubtedly exacerbated child labour. Children living in rural areas already attend school less than their counterparts in urban areas; the reasons are those of higher poverty density and a more limited educational infrastructure[15]. As explained earlier, the high prices on food affect developing countries the most. In the developing countries, most poor urban and rural households are

net buyers of food, and when spending 50-70 percent of their budget to feed the family, a price rise of 30-50 percent on food staples leaves very little room for manoeuvre. A raise in income is needed if a family wishes to avoid going hungry by the end of the day or sending their children to work.

The simplest way to keep children in school is by offering a free meal a day – it combats malnutrition and has proven to be one of the best ways to ensure education for poor children[16]. "One meal a day" or school feeding works as an incentive to persuade extremely poor parents to send their children to school in developing countries. The children receive free education and a decent meal, and the family have one less mouth to feed during the day – the bonus being a way out of poverty and into decent work. However, when there are not enough hands to feed the whole family, unfortunately the choice seems clear to many living in extreme poverty: get the children to work, often under hazardous conditions, in order to clothe and feed the entire family. Adding to the problem is the fact that some governments in developing countries can no longer afford to provide "one meal a day" cost-free because of the spike in food prices.

Ethiopia

According to UNICEF, the working and living conditions of the population in Ethiopia have been exacerbated by recent droughts and increases in food prices. Some of the poorest families are forced to send their children away from home to find work because they do not have enough money to feed them. This is an intolerable situation for children everywhere. It has been estimated that globally 900,000 people, including 325,000 children in Ethiopia, are in urgent need of food aid assistance.

The UN World Food Programme (WFP), initiator of school feeding programmes, is highly dependent on food aid contributions from governments. And with the financial and economic crisis looming in the background, industrialised countries may cut back on development commitments in the future. If the WFP's budget remains the same in the coming year, there will inevitably be less food to distribute due to the enormous increase in the price of rice and grain[17]. In fact, soaring food prices have been the reason for having to suspend school feeding to 450,000 Cambodian children unless additional funding is found[18]. Imminent food aid has become a priority in regions where famine and humanitarian crisis are looming. Without a free meal a day in school, because prices on staple food are up, the incentive to poor working parents in developing countries of keeping children in school has disappeared. In sub-Saharan Africa, the first to drop out of school are the girls; either because their families cannot afford to pay tuition fees or because the girls are needed to help out in the household.

Both UNESCO and UNICEF have warned that the world food crisis poses a threat to education in Africa and that families may stop sending their children to school and put them to work instead[19]. It is still too early to have official statistics measuring the actual figures of drop-outs from schools due to the food crisis. But clearly the soaring food prices that immobilise parents' ability to pay for school tuition, several meals a day and to provide for their families are generating a surge in the number of child labourers. Added to this, poorly paid teachers are themselves hit hard by high food prices. This affects their work and contributes to the weakening of education.

2.3 A NEW FACE OF HUNGER

According to the World Food Programme (WFP), we are witnessing a radical shift in the nature of hunger: "It's not a matter of availability, as we would see in a drought-like situation. It's about accessibility and it's especially impacting populations who are reliant on the markets."[20] In some parts of the world, it is rarely a shortage of food but rather a decline in purchasing power that is

causing hunger. The food is there, but people cannot afford to pay for it. Neither can the WFP, even though it needs to feed more people than only a year ago.

Burma

As if cyclone Nargis did not cause enough damage and havoc after its catastrophic course across Burma in the spring of 2008. Now the survivors of the cyclone are facing another severe blow – prices on rice have gone up by 100%, 66% on meat and 40% price rise on chickens.

Many of the most affected groups are the rural and urban poor and small-scale farmers in Africa, Asia and Latin-America. Josette Sheeran, the executive director of the WFP, has warned that the crisis is quite different to anything the world has ever witnessed before. Demands for food aid are taking place in many different countries simultaneously, in regions not usually hit by famines, she explains. And the crisis hits differently depending on income. For people living on an average income, soaring food prices can require cutting back on medical care and pension savings; for those living on 2 US$ a day, it means less meat and having to take their children out of school; and for those living on less than 1 US$ a day, the rise in food prices means having to live without meat and vegetables, only getting by on cereals. And for the extremely poor, making a living on less than 50 cents a day, this is a disaster[21]. If the developing countries had continued to stay net exporters of food, they could have benefited from the higher food prices. But a part of the explanation to this crisis is that international trade liberalisation has transformed many of their economies from net exporters to net importers of food. For this, the developing countries are now paying a high price.

In its recently revised assessment of the number of people living in extreme poverty, the World Bank estimates that one in four people in developing countries versus one in six under previous calculations is driven into poverty[22]. These estimates were made before the food price surge that is now to blame for driving an additional 130-155 million people into poverty[23]. The increase of the number of poor people around the globe is a clear indication that the impact of the soaring food prices has left the world with more mouths to feed – 1.4 billion people living on less than 1.25 US$ a day. As Global Unions pointed out in a statement to the International Financial Institutions at their annual meeting in Washington in October 2008, emergency food aid has not yet reached all countries that are in desperate need of help[24]. The World Bank granted emergency assistance or support to fifteen countries and the IMF to twelve; however, a total of 72 countries have been severely weakened by the escalating food and fuel prices in 2008. The amount of assistance has been on an average of US$ 9 million per country from the World Bank and loan augmentations from the IMF on US$ 19 million per country over a three year period, which is hardly enough for many governments to cope with the impact of the crisis on their citizens.

Drought is worsening an already grim situation

Of course the current situation is not solely about access; in many countries, it is about inadequate availability as well caused by crop failures, conflicts and high prices. The drought across large parts of the Horn of Africa (comprised of seven countries: Djibouti, Eritrea, Ethiopia, Kenya, Somalia, Sudan and Uganda) is estimated to be driving an entire population close to starvation. Recent figures from the WFP and the FAO estimate that 17.5 million people in the region are in need of emergency food aid[25]. Virtually no rain has fallen in the region in 2008, and farmers whose crops depend solely on water are on the brink of disaster.

Normally, the rain allows for two crop planting seasons: one from February to April and the other from August to November. However, successive failures of seasonal rain now endanger the livelihood of millions of African small-scale farmers. Simultaneously, they are faced with soaring food prices that deprive them of coming up with cash to buy alternative seeds, water or fertilizer.

Is history repeating itself?

In 1984-85, famine in Ethiopia claimed the lives of one million people. The humanitarian crisis spiraled out of hand because of severe drought, civil war and slow aid assistance from donor governments.
Will the same region in African be this severely affected by the soaring food prices? Hopefully not, but humanitarian aid is required for millions of people. The land is drier than ever, and donor agencies are in need of financial support to acquire enough food, at higher prices, for the starving.

In Ethiopia, 12 million people are affected by the drought, causing the humanitarian crisis to escalate rapidly. There are reports of acute food insecurity and accelerating rates of malnutrition due to a decrease in crop production. For a poor Ethiopian receiving a monthly cash grant of 30 Ethiopian birr (roughly 2 €) supplied by the WFP, going to the local market to buy food supplies can be a disappointing experience. According to the WFP, a quintal (i.e., 100 kg) of maize that cost 150 birr (11 €) in 2007 now costs 600 birr (44 €)[26]. But not only are people able to buy less food for their money; the WFP and the Ethiopian government have also been forced to cut the monthly rations to food beneficiaries of cereal from 15 kilos to 10 kilos as a result of high prices. The situation in the other countries in East Africa is not significantly better. In Somalia for instance, the food situation is severe after three consecutive poor crops, exacerbated by conflict and hyperinflation. Recent estimates say that the number in need of humanitarian assistance has increased by 77 percent since January 2008; that is 3.5 million people or almost half of the country's population[27].

The question of food security must be seriously addressed by governments and aid organisations. Families and workers everywhere need proper access to food on a regular basis. For them to be food-secure means availability of food close to home to all members of the household at a year-round basis. If farmers, workers or poor families cannot grow or afford the quantity, quality and variety of food needed to avoid diseases and malnutrition, this can be characterised as food 'insecurity'. In fact, the number of food-insecure people in Sub-Saharan Africa has increased by more than 26 percent since the early 1990s[28]. The world community, world leaders, NGOs and trade unions, must advocate for the right to food to be recognised as a basic human right, to prevent this crisis from repeating itself in the future.

2.4 RIOTS AND TURMOIL DUE TO RISING PRICES

The stories of riots, demonstrations and deaths from more than 30 countries because of elevated food prices filled the media for a large part of 2008[29]. It was a clear signal of desperation – a cry for help from thousands of poor, landless and often female-headed households.

Panama

In August 2008 a strike was initiated by the trade union movement to claim back the right to a decent life and as a protest against the neo-liberal politics of the government. Inflation hit 9.6 % in July 2008, making it difficult for the average worker to afford basic food staples and health care.

In Haiti, social unrest and riots enveloped the streets of Port-au-Prince in Haiti in April 2008. Six people died during the chaos and the prime minister, Jacques-Edouard Alexis, was dismissed by the Haitian parliament – all because of the rise in global food prices. How did desperation come so far? Approximately two-thirds of Haitians have to survive on less than half a dollar a day, and roughly fifty percent are undernourished[30]. The country relies almost completely on food imports, thus weakening it to food price fluctuations. Although thirty years ago, Haiti was practically self-sufficient in rice[31]; now its domestic agriculture

is virtually non-existent, and deforestation and degrading of soil have become widespread caused by climate changes and extreme weather occurrences, such as hurricanes and subsequent flooding. Rural farmers are driven towards urban areas and the slums since the land can no longer feed its workers. Children are forced to leave school because their families, making a living as subsistence farmers, cannot afford to feed them let alone pay the school fees. The harsh reality in Port-au-Prince is that people are living on "mud-cakes" to fill their empty stomachs – "mud-cakes" being a combination of mud clay and water, far from constituting a nutritious diet[32].

In the spring of 2008, riots and strikes erupted in Egypt. The cause of trouble was subsidised bread. About 50 million poor Egyptians are dependent on cheap bread, and when demand rose as wheat prices increased sharply, the state was unable to provide for the poor. Violence and disputes broke out in front of bakeries, and the police were called in to calm the protesters – but approximately 100 people were injured. To further ease the tension, the government actually issued a 30 percent rise in salaries for all public sector workers from July 2008, only to announce a 35 percent increase in the price of foodstuffs a few days later[33].

The fact that prices of food commodities such as grain, rice, wheat and corn have risen extremely fast during the course of 2007-2008 represents an immense challenge to world leaders. Food security must be provided for all, regardless of demography or income. The massive demonstrations, social unrest and riots across the globe are clear signs of protest and must be taken seriously. Some trade unions are exercising their right to freedom of association to express their discontent with the soaring food prices which make it hard to provide for their families because of the stagnation of wage levels. But all too often, workers' rights are violated and they are not allowed to protest against low wages and high prices.

2.5 TRADE UNION ACTIONS TO TACKLE THE FOOD CRISIS

Workers across the globe have been forced to take difficult decisions, whether it concerns cutting back on nutrition, making ends meet or deciding if they can afford health care and put their children to school. Many have exercised their freedom of expression and their right to assemble through their trade unions – a much needed call for action.

There has been no shortage of accounts of demonstrations, strikes and actions from workers and their unions across the globe. The world map (see page 26-27) illustrates the actions carried out by trade unions to confront governments and policy-makers with the harsh realities of trying to making ends meet while coping with soaring food prices.

Actions by African trade unions

The situation for workers in Burkina Faso has been particularly severe and a three-day strike in May 2008 to protest against "a life too expensive" was initiated among public and private employees, teachers, students and merchants. Recently, trade unions protested strongly against a new government-issued

The Ivory Coast

A 48-hour general strike was initiated on 17-18 July 2008 by UGTCI (Union Générale des Travailleurs de Côte d'Ivoire), comprising more than 20,000 workers, to protest against recent rises in food and oil prices, and to demand higher salaries and lower prices of oil and basic food staples. The government has failed to address this issue seriously, even though in earlier protests in April 2007, one person was killed in demonstrations and more than ten injured.

Senegal

The Confédération Nationale des Travailleurs du Sénégal (CNTS) reports that some strikes and demonstrations against the high food prices turned to riots, and that police used tear gas against people in the streets. An estimated 130,000 workers participated in a strike in May 2008 wherein the unions (CNTS, CSA, UDTS and UTS) demanded that salaries be increased, that the price of basic goods be reduced and that the retirement age in the private sector be increased from 55 to 60 years of age. The CNTS has tried to negotiate with authorities but so far, prices on basic food staples have not been lowered.

Niger

The Union des Syndicats des Travailleurs du Niger (USTN) has since 2005 tried to call upon its government to make them aware of the growing tendencies towards "a more expensive livelihood". Sixty-three percent of the population of Niger is living in extreme poverty, and the USTN demands that immediate action be taken by governments and the international community to prevent an unparalleled catastrophe.

increase in the price of fuels. In one week, the price of petrol in the capital Ouagadougou went from 1.02 € (670 CFA) to 1.10 € (720 CFA), an actual rise of 7.46 percent whereas the price of gas oil rose from 0.92 € (603 CFA) to 1.06 € (695 CFA), a 15.26 percent rise[34]. This combined with the excessive rise in the price of basic food stuffs means that workers' purchasing power has been highly diminished because no increase in wages has followed. To counteract the government actions, trade unions in Burkina Faso and other countries formed the National Coalition against an Expensive Life[35] asking for higher salaries, lower taxes and lower prices. So far, the government has suspended all customs duties on imports of food staples of large consumption, and the value added tax on certain locally produced goods has been removed[36]. Nevertheless, the social situation remains intolerable, the unions contend, and they believe that the government of Burkina Faso has not responded to the crisis in a satisfactory manner. The trade union movement hopes to see better results and working conditions for its members in upcoming negotiations between the government and trade unions. In the meantime, the trade unions are standing by if more demonstrations are called for[37].

South Africa experienced massive strikes organised by COSATU[38] (Congress of South African Trade Unions) on 6 August 2008 to display their discontent with the rises in the cost of food and fuel. Thousands of people filled the streets of Pretoria (as well as in 17 other cities). The demonstrations resulted from soaring prices of food, fuel and electricity, severely affecting the 43 percent of the population living below the poverty line. During the period of May 2007 to May 2008, food prices in South Africa increased overall by 16.8 percent and fuel prices by 35.6 percent while earnings per capita increased by 12 percent[39].

Photo: Miriam Mannak

The Zambian Congress of Trade Unions (ZCTU) has called upon their government to ensure food security, and for it to live up to its previous promise of promoting the agricultural sector further by delivering fertilizer on time for the many who depend on the state-funded programme. Zambian workers are suffering because the Structural Adjustment Programmes of the IMF and the World Bank have led to reduced social spending, decline in real wages and massive job losses that are now felt widely among the 80 percent of the population living in conditions of absolute poverty[40]. The ZCTU believes that both the government and civil society at large must collaborate in their efforts to eradicate poverty, ensure food security and sustainable agricultural growth.

To the trade unions of Benin[41] and its workers, the country's inflation is out of proportion. In July 2008, they went on strike to display their dissatisfaction

with the lack of will of the government to cope with workers' loss of purchasing power. In August 2008, thousands of workers from the private and public sector demonstrated in front of the Ministry of Economics and Finances in Cotonou demanding solutions to cope with the soaring prices of basic food staples, for instance the freezing of prices, and an increase in wages to ensure a decent life.

The situation in Mauritania has been chaotic since the coup d'état in August 2008. For workers there, poverty has grown and high prices on food staples are still reducing the livelihood of thousands. Trade union rallies to demonstrate against the deteriorating situation in the country and to express concern with the growing inequalities in the country were repressed by the military forces behind the coup[42].

In Zimbabwe, the prices of basic commodities have escalated to unprecedented heights. The Zimbabwe Congress of Trade Unions (ZCTU) has reported that salaries of the working people cannot keep up with the pace at which the prices of food staples and transport have been rising, and said the prices of basic commodities must return to a decent level for everyone[43].

Hardships in Asia and the Middle East

Workers in Asia have also been hit by the escalating prices of food. The Japanese trade union confederation, RENGO, is urging its government to take action against the steep prices on commodities by adopting emergency economic measures. Poor households should qualify for an income tax reduction to mitigate the fall of real income, and the "temporarily" raised tax rate for gasoline should be abolished. On a more long-term basis, RENGO proposes that the Japanese government envisage energy- and resource-saving measures to reduce the consumption of goods such as oil. Local production of agricultural products should be enhanced to improve the food self-sufficiency rate in Japan[44]. RENGO held a demonstration against the high prices of food in Tokyo in August 2008.

Demonstrations against surging inflation took place in July 2008 in Lahore, Pakistan. Trade unionists from WAPDA Hydro-Electric Central Labour Union have been demanding higher pay to cope with the higher prices of food and energy. Union leaders have asked that prices of essential commodities be controlled and that allowances be provided to the many people close to starvation. The Pakistan Workers Federation (PWF) voiced their discontent with the Pakistani government's lack of will to freeze the cost of basic food stuffs at 'Protest Day' across the country 6 August 2008.

Iraq

The Federation of Workers' Councils and Unions in Iraq have protested against the Ministry of Finance's reduction in salaries of workers employed in the public sector. Such a reduction in an already low income will severely worsen the conditions of workers and their families.

Pakistani workers protesting against high food prices, August 2008 (Photo: PWF www.pwf.org.pk)

The Confederation of Mongolian Trade Union (CMTU) reports that a significant deterioration in workers' living conditions is the result of the food and fuel price surge. During August 2008, prices on oil and fuel increased by 36 percent, the price of electricity by 7-11 percent, heating by 39 percent, meat by 27 percent and rice by 46.3 percent. For an average low and medium-income worker in Mongolia, making ends meet has become difficult because increases in salaries have not followed.

Workers from the Malaysian Trades Union Congress (MTUC) have also felt the impact of the recent rise in food and fuel prices. To counteract businesses that raise prices on essential food items without justification, the MTUC collaborated with NGOs and consumer organisations in a campaign asking workers to stay away from such businesses, handing out 30,000 leaflets. A dialogue has been initiated with the Malaysian government, asking them to monitor the prices of essential goods and to raise the living standards of those workers earning below the poverty line.

The entire population in Sri Lanka have been affected by the increase of prices. For an average worker, already struggling to make ends meet, the burden of additional costs of food items has been devastating to the household economy. The price of rice (the staple food of the majority of the population) has gone up from an average of 0.23 € (35 Sri Lanka rupees) to 0.60 € (90 SLR). The increase in oil prices over the summer of 2008 sent the price of a litre of fuel up from 0.66 € (100 SLR) in 2007 to the current price of 1.04 € (157 SLR). The price of milk powder has almost doubled in one year; a 400 gram packet cost 1.29 € (195 SLR) in 2007 whereas the price in 2008 is 1.96 € (295 SLR).

The General Federation of Jordanian Trade Unions (GFJTU) has launched a campaign to improve the everyday life of all workers in Jordan. The campaign

Barbados

The Barbados Workers' Union has urged its government through the Congress of Trade Unions and Staff Associations of Barbados (CTUSAB) to invest more in agriculture, to halt the removal of land from agriculture and to support food production, thereby ensuring food security. Furthermore, the unions have recommended an increase in the reverse tax credit designed to assist persons earning less than 15,000 Barbadian dollars per year. The government of Barbados has listened to the trade unions and included some of the above measures in its budgetary proposal for 2009.

is aiming towards a review of the wage scale to reflect recent inflation and to raise the minimum wage for all workers and migrant workers. The large majority of the work force has been affected by rising prices of food and fuel, and therefore the GFJTU is demanding that social regulation at the national level commence to ensure adequate food supply and decent wages for all.

Belgium

The Belgian trade unions (FGTB, CGSLB and CSC) jointly protested in June and October 2008 against a loss in workers' purchasing power by uniting hundreds of thousands of protesters across the country. Trade unions are fighting a rise in price of foodstuffs by almost 8 %, a 20 % increase in electricity prices and a 50 % rise in the price of natural gas.

The impact of high prices felt in Europe

Workers from Eastern European countries are also feeling the impact of soaring food prices, especially in Russia where prices on basic foodstuffs increased by 19.6 percent in the first five months of 2008, as estimated by the Federation of Independent Trade Unions of Russia. This development made it difficult for the poorest part of the Russian population to survive on a day-to-day basis because they spend 60-70 percent of their income on food.

In Ukraine, the Federation of Trade Unions have warned about the continued rise in prices of basic necessities, such as bread, milk, eggs, butter, fruit and vegetables, as well as public transportation, which has resulted in high inflation and a decrease in purchasing power. The Federation of Trade Unions in Ukraine has proposed an effective set of anti-inflation measures to strengthen social protection of the poorest workers to the parliament.

2.6 A THREAT TO THE MILLENNIUM DEVELOPMENT GOALS

The Millennium Development Goals (MDGs) were agreed upon by heads of state and government in September 2000 at the United Nations Millennium Summit. They are a range of time-bound targets set to combat poverty, illiteracy, diseases and environmental degradation among others by 2015. Since the MDGs were set, potential progress has been measured by the UN, and some advance has been made. According to the Millennium Development Goals Report 2007, the proportion of people worldwide living on the equivalent of a dollar a day has dropped from 32 percent (1.25 billion in 1990) to 19 percent (980 million in 2004), but that number is estimated to have increased by at least 100 million people in 2008 because of higher food prices[45]. Nevertheless, more children in developing countries are attending school; in fact, enrolment in primary education rose from 80 percent in 1991 to 88 percent in 2005[46].

Millennium Development Goals

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV/AIDS, malaria and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

However, the progress reached towards the MDGs in the last seven years is now threatened by the global food crisis[47]. Maternal health and child mortality rates will probably increase due to a lack of basic foodstuffs. Families will fail to send their children to school due to a cancellation of school meals, and the poverty rate in developing countries stands to rise again because people are spending a larger proportion of their income on food to survive. According to the Millennium Development Goals Report 2008, it is unlikely that the proportion of people in sub-Saharan Africa living on less than US$ 1 per day will be reduced by the target of one-half in time.

2.7 WOMEN AS CENTRAL ACTORS IN THE FOOD CRISIS

It is essential to promote gender equality and empower women for the food crisis situation to be turned around.

Two of the eight MDGs are strictly aimed at women, and in many parts of the world, women are not only responsible for household welfare but also small-scale agricultural production. It is evident that women are a part of the search for food security given the fact that "70 percent of economically active women in low-income, food-deficit counties are employed in the agricultural sector and play a pivotal role in growing, processing, and preparing food"[48].

In fact, estimates say that rural women produce more than half of the food grown worldwide. It is essential to promote gender equality and empower women for the food crisis situation to be turned around. Yet most women are not even allowed to own their own land even though they are the active growers of crops in many regions. A co-publication of the World Bank and the Organisation for Economic Co-operation and Development from 2008 estimates that land ownership is heavily tilted towards men; in some Latin American countries, 70-90 percent of farmland is exclusively owned by men, and the same scenario is visible in Sub-Saharan Africa[49], even though women produce and process up to 80 percent of foodstuffs in African countries while in South Asia and South-East Asia they account for 60 percent of food production[50].

The WFP targets women in both emergency and development projects because women are seen as central to finding the solution to reducing hunger and poverty[51]. A main factor in achieving this is education. It is not only a matter of equality; increased education for women would in fact increase farm yields substantially, heighten productivity and in the longer run contribute to ensuring world food security. However, in rural regions where hunger and malnutrition are most widespread, girls' and women's access to education is still very limited, partly because they are more likely than men to work and partly because of poor infrastructure, according to the ILO.

Africa:
Benin
Burkina Faso
Burundi
Central African Republic
Chad
Congo
Democratic Republic of Congo
Eritrea
Ethiopia
Guinea
Guinea-Bissau
Ivory Coast
Kenya
Lesotho
Liberia
Mauritania
Niger
Nigeria
Senegal
Sierra Leone
Somalia
South Africa
Sudan
Swaziland
Uganda
Zambia
Zimbabwe

Middle East:
Afghanistan
Egypt
Iraq
Iran
Jordan

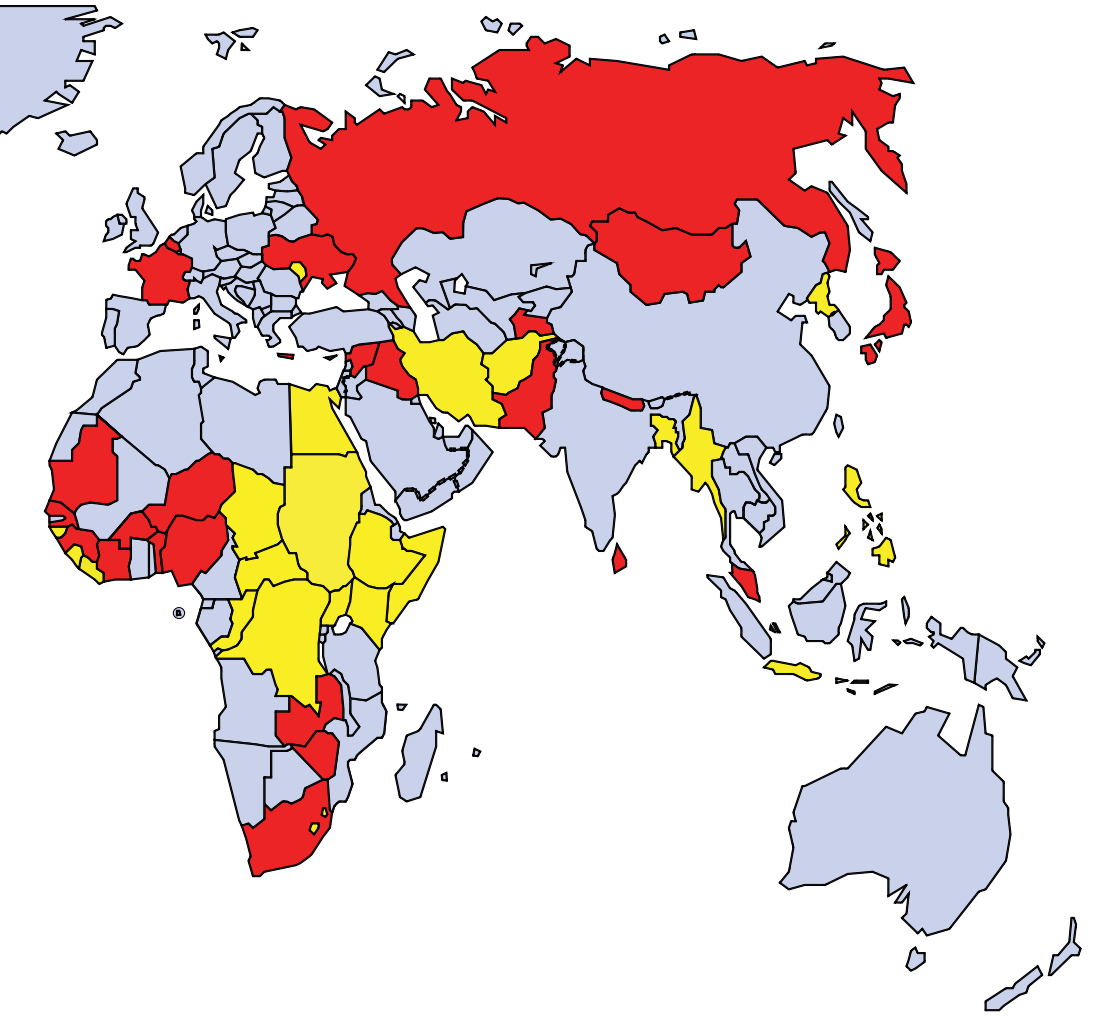
Asia:
Bangladesh
Burma / Myanmar
East-Timor
Japan
Malaysia
Mongolia
Nepal
People's Rep. of Korea
Pakistan
Philippines
Sri Lanka
Tajikistan

Americas:
Barbados
Bolivia
Cuba
Dominican Republic
Haiti
Mexico
Panama

Europe:
Belgium
Cyprus
France
Moldavia
Russia
Ukraine

World map of countries a

ffected by the food crisis



Red: demonstrations and actions carried out by trade unions to tackle the food crisis
Yellow: countries where the food crisis persist

Source: FAO and ITUC affiliates

Chapter 3 - Addressing the root causes of the food crisis

Millions of people going hungry across the globe is not a new phenomenon, but the numbers of people impacted by the latest food price crisis has been higher than ever before. This chapter seeks to explain the factors behind exorbitantly high prices of food, fuel and electricity. After all, none of the actual producers seem to have benefited from high food prices, neither workers on the land nor small-scale farmers. This contrasts markedly with the situation at the beginning of the 1980s when prices of food commodities fell drastically. The oversupply of agricultural commodities at that time brought about significant losses in income for those producing the food. So why are agricultural workers not benefiting from higher prices of agricultural commodities today? This chapter looks into that question, with successive sections examining the international policies that are to blame for high prices; how speculation has driven up prices of agricultural commodities; the dominance of agrofood multinationals and the failure to promote small-scale farming; and the issues pertaining to the world's growing population, climate change and biofuels production.

3.1 THE ROLE OF THE INTERNATIONAL FINANCIAL INSTITUTIONS

The World Bank and the International Monetary Fund (IMF) are two of the most influential players on the world scene in terms of economic policy. Their strategies affect people all over the globe, and their response to the food crisis will be pivotal, both in the short and long run. Yet the more one analyses the food crisis, the more it becomes evident that in fact these Washington-based international financial institutions (IFIs) bear much of the responsibility for causing it. This section considers the role of the World Bank and the IMF in neglecting the development of agriculture since the 1980s, particularly in Africa, and how that contributed to the world food crisis today.

3.1.1 The International Monetary Fund's role

On paper, the work of the IMF might appear somewhat remote from the agricultural sector. The IMF's task is providing loans to countries experiencing balance of payments problems; such financial assistance can enable countries to stabilise their currencies and continue to pay for imports as well as service their debts. Since the debt crisis of the 1980s, the IMF has had a major role in issuing emergency loan packages to developing countries accompanied by the implementation of Structural Adjustment Programmes including rigid IMF conditions that the countries have to follow in order to qualify for loans. However, one thing that separates the IMF from a conventional credit institution is interference in how countries run their economies. In order to ensure debt repayment, the IMF can force governments to privatise public services, cut social programmes or demand the elimination of food and transportation subsidies[52]. The borrowing country in question may not be able to develop a strong domestic economy because it has to obey the in-depth repayment prescriptions outlined by the IMF.

In the context of agriculture, the IMF has required governments to get their farmers to shift from food production for local consumption to the production of export crops to help the country pay off its debt. Other IMF policies over the past three decades have included support for market mechanisms in place of regulation, the privatisation of public agricultural companies and the liberalisation of imports to the detriment of domestic production. The World Bank has frequently made its own loans subject to approval of a loan from the IMF, hence multiplying greatly the pressure on governments to comply.

The neglect of domestic agriculture and the opening of borders to international markets have been devastating to some of the developing countries that have felt the impact of the food price crisis the hardest. The Philippines – once self-sufficient in rice – has now become a net-importer of rice due to the elimination of government incentives and subsidies; Cameroon removed its support to the rice sector in 1994 because of IMF and World Bank policies, and between 1999-2004 the country's annual rice imports more than doubled from 152,000 tonnes to 301,000 tonnes; finally, rice import surges in Nepal rose from 24,500 tonnes in 1999 to 195,000 tonnes in 2000[53]. The examples are numerous and go to show that the policies pursued by the IFIs have harmed domestic food security in developing countries.

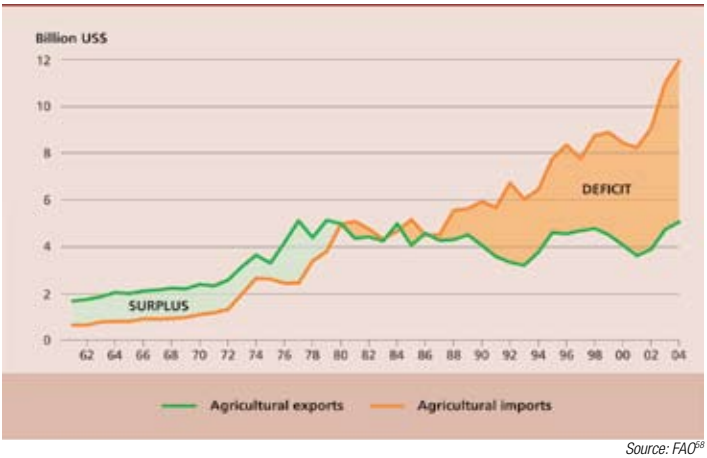
The neglect of domestic agriculture and the opening of borders to international markets have been devastating to some of the developing countries that have felt the impact of the food price crisis the hardest.

As a response to soaring food prices, the IMF has revised its short-term emergency financing for low-income countries (known as the Exogenous Shock Facility) to better assist them in coping with events such as commodity price changes, including oil price rises[54]. However, the ITUC and many NGOs have expressed concern that the 'new' Exogenous Shock Facility still comes with many strings attached[55]. In fact, the modification of the shock facility provides little new and it continues to be accompanied by policy conditionality. The IMF should allow countries leniency in how they wish to decide upon their own subsidies, trade policies and social safety nets[56]. In place of favouring liberalisation and fiscal austerity, the ITUC has argued that the IMF should limit its requirements to the bare minimum to ensure that old policy mistakes are not repeated.

3.1.2 A shift from exports to imports

Food imports by developing countries grew by 115 percent between 1970 and 2001. This development transformed their combined food trade surplus of US$ 1 billion into a deficit of US$ 11 billion. One study shows that tariff cuts in rice imports enforced by bilateral trade deals and loan conditionality from the IMF and the World Bank have changed many once self-sufficient rice-producing countries into net rice importers[57]. The population does not benefit from being dependent on imported rice when prices skyrocket, such as from March 2007 to March 2008, when the price of rice increased by 74 percent. This is particularly serious because rice is the staple diet for nearly half of the world's population.

Agricultural trade balance of least-developed countries



Source: FAO[58]

The above graph of agricultural trade balances of least-developed countries clearly illustrates what UNCTAD has also concluded when comparing the food import bills of developing countries between 2002-2003 and 2007-2008. Over that period the amount Africa spent on imports increased from US$ 6.5 billion to US$ 14.6 billion; in Asia import spending went from US$ 7.0 billion to US$ 15.4 billion, and in Latin American and Caribbean countries, spending increased from US$ 0.3 billion to US$ 0.7 billion[59].

In the name of deregulation and liberalisation, countries have had to dismantle government-run grain buffer stocks which could have played an important role in alleviating current food shortages.

It is significant that the trade surplus in the least-developed countries only lasted until the beginning of the 1980s, around the time when the IMF and the World Bank began implementing structural adjustment programmes in many of those countries. Since then, their trade deficits have kept on growing and growing.

3.1.3 Misfit development policies – how domestic food crops are turned into export cash crops

During the time of colonisation, many African countries were more than self-sufficient; in fact, they were net exporters of food. Nowadays, the African continent imports 25 percent of its food. The reasons for the vastly underdeveloped state of the agricultural sector, now in a state of crisis, are many and include environmental emergencies such as drought or flooding that are now causing hunger and famine on a more recurrent basis. However, part of the explanation is that the IMF and the World Bank for the last twenty to thirty years have phased out government controls as part of their structural adjustment programmes. In the name of deregulation and liberalisation, countries have had to dismantle government-run grain buffer stocks which could have played an important role in alleviating current food shortages. The IFIs' policies that favour agrofood multinationals and other exporters by "opening up markets" neglect to strengthen domestic agricultural production. Instead, specific economic policy conditions encourage developing countries to shift to export crops rather than building production for their own domestic markets. Public investments in the

agricultural sector were neglected for many years; the world is now paying a high price.

These developments have undoubtedly contributed to the scarcity of basic foodstuffs for domestic consumption. The fact of the matter is that the disappearance of grain buffer stocks has left many developing countries without a possibility to feed the hungry[60]. Thereby, the IMF and the World Bank share the blame for not having ensured enough food availability to feed the hungry across the globe. Many of the countries affected are now considering re-establishing grain buffer stocks to protect their citizens against shortages and sudden price fluctuations.

3.1.4 Uproar against the IMF and the World Bank's unfair policies

In 2007, demonstrations against a 60-percent increase in the price of tortillas rallied 75,000 people to the streets in Mexico, among them large numbers of trade unionists and farmers[61]. In a country where the staple food of the majority of the population is the tortilla, skyrocketing prices caused disorder among the working-poor population living on a median income of U$4 per day. Finally, the Mexican president struck a "gentleman's agreement" with major tortilla makers and corn-flour processors to hold tortilla prices to about 78 cents per kilogram. The companies taking part in this agreement were Archer Daniels Midland (the leading ethanol maker in the US and world's biggest grain buyer) and Cargill (the international agrobusiness giant), in the end ensuring the multinational companies a price well above the pre-crisis level of 63 cents per kilogram while leaving the working-poor of Mexico with artificially high prices. Besides controlling prices, the Mexican president decided to allow an emergency import of more than 800,000 tons of corn from the United States to cope with rising demands and high prices. This was a bizarre turn of events considering that in 2006 his predecessor had allowed Mexico to export 137,000 tons of corn[62].

To fully understand the 'tortilla crisis' and how Mexico has been turned into a corn-importing economy, the IFIs' policies are part of the equation. Mexico, like many other countries, experienced a debt crisis in the 1980s and went to the IMF and the World Bank to borrow money. Demands to eliminate tariffs and state regulations quickly became the quid pro quo for issuing loans[63]. Not long after the North American Free Trade Agreement (NAFTA) came into effect in 1994, the country was flooded with highly subsidised US corn that reduced prices of Mexican corn by half. The peasant farmers were hit hard by the liberalisation of agricultural trade and then even more when Mexico stopped subsidising tortillas in 1999[64].

In contradiction to the recommendations of the Washington-based institutions, several countries imposed temporary export bans on certain agricultural commodities, as part of trying to protect their own populations and keep domestic market prices down. India imposed an export ban in April 2008 on non-basmati rice, and since then Vietnam, China, Russia and Argentina among others followed with export bans on wheat and soy[65]. The temporary bans on export commodities caused panic among import buyers afraid of supply scarcity[66]. But to a large extent, the governments were protecting food security

Dominican Republic

The Confederación Nacional de Trabajadores Dominicanos (CNTD) has urged the President of the Republic to cancel the external debt repayment agreements that the Dominican Republic has negotiated with the IMF. The CNTD argues that more support to the domestic agricultural sector should be given instead. This is not possible currently because of the repayments to the international banking institutions and the strings attached that indeed jeopardise the productive structure of the Dominican economy in general. As a result, the country is severely affected by exports of agricultural products instead of increasing local food production.
The trade unions are demanding to be included in the recently established government-funded Food Council in order to take active part in alleviating the crisis by contributing with their expert knowledge.

by refusing to export food staples when citizens in their own country were going hungry. Most of the export bans have now been eased.

The IMF and the World Bank, when involved in developing countries, often micromanage, taking decisions regarding grain reserves, phasing out of subsidies and questions relating to personnel matters[67]. As an illustration of IMF policies gone wrong, the boxes below illustrate the experiences of two quite different countries, Haiti and Malawi, dependent on food imports and with weak agricultural sectors – until one of the two resisted IMF prescriptions and found a way out.

Malawi: from IFI-driven austerity to record food surpluses

In 1999 the government of Malawi initiated a programme providing free fertilizers and seeds to smallholder families. The result was a surplus of corn. The World Bank, however, argued that the government's programme was a subsidy that distorts trade and therefore had to be aborted. During the same time, the IMF demanded that the government of Malawi sell its grain reserves to eliminate commercial debts. The government complied with these demands.

When the food crisis turned into famine in 2001-2002, the Malawi government had no reserves to feed the hungry, and approximately 1500 lives were lost. When another food crisis hit in 2005, the new president of Malawi took action against the failed policies of the IMF and the World Bank – he reintroduced the seeds and fertilizer subsidies to two million households leading to record harvests, maize surplus and a new status as provider of corn to Southern Africa. Malawi has since then experienced a 50 percent increase in yields and exported 300,000 tonnes of maize to Zimbabwe in 2007. Malawi accomplished this by doing what many developed countries do – providing subsidies to ordinary farmers.

(Source: Prime Minister of the Kingdom of Lesotho, speech at the International Labour Conference, 97th Session, 11 June 2008; Oxfam 2008: "Double-Edged Prices"; Walden Bello, Manufacturing a Food Crisis)

Haiti: from self-sufficiency to mud-cakes

Almost two-thirds of Haitians depend on small-scale subsistence farming; making them particularly vulnerable to price volatility, exacerbated by widespread deforestation. Yet thirty years ago, Haiti was practically self-sufficient in rice. The local agricultural production functioned well and the Haitian population could afford several decent meals a day. Today the country is the poorest in the Western Hemisphere, with 80 percent of the population living below the poverty line – many of them subsisting on 'mud-cakes'; a mixture of mud clay and water that fills empty stomachs but offers no nutrition. Haiti is now almost wholly dependent on food imports from the US.

The situation arose when in the 1980s, Haiti implemented the structural adjustment programmes recommended by the IMF and the World Bank. This led to an opening of Haitian markets to imported, highly subsidised US rice at the same time as the IMF proscribed Haiti from subsidising its own farmers. The result became a country deeply dependent on food imports, unable to feed its own population as opposed to its situation just a few decades ago.

(Source: CIA – The World Factbook: Haiti; the Prime Minister of the Kingdom of Lesotho, speech at the International Labour Conference, 97th Session, 11 June 2008; Mr Jean Claude Pierre, Minister Counsellor and Charge d'Affairs at the Permanent Mission of Haiti to the WTO from the report on "WTO rules and the food crisis in the LDCs", CSEND, 17 July 2008)

3.1.5 What are the lessons to be learned?

From the two studies, the failed agricultural polices of the IMF and the World Bank are strikingly clear. By forcing countries to shift agricultural production aimed at local consumption to producing export crops instead, the responsibility of a government to ensure food security for its people by determining its own production and consumption is undermined. Malawi exerted its rights by finally opposing the IMF and the World Bank, but it takes political leadership, strong will and some degree of agricultural technology to copy the case of Malawi. This has not been possible for Haiti because of political instability, social deprivation and an agricultural sector that is a shadow of its former self. The lessons to be learned are those of favouring local production, small-scale farming, development of agricultural skills and technology transfers to rural areas, and when necessary regulating imports and exports through imposing tariffs or subsidies to ensure enough domestic food for a country to feed all parts of its own population instead of having to import foodstuffs at exorbitantly high prices[68].

The ITUC and the Global Unions are concerned that the IFIs' policies concerning food production and prices do not adequately address the root causes of the current crisis nor assist the needs of the world's low-income consumers and workers.

The ITUC and the Global Unions[69] are concerned that the IFIs' policies concerning food production and prices do not adequately address the root causes of the current crisis nor assist the needs of the world's low-income consumers and workers. The IFIs have continued to discourage utilising subsidies for basic foodstuffs, such as maize, rice and wheat, arguing that they are not properly targeted towards the poor alone. Instead, temporary cash transfers to the poor have been favoured as emergency assistance. This causes numerous problems due to administrative weaknesses in many developing countries – such that many people simply never receive the benefits.

Various strategies are needed to effectively alleviate poverty, including decent work for agricultural workers and land reform services for small-scale farmers that ensure gender equality and bring back developing countries' own capacities in sustaining food production.

In response to the food crisis, the IMF ought to be more supportive of an increase in agricultural production by providing interest-free loans to countries hit the hardest by the soaring prices of food. Domestic food prices need reduction and stabilization in order for people to regain confidence in the economy. Various strategies are needed to effectively alleviate poverty, including decent work for agricultural workers and land reform services for small-scale farmers that ensure gender equality and bring back developing countries' own capacities in sustaining food production. Yet instead of supporting developing countries' efforts to combat the food crisis, the IFIs continue to follow their belief that free trade is the answer. The impact becomes clear in the following section of this report, considering the role of the WTO.

3.2 THE WORLD TRADING SYSTEM AND THE WTO

3.2.1 The need for a fair world trade system

Understanding the complexity of the world food system is not easy, but this section of the report seeks to illustrate why free trade is not the answer to the food crisis. Instead, trade and financial policies need rethinking to change their orientation away from the multinational agrofood corporations that damage local, small-scale farmers and the food system in general. Investment, sustainable production and decent work are the key strategies needed to combat hunger and poverty.

Investment, sustainable production and decent work are the key strategies needed to combat hunger and poverty.

In July 2008, ministers from around 30 members of the World Trade Organisation (WTO) met in Geneva to work towards a breakthrough in the talks in agriculture and industrial goods that are the core areas of the Doha round launched in late 2001. A division quickly emerged during negotiations between the developed and the developing countries. The governments of certain developed countries refused to accept the Special Safeguard Mechanism (SSM) for developing countries to enable tariffs to be placed on food imports to protect local production that they required to protect their consumers. It is indicative of the importance of food that it was over an issue related to food production that the July talks collapsed. In December 2008 when talks were informally started once again, lack of agreement over the SSM was again one of the main reasons for their collapse.

The global union federation protecting the interests of workers in the agricultural sector, the International Union of Foodworkers (IUF), has long been critical of the WTO Agreement on Agriculture concluded in 1994. According to the IUF, the Agreement on Agriculture promotes a system based on large-scale, export-oriented industrial production that does not foster a development of domestic food production capacity, as it demands that subsidies in developing countries intended to protect the livelihoods of small farmers and ensure local food production must be eliminated[70]. This has so far resulted in a system that does not effectively help to develop the much needed world food security. Indeed, a study from the IATP on changes in agricultural trade since the Agreement on Agriculture went into effect reveals that food import surges have been damaging local farmers' and countries' capacity to provide food security and poverty reduction[71].

3.2.2 The dominance of agro-food multinationals – how they are reaping huge profits

Over recent decades, barriers to the structuring of food production for corporate profit have been broken down. Due to oligopolistic tendencies, certain corporations now control trade in certain agricultural commodities completely, from the production chain through the distribution chain all the way to the consumers. Nevertheless, food production is highly unstructured, which benefits multinational companies but not the small farmers and producers who are unable to counter agri-business control. Producers are not very organised, and proper infrastructure in many developing countries is missing. As a consequence larger and better-organised traders are better able to sell their products[72]. Large mergers and strategic alliances in the agrofood business prevent smaller farmers from making a decent profit on their products.

Inhumane working conditions at Cargill plant in Brazil

While Cargill is reaping profits, workers at a poultry processing plant in Brazil are faced with hazardous working conditions, sometimes risking their lives and enduring an excessive work load, horrendously long working hours and unhealthy conditions – all to meet the goal of slaughtering 150,000 poultry a day for export to the US.
In November 2008, attempts to reach a collective bargaining agreement were obstructed by plant management and workers went on strike.

Source: IUF news, 17 November 2008 and 24 July 2007

Banana Trade (share of world production)

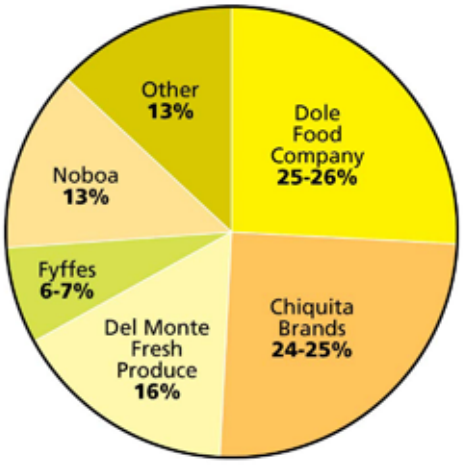


Illustration reprinted by kind permission of New Internationalist. Copyright New Internationalist. www.newint.org

Eighty percent of world grain is distributed by only two companies, Cargill and Archer Daniels Midland. Three multinational corporations control 83 percent of the cocoa market, an additional three companies manage 85 percent of world tea trade and a total of six corporations control 75-80 percent of the global pesticides market[73]. What is more, five corporations control over 75 percent of world banana trade (see illustration); in fact, the 30 largest food retailing corporations account for one-third of world grocery sales[74]. This immense concentration means that it has become easier for the major corporations to increase their profits to the detriment of farmers and consumers. Such corporate oligopolisation is damaging to the world food system as not only do the multinationals dominate the world agricultural market, they have also made substantial profits on high prices, at a time when even the millions of workers in the agricultural food production sector cannot afford to buy the food they produce. The beneficiaries of surging food prices are neither farm workers nor small farmers. It is indeed the large multinationals of the agribusiness.

The beneficiaries of surging food prices are neither farm workers nor small farmers. It is indeed the large multinationals of the agribusiness.

By the end of November 2008, Cargill, the world's leading grain trader, was able to report net earnings of US$ 1.19 billion, up 25 percent from US$ 954 million in the same period a year before. In the first six months of 2008, the company earned US$ 2.68 billion, up 43 percent from US$ 1.87 billion a year previously[75]. Even through financial crisis and extreme volatility in the agricultural commodity market, Cargill seems able to exceed expectations and report the best year ever in terms of profit.

In November 2008, Archer Daniels Midland also announced record quarterly net earnings of US$ 1.05 billion, up 138 percent from the period in the previous year. Its net sales increased 65 percent to US$ 21.16 billion, and segment operating profit for the quarter increased 48 percent to US$ 1.18 billion from US$ 797 million the previous year[76]. Nestlé, the world's largest food corporation, has reported record sales in the first nine months of 2008, a result well above what was expected[77]. Monsanto, the leading producer of genetically modified

This illustration depicts who gets what from the price of a banana. Production takes place in the South, but the product is sold and consumed in the North; however, more than 90 percent of the price paid by consumers in the North never make it to the producer in the South. While this dates from 1999, things have not improved in the meantime.

Illustration reprinted by kind permission of New Internationalist. Copyright New Internationalist. www.newint.org

Women workers in Uganda without job security

The cut-flower industry (in particular in Colombia, Kenya and Uganda) is characterised by extensive use of (young) women workers on seasonal contracts, heavy use of pesticides, problems of waste disposal and high water usage.
In Uganda, the flower industry employs 70 % women workers but fails to secure job benefits and annual leave. As casual and temporal workers, women are exempted from agreed labour laws for seasonal and permanent employees, such as maternity leave, social security or unemployment benefits and have to scrape by on only 0.75 US$ a day.

Source: FAO, ILO & IUF (2007) & ICFTU: Internationally Recognised Labour Rights in Uganda (Oct. 2006)

seeds, reported earnings growth of 117 percent also by the end of 2008 mainly due to greater demand in Latin America for its products[78]. At the same time, the farmers actually growing the food continue to bear all the risks of production (e.g., bad weather conditions resulting in failed crops as well as rising input costs).

Multinational companies like Cargill and Archer Daniels Midland also provide large amounts of US food aid. It is a requirement of US law that 75 percent of US food aid must be sourced, processed and bagged in the US. And in 2003, Cargill and Archer Daniels Midland won contracts to provide one third of all US food aid shipments[79]. This means that the costs of providing much needed food aid are well above the market rates for food and transport because the US government is bound to reward procurement contracts to a number of limited firms that qualify for bidding, like Cargill and Archer Daniels Midland. This policy only benefits US farmers and business but undercuts local food crops. Other major donors, such as the EU and Canada, contribute money instead of food, which means that the UN agency responsible for food aid, the World Food Programme (WFP), can purchase food from farmers much closer to the country affected and thereby help local farmers and local production[80].

Efforts to achieve sustainable agriculture in developing countries are rendered even more difficult by the state subsidies for seeds, fertilizer, pesticides and herbicides provided by developed countries.

The problem inherently wrong with the world food system is that local crops such as cassava and sorghum, for example, are not wanted by international agribusiness and therefore local farmers grow crops like coffee, cocoa, tea,

cotton and flowers and afterwards use the export earnings to purchase food. Food self-sufficiency was viewed as outdated in a globalised world. This paradox has resulted in Africans "producing what they do not eat, and eating what they do not produce". The fallacy of this policy is shown by the fact that many developing countries are at this time paying high prices for imported food at the same time as the food multinationals are reaping record profits.

3.3 FINANCIAL DEVELOPMENTS IN FOOD COMMODITIES

Investment in agricultural commodity indexes increased from $13 billion in 2003 to $260 billion in March 2008.

In recent years, speculation in food commodities and futures has become a major contributing factor to the recent price surges. According to the IUF, investment in agricultural commodity indexes increased from $13 billion in 2003 to $260 billion in March 2008[81]. In only five years, investment in index funds tied to commodities has grown twenty-fold – a development that is not to be understated in view of its impact on food prices.

3.3.1 How speculative trading has affected food prices

While financial speculation in commodities is partly to blame for the food price surge, the exact impact of speculation is hard to measure. There are several aspects involved.

While there have been active commodity exchange markets since the dawn of modern farming, these have generally been confined by law to commercial traders, such as farmers and food processing agents, whereas non-commercial actors not part of the food industry were kept out of the agricultural commodity market. In the US, for 75 years a limit to trading of certain agricultural commodities, such as corn, cotton, soybean and wheat, was upheld to protect the commodity market against speculation and manipulation of prices. But in the 1990s, an exemption from speculative trading limits was given, and from then on deregulation of the agricultural commodity market was rapid, much like the financial market. More deregulation followed in 2000 when new legislative rules were agreed upon, enabling large investors to speculate in energy futures and in 2005, the US Commodity Futures Trading Commission expanded trading limits on the amount of wheat, corn, oats and soybeans that traders could buy or sell at one time on the futures markets[82]. Between 2000 and 2007, the price of wheat increased 147 percent on the Chicago Board of Trade. Over the same period, the price of corn increased 79 percent and that of soybeans 72 percent[83]. The market might believe that less regulation on the commodity market is generating greater profits, but every percentage point increase in the price of food pushes an additional 16 million people into hunger, as shown by the IUF[84].

The market might believe that less regulation on the commodity market is generating greater profits, but every percentage point increase in the price of food pushes an additional 16 million people into hunger.

In recent years, particularly vast amounts of money have been flowing into the agricultural commodity market because investors (not belonging to the food industry) such as pension funds and hedge funds have been looking for quick investment opportunities. The speculative finances flowing into the system are a factor in raising the prices of basic food staples such as wheat and corn.

The example, reported by the Belgian trade union centre, the Fédération Générale du Travail de Belgique (FGTB), is a good illustration of how institutional and private investors are entering the agricultural commodity market and how

their influx is one of the driving forces behind the hyperinflation of the prices of basic foodstuffs.

"Take advantage of the rising food prices!"

In April 2008, the Belgian bank KBC promoted life insurance linked to investment funds that invest in foodstuffs to its customers, promising large revenues. The investment programme portrayed climate change, scarcity of water and degradation of agricultural soil as great investment opportunities. The advertisement attracted widespread public attention and led to strong criticism from Belgian politicians and trade unions. The bank finally withdrew its advertisement. KBC defended its position, however, in a press release saying that investments in commodities, known as hedging, are not uncommon and already available in many other financial institutions, though the bank apologised for the wording of the advertisement.

The investment in question was linked to six major foodstuffs: cocoa, coffee, sugar, wheat, maize and soy – some of which are vital to the survival of millions of poor people in developing countries. The francophone socialist party in Belgium has now put forward a proposition in parliament to ban financial speculation in foodstuffs. Together with organisations promoting ethics and solidarity in dealing with money, the Belgian trade union, Fédération Générale du Travail de Belgique (FGTB) and the francophone socialist party support the following aims:

- A ban in Belgium on speculative financial instruments in foodstuffs
- The promotion of European regulation on this issue
- The implementation of a tax that reduces speculative financial operations

[1] - *Netwerk Vlaanderen & Reseau Financement Alternatif*

3.3.2 The financialisation of food

According to UNCTAD, "the global food price surge is linked to recent volatility and turmoil in global finance, mortgage and housing markets that was sparked by the collapse last year in the United States' sub-prime market"[85]. Achim Steiner, executive director of the United Nations Environment Programme (UNEP), blamed the commodity investment markets for causing extreme price spikes in the first six months of 2008, stating that the market recognises opportunities and that to counter damaging speculation, there is a need for regulation to protect issues of public importance[86].

The deregulation of the agricultural commodity market left what used to be a relatively small market of food traders unable to fight back against speculative investments, which in return resulted in some of the largest ever price fluctuations of wheat and corn in 2008. Given the desperate predicament of the global financial market, the future for agricultural commodities is even harder to predict. Will investors begin to sell their once profitable commodity futures to cover recent losses and bad investments? Or will commodity prices stabilise and begin to rise again because they are perceived as less uncertain than many other investments during these turbulent times? Nothing is certain, but if re-regulation is not achieved by the international community, additional adverse price effects could hit the agricultural commodity market once again.
A recent analysis from the International Food Policy Research Institute (IFPRI)

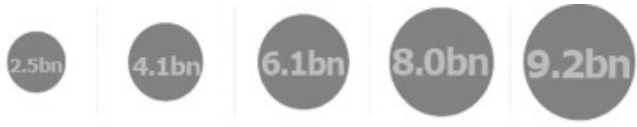
predicts that the prices of major cereals are to increase significantly until 2020, probably triggering a larger food crisis than the one of 2007-2008. The reason for this outlook – global recession. According to the IFPRI, people will consume less food because of a recession, but it also means a decline in agricultural investment and productivity, owing to slow economic growth[87].

3.4 SUPPLY AND DEMAND

In fact, to keep up with the growth in human population, as described below, more food will have to be produced worldwide over the next 50 years than has been during the past 10,000 years combined.

The earth's population is growing. In terms of food security this is not yet a problem, but according to statisticians and experts, we might face difficulties in the future. When the world population grows at a relatively high speed, food production must necessarily follow. This puts pressure on resources like water accessibility. In fact, to keep up with the growth in human population, as described below, more food will have to be produced worldwide over the next 50 years than has been during the past 10,000 years combined[88]. Such pressure on the globe will require massive rise in production and also stands to result in deforestation and degrading of soil fertility.

World Population Growth



Source: UN

According to the UN Population Division, the rise in population means that the greatest strain will be put on the 50 poorest countries in the world wherein the population will more than double, passing from 0.8 billion in 2007 to 1.7 billion in 2050[89]. This will probably result in a deterioration of the current situation, and many countries will not be able to provide sufficient food and shelter to the poorest. The challenges will be numerous if we do not take action soon.

3.4.1 Changing patterns

The changes resulting from the growth in world population are illustrated in two major countries: China and India. According to the UN Population Division, the two aforementioned countries will account for 36 percent of the earth's population and by 2025, it is projected that India will surpass China as the most populous developing country[90]. The two countries are also experiencing blossoming economic growth, and real GDP has increased by 9 percent per annum between 2004 and 2006[91]. Changing income patterns and urban/rural demographics in India and China may have serious impacts on food production and patterns of consumption. A rise in population means more roads, cities, airports and suburbs that are taken from agricultural land – not only will a growing population affect infrastructure but also the environment is bound to be affected. The effects on workers of a stronger economic growth will lead to urbanisation, with people moving from rural areas to the cities where the demand for labour is stronger. Within the next three decades, it is predicted that 61 percent of the world's population will be centred in urban areas.

Millions of people from China and India have experienced rapid economic growth and increasing incomes. With rising incomes, diets in developing countries are shifting from starchy staples to livestock products, such as meat and dairy[92]. If beef consumption rises, it will imply a greater pressure on resources; 10,000 – 13,000 litres of water and approximately 8 kg of grain are needed to produce 1 kg of beef. The developed countries consume the most meat; US citizens consume approximately 125 kg every year whereas Danish consumers eat on average 146 kg of meat a year, while in contrast, Nigerians consume merely 8.6 kg and Indians only 5 kg a year[93]. There is, however, no doubt about the anticipated changes in consumption patterns. In fact, meat consumption in China has increased by more than 150 percent since 1985. And more meat consumption inevitably means more grain consumption.

Hunger is a longstanding problem, and thus world leaders must be held accountable for their promise of "food for all".

Alongside the growing middle classes in China and India, population growth is foreseen in the least developed countries too. By 2050, three least developed countries – Bangladesh, the Democratic Republic of the Congo and Ethiopia – will be among the most populous countries on the planet[94]. Such a prospect will put additional strain on food security in those countries and demand further development of their agricultural sectors to ensure that those three countries are not solely dependent on food imports, with extreme vulnerability towards global price fluctuations.

3.4.2 Green Revolution

In the 1960s, a transformation of agriculture took place, known as the Green Revolution. In short, the Green Revolution meant the expansion of cultivable farmland, to effectively have two crop seasons per year instead of one and using seeds with technically improved genetics, such as new strains with a high yield value. While the transformation of agriculture widened social inequalities because it favoured large-scale farming and large-scale monoculture, and severely reduced the biodiversity of India, the high-yielding wheat crops nevertheless fed hundreds of millions of hungry people in the 1960s and 1970s and helped India become a major grain exporter.

Is a new Green Revolution standing by to help? Hunger is a longstanding problem, and thus world leaders must be held accountable for their promise of "food for all". The International Assessment of Agricultural Science and Technology for Development (IAASTD) has produced an international report with promises of a new sustainable agribusiness. As opposed to the 'old' Green Revolution, IAASTD focuses on addressing the need of small-scale farmers. The report warns about the little known long-term effects about genetically modified (GM) crops and how patenting of GM crops undermines local farming practices[95]. Among other things IAASTD proposes financial incentives to reduce deforestation and conserve natural habitats in order to diminish climate change[96].

The duality of GM crops

Advocates of genetically modified crops argue that GM crops can provide the world with healthier food, produced in an efficient and environmentally-friendly way. Some GM crops might produce higher yields and be more drought- and pesticide-resistant than conventional crops; some even claim that they could be part of the solution to end world hunger.

Opponents of GM crops argue that they are a threat to the natural eco-system and the biodiversity of our planet because of the creation of artificial organisms that could contaminate non-GM crops and wild plants. The fact that production of GM crops is in the hands of the large multinational corporations, such as Monsanto (which produces more than 90 % of GM crops worldwide) and bio-tech companies will help keep the balance of power over world food production with the "food-oligarchs" and not in any way benefit small-scale farming.

The trade union movement believes that GMOs must not be imposed on any country through pressure from agrochemical MNCs, but should be judged according to their national development goals. Poor farmers in particular should be assisted in purchase of any new agricultural technology in order to promote equitable development. Ultimately a new international protocol is required, based on criteria of safety and transparency, that would have precedence over WTO rules in this area.

Source: Greenpeace UK and the ITUC

3.5 CLIMATE CHANGE

Natural disasters, flooding and drought have an immense impact on the availability of food and crop production, and to an increasing extent they result from climate change. The world is witness to extreme weather phenomena more and more often, but what effects can they be said to have on the food crisis?

To trade unionists, fighting climate change is inevitably linked to fighting social injustice.

To trade unionists, fighting climate change is inevitably linked to fighting social injustice. A more environmentally and socially sustainable world is sought, and this requires commitment from all governments to ensure the success of the United Nations Framework Convention on Climate Change (UNFCCC) negotiations and meet the required objectives. Trade unions are aware of their responsibility because three-quarters of all greenhouse gases come from manufacturing, energy production, transport and construction sectors, and a process of change must also come from within these workplaces, at the same time as promoting green jobs[97]. Climate change, as the examples given below will illustrate, exacerbates the vicious cycle of poverty. Developing countries are faced with more burdens and barriers when trying to tackle drought, flooding or water scarcity, all of which impact poor working households. According to the 2007-2008 Human Development Report from the United Nations Development Programme (UNDP), climate disasters are mostly concentrated in poor, developing countries: approximately 262 million people were affected by climate disasters annually from 2000 to 2004; over 98 percent of them lived in developing countries[98].

Climate disasters are mostly concentrated in poor, developing countries: approximately 262 million people were affected by climate disasters annually from 2000 to 2004; over 98 percent of them lived in developing countries[98].

3.5.1 Drought, deforestation and soil degradation

According to the IPCC report, the warmer and dryer conditions in the Sahel region[99] of Africa have led to a reduced length of growing season with negative

effects on crops. The poor communities across the globe are particularly vulnerable to changes in weather conditions because of their limited adaptation abilities and the scarcity of local water and food supplies.

Many African countries and their agricultural production are expected to be severely compromised by climate changes. The IPCC report predicts that "the area suitable for agriculture, the length of growing seasons and yield potential […] are expected to decrease. This would further adversely affect food security and exacerbate malnutrition in the continent. In some countries, yields from rain-fed agriculture could be reduced by up to 50% by 2020"[100]. Consequently, food security in Africa is predicted to worsen. Farm land in large parts of Africa is already more and more affected by depletion caused by over-use or climate changes such as recurring drought periods. The soil in Africa is among the world's poorest, and poor soil produces poor crops, says Kofi Annan, former secretary-general of the UN and chairman of the Alliance for a Green Revolution in Africa (AGRA)[101].

If we do not want to face a "perpetual food crisis", the world will have to adjust quickly to large and rapid temperature rises.

Australian farm workers and consumers have not been spared from experiencing the impact of drought, soil degradation and thus rising prices. Australia is one of the world's largest exporters of wheat, accounting for about 15 percent of world trade in grain, and in a good year, the country normally harvests about 25 million tonnes of grain. However, in 2006 the crop yielded only 9.8 million tonnes. The persistent drought is a factor in assessing global food prices. In fact, the consequences of climate change on the world's food security and production is projected to be more dramatic than first anticipated, according to a study by two American scientists. Higher temperatures in the tropics and sub-tropics stand to cut yields of primary food crops, maize and rice, by as much as 20-40 percent by the year 2100. If we do not want to face a "perpetual food crisis", the world will have to adjust quickly to large and rapid temperature rises, explains the report that is developed on the basis of historical observations along with the results of 23 models previously reviewed by the IPCC (Intergovernmental Panel on Climate Change)[102]. The ITUC has emphasised the importance of world-wide adoption of and adherence to the IPCC's targets for greenhouse gas reductions in order to mitigate such future temperature rises.

All around the globe, soil degradation is worsening. Among 40 percent of the world's agricultural land is seriously degraded - in Africa 25 percent of soil is degraded and in Asia, 11 percent of land is unsuitable for farming. In desperation of finding other way to make a living, farmers are cutting into the Amazon forest, and Brazil's National Institute for Space Research estimates that around 3,145 square miles – an area half the size of Wales – was demolished between August 2007 and August 2008. In Brazil, deforestation rose by 64 percent over the last 12 months, raising concerns about the destruction of the Brazilian rainforest[103].

The Stern report[104] paints a gloomy picture of the future food situation for the world's population if global warming continues. Each degree rise in temperature makes an irreversible difference to our climate and thus to the farmers and

workers trying to make ends meet. If temperatures rise by 2º Celsius, crop yields in Africa will decline by 5-10 percent, and up to 3 million more people will die from malnutrition. If the temperature rises by 3º Celsius, 150-550 million more people will be at risk of hunger. Coastal flooding will occur more often, water availability in some regions will decrease and thousands of animal species will face extinction – a threat to our ecosystem as we know it[105].

3.5.2 Flooding

Large parts of Ghana, Bangladesh and India have been hit severely by flooding during the last two years. More than 250,000 inhabitants in the northern parts of Ghana had no roof over their head in 2007 when the White Volta River flooded[106]. Such catastrophic flooding is now in danger of recurring once again, and small-scale farmers have hardly had time to replant, no less rebuild their homes and the infrastructure that were lost in the flood waters. It will be increasingly harder to ensure food and water security for the working poor when disasters, such as flooding, recur more frequently, affecting the livelihood of an agricultural dependent population.

As increasing temperatures and shifting rain patterns continue to worsen, it will reduce the availability of, the access to and the utilisation of food across the many regions of the globe.

Bangladesh is another example of how climate change affects working conditions and food security of a whole nation. The country is a low-lying delta, making it more vulnerable to changes in sea level because of rising temperatures. In areas worst affected by flooding, the men have left to seek employment in nearby towns, leaving the women behind to work while also making sure that children are fed[107]. Heavy monsoon rains in August 2008 were the cause of flooding in the Bihar region in India, where more than 5 million people fled their homes because of massive flooding of the Kosi River.

According to a report commissioned by FAO, the number of reported climate related disasters has increased significantly from an average of 195 per year from 1987 to 1998 to an average of 365 per year from 2000 to 2006[108]. Such climate related disasters are unfortunately often followed by a humanitarian crisis because of the scarcity of food and water in Ghana, Bangladesh and India.

Over the next 50 years, flooding, drought and other extreme weather phenomena will recur more often if we do not act in time, with negative consequences for agricultural production, the right to food and workers across the globe. Climate change stands to create tens or even hundreds of millions of “climate refugees”, exacerbating food insecurity in developing countries. As increasing temperatures and shifting rain patterns continue to worsen, it will reduce the availability of, the access to and the utilisation of food across the many regions of the globe.

3.6 ENERGY SCARCITY AND BIOFUELS

This part of the chapter explores the close tie between the rise in energy prices and that in food, i.e., maize intended for biofuel production. The high prices of fuel and oil as well as the rise in demand for alternative energy sources are significant factors in explaining the food price surge.

Biofuels in brief:

Biofuels are made from organic material of either plant or animal origin. They are used mainly as a liquid energy source for cars, trucks or buses. For the moment, there are two variants of biofuels:
1) Bioethanol is mostly derived from sugar cane, sugar beet and cereal crops, such as maize.
2) Biodiesel is derived from soybean, rapeseed, vegetable oils and animal fats.

3.6.1 Biofuels – blessing or blight?

A few years ago, the idea of turning corn into fuel sounded like a good idea to help alleviate the growing energy problem the world was facing at the same time as reducing carbon emissions. However, it seems that biofuels are not the answer the world has been looking for; biofuels are in fact contributing to a worsening of the food crisis.

The reason for the massive emergence of biofuels during the last couple of years has been driven by a desire to tackle climate change and reduce dependency on foreign oil reserves. As one of the solutions, governments across the globe have obliged companies to mix a certain percentage of biofuels with sold petrol and diesel. But before this demand can be met, production of biofuel crops must begin. For this reason, targets have been set, both in the EU and the US, to focus more on renewable energy sources. And biofuels are a part of this perspective. In the US alone, biofuel subsidies range between US$ 11 billion and US$ 13 billion a year[109]. The EU's renewable energy plan originally contained a goal of 10 percent of all road transport fuel in Europe to come from biofuels by 2020. In September 2008, the European Parliament voted for a lowering of targets[110] due to pressure from experts and environmentalists groups that had warned that not only would such a target destroy vital rainforest areas and release greenhouse gases, but also heighten food prices. In the US, demands for bioethanol are still high, and the US government aims at converting more maize into biofuels in the near future – 35 billion gallons of non-fossil transport fuels by 2017 in comparison to 4.86 billion gallons of ethanol in 2006[111]. Currently one third of maize crops in the US goes to ethanol production, up from 5 percent a decade ago, according to IFPRI.

Improving fuel security has particularly occupied the minds of governments during the last couple of years because oil reserves are limited and massive price fluctuations are occurring; the price of a barrel of crude oil hit a record high of US$ 147 in July 2008, falling to approximately US$ 44 in January 2009[112]. If biofuels as a substitution for oil can be grown on home soil, and help fight climate changes – why not be in favour of such measures? Problems, however, relate to issues of cost-effective fuel alternatives; environmental concerns and decent production for labourers; and food security.

Biofuels may not be the most sustainable solution to improve fuel security or tackle climate change. In fact, according to an Oxfam study the US could only meet 16 percent of its oil use if the country employed its entire corn harvest for ethanol and left nothing for feed, food or export[113]. Similar figures are contained in the IMF's annual World Economic Outlook for 2008 in which it is estimated that biofuels still only account for 1½ percent of the global liquid fuels supply, but they actually accounted for almost half the increase in the use of major food crops in 2006–07[114]. Joachim Von Braun, director general of the International Food Policy Research Institute (IFPRI), estimates that biofuels will scarcely contribute at all to energy security; indeed the share of biofuels in road transport is estimated to be a mere 3-4 percent in 2030[115].

The fact of the matter is that biofuels are only estimated to be able to replace

a small fraction of the industrialised countries' consumption of oil, even if all edible oils in the world were converted into biodiesel[116].

3.6.2 Developing-country farmers and labour rights

Since many developing countries rely on imports to meet demands of fuel, biofuels could have the potential of alleviating costly oil imports. By growing on home-soil, substituting biofuels for oil could become a reality for some developing countries, but the cost of biofuel production is expensive, partly because of high commodity and fertilizer prices. Adding to the problem are protective import tariffs and subsidies initiated by the industrialised countries to stimulate domestic biofuel production but actually preventing competition from developing countries' producers. And close to 70 percent of the world's population earn their livelihood by producing food, their own included. And yet the amount of land available for human food production has been reduced by the prioritisation of biofuels.

Inhumane working conditions for sugar workers in Columbia

Around 18,000 Columbian sugar workers went on strike on 15 September 2008 because their working conditions are inhumane. The sugar workers are expected to work a minimum of 14 hours a day, seven days a week in return for poverty wages. The work is dangerous, and the living and working environment is heavily polluted by pesticides, reports the National Union of Sugarcane Cutters (SINALCORTEROS). In a business that has been thriving for the last few years, indeed experiencing a boom since sugar ethanol was promoted in relation to biofuels, sugar workers are denied basic rights.

The 18,000 workers on strike are asking for a decent living wage, reduced working hours, improved living conditions (free of pesticides) and a collective bargaining agreement.

Despite violent reactions from the employer including the use of violence to clear the sugar mill of protesting workers, on 10 November 2008 the 56-day strike came to an end with the sugar cane workers gaining a 15-percent wage increase, a limitation of the working day to eight hours with a maximum of two hours' overtime, and employer contributions to housing, sick pay and education.

Source: IUF (2008): Support Striking Colombian Sugar Cane Workers!, 9 October 2008 & IUF (2008): Colombian Sugar Workers Call Halt to 56-Day Strike after Winning Most Key Demands

The IUF and Oxfam report numerous examples in which poor people in developing countries are forced to leave their land – vital for them in obtaining a livelihood – because of massive plantations and companies wishing to expand their biofuel production. The rush for biofuels has placed increasing pressure on water irrigation and access to land, potentially displacing entire communities and putting women at a greater risk. Instead of permitting the poor agricultural farmers in developing countries to take part in biofuels production by eliminating subsidies, and thereby having a chance to escape poverty, reports of serious labour and human rights violations have been recorded. Often there are reports of inhumane, long working hours in plantations for biofuel production, lack of access to clean water, lack of health and safety regulations or a denial of the right to bargain and organise collectively.

Migrant workers in the agricultural sector

Across the world, the production and processing of food has become dependent on migrant labour, especially by women and children. But with a growing demand to export food, pressure is put on workers to accept poorer working and remuneration conditions. Often migrant workers are not organised in trade unions, which makes it hard for them to be heard when demanding respect for fundamental labour rights.

Source: IUF, Workers and Unions on the Move – Organising and defending migrant workers in agriculture and allied sectors, May 2008

3.6.3 How are biofuels linked to food security?

The problem inherently related to biofuels is the material from which they are produced. Not all variants of biofuels are directly related to world food security – sugar cane is not a staple foodstuff – but corn is one of the world's principal food crops. The growth of fuel for cars instead of the growth of food for people is partly to blame for the spiralling food prices. Large volumes of food intended for human and animal consumption are taken off the market, thus creating a scarcity that indisputably has driven up prices.

Impact on poverty:

-World Bank estimates that soaring food prices have increased global poverty by more than 100 million people
- On an average, biofuels are accountable for 30 percent of rise in food prices
- Thus biofuels can be blamed for increasing poverty for over 30 million people

It is hard to say how much biofuels are to blame for the rising food prices. Some experts estimate that increased biofuel demand in 2000–07 has contributed to 30 percent of the weighted average increase of cereal prices[117]. Whereas the World Bank believe that biofuels are to blame for 65 percent of the recent food price inflation, the FAO believes that biofuels account for 10 percent of rise in food prices. Agreement can be reached though on one matter: the massive expansion of biofuel production has raised food prices significantly, no matter the percentage, and they could continue to rise[118].

In a world where more than 960 million people are already suffering from hunger, it is necessary to re-examine policies that divert millions of tonnes of cereal from human consumption, mostly to produce fuel for vehicles. According to calculations by the IUF, the maize presently used for US ethanol production is sufficient to meet the current needs of all low-income, food-deficit countries, as defined by FAO, and yet the US plans to increase its ethanol production five times over[119] – clearly diverting much needed food away from those in need.

For the moment, the idea of a possible sustainable "second generation" of biofuel sources (that would not be grounded in food crops) is still more than ten years away, according to the OECD-FAO Agricultural Outlook[120]. The fact of the matter is that biofuels have for 2007-2008 been the fastest growing source of demand for staple food crops – undoubtedly increasing the costs of feeding a hungry population.

Cyprus

The Cyprus Workers' Confederation (SEK) has formed a common front with all main trade unions and consumers' organisations of Cyprus to confront the government about the high fuel and electricity prices in the country.
They have demanded that the 20 percent sales tax of diesel be reduced or eliminated and that the tax levied on electricity be lifted as well. According to the coalition of Cypriot trade unions, the impact of high prices has had negative consequences on workers and their standard of living.

3.6.4 The high cost of high fuel and fertilizer prices

Not only have farmers and workers struggled with high agricultural commodity prices, but the costs of input have risen significantly at the same time. When prices of oil and fuel are high, the cost of production and transportation will inevitably rise accordingly. During 2008, prices of vital farming inputs like pesticides, herbicides and nitrogen-based fertilizers increased across many parts of the globe. Farmers in Cambodia were not able to boost agricultural food production in the critical months of high food prices because the cost of fertilizer surged by nearly 150 percent. The higher production costs experienced in Guatemala have not been compensated enough by higher producer rices, according to Oxfam reports[121]. But the rises in energy, fertilizer and fuel prices are closely interlinked to that in food. Biofuel subsidies from governments of developed countries are an incentive for domestic farmers to keep cultivating crops for fuel instead of food. Because biofuels accounted for almost half of the increase in the use of major food crops from 2006 to 2008, there will be an equally high demand for agricultural inputs such as fertilizers, and energy and fertilizer prices will most likely remain higher for a longer time.

Chapter 4 - A chance to stand together – global cooperation is needed

The food crisis is far from over even though agricultural commodity prices have fallen since September 2008. While the global financial and economic crisis stand to lead in a temporary reduction in global demand that is reducing some of the pressure on commodity markets, none of the causal factors examined in the last chapter of this report have gone away. Indeed, the relative security of primary commodities compared to many other assets could well lead to an increased interest of investors in food, so pushing up the price further.

A successful solution to the food crisis cannot merely be measured by declines in food prices; it must also comprise a significant decline in the number of people living in constant hunger – a number which has been rising steadily even as prices have started to fall.

Furthermore, over 963 million people are deprived of sufficient food every day. Worldwide hunger has grown over the last twelve months, and the current world food system has not been able to feed the hungry. If anything, the uncertainty of the international markets and the threat of global recession stand to worsen the food crisis considerably. Unemployment is sure to rise in coming time; perhaps more than 50 million people will be displaced over the next two years according to the ILO, and more people than ever are in danger of ending up in poverty and hunger than before. A successful solution to the food crisis cannot merely be measured by declines in food prices; it must also comprise a significant decline in the number of people living in constant hunger – a number which has been rising steadily even as prices have started to fall.

The solutions and the root causes of the food crisis must be seriously addressed. It is evident that the policies of liberalisation pursued at the IMF, the World Bank and the WTO must be changed in respect to food security and widespread agricultural self-sufficiency. In these days of profound institutional reform, we now have an unprecedented opportunity to alter what has failed in the past. The international community must step up its assistance to developing countries' agricultural sectors and at the same time, the rights and living standards of those in the agricultural sector should be pursued in every aspect of the agenda. Now is the time to seize the opportunity and ensure that working women and men have the right to food and to be free from hunger.

Recommendations:

The right to food

Article 11 of the International Covenant on Economic, Social and Cultural Rights obliges states to take the necessary measures to achieve the full realisation of the right to adequate food. Along with the FAO Voluntary Guidelines on the Right to Food, adopted in 2004, and the Universal Declaration of Human Rights, Article 25 (1)[122], the international community has in fact the tools at hand to guide all UN member states in ensuring food security for all. If this human right is to be realised, measures must be adopted, both at international and at national level, which can protect the world's vulnerable people from food insecurity such as the recent price increases of food commodities. New monitoring, legislation, coordination and participation measures are needed to prevent increasing levels of food insecurity. States must recognise "the fundamental right of everyone to be free from hunger"[123] and implement the mechanisms at hand in the FAO Voluntary Guidelines and not just treat them as empty rhetoric. In order to give full meaning to the words, Article 11 of the International Covenant on Economic, Social and Cultural Rights and the FAO Guidelines must become accepted in all international fora as a leitmotif for future policy developments that addresses the right to food.

This would mean, for example, that the international financial institutions would not implement policies as they did in the 1980s to stop financing agricultural self-sufficiency in developing countries in order to promote export-based crops, expecting somehow that the earnings would be adequate to cover importing more food staples. Higher prices of food and volatility across commodity markets have shown the grave repercussions of this approach. The IMF and the World Bank must instead adopt policies that emphasise food buffer stocks, higher investment in agricultural infrastructure, and respect for rights of workers, small producers and women, in order to promote the right to adequate food.

Under the WTO Agreement on Agriculture, the last ten years of liberalised trade in agricultural commodities have not brought many of the promised benefits for most parts of the developing countries. It is imperative that any new international trade agreements prioritise the right to food, not undermine it. This consideration should be given hierarchy over commercial considerations in negotiations such as those under the Doha Round, for example in discussions of contentious issues such as the Special Safeguard Mechanism (SSM). Whether the Doha Round will contribute to world food security must be considered before entering into final discussions, to avoid potentially disastrous implications for decent work of agricultural workers and the rural poor. Where necessary, trade agreements must be revised to ensure that priority is given to providing sufficient levels of nutritious food at reasonable prices. Again, all these implications would derive from treating the right to food as a fundamental human right.

Essentially, the world needs an effective, regulated global market that does not undermine food security. It should be a market that delivers in a timely

The Cordoba Declaration

The Cordoba Declaration on the Right to Food and the Governance of the Global Food and Agricultural Systems, prepared by a group of experts with the participation of the FAO, was launched on Human Rights Day in December 2008. The Declaration underlines that the food crisis is a structural crisis, not a temporary food insecurity problem, and that action to tackle hunger must be complemented by measures that focus on the right to food and governance issues. Additionally, the Declaration stresses that conventional approaches to food security have failed and therefore responses to alleviate the crisis must address the longer-term, structural causes of hunger.

http://www.fao.org/righttofood/download_2008/cordoba_declaration_final.doc

way, without strings attached, to those countries that can never become self-sufficient in food. The current model – based on restrictive trade rules, financialisation of food and in favour of agribusiness – is the wrong route, as this report clearly portrays.

The effectiveness of improved implementation of the right to food takes its point of departure in a food production and distribution system that is environmentally, socially and economically sustainable. This requires that all governments take responsibility in ensuring that food is available, distributed and guaranteed to all those in need. The right to food should be centred on those who produce food, such as waged agricultural workers, not the agribusiness multinational corporations that have been benefiting from the high agricultural commodity prices so far. Of course not all developing countries have the capacity for food self-sufficiency, and therefore the policies pursued must allow for diversity and flexibility. But by putting sustainable food production and distribution at the heart of policies, people's right to food will be recognised as both a priority and a prerequisite for development.

The right to food should be centred on those who produce food, such as waged agricultural workers, not the agribusiness multinational corporations that have been benefiting from the high agricultural commodity prices so far.

A revision of biofuel policies

Biofuel production increases pressure on arable land, hence diverting food intended for human and animal consumption, and at times it takes place on the basis of violation of workers' rights. Furthermore, researchers estimate that the current generation of biofuels is not as environmentally sustainable as was hoped for, and that the level of production is scarcely enough to replace a fraction of the consumption of oil reserves.

As a result, the current path of biofuel production is not sustainable. The right to food must not be endangered by blending mandates, subsidies and tax breaks encouraging governments to boost production even further to the detriment of poor peoples' livelihoods. The international community must reassess their biofuel policies, proposed goals and targets with a view to modification given the linkage between turning food crops into fuel and rising food prices. A careful examination of which plants are used as feed for fuel is needed, with a view to converting land back to food production where necessary.

These concerns need to be included in new international standards on biofuel production that incorporate environmental and fundamental human rights, such as the right to food and respect of workers' rights, within international guidelines for biofuel production.

Additional investment in agriculture

There is an opportunity embedded in this crisis and all countries should learn from it, so as not to repeat old mistakes but instead look forward and make a change. In Africa and in many other regions, the agricultural sector has been significantly overlooked for more than twenty years, and greatly enhanced investment is needed in order to enhance domestic agricultural production. The international community must be prepared for reforms and investments if we are to stabilise, restore confidence in and improve the world food system. This can take place in several ways.

First, developing countries must have the capacity to achieve their right to food, eradicate poverty and implement much needed land reforms. In fora such as the WTO, the rights for developing countries to differential treatment and for developing countries (especially the least developed) to have adequate flexibility in the implementation and interpretation of various WTO agreements must be respected, otherwise economic and social development will not easily be attained.

Second, by providing adequate technical assistance to poorer developing countries, they can enhance their agricultural production for domestic consumption. Some of the most significant problems during the last twelve months have been seen in the net food-importing countries; they have suffered the most due to the soaring food prices because domestically produced food was scarce. If some of those countries could be enabled to become active growers of staple agricultural products (as they once were, in many cases), food safety could be restored and the high price of food could be lowered.

Decent labour legislation in accordance with ILO standards must be enforced and implemented for all if conditions for peasants and agricultural workers are to ameliorate. It is only through the creation of decent jobs and decent working and living conditions that sustainable economic development, the right to food and the elimination of poverty can be achieved.

Another necessary recommendation is to favour improved food storage once again and ensure an efficient distribution system to alleviate any crisis in the future. Grain reserves were close to zero when the food crisis was at its highest and could therefore not be used as a means to stabilise the markets. Focus on the must needed investment in rural infrastructure in developing countries must stay on the international agenda; access to input such as seeds and fertilizer must be prioritised. But without storage facilities, proper roads and access to harbours and other transport facilities, the small-scale farmers in developing countries will not be able to reach urban markets to sell their products. Good infrastructure must be a further part of the recovery package, therefore.

Many developing countries need to implement land reform policies to divide ownership more equitably so that tenants and landless workers can have access to land. Some countries need to implement further legal reforms to ensure equal land ownership and inheritance rights for women.

Furthermore, there is a lack of freedom of association especially among rural workers. A large percentage of waged agricultural workers live in poverty despite working more than 12-14 hours a day and the rights of migrant workers in the fields and plantations are often overlooked. Decent labour legislation in accordance with ILO standards must be enforced and implemented for all if conditions for peasants and agricultural workers are to ameliorate. It is only through the creation of decent jobs and decent working and living conditions that sustainable economic development, the right to food and the elimination of poverty can be achieved.

A world encompassing decent work, decent wages & social protection for all

The food crisis has illustrated the need for social protection schemes across the globe. Those hit the hardest had no safety nets when prices were at their highest in July 2008, and even though prices have dropped since then, the lasting impacts of high prices will be felt among the poorest for a long time to

come. Only by establishing social safety nets can the vulnerable be protected from increased food price volatility in the future.

Despite some declines, in January 2009 prices are still 30 percent higher than two years ago, and a rise in workers' wages have not followed this steep rise in prices. Effective trade union action in raising wages is a further part of the solution to the food crisis. The problem inherently wrong in the food crisis from its beginning was not a lack of food, but the fact that working poor could not afford to purchase food because of the skyrocketing prices. The problems of poverty wages in the agricultural sector, hazardous working conditions, discrimination against women and the lack of decent work across large parts of the globe must be tackled. Through a strengthening of trade unions, working people can reclaim their right to adequate food at reasonable prices and at the same time assist in the development and implementation of new agricultural policies, intended to improve their livelihood and to stimulate economic growth.

The problem inherently wrong in the food crisis from its beginning was not a lack of food, but the fact that working poor could not afford to purchase food because of the skyrocketing prices. The problems of poverty wages in the agricultural sector, hazardous working conditions, discrimination against women and the lack of decent work across large parts of the globe must be tackled.

The re-regulation of international markets

The global financial and economic crisis is threatening to impact the real economy to an extent we cannot yet fully anticipate and is spreading to emerging and developing economies. Over recent months, financial sectors have been at times paralysed, hitherto stable currencies have collapsed and world economic growth has almost come to a standstill. The social and political instability that inevitably follows this crisis will affect working families and the poorest across the globe, especially vulnerable groups including women.

People already suffering under the food crisis and having lost a large part of their purchasing power as a result of soaring food and commodity prices, especially in developing countries, will now have to come to terms with wage stagnation, job and pension losses as a result of the financial crisis. This intolerable situation cannot be allowed to prevail; the trade union movement considers it essential to begin working on a more inclusive, just and democratic system for the governance of global markets. A new structure of international economic governance must encompass a reassertion of trade unions and strengthen the role of the ILO.

As described in the last chapter, to a large extent the global food crisis emerged due to enhanced global financial volatility as speculators looking for rapidly rewarding assets, especially after the crash of the US sub-prime mortgage market, turned to the agricultural commodity markets. UN organisations such as the United Nations Environment Programme (UNEP) and the UN Conference on Trade and Development (UNCTAD), and even the IMF, all agree that speculation in agricultural commodities were an influential factor in driving up prices at a rapid rate in 2008. In March 2008, wheat prices reached a level 60 percent higher than could otherwise be explained by normal supply and demand factors.

The international community must take responsibility to ensure that agricultural commodity speculation does not again contribute to growing world

food insecurity once the markets have stabilised. Food is not a commodity like precious and raw metals or energy – nor should it be treated that way. The global financial markets, comprising investment banks, hedge funds and pension funds, in part also responsible for driving up food prices by speculating heavily in commodity index funds, should be not allowed to gamble with the fundamental human needs of the world population. But at the moment, there is no multilateral framework or agreement that can respond to excessive global speculation in food prices. What is needed are far tighter re-regulatory measures, concerted through government interventions, that could limit and contain financial speculation on commodity markets.

Food is not a commodity like precious and raw metals or energy – nor should it be treated that way.

◆ ◆ ◆ ◆

This report has sought to show the causal factors that provoked the soaring food prices over recent months and to illustrate some major solutions to overcoming the crisis. It is clear that another food price surge like that cannot be allowed to happen again, as it did in 2008 simply due to lack of adequate anticipation and action by the international community. World leaders and governments have the means and the decision-making power to ensure adequate food for everyone. History will judge us harshly if we fail to ensure everyone can enjoy that right.

Endnotes

1. IFPRI: “High Food Prices: The What, Who, and How of Proposed Policy Actions”, Policy Brief, May 2008

2. World Food Programme, WFP Crisis Page: High Food Prices: http://www.wfp.org/english/?ModuleID=137&Key=2853

3. ITGLWF (International Textile, Garment and Leather Workers’ Federation) Press: Garment workers starve while fashion brands flourish, 31 July 2008

4. SOS Kinderdorf International: Kosovo’s urban poor hard hit by food crisis : http://www.sos-childrensvillages.org/Focus-areas/Emergency-relief/Children-in-catastrophes/Global-Food-Crisis/Pages/Kosovos-urban-poor-hard-hit-by-food-crisis.aspx

5. USA Today: As food costs soar, it’s back to basics for meal planners by Christopher J. Cummins, 8 July 2008

6. USA Today: As food costs soar, it’s back to basics for meal planners, by Christopher J. Cummins, 8 July 2008

7. The Guardian: Austerity Britain: crunch forces consumers to change habits by David Teather, 5 September 2008

8. FAO (2008): The State of Food Insecurity in the World 2008

9. FAO (2008): The State of Food Insecurity in the World 2008

10. International Herald Tribune: Fed officials differ on how to tackle inflation by Louis Uchitelle, 1 August 2008

11. IPS: Food crisis mortgages children’s’ future by Thalif Deen,19 June 2008: http://ipsnews.net/news.asp?idnews=42888

12. The World Bank (2008): Global Economic Prospects 2009

13. ITUC: Child Labour, Mini Action Guide June 2008

14. ITUC: Child Labour, Mini Action Guide June 2008

15. ILO (2008): Child labour and education: Evidence from SIMPOC surveys by Allais, Federico Blanco and Hagemann, Frank; working paper, June 2008 Geneva

16. WFP: Nurturing a brighter future – school feeding reduces hunger and improves education: http://www.wfp.org/food_aid/school_feeding/WFPApproach_INTRO.asp?section=12&sub_section=3

17. The WFP’s food costs grew by over 50 % in the past five years and increases are expected by another 35 % in 2008-2009 according to World Economy & Development in brief, Issue 2/ Mar-Apr 2008

18. Commentary by Gene Sperling: Soaring Food Prices Means Less Education for Poor, 1 May 2008: http://www.bloomberg.com/apps/news?pid=20601039&sid=aUGJDvGYnvTg&refer=columnist_sperling

19. Agencia de Informacao de Mocambique: Food Crisis May Affect Education, 6 May 2008

20. World Food Programme, WFP Crisis Page: High Food Prices: http://www.wfp.org/english/?ModuleID=137&Key=2853

21. The Economist: The new face of hunger, 17 April 2008

22. Statement by the Global Unions to the 2008 Annual Meetings of the World Bank and the International Monetary Fund, 11-13 October 2008 & World Bank: Press Release No:2009/065/DEC

23. United Nations (2008): The Millennium Development Goals Report & The World Bank (2008): Global Economic Prospects 2009

24. Statement by the Global Unions to the 2008 Annual Meetings of the World Bank and the International Monetary Fund, 11-13 October 2008

25. WFP: Horn of Africa at a critical stage, http://www.wfp.org/hornofafrica/horn_of_africa.asp & FAO: Crop Prospects and Food Situation, No. 4, October 2008

26. WFP: On the ground with an Ethiopian farmer, August 2008, http://www.wfp.org/hornofafrica/ethiopia_story_08_2008.asp

27. FAO: Crop Prospects and Food Situation, No. 4 October 2008

28. IFPRI The World Food Situation by Joachim von Braun, December 2007:

29. IFPRI May 2008: Social unrest related to high food prices in Argentina, Bangladesh, Burkina Faso, Cameroon, China, Cote d'Ivoire, Egypt, Ethiopia, Guinea, Haiti, Honduras, India, Indonesia, Italy, Jordan, Madagascar, Malaysia, Mauritania, Mexico, Morocco, Mozambique, Pakistan, Philippines, Senegal, Somalia, South Africa, Trinidad & Tobago, United Kingdom, Uzbekistan and Yemen.
30. FAO stat: http://www.fao.org/faostat/foodsecurity/MDG/EN/Haiti_e.pdf

31. World Economy & Development in brief, Issue 3/May-Jun 2008

32. The Guardian: Haiti: Mud cakes become staple diet as cost of food soars beyond a family's reach by Rory Carroll, 29 July 2008

33. The Guardian: Egypt: Bread shortages, hunger and unrest by Chris McGreal, 27 May 2008

34. Declaration of the general secretaries of the central trade unions and the general secretaries of the independent trade unions of Burkina Faso, 11 July 2008

35. La Coalition Nationale contre la Vie Chère

36. Communication par Blaise Compaore, Présidence du Faso, 7 June 2008

37. Declaration of the general secretaries of the central trade unions and the general secretaries of the independent trade unions of Burkina Faso, 11 July 2008

38. 17 April & 17 May 2008 protest marches – COSATU along with numerous civil society organisations staged protest marches in Johannesburg, Cape Town and Durban, and many other cities.

39. Ipsos Markinor report: http://ipsos-markinor.co.za/news/cosatu-strike-on-wednesday-23-july-2008

40. Times of Zambia: ZCTU urges State to enhance agriculture by Times reporter http://www.times.co.zm/news/viewnews.cgi?category=10&id=1092965881

41. CGTB, COSI-Benin, CSA-Benin, CSPIB, CSTB and UNSTB

42. Déclaration de la journée mondiale de lutte contre la pauvreté, 17 octobre 2008 by Union des Travailleurs de Mauritanie (UTM), Confédération Générale des Travailleurs de Mauritanie (CGTM), Confédération Libre des Travailleurs de Mauritanie (CLTM), Union des Syndicats Libres de Mauritanie (USLM), Union Nationale des Travailleurs de Mauritanie (UNTM) and Confédération Nationale des Travailleurs de Mauritanie (CNTM)

43. ZCTU Communiqué on RBZ's Response to the December 3 National Action on Cash Withdrawal Limit, 8 December 2008

44. JTUC-RENGO, 28 July 2008.

45. United Nations (2008): The Millennium Development Goals Report

46. United Nations (2007): The Millennium Development Goals Report

47. United Nations Conference on Trade and Development (2008): The Least Developed Countries Report, page 78.

48. IFPRI: Helping Women Respond to the Global Food Crisis, 17 June 2008: http://www.ifpri.org/events/seminars/2008/20080617women.asp

49. Mayra Buvinic, Andrew R. Morrison, A. Waafas Ofosu-Amaah, and Mirja Sjöblom (eds.): Equality for Women, Where Do We Stand? A co-publication of the World Bank and the Organisation for Economic Co-operation and Development, 2008

50. International Labour Office (2008): Report IV, Promotion of rural employment for poverty reduction, International Labour Conference 97th Session, Geneva

51. UN WFP: Focus on Women: http://www.wfp.org/food_aid/food_for_women/index.asp?section=12&sub_section=4

52. ITUC (2008): Challenging the IFIs: Practical Information and Strategies for Trade Union Engagement with International Financial Institutions

53. Inter Press Service: Development: Food crisis symptom of dubious liberalisation by Aileen Kwa, 13 May 2008

54. IMS Survey Online: IMF Revamps Loans for Countries Facing Price Shocks, Disasters, 19 September 2008

55. Action Aid International, African Network on Debt and Development, Bank Information Center, Bretton Woods Project, European Network on Debt and Development, New Rules for Global Finance Coalition, Oxfam International

56. See in particular European Network on Debt & Development: IMF loans still too burdensome and too expensive, 24 September 2008

57. Bernardino, Naty (2005): Ten Years of the WTO Agreement on Agriculture: Problems and Prospects, paper presented at the International Gender and Trade Network (IGTN) during the WTO Annual Public Symposium, April 21, Geneva.
http://www.wto.org/english/news_e/events_e/symp05_e/bernardino15_e.pdf

58. FAO (2008): The State of Food and Agriculture, Food And Agriculture Organization of the United Nations, Rome, 2008

59. UNCTAD (2008): ADDRESSING THE GLOBAL FOOD CRISIS: Key trade, investment and commodity policies in ensuring sustainable food security and alleviating poverty, The High-Level Conference On World Food Security 3-5 June, Rome, Italy

60. Statement by the Global Unions to the 2008 Annual Meetings of the World Bank and the International Monetary Fund, 11-13 October 2008

61. The Associated Press: 75,000 protest tortilla prices in Mexico by Ioan Grillo, 1 February 2007

62. Washington Post: A Culinary and Cultural Staple in Crisis by Manuel Roig-Franzia, 27 January 2007

63. The Nation: Manufacturing a Food Crisis by Walden Bello

64. Oxfam (2008): Double-Edged Prices, Oxfam Briefing Paper n° 121

65. IMF (2008): World Economic Outlook, April

66. Commodity Online: Export ban off, India helps ease food crisis, 5 September 2008, http://www.commodityonline.com/news/Export-ban-off-India-helps-ease-food-crisis-11526-3-1.html

67. The Nation: Manufacturing a Food Crisis by Walden Bello

68. The Prime Minister of the Kingdom of Lesotho, speech at the International Labour Conference, 97th Session, 11 June 2008

69. The Global Unions group is made up of the International Trade Union Confederation (ITUC), which has 168 million members in 155 countries; the Global Union Federations (GUFs), which represent their respective sectors at the international trade union level (BWI, EI, IAEA, ICEM, IFJ, IMF, ITF, ITGLWF, IUF, PSI and UNI); and the Trade Union Advisory Committee (TUAC) to the OECD.

70. IUF (2002): The WTO and the World Food System: a trade union approach, Geneva

71. IATP (2003): World Trade Organization Agreement on Agriculture Basics by Sophia Murphy

72. Oxfam (2008): Double-Edged Prices, Oxfam Briefing Paper n° 121

73. IUF (2002): The WTO and the World Food System: a trade union approach, Geneva

74. UNCTAD: Addressing The Global Food Crisis: Key trade, investment and commodity policies in ensuring sustainable food security and alleviating poverty, June 2008

75. Cargill, news release, 13 January 2009

76. Archer Daniels Midland, press archives, 4 November 2008

77. Nestlé, press release, Switzerland, 23 October 2008

78. Monsanto, news release, 7 January 2009

79. IATP (2005): U.S. Food Aid: Time to Get It Right by Sophia Murphy and Kathy McAfee

80. IATP (2005): U.S. Food Aid: Time to Get It Right by Sophia Murphy and Kathy McAfee

81. IUF: High-level Panel on the Food Crisis, Production, Investment and Decent Work, 97th International Labour Conference, Geneva, 11 June 2008 – Contribution of Ron Oswald, General Secretary, IUF & Senate Committee on Homeland Security and Governmental Affairs, Press Release 20 May 2008

82. IUF, Buyoutwatch: Financializing Food: Deregulation, Commodity Markets and the Rising Cost of Food, 7 June 2008

83. Toronto Globe and Mail: Feeding Frenzy by Sinlcair Stewart & Paul Waldie, 31 May 2008

84. IUF, Buyoutwatch: Financializing Food: Deregulation, Commodity Markets and the Rising Cost of Food, 7 June 2008

85. UNCTAD: Addressing The Global Food Crisis: Key trade, investment and commodity policies in ensuring sustainable food security and alleviating poverty, June 2008

86. Responsible Investor: UNEP chief blames speculators for 'food price crisis' by Hugh Wheelan, 11 September 2008

87. IFPRI: Food and Financial Crisis – Implications for Agriculture and the Poor by Joachim von Braun, December 2008

88. The Guardian: Global food crisis looms as climate change and population growth strip fertile land by John Vidal, 25 August 2008

89. UN Population Division: World Population Prospects, The 2006 Revision http://www.un.org/esa/population/publications/wpp2006/WPP2006_Highlights_rev.pdf

90. UN Population Division: World Population Prospects, The 2006 Revision http://www.un.org/esa/population/publications/wpp2006/WPP2006_Highlights_rev.pdf

91. IFPRI: The World Food Situation by Joachim von Braun, December 2007

92. FAO: FAQs on Food Situation: http://www.fao.org/worldfoodsituation/wfs-faq/en/

93. Friedrich Ebert Stiftung: "A New Era of World Hunger?", Briefing Paper July 2008

94. UN Population Division: World Population Prospects, The 2006 Revision http://www.un.org/esa/population/publications/wpp2006/WPP2006_Highlights_rev.pdf

95. World Economy & Development in brief Issue 3/May-June 2008

96. IAASTD: Synthesis Report, p. 16

97. Trade Union Statement to COP14, December 2008

98. UNDP (2007/2008): Human Development Report: Fighting climate change: Human solidarity in a divided world

99. The Sahel Region is a semi-arid tropical savanna ecoregion in Africa, which forms the transition between the Sahara to the north and the more fertile region to the south.

100. IPCC, 2007: Summary for Policymakers. In: Climate Change 2007: Impacts, Adaptation and Vulnerability. Contribution of Working Group II to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change, M.L. Parry, O.F. Canziani, J.P. Palutikof, P.J. van der Linden and C.E. Hanson, Eds., Cambridge University Press, Cambridge, UK, 7-22.

101. Financial Times: Soil under strain, A thinning layer of life evokes concern by Fiona Harvey, 16 July 2008

102. BBC News: Heat may spark world food crisis by James Morgan, 9 January 2009 & Battisti D., Naylor R.: Historical Warnings of Future Food Insecurity with Unprecedented Seasonal Heat, in Science, 9 January 2008

103. The Guardian: Brazil: Deforestation rises sharply as farmers push into Amazon by Tom Phillips, 1 September 2008

104. Written by Sir Nicholas Stern for the UK government in 2006

105. The Stern Review: The Economics of Climate Change, Executive Summary & The Guardian: Climate Change: Prepare for global temperature rise of 4C, warns top scientist by James Randerson, 7 August 2008

106. Berlingske Tidende: Ghana holder vejret by Philip Egea Flores, 24 August 2008

107. The Guardian: Losing the ground beneath their feet by Thamima Anam, 4 September 2008

108. FAO, Climate change: implications for food safety: http://www.fao.org/ag/agn/agns/files/HLC1_Climate_Change_and_Food_Safety.pdf

109. Joachim von Braun, International Food Policy Research Institute: High Food Prices, the What, Who and How of Proposed Policy Actions, Policy Brief, May 2008

110. On September 11 2008, the members of the European Parliament agreed that the 10 percent of road fuels in 2020 should still come from renewable sources but they voted for 40 percent of that (i.e. 4 percent of the total) to come from second-generation biofuels, electricity or hydrogen from renewable sources, leaving 6 percent of the total from traditional biofuels.

111. Hebebrand, C. & Laney, K. (2007): An Examination of U.S. and EU Government Support to Biofuels: Early Lessons, International Food & Agricultural Trade Policy Council

112. Energy Information Administration, Official Energy Statistics from the US Government, 13 January 2009 release: http://www.eia.doe.gov/emeu/steo/pub/xls/Fig1.xls

113. Oxfam International: Another Inconvenient Truth, Oxfam Briefing Paper, June 2008

114. IMF (2008): World Economic Outlook, April

115. Joachim von Braun, International Food Policy Research Institute: Food prices, Biofuels, and Climate Change, February 2008

116. Oxfam International: Another Inconvenient Truth, Oxfam Briefing Paper, June 2008

117. Joachim von Braun, International Food Policy Research Institute: High Food Prices, the What, Who and How of Proposed Policy Actions, Policy Brief, May 2008

118. IMF (2008): World Economic Outlook, April

119. IUF (2008): Fuelling Hunger, 28 April

120. OECD-FAO: Agricultural Outlook 2008-2017, OECD/FAO 2008

121. Oxfam (2008): Double-Edged Prices, Oxfam Briefing Paper n° 121

122. "Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control." Universal Declaration of Human Rights, Art. 25 (1)

123. International Covenant on Economic, Social and Cultural Rights, Article 11.2

Select Bibliography:

Allais, Federico Blanco and Hagemann, Frank: Child labour and education: Evidence from SIMPOC surveys, International Labour Organization (ILO), working paper, Geneva, June 2008

Bello, Walden: Manufacturing a Food Crisis, the Nation, June 2008

European Network on Debt & Development (Eurodad): IMF loans still too burdensome and too expensive, September 2008

Food and Agriculture Organization of the United Nations (FAO), International Labour Organisation (ILO) & International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF): Agricultural workers and their contribution to sustainable agriculture and rural development, 2007

Food and Agriculture Organization of the United Nations (FAO): The State of Food and Agriculture, Rome, 2008

Food and Agriculture Organization of the United Nations (FAO): The State of Food Insecurity in the World, 2008

Food and Agriculture Organization of the United Nations (FAO): Declaration of the High-Level Conference on World Food Security: the Challenges of Climate Change and Bioenergy, June 2008

Friedrich Ebert Stiftung (FES): A New Era of World Hunger? The Global Food Crisis Analysed by James A. Paul & Katarina Wahlberg, Briefing Paper, July 2008

Global Unions: Statement to the 2008 Annual Meetings of the World Bank and the International Monetary Fund, October 2008

International Labour Office: Report IV, Promotion of rural employment for poverty reduction, International Labour Conference 97th Session, Geneva, 2008

International Food Policy Research Institute (IFPRI): High Food Prices: The What, Who, and How of Proposed Policy Actions, Policy Brief, May 2008

International Food Policy Research Institute (IFPRI): Helping Women Respond to the Global Food Crisis, IFPRI Policy Brief 7, October 2008

IMF: World Economic Outlook, April 2008

IMF: World Economic Outlook, November 2008

Intergovernmental Panel on Climate Change (IPCC): Climate Change 2007, Impacts, Adaptation and Vulnerability, Contribution of Working Group II to the Fourth Assessment Report of the IPCC, 2007

International Trade Union Confederation (ITUC): Challenging the IFIs: Practical Information and Strategies for Trade Union Engagement with International Financial Institutions, 2008

International Trade Union Confederation (ITUC): Child Labour, Mini Action Guide, June 2008

International Trade Union Confederation (ITUC): Equity, justice & solidarity in the fight against climate change, Trade Union Statement to COP14, UNFCCC, Poznan, Poland, December 2008

International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF): The WTO and the World Food System: a trade union approach, Geneva 2002

International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF): Workers and Unions on the Move – Organising and defending migrant workers in agriculture and allied sectors, May 2008

IUF 'Buyoutwatch': Financializing Food: Deregulation, Commodity Markets and the Rising Cost of Food, June 2008

Murphy, Sophia: World Trade Organization Agreement on Agriculture Basics, Institute for Agriculture and Trade Policy (IATP), 2003

McAfee, Kathy & Murphy, Sophia: U.S. Food Aid: Time to Get It Right, IATP, 2005

Organisation for Economic Co-operation and Development (OECD) - Food and Agriculture Organization of the United Nations (FAO): Agricultural Outlook 2008-2017, OECD-FAO 2008

Oswald, Ron: "High-Level Panel on the Food Crisis, Production, Investment and Decent Work" - 97th ILO International Labour Conference, IUF, Geneva, June 2008
Oxfam: Another Inconvenient Truth, Oxfam Briefing Paper n°114, June 2008

Oxfam: Double-Edged Prices, Oxfam Briefing Paper n° 121, 2008

South Centre: Food and Energy Crisis: Time to Rethink Development Policy, Geneva, September 2008

Stern, Sir Nicolas: The Stern Review on Climate Change, October 2006

United Nations: The Millennium Development Goals Report, 2007

United Nations: The Millennium Development Goals Report, 2008

United Nations Conference on Trade and Development (UNCTAD): The Least Developed Countries Report, 2008

United Nations Conference on Trade and Development (UNCTAD): Addressing The Global Food Crisis: Key trade, investment and commodity policies in ensuring sustainable food security and alleviating poverty, June 2008

United Nations Conference on Trade and Development (UNCTAD): Tackling the Global Food Crisis, UNCTAD Policy Briefs, N°2, June 2008

United Nations Conference on Trade and Development (UNCTAD): The Least Developed Countries Report 2008: Growth, Poverty and the Terms of Development Partnership, July 2008

United Nations Development Programme (UNDP): Human Development Report – Fighting Climate Change: Human solidarity in a divided world, 2007/2008

von Braun, Joachim: The World Food Situation, IFPRI, December 2007

von Braun, Joachim: Food and Financial Crisis: Implications for Agriculture and the Poor, IFPRI, December 2008

World Bank: Global Economic Prospects 2009, December 2008

World Economy & Development in Brief, Issue 3, May-June 2008

D/2009/11.962/5

Publisher responsible in law:
Guy Ryder, General secretary

ITUC
5 Bld du Roi Albert II, Bte 1, 1210-Brussels, Belgium
Tel: +32 2 2240211, Fax: +32 2 2015815
E-Mail: press@ituc-csi.org • Web Site: http://www.ituc-csi.org

Editor in chief: **Helle Damgaard Nielsen**
Layout: **Vicente Cepedal**