



# The South FACE

An Event Reporting Service of the South Centre

Available online at [www.SouthCentre.org](http://www.SouthCentre.org) >> Multimedia >> South FACE

## "NORTH – SOUTH DIALOGUE ON FOOD AND ENERGY SECURITY"

South Centre and Permanent Mission of the Republic of Indonesia to the UN in Geneva, Centre de Conférences de Varembe, Geneva, 17 June 2008.



The event was organized as a part of the emerging South Intellectual Platform to assess the underlying causes and policy dilemmas related to energy security, food security and livelihood security and multilateral responses required to correct the systemic issues.

### CONFERENCE CHAIRS:

**I Gusti Agung Wesaka Puja, Deputy Permanent Representative, Permanent Mission of the Republic of Indonesia to the UN, WTO, and Other International Organizations, Geneva**



The global food and energy crises represent significant economic, social and political barriers for developing countries. However, they cannot be engaged from a singular approach; they are multifaceted problems caused by interlinked factors, and as such, require multidimensional solutions.

It is essential that these problems be dealt with in the multilateral framework in order to support national policy frameworks. The United Nations General Assembly is the most appropriate forum in which to secure overall international commitment in dealing with the crisis at all levels.

In response to these problems, Indonesia believes that three areas of research should be focused in developing country agendas: the possibilities and limitations of biofuels as an alternative energy source and trade commodity, the problem of resilience in food production systems in light of climate change, and mechanisms that can be implemented to remedy global trade imbalances.

**Yash Tandon, Executive Director, South Centre, Geneva**

There must be more direct ownership of the food security crisis and an internationalization of the crisis from a southern perspective. Potential solutions to the problem cannot be sought from those who created the problems in the first place. The crisis must be taken as an opportunity for increased policy space in the South and more self-directed policy leadership.



The international community must recognize that there are structural causes to the current difficulties and that adequate redress must come through the UN system and processes, such as the recently set up UN Task Force on the Global Food Security Crisis. There is an institutional asymmetry in the production of knowledge and this cannot be allowed to distort potential response mechanisms and policies.

A proper analysis of the food crisis is a matter that cannot be left with trade negotiators, investments experts, or agricultural engineers alone. It is essentially a matter of political economy.

#### **OPENING REMARKS:**

#### **Lakshmi Puri, Acting Deputy Secretary-General of UN Conference on Trade and Development (UNCTAD), Geneva**



The food and energy crises, combined with the growing awareness of the impact that issues of climate change have on policy creation and implementation, must be treated as an urgent wake up call in the area of development strategies. There is an emergency aid aspect to the crisis, but the development aspect is just as significant, if not more so, for long-term sustainability.

Rising demands for food and energy consumption in some developing nations due to economic successes and stabilization cannot be seen as threats. The economic development and diversification of certain developing countries still requires strong agricultural bases to sustain the steps made.

The lack of support to the agricultural sector in many countries is the core issue that needs to be assessed; international aid, Official Development Assistance, distribution infrastructures, and Science, Technology, and Innovation spending and support must all increase in order to balance the policy and investment mistakes of the past.

#### **Juan Antonio Fernández Palacios, Permanent Representative of Cuba to the UN and International Organizations, Geneva**

Cuba has responded to the crises at hand by invoking the involvement of the UN Council on Human Rights. This measure was presented by Cuba in response to a call by members of the Non-Aligned Movement for a special United Nations session on the impact of the world food crisis on the right to food. While a consensus was reached and a resolution was agreed upon and produced, it falls to the global community to engage this resolution and deal with it equitably to promote short and long term security.



The food crisis must be taken as an opportunity, not for agricultural investment or more market oriented solutions, but as a chance to bring food issues and security back on the global agenda. The current world order is not working as it should to meet the basic human right of food, and this crisis merely affirms the legitimacy gap in the dominant paradigms.

## **SESSION 1: UNDERSTANDING THE EXTENT OF THE PROBLEM**

**Moderator: Dacio Castillo, Permanent Representative of Honduras to the World Trade Organization (WTO), Geneva**

**Josef Schmidhuber, Head –Global Perspectives Studies Unit, United Nations Food and Agriculture Organization (FAO), Rome**

Agriculture and energy prices are inexorably linked. As energy prices rise, many staples become priced out of the market for developing countries, particularly rural populations. This cannot be countered by merely producing more food.



Countries that import both their food and their energy will come under continued strain. Not all of these countries are affected to the same extent, as some countries can pass the costs onto other productive industries, however, in terms of long term sustainability these are the most at risk countries.

**Umpika Ponnachit, Minister Counselor, Permanent Mission of Thailand to the World Trade Organization (WTO), Geneva**

From the perspective of a middle income country, policies on food and energy security are focused on consolidating established capabilities, increasing efficiency in production and development, and promoting the increase of the farming population in order to enhance market development. Major goals are to increase income for small farmers through market development in foreign countries and to support trade negotiations for more market access.

Thailand's response to food security issues were answered through regional organization and cooperation, such as OREC, whereby regional food stores, knowledge sharing, and market sharing resulted in relative stability for producers and consumers. Regional cooperation is an important subject for further research.



**Mbaye Ndiaye, Permanent Mission of Senegal to the UN and International Organizations, Geneva**

From the perspective of an LDC that relies heavily on imports for both food and energy, rising costs, larger portions of already limited export revenues become inaccessible for other government investment and development platforms. 42% of export revenues were directed at financing oil imports in Senegal in 2007, and low-income food deficit countries spent 24% more on food imports in 2007 than in 2006.

LDCs, such as Senegal, find themselves in a global knowledge deficit. There are insufficient resources, particularly during times of crisis, to invest in local knowledge production and policy research to engage these crises. As a result, external actors are required to supplement knowledge gaps. Where will this come from? How can LDCs change the development framework when they are dependant on external knowledge sources?

## **SESSION 2: CAUSES AND POSSIBLE SOLUTIONS**

**Moderator: Jean Feyder, Permanent Representative of Luxemburg to the UN, Geneva**

A key variable that must be considered in the dialogue regarding the food crisis is the difference in production population and scale between developed and developing nations due to the output capacity of small, rural farmers compared to large scale industrial farmers. Any sort of economic redress cannot overlook this fact and must realize that for an agricultural trade system to maintain a relative equity stance, it must accept that in an open market, the small cannot compete with the large in terms of scale.



The second major variable that needs to be considered is price volatility and the threat this poses for small scale farmers in developing countries. Many of the developing nations in question do not have the capability to negotiate price volatility due to a lack of public funds available for subsidies. The root of this is found in the structural adjustment programs and trade conditionalities of the past twenty years. The result is that small scale farmers are much more vulnerable to market fluctuations than their more developed counterparts and competitors in the global food market.

A final variable is the adaptability, and lack thereof, for small farmers to adjust to market shifts and environmental conditions. Agriculture sectors in developed countries are buffered by advanced technologies and a large enough economic base and support system to manage quick shifts in conditions. However, agriculture sectors in developing countries are handcuffed by more traditional farming mechanisms and a lack of political and economic capital needed to deal with condition fluctuations.

**Teresa Caverro, Policy Researcher, Oxfam, Spain**



Current global crises are the result of decades of wrong policies that resulted in widespread agriculture sector collapse in developing countries. Through structural adjustment programs: national agriculture organizations degraded or completely collapsed, domestic markets were forced open to international private sector, domestic markets were flooded with foreign products, private sector forces failed in sustainably filling domestic production deficits, and capital and commodity markets lost control. End result is a lack of capacity in many LDC domestic agriculture sectors.

Short-term responses: Increase agriculture investment and protection for domestic markets, limit or eliminate biofuel development, redress imbalances in trade policies, clarify contribution of futures market.

Medium and long-term strategies: Support food reserves in dependant developing countries, reform the food aid system and trade restrictions, develop safety mechanisms for future market and resource shocks, and restrict dangerous market speculation.

**Wendy Mann, Senior Advisor, United Nations Food and Agriculture Organization (FAO), Rome**

Results of the Rome High Level Conference on Food Security and Global Climate Change and Bioenergy: There was recognition by the global community that the three issues can

no longer be examined apart from one another. There should be a greater understanding that agricultural practices and policies lie at the core of these issues, in terms of how to promote food and energy security while developing sustainable practices.

Short and long term measures should continue the Doha Round of negotiations while increasing aid, research, and support to agriculture in developing countries. Increase aid and decrease restrictions to aid, as well as lower trade barriers and tariffs so that rural farmers can integrate into national and international markets.

**Sergio Carvalho, Permanent Mission of Brazil to the United Nations, Geneva**

The major issues in the food crisis are not solely related to food production; distribution logistics and costs are a much larger factor in the problem than most institutions and outlets are willing to admit.

Biofuel capacity has the potential to be a cornerstone of the South's response. It is a Southern technology that can be used as leverage for development and as a mechanism for higher standards of living in developing countries, particularly in rural populations. 1 million people are employed and 1 billion barrels of oil are eliminated from consumption requirements due to the development of the biofuel sector in Brazil.

Extreme differentiation in the various biofuel crops must be recognized and investigated. The development of sugar cane as a biofuel stock has not affected the global market as with other stocks.

**Gilles Sommeria, Deputy Director of the Secretariat of the Intergovernmental Panel on Climate Change (IPCC), Geneva**

Global warming is not geographically uniform and it will not only affect developing countries, however, these countries have insufficient resources to adapt to the extra environmental strains that climate change will induce: increased flooding, less precipitation, drought, salinization and desertification of agricultural land, and reduced crop yields, among others.



The range of stabilization levels assessed can be achieved by deployment of a portfolio of technologies that are currently available and those that are expected to be commercialized in coming decades. This assumes that appropriate and effective incentives are in place for development, acquisition, deployment and diffusion of technologies and for addressing related barriers.

Policies that provide a real or implicit price of carbon could create incentives for producers and consumers to significantly invest in low-GHG products, technologies and processes. Such policies could include economic instruments, government funding and regulation.

**Anabel Gonzalez, Director, Agriculture and Commodities Division, World Trade Organization (WTO), Geneva**



Effect of Doha round completion: Doha round cannot be looked at to solve the food and energy crises particularly in the short term, however, they will reverse global market distortions in the long term. Doha will eliminate export subsidies, put limits on environmentally harmful products, reduce the level of protection at the border for importing environmental goods, and reinforce a measure of predictability in the trading system.

Free trade is not the cause of the food crisis. Global food crisis is a product of overproduction in developed countries and underproduction in developing countries, resulting in more production than necessary but less security than desired due to international trade restrictions.

**Luisa Rodriguez, Programme Officer of the Trade for Development Programme, South Centre, Geneva**

The food crisis is not isolated from international trade practices that influence components of agricultural development such as investments, ODA, increased production capacities, support for vulnerable groups, research and development incentives.



Trade regulations are seen as a component of the solution but not the solution of crisis since trade determines country-specific models of production.

While the WTO rules can regulate responses in emergency situations, such as timely and not tied food aid, and handle longer-lasting issues such as the use of safeguard measures, market access and effective implementation of Marrakesh decision in favour of NFIDCs and LDCs, at this stage of the WTO negotiations it is not definite that the Doha Round conclusion will result in successful elimination of trade distorting practices that create unfavorable conditions for development.

**Anne-Laure Constantin, Project Officer, Institute for Agriculture Trade Policy (IATP), Geneva**

There is a lack of comprehensive research on how the fluctuations in the global food market and increasing energy costs affect rural poor in developing countries. This is an important matter as two-thirds of the world's extreme poor live in rural areas and are engaged in agriculture.

There is not enough discussion on models of production and consumption: Farmers in many developing countries, particularly in Africa, do not benefit as much as they should from rising prices. Farmers have become highly dependant on intrusive middle-men, retailers, and corporate interventions, restricting direct access to national and international markets. Food chain structures must be re-examined in order to address this issue and counterbalance the effect of increasing production costs.

Agriculture should be used as a mechanism for development given the global economic climate, and farmers need remunerative and stable prices in order to feel secure in engaging with the agriculture sector. Additionally, farmer organizations are essential to increasing small holder production and security. Trade is a tool and not an end result.

The South Face is a service provided by South Centre (An Inter-Governmental Think-Tank of South) to provide space to voices and opinions of the South on global issues.

Select presentations will also become available on the South Centre Digital TV. <http://www.SouthCentre.org>

For more information on this Service and how you can use it to cover events organized by your organization, please contact:

Vikas Nath, Head - Media and Communication, South Centre - Geneva

[nath@southcentre.org](mailto:nath@southcentre.org) Tel: +41 22 791 8050

This edition is produced Julian Weinrib and Lindsay Anderson, South Centre, Geneva.