



“High-Level Panel on the Food Crisis, Production, Investment and Decent Work” - 97th ILO International Labour Conference, Geneva, June 11, 2008

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The IUF welcomes this ILO policy discussion on the link between food security, production, investment and decent work, because it is precisely these dimensions of the present crisis which are missing from much of the analysis and policy proposals on offer today, including the conclusions of the recent FAO High Level Conference on World Food Security, which we therefore regard as a failure.

One of the reasons for this failure is that the food crisis is seen mainly in terms of the rapid escalation in food prices over the past three years. Yet this is only one manifestation of a persistent, longer-term crisis in which the right to adequate food is denied to more than 800 million people, including those who work in agriculture. Recall that in 1996 the Rome Declaration on World Food Security stated, "We consider it intolerable that more than 800 million people throughout the world, and particularly in developing countries, do not have enough food to meet their basic nutritional needs." And this was when the global prices of major agricultural commodities were collapsing, hitting their lowest levels in three decades. Whether agricultural prices are hitting record highs or record lows, hundreds of millions of people continue to be denied the right to food.

In 2002, the IUF published "The WTO and the World Food System". We began by asking, "If access to safe, nutritious food is a fundamental human right, why are 820 million people living in hunger today? Why are people in food-exporting countries living in hunger, and why are agricultural workers among the malnourished? If the value of annual global exports in agricultural products is USD 545 billion, why do waged agricultural workers and small farmers register among the highest levels of global poverty? More than half of the world's workforce is engaged in agricultural production. Why then are the conditions under which food is produced so destructive to the health and well-being of these people?"

Since 2002, global agricultural trade has steadily increased to over USD 700 billion - and that figure is before the recent hyperinflation. Where are the benefits of expanding trade in agriculture promised us by the WTO, whose Doha Round the FAO urges be concluded as the main solution to global hunger? In 2007, the FAO estimated that 850 million people were chronically malnourished, though food production continued to outpace population growth. Now, in 2008, even the IMF is speaking of an additional 100 million potential new victims of starvation.

A system which routinely condemns over 800 million people to hunger and malnutrition is self-evidently in *permanent* crisis. From the standpoint of international human rights law, which establishes the universal right of all human beings to adequate, affordable nutrition and the obligation of governments to ensure that that right is defended and fulfilled, the system is

more than a failure. It is a crime. Among the foremost victims of this massive violation of the right to food are the nearly half a billion women and men who help produce the food we all depend on: waged agricultural workers.

What is new today is the near-simultaneous appearance of mass protests in some 30 countries which has elevated this ongoing violation of human rights to a potential political crisis for governments.

The **new** element driving these protests is hyperinflation in the price of staple foods. Prices of some of these essentials have doubled and tripled in the space of a year, some of them in the space of months. On March 31, the price of rice rose by 31% *in a single day*; on February 25, that of wheat by 27%.

It has been estimated that every percentage point increase in the price of staple foodstuffs can send an additional 16 million people into hunger. The first question to ask, therefore, is why are so many millions already on the edge, and why are so many of them employed in agriculture?

While it is an urgent necessity to halt the rise in prices, let us ask why there are no official proposals to raise rural workers' incomes to compensate for the loss of purchasing power and the reduction in calories. We should be asking why millions of rural workers sank into hunger and poverty when agricultural commodity prices *fell* steadily downwards, as they did through the 1990s. We should ask why the retail prices of, for example, coffee, tea, or sugar remained essentially stable, or even increased, for over a decade, while world market prices for these commodities were in prolonged free fall. Why, during these years, did the profits of the transnational processors and traders increase, along with their buying and marketing power; while the wages of coffee, tea, and sugar workers stagnated or fell, sometimes drastically?

Where is the linkage between commodity prices, retail prices, wages and purchasing power the WTO assured us liberalized trade would achieve through the "optimal utilization of resources"? Dependence on volatile global commodity prices has pushed entire populations to the brink of starvation.

The FAO conference last week concluded with a call to quickly complete the Doha round. How can we rush to a faster conclusion of the Doha Round when it was the WTO regime— and the Agreement on Agriculture in particular - that facilitated import surges that have devastated vital systems of local and national food production. Between 1995 and 2000, the price of maize in Mexico fell by 70% while the price of tortillas, the staple maize bread, increased by 300%, and quadrupled in the space of a few months last year. In these 5 years, an estimated 1.3 million workers and small farmers were forced to abandon the countryside in search of work. Many of these were forced to leave Mexico.

Commodity prices in themselves tell us nothing about the capacity of the world's agricultural workers to feed themselves, or the urban poor. *The key issues are vulnerability, volatility, and the extraction of value along the food chain.*

While an additional 100 million people face possible starvation as a result of rapidly rising cereal and oilseed prices, corporate profits for the traders and primary processors are at record levels. Cargill, the world's leading trader, registered an 86% increase in profits from commodity trading in the first

quarter of this year. 2007 profits for ADM, the second global trader, were up 67% per cent last year. Bunge, riding the wave of demand for oilseed for biodiesel, enjoyed a 77% increase in first quarter profits this year. Nestlé, the world's largest food corporation, posted exceptional 2007 profits and launched a 25 billion dollar share buyback program - while telling its workers that higher input prices mean they should brace themselves for layoffs and wage cuts.

You can search in vain for the word corporation in the FAO's 50 page briefing paper for the World Food Crisis Summit - this in a report entitled "Facts, Perspectives, Impacts and Actions Required". You won't find it either in the OECD-FAO Agricultural Outlook 2008-2017 - though you will find a message to the global poor that food will be unaffordable for the next decade or more. The main issues and actors in the crisis of the world food system are simply not there. The driving force behind liberalizing agricultural trade over the past decade - the enormous increase in the reach, power and market share of transnational corporations, not only across borders but *within* local and national markets through intra-company trade and subsidiaries - is entirely absent. There are only markets, market signals, and prices. With these "facts" and this "perspective", how can we understand the real mechanisms at work, and meaningfully address the issues?

The forces generating hunger don't simply happen – they are made to happen. If world cereal stocks are low, it is because governments were systematically pressured, lobbied, blackmailed and seduced into selling them off, thereby privatizing an essential mechanism for managing supply. The corporations now manage the planet's food stocks. Publicly funded agricultural research did not simply "decline" – it was consciously dismantled under the watchful eye of the World Bank, ensuring that research would become the exclusive preserve of corporate R&D.

With the major actors rendered invisible - and in particular, the corporations and the financial speculators who increasingly dictate how and what kind of food is planted, harvested, processed and marketed at what price, we're left with an "action plan" which tells the poor it will essentially be business as usual. What should have been an opportunity in Rome for governments to show their commitment to following through on their obligation to protect and enforce the right to food therefore concluded with humanitarian assistance and vague calls for more investment, more seed, more fertilizer etc. - without specifying what kinds of investment, what investors, what seeds, and investment for whom.

While international agencies have suddenly discovered underinvestment, investment in commodity indexes has climbed from US\$13-billion in 2003 to \$260-billion in March 2008 - and according to some analysts may soon hit a trillion US dollars. Yet the FAO briefing paper for the Rome summit devoted a dismissive two paragraphs to the phenomenon in its "assessment of recent developments", and nothing in its concluding "policy options". Private equity and hedge funds - investors focused on short-term, high-yield gains - have been expanding beyond futures markets and are now pouring billions into acquiring farmland, inputs and infrastructure. The real world has been left behind - and with it production, investment and decent work. The real issue is what kind of investment, what kind of production, and who benefits.

World Bank research has convincingly established that the massive diversion of cereal and oilseed crops for biofuel production is responsible for much of the pressure behind food price inflation - from one-third to as much as 75%, according to one study, when land use and the impact on food stocks are factored in. The escalating price of oil is also a critical factor, for the world food system is addicted to carbon fuels for pesticide and fertilizer inputs and for long-distance transport. Food has become a branch of the petrochemical industry. The FAO sees speculation playing no significant role in pushing prices upwards, but meanwhile investment funds are betting hundreds of billions of dollars on higher prices, creating a bubble that drives prices upwards. It was speculation alone which drove up the price of rice futures by 31% in a few hours on March 31. Retail prices follow, and the consequences can be fatal. As Tom Giessel, a US wheat farmer said recently "We're commoditizing everything and losing sight that it's food, that it's something people need. We're trading lives".

Combating hunger requires moving away from the industrialized monocultures which are strip-mining the soil and depleting and contaminating water resources. Governments must have restored to them the policy tools they need to ensure food security through investment in local and national food systems. Clearly, we must halt the diversion of food from human consumption to fuel tanks. Food and agriculture must be defended from the incursions of financial markets through regulation. And we must ensure the basic rights of all those who work in agriculture. These are in fact among the conclusions of the UN's own International Assessment of Agricultural Knowledge, Science and Technology for Development - the IAASTD, whose recent report has been endorsed by over 60 nations but whose findings and conclusions played no role in the FAO summit.

As we mark the 60th anniversary of ILO Convention 87 on freedom of association, the rights of agricultural workers are still systematically violated, and this systematic violation of rights is reflected in a food system which is neither socially nor environmentally sustainable. Agricultural work remains a domain of poverty, violence, child labour, death and injury on the job. Agricultural workers are still specifically excluded from national systems of industrial relations in some of the richest countries of the world, countries which are major producers and exporters of food. How is it possible in 2008, that we are still fighting for recognition of agricultural workers' right to potable water as a universal human right?

The missing link between investment, production and decent work –the title of this panel - is social regulation. No matter how many billions or even trillions flow into agriculture, this investment fails to deliver decent work and fails to advance the right to food. What we see instead is more volatility and therefore more vulnerability. Social regulation at national and sub-national level, including the implementation of ILO standards, is necessary to ensure that these capital flows are channeled into decent work, poverty alleviation and sustainable food security. Governments must have and be able to exercise the right to be able to protect food and food workers.

This is why the ILO must play a central role in the UN's interagency work on food security. We therefore think it essential that, in the followup to the work of

this year's ILC Committee on Rural Employment for Poverty Reduction, the ILO call for the rapid organization of a public policy forum on the global food crisis from the standpoint of production, investment and decent work, a policy forum in which the women and men who help produce the world's food, and their trade unions, can bring the real issues and real solutions to the table.

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The International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) is an international trade union federation composed of 373 trade unions in 121 countries with an affiliated membership of over 2.8 million members. It is based in Geneva, Switzerland.

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