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INTRODUCTION

At the World Food Summit in 1996, when there were an estimated 830 million hungry people, governments pledged to halve this number by 2015. Many now predict that the number will instead increase by 50% to 1.2 billion, further threatened by unpredictable climate chaos and the additional pressures of agrofuel production.

In the midst of collapsing farm and fish stocks, skyrocketing food and fuel prices, new policies, practices and structures are required to resolve the current food emergency and to prevent future -and greater - tragedies. Governments, including those in the global South, and intergovernmental organizations must now recognize that they are guilty of having implemented policies that have undermined agricultural productivity and destroyed national food security. For these reasons, among the world's people, they have lost legitimacy and confidence that they can make real, substantial changes necessary to end the present food crisis; to safeguard peoples' food availability and livelihoods; and to address the challenges of climate change.

The emergency today has its roots in the food crisis of the 1970s when some opportunistic OECD governments, pursuing neoliberal policies, dismantled the international institutional architecture for food and agriculture. This present food crisis is the result of the long standing refusal of governments and intergovernmental organizations to respect, protect and fulfill the rights of the people, and of the total impunity for the systematic violations of these rights among others. They adopted short-term political strategies that brought about the neglect of food and agriculture and set the stage for the current food emergency.

La Via Campesina in regional South East Asia and East Asia organized an international seminar on food crisis in Seoul, South Korea on August 2008. Farmers organization members of La Via Campesina from Indonesia, Japan, Cambodia, Malaysia, Philippine, Timor Leste, Thailand and various organization from South Korea, participated in this seminar.

This booklet is the compilation of all the papers presented during the seminar explaining how the food crisis affects the small farmers and the community.

Current Situation on the Food Price Crisis and Japanese Agriculture and Food

NOUMINREN Japan

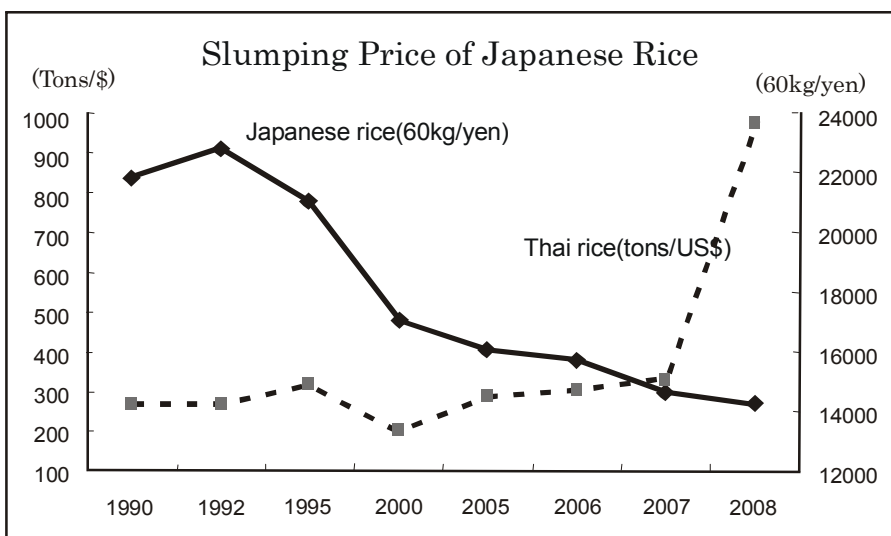
This report is to inform about the situation of Japanese agriculture and food, and the struggle of NOUMINREN in regard to “the food price crisis.”

Hokkaido, where I live, is located at the northernmost part of Japan and has prospered through agriculture. The food sufficiency rate in Hokkaido is more than 200%, and it is literally the food basket of Japan. According to the climate and land condition, it is divided into several regions of different main products such as paddy fields, upland fields (wheat, soybean, sugar-beet and vegetables), dairy and stockbreeding. The sectors of dairy and stockbreeding have received governmental support under the aid policy for large scale farmers. Therefore, the average number of cattle per farmer exceeds 100, and the milk production takes up 46.7% of entire production in Japan.

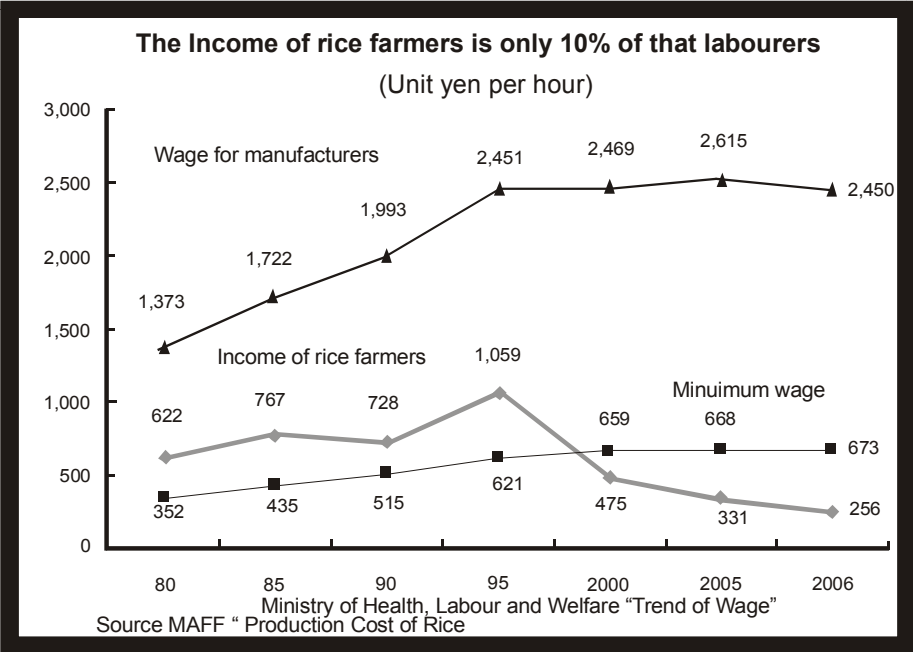
Recently, there has been a change in this region. One of my friends, who was an active member of the peasant movement, went out of dairy production this March. The reason was because of the increased price of animal feed and low milk price which could not cover the cost of production. He said that he would only become more indebted if he continued dairy production. This is not an isolated case. Many farmers in dairy farming and stockbreeding are forced to choose between continuing their production or shutting down. If this continues, dairy farming and stockbreeding will disappear from Japan. The situation is very serious and there is no time to lose.

In Japan, food crisis is not as drastic as in Africa, South Asia, and Central America, where the increase in the food prices are directly connected to hunger. But the sharp increase in the prices of corn and soybeans causes the crisis in dairy farming and stockbreeding also.

Rice production is also facing the same situation. The international market for rice is sharply rising while the price of rice in the national market continuously drops; recently, it went far below the cost of production.



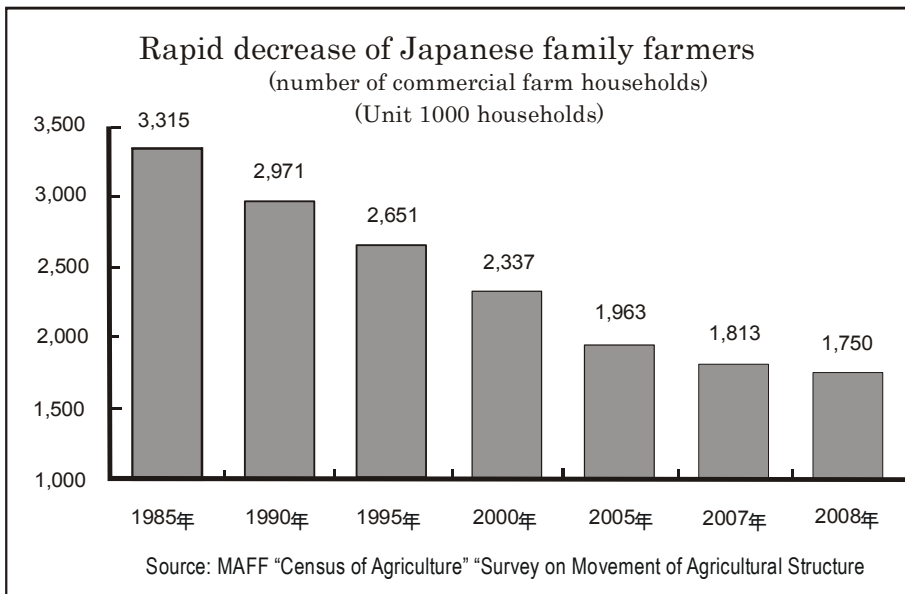
Japan, which is supposed to be wealthy nation, is facing serious problems. Issues of poverty and social inequalities are receiving great attention as the phenomena of insecure employment and the working-poor are spreading among the working population. Especially with the slump in the price of rice, the income of rice farmers decreased to 1/10 of that of the average workers. This is only half of the minimum wage established by the government, and it is clear that issues of poverty and social inequalities are worsening in the agricultural sector.



The cause for the slumping price of rice is the revision of WTO policies for the worse, also the Japanese government and violent big business policies. First of all, Japan reduced 40% of its rice cultivation under WTO policies, at the same time being forced to accept 770,000 tons of imported rice per year according to the Minimum Access Program. This figure drastically exceeds Hokkaido's rice production of 620,000 tons, which is known as the second largest national rice production area. Secondly, under the pressure from WTO, the Japanese government abolished the price guarantee system. Also, the state controlled rice distribution and regulation was privatized, and rice, the staple food for Japanese people, was placed under free-market principles. Thirdly, big merchandising businesses along with the government, which revised their policy, started to control the distribution system by heavy buying and restrained selling.

In fact, the national market price of rice has a tendency to rise under the influence of the world food crisis which decreases the national stock. However, it was revealed that the largest national supermarket summoned rice wholesalers and relating dealers and demanded that they not accept the price increase. Instead, they demanded them to sell extremely cheap blended rice in order to manipulate the price. Dealers only obey orders so that their rice will be sold. This means that the control of distribution will be intensified and the price will be set by supermarkets manipulations no matter how scarce the products are in the market nor how much the price is below the cost of production. As a result, a scheme of buying at an extremely low price will spread in the market.

The slump in the price of agricultural products causes a decline in agriculture. 63,000 family farms per year or 180 per day are disappearing in Japan. In order to retain Japanese agriculture, there must be a rise in the price of agricultural products to a level which covers the cost of production.



At the same time, Japan, which has only 2% of the world's population, is buying up 10% of the food in the world market, and this accelerates the food crisis. In order to grapple with the problems of food and agriculture, Japan must change the current situation and strive to raise the abnormally low food sufficiency rate by promoting more food production. This is the best way that Japan can contribute to solving the food crisis.

At the food summit in Rome, which was held from the 3rd of June to the 5th, Prime Minister Fukuda made an important international pledge of the Japanese government in his speech, saying that "Japan will make a contribution to the international society suffering hunger with an attempt to raise the food sufficiency rate." Sincere correspondence is demanded.

Despite such an important international pledge, the Japanese government is not leaving the framework of the WTO structure, which operates under the principle of free trade.

First of all, the government continues its policy to regulate the rice production by reducing it 40% with the excuse that rice is excessively produced in Japan. In spite of this, it continues to import Minimum Access (MA) rice, which does not have any demand from the Japanese people. The total amount of MA Rice imported to Japan at the end of March this year reached 8.65 million tons, and it is estimated that the total tax money spent to keep it in storage exceeds 110 billion yen. The amount of annual MA rice imported is 770,000 tons, and this is equivalent of 1/3 of the rice imported by the Philippines, which is suffering from the shortage of rice. It will never be admitted that Japan buys unnecessary rice and contributes to the increase of the rice price while the international rice market is experiencing a sudden rise. Moreover, the government intends to use 700,000 tons of rice to feed animals. Even with the rise in the price of animal feed, this is not appropriate as many people in the world are suffering from rice shortage. We demand that the importation of MA rice be stopped, while calling for the abolition of the WTO's MA system.

Secondly, the Japanese government's attitude at the WTO informal ministerial meeting, which was held on July 21st, was problematic. The negotiation itself ended in a total collapse. But the proposed final agreement included drastic tariff cuts and the liberalization of key products of Japanese agriculture such as rice, wheat, dairy products, sugar, starch, etc. This is a threat to the existence of Japanese agriculture. However, the Japanese government showed its support and acceptance of the proposed final agreement with, as an excuse, the avoidance of "international

isolation.” Before attending the ministerial meeting, the Japanese government initially asserted that they “will protect whatever must be protected” and “will not concede the 10% line for sensitive products.” However, once they arrived, the government changed the target line to 8%, and the Japanese agricultural minister agreed to accept the proposal of WTO secretary general as “the base of negotiation.” After all, it is clear that the Japanese government took the position to “sacrifice agriculture to the benefit of industry.” Thus they betrayed people’s expectations for improvements in the Japanese food sufficiency rate and went against the issues of human existence such as global warming and the food crisis.

In spite of such an attitude on the part of the government, the demand “to realize food sovereignty as a basic measure against WTO and to improve the food sufficiency rate by turning the agriculture policy and increasing food production” is catching on among the people. Recently, the central agricultural cooperative also demanded the realization of food sovereignty.

We believe that food sovereignty is the key to our movement to protect Japanese agriculture and food. Our struggle to improve food sufficiency is the major theme. At the same time, we have strengthened our struggle in the urgent issues such as the slumping rice price. In October last year, we rose in protest demanding a measure to deal with the rice price, and we were successful in forcing the government to take a step forward. Through this struggle, the solidarity among various sectors of people including workers was given a greater importance as it was carried out under the slogan of “calling for a decent price of rice is same as the workers’ demand for a wage increase.” The struggle appealed to people from various sectors and grew into a large movement in a short period of time.

Backed by this movement, NOUMINREN gives great importance to the struggle that exposes the control of distribution by large circulating capital and is trying to stop their destructive action. The control of distribution does not give any benefit to producers or consumers while the circulating capital will be the only winner. We decided our course of action from the summer to autumn to study various cases of such destructive actions and bring an accusation against them.

In addition, small and medium distributors are also victims of the distribution control. In Japan, there is an arising situation in which small or medium distributors cannot buy rice because of heavy buying by large circulating capitals. NOUMINREN gets together with such small and medium distributors and creates an alternative distribution system called “semi-direct sales.” Under this system, the small and medium distributors buy rice collected by NOUMINREN, and the rice is sold to consumers through local rice shops. This is receiving great attention as a counterexample under intensifying distribution control by large circulating capitals.

It has been more than 20 years since *Sanchoku*, the system of direct distribution of farm products to consumers thanks to close relations between producers and consumers, started. The source of power for the *Sanchoku* movement is the education campaigns. Many education campaigns are organized under various themes appropriate for these times such as food sovereignty, global warming, food safety, etc., and this has created a great impact on the public opinion over the issues of food and agriculture in Japan. While the G8 summit in Hokkaido could not reach any solution for the issues of global warming and food crisis, our *Sanchoku* movement in Japan has experienced expansion after educational campaigns on G8.

NOUMINREN continues in its struggle to pressure the government to change its agricultural policy. At the same time, we have strengthened our struggle against the distribution control by the large circulating capital by developing the alternative marketing system to deal with the actual distribution. This struggle will help us in the struggle against transnational corporations.

Let’s strengthen our solidarity and advance our struggle in order to realize food sovereignty in a peaceful and just world!

An Answer to the Global Food (Price) Crisis

SPI Indonesia

The global food system is in crisis. Millions of people can no longer afford or access the food they need, therefore global hunger and malnutrition are increased. The inability to manage the current food crisis is an illustration of the failure of over three decades of market liberalization in agriculture.

Under neo-liberal policies, the IMF, the World Bank and more recently the WTO have forced some countries to decrease their investment in food production and to reduce their support for the peasants. Their policies have been killing many people throughout the world, and not only peasants. Millions of people are dying in the southern hemisphere because of the IMF's bloody quack remedy in the late 90s: the Structural Adjustment Program (SAP). Moreover, unjust subsidies, overproduction, tariff cuts/opening market, and surging imports have been the WTO's catastrophic results for over 13 years. And we have witnessed all the evidences of how they killed peasants in the North and South. After a long struggle, we triumphed over the WTO collapse, about a month ago.

The side effect of these neo-liberal policies is the flawed agricultural market controlled by only a few people. The prediction that we forecasted a few years ago has become a reality: the speculators bet on the expected scarcity. Speculators such as TNCs (Cargill, ADM, Bunge, Tesco, Carrefour, Wal-Mart, and many more) and people like George Soros, have reportedly achieved an increase in profits from agricultural-commodity trading in the year 2007-2008. These two years of crisis is marked by Cargill's 86% profit increase. Meanwhile, in spite of rising soy prices in January 2008, Cargill was still keeping 13,000 tons of soybeans at a warehouse in Surabaya, Indonesia. ADM registered a 67% increase in profits, Bunge, 77% and Tesco, 11.8%. Reciting a financial report of the aforementioned main retailers, food selling is the main sector contributing to their profit increases (1).

The most recent cause of the global food crisis is the agrofuel boom (2). A higher demand for agrofuel, a false solution to the energy and climate crises, led to a corresponding rise in food price—because nowadays a lot of crops are utilized for fuel production. In a bigger picture, agrofuel creates more agrarian conflicts, volatile food prices, the human race (food) against the cars (fuel), as well as environmental problems. Who benefits from agrofuels? Like Joao Pedro Stedile from MST said, agrofuel is an unholy scenario of maintaining the profit levels of automotive, oil, and agro-industry companies (3).

So what is the core of the crisis? It is the mode of production and consumption, promoted by a neo-liberal mindset. It lies on the trade policies, the practices of the market's controller, the governments' course of actions, and the so-called 'food security' creed. La Via Campesina has long declared that any action referring to the current neo-liberal mode of production and consumption is not a solution.

People need a new mode of production and consumption that puts development, employment and food sovereignty objectives at the centre. They call for a real solution that stabilizes food production and distribution in order to meet the global demand for healthy, adequate, and affordable food.

Countries and international institutions tried to respond to the crisis. But as mentioned before, those responses still used the same old mode of production and consumption based on a neo-liberal mindset. First, countries tried to import more – which means they cut the food import tariffs,

¹ GRAIN, *Making A Killing from Hunger*, 2008

² The argument about the cause of crisis is a long discussion, including one with Jean Ziegler, member of the Advisory Committee of the UNHR Council, and one with Francois Houtart. Please also see La Via Campesina views, *An Answer to the Global Food Crisis: Peasants and Small Farmers Can Feed the World!*, April 2008

³ Joao Pedro Stedile, *Agrofuel*, 2008

and raised the export taxes, even placing export bans. Second, they tried to be more organized, together, not only with efforts from just one country. They used a 'New Deal for a Global Food Policy', promoted mostly by the IMF and the World Bank. Recently, they set up a High Level Task Force on the Global Food Crisis (HLTF), and launched a work on the 'Comprehensive Framework for Action' (CFA). At the end, they came up with the same old ritual: food aid and more debt to the south, with a total authorized ceiling of US\$ 1.2 billion. Thirdly, at the moment, a new architecture for the global food system is being discussed together with the 'New Deal for a Global Food Policy' of the IMF and the World Bank. This new architecture also includes an issue about the French proposal to solve the food crisis, and the G8 initiative last July in Toya-ko, Japan. This improved effort will involve all relevant actors, including the governments of developing countries, private sectors, civil societies, donors, and international institutions (4).

This endeavor has caused controversy in the recent months. An identical initiative in Africa as a catalyst for the process, called Alliance for a Green Revolution in Africa (AGRA), raised several serious problems, which were expected. The concept and practice of the green revolution have been rejected by many parties for their social and environmental costs. The 'second' green revolution will involve GMOs and every market-based solution in order to boost production. It is not a matter of production, as La Via Campesina stated before; we have enough food for people but, on the other hand, the market blocks the access for the poor. AGRA will also corroborate our prediction that this kind of initiative will only benefit certain people, not the most needing: the peasants, the small-and-medium producers, and the poor consumers.

Giving priorities to rebuild the national food economies will be crucial to address the current crisis. This could be based on the food sovereignty principles: (1) giving priority to support the poorest consumers who suffer from the food (price) crisis; (2) meanwhile, giving priority to domestic food production in order to become less dependent on the world market; growing investment in peasants and farmer-based food production for domestic market, non export-oriented food production; (3) using intensive labor and sustainable natural resources, non-intensive/extensive (chemical) input; (4) using local seed systems and wisdoms; (5) diversification of production system; and (6) protecting and stabilizing domestic market, including a fair price policy for producers and consumers.

One thing that should be secured therefore is the rights related to the use of land. Land should be distributed equally to the landless and peasant families through genuine agrarian reform. For a long time, it has been a source of concern that too little attention has been paid to the rights of those who cultivate the land, or need access to land as a productive resource, as responses to the global food crisis. This should be regulated by international law and should be adopted by countries and international institutions, such as the UN and its agencies.

Of course, we need some measures for stabilization in the international market; a new system is needed after the collapse of the WTO. International buffer stocks should be built up in order to intervene and stabilize prices at a reasonable level – also, major exporting countries should accept control over the quantities they will put the market. A body, or an institution, could be useful to regulate this (There are many debates over what kind of body or institution that would be. And we – as a people's movement – have to continue discussing alternatives and strike back! Could UNCTAD be the suitable institution?).

Lastly, we also need to limit the influence of TNCs in international trade. After all, they have been contributing to the current crisis; and people must demand them to take the responsibilities over what they have done.

⁴ Some parts are taken from Olivier De Schutter, *Draft Building resilience: A human rights framework for world food and nutrition security, 2008*

Food Crisis in Cambodia

FNN Cambodia

1. Rising commodity price across the world, especially fuel and food, have recently been a major concern for many countries, as rising food prices are likely to drive millions of people into poverty. In some countries, the tension and desperation of the poor leads to protests such as in Haiti, Egypt, the Philippines, Thailand, Indonesia and Italy. Like other countries in the world, Cambodia also suffers from high inflation as food price increased by 24.2 percent between January 2007 and January 2008. Dealing with this price increases is especially difficult for the poorest 20 percent of Cambodians who spend on average 83 percent of their total income on food and beverages.
2. When rice and other basic food prices increase, this will effects small farmers who will get some benefits.
Inflation affects everybody; but it hits the poor harder than others. The poorest of the poor spend almost their entire income on food, and because of the high food prices, these people begin eating less, and less nutritious food, leaving them hungrier, less likely to be productive and to earn a living; they become therefore more vulnerable to illnesses. This situation is an absolute fact and can not be denied by anybody.

Because the inflation rate increases faster than the wages of poor and vulnerable groups, these groups generally fall further into poverty. In some cases, it has been confirmed that while some families pull their children out of school to help earn additional income, others stop sending their children to school because they have to pay higher school fees to the teacher. In short, inflation has a negative impact on people's wealth; health, education, and the opportunity to lead a productive life.

Besides directly affecting the poor, the overall price increase on the market devalues development efforts as a whole. As an example, in 2007 Caritas Cambodia signed a contract with a construction company for building a new Eye Hospital in Takeo province at the cost of US\$1 million. However, due to high inflation, the actual construction expenditure of this hospital during early 2008 cost Caritas up to US\$ 1.6.

This is also likely to happen with the Royal Government's development budget and with its development partners. Although the government's budget as presented in the 2008 Budget Law was 16 percent higher than the 2007 Budget Law, as a result of the 18.7 percent inflation, actual government spending is less than last year. This reduction of the real budget, together with the effect of price increases on individual households in terms of nutrition and education, leaves the Royal Government in a situation where it is increasingly difficult to achieve the Cambodia Millennium Development and Education Goals as well as for all goals.

As for the farmers, they could benefit from the high food prices, which would provide an opportunity for Cambodia's agriculture sector to increase its production. Although Cambodia harvests rice only once a year, it exports about 2 million tons of rice per year and it is definitely able to produce a rice surplus. More production can be achieved by increasing production frequencies, investing more in water management and improving production and storage capacities.

In any case, the opportunities offered by higher food prices do not automatically translate as more income for the 91 percent of the Cambodian poor that are living in the countryside. The

World Bank's Sharing Growth Report (2007) estimated that 46% of the rural households are landless or own less than half a hectare land per household. This shows that the poor are unlikely to gain advantages from rising food prices due to the limited land size they have. Instead, these rural landless or land-poor households need to buy rice for their consumption. Another hindrance for the 60 percent of Cambodians that are employed in agriculture to take advantage of this opportunity is the increasing price of gasoline and agricultural inputs.

These factors could limit the agricultural productivity and make production costs higher and finally make their products uncompetitive against imported ones from neighboring countries. Furthermore most Cambodians farmers have limited capacity and capital with which to boost their productivity.

3. The Royal Government of Cambodia should consider the following strategies to address the impact of inflation:

Short-term strategies:

- Work with development partners in order to increase food aid and scale up social protection programs as described above, and increase state pensions to disabled military and disabled civil servants.
- Ensure food security and make sure that rice stocks are sufficient to deal with sudden shortages or price increases.
- Review stock and take appropriate action to ensure that the national stocks meet the demand for the remaining months of 2008, to ensure availability of rice for local consumption.
- Encourage and support for the wet season rice between May and August.

Long-term strategies

- Make more easily-paid loans available for the purchase of rice paddies.
- Support and promote direct export of milled rice.
- Promote agricultural extension with focus on low-external input rice intensification such as the system of rice intensification (SRI) and promote family-scale production of poultry and animal raising, food cultivation, and aquaculture.
- Implement a tax policy on unused land which will help encourage these idle lands to be productive.
- Enforce the legislation of economic land concessions and cancel any economic land concessions that have been left idle.
- Provide social land concessions to communities that are landless so that they are able to contribute to making their own living through growing rice, raising animals, etc.
- We would like to call on the Royal Government and its development partners to seriously invest in agronomy diversification and intensification, water management and rural development. These sectors have been somewhat underinvested in and deserve to be prioritized for the obvious reasons that 91 percent of the poor live in rural areas and that public investment in these sectors can help small farmers to increase their production and make a better living now that prices are high.
- Review all measures employed so far in order to decide whether they are effective for the sake of economic growth and poverty reduction.

Communities should:

- Do more to increase their home-grown food production including vegetable, poultry raising and aquaculture in order to keep themselves self-sufficient, and even make surplus.
- Restore and manage water sources and irrigation for the sake of household and community access,
- Each household should ensure that their own rice and food stocks sufficient.
- Enhance seed selection, farming techniques and storage capacity.

Long queues for affordable food in the Philippines

PARAGOS Philippine

The Philippines currently ranks as the world's largest importer of rice. And these days, large throngs of people are lining up daily to buy affordable food from government rice retail kiosks. And it is not just the poor who are lining up but even reportedly the members of the middle class.

In the case of the Philippines, this situation came about because of a flawed food policy, where imports were preferred over domestic production. And also because of the gradual withdrawal of State support for agriculture, which began in the early 1980s. That was when US-based agribusiness conglomerates (like Monsanto and Cargill) and international financial institutions (particularly the World Bank, the International Monetary Fund and the World Trade Organization) began to exert pressure on the world's farmers to produce cash crops for export and alternative fuels rather than grow healthy food for local consumption and regional stability.

Among the instruments employed were structural adjustment programs imposed by the World Bank and IMF in the eighties, which drastically reduced the Philippine government's investment capacity in agriculture. Debt servicing also became the national budgetary priority, with 8 percent to 10 percent of GDP devoted to debt-service payments. Interest payments as a percentage of expenditures rose from 7 percent in 1980 to 28 percent in 1994 and capital expenditures plunged from 26 percent to 16 percent.

Subsequently, spending on agriculture fell by more than half and agricultural capacity quickly eroded. Only half of potential irrigated areas had facilities and even these stagnated over the decades. By the end of the 1990s, only 17 percent of the Philippines' road network was paved. Funding for support services also declined, resulting in average rice yields that were far below demand. With the advent of trade liberalization, the Philippines was compelled to allow the entry of from 1 to 4 percent of domestic rice consumption over the next ten years. Eventually, the government relied more on imports rather than domestic output to make up for shortfalls. The massive imports depressed the price of rice, discouraging farmers and keeping production growth far below demand. The rest of the agricultural sector was ravaged, with the poultry industry almost killed by the flood of cheap imported chicken parts. Even agricultural employment dropped from 11.2 million in 1994 to 10.8 million in 2001, contrary to the government's promise of 500,000 new jobs every year.

Today, farmers have turned into 'consumers' of costly seeds and costly chemicals sold by powerful global corporations through powerful landlords and money lenders. Academics have even coined a term for this phenomenon – de-peasantization, which is now reportedly at an advanced state in Latin America and in Asia. And this phenomenon has inevitably contributed to the global food crisis.

If news reports are to be believed, the Philippine government is taking action to reverse this trend and is drawing up a program towards attaining self-sufficiency in food production. But as things stand, the government seems to have merely re-packaged existing agricultural programs and appears reluctant to undertake crucial policy reforms that could effectively address the current crisis. For instance, the Department of Agriculture came out with its FIELDS pro-

gram, which shows that the government would continue promoting the planting of hybrid rice and chemical intensive farming methods instead of pursuing more sustainable farming methods. And while the government is reportedly allocating more funds for agriculture it is as yet unclear when the funds would be available and whether these would even reach the small agricultural producers.

The challenge therefore is to convince the government to undertake necessary policy reforms and use the required resources to develop the agricultural and rural sector so that the country could progress towards long-term, sustainable agricultural production and rural development. The government should be persuaded to equip the small agricultural producers with the necessary resources (such as land and water facilities) and to provide an environmental policy that would encourage them to employ sustainable farming practices that also produce higher yields and results in better income.

The high price of rice in Timor Leste is not food crisis

HASATIL Timor Leste

HASATIL is a network of peasants, women, students, artists, pastoralists, fishermen and organizations based on agriculture, fisheries, pastoralist and the environment. HASATIL is united in the struggle for promoting sustainable agriculture and food sovereignty in Timor Leste.

The food crisis and poverty problem is not the problem of one or two peoples or one or two countries, but this is become a global problem.

Timor Leste is a new nation with a population of almost one million people and 80% of this population makes its living from the agricultural sector. In the rural area, the livelihood of 94% of the population depends on farming, fisheries, and cattle. Based on the assessment of UNDP, household income is 0,50 cents USD per day. This number shows that Timor Leste is considered as a poor country, along with other 20 countries.

We would be happy if the government were giving priority to the eradication of poverty and to the increase in domestic production. For us, the peasants in Timor Leste, we live in poverty and don't have enough food because of the failure of national food producing policies.

For example our government signed the Memorandum of Understanding (MOU) for a sugar cane plantation, a *Jatropha* plantation and a rubber plantation for industrial purposes. Hundreds of thousands of hectares of fertile land will be used for the plantation of cash crops. This will take land for food crops, use huge amounts of chemicals and will require many workers to work on the plantation.

According to Timor Leste government statistics from 2007, the national rice production was 33,246 tons/year and the needs for national consumption were 8,321,778 tons/year. There was a rice deficit of 4,997,178 tons/year; this gave the opportunity for the government to import rice from foreign countries.

For most people in Timor Leste, rice is their main food and the high price of the rice is causing problems for consumers. Whereas the price of rice is very high, the production of other staple foods like cassava, corn, sago etc., which are well known in the community, is being abandoned.

To decrease the dependency on rice, HASATIL has organized a national campaign promoting local food products in order to realize food sovereignty. HASATIL organized food exhibitions, seminars and mass mobilizations in order to create awareness of various local foods produced by peasant families.

Figures based on a survey by HASATIL:

District	Brand/kg	Price	Notes
Lospalos	MTCI 35 kg	\$ 25.00	
	Globus 38 kg	\$ 32.00	
Manufahi	MTCI 35 kg	\$ 27.00	
	Globus 38 kg	\$ 29.50	
Viqueque	MTCI 35 kg	\$ 26.00	
Maliana	MTCI 35 kg	\$ 26.00	
SuaiFatumeanfatululik	MTCI 35 kg	\$ 26.00	
	MTCI 35 kg	\$ 37.00	
	MTCI 35 kg	\$ 38.00	
Oecussi	MTCI 35 kg	\$ 19.00	
Baucau	MTCI 35 kg	\$ 25.00	
	Kuda ulun	\$ 26.00	
Ainaro	MTCI 35 kg	\$ 30.00	
	MTCI 28 kg	\$ 23.00	
	MTCI 8 kg	\$ 14.00	
Dili	MTCI 35 kg	\$ 24-25.50	
Liquica, Ermera	MTCI 35 kg	\$ 25.00	
Price as defined by the trade ministry	MTCI 35 kg	\$ 18.00	Sale through the cheap market as the form of government subsidy. The consumers who are able to buy are those who have money.

The average price of rice is \$ 0.25/0.35 KG, which we can compare with the income of a family of \$ 0,50 per day; with this number we can calculate that people have to work 45 days to be able to buy 35 KG of rice.

Based on our discussion with the villagers in the rural areas, peasants are not aware of the food crisis but they are frustrated with the high price of rice. These people are not dependant on rice as their main food, they are however able to buy local food which is still being grown nearby.

In the north coastal area of Timor Leste one finds less food because the livelihood there is fishing and unpredictable high tides make it difficult to fish in the sea. For cooking fires to feed their families they scour the countryside for firewood, cutting all the trees and causing land erosion and ecological crisis.

HASATIL, as the major network of farmer's organizations in Timor Leste, promotes food sovereignty among the people. Our main campaign is promoting other kinds of local foods instead of eating only rice as our staple food.

ANNEX: Rice and corn production in Timor Leste 2006/2007 issued by the Department of Agriculture.

Food Price Crisis in Thailand

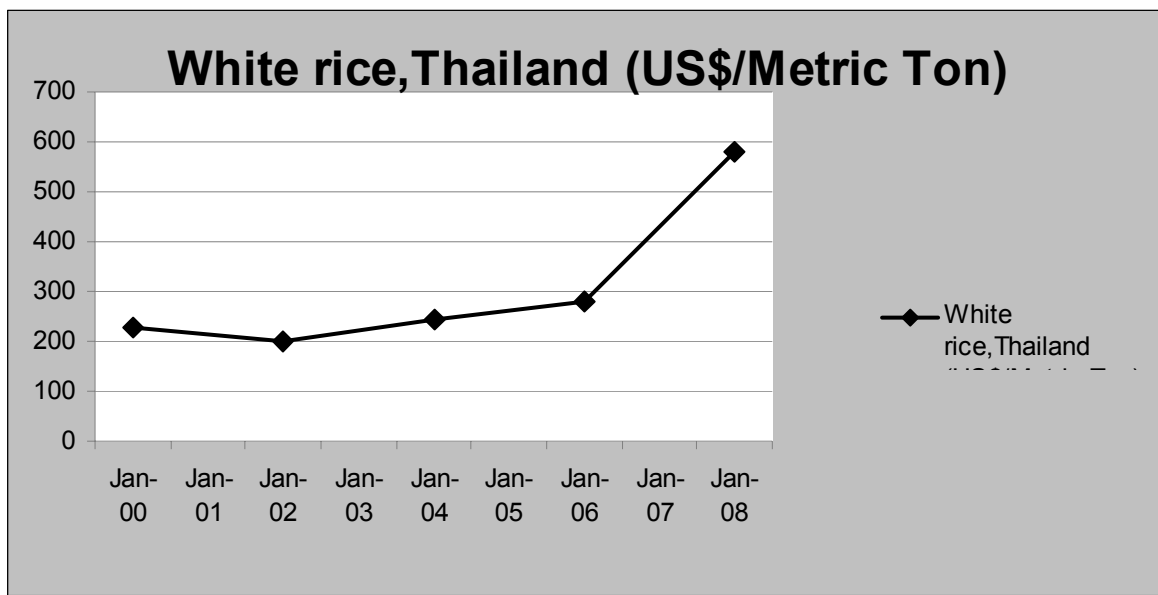
Northern Peasant Federation (NPF), Thailand

Problems of the Farmers and the Poor in the Face of the Food and Energy Crisis

1. Land rights: According to data in 1998, there were over ten million people living in legal forest land. Among these people, there were approximately five hundred thousand households living in the conservation areas of that forest which covers 8.1 million rai (equals 1.3 million ha.). These people are living in insecurity and are liable to be arrested and expelled.
2. Lack of Land for the Urban Poor and Small-scale Peasants: There are approximately 30 million small-scale peasants representing 5.6 million households. Among these rural people, there are approximately 1.5 million households which have an insufficient amount of land or no land at all. In addition, there are over six hundred thousand urban poor households in Thailand which are expulsion from in their settlements.
3. Living in Debt and losing land: there are approximately 6.3 million persons who have registered with the government agencies under the debt status. The total amount of debt accounts for 94 thousands million baht. Generally, the poor used their land as the guarantee for bank or financial institute loans. This land represents 38 millions rai (or 6.1 millions ha). For the farmers that couldn't pay their loans, their lands were seized by the loaning institutes and later sold. Many of the farmers were not able to return the money they borrowed and its additional interests, and so lost their land.
4. Uneven Distribution of Land Claimed and Abandoned or Under-utilized Land: As reported by the Land Institute Foundation, a non-governmental organization with a mission to follow the situations or problems of land claims in Thailand, approximately 90 percent of the total land area is claimed by only 10 percent of the people. In addition, there are many abandoned or under-utilized land areas accounting for 30 millions rai (or 4.8 million ha). These phenomena have devalued the country's economic accounting by a hundred thousand million baht per year (or 3125 millions US dollars per year).

Food Price Crisis

For three years now, food prices in Thailand have raised continually. Especially for rice; farmers and poor people are forced to pay the high price although Thailand is in the biggest rice exporter in the world. As reported by the government, prices have risen up to 74 percent for rice, 46 percent for maize, 87 percent for soybean and 97 percent for vegetable oil. These price rises on agricultural products lead to a higher price for food. In fact, the food price crisis in Thailand this year is not due to insufficient food but is associated with uneven distribution and economic inflation of up to 9.2 percent in July. This is illustrated by the figures below which indicate that the price of Thai rice in the world market sharply increased in 2008.



Source: IMF ,Primary Commodity Prices, available:
<http://www.imf.org/external/np/res/commod/index.asp>

Causes of Rising Food Prices

1. Oil Prices

The main factor leading to the situation of food crisis is the raising price of oil. The price increased rapidly in the last decade and reached the highest this year. In last few years the oil price in Singapore, which the oil price in Thailand is referred to, increased from 30 to 150 US dollars per barrel. This substantial increase of an already high oil price leads to increasing prices of agricultural inputs and transportation. This was the main reason that many factories and companies have claimed the necessity to increase the selling price of their goods.

2. Global Climate Changes and Natural Disasters

Global climate changes have influences on local weather and natural disasters; this is clear in many countries in the world. Agricultural products have been devastated. This can be seen by the destruction of paddy fields in Vietnam due to heavy storms and flooding, and by a two-year drought in Australia leading to a reduction in wheat production and the reduction of 40 percent of rice products due to heavy flooding in Ecuador.

3. Expanding Areas of Energy Plants

Due to the rising price of oil in Thailand, the government of Thailand is implementing a policy of energy production using plants, such as Zohol-Gasoline and Bio-diesel. These alternative energy sources have shared over 35 percent of the total petrol consumption in the country. It is expected that the quantity of ethanol use would be increased from 1.5 million liter per day in 2008 to 2.4 million liters per day in 2011. In order to ensure the energy supply, the government has promoted expanding areas of fuel plants, approximately more than 2 millions rai (or 320,000 ha). Sugarcane and cassava have been targeted in the Northeastern region and maize in the North. The result is that the land suitable for food crops has been changed to fuel crops. The price for fuel crops and their market availability are high incentives not only for small-scale farmers, but also for big private corporations. In contrast, planting areas re-

served for food crops have been reduced, decreasing production, in turn leading high food prices.

Impacts to Farmers and the Poor

1. *Higher Expense among Farmers*

Farmers and most poor people in Thailand have carried the heavy load of consumer expenses. The expense for food is high – up to 50-70 percent of total expenses. Although the price of agricultural products is higher, the farmers still do not receive bigger benefits from these prices because they have to spend more for higher costs of inputs. The real beneficiaries are among the middle-men and the food industries.

2. *Reduction of Food Security on both Household and Community Levels*

Food security for households and communities has been reduced. This is because of the fact that small-scale farmers have changed their land use from food crops to fuel crops due to the incentives of the higher prices. Fuel crops, like most economic field crops, are usually planted under the mono-cropping system. Therefore, the mixed cropping system, which provided traditional food sources, has disappeared. This implies the reduction of food security at the local level.

3. *Buying land from Small-scale Farmers*

Because food crops pay a good price, many companies and investors both domestically and internationally want to claim more land for food crops. They have bought land from small-scale farmers who are in poverty. To support the private companies, the government decided to change the laws to allow foreign individuals/companies to buy or rent land in the long-term with no time limits.

4. *Tenant Farmers Have Lost Their Rented Lands*

At present, there are 63, 45, and 10 percent of farmers in the central, north, south and northeast of Thailand respectively that need to rent land for cultivation. Under the high price, land owners have increased their rents. Some land owners took lands back from tenant farmers to rent them to private companies who paid higher rental prices. Therefore, there are increasing numbers of small-scale farmers who have no land for cultivation.

A Serious Response on the Rice and Food Crisis in the Philippines

KMP Philippine

We are alarmed by the current rice crisis that we are facing. Though farmers are producing food, still most family farmers suffer from the current high food prices alongside with the poor urban workers and their families. Many farmers do not own the land they till, they are victims of usury and of wanton neglect due to the lack of government subsidy to farmers. They produce for export or to pay off their debt, and they work as agricultural workers with a measly income.

With the tight world market supply and the soaring world prices, the Arroyo government could no longer contain and hide with increasing importations the crisis of underproduction and unsustainability of our rice industry. But unable to realize the true reasons for the crisis, it is trying to resolve it with its reliance on allegedly miraculous hybrid varieties peddled by agro-chemical TNCs, as well as with the same old worn-out, self-destructive, and neo-liberal formula of massive rice importation, with a flourish of some stop-gap measures such as the FIELDS (Fertilizer Irrigation and infrastructure Extension Loans, Driers, post-harvest facilities and Seeds) which Pres. Arroyo presented during the recently-concluded food summit on April 4, and announced the approval of a P45.5 billion (\$1,089,820,359) fund for this purpose. The breakdown is as follows:

Fertilizer	P 1.5 billion
Irrigation and infrastructure	P 6.0 billion
Extension	P 3.0 billion
Loans	P 15 billion
Driers, post-harvest facilities	P 12 billion
Seeds	P 8.0 billion
Total	P 45.5 billion

Earlier Pres. Arroyo announced a P5 billion subsidy to rice farmers.

If there is no rice crisis, why is there a frantic search for solutions? Why is there a sudden need to allocate funds to boost rice production? If indeed there is a crisis, why did the government act only now? How did we reach this point? Is the government outlining the right solutions?

Right or wrong solutions?

Are they putting forward the right solutions?

According to the Philippine Rice Research Institute (PHILRICE) study dated September 2006, palay (rice grain) and rice prices are one of the highest among developing countries in Asia. Citing data from a study the government did from 1992-2001, it said that palay price in the Philippines is around P8 (\$0.19) per kilogram, compared to P6 (\$0.14) in Vietnam, Indonesia, Thailand, and India, and P7 (\$0.16) in China. Rice prices in the Philippines, on the other hand, are double that of Thailand and Vietnam and almost 30 percent higher than in Indonesia.

The study attributes the high palay prices to the high labor cost of rice production in the Philippines because of the backward state of agricultural production. Post-harvest facilities in the country are so backward that it takes 30 working days to harvest, thresh, and haul palay, a process which takes 5 days in Thailand.

It also said that the average land tilled by a rice farmer, at only 2 hectares, is the reason they are poor.

Meanwhile, it stated that the low supply of palay can also be traced to the relatively small agricultural area of the country compared to Thailand, which is 60 percent larger and to the greater area of land allotted by Thailand and Vietnam to rice production.

All these confirm what we have been saying all along: that the country is backward, and preindustrial. We cannot even boast of a single industrial achievement and our agriculture is even more backward than our Southeast Asian neighbors. These problems cannot be solved by sporadic solutions and releases of funds. Not even the solutions outlined in FIELDS are enough.

How many farmers would benefit from the P20 billion (\$479,041,916) loan fund and the P8 billion (\$191,616,766) seed fund? Merely dividing the P20 billion loan fund by the total agricultural land area of the country devoted to rice, approximately 3.84 million hectares, would give us a figure of a low P5,208 (\$124) per hectare loanable amount. This is way below the P40,000 (\$958) production cost of rice per hectare per cropping. And who can avail of these loans?

The PHILRICE study revealed that farmers prefer the informal lending sector (read: usurers) because of the faster and timely releases of loans, less paper requirements, no collateral and flexible loan terms. Also, usurers provide the farmers access to their basic needs in-between cropping/harvesting seasons. What about collateral? Using the Certificates of Land Ownership Agreements (CLOA) as collateral of farmer-beneficiaries of land reform would only make them lose their lands as rice production does not give them much net income because of the backward production processes.

What about the modernization of the whole production process? The fund being made available is only for driers and post-harvest facilities, which was loaned from South Korea.

Added to this, big landowners would rather convert their land to commercial or industrial uses as it raises the value of their land.

The solutions being proposed by the Arroyo government misses three important points. First, food security and rural industrialization is a long process and its economic policies of privatization, deregulation, and liberalization even lead to more bankruptcy and backwardness in the agricultural sector. Second, the reason the marketing costs of rice are so high is because of the monopoly pricing of millers, traders, haulers and wholesalers, who are usually the same people.

The third and most important point is that there can be no food security in the country for as long as land is concentrated in the hands of a few big landlords whose sole interest is to earn more from their land through crop and land-use conversion or through bleeding their tenants dry. And the Comprehensive Agrarian Reform Law of 1988, which has been extended for 10 years already because it did not make a significant impact on the problem of landlessness, is definitely not the solution. It is time to take a serious look at the Genuine Agrarian Reform Program being proposed by the Anakpawis (Toiling Masses) party list, that is, if the government is serious in addressing the problem of rural backwardness and in finding a solution to the rice crisis.

The GARB aims to achieve the following objectives:

- to break up land monopoly and implement free distribution of the lands covered by this Act within a period that is just to farmer-beneficiaries and eliminate all forms of oppression and exploitation in the countryside and thereby usher the advent of genuine social justice;
- to transform the farmer-beneficiaries into efficient producers through the institution of an integrated and holistic program of support services that will nurture them toward improving their productive capabilities;

to increase the income of farmer-beneficiaries and raise their living standard through the promotion of cooperatives and other forms of mutual-aid as the main vehicle for improving their productivity; and;

to install the social mechanism and measures that will secure the lands of farmer-beneficiaries from loss and prevent the restoration of land monopoly; and;

to launch the thoroughgoing development of our agricultural sector and lay the foundation for national industrialization.

In support of GARB, we also see the need to approve the Rice Industry Development Act (RIDA) or HB No. 3958 sponsored by militant party list representatives from Bayan Muna, Anakpawis and Gabriela Women's Party.

The RIDA will pave the way for the development and protection of our rice industry into a self-reliant and sustainable economic element of our national development and bring the country away from import-dependency and food insecurity. The RIDA's core programs are:

- a) Direct credit for rice farmers;
- b) Sustained subsidy for production inputs;
- c) Development of irrigation systems and post-harvest facilities;
- d) Strengthening the palay procurement capability of the National Food Authority (NFA) and upgrading the distribution and marketing of rice; and
- e) Provision for extension services.

In addition, RIDA will institutionalize measures that will protect our rice lands from land use conversion so that the country will have the reserve lands that will ensure that we can produce our main staple at levels required for our food security.

ANNEX 1

La Vía Campesina

www.viacampesina.org

Secretaria operativa/ Operational secretariat: Jln. Mampang Prapatan XIV No. 5 Jakarta Selatan 12790- Indonesia
Tel/fax: +62-21-7991890/+62-21-7993426 Email: viacampesina@viacampesina.org Website :<http://www.viacampesina.org>

An Answer to the Global Food Crisis: Peasants and small farmers can feed the world!

Prices on the world market for cereals are rising. Wheat prices increased by 130% in the period between March 2007 and March 2008. Rice prices increased by almost 80% in the period up to 2008. Maize prices increased by 35% between March 2007 and March 2008 (1). In countries that depend heavily on food imports some prices have gone up dramatically. Poor families see their food bills go up and can no longer afford to buy the minimum needed. In many countries cereal prices have doubled or tripled over the last year. Governments in these countries are under high pressure to make food available at reasonable prices. In Haiti the government already fell because of this issue and strong protests have taken place in other countries such as Cameroon, Egypt, and the Philippines...

a. The current crisis: a result of agricultural liberalization

Some analysts have been exclusively blaming agofuels, the increasing world demand and global warming for the current food crisis. But actually, this crisis is also the result of many years of destructive policies that have undermined domestic food production. Trade liberalization has waged a virtual war against small producers. Farmers have been forced to produce cash crops for transnational corporations (TNCs) and buy their food on the world market. Over the last 20-30 years the World Bank and the International Monetary Fund (IMF) and more recently the WTO have forced countries to decrease investment in food production and to reduce support for peasant and small farmers. However, small farmers are the key food producers in the world.

Major international donors have also shown a lack of interest in food production. Development cooperation from industrialized countries to developing countries went up from 20 billion USD in 1980 to 100 billion USD in 2007. However, support for agriculture went down from 17 billion dollar to 3 billion USD during the same time. And most of these funds probably did not go to peasant-based food production.

Under neo-liberal policies, state managed food reserves have been considered too expensive and governments have been forced to reduce and privatize them under structural adjustment regimes. For example, Bulog, the Indonesian state company founded to regulate buffer stocks was privatized in 1998 under the policy package of the International Monetary Fund. Under pressure from the WTO, state marketing boards have been dismantled because they go against the principle of "free" trade. Under WTO agreements, countries have also been forced to "liberalize" their agricultural markets: reduce import duties (which constitute an important income loss for the importing governments!) and accept imports for at least 5% of their internal consumption even if they did not need it. At the same time TNCs have kept on dumping surpluses into their markets, using all forms of direct and indirect export subsidies. At the same time, national governments have failed to stabilize their markets and protect farmers and consumers against sudden price fluctuations.

Neo-liberal policies have destroyed the capacities of countries to feed themselves.

After 14 years of NAFTA (North America Free Trade Agreements) Mexico went through a major crisis often dubbed as the "tortilla crisis". From an exporting country Mexico has become dependent on US maize imports and currently imports 30 percent of its maize. Nowadays, while increased amounts of US maize have suddenly been diverted to agro-fuels pro-

duction, quantities available for the Mexican markets have dropped, provoking price surges. In 1992, Indonesian farmers produced enough soy to supply the domestic market. Soya-based tofu and 'tempeh' are an important part of the daily diet throughout the archipelago. Following the neo-liberal doctrine, the country opened its borders to food imports, allowing cheap US soy to flood the market. This destroyed national production. Today, 60% of the soy consumed in Indonesia is imported. Record prices for US soy last January led to a national crisis when the price of 'tempeh' and tofu (the "meat of the poor") doubled in a few weeks.

According to the FAO the food deficit in West Africa increased by 81% between 1995 and 2004. During the same period cereal imports increased by 102%, sugar imports by 83%, dairy products by 152% and poultry by 500%. However, according to IFAD (2007) the region has the potential to produce sufficient amounts of food.

All around the world, even though it is increasing the nation's vulnerability, liberalization goes on: the European Union is forcing the ACP countries into so-called Economic Partnership Agreements (EPAs) to liberalize the agricultural sector with foreseeable adverse effects on food production.

b. The agrofuel boom: a sudden shock on the world markets

The emergence of agrofuels is another cause of food price rises. Over the past few years, TNCs and world economic powers such as the US and the EU have rapidly developed agrofuel production. Massive subsidies and investments are flowing into this "booming" sector. As a result, land is rapidly being converted from food into fuel production and an important part of the US maize suddenly "disappeared" as it was bought up for ethanol production. This uncontrolled explosion of the agrofuel sector created a shock in the already unstable international agricultural markets. Egypt, one of the largest cereal importers, has called upon the US and the EU to stop encouraging the growth of maize and other crops for agrofuels. In Egypt food prices, including subsidized bread, went up by nearly 30% last year (2). In the Philippines, the government is now looking at some 1.2 million hectares for jatropha production in the southern island of Mindanao operated by the Philippine National Oil Co.-Alternative Fuels Corporation. It is also looking for more than 400,000 hectares of land for private sector investments. (Jatropha curcas is a drought-tolerant non-edible shrub. It produces fruits the size of golf balls which contain oil that can be converted into agrofuels. Impacts on local food security are expected (5).

c. Speculators: Betting on expected scarcity

Often eclipsed in the public debate, speculation is one of the main causes of the current food crisis. Production remains high, but speculators are betting on expected scarcity and artificially increasing prices.

World grain production in 2007/2008 is estimated at 2108 million tons (an increase by 4,7% compared to 2006/2007). This is well over the average growth in the last decade of 2%. Average consumption of cereals for food increased around 1% per year and will reach 1009 million tons in 2007/2008. The use for feed purposes increased by 2% to 756 million tons. And the use for other purposes will be around 364 million tons. An important part of it is maize (95 million tons), much of which is going into agrofuels. The USA is expected to use 81 million tons of maize for ethanol, 37% more than in 2006/2007.

The world cereal stocks are estimated to decrease by 21 million (5%) tons to 405 million tons at the end of the season in 2008. Stocks have been going down for several years; they are now at the lowest levels in 25 years.

Although it is true that over the last years demand has increased slightly more compared to production, a balanced international and national policy regarding domestic food production could easily address the situation and would secure stable prices for farmers and consumers. TNCs and mainstream analysts expect that land will be increasingly used for agrofuels (maize but also palm oil, rape seed, sugarcane...). They predict that the growing Asian middle class will start buying meat which will increase cereal demand and they expect negative climate effects on food production such as severe droughts and floods. Meanwhile, TNCs aggressively obtain large areas of agricultural land around cities for speculative purposes, expelling small food producers. In India more than 700 so called "New Economic Zones" are being established, kicking farmers out of their land.

Based on those predictions, TNCs have been manipulating the markets. Traders have kept stocks away from the market in order to stimulate price increases and generate huge profits afterwards. In Indonesia, in the midst of the soy price hike in January 2008, the company PT Cargill Indonesia was still keeping 13,000 tons of soybeans in its warehouse in Surabaya, waiting for prices to reach record highs.

In many countries large supermarkets have gained a near monopoly power and they are increasing prices far more than is justified by the price increase of the agricultural product. For example in France the price of certain yoghurts increased by 40% although the cost of the milk accounts for only a third of the total price. A substantial increase of the milk price for farmers could never cause such a price increase. (3) In Germany, farmers have seen the farm-gate price of milk dropping by 20-30%, pushing them into bankruptcy because supermarkets use cheap dairy products as a marketing tool to attract consumers.

International financial speculation is playing a major role in food price increases since the summer of 2007. Due to the financial crisis in the USA, speculators started to move from financial products to raw materials, including agricultural products. This directly affects prices in the domestic markets as many countries are increasingly dependent on food imports.

This is happening while there is still enough food in the world to feed the global population. According to the FAO the world could even feed up to 12 billion people in the future.

d. **Lessons learned from the crisis: the market will not solve the problem**

Instability on the international food markets is one of the characteristics of agricultural markets: as production is seasonal and variable, and an increase in production cannot be realized very quickly as crops need time to grow. At the same time consumption does not increase very much if more food is available. So small differences in supply and demand, uncertainties regarding future harvests and speculation on international markets can create huge price effects. The volatility in the food markets is mainly due to deregulation, the lack of control on the big players and the lack of necessary state intervention at the international and the national level to stabilize markets. De-regulated markets are key part of the problem!

e. **Peasants and small farmers do not benefit from higher prices**

While speculators and large traders do benefit from the current crises, most peasants and farmers do not benefit from the higher prices. They grow food, but the benefits of the harvest often get out of their hands: it is already sold out to the money lender, to the agricultural inputs company, or directly to the trader or the processing unit. Although prices for farmers have gone up for some cereals, this is modest compared with increases on the world market and increases imposed upon consumers. If food on the market comes from domestic producers, usually benefits of higher prices are reaped by companies and other intermediaries that

buy the products from the farmers and sell them at a high price. If the products come from the international market, this is even clearer: transnational companies control that market. They define at what prices products are bought in the original country and at what prices they are sold in the importing country. Although in certain cases prices did go up for producers, the biggest part of the increase is cashed in by others. In the dairy and meat sector, because of the increased production costs, farmers even see their prices going down while consumer prices are shooting up.

Despite some moderate price increases at the farm level, stock breeders are in a crisis due to the rise in feed prices and cereal producers are facing sharp rises in oil based fertilizer prices. Farmers sell their produce at an extremely low price compared to what consumers pay. In Europe the Spanish Coordination of Farmer Unions (COAG) calculated that consumers in Spain pay up to 600% more than what the food producer gets for his/her production. Similar figures also exist for other countries where the consumer price is mainly defined by costs for processing, transport and retailing.

- f. **Among the victims: Agricultural workers, landless farmers and cash crop producers**
Agricultural workers as well as many people in the rural areas also have to buy food as they do not have access to land to produce. Therefore, they are severely hit by the current crisis. Some peasants and small farmers may have land but they are forced to produce cash crops instead of food. The increase of the price of edible oil in Indonesia since 2007 has not benefited the Indonesian palm oil farmers at all. They received only a minor price increase from the large buyers and they do not understand why ordinary people and consumers have to suffer such high prices for edible oil. Many of them are working under contract farming with big agribusiness companies which process, refine and sell the product. A small number of big agribusiness companies increased domestic prices, following the international price hike. The contract farming model creates a situation in which farmers cannot produce food for their families as they have to produce cash crops as monocultures such as sugar cane, palm oil, coffee, tea and cacao. This means that even if the farmer receives a minor increase for his cash crop, she has to buy much more expensive food on the market. Therefore increasing food prices also cause more poverty in their families.
- g. **Urban consumers hit hard**
The international policies of the last decades have expelled hundreds of millions of people to the urban areas where most of them landed in slums, having a very precarious life, forced to work for very low wages and buy food and other goods at a high price. They are the first victims of the current crisis as they have no way to produce their own food. Their number has increased dramatically and they spend a big part of their income on food. According to the FAO, food represents up to 60-80 percent of consumer's spending in developing countries (including landless farmers and agricultural workers). Companies ruthlessly exploit the current situation, accepting that increasing numbers of people go hungry as they do not have the money to buy the available food. Governments are forced to import expensive food to meet consumer demand and do not have the means to support the poorest consumers.
- h. **More free trade will not solve the crisis**
Institutions such as the World Bank and the IMF as well as some governments are now advocating more investment in agriculture, increased food aid for the low income food importing countries and further liberalization of markets so that countries can improve their income through export. Many argue that we need more intensive production patterns, which means for them more industrial high input agriculture. This includes the introduction of GMOs and the use of more fossil energy!

At the same time they promote a second TNC-led “green” revolution in Africa, they keep on pushing for more market access for their TNCs in the Doha round and tie up the extra financial support to political criteria to increase the dependency of these countries. Nothing is said about the need for increased market regulation and stabilization or whether the support that is called for will go to peasant-based food production. Such investments will go to the importing countries by offering their financial “help”, bring more investment in corporate-led food production and continue to impose the same recipe of deregulation and privatization.

In the WTO negotiations high prices are used to make governments accept further tariff cuts and more de-regulation of the agricultural markets. This will create the next crisis when price fluctuations go in the other direction.

i. **A way out of the crisis: Rebuilding national food economies**

To address the current crisis, La Via Campesina believes that countries should give priority in their budget to support the poorest consumers so that they have access to sufficient food. Meanwhile, they should give priority to their domestic food production in order to become less dependent on the world market. This means increased investment in peasant and farmer-based food production for the domestic market.

We do need more intensive food production, but intensive in the use of labor and in the sustainable use of natural resources. Diverse production systems have to be developed, systems that are not exclusively focusing on the main crops such as corn, soy, rice and wheat but that integrate local foods that have been neglected since the onset of the “green” revolution. Small-scale family farms can produce a large diversity of food that guarantees a balanced diet and some surpluses for the markets. Small-scale family farming is a protection against hunger!

Internal market prices have to be stabilized at a reasonable level for farmers and consumers: for farmers so that they can receive prices that cover the cost of production and secure a decent income and for consumers so that they are protected against high food prices. Direct sales from peasants and small farmers to consumers have to be encouraged. Mr. Jacques Diouf, secretary General of FAO has stated that developing countries should be enabled to achieve food self sufficiency (6).

In every country an intervention system has to be put in place that can stabilize market prices. In order to achieve this, import controls with taxes and quotas are needed to regulate imports and avoid dumping or low price imports that undermine domestic production. National buffer stocks managed by the state have to be built up in order to stabilize domestic markets: in times of surplus, cereals can be taken from the market to build up the stock and in case of shortage, cereals can be released.

Therefore land should be distributed equally to the landless and peasant families through genuine agrarian reform and land reform. This should include the control over and access to water, seed, credits and appropriate technology. People should be enabled again to produce their own food and feed their own communities. Any land grabbing, land evictions and expansion of land allocation for the expansion of agribusiness-led agriculture has to be stopped. Immediate measures are needed to support small farmers and peasants to increase agro-ecological food production.

National governments should not repeat the mistake of promoting agribusiness corporations to invest in large food production units. According to the FAO, ex-Soviet countries plan to

open their land to agribusiness companies to produce food on land that is currently not cultivated. This could turn out to be another mistake if this is presented as a solution to the food crisis.

j. Regulating international markets and implementing basic rights

At the international level stabilization measures have to be implemented. International buffer stocks have to be built up as well as an intervention mechanism to stabilize prices on the international markets at a reasonable level. Exporting countries have to accept international rules that control the quantities they can bring to the market.

Countries should have the freedom to control imports in order to protect domestic food production.

Production of cereals for agrofuels is unacceptable and has to be stopped as this competes with food production. As a first step we ask for an immediate moratorium on agrofuels as proposed by Jean Ziegler former UN reporter on the Right to Food.

The influence of transnational corporations has to be limited and the international trade in staple foods has to be brought to a necessary minimum level. As much as possible domestic production should fulfill internal demand. This is the only way to protect farmers and consumers against sudden price fluctuations from the international market.

A possible agreement in the Doha Round will mean another blow for peasant-based food production; therefore any agreement has to be rejected.

k. Peasants and small farmers are the main food producers

La Via Campesina is convinced that peasants and small farmers can feed the world. They therefore have to be considered as the key part of the solution. With sufficient political will and the implementation of adequate policies more peasants and small farmers will easily produce sufficient food to feed everyone at a reasonable price. The current situation shows that changes are needed!

The time for food sovereignty has come!

Jakarta, 24th of April 2008

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