

INSIDE THIS ISSUE	UNCTAD XII	FINANCIAL CRISIS	THE INTERVIEW	2 nd GREEN REVOLUTION	BIOFUELS	CSOs & UNCTAD	FOOD CRISIS:
	Re-affirms the mandate but pares down the UNCTAD inter governmental machinery	makes policy change necessary	Questions and answers about biofuels: an interview by Deborah Scott - policy analyst ACORD.	How green is it? by Kasirye Samuel	..have come to the centre of the global development discourse but not the miracle yet.	We are concerned that Globalization has made this an era of growing inequalities and instability.	prices of food the world over have surged significantly, triggered by demand outstripping supply..
	1	2	11	14	17	19	21



Delegates at the recent UNCTAD XII meeting in Accra 2008

UNCTAD XII RE-AFFIRMS THE MANDATE BUT PARES DOWN THE UNCTAD INTERGOVERNMENTAL MACHINERY

by Ambassador Nathan Iumba

The twelfth Ministerial Conference on Trade and Development held in Accra concluded on April 25th 2008 by adopting the Accra Declaration and the Accord which while reaffirming the UNCTAD mandate downsized the UNCTAD intergovernmental machinery from three commissions as agreed at the Midrand conference into two commissions. This is perhaps the most dramatic downsizing of

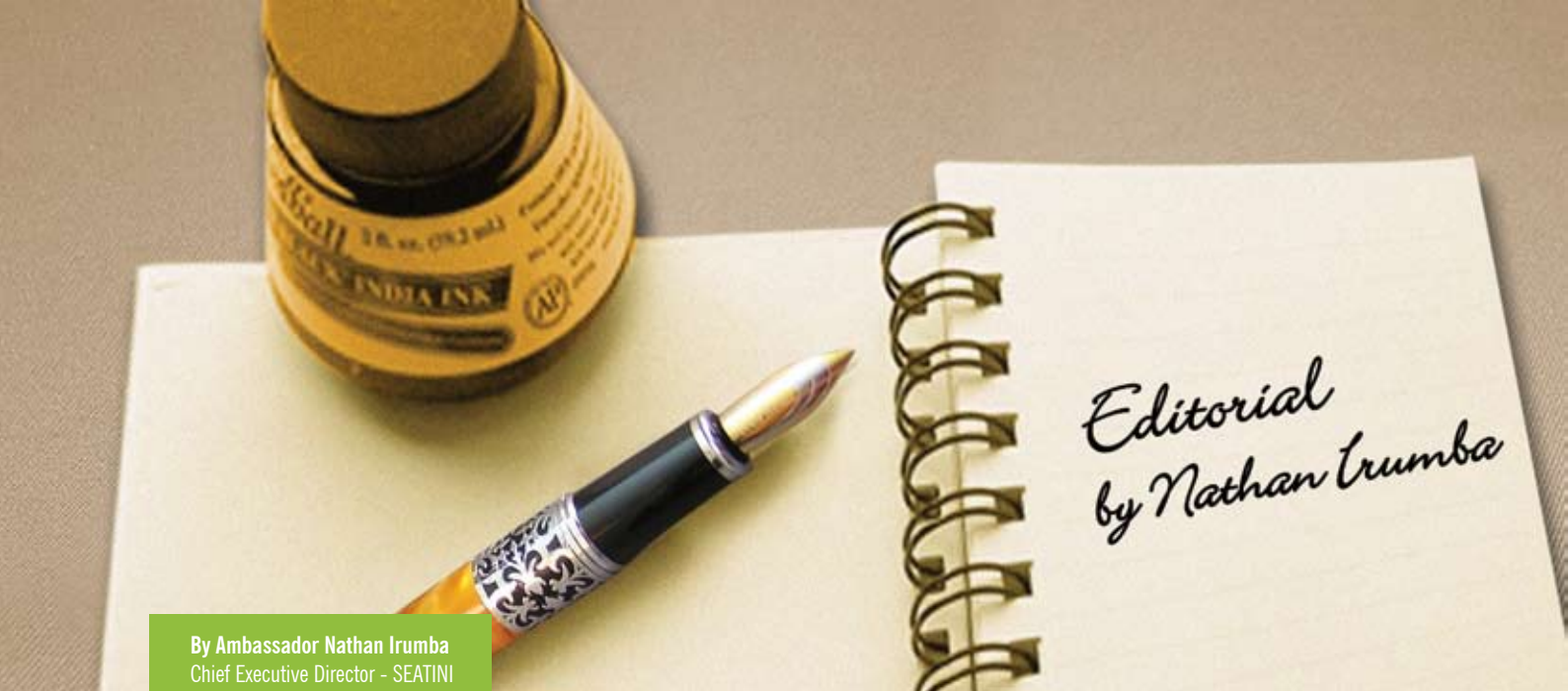
UNCTAD and could be a forerunner of restructuring and downsizing the UNCTAD secretariat, which could have deleterious impact on UNCTAD programme delivery. A part from pressing for maintenance of the three existing commissions, the group of 77 had put forward a proposal for fourth commission to

be devoted to "Globalisation and systemic issues." The proposal for a new commission was strongly opposed by the developed countries who instead wanted to abolish all the existing commissions so that the expert group meetings would report directly to the Trade and Development board. The

The compromise reached at the conference was to reduce the commissions to two and as a "carrot" to the G77 to having a standing item on the trade and Development Board Agenda on "Development in a globalizing world".

To page 3





By Ambassador Nathan Iumba
Chief Executive Director - SEATINI

*Editorial
by Nathan Iumba*



THE WORLD FINANCIAL AND FOOD CRISIS MAKES POLICY CHANGE NECESSARY

The twelfth Accra quadrennial conference of the United Nations Conference on Trade and Development (UNCTAD) concluded by adopting the Accra Declaration and the Accra Accord, which highlighted the challenges many developing countries are facing and set out a broad agenda for international efforts to make trade help these countries to develop and progress. What was not clear, however, is how the expanded agenda will be financed and how UNCTAD will be strengthened for this purpose. As Ambassador Arsene Balihuta Uganda's Ambassador in Geneva stated at the conference member states were most generous in giving UNCTAD more tasks but were most silent or ambivalent when it came to resources.

While welcoming the recent strong economic growth rates

that global trade and investment flows have brought to many developing countries, the UNCTAD XII acknowledged that these benefits have not been shared by all countries. The CSOs statement to the conference observed that "the opposite poles of wealth and poverty reinforce each other with new manifestation of the flaws of the system. The most notable problems today are, first, the massive losses arising from the global financial crisis and second, the world crisis of rising food prices and food shortages. The conference agreed that the "challenges, such as the rising food and energy prices and global economic uncertainties,

compounded by climatic change have potential to decelerate global and economic developing countries growth, undermine gains from poverty reduction efforts and pose as well, direct risks to the poor as well as to the social and political fabric of many countries".

The food crisis and the attendant food riots this has occasioned in several countries, focussed the minds of many participants at UNCTAD XII and led even those

..during the first three months of 2008, international nominal prices of major food commodities reached their highest levels in nearly fifty years while prices in real terms were the highest in thirty years.

who were previously reluctant, to agree to look for solutions to the problem of commodities. A recent FAO paper prepared for the food summit points out that during the first three months of 2008, international nominal prices of major food commodities reached their highest levels in nearly fifty years while prices in real terms were the highest in thirty

To page 8





compromise reached at the conference was to reduce the commissions to two and as a “carrot” to the G77 to having a standing item on the trade and Development Board Agenda on “Development in a globalizing world”.

Against the backdrop of economic uncertainties

The conference was held against the backdrop of economic uncertainties triggered by the financial crisis in the USA, the surging food prices with the attendant food riots which spreading in many countries, and in the aftermath of the Bali conference which highlighted the nexus between climate change, trade and development. Also in the background of delegates was the failure, thus far, to reach an accord in the WTO Doha Round of trade negotiations. As the conference was in Africa, the most marginalised region by globalisation, the expectation was that Africa’s plight would take centre stage at the conference. These issues were highlighted in the debates and in the Accra Declaration and Accra Accord.

Food and commodity crisis

Dr. Supachai, speaking to the press just before the opening of UNCTAD XII, secretary general, cautioned against “kneel-jerk” responses in coping with the global food shortages and skyrocketing commodity prices. He encouraged long term strategies and policy options including, including the scaling up of investments in agricultural research and development. He said the rising food prices were driven by, among



“... the rising food prices were driven by, among other things, population growth in the developing world, climate change and weather extremes, and soaring energy costs, coupled with shortages in staples such as rice and corn.”

other things, population growth in the developing world, climate change and weather extremes, and soaring energy costs, coupled with shortages in staples such as rice and corn. Some governments had responded by restricting food imports and setting limits on commodity prices, or both. Such stop-gap measures he said were not the best solution and could actually prove more demanding in the long run, especially since coping with the global food shortage was also about coping with shortages in agricultural development processes.

The international development community had long emphasized social-sector and emergency aid at the expense of investment in productive sectors such as agriculture. The total share of official development assistance earmarked for economic infrastructure and productive

sectors had actually decreased from nearly 50 per cent during the mid-1990s to 24 per cent between 2002 and 2004.

A scar on the conscience of mankind

President Kufuor of Ghana, in his opening address, noted the significance of UNCTAD XII taking place in Africa – a continent whose chequered history has dogged its development efforts for decades. Most countries in Africa are still classified among developing nations, inhabited by some of the poorest populations of the world. He recalled that the former British Prime Minister Tony Blair had described Africa as “a scar on the conscience of mankind,” while UN secretary general Ban Ki-Moon has called it “the epicentre of development emergence”. The conference must therefore be seen as a unique opportunity firstly to

give a boost to the fight against poverty and human indignity and secondly to strategise to assist Africa and other developing nations of the world to overcome under-development and reap the full benefits of globalisation.

Noting that development goals set by a national and the policies adopted to achieve them are highly influenced by the global economic landscape, he said Ghana and other African countries are subject to vagaries of a savagely competitive global system which leaves them with no control over the pricing of their commodities and denies them the opportunity to protect their farmers and infant industries.

dwindling fortunes in the global trade arena. The continent's share of export trade had fallen from 5.5 per cent in 1960 to about 2.1 per cent in 1995. Undoubtedly, Africa remains deeply marginalised in the expanding global trade. The era of colonialism had been described as the first wave of colonial powers while seriously compromising Africa's development. It had inflicted such deep-seated psychological wounds on the continent that it still defied the best laid plans aimed at healing them. Therefore, on the threshold of its second wave, globalisation must be driven by a high moral imperative to ensure that it did not leave any scars of losers in its wake, he

introduced the innovative concept of "space for national policies" which captures the essence of the challenge resulting from the interaction between domestic policies and international commitments. One of the fundamental ideas of UNCTAD: is the notion that development is an autonomous and sovereign responsibility of each nation to be exercised in an international environment conducive for efforts to overcome poverty and underdevelopment.

He said since taking office his government had sought to implement, with determination, initiative that meets the ideals of UNCTAD, in line with the



President Lula of Brazil

"the international economy is experiencing a crisis caused by problems regarding good financial governance in the world's richest economies. The poor countries should not pay for the costs of adjustments. Globalisation, which already brings so many strands of symmetry, cannot become a way of transferring losses to the developing economies. Indeed, they are precisely the ones that have most contributed to maintain the world's economy growth levels"

This is why both domestic and international economic policies need constant adjustment to enable them to respond to unique or emerging challenges, address new development goals, and define mechanisms for achieving them.

Deep-seated psychological wounds

He called for immediate measures aimed at reversing Africa's

stressed. It should be beneficial for all and detrimental to none. UNCTAD XII must be seized upon as opportunities to review the process of empowering nations to meet the ever-changing challenges and conditions of globalisation.

Fundamental ideas of UNCTAD

President Lula of Brazil recalled that the 11th UNCTAD had

teachings of Raul Presbisch and Celso Furtado. The very establishment of the group of 20 in the WTO reflected the changing geography of global trade and the determination of developing countries to take charge of their own destinies. The G-20 sought to eliminate the distortions that affected agricultural trade and reduced access by developing countries to goods in world

markets. The massive subsidies paid by the treasuries of developed countries worked like “a numbing drug that turns its own users into addicts”, while the main victims the farmers of the poorest nation he stated.

South-South Trade

Stressing the importance of trade exchanges between developing countries increasing President Lula said, South-south trade has been growing faster than the average growth rate of world trade Brazil has been contributing to that by expanding substantially their exchanges with the countries of the south. “We reduced our dependence on the North. At the same time, we reduced the vulnerability of the Brazilian economy. Diversifying partnership is, today, more than geographical goal. It is a survival imperative” he continued. He continued “the international economy is experiencing a crisis caused by problems regarding good financial governance in the world’s richest economies. The poor countries should not pay for the costs of adjustments. Globalisation, which already brings so many strands of symmetry, cannot become a way of transferring losses to the developing economies. Indeed, they are precisely the ones that have most contributed to maintain the world’s economy growth levels” he stressed.

Alluding to the MFN clause in the EPAs between EU and ACP countries, President Lula said; “we must be vigilant against the temptation of rich countries to step up their protectionist



practices. Equally damaging are the initiatives to perpetuate relations of dependency by creating barriers to the expansion of south-south trade. This is what happens when the renewal of trade preferences in the developed countries is conditioned to the extension to them of the same benefits that the economies of the south may grant to each other”. He noted with satisfaction that “some African countries have been resisting such attempts”.

Bio-fuels

Commenting on concerns about the Bio-fuels, which is no contradiction between the search for alternative sources of energy and development of agriculture standards that ensure food safety. This is a challenge that they are successfully overcoming in Brazil. Levels of malnutrition in Brazil had fallen as the production and use of ethanol increased, helping to reduce CO2 emissions. Bio-fuels, which have been given distinct attention in Brazil,

could increase the participation of developing countries in international trade by diversifying exports – especially in the case of African countries.

UNCTAD has been, since its

The current food crisis is mainly caused by supply not meeting increased demand. One factor is the shift from producing food crops to bio-fuels which shift should be arrested and reversed

foundation, the focal of United Nations System on Trade and Development and the three pillars of research and development, consensus building and technical cooperation remained central.

The crisis of development takes extreme forms

Mr. Ban Ki Moon the UN secretary general said this was a crucial time, when fresh thinking and new approaches were needed. The crisis of development takes extreme forms, including the sky-rocketing prices of food. The prices of staple foods had increased by more than half in the



African delegates at the WTO Doha Round talks.

“..as subsidies in the North continue, the developing countries are pressured to cut their agricultural tariffs further, leading to import surges and rural dislocation.”

last six months. The ban on rice or wheat exports by some countries threatened to exacerbate the problem.

The Secretary General warned that the food crisis can trigger multiple other crises. The causes of the crisis are many, including the switch to bio-fuels, high costs due to oil price increases, and financial speculation. The world has consumed more food than it produced and this is unsustainable.

He said while immediate humanitarian action is needed, in the long run production must be increased, and mentioned the need for a Green Revolution in Africa. He announced that he would set up a task force of experts to look at all elements of the food crisis.

Calling on also called on wealthier nations to rethink their old policy on agricultural subsidies. He asked “If we can’t reduce subsidies when the prices are high, then when will we do so?”

Earlier Mr. Ban announced the

creation of a UN system-wide task force to address the food crisis. UNCTAD’s contribution will primarily be in medium and long-term measure to avoid the recurrence of such crises by bolstering the agriculture sectors of developing countries and rebuilding their capacity to supply their own and international markets.

Financial and food crisis

Ms Jane Nalunga of SEATINI presenting the viewpoints of civil society stated that the two major challenges we currently face are the financial and food crisis. The current food crisis is mainly caused by supply not meeting increased demand. One factor is the shift from producing food crops to bio-fuels which shift should be arrested and reversed. Another factor are the loan conditionalities of World Bank and IMF imposed on governments to remove subsidies and the removal of support to farmers, and tariffs on food imports, while high agriculture subsidies continue in rich countries. “This makes policy changes imperative” she

continued.

Developing countries must be allowed to safeguard their food security and support their farmers. Developed countries must quickly phase out their distorting subsidies, including those in the Green Box. Commodity dependent developing countries have been facing complex problems ranging from price volatility to corporate concentration. She called for expansion of UNCTAD’s work on commodities so as to help developing countries get better value for their commodities.

Recalling the significant achievement of UNCTAD XI regarding the recognition of the importance of policy space for developing countries, she said “this space continues to be reduced through loan conditionalities, WTO rules, and free trade arrangements including EPAs”. She said the EU should stop putting pressure on African, Caribbean and Pacific countries to

conclude them and an alternative to EPAs should be found.

WTO Doha Round talks

The WTO Doha talks she observed that as subsidies in the North continue, the developing countries are pressured to cut their agricultural tariffs further, leading to import surges and rural dislocation. In the industrial goods negotiations, developing countries are being asked drastically lower their tariffs which will destroy many local industries. Benefits are few but costs are high for developing countries. Although the LDCs are told they do not have to reduce their tariffs at the WTO, most of them will be affected by even deeper tariff cuts through agreements like the EPAs. "it is certainly not Development Round" she declared.

She underscored a unique role of UNCTAD especially in these uncertain times and stressed that its support role to developing countries must be strengthened and expanded.

Accra Accord and Declaration adopted by consensus

The Accra Accord and declaration were adopted by consensus. The conference conclusions address economic, trade and development issues as well as set UNCTAD's four-year work programme. The conclusions highlighted the challenges facing many developing countries as they strive to integrate successfully into the international economic and financial system and set out a detailed agenda for progress in



UN Secretary General - Ban Ki Moon speaking about the rising prices of food

economic and social development spanning areas ranging from commodities, trade and debt to investment and new technologies.

While welcoming the strong economic growth rates that global trade and investment flows have brought many in the developing world, UNCTAD XII cautioned that these advances have not been shared by all and have been accompanied by new difficulties, most notably the current crises in food prices and financial markets, as well as growing income inequalities.

It called for UNCTAD's role to be strengthened, including through work on the trade and development aspects of such key emerging issues as climate change, energy security and international migration. Reflecting concern about the development risks resulting with surging food prices, particularly for the world's poorest, the conference asked UN Secretary-General Ban Ki-moon to

reinforce UNCTAD's commodities work and put it under the direct responsibility of Dr. Supachai.

The Accra Accord emphasized the urgency of meeting the needs of least developed countries, many of which are in Africa, the host continent of UNCTAD XII.

UNCTAD XII underscored the importance of diversifying economies away from dependence on one or two commodities, building the capacity to produce a wide range of goods, ensuring access to basic services and strengthening legal and regulatory frameworks and institutions. Policies should be tailored to needs of individual countries, while at the same time respecting international law. There is no one precise model for improved, growth-enhancing governance and institutions".

The conference stressed the immense potential created by growing trade and investment

links within the developing world, spurred by the emergence of dynamic developing economies, such as China, India and Brazil. It called for such ties to be encouraged and reinforced, particularly through regional integration and the reduction of barriers to such South-South trade.

At a time of economic slowdown in developed countries, UNCTAD XII signaled the increasingly prominent role that developing countries can play in fostering global economic stability. In addition to negotiations on the final Accra Accord, UNCTAD XII featured a number of roundtable debates

Among the highlights were the civil society forum and the World Investment Forum. The world investment forum brought together government, corporate leaders and international experts to consider how to enhance the impact of

foreign direct investment on economic development and poverty reduction. Civil society forum organized a series of dialogues on many current issues including inter alia the state of negotiations on EPAs and WTO Doha Round and their implications for development, the food crisis, and governance of international financial system etc

Delegates left home with mixed feelings on Accra conference

The conference agreed that UNCTAD XIII will take place in Doha Qatar in four years.

As the delegates left Accra for home, there were mixed feelings regarding the outcome of the Accra conference. On one hand there were those with a sense of joy and satisfaction that UNCTAD mandate had been reaffirmed and the declaration and Accord had been adopted by consensus. The devel-

oped countries were happy that intergovernmental machinery had been pared down.

On the other hand many developing countries delegates, left with a sense of frustration and apprehension. They had failed to secure a fourth functional commission which would have dealt with globalization and systemic issues and failed to resist the pressure of reducing intergovernmental machinery. They were apprehensive that the structure that had been carefully crafted at Midrand conference and meticulously safeguarded at Bangkok and Sao Paulo conference was beginning to unravel. There was a real danger that in interim period and at UNCTAD XIII in Doha Qatar, UNCTAD would further be weakened by its destructors. This will call for vigilance of delegates in Geneva to avert such eventuality.

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“it is essential to identify and evaluate the factors behind the food crisis in order to arrive at well informed policy positions.”

UNCTAD Secretary Genaeral

years. Needless to say this has caused hardships. The UN special rapporteur on the Right to Food reported in March that despite

of economic growth there has been less progress overall in the number of those suffering from hunger and malnutrition.

As the conference addressed this problem, Dr. Supachai, cautioned against “knee-jerk” responses in coping with the global food shortages and skyrocketing commodity prices. He encouraged long term strategies and policy options including, the scaling up of investments in agricultural research and development. Stop-gap measures, which the crisis has given to such as export bans, he warned, were not the best

solution. They could actually prove more demanding in the long run, especially since coping with the global food shortage was also about coping with shortages in agricultural development processes.

Therefore, it is essential to identify and evaluate the factors behind the food crisis in order to arrive at well informed policy positions. One needs to differentiate between the causes which are structural from those for example that relate to financial speculation and are therefore transitory. Increased demand of high protein foods in the emerging countries such as

India, China, and Brazil which occurred around between 2004 and 2006 has been identified as one of the causes. This coincided with the dramatic increase in the consumption of ethanol in USA all of which created a mismatch between supply and demand. Equally between 2004 and 2006, climatic factors of draught in China and Australia and hurricanes in Central America affected production of world cereals. This was compounded by the financial speculators and investors who were seeking shelter

emerging countries or even of bio-fuels could be viewed as pointing towards structural change in consumption or the market which countries that are well positioned can take advantage of in the long term. However, the commodities and food crisis also highlights the risks of depending on primary products for exports because of volatility of prices. As pointed out by Jose Graziano da Silva in his article in the East African of May 12, 2008, there is a necessity of having a counterweight economic policy to broaden the range of

assistance policies. Unfortunately under IMF/World Bank Structural Adjustments Programmes the policies of supporting farmers were dismantled as the Free Market orthodoxy was given free reign.

Responding to the concern about the development risks posed by surging food prices and the commodity “problematique”, the conference requested UN Secretary General to reinforce UNCTAD’s commodities work and unit. It is envisaged that through the guidance and leadership of the Secretary-General of UNCTAD, a revitalized unit should contribute more effectively to developing countries’ efforts to formulate strategies and policies to respond to the challenges and opportunities of commodities markets, the text states. Earlier Mr. Ban announced the creation of a UN system-wide task force to address the food crisis. It would be recalled in earlier days UNCTAD major work was on commodities and it was instrumental in putting place commodities agreements. Unfortunately, its work and capacity in this area was drastically scaled down in the UN restructuring process.

in commodity funds thereby further pushing higher world prices. Another reason for the food crisis being experienced in developing countries is that these countries were wrongly pressured by IMF and World Bank to cut back on government support on agriculture and for small farmers while at the same time agricultural subsidies persisted in developed countries. The increasing demands arising from shift in consumption in

producers that benefit from cyclical increases in the demand for food. The strengthening of small agricultural producers and farmer co-operatives, for example, would widen the distribution of wealth in a way that would increase the chances of sustainable growth. For them, the rise in prices is opportunity to escape poverty, as long as they are guaranteed a market for their goods, in addition to traditional credit and technical

The Accra Accord encourages UNCTAD to strengthen its role as the focal point of the United Nations for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development. UNCTAD was tasked to examine new and long-standing issues that could foster a better understanding of how to maximize the positive



impact of globalization on development. This will include its work on the trade and development aspects of such key emerging issues as climate change, energy security and international migration. UNCTAD was called upon to enhance its work on the special problems of Africa, the least developed countries, Small Island developing States and land-locked developing countries, as well as on women and other marginalized groups.

As can be seen from the above, the conference reaffirmed UNCTAD's mandate as agreed at Midrand, and on the face of it expanded the work programme of UNCTAD. The conference however, downsized the intergovernmental machinery from three commissions as per Midrand mandate to two commissions. The Group of Seventy Seven (G.77) proposed a fourth commission to be devoted on globalisation and systemic issues. However, this proposal was opposed by the developed countries who instead pressed for the abolition

of all commissions. The decision to have two commissions was a compromise which could be a forerunner for downsizing the UNCTAD secretariat in what in UN parlance is often referred as "restructuring and reforms." Both in the preparatory process and in Accra there were efforts by the developed countries to rollback and circumscribe the work of UNCTAD was being areas of money and finance. Although the work programme has been expanded it is not clear whether the resources for implementation will be available. Instead UNCTAD is called upon to be more focused and prioritize in areas of its comparative advantage as resources are scarce. This is a euphemism which often signals cutbacks on mandatory programmes, especially in economic and social sectors of UN work, that the major powers dislike. UNCTAD is in danger of having an expanded but unfounded mandate.

The financial crisis and the

food crisis makes it urgent to have a policy change. Financial institutions and speculations need to be regulated along with the reform of the global financial system that promotes unregulated flow of capital and especially speculative funds activities. As CSOs pointed out the objective should be to ensure that finance serves development and not the greed of speculators. Developing countries need to put in place measures that defend their security and small farmers so as to quickly expand food production. They should have policy space to raise tariffs in order to prevent import surges.

The conference agreed that UNCTAD XIII will take place in Doha Qatar in four years time. The challenge facing UNCTAD's beneficiary and well wishers is to avoid the road to Doha leading us towards the gradual denouement or emasculation of UNCTAD in a carefully choreographed scenario.

SEATINI - The Organisation

The Southern and Eastern African Trade, Information and Negotiations Institute (SEATINI) is a regional non-governmental organization founded in 1996 soon after the WTO Singapore Ministerial Conference, after realizing that Africa in particular and Third World countries in general were marginalized in the WTO negotiations.

Mission

The main purpose of SEATINI is to strengthen the capacity of African trade negotiators and other key stakeholders i.e. the Media, NGOs, Members of Parliament to take a more effective part in the emerging global trading system and to better manage the process of globalization.



Deborah Scott - policy analyst, ACORD

Bio Fuels Q&A

“ The biofuel debate is gaining momentum on the African continent. Kasirye Samuel of SEATINI met with Deborah Scott of ACORD and asked her about the bio-fuel debate”

1. What are Bio fuels?

Bio fuels are a solid, liquid or gas fuel, consisting of or derived from biomass. However, what “bio fuels” usually refers to is fuel that is usable by the transportation sector – liquid fuels. Converting biomass to bio fuels is done primarily in two main ways;

- Bio ethanol – Is made from Sugar & Starch crops (sugar cane, sugar beet, maize, cassava, etc). Sugar is extracted & fermented to create ethanol, which can be blended with fuel and burned by conventional engines, or engines can be transformed to burn pure bio ethanol. It is the predominant form of biofuel, and is produced mainly by the USA (from corn) and by Brazil

(from sugar cane)

- Bio diesel – Is made from Oil Plants & Animal Fats (soy, palm oil, jatropha, etc). The oil is extracted and transformed so it can be burned by diesel engines. Less bio diesel is produced globally than bio ethanol. The European Union is the main producer, using rapeseed and palm oil.

2. What is the bio fuel outlook internationally?

USA

The USA's primary interest in bio fuels is to provide “fuel security.” The major sources of fuel consumed by the USA come from countries which the USA either considers unstable or has rocky relationships with them. Bio fuels offer a way for the USA

to produce its own fuel and also be able to source fuel from other, ‘friendly’ countries. In addition, biofuel production in the USA is almost entirely from corn, and corn production is embedded in America. Thus, the USA has been focused on domestic biofuel production and use, rather than engaging in the export market.

European Union

The European Union's primary interest in bio fuels is to help them reach their carbon emission reduction targets. In March 2007, the European Council set the target for minimum levels of biofuel in the total liquid fuels market as 10% by 2020.

Latin America

Brazil is the only country which produces bio fuels (primarily bio ethanol from sugar cane) without subsidies. During the oil crisis of the 1970s, Brazil made a serious commitment to the development of bio fuels, and today this has led to their functional market. One quarter of all transport fuel consumed in Brazil is from bio fuels.

China, India

China and India produced almost 5% of global bio-fuels. Institute for Agriculture and Trade policy (IATP). Both China and India are interested in domestic use of bio fuels. They are both looking at domestic production, but even more are investing in production abroad.

3. Is Europe's bio-energy policy the driver of bio-fuel production all over the world?

Europe's biofuel policy, and specifically its target of 10% use by 2020, is certainly a major driver in the investment of global biofuel production. Europe does not have the land space to produce that much biofuel from crops; thus, they will have to import a great deal of biofuel or crops for producing biofuel.

However, Europe's target for biofuel use is not the only driver of biofuel production and investment. IATP and IIED's paper "The Multilateral Trade and Investment Context for Biofuels: Issues and Challenges" identifies a range of issues that drive production and investment. This includes minimum use targets, but also large subsidies for biofuel production in the USA and EU through exemptions from fuel excise taxes, and the on-going subsidies for American and European industrial agriculture.

4. What are African governments/leaders saying about this initiative?

On the whole, African governments have been positive about the potential for bio fuels to bring

export revenue to their countries. Unfortunately, it can also be said that, on the whole, African countries do not have in place policy frameworks to adequately regulate biofuel production or strategies to guide the development of this sector for the benefit of their people.

The African Union Commission, the Government of Brazil and the United Nations Industrial Development Organization (UNIDO) jointly organised the First High-Level Seminar on Bio fuels in Africa on 30 July – 1 August 2007 in Addis Ababa, Ethiopia. The outcome was the "Addis Ababa Declaration on Sustainable Bio fuels Development in Africa", which makes 12 recommendations for bio fuels development. These include developing policy and regulatory frameworks that promote equity, participation, local consumption and energy security, and which are linked to overall development policies. Nonetheless, development of bio fuels in Africa has thus far not seemed to follow this good advice.

5. How far has bio fuel production gone in Africa? Which countries on the continent are producing bio fuels?

In many of our countries, smallholder farmers have been growing biofuel crops for some time, for local energy use or simply as hedgerows. Smallholder production is increasing, although it appears that this is mainly through the intervention of NGOs. Foreign corporations and investors are primarily focused on large-scale production. In many countries, large-scale production

has not yet been rolled out or has only started, but in most countries there are corporate plans for extensive crop production.

Biofuel production in Africa is concentrated in South Africa. South Africa has taken the lead in research and has a bio fuels strategy with a mandatory target of 4.5% biofuel percentage in road transport fuel by 2013.

6. Bio fuels are focusing on industrial monocultures, what does this mean for agriculture and food security in Africa?

The achievement of food sovereignty in Africa will not be effective by following the industrial monoculture model of agriculture. One of the main challenges that biofuel development in Africa is posing is that it is acting as a driver towards this industrial model. For Africa's food systems to be financially, ecologically and socially sustainable, our local food providers must be the ones who are in control of the resources and they must work with the local ecosystems.

Large-scale bio fuel production depends on economies of scale – having a large and dependable supply of the crop. And we should also recognize that these 'economies of scale' also apply to investment. Investors are attracted to large scale monocultures because they can ignore the hidden costs on the land and ecological systems and the many benefits of a more diverse and ecologically friendly system of agriculture won't show up on their bottom line.

And we should recognize that large-scale biofuel crop production will usher in greater use and acceptance of biotech crops (GMOs) in Africa. Biotechnology companies such as Monsanto are one of the main drivers of investment in biofuel crop research and production. And these companies are working to produce crops specifically engineered for biofuel production. This represents not only ecological risks but also has implications for Africa's ability to get access to patented seeds and processes.

7. Is there a linkage between bio fuels and the current hike in food prices globally?

The current hike in food prices is being caused by a large number of factors. It is something of a 'perfect storm' of recent major crop failures, the diversion of crops to bio fuels, increasing demand for meat from India and China, the rising price of oil and thus of inputs and transportation. The high peak of the past few months is generally acknowledged to be strongly driven by financial investors and especially speculators in the commodities market.

So there are a lot of aspects to the current price hike, but biofuel crop production is certainly playing

some role in this. A number of governments have jumped at the bio fuels opportunity, and in the process depleted their food reserves. And the 'bio fuels craze' is definitely encouraging financial speculation into the commodities market, and potentially discouraging investment into food production.

8. Is the production of bio fuels causing accelerated climatic change and ecological collapse?

One of the arguments for bio fuels is that we need to 'do something' about climate change. There are a lot of arguments on both sides as to whether bio fuels will reduce or add to our carbon footprint.

Whatever the answer, ultimately as long as biofuel production is based on the industrial monoculture model of agriculture, it will be one of the drivers of our global environmental problems.

9. Why is the bio fuel debate under the radar of civil society advocacy especially in the South?

First of all, I think that it is starting to show up on the radar of Southern civil society. We are starting to realize that a craze for bio fuel crop production is going

to sweep the continent and leave us in its wake if we don't act quickly.

Of course, we should have started to pay attention sooner. I think that this happened in part because the debate started elsewhere – it started in the US and in Europe. And when the American and European civil society started to make noise around it, they were almost entirely focused on the large-scale environmental consequences rather than the social implications or even the localized environmental impacts.

We should also recognize that bio fuels have not been off the radar of farmer organizations. They have seen the potential benefits for African farmers, and some groups are starting to seriously explore the potential risks as well and how the two can be balanced so that their engagement with bio fuels ends up being positive for smallholder farmers.

DEBORAH SCOTT

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The opinions expressed in this article are her individual perspective.



By Kasirye Samuel

The Second Green Revolution: How Green Is It?

Despite the growth of Africa's food production at an average annual rate of 2.6% between 1996 to 2005 compared to 0.9% in developing countries, Africa is the only region in the world where average food production per person has fallen over the past 40 years..”

..putting enormous populations at the risk of food insecurity which has remained persistent in many countries as the dependence on food aid and increasingly on food imports. With figures just released, nearly 30 million Africans could be facing famine within months. Estimates from United Nations (UN) agencies, African governments and relief charities put the number at risk in the Horn of Africa at about 15 million, over 14 million in Southern Africa and hundreds of thousands in the Sahel region of West Africa.

The drop in per capita food production can be attributed to

a major disruption of the social, economic, and institutional systems that provide for food production, distribution, and consumption which inter-alia includes insufficient investments in this sector and the rudimentary techniques used by most small-scale farmers in the vast regions of this continent. The above situation has been compounded by the current looming food crisis all over the world.

There have been a wide range of efforts to respond to this crisis and reverse the situation; however some of these efforts are surrounded by controversy. One of the responses that have

been put forward is The Alliance for a Green Revolution in Africa (AGRA) established with initial funding from The Rockefeller Foundation and the Bill and Melinda Gates Foundation in 2006. New international donors like multilateral institutions, the G8, donor countries; international foundations and multinationals have also stepped forward to support this new initiative. The Alliance is currently working with African governments, other donors, non-governmental organizations (NGOs), the private sector, and African farmers to improve the productivity and incomes of resource-poor farmers with programmes for selected

countries in East, Southern and West Africa.

One of the most influential figures in world social order and key proponent of this initiative is the former UN secretary General, Mr. Kofi Annan. In his acceptance speech as board chairman of AGRA during the projects launch at the World Economic Forum session under the theme “Investing in Growth: A Green

noted that there is therefore need for practical solutions to address the major cause of continental poverty and an agricultural sector that has languished. Though Africa faces many challenges he said, through the alliance, the continent had reason for hope. But hope he added must be more than a dream which required the mobilisation of knowledge, capacity and resources to end the human misery that ravages our continent¹.

AGRA's main objectives are to assist in fortifying depleted soils with use of soil nutrients, improving income opportunities through better access to agricultural input and output markets, improving access to water and water-use efficiency, encouraging government policies that support small-scale farmers, developing local networks of agricultural education; and sharing the wealth of African farmer knowledge which will greatly help in fashioning a feasible response to the causes of food shortages on the continent.

What have been the concerns so far?

The key opponents including African scientists, agricultural specialists, farmers' organization and civil society activists are doubtful about AGRA. The opponents argue that globally, small scale farmers directly feed at least 1.4 billion people, that is 100 million people in Latin America, 300 million people in Africa and over a billion people in Asia. Traditionally through generations, the opponents argue, farmers have depended on saved seed and their own breeding skills in adapting other varieties for use which they have locally exchanged with family and neighbours time immemorial. The activists also argue that the freedom goes beyond mere exchange of seed; but rather also involves the sharing and exchange of ideas and knowledge of culture and heritage which practice they say AGRA is likely erode.

On the same note during a meeting in Mali on Climate Change, Agriculture, Fisheries and Pastoralism in Africa², agricultural

“civil society has a challenge to bring about necessary land reform and create proper institutional structures such as credit facilities and extension services to ordinary peasant farmers”

Revolution in Africa” in Cape Town, South Africa, Mr Annan echoed the need to address poverty at its core. He noted that in Africa, this meant enabling small-scale farmers to grow and sell Africa's food with a goal to dramatically increase the productivity, food security, incomes and livelihoods of small-scale farmers.

The newly appointed chairman



experts and civil society also urged governments to reject this new initiative being imposed on Africa. The fundamental fear they say, is that if this initiative is not well managed, it will front the growing influence of powerful multinational seed companies leading to an extensive investment in genetically modified hybrids and “terminator” seeds, which will make farmers, lose their indigenous and affordable seeds. They add that for AGRA, the seeds will not only be patented, but new varieties will undoubtedly be Genetically Modified Organisms (GMOs). The perils of GMOs to environmental sustainability they say have been already well documented.

This to the experts will create a situation where the proposed green revolution would move food security on the continent away from the culture of saving and sharing seed. Instead, African farmers would have to purchase patented seeds each season, thus putting cash into the hands of the corporations providing the seed, much as already has happened with plants used in medicinal compounds which are in fact adopted through international agreements. The loss of control over seed the opponents say will reduce the control African farmers will have over production of food which will in turn exacerbate the risk of food insecurity, hunger and malnutrition on the continent.

Does a cloud hang over this initiative?

The proponents of AGRA maintain that this initiative is essential in helping millions of small-scale

farmers and their families lift themselves out of poverty and hunger. They add that AGRA programs have developed practical solutions that will significantly boost farm productivity and incomes for the poor while safeguarding the environment. The proponents note that AGRA advocates for policies that support all key aspects of the African agricultural “value chain”—from seeds, soil health, and water management to markets, agricultural education and will develop African agriculture holistically and thus end the threat of hunger on the continent.

On the other hand, the opponents say that though there is critical need to address food shortages, hunger and malnutrition on the continent, it should be done in ways that do not undermine human nutrition and safety, privatise and commercialise both indigenous knowledge and bio-resources through patenting of plant species, and transform the genetic wealth of the continent into cash profits for a few corporations and individuals.

The opponents add that though AGRA is lobbying for governments to “fast track” approval for new varieties to be planted, most African governments have ratified the bio-safety protocol which allows them to deter research and production of GM food crops until sufficient data is available about its impact on human health and the environment and therefore the choice of taking on AGRA proposals have not yet been made within the continent at policy level which they say gives Africa chance

to reject the initiative.

One of the world’s renowned scholars Professor Yash Tandon states that the issue of the green revolution has come starkly to the fore on the issue of the looming “food crisis”. He adds that for the private sector this presents an opportunity to push for a “green revolution” on the continent with commercialised agriculture. For civil society he says, it poses a challenge to bring about necessary land reform and create proper institutional structures such as credit facilities and extension services to ordinary peasant farmers so that they, and not agricultural corporations, are responsible for bringing food to the table of the hungry³.

I leave this debate in your hands with this question. How green is this revolution?

Kasiry Samuel -
Programme Officer at SEATINI, Uganda.

(Footnotes)

¹ Remarks by Mr. Kofi. A. Annan at the launch of the Alliance for a Green Revolution in Africa (AGRA) at the World Economic Forum session “Investing in Growth: A Green Revolution in Africa” Cape Town, South Africa 14 June 2007

² Remarks by agricultural experts, farmers organisations, civil society in a conference held in Sélingué, Mali November 2007 on climate change , agriculture, fisheries and pastoralism in Africa

³ Reflections on UNCTD XII, editorial of the South Bulletin “Reflections and Foresights” by Professor Yash Tandon, Executive Director of the South Centre, Geneva.



Biofuels, refer to organic primary or secondary fuels derived from biomass, such as crops

BIOFUELS: NOT QUITE THE MIRACLE YET

By Susan Kayonde

In the last few years, bio-fuels have come to the centre of the global development discourse. Biofuels, which refer to organic primary or secondary fuels derived from biomass, such as crops have been fronted as a potential solution for the global energy crisis, climate change and its effects, poverty and under development. However, warning alarms have been sounded against bio-fuels particularly in the wake of soaring global food prices with sceptics cautioning that the stated economic and social benefits of biofuels are small and the negative impacts could surpass any potential benefits.

Although the majority of the people in developing countries who depend on firewood and charcoal have used biofuels for years, the current trend is to produce them commercially for transport with a view of

reducing dependency on fossil fuels. Biofuels depend on natural vegetation, such as crops grown specifically for energy or agriculture or other form of residue. They comprise of two main types; ethanol and bio-diesel. Bio-ethanol is made from sugarcane and sugar beets, grains (maize and wheat), and cellulose from wood or grass and it can be blended with gasoline in standard vehicles. Bio-diesel, on the other hand can be blended with petroleum diesel, and is made from oil seeds such as palm oil, and soy. The US and Brazil account for the largest ethanol producers, while the EU accounts for more than 90 per cent of the world's bio-diesel production.

The major proponents of increased bio-fuel production argue that they are necessary to deal with the energy crisis of limited sources and spiralling prices. Industrial countries such as the US, and Brazil argue that bio-fuels will provide a viable

alternative to fossil fuel. The increased production of bio-fuels would give these countries energy security, as the bio-fuels can be produced domestically and can be imported from several sources. Already the United States and the EU have both put in place policies aimed at increasing bio-fuel production. For instance, the EU agreed to legislation to increase the share of bio-fuels in the transport sector by 5 per cent in 2010 and to 10 per cent by 2020.

Another argument put forward, particularly by the European Union, is that biofuels will help address the problem of climate change and its effects by reducing Greenhouse Gas Emissions (CGE). This is premised on the fact that biofuels would reduce on the harmful pollutants mainly from vehicle exhaust. In his recent tour of Africa, President Luiz Ignacio Lula of Brazil an ardent



Cultivated land with crops for bio fuel production

advocate of biofuels argued that by moving away from biofuels, African countries would tackle climate change without sacrificing economic development.

For developing countries, biofuels are said to present an opportunity towards development by providing cheap and reliable alternative sources of energy that are very critical to drive the growth of an economy. Furthermore, proponents argue that biofuels will contribute to rural development through agricultural growth, and will help to create jobs in feedstock production and through transport and distribution of biofuels.

Although the commercial production of biofuels has been spearheaded by industrialised countries such as the EU and the US, there is growing appeal for developing countries to join. Brazil, a leading producer of ethanol has been a major campaigner of biofuels among developing countries. The proponents argue that biofuels will not only help developing countries earn more foreign exchange through the export of biofuels,

but they would help to diversity product markets and to address low product prices such as sugar by offering a ready market through biofuels.

It is pertinent that several concerns that have been raised against biofuels be addressed before the adoption of policies to encourage bio-fuel production. One of the main concerns is that is that the said benefits have not been clearly analysed or ascertained particularly in developing countries. This is important in order avoid the exaggeration of the potential benefits.

For instance, as a solution for climate change, the process of producing biofuels is energy intensive and does not necessary save any energy. Furthermore, bio-fuel production may cause degradation, reduction in biodiversity and clearing of forests for large-scale bio-fuel production.

It is not certain whether biofuels will provide a cheaper alternative for cars since the production costs could equal or even exceed that of

fossil oil. It is important to bear in mind that the production of biofuels is being driven by political impetus and largely supported by government subsidies rather than market demand.

Perhaps the most important factor that needs to be addressed is the impact of biofuels on the rising food prices. The rise in food prices is a global problem that has been blamed on several factors such as failed crops in leading producers such as Australia, the rise in fuel prices, increasing demand in emerging markets of Brazil and China. The increased use of food crops such as corn for biofuels has also been identified as a major contributor to this crisis. This has prompted the UN top advisor on food to call for a freeze on biofuel investment. According to Mr. Olivier de Schutter, UN special rapporteur on the right to food, 'the biofuel rush was a scandal that all served the interest of a small lobby.'

It is estimated that the current rise in food prices could drive over 100 million to absolute poverty and undo any progress done

towards the achievement of the Millennium Development Goals. The current food crisis has led to unrest in several countries such as Egypt, Senegal, Mexico and Haiti. Furthermore, the high cost of food is affecting the ability of development agencies to give food aid as the price of food increases e.g. the World Food Programme director Ken Noah Davis stated that due to high commodity prices, the warehouses are almost empty yet the population in Northern Uganda needs 8,000 metric tons of food a month.

Biofuels compete with food crops for land, water, labour and finances, and the increase in the production of biofuels will lead to a shift in these resources away from food production. As farmers replace food crops for energy cash crops, and with the rising price of agricultural products, there will be reduction in food supply and a continued rise in food prices.

Although high food prices can be beneficial to farmers who produce a surplus, this is detrimental to poor consumers since the poor typically spend a larger share of their income on food.

Whereas it cannot be denied that biofuels are important sources of energy that can be further harnessed for the benefit of developed and developing countries alike, caution must be taken in order that positive impact override the negative impacts.

The anticipated gains on biofuels can only be realised if appropriate policy measures are put in place. For example, in order to ensure that biofuels do not displace food crops, crops that yield much higher amounts of energy per hectare and those that use less units of water must be used. Furthermore, this can also be done by focusing on crops that generate products that can be used for bio-energy.

The use of less arable land will also lessen the impact of biofuels on food security.

It is therefore recommended that before countries, particularly developing countries embrace commercial production of biofuels, it is important to carry out a proper economic analysis to weigh the social costs and benefits of embarking on such a program. This is pertinent since the costs and benefits of biofuels will vary from each country to another. The opportunity cost of biofuels must be measured in relation to land, water, fertilisers and other agrochemicals, electricity and energy for irrigation. Further research and development on biofuels is essential to enhance the benefits of biofuels and to reduce production costs thereby making them cheaper alternatives to fossil oil.

Susan Kayonde is a CDI associate. The opinions expressed in this article are her individual perspective.

CSOs & UNCTAD

Presenting a Statement on behalf of Civil Society that had gathered for UNCTAD XII in Accra, Ghana, Ms Jane Nalunga the Country Director of SEATINI believed the UNCTAD Trade and Development Reports were valuable for highlighting the cost and benefits of North-South FTAs and therefore called upon UNCTAD to continue this work especially given the mushrooming North-South FTAs, including the EPAs. Below is the full text of the CSO statement.

We are concerned that Globalization has made this an era of growing inequalities and instability.

The two major challenges we currently face are the financial and the food crisis. We call upon governments and UNCTAD¹ to take immediate action on these two

crises. UNCTAD has done great work in the areas of finance and development, if we had heeded its advice this crisis would probably have been averted. UNCTAD should expand its work in this area to ensure that the international financial system serves the goals of sustainable development.

The current food crisis is mainly caused by supply not meeting increased demand. One factor is the shift from producing food crops to bio-fuels. This shift should be arrested and reversed. Another factor is the loan conditionalities of the World Bank and IMF imposed on governments to remove subsidies and support to farmers, and tariffs on food imports, while high agricultural subsidies continue in rich countries.

This crisis makes policy changes imperative. Developing countries must be allowed to safeguard their food security and support their farmers. Developed countries must quickly phase out their distorting subsidies, including those

in the Green Box. This also calls for policy changes in the World Bank, IMF, WTO and the FTAs including the EPAs.

Commodity dependant developing countries have been facing complex problems ranging from price volatility to corporate concentration. We are calling for the expansion of UNCTAD's work on Commodities so as to help developing countries get better value for their commodities.

The significant achievement of UNCTAD XI was the recognition of the importance of policy space for developing countries. However, this space continues to be reduced through loan conditionalities, WTO rules, and free trade agreements including the EPAs.

Trade and Development

The UNCTAD Trade and Development Report 2007 was valuable for highlighting the cost and benefits of North-South FTAs. We call upon UNCTAD to continue this work especially given the mushrooming North-South FTAs, including the EPAs.

Regarding the EPAs, the EU should stop putting pressure on African, Caribbean and Pacific (ACP) countries to conclude them. An alternative to EPAs should be found.

The WTO Doha talks have so far failed to remove the imbalances in the system. While subsidies in the North continue, the developing countries are pressured to cut their agricultural tariffs further, leading to import surges and rural dislocation. In the industrial goods negotiations, developing countries are being asked to drastically lower their tariffs which will destroy many local industries. Benefits are few but costs are high for developing countries.

Although the LDCs are told they do not have to reduce their tariffs at the WTO, most of them will be affected by even deeper tariff cuts

through agreements like the EPAs.

It is certainly not a Development Round.

Strengthening UNCTAD

We believe UNCTAD has a unique role especially in these uncertain times. Its support role to developing countries must be strengthened and expanded. In particular:

1. The current Commissions should continue and a new Commission on Globalisation and Development Strategies should be established at this meeting.
2. UNCTAD should be given an expanded mandate on policy space including the concept and its application.
3. UNCTAD should expand its work on topical issues, including the food crisis, finance and development, climate change, migration, trade agreements, intellectual property and South-South cooperation. It must provide the development perspective and the way forward on these issues.
4. UNCTAD's technical assistance should not be donor-driven but driven by the needs of recipient countries, including civil society.
5. The UNCTAD Secretariat must be allowed to continue its research in an independent manner in order for it to produce objective research aimed at supporting the development goals of developing countries. This will also add to the diversity of views among the international agencies.

Reported by Kasirye Samuel.

(Footnotes)

¹ UNCTAD, (United Nations Conference on Trade and Development)

Appreciation



Stephen Otieng
January 1, 1983 – March 24, 2008

The Management and Staff of SEATINI would like to express their since, Ministry of Tourism, Trade and Industry, Media fraternity, friends and relatives who comforted and supported us when we tragically lost comrade Steven Otieng (R.I.P)

Revelations 14:18 "Blessed are the dead who die in the Lord from now on", Job 19: 26 "After I leave my body and my skin has been destroyed, I know I will still see God"

Upcoming Events

DENIVA will organise three regional-level trade policy dialogues: one in Arua (16th - 17th July), one in Tororo (23rd - 24th July) and another one in Kabale (2nd - 3rd August).

SEATINI, FES-Uganda and NOTU workshop on Trade Unions and Workers Rights.



Food crisis: World Bank, bio-fuels, climate blamed

Officially, the world is in food crisis. Even if the effect has not been felt by every household, prices of food the world over have surged significantly, triggered by demand outstripping supply in key food production countries.

By Shaban R. Sserunkuma

The statistics and situational reports are numbing. According to the Food and Agriculture Organisation (FAO), food prices have surged by 55% for the period February 2007 to February 2008. The price of rice, a staple for billions of people worldwide, has soared by a staggering 147%, coming at a time when global production is at its lowest since 1976, says the United Nations (UN). Now the largest producers Vietnam, India, Cambodia, and China have banned exports, triggering a huge supply deficit. Late April, FAO announced

it faced a US\$755 million shortfall in addition to its budget of over US\$3 billion for 2008 to feed the hungry worldwide due to food and fuel price increases.

The crisis comes at a time when fuel prices are at an all time high, and also, with some countries still suffering from failed weather conditions, further complicating life in landlocked countries like Uganda, Zimbabwe, Malawi, Zambia, Burundi and Rwanda.

“The World Bank warns that dozens of nations may face social unrest, to the extent that governments could fall.”

At the present, according to media accounts, food fights tied to the food inflation have flared up in Egypt, Cameroon, Burkina Faso, Haiti, Ivory Coast, Senegal, Mauritania, Ethiopia, Madagascar, the Philippines, Pakistan, Thailand, Italy, Afghanistan and Indonesia.

The Organization for Economic Cooperation and Development has forewarned that food prices will continue to rise for at least the next decade.

The World Bank warns that dozens of nations may face social unrest, to the extent that governments could fall.

We are yet to experience the actual consequences. According to FAO, some 100 million people worldwide are bound to sink deeper into poverty. It is predicted that low-income and least developed countries will face negative social and economic impacts of the crisis. Those most vulnerable include people depending on humanitarian assistance, orphans, those affected by HIV and AIDS, refugees and poor urban families.

According to Mr. Jacques Diouf, Chief of FAO, the current crisis is largely due to failure by governments around the world to heed warnings earlier sounded by the UN body, leading to what he termed a “predictable catastrophe”.

However, there is the apparently overlooked category: the millions of people who live in rural areas and are increasingly dependent on the market for their regular meals. It is a dangerous trend that is creeping up in many least developed countries.

The real problem, the FAO chief and others agree, is insufficient global supply due to climatic phenomenon, already low stocks and growing

demand among emerging countries such as China and India. Added to these is production of bio-fuels that have led to diversion of food from plates to automotive engines. With the global population growing by some 78.5 million people per year, demand could be the biggest common factor. This means the world population will hit 9 billion



people by 2050, up from 6 million people today.

From most leaders' speeches come warnings, caution and fear. In what she has described as a ‘new face of hunger,’ Ms Ann M. Veneman, Executive Director of United Nations Children and Education Fund (UNICEF) says: “The increase in food prices may not only slow down progress towards achieving health and nutrition related Millennium Development Goals, but can also reverse or negatively

impact child-related social indicators.”

Mr. Dominique Strauss-Kahn, head of International Monetary Fund (IMF) has warned: “those kind of questions [related to the food crisis] sometimes end in war.”

The United Nation's Special Rapporteur for the Right to Food, Mr. Jean Ziegler, has described the continued

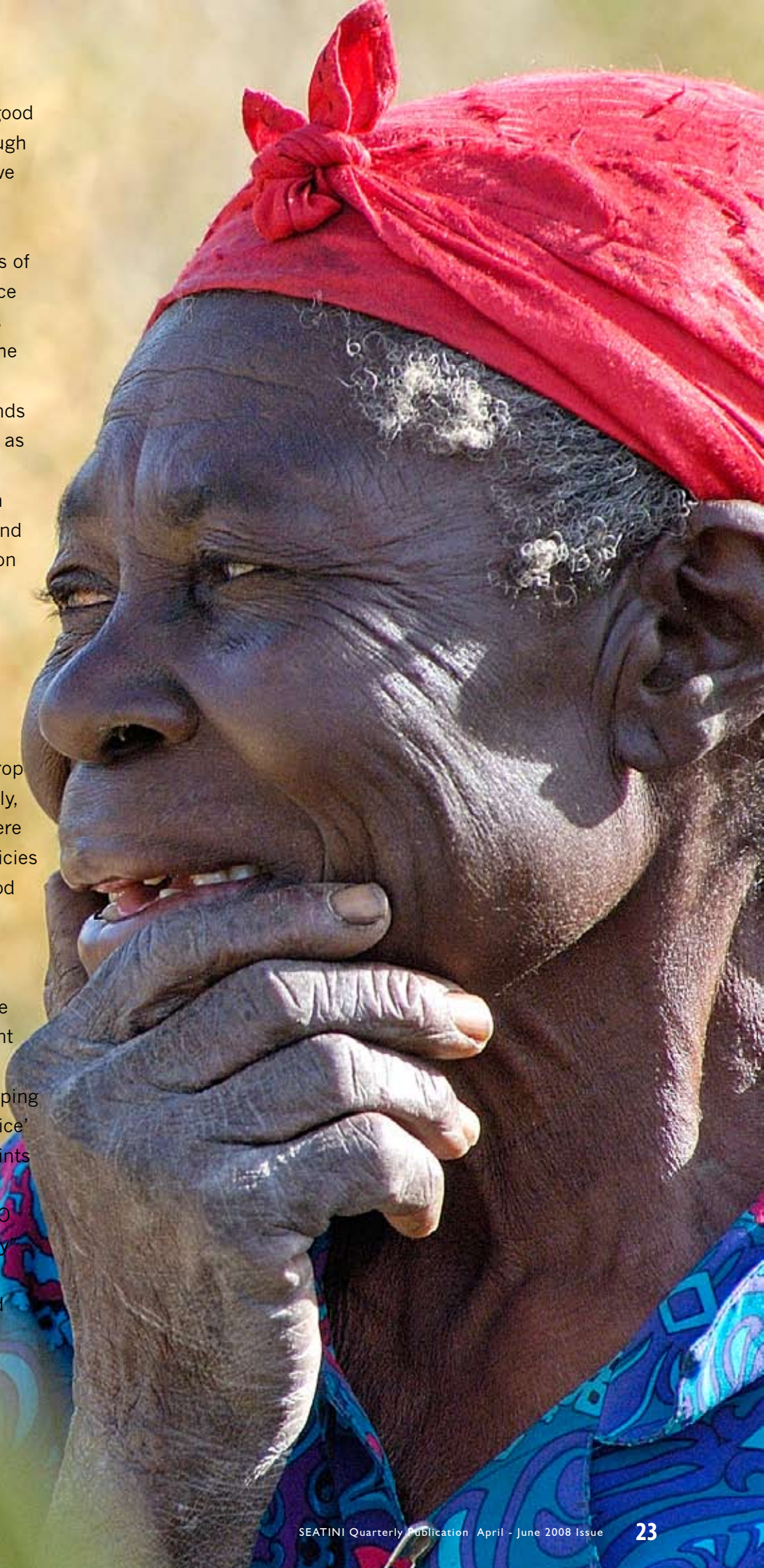
diversion of food towards production of bio-fuels as a “crime against humanity”. Was it an exaggeration? A study by a Washington, USA, think tank, the International Food Policy Research Institute, indicated that between a quarter and a third of the recent hike in commodity prices is attributable to bio-fuels. Applied economics Professor Benjamin Senauer wrote in “How Bio-fuels Could Starve the Poor”: It takes around 400 pounds of corn to make 25 gallons of ethanol.

It's not going to be a very good diet but that's roughly enough to keep an adult person alive for a year."

From the spectrum of views of leaders, there is convergence of opinions that the time is ripe to better understand the impact of current policies, possible effects of new trends like production of bio-fuels as well as the phenomenon of climate change (increase in temperatures) on current and future agriculture production (mainly crop yields).

As the world makes the historic transition from an extended period of surplus food production to one in which demand for staple crop commodities exceeds supply, signs are abundant that there is a vital need to revisit policies and practices related to food production and trade.

Perhaps the biggest gain from the crisis has been the examination of the divergent policies of international institutions active in developing countries. Their policy 'advice' normally forms the blue prints for individual governments' domestic policy. Well as FAO has remained the "good boy" over time, the World Bank and IMF have been fingered as villain for forcing many countries to implement policies that have affected food production systems in developing countries.



The World Bank will be hard-pressed to atone for its supposed sins committed in developing countries over the past two decades, in the form of concrete steps to undo the harm caused by its policies that led to the dismantling of systems put in place to protect farmers, mainly in Africa.

Yet, also, it is time to reflect on the traditional impediments that remain in the way of many developing countries' food production systems. In Africa, production on 96 percent of land is dependent upon rainfall. Despite the presence of water masses across the continent, there is widespread crop failure, blamed on climate change, as irrigation farming is hardly practiced. When logistical problems related to poor rural transport networks and poor/inadequate storage facilities are factored in, African farmers are estimated to lose between 40-60% of production each year.

Also, thanks to the crisis, controversies over subsidies provided by developed countries to their farmers have come under fresh focus, with poor countries calling for the scrapping of the support measures that continue to put products from developing countries at disadvantage. However, like before, a workable solution remains out of reach.

FAO says a system in which



Children often go without food and they are the most vulnerable.

African farmers are provided with subsidies should instead be put in place. But that only complicates commitments for gradual elimination of trade-distorting subsidies under the framework of the World Trade Organisation (WTO).

Nevertheless, even after panic buttons have been pushed everywhere, the UN is calling for calm. The world is not on the brink of famine, it says, backed by statistics to the effect that last year, the world's farmers reaped more grain than ever, and this year, the yield will be another all-time high of 2.16 billion tons.

Yet, however much the world gets reassurance; it would be prudent to work out solutions while awake to the realities on the ground. Ms Katarina Wahlberg, social and economic policy program coordinator for the Global Policy Forum

wrote in a policy brief released in March 2008: "In past decades, international trade liberalization has transformed most developing countries from net-exporters into net-importers of food. Caving to pressure from the World Trade Organization, the International Monetary Fund and the World Bank, poor countries dismantled tariffs and other barriers to trade, enabling large agribusiness and subsidized goods from rich countries to undermine local agricultural production."

Many should now ask: Can this harm be undone or its effects mitigated?

SHABAN SSERUNKUMA is a programme Officer Consumer Education Trust (CONSENT)

The opinions expressed in this article are his individual perspective.