

October 2010



**Friends of
the Earth**

Briefing

Solving the Global Food crisis

Shortages, riots and sharply rising food prices. You'd be forgiven for thinking that the world is running out of food. But the truth is we produce more than enough food to feed the world. The problem is ensuring a fair distribution of food supplies to allow enough nutritional food for everyone without destroying the planet's natural resources. This briefing touches on the immediate actions needed to solve the food crisis and provides a summary of Friend of the Earth's proposals for tackling the problem in the medium-long term while avoiding false solutions.

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“Our planet produces enough food to feed its entire population.”

FAO Director-General, Jacques Diouf on world food day 2007

Talk has turned once again to fears of a global food crisis. In 2008, prices for basic commodities such as corn and rice hit historic levels, more than doubling in a few short months. There were food riots in countries across the world where food prices hit the poor and vulnerable most hard, from Egypt to Indonesia. 24 people were killed in riots in Cameroon while in Haiti, protests at food prices forced the Prime Minister to resign. The specter of food shortages returned in late 2010, with the price rises prompting the UN Food and Agriculture Agency to claim that the world may be on the brink of a major new food crisis caused by environmental disasters and rampant market speculators¹.

The sudden price hikes, which follow years of falling prices for agricultural produce, are a result of rising demand combined with falling supply of key crops and an increase since 2005 in speculation in commodity markets. US and European demand for crops for biofuels is competing with the demand for animal feed crops to produce meat for western consumption and increasing consumer demand in emerging economies. Poor harvests in countries hit by drought (possibly a result of climate change) have also affected supplies, while rising oil prices have pushed up fertiliser and transport costs.

These material factors are exacerbated by large speculative investments in commodity markets. These investments turn what are longer term trends into sudden and damaging price spikes, driving up prices for both farmers and consumers and creating economic and food insecurity. Olivier De Schutter, UN Special Rapporteur on the Right to Food, has recently stated that much of the recent increase in the price and volatility of food commodities can only be explained by the emergence of a "speculative bubble"² and is not principally a result of demand outstripping supply.

Friends of the Earth believes that it is the global nature of our food economy which lies at the heart of the problem. Countries around the world have been encouraged to rely on export-led production largely to feed high levels of consumption in the industrialised countries at the expense of local food sufficiency, leaving them vulnerable to sudden changes in price. They have also been forced to open up their markets to cheap highly subsidised food from the EU and US. Many food and feed exporting countries are not benefiting from the current high prices because they are dependent on expensive imported food to feed their own population. Meanwhile, corporate control over the food system has risen with biotechnology and agribusinesses reporting record profits while millions are starving.³

Some suggest that the solution to the current food crisis is to extend global markets, introduce more intensive agricultural methods and more genetically-modified (GM) crops. Friends of the Earth believes that such measures will fail to deliver an equitable and sustainable model of agriculture.

We produce more than enough food to feed the world - the problem is ensuring a fair distribution of food supplies to allow enough nutritional food for everyone – without destroying the planet's natural resources. This briefing touches on the immediate actions needed and provides a summary of Friends of the Earth's proposals for tackling the problem in the mediumlong term while avoiding false solutions.

¹ <http://www.guardian.co.uk/environment/2010/sep/24/food-crisis-un-emergency-meeting-rome>

² http://www.srfood.org/images/stories/pdf/otherdocuments/20102309_briefing_note_02_en.pdf

³ Grain, 2008. *Making a killing from hunger* - <http://www.grain.org/articles/?id=39>

Avoid the False Solutions

Tackling the food crisis means recognising that some of the solutions currently being put forward will not feed the world and will exacerbate hunger, poverty and climate change.

- **Food not fuel:**

The drive to grow crops for biofuels means that less land is available for food, reducing supply and pushing up prices⁴. Food crops, such as maize, wheat and soy, are being used to create ethanol and biodiesel, ensuring direct competition between feeding people and fuelling cars. The grain needed to produce enough biofuel to fill the tank of one 4x4 could feed a person for a year.⁵

Planting crops for biofuels also causes widespread deforestation, exacerbating climate change and vulnerability in agriculture. As Europe moves to adopt even higher targets for biofuel use - wrongly seen as a way of tackling climate change - this pressure on food supplies and prices will grow.⁶ In some cases, agricultural land in developing countries is being used to grow fuel for the West instead of food to feed the population locally.

Friends of the Earth is calling on the EU to scrap the 10 per cent target for biofuels in transport fuel and focus instead on doubling vehicle efficiency and reducing demand for fuel⁷.

- **No GM crops:**

GM crops do not address hunger or poverty. Instead they risk diverting resources away from food for the hungriest and exacerbating the problems brought about by intensive agriculture.

The recent International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD) report revealed that there was no conclusive evidence that GM crops have increased yields⁸. Recent studies have shown that GM soya beans suffer from "yield drag", resulting in a 5-10% reduction in yields.⁹ Contrary to claims by the biotech industry (see box), no GM crops modified to increase yields or resist droughts are on, or even close to being on, the market.

Instead crops have been modified to be resistant to insect pests and tolerant to herbicides, resulting in a dramatic increase in the use of chemicals to deal with the weeds that develop resistance to the chemicals over time.¹⁰ GM crops have been used for more intensive production methods by big companies, mainly to produce animal feed, at the expense of local farmers and the natural environment.

"I think the debate about higher prices and being able to meet the demand of people in the world for food is a perfect opportunity to make the case (for GMO crops)...We may have a window of opportunity here and I would encourage you to exploit that" Bob Stallman, president of the American Farm Bureau Federation speaking to the NFU conference 2008.

⁴ See Friends of the Earth Europe's series *Indirect Land Use Change and Emissions from Biofuel Crops*, 2010

⁵ World Bank, 2008. *Biofuels: The Promise and the Risks*.

⁶ http://www.foe.co.uk/campaigns/biodiversity/news/call_for_biofuel_moratorium.html

⁷ http://www.foe.co.uk/campaigns/biodiversity/issues/biofuels_nowhere_7422.html

⁸ International Assessment of Agricultural Knowledge, Science and Technology for Development, 2008. *Agriculture at the crossroads*

⁹ See Friends of the Earth Europe, 2010. *Who Benefits*.

http://www.foeeurope.org/GMOs/Who_Benefits/who_benefits_full_report_2010.pdf

¹⁰ See Friends of the Earth Europe, 2010. *Who Benefits*.

- **No further farm intensification:**

Often factory farming is posited as a solution to feeding the world as it supposedly produces more food for less money. However, factory farming has a high social and environmental cost that undermines these claims.

Most of the animal breeds used in factory farming are specifically bred to produce massive yields of meat and dairy. This is only possible with huge amounts of high protein feed, such as soy¹¹. The UK imports over 1 million tons of soy per year¹², with 40 per cent coming from South America. The demand for cheap high protein feed is fuelling both deforestation and the displacement of local communities¹³, neither of which are figured into the final farm gate price.

The intensification of livestock farming also creates downward pressure on farm product prices. This results in a lower sale price, undercutting smaller farmers¹⁴ and contributing to the decline in farmer numbers throughout Europe. This loss of farmers creates unemployment, undermines rural European communities and further concentrates agricultural business in fewer hands. The concentration of farming in fewer hands with a smaller number of animal breeds and high levels of inputs such as feed and fuel also increases the susceptibility of UK farming systems to shocks, decreasing UK food security.

As noted by the IAASTD, smaller mixed farming systems are more sustainable, more resilient and provide a surer pathway to sustainable global food production¹⁵.

- **No more agricultural trade liberalization:**

Current European trade policies, which look to open up agricultural markets and increase free trade in agricultural products, will exacerbate the current problems. Here in Europe, the European Commission led by the Trade Commissioner Karel De Gucht, is pushing for a new raft of bilateral and regional trade deals as part of its 'Global Europe' strategy¹⁶. These deals will lead to developing countries being forced to open up their markets to more food imports from heavily subsidised European agribusiness, destroying small-scale domestic production and therefore further reducing food security.¹⁷ Of particular importance is the EU-MERCOSUR deal which would, if completed, create the world's largest free trade zone with over 750 million people¹⁸. This would have a profound and dramatic effect on small producers both in Latin America and in Europe.

Poor countries in Africa, the Caribbean and Pacific have already been pushed into accepting lower import duties on agricultural products from the EU under 'Economic Partnership Agreements' (EPAs), the first wave of these agreements.

Europe, the US and other rich Northern economies are also pushing for the rapid conclusion of the as yet uncompleted Doha round of global trade talks at the World Trade Organisation (WTO) aimed at further liberalising global trade. It is widely believed that the conclusion of the Doha round on the present terms will worsen the food crisis by requiring developing countries to further reduce their import tariffs on agricultural products by an average of 36 per cent.¹⁹

¹¹ Compassion in World Farming, 2009. *Beyond Factory Farming*

¹² See Friends of the Earth, 2010. *Pastures New*

¹³ See Friends of the Earth, 2010, *From Forest to Fork*

¹⁴ See Dr Weida, 2004. *The CAFO: Implications for Rural Economies in the US*

http://www.sustainabletable.org/issues/docs/YaleEconOnly_ND1.pdf

¹⁵ <http://www.agassessment.org/>

¹⁶ See Friends of the Earth, 2008. *Global Europe: The tyranny of "free trade" the European way*

¹⁷ See http://www.foe.co.uk/resource/briefings/corporate_conquest.pdf

¹⁸ http://www.eeas.europa.eu/mercosur/index_en.htm

¹⁹ See Friends of the Earth Europe statement on trade and food crisis.

- **No to excessive control by corporations**

Much of the global food system, from seed and fertiliser supply to trade and retail, is in the hands of a few large corporations who are not providing short or long-term stability in food production and supply: the system is not working²⁰. The price volatility resulting from increased corporate control of food trade is hugely damaging to farmers' incomes.

Corporations must be made accountable by national law for the impacts of their operations and they must be legally obliged to pay a fair price for farm goods. Governments must also shift their funding away from investment in research and development of technologies and products which help to meet corporate demands for cheap raw materials.²¹ Instead they should use the funds to research modern, sustainable, low impact farming technologies.

- **An end to land grabbing**

One of the results of the twin food and financial crisis of 2008 was a sharp increase in land acquisition in Latin America and Africa²². This new land grab is the result of international investment houses and sovereign wealth funds buying up productive agricultural land for both food and biofuel production. The land is being bought up both for reasons of national food security and for financial investment, in particular investment in biofuels production. 5 million hectares of land across 11 African countries, an area the size of Denmark, has already been acquired for the purpose of cultivating biofuels.²³ EU governments must act to end political targets that increase demand for biofuels, in particular the EU's mandatory target. African states should immediately suspend further land acquisitions and investments in biofuels. Investments and priorities should be given to develop food sovereignty – the right of people to adequate, healthy, locally produced and controlled food.

http://www.foeeurope.org/publications/2008/CSO_Declaration_WTO_Foodcrisis_240408.pdf

²⁰ See Grain, 2010. *Global Agribusiness: two decades of plunder*. <http://www.grain.org/seedling/?id=693>

²¹ See http://www.foe.co.uk/resource/briefings/planting_prejudice_full.pdf

²² See Grain, 2008. *Seized: The 2008 landgrab for food and financial security*

<http://www.grain.org/briefings/?id=212>

²³ See <http://www.foei.org/en/media/archive/2010/biofuels-for-europe-driving-land-grabbing-in-africa>

Real solutions

Immediate action

Friends of the Earth believes that rich countries must provide more money to poor countries to help reduce the immediate shock of high food prices. However, this money should be given directly to the recipient countries enabling them to buy appropriate locally or regionally produced food instead of sending food from thousands of miles away or dumping surplus and inappropriate produce on developing markets. Assistance in the form of support for development of sustainable agricultural practices should also be made a priority so that all nations can avoid food crises in the first place.

The food crisis must not be used as a cover to send unwanted GM foods to recipients or promote the cultivation of unsuitable GM crops in developing countries.

The UK and EU must drop the current targets for biofuels, responsible for more than half of the increase in demand for grains and vegetable oils between 2005 and 2007²⁴ and the recent surge in 'land grabs' throughout Africa²⁵. In addition, both the UK and EU must take steps to deal with those companies and investment funds that are land grabbing around the globe to ensure that the rights and security of those people directly affected is secure and that the companies involved are completely legally liable for their ventures as outlined in Friends of the Earth Europe's report *Africa: up for grabs*.

The UK and EU must take immediate steps to end damaging speculation in commodity markets. The World Development Movement is calling for both parties to require all deals on food derivatives to go through a central, transparent clearing house, and to impose tough limits on commodity speculation by banks and hedge funds who are not part of the real food economy²⁶.

In the UK, people on low incomes may need immediate support to ensure they and their families have both financial and physical access to a healthy nutritious diet. The government must also investigate any claims that shop price rises are too far above the cost of commodity price rises creating problems. Discrepancies between farm-gate prices and the prices charged by the major retailers is already the subject of a European parliament investigation²⁷. With farm input prices currently rising faster than farm gate prices, supermarkets must ensure a higher price is paid to producers and that the prices paid to farmers do not fall behind the rise in basic input costs such as grain, feed and fuel.

There is an urgent need to start the debate about the structural changes that will end global food poverty in the long term.

Long term solutions

- **Using food and feed efficiently and fairly**

We already grow enough food to feed the world, but our current global food market does not ensure a healthy and nutritious diet for everyone. According to FAO figures, 925 million people in the world are undernourished.²⁸ Most of the world's hungry live in developing countries, where they account for 16 percent of the population.²⁹ Even brief periods of

²⁴ OECD-FAO Agricultural Outlook 2008-2017 <http://www.agri-outlook.org/dataoecd/54/15/40715381.pdf>

²⁵ Friends of the Earth Europe, 2010. *Africa: up for grabs. The scale and impact of land grabbing for agrofuels*

²⁶ <http://www.wdm.org.uk/food-speculation>

²⁷ *Euro Parliament pledges investigation of retail prices.*

<http://www.foodanddrinkeurope.com/news/ng.asp?n=80923-biofuels-food-prices>

²⁸ <http://www.fao.org/hunger/en/>

²⁹ <http://www.fao.org/docrep/012/al390e/al390e00.pdf>

malnutrition, caused by high food prices, can cause serious long-term health damage to young people. Tackling this problem requires radical changes in the way we approach, manage and distribute our food.

- **Producing and eating less livestock products**

In assessing how to best make use of our food resources, it is crucial to address the role of diet, starting with the high level of consumption of livestock products in industrialised countries. This competes with crop production for land and is a key cause of increasing consumption of grain and oilseeds. The production and consumption of livestock products is a driving force behind deforestation and environmental instability in agriculture. What we eat and how it is produced are crucial factors in assessing our use of land and available soils. Growing demand for meat - the FAO expects meat production to double by 2050³⁰ - is increasing demand for vegetable proteins and grain for animal feed, which is depriving humans of vital food supplies. The expansion of land use to produce feeds and pasture is also causing significant greenhouse gas emissions and seriously damaging biodiversity and vital water and soil structures.³¹

Although availability of good agricultural land is limited, our recent study *Eating the Planet* finds that feeding the world in 2050 is possible without the most intensive forms of animal and crop production or a massive expansion of agricultural land if developed countries adopt healthier, lower-meat diets and food is distributed more equally. In addition, the report finds that sufficient food can be provided in 2050 without further deforestation, through robust policy intervention.³²

We also need to grow more feed in the UK to replace the demand for overseas protein and grain which should be used to feed people. Our recent report *Pastures New*, outlines how we can directly replace 50 per cent of soy meal currently used for animal feed with home grown alternatives. Measures including financial support and advice for farmers are needed to encourage new sustainable feed production and lower impact livestock farming such as mixed and organic systems.

- **Global Trade**

“Roughly a third of the world's food shortages could be alleviated to a significant degree by improving local agricultural distribution networks and helping to better connect small farmers to markets.” Ban Ki Moon, Secretary-General of the United Nations.³³

Existing trade rules, established through the World Trade Organisation and through country-to-country, country-to-region, and region-to-region trade agreements, need to be reformed to encourage more sustainable forms of trade which prioritise regional and local food security.

Global and bilateral trade agreements must help the world's poorest countries to produce more food for local and regional consumption by allowing them the freedom to protect and develop their agricultural industries. This means allowing higher tariffs on food imports to avoid crippling competition from countries which already have well-developed and heavily subsidised industries. Countries which have resisted the pressure to open up their markets and reduce protection for domestic farming are reaping the benefits.

³⁰ <http://www.fao.org/ag/againfo/themes/en/meat/home.html>

³¹ See Friends of the Earth, 2008. *What's feeding our food?*

³² Friends of the Earth & Compassion in World Farming, 2009. *Eating the planet?*

³³ *The New Face of Hunger*, 2008. <http://www.washingtonpost.com/wp-dyn/content/article/2008/03/11/AR2008031102462.html?hpid=opinionsbox1>

Food and agricultural policies should be designed to benefit small farmers; support rural development and livelihoods; and ensure food security. Strong sustainable food economies will give local people access to healthy food, while benefiting local farmers and protecting the environment. Local people will have more control over the food they eat - and a better understanding of where it comes from.

Agricultural trade can benefit the poor, but existing trading arrangements tend to favour large-scale production and distribution methods, often excluding small scale farmers and producers. Reform is needed to allow smaller players to benefit from trade.

The EU's Common Agricultural Policy (CAP) must be adjusted to allow subsidies to support sustainable family farming and local sustainable production for local markets. Action must be taken to end subsidies for export and dumping on markets in developing countries³⁴.

- **UK Businesses overseas**

The Government needs to ensure that businesses take responsibility for their impact on the environment overseas as well as in the UK. British-based companies can have a positive impact in terms of reducing poverty overseas. However, some UK companies have been involved in significant environmental damage through their overseas operations. Currently there is a lack of both authoritative guidance for companies to avoid such negative impacts, as well as for solutions and accountability when such breaches occur. This void creates greater risks for people, the environment, and businesses — as well as the UK's reputation as a whole. Better systems need to be introduced to ensure all UK companies respect human rights and protect the environment when operating abroad. To that end we support the establishment of a new body in the UK – a UK Commission for Business, Human Rights & The Environment – mandated to ensure UK companies comply with internationally recognised environmental and human rights standards, and have a duty to ensure non compliant companies are penalised and victims of these companies receive adequate remedy³⁵.

- **Recognising the true cost**

Recognising the true cost of food production requires shifting from a narrow view of agriculture. Agriculture is not only about food production, but also provides livelihoods, is an important part of local culture and has a crucial role in managing the environment.

If we are to assess the true environmental and social damage of farming practices, the Government must begin the process of assessing the true cost of products and creating fair markets for them through immediate action. The Sustainable Livestock Bill currently being proposed by Robert Flello MP is a step in the right direction at a national level. The Government must take a lead at the European level where efforts to tackle this are slow and weighed down by vested interests. The food industry must also be fully accountable for their impacts, particularly from their overseas operations, through revised Company Law.

Ensuring a sustainable production base

Instead of adopting false solutions, we must shift global agriculture on to a more equitable and sustainable production base to produce enough affordable and nutritious food for everyone. This means ensuring a fair deal for farmers meeting local and regional needs, while also investing in research on farming methods which can protect ecosystems and help tackle climate change.

³⁴ See Friends of the Earth Europe, 2010. *A new food and agricultural policy for the European Union*. http://www.foeeurope.org/agriculture/10p_PP_CAP_final.pdf

³⁵ <http://corporate-responsibility.org/campaigns/uk-commissions-proposal/>

- **Sustainable farming for need:**

As noted by the International IAASTD, shifting to sustainable farming will mean investing in research and development to help farmers make the best use of farmland and water resources. This means modern farming will be used to enhance local traditional knowledge, while protecting people's right to determine their own food production systems.

According to the IAASTD report: *"systems are needed that enhance sustainability while maintaining productivity in ways that protect the natural resource base and ecological provisioning of agricultural systems."*³⁶

This will require new research and investment at an international level to help the world's poorest countries move away from the industrial farming methods that have been forced on them. International institutions such as the Food and Agriculture Organisation (FAO) and the World Health Organisation (WHO) can play a role in this. Public funding currently directed towards large-scale industrial monoculture, via the World Bank and other international financial institutions, should be redirected towards small-scale sustainable agriculture that stimulates rural development and local markets. Priority should be given to producing for local consumption and regional trade, rather than export.

"To argue, as we do, that continuing to focus on production alone will undermine our agricultural capital and leave us with an increasingly degraded and divided planet is to reiterate an old message. But it is a message that has not always had resonance in some parts of the world. If those with power are now willing to hear it, then we may hope for more equitable policies that do take the interests of the poor into account."

Professor Bob Watson, Director of IAASTD

A more equitable and sustainable farming pattern must attach greater importance to protecting biodiversity and must recognise land rights, which have often been cast aside in the race towards industrial agriculture.

- **Fair Deal:**

For small-scale farming to be sustainable, farmers must be paid a fair deal for their produce. This is currently not the case. The power imbalance within the food chain allows retailers and the food industry to continue to demand more and more for less. Retailers and food companies must be required by law to deal fairly with suppliers, ensuring fair returns for sustainably-produced food. The Grocery Supply Code of Practice and its Adjudicator in the Office of Fair Trading will promote fairer dealing between supermarkets and their suppliers, and prohibit the biggest food retailers from unfair buying practices, such as retrospectively changing terms of trade.³⁷ But more can be done. Governments must also recognise and reward sustainable production methods, like organic farming and extensive grazing.

Farmers overseas must be protected -under stronger trade rules - from "dumping" of cheap produce onto their markets. This will stop rich producers under-cutting local suppliers with devastating effects on local economies.

³⁶ http://www.agassessment.org/docs/Global_Press_Release_final.doc

³⁷ http://www.foe.co.uk/resource/press_releases/supermarket_watchdog_03082010.html

- **Action on climate change**

In the UK we must take stronger action in both arenas to reduce our emissions to safe levels and ensure that we do not exceed a global temperature rise of 2 degree Celsius.

Farmers in the developing world are already among those worst affected by the impacts of climate change. Farmers in the world's driest regions face problems from increased desertification and soil erosion. Farming techniques drawing on local knowledge can help farmers in harsh conditions maximise water resources and protect their crops. Organic and other modern sustainable farming methods have proven benefits in withstanding drought and flooding, but financial support and technical assistance from the developed world is needed.³⁸

Agriculture and food production are also a major source of greenhouse gas emissions, which must be tackled. In rich countries, more must be done to reduce greenhouse gas emissions from agriculture, food manufacturing, transport and retail. This requires investment in different animal feeds, better waste management and big reductions in our reliance on fertiliser and imported feed and reducing fuel dependency in the supply chain and manufacturing. Ultimately it will mean reducing our meat and dairy consumption.

More must be done to further our understanding of how agricultural land can be best managed to 'lock-in' the greenhouse gases stored in soil. Farmland can provide a natural sink - if managed well, such as in organic systems, which are run according to legally binding international standards. In the UK, the Government must better reward farmers who deliver environmental benefits through extensive grazing of livestock and diversifying livestock breeds. Measures must also be taken to prevent valuable natural habitats, including forests, wetlands and mangrove being turned into agricultural land.

Small farmers need access to information about research into local staple crops which are no longer widely cultivated. These are more likely, than GM or other intensively cultivated varieties, to provide good solutions to farming problems resulting from droughts or flooding or availability of farm inputs like fertilisers. This means extending the current range of commercially produced varieties of crop and seed, with more multi-cropping and greater local variety on the greengrocers' shelves. With this, the right of farmers and communities to reproduce, exchange and breed seed varieties must be upheld. Such practices are increasingly threatened by intellectual property rights and patents on seeds.

³⁸ For instance see UNCTAD/WTO - International Trade Centre 2008 ORGANIC FARMING AND CLIMATE CHANGE http://www.intracen.org/Organics/documents/Organic_Farming_and_Climate_Change.pdf