



STATEMENT BY MR. NIRUPAM SEN, PERMANENT REPRESENTATIVE, ON
THE GLOBAL FOOD AND ENERGY CRISIS AT THE 62ND SESSION OF THE
UN GENERAL ASSEMBLY ON JULY 18, 2008

Mr. President,

I thank you for convening this plenary meeting on a topic that continues to present unprecedented challenges to all, particularly to developing countries.

At the outset, let me emphasize the appropriateness for dealing with the food and energy crises together, in an integrated manner. The sharp escalation in global oil prices have played a significant role in increasing input costs as well as in promoting bio-fuels, and both the energy and food crises have contributed significantly to inflation. I may add that it would have been even more useful to consider today the third crisis also – i.e. the global financial crisis, which is posing its interrelated challenges to our development efforts. Any meaningful response must address all these three issues.

I thank the Secretary-General for providing the revised version of the Comprehensive Framework for Action [CFA], produced by his High-Level Task Force, and for his briefing here today. We are in the process of studying this voluminous document in detail, which has been made available only a couple of days ago. At this stage, I will only make a few preliminary comments on the document.

The CFA represents the consensus view of the UN System on how to respond to the global food crisis. Some actions suggested in the CFA are important and need to be implemented. However, the CFA includes minimal, if any, contribution by Member States, who bear the primary burden in addressing the crisis, and as acknowledged by the CFA itself, are at the centre of the response. Let me reiterate that the contents of the

CFA would have been enriched, and made easier to implement, if ideas and suggestions of Member States had been taken on board. I do note that the CFA proposes regular consultations with, *inter alia*, Member States. I am also encouraged that the CFA does not seek to prescribe specific policies and activities, but rather provides a range of options from which choices can be made. Nevertheless, the overall thrust of the document appears to list options that Member States and others should implement, without being part of the process of their elaboration.

The CFA also presents the food crisis as a threat and an opportunity. While every crisis can be considered an opportunity to rebuild anew, and enhanced food prices may result in improved returns to farmers, it would be unfortunate to present the desperation of millions of vulnerable people in their struggle to feed themselves as an opportunity.

Mr. President,

Even on substance of the recommendations, some key lacunae must be pointed out. It is clear that agricultural productive capacity of developing countries has been systematically undermined over time through astronomical agricultural subsidies in developed countries (combined with pressure on developing countries to lower their tariffs) and the harmful prescriptive advice from the Bretton Woods Institutions to indiscriminately shift away from food crops for the domestic population to cash crops for export, devastating for food security. It is good that the right to food has been recognized in the CFA – we would have hoped for better recommendations to ensure its realization. We would also have hoped that high food prices would have given the necessary impetus to developed countries for eliminating agricultural subsidies. In 2005, the OECD countries agricultural subsidies amounted to US\$ 385.2 billion, while, in the WTO, these very countries induced developing countries to eliminate duties and barriers and expose their agriculture to this flood of subsidies. The developing countries' argument of food security was downplayed then. The very same argument is being used by the developed countries now. Earlier low food prices justified the subsidies of the rich. Today high food prices are used to justify these. Heads I win, tails you lose. This is how one squares the circle, has one's cake and eats it too.

The issue of bio-fuels has also been addressed incorrectly or hidden in the generalities of "recent supply and demand dynamics". The key

difference between foodgrain based bio-fuels and non-foodgrain based ones has been glossed over. Even if we decided to convert all of the world's grain into bio-fuel, fossil fuels would still be required and we would not be left with anything to eat. In such a scenario, diversion of land that grows cereal for human consumption into bio-fuel production is self-defeating. This morning you mentioned Sir "increasing demand from emerging economies" as one of the causes of supply-demand tension. The CFA does not mention this. Nor does FAO. The recent World Bank Report by its senior economist Don Mitchell, who has done a detailed month by month analysis of food price inflation, has concluded that: "Rapid income growth in developing countries has not led to large increases in global grain consumption and was not a major factor responsible for the large price increases". He has even discounted successive droughts in Australia. He concludes that "without the increase in biofuels, global wheat and maize stocks would not have declined appreciably and price increases due to other factors would have been moderate" and that higher energy and fertiliser prices accounted for an increase of 15% while biofuels have been responsible for a 75% increase between 2002 and February 2008. The Report finds that biofuels production has distorted food markets by diverting grain away from food to fuel (a third of US corn and half of EU vegetable oils); taking away land for biofuel production; sparking financial speculation in foodgrains. The CFA here inverts the facts when it calls speculation a consequence of food export restrictions when these restrictions are clearly a consequence of the inflation fuelled partly by speculation. Incidentally the Report finds that Brazilian biofuels (derived from sugarcane) have not had such an impact.

Also missing from the CFA is any meaningful reference to technology. Agricultural research and development and transferring new technology to farmers is crucial to enhance global food production as well as to address possible climate change impact on agriculture. In this regard, addressing TRIPS is essential to avoid monopolistic pricing of agricultural inputs, and institutions like the CGIAR must be supported. At the time of the Green Revolution, IPR for seeds were in the public domain. Today, thanks to TRIPS, they are in the private domain.

The CFA appears to treat short-term response measures by various countries from a uni-dimensional perspective. Yet, such measures have ensured food security for millions and there has been commodity price stabilization, as acknowledged by the CFA. Logically, the matter is straight forward. The CFA's analysis of causes is not optimal – in terms of their

relative importance and balance. Therefore its recommendations cannot be optimal in terms of relative priorities.

However, I would like to support some specific recommendations in the CFA, on nutrition intervention, school feeding programmes, enhanced safety nets, boost to small holder farmer production, investments in rural and agricultural infrastructure as well as reduction in post-harvest crop losses. These are among the measures India has been advocating and implementing itself.

Mr. President,

Despite its shortcomings, the CFA at least represents an effort to address a pressing global issue. However, no such global effort is visible when it comes to addressing the energy crisis. Over the last two years, oil demand has increased by one percent annually but prices in dollar terms have increased by ninety percent. It is time to take concerted global action now to address this crisis if we are to ensure that limited development gains are not lost.

Let me conclude, Mr. President, on a positive note. India has been feeding seventeen per cent of the world's population on less than five per cent of the world's water and three per cent of its arable land. Over a period of time, we have taken several measures to further increase agricultural output and food security. Latest estimates indicate that India will have a record harvest for the year 2007-08, thereby continuing our self-sufficiency in foodgrains since the late 1960s thanks to the 'Green Revolution'. This experience gives us confidence that current global challenges can be met. But it requires genuine cooperation and concerted action at the global level.

I thank you, Mr. President.

BACK TO TABLE OF CONTENTS