Resolution on rising food prices in the EU and the developing countries

2008/2564(RSP) - 22/05/2008 - Text adopted by Parliament, topical subjects

Following the debate which took place during the sitting on the dame day, the European Parliament adopted, by 485 votes to 52 against with 7 abstentions, a resolution on rising food prices in the EU and the developing countries. The resolution had been tabled for consideration in plenary by the EPP-ED, PES, ALDE, UEN, Greens/EFA and GUE/NGL groups. This resolution follows increases in world rice prices of 141% since January 2008 and overall global food prices increase of 83%.

The right to food: Parliament stresses the fundamental nature of the right to food and the need to improve access for all people at all times to enough food for an active, healthy life. The fact that 2 billion people still live in dire poverty and 850 million human beings go hungry each day demonstrates systematic violations of the right to food. Parliament calls on the Council to step up its commitments to the Millennium Development Goals (MDGs) by reaffirming funding commitments and adopting an EU MDG agenda for action at the June European Council. This EU agenda should identify specific milestones and actions within time-frames in key areas such as education, health, water, agriculture, growth and infrastructure that will contribute to ensuring the achievement of the MDGs by 2015. Members are concerned by the effects of **speculation in food commodities**, including commodity hedge funds, on hunger and poverty. They invite the Commission to analyse the effect of speculation on food prices and to come up with appropriate measures. They point out, furthermore, that this food crisis is closely interconnected with the financial crisis in which liquidity injections made by central banks to prevent bankruptcies may have increased speculative investments in commodities.

Sustainable food production: the supply of food to all people across the globe should take precedence over any other goal. Parliament stresses that the raw material cost is a relatively minor component of the total cost of many food products, and calls for an analysis of the discrepancies between farm gate prices and those charged by the major retailers. It calls for an impact assessment of the **role of retailers in the food chain**, as retail food prices have risen disproportionately compared with the cost of living.

With the rising costs of feed, energy, fertiliser and other inputs and with increasingly costly compliance standards, EU farmers need to see their revenue rise considerably. Members note that the cost of compound feed has risen by EUR 75 per tonne and is continuing to rise, and that this represents an additional cost of EUR 15 billion to the EU livestock industry. Parliament calls on the Commission to carry out a food security impact assessment of current EU policies relating to the CAP, of renewable energy targets, of development aid and of international trade agreements, in order to improve global food security.

Parliament states that **priority needs to be given to food over fuels**, and that biofuel production should be linked to strong sustainability criteria. It accepts that EU subsidisation of crops intended for biofuel production is no longer justified, but emphasises in the strongest possible terms that only 2-3% of EU agricultural land is currently being used for this kind of production and media reports blaming biofuels for the current food crisis are exaggerated as far as the EU is concerned. It agrees, however, that the policy in countries such as the United States of assigning more land for maize growing to produce bioethanol has had a knock-on effect on the price and availability of maize and other cereals on the global food market. The Commission and Member States must, nevertheless, to do more to promote the production of second-generation bioenergy which processes manure and agricultural waste materials, rather than primary

agricultural products. The current crisis demands an immediate discussion among the EU institutions and Member States on the role that modern biotechnology can play in ensuring the continued production of food at reasonable prices.

Better development policies: Parliament calls on Member States and the international community to meet the extraordinary emergency appeal of the WFP as a matter of urgency, with a substantial increase in investment in agriculture, aquaculture, rural development and agribusinesses in developing countries. 75% of the world's poor population lives in rural areas, but that only 4% of official development assistance (ODA) is dedicated to agriculture. The Commission and Member States are asked to promote the adjustment of the programming of the 10th European Development Fund (EDF) and to **readdress the country strategy papers** in order to give higher priority to agriculture. Parliament also stresses the need to give small farmers in poor countries, who are mainly women, access to land, financial services and credit, high-yield seeds, irrigation systems and fertilisers. The European Investment Bank (EIB) is asked to investigate possibilities for the setting up of a guarantee fund in support of national microcredit and loan schemes and risk-hedging schemes that operate close to the needs of local food producers. Parliament also stresses the need for action on climate change. Members go on to state that countries must have the right to food sovereignty and food security, and that they are entitled to protect their markets against imports of subsidised products. This subsidising of agricultural products for export destabilises local markets in developing countries.

Fair international trade: the opening up of agricultural markets needs to be progressive, in accordance with the development progress of each individual developing country and based **on socially fair and environmentally sound trade rules**. Parliament notes that sensitive products that are basic needs for people in developing countries should be **excluded from full liberalisation**. The EU must promote a preferential and asymmetric system in trade negotiations with developing countries in order to allow them to keep certain supply-management and other development tools in their markets. Parliament stresses that the results of the Doha Round should give positive incentives to the developing countries to invest in their agriculture and food production. It invites the Commission to support action on **staple food prices** in the current WTO negotiation round, as well as promote Fair Trade and other ethical schemes by supporting small and marginalised producers in developing countries, decreasing volatility and guaranteeing fairer prices and income. It encourages public authorities in the EU to integrate Fair Trade and sustainability criteria into their public tenders and purchasing policies.

Lastly, Parliament underlines that the current food crisis demonstrates the need to promote political stability, **democracy** and human rights, not only within the EU, but also worldwide.