2020 VISION

SUSTAINABLE FOOD SECURITY FOR ALL BY 2020

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IFPRI

SUMMARY NOTE

Keynote Speaker: **Poul Nielson, European Union Commissioner for Development and Humanitarian Aid**

Title: **Promoting Food Security and Poverty Reduction Through Broad-Based Economic Growth: A View from the European Union**

Ladies and Gentlemen. It is a great pleasure to be invited here today to address this important conference.

With close to 800 million people still suffering from hunger and malnutrition, the attention given to food security at this conference is a moral imperative.

Five years ago, the World Food Summit set a target of reducing the total number of undernourished people by half no later than 2015. We are not on a path to reach that target. In the run-up to the five-year review of the World Food Summit, it is time to take a critical look at our policies and actions. And so, I would like to spend the next 20 minutes outlining m vision of food security, and the actions that need to be taken by the international community and national governments.

The European Commission's view is that the best way to achieve food security for all is to implement a broad-based policy for sustainable growth and poverty reduction. Economic growth is a necessary condition for food security because it contributes to increased food production and a strengthened external trade position, which allows countries to import food if necessary. However, growth is not a sufficient condition for food security. Above all, it is essential to strengthen people's access to food by tackling poverty.

In order to bring about food security, we must therefore deliver growth *with* poverty reduction and equity. We must ensure that the poor are included in growth. This requires actions to develop markets, institutions, and infrastructure that are accessible to the poor, and to deliver the provision of sustainable services focused on public goods.

In addition, we must also give greater prominence to tackling the inequalities that are the bases of poverty and hunger. We cannot expect growth to deliver poverty reduction when there are large inequalities in human capital, employment, access to land, and other productive assets. We need to confront these inequalities by addressing issues of land tenure and land reform, generating employment, providing universal access to health and education services, making rural credit more available to those lacking collateral, and tackling policy biases that disadvantage the rural poor. This includes addressing the lack of political participation and empowerment of the poor.

The European Commission's policy on food security reflects these principles. Food security is treated as an integral part of a comprehensive strategy for poverty reduction. That is why the European Community's new overall development policy focuses on poverty reduction as the overarching objective, but includes food security as one of the six priority areas where the EC will concentrate its support. Food security is therefore at the heart of the EC's approach to poverty reduction.

Ladies and Gentlemen. The limited progress that has been made in reducing hunger tells us that it is not sufficient to tackle food insecurity by focusing on food availability and production, and relying on aid. We have to build coherence with trade policy, macroeconomic management, regional

integration, key economic and social sectors, environmental concerns, and, indeed, the domestic agricultural policies of OECD countries. Above all, we need to tackle the important political dimensions of food insecurity by giving greater attention to promoting democracy and good governance, preventing conflict, and building peace.

The European Union can make an important difference in all of these areas. The European Commission and the EU Member States provide more than half of development aid in the world. At the same time the EU is the main trading partner with developing countries, the second largest food exporter and a significant political body. This gives us an important opportunity and responsibility to ensure greater **coherence** in our approach to food security. I would like to present some examples to illustrate this point.

One area where we have seen tremendous progress in strengthening coherence over the past two years it **the link between EU trade policy and development policy**. There have been several initiatives to increase developing countries' access to EU markets. The flagship policy is the "Everything but Arms" initiative that has been in force since March this year. It ensures unrestricted, duty-free access for all products from the Least Developed Countries (LDCs) to the EU, except for arms. The initiative is designed to strengthen the trading position of the LDC's, and is a key element of improving food security in the poorest countries. Following the lead of the European Union, and the call from the 3rd UN LDC conference in Brussels in May this year, other developed countries have signaled their intention to implement similar measures.

Improving market access alone will not be enough to stimulate major export growth from the least-developed countries. It must also address the competitiveness constraints faced by these countries. The European Commission is supporting numerous programs to enhance the production and trading capacity of developing countries, and their ability to attract investment.

For many of the poorest countries, the competitive forces of the world market are beyond their current capacity. Regional integration is an important step on the way to compete in global market. The EU has supported numerous regional integration initiatives. The Cotonou Agreement is a landmark agreement, comprising the EU and 78 developing countries. It will provide for free trade areas between the EU and regional groupings of ACP states, referred to as Economic Partnership Agreements.

Finally, on the subject of trade, it is important to mention that the EC has been a major force in gathering international support for a new round of WTO trade talks, and has been calling for an agenda that emphasizes the concerns of developing countries, including food security.

Food aid is another area where we have made great progress in developing a coherent approach to food security. I can categorically state that EC food aid policy no longer has anything to do with the dumping of agricultural surpluses stemming from the Common Agricultural Policy. We only provide food aid in specific situations where it is the most appropriate instrument to tackle nutritional problems and food shortages. The sole objectives of EC food aid are to save lives during emergencies, to provide safety nets for vulnerable groups and to facilitate the transition between relief, rehabilitation, and long-term development. We have acted to reduce the provision of food aid-in-kind. This has been more than compensated by increasing the provision of financial assistance, which is a more suitable instrument for addressing the root causes of food insecurity. We recognize that food aid can have disruptive effects on local food markets and production, and have therefore promoted regional and local purchases of food aid. More than 30 percent of EC food aid is purchased this way, and we expect this figure to continue to increase. The EC has been at the forefront of international initiatives to improve the management of food aid, such as the EC's Code of Conduct on Food Aid and the London Food Aid Convention.

Against this background, it is a matter of much regret that some major food producers continue to use food aid as a means to dispose of surpluses in support of their domestic farming sectors. The damaging effects of these practices are clearly apparent. They result in a serious misallocation of

food aid resources. They depress world prices and make food available at times of surplus when it is less needed. The abuse of food aid damages development in destination countries by distorting food markets and depresses local food production. To avoid such negative fallout, we would welcome strengthened WTO provisions in this area.

The EU has itself been criticized for the use of export subsidies on agricultural and food products. We have taken these criticisms on board. But, it is important to point out that there are fundamental differences between the EC's approach and methods employed by other food producers to promote their exports. The EC's use of export subsidies is transparent, fully notified to the WTO, and in compliance with WTO obligations. The EC has acted decisively to reduce these subsidies in line with WTO obligations and the form of the Common Agricultural Policy. In 1998 expenditure on export refunds amounted to just 9.4 percent of the value of agricultural exports, compared with 55 percent in 1992.

The EC is ready to negotiate further reductions in export subsidies provided that all forms of support to exports of agricultural and food products are treated on a common footing.

As a third example of improved policy coherence, I would like to mention the area of fisheries. With one billion people dependent on fish for their food security, the sustainability of global fisheries is a source of major concern. Most of the fisheries available to developing countries are now fully exploited or overfished, and are subject to competing pressures from local artisanal fishers, industrial fishing based in developing countries and fishing fleets originating from developed countries. I do not hesitate to say that the activities of some companies are best described as modern economic piracy. Again, the EU is going through critical self-assessment. The EU supports the development of the fisheries sector in many developing countries, and focuses on the interests of poor local fishing communities. At the same time the Common Fisheries Policy provides access to EU fishing fleets to developing-country fisheries under the terms of fisheries agreements. The EC has recognized the need to ensure greater coherence between development objectives and the objectives of the Common Fisheries Policy, and has launched a new policy framework that aims to balance these different interests and ensure sustainable fisheries management.

This is an important step forward, but similar actions are required from non-EU nations with large fishing fleets on the high seas. We need to ensure international cooperation for the better global governance of fish stocks. The UN Convention on the Law of the Seas (articles 61 and 62) and the FAO Code of Conduct for Responsible Fisheries are quite clear on the principles to be followed. What we need is universal cooperation on data collection, stock surveillance, and control and enforcement.

Coherent policy is important. So too is the ability to **demonstrate tangible action**. The European Commission has a strong capacity to deliver results on the ground in support of food security. Above and beyond the bilateral efforts of Member States, the European Commission manages a development aid portfolio of roughly 7.5 billion Euro annually, making it the world's fifth largest donor. The lion's share of these resources is devoted directly or indirectly to food security as a key objective of EC development cooperation. Roughly 500 million Euro is allocated each year to a food security budget-line specifically aimed at addressing situations of structural food insecurity, temporary food shortages and linking relief, rehabilitation, and development. EC development aid supports a large number of sectors relevant to food security, including agricultural production and research, infrastructure, private-sector development, environment and natural resources management, marketing and trade development, regional integration, crisis management, emergency support, and targeted safety net programs.

All of these resources are programmed in a coherent way in support of the overall objective of poverty reduction in the framework of Country Strategy Papers elaborated on the basis of consultations with governments and civil society.

So far I have emphasized the role of the international community in fighting hunger. I would now like to shift attention **to the role of national governments**, which have the primary responsibility for addressing food insecurity.

Experience has shown that good governance, the rule of law, and, above all, democracy and accountable government are essential to food security. This point has been made well by Amartya Sen, the Nobel Prize winner in economics, who points out that "no famine has ever taken place in the history of the world in a functioning democracy."[1] We have also seen all too frequently how famine and conflict arise together. Without progress in conflict prevention and peace building we will not win the battle in fighting hunger.

In addition, national governments must also put in place sound economic policies and effective institutions that foster broad-based economic growth and poverty reduction. The preparation of Poverty Reduction Strategy Papers in many countries is a promising step that indicates genuine government commitment to poverty reduction and policy reform. They provide a new foundation for development cooperation that is based on government ownership of development, and donor coordination around nationally identified priorities. This provides a much stronger basis for the effective use of development aid in tackling poverty and hunger.

The European Commission is supporting the development of poverty reduction strategies through policy dialogue and capacity building. And we give strong financial support to their implementation. We recognize the important progress that has been made, but there is still some way to go to elaborate these strategies, and to link them more firmly to poverty reduction. In particular, food security issues need to be given more explicit attention as a core element of poverty reduction strategies. It is also essential to ensure the widespread participation of civil society in the formulation of poverty reduction strategies in order o allow the voices of the poor to be heard.

As we look to the future we must recognize the urgent need to respond to the bewildering number of changes underway, including global warming, land degradation, increasing competition for water, health crises, urbanization, globalization, changes in the organization of agricultural research, and the increasing pace of technological change. Some of these changes present important opportunities, but others are major threats to food security. Global warming, in particular, has the potential to totally transform global agricultural production, and to wipe out the gains that have been made in bringing about food security and poverty reduction in recent decades. This underlines the urgent need for all countries to ratify and implement the Kyoto protocol. To today's children in Africa, the trends in global warming, desertification, and changing patterns of rainfall, with the potential dramatic decline in agricultural productivity, are not conference topics: they are grim challenges to the chances of survival.

Ladies and Gentlemen. Before concluding and responding to questions you may have, let me thank the International Food Policy Research Institute for organizing this valuable event. Allow me also to seize this opportunity to congratulate its Director General, Per Pinstrup-Andersen, for the award of the 2001 World Food Prize. I am personally very impressed by the work of IFPRI and the wider umbrella of CGIAR. The European Commission will continue to support this important international framework and we will of course follow with interest the outcome of this conference.

Thank you for your attention.

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[1] Amartya Sen, 1999, "Development as Freedom," page 16.

Note: The views expressed in this summary note are those of the author and are not necessarily endorsed by or representative of IFPRI or of the cosponsoring or supporting organizations.