



UN MILLENNIUM CAMPAIGN POLICY PAPER

High-Level Meeting on Food Security for All – January 26-27, 2009, Madrid

Background:

The FAO (Food and Agriculture Organisation) held the High-Level Conference on World Food Security: The Challenges of Climate Change and Bioenergy in Rome on June 3-5, 2008. Throughout the three days of events, 42 Heads of State and Government, 100 high-level Ministers and 60 non-governmental and civil society organizations from 181 member countries discussed the challenges that climate change, bioenergy and soaring food prices pose to world food security and devised ways to safeguard the world's most vulnerable populations.

On that occasion, Spanish Prime Minister Jose Rodriguez Zapatero pledged to host the first follow-up meeting in Madrid. United Nations Secretary-General Ban Ki-moon also announced his participation.

The meeting covered the following three areas:

1. Follow-up to the Rome Food Summit
2. Resource mobilization status
3. Discussion on the proposal for global partnerships

Policy Guidelines:

The number of undernourished people in the world has risen by 40 million in the past year as the result of rising food prices. This brings the overall number to 963 million. Among them, hundreds of millions come from small farming households. The concerted action so far to improve the livelihoods of small scale farmers has been very slow; at the same time, the challenges going forward are multiple, including the need to increase investment in the agricultural sector and to move away from solely food aid remedies. The food crisis is expected to continue as long as specific mechanisms are not put in place to support the interests of poor people and small farming households.

In this context the UN Millennium Campaign plans in 2009 to challenge the European Common Agricultural Policy (CAP) –specifically on the issue of subsidies- in light of the impact subsidies have in the following three crucial dimensions: 1) the impact on the livelihoods of poor farmers; 2) the impact on the environment; and 3) the impact on domestic equity in Europe. These three dimensions constitute the Millennium Campaign's contribution to policymakers on the occasion of the Madrid meeting.

1. **Impact on poor farmers:** i) Direct payments and other agricultural subsidies provided by the CAP to European farmers are an incentive for them to some extent to over produce, and consequently “dump” part of the oversupply to third world markets at very low prices. As a

result, prices dumped are so low that they not only destroy local markets in developing countries, but also developing countries' products become not at all competitive in rich markets. ii) Competition from cheaper suppliers in third world countries is also regulated in Europe through a system of tariffs. Indeed many of the competing third world country products that enter the EU are able to do so only thanks to the reduced tariff quotas or other concessions. The combination of EU tariffs and subsidies (both direct payment and export subsidies) means that many developing countries are excluded to a significant extent from markets in which they would enjoy a comparative advantage in a less-distorted trading system. This discourages increased or large-scale agricultural production in less developed countries and encourages subsistence farming for survival.

2. **Impact on the environment:** the agricultural subsidies provided under the CAP are not environmentally friendly, as they encourage large scale production and with it more pesticide use. This ultimately contributes to environmental degradation in addition to damaging our landscape. The intensification of agriculture in the EU over the last 20 to 30 years has caused significant environmental problems such as water pollution (due to increased levels of minerals and chemicals used in agricultural production processes) and damage to wildlife and bio-diversity.
3. **Impact on domestic equity in Europe:** In 2006, total CAP spending was nearly €50 billion. Although CAP is funded through the European Budget, it is the consumers and taxpayers in Europe who incur part of the cost to subsidise agriculture, which in 2006 was equal to €108 per citizen. While the annual cost to taxpayers is distributed according to the tax burden, the annual cost to consumers arises from higher food prices and is borne disproportionately by the poorest in society, since they are the ones who spend the greatest proportion of their income on food.
This is not all: much of the support of the CAP does not reach all farmers, but goes to the largest and already rich farmers – large agribusinesses - whose disposable incomes are often above all-household averages in their countries. The need to support farm incomes should be revisited, at least ensuring that such support goes only towards small farmers in Europe.

¹ European Commission statistics