

Illustrations created by Anna Loveday-Brown

Editorial

A new food price crisis:

the time has come to put people at the centre of the food system!

Chronic, persistent and increasing hunger levels. Rising demand on top of a collapsing resource base. Unsustainable consumption patterns and waste. Feedstocks diverted from food to fuel. Extreme vulnerability. Climate chaos. Political unrest and food riots. Markets rigged against the many in favour of the few. Spiralling food prices... **The dominant food system is not delivering. This is because it is a food system moulded by a market where purchasing power is more important than rights, where food, land, and water and other resources have been restricted to a mere commodity.** It is a system where the power to decide who produces what, how, for whom or by whom is concentrated in a handful of companies, and where public policies to regulate agricultural or financial markets have been largely dismantled. This system today is colliding with inherent limits. It traps a billion producers and consumers in poverty and fails to address the ecological boundaries of a flawed food system. Inequalities are increasing, and peoples are excluded from their fundamental rights. In the midst of a second severe food price crisis in three years, some governments have lost confidence in the capacity of international markets to deliver their needed food. The international community is forced to address the problem. But it still fails to recognise the main causes of the persistent crisis and to develop coordinated and coherent responses that go beyond the defence of short term interests. **The time has come to put people at the centre of the food system.** In that system the supply of food is accomplished by agro-ecological, resilient, small-holder farming, producing sufficient and accessible food for all. Policies need to be grounded in the right to food and food sovereignty to deliver on food, nutritional and ecological security. Small food producers and civil society organisations call for the needed radical changes by mobilising forces and contributing to the debate for transformed policies at national and international levels.

Thierry Kesteloot, Oxfam-Solidarity



IN THE SPOTLIGHT

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A failing food system

After almost thirty years of fairly stable but depressed prices on international food markets, we're entering a period of **severe price turbulence**. Since 2006, international food prices have twice risen sharply. After the food crisis of 2007/2008, prices fell sharply in the second half of 2009 and now again we are confronted with a steep increase since mid 2010. For some products like rice, sugar, wheat, oilseeds or corn the run-up between the average of 2005 and the peak was several hundred percent. The FAO food index that has measured international food prices since 1990, shows prices reaching their highest levels ever in February 2011¹.

1 - <http://www.fao.org/worldfoodsituation/wfs-home/foodpricesindex/en/>

Who we are

In the last years hundreds of organizations and movements have been engaged in struggles, activities, and various kinds of work to defend and promote the right of people to Food Sovereignty around the world. Many of these organizations were present in the Nyéléni Forum 2007 and feel part of a broader Food Sovereignty Movement, that considers the Nyéléni 2007 declaration as its political platform. **The Nyéléni Newsletter wants to be the voice of this international movement.**

Organizations involved: Development Fund, ETC, FIAN, Focus on the Global South, Food First, Friends of the Earth International, Grain, Grassroots International, IPC for food sovereignty, La Via Campesina, Marcha Mundial de las Mujeres, Oxfam Solidarity, Real World Radio, Roppa, The World Forum Of Fish Harvesters & Fish Workers, Veterinarios Sin Fronteras.

Now is the time for Food Sovereignty!

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22 - 23 June

G20 - Meeting of the **Ministries of Agriculture** - Mobilize: *G20 do not gamble with our food!* - Paris, France

25 June – 2 July

FAO Conference (37th Session) – Rome, Italy

5 - 12 August

7th Session of the **UN Human Rights council advisory Committee** (with a special seminar on the rights of peasants) – Geneva, Switzerland

16 - 21 August

Nyéléni Europe, the european forum on Food Sovereignty – Krems, Austria

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Speculation: what does it mean exactly?

In economic language speculation refers to **carrying out commercial or financial activities in the hope of making a profit from changes in prices**. Speculative purchasing of a product has the aim of making prices rise over the real value of the product since the purchase itself serves to increase the demand artificially; speculative selling works exactly the opposite way. The basic idea is to buy cheap and sell dear, sell dear and then buy cheap. Such speculative practices can lead to **speculative bubbles**. The bubble produces an abnormal rise in the price of a product, the price is increasing, moving away from the real value. The process leads other purchasers to buy, with the aim of selling at a higher price in the future, causing a spiral of rising prices. Prices can reach absurd levels until the bubble explodes (crash), when massive amounts of the product are sold but there are few buyers ready to purchase, which leads to a sudden drop in prices, even below those of the product's real value, and leaving in its wake a trail of debts.

How do the agricultural markets work?

A lot of the raw materials we use are bought and sold via so called **futures contracts**. **These futures are binding contracts between seller and buyer whereby they agree to a price and a date for the sale**. The origins of these contracts date back to antiquity, but in their present form they date from the middle of the 19th century in the USA: price volatility during periods of excess supply at harvest time acted as a disincentive for farmers to produce. Agricultural supply is indeed inelastic as it depends on a long production cycle and as the products themselves are perishable. A mechanism - based on real supply and demand - was needed that would establish a contract between both parties and thanks to this both buyer and seller might reduce their burden of risk.

The birth of speculation

In 1991 one of the largest investor groups in the world, Goldman Sachs, began to target tradable agricultural products: livestock, coffee, cocoa, maize, pork and some varieties of wheat. They created the first *Raw materials Index*. At this point **Goldman Sachs opened the door to speculation in the food sector with the blessing of both governments and international institutions**. In less than two decades not only buyers and sellers with an interest in food, but also **individuals with no connection to the food sector have speculated with prices, buying and selling futures to make profit**. **Food speculation is now a daily activity that transfers millions every day**. Decades ago, speculative practice focused mainly in the oil sector, the real estate and construction, but after the collapse of these markets, speculators **have shifted to play with safe products such as food**. The result of that speculation originated the famous food crisis in 2007-2008, and is one of the causes of the volatility of food prices today.

Extracted from the ABC de la especulación alimentaria, Veterinarios sin Fronteras, 2011 <http://www.veterinariossinfronteras.org/es/Especiales/ESPECIAL-CRISIALIMENTARIA2011/conceptosbasicos.html>

The volatility of prices, a throw of the dice?

Changing prices are nothing new in the food system. Prices have always been fluctuating, as production remains uncertain and dependent on natural and human hazards such as climate, natural disasters, plagues and diseases or political instability. The impacts of these price fluctuations can be disastrous for poor consumers or for peasants, pastoralists, fisherfolk and other food producers who can be forced to sell productive assets when faced with too low prices and income. Even if trade has always played an important role to address shortages and surpluses, through different seasons and between regions, collective action and policies to regulate trade and stabilize prices are essential.

Today the levels of uncertainty have risen, where price changes are large and unpredictable. Recent production levels leave a small margin compared to what is being consumed, due to climate change, squeezed natural resources, and increasing demand. And small differences between both can create big price shocks. Looking into the future of food markets remains guesswork, but most foresee that price trends are likely to be high, but also extremely volatile. An additional factor of uncertainty and risk that will further increase vulnerability for both consumers and producers alike, is the possibility that food riots and political unrest in many countries may force decision makers to take action at national and international levels.

Unequal before risks

The increasing fragility of the food system hurts most those who are the most in need, such as the most vulnerable countries with large populations of women and men living in poverty, and which depend on international markets for much of their food needs. Their food import bills increased by 56 per cent in 2007-08 compared with the previous year, which itself saw a 36 per cent jump. Most net food importing countries were previously self-sufficient², but became food dependent due to liberalisation of their agricultural sector, a prioritizing of export-oriented production and the neglect of local food production. The 2008 price spike pushed over 100 million people into poverty, 30 million of them in Africa. This is now repeated with an estimated 44 million people trapped in poverty in the past two months.

The real costs are borne at the family level. **Poor households spend up to three-quarters of their income on food, making them extremely vulnerable to sudden price changes**. The direct impacts are cutting back on food, struggling to pay health and education costs, taking on debt, or selling off assets, which can thus have long-term impacts on poverty and development and trap poor rural families in deep poverty. Faced with tight market supply, the most impoverished need to adapt their basic demands to lower levels when prices are volatile or increase, while those less impoverished can continue to afford buying staple foods even if their demand is not sustainable. Government policies and consumption patterns in industrialised countries add to these inequalities. For example, more and more governments are imposing mandates on agrofuels (obligations to blend fixed proportions of agrofuels with fossil fuels, or binding targets for shares of agrofuels in energy use), thus diverting feedstock away from feeding people to powering cars. Today, more corn is being diverted in the US alone to the production of ethanol than all corn being traded internationally. This is in a context where corn stocks are at the lowest levels ever.

For small food producers, the food price crisis brought an abrupt end to decades of artificially low prices, depressed by rich countries' agricultural dumping and forced liberalisation. Sadly, few could turn higher prices to their advantage because most were net consumers of food, or due to higher production costs. But lack of power and unequal access to resources are as important³. Selling a surplus allows poor farmers to earn an income, but rarely can they exercise any power in markets where middlemen, processors, aggregators, freighting companies and those controlling brands and distribution call the shots. **A few hundred companies – traders, processors, manufacturers, and retailers – control 70 per cent of the choices and decisions in the food system globally**, including those concerning key resources such as land, water, seeds, technologies, and infrastructure. They extract much of the value along the chain, while costs and risks cascade down onto the weakest participants – generally the farmers and labourers at the bottom.

The burden of food price volatility, as with climate change, is shouldered by those most in need. Sadly, those responsible for price volatility, largely escape the burden. And ironically, those affected are at the centre of any sustainable solution to the food crisis.

Addressing the real causes

High volatility traps people in poverty. When prices are too high it pushes both poor consumers and food producers who buy substantial amounts of food into poverty, because food accounts for a very high share of their budget. But when prices are too low, or when costs are increasing, incomes of food providers are threatened, as well as the long term viability of their food production. Similarly net food importing countries face the same dilemma.

2 - Western Africa was net exporter until 1978, and its dependence on food imports increased dramatically since 2004
3 - Higher prices are seen as a factor for massive increase of investments in large scale land acquisitions. As a result of food price rises in 2007-2008, large funds invested heavily in farmland in places like Africa to secure supplies, or for speculative reasons. 45 million hectares were negotiated in 2009 – up from four million between 2006-2008. For more information, see the *Nyéleni Newsletter Number 0*.



While Western Africa has seen substantial increases in production last year, they see their import bills dramatically increasing, making it hard to support and invest in peasant and small-holder agriculture, that has been neglected for decades because of cheap imports when prices were low on the international markets. **Most governments have so far failed to develop responses to help people escape from this poverty trap.** Their responses have been erratic, inconsistent, short term and often driven by self-interest. Investment in a resilient peasant and small-holder agriculture remains a vague promise. Panic reactions with major food exporters restricting exports, and importing countries desperately looking to replenish their stocks, created an ideal environment for speculators to reap benefits.

To get the system right, International Organisations have prepared proposals to the G20 countries. These proposals are mainly focused on further de-regulating the markets, by restraining state interventions, limiting export restrictions or improving information systems, on increasing productivity and on mitigating the negative impacts of volatility. The assumption is that food security is enhanced through free markets and increased production. **Clearly this is not addressing the real causes.**

Instead, all countries' capacities and policy space to feed themselves should be reinforced. The best recipe for resilience (or the capacity to recover after a crisis) is to invest in sustainable small-holder production and raise incomes. Governments should reign in volatility by regulating it and stabilising it through durable, transparent regulatory food reserves. Managed in an inclusive and accountable way, these reserves can contribute to increase food producers' market power. This can be combined with other price band measures to protect producers' revenues and consumers' food costs. Industrialised countries should stop unsustainable consumption patterns, diverting essential feedstock from local food provision to fuel or animal feed. Derivatives markets should be regulated to avoid excessive speculation. Land tenure policies and investment policies should protect peoples' rights to access, control and share productive territories and resources. Bold actions need to be taken now to reverse climate change and build a sustainable agro-ecological, low carbon production that becomes part of the solution, rather than part of the problem.

Numerous examples exist locally where **food providers and consumers** have come closer together and are at the centre of decision-making on food issues. **These are at the heart of building resilient food systems.** But governments and the international community need urgently to get their acts together in a way that recognizes peoples rights, demands and proposals. The next meeting of the Committee on Food Security in October 2011 has to take the leadership in the development of coherent and coordinated responses. Social movements and other Civil Society Organisations are organising to actively contribute to ensure that a new food system emerges.

Higher food prices but poorer farmers

Nowadays the whole food system - from production to processing and distribution - is mainly controlled by transnational corporations. Since 2007 these companies such as Monsanto, DuPont, Bayer, Cargill, Sinochem, Nestlé (to name just a few) have seen increases in their profits. **On the contrary, small scale food producers that are not favoured by trade and agricultural policies and that do not have direct access to markets, but sell their products to distributing companies, haven't seen any concrete benefits from the rising in price of foodstuffs.** Often the difference between the price that consumers pay for a product is from four to nine times higher than the price received by producers for the same good¹. The profit margin remains in the hands of big companies and other private distributors and "middlemen" in between. It is interesting to note that of the 1.4 billion people who suffer from extreme poverty in the developing countries today, more than 70 per cent live and work in rural areas². In addition to this, it was recorded that the present increases in staple food prices is most acute in rural areas³; this means that besides not getting a better price for their products, small scale food producers are the ones who mainly bear the brunt of rising prices.

1 - An example at <http://www.coag.org/index.php?s=html&n=de17fe1e436f03b43409ecceaa6fa75>

2 - *Rural Poverty Report 2011*, IFAD <http://www.ifad.org/rpr2011/report/e/rpr2011.pdf>

3 - *Escalating Food Prices*, UNICEF, 2011 http://www.unicef.org/socialpolicy/index_57549.html

Voices from the field

Short stories from Africa, America, Asia and Europe, resistance and alternatives: the international struggle against the privatization of life.

To confront the crisis, the alternative is to organize and struggle

Itelvina Masioli, member of the coordination of the MST of Brazil and of CLOC- Via Campesina.

The 2007/ 2008 food crisis had a great impact in Brazil and in the rest of the world, since it was the result of an industrial, profit-oriented, oil-dependent food model based on exploitation and not committed to food sovereignty. The food crisis increased hunger and extreme poverty in Brazil, while agribusiness – to export products and produce agrofuels- and land grabbing practices, which had caused the crisis in the first place, have become stronger. The problem is not the lack of food but its concentration, which is the result of an unsustainable production and consumption model monopolized by transnational corporations. To counteract this, food sovereignty and the agrarian reform are presented as the solution for an alternative production and consumption model. The alternative lies in the people's organization and struggle, in diversifying production in our territories by relying on the local markets and promoting food sovereignty as a public policy. For this reason, in Brazil, several initiatives were taken such as strengthening the local markets and developing programs on how to organize agricultural co-operatives, and people's education... Besides, as a result of the pressures made by the peasant movement, the federal government of Brazil passed a law that provides that 30% of food in schools should come from peasant agriculture.

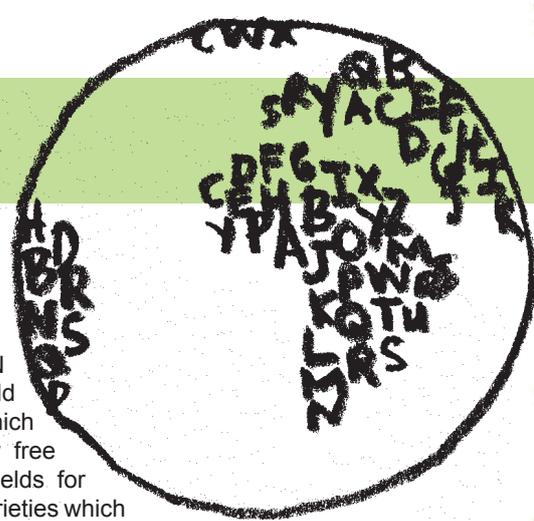
A solution to the crisis is to use our native seeds

Rebeca Avelino Mabui, peasant and leader of the local union Eduardo Mondlane, member of UNAC (Mozambican Union of Farmers), and La Via Campesina.

I produce various vegetables and some cereals, such as maize. Here in Mozambique, we have noticed a rise in food prices during the last years, but despite these rising prices around the world, in my experience, we small farmers do not generally profit from them. Even if I produce vegetables, I always need to buy what I do not produce and to buy food in periods that I am waiting for the harvest, as I do not always have ways of storing food for the entire year. At that time I become a normal consumer, not a producer, and the rising prices affect me deeply. Furthermore, we are competing with industrial agriculture that controls the food production as well as the seeds. Mozambique is predominantly an importing-country of foodstuff and seeds. So, we are competing with those who sell some of the seeds we use. I need to buy seeds for my production, and as the price of seeds is also rising, the costs of my production will automatically be high as well. I mean, my products will be expensive and this may affect my sales, because my clients will not have enough money to buy them. The only alternative I see to this situation is to use our native seeds, in order to become independent and to conserve our local varieties as well. But many times we do not have the means to do this. For example, we do not have the knowledge for collecting and saving the seeds of many vegetables – such as lettuce, cabbage or onion. This needs to change.



THE WORLD IN WORDS



A Postcard from Canada

We left Mali in February 2007 with a commitment. All of us, from all over the world –family farmers, fisherfolk, rural workers, landless people, Indigenous peoples and other food movement activists from more than 80 countries - would go home and work hard to build food sovereignty in our respective areas and regions.

We wanted to let you know that we have taken our commitment seriously. The 20th of April, in Ottawa, our nation's capital, we launched "Resetting the Table: A People's Food Policy for Canada". The People's Food Policy is the result of two years of work by hundreds of people who devoted thousands of volunteer hours to create a food sovereignty policy for Canada. The policy is based on ten detailed discussion papers covering subjects from agriculture, health, the environment, fisheries, Indigenous food sovereignty, science and technology and international food policy. Each one of these areas is analyzed from a food sovereignty framework, and concrete recommendations for ways forward are proposed. As a result, **the People's Food Policy is the most comprehensive food policy being advanced in Canada today.**

The People's Food Policy has dozens of policy recommendations to lay the groundwork for a Canada with zero hunger, decent livelihoods for producers, and a sustainable environment for the future. Among the key ones are:

- *Food should be eaten as close as possible to where it is produced* [...]. A key example of this would be the creation of legislation where institutions and retailers would include a set percentage of Canadian food in what they serve and sell.
- The food system is a leading contributor to climate change, responsible for between 30-57% of global greenhouse gas emissions. In order to ensure food for the future, *a key priority for the People's Food Policy is supporting food producers in a widespread shift to ecological food production* [...].
- Close to two and a half million Canadians are regularly concerned about having enough food to eat. The People's Food Policy calls for the *creation of federal poverty elimination and prevention programs, with measurable targets and timelines, to ensure Canadians can better afford healthy food.*

The launch of the People's Food Policy has been very well-received, with lots of media coverage and interest from the political parties. It has been a very exciting time for us, and we often find ourselves thinking of all of you – our fellow travellers on the road to global food sovereignty.

Read the full postcard: Anna Paskal, <http://peoplesfoodpolicy.ca/postcard-canada>
Read the full *People's Food Policy*, <http://peoplesfoodpolicy.ca/policy/resetting-table-peoples-food-policy-canada>

A Global Seed Campaign

In March the latest meeting of the UN Seed Treaty was held — an institution which has granted industry free access to farmers' fields for breeding industrial varieties which it commercializes. Under pressure from civil society, a new working group on the 'sustainable use' of seeds was created, including civil society participation. Although this is positive, there is no budget for it; and in the larger context of farmers' seed dispossession, such 'advances' are too limited. This shows the importance of Via Campesina's recent announcement to give new energy to its Global Seed Campaign. As was said: there will be no food sovereignty without achieving seed sovereignty. For more information on the UN Seed Treaty, Peasant Seeds and Farmers' Rights see the *Nyeléni Newsletter Num 3* http://www.nyeleni.org/DOWNLOADS/newsletters/Nyeleni_Newsletter_Num_3_EN.pdf

Food safety for whom? Corporate wealth versus people's health

A new briefing by GRAIN examines how "food safety" is being used as a tool to increase corporate control over food and agriculture, and discusses what people can do and are doing about it. Across the world, people are getting sick and dying from food like never before. Governments and corporations are responding with all kinds of rules and regulations, but few have anything to do with public health.

For more info <http://www.grain.org/briefings/?id=222>

Maine Town declares Food Sovereignty

Sedgwick, Maine has done what no other town in the United States has done. The town unanimously passed an ordinance giving its citizens the right "to produce, process, sell, purchase, and consume local foods of their choosing. For more info <http://www.foodrenegade.com/maine-town-declares-food-sovereignty/>

The 17th of April continues to grow!

More than one hundred and fifty different events took place in every corners of the world, in defence of peasant agriculture and food sovereignty on April 17, International Day of Peasant's struggle. To see the whole map of events <http://www.viacampesina.org/map/17april/map.html>

Next edition special on **Nyelény Europe** – the european forum for Food Sovereignty!
Send your contributions - news stories, photos, interviews - to info@nyeleni.org by the **30th of June!**

To read, listen, watch and share

- *Special on food crisis*, Veterinarios sin Fronteras, 2011 <http://www.veterinariossinfronteras.org/es/Especiales/ESPECIALCRISISALIMENTARIA2011/crisisalimentaria.html>
- *Navegando por los meandros de la Especulación Alimentaria*, Mundubat, 2011 <http://www.derechoshumanosdelcampesinado.org/es/descargas.html?func=fileinfo&id=102>
- *An Answer to the Global Food Crisis: Peasants and small farmers can feed the world!* La Via Campesina, 2008, http://viacampesina.org/en/index.php?option=com_content&view=article&id=525:an-answer-to-the-global-food-crisis-peasants-and-small-farmers-can-feed-the-world&catid=21:food-sovereignty-and-trade&Itemid=38
- Documentary on food crisis and the global land-grab, *Planet for sale* by Alexis Marant, 2011 <http://farmlandgrab.org/post/view/18542>



For reports and more references www.nyeleni.org

One does not sell the earth upon which the people walk. Tashunka Witko, 1840–1877