



Testimony of
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Contributing Factors and International Responses to the Global Food Crisis
House Committee on Financial Services
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Representative Frank, Representative Bachus, and other distinguished members of the Financial Services Committee; I appreciate the opportunity to appear before you to discuss “Contributing Factors and International Responses to the Global Food Crisis. While this crisis is often called the “silent tsunami”, I would submit that the global food crisis is impacting the planet with the force of the Burmese Cyclone and we in the United States are invariably beginning to feel the drops of rain. This devastating condition is made even worse by the “perfect storm” of escalating fuel prices coupled with the increased use of grains for fuel rather than food. Understanding this issue from several dimensions and formulating appropriate responses will be a tremendous service to humanity around the world. I commend the committee for addressing this humanitarian issue.

We in the US are not immune to these circumstances. The rising cost of food is placing a strain on our families’ budgets.

It was reported recently on National Public Radio that the American Second Harvest “Food Bank Network” around the country is seeing many more new faces, including people with jobs, seeking food assistance. These increases in demand for help come as the Food Banks in North Carolina and elsewhere are experiencing food shortages. We are fortunate in our country; however, to have the Food Stamp Program and other food assistance programs to address these needs. Central to the viability of these nutrition programs is the passage of the Farm Bill that is currently before Congress. We must, however, do more to address the increasing food needs of families in economic stress through the consideration of a second stimulus package. I will address my comments mostly to the global aspect of this global food crisis and possible responses.

The global food crisis is having a much more dramatic effect around the world, especially on developing countries. It was recently reported that food riots have erupted in more than 20 countries. Tragically, death has often resulted from these disturbances. In the country of Haiti nationwide food shortages have become the order of the day.



Likewise the global food crisis continues on its worldwide journey of misery and despair, without regard to region, race or religion.

This global devastation is in addition to the existing global tragedy of the more than 800 million people who go to bed hungry every night and the more than 16,000 children who die every day from hunger related diseases. As the ravages of global hunger continue, we are sobered by the fact that 54% of all childhood deaths are directly attributable to hunger and malnutrition.

What are the Contributing Factors to the current ‘Global Food Crisis’?

Global food prices have doubled over the last three years. The World Bank recently reported that this year US wheat export prices rose from \$377 per ton in January to \$440 per ton in March. Equally troubling has been the increase in the cost of rice from the country of Thai, where rice export prices increased from \$365 per ton to \$562 per ton.

The Rome based UN agriculture and food agencies; IFAD, WFP, and FAO have listed the following factors as contributing to the escalation of food prices:

- Adverse weather conditions, such as the Australian drought, which decimated rice and cereal production in grain producing countries;
- Rising transportation costs making it more expensive to produce and distribute food;
- The diversion of crops for bio-fuel resulting in fewer crops for food and feed;
- The rising demand for meat and dairy in emerging economies e.g. China and India, requiring more grain to feed livestock;
- The lack of access to important inputs (seeds and fertilizer), technology, and markets among smallholder farmers in low income deficit Countries; particularly in Sub-Saharan Africa, resulting in low food/grain production;
- Commodity speculation and over-reactive trade policies put in place by some countries in an attempt to respond to domestic food shortages.

International Response to the Global Food Crisis

How we address these issues going forward will speak volumes about us as a nation and our role within the global community. We must also develop the political will as world governments, civil societies, and the private sector to reduce world hunger. Empowering people in developing countries by investing in agriculture technology is an example of this political will.



We need a three pronged approach that is emergent, immediate, and long term. For the emergency response, the case has been made by WFP and UN Organizations that the needs are urgent and unrelenting. The recent Burmese Cyclone which killed tens of thousands also devastated Burma's rice production resulting in a loss to over 65% of the country's rice production.

The recommended \$600 million initiative for food relief in the supplemental spending needs to be expanded to provide assistance to start-up safety-net programs. We must also help smallholder farmers by replanting their destroyed farms. Flexibility must be part of this approach if we are to maximize assistance to those needing help the most. There must be provisions that allow the purchase of foods closer to the areas of need. The international community should immediately consider reversing those trade policies that promote the 'hoarding' of commodities that are in short supply.

The immediate and long term approaches should include those activities that support the building of national food economies through fair and open trade. The United States is finalizing the 'Farm Bill' which still contains high commodity subsidy payments at a time when the market price of these commodities is very high. These subsidies stymie agricultural production in developing countries. Consideration must be given to reducing these payments and making resources available to support the needs of the American smallholder farmer as well as the smallholder farmers in Africa and other regions. By removing these barriers we make the ideal of self sustenance more attainable.

The 2008 World Development Report on Agriculture and Development concluded that the ability to serve as the engine of economic growth and poverty reduction, especially in sub-Saharan Africa, "requires a sharp productivity increase in smallholder farming combined with more effective support to the millions coping as subsistence farmers, many of them in remote areas." This can only be effectuated if significant resources are made in agriculture development to assist these farmers to be more productive.

The smallholder farms must play a key role in the global response to the current food security crisis. IFAD has an important role to play in helping to channel increased investment to these family farmers to enable them to contribute to increasing the global food supply. Consultations are underway this year that will determine the level of the 8th replenishment of IFAD's resources, covering the period of 2010 – 2012. IFAD is projecting a growth rate of greater than ten percent per year for this period, which would require an overall replenishment level of \$1.2 billion or more. To maintain its 7th replenishment share of an 8th replenishment at this level the U.S. contribution would need to increase from \$54 million to \$90 million.



An additional opportunity to respond to global food security, nutrition and reduction of poverty in developing countries is through the collaboration of US Land Grant Universities (especially those experienced with small farmers) in cooperation with the National Agricultural Colleges and National Alliances in advocating for agriculture development and good nutrition through identifying, designing and implementing the best practices to increase food security and good nutrition. Such an initiative could be supported for 5 years for \$10,000,000.00. This would afford the opportunity of sharing low technology between countries and encouraging cooperation and collaboration among institutions and international organizations.

The situation we face is dire. Our response must be decisive and forward thinking. The failure to strengthen our global food system will ultimately lead to political and economic upheaval of all the world economies. If we fail to act now, future generations will be condemned to a life of misery and heartache. Today must be the day that marks the beginning of the reclamation of world food supply. Our futures hang in the balance.

Thank you.