



Bangladesh

(On behalf of the LDCs)

**Statement by Her Excellency Ismat Jahan
Ambassador and Permanent Representative of Bangladesh at the Special Meeting of the
ECOSOC on Global Food Crisis
3-6pm, 20 May 2008, ECOSOC Chamber**

Mr. President,

I would like to commend you for your initiative in organizing this event. I have the honour to speak on behalf of the LDCs. The Group aligns itself with the statement of G77 and China made by Antigua and Barbuda. We believe the UN should play a leadership role in tackling the current global food crisis.

The price of food-grains has surged to record high levels. FAO Rice Market Monitor, April 2008 reports that prices of some category of rice has trebled between April 2007 and April 2008, with much of the increase taking place since November last year. The price of other basic foodstuff has also skyrocketed. Such price hike is disproportionately affecting the LDCs, where poor households spend between 70 to 80% of their income on food items. The sharp rise in food prices is having an adverse effect on the incidence of poverty and human development.

A multitude of factors can explain the current food crisis. This includes sharp increase in consumption, lower productivity, unfavourable weather conditions, export restrictions, commodity market speculations, increased use of crops for biofuels, high energy costs and the persistent asymmetry and distortions in international agricultural trade.

Accepting the policy-prescriptions of the BWIs, a large number of developing countries have implemented structural adjustment policies, often at the expense of hurting their farmers and undermining their food security. Input-price supports to farmers were largely abandoned. Agricultural markets were liberalized. "The Economist" recently reported that spending on farming as a share of total public spending in developing countries fell by half between 1980 and 2004. During this time, developed countries continued to maintain high output subsidies, export subsidies and import restrictions. As a consequence, millions of poor farmers in many developing countries continue to face stiff and unfair competition against cheap, subsidized exports from the rich countries. The current crisis is largely attributable to these market distortions by the developed countries, which weakened the incentives for boosting agricultural production in the developing world. Agricultural exports from developing countries, on the other hand, continue to face high tariff and non-tariff restrictions. The agricultural exports of the LDCs, as a share of their total exports, have declined dramatically. They have now emerged as net agricultural importers. Since the late 1980s, their agricultural trade deficit has widened rapidly.

Alongside these supply side distortions, the world is also witnessing a demand-driven shock. In seven of the past eight years, the world consumed more grain than it produced. World grain stocks are now at their lowest point ever, leaving very little cushion for bad times. On the eve of the current crisis, when we had expected increased global support from our development partners, we are experiencing the opposite. It is deeply regrettable that global food aid has declined to its lowest since 1973. Food market has been further distorted. Many food exporting countries, rather, adopted restrictive policies through tariffs and non-tariff measures.

The current surge in food prices is not merely a short-term phenomenon. It is rather a long-term challenge to achieving food security and sustainable livelihood. Ensuring food security is a *sine qua non* for meeting the Millennium Development Goals. We would like to see more explicit and targeted international measures to link MDGs, climate change, energy and food security challenges.

We need a fully coordinated and committed action to address this unfolding catastrophe. The root causes of food crisis needs to be addressed. We need to adopt a coherent and multi-pronged approach,

addressing short, medium and long-term needs. At the core lies the imperative of producing more food to meet the growing world demand, and ensuring that the poor and vulnerable have entitlement to food at all times. The prosperity of our time cannot – under any circumstances – justify starving millions of our fellow citizens. Food prices must remain affordable for the poor.

In the short run, developing-country governments need to expand food or income transfers such as school feeding, food for work and direct cash-transfer programs. For this to happen, development partners would need to expand food-related development aid. The World Food Program needs to be adequately funded so that it can deliver basic nutrition for the extreme poor, refugees, displaced persons. WFP's call for about \$755 million needs to be met immediately. International organizations, including the BWIs can provide rapid and favorable financing facilities to LDCs and other food-deficit countries. The International Monetary Fund should provide short-term assistance for balance-of-payments support to finance the higher import bills of the LDCs.

Immediate action is needed to develop efficient agricultural production across the developing world. Investment in agriculture and rural infrastructure should be significantly scaled up. Research and development, technology transfer, knowledge sharing are critically important. The innovation of high-yield and climate-resilient crops is imperative. Developed-country governments should increase their investment in research that is relevant to productivity of small-scale farms. Financial insurance against crop failures should also be explored and promoted.

Huge potential remains in the promotion of regional and global cooperation. We concur with the recommendation of the issue note when it states that cooperation at the regional level could lay the basis for the quicker movement of stocks from food surplus to food deficit countries and localities. Regional cooperation dialogues could help ease market strains caused by export restrictions and stockpiling.

Experts believe that successfully negotiated Doha Development Round would tackle the systemic distortions in the international market for food. The conclusion of the Round would substantially lower barriers to trade in agricultural products. It will diminish levels of trade distorting subsidies, particularly in developed countries. This along with Special Safeguard Mechanism (SSM) would put developing-country farmers in a better position to respond to food price signals. The problems for the net food importing countries will, however, be complex. Abolition of agricultural subsidies will lead to higher prices on the world market. Net food buyers will be adversely affected, at least in the short to medium term before final adjustment. Aid for Trade is, therefore, needed to address capacity problems of the LDCs in production, infrastructures or standards as well as to compensate for the effects of agricultural trade liberalization.

We commend the Secretary General for establishing a Task Force on Global Food Crisis in response to such a request of the LDCs Ministers, made in Accra during UNCTAD-XII. The Task Force should recommend a cohesive and coherent inter-agency "Plan of Action" to address the challenges. We also congratulate the Secretary General and the FAO for organizing a High-level Conference on World Food Security in early June. We are optimistic that the Summit will adopt concrete measures to meet this grave challenge of our time.

We would like to propose the establishment of International Food Fund to deal with the systemic threats to food security, perhaps under the auspices of the United Nations and the World Food Programme. The new mechanism will primarily strive to reduce the volatility in food prices in the world market. It will provide hedging against shortfalls and price shocks. In addition to the traditional donor countries, the beneficiary countries from the soaring oil and food prices, such as major oil and food exporting countries and the related corporations may contribute to the International Food Fund. It is important the Task Force consults interested governments, policy-makers and academics to formulate the Plan of Action for an International Food Fund.

In conclusion, the challenges that we are facing now are enormous. This is a global crisis, requiring global solutions. Food is not just another commodity. It is absolutely essential for human survival. We as a policy maker must come together to design a policy that secure food for all.

I thank you Mr. President.