



INDIA
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REMARKS

BY

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ON

"THE GLOBAL FOOD CRISIS"

AT THE

**SPECIAL MEETING OF
THE UNITED NATIONS ECONOMIC AND SOCIAL COUNCIL**

NEW YORK

MAY 21, 2008

Mr. President,

I appreciate your timely initiative in organizing this special meeting today on a topic that is of concern to all, but of vital importance to developing countries.

In terms of consumption, the problem is not low per capita levels in developing countries but excessive and unsustainable consumption levels in developed countries. But the projection is the opposite: as Oscar Wilde predicted, 'nothing succeeds like excess'. The 'road of excess', here at any rate, does not lead to the 'palace of wisdom'. The Issues Note for this meeting surprisingly mentions this argument, especially the rising consumption levels of the middle class in developing countries without mentioning that this trend has existed for a decade and therefore cannot explain rising prices over the last one year. Over the last two years, oil demand has increased by one percent annually but the prices in dollar terms by ninety percent. The response of the international community to this has been dismal. It is not just a question of the direct contribution of these prices via agricultural and irrigation equipment, fertilizers and pesticides to high food prices. The initial conjunction of lower food prices and high oil prices led to sale of grain to energy producers for conversion into energy bolstered by a climate change argument that was overdone. In several developed countries, land for food crops shrank as it was lost to bio-fuels. While Dr. Joachim von Braun yesterday called only for a moratorium, it is heartening that Prof. Jeffrey Sachs called for a rollback and elimination. For the first time, there is a direct link between oil prices and food prices, oil markets and food markets, as our Prime Minister has said. It is this structural consequence that is disturbing and complicates policy.

The financial crisis has also had an impact. A consequence is that speculators, encouraged by the dollar's relative decline, 'invest' in food futures to profit from the 'commodities super cycle'. While not a primary cause of the crisis, it makes it worse; hopefully this bubble would also burst with at least a marginal beneficial effect on food prices. Therefore, apropos the Issues Note we would caution the WFP against using such a mechanism.

The speaker before me referred to the right to food. The UN Special Rapporteur on the right to food, Jean Ziegler in his recent report points to systemwide incoherence with FAO, WFP, UNDP working for this right and the Bretton Woods Institutions advising countries not just to export surplus food (which is right) but to shift from food crops for the domestic population to cash crops for export (which is harmful). The BWIs also seem to feel that subsidies are good for the rich but bad for the poor, with a predictable negative impact on food production. Last year, when one African country reintroduced fertilizers and seeds subsidies, it became self sufficient and even a net exporter. It is therefore appropriate that the Hon'ble President of this country, Malawi, addressed us via videolink. I must therefore take issue with Dr. Joachim von Braun's prescription of eliminating restrictions on food exports in the interest of market purism. This continues the tradition of BWI's advice, partly responsible for the crisis in the first place.

It is sometimes forgotten that during the Green Revolution, there were improved seeds and IPRs were in the public domain. Now, thanks to TRIPS, they are in the private domain, with monopolistic pricing of agricultural inputs. Dr. von Braun had nothing to say on this profoundly anti-market source of food price inflation.

The international community collectively can do much. IFAD could engage more intensively on solutions to problems of small and marginal farmers. For various international bodies, key areas are land development, water management and seed technology. Addressing TRIPS is as important as eliminating the agricultural subsidies of the developed. We are heartened by Prime Minister Gordon Brown's support for this in his message yesterday. Crucial to the entire exercise is a global response to the Third Energy Crisis (totally missing so far) at least as adequate as the response to the first two energy crises and addressing the link between oil and food prices via bio-fuels. In short, as Prime Minister Dr. Manmohan Singh has said, "we need a new global compact between the developed and the developing countries, between the land surplus and labour surplus economies, between food exporters and food importers".

I thank you, Sir.

Some measures taken by India some of which may be replicable in other developing countries.

India feeds seventeen percent of the world's population on less than five percent of the world's water and three percent of its arable land. Over a period of time, India has taken several measures to increase agricultural output and food security such as revitalizing agricultural research and extension; National Agricultural Development Plan; a national food security mission; the National Rural Employment Guarantee Scheme; waiver of bank loans to small and marginal farmers; easier rural credit; strengthening the public procurement and public distribution system; banning futures trading in a range of food items. Many of these measures owe much to the leadership of Mrs. Sonia Gandhi, Chairperson of India's ruling United Progressive Alliance. The latest estimates show that India will have a record harvest in 2007-08, thereby continuing its four decades old self sufficiency in foodgrains.