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### **About IATP**

Institute for Agriculture and Trade Policy works locally and globally at the intersection of policy and practice to ensure fair and sustainable food, farm and trade systems. IATP is headquartered in Minneapolis, Minnesota with offices in Washington D.C. and Geneva.

# Stepping up: Will the G-20 allow the CFS to function? Will other countries allow the G-20 to stop them?

## Commentary on CFS 37

**ROME, OCTOBER 2011** – Multilateralism is in crisis. It is perhaps most evident in the painful and truly frightening failure of governments to come to grips with the implications of climate change. But it was also evident on a much less well-publicized stage in mid-October in Rome, where governments were gathered at the U.N. Committee on Food Security (CFS) to discuss food price volatility.

The newly reformed and reconstituted CFS completed its week-long 37<sup>th</sup> session on October 22. The CFS is a reinvention of a long-standing U.N. committee. In its new incarnation, the CFS unites the three Rome agencies (FAO, the World Food Programme (WFP) and the International Fund for Agriculture and Development) and creates a new space for civil society to engage actively in intergovernmental negotiations. The new CFS is a response to the 2007-2008 food price crisis, much as its predecessor was an outcome of the 1974 World Food Summit, held at another time of crisis for food prices. The October meeting was the second of the CFS since governments agreed to its reform in 2009. The meeting was hopeful in many ways: the CFS was more organized and clearer about its purpose than last year, suggesting it is growing into its role. The debate, too, was markedly freer and more honest, at least as presented to governments from the various panels that were organized. Sadly, however, governments did not rise to the level set by the CFS. Especially not on food price volatility.

The crisis in multilateralism is created by the failure of rich economies to accept the legitimacy of the U.N. as a forum to discuss shared problems, perhaps excepting matters of war and peace. On other matters, particularly economic and social matters, the richest economies like to talk among themselves (at the OECD or in the newly invented G-20) or in organizations in which their money buys them a larger

voice (the World Bank or IMF). The WTO should be among the most representative of the chosen institutions because it operates a one-country one-vote system, but in practice it is widely recognized that WTO decision-making is dominated by a few of the largest trading economies.

The G-20 is a relatively new creation. It might easily be mistaken for being an enlarged version of the G-8. This is not the case. The G-20 includes countries with very different histories and very different economic policies. United by their size and wealth, the member countries are nonetheless hugely diverse, and include the majority of the world's poorest people as well as the world's largest GDPs. The G-20 meeting of Agriculture Ministers in June failed to come up with anything of significance: certainly nothing that responds to the urgency of the structural problems in international food and commodity markets. The failure to find agree-

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ment suggests the individual interests of the G-20 member countries are not best served by identifying themselves with other big economies, rather than with regional allies, or like-minded states. Consider Russia, China, Singapore, the United States and Brazil—among them, they include a breathtaking mix of approaches to questions of how far the state should intervene in the marketplace, and that is just one example.

Nonetheless, at the CFS in Rome, it was the G-20 who dominated the comments in plenary and the G-20 who dominated the negotiations, too. The only governments to propose amendments to the negotiated decisions on food price volatility were members of the G-20. Suddenly, the urgent question for the CFS is how to engage *all* its member states. Without that, it is difficult to see how it will maintain relevance.

The problem is not content. CFS 36 (in 2010) requested the High Level Panel of Experts (HLPE) to write a report on food price volatility, a request they accepted in December 2010 (the various bodies of the CFS, including the HLPE, are described in the Price volatility and food security report). The terms of reference for the report<sup>1</sup> included both domestic and international price volatility, and the authors immediately agreed that it was important to consider

the effect of volatile prices in the context of high prices, as high prices were in fact the predominant political concern for most countries. That report was finalized in July, and made some strong recommendations, including promotion of a rethink of trade rules from a food security perspective, a more cautious approach to the use of commodity futures markets, the need to look at coordination among food reserves policies as a powerful tool to limit volatility, and the importance of investing in agro-ecological production systems.

At roughly the same time as the HLPE decided to commission a paper on price volatility, France assumed the role of host of the G-20 for the year (in Seoul, in November 2010). France announced food price volatility was to be a central issue for the G-20's 2011 agenda. The issue was to be discussed by the first ever summit of G-20 Agriculture Ministers, which was eventually held in Paris, in June 2011. In preparation for the G-20 meeting, a group of 10 international organizations was asked to prepare a report on food price volatility. The first draft of the G-20 report was leaked in March 2011, when it was heavily criticized for its unquestioning assertion of neo-classical economic assumptions and the weakness of its recommendations. The final draft, much improved in its analysis, was still weak on recommendations, particularly concerning trade, the use of food reserves and the hazards created by the deregulation of global commodity markets.

In June, the G-20 was unable to agree on most of the G-20 report's recommendations. The communiqué from the G-20 Agriculture Ministers was anemic, focusing on information systems, a feasibility study for a pilot project to create one regional emergency food reserve under the auspices of the WFP, and a pointless endorsement of the Doha Agenda, a project that even trade ministers have lost interest in. The G-20 report called for an end to biofuel mandates and targets, underlining the importance of the demand shock created by the biofuels industry on the price volatility experienced in 2007-2008. The report also called for an end to export subsidies. Neither recommendation could find the necessary traction among the G-20 governments to pass.

The African Union responded to the G-20's Action Plan on Food Price Volatility and Agriculture<sup>2</sup> in July with a strong message that included the following paragraph on food self-sufficiency:

African countries are not looking forward to depending continuously on external supplies that will remain uncertain in prices and quantities. Actually, our ultimate and unquestionable ambition is to develop our agriculture and markets. In this regard, NEPAD is working towards this goal through its Comprehensive African Agriculture Development Program (CAADP). In our opinion, we must rely on our own production to meet our food needs. **In fact, importation is not Africa's goal.**

Ahead of the CFS, NEPAD (the New Economic Partnership for Africa) provided a lively and reasoned statement on volatility that was a direct challenge to the G-20's analysis and proposed actions. The NEPAD position thanked the HLPE for their work, noted the convergence between their analysis and that of the HLPE report, and pointed to the African Union and NEPAD's joint statement to the G-20 Action Plan on Food Price Volatility and Agriculture, referenced above.

Civil society organizations (CSOs) also prepared in advance at a meeting in June in Cordoba, Spain. They met again the weekend before the CFS in Rome to discuss common positions and ideas on the CFS agenda, including food price volatility. The price volatility team did not include enough voices from social movements (as opposed to NGOs) but the team met often, worked hard, and had clear positions on the issues of most concern, including trade, reserves, biofuels, price policies, women's participation and national agriculture strategies. These positions were widely shared by a diversity of groups from around the globe.<sup>3</sup>

Coming into the CFS, then, the G-20 outcomes were set in counterpoint to the more challenging HLPE analysis and recommendations. The CSOs were supportive of the HLPE report, but also wanted to go further. The way for a real debate seemed open, and, indeed, was reflected quietly over the summer in the preparation of the background documents and draft decisions for the CFS, which started with a largely G-20 based approach, and which was gradually opened to include the HLPE perspective as well, as the CFS institutions (its Bureau, made up of governments, and the Advisory Group, including four CSO representatives, and a representative of the private sector and philanthropic organizations) were able to voice their concerns.

Yet, with the marked (and apparently unwelcome) exception of the CSOs, who pushed hard on their issues until the rapporteur of the negotiations closed them out of the debate, hardly a hint of this thinking was aired at the CFS itself. It is not immediately obvious why most governments were completely silent in Rome, when there was so much material to work with on the table, and when agriculture is such a high policy priority for much of the world. But whatever the reasons, a small number of countries (in the end, it was Argentina, Australia, and Canada who did most of the work, in the name of the G-20) blocked any meaningful debate. The EU pushed for sustainability criteria for biofuels production, unable to answer how in any way this question linked to volatility. Others in the G-20, from the U.S. to Canada to Brazil, supported them. The Argentines, with help from other delegations, insisted that word trade could not be mentioned outside the framework of the Doha Agenda. This when in the same week, a number of Trade Ministers, under Australian leadership, announced their conviction that the Doha Agenda will never be completed, and made a move for plurilateral negotiations on a limited number of issues as the best most likely outcome. In truth, the WTO has no mandate to act on volatility. Even the simplest of actions—for instance, to insist on advance notification of the use of export restraints (let alone to discipline their use, as import tariffs are disciplined) is not possible at this time. To close the possibility of a conversation on trade outside the confines of the WTO will only further weaken confidence in the international trading system. Apparently some G-20 exporters believe that ignoring the concerns of their customers will make those concerns disappear. It is a pity they did not instead take advantage of the safe space offered by the CFS to start to talk through the challenges already undermining the system.

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The CFS has new and important procedures to give civil society a voice in the debate. At this year's CFS, governments proved unable to respect these procedures, provoking a late night walk-out by CSOs from the price volatility negotiations. CSOs were angered by the failure to give CSO proposals the expected place for debate, and the deliberate mischaracterization of their position in order to force a conclusion without allowing real debate. The CSO position was a direct challenge to the G-20. No other government spoke up in their defense (although in private, a number seemed glad the CSOs were making their points). The CSOs are essential partners in the deliberations, but in the end, it is governments that need to make decisions. Where were the governments who elsewhere express their dissent from the G-20's particularly bland and ineffectual responses on food price volatility? Without their voice at the CFS, the enormous work and impressive results of the CFS reform process are in danger of being lost. The damage will not just be to the FAO and other Rome agencies involved in the CFS, but to the hope that a multilateral and interdisciplinary approach to food security is not just possible but the only credible way to handle the multiple and varied crises and structural failures that are exacerbating hunger amidst plenty around the globe.

Despite the problems, the CFS final text did allow for some work to start on grain reserves, not just as a tool for emergency responses, but in a more general sense. That opening offers a chance for a long overdue conversation on how governments that operate reserves can use them more effectively, and how governments that do not have a reserve might go about creating one. The HLPE will continue its work: this year, the reports will include one on social safety nets, and another on climate change. Maybe others, too—the CFS requested that a report on biofuels be added to the list. The fight is not over, indeed, it has hardly begun. The next step has to be to occupy the political space that the evidence and our analysis have opened for us. The G-20 have proven too timid to jump. Can not others, with more to lose but so much more to gain as well, show the way?

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