Can High Agriculture Prices Spur Development?

UNCTAD Meeting an Opportunity to Address Agriculture Markets, New Report

Minneapolis/Accra – Trade ministers gathering in Accra, Ghana for the United Nations Conference on Trade and Development (UNCTAD) should take steps to support agriculture and manage supplies to address price volatility, according to a new paper by the Institute for Agriculture and Trade Policy (IATP).

“A Time of High Prices: An Opportunity for the Rural Poor?” written by IATP’s Trade Information Project Officer Anne Laure Constantin, is being released in Accra today, and available at www.iatp.org.

The paper finds that governments have limited ability to help farmers take advantage of higher prices – due to free trade economics pushed by the World Bank, International Monetary Fund and World Trade Organization. Trade liberalization has encouraged the dismantling of agriculture programs, making it difficult for developing countries to ramp up production and manage supplies to stabilize prices.

“The push to deregulate national and international agriculture markets needs to be reassessed,” said Constantin. “UNCTAD has historically been at the intersection of commodities and development. They could play a constructive role in addressing unfair markets and stabilizing prices.”

The paper found that while agriculture prices are rising almost across the board, farmers in poor countries aren’t benefitting as much as they could. Instead, many of them suffer from the spike in food prices. Skyrocketing energy and input (fertilizer and seed) costs are increasing the cost of production. Gains from export earnings are being swallowed up by companies and profits have not found their way to farmers.

The paper called for:

• UNCTAD XII to reassess the need to regulate agriculture markets. High prices can be a tool for development and poverty alleviation, but they will not achieve these aims if left to highly volatile and concentrated global markets;

• Greater support for the agriculture sector, particularly in developing countries;

• Coordinated action to manage agriculture supply to address price volatility;

• Regulation of the food value chain to address the market power of transnational corporations and deliver on a fair distribution of benefits from producers to consumers;

• Promotion of environmentally sustainable methods of production including assistance adapting agriculture to climate change;

• Bioenergy policies that don’t threaten food security and adapt to local conditions and needs.

Constantin and IATP’s Alexandra Spieldoch are in Accra through April 24. You can follow the latest on the UNCTAD XII Ministerial at: http://www.iatp.org/unctadxii/

IATP works locally and globally at the intersection of policy and practice to ensure fair and sustainable food, farm and trade systems.