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MOTION FOR A RESOLUTION

to wind up the debate on the statement by the Commission

pursuant to Rule 103(2) of the Rules of Procedure

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on behalf of the PPE-DE Group

on rising food prices in the EU and the developing world

European Parliament resolution on rising food prices in the EU and the developing world

The European Parliament,

- having regard to Article 33 of the EC Treaty,
 - having regard to its resolution of 25 October 2007 on rising feed and food prices,
 - having regard to its legislative resolution of 26 September 2007 on set-aside for the year 2008,
 - having regard to Rule 103(2) of its Rules of Procedure,
- A. whereas world food prices have increased recently following years of static or falling commodity prices and are now resulting in higher retail prices,
 - B. whereas world grain production has been affected by severe weather conditions, notably droughts and floods, likely to be associated with climate change,
 - C. whereas the price of rice has jumped to an all-time high of USD 1 000 a tonne, from around USD 300 one year ago,
 - D. whereas the price of wheat and soya beans reached a peak earlier this year, with an increase in wheat prices of 130%, in soya beans of 87%, and in maize of 31%,
 - E. whereas prices for certain agricultural raw materials, such as wheat, have fallen considerably from their high levels of earlier this year, but remain extremely volatile,
 - F. whereas the latest estimates suggest that world cereal production in 2008 should increase by 2.6% to a record 2 164 million tonnes; whereas, however, these estimates are dependent on favourable climatic conditions,
 - G. whereas world demand for food is rising faster than supply not least because rising incomes in emerging economies such as India and China, combined with growing populations and greater urbanisation, are driving up demand especially for meats and dairy products and therefore also for feed,
 - H. whereas a world population growing by around 82 million per year is endangering food security, especially in the developing world, and whereas the predicted total population by 2025 stands at 8 billion,
 - I. whereas the impact of rising commodity prices is becoming a destabilising force in the global economy and has already triggered riots in several countries,

- J. whereas the World Bank estimates that over 100 million people in the developing world could be pushed into deeper poverty with spiralling food prices,
- K. whereas the budgets of aid agencies have been severely stretched by higher commodity prices, making it even more difficult for them to provide emergency supplies where needed,
- L. whereas, at the time the World Food Programme issued its extraordinary emergency appeal on 20 March 2008, the cost of its food purchases had risen by 55% since June 2007, resulting in a USD 500 million shortfall in its budget for food rations; whereas in the three following weeks food prices increased by another 20%,
- M. whereas the WFP is charged with meeting the urgent hunger needs of the world's most vulnerable – up to three million people in Darfur alone, and 70 million more in up to 80 countries,
- N. whereas the repercussions of hunger are more pronounced in rural areas (which are home to up to 60% of the population which is directly dependent upon agriculture or agriculture-related rural activities), and whereas agriculture is the developing countries' main economic sector (20% of GDP and two-thirds of employment in ACP countries),
- O. whereas, despite the proven importance of the agricultural sector to developing countries, neither national governments nor EU development cooperation policies give priority to this key sector, in addition to which small farmers are becoming increasingly marginalised,
- P. whereas one serious obstacle for increased agricultural output in developing countries is that small farmers often lack access to loans or microcredits for investments in improved seeds, fertilisers and irrigation mechanisms and the necessary range of crop protection tools to protect their harvests from pests and diseases, sometimes owing to the fact that they do not own their land and therefore do not have any collateral for loans,
- Q. whereas countries such as Thailand, Vietnam and China have imposed export bans, quotas and taxes as a way of preventing agricultural raw materials from leaving their countries, thereby adding a further complication to the successful conclusion of the Doha Round,
- R. whereas land prices have risen sharply, driven by the high commodity prices, which makes it more difficult to rent or buy land for agricultural production,
- S. whereas consumption patterns in emerging countries have changed rapidly and in China, for example, beef consumption has tripled over the last decade to 50 kg per capita per year,
- T. whereas, if viewed from a historical perspective, grain prices have, until very recently, tended to decrease in real terms and whereas cereal prices were twice as high in 1975 as they are now,

- U. whereas retail food prices have not kept up with the cost of living and farmgate prices have failed to keep up with retail prices,
- V. whereas the rising cost of compound feed is driving up production costs for the livestock sector,
- W. whereas spending on agricultural research and technology has failed to keep up with expanding requirements,
- X. whereas Article 33 of the EC Treaty states that ensuring the availability of supplies and ensuring that supplies reach consumers at reasonable prices are objectives of the Common Agricultural Policy,

Food production and retailing

1. Emphasises that the supply of food to all people across the globe should take precedence over any other goal; stresses that food should be available at reasonable prices; points out that the Common Agricultural Policy (CAP) has so far provided reasonable food prices not only for the internal, but also for the world market;
2. Rejects any calls to abolish the CAP;
3. Calls for increased investment to improve agricultural structures, market information systems and research in predominantly developing countries, so as to raise productivity and to overcome the structural problems;
4. Points out that the EU's drive to promote less intensive forms of agriculture, including organic production and restrictions on the use of certain agricultural inputs such as plant protection products, has had the effect of reducing EU agricultural output; emphasises that a further reduction in available crop protection solutions would aggravate this negative trend; acknowledges the interest of EU consumers in these products but points out that these systems are less productive;
5. Stresses that the income situation of EU farmers must be respected; points out that with the rising costs of feed, energy, fertiliser and other inputs and with increasingly costly compliance standards, farmers need to see their revenue rise considerably if they are to continue to be able to meet the demand for food; points out that farm income has only increased slightly and that farmers in certain Member States have actually seen their incomes fall;
6. Emphasises in the strongest possible terms that the raw material cost is a relatively minor component in the total cost of many food products, especially processed foods, and that, even after the recent increases in wheat prices, the cost of wheat accounts for less than 10% of the retail price of a loaf of bread in the UK and less than 5% in a 'baguette' in France;
7. Calls on the Commission and the Member States to analyse the discrepancies between

farmgate prices and those charged by the major retailers;

8. Calls for an impact assessment of the role of retailers in the food chain; points out that retail food prices have risen disproportionately compared with the cost of living; points out that retailers have a dominant market position in setting food prices; calls on retailers to pass on a fair price to producers, while at the same time providing consumers with reasonably priced food;
9. Points out that current EU cereal stocks would only last 30 days and questions, in very serious terms, whether our food stocks are at the right level, especially in view of possible crises;

International trade

10. Calls for a rapid, fair and balanced conclusion of the WTO Doha Round negotiations; points out that the least developed countries had and continue to have quota- and tariff-free market access to the EU, under the 'Everything But Arms' (EBA) agreement; points out that net food importers will see a larger deficit in their trade balances, while food exporters will improve their trade balances; calls on emerging countries to examine the implications of food export bans;
11. Points out that the principle of Aid for Trade should be upheld; calls for immediate food aid to alleviate food shortages in the short term and, for the longer term, a serious attempt to be made to build up agricultural productivity in developing countries and to integrate them into the world trading system;
12. Calls for better forecasting of agricultural output so as to be able to identify much earlier prevailing trends in world food supply;
13. Calls for increased research into technology and its applications to increase agricultural productivity and improve processing, especially in developing countries;
14. Calls for third-country operators to be subjected to the same level of controls as EU producers, but recognises the need to help developing countries meet EU phyto-sanitary standards;

Developing countries

15. Calls on the Member States and the international community to urgently meet the extraordinary emergency appeal of the World Food Programme and assist it in facing up to the new challenges in the fight against hunger, with soaring global food and oil prices, increasingly severe weather shocks due in part to climate change, and declining global food stocks;
16. Calls on the international Community to intensify its efforts to combat desertification, land degradation and drought so as to improve food security and access to water, especially in poor countries;

17. Reminds the EU and its Member States that they have undertaken to help halve the proportion of the population who suffer from hunger by 2015 (pursuant to the first Millennium Development Goal), and calls on the Commission, the Council and the Member States to adopt - and properly finance - whatever measures are needed in order to enable that commitment to be honoured;
18. Calls, in this context, on the Member States to honour their commitment to gradually increase the percentage of their Gross National Income to development assistance and to reach 0.7% by 2015, after the 2010 target of 0.56% ODA/GNI;
19. Calls on the Council to step up its commitments to the Millennium Development Goals by reaffirming funding commitments and adopting an EU MDG Agenda for Action at the June European Council; considers that this EU Agenda for Action should identify specific milestones and actions within time frames in key areas like education, health, water, agriculture, growth and infrastructure that will contribute to ensuring the achievement of the MDGs by 2015 with a view, among other objectives, to eradicating hunger by 2015;
20. Calls on the Commission, the Council and the Member States to make adequate provision to address the longer-term food security and humanitarian aid challenges in the mid-term review of the 2007-2013 Financial Framework;
21. Calls on the Commission to put a stronger focus on micro-financing programs for smallholder farmers, possibly in cooperation with the European Investment Bank, in developing countries, and to further address the issue of property rights and property law in its development cooperation;

Set-aside

22. Welcomes the decision of EU Agriculture Ministers to adopt the Commission's proposal to suspend set-aside obligations for 2008;
23. Notes the Commission's estimates that this move will free-up around 2.9 million hectares for grain production and increase this year's harvest by around 10 million tonnes;
24. Regrets the fact that the Council did not adopt Parliament's amendments to suspend set-aside for the year 2009 as well, and expects this matter to be taken up in the CAP Health Check;
25. Points out that a supply management instrument is not needed in a decoupled direct payment system and is extremely cumbersome to administer; points out the necessity to make use of all utilised agricultural area (UAA) available within the EU to bolster production;
26. Calls for an immediate abolition of set-aside within the EU, as this instrument has lost its significance;

Biofuels

27. Accepts that the subsidisation of crops intended for biofuel production is no longer justified, but emphasises in the strongest possible terms that only 2-3% of EU agricultural land is currently being used for this kind of production and media reports blaming biofuels for the current food crisis are exaggerated as far as the EU is concerned;
28. Agrees, however, that the policy in countries such as the US of assigning more land for maize-growing to produce bioethanol has had a knock-on effect on the price and availability of maize and other cereals on the global food market;
29. Points out that biofuels are currently the only substitute for fossil fuels which are available on the market on a large scale and, unlike fossil fuels, are renewable and can produce significant savings in greenhouse gas emissions; welcomes the Commission's proposal to introduce sustainability criteria for biofuel production;
30. Notes that when one tonne of cereals is used in the EU for the production of bioethanol, up to 40% returns to the animal feed sector in the form of by-products;
31. Calls on the Commission and the Member States, nevertheless, to do more to promote the use and production of second generation bioenergy, which processes manure and agricultural waste materials, rather than primary agricultural products;

Biotechnology: food and feed

32. Notes with serious concern that the cost of compound feed has risen by € 75 per tonne and is continuing to rise due to an acute shortage of feed grains, and that this represents an additional cost of € 15 billion to the EU livestock industry;
33. Considers that the current crisis demands an immediate and thorough discussion among the EU institutions and the Member States on the role that modern biotechnology can play in ensuring the continued production of food at reasonable prices;
34. Notes with concern that the obstruction of GM approvals causes other feed material prices to rise, which hits the competitiveness of EU livestock farmers, and leads to a paradoxical situation where EU consumers buy meat and livestock products from third countries that use GM feed;
35. Recalls that 85% of the compound feed produced in the EU contains GM products;
36. Calls on the Commission, the European Food Safety Authority (EFSA) and the Member States to acknowledge the EU's dependence on the import of vegetable proteins from third countries and to establish workable import rules based on GM thresholds and reduce unnecessary delays in the EU GM approval system;

Financial markets

37. Points out that recent speculation in agricultural commodities has led to higher prices for

staple food products;

38. Instructs its President to forward this resolution to the Commission and the Council.