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MOTION FOR A RESOLUTION

to wind up the debate on statements by the Council and the Commission
pursuant to Rule 110(2) of the Rules of Procedure
on rising food prices

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on behalf of the S&D Group

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European Parliament resolution on rising food prices

The European Parliament,

- having regard to its resolution of 18 January 2011 on the Recognition of agriculture as a strategic sector in the context of food security,
 - having regard to its resolution of 8 July 2010 on the future of the Common Agricultural Policy after 2013,
 - having regard to its resolution of 24 February 2009 on the Food prices in Europe,
 - having regard to its resolution of 13 January 2009 on the Common Agricultural Policy and Global Food Security,
 - having regard to its resolution of 22 May 2008 on rising food prices in the European Union and developing countries,
 - having regard to Rule 110(2) of its Rules of Procedure,
- A. whereas recent food and commodity price volatility has raised serious concerns about the functioning of the European and global food supply and whereas the increase in food prices has hit the most vulnerable population groups hardest, both in developed and developing countries; whereas high food prices are driving millions of people into food insecurity, worsening conditions for many who were already food insecure and threatening long term global food security,
- B. whereas at a recent meeting of the Committee on World Food Security in the FAO, the EU highlighted the problem of extreme price volatility and the new High Level Panel of Experts was asked to report on causes and measures in relation to price fluctuations,
- C. whereas climatic and other events may lead countries to pursue protectionist policies, as illustrated by the recent export bans on wheat imposed by Russia and Ukraine, which together export some 30% of the world's wheat,
- D. whereas global food production can be regularly undermined by a range of factors including the impact of pests and diseases, availability of natural resources and natural disasters, as illustrated in 2010 by the prolonged drought and fires in Russia and the massive floods in Pakistan and recently also in Australia,
- E. whereas climate change will result in more frequent occurrences of such natural disasters, thus undermining food security,
- F. whereas the estimated growth in the global population from 7 to 9.1 billion will require a 70% increase in the food supply by the year 2050, according to the FAO,

- G. whereas food security does not only mean the availability of food supplies, but also includes, according to the FAO, the right to food and the accessibility of healthy nutrition for all; whereas, by becoming ever more competitive, Europe can contribute to global food security,
- H. whereas food security is a central issue for Europe and requires coherence and coordination between various sectoral policy areas at EU level, namely the CAP, energy policy, research programmes, development and trade policies, and financial regulation,
- I. whereas there was a rise in price volatility on food and agricultural markets following the Commodity Futures Modernization Act of 2000, which deregulated commodity trading in the US, and the entry of institutional investors onto the commodity markets,
1. Stresses that a strong and sustainable agricultural sector across the EU and a thriving and sustainable rural environment, ensured by a strong CAP, are vital components of meeting the food security challenge;
 2. Affirms that the EU has the highest standards of agricultural and food production in the world with a strong emphasis on food safety, food quality and the environmental sustainability of agriculture;
 3. Reaffirms that the right to food security is a basic and fundamental human right and it is achieved when all people, at all times, have physical and economic access to suitable, safe (from the point of view of health) and nutritious food to meet their dietary needs and preferences for an active and healthy life;
 4. Affirms that the EU has a duty to feed its citizens and that continuing farming activity in the EU is key in this regard; draws attention to declining farm incomes in the EU, caused by rising production costs and price volatility, which impact negatively on farmers' ability to maintain production; highlights the costs that European farmers have to bear in meeting the highest food safety, environmental, animal welfare and labour standards in the world; stresses that farmers must be compensated for these additional costs and for providing public goods to society;
 5. Highlights that poor people in developing countries are the most exposed to the negative impact of the price volatility and food crisis; calls, in that context, on all Member States to redouble their commitment to MDG 1 (to halve hunger by 2015), in particular by significantly increasing the share of ODA dedicated to agriculture;
 6. Recognises that guaranteeing an adequate supply of food is an essential component of food security, but also acknowledges that access to food and affordability of food requires that attention be given to the provision of an adequate standard of living, particularly for those with insufficient economic resources, who are often children, elderly persons, migrants, refugees and unemployed persons;
 7. Underlines that climate change and extreme weather phenomena which are causing droughts and floods are likely to diminish natural resources and agricultural production yields; calls on the Commission to closely monitor implementation of climate-change related legislation in Member States and to consider further measures with a view to

adapting to these new challenges; stresses the need for Member States to enhance adaptation to climate change in agriculture and forestry by using existing financial instruments; stresses that adaptation measures should aim at increasing sustainability from both an environmental and an economic point of view; urges Member States to set up adequate risk prevention and management measures to limit negative consequences of natural disasters on agricultural production;

8. Reiterates the need for co-operation on climate change between the EU and developing countries, particularly the need for technology transfer and capacity building; emphasises that combating climate change must be mainstreamed into all relevant EU policies including development co-operation;
9. Considers focus should be placed on supporting and increasing the resilience of organic, small-scale farming systems intended for local and regional consumption, which represent the most effective and environmentally sustainable way of utilizing land;
10. Recognises that liberalisation of trade in agricultural food products and agricultural primary commodities has exposed small-scale farmers, particularly in developing countries, to many new challenges; Takes the view that, in order to guarantee food security, all international trade rules and agreements should take into account the impact on agriculture and access to food;
11. Stresses that seed oligopolies have devastating effects on the sustainability of small-scale farming, fostering dependency on a limited number of corporations for the purchasing of seeds and specialized fertilizers;
12. Considers that the factors contributing to price increases of agricultural raw materials need to be addressed in an integrated and comprehensive way; underlines the need for an integrated political response to and a comprehensive strategy to address the issue of price increases of agricultural raw materials which includes agricultural productivity, sustainable development, food safety, trade, technological developments, energy;
13. Believes that financial and agricultural markets today are more intertwined than ever; considers that a European response alone is no longer sufficient and that Europe should act in concert with third countries and international organisations on the issues of price volatility and food security; therefore there is an urgent need to increase transparency and set minimum thresholds for the operators allowed to trade on basic commodities markets;
14. Strongly invites the G20 to internationally coordinate the creation of preventive mechanisms against the excessive fluctuation of prices and to work towards regulation specifically designed to tackle food and agricultural crisis; calls the G20 to ensure convergence of food and agricultural commodity regulation and to involve countries that are not part of the G20;
15. Calls the Commission to include adequate proposals in the incoming reviews of the Markets in Financial Instruments Directive (MiFID) and the Market Abuse Directive to address the concerns arising from food and agricultural commodity markets;
16. Supports, in this context, a revision of the existing legislation on financial instruments,

which should provide for more transparent trading and minimum thresholds for the operators allowed to trade on these markets; recalls that financial instruments should serve the economy and help agricultural production surmount crises and climatic events; at the same time, speculation should not be allowed to threaten otherwise efficient agricultural holdings;

17. Stresses that food and agricultural commodity markets should only be accessible to commercial businesses which use derivative products to hedge against unforeseeable events and that should be restricted to specialist traders and brokers who do not have a commercial interest in these markets;
18. Notes that the price index on financial markets for primary agricultural goods has never been so unstable; food commodity prices rose significantly in 2010; as stated in January monthly bulletin of the ECB the wheat price did increase by 91%, maize 57%, soybean 33% and sugar 32%;
19. Highlights the fact that these events are only partly caused by market fundamentals such as supply and demand and are to a great extent the result of speculation; notes that speculative behaviour has accounted for up to 50% of the recent price hikes; endorses the conclusions of the UN Special Rapporteur on the right to food regarding the role played by large institutional investors, such as hedge funds, pension funds and investment banks – all generally unconcerned with agricultural markets – in influencing commodities price indexes through their movements on derivatives markets;
20. Strongly condemns the activities of speculators on global commodities, agricultural raw materials and energy that contribute to accentuate the volatility of food prices and to deepen the global food crisis; stresses that it is not acceptable that the hunger of some makes the profit of others and calls for adequate regulation and effective oversight at national and international level to prevent speculation from violating the right to food;
21. Calls on the EU to take concrete action against poverty by adopting a coherent policy encompassing the areas of trade and development and its common agricultural policy, in order to avoid direct or indirect negative impacts on developing countries' economies;
22. Underlines the important role currently foreseen for ESMA in overseeing the commodity markets; calls the Commission to assess the capacity of ESMA to effectively carry out its functions within its legal remit; invites the Commission to reflect upon the possibility of giving ESMA more powers to prevent manipulation and abuses in the commodity markets;
23. Stresses that it is not possible to take effective action against major price fluctuations without intervention stocks or strategic stocks; considers, therefore, that the role of market intervention instruments must be enhanced in the future CAP;
24. Is in favour of bolder European action to tackle the problem of speculation, including through a mandate issued to regulators and oversight bodies to restrict speculation; believes that commodity derivatives are different from other financial derivatives and that the former should be dealt with only by traders who have legitimate interests in protecting agricultural merchandise against risks and by other categories of persons directly linked to

real agricultural production; calls on the Commission to ensure that dealing with food commodity derivatives is restricted as far as possible to investors directly linked to agricultural markets;

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