

U.N. Chief to Prod Nations On Food Crisis

Trade, Price Policies at Issue



Ban Ki-moon will seek urgent action at a summit in Rome. (Pool - Getty Images)

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UNITED NATIONS -- U.N. Secretary General [Ban Ki-moon](#) will issue an urgent plea to world leaders at a food summit in Rome on Tuesday to immediately suspend trade restrictions, agricultural taxes and other price controls that have helped fuel the highest food prices in 30 years, according to [U.N.](#) officials.

Ban is seeking to prod more than two dozen nations that have imposed such measures in the current crisis to reverse course, saying their actions have driven prices higher. The United Nations will also urge the United States and other nations to consider phasing out subsidies for food-based biofuels -- such as ethanol -- and to hammer out a pact with poor countries that would reduce agricultural tariffs and subsidies that have harmed poor farmers.

The immediate goal of the June 3-5 summit will be to secure a massive flow of assistance to the world's hungriest people and to ensure that subsistence farmers across the globe

will have the seeds and fertilizers they need to plant their crops this season. World Bank President Robert B. Zoellick on Thursday announced the lending agency would issue \$1.2 billion in financing for agricultural support, including \$200 million in grants to help the world's poorest countries, starting with Djibouti, Haiti and Liberia.

The meeting -- which is expected to draw more than 40 heads of state -- is aimed at forging a common international response to the food crisis. While there is agreement on the need to increase food production, negotiations over a summit statement explaining how to do so have triggered debate over the role of genetically modified crops, biofuels, subsidies, trade policy and financing.

"There is going to be a big debate over how to finance things -- do we use grants, loans" or other financial instruments, said one senior U.N. official, who spoke on the condition of anonymity. "All this takes money."

The prices of most food staples have skyrocketed to their highest levels in more than 30 years, threatening to force more than 100 million people into the ranks of the world's chronically poor. The spike has been triggered by various causes: rising consumption in [China](#) and [India](#), skimpy wheat harvests in Australia, speculation in the commodities market and increased use of farmland to produce biofuels.

Ban has sought to stake out a leadership role in coordinating the international response to the crisis, establishing a U.N. task force to prepare a global plan of action. A 31-page draft will be presented at the Rome meeting.

The task force paper outlines a "two-track" strategy, beginning with short-term measures aimed at "urgently increasing access to food," expanding safety nets for the most vulnerable, and taking steps to help reduce prices of rice, wheat, corn and other primary staples, according to U.N. officials who have seen the document.

The task force, which includes the [World Bank](#), the [International Monetary Fund](#) and key U.N. food agencies, calls for a variety of initiatives to ease the plight of the poor, including targeted subsidies for poor farmers to buy fertilizers and seeds and increased pension payments to cover the rising cost of food. U.N. officials said the strategy could cost as much as \$15 billion.

The effort received a major boost this month when [Japan](#) agreed to sell a portion of the huge rice surplus it hoards to protect domestic producers. [Saudi Arabia](#), which has benefited from surging oil prices, pledged \$500 million to the [World Food Program](#) to meet most of its costs for emergency distribution this year.

U.N. officials will press nations to suspend or eliminate numerous taxes on farmers and suspend protectionist policies, including export bans and import tariffs that have caused prices to soar. For instance, Tanzanian farmers are required to pay about 55 taxes and fees to sell produce, a burden that can shave 50 percent off profits, according to a report by the [U.S. Government Accountability Office](#).

The task force will also propose medium- and long-term initiatives to boost farm production. Its draft document calls for increased investment in agriculture and more spending on roads, irrigation systems and other rural infrastructure. It also urges improvements in monitoring and assessing the impact of swings in food prices, particularly in vulnerable countries.

U.N. officials said they are seeking to craft their aid strategy to avoid pressing governments into heavy deficits or inadvertently undermining farmers and other entrepreneurs who could be undercut by an influx of aid. The IMF has begun to offer funding to some of the world's 15 poorest countries to cover part of the cost of imports.

"This is not an easy thing to get right, and it requires a lot of expertise," Mark Plant, deputy director of the IMF's Policy Development and Review Department, said last week. "Past policies and programs aimed at increasing self-sufficiency by short-circuiting market mechanisms have proved to be very costly. Taxpayers foot the bill, and other social programs that benefit the poor, like health and education, can get squeezed out."

Ban's task force calls on governments to shift from production of food crops for biofuels - - such as corn and sugar cane -- to the production of vegetation that is not used for food.

A World Bank analyst estimated that biofuel production has accounted for 65 percent in the rise of world food prices, while the IMF has concluded that biofuel production is responsible for "a significant part of the jump in commodity prices."

But the United States has defended the production of biofuels, saying it has driven down oil consumption over the past three years. "According to our analysis, the increased biofuels production accounts for only 2 to 3 percent of the overall increase in global food prices," said Agriculture Secretary [Ed Schafer](#), who will lead the U.S. delegation in Rome. "This is not distorting the global price of food," he added. "This is how we're going to create energy independence in this country. And we urge others in the face of this rising price problem with energy to look at alternative means, one of which certainly is biofuels."