

HIGH LEVEL CONFERENCE, Rome 3-5<sup>th</sup> June 2008

Statement of Mr. Danilo Türk, President of the Republic of Slovenia

Mr. Chairman,  
Mr. Secretary General,  
Directors General of FAO, WFP and IFAD  
Your Excellencies Heads of States, Ministers,  
Ladies and Gentlemen

It is a great honour for me and for Slovenia, the current Presidency of the EU, to address this high level conference at a moment when the whole international community is looking for adequate solutions and action to overcome the world food crisis, and at the same time to address the issues of climate change and such specific issues as the bio-fuels impacts.

We are very grateful that the Rome based UN institutions, Secretary General and Director General of FAO in particular called upon the international community to react to the current world food situation. We welcome the establishment of the UN global food crisis task force as well as the Secretary General's emphasis on the need for a long term policy responses.

(Food crisis)

Rising food prices are a global problem. The causes are complex and we have to react with a combination of urgency, caution and determination. Only by joint efforts we will be able to bring greater stability to agricultural markets and help those worse affected - the poor and food-insecure.

The issue of high prices has been at the centre of European Union discussions for some time now.

The Presidency feels that it is important to have a comprehensive debate and action, with regard to various factors that influence the capacity of agriculture and its ability to provide sufficient food supply.

At the global level the food crisis has a particular negative impact on net importing developing countries for which the import of agricultural products represents an important share in overall imports. They are facing macroeconomic instability and new dimensions of poverty. The burden falls hardest on the urban poor but there are victims also in rural areas.

The food crisis may also set back the achievements of the Millennium Development Goals, not only the progress on poverty reduction and hunger (MDG 1), but it will also make it more difficult to achieve the targets for education (MDG 2), child and maternal mortality (MDGs 4 and 5) and the spread of diseases (MDG 6). In short, the international community went be aware of the potentially long-term consequences of the current crisis.

(Response)

Mr. Chairman,

The EU is elaborating a strategy to help developing countries respond to the current crisis. We need to identify the best ways to help Governments, poor consumers and agricultural producers in developing countries. And we need to do so without diminishing the positive impacts of the current high prices for the agriculture sector in developing countries. In this respect both global and national action are needed with the use of existing mechanisms and well-coordinated initiatives.

In the short term, the EU sees three possible interventions:

- a) humanitarian assistance for most vulnerable groups
- b) rapid response to the financing the consumer needs
- c) policy dialogue to enhance effective market functioning

In the medium and long term, rising food prices offer also the opportunities for farmers and could enhance the contribution of the agricultural sector to economic growth of the developing countries.

There is a clear need for investments in agriculture, rural infrastructure, extension services, research, sustainable technologies development, transfer of knowledge and best practices, risk management tools and education. This could have positive effects on labour demand and wages in rural areas, reducing the incentives to migration, alleviating the poverty and contributing to food security.

However the Development Programmes must be country driven and owned.

Furthermore it is important to point out that the EU has already taken steps to devise appropriate supply and demand policy responses which can help to reduce the upward pressure on agricultural commodity and food prices, especially by reducing distortions in the agricultural sector and improving the responsiveness of supply. The EU will use policy dialogue with third countries in a transparent manner to discourage food export restrictions and export bans. Export barriers may have a role in providing food security but the use of such instruments should be restricted to the poorest countries.

The EU's Agriculture and Fisheries Council acted quickly to alleviate the pressure on the food prices. Important decisions were taken to allow our farmers to react to the market signals by increasing production of both cereals and milk. These measures, together with favorable weather conditions will contribute to a larger production and supply on the commodity markets.

In the context of the so-called "Health Check" of the EU's Common Agriculture Policy, the Agriculture and Fisheries Council will consider further steps, such as the permanent abolition of the set-aside requirement, the phasing-out of the milk quota system, the elimination of the current energy crop premiums and its replacement with efforts to encourage production of the second generation bio-fuels made from by-products that do not compete with food production.

We will also promote an open trade policy and work towards an early conclusion of Doha Round, which provides significant new market opportunities for developing countries. This would help generate export income, stimulate agricultural production and facilitate access to foodstuffs thereby alleviating the current food price hikes.

In this context it notes that in the context of an overall agreement in the WTO DDA negotiations the EU has already indicated a willingness to eliminate export subsidies by 2013.

The EU will further promote and assist developing countries, particularly the least developed ones, in implementation of adequate agricultural policies in the light of achieving higher food security.

(Bioenergy)

High energy prices are also affecting agricultural prices. They are affecting food prices directly, by raising the price of inputs, such as fertilizers, pesticides and diesel as well as the processing and transportation costs.

Alternative market outlets like biofuels are going to affect the agricultural markets as well. The environmental, social and economic sustainability of biofuels sparked a global debate. Arguments for or against biofuels are coming from all directions.

But the solutions should not stop at debating.

We might need a close examination of the direct and indirect effects of the biofuels policy in different countries, including the effects on food prices, now and in the future.

In this respect the improvement of the knowledge base is crucial and the FAO technical reviews well coordinated with other international organizations and UN agencies could be a very useful support for policymakers and national governments.

The Commission analysis shows that the EU biofuels production has so far had a very little impact on current global food prices as biofuels use less than 1% of EU cereals production. The European Council has agreed a target of 10% share of biofuels in transportation to be reached by 2020 and sustainability criteria will mitigate the impact in future. Gradually the share of second generation of biofuels will be expanded.

It is necessary to well inform public regarding the goals in use of biofuels, their sustainable production, mechanisms for promotion of production and the use of biofuels, their differences to the whole chain of food production as well as underline the related problems.

Europe can best make a contribution by doing everything possible to show that well defined sustainability criteria for production of biofuels can work and by ensuring a swift transition into the second generations of biofuels.

(Climate change)

There is also a need for raising awareness of the causes and the potential impacts of the climate change on economic growth and of the successful implementation of poverty eradication strategies. Climate change and climatic variability are affecting agricultural production and land resources negatively and thus undermining the efforts in many countries, especially in Africa, as regards sustainable development in all its aspects.

The EU strongly supports policies on adaptation to climate change, including in the field of agriculture, which is not only a major human activity at risk from climate change, but that it is equally a major driver of climate change itself.

In this context, there is a need for joint initiatives in the area of climate change mitigation and adaptation to its adverse effects, including strengthening of carbon market mechanisms. It is however important that policy options at international and national levels are supplemented on the regional level and the adaptation plans are well integrated in food security and poverty reduction strategies, especially in developing countries. We recognize the urgent need to scale up and channel the global investment flow – particularly those of the private sector - for investment in adaptation and mitigation of agriculture and rural development in developing countries with a special focus on low-carbon energy technologies, energy efficiency and energy saving measures.

The EU sees that the UN Clean Development Mechanism (CDM) is a successful instrument to help countries meet their Kyoto targets and to generate financial flows to developing countries.

Furthermore, it is important that adaptation plans are well integrated in food security and poverty reduction strategies and that the women's status and importance of equality should carefully be taken into account in strategies and policy options.

*(Institutional building)*

Let me emphasize that the UN agencies, financial institutions and other organizations should approach current challenges of the food crisis, climate change and bioenergy with the reexamination of their role and responsibilities to the membership and international community. The successful conclusion of the current reform process of FAO and the synergies that could be drawn from the consequent enhanced collaboration of the Rome based agencies is an essential step in this direction. They can play a pivotal role while assisting countries in need and in transition in their combat against the negative impacts the food crisis, climate change and those biofuels that are competing with the food production and might undermine the food security in developing countries.

*(Development assistance)*

Mr. Chairman,

In conclusion I would like to point out that by the completion of our EU presidency and beyond, Slovenia will strengthen development and humanitarian assistance and make all necessary efforts to ensure an ambitious-oriented response to challenges of food crisis, climate change and biofuels.

The EU is the largest donor of the international development assistance: around EUR 50 billion are committed for the international development assistance and humanitarian aid from regular EU budget and additional EUR 22,7 billion within the framework of the European Development Fund.

The EU has already provided assistance in the most critical areas and will mobilise adequate resources to finance safety nets for poor and vulnerable population groups. The European Commission has already provided 223 million euros in food aid and has allocated additional 60 million EUR for 2008 for urgent food aid.

Several Member States have either brought forward or increased their contributions.

With regard to medium and long term measures the EU will enhance its support to public and private investments in agriculture and rural infrastructure, research in agriculture and technology development. A special attention will be given to institutional development in partner countries.

Thank you.