MONITORING

CFS POLICY RECOMMENDATIONS ON FOOD PRICE VOLATILITY AND SOCIAL PROTECTION
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Published in October 2023 by the Civil Society and Indigenous Peoples’ Mechanism (CSIPM)
csm4cfs.org
Cover photo: Wayne S. Grazio
This report represents the Civil Society and Indigenous Peoples' Mechanism (CSIPM) contribution to the monitoring of the CFS policy recommendations on food price volatility and on social protection that was discussed at the CFS 51 Plenary Session in October 2023. The report looks at food price volatility and social protection in today's context, after food prices have skyrocketed for the third time in fifteen years and social protection measures are not adequately enacted, and sheds light on the structural causes of the instability of the global food system as it is now.

The report draws on the popular consultations that the CSIPM conducted in 2020 and 2022 to gather evidence from all regions and constituencies on grassroots impacts of COVID-19, conflicts, and crises on the right to food and food sovereignty. Consultations have directly and indirectly involved hundreds of organisations. The findings are elaborated into the 2020 report Voices from the Ground: From COVID-19 to Radical Transformation of Food Systems, and the 2022 report Voices from the ground 2: transformative solutions to the global systemic food crises. Both constitute a major source for the development of this report in conjunction with other reports, research and articles from civil society organizations, media and academics.

1. Context and history

In 2007/2008 and 2011, the world experienced unprecedented volatility in global agricultural commodities prices. The number of people suffering from hunger rose to an unprecedented 1.02 billion¹ according to FAO (2009) and a vibrant debate arose on what the main drivers of that volatility could have been.

Many agencies and institutional actors highlighted the fact that food prices are inherently unstable due to the uncertainty of agricultural harvests, which depend to a large extent on climate conditions. To explain the extreme volatility of food prices, they put emphasis on the new grain market regime and the increased instability brought about by speculation, and on the export restrictions implemented by a few exporting countries to preserve food availability at domestic level. In 2008, social movement and civil society facilitated by the International Planning Committee for Food Sovereignty (IPC)² met in Rome in a parallel forum to the FAO Food Crisis Summit convened in Rome and presented alternatives to a liberalized market³.

After its reform in 2009, the Committee on World Food Security (CFS) embarked on a process to develop policy recommendations on food price volatility, which were adopted in 2011, as well as policy recommendations on social protection, which were adopted the year after. Both sets of recommendations were aimed at providing guidance to countries and other actors on how to reduce food price volatility, and avoid or mitigate future food price crises similar to those of 2007/2008 and 2011.

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² The IPC is a facilitating network in which key international social movements and organizations collaborate around the issue of food sovereignty. https://www.foodsovereignty.org
The Civil Society and Indigenous Peoples Mechanism (CSIPM)\(^4\) pointed to speculation, the lack of food reserves, and the surge in demand for biofuel production as major drivers of volatility. The CSIPM also denounced the harsh effects of these factors on the most vulnerable countries, as they are more exposed to high food import bills than richer countries because of their dependence on imports, and often face the destruction of their own agricultural systems. Different actors came up with different solutions: Governments called for increased transparency in market information to keep global trade open and functional, while the CSIPM called for food sovereignty, an end to speculation on food commodities, and a halt to using land for animal feed\(^5\) and biofuels.

Consequently, with the deepening of the crisis, social protection measures were discussed as one of the most effective ways to support people. In 2012, the CFS 38 adopted policy recommendations to provide guidance to countries to support those in need through safety nets. The CSIPM called for the Social Protection Floor as endorsed by the International Labour Organization (ILO)\(^6\), and claimed that to fulfill the human right to adequate food and nutrition (right to food) and the right to social protection, a stable and decent income security should be guaranteed for all people, enabling them to access food over the whole life cycle. In this sense, they urged the CFS to go beyond the narrow focus on providing social protection tools in times of crisis, and instead to ensure that social protection prevent people from falling into poverty. Especially poor and vulnerable people need to be protected against risks and adversity, thereby enabling them to fully participate in economic and social life through basic income and access to social services. The CSIPM pointed to the need to frame social protection policies, programs, and instruments as part of a more comprehensive policy to eradicate poverty, ensure the right to food for all, and develop resilient food systems.

We are now facing the third food price crisis in 15 years. The sudden surge in food, fuel and fertilizer prices has triggered a setback in achieving SDG2. After decades of decline, world hunger is on the rise again.

Many frame the current crisis as a "cost of living crisis", where people are confronted with high energy and food prices, caused by the disruption of global trade as a result of the war in Ukraine. This is only a very partial picture of a much deeper, multi-layered and multifaceted failure of food systems. The crisis builds on the devastating social and economic consequences of COVID-19, and on deeper systemic failures of climate chaos, increasing inequalities, and destruction of ecosystems.

The Ukraine war added an additional layer to the already existing crises, which include conflicts, climate change, and the COVID-19 pandemic. Countries that were struggling to recover from the post-pandemic economic downturn now have limited fiscal capacity to cope with the higher food,

\(^{4}\) The Civil Society Mechanism was founded in 2010, as an essential and autonomous part of the reformed CFS to facilitate civil society participation and articulation into the policy processes of the CFS. In 2018 the Civil Society Mechanism changed its name to Civil Society and Indigenous Peoples’ Mechanism, and the acronym was adapted in 2022. [https://www.csm4cfs.org/what-is-the-csm/](https://www.csm4cfs.org/what-is-the-csm/) and [https://www.csm4cfs.org/csipm-is-our-new-acronym](https://www.csm4cfs.org/csipm-is-our-new-acronym)

\(^{5}\) Especially in confined feeding operations or concentrated animal feeding operations (CAFOs).

\(^{6}\) In June 2012, the 185 members states of the ILO adopted unanimously the Social Protection Floors (SPFs) Recommendation 202. [https://www.socialprotection.org/qimi/RessourcePDF.action?id=56900#:~:text=R202%20was%20adopted%20by%20ILO,social%20protection%20throughout%20their%20lives](https://www.socialprotection.org/qimi/RessourcePDF.action?id=56900#:~:text=R202%20was%20adopted%20by%20ILO,social%20protection%20throughout%20their%20lives)
fuel, and fertilizer prices. Additionally, they still have to address a strong currency depreciation and debt distress.

Since the adoption of the CFS policy recommendations, we must assess what has been done and whether the recommendations really addressed the root causes of the crisis.\(^7\)

*What we know for sure is that this is a systemic crisis and requires a systemic change to avoid a people and a planet collapse.*

2. The human impacts of the food price crisis

The food price crisis in 2007/2008, 2011, and 2022 show that the global food system is very vulnerable to global shocks, and that the poorest communities pay the highest prices. In 2022, 735 million people suffered from hunger; 122 million more than in 2019.\(^8\)

Price volatility makes it more difficult for farmers to take decisions. When prices are high, farmers strive to produce as much as they can. Ironically, when prices are low, farmers also strive to produce as much as they can to ensure some level of income. This intensity of production destroys the environment. Price volatility also impacts consumers because they may not be able to afford certain foods or may choose cheaper unhealthy foods, thereby endangering the realization of their right to food.

While it is obvious that all consumers are directly impacted by higher food prices, the poorest households are the most affected as they spend more on food compared to richer ones. If the cost of food increases, it is the poor households that have to sacrifice other services such as education or health. Recent research has found that, one year after the Russia's invasion of Ukraine, the cost of food, fuel and fertilizer in some of the world's most vulnerable communities has escalated to crisis levels, with families spending up to ten times what they used to pay at the outbreak of the war. In March 2023, communities were on average spending twice as much, with 101% more on a loaf of bread and 119% more on pasta. Women and girls are the hardest hit as the crisis impacts their food intake, education, their right to live free from child marriage, and their mental health and wellbeing.\(^9\)

Further research by the CSIPM shows that, despite the urgent need for universal access to social protection, and entitlements to fundamental rights including the right to food, states failed to deliver. The rural-urban divide increased, with rural people receiving less support than those in the cities. The main challenges and impacts included income and wage losses, disruption of local markets, precarious working conditions and unemployment, hunger, increasing costs of food

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production, processing and transport, loss of education opportunities, land-grabbing, increased debt levels and lack of access to medical care/health services.

Indigenous Peoples in all regions faced increased displacement from their territories and attacks on their environments by private interests. Indigenous Peoples frequently face greater institutional neglect than other populations, which translates into more migration of Indigenous Youth to cities in search of subsistence, with the consequent loss of knowledge and traditions.

Many migrants travel on deadly migrant routes, and are subject to abuse, unsafe and bad working conditions, and extortion. Those in conflict zones are forced to flee, seeing their fields and food infrastructures destroyed. Migrants, refugees, and displaced persons face discrimination in access to government assistance and are mostly unprotected by domestic and international law.

Because gender inequalities persist, women, girls and non-binary people are particularly at risk in times of crises and scarcity. Their needs are de-prioritised or even negated in the distribution of food, and access to health and education. Although most frontline health workers in the world are women, they still face tremendous inequity in wages, health services and social protection. Moreover, they suffer from labour market discrimination, which pushes them into informal and casual employment. In a context of intensifying crises, conflicts, and wars, sexual and gender-based violence increased.

Low-income and urban poor residents faced increased housing, energy, food, and healthcare costs coupled with job and income insecurity, with some fearing the choice between heating and eating. Many urban poor communities engage in informal employment and depend on cash for food, energy, medicines, housing, and transport.¹⁰

In the last ten years the world was not able to create the conditions to avoid further crises; instead, more inequality and poverty were created.

3. Unpacking the issue of food prices: Who benefits from higher prices? Who wins and who loses?

With the liberalization of agriculture, small-scale farmers are increasingly pushed to the margins. Only the biggest farmers can take advantage of an economy of scale, finance the expenses of mechanization and technological innovations, and connect to and benefit from global trade. Nevertheless, this locks them into a chemical and capital-intensive system that promotes the further consolidation of farmland, destroys rural communities and biodiversity, and contributes to climate change.

For producers of commodity crops (storable grains), price is determined by market logic at a global level. Corporate agribusiness controls the market of these commodities. Farmers’ income is not enough to cover living expenses, as the globalized price – pushed down by extreme competition – is too low to cover farmers’ costs. In the North, when prices do spike, even larger farms that can take advantage of economies of scale do not benefit from high prices because of corporate control, which means that the input companies simply increase their prices, and those higher

prices are still below or just about at parity, not enough to help farmers get ahead. Even as food processors and retailers augmented their prices to make profit, they failed to pay their suppliers—the farmers—adequately. Additionally, there is a huge gap between what a consumer pays for processed food and what a farmer gets; the companies in the middle take the bulk of the money. Due to land-grabbing and the conversion of smallholder lands into vast plantations of commodity crops and grazing areas, small farmers, especially in southern countries, are either displaced from their land or end up receiving very low prices for their produce. When prices spike, small-scale farmers are also trapped into a system where the higher prices rarely translate into fair returns on investments, making agriculture an unviable livelihood option.

Box 1. The case of farmers in Iowa, United States

In countries like the United States of America (USA), family farming has steadily disappeared over the past three generations as farm policies shifted away from supply management, conservation, and supporting stable commodity and consumer prices, and towards free markets, overproduction, and commodity prices that pay farmers less than what it costs to produce their crops. This trend has been worsened by corporate consolidation that increases the corporate economic and political power. Farmers have no choice but to sell at the price set on this global scale, with farmers in every country competing with each other to produce as much as possible. At the same time, they have to pay increased prices for machinery, seeds, and other inputs. As family farmers faced chronically low prices for their crops due to these factors and due to growing global competition, they have gone out of business, and the towns that were once supported by small, family farms have dried up and disappeared. Over the last 15 years, however, we have witnessed significantly increased price volatility. And while prices did boom during some years for some farmers, most did not see any benefit, as the prices of their inputs went up as well. Finally, many family farmers in the USA rely on credit and loans to finance their operations, often requiring them to take on hundreds of thousands, or even millions of dollars, of debt just to farm every year. This makes price volatility particularly precarious for family farmers, as many farmers took out big loans when prices were high, only to go bankrupt once prices fell again. When the farmers in India protested for over a year for minimum support prices to be reinstated, farmer organizations in the USA made the comparison to their own calls for parity prices and principles. A system in which farmers receive parity prices is combined with supply management and food reserves to create the stability of both farm prices and consumer prices that is so desperately needed.

Most small-scale farmers who produce for local markets and thrive through diversification, including through agroecological farming, struggle every day due to a lack of public policies, an absence of appropriate markets on which to sell their produce, and the unfair competition with cheaper food at supermarkets. Their conditions are exacerbated by the dismantling of all public policy instruments for the management of agricultural markets, both domestic and international,

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11 NFFC. Fair Prices for Farmers. https://nffc.net/what-we-do/fair-prices-for-farmers/
14 Disparity to Parity Project. https://disparitytoparity.org/
and of public support to family farming. The recent increases in costs of production – input, energy, and transportation costs – worsens it further.

Small-scale farmers in the Global South are even more at risk. The sole focus of global supply systems on a few commodities has tragically diverted attention away from native staple crops, which underpin food systems across the Global South. Southern countries have become dependent on external trade for their food needs, and with food prices skyrocketing coupled to the depreciation of their currency, their food import bill has become unaffordable. This dependence makes these countries – already low on foreign reserves – extra vulnerable to market disruptions and price increases\textsuperscript{15}.

3.1 Large companies benefit from higher prices

While farmers have become the most vulnerable in times of crisis, agribusiness, financial speculators, and big retailers make higher profits from the food price crisis. They are the only beneficiaries from this crisis.

In a global system monopolised by four mega commodity traders (Cargill, Wilmar, Louis Dreyfus and Bunge\textsuperscript{16}), and in which much of the world's grains feed livestock housed in CAFOs, many low-income countries rely on just a handful of large commodity-producing countries from which to import most of the grains that feed their people. Meanwhile, richer countries are vulnerable to disrupted global value chains of inputs (like seeds and fertilisers) and imports of grains and agricultural commodities. In a free market-driven food system, food is deviated from its function to nourish by rich buyers who use it as feedstuff for industrial animal farming and biofuel production.

While millions of people are struggling to find their next meal in both low-income and rich countries, billionaires involved in the food and agribusiness sectors have seen their collective wealth increase by $382 billion US Dollars (45%) over the past two years, with 62 new food billionaires created in the sector since the outbreak of the COVID-19 pandemic\textsuperscript{17}.

A recent study reveals that the profits of the world's nine largest fertilizer companies increased from around $14 billion US Dollars in 2020 to $28 billion US Dollars in 2021 – and then soared to $49 billion US Dollars in 2022.\textsuperscript{18} It is worth noting that the rise in fertilizer prices was not due to higher sales volumes, rather, it reflected "greedflation"\textsuperscript{19}: corporations\textsuperscript{20} leveraged supply


\textsuperscript{17} Oxfam. (September 2022). Fixing our food Debunking. 10 myths about the global food system and what drives hunger. https://www.oxfamnovib.nl/Redactie/Downloads/Rapporten/Fixing-our-Food.pdf

\textsuperscript{18} GRAIN & IATP. (May 23, 2023). A corporate cartel fertilises food inflation. https://grain.org/e/6988


\textsuperscript{20} See table on investors and capital venture
shocks to increase their profit margins dramatically – from roughly 20% of sales in 2020 to 36% in 2022.\(^{21}\)

### TABLE 1 - PERCENTAGE OF SHARES HELD IN THE SIX LARGEST AGROCHEMICAL FIRMS

<table>
<thead>
<tr>
<th></th>
<th>MONSANTO</th>
<th>BAYER</th>
<th>DOW</th>
<th>DU PONT</th>
<th>SYNGENTA</th>
<th>BASF</th>
</tr>
</thead>
<tbody>
<tr>
<td>BlackRock</td>
<td>5.76%</td>
<td>10.09%</td>
<td>6.11%</td>
<td>6.61%</td>
<td>6.00%</td>
<td>8.30%</td>
</tr>
<tr>
<td>Capital group</td>
<td>2.68%</td>
<td>3.68%</td>
<td>3.60%</td>
<td>10.69%</td>
<td>4.01%</td>
<td>0.91%</td>
</tr>
<tr>
<td>Fidelity</td>
<td>3.12%</td>
<td>1.71%</td>
<td>1.17%</td>
<td>3.54%</td>
<td>0.21%</td>
<td>0.50%</td>
</tr>
<tr>
<td>The Vanguard Group, Inc.</td>
<td>7.33%</td>
<td>2.30%</td>
<td>6.27%</td>
<td>6.87%</td>
<td>2.28%</td>
<td>2.31%</td>
</tr>
<tr>
<td>State Street Global Advisors</td>
<td>4.63%</td>
<td>0.50%</td>
<td>4.14%</td>
<td>5.01%</td>
<td>0.40%</td>
<td>0.45%</td>
</tr>
<tr>
<td>Norges Bank Investment Management (NBIM)</td>
<td>0.81%</td>
<td>1.64%</td>
<td>0.43%</td>
<td>0.63%</td>
<td>1.75%</td>
<td>3.00%</td>
</tr>
</tbody>
</table>

% owned by top six asset management firms pre-merger:

- **MONSANTO**: 24.34%
- **BAYER**: 19.93%
- **DOW**: 21.72%
- **DU PONT**: 33.36%
- **SYNGENTA**: 14.65%
- **BASF**: 15.47%

Source: Thomson Reuters Eikon Database (percentage of shares as of Dec.31, 2016) in Clapp, 2017

Between 2021 and 2022, the food and beverage industry recorded over $155 billion US Dollars in profits, according to Forbes. Nestlé, the world's largest food company, increased its gross profits last year by almost 3% to $46 billion US Dollars. Last year Cargill recorded a 23% jump in revenue to $165 billion US Dollars ($6.68 billions of which was profit). Tyson Foods, the largest meat producer in the USA, nearly doubled its profits in the first quarter of 2022 due to soaring meat prices.\(^{22}\)

4. **CSIPM experiences in use and application of CFS recommendations**

4.1 **CSOs experience in social protection measures and strategies to cope with higher food prices**

While the bulk of official support overwhelmingly benefitted the corporate sector, hundreds of examples showed that in all regions, solidarity action undertaken by local communities and organizations of food producers, workers, women, and Indigenous Peoples were pivotal in ensuring affected people's access to food and basic services.

Building on existing rural-urban dialogue, in Brazil, the Landless Rural Workers' Movement (MST) created a solidarity kitchen to provide food assistance during the pandemic and thereafter, bringing locally produced food to cities. MST and the Homeless Workers' Movement mobilized to

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\(^{21}\) Jayati Ghosh. (August 7, 2023). The global food system is broken. By reducing our reliance on chemical fertilisers, we could turn the current food crisis into a genuine opportunity. [https://www.ips-journal.eu/topics/economy-and-ecology/the-global-food-system-is-broken-6887/](https://www.ips-journal.eu/topics/economy-and-ecology/the-global-food-system-is-broken-6887/)

deliver fresh food to various parts of the country, further building bridges between the countryside and the city, and providing a notable example of mobilization and articulation in civil society.

In Mali, experiences in market gardening were pivotal in mitigating the risks of food insecurity linked to climate change.

Box 2. Solidarity kitchen of the homeless workers’ movement – MTST

The MTST’s Solidarity Kitchen project was born at the beginning of 2021, at a very desperate historical moment: in an economic crisis that caused millions of workers to lose their jobs, and amid a COVID-19 pandemic that resulted in the deaths of more than 700,000 Brazilians. These factors directly influenced the catastrophic number of people going hungry in Brazil. In a survey carried out by the PENSSAN Network in 2022, the figures were alarming: 15.25% of Brazilians, which corresponds to 33.1 million people, were in a situation of hunger.23

The population most affected by this sad reality lives on the outskirts of large cities. This population has been hit hardest by the COVID-19 pandemic and the economic crisis: they lost their jobs and, paradoxically, they were the ones who had to leave their homes at the height of the pandemic to work in highly precarious conditions, if at all. The result was a higher number of deaths among this section of the population and the loss of breadwinners among needy families.

The Solidarity Kitchens came about to alleviate the consequences of this terrible scenario. They were born as spaces on the outskirts of big cities where free meals are distributed. There is no prior registration or selection to determine who will receive the food. You just have to be in the queue at the time the meal is served to receive healthy, quality food at no cost.

Moreover, from the outset, the Solidarity Kitchens were not just a place to provide food. They were born with the aim of becoming social, educational and leisure facilities, which are practically non-existent on the outskirts of large urban centers. As well as serving free, healthy food, volunteers also organize activities for the community, helping the Solidarity Kitchens fulfill their vocation of feeding the body and spirit. This is how round tables on women's health, children's oral health, nutrition, soirees and cultural presentations, legal assistance, adult literacy, school tutoring, solidarity economy workshops, community garden building, a programming course, and a chess club have sprung up in these spaces.

The Solidarity Kitchens provide a cozy space with countless possibilities for action and growth, and have the potential for much more: they promote various courses, such as Good Practices and Cooking Techniques, training in technology and various trades, and are equally a place to support the needy and homeless populations, providing legal information services and referrals to public and social organizations.

Today, there are more than 40 Solidarity Kitchens, distributed in 13 Brazilian states and the Federal District, which serve between 100 and 500 free, nutritious meals to thousands of families every day. These kitchens have already distributed more than 1,700 tons of food and more than 2 million meals, funded by crowdfunding and partnerships with rural movements and groups of organized supporters, as well as influencers and activists who spread and support the project.

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23 See: olheparafome.com.br
In July 2023, Brazil passed the Law 14.628 creating the "Solidarity Kitchen Program" based on these popular practices of food assistance and supply.²⁴

Many farmers across the world have mobilized around an agenda to promote supply management, fair farmgate prices for farmers and food reserves as a strategy to support farmer’s decent livelihood. They show that the dominant neoliberal agri-food policies, while championing limited government intervention, provide instead plenty of support and protective measures to support agribusiness. Informed by the long history of parity programs, principles and movements in the USA and the Minimum Support Price (MSP) system in India, as well as by the “quota systems” as measures to govern the offer and the price in EU, farmers’ movements are advocating for farmer-led, government-enacted, programs to secure a price floor and manage supply to prevent the economic and ecological devastation of unfettered corporate agro-capitalism.²⁵

Box 3. The Indian Farmer Uprising

On 19 November 2021, the Government of India announced that three highly contentious Farm Bills introduced in June 2020 would be repealed. The Government introduced the laws in the early months of the COVID-19 crisis, aimed at ending stocking limits for agro-processors, allowing corporations to create tax-free market-yards, and giving legal validity to corporate contract farming, hence dismantling the existing MSP system that provided farmers with price floors for 23 crops. Indian farmers argued the laws would undermine their livelihood by stripping away price supports, eliminating the (extremely limited) protections that remain after decades of neoliberal reforms, and strengthening corporate control of agriculture. The passage of these laws tipped off a mass protest movement of an incredible scale.²⁶

Despite all the adversities and oppressive measures, hundreds of thousands of farmers who laid siege to the borders of New Delhi for a year were in no haste to call off their protest. While they welcomed the announcement to roll back the three laws as a step in the right direction, their other crucial demand to bring a legal guarantee for a MSP for their produce remains unmet. The Government promised to constitute a committee that would make the procurement system more transparent, but farmers collectives insisted that a legal guarantee was an absolute necessity. They also demanded that the Government withdraws all the criminal cases filed against the protestors during the year²⁷.

²⁴ https://www.planalto.gov.br/ccivil_03/ Ato2023-2026/2023/Lei/L14628.htm#:~:text=PROGRAMA%20COZINHA%20SOLID%C3%81RIA-
Art.alimentar%20e%20nutricional%2C%20conforme%20regulamento
India’s farmers have inspired the world with their resilience. They have shown us what a united struggle of the working class and the peasantry can achieve even in the face of all adversities. This protest stitched alliances with workers unions and other social movements and issued inspiring messages of solidarity, communal harmony, and unity among rural societies.28

4.2 Advocacy in the US to reform biofuel legislation

Policies that mandate biofuels production continue to drive demand and contribute to volatile food and commodity prices. Biofuels impact food prices by driving up demand for feedstocks, particularly corn and wheat, which puts an upward pressure on the price of food. Corn disproportionately affects other food prices, because it is found in so many processed foods and is a feed for animals (impacting dairy and meat prices). Increases in the price of corn means increases in the cost it takes to produce tortillas, a glass of milk or a hamburger.

There are also secondary impacts, where increased demand for inputs (such as land) and substitute products impacts the market, often driving up the prices for those inputs or substitute products acting as a multiplier of serious economic, environmental and social problems for the most vulnerable part of the population, especially in rural areas.

Increased demand for agricultural commodities for biofuels and other flex crops puts additional pressure on food prices, in part contributing to their volatility during shocks, shortages, and disruptions, as we have seen due to COVID-19, to the invasion of Ukraine, and to the climate crisis.

Additionally, while biofuels made from food crops may be on the way out as electrified vehicles replace internal combustion engines, biofuels like ethanol will still play a role, especially as governments look at unproven carbon capture and storage/sequestration technologies in an attempt to get carbon emissions under control. Meanwhile, the demand for agricultural land and agricultural commodities like timber is expected to increase as part of the transition to a lower carbon economy, all of which could exacerbate price volatility.

In the USA, environmental and aid organizations worked to reform the Renewable Fuel Standard biofuels mandate, which was created in 2007 and was partly responsible for sharply rising commodity prices. Additionally, these biofuels policies primarily supported corn ethanol, which has been increasingly proven to have little to no climate benefit, while also driving the expansion of industrial corn production in the USA, sometimes on land that had previously been set aside for conservation, contributing to even further carbon emissions. Therefore, civil society organizations worked to find policy solutions that could still support some sustainable biofuels as well as farmers and rural communities, while also preserving conservation and encouraging more sustainable farming practices. This work was informed by the CFS recommendations on price volatility.29

28 Varghese Shiney. (December 8, 2021). After a Year-Long Strike, Indian Farmers Score a Big Win. After a Year-Long Strike, Indian Farmers Score a Big Win - Inequality.org
4.3 Agroecology as effective adaptation strategy

Many people have minimized the impact of price rises by practicing agroecology\textsuperscript{30}. The science of sustainable agroecosystems, agroecology is a set of farming practices and a social movement; it draws on social, biological, and agricultural sciences and integrates these with traditional, indigenous, and farmers' knowledge and cultures. It focuses on the interactions between microorganisms, plants, animals, humans, and the environment. When fertilizer prices spiked, people reported that agroecological practices reduced expenses for crop production. Those who resorted to agroecological methods (such as composting) saved production costs, and minimized the impact of climatic pressures. A plethora of literature highlights that agroecological methods are cheaper and more productive compared to industrial agriculture, in addition to offering resilience against climatic challenges in agriculture.

The transition to agroecology requires a systemic transformation of the current food system, currently dominated by big agribusiness and unfair international trade rules. Countries most affected by the crisis saw import bills surge because they are dependent on the global market for agricultural inputs and food staples. This dependency must be broken to promote countries' food sovereignty, territorial markets, and local food systems based on short and localized value chains.

Agroecological pathways, based on territorially based processes and on the co-creation of knowledge, provide contextualised solutions to local problems, and reduce dependence on external inputs. Transformation towards agroecological models needs to be accompanied by regulatory and policy frameworks to phase out input-dependent, fossil fuel based agricultural systems, including through the progressive ban of highly hazardous pesticides and synthetic fertilisers.

5. Shortcomings in the use and application of the CFS recommendations

5.1 Inadequate government responses

Government measures are generally judged to be absent or, at best, inadequate, weak, and fragmented. There is a lack of state presence, and an absence in implementation of public policies. Governments have dismantled public policies and regulatory frameworks in domestic food provision and food prices, public procurement, and school meal programs. In some cases, governments have promoted private sector projects to supplement national budgets, with negative effects on land tenure, food systems and rights. In Asia, Latin America and Africa, there

\textsuperscript{30} “Communities in 12 of the 14 countries surveyed said they were practicing agroecology to save on crop production and mitigate climate change impacts. More than a quarter (28%) of those surveyed said that they had installed solar power systems and made compost to offset the soaring prices of chemical fertilizers” ActionAid. (June 2023) The Human Costs of the Food Crisis: How Price Spikes are Wreaking Havoc Across the Globe. 
is a dire lack of protection for human rights, and attacks on leaders of social movements and human rights defenders go unpunished.

Across regions of the Global South, some governmental measures focused on production support, while others prioritised income support and neglected the other facets of the systemic failure of the agro-industrial food system, such as climate chaos, biodiversity losses, social inequalities, gender discriminations, failing social protection, and market deregulation. The consultations revealed that diversified and agroecological food systems, which have proven to address structural causes, were largely ignored for their benefits. They benefited only marginally from any policy measures.

Across all regions, the gap left by governments was bridged by communities, social movements, non-profit and people's organisations. They addressed the deficiencies of government action by shifting their focus from transformational work and struggles (e.g. land access) to front line emergencies, for example, by providing immediate food assistance.

Some countries were able to develop financial packages to address the crisis. Reports have shown, nevertheless, that these were limited in scope, fragmented, and biased. Large bailouts were mainly captured by the agro-industry, pharmaceutical, and energy sectors. Little support was channelled to vulnerable sectors, small-scale producers, and workers. Experience shows that aid increased existing discriminations and inequalities.

In the Global South, governmental capacity to develop adequate public policies is still mostly limited by external debt, largely held by private finance. Inimical trade and investments rules prevent governments from providing social protection. Debt cancellation is a prerequisite for public policies and fiscal space. In 2021, in low-income countries, debt represented 171% of all spending on healthcare, education and social protection combined. In 2022, their debt servicing is estimated at $43 billion US Dollars.

As with past food crises, economically powerful governments are unwilling to put into effect the urgently needed structural reforms. These include regulation of food and financial trade and markets, curbing speculation on agricultural commodities, tackling tax injustice, cancelling illegitimate debt, and stopping ecological destruction. Under the pretence of multilateralism, these actors keep poorer, indebted, food-import dependent countries at the table, while making sure that global finance and transnational corporations (TNCs) maintain their profits and power. There is no meaningful participation of the most marginalized and affected constituencies to shape the responses.

5.2 The failure of the WTO in addressing food price volatility

The World Trade Organisation (WTO) Ministerial Conference 12 held in Geneva in June 2022 failed to propose measures to re-orient global trade investment rules to address the food crisis. The Ministerial Declaration on the Emergency Response to Food Insecurity of 17 June offers no proposals for tackling the structural and systemic causes of hunger and malnutrition. Instead, it commits members to further liberalisation of food and agriculture trade through global markets and adherence to WTO disciplines. Long-standing issues such as developing countries’ rights to build public food stocks/reserves through public procurement and remunerative support prices were postponed.
Many governments still see further trade liberalization as the solution to access cheaper food, yet this only reinforces structural flaws. Trade policies must be reviewed, and better financial regulation established, to reduce (future) food price shocks, and avoid repeating the failures of the 2007-2008, 2011, and 2021/2022 food price crises. Even though trade remains important, it needs to be reformed. Over-reliance on single providers and single commodities is problematic. Trade should be a source of risk protection, not vulnerability. Trade and investment rules should be based on cooperation rather than competition; should provide the space for stronger local and regional food systems and territorial markets that can better respond to local contexts and demands, and should include national food reserves, paving the way towards increased self-sufficiency and food sovereignty. Broadly speaking, many governments have bought into the "modernisation" narrative and think of support to small-scale food producers in terms of connecting them to agribusiness value chains and transforming them into individual entrepreneurs, in deep contrast with what these producers themselves demand.

Civil society has called for the end of the World Trade Organization and free trade agreements. Trade negotiations need to be in multilateral spaces within the United Nations (UN).

5.3 Return to "light touch" regulation and legalized excessive speculation in the USA

In 2011 when the CFS adopted the policy recommendations on food price volatility, legislative and regulatory initiatives were underway in the USA to repair commodity and financial markets to prevent a reoccurrence of the 2007-2009 defaults and government bailouts of global banks and unregulated "shadow banks" that traded contracts in all asset classes, including agriculture. In G20 jurisdictions, reform implementation was inconsistent and staggered, allowing banks and their "shadow banks" to move assets to the most favorable jurisdictions and evade regulation. In the United States, a globally influential regulatory jurisdiction, industry lobbies and lawsuits blocked reform until the Trump administration Commodity Futures Trading Commission (CFTC) issued rules to delegate CFTC authorities to trading platforms, reestablishing "light touch" self-regulation of markets\(^{31}\) and market participants.

One rule in 2020 greatly expanded the position limit that financial institutions with no commercial interest in a commodity could hold in a contract. Furthermore, the rule allowed the exchanges to determine which positions should count towards the limit. Position limits\(^{32}\) are applied to the most economically influential exchange contracts, including the internationally traded agricultural raw materials that are an important part of food security.

Amidst the different causes of the food price crisis in 2022 including supply shocks resulting from the war in Ukraine, and from drought and excessive precipitation; increased costs in maritime shipping and insurance; and plant and animal disease related supply impacts, the return to "light touch" regulation has especially enabled "excessive" speculation.

5.4 The G7 response to extreme food price volatility

The invasion of the Ukraine in February 2022 triggered a sharp increase in investment bank


\(^{32}\) A position limit is a preset level of ownership established by exchanges or regulators that limits the number of shares or derivative contracts that a trader, or any affiliated group of traders and investors, may own.
funds in agricultural futures contracts, usually through the vehicle of agricultural Exchange Traded Funds. By March 2022, financial traders accounted for 50% of positions that were "bet long," i.e. taken in anticipation of prices increasing for hard winter wheat. That spike approached the peak of speculative activity during the commodity market boom-bust of 2007-2008.

In response, the G7 agriculture ministers, declared in an extraordinary meeting on March 11, 2022, that they "will also fight against any speculative behavior that endangers food security or access to food for vulnerable countries or populations" and assured that they "are closely monitoring markets affecting the food system, including futures markets, to ensure full transparency."

While Governments and the UN Food and Agriculture Organization (FAO) Agricultural Markets Information System do monitor agricultural supplies and policies, such monitoring hardly ensures transparency in price volatility factors and actors. Governments do not monitor the impact of automated trading systems and algorithmic trading on price volatility because governments do not regulate automated trading. Self-regulatory organizations "regulate" automated trading primarily through Limit-Up and Limit-Down mechanisms and computer "kill switches" to temporarily stop trading, thereby preventing the degree of volatility that could result in regulatory and/or legislative investigations.

The promised G7 monitoring has resulted in no government investigations into “excessive” speculation in commodities, much less regulatory reforms that would diminish excessive speculation and price volatility not caused by fundamental factors. For net food importing developing countries in particular, the progressive realization of the right to food depends in part on decreasing price volatility and excessive speculation in agricultural commodity derivatives markets.

6. Conclusions and Recommendations

More than ten years ago the world experienced extreme volatility of food prices wreaking havoc across the globe. After less than 15 years we are experiencing an unprecedented global food crisis triggered by the Russian war, but resulting from the intersecting effects of multiple crises.

The solution does not lie in addressing each crisis in isolation. This is a systemic crisis, and we need a holistic approach and a full transition to a more democratic, sustainable, fair, and stable food system.

Policy responses need to be anchored in a comprehensive human rights-based approach, thereby recognising the agency of those most affected as rights-holders, and the accountability of governments as duty-bearers.

People on the ground believe that food sovereignty and re-localised food provisioning can help, and that food systems transformation is more urgent than ever. The resilience of local food systems was already brought to light during the pandemic as they proved to be more resilient to

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shocks. A meaningful transformation must therefore focus on the wellbeing of people and the planet and requires a clear global coordination to drive the change we need.

The CSIPM calls Governments and UN Agencies to:

➢ **Break food import dependency and support domestic food provisioning**

- Rebuild the capacity of countries to produce the food they need by ensuring and promoting policies that strengthen the autonomy of the peasant economy and family farming, instead of policies that deepen their dependency on the global market.

- Territorial markets must be built and strengthened as ways of re-localization and increasing access to healthy foods, creating employment, and reviving local grains and foods. Short circuits of commercialization can also strengthen the autonomy of both consumers and producers. Linking producers and consumers, and urban and rural people, around domestic food provisioning is a priority.

- Mechanisms of public procurement of food produced by family farming and peasant agriculture should be ensured to guarantee access to those most affected by hunger and malnutrition, thus acting as a powerful social protection tool.

➢ **Establish mechanisms to minimize the impact of food prices volatility on people, producers, and consumers**

- Introduce pricing reform and commodity supply management to reinvigorate rural producers and ensure markets at remunerative prices for small-scale food producers, including public procurement policies.

- Build public food reserves to buffer price spikes and reduce vulnerability to food shortages and price rises.

- Ensure social protection measures and support people-centred development initiatives

➢ **Transform food systems through agroecology**

- Support agroecological pathways, based on territorially based processes and on the co-creation of knowledge, as they provide contextualized solutions to local problems, and reduce dependence on external inputs.

- Transformation towards agroecological models needs to be accompanied by regulatory and policy frameworks to phase out input-dependent, fossil fuel based agricultural systems, including through the progressive ban of highly hazardous pesticides and synthetic fertilisers.

➢ **Regulate the corporate power of agribusiness**
o Food sovereignty policies must be promoted, to reverse corporate concentration, and dismantle corporations' power in food systems.

o Governments must regulate prices with upper and lower price bands that are tied to inflation, limit opportunities for corporations to dominate global food markets, and introduce and enforce legal instruments to ban financial speculation in commodities. They should insist on reduction or elimination of foreign debt and raise taxes on corporate profits to redistribute funds.

o The concentration of private grain reserves must be over-turned; instead, public food reserves must be supported to protect people from shocks.

o Neoliberal trade agreements and finance and investment rules have severely undermined people's food sovereignty. Trade and investment must be reoriented to serve people and societies, not corporations. Free Trade Agreements (FTAs) should be halted, and existing WTO agreements must be dismantled.

o Stopping production of agro-commodities for feed, fuel, and profit.

➤ **Ensure human rights and democratic multilateralism**

o Democratic control needs to be exercised over food systems and policies. This includes a shift away from corporate capture in decision-making, and an efficient and decisive role for the UN in ensuring that control is given back to states and communities.

o Frameworks such as the UN Declaration on the Rights of Indigenous Peoples (UNDRIP), the UN Declaration of the Rights of Peasants and Other People Working in Rural Areas (UNDROP), and ILO provisions for protection of workers and Indigenous Peoples need to be recognized and implemented to protect those rights.

➤ **Strengthen the coordination role of the CFS**

The CFS was reformed following the food price crisis in 2007/2008 to become the foremost inclusive platform on food security and nutrition and the progressive realization of the right to food. The CFS is the existing inclusive multilateral forum in which the different aspects of the multi-dimensional crisis can be discussed and addressed from a human rights perspective. In this regard, the CFS can provide guidance to national governments, as well as guidelines on how to direct international/bilateral funding and address international policy issues. Therefore, the CFS must be strengthened in the role it plays in global coordination. Global coordination needs to be implemented within an inclusive multilateral governance mechanism that prioritizes the voices of the most affected countries and constituencies.
MONITORING

CFS POLICY RECOMMENDATIONS ON FOOD PRICE VOLATILITY AND SOCIAL PROTECTION