

# Agrofuels, Food Sovereignty, and the Contemporary Food Crisis

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In this article, agrofuels are examined in the context of the world food price crisis and the “food sovereignty” proposal for addressing the crisis. Both short- and long-term causes of the crisis are examined, and while agrofuels are presently not a prime causal factor they are clearly contraindicated by the crisis. Food sovereignty, including a moratorium on agrofuels, is argued to offer the best option for managing the crisis.

**Keywords:** *agrofuels; biofuels; food crisis; food prices; food sovereignty; Via Campesina*

Wail, O ships of Tarshish, for Tyre is laid waste,  
without house or harbor!

From the land of Cyprus it is revealed to them.

Be still, O inhabitants of the coast; the merchants of  
Sidon, who cross the sea, have filled you.

And on many waters your revenue was the grain of  
Shihor, the harvest of the Nile; you were the mer-  
chant of the nations.

Be ashamed, O Sidon, for the sea has spoken, the  
stronghold of the sea, saying: “I have neither labored  
nor given birth, I have neither reared young men nor  
brought up young women”

Who has purposed this against Tyre, the bestower of  
crowns, whose merchants were princes, whose trad-  
ers were the honored of the earth?

The Lord of hosts has purposed it, to defile the  
pompous pride of all glory . . .

At the end of seventy years, the Lord will visit Tyre,  
and she will return to her wages and will prostitute  
herself with all the kingdoms of the world on the face  
of the earth.

Her merchandise and her wages will be holy to the  
Lord. It will not be stored or hoarded, but her mer-  
chandise will supply abundant food . . . for those who  
dwell before the Lord.

Isaiah 23

In the current global context we are confronting the  
convergence of the food crisis, the climate crisis, the

energy crisis and the financial crisis. These crises have  
common origins in the capitalist system and more  
recently in the unrestrained deregulation in various  
spheres of economic activity, as part of the neoliberal  
model, which gives priority to business and profit. In  
the rural zones of the world, we have seen a ferocious  
offensive of capital and of transnational corporations  
(TNCs) to take over land and natural assets (water,  
forests, minerals, biodiversity, land, etc.), that trans-  
lates into a privatizing war to steal the territories and  
assets of peasants and indigenous peoples. This war  
uses false pretexts and deliberately erroneous argu-  
ments, for example to claim that agrofuels are a solu-  
tion for the climactic and energy crises, when the truth  
is exactly the opposite. Whenever peoples exercise  
their rights and resist this generalized pillage, or when  
they are obliged to join migrant flows, the response is  
always more criminalization, more repression, more  
political prisoners, more assassinations, more walls of  
shame, and more military bases. (Declaration of  
Maputo, La Via Campesina, October 23, 2008)<sup>1</sup>

Agrofuels must be considered within the context of  
the world food price crisis if we are to evaluate their  
likely impact, and we should judge their compatibility  
with *food sovereignty*, proposed by farmer organiza-  
tions, as the solution to the food crisis. In fact, in  
today’s world, we not only face a food crisis but  
rather interlocking crises of the climate, energy, food,  
and finances. All of these crises are products of the  
world capitalist system and neoliberal deregulation of  
markets. Agrofuels are related to all facets of this mul-  
tidimensional crisis. They have been posited as the

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solution to the energy and climate crisis, dubious claims that are addressed elsewhere in this issue, and they certainly are part of the financial crisis. "After the mortgage crisis, investors needed a new place to put their money. So they pumped it into commodities, farmland, and the new biofuels boom . . .," according to the Institute for Food and Development Policy and other analysts (Gordon, 2008; Shattuck, 2008).

### The World Food Price Crisis and Food Sovereignty

It is the relationship of agrofuels with the food price crisis that I examine in this article. In today's world we find ourselves mired in a global food price crisis that is driving increased hunger and even food riots in several continents. It seems odd that we are in crisis of high food prices, when the past 20 to 30 years have seen a crisis of *low* prices, prices so low that millions of peasants and family farmers around the world were driven off the land and into national and international migrant streams. To confront that harsh reality, La Via Campesina, the international alliance of organizations of peasant and family farmers, farm workers, indigenous people, landless peasants, and rural women and youth,<sup>2</sup> developed a comprehensive alternative proposal for restructuring food production and consumption at the local, national and global level, called "food sovereignty" (Rosset, 2006).

Under food sovereignty, and in contrast to the "one size fits all" proposals of the World Trade Organization (WTO), every country and people is deemed to have the right to establish its own policies concerning its food and agriculture system, as long as those policies do not hurt third countries, as has been the case when major agroexport powers dump foodstuffs in the markets of other countries at prices below the cost of production, thus driving local farmers out of business (Rosset, 2006). Food sovereignty would allow countries to protect their domestic markets against such practices. But now that we have shifted from a period of artificially low prices, to a period of high prices, or more accurately, more *volatile* prices, does food sovereignty still make sense? An examination of the causes of the current crisis, which turn out to be not so different from the previous crisis, shows that it indeed does. In fact, food sovereignty may well offer our only way of the current conundrum.

But, what are the causes of the extreme food price hikes?<sup>3</sup> There are both long-term and short-term causes. Among the former, the cumulative

effect of three decades of neoliberal budget cutting, privatization, and free trade agreements stands out. In most countries around the world, national food production capacity has been systematically dismantled and replaced by a growing capacity to produce agroexports, stimulated by enormous government subsidies to agribusiness, using taxpayer money (Rosset, 2006).

It is peasants and family farmers who feed the peoples of the world, by and large. Large agribusiness producers in most any country have an export "vocation." But policy decisions have stripped the former of minimum price guarantees, parastatal marketing boards, credit, technical assistance, and above all, markets for their produce. Local and national food markets were first inundated with cheap imports, and now, when transnational corporations (TNCs) have captured the bulk of the market share, the prices of the food imports on which countries now depend have been drastically jacked up (Rosset, 2006).

Meanwhile, the World Bank and the International Monetary Fund have forced governments to sell off their public sector marketing board and parastatal enterprises that maintained grain reserves (Rosset, 2006). The result is that we now face one of the tightest margins in recent history between public food reserves and demand, which generates both rising prices and greater market volatility. Food inventories are now largely in the hands of the private sector, usually foreign corporations, which behaves in an inverse fashion to the public sector when a crisis emerges. As prices rise, private merchants withhold stocks from markets, in order to artificially drive prices higher before selling. This is hoarding and speculation, and has been the *modus operandi* of private grain merchants from biblical times to present-day companies such as Cargill, Archers-Daniels-Midland, and Bunge. This was the case with the so-called "tortilla crisis" in Mexico in 2007 (Hernández Navarro, 2007). The public sector, on the other hand, does the reverse, releasing stocks as prices rise in order to ameliorate price hikes and allow the poor to continue eating, thus averting famine. Although parastatal grain marketing boards were corrupt and inefficient in many cases, selling them off has proven to be a cure worse than the disease; they should have been reformed instead (Rosset, 2006).

In other words, many countries no longer have either sufficient food reserves or sufficient productive capacity. They now depend on imports, whose prices are first skyrocketing, then dropping, then perhaps skyrocketing again. Another long-term cause of the crisis,

though of far lesser importance, has been changing patterns of food consumption in some parts of the world, like increased preference for meat and poultry products (Ray, 2008).

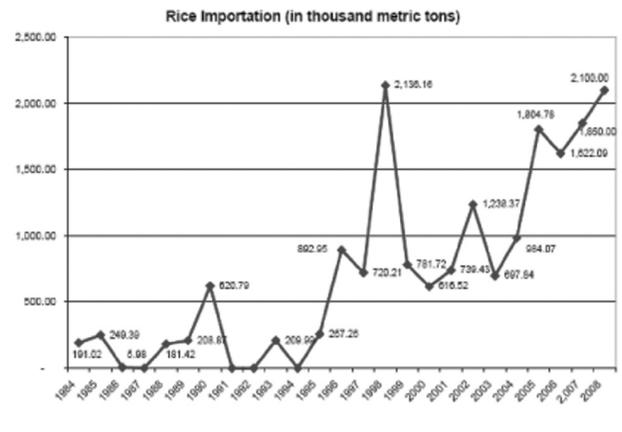
Among the short-term causes of the crisis, by far the most important was the relatively sudden entry of speculative financial capital into food markets (followed by their at least partial exit). Hedge, index, and risk funds have invested heavily in the futures markets for commodities like grains and other food products. With the collapse of the home mortgage market in the United States, their already desperate search for new avenues of investment led them to discover these markets for futures contracts. Attracted by high price volatility in any market, because they take their profits on both price rises and price drops, they bet like gamblers in a casino—gambling, in this case, with the food of ordinary people. These funds injected an additional 70 billion dollars of extra investment into commodities, inflating a price bubble that has pushed the cost of basic foodstuffs beyond the reach of the poor in country after country. More recently, commodity prices have begun to drop, as the funds have been hard hit by the financial crisis, although the most likely scenario now is that prices will follow wild swings as derivative investors bet on both up- and down-swings. When crop commodity prices rise, consumer prices follow suit, but when commodity prices drop, consumer prices stay high, thus hurting both farmers and consumers. Furthermore, farmers scarcely benefited when prices rose, as most of their harvests were sold at lower prices and thus grain-trading corporations made windfall profits (see the excellent analysis of these phenomena by Hernández Navarro, 2008).

The major global price increases in the costs of chemical inputs for conventional farming, particularly fertilizers, as a direct result of the high price of petroleum, were also a major short-term causal factor (although oil and fertilizer prices began to fall more recently). Other factors of recent impact include droughts and other climate events in a number of regions, and a tendency of TNCs to export needed foodstuffs from certain countries in search of better prices, exacerbating local shortages.

### Agrofuels in the Context of the Food Crisis

There is no doubt that the agrofuel boom is a contributing factor in the food price crisis. Although not yet a dominant causal factor (so far these have been

**Figure 1**  
**Rice Importation by the Philippines (1984-2008)**  
**in Thousands of Metric Tons (After Freedom**  
**from Debt Coalition, 2008)**



the dismantling of productive capacity, privatization, hoarding, and speculating with reserves, trade liberalization and the role of speculative financial capital), demand for agrofuels can only exacerbate the crisis.

We can use the Philippines as a case in point. The Philippines has an estimated 4 million hectares planted to rice, the basis of the national diet, with an average yield of 3.68 tons per hectare. Yet the Philippines produces only 85% of its rice requirements, importing the rest. In fact, the Philippines is facing an escalating crisis of import dependency, as depicted in Figure 1, but by late 2007, the government had committed 2.2 million hectares of farmland to agrofuel production, more than half the rice area (SEARICE, 2008). Meanwhile, the price of rice has been rising since 2001, with a 12% hike in 2007, and a 60% jump between January and April of 2008. By April of 2008, the price of rice was about US\$1 per kilogram, while millions of the country's urban poor earn less than US\$2 per day (SEARICE, 2008). It is impossible to examine this and similar cases around the world and not see the inevitable negative impact of agrofuels on the food crisis.

Of course, governments such as those of the Philippines, Mexico, and others argue that many agrofuels are to be produced from crops similar to *Jatropha* that are not human foods and therefore, they make the claim that in such cases, food for cars (agrofuels) does not in fact compete with food for people. This is patently false, as the area to be planted to these biomass crops often comes from areas that would otherwise be devoted to food production. Furthermore,

when biomass crops are planted on marginal soils, they often compete even more with food production, as the expansion of agroindustry on the most fertile lands of most countries has driven peasant and family-farm food producers precisely into those marginal areas now slated for agrofuel production. Finally, second- or third-generation agrofuels using cellulosic technologies to turn normally nonharvested crop residues into agrofuels, will also damage food production. This is because the nonedible portions of food plants such as maize should be incorporated into the soil after harvest in order to maintain soil fertility. If instead, they are harvested and sent to ethanol factories, we are likely to see a steep decline in soil fertility and a resulting drop in food crop yields (Science Daily, 2008). Agrofuels are clearly not the right policy direction for a world faced with a food crisis.

### Food Sovereignty: The Only Way Out of the Crisis

Faced with this global scenario, and all of its implications, there is really just one alternative proposal that is up to the challenge. Under the Food Sovereignty paradigm, social movements and a growing number of progressive and semiprogressive governments propose that we re-regulate the food commodity markets that were deregulated under neoliberalism. And regulate them better than before they were deregulated, with genuine supply management, making it possible to set prices that are fair to both farmers and consumers alike, as outlined in Table 1 (Rosset, 2006).

That necessarily means a return to protection of the national food production of nations, both against the dumping of artificially cheap food that undercuts local farmers, and against the artificially expensive food imports that we face today. It means rebuilding the national grain reserves and parastatal marketing boards, in new and improved versions that actively include farmer organizations as owners and administrators of public reserves. That is a key step toward taking our food system back from the TNCs that hoard food stocks to drive prices up (Rosset, 2006).

Countries urgently need to stimulate the recovery of their national food producing capacity, specifically that capacity located in the peasant and family farm sectors, and that means public-sector budgets, floor prices, credit and other forms of support, and genuine agrarian reform. Land reform is urgently needed in many countries to rebuild the peasant and family farm sectors, whose vocation is growing food for

**Table 1**  
**Food Sovereignty Policies**  
**to Address the Global Food Price Crisis**

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- Protect domestic food markets against both dumping (artificially low prices) and artificially high prices driven by speculation and volatility in global markets
  - A return to improved versions of supply management policies at the national level and improved international commodity agreements at a global level
  - Recovery of the productive capacity of peasant and family farm sectors, via floor prices, improved marketing boards, public-sector budgets, and genuine agrarian reform
  - Rebuild improved versions of public sector and or farmer-owned basic food inventories, elimination of transnationals and the domestic private sector as the principal owners of national food stocks
  - Controls against hoarding, speculating, and forced export of needed foodstuffs
  - An immediate moratorium on agrofuels
  - The technological transformation of farming systems, based on agroecology, to break the link between food and petroleum prices, and to conserve and restore the productive capacity of farm lands
- 

people, because the largest farms and agribusinesses seem to only produce for cars and for export (Rosset, Patel, & Courville, 2006). And many countries need to implement export controls, as a number of governments have done in recent months, to stop the forced exportation of food desperately needed by their own populations.

Finally, we must change dominant technological practices in farming, toward an agriculture based on agroecological principles, that is sustainable, and that is based on respect for and is in equilibrium with nature, local cultures, and traditional farming knowledge (Altieri, 2008). It has been scientifically demonstrated that ecological farming systems can be more productive, can better resist drought and other manifestations of climate change, and are more economically sustainable because they use less fossil fuel. We can no longer afford the luxury of food whose price is linked to the price of petroleum (see Schill, 2008), much less whose industrial monoculture production model—with pesticides and GMOs (genetically modified organisms)—damages the future productive capacity of our soils. Clearly, we need an immediate moratorium on agrofuels.

All of these recommendations, which address each of the major cause of the crisis, are part of the food sovereignty proposal (La Via Campesina, 2008; Rosset, 2006). The time seems to have truly arrived for La Via Campesina and for Food Sovereignty. There is no other real solution to feeding the world,

and it is up to each and every one of us to help force the changes in national and international public policy that are so urgently needed.

### Notes

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2. [www.viacampesina.org](http://www.viacampesina.org).
3. Those assertions in this section that do not include bibliographic citations come from: Berthelot (2008); La Via Campesina (2008); GRAIN (2008).

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