



# ENOUGH FOR EVERYONE

## **Oxfam America's five-point plan to respond to the emerging food crisis and reduce food insecurity around the world**

As food prices reach record heights and register unsurpassed volatility, we face a looming emergency that threatens US economic growth and the lives of tens of millions who have been driven into deeper poverty and hunger. These food price spikes have contributed to increasing violence and instability in vulnerable regions around the world, created great economic harm, and put additional pressure on our humanitarian, diplomatic, and national security resources. Increasingly extreme and erratic weather patterns are disrupting agriculture and food supplies, further contributing to price spikes and exacerbating conflicts around the world.

Right now the power to overcome the failures of our food system sits neither with the billion-plus farmers who produce food nor the billions of consumers who eat it. Instead, companies and governments set policies

and control markets—and they often determine who eats and who doesn't. We must all work to deliver a future in which everyone has enough healthy food to eat. But the most powerful actors—President Obama, the US Congress and US companies—must take urgent action to begin to build a better food system today.

This plan alone won't end hunger. But by taking immediate action on these priorities, President Obama, Congress, and companies can ensure greater economic prosperity and national security, a better life for poor farmers, and a more stable food supply for everyone for generations to come.

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# 1. INVEST IN SMALL-SCALE FOOD PRODUCERS

Approximately 80 percent of the world's hungry people live in rural areas, where most depend on food production for their livelihoods.<sup>1</sup> Yet they lack the resources to grow or buy enough to feed their own families, and they face increasing risks from extreme weather, droughts, and floods. Investing in small-scale food producers is the best way to achieve global food security and reduce poverty through economic growth. To meet the challenge of producing more food where it can make the greatest difference for the hungry, we must increase investment in small-scale food production, helping farmers build resilience to extreme weather and reducing dependence on US aid over the long term.

## RECOMMENDATIONS

### THE OBAMA ADMINISTRATION

The administration should maintain a focus on global food security and building international resilience to a changing climate, and ensure that the Feed the Future and climate preparedness initiatives live up to their principles, especially 1) support for priorities identified by countries and communities and 2) full participation and engagement with small-scale food producers, especially women, in the decision-making processes.

### US CONGRESS

Congress should fully fund the president's budget request to deliver on US commitments to support global food security and provide funding to developing countries to build climate preparedness as agreed at the G8 meeting in L'Aquila and the UN summits in Copenhagen and Cancun respectively.

### THE PRIVATE SECTOR

Companies should assess their entire supply chain and ensure that their investments in developing countries, which affect agriculture and food security, are guided by best practices that build resilient, sustainable, and inclusive agriculture development.

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# 2. END EXCESSIVE SPECULATION IN AGRICULTURAL COMMODITIES

Speculation has an important role to play in improving the functioning of futures markets by helping producers and consumers, i.e. bona fide hedgers, manage risk. Yet excessive speculation provides no additional value; instead, it distorts the functioning of futures markets by disconnecting prices from market fundamentals like supply and demand and by amplifying food price volatility. Excessive speculation also undermines the livelihoods of small-scale farmers by reducing their ability to effectively manage risk and participate in the marketplace. While bona fide hedgers pay normal tax rates on their commodity investments, many financial speculators, pension funds, and endowments pay very low or no taxes on their profits from speculation. The US government and investors must begin immediately reining in excessive speculation in agricultural commodities and inject sorely needed transparency into the system.

## RECOMMENDATIONS

### THE OBAMA ADMINISTRATION

The administration should resist efforts to delay the US Commodities Futures Trading Commission from ensuring full transparency and implementing reasonable regulation including position limits to curb excessive speculation and market manipulation. President Obama should push global leaders to make similar reforms in their markets at G20 meetings in France and Mexico.

### US CONGRESS

Congress should enact legislation that creates uniform tax rules for all commodity market participants, that ensures pure speculators pay the same taxes as bona fide hedgers in the commodities markets, and that removes the tax break for commodity market earnings for pension funds and large endowments, which can have a particularly harmful impact on commodity markets.

### THE PRIVATE SECTOR

Institutional investors should engage only in active investments and publicly support transparency in all commodity trading, particularly agricultural commodities.

## 3. MODERNIZE FOOD AID

Helping nations during food crises is an essential part of US foreign policy; it reduces instability around the world and protects the most vulnerable communities from catastrophe. But the current US food aid system is broken. US food aid regulations that require food to be purchased and shipped from the US put the interests of industry lobbyists ahead of American taxpayers and those in need. This means that the US government wastes up to 32 cents out of every \$1 spent on food aid, costing American taxpayers hundreds of millions of dollars.<sup>2</sup> Emergency food aid can also take four to six months for delivery, a delay that can mean life or death.<sup>3</sup> The current programs can also be made more effective: most US food aid does not meet the nutritional needs of vulnerable populations, particularly young children. Reforms that deliver more nutritious foods, allow for local and regional purchase of food aid, and eliminate the US vessel shipping requirement will save time, lives, and US tax dollars while reducing dependence on aid over the long term.

### RECOMMENDATIONS

#### THE OBAMA ADMINISTRATION

In the current context of record-high food prices, the president should use his emergency authority to waive cargo preference requirements for US food aid because such requirements risk lives and drive up costs.

#### US CONGRESS

Congress should meet the president's FY2012 budget request for emergency local and regional purchase of food aid including cash and voucher programs, should support the inclusion of such programs in the US farm bill when it is reauthorized, and should eliminate the requirement that US food aid be purchased in the US and shipped on US-flag vessels.

#### THE PRIVATE SECTOR

Companies and nonprofits participating in food aid programs should operate transparently and should improve the nutritional quality of the food aid they provide.

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## 4. STOP GIVEAWAYS TO THE CORN-ETHANOL INDUSTRY

The US federal biofuels mandate and industry tax breaks, which cost taxpayers \$6 billion a year,<sup>4</sup> are driving up food prices, contributing to increased price volatility, and increasing greenhouse gas emissions all while having little to no impact on US oil dependence. Subsidizing oil companies to blend ethanol is wasteful, unnecessary, and damaging to consumers around the world. Currently 40 percent of the US corn harvest is devoted to ethanol production, up from 10 percent in 2000, raising corn prices in the US and around the world.<sup>5</sup> We must put an end to these giveaways and refocus our investments on technologies that do not undermine food security.

### RECOMMENDATIONS

#### THE OBAMA ADMINISTRATION

President Obama should use his emergency authority to temporarily waive the federal biofuels mandate when corn prices are high due to the economic harm that high and volatile food prices have on the US and global economy, particularly on poor food consumers worldwide.

#### US CONGRESS

Congress should eliminate the biofuels tax credit (Volumetric Ethanol Excise Tax Credit –VEETC), which wastes taxpayer funds. Congress should consider ways to focus support on energy sources that do not consume critical food and agriculture resources and do not contribute to climate change.

#### THE PRIVATE SECTOR

Companies should reduce corn ethanol infrastructure investments, invest in developing biofuels technologies that do not compete with food-related commodities like corn or soy, and develop internal safety valves to slow food-to-fuel conversion when food stocks run low or corn prices run high.

# 5. REGULATE LAND AND WATER GRABS

The increased drive by investors, companies, and governments for valuable farmland in developing countries is posing a serious threat to the rights and livelihoods of small-scale food producers, especially women, who often lack legal rights and can be forced off the land without any means to support their families. While they are sometimes intended to spur investment in agricultural production, infrastructure, and market development, large-scale land acquisitions too often result in poor communities having reduced access to water and land. As the hunt for land and water heats up, the full application of the norms of transparency and free, prior, and informed consent (FPIC) must be embedded into the policies and practices of the farmland and water acquisitions of governments, companies, and other relevant institutions.

## RECOMMENDATIONS

### THE OBAMA ADMINISTRATION

The administration should convene a multi-stakeholder forum to address the problem of irresponsible international land and water acquisitions and should promote action on land and water grabs at relevant international meetings including the G20 and G8.

### US CONGRESS

Congress should enact “Right to Know” legislation that requires full transparency of transactions for companies and investors engaged in large-scale land and water acquisitions.

### THE PRIVATE SECTOR

The private sector should immediately adopt best practices for use of land and water resources to avoid undermining or undercutting small-scale food producers’ access to resources and to ensure all benefits of land or water acquisitions are shared with local communities, particularly with women.

Learn more at [oxfamamerica.org/grow](http://oxfamamerica.org/grow)



#### Notes

- 1 UN Millennium Project, Task Force on Hunger, *Halving Hunger: It Can Be Done* (London: Earthscan, 2005), accessed April 13, 2011, [www.unmillenniumproject.org/reports/tf\\_hunger.htm](http://www.unmillenniumproject.org/reports/tf_hunger.htm).
- 2 Organisation for Economic Co-Operation and Development, *The Development Effectiveness of Food Aid: Does Tying Matter* [www.oecd.org/resources/download/2250.pdf](http://www.oecd.org/resources/download/2250.pdf) (2005).
- 3 Government Accountability Office (GAO), *Foreign Assistance: Various Challenges Impede the Efficiency and Effectiveness of US Food Aid Programs*, GAO-07-560 (2007).
- 4 Government Accountability Office (GAO), *Foreign Assistance: Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue* GAO-11-318SP (2011).
- 5 US Department of Agriculture, *World Agricultural Supply and Demand Estimates* (May 2011).

**Oxfam America headquarters**  
226 Causeway Street, 5th Floor  
Boston, MA 02114  
(800) 77-OXFAM  
[oxfamamerica.org](http://oxfamamerica.org)

**Oxfam America policy & campaigns**  
1100 15th Street., NW, Suite 600  
Washington, DC 20005  
(202) 496-1180

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