

Unprecedented actions are needed to prevent the terrifying prospect of a global food crisis

EFFAT Resolution adopted at the EFFAT Executive Committee on 14 June 2022

1. Death, destruction, and misery: this is what every war is about

After more than 100 days of conflict in Ukraine, a peaceful solution is not yet envisaged.

Every single day the number of dead and wounded increases along with the level of destruction. As it always happens, civilians, including workers, are the main victims of the war. Ukrainian people are paying the highest price of the brutal Kremlin's invasion with thousands of lives lost, entire families divided and the destruction of their homes and cities. In the rest of Europe, the consequences are called inflation, increased inequality, instability, and the potential loss of many jobs, especially in the most exposed economic sectors, including the EFFAT ones. But this war has also dramatic consequences outside the European continent. In food deficit regions such as the Middle East, North Africa, and sub-Saharan countries the war is pushing millions of people into a hunger crisis, which may lead to social unrest, forced migration, famine and death.

EFFAT reiterates its firmest condemnation of Putin's invasion against Ukraine and demands the immediate cessation of all Russian military operations. We support the strongest possible sanctions against oligarchs and the Russian regime. We reiterate our solidarity with the people of Ukraine as well as with the Ukrainian trade unions. We commend all those in Russia who oppose the war and call for peace despite the hard repression.

Despite the situation becomes more dramatic every day, simple but significant words such as negotiation, peace and diplomacy are not visible in the EU political debate anymore, leaving space to increased geopolitical tensions and escalation. EFFAT reiterates its call for dialogue, de-escalation and real peace talk and urges the European Union to step up its efforts to end this dramatic conflict and ensure long standing peace in Europe.

2. Speculation pushes millions of people into hunger and poverty

One of the most dramatic consequences of this conflict is the impact it has on food security and food affordability. Over 30 countries depend on Russia and Ukraine for at least 30% of their wheat import needs, and at least 20 countries source over 50% of wheat imports from those two countries (see details on the importance of Ukraine and Russia for global food security in the background document). These countries are highly vulnerable to price shocks and supply shortfalls.

Losing Ukrainian grain production for a number of years could present real supply problems for many countries. Fertilizer shortages could significantly affect 2023 production. Supply disruptions are occurring as new/rerouted grain shipments are awaited, leading to temporary shortages and rising prices. However, a large part of this year's wheat shortfalls is likely to be made up by other countries production increases (that started already before the Russian invasion) and the release of grain reserves. **Therefore, there is not a global food supply shortage at the moment.**

Current price shocks are being exacerbated by a number of dysfunctions in global grain markets, including commodity speculation. The share of speculators (i.e. non-commercial managed money operators) holding long positions in the wheat and maize markets was around 50% in April 2022 – similar to their share during the 2007-08 crisis. Immediately following the invasion of Ukraine, investors rushed into wheat and corn futures. In just 9 days, the price of wheat on futures markets jumped 54%, and then retreated nearly as quickly, albeit remaining at a high level. **This suggests that prices may be reflecting financial market sentiment rather than grain market fundamentals. It also means that speculators are literally betting on hunger, profiting from the pain of millions of people who are being pushed into poverty and malnutrition.**

3. EFFAT proposals to prevent a global food crisis and ensure food affordability

EFFAT calls on the EU Institutions and European governments to do whatever it takes to avoid the catastrophic scenario of a global food crisis. More specifically, EFFAT calls to deliver on the following 5 priorities.

1. Prevent food shortages in Ukraine and in food deficit countries and support domestic food production

- Further empower the functioning of the “EU-Ukraine Solidarity Lanes” as well as alternative logistic routes to help Ukraine import food and export agricultural goods.
- Enhance the European Commission support on the ground in Western Ukraine to ensure the harvesting season in the country takes place this year.
- Actively work for a cease fire which includes an agreement to immediately deblock the Black Sea ports and allow export of cereals to food deficit countries.
- Increase Member States contributions to the World Food Programme and the United Nation’s Food and Agriculture Organisation (FAO) to coordinate needed actions and prevent a hunger crisis.
- Support food deficit countries in promoting domestic food production to tackle their food imports dependencies with a specific focus in those countries where the population became accustomed to wheat-based diets in regions that are not capable of producing it.
- Assess the possibility to cancel the debts of the poorest food import dependent countries.
- Tackle concentration of power in the global trade of staple crops which is dominated by a handful of countries and corporations (Archer Daniels Midland, Bunge, Cargill, and Louis Dreyfus control 70-90% of the global grain trade) leading to significant disruptions when a major exporter goes offline.

2. End food commodities speculation

- Strengthen monitoring on trading practices across the food chain and ensure better transparency on global grain markets, and notably on stock levels.
- Introduce actions to limit fluctuations and implement price controls in futures markets.
- Explore ways to discourage short-term capital influxes into agriculture-linked exchange traded funds.
- Assess the potential introduction of an excess profit tax for commodity index funds and other derivatives trades, building on calls for an EU Financial Transaction Tax.

3. Support households and workers with rising food and energy prices

- Adopt urgent measures to protect low-income households from food insecurity, ensuring everyone can afford healthy and nutritious food also through direct economic support.
- Consider the introduction of taxes on excess profits in the energy sector to finance support for most vulnerable households hit by increases in energy prices.
- Agree on the prompt introduction of an EU wide gas price cap as well as joint EU measures to shield consumers from raising energy prices with the aim of controlling the cost of living.
- Avoid the extension of the Emission Trading System (ETS) to households and limit its impact on low-income families.
- Assess Oxfam’s proposal to introduce one-off solidarity taxes on billionaires’ pandemic windfalls to fund support for people facing rising food and energy costs.

- Strengthen collective bargaining and raise statutory minimum wages as part of the strategy to tackle inequality and ensure wages keep pace with increased living costs.

4. Learn the lessons, rethink the European agro-food sector

The current scenario exposes the vulnerabilities of our food system including our dependence on imports of gas, oil, fertilisers and animal feed. EFFAT:

- Reiterates its support for the Farm to Fork Strategy as it shows the way for a more sustainable agro-food sector which is less dependent on antibiotics, synthetic pesticides and fertilizers (that we largely import), and therefore also safer for agro-food workers.
- Opposes any instrumentalization of the war to lower the ambition of the EU Pillar of Social rights, the Green Deal and the Farm to Fork Strategy. At the same time, we reiterate our demand for greater social considerations and just transition measures in EU environmental policies and legislation.
- Calls for compliance with the objectives of the EU Recovery plan and the Farm to Fork Strategy, ensuring available budget is not diverted to military expenditure but it is used for a fair economic recovery and the sustainable development of the agro-food sector.
- Warns against any attempt to suspend the new CAP with social conditionality from entering into force in 2023.

5. Preventing negative consequences on jobs and working conditions in the agro-food sector,

Food security relies on the jobs of those that harvest, process and pack our food. Ensuring their job is protected and their working conditions are respected is key to ensure food is available on our tables. In particular, EFFAT:

- Demands the extension of emergency measures successfully used by the EU to tackle the COVID-19 outbreak, including SURE, by refinancing them to address the consequences of the war on jobs.
- Calls on the Commission to carry out a detailed assessment of the actual and potential impact of the war on jobs and working conditions in the agro-food sector in each Member State and at Union level.
- Warns against any attempt to use the call for increased food production in Europe as an excuse to weaken labour inspections and implement a deregulation agenda on workers' rights.
- Calls for more effective inspections in the agro-food sector. We reiterate EFFAT demand for an EU legal instrument on inspections and complaint mechanisms (See demand nr 2 of [EFFAT demands](#)).
- Calls on Member States to welcome all people fleeing from Ukraine and to fully implement the recently activated Temporary Protection Directive to ensure full equal treatment.

Conclusions

This dramatic war represents a major threat for food security and food affordability in Europe. All efforts must be placed on the search of a peaceful solution of the conflict. In the meanwhile, concrete measures are needed to save jobs and to support the most vulnerable populations and households.

The Commission has already put forward a series of actions to enhance global food security and food affordability. This is welcome, however, the initiatives in place so far are far from being sufficient. Without unprecedented urgent measures millions of people risk famine and death. Meanwhile thousands of farms and food companies in Europe risk to close with major repercussion on employment.

EFFAT submit this resolution to the attention of the EU Institutions and offers its support to help in developing actions that can mitigate the impact of this dramatic war on the agro-food sector.