

Free trade in rice can lead to more hunger - study

By Jonathan Lynn
Reuters
November 1, 2007

GENEVA - Free trade in rice has increased hunger and poverty among subsistence farmers in at least three developing countries, an anti-poverty advocacy group said on Thursday.

The Ecumenical Advocacy Alliance examined the local impacts of decisions to open national rice markets to foreign imports in Ghana, Honduras and Indonesia.

Its study supported what many advocacy groups have long suspected -- that free trade policies exacerbated hunger and poverty, rather than helping countries out of it.

"The causes we found were mainly due to liberalisation of markets and reductions of tariffs," Jean Blaylock, global trade campaign officer for the alliance, told Reuters.

The findings of the study run counter to the thinking behind the Doha round of trade talks at the World Trade Organisation (WTO), which aims to help poorer nations export their way out of poverty by freeing up global trade.

The study also reinforces the conclusion that aid to developing countries in the form of food can devastate the livelihoods of local farmers.

Rice is the staple food for half the world's population.

NO BENEFIT FOR CONSUMERS

Blaylock said the study showed that rice farmers, while not starving, were cutting back on their children's education, health care and at times food, and the beneficiaries of cheap rice imports were the importing companies rather than consumers.

"In all three countries, the influx of cheap imports has not even necessarily equated to lower costs for consumers because of the high concentration of the rice business," the group said.

"Thus both producers and consumers in the national economy can lose in the drive to liberalise markets to international trade," it said in a statement.

Rice growing and processing are the main source of income for around 2 billion people, it said. International trade in rice accounts for only 6.5 percent of global consumption.

The study showed that Ghanaian rice farmers in Dalun, Northern Region, had seen demand for their product drop 75 percent since 2000 as rice from the United States, Vietnam and Thailand flooded the local market.

Rice production in Honduras collapsed in the early 1990s when the government removed tariffs and producer support under International Monetary Fund and World Bank programmes, it said.

Huge amounts of rice dumped on the Honduran market as food aid from the United States after two natural disasters, Hurricane Mitch and Tropical Storm Michelle, eliminated demand for local rice at a fair price.

"Donations ... of milled rice came from abroad, and the municipalities were full of milled rice. They started giving this rice to everybody. So the market was saturated and rice producers didn't know what to do with their rice," the study quoted Honduran farmer Eduardo Benitez as saying.

Rice imports to Indonesia increased under liberalisation expanded after the 1997 Asia financial crisis, creating volatility in producer and consumer prices resulting in higher poverty, malnutrition and debt, it said.

The Ecumenical Advocacy Alliance groups more than 100 Christian churches and organisations to cooperate on global trade and HIV/AIDS. The full study can be seen at www.e-alliance.ch/globaltrade/policiesandhunger.pdf.