

# Trade & Policies & Hunger

the impact of trade liberalisation on the Right to Food of rice farming communities in Ghana, Honduras and Indonesia

## Executive Summary

Paul Jeffrey/EAA

### RICE AS A CASE STUDY FOR THE RIGHT TO FOOD

Without food no human being can survive. Access to food that is sufficient and healthy is a basic precondition for all people to fully develop their physical, mental and intellectual capacities and to conduct their life in dignity.

The Right to Adequate Food is recognised as a basic human right in the General Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights. Currently 156 states have ratified this Covenant, obliging them respect, protect and fulfil the right to adequate food for their own citizens to the maximum of their resources. They also have an obligation to support the right to food in other countries and at least to do no harm, whether dealing with the country directly or through intergovernmental organisations.

The Right to Food is understood as more than the right to be fed or the provision of minimum sustenance to prevent people from dying of hunger. It is understood as the right to have the means to feed oneself adequately, either through income to buy food or through land and other resources to produce it. People have a right to be able to do this without sacrificing other basic rights such as health, education or shelter.

The Ecumenical Advocacy Alliance's Trade for People Campaign commissioned FIAN International (FoodFirst Information and Action Network) to undertake a study aimed at analysing whether the Right to Food of specific communities has been violated as a result of trade liberalisation.

Rice was chosen as the example because it is central for food security all over the world. Rice is a staple food for half of the world's population. Two billion people depend on rice production as their main source of income. Ninety percent of these are smallholders, usually working on a plot of less than one hectare, and most of these smallholders are women. Globally such small-scale farmers are vulnerable to poverty and food insecurity.

**"There is hunger in our family.  
Children eat, but not much."**

*Rukaya Abdul Rahman, farmer in Dalun*

### GENERAL FINDINGS

This study analysed national rice production and international trade in three countries: Ghana, Honduras and Indonesia. Unique among research on trade policy, this

study set macroeconomic analysis side by side with a community level human rights assessment. The study reveals the pressures put on national governments by international organisations such as the International Monetary Fund (IMF) and the World Bank to open markets and remove supports, as well as the effect of trade agreements in contributing to poverty and hunger of already vulnerable small farmers.



Justin Coupertino/EAA

In Ghana, local rice farmers in Dalun, in the Northern Region have seen the demand for their rice drop 75 percent since 2000 as rice from the US, Vietnam and Thailand inundated the local market during a slump in the world market price for rice. The US rice in particular has been highly subsidized and dumped on the Ghanaian market at less than the cost of production. These imports also have had the advantage of an international infrastructure for distribution and advertising. As a result, more farmers report cutting back on meals, rising debts, increasing health problems and inability to meet the educational needs of their children, particularly before the harvest when resources are scarcest. Due to demands by the International Monetary Fund, Ghana removed support services for farmers in the 1980s and liberalised rice imports in 1992. In 2003, when the Ghanaian government attempted to raise tariffs on rice, the IMF again applied significant pressure until the government reversed its decision.

In Honduras, local rice production collapsed in the early 1990s when the government removed tariffs and producer support because of the Structural Adjustment Programme imposed by the IMF and World Bank leading to a flood of imported rice, mainly from the US. Two natural disasters – Hurricane Mitch and Tropical Storm Michelle – gave another serious blow to rice farmers trying to recover. This was due not so much to the

storms' devastation but to the huge amounts of rice dumped on the Honduran market as food aid from the US. This eliminated demand for local rice at a fair production price. In the 30 families that make up the community of Guayamán, previously 23 were involved in rice production. Now only five continue to produce rice, and even they need to augment their livelihood with other jobs

in the region. A successful reduction in subsistence farming that had been achieved in the 1980s due to agrarian reform has largely been reversed, and control and ownership of land is once again becoming concentrated in the hands of a few. While rice production stabilized after a national Rice Agreement in 1999, the implementation of the Central American Free Trade Agreement (CAFTA) means that tariffs will steadily fall to zero, jeopardizing still further the farmers who struggle to feed their families, much less climb out of the debts that have accumulated.

Since independence in 1949, Indonesia has sought to become self-sufficient in rice and to achieve low rice prices for consumers and high incomes for producers. Up until 1996 the government controlled the domestic market to ensure price stability and subsidized production. Import liberalisation began in 1995 with WTO rules, which was further expanded in 1997 following the Asian economic crash and the Structural Adjustment Programmes imposed by the IMF. Imports increased and both producer and consumer prices for rice became very volatile. The impact

on the communities of the “rice barn” of Indonesia in West Java have been severe, as rising production and living costs and decreasing incomes have increased poverty, malnutrition, and debts while limiting access to housing, health

and education. Since 2001, the government has tried to reassert control over the market but so far the measures have not significantly helped to raise producers' incomes or

**“In a way they have food in the sense of direct eating. But what sacrifices are they making in order to eat?”**

*Ibrahim Akalbila, Ghana Trade and Livelihood Coalition*

lower consumer prices. In the meantime, the World Bank continues to pressure the government to lift a seasonal import ban, which would further threaten the precarious situation of small farmers in the country.

**“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.”**

*Eduardo Benítez, farmer in Guayamán*

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. Thus both producers and consumers in the national economy can lose in the drive to liberalise markets to international trade.

## CONCLUSIONS

Rice farmers whose market access is destroyed lose their main source of income and will probably no longer be able to feed themselves and their families adequately at all times. Many of them will have great difficulties to find alternative

sources of income, not only in the short term but also in the long run.

This study concludes that the Right to Adequate Food of these rice producing communities has been violated in the past by the specific actions of the

national governments of Ghana, Honduras and Indonesia; the demands of international organisations such as the IMF and World Bank; and the involvement of the member states of these international organisations, including the practices of certain countries which has contributed to import surges and inappropriate use of food aid.

These conclusions have specific implications.

The strong evidence that trade liberalisation has directly led to the violation of the Right to Food of small scale rice producers casts further serious questions on the value of a trade approach which further de-stabilizes and marginalizes small scale farming communities. The argument that

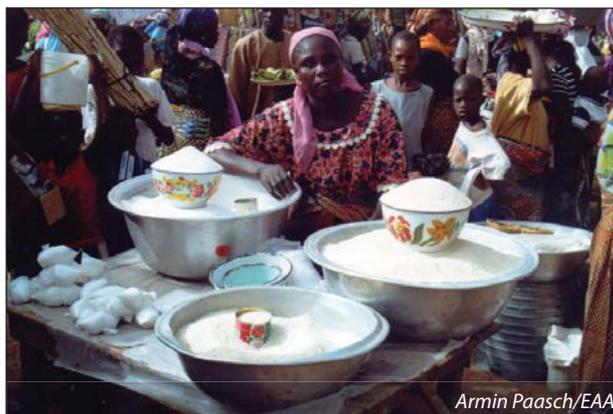


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trade liberalisation benefits consumers has not been born out by these case studies.

National governments that have tried to protect their producers and consumers have had – and continue to experience – intense pressure by external groups including the IMF, World Bank and powerful trading partners to increasingly open markets and reduce producer support. In this way, external actors such as governments and international organisations have prevented governments from fulfilling the rights of their citizens.

Human rights have a special nature. They cannot be traded off, and they cannot be supplanted by international,



Armin Paasch/EAA

**“My father was a farmer, but back then he sent his four children to school because it was affordable even just from rented fields... Today, many have to drop out from school to start working.”**

*Rusiadran, landless tiller in Samudrajaya*

regional, or bilateral trade agreements that result in human rights violations.

The Right to Adequate Food requires policies that create an enabling environment for producers and affordable prices for consumers in their countries. In the case of a crucial staple food like rice, reliance on volatile international markets has had severe implications in these three countries, whereas support for domestic rice production and market control has proven to benefit consumers and producers.

**COMPLETE STUDY:**

[www.e-alliance.ch/globaltrade/policiesandhunger.pdf](http://www.e-alliance.ch/globaltrade/policiesandhunger.pdf)

**TRADE POLICIES AND HUNGER:  
THE IMPACT OF TRADE LIBERALISATION ON THE RIGHT TO FOOD OF  
RICE FARMING COMMUNITIES IN GHANA, HONDURAS AND INDONESIA**

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