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Statement at the FAO High-Level Conference on World Food Security: the Challenges of Climate Change and Bioenergy

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My friends, ladies and gentlemen,

We have come here to discuss solutions to the world's food security problem.

Food security has always been one of my government's central concerns. In 2003, I launched the pioneering Zero Hunger program, which has allowed millions of extremely poor Brazilians to start eating three meals a day.

I have also made the fight against poverty a priority on Brazil's international agenda. I joined with other leaders of rich and poor countries in order to find enough resources to free a major share of humanity from the scourge of hunger and malnutrition.

Working with them, we developed creative ways to re-route money that now goes to weapons production or to the quest for exorbitant profits from financial speculation into more humanitarian goals, such as feeding hungry people.

We have made progress. For example, we have created a mechanism to meet the need for treating endemic diseases in the poorest countries.

Yet we have done little compared to the huge scale of this task. I remind you that every night more than 800 million people around the world go to sleep hungry. This is offensive, and an insult to humanity.

Despite all the technical work and the political efforts of some leaders, all kinds of resistance continues to be raised against innovative solutions.

We met at UN Headquarters in New York with 60 Heads of State and top representatives from over 100 countries, and approved a document that proposed measures that were both audacious and feasible.

Yet the meetings ended, the lights went out and it looks like people went back to their day-to-day habits. Hunger was forgotten, only to be remembered when it explodes like it has in recent weeks.

Let us foster no illusions. There will be no structural solution for world hunger as long as we are unable to direct resources into food production in poor countries, while also removing the unfair trade practices that characterize trade in agricultural goods.

The problem of hunger has intensified recently with major hikes in food prices.

In some countries, multitudes made desperate by food shortages have taken the streets to protest and demand that authorities take action.

We face a grave and delicate problem. To respond, we must understand its true causes.

We may take the particularly dramatic example of Haiti. That country, the poorest in the Americas, was once one of the Caribbean's major rice producers.

Even so, macro-economic policies imposed from abroad and focused solely on monetary policy, together with surpluses of highly subsidized food in other countries, meant that Haiti stopped planting its own rice, with tragic results of which we are all aware.

If we are to fully understand the true causes of today's food crisis, we must therefore clear away smokescreens raised by powerful lobbies who try to blame ethanol production for the recent inflation in food prices.

More than an over-simplification, this is an affront which does not stand up to a serious discussion. The truth is that the rising price of food does not have a single explanation.

It comes from a combination of factors: soaring oil prices, which affect the cost of fertilizers and freight; climate change; speculation in financial markets; falling world food stocks; growing food consumption in developing countries like China, India, Brazil and several others; and, above all, the maintenance of absurdly protectionist farm policies in rich countries.

Perhaps the greatest, and most welcome, novelty here is the fact that more people are eating.

The poor in China, India, Africa, the Caribbean and Latin America, including Brazil, are eating more. And this is very good.

The fact is that masses of new consumers are joining the marketplace.

Major countries considered poor in the past are developing fast, and thus improving the lives of their peoples. This important phenomenon is here to stay.

Another essential factor in rising food prices is high oil prices. It is curious that many speak about rising food prices but are silent about the impact of oil prices on the cost of food production.

It is as if one factor had nothing to do with the other. Yet any well-informed person knows this is not the case.

The figures are clear. In Brazil, for each grain of beans, rice, corn or soya, or for each liter of milk, oil is 30% of the final cost.

And that is Brazil, where oil is only 37% of our energy blend. In my country, over 46% of our energy comes from renewable sources such as sugar cane and hydroelectric plants. Even so, oil weighs heavily in the cost of farming in Brazil.

So I wonder: to what extent does the price of oil affect food production in other countries that depend on it much more than we do? Particularly as oil prices in recent years have leaped from 30 to over 130 dollars per barrel.

Measures must be taken. For that reason, Central American Heads of Government, in a meeting with Brazil, decided to ask the United Nations to call an urgent International Conference to discuss the matter.

My dear friends, ladies and gentlemen,

Another decisive factor behind rising food prices is the intolerable protectionism that fences in agriculture in rich countries, weakening and disorganizing production in other countries, particularly the poorest countries.

The so-called world food crisis is above all a crisis of distribution. We must produce more food and distribute it better. Brazil, as an agricultural power, is working to increase its own production.

But what good does it do to produce, when subsidies and protectionism undermine market access, mutilate income and make sustainable farming unfeasible?

Certain countries with enough resources to develop advanced technology have been able to make extraordinary gains in yields and thus overcome unjustifiable barriers and distortions created by the world's richest economies.

But what can we say of the poorer economies that fight to maintain their subsistence farmers in the midst of difficulties to assure financing, irrigation and inputs, such as in many African economies?

Subsidies create dependency, breakdown entire production systems and provoke hunger and poverty where there could be prosperity. It is high time to do away with them.

Overcoming today's hurdles depends on a successful conclusion, as soon as possible, of the WTO's Doha Round, with an agreement that will no longer treat agricultural trade as an exception to the rule, and that will allow the poorest countries to generate income with their own production and exports.

True food security must be global and based on cooperation. This has been Brazil's objective with its partners in the developing world, particularly in Africa, Central America and the Caribbean.

Expanding that kind of initiative can take great advantage of new partnerships that allow for triangular cooperation.

My dear friends,

Brazil has insisted on the tremendous potential of biofuels. They are decisive in the fight against global warming, and they can play an important role in the economic and social development of the poorest countries.

Biofuels generate income and jobs, especially in rural areas, while producing clean, renewable energy.

It is frightening, therefore, to see attempts to draw a cause-and-effect relationship between biofuels and the rise in food prices.

It is curious to observe such a few mention the negative impact of rising oil prices on food production and transportation prices.

Such behavior is neither neutral nor unbiased. It offends me to see fingers pointed against clean energy from biofuels, fingers soiled with oil and coal.

I am desolated to see that many of those who blame ethanol – including ethanol from sugar cane – for the high price of food are the same ones who for decades have maintained protectionist policies to the detriment of farmers in poor countries and of consumers in the entire world.

Biofuels are not the villain menacing food security in poor countries. Quite the contrary, when cultivated responsibly, in harmony with each country's reality, they can be important tools to generate income and pull countries out of food and energy insecurity. Brazil is an example of this.

Brazil's production of sugar-cane ethanol covers a very small share of its arable land and does not reduce the area planted to food crops.

Just so no one will say I am quoting only Brazilian statistics, data from the United States Department of Agriculture's 2007 report on ethanol production in Brazil say that Brazil has 340 million hectares of arable land.

200 million are pasture land, and 63 million are planted to crops, of which 7 million to sugar cane. Half of this goes to sugar production and the other half, about 3.6 million hectares, go to the production of ethanol.

This means that sugar cane covers 2% of Brazil's farm land, and all of its ethanol comes from just 1% of that same total area.

Those who say ethanol production is moving sugar-cane plantations to invade food production areas have no basis at all for their criticism.

Since the 1970s, when we launched our ethanol program, the per-hectare yields of ethanol have more than doubled. Also, since 1990, our grain output grew by 142%, with an expansion of only 24% in the cultivated area.

Our grain production has therefore grown due to spectacular gains in yields. There is thus no basis for statements that the expansion of ethanol production comes at the expense of food production.

Ethanol and food production are both offspring of the same revolution that in recent decades has transformed Brazil's countryside, thanks to the inventiveness of our researchers and the entrepreneurial spirit of Brazilian farmers. That revolution made Brazil a worldwide reference for tropical-agriculture technology.

There are other critics who raise the senseless argument that Brazil's sugar-cane plantations are invading the Amazon. Anyone foolish enough to say that, knows nothing about Brazil.

The northern region, which includes almost the entirety of Brazil's Amazon rainforest, has only 21,000 hectares planted to sugar cane, that is, only 0.3% of all of Brazil's sugar-cane plantations. This means that 99.7% of the sugar cane is at least 2,000 kilometers from the Amazon rainforest.

Our sugar-cane plantations, in other words, are about as far away from the Amazon as the Vatican is from the Kremlin.

In addition, Brazil has another 77 million hectares of farmland – far from the Amazon – which are still unused.

That is an area a little larger than France and Germany together. And we still have another 40 million hectares in under-used, degraded pasture land, which could be recovered to plant food and sugar cane.

In short, sugar-cane ethanol in Brazil is not a threat to the Amazon, it does not take land out of food production, nor does it take food off the tables of Brazilians or other peoples in the world.

My friends, ladies and gentleman,

I am not in favor of producing ethanol from corn or other food crops. I doubt that anyone would go hungry, to fill up their car's fuel tank.

Meanwhile, corn ethanol can obviously only compete with sugar-cane ethanol when it is shot up with subsidies and shielded behind tariff barriers.

Sugar-cane ethanol yields 8.3 times more energy than the fossil energy used to produce it.

Corn ethanol, meanwhile, yields only 1.5 times the energy it consumes.

That is why some people compare ethanol to cholesterol. There is good ethanol and bad ethanol. Good ethanol helps clean up the planet and is competitive. Bad ethanol comes with the fat of subsidies.

Brazil's ethanol is competitive because we have technology, fertile land, abundant sun, water and competent farmers. And we are not alone. Most African, Latin American and Caribbean countries, in addition to some in Asia, enjoy similar conditions.

Through cooperation, technology transfer and open markets, they can successfully produce sugar-cane ethanol or biodiesel too, and generate jobs, income and progress for their peoples.

So this "Golden Revolution," combining land, sun, labor and high technology, can also happen in other developing countries. The African savannahs, for example, are very similar to Brazil's *Cerrado* plains, where very high crop yields are obtained.

My friends, ladies and gentlemen,

It is time for political and economic analysts to make a correct analysis of developing countries' capacity to help in food, energy and climate-change issues.

Nearly 100 countries have a natural vocation to produce biofuels sustainably. These countries will have to do their own studies and decide whether or not they can produce biofuels, and on how large a scale. They will need to decide which crops are the most appropriate and design their projects based on economic, social and environmental criteria.

These are important decisions that they will have to make on their own, rather than leaving them to other countries or organizations that often echo – even in good faith –interests of the oil industry or of farm interests hooked on subsidies and protectionism.

The world also needs to decide how to deal with the grave threat of global warming, which demands a firm and cohesive response from all of humanity.

At Kyoto, the world reacted maturely and responsibly. Unfortunately, a few countries refused to accept commitments to goals for reducing their carbon-dioxide emissions.

Nonetheless, Kyoto was a milestone. Humanity woke up to the need for strong and organized action to save the planet.

Unfortunately, it is easier to issue warnings than to change consumption habits and eliminate waste.

It is easier to blame others than to make necessary changes that harm vested interests.

It therefore seems that, recently, voices calling for cuts in carbon-dioxide emissions are getting weaker.

This is regrettable. We cannot be irresponsible to our children and grandchildren, to the planet's future. The world cannot go on burning fossil fuels at the pace it does today.

We did research in Brazil comparing CO2 emissions from an ethanol-fueled and a gasoline-fueled car, using the same model, the same engine, the same road and the same speed.

The car running on gasoline emitted 250 grams of CO2 per kilometer, 8.5 times more than the one running on ethanol.

When we compare diesel to biodiesel, we observe that trucks running on fossil fuel emit 5.3 times more carbon dioxide than others running on biodiesel.

In addition, the plants from which biofuels are extracted, as they grow, also sequester a major volume of carbon dioxide. Ethanol is not just a clean fuel. It is also a fuel that cleans the planet while it is being produced.

All these factors demand a serious, balanced discussion on biofuels and global warming. To this end, I am inviting authorities, scientists and representatives of civil society from all countries to an International Conference on Biofuels, to be held next November in São Paulo.

My friends, ladies and gentlemen,

Lowering the cost of energy and fertilizers and putting an end to intolerable farm subsidies in rich countries are the largest challenges facing us today.

Over these past 30 years, there has been a true silent revolution in agriculture in many countries, particularly in the tropics. That revolution can benefit all, rich and poor, indistinctly.

It can also provide tools, solutions and alternatives to meet the growth of demand from hundreds of millions of people.

The expansion of agriculture in developing countries like Brazil gives the problems a new scale. The routes and strategies to solve them have also changed.

In today's world, the prevailing vision of security focuses on guaranteeing control over territory, over food supply and over energy supply.

The subsidies to farm production and trade barriers, which have held back the growth of agriculture in poor countries, also arise from that vision.

It must be recognized that, if agriculture in developing countries had been stimulated by free markets, perhaps we would not be in this food crisis.

We must reformulate such visions and recycle ideas. We must work with notions of interdependence and collaboration.

I am certain that we can create a new concept of security for a world in which not only energy, but also ideologies will be renewable.

The globalization that took such a strong hold over industry must now move into agriculture.

As our Director-General Jacques Diouf has suggested, we must face this moment not as a crisis but rather as an opportunity. An opportunity to stimulate agriculture in all countries, and particularly in Africa.

I have always considered myself an optimist. I trust in humanity's capability to learn from new challenges and to create new solutions. It was so in the past, and I am convinced that it will be so now. We must simply avoid mistakes in our analysis of the problem and avoid taking any wrong turns in the path.

The solution does not lie in seeking protection or trying to hold back demand. The solution is to increase food supply, open markets and eliminate subsidies, in order to respond to the growth in demand. This will require a radical change in the ways we think and act.

Thank you very much.