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Australia Recognises the Needs and the Issues

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Paper prepared for presentation at the “Food for the Future: Opportunities for a Crowded Planet” conference conducted by the Crawford Fund for International Agricultural Research, Parliament House, Canberra, Australia, August 8, 2002

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OPENING ADDRESS

THE HON. CHRIS GALLUS

Introduction

Since my appointment as Parliamentary Secretary for Foreign Affairs, I have become increasingly aware of the sheer size and scope of international agricultural programs aimed at bringing food security to this crowded planet of ours.

To find and develop ways of achieving food security is a very big ask at the best of times. Unpredictable weather patterns, natural disasters, conflict and political unrest – they all have a hand in undermining whatever progress is being made.

It is important that the *hard* questions are being looked at, and I congratulate the Crawford Fund for making that possible by sponsoring today's conference.

The presence of Dr Gordon Conway from the Rockefeller Foundation, and other distinguished speakers, is greatly valued.

The Conference theme on biotechnology is a challenging one. Many among you are specialists in this field – scientists dealing with technical and environmental issues – or theorists grappling with the social and ethical aspects of this emerging science. While debate about the use of

biotechnology continues over its costs, benefits and appropriate measures to manage risk, research findings clearly show the potential for biotechnology to help alleviate hunger and poverty.

Biotechnology has a role to play in food security, but it remains critical that developing countries have the institutional and social frameworks to benefit from sustained and broad-based growth ... including agricultural production and productivity. This can only be achieved if they have the right policies in place to foster and regulate the private sector, which is the principal driver of economic growth and poverty reduction.

Food security and Australia's aid program

Just last year, a report co-funded by Australia and the Asian Development Bank predicted that over the next 25 years, the population in Asia alone will increase 50% from 3 billion to 4.5 billion. This increase will require a dramatic rise in food production in an area where 900 million people already live on less than a dollar a day.

The challenge is to increase agricultural production and productivity in a climate of poverty, where people living in rural areas often do not have easy access to water or fuel and where the fertile land they rely on is becoming increasingly scarce because of population growth, urbanisation and environmental degradation.

The Australian Government helps developing countries in our region to reduce poverty and address food security by promoting trade liberalisation, peace and stability, good governance, security of land tenure, rural development and agricultural research.

I will comment briefly on each.

THE HON. CHRIS GALLUS MP is Parliamentary Secretary to the Minister for Foreign Affairs. She was elected to the House of Representatives for the western Adelaide seat of Hawker in 1990 and following the 1992 electoral redistribution for Hindmarsh was re-elected in 1993, 1996, 1998 and 2001. Mrs Gallus was appointed as Parliamentary Secretary to the Minister for Foreign Affairs in November 2001, having previously served as Parliamentary Secretary to the Minister for Reconciliation and Aboriginal and Torres Strait Islander Affairs. Mrs Gallus has extensive committee experience, and was a delegate to the International Parliamentary Union in 1999 and 2000. Mrs Gallus has day-to-day responsibility for issues pertaining to Australia's international aid program and some consular and passports duties.

Trade and investment liberalisation

Agricultural subsidies in high-income countries – particularly Japan, the European Union and the United States – have a negative impact on developing countries. Indeed, I would argue that rich countries which talk up their aid programs, while continuing to protect their own farmers, take on a Jekyll and Hyde national persona. As UN Secretary-General Kofi Annan said recently, it is no good helping dairy farmers in a developing country if you are exporting subsidised milk powder there.

And well might the UN point the finger. The richer nations spent 327 billion US dollars in the year 2000 protecting their farm products. That is almost one billion dollars a day – seven times as much as they spend on aid! Clearly, a home-maker in Bangladesh or Nigeria cannot afford to take the national interest into account when purchasing the family's weekly supplies. The World Trade Organisation estimates that if rich countries ended farm protection, the wealth of poorer countries would grow by 32 billion US dollars.

The benefits of globalisation will be undermined if measures are not in place to ensure that developing countries can make the most of the new era in world trade. Market liberalisation can make a significant contribution towards achieving sustained poverty reduction.

Developing countries depend on agriculture for between one-third and one-half of their export earnings. If these countries are to develop, they must be able to sell their farm products in their own country, and they must receive a fair price when they export them.

In 1960, average incomes in East Asian countries were half those of Sub-Saharan Africa. By 1998, their outward-oriented policies increased average incomes five-fold, yet the position in Africa deteriorated.

Open international markets – underpinned by a strong, transparent framework of rules – offer developing countries their best chance of achieving sustained economic prosperity and feeding their population. Oxfam suggests that if Africa, East Asia, South Asia and Latin America were each to increase their share of world exports by just one percent, the resulting gains in income could lift 128 million people out of poverty.

Australia is actively working with developing countries on improving their technical and policy capacity so that they have a greater chance of benefiting from the changes a free trade system can deliver. For example, we have supported China's trade and investment liberalisation push. We have funded training of over 1700 Chinese officials in trade policy, who are now directly supporting China's efforts to implement commitments under the World Trade Organisation.

In 2002/03, Australia will provide around \$28 million in direct trade-related assistance. We support an office in Geneva to help small Pacific Island nations with representations to the WTO. We want them, as less advantaged countries, to benefit from the globalisation process and the multilateral trading system by having their interests effectively represented in the Doha development round of negotiations. Without this support, many would not have the resources to further their interests.

Peace and stability

Clearly, peace and stability is essential for reducing poverty and achieving food security.

According to the International Monetary Fund (IMF), the Solomon Islands economy shrank by 20% last year, primarily as a result of political instability. This unrest has a huge cost for the poor because they are the least able to protect themselves.

Rural farmers living in countries in conflict often cannot harvest their crops. The capacity to distribute food is severely disrupted, and this inevitably leads to food shortages.

The cost of unrest in Bougainville has been immense. It is a little-known fact that prior to the Peace Accord, more people died from the violence in Bougainville than in Northern Ireland. In the early 1990s, Australia's aid program mainly provided humanitarian assistance and worked through non-government organisations in Bougainville. Later, we realised that a more comprehensive range of peace-keeping and reconstruction activities was required to end the violence and begin the process of long-term development. Bougainville still has its problems, but the path has been laid out for it to develop within a climate of relative security.

Also close to home is the successful establishment of the newly independent state of East Timor. The Australian aid program has played, and continues to play, a key role in supporting peace and stability in East Timor. This will be a major factor in increasing the standard of living for the East Timorese and rebuilding their nation.

Good governance

Recent events in Zimbabwe are another lesson in what happens in a climate of political instability. The land policies of the Mugabe Government, coupled with the effects of drought, have led to a serious grain deficit in that country. Zimbabwe is now looking at significant food shortages and it is likely that this will lead to widespread starvation. While the Australian Government is assisting those worst affected in Zimbabwe through the World Food Program, the policy decisions by the Mugabe Government have aggravated the situation.

Increasingly, Australia's aid program is focussed on measures to promote good governance as a means of building the foundations for sustained economic growth, and poverty reduction. Good governance is crucial for developing countries. They **must** manage their resources effectively – in ways that are open, transparent, equitable and responsive to people's needs. Without this, no amount of development assistance or innovative food technology can effectively address the needs of the world's poor.

Importantly, good governance also helps to maximise the contribution of the private sector, which is the key driver of economic growth and long-term sustainable development.

The East Asian financial crisis was a well known example of where governance was found wanting.

In Thailand, we have provided funding to train officials from the central bank to improve prudential supervision and regulation of financial institutions, which had been a key weakness prior to the melt-down. A strong banking sector is critical to encouraging private sector confidence.

Another example of our work in good governance is a partnership between Australia, Indonesia and the International Monetary Fund. With the help of the Australian Tax Office, our aid program is supporting the establishment of a large taxpayer's office within the Indonesian Ministry of Finance.

This will improve the Indonesian Government's revenue performance and assist to restore fiscal balance.

Countries with transparent trading and legal frameworks have a better chance of being integrated into the global economy and attracting investment. They can participate in global and regional trading and take advantage of new trade arrangements. Ultimately, developing countries that can pursue these opportunities should be able to feed their growing populations.

This year, about one-fifth of Australia's overall aid expenditure will go towards governance activities: to projects supporting public sector reform, sound economic management, civil society, human rights and effective legal and judicial systems.

Land tenure

Linked to good governance and political stability is the issue of land tenure.

Food security can be undermined if farmers do not secure tenure over their land. This is the case in many countries in our region. Some have complex histories and are faced with the enormous task of resolving disputes over land ownership.

One example is Laos, where for historical reasons the ownership of much land is in dispute. Since 1997, Australia has provided national and international advisors and trainers to assist the Government of Laos in developing efficient land markets and providing land security. By January this year, over 70 000 parcels of land had been surveyed and over 30 000 Land Titles registered. This has given low-income landholders greater certainty.

Resolving these issues also opens the way for more investment, and in the longer-term, more productive land.

Rural development

Australia funds numerous programs that directly address rural poverty. This year, we will spend \$240 million on rural development. Our strategy is based on the premise that the best way to reduce rural poverty is through sustainable agriculture and increased opportunities for the rural poor to generate income from farming and non-farming activities.

A good example is East Timor, where Australia has in place an \$18 million Rural Development Program. This will run for the next four years in three of East Timor's poorest rural districts. It will support the improvement of farming productivity and the provision of technical support services to communities. Many people in these areas lost the little they had in the way of tools, and even animals, in the violence that followed the vote for independence in September 1999. This project will allow them to rebuild and, in time, give farmers the capacity to grow and access new markets outside their immediate area. As a result, they will be able to increase their own incomes, generate more money within their local communities, reduce their vulnerability, and improve their access to food.

Agricultural research

Of particular interest to participants in today's Forum will be our support for agricultural research for development, primarily through the Australian Centre for International Agricultural Research (ACIAR).

ACIAR assists Australian and partner country researchers and international research centres to work together to develop sustainable solutions to agricultural problems in developing countries. With funding of \$46 million this year, ACIAR supports more than 180 bilateral research projects across the Asia Pacific Region in a diverse range of fields.

One example is the work being done by ACIAR researchers and their counterparts at the Chinese Academy of Agricultural Sciences to deal with viral disease in cereals caused by barley yellow dwarf virus. The disease has been called the 'AIDS of wheat', because it increases plant susceptibility to other pests and diseases. When no

resistance could be found in any wheat varieties, scientists turned to a related wild grass which was resistant to the virus. Using gene manipulation in tissue culture, they were able to incorporate the desired fraction of the grass chromosome into wheat. The end result has allowed wheat breeders in Australia and China to develop resistant, high-yielding varieties.

Successful collaborative research is critical to addressing the future needs for food security in the developing world.

Conclusion

This conference looks at ways of generating more food to feed a hungry, growing population.

Clearly, new technologies present real potential in the battle against world hunger. The green revolution in the 60s and 70s helped many developing nations to achieve higher levels of food security.

But they came at a cost. Farmers became dependent on farming inputs, which impacted negatively on the environment.

Biotechnology obviously has the potential to help feed the world's poor, but to maximise this potential, we will need to responsibly manage any risk. The way ahead is by no means clear.

Without peace, social stability and sustained economic growth, no amount of scientific progress will secure food for the world's poor. It is not in Australia's national interest to ignore the basic needs of our neighbours, nor would it be morally responsible. That is why Australia is taking a long-term, multi-faceted approach to food security, with a strong emphasis on governance.

The subject is not an easy one ... but one which must be explored thoroughly.