

**Food Crisis Briefing  
Financial Services Committee  
Statement for Rep. Waters  
May 14, 2008**

I would like to thank Chairman Barney Frank and Ranking Member Spencer Bachus for organizing this hearing on “Contributing Factors and International Responses to the Global Food Crisis.” I would also like to welcome my good friend, former Congresswoman Eva Clayton, who will be testifying before this committee. It is good to see you back in the halls of Congress.

United Nations Secretary-General Ban Ki-moon has warned that the global food crisis has reached emergency proportions and threatens to wipe out seven years of progress in the fight against poverty.

**Causes of the Food Crisis**

I understand that the global food crisis has several causes.

1. One of the most important causes is certainly the increase in fuel prices, which increases the cost of producing food and transporting crops from farms to markets.
2. Another contributing factor is the growth in the use of food crops to produce ethanol and other biofuels, instead of food.
3. A third contributing factor is increased demand from growing middle income countries, such as China and India. As incomes rise in these countries, people demand an increasing variety of foods, including meats, which can only be produced using even larger quantities of grains.
4. Yet another contributing factor is poor harvests in some parts of the world, which some analysts attribute to global climate change.

Unfortunately, I fear that all of these problems are likely to get worse in the foreseeable future.

**Debt Cancellation**

For over a decade, I have been working to free the world’s poorest countries from the burden of international debts. Existing debt cancellation programs have freed up resources to reduce poverty in some of the world’s poorest countries. Cameroon is using its savings of \$29.8 million from debt cancellation in 2006 for national poverty reduction priorities, including infrastructure, social sector and governance reforms. Uganda is using its savings of \$57.9 million on improving energy infrastructure to ease acute electricity shortages, as well as primary education, malaria control, healthcare, and water infrastructure. Zambia is using its savings of \$23.8 million to increase spending on agricultural projects and to eliminate fees for healthcare in rural areas. Now, I am concerned that the global food crisis could wipe away many of the gains of debt relief.

Nevertheless, I do believe that the expansion of debt cancellation programs is one important way to address the global food crisis. Money that poor countries must spend on debt payments is money they cannot spend purchasing food or developing agricultural capacity.

Last month, this committee marked up, and the House of Representatives passed, the Jubilee Act (H.R. 2634) – my legislation to expand debt cancellation for the world’s poorest countries. This legislation will make up to 25 additional poor countries eligible for complete debt cancellation. I deeply appreciate the support of the members of this committee for the Jubilee Act, and I look forward to its passage in the Senate.

## **Haiti**

I am especially concerned about Haiti, one of the countries that has experienced food riots in recent months. Haiti is already the poorest country in the Western Hemisphere. According to the World Food Program, the average Haitian diet consists of only 1,640 calories. That’s 460 calories less than the typical daily requirement of 2,100 calories. Reuters has reported that prices for some items in Haiti, such as rice, have doubled in the last six months.

For several years, I have been trying to convince the international community to cancel Haiti’s debts. Haiti owes over one billion dollars to multilateral financial institutions, and Haiti is scheduled to pay more than \$48 million in debt service this year. This is money that could be spent to develop Haiti’s economy and rebuild crumbling infrastructure. It could also be spent on food for hungry people. Instead, it is being spent to service Haiti’s debts.

On February 28, 2008, I sent a letter to Treasury Secretary Henry Paulson, urging him to use his influence to expedite the cancellation of Haiti’s debts and to immediately suspend all further debt service payments from Haiti. The letter was signed by 54 members of the House of Representatives, including Chairman Barney Frank and Ranking Member Spencer Bachus.

Unfortunately, I received a disappointing response to my letter. Treasury informed me that Haiti is not expected to receive complete debt cancellation at the present time, but Haiti is receiving other forms of aid. While I appreciate that the international financial institutions and the United States are providing loans and grants, this is simply not enough so long as Haitians continue to starve. I once again call on Treasury Secretary Paulson to do everything in his power to provide immediate debt cancellation for Haiti. We cannot in good conscience accept payments from Haiti at this time of desperate need.

## **Conclusion**

I am deeply concerned about the global food crisis, and I want Members of Congress to learn as much as we can about its causes. Only then can we begin to develop solutions that will be appropriate for the magnitude and complexity of this crisis.

I yield back the remainder of my time.