International Centre for Trade and Sustainable Development

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The E15 Initiative

STRENGTHENING THE GLOBAL TRADE SYSTEM

Trade and Food Security

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December 2013

E15 Expert Group on
Agriculture, Trade and Food Security Challenges

Think Piece

Co-convened with

International Food & Agricultural Trade Policy Council

ACKNOWLEDGMENTS

Published by

International Centre for Trade and Sustainable Development (ICTSD)
7 Chemin de Balexert, 1219 Geneva, Switzerland
Tel: +41 22 917 8492 – E-mail: ictsd@ictsd.ch – Website: www.ictsd.org
Publisher and Chief Executive: Ricardo Meléndez-Ortiz

World Economic Forum
91-93 route de la Capite, 1223 Cologny/Geneva, Switzerland
Tel: +41 22 869 1212 – E-mail: contact@weforum.org – Website: www.weforum.org
Co-Publisher and Managing Director: Richard Samans

Acknowledgments

This paper has been produced under the E15Initiative (E15). Implemented jointly by the International Centre for Trade and Sustainable Development (ICTSD) and the World Economic Forum, the E15 convenes world-class experts and institutions to generate strategic analysis and recommendations for government, business and civil society geared towards strengthening the global trade system.

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The Expert Group on Agriculture, Trade and Food Security Challenges is co-convened with the International Food & Agricultural Trade Policy Council. www.agritrade.org/

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Citation: Chatterjee, Bipul and Sophia Murphy. *Trade and Food Security*. E15Initiative. Geneva: International Centre for Trade and Sustainable Development (ICTSD) and World Economic Forum, 2014. www.e15initiative.org/

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ISSN 2313-3805

ABSTRACT

The evolving food security agenda offers governments a chance to address some urgent concerns and strengthen the multilateral trade system. The Doha Agenda has been overtaken by time and events. Many of the lessons for food security of the past decade point to the need for new rules. International markets have seen three food commodity price spikes, and the financial collapse of 2008 and the resulting turmoil in international trade and financial markets has left its mark. Governments have been reluctant at the World Trade Organization to confront the implications of these changes. Many developed countries are advocating a "new" trade agenda (around investment, stronger intellectual property rights, and services), which are contentious issues for most developing countries. Most developing countries insist that nothing new should be added to the negotiating agenda until the Doha Agenda (in some form) is agreed. The impasse has yet to be resolved. Yet there are quite a few issues on which governments could advance if they were to focus on confidence-building, and ensuring that they can protect their food security interests while working within a multilateral trading system.

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Disclaimer: The views expressed in this paper are personal. This paper was written before the December 2013 Bali Ministerial Conference of WTO Members and edited in June 2014.

LIST OF ABBREVIATIONS

AMS	Aggregate Measure of Support
EU	European Union
FAO	Food and Agriculture Organization
G-10	Group of Ten
G-20	Group of Twenty
GATT	General Agreement on Tariffs and Trade
GSP	Generalized System of Preferences
LDCs	Least Developed Countries
LIFDC	Low Income Food Deficit Country
SDT	Special and Differential Treatment
SPs	Special Products
SPS	Sanitary and Phytosanitary
SR	Special Rapporteur
SSM	Special Safeguard Mechanism
URA	Uruguay Round Agreements
URAA	Uruguay Round Agreement on Agriculture
US	United States
WTO	World Trade Organization

INTRODUCTION

Food security had emerged as a high priority for the World Trade Organization (WTO) ahead of its Ninth Ministerial Conference in Bali, but one that seemed to lack obvious political momentum to bring about change. Yet the evolving food security agenda offers an opportunity for governments to address some urgent concerns while strengthening the multilateral trade system.

International trade in agricultural commodities needs better rules. The Doha Agenda has been overtaken by time and events. The food price crisis of 2007–08 shook the confidence of food importing countries in international markets. From a food security perspective, a positive outcome of the crisis was to redouble public and private sector interest and investment in developing countries' agricultural production, which was only just emerging from decades of neglect. But the loss of confidence in international markets continues to have repercussions that exporting countries have yet to take on board.

The explicit understanding behind the Doha Agenda was that developed countries would agree to reforms to the Uruguay Round Agreements (URA) that would better serve developing countries' needs. In agriculture, back in 2001 and in the first years of the negotiations, developing countries defined those needs in two ways. First, as commodity exporters looking to end subsidized competition in international markets and eliminate arbitrary and uneven access rules (for example, tariff peaks and escalation; Generalized System of Preferences (GSP) schemes based on history rather than contemporary needs; and onerous sanitary and phytosanitary (SPS) requirements). Second, as food importers looking to protect their domestic producers from subsidized (or just more highly capitalized) competition in local markets, and develop mechanisms to protect against import surges.

In 2001, the United States (US) and the European Union (EU) were still the decisive voices on agriculture, as they had been during the Uruguay Round. By the time of the Cancun Ministerial in 2003, this was no longer true. Cancun was the last time the US and the EU tried to meet in advance and come to an agreement that would then serve as the basis for agreement among the wider membership. Larger developing countries with strong export interests in agriculture formed a group (the Group of Twenty, or G-20), including Brazil, Argentina and India, which presented its own ideas. Meanwhile, another group of developing countries that had more defensive interests in international agriculture formed another group, the G-33, including the Philippines, India, Indonesia and Kenya.

The last serious attempt at agreement on the Doha Agenda was in 2008. One of the most public of the differences that led to the negotiations collapsing in July 2008 was the failure of India and the US in particular to agree on how the Special Safeguard Mechanism (SSM) for developing countries should work. India, and the countries it was working with, wanted to be able to raise tariffs even above bound levels to stop import surges. The US, supported by a number of other countries, refused to agree.

It is now more than 11 years since the agenda was launched. Not only have international markets seen three food commodity price spikes, but the financial collapse of 2008 and the subsequent turmoil in international trade and financial markets have also left their mark. Governments have been reluctant at the WTO to confront the implications of these changes. Many developed countries are pushing a "new" trade agenda (focused on investment, stronger intellectual property rights and services), all of which are contentious issues for most developing countries, who insist, at least in pubic, that nothing new should be added to the negotiating agenda until the Doha Agenda (in some form) is agreed. The impasse has yet to be resolved.
Yet there are a dozen issues on which governments could advance if they were to make the priority a focus on confidence-building and ensuring that they can protect their food security interests while working within a multilateral trading system.

FOOD SECURITY AND TRADE: EVOLVING DEFINITIONS

Definitions of food security and how it might be achieved have evolved since the Doha Agenda was adopted in 2001. The Right to Food has moved slowly but steadily into more mainstream policy circles with the adoption of Voluntary Guidelines for its implementation in 2004, and more recently the adoption of an Optional Protocol that allows individuals to bring complaints against states. UN Special Rapporteur (SR) on the Right to Food, Olivier de Schutter, has contributed a number of substantive reports that address international trade. Food sovereignty, initially a reaction to (and rejection of) the trade liberalization agenda for agriculture by a large number of farmer and peasant organizations from around the world, has gained increasing acceptance from a number of governments. In 2012, governments at the UN Committee on World Food Security (CFS) would have adopted a work programme that included food sovereignty had the US not blocked the proposal.

The food price crisis changed governments' understanding of who was hungry and how to measure vulnerability. The largest numbers of hungry people live in middle-income countries. The revised Food and Agriculture Organization (FAO) measures of hunger, published with the State of Food Insecurity in the World 2012, show that governments are close to realizing the first Millennium Development Goal (halving the percentage of people living with extreme hunger between 2000 and 2015), but are far from achieving their more ambitious commitment, made at the 1996 World Food Summit, to reduce by half the actual number of undernourished people by 2015. The crisis illustrated the importance of assessing vulnerability to hunger—while absolute hunger in many countries had been reduced, the sharp increase in food prices in 2007 and 2008 pushed many households from poor but coping to poor and hungry. A very large share of the population was so close to the food poverty line that the food price increases had a dramatic effect in a number of countries, particularly in Sub-Saharan Africa. Safety nets (such as they existed) were stretched far beyond their capacity.

The 2007–08 food price spike ushered in an era of higher, more volatile, food commodity prices. There were many reasons for the shift—some were directly linked to the price crisis itself, while other factors were already under way as a part of the slow shift from apparent abundance in international supply (and trade rules directed towards managing over-supply) to a better understanding of environmental limits and fears of shortages. There is not so much a crisis now as a new understanding that markets must be regulated not just for the abundance that marked the 1980s and 1990s, but also for periods of scant, and unpredictable, supply. The interconnected markets created by globalization have created not just new strengths but also weaknesses that have jeopardized food security. Higher and more volatile food prices in international markets are part of what needs better regulation. Restoring confidence in international trade will require reforms that redress those weaknesses and better protect the human right to food.

The factors that have reshaped food security and agriculture, including agricultural trade, include,

- Higher energy prices: Energy is a central factor in the cost of production for industrial agricultural systems. Energy prices are also increasingly linked to agricultural commodity prices, through commodity index funds and the rapid growth of biofuels for use in transportation fuels.

- Decreasing agricultural productivity growth: Green revolution technologies no longer provide much productivity growth, while genetic engineering is still in its infancy and faces a variety of political, technical, and regulatory complications.

- Climate change: Production faces increasing uncertainty as weather patterns change in unpredictable ways. The incidence of droughts and floods has increased markedly in the last decade.

- Increased demand in international markets: Increased meat consumption has increased the demand for feed grains, while significant subsidies and other policies to protect biofuel production and distribution have also increased commodity use dramatically.

- Poor regulation of commodity futures markets: Large volumes of speculative transactions (now larger than the hedging contracts that were originally the purpose of the exchanges) have raised the costs of using the commodity markets for hedgers and complicated the task of buyers who may not have the tools (or the resources) to second-guess where prices are headed in the medium and long term.

At the heart of the loss of confidence in the international system was the decision of food-exporting countries to limit exports with restrictions and bans when the food price crisis hit. Poor countries reported that grain companies did not honour contracts to deliver food, but instead returned payments and sold their grain to customers able to afford the rapidly rising prices. As prices rose and exporters responded with taxes and bans, a number of importing governments panicked. Rice importing countries tendered contracts for more grain than they needed, which fuelled price rises and panic. Traders hoarded rice in the hope that prices would keep rising.

The specific problem of the lack of confidence that exporters will continue to supply international markets even in a crisis, and the more general challenge to globalization that the market does not discriminate need from demand, leaving people's right to food unmet without public intervention, are two areas that we consider below. Food security demands a robust and well-regulated international trading system that strengthens national food security policies and allows public policy objectives to override commerce where necessary.

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DOMESTIC FOOD SECURITY AND TRADE

Food security is primarily a domestic challenge. Policy interventions differ from one country to another, shaped by national specificities. For instance, Japan is a net food-importing, high per capita income country that faces decreasing agricultural production due to an ageing population (the average age of a farmer is 65 years) and a shift in dietary preferences towards cheaper imported food. Japan has a cultural preference for the rice it grows at home and a political commitment to support those farmers that remain, although world market prices are cheaper. Japan defines food security as maintaining domestic production in the face of more cheaply available imports. In contrast, Brazil and India, although they have achieved self-sufficiency in food production, face high levels of malnutrition among their populations. Egypt faces not only a lack of productive resources (little arable land and still less water), but is also heavily dependent on international commodity markets for its food imports—70 percent of the wheat Egypt consumes is imported, and many people live close to the poverty line, leaving the country highly vulnerable to external shocks. Zambia, a low-income economy that depends on agriculture with a large number of subsistence farmers and small-scale farms, is heavily dependent on rain-fed farming. Harvests vary greatly from year to year and food insecurity is common.

One of the first responses to the food, fuel and financial crises was an increased demand for social protection and safety net interventions, as recognised by the adoption of the UN Social Protection Floor Initiative (ILO-WHO 2009). There are four major types of social safety nets for ensuring food security as defined by the FAO. They are,

- Cash transfers or food vouchers
- Food distribution in kind
- Universal food subsidies
- Employment-based safety nets

There are different instances of a shift towards cash-transfer schemes in developed as well as developing countries. This can be attributed to the benefits it provides in enhancing the food security of an individual or a household and the fiscal advantages due to a reduced administrative burden, fewer leaks to those not targeted for assistance, and the possibility of encouraging competition in domestic markets. Generally, trade economists consider cash transfers as being less distorting than food subsidies or in-kind transfers. Yet cash transfers also have weaknesses from a food security perspective. They depend on functioning markets and a steady food supply. If food is not available in the market, cash transfers can have an inflationary effect (FAO 2011).

Keeping this diversity, in mind and challenges in policymaking in this politically sensitive sector (as described in the beginning of this section), the following section highlights food-related social safety nets in five different types of countries, given their level of economic development.

Japan has a large number of programmes to encourage and insure its domestic agricultural sector (agriculture insurance schemes) and also schemes to attract the youth to farming. Brazil has the world's largest conditional cash-transfer scheme (Bolsa Familia) under the Zero Hunger Strategy (Fome Zero). The programme is based on an integrated approach to different dimensions of food security. On the supply side, the agricultural sector in Brazil is characterized by a large number of marginal and smallholding farmers, and on the demand side there are a large number of poor consumers. The government uses its public procurement of food grains to support the livelihoods of poor and marginal farmers while providing poor consumers with access to affordable food in its distribution programmes.

India operates the largest public distribution system in the world. The government distributes subsidised food grains to a targeted population. India also operates a large-scale employment scheme (the National Rural Employment Guarantee Act) that provides the poor with a minimum number of days of work a year. These programmes have had some success, but they face heavy criticism for administrative expenses and high levels of leakages to non-target populations, resulting in high overall costs. India is now experimenting with a pilot scheme to provide cash transfers to poor households instead, which will be implemented as a part of the implementation of the National Food Security Act of India.

Egypt is a net food-importing, low-income country with a huge programme for food subsidy (Baladi Bread). For many years, this programme depended on food aid from the US. The "in-kind" subsidy programme is ineffective in reducing food insecurity. Zambia has an unconditional cash-transfer scheme, but it largely focuses on agricultural input subsidies to increase food production in farm households, particularly for subsistence farmers. Criticisms include inaccurate targeting of the subsidies, the "crowding out" of private investment, and an unsustainable fiscal burden on the state.

It has been found that the physical infrastructure required to handle food storage and distribution is one of the most important problem areas in implementing food-related social safety nets. This is not just true of developing countries such as Brazil and India with adequate food production, but also of low-income, net food-importing developing countries such as Egypt.

Whereas in Brazil and India the problems seem to be more in the area of poor storage leading to spoilage and inefficient distribution systems, Egypt and Zambia have poor transportation infrastructure as well, making it expensive and inefficient to move grains around the country. The result is a mismatch between domestic demand and supply, resulting in regional inequality.

An effective policy regime for implementing food-related social safety nets should focus on the following points.

- Adequate targeting of vulnerable sections of society.
- Agricultural infrastructure, including investment, improved public procurement of food grains, and grain reserves systems.
- Development of local markets and supporting market mechanisms to enable better competition and regulation for optimum utilisation of scarce economic resources.
- Enabling private investment, particularly in rain-fed agriculture, and for food grain production.
- Economic regulations to address policy-induced competition distortions in food grain production and distribution.

Another common response from governments was to increase domestic production to reduce their dependence on international markets. While equating food security with domestic food self-sufficiency is very rarely any country's policy objective today, there has undoubtedly been an increase in policies directed at reducing reliance on trade, including among countries that cannot easily afford imports when prices spike. This is another area that multilateral trade rules need to take account of.

It is apparent that developing countries, particularly low-income food-deficit countries (LIFDCs), including least developed countries (LDCs), are faced with a circle of underdevelopment. To address the short-term necessities of ensuring better food security for their populations with limited economic resources, many of them are compromising on long-term investment required for a more sustainable and broad-based food security.

The question is how do we draw a linkage between this domestic challenge and the global food trade regime? Are the rules governing the multilateral trading system as it stands today, including the manner in which "food security" is being dealt with in the Doha Round of negotiations, sufficient in addressing this linkage?

This question, and some of its dimensions, is addressed in the next section.

TRADE AND FOOD SECURITY: THE URUGUAY ROUND AND SINCE

The Uruguay Round Agreement on Agriculture (URAA) formulated disciplines pertaining to market access, domestic support, and export subsidies. The agreement contained a "built-in agenda" that called for governments to continue to liberalise trade in agriculture. This was because the URAA itself went only a small way towards really opening agricultural markets, especially in developed countries with a history of high levels of domestic support for agriculture. The agreement included a provision for countries to meet and share implementation experiences and concerns, in something called the Analysis and Information Exchange.

The Doha Round of negotiations did not just pick up on the built-in agenda. It went further, and the negotiations gained still more complexity after 2003 and the Cancun Ministerial, when different groupings of developing countries (the G-20 and in particular the G-33) made food security a top negotiating priority. Agriculture serves multiple purposes simultaneously, from commerce to rural development to environmental management. The political economy of food and agriculture is complex, and the governments that have pushed a simpler agricultural export line have not met with much success, either with developed or developing countries. The political economy of food security drives competing agendas—one would promote more open markets to secure cheap food from international markets for urban populations, while the other is focused on rural livelihood security, which tends to drive a conflicting agenda towards more protection. Most countries end up coming down on one side or the other—the following groups are an indication of their interests.

- G10 –net food-importing, mostly developed countries such as Japan, Norway, and South Korea (which is technically a developing country at the WTO, although also a member of the Organisation for Economic Cooperation and Development) as well as Mauritius. The group seeks to maintain a high level of protection for their domestic producers; they are all large importers but also careful of their own production.
- G20 – a combination of larger developing countries such as Brazil and India having offensive as well as defensive interests vis-à-vis trade in agriculture.
- G33 – a group of developing countries such as India, Indonesia and the Philippines that are primarily concerned with food security linked to import dumping and rural livelihoods.

Owing to its concerns on food security and its interests in trade of agricultural products, India is a member of both the G20 and G33.

Apart from these core groups in the Doha Round of negotiations on agriculture, there are other players such as Recently Acceded Members (RAMs), Special and Vulnerable Economies (SVEs), LDCs, and the Africa Group. All have put forward positions in the negotiations on agriculture.
Groups outside the WTO have also begun to push for a more responsive trade agenda. For instance, the 2011 Accra Declaration of the African Union on WTO issues called for the establishment of a comprehensive work programme to mitigate the impact of food price volatility on affected African countries.

On trade-related aspects of food security and their linkages with market access on trade in agriculture, the varied stands taken by WTO Members have become more pronounced since the recent period of high and volatile commodity prices in international markets. A World Bank study demonstrated that the simultaneous decision of importing governments to try to increase imports by lowering tariffs and exporting governments' imposition of export restrictions exacerbated price spikes (increasing demand and reducing supply simultaneously). An FAO study showed that government responses included reduction in import tariffs and custom fees (43 countries), selling grain from public stocks (35 countries) and restricting or banning exports (25 countries). Just as export subsidies and import restrictions contributed towards depressed commodity prices over much of the period 1980–2005, export restrictions and import subsidies exacerbated the impacts of price surges in recent times. It is critical to look at how trade policies can address these situations.
The Revised Modalities on Agriculture (Rev. 4) deal with domestic support issues such as government service programmes, public stockholding for food security purposes, and domestic food aid. On the other hand, modalities on export subsidies deal with export credit guarantees and insurance, food aid, exporting state trading enterprises, export restrictions, and taxes. Market access is negotiated through tariffs, tariff quotas, special safeguards, and importing state trading enterprises.

The following points will help in understanding the Doha Round of negotiations on trade and the links to food security.

- The URAA notes that a Member that maintains export restrictions must give due consideration to the effects of such prohibition on importing Members' food security. One of the more ambitious proposals in the Doha Round on Export Restrictions advocates that any new export restriction should be limited to the "extent strictly necessary", the exporting country should demonstrate the impact of the measure on LIFDCs and it should engage in consultations prior to the implementation of the measure. However, the workability of this solution is questionable. A more feasible solution is to require exporting countries to notify any change in export taxes under the Rapid Response Forum established by the Agricultural Market Information System of the G-20, which will result in dissemination of critical information and limit speculation-driven commodity spikes.

- Cash-based food aid (as opposed to in-kind food aid) has been widely promoted under the Doha modalities. WTO rules allow the operation of the disciplines to be adjusted in case of emergencies. Food aid has have been used by some donors for create an export market for domestic producers. The Revised Modalities (December 2008) on disciplines note that food aid should not be used to promote market development objectives, and the re-export of food aid must be undertaken only to the extent that is essential and in such a manner that it avoids commercial displacement.

- An SSM has been proposed to allow the imposition of higher duties when volumes rise or prices fall below a certain level without having to prove that serious injury was caused. Debate persists on whether the application of these measures should be restricted to crops related to food security or should include crops important for the livelihood security of vulnerable populations. Ensuring livelihood security would support the extension of the SSM to both essential food crops and those crops that are important for the income stability of farmers and farm workers.

- The G-33 has proposed that Special Products (SPs) should be subject to lower tariff cuts than other agriculture tariff lines, a proposal that was accepted by other WTO members in July 2008. The indicators used to identify SPs would be based on food security, livelihood security, and rural development. In addition, SPs should be a staple food in the local diet, consumed in its natural form, and produced domestically (not imported) primarily on farms that are of average or small size that employ a significant proportion of the agricultural population.

Despite the talk of improving local food security situations through better trade regulations, it is often argued that because of lengthy, uncertain and sometimes resource-inefficient supply chains that could worsen domestic food security, especially in the light of climate change, countries should undertake measures to become more self-sufficient in food production. For example, as UN Special Rapporteur (SR) on the Right to Food, Olivier de Schutter proposed that countries should aim to increase domestic food production, especially because of the six-fold increase in the costs of importing food into LDCs between 1992 and 2008. De Schutter recommended that in international negotiations such countries should accord priority to their domestic national food security requirements, support small-scale farmers, and maintain the latitude to exercise safeguard measures.

Due to resource (including natural resource) and other constraints, however, others do not see increased domestic production as the right response. Former WTO Director-

General Pascal Lamy, for example, argued that international trade could continue to serve countries with diverse interests with instruments such as the 1994 Marrakesh Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed and Net Food-Importing Developing Countries and food security-related Special and Differential Treatment (SDT).

This faith in the existing instruments is misplaced. The 1994 Marrakesh Decision was stillborn, while it was the inadequacy of the SDT included in the Uruguay Round that fed the political pressure to launch the Doha Development Agenda, as it was known, in 2001.

Therefore and given this complex linkage, in the final section we summarise a few central issues for food security and trade and make recommendations for multilateral rules that would support a more effective role for trade as a means to enhance and ensure domestic food security.

WHAT NEXT FOR FOOD SECURITY AT THE WTO?

FOOD SECURITY AND TRADE: CHALLENGES AHEAD

The crisis of confidence in international trade as a source of food security persists. The long years of argument at the WTO over SPs and the SSM were an indication that LIFDCs had reservations about the effects of international trade on their food systems. Many of them were concerned about the effects of cheap food, dumped at less than cost-of-production prices in importing countries at the expense of local producers. The food security challenge was how to attract enough investment in agriculture in developing countries in the face of oligopolistic market power in international commodity markets and consistent dumping that resulted from bad domestic agricultural policies, particularly in the US and EU.

The 2007-2008 food price crisis changed governments' view of what the trade-related food security challenges are. Abruptly, questions of scarcity came to the fore. Importing countries realized that while dumped imports were a problem, an absolute scarcity of supply in international markets might be worse, and more likely, given changes in international markets. These changes included a dramatic increase in demand for agricultural commodities created by the biofuels sector; a higher incidence of extreme weather conditions due to climate change; and, increasing price volatility linked to low levels of public stocks and a dramatic expansion of speculative investment on commodity futures exchanges.

The measures discussed below pertain to the need to rebuild confidence. They include clear, transparent, and binding disciplines on the use of export taxes and bans; the exemption of food aid for humanitarian purposes from commercial rules; clearer rules for public stock-holding both in exporting countries (as a confidence-building measure) and in importing countries (against the eventuality of price spikes or the failure of commercial firms to deliver food in a crisis period, as happened in 2007-2008); an SSM to protect developing countries from import surges; and, provisions for differentiated trade liberalization for developing countries' most sensitive products from a food security and rural livelihoods perspective. These changes should not be difficult, technically, and would make a big difference politically. Some of them have already been agreed in principle by the Group of 20 largest economies (not the same as the G-20 within the agriculture negotiations), though little has been done to implement the policies. Yet it remains unclear whether the WTO membership as a whole is ready to embrace these ideas.

Over the long run, trade rules have to confront some big challenges. They include the privatization of food safety standards (for example, through GlobalGAP) and the resulting marginalization of public standard-setting and enforcement, while food safety challenges continue to grow, in part because of globalization and increasingly complex (and geographically distant) production chains. Environmental constraints continue to make themselves felt because markets continue to ignore environmental costs and benefits in the economy and governments have been reluctant to correct the market failure. Industrial agriculture plays a major role in greenhouse gas emissions and is spreading rapidly to developing countries. There are as yet few, if any, multilateral agreements that attempt to change industrial agricultural practices, but it is only a matter of time before they will become essential. Already the gaps between different countries' environmental standards are a cause of tension and hostility in trade negotiations.

EXPORT RESTRICTIONS

While it is true that the General Agreement on Tariffs and Trade (GATT)/WTO disciplines to deal with export restrictions are weak and the economic arguments for their elimination are strong, it is also true that, politically, export restrictions are too sensitive to be eliminated. A number of countries, India among them, produce enough to export yet face high levels of food insecurity and malnutrition. When food inflation is high, as it is today, an ambitious proposal to discipline export restrictions through multilateral trade rules is not politically feasible.

This does not preclude the possibility of useful reform. The lack of a working definition for the terms used in GATT Article XI on export restrictions, such as 'temporary' and 'critical,' creates ambiguity about the rule's interpretation. Such ambiguities create at least two problems: they make it difficult for importing countries to flag an injurious trade concern when they are being negatively affected by the restrictive measure; and they make it easy for exporters to justify their restrictive measure without fear of retaliation, which is especially problematic as the rules allow all forms of restrictive measures.

Trade negotiators should decide: is Article 12 of the URAA a sufficient basis for the regulation of export disciplines? The Article calls for WTO Members to notify, consult and give due consideration, yet the current implementation of these procedures is poor. The Doha Round of negotiations has seen some specific suggestions in this regard, particularly by Japan and Switzerland. Those suggestions indicate that there is a growing sentiment to strengthen the requirements on information provision, notifications and consultations.

An alternative attempt to discipline export restrictions is a proposed export tax rate quota scheme that would mirror the tariff rate quotas used to discipline import restrictions. In this case, an in-quota (meaning volume of exports that would not be subject to export taxes) would be generated using past export levels as a baseline (either a fixed average using a base period or, preferably, a moving average). The in-quota tax could be the average export tax applied in recent years, but no more than 40 percent, which at first glance appears to be relatively high for an in-quota rate but has to be set liberally to garner support for the proposal.

The process of tariffication for fixing bound rates is time-consuming and, therefore, a simpler compromise would be required. This could include setting the bound rate at twice the in-quota rate. Further compromises could be considered such as instruments similar to the URAA's Annex 5 special treatment and special agricultural safeguards, with higher conditionalities. A bound tax would be necessary to render this alternative effective.

A tax rate quota scheme would not be a radical departure from current practices as many countries implemented a similar scheme during the recent food crises, typically switching from low tax to quotas to high tax, including minimum export price. Such a scheme merely formalises this practice, but it would give much needed predictability to export-restricting policy.

SPECIAL SAFEGUARD MECHANISMS

The SSM is one of the most contentious issues in the Doha Round of agriculture negotiations because it would allow countries, under some formulations, to raise tariffs above their bound levels (though temporarily). Some observers claim the proposal did not just hold back progress in the negotiations on agriculture, but also in the Doha Round as a "Single Undertaking" package.

It is important to note that the SSM is a contingency restriction on imports imposed temporarily to deal with special circumstances such as a sudden surge in imports of particular agricultural commodities. They give the right to countries to have recourse to tariffs beyond bound rates to protect domestic producers. The safeguard duties under the proposed SSM would be activated by either an import quantity trigger or a price trigger.

The G33 position is that the SSM should be simple and operationally effective and that price triggers should be as effective as quantity triggers, depending on the emergency they seek to address. The US position is that it is a duplication of the concept of SPs (see below) because both instruments could be used for the same purpose. The G-33 argues that the concept of SSM is different from that of SPs as the latter is a long-term exemption to deal with structural issues vis-à-vis rural development and food and livelihood security, while the former is a short-term mechanism to help developing countries cope with price fluctuations and import surges.

If the import quantity trigger is set too high, that SSM (import restriction) loses its efficacy because it can only be used in the most exceptional circumstances. The same holds true if the price trigger is set too low. And this is the bone of contention, particularly between India and the US. However difficult, the issue nonetheless needs attention—having agreed in principle that some kind of measure of this kind is desirable, it is now important to bring both technical expertise and diplomatic understanding to the problem. Given the empirical experience of tariff use (which tends to be lower than allowed ceilings), and the continued significant scope for developed countries to use extremely high tariffs on a handful of sensitive products, it seems unwarranted to insist that no tariff should ever rise above a rate bound 20 years ago, in particular for developing countries that are coping with food imports that continue to receive subsidies and other forms of protection in the markets where they are produced.

SPECIAL PRODUCTS

Also proposed by the G-33, SPs would allow developing countries to designate a certain number of products that would be exempt from tariff reduction requirements under the terms of a new agreement. The crops would be designated by developing countries on the grounds of their importance to either food security or employment. Like the SSM, the proposal to allow a list of SPs has been contentious.

The Group of Ten (G-10) has also proposed exemptions for what it calls "sensitive products." Sensitive products were first introduced by the EU. Products listed as "sensitive" would receive less stringent disciplines in relation to tariff and domestic support reductions. In exchange, tariff rate quotas for these products would be expanded. The proposal works well for a number of developed countries that protect relatively few agricultural commodities but do so with very high barriers.

PUBLIC STOCKHOLDING OF FOOD GRAINS

Food-related social safety nets are a major policy measure to ensure food security in many developing countries and LDCs, including LIFDCs. To accord due importance to domestic food security in furthering agricultural negotiations, the G33 proposed in November 2012 that food stocks purchased from developing country markets at administered prices should be exempted from aggregate measure of support (AMS) calculations. The group also proposed that measures dealing with farmers' security such as farm support programmes, land reform programmes, drought management, flood control, nutritional food security, issuing property titles, rural development, and rural livelihood security be exempted from reduction commitments.

The G-33 proposal took into account all four aspects of domestic food security—availability, accessibility, utilisation, and stability. The question is whether these concerns can be addressed by the existing multilateral rules or if a revised and new set of rules is needed. India has proposed a substantive revision: that public procurement of food grains for food security purposes should not count in the calculation of AMS.

Since the last–minute deal in Bali, where India threatened to block any kind of accord if its food security concerns were not put on the agenda, agricultural trade talks have struggled. India's change of government in May 2014 has if anything intensified the disagreement as the new government has taken a stronger stance. In July 2014, India refused to sign the Protocol on the Implementation of the Trade Facilitation Agreement, one of the Bali outcomes, on the grounds that progress needed to be made on public stockholding for food security purposes at the same time.

A few developing countries have privately expressed concern that India and other large stockholders might dump their reserves on international markets, depressing prices. Pakistan has been the most vocal about this issue. WTO rules are clearly needed to discipline the export of food stocks purchased at managed prices, if only in recognition of how hard it is to gauge how much stock to hold and the public policy preference for a little too much over not holding quite enough.

The fight offers an occasion to reform and update the URAA. Several important reforms could support the proposal to exempt stocks acquired for public stockholding from the AMS. These include updating the now absurdly out of date baseline years used to measure prices (determined to suit the political needs of the EU and US before the URAA was signed). Encouraging governments to show how their procurement programmes are assisting small and marginal farmers is also important. The issue is of importance for many smaller and poorer countries than India. LIFDCs cannot hope to provide food for more than 60 percent of their populations, as India is now committed to do as per its National Food Security Act. But they are at a significant disadvantage as buyers in a world market that has remained volatile and much more expensive than it was before 2007-2008, and building greater in-country storage capacity offers an important risk management strategy. Clear rules about how to go about this without undermining other countries' food security strategies would be invaluable.

FOOD AID

The Doha negotiations sought in various ways to protect food aid from commercial demands. The most recent iteration of the various proposals would be to get countries to agree to a code of conduct that, among other things, would exempt food aid from export taxes. The economic G-20 has supported this idea, but the WTO membership has not been able to find sufficient agreement to put the idea into effect. It is possible the code would be better negotiated in another forum, as WTO has agreed in the past that it ought not to be dictating humanitarian policy, but rather taking the lead from other agencies. It would nonetheless be a helpful gesture if the WTO membership were able to move past the many issues that divide them to agree on some simple but important rules in the public interest.

Now that the Food Assistance Convention (the new name for the Food Aid Convention) has been renewed, there are some parameters to guide WTO in its food aid work. The biggest challenge to food assistance during the food price crisis was the need for significantly more money to acquire the same amount of food—the problem was an illustration of why in-kind as well as financial resources are important for food aid. Any WTO rules on this topic will have to allow that relying purely on financial mechanisms may not be adequate.

CONCLUSIONS

Many of the lessons for food security of the past decade point to the need for new rules. Numerous countries and regions suffer from poor agricultural productivity. Stable prices are a proven and powerful tool for encouraging agricultural investment, improving rural livelihoods, and making real inroads against poverty. There is new interest in the work of Peter Timmer (see Franck Galtier, for example), which highlights the need to complement trade with other measures to ensure better overall outcomes for development, and food security in particular.

To contribute to food security, the international market must be a trusted supplier. In an era of price volatility and resource scarcity, not to mention competing demands on agricultural land for non-food purposes, this will require exporters to submit to disciplines just as they have pushed importers to be disciplined.

There was a real opportunity for governments to bring the AoA into the 21st century in Bali. A lot of technical work on hunger and trade had been done, and ample analysis of what was wrong was available. Governments failed to meet the challenge, although India forced the issues on to the agenda. What is needed now is political commitment. If the WTO membership fails to recognize and support countries' food security needs, the politics of trade negotiations will remain deadlocked. A first step would be for exporters to show good faith, to encourage importers back to the table. Focusing on "rich" country issues such as tighter intellectual property rights and increased protection for foreign investors rather than carrying out reforms in core areas such as agriculture is an invitation to further deadlock and possible irrelevance.

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