

**UNCTAD Discussion Forum, 27 Nov 2013**

*'Why trade matters in development strategies'*

*Session on trade policy issues in dealing with food security*

# **Trade and food security: Towards greater policy coherence?**



International Centre for Trade  
and Sustainable Development

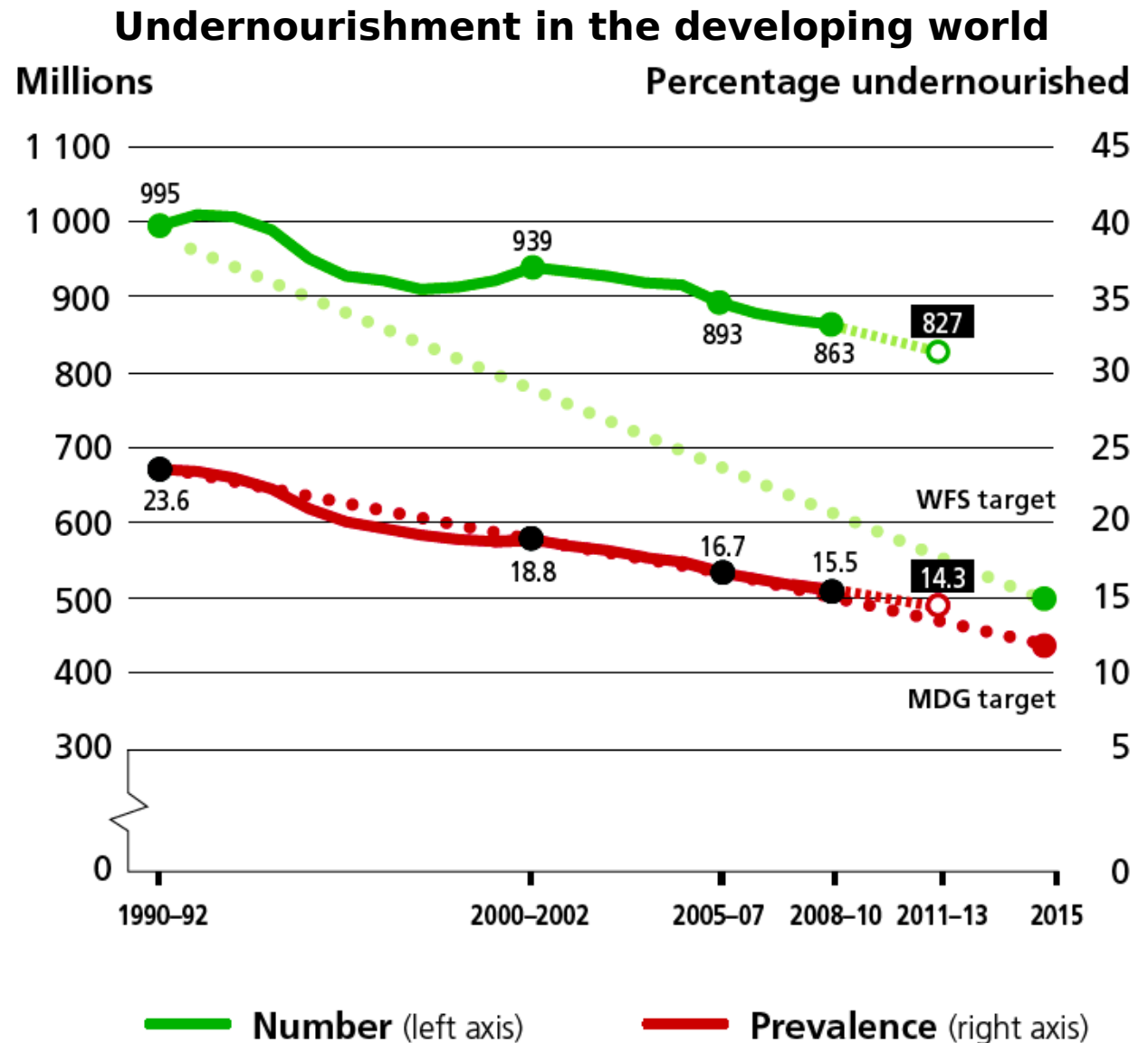
Jonathan Hepburn  
Programme Manager, Agriculture

# **1. Food security: how does it relate to trade?**

# Ensuring food security requires coordinated action: on equity, the environment - and also trade



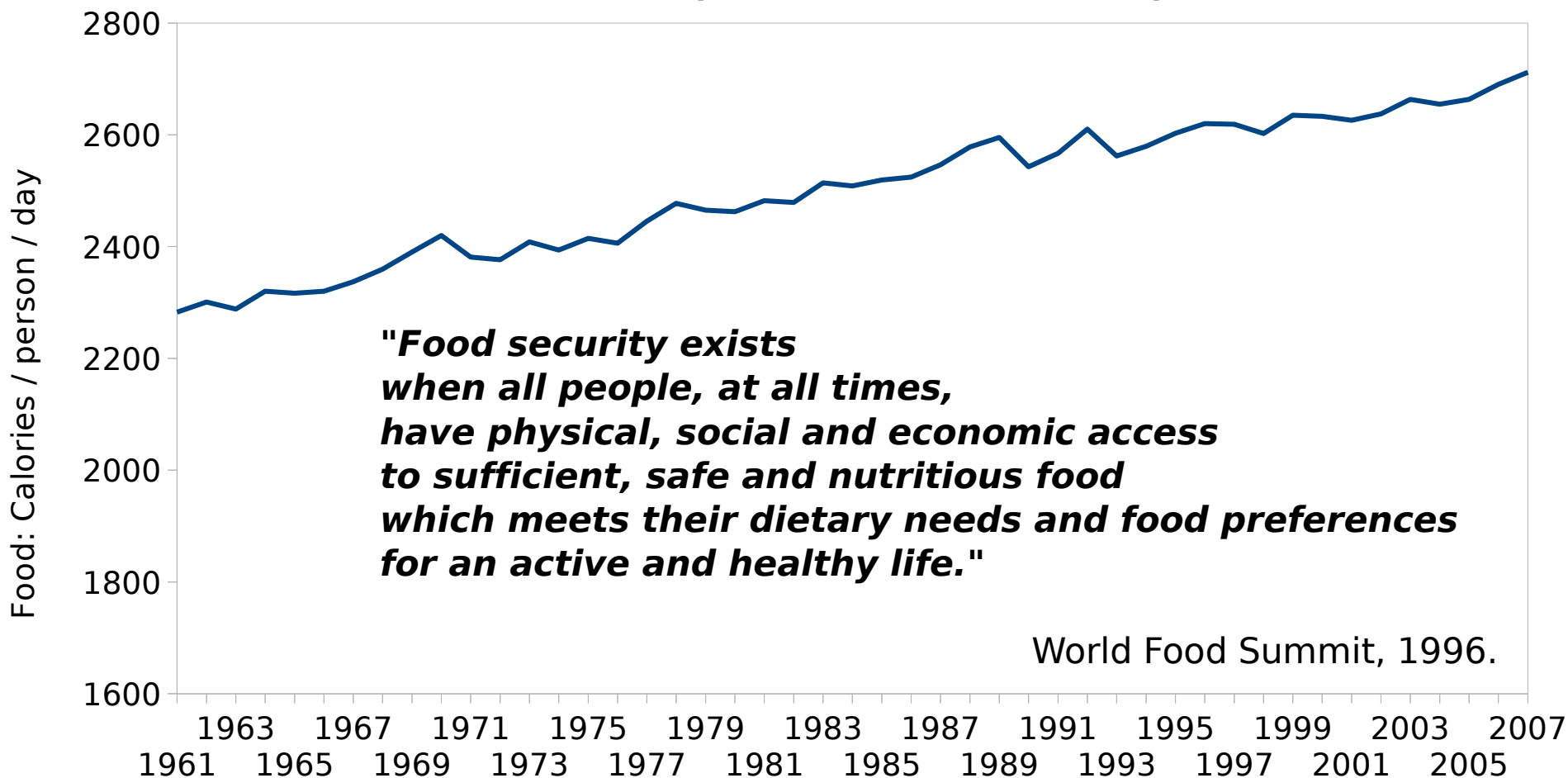
Photo: IPRD: <http://iprd.org.uk/?p=6577>



Source: FAO, Oct 2013.

# Access and availability: trade policies must help reduce poverty

**World food supply (calories / person / day)**



Average Dietary Energy Requirement at world level for 2005-07: 2236Kcal/person/day

# Trade measures can affect different groups and individuals differently

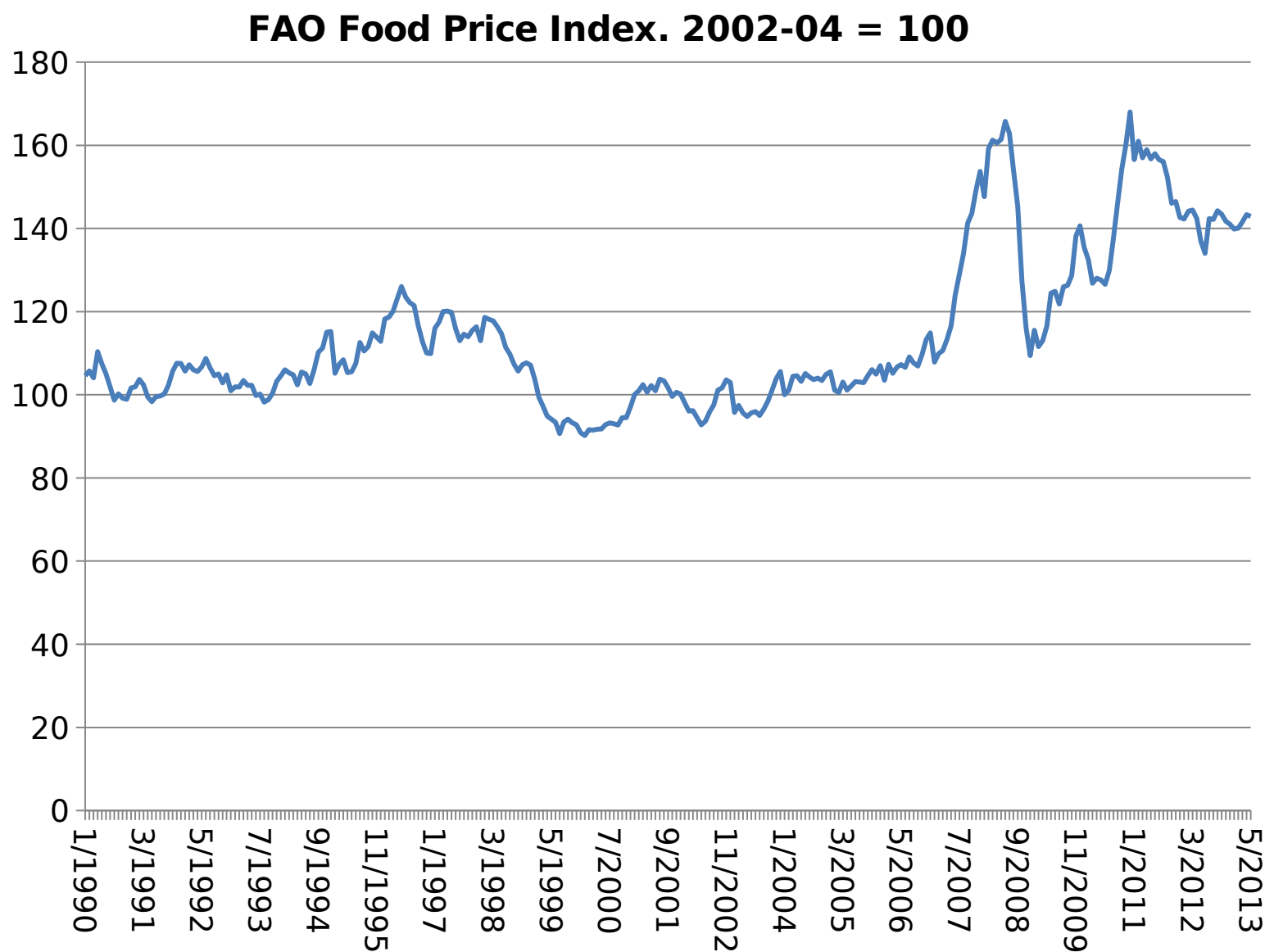


For example:

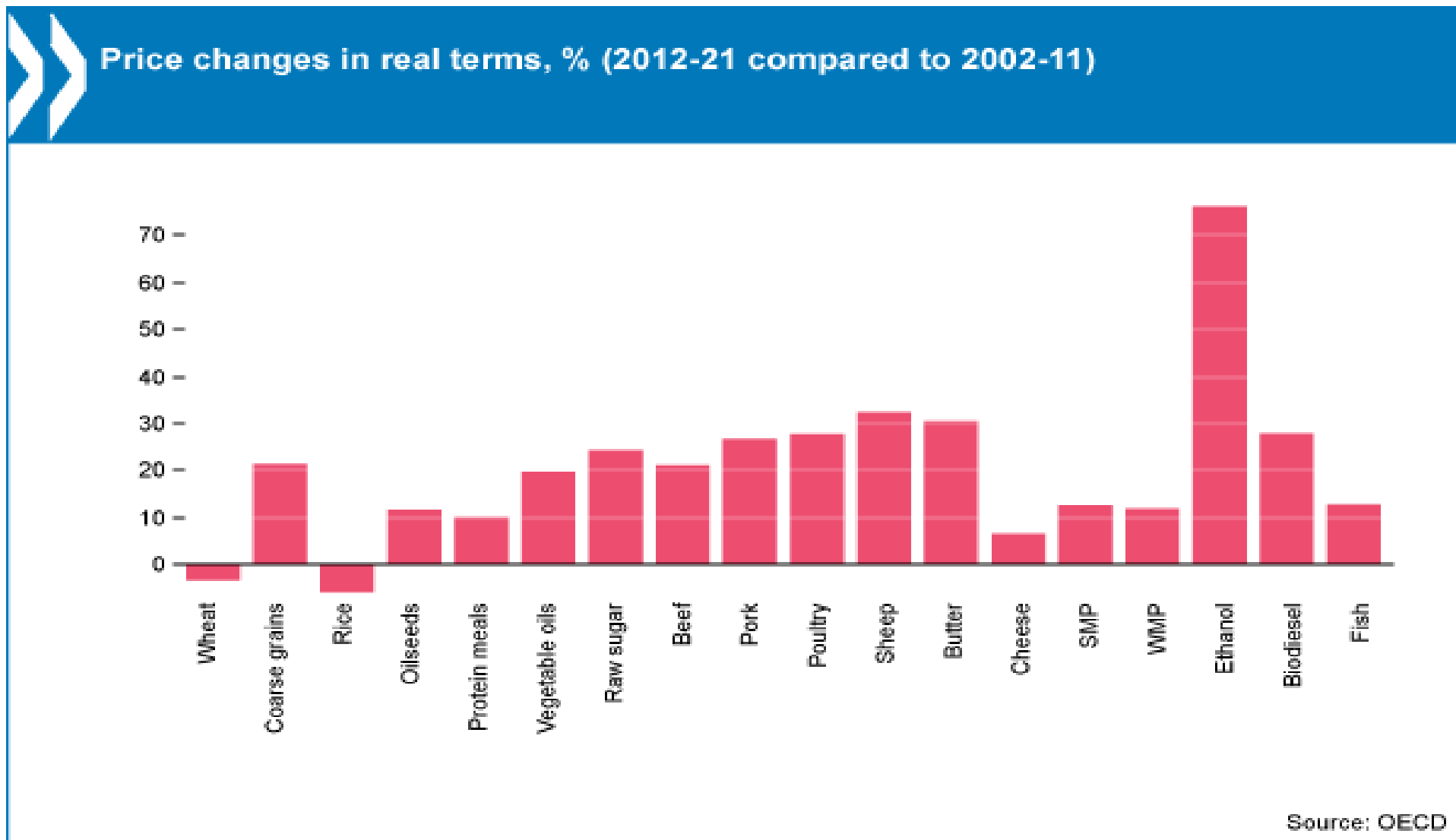
- \* rural / urban
- \* net producer / consumer
- \* landowner, tenant farmer, landless labourer

## **2. New food security challenges in global markets**

# High and volatile prices: new challenges



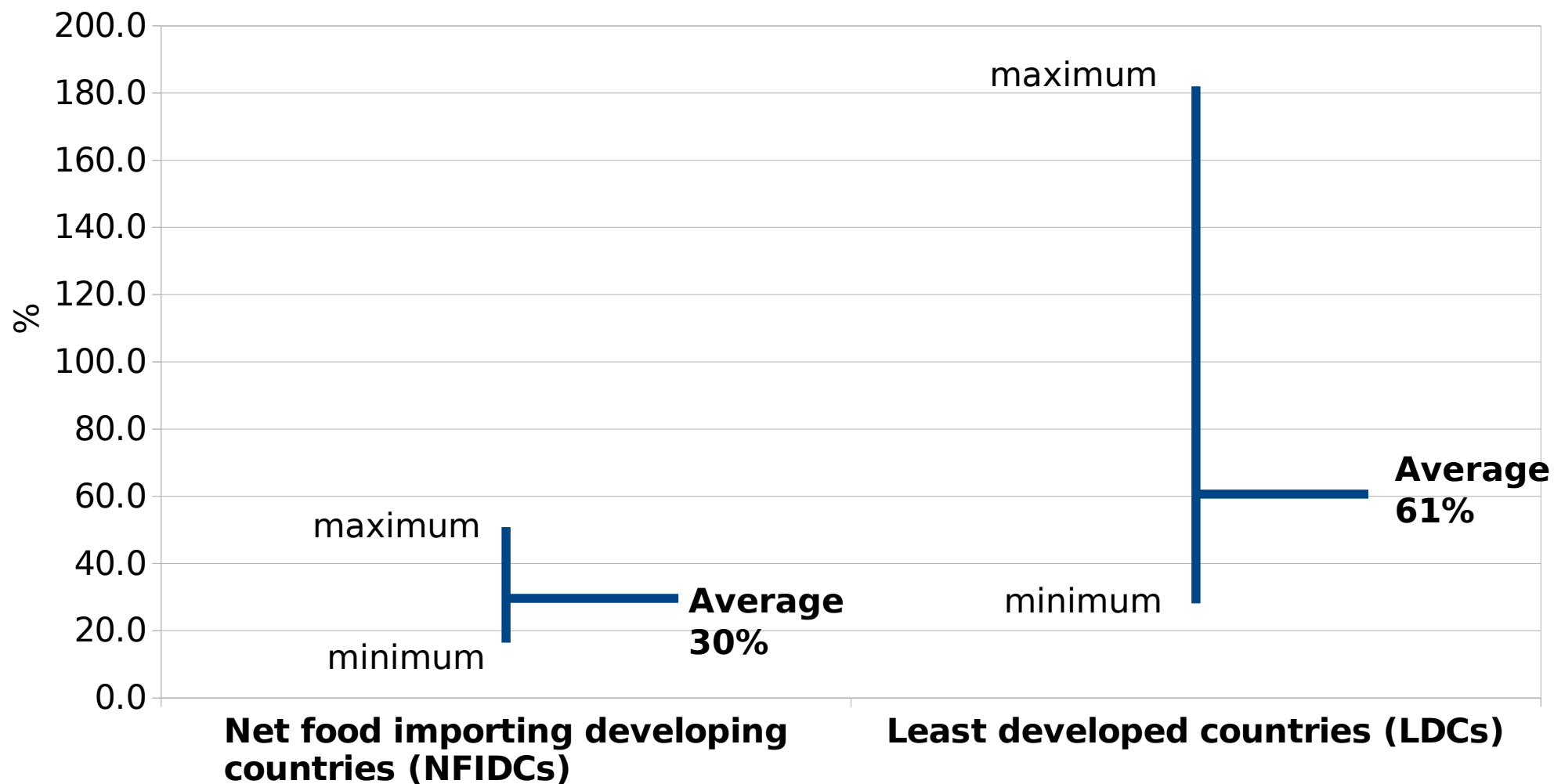
# Projections: price trends set to continue





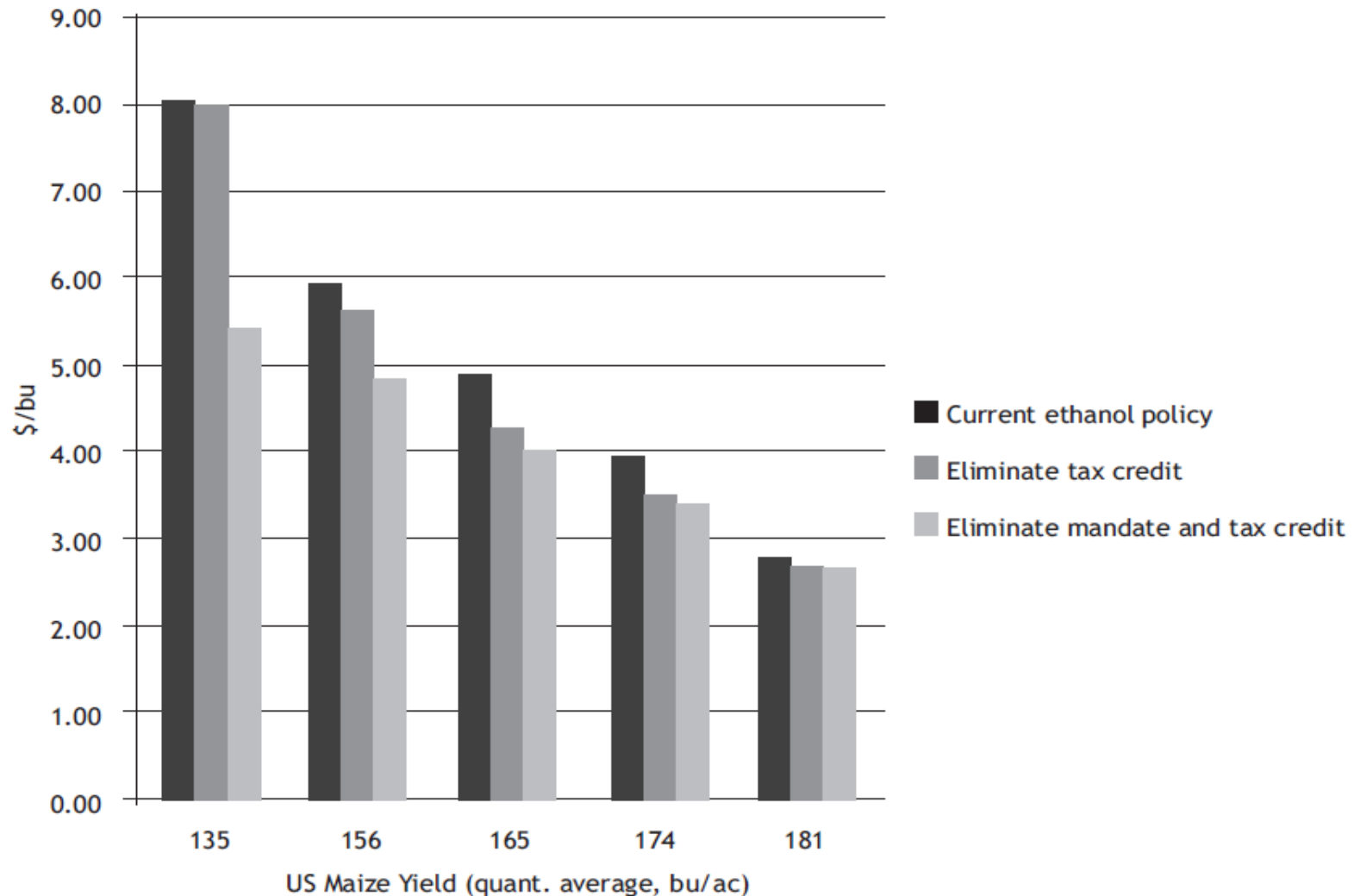
# Poor food-importing countries especially vulnerable

Share of food imports as % of total merchandise exports (1990-99)



# Biofuel blending mandates: Pushing up prices when yields are low

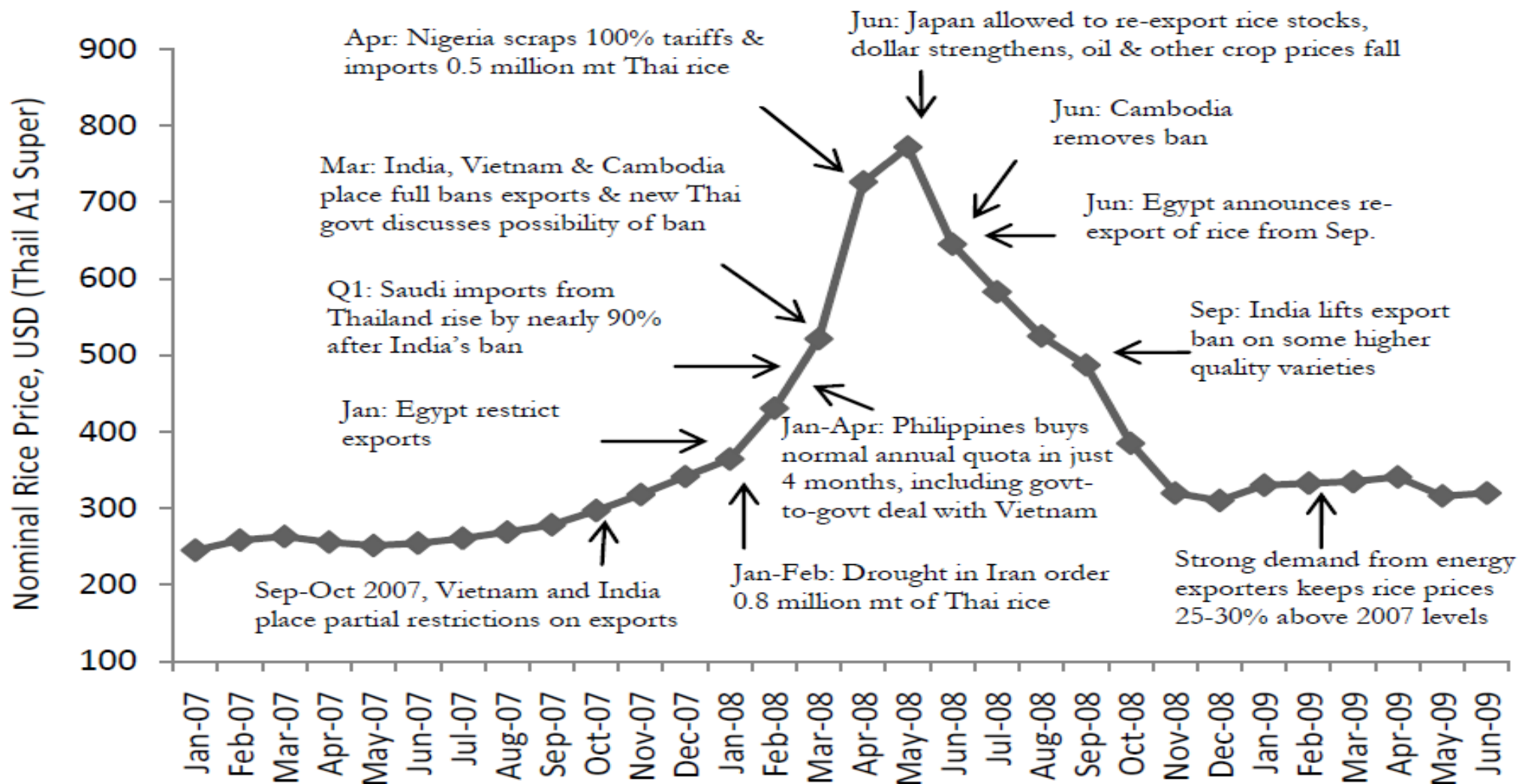
Figure 9. Marketing Year 2011 Maize Prices Conditional on Maize Yield



Source: Babcock, B (2011), "The Impact of US biofuel policies on agricultural price levels and volatility". ICTSD, Geneva.  
<http://ictsd.org/i/publications/108947/>

# Food export restrictions: exacerbating shortages on world markets

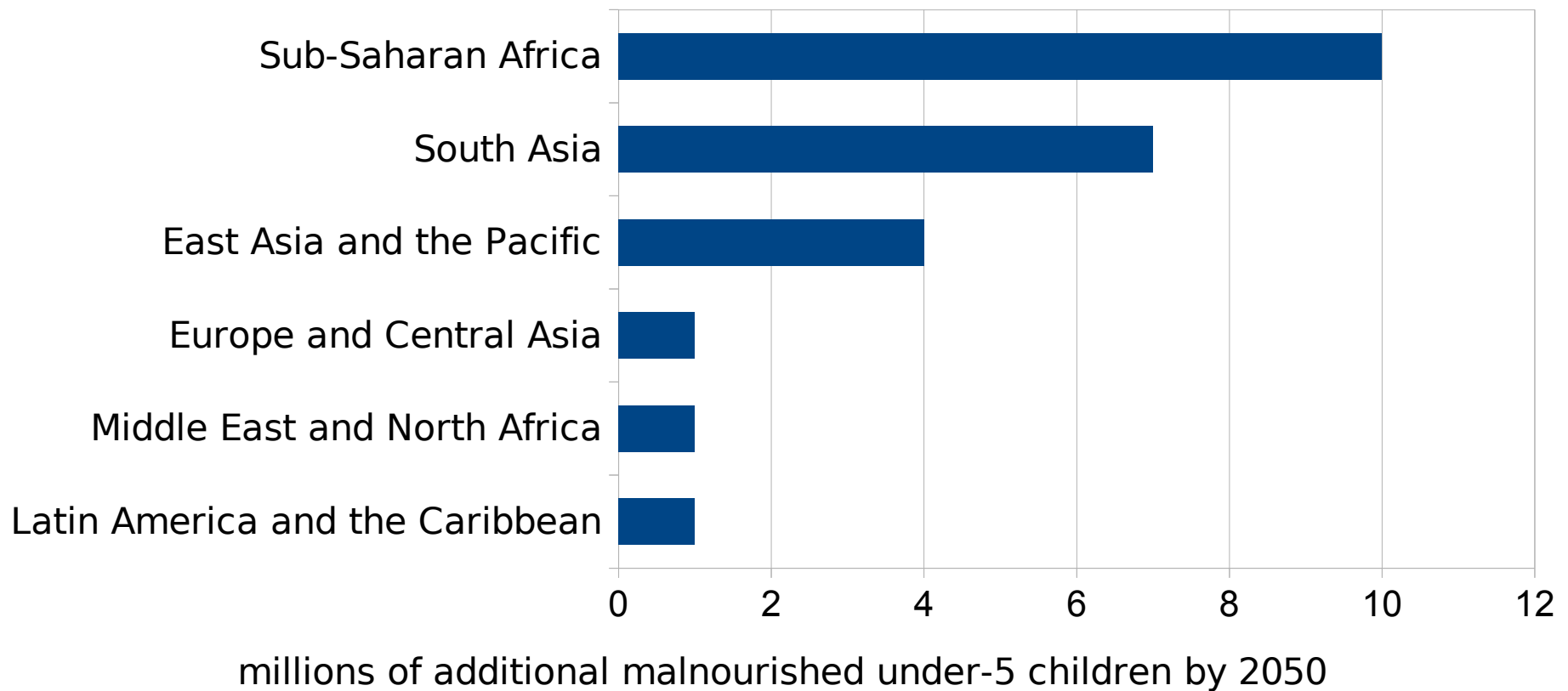
**The effects of export restrictions on rice prices**



Source: Headey, D, "Rethinking the global food crisis: the role of trade shocks". IFPRI discussion paper 00958, March 2010

# Climate change: trade can only partially offset growing food insecurity

## Increased no. of malnourished children by 2050 due to climate change



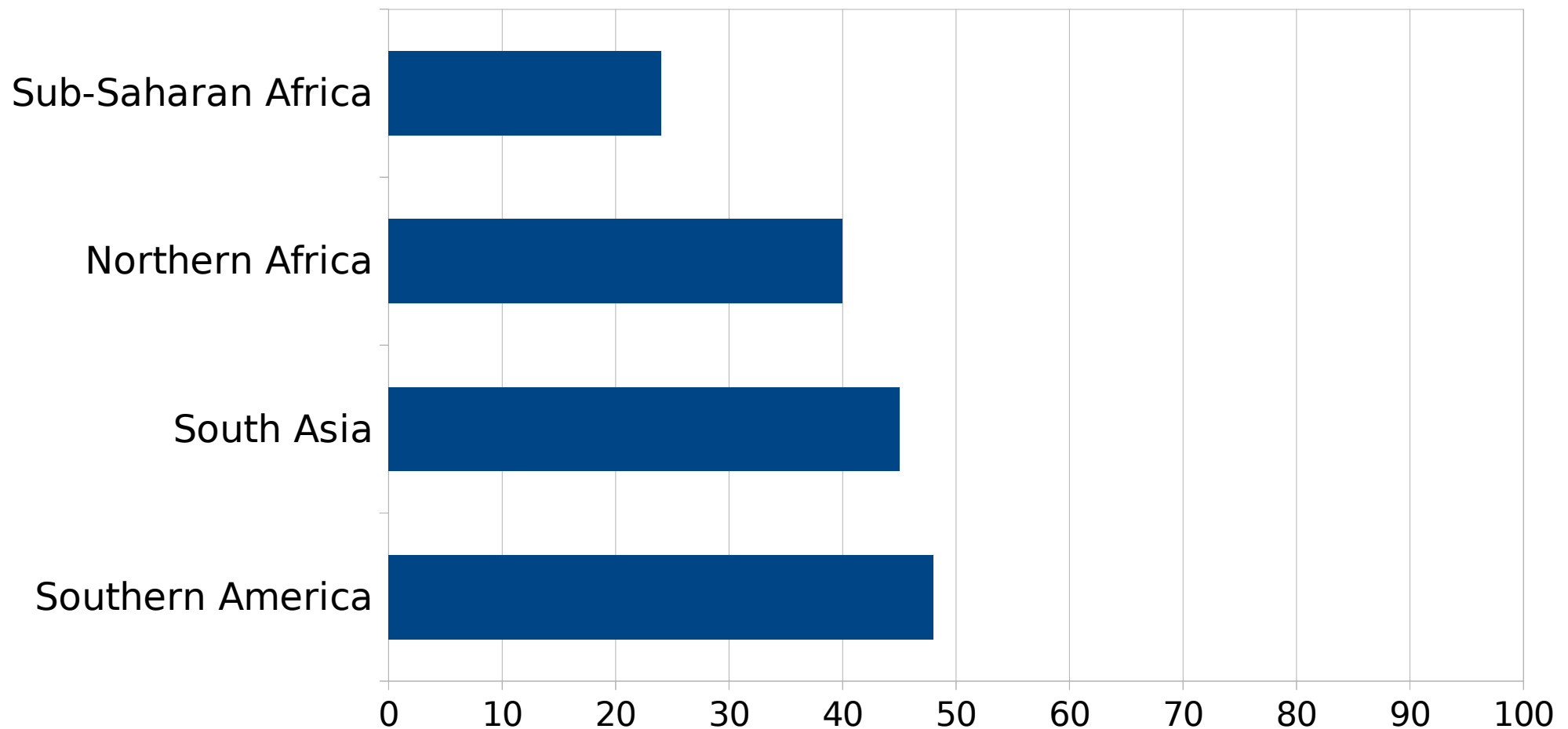
Source: Adapted from Nelson *et al.*, (2009), "The Role of International Trade in Climate Change Adaptation". ICTSD and IPC.  
<http://ictsd.org/i/publications/66988/>

Note: Assuming no carbon fertilisation under NCAR and CSIRO climate change scenarios. Figures given are to the nearest million.

### **3. Boosting farm productivity: can trade policy help?**

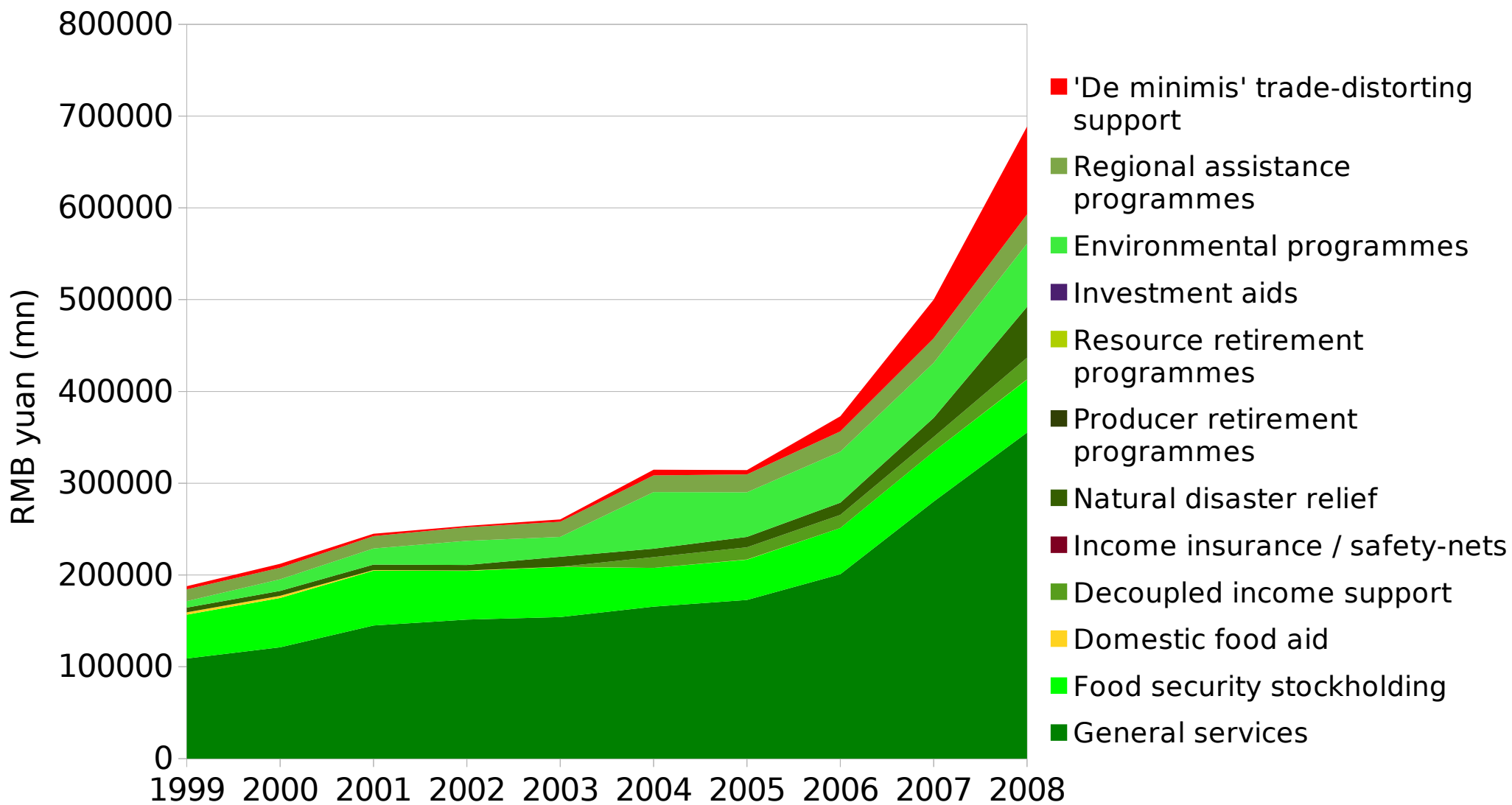
# Sustainable farm productivity growth needed to raise rural incomes and match growing demand

Actual crop yield (2005) as % of potential yield



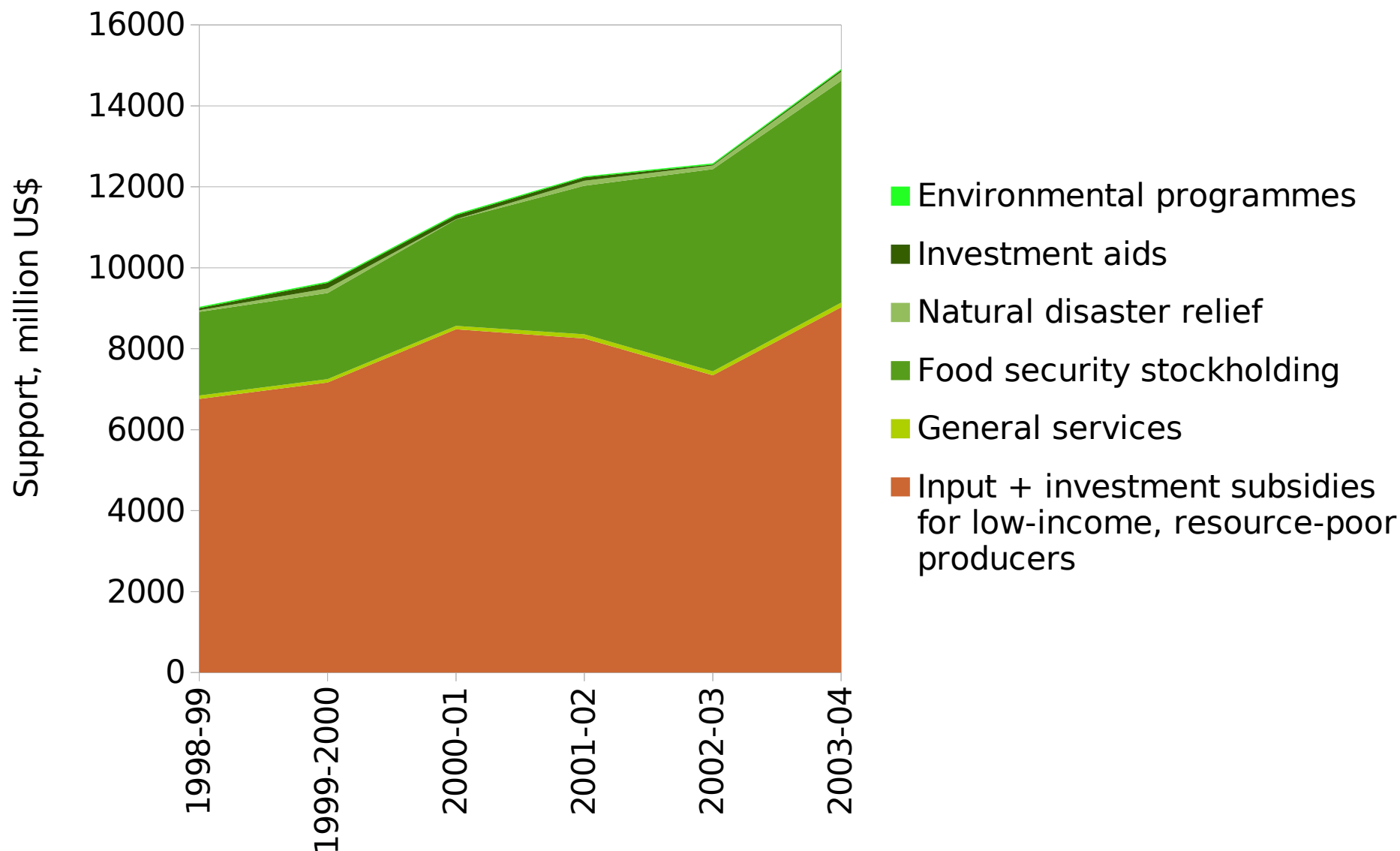
Source: The State of the World's Land and Water Resources for Food and Agriculture: Managing Systems at Risk (2011)

# China: reporting rapid increase in minimally trade-distorting farm subsidies



Source: China's subsidy notifications to the WTO; ICTSD compilation.  
 Domestic support in 2008 was RMB688bn (USD99bn), green box was RMB593bn.

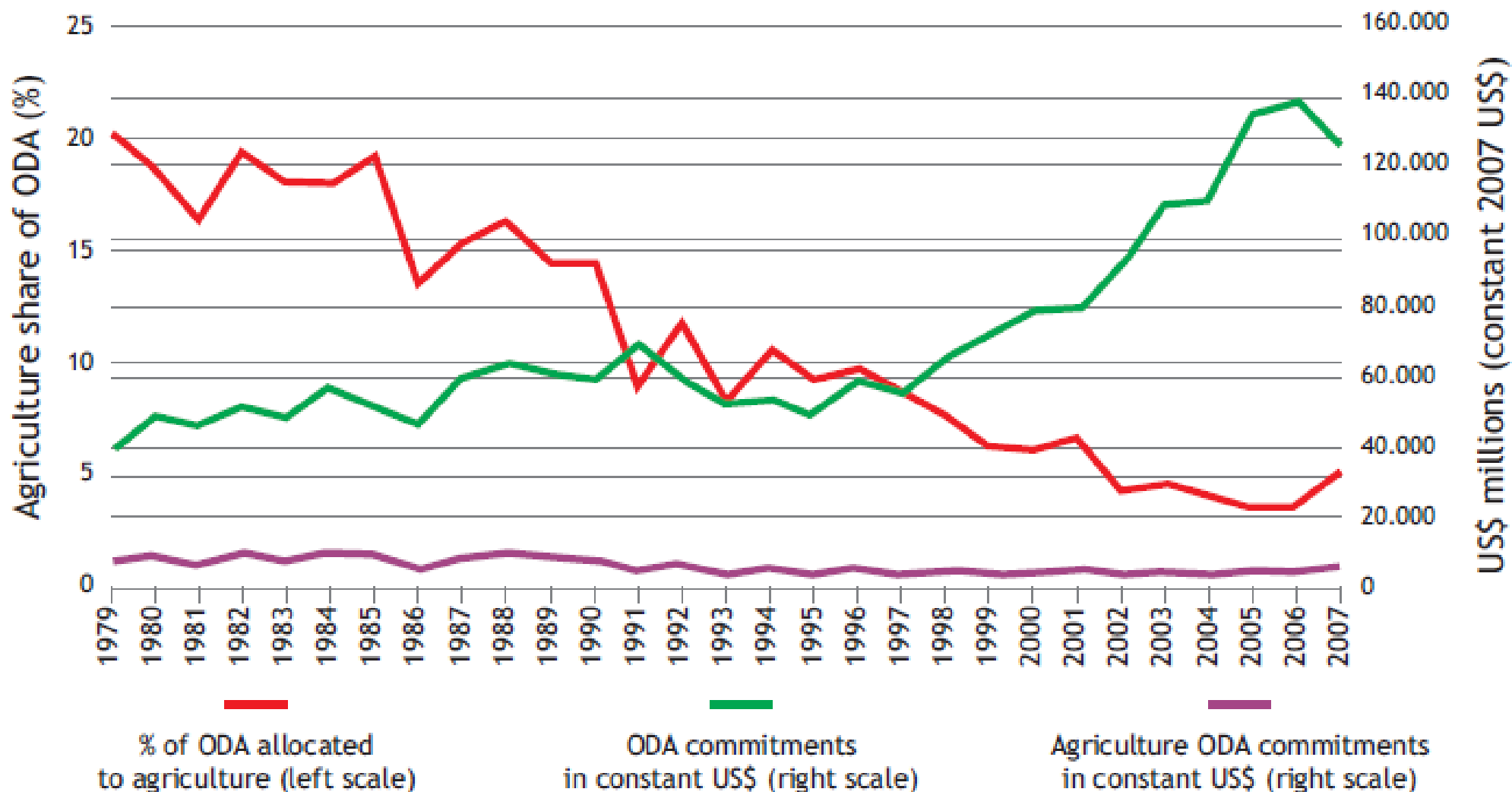
# India: also rapidly increasing farm subsidies





# Aid to agriculture falls as share of total aid

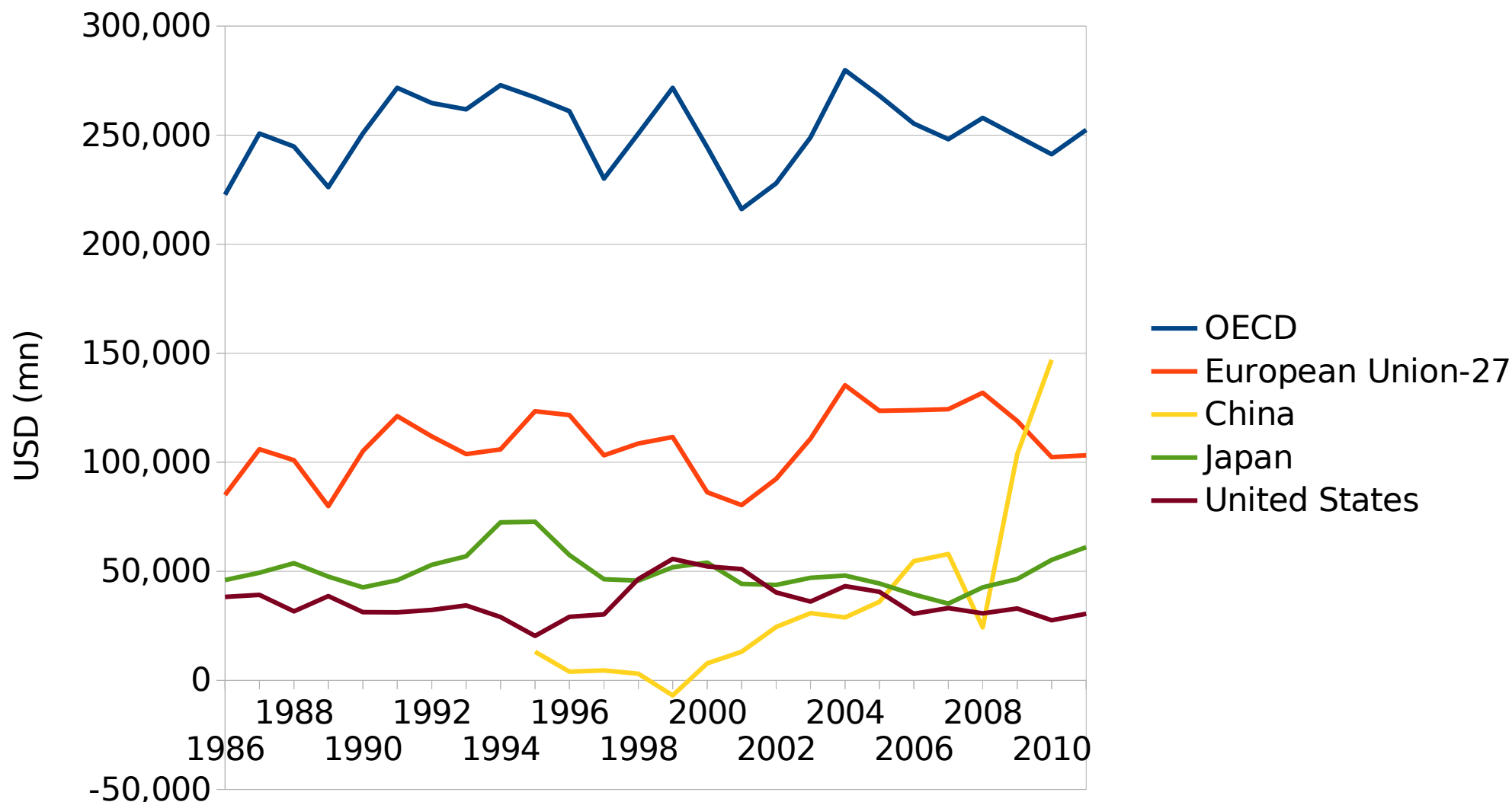
Figure 17. ODA commitments and share allocated to agriculture



Source: OECD. In Konandreas, P. (2012), "Trade Policy Responses to Food Price Volatility in Poor Net Food-Importing Countries". ICTSD and FAO. <http://ictsd.org/i/publications/134356/>

# Support to farmers in the OECD: despite reforms, still around US\$250bn p.a.

**Producer support estimate (USD):  
transfers to producers from taxpayers and consumers**



Source: OECD data, adapted by ICTSD

## **4. Strengthening global governance on trade and food security**

# Improving coordination: domestically and internationally



\* UN HLTF, revitalised CFS, G-20...  
some improvement in **international**  
coordination on trade + food security

\* Still need to ensure policy coherence  
for development at **domestic** level, in  
developed and developing countries



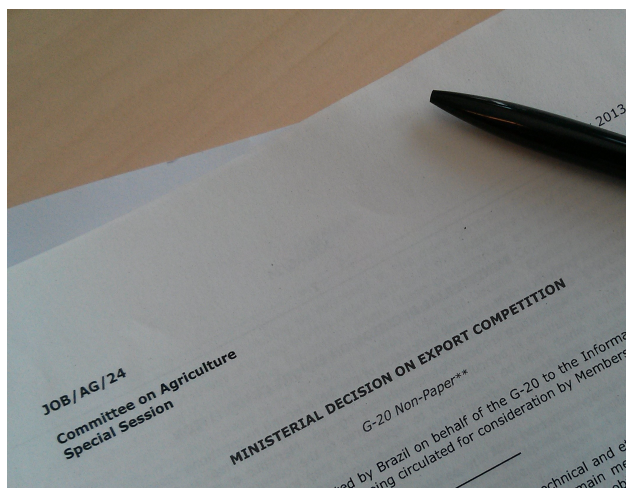
Photo: Wikimedia commons, Presidency of the Nation of Argentina.G-20 summit, Cannes 2011.

# Bali MC9: an opportunity to ensure trade rules support food security?



Bali 'low ambition' - but ministers could seek to address on trade and food security at 3 levels:

- 1). in the 'small package'
- 2). in the unresolved Doha agenda
- 3). in the new trade policy environment



# Towards more equitable and sustainable global markets



Photo: UN News Centre. [http://www.un.org/apps/news/story.asp?NewsID=39927#.UdW0mM5\\_4p8](http://www.un.org/apps/news/story.asp?NewsID=39927#.UdW0mM5_4p8)



Beyond the trading system, effective regulatory frameworks are needed to:

- 1). internalise costs of maintaining environmental public goods (e.g. climate)
- 2). sustainably boost farm productivity in developing countries
- 3). provide targeted consumer subsidies to the poorest and most vulnerable people

# References:

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Nelson *et al*, (2009), "The Role of International Trade in Climate Change Adaptation". ICTSD and IPC. <http://ictsd.org/i/publications/66988/>

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More ICTSD analysis on trade and food security is online at:  
[www.ictsd.org/programmes/agriculture/](http://www.ictsd.org/programmes/agriculture/)

**Thank you.**  
**Jhepburn [at] ictsd.ch**



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