SESSION 4:
Future directions – Strengthening the multilateral trading system in the 21st century

FOOD SECURITY AS A CHALLENGE
FOR THE MTS AND THE POST-2015 AGENDA?

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Food Security as a challenge for the MTS and the post-2015 agenda?
Need improved understanding of relationship between trade and FS

- Impact of trade agreements on FS difficult to gauge directly
  - Provide the framework within which trade policy is crafted

- Impact of trade policy change can be captured through series of indicators
  - Direct impact on prices
  - Indirect impact via agriculture sector response
    - Intermediate impact of policy change on supply response
    - Translation of supply response to food security indicators

- The outcomes of a specific reform on the food security status of different households very difficult to determine even within the implementing country
Unpacking the linkages

Reform/Change
Global market environment
Macroeconomic environment
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Trade policy reform
Domestic agricultural policy reform

Institutional environment
Impacting on degree of price transmission and ability to respond
Functionality of markets
Access to Assets and Technology
Agroclimatic regions
Heterogeneity of producers

Supply response
National level
Production
Crop mix
Trade
Household level
Intensification
Expansion
Diversification
Exit

Structural diversity
National level
Role of agriculture
Trade dependence
Diversity of exports
Household level
Resource use
Income source
Consumption patterns

Food security indicators
National level
Availability
Stability
Accessibility
Utilization

Household level
Availability
Stability
Accessibility
Utilization
Where should efforts to improve FS be targeted?

- In many developing countries, agricultural productivity enhancement is still key to improved food security
  - Need for global food production to increase 60–70% by 2050
  - Stage of development matters in design and impact of policy
  - But objectives change – increase production or support incomes?

- But how to promote productivity growth??
  - Coupled vs. decoupled domestic support?
  - Use of trade barriers?
  - Consumer vs producer focus?
  - How to ensure transition in policy set?
What does this mean for global trade agreements? Revisiting the DDA

- Ensuring that countries have sufficient flexibility to pursue domestic policy agenda without contributing to global market distortions and uncertainty
- Difficulty in formulating trade rules that allow developing countries to implement more distortive domestic policies is that these policies are applicable to all developing countries
- Further complicating negotiations – a specific policy can have very different effects on different countries and on different groups within countries

- Export competition
- Market access
- Domestic support
- Special and differential treatment
What does this mean for global trade agreements? Export Competition

- Elimination of all forms of export subsidies and disciplines on export measures with equivalent effect
  - Equivalence and differential requirements of Export subsidies vs Export credits, STE and Food aid require further research
    - Credits extended to NFIDCs or LDCs or those used to support transactions of relatively small size, could be made exempt from such disciplines
    - State Trading Enterprises (STEs) often play a critical role in marketing of agricultural products. Monopoly status has been crucial to their effectiveness
Substantial improvements in market access for more open, effective, equitable access for all products
  - Longer term goal but how to transition to that goal?

Increased preparedness to engage in trade
  - Aid for trade
    - Not just about facilitating exports
    - Systems for managing risks associated with opening
What does this mean for global trade agreements? Revisiting DS

- Substantial reduction of all trade and production distorting domestic support
  - Is this appropriate for all countries, at all stages of market development?

- Would extension of Green box provisions be sufficient for countries at different stages of development?

- Design of mechanisms is as important as scale of support in determining market impacts
SDGs: pointers for agricultural trade policy and trade agreements?

- Para 12: “Each country has primarily responsibility for its own economic and social development and the role of national policies, domestic resources and development strategies cannot be over-emphasised”

- Para 13: “…there are different approaches, visions, models and tools available to each country in accordance with its national circumstances and priorities....”

- Para 18: “SDGs are accompanied by targets....take into account different national realities, capacities and levels of development and respect national policies and priorities....”

- 17.10: “...promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system...”
- 17.15: “....respect each country’s policy space and leadership to establish and implement policy......”