

Food and Agriculture Organization of the United Nations

The role of trade in achieving the SDGs

Trade and Markets Division, FAO September 28, 2017

FAO's work on trade

FAO supports member countries in:

- In-depth analysis on the possible consequences of trade policies;
- Capacity development to improve understanding of international trade rules and the linkages between trade and food security, which in turn supports trade negotiations (e.g. E-learning courses: "Trade, Food Security and Nutrition", and "Agriculture in Trade Agreements");
- Neutral fora for dialogue (e.g. Expert roundtable on "Best practices in export promotion: Experiences in Latin America, Europe and Central Asia"; dialogue between stakeholders from trade and agriculture in Africa);
- Support to trade development (e.g. Support to Kyrgyzstan in the implementation of the Export Development Plan for 2015-2017);



FIGURE 1 THE NUMBER OF UNDERNOURISHED PEOPLE HAS BEEN ON THE RISE SINCE 2014, REACHING AN ESTIMATED 815 MILLION IN 2016



NOTE: Prevalence and number of undernourished people in the world, 2000–2016. Figures for 2016 are projected estimates (see Box 1 on p. 4 and Methodological notes in Annex 1, p. 95). SOURCE: FAO.

Trade and the SDGs 1/3

With the Sustainable Development Goals (SDGs), the Agenda 2030 affirms a new vision of unprecedented scope and significance

- In the Agenda 2030, sustainable development is a universal concern that involves developed and developing countries alike
- All countries accepted the goals and are equally responsible for the implementation of the Agenda
- The Agenda takes into account different capacities, levels of development and national realities and also respects national policies and priorities



Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture



Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Goal 10: Reduce inequality within and among countries



Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development



Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development

Trade and the SDGs 2/3

SUSTAINABLE DEVELOPMENT GOAL

the global partnership for

sustainable development

TARGET

2 End hunger, achieve food security and improved nutrition and promote sustainable agriculture	 2.b Correct and prevent trade restrictions and distortions in world agricultural markets, including through the parallel elimination of all forms of agricultural export subsidies and all export measures with equivalent effect, in accordance with the mandate of the Doha Development Round 2.c Adopt measures to ensure the proper functioning of food commodity markets and their derivatives and facilitate timely access to market information, including on food reserves, in order to help limit extreme food price volatility
17 Strengthen the means of	 17.10 Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization, including through the conclusion of negotiations under its Doha Development Agenda 17.11 Significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports by 2020

implementation and revitalize 17.12 Realize timely implementation of duty-free and quota-free market access on a lasting basis for all least developed countries, consistent with World Trade Organization decisions, including by ensuring that preferential rules of origin applicable to imports from least developed countries are transparent and simple, and contribute to facilitating market access

Trade and the SDGs 3/3

SUSTAINABLE DEVELOPMENT GOAL

TARGET



Linkages between trade and food security

The links between trade and food security are inherently complex, with several channels of interaction affecting the different dimensions of food security simultaneously



Source: FAO. The State of Agricultural Commodity Markets 2015-2016

Impacts of trade on food security and nutrition

Trade can have both positive and negative effects on each of the four dimensions of food security. The short and long-term impacts potentially working in different directions can make it difficult to determine a generalizable relationship

Short term

Trade boosts imports and increases the quantity and variety of food available

Trade may decrease the domestic availability of crops in net exporting countries

Availability

Access

Medium to Long Term

Food production may increase due to greater specialization, and productivity improvements may be triggered by greater competition

In net food-exporting countries, domestic availability of staples may decline, as production is diverted toward exports; in net food importing countries, some producers are likely to curtail production, forgoing the multiplier effects of agricultural activities in rural areas

Food and input prices are likely to decrease for net food importing countries

Domestic prices of exportable products may increase for net food-exporting countries **Incomes would rise in competitive sectors**, due to greater market access, and growth and employment would be supported by export growth and inflow of FDI

Incomes may decline in import-competing sectors, with some producers transitioning out of agriculture. Also, **unequal distribution of gains** may occur due to enclave developments in export crops to the detriment of broadbased smallholder food crop production

Impacts of trade on food security and nutrition

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	Short-term	Medium to Long Term
U	Greater variety of food available may promote a more balanced diet	Food safety and quality may improve if international standards are applied more rigorously
Utilization	There may be greater consumption of food that is cheaper, high in calories and low in nutritional value	Prioritization of commodity exports may divert land and resources from traditional and indigenous foods, which are often superior from a nutritional perspective
Stability	Imports mitigate likelihood of shortages resulting from local production risks	Global markets are less prone to policy- or weather-induced shocks
	Countries may be more vulnerable to changes in trade policy by exporters, such as export bans	Sectors at earlier stages of development may become more susceptible to price shocks and import surges
		i

Possible negative impact

Possible positive impact

Impact of short-term trade policy interventions on food security

Possible negative impact Possible positive impact

Net Exporters Export restrictions (export taxes, bans or limits)

Net Importers Elimination of tariffs on outputs and inputs

Higher domestic supply and greater potential for price stabilization in exporting countries; lower consumer prices & potentially higher		Short-term
of inputs) in net importing countries	Nationally	greater potential for price stabilization in exporting countries; lower consumer prices & potentially higher production (due to lower cost of inputs) in net importing

Lower producer prices and uncertain policy environment create disincentives for expanding production and investing in market development

Medium-term

Producers diversify

Long-term

Producers diversify away from crops affected by frequent policy changes

When put in place by several countries simultaneously, reduction in import barriers leads to greater global demand, while export restrictions reduce global supplies

Globally

Tightening of the balance between demand and supply puts upward pressure on world prices Exacerbation of uncertainty and waning confidence in global markets as a reliable source of food lead to volatility in global food markets

Key messages

- The ambition of a world without hunger and malnutrition by 2030 will be challenging – achieving it will require renewed efforts through new ways of working;
- The Sustainable Development Goals recognize that international trade contributes to the promotion of sustainable development. Trade is an engine for inclusive economic growth, poverty reduction, and eradication of global hunger;
- The challenge is how to ensure that the expansion of **agricultural trade works in favour of the elimination of hunger, food insecurity and malnutrition for all**;
- To assure that the potential of agricultural trade is realized to achieve the SDGs, it is important to ensure that trade policies and strategies are coherent with other enabling national policies;
- Trade and related policy must prioritize **long-term structural transformation objectives** over short term interests.

Thank you!