Trade and food security: Towards greater policy coherence?

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1. Food security: how does it relate to trade?
Ensuring food security requires coordinated action: on equity, the environment - and also trade

Undernourishment in the developing world

<table>
<thead>
<tr>
<th>Year</th>
<th>Number (left axis)</th>
<th>Prevalence (right axis)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990-92</td>
<td>995 millions</td>
<td>23.6%</td>
</tr>
<tr>
<td>2000-02</td>
<td>939 millions</td>
<td>18.8%</td>
</tr>
<tr>
<td>2005-07</td>
<td>893 millions</td>
<td>16.7%</td>
</tr>
<tr>
<td>2008-10</td>
<td>863 millions</td>
<td>15.5%</td>
</tr>
<tr>
<td>2011-13</td>
<td>827 millions</td>
<td>14.3%</td>
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<tr>
<td>2015</td>
<td></td>
<td>15%</td>
</tr>
</tbody>
</table>

Access and availability: trade policies must help reduce poverty

“Food security exists when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food which meets their dietary needs and food preferences for an active and healthy life.”

World Food Summit, 1996.

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

FAO Food Price Index. 2002-04 = 100

Source: FAO food price index (real prices), May 2013
Projections: price trends set to continue

Price changes in real terms, % (2012-21 compared to 2002-11)

Source: OECD
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

Food export restrictions: exacerbating shortages on world markets

The effects of export restrictions on rice prices

- Apr: Nigeria scraps 100% tariffs & imports 0.5 million mt Thai rice
- Mar: India, Vietnam & Cambodia place full bans exports & new Thai govt discussed possibility of ban
- Q1: Saudi imports from Thailand rise by nearly 90% after India’s ban
- Jan: Egypt restrict exports
- Sep-Oct 2007, Vietnam and India place partial restrictions on exports
- Jan-Feb: Drought in Iran order 0.8 million mt of Thai rice
- Jan-Apr: Philippines buys normal annual quota in just 4 months, including govt-to-govt deal with Vietnam
- Jun: Cambodia removes ban
- Jun: Egypt announces re-export of rice from Sep.
- Sep: India lifts export ban on some higher quality varieties
- Strong demand from energy exporters keeps rice prices 25-30% above 2007 levels

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

Sub-Saharan Africa
South Asia
East Asia and the Pacific
Europe and Central Asia
Middle East and North Africa
Latin America and the Caribbean

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.

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

Source: India’s official notifications to the WTO; ICTSD compilation
Aid to agriculture falls as share of total aid


Producers 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
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

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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More ICTSD analysis on trade and food security is online at: www.ictsd.org/programmes/agriculture/
Thank you.
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