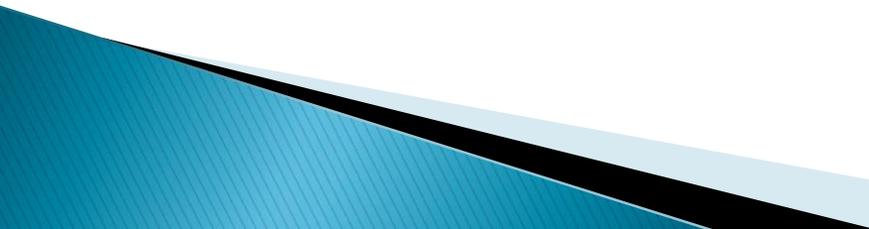


Mainstreaming agricultural and trade policies

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Why mainstream trade?

- ▶ Trade can be a key driver of improved growth, employment, improved food security etc
 - BUT development and implementation of coherent policies and strategies to realize benefits and mitigate threats of trade is limited
 - ▶ Trade development agenda is moving away from traditional focus on tariff liberalization
 - Increasing need for inter-sectoral coordination
 - Opportunities for partnership
 - ▶ Evolving markets and expanding regional and global value chains create challenges and opportunities
 - Trade expansion is inevitable
 - Continued competitiveness depends on ability to assure levels of quality and safe food
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Weaknesses in mainstreaming trade policies result in reduced benefits

Agricultural trade related priorities are identified through different processes that are often not well coordinated



Different perceptions of national priorities for agricultural trade



Gaps in country capacity to articulate appropriate trade strategies



Fragmented, incoherent trade and related policies

Appropriate trade policy needs to be context specific and dynamic

- ▶ Historically, most countries have undergone a process of structural transformation
- ▶ During this process
 - the role of agriculture changes
 - the impacts of policy on agriculture change
 - the institutional/market environment changes
- ▶ Identifying appropriate trade policy that is cognizant of these changing circumstances and needs is critical

Trade agreements as frameworks for policy design and implementation

- ▶ Ensuring that countries have sufficient flexibility to pursue national policy agenda
- ▶ Difficulty in formulating trade rules that allow flexibilities is that these policies are applicable to all developing countries
- ▶ Recognising that a specific policy can have very different effects on different countries and on different groups within countries.
 - ▶ Example – Impact of public stockholding depends on Objectives, Design and Implementation during each of Procurement, Stockholding and Release
 - ▶ Not possible to state *a priori* that a given policy will have detrimental impacts

What does this mean for global trade agreements? Market access

- ▶ Substantial improvements in market access for more open, effective, equitable access for all products
 - Longer term goal but how to transition to that goal?
- ▶ Agreements that promote greater openness need to provide adequate flexibility
- ▶ Increased preparedness to engage in trade
 - Aid for trade
 - Not just about facilitating exports
 - Systems for managing risks associated with opening

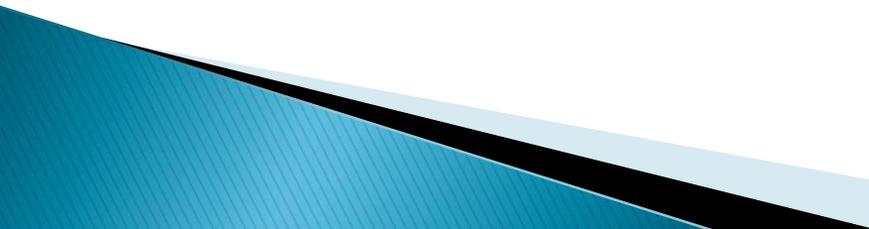
What does this mean for global trade agreements? Domestic Support

- ▶ Substantial reduction of all trade and production distorting domestic support
 - Is this appropriate for all countries, at all stages of market development?
 - ▶ Importance of extension to Green box provisions, but not sufficient at all stages
 - ▶ Flexibility to moderate price instability required
 - ▶ Design of mechanisms is as important as scale of support in determining market impacts
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What does this mean for trade agreements? Export Competition

- ▶ Elimination of all forms of export subsidies and disciplines on export measures with equivalent effect
 - Equivalence and differential requirement of Export subsidies vs Export credits, STE and Food aid require further research
 - *Credits 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*
- ▶ Balance with disciplines on export restrictions?

Defining requirements for support

- ▶ For countries to participate in trading systems in a way compatible with their development and food security objectives, **three** critical areas need to be addressed:
 - Differences in countries' effective involvement in developing and implementing **trade related agreements** need to be reduced.
 - Countries must have increased capacity to **analyze developments** in international agricultural markets, trade policies and trade rules.
 - Importing and exporting countries need increased capacity to **articulate specific and different national** strategies, policies and measures to benefit from trade and pursue their FS objectives.
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Objectives of FAOs work on trade

- ▶ Support to the effective participation of member countries in the negotiation, adoption and implementation of trade related agreements
 - ▶ Facilitate evidence-based trade and related strategies and policies that are supportive of food security, poverty reduction and decent rural employment
 - ▶ Support improved coordination for the mainstreaming of trade into food security, employment and investment plans
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