**Food Security Policy Options World Trade**

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 **The specific commitments made by countries under the Agreement on Agriculture have an impact on the range of policies they can take in the future.**

**From the point of view of countries, it is important to identify provisions that increase their flexibility in implementing food security policies, limit their options and may require some adjustments in the future.**

**There are three main areas of domestic policy: production, consumption, and market stability.**

 **It will therefore be dealt with here in the context of food security.**

 **Production policy options: Each country has two options to support domestic production as part of its food security strategy:**

* **Border measures: through tariffs as long as they are within the limits imposed on the WTO.**
* **Domestic support measures: that is to provide price and non-price subsidies to farmers, but also within the limits of**

**WTO commitments.**

**First: Support Policies:**

**1. Support through tariffs:**

**Tariff tariffs on basic foodstuffs in many countries are high. Although the option to apply the tariff within bound levels is consistent with WTO commitments, this policy may have shortcomings in practice, since most of them are food-importing countries. The rise in tariffs does not only mean higher prices for local producers but also higher prices paid by local consumers, an option that may not be practical for many countries with large numbers of poor households. However, there are some possible ways out of this dilemma, namely, that customs duties collected from tariffs can be channeled to food-insecure households while allowing producers to benefit from higher domestic prices. However, this option requires good management capacity to identify families in need of support (thereby reducing support leaks to able families) as well as having the necessary infrastructure to effectively carry out the transfer of resources to needy families.**

**2. Support from a food security perspective:**

 **Food support is a tool for food security, and all countries have a range of options in terms of providing domestic support to agricultural producers. These options are policies that distort production by providing commodity and non-commodity support. Includes:**

**• Commodity subsidies: The state purchases products at guaranteed prices that exceed the level of the price of the tie.**

**• Non-commodity support: includes subsidies in the form of credit facilities, as well as support for inputs such as fertilizers, irrigation, seeds, etc., which are intended to reduce the cost of production but are not specifically directed towards specific crops.**

**The second: Options for price stabilization policies:**

**There are many factors that affect market stability, and the degree of market instability may increase in the short term at least, until markets adjust to the new global economic order. However, there are many WTO-compliant measures that countries can use to mitigate the impact of market instability on food security, including:**

**• Safeguards: The provisions of the Special Safeguards in the Agreement on Agriculture, as well as the WTO General Safeguards of Countries, allow additional tariffs to be imposed in special circumstances. However, since the SSG has been allocated to products subject to the tariff process, only a few countries are able to invoke this paragraph, because only a few of them have used the tariff formula to link their tariffs. Moreover, the use of such measures or remedies, including those applied on an interim basis, is subject to lengthy procedural requirements and, therefore, has not been of much practical benefit to developing countries.**

**• Tariffs: Countries may be able to apply the tariff system, which is inversely related to the level of import prices while maintaining the highest rate of tariffs at a level not exceeding the rate of bound fees. Countries whose tariffs are relatively high can compensate for differences in import prices by lowering tariffs when prices rise and tariff increases when prices fall. This can be achieved, in practice, through the "price range" policy, so that prices are adjusted only when import prices exceed the range between minimum prices and the ceiling of prices. An important point of such a plan is that if the price range is assumed to be too narrow, the global price signals do not completely eliminate the tariff change and local prices are allowed to move reasonably in line with global prices.**

**• Export ban: Another text of the Agreement on Agriculture, relating to the stability of domestic markets, deals with export prohibitions. At times when global prices rise sharply or demand rises sharply from a neighboring country, Article 12 of the Agreement on Agriculture allows for restrictions on exports, provided that food security of other (importing) countries is taken into account. Countries can consider using risk management tools that reduce the impact of price changes. Market-based instruments, such as futures and option contracts, are fully compatible with the WTO system.**

**Third: Reconciling the objectives of producers and consumers:**

**It is known that the Agreement on Agriculture generally has a great deal of flexibility and that countries have at their disposal a range of options that allow them to pursue policies that support producers and consumers without violating their obligations under the WTO regime.**

 **However, apart from these commitments, there is always a problem of how to reconcile the interests of producers and consumers in local agricultural policies and food security policies, where the ultimate goal is food security.**

**This requires, in most cases, prudent linking of tools compatible with the WTO system. In general, the price of liquidation in the domestic market is determined by the world market price plus a tariff within the ceiling level bound by the commitment.**

 **For most importing countries, the tariffs applied in years where prices are normal are likely to be lower than their ceilings, with some differences from that level in years when world prices are low or high.**

**However, dependence on tariffs alone may not be a good tool for achieving all the objectives of national agricultural and food policies, hence additional complementary tools may be needed.**

 **For example, prices already obtained by farmers can be maintained at a higher level than import-equivalent prices through WTO-compatible transfers, such as commodity and non-commodity subsidies (up to the AMS and minimum allowable limits), special treatment And Green Fund policies.**

**Similarly, if local market prices are too high for a segment of the population, target interventions can be implemented so that the actual prices paid by the target households can be maintained at the levels they bear.**

 **The use of these targeted interventions as well as other public income transfers allows countries to apply consumption policies without adversely affecting production incentives.**

**While it is clear that all these other functions of agriculture are desirable, achieving food security is the main function of agriculture for most Arab countries.**

**Countries can work towards achieving their food security goals under (Agriculture Agreement) and without resorting to the broad concept of multiple functions. It is necessary to define the provisions of the Agreement on Agriculture that need to be strengthened in the continuation of the reform process, in other words allowing Arab countries more flexibility to implement food security policies.**

 **The following are some of the proposals on important food security issues within the three areas of concern for the Agreement on Agriculture: market access, domestic support and export support.**

**• Market Access: The remaining barriers to market access for countries' exports limit the ability of these countries to implement a self-reliant food security strategy by taking advantage of the benefits offered by international trade.**

 **However, there are some problems, which are the prohibitive tariffs that lead to curbing trade transactions, the escalation of tariffs, and the large variation in tariff rates. In some cases, non-tariff measures prohibited by the Agreement on Agriculture (such as the minimum import price regime for some products) are still practiced.**

 **These remaining barriers are a serious problem because they affect the key growth sectors of agricultural trade, specifically manufactured products and markets looking for high-quality products. Arab countries should recognize that tariff formulas apply to their tariffs, apply equally to tariffs in their main export markets and are subject to any provisions of special and differential treatment agreed upon. Possible outcomes in this area may include:**

**o Further reduce tariffs on export goods of interest to developing countries.**

**o Reduce tariff escalation and variation.**

**o Multilateral harmonization of rules to reduce compliance costs and avoid disguised protection.**

**o Develop principles to regulate tariff disparities within bound ceilings.**

**o Increasing market access for developing country exports.**

**• Safeguards: As some countries are net importers of foodstuffs whose markets are still severely distorted, SSG provisions may be of interest to these countries, particularly those that have committed to linking low tariffs. However, the enjoyment of the provisions of special safeguard measures is not general (both in terms of products or countries) and most developing countries cannot benefit from them because they have been linked to the tariff process. Possible outcomes in this area may include:**

**o Making special safeguard measures available to all countries and increasing the number of products they cover, on the grounds that this is a "public goods" issue that helps liberalize agricultural trade.**

**o Alternatively, allow the application of SSG to a limited number of food commodities (commodities that are highly sensitive from a food security point of view).**

**• Domestic support: Many countries have not calculated the AMS systematically, and they have argued that their level is zero, which may prevent them from implementing certain policies for future support.**

 **There are also issues related to the definition of completed production when calculating the** **Calculate the support scale (AMS) and the AMS treatment and some real errors in the method used (eg base period, currency used in the calculation, etc.).**

 **Within the Green Box category, some issues of interest to Arab countries relate to the definition of policies that meet the conditions of listing in the Green Box, in particular the meaning of the "minimum impact on production and trade".**

 **Not all of the policies currently listed in the Green Box have no impact on trade and production.**

 **More importantly, the Green Box does not include specific policies that are easy for countries to implement with limited management capabilities. Possible outcomes in this area may include the reclassification of excluded measures and the development of a special category of support addressing the legitimate interests of developing countries in the area of ​​food security. Possible outcomes in this area may include:**

**o Allow countries to recalculate the AMS and review their schedules of commitments.**

**o If a review of the AMS is not possible, allow countries to raise the minimum allowable level and / or to make the minimum allowable for food commodities higher than for non-food crops.**

**o Give particular consideration to negative AMS cases for food security purposes (eg support for food production).**

**o Exception specifically for food security (ie food security stocks) expenditure from the AMS account / minimum allowable.**

**o Correcting / clarifying methodological problems (eg subsidized production, inflation, base currency).**

**• Export competition: Countries may also be drawn into food dependence through unfair trade practices of trading partners, such as dumping or over-export subsidies, which lead to the entry into the market of cheap food items that local producers cannot compete with.**

 **Export competition is the most powerful commitment among the commitments under the** **Agriculture Agreement (AoA).**

 **However, export subsidies remained high in a number of developed countries. There is a concern about evading enforcement of the rules, which reduces the ability of Arab countries to compete in the export market.**

 **Possible outcomes in this area may include: o Introduce further substantial reductions in export subsidies.**

**o Strict measures to prevent the implementation of the rules.**

**o Develop other forms of export assistance, such as export credit facilities, and ensure export credit facilities, consistent with the general rules for export financial support.**

**o tightening provisions on export restrictions imposed by exporting countries;**