



**18 March 2022, 14.00-17.00 Virtual Meeting
CFS Bureau and Advisory Group Meeting**

Statement By
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Mr. Chairman, thank you very much for inviting the WTO Secretariat to this meeting. It is my pleasure to address the CFS Bureau and other members of the Advisory Group.

The global food system appears to be moving from crisis to crisis. Just as we thought that the COVID-19 pandemic was beginning to recede into the background, the global security situation has deteriorated, pushing political turmoil to the foreground.

There is no doubt that we need to be applying long-term thinking to our food systems, as per the recommendations of the United Nations Food Systems Summit, so they do not become a casualty of every crisis. We need food systems that are resilient and that are not dependent on emergency political declarations by policy-makers to shield them from disruption.

Mr. Chairman, the Black Sea region is of tremendous importance to global food security. In the 1990s, following the break-up of the Soviet Union, the region was a net importer of grain. Today, Russia and Ukraine account for 12% of the total calories traded in international markets. Both countries are amongst the top five global exporters of many cereals and oilseeds, including wheat, barley, sunflower and maize. Likewise, many importing countries strongly depend on both regions for their food security. North Africa and the Middle East import over 50% of their cereal needs from the two countries. Ukraine is also an important supplier of maize to the European Union and China. Fertilizer is an equally important area of international trade and is equally vital to global food security, with Russia accounting for 15% of global trade in nitrogenous fertilizer and 17% of trade in potash. Belarus accounts for an additional 16% of trade in potash. So, clearly, the current situation is fragile.

The consequences of this crisis, as with every recent crisis, has been a wave of trade restrictive measures (at least initially), higher food prices, and higher freight costs. We have seen in the immediate wake of these new developments, Ukraine apply certain food export restrictions. At the G7 Extraordinary Meeting of Agricultural Ministers of March 11 in Berlin, the G7 declared that it nevertheless recognized the extreme circumstances behind the export

restrictions of Ukraine, and the vital importance of preserving the availability of food in the country.

The G7 nevertheless called on all countries to keep their food and agricultural markets open and to guard against any unjustified restrictive measures on exports. In fact, since the onset of this latest crisis, we have seen a wave of food export bans, export licensing requirements, and compulsory domestic sales requirements, come into force across a range of different countries and continents (from Moldova all the way to Argentina, Indonesia and Lebanon, just as an example). We have also seen movements in strategic food and fertilizer reserves, either to boost them or to order their release.

The outcome of this situation has been a rise in global wheat prices to a ten year high, with wheat now trading at US\$ 523/ton, and a surge in wheat future contracts of over 50%. Egypt, the world's largest wheat importing country could see a rise in its food import bill from US\$ 3 billion to US\$ 6 billion soon. A situation which the Egyptian government is clearly trying to mitigate with various precautionary measures. Just recently, the World Food Programme has also informed the WTO of the dramatic impact of the current situation on its cost of doing business, indicating that its procurement costs have now risen by 30% relative to 2019.

Mr. Chairman, how then do we look beyond this crisis, and other crises, to strengthen our food systems. Clearly a whole host of measures will be needed, across a range of different sectors – not least to make our food systems sustainable. International trade is one of them, and I wish to focus here on the trade picture. International trade in food is highly concentrated and, in some sectors, also suffers from the phenomenon of “thin markets.” To explain, no more than ten countries export 100% of the world's soybeans, 90% of the world's rice, 90% of the world's wheat, and 70% of the world's meat. And the list goes on. In addition, while approximately 25% of world wheat production enters international trade, only 5% of world rice goes global, making trade in this food staple particularly vulnerable. Clearly we must take a long and hard look at this trade picture, and consider ways to reconfigure our food systems more strategically.

Whether from an environmental/climatic or food security standpoint, we need to be boosting agricultural productivity – growing more with less, and diversifying our sources of food supply wherever this is possible. At the WTO, Members are working to open agricultural markets and put them on a more level playing field, so more players can enter the international trading system. Research shows that in the absence of trade protection, while agricultural output levels would fall in the protected regions, it would rise in countries and regions where agriculture was originally lightly protected, not protected, or subject to export taxation. We must also remember that a more efficient trading system in food and agriculture would lead to a better allocation of resources, including natural resources, such as land, water and energy. We are in a unique situation, Mr. Chairman, where the global trade agenda can make a significant contribution to the global environmental and food security agenda.

WTO Members are also looking at the issue of food export restrictions and the potential to tighten existing rules; and in particular to exempt the purchases of the World Food Programme that are destined for humanitarian assistance. An opportunity to also marry the global trade agenda with the global humanitarian agenda. We need to be boosting the

WTO rule-book on agriculture – *giving the trading system its third COVID shot*, so it too can be more resistant to crises. We must remember that our food is no longer “made in” any particular country, it is simply “assembled in.” As the FAO often reminds, today one third of total agricultural commodities cross international borders at least twice. We have an opportunity to solidify and strengthen this interdependence by making progress at the WTO’s 12th Ministerial Conference.

Thank you.
