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Examining the linkages between trade and food security: What is your experience?

About this online discussion

This document summarizes the online discussion: *Examining the linkages between trade and food security: What is your experience?* held on FAO's Global Forum on Food Security and Nutrition (FSN Forum) from 19 January to 13 February 2015.

The discussion gathered 59 contributions from 24 countries and was facilitated by Ekaterina Krivonos (FAO) and Susan Bragdon (Quaker United Nations Office). The topic introduction and questions proposed as well as all contributions received are available on the discussion page:

www.fao.org/fsnforum/forum/discussions/examining-linkages-between-trade-and-food-security

Overview

A large part of participants shared the view that international trade can have an important role to play in ensuring food security, but that trade alone cannot fully solve food security or poverty problems. In fact, certain conditions need to be met in order for trade to positively affect the food security situation of the population: ensuring food safety; developing a moral imperative; supporting crop diversity; allowing agricultural subsidies for small farmers; ensuring a reduction in food loss and food waste and developing trade policies that support disadvantaged countries.

Trade can be a significant component for increasing productivity, availability of food and household income and can therefore have a beneficial effect on food security. Trade barriers imposed by the net exporting countries on the other hand could lead to food shortages and hence negatively affect all dimensions of food security.

At the same time, many of the contributors remain skeptical towards the current trade agreements and criticised the idea that a functioning food security strategy that explicitly supports small-scale farmers, can be made compatible with a global market-based approach to food security.

Many support the idea that improving availability through free trade alone is not enough to ensure food security. Rather, governments need to take an active role to pursue access to healthy food on a sustainable basis for all.

In addition, the often unintended, negative effects from greater trade openness a needs to be dealt with in the design phase of trade agreements.

How have trade agreements and rules affected the four dimensions of food security (availability, access, utilization, stability)?

There are different views regarding the influence that trade agreements have on food security. Both free traders and food sovereignty advocates are quick in their opposite assessment of the impact of trade liberalisation on food security. (Christian Häberli)

However, the degree to which trade policies influence the elements of Food Security depends greatly on various geopolitical parameters in the different countries.

Trade agreements can positively affect food security:

Trade can affect individuals positively and deliver broader food security and development benefits. It can complement local food systems, increasing availability, diversity and quality of products. The potential gains associated with increased trade and easier movement of goods and services are becoming a significant component of food security efforts and the broader agricultural development agenda. If properly governed, trade creates opportunities for small-scale producers to increase their incomes – a critical component of improving food security and reducing malnutrition. A strong enabling environment, with transparent and well-implemented laws and regulations, is central to such a development. (Santosh Kumar Mishra, Ann Steensland, Ruth Campbell, Nikolai Fuchs)

In fact, relying on own production only, implies greater risks of disruptions in supplies due to weather-related emergencies, wars and other failures. There seems to be little evidence showing that moving towards a more isolationist model can produce positive results in terms of food security. (Ekaterina Krivonos)

Trade in agricultural products is essential to connect the surplus areas to deficit areas of agricultural products. This is instrumental to optimize the use of available agricultural resources, to avoid waste and to allow any area or country to focus on production of agricultural crops in which it has a comparative advantage. (Emile Hounbo)

At global level, the most important contribution of the trade agreements and rules to food security is the increased access to markets through bilateral/regional/multilateral agreements. Agreements are designed to encourage international investments, which might in turn increase agricultural development and self-sufficiency. Another benefit of transparent global trade regime can be the improved access to low cost food from the global markets by the world's poor. (Isin Tellioglu)

There is also evidence that smallholder market participation in general is key to poverty reduction. The impacts on smallholder farmers of engaging in export agriculture depend on the specific market structures and integration mechanisms. (Ruth Campbell)

International Fund for Agricultural Development supporting smallholders cocoa producers

Sao Tome and Principe is home to one of the rarest and most expensive cocoa beans on the market, but the cocoa price crash of 1998 devastated the local cocoa industry. Since 2003 The International Fund for Agricultural Development (IFAD) facilitates a public-private partnership designed to help smallholders cocoa producers expand exports of dried cocoa beans certified as very organic and fair trade. Export of cocoa has increased from 50 to 900+ tons in just ten years (2003-2013). Producers now sell their cocoa for more than double the price and incomes have increased fivefold. Families have started investing in home improvements, while the producer associations have invested in community health care centres and sanitation projects. All of these investments enable and encourage good nutrition. (Ann Steensland)

Trade barriers in the Near Eastern and North African Region

The region is highly dependent on international market imports and therefore most of the countries in the region are vulnerable to food price shocks. The trade barriers imposed by the net exporting countries affected all dimensions of food security, especially availability, access and stability at market and household levels. In 2007 the impact of price shocks on food security has been severe, affecting additional 4 million undernourished people in this region. The reason is that food-exporting countries reacted to the price shocks by raising export barriers to keep the available produce at home. Market and trade agreements are therefore crucial to ease and to stabilize food import flows. (Isin Tellioglu)

Inter-American Institute for Cooperation in Agriculture

The Latin America and Caribbean region has a vast food and agriculture potential. In order to sustain the current rate of Total Factor Productivity growth and enable the region to trade its agricultural surplus, the Inter-American Institute for Cooperation in Agriculture (IICA) provides training and technical cooperation among its 34 member states and helps improve export capabilities of small and medium scale producers. (Ann Steensland)

Trade Agreements can negatively affect food security:

In the global market, demand correlates with an ability to pay rather than the human need for food. Access by those most in need, distribution, inequality and justice are not considered. (Susan Bragdon)

In fact, international free trade is rarely motivated by a desire to improve food security as such. Therefore, without clear legal limitations on the extent of profit, one may gain by food trade, or consideration of its impact on food security, such trade can pose a serious threat to food security of a community. (Lal Manavado)

Regional integration processes and improvement of trade between neighbour countries can also have a series of negative implications in terms of food security: lower diversification and higher exposure to shocks, lack of opportunities for people in border regions, higher

dependence on remote providers to balance supply and stocks during crisis. (Juan GarciaCebolla)

In addition, participants felt that the global food trade is increasingly falling under the control of few multinational corporations. These large agribusinesses have taken an active role in shaping free trade agreements and tend to view food as a simple commodity rather than a human right. (Santosh Kumar Mishra)

WTO Agreement on Agriculture and the GATT

Participants perceived a fundamental incompatibility between food security and the rules of trade liberalisation laid out in the GATT (General Agreement on Tariffs and Trade) and the WTO (World Trade Organisation) Agreement on Agriculture.

The focus on competitiveness on international markets does not incentivize the creation of sound domestic markets and the focus on export overshadows the needs of local consumers. Without specific provisions which WTO members could use to ensure food security for their populations, trade liberalisation limits the capacity of the government policies to implement measures aimed at improving food security. (Biswajit Dhar, Gérard Choplin)

Exports/imports and self sufficiency

Food exports from poor countries have the potential to produce benefits for local people, but the distribution of benefits often does not reach those most affected by food insecurity and malnutrition and is likely to favour mainly the local rich and the government elite.

In addition, the pressure to open domestic markets to foreign suppliers often results in the flooding of domestic markets with food from outside. This has severe financial repercussions on local food producers that cannot compete with the imported products (George Kent)

North American Free Trade Agreement (NAFTA) in Mexico

Mexican food security has been hurt by the North American Free Trade Agreement (NAFTA), which was translated into massive imports of subsidized corn from the United States into Mexico. The effects from NAFTA have been devastating for the small producers and for the impoverished population, since producers have not been able to compete against large corporations causing the population's food purchasing power to decrease. At the same time, large producers did not take into account that in order to achieve this production they have consumed resources that should be used to benefit the population at large. (Moisés Gómez Porchini)

Trade Agreements effects in Kyrgyzstan

The accession of the Kyrgyz Republic to the WTO has affected the four dimensions of food security. Increase in imports of inputs lead to an increase in crop productivity, i.e. availability. At the same time, negative repercussions on the utilization and stability dimensions were caused by a decreased local production of seeds and by phytosanitary risks coming from contraband imported from Uzbekistan and Tajikistan. (Abdybek Asanaliev)

Access to food of Pakistani fisher folks

Prices for fish caught in Pakistan have steadily increased and so has volume of exports. However, due to a growing inequity between fisher folks and traders, processors and exporters, the fisher folks have gained little from that. In fact, this inequality has resulted in an unacceptable situation where fisher folks cannot afford to eat their own catch of highly nutritious varieties and are now increasingly dependent upon the consumption of poultry. Such poultry is cheap because of various subsidies that include fishmeal prepared with fish caught largely by large, commercial trawlers. (A Ercelan)

Creating coherence between food security measures and trade rules

Participants shared a diverse set of view on the possibilities to create coherence between food security measures and trade rules. Some felt that designing a framework wherein trade rules and pro-poor agriculture policies can be mutually supportive is very difficult (Biswajit Dhar) and others argued that it is impossible to devise a national trade and food security policy without contrasting the current WTO rules as such policies would be seen as distorting international free trade. Changing this would contradict the liberal dogmas and would hence require the strong commitment of several international actors. (Jean-Marc Boussard)

Current free trade agreements, for instance, often contradict regional policies that support bio-farmers and processes seeking sustainability. Better governance and land tenure rules may generate favourable conditions to achieve more equity. (Manuel Castrillo)

Interventions that can help in bringing coherence between trade agreements and food security also include: ensuring farmers' participation in trade negotiation and evaluating trade agreements for their impact on food security, on diets and nutrition and on other aspects of economic and social development (Ekaterina Krivonos, Susan Brangdon)

Rights-based approaches

A human rights based approach could help to handle some of the negative externalities of trade on food security, promoting empowerment and increasing participation on decision making to balance priorities, including the needs of vulnerable people. (Juan GarciaCebolla)

Food trade laws must be brought under scrutiny, firstly, to make sure that food is bound for a place where is needed, and the transaction not merely serves those involved in the trade, but peoples' right to food. (Ghose Bishwajit)

Participants argued, in fact, that trade rules that threaten the right to food of the poor need to be challenged based on existing Human Rights Covenants. Stakeholders should undertake public and participatory human rights impact assessments of the trade rules, both during the process of trade negotiations and after. (Claudio Schuftan)

Food Sovereignty

A food sovereignty approach can be instrumental to fix the anomalies created by the free trade, including the land and resource rights of small-scale farmers.

Food sovereignty will deliver other priorities, such as the need to feed the population first with local/regional products, to agricultural policies and give them new space, putting trade at its right (still important) place. This would also respond to the climate and energy challenges by

limiting transport on long distances. This idea is rapidly gaining traction, while still lacking support by mainstream international agro-policy players (Gérard Choplin, A Ercelan, Ghose Bishwajit)

From market-oriented to development-oriented system

Development reports demonstrated that the WTO trade rules of 1994 and the “liberalization” of agriculture markets have failed to achieve food security and have made the situation worse. (Gérard Choplin)

The WTO special Agreement on Agriculture (AoA) is market- and export-oriented and incentivizes specialisation and industrialization of agriculture. Small-scale farmers are ruled out by these mechanisms. This could change if negative externalities would be integrated in the price of goods.

The solution might therefore be a shift from market-oriented system to development oriented system focusing on soil fertility, sovereign seed breeding, local markets and resilient communities. (Nikolai Fuchs).

Another proposal is to ensure appropriate distribution of gains through *safety nets* to accompany trade agreements. (George Kent)

Food Aid and Trade

An effort to create coherence between food security and trade agreement was done in 2012 with the Convention related to food assistance, which puts special emphasis on the nutritional needs of the populations and on the needs for assistance of the recipient countries. However, the 2012 Convention limits the application of its provisions by demanding their compatibility with the rights stated by the WTO, especially with the future impacts of commercial agricultural negotiations. In this setting, only urgent food aid that complies with certain conditions would be considered as compatible with the rights of the WTO, which would considerably reduce the efforts based on the 2012 Convention. (Marie Cuq)

How can a food security strategy, including components that explicitly support small-scale farmers in agro-biodiverse settings, be implemented in ways that might be compatible with a global market-based approach to food security?

Subsistence of farmers is at greatest risk from open trade and it does not seem to be a viable strategy to simply open up markets without taking care of the weaknesses of the local food system first. (Ekaterina Krivonos)

What is often missing from the trade/food security debates is an understanding of what motivates farmers, including small-scale farmers, to grow specific quantities and types of food. (Dennis Bennett)

Participant discussed measures and approaches for supporting small scale farmers to access and participate in markets and improve their food security.

Pro-poor transformations

Markets are opening up both internally and externally, thus providing incentives to farmers to shift towards cash crops. Structural adjustment programs are strengthening these incentives

by making production for export more profitable than before. This is important as for the rural and urban poor food security is dependent on sufficient, sustainable income. Pro-poor transformation of rural economies requires increasing agricultural productivity and efficiency along value chains, diversifying economic activity, and integrating the rural economy into the broader economy through sound market systems. (Santosh Kumar Mishra)

Cooperatives

Food producers should be encouraged to form moderate sized cooperatives to handle their produce, so that everybody involved in food trade from the producers to the consumers will have fair play. This will encourage many more people to take up agriculture as a profession, rather than shunning it as many do now. (Lal Manavado)

Local Food Security Value Chain (FSVC)

A better approach to global food security would be to focus on all aspects of the local food security value chain which includes the entire food security system: 1) field preparation; 2) farming; 3) storage and handling; 4) transportation; and 5) markets. Coherence between food security measures and trade rules is achievable, if the local food security value chain (FSVC) is addressed first.

If the participants in all aspects of the FSVC are not treated with dignity and respect, i.e., treated with basic human rights, food security will be reduced because inefficiencies are introduced into the system. (Dennis Bennett)

International Buffer stocks for food security

Some participants brought up the role of buffer stocks and public grain reserves to help stabilise agricultural prices (Gérard Choplin, Leanne Ussher). Price volatility when coupled with low world stocks can generate large price swings and food insecurity. Government buffer stock policies may improve the welfare of a country, as they would give autonomy to national actions by limiting the negative spillover of their national trade policies. Such buffer stocks could be run by an international commodity corporation with both producing and consuming countries represented on its board. (Leanne Ussher).

Removing blockages within the value chain

Before addressing the trans-national trade agreement questions, policies should focus on supporting small-scale farmers by removing “blockages” from the value chain and encouraging behavioural/cultural changes where necessary to create a robust, sustainable, agro-biodiverse local “system”.

Price risk of the trading company, food cooperative or intermediary must also be carefully managed, so that they can pay reasonable prices for local agro-biodiverse food and profitably store, transport and sell that production to the end consumers. (Dennis Bennett)

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