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COMCEC

FAO Experience in Agricultural Trade Policies

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Trends and Scenario

Food Security and
Agriculture Trade

PATH TO ZERO HUNGER BY 2030



In September 2015, the 193 UN Member States commit to 17 SDGs, including **ZERO HUNGER BY 2030**

BY THE YEAR 2030 WORLD POPULATION IS PROJECTED TO GROW TO AROUND

8.3 billion



ABOUT 800 MILLION PEOPLE GO HUNGRY TODAY



Establish social protection systems to improve food access, such as school food and cash transfers. Without nourishment, humans cannot learn, or lead healthy and productive lives.
SDGs: 1, 2, 3, 4, 6, 10, 13

Promote nutrition policies, including dietary education, and shift to consumption and production approaches that promote biodiversity and long-term health benefits.
SDGs: 2, 3

MALNUTRITION AFFECTS 1 IN 3 PEOPLE AND ALL NATIONS
OVERWEIGHT AND OBESITY IS RISING



Make food systems more efficient, inclusive and resilient.
SDGs: 2, 7, 12, 17

Improve the way food commodity markets function, and limit extreme food price volatility.
SDGs: 2, 7, 12, 17



A LARGE SHARE OF FOOD PRODUCED IS LOST OR WASTED

ALMOST 4 IN 5 POOR PEOPLE LIVE IN RURAL AREAS



Develop pro-poor growth strategies in rural areas, focusing on small-scale farmers and the people left furthest behind.
SDGs: 1, 2, 8, 9, 10

RIISING FOOD DEMAND IS INCREASING COMPETITION FOR NATURAL RESOURCES



GENDER EQUALITY IS A PRECONDITION FOR PROSPERITY



Ensure rural women have equal access to resources, income opportunities, and education.
SDGs: 1, 5, 8, 9, 10, 13

Diversify rural employment into non-agricultural activities targeting youth to slow their exodus to cities.
SDGs: 1, 2, 3, 4, 5, 8, 10, 17

IN SUB-SAHARAN AFRICA AND SOUTH ASIA **YOUTH NUMBERS ARE RISING FAST**



Address root causes of inequality. Give poor people access to health, education, land, finance and new technology.
SDGs: 1, 2, 10, 17

INEQUALITIES ARE INCREASING BOTH WITHIN AND BETWEEN COUNTRIES



CLIMATE CHANGE IS JEOPARDIZING CROP AND LIVESTOCK PRODUCTION AND FISH STOCKS



Adopt holistic approaches, such as agro-ecology, agroforestry, climate-smart and conservation agriculture.
SDGs: 2, 7, 13, 17

Transform agriculture so that it contributes to food fuel reduction.
SDGs: 2, 7, 13, 17

INCREASING GHG EMISSIONS ARE EXACERBATING CLIMATE CHANGE



OUTBREAKS OF TRANSBOUNDARY PESTS AND DISEASES ARE GROWING ALARMINGLY



Establish best practice in preventing diseases and anti-microbial resistance that threaten plant and animal production, public health and trade.
SDGs: 2, 3, 13, 17

Build the resilience of rural communities to withstand shocks, crises and disasters. Tackle distress migration.
SDGs: 1, 2, 10, 13

GLOBALIZATION IS INCREASING DEMAND FOR INFORMATION, TECHNOLOGY AND PARTICIPATION



CONFLICTS AND CRISES ARE BECOMING INCREASINGLY PROTRACTED

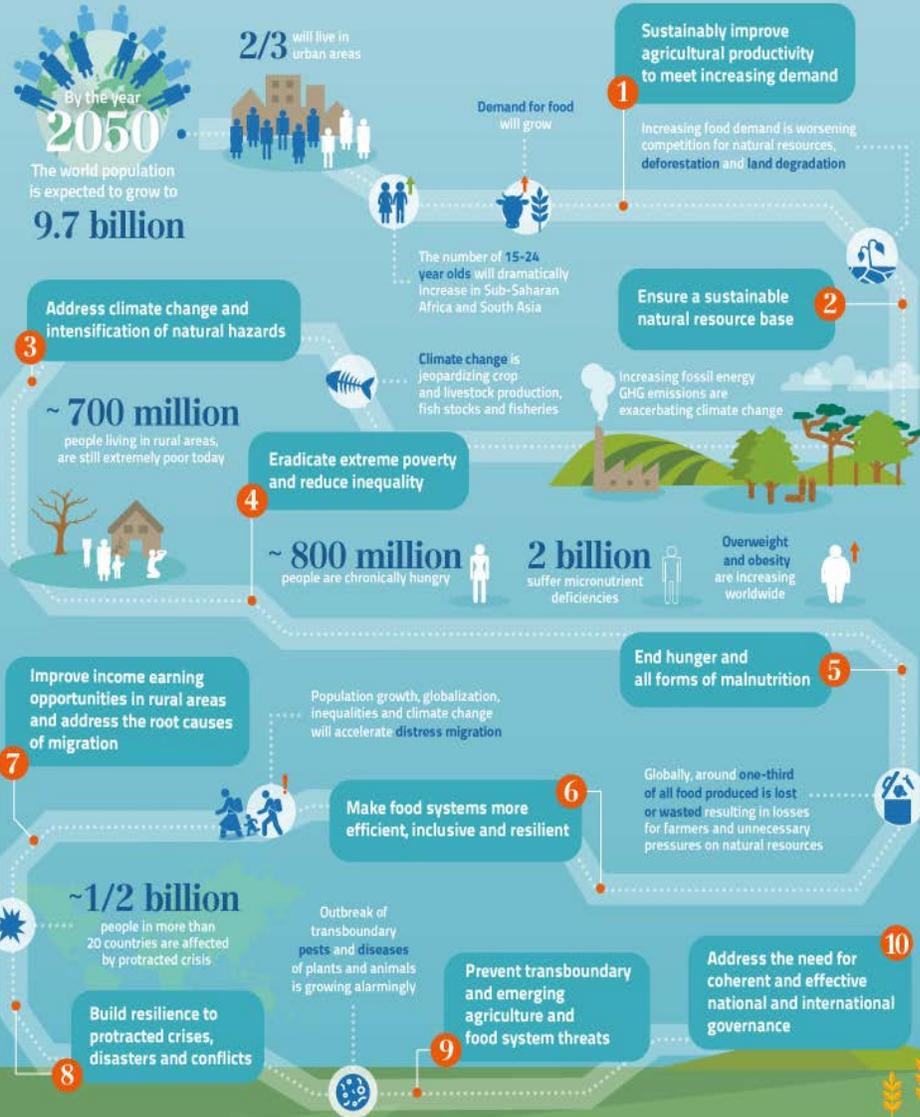


Build institutions and mechanisms that provide international norms, standards and data, and promote cooperation among countries and partners.
SDGs: 2, 10, 17



The future of food and agriculture

The global trends and **challenges** that are shaping our future





Low-Income Food-Deficit Countries (LIFDC) - List for 2016

AFRICA

Benin
Burkina Faso
Burundi
Cameroon
Central African
Republic
Chad
Comoros
Côte d'Ivoire
DR of the Congo
Djibouti
Eritrea
Ethiopia
Gambia
Ghana
Guinea
Guinea-Bissau
Kenya
Lesotho
Liberia

AFRICA

Madagascar
Malawi
Mali
Mauritania
Mozambique
Niger
Nigeria
Rwanda
Sao Tome and
Principe
Senegal
Sierra Leone
Somalia
South Sudan
Sudan
Togo
Uganda
Tanzania
Zimbabwe

ASIA

Afghanistan
Bangladesh
Bhutan
DPR of Korea
India
Kyrgyz Republic
Nepal
Pakistan
Syrian Arab
Republic
Tajikistan
Uzbekistan
Yemen

AMERICAS

Haiti
Nicaragua

OCEANIA

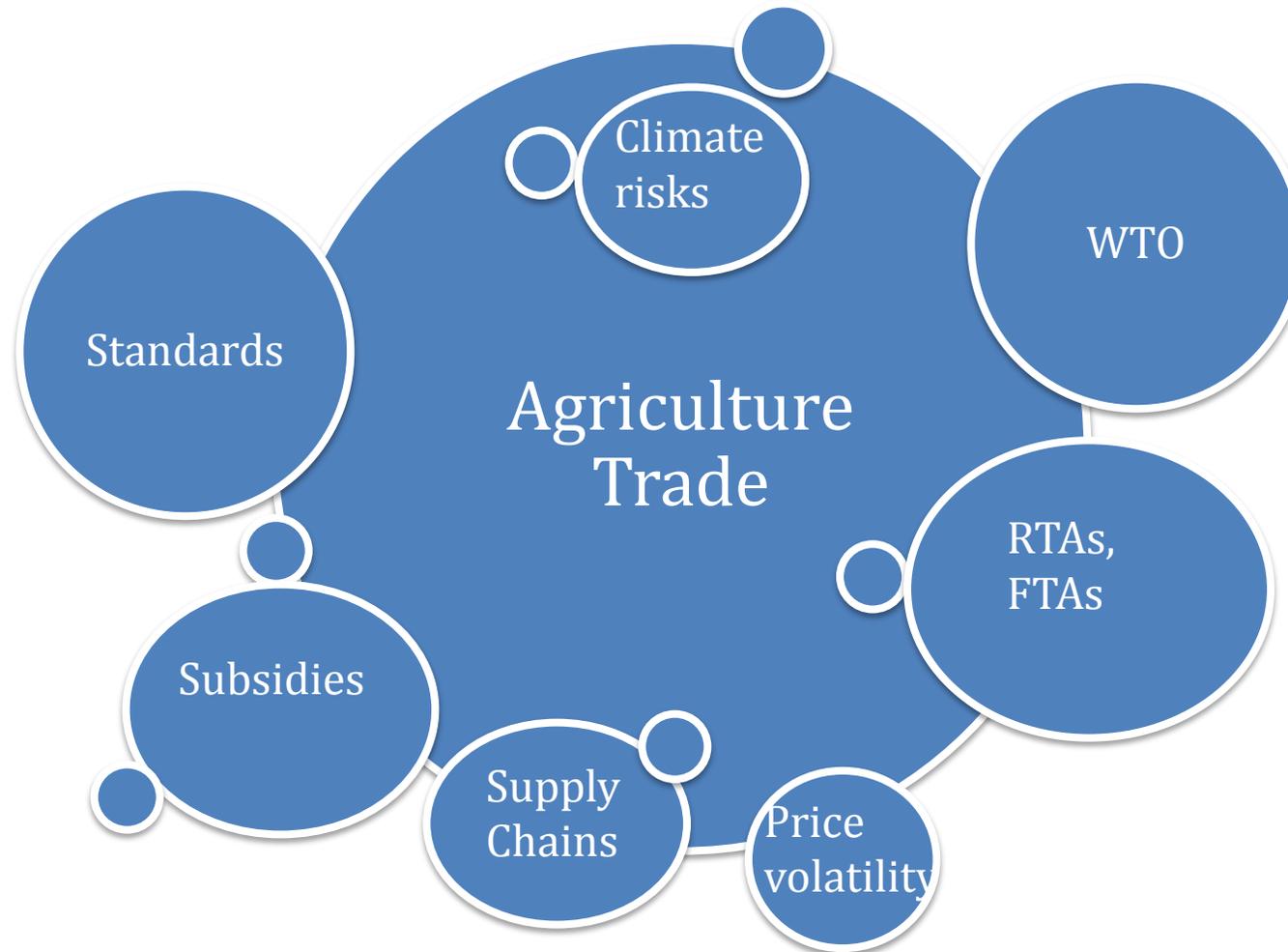
Papua New
Guinea
Solomon Islands

Definition

The classification of a country as low-income food-deficit used for analytical purposes by FAO is traditionally determined by three criteria. First, a country should have a per capita gross national income (GNI) below the "historical" ceiling used by the World Bank to determine eligibility for IDA assistance and for 20-year IBRD terms, applied to countries included in World Bank's categories I and II. The 2014 LIFDC list is based on the GNI for 2011 (estimated by the World Bank using the Atlas method) and the historical ceiling of USD 1 945 in 2011. The second criterion is based on the net (i.e. gross imports less gross exports) food trade position of a country averaged over the preceding three years for which statistics are available, in this case from 2009 to 2011. Trade volumes for a broad basket of basic foodstuffs (cereals, roots and tubers, pulses, oilseeds and oils other than tree crop oils, meat and dairy products) are converted and aggregated by the calorie content of individual commodities. Thirdly, the self-exclusion criterion is applied when countries that meet the above two criteria specifically request to be excluded from the LIFDC category



Agriculture Trade

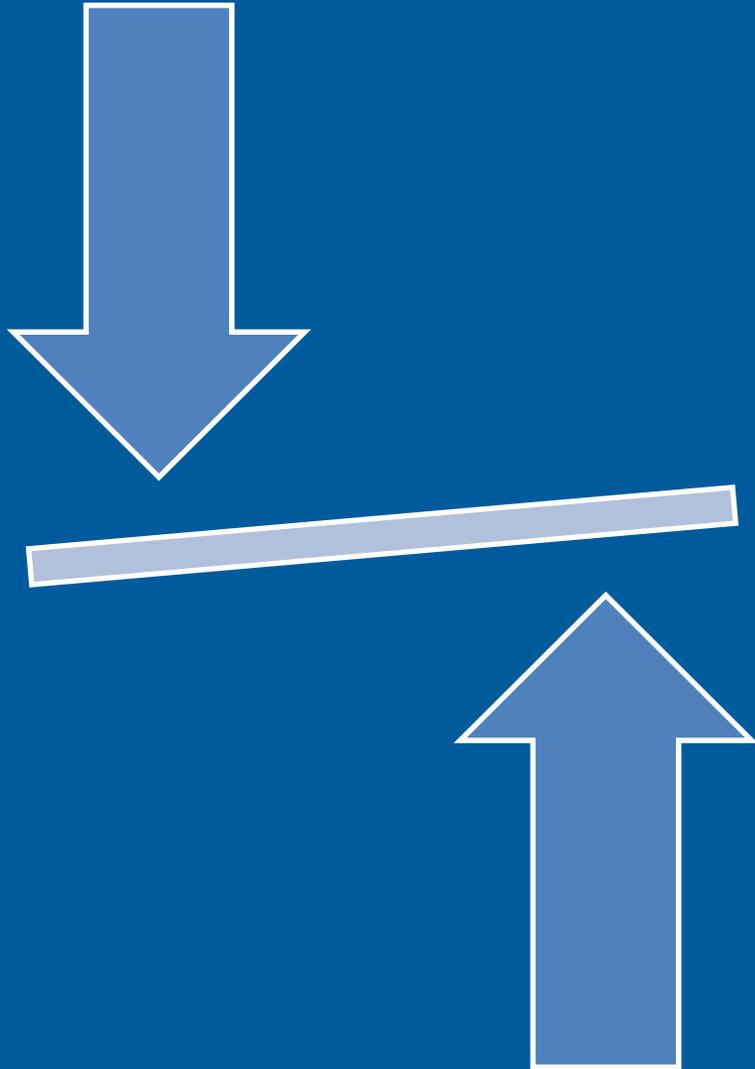




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Interplay between
Agriculture and other
policies



ABC of Trade Policy: **Enabling Agriculture Trade**



Multilateral



*Adaptable
Beneficial
Complementary
Distributive
Enabling
Fair*

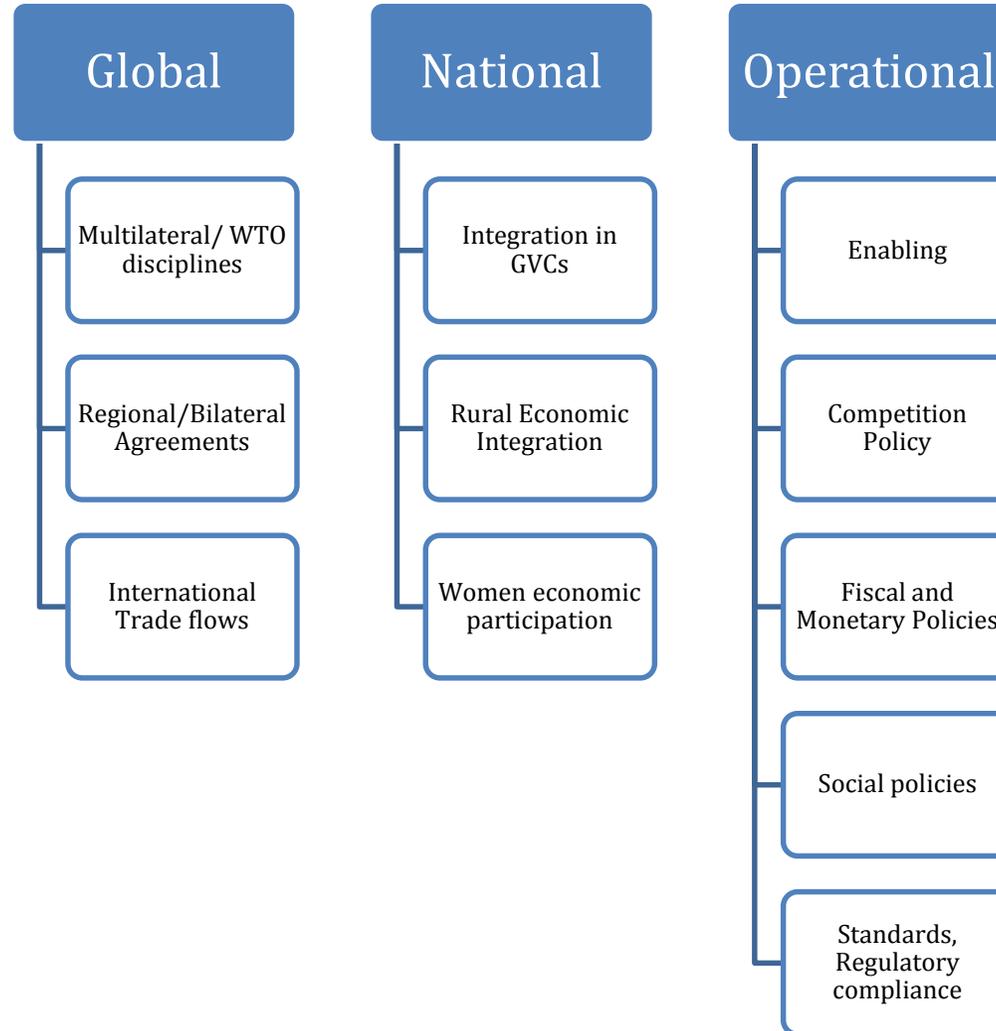


National



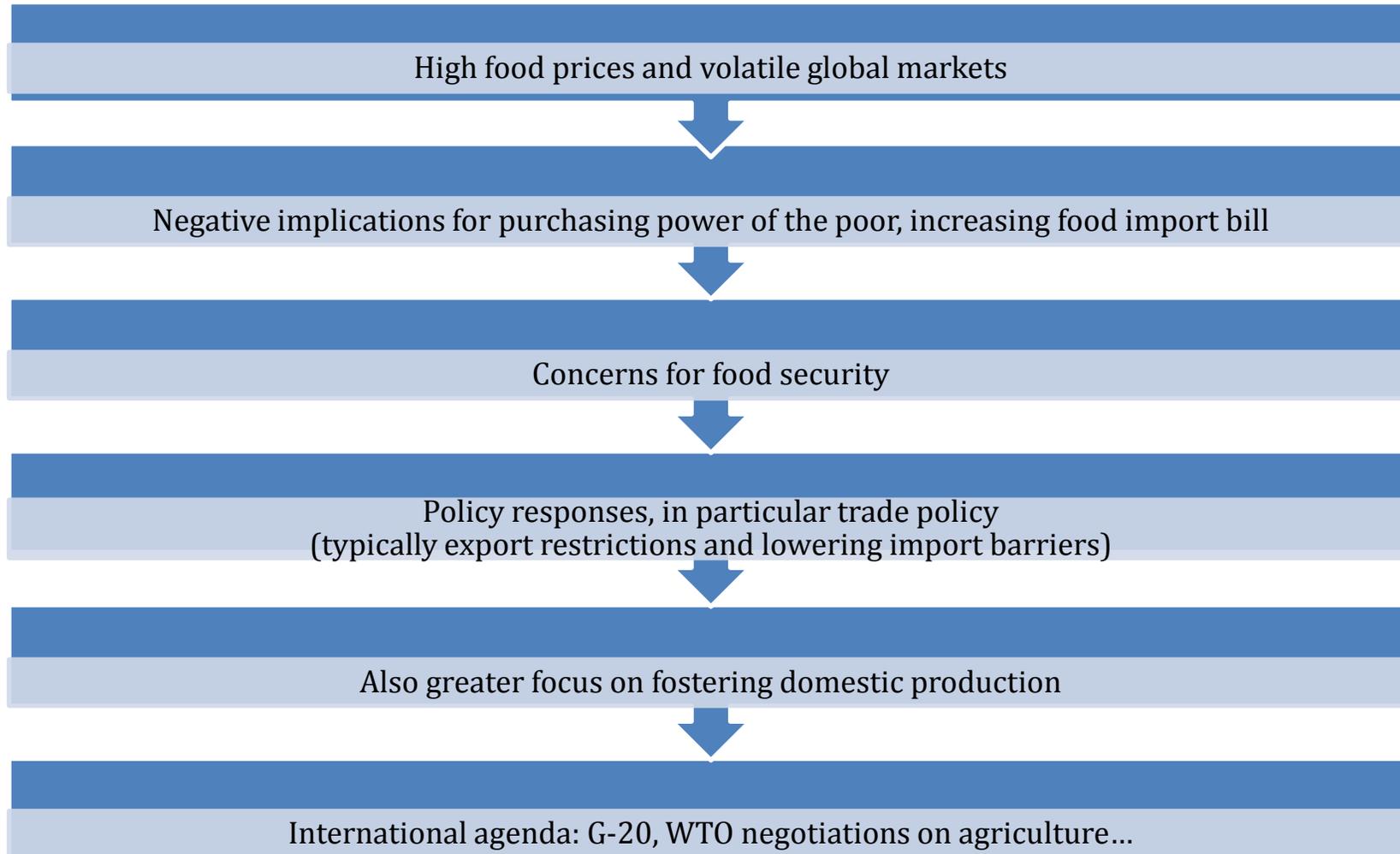


Trade Policy: **Enabling Agriculture Trade**





As food prices increased dramatically in 2006-08 and 2011-2012, there was a greater focus on domestic markets in pursuit of national Food Security objectives





Typical measures for stabilizing domestic agriculture markets

Trade policy

- Export restrictions
- Reduction of import duties

Support to agriculture

- Subsidies (input, output), state purchases
- Access to credit
- Technical assistance

Support to consumers

- Social protection, targeted transfers
- Food aid and school feeding
- Subsidized prices on basic foods



Trade: Support to agriculture and agricultural development

- Need to look beyond short-term policy consequences.
- Longer-term food security requires policies that promote **sustained agricultural productivity increases**
- Consideration to the level of economic structural transformation and the role of agriculture in the economy.

STAGES OF AGRICULTURAL TRANSFORMATION

	Earlier	Later
STATUS OF AGRICULTURE	<ul style="list-style-type: none"> • Largely non-commercial production • Fragmented input and output markets • Limited risk management instruments 	<ul style="list-style-type: none"> • Commercialized production • Functional input and output markets • Adequate risk management instruments
GOVERNMENT ACTION	<pre> graph LR A[Phase 1 Investments establishing the basics] --> B[Phase 2 Subsidies kick-starting markets] B --> C[Phase 3 Withdrawal] </pre>	
DOMESTIC SUPPORT POLICY	<ul style="list-style-type: none"> • Government incentives have a critical role providing access to finance and input and output markets at low cost and low risk, to allow farmers to generate a surplus 	<ul style="list-style-type: none"> • The use of interventionist approaches can become increasingly detrimental; instead, it is important for governments withdraw from market activities and allow the private sector to take over.
TRADE POLICY	<ul style="list-style-type: none"> • For a defined period of interventions to promote productivity-enhancing private investment, trade policy can help reduce production risks and provide the stability needed for producers to react positively to the incentives. 	<ul style="list-style-type: none"> • In more mature economies, where input, credit and output markets function more efficiently, it may be appropriate to liberalize agricultural trade policy to release further agriculture growth potential.



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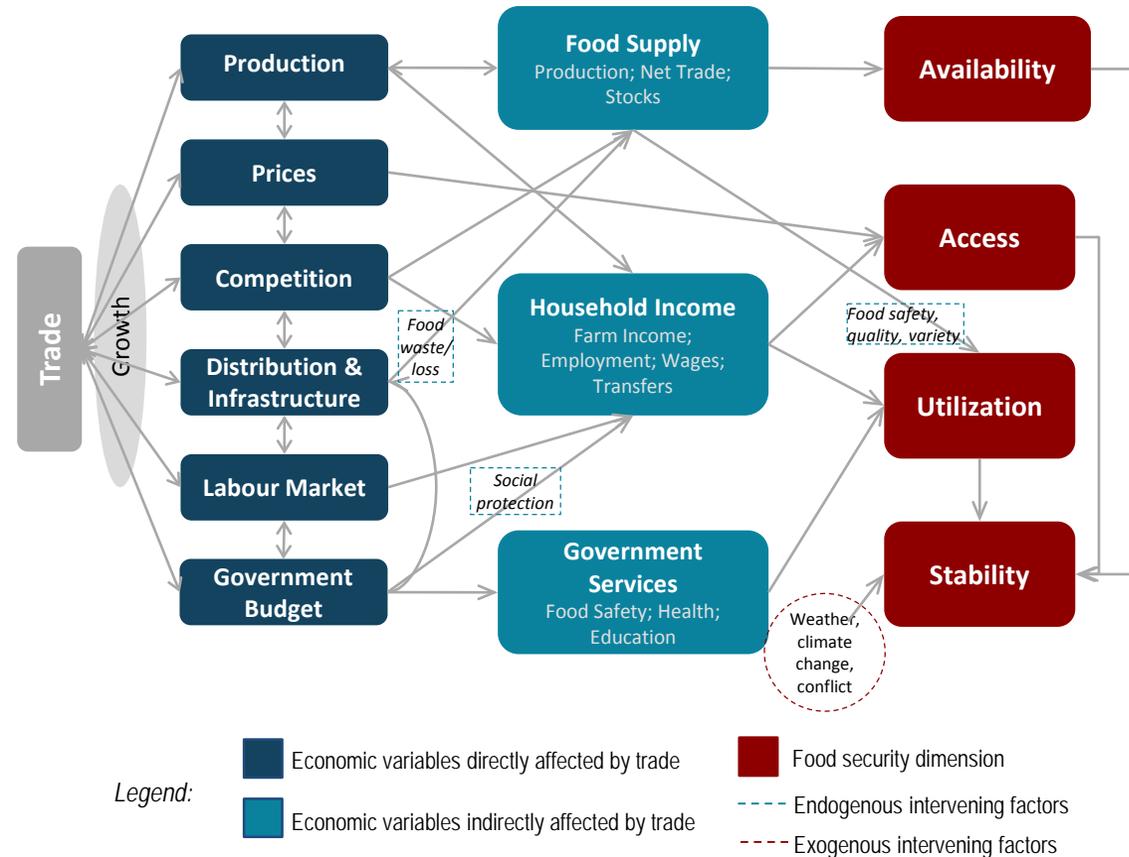
Agriculture Trade

Using as an enabler
for achieving food
security

Linkages between trade and food security

The links between trade and food security are inherently complex, with several channels of interaction affecting the different dimensions of food security simultaneously.

- **Immediate effects on:** food production, total supply, prices, employment and government revenues
- **In the longer run, effects on:** competition, marketing, infrastructure, value chain development, investments.





Impacts of trade on food security and nutrition

Trade can have both positive and negative effects on each of the four dimensions of food security. The short and long-term impacts potentially working in different directions can make it difficult to determine a generalizable relationship.

	Short term	Medium to Long Term
Availability	<ul style="list-style-type: none"> • Trade boosts imports and increases the quantity and variety of food available 	<ul style="list-style-type: none"> • Food production may increase due to greater specialization, and productivity improvements may be triggered by greater competition
	<ul style="list-style-type: none"> • Trade may decrease the domestic availability of crops in net exporting countries 	<ul style="list-style-type: none"> • In net food-exporting countries, domestic availability of staples may decline, as production is diverted toward exports; in net food importing countries, some producers are likely to curtail production, forgoing the multiplier effects of agricultural activities in rural areas
Access	<ul style="list-style-type: none"> • Food and input prices are likely to decrease for net food importing countries 	<ul style="list-style-type: none"> • Incomes would rise in competitive sectors, due to greater market access, and growth and employment would be supported by export growth and inflow of FDI
	<ul style="list-style-type: none"> • Domestic prices of exportable products may increase for net food-exporting countries 	<ul style="list-style-type: none"> • Incomes may decline in import-competing sectors, with some producers transitioning out of agriculture. Also, unequal distribution of gains may occur due to enclave developments in export crops to the detriment of broad-based smallholder food crop production

Possible positive effects
 Possible negative effects



Impacts of trade on food security and nutrition

Trade can have both positive and negative effects on each of the four dimensions of food security. The short and long-term impacts potentially working in different directions can make it difficult to determine a generalizable relationship.

	Short term	Medium to Long Term
Utilization	<ul style="list-style-type: none">• Greater variety of food available may promote a more balanced diet	<ul style="list-style-type: none">• Food safety and quality may improve if international standards are applied more rigorously
	<ul style="list-style-type: none">• There may be greater consumption of food that is cheaper, high in calories and low in nutritional value	<ul style="list-style-type: none">• Prioritization of commodity exports may divert land and resources from traditional and indigenous foods, which are often superior from a nutritional perspective
Stability	<ul style="list-style-type: none">• Imports mitigate likelihood of shortages resulting from local production risks	<ul style="list-style-type: none">• Global markets are less prone to policy- or weather-induced shocks
	<ul style="list-style-type: none">• Countries may be more vulnerable to changes in trade policy by exporters, such as export bans	<ul style="list-style-type: none">• Sectors at earlier stages of development may become more susceptible to price shocks and import surges

■ Possible positive effects

■ Possible negative effects



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Way Forward





“Trade liberalization is like opening a window...”

(Eugenio Diaz-Bonilla)

The outcome will depend on:



The “weather”
outside

The degree of
openness

The conditions
inside





Further information

<http://www.fao.org/trade/en/>



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