We’re live-tweeting at this event

Follow us @UNRISD and use the hashtag #UNRISDSeminar
Food Trade, Food Security and the SDGs

ALIGNING REALITY WITH THE VISION

Sophia Murphy
UN Research Institute for Social Development (UNRISD)
University of British Columbia
Three points

1. Trade matters to all dimensions of food security: opting out is not an option

2. Negotiations are marred by “disputed narratives & polarized debate” (& low trust and high uncertainty)

3. The SDGs could be transformative
Disputed narratives

• Almost all economists support open markets (but many with important caveats)
• Many civil society organizations distrust trade
• Food sovereignty highlights the political gap
  ➢ who decides the rules
  ➢ who wins and who loses
  ➢ what compensation

i.e. politics and economics are not aligned
<table>
<thead>
<tr>
<th>Food Security</th>
<th>Arguments For Market Opening</th>
<th>Arguments Against</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Supply</strong></td>
<td>more &amp; smoother</td>
<td>Intl markets actually small</td>
</tr>
<tr>
<td><strong>Access</strong></td>
<td>cheaper; economic growth; employment</td>
<td>inequality; poor urban-rural linkages</td>
</tr>
<tr>
<td><strong>Use/Nutrition</strong></td>
<td>more varied</td>
<td>health issues; uneven distribution</td>
</tr>
<tr>
<td><strong>Stability</strong></td>
<td>less volatile; more efficient</td>
<td>still volatile; too many externalities</td>
</tr>
</tbody>
</table>
Is there any consensus?

• Open markets better at generating growth in general but context *really* matters
• Ag development good at poverty-reducing inclusive growth *if* land equally distributed
• Most countries realized ag devt with regulated borders (not fully open)
• Commodity markets have problematic “hourglass” market power structures
• Food *security* means most countries assume some level of self-sufficiency necessary
What rules do we have?

- Three pillars:
  - Export subsidies
  - Domestic support
  - Tariffs
- Food security as a “non-trade concern”
- Argument over “fair market prices”
- Confusion over trade-distorting support (AMS vs Green Box)

- Excludes:
  - Private standards
  - Effective remedies for dumping
  - Compromise between efficiency and equity
Critique of the AoA

- Hypocrisy (you liberalize; I’ll protect)
- Free to spend but not to regulate
- Private oligopolies untouched
- No protection from import surges
- No protection from export bans

“Rigged Rules and Double Standards”
Agriculture & Trade pre-1995

• The commodity problem is about terms of trade
• Ag trade is about foreign currency & employment
• Food markets are local, self-sufficient (& often inadequate)
• Food staples not much traded (except wheat)
• EU and US dump in international markets
• Not comparative advantage but duelling subsidies with oligipolies (ABCD) & monopolies (STEs)
• The EU is the big importer; the US the big exporter (+ Cairns) and both hold significant stocks
• Markets are over-supplied
Agricultural Commodity Markets pre-crisis

- Asia overtakes EU as largest importer
- Cairns Group expands market
- Public stocks eliminated
- Biofuels create significant new demand
- Grain STEs are dissolved; ABCD persist
- Imported food staples more important
- Investment transforms land rights + food distribution (supermarket revolution)
The food price crisis: a new narrative

- Risk assessment changes; international markets volatile, too
- Exporters limit supply; LIFDCs shut out
- Big renewed interest in ag investment; new interest in land and water
- Renewed interest in public food stocks
- More focus on natural resource limits
Negotiating stalemate

• Confusion –and anger– over agenda
• Unresolved commitment to development
• Unresolved issues with SDT
• Pressure from “mega-regionals” & undermining of multilateralism
(Supply)
A transformative agenda

- Have to look at issues from a systems perspective; SDG 2 along will not be enough
- Challenge development assumptions in both North and South
- Acknowledge planetary boundaries and forces equity issues to the fore
What do we want?

- Self-reliance
  - Capacity of self-production
  - Rural employment
  - Capacity to store, distribute and process commodities
  - Markets to sell into, including export markets
  - Ability to afford imports
  - An inclusive, rules-based system
Trade rules matter

• SDGs offer potential to transform if understood as a whole
• How will the WTO engage? – internally and with others
• How will others engage with WTO? Other institutions will not be able to deliver if they cannot touch trade