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# POLICY BRIEF



## TOWARDS A NEW TRADE AGENDA FOR THE RIGHT TO FOOD

### Key points

- Access to food is a fundamental human right. Trade plays a key role in food security but an excessive exposure to global markets also increases risks.
- Trade policy needs to be advanced from a right-to-food perspective. This calls for the effective implementation and reform of existing World Trade Organization provisions.
- In 2021, the fifteenth session of the United Nations Conference on Trade and Development and the Twelfth Ministerial Conference of the World Trade Organization will provide opportunities to incorporate the right-to-food agenda in the global trade architecture.

The Special Rapporteur on the right to food, in his interim report submitted in July 2020 to the seventy-fifth session of the General Assembly, invited States to advance trade policy from a right-to-food perspective.<sup>1</sup> Noting that the Agreement on Agriculture of the World Trade Organization had been unable to provide adequate outcomes in terms of trade results and food security, the report, among others, recommended winding down the Agreement and negotiating new international food agreements. UNCTAD is in full agreement with the ultimate goal as stated in the report, which is to ensure that everyone eats with dignity and is free from hunger. However, based on observations over the past 30 years of the negotiations on and implementation of the Agreement on Agriculture, UNCTAD considers that winding down the Agreement may risk blurring the real issues at stake, namely, related to the prolonged delay in the implementation of the provisions of the Agreement meant to address the concerns of developing countries about agricultural production and food security. As the focal point within the United Nations system for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development, UNCTAD urges member States of the World Trade Organization to tackle four unresolved issues with regard to the implementation of the Agreement on Agriculture, to strengthen synergistic linkages between trade policy and the right to food.<sup>2</sup>

### Trade and food security

Food is more than simply a commodity. Failing to produce or procure food can lead to many complications and, ultimately, to starvation and death. Markets often fail to deliver foods in sufficient quality and quantity at affordable prices and this risk is notoriously high in poorer countries, in particular for the most vulnerable people.

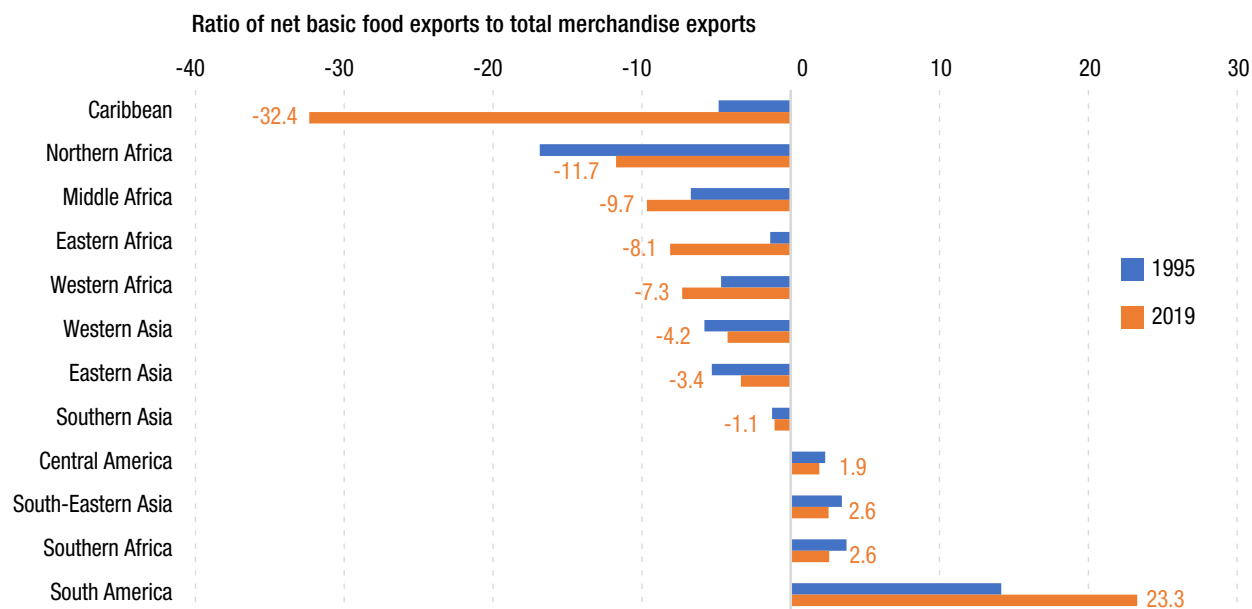
Access to food is considered a fundamental human right. States Parties to the International Covenant on Economic, Social and Cultural Rights recognize the right of everyone to an adequate standard of living, including adequate food, and have committed to taking the measures needed to improve methods of production, conservation and distribution of food and, taking into account the problems of both food-importing and food-exporting countries, to ensure an equitable distribution of world food supplies in relation to need.<sup>3</sup>

As implied in the Covenant, trade plays a key role in ensuring access to food for all by shifting food produce from surplus to deficit locations, thereby helping markets to match supply and demand on a global scale. Yet an excessive exposure to global markets and reliance on foreign supply also increases

<sup>1</sup> United Nations, General Assembly, 2020, The right to food in the context of international trade law and policy, A/75/219, New York, 22 July.

<sup>2</sup> This policy brief benefited from substantive contributions from David Bicchetti, Edward Chisanga, Taisuke Ito, Mir-Anar Mammadov and Khairidine Ramoul of the UNCTAD Division on International Trade and Commodities, as well as comments from Chantal Line Carpentier of the UNCTAD New York Office.

<sup>3</sup> United Nations, General Assembly, 1966, International Covenant on Economic, Social and Cultural Rights, A/RES/21/2200 (XXI) A, New York, 16 December.



Source: UNCTAD secretariat calculations, based on the UNCTADstat database.

Note: Basic food here excludes tea, cocoa, coffee and spices.

risks and price volatility. To what extent trade should be part of the food security strategies of countries, and to what extent trade integration processes under multilateral and regional trade agreements should contribute towards that goal, have been a matter of long-standing policy debate, at the interface of trade, development and food security.

Ensuring that food is adequate, available and accessible remains a significant challenge in many developing countries. Prior to the onset of the coronavirus disease of 2019 (COVID-19) pandemic, 820 million people were identified as chronically food insecure and the food security of 135 million people was categorized as at a crisis level or worse.<sup>4</sup> Food insecurity often occurs when the food system is disrupted by idiosyncratic events, such as conflicts, natural disasters, climate change effects and outbreaks of pests and plagues, including the COVID-19 pandemic. Estimates from the Food and Agriculture Organization of the United Nations suggest that in 2018, before the onset of the pandemic, the prevalence of severe food insecurity in the population was as high as 20 per cent in sub-Saharan Africa and 17 per cent in South Asia, followed by 10 per cent in the Middle East and North Africa, 9 per cent in Latin America and the Caribbean and 3 per cent in East Asia and the Pacific.<sup>5</sup>

Being able to ensure that food is adequate, available and accessible depends on the capacity of a country to produce food domestically and to import food from abroad. However, advances in globalization have led to increasing specialization in many developing countries, often in favour of export crops and at the expense of staple foods for domestic consumption. As a result, many developing countries have become net food importers.

Since 1995, food imports per capita in net food-importing developing countries have increased by 300 per cent and, in low-income food-deficit countries, by over 500 per cent. In 2019, only four of 12 developing regions registered a positive net balance in basic food trade (see figure). In Africa, agricultural production is insufficient to meet food security needs and, in 2016–2018, about 85 per cent of food was imported from outside the continent.<sup>6</sup> Combined with rapid population growth, net food imports in Africa are expected to triple by 2025 and undernourishment is projected to increase by one third.<sup>7</sup> In the Caribbean, the ratio of food trade deficit to total merchandise exports increased from 5 per cent in 1995 to a high of 32 per cent in 2019.

Real prices for grains in global food markets, adjusted for inflation, have been stable and on a declining trend since the highs in 2012–2013. However, as shown in the grains and oilseeds index of the International Grains Council, market prices for cereals and oilseeds, both major items in the food import baskets of the least developed countries and net food-importing developing countries, remain

<sup>4</sup> United Nations, 2020, The impact of COVID-19 on food security and nutrition, Policy brief. See also Food and Agriculture Organization of the United Nations, International Fund for Agricultural Development, United Nations Children's Fund, World Food Programme and World Health Organization, 2020, *The State of Food Security and Nutrition in the World 2020: Transforming Food Systems for Affordable Healthy Diets* (Food and Agriculture Organization of the United Nations, Rome).

<sup>5</sup> World Bank, 2021, Prevalence of severe food insecurity in the population, available at [https://data.worldbank.org/indicator/SN.ITK.SVFI.ZS?end=2018&name\\_desc=false&start=2018&view=map](https://data.worldbank.org/indicator/SN.ITK.SVFI.ZS?end=2018&name_desc=false&start=2018&view=map) (accessed 15 February 2021).

<sup>6</sup> P Akiwumi, 2020, COVID-19: A threat to food security in Africa, 11 August, available at <https://unctad.org/news/covid-19-threat-food-security-africa> (accessed 15 February 2021).

<sup>7</sup> Ibid.

volatile and at a historically high level. This is particularly significant in some countries in sub-Saharan Africa, in which food accounts for 40–60 per cent of household consumption. Climate change effects and natural disasters are likely to cause more frequent and localized price surges and the COVID-19 pandemic has magnified existing structural strains in the food system. In East Africa, for example, a triple menace of heavy rains, locusts and the pandemic could lead to “worrying levels of food insecurity in the region”.<sup>8</sup> The World Food Programme estimated that, by end-2020, an additional 130 million people would face acute hunger, nearly doubling the total to 265 million.<sup>9</sup>

## **Lack of implementation of the Agreement on Agriculture, rather than its content, is a problem with regard to the right to food**

The combination of persistent and emerging constraints on the current state of food security makes the right to food all the more important. There is no doubt that trade policy needs to be advanced from a right-to-food perspective. However, multilateral policy coordination pursued under the World Trade Organization has, to date, yielded less-than-optimal results.

As indicated by the Special Rapporteur on the right to food, certain provisions of the Agreement on Agriculture have significantly reduced policy space for many developing countries. There is an inherent structural asymmetry in the way that subsidies to domestic agricultural producers are regulated. For example, the amount of trade-distorting domestic support permitted under the Agreement for each country is based on the average amount of the subsidies actually provided in 1986–1988. Member States of the Organization for Economic Cooperation and Development accounted for 95 per cent of the total value of trade-distorting domestic support allowed for under the Agreement. Many developing countries had not declared such subsidies in the base period of 1986–1988 as they had undertaken structural adjustment programmes promoted by the International Monetary Fund and the World Bank, which had often involved cutting government measures in support of domestic agricultural producers and traders. In contrast, developed economies such as Japan, the United States of America, and member States of the European Union, which began with a high baseline level of support have had significant space to continue to provide trade-distorting subsidies.<sup>10</sup>

Winding down the Agreement on Agriculture based on these observations, however, risks blurring the real issues at stake in future policy efforts. The real shortcoming of the Agreement lies not in its content but in the lack of full implementation of special and differential treatment in respect of commitments, designed to respond to the concerns of developing countries about agricultural production and food security. For example, developing countries are allowed a higher de minimis level of domestic support (10 per cent of the value of production) than developed countries (5 per cent). They are also allowed to use investment subsidies and agricultural input subsidies to low-income or resource-poor producers (article 6.2). In addition, domestic support measures such as public stockholding, domestic food aid and income insurance programmes are exempt from reduction commitments (annex 2). In the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries, ministers agreed to review the level of food aid; to give full consideration in the context of their aid programmes to requests for the provision of technical and financial assistance to least developed and net food-importing developing countries to improve their agricultural productivity and infrastructure; and to ensure that any agreement relating to agricultural export credits made appropriate provision for differential treatment in favour of least developed and net food-importing developing countries.<sup>11</sup>

Implementation of these provisions has not been satisfactory partly because many were considered enabling clauses that were not strictly enforceable and partly because the majority of developing countries lack the fiscal capability to effectively use such provisions.<sup>12</sup> Such shortcomings have been discussed repeatedly at meetings of the Committee on Agriculture of the World Trade Organization since 1995, when the Agreement on Agriculture entered into force, but to little avail. Addressing challenges related to implementation was among the major rationales for article 20 of the Agreement, on the continuation of the reform process, and was attempted in the initial phase of the Doha round of negotiations, but has not materialized.

<sup>8</sup> International Federation of Red Cross and Red Crescent Societies, 2020, East Africa: Red Cross raises the alarm over a “triple menace” of floods, COVID-19 and locusts, 20 May, available at <https://media.ifrc.org/ifrc/press-release/east-africa-red-cross-raises-alarm-triple-menace-floods-covid-19-locusts/> (accessed 15 February 2021).

<sup>9</sup> P. Anthem, 2020, Risk of hunger pandemic as coronavirus set to almost double acute hunger by end of 2020, 16 April, available at <https://www.wfp.org/stories/risk-hunger-pandemic-coronavirus-set-almost-double-acute-hunger-end-2020> (accessed 15 February 2021).

<sup>10</sup> International Institute for Sustainable Development, 2020, *What National Farm Policy Trends Could Mean for Efforts to Update [World Trade Organization] Rules on Domestic Support* (Winnipeg, Canada).

<sup>11</sup> See [https://www.wto.org/english/docs\\_e/legal\\_e/35-dag\\_e.htm](https://www.wto.org/english/docs_e/legal_e/35-dag_e.htm) (accessed 15 February 2021).

<sup>12</sup> See UNCTAD, 2020, *The Least Developed Countries Report 2020: Productive Capacities for the New Decade* (United Nations publication, sales No. E.21.II.D.2, Geneva).

## Policy recommendations

There is no time to lose in reigniting multilateral policy coordination for agricultural trade from a right-to-food perspective, such that food-insecure countries can pursue a post-pandemic recovery policy mix that meets local food production and consumption needs. Existing multilateral trade agreements offer contractual legal frameworks to regulate trade policy in ways that align the norms and disciplines of such agreements with universal human rights and the universal promotion of the right to food, as well as with Sustainable Development Goal 2 on ending hunger. Under the new term of leadership of the World Trade Organization, removing the existing limitations, imbalances and asymmetries of the Agreement on Agriculture, in particular the lack of implementation of special and differential treatment, should receive priority attention given the right-to-food imperative. The issues that require concrete action by members of the World Trade Organization include the following:

1. Export restrictions on food: It is hoped that members of the World Trade Organization will agree at the ministerial level to not impose export restrictions on essential foodstuffs destined to food-deficit developing countries, including net food-importing developing countries, and on food aid to countries in an emergency situation.<sup>13</sup>
2. Support for resource-poor agricultural producers: Article 6.2 of the Agreement on Agriculture should be improved and the de minimis limit should be updated and operationalized to make it more user friendly in supporting vulnerable producers, including women.
3. Public stockholding: A permanent solution should be found with regard to public stockholding for food security purposes, including through support provided for traditional staple food crops under the domestic support pillar, as this has been pending since the Ninth Ministerial Conference in 2013 and the meeting of the General Council in November 2014.<sup>14</sup>
4. Financial and technical support to agricultural production from development partners: Such support should be scaled up to address food security, including to foster high levels of agricultural productivity in the least developed countries and net food-importing developing countries, as agreed in the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries.

In 2021, the fifteenth session of the United Nations Conference on Trade and Development and the Twelfth Ministerial Conference of the World Trade Organization will provide important opportunities to incorporate the right-to-food agenda in the global agricultural trade architecture. As the focal point within the United Nations system for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development, UNCTAD continues to provide technical and analytical inputs and a platform for intergovernmental discussions on strengthening the nexus between trade policy and the right to food.

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<sup>13</sup> See, for example, World Trade Organization, Committee on Agriculture, 2020, Proposal on agricultural export prohibitions or restrictions relating to the World Food Programme, WT/GC/W/810, Geneva, 4 December.

<sup>14</sup> World Trade Organization, 2013, Public stockholding for food security purposes, WT/MIN(13)/38, Bali, 11 December; World Trade Organization, General Council, 2014, Public stockholding for food security purposes, WT/L/939, Geneva, 28 November.