

The Ninth WTO Ministerial Declaration on Food Security and South Asia

Presented at

‘Regional cooperation on trade, climate change and food security in South Asia:
Some reflections and way forward’

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Presentation outline

- ✓ Background
- ✓ Decision on public stockholding and food security: critical assessment
- ✓ Declaration on public stockholding and food security and implications for South Asia
- ✓ Conclusions and way forward

Background: Bali Decisions affecting Agriculture and Food Security (1)

- **Public stock holding on food security**
- Political commitment on export subsidies
- Decision on Cotton
- Reclassification of general services
- Monitoring of TRQ fill rates and adjustment of the administration method
- Preferential rules of origin and improving the level of duty free and quota free market access for LDCs
- Trade facilitation: specific provision in relation to trade of perishable products

Declaration on Public Stockholding for Food Security Purpose (1)

- An **interim mechanism** until permanent solution is found for adoption by the 11th Ministerial Conference.
- **Exemption from dispute settlement challenges** for “support provided for traditional staple food crops in pursuance of public stockholding programmes for food security purposes existing as of the date of this Decision”

Provided

- Current total AMS does not exceed the corresponding annual or final bound commitment level (para 6.3 AoA) and *de minimis* level of support (para 7.2(b) of AoA)
- Accumulation and holdings of stocks of product form an integral part of a food security programme identified in national legislation

Declaration on Public Stockholding for Food Security Purpose (2)

- All procurement and disposal of stocks are financially transparent
- Member fulfils detailed notification obligations, full reporting and monitoring by the Committee on Agriculture,
- Member ensure that stocks procured under such programmes do not distort trade or adversely affect the food security of other Members.
- Member hold consultations with other Members on the operation of its public stockholding programmes, upon request.

Declaration on Public Stockholding for Food Security Purpose (3)

- Decision leaves unchanged the basic distinction between the ‘Amber’ and ‘Green Boxes’.
- Does it made modification on Dispute Settlement understanding?
- What is it’s relationship with Agreement on Subsidies and Countervailing Measures?

Generated creative ambiguity for public stockholding

No South Asian countries’ notified cost on public stockholding of food for recent years but are expected to be within *de minimis* level.

Why Public Stockholding?

- To check adverse impact of volatility of food stocks on the global market and fluctuations in global food prices,
- To acquire foods from surplus regions and distribute to food deficit regions
- To stabilize and guarantee income of resource poor and small farmers

Have South Asian Countries used public stock holding during rising food prices ?

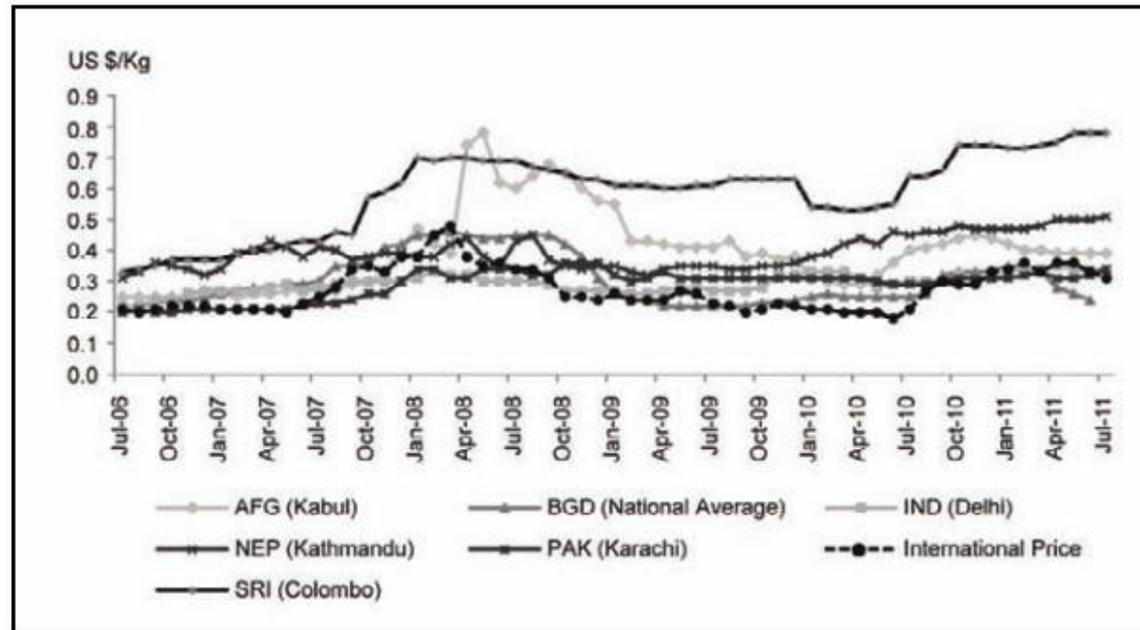
National measures to address rising food prices

Country	Reduce taxes	Increase supply	Export restrictions	Price control/consumer subsidies	Cash transfer	Food for work	Food aid	Feeding programme	Stimulate production
Afghanistan		X					X		X
Bangladesh	X	X	X	X		X	X		X
India	X	X	X	X			X	X	X
Nepal		X		X					
Pakistan	X	X	X	X			X		
Sri Lanka	X	X		X					

Source: ADB 2012

Has the policy worked?

Domestic vs. International Wheat Prices in South Asian Countries (July 2006–August 2011)

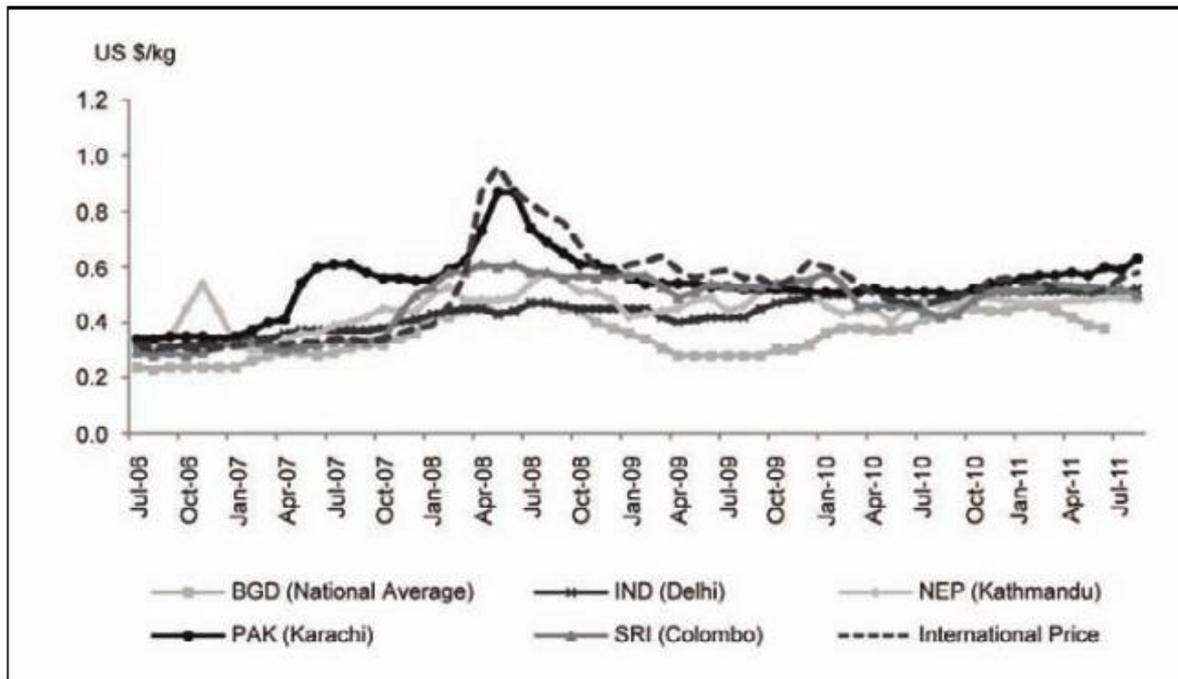


Note: Used domestic price of wheat (flour) for Nepal and Sri Lanka; used international price of wheat no. 2 hard red winter, USA Gulf. Data for AFG (Kabul) until July 2011 and BGD (National Average) until June 2011. Source: GIEWS, FAO.

Source: ADB 2012

Has the policy worked to stabilize policy?

Domestic vs. International Rice Prices in South Asian Countries (July 2006–August 2011)



Note: Used domestic price of coarse rice for Nepal, white rice for Sri Lanka, and Basmati rice for Pakistan; used international price of rice 100% Bangkok, Thailand. Data for BGD (National Average) until June 2011.

Source: ADB 2012

Reasons for high food prices

- Increased demand due to population growth and rising national income
- Decreasing arable land;
- Stagnating yields as a result of inadequate investment in agriculture (research, irrigation and extension services);
- Hoarding of supply producers and traders; and
- Rising oil prices
- Regional export restrictions.

Conclusions and way forward

For the first time, food security considerations are a key consideration in relation to multilateral trade negotiations.

- Prohibition of export restriction
- Coordination in price and trade policies
- Operationalization of the Food Bank
- Enhanced cooperation in the area of agricultural research (increase of crop yields);
- Cooperation in climate change initiatives to address weather disturbances adversely impacting agricultural output
- Increased investment in agriculture

Thanks for
your kind attention

Suggestions/ comments
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