



**FAO GENEVA ROUND TABLE**

**ON**

**FOOD SECURITY IN THE CONTEXT OF THE  
WTO NEGOTIATIONS ON AGRICULTURE**

**20 July 2001**

Room XI  
Palais des Nations  
Geneva, Switzerland

*Food security – a developing country perspective*

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Discussion paper no. 5

**Food and Agriculture Organization of the United Nations**

# FOOD SECURITY – A DEVELOPING COUNTRY PERSPECTIVE

## Introduction

Broadly speaking food security, from a developing country perspective, implies a sufficient and stable supply of nutritious and culturally appropriate food; a good distribution system; access, especially for the poor; and a certain degree of reliance on domestic food production.

From such a food security perspective, the existing Agreement on Agriculture (AoA) appears to have several systemic inadequacies and imbalances. To begin with the AoA is premised on the assumption that domestic food security is best achieved through promoting liberalised international trade. It does not appropriately reflect the reality that in most developing countries food security is intricately linked to livelihood security, which is best achieved through enhancing and protecting local means of production, rather than exposing small, resource poor farmers to the vagaries of international commodity markets. Furthermore, the AoA in practice has not brought about any significant change in developed countries' agriculture policies and programmes that impact negatively on international markets and domestic production systems of developing countries. The use of trade distorting domestic support and export subsidies remains high, both of which continue to encourage over production and suppress world prices, much to the detriment of local producers in countries which have not been adopting such practices. Other sources of dumping in agriculture are not even addressed. The agreement also institutionalises inequality between countries that give substantial support to their agricultural sector and those that do not. Though developed countries are required to reduce this support, they can do so gradually; on the other hand most developing countries are prohibited from exceeding the de-minimis level.

The AoA also does not take into account the fact that many people prefer food that is not traded internationally and so are dependent on local supplies. Often farmers have bred seeds for local weather and soil conditions. The seeds are a form of biological diversity that it is important to preserve. Processed foods and animal feed for livestock increasingly dominate international food trade. Both are aimed at urban markets and middle-class wages rather than at rural people who constitute the bulk of the poor and hungry. Many of the people in the greatest danger of food insecurity depend on subsistence agriculture. They rarely benefit from a shift to export crops because they lack the capital or credit to make the transition. The influx of (often unfairly priced) imports, which drive down prices, also threatens their markets.

There is an increasing dependence on commercial food imports in a number of developing countries, mainly because of a decrease in domestic cereal production

(both due to lowered tariffs in these countries as well as because of the influx of cheap subsidised imports). In fact a recent FAO study on the impact of the AoA on 14 developing countries found that the value of food imports in the period 1995-98, exceeded those over the period 1990-94 in all 14 countries (by as much as 168% for one country). This dependence, viewed particularly in light of their diminishing ability to pay for their basic food imports - owing to poor export earnings, negative balance of payments, high debt servicing and declining financial flows, has only exacerbated the food security situation in these countries.

It is therefore clear that while international trade can perhaps enhance and complement a food security strategy, it cannot replace domestic food production as a solution to the food security problem of most countries. Issues related to the linkage of food security with domestic food production and their impact on resource poor, subsistence farmers were unfortunately not duly factored into the existing agreement. Food security concerns need to be accepted and respected, as a basic human right, and the AoA therefore needs specific and effective provisions which would help developing countries in addressing these concerns. However, to ensure this would prima-facie require an understanding that the food security concerns of developing countries are very different from those of much of the developed world, mainly because the agricultural sector in these countries:

- is very different from the kind of market oriented and commercial agriculture practised in most of the developed world
- accounts for a large share of Gross Domestic Product (GDP)
- employs a very large proportion of the labour force
- often represents a major source of foreign exchange earnings
- supplies the bulk of basic food and provides subsistence and income for large rural populations
- directly impacts upon the problems of rural development and towards poverty alleviation

Clearly therefore a purely market oriented approach, as was adopted during the Uruguay Round deliberations on Agriculture would not be able to address the food security concerns of much of the developing world. What is needed, as has been referred to by some delegations, is therefore a 'market plus' approach, which contends that while liberalisation may be an important goal, a purely market-oriented approach to agriculture risks jeopardising the livelihood of millions of peasants. Hence what is required in the context of food security is greater autonomy for developing countries in adopting domestic agriculture policies so as to ensure improved productivity, higher income levels and reduced vulnerability to price fluctuations. This latitude for developing countries so as to enable them to address their food security concerns through enhanced domestic production must therefore be enshrined in the Agreement on Agriculture

## **Implications for the Agriculture Negotiations**

Basically, developing countries require a certain degree of flexibility in order to pursue their food security goals; in safeguarding the livelihoods of their rural communities; and in preserving food and agriculture traditions. Evidently, therefore the problem of food security in developing countries is multidimensional and can only be addressed by not only ensuring that developing countries with food security concerns are able to support and enhance their domestic production, but by also ensuring that at the same time they are able to effectively access external markets so as to earn the much needed foreign exchange. What is therefore required is a combination of means, some of which would have an internal dimension in terms of policy issues and required flexibilities, while others would have a similar external ramification.

The internal dimension of the issue would translate into the need to provide adequate flexibility to developing countries to be able to support and enhance domestic production so as to be able to achieve a higher degree of food self sufficiency. It would also be necessary to provide these countries the flexibility of maintaining a certain degree of border protection in the form of higher tariffs, particularly as far the sensitive or food security staples are concerned. At the same time developing countries would require an appropriate safety net against imports of cheap and subsidised agriculture products in order to both protect domestic production, as well as to maintain the viability of the employment opportunities provided by the agriculture sector. Finally, it would also have to be accepted that developing country governments would require adequate flexibility in adopting agriculture policies that seek to address the problems of poverty alleviation and rural development as these issues also impact on the buying power of the rural population and consequently on food security.

As far as the external dimension of the issue is concerned the negotiations would need to closely examine the impact that trade distorting support policies of some of the developed countries have had on the production systems of developing countries, particularly on their subsistence and marginal farming, as well as on world commodity prices, specially since both have negative connotations for food insecure developing countries. Similarly, dumping which is posing a major problem for developing countries and the increasing trend towards mergers in the agro-food industry which is making market dominance both easier and more difficult to see, would need to be appropriately addressed. At the same time the external dimension of ensuring accessibility to sufficient quantity of food for the population in developing countries would require the redressal of the problems that developing countries often face in exporting their agriculture products and earning otherwise scarce foreign exchange.

## **Specific Proposals in the context of the Negotiations**

As a solution to some of the problems associated with food security a group of developing countries has already suggested the creation of a ‘development box’ the provisions of which would be geared in a manner so as to provide developing countries the requisite flexibility to enhance domestic production for domestic consumption and to take such other measures which may be necessary to protect the livelihood of their farmers (G/AG/NG/W/14). In addition India too in its proposal (G/AG/NG/W/102) has suggested the creation of a similar ‘food security’ box for addressing the food security and livelihood concerns of large rural agrarian economies.

The basic idea behind both these proposals, as well as behind some other proposals made by developing countries is basically the same, that is to (i) protect and enhance their domestic food production capacity particularly in key staples; (ii) increase food security and food accessibility, especially for the poorest amongst the population; (iii) provide and protect existing employment opportunities being provided by this sector to the rural poor; (iv) protect small and marginal farmers engaged in the production of key staples from the onslaught of cheap imports; (v) to have the requisite flexibility to provide the necessary support to increase productivity and production and to thereby achieve a greater degree of self sufficiency; and finally (vi) to be able to access world markets at internationally competitive prices.

Translating the above ideas of an appropriate ‘development / food security box’ into effective and implementable provisions would require that specific instruments are built into the new agreement; instruments that are designed to address the various aspects of the food security concerns of developing countries, under the three pillars of the negotiations. The provisions of such a ‘development / food security box’ would allow developing countries, including the net food importing amongst them, to further their food security by protecting their own agriculture sector and markets and exempting them from the WTO demands of minimum market access, reduction of tariffs etc. as well as allowing them to increase domestic support for agriculture until they have achieved a greater level of food self reliance.

In this context and keeping in mind the developmental and food security needs of developing countries; their need to ensure the protection of the livelihood of the very large percentage of population dependent on agriculture; and the fact that they have limited possibilities of raising much needed resources; it is important that developing countries be allowed to maintain appropriate levels of tariff bindings as a special and differential measure. Alternatively, the basic food security crops in developing countries could be totally exempted from tariff reduction commitments, by adopting a ‘negative list’ approach, whereby developing countries could indicate the list of staple food security crops to be excluded from the reduction commitments.

As far as domestic support is concerned it would be extremely beneficial to developing countries if the measures that they undertake to achieve the objectives of food security, rural development, rural employment and for poverty alleviation are exempted from domestic support reduction commitments. At the same time Article 6.2 should be expanded to include measures of assistance geared towards addressing the problem of food security and for preserving the viability of rural employment, including measures taken to increase domestic production of staple crops for domestic consumption and the provision of input subsidies. In addition where product and non product specific support is being provided for food security purposes, additional flexibility over and above the *de minimis* level should be provided to developing countries.

Finally, food stock policies, as a food security and price stabilisation mechanism, should be given a wider definition under exempt subsidies. Currently, the volume and accumulation of stocks have to match predetermined targets related to food security and there are strict criteria for how such stocks are procured and released. While recognising the importance of food aid, especially in times of shortage and high world commodity prices, exploitation of food aid provisions as a means of disposing of price-depressing surpluses and as a means of market development must be curtailed. Moreover, such aid should be distributed keeping in mind the possible long term impact that it could have on the domestic production systems of the recipient country.