Trade policies, food security and sustainability of agri-food systems

CELCAA
EU Trade Policy - What ambitions for the EU agri-food trade?
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Since 1995, international trade in food and agriculture has more than doubled in real terms but its growth rate has been slower since the 2008 financial crisis. Developing countries and emerging economies are increasingly participating in global markets, and their exports make up more than one-third of global agri-food trade.
**IS AGRI-FOOD TRADE GLOBALIZED?**

Many countries trade more than **35 percent of their food through global value chains**

Urbanization is associated with considerable changes in lifestyle and consumption patterns.

Strong population growth in Asia and Africa will increase food demand in these regions.

The interaction between population growth and demographic changes impacts food demand, trade and markets in different ways.

**Climate Change: How will it affect agriculture, markets and food security?**

**Changes in Agricultural Net Trade in 2050**

- Regions that experience agricultural production declines are expected to increase agricultural imports.
- Countries where agriculture accounts for a large share of GDP and employment are particularly vulnerable.

COVID-19: WHAT IS HAPPENING TO THE ZERO HUNGER TARGET?

How the pandemic will affect hunger in the world

It is estimated that the COVID-19 pandemic could lead to an additional 83 to 132 million people undernourished people globally, depending on economic growth outcomes in 2020 and 2021.

COVID-19 is further complicating the challenge of reaching the SDG target of Zero Hunger.

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THE CHALLENGES TO THE EU FOOD SYSTEMS AND THE GLOBAL ENVIRONMENT

A holistic approach to encompass economic, environmental, social and health aspects in the transition to more sustainable food systems.

EU Farm-to-Fork Strategy aims at making sustainable the food systems in the EU and at a global level.

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<td>Promoting voluntary labelling schemes along the value chain</td>
<td>Supporting the implementation of international environmental and labor rules and standards</td>
<td>Including sustainable development chapters in trade agreements</td>
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At the global level, the EU is trying to achieve that by means of different actions, including:
**Can Trade Policies Contribute to Sustainable Agriculture?**

To be sustainable, **agriculture must meet the needs of present and future generations** for its products and services, while ensuring profitability, environmental health and social and economic equity.

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<th>Affordable prices</th>
<th>Fair incomes for farmers</th>
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<td>Bio-diversity</td>
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**What Actions?**

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<th>Policy Coherence for Development</th>
<th>Global Cooperation</th>
<th>Fostering Efficient Use of Resources</th>
<th>Sector Specific Approach</th>
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<td>Consideration of the effects of national policies on other countries and limit the negative impacts</td>
<td>Promotion of effective coordination between global and national actors involved in trade and sustainable food systems</td>
<td>Meeting growing demand for food, ensuring that food production is efficient, and systems are resilient</td>
<td>Cooperation on shared approaches in specific sectors where partners are like-minded</td>
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Agriculture in 2050 will need to produce almost 50 percent more food, feed and biofuel than in 2012: such adjustment will result in GHG emissions increases unless emissions per unit of output are reduced.

International trade could provide the necessary signals to facilitate the reallocation of production to producers that:

- are more efficient in economic terms (they produce more food using relatively fewer resources); and,
- operate at higher emissions efficiency (they emit relatively lower emissions per unit of food produced).

Trade can address rapid onset impacts of climate change - countries that experience production shortfalls due to extreme weather can resort to the international market.

**The Adaptive and Mitigating Role of Trade Policies**

**Adaptation**
- Well-functioning international markets provide a reliable source of food
- Sound, transparent and predictable trade policies can contribute towards international market stability and support climate change adaptation
  - export subsidies and Nairobi Ministerial Conference
  - import tariffs can influence both the availability and the domestic price of food, but could also influence the global market
  - export bans can add to global price volatility and hurt traditional trade partners

**Mitigation**
- Agriculture in 2050 will need to produce almost 50 percent more food, feed and biofuel than in 2012: such adjustment will result in GHG emissions increases unless emissions per unit of output are reduced.
- International trade could provide the necessary signals to facilitate the reallocation of production to producers that:
  - are more efficient in economic terms (they produce more food using relatively fewer resources); and,
  - operate at higher emissions efficiency (they emit relatively lower emissions per unit of food produced)

SUSTAINABILITY CERTIFICATION SCHEMES CAN STIR IMPROVEMENT IN ENVIRONMENTAL AND SOCIAL PRACTICES

While governments can regulate and intervene in markets through taxes and subsidies, other actors can also address market failures and provide environmental and social benefits.

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HARNESSING MARKETS TO GENERATE SUSTAINABLE BENEFITS

- requirements and incentives to produce sustainably
- social standards (wages, education)
- higher and more stable prices

THAILAND (palm oil - RSPO)
low environmental impacts

ETHIOPIA (coffee – Rainforest Alliance)
15-20% higher prices and increased forest density

COTE D’IVOIRE (cocoa – Fairtrade)
20% increase in household consumption exp.

# Digital Innovation to Promote Economic, Social and Environmental Benefits

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<th>ADVANTAGES</th>
<th>DIGITAL TRADE RELATED PROCEDURES DURING COVID-19</th>
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<td>✓ Access to information &amp; markets</td>
<td>✓ Digital transformation of trade procedures, logistics</td>
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<tr>
<td>✓ Transparency</td>
<td>✓ Digital solutions in the application of SPS measures</td>
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<tr>
<td>✓ Food traceability</td>
<td>✓ Temporary acceptance of electronic copies of SPS certificates</td>
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<td>✓ “Shortens” the distance between producers and consumers</td>
<td>✓ Etc.</td>
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<td>✓ Inclusion</td>
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<th>ROLE OF INNOVATION AND DIGITAL DIVIDE</th>
<th>CONCERNS</th>
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<td>✓ Digital divide</td>
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<tr>
<td>✓ Data privacy concerns</td>
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<tr>
<td>✓ Long-term impacts on factors of production</td>
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Global cooperation and coordination in policies, market transparency, trade-related procedures has been critical during the current crisis.

### Policy Commitments and Coordination
- Ministerial declarations and commitments, focusing on avoiding export and import restrictions; keeping food supply chains alive (addressing logistics bottlenecks, workers’ movement and safety):
  - G20 Ministerial Statement
  - APEC Joint Ministerial Declaration
  - African Agriculture Ministers Declaration
- Joint Statements:
  - FAO/WHO/WTO (30 March) and
  - FAO/IFAD WB/WFP (21 April)

### Market Transparency
- International market transparency and governance mechanisms, ensuring that policy and stock management decisions are based on timely and credible data and information
  - Agricultural Market Information System (AMIS): an inter-agency platform launched by the G20 in 2011 and housed at FAO (WTO is member)
  - FAO market monitoring and outlook work

### Trade Related Procedures and Regulations
- Digital solutions in the application of SPS measures (e.g. ePhyto: Argentina, Chile); customs procedures
- Temporary acceptance of electronic copies of SPS certificates (e.g. Australia, Brazil, Chile, South Africa, Russia)
- Establishment of regional corridors (e.g. CEFTA Green Corridors System)
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**FINAL REMARKS**

Coherent and aligned trade and agricultural policies are needed as trade and related policy measures may have negative consequences for other objectives, both within the country and among trading partners. It is therefore important for governments to recognize areas in which difficult trade-offs may exist and identify solutions to address them. More specifically:

- **Complementary measures to ensure that** those who are adversely affected by trade competition are covered by **adequate social protection measures**

- **Policies promoting adaptation, mitigation** and food security and have no or minimal distortionary impact on trade

- **Measures to support upgrading and upskilling** to ensure that smaller-scale actors can meet the requirements of international markets and participate in global value chains

- **Promoting trade digitalization, together with policies to strengthen infrastructure and promote digital transformation** in all aspects of food systems is also vital
THANK YOU