



United Nations Conference on Trade and Development

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# How can WTO rules and regulations contribute to food security?

**Geneva, July 2008**

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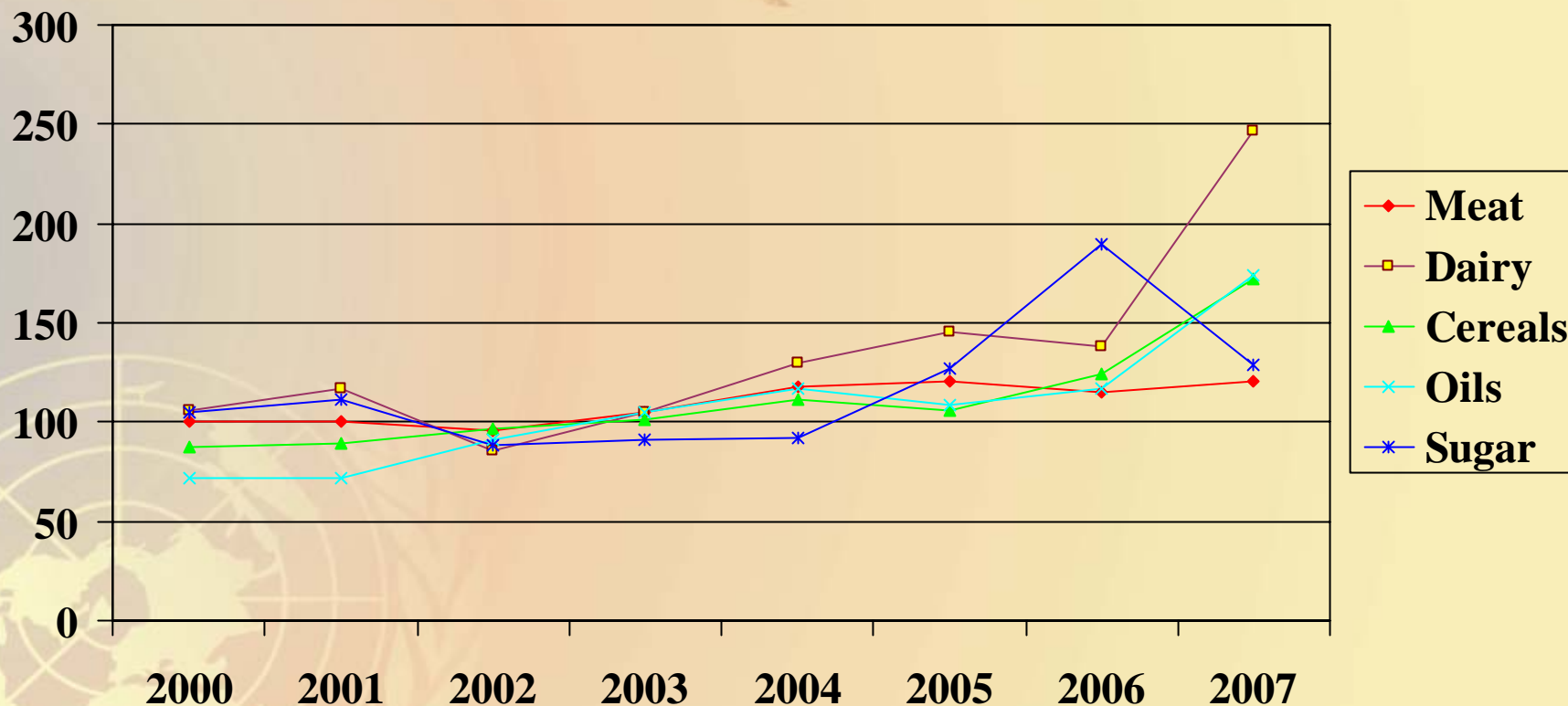
*Division on International Trade*

*UNCTAD, Geneva*

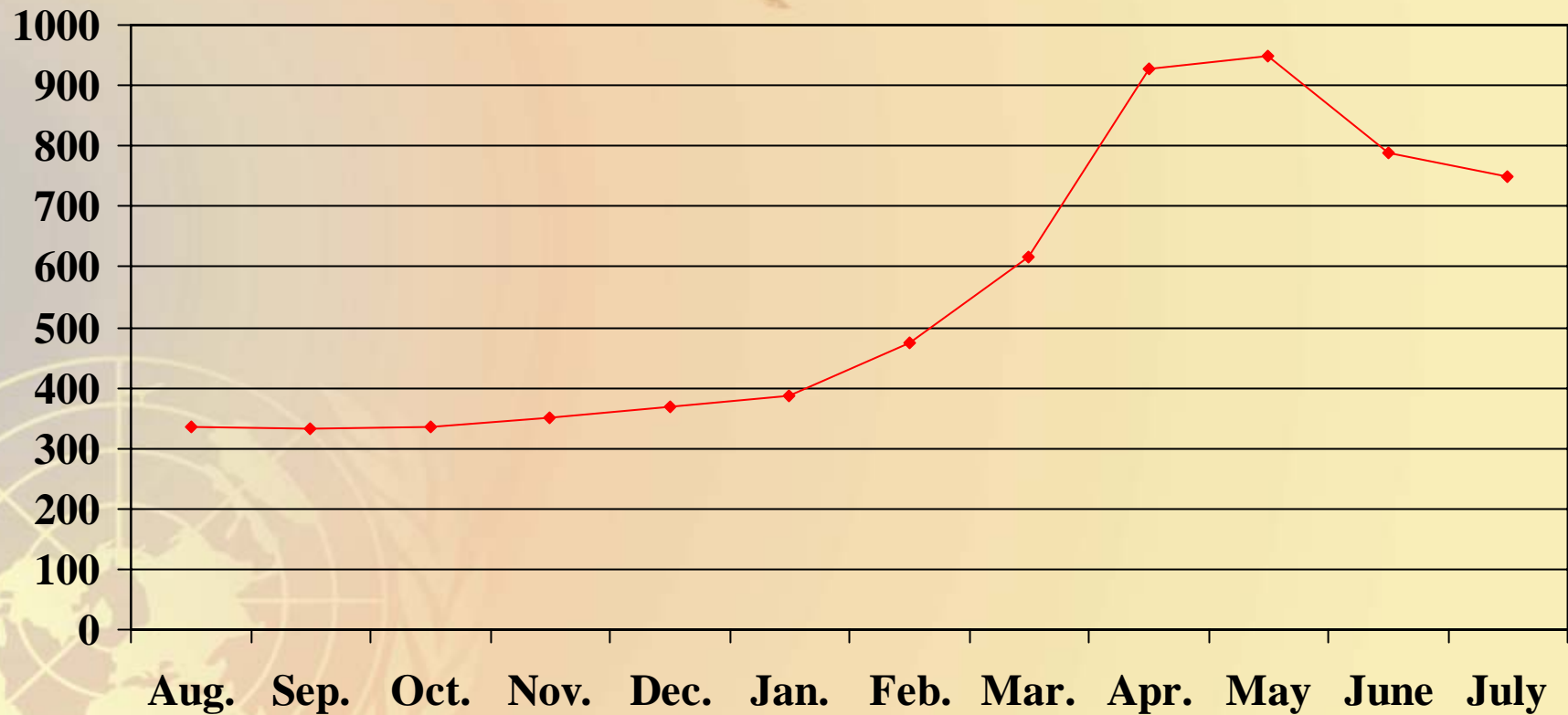
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# Annual price movements



# 2007/08 rice prices



Source: USDA. Thai grade B

# Contributing factors to food crisis

- **Short term factors**

- Rising oil prices
- Increase of bio-fuels
- Supply shortages: drought
- Speculation
- Export restrictions
- Lack of market structures that ensure fair competition

- **Medium/long term factors**

- Population growth
- Changing diet in emerging countries
- Falling stocks
- Weak agricultural sector in developing c. and LDCs

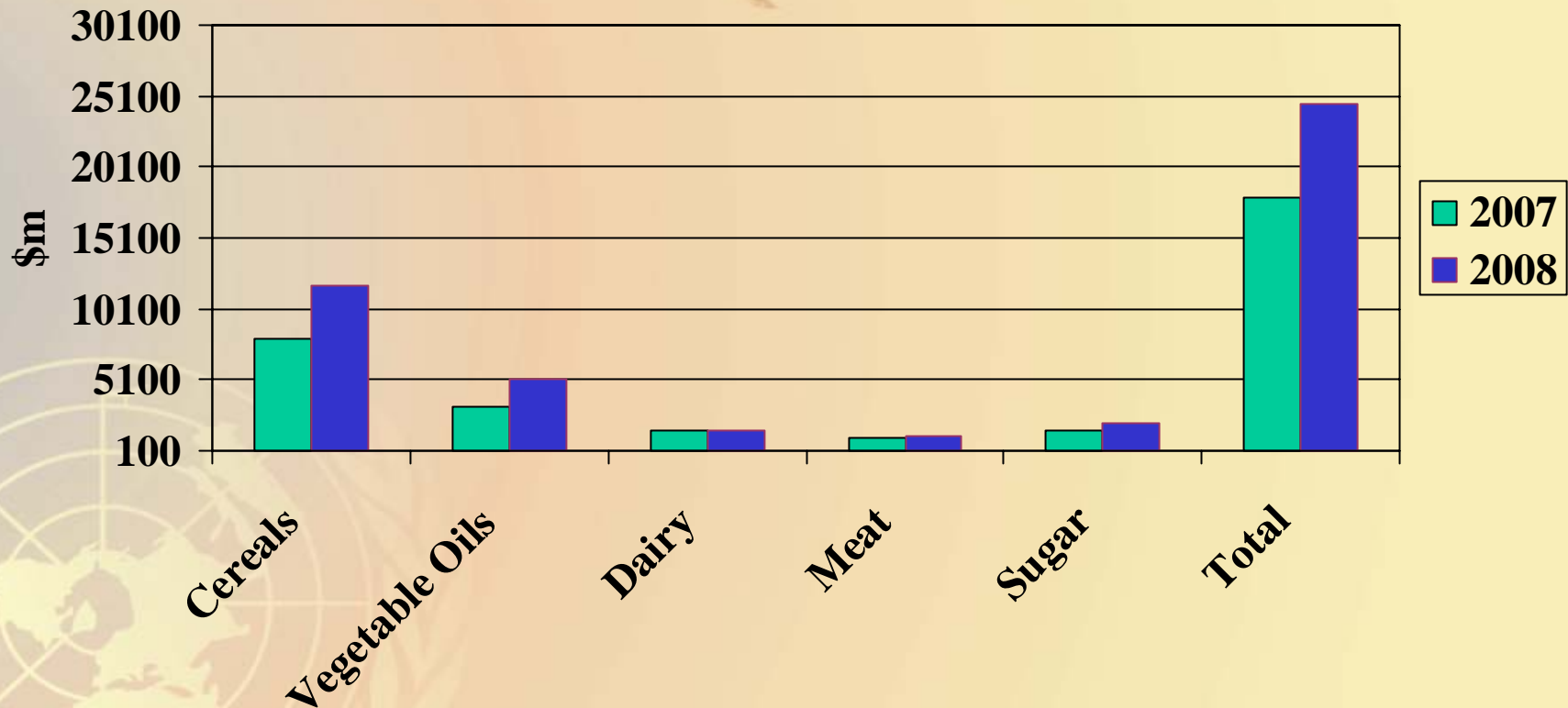
# Impacts



- Net seller or buyer
  - Poor spend large share of income on food and are often net buyers
  - Rising food prices increases poverty (WB 2008)
  - Food bill doubled in low income food deficit DCs

# LDC food imports

~40% increase



Source: FAO

# WTO provisions and food security

- Tariffs
- Export restrictions
- Special products
- Safeguards
- Domestic Support

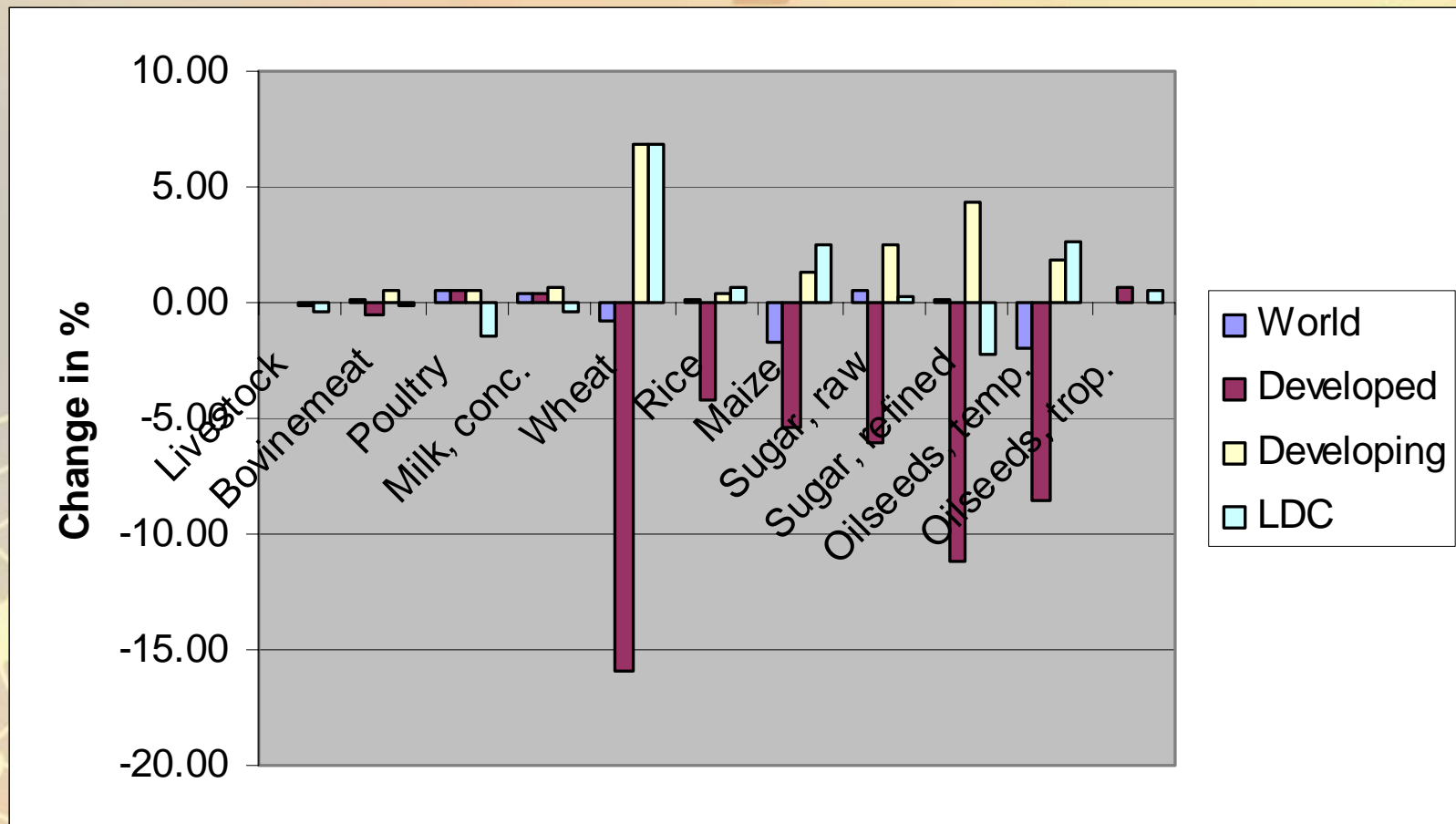
# Can Doha solve the crisis?

- Liberalization of agricultural sector
- Rising world prices
- Domestic prices may fall (not LDCs)
- Shift in production to developing countries



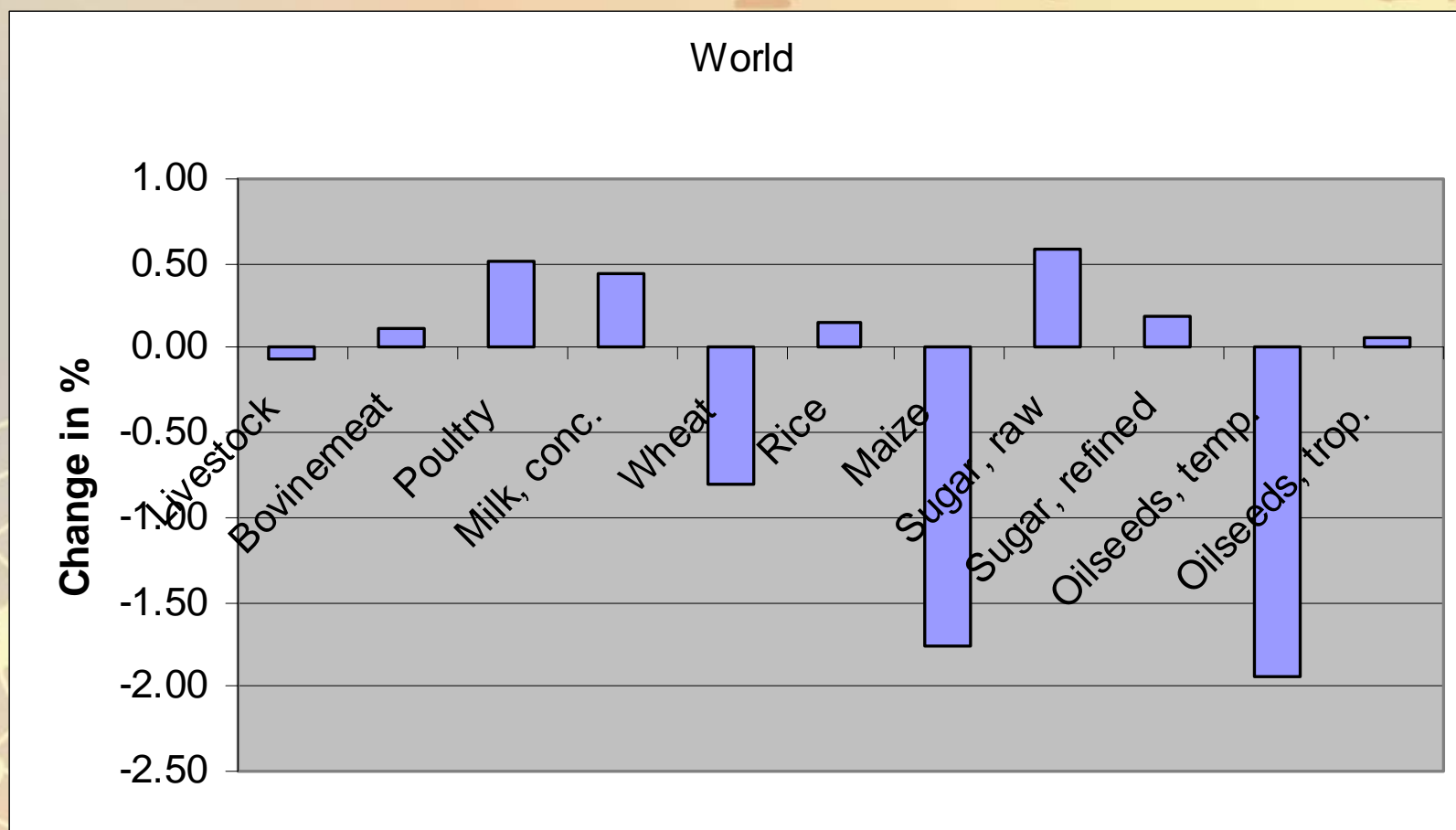
# Change in production

## Full liberalisation



# Change in global production

## Full liberalisation



# Results

- **Change in Production**
  - Production in developed countries mostly falling
  - Production in developing countries mostly increasing; but e.g. in case of wheat from low base
  - World production increasing or slightly decreasing; but changes small
- **Self sufficiency increasing in DCs but world production not always increasing**
  - But scenario too ambitious
  - Doha mostly about squeezing out the water (tariffs in DCs and DS in developed)

# Recommendation

- **Doha contribution limited**
  - But should continue
- **Developing countries**
  - Investment in agriculture to increase productivity
  - Research and development
  - Temporarily subsidising inputs to increase production
- **Developed countries**
  - Reduce or eliminate trade distorting subsidies
  - Careful with bio-fuels
  - Technology transfer
  - Support DCs (ODA for Agriculture dropped by 65% in 20 years)