

Topic: The multilateral trading system and global food security

Debate motion: The multilateral trading system will help to strengthen food security across the globe

Free trade is the idea that products and services should be able to be traded between countries with as few restrictions or limitations as possible. Free trade policy can directly contribute to food availability and stability through a number of channels including, lower food prices, dietary diversity and knowledge transfer between countries regarding food safety, preparation, and environmental management. It has been argued that the World Trade Organization's Agreement on Agriculture (AoA) perverted trade and affected the right to food of developing nations. This article argues that, over the period of the WTO, multilateralism food security has in fact increased as global trade has increased.

The theory of comparative advantage is at the core of neoclassical trade theory according to Costinot et al (2015) The trade theory of comparative advantage suggests that free trade should increase consumers' incomes and provide access to better food prices on the world market by encouraging countries to specialise in industries where they have a comparative

advantage. This is because free trade allows countries to focus on producing goods and services that they have a comparative advantage in, then trade these goods and services with other countries to receive what they need. In 2013, the UK Government published a White Paper titled 'Can trade improve food security?' (Department for Business, Innovation & Skills 2013). The paper indicates that food insecurity is closely linked to poverty and that trade's greatest contribution to food security is by raising incomes and hence the ability to purchase (access) food. Therefore, all trade which increases economic growth, not just in agriculture products, should reduce food insecurity.

Evidence from a broad sample of OECD countries (OECD 2008) indicates that an increase of 10 per cent in trade openness translates into an increase of around 4 per cent in income per person. A higher income generally improves food access, especially for the people from lower socio-economic background who tend to spend higher proportion of their income on food. Furthermore, international trade can improve nutrition by allowing better access to a diversified food basket (IFPRI 2018 p. 23). Relying on locally produced food greatly limits dietary choices, while trade allows year-round consumption of many healthy food products that would normally not be available locally.

Exchange of goods and services (ie: trade) is often accompanied by a 'spillover' of ideas (Grossman & Helpman 1991). In other words, countries and people that engage in more trade are also more exposed to knowledge transfer. Knowledge transfer can assist countries with better animal and plant husbandry, growing methods, pest protection, etc. Knowledge regarding food safety, environmental protection and public health contribute to food utilisation, that is, using available food more effectively to gain nutrients.

Research from the International Food Policy Research Institute (IFPRI) (2018 p. 20) demonstrates that limiting trade between countries could result in extremely high prices in land-scarce countries, depressed food prices in land-abundant countries, and lower real incomes in both. Additionally, the implications of the IFPRI research suggest that free trade and specialisation of agricultural production can lead to biodiversity loss and greenhouse gas emissions if they are not managed well. If measures are put into place, however, trade can also contribute to the sustainability of food systems and reduce both the risk of overexploitation of natural resources and negative environmental impacts linked to agricultural production (IFPRI 2018 p. 24). For example, by reducing the reliance on domestic production, trade in agricultural products can reduce local water and fertiliser use in countries where these inputs are relatively scarce. Research suggests that when looking at environmental issues and their effect on food security, policies that limit trade (such as export bans) are frequently ineffective in dealing with the market failures that lead to environmental damage (Barbier et al 1995). In other words, trade itself is not entirely to blame for environmental damage, it is poor agricultural management policy and market failures that lead to environmental damage and may affect food security.

It is argued by Hawkes and Plahe (2012) that “while liberalization of agricultural trade, especially in developed countries, could bring important benefits to the global South, the AoA imposes a one-sided free-trade model on poor countries, while rich countries continue to heavily subsidize their agricultural sectors”. This could be because developing nations struggle to have their concerns heard as they may be excluded from the decision making process. Tania & Mapulanga-Hulston (2016) argue that if agricultural trade policies have an

adverse impact on food security, then there is also the possibility of the infringement of people's right to food as stipulated in international human rights instruments. They go on to say that while the multilateral trade regime has its own norms, rules and priorities, the human rights regime gives priority to human rights rules such as the right to food and that trade could be challenged legally.

In addition, empirical analyses consistently find that as trade expands for staple food commodities, per capita consumption of those commodities becomes more stable. In addition, more open international markets lead to less volatile prices and mitigate price spikes associated with local and global production shortages. Trade policies have also been used to restrict exports to increase the availability of staple foods within a country. Examples include India (wheat) and Vietnam (rice) during the 2007–2009 period of significant increases in international prices for staple food commodities. (Smith and Glauber, 2019)

Rice is the world's most important crop when it comes to food security as it supplies 40% of the world's calories. Menelly (2016) says that "of every calorie consumed by humans on a given day, that calorie was most likely the result of someone eating rice". In 2008, India and Vietnam enacted rice export restriction policies to drive down domestic inflation and increase the availability of staple food within their country (Mukherji, 2008). The policies included bans on rice exports and higher export taxes. Research sponsored by the World

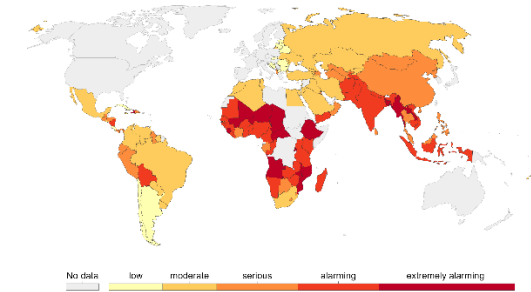
Bank (Martin and Anderson 2011) indicates that the trade restriction policies contributed to significant increases in international prices for staple food at around 2008, which led to the 2008 global rice crisis. However, the literature analysing the causes of the 2008 rice crisis do not attribute the blame for the shortages of rice on multilateralism but largely on unilateralism. Menelly (2016 p. 45) lays the blame not on trade but says “although the 2008 Global Rice Crisis affected prices around the globe, the actions that directly caused it came from only a handful of nations.” The Food and Agriculture Organization of the United Nations (FAO) in some of its reviews of the rice crisis (FAO 2011) highlight that the crisis was not a failure of markets with rice exports globally actually increasing in early 2008. The view is that while other food commodity prices were increasing it was not enough to explain the rice price increase and that it was individual government policies that lead to the crisis (FAO 2011). FAO (2011) goes on to say that “while trade restrictions allowed some countries to prevent transmission of the crisis to their populations, domestic stability was achieved at the cost of destabilising the world market”.

While there is no doubt that food insecurity still exists, it is also clear that over recent decades that food security globally has improved (Roser and Ritchie, 2013). (IFPRI) have defined a score system termed the ‘Global Hunger Index’. The Global Hunger Index attempts to assess the multidimensional nature of hunger, by combining four key indicators of malnutrition into a single index score. These four indicators are: Undernourishment, Child wasting, Child stunting and Child mortality. As can be seen by comparing 1992 to 2018 in the GHI maps below there are significantly fewer countries experiencing hunger now than 26 years ago (Roser and Ritchie, 2013).

Global Hunger Index, 1992

The index score comprises of four key hunger indicators: prevalence of undernourishment; childhood wasting; childhood stunting; and child mortality. It's measured on a 100-point scale where 0 is the best score (no hunger) and 100 the worst. A score ≥ 50 is defined as 'extremely alarming'; 35-50 as 'alarming'; 20-35 as 'serious'; 10-20 as 'moderate' and under 10 as 'low'.

Our World
in Data



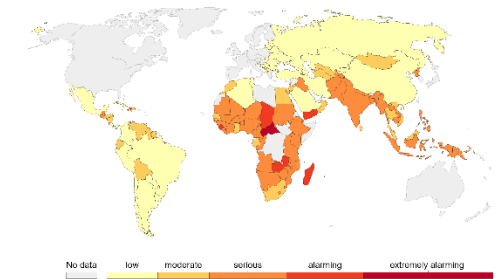
Source: International Food Policy Research Institute (2018)

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Global Hunger Index, 2018

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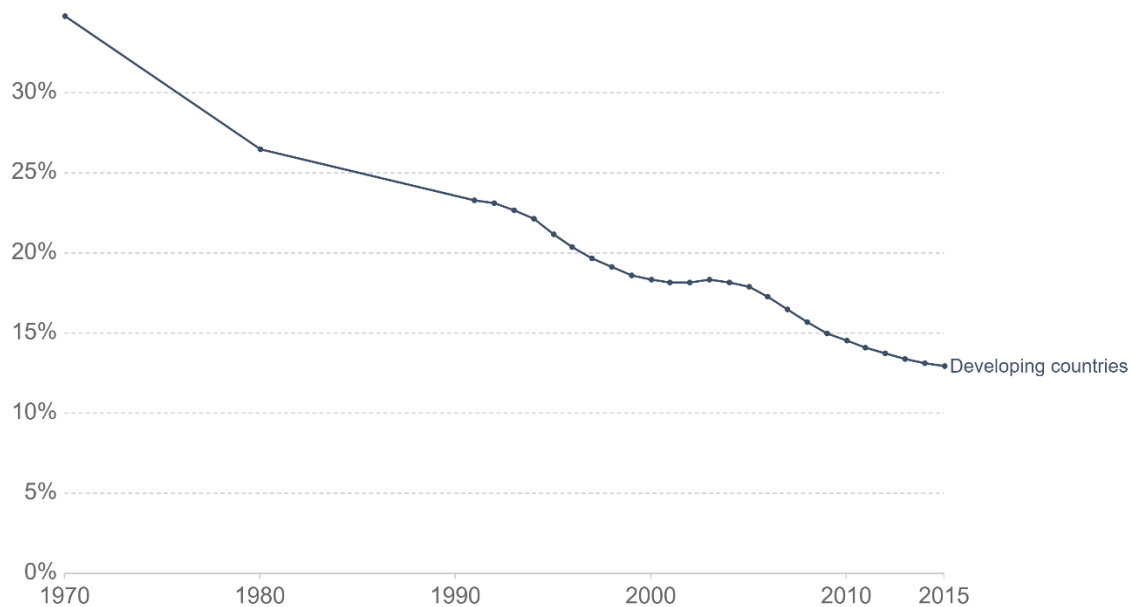
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Similarly measures of undernourishment suggest the share of undernourished people (ie malnutrition) in the developing world has been declining over the last 50 years. This graph shows the decline of undernourishment between 1970 and 2015 ago (Roser and Ritchie, 2013).

Prevalence of undernourishment (%) in developing countries since 1970, 1970 to 2015



This is the main FAO hunger indicator. It measures the share of the population that consumes an amount of calories that is insufficient to cover the energy requirement for an active and healthy life (as defined by the minimum dietary energy requirement). Data from 1990 onwards is well-established within FAO estimates. Earlier estimates extending the period 1970-1989 are significantly more uncertain.



Source: FAO and ESS Indicators

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The World Bank research demonstrates that the effect of the 2018 export restriction policies was to lower prices for staple food within India's domestic market but also reduced the commodity's availability on world markets. This led to an increase in the price on the international market and reduced food security in other low-income countries. The authors estimated that '[trade] insulating policies affecting the market for rice explain 45 per cent of the increase in the international rice price', the adverse spillover effects on food security at the time were substantial (Martin and Anderson 2011).

Local agricultural production can often be destabilised by natural disasters (drought, flood, bad weather). Koester (1986), found that trade integration offers the prospect of cancelling the effects of production volatility, and the positive impact for smaller countries is especially pronounced. This means that if smaller countries cooperate through more open trade, they would be better protected against production volatility.

In conclusion it true that food security exists and is a severe global issue. It should be of great concern to the world that GHI says that the world is not on track to achieve Zero Hunger by 2030 despite the number of initiatives that multilateral bodies and individual nations are undertaking to reduce food insecurity. However the 2020 Global Hunger Index (GHI) shows that hunger worldwide has gradually declined since 2000 and while the multilateral trade system may contribute to food insecurity it is equally evident that the improvement in trade brought about by trade liberalisation has lifted billions of people out of poverty and hunger.

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