

Can Norway help in resolving the deadlock on food security and agriculture at the WTO?¹

By Biraj Patnaik

Food is different

Food is different from all other commodities. We can actually live without mobile phones and iPads, and such goods can be produced everywhere in the world – independent of the climate and weather conditions. Food, however, is something we need to live on, and the production depends on the climate and weather. This needs to be reflected in the trade rules and regulations. Our principal view is that all countries should have the right to protect and support domestic food production for their own domestic markets, and no country should be allowed to destroy domestic markets in other countries by dumping using direct or indirect subsidies on exports.

In many developing countries, the hunger situation is alarming. The International Food Policy Research Institute (IFPRI) Report (2014) on Global Hunger Index noted that the hunger situation in India, Indonesia, Pakistan and Zimbabwe is serious whereas it is alarming in Zambia. In India, 190 million people are facing the problem of undernourishment. Besides undernourishment, a significant section of people in developing countries are suffering from multidimensional poverty. About 2.2 billion people live in multidimensional poverty and facing deprivation in terms of education, health and standard of living. Given the fact that share of food expenditure in total expenditure of poor people is significant, governments in developing countries intervene in the agriculture market to provide subsidized food to poor people. To fight against hunger and poverty, developing countries are focusing on agricultural development due to the importance of this sector in terms of employment, GDP and overall economic development. For example, more than 50% of total economically active population in India, Kenya, Zambia and Zimbabwe are engaged in agriculture sector. It is urgent to find ways to eradicate hunger. Trade rules can play an important role. This should be looked at in a pragmatic way. Governments don't need to agree on food sovereignty to agree on trade rules which can contribute to eradicate hunger.

The havoc wreaked on developing country agricultural markets due to imports of subsidized agriculture products calls out for an immediate solution. The G33's proposal to create a Special Safeguard Mechanism (SSM) that would allow developing countries to protect their food security, farmers' livelihoods, and rural development, would be another important step towards restoring countries' food sovereignty that has been so eroded by the current imbalances in the WTO rules. It is ironical that developed countries and a few developing countries have the policy instrument

¹ This document is written by Biraj Patnaik in his personal capacity, in collaboration with the Norwegian Trade Campaign. The Centre for WTO Studies, New Delhi also collaborated in the drafting. Biraj Patnaik has been active in the Right to Food Campaign in India and been the Principal Adviser to the Supreme Court Commissioners in the right to food case.

called Special Safeguards (SSG) for addressing surge in imports or countering low-priced imports by imposing additional duties called SSG duties.

How do they link to Norway's commitments to the Sustainable Development Goals (SDGs)?

With more than eight hundred million people in the world living in hunger and being undernourished, the problem of ensuring food security remains an enduring challenge for developing countries. No doubt, considerable success has been achieved by a few countries over the last decade in combating hunger. However, many developing countries continue to face daunting challenges on account of a large number of factors, including stagnant farm sector, inadequate domestic food stocks, volatility in food prices in international markets and low purchasing power among the poor and needy to buy food. To compound the problems, binding commitments of many countries under the Agreement of Agriculture (AoA) at the World Trade Organisation pose severe threats to their efforts to eliminate hunger. While the constraining provisions of the Agreement on Agriculture (AoA) in respect of price support schemes for farmers have been in operation for the past two decades, the adverse consequences of these rules for addressing food security started being experienced by many countries in the recent few years. A partial resolution of the problem arising from the trade rules was achieved at the Bali Ministerial Conference of the WTO held in December 2013. However, the WTO rules need to be modified to provide a permanent and lasting solution so that price support measures aimed at addressing food security will not be required to be curtailed.

In many developing countries, an integral element of food security programmes is intervention by the government in the market for ensuring stabilisation of prices of commodities, such as cereals, which are essential for ensuring food security. A frequently used policy instrument for price stabilisation is periodic announcements by the government of procuring the foodstuff at administered prices. This prevents distress sales by farmers, reduces downward pressure on prices, stabilises prices and ensures that the farmers have the purchasing power to procure food grains when the need arises. However, the ability of the government to procure food grains at administered prices is significantly circumscribed by the provisions of the AoA that attribute a subsidy with strict ceilings to such procurements. In fact, the provisions related to calculating subsidies arising from procurement of food stocks at administered prices are crucial to the negotiations on this issue and at the centre of the acrimonious debate at the WTO.

The objectives of protecting farm livelihoods, rural employment and food security of the poor in developing countries have been articulated in the SDGs. The targets that are relevant to these objectives include the following:

Goal 1: eradicating extreme poverty by 2030; and reducing at least by half the proportion of men, women and children living in poverty in all its dimensions.

Goal 2: By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round; By 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons

Goal 10: By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average;

It will be extremely difficult, if not totally impossible, to achieve the targets mentioned above, if issues related to food security and protecting farm livelihoods from surge in subsidized imports are not addressed at the WTO. Thus, it is the shared responsibility of UN members, including Norway, to ensure that meaningful and tangible progress is made on these issues at the WTO.

What role has Norway played in the past on SSM

Norway has generally been constructive in carrying the negotiating process forward on SSM. During 2014-15, it suggested that the legal framework available mainly to the developed countries for imposing additional duties to counter import surges or low-priced imports (SSG) could be used as a template for SSM. This is a useful way forward. This would also protect Norway's own interests, as Norway has the flexibility to impose SSG on almost half of its agriculture products. If the concerns of developing countries on SSM are not met, then there is a risk that millions of farm livelihood would be destroyed through import surges and subsidized imports. There is also a grave risk that the developing countries might intensify their efforts to eliminate SSG. If this were to gather momentum, then one of the countries likely to be most severely affected would be Norway. It is therefore in Norway's own interest to facilitate the negotiation on SSM.

Norway has been viewed as a country that is extremely sensitive to the concerns of developing countries. In the course of the WTO negotiations, on some occasions Norway has further enhanced its credibility as a friend of poor and farmers in developing countries. In this background, in the coming few months, Norway could take the lead in facilitating the dialogue between G33 group of developing countries and the rest of the WTO membership in seeking an effective and practical SSM. As in the past, Norway could explore the possibility of using the legal architecture available for SSG as the model for negotiating rules on SSM.

Way forward:

Given the crucial role that Norway has played in the past, it should take the initiative within the WTO, to resolve the issues of the public stock holding by playing a constructive role and help in converging developed and developing country positions. Norway does not have its own offensive position on these issues and this is convergent with the SDG commitments that it wants to uphold.

Similarly, on SSM, Norway can facilitate a dialogue between the G-33 and the rest of the WTO membership.

In order to generate a consensus within the policy makers in Norway, a Parliamentary Committee, comprising members of all political parties, should be constituted which could then engage with NORAD and the Foreign Ministry to make the linkage between the SDGs and resolution of the key trade issues on food security and agriculture at the WTO.