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WTO Rules and Food Crisis in the Least-developed Countries

Policy Reflection Co-organised by the LDC Group
in the WTO with CSEND Trade Policy Governance
Group & Diplomacy Dialogue



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Cyclical and Structural Causes of the present food crisis coincide

Cyclical causes:

- droughts and floods
- low stocks
- currency fluctuations
- export restrictions
- speculation (?)

Structural developments:

- Demography
- Tigers eat meat (China, India etc.)
- Oil barrels at \$150
- (Subsidised) Biofuel
- Water shortages
- Climate change

Double impact on NFIDCs

The end of cheap food (international food aid, export subsidies and price support in rich countries are down) :

- Hunger strikes millions without purchasing power
- Urban poor without means to satisfy other essential needs (health, housing, schools)

👉 good news for poor farmers?

- Rural poor without means and incentives to produce more

👉 no surprise:

WFP warnings of more famines

ICRC warnings of more wars

Everybody is responsible

- **IBRD** now warning 33 governments may fall and calling for \$500m in food aid – but only 2 years ago discovered agriculture as a worthwhile area of investment
- **FAO** focus on summits?
- **G8/OECD** promising aid but no end to decade-long market distortions hurting poor farmers
- Many **NFIDCs** enjoyed cheap food at the expense of their farmers or even taxing exports
- Some exporters **restrict exports** for their own food security

WTO: Politics vs. Economics

Global vs. national welfare and „policy space“:

- Trade liberalisation increases food security – overall but not at home
- Shifts from Amber to Blue and Green will not increase food security
- Refusal to bind present zero import duties; G33 needs Special Products for food security
- Refusal to lift export taxes and restrictions (small revision GATT-Art.XI:2 in Falconer modalities)

Outlook

World food production for > 7bn meat eaters needs more

- production investment and technologies
 - trade liberalisation and regulation including prohibition of taxpayer support to staple food
 - regional food security stocks financed by rich importing countries
 - genuine food aid financed by food+oil price gains
- ➔ The whole WTO Membership must stand up to all these challenges!