

Private Sector Mechanism Position Paper
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TRADE FOR FOOD SECURITY AND NUTRITION

Trade and policies that enable trade are critical to reducing poverty¹, advancing broad-based and sustainable economic growth, supporting jobs, raising living standards, enhancing food security, expanding the variety of products available to consumers, and helping people everywhere get accessible safe, affordable, nutritious food². The Addis Ababa Action Agenda of the Third International Conference on Financing for Development notes that “national development efforts need to be supported by an enabling international economic environment, including coherent and mutually supporting world trade, monetary and financial systems, and strengthened and enhanced global economic governance.”³

Trade policy frameworks that foster open, dynamic, and competitive economies increase food security and improve nutritional outcomes. Trade is an essential tool for ensuring commodities and food can be effectively and affordably distributed when and where they are needed and for promoting economic opportunities for producers⁴, in particular smallholder farmers and SMEs. Trade also creates opportunities beyond the farm because of the potential for value-added employment in food processing, marketing and distribution⁵. Trade policies also have a knock-on effect on farmers’ and countries’ decisions to invest in agriculture and to adopt new technologies.

The FAO recently warned that failure to reach a balanced solution on issues relating to production and trade of agricultural products could derail the international community’s recently agreed Sustainable Development Goal to eradicate world hunger⁶.

Consistent with these objectives, the Private Sector Mechanism (PSM) encourages CFS and all CFS stakeholders to recognize and build on the value of open, transparent, rules-based trade policies that foster market integration and create resilient food systems⁷. At the same time, the private sector shares the responsibility to ensure these policies promote food and nutrition security, sustainable and inclusive growth and responsible business conduct.

As CFS pursues objectives to increase food security and improve nutrition, PSM suggests it should reflect in all workstreams an emphasis on conducive policy environments for trade, including by:

- Facilitating sharing of best practices in monitoring supply, demand, stocks, price, and quality of agricultural commodities;
- Fostering initiatives that improve smallholder farmers’ access to markets;
- Harnessing knowledge of global markets to grow regional and global value chains

¹ http://www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/T_MNA/2016/03/17/090224b08420bd28/1_0/Rendered/PDF/Does0trade0red000a0view0from0Africa.pdf

² G20 Agriculture Ministers Meeting Communiqué: http://www.g20.org/English/Documents/Current/201606/t20160608_2301.html

³ <http://www.un.org/esa/ffd/ffd3/wp-content/uploads/sites/2/2015/07/Addis-Ababa-Action-Agenda-Draft-Outcome-Documents-7-July-2015.pdf>

⁴ <https://www.oecd.org/agriculture/ministerial/statements/ag-ministerial-2016-summary.pdf>

⁵ OECD 2016 agricultural ministerial summary <https://www.oecd.org/agriculture/ministerial/statements/ag-ministerial-2016-summary.pdf>

⁶ UN News Center: “Food safety and trade should improve nutrition and boost development – UN agencies” http://www.un.org/apps/news/story.asp?NewsID=52440#.V3VsO_krldV

⁷ <https://www.oecd.org/agriculture/ministerial/statements/ag-ministerial-2016-summary.pdf>

- Identifying policy, institutional, and regulatory constraints which reduce the ability of markets to adapt to constraints (e.g., seasonality of food supply, surplus/scarcity regions and post-harvest loss).

Key messages:

- To foster broad macroeconomic stability that will attract trade and investment, governments and stakeholders must enhance the rule of law, practice good governance, eliminate corruption, and invest in infrastructure and an educated workforce.
- Open markets and private enterprise are critical for development and are an important part of achieving SDG 1 and 2. Trade liberalization protects national food markets against domestic shocks, and thus insulates vulnerable consumers from price volatility, by allowing more food to be imported in times of shortage and exported in periods of plenty⁸.
- Food insecure countries need to set the right framework to encourage both domestic and foreign investment, including stable macroeconomic policies that limit capital flight, reliable government data on market conditions, training and access to information on market developments, sound information disclosure practices, and clear, stable and efficient regulatory frameworks for doing business.
- Food insecure countries should benefit from implementation of a framework that encourages domestic investment, which includes stable macroeconomic policies that limit capital flight, reliable government data on market conditions, training and access to information on market developments, sound information disclosure practices, and clear, stable and efficient regulatory frameworks for doing business.
- Standard setting is of key importance to trade. Global standards need to be science-based and developed through broad-based consultations. The Codex Alimentarius plays a critical role in food trade, as the most important international standard setting body in the areas of food safety, quality and fairness. It enables trade in agricultural products to benefit producers, importers and consumers.
- Consumer subsidies that are met by price controls and trade restrictions can be counterproductive and create disincentives for domestic food producers⁹.

⁸ World Bank, Global Monitoring Report 2012: <http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1327948020811/8401693-1327957211156/8402494-1334239337250/Chapter-4.pdf>

⁹ World Bank, Global Monitoring Report 2012, page 128: <http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1327948020811/8401693-1327957211156/8402494-1334239337250/Chapter-4.pdf>