Lamy, UN rights expert in row over food security
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Geneva, 20 Dec (Kanaga Raja) - A squabble broke out between World Trade Organisation (WTO) Director-General Pascal Lamy and the United Nations Special Rapporteur on the Right to Food, Olivier de Schutter, on the sidelines of the eighth WTO Ministerial Conference, which concluded on 17 December.

The spat was over a report that was produced by UN rights expert Olivier de Schutter in November that assessed "the compatibility between the WTO and efforts to protect the human right to adequate food" as part of the post-crisis food security agenda.

In his report titled "The World Trade Organization and the Post-Global Food Crisis Agenda", the rights expert had argued that "the WTO continues to move forward and operate in isolation without sufficient consideration of the consequences of the global food crisis for agricultural trade and food security and how this requires a critical rethinking of trade policy and food security."

He had added: "The Doha Round negotiations continue as if the state of the world food economy is the same as it was in the period 2001-2006. If the Doha Round continues on its present track, future agricultural trade rules are unlikely to be well-suited to support global policy efforts to address food security and may potentially further fragment efforts to develop effective global governance for food security."

Calling on WTO Members to redefine how food security is treated in multilateral trade agreements, Olivier de Schutter, in his report, had said that food security is presently treated under the WTO as the grounds for exceptions for a very limited range of trade liberalization commitments.

"A more appropriate re-framing of agricultural trade rules would explicitly recognize that market-determined outcomes do not necessarily improve food security and that the purpose of agricultural trade rules should be to facilitate food security-enhancing policies," even though this may require limiting the pace of trade liberalization in some sectors and/or granting States additional policy flexibility in pursuit of internationally recognized food security objectives, he had added.

WTO Members should preserve and create a range of flexibilities in the Doha Round negotiations in order to ensure that the future international trade regime operates in lock step with multilateral and national efforts to address food insecurity, he had recommended.

In a letter to the Special Rapporteur rebutting his report, Lamy said that he wished to take this opportunity to summarize where he agreed and disagreed with the Special Rapporteur in three important areas: the objective of food security in the WTO Agreement on Agriculture (AoA), the role of trade in global food security, and the scope within WTO rules to ensure that Members have access to flexible policy options to achieve their food security objectives.

The letter, dated 14 December, and the WTO Secretariat's comments on an earlier version of the rights expert's report have been posted on the WTO's website.
In his letter to Olivier de Schutter, the Director-General said firstly that he agreed with the rights expert that food security is an essential policy objective for governments. Governments have a sovereign right to pursue policies to achieve food security within their international obligations. WTO Members have placed food security at the center of both the Agreement on Agriculture (AoA) and the Doha Development Agenda (DDA) negotiations.

Lamy said: "Food security is explicitly mentioned several times in the AoA, is referenced in the Marrakesh Decision on measures concerning the possible negative effects of the reform programme on net food importing developing countries and is mentioned explicitly (or has led the positions taken by Members) in several provisions of the December 2008 DDA draft modalities on agriculture. I am convinced that WTO Members are fully aware of the food security objective and, indeed, that it is integral to their negotiating strategy."

Secondly, Lamy said that he fundamentally disagreed with the Special Rapporteur's assertion that countries need to limit reliance on international trade to achieve food security objectives. "On the contrary, there is agreement among most UN-led experts that international trade is part of the package of solutions to achieve food security. The UN High Level Task Force on the Global Food Security Crisis in their 2010 Updated Comprehensive Framework for Action noted that 'more liberalized international markets would contribute to global food and nutrition security through increased trade volumes and access to diverse sources of food imports.'"

Lamy agreed with the rights expert that the current state of global food security requires policies that encourage and strengthen investment in agriculture, and ensure appropriate safety nets for urban and rural poor. Current WTO rules in agriculture and possible outcomes from the DDA allow policy space and flexibility in these areas. Hence, the Agreement on Agriculture leaves developing countries broad room to implement measures to achieve their national objectives, including food security, notably through Green Box support and Article 6.2 development programmes.

"As you rightly mention, the Doha Round would further increase this flexibility by relaxing some of the Green Box criteria to make it easier to use by developing countries, for example, on public stockholdings for food security purposes."

On the other hand, Lamy questioned the report's recommendations on interventions aimed at insulating domestic from international markets.

He said: "Policy tools like public stockholding for food security purposes, tariff rate quotas, safeguard measures or the use of marketing boards can indeed be legitimate tools, under some circumstances. However, if used improperly, these actions can introduce distortions and undermine economic efficiency, exacerbating the negative impacts on poor consumers of high food prices. In addition, given that about 60 per cent of developing countries' agricultural exports go to other developing countries, these suggested interventions increase the vulnerability of agricultural producers in exporting developing countries by reducing access to their main export markets."

He added: "Highly trade distorting support, the use of export subsidies, high levels of protection, and unpredictable trade measures restricting imports or exports were among the causes of the price spikes in 2008 and 2010. Policies that create distortions in the global market threaten rather than improve global food security. In agriculture WTO rules distinguish between practices that are trade distorting and those with limited trade impacts - encouraging countries to move towards less trade-distorting practices."

"I am surprised by the quasi-absence of reference in your report to rules applicable to export prohibitions and restrictions on food products. This issue is complex and controversial, but again there is a wide consensus that those measures, and the architecture of multilateral trade
rules applying to them, have some significant influence on food security," Lamy said in his letter.

Lamy agreed that food security concerns require improved international governance. "However, I am not convinced of the need to create new processes to discuss and evaluate food security and trade. Many international, regional and national organizations already provide in-depth analysis of trade and food security."

For example, said Lamy, the G-20-led process on price volatility in agricultural markets has led to the creation of the Agricultural Market Information System in September 2011, in order to improve information about certain agricultural markets. Within the WTO, many tracks are also already available including the Special Session of the Committee on Agriculture to negotiate an improvement and strengthening of the AoA; the regular Committee on Agriculture to monitor implementation issues; the SPS Committee on food safety and animal and plant health; and various ad hoc informal information sessions organized by the WTO Secretariat or WTO Members.

Lamy went on to invite the Special Rapporteur to the WTO to present his report to the Members.

In a statement issued on 16 December, Olivier de Schutter said that "Globalization creates big winners and big losers. But where food systems are concerned, losing out means sinking into poverty and hunger. A vision of food security that deepens the divide between food-surplus and food-deficit regions, between exporters and importers, and between winners and losers, simply cannot be accepted."

He added: "The impact of trade rules can no longer be seen at the level of States alone. It must be sensitive to what really determines food security: who produces for whom, at what price, under which conditions, and with what economic, social and environmental repercussions. The right to food is not a commodity, and we must stop treating it that way."

The rights expert said that he shared with Lamy the view, as he puts it, that "food security is an essential policy objective for governments." He also welcomed Lamy's invitation to present the findings of his briefing note to WTO members.

However, said Olivier de Schutter, "we must ensure that the debate starts from the correct premise. This premise must acknowledge the dangers for poor countries in relying excessively on trade. We must also assess the compatibility of WTO disciplines and the Doha agenda with the food security agenda. Without such a fundamental reassessment, we will remain wedded to food systems where the most efficient producers with the biggest economies of scale are relied upon to feed food-deficit regions, and where the divide only gets bigger."

"This may look like food security on paper, but it is an approach that has failed spectacularly. The reality on the ground is that vulnerable populations are consigned to endemic hunger and poverty," said Olivier de Schutter.

He noted that the food bills of the Least Developed Countries (LDCs) increased five- or six-fold between 1992 and 2008. Imports now account for around 25 per cent of their current food consumption.

"These countries are caught in a vicious cycle. The more they are told to rely on trade, the less they invest in domestic agriculture. And the less they support their own farmers, the more they have to rely on trade. In the current climate, this means relying on imports of grain at historically volatile prices. This year alone, the food bills of LDCs soared by one third. These price shocks are felt by poor urban and rural consumers alike."
Unfortunately, said Olivier de Schutter, "the open markets demanded by Mr. Lamy do not function as perfectly as he would like to think. Food moves where purchasing power is highest, not where needs are most urgent."

"By promoting this trade-centric approach, we miss the simplest of win-wins. If we were to support developing world small-holders, who are often the poorest groups, we could enable them to move out of poverty, and enable local food production to meet local needs. In this context, trade would complement local production, not justify its abandonment. The urban poor would have access to fresh and nutritious foods, and the gap between the farm-gate price and the retail price would narrow. This however requires policy space to limit price volatility at domestic level: it is this policy space that the WTO rules are reducing."

"The policies currently shaped by the international trade regime are not supportive of these small-scale farmers. Instead, we impose a lose-lose upon them. They do not benefit from the opportunities that access to international markets represents for some. But it is they who are the victims of the pressure on land, water and natural resources on which they depend, for which they increasingly have to compete with the agro-export sector."

"In the long term, poor net-food-importing countries will not be helped by being fed. They will be helped by being able to feed themselves. This is the consensus of the post-global food crisis world that even the G20 has recognized. It is disappointing that the WTO continues to fight the battles of the past," Olivier de Schutter concluded.

In a statement issued on 17 December, the global network of NGOs and social movements called Our World Is Not For Sale (OWINFS) said it fully supported the conclusions of Olivier de Schutter, that the WTO is adversely affecting food security and sovereignty of Southern countries and small-scale producers and poor consumers in the North.

The WTO Secretariat underscores the multiple facilities given to developing countries to subsidize their farmers but ignores totally the lack of financial capacity of the poor developing countries to benefit from these facilities, it said.

It added that Olivier de Schutter demonstrated that the AoA has devastated local agriculture and eroded food security and food sovereignty. This also applies to net food importing countries because their ability to grow their own food is destroyed making them even more dependent on big exporter countries and their corporations. This also justifies the power of agribusiness to take control over their natural resources including land, water, seeds and commodify the traditional systems of cultivation and biodiversity.

OWINFS believed that the WTO is violating the right to food, and fully agreed with Olivier de Schutter when he stated that "in the long term, poor net-food-importing countries will not be helped by being fed. They will be helped by being able to feed themselves."

There is increasing global consensus on this issue, the group said, adding that it is time for a fundamental transformation of the food system.

OWINFS further said that the following changes to the WTO are essential for a global system that would ensure food sovereignty and food security to develop: Priority and policy space has to be guaranteed to small-scale farmers and their constituencies to ensure their right to protect their livelihoods and food sovereignty and be able to choose the best policies for themselves and their communities; and developing countries should have the right to raise tariffs and use other measures to protect farmers' livelihoods, rural development, and food security.

This ability, called the Special Safeguard Mechanism (SSM) in the WTO, must be far more flexible than is reflected in current WTO proposals for it to be useful in achieving food security. No additional commitments on Agriculture should be required of LDCs.
The civil society groups also highlighted that developing countries should be able to exempt products from any potential future tariff cuts as they deem necessary to protect farmers' income, food security and rural development; the Special Products designation in the WTO must be expanded.

The group's statement also categorically rejected any standstill on tariffs in agriculture. Export subsidies should be disciplined, including so-called "Green Box" subsidies; trade rules must be modified to facilitate proper regulation of commodities trade to prevent excessive speculation and volatility in the global markets; and special attention should be paid to banning subsidisation of agro-fuels, as they have diverted land away from food production and aggravated ecological degradation.