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Food security policies in developing countries: implications for trade and regional integration*

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In the last decades concerns over food security have been providing the rationale for agricultural and trade policies in developed as well as in developing countries. They also served as a justification for national positions (of both developing and developed countries) in negotiations for the liberalization of agricultural markets in the WTO.

The recent rise in agricultural prices – in the period before the eruption of the economic crisis of 2008/2009 – and the perspective that these prices would continue to rise, brought the food security theme to the agendas of countries and international institutions agendas with renewed emphasis.

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Most countries responded to the recent food crisis with similar policy packages regardless of their agricultural endowments, trade situation in relation to their position as net food exporters or net food importers or their importing capacity. Many of the policy responses concentrated on short term policies that attempted to decrease the price of food. As a result many of them tended to increase trade barriers and, in some cases, negatively affected intra-regional trade.

There is no doubt that the concerns over food security are not easily absorbed by a trade agenda oriented towards the objective of liberalizing trade and investments flows and by the reduction of distortions caused by protectionist and subsidy-intensive policies.

The very association between an economic issue (agricultural and food production) and the concept of security suggests a shift from the perspective through which this (economic) issue is considered. The dimension of security is introduced in this specific economic issue through concerns over the impact of high food prices (or the sheer lack of food) on socio-economic cohesion and on countries' political stability.

When, in the views of many policy makers, the origin of the risk of "food insecurity" is associated to international phenomena, such as the volatility of global markets, it is highly likely that policy makers - attentive to the mood swings of their national constituencies - will adopt measures to curb these threats, often trying to reduce the interaction (which occurs mainly through trade and investment flows) between the national economy and its external environment.

This behaviour tends to be encouraged when the international mechanisms for the provision of

stability and economic predictability as public goods are perceived as incapable of performing their function. The suspicion in relation to mechanisms and institutions that provide economic security internationally is what leads national policymakers to the search for unilateral policies. China buys land in other developing countries to safeguard the future provision of food and establishes complex bilateral relationships with African countries to guarantee the provision of minerals and oil. Food importing countries have often adopted policies to search for self-sufficiency, even if these options are less economically and environmentally sustainable.

The presence of strong subsidies to production in the richer countries, the lack of mechanisms to reduce food vulnerability in least developed countries, the sensitivity of agricultural prices to speculative activities in the world stock exchanges, and the feebleness of regional cooperation mechanisms in this area make agriculture a fertile policy area for the dissemination of unilateral or bilateral initiatives resulting in the State management of international trade and investment flows.

In this sense, what seems to be required for a treatment of the food security issue which is compatible with trade and investment liberalization objectives is "a new "Agricultural Deal" at the global level that promotes fair trade rules, contributes to lower price volatility in the international market and facilitates more investment in agriculture" (Piñeiro et al., 2010).

From the perspective of the reformulation of trade rules, the basic principle to guide the process should be that "the discussion about food security should be limited to the vulnerability of developing countries, using a different terminology for developed countries" (Díaz-Bonilla et al., 2000). All developed countries, when national food security indexes are used as an analytical tool, are safe from this point of

view, “which suggests that the notion of food security used as part of agricultural multifunctionality or, more generally, among none-trade concerns, has a very different meaning in developed and developed countries. In terms of political implications and agricultural negotiations, keeping the same label for two different situations only serves to obscure the issues being negotiated” (Diaz-Bonilla et al., 2000).

Reconciling trade and food security depends mainly on negotiations and agreements at the multilateral level, but the regional dimension of cooperation can play a role in reducing uncertainty and costs faced by developing countries in periods of crisis that challenge “economic security” in any of its dimensions (food, energy, etc).

The fact that regional (or sub-regional) agreements – in force in the three developing regions – or most generally the regional dimension of policy played almost no role in the menu of measures taken in response to the food crisis means that these agreements are not perceived by the countries that have set them up as credible mechanisms for the provision of collective economic security.

Therefore, the institutional strengthening of regional (or sub-regional) agreements through the setting of rules and disciplines that foster cooperative behavior among developing countries appears as a pre-requisite to granting to these agreements a label of credibility and to making sure that they could play a more relevant role as a crisis-management instrument.

Bibliography

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