



## **Agricultural Trade and Food System Transformation**

### **Virtual WTO Agriculture Symposium**

**WEDNESDAY 2 DECEMBER 2020**

**OPENING SESSION**

10:00 - 11:30

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*"The Role of International Trade in World Food Systems Transformation"*

Thank you Doaa, for the introduction, and thank you to World Trade Organisation for the opportunity to join with you for this Opening Session to the Virtual Agricultural Symposium.

I want to start by commending the WTO for highlighting the importance of food systems at this particular time. Our food systems today are both facing and causing an array of challenges – whether around food security, malnutrition, climate change, environmental degradation, or beyond – and we all know that they are not delivering well for people, for the planet, or for our shared prosperity.

At the same time, food systems offer our biggest opportunity to not only achieve sustainable food and nutrition security for all, but to achieve all the SDGs. They are our biggest opportunity to address the planetary emergency of climate change and unprecedented biodiversity loss. They are one of our biggest opportunities to reduce poverty and create more equitable livelihoods. Every growing season can mark the shift to a fairer, more resilient future.

Today, there is an urgent need to support a transition towards more sustainable food systems that achieve a better balance between economic, social and environmental objectives.

The COVID-19 pandemic has only aggravated the situation even further, with more people falling back into poverty, coping with food insecurity, and communities and countries backsliding on the SDGs. In Kenya, where I am currently residing, the World Bank just put out a report estimating a 1% contraction in the economy, and that 2 million Kenyans will slide back into poverty.

In our interconnected world, the functioning and malfunctioning of our food systems has significant consequences.

Trade can play an important role in food systems transformation. COVID-19 has clearly shown that crises and the effects of policies and measures taken to contain them, spill over national borders. We have seen how in a bid to protect populations from the pandemic, governments imposed health measures. These included travel barriers that also affected cross-border trade including movement of food from surplus to deficit countries. The most affected are the ordinary citizens who are already exposed to hunger and poverty. These barriers were tough for many countries that had minimal or no food reserves to cater for their vulnerable populations.

Estimates show that one-third of all agri-food exports are traded within global value chains that encompass at least three countries. Primary agricultural commodities are initially exported, processed into food products, which, in turn, are re-exported. In this way, global value chains involve even closer links between various actors compared to other forms of trade. This close relationship between production, consumption and trade highlights the significance of trade for keeping supply chains alive and safeguarding food security.

By helping to balance food deficits and surpluses across countries, trade can play a crucial role in tackling the challenges of hunger and malnutrition. Trade can improve economic access to food for the most vulnerable populations by bringing down food prices and reducing food price volatility. Trade allows for sufficient quantities of food to be available all year round, and increases the variety of that

food, expanding consumer choices and contributing to diversified diets that include fresh fruits, vegetables, meat and dairy products. Moreover, the use of standards throughout the various stages of global value chains can promote harmonization of food safety requirements with internationally-set standards, thereby promoting food safety in domestic production and distribution systems.

Trade also creates opportunities for farmers to improve productivity and boost their incomes. The rapid development of global value chains has meant that developing countries have wider opportunities to participate in international markets and trade, which can provide a powerful mechanism for diffusing technologies and best practices and raising farmer incomes. Moreover, trade facilitates structural transformation by expanding avenues to link agriculture with the other economic sectors. Trade can therefore play a decisive role in ensuring that food systems transformation is an inclusive process.

Finally, trade can contribute to the achievement of environmental sustainability objectives. By enabling the movement of food from surplus to deficit regions, trade promotes the optimal allocation of resources globally, preventing over-exploitation and helping countries to adapt to climate-change related supply disruptions. By expanding markets for sustainably produced products, trade can also enhance the commercial viability of sustainable production practices.

While trade can be a crucial enabler of food systems transformation, there is no doubt that trade also brings risks. For instance, some producers will not be able to compete with imported products, resulting in loss of incomes and livelihoods. In other cases, lower prices of food commodities can make it harder for

producers to bear the costs of complying with product norms and standards. In order to mitigate these risks and harness the full benefits of trade, it is important to ensure coherent and aligned policies across a host of policy areas including trade, agriculture, environment, health, technology and education.

In particular, policies that promote trade liberalization and market integration need to be accompanied by complementary measures to ensure that those producers and workers that are adversely affected by trade competition, in particular in the more vulnerable countries, are covered by adequate social protection measures. Policies to support upgrading and upskilling in developing countries are needed to ensure that smaller-scale actors are able to meet the requirements of international markets and participate in global value chain activities.

I am thinking of the African smallholder woman farmer, whose produce has never hit the international market, whose only recourse is the market around the corner and in few cases across the border. This is the lesson we would like to bring at the international level; why is she unable to participate in formal or structured trade? At regional level, let alone international? It is because the multilateral system has failed her. The rules of the game are pitched so high and those interested have no incentive to bring these closer to the ground.

In Africa, we realize that we need to enhance our ability to compete if our farmers, companies, and countries are going to get the most value out of a rapidly expanding agri-food market set to reach USD \$1 trillion annually by 2030. Instead, we currently import over USD \$50 billion of food annually, and this is on

the rise. We know that cities and consumers do not care where food comes from; they just want the right quality and the right price. Currently, it is cheaper to import bottled water from Brussels to Kigali than to bottle it locally. Right now, it is cheaper to grow, process, ship, and truck rice and palm oil from Southeast Asia to West Africa than to put local farmers' rice and palm oil in the market. It is cheaper to bring chicken from Rio de Janeiro to Durban than to fully meet the demand for this booming market locally.

The African continent has long talked about providing for domestic markets, improving processing and value addition, and import substitution, but the strategy and delivery must be improved. The system is not working for many of Africa's farmers and micro-, small-, and medium-sized enterprises (MSMEs) who are not competitive beyond a certain point. By rising to the challenge to feed their cities, African countries would be able to meet not only urban food security, but also provide a market for agriculture throughout the country and drive inclusive rural development, job creation, and mutual prosperity. But this will require a major paradigm shift.

This is why trade is also identified as a key means of implementation for achieving the Sustainable Development Goals. Agenda 2030 recognizes that non-distorted trade and properly functioning world agricultural markets are essential in our global effort to achieve SDG 2 of ending hunger, achieving food security and improved nutrition, and promoting sustainable agriculture. In addition, SDG 17 further aims to *“promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization”* and includes targets to increase the participation of

developing countries, in particular the least developed countries, in global trade and markets.

Ensuring that food systems transformation achieves the appropriate balance between economic, social and environmental objectives requires that WTO rules are consistently revisited to adjust to new conditions and realities.

It must also be noted that the integrated and transformative nature of the 2030 Agenda requires policies that systematically consider inter-sectoral linkages and trade-offs, while being people- and environment- centred.

This Symposium is an excellent opportunity to initiate such a debate and contribute to the needed deliberations within the WTO.

As we hold these discussions on agriculture trade at the multilateral system level, let us just remember that 'the caravan moves at the pace of the slowest horse' and if we do not consciously pivot our efforts at solving problems at the smallest unit we are likely to fail.

Thank you.

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