

Trade and Agriculture: New Challenges

Course Description

At first sight, it seems that since the inception of the WTO, trade in food and agricultural commodities has thrived, and that trading partners are experiencing fewer frictions associated with agricultural products. Indeed, since the launch of the Doha Round in 2001 agriculture trade has increased by 200%, and especially advanced developing countries are playing an increasingly important role. Moreover, the proportion of trade disputes dealing with agricultural products has decreased to less than a quarter of all new disputes.

At the same time, there are also signs that the agricultural trading system faces many risks associated with changing geopolitics, climatic conditions and technologies. The Corona virus has motivated many governments to restrict food trade (though less than for other products and services), to delay reforms and to increase support. The absence of serious negotiations in the WTO Committees on Agriculture, SPS, TBT, SCM and TRIPS are one indicator of more difficult times ahead – not to mention the impasse in terms of dispute settlement.

Yet, WTO squarely remains in the centre of agricultural trade governance. In fact, while Regional Trade Agreements have reduced tariffs in many markets, they often overlook non-tariff barriers, and they never discipline domestic subsidies. This means that trade and investment distortions, caused by constantly evolving national policies, can only be constrained by the present, less than complete, set of rules agreed under the WTO umbrella. In turn, this trade insecurity jeopardises the prospects for more sustainable trade and international food security. Moreover, while agriculture is the single biggest greenhouse gas emitter, no substantial “Nationally Determined Contributions” (NDC) addressing agricultural emissions have so far been notified under the Climate Change Agreement, which entered into force in November 2016. This raises the question whether WTO rules in their current form can accommodate climate change policy measures aimed at mitigation and adaptation.

From an economic perspective, by exacerbating uncertainty these governance challenges impede the ability of the agriculture system to respond to new, and evolving, conditions. The accelerating economic and environmental changes are amplifying pressure on agriculture to contribute to sustainable solutions. The location and type of demand is changing, particularly in food-insecure developing countries. New pressures from extreme weather events and temperatures lead to shifts in location and methods of agricultural production. Global value chains in the agriculture sector link production and consumption around the world.. Farm support,



industrial subsidies, and trade barriers persistently impact on agricultural trade and investment.

In this week we look at the history of, and the economic justification for, the rules in the Agreement on Agriculture (AoA) and related agreements. We then examine how these rules which were created in response to the agricultural policy landscape of the 1980's fit the current global context for food security, food safety, and climate change mitigation. In addition to participating in interactive lectures and exercises, participants will be invited to identify, and present, specific agriculture-related issues of their choice. In addition to the challenges mentioned above, topics could include sustainable development goals, "land grab", human rights and gender issues, obesity and malnutrition, water allocation and wood scarcity, fish, biofuels and biotechnology. On the fourth day of the week, participants will lead a discussion on the selected topics highlighting the interaction between existing trade rules and policy space.

At the end of this week participants can expect a good overview of the recent trends on global markets for agricultural products, as well as of the main obstacles preventing consensus solutions at the WTO Ministerial Conferences from Bali (2013) to Geneva (2021). With their own contributions, participants will also find answers to specific questions:

- What enabling conditions will allow food trade to contribute to food security, including of marginalized groups such as small farmers, poor consumers, and migrants?
- How to ensure food safety in the context of rapidly globalising food value chains without strangling developing country exports?
- How to address increasing trade conflicts arising from deforestation and other unsustainable production patterns (e.g., palm oil, soybeans, and beef)?
- What are the optimal policies for meeting (at times conflicting) core societal values and new challenges (e.g., climate change, animal welfare, child and forced labour), and for providing consumer information (e.g., on fat and sugar content, organic or halal production, country of origin and geographical indications)?