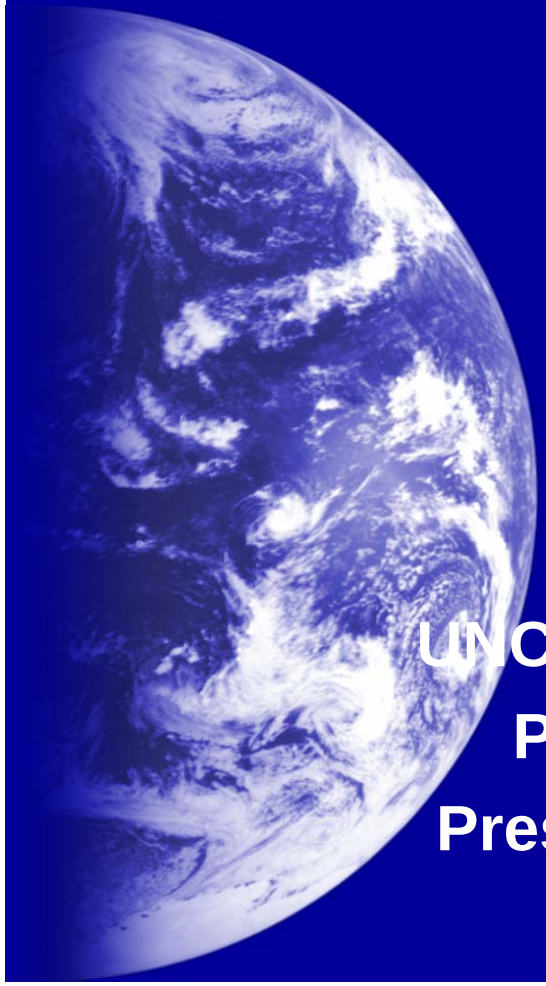
The World Trade Institute

Bern, Switzerland



Liberalising Trade and Investment in Agricultural Commodities - How Fast?

UNCTAD GLOBAL COMMODITIES FORUM 2011

Panel A6 “Commodity policy challenges“

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Global food prices hit record high

Food prices hit a record high last month, surpassing the levels seen during the 2007-08 crisis, according to a UN food index.

La Niña's powerful punch hits commodities

The phenomenon known as La Niña is causing strong atmospheric events and affecting resource traders around the world.

Free markets can still feed the world

The answer to the current price volatility is not to prosecute or block markets, but to use them better. The G20 must act to put food first, writes Robert Zoellick.

FAO draws comfort at lack of food riots

The relatively restrained price increase of staples keeps discord at bay.

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policy failures galore

International Organisations

- international commodity agreements have not delivered stable prices and producer revenues
- „Right to food“ but no solutions addressing global food security, food aid quantity and quality, shortages
- under-regulated and over-protected foreign direct investment including „land grabbing“, cartels, and climate change
- response to food crisis 2007-08 (HLTF): „It is necessary to immediately scale up public spending and private investment.“

policy failures galore (cont‘d)

Fragmentation

- the Right to Food has been ratified by 160 countries in international conventions (ICESCR). It implies a “do no harm” obligation but surplus dumping is still allowed by WTO.
- “trade negotiators either are not aware of the human rights obligations of the Governments they represent, or they do not identify the implications for their position in trade negotiations” (Olivier de Schoutter 2009)

policy failures galore (cont'd)

WTO today…

- the Marrakesh NFIDC Decision is useless
- "mutual supportiveness"? sea turtles enjoy better protection in WTO courts than hungry people!
- no multilateral trade rules remedies for
  - access to resources, export taxes and restrictions (food, oil/gas, timber, rare earths)
  - domestic support (e.g. biofuel subsidies) and tied food aid as a means of surplus disposal
  - export credits and export state trading
  - dual pricing of energy commodities (oil/gas)

policy failures galore (cont'd)

… and <u>after</u> Doha Round implementation!

- WTO rules may one day effectively prevent **food aid** from displacing commercial supplies of third countries, but unless there is a more coherent and less fragmented approach WTO will continue to allow such 'aid' to displace local production and destroy the livelihood of local farmers.
- "without the introduction of **appropriate safeguards and transitional measures**, trade rules and policies could have adverse effects on the right to food, workers' rights and other rights of small farmers and the rural poor." (UN High Commissioner on Human Rights)

Doha Round: (unaddressed) 2008 proposals to revise GATT-Art.XX(h)

- “adoption of intergovernmental commodity agreements, for stabilization of prices for exports of agricultural commodities at levels that are stable, equitable and remunerative“, including „agreements of which only commodity-dependent producing countries are parties“, „negotiated and adopted on an international or regional basis“ with the „participation of associations of producers“
- “technical assistance shall be provided for, *inter alia*, the improvement of world markets for commodities”

any ways out?

International Organisations

- general obligation to cooperate in the sense of ICESCR-Article 11(2)
- enforce the obligation to protect, respect and remedy (Ruggie 2009)
- develop mandatory standards for ‚good practices‘ (agricultural and mining) and ‚good commodity investment‘ (including competition rules)
- enable producer access to risk management instruments
- ensure access to information and access to justice under multilateral agreements

any ways out? (cont'd)

WTO

- improve DDA results 2008 and conclude the Doha Round
  - rules and decisions on strategic (regional) stockpiles, and export restrictions
- methodologies for S&DT which would allow real needs to be targeted and support the justifiability of S&DT as a substantive equality initiative (Moon 2009)
  - binding trade preferences with graduation criteria (Bartels & Häberli 2010)

any ways out? (cont‘d)

WTO: Doha Round Final Act

- formal commitment of food aid donors not to reduce food aid volumes in times of food price increases
- mandatory and quantified Aid for Trade Programme by the ‘Doha winners’ including for food crop production in NFIDCs