



Trade and safeguarding global food security - Global - Regional - Local -

The Berlin Summit of Agriculture Ministers and the International Agriculture Ministers' Panel Discussion to be held on 22 January 2011 during the International Green Week pursue a vital objective: The conference is designed to raise public awareness of the importance of trade, an integrated trading system and the regional production structures for food security and for making the "right to food" a practical reality.

Given that the negotiations in the Doha development round of the World Trade Organization (WTO) have reached a deadlock on key points, this international high-level meeting is to inject fresh vigour in the further discussions on trade and the global food situation. Agriculture ministers from all over the world are to exchange experiences and concept proposals on the contribution of trade to world food security at local, regional and global level in the different countries and in a global context.

Trade as a contribution to global food security

The exchange of goods via trade is almost as old as mankind itself. Trade makes it possible to buy products that cannot be produced in one's own living environment or whose production would be too costly. In exchange for products that are, in turn, needed by trading partners, this is mutually beneficial for both parties.

The interplay between local, regional and global trade is a necessary prerequisite for safeguarding global food supplies. The WTO discusses and agrees on the rules governing international trade. The reformed Committee on World Food Security (CFS) also provides a suitable platform within the scope of the FAO in order to successfully dovetail national, regional and global strategies on agriculture and food security with trade policy.

The FAO voluntary guidelines on the right to food, on the one hand, contain recommendations for shaping market systems at national level. On the other hand, they provide guidance for shaping the international trading system. All in all, they help to improve the food situation. From the Federal Government's point of view, these recommendations are to serve as a framework of reference for trade policy at national and international levels.

Local value-added as the basis

"Fresh food from regional production" – many global activities for food security share this vision. They either support local food chains or restore them. This is how fresh food that is also tailored to local eating habits reaches local consumers via local producers. It is only on the ground that we can ensure food security for the majority of the many poor throughout the world. Local production strengthens the cohesion of the community and the development on the ground. A stable and legally secure social environment is indispensable to this end. Eradicating poverty is not possible without integration of the agricultural sector in a vibrant rural region. It is therefore advisable to create and retain value-added and jobs within a macroeconomic framework for rural areas. In the process, bilateral and multilateral cooperation projects serving practical needs, especially in initial and further training for agricultural jobs, make a positive contribution.

Regional cooperation for a better infrastructure

The growing urban population, in particular, is in need of additional supplies because large urban population groups frequently live below the poverty line. An affordable and adequate supply of food of sufficient quality is essential for their lives and necessary for their survival. Functioning value-adding chains are indispensable for linking town and country, domestic markets and coasts. They can only be created and maintained by regional cooperation. This holds true both for the procurement of inputs and for the sale of the harvest in urban conurbations. To this end, stockkeeping, processing, market information, transport and distribution must work hand in hand. Stable economic conditions and an enabling policy environment also at macro-level are vital preconditions for allowing investment in these fields. This process must start at local level. The cross-border cooperation between regions is also required in order to achieve the food security goals by covering deficits, ensuring better food availability and reducing price fluctuations.

Supra-regional cooperation is also conducive to a better dissemination of scientific findings, making more targeted use of natural resources, protecting them more effectively and to displaying greater farsightedness in the development of infrastructures. Moreover, regional, including cross-border, producer organisations, also foster the exchange of information on technology and markets and enhance the market position of smallholders.

Global integration

Food security and the reduction of poverty cannot be achieved by local and regional markets alone. On the one hand, a growing middle class in developing and emerging

countries develops needs for a broader range of products that domestic production is unable to supply. On the other hand, global trade enables us to obtain foreign exchange, technology and know-how. In order to be able to fight poverty on a broad basis, we need to reap the economic benefits of global integration. This is the precondition for long-term food security. What matters is to pool the benefits of local value-added, regional marketing and global integration in order to achieve the best outcome for food security.

Fair rules in markets

If integration of global trade is to be successful, the same fair rules must apply to all partners. Bringing the Doha negotiations in the WTO to a speedy conclusion is therefore necessary in order to dismantle trade distortions that are still in place and reduce tariff barriers. The phasing out of all forms of export subsidies notably plays a crucial role in this regard.

The conclusion of the Doha round would yield enormous welfare gains for all WTO members. Developing countries could exhaust their potential for trade development by making use of additional aid-for-trade instruments. These are in particular intended to create infrastructure for trade, a trade-enhancing regulatory framework and to develop competitive products.

There is a need for wider-ranging WTO rules on export restrictions with a view to food security because the actions taken by market operators in response to food scarcity must not conflict with each other. It is true that trade restrictions may improve regional food situations in the short term but they give false incentives for agricultural production, aggravate the global deficiency and thus jeopardize the food supply elsewhere.

Rules on trade facilitation could improve trade in goods and help avoid unnecessary transaction costs caused by over-bureaucratic customs formalities, for instance.

Price volatility on agricultural markets

In recent years, price fluctuations and price spikes on the global commodity markets have increasingly come to public attention. Extreme price volatility means insecurity and financial risks for all commercial operators. Extreme fluctuations in price at times of low supply and high demand may put food supplies at risk, particularly in less developed countries and emerging countries that are dependent on imports.

Price volatility is part of market economics as long as the price retains its main function as an equilibrating mechanism. Supply and demand determine the price. Commodity futures exchanges serve to facilitate prudent risk management, but need capital from investors in order to work. The possibility of abusing and manipulating

prices should, however, be excluded. This is the prerequisite for having an agricultural commodity market that functions properly.

In view of the fact that agricultural and financial markets are interconnected internationally, this is a task for the global community. The EU, the G8 and the G20 will therefore all put the subject of restricting extreme price fluctuation on agricultural commodity markets on the agenda. The aim must be to create more transparency on the financial markets in respect of development of trade and market participants. This should strengthen risk protection and above all put a stop to the abuse and manipulation of prices. In this way States could contribute towards preventing excessive speculation with foodstuffs.

Harmonised standards for food safety

The only way to achieve a successful integration in global trade is to make sure that the same standards apply to food safety from farm to fork. Raising national standards to the level of international IPPC, OIE and Codex Alimentarius requirements and building up an internationally recognized infrastructure for conformity assessment is therefore just as important as allowing all countries to take part in devising these standards. FAO, OIE, the World Bank, WHO and WTO assist in the adoption and compliance with international standards within the scope of the joint "Standard and Trade Development Facility" (STDF) The introduction of the standards must not lead to smallholders being ousted from markets. Fair trade is an example of producers in developing countries being involved.