

Public Stockholdings, Special Safeguard Mechanism and State Trading Enterprises: What's food security got to do with them?⁸³

Eugenio Díaz-Bonilla

Introduction

Food security has been invoked for a variety of trade policy interventions and in many trade negotiations. This chapter focuses on three trade topics for which food security concerns have been mentioned as the rationale (or at least part of it) for their inclusion in the WTO negotiations: public stockholdings (PSH), the special safeguard mechanism (SSM) and state trading enterprises (STEs).

The first two issues have been repeatedly raised as part of food security in trade negotiations (see for instance (WTO, 2019a)). Trade negotiations about STEs have been mainly related to export competition and not to food security concerns (which would normally imply trade issues on the import side). But there is a growing interest on ensuring notifications in the Working Party on STEs (see for instance WTO, 2019b). Therefore, I will briefly comment on this topic in a separate section.

Public Stockholdings for Food Security Reasons.

As a background it should be noted that the operation of PSH is allowed under the Green Box of the Agreement on Agriculture (AoA), but with some operational and notification requirements: developing countries can build PSHs using market prices and can provide domestic food aid to consumers out of them at subsidized

83. With due recognition of Tina Turner.

prices⁸⁴. But some developing countries want to be able to buy at non-market prices when the food security products are bought from low-income, resource-poor producers (LIRP). However, doing that would violate the general criteria for domestic support to be part of the Green Box (opening a huge loophole for other possible modifications with negative effects on developing countries) and may affect producers in other countries. As of this writing, WTO member countries have not yet agreed to a solution, but have established a peace clause that, under certain conditions, protects developing countries from challenges under the AoA (but not necessarily under the Agreement on Subsidies and Countervailing Measures (ASCM)) and they have committed to find a “permanent solution” (Díaz-Bonilla, 2014)

During current negotiations some proposals from developing countries (for example WTO, 2019a) have expanded on what they would like to see in a permanent solution related to PHS. For instance, a) it would apply only to developing country Members; b) the PSH would be excluded from the calculation of Members’ Aggregate Measurement of Support; c) it would apply to existing as well as future PSH programs for foodstuffs; and d) there should not have ceilings to the quantity or value procured.

As a counterpart to those flexibilities, the stocks procured under such programs a) should not “distort trade” or “adversely affect the food security of other Members;” and b) the products cannot be exported. Also, countries using PSH programs, should follow transparency requirements, but should not impose “onerous burdens” on developing countries and especially Less Developed countries (LDCs) and Net Food-Importing Developing Countries (NFIDCs) (WTO, 2019a).

Several points need to be considered in assessing proposals around PSHs. First, the definition of “developing country” has come into question. In particular, the United States (WTO, 2019c) has raised the issue in the context of the negotiations of the permanent solution of PHS and SSM⁸⁵.

Second, it is important to consider whether there are caps (or not) on the quantity or value procured. As noted in Díaz-Bonilla 2017a and c, developing countries use public food stocks with different objectives: for emergencies (type1); for food dis-

84. For instance, Brazil and other developing countries buy food for their domestic food security programs at market prices. It also makes sense in terms of fiscal account: buying at market prices will not further increase the program’s procurement costs (though other operational costs and the sales subsidy still remain). In addition, as in Brazil, some percentage of the food purchased must come from small farmers as defined in national legislation.

85. The document argues that PSH and SSM “have continued at the insistence of self-declared developing Members, which have used development status as an excuse to pursue increased protectionism rather than meaningful trade reform initiatives at the WTO...” (para 4.13, page 12). In particular the document singles out India and Indonesia, “which have high bound tariffs and already provide high levels of trade-distorting domestic support”, and then “framed SSM and PSH as development issues to skirt existing limits,” and “created support among poorer Members for their own proposed exemptions that would benefit them as self-declared developing Members.” (para 4.13, page 12) (WTO, 2019c)

tribution as part of safety nets and targeted food programs, such as conditional cash transfers, nutritional programs for women and children, school lunches, food-for-work programs, and so on (type 2); and for price stabilization (type 3). Based on a country's conditions, emergency and food redistribution stocks (types 1 and 2) would help to achieve food security objectives, but the volumes for those purposes should not be unbound, both for operational reasons and fiscal costs. Also, if that food is procured domestically, even if purchased at market prices (which would place the scheme under the Green Box), those purchases, well-timed at harvest, will provide demand and price support for farmers.

A third issue is how a Member country using PSH would “ensure” that there are no trade distortions (e.g. displacing imports that would have happened in the absence of the program); that do not affect food security in other countries (Dorosh and Rashid, 2012, noted the spillover effects of subsidized wheat from India to Bangladesh); and that the products are not exported. A possibility discussed in Díaz-Bonilla 2017c is to monitor that prices are within the export and import parity purchase equivalents (or EPP and IPP).

A fourth point is what transparency requirements would be “onerous.” For instance, it could be argued that the information requirements for PSH in the Annex of the Ministerial Decision of December 2013⁸⁶ are a minimum of data that any country should want to collect to ensure accountability within its own government.

A final issue, which is not discussed in WTO, 2019a, is the type of remedies in cases of violation.

As I argued in other parts (Díaz-Bonilla, E. 2013; 2014; 2015; 2017a; 2017b; and 2017c, for developing countries, and if the objective is to help with food security, it is best to acquire those products at market prices (what places the PSH within the Green Box). If a developing country is buying food above market prices to provide farmers with high price support and selling below market prices to help poor and vulnerable populations, it will most likely get into severe fiscal problems and create economic crises that will affect the poor and the food insecure. Also, as noted, even if those programs buy at market prices, if the food is purchased domestically, they expand domestic food demand and support prices, as compared with the counterfactual that no such programs exist.

There are several other options for a “permanent solution” within the WTO negotiations (discussed in Díaz-Bonilla 2017b and 2017c and in Glauber, 2016), including:

- a) Clarify the link between “administered prices” and “market prices” and keep administered prices within the IPP-EPP band. Countries may be rebuttably presumed in compliance of not providing price support if, both administered prices track domestic market prices or, at least are below import parity prices and there are no exports

86. https://www.wto.org/english/thewto_e/minist_e/mc9_e/desci38_e.htm

from the PSH. If exports take place from PSH (directly or indirectly) (other than those that may be mandated by a global emergency as determined by the appropriate UN agencies), then the PSH would not be considered a “food security” stock, and the domestic support will have to be calculated according to current rules (possibly leading to challenges under the AoA if it exceeds the allowed limits) (Díaz-Bonilla 2017b and 2017c).

- b) Transform the interim solution into a permanent one under the AoA and extend it to all developing countries. Keep all the information requirements of the current “peace clause.” But, conceivably, if the PSH offers domestic support in excess of the country’s allowed limits, the practice may be challenged under the ASCM (Glauber, 2016).

The first one would force PSH to operate within their IPP-EPP band. The second one, would have some similar economic effects, to the extent that operating outside the IPP-EPP band could lead to challenges under the ASCM (in Díaz-Bonilla 2013, 2017b and 2017c, the country could also be challenged under the AoA).

Even if a permanent solution is found under the WTO legal framework, that would not necessarily be the main issue regarding whether the use of public food stocks is an appropriate approach to solve food security concerns in developing countries. Economic and operational considerations (discussed in greater detail in Díaz-Bonilla, 2017a) are more relevant for food security in poor countries than legal issues. The experience in developing countries with public food stocks to stabilize prices has been, with some exceptions, negative, leading to larger market volatility and/or macroeconomic instability due to fiscal problems. The problem of food price inflation and price extremes would be better managed by a combination of macroeconomic and investment policies, combined with safety nets that try to supplement the incomes of the poor. Along with the extension of safety nets for poor consumers, governments should also consider safety nets for poor and vulnerable agricultural producers; these safety nets could provide income support for poverty reasons, and may be scaled up in emergencies such as when harvests fail or in the case of sharp downward price spikes.

Another topic to be considered is that several studies have shown that increases in dietary diversity, not in calorie availability, are more closely related to declines in stunting and wasting in children and underweight in mothers. Thus, food security stocks based on a limited number of staple crops, usually selected only for their calorie content, may not be the best approach for tackling the multiple challenges of malnutrition.

Special Safeguard Mechanism (Ssm) for Developing Country Members

Safeguards, as trade constraints that countries can use (under some specific restrictions and compensations) to protect any productive sector when it is threatened by an unexpected surge in imports that can cause injury to that sector, operate under the Agreement on Safeguards of the WTO. Although the common safeguard is supposed to have general application, the Uruguay Round created another exception for agricultural products: the “Special Safeguard” (SSG) when countries have complied with the “tariffication” of previous non-tariff barriers.

Subsequently, during the Doha negotiations, some developing countries argued for a separate safeguard, which would allow them to raise tariffs temporarily in the event of damaging external shocks, as part of what was called a Food Security Box. This idea eventually evolved into what was called the Special Safeguard Mechanism, a version of which was included in the “Revised Draft Modalities for Agriculture” (WTO 2008). Disagreements about the product coverage and duration of the remedy was one of the main reasons for the breakdown of the negotiations in 2008. A number of food-importing developing countries continued to argue for an SSM at the WTO, while agricultural exporting countries (such as those in the Cairns Group) have argued that it would hinder the normal operation of trade.

During the 2015 Nairobi Ministerial meeting there was a decision committing WTO members to negotiate an SSM to be used for developing countries (WTO, 2015), and therefore, the issue has continued to be debated. A proposal (WTO, 2019a) indicates that the SSM ‘shall cover both price-based and volume-based triggers with no a priori product limitations as to its availability, and it shall be easily applied by developing countries, with flexible time limits for application to address the needs of the developing Member utilizing the mechanism.’ Finally, it says that the “operation of the SSM shall be carried out in a transparent manner, and the Member invoking the SSM should afford any interested Member the opportunity to consult with it in respect of the conditions of application of the measure,” but as before, asks that transparency requirements do “not impose onerous burden on developing countries and especially LDCs and NFIDCs” (WTO, 2019a).

In considering this and similar proposals for an SSM several points need to be noted.

Regarding the balance of interest in the negotiations, part of the problem is that, as noted, several developed WTO members have access to the SSG; therefore, it is understandable that many developing countries may want to make the situation symmetric and ask for a similar instrument for developing countries only. Yet, an alternative approach would be to eliminate the current SSG (which is used as a non-transparent mechanism of permanent protection for producers that are not necessarily poor; see Hallaert, 2005) and create a better safeguard more applicable to agricultural products and widely available to all WTO members.

In order to devise such new instrument, there are several economic and legal aspects to be considered.

In terms of public economic policies there are two questions to answered: First, what is the problem that the SSM is supposed to solve, and second, whether that is the best instrument to do so.

The most common problems cited are i) price volatility and ii) import surges, with the potential negative impact poverty and food security (see for instance WTO, 2017).

To place those issues in context, it is relevant to keep in mind the widely divergent size of average land holdings around the world (Díaz-Bonilla, 2015, cited also in WTO, 2017) and that this disparity is one of the structural problems that make agricultural negotiations so complex. Sometimes, countries that are considered “competitive” and with “large” producers present drastic trade liberalization proposals that do not take into account the problems of countries considered “less or un-competitive” with scores of “small farmers”. On the other hand, it is not uncommon for less competitive countries to advance protectionist trade policies that would hurt their own poor and vulnerable populations, even when asserting that the protection is needed to help the poor. It should be noted that with very few exceptions, the large majority of small-scale farmers are net food consumers; therefore, anything that keeps food prices artificially up would negatively affect the food consumption of the poor and vulnerable. Research shows that the application of an SSM-like safeguard to cereals in developing countries may in fact result in a decline in overall food consumption and employment in these countries (affecting food security) and they would also be worse off in terms of production and exports (Díaz-Bonilla, Diao, and Robinson 2006). In fact, a volume-based SSM has been estimated to increase poverty significantly (Ivanic, Maros; Martin, Will. 2014).

Regarding price volatility in world markets, some research (Anderson, Kym & Nelgen, Signe, 2012) shows that adjusting import tariffs and other trade measures in response to price volatility in world markets would actually lead to more volatility in those markets.

In fact, people often use the term “volatility” to refer to price levels as being “too high” or “too low,” which is different from prices actually being volatile (see a discussion in Díaz-Bonilla, 2016). For instance, in WTO (2017), the concern seems to be about future prices being potentially too low, thus harming the incomes of poor producers (even though this would help poor consumers). Of course, this is the traditional food price dilemma: governments are always pursuing the dream of “high” prices for producers and “low” prices for consumers. A single policy instrument (such as the SSM) would not solve this dilemma.

Whatever definition of price volatility is used, the implications for producers and consumers depend on much more than just international prices. Producer prices also depend on

the exchange rate, trade policies (import taxes, import quotas, and the like), marketing margins set by the traders and processors, transportation costs, and many other factors. IFPRI research (Minot, Nicholas. 2014) shows that volatility in domestic markets in countries in Africa south of the Sahara where governments intervened the most trying to stabilize prices was higher than volatility in international markets. Thus, government interventions in those countries appeared to be a more significant factor in domestic volatility than volatility in international markets. Other studies have pointed out that find that domestic macro-economic policies play a large role in domestic price volatility (Rashid and Lemma, 2011).

The second problem mentioned to support an SSM is also nuanced: import surges may be displacing domestic food production (the usual complaint), or those food imports may just complement national availability (particularly when there are declines in domestic production) (Díaz-Bonilla, 2015b). If trade is displacing domestic production one for one, presumably because of lower prices, and such production is based on small producers or generates negative employment effects among rural workers, there may be a decline in income opportunities among the rural poor, which would also hurt their access to food. In this line of argument, there would not be more availability (there is a one-for-one displacement), but the price of food would be lower. In that case, consumers may benefit, and particularly, the poorer ones for whom food is a large percentage of their expenditures, but rural producers and rural workers would suffer. Then overall poverty and food insecurity may increase as a whole if the aggregate benefits (over time) for poor and food-insecure consumers are lower than the aggregate losses for rural producers and workers. On the other hand, overall poverty and food insecurity may decrease if the benefits to the former are larger than the costs to the latter.

But it may also happen that the increased food imports are simply expanding and supplementing the availability of food without displacing domestic production (such as when there is a drought or other natural disaster), offering consumers additional supply that would not be available domestically. Therefore, the question regarding import surges is whether they lead to declines in domestic production, or it is the decline of domestic production that leads to import surges. In Díaz-Bonilla, 2015b several tests of causality are implemented and they indicate that it is changes in domestic production that lead to changes in trade, for both agricultural and food products in LDCs and LIFDCs, while the reverse causality, from imports to production, is not supported by the data⁸⁷. This finding is compatible with the view that trade has a stabilizing effect in LDCs and LIFDCs: if production declines due to exogenous shocks, then countries utilize more imports to stabilize domestic consumption, while if the production increases because of very good weather or some other nontrade causes, then imports decline.

Therefore, if the concern is for poor and vulnerable populations, focusing on only one factor (prices being too high or too low) and on only one instrument (the SSM,

87. In the case of NFIDCs, the tests cannot reject the null hypothesis of no causality in either direction: production is not affecting imports as in the other two cases, nor are imports displacing production, as claimed by the critics of expanded trade.

for instance) is too narrow a policy and will most likely be ineffective. It would be far more productive for trade negotiators to dedicate more time to address the specific challenges faced by poor and vulnerable populations through properly designed and funded safety nets. To dismiss this option with the argument that “it costs money” ignores the fact that protection also costs money, being a tax equivalent privately collected by producers (particularly the larger ones) and paid for by consumers (with larger negative impacts on poorer consumers) (Díaz-Bonilla, E., Xinshen Diao and Sherman Robinson (2006))

Also, it would be more appropriate, both for poor and vulnerable populations and for the international trading system in general, if the current special safeguard, which has been used as a non-transparent mechanism of permanent protection for producers (and not necessarily poor producers), were to be eliminated and replaced with a better and generally available safeguard for agricultural products. That new temporary safeguard would not require compensation as the current SSG; but 1) the only instrument would be an additional tariff calculated *ad valorem*, applied on a non-discriminatory basis (i.e. no quantitative restrictions); 2) it will only be used as a temporary device when large and sudden shocks happen and the number of successive years or marketing periods when the safeguard is used should be limited; and 3) the transparency requirements, such as those for the current SSG, but that are not followed, must be enforced (Hallaert, 2005). Finally, it may be defined that it can only be invoked when there is a damaging import surge as determined by an international organization, not by individual countries.

More importantly, it would be crucial to have more effective safety net programs for the poor. Safety nets have the advantage of focusing directly on the problem that is supposed to be addressed (poverty, in this case). In this regard, it would be useful for policies in the WTO Green Box aimed at the provision of public goods (e.g. agricultural research) to be separated from measures targeted at decoupled income support; and within the latter group, there also needs to be a further distinction between income payments to farmers in general (which should be capped under WTO rules) and poverty-focused safety nets (which should not be capped).

State Trading Enterprises (STEs)

Several WTO Members, both developed and developing, operate a variety of STEs with international trading activities, particularly in agriculture. STEs can influence domestic production, as well as import and export activities. The recognition of this fact led to the consideration in GATT’s Article XVII of STEs: they were accepted under the trade regime provided they acted in accordance with the general principles of nondiscrimination and

based their decisions on commercial considerations⁸⁸. Also, STEs should not diminish or nullify the commercial value of negotiated tariff concessions and should not be operated in a way that creates quantitative restrictions on imports, export subsidies, and other WTO–inconsistent measures. Also, governments had to notify GATT about the operations of their STEs on a regular basis.

However, the original GATT did not define state trading enterprises, and this created a variety of interpretations. With the Uruguay Round and the creation of the WTO, the agreements included an “Understanding on the Interpretation of Article XVII,” which presented the following definition: “Governmental and non-governmental enterprises, including marketing boards, which have been granted exclusive or special rights or privileges, including statutory or constitutional powers, in the exercise of which they influence through their purchases or sales the level or direction of imports or exports.”

This clarification changed somewhat the original meaning: while before an STE was a “state enterprise,” or one receiving exclusive rights or privileges, the new definition required notifications in the case of “Governmental and non-governmental enterprises, including marketing boards, which have been granted exclusive or special rights or privileges” (emphasis added) that could, when exercised, influence “the level or direction of imports or exports.” Therefore, the “or” of the original article was replaced by “which,” excluding government-owned companies that are not granted those special privileges, even though by their operation they may influence imports and/or exports.

A variety of developed and developing countries notify the operation of STEs to WTO (see for instance WTO, 2019d and apparently, a larger percent of the STEs notified are in agriculture (WTO, 2019e). But the notifications focus on exporting STEs, as part of the disciplines on export competition (see Díaz-Bonilla and Harris, 2014). Consequently, information on agricultural importing STEs is not considered (except in the case of some STEs which have exporting and importing powers, such as China National Cereals, Oil and Foodstuff Import and Export Co renamed COFCO in 2007).

There are different views on the impact of STEs, which also depend on the powers and operations of the STEs. On the one hand, some argue that the exclusive or special privileges allow STEs to exercise domestic monopoly or monopsony powers, distorting domestic and international markets and evading international obligations. On the other hand, it has been argued that STEs, mainly in developing countries, contribute to more stable supply and prices, thus helping with food security. Also, they may perform other functions such as support for rural development and operate subsidized food distribution schemes to help

88. However, given that STEs may have different objectives than commercial firms and were created with those separate objectives in mind, the debate about what it means to base their operations on commercial considerations alone has led to some debates. The United States brought a case within the dispute settlement of the WTO against the Canadian Wheat Board with the argument that the regime under which that STE operated violated the notion of commercial behavior. The panel and Appellate Body found that the primary discipline of the WTO regarding state trading enterprises was nondiscrimination; operating under “commercial considerations” was not an independent obligation, but the potentially noncommercial nature of some operations could be used as a test of discrimination (see Hoekman and Trachtman 2007).

the poor and vulnerable (McCorrison and MacLaren 2006). However, the track record of the STEs in developing countries has been varied, with some successes but also significant failures (see, for instance, Kherallah et al. 2002 on SSA).

As indicated, the market impacts of STEs are related to the objectives pursued, the type and number of products covered, the operations allowed, and the general legal powers bestowed on them, and the market structure in which they operate, both domestically and internationally. The debate has been on whether the main problems for international trade are exporting STEs (where developed countries such as Canada and Australia have been the main examples until recently), importing STEs (including countries such as Japan and China), or both. In fact, there is a variety of activities that can influence trade in ways that may affect the interests of producers and consumers, both in the country owning the STE and in other countries that may compete with that enterprise on the import or export side. The question then would not be the existence of STEs per se, but specific practices, such as import restrictions and export subsidies that are disciplined in general by the WTO legal framework. In that regard, the issue of notifications and transparency becomes central: it is certainly not the same to operate price support schemes for domestic production through different price schemes or the monopoly on imports and/or exports, than do more neutral activities such as quality control of domestic production, the provision of export-related support services such as storage, shipping, handling, processing, and packaging, or the operation of emergency stocks of key staples (Ingco and Ng 1998).

Therefore, it is important to continue the work to improve the frequency and detail of the notifications to the WTO's Working Party on STEs, which focuses on exports. But the operations of importing STEs need to be monitored as well: for instance, McCorrison and MacLaren (2006) show that in the case of rice in Korea, the operations of the STE implied an ad valorem tariff equivalent of 178 percent and a producer subsidy of 25 percent. Also, STEs seem to have a negative impact on the full use of TRQs (i.e. a highest participation of STEs in the TRQ of a specific product was correlated with lowest percentage of fill) (WTO, 2020).

In developing countries, the creation of STEs is also related to two opposite assumptions: one is that the private sector is too weak to adequately serve producers and consumers (therefore, STE are supposed to fill that vacuum); the other is that, contrary to the first one, the private sector is too strong and has the market power to extract unjustified rents from producers and/or consumers (there STEs act as a countervailing market power).

However, regarding the first point, the expansion of the private sector in developing countries is evolving along with general economic development and the expansion of infrastructure, with important changes in the processing, wholesale, and retailing sectors taking place in many developing countries. Then the question of whether the government or the private sector is better equipped to handle the trading functions (on products and

inputs) becomes an empirical issue. In several developing countries where the STEs have had exclusive legal powers to operate in markets, the legal framework has been changing toward one in which the private sector has increasingly more participation.

Regarding the concerns about the exercise of monopoly/monopsony power by private operators, the main issue, if such a problem exists, is to understand the causes. One reason for private monopolies to exist in food products may be a public policy that, directly or indirectly, grants such powers to private firms (such as discretionary import licenses or domestic trade licenses and restrictions: i.e. a policy-induced market imperfection). On the other hand, if the monopoly (or monopsony) power has its origin in market imperfections, then the persistence of the problem may exist because the government is failing to implement adequate regulatory approaches to eliminate abuses. Therefore, a better approach would be to eliminate the policy-induced monopoly/monopsony in the first case or to establish adequate anticompetitive regimes in the second, rather than trying to establish an STE to counterbalance the potential abuses of the private sector, which may lead to larger costs than the perceived lack of market competition. In any case, the possibility of abuse of market position by private sector operators must be compared to the possibility of inefficiency, corruption, and abuse by the public staff operating governmental schemes (Díaz-Bonilla 2014).

A final argument for STEs in developing countries is that they perform development and poverty alleviation functions. Some studies have shown that in Africa, the elimination of marketing boards, which in many cases taxed producers and generated significant fiscal costs, may have led in the short term to less use of fertilizers and reduction of credit (Kherallah et al. 2002), but the medium-term impact may have been to open space for the subsequent development of private sector operators. In Latin America, economic reforms were generally more radical, and the number related to STEs has declined significantly, with the private sector taking up the productive functions and governments implementing new types of public safety nets (such as conditional cash transfers) focusing on the poor and vulnerable. In Asia, on the other hand, STEs are still present, although they may have been operating with some reductions in their public monopoly powers.

Again, the argument that in developing countries there are market failures in the provision of agricultural inputs, credit, insurance, and marketing services that may justify for some types of STEs, must be compared to the possibility of government failures in running those schemes. The relevant question is whether or not STEs are the best policy instrument for achieving rural development and poverty alleviation objectives. The fiscal implications of the different approaches must be considered as well, given the important impact on public deficits that some schemes based on STEs have had in the past and the potentially better alternative uses of scarce public funds.

Regarding the WTO, at the very minimum, stricter requirements of transparency and timely communication will be necessary for STEs both on the export but also on the import side (Díaz-Bonilla and Harris, 2014, and Díaz-Bonilla and Hepburn, 2016).

Conclusion

This chapter has discussed three trade topics for which food security concerns have been mentioned as the rationale (or at least part of it) for their inclusion in the WTO negotiations use: PSH, SSM and STEs. Different economic and legal issues were discussed, trying to compare those and other options to achieve the desired food security objectives.

It can be argued that monetary, fiscal, and exchange rate policies have more impact on food security than trade, to the extent that they exercise a greater influence on growth, employment generation, external competitiveness, inflation, and the possibility of crises. However, the public debate (with strong participation from global civil society) seems to have focused on the effects of trade on food security, and on some interventions, such as the ones discussed here, which may or may not be the best options to address food security concerns and poverty alleviation. In any case, they may blunt instruments that do not solve the traditional food policy dilemma of trying to support higher prices to help poor producers or lower prices to help poor consumers (Díaz-Bonilla, 2015).

The best way to address that dilemma is through strengthened safety nets for the poor and vulnerable, which operate on the demand side, along with supply-side measures that should include aspects such as:

- support for land and water ownership by small producers and landless workers;
- investments in human capital, infrastructure, climate change adaptation and mitigation, and agricultural R&D⁸⁹;
- appropriate management of natural resources;
- women's empowerment programmes;
- community organization and participation, particularly for the poor and vulnerable;
- adequate functioning of product and factor markets, curbing abuses of dominant market positions;
- macroeconomic stability, including the avoidance of overvalued exchange rates;
- elimination of institutional, political and social biases that discriminate against vulnerable groups; and

89. These policies would be in line with target SDG 2.a that calls for increases in investments “in rural infrastructure, agricultural research and extension services, technology development and plant and livestock gene banks in order to enhance agricultural productive capacity in developing countries, in particular least developed countries.”

- overall good governance, including strong efforts to reduce corruption and ensure public safety and peace.

Concerns about the increasing problem of obesity and related non-communicable diseases, such as diabetes and cardiovascular problems, may require stronger policies related to food labelling, and the use of regulations and taxes to reduce the production and consumption of unhealthy foods.

WTO negotiations should ensure that the policy space related to those instruments is maintained.

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