

From agriculture to Food Security – the role of trade

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Presented by:
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On the menu for today

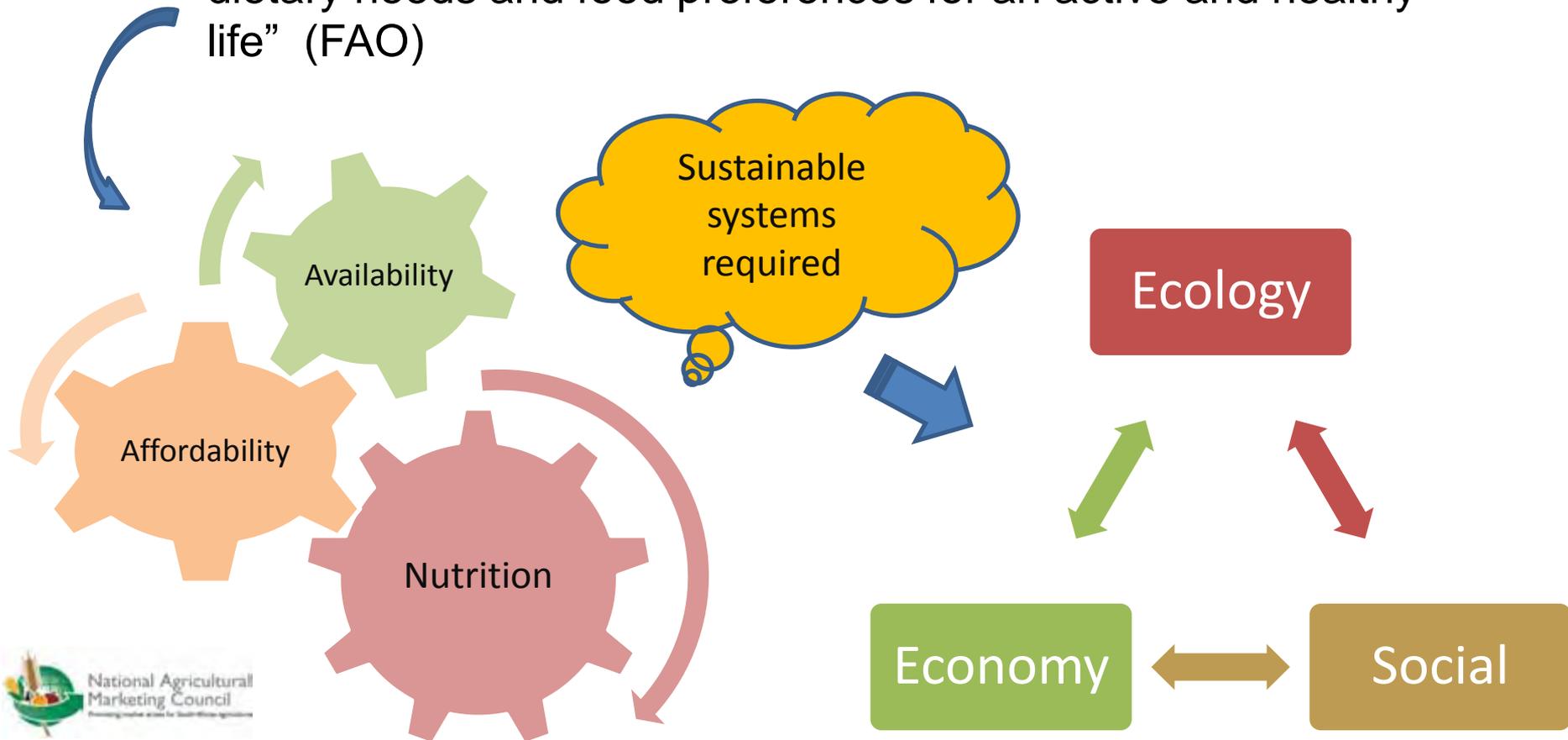
- Some introductory remarks
- Contextualisation of feed security
- Some global realities
- Global hunger situation
- Role of trade
- Concluding remarks

Introductory remarks

- **Food self sufficiency** versus **food security** versus **sustainability of agricultural value chains**
- **Global vs national vs regional vs household**
- **Public vs private sector interest**
- Strong **linkage** between **food security** and **poverty**. It also relates to the issue of **economic growth**

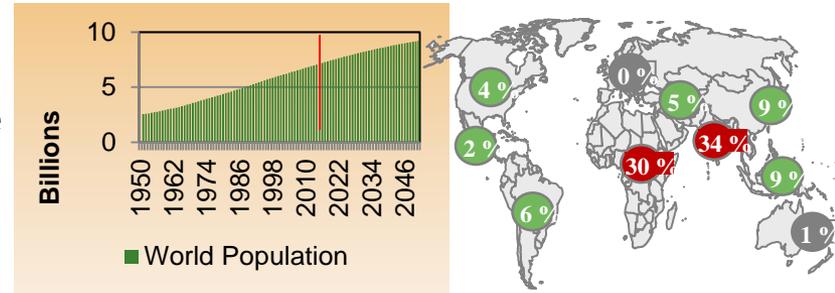
Contextualisation of food security

- What is food security?
 - “all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food which meets their dietary needs and food preferences for an active and healthy life” (FAO)

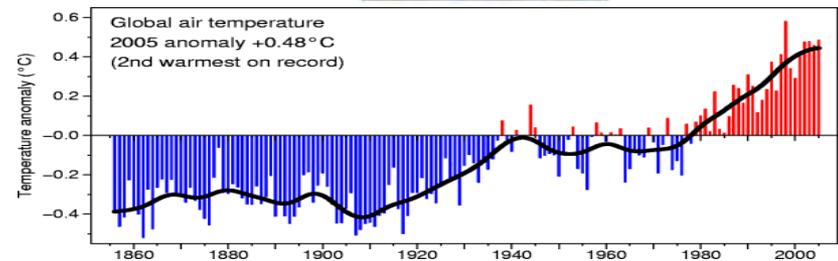


The global realities

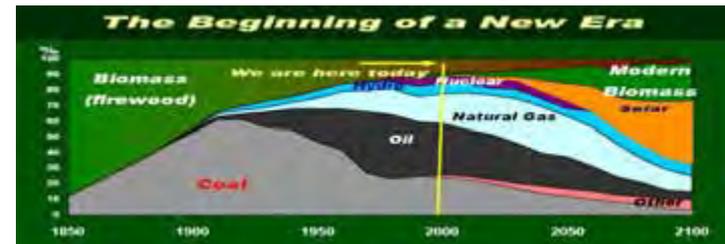
- Population, income growth and the changing consumer base
- Changing power position in the global economy,
 - China
 - Brazil
- Climate change
- Energy availability
- The global economic problems
- Changing consumer base
- The uncertain international trade environment



U.S Census Bureau (International Data Base), 2010



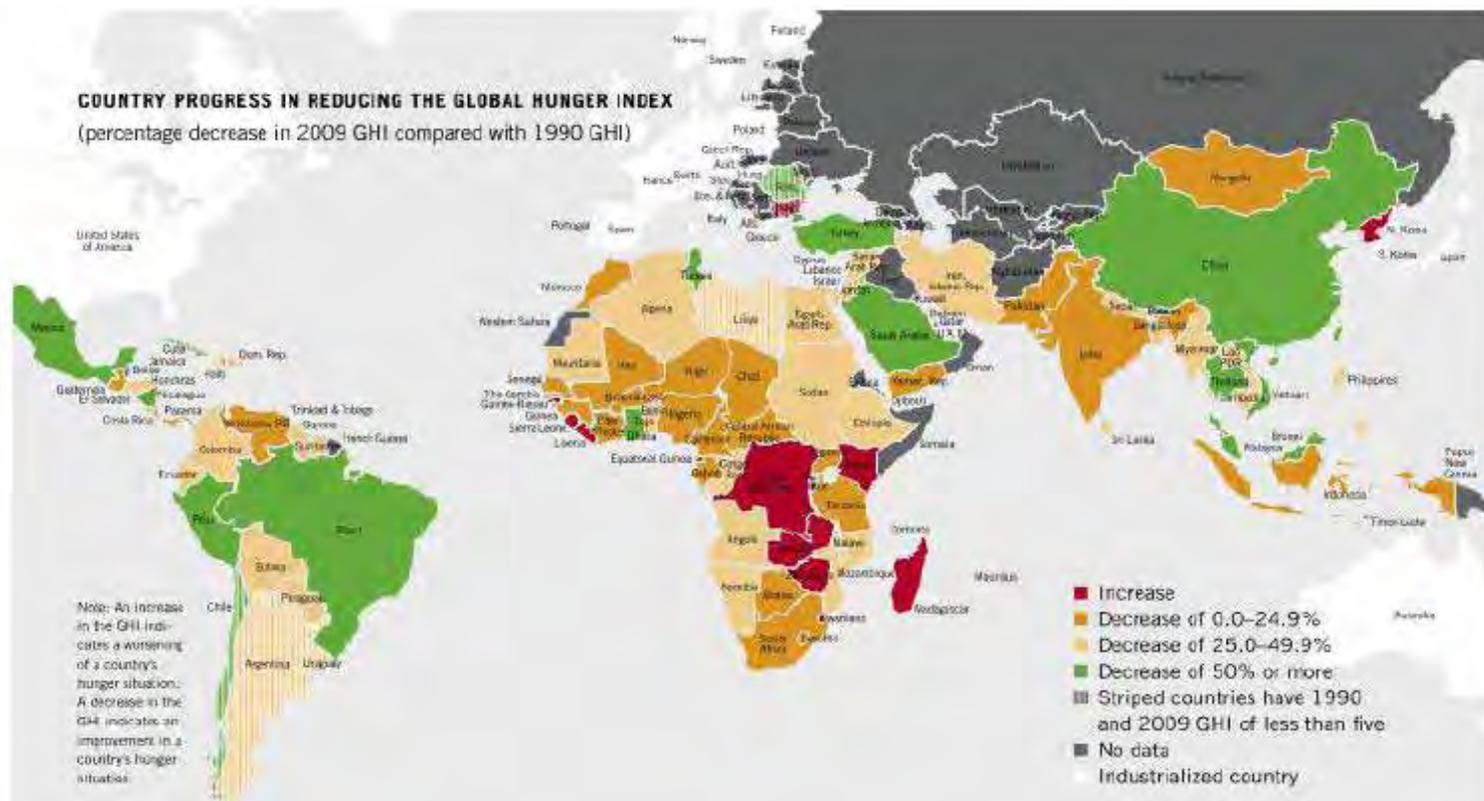
<http://www.cru.uea.ac.uk/cru/info/warming/>



Source: Nakicenovic, Grübler and McDonald, 1998

Global hunger situation

Country Progress in Reducing Global Hunger



The Global Hunger Index (GHI) is based on three equally weighted indicators:

- the proportion of undernourished as a percentage of the population (reflecting the share of the population with insufficient dietary energy intake),
- the prevalence of underweight in children under the age of five (indicating the proportion of children suffering from low weight for their age),
- the under-five mortality rate (partially reflecting the fatal synergy between inadequate dietary intake and unhealthy environmental).

THE GLOBAL HUNGER INDEX IS CALCULATED AS FOLLOWS:

$$GHI = (PUN + CUW + CM) / 3$$

with **GHI**: Global Hunger Index

PUN: proportion of the population that is undernourished (in %)

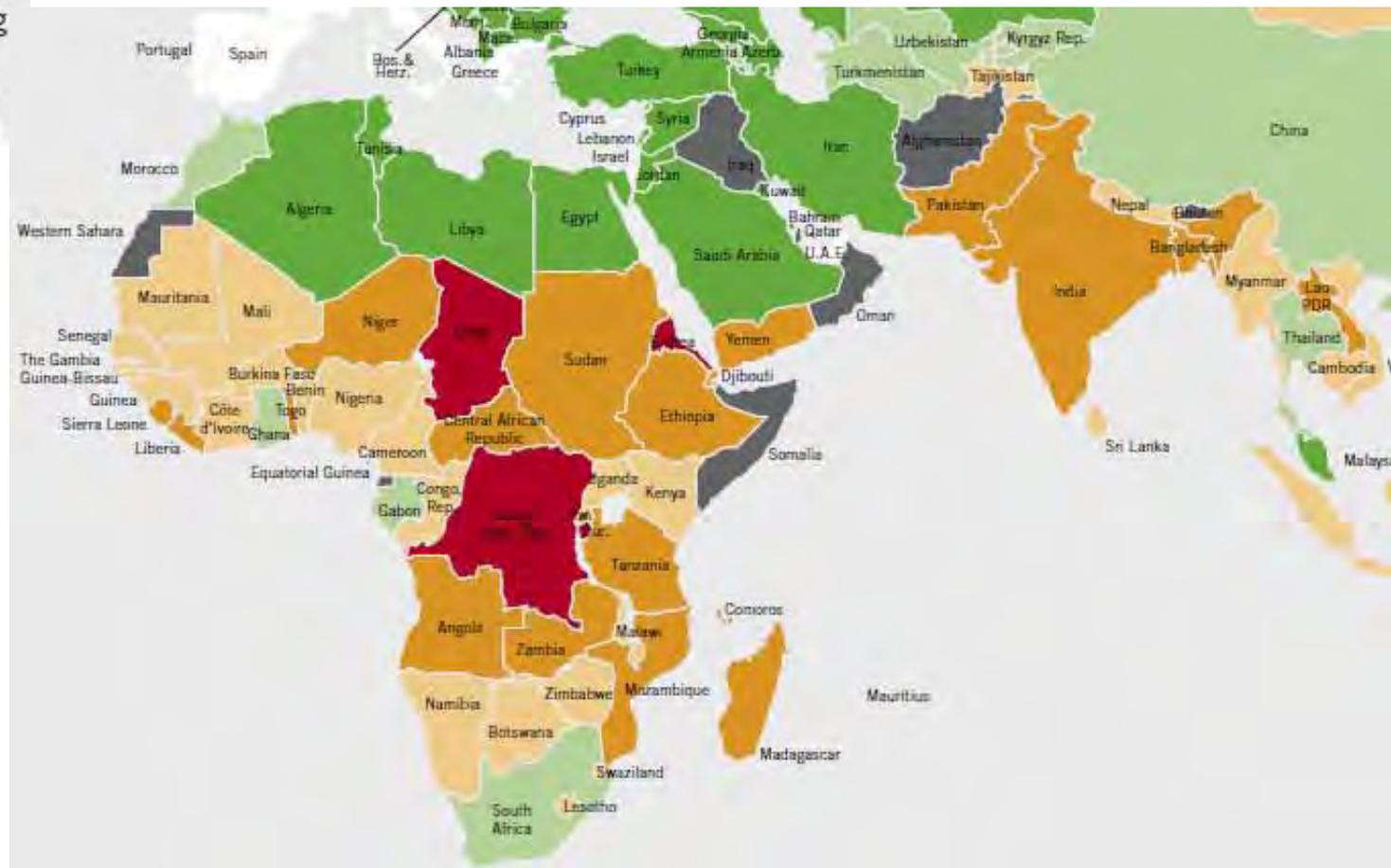
CUW: prevalence of underweight in children under five (in %)

CM: proportion of children dying before the age of five (in %)

Global hunger situation

Africa Hunger Map 2011

- ≥ 30.0 Extremely alarming
- 20.0–29.9 Alarming
- 10.0–19.9 Serious
- 5.0–9.9 Moderate
- ≤ 4.9 Low
- No data



WHAT IS THE ROLE OF TRADE IN ALL OF THIS?

Role of trade ...

Factors Affecting Food Security

Broad categories	Variables
Rural-urban dichotomy	Livelihood strategies, dietary patterns,
Productivity	Access to land, production implements, environmental sustainability (soil fertility), diseases, etc.
Markets	Physical access to markets, input and output prices, access to credit, market-related information.
Household	Size, gender of household head, education, dependency ratio, race, and total household income.
Infrastructure	Access to roads, access to basic services (health, water, and sanitation), information in general.

Source: Z.G. Alemu

Trade only one of a myriad of complex issues affecting food security

Role of trade ...

- Literature shows evidence that trade **liberalization and openness** to trade **increases** the **growth** rate of **income** and output
 - Linked to poverty and food security
- Question is:
 - How does economic growth transmit such benefits to the poor
 - How a strong force is trade liberalization in economic growth

Role of trade ...

- *How does economic growth transmit such benefits to the poor?*
- Some issues to consider:
 - On average, the distribution of income does not change with economic growth (Danielson)
 - The incomes of the poor people increase as much as average incomes when there is growth
 - Initial conditions do count (World Bank)
 - Initial distribution of income **equal** = poverty impact **substantial**
 - Initial distribution of income **skewed** = poverty impact **poor**

Role of trade ...

- *How a strong force is trade liberalization in economic growth (poverty reduction and food security)?*
- Some issues to consider:
 - Main issues that a country focuses on (Ingco & Townsend)
 - Preserve old preferences vs pursuing new benefits
 - What are the complimentary policies (Hoekman)
 - The role of institutions ??!??
 - Structure of growth, i.e. agric vs non-agric
 - Flexibility of the household to respond, e.g.
 - Access to resources, land, labour, capital;
 - Level of human capital;
 - Regulations pertaining to business development;
 - Access to supporting industries.
 - Second round effects

Role of trade ...

- The nature of the trade agreements
 - ✓ Multilateral vs bilateral
 - ✓ Bilateral agreements can be more **trade diversion** orientated than **trade creation** orientated
 - ✓ Institutional setup of bilateral agreements can be flawed
 - ✓ Does it level the playing field?
- But, developing countries have some serious challenges - even when playing at the multilateral level: (see Sharma et al)
 - ✓ The inadequate administrative/legal capacity
 - ✓ Insufficient national policy formulation capacity
 - ✓ Limited scientific, administrative and infrastructure capability
 - ✓ The lack of plant variety protection
 - ✓ Lack of capacity to prepare and negotiate

Role of trade ...

- The role of tariffs diminishing ??
 - At least the rules of the game is more or less clear.
- SPS measures, mandatory and private standards are the moving targets.

<i>IMPORT MEASURES</i>	<i>TECHNICAL MEASURES</i>	A SPS measures B Technical regulations
	<i>NON- TECHNICAL MEASURES</i>	C Pre-shipment inspection D Price-control measures E Licenses, quotas, prohibitions and QRs F Charges, taxes & para-tariff measures G Finance measures H Anti-competitive measures I TRIMs J Distribution restrictions K Restrictions on post-sales services L Subsidies (excluding export subsidies) M Government procurement restrictions N Intellectual property O Rules of origin
		P Export measures (including export subsidies)

Concluding remarks ...

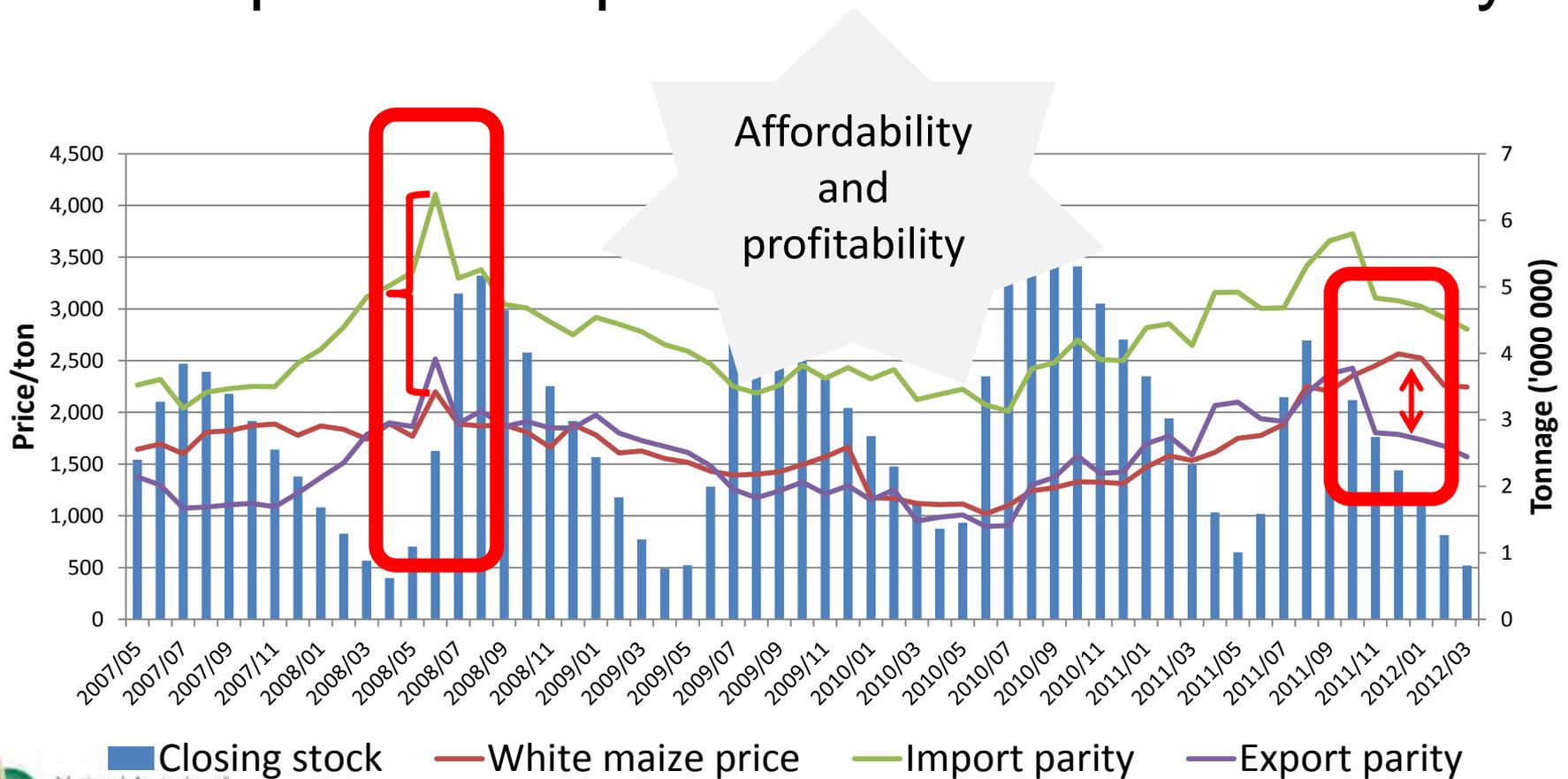
- No clear cut answer to the issue of the role of trade in food security:
 - Will depend on a myriad of complex interrelated issues, e.g.
 - Initial conditions
 - Structure of production
 - Household adaptability/flexibility
 - Infrastructure
 - Institutions
 - Geography
 - Etc
 - Case by case



199x/200x Waiting patiently for something to move
Source: Andreas Rusch

Concluding remarks ...

- Let me conclude with an interesting, yet complex example – the SA maize industry



Thank you

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