

# WORLD TRADE ORGANIZATION

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## FOOD AND AGRICULTURE ORGANIZATION

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*(Speaking as an Observer)*

The Food and Agriculture Organization of the United Nations is pleased to address this Fourth Ministerial Conference. We note the emphasis being placed on the particular concerns of developing countries and we would like to share with you our assessment and suggestions with food security and rural development in view.

One of the major challenges facing global society at the dawn of this new millennium is the reduction of hunger throughout the world and the achievement of food security for all - at the national and household levels. Appropriate rules of the multilateral trading system to govern agricultural production and trade are among the essential instruments for promoting food security and rural development. The Agreement on Agriculture was an important step in this regard.

I would like to make two points briefly. One is the global challenge facing the world's agriculture; the other is the way ahead, i.e. what needs to be done in the trade context to meet the challenge.

### **The challenge**

The FAO estimates that at the turn of the millennium, 815 million people were food insecure. They do not get enough food to lead a normal, healthy and active life. Of these, 777 million live in developing countries, 27 million in countries in transition and 11 million in industrialized countries. While there has been some progress in reducing the absolute number of hungry people, this is not happening fast enough to achieve the World Food Summit target of halving the number of undernourished not later than by the year 2015. At the current rate, it would take more than 60 years to reach this target.

Chronic undernourishment is an extreme manifestation of poverty. Hunger and food insecurity are both the result of poverty and its cause. Eliminating hunger is not only a moral and social imperative but also a good investment for economic growth.

Unlike most developed countries where excessive levels of support and protection continue to distort production and trade, agriculture in developing countries is often undervalued in policy setting. This also leads to the under-provision of public goods which exacerbates current problems of rural poverty, food security, environmental degradation, uncontrolled rural-urban migration and social instability that most developing countries are facing.

To combat hunger and food insecurity two things are essential; one, the undernourished must have economic access to food through opportunities to earn adequate incomes; two, it is necessary to ensure the physical availability of food supplies from either domestic production or imports, or both.

With 70 percent of the world's extremely poor and food-insecure people living in rural areas, the role of agriculture, which is the predominant economic activity in rural areas, is crucial in the eradication of poverty and food insecurity. The rural poor depend on agriculture both for their incomes and food entitlement. Thus chronic food insecurity can be addressed most effectively through policies that tap the huge agricultural potential of developing countries to increase agricultural productivity, rural incomes and food production.

The contribution of food import to food security, while crucial, is limited by the foreign exchange earning capacity of developing countries. Thus, closing the food gap through commercial imports is not always a realistic possibility for most countries that have poor prospects for substantial increases in foreign exchange earnings and/or already face heavy external debt burdens. Nor is chronic dependence on external food aid a sustainable solution.

In sum, for many developing countries, particularly Low Income Food Deficit Countries (LIPDC) an essential option for closing the food gap is to increase agricultural productivity and domestic food production, and enhance the ability of countries to import food by strengthening their export earning possibilities.

Related to the challenge of reducing hunger is the challenge of ensuring the quality and safety of food, of plant and animal health, in particular as globalization and liberalized agricultural trade increase the trans-boundary transmission of related risks. Finding solutions to these challenges are of equal importance to rich and poor countries. As recognized by the SPS/TBT Agreements, it is important that measures taken by countries to address these risks are science-based and internationally harmonized.

### **The way forward**

In the FAO's view, the objective of reducing hunger and alleviating poverty through sustainable agriculture and rural development is not incompatible with the goal of establishing "a fair and market-oriented agricultural trading system". The FAO hopes that the current negotiations recognize the importance of food security and rural development. In particular, we would recommend the following:

1. The Ministerial Conference may wish to endorse the following definition of food security accepted by the 1996 World Food Summit: "Food Security at the individual, household, national, regional and global level will be achieved when all people, at all times, have physical and economic access to sufficient safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life." This definition could provide guidance in the search for ways and means of taking into account food security concerns.
2. Substantial progress is urgently needed in reducing tariff peaks and tariff escalation which will provide opportunities to developing countries to benefit from high value processed products.
3. Consideration needs to be given to policies which would allow developing countries to protect small and resource-poor farmers from the adverse consequences of temporary import surges, particularly subsidized products.

4. Developing countries would need maximum flexibility regarding measures to increase the domestic supply of basic foodstuffs.
5. Until agricultural protection and support have been substantially reduced in developed countries, developing countries should not be required to further reduce bound tariffs or domestic subsidies.
6. It is also important that ways and means be found to effectively implement the Marrakesh Ministerial Decision on measures concerning the possible negative effects of the Reform Programme on the least-developed and net food-importing developing countries.
7. As regards SPS/TBT standards, and as provided for in the related Agreement greater assistance needs to be given to the developing countries to allow them to participate more actively in standard-setting bodies and to build capacity to meet those standards. This would be in both their domestic and trade interest. In this context, I wish to refer to the joint statement of Heads of the FAO, WHO, OIE, WTO and the World Bank.
8. Finally, I wish to draw attention to the fact that last week the 31st FAO Conference adopted the International Treaty on Plant Genetic Resources of Food and Agriculture (PGRFA), a legally binding treaty which makes provisions for the conservation and sustainable use of PGRFA as well as for the fair and equitable sharing of the benefits arising from their use, in harmony with the Convention of Biological Diversity. It includes a number of issues where cooperation, complementarity and synergy with the WTO in general and TRIPS in particular would be essential.

Once again, I wish to emphasize the importance of investment in agriculture to improve food security. Evidence clearly shows that countries which decreased the number of undernourished in the 1990s have substantially increased capital stock in agriculture whereas capital stock declined in those where the number of hungry increased.

In conclusion, the FAO is determined to continue to play its role and contribute to the international efforts to achieving the twin goals of reducing hunger and poverty, on the one hand, and moving towards a "fair and market-oriented agricultural trading system", on the other.

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