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Committee on Trade and Development  
Committee on Trade Facilitation**

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## **ENHANCING FOOD SECURITY THROUGH THE REFORM IN AGRICULTURE AND THE USE OF CURRENT FLEXIBILITIES**

### COMMUNICATION FROM BRAZIL

The following communication, dated 19 October 2023, is being circulated at the request of the delegation of Brazil.

The current communication builds upon the contribution on "Food security through agricultural reform" (WT/GC/W/893) from Argentina, Plurinational State of Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Panama, Paraguay, Peru and Uruguay.

It also takes into account the Cairns Group's submission on product-specific concentration (JOB/AG/245); Costa Rica's submission on the approach to negotiation on domestic support (JOB/AG/243); the African Group's submission on domestic support (JOB/AG/242/Rev.1); the United States' submission on the WTO's role in Enhancing Food Security (JOB/AG/241 - JOB/COMTD/1 - JOB/CTG/25 - JOB/MA/160 - JOB/SPS/28 - JOB/TBT/501 - JOB/TF/233); and Canada's submission on the state of play (JOB/AG/240).

### **INTRODUCTION**

1. Food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life. To this end, WTO Members have recognized that "trade, along with domestic production, plays a vital role in improving global food security in all its dimensions and enhancing nutrition" (WT/MIN(22)/28 - WT/L/1139).

2. The current challenges related to achieving SDG 2 might lead to a misleading perception that food systems around the world are "broken". This misconceived idea overlooks remarkable achievements since 1960. Food systems around the world have not only managed to increase agricultural production in line with population growth, but also to actually increase production per person by more than 45%, with important implications for nutrition and food affordability. While total agricultural production has tripled, global agricultural land use has increased by only 10-15%, as new techniques and technologies have allowed farmers to produce dramatically more food per unit of land.<sup>1</sup> Since 1995, international trade in food and agricultural products has more than doubled in real terms (USD 1.5 trillion in 2018) concomitant with increased participation of developing countries.<sup>2</sup>

<sup>1</sup> OECD. Food systems and the triple challenge (2021). Available at <https://www.oecd.org/food-systems/documents/food-systems-and-the-triple-challenge.pdf>.

<sup>2</sup> FAO. The State of Agricultural Commodities Markets (2020).

3. The main drivers of trade in food and agricultural products have been the initial limits on agricultural subsidies and tariffs resulting from the WTO Agreement on Agriculture (AoA); bilateral and regional trade agreements; and rising incomes in developed and developing countries. This growth, however, has been slower since the 2008 financial crisis.

4. Although "not broken", national and international agrifood systems need to be reinvigorated to combat food insecurity. In this context, the WTO needs to be a space for promoting sustainable development, including through free trade, leading to less wear and tear on nature. It cannot be, however, a forum for legitimizing measures that harm trade to allegedly achieve desired objectives.

5. For this reason, the relationship between domestic supply and international trade of food and agricultural products, as recognized during the MC12, cannot be seen from the perspective of rivalry, but rather from the perspective of mutual supportiveness. It is hard to escape the evidence that trying to produce everything a population consumes domestically is not always efficient or necessary, but, more often than not, it is simply not viable in practical terms. Trade can ensure the availability and variety of food, as well as promote food access and price stability, by providing the movement of food from surplus to deficit countries. Trade can also foster dietary diversity, which is essential for adequate nutrient intake and human health. Finally, trade is an inestimable source of income for farmers from developing countries.<sup>3</sup>

### **ENHANCING FOOD SECURITY THROUGH TRADE**

6. Improving the functioning of agricultural markets and trade and limiting the effects of distortions caused by misguided agricultural policies are essential for a better distribution of food around the world. Under the current scenario, many populations and regions have no access to food due to the unfair competition arising from heavily subsidized production and protectionism. Worse, such policies frequently lead to higher food prices, to the detriment of the most vulnerable people.

7. In the area of food security, nutrition and sustainable agriculture, UN Sustainable Development Goal (SDG) 2.b defines trade as a means of implementation of the zero-hunger target (along with increased investment - SDG target 2.a and the proper functioning of commodity markets - SDG target 2.c). SDG 2.b commits countries to:

*"Correct and prevent trade restrictions and distortions in world agricultural markets, including through the parallel elimination of all forms of agricultural export subsidies and all export measures with equivalent effect."*

8. One of the main structural reasons for the current scenario is that nutritious and healthy diets are unaffordable for many people, especially the poor, in all regions of the world. The average cost of a healthy diet is approximately USD 3.75 per day (at a minimum, selecting the cheapest options available in each different country), and the cost of a nutrient-adequate diet is USD 2.33 per day per person, both well above the international poverty line of USD 1.90. To increase the accessibility of healthy diets, the cost of nutritious food must fall and priorities in terms of food and nutrition policy need to be adjusted accordingly.

9. Trade policies can affect the cost and accessibility of healthy diets by changing the relative prices between imported foods and import competitors. Reducing import tariffs and phasing out tariff quotas are important to expand equal access to markets for agrifood products. Non-tariff measures, such as sanitary and phytosanitary (SPS) measures and technical barriers to trade (TBT), can also negatively affect the accessibility of diets, when, for example, exporters and importers face additional costs to comply with import requirements, often without technical or scientific basis, raising the cost of trade.<sup>4</sup>

### **ENHANCING FOOD SECURITY THROUGH REFORM**

10. Projections suggest that, following a business-as-usual path, SDG 2 on Zero Hunger would not be achieved by 2030 and greenhouse gas (GHG) emissions from agriculture would continue to increase. To achieve the Zero Hunger target while reducing direct GHG by 6%, overall agricultural productivity would need to increase by 28% over the next decade. Comprehensive action to boost

<sup>3</sup> FAO. The State of Food Security and Nutrition in the World (2019).

<sup>4</sup> FAO. Trade and Sustainable Development Goal 2. Policy options and trade-offs.

agricultural investment and innovation as well as to enable technology transfer are urgently required in order to put the agricultural sector on the necessary sustainable growth trajectory.<sup>5</sup>

11. Therefore, Governments need to invest in and create the opportunity for farmers to participate in well-functioning food systems and ensure that domestic populations have access to food. SDG 2 already provided the path for such improvements in agrifood systems:

*"2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality."*

*"2.a Increase investment, including through enhanced international cooperation, 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."*

12. However, most of the current support for agriculture is distortive. Price and income support policies linked directly or indirectly to production push local production to artificial levels, which are unsustainable from an economic point of view, and not environmentally friendly from the standpoint of an inefficient use of natural resources.

13. More recently, the mantra of "repurposing agricultural policies and support" has become the focus of several reports by international organizations. Repurposing would involve converting distortive, environmentally damaging subsidies into investment in science and technology in order to increase the productivity and efficiency of agri-food systems. One study suggests that the allocation of around USD 70 billion - the equivalent of 1% of the value of global agricultural production, or less than 1/3 of the distortive subsidies currently paid in the form of budget transfers, according to the study's methodology - would be enough to promote the necessary investments in S&T so that the agricultural sector could contribute to sustainable development in its three pillars. The rest of the current budget should go to consumers, in the form of income protection policies, or to producers, to compensate them for any additional costs incurred in financing the adoption of new technologies and techniques, or to invest in other public goods and services, such as agricultural infrastructure, to foster rural development.<sup>6</sup>

14. This "repurposing" is nothing more than the elimination of distortive spending with a corresponding increase in non-distortive spending, as the AoA enables and mandates and the SDGs determines.

## **ENHANCING FOOD SECURITY THROUGH CURRENT FLEXIBILITIES**

### **Social protection**

15. For Brazil, building sustainable agrifood systems and promoting food and nutritional security also includes social protection initiatives and policies, including direct cash transfer programs. More directly related to agriculture, the National Food Acquisition Program (PAA), which provides food produced by family farming to people in situations of food insecurity, and the National School Feeding Program (PNAE), which offers healthy meals to more than 40 million children every day, also contribute to increasing access to healthy food and strengthening sustainable food systems.

### **Science and technology**

16. The development and dissemination of technology, innovation and good practices are crucial for promoting adequate and healthy food and for building sustainable, productive, prosperous and resilient food systems. Brazil has experience in integrating science and technology, bringing together the public and the private sectors, to build sustainable food systems that are adapted to the country's tropical and temperate climates and the characteristics of its six biomes.

<sup>5</sup> OECD-FAO Agricultural Outlook 2022-2031.

<sup>6</sup> World Bank, IFPRI. Repurposing Agricultural Policies and Support (2022).

### Small and Family Farming

17. Family farming plays a significant role in Brazil's food systems, representing 77% of rural establishments and occupying 23% of the country's agricultural land. Besides being primarily responsible for the diversity of the country's food supply, family farming has played a crucial role in the production of organic and agroecological food, the generation of renewable energy and the development of a bioeconomy model that integrates traditional knowledge and promotes the productive inclusion of traditional peoples and communities. To support such achievements, it is essential to implement specific public policies that provide technical assistance, enable access to markets, financing and allow for added value for family farmers in all their diversity, including smallholders, indigenous peoples and traditional peoples and communities.

18. The development of these policies throughout the past decades were not hampered by the WTO rulebook. They are legitimate "Green Box" policies in line with provisions of the AoA.

### ENHANCING FOOD SECURITY BY AVOIDING ROLLEBACKS IN THE COMMITMENTS

19. Public stockholding (PSH) is but one of the elements of a comprehensive reform package, and food security is but one of the possible objectives of PSH programmes. Market price support is the most distortive agricultural policy. Due to the well-documented negative effects on the international agricultural system, the curbing of market price support policies was one of the most important achievements of the AoA. When procurements to build stocks are made through market price support, they cannot be left unchecked.

20. Brazil recognizes that the constitution of stocks might be a valid solution depending on the local context. However, it is important to recall that the decision-making process on PSH is a complex task and has to take into account several aspects related to the implementation of those programs, such as over-reliance on institutional markets; operational effectiveness; fiscal sustainability; cost efficiency *vis-à-vis* other approaches; effects on international markets. It is not a silver bullet to fight food insecurity and should not be treated as such in the course of negotiations.

### NEXT STEPS

21. A negotiating agenda to reduce domestic support, tariffs and non-tariff barriers needs to be addressed so that sustainable and resilient national and international agrifood systems can be gradually built up. Although food insecurity might require emergency actions, hunger can only be overcome by sustainable food production over the medium and long term. Building trust among buyers and suppliers, strengthening production capacity in non-distortive ways and creating commercial infrastructure are essentially medium and long-term phenomena. International trade is essential to the success of a global food security action.

22. The reform under Article 20 of the AoA is essential for any WTO response to global food insecurity, since food security is inseparable from agricultural reform, especially in domestic support and in market access. In the same vein, Brazil reiterates its willingness to negotiate disciplines for PSH programs for food security purposes as part of a comprehensive package for all potentially distortive forms of domestic support. We call on all WTO Members to contribute to the negotiation and fulfilment of the mandate of the AoA, which will allow the elimination of distortions to contribute to the promotion of environmental, economic and social sustainable development.

23. The exclusive focus on so-called emergency issues that would allegedly provide answers to the challenges of food insecurity in the short run is not the path to follow. Members must avoid in the process initiatives that are distractive and disruptive.

24. Brazil has already presented a proposal for the permanent solution on PSH and will be presenting new contributions to advance negotiations on domestic support and market access.

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