

THE WTO RESPONSE TO THE IMPACT OF THE FOOD CRISIS ON LDCS AND NFIDCS

Communication from the NFIDCs¹, African and Arab Groups

The following communication, dated 11 November 2011, is being circulated at the request of the NFIDCs, African, and Arab Groups.

1. The 2007–08 food-price crisis, followed by the global financial crisis and economic recession, pushed the number of hungry and undernourished in the world to unprecedented levels in 2009. World agricultural and food commodity prices began rising again in mid-2010, and as of early May 2011, the food price index was higher than the spike observed in June 2008. According to projections in the OECD-FAO Agricultural Outlook 2010–2019, real commodity prices are expected to be higher on average over the next decade than they were in the period from 2000 to 2009.² This alarming situation, and such high levels of food prices that are anticipated to continue, at least, over the next decade, poses serious challenges for LDCs and NFIDCs. It would awfully affect their ability to access to food, elevate their vulnerability to international shocks in the international food market, and create balance of payments problems.

2. Action in the framework of WTO shall be based on the acknowledgment of Members common interests and mutual dependence. Action, that takes account of the fact that "trade is a key element in achieving food security" as agreed in the 1996 World Food Summit, which committed to "strive to ensure that food, agricultural trade and overall trade policies are conducive to fostering food security for all through a fair and market-oriented world trade system". One of the actions agreed upon in the 1996 Rome Plan of Action, which is very relevant to today's circumstances, states the following: "recognizing, the effects of world price fluctuations, [governments and the international community will, as appropriate,] examine WTO-compatible options and take any appropriate steps to safeguard the ability of importing developing countries, especially LIFDCs³, to purchase adequate supplies of basic food stuffs from external sources on reasonable terms and conditions". This was further confirmed by the pledge made at the 2009 World Summit on Food Security to "strive to ensure that [world populations], in particular vulnerable groups, have access to safe, adequate, nutritious and affordable food" and to "consider non-market-distorting international measures to mitigate the impact of food market volatility on the poor".

¹ G/AG/5/Rev.9.

² The State of Food and Agriculture, 37th Session of the FAO Conference, held in Rome, 25 June – 2 July 2011.

³ Low-Income Food-Deficit Countries.

3. In 1994, the situation was not as critical as today and the LDCs and NFIDCs were promised international support through the 'Marrakesh NFIDCs Decision' for possible difficulties that they may face. Now, when the situation is most elevated and the food crisis is exacerbated by other macro-economic variables, it is time for real and tangible steps to be taken to relief the devastating situation of LDCs and NFIDCs to enable them meet today's challenges. At MC8, Ministers have to decide on a WTO future work programme to mitigate the impact of the food market prices and volatility on LDCs and NFIDCs.

Proposed Ministerial Declaration on a "WTO future work programme to mitigate the impact of the food market prices and volatility on LDCs and NFIDCs"

Ministers recognized that the first responsibility of each WTO Member is to ensure food security of its own population. They emphasized that the multilateral trading system should contribute to achieving greater coherence for economic policy-making on food security. Ministers directed the General Council to develop a comprehensive on-going work programme to: (i) ensure access of LDCs and NFIDCs to adequate supplies of basic food stuffs; (ii) explore the possibility of developing rules to exempt LDCs and NFIDCs from export restrictions enacted by other WTO Members, which are major exporters of basic food stuffs; (iii) facilitate access of LDCs and NFIDCs to trade financing through, *inter alia*, re-assessing the possibility of establishing an *ex-ante* revolving fund to provide financing on concessional terms to address the short-term difficulties they face in financing their imports of basic food stuffs. In this regard, the General Council will report on the progress of the work programme, including recommendations for action by the WTO Ninth Ministerial Conference.
