FDCL Policy Paper

Alternatives to Food Import Dependency

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Uwe Hoering | FDCL | May 2013

Editor:
Forschungs- und Dokumentationszentrum
Chile-Lateinamerika – FDCL e.V.
Gneisenaustraße 2a, D-10961 Berlin
Fon: +49 30 693 40 29 / Fax: +49 30 692 65 90
eMail: info@fdcl.org / Internet: http://www.fdcl.org

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FDCL Policy Paper: Alternatives to Food Import Dependency

Uwe Hoering

Centre for Research and Documentation Chile-Latin America – FDCL
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Introduction

The number of proposals, strategies and initiatives how to improve food security and agricultural production have become vast and hard to follow up. Suspiciously, one aspect is missing in these debates, or if it comes up, it is rejected outright by most proponents: Could import restrictions help to stimulate agricultural production and benefit small-scale farming families? What are the preconditions for a rational and „smart" implementation of import regulation to achieve these objectives?

While it is obvious that the availability of cheap food for several decades and the liberalised trade regime did a lot of harm to agriculture and trade in the importing countries, especially in the poorest countries, thinking about at least a partial and targeted reversal of this approach and the trade liberalisation dogma is a taboo in official trade and development circles.

But a number of countries have already begun to put some kind of import regulation back into practice after several experiences where this had positive impacts on local production and supply, incomes and poverty reduction. Therefore there are many good reasons to have a closer look at this trade instrument, its advantages and risks, especially when looking for alternative solutions to support local peasant agriculture and food security.

Part 1: Imports, dependency and food insecurity

From 2006 to 2008, world prices for wheat, rice, maize and soybeans increased between 100 and 200 per cent[1]. Although they dropped after that, they remained high and became increasingly volatile, partly due to speculation, but also due to increasing demand for agrofuels and animal feed, which compete with human consumption. Predictions by the FAO and others say, that they will remain permanently on a high level because of rising demand and difficulties to increase production accordingly, and volatility will increase.[2] This new food crisis highlighted the extent to which many countries are dependent on food imports to meet local demand and to maintain food security for their populations.

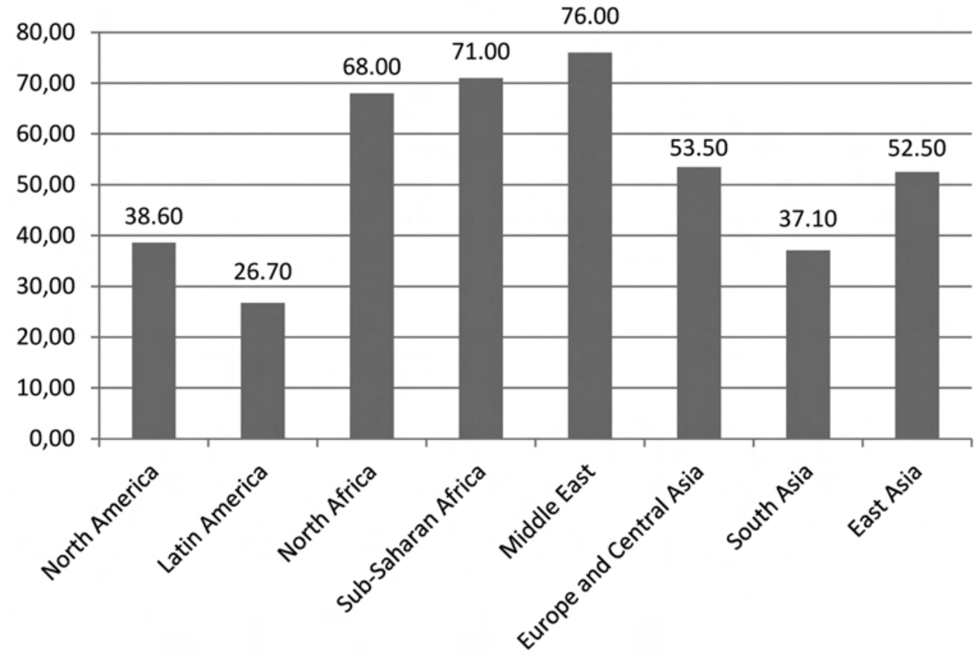
How serious the situation had become was highlighted by food riots in many countries, when poorer sections of populations protested against rising prices for food. Desperately, many countries, including Bangladesh, Egypt, Indonesia, Mali, Mexico, Morocco, Pakistan, Peru, the Philippines, Senegal and Turkey applied tariff reductions and loosened import restrictions on basic foods to offset rising prices.[3] On the other hand, food exporters like India, Brazil, Russia and Argentine imposed export restrictions to improve their own food security, fuelling the fears and the speculations.[4]

Safeguarding national food security became also the motivation for a third type of response, which has been termed as "Land grabbing"[5]: Countries like South Korea or from the Gulf started to negotiate concessions for agricultural production in other countries for their own supply, often in Africa. One of the considerations of the governments, which often brokered these deals for companies from their countries, was the intention to become more independent from the price fluctuations and increases on the World markets. Since then there is a broad and highly controversial debate about new agricultural policies, investments into agriculture, reduction of food insecurity, malnutrition and hunger, and support for family farms.[6]

Import dependency

Trade, imports and exports are of course part of every economic development. But if they lead to dependency, like negative trade balances

Figure 1: Percentage of food supply imported



Source: Otago Daily Times, 17 June 2009, in %

and accordingly to negative balances of payments, they can become problematic. Similarly, food imports itself are nothing negative. But experience shows that imports of basic foods, on which many people and especially poor people depend, can become "a weapon". This is what India experienced in the 1960s, when the USA withheld food deliveries under the programme PL 480 for political reasons[7], or Southern Africa in 2002, when the US insisted to send GM-maize as food aid[8]. Market forces too can create havoc, as the current food crises underlines: Because of mechanisms, which are beyond the control of the people and the government themselves, people are not getting enough food. Thus, States are loosing their food sovereignty.

The number of developing countries, that are simultaneously both net-agricultural importers and net-food importers, has increase since the mid-1990s from 74 to 89. [9] But there are big differences in the degree of dependency and accordingly in the extent of food insecurity (see Figure 1). In Africa with around 70 per cent, it is much higher than in South Asia with 37 per cent or in Latin America with less than 27 per cent. At the same time most countries in Africa are much poorer than many countries in East Asia, where more than half of the food is being imported, or in the Middle East, where this ratio even is three quarter. Most of them have to spend a considerable amount of their foreign exchange earnings just on importing food.

And there is a difference between national food security and food security for poorer populations. Even if there is enough food available in a given country, access to it depends on distribution factors like income or infrastructure. "The question of global food security cannot be reduced simply to a problem of supply or production", says the UN Special Rapporteur on the Right to Food, Olivier De Schutter, criticising the focus on productivity and trade. If food production continues to rise in tandem with further marginalisation of small scale farmers in the South, "the battle against hunger and malnutrition will be lost".[10]

Development of dependency

For the discussion of solutions to import dependency it might be helpful to recall briefly how this situation has developed over the last three decades. While food production per capita in Latin America especially by the large producers and in some Asian countries like India, Thailand or Vietnam went up considerably, it dropped in most African countries. One of the reasons for this is the so-called Green Revolution with its technology package of new high yielding varieties of maize, wheat and rice, irrigation facilities and agrochemicals, that occurred mainly in Asia and Latin America. In countries like India, this was supported by extension services, input subsidies, guaranteed prices for farmers and import restrictions for food imports. At the same time the farmers in Europe and the US, pampered by subsidies and other kinds of State support like guaranteed prices, increased production too.[11]

These improvements in agricultural production were accompanied by a trade regime of progressive liberalisation, pushed forward by the "Uruguay Round" of multilateral trade negotiations (1986-1994), resulting (among others) in the Agreement on Agriculture implemented under the supervision of the World Trade Organisation WTO. Too, the EU's Common Agricultural Policy (CAP) and the dumping of European food products on world markets contributed to this development, exacerbating food insecurity in many parts of the world.[12]

In the following years, huge surpluses, often made even more competitive by further subsidies, flooded the world markets ("dumping"), presented as a contribution to global food security. Global trade in cereals is highly concentrated in a handful of a few countries and companies. The EU has been one of the leading powers in agricultural trade, but now is desperately struggling to maintain its position in the face of strong competition from other countries, for example Brazil in chicken exports to Africa.

Food imports on the other hand became more attractive for many governments to feed growing urban populations than investments into agriculture except for cash crop cultivation for exports. This policy was supported by many influential development institutions like the World Bank and the International Monetary Fund (IMF) and structural adjustment programmes, eliminating government support for agriculture and poor farmers. This set into motion a downward spiralling movement towards ever higher import dependency: Neglect of domestic food production, changing dietary patters favouring the consumption of wheat derived products at the expense of locally grown crops like cassava, sorghum or millet, and forcing local farmers out of the market, because they could not compete with the subsidised imports.

Since the 1980s, many countries turned from net agricultural exporters to importers. Within two decades, a net surplus of more than $10 billion a year in the agricultural trade balance of developing countries turned into a deficit of almost $30 billion in 2005.[13] Today, two thirds of the developing countries suffer from trade deficits and growing expenses for cereals, dairy products and vegetable oils. Due to stagnating demand and declining prices for coffee, cocoa, tea or bananas, the equation of paying for food imports with exports of cash crops became more and more negative. Internally too, the neglect of agriculture and the competition by cheap imports marginalised peasant agriculture and cemented food insecurity for millions of family farmers, who became net food buyers.

The end of 'cheap food'

This policy worked only as long as global food prices remained comparatively low – which was the case for 25 years since the mid 1970s. With the rise in prices, which started already before the peak in 2007/2008, LDC's food import bill rose more than twofold from $9 billion to $24 billion between 2002 and 2008. The FAO warns that "escalating bills for these groups do not necessarily imply greater food availability, as in numerous LDCs and LIFDCs increased procurement of basic food-stuffs,

Which are the food insecure net food importers?

Import dependency grew most among the world's poorest regions, particularly the 48 Least Developed Countries (LDCs) and the 70 Low-Income Food-Deficit Countries (LIFDC). 35 LIFDCs have a very high cereal import dependency, relying on imports for more than 30 per cent of their cereal consumption. In more than 20 LIFDCs, the import/consumption ratio even surpasses 50 per cent, like, for instance, in Congo, Mauritania, Liberia, Somalia, Ivory Coast, Yemen, Georgia, Iraq, Papua New Guinea, Haiti and Honduras.[14]

especially staples from international markets, will only compensate for falling domestic supply".[15]

Particularly in the global South, food constitutes a big proportion of household expenditure, with cereals as the largest part. Rising import bills and food price inflation on local markets are forcing coping strategies upon poor households affected by price surges like cutting back the number of meals or buying cheaper or less nutritious food. Feminist economics coined this a "download of costs and risks" to the private households.[16]

To summarize: Especially for poor countries, import dependency creates a string of problems they cannot cope with: Firstly, it makes food security dependent on world markets, which are highly volatile, monopolised, with changes that can hardly be anticipated like speculation, weather or other reasons for shortages and rising prices. Therefore, no long-term food security strategy is possible any more. Secondly, they are not in a position to pay for ever increasing prices. Thirdly, internally, imports have impacts on agricultural production and farmers, who cannot compete. And net food-purchasing households, many of them in the rural areas, cannot buy enough food, thus hunger and malnutrition increase.

To reduce food insecurity due to import dependency, the logical response is to improve domestic production by developing agriculture. Indeed, there seems to be a reversal of the neglect of agriculture on the cards (see Part 2). Secondly, there is a close connection between the trade regime and initiatives to reduce import dependency.

Some institutions like the World Bank or the WTO push for further trade liberalisation, claiming that this will increase supply on the world market and access to food at lower prices, thus reducing the import bill and market distortions by export restrictions of food producing countries. A policy report by UN-Organisations like the FAO, development financiers like the World Bank and economic organisations like the WTO and OECD concludes: "International trade is (…) a potentially powerful engine to even out supply fluctuations across the globe, and as a result to reduce market volatility. To fulfil this beneficial pooling function to the maximum degree, trade has to be able to flow between nations and the tendency which has emerged, in recent crises, for countries to try to insulate themselves from international markets needs to be reversed."[17]

Others like the UN Special Rapporteur on the Right to Food, Olivier De Schutter, argue, that only restrictions on food imports will allow for the development of domestic food production, excluding unfair competition from subsidised products, and thus creating the foundations for a more self sufficient and food secure agriculture: He recommends, that WTO members should "guarantee the possibility for developing States to insulate domestic markets from the volatility of prices on international markets."[18]

Part 2: Rediscovery of agriculture

It is obvious, that in recent years initiatives to increase agricultural production and food production in particular have received more attention. Efforts to reverse the agricultural policies of the 1980s and 1990s neglecting the rural sector of the economy emerged already in the early 2000s[19], but got an additional boost from the upward movements of food prices and the food security crisis in recent years. Countries like China, that are aware of the various repercussions of import dependency for social and political stability, or countries like Brazil increased their investments into agriculture and production of cereals in the last decade substantially. The question is whether poor and food insecure countries can replicate this.

Domestic food production

There seems to be ample opportunities to further increase agricultural production. In Africa, Latin America and Eastern Europe or Central Asia, there are still areas of land, that are not yet used for improved agriculture. Because large tracts of these lands are fragile and only to a limited extent available for agricultural use, the main hope to increase production lies with increasing productivity on existing lands. Again, it is Africa, where the largest space for productivity increase seems to be, with the use of inputs and average yields far below the levels in other countries. With the price rise there is the expectation, that farmers will benefit from them, turning the crisis into an opportunity to invest because of the improved returns.

In West Africa for example, several countries like Senegal, Nigeria, Burkina Faso, Mali and Ivory Coast have started or are upgrading programmes to increase food production to reach self-sufficiency within the next few years.[20] One of the focuses is rice, where according to USDA estimates in 2010/2011 imports represented around 50 per cent of rice consumed in West Africa. In Senegal, major donor-supported irrigation initiatives are underway in the Senegal River Valley, including provision of subsidised inputs. Efforts are also being made to improve producers' links with distributors and retailers in order to strengthen the functioning of domestic rice supply chains.[21] There are programmes for other staples like potatoes, onions, maize and cassava, sorghum and millet too.

The agriculture development programme CAADP[22] committed donors and African governments to increase the funding for agricultural development considerably. Other initiatives include the promise by G8 governments (*L'Aquila-Initiative, 2009*) to provide $20 billion for agricultural development in developing countries, and the 'New Alliance for Food Security and Nutrition' formed in 2012 by US-President Barack Obama with the objective to engage commercial food and agribusiness into agricultural development in Africa.

In Mexico, the free trade agreement NAFTA[23] led to a rapid increase of maize imports from the US and growing import dependency. With farmers' yields less than one third of their counterparts in the USA, the government now hopes that Mexico has the potential to regain self-sufficiency in maize relatively quickly with "sustainable intensification" of small-scale production".[24]

In South East Asia, countries like Cambodia, Laos and Myanmar, the former Burma, devastated by many years of civil wars und economic underdevelopment, strive to imitate Vietnam and Thailand as successful producers and even exporters of rice. Like in Africa, governments and international donors like the Asian Development Bank (ADB) announced increased support for domestic food production, food security and elimination of hunger.

Such attempts to reverse import dependency by promoting domestic production are also preconditions for an upswing in local agro-processing. Not just food production, but also local trading and processing have been badly affected by imports, reducing employment and income opportunities for hundreds of thousands of small traders and local entrepreneurs. Therefore, relocalising food production would also create spaces for local companies, either private or cooperatives, to move up the 'value chain' by conquering the shelves in shops and supermarkets, so far occupied by the products of foreign companies.

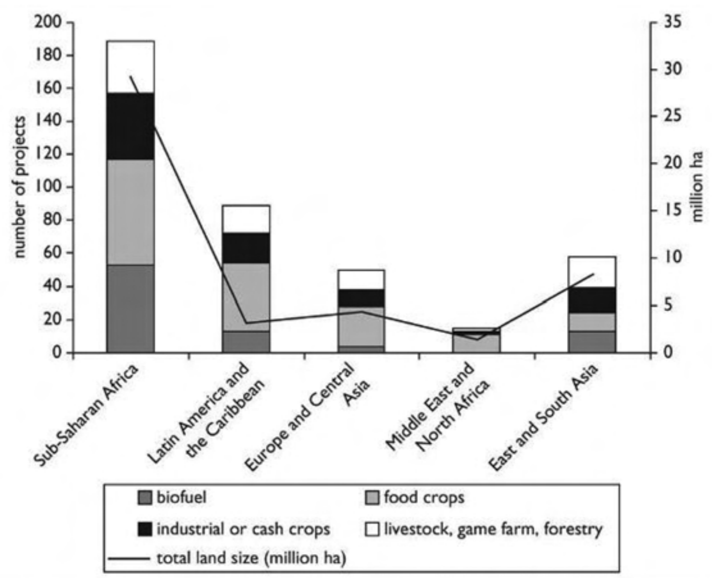
Foreign Direct investments

A lot of these initiatives are pinning high hopes on the increased interest of private investors in agriculture. Many agreements have been made with investors from abroad as well as with domestic companies to increase agricultural production.[25] Governments and donors are prepared to provide billions of Dollars to improve infrastructure, institutional capacities, legal reforms and other preconditions for such investments to materialize. One of the catchwords for such cooperation between the State and investors are "Public Private Partnerships".

The food crisis has been one of the drivers of this increased interest, highlighting the threat of dependency and food insecurity for rich and poor food importers alike. But in reality, food production for domestic consumption in the producing countries is just a small proportion of those investments. Most of the food is destined for the investing countries, providing food security there, or for the world market making profits from higher prices. Furthermore, the focus of the new investments shifted more and more towards agrofuels and feed exports (see Figure 2).

At the same time, these investments threaten to displace family farms, driving small farmers from their lands and cutting off their access to water.[26] While there are attempts by

Figure 2: Proportion of food, agrofuels, feed in FDIs



Source: Fischer, Shah 2010, cited in Deininger, Byerlee 2011, p52.

governments and multilateral institutions to make such investments "responsible"[27], there is a need to support small-scale agriculture directly to increase their productivity and to contribute to domestic production and food security at the national and local level. Otherwise, they might share the fate of many small-scale farmers in Mexico, who have already migrated to the US, so mainly big agro companies, which benefited from the investment opportunities provided by NAFTA, might reap the fruits of new prospects for agriculture.

Contributions by family farms to reduction of import dependency

Small-scale agriculture still contributes more than half of the food consumed worldwide.[28] Because of the neglect in the past two decades, many farmers just live on subsistence farming, which incorporates a high degree of food insecurity. Numerous studies confirm that small scale agriculture has a huge potential to increase production and productivity, if properly supported by various means.[29] The yield gap compared to more advanced agricultural production systems is large. But right now, small farmers hardly have the means to benefit from rising demand and prices.

Compared to industrialised production and imports, they have several advantages. They are often closer to the local markets, but this advantage is often obscured by insufficient rural infrastructure. They can cater to local tastes. And their production costs are often less, because they use less costly inputs like local seeds and organic material as fertiliser. Appropriate farming methods adapted to local conditions like multicropping and agroforestry can bring quick results in land productivity and food production.

Since they are often mainly food producers for their own consumption as well as for local markets, increased production by them would not only reduce the need to food imports, but also increase food security. Three quarters of food insecure people live in rural areas – many of them with some land but not enough capital to increase productivity. Others are labourers, whose low wages don't stretch long enough to buy enough food. Fostering family farming would contribute to employment because it is more labour intensive than large-scale plantations, and it would improve local availability of low-priced food.

Besides contributing to increased production, there are some more specific approaches for family farms to contribute to a reduction of import dependency, e.g., by

- substituting imported crops by indigenous crops,
- recapturing domestic markets from imports,
- substituting cash crops by food crops, i.e., exports with local production.

"Decolonising food"

Since colonial times, African, Indian and South East Asian eating habits have been influenced by introducing wheat and wheat-based products like flour, bread, noodles and biscuits. In many countries, wheat has overtaken maize as staple food. Local producers were hardly in a position to take advantage of the changing food habits of the growing middle classes. Their production and productivity was low and in regions like West Africa there was no wheat growing tradition so that they could not compete with imports.

In several countries like Cameroon, Senegal[30], Nigeria and Sudan[31], the recent price spikes stimulated the search for alternatives to cereals imports – an endeavour which has already been dubbed the "decolonisation of bread"[32]. In Cameroon, a coalition of civil society organisations has asked the government to support the introduction of at least 20 per cent domestic flours made of local tuber crops like yams, sweet potatoes or manioc in bread-making. By doing so, the country would save some €17 million spent on wheat imports, whilst up to 100,000 rural jobs could be created to produce the additional quantities of tubers required.[33] The Cameroonian minister for commerce picked up the idea and announced the start of a project to examine options for using domestic flours.[34]

The government of Nigeria, which has outlined an ambitious reform programme across the agricultural sector, plans over the next five years to add 20 million tonnes of additional food to the domestic supply, to create 3.5 million jobs in the sector, and to replace up to 40 per cent of wheat flour imports with high-quality cassava flour.[35] „Nigeria can no longer rely on rice imports to feed higher population and Nigerians who have exotic taste for foreign rice must be prepared to fly their private jet around to buy it", President Goodluck Jonathan said in a public statement on November 15, 2011.[36]

Recapturing domestic markets

Many African cattle breeders and farmers, often belonging to pastoralists or poor farming households, suffered from milk imports flooding the local markets, with more than half originating in the EU. This is a tragedy, given the large unexploited milk potential of many African countries with favourable climates for cattle breeding and large herds, whose comparatively low milk output could be improved with relatively few resources. But traditional systems of milk production in Africa and elsewhere never received adequate support to use their enormous potential for poverty reduction and food security.

In Burkina Faso, several cattle breeders created their own mini-dairies to process and sell their milk. A network of women cattle breeders founded one of the first "female" dairies in the country. But as a result of EU milk dumping, the dairies must reduce their profit margin to a minimum to be able to sell their yoghurt and milk.[37] To better defend the interests of local herders and milk producers, 23 dairies in 2007 created the 'National Union of Mini-Dairies and Producers of Local Milk'. Members are required to exclusively process local milk supplied by small farmers. To market its products, the federation created its own label 'BurkinaLait'.[38] Together with other West African farmers' organisations, they are campaigning for higher import tariffs.[39] (see part 3)

The 'Millet Network of India' successfully combined an approach to 'decolonise food' with improved market access for small-scale farmers, a majority belonging to Adivasi, Dalits, and other marginalized communities and often women. After years of lobbying, it managed to achieve the introduction of millets into the Public Distribution System (PDS). The draft *National Food Security Bill* not only adds sorghum and various millet varieties to this State run system distributing basic foods and necessities to the poorest sections of the population, so far restricted to rice and wheat. It also mentions the need for procuring food grains from within a radius of ten kilometres. Thus, local production and local procurement would become the central tenets of the new PDS. "Both – introducing millets in PDS and adopting localized procurement – would help the millet farmers greatly," says P.V. Satheesh, national convenor of the Millet Network of India[40].

Substituting export crops

Substituting export crops also could help to reduce import dependency. In the past, many small-scale farmers went into crops like flowers, cotton, or horticulture to provide cash income. Often, this has been a double-edged sword, making them dependent on higher input prices, traders and price fluctuations on world markets. Recently, the former UN Secretary General Kofi Annan recommended, that African farmers to return to food crops, calling it an "untapped gold mine". With a market for staple food crops estimated at US$ 150 billion a year, "this figures far exceeds the revenue Africa receives for internationally traded cash crops like coffee, cocoa, tea and cut-flowers".[41] Because of market mechanisms, better markets and prices growing food crops could turn it into a sustainable alternative. A conscious policy of using land and resources, which are now used for export production, for food production, accompanied with productivity increases and investments, could greatly benefit domestic supply, especially by poorer family farmers, and reduce dependency on external markets.

Transformation: Preconditions for domestic production reducing import dependency and food insecurity

To unfold the potential of peasant farming for domestic production and food security, a number of preconditions have to be achieved. Obstacles have to be removed, targeted support provided. Thanks to the new interest in agriculture by governments, donors, development institutions and investors, and the proclaimed focus on small-scale farmers, some of these are already included in the various initiatives, plans, or programmes to develop agriculture in developing countries.[42] Others are not, especially those which are important to achieve food security, poverty reduction and sustainability.

To exploit this potential, land and water have to be used more efficiently. Small-scale farmers need better access to credit, local markets and inputs like seeds and fertilizer they can afford. Organic agriculture or agroecology[43] are just two of the approaches to reduce input costs and to access markets opening up by the increasing preference of urban consumers for safe and healthy food from the region. At the same time, it enables adaptation to changing agro-climatic conditions providing resilience against recurrent droughts or rising temperatures.

Organising farmers into producer cooperatives or similar organisations can further reduce production costs and increase market access. They can also give voice and political weight to peasants pressurising governments. Farmers' organisations for example have been in the forefront of resistance in West Africa against the Economic Partnership Agreements (EPAs), the EU is negotiating with their governments to liberalise trade further, enforcing policy shifts towards import restrictions for chicken or onions from Europe (See part 3).

The behaviour of consumers also plays a crucial role in this move towards self-sufficiency. Their food preferences have been shaped over decades by low-priced food imports, advertisements, or denigration of traditional local food crops. A reversal seems to be especially difficult for traditional cereals, roots and tubers, which are important for small-scale agriculture.

Still, with higher production, competitive prices and reliable supply of good quality products, there is a market for such crops. Organisations in India like *Deccan Development Society* (DDS), which has been in the forefront of the campaign to introduce millets into the Public Distribution System (PDS), experimented successfully with shops for organic traditional foods, cook books and food festivals to win back urban middle classes to indigenous food.[44] Growing preference for healthy food from the region by increasingly food-conscious consumers might strengthen this trend, supported by new approaches like Consumer Supported Agriculture (CSA), where urban consumers help rural producers financially and with their own labour in exchange for produce and the 'rural experience'.

On a larger scale, school feeding programmes and the inclu-

Contract farming

The initiatives to promote private commercial investments in agriculture have a strong focus on "inclusive business models". Small-scale farmers shall be included in the "value chains". The basic idea is that private companies provide inputs like seeds, fertilizer, access to credit and advise on farming methods, at the same time offering assured market access by buying agricultural products at pre-set conditions (quality, time of delivery, price, etc.). Over the past decades a huge variety of forms of such contract farming has been developed, mainly in agricultural raw materials like cotton, palm oil or cocoa. But there is less experience, whether it will work for staple foods like rice or tubers .[46]

Furthermore, there is a broad and controversial debate going on whether this will save farmers from being displaced and help them to improve production, productivity and income, or whether it will bring new dependency on powerful companies dictating the terms and conditions of the contracts. One of the conditions to avoid this would be that farmers get organised as a counterweight. Still, only well off farmers might have the resources like land, water and money to participate, leaving the most vulnerable insecure family farms out in the cold. [47]

sion of traditional foods in food programmes like the PDS in India or the 'Zero Hunger' programme in Brazil[45] hold promises to create stable and large markets for local farmers. Additionally, national pride for local brands like BurkinaLait could help to move away from imported products from transnational food companies like Nestlé or Danone.

A crucial precondition for reducing import dependency and broadening the successful examples of increasing local food production is to refocus the agricultural policy not only of national governments but also of international financial institutions like the World Bank and donors. Presently, the focus is on foreign investment into export-oriented agriculture.

Much of the responsibility for this change rests with the states. They have to put conditions in place to improve access to markets, credit and inputs. Appropriate rural infrastructure should be strengthened, and extension services oriented towards the needs of small-scale agriculture. Of crucial importance are secure land tenure rights and, more difficult, land reforms reversing the unequal distribution of land in many countries, especially in Latin America. To achieve this, the role of the state in agricultural development has to be reinvigorated and its regulatory capacity scaled up.

Besides these internal preconditions, necessary to achieve less dependency on the world food markets by increasing domestic production, there are external factors, that have to be tackled to make the transformation possible. One of them, and may be the most important one, is the international trade regime, which in the past has contributed severely to the situation of import dependency and food insecurity, as mentioned in Part 1 of this paper. Part 3 will deal with this.

Part 3: Interconnectedness between domestic production and trade rule

Looking back, developing countries like India (see box) or China achieved their high level of self-sufficiency only with some kind of protection against food imports, at least targeted and time limited. There are also industrialised countries like Japan, that defy the pressure for liberalisation of food trade to protect their agriculture and their farmers (see quote).

But over the past decades, many countries lost their sovereignty to protect their agricultural markets. Most international trade agreements like the WTO agreements, the Economic Partner-

Quote: Special rights

"Although Japan has negotiated free-trade agreements with a handful of smaller trading partners, including members of ASEAN (Association of Southeast Asian Nations), Tokyo has always insisted that agricultural produce like rice and dairy stay exempt from the tariff reductions. Japan levies a 252 per cent tariff on imported wheat, 360 per cent on butter, 328 per cent on sugar and 38.5 per cent for beef."

Hiroko Tabuchi in the New York Times (November 11, 2010)

India – Operation Flood

The flexible adaptation of import quota protected the achievements of India's very successful national dairy programme Operation Flood, which since 1970 created a vibrant domestic dairy chain by linking a vast network of small farmers' milk cooperatives with consumers. As a consequence of this programme, India tripled its milk output, achieved self-sufficiency, and even turned into a milk exporter.[48] According to the International Food Policy Research Institute IFPRI, one of the key lessons of Operation Flood was that production can be increased by "restricting key imports so as not to disrupt domestic markets".[49]

ship Agreements of the European Union, and bilateral trade agreements focus on trade liberalisation also for agricultural products, reducing or even removing trade barriers like import quotas or high tariffs. Once agreed upon, it becomes difficult to change the terms of agreements. One example is the "Standstill clause" in the (interim) Economic Partnership Agreements (EPAs), many countries in Africa, the Caribbean and the Pacific region (ACP countries) signed with the European Union, which prohibits the introduction of any new tariffs or the raising of existing tariffs.

There are safeguard clauses like the Special Agricultural Safeguards (SSG) in the Agreement on Agriculture, agreed upon during the 'Uruguay Round', which entered into force with the establishment of the World Trade Organisation WTO on January 1, 1995, that could be used to protect the agricultural sector from import surges. But they are very weak. Their use is constrained by onerous conditions and they may only be applied for a limited period of time.[50]

Many WTO rules for example are highly ambiguous and inject a high degree of uncertainty into food security policy making, thereby discouraging governments to develop and implement comprehensive and innovative national "right to food" strategies.[51] Therefore, even if such protection mechanisms are included in agreements, governments are often hesitant to invoke them. Clauses included in the NAFTA agreement to safeguard vulnerable products were never actually invoked by the Mexican government, though huge imports of cheaper US maize have ruined Mexican farmers.[52] Despite protests by farmers' organisations, Ghana's government stressed the necessity to uphold imports in order to comply with international trade rules and to secure the supply of cheap animal protein for the population.[53] At a recent forum in Accra, poultry farmers regretted the fact that the parliament once passed a law to increase tariffs on frozen chicken but that this law was never implemented due to pressures from the International Monetary Fund (IMF).[54]

Allowing protection would be especially important for countries that are economically in a weak position to support domestic production vis-à-vis unfair competition from imports. They need time to develop their own production base. The UN Special Rapporteur on the Right to Food, Olivier De Schutter, is convinced that increasing food production and protecting the right to food in developing countries will not only require significant amounts of reinvestments in agriculture; it will also likely require states to apply tariffs on certain food imports as complementary measures to protect smallholders from import surges threatening their ability to live from their crops and feed their families.[55] (See Box: Human rights vs. Trade rights)

Human right vs. Trade rights

Proponents of better protection from unfair or damaging imports found a strong ally in the UN Special Rapporteur on the Right to Food. In November 2011, at an information session organized by the WTO Secretariat[56], Olivier De Schutter criticised liberalisation efforts as a means to increase total income but at the cost of worsening inequality and a large number of losers[57]. Admitting that trade can help promote human rights and access to food, he said this can only happen if certain conditions are met, in particular if countries can protect their vulnerable populations from surges of cheap imports.

According to De Schutter, higher tariffs, temporary import restrictions, state purchase from small-holders, active marketing boards, safety net insurance schemes and targeted farm subsides are increasingly acknowledged as vital measures to rehabilitate local food production capacity in developing countries. He called upon the WTO no longer to disallow or to discourage policies like tariff increases in case of import surges or the application of protective tariffs on agricultural products relevant for food security by the complexity of the rules and the threat of legal action by member states.

Campaigns for trade restrictions

As the above-mentioned Policy Paper by various multilateral and international Organisations[58] observed, there is "the tendency for countries to try to insulate themselves from international markets". Governments of an increasing number of developing countries introduced trade restrictions on basic food items, often in response to increased pressure by farmers' organisations, development organisations and consumer groups[59]:

- In the years 1999 and 2000, India's dairy sector experienced import floods from European skim milk powder following the implementation of zero tariffs on milk powder as part of liberalisation commitments agreed upon during the 'Uruguay Round' of multilateral trade negotiations (GATT) between 1986 and 1994, threatening the achievements of the programme Operation Flood (see box). Indian dairy producers complained that they could not compete with subsidised EU milk powder and the government subsequently renegotiated the bound zero-duty and, in 2000, introduced a tariff rate quota[60] on dry milk[61].
- After demands by the Rice Farmers Association of Nigeria for an outright ban on rice and by the Rice Stakeholders Forum not to reduce tariffs on rice imports,[62] the Government of Nigeria gave indication in November 2011 of plans to prohibit rice imports in order to support local production and to compel wheat millers in the country to include cassava in their flour. Imports are also restricted to sea ports, with imports banned across land borders in order to reduce smuggling. The Nigerian government remains committed to the introduction of a total ban on rice imports by 2015, as an instrument for stimulation of local production. According to a report by the USDA Foreign Agricultural Service, this policy change, if implemented, represents a significant reversal of several years of gradual liberalisation of trade in Nigeria.[63]
- With the national "Grow What We Eat, Eat What we Grow" campaign, the government of Jamaica reacted to a rising import bill.[64] Nearly three quarters of this is spent on imported French fries. "What we are doing is putting the duty on imported food stuff into this country, so that our farmers benefit instead of fattening farmers from abroad", the Minister for Agriculture and Fisheries, Roger Clark, said. He added, that the ministry was experimenting with varieties of Irish potatoes to find suitable ones for French fries and the table potato market. The idea is not just to block imports, but also to increase local production and productivity and to get into agro-processing.
- In 2004, a successful campaign coordinated by the development organisation ACDIC in cooperation with European NGOs forced the Cameroonian government to control compliance with its poultry import quota set at 5.000 tonnes, but which had never been enforced before. The government's withdrawal of import licences, together with higher duties and taxes, enabled a regeneration of the domestic poultry sector.[65]

On the other hand, governments used export restrictions to protect domestic production and stabilize supply and prices, like Russia in 2010, Argentina and China, and at least 20 per cent of African countries[66]. This is widely critiqued, because it can harm farmers, but especially traders as well, and can be used for speculative purposes, withholding supplies waiting for higher prices on the world market. Still, under specific circumstances, this could be an instrument to protect food security, especially for poorer, economically weak food exporting countries.

Of course, neither import nor export restrictions alone are a blueprint or a silver bullet to increase domestic production. Protection from competition can lead to complacency and reduce incentives to modernise production and improve productivity. It can increase smuggling, black markets and hoarding for speculative purposes, and protect influential and better-off farmers from competition too, creating domestic monopolies. Similarly, instead of short term export restrictions, policies switching from export crops to production for the domestic markets could be much more beneficial for sustainable food self-sufficiency. This just shows that trade regulations for the protection of domestic production by small-farmers have to be "smart", to use a favourite catchword of the World Bank. But above all, it needs sincere support for the development of food production by small-scale farmers for import restrictions to work in favour of domestic production and food security.

Success stories

Onions in Senegal

Just ten years ago, onions from Europe, mainly from Holland, flooded the market in Senegal[67]. Though they were not always cheaper, the quality was better and therefore they were popular with local urban consumers. Till the end of the 1990s the government regulated the imports with quota limits. But these had to be removed as a consequence of international trade agreements.

Farmers organisations mobilised for protection against onion imports. In response, the government introduced a temporary import ban, initially for three months. Meanwhile, this period has been extended to six months. A minimum price provides some security for local farmers. Traders, importers, government and farmer organisations came together to agree on this. "Everybody participated in an open dialogue", Hassan Diouf of the Senegalese federation of farmers organisations, FONGS, explains.[68]

Many farmers used the opportunity offered. Since then, local production has increased fourfold. Behind the trade barriers, not just the volume of onion production increased, but also the quality. Today, Senegalese onions can hardly be distinguished from imported ones, as the chairman of the local farmers' organisation UGPN in Potou, an important market place for onions around 100 kilometres North of the capital Dakar, proudly says.[69]

Milk powder in Kenya

Kenya's dairy sector is largely based on 625.000 smallholders accounting for 70 per cent of total annual milk output.[70] After the liberalisation of its dairy sector in the 1990s, Kenya experienced huge import surges of dry milk powders and other dairy products, which lowered the amounts of national milk production and local production considerably, affecting the livelihoods of small farmers dramatically. After an outcry from concerned dairy farmers the government increased its applied tariff on imported dairy products from 35 to 60 per cent in early 2002[71], a move that was in compliance with Kenya's WTO obligations, which allowed for an increase in case of market distortions. A major outcome was the marked decline of milk powder imports from 2002 onwards. The action was accompanied by a revival of the state-controlled dairy production and marketing firm Kenya Cooperatives Creameries Limited (KCC), which provided Kenyan milk farmers with a reliable outlet for their produce and cushioned them from price fluctuations of the free market.[72]

Potatoes in Guinea

Up to 1990, Guineans consumed potatoes imported from the Netherlands. The Producers Federation of Fouta Djalon (FPFD), which was founded in 1992 after the state withdrew from the agricultural sector, asked the government to block imports over the five months' period that local potatoes reached the market. Initially, the government refused because such a measure was contrary to the structural adjustment plan agreed with the International Monetary Fund. But after consistent pressure the demand was finally met in 1992. In the following years, the FPFD acted to improve potato production by supply of quality inputs like certified seeds and fertilizers, introduction of seasonal credit, training and advice for producers, and improving water management, storage infrastructure, and access roads. Today, Guinea is a potato exporter.[73]

The broader picture

Restrictions can only work if they are part of an overall reform of the global trade regime which in turn would require changes in the current production system in the food producing countries. The dependency of Europe, for example on imports of animal feed, has negative repercussions on the food supply in supplier countries, driving food crops out of the market in favour of cash crops for exports, not to mention the environmental damages by large-scale industrialised production and pressure on natural resources like forests or water.

Debates in Latin America about alternative trade policies[74] maintain that trade and invest-

Food Sovereignty

Henry Saraghi and Mary Lou Malig from La Via Campesina put food sovereignty at the heart of the vision of an alternative Asia because of the still very important role of agriculture. They define food sovereignty as „the Peoples', Countries' or State Unions' RIGHT to define their agricultural and food policy, without any dumping vis-à-vis third countries".[75] This also includes prioritising local agricultural production in order to feed the people, access to land, water, seeds, and credit, the right of countries to protect themselves from too low-priced agricultural and food imports, and the entitlement to impose taxes on excessively cheap imports. Saraghi and Malig reject the claim that regulating imports and fostering local production would be protectionist: Food Sovereignty „is not contrary to trade but to the priority given to exports; it guarantees food security for the people, while trading with other regions specific products, which make up diversity on our planet."[76]

ment should promote economic sovereignty, social welfare, and the reduction of all forms of inequality. (See also Box: Food Sovereignty). In order to guarantee food security, countries therefore should not only have the right to protect basic staples in specific cases or under predefined circumstances, but to exclude them from trade agreements altogether. While a discussion of these reforms and of alternative approaches is beyond the scope of this paper, just two aspects should be mentioned, both reinvigorated by the food crises.

As a consequence of the food crisis, investments into agriculture are increasing worldwide. As a result, production will increase: FAO expects for 2013 record or near-record levels for wheat, coarse grains and maize.[77] In Eastern Europe and Central Asia large tracts of land are leased or bought by companies for large-scale industrial agriculture, which could lead to higher world market supply. According to projections by USDA, production of wheat by Russia, Ukraine and Kazakhstan might roughly double till 2019 compared to the average in the 1990s, their proportion in wheat exports shoot up from almost nil to one third of wheat exports worldwide.[78] This drive is fuelled by the high prices as well as by speculation by investments funds.[79]

Though part of this increasing production is directed at the industrialised countries for agrofuels or animal feed, it might increase the pressure to expand markets in the developing countries as well, not only for basic foods, but also for dairy products and meat. Already, meat and dairy products combined account for almost a quarter of all EU food exports – and large parts of which end up on developing countries markets.[80] While African consumer and peasant movements are fighting to reduce import dependency and "decolonise" their food systems, European agricultural policy is fully oriented towards the world market, with associations of the food- and agroindustry putting pressure on the European Commission.[81] Keeping developing countries' markets open for European food exporters through bilateral free trade agreements remains a central aim of the European Commission's trade policy, complementing the Common Agricultural Policy.

Also, donors and international development agencies increase the pressure on governments to reduce trade barriers for food imports and exports even further. According to them, trade distorting domestic support including subsidies as well as export restrictions should be abolished and liberalisation be strengthened to open up new markets. (See Quote). Like in the past, the ideology prevails that a liberalised world market, slightly regulated by market-oriented instruments, would be the best way to promote production and productivity and to balance surpluses on the world market and demand of import-dependent countries.

> *Quote: "The bilateral approach is an important instrument for opening new export markets for European food and drink products to enjoy the opportunities that these offer for further growth and for improving trade relations with Europe's key trade partners. These bilateral agreements are easier to implement and can serve to address problems that are not determined in a multilateral framework. Specifically, reducing existing trade barriers which the European Agro-food companies face in their efforts to expand activities in non-EU markets remains of great importance." High Level Group on the Competitiveness of the Agro-Food Industry.*[82]

A new and additional focus is on liberalisation of regional markets. A recent World Bank report[83] says that Africa's farmers can potentially grow enough food to feed the continent and avert future food crises if countries remove cross-border restrictions on the food trade within the region. The report urges African leaders to improve trade so that food can move more freely between countries and from fertile areas to those where communities are suffering food shortages. This would limit policies like the ban on maize and sorghum exports, resorted to by governments of countries like Tanzania, Malawi, or Bolivia in 2010, worried about national food security. And it would reduce state budgets, which in many countries are highly dependent on revenue from tariffs.

Contrary to a strategy of "smart" protection, such a market-oriented, trade-led approach to the solution of the food security crisis – expecting, that better access to markets would provide incentives to produce more - is the very same recipe of trade liberalisation that has considerably contributed to the present crisis. It would benefit mainly traders and better-off farmers which can produce large surpluses, marginalising resource-poor small-scale farmers even further.

Summary and Conclusions

There is an urgent need to rethink dependency on food imports, because it threatens food security and the development of sustainable domestic food production systems. This paper dealt mainly with two aspects of how to achieve this. One is the improvement of food self-sufficiency by increasing domestic production. It is being argued, that this should mainly focus on the available potentials of small-scale family farmers, because this can not only increase food supply, but also generate employment, rural development and environmental protection.

The second issue relates to necessary changes in the international trade regime, allowing for more protection to give space for the development of domestic food production by family farms. Instead of further trade liberalisation in agricultural products, countries should be in a position to prioritize food production over trade interests.

Support for domestic production

There is no dearth of recommendations, plans and initiatives to develop agriculture in developing countries. From a food security perspective, there are clear priorities for any such strategies. Agricultural policies, intending to reduce import dependency and increase food security should be directed

- towards small-scale agriculture, which in many countries not only sustains the majority of food insecure people, but is also the main stay for domestic food supply,

- to food production, including traditional crops, threatened by competition from feed or agro-fuel production, which could be a base for local agro-food processing,

- to the development of local infrastructure (rural roads, proper market halls, transport facilities, etc.), which would allow farmers to integrate into local markets,

- to strengthening participation of farmers organisations, which is necessary to shape these policies according to their needs and potentials,

- One fundamental precondition to exploit the potential of small-scale farming is the protection of existing farms from evictions and displacement, threatened by competing land uses for agro industrial farming or speculation, and access to additional land for small-scale agriculture through redistribution.

In general, governments, multilateral development institutions and donors have to reverse their policies towards a more inward looking strategy, based on farmers and local markets instead of large investors and export markets.

Restore sovereignty over trade flows

There is the need for global agricultural policies to recognise the priority of the Right to Food over trade interests and the right of States to regulate trade in support of food security and development of peasant agriculture. Existing instruments have to be strengthened, the flexibility of governments to react to negative impacts of trade and prices increased, and new mechanisms negotiated.

- Governments should be supported to invoke protection measures agreed upon in bilateral or multilateral agreements, and their capacities improved to use them for "smart" regulation.

- Terms in agreements, that are tying the hands of governments like the "Standstill clause" in the (interim) EPAs should be removed.

- Agriculture and especially the food sector should be excluded for the time being from on-going bilateral trade and investment agreements, that promote the access of foreign investors to domestic markets.

- With proposals like the 'Special Safeguard Mechanism' (SSM), introduced into the Doha-Round of the WTO by developing countries because of the weakness of protection in the Agreement on Agriculture, there are starting points[84], how future multilateral agreements could be shaped.

The responsibility of the European Union

The main challenge for import-dependent countries would be to ensure a transition towards relocalised food systems with higher rural incomes and limited dependency on international markets. De Schutter asserts that the "EU has a responsibility to facilitate such a transition. This means encouraging developing countries, who currently depend on food imports, to feed themselves in order to gradually reduce such dependency."[85] For the EU to effectively contribute to such a transformation, a profound shift in its agricultural and food policies is required. The dominant objective of achieving international competitiveness of the EU food industry must be replaced with a strong commitment towards the realisation of food sovereignty, both at home and abroad. Reduction of the EU's own import dependency and the restriction of overproduction would provide space for developing countries to invigorate their own food systems. Such a fundamental shift would require several far reaching changes in the European agricultural sector like preventing surpluses, ending dumping exports, allowing developing countries to protect themselves against import surges and to support food self-sufficiency.[86]

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