

SYNTHESIS OF THE POLICY OPTIONS

No. **AGRICULTURE AND
FOOD SECURITY**
NEW CHALLENGES AND OPTIONS
FOR INTERNATIONAL POLICY

Agriculture and Food Security: New Challenges and Options for International Policy

Synthesis of the Policy Options*

January 2016

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NOTE

The policy options presented in this synthesis are the result of a collective process involving all members of the E15 Expert Group on Agriculture, Trade and Food Security. It draws on the active engagement of these eminent experts in discussions over multiple meetings as well as an overview paper and think pieces commissioned by the E15Initiative and authored by group members. Stefan Tangermann was the author of the report. While a serious attempt has been made on the part of the author to take the perspectives of all group members into account, it has not been possible to do justice to the variety of views. The policy recommendations should therefore not be considered to represent full consensus and remain the responsibility of the author. The list of group members and E15 papers are referenced.

The full volume of policy options papers covering all topics examined by the E15Initiative, jointly published by ICTSD and the World Economic Forum, and launched at the Forum's Annual Meeting at Davos-Klosters in 2016, is complemented with a monograph that consolidates the options into overarching recommendations for the international trade and investment system for the next decade.

E15 INITIATIVE

Jointly implemented by the International Centre for Trade and Sustainable Development (ICTSD) and the World Economic Forum, the E15Initiative was established to convene world-class experts and institutions to generate a credible and comprehensive set of policy options for the evolution of the global trade and investment system to 2025. In collaboration with 16 knowledge partners, the E15Initiative brought together more than 375 leading international experts in over 80 interactive dialogues grouped into 18 themes between 2012–2015. Over 130 overview papers and think pieces were commissioned and published in the process. In a fast-changing international environment in which the ability of the global trade and investment system to respond to new dynamics and emerging challenges is being tested, the E15Initiative was designed to stimulate a fresh and strategic look at the opportunities to improve its effectiveness and advance sustainable development. The second phase of the E15Initiative in 2016–17 will see direct engagement with policy-makers and other stakeholders to consider the implementation of E15 policy recommendations.

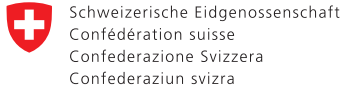
For more information on the E15Initiative:
www.e15initiative.org

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OBJECTIVES AND OUTPUT

The E15 Expert Group on Agriculture, Trade and Food Security Challenges had three objectives

- Examine the emerging challenges and opportunities for food security resulting from changes in global supply and demand, and the role of agriculture trade, policies and rules.
- Assess the adequacy of the global trading system to respond to the new situation.
- Recommend options for policies and international trade rules that respond to this new reality and promote food security globally.

Overarching questions and issues the Expert Group was tasked to consider

- Examine the linkages between trade and food security and identify how trade can support the fight against hunger.
- Address the linkages between food and agricultural trade and a sustainable global food system.
- Identify concrete steps for the multilateral trading system to support the positive role of trade and to mitigate negative effects.
- Suggest feasible ways to induce discussion on these recommendations at the WTO and beyond.
- Investigate the trade policy implications of non-WTO negotiations and agreements relevant to food security and agriculture.

Expert Group analysis and policy proposals were submitted in two forms

1. Critical issues studied through an overview paper and think pieces commissioned for the E15 Initiative. These papers are referenced on page 12 and can be accessed at <http://e15initiative.org/publications/>.
2. Policy options presented in this synthesis and compiled in the summary table. The options fall under four categories:
 - Adapting the WTO Agreement on Agriculture and the SPS Agreement
 - Preparing WTO rules for the future
 - International cooperation to improve food security
 - Fostering higher agricultural productivity

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FOREWORD

Member states of the United Nations agreed this year to “*end hunger, achieve food security and improved nutrition and promote sustainable agriculture,*” as part of the 17 Sustainable Development Goals intended to guide common action in the post-2015 period. Among other things, governments have also agreed to “*correct and prevent trade restrictions and distortions in world agricultural markets,*” in accordance with the mandate for the Doha Development Round negotiations at the World Trade Organization, as one of the 169 targets associated with these goals. While trade is only one area identified by governments as an avenue for helping to achieve the vision set out in the landmark document, there are a number of important reasons to believe that the trading system for food and agricultural goods today faces new challenges that are likely to affect the ability of governments to deliver on their commitments in this area. These include changing supply and demand patterns in global food markets; increased use of agricultural commodities for biofuel production; heightened price volatility on increasingly tight markets; the impact of climate change on agricultural output, and government policies responding to this phenomenon; and, significant changes to agricultural policies in several major economies around the world.

Progress on trade policy and trade rules is too often an afterthought in the debate on how best to promote food security, foster rural development, and enhance the environmental

sustainability of agriculture. In part, this may be due to the slow progress in addressing the agricultural trade component of the Doha agenda, almost fifteen years after this was launched in the Qatari capital. However, difficulties in advancing the Doha Round and arriving at an equitable conclusion to the talks have also underscored the importance of fresh thinking in addressing the challenges facing global agricultural trade today. They have also exposed the extent to which these difficulties may themselves be symptomatic of more fundamental differences between countries on the role of trade in achieving shared global public policy objectives. More specifically, in the area of agriculture, new trends and phenomena in markets, national policies, and regulatory frameworks have increasingly exposed the extent to which the Doha talks may only offer a partial response to some of the challenges the world is likely to face in the years ahead. At the same time, it is clear that governments will need to engage meaningfully with these issues if they are to achieve the level of ambition set out in their 2030 Agenda for Sustainable Development.

The E15 expert dialogue process therefore examined new challenges facing the global food trading system in today’s world, and identified options for how policies and international trade rules can respond to this new reality. The options are not specifically addressed towards the ongoing negotiations of the Doha Round, nor is there any attempt to



redefine the mandate for those negotiations. The options are build around the principle that improving food security in poor countries must be a top priority for the international community—and that improvements to the agricultural trading system are a key part of achieving this objective. The case is also put forward for work to continue towards strengthening competitive markets, reducing trade barriers, and minimizing policy-induced distortions.

The policy options are the outcome of the E15 Initiative, jointly implemented by ICTSD and the World Economic Forum. In partnership with the International Food and Agricultural Trade Policy Council (IPC), the Expert Group on Agriculture, Food Security and Trade Challenges was convened to explore critical issues to which the policy options seek to respond. The Expert Group was composed of 24 individuals with high-level experience from academia, policy-making circles, the private sector and civil society organizations. Although the recommendations should not be considered to represent full consensus, and do not seek to capture all the nuances of the group's discussions, they do attempt to reflect a broad synthesis of some of the key aspects of the exchange among the members.

As co-conveners of the E15 Expert Group on Agriculture, Trade and Food Security Challenges, we are convinced of the need to provide organized and structured input into the policy and governance debate. The options that have resulted from

this thought and dialogue process are offered to policy-makers and stakeholders alike, in the hope that they provide paths to effectively address the most pressing challenges and respond to policy imperatives of societies the world over. In a second phase of the E15 Initiative, we intend to engage policy-makers in advancing these options.

A handwritten signature in black ink, appearing to read 'R. Meléndez-Ortiz'.

Ricardo Meléndez-Ortiz
Chief Executive, ICTSD

A handwritten signature in black ink, appearing to read 'R. Samans'.

Richard Samans
Managing Director and Member of the Managing Board,
World Economic Forum

A handwritten signature in black ink, appearing to read 'E. Terpstra'.

Ellen Terpstra
Chief Executive, IPC

AGRICULTURE AND FOOD SECURITY: NEW CHALLENGES AND OPTIONS FOR INTERNATIONAL POLICY

TODAY'S GLOBAL FOOD AND AGRICULTURAL SYSTEM IS VASTLY DIFFERENT FROM WHAT IT WAS IN 2001 WHEN THE WTO'S DOHA ROUND WAS LAUNCHED. FOOD PRICE SPIKES IN 2007-08 AND SUBSEQUENT YEARS AND HEIGHTENED VOLATILITY HAVE BROUGHT FOOD SECURITY CONCERNS AT THE FOREFRONT OF NATIONAL AND INTERNATIONAL POLICY AGENDAS. THERE ARE MOUNTING CONCERNS REGARDING THE WORLD'S CAPACITY TO FEED ITS RAPIDLY GROWING POPULATION.

Developing and emerging countries have progressively become important actors in international markets as both importers and exporters of food and agricultural products. Meanwhile, the implications of climate change and the environmental impacts of agricultural production are of growing significance.

Against this background, ICTSD, in partnership with the World Economic Forum, tasked an Expert Group, as part of the E15 Initiative, to explore the challenges facing the global food and agriculture trading system in the 21st century. The objective was to identify options pertaining to policies and international trade rules that can respond to this new reality. For this purpose, the IPC joined forces with ICTSD and the Forum. The resulting policy options, though closely related to the multilateral trade regime, are not specifically addressed towards the ongoing negotiations of the Doha Round nor is there any attempt to re-define the mandate for these negotiations. The options pay particular attention to issues relevant to developing countries.

NEW CHALLENGES

The global food and agriculture system faces several new challenges in the 21st century. Many developments have taken place over the past fifteen years that have transformed

the landscape in which international policies for the sector, and in particular trade policies, must operate. The more prominent of these new challenges include the following.

A CHANGING DEMAND-SUPPLY BALANCE ON GLOBAL FOOD MARKETS

After a long period of declining prices on international markets for food and agricultural products, the world food system suffered from very high prices and pronounced volatility in 2007 and subsequent years. More recently, food prices have declined but not to the low levels of the early 2000s. Market projections suggest that prices will remain for some time on a higher level and that we may have experienced an upward shift in trend (see Figure 1). This has implications for the relative position of producers and consumers, especially poor food consumers.

THE MASS USE OF AGRICULTURAL COMMODITIES FOR BIOENERGY

With the exception of sugarcane in Brazil, the large-scale use of agricultural commodities as feedstock for conversion to bioenergy was virtually non-existent at the turn of the century. To a large extent, bioenergy production depends heavily on government support in various forms. This expansion of agricultural output for biofuels has most probably contributed to the tightening of markets and induced a closer correlation between fossil energy and food prices.

AN EPISODE OF EXTREME MARKET VOLATILITY

The recent episode of price volatility characterized by successive price spikes at short interval has been caused by factors ranging from extreme weather events and new forms of financial investment in commodity exchanges to the expansion of feedstock use for biofuels and *ad hoc* export restrictions. Some of these factors have contributed to low stock-to-use ratios for several key commodities. Price peaks and extreme food market volatility call for an effective response to a situation that can have dire social consequences.

THE IMPLICATIONS OF CLIMATE CHANGE FOR GLOBAL AGRICULTURE

Climate change is creating new challenges for the future of global agriculture. The sector is unusual in that it can contribute to increasing and decreasing the concentration of greenhouse gases, and will increasingly be called upon for mitigation ends. At the same time, agriculture and food production are highly susceptible to the impacts of climate change due to their dependence on natural conditions. There is growing consensus on two major implications: year-to-year variability of agricultural output at any particular location is expected to increase due to more frequent extreme weather events; and there will be marked spatial differentiation in terms of impact, with output potential in tropical territories likely to be negatively affected. In addition, cultivation patterns in terms of product composition in both temperate and tropical zones are likely to change. Trade will be a powerful means of bridging these short-term and long-term spatial differences. However, as governments seek to support both the mitigation potential and the adaptation capacity of their domestic farming industries, there may be a tendency to resort to policies that potentially interfere with international trade flows.

THE RELATIONSHIP BETWEEN AGRICULTURE AND ENVIRONMENTAL ISSUES

Beyond climate change, mounting attention is being paid to the intimate relationship between agriculture and the environment. Growing intensification in large parts of the world has amplified pressures on biodiversity and natural resources, including water. At the same time, it is also recognized that farming activities, when properly practised, can help preserve the environment and valued features of

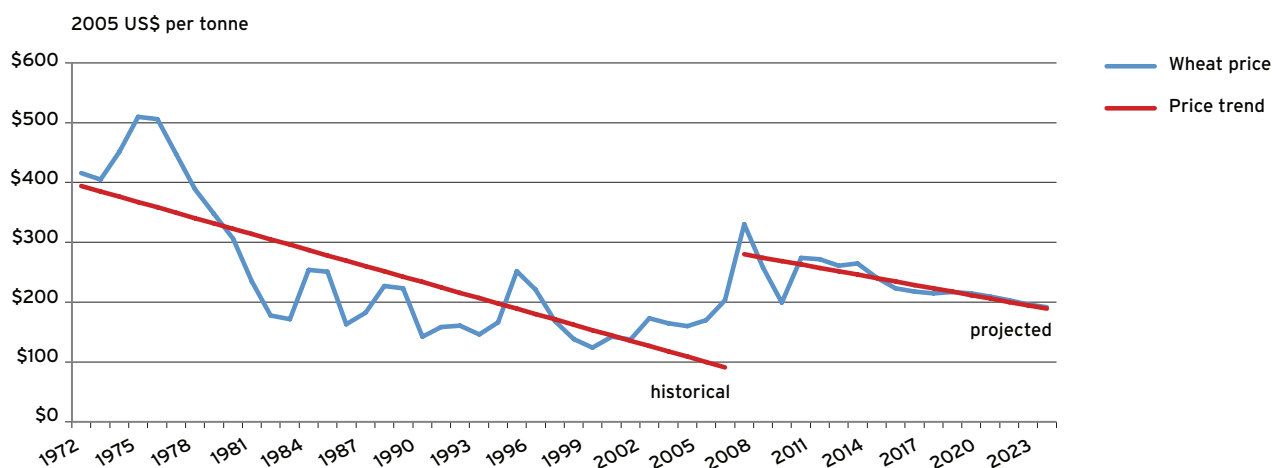
Price peaks and extreme food market volatility in recent years call for an effective response to a situation that can have dire social consequences..

the countryside. As policy-makers look for ways to respond to these matters, trade policy is one of the domains where solutions are sought yet where tensions between domestic practices and international rules may arise.

EXPERIENCES IN IMPLEMENTING THE AGREEMENT ON AGRICULTURE

Experience in implementing the WTO Agreement on Agriculture (AoA) points at a number of issues and loopholes that require attention. Some relate to the definition of rules in the agreement and others with the manner in which governments have chosen to deal with them. An example of the former includes the definition of domestic support measures exempt from reduction commitments (Green Box subsidies). The ongoing debate about public stockholding programmes for food security purposes also highlights the

FIGURE 1 | Price of Wheat in International Trade in Real Terms



Source: OECD-FAO, 2014. *Agricultural Outlook 2014-2023*. Paris: OECD.

relevance and political sensitivities surrounding the interpretation and implementation of AoA rules. With regards government dealings with AoA rules, deficiencies in the notification process, which affect the overall transparency of agricultural policies, stand out as suboptimal.

CHANGES IN POLICY REGIMES IN MAJOR COUNTRIES

In agriculture, disciplines and commitments applicable in the WTO have not been modified since the completion of the Uruguay Round. Actual policies, however, have been reformed in many countries, sometimes significantly. In terms of border protection, applied duties for agricultural products have declined steadily, especially for countries classified in the WTO as developing, while bound tariffs have not changed significantly. Agricultural policies have evolved in major developed countries toward more market-oriented approaches with the structure of support undergoing marked change. At the same time, trade distorting agricultural support measures in a number of emerging and developing countries have tended to rise.

International trade rules should be symmetric for importing and exporting countries, with more stringent barriers on export restrictions that contributed to driving market prices to high peaks.

POLICY OPTIONS

Based on these challenging developments in the global food and agriculture system since the beginning of the 21st century, the Expert Group considered trade policy options for the future in two areas: adapting the WTO Agreement on Agriculture and the Agreement on the Application of Sanitary and Phytosanitary (SPS) Measures; and more general WTO rules of particular importance for food and agriculture. The Group also recommended options targeted at international cooperation to improve food security and fostering agricultural productivity.

ADAPTING THE AGREEMENT ON AGRICULTURE AND THE SPS AGREEMENT

Progress is needed on all three existing pillars of the AoA (i.e. market access, domestic support and export competition) so that agricultural trade effectively perform its function of building bridges between deficit and surplus countries and

that international markets ensure the optimal use of scarce resources for the provision of food supplies. As the following policy options that aim to respond to new challenges require attention, traditional items on the negotiating table of the Doha Round need to be settled, including reductions in the significant gap between bound and applied tariffs for agricultural products in many countries.

POLICY OPTION 1 - Transparency on export taxes and restrictions

POLICY OPTION 2 - Procedure on export restrictions and domestic food security

POLICY OPTION 3 - Exclude from export restrictions shipments for food aid

POLICY OPTION 4 - Binding of export taxes

- International trade rules should be symmetric for importing and exporting countries, with more stringent barriers on export restrictions that contributed to driving market prices to high peaks. Disciplines should apply to exporting countries that discriminate in favour of domestic users by withholding supplies from the rest of the world. More transparency regarding export taxes and restrictions (combined with better information on stock levels) would benefit the smooth functioning of markets. A procedure should be established to identify whether an exporting country actually has reason to adopt a restriction in order “to prevent or relieve critical shortages of foodstuffs.” It would also be desirable to exclude from any restrictions shipments destined to serve as food aid to countries in an emergency. Export taxes should be bound in the same way as tariffs are, which could include the introduction of export quota rates that mirror the tariff quota rates frequently used in agriculture.

POLICY OPTION 5 - Transparency on government support to biofuels

POLICY OPTION 6 - Disciplines on support for biofuels

- Rules developed under depressed international market prices for agricultural products and when biofuels were virtually non-existent were not designed to impose disciplines on the harm biofuel support can inflict on poor consumers. There is a clear need to create greater transparency regarding the types and levels of government support to biofuels, whether notified under the Agreement on Subsidies and Countervailing Measures (ASCM) or the AoA. Considerably more demanding would be the establishment of effective disciplines on the magnitude and use of support. However, if the intention were to place effective constraints on the extent to which biofuels support can distort markets, then a wholly new approach would have to be developed. An option could be to introduce a new

category of commitments, specifically covering biofuel support, aimed at constraints on the burden placed on food consumers rather than the benefit to farmers.

POLICY OPTION 7 - Clarification and amendment of Green Box rules

- Notifications of Green Box measures should provide more detail on the implementation of the policies concerned so that their potential trade impact can be more effectively assessed and their status challenged if necessary. As far as public stockholding for food security purposes is concerned, it is doubtful whether rational policy pursuit is helped if a direct link is established between this consumer-oriented policy and support for certain producer groups. In addition, it appears sensible at a more fundamental level to distinguish in the Green Box between policies aimed at the provision of public goods (e.g. mitigation and conservation) and measures targeted at income support to farmers. The former should remain unconstrained while a quantitative cap could be introduced on the latter.

POLICY OPTION 8 - Improved monitoring and surveillance as per Annex M

POLICY OPTION 9 - Incentives for compliance with monitoring requirements

- Monitoring and surveillance of agricultural policies should be strengthened through transparency provisions such as those suggested in Annex M of the draft Modalities of December 2008. This could be adopted as a stand-alone agreement before a conclusion to the Doha Round is reached. In addition, new incentives for compliance with monitoring requirements and respect of deadlines could be created if the assumption of ineligibility for benefits (such as excluding Green Box measures from reduction commitments) were introduced until eligibility has been affirmed. This option would change the legal interpretation of the obligations to notify.

POLICY OPTION 10 - Support for the Standards and Trade Development Facility

- As tariffs applied in agricultural trade have declined, non-tariff measures, the most prominent of which are SPS measures, have gained in importance. The functioning of the SPS Agreement would benefit from a more effective notification system. Moreover, new incentives could be developed to make more ample use of international standards. In addition, developing countries should receive assistance to build the capacity to implement SPS standards through a strengthened Standards and Trade Development Facility. The relationship between private and public standards should also be clarified.

PREPARING WTO RULES FOR THE FUTURE

POLICY OPTION 11 - Clarification on border measures to prevent carbon leakage

- All general provisions of the WTO also apply to food and agricultural products, except where the AoA overrides them. Some of the rules that apply with equal force to agriculture may require specific attention when preparing for future challenges, not least policies addressing climate change and the environment. As governments design policies that lead farmers in the direction of engaging in practices that are more environmentally friendly, while also developing approaches that make agricultural production more resilient to the impacts of climate change, it is probable that there will be a growing tendency to underpin restrictive domestic policies through complementary measures that operate at the border (motivated for example by fears of “carbon leakage” and equivalent impacts). Two categories of trade policy measures are relevant in this context: border tax adjustments to offset a cost disadvantage of domestic production; and the extension of domestic standards to imported products. In both cases, current WTO rules leave sufficient ambiguity to make it difficult to design appropriate policies that are safe from legal challenge. The growing importance attributed to agricultural policies related to climate change and environmental protection makes it important to clarify the conditions under which WTO rules permit the use of border measures designed to prevent international trade from undermining the effectiveness (and political acceptability) of domestic policies in this domain.

As governments design policies that lead farmers in the direction of engaging in practices that are more environmentally friendly, while also developing approaches that make agricultural production more resilient to the impacts of climate change, it is probable that there will be a growing tendency to underpin restrictive domestic policies through complementary measures that operate at the border.

INTERNATIONAL COOPERATION TO IMPROVE FOOD SECURITY

POLICY OPTION 12 - Improved market transparency

- Improved market transparency can help avoid situations in which importing countries face difficulties in obtaining access to supplies when market conditions change. Following the experience with recent food price spikes, the international community, initiated by the G20, has created an Agricultural Market Information System (AMIS), which deserves full support. A firm commitment by as many countries as possible to cooperate closely with AMIS and provide full access to crucial data, especially statistics on public and private stockholding, could make an important contribution to improving global food security.

POLICY OPTION 13 - Support for emergency reserves

- Targeted emergency stocks of food can guard against a breakdown of physical supplies and the resulting threat to food security. However, setting up and maintaining emergency reserves is costly and the system must be designed to distribute food promptly and efficiently. The international community can help improve food security in times of crisis by supporting the establishment of emergency humanitarian food reserves.

POLICY OPTION 14 - Assistance for strengthened social safety nets

- Social safety nets are an effective approach to managing risks for vulnerable populations, including episodes of surging food prices. It is a difficult, yet manageable, task to develop an appropriate mechanism that achieves careful targeting of the needy, avoids distortions in incentives, and secures effective implementation. Where the focus is on managing the risks of food insecurity, a system of global food stamps is a policy worthy of particular attention. International assistance in establishing safety nets and funding their operation over a potentially prolonged period of high food prices can make a helpful contribution to reducing food insecurity.

A top priority for the international community should be to increase investments in agricultural innovation systems, with a particular focus on smallholder agriculture.

POLICY OPTION 15 - Establish a new instrument of financial solidarity

- The international community should consider creating a new instrument of financial solidarity that establishes a relationship between what governments in well-off countries do for their farmers and assistance to agriculture and food security in poor countries. This instrument would come in the form of an agreement in which all developed and emerging countries provide financial support for measures aimed at improving food security and fostering agricultural development in low-income countries in need of support. Contributions would be made in proportion to the magnitude of their overall trade distorting domestic support (OTDS). This innovative approach would constitute a direct response, in the context of trade, to one of the biggest challenges to have emerged in the world's food and agriculture sector in recent years.

FOSTERING HIGHER AGRICULTURAL PRODUCTIVITY

POLICY OPTION 16 - Increase investments in agricultural innovation systems

POLICY OPTION 17 - Remove barriers to the adoption of productivity-enhancing technologies

- Boosting productivity, specifically in least developed countries, is a promising approach to advance living conditions in rural areas, reduce poverty, and enhance food security. At the same time, it is the most adequate response to the shift from demand- to supply-constrained circumstances in global agriculture and related concerns over the world's capacity to feed a growing population. A top priority for the international community should thus be to increase investments in agricultural innovation systems, with a particular focus on smallholder agriculture. In addition, it is important to work towards the removal of barriers to the adoption of productivity-enhancing technologies, rather than the use of input subsidies. Secure rights over key production resources (in particular land and water) are a prerequisite for effective incentives to engage in agricultural productivity improvement.

PRIORITIES AND NEXT STEPS

Priorities for policy orientation are shaped by the most pressing challenges of the time. The changing conditions in agricultural markets since the turn of the century have brought to the fore the need to sharpen the focus on food security

and fostering agricultural development on a sustainable basis, with a particular focus on smallholders in least developed countries. Doing so will demonstrate what international trade, and the regime governing it, can constructively do for developing countries.

At the same time, work must continue towards strengthening competitive markets, reducing trade barriers and minimizing policy-induced distortions while providing urgently needed public goods. International trade is a powerful engine to improve food security. The new developments in the world's agriculture and food economy have made it vital that markets for food and agricultural products operate efficiently so as to ensure optimal resource utilization and feed a growing and more demanding population. As developing and emerging countries, on aggregate, exhibit rising demand for food imports, they will have a strong interest in ensuring that food and agricultural trade flow freely.

The policy options have been formulated with these priorities in mind. Several can be pursued in the short term while others may require more time.

SHORT-TERM OPTIONS

A primary candidate for an early agreement would be a resolve to establish a new instrument of financial solidarity, whereby all developed and emerging countries make financial support available in proportion to their OTDS for projects to improve food security in poor countries. Other options that can be pursued in the short term include: creating more transparency on export taxes and restrictions; exclusion from export restrictions of shipments destined to serve as food aid to countries in an emergency; more transparency regarding government support to biofuels; improved monitoring and surveillance under the AoA; and strengthened support to the Standards and Trade Development Facility.

MEDIUM-TERM OPTIONS

Policy options that may require more time in both conceptual and negotiating terms include: binding of export taxes as a high priority; clarification and amendment of Green Box rules; and improved transparency regarding SPS measures.

LONG-TERM OPTIONS

Policy options that could be considered over a longer time horizon include: new incentives for compliance with monitoring requirements under the AoA; establishment of disciplines on support for biofuels; and clarification of the conditions under which the WTO permits border measures designed to prevent carbon leakage and equivalent impacts. Outside the WTO, the international community should work towards:

improved market transparency; support for emergency reserves; assistance for strengthened social safety nets; and measures that foster agricultural productivity.

PROCESS

Consideration of some of the policy options summarized herein could possibly be included in the work programme on the remaining Doha Development Agenda issues currently discussed among WTO members in line with the Bali Ministerial Declaration and subsequent decisions of the WTO General Council. Should deliberations result in agreement on any given item before the Doha Round is concluded, that item should, if appropriate, be implemented right away. Alternatively, it can be set aside for later inclusion in a Doha agreement. Elements requiring more time for deliberation and negotiation may reach maturity only after the Doha Round is concluded.

Finding agreement on new policy options such as those suggested above would send a positive signal that the international trade regime has the capacity to respond to acute challenges without diminishing efforts to come to grips with ongoing negotiations. The new developments in food security and agriculture that have occurred since the beginning of the 21st century are worth a serious attempt to move beyond business as usual.

Finding agreement on new policy options would send a positive signal that the international trade regime has the capacity to respond to priority challenges in a changing environment.

TABLE SUMMARY OF MAIN POLICY OPTIONS

POLICY OPTION	TIMESCALE	CURRENT STATUS	GAP	STEPS	PARTIES INVOLVED
Adapting the WTO Agreement on Agriculture and the SPS Agreement					
1. Transparency regarding export taxes and restrictions	Short Term	AoA Art12. calls for consultation and advance notice (only developed countries and developing exporters)	Export taxes and restrictions often not notified or notifications delayed, no prior notice or consultations	Build trust among WTO members and raise awareness of mutual advantages to be gained through increased transparency	WTO members
2. Procedure to identify whether an export restriction is needed for domestic food security reasons	Short Term	GATT Art XI:2(a) allows export prohibitions or restrictions "to prevent or relieve critical shortages of foodstuffs"	No such procedure established, requirement not enforced in practice	Build trust among WTO members and raise awareness of mutual advantages to be gained through increased transparency	WTO members
3. Exclude from export restrictions shipments destined to serve as food aid in an emergency	Short Term	G20 leaders agreed declaration 2011	Not adopted at WTO	Revisit issue, building on current broader interest in trade and food security at WTO	WTO members
4. Binding of export taxes	Medium Term	Not bound	Many exporting countries want to see market access barriers addressed first	First adopt short-term policy options such as improved transparency on export taxes + restrictions; address as broader discussion on balance of commitments undertaken by exporters, importers	WTO members
5. Transparency regarding government support to biofuels	Short Term	Ethanol and biodiesel support notified separately at WTO (or not at all)	Detailed information on biofuels support unavailable	Build on current concerns about improving data and transparency on farm support at WTO	WTO members
6. Disciplines on support for biofuels	Long Term	Support for biofuels is subject in principle to AoA and ASCM requirements	No biofuels-specific domestic support commitments	Negotiate specific disciplines limiting the extent to which biofuels can benefit from trade-distorting support	WTO members
7. Clarification and amendment of Green Box rules	Medium Term	Payments for "public goods" currently treated the same as other types of Green Box subsidies	Different treatment for "public goods" payments such as general services payments and environmental payments, relative to e.g. income support payments	Address as part of broader negotiation over reformed farm subsidy disciplines, possibly as part of future "built-in agenda"	WTO members
8. Adoption of suggestions for improved monitoring and surveillance in Annex M of the draft Modalities	Short Term	Annex M tabled 2008 in Rev.4	Members currently disagree over status of Rev.4	Seek agreement on "early harvest" of Annex M / incorporation into eventual deal	WTO members
9. Incentives for compliance with monitoring requirements and respect of deadlines	Long Term	AoA Art.18 sets out requirements for the review process, including notifications	No or minimal sanctions or incentives for timely compliance with monitoring and reporting requirements	Members could explore this policy option as part of a broader discussion on transparency and monitoring at the WTO	WTO members, WTO Committee on Agriculture, WTO Secretariat
10. Increase support to the Standards and Trade Development Facility	Short Term	Developing countries face constraints in establishing effective SPS regimes	Ensuring developing countries can build capacity to implement SPS standards + guidelines could help producers integrate effectively into regional and global markets	Governments agree to increase support to the Standards and Trade Development Facility as an "early harvest" on trade	WTO members

POLICY OPTION	TIMESCALE	CURRENT STATUS	GAP	STEPS	PARTIES INVOLVED
Preparing WTO Rules for the Future					
11. Clarification regarding border measures to prevent carbon leakage	Long Term	No clarity at present over how such measures would be treated under WTO law	Risk that dispute settlement process substitutes for agreed solution in absence of informed debate, negotiation	Build trust and awareness of mutual benefits of agreed solution through debate in margins of Committee on Trade and Environment	WTO members, WTO CTE, UNFCCC
International Cooperation to Improve Food Security					
12. Improved market transparency	Long Term	Agricultural Market Information System (AMIS) aims to promote increased market transparency among G20 countries	More and better data needed for AMIS to function properly	Build trust among G20 countries, raise awareness of mutual advantages to be gained through increased transparency	G20, AMIS, private farms and commercial enterprises
13. Support for emergency reserves	Long Term	Existence and effectiveness of emergency reserves varies across countries and regions	World Food Programme supported development of pilot project in West Africa; also ASEAN collaboration on rice reserves	G20 action to build on experience with pilot projects etc. since 07-11 food price spikes	WFP, G20
14. Assistance for strengthened social safety nets	Long Term	Existence and effectiveness of social safety nets varies across countries and regions	ILO work on social protection floor, but no global framework to support strengthened social safety nets exists	A "global food stamp scheme" could support purchasing power of poor consumers and establish a framework to support strengthened social safety nets without distorting trade	ILO, World Bank, WFP, UNDP
15. Establish a new instrument of financial solidarity	Short Term	No such instrument currently exists	Agricultural productivity currently financed through CGIAR system, and work of IFAD, FAO, plus bilateral donor support: no link to trade-distorting support levels	G20 countries could provide political impetus in support of this initiative, with follow up through WTO and other relevant agencies	WTO members, G20, CGIAR, IFAD, FAO
Fostering Agricultural Productivity					
16. Increase investments in agricultural innovation systems	Long Term	Investments in agricultural innovation systems funded publically through CGIAR system, universities etc. and privately (R&D spending)	New financial solidarity instrument or other innovative financing mechanisms could establish more secure financial basis for investment in agricultural innovation systems	G20 countries could provide political impetus in support of this initiative, with follow up through WTO and other relevant agencies	WTO members, G20, CGIAR, IFAD, FAO
17. Removal of barriers to the adoption of productivity-enhancing technologies	Long Term	Security of rights over key production resources (land, water etc.) vary across countries and regions	In many countries rights over key production resources are not secure, meaning agricultural productivity is affected	Governments develop adequate systems to safeguard rights over productive resources, especially for small farmers and vulnerable rural communities	National governments

EXPERT GROUP PAPERS AND THINK PIECES

The papers commissioned for the E15 Expert Group on Agriculture, Trade and Food Security Challenges can be accessed at <http://e15initiative.org/publications/>.

Blandford, David. 2013. *International Trade Disciplines and Policy Measures to Address Climate Change Mitigation and Adaptation in Agriculture*. E15Initiative. Geneva: International Centre for Trade and Sustainable Development (ICTSD) and World Economic Forum.

Bureau, Jean-Christophe, and Sébastien Jean. 2013. *Do Yesterday's Disciplines Fit Today's Farm Trade? Challenges and Policy Options for the Bali Ministerial Conference*. E15Initiative. Geneva: International Centre for Trade and Sustainable Development (ICTSD) and World Economic Forum.

Chatterjee, Bipul, and Sophia Murphy. 2013. *Trade and Food Security*. E15Initiative. Geneva: International Centre for Trade and Sustainable Development (ICTSD) and World Economic Forum.

Diaz Bonilla, Eugenio. 2013. *Agricultural Trade and Food Security: Summary of Issues*. E15Initiative. Geneva: International Centre for Trade and Sustainable Development (ICTSD) and World Economic Forum.

Josling, Timothy. 2013. *Transparency, Monitoring and Surveillance: Policy Options for the Multilateral Trade System*. E15Initiative. Geneva: International Centre for Trade and Sustainable Development (ICTSD) and World Economic Forum.

Meyer, Seth and Josef Schmidhuber. 2014. *Has the Treadmill Changed Direction? WTO Negotiations in the Light of a New Global Agricultural Market Environment*. E15Initiative. Geneva: International Centre for Trade and Sustainable Development (ICTSD) and World Economic Forum.

Tangermann, Stefan. 2016. *Agriculture and Food Security: New Challenges and Options for International Policy*. E15 Expert Group on Agriculture, Trade and Food Security Challenges – Policy Options Paper. E15Initiative. Geneva: International Centre for Trade and Sustainable Development (ICTSD) and World Economic Forum.

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The experts participated in their personal capacity. The analysis and policy recommendations are not attributable to any institution with which members of the E15 Expert Group are associated.

E15 INITIATIVE: EXPERT GROUPS AND TASK FORCES

In the quest for effective responses to the challenges faced by the global economy at this time, foremost experts were invited to contribute to 15 thematic groups as well as three task forces addressing horizontal issues. The groups met regularly between 2012 and 2015 with the goal of delivering a set of policy options on the occasion of the WTO's 20th anniversary. These options are intended to animate discussions and feed the present and future international trade and investment policy agenda for sustainable development. The full volume of policy options papers, jointly published by ICTSD and the World Economic Forum, and launched at the Forum's Annual Meeting in Davos-Klosters in 2016, is complemented with a monograph that consolidates the options into overarching recommendations for the international trade and investment system for the next decade. The second phase of the E15 Initiative in 2016–17 will see direct engagement with policy-makers and other stakeholders to consider the implementation of E15 policy recommendations.

E15 INITIATIVE THEMES

- 1 – Agriculture and Food Security
- 2 – Clean Energy Technologies
- 3 – Climate Change
- 4 – Competition Policy
- 5 – Digital Economy
- 6 – Extractive Industries
- 7 – Finance and Development
- 8 – Fisheries and Oceans
- 9 – Functioning of the WTO
- 10 – Global Trade and Investment Architecture*
- 11 – Global Value Chains
- 12 – Industrial Policy
- 13 – Innovation
- 14 – Investment Policy
- 15 – Regional Trade Agreements
- 16 – Regulatory Coherence
- 17 – Services
- 18 – Subsidies

* Policy options to be released in late 2016

Implemented jointly by ICTSD and the World Economic Forum, the E15 Initiative convenes world-class experts and institutions to generate strategic analysis and recommendations for government, business and civil society geared towards strengthening the global trade and investment system for sustainable development.



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