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ELABORATION OF US AGRICULTURE PROPOSAL
WITH RESPECT TO FOOD SECURITY

Submitted by the United States

GATT SECRETARIAT

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ELABORATION OF U.S. AGRICULTURE PROPOSAL
WITH RESPECT TO FOOD SECURITY

The United States has proposed the comprehensive liberalization of and improved GATT disciplines for trade in agricultural products. The U.S. GATT Agriculture proposal calls for the elimination of all market access barriers and subsidies which affect trade as well as the harmonization of health and sanitary measures.

We recognize that food security is a concern of all GATT member countries. An effective global trading system is important in providing the type of economic environment such that each nation can assure access for all its people to enough food for an active healthy life. However, food security need not imply food self-sufficiency pursued behind restrictive trade barriers.

Food security and self-sufficiency are not one and the same objective or goal. Food security is the ability to acquire the food you need, when you need it. Food self-sufficiency means producing some portion of one's own food supply from domestic resources, regardless of market forces, with deliberate intent of displacing imports or reducing import dependence. However, food security does not demand self-sufficiency. In some cases, in fact, self-sufficiency can actually work against food security goals.

Self-sufficiency, as distinct from food security, is no longer justified by the possibility of massive global food shortages. Throughout human history, up until the technological advances of the green revolution, a global food shortage due to crop failures was a conceivable, and often real, threat. Today, due to the greatly diversified sources of agricultural products and the worldwide integration of agricultural trade, it is highly improbable that food shortages caused by shortfalls in agricultural production would have a lasting or harmful global impact. For example, the largest year-to-year reductions in world grain output in the last 25 years has been only five or six percent. Most annual variations fall within two percent. Good crops in some locations offset the quantitative effects of poor crops in others. Thus, the world market has been a dependable, stable source of food.

Disruptions or slowing of normal food supplies for short periods can be covered by stockholding at levels required to cover short-term needs. Countries which artificially maintain high levels of self-sufficiency gain minimal benefits in supply stability compared to that available on the world market. Yet

the costs of self-sufficiency, due both to comparative disadvantage in production and the much higher risk and variability of individual country output means that artificially self-sufficient countries are paying very high costs for very meager benefits.

Domestic policies used to achieve self-sufficiency inevitably involve misallocation of resources through production support pricing, subsidies, import barriers and, on occasion, export controls. The adverse economic impact of these misguided policies is not confined to the countries utilizing the measures but is invariably spread to others through the limitation and reduction of access opportunities and unfair competition from dumped surpluses.

We believe that food security concerns of member countries, whether related to dependability of supply or ability to pay, can be addressed effectively without recourse to trade distorting policies. An unrestricted global trading environment will encourage the efficient use of national resources within and between countries. More efficient use of each country's domestic agricultural resources will enhance national income and increase consumer purchasing power. At the same time, food assistance programs have a critical and legitimate role in addressing food needs both in a national and international context. Therefore, in developing the U.S. agricultural negotiating proposal, bona fide food aid was specifically excepted from the phased elimination of all government programs that distort trade.

Recent World Bank sponsored studies demonstrate the gains to global food security from unrestricted agricultural trade: importing countries benefit from more reasonable food prices and more choice as to where to buy and when; exporting countries gain from more efficient and lower cost production; all countries benefit from more stable world prices and supplies. Accordingly, the U.S. is prepared to discuss appropriate means of building national food security for all GATT members as part of the process of global agricultural trade liberalization.

Access to supplies by food importing countries is critical to an effective global trading system. Embargoes on food exports are as distortive as barriers to food imports. There is no place for either in a global trading system. The United States, as a food exporting nation, is sensitive to its responsibility to those nations which count on free access to U.S. markets for the foods they need. Therefore, we propose removing from GATT Article XI 2.(a) permission for GATT Contracting Parties to restrict or prohibit exports of agricultural food products to relieve critical shortage.