

**Private Sector Mechanism Position Paper**  
May 2016

**TRADE FOR FOOD SECURITY AND NUTRITION**

Trade and trade policies have a strong relationship with food security and nutrition. They influence global food availability, as well as production, food exports and imports (including food aid) at the national level. Policies have an impact at all levels. For instance, policies may affect producers' ability to supply to deficit countries, which results in high prices for consumers' and key staples and potentially leading to civil unrest. Trade policies also have a knock on effect on farmers' and countries' decisions to invest in agriculture and to adopt new technologies. They affect the cost of food and they impact the level and stability of economic growth, as well as on that growth's employment generation, income distribution patterns, and poverty effects.

Reforming and encouraging policies to promote free trade of agricultural goods can provide significant economic opportunity for farmers while also expanding consumers' access to safe and affordable goods.

The Private Sector Mechanism (PSM) wishes to share with CFS stakeholders the below messages on trade for food security and nutrition:

- Open markets and private enterprise are critical for development and are an important part of achieving food security goals.
- All forms of private enterprise – domestic markets, foreign investment and international trade – require an operating environment conducive to growth and development, including: peace and stability, the rule of law, good governance with accountability and transparency, the absence of corruption, adequate infrastructure, an educated workforce, respect for property rights, open markets and trade, and enforceable contracts.
- Food insecure countries need to set the right framework to encourage domestic investment, including stable macroeconomic policies that limit capital flight, reliable government data on market conditions, training and access to information on market developments, sound information disclosure practices, and clear, stable and efficient regulatory frameworks for doing business.

The PSM proposes the following policy recommendations on trade:

- Improve trade mechanisms and the harmonisation of standards, phytosanitary rules, and technology approvals.
- Improve and promote trade policies at global, regional and local levels, including finalising the WTO Doha Round and prohibiting export and import restrictions to encourage free trade.
- Establish emergency reserves to ensure availability for the most vulnerable.
- Establish transparent monitoring and data-sharing on supply, demand, stocks, price, and quality of agricultural commodities, as well as provide adequate training on how to use these tools.
- Improve smallholder farmers' access to markets through investments in transport and storage infrastructure, refrigerated storage as well as information access.

- Harness global markets to facilitate and grow regional and global value chains, support development of sustainable supply chains, build local capability, and minimize unnecessary barriers to trade.
- Encourage trade among food insecure countries and recognise the need to procure aid from the most efficient source be it local, regional or international sources. However, self-sufficiency rather than aid should be the goal.
- Stimulate initiatives that create jobs, stimulate trade and generate increased income by enhancing food value chains, including through the development of local and sustainable supply chains and services.
- Increase food available for consumption and trade by leveraging production systems to yield more diversified and nutritious foods sustainably; thus, contributing to meeting food production target increase of 70-100% by 2050.
- Identify policy, institutional, and regulatory barriers to trade which reduce the ability of markets to adapt to constraints (e.g., seasonality of food supply, surplus/scarcity regions and post-harvest loss).