

FOOD SECURITY AND FOOD SOVEREIGNTY IN THE CONTEXT OF WTO RULES

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Hot topics such as food security and food sovereignty in Russia have become even hotter. Both terms are frequently confused between each other, being considered at least complementary, if not identical. According to Russia's Food Security Doctrine 2010, achieving food sovereignty tends in most cases to lower the level of food security of Russia's population. This article provides rationale for and examples of the situation at hand.

It was mentioned in the discussions between Russia's experts, while the protocol of Russia's accession to the WTO was under ratification, that this event would lower food security in this country¹. This confirms that there is certain confusion in how "food security" is defined in Russia and other countries. According to the international interpretation of food security, the WTO accession created conditions leading to a better food security.

The participants of the World Food Summit on Food Security (1996) adopted the following definition: "Food security exists when all people, at all times, have physical, social and economic access to sufficient safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life"². In other words, the more people in a country have economic access to food products, thus being provided with a healthy and active lifestyle, the higher is the level of food security in the country.

In the Food Security Doctrine³, the share of domestic agricultural products, fish products, and food products in the total volume of goods is accepted as criterion for assessing food security. The same indicator is accepted as a measure of food sovereignty once it has reached its threshold level. However, in our opinion, this standard is wrong, because food sovereignty often comes into conflict with food security.

The WTO is a trade organization designed to lower trade barriers. It is assumed that goods and commodities should move through lowest possible trade barriers whereby advantages for cheaper products should be created. In this context, the WTO provides conditions allowing lower income persons to have better access to food products either through price-competitive domestically manufactured products, or cheaper

imported food products. From this point of view, the WTO creates no conditions for lowering food security in Russia, as it is understood in the Doctrine.

Any country, Russia is no exception, can hardly create conditions allowing for low-cost production of all agricultural products. It is obvious that a free market will favor the development of lowest-cost-possible production. On the contrary, products whose production cost is higher than that in global markets will fail to compete with imported products. In order to manufacture such higher cost products, a state must either subsidize consumers so that they buy more expensive domestically manufactured products, or producers so that they can cover their losses while selling their products at prices lower than the production cost. The idea of food sovereignty vs. imports can hardly come true unless the state takes the above mentioned measures. There is another way: the state may close its borders by imposing import duties whereby making the price of imported products comparable with (or even more expensive than) domestically manufactured products. Households have to buy domestically manufactured products, at a higher price though. However, this interferes with economic access to food products and worsens food security. The WTO's objective is cope with the latter two cases. The first option is consumer support, which comes into no conflict with the WTO standards, because in this case households use public money, but they will buy cheaper products anyway.

State support, the size of which is agreed with the WTO on a country-specific basis, is often provided to most competitive product which is exported in large volumes to other countries. There is nothing wrong about importing a cheaper product for the benefit of consumers. However, according to the Russia's Doctrine, food sovereignty will exist only for exported products while there will be dependence on imported food products.

From the WTO standpoint, this is a normal situation which is determined by the international division of labor. From the food security standpoint, it will also be good if households buy food products, spending less,

1 Krylatikh A. Food security and Russia's accession to the WTO / *Sovremennaya Europa*, 2012. – No. 4.

2 Terms and Definitions. Committee on World Food Security. Online source: <http://www.fao.org/docrep/meeting/026/MD776R.pdf>

3 The Food Security Doctrine of the Russian Federation adopted by the Executive Order of the President of the Russian Federation on January 30, 2010, No. 120.

whereas it is not the case from the standpoint of Russia's Food Security Doctrine. According to the Doctrine, it is food sovereignty that is the food security criterion.

According to the Doctrine, food security arises only when the share of domestically manufactured products in product resources for each group of commodities has reached the established level. In this case, it doesn't matter how many products are exported to other countries. This is not in debate here how much it would cost for consumers, how many domestically manufactured products consumers will be able to buy. However, in the case when food products are managed to be produced domestically at a cost lower than or equal to the global production cost, food sovereignty comes into no conflict with food security: domestic production creates no worst conditions for economic access to food products. If prices of domestically manufactured products are higher but the state is keen to provide food sovereignty, then food security gets worse, because economic access to food products deteriorates. In other words, food sovereignty comes into conflict with food security.

Hence strengthening food sovereignty only in specific cases may help improve food security. In this case, the WTO rules will not be an obstacle as well. However, not all domestically manufactured food products are competitive in price with imported food products. According to the OECD¹ estimates (2010–2012), Russia provided a heavy price support to most of the domestically manufactured food products: food producers nominal protection coefficients (except grains and potatoes) is above 1. This implies that import duties, market shutdown and less formal barriers of the state make prices of food products in Russia higher than those in the neighboring exporting countries (*Table 1*).

Table 1

**PRODUCER NOMINAL PROTECTION COEFFICIENT
IN RUSSIA (2010–2012)**

Food products	Coefficient	Food products	Coefficient
Wheat	0.89	Beef	1.29
Corn	0.64	Pork	1.96
Barley	0.83	Poultry	1.19
Sunflower	1.03	Eggs	1.0
Milk	1.18	Potatoes	1.0

Source: Agricultural Policy Monitoring and Evaluation, 2013: OECD Countries AHD Emerging Economies, OECD Publishing, 128 p.

The OECD estimates show that internal prices of grain were lower than those in the global markets. This is why Russia's grain is competitive in the external markets and was heavily exported even before the ruble

depreciated in 2014. The products of producers of potatoes, eggs, sunflower oil are also competitive. In general, following the ruble's exchange rate depreciation in 2014, the price of almost all domestically manufactured food products, except pork, lowered against that of imported goods inside the country.

Russia's food sanctions closed down some countries from its market. What is happening with food security and food sovereignty? This is a controversial question. Many have started to talk about Russia's agricultural producers having a chance to substitute imported food products. Instant substitution, however, is technically impossible, because products must be grown, and a lot must be constructed before that. Therefore, some importers were rapidly substituted with others. Food sovereignty remained intact amid importers substitution, while food security deteriorated, because more expensive food products emerged instead of relatively cheap products from traditional suppliers.

Russia's agricultural producers took no advantage of the introduction of ban on imports from the traditional importing states. The decline in imports (which has been seen since September 2014, imports in October 2014 accounted for 83% of imports in October 2013) could have created a niche for Russian food products. However, the prices of domestically manufactured basic food products were higher than those of imported food products. In this case, food sovereignty improved (imports decreased), whereas food security deteriorated (products' price went up). However, the ruble's exchange rate slump did create favorable conditions for Russian agricultural producers. Since almost all domestically manufactured food products have becoming cheaper than imported products, the former will be more attractive for buyers, while agricultural producers will keep developing. Some favorable changes are being visible even now. For example, the share of agricultural producers in the final product price has been increasing. There is another positive signal: growth rates in the resource price is still slower than growth rates in the price of agricultural products. In other words, the ruble's exchange rate slump gave rise to conditions under which food sovereignty may not come into conflict with food security.

Finally, it's worth noting that the endeavor to ensure food sovereignty of the country as to all food products may worsen food security. In this case, to assess food security, it would be reasonable to (1) apply an integrated indicator of food sovereignty rather than of specific food products; (2) this indicator should be applied on a limited basis. To assess food sovereignty, it would be reasonable to apply indicators showing the degree of households access (by income) to food products. ●

¹ Organization for Economic Co-operation and Development (OECD)