



# Quaker United Nations Office

## New Framework for Trade and Investment in Agriculture

### QUNO's vision

November 2013

*The Quaker United Nations Office (QUNO) is working with others to explore the purpose, structure and direction of the governance of trade and investment in agriculture. To do this, we are stepping back from international negotiations relating to trade and investment in agriculture and asking questions about what an ideal framework to govern trade and investment in agriculture should look like.*

### Problem statement

The current multilateral framework governing international agricultural trade was designed a quarter of a century ago, as part of the World Trade Organization (WTO). As a result, it defines rules for the most prevalent problems of the late 1980s and early 1990s. It proposes solutions based on analysis of the situation at that time and assumptions about how agricultural production, trade and investment would evolve.

Since 2007 however, the situation on world markets for agricultural goods has changed dramatically. International cereal prices have spiked three times in the past five years, and they remain both volatile and high by recent standards. Observers expect volatility to be a continuing feature of food prices in the short to medium term. Alongside this are concerns surrounding the effects of climate change, the marked increase in domestic and foreign investment in agricultural land, mandatory biofuel targets, changing consumption patterns, and market deregulation.

Although the WTO has a multilateral agreement on investment (Agreement on Trade-Related Investment Measures, or TRIMS), there are few binding rules to guide international investment.

There has also been less engagement by civil society on the question of investment in agriculture, (with the exception of land investments). And there has been no agreement among governments on how to establish binding rules in this area that would protect public interests. This has created a poorly regulated space, which some investors have exploited at the expense of communities living in some of the world's poorest countries. More broadly, investment in new agricultural productive capacity, and in food processing and distribution systems, has grown significantly in some parts of the world over the past 10 years, in a context of increasingly deregulated capital flows. The results both reflect and have contributed to a shift in where food is grown and where it is consumed, as well as in what commodities are produced.





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These new features of the global agricultural situation are not adequately reflected in the proposals for the reform of international rules relating to trade and investment in agriculture in the context of the WTO. And proposals made outside that multilateral framework are for the most part not becoming reality, for lack of an appropriate forum or for want of political will.

Even if the future had panned out as GATT Members had expected it would when they adopted the Uruguay Round Agreements that created the WTO, many observers argue that the export-oriented nature of the WTO Agreement on Agriculture (AoA), and its objective of increasing trade in agricultural products, was too one-sided. They argue that the AoA ignores that agriculture is not only a complex area of policy, but also provides a basis for food security, livelihoods, employment and development in ways that often escape monetary quantification. Others, though less critical, question the existing rules from a trade perspective.

## The Opportunity

Many economists, politicians, NGOs and trade diplomats agree that WTO and other international rules relating to trade and investment in agriculture are inadequate.<sup>1</sup> This provides an opportunity for governments and civil society to think anew about what the global governance of trade and investment in agriculture should look like.

QUNO has a long history of working with others, in complex negotiating conditions and on difficult issues. We sense that now, through sharing expertise and experience, we can jointly propose a new, credible and robust framework for trade and investment in agriculture.

## Vision

QUNO considers that some level of agricultural trade makes sense.

We are also convinced that food should not be treated as just another commodity.

QUNO believes that by placing people's human rights and dignity alongside sustainability and food security as the central objectives of agricultural trade, it is possible to conceive a framework of rules governing trade and investment in agriculture.

QUNO envisions a framework that is adaptable to the evolving complexities of the world today and in the future, a framework that recognizes the importance of global institutions such as the CFS, as well as other levels of governance, whether regional, national or sub-national.

We view the multilateral framework as a potentially valuable context for developing, implementing and administering a set of principles and rules for trade and investment in agriculture. This framework should uphold the right to food and give a voice to the world's most vulnerable and marginalized inhabitants.

We believe that it is possible to significantly improve the ability of all people, at all times, to have physical, social and economic access to sufficient, safe, culturally appropriate and nutritious food that meets their dietary needs and food preferences for active and healthy lives. We believe that this is achievable in a way that is sustainable and that respects people, their culture and their environment. Trade and investment should be recognized as two of many tools to this end. They are not ends in themselves.

*For more information see [www.quno.org/economicissues/index.html](http://www.quno.org/economicissues/index.html) or email [nftia@quno.ch](mailto:nftia@quno.ch)*

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1. This is borne out, inter alia, by a survey that QUNO undertook in 2013. The results and analysis of the survey will be available at [www.quno.org/economicissues/index.html](http://www.quno.org/economicissues/index.html) in January 2014.