



Note

Towards Food Security in South and Southeast Asian times of Crisis

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Summary

This note examines the state of play of concerned countries' food security and agricultural sectors, providing some details from regional to country level, with specific data provided to grasp the national realities. It then goes into the trade-related support measures that have been implemented in view of promoting food security and agriculture in the region; from market access, public stockholding and domestic support to export restrictions. With examples from various countries in the region. The note closes with some potential path forwards for the delegates in Geneva and policy makers of the countries at stake to support more food security in the region.

State of play of concerned countries' food security and agricultural sectors

Regional Level Perspective

Although South and South-east Asia (S&SEA) have experienced considerable economic growth in recent years, the region still suffers from chronic malnutrition.¹ 64.7 million people experienced undernourishment in Southeast Asia² in 2019, and 18.7% of people in South Asia experienced severe food insecurity in 2019.³

The COVID-19 pandemic has been a “huge blow”⁴ to the agricultural sector in S&SEA, but it also created an opportunity to integrate food systems transformation to overall development strategies⁵ in the region. Increased digitization, strengthened accreditation and regulatory institutions, as well as more accessible financial resources are some productive responses to COVID-19's impact on the agricultural sector.⁶ The war in Ukraine has compounded with COVID-19 to create a burgeoning world food crisis. Much of S&SEA is unable to produce wheat due to climate change impact,⁷ and therefore import wheat from other countries. The war in Ukraine and resulting increase in the price of wheat threatens the food security of countries like Bangladesh, which sources half of its wheat imports from Russia and Ukraine and Pakistan that sources 39% of its

wheat imports from Ukraine.⁸

Most recently, in May of 2022, India banned wheat exports due to a “record-shattering heatwave”⁹ and compounding effects of COVID-19 and the war in Ukraine on its domestic wheat supply and wheat prices. India said it will still allow exports backed by already issued letters of credit and to countries that request supplies to meet their food security needs.¹⁰ Wheat exports by India could drive up global wheat prices which would have a particularly strong impact for poor consumers in Asia. Bangladesh will be particularly affected by this decision, as it accounts for 55.9% of India's wheat exports. Sri Lanka (7.9% of India's wheat exports) and Nepal (3.8%) may also see significant effects.¹¹ Although the ban is not permanent, there is no specific end date for its end. Before the ban, India had aimed to ship a record 10 million tonnes of wheat in 2022.

Major agricultural imports in the South Asian countries covered in this report consist primarily of foodstuffs like wheat, palm oil, dried legumes, and soybeans. Southeast Asian countries in this report have a diverse agricultural import profile.

As a staple food, rice self-sufficiency is a primary goal of many South East Asian countries' agriculture and food security agendas, with most countries producing rice primarily to meet domestic demand, which is expected to expand in the future due to population growth.¹² Maize,

¹ The World Bank Group. 2022. “South Asia Food and Nutrition Security Initiative (SAFANSI): Overview.” <https://www.worldbank.org/en/programs/safansi>

² Lin, H.I., Yu, Y.-Y., Wen, F.I. and Liu, P.-T. 2022. “Status of Food Security in East and Southeast Asia and Challenges of Climate Change.” *Climate*, MDPI, 10(3) p.14. <file:///Users/kensingtonspeier/Downloads/climate-10-00040-v2%20.pdf>

³ The World Bank Group. 2019. “Prevalence of severe food insecurity in the population (%) - South Asia.” Food and Agriculture Organisation of the United Nations (FAO). <https://data.worldbank.org/indicator/SN.ITK.SVFI.ZS?locations=8S>

⁴ Mohan, Anisha. 2021. “2021 Global Food Policy Report: COVID-19's impact on agriculture and food systems in South Asia.” International Food Policy Research Institute (IFPRI), CGIAR. <https://www.ifpri.org/blog/2021-global-food-policy-report-covid-19s-impact-agriculture-and-food-systems-south-asia>

⁵ Ibid.

⁶ UNESCAP 75 and Asian Development Bank. 2021. “Asia-

Pacific Trade Facilitation Report 2021: Supply Chains of Critical Goods Amid the COVID-19 Pandemic: Disruptions, Recovery, and Resilience.” p.xvi.

https://www.unescap.org/sites/default/d8files/knowledge-products/APTF%20Report_Supply%20Chain%20Resilience.pdf
⁷ Lin, 2022:5.

⁸ Rizvi, Osama. 2022. “Ukraine Crisis and Food Security in South Asia.” *The Diplomat*.

<https://thediplomat.com/2022/03/ukraine-crisis-and-food-security-in-south-asia/>

⁹ Al Jazeera. 2022. “India bans wheat exports, cites food security and soaring prices.” <https://www.aljazeera.com/news/2022/5/14/india-bans-wheat-exports-cites-food-security-and-soaring-prices>

¹⁰ Ibid.

¹¹ CNBCTV18.com. 2022. “India's export ban makes wheat more expensive than ever - these countries would be the worst hit.” <https://www.cnbctv18.com/agriculture/indias-wheat-export-ban-will-hit-these-countries-the-most-13497762.htm>

¹² Lin, H.-I.; Yu, Y.-Y.; Wen, F.-I.; Liu, P.-T. “Status of Food

soybeans, sugar, and cassava are other “priority crop commodities for food security,” accounting the ASEAN’s Integrated Food Security (AIFS) Framework.¹³ Fisheries and aquaculture account for the largest sector of animal products in these regions, although demand for red meat is rising.¹⁴

A closer look at National Level

Many of the S&SEA countries covered in this note are either LDCs or qualify or could qualify as Net Food Importing Developing Countries (NFIDCs). This identification allows countries to monetize international food aid and access extended maximum repayment periods for the acquisition of basic foodstuffs. NFIDCs may also benefit from additional technical and financial assistance for enhancing agricultural infrastructure and productivity,¹⁵ increased access to international financial institutions, like the International Monetary Fund (IMF) and World Bank, and preferential treatment in agreements on agricultural export credits.¹⁶ Obtaining NFIDC status also extends the WTO deadline for eliminating export subsidies to 2030, which is also the deadline for Least Developed Countries (LDCs). Otherwise, developing countries must eliminate export subsidies by 2023.¹⁷

Bangladesh is an LDC and could apply for NFIDC status upon graduation from LDC to developing

country status, set to occur in 2026.¹⁸ 31.9% of people in Bangladesh experienced moderate or severe food insecurity in 2019.¹⁹

In 2020, Bangladesh primarily imported food stuffs including wheat (15.2%), palm oil (10.6%), soybeans (9.92%), and raw sugar (8.56%), with dried legumes, soybean oil, corn, and concentrated milk as other significant imports.²⁰ Bangladesh’s largest agricultural and food exports are crustaceans, (32.2% of all agricultural exports), pure vegetable oils, excluding rapeseed oil (11.5%), raw tobacco (8.57%), and baked goods (5.63%).²¹

Pakistan is an NFIDC,²² and moderate or severe food insecurity in Pakistan is expected to rise considerably in the next decade, from 16% in 2020, according to the government, to an expected 38% by 2031.²³ “Agriculture accounted for 25.7% of GDP in 2020/21, and 39.2% of total employment in 2018/19.”²⁴ The country is currently shifting away from crop agriculture and towards more livestock farming.

Pakistan has a similar agricultural import profile to Bangladesh, with its primary agricultural imports in 2020 being palm oil (27.2%), wheat (12.8%), soybeans (10.5%), and dried legumes (10.2%), as well as tea (8.16%).²⁵ Rice (43%) is by far Pakistan’s largest agricultural export, with

Security in East and Southeast Asia and Challenges of Climate Change.”

Climate 2022, 10, 40. <https://doi.org/10.3390/cli10030040>

¹³42nd AMAF. 2020. “ASEAN Integrated Food Security (AIFS) Framework and Strategic Plan of Action on Food Security in the ASEAN Region (SPA-FS): 2021-2025.” ASEAN, p.2.

<https://asean.org/wp-content/uploads/2020/11/42-AIFS-Framework-SPAFS-Final-13-July-2020.pdf>

¹⁴Lin, 2022:3.

¹⁵ Committee on Agriculture. 2022. “Implementation of the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries.” WTO, p.9.

<https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/G/AG/W42R22.pdf&Open=True>

¹⁶ Ibid.

¹⁷ Trade for LDC Development. 2020. “Trade impacts of LDC graduation: Insights from country-specific market analyses”. EIF, WTO. p. 55

https://www.wto.org/english/res_e/booksp_e/trade_impacts_of_ldc_graduation.pdf.

¹⁸ LDC Portal- International Support Measures of Least Developed Countries. 2022. “Bangladesh graduation status.” United Nations.

<https://www.un.org/ldcportal/content/bangladesh-graduation->

status

¹⁹ The World Bank Group. 2019. “Prevalence of moderate or severe food insecurity in the population (%).” Food and Agriculture Organisation of the United Nations (FAO).

<https://data.worldbank.org/indicator/SN.ITK.MSFI.ZS>

²⁰ OEC. 2020. “What does Bangladesh import?”

https://oec.world/en/visualize/tree_map/hs92/import/bgd/all/show/2020/

²¹ OEC. 2020. “What does Bangladesh export?”

https://oec.world/en/visualize/tree_map/hs92/export/bgd/all/show/2020/

²² See doc emailed to you

²³ Khetran, Mir Sherbaz. 2021. “Food Security Challenges for Pakistan.” ed. Dr. Neelum Nigar, *Institute of Strategic Studies Islamabad*, pp.1-2. https://issi.org.pk/wp-content/uploads/2021/10/IB_Khetran_Oct_27_2021.pdf

²⁴WTO. 2021. “Pakistan: Trade Policy Review Executive Summary.” p.21

https://www.wto.org/english/tratop_e/tpr_e/s424_sum_e.pdf

²⁵ OEC. 2020. “What does Pakistan export?”

https://oec.world/en/visualize/tree_map/hs92/export/vnm/all/show/2020/; OEC. 2020. “What does Pakistan import?” https://oec.world/en/visualize/tree_map/hs92/import/pak/all/show/2020/

alcohol > 80% ABV (7.59%), citrus (4.69%), bovine meat (5.18%), and non-fillet frozen fish (3.55%), being other significant exports.²⁶

Nepal is an LDC and could apply for NFIDC status upon graduation from LDC to developing country status, set to occur in 2026.²⁷ 36.4% of Nepal's population experienced moderate or severe food insecurity in 2019.²⁸ Between 2017 and 2018, agriculture "contributed over 27% to GDP and represented about two-thirds of total employment"²⁹ in Nepal. "Practically all farming is carried out on small family holdings."³⁰

In 2020, rice (21.9%) is Nepal's primary agricultural import, with dried legumes (8.95%), corn (8.04%), and wheat (5.08%) as other significant imports.³¹ Otherwise, Nepal exports a variety of agricultural and food products. Soybeans (44.6%) are by far the largest agricultural export. Other significant exports include nutmeg, mace, and cardamoms (10.9%), palm oil (10.1%), tea (7.46%), and flavoured water (6.07%).³²

Sri Lanka is an NFIDC.³³ The agricultural sector accounted for 8.7% of Sri Lanka's GDP and about 28% of its total employment in 2018.³⁴

Sri Lanka imports a wide variety of agricultural and food products, including concentrated milk (12.7%), wheat (12.5%), raw sugar (10.8%), dried legumes (6.35%), onions (5.6%), and processed fish (4.34%), in 2020.³⁵ Tea (43.4%) is by far its largest agricultural export, with cinnamon (7.03%)

being its second largest and other exports like raw tobacco, coconut oil, and animal food reaching just below 3% of total agricultural exports.³⁶

Cambodia is an LDC. It met the criteria for LDC graduation for the first time in 2021 and could graduate as early as 2027. Agriculture's share of total employment was 41.5% in 2015.³⁷ Although it is "virtually self-sufficient"³⁸ in several major foodstuffs, including rice, 44.8% of Cambodia's population experienced moderate or severe food insecurity in 2019.³⁹ Cambodia is a net food importer, partially due to its agricultural sector producing primarily low value-added produce.

Cambodia imports a wide variety of agricultural and food products, including rolled tobacco (12.5%), pigs (9.12%), and flavoured water (6.52%).⁴⁰ Cambodia was well above the world average for share of expenditure on food in total GDP in 2017.⁴¹ As of 2017, it has below the world average in "arable land equipped for irrigation."⁴² Cambodia's major agricultural exports include rice (30.6%), cassava (23.3%), coconuts, Brazil nuts, and cashews (15.9%), and bananas (7.18%).⁴³ From 2016 to 2017, the country was the world's 14th largest rice producer and 7th exporter, but its "potential in rice exports seemingly remains underutilised."⁴⁴ Freshwater fish is also of great importance for food security and nutrition.⁴⁵

Laos is an LDC and could apply for NFIDC status upon its graduation schedules for 2026.⁴⁶ 29.4%

²⁶ OEC. 2020. "What does Pakistan export?"

²⁷ LDC Portal- International Support Measures of Least Developed Countries. 2022. "Nepal graduation status." *United Nations*. <https://www.un.org/ldcportal/content/nepal-graduation-status>

²⁸ The World Bank Group. 2019.

²⁹ WTO Secretariat. 2018. "Trade Policy Review: Nepal." *WTO*, p.67. https://www.wto.org/english/tratop_e/tpr_e/s381_e.pdf

³⁰ Ibid:67.

³¹ OEC. 2020. "What does Nepal import?" https://oec.world/en/visualize/tree_map/hs92/import/npl/all/show/2020/

³² OEC. 2020. "What does Nepal export?" https://oec.world/en/visualize/tree_map/hs92/export/npl/all/show/2020/

³³ See doc emailed to you

³⁴ WTO Secretariat. 2016. "Trade Policy Review: Sri Lanka." *WTO*, p.70. https://www.wto.org/english/tratop_e/tpr_e/s347_e.pdf

³⁵ OEC. 2020. "What does Nepal import?"

³⁶ OEC. 2020. "What does Nepal export?"

³⁷ WTO Secretariat. 2017. "Trade Policy Review: Cambodia." *WTO*. https://www.wto.org/english/tratop_e/tpr_e/s364_e.pdf

³⁸ Ibid.

³⁹ The World Bank Group. 2019.

⁴⁰ OEC. 2020. "What does Cambodia import?" https://oec.world/en/visualize/tree_map/hs92/import/khm/all/show/2020/

⁴¹ Lin, 2022:8.

⁴² Ibid:10.

⁴³ OEC. 2020. "What does Cambodia export?" https://oec.world/en/visualize/tree_map/hs92/export/khm/all/show/2020/

⁴⁴ WTO Secretariat, 2017:79.

⁴⁵ WTO Secretariat, 2017:82.

⁴⁶ Permanent Mission of the Lao People's Democratic Republic to the United Nations. 2021. "Lao PDR is recommended to graduate in 2026 from the Least Developed Country Category

of Laos' population experienced moderate or severe food insecurity in 2019.⁴⁷ Agriculture accounted for 17.9% of Laos' total GDP in 2018⁴⁸ and 61.3% of employment in 2017.⁴⁹ Laos was above the world average for share of expenditure on food in total GDP in 2017.⁵⁰ It is adequately self-sufficient in key foodstuffs, except for dairy.⁵¹ As of 2017, Laos has below the world average in "arable land equipped for irrigation."⁵²

Laos imports a wide variety of agricultural and food products, including bovine (14.9%), flavoured water (9.15%), animal food (6.14%), rice (5.41%), and pigs (4.88%).⁵³ Major agricultural exports include cassava (26.2%), coffee (13.4%), rice (9.52%), bananas (6.66%), processed cereals (6.62%), corn (5.81%), and raw sugar (5.38%).⁵⁴

Viet Nam is a developing country and is a net food exporter. Only 6.5% of Viet Nam's population experience moderate or severe food insecurity;⁵⁵ it is self-sufficient in its key foodstuffs, except for maize.⁵⁶ Agriculture accounts for 18% of Viet Nam's GDP and about 70% of its employment in 2015.⁵⁷ Viet Nam was above the world average for share of expenditure on food in total GDP⁵⁸ and the world average in "arable land equipped for irrigation" in 2017.⁵⁹

Viet Nam is a significant agricultural producer in the world market. As one of the largest rice exporters in the world, Viet Nam accounted for 12% of global rice exports between 2017 and 2019.⁶⁰ In 2015, it was the "second largest

producer and exporter of coffee (17% of the global market)," and has the fifth largest pig herd in the world. Viet Nam is the fourth largest fish and fishery products exporter in the world.⁶¹ Seafood is the most significant sector of agricultural exports for Viet Nam, accounting for 36% of its total agricultural exports.⁶²

It imports a wide variety of agricultural and food products, including corn (8.28%), soybean meal (6.67%), coconuts, Brazil nuts, and cashews (6.27%), and soybeans, wheat, and palm oil (all below 3%).⁶³ Viet Nam's largest agricultural exports are coconuts, Brazil nuts, and cashews (12.2%), rice (10.9%), fish fillets (8.92%), coffee (8.91%), crustaceans (8.32%), and processed crustaceans (8.14%).⁶⁴ Significance of seafood in exports and diet.

Trade-related support measures promoting food security and agriculture in the region

Trade policies can greatly influence food security by promoting agricultural production, innovation, and trade. Analysing trade related support measures of the relevant countries in this Note allows for comparison between different country policies and identification of potential areas for improvement, collaboration, and knowledge sharing.

with an extended preparatory period." *United Nations*. <https://www.un.int/lao/news/lao-pdr-recommended-graduate-2026-least-developed-country-category-extended-preparatory-period>

⁴⁷ The World Bank Group. 2019.

⁴⁸ WTO Secretariat. 2019. "Trade Policy Review: Lao People's Democratic Republic." *WTO*. https://www.wto.org/english/tratop_e/tpr_e/s394_e.pdf

⁴⁹ Ibid.

⁵⁰ Lin, 2022:8.

⁵¹ Ibid:5.

⁵² Ibid:10.

⁵³ OEC. 2020. "What does Laos import?" https://oec.world/en/visualize/tree_map/hs92/import/lao/all/show/2020/

⁵⁴ OEC. 2020. "What does Laos export?" https://oec.world/en/visualize/tree_map/hs92/export/lao/all/show/2020/

⁵⁵ The World Bank Group. 2019.

⁵⁶ Lin, 2022:5.

⁵⁷ Rabobank/RaboResearch. 2016. "Asia-Pacific: agricultural perspectives." <https://economics.rabobank.com/publications/2016/february/asia-pacific-agricultural-perspectives/#:~:text=China%20ranks%20among%20the%20world%27s%20largest%20producers%20of%20several%20agricultural%20products>

⁵⁸ Lin, 2022:8.

⁵⁹ Ibid:10.

⁶⁰ Ibid:5.

⁶¹ Ibid:3.

⁶² Rabobank/RaboResearch, 2016.

⁶³ The Observatory of Economic Complexity (OEC). 2020. "What does Vietnam import?" https://oec.world/en/visualize/tree_map/hs92/import/vnm/all/show/2020/

⁶⁴ OEC. 2020. "What does Vietnam export?" https://oec.world/en/visualize/tree_map/hs92/export/vnm/all/show/2020/

Export Competition

None of the countries covered in the note have reported providing export subsidies for agricultural products, although some, like Nepal and Sri Lanka,⁶⁵ provide domestic support subsidies for its important agricultural exports.

Market Access

All countries apply **tariffs** to at least some agricultural products. Based on their last WTO Trade Policy Reviews, the average agricultural MFN rates for the relevant countries are: 25.3% (Sri Lanka, 2016),⁶⁶ 18.1% (Bangladesh, 2018/2019),⁶⁷ 18.1% (Viet Nam, 2020),⁶⁸ 15% (Nepal, 2018),⁶⁹ 14.6% (Cambodia, 2017),⁷⁰ 13.2% (Pakistan, 2021),⁷¹ and 11.5% (Laos, 2018).⁷² Many countries have different MFN rates for different agricultural products. 55 of Pakistan's 883 agricultural tariff lines, or 6.1%, are duty-free.⁷³ Sri Lanka's Special Commodity Levy is typically applied on a selected group of agricultural commodities such as fish, potatoes, peas, oils, onions, and sugar."⁷⁴ Tea, rubber, and coconut are subject to an export cess calculated proportionally to the value of the exports.⁷⁵ Cambodia's 2017 applied MFN tariff rate was 0% for rice in the husk and 7% for husked, milled and broken rice. In 2017 in Cambodia, the 2017 average MFN tariff for fish and fishery products was 19.9%.⁷⁶ In Laos, coffee and tea were subject to a 25.6% MFN applied

rate, and vegetables and plants had a 13.2% rate.⁷⁷ Additionally, Viet Nam has "quotas for preferential imports of rice, paddy, and unmanufactured tobacco from Cambodia and the Lao People's Democratic Republic."⁷⁸ "Viet Nam has tariff quotas on eggs, sugar cane, and tobacco,"⁷⁹ but they are not always implemented.

Several countries have **import restrictions**. As of 2019, Bangladesh has banned shrimp, poppy seeds, from importation.⁸⁰ Nepal prohibits the import of beef for health and safety reasons.⁸¹ Fishery products in Cambodia and rice and rice products in Laos are subject to import licensing requirements.⁸² Sri Lanka imposes import restrictions on fish, grains, and meat (in certain cases).⁸³ Viet Nam and Pakistan do not appear to have any import restrictions on agricultural products.⁸⁴

Domestic support

Only 7.3% of Pakistan's domestic support was Green Box,⁸⁵ and of this support, 53.4% was spent on infrastructure services, 34.6% on research, and 11.9% on extension and advisory services.⁸⁶ Viet Nam provides domestic support of agriculture primarily "for infrastructure, regional assistance, and relief from natural disasters."⁸⁷ About 57%, or 14.4 million USD, of Laos' domestic support measures are Green Box, mainly consisting of infrastructural, extension and advisory services.⁸⁸ "According to the World Bank, Cambodia's agricultural policy has in general

⁶⁵ WTO Secretariat, 2018:79-80.

⁶⁶ WTO Secretariat, 2016:75.

⁶⁷ WTO Secretariat, Bangladesh, 2019:92.

⁶⁸ WTO Secretariat, 2021:113.

⁶⁹ WTO Secretariat, 2018:71.

⁷⁰ WTO Secretariat, 2017:75.

⁷¹ WTO, 2021:21

⁷² WTO Secretariat, Laos, 2019:89.

⁷³ WTO Secretariat. 2022. "Trade Policy Review: Pakistan." WTO, p.95.

https://www.wto.org/english/tratop_e/tptr_e/s424_e.pdf

⁷⁴ WTO Secretariat, 2016:75.

⁷⁵ Ibid:75-76.

⁷⁶ WTO Secretariat, 2017:84.

⁷⁷ WTO Secretariat, Laos, 2019:89.

⁷⁸ WTO Secretariat. 2021. "Trade Policy Review: Viet Nam."

WTO, p.113.

https://www.wto.org/english/tratop_e/tptr_e/s410_e.pdf

⁷⁹ Ibid:113.

⁸⁰ WTO Secretariat. 2019. "Trade Policy Review: Bangladesh." WTO, p.51.

https://www.wto.org/english/tratop_e/tptr_e/s385_e.pdf

⁸¹ WTO Secretariat, 2018:46.

⁸² WTO Secretariat, Laos, 2019:56 and 61; WTO Secretariat, 2017:84.

⁸³ WTO Secretariat, 2016:51.

⁸⁴ WTO Secretariat, 2021:64-65.

⁸⁵ WTO Secretariat, Pakistan, 2022:96.

⁸⁶ Ibid:97.

⁸⁷ WTO Secretariat, 2021:114.

⁸⁸ WTO Secretariat, Laos, 2019:90-91.

been conducive to non-distortive growth; no input/output, fertiliser or other significant market distortive support measures have been in place. Cambodia has not implemented any product-specific support, Amber Box or Blue Box measures in the period 2010-13. Most of its Green Box domestic support expenditure, which increased by 59.4%, was channelled into extension and advisory services provided to the farmers.”⁸⁹ It offers domestic support measures for research, pest and disease control, payment and relief for natural disasters, and training, extension and advisory, inspection, marketing, and promotional, and infrastructural services.⁹⁰

Various types of subsidies seem to play a significant role in S&SEA domestic support measures. Bangladesh provides subsidies and reduction of tariffs on agricultural inputs.⁹¹ It uses “non-specific AMSs mainly focused on subsidising fertiliser imports,”⁹² and cash incentives to encourage the production of “frozen shrimp and other fish, vegetables and fruits, agro-processed goods, and seeds of corn.”⁹³ Pakistan provided “product-specific support to wheat and non-product-specific AMS amounted to USD 958.81 million (USD 662.17 for wheat and USD 296.64 for non-product-specific AMS)”⁹⁴ During COVID, Pakistan increased a variety of agricultural capital and input subsidies.⁹⁵ It provided PKR 95 billion (just under \$5 million USD) worth of subsidies “to keep the price of wheat at an affordable level for marginalised segments of the society.”⁹⁶ Pakistan subsidises fertiliser production as well.⁹⁷ In 2011, the time of Nepal’s last domestic subsidies notification to the WTO, it subsidised about 0.8% of the value of agricultural production.⁹⁸ Nepal’s Special

Program for Agricultural Production, Prime Minister Agriculture Modernization Project, Agriculture Research Program, and Agriculture and Livestock Interest Subsidy, received the most funding from Nepal’s 2017-2018 budget.⁹⁹ The Prime Minister Agriculture Modernization Project subsidises a variety of agricultural inputs, like farm machinery and tools (50% subsidy), seeds (85% subsidy), and storage facilities (50% subsidy).¹⁰⁰ Sri Lanka subsidises fertilisers through its two state-owned fertiliser companies. Laos offers input and irrigation subsidies and support and land concessions for its agricultural sector,¹⁰¹ and Cambodia subsidises electricity used for agriculture.¹⁰²

Several countries offer tax breaks and incentives as a part of their domestic support policies. Under Pakistan’s Constitution, “agriculture is exempt from all federal taxes.”¹⁰³ The country also provides a reduced sales tax for a variety of agricultural equipment and machinery.¹⁰⁴ Laos offers its agricultural sector tax incentives,¹⁰⁵ and Viet Nam provides tax exemptions for fisheries.¹⁰⁶ Cambodia exempts all worked or exploited land from property taxes.¹⁰⁷

Countries also provide other forms of financial support to their agricultural sectors. Bangladesh provides “concessional credit for the purchase of agricultural inputs including fertiliser and equipment, and seed distribution.”¹⁰⁸ Through its Agriculture and Livestock Interest Subsidy program, Nepal “subsidises 5% on loans of up to NR 70 million”¹⁰⁹ for its agricultural sector. Sri Lanka’s Farmers’ Trust Fund offers financing options for small-scale farmers, and the

⁸⁹ WTO Secretariat, 2017:76.

⁹⁰ Ibid:76-77.

⁹¹ WTO Secretariat, Bangladesh, 2019:92-93

⁹² Ibid:94.

⁹³ Ibid:92-93.

⁹⁴ WTO Secretariat, Pakistan, 2022:97.

⁹⁵ Ibid:98

⁹⁶ Ibid:96.

⁹⁷ Ibid:97.

⁹⁸ WTO Secretariat, 2018:73.

⁹⁹ Ibid:74.

¹⁰⁰ Ibid:75.

¹⁰¹ WTO Secretariat, Laos, 2019:91.

¹⁰² WTO Secretariat, 2017:76.

¹⁰³ WTO Secretariat, Pakistan, 2022:97.

¹⁰⁴ Ibid: 97

¹⁰⁵ WTO Secretariat, Laos, 2019:91.

¹⁰⁶ WTO Secretariat, 2021:118.

¹⁰⁷ WTO Secretariat, 2017:76.

¹⁰⁸ WTO Secretariat, Bangladesh, 2019:93.

¹⁰⁹ WTO Secretariat, 2018:77.

Agricultural and Agrarian Insurance Board (AIB) provides a range of agricultural insurance options.¹¹⁰ Cambodia “[subsidises] loans for the purchase of such equipment,”¹¹¹ and Laos offers some concessional loan options as well.¹¹²

Bangladesh uses “price support for rice and wheat.”¹¹³ Sri Lanka provides price support subsidies for “wheat flour, sugar, sprats, lentils, potatoes, milk powder, chicken, rice, dried chilli, and canned fish”¹¹⁴ and re-evaluates price support annually. Rice is the only agricultural produce to receive market price support in Laos, with the government annually setting the minimum price. “Viet Nam does not use price controls on any agricultural products,”¹¹⁵ although as a national reserve commodity, rice can be subject to price stabilisation, “including purchasing, setting the maximum or minimum prices, or selling national reserve goods to balance supply and demand for rice.”¹¹⁶ Viet Nam has not used this measure in recent years.

Export Restrictions

In terms of export restrictions, Bangladesh bans the export of soybean oil, palm oil, wheat, rice, shrimp, onions, garlic, and ginger.¹¹⁷ The export of livestock in Bangladesh has also been banned since 2013 “to ensure food security, conserve the genetic pool of livestock in the country, and promote value addition and processing in livestock.”¹¹⁸ Pakistan prohibits the exportation of gram and gram flour, sugar, and all types of pulses.¹¹⁹ Pakistan prohibited wheat and wheat products from export in 2020 in response to the COVID pandemic, but has

typically allowed exportation of wheat in times of surplus.¹²⁰ Sri Lanka does not ban any agricultural exports.

Export restrictions for the relevant countries include Bangladesh’s export restrictions on sugar, Hilsha fish, and aromatic rice.¹²¹ Fishery products in Cambodia and rice and rice products in Laos are subject to export licensing requirements.¹²² In 2020, Viet Nam adopted a 400,000 ton export quota for rice to ensure domestic supply of rice for national food security.¹²³ The country also requires rice exporters to stock at least 5% of the amount of rice they exported in the previous six months¹²⁴ and organise a rice distribution system to which they must supply the rice reserve.¹²⁵

Finally, Cambodia subjects coca leaf, poppy straw, and cannabis to a 50% export tax, and live bovine and poultry animals, fish and molluscs, and certain vegetable materials have a 10% export tax.¹²⁶

Public stockholding

Public stockholding of essential food stuff acts as a form of domestic support for countries’ agricultural sectors and as a food security measure. Bangladesh offers cash incentives for public stockholding of rice and wheat, Bangladesh “maintains a buffer stock of refined sugar, refined soybean oil, and red lentils,”¹²⁷ and regulates refined sugar, refined soybean oil, red lentils, chickpeas, and dates.¹²⁸ Through its domestic procurement of rice and wheat from poor farmers, Bangladesh also supports poor farm incomes.¹²⁹ Laos has

¹¹⁰ WTO Secretariat, 2016:72-73.

¹¹¹ WTO Secretariat, 2017:77.

¹¹² WTO Secretariat, Laos, 2019:91.

¹¹³ WTO Secretariat, Bangladesh, 2019:94.

¹¹⁴ WTO Secretariat, 2016:72-73.

¹¹⁵ WTO Secretariat, 2021:115.

¹¹⁶ Ibid.

¹¹⁷ WTO Secretariat, Bangladesh, 2019:51.

¹¹⁸ Ibid:96.

¹¹⁹ WTO Secretariat, Pakistan, 2022:96.

¹²⁰ Ibid:96.

¹²¹ WTO Secretariat, Bangladesh, 2019:51.

¹²² WTO Secretariat, Laos, 2019:56 and 61; WTO Secretariat, 2017:84.

¹²³ WTO Secretariat, 2021:114.

¹²⁴ Ibid:114.

¹²⁵ Ibid:114.

¹²⁶ WTO Secretariat, 2017:75.

¹²⁷ WTO Secretariat, Bangladesh, 2019:93.

¹²⁸ Ibid:93.

¹²⁹ Ibid:93.

a rice reserve policy consisting of the National Rice Reserve (NRR), seed reserves, and “emergency rice distribution programmes.”¹³⁰ The Cambodia Food Reserve System “covers the immediate food needs of 10% of the population in disasters and emergency situations”¹³¹ through the public stockholding of rice, rice seed, and vegetable seed.

Potential Paths Forward

Food security is a key concern for the South and South-East Asian countries covered in this Note. The recent multiple crises have added further food security challenges for many of them. Both urgent and long-term actions, including at the WTO are needed to help these countries face the formidable food security challenges.

Food Security Declaration at MC12

Urgent action must be taken at the forthcoming WTO Ministerial Conference (MC12) in mid-June 2022. The Ministers should adopt a strong Declaration in support of food security, particularly for developing countries and LDCs, including provisions to ensure uninterrupted food imports in these countries at affordable prices.

Implementation of Marrakech Ministerial Decision for LDCs and NFIDCs

NFIDCs and LDCs are facing a dire situation, warranting urgent implementation of the 1994 Ministerial Decision in favour of them. The Group of NFIDCs have argued their case and made concrete suggestions in this regard which should be duly and sympathetically considered by the WTO Membership.¹³²

NFIDC Status

LDC countries scheduled for graduation should consider and prepare for joining the group of NFIDCs upon their graduation from the LDC category. This can help them benefit from the current and possible future provisions in favour of LDCs and NFIDCs under the Marrakech Ministerial Decision.

Domestic Support for Food Security and Resilience

The S&SEA countries should consider the use of all domestic support options under the AoA as LDCs or developing countries. They should maximise the use of Green Box domestic support measures with particular focus on those directly related to food security, including domestic food aid and public stockholding of key foodstuffs for food security purposes.¹³³

Domestic support measures should also be tailored towards greater agricultural productivity and resilience as these will go a long way towards securing greater food security.

Regional and sub-regional arrangements

The information in this Note shows that the food security import needs of several of the South and South-East Asian countries can be met by the agricultural export profile of several other countries in the region. These complementarities should be fully explored to strengthen overall food security for all countries in the region through appropriate regional and sub-regional trading arrangements.

¹³⁰WTO Secretariat, Laos, 2019:96.

¹³¹ WTO Secretariat, 2017:77.

¹³² Grollier, J. and Speer, K. (2022). Towards a WTO Package of Solutions for NFIDCs in Times of Food Crisis. Geneva: CUTS International, Geneva. Available at <https://bit.ly/3wxclSQ>

¹³³ WTO. 1995. *Agreement on Agriculture*. https://www.wto.org/english/docs_e/legal_e/14-ag_02_e.htm#ann1



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