

# Regional Trade liberalization and Food Security in South Asia

Presented at

Policy Dialogue on Regional Cooperation, Connectivity and Inclusive Development in South and South-West Asia

organized

by

United Nations Economic and Social Commission for Asia and the Pacific-  
South and South-West Asia Office (ESCAP-SSWA)

28-29 November 2013

New Delhi, India

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# Presentation outline

- ✓ State of hunger in South Asia
- ✓ Food production and trade in South Asia
- ✓ International trade and food security
- ✓ Trade barriers
- ✓ Way forward

# State of hunger

State of Hunger in South Asia

Country	Proportion of under nourished in the population (%) (2010-12)	Prevalence of underweight children under 5 years (%) (2008-12)	Under-five mortality (%) (2011)	Global Hunger Index (GHI) (2013)	Severity
Afghanistan	...	25.0	10.1	...	...
Bangladesh	16.8	36.8	4.6	19.4	Serious
Bhutan	...	12.8	5.4	...	...
India	17.5	40.2	6.1	21.3	Alarming
Maldives	...	...	...	...	...
Nepal	18.0	29.1	4.8	17.3	Serious
Pakistan	19.9	30.9	7.2	19.3	Serious
Sri Lanka	24.9	21.6	1.2	15.6	Serious

- 17.8 percent of south Asians, that is, about 295 millions, are undernourished.
- The severity of hunger is alarming for India and for rest of the south Asian countries it is serious.

Source: Global Hunger Index 2013

# Food Production and Population Growth

Food Production and Population Growths

Country	Population growth (%) (2001-11)	Average annual growth of food production (200-10)
Afghanistan	3.1	3.7
Bangladesh	1.3	4.2
Bhutan	2.3	3.5
India	1.5	3.3
Maldives	1.4	-0.8
Nepal	2.0	2.8
Pakistan	1.8	3.2
Sri Lanka	1.1	3.7

- Growth of food production is higher than the growth of population
- However, such marginally higher growth may not be sufficient to take care of eradicating undernourishment in short to medium term.

Source: FAO 2012

# International Trade in Food

International Trade in Food Items

Country	Net Export of Rice '000' MT		Net Export of wheat and flour '000' MT	
	2006	2010	2006	2010
Afghanistan	-223.8	-3.1.8	-1115.9	-802.7
Bangladesh	-560.8	-654.9	-2132.3	-3206.4
Bhutan	-13.2	-51.6	-1.5	-8.8
India	+4739.7	+2225.3	-1347.6	+2037.7
Maldives	-19.8	-22.5	-22.9	-24.8
Nepal	-157.0	-97.8	-21.2	-1.2
Pakistan	+1688.0	+4177.9	+2809.9	+3877.2
Sri Lanka	-14.4	-138.0	-1186.7	-960.1

- All the south Asian countries are net importer of rice, wheat and flour and volume of net imports is increasing, except for India and Pakistan.
- Whereas, net exports of India and Pakistan is increasing over the period.

Source: Author's calculation based on FAO 2012

# International Trade and Food Security

Debate over :

- Self- reliance or food sovereignty : maximizing domestic production regardless of costs
- Self-reliance: maximizing domestic production at competitive price

Issues of climatic condition to produce staple food

Existence of regional excess capacity to produce food

Technology has reduced transportation costs

Self-reliance allows to reap benefits of international trade/ comparative advantages

Smoothen the impact of instability in production

# Barriers to International Trade: Long Sensitive Lists

Number of Agriculture Products on SAFTA Sensitive Lists

Contracting States	Non-LDCs		LDCs	
	<i>No. of tariff lines</i>	<i>Percentage of total sensitive lists</i>	<i>No. of tariff lines</i>	<i>Percentage of total sensitive lists</i>
Bangladesh	151	12.0	151	10.4
India	309	35.6	25	100
Maldives	181	26.6	181	26.6
Nepal	357	27.6	375	28.4
Pakistan	145	12.4	145	12.4
Sri Lanka	482	46.2	482	46.2

Source: Author's calculation based on SAARC Secretariat

- All the south Asian countries have a large number of agriculture products on Sensitive List for both LDCs and Non-LDCs
- India has drastically reduced Sensitive List for LDCs to 25 tariff lines, but all of them are agriculture products

# Barriers to International Trade: Tariff Barriers

Average MFN Tariffs

Country	Agriculture products	Non-Agriculture Products
Afghanistan	7.1	5.7
Bangladesh	17.2	14.0
Bhutan	...	...
India	33.5	10.4
Maldives	18.3	20.8
Nepal	13.9	12.0
Pakistan	15.5	13.2
Sri Lanka	25.8	7.5

- Afghanistan imposes relatively low tariffs.
- For other countries applied MFN tariff for agriculture products in absolute level and in relation to non-agriculture products is high, the highest being for India.

Source: WTO 2013.

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