“Food Systems from an International Trade Perspective”

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Plenary Panel – Food Systems Sustainability Post-COVID

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Global Agricultural Trade and Pandemic

- Global agricultural trade initially forecast to decline significantly -6.5 to -12.7% in 2020 (WTO, April 20)
- Agricultural trade has been quite “resilient” (Arita et al., IATRC, 2021; FAO, June 2021):
  - Low-income elasticities of demand
  - Bulk marine shipments of commodities (cereals and oilseeds) not subject to major disruptions
  - Agricultural global value chains (GVCs) less complex than in manufacturing (World Bank, 2020)
  - Relative exchange rate effects (FAO, June 2021)
- Sectoral disruption appears greater than regional disruption (Arita et al., Choices, 2021)
Global Trade and the Pandemic

Source: Arita et al. (IATRC, 2021)

“Slow-balization”

Global quarterly growth in value of trade (change from quarter of previous year)

Source: Arita et al. (IATRC, 2021)
Agricultural Trade and the Pandemic: Sectoral Variation

Global quarterly growth in value of trade (change from quarter of previous year)

Source: Arita et al. (Choices, 2021)
Agricultural Trade and the Pandemic: Regional Variation

Change in Q2:2020 from previous quarter

Source: Arita et al. (Choices, 2021)
Agricultural Trade: Other Factors

- Agricultural trade dominated by China rapidly rebuilding hog production capacity after African Swine Fever (ASF)

- Pork and oilseed imports dominated in 2020, with increases in corn and coarse grain imports going into 2021 – significant impact on global food prices (FAO, June 2021)

- US-China Phase One Trade Agreement (USCTA): 64% of 2020 commitment met and 87% of 2021 commitment met so far (Bown, May 25, 2021)

- Measured trade disruption due to China’s 2018 retaliatory tariffs (Carter and Steinbach, NBER, 2020) likely reduced in 2020/21 as US has regained market share in oilseeds

- Without feed demand shock: to what extent would Chinese imports have been “managed” under USCTA and potentially trade distorting? (Feenstra and Hong, NBER, 2020)
Agricultural Trade: Change in Value of Imports

(2020 vs. 2019)

Source: Arita et al. (IATRC, 2021)
Nominal and Real Food Prices

Source: FAO (June 2021)
Sustainability of Agricultural Trade

*Sustainability* of agricultural trade: ability to maintain and access global supplies with minimal price variance, subject to binding natural resource constraints*

Some key factors affecting future sustainability:

- Severity and impact of production shocks such as ASF
- Structure and behavior of firms in GVCs
- Trade policy choices, e.g., trade policies and domestic food price insulation (Laborde and Martin, 2012)
- Future of multilateral trading system, e.g., WTO dispute settlement (Sheldon, 2021)
- Role of trade in adaptation to climate change, e.g., Costinot *et al.* (2016) vs. Gouel and Laborde (NBER, 2017)

* Mix of weak and strong sustainability concept(s) (Irwin *et al.*, 2016) – but how broad is concept of welfare? (Arrow *et al.*, 2012)