

Trade Policy, Export Bans, and Import Dependence

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Abstract

This chapter examines the complex relationship between trade policy instruments, export restrictions, and food import dependence in South Asian countries. Drawing on international trade theory, food security governance frameworks, and empirical evidence from India, Pakistan, Bangladesh, Sri Lanka, and Nepal, the analysis explores how export bans and other trade restrictions affect domestic and international food markets. The chapter investigates price transmission mechanisms from global to local markets, evaluates the welfare consequences of export restrictions for producers and consumers, and analyzes the structural causes of import dependence. Attention is given to the food security crises triggered by the COVID-19 pandemic and the Russian invasion of Ukraine, which exposed vulnerabilities in global food supply chains. The chapter assesses how border measures affect food availability, prices, and diplomatic relations in the region. It offers strategic recommendations for balancing national food sovereignty with market integration, emphasizing the need for comprehensive risk management strategies, strengthened social safety nets, and enhanced regional cooperation to achieve sustainable food security outcomes.

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1. Introduction

Based on Chapter 9, which examined the causes, patterns, and implications of food price volatility, this chapter shifts focus to the function of trade policy in designing food security outcomes in less developed countries. While Chapter 9 highlighted how international and domestic price shocks impact producers and consumers. It also discussed the significance of policy responses to these shocks. In this scenario, trade policy appears to be an important tool using which governments try to stabilize domestic markets, manage risks, and ensure food supply during period of uncertainties.

The link trade policy with food security has become increasingly important, especially in the context of recurrent food crises and international peace situation globally. Trade policy instruments like tariffs and non-tariff barriers, subsidies, export bans, and import policies instantly affect the availability, accessibility, and stability of food supplies. In less developed economies, where agriculture is often constrained by low productivity, limited infrastructure, and climatic vulnerability, international trade plays a critical role in bridging the gap between national production and consumption. However, policy interventions intended at protecting domestic markets often create unintentional consequences that widen beyond domestic boundaries.

The worldwide food crises of 2007–08 and 2010–11, COVID-19 pandemic, the Russian invasion of Ukraine, and escalating climate-related disruptions provide distinct evidence of the complex role of trade policy related to food security. During these time periods, many nations impose export bans and other restrictive measures to protect domestic consumers from increasing international prices. Though such measures may provide short run relief, they tend to decrease international supply and increase price volatility. Empirical evidence shows that these policy measures significantly increase international food prices, and disproportionately affect net food importers (Headey, 2011; Anderson *et al.*, 2014). According to the State

of Food Security and Nutrition in the World 2025, the prevalence of undernourishment in Southern Asia declined to 11 percent in 2024, down from 13.9 percent in 2022, marking significant improvement driven largely by new data from India (FAO *et al.*, 2025). However, nearly 80 percent of people facing hunger in Asia reside in South Asia, where moderate or severe food insecurity remains the highest among all subregions. Approximately 833.4 million people in Southern Asia faced moderate or severe food insecurity in 2024, with 387.7 million experiencing severe food insecurity. These statistics underscore the urgent need for a nuanced understanding of how trade policies affect food security outcomes across different country contexts.

Though the concepts such as food security and self-sufficiency have gained attention, however, according to Timmer (2010), complete self-sufficiency is not recommended to most developing countries. This chapter hence discusses trade policy functions as an outcome of price volatility as well as a structural determinant of food security by highlighting the need for coordinated trade strategy by minimizing distortions and enhancing resilience. Trade plays a twofold part in food security by stabilizing domestic supply shocks and/or causing vulnerability by increasing reliance on imports that might bring price volatility, supply imbalances, and exchange rate fluctuations (FAO, 2011; WTO, 2012).

This chapter will be addressing the key concept of price transmission and import dependence. Increased import bills during periods of high prices may result in fiscal balances and increase vulnerability to external shocks due to reliance on international markets (Ivanic & Martin, 2014). It provides a comprehensive examination of the complex relationships between trade policy instruments, particularly export bans and restrictions, and the growing phenomenon of food import dependence in South Asian countries.

1.1. Background and Global Relevance

Agricultural trade has long been recognized as a critical mechanism for achieving food security, particularly for countries with limited domestic production capacity or resource constraints. The theoretical foundations of comparative advantage suggest that international trade allows countries to specialize in commodities where they have relative efficiency advantages, thereby maximizing global welfare and enabling all trading partners to access food at lower costs than would be possible through domestic production alone (Ricardo, 1817; Heckscher & Ohlin, 1991). However, the practical application of these principles in the context of food security has proven far more complex than classical trade theory would suggest.

The global relevance of food trade has intensified under current geopolitical uncertainty. The war in Ukraine, which began in February 2022, disrupted global agricultural and food markets both directly through limiting supply from one of the world's largest grain exporters and indirectly through impacts of sanctions against Russia, spillover effects from energy and fertilizer markets, and domestic policies that countries implemented in pursuit of food security (Glauben *et al.*, 2022). Ukraine's wheat production for the 2022/23 marketing year fell dramatically, while the Black Sea Grain Initiative, which temporarily allowed Ukrainian grain exports through blocked ports, was terminated by Russia in July 2023.

1.2. Food Crises and Trade Policy Responses

The historical record provides ample evidence of how major shocks can precipitate food crises with far-reaching consequences for human welfare and political stability. The 2007-2008 food price crisis, during which international prices for wheat and rice doubled within months, led to food riots in over 30 countries and pushed an estimated 130-155 million people into poverty (Ivanic & Martin, 2008; UNCTAD, 2008). Research by Martin and Anderson (2012) demonstrated that export restrictions imposed during this crisis were responsible for approximately 45 percent of the increase in rice prices and 29 percent of the increase in wheat prices, illustrating how beggar-thy-neighbor trade policies can exacerbate rather than ameliorate food security challenges.

The more recent crises triggered by COVID-19 and the Ukraine war have followed similar patterns, with countries responding to supply disruptions and price spikes by restricting exports in an attempt to insulate domestic markets from international volatility. India's ban on non-basmati rice exports in July 2023, imposed

in response to rising domestic prices and concerns about El Niño impacts on production, exemplifies this pattern (Glauber & Mamun, 2023). The ban, which affected approximately 40 percent of globally traded rice, immediately raised international prices to their highest levels in more than a decade and created significant concerns about food security in African and Asian countries heavily dependent on Indian rice imports.

2. Trade Policy as a Food Security Governance Instrument

Trade policy occupies a central position in the architecture of food security governance, serving as both a tool for achieving domestic food security objectives and a mechanism for participating in the global food system. Understanding how trade policy functions as a governance instrument requires examining the theoretical foundations that link trade interventions to food security outcomes, the specific instruments available to policymakers, and the empirical evidence regarding their effectiveness in different country contexts.

2.1. Conceptual Framework: Trade Policy as Food Security Governance

The conceptualization of trade policy as a food security governance instrument draws on multiple theoretical traditions, including international trade theory, public economics, and institutional economics. From the perspective of trade theory, the fundamental rationale for government intervention in agricultural markets stems from market failures that prevent the efficient allocation of resources and the achievement of socially optimal outcomes (Tyers & Anderson, 1992). These market failures may include externalities associated with agricultural production, information asymmetries that impede market functioning, and the public good characteristics of certain aspects of food security.

The food security framework articulated by the Food and Agriculture Organization encompasses four dimensions: availability, access, utilization, and stability (FAO, 2008). Trade policy affects each of these dimensions in distinct ways. Import policies directly influence food availability by determining the quantity and price of food that can enter domestic markets from international sources. Export policies affect availability in importing countries while simultaneously influencing producer incentives and domestic price levels in exporting countries. The stability dimension of food security is particularly affected by trade policy, as restrictions on exports or imports can either buffer or amplify price volatility depending on their design and implementation.

2.2. Trade Policy Instruments and Their Effects

The instruments of agricultural trade policy can be categorized into several broad classes, each with distinct implications for food security. Tariffs, which are taxes imposed on imported goods, represent the most common form of border protection. By raising the domestic price of imported goods above their world price, tariffs protect domestic producers from foreign competition while simultaneously increasing costs for consumers. The magnitude of these effects depends on the height of the tariff and the responsiveness of domestic supply and demand to price changes (Anderson *et al.*, 2013).

Table 9.1: Trade Policy Instruments and Their Effects on Food Security Dimensions

Instrument	Availability	Access	Stability	Notes
Import Tariffs	+ (if surplus)	- (higher prices)	Variable	Most common instrument
Import Quotas	++ (protects market)	-- (scarcity)	- (rigid)	More restrictive than tariffs
Export Bans	++ (domestic surplus)	+ (lower prices)	+ (short-term)	Controversial; limited WTO rules
Export Taxes	+ (some retention)	+ (moderate)	+ (flexible)	Less distorting than bans
Public Procurement	++ (stock building)	+ (if targeted)	++ (buffer)	Requires fiscal capacity

Export restrictions, including bans, quotas, and taxes, have received particular attention in the context of food security. Unlike import restrictions, which are generally subject to WTO disciplines, export restrictions face limited multilateral regulations. Article XI:2(a) of the GATT permits temporary export prohibitions or restrictions to prevent or relieve critical shortages of foodstuffs, but this exception is vaguely worded and has proven difficult to enforce (Karapinar, 2011). The Agreement on Agriculture requires WTO members to give "due consideration" to the food security needs of importing countries before imposing export restrictions, but this obligation lacks enforcement mechanisms and has been widely ignored in practice (Anania, 2013).

2.3. International Experience in Developing Countries

The experience of different regions in using trade policy for food security provides valuable insights into what works and what does not do under different conditions. Asia, home to the world's largest populations and most significant concentrations of food insecurity, has developed distinctive approaches to food security governance that reflect its historical experiences, political economies, and institutional capacities.

In South Asia, the legacy of colonial-era famines and the experience of the Green Revolution have shaped food security policies that emphasize domestic production and strategic grain reserves. India, Pakistan, and Bangladesh have all maintained significant public sector involvement in grain markets, with government procurement, stockholding, and distribution playing central roles in their food security strategies (Mittal & Sethi, 2009). These countries have generally been reluctant to rely heavily on international trade for staple food security, preferring to maintain a degree of self-sufficiency even at significant economic cost.

3. How Global Prices Affect Local Markets of Food Grains

The cost of agricultural products has a significant impact on welfare and economic conditions of emerging countries. Block and Webb (2009) found that poor families were found to spend around 75% of their budget on food items in Indonesia while conducting a large household survey in a developing country. Meyimdjui and Combes (2021) examined several developing nations and discovered that income share devoted to food expenditures ranged from 40 to 65%. The average household in Nigerian spends around 56% of their income on 4, compared to only 8% in UK. Furthermore, households in developing nations are usually impacted by agricultural commodity prices in both their roles as producers and consumers. According to World Bank data set, agriculture, forestry and fishing account for more than 25% of GDP in developing countries. According to Gollin *et al.* (2007), agriculture employs a sizable section of the labor force and can account for a sizable amount of household income.

Globally, agricultural commodities are traded through platforms such as London Commodity Exchange, which is used to set their prices. The international price of a commodity is likely to have an impact on both prices in local markets and the income that farmers in developing nations receive. It is anticipated that there will be a substantial correlation between local and global prices for many tradable goods, such as cash crops. There are many concerns about the reduced availability of grains, which is resulting the Russia-Ukraine war and the collapse of Black Sea agreement (Behnassi and El Haiba, 2022; Emediegwu, 2023). With the fact that the number of developing nations, particularly in Africa, is a net importer of essential food products. Therefore, local prices are heavily influenced by food prices worldwide. However, local producers and consumers may not fully receive changes in international prices since it depends on several local conditions, including the distance to the capital and the openness of domestic markets (Fjelde, 2015). Therefore, many low-income countries typically import less than 5% of their total caloric consumption.

Examining the relationship between agricultural commodity prices and global pricing is vital for the livelihoods of so many developing nations. Several studies have discussed this connection so far, for example, Arnade *et al.* (2017) explored the price transmission mechanism in Chinese whereas Baffes and Gardner (2003) analyzed policy impacts on local food prices. Baquedano and Liefert (2014) accessed price transmission strength for key crops, generally local prices are responsive to global price changes albeit weakly and gradually.

The transmission of price signals from international to domestic markets is a fundamental mechanism through which global food system dynamics affect local food security outcomes. Understanding the nature, extent, and determinants of price transmission is essential for assessing how trade policy interventions affect domestic markets and for designing policies that achieve food security objectives without creating unnecessary distortions.

3.1. Price Transmission Mechanisms

Price transmission refers to the degree and speed at which price changes in international markets are reflected in domestic markets through trade and arbitrage activities. In the context of international agricultural markets, price transmission describes how changes in world prices affect domestic prices in importing and exporting countries. The degree of price transmission is typically measured as the elasticity of domestic price with respect to world price, representing the percentage change in domestic price resulting from a one percent change in world price (Meyer & von Cramon-Taubadel, 2004). Fast and effective link between two levels of market has been seen by economists as a sign of local market efficiency, which allows actors to respond quickly to signals coming from.

The theoretical expectation is that in perfectly integrated markets with no trade barriers, transportation costs, or other frictions, prices should equalize across markets after adjusting for exchange rates and transportation costs. In this idealized scenario, price transmission would be complete, with a transmission elasticity of unity. However, real-world markets deviate substantially from this ideal, and empirical studies consistently find transmission elasticities below one, often significantly so (Baffes & Gardner, 2003). And imperfections, policy, business and structural inefficiencies lead to deviations from full transmissions.

3.2. Role of Exchange Rate Movements

Exchange rate movements play a crucial role in the transmission of international price signals to domestic markets. Because agricultural commodities are traded in US dollar terms on international markets, changes in bilateral exchange rates directly affect the domestic currency cost of imports and the domestic currency revenue from exports, even when dollar prices remain constant. This exchange rate channel of price transmission can be as important as, or more important than, the direct transmission of world price changes.

Table 9.2 explains the factors that affect the transmissions. Exchange rate depreciation happen when a country. Fancy depreciates against major international currencies such as dollar, U.S. dollars, the cost of importing food grains rises. since global prices are typically denominated in dollars weaker domestic currency amplifies the impact of global pricing for example in countries like Pakistan depreciation of rupees has historically led to the higher domestic wheat and edible oil prices. Even when global prices remain stable. Thus, exchange rate movements act as a multiplier effect in price transmission rather than just the transmission channel.

Table 9.2: Determinants of Price Transmission

Instrument	Availability	Access	Stability	Notes
Import Tariffs	+ (if surplus)	- (higher prices)	Variable	Most common instrument
Import Quotas	++ (protects market)	-- (scarcity)	- (rigid)	More restrictive than tariffs
Export Bans	++ (domestic surplus)	+ (lower prices)	+ (short-term)	Controversial; limited WTO rules
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Public Procurement	++ (stock building)	+ (if targeted)	++ (buffer)	Requires fiscal capacity

Trade liberalization. Enhances the integration of domestic markets with global markets through reduced tariffs, quotas and barriers. As a result, price signals are transmitted more efficiently and rapidly. High

transportation, logistic costs, create a price switch between international and domestic markets. Research by the USDA Economic Research Service on exchange rate transmission to agricultural prices found that developing countries generally exhibit lower transmission than developed countries, with about one-third showing no transmission even in the long run (USDA, 2009). The study attributed this finding to the prevalence of trade-distorting policies and weak market infrastructure in many developing countries. Countries that had undertaken significant trade liberalization showed improved transmission compared to those that maintained restrictive trade regimes.

3.3. Empirical Evidence from South Asia

A comprehensive study by Emediegwu & Rogna (2024) examined price transmission for maize, rice, and wheat in 23 developing and fragile economies using panel vector autoregression analysis. The study found evidence for relatively strong price transmission elasticity for these commodities, with shocks being completely absorbed after two to three months. This finding suggests that transmission may be stronger than previously thought in some of the world's poorest countries, although significant heterogeneity exists across commodities, with sorghum showing weak transmission, possibly reflecting the thinner international market for this crop.

Table 9.3: Price Transmission Elasticities: Selected South Asian Countries

Country	Wheat	Rice	Maize
India	0.65	0.72	0.58
Pakistan	0.52	0.61	0.45
Bangladesh	0.48	0.55	0.42
Sri Lanka	0.55	0.62	0.48
Average LDCs	0.47	0.63	0.49

4. Trade Policy, Volatile Food Prices and Local Market Outcomes

The volatility of food prices has emerged as a central concern in food security policy debates, with implications for producer decision-making, consumer welfare, and the design of trade and domestic policy interventions. This section examines the relationship between trade policy and price volatility, with particular attention to the effects of export bans on food availability, domestic inflation, and producer incentives.

4.1. Export Bans and Food Availability

Export bans are among the most controversial trade policy instruments used in the context of food security. When a country imposes an export ban, it prevents domestic producers from selling their output on international markets, effectively forcing all domestic production onto the domestic market. In the short run, this increases domestic food availability and reduces domestic prices, benefiting consumers while harming producers who receive lower prices for their output.

The experience of India with rice export bans illustrates both the potential benefits and costs of this policy instrument. India imposed export bans on non-basmati rice in 2007-2008, 2020 during the COVID-19 pandemic, and again in July 2023. In each case, the ban was motivated by concerns about domestic price increases and the need to ensure adequate supplies for the public distribution system. The 2023 ban, which prohibited exports of non-basmati white rice, immediately raised international rice prices to their highest levels in more than a decade, demonstrating India's market power as the world's largest rice exporter (Glauber & Mamun, 2023).

4.2. Export Bans and Producer Incentives

The effects of export bans on producer incentives represent one of the most significant but often underappreciated costs of this policy instrument. When exports are banned, producers are forced to sell their output on domestic markets at prices below world levels. This reduces their revenue and profitability, potentially discouraging investment in productivity-enhancing technologies and reducing future production capacity. Over time, the cumulative effect of repeated export bans can be to undermine the agricultural

Research on Ukraine's grain export quotas during the 2007-2008 crisis found that the quota system created a wedge of approximately \$25 per ton between domestic and export prices, representing a significant transfer from producers to consumers and processors (World Bank & Institute of Economic Research, 2006). The uncertainty created by unpredictable export ban policies compounds these disincentive effects. When producers cannot predict whether they will be allowed to export their output, they face additional risk that discourages investment.

4.3. Welfare Consequences for Farmers and Consumers

The welfare effects of export bans can be analyzed using the tools of partial equilibrium welfare economics. In the exporting country, an export ban benefits consumers by lowering domestic prices but harms producers by reducing the price they receive for their output. The net welfare effect depends on the relative magnitudes of these gains and losses and the deadweight losses associated with the distortion of production and consumption decisions.

Table 9.4: Food Security Indicators for South Asian Countries (2022-2024)

Indicator	Pakistan	India	Bangladesh	Sri Lanka
Food Imports (% of merchandise)	14.1 (2024)	5.1 (2024)	N/A	15.3 (2024)
Cereal Production (MT, 2023)	53.2 million	373.6 million	66.3 million	4.7 million
Cereal Yield (kg/ha, 2023)	3,634	3,602	5,321	3,804
Undernourishment (% pop., 2023)	16.5	12.0	10.4	7.4

5. Import Dependence and Governance Issues

The growing phenomenon of food import dependence represents one of the most significant challenges facing South Asian countries in the twenty-first century. As populations grow, diets diversify, and domestic production struggles to keep pace with demand, an increasing number of countries find themselves relying on international markets to meet their food needs. This section examines the structural causes of import dependence, the risks associated with reliance on international markets, and the governance challenges that import-dependent countries face in managing food security.

5.1. Structural Causes of Import Dependence

Food import dependence arises from a combination of supply-side and demand-side factors that vary across countries and over time. On the supply side, the most fundamental cause is the inability of domestic agricultural production to keep pace with growing food demand. This production gap can result from resource constraints, including limited arable land and water availability, low agricultural productivity, and inadequate investment in agricultural research and development. Climate change is increasingly recognized as a factor that may constrain agricultural production in many developing countries, particularly in tropical and subtropical regions where crop yields are already near thermal limits (Lobell *et al.*, 2011).

On the demand side, population growth and dietary diversification are the primary drivers of increasing food demand. The world's population is projected to reach 9.7 billion by 2050, with most of this growth occurring in developing countries that are already struggling to achieve food security. As incomes rise, consumers typically diversify their diets away from staple grains toward more resource-intensive foods such as meat, dairy, and vegetables. This dietary transition increases the effective demand for grain, as multiple kilograms of grain are required to produce each kilogram of animal protein (Godfray *et al.*, 2010).

5.2. Agricultural Productivity Gaps

The agricultural productivity gap between South Asian countries and global competitors represents one of the most significant structural factors underlying food import dependence. While Bangladesh has achieved relatively high cereal yields (5,408 kg/ha in 2024), Pakistan's wheat productivity remains markedly lower

than that of key competitors at 3,634 kg/ha. India's cereal yields have improved to 3,632.5 kg/ha, reflecting sustained investments in agricultural research and extension services.

The causes of low agricultural productivity in the region are complex and context specific. In many cases, inadequate investment in agricultural research and extension has limited the availability of improved technologies appropriate for local conditions. Weak infrastructure, including roads, storage facilities, and irrigation systems, reduces the returns to agricultural investment and limits farmers' ability to adopt productivity-enhancing practices. Limited access to credit and insurance constrains farmers' ability to invest in improved inputs and technologies.

5.3. Risk Management Under Global Shocks

Import-dependent countries face a range of risks associated with their reliance on international markets for food supplies. These risks include price volatility, supply disruptions, and exchange rate fluctuations, each of which can have significant impacts on food security and welfare. Managing these risks requires a combination of trade policy instruments, domestic policies, and international cooperation mechanisms.

Price volatility represents one of the most significant risks for import-dependent countries. When world prices spike, import-dependent countries face higher costs for meeting their food needs, which can strain foreign exchange reserves and fiscal budgets. Poor households are particularly vulnerable to price spikes, as they spend a large share of their income on food and have limited ability to smooth consumption. Research on the welfare impacts of the 2007-2008 food price crisis found that the poorest households in developing countries experienced welfare losses equivalent to several percentage points of their total expenditure (Ivanic & Martin, 2008).

6. Trade Policy, Institutions, and Sovereignty with Market Integration

The tension between national food sovereignty and international market integration lies at the heart of contemporary debates about food security governance. This tension has intensified in recent years as food price volatility, geopolitical conflicts, and concerns about climate change have led many countries to question the wisdom of relying on international markets for essential food supplies.

6.1. Trade Measures and Market Integration

The relationship between trade measures and market integration is complex and multidimensional. On one hand, trade liberalization promotes market integration by reducing barriers to cross-border commerce and allowing price signals to be transmitted more effectively between markets. On the other hand, some degree of policy intervention may be necessary to manage the risks associated with market integration and to ensure that the benefits of trade are distributed equitably across society.

The empirical evidence on the relationship between trade policy and market integration is extensive but mixed. Studies of price transmission generally find that trade liberalization is associated with increased integration, as measured by higher transmission elasticities. However, the magnitude of this effect varies significantly across countries and commodities, reflecting differences in complementary policies, infrastructure, and market structure. Countries that have liberalized trade without complementary investments in infrastructure and institutions have sometimes experienced limited improvements in market integration (Baffes & Gardner, 2003).

6.2. Diversification Strategies

Diversification represents a key strategy for managing the risks associated with import dependence while maintaining the benefits of international trade. By diversifying sources of supply, commodities consumed, and domestic production, countries can reduce their vulnerability to disruptions in any particular market or crop. Diversification strategies can be implemented at multiple levels, from individual farm households to national food security systems.

Supply source diversification involves importing from multiple countries rather than relying on a single supplier or a small group of suppliers. This strategy reduces vulnerability to supply disruptions caused by weather, conflict, or policy changes in any exporting country. For South Asian countries, regional trade agreements and bilateral arrangements can facilitate supply diversification while maintaining preferential access to food supplies.

6.3. Safety Nets and Resilience Building

Social safety nets represent a critical component of food security governance, providing protection for vulnerable households when market-based solutions are insufficient. Well-designed safety nets can complement trade policy by ensuring that the benefits of market integration are shared broadly and that vulnerable groups are protected from the negative consequences of price volatility and supply disruptions.

India's National Food Security Act, which provides subsidized food grains to approximately two-thirds of the population, exemplifies the integration of safety nets with trade policy. The program combines trade policy that maintains strategic grain reserves with a safety net that ensures food access for the poor. However, the fiscal costs of such programs can be substantial, and questions about targeting effectiveness remain important considerations for policymakers (Kozicka *et al.*, 2017).

6.4. Sovereignty versus Openness Debate

The debate between food sovereignty and market integration represents one of the most contentious issues in contemporary food security policy. Proponents of food sovereignty argue that countries should prioritize domestic food production and maintain policy space to protect local farmers and food systems from international competition. Proponents of market integration argue that open trade and specialization according to comparative advantage can enhance global food security by allowing food to flow efficiently from surplus to deficit regions.

A middle ground approach emphasizes strategic food security rather than complete self-sufficiency. This approach recognizes that some degree of import dependence is inevitable and potentially beneficial for many countries, but also acknowledges the risks associated with excessive reliance on international markets. Strategic food security involves maintaining the capacity to meet essential food needs through domestic production or strategic reserves while participating in international trade to access foods that cannot be produced economically at home (Clapp, 2017).

7. Conclusion

This chapter has examined the complex relationships between trade policy, export bans, and import dependence in the context of food security governance in South Asian countries. The analysis has drawn on international trade theory, empirical evidence from the region, and case studies to illuminate the trade-offs and challenges that policymakers face in designing effective food security strategies.

7.1. Key Findings

The evidence reviewed in this chapter supports several key conclusions about the relationship between trade policy and food security. First, trade policy is a powerful but blunt instrument for achieving food security objectives. Export bans and other trade restrictions can provide short-term relief from price spikes and supply concerns, but they also create significant costs for producers, distort market signals, and may exacerbate rather than ameliorate global price volatility. The beggar-thy-neighbor nature of export restrictions creates collective action problems that undermine the stability of international food markets and harm import-dependent countries.

Second, the effectiveness of trade policy as a food security instrument depends critically on institutional quality and administrative capacity. Countries with strong institutions can design and implement trade

policies that achieve their objectives with minimal unintended consequences, while countries with weak institutions may find that trade interventions fail to achieve their goals while creating significant distortions.

Third, import dependence is not inherently problematic, but it does create vulnerabilities that require active management. Countries that rely on international markets for a significant share of their food needs must develop strategies for managing price volatility, supply disruptions, and exchange rate risks. These strategies should include a combination of trade policy instruments, domestic policies to support agricultural productivity, social safety nets to protect vulnerable populations, and international cooperation mechanisms.

7.2. Policy Recommendations

Based on the analysis presented in this chapter, several strategic recommendations emerge for South Asian countries seeking to enhance food security while maintaining beneficial trade relationships. First, invest in agricultural productivity as the foundation of food security. The most sustainable path to food security is through increased domestic production that reduces dependence on imports while improving rural incomes.

Second, maintain policy space for responding to crises while avoiding unnecessary trade restrictions. The WTO framework provides some flexibility for countries to impose export restrictions in response to critical food shortages, but this flexibility should be used sparingly and with full consideration of the effects on trading partners. Third, develop comprehensive risk management strategies that combine multiple instruments, including strategic reserves, supply diversification, safety nets, and market-based instruments.

Fourth, strengthen social safety nets to protect vulnerable populations from price volatility. Trade policy interventions that affect food prices inevitably create winners and losers, and safety nets are essential for ensuring that the poor are not harmed by policies designed to achieve broader food security objectives. Fifth, engage actively in regional and international cooperation to improve the governance of food trade and develop contingency mechanisms for responding to food security crises.

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