

## Chapter 5

# Innovative Approaches to Regulation of Agricultural Production and Trade: Protectionism–Related Effects on Food Security

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### ABSTRACT

*The chapter studies contemporary innovative approaches to and practices of state support of agricultural production and trade in food and agricultural products. The authors attempt to discover how protectionist policies in the sphere of production and trade affect the level of food security in the conditions of expanding globalization. The chapter focuses on the investigation of advanced innovative practices of state support in the case of selected OECD countries. The authors reveal that the introduction of innovations into the system of state regulation is one of the key determinants of achieving food security in the conditions of the volatile market. Both the volume and priority directions of innovations in agricultural protectionism policies are discussed and evaluated.*

### INTRODUCTION

Agricultural production and trade in food and agricultural products are the two key elements in establishing food security. In most of the countries of the world, support of domestic agricultural production is considered as one of the major elements of national security (Erokhin, 2017a). Substantial resources are allocated to the support of agricultural producers, food market regulation, rural social programs, and

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environment protection (Gao, Ivolga, & Erokhin, 2018). Such policies are considered as protectionist measures which directly affect food markets, agricultural production, and food security (Erokhin, 2015b).

In the context of globalizing trade in agricultural products, sustainability of domestic food market requires the introduction of innovative approaches to food security policy. While international trade in recent decades has been gradually liberalized, trade in agricultural products and food has remained among the ones most influenced by international regulations and national policies (Bozic, Bogdanov, & Sevarlic, 2011). Agricultural protectionism is focused on the selection of measures of foreign trade and economic policies to achieve the particular degree of protection of agricultural sector and domestic food market from foreign competition. In a broader dimension, protectionist policies in the form of state support of agricultural production are aimed at the development of sustainable food production and establishment of food security of a country.

A set of protectionist policies is diverse. There is a wide range of tools that affect the competitiveness of domestic farmers and food security in various ways (Erokhin, Ivolga, & Heijman, 2014). Such policies support the effective elimination of price disparity and growth of farmers' incomes. The off-loading of agricultural surpluses of developed countries on the world market brings down prices and creates disincentives for local producers in many developing countries where agriculture is the main source of livelihood for a major part of the population. In the early 1990s, due to the difficult economic situation, many developing countries decreased the level of state support of agriculture and undertaken reductions in the protection of their domestic food markets, at considerable pain and effort, largely with a view to enhancing the supply of food products for their populations. Trade liberalization was successfully implemented in the countries where that process was sustained for a long period. In the short run, trade liberalization as a way to increase food security is often painful and may be even damaging for developing economies.

Liberalization froze state support and left emerging economies with very few policy instruments to protect themselves from food imports and to subsidize their agriculture (Erokhin, 2017b). As many of developing countries do not have sufficient financial capacity to support and protect domestic agricultural complex on the level comparable to that in developed economies, they have to introduce innovative practices of agricultural production and trade (Erokhin, 2017c). Despite the certain progress in economic growth during the 2000-2010s, most of the developing economies still fail to support domestic farmers on a level comparable with the developed states. In many cases, volumes of domestic support gained by farmers in emerging countries are tenfold lower than those in the developed states (Erokhin et al., 2014). Domestic production of basic agricultural products and food in many countries, including such big agricultural producers as Russia, Brazil, India, and Argentina fails to meet demand (Erokhin & Gao, 2018). Providing the population with food in sufficient quantity and variety is a challenge, which includes a range of issues of food production, import dependence and export orientation of the food market, solvency and dietary patterns of the population. Many developing economies have to rely on agricultural imports, leaving them vulnerable to global price fluctuations and affecting their export revenues, which tremendously threat food security of those nations. Innovative approach seems to be one of the solutions to food insecurity problem, and this chapter discusses the approaches which may be used in developing countries to support their agricultural production and protect domestic markets by using various trade-related tools (Erokhin, 2015a).

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