

# Trade Liberalization, The 2008 Food Price Crisis and The Philippines and Bangladesh's Efforts in Improving Food Security

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## ABSTRACT

The objective of this research is to explore the linkages between trade liberalization and food security, two ever relevant developmental concepts. More specifically it explores the reduction and elimination of import tariffs as a tool in increasing domestic food supply and improving availability of and people's access to rice as a staple crop. This paper aims at answering two research questions. Firstly, "How effective has the removal of import tariffs and quotas been in improving food security in the short-run?" and secondly, to less depth, "How well does conventional trade theory support the removal of import barriers in increasing supply?". This research looks into the Ricardian and Heckscher-Ohlin trade theories with the aim of determining their validity in terms of the objective. It also makes a case of the 2008 food price crisis, where the highest price volatility was observed in rice, and the experiences of two of the world's largest rice importers, The Philippines and Bangladesh in the midst of the crisis. The responses of these countries to the crisis through trade policy, and the effectiveness of these policies in improving food security in the short term have been examined. This paper attempts to determine effectiveness of the policies qualitatively from reviewing reports from several institutional databases such as The Food and Agriculture Organization of the United Nations and The World Bank in the periods before, during and after the crisis. The paper employs a number of empirical tests, namely graphical, correlation and regression analysis using import, price and food security indices data collected mainly from the aforementioned databases in order to again determine effectiveness of the policy. The analysis suggests that removal of import tariffs has proven only partially effective in improving short-term food security. The analysis also suggests that the conventional theories hold true in their explanations of the workings of trade, despite their several limitations which the paper points out. This research ultimately serves to learn from the experiences of these countries in trade policy during the food crisis and affirm the role of this form of trade liberalization as a potential tool in mitigating impacts to food security in the event of a future crisis.