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Protecting Food Security in the Face of Tariffs and Trade Wars

By Paul Teng

SYNOPSIS

The uncertainty caused by tariffs and trade disputes affects food security. Increases in geopolitical tensions will undermine the best plans to maintain global supply chains, encouraging countries to develop alternative ones. Consumers in Southeast Asia, even though far from the geographic areas of dispute, will ultimately suffer from interruptions in food availability and price hikes. National strategies to ensure food security are needed.

COMMENTARY

Salvos of tit-for-tat tariffs have been fired between Canada, Mexico, China and the US ever since the latter [declared new tariffs](#) on February 1. While negotiations will take place between them to avoid an all-out trade war, uncertainty will prevail in the short term and affect the forward prices of key traded agricultural commodities.

Importing countries which rely on global supply chains for food will need to start planning for alternate sources and take whatever domestic action is necessary to ensure food availability. The [experience](#) acquired in dealing with the consequences of tariff impositions during the first Trump administration will be valuable in formulating proactive strategies to avoid negative impacts on all four dimensions of food security, namely, availability, access, utility, and stability.

Although the current round of the tariff war is limited to just four countries, spillover effects are likely in terms of disruptions to supply chains and among food/feed items that are traded as commodities, resulting in price fluctuations. Asian countries that import from these countries may see increased prices, which ultimately translate into food price inflation. And consumers, even those far removed from the dispute areas, will likely see higher food prices.

Tariffs and Their Potential Impact on the Food Trade

As happened during the first Trump presidency, US tariffs on Chinese goods will further encourage China to find alternative export markets. For example, when Trump imposed food tariffs on China in [2018](#), the latter, the world's largest soybean importer, developed [alternative supply markets](#) to import from elsewhere, especially South America. In anticipation of a repetition, Brazil, a major exporter, reportedly increased its soybean plantings to [47 million hectares](#) in the current season, its largest ever.

Asian exporters might find new opportunities in North American markets if US consumers seek alternatives to higher-priced domestic products. However, a downside is also possible in that countries that rely on the US as a large export market may be forced to reduce production in the short term, thereby affecting the livelihoods of small producers. For food items in which the US market is sizeable, and production has not been reduced, the tariffs may result in some “dumping” at lowered prices to other countries. This may happen to [Vietnam's seafood exports](#) to the US.

Countries exporting to the US may further experience a “slowdown” effect on their overall economies, leading to lower domestic consumer demand. For example, the US is the biggest export market for China, India, and Vietnam, so tariffs will ultimately affect consumer spending power in these countries.

There is a possibility that Asian farmers may face increased competition from North American agricultural produce that is redirected away from China due to the tariffs. For example, with US feed and oil soybeans becoming less competitive in China due to tariffs, American producers might target Asian markets and grow more non-GMO food, therefore increasing competition with Asian farmers of soybean.

Will Trump 2.0 Stimulate Asia To Be More Self-Sufficient in Food and Feed?

The trade policies of the second Trump administration may nudge Asian governments to become more food-independent and increase the potential for Asia to reduce import dependency, especially in subregions like [ASEAN](#). They will also force Asia to develop more sustainable and stable relationships with countries that trade in commodities essential for food and feed security.

Indeed, the size of the demand market in Asia – [1.4 billion people in China, 1.4 billion people in India](#), and [over 670 million people in ASEAN](#) – suggests that developing a strong intra-Asian food market based on sustainable food systems should be a target for the region.

Regional differences, however, exist in such a diverse region as Asia. For example, in [South Asia](#), increasing food self-sufficiency may have to be a priority due to the relatively large poor population, unlike in Southeast Asia, where the high GDP per capita in small states like Singapore and Brunei allows food to be imported from overseas sources.

What of ASEAN?

ASEAN is in the midst of developing its [post-2025 vision and strategies](#) for its food,

agriculture, and forestry (FAF) sectors. The previous [FAF vision for 2016-2025](#) aspired to integrate ASEAN into global markets. It is time now to focus on increasing intra-ASEAN and intra-Asian trade in food and securitising its food supply chains with more reliable partners who have the potential to grow more, such as Australia.

Many ASEAN member states have a high [import dependency ratio](#) on items like wheat, soybeans, and corn. [Singapore](#) depends on over 170 countries to meet 90 per cent of its food needs while [Indonesia](#), the world's largest importer of wheat, imports 100 per cent of its wheat from multiple countries. ASEAN should consider developing mechanisms to conduct collaborative public-private research that leads to new crop varieties and agronomic practices that result in increased production and consequently reduced import dependency, as [Brazil did for the Cerrado](#) region.

ASEAN should consider adopting a “[preparedness](#)” paradigm for food security in which country-level plans are in place to meet disruptions while concurrently increasing self-sufficiency and diversifying import sources. Many ASEAN policies, such as [responsible investment](#), have been endorsed, and many mechanisms exist for the grouping to develop joint anticipatory action.

Going Forward

While preparing for the fallout from the tariff and trade wars, longer-term strategic concerns, such as population growth, demographic shifts, etc., will continue to underscore the challenges to meeting food demand. Asia as a region is currently self-sufficient in rice, seafood, and vegetable oil. So, the expectation is that the security associated with these three food items will be relatively unaffected.

The need to develop new supply chains will encourage Asian countries to reassess their trade relationships, diversify their import sources and reduce reliance on any single country, as in the case of Singapore's “[Resilience](#)” Strategy for food imports. This could lead to new balances between food surplus and food deficit countries. So, while the current concern about tariffs is on North America and China, the ripple effects will likely be felt beyond these countries. [Policy re-calibrations](#) between countries may be needed to secure food security in Asia.

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