

Agri-Trade Forum

A quarterly newsletter from the International Policy Council on Agriculture, Food and Trade

“Achieving the Doha Development Agenda” First Seminar Held

The first of three seminars, *Achieving the Doha Development Agenda* was held June 13th at the World Trade Organization in Geneva. The seminars hope to provide a useful forum for discussion between developing-country negotiators and their colleagues in capitals with experts from the IPC.

The seminar was divided into five segments: Lessons from the Uruguay Round; Export Competition; Market Access; the Links Between the Pillars and the Role of Trade in Agricultural Development. Panelists were IPC Chairman Robert L. Thompson, and IPC members Joe O’Mara, Rolf Moehler, Mike Gifford and Dale Hathaway.

The next seminar will be held September 10 and will focus on

domestic subsidies and the ‘development box.’ The third and final seminar in this series will be held in late October. It will focus on food and agricultural issues which may be discussed outside the agricultural



negotiations but will affect trade in food and agricultural products.

Proceedings of the first seminar are available on the IPC’s website at www.ipcaft.org.

Sustainability Project Launched

In recognition of the growing link between agricultural trade policy and sustainable development, the IPC has launched a new project focusing on sustainable agriculture and food production. The project will focus on trade and agricultural policies affecting five commodities: oilseeds, sugar, dairy, rice and coffee, and how those policies relate to sustainability. *Continued on page four.*



29th IPC Plenary Meeting and Seminar

The 29th IPC Plenary Meeting and Seminar was held May 1-4, in Ottawa, Canada. The IPC was honored to have both Canadian Agriculture Minister, Lyle Vanclief, and US Secretary of Agriculture, Ann Veneman, speak at the seminar, *Challenges Facing the Doha Round*. The seminar was well attended by leaders from all areas of Canadian agriculture, from government officials to farm leaders.

IPC members agreed on an ambitious substantive agenda. The IPC released a new statement on biotechnology, and plans to produce recommendations for trade negotiations and a study on sustainability in agriculture.

Proceedings of the IPC Seminar, “Challenges Facing the Doha Round,” are now available from the IPC. More inside.

Inside

29th IPC Plenary Meeting and Seminar ... Page 2

Developments in Russian Agriculture Policy ... Page 3

World Food Summit ... Page 4

Biotechnology ... Page 4

New IPC Members ... Page 5

IPC Calendar

September 10: *Achieving the Doha Development Agenda Seminar Two, Geneva, Switzerland*

October: *Achieving the Doha Development Agenda Seminar Three, Geneva Switzerland*

November 22-23: *30th IPC Plenary Meeting, London, England*

November 24-26: *World Food and Farming Congress, London, England*

December: *IPC releases modalities recommendations*

May 31 - June 3, 2003: *31st IPC Plenary Meeting, Mexico City, Mexico*

29th IPC Plenary Meeting and Seminar



IPC Seminar: Increased Liberalization Imperative for Doha Round

World agriculture leaders emphasize the importance of further liberalization of trade in agriculture for all stakeholders.

Developing country panelists discussed their countries' objectives in the upcoming round of negotiations. All emphasized the special importance of the agriculture sector in their respective countries. They called for better market access through lower tariffs, elimination of export subsidies, increased minimum access for developing countries and clearer and more specific Special and Differential Treatment provisions.

In discussing the divergent agendas of the US, EU and Cairns Group, panelists had varied levels of confidence in the progress that can be made in the Doha Round. Michel Petit of France and Brian Chamberlin of New Zealand expressed concern that the US Farm Bill could impede the United States' ability to regain its leadership

role from the Uruguay Round. Joe O'Mara of the United States felt confident that the US would abide by its obligations and that US agriculture would continue to be a strong advocate for more liberalization.

These negotiations are a crucial element of the future of agriculture.

*Lyle Vanclief,
Canadian Minister of
Agriculture*

With regard to non-trade concerns, panelists emphasized the need to take food security, conservation, landscape and socioeconomic viability of rural areas into consideration in the trade agreement. Rolf Moehler of Germany emphasized that non-trade concerns must be seen within the long-term

context of the agriculture agreement and must not thwart the objective of the agreement. From the developing country perspective, however Anthony Wylie of Chile warned that it is important to take into consideration different cultural approaches to non-trade concerns, particularly in the area of animal welfare.

Dale Hathaway of the US and Suzanne Vinet of Agriculture and Agri-Food Canada agreed that in the 'Doha Development Round' increased market access will have to be realized in order to benefit developing countries. With regard to special and differential treatment, Hathaway and Vinet emphasized that such treatment should include developing countries in the system rather than allow them to protect their markets for a longer period of time.



IPC Seminar: Vanclief Criticizes, Veneman Defends US Farm Bill

"I am very disappointed that the US Congress has agreed to significantly increase trade-distorting support in the new Farm Bill," said Minister Vanclief in his address at the seminar. Later in the day, Secretary Veneman defended the bill saying that the support written into the bill is not very much different from what it has been over the last few years. "[W]e've been doing, in effect, a mini-farm bill every year in the supplemental appropriations." She further defended the US's position within the WTO saying that, "Our early analysis indicates to us that this farm bill will be consistent with our WTO obligations."

IPC Meeting Sponsors

The IPC would like to thank Cargill, Canada, Maple Leaf Foods, the Canadian International Development Agency, Agriculture and Agri-Food Canada and the Canadian Department for Foreign Affairs and International Trade for their support of the 29th IPC Plenary Meeting and Seminar.

30th IPC Plenary Meeting to be Held in London, England

The 30th IPC meeting will be held November 23-26 in conjunction with the World Food and Farming Congress. The World Food and Farming Congress is linked to the Royal Smithfield Show and will bring together international figures in the world of agriculture trade and food production. The Congress will be chaired by former IPC Chairman, Lord Henry Plumb. Her Royal Highness Princess Ann will host the gala

dinner. Key topics will include: discussion of future world demand and supply; trade issues and the globalization of farming; the balance and transfer of knowledge and experience; and the

conflict between the affluent consumer and the needs of the majority.

IPC members and members emeritus who will speak at the convention include, IPC Chairman, Robert L. Thompson, Per Pinstrup-Andersen, Nestor Osorio, Huang Jikun, Allen Andreas, Hans Jöhr, and Pedro de Camargo Neto. More information on registration for the Forum is available at www.wffc.co.uk.



WORLD FOOD AND
FARMING CONGRESS

Memo to the World Food Summit: To Reduce Poverty and Hunger, Developing Countries Need Better Domestic Policies and More Open Markets

At the recent Food and Agriculture Organization World Food Summit in Rome, IPC President, M. Ann Tutwiler made a well-received intervention arguing that, while subsidies in OECD countries are an important impediment to developing countries, equally important is the domestic policy environment within the developing countries themselves.

Her observations grow out of a four-year global initiative by the IPC focusing on the links between agricultural trade and production in the developing world. A summary of the results of this initiative, as well as an E-Book of the proceedings of the project, are available from the IPC's website at www.ipcaft.org.

At the Summit, Ms. Tutwiler said that despite the passage of time and the heterogeneity of the countries involved,

As a former IPC member from Africa said, "The greatest challenge is we have not made sufficient progress in reforming our own domestic environments, and our regional environments, which are supposed to be the foundation on which we can participate in international markets."

the views expressed by developing country agriculture leaders in many different regions were remarkably similar. Developing country leaders pointed out many home-grown impediments to increasing domestic food production including: macroeconomic and fiscal policies that are biased

IPC Statement on Biotechnology Released

In its new Statement on Biotechnology, the IPC said that we have moved past the stage where there will be a clear winner from the biotech debate, but we have to restore consumer confidence in the technology if it is to move forward.

The statement asserts that government must ensure that any labeling schemes are clearly specified. They must ensure that labels or any other communications about specific food products are accurate, verifiable and not misleading. When governments actively enforce these standards, consumer trust is enhanced. Other tasks are best left to private markets. Mandated labels, especially those describing a production process rather than a product's specific attributes, discourage food suppliers from using such products to avoid labeling requirements, ultimately restricting consumer choice and depriving the market of new products.

The IPC statement emphasizes that in addition to building consumer confidence, government policies should strive to reduce trade tensions.

As conventional, organic, biotech and other foods come to exist side by side, real consumer choice will increas-

ingly depend on acceptable tolerances for commingling across categories.

Establishing tolerances is a special challenge for products approved in one jurisdiction but not another. Different timing for regulatory approvals among trading partners can create trade barriers that can escalate into trade conflicts, when small amounts of the unapproved product is commingled with approved products.

The IPC believes the best way to handle this challenge is to require regulatory approval in the exporting country and require submission for regulatory approval in the importing country. In essence, this is a temporary "mutual recognition" agreement that would facilitate commerce while respecting the rights of individual countries to conduct their own regulatory approval processes.

Over the longer term, the IPC believes that countries need to begin to work towards a mutual recognition agreement for products of plant biotechnology similar to those in place for drugs and consumer products. Once two countries' regulatory systems have been determined to be essentially equivalent, those countries should agree to recognize products approved in the

against farmers; investment policies biased against rural areas; insecure land tenure; limited access to credit for farmer; and inadequate public infrastructure.

Tutwiler emphasized that it is important that changes are made in developed country policies as well. Developed countries must reduce their high domestic subsidies; discontinue the limited market access for the very products in which developing countries hold a comparative advantage; eliminate export subsidies; and keep "non trade concerns" out of the WTO negotiations. Developing country participants felt that non-trade concerns were restrictions imposed to curb competition, thwart comparative advantage or raise production costs in developing countries.

Continuing dialogue between governments, improving regulatory frameworks, and building trust with consumers are more likely to accommodate differences in ways that enhance consumer confidence and acceptance in the long run.

one for sale in the other. Once a number of countries have signed on to such mutual recognition agreements, they could then be used by other countries, who might not have robust approval processes, as proxy for its own product approval systems.

The IPC believes that producers and consumers share a common interest in avoiding trade conflicts over differences in regulatory standards or timing of approvals. Whatever the merits of the arguments, bringing a WTO case over biotechnology at this early stage in the technology's development risks inflaming passions, raising consumer concerns, and forcing politicians to choose sides. Continuing dialogue between governments, improving regulatory frameworks, and building trust with consumers are more likely to accommodate differences in ways that enhance consumer confidence and acceptance in the long run.

Developments in Agricultural Policy in the Russian Federation

by IPC Member Affiliate, Alexandre Ivashchenko

Land Law Reform

On March 14, 2002 the Russian Government adopted the "Federal Law on the Use of Agricultural Land" and submitted it to the State Duma. Despite resistance from the pro-Communist deputies, the Bill was approved in its first reading on May 16, 2002. Members of the Federation Council have signaled they will likely adopt the legislation in the Fall of 2002.

A "shadow turnover of the agricultural land" has been proceeding for a long time. Federal and regional authorities have been trying to adopt regulations on agricultural land use but have faced strong resistance from left-wing parties. Thus, the adoption of the federal law is necessary.

According to Mr. A. Gordeev, Russian Agriculture Minister, the law focuses on private land ownership and stimulation of agricultural development. The law gives the priority in administration and purchasing of agricultural land to the Russian Federation regions (Oblasts, Krays and Republics). The regions have the ability to "introduce maximal and minimal restrictions on the agricultural land owned by individuals or companies." Foreign ownership of agricultural land near the borders of the country will be forbidden.

WTO Accession

The Russian Federation continues to proceed with negotiations to enter the WTO. The necessity of joining the

WTO is accepted by the government, legal and business community. According to a forecast from the Ministry of Trade and Economic Development, Russia's gains from WTO membership would be roughly \$18 billion, whereas the losses from non-membership are estimated at \$2.1 billion. However Minister Gordeev insists on an "unhurried" entrance under favorable conditions.

The agricultural sector is unlikely to benefit from WTO accession. The



most contentious points regarding agricultural negotiations for Russia include the following: **1) Export subsidies** – Russia would like to base its allowable level of export subsidies on the period 1990-1992 rather than on the period of 1997-1999, as the WTO requires. Export subsidies from 1997-1999 were roughly 1/10 of those in 1990-1992. **2) Market Access** – Russia insists on an increase of customs duties for practically all goods from 25% to 36%. It would also like to introduce a quota system like those available to other WTO members. **3) Domestic Support** - Russia would like to set their base period for state

support at 1991-1993 levels, when support was \$16.2bn rather than 1997-1999, when support has been roughly \$1bn. State support per hectare in European Countries today is \$600 whereas for Russia it is \$9. Russian First Deputy Minister of Agriculture, Mr. Sergei Dankwert feels that state support should be continued in order to preserve leasing of machinery and favorable credits for farmers.

Limiting support to the 1997-99 base period will deprive Russia of state support and would essentially mean that Russia could not develop its agriculture sector.

Russian agribusiness leaders feel that the government's position is unproductive. They advise officials to focus on tariff policy.

They are concerned that if Commonwealth of Independent States (CIS) countries also lower their tariffs after admission to the WTO, their markets will overflow with cheap imported goods. Given the transparency between the CIS country borders and Russian borders, the consequences for the Russian agricultural market would be extremely negative.

WTO Director General Mike Moore recently estimated that Russia will join the WTO by 2003, but considering all of the obstacles, this may be too optimistic. However, coming to an agreement with the WTO may be easier than finding a compromise with the local industrialists.

Sustainability Project Launched (Continued from page one)

The IPC proposes to elaborate on the links between economically sound domestic agricultural and trade policies and environmentally sustainable food and agricultural production, in both developed and developing countries. The goal of this project is to establish whether the same policies that can be justified on the grounds of sound economics can also be justified on environmental grounds and to inform the WTO debate on the classification of domestic support policies.

The IPC will bring together environmental and agricultural trade policy experts to identify agricultural and trade policies in developed and developing countries that enhance or undermine sustainable agricultural and food production.

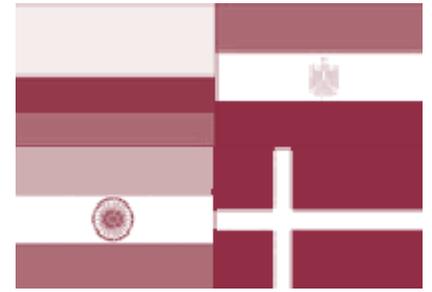
The IPC will commission a series of papers from leading environmental experts and economists for each of the five key agricultural commodities in representative regions. These case studies will then be used to understand the impacts and linkages between environmental sustainability and domestic and agricultural trade policies. The IPC will share the papers with environmental, agricultural and trade policy experts from governments as well as those involved in the debate from the corporate and nonprofit world, for their added insights. The final papers will be presented at an international workshop in which participants will develop recommendations on how agricultural and trade policies might be designed which achieve economic and environmental sustainability.

The first meeting of the IPC's task force on sustainability will be held on November 22nd in London.

IPC Welcomes New Members

At the Ottawa Plenary Meeting, the IPC welcomed **Mr. Devi Dayal of India** as a member. Mr. Dayal is currently a trustee at the National Institute of Agriculture in India. He was previously Secretary to the Government of India in the Ministry of Finance New Delhi.

Since that time **Dr. Per Pinstrup Andersen of Denmark, Mr. Néstor Osorio of Columbia and Dr. Ahmed Goueli of Egypt** have accepted membership to the IPC. Dr. Andersen is currently the Director General of the International Food Policy Research Institute (IFPRI) and is the recipient of the 2001 World Food Prize. Mr. Osorio is currently the Executive Director of the International Coffee Organization. He is also the former Colombian Ambassador to the WTO where he was Chairperson of the WTO's Trade Policy Review Body and the Committee on Agriculture. Dr. Goueli is the director general of the Council of Arab Economic Unity and the former Egyptian Minister of Trade and Supply.



The IPC convenes high-ranking government officials, farm leaders, agribusiness executives and agricultural trade experts from around the world and throughout the food chain to build consensus on practical solutions to food and agricultural trade problems.

New Supporters

The IPC would like to welcome its new Association Members, the Agriculture Engineers Association, Grain and Feed Trade Association, Universal Corporation and Crop Life International. We would also like to thank the United Kingdom Department for International Finance and Development for support of the IPC Seminar Series, *Achieving the Doha Development Agenda*.

The IPC will offer its newsletter, Agri-Trade Forum via email at no cost. If you wish to receive this newsletter via email, please go to the IPC's website, www.ipcaft.org and click on the link to register. If you would like to continue to receive this newsletter in printed form, please send the form below to the IPC. The cost of the printed version is \$25 per year.

Agri Trade Forum

Newsletter of the International Policy Council on Agriculture, Food and Trade

ORDER FORM



SUBSCRIBER INFORMATION *(please type or print information below)*

Dr./Mr./Mrs./ Ms. _____			
_____	_____	_____	_____
Last Name	First Name	Title	
_____		_____	
Organization Name		Street Address	
_____	_____	_____	_____
City	State	Country	Zip or Postal Code
_____		_____	_____
Primary Telephone Number		Fax Number	Email Address

PAYMENT:

- Make checks payable to: International Policy Council
- MasterCard or Visa are accepted. *(please list card information below)*

Type of card: *(circle one)* MC VISA CC# _____ Expiration Date: _____

Name of Cardholder: _____ Signature: _____

*International Policy Council on
Agriculture, Food and Trade*

1616 P St. NW, Suite 100
Washington, DC 20036
USA

Phone: 202-328-5056
Fax: 202-328-5133
Email: ipcaft@ipcaft.org

*Promoting an
Efficient and Open
Global Food and
Agricultural System*

www.ipcaft.org

*Newsletter subscriptions available via
email at no cost. Hard copy
subscriptions are \$25/year. A full
subscription for all IPC publications is
\$150/year. To order, contact the IPC by
phone at 202-328-5056, by fax at 202-
328-5133, or by email at
ipcaft@ipcaft.org.*



The Mission of the IPC

The International Policy Council on Agriculture, Food and Trade (IPC) is dedicated to developing and advocating policies that support an efficient and open global food and agricultural system - one that promotes the production and distribution of food supplies adequate to meet the needs of the world's growing population, while supporting sound environmental standards.

Membership of the International Policy Council

Robert L. Thompson (Chair), United States	Dean Kleckner, United States
Piet Bukman (Vice Chair), Netherlands	Donald Nelson, United States
Per Pinstrup-Andersen, Denmark	Georges-Pierre Malpel, France
Allen Andreas, United States	Donald McGauchie, Australia
Bernard Auxenfans, France	Liberty Mhlanga, Zimbabwe
Brian Chamberlin, New Zealand	Rolf Moehler, Belgium
Norman Coward, United Kingdom	David Naish, United Kingdom
Csaba Csaki, Hungary	Joe O'Mara, United States
Devi Dayal, India	Nestor Osorio, Columbia
Michael Gifford, Canada	Michel Petit, France
Ahmed Goueli, Egypt	Henry Plumb, United Kingdom
Hugh Grant, Scotland	Joachim Rathke, Germany
Dale Hathaway, United States	Ajva Taulananda, Thailand
Wilhelm Henrichsmeyer, Germany	Hiroshi Shiraiwa, Japan
Heinz Imhof, Switzerland	Jiro Shiwaku, Japan
Hans Jöhr, Switzerland	Jim Starkey, United States
Rob Johnson, United States	Anthony Wylie, Chile
Timothy Josling, United Kingdom	Jorge Zorreguieta, Argentina
Ke Bingsheng, China	