

Agri-Trade FORUM

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IPC Releases Recommendations for the Doha Agricultural Negotiations

On January 21st, the IPC released its recommendations for the agricultural negotiating modalities to over eighty trade ministers and negotiators in Geneva. The IPC also briefed senior officials from the United States and European Union governments, as well as WTO staff and key delegations in Geneva. IPC members have shared the recommendations with officials in Japan, Germany, China, the United Kingdom and the Netherlands. Additional public briefings on the recommendations will be held in capitals around the world.

The full text of the IPC's recommendations on domestic support, export competition, market access and developing country concerns are available on the IPC's website at www.agritrade.org. The IPC offers these recommendations in the hope that they will provide a politically feasible basis for the modalities that will allow negotiators to move to the next stage of the agricultural talks.



Supachai Addresses World Food and Farming Congress

The inaugural World Food and Farming Congress (WFFC) was held November 25 – 26, 2002 in London England in conjunction with the Royal Smithfield Show and was co-sponsored by the IPC and Clarion Events. The WFFC brought together representatives from agribusiness, government, science, farming and leading civil society organizations.

Dr. Supachai Panitchpakdi, Director General of the World Trade Organization was the keynote speaker for the Congress. Dr. Supachai emphasized that the agricultural negotiations must be "seen in the broader context of the whole trade round." He reported the status of the round as a whole and on the situation in the agricultural negotiations. He encouraged WTO members to "move rapidly from position and coalition building to deal making on the modalities for further

"There is a lot at stake in the negotiations on agriculture, and a lot of benefits could flow from reform in this sector, particularly, but of course, not only for developing countries."

--Dr. Supachai Panitchpakdi, Director General, World Trade Organization

commitments."

HRH Princess Ann spoke to WFFC participants at the Smithfield dinner, which celebrated the centenary of the Cooper Dinner, the Royal Smithfield Show and the WFFC. Her Royal Highness complimented the IPC and the WFFC saying, "It is only by talking to one another that we can learn the lessons of other countries and appreciate their experiences and problems." The proceeds from the dinner went to support the Save the Children Fund for which Princess Ann is Patron.

IPC members Lord Henry Plumb, Per Pinstrup-Andersen, Huang Jikun, Allen Andreas, Robert Thompson, Nèstor Osorio, Hans Jöhr, Donald McGauchie, Pedro de Camargo Neto, and Piet Bukman also addressed the Congress.



IPC Launches Sustainability Task Force

The IPC launched its Sustainability Task Force on November 22nd at Unilever House in London, England. The Task Force brings together IPC members with other experts in the environment, economics, trade and agriculture. Task force members decided on an overall approach as well as the next steps toward fulfilling the task force's goals. John A. Dixon, former Lead Environmental Economist at the World Bank has agreed to write the framework paper.

The IPC Sustainability Task Force, will elaborate the links between economically sound domestic agricultural and trade policies and environmentally sustainable food and agricultural production in both developed and developing countries. The Task Force will examine whether or not the reforms envisioned by the WTO trade negotiations will contribute to environmental sustainability. It will also examine whether additional measures to promote sustainability should be incorporated into the WTO's trade negotiations. The IPC Sustainability Task Force plans to make recommendations to national governments and international organizations regarding policy reforms to further sustainability. The IPC will commission case studies on maize, oilseeds, rice, coffee and dairy/beef from leading international experts.

The task force will hold an international conference in Spring 2004 to communicate its recommendations to policy makers at the national and international level, as well as with farmers, civil society organizations and corporate stakeholders. The IPC would like to thank Nestle and Unilever for their initial support of the IPC's Sustainability Task Force.

To Benefit Developing Countries, the Doha Round Must be Ambitious

by: IPC Member, Per Pinstrup-Andersen, 2001 World Food Prize Laureate, H.E. Babcock Professor, Cornell University

On February 14 and 15, trade ministers from around the world met to give a much-needed boost to the Doha Development Round negotiations. Unfortunately, it appears that just the opposite has occurred. And, even more unfortunately, it appears that agricultural trade is again at the center of the controversy.

Agricultural trade distortions inflict particular harm on poor farmers in developing countries. Trade distortions make it impossible for poor farmers to escape hunger and poverty. Many developing countries import food because trade distortions do not give them a chance to produce enough of their own. Other developing countries, that are able to export agricultural commodities, face artificially lower prices caused by agricultural subsidies in wealthy countries. Without ambitious results in agriculture, there will be little reason for developing countries to move forward with negotiations.

Developing countries must work together to demand an ambitious agricultural agreement with tighter controls, stronger disciplines and no exceptions.

Developing countries must work together to demand an ambitious agricultural agreement with tighter controls, stronger disciplines and no exceptions. They must demand an agreement that reduces tariffs and increases market access for all commodities; that reduces all forms of trade-distorting support, and that disciplines all forms of government financed export competition.

Developing countries must also demand an agreement that brings them into the world trade system. Past trade agreements have postponed the process of reform in developing countries and delayed the benefits of a more open economy. To realize the benefits of trade, developing countries need help meeting health, safety and quality standards; enhancing investment in rural roads; expanding access to appropriate technology, land and credit; and improving marketing and production systems. But this is a two way street. Developing countries must also put agriculture first in their own development efforts.

The IPC, whose membership includes former trade negotiators, government officials, farm leaders, agribusiness executives and leading policy experts from Africa, Asia, Europe, North America and South America, has found a consensus on an agricultural negotiating framework. This consensus demonstrates that negotiators can reach an agreement that balances the interests of exporters and importers, developed and developing countries.

The IPC's membership represents countries that want aggressive results, countries that want modest results and countries that want limited results. But all IPC members strongly believe that positive results in agriculture must be achieved in the Doha negotiations if the negotiations are to benefit the developing countries.

Full details of IPC's recommendations can be found at www.agritrade.org.

The IPC's Recommendations and the Harbinson Text: Similarities and Differences

Domestic Support

Similarities

- Combine Blue and Amber Boxes and subject them to the same reduction commitments
- Fix acreage base for Green Box payments
- Reduce product-specific de minimis support
- Permit governments to compensate farmers for the costs of complying with environmental or animal welfare regulations, if compensation is not related to production

Differences

- **Harbinson:** prohibit countries from increasing support to any individual commodity; **IPC:** limit the ability of countries to increase support to any individual commodity by making reduction commitments commodity specific.
- **Harbinson:** reduce non-product specific support; **IPC:** retain current levels
- **Harbinson:** defer non-trade concerns; **IPC:** address non-trade concerns under Green and Amber box

Export Competition

Similarities

- Establish a date-certain for eliminating export subsidies
- Impose stronger disciplines on export credits and food aid
- Subject export credits and food aid that do not conform to guidelines to export subsidy disciplines
- Continue the Uruguay Round approach of limiting export subsidy value and volumes
- Ban export embargoes and taxes for foreign policy or short supply reasons

Differences

- **Harbinson:** eliminate half of export subsidies in five years and the other half in ten years; **IPC:** eliminate all export subsidies on the same timeline.

Special and Differential Treatment

Similarities

- Eliminate duties and quotas for all LDC's
- Expand Green Box to address concerns of developing countries
- Retain product-specific de minimis provisions for developing countries
- Modulate commitments for developing countries

Differences

- **Harbinson:** eliminate tariffs on "products of interest" to developing countries; **IPC:** eliminate tariffs on all developing country products
- **Harbinson:** allow countries to designate Strategic Products, exempt from tariff cuts and eligible for safeguard protection.

Market Access

Similarities

- Reduce tariffs from bound, not applied levels
- Update base period for calculating quotas
- Extend the Special Safeguard to developing countries
- Eliminate tariffs and quotas for all least developed countries
- Improve tariff rate quota administration

Differences

- **Harbinson:** address peak tariffs by reducing higher tariffs by a greater percentage than lower tariffs; **IPC:** bring all tariffs down to a single bound rate.
- **Harbinson:** average tariff cuts across all products in each tariff category; **IPC:** average tariff cuts across individual tariff chapters.
- **Harbinson:** eliminate special safeguards for developed countries; **IPC:** retain a special safeguard for all countries.
- **Harbinson:** retain margins of preference for products covered by preferential schemes; **IPC:** convert special preferences into general preferences.

Topics from IPC Seminars: Do Special Preferences Benefit Developing Countries?

At the final seminar in the IPC's series "Achieving the Doha Development Agenda," IPC Members Rolf Moehler and Timothy Josling addressed the topic of special preferences.

Rolf Moehler said that the disadvantages of special preferences have become more obvious in recent years. The economies in beneficiary countries become linked to the economy of the donor country, and developing countries who are not beneficiaries are at a disadvantage.

Moehler pointed out that special preferences are being replaced by free trade agreements and are being eroded by tariff reductions agreed in the WTO negotiating rounds. Yet, because tariff protection in agriculture is relatively high around the world, special preferences still play an important role.

Moehler proposed phasing out special preferences and transferring them into the generalized system of preferences which would require the them to be extended to all developing countries.

IPC member, Timothy Josling noted that the key concerns of beneficiary countries are not whether preferences will be gone in the long run, but the significant disincentive to any sort of investment that the threat of removing preferences holds, and the significant disruption of major agricultural enterprises if there is an abrupt removal.

He suggested that negotiators focus on schedules for phasing out preferences and setting up compensation for the phase out.

Josling agreed with Moehler that the value of preferences is being eroded from below by better access for other countries and from above by reductions of MFN tariffs and price supports. He suggested that small countries try to get compensation where there is significant potential impact on their economy rather than keep special preferences.

Full proceedings from IPC's seminar series are available on the IPC's website at www.agritrade.org. Additionally, the proceedings from all three seminars have been synthesized and published by the IPC in a comprehensive publication.

The IPC would like to thank the Department of International Development, United Kingdom and the Department of Development Cooperation, The Netherlands for providing funds for this seminar series.



Biotechnology in Agriculture

By IPC Member Associate,
Heinrich Toepfer

Today the world's population is growing by 1.3% annually. This represents an increase of roughly 80 million people each year. The land available to grow plants and raise animals shrinks drastically every year due to erosion, salination, and urbanization. By 2025 there will be only 0.21 hectares per person of arable land. At the same time, people will demand more and better food, and there will still be over one billion hungry people.

In 1848, the Austrian Monk, Gregor Mendel discovered that genes are transferred from parent to offspring in plants. Since that time, scientists have studied genes. We have eaten and enjoyed genetically modified food such as oranges and wine grapes without seeds for many years. Most cheeses in Europe, and the United States are made with a GM-produced enzyme. In addition, most diabetics receive insulin produced by GM methods. Why is this technology 'good' when applied to cheese processing and pharmaceuticals, but 'evil' when applied to crops?

By the standards now being applied to GM foods, many "natural foods" would not be allowed on the market.

Many people have expressed concern about the potential for allergies to genetically modified food. However, many "natural foods" like peanuts and dairy products cause allergies, which are in some cases life threatening. By the standards now being applied to GM foods, these foods would not be allowed on the market.

It is almost impossible to promise that no one will have an allergic reaction to a particular product. So, we need reasonable standards, rigorous testing and research, and the willingness of all societies to base their decisions on scientific evidence.

Few people realize that many crops share similar genetics. For example, wheat shares 90% of the same genes with rice or maize. Scientists are conducting research on ancient grains to find out what they can offer today's grains. GM plants have the potential to resist disease, frost, drought, salination, and insects. Furthermore, they have the potential to use less chemicals and water. This can lead to healthier plants and plants that can withstand longer transportation or storage times resulting in less waste, while protecting the environment.

To improve public acceptance, scientific institutions and universities should educate the public by opening their doors demonstrating and presenting information on what good or harm can come from genetically-modified food for humans, the environment, and the future of this world.

Hamburg, Germany, January 2003



IPC to hold 31st Plenary Meeting in Mexico City

The IPC will hold its 31st Plenary Meeting from May 31st to June 1, 2003 in Mexico City, Mexico. While in Mexico City, the IPC will also co-sponsor a conference entitled *Poverty, Agriculture, Biodiversity and Sustainability: A Call to Action*, with the Monterrey Bridge Coalition, and the Mexican Ministry of the Environment on June 2 – 3 at the Camino Real Hotel in Mexico City. The conference will be a high-level consultation among international leaders from business, government and civil society who determine policy for agriculture, environment and natural resource management, trade and the well being of society in developed and developing countries.

The Monterrey Bridge Coalition was created by Future Harvest (www.futureharvest.org) in the late spring of 2002 to ensure that fighting hunger and poverty had a central place on the agenda at the World Summit for Sustainable Development (WSSD) in Johannesburg. The objective of the Monterrey Bridge Coalition is to provide a 'bridge' from the "Monterrey Consensus" developed at the March 2002 *International Conference on Financing for Development*, through to key aspects of the Millennium Development Goals and beyond. Further details on the conference and a draft program will be posted on the IPC's website.



New Members and Supporters

The IPC would like to welcome Raul Q. Montemayor to IPC membership. Mr. Montemayor handles the national operations of the Federation of Free Farmers Cooperatives, the economic arm of one of the largest and most influential farmer organizations in the Philippines where he has served since 1978. In addition, he has led the Cairns Group Farmers' Association. Montemayor is also a member of the Executive Committee of the International Federation of Agricultural Producers (IFAP).

The IPC would also like to welcome Provimi, Ltd. and the International Fertilizer Association as Associate Members.

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***Promoting an Open and
Efficient Food and Agriculture
System***

www.agritrade.org

The IPC's Mission

The International Food & Agricultural Trade Policy Council (IPC) is dedicated to developing and advocating policies that support an efficient and open global food system, that promotes economically and environmentally sustainable production and that distributes safe, accessible food supplies to the world's growing population.

The IPC's Members

IPC members represent the geographic diversity of the global food system, and the entire food chain from producer to consumer. IPC members are influential and experienced leaders in agricultural trade policy who are committed to finding solutions to global food and agricultural trade challenges.

Robert L. Thompson (Chair), United States
Piet Bukman (Vice-Chair), The Netherlands

Allen Andreas, United States
Bernard Auxenfans, France
Brian Chamberlin, New Zealand
Norman Coward, United Kingdom
Csába Csáki, Hungary
Devi Dayal, India
Luis de la Calle, Mexico
Michael Gifford, Canada
Ahmed Goueli, Egypt
Ajva Taulananda, Thailand
Hugh Grant, Scotland
Dale Hathaway, United States

Wilhelm Henrichsmeyer, Germany
Huang Jikun, China
Heinz Imhof, Switzerland
Hans Jöhr, Switzerland
Rob Johnson, United States
Timothy Josling, United Kingdom
Dean Kleckner, United States
Georges-Pierre Malpel, France
Donald McGauchie, Australia
Liberty Mhlanga, Zimbabwe
Rolf Moehler, Belgium
Raul Montemayor, Philippines
David Naish, United Kingdom

Donald Nelson, United States
Joe O'Mara, United States
Néstor Osorio, Colombia
Michel Petit, France
Per Pinstrup-Andersen, Denmark
Henry Plumb, United Kingdom
Joachim Rathke, Germany
Hiroshi Shiraiwa, Japan
Jiro Shiwaku, Japan
Jim Starkey, United States
Anthony Wylie, Chile
Jorge Zorreguieta, Argentina

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