

Agri-Trade FORUM



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Katharine Shaw, Editor

Calculating Carbon Foot Prints is no Easy Task

Zeroing in on an important trend in international food and agricultural trade, IPC convened jointly with the Agribusiness Council of FIESP, the Business Association of São Paulo, an international seminar on “carbon standards in agricultural production and trade,” on October 26. Distinguished speakers from around the world spoke of the increasing tendency to calculate the “carbon footprint” of food and agricultural products. “This is not just a passing fad,” commented IPC member **Roberto Rodrigues**, Coordinator of the Getulio Vargas Foundation Agribusiness Center and President of the Superior Council of Agribusiness at FIESP, “and we must ensure that we are using the best science in these efforts.”

This is not just a fad.... We must ensure that we are using the best science in these efforts [to measure carbon output.]

The technical complexity of measuring carbon was best exemplified by the discussion held on biofuels and indirect land use change (ILUC), during which **Marcos Jank**, President of UNICA, the Brazilian Sugarcane Association, and IPC’s newest member, pointed to “alarming differences over calculations.” EU and US speakers agreed that an international agreement on climate change is preferable, but that governments also needed to act by establishing sustainability

criteria. European Commission representative Signe Ratso indicated that “transparency is very important as these efforts unfold.”



IPC Member Emeritus Tim Groser, Minister of Trade and Minister Responsible for International Climate Change Negotiations, New Zealand, delivers the keynote address.

Scientists and economists are not only attempting to measure the relative carbon content of biofuels versus fossil fuels, but also undertaking sophisticated life cycle analyses on other food and agricultural products. These efforts are driven by companies, often working in concert with producers and civil society organizations. IPC member **Jason Clay**, Vice President of the World Wildlife Fund, explained that incorporating carbon in the value chain presents challenges, but also important opportunities to safeguard natural resources while contributing to greater efficiency and increased economic rewards for agricultural producers. Conference participants learned about a wide-ranging effort by the global dairy sector, to undertake a sector-wide analysis to determine the carbon footprint of dairy, and about Kenyan horticultural producers who have calculated life cycle analyses (**See Carbon Standards, page 4**)

Keynote Speech by Tim Groser

IPC was particularly pleased to have member emeritus Tim Groser of New Zealand, who is the world’s only minister responsible for both trade and climate change negotiations deliver the keynote address at the seminar.

He welcomed the topic of the seminar by expressing his concern about “badly conceived carbon footprinting,” but concentrated his remarks on the broader climate change and trade agenda.

Describing the “formidable challenges” facing both the WTO and the UNFCCC negotiations, Groser emphasized nonetheless that multilateral solutions remain crucial for both sets of challenges, and called for effective power groupings to broker a deal.

He encouraged the informal grouping of Brazil, the U.S., India and China and the EU represented by the Commission to make more headway on the Doha Round and spoke of the need for China and the U.S. – who jointly emit 40% of the net emissions of greenhouse gases – to reach an agreement among themselves as a key step in forming a broader power grouping to push forward a climate change agreement.



U.S. and EU Farm Policies: Will Tight Budgets Lead to a Shift in Priorities?

U.S. and EU agricultural policies will come under scrutiny given unprecedented budgetary constraints on both sides of the Atlantic. IPC and the German Marshall Fund of the United States hosted a discussion on December 10 on how the policy debate is taking shape on both the U.S. 2012 farm bill and the post-2013 Common Agricultural Policy.

The very well attended discussion was moderated by Charles Fluharty, President and CEO, Rural Policy Research Institute and featured Tassos Haniotis, Director of Economic Analysis, Perspectives and Evaluations, DG for Agriculture and Rural Development for the European Commission, who presented the Commission's Communication on the CAP towards 2020. Joseph

Glauber, Chief Economist for the USDA, discussed the challenges in making farm policy under tight budget constraints and highlighted the likely WTO implications of different policy options. Stephanie Mercier, Chief Economist for the Senate Agricultural Committee, who spoke in her personal capacity, provided a preview of likely farm bill considerations in the 112th Congress.

The European Commission will conduct an analysis of new policy options and their impacts, which will be followed by a stakeholder consultation. Formal legal proposals will be forwarded to the Council and European Parliament by mid 2011.

Although the farm bill debate is already underway, more hearings will be held throughout 2011 to prepare for

the 2012 farm bill.

In Europe, the key debate will revolve around how to redistribute and better target direct payments. In the US, the key question will be how limited resources should be allocated among different instruments, including revenue insurance. In both Europe and the U.S., equity issues are at the forefront of the reform debate. Europe needs to provide a greater balance of support between "old" and "new" member states, and the U.S. needs to examine the different levels of support provided to a range of commodities. Speaker presentations and biographies from this seminar can be found at <http://www.agritrade.org/events/IPC-GMFFarmBillandCAPreform.html>.



IPC Holds High Level Discussion on Agricultural Stocks and Price Volatility

The food price crisis of 2007-08 has led governments to examine policy options to respond to price volatility, and international discussions on this topic are taking place in several fora, i.e. the G-20, the revised Committee on World Food Security, and the OECD. Since the topic of agricultural stocks is likely to feature largely in these discussions, IPC – in collaboration with the North American Office of the FAO, and USDA's Economic Research Service - held a high-level, invitation only, Chatham House rules roundtable discussion on December 13 on the role of agricultural stocks in price volatility. The discussion featured high level representatives from agri-business,



the USDA, and NGOs. Presentations were made by Josef Schmidhuber, FAO, Joseph Glauber, USDA, Shenggen Fan, IFPRI, and IPC member **Carl Hausmann**, Bunge Limited. IPC member **Bob Thompson** moderated the session.

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Panelists agreed that low stocks contribute to price volatility – when stocks are low, supply and demand shocks lead to sharper price spikes than they do when ample stocks are available. There is a good amount of information about stock levels in major exporting countries, but insufficient information about stock levels in some other countries. Information on stocks, particularly stocks in developing countries needs

to be improved in accuracy and transparency.

There was a large amount of discussion on the role of government in holding stocks. Experience with international reserves has demonstrated that they can be quite complex to manage, since it is difficult for participating governments to agree on the quantity of reserves and the appropriate price levels to trigger releases, but concerns over food security have brought this idea back into the policy debate. National reserves are also difficult to manage, costly and can crowd out private stocks, but may be particularly necessary in net grain importing countries.

Although there is no consensus as to their precise impact, all participants agreed that agricultural grain stocks and prices are inextricably linked to biofuels. Panelists expressed particular concern about ambitious biofuels mandates given their inflexibility to prices.

New IPC Members

Debapriya Bhattacharya, Special Advisor on LDCs, Office of the Secretary General, UNCTAD



Dr. Debapriya Bhattacharya is the Special Advisor on LDCs at UNCTAD. He is a macro-economist and a public policy analyst, the former Ambassador and Permanent Representative of Bangladesh to the United Nations Office, World Trade Organization (WTO) and other International Organizations in Geneva, and Bangladesh's Ambassador to Vatican. Prior to his this post, he was the Executive Director of the Centre for Policy Dialogue (CPD) – a leading think tank in South Asia. He has earlier worked as a Senior Research Fellow at the Bangladesh Institute of Development Studies (BIDS).

Hidenori Murakami, International Policy Advisor to the Minister of Agriculture, Forestry and Fisheries for International Affairs

Hidenori Murakami is currently serving as International Policy Advisor to the Minister of Agriculture, Forestry and Fisheries



(MAFF), Japan. He is the former Vice Minister of Agriculture, Forestry, and Fisheries for International Affairs. He started his career as a civil servant of MAFF in 1974. He served as an agricultural attaché at the Japanese Embassy in Washington, D.C (1984-87) and, since then, was involved in various bilateral and multilateral trade negotiations. He was Chief Negotiator of Agriculture for Japan under the current round of trade negotiations up until July, 2009. He was also involved in many important policy decisions on domestic agriculture and food policies of Japan, the latest of which includes policies on rice, wheat and agro-food

industry as Director-General of Food Policy Bureau of MAFF.

Marcos Jank, President and CEO, UNICA

Marcos Sawaya Jank is President and CEO of the Brazilian Sugarcane Industry Association (UNICA). Former President of the



Brazilian Institute for International Trade Negotiations (ICONE), he worked as Special Counselor to the Minister of Development, Industry and Trade of Brazil, as Special Expert in Trade at the Integration and Hemispheric Issues Division of the Inter-American Development Bank (IDB) in Washington-DC, and as visiting professor at Georgetown University and University of Missouri-Columbia. He has been a consultant and coordinator of projects at the World Bank, IDB, OECD, FAO, UNDP, the Hewlett Foundation, the Swiss Agency for Development and Cooperation (SDC), the German Marshall Fund of the United States, the UK International Cooperation Department (DFID), and other international organizations, Dr. Jank has over 20

years of experience in topics related to the sugar-ethanol industry.

Brian Wright, Chair, Department of Agricultural and Resource Economics, University of California, Berkeley

Brian Wright's interests in economics uncertainty and innovation date from his early experiences on his family's sheep station in



the Riverina district of New South Wales, Australia. He received a Bachelor of Agricultural Economics (First Class honors) from the University of New England, Armidale, and won one of two Frank Knox Fellowships given annually to Australian students by Harvard university, where he received an A.M. and Ph.D. in Economics. He then joined Yale University's Economics Department and is now Chair of the Department of Agricultural and Resource Economics at the University of California, Berkeley. He has co-authored or co-edited several books, including Storage and Commodity Markets; Reforming Agricultural Commodity Policy; and Saving Seeds: The Economics of Conserving Genetic Resources at the CGIAR Centers. Wright

is a Fellow of the American Agricultural Economics Association. He served as the economist member of the Subcommittee on Proprietary Science and Technology of the Consultative Group on International Agricultural Research (CGIAR).

Making Sense of Food Security Acronyms

IPC, jointly with the Center for Strategic and International Studies (CSIS), hosted a discussion on 7 October on the FAO's revamped Committee on World Food Security (CFS) just prior to its first meeting. Speakers included Daniel Gustafson, head of the FAO office in Washington, David Hegwood, Senior Food Security Advisor at USAID, Derek Byerlee, Former Director of the 2008 World Development Report, and Ambassador Tony Hall, Director, Alliance to End Hunger and former U.S. Ambassador to the U.N. Agencies for Food and Agriculture in Rome. The discussion presented an overview of the new CSF, which is intended to serve as the intergovernmental forum on food security, with expanded participation by civil society organizations and others, and whose work is guided by a High Level Panel of Experts, on whose Steering Committee Derek Byerlee serves (IPC member **Carlos Perez de Castillo** is also on the Committee following his nomination by IPC). The discussion focused on how the CFS is likely to relate to the multitude of other fora and initiatives, and participants expressed their hope that it would serve to improve global governance related to food security issues.

(Carbon Standards, from Page 1)

of their products in order to meet private carbon standards. Speakers emphasized that similar efforts are also being undertaken in order to calculate water embedded in agricultural products.

Given the technical complexities involved in life cycle analyses, conference participants agreed that an international standard to help guide such calculations would be very useful, but acknowledged that this was not likely to be achieved soon. IPC member **Pedro de Camargo Neto**, Former Secretary of Agricultural Production and Trade, cautioned that "as governments impose sustainability criteria, they must be mindful of their international trade obligations." Likewise, private sector and civil society efforts to establish carbon footprints must be undertaken responsibly: they should use the best scientific methods available, educate the consumer and help guide producers.

IPC Publications

Two background papers prepared for the São Paulo seminar on carbon standards provide an excellent overview of the issues that arise as the production and processing method of food and agricultural products become increasingly important import criteria. More information about the São Paulo Seminar is available at www.agritrade.org/events/SaoPauloSeminar.html.

- **Counting the Carbon Emissions from Agricultural Products: Technical Complexities and Trade Complications** by Ronald Steenblik and Evodkia Moise
- **Indirect Land-Use Change from Biofuels: Recent Developments in Modeling and Policy Landscapes** by Sonia Yeh and Julie Witcover

IPC MISSION

The International Food & Agricultural Trade Policy Council (IPC) promotes a more open and equitable global food system by pursuing pragmatic trade and development policies in food and agriculture to meet the world's growing needs. IPC convenes influential policy makers, agribusiness executives, farm leaders, and academics from developed and developing countries to clarify complex issues, build consensus, and advocate policies to decision-makers.

IPC MEMBERS

Carlo Trojan (Chairman), The Netherlands	Carl Hausmann (Vice-Chairman), United States	Marcelo Regunaga (Vice-Chairman), Argentina
Bernard Auxenfans, France	Jikun Huang, China	J.B. Penn, United States
Malcolm Bailey, New Zealand	Sarah Hull, United States	Carlos Perez del Castillo, Uruguay
Joachim von Braun, Germany	Nicolas Imboden, Switzerland	Michel Petit, France
Debapriya Bhattacharya, Switzerland	Marcos Jank, Brazil	Henry Plumb, United Kingdom
Piet Bukman, The Netherlands	Robbin Johnson, United States	Roberto Rodrigues, Brazil
Jason Clay, United States	Hans Jöhr, Switzerland	Hiroshi Shiraiwa, Japan
Csaba Csaki, Hungary	Timothy Josling, United Kingdom	James Starkey, United States
Pedro de Camargo Neto, Brazil	Willem-Jan Laan, The Netherlands	Marty Strauss, United States
H.S. Dillon, Indonesia	Rolf Moehler, Belgium	Stefan Tangermann, Germany
Franz Fischler, Austria	Raul Montemayor, Philippines	Robert L. Thompson, United States
Michael Gifford, Canada	Hidenori Murakami, Japan	Brian Wright, Australia
Ashok Gulati, India	Namanga Ngongi, Cameroon	Ajay Vashee, Zambia
	C. Joe O'Mara, United States	