

A g r i - T r a d e FORUM

Inside this Issue:

IPC Celebrates 25th Anniversary
IPC Seminar on Asia-Pacific Region
FTAs in the Asia-Pacific Region
New IPC Member & Members Emeritus
Opinion: End of US Tariffs on Biofuel
Recent Publications

Katharine Shaw, Editor

IPC Celebrates 25th Anniversary

Promoting an open and equitable global food system for 25 years!

Twenty-five years ago, 21 volunteers met in Oxford, England to serve as a balanced, non-governmental group of leaders in agriculture that could enhance the policy dialogue by providing advice and counsel to governments and the interested public.

Initial support for this group, dubbed the International Policy Council on Food and Agricultural Trade

(IPC), was provided by the Rockefeller Foundation. These volunteers—the first IPC members—were motivated to form the Council by the Uruguay Round of trade negotiations within the General Agreement on Trade and Tariffs (GATT), which was the first round to address agricultural trade issues on a multilateral platform. IPC played an important role developing recommendations and advising negotiators during the Uruguay Round, which achieved substantial trade liberalization in agriculture for the first time.

“During the past 25 years IPC has been in the forefront of advocating for a more open and equitable food and agricultural system.

The situation today is quite different than it was at the launch of the Uruguay Round: worries about the impact of surpluses have given way to concerns about food security,” says IPC Chairman **Carlo Trojan**. While IPC

has had a strong focus on international agricultural trade negotiations within the GATT and WTO system, IPC’s mission has also expanded. Today, IPC examines the global food system more widely, from a trade, sustainability and development perspective, al-

The situation today is quite different than it was at the launch of the Uruguay Round: worries about the impact of surpluses have given way to concerns about food security.

though we do so with an ongoing focus on the importance of access to markets. In the global food security discussions, IPC has provided consistent reminders that a focus on increased agricultural productivity must go hand in hand with improved linkages of poor farmers to local, national, regional and international markets. With concerns over limited natural resources and climate change mounting, IPC has also advocated for greater coherence between agricultural, environmental, and trade policies in order to minimize the risk of unintended effects in one policy area on another. IPC’s analytical and advocacy efforts place it firmly at the

IPC’s analytical and advocacy efforts place it firmly at the nexus of food security, sustainability and trade.

nexus of food security, sustainability and trade. Over the past 25 years, IPC has held seminars throughout the world on key aspects of the global food and agricultural trade system, engaging regional and national decision-makers and stakeholders. “Agricultural trade is a key element for food security. (See “25” on page 2)

Charting the Course: Food Security and Trade in the Asia-Pacific Region

Food security issues are of great importance in the Asia-Pacific region and IPC will continue its focus on the region with a seminar, “*Charting the Course: Food Security and Trade in the Asia-Pacific Region*” co-hosted with the Inter-American Development Bank (IDB) on May 17-18, 2012. This timely seminar, taking place at a crucial time for the Trans-Pacific Partnership negotiations and just prior to important food security related deliberations within APEC, will take stock of food policy related developments and initiatives in the region. High-level speakers will include policymakers, private sector representatives and academics from the region and feature discussions about a number of food security, trade and regulatory initiatives occurring in the region. Participants will actively engage in shaping recommendations aimed at promoting food security and a more open, productive and sustainable food and trade system.

Confirmed keynote speakers include: the Honorable Anabel Gonzalez, the Minister of Foreign Trade for Costa Rica, IPC Member Marcos Jank, President of UNICA, the Honorable Isi Siddiqui, USTR Chief Agricultural Negotiator, and Jim Borel, Executive Vice President of DuPont. Confirmed panel (see “*Asia-Pacific Seminar*” on page 2)

International
Food & Agricultural Trade
Policy Council
*Promoting an open
and equitable food
system for 25 years!*



De-mystifying the Asia-Pacific Noodle Bowl

In the Asia-Pacific region, populations with rising incomes and transforming diets live alongside subsistence agriculture and the urban poor. The region includes both important food exporters and food importers and accounts for half of the world's food supply. As the economies of the Asia Pacific region have grown, the region's governments have increasingly relied upon region free trade agreements (FTAs) to pursue trade liberalization—the complex architecture of these FTAs is often referred to as the “Asia Pacific noodle bowl.”

As elsewhere in the world, agriculture has been a sensitive issue in the negotiation of many of these agreements. FTAs take different approaches to the treatment of agricultural trade, both in the extent of liberalization and in the various mechanisms employed to allow for adjustment for sensitive agricultural products. The APEC forum has a key objective of creating a large regional

trade agreement—the Free Trade Area of the Asia Pacific—to make sense of these many agreements. Several proposals have been made, but only the Trans-Pacific Partnership Agreement (TPP) has proceeded to the negotiating stage.

IPC will be taking stock of the current “noodle bowl” of regional trade agreements in the Asia-Pacific Region with a paper prepared by Professor Robert Scollay, building on important research on the treatment of agriculture in FTAs conducted by the Inter-American Development Bank. The paper will review market access, SPS and TBT, intellectual property rights, supply chains, domestic support, and environmental provisions in existing FTAs and identify the characteristics associated with greater liberalization. Particular attention will be given to the TPP. A draft of this study will be ready by IPC's May seminar (*see related story, page 1*) and the final paper will be available in summer 2012.

New IPC Member & Members Emeritus

IPC would like to extend our most heartfelt thanks to **Bernard Auxenfans** and **Rolf Moehler**, who will be continuing their involvement with IPC in the role of Member Emeritus. We greatly appreciate the decades-long contributions of both members!

We would like to also welcome **Eckart Guth**, Former Ambassador of the EU to the WTO, as IPC's newest member!



From 2007 to 2009 Eckart Guth was Ambassador of the EU to the WTO and the International Organisations of the UN in Geneva. He represented the EU as negotiator in the WTO trade negotiations (Doha Round). From 1979 to 2006, Dr. Guth held different positions in the EU-Commission (Head of Unit for Agricultural Trade in the Directorate General for External Relations, Head of

Unit for EU- US relations in the same DG, Director of Expenditures in DG Budget, Head of Cabinet of the Commissioner for Budget and Deputy Secretary General in the Secretariat General of the Commission). As Deputy Secretary General he represented the Commission as “sous-shepa” in the G-8. He started his professional career in the Ministry of Agriculture in Bonn (Germany) in 1974. He studied agricultural economics at the University in Gottingen, where he got his PhD in 1972. In 1973 and 1974 he was post-doctoral fellow at the Michigan State University. He has published on policy issues relating to trade including GATT negotiations, agricultural labour market, cost benefit analysis, reform of the CAP, EU-Enlargement, EU-US relations and the EU-Budget. He is presently engaged as Consultant for the “Global Forum for Food and Agriculture Berlin e.V.”

“Asia-Pacific Seminar”

speakers include IPC Members Jikun Huang, H.S. Dillon, Carlos Perez del Castillo, Raul Montemayor, Malcolm Bailey, and Hidenori Murakami. Other speakers include Clayton Yeutter, the former US Trade Representative and US Secretary of Agriculture, Robert Scollay of the University of Auckland, Grant Aldonas of Split Rock International, and Eugenia Serova, Senior Advisor to the FAO. **More information, including a full agenda and future registration information (when available) can be found at <http://www.agritrade.org/events/FoodSecurityandTradeinAsiaPacific.html>.**

“25”

IPC's voice provides a great contribution to the public debate by offering pragmatic trade policy recommendations to meet today's challenges,” says Carlo Trojan.

IPC's founding Chairperson was **Lord Henry Plumb**, former president of the European Parliament and a highly respected international farm leader. He was succeeded by Professor **Robert Thompson**, Professor Emeritus of Agricultural Policy, University of Illinois at Urbana-Champaign, a former Director of Rural Development at the World Bank, and former President and CEO of the Winrock International Institute for Agricultural Development. In 2006 **Piet Bukman**, who had previously served as the Dutch Minister of Agriculture, Minister of Trade, Minister of Development Cooperation, and was the former President of the Dutch Farmers Union, assumed the chairmanship, followed in 2008 by **Carlo Trojan**, the former Ambassador of the European Commission to the WTO.

IPC Member Opinion:

End of US import tariff and tax credit pave the way for expanded global ethanol use

by Marcos Jank

Marcos Jank is the President and CEO of UNICA, the Brazilian Sugarcane Industry Association and has been an IPC Member since 2010.

When the 112th United States Congress allowed subsidies for the U.S. domestic ethanol industry and the U.S. tariff on imported ethanol to expire at the end of 2011, it opened a window for a new and potentially very promising future for ethanol on a global scale. As of January 1st, 2012, the world's largest fuel consuming market was finally open to imported ethanol, clearing the way for the top two biofuels producers on the planet—the U.S. and Brazil—to lead a global effort to increase production and promote free trade for clean and renewable fuels worldwide.



Marcos Jank

This is the first time in more than three decades that the U.S. government does not grant a generous tax credit to domestic ethanol blenders while simultaneously imposing a steep tariff on imports. This new approach saves American taxpayers about US\$6 billion per year. It also gives U.S. consumers access to Brazilian sugarcane ethanol, a biofuel with distinctive price and energy efficiency benefits, that is qualified by the Environmental Protection Agency (EPA) as an advanced biofuel because of its verified reduction of up to 90% in greenhouse gas emissions compared to gasoline. No other commercially available ethanol has been granted the same status up to now.

Brazil had already zeroed its own import tariff on ethanol back in 2010, and had been calling on the U.S. to follow suit. In fact, the Brazilian sugarcane industry, represented by the

Brazilian Sugarcane Industry Association (UNICA), had been pushing for the elimination of U.S. and European trade barriers against imported ethanol since 2007, when it set up offices in Washington and Brussels. Open markets in the U.S. and Brazil make for a strong show of leadership, since together, the two countries account for more than 80% of world ethanol production.

Allowing ethanol to move freely is an essential first step for ethanol to become a globally traded commodity. Now that the U.S. and Brazil have opened their markets, it's time for both countries to come up with mature, forward thinking policies to take advantage of what is truly a great opportunity to foment a sustainable increase in production and large-scale use of ethanol throughout the globe.

Brazilian ethanol will not replace U.S. biofuels production, but will complement domestic production, helping America to diversify its energy supply with cleaner renewable fuels.

Expanded ethanol use, especially sugarcane ethanol, can contribute to significantly reduce greenhouse gas emissions and benefit public health through a reduction in respiratory ailments, particularly in urban areas. By reducing dependence on imported oil, ethanol is also a key asset to achieve greater energy security. Brazil and the U.S. must now work to disseminate the significant contribution that expanded use of sustainably produced ethanol can bring, to effectively fight

climate change.

Ironically, the end of the U.S. import tariff came at a time when Brazil's ethanol industry is striving to resume the accelerated growth it experienced until the 2008 global financial crisis erupted. In other words, there is little sugarcane ethanol available for export in Brazil today. This confirms what the Brazilian sugarcane industry has been saying for years: that Brazilian ethanol will not replace U.S. biofuels production, but will complement domestic production, helping America to diversify its energy supply with cleaner renewable fuels. To become a significant provider of advanced ethanol to the U.S. while continuing to service its rapidly growing domestic market, Brazilian ethanol production must double by 2020. The Brazilian ethanol industry met a similar challenge in the past when it doubled in size between 2003 and 2008. It is prepared to do it again.

The U.S. and Brazil both desire safe, secure and affordable energy. That's why they must strengthen their cooperation to promote stable policy frameworks, which reward solutions offering the best energy balance and environmental performances. Predictable policies will allow ethanol industries in both countries to grow smoothly and sustainably, while reducing the volatility of trade flows.

Removing the U.S. import tariff on ethanol is a step in the right direction, but our ultimate goal is to foster an international market for free trade of clean, renewable energy. With leadership from both Americans and Brazilians, it can become a reality.

Recent Publications

What Next for U.S. and EU Farm Policy?

IPC released a series of papers on Farm Policy in the US and the EU. The series examines how various policy approaches for agriculture and biofuels could fulfill the stated and implicit objectives of US and EU farm policy and their likely international implications. Four IPC Policy Focus briefs accompanied a Discussion Paper, co-authored by IPC Member **Tim Josling**, David Blandford, and Jean-Christophe Bureau.

Discussion Paper:

- **Farm Policy in the US and the EU: The Status of Reform and the Choices Ahead**
By David Blandford, Tim Josling, and Jean-Christophe Bureau

IPC Policy Focus Briefs:

- **The Future of Direct Payments**
- **What Next for Farm Policy in the U.S. and EU?**
- **Biofuel Policies in the U.S. and EU**
- **Keeping an Eye on the Ball: The Need to Prioritize US and EU Research and Development Funding for Agriculture**

The Discussion Paper and Policy Focus briefs can be found at <http://www.agritrade.org/Publications/FarmPolicyintheUSandEU.html>.

Avoiding a Biotech Train Wreck

IPC also released a series of four Discussion Papers examining the potential economic impacts of asynchronous authorizations and low level presence (LLP) of biotech events not yet authorized in the importing country in agricultural commodities and foods traded in international markets.

- **The Economic Impacts of Asynchronous Authorizations and Low Level Presence: An Overview**
By Nicholas Kalaitzandonakes
- **China's Agricultural Biotechnology Regulations - Export and Import Considerations**
By Jikun Huang and Jun Yang
- **Asynchronous Approvals of GM Products and the Codex Annex: What Low Level Presence Policy for Vietnam?**
By Guillaume P. Gruere
- **Potential Economic Impacts of Asynchronous Approvals of Biotech Crops on Latin American Countries**
By Nicholas Kalaitzandonakes, James Kaufman, and Douglas Miller

The four Discussion Papers can be found at <http://www.agritrade.org/Publications/LowLevelPresenceBiotech.html>

Membership of the International Food & Agricultural Trade Policy Council

Carlo Trojan, The Netherlands
Chairman

Malcolm Bailey, New Zealand
Debapriya Bhattacharya, Bangladesh
Joachim von Braun, Germany
Piet Bukman, The Netherlands
Pedro de Camargo Neto, Brazil
Jason Clay, United States
Csába Csáki, Hungary
H.S. Dillon, Indonesia
Franz Fischler, Austria
Ashok Gulati, India
Eckart Guth, Germany
Jikun Huang, China

Carl Hausmann, United States
Vice-Chairman

Sarah Hull, United States
Nicolas Imboden, Switzerland
Marcos Jank, Brazil
Robbin Johnson, United States
Hans Joehr, Switzerland
Timothy Josling, United Kingdom
Willem-Jan Laan, The Netherlands
Gerrit Meester, The Netherlands
Raul Montemayor, Philippines
Hidenori Murakami, Japan
Namanga Ngongi, Cameroon
Joe O'Mara, United States

Carlos Perez del Castillo, Uruguay
Vice-Chairman

J.B. Penn, United States
Michel Petit, France
Lord Henry Plumb, United Kingdom
Marcelo Regunaga, Argentina
Roberto Rodrigues, Brazil
Hiroshi Shiraiwa, Japan
James Starkey, United States
Stefan Tangermann, Germany
Robert L. Thompson, United States
Ajay Vashee, Zambia
Brian Wright, Australia