



Experts Emphasize Sustainability in Agriculture at IPC Seminar

By Robert L. Thompson

Demand for agricultural production is steadily increasing. In 40 years, the world will have 3 billion more mouths to feed, mostly in developing countries. At the same time, rising incomes will allow consumers in developing countries to eat more value-added food products. Additionally, fuel has joined food and feed as an agricultural output. These factors will combine to double world food demand by 2050.

Yet the push to increase agricultural production to meet this demand will run into environmental limits. Little arable land remains in which to expand production, and water resources will be strained by competition with rapidly growing cities. Increasing agricultural production risks the cultivation of marginal lands, exacerbating soil erosion and carbon loss. Climate change will alter weather patterns and make droughts and floods more common, impacting harvest yields and predictability. And although they are promoted as greenhouse-gas neutral, biofuels derived from certain feedstocks may actually emit air pollutants while also taking land out of food production. Therefore, while farmers will have new opportunities from expanding markets, they must adopt practices that

will address environmental concerns and constraints.

This is the conundrum IPC addressed in its 40th seminar, "Sustainability in the Food and Agricultural Sector: The Role of the Private Sector and Government." Recognizing that agriculture and food security face a range of pressing challenges from increasing population growth to global warming, IPC convened experts from agribusiness, academia, food retail, environmental organizations, government, farming, and international trade to discuss how the private sector and governments can best address these sustainability challenges.

The key messages from the speakers and participants converged around three themes.

Research. In order to meet the food, feed, and fuel demands of a growing world without straining the environment, more investment in research and development is needed. Productivity increases resulting from agricultural research have continually proved Malthus' Principle of Population wrong and allowed supply to outstrip demand. With fewer land and water

resources available and with changing climates, investing in research is more critical than ever to meet the demand of the future without harming the environment.

Trade Liberalization. The world's arable land is not geographically distributed in line with projected population growth. Trade in agricultural products will ensure that regions with growing populations have adequate food supplies. Furthermore, liberalized trade contributes to sustainability in agriculture by supporting the production of agricultural goods in the most appropriate places. The removal of trade barriers allows the most efficient resource users to utilize their comparative advantage in the marketplace. Contrary to the philosophy that locally sourcing food equals a smaller carbon footprint, trade facilitates agricultural production in places where it has the least environmental impact.

Standards. With the outbreak of food safety scares and with resources becoming scarcer, consumers from developed countries are increasingly demanding strict standards for agricultural products. This has led to two visible trends: private sector labeling of food products and the development of sustainability standards for biofuels. In both cases, definitions are vague and the benefits to consumers uncertain. Moreover, standards run the risk of decreasing trade by keeping out imports from developing countries that cannot meet divergent standards set by



"IPC Founding Fathers"
Chairman Emeritus Lord Henry Plumb and Sir Michael Franklin attend IPC's Seminar, *Sustainability in the Food & Agricultural Sector: the Role of the Private Sector and Government*, on October 15-16 in Stratford-upon-Avon, England.

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(COLUMN: *Experts Emphasize Sustainability in Agriculture at IPC Seminar*)

different companies. Labels advertising low carbon footprints simply because a product is locally produced may not represent a true measure of carbon inputs. Criteria for sustainability in biofuels are similarly ambiguous. Should the environmental impact be determined by the greenhouse gas emission of the fuel when burned, or should it be based on a life cycle analysis, going as far back as the inputs used to grow the feedstock? Conference participants agreed that finding international consensus around these issues would be challenging, but that internationally agreed and harmonized standards are vital to ensuring efficiency in agricultural production and trade.

In light of these themes, the speakers and participants had several recommendations

for the private sector and governments. Governments must incentivize environmental practices in farming and work harder to facilitate trade through the WTO. In the same vein, governments should ensure that their standards are clear and harmonized with other trading partners to reduce the number of divergent requirements developing countries have to meet. This applies to biofuels, where criteria should not serve to protect domestic agricultural production. Governments also should encourage the transfer of technology from farmers in developed countries to those in developing countries.

As for the private sector, it needs to ensure that any standard it introduces actually helps the environment, rather

than existing purely for marketing value. And with the increasing demand for food, consumers would benefit from investment in research by both the private and public sectors.

To help carry out these recommendations, IPC will continue to communicate that trade facilitates, rather than inhibits, environmental sustainability. Sustainability raises many questions related to diverse parts of the food supply chain, but the interconnection of these different issues is often lost. IPC will bring together the disaggregated elements of trade, production, and sustainability to show that efficient and economically viable agricultural production also equals a sustainable environment.

IPC Addresses Food Standards

Although attention during the Doha Round agricultural negotiations is focused on tariffs, quotas and subsidies, standards play an equally - if not more - important role in global food trade. For this reason, a core pillar of IPC's work program is devoted to standards. But what exactly does IPC want to accomplish in this area? Given the vastness and often technical nature of standards, there is a certain amount of exploratory groundwork that needs to be done [see box], yet IPC has already identified a core number of messages that will be emphasized in our work.

We believe that our goal of promoting a more open and equitable global food system is greatly facilitated by the adoption of and adherence to internationally agreed standards. Divergent standards can serve as trade barriers and lead to welfare losses and place a particularly tough burden on developing country producers.

IPC fully supports the key principles of the multilateral agreements on Technical Barriers to Trade (TBT) and on Sanitary and Phytosanitary Measures (SPS) and

will emphasize the need for WTO members to fully implement them. Both agreements stress that countries are entitled to take measures they view as necessary for the protection of human, animal or plant life or health, of the environment, or necessary for assuring quality of products and for preventing deceptive practices, but

these standards should not be more trade restrictive than necessary and should not be of a discriminatory nature. Both agreements emphasize the importance of internationally agreed standards. They also indicate that developing countries may encounter special difficulties in meeting standards.

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IPC HOSTS SERIES OF EVENTS ON STANDARDS

IPC, in partnership with the World Food Law Institute and the American Society for International Law, is pleased to announce a series of roundtables on food standards and global trade.

The kick off event on September 24 featured **Ms. Gretchen Stanton, Secretary of the WTO's Sanitary and Phytosanitary (SPS) Committee**. Speaking in her individual capacity, Ms. Stanton explained the debate underway in the SPS Committee on private standards and the SPS Agreement. Some WTO members argue that private standard setting is a legitimate private sector activity with which governments should not interfere, while others believe that the SPS Agreement makes governments responsible for private sector standards.

Also under discussion is whether the proliferation of private standards facilitates or hinders market access. While acknowledging that standards can be helpful to some developing countries eager to meet niche markets, Ms. Stanton noted that others find them overly onerous and costly. Private standards set in excess of Codex, IPPC, or OIE requirements often negate the efforts of developing countries to meet internationally agreed standards. For a copy of Gretchen Stanton's presentation: http://www.agritrade.org/events/SPS_event.html.

The second roundtable in the series takes place on **November 13**. **Dr. David Acheson, Assistant Commissioner for Food Protection at the FDA** and **Cal Dooley, President and CEO of the Grocery Manufacturers' Association** will speak on new U.S. food import safety proposals.

IPC's 20th Anniversary



In October 2007, past and present IPC members gathered in Stratford-upon-Avon to celebrate 20 years of promoting a more open and equitable global food system.

IPC Calls for Action during Crucial Period of Doha Round

The Doha Development Round negotiations launched in 2001 have had their share of missed deadlines and setbacks. The recent breakdown of the G-4 talks in Potsdam proved to be a wake-up call and the negotiations resumed soon thereafter, with a much broader group of countries participating. The talks are now centering on draft modalities texts tabled by the Chairs of the Agricultural and NAMA negotiations in July 2007. These texts are widely credited for moving the negotiations forward by focusing negotiators' minds on concrete issues and figures. Revised texts are expected in late November, and most observers believe that an agreement must be reached by year's end to avoid a longer-term suspension due to important elections in the US, India, and elsewhere.

To deliver on the development promise of the Round, OECD countries must go beyond what is on the table in some areas. Tiered formula cuts for commitments in market access and domestic support must be accompanied by limited and well-defined rules on "sensitive products," and clear limits on product specific support. OECD countries should be urged to provide 100% duty free, quota free access to least developed countries. Developed countries also must make real commitments to Aid for Trade to help developing countries take advantage of new trade opportunities.

Yet the Doha "Development" Round is not only about one-sided commitments

by OECD countries. It is also intended to facilitate a greater integration of developing countries into the world economy. Developing countries stand to benefit not only from reforms in OECD countries, but also from trade reforms at home that integrate them into the global economy. "Overly broad and indefinite rules on "special products" and the special safeguard mechanism are contrary to the trade reforms many developing countries have adopted in recent years," warns IPC Vice Chairman Marcelo Regunaga, "They will not facilitate a greater incorporation of developing countries into global trade."

Now is an opportune time to reach an agreement. World prices and farm incomes are at historic levels. Agreeing now to reduce subsidies in the future will be relatively painless in the OECD countries. Should countries fail to reach a deal, there are real risks. If protectionism persists in the face of high prices and high economic growth, parliaments are likely to retrench further in the face of low prices or low economic growth.

Future trade conflicts will revolve around issues far more complex than tariffs and subsidies, such as health, environmental and technical standards. The inevitable rise in bilateral and regional trade agreements will also require a clearer set of rules.

Countries' ability to navigate such difficult issues requires a sound forum for multilateral negotiations and dispute settlement.

U.S. Farm Bill Update

In its September 2007 paper detailing the likely outcomes of the 2007 Farm Bill and their implications for developing countries, IPC urged the U.S. Senate to undertake more progressive reforms than the House of Representatives. Unfortunately, the bill put forward by the Senate Agriculture Committee in October mimics the House in failing to uphold the integrity of U.S. commitments in agricultural trade and development. Like the House, the Senate chose to increase funding for the commodity title rather than reduce trade-distorting subsidies. Furthermore, when merged with a Finance Committee tax package, the bill establishes a new \$5.1 billion permanent disaster fund for farmers.

One of the few signs of change is an optional revenue-based counter-cyclical payment program that would give farmers fixed payments on all base acres and offer additional payments when state revenues fall below a certain level. The new program was originally hailed for its fiscal savings, but new estimates have indicated that it will actually increase spending in the long run.

However, a number of reform-oriented amendments are expected when the full Senate debates the bill. An alternative farm bill sponsored by Senators Dick Lugar and Frank Lautenberg would replace the existing commodity programs with whole farm insurance for all U.S. farmers. Amendments will also be offered to lower the cap on subsidy payments and provide more stringent means testing for payment recipients.

In mid-November, procedural disagreements between the two parties brought the Senate debate to a halt. Additionally, the controversial tax offsets and increased spending in both the House and Senate bills have drawn veto threats from the Bush Administration. Time will soon run out to sign a new bill before the end of 2007, and the persistent delays have reignited rumors about a 2002 Farm Bill extension.

(COLUMN: IPC Addresses Food Standards)

IPC also strongly supports the principle of equivalence, which recognizes that there are more ways than one to meet a particular standard and emphasizes the importance of the outcome rather than the process.

IPC is aware of the increase in private sector standards and calls for greater coherence and consultation in this area. IPC also urges outreach to consumers struggling to make the right purchasing decisions when faced with a myriad of claims and standards.

NEW PUBLICATIONS

The 2007 U.S. Farm Bill: Implications for Developing Countries

By Tim Josling, Daniel A. Sumner, Robert L. Thompson, Mary Chambliss, and Kara Laney
Developing countries have much to gain from a U.S. Farm Bill that reduces trade distorting support. The paper will be presented on November 15 at the conference, **Domestic and Trade Impacts of U.S. Farm Policy: Future Directions and Challenges** in Washington DC. View the paper online at http://www.agritrade.org/Publications/farm_bill_briefs.html.

An Examination of U.S. and EU Government Support to Biofuels: Early Lessons By Charlotte Hebebrand and Kara Laney

The report recommends the U.S. and EU adopt policies that serve to promote uses of biomass that are most energy-efficient and show the greatest promise of reducing greenhouse gas emissions, regardless of national origin. The paper will be presented at the **Domestic and Trade Impacts of U.S. Farm Policy: Future Directions and Challenges** conference in Washington DC and the **International Conference, Policies Against Hunger VI: Bioenergy and Food Security** in Berlin, Germany, in December. View the paper online at http://www.agritrade.org/Publications/EU_US_Biofuels.html.

UPCOMING EVENTS

Linking Farmers to Markets

May 11-12, 2008 in Bogor, Indonesia
IPC, the Bogor Institute of Agriculture, and the Asia Latin-America Agri-Food Research Network will convene leading international agricultural trade experts, policymakers, and private sector stakeholders to examine trade policy options and domestic policy considerations for developing countries, with an emphasis on Southeast Asia.

MEMBER UPDATE

On August 15, Indonesian President Soesilo Bambang Yudhoyono presented IPC Member **H.S. Dillon** with a Bintang Jasa Pratama award for his services to the country in the field of agricultural economics.

Eugenia Serova has accepted a new position at the FAO and is no longer able to serve as an IPC Member. IPC expresses gratitude for her contribution to the organization during her term of service.

IN MEMORIAM

IPC expresses condolences to the family of founding member **Dale E. Hathaway**, who passed away on September 28, 2007.

Dr. Hathaway, 82, was an undersecretary of agriculture in the Carter administration and a leading player in agricultural economics policy. He was senior staff economist to the president's Council of Economic Advisers during the Eisenhower and Kennedy administrations and the U.S. Agriculture Department undersecretary for international affairs and commodity programs from 1977 to 1981. He was the lead agricultural trade negotiator during the Tokyo Round of the General Agreement on Tariffs and Trade talks. During subsequent talks, known as the Uruguay Round, he was chairman of the official private-sector advisory group to the administration.

Hathaway made many important contributions to IPC during his service as a member and will be greatly missed.

NEW STAFF

IPC welcomes Research Assistant **Christine St. Pierre**, a recent graduate in Agricultural Business from California Polytechnic State University, San Luis Obispo. She hails from California where her family is involved in production agriculture.

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 policymakers, agribusiness executives, farm leaders, and academics from developed and developing countries to clarify complex issues, build consensus, and to advocate policies to decision-makers.

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