



Agri-Trade FORUM

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Protectionism Will Not Achieve Food Security

By Carlo Trojan, IPC Chairman

With the global economic crisis deepening, and protectionist sentiment on the rise, the global food system is under even greater stress. As the World Bank has demonstrated, recent commodity price reductions have not translated into lower food prices in the poorest countries (See the July 2008 World Bank Paper: *The impact of food inflation on urban poverty and its monetary cost: some back-of-the-envelope calculations* www.worldbank.org). We must step up our efforts to push for improved global food security.

The global food system's stress stems on the one hand from increasing demands placed on the agricultural sector due to population growth, income growth leading to changes in diets, and increasing production of biofuels from agricultural feedstocks, and on the other, from constraints on arable land and water and increasing climatic variability. An open trade system for food and agriculture is vital in meeting these challenges.

We must try to counter the tendency national governments have in tough economic times to fall back on protectionist measures in a misguided attempt to shore up domestic food security. If these tendencies are indulged, food security won't be strengthened; it will be gravely undermined. It seems that we have learned nothing from history. Experience has shown

us that agricultural trade barriers in wealthy countries disadvantage developing country producers. Developing country governments also require agricultural trade policy reforms along with increased attention to the other needs of their agricultural producers, such as improved financing and infrastructure. Agriculture is the primary means through which developing nations generate income. And as long as trade distortions in both wealthy and poor countries undermine domestic agriculture, these developing countries cannot increase their own production, thrive economically, or earn enough to purchase the imports that are essential to food security.

Export restrictions must be included in the list of trade distortions, along with high tariffs, tariff escalation, trade-distorting domestic support and a protectionist use of food standards. Too often, export restrictions intended to keep domestic food prices low end up harming the people they are intended to help. *The Domestic Impact of Export Restrictions: The Case of Argentina*, a 2008 IPC study (www.agritrade.org/ExportRestrictions.html), showed that export restrictions in Argentina artificially lowered food prices for urban dwellers, but in so doing, drove down incomes in the agriculture sector. In Argentina, as in many developing nations, rural populations are sub-

stantially poorer than people in urban areas. The effect of export restrictions was to take income away from the people most vulnerable to hunger. And, by reducing the supply of commodities reaching the world market, export restrictions ultimately also lead to higher food prices globally.

It is not surprising that the combination of the worst global economic and financial downturn in half a century and intensifying strains on global food production is bringing protectionist instincts to the fore. However, further restrictions on trade will only serve to lengthen and deepen both crises. The clearest lesson of the 1930s is that throwing up new barriers to trade is the worst possible response to a global economic contraction. We need to heed that lesson today.

Now is not the time for new protectionist measures or the vain pursuit of agricultural self-sufficiency. We should instead seek opportunity in crisis and move forward boldly to break through long-standing barriers to the liberalization of agricultural trade. A speedy conclusion of the Doha Round remains an essential element of a global approach. Serious consideration should be given to what further immediate actions the international community can take in order to stem further protectionism in food and agricultural trade.

IPC to Address Food and Environmental Security in Salzburg

The challenges before the agriculture industry are immense: growing populations and rising incomes will require a doubling of food production by mid century while at the same time, constrained water and land resources and projected impacts of climate change threaten to limit productivity growth. To address these issues, IPC will convene international policymakers, agribusiness executives, scholars, and farm and NGO leaders to examine the role of agriculture and trade policy in addressing these challenges and issue pragmatic recommendations for coherent policies at the international, regional, and domestic level. This important and timely discussion will be held in Salzburg, Austria, May 10-11, 2009, and promises to provide an excellent platform for stakeholders from developed and developing countries alike



to build consensus on the policy direction for agriculture and the international trade regime.

Confirmed speakers include WTO Director General Pascal Lamy, EU Agriculture Commissioner Mariann Fischer-Boel, Austrian Minister of Agriculture, Forestry, Environment and Water Management Niki Berlakovich, and New Zealand Trade

Minister Tim Groser. Panels will examine the effects of land and water constraints on food security, discuss the role of the private sector in addressing agriculture's challenges, and identify the policy adaptations necessary to meet these challenges.

For more information or to register for the seminar, please contact IPC at starkey@agritrade.org

IPC and ICTSD launch "Platform on Climate Change, Agriculture and Trade: Promoting Policy Coherence"

The agricultural sector faces three major challenges in the 21st century. It must adapt to climate change and, where possible, play a role in climate change mitigation. Secondly, it must double its output by the year 2050 in order to meet increased demand stemming from population and income growth. Thirdly, it must contribute to economic growth and poverty alleviation since some 70 percent of the world's poorest people live in rural sectors. The risk exists that these three sets of challenges will be addressed separately, which would reduce their chances of success. Focusing on the climate change challenge alone, for example, could have negative impacts for food security and poverty alleviation. Such negative impacts for food security and poverty alleviation, in turn, would weaken efforts to curb climate change. The world's population will not benefit from climate change mitigation unless it enjoys food security – nor can it contribute to climate change mitigation or adaptation unless it has food security.

Food security, particularly for the world's poorest populations, and poverty alleviation requires greater investment in the agricultural sectors of developing countries. Yet, such investment is lacking, in part due to a distorted agricultural trade regime, which is still subject to high levels of subsidies, tariff and non-tariff barriers. Care must be taken not to create disproportionate or unjustified trade barriers under the guise of addressing climate change.

It is crucial to identify and better understand the connections between these three sets of challenges in order to arrive at the appropriate policies to address them. Towards this end, IPC and ICTSD have launched an international platform on Climate Change, Agriculture and Trade. This interdisciplinary platform of climate change, agricultural and trade experts will promote increased policy coherence to ensure effective climate change mitigation and adaptation, food security, and a more open and equitable global food system.

The platform will undertake research, analysis and dialogues on issues at the interface between climate change, agricultural policy and trade, and advocate for policies which ensure effective mitigation and adaptation but also contribute to food security and poverty alleviation. Since the international community is aiming for a new international climate change accord by the end of 2009, the platform will focus this year in particular on the options for agriculture under the United Nations Framework Convention on Climate Change (UNFCCC) negotiations. The group's combined expertise and output will assist UNFCCC negotiators in understanding the connections between agriculture and trade, but also inform agricultural, development and trade experts about the policy interlinkages between these three fields.

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IPC Offers The G20 Ten Considerations on Trade and Global Food Security:

1. The fact that the world's largest and burgeoning population centers and remaining arable land are distributed unevenly coupled with the reality that more than half of the global population will soon be living in urban centers means that trade in food will become increasingly important.
2. Only a few countries have sufficient available land, water resources and suitable climates to rely totally on their own production. Government efforts aimed at self-sufficiency run the risk of environmental degradation, exploitation of a region's scarce or fragile resources, and burdening taxpayers and consumers with unnecessary costs.
3. Climate change experts warn about increasing weather variability, leading to further production and price instabilities, which an open trade system can help offset.
4. The financial crisis risks cutting off recently stepped up investment flows from developing country governments, development assistance and the private sector. Importantly, an open trading system for food and agriculture will encourage more investment flows. This is true regardless of whether the reforms take place in OECD or developing countries.
5. Developed countries' use of export subsidies, trade-distorting domestic support, tariff peaks and tariff escalation have been shown to seriously disadvantage developing country producers, and must be phased out.
6. OECD countries and emerging economies should grant duty-free, quota-free treatment to all food and agricultural imports from least developed countries.
7. Developing countries should not compensate for rural neglect by solely relying on tariffs to protect vulnerable farmers. There are more targeted instruments, and high prices hurt poor consumers while doing nothing to improve competitiveness.
8. An open trading system for food and agriculture is not a panacea for all that ails the agricultural sector. The "Aid for Trade" initiative should be elevated, and the international community should consider a more specific "Aid for Agriculture" initiative aimed at improving the agricultural sector in developing countries. The food crisis has highlighted decades of neglect of the agricultural sector in many developing countries, which needs to be reversed.
9. As recently evidenced, export restrictions aggravate global food security concerns. Food Security requires greater guarantees on availability of supplies. Effective disciplines on export taxes, export restraints and export embargoes are needed to restore the balance of obligations between exporters and importers.
10. As a first step, the international community should agree on an exemption for humanitarian food aid purchases from export restrictions. The issue of food aid should not be considered solely in terms of export competition. Equally important is consideration of a reliable approach to the impact of high prices on availability of food aid and in turn on poor countries and families.

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We are pleased to announce the distinguished participants of the platform. A full list of experts can be found at www.agritrade.org. Members of the platform's Steering Committee are:

- John Anthony Allan, Kings College (UK)
- Jason Clay, Senior Vice President Market Transformation, WWF US (US)
- Franz Fischler, Former Commissioner for Agriculture, European Union (Austria)
- Adrian Macey, Ambassador of Climate Change Negotiations (New Zealand)
- Daniel Martino, Carbosur, Coordinating Lead Author of Agriculture Chapter for IPPC AR4 (Uruguay)
- Raul Montemayor, Vice-President, Federation of Free Farmers Cooperatives/International Federation of Agricultural Producers (IFAP), IPC Member (Philippines)
- Peter Smith, Aberdeen University, Coordinating Lead Author of Agriculture Chapter for IPPC AR4 (UK)
- Ajay Vashee, President, International Federation of Agricultural Producers (IFAP), IPC Member (Zambia)
- Michel Petit, Professor, Institut Agronomique Méditerranéen, IPC Member, (France)

The platform held its first meeting at the margin of the Poznan United Nations Framework Convention on Climate Change (UNFCCC) negotiations, is meeting in Bonn on April 5, and in Salzburg on May 12. A seminar to launch the platform's findings and recommendations is planned for November 3 in Washington. UNFCCC public side events will be organized in Bonn on April 6 and in Copenhagen in December.

UPCOMING PAPERS:

Two papers are planned in conjunction with the ICTSD-IPC Platform on Climate Change, Agriculture and Trade: Promoting Policy Coherence.

One will be an overview of the agricultural issues at play in the United Nations Framework Convention on Climate Change, the Kyoto Protocol, implementation thereof and negotiations on a post 2012 regime.

The second will be a scoping paper on the linkages between trade, trade policies and rules, and climate change adaptation and mitigation in agriculture, which need to be explored.

Papers will be available at www.agritrade.org

IPC NEWS

We are pleased to announce our newest member, **Masanori Hayashi**. Mr. Hayashi served as an official of the Japanese government at the Ministry of Agriculture, Forestry and Fisheries until 2003. From 1989 to 1993 he was in charge of agricultural trade negotiations at the Japanese Permanent Mission to the World Trade Organization (WTO) in Geneva as Agricultural Counselor and the MAFF, acting as the Japanese Chief negotiator of agricultural, forestry and fishery products Tariffs and of Sanitary and Phytosanitary (SPS) Agreement.

Following his work in the Japanese administration, he moved to the semi-private sector as Senior Executive Vice President of the Tokyo Grain Exchange (2003-2008) and currently serves as Vice President of Fishfund.

Alexis Starkey joined us in February as our new Communications Director. Alexis has been working in the field of communications and public relations for

more than a decade, most recently as a Director at the communications firm Weber Shandwick, where her clients included the Corn Refiners Association, Genentech and Blue Cross Blue Shield. Alexis also served as the Public Relations manager at the American Health Care Association, a national trade association representing 16,000 long-term care facilities. We are happy that Alexis has joined our team, and hope that you will get a change to meet her in Salzburg

Johannes Pflügel will be interning with IPC from April – June. He is an economics student from The University of Goettingen, Germany and is currently spending his fourth year of study in an exchange program at the University of California, Los Angeles. He is researching the socioeconomic influence of US sugar policy on developing countries, addressing agriculture trade policy and the advantages of an open trade system for sugar.

IPC'S FALL PROGRAM

Mark your calendar: IPC will hold its Fall Meetings, October 31 - November 3, 2009 in Washington, DC. This will also be the stage for the dissemination of the findings and recommendations of the ICTSD-IPC Platform on Climate Change, Agriculture and Trade: Promoting Policy Coherence.

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 advocate policies to decision-makers.

IPC MEMBERS

Carlo Trojan (Chairman), The Netherlands Carl Hausmann (Vice-Chairman), United States Marcelo Regunaga (Vice-Chairman), Argentina

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