



Agri-Trade FORUM

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Climate Change, Agriculture and Trade: Addressing Policy Challenges

Owing to the recent rise in food prices, the impending boom in the world's population, the persistence of poverty in rural areas, and the increased investment in biofuels, agriculture is finally receiving the attention it deserves. Appropriate agricultural policies, coupled with responsible decisions on trade and the environment, have the ability to address all these challenges. Done correctly, world food production could grow over the next 50 years to meet the world's needs while still maintaining the earth's resources. However, careless policies could exacerbate food insecurity and further degrade the environment.

This was the conclusion of the discussions from IPC's 2008 spring seminar, Food, Fuel, and Forests, held in Bogor, Indonesia, on May 12. By focusing on the competing demands of food, energy, and the environment, IPC sought to generate dialogue and ideas for creating agricultural policies that could meet the challenges of the future.

Participants identified several agriculture-related policy areas where action can be taken to improve food security while also addressing climate change concerns. First, liberalized trade can concurrently help protect the environment and ensure an adequate food supply. The projected 38 percent growth of the world's population by 2050 and the increased demand created by growing incomes in developing countries will severely stress the ability of farmers to produce enough food. Furthermore, to avoid environmental degradation, more food crops will have to be cultivated with fewer inputs and without



Photo: Al Gonzales, Strive Foundation

Dr. Mari Pangestu, Indonesia Minister of Trade, delivers the keynote address at the 41st IPC seminar in Bogor, Indonesia.

using much more land or water than is already available. Liberalized trade will help alleviate this pressure by facilitating crop production where it is most efficient. By reducing the need for inputs and the use of carbon, this efficiency will benefit the environment.

Second, investment in agricultural research and technology will make food security and environmental objectives more compatible. For example, advances in plant breeding will improve the nutrient uptake of crops, thereby decreasing environmental damage caused by excess nutrient runoff while lowering farmers' input costs. Technology is also increasing yields, which will help address rising food demand without expanding agricultural production into environmentally fragile land. With such innovation and a renewed campaign to share scientific advancements with developing country farmers, agricul-

ture can help mitigate to climate change without sacrificing food production.

Third, responsible biofuels policies must be developed to avoid food and fuel competition. Much controversy has recently surrounded biofuels' interaction with climate change. From the discussion at the seminar, it is clear that not all feedstocks are the same. Some compete with food production and contribute little to lowering net carbon emissions while others are inedible and compare favorably to fossil fuel emissions. Concerns were raised the displacement of forests in favor of oil palm plantations, particularly in terms of biodiversity and net carbon emissions. While opinions differed on the role of biofuels in future food, energy, and environmental priorities, participants agreed that biofuels should not be produced on land used for food crops. Furthermore, *(Column continued on page 2)*

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larger investments should be made to bring commercially viable second-generation fuels on to the market quickly. Ideally, countries should come together to agree on sustainability criteria for biofuels, so that these alternative fuels can help provide energy options without competing with forests and food.

Finally, agricultural and forestry policies need to work cooperatively to preserve the environment and provide an adequate food supply. Forests have often been cut down to make way for agriculture; however, the two do not need to be in competition with one another. Forests' biodiversity and resources can be sources of economic opportunity for local populations as well as investors. Combined with international carbon trading programs, forests can provide income to governments that would otherwise be obtained through agricultural plantation licenses. Preventing deforestation for agricultural use avoids the release of carbon and preserves biodiversity. Since three billion more people will be



Photo: Al Gonzales, Strive Foundation

IPC Members Carl Hausmann and Tim Groser discuss trade and the environment at the "Food, Fuel, and Forests" seminar.

on the planet by 2050, increased agricultural production is clearly a global priority. However, if it comes at the expense of the environment, it will be a mediocre accomplishment. The seminar discussions made evident that trade liberalization and technological innovation can increase agricultural efficiency and production while avoiding encroachment upon forested or

environmentally sensitive land. IPC will continue to communicate to policymakers that these investments along with a sensible approach to energy from agriculture are necessary for future food security and the preservation of the environment.

IPC Co-Hosts *Future of Agriculture Dialogue*

Together with the Chair for International Trade and Regional integration at the University of Barcelona (IC) and the International Center for Trade and Sustainable Development (ICTSD), IPC hosted a dialogue on the future of agriculture in Barcelona, Spain, May 30-31. The event convened academics, European government officials, and representatives from international organizations, civil society, and the business sector. The dialogue sought to bridge the gap among these communities in order to promote a debate on the main issues related to the future of agriculture and enrich the capacity of both the private and the public sectors to make practical decisions in agricultural and trade policy.

Discussion began with the Doha Round. Anabel Gonzalez, Director of the WTO's Agriculture and Commodities Division, provided an update on the negotiations since the May 19 release of revised WTO

agricultural modalities. In their presentations, IPC members **Piet Bukman** and **Carlo Trojan** emphasized that concluding the Doha Round is critical to ensuring an affordable and adequate food supply.

The second panel focused on changes to the structure of global agricultural production and demand. The presenters, including Mark Cackler from the World Bank and Jean-Michel Duhamel from Monsanto, stressed that funding for agricultural research and technology transfer must be prioritized by developed countries, donor organizations, and developing country governments. Colin Chartres of the International Water Management Institute illustrated water's strong correlation to growth in agricultural GDP and presented an alarming picture for future food production if steps are not taken to conserve and maximize agriculture's use of water.

Agriculture, climate change, and sustainable development were the topics of the closing panel. **Joachim von Braun**, IPC member and Director General of IFPRI, addressed the impact of climate change on food security at a time when energy prices are constantly increasing, while Sarah Paterson of Fonterra commented on the dilemma of carbon emissions for producers and agriculture-dependent economies. Based on the lively debate generated by all the presentations, co-hosts Ramón Torrent of the IC and Ricardo Meléndez-Ortiz of ICTSD observed that they hope this type of dialogue can be an ongoing exercise to help address the many challenges facing the future of agriculture.

Presentations and background papers for the dialogue are available at <http://www.agritrade.org/events/FutureofAgricultureDialogue.html>.

IPC urges transatlantic regulatory cooperation on food standards vis-à-vis developing countries

The EU and U.S. want to improve the safety of food imports and have programs in place to increase trade opportunities for developing countries. IPC's latest position paper argues that these goals are mutually supportive and calls for U.S.-EU collaboration on technical assistance and regulatory streamlining of their respective import requirements in the agri-food sector. "Trade preferences are very important for developing countries," stresses IPC Chairman Piet Bukman, "but we must help countries take advantage of them by also paying attention to food standards." IPC's study of US and EU food import requirements for horticultural and seafood products was presented at a seminar hosted by the Centre for Trade and Economic Integration of the Graduate Institute of International and Development Studies in Geneva on June 26 at the margin of the SPS Committee meeting.

Linda Horton of Hogan & Hartson, one of the two authors, presented the paper. She explained that the paper focuses on U.S. and EU import approval procedures for horticulture (green beans) and fishery products (shrimp) because standards for these commodities are not as divergent as those for meat products or genetically modified crops but do entail different means of demonstrating compliance with their standards. Moreover, both the U.S. and EU represent sizeable markets and are interested in pursuing regulatory cooperation between themselves, an effort that would also provide benefits for developing country producers.

Ms. Horton then described the similarities and differences in EU and U.S. food safety systems and import approval procedures for green beans and shrimp. U.S. (APHIS) regulations for horticultural products forbid imports until a pest risk assessment for each product from each country has been undertaken, whereas the EU makes import contingent on phytosanitary certificates issued

by the exporting country's competent authority.

With regard to fishery products, the EU system, which only accepts imports from countries whose regulatory systems have been found to be equivalent to that of the EU, is considered more cumbersome. The U.S. system allows for importers to vouch for a seafood product's safety and is therefore considered more flexible. A plant with an excellent safety record, but located in a country with a poor regulatory system, will be able to export more easily to the U.S. than the EU.

In conclusion, Ms. Horton presented a number of recommendations outlined in the paper, urging the U.S. and EU to:

- Pursue joint education, outreach and technical assistance in areas where EU and U.S. requirements converge;
- Identify and agree on "Regulatory Critical Control Points," that need the most attention and eliminate unimportant features of their separate systems that add burden without commensurate benefit.
- Base their measures on internationally agreed standards.

Bruce Mukanda of COMESA, Stephen Mbithi of the Fresh Produce Association of Kenya, Mary-Lisa Madell of the APHIS Trade Support Team, Michael Scannell, EC Spokesperson in the SPS Committee, and Johannes Kern, of the GLOBALGAP Sector Committee provided comments on the paper.

IPC Chief Executive Charlotte Hebrand emphasized that an EU-U.S. effort to streamline import requirements would add a welcome development focus to transatlantic regulatory cooperation. Harmonization of standards – not just by the U.S. and EU – is important in order to facilitate trade from developing countries without compromising safety.

The IPC Position Paper and a full event summary are available at: <http://www.agritrade.org/events/SPSInformationSession.html>

Agricultural Export Restrictions: Argentina Case Study

Amidst rising food prices and increased concerns about global food security, a number of countries have introduced policies to limit exports of their agricultural commodities. Much attention has been given to the impact of export restrictions on world prices, but less work has been done to analyze whether these policies actually provide a net benefit to the implementing country.

IPC's most recent position paper, *The Domestic Impact of Export Restrictions: The Case of Argentina*, examines the socio-economic impact of export taxes and quantitative restrictions. The study argues that eliminating these policies would actually reduce unemployment and poverty in Argentina and sets forth several alternative policy suggestions for mitigating the harmful effects of rising food prices. The full study can be accessed at: <http://www.agritrade.org/ExportRestrictions.html>.

IPC Regrets Collapse of WTO Ministerial

IPC members received Director-General Lamy's announcement that the trade talks collapsed on July 29 with much disappointment. The breakdown undoubtedly represents a missed opportunity, not least because of the Round's potential to give a long-term boost to some of the world's poorest countries through trade.

IPC encourages policymakers and stakeholders in developed and developing countries not to lose sight of the fact that trade liberalization, especially in agriculture, is best achieved through multilateral agreements. "Negotiators will surely need to take a break and regroup, but they should insist that future negotiations pick up where they left off," advised IPC Vice Chairperson Marcelo Regunaga, "so that the positive outcomes for both the world's agricultural producers and consumers are not lost."

IPC Elects Next Chairman and New Second Vice Chairman

Mr. Carlo Trojan, former Secretary General of the European Commission and Ambassador of the European Union to the WTO, will assume the position of IPC Chairman on October 1, 2009, having been unanimously elected by IPC members at their last plenary meeting held in May in Bogor, Indonesia. Mr. Trojan is presently a member of the Dutch Advisory Council for International Affairs and of the Dutch Energy Council. He is Professor of International Trade and European Studies at the Maastricht School for Management and associated with the Chair for International Trade and Regional Integration at the University of Barcelona. Mr. Trojan joined IPC in 2007.

Carl Hausmann, President and CEO of Bunge North America, was elected as a second Vice Chairman at the IPC plenary meeting in Bogor. Mr. Hausmann joined Bunge in 2002 and became President of Bunge North America in 2004. He has been an IPC member since 2006. Mr. Trojan, Mr. Hausmann, and Vice Chairman Marcelo Regunaga form IPC's new Executive Committee.

IPC Members Elected as Leaders of the International Federation of Agriculture Producers

Ajay Vashee, a native of Zambia, was elected President of IFAP at the 38th World Farmers' Congress in June and will serve in the position for two years. Mr. Vashee's election marks the first time in IFAP's 62-year history that a developing country representative will lead the organization. Raul Montemayor of the Philippines was elected to his second term as IFAP Vice President. IPC congratulates Ajay and Raul on their outstanding service to farmers around the world.

RECENT PUBLICATIONS - available at: <http://www.agritrade.org/Publications/>

The Domestic Impact of Export Restrictions: The Case of Argentina

by Julio J. Nogues

Reconciling Food Safety with Import Facilitation Objectives: Helping Developing Country Producers Meet U.S. and EU Food Requirements Through Transatlantic Cooperation

by Linda Horton and Elisabethann Wright

An Overview Assessment of the Revised Draft WTO Modalities for Agriculture

by Mike Gifford and Raul Montemayor (Collaboration with ICTSD and IFPRI)

Implications for the United States of the May 2008 Draft Agricultural Modalities

by David Blandford, David Laborde and Will Martin (Collaboration with ICTSD and IFPRI)

Implications for the European Union of the May 2008 Draft Agricultural Modalities

by Sébastien Jean, Tim Josling and David Laborde (Collaboration with ICTSD and IFPRI)

Implications for India of the May 2008 Draft Agricultural Modalities

by Munisamy Gopinath and David Laborde (Collaboration with ICTSD and IFPRI)

STAFF UPDATES

IPC welcomes Christina Sabato and Gary Martin, who are interning with IPC from June until August. Christina is currently a senior at Purdue University majoring in Natural Resources and Environmental Sciences, specializing in policies. Gary, a senior, is pursuing a degree in Agriculture and Resource Economic with a concentration in business marketing at the University of Maryland.

Kara Laney, IPC's Policy Associate since March 2006, has recently taken a position with the National Academy of Sciences in Washington, DC. As of June 30, she is an Associate Program Officer for the Academy's Board of Agriculture and Natural Resources. In her new role, Kara will organize and oversee studies related to agricultural production and natural resource development. IPC thanks Kara for her contributions over the last two years and wishes her the best of luck in her new endeavors.

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.

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