



Agri-Trade FORUM

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Feeding the World While Safeguarding the Environment *IPC's Spring Seminar Examines Food and Environmental Security*

IPC held its Spring seminar, Food & Environmental Security: the role of food and agricultural trade policy, May 10-11 in Salzburg, Austria. The event brought together high-level government officials, business leaders and academics from around the world to discuss joint and global approaches to the critical challenges we are facing.

The keynote speech was delivered by WTO Director General Pascal Lamy, who set the tone for the meeting by emphasizing that international trade was not the source of last year's food crisis, and that if anything, "international trade has reduced the price of food over the years through greater competition, and enhanced consumer purchasing power." The seminar was also greatly enriched by thoughtful presentations from the Austrian Minister of Agriculture, Forestry, Environment and Water Management, Niki Berlakovich; EU Agricultural Commissioner Mariann Fischer-Boel; and New Zealand's Trade Minister and Associate Minister for Climate Change Issues, Tim Groser.

The seminar's probing and substantive discussions demonstrated that the issues of trade, climate change and food security are inextricably linked. The financial crisis has exacerbated the food crisis and today the number of hungry in the world has reached one billion. Agricultural production will have to double by 2050 to feed a population projected to reach nine billion, but it must do so under severe constraints on the availability of both arable land and water. Climate change will lead to an increasing frequency of extreme weather events and to long-term shifts



WTO Director General Pascal Lamy speaking at the IPC Gala Dinner

in agricultural capacity. Moreover, agriculture, which produces a volume of greenhouse gases equivalent to the transportation sector, will be called upon to contribute to climate change mitigation efforts. These complex and interlinked challenges can only be addressed through comprehensive solutions.

A panel on "Adapting National and Regional Policies to New Challenges" examined the issue of food security from multiple standpoints, including the severe challenges faced by Sub-Saharan Africa. Namanga Ngongi, President of the Alliance for a Green Revolution in Africa, told the assembled participants that "with the right policies and investment, Africa could produce

enough food to feed itself." As the discussion reflected, achieving that goal, in Africa and elsewhere, requires increased funding for agricultural research and development, improved infrastructure and sound governance.

Speaker after speaker emphasized the vital contributions that an open trade system can make to food security as well as to the environment. "The right multilateral trade regime stimulates production," stated Commissioner Fischer Boel, "whereas trade restraints constrain production." She explained that trade allows agricultural production to shift to the most suitable locales, thus respecting "environmental comparative advantage." In the session on "Food Security: Competing Claims on Land

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and Water,” Professor John Anthony Allan pointed out that “the world can importantly offset serious water shortages in some regions by importing agricultural products with ‘embedded water’ from regions with greater water resources.” He was joined in that session by IPC Member Joachim von Braun, Director General of IFPRI, who catalogued the detrimental impacts of recently imposed food export restrictions and concluded that “a world short in food must trade more.”

Director General Lamy added a critical point, explaining that while “trade policy plays an important role, [it] is not the answer to all the challenges, since food and agricultural trade policy does not operate in a vacuum.” He and other participants stressed the importance of “flanking measures” to accompany trade liberalization – in particular social safety measures.

Participants agreed on the need to complete the Doha Development Round, in substantial part because it will serve as a bulwark against the risk of

protectionist reversals, although some participants view the present modalities as insufficiently ambitious. It was noted that agricultural liberalization will certainly not be completed via the Doha Round. “A post-Doha agenda will have to pursue further trade liberalization, in particular in the agricultural sector,”

emphasized IPC Chairperson Carlo Trojan, stating that international trade rules will also need to be examined in the context of a new international climate change regime. He noted, however, that “we are not well advised to start parallel negotiations now on the trade impacts of climate change.”



Session III - Adapting the International Trade Regime to New Challenges

(L-R) IPC Member **Raul Montemayor**, President, Federation of Free Farmers Cooperatives, Inc.; IPC Member **Carlos Perez del Castillo**, Former Permanent Representative of Uruguay to the World Trade Organization; **the Honorable Tim Grosser**; IPC Member **Michel Petit** Professor, Institut Agronomique Méditerranéen, Montpellier

Good Agricultural Policy = Good Climate Change Policy by Namanga Ngongi

At IPC’s Spring Seminar in Salzburg, we heard about impressive scientific research underway on how the agricultural sector can adapt to and mitigate climate change. Scientists are attempting, for example, to raise cattle that emit less methane and develop crops that are resistant to drought or maximize the uptake of nitrogen. This is important and very worthwhile research. Yet we are not likely to see such innovations commercialized for several years, and it will take even longer until they become available to and affordable for African producers. We should not lose sight of the fact that there are tools already available to help the African agricultural sector adapt to the challenges of climate change. In fact, good agricultural development policy is also good climate change policy.

Overcoming the constraints to increased

agricultural productivity in Africa leads to increased food security and climate change adaptation and mitigation. If African producers can benefit from increased irrigation (presently only 4% of African agriculture is irrigated), they will be put on a path towards improved food security and adaptation to drier conditions. Although overuse of fertilizers leads to nitrogen pollution, this is certainly not an imminent danger in Africa, which uses just over one percent of China’s total fertilizer use. In Africa, we must increase the use of fertilizers to restore soil nutrients so as to increase agricultural yields and remove pressure for deforestation, which is a key contributor to climate change. Broader adoption of good agricultural practices increases soil fertility, and contributes to increased agricultural output and increased carbon sequestration. Addressing the serious infrastructural constraints, which hinder

inter-African flow of food and agricultural products from areas experiencing surpluses to areas experiencing deficits, will be even more important considering the more extreme weather events and long-term changes in agricultural productivity due to climate change.

It has been heartening to see African governments commit to putting ten percent of their budgets into the agricultural sector under the Comprehensive Africa Agriculture Development Program (CAADP). The July announcement of the G-8 to provide significantly increased resources to agricultural development so as to promote greater food security is also welcomed. To sustain these commitments, we are well advised to think of the important co-benefits good agricultural development policy has for climate change adaptation and mitigation.

Doha Round Completion Remains Vital

Since the Doha Development Round of trade talks began in 2001, the negotiators have missed one deadline after another. Understandably this has led to some “Doha fatigue,” and has made other options for pursuing trade liberalization appear more practical or attractive. However, the completion of the Doha Round remains vital to the health of the multilateral trading system, the prospects for a sustained global economic recovery, and the efforts of poor countries to alleviate poverty and achieve food security for their populations.

The agricultural sector, which had been sidelined from the trade liberalization process set in motion by the General Agreement on Tariffs and Trade in 1947, became integrated into the multilateral trade system only in 1995 through the Uruguay Round Agreement on Agriculture (URAA). Although the results of this integration were modest, it was nevertheless a significant development. The URAA promoted less distorting forms of agricultural support, reduced unfair practices in world agricultural markets and created a new set of trade rules for agriculture.

While governments have not yet been able to conclude the Doha Round, substantial progress has been made on the agricultural agenda. Agreement has been reached to completely eliminate all forms of export subsidies and to significantly reduce trade distorting

domestic support. On market access the situation is less satisfactory. Hope for sweeping across-the-board tariff cuts has been replaced by a realization that the outcome will be more complex. A number of flexibilities have been introduced into the negotiating texts to respond to the sensitivities of both developed and developing countries. These flexibilities will seriously reduce and in many cases prevent real improvements in market access both now and in the future if they become permanent fixtures of the Agreement on Agriculture. Moreover, these flexibilities have complicated the politics in both developed and developing countries. The developed countries view the flexibilities (including Special and Differential Treatment) as giving the more ‘developed’ developing countries a break, while the developing countries view flexibilities for developed countries as “special and differential treatment” for the wealthy. The rhetoric on both sides of this debate has complicated resolution of these technical issues.

Domestic farm programs have become entrenched in rich countries, where domestic subsidies are often bolstered by trade measures. Border measures are typically the only form of domestic support poor countries could afford. This asymmetry, coupled with the political sensitivities of the sector, has made reducing barriers to agricultural trade difficult. These difficulties, however, should not make us walk away

from the Doha negotiations. Indeed, these difficulties require negotiations that encompass a wide range of subjects and provide opportunities for trade-offs across sectors. If a Doha Round successfully removes most of the remaining egregious distortions in agriculture trade, it may be opportune to consider sectoral or plurilateral negotiations, or rely further on bilateral and regional trade negotiations for additional liberalization. Shifting course now, however, would not lead to a more timely or ambitious outcome.

Negotiators now need to translate their political leaders’ support for the Doha Round into further improvements of the modalities text. Further compromise is required to narrow down broad flexibilities, which risk undermining the multilateral character of the negotiations. Should this not be feasible, a final agreement could provide for a sunset clause, after which such flexibilities will expire or have to be re-negotiated.

Prospects for a successful conclusion of the agricultural negotiations could also be improved with an agreement on export restrictions and firm commitments of Aid for Trade. WTO rules should not only safeguard the rights of exporters, but also those of importers. And, for increased market access to be more meaningful to poor countries, a greater commitment is required to address their supply side constraints.

IPC'S PAPERS

The Constructive Role of International Trade, by Franz Fischler and Charlotte Hebebrand, examines how an open and flexible global trading environment plays a constructive role in both climate change mitigation and adaptation. This was written for IFPRI

Policy Focus: International Climate Change Negotiations and Agriculture by ICTSD-IPC Platform on Climate Change, Agriculture and Trade: Promoting Policy Coherence. The paper provides an overview of the existing international climate change agreements and the international negotiations underway and points out the ways in which the agricultural sector is - or maybe - addressed in the international climate regulatory framework.

Discussion Paper Food Security: The Role of Agricultural Trade by Robbin Johnson this paper examines how agriculture has been dealt with both within and among countries since the 1950s and concludes that successful agricultural trade liberalization requires a shared vision for a global food system that ensures food security, food safety and sustainability.

All papers are available at <http://www.agritrade.org/Publications>

IPC News

In May, there were two changes on the IPC Board of Directors. Pedro de Camargo Neto, President of ABIPECS Brazilian Association of Pork Producers and Exporters and Hans Joehr, Corporate Head of Agriculture and Assistant Vice President, Nestlé completed their Board terms. They were replaced with two new members: J. B. Penn, Chief Economist for Deere & Co and Willem-Jan Laan, Director of Global External Affairs at Unilever. We thank Pedro and Hans – both of whom remain as IPC members – for their service to the Board.

New IPC Members

We are pleased to announce two new IPC members:

Stefan Tangermann is the former Director for Trade and Agriculture at the Organisation for Economic Co-operation and Development (OECD)



and Professor Emeritus at the Department of Agricultural Economics and Rural Development at the University of Göttingen. Before joining the OECD in 2002, Mr. Tangermann was a professor of economics and agricultural economics at Göttingen and the University of Frankfurt/Main. His academic work has concentrated on, among other topics, the need and options for reforming agricultural policies in OECD countries and measures to strengthen the rules for agricultural trade, with a particular emphasis on the WTO. Mr. Tangermann was a founding member of IPC and we are delighted to welcome him back!



Roberto Rodrigues was the Brazilian Minister of Agriculture from January 2003 to June 2006. He is Co-Chairman of the International Biofuels Commission, Coordinator of the Getulio Vargas Foundation Agribusiness Center and President of the Superior Council of Agribusiness of São Paulo's Federation of Industries. Mr. Rodrigues is, by training, an agricultural producer and engineer, following in the footsteps of his father and grandfather. His sons have continued the family tradition. He is also a professor (currently on leave), holding the Chair of Rural Economics at the São Paulo State University in Jaboticabal.

UPCOMING EVENTS

- On September 30, IPC will hold a session on “Increasing the Transparency of SPS Measures” at the 2009 WTO Public Forum.
- On October 1, IPC and ICTSD are convening the Platform on Climate Change, Agriculture and Trade in Geneva for a discussion on climate change and international trade rules.
- IPC will hold its fall meetings in Washington DC from October 29 - November 1, in Washington, DC:
 - On October 29th, IPC and ICTSD – with generous support from the Gates Foundation - will hold a high-level seminar on Climate Change, Agriculture and Trade: Promoting Policy Coherence.
 - On October 30th, IPC will organize a session with the Inter-American Development Bank on the treatment of agriculture in regional trade agreements. That afternoon, IPC is partnering with the Center for Strategic and International Studies to examine role of trade in promoting global food security.

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

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