MEETING OF THE COMMITTEE FOR AGRICULTURE AT MINISTERIAL LEVEL
25-26 FEBRUARY 2010

Summary by the Chairs (Text issued under the responsibility of co-chairs, Ministers Berlakovich and Carter)

1. Ministers of Agriculture from OECD's 30 member countries and those from Argentina, Brazil, Chile, Estonia, Indonesia Israel, Slovenia, the Russian Federation, South Africa and Romania and representatives from the EU, the FAO and the WTO met in Paris during a day and a half around the theme "Food and Agricultural Policies for a Sustainable Future; Responding to Global Challenges and Opportunities". This was the first time in 12 years that Ministers for Agriculture had met at the OECD. The meeting was chaired by Minister Nikolaus Berlakovich of Austria and Minister David Carter of New Zealand. Just prior to the meeting the Co-Chairs met with BIAC (the Business and Industry Advisory Committee to the OECD) and IFAP (the International Federation of Agricultural Producers) for an exchange of views about the issues to be discussed during the meeting.

2. The presence at the meeting of countries currently in the process of becoming members of the OECD (Chile, Estonia, Slovenia, Israel and the Russian Federation) and of countries in an enhanced engagement process (Brazil, Indonesia, South Africa) and observers to the Committee for Agriculture (Argentina and Romania) broadened and enriched the debate and brought important new dimensions.

3. There was a high degree of convergence concerning the definition of the challenges facing the agriculture and food system but it was also felt that there are major opportunities for farmers and others in the food system in the coming decades, if the policy and other conditions are right.

4. **Food security** issues were discussed at length throughout the day and a half. The recent rise in the number of people suffering undernourishment to more than one billion was deplored. Action would be needed on many different fronts to avoid a worsening situation, with population and incomes continuing to grow. It was agreed that solutions to food insecurity must be multifaceted. Production and, in particular, productivity growth need to be increased across the full range of farming systems. Investment is needed in developing countries to improve their productive capacity, as are improvements in infrastructure, in education and extension, and market development. Production in other parts of the world will also have to increase, especially in regions well-endowed in natural and other resources needed for agricultural production. We also generally concurred with the view that access issues are at the heart of food insecurity and that broad based development, leading to higher incomes and living standards for poor people is the most effective solution in the longer term. In that sense, agriculture will provide an important part of the solution but agricultural development alone is not sufficient.

5. **Trade** will be crucial in ensuring that food can move from where it can be abundantly produced to where it cannot and we agreed that a well functioning rules-based multilateral trading system was essential in this respect. Some countries argued that "thin" markets contribute to volatility in international prices for agricultural products and that prices would be more stable if greater volumes were traded in more liberalised markets. We agreed that producers might need to be helped to improve supply capacity to allow them to participate in those markets. Some countries expressed a desire to consider environmental and social standards. Access to open and transparent markets is important for all countries, but, in

particular, for developing countries. A successful conclusion to the on-going Doha Development Agenda negotiations was also seen as essential.

6. We shared concerns about the impacts that **climate change** might have on food supply and noted that those who are most likely to suffer the adverse impacts of climate change, especially in developing countries, are also those who have the least capacity to cope. We also recognised that agriculture will be required to make an important contribution to reducing greenhouse gas emissions. Agriculture, through mitigation, including soil carbon sequestration, can also be part of the solution. It was acknowledged that population growth and the inevitable changing patterns of food consumption towards a more varied, more protein rich diet will require a large increase in production. Given the constraints imposed by climate change a key challenge will be for farmers to reduce the emissions intensity of food production while maintaining the economic competitiveness of the sector and providing other environmental benefits, such as improved air and water quality, preservation of biodiversity, and reduction of soil erosion. Countries emphasised the importance of exchanging information and experience about how to do this and welcomed in particular the Global Research Alliance initiative of New Zealand.

7. **Resource constraints** more generally were recognised as posing significant challenges to the sectors ability to respond to increasing demand. Agriculture is a major user of water in both developed and developing countries. Water scarcity is a particular concern and even in countries where water is seemingly abundant it was recognised that much better efforts would be needed to manage and price water resources efficiently to meet growing demand and competition with other uses. Land availability was also mentioned as a constraint, although views differ about the scale of the problem.

8. Views converged strongly on the important role **of innovation** in generating the responses needed to meet the growing demand and also to deal with climate change. Given the right signals, the right technologies, and the means to diffuse and apply them – priority areas for policy attention - we are confident in the ability of the sector to rise to the challenges – those arising from climate change, resource pressures, managing waste etc. Many examples of technological developments for climate change adaptation were also presented, ranging from the latest developments in irrigation technologies, to plant breeding for drought and heat resistance. Mitigation technologies were also discussed, from animal genetics to manure management. Many saw new opportunities opening up for their farm and food sectors and improved prospects for profitability and incomes, with a vigorous innovation and dissemination policy as the key to enabling farmers to benefit from future opportunities. The case for increased investment in research and development is clear but there are many conflicting demands on scarce fiscal resources and agriculture ministers would have to advocate strongly for this to be achieved. The importance of transfer and application of existing knowledge and technologies was stressed as an important part of what needs to be done, but governments, in partnership with the private sector, also need to invest in research to develop new technologies. Keeping markets open to allow the free flow of innovation and technology was also seen as an important element.

9. We nevertheless noted that there are important differences among countries in regulations and in public attitudes to some new technologies. GM technology is a case in point. While there is strong public resistance in some parts of the world, it was felt by some that GM technology could play an important role in helping the sector respond to increased demand, in a situation of climate change and resource pressures, while also reducing chemical use. Uncertainties about the long-term impacts of these technologies were mentioned.

10. The strong increase in world agricultural prices in 2007-08, followed quickly by a return to more normal prices, and expectations about the impacts of climate change, the observation that energy and agricultural markets are becoming more closely linked, have brought the issue **of volatility** to the fore. Different views were expressed about the role that speculation may have played and about links to the

economic crisis more generally. Many expect price volatility to increase in the years to come. Others tend to think that recent events were exceptional and explained by market and other factors. Views also differ about possible solutions – a return to stronger regulation with a view to trying to restrict the degree of volatility or, dealing with the effects of volatility on farmers and others through various forms of risk mitigation. Despite these differences, we agreed that there is a need for much more reflection on risk management strategies.

11. Discussion occurred around the complex issues of **market power** and relationships among the different actors in the food system, from farmers to retailers. Interest was expressed in ensuring that farmers receive a fair share of the final consumer dollar. There were calls for the OECD to analyse options for increased transparency and better-functioning markets throughout the food supply chain. The degree of concentration in the retail sector in some countries was thought to be potentially problematic and countries described measures they were taking to improve the situation. This is an area in which data can be difficult to obtain. It was recognised that appropriate regulatory frameworks, in particular effective competition policy, would help in this respect.

12. Some countries mentioned the multifunctionality of agriculture – the fact that agriculture systems, in addition to producing agricultural commodities for food, feed and other uses can also generate environmental goods and services such as biodiversity and landscape and contribute to the development of rural areas, and argued that there is room for many different types of farming systems. Some countries urged that policies that aim to address multifunctionality should not affect production and investment decisions, nor distort trade.

13. We spent some time discussing issues related to biofuels. Impacts on food prices, competition for scarce agricultural resources and the extent to which bio-energy actually reduces greenhouse gas emissions, prospects and opportunities from biomass production more generally, were discussed. What are the prospects for production of second generation biofuels and how will they perform in terms of economic viability and contribution to reducing emissions? A useful discussion took place around these issues although differences of view were apparent.

14. Developments in many countries relating to public attitudes to agriculture were mentioned and Ministers suggested that efforts were needed to improve the public image of the sector. The growing interest from consumers in how and where food is produced, were noted. Such developments are seen as offering opportunities for the development of differentiated products in response to consumer demand. Consumer interest in issues such as food quality, animal welfare and the environmental conditions in which production takes place, was also noted as was the importance of labelling as a means of communicating information on these matters to consumers.

15. We noted that waste in the food chain accounts for a significant share of food "disappearance", and how addressing this issue would generate benefits in many different ways. Supply pressure would be eased if only a small share of the waste that occurs in advanced economy food systems could be eliminated. Environmental outcomes would also be improved. A variety of solutions were discussed, from educating food buyers and consumers to altering price signals. Approaches to recycling food waste to other uses were also discussed. In developing countries, eliminating losses due to inadequate handling, transport and marketing infrastructure would immediately improve food security outcomes.

16. This meeting brought together Ministers and senior policy-makers from countries that together account for a huge proportion of the world's production and consumption of food and agricultural products. The challenges facing all of us are well understood, and we discussed a wide range of practical and pragmatic approaches to dealing with them. The important work undertaken by OECD in this respect was noted and Ministers encouraged OECD to undertake substantive policy analysis across a wide range of

issues, described in more detail in the Communiqué. They noted the importance of the role that OECD can play in providing a forum for the exchange of information and expertise on these difficult issues. They also stressed the importance of broad horizontal approaches harnessing expertise from across the organisation, as evidenced by the integration of agriculture and food issues into the green growth strategy and on-going work on innovation. The importance of evidence-based policy-making was mentioned by several. Ministers insisted on the need to communicate actively, the results of OECD's important policy and market outlook work.

17. Argentina, Brazil, Indonesia and South Africa participated fully in the meeting and contributed significantly to the scope and depth of the discussion. While they did not subscribe to the final Communiqué, they indicated full support for many of the conclusions contained in it, in particular those relating to trade and to the importance of open markets and further trade liberalisation in agricultural products.

18. The mood of the meeting was positive; while there are serious challenges facing the sector, there are also major opportunities. The combined challenge of increasing production sustainably, while also reducing the carbon footprint of the sector can be met. The diversity of agricultural systems across the world and the need for diverse solutions were recognised. Farmers and the food system overall have been extraordinarily resilient and responsive in the past and will continue to be so. The task for us, as Ministers and members of our governments, is to ensure that the regulations, the institutions and the policies are in place to enable farmers and the entire food system to do what they do best, supply safe nutritious food to where it is needed, respond to various societal and consumer demands, and act as custodians of our natural resources.