



International
Food & Agricultural Trade
Policy Council

Annual Report

2003

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Policy Council



From IPC Chief Executive, M. Ann Tutwiler



The year 2003 has been difficult for agricultural trade negotiations. In March, the Special Negotiating Committee on Agriculture missed the deadline to produce targets for achieving the Doha Round objectives. In August, just weeks before the Ministerial Meeting in Cancun, the United States and the European Union—at the behest of the WTO—ironed out their differences in a joint proposal. That proposal—rightly or wrongly—was perceived poorly by a group of developing countries, who came together in the days before the Cancun Ministerial and offered an alternative proposal for consideration. In those same days, four African countries came together to demand reforms in US and EU cotton subsidies. In early September, in a heavily politicized atmosphere, the Cancun Ministerial collapsed without an agreement. For the rest of the year, trade negotiators in capitals and in Geneva re-evaluated their positions and struggled to rebuild trust.

Despite this litany of disappointments, there is I believe room for optimism. The dynamic that drove the Uruguay Round—essentially to find an accommodation between the United States and the European Union's agricultural policies—is dead. In the first real effort to bring agricultural trade under international rules, it was probably essential that the agreement be acceptable to the two largest players. As a result, the Uruguay Round Agreement made great strides in establishing a framework, but made little progress in actually reducing trade distortions.

In the Doha Round, developing countries and others who saw little tangible benefit from the Uruguay Round are actively engaged in the negotiations. These countries have taken to heart the message that trade is more important than aid. A final deal that accommodate the concerns of a much broader constituency—developed, developing and least developed countries will be harder to reach, but it will hopefully be more meaningful.

Even if it takes longer, it is important to get it right. The Uruguay Round was launched in 1986 was concluded in 1994 and will only be fully implemented in 2004—nearly twenty years later. If the Doha Round moves on the same timetable, full implementation will occur only in 2020. The world's farmers cannot afford an agreement that does not make significant progress toward the Doha Round's objectives.

In 2003, I believe that the International Policy Council has played a positive role in bringing more developing and least developed countries to the table in Geneva. As one well-placed trade negotiator told me “the IPC has done outstanding work in disseminating information and knowledge among developing countries... the improvement in developing country delegates understanding of technical issues is noticeable.” In 2004, we plan to play the same role in developing country capitals in Africa, South America and Asia.

The International Policy Council has also played an important role in explaining that trade reform is vital for developed and developing countries alike. The reluctance of developing countries to countenance greater market access contributed to the failure of the Cancun Ministerial. The IPC has argued at our seminars in Geneva, Mexico and New Delhi that trade reform is not a one-way street. Developing countries also need to remove the distortions that hamper their agricultural sectors. And, they must reform their internal markets, to allow their farmers and their consumers to reap the benefits from trade. In 2004, we plan to identify concrete, replicable examples of how developing countries have used trade reforms to reduce poverty and enhance environmental sustainability. In a year when many NGOs have pointed out the problems but offered little in the way of concrete solutions, the IPC has developed a solid reputation as a source of pragmatic and concrete recommendations.

I would like to close by thanking IPC Chairman Robert Thompson and IPC Vice Chairman Piet Bukman for their indefatigable energy and tremendous commitment to the IPC. I would also like to thank IPC Board member Hans Johr for his vision in helping the IPC to establish a firm financial foundation. Finally, I would like to thank all the IPC's funders and supporters, without whose help we would not be able to exist.

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the IPC convenes high-ranking government officials, farm leaders, agribusiness executives and agricultural trade experts from around the world and throughout the food chain to build consensus on practical solutions to food and agricultural trade problems

2003 GOALS

- Establish the IPC as a source of creative and politically feasible solutions to complex agricultural trade problems.
- Position the IPC as a key source of pragmatic policy recommendations for trade negotiators and agricultural policymakers.
- Enhance the IPC's influence in global food and agricultural policy circles.
- Transform IPC from meeting convener to policy advocate.

2003 OBJECTIVES

- **Trade Negotiations:** Develop concrete recommendations for the Doha Round of Agricultural Trade Negotiations and the Cancun Ministerial Meeting... p 2
- **International Development:** Bring the Capacity Building program to developing country capitals... p 9
- **International Development:** Publish Issue Briefs as follow up to the Geneva Seminar Series ...p 10
- **Sustainability:** Complete the Framework Building Phase of the Sustainability Program ... p 13
- **Technology:** Develop an IPC Position Paper on Biotechnology and Developing countries ... p 15
- **Communications:** Increase interaction with the mainstream media by responding to published articles and submitting OpEds ...p 20
- **Membership:** Diversify IPC membership to include more representatives from developing countries ...p 21
- **Funding:** Broaden Funding Base ... p 22

The IPC's Mission

The International Food & Agricultural Trade Policy Council is dedicated to developing and advocating policies that support an efficient and open global food system, that promotes the economically and environmentally sustainable production and distribution of safe, accessible food supplies to the world's growing population.

FUTURE SUBSTANTIVE AGENDA

- **Trade Negotiations:** Continue to be a strong source of information and analysis in the debate surrounding the Doha Round of WTO Agricultural Negotiations.
- **Trade Negotiations:** Develop papers on developing country designation in the WTO, special and differential treatment and trade remedies in agriculture.
- **International Development:** Bring the Capacity Building Program to Southern Africa, Central Asia, Southeast Asia and Northern and Western Africa.
- **International Development:** Continue to address trade and adjustment and south-south trade issues as follow-up to the New Delhi seminar, *Easing the Transition to More Open Global Markets*.
- **International Development:** Develop publications addressing commodity market instability and the relationship between trade and poverty alleviation.
- **Sustainability:** Implement Commodity Case Studies Phase of Sustainability Program.
- **Technology:** Develop Position Papers on Biotechnology and Developing Countries and Animal Agriculture.

2003 NEW SUPPORT ... p 22

STRUCTURAL SUPPORT

- Bunge - United States
- GrainCorp - Australia

IN-KIND SUPPORT

- Carl Duisberg Society International - Korea
- Department of Foreign Affairs and International Trade - Canada
- Fonterra Cooperative Group - New Zealand
- International Coffee Organization
- International Federation of Agricultural Producers
- The Monterey Bridge Coalition
- Public Strategies, Inc. - Mexico
- The Solae Company - USA

PROJECT SUPPORT

- Crop Life International
- Federated Farmers of New Zealand
- Food Corporation of India
- National Institute of Agriculture - India
- Oriental Bank of Commerce - India
- Punjab National Bank - India
- Syngenta - Switzerland
- Universal Corporation - USA

2003 NEW MEMBERS ... p 21

- Andrew Burke - United States
- Huang Jikun - China
- Marcelo Regunaga - Argentina

Substantive Agenda

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International Development Page 9

Sustainability Page 13

Technology Page 15

IPC Substantive Agenda: Trade Negotiations

WTO Negotiations

In 2003 the IPC delivered a series of recommendations for the Doha Round of Agricultural trade negotiations. Recommendations for a framework for the agricultural negotiations and for the Cancun Ministerial Meeting were aimed at policymakers, stakeholders, and the general public.

Modalities Recommendations

In January the IPC released its recommendations for the agricultural negotiating modalities to over eighty trade ministers and negotiators in Geneva. The IPC briefed senior officials from the United States and European Union governments, as well as WTO staff and key delegations in Geneva. In the following weeks, IPC members personally shared the recommendations with officials in Japan, Germany, China, the United Kingdom, Australia, New Zealand and the Netherlands. Public briefings on the recommendations were held in Brussels and Washington D.C.

The IPC believes that despite the wide gaps in the current proposals and despite the pessimism being expressed in some capitals, there is a politically viable way forward; there are compromises that can move agricultural trade liberalization beyond the Uruguay Round Agreement.

— “Recommendations for the Doha Agricultural Trade Negotiations”

IPC recommendations were based on the three pillars of the Uruguay Round negotiations, market access, export competition and domestic support, but also addressed developing country concerns and non-trade concerns. The recommendations challenged negotiators to “further the Uruguay Round agreement while addressing the new demands on the emerging global food system.” The IPC encouraged governments to address the three pillars of the Uruguay Round Agreement on Agriculture, but asserted that the negotiations must address concerns specific to developing countries, recognize the varied role agriculture plays in different countries, and deal with issues left unresolved in the Uruguay Round.

The IPC believes that the Doha Round must be and can be more ambitious than the Uruguay Round Agreement. The IPC believes that the Uruguay Round Agreement established a useful framework for the agricultural trade negotiations, which should serve as the basis for the Doha negotiations. Creating a new framework would be controversial and divisive. However, the Uruguay Round framework needs to have tighter controls and stronger disciplines to bring about the benefits of greater agricultural trade liberalization.

— “Recommendations for the Doha Agricultural Trade Negotiations”

21 January, 2003

Recommendations for the Doha Agricultural Trade Negotiations

In December, the Chair of the Special Session of the Agricultural Negotiating Committee released his paper summarizing the status of the negotiations. In that paper, the Chairman cited an urgent need for countries to move beyond the restatement of well-known national positions and to seek convergence. The International Food & Agricultural Trade Policy Council hopes that the following recommendations contribute to the dialogue in Geneva, and illustrate a way forward for the negotiations.

The IPC believes that despite the wide gaps in the current proposals and despite the pessimism being expressed in some capitals, there is a politically viable way forward; there are compromises that can move agricultural trade liberalization beyond the Uruguay Round Agreement. These recommendations represent a consensus of opinion by the thirty-seven members of the IPC, from the Cairns Group, the European Union, less developed countries, Japan and the United States. As with any consensus, every member does not agree with every recommendation, but IPC members believe these recommendations represent a balance between the interests of exporters and importers, developed and developing countries.

Market Access: the IPC believes it is not necessary to use a mechanical formula to improve market access and address extremely high tariffs. Instead, the IPC proposes establishing a maximum tariff rate for all agricultural commodities, bringing all tariffs to that maximum level immediately and then reducing them according to the schedule agreed for all tariffs. There should be a minimum required tariff cut for all tariff lines, but to address the wide dispersion between tariffs on different commodities, the IPC proposes establishing an average tariff cut across individual tariff chapters, rather than across all agricultural products as was done in the Uruguay Round. These measures would lower peak tariffs, decrease tariff dispersion and reduce distortions among products. To expand trade, in-quota tariffs should immediately be reduced to zero, and import quotas should continue to rise as percentage of national consumption. Importers' concerns should be addressed by updating the base period for calculating national consumption to reflect recent trends and creating a simple and transparent, time-limited safeguard mechanism with triggers bound in the agreement.

Domestic Support: the IPC believes it is not necessary to cap domestic support policies to address high levels of trade distorting support. An overall cap on trade-distorting domestic support does nothing to reduce the disparity in subsidies for individual commodities. More importantly, a cap on all agricultural support could discourage developing countries from making much needed investments in Green Box measures. The IPC believes that Green Box measures should not be capped, and in fact should be encouraged in developed and developing countries. However, **the IPC believes only direct income supports that are completely divorced from current and future production and prices should be in the Green Box.** If farmers can alter current or future payments by adjusting current production, those payments should be reclassified as Amber Box measures. To further reduce the overall level of trade distorting support, Amber Box and Blue Box measures as well as product specific de minimis support should be reduced in tandem. To narrow the distortions in support among commodities, these reductions should be made on a commodity by commodity basis.

Export Competition: the IPC believes that the Uruguay Round was unbalanced in its focus on export subsidies and exporting country concerns. While the IPC believes that a date certain can and should be set for the elimination of export subsidies, the Doha Round also needs to discipline other measures that distort agricultural markets, including export credits, food aid and state trading entities. Export credits beyond one-year in duration, and any non-grant food aid should be treated as export subsidies. State-trading entities should be subject to increasing competition from private entities, and government support to state-trading entities should be reduced and eliminated over the implementation period. To address concerns of food importers, the IPC believes the Doha Agreement should ban export embargoes and taxes for foreign policy or short supply reasons. The Doha Agreement should require countries to reduce and harmonize export taxes used to raise government revenues or protect domestic processing industries.

Developing Country Concerns: The IPC believes that developing country concerns are best met by an ambitious result on market access, export competition and domestic support. **Developing countries' interests have not been well served by traditional Special and Differential Treatment, which has delayed rather than eased their integration into world trade.** Special and Differential Treatment in the Doha Round should facilitate developing countries' integration into the global economy.

Market access: The IPC proposes that wealthy countries set tariffs for all developing country exporters at zero, and quotas for least developed country exporters at zero. Tariff reductions for developing countries can be less ambitious than for developed countries, but should be implemented over the same time frame. Developing countries should have access to a transparent special safeguard to address concerns about import surges. Finally, the IPC believes that over time, special preferences for some developing countries and products should be converted to generalized preferences for all eligible countries and all products.

Export competition: Concerns about higher food import prices should be addressed by international and bilateral aid agencies. Subsidies to defray high internal transport costs should continue to be allowed, but direct export subsidies should be reduced at the same pace established for all countries. Export taxes should be reduced and harmonized.

Domestic supports: Use of Green Box investments in public goods should be expanded to build agricultural capacity in developing countries; agricultural price supports are not an effective substitute and do not address the problems of rural poverty. Developing countries should continue to have access to product and non-product specific de minimis support, as under the Uruguay Round.

Non-trade concerns: the IPC believes that countries have many legitimate reasons for supporting their agricultural sectors that go beyond production of food and fiber. The role of the WTO is not to question the rationale for these policies, but to ensure that these policies meet world trade rules. In general, the IPC believes these concerns are most effectively addressed by Green Box measures. One-time support measures which compensate producers for capital expenses needed to meet new standards could be counted as Green Box measures, but any on-going payments to producers of specific commodities to cover higher operating costs would be considered Amber Box. The SPS Agreement should not be re-opened or re-interpreted.

Cancun Statement

At the 31st IPC Plenary Meeting, May 31 – June 1 in Mexico City, members drafted a statement for the Cancun Ministerial Meeting, September 10 – 14 entitled, “Ministers Must Agree on a Common Framework for Agricultural Trade Talks in Cancun.” The statement addressed the IPC’s original recommendations as well as the draft text issued by Stuart Harbinson, Chair of the Special Session of the Agricultural Negotiating Committee in February.

The IPC’s Cancun Statement warned WTO member countries, “If the Doha Round is to avoid a serious impasse at the September Ministerial meetings in Cancun, political leaders from developed countries, as well as from developing countries must make trade a top political priority.”

“Reducing the trade distortions in agriculture is the single most important step the WTO can take to help developing countries.”

— *“Ministers Must Agree on a Common Framework for Agricultural Trade Talks in Cancun”*

The IPC’s Doha Round recommendations are available at www.agritrade.org/doha.htm.

WTO Negotiations Outreach

March 31 Agricultural Negotiating Deadline

The Doha Round gave a deadline for March 31st for negotiators in Geneva to agree on a framework for the Doha Round Agricultural Negotiations. This deadline was not met. In response, the IPC submitted an editorial entitled “Missed Agricultural Negotiating Deadline Unfortunate, But Not Fatal” to several publications and distributed the article to its contacts in government, food and agribusiness and farming, including over one-hundred WTO delegates.

Washington Roundtable Discussion

In May, between the missed deadline for modalities and the Cancun Ministerial Meeting, the IPC held a roundtable discussion on the progress of the Doha Round at its headquarters in Washington, DC featuring Chairman Robert L. Thompson, Chairman Emeritus Lord Henry Plumb, and Member Dale Hathaway.

Thompson emphasized that developing countries make up the majority of WTO members and that if they do not perceive a benefit, there will be no agreement in agriculture. Furthermore, developing countries are a heterogeneous group, which makes creating a system of special rules difficult. The designation of ‘developing country’ is well defined in the IMF and World Bank, but countries can self-designate as a developed country or developing country in the WTO. High income countries are reluctant to make concessions since countries like Korea can bestow on themselves the same development status as countries like Mauritania, and thereby take advantage of special and differential treatment, a situation the ‘developed countries’ fear can and will be abused.

Lord Plumb reviewed the effects of EU accession and discussed the midterm review of the Common Agricultural Policy (CAP). Hathaway expressed his concerns about the proliferation of regional free-trade agreements being sought by the United States and the European Union. Although US bilateral free trade agreements typically include commitments on agricultural tariffs, they do not typically include provisions to reduce them quickly. The United States usually refuses to discuss domestic subsidies, export subsidies and other similar issues in regional negotiations, saying that they are to be dealt with at the international level. In Europe, the proliferation of regional and bilateral FTAs could create a system of preferential access, which could reduce the incentives for developing countries to negotiate an agreement for an overall reduction in tariff levels because their interest in holding onto preferential access could outweigh their interest in achieving freer trade.

2 April, 2003

from Missed Agricultural Negotiating Deadline Unfortunate, But Not Fatal

The deadline for agricultural negotiators at the WTO to agree upon a framework to guide their work leading up to the Cancun Ministerial this September in Cancun has passed. Despite Herculean efforts by the chairman of the agricultural committee, negotiators have not officially embraced his proposed framework. This is extremely unfortunate, but it is not fatal.

The framework paper presented by Chairman Harbinson—while not perfect in everyone's eyes—has engaged the negotiators. While no one is yet ready to give an inch, negotiators are weighing the costs and benefits of each compromise suggested by Mr. Harbinson. Even if Mr. Harbinson's paper does not become the basis for the final negotiations, it has served an extremely useful purpose in forcing negotiators and stakeholders to think beyond their own countries' proposals, and in so doing, has paved the way for eventual compromises.

While there are plenty of obstacles, there are also opportunities. Areas of convergence are beginning to emerge. Moreover, the Uruguay Round Agreement on Agriculture exists. There is no need to spend five years debating whether agriculture should come under WTO disciplines. The basic framework is already in place. While many believe the Uruguay Round did little to actually liberalize trade because of last minute loopholes, many also believe that the basic framework is solid.

Many countries, even those who appear least ambitious, have real reasons to want the negotiations to succeed. The European Union must agree on reforms to its Common Agricultural Policy, before this fall. Japan needs to find a new way to address the very real problems facing its agricultural sector. In the United States, a growing budget deficit may force a re-assessment of US farm policy. There are more important arguments not to allow this missed deadline to poison the summer's preparations for Cancun. For reasons totally outside of the agricultural negotiations, the United States, the European Union, Canada and Australia need to begin repairing their relationships. The WTO negotiations provide an opportunity to do just that. Now is the time for negotiators to work together, not to question each other's commitment to the negotiations.

The United States and the other OECD countries need to demonstrate their commitment to the Doha Development Round by making progress in agriculture. The Uruguay Round Agreement took eleven years to negotiate and another ten to implement. The Doha Round is a little over two years old. The OECD countries had the time and the money to weather the lengthy Uruguay Round talks. Developing countries have neither. Developing countries need to work together to keep up the pressure. Cancun must be taken seriously. In a time of global economic uncertainty, it is not the time to repeat the mistakes of the 1930s and let trade become victim to geo-politics.

www.agritrade.org/doha/Press/3-31-03UNF.pdf

Cancun - The Fifth World Trade Organization Ministerial Meeting

An editorial by IPC Member, Luis de la Calle entitled "Poor countries need trade, not caravans of protestors," was published in the Chicago Tribune in the run-up to the Cancun Ministerial meeting. IPC also submitted editorials on the negotiating text issued by WTO Trade Negotiations Committee Chairman Carlos Perez del Castillo entitled "Ag Text Improves Outlook for Cancun," and an editorial in the aftermath of the Cancun Meeting entitled, "Cancun: Crisis as Catalyst." www.agritrade.org/doha.htm

IPC Chairman Robert L. Thompson; Members Pedro de Camargo Neto, Dale Hathaway, Luis de la Calle, Robbin Johnson, and Jorge Zorreguieta; Member Affiliate Willem-Jan Laan; and Chief Executive M. Ann Tutwiler traveled to Cancun, Mexico for the Fifth WTO Ministerial Meeting, September 10-14. IPC Members served as an important source of information for press covering the meeting.

Members shared their analysis of the Ministerial at a briefing for delegates and non-governmental organizations. At the standing-room only briefing, Members present in Cancun were able to use their diverse backgrounds and deep experience in WTO agricultural negotiations to react to the events of the negotiations, particularly the role that the G20 played at the meeting.

The IPC also co-sponsored a seminar on the future of the WTO with Public Strategies, Inc. The audience was made up of representatives of both the agricultural and non-agricultural sectors. Representatives of industries outside of agriculture relied on IPC Members for context and information on the agricultural negotiations as it became clear that agriculture was to play a central role in the success of the Ministerial Meeting.

“The crisis of Cancun should be a catalyst for negotiators to return to Geneva, rebuild trust, and continue to work on the framework for agricultural negotiations. Even though the draft framework put forward in Cancun did not meet with every country’s approval, it can serve as a useful starting point for further negotiations. While the drafts discussed in Cancun did not promise an ambitious outcome, they did not preclude one, either.”

—Chief Executive, M. Ann Tutwiler, “Cancun: Crisis as Catalyst,” September 22

Post-Cancun Briefing

IPC Chairman Robert L. Thompson, Member Dale Hathaway and Chief Executive M. Ann Tutwiler shared their analysis of the previous week’s World Trade Organization Ministerial Meeting in Cancun, at a briefing on Monday, September 22nd. Thompson and Tutwiler agreed that the draft paper issued by the Chairman of the agricultural negotiations in Cancun took the least bold pieces of existing proposals. However, just because the draft did not take the most aggressive ideas from the proposals, a significant end result is not precluded. According to Tutwiler, had the draft been bolder, it might have been a better platform for intense negotiation. However, according to Thompson, the Chairman’s draft ran the risk of resulting in a two-track system – one set of rules for developed countries, and another for developing countries.

“One of the primary benefits of the Uruguay Round was that it established a system where all countries had to play by the same rules. Any agreement that leads to a two-track system is going backwards rather than forwards.”

— IPC Chairman, Robert L. Thompson, Post Cancun Briefing, September 22

Thompson and Hathaway agreed that the most optimistic end date for the Doha Round is now the end of 2005. In 2005 there will be a new administration in the United States and a new commission in the European Union. Congressional elections in the United States and elections in France and Germany will be an issue in 2006, so if the round is not wrapped up in 2005, it will likely have to wait until 2007.

Attendees and panelists discussed trade liberalization outside of the WTO, the issue of US cotton subsidies, the future of domestic support in developed countries and many other issues. *Proceedings of the IPC’s Post Cancun Briefing are available at www.agritrade.org/doha.htm.*

While the proximate cause of the collapse of the Cancun Ministerial meeting was disagreement on the so-called Singapore Issues (investment, competition policy, transparency in government procurement and trade facilitation), agriculture certainly played a role in Cancun’s failure.

— IPC Chairman, Robert L. Thompson, Post Cancun Briefing, September 22

Other Trade Issues

In 2003, the IPC issued publications on topics of special interest to the Doha Round of agricultural negotiations such as geographical indications, special and differential treatment and special preferences (see International Development).

Geographical Indications

In August, the IPC Secretariat distributed a discussion paper on geographical indications (GI’s). The paper clarifies some of the arguments of both proponents and opponents of an expansion of GI protection to cover foods; to provide a basis for the IPC’s deliberations on the issue; to raise additional questions; and to identify additional analysis that might be needed.

The debate over the protection of GI’s has become exceedingly heated and controversial, and the issues involved are complicated. The discussion paper and an Executive Summary are available at www.agritrade.org/Publications/DiscussionPapers/GIES.htm

Issues in the Current Debate

from IPC Discussion Paper, Geographical Indications

Balance of Concessions in the Uruguay Round: GI protection for wines and spirits was strengthened in the Uruguay Round Agreement primarily at the request of European wine-producing members in exchange for concessions on export subsidies. For other WTO members, including important wine producing countries, this represented a significant concession. Members who advocate extension note that the distinction drawn between wines and spirits and foods is unlike any other in the TRIPS Agreement and want to remedy this by treating foods in the same manner as wines and spirits. Members opposing extension view this difference as an imbalance that exists only because of the concessions given for export subsidy reductions. These members feel that extending the protections given wines and spirits to food would only exacerbate this imbalance. They also believe that GI's are an intellectual property rights issue and should therefore be discussed in the TRIPS negotiations rather than the agricultural negotiations.

Mandate for Negotiations on Foods: Members seeking extension argue that the language in TRIPS mandating further negotiations refers to all products, not only wines and spirits. Members opposing extension believe this assertion is an attempt to re-open the TRIPS Agreement, for which they claim there is no mandate.

Nature of Problems Facing Foods with Geographic Indications: Opponents of GI extension believe that GI's can be protected under the TRIPS agreement and existing trademark laws. Those who support extension note that under the existing TRIPS language on foods, only the use of a GI that actually deceives consumers can be prohibited, even if the GI itself is false. They argue that this reliance on 'deception' creates uncertainty, inconsistent judicial decisions, and undermines trade in products bearing GI's.

Legal Philosophy: Some members object to including GI's in the definition of intellectual property rights altogether. They make a distinction between geographic endowments, which they believe should not be subject to such rights, and human creativity, which should. Others argue that transparent treatment of GI's and the protection of existing trademarks are necessary first steps. Those opposed to extension also point out that many of the names now used to identify products are derived from names that originated in Europe and were disbursed throughout the world as a result of emigration and colonization. They argue that these names should not be proprietary to countries because they were the source of emigrants and colonies. For those who wish to expand GI protections, the geographic indication *IS* the product, and thus is not a form of intellectual property. They believe GI's are intrinsic to the product, and their protection is properly discussed under the heading of market access in the agricultural negotiations.

Geographical Indications and Developing Countries: In the Doha Round, most developing countries oppose including GI's in the agricultural negotiations. Few developing countries have products that would benefit from GI's, and if an international agreement was negotiated, they fear they might be required to establish legal framework to protect other countries' indications.

However, some developing countries advocate extending protection to GI's on wines and spirits to other kinds of products, including genetic resources and traditional knowledge. They see GI's as a way to develop their rural economies by moving away from raw commodity exports toward value-added local production.

In principle, protecting GI's should be valuable to countries whose economies are based on agriculture. While part of the food industry is becoming more global, a second, counter-trend is emerging, which emphasizes locally grown and artisanal foods.

Geographical Indications vs. Trademarks: The relationship between trademarks and GI's is complex. Generally, trademarks identify products from a specific manufacturer. GI's do not identify a manufacturer (or producer), rather the product's place of origin. Trademarks imply human creativity. GI's, on the other hand, are linked to climate, soil and other factors that are largely independent of human ingenuity. GI's apply to all producers in a country, region or locality. Trademarks can be used by only one entity. Trademarks are easier to protect, but protection requires the active role of the trademark's owner. As a rule, trademarks that contain a GI cannot be protected if the use of the trademark misleads the public about the true origin of the product.

Some legal scholars in the United States advocate the use of certification marks rather than GI's. As used in the United States, certification marks are similar to trademarks in that they indicate a certain quality and certify that the product meets standards established by the mark's owner. They differ from trademarks in that they do not indicate source in a particular producer, but rather a group of producers who meet the established qualifications.

Geographic Indications and Public Perception: It takes many years to create a reputation around a GI. Advertising is necessary, but not sufficient to create a public perception of quality. A GI can only enhance sales of a product if the term has a positive reputation in the mind of the consumer.

Proving infringement of GI's on food can be more difficult than for trademarks, since the 'owner' of a GI must prove the public has been deceived with every accusation of misuse, and deceit is by nature a subjective judgment. The user of a GI on wine or spirits, on the other hand, need only demonstrate that the offending product does not originate in the area claimed by its label. www.agritrade.org/Publications/DiscussionPapers/GIES.htm

2004 Programming

Doha Round Negotiations

An assessment of the draft text issued by Mexican Foreign Minister, Luis Ernesto Derbez at the end of the Cancun Ministerial Meeting will be published in early 2004. The IPC will continue to participate in the debate surrounding the Doha Development Agenda in Geneva and in other capitals around the world throughout the year.

South-South Trade

Many recent academic studies have shown that the gains from lowering barriers to trade between developing countries – often referred to as south-south trade – are just as significant, if not more so, than between *developed* and developing countries. Existing analyses of south-south trade have little detail on agriculture specifically. The IPC will investigate whether and in what situations multilateral, regional and bilateral trade agreements are increasing or decreasing trade in agricultural products in developing countries and analyze why the change takes place. The IPC's work will also go beyond agreements to look at how developing countries can facilitate south-south trade.

Agricultural Trade Negotiations: Politics and Prospects

In May 2004, in conjunction with the launch of its European Office and the 33rd IPC Plenary Meeting in Brussels Belgium, the IPC will hold a seminar entitled *Agricultural Trade Negotiations: Politics and Prospects*. The seminar will cover the prospects for finalizing a framework for WTO agricultural negotiations given the political environment in key WTO member countries. Panelists will also discuss how the pending disputes on cotton, wheat and sugar could affect instigating and target countries.

IPC Substantive Agenda: International Development

IPC Capacity Building Program

In 2002, the IPC presented a series of seminars for developing country negotiators in Geneva through a grant from the United Kingdom Department for International Development (DFID). The Geneva seminar series provided practical advice and a forum for open discussion with IPC members - former agricultural trade negotiators from the United States, European Union and Canada; agribusiness executives and other trade experts - but also with other negotiators. The seminar series was completed in January 2003 with the support of the Netherlands Department of Development Cooperation.

The IPC has performed outstanding work in terms of disseminating information and knowledge among developing country delegates regarding issues at stake in the agricultural negotiations. It is noticeable in Geneva the improvement of developing country delegates' understanding of technical issues and I feel that the IPC has played a role in that process.

— Flavio Damico, Former First Secretary, Brazilian Delegation to the WTO

Participants in the Geneva seminars cited a need for similar 'real world' advice and information to flow to officials in capitals as well as the broader community of agricultural stakeholders. Throughout 2003, the IPC developed the Geneva Seminars concept into a Capacity Building Program, *Achieving Agricultural Development through Agricultural Trade* and pursued funding and partnership to bring the program to target regions. The program is focused on regions that will play an important role in shaping the future of the agricultural trade system. The first seminar will take place in South Africa in March 2004 with the support of the USDA. The IPC has received a planning grant from the Rockefeller Foundation to bring the program to Southeast Asia in 2004. Seminars in Northern and Western Africa and Central and South America will be covered in the next phase. The full program proposal is available from the IPC. Publications, seminar agendas and news on the program are available at www.agritrade.org/capacity_building.htm.

IPC Capacity Building Program Summary

As the world food and agricultural system becomes increasingly global, it has become clear that agricultural trade policies, both in developed and developing countries, have a powerful effect on agricultural development.

The agricultural trade negotiations taking place at the WTO under the Doha Development Round, as well as regional and bilateral negotiations, offer many avenues for pursuing trade reforms. But, stakeholders in developing countries, often including Ministries of Agriculture, farmers and local agribusiness representatives, are not part of the process. Their estrangement from the process can prevent trade negotiators from having a full understanding of what the agricultural community needs from a trade agreement.

The IPC has developed a Capacity Building Program to help government officials, farmers and other agricultural stakeholders in developing countries understand the role that agricultural trade can play in economic development and to relate that role to trade negotiations at the multilateral, regional and bilateral levels. The IPC will organize seminars in partnership with other organizations in various developing country regions.

The Capacity Building Program will be carried out in each target region through a combination of seminars, publications and individual meetings with regional leaders. The methodology for the program is based on a series of seminars carried out by the IPC in summer and fall 2002 for developing country trade negotiators in Geneva entitled *Achieving the Doha Development Agenda*. The Geneva seminar series provided practical advice and a forum for open discussion with IPC members and other experts – but also with other negotiators. The seminars and publications associated with the Capacity Building program will address WTO issues, but also those related to regional and bilateral trade negotiations. The IPC hopes that the seminars will increase interaction both between and within the governments of each region to help countries develop common negotiating agendas. Furthermore, by including agricultural stakeholders outside of the government, the IPC hopes to increase their understanding of the impacts of the various agricultural negotiations, encourage openness in policy development and encourage agricultural stakeholders outside of government to participate in the agricultural and trade policy-making process.

As a complement to these seminars, IPC members involved in the program will analyze the information presented and discussed at the seminars and follow up on the specific needs expressed by seminar participants by publishing and distributing IPC Issue Briefs. Issue Briefs are concise, practical publications – six to ten pages each – that address specific problems and issues prompted by seminar discussions. Issue Briefs clarify the topic addressed and, where relevant, provide specific recommendations rather than describe an ideal situation or teach economic theory. Issues Briefs on Special Preferences and Special and Differential Treatment have been published to date and an Issue Brief on South-South Trade is under development.

**IPC Issue Brief Number One:
Revisiting Special Preferences for Developing Countries**

The issue of special preferences is one of the most challenging and controversial political issues confronting trade negotiators in the Doha Development Round. Special preferences, which provide access for developing countries into developed country markets, usually at high domestic prices, benefit both developing country farmers who grow the crops under preferential schemes and developed country farmers, whose crops are protected by limited access into their markets. Developing countries that produce commodities benefiting from preferences, and developed country farmers who are protected by preferences are worried about the potential loss of preferential arrangements.

As tariffs have been falling with further trade liberalization the value of special preferences, as well as preferences within free trade areas, is eroding. This process will continue as the agricultural negotiations in the Doha Round lead to further reductions in MFN tariffs.

— “Revisiting Special Preferences for Developing Countries”

Yet, even developing countries that receive special preferences understand that the time to begin to dismantle them is approaching. The economic arguments, coupled with trends in agricultural policy in the United States and Europe, are building a strong case for finding alternatives to special preferences. At the third seminar in IPC’s series *Achieving the Doha Development Agenda* - which was attended by many representatives of preference-holding countries - IPC Members Rolf Moehler and Timothy Josling presented their ideas and recommendations. In response, the IPC published its first Issue Brief, *Revisiting Special Preferences for Developing Countries*. www.agritrade.org/Publications/IBs/SPrefs.pdf

1 May, 2003

from Revisiting Special Preferences for Developing Countries

As tariffs have been falling with further trade liberalization, the value of special preferences, as well as preferences within free trade areas, is eroding. This process will continue as the agricultural negotiations in the Doha Round lead to further reductions in MFN tariffs. Special preferences can be seen as a way to encourage imports from developing countries before generally freer market access. Developing countries have early access to developed country markets (a concrete manifestation of special and differential treatment) that allows them to ramp up production and establish marketing channels. The market advantage will erode over time, but these countries can improve productivity and maintain their market position in the meantime.

The erosion of the value of preferential tariffs is not the main reason that free trade areas are replacing special regional preferences. Rather, there is a growing perception that these preferences are locking the beneficiaries into producing a few products and are delaying adaptation to the world trading system instead of promoting it. Free trade areas, however, are a valuable alternative only if they provide comprehensive coverage.

In general, economic development is best served when the principle of non-discrimination is applied to developing countries too. Therefore, special preferences should only be provided within the General System of Preferences. The World Bank distinguishes between low-income, lower-middle and upper-middle income countries, depending on GDP per capita. Eligibility should be limited to these three categories of developing countries. Further differentiation could fragment international trade. It would also obscure the fact that world trade is best served when there is no discrimination. Hence, different treatment should only be allowed when there is a clear, generally recognized case for such a treatment. Least developed countries are such a case.

Since the GSP is a trade policy instrument for developing countries, eligibility should not be made dependent on additional requirements (e.g., compliance with environmental or labor standards). The main shortcoming of the GSP is that preferences are at the discretion of developed countries. This creates uncertainties and contradicts the development objectives of the system. Therefore, tariff preferences under the GSP should be granted for a period long enough to justify additional investment (for example, ten years). During this period, tariff preferences within the scheme could not be reduced. Any unforeseen developments could be met by applying a safeguard clause.

There may be exceptional cases that justify special preferences for certain regions for a limited period of time. In such cases, countries should seek a waiver under Article VI of the WTO Agreement. The waiver should commit donor and recipient countries not to increase applied tariffs (if they are lower than bound tariffs) for products covered by the preferential scheme. This would be analogous to the requirements for free trade agreements under Article XXIV of the 1994 GATT Agreement. www.agritrade.org/Publications/IBs/SPrefs.pdf

IPC Issue Brief Number Two: Beyond Special and Differential Treatment

The goal of the Doha Development Round is to bring the benefits of more open markets to developing countries. Yet much of the discussion about the interests of developing countries has been subsumed under the subject of special and differential treatment (S&D) – a structure that was created in the 1960s when the needs and interests of the developing countries were quite different than they are today.

Developing countries need not only access to markets, they need assistance meeting quality and safety standards necessary to actually capture market share. Developing countries need not only a reduction in price depressing export subsidies, they also need more investment in infrastructure to compete in the global marketplace.

— “Beyond Special and Differential Treatment”

Questions of Special and Differential Treatment pervaded the discussions throughout the IPC’s Geneva Seminar Series. In response, the IPC developed its second Issue Brief, *Beyond Special and Differential Treatment*. The Issue Brief covers special and differential treatment in the Uruguay Round and provides suggestions for improving it in the Doha Round under the three pillars of agricultural trade in the WTO: market access, export competition and domestic support. The IPC’s Issue Brief on alternatives for special and differential treatment has received praise from agricultural leaders in both developed and developing countries. www.agritrade.org/Publications/IBs/snd.pdf

Trade and Adjustment

Many developing countries are skeptical about opening their markets to international trade. They fear that their farmers will not be able to take advantage of new market opportunities. In November, the IPC held its 32nd Plenary Seminar entitled, *Easing the Transition to More Open Global Markets*, in New Delhi, India.

There are really two, not one transitions to an open market. The first transition must be from subsistence agriculture to market-oriented agriculture within the country’s own borders. The second transition must be from internal to external trade.

— Shri Rajnath Singh, Minister of Agriculture, India

The IPC’s seminar offered some valuable insights into the concerns of developing countries and how they can ease their transition to more open global markets. Speakers addressed the roles that the public sector, the private sector and the international community can and should play in easing the transition to more open global agricultural markets for developing countries. A summary of the seminar proceedings, *Easing the Transition to More Open Global Markets, Lessons from the 32nd IPC Plenary Seminar* was published and the full proceedings are available on the IPC website. www.agritrade.org/Plenary/India/IndiaSem.htm

International Development Outreach

The IPC’s international development Issue Briefs on special preferences and special and differential treatment were the products of discussions with participants in the Geneva Seminar Series and other developing country government officials who indicated that further work on these two subjects would be useful. Copies of Issue Briefs are mailed to the IPC’s list of over three-hundred high-level government officials and distributed in personal meetings with IPC Members and staff. The Capacity Building Program will bring IPC Members into contact with developing country officials in the regions targeted for the program. **The IPC believes it is vital for leaders in these countries to interact with an independent organization with an open trade orientation rather than only with developed country governments and activist NGOs.**

18 August, 2003

Developing countries need opportunities in agriculture, not exemptions

From Dr. Robert L. Thompson

With less than a month to go before the WTO Ministerial Meeting in Cancun Mexico, developing countries must decide whether to push developed countries for substantial reductions in trade-distorting subsidies and export subsidies, and substantial increases in market access, or whether to continue with exemptions from WTO rules under the rubric of special and differential treatment (S&DT). While developing countries certainly need help in adjusting to increased liberalization in agriculture, S&DT – longer transition periods, reduced commitments and exemptions from some WTO rules – often looks like “a pretext for legitimizing protectionism.”

The most worrisome proposal for S&DT in the Doha Round would exempt a category of “special products” from tariff cuts and other WTO rules. In some versions of the proposal, countries would even be able to raise tariffs on these Special Products. Exempting specific products from WTO rules sets a dangerous precedent of creating two sets of rules, one for developed and another for developing countries. There is also a risk that protection would go to the most politically powerful producers rather than those who most need it. Worst of all, imposing high tariffs on staple products raises food prices for all consumers, hurting those people such policies are supposed to help – poor people in developing countries who already spend a large fraction of their limited income on food. In most developing countries, the most food-insecure consumers are landless urban dwellers, who would see no benefit from higher farm prices but would be forced to pay higher prices for food in the market.

Yet, developing countries need a way to protect farmers from disruptive import surges. They do not have the financial wherewithal to compensate struggling farmers hurt by import surges. This is doubly true when imports are cheaper because of trade-distorting domestic and export policies of rich countries. Developing countries need to be able to deal with import surges in critical crops. A simple, transparent, temporary “special safeguard” on a limited list of products would allow developing countries to temporarily increase tariffs to deal with disruptive import surges without the dangers of permanent exemptions.

Developing countries will derive far greater benefits from an ambitious outcome that reduces trade-distorting domestic subsidies, eliminates government funded export competition and increases real market access, than from special exemptions and exceptions to WTO rules.

2004 Programming

Capacity Building

The IPC received a grant from the United States Department of Agriculture (USDA) to organize the seminar in Southern Africa in March 2004. Next, the IPC will work with the Rockefeller Foundation to bring the program to Southeast Asia. The IPC also plans to bring the program to South and Central America, Central Asia and Northern and Western Africa in 2004 and 2005.

Trade and Poverty Alleviation

Many anti-trade groups have argued that trade-led growth is bad for the poor. At the same time, developed country governments and many international institutions insist that liberalizing trade *promotes* the economic growth necessary to help countries emerge from poverty. It is likely that trade is neither the cause of persistent poverty in developing countries, nor is it the exclusive cure. The IPC will assess the evidence of the impacts of more open trade on poverty by looking at examples of where trade has had a positive result and what policies must be implemented and/or conditions must be met for trade to be a positive force.

IPC Substantive Agenda: Sustainability

IPC Sustainability Task Force

The IPC launched its Sustainability Task Force in November 2002 in London, England. The Task Force brings together IPC members with other experts on the environment, economics, trade and agriculture. In 2003, IPC's work in Sustainability was focused on Phase One of the Sustainability Program: development of a framework to analyze the links between trade policies and sustainable agriculture. The task force met three times, in Geneva and in New Delhi, to discuss the content and structure of the framework paper, to examine other policy issues related to the question of trade policy and sustainability, and to lay the groundwork for the future of the IPC Task Force.

IPC Sustainability Program Summary

Agricultural production uses half of the world's habitable land, and around seventy percent of the world's fresh water. Agriculture's basic inputs – land, water, air, plants and animals and their interactions – comprise the environment. As the employer of seventy percent of the world's poorest citizens, agriculture is the basis for economic sustainability. To complete the circle, a country's willingness and ability to protect its environment is in part linked to its economic status.

Current efforts to promote sustainable agriculture and food production revolve largely around promoting better farming practices and technical assistance to reduce the impacts of farmers and food processors' production methods on the wider environment. Many food-processing companies are attempting to encourage sustainable agriculture by implementing policies that give priority to sustainably-produced materials in their sourcing processes.

However, for some important commodities it is difficult for food processing companies to influence production methods through corporate policies. **Knowledge of better farming practices is not enough to overcome adverse policy signals; there must also be an enabling policy environment – an overall policy structure that encourages farmers to implement sustainable practices.**

It is clear that in both developed and developing countries, the domestic and trade policy framework is important to farmers' decisions, including decisions about how to use their resources. On the international level, the Doha Round of trade negotiations, now taking place under the auspices of the WTO, will set parameters for trade policy for decades to come. The WTO has only limited ability to influence environmental policy in member countries. But, the policy reforms now being considered will have repercussions for environmental sustainability, some positive and some negative. Therefore, **it is vital to understand how domestic and trade policies will affect environmental sustainability.**

To address these challenges, the IPC has convened a Task Force on Sustainability and Trade. The Task Force includes experts in environment, economics, farming and science as well as former government officials and corporate executives. These members will work together to develop a framework that will illustrate the linkages between government policies and the promotion of sustainable agriculture. They will work to understand how the agricultural and trade policy environment, influenced strongly by the World Trade Organization (WTO), can promote or impede sustainable agricultural production.

The work of the Task Force will take place in three phases. In phase one the Task Force will develop a common analytical framework to elaborate the linkages between trade policy and sustainability, and to serve as the basis for an assessment tool for policymakers. To build this framework, the IPC has engaged Dr. John Dixon, former lead environmental economist at the World Bank. In phase two, the validity of the Framework paper will be tested by using it to examine existing agricultural and trade policies for cotton, dairy, rice and sugar. The framework will enable the Task Force to assess how policies for these commodities affect environmental, economic and, where relevant, social sustainability. In phase three, the IPC will use the framework and accompanying studies to make concrete recommendations for policy-makers at the national and international level, particularly at the WTO, on how agricultural policies can promote economic and environmental sustainability.

The Sustainability Task Force is a forum where strong working relationships among environmental, government, and business leaders can be developed; trust among these organizations can be built; and consensus developed on how best to tackle complex issues. **Developing trust and strong working relationships across disciplines, organizations and countries is vital to successfully implementing agricultural policies that will enhance sustainability.**

The IPC Sustainability Task Force is a forum for stakeholders in sustainable agriculture who do not normally work together to commit to building consensus on how trade policies can be developed to promote a sustainable agricultural system. The Task Force brings together food company and agribusiness executives, developing country farm leaders, experts in trade policy, law and environment, and representatives of international organizations. Each member will take the ideas generated in the Task Force back to their constituencies, thereby spreading the IPC's influence to new sets of interests. www.agritrade.org/sustainability.htm

Framework Paper

The Task Force met in June to discuss the framework paper drafted by Dr. John Dixon, former Lead Environmental Economist at the World Bank. The paper was redrafted to consider the input of the Task Force and was presented to the IPC at the 32nd Plenary Meeting in India in November. The Framework paper will be published and distributed in early 2004.

The current agricultural trade and environment debate is centered on two linked, but also separable issues: first, the potential welfare gains from “freer and more open markets” – that is, what is produced and who produces it – and second, how it is produced and what the environmental and sustainability implications of changes in scale and location of agricultural production are. Will reducing distortions in agricultural markets help or hurt the environment? As with much else in economics, the answer is a qualified “it depends.”

— IPC Sustainability Task Force Draft Framework Paper

Food Labeling and Sustainability

To complement the framework paper, Task Force members have agreed to submit papers examining thematic and/or sectoral policy issues in more detail. Task Force member, Donald Buckingham submitted a paper on food labeling measures and their impacts on sustainability. Buckman's paper first establishes a link between food labeling and sustainability and then analyzes the impact of food labeling on national agricultural sustainability. The paper focuses on the impact of food labeling on the national level and opens the door for further study on international impacts.

Labels are the principal means of communication between those who consume food and those who produce, process and market it. As food labels are meant to inform “consuming” consumers and to influence the choices they make in the marketplace, food labelling rules can have notable effects on consumption patterns which in turn will influence production, processing and trade trends nationally and internationally.

— “Is There a Role for Food Labeling in Enhancing Agricultural Sustainability? A Preliminary Assessment,” by Donald Buckingham

2004 Programming

The Sustainability Task Force will implement phase two of the program in 2004. In Phase Two the Task Force will test the validity of the framework paper by using it to examine existing agricultural and trade policies for cotton, dairy, rice, and sugar. These four commodities are among the most distorted in terms of global trade, with major production in developed and developing countries, and have significant environmental impacts. The framework will enable the Task Force to assess how policies for these commodities affect environmental, economic and, where relevant, social sustainability. These commodity papers will be commissioned from experts in major producing regions, and will be vetted with environmental experts as appropriate.

The analyses will examine the major commodity policies, as well as relevant technology and resource policies, and will assess their contribution to sustainable agriculture. The studies will examine the overall farming systems in the regions concerned, as these farming systems are essential to understanding the relationship of individual commodities to the overall environment.

Using the framework paper, these commodity studies will identify specific environmental inputs, outputs and policies and how they are affected by the commodity policy regimes. The commodity studies will be presented and discussed with panels of experts in each particular commodity in a series of commodity workshops, as well as with the Task Force. These commodity studies will be undertaken and completed in 2004.

The IPC is contributing to a related project being organized by World Wildlife Fund USA, the International Centre for Trade and Sustainable Development and other organizations. The work that the IPC's Sustainability program generates will be used to complement the outcome of that project.

IPC Substantive Agenda: Technology

Biotechnology and Developing Countries

In 2003, the IPC began developing a Position Paper addressing trade, biotechnology and developing countries. The paper was discussed at the 31st IPC Plenary Meeting in Mexico City (May 2003) and at the 32nd IPC Plenary Meeting in New Delhi (November 2003). The paper is being revised and will be published in early 2004.

Until recently, policymakers, business leaders, and civil society have focused on the disputes between the United States and the European Union over the Union's moratorium on approvals of biotechnology, and its labelling and traceability regulations for foods derived from biotechnology. But, the refusal of several southern African countries to accept donated maize derived from biotech seeds in 2002 and Angola's recent decision to reject biotech food aid focused attention on the issues that developing countries face as they decide whether or not to import, export or plant products of biotechnology.

- Draft IPC Position Paper on Biotechnology and Developing Countries

The paper discusses the concern and potential for biotechnology in developing countries. It addresses the role that biotechnology could play in improving food security, enhancing sustainability and biodiversity, and the prospects for technology's use by small farmers. The IPC's paper also analyzes the barriers faced by developing country farmers in taking advantage of the technology such as regulatory capacity, commercial and trade barriers, intellectual property issues, and research priorities of their own governments.

2004 Programming

Biotechnology

The IPC will publish the Position Paper on biotechnology and developing countries in the first half of 2004. Technology issues will continue to be a part of the IPC's substantive agenda going forward. The IPC will monitor developments in biotech regulations and watch the media for opportunities to influence the debate on new technologies and their risks and benefits.

At the spring 2004 Plenary Meeting, IPC Members will discuss how the food chain is coping with changing regulations on biotechnology and its products in the European Union, Brazil and other countries.

Animal Agriculture

In 2004 the IPC will begin to take a closer look at the issues surrounding animal health, animal welfare, feed regulations and genomics in the animal sector and how these will affect consumption patterns and trade in feed grains and animal products. A discussion paper will be prepared for the spring 2004 Plenary Meeting.

IPC Core Program

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Plenary Meetings and Seminars

31st IPC Plenary Meeting - Mexico City

The 31st IPC Plenary Meeting was held in Mexico City, Mexico from May 31-June 1, 2003. Members and invited guests discussed the lessons learned from NAFTA. IPC Member, Luis de la Calle (Mexico) discussed the role of adjustment policies in implementing NAFTA; Jack Wilkenson, President of the International Federation of Agricultural Producers highlighted Canada's experience with NAFTA and Andres Rosensweig of the Mexican Secretariat of Agriculture, Livestock, Rural Development, Fishery and Food (SAGARPA) gave the Mexican view on NAFTA and the WTO. Cesar de Anda, President of the Union Nacional de Avicultores (Mexico) presented the the poultry industry's experience with NAFTA and IPC Member, Rob Johnson of Cargill (USA) and Jose Pinto of Beta San Miguel Sugar (Mexico) discussed NAFTA's effects on the sugar and sweeteners industry. IPC Members, Anthony Wylie (Chile) and Dale Hathaway (USA) presented the US-Chile Free Trade Agreement.

At the Plenary Meeting, the IPC debated and approved its Statement of Recommendations for the Cancun Ministerial Meeting. IPC members briefed the meeting on agriculture policy developments in their home countries. The Council discussed the Issue Brief on Special and Differential Treatment, the position paper on biotechnology and developing countries, and the discussion paper on geographical indications. The IPC's Substantive Agenda for 2003-2004 was approved.

Mexico Action Summit

In conjunction with the 31st Plenary Meeting, the IPC co-organized the Mexico Action Summit in Mexico City from June 2-3, 2003 with the Monterrey Bridge Coalition. The Monterrey Bridge Coalition is a multi-year, multi-sector initiative undertaken to build strong, mutually supportive linkages between sustainable agricultural production, biodiversity protection and trade policies, to fight global hunger and poverty. It aims to include environmental, trade, hunger and poverty interests, business and finance sectors and governmental actors at all levels. Focusing on policy and implementation strategies that will reduce hunger and poverty and provide stewardship for the earth's biodiversity, it is based on two concepts: that sustainable and adequate food production is consistent with sustainable protection of biodiversity and natural resource management; and that meeting the millenium development goals for food security, poverty reduction and biodiversity protection can only be achieved by an integrated effort.

The Summit was held under the patronage of Mexican president, Vicente Fox and the Mexican Secretariat of Environment and Natural Resources; the Mexican Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food; and the Mexican Secretariat of Social Development. Approximately two hundred representatives of agribusiness, government, farm organizations, academic institutions and non-governmental organizations attended the Summit.

A Call to Action — the Framework:

- *The Millennium Development Goals must be the framework that unites all public and private action for alleviating hunger and poverty and restoring biodiversity. The entire world has committed to these goals and must be achieved in a coherent way by 2015.*
- *Achievement of these goals is perfectly possible by 2015 if we make the decision to do it. We can afford it. What is needed is political will and moral leadership.*
- *Taking actions to meet these goals are critical if the world is to achieve the elimination of poverty and hunger in a manner which is compatible with the protection and restoration of the earth's natural assets.*

The Summit issued a Call to Action challenging developing and developed world leaders to address hunger and poverty while protecting and restoring the world's natural environment for future generations. The Call to Action is comprised of three elements: a Framework, a New Policy Paradigm and Critical Next Steps. The Framework asserts that all future public and private action for alleviating hunger and poverty should be based on the Millennium Development goals, that these goals are achievable by 2015 if the necessary political will is mobilized, and that taking action through these goals is necessary to eliminate poverty and hunger while maintaining the protection of and restoring the world's natural assets.

IPC Chairman, Robert L. Thompson, Vice Chairman Piet Bukman, and IPC Members Pedro de Camargo, Luis de la Calle, Hans Jöhr, and Raul Montemayor addressed the Summit and several other IPC Members participated.

The Summary Report of the Mexico Action Summit can be found at <http://www.iisd.ca/sd/sdmex/sdvol86num1.html>.

Trade and Development

from remarks by IPC Member Luis de la Calle at the Mexico Action Summit, June 2, 2003

If developed countries' political statements to help the developing world are really serious, there is no better place to start than international trade. The export and foreign direct investment flows for developing countries that come from better market access dwarf any assistance funds that donor countries could or would ever provide.

Trade opening is often portrayed either as the solution to all development problems or as the root cause of the problems countries face. If this were the case, development would be trivial. In fact, trade is almost always a necessary but not a sufficient condition for development. Trade makes a positive contribution to development through three mechanisms:

- Expansion of markets to allow for economies of scale and increased return on investments.
- Lower costs of production through better input prices and enhanced quality, technology transfer and investment.
- Reduction of investment risk under rules-based trade.

The transmission mechanism for benefits is not just economic. Trade is like a mirror in which countries can see their strengths and weaknesses. By looking into this mirror, countries can determine their comparative advantages.

The success of Doha as a Development Agenda depends as much on the efforts advanced countries make as on the objectives and attitudes of developing country members. Developing countries should put a positive agenda on the table. Developing country members have often approached negotiations with the objective of minimizing the number of subjects to be discussed. The more subjects on the table, the better the chances that the items developing nations really care about will be there. Governments should come to the table with some degree of support in their home countries. But this support does not come automatically; it requires significant consultation and promotion.

A serious effort ought to be made to move the membership of the WTO away from seeing trade through the prism of mercantilism: your gain is my loss. This simplification leads to paralysis on the negotiating table and to packages that might not necessarily enhance welfare. The success of trade has been measured in terms of deficits and surpluses: deficit you lose, surplus you win. Nothing is farther from the truth – the largest ever surplus for Mexico took place during the worst economic year on record: 1995.

Developing countries really need market access. Long-term investment flows that improve productivity and transfer technology will not happen if access to the main markets is in doubt. The optimal outcome of the Doha Round is for advanced members to agree to the elimination of duties – after a phase-out period – for all industrial goods, and a significant improvement in access for agricultural products.

There is an urgent need to eliminate the largest distortion in international trade: agricultural subsidies in richer countries. Subsidies will not go away just because developing countries complain about it. Those in the developed countries who are concerned about the developing world need to work through their own political system. There is no better way for NGOs to use the creativity and dedication they have shown in their demonstrations against the WTO to help poor countries than in fighting agricultural subsidies at home.

Progress on agriculture holds the key for a successful Cancun and for a development agenda. But it is better to have a failed Cancun than to agree on a timid reduction of subsidies or language that would amount to no more than smoke and mirrors. Member countries should not only use the Legislative branch of the WTO – the negotiations – but also the Judicial branch and bring forward a host of cases against offending countries now that the due restraint clause is about to expire.

For decades, developed countries preached the need for developing countries to open their borders in order to achieve successful economic growth. Now that many developing countries are ready to take wealthy countries at their word, doubts seem to have emerged in the minds of developed country leaders.

32nd IPC Plenary Meeting and Seminar - New Delhi

The IPC held its 32nd Plenary Meeting and Seminar in New Delhi, India from November 11-14, 2003. At the Plenary Meeting, IPC members discussed the Doha Development Round post-Cancun and the IPC's role in the WTO agricultural debate. Members discussed the Sustainability Task Force framework paper as well as papers on rural development, trade, biotechnology and developing countries; and trade remedies in agriculture. IPC members elected Luis de la Calle and Raul Montemayor to the Board of Directors.

Easing the Transition to More Open Global Markets

The seminar, entitled Easing the Transition to More Open Global Markets, was co-hosted by the Indian National Institute of Agriculture (NIA). The IPC-NIA seminar focused on how governments can ease the economic transition for their agricultural and rural sectors; the role the private sector plays in generating off-farm employment and enhancing productivity; and the role international aid agencies, bilateral donors and the non-governmental sector play in providing additional resources for economic development. In order to capitalize on the valuable lessons learned, the IPC will publish the proceedings as well as a companion publication linking the presentations and discussions together in early 2004. The publications will be available at www.agritrade.org/Activities.html.

Indian Minister of Agriculture and Cooperation, The Honorable Shri Rajnath Singh gave the keynote address. Other speakers included: RCA Jain, Secretary, Indian Ministry of Agriculture; Partha das Gupta, Syngenta India; Anwarhul Hoda, Indian Council for Research on International Economic Relations; Prem Kumar, Food Corporation of India; K.S. Money, Agricultural and Processed Foods Export Development Authority (India); Shishir Priyadarshi, World Trade Organization; Vandana Shiva, Research Foundation for Science, Technology and Ecology; Hardeep Singh, Cargill India; T.C. Venkat Subramaniam, ExIm Bank (India). IPC Members Piet Bukman; Brian Chamberlin; Csaba Csaki; Pedro de Camargo; Huang Jikun; Hans Jöhr; Raul Montemayor; Nestor Osorio; Marcelo Regunaga; and IPC Chairman Robert L. Thompson also addressed the seminar.

The Role of the Private Sector

from remarks by IPC Member Raul Montemayor at the IPC Seminar, Easing the Transition to More Open Global Markets, November 12, 2003 - New Delhi

History shows that rural and agricultural progress is the key to generating local demand for products and services; the stimulus for development of industries and services. The expansion of the industrial sector will absorb excess labor from farms, even as it creates more employment, more demand for goods and services – including agricultural products – and broad based economic development. Trade can compliment the transition by providing markets for excess local output, but it cannot be a substitute for domestic agricultural reform and development. Developing countries cannot simply export themselves out of under-development. Farmers cannot take advantage of export opportunities – even if all markets worldwide opened today – if the roads to their farms remain impassable, credit is unavailable, and inputs are prohibitively expensive.

The private sector will not make serious investment in agriculture if governments are not willing and able to take the first step. The private sector is not a social welfare agency; it invests and risks its resources primarily to generate profit. If businesses see that government is only half-hearted in its commitment to agriculture, they cannot be expected to be any more enthusiastic about investing in rural areas. The private sector can play a crucial role in upgrading the lives of farmers and stimulating the economic transition in the agricultural sector. Small farmers need seeds, fertilizer, credit and farm equipment, among other things. Incomes, costs and competitiveness of farmers in global markets can vary depending on how efficiently private business supplies these inputs and services to farmers. In some cases the private sector has invested in rural infrastructure like storage, marketing facilities, and other services. Some companies have set up processing facilities and entered into contract farming arrangements with local producers. There have also been investments in technology and provision of extension services.

Most references to the private sector are references to business, but there is a large, often forgotten and underestimated player in agriculture that is also part of the private sector – small farmers. The small farmer is the most important player in the agricultural sector. He produces the products and creates the economic environment from which other players in the agricultural market derive their business. Perhaps more than any other business, the small farmer must be given incentives to invest and reasonable opportunities to profit from his investments. If he can make a profit, the other players will benefit. The farmer will be able to buy more seeds and fertilizer, he will be able to pay his loans on time, sell more products and improve their quality and marketability. He will be able to generate more income and savings that he will use to buy appliances, send his children to school and even watch a movie. His children will eventually find well-paying jobs in the cities as he shifts to producing higher-value food products for the domestic and export markets using modern technologies and efficient tools. This is the progression of development.

2004 Plenary Meetings

The 33rd IPC Plenary Meeting and Seminar will be held May 14-17 in Brussels, Belgium in conjunction with the launch of the IPC's European Office. The 34th Plenary Meeting and Seminar will be held October 23-26 in Buenos Aires, Argentina.

Communications

Media

The IPC has redoubled its efforts communicate strategically with media regarding a variety of issues, particularly the WTO negotiations. The Secretariat office regularly issues OpEds and responds to articles with letters to the editor and direct contacts with journalists covering agricultural policy issues.

In 2003, IPC staff and members met with journalists at the New York Times, Wall Street Journal, Los Angeles Times, Agence France Presse, Reuters, Inside US Trade, the National Journal, Voice of America, and CongressDaily. IPC Chief Executive Ann Tutwiler appeared on WHYY radio (Philadelphia) and Voice of America broadcasts.

Events

In addition to the events associated with substantive programming and plenary meetings, the IPC regularly organizes briefings for WTO delegates in Geneva to coincide with the publication of IPC materials on the trade negotiations.

In 2003, the secretariat office began to organize roundtable briefings at IPC Headquarters featuring IPC Members visiting Washington, DC. Briefings featuring IPC Chairman, Robert L. Thompson; IPC Chairman Emeritus, Lord Plumb; IPC Member, Dale Hathaway and Chief Executive, Ann Tutwiler were organized in late 2003.

Public Speaking

IPC Chairman Robert L. Thompson, Chief Executive M. Ann Tutwiler and other members have spoken on the trade negotiations on behalf of the IPC in the United States, The Netherlands, New Zealand, Australia, Mexico, Argentina, Geneva, Sweden, Denmark and many other countries.

Future Communications Objectives

- Launch European Office in Brussels, Belgium to increase IPC's profile in European capitals, expand relations with elected officials and hold regular meetings and seminars in Brussels.
- Hold periodic seminars on Capitol Hill to boost IPC's interaction with United States Congress and Administration officials.
- Increase outreach to farm and industry groups.
- Seek speaking engagements for IPC Board and Members.

Membership

The IPC welcomed three new members in 2003:

Andrew Burke, Managing Director, Soy Ingredients & New Business Development, Bunge Limited - United States.

Huang Jikun, Director, Center For Chinese Agricultural Policy, Chinese Academy of Sciences - China.

Marcelo Regunaga, Former Secretary of Agriculture - Argentina.

Six IPC members moved from active to emeritus status in 2003:

Norm Coward, Former Agricultural Director, Midland Bank PLC - United Kingdom

Hugh Grant, Chief Executive Officer, Monsanto - Scotland

Wilhelm Henrichsmeyer, Former Professor and Director, Institute for Economics and Agricultural Policy, University of Bonn - Germany

Georges-Pierre Malpel, Former Director-General, Unigrains - France

Sir David Naish, Past President, National Farmers' Union - United Kingdom

Joachim Rathke, Managing Director, Walter Rau GMBH and Company KG - Germany

Membership of the International Policy Council 2003

Board of Directors

Robert L. Thompson, (Chairman), United States
Bernard Auxenfans, France
Pedro de Camargo, Brazil
Robbin Johnson, United States

Africa/North Africa

Ahmed Goueli, Egypt
Liberty Mhlanga, Zimbabwe

Asia

Devi Dayal, India
Hiroshi Shiraiwa, Japan
Huang Jikun, China
Jiro Shiwaku, Japan
Raul Q. Montemayor, The Philippines

Oceania

Brian Chamberlin, New Zealand
Donald McGauchie, Australia

Piet Bukman, (Vice Chairman), The Netherlands
Hans Jöhr, Switzerland
Donald McGauchie, Australia
Hiroshi Shiraiwa, Japan

Europe

Bernard Auxenfans, France
Piet Bukman, The Netherlands
Norman Coward, United Kingdom
Csába Csáki, Hungary
Hugh Grant, Scotland
Wilhelm Henrichsmeyer, Germany
Heinz Imhof, Switzerland
Hans Jöhr, Switzerland
Timothy Josling, United Kingdom
Georges-Pierre Malpel, France
David Naish, United Kingdom
Rolf Moehler, Germany
Michel Petit, France
Per Pinstруп-Andersen, Denmark
Henry Plumb, United Kingdom
Joachim Rathke, Germany

North America

Allen Andreas, United States
Andrew Burke, United States
Luis de la Calle, Mexico
Michael Gifford, Canada
Dale Hathaway, United States
Robbin Johnson, United States
Dean Kleckner, United States
Donald Nelson, United States
C. Joe O'Mara, United States
James Starkey, United States
Robert L. Thompson, United States

IPC Secretariat

M. Ann Tutwiler, Chief Executive
Kari Heerman, Communications Director
Christin Cogley, Program Manager
John Taylor, Intern - Canada
JoungTaek Lee, Intern - Korea

South America

Pedro de Camargo, Brazil
Néstor Osorio, Colombia
Marcelo Regunaga, Argentina
Anthony Wylie, Chile
Jorge Zorreguieta, Argentina

IPC Officers

Sarah Thorn, Rapporteur
Tamara White, Secretary and Treasurer
Marcia Wiss, IPC Counsel and Assistant Secretary

Fundraising

Structural Support

The IPC increased its structural funding by \$45,000 in 2003.

New Support

- GrainCorp, Australia
- Bunge Limited, United States

Increased Support

- Unilever, Netherlands
- Rabobank, Netherlands

Programming Support

32nd IPC Plenary Meeting and Seminar, New Delhi

- Food Corporation of India
- Punjab National Bank
- National Institute of Agriculture, India
- Universal Corporation, United States
- Oriental Bank of Commerce

International Development

- The Netherlands Department of Development Cooperation

Sustainability

- Nestle
- Unilever

In Kind Support

The IPC would like to thank those individuals that provide their time and their resources to participate in IPC activities, and to make other in-kind contributions. These contributions effectively increased the IPC's budget by approximately **\$215,000** in 2003.

In particular, the IPC would like to thank the Grocery Manufacturers of America, the Illinois Farm Bureau and Hogan and Hartson, LLP for donating the time of IPC Rapporteur, Sarah Thorn; IPC Treasurer, Tamara White; and IPC Counsel, Marcia Wiss and Behnaz Kibria respectively.

31st IPC Plenary Meeting, Mexico City - approximately \$46,000

- Agriworld
- Archer Daniels Midland
- Australian Food and Grocery Council
- Piet Bukman
- Cargill
- Fonterra Cooperative Group
- Grocery Manufacturers of America
- Hogan & Hartson, LLP
- Institute Agronomique Méditerranéenne
- International Federation of Agriculture Producers
- Kisuma Pvt. Ltd.
- Marcelo Regunaga
- Mitsui
- The Monterrey Bridge Coalition of Future Harvest
- National Institute of Agriculture, India
- Nederlandse Zuivel Organisatie
- Nestle
- Public Strategies, Inc.
- Rabobank
- The Truth About Trade and Technology
- Unilever
- Universal Corporation
- The World Bank
- Anthony Wylie

32nd IPC Plenary Meeting and Seminar, New Delhi - approximately \$38,000

- Agriculture and Fishers Co-op Savings Insurance Corporation
- Agriculture Engineer Association, United Kingdom
- AgriWorld
- Archer Daniel Midland Company
- Bernard Auxenfans
- Piet Bukman
- Cargill
- Euroa Farms
- Fonterra
- Government of New Zealand
- Rolf Moehler
- Illinois Farm Bureau
- Institute Agronomique Méditerranéenne
- International Coffee Organization
- Nestle
- Marcelo Regunaga
- Monsanto
- Hiroshi Shiraiwa
- Truth About Trade and Technology
- Walter Rau Lebensmittelwerke
- World Bank
- Wrightson

Trade Negotiations - approximately \$500

- Federated Farmers of New Zealand

Sustainability - approximately \$27,000

- Agricultural Engineers Association, (United Kingdom)
- CropLife International
- FEDIOL
- International Food Policy Research Institute (IFPRI)
- Malaysian Palm Oil Association
- Nestle
- Organization for Economic Cooperation and Development (OECD)
- Hiroshi Shraiwa
- Sustainable Agriculture Initiative (SAI Platform)
- United Nations Environmental Program (UNEP)
- Unilever
- Walter Rau Lebensmittelwerke
- World Wildlife Fund

Technology - approximately \$20,000

- Syngenta
- Crop Life International

Other In-Kind Support - approximately \$83,500

- Grocery Manufacturers of America
- Hogan and Hartson, LLP
- The Illinois Farm Bureau
- Carl Duisberg Society International, Inc. (CDS)
- Department of Foreign Affairs and International Trade Canada
- The Solae Company (L.L.C.)

2003 IPC Funders

Sustaining Members

Archer Daniels Midland
Bunge
Cargill, Inc.
Kraft Foods International
Monsanto
Syngenta Ag Company

Affiliate Members

GrainCorp
Nestlé
Netherlands Dairy Board
Robobank International
Unigrains
Unilever N.V.

Associate Members

Agricultural Engineers Association, United Kingdom
Agriworld
Australian Food & Grocery Council
Crop Life International
Grain and Feed Trade Association
Grocery Manufacturers of America
International Fertilizer Association
Netherlands Marketing Board
New Zealand Meat Producers
Universal Corporation

Financials

Our expenses for FY2003 totaled \$481,006.77 while our income totaled \$485,378.30. Expenses for FY2002 were \$357,934.31 and income was \$393,018.43. This increased level of funding is due to the significant efforts of many IPC members to support the IPC and introduce the organization to prospective supporters.

Reserve Fund

At the IPC's November 2003 meeting in New Delhi, India, the IPC Board and the IPC membership agreed to launch an IPC Reserve Fund. The purpose of this fund is to balance IPCs' operational cash flow and to leverage investment in new projects. The IPC also contributes to the Fund by setting aside a percentage of its own annual budget and project funding and seeks dedicated support from other sources for the Resource Fund. Each structural funder of the IPC was asked to contribute an additional 30% of their normal 2004 contribution to be set-aside in a savings account and allow the IPC to establish a line of credit.

Statement of Support, Revenue and Expenses

Revenues	2002	2003
Corporate Grants	\$307,500.00	\$342,392.00
Conference Revenue	\$49,862.12	\$75,670.61
Government Grants	\$28,500.00	\$62,770.00
Other Income	\$7,156.31	\$4,545.69
Total Revenues	\$393,018.43	\$485,378.30
Expenses		
Salaries and Benefits	\$161,369.89	\$230,799.86
Professional Fees	\$10,359.36	\$24,955.40
Conference Costs	\$61,191.01	\$58,702.32
Travel & Lodging	\$63,814.39	\$99,623.97
Publications	\$24,254.57	\$15,752.04
Communications	\$8,807.89	\$19,366.59
Rent & Supplies	\$13,853.49	\$21,391.31
Insurance	\$8,456.53	\$6,131.23
Miscellaneous	\$5,827.18	\$4,284.05
Total Expenses	\$357,934.31	\$481,006.77
Change in Net Assets	\$35,084.12	\$4,371.53

Financial statements are available upon request.

“Promoting an Efficient World Food System”

The International Policy Council on Agriculture Food and Trade (IPC) is dedicated to developing and advocating policies that support an efficient and open global food and agricultural system—a system that promotes the production and distribution of food supplies adequate to meet the needs of the world’s growing population, while supporting sound environmental standards.

An independent group of leaders in food and agriculture from industrialized, developing and centrally planned economies, the IPC’s members are chosen to ensure the Council’s credible and impartial approach. Members are influential leaders with extensive experience in farming, agribusiness, government and academia.

The IPC develops policy recommendations addressing the critical issues facing the world’s agricultural system. It conveys these recommendations directly to policy-makers and decision-makers around the world through policy papers, seminars, conferences and personal contacts. The IPC’s influence and credibility are derived from its membership, all of whom serve on the Council as individuals, and not on behalf of their institutions. With its broad and diverse membership, the IPC is a microcosm of the interests at stake in global agricultural policy debates.