

International
Food & Agricultural Trade
Policy Council



Annual Report

2005



From IPC Chief Executive, Charlotte Hebebrand

The unique position of the International Food & Agricultural Trade Policy Council (IPC) in agricultural trade policymaking was exemplified through several projects in 2005. The breadth of the projects areas demonstrates the IPC's growing engagement in a wide spectrum of important issues affecting agricultural trade policy.



- **Trade Negotiations:** The IPC continued its close involvement with the agricultural negotiations in the ongoing WTO talks. Convening task forces for each of the three pillars of the agricultural negotiations (domestic support, export competition and market access), the IPC set forth a series of options for elaborating the 2004 July Framework Agreement, to help guide negotiators as they moved towards the development of concrete modalities. The IPC was present to convey its recommendations at key international gatherings, like the G8 Summit and the WTO Ministerial Conference in Hong Kong. Although the ministerial did not arrive at modalities, a number of positive steps were taken, many of which had been called for by the IPC, foremost among them the agreement to eliminate export subsidies by 2013 and to provide duty- and tariff-free access to imports from least developed countries.
- **International Development:** The IPC weighed in on the often controversial debate of whether agricultural trade liberalization will benefit the world's poorest. Its June 2005 publication "Making Agricultural Trade Reform Work for the Poor" clearly demonstrates that reforms towards more open trade in agriculture will benefit the poor in developing countries. Open trade is a key determinant of economic growth and as such trade reform in agriculture can alleviate poverty and increase food security. Also in 2005, the IPC brought its Capacity Building Program to Hanoi, Vietnam, sharing the experience and views of IPC Members on the benefits of trade agreements with local agricultural stakeholders.
- **Sustainability:** The focus of the Sustainability Program in 2005 was on Vietnam with a seminar held in Hanoi in October on the country's agricultural policy with a particular focus on its WTO accession process. Different sessions of the seminar entitled "International Agricultural Trade and Sustainable Development in Southeast Asia", examined how agricultural development can remain sustainable in Vietnam and the neighboring regions, while satisfying both domestic goals and international commitments.
- **Technology:** Throughout 2005, the IPC presented its analysis on the implications of the Biosafety Protocol on agricultural commodity trade to a worldwide audience and laid the foundation for further studies in this area in 2006.

In 2006, the IPC will continue to push for a successful and ambitious outcome of the Doha Development Agenda, and assist countries to reap the most benefits from trade liberalization. The IPC will also examine the implications of an increased production of biofuels. Other topics we will focus on in 2006 include regional integration and trade capacity building for least developed and developing countries negotiating free trade agreements or WTO accession. We also plan to deepen our examination of the role of different standards in agriculture and food production and trade. Our emphasis will as always be centered on thorough analysis combined with balanced and timely recommendations.

As the new IPC CEO as of early 2006, it is my pleasure to recognize the tremendous contributions made by our outgoing CEO M. Ann Tutwiler who has joined the William and Flora Hewlett Foundation at the end of 2005. The high esteem with which IPC is regarded in the agricultural trade circles is a testimony to her dedication and commitment to the organization for many years. We are thankful for her continued involvement with the IPC as President Emeritus.

Charlotte Hebebrand

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Substantive Programming Overview

Trade Negotiations

Throughout 2005, the IPC was closely involved with the WTO agricultural negotiations and provided analysis and recommendations to negotiators from developed, developing and least developed countries. The IPC benefits from the analysis and insight from several of its members, who were themselves former negotiators for their respective governments. With the IPC's membership being a microcosm of the interests in the WTO, the IPC recommendations have currency and legitimacy in the negotiations.

2005 Highlights:

- With funding from the William and Flora Hewlett Foundation and the German Marshall Fund, the IPC commissioned three papers from members of the International Trade Research Consortium, to provide negotiators with an independent analysis of options as they moved towards the development of modalities. These papers were combined and released as a discussion paper entitled "Building on the July Framework Agreement: Options for Agriculture". One main conclusion from the IPC's analysis was that trade-offs between the three pillars are virtuous because progress must be made on each pillar in tandem. The IPC presented its findings to agricultural and trade ministries as well as negotiators at numerous briefings held in June 2005 in London, Geneva, Sevilla, Brussels, and Washington, DC, as well as in Edinburgh - parallel to the G8 Summit in July 2005. IPC Members **Marcelo Regunaga** and **Pedro de Camargo** also participated in presentations on the findings in Buenos Aires and Brasilia respectively in August 2005. Briefing sessions were also held at the UK Farmers Weekly Conference in Cambridge, at AgCanada in Ottawa and the Colombia Global Initiative in Bogota.
- Already in the run-up to the WTO Ministerial Conference in Hong Kong, IPC Vice-Chair **Piet Bukman** (in Brussels), IPC Chairman **Bob Thompson** (in Brussels, Geneva and Washington DC) and IPC Member **Joe O'Mara** (in Washington DC) were active in assessing the prospects for agricultural trade, holding presentations for key stakeholders in Washington DC, Brussels and Geneva. Over a dozen IPC members attended the WTO Ministerial Conference, held from December 13 – 18, 2005 in Hong Kong. The IPC held three briefing sessions at the Ministerial. With agricultural trade negotiations the key issue at stake, the IPC provided an objective analysis of the proposals on the negotiating table and a critique of their pro's and con's for the global trading system, from the perspective of both developed and developing countries. The IPC released its paper "The State of Play in the Agricultural Negotiations: Behind and Beyond the Numbers" at its sessions Hong Kong, aimed at informing the main participants of the Ministerial. The IPC's briefing sessions generated much interest, with a total of about 150 attendees – ranging from delegation members, industry association representatives to NGOs and other key stakeholders. There also was considerable press interest in IPC activities during the week, with members **Pedro de Camargo** and **Ajay Vashee** giving live interviews on CNN International to a worldwide TV audience. **Raul Montemayor** and **Ajay Vashee** were also interviewed by Reuters. While the final Ministerial Declaration was considered to be rather modest in its ambition, the IPC welcomed it as a sign of progress. Many recommendations publicized by the IPC were reflected in the final Ministerial Declaration, such as the move to set a date for the elimination of export subsidies, the structuring of tariff cuts and the provisions for duty- and quota-free market access for least developed countries to advanced markets.
- The IPC's 35th Seminar in May 2005 focused on converging imperatives of US domestic and international policy with regards to the 2007 US Farm Bill Debate. The Seminar - addressed by former US Congressman Charles Stenholm and former EU Agricultural Commissioner and IPC Member **Franz Fischler** - was an effort to galvanize the debate on how a Farm Bill can be designed that achieves domestic goals and conforms to international commitments. The Seminar was the first of its kind that provided a comprehensive focus on the many different aspects of how to shape a modern agricultural system: enhancing the competitiveness of US farmers; supporting rural communities and the environment; creating a more open trading system and complying with international commitments.
- Given the congruence of the WTO negotiations with the early stages of planning for the 2007 US Farm Bill, IPC Chairman **Bob Thompson** wrote a timely IPC issue brief (September 2005) entitled "The US Farm Bill and the Doha Negotiations: On Parallel Tracks or a Collision Course?", in which he gave an overview of recent developments in US farm policy and analyzed the influence of international agricultural trade agreements and domestic legislation on one another. The brief argues that the United States has an historic opportunity to seize the initiative to craft an ambitious outcome that will set the stage for real farm policy reforms that take account of new realities in US agriculture and that will encourage the rest of the world to increase access to the growth markets of the future. The findings were presented to key policy makers and stakeholders in Geneva, Brussels and Washington DC in October and November 2005. Work on this paper was supported by the German Marshall Fund.

International Development

The IPC has developed a Capacity Building Program to help government officials, farmers, and other agricultural stakeholders in developing countries understand and benefit from agricultural trade agreements being negotiated on the international, regional and bilateral level. The IPC achieves the objectives of this program through seminars, studies and meetings with national and regional agriculture leaders. Analysis and recommendations are developed by IPC and through partnerships with other organizations. The program focuses on countries and regions that are playing an important role in the Doha Round of WTO agricultural negotiations, but were not centrally involved in the Uruguay Round.

2005 Highlights:

- With Vietnam's WTO accession talks at a crucial juncture, the IPC brought its Capacity Building Program to Southeast Asia in the fall of 2005. The IPC convened agricultural trade experts from around the world in Hanoi for its 36th Seminar to provide Vietnamese government officials, farm leaders, trade associations, business groups and NGOs with different perspectives on what the country can expect from the accession process. The Seminar featured IPC Members **Jikun Huang** and **Csaba Csaki**, who gave their insights of their respective regions' (China, Central Europe) recent experience of joining the WTO and the lessons that Vietnam can expect in the process. The Seminar also discussed ways to improve competitiveness for Vietnamese agriculture, as the country faces increased trade liberalization. As one of the key messages from the Seminar, IPC members **H.S. Dillon** and **Raul Montemayor** stressed the central role that agriculture needs to play in an effective rural development strategy. A planning trip to Southeast Asia (Thailand, Laos, Cambodia and Vietnam) by the IPC Secretariat, with support from the Rockefeller Foundation in early 2005, laid the groundwork for the Seminar in Vietnam.
- In July 2005, IPC Vice-Chairman **Piet Bukman**, IPC Chief Executive **M. Ann Tutwiler** as well as IPC Member **Ajay Vashee** participated in a seminar organized by the German Marshall Fund and Partnership to Cut Hunger and Poverty in Africa entitled "Raising Living Standards in Africa: A Role for the G8" held in Edinburgh, parallel to the G8 Summit in Gleneagles. While the Gleneagles Summit focused on increasing international aid to Africa, the IPC members concentrated the remarks on reforms African countries themselves need to make to facilitate entrepreneurship, attract private investment, boost agricultural productivity and expand regional trade in Africa. These themes, which were elaborated in the June 2005 IPC study "Making Agricultural Trade Reform Work for the Poor" (see next point) on the link between trade reforms, poverty alleviation and domestic policies, were widely discussed on the panel and throughout the seminar.
- In June 2005, the IPC published its position paper "Making Agricultural Trade Reform Work for the Poor." The paper discusses the potential welfare impacts of policy reform and examines the recent trends of open trade in developing countries. It shows that reforms towards more open trade in agriculture will benefit the poor in developing countries. Open trade is a key determinant of economic growth and as such trade reform in agriculture can alleviate poverty and increase food security. The IPC recommends trade reforms to be pro-poor and points out that these reforms need to be accompanied by flanking measures so as to ensure that trade-led growth in agriculture can benefit the poor. The paper was presented in Edinburgh at a parallel meeting to the G8 Summit (see previous point).

Sustainability

The goal of the IPC's Sustainability Program is to identify ways in which increased trading opportunities can be realized without undermining the environment. To this end, the IPC analyzes if and to what extent more open trade resulting from increased liberalization of agricultural products is harmful to the environment. In doing so, the program aims to inform producers and policy makers in concrete terms how to take the environmental impact into consideration in their production practices and how current agricultural and trade policies affect the environment.

2005 Highlights:

- The IPC released its study “Specific Environmental Effects of Trade Liberalization: Oilseeds” in October 2005 which examines how international trade policy changes and the increase in biodiesel production will impact oilseed production. The oilseeds study finds that the impact of the Doha Development Round will be far less than either long-term demand or biodiesel policies. The analysis does, however, conclude that the Doha-related policy changes will provide producing countries with an opportunity to revisit development policies to benefit both their ability to supply world markets and to serve environmental goals at the same time. This study provides a useful tool for policy makers to evaluate the environmental impact of their decisions as they confront the challenges of trade reform. Work on this project was supported by the UN Foundation.
- The IPC also undertook an examination of the animal health, food safety and animal welfare standards involved in the trade of beef, pork and poultry. Work on this project was supported by Elanco. The study set forth methods for achieving a sustainable animal agriculture system and assessed the implications for the animal agriculture supply chain, global trade and domestic and international trade policies. Among the recommendations was the need to strengthen the international standard setting bodies and improve capacity building efforts to help developing countries meet standards. The IPC held an animal agriculture workshop in Brussels in September 2005 to discuss these issues. The workshop, held together with the Centre for European Policy Studies (CEPS), brought together parties interested in animal health, animal welfare and public health. This workshop was the first stage of the IPC’s study on animal agriculture. Subsequently, then IPC Chief Executive **M. Ann Tutwiler** said that she hoped to broaden the conversation on this topic in the future, to possibly include a stronger focus on Brazil and China.
- The IPC, together with The Netherlands’ Directorate-General of Development Cooperation (DGIS) and the World Wildlife Fund’s (WWF) Macroeconomics Program Office (MPO), have agreed to support analysis, dialogue and action regarding the environmental and social adjustments country-based stakeholders may want to take in response to the ongoing liberalization of the international agricultural trade regime. The intended focus of this project is on the cocoa industry in Vietnam, floriculture in Kenya and sugar in Brazil. In 2005, the IPC was able to share its findings of its stakeholder consultations on sustainable cocoa production in Vietnam with a broad audience during the IPC’s Capacity Building Seminar in Hanoi in October. This seminar included presentations from key stakeholders and provided a forum for discussion between local and international cocoa interests from the private, public and non-profit sectors on how to balance economic and environmental incentives with sustainable development of cocoa. The IPC also began an analysis of the impact of various global developments on Brazil’s sugar industry and their environmental effects.

Technology

The IPC presented the findings of its study “The Potential Impacts of the Biosafety Protocol (BSP) on Agricultural Commodity Trade” to a worldwide audience throughout 2005. The study finds that compliance costs associated with the BSP will be borne by a handful of large countries that import the largest volume of food and feed grains. A disproportionate share of the costs would fall on the consumers in smaller countries and least developed countries. **M. Ann Tutwiler** presented the study in February and March 2005 to several audiences around the world, including:

- stakeholders in Brussels;
- WTO delegates in Geneva;
- the WFP and the FAO in Rome;
- delegates to the Meeting of Technical Experts to the Biosafety Protocol in Montreal;
- the Canadian Grains Council Meeting in Ottawa;
- the Inter-American Institute for Cooperation in Agriculture in Buenos Aires;
- the Interagency Biotechnology Working Group and AgBiotech Forum in Washington DC.

IPC Member **Hiroshi Shiraiwa** presented the paper at the APEC meeting in Seoul.

2005 New Members

H.S. Dillon – Senior Governance Advisor, Center for Agricultural & Policy Studies and Former Assistant to the Minister of Agriculture. (Indonesia)

Malcolm Bailey – Dairy Farmer and Member of the Board, Fonterra Cooperative Group, Ltd. (New Zealand)

2005 New Support

Fonterra
Masterfood
National Oilseed Processors
North American Export Grain Association

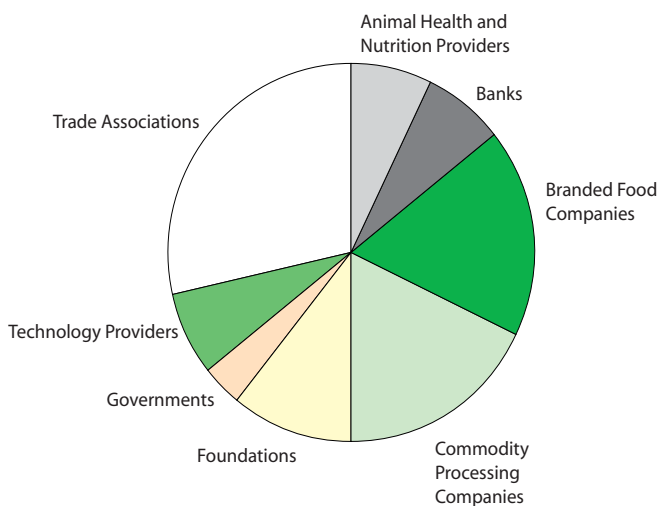
Pioneer Hi-Bred International
UK Department for International Development – DFID
US Grains Council
The William and Flora Hewlett Foundation

Financial Support

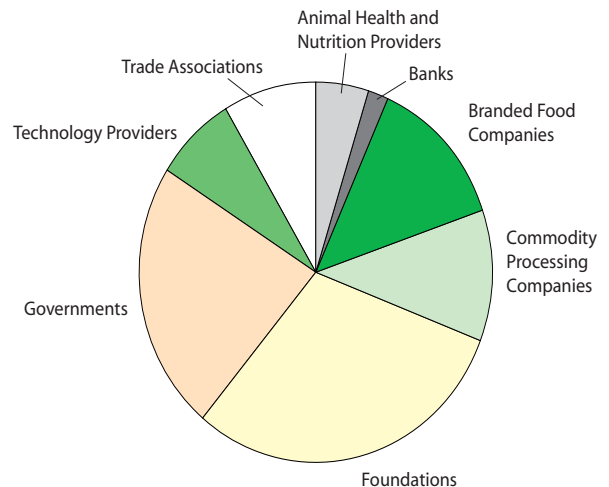
Funding for the IPC's operations and activities comes from a diversity of funding sources: food and agribusiness, trade associations, governments, foundations and other sources from different regions around the world. This diversity in funding allows the IPC to maintain its independence in issuing recommendations, publishing analysis and choosing topics for its substantive programs.

Funding by Sector

By Number of Funders

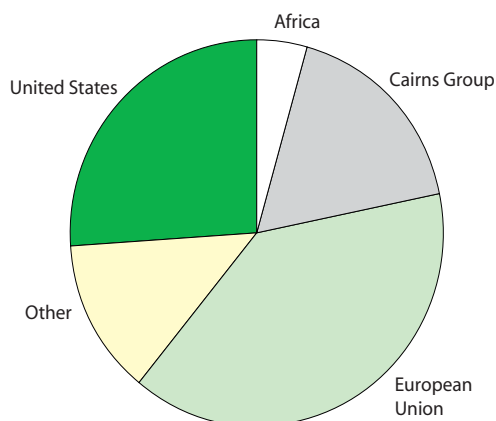


By Share of Funding

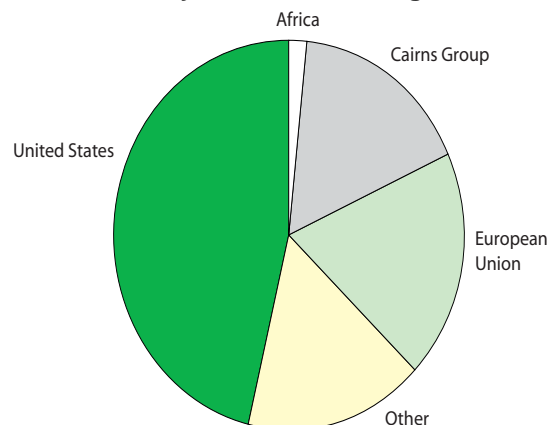


Funding By Geographical Origin

By Number of Funders



By Share of Funding



Financial Information

	2003	2004	2005
Corporate grants	\$342,392.00	\$401,959.68	\$324,294.00
Conference revenue	\$75,670.61	\$67,365.84	\$79,218.25
Foundation/government grants	\$62,770.00	\$166,630.30	\$452,338.41
Other income	\$4,545.69	\$2,179.26	\$ 8,349.71
<u>Total revenue</u>	\$485,378.30	\$638,135.08	\$864,200.37
Expenses			
Salaries and benefits	\$230,799.86	\$270,153.03	\$272,082.57
Professional fees	\$24,955.40	\$58,416.54	\$129,179.08
Conference costs	\$58,702.32	\$69,741.31	\$63,708.54
Travel and lodging	\$99,623.97	\$89,363.72	\$141,617.88
Publications	\$15,752.04	\$28,471.31	\$48,786.46
Telecommunications	\$19,366.59	\$7,054.36	\$11,400.03
Rent and supplies	\$21,391.31	\$28,326.07	\$35,088.12
Insurance	\$6,131.23	\$7,621.35	\$307.76*
<u>Miscellaneous</u>	\$4,284.05	\$10,752.18	\$9,776.72
<u>Total expenses</u>	\$481,006.77	\$569, 899.87	\$711,947.16
<i>Change in net assets</i>	\$4,371.53	\$68,235.21	\$ 152,253.21

*Figure differs from previous years due to timing of invoicing

Structural Support 2005

ABSA Bank, Agricultural Engineers Association, Altria Corporate Services, Archer Daniels Midland, Australian Food and Grocery Council, Bunge Ltd., Cargill, CropLife International, Elanco Animal Health, Fonterra, Grain and Feed Trade Association (GAFTA), GrainCorp, International Fertilizer Industry Association, Meat New Zealand, Monsanto, Dutch Dairy Organisation (NZO), Nestle, Netherlands Marketing Board, Provimi, Rabobank, Syngenta, Unilever, Universal Corporation.

In Kind/Project Support 2005

Archer Daniel Midland Company, Brazilian Ministry of Agriculture, Dutch Ministry of Foreign Affairs, Elanco Animal Health, Farmer's Weekly, The German Marshall Fund, Hans Jöhr, Hiroshi Shiraiwa, Hogan & Hartson LLP, Illinois Farm Bureau, Mitsui & Co Ltd., National Oilseed Processors Association National Philharmonic at Strathmore, Nestle, North American Export Grain Association, Pioneer – a Dupont Company, Robert L. Thompson, Rockefeller Foundation, Unilever, UK Department of International Development, United Nations Foundation, US Department of Agriculture, US Grains Council, The William and Flora Hewlett Foundation, The World Bank, World Wildlife Federation.

2005 Membership - International Food & Agricultural Trade Policy Council

Robert L. Thompson, Chairman. United States.
Gardner Chair in Agricultural Policy, University of Illinois-Urbana
Champaign; former Director, Rural Development, World Bank.

Piet Bukman, Vice Chairman. The Netherlands.
Former Dutch Minister of Agriculture, Minister of Trade, Minister of
Development Cooperation, and former President, Dutch Farmers Union.

Africa

Ajay Vashee, President, Southern African Confederation of Agricultural
Unions. Zambia

Central and South America

Luis de la Calle, Former Undersecretary for International Trade
Agreements. Mexico.

Pedro de Camargo, Former Secretary of Production and Trade,
Ministry of Agriculture. Brazil.

Nestor Osorio, Executive Director, International Coffee Organization.
Colombia.

Marcelo Regunaga, Former Minister of Agriculture. Argentina.

Anthony Wylie, Former Director-General, Fundacion Chile. Chile.

Europe

Per Pinstrup-Andersen, Professor, Cornell University, former Director
General, International Food Research Policy Institute and World Food Prize
Laureate. Denmark.

Bernard Auxenfans, Former Chairman, Monsanto Europe-Africa.
France.

Csaba Csaki, Member, Monetary Board, Hungarian National Bank.
Former Director Rural Development, World Bank. Hungary.

Franz Fischler, Former Commissioner for Agriculture, European
Commission. Austria.

Hans Jöhr, Corporate Head of Agriculture, Assistant Vice President,
Nestle Company. Switzerland.

Timothy Josling, Senior Fellow and Professor Emeritus, Institute for
International Studies, Stanford University. United Kingdom.

Rolf Moehler, Former Deputy Director General for Agriculture. European
Commission. Germany.

Michel Petit, Professor, National Agricultural Economics Institute.
Former Director, Rural Development, World Bank. France.

Henry Plumb, Former President, European Parliament. Former
President, National Farmers Union. United Kingdom.

Eugenia Serova, President, Analytical Center of Agri-Food Economics.
Russia.

Asia

H.S. Dillon, Senior Governance Advisor, Center for Agricultural & Policy
Studies and former Assistant to the Minister of Agriculture. Indonesia.

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

Raul Q. Montemayor, National Business Manager, Federation of Free
Farmers Cooperatives. Philippines.

Hiroshi Shiraiwa, Former Counselor, Japan International Agricultural
Council and former Director, Mitsui & Co. Japan.

Jiro Shiwaku, Former Vice-Minister for International Affairs, Ministry of
Agriculture, Forests and Fisheries. Japan.

Oceania

Malcolm Bailey, Dairy Farmer and Member of the Board, Fonterra
Cooperative Group, Ltd. New Zealand.

Brian Chamberlin, Former President, Federated Farmers of New
Zealand and former Agricultural Trade Envoy. New Zealand.

North America

Allen Andreas, Chairman, Archer Daniels Midland Company. United
States.

Andrew Burke, Managing Director, Soy Ingredients and New Business
Development, Bunge Ltd. United States.

Cal Dooley, President and CEO, National Food Products Association
(NFPA) and former Member, US Congress. United States.

Michael Gifford, Former Chief Agricultural Trade Negotiator,
Agriculture and Agri-Food Canada. Canada.

Robbin Johnson, Senior Vice President and Director, Corporate
Affairs, Cargill. United States.

Donald Nelson, Vice President of International Business Relations,
Altria Corporate Services. United States.

C. Joe O'Mara, Former Special Agricultural Trade Negotiator. United
States.

James Starkey, Former Deputy Undersecretary for International
Affairs and Commodity Programs. United States.

Jerry Steiner, Executive Vice President, Monsanto Company. United
States.