

International  
Food & Agricultural Trade  
Policy Council



Annual Report  
2007

*Celebrating 20 years of promoting a more open and equitable global food system*



## Letter from the Chief Executive

**N**ow in its twentieth year, IPC – which was founded in 1987 with the remit of advancing the Uruguay Round – remains committed to promoting a more open and equitable global food system. It's hard to pick out the key highlights from this busy year, given all the work IPC has done on the troubled Doha negotiations, biofuels, food standards and sustainability. Looking back, though, I think of 2007 as IPC's African year.

It was wonderful for IPC to return to Africa for our Spring meetings in Lusaka, Zambia, having last met in Zimbabwe in 1999. The Lusaka seminar, organized jointly with COMESA and the Partnership to Cut Hunger and Poverty in Africa, focused not only on the need for markets – local, regional and international – but also on the need to address supply side constraints so as to be able to fully take advantage of those markets. Although the challenges on the supply side remain daunting, the seminar showcased the excellent initiatives underway to solve them, ranging from the Comprehensive Africa Agriculture Development Program to the establishment of commodity exchanges and the linking of smallholders into global supply chains. My favorite sessions at the seminar involved rich exchanges between African policymakers and IPC members from non-African developing countries. For example, IPC member Raul Montemayor of the Philippines spoke with African farm leaders about how best to influence their respective government's national trade policies, and IPC Vice Chairperson Marcelo Regunaga of Argentina and Erastus Mwencha, Secretary General of COMESA, compared notes on regional integration in Latin America and Africa.

Throughout the year, IPC was also instrumental in conveying African views on the trade negotiations and the U.S. farm bill. Preference erosion for African countries is a reality in the Doha negotiations, but we found widespread agreement that trade liberalization undertaken by African countries themselves will lead to greater competitiveness, in particular if a strong Aid for Trade package is put into place. IPC approached the U.S. farm bill negotiations by signaling how U.S. farm policy – with cotton being the primary example – impacts Africa and other developing countries, which is a perspective that tends to get lost in the halls of Congress. We also provided platforms for African policymakers and producers to raise their concerns about slow import approval procedures and the “plethora” of divergent public and private food standards. Lastly, IPC provided an early warning about the likelihood of trade distorting biofuels policies in the U.S. and in the EU driving up food prices to the detriment of poor consumers.

There are many reasons to feel optimistic about the agricultural sector in Africa, not least because there is such a large scope for increasing productivity to meet rapidly growing global demand for food, fiber, and fuel.

**Charlotte Hebebrand**



# Substantive Programming Overview

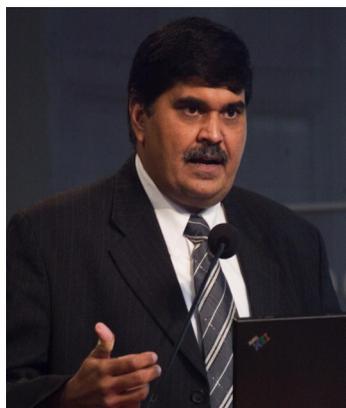
## I. Agricultural Trade Negotiations

### 2007 Highlights:

#### *The Doha Development Agenda*

The Doha Round negotiations were suspended in July 2006, and it was apparent to IPC that new approaches were required if these longstanding negotiations were going to progress. Accordingly, IPC along with the International Center for Trade and Sustainable Development (ICTSD) convened a private meeting of negotiators and other experts in Glion, Switzerland to explore a range of possible solutions to break the impasse. The meeting focused in particular on the outstanding issues in market access and domestic support pillars, namely the exceptions provisions on which agreement has proved more difficult than that for the overall cuts. Speakers included **Harry de Gorter** from Cornell University, **Marcos Jank** from UNICA, Brazil, and IPC members **Tim Josling**, **Mike Gifford**, **Raul Montemayor**, **Leonard Condon**, **Rolf Moehler** and **Ann Tutwiler**.

IPC, in conjunction with the Woodrow Wilson International Center for Scholars, hosted a discussion on February 14 on what Africa stands to gain from the Doha Development Round, as well as the continent's other trade priorities. Speakers included the Secretary General of COMESA, **Erastus Mwencha**, and IPC member **Ajay Vashee**, President of the Southern African Confederation of Agricultural Unions.



**IPC Member Ajay Vashee speaks at the IPC event, "Doha: What's at Stake for Africa?"**

Participants stressed that an ambitious and successfully concluded Doha Round is important to African countries. Preference erosion – as difficult as it may be for some countries – is inevitable, and speakers emphasized that competitiveness is more important than preferences. Speakers also underscored the importance of liberalization in African countries, as opposed to an overly defensive approach on Special and Differential Treatment. Both the Comprehensive Africa Agriculture Development Project, an initiative of the New Partnership for Africa's Development that is being implemented by COMESA at the regional level, and the WTO's Aid for Trade hold promises for increased competitiveness of African agriculture. However, important work remains for all players to realize these promises.

On May 4, IPC and the Woodrow Wilson International Center for Scholars hosted an experts' discussion on the issues raised by the IPC Discussion Paper, "Should the Green Box be Modified?" by **David Blandford** and IPC Member **Timothy Josling**, published in March. The paper analyzes current Green Box criteria, which have until now been instrumental in moving away from trade-distorting support. At the same time, it raises salient questions about the production effects of Green Box support and whether it allows for the implementation of a full range of legitimate environmental and conservation programs. Consensus on these issues is important for the stability of the WTO negotiations, and discussion focused on what can be done to effectively balance the needs of developing countries through reducing trade-distorting support and meeting domestic policy goals of providing public goods. Commentators also discussed these issues in the context of the current Farm Bill debate.

Speakers included **Timothy Josling**, IPC member and senior fellow at the Spogli Institute for International Studies, Stanford University, **David Blandford**, professor, Department of Agricultural Economics and Rural Sociology, Pennsylvania State University, and **Kenneth Cook**, co-founder and president of the Environmental Working Group. There was widespread consensus that Green Box reforms must address transparency issues and provide for timely and accurate domestic support notifications. Such provisions would also allow for a more effective evaluation of charges of serious prejudice.

## II. Agriculture and Rural Development Policies

### 2007 Highlights

#### *Cotton*

- Cotton has come to symbolize the “Development” in the Doha Development Round, as it exemplifies the impact of trade-distorting subsidies on developing country farmers. In February, IPC published Issue Brief 22, written by **Daniel Sumner**, the director of the University of California Agricultural Issues Center. Titled “U.S. Farm Programs and African Cotton,” the brief describes the domestic and international factors influencing U.S. cotton policy: the U.S. farm bill, the U.S.-Brazil WTO cotton case, and the WTO’s sectoral initiative on cotton. Sumner discusses how each of these factors might impact future U.S. cotton production and in turn, developing country farmers. Although estimates about how subsidies affect prices vary, they all point to the clear fact that U.S. subsidies suppress international prices of cotton. Sumner calculates that elimination of all U.S. cotton programs, with other U.S. farm programs remaining in place, would reduce U.S. production by 25 to 30 percent, decrease U.S. exports by about 40 percent, and raise world prices by about 10 percent. This would translate into \$75 million additional revenue for the C-4 countries. If production rose modestly to about 1.8 billion pounds, net gains to the African cotton industry would be around \$80 million.

The report also suggests that cotton subsidy reform in the US would translate into positive benefits for rural communities in African countries, given that 15 million African cotton farmers derive their livelihoods from cotton production. Sumner concludes with concrete recommendations for what developing countries can do to advocate for cotton reform.

#### *U.S. Farm Bill*

- As debate about the future of U.S. agriculture policy and the 2007 farm bill got underway in Congress, IPC issued a series of briefs to clarify and raise awareness of the key topics in the debate. The briefs focus on the farm bill and the Doha “Development” Round, trade promotion authority, energy, and food aid. The IPC farm bill series explains the domestic and international factors affecting U.S. farm policy and provides recommendations for how this policy might be reformed to better meet the needs of developing countries.

IPC also released a longer study of the likely impact of different farm bill reform scenarios on developing countries, entitled “The 2007 U.S. Farm Bill: Implications for Developing Countries.” The study was published as Issue Brief 25 in September 2007 and found that developing countries have much to gain from a U.S. farm bill that reduces trade-distorting support. As most of the poor in developing countries live in rural areas, and depend on agriculture for their livelihoods, these countries need domestic and international market opportunities for their agricultural products if they hope to reduce poverty. IPC unveiled the preliminary findings of this report at a launch event on June 27 at the Carnegie Endowment for International Peace. The event featured IPC Members **Robert Thompson** and **Michel Petit**, also joined by **Mary Chambliss**, independent consultant on food aid issues, and **Samuel Amehou**, the Ambassador of Benin in Geneva and former coordinator of the African Group.

#### *African Agriculture*

- IPC was very pleased to host its Spring 2007 meetings in Lusaka, Zambia. Agriculture accounts for more than 30 percent of GDP, 65 percent of foreign exchange earnings, and it provides a livelihood for about 80 percent of the labor force in eastern and southern Africa. The sector is critical for promoting food security, economic growth, and poverty alleviation on the continent. Recognizing this, IPC, in partnership with the Common Market for Eastern and Southern Africa (COMESA), the Zambian Ministry of Agriculture, and the US-based Partnership to Cut Hunger and Poverty in Africa (PCHPA) hosted an international seminar on June 3-5, 2007, focusing on strengthening markets and overcoming supply-side constraints for African agriculture.



**Dr. Jones Govereh and IPC Member Robert Thompson at the 39th IPC Seminar in Lusaka, Zambia**

The seminar convened farm policy and private sector leaders, trade experts, academics, and the donor community to address the need to improve the competitiveness of African agricultural markets and the continent's ability to engage in local, regional, and global markets. Speakers included **Baba Dioum**, Conference of Ministers of Agriculture of West and Central Africa, **Sir John Kaputin**, Secretary-General of the ACP Group of States and **Erastus Mwencha**, Secretary General of COMESA.

### *Sustainability*

- As part of its fall meetings, IPC held an international seminar that brought together agricultural trade and environmental experts, farm leaders, government officials, and agribusiness and food retail executives to examine a range of pressing issues confronting the agricultural sector and food security. Held in Stratford-upon-Avon, England, the seminar also focused on the role of the private sector and governments in addressing these challenges. Speakers included **Lord Jeff Rooker**, UK Minister for Sustainable Food and Farming and Animal Health, **Harsha V. Singh**, WTO Deputy Director-General, and **Franz Fischler**, former EU Agriculture Commissioner.

Participants stressed the need for increased research and development to improve agricultural productivity and facilitate adaptation to climate change. Furthermore, trade liberalization was seen as crucial for increased efficiency in agricultural production and for food security. Finally, reaching international consensus on the issue of food and sustainability standards will more effectively ease agriculture's impact on the environment as well as create a common set of rules for agricultural producers and exporters.

### *Biofuels*

- Throughout 2007, both the U.S. and the EU considered significant increases in their biofuels mandates. In October, IPC released a study entitled, "An Examination of U.S. and EU Government Support to Biofuels: Early Lessons." The study finds that in the absence of commercially viable second-generation biofuels, ambitious mandates coupled with high tariffs serve to largely limit tax incentives to domestic producers and risk a disproportionate focus on U.S. and EU first-generation biofuels. The report also demonstrates that a lack of internationally agreed technical and sustainability standards, as well as a lack of clarity about international trade obligations, can increase this tendency. The report urges the U.S. and EU to adopt policies that serve to promote those uses of biomass that are most energy efficient and show the greatest promise of reducing greenhouse gas emissions, regardless of national origin.

## III. Technology and Standards

### 2007 Highlights:

#### *Sanitary and Phytosanitary Standards - Dairy*

- IPC hosted an international dairy roundtable at the margin of the World Trade Organization (WTO) Sanitary and Phytosanitary (SPS) Committee meeting in Geneva, Switzerland, on March 2, 2007. At this event, IPC unveiled the results of a survey designed to determine the extent to which divergent sanitary measures impact the trade of dairy products. **Thom Achterbosch** of the Agricultural Economics Research Institute at Wageningen University, author of the IPC survey, presented his findings; other speakers included **Gretchen Stanton**, Secretary of the WTO SPS Committee, **Dr. Annamaria Bruno**, food standards officer at Codex, **Dr. Sarah Kahn**, chief of the OIE's (World Animal Health Organisation) International Trade Department, **Bram Francke**, External Affairs Officer of the Dutch dairy company Friesland Foods, and **Jeremy Hill**, Director of Regulatory Affairs at Fonterra Cooperative Group.

The survey, entitled "Between Safety and Commerce: How Sanitary Regulations Affect Global Dairy Trade," pointed to three overriding difficulties faced by exporters. The first is that emergency trade restrictions put into place by importing countries following an animal disease outbreak are not expeditiously removed upon declaration of disease free status. A second difficulty identified by exporters pertains to divergent analysis and sampling methods used to enforce mandatory zero tolerance standards for contaminants and pathogens. Zero tolerance, given the increasingly sophisticated nature of detection technology, is often simply not feasible, and non-uniform detection methods can lead to vastly divergent findings in different countries and even within countries. The

third issue identified by dairy exporters is the lack of differentiation of dairy products for the application of animal health standards. While the OIE recognizes that properly treated dairy products are not vectors for animal or zoonotic diseases, importing countries nonetheless do often apply veterinary standards. The report then identified potential solutions to help exporters overcome these difficulties.

#### *Food Standards Roundtable Series*

- Beginning in the fall of 2007, IPC joined with the World Food Law Institute and the American Society of International Law to host a series of roundtable discussions on food standards. The first roundtable, *The Role of Standards in Global Food Trade*, was held September 24, 2007 and featured **Gretchen Stanton**, Secretary of the WTO's SPS Committee. Speaking in her individual capacity, Ms. Stanton explained the debate underway in the SPS Committee on whether private sector standards are covered under the SPS Agreement. Also under discussion is whether the proliferation of private standards facilitates or hinders market access.

At the second discussion, *Standards for Food Safety in an Era of Globalized Trade*, **Dr. David Acheson**, Assistant Commissioner for Food Protection at the FDA, presented the FDA's Food Protection Plan, released on November 6, 2007. Acheson explained that the FDA plan, which applies both to domestic production and imports, dovetails with the food-related components of the Bush Administration's Import Safety Action Plan, also released on November 6 and highlighted those parts of the plan that apply to imports. IPC Member **Cal Dooley**, President and CEO of the Grocery Manufacturers' Association, spoke of the alignment of FDA's plan with GMA's Action Plan for Strengthening Imported Food Safety. Dooley stressed the need for an effective public-private partnership. He welcomed FDA's proposal to require importers to have supplier quality plans in place, as well as its proposal for an additional voluntary program, adherence to which would lead to expedited entry.

## IPC Membership and Financial Overview

### 2007 New Members

**Joachim von Braun**, Director General, International Food Policy Research Institute

**Shannon Herzfeld**, Vice President-Government Relations, Archer Daniels Midland

**Nicolas Imboden**, CEO, IDEAS Center Geneva

**Andrew Makenete**, ABSA Bank

**JB Penn**, Chief Economist, Deere & Company

**Carlo Trojan**, Former Secretary General of the European Commission and Former Ambassador of the European Commission to the WTO

### 2007 Structural Support

ABSA Bank, Ltd. (South Africa), Altria Corporate Services (United States), Archer Daniels Midland Company (United States), Australian Food and Grocery Council (Australia), Bunge North America (United States), Cargill, Inc. (United States), CropLife International (Belgium), Fonterra Cooperative Group, Ltd. (New Zealand), Grain and Feed Trade Association (United Kingdom), International Fertilizer Industry Association (France), John Deere (United States), Meat and Wool New Zealand (New Zealand), Monsanto Company (United States), Nederlandse Zuivel Organisatie (The Netherlands), Nestlé (Switzerland), Rabobank International (The Netherlands), Syngenta International AG (Switzerland), Unilever N.V. (The Netherlands), Universal Corporation (United States), Wal-Mart (United States), William and Flora Hewlett Foundation (United States)

### 2007 In Kind/Project Support

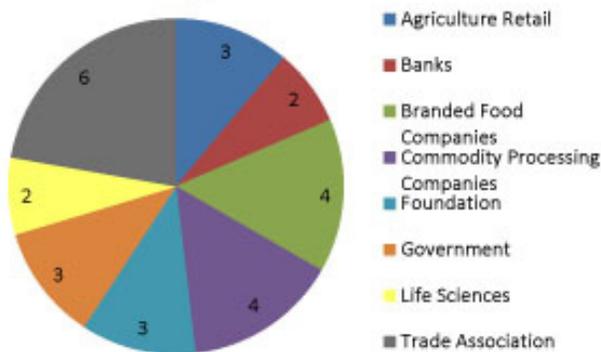
ABSA Bank, Ltd., ASDA, Dutch Ministry of Foreign Affairs, Fonterra Cooperative Group, Ltd., German Marshall Fund, Grain and Feed Trade Association, Hogan & Hartson, LLP, Illinois Farm Bureau, Monsanto Company, United Kingdom Department for International Development, United Nations Foundation, United States Agency for International Development

## Financial Information and Support

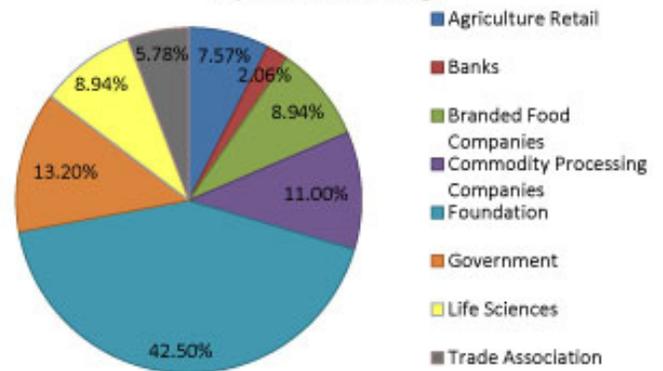
	2005	2006	2007
<b>Revenues</b>			
Corporate grants	\$324,294.00	\$277,513.50	\$297,915.00
Conference revenue	\$79,218.25	\$56,728.83	\$61,863.66
Foundation/government grants	\$452,338.41	\$318,451.66	\$419,975.00
Other income	\$ 8,349.71	\$1,030.14	\$11,109.65
<b>Total revenue</b>	<b>\$864,200.37</b>	<b>\$653,724.13</b>	<b>\$ 791,263.31</b>
<b>Expenses</b>			
Salaries and benefits	\$272,082.57	\$232,957.96	\$306,549.22
Professional fees	\$129,179.08	\$181,869.77	\$45,577.50
Conference costs	\$63,708.54	\$15,028.28	\$105,580.83
Travel and lodging	\$141,617.88	\$74,382.52	\$94,170.57
Publications	\$48,786.46	\$19,219.06	\$44,970.52
Telecommunications	\$11,400.03	\$9,840.23	\$9,975.91
Rent and supplies	\$35,088.12	\$37,982.54	\$41,738.38
Insurance	\$307.76*	\$5,627.02	\$2,635.20
<u>Miscellaneous</u>	\$9,776.72	\$1,881.24	\$4,757.35
<b>Total expenses</b>	<b>\$711,947.16</b>	<b>\$578,838.62</b>	<b>\$655,955.48</b>

## Funding by Sector

By Number of Funders

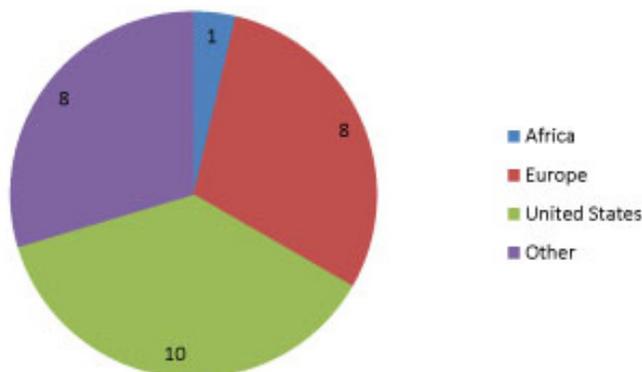


By Share of Funding

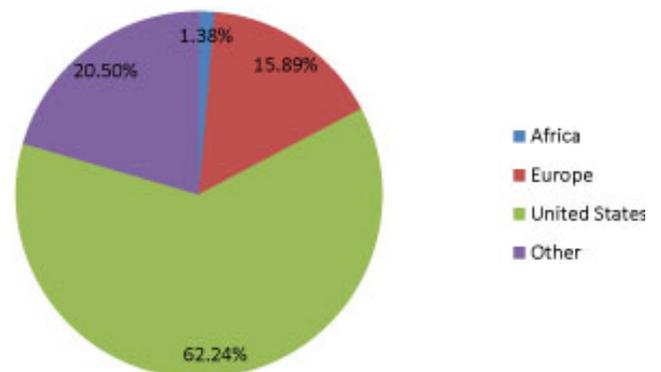


## Funding by Geographical Origin

By Number of Funders



By Share of Funding



# 2007 Membership - International Food & Agricultural Trade Policy Council

## **Piet Bukman (Chairman), The Netherlands**

*Former Dutch Minister of Agriculture, Minister of Trade,  
Minister of Development Cooperation*

## **Marcelo Regúnaga (Vice-Chairman), Argentina**

*Professor, Universidad de Buenos Aires and Universidad de San Andres and  
Former Secretary of Agriculture*

## **Bernard Auxenfans, France**

*Managing Director, Kincannon & Reed*

## **Malcolm Bailey, New Zealand**

*Dairy Farmer and Member of the Board,  
Fonterra Cooperative Group, Ltd.*

## **David Blackwell, United States**

*Vice President and CFO,  
Wal-Mart Global Procurement,  
Wal-Mart Stores, Inc.*

## **Joachim von Braun**

*Director General, International Food  
Policy Research Institute*

## **Leonard Condon, United States**

*Vice President of International Business Relations,  
Altria Corporate*

## **Csába Csáki, Hungary**

*Member, Monetary Board,  
Hungarian National Bank*

## **Pedro de Camargo Neto, Brazil**

*Former Secretary of  
Agricultural Production and Trade*

## **H.S. Dillon, Indonesia**

*Chair, Center for Agriculture Policy Studies and  
Former Assistant to the Minister of Agriculture*

## **Cal Dooley, United States**

*President and CEO, Grocery Manufacturers Association and Former Member, United States House of Representatives*

## **Franz Fischler, Austria**

*Former Commissioner for Agriculture,  
European Union*

## **Michael Gifford, Canada**

*Former Chief Agricultural Trade Negotiator,  
Agriculture and Agri-Food Canada*

## **Tim Groser, New Zealand**

*Former Ambassador of New Zealand to the World  
Trade Organization and former Chair of WTO  
Agricultural Negotiations*

## **Carl Hausmann, United States**

*President and CEO  
Bunge North America*

## **Shannon Herzfeld, United States**

*Vice President- Government Relations,  
Archer Daniels Midland Company*

## **Jikun Huang, China**

*Director, Center for Chinese Agricultural Policy,  
Chinese Academy of Sciences*

## **Nicolas Imboden, Switzerland**

*Executive Director  
IDEAS Centre Geneva*

## **Robbin Johnson, United States**

*Senior Vice President and Director,  
Corporate Affairs, Cargill, Inc.*

## **Hans Jöhr, Switzerland**

*Corporate Head of Agriculture and Assistant Vice  
President, Nestlé*

## **Timothy Josling, United Kingdom**

*Senior Fellow and Professor Emeritus, Institute  
for International Studies, Stanford University*

## **Rolf Moehler, Belgium**

*Former Deputy Director General,  
European Commission*

## **Raul Montemayor, Philippines**

*President, Federation of  
Free Farmers Cooperatives, Inc.*

## **C. Joe O'Mara, United States**

*President, O'Mara & Associates and  
Former Special Agricultural  
Trade Negotiator*

## **J.B. Penn, United States**

*Chief Economist  
Deere and Company*

## **Carlos Perez del Castillo, Uruguay**

*Former Permanent Representative of  
Uruguay to the  
World Trade Organization*

## **Michel Petit, France**

*Professeur  
Institut Agronomique Méditerranéen,  
Montpellier*

## **Lord Henry Plumb, United Kingdom**

*Former President, European Parliament and  
Former President, National Farmers Union*

## **Caspar Ridley, Switzerland**

*Head of Global Public Affairs and  
Government Relations, Syngenta Seeds*

## **Hiroshi Shiraiwa, Japan**

*Former Counselor, Japan International Agriculture  
Council, Former Director, Mitsui & Co.*

## **Jiro Shiwaku, Japan**

*President, Japan Meat Technology  
Institute (JAMTI) and  
Former Vice-Minister for International Affairs,  
Ministry of Agriculture, Forestry, and Fisheries*

## **James Starkey, United States**

*Former Vice President, Universal  
Corporation and  
Former Deputy Undersecretary for International  
Affairs and Commodity Programs, US Department of  
Agriculture*

## **Jerry Steiner, United States**

*Executive Vice President,  
Monsanto Company*

## **Robert L. Thompson, United States**

*Agricultural Policy Chair, University of Illinois and  
Former Director, Rural Development,  
World Bank*

## **Carlo Trojan, The Netherlands**

*Former Secretary-General of the European Commission and Former Ambassador of the European Commission to the WTO*

## **M. Ann Tutwiler, United States**

*Managing Director for Trade and Development, William and Flora Hewlett Foundation*

## **Ajay Vashee, Zambia**

*President, Southern African Confederation of Agricultural Unions*