

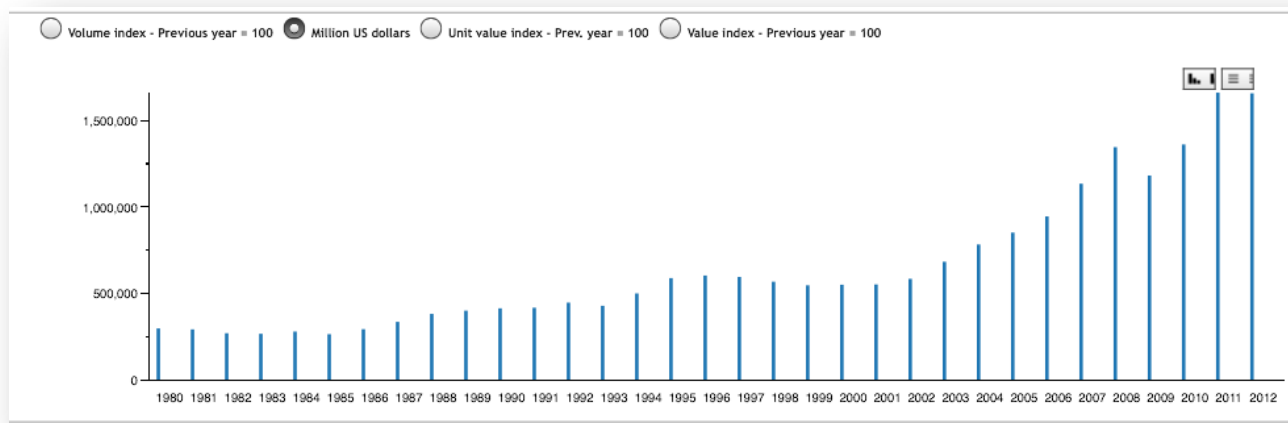


# **Global Trade Agenda and Agriculture Priorities: Agribusiness Perspectives**

Ellen Terpstra  
IPC President  
February 19, 2014

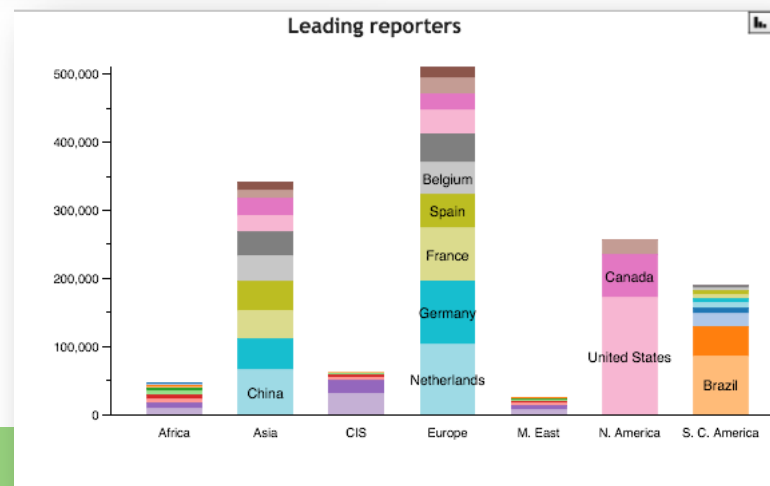


# World Agricultural Trade



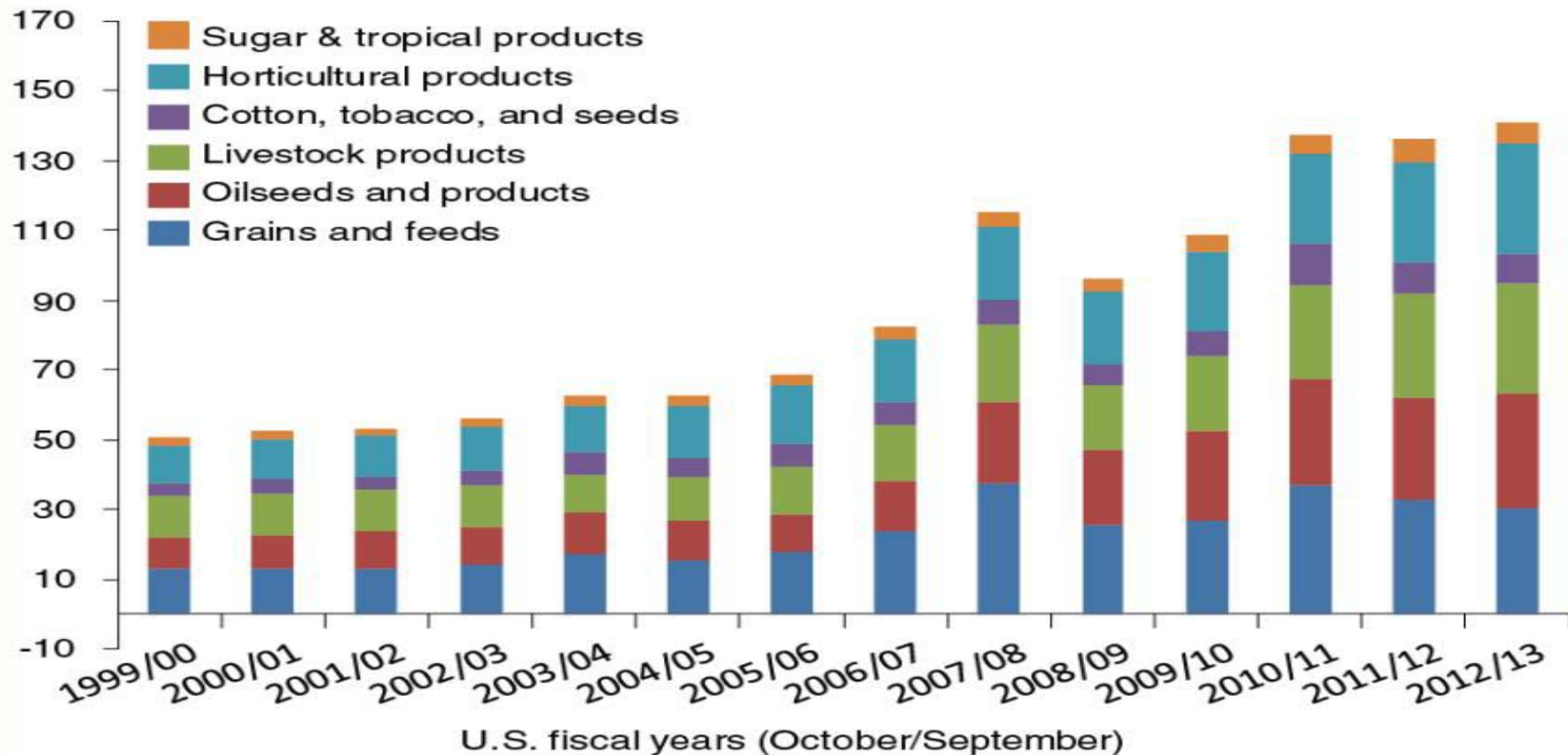
Value has more than tripled since 1980.  
Major participants are Europe, Asia  
and North and South America.

Source: WTO



## U.S. agricultural exports by category

\$ billion



Source: USDA, Economic Research Service using data from U.S. Department of Commerce, U.S. Census Bureau.



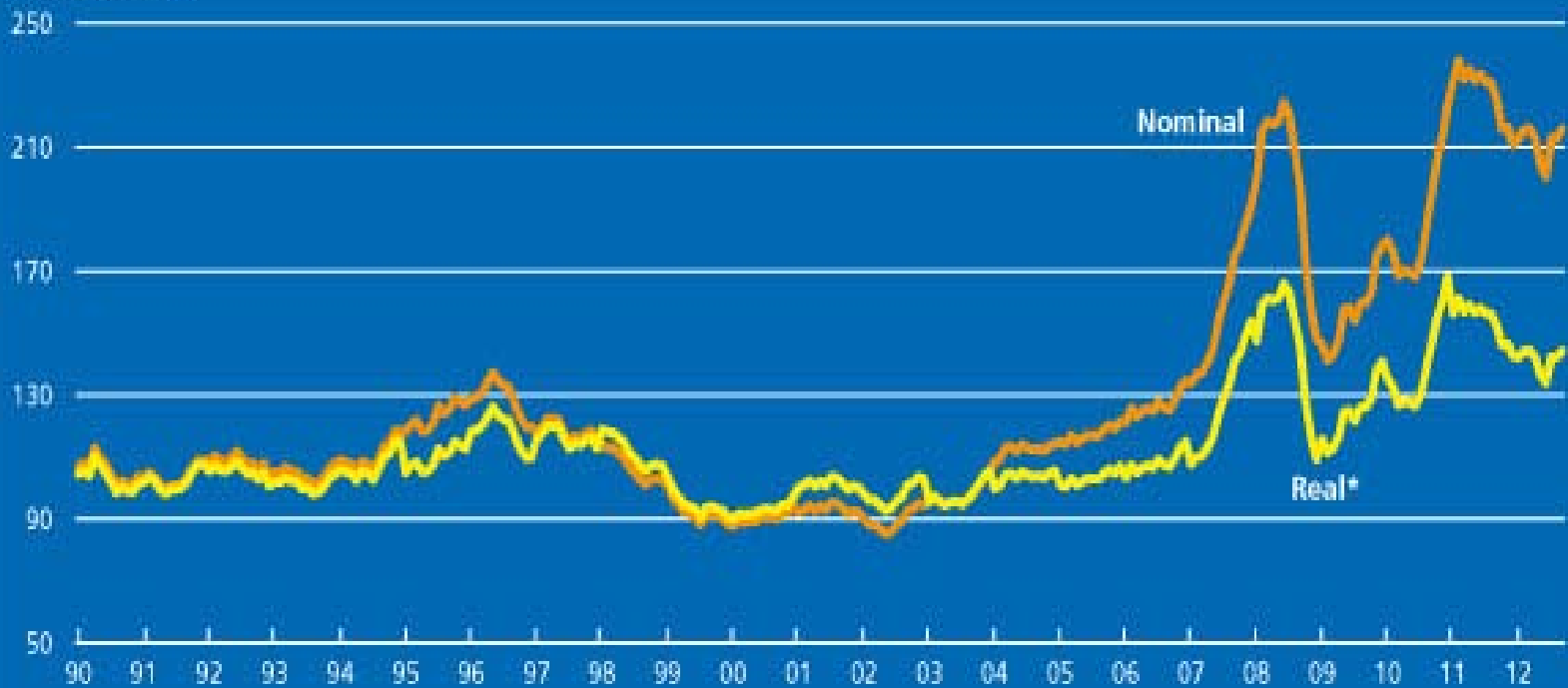
# What's Changing?

- Commodity price volatility
- Developing countries ag trade and use of subsidies
- Policies – biofuels, crop insurance, food safety
- Climate - increase in extreme events
- Population and urbanization



## FAO Food Price Index

2002-2004=100

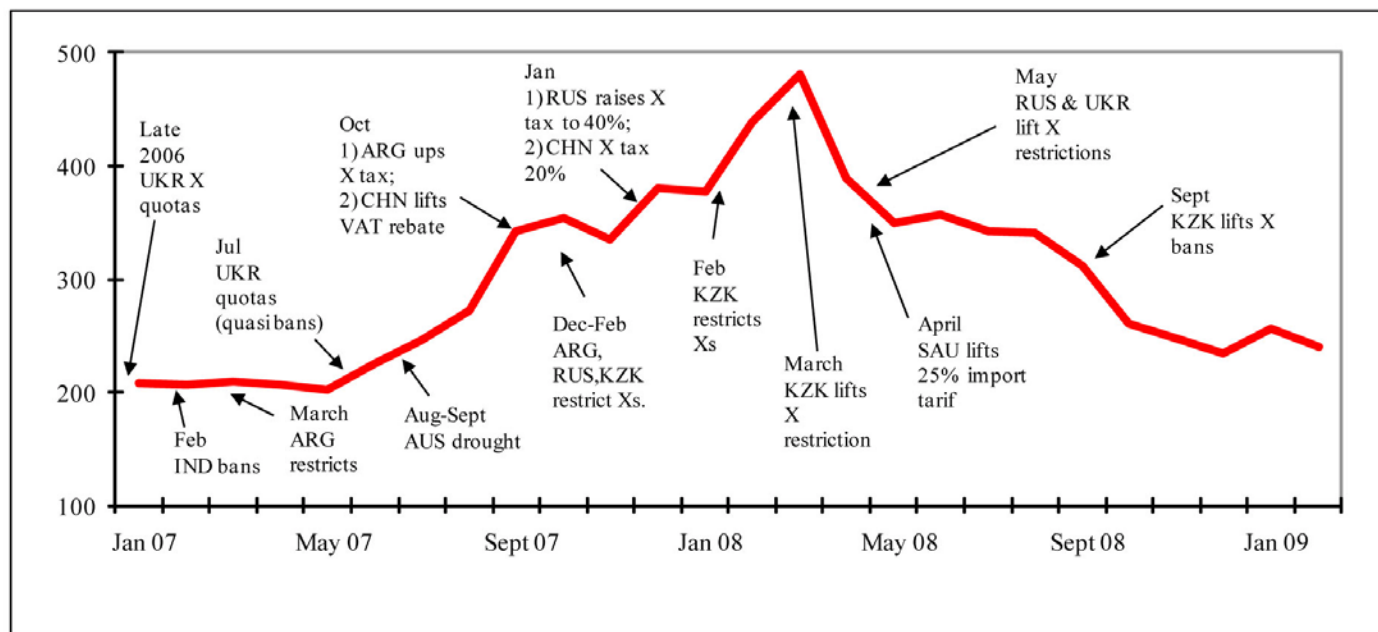


\* The real price index is the nominal price index deflated by the World Bank Manufactures Unit Value Index (MUW)



# Trade Policies Affect Wheat Prices

US \$/ton

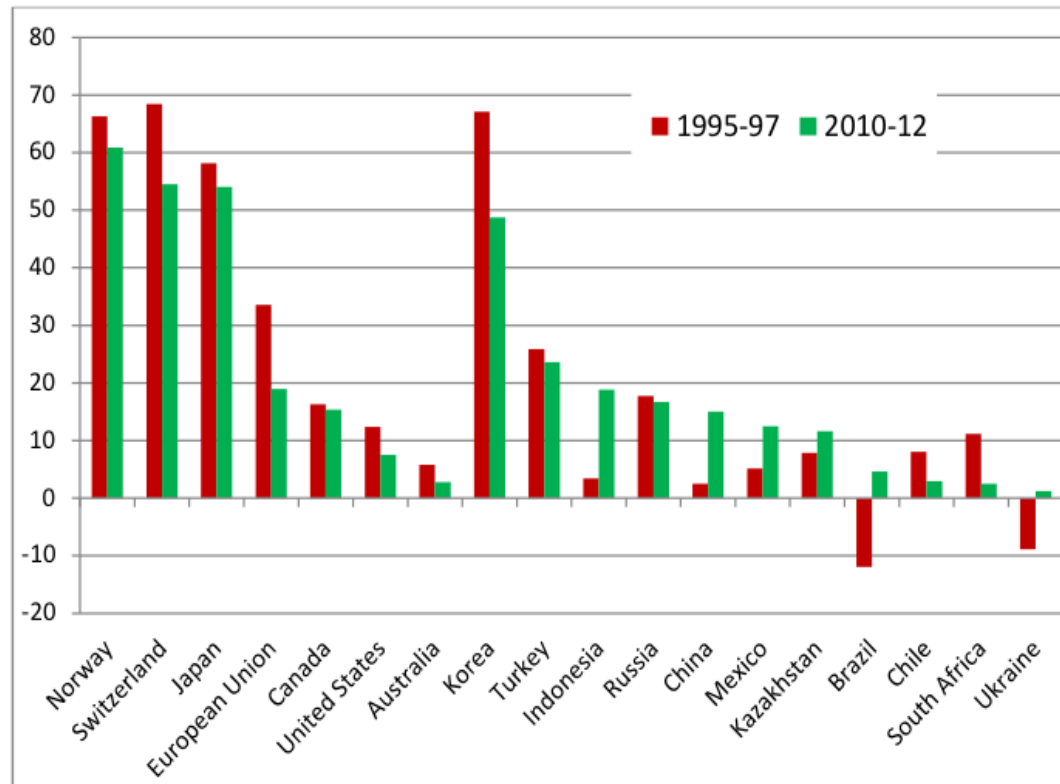


Source: Author's reconstruction based on Brown et al. (2008), Headey (2011) and additional information.

Credit: FAO COMMODITY AND TRADE POLICY RESEARCH WORKING PAPER No. 32 "Food Export Restrictions: Review of the 2007-2010 Experience and Considerations for Disciplining Restrictive Measures"  
By Ramesh Sharma, May 2011



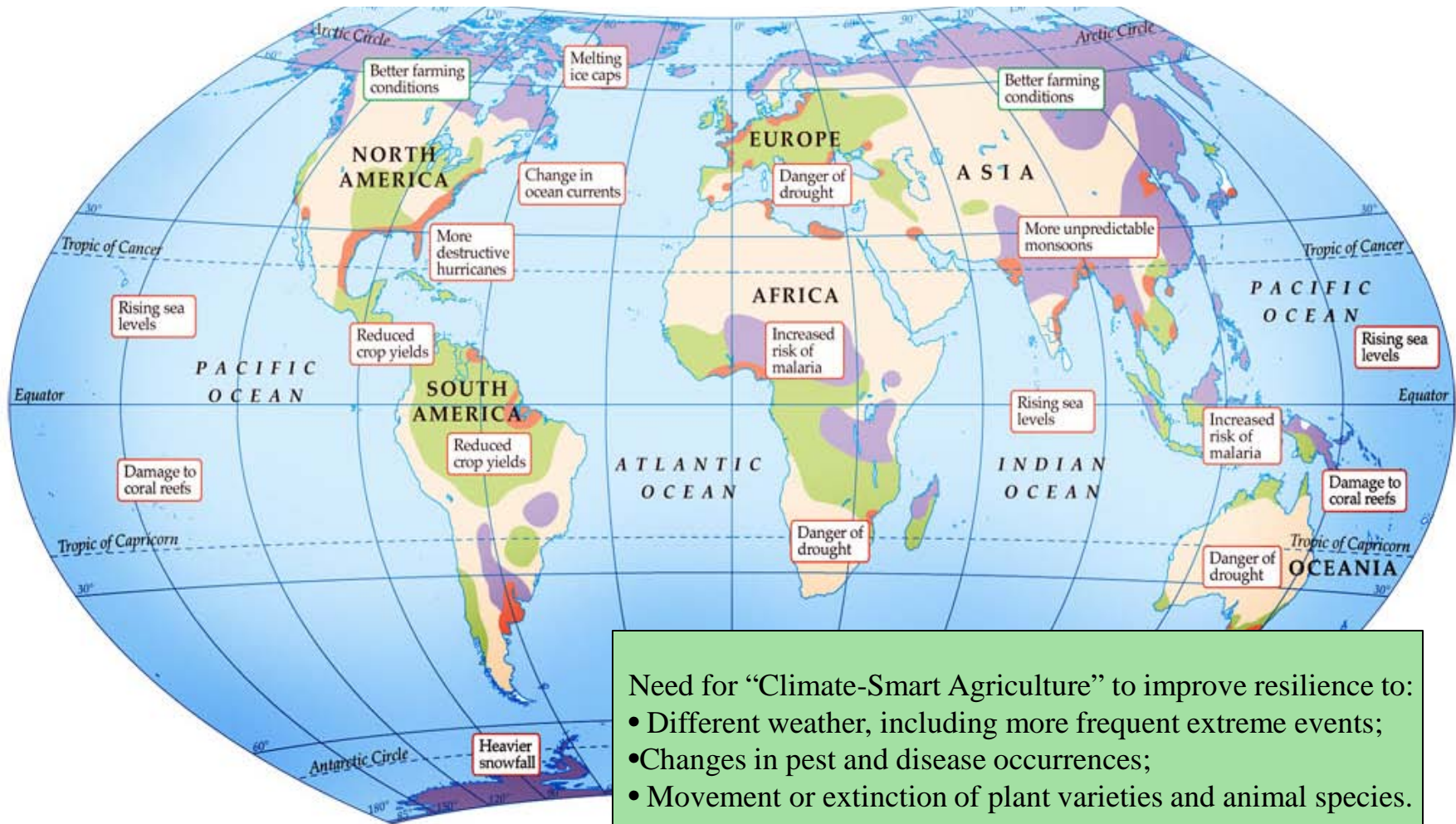
## Producer Support Estimates 1995-97 and 2010-12, Percent of Gross Farm Receipts



Source: OECD (2013).



## Challenges and Opportunities from Climate Change



Need for “Climate-Smart Agriculture” to improve resilience to:

- Different weather, including more frequent extreme events;
- Changes in pest and disease occurrences;
- Movement or extinction of plant varieties and animal species.



# Projected Population Growth to 2050

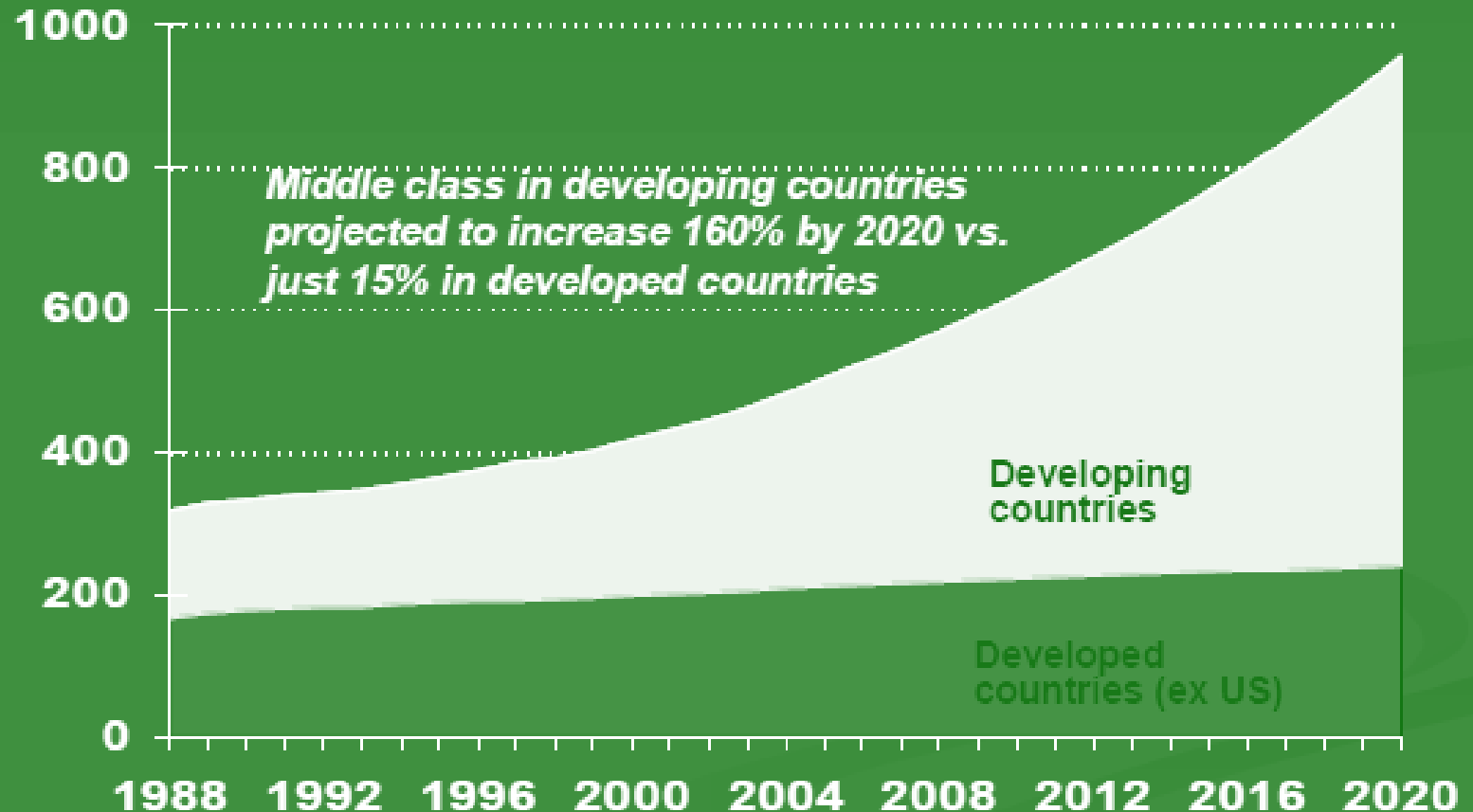
(millions)

Region	2013	2050	Change	Percent
World	7,137	9,727	+2,590	+ 36
High Income	1,246	1,311	+ 65	+ 5
Low Income	5,891	8,416	+2,525	+ 43
East & S.E. Asia	2,206	2,349	+ 143	+ 6
South Central Asia	1,846	2,531	+ 685	+ 37
Sub-Saharan Africa	926	2,185	+1,259	+136
Latin America/Carib	606	780	+ 174	+ 29
N. Africa & W. Asia	459	721	+ 262	+ 57

Source: Robert L. Thompson, "Key Global Trends and Markets for Agriculture," based on Population Reference Bureau. [2013 World Population Data Sheet](#).

# “Middle Class” Outside the U.S. Expected to Double By 2020 – Approaching 1 Billion Households

Foreign households w/real PPP incomes greater than \$20,000 a year  
(in millions of households)



# Projected Population Growth (millions)

Region	2013	2025	Change	Percent
World	7,137	8,095	+ 958	+ 13
High Income	1,246	1,285	+ 39*	+ 3
Developing	5,005	5,652	+ 647	+ 13
Least developed	886	1,158	+ 272	+ 31

Source: Robert L. Thompson, "Key Global Trends and Markets for Agriculture," based on Population Reference Bureau. 2013 World Population Data Sheet.



## Trade Will Be Key to Meeting Needs in:

- Least developed countries
  - Food security, including improving productivity, infrastructure, local economies
  - Climate change
  - Population growth
- Emerging middle class in developing economies
  - Increased consumption of meat, dairy, fruits, vegetables
- High-income countries
  - Consumer choice reflecting concern with process



# Chobani. How Matters.



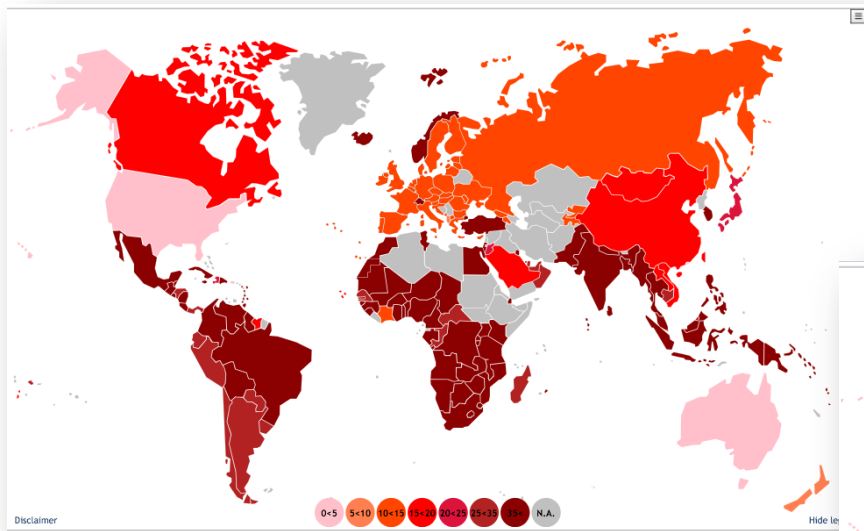


# Agribusiness Concerns

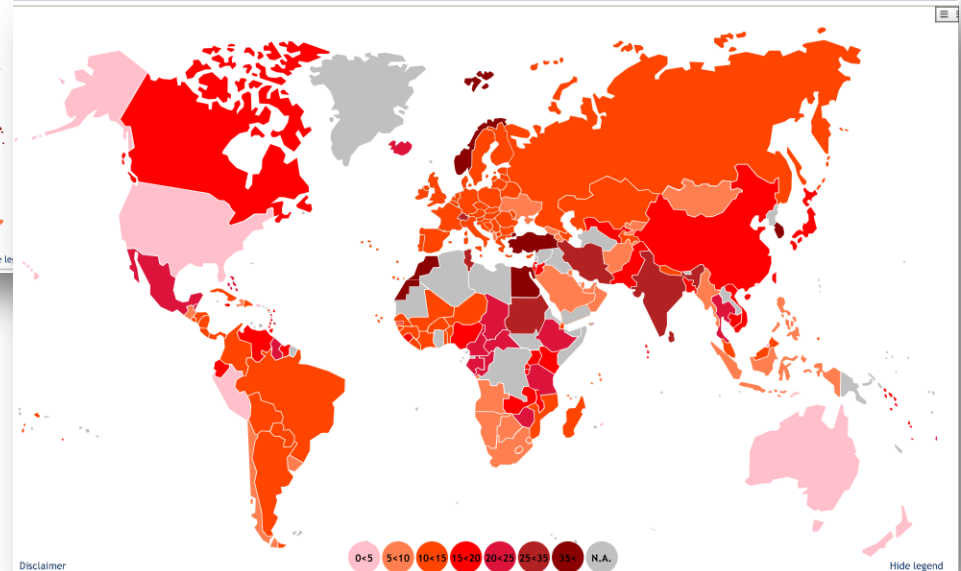
- Reconcile governments' regulatory approaches
  - Transparency, cooperation, equivalence, science basis
- Use internationally recognized standards for SPS/food safety
- Minimize costs to bring innovation to market
- Facilitate quick resolution of import issues
- Facilitate trade along the value chain



# Bound vs. Applied Ag WTO Tariffs



Source: WTO







## WTO Issues

- Improve market access
  - Huge gap in bound vs. applied tariffs
- Strengthen rules on export restrictions
- Clarify treatment of biofuels and crop insurance
- Minimize market price distortions due to “food security” or price support measures



# Preferential Trade Agreements

- TPP and TTIP have enormous potential
- Need no/few exceptions for agriculture
  - Time to resolve decades-old trade barriers
- Essential to find improved consistency in regulatory approaches and requirements
  - Risk-based decision making
  - Regulatory convergence
  - Equivalence
  - Enforcement for enhanced disciplines



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