

## MULTILATERAL TRADE AGREEMENTS AT RISK

What future for farmers?



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# IS THE MULTILATERAL TRADE SYSTEM AT RISK

## What Future for Farmers?

**Dr William Rolleston**

PRESIDENT, FEDERATED FARMERS, NEW ZEALAND,  
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In the closing weeks of October 1929 the Wall Street Crash saw the share market of the United States lose over 25% of its value in just two days. The Stock Market which had reached a high of 326 points fell to an eighth of its value, 41 points, within two years. It took until 1954 for the stock market to regain the ground it had lost. Why would that matter to farmers in Nigeria, Belgium or even America?

The answer is that agriculture is not divorced from the rest of the economy and needs trade to grow and prosper. The Wall Street Crash and its consequences provide lessons we need to heed today. In the words of George Santayana “those who do not learn history are doomed to repeat it”.

The decade prior to the Wall Street Crash was tough for US farmers. Global production of commodities like wheat and tobacco had outstripped demand and prices had been low, causing farmers to struggle. The lead-up to the Crash also saw overproduction in steel, record car sales and rocketing house prices on the back of easy credit. It all came to an end that October.

Dr William Rolleston is a South Canterbury farmer and founding shareholder and director of South Pacific Sera.

A former South Canterbury provincial president, Dr Rolleston is on the Ministry of Business, Innovation and Employment's Science Committee.

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**Agriculture is not divorced from the rest of the economy and needs trade to grow and prosper.**

Critical for agriculture though was not the Crash itself but some of the responses to it. In 1930 President Hoover signed the Smoot-Hawley Bill raising import tariffs on more than 800 goods. It was a protectionist bill. In reality the Smoot-Hawley Bill had been progressing through the political system for some time and commentators have pointed out the close correlation between its development and the events of 1929.

Prior to signing the president was petitioned by 1,028 economists not to sign it. Anyone dealing with economists will know that such an agreement amongst them is a rare thing. The economists were concerned that such a hike in tariffs would lead to a trade war and plunge the world further into crisis. They said that if countries were trade restricted they would have no means to pay off their debt. And so it came to pass.



Countries responded to Smoot-Hawley with import tariff increases of their own. International trade dried up. In the years 1929 to 1930 US exports plunged from \$7 billion to \$2.5 billion with farm exports dropping to one third. Unemployment soared by over 600%, banks failed and hundreds of thousands of Americans were left homeless.

The Great Depression which ensued is also etched on the psyche of my country, New Zealand, which saw wages fall dramatically and

unemployment rise to over 70,000 – a high number in a country of only 1.5 million. It was a traumatic national experience which left its mark on New Zealand's society, economy and politics for decades afterwards. We are a far away country but not isolated from the world and our farmers depend on international trade. Wool prices plummeted by 60% and exports fell by 45% in two years.

In fact all countries which were plugged into the world trade system suffered.



Today we are even more connected. New opportunities to export and new markets are opening up for farmers including those in African and other developing countries. The development of trade rules encapsulated in the World Trade Organisation has enabled this trade to flourish and has protected the small and the powerless countries from the large and powerful in terms of negotiating and participating in trade.

World trade peaked in 2011 at 18 trillion dollars, around sixty times what it was in the early 20th century. World trade has allowed countries to specialise in the things they do the best. As a result we are all far more interconnected and reliant on each other than we ever were. Agriculture has benefited and enabled many to begin the journey out of poverty and subsistence. Farmers still, however, make up a large proportion of the World's hungry so we have a long way to go.

While the WTO has been unable to achieve the ultimate goal of a world trade deal it has enabled the development of multilateral and bilateral deals.

As time has passed new trade deals have become more comprehensive, prompting fears by some that they encroach too much on national sovereignty and that globalisation plays into the hands of the multinationals at the expense of the individual.

In 2008 stock markets once again plunged from record highs fuelled by the same loose credit and speculation and in particular the repackaging of sub-prime debt in the US housing market - the response from governments, however, was to avoid mass bank failure and shun the temptation of trade protection measures in the vain hope that this would pull the local economy up even at the expense of others. Governments were wary of the lessons of the 1930s and there is now much more to lose.

However, mass migration into developed countries, and the loss of jobs from those countries to the emerging economies, has caused a level of public resentment. 2016, against expectations, saw the British people vote to exit the European Union and in the USA the election of Donald Trump. This time it was not a president ignoring the experts but the people. While Britain has chosen to leave one of the world's largest free trading blocks, Trump in the USA has indicated a return to protectionism, withdrawing from the Trans Pacific Partnership trade deal and threatening to renegotiate other multilateral deals such as the North American Free Trade Association. He has also suggested increasing tariffs on goods from China and Mexico where many of the US manufacturing jobs have gone.

In the 1920s agricultural goods made up around 50% of internationally traded merchandisable goods, today that figure is less than 10%.

Countries today use mechanisms such as Technical Barriers to Trade and Sanitary and Phytosanitary measures to protect their consumers from injury and disease, however these mechanisms have also been used to manipulate the terms of trade or to protect domestic producers from foreign competition. Their use has increased in the last decade - perhaps a sign that protectionism has been growing for some time.

Just as in the 1920 and 1930s agriculture and farmers could be caught up in any trade war and will suffer if their goods are impeded from flowing to their markets. Farmers in developing countries who are only now moving into the world of international trade or who are small and not collectively organised and have no government back up are particularly vulnerable.

While the USA has pulled back from the TPP, the remaining countries are looking to progress the deal without them. This would indicate that the appetite for multilateral trade deals is still alive and well. The European Union continues to progress trade deals and Britain has indicated a willingness to pursue its own trade deals once the process of divorce from the EU is complete.

Given the current climate the future outlook for trade is uncertain. If large economies choose to reject multilateral trade in favour of bilateral (one to one) deals simply so they can use their strength and power to negotiate an uneven outcome, if they chose to use their might to ignore international trade rules or if they impose tariffs as happened at the start of the Great Depression then farmers may well be caught in the crossfire and history may well repeat itself. It is in all our interests to ensure trade continues to flow so that farmers can reap the reward for their efforts no matter whether they are rich or poor, small or large or in what part of the World they live.

# Multilateral Trade Agreement: IMPLICATIONS FOR THE EU AGRICULTURE AND RURAL DEVELOPMENT

**Prof. Paolo De Castro**

VICE-CHAIR OF THE PARLIAMENTARY  
COMMITTEE ON AGRICULTURE AND RURAL  
DEVELOPMENT, EUROPEAN PARLIAMENT



**T**he geographical scope of trade, its volume and its speed have reached levels never experienced before. Food has become a global issue. This fact brings new benefits, but involves risks as well. From the first point of view, it increases export opportunities for our companies, and encourages a wider food supply for consumers. Nevertheless, this state of things also has disadvantages, which often consist in the extension of problems from a local to a global level. One example is the reciprocity of production standards. If borders are open to an extra EU country, with less strict rules on labour rights, on the environmental impact of production processes and on the health of consumers, some risks need to be taken into consideration. Farmers and farms may face an unfair competition from other producers who can work at lower production standards, which usually it usually means lower costs. Moreover, without specific safeguards, there could be a higher risk for consumers to be exposed to dangerous substances, which are forbidden in Europe. This is the sort of things to deal with during the drafting of trade agreements, where production standards are becoming more and more central. During the 90s the main topics of discussion were duties and tariffs, whereas today are sanitary and phytosanitary barriers and trade technical barriers.

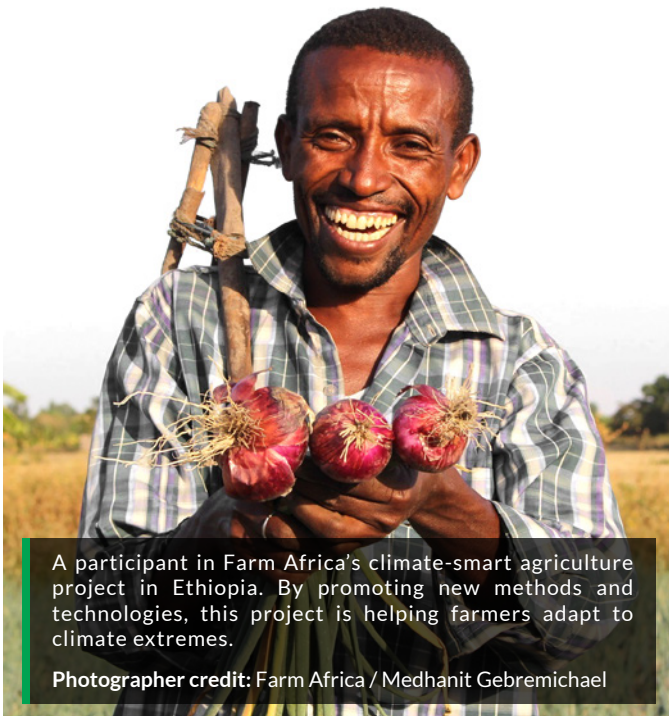
Paolo De Castro is full professor of agricultural economics at the University of Bologna.

On top of his academic career, Paolo De Castro has been strongly involved in agricultural policy making at both national and EU level: he served as Minister of agriculture, food and forestry for three times in the governments of Massimo D'Alema and Romano Prodi. As a Member of the European Parliament, he held the office of Chairman of Committee on Agriculture and Rural Development from 2009 to 2014, leading the European Parliament's negotiating team during the whole reform process of the Common Agricultural Policy for the 2014/2020 period.

Today, he is the first Vice-Chair of the Parliamentary Committee on Agriculture and Rural Development.

# BRITISH AND AFRICAN FARMERS FACE SIMILAR CHALLENGES AND OPPORTUNITIES

**Nicolas Mounard**  
CEO, FARM AFRICA,  
FARMING FIRST SUPPORTER



A participant in Farm Africa's climate-smart agriculture project in Ethiopia. By promoting new methods and technologies, this project is helping farmers adapt to climate extremes.

Photographer credit: Farm Africa / Medhanit Gebremichael

**N**ever before has the world asked so much from its farmers. The challenge of feeding a rapidly expanding global population in a changing trade and environmental landscape is a daunting task. Farmers are up to it but to succeed, they need support to sustainably increase production as well as certainty on trade agreements.

A recent meeting in London organised by Farm Africa, an international NGO working to grow farming in eastern Africa, and the UK's National Farmers' Union highlighted the importance of well-functioning supply chains to global food security.

## Growing population

With the global population set to get bigger and more affluent, the world will inevitably continue to see a rapidly rising demand for food, begging the question whether the supply of food can keep pace.

Britain's food self-sufficiency is projected to fall from 60 to 50% by 2040, whilst the [UN's Economic Commission for Africa](#) reports that the continent imported 83% of its food in 2013, despite the majority of the population working in subsistence agriculture.

These statistics could easily set alarm bells ringing when it comes to outlook for food security here in the UK and in Africa. Indeed, commentators have long feared that the global demand for food will outstrip supply. But as Tim Smith, Group Quality Director at Tesco and Farm Africa's latest board member, noted at the event: "Fifty years ago, commentators said it would be impossible to feed the population we have now. Yet between everybody working up and down the supply chain those nay-sayers have been proved wrong."

Farmers and the agriculture sector as a whole have the capacity to meet growing demand but the stakes have never been so high. Both the UK and Africa need a clear roadmap on how to achieve long-term, sustainable food security.

Pushing aside important caveats about scale, landscape and context, British and African farmers are facing similar food security challenges: the need to grow more, grow better and secure access to high-value markets.

## Growing more, growing smarter

At Farm Africa, every day we see first-hand how ensuring farmers are equipped with the right agronomic skills and high-quality inputs can boost harvests and profits. From our [sesame project](#) in Tanzania to our [fish farming programme](#) in Kenya,

we've seen how yields can increase by 200 or 300% within the space of a year. These are much needed gains, given that African farms are performing at only about a quarter of their potential.

Meanwhile, British farmers' productivity is failing to keep pace with other developed countries: the UK's agricultural productivity is achieving an average annual growth of just 0.8%, highlighting the need for increased investment and innovation to enable agriculture in the UK to realise its potential.

In Africa, increasing volume only represents one side of the coin, quality is the flipside. Improving the quality of crops to meet the standards needed to penetrate export markets can provide poor farmers with a sizeable and steady income; a vital food security ingredient.

Yet smallholder farmers often need specialist support to make the step-change from subsistence to commercial agriculture. Across many of our projects we are supporting smallholders in developing the business and marketing skills they need to work with international buyers, as well as improving their access to high-quality inputs, such as certified seeds, necessary to meet export standards.

In a **project** we run in south-eastern Ethiopia helping forest communities to earn a living from the coffee that grows naturally under the shade of trees, we've helped 15 out of the 21 coffee cooperatives we work with to export directly to the international market, where their coffee beans will fetch a much higher price.

By making sure that the post-harvest handling, processing and marketing of coffee is the best it can be, we can make sure that coffee farmers can earn a better income from the coffee they produce, helping to bolster livelihoods and protect against food insecurity.

### **Providing trade certainty**

Restrictive trade agreements, as well as poor infrastructure such as inadequate roads, can mean that even when yields are good and quality is high, farmers face challenges getting their goods to market.

Market access is of course of prime importance to British farmers with Brexit negotiations underway. With 73% of British agri food exports currently going to the EU, there's no doubt that farming will be the most affected sector when the UK leaves the EU.



Agneta Mbithe, 25, of Kyakya Youth Group Kitui, Kenya tends to Sorghum crops. With support from the European Union Farm Africa worked to build resilience to the impact of increasingly frequent droughts.

Photographer credit: Farm Africa / Mwangi Kirubi



The lack of certainty about the markets to which British farmers will have access highlights the importance of a stable trading environment to both food security and farmers' livelihoods.

"Farming is a long-term business. I, like many farmers, am making decisions now for beef products hitting the market in early 2020. Even with the best will and planning, I'm making these decisions not knowing the trading environment I'll be operating in," commented Minette Batters, Deputy President of the NFU at the recent Westminster Food & Nutrition Forum.

Regional trade is also high on the agenda in eastern Africa. While Tanzania and Uganda produce a surplus of staple crops, such as rice and maize, every year, Kenya only grows enough maize to feed itself one year in every five. Until recently, high tariffs on trade within eastern Africa have meant that it has been cheaper for Kenya to import crops from outside Africa. These policies have now changed, opening up new opportunities for regional trade.

Farm Africa is helping rural Ugandan and Tanzanian farmers make the most of this new export market, providing communities with the resources and knowledge to produce high-quality grain, store it safely and get top prices from the market. This not only helps boost the incomes of Tanzanian and Ugandan farmers, but helps secure affordable food for Kenyan consumers year-round.

While a prolonged drought has forced Uganda to employ short-term measures that halt the export of staple crops, Farm Africa is working to ensure that when farmers do achieve a surplus, they will be able to sell their crops regionally.

### **Degrading the environment degrades food security**

It is common knowledge that mankind's ability to feed itself is inextricably linked to the environ-

ment. Less widely recognised is that agriculture is also a major driver of climate change and environmental degradation. Resolving this tension through the adoption of sustainable agricultural practices will prove vital to ensuring the world's long-term food security.

Both Africa and the UK face environmental problems driven by unsustainable agricultural production, ranging from water scarcity to soil erosion to deforestation and degradation of grazing lands, which threaten future agricultural productivity.

To secure agricultural productivity and livelihoods farmers must focus on sustainable agriculture that conserves the vital natural resources they rely on, as well as support and strengthen existing conservation efforts made by local rural communities.

## Going forward



The British and African food and farming industries have more in common than first meets the eye. Global food security has much to gain from players at every stage of supply chains working ever more closely together to increase production, protect the environment and, crucially, ensure access to markets.

**Photo:** Zeritheun, 25, is working with Farm Africa to improve the quality of her coffee so that she can connect to international markets and improve her income.

**Photographer credit:** Farm Africa / Mwangi Kirubi

# Multilateralism and the Preferential Agreements: EFFECTS OF MEGA-AGREEMENTS ON LATIN AMERICA

Luis Miguel Etchevehere

PRESIDENT OF THE SOCIEDAD RURAL ARGENTINA  
AND BOARD MEMBER OF THE  
WORLD FARMERS' ORGANISATION (WFO)



**T**he appearance and the advance of mega-agreements in the commercial treaties signaled a new template for commercial relations, investments flows and international cooperation. However, recent changes in the United States' Administration, United Kingdom's exit from the European Union, just to mention a few, trigger several questions about the path that the powers should follow on the global scenario.

MERCOSUR countries are neat exporters of food and they strongly need that the bloc deepens its external relations agenda and its negotiations with other economic blocs and countries. The priority in the agenda is to conclude the negotiations with the European Union, possibly by 2017, that are being conducted for 15 years. Among other initiatives, the concrete conversations with the countries belonging to the Asia-Pacific bloc are particularly important, so as to move forward towards a negotiating agenda, led by our neighbouring country, Chile.

However, there will also be multilateral negotiations that were boosted after the ratification of the Bali package and the next Ministerial Meeting of the World Trade Organisation (WTO) at the end of 2017 in Buenos Aires is generating certain expectations. In "Sociedad Rural Argentina" we consider this negotiation field very important since, starting from it, international trade can be disciplined and a reform towards a freer and righter trade can be achieved.

On different levels, economic analysts and academics discuss about the possible impact of these preferential agreements about the multilateral governance framework, **"due principally to a really light Doha Round, that leaves space to the proliferation of this kind of agreements"**.

Maybe the biggest challenge that regional agreements, and even more mega-regional agreements, poses to WTO is the way the new norms will be articulated, more largely (OMC+) or including new themes (OMC-X), containing just what has already been established or including also what it is being negotiating in the Doha Round.

First of all, a biggest normative convergence between the most important powers could lead to more uniform prerequisites and, for this reason, to a reduction in the transaction costs for third countries that trade with those markets. However, this is far from being guaranteed. In various relevant themes (consumers protection, GMO, labour and environmental standards, capital flows, state enterprises, among others) the most probable thing is that important differences between the various agreements persist. This indicates that the best scenario would continue to be the convergence of the norms on the multilateral level. As we have already mentioned, there are themes that make the structural reform of international trade crucial for agro-industrial products' trade, like subsidies to the production and aspects linked with export competencies, that can only be tackled in this area.

The reality is that we are facing the negotiation of new international trade norms outside the

WTO area, which is where some basic principles of non-discrimination, reciprocity and special and differential treatment come first, and that the disciplines that will be agreed upon will have a great influence over international trade.

If the multilateral system does not adapt adequately to the management of the aspects that are not related with market access, countries will continue to turn to regional agreements in order to solve their coordination problems. Essentially, the challenge for the WTO is to find a system to facilitate the deeper integration that countries seek, keeping at the same time the fundamental principle of non-discrimination.

From our point of view, for the productive sectors, to have clear how the governance of these sectors are regulated is a fundamental requirement to achieve the commitment of reach the goals of feeding the world.



# Trade and agriculture: WHAT DO GERMAN FARMERS NEED?

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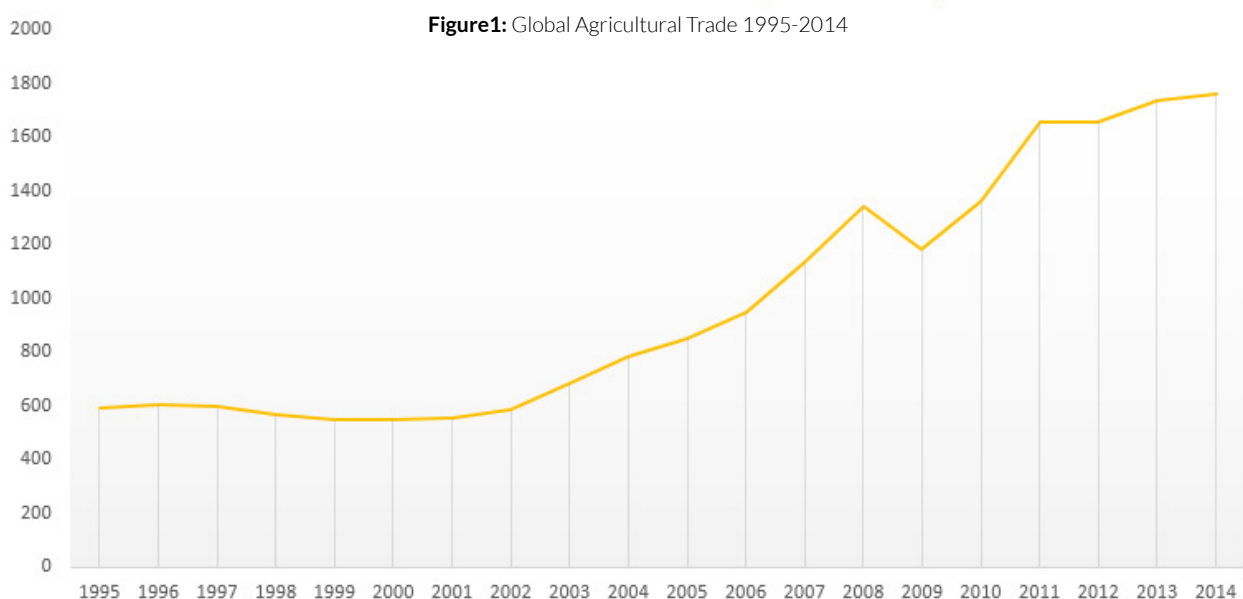
After decades of relatively closed agricultural markets, today German and European farmers benefit substantially from open markets and international trade. Despite slow progress in multilateral trade negotiations, global agri-food trade has been growing at a high rate. However, in order for farmers to harvest the full potential of international trade, multilateral negotiations should be revived and bilateral agreements have to ensure fair and balanced steps of liberalisation for agriculture. For developing countries, it is a key challenge to develop their agricultural sector in order to benefit from the given opportunities. The current tendencies of isolationism in some parts of the world put at risk the gains achieved in the past.

Trade theory suggests that trade liberalisation provides advantages for all trading partners, leading to increased specialisation and therefore to sparing of resources per unit of product produced. Trade of soybeans from the Americas to Europe, for example, is the most resource-efficient way of closing the European protein gap without putting more pressure on the already scarce resource of land in Europe. But how has global agricultural trade actually developed?

## Global agricultural trade increasing

In the period from 1995 until 2014, global agricultural trade has tripled. Most of these gains have been achieved over the past 10 years (Figure 1).

GLOBAL AGRICULTURAL EXPORTS (BILLION US\$)



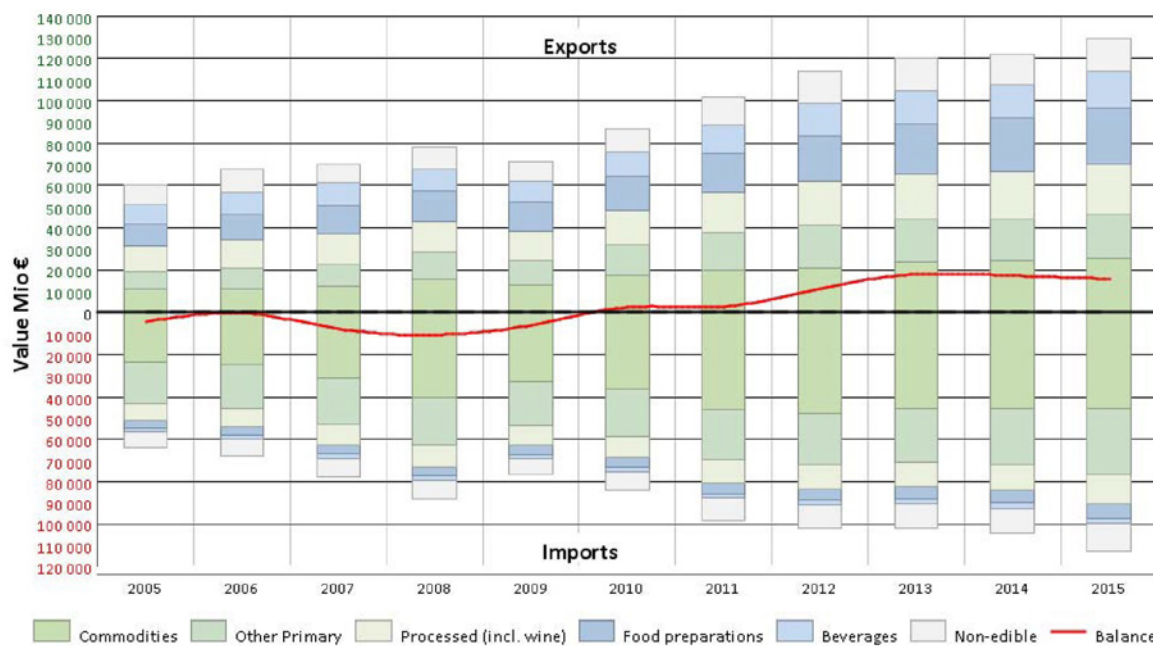
Source: Own graph with data from WTO.

Research has shown that indeed trade flows of agricultural products are increasingly directed from high-yield areas of the world to areas with a lower yield potential. With increasing urbanisation and an emerging global middle class, which also demands more and more high-value and animal products, trade flows will play a crucial role in satisfying these needs without local resource overuse. Dietary diversification does not only mean a higher demand for animal products but also more willingness to pay for specialties and other high-value products.

### The European Model of Agricultural and Food trade

The EU agri-food exports amounted to 130.7 billion Euros in 2016. This means, exports have roughly doubled in ten years. Almost the same holds true for imports into the EU where imports went up from less than 70 billion Euros to 112 billion Euros in 2016. The top destinations of EU agri-food exports in 2016 were the USA, China, Switzerland, Japan, Russia, Saudi-Arabia, either industrialised countries or emerging economies. Looking at the pattern of EU agricultural exports it becomes clear that EU increasingly exports high-value products (Figure 2).

FIGURE2: Structure of EU agricultural trade 2005-2015



Source: European Commission.

### Chances for developing countries

The EU has proven that this increase in the agricultural trade balance does not have to happen at the expense of producers in developing countries and emerging economies. In international comparison, the EU market is quite open to producers from developing countries. Developing countries export more agricultural products to the EU than to the USA, Canada, Japan, Australia, and New Zealand put

together. Figures from 2015 show that the EU exported less agricultural products from developing and emerging economies than they imported from them (exports of 71 billion Euros, imports of 80 billion euros). Many studies show that connecting farmers from developing countries to global value chains for tropical and specialty products give them an advantage over producers of staple crops for subsistence or local markets.

But connecting development country farmers to global markets rests on certain conditions: Besides knowledge, infrastructure, inputs, credit governments have to ensure protecting their domestic markets until a sector is sufficiently developed to be competitive. It is, thus, much of the same farmers around the world have to ask their governments for with respect to trade: Open markets, where there are chances, protect markets where sectors are at risk of being disrupted.

Besides chances in North-South trade that help to exploit comparative advantages related to climatic conditions (exchange of tropical products with products from temperate zones), it will also be important to develop South-South trade between developing countries. This has the clear advantage of more similar sanitary and phytosanitary standards and traceability requirements. Those are sometimes too high in industrialised countries in order for developing country exporters to comply with.

### **G20 agricultural priorities**

In their declaration from 22nd January 2017, the G20 agricultural ministers summarize much of what is necessary with respect to trade and agriculture. They emphasise the role of investment in line with the principles of responsible investment of the Committee on Food Security and the OECD-FAO Guidance for Responsible Agricultural Supply Chains. The ministers equally highlight the necessity for farmers to be profitable and have access to markets. Therefore, they support an open, rules-based, transparent, non-discriminatory and

inclusive agricultural trading system and commit to push for progress in agricultural negotiations order to get balanced outcomes at the next WTO Ministerial Conference in Argentina.

### **The way forward within the WTO**

But what can really be expected for farming in the

coming WTO negotiation processes? The Doha Development Agenda started in 2001 with huge ambitions. It was supposed to deliver a real breakthrough across all domains of WTO affairs: market access, domestic support and export subsidies. 16 years later, only export subsidies have been tackled with the agreement at the Nairobi ministerial conference in December 2015.

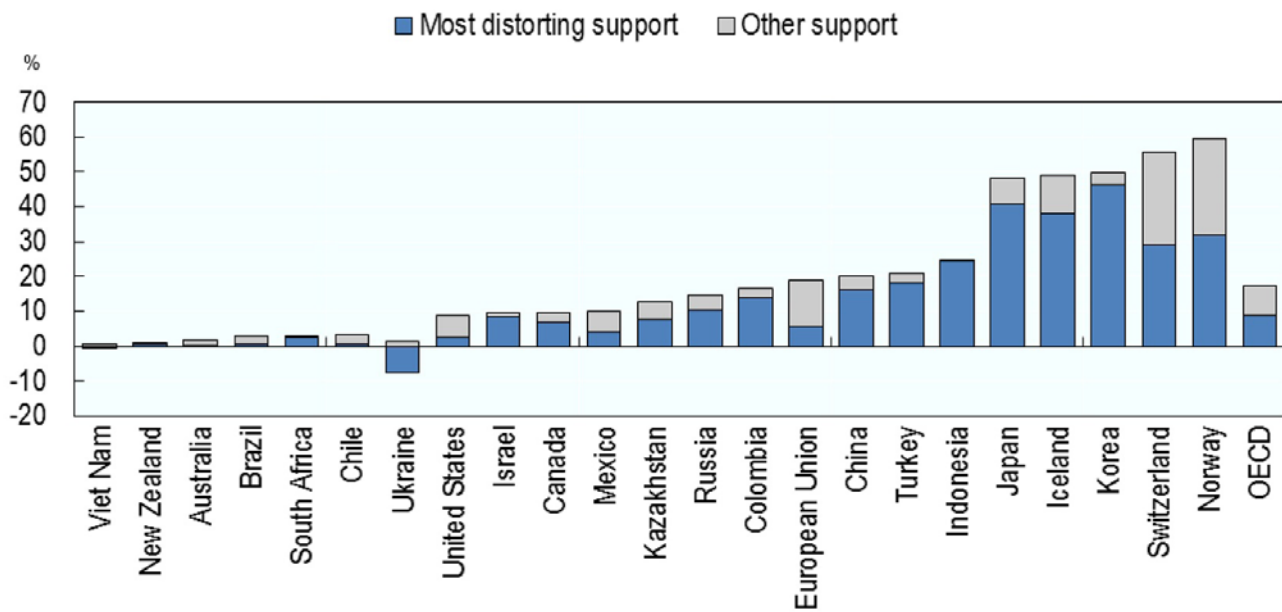
For farmers and agribusinesses, it is vital that progress does not stop here. Multilateral negotiations are the preferred tool to achieve progress in the area of international agricultural trade for a variety of reasons: First, multilateral negotiations have the potential to achieve a better balance of the interests of developing and developed countries. Secondly, clear rules that apply for everybody and to the trade with all trading partners provide a high level of certainty for trading companies and agribusinesses engaging in international trade. Only the WTO can provide such universal rules. Thirdly, multilateral negotiations have a much broader scope than bilateral agreements. While bilateral talks often focus on market access alone, the WTO process permits addressing trade-distorting measures in the areas of domestic support and export subsidies.

At the 10th WTO ministerial conference in Nairobi, ministers agreed on phasing out export subsidies until 2023 the latest. It is now crucial to ensure that this agreement is applied and enforced if necessary.

Concerning domestic support, analyses by the OECD clearly show that there is still potential to reduce distorting agricultural producer support (Figure 3). The figures indicate that some countries, including the European Union, have already substantially reduced their distorting support measures. Only through a multilateral approach within the WTO will it become possible that further achievements will be reached in this area.

**FIGURE 3: Composition of Producer Support Estimate (PSE) by country**

(in % of gross farm revenue)



Source: EU Commission, with figures from OECD

These figures also show that it is not by coincidence that the EU has moved from being a net importer of agricultural and food products to becoming a net exporter. Decoupling payments to farmers from the production of certain products enabled the EU agricultural sector to become more competitive.

### Bilateral agreements on the rise

With multilateral talks only progressing slowly, many countries have engaged in bilateral agreements instead. The recent conclusion of the EU-Canada agreement CETA is just one example of many mutually beneficial deals. CETA is not only positive for both countries but also for the agricultural sectors in both the EU and Canada. The trade agreement lifts tariffs for a wide array of products; on the other hand, certain agricultural sectors are declared as sensitive and market liberalisation is limited. CETA can therefore be a showcase of an agreement that balances offensive and defensive interests of agriculture and prevents structural breaks.

## Conclusion:

Global agricultural trade has been growing at a high rate, much to the benefits of farmers around the world. Trade liberalisation needs to continue, preferably in the framework of the WTO. When bilateral or regional deals are struck, farmers have to push their governments to respect both offensive and defensive interests of the farming sector. In the medium and long run, specialisation and production of high-value products offer the highest returns on global markets.

# Coexistence of Various types of Agriculture: **THE JAPANESE PERSPECTIVE**

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GENERAL MANAGER, AGRICULTURAL POLICY DEPARTMENT  
CENTRAL UNION OF AGRICULTURAL COOPERATIVES (JA ZENCHU), JAPAN

It is imperative that the principle of “Coexistence of Various Types of Agriculture,” which is proposed by Japan and supported by a number of diverse countries in WTO Doha Round launched 2001, is fully recognized not only in multilateral trade negotiations, but also in bilateral and plurilateral negotiations.

**W**orld population is expected to exceed 9 billion in 2050, which is 1.5 times more than that of 2000. Additionally, due to dietary changes in emerging countries caused by economic growth, the need for food is expected to increase up to 1.6 times more in 2050.

Concurrently, the advancing climate change has been affecting food supply through the shifts in of appropriate growing areas for various crops and frequent poor crops due to abnormal weather. These realities have led to growing concerns about the tightened world supply-and-demand balance.

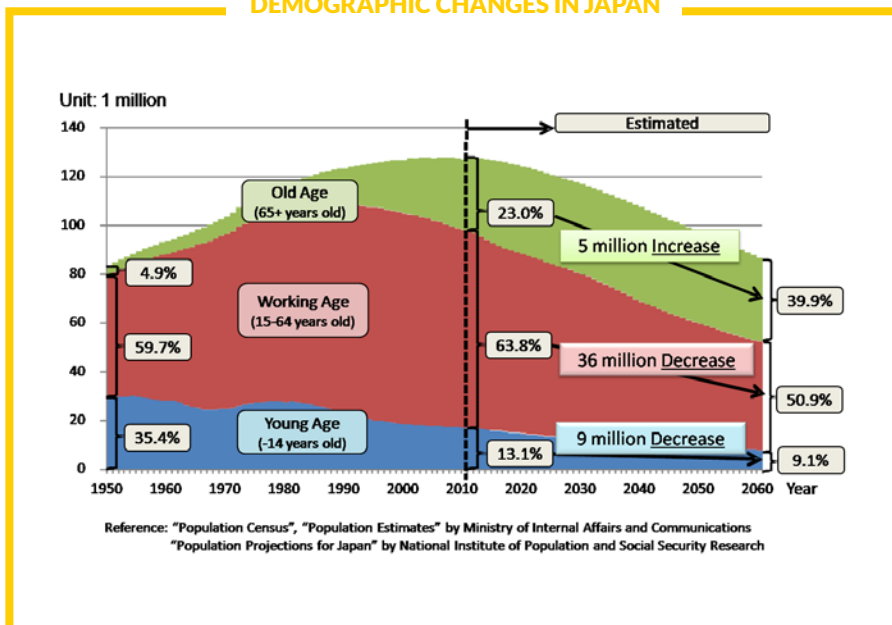
In this context, it is critically important to maintain and expand agricultural production in each country, in order to sustain the stable food supply for its people.

In Japan, the domestic market for food and agricultural products is expected to keep shrinking due to aging population combined with the diminishing number of children. As shown in the figure below, the population is expected to decrease from 125 million to 86 million by the year of 2060. Accordingly, the percentage of the elderly people over 65 years old is expected to grow from 23% to 40%. Domestic food consumption will clearly continue to shrink over time.

This situation is not unique to Japan. Emerging economies such as China and Thailand are said to be entering into a phase of decreasing population. That said, however, there are countries like the Philippines or Vietnam enjoying growing populations with large portions of younger generations.

The challenge that Japanese farmers face in this era is how to maximize the strength of Japanese agriculture,

**DEMOGRAPHIC CHANGES IN JAPAN**





while accurately reading the changing market situation both domestically and internationally.

The strengths of Japanese agriculture are the safety, quality, and strong brand Japanese farmers have cultivated through communication with consumers. Also its contribution to the pursuit of gastronomy is among them, as the “Washoku – the traditional dietary cultures of the Japanese” was designated as a UNESCO Intangible Cultural Heritage in 2013. Strengths also include the strategic utilization of value-chains and cold-chains structured mainly by the food industry. In recent years, Japan has been successfully promoting the export of the highest quality agricultural products, including Wagyu beef, rice, fruits, and more.

### **Agriculture in Asia -Unity in Diversity-**

The national symbol of Indonesia is a legendary bird Garuda ridden by Hindu god Vishnu on its back, coupled with the words in Sanskrit meaning “Unity in Di-

versity.” This principle seems to be very important not only in Indonesia, but also in the entire Asia region.

In Asia, a wide variety of people, who speaks different languages and practice different religions and customs, are living together in a densely populated environment. At the same time, cooperative efforts are needed in the production of rice, the common staple. These circumstances have taught Asian people to appreciate the value of cooperation and mutual assistance.

There are some common keywords and perspectives for agriculture in Asia. One of them among others is empowerment of small-scale family farmers. This is an important approach to achieve the goals of rural development and eradication of poverty. There are a number of countries in the region trying to reach those goals by the promotion of cooperatives as mechanisms of mutual assistance that are rooted in the society as a common value.



It is also one of the trends of Asian agriculture that an increasing number of countries are interested in so-called “smart agriculture” utilizing Information and Communication Technology. The Republic of Korea, Thailand, and Japan among others are pursuing for the possible application of smart agriculture. In Singapore, in which domestic agricultural production hardly exists generally, the development of vegetable production using smart technology is expected to contribute to the diversification of food supply sources. If those efforts are successful, we would be able to help overcome the disadvantages in terms of geographical conditions.

Diversification of food sources is an important challenge for Japan from the perspective of food security. Japan has been importing corn for animal feed supply, which contributed to the development of the domestic livestock and dairy industry. Those good quality animal-derived protein has made it possible to improve nutrition condition of the Japanese. We also produced corn starch from imported corn and satisfied industrial demand, which was difficult to do by domestically produced starch alone. In trade negotiations, we need to value mutually complementary relationships rather than conflicting relationships between importing countries and exporting countries of food and agricultural products. In this regard, it was agreed not to put restrictions on the export of important food in the Japan-Australia Economic Partnership Agreement that came into effect in 2014, which we consider as an important step from the viewpoint of food safety.

In addition, we can't avoid taking natural disasters into account when we discuss agriculture in Asia. The Philippines, Vietnam, and Japan among others are the countries frequently hit by typhoons, while food security in other Asian countries is under threat from natural disaster caused by climate

change. Also, Japan is well known as a big earthquake-prone country, along with other countries such as New Zealand and Italy.

### **A Holistic Approach Taking the Diversity of Agriculture into Account Is Needed in Trade Negotiation**

For farmers in a country with vast land and a small population, it is important to secure and expand the market access for agricultural products beyond domestic demand. However, the world does not consist of only those countries and the types of agriculture are widely diversified. In this sense, pursuing a one-size-fits-all approach or simply putting trade liberalization as an end in itself is not regarded as a trade negotiation approach that appropriately reflects the expectation of various farmers in the world.

As described above, it is necessary to take the wide variety of social needs into consideration in a balanced way in a trade negotiation, such as empowerment of small-scale family farmers, rural development, eradication of poverty, promotion of cooperatives, enhancement of productivity by increasing access to new technology, diversification of import sources, emergency disaster response, among others. On top of that, in any trade agreement, agriculture, which is necessary for maintaining human health and life, must be treated in a different way from other economic areas.

Finally, it is very troubling that recent trade negotiations are excessively conducted behind the closed doors. In contrast, the WTO provides public representatives with an opportunity to sit in on Ministerial Meeting. In WTO Doha Round, great effort was made to ensure transparency of the negotiations by releasing communications from the chairmen on the WTO website. Compared with the efforts in WTO, the secrecy of the multilateral, plurilateral, and bilateral trade negotiations is a concerning issue.

# ARE MULTILATERAL TRADE AGREEMENTS A THREAT FOR GHANAIAN FARMERS?

**Wilson Agbesi Yao**  
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**G**hana is a member of the World Trade Organization (WTO) and a signatory to the ACP-EU Partnership Agreement, which replaced the Lomé Convention, a trade and aid agreement between the European Union and 46 of Europe's former colonies and dependencies in Africa, the Caribbean and the Pacific (the ACP group). Ghana is also one of the beneficiaries of the U.S. African Growth and Opportunity Act (AGOA) quota and duty free status and a key member of the Economic Community of West African States (ECOWAS).

Multilateral trade agreements initiated by the WTO involve all members of the World Trade Organisation (WTO) - 162 countries and territories. All other agreements such as plurilateral, bilateral, regional etc. which are marginally easier and quicker to negotiate makes it easier for rich countries to support but rip off smaller and poorer countries.



The WTO system mitigates against this kind of behaviour, by neutralising powerful countries' ability to dictate terms to others, guaranteeing decent treatment for developing countries, all in the interests of creating a level playing field for global trade, with the aim of improving life for everyone. Global trade negotiations collectively comprise the WTO rulebook- a set of rules that apply to almost all trade in the world.

Note however that aside the numerous positive intent for multilateral trade agreements, trade deals are very difficult to agree. They take decades to negotiate because all members have to bargain and reach an agreement over items on their respective wish lists that everyone is happy with. And after all that, until the deal is formally agreed, it only takes one member to decide that they are unhappy after all and the deal can collapse.

The future is uncertain, but most farmers in Ghana agree on few points: that multilateral trade agreements and the WTO in particular remain the gold standard for regulating world trade, but that as things stand it takes too long to update and add to the WTO agreements and they are not keeping up with the reality of the evolving global economy.

## Risk Observed

Many risks have been associated with multilateral trade agreement implementation among which below are examples;

The Ghanaian farmer who is a small holder farmer (2-3 acres cultivable land) is at greater risk in multilateral trade agreement since developed and larger countries produce food cheaply through mechanization and commercialization while many developing countries like Ghana are traditional economies that rely on farming for most employment. These small family farms can't compete with subsidized agri-businesses in the developed countries. As a result, they lose their farms and must look for work in the cities, aggravating unemploy-

ment, crime, and poverty. Developed countries and larger countries best utilize their assets (labour, technology, capital etc.) to strengthen their economy, and under ideal condition these technological innovators enjoy best of all from these agreements and reduce their glut of goods, and unemployment. Cheap labour may be acquired from developing countries like Ghana however the end result in profit margins comparatively will favour the developed countries.

Multilateral trade agreements which increase global trade may decrease flexibility of local economies and lead Ghana to being increasingly reliant on imports. If this happens jobs and local industries will be lost to competing countries.



Industrial workers will lose their jobs and raw material supplies also will lose out when produce can be more cheaply imported from somewhere else. Multilateral trade agreements can result in a decline in local consumption of products and locally-produced cultural and social goods; since there will be the tendency to adopt to new eatery habits and reduce demand for local farm produce.

Harsh Working Conditions is common in underdeveloped countries since they try to cut costs to gain a price advantage, many workers in these countries face low pay, substandard working conditions and even forced labour and abusive child labour. Many trade agreements note that developing countries insist any attempt to include working conditions in

trade agreements is meant to end their cost advantage in the world market.

Environmental Degradation is eminent as a result of adopting techniques and strategies to produce enough to meet demands of wide market access. Least developed countries lacking technology and funding in trying to develop their economy may damage the environment due to lack of new environment friendly technology to face challenges that advanced countries had overcome in the past. The increase of corporate farms in developing countries increases pesticide and energy use, and host countries ignore costly environmental standards. In some countries, for instance, replacing native crops with coffee and cocoa trees reduces erosion.

Multilateral trade agreements leads to an increased reliance on global shipping resulting in increased greenhouse gas emissions and vulnerability to disruption caused by natural disasters which makes it easier for transnational corporations to do business while potentially evading the control of national governments.

Multilateral trade agreements promotes cultural dilution (Western culture affects non-Western culture). As development moves into former original areas, indigenous cultures can be affected as local peoples are uprooted and often killed.

In all these negativities, it is beneficial for a government program to be initiated to reimburse those affected than to just simply prevent the trade from happening since there are numerous benefits the Ghanaian farmer and the economy will benefit from a multilateral trade agreement.

### **Future for Ghanaian youth farmers**

The Ghanaian farmer can only be a partaker of the wealth creation in multilateral agreement if industrialist would be able to marry all advantages from various countries together and hence a high quality product would be produced much cheaper.

Technological driven countries will be encouraged to innovate, while a country with huge amount of capital will be assured of getting higher returns on their savings/investments and countries with unemployment and poverty can supply cheap labour to enhance wealth creation. In the scenario above most importantly standards of living of all the people in these countries will be drastically improved.

With attainment of the modalities to enrich all parties involved in the multilateral trade agreements, below benefits will be reaped by the Ghanaian farmer.

Since there will be no trade barriers among mem-

ber countries of multilateral trade agreements, the Ghanaian farmer will be able to boost agricultural exports and have supported jobs in the agri-food sector as well as in other sectors of the economy. The Ghanaian farmers produce can be exported into a member country on duty free thereby reducing their price and making them more attractive to consumers and increasing sale and profit.

The Ghanaian farmer is exposed to access to foreign direct investment. Investors will flock to countries where labour and cost of production is less like Ghana. This in turn will expand local industries and boost domestic businesses.

The Ghanaian farmer will also have a boost in farm gate prices since demand and competitive market access for produce will help put competitive tension on the market. This will result in experiencing higher returns, greater demand and more vigorous competition for their produce.

The Ghanaian farmer will have access to the latest technology and business practices from their foreign partners. In other to stay complete the Ghanaian farmer will have to be innovative and adaptive to changing conditions and markets, meet the particular demands of boosting value-added exports. The Ghanaian farmer would have to be abreast with certain quality standards that might be set for produce from each participating country. It may be a hard task for the Ghanaian farmer to adhere to if these quality standards strictly require a certain type of preservation, packaging or extraction process hence the needed training is required.

Apart from economics there is huge cultural impact. Peoples from different part of the world comes closer and learn good things from different cultures. This will help to improve social structure around the world.



## Conclusion:

The most difficult to negotiate trade agreements are multilateral trade agreements. These agreements are established among three countries or more. However, once negotiated, they are very powerful. That's because they cover a larger geographic area, conferring a better competitive advantage on the signatories.

Also, all countries in a multi-lateral agreement treat each other equally.

A consolidated global system providing a level playing field and protection for developing countries such as Ghana is the way to go. But countries need to protect their ability to regulate in the interests of the health, wellbeing, security and cultural wealth of their populations, so introducing rules that would allow unchecked free trade would be a mistake.

# Multilateral trade agreements at risk: WHAT IS THE FUTURE FOR FARMERS?

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## Introduction

Multilateral trade agreements are agreements on trade issues between three or more countries or regions. They are difficult to negotiate because of their complexity, but once agreed upon, they are very powerful and beneficial for the nations involved, giving each nation equal status in terms of trade. The share of food and agriculture in world trade has been declining. Exports of agricultural goods accounted for 8.2% of world exports in 1991 compared with 6.3% in 2005 (Korinek and Melatos, 2009). The multilateral trade agreements that have more concern on farmers and youth are as follows:

1. Agreement on Agriculture (AoA)
2. Agreement on the Application of Sanitary and Phytosanitary (SPS) measures
3. Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)
4. iTechnical Barriers to Trade (TBT) Agreement
5. Dispute Settlement Understanding
6. General Agreement on Trade in Services (GATS)

Together, these agreements expanded the focus on trade in goods to include trade in services, intellectual property (IP) and investment. They outlined commitments by member countries to reduce agricultural tariffs, export subsidies and domestic supports, to remove or amend national regulations and standards, which create barriers to trade, to harmonize standards relating to animal, plant and human health hazards arising from trade.

Global population is projected to reach 9 billion by 2050. The number of young people (aged 15 to 24) is also expected to increase to 1.3 billion by 2050, accounting for almost 14 percent of the projected global population.

Most will be born in developing countries such as Africa and Asia, where more than half of the population still live in rural areas (UNDESA, 2011). Youth continue to face challenges related to underemployment and poverty.

In Africa, and to be more precise in my community, Ama- Elu Ugwuegu, Afikpo North Ebonyi state, in Nigeria, youth farmers received seven percent of the agricultural extension services and less than 10 percent of the credit offered to farmers. Furthermore, youth farming tends to be at a disadvantage when the liberalization of agricultural markets occurs as in trade agreement (Agreement on Agriculture (AoA)) because they have limited access to credit, agricultural inputs and marketing knowledge.

Farmers, especially youth who engaged in farming, have been negatively affected by intellectual property rights (IPRs) regimes that encourage the privatization of agricultural resources and service preserving ecosystems, which were previously managed as communitarian goods. If public lands and biodiversity resources are privatized and therefore become increasingly monetized and expensive, youth will not retain access and will be obliged to rely on shrinking and increasingly degraded common property resources.

## Where is the Common Future for Farmers/ Youth Farming?

Youth are the future of food security, yet around the world many of them are afraid to face farming activities alone, because of negligence by incessant government and the inability of most multilateral trade agreements to recognize in their local and international policies program the interest of youth farming. I assert categorically that there is less future for youth engaging in farming in terms of livelihood; it could be possible to have a youth farming extinction within the next four and half decades if urgent steps and modalities are not taken properly and in time, in order to address the following main challenges:

### 1. Insufficient Access to Knowledge, Information and Education

Poor and inadequate education limits productivity and the acquisition of skills, while insufficient access to knowledge and information hinders the development of entrepreneurial farming ventures. Agricultural training and education must also be adapted to ensure that graduates' skills meet the needs of rural labour markets.

### 2. Youth Limited Access to Land

Although access to land is fundamental to starting a farm, it can often be difficult for young people to attain. Inheritance laws and customs in many countries often make the transfer of land problematic for youths needing therefore amendments. Loans to assist youth in acquiring land are also needed, as well as leasing arrangements through which youth gain access.

### 3. Inadequate Access to Financial Services

Most financial service providers are reluctant to offer their services – including credit, savings and insurance – to rural youth due to their lack of collateral and financial literacy, among other reasons. Promoting financial products catered

to youth, mentoring programs and start-up funding opportunities can all help to solve this issue. For that, encouraging youth to gather into informal savings clubs can also be useful.

### 4. Limited Access to Markets

Access to markets for youth is becoming even more difficult due to the growing international influence of supermarkets and the rigorous standards of their supply chains through twisted multilateral trade agreements. Young rural women in developing countries face additional constraints in accessing markets, due in part to the fact that their freedom of movement is sometimes limited by cultural norms. Improving access to education, training and market information can all facilitate youth's access to markets, with niche markets offering particularly significant opportunities for young farmers.

### 5. Limited Involvement in Policy Dialogue

Too often young people's voices are not heard during policy making and international trade agreement drafting processes, therefore their complex and multifaceted needs are not met. Policies often fail to account for the heterogeneity of youth, thus they do not provide youth with effective support. To fix this, youth need the required skills and capacities for collective action to ensure that their voices are heard. Policymakers themselves must also actively engage youth in the policymaking process.







### **Multilateral Trade Agreements (Agreement on Agriculture): An Impact and Risk Assessment reality, not an illusion**

I strongly believe that access to farming should be seen as a fundamental human right. Assuring a reliable supply of safe, nutritious and affordable food is my starting point for this discussion on the Agreement on Agriculture (AoA), the World Trade Organization's agreement for increasing international trade in farm products and processed foods.

In some countries, for instance, liberalized food imports have caused a flood of unnaturally cheap imports that has driven small local farmers out of business. These goods are often subsidized during their production in developed, developing and least developed countries (LDCs) and then further subsidized as exports. Export opportunities, which are often cited as a potential benefit to local farmers, have been limited as levels of protection in many countries' markets remain high.

Consumer groups in developing countries have found that the limited benefits from trade liberalization under the AoA have tended to accrue larger and better-capitalized farms rather than farmers with smallholdings. These problems are exaggerated by the global slump in prices for coffee, cocoa, maize and most other commodities.

As a result, many young farmers face financial decay suffering of potential loss of their land, an eventuality that locks them into poverty, while also can deny them the means to feed themselves and their families.

Such losses affect not only those farmers directly concerned. Agriculture accounts for more than two-thirds of the jobs in low-income countries, more than one-third of all economic activities and more than one-third of all exports. With their purchasing power seriously affected, many consumers, especially the most vulnerable ones, experience reduced access to food as a result of these changes.



In light of the impacts and risk in trade agreement, the AoA should be modified to expand and protect farmer's interests. This can be done by:

- Reduce tariff barriers in developed economies.
- Make it easier to comply with import quality regulations.
- Harmonize levels of domestic support and export subsidies for all producers.
- Promote equal access to export markets so that young producers can compete.
- Encouraging fair competition in the global market by eliminating export subsidies and credits and reducing domestic subsidies.
- Making markets in developed countries more accessible to food exports from developing countries by reducing tariffs and eliminating tariff escalation.
- Encouraging youth farming production in developing and developed countries.
- Offering technical assistance when required to improve production levels and quality.

## Conclusion:

Including youth and farmer concerning perspectives in multilateral trade agreements and related policy is an essential element of an integrated development policy framework combining social and economic measures to ensure fairer and beneficial outcomes for all. Trade can have strong and varying effects on the overall wellbeing of different groups of economic actors, including youth, requiring adequate and specific policy responses. Hence, many multilateral trade agreements relative to farmer production must be reviewed and readdress holistically in order to conserve, protect farmer's interest in the future and enhance youth massive engagement in farming.







### **Human Development for Everyone. UNDP launches Human Development Report**

The United Nations Development Programme (UNDP) launched its Human Development Report 2016 entitled “Human Development for Everyone”, underlining the importance of the 2030 Agenda for Sustainable Development to foster human development. Some of the key messages the report conveys are that universalism is key to human development, policy options, if implemented, would contribute to achieving human development for everyone and a reformed global governance would help attain human development for everyone.

<http://bit.ly/2o96uND>



### **World Water Day 2017 drew attention to wasting water**

The UN General Assembly designated 22<sup>nd</sup> March World Water Day. Those organisations active in the so-called #WASH sector (Water, Sanitation, Hygiene) use the celebration to raise awareness about water-related issues, water crises and access to water, especially in developing countries. The UN and its member nations also dedicate this day to implementing UN recommendations regarding water resources. This year’s theme was “Why waste water?”, drawing attention to the importance of wastewater in reaching Sustainable Development Goal 6 (clean water and sanitation).

<http://bit.ly/2nbzbdq>



### **Farmers at the Global Symposium on Soil Organic Carbon, Rome (Italy), 21 - 23 March 2017**

On 21<sup>st</sup>-23<sup>rd</sup> March The Global Symposium on Soil Organic Carbon (GSOC17) was held at Food and Agriculture Organisation (FAO) headquarters in Rome, Italy. The meeting was focused on some issues like the efforts of ending hunger and malnutrition, climate change adaptation, reversing land degradation, and overall sustainable development. On 23<sup>rd</sup> March Mr. Evangelos Koumentakos, Policy Advisor at Copa-Cogeca, participated on behalf of the global farmers’ community to the event.

<http://bit.ly/2nbAF7u>





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