



The Voice of OECD Business

Food and Agricultural Policies for a Sustainable Future: Responding to Global Challenges and Opportunities

BIAC Discussion Paper on the Occasion of the 2010 Meeting of the OECD Committee for Agriculture at Ministerial Level

February 25-26, 2010, Paris

I. Introduction

BIAC appreciates the increasing political pressure for addressing food and agricultural issues, as evidenced by the G20 Leaders' Statement at the Pittsburgh Summit in September 2009 and the FAO World Food Summit in November 2009. This political pressure must not fade.

In BIAC's view, the 2010 OECD Agriculture Ministerial meeting, which comes 12 years after the previous meeting of this kind in 1998, is an excellent opportunity for Ministers to strengthen the food and agriculture system's position as a top international policy priority, and to create a forward-looking vision for related policies and OECD activities.

The following pages outline the OECD business community's perspectives and recommendations concerning major challenges and opportunities facing the food and agriculture system, as well as proposals for future OECD analysis.

II. Addressing the Challenges and Opportunities Facing the Food and Agriculture System

Despite international efforts over past decades, millions of people are still not food secure. Water resources, volatility in global markets, changing trade policies, innovation, climate change, land use changes, as well as many other variables, continue to impact food security.

In view of the growing challenges that threaten food security, it is therefore increasingly essential to seize opportunities to address these challenges. BIAAC's key overarching messages to Ministers for addressing these challenges are the following:

- **Consider challenges in the food and agriculture sector in a broader perspective.** It is increasingly important to address interactions between sectors and global challenges and to ensure policy coherence between all relevant decision-makers, such as international governmental organisations, national governments and ministries, as well as business and civil society.
- **Consult and work together with the business community and other stakeholders** in order to inform debates and develop sustainable and broadly-supported policies for a stable and predictable investment environment. Public-private cooperation and multi-stakeholder dialogue will be essential for encouraging much needed investment and capacity-building in the food and agriculture system.
- **Strongly consider how to *implement* food and agriculture policies.** The Ministerial meeting is an occasion for Ministers to go beyond simply updating the 1998 shared goals and policy principles. We recommend that Ministers consider how to implement policies to address the challenges facing the food and agriculture system in the broader context of limited resources and other global challenges.
- **Call upon the OECD to carry out new forward-looking activities that benefit from the Organisation's added value.** The OECD holds significant added value vis-à-vis other international organisations in addressing challenges facing the food and agriculture system. The OECD's cross-disciplinary and evidence-based approach, together with the institutional involvement of its formal advisory bodies (BIAAC and TUAC), as well as other civil society organisations, provide the Organisation with a solid ability to objectively inform policy debates and to generate policy recommendations for a sustainable food and agriculture sector.

Further to these transversal BIAAC messages, BIAAC recommendations on specific challenges are presented in the following paragraphs.

Population and Income Growth

The number of undernourished persons has *increased* since the mid-1990s, to approximately 15% of the world population in 2008¹. As the world population increases to an estimated 9 billion by 2050, ensuring food security will become ever more important. In developing countries, this could mean increasing food availability by almost 60% by 2030, and by 100% by 2050, equivalent to a 42% and 70% increase in global food production respectively². Moreover, we have seen reductions in yield increases in previous decades, which could result in a situation where demand could grow faster than supply in coming years³.

Population increase and income growth in emerging economies are associated with changes in diets in certain countries (such as China and India), where there is rising demand for meat products. This, in turn, puts additional demand on water resources and increases emissions of greenhouse gases (GHG).

OECD countries, together with emerging and developing countries, must develop policies for increasing agricultural productivity to meet rising food demand, and this must be carried out in a sustainable way, using best practices with advances in efficiency and innovation.

Trade and Export Restrictions

Policy-makers must address the issue of market distortions and work towards creating truly open markets. Trade barriers in the agriculture sector adversely affect all countries by impeding innovation, investment and economic growth. Additional policies intended to protect national markets, such as price controls and export restrictions, will discourage the necessary additional investment in agricultural production, impede access to agricultural raw materials and threaten food security. Concluding the WTO Doha Development Round will therefore be a key policy priority to boosting global food security.

During the 2007-08 price spike in world commodity markets, there was a significant increase in applying export restrictions to agricultural raw materials exports in order to avoid domestic food shortages⁴. The issue of access to raw materials and trade restrictions should be carefully considered, since limiting access has direct implications for the food industry, retailers and consumers.

¹ OECD-FAO Agricultural Outlook 2009-2018, p62

² OECD-FAO Agricultural Outlook 2009-2018, p62

³ UNEP (2009) "Towards sustainable Production and Use of Resources: Assessing Biofuels – http://www.unep.fr/scp/rpanel/pdf/Assessing_Biofuels_Full_Report.pdf

⁴ OECD Summary Report of the Raw Materials Workshop (27th January 2010) – <http://www.oecd.org/dataoecd/7/52/44489848.pdf>

Environment and Climate Change

The contribution of agriculture to global GHG emissions, in particular in the areas of methane and nitrous oxide, is considerable and will require increased attention in the future⁵. To prevent against conflicts with policies that address other global challenges, such as increasing food production to address food security, we need to look for “win-win policies”.

Importantly, **both mitigation and adaptation will need to be considered**, as already small changes in climate change can have significant impacts on agricultural production. Preparing agriculture for adaptation should therefore go hand in hand with proactive mitigation strategies. Research is already being carried out in order to develop varieties of crop plants which can successfully grow in changing climates and have the potential to increase agricultural productivity.

Innovation in agriculture will be essential in addressing climate change. Innovation efforts should include focus on new crop varieties, crop protection, innovative water management, responsible use of fertilizers, soil conservation, and adjustment in farming practices, etc. Increasing farm productivity on existing land should be a top policy priority as it is the most productive and environmentally-friendly option available, and will address issues such as biodiversity, carbon sinks, and deforestation. A predictable and sound policy framework is necessary for the private sector to be able to make its contribution most effectively.

Food security and environmental protection are not mutually exclusive goals. Integrated agriculture based on the judicious use of technology and inputs (such as seeds, manure, fertilisers and crop protection products) and good agricultural practices can increase farm production in a sustainable way.

Competing Claims and Resource Scarcities

The food and agriculture sector is facing increased competition from other sectors for access to land, water, nutrients, and energy sources, which are expected to become further affected by the impacts of climate change, possibly leading to greater volatility in commodity prices.

For example, agriculture is particularly dependent on a sound water management system, given that in many OECD and non-OECD countries agricultural production consumes approximately 70% of the water supply for irrigation purposes⁶, and thus particular attention needs to be paid to developing sustainable water management systems and how to manage growing water consumption in other sectors. Competing uses for other resources, such as land (e.g. for biofuels production), should also be addressed, since this will affect food

⁵ 2010 OECD Committee for Agriculture at Ministerial Level, Background Notes

⁶ Ibid.

supply and commodity prices⁷. We would also recommend assessing the opportunities for renewable energy which do not compete with food production (such as solar, wind, and the use of residues, waste and lignocellulosic material).

Policy-makers should take into account the interrelations between competing demands for limited resources and the impact on agricultural production. Policy coherence will be essential in this effort. Policy-makers should always consider the full lifecycle impacts related to use of natural resources in order to fully understand their impacts on the food and agricultural system.

Innovation and Technological Change throughout the Supply Chain

Meeting the above mentioned challenges will depend in large part on the ability to raise agricultural productivity. This will only be possible through innovation in a wide range of fields, including breeding technologies and biotechnology; but also agricultural practices, farming techniques and existing agricultural tools. Specific examples include: improved seeds; integrated pest management; agronomic biofortification; improved water management; leveraging information technology for agriculture; and enzyme applications.

Innovation and technology will also play a key role in enhancing global food security, by increasing production from existing farmland, rather than by increasing the amounts of cultivated land. **Policy-makers should focus on sustainable production and supply, which involves public-private collaboration and modern technologies integrated with local and traditional knowledge.** This requires appropriate policy frameworks to be in place and investment in R&D. Policy-makers should look at the returns on investment in agricultural research in order to determine the most cost-effective options in which to invest in the future.

Policy-makers should work to address public perception issues, and should work to improve education and capacity building in both developed and developing countries within an overall enabling, stable and predictable regulatory framework. This should include a high quality intellectual property system to protect investment and thus encourage innovation. Policy-makers should focus on building capacity (both generic and targeted) R&D, accompanied by improving access to information. In terms of R&D, policy-makers should encourage human capital in information technology, applied information sciences, agricultural sciences, soil sciences and related disciplines. It is also important to boost capacity for dialogue and partnership in order to better understand technological change and raise awareness about the need to address food security. Public-private partnerships, if properly designed, can play an important role in this area.

⁷ OECD-FAO Agricultural Outlook 2008-2017

III. Future direction for the OECD

We encourage Ministers at the 2010 OECD Agriculture Ministerial meeting to not only agree on and set forth policy principles and means by which to implement them, but to also take this opportunity to reshape the OECD Committee for Agriculture programme of work and enable it to respond to the challenges and opportunities facing the food and agricultural system.

As a general principle, the OECD, together with the increasing involvement of non-member economies, should concentrate on generating analysis that highlights the added value of the OECD in relation to other international governmental organisations, such as the FAO and UN.

BIAC therefore proposes the following suggestions for the 2011-12 Programme of Work for the OECD Committee for Agriculture:

- Develop guidance to countries to counter against traditional “silo approaches” and highlight the necessity of bringing together different government Ministries and international organisations for a more holistic approach. Work on improving policy coherence between the food and agriculture system and other policy areas should be a priority.
- Address climate change and foster dialogue among different stakeholders and provide fact-based analysis on both mitigation and adaptation opportunities in the food and agriculture system.
- Concerning the OECD output area “Agriculture Sustainability”, we support a change to “Agriculture Sustainability and Growth”, and the outputs of this work should provide input to the OECD Green Growth Strategy. In our view, this output area should become a top priority area of the Committee for Agriculture.
- Address resource scarcities, including water and competing demands issues. This should take a lifecycle analysis approach.
- The OECD’s current output area “Agriculture Policy Reform” should be renamed to also reflect food policy. BIAC supports a new title of “Food and Agriculture Policy”.
- With regards to the OECD output area “Agriculture and Trade”, BIAC supports a renewed title of “Agriculture, Trade and Development” to highlight the key role that agriculture plays in development.
- Work closely with BIAC and other stakeholders on these topics, keeping them well informed in advance about related meetings and projects.

IV. Conclusion

BIAC urges Ministers at the 2010 Meeting of the OECD Committee for Agriculture at Ministerial Level to take advantage of the renewed political momentum for addressing food and agriculture challenges, and to develop a Ministerial output document that focuses on both policy principles *and* policy implementation. Priority areas for the output document should, in our view, include strengthening policy frameworks for investment and trade, increased agricultural production, innovation, and sustainable development. Due attention should be paid to ensuring policy coherence between international governmental organisations, national governments and their Ministries. We also encourage Ministers to set out recommendations for the 2011-12 Programme of Work for the OECD Committee for Agriculture that will highlight the added value of the Organisation. BIAC stands ready to provide continued support and business input to such activities.