

12th Global Forum for Food and Agriculture (GFFA)
“Food for all!
Trade for Secure, Diverse and Sustainable Nutrition”
Berlin, 16 to 18 January 2020

Background paper

One of humankind’s greatest challenges is the fight against hunger and malnutrition and the sustainable stewardship of natural resources. The world population is growing rapidly. The Food and Agriculture Organisation of the United Nations (FAO) estimates that it will have increased to approximately ten billion people by 2050.

Climate change impacts agriculture in many parts of the world, causing crop failures, lower yields and declining incomes for farmers. The globally available natural resources for agricultural production are distributed unevenly, finite and already under severe pressure.

In order to feed the growing world population and to achieve the goals of the 2030 Agenda for Sustainable Development (in particular SDG 2 “Zero Hunger”), agriculture needs to produce a sufficient amount of high-quality and affordable food, but in a sustainable way.

International agricultural trade can make a major contribution to this. It has the potential to create a global equilibrium between regions that produce different foods, facilitate the sustainable and site-specific use of resources, and ensure that the demand for adequate, high-quality and affordable food is met. This potential must be exploited. Unwelcome developments such as the uneven distribution of trade profits between and within countries and social classes must be avoided. Countries worldwide are facing the difficult task of jointly setting the right course to achieve these aims.

Which measures must be taken at global, regional and national level to meet these challenges? What can the industry and consumers contribute to this?

At the 2020 GFFA, approximately 2,000 international conference guests from politics, industry, science and civil society will discuss these issues and draw conclusions.

The following four questions will serve as a guideline for the discussions on the current challenges and possible solutions:

1. What role does trade play in respect of global food security?

The prerequisites for agricultural production are very different around the globe. For example, according to the World Bank, 65 countries do not even have the fertile arable land of 700 m² per capita, which the FAO considers to be the absolute minimum, on which sufficient calories can be produced for one person with adequate water and without crop losses.

The local, regional and international exchange of agricultural goods is therefore indispensable in order to be able to achieve the objective of permanently supplying humankind with safe, diverse and sustainably produced food. Trade thus also helps to ensure that valuable natural areas do not have to be converted into new arable land.

Trade can also make an important contribution to the positive development of prosperity, reduces poverty and can thus contribute to political stability and peace. Regions that are engaged in extensive trade are normally wealthier: they have more investments, an increased competitiveness and bigger markets for companies as well as a wider range of goods with lower consumer prices. For many developing countries, integration into the regional and global trade with agricultural goods is the most important source of foreign currency earnings. In addition, trade is also becoming increasingly important in developing countries for supplying the population in rapidly growing cities with food.

Discussions at the GFFA will address what role trade plays for safeguarding global food security and which policy measures can better exploit the positive potential of trade.

2. How can we make trade utilisable for agricultural development?

Trade and agricultural development are mutually dependent on one another – for instance, the positive potential of trade can only unfold if sufficient products are available in the required quantity and quality, which may be traded. Therefore, trade policy must be part of an integrated and coherent political strategy, in particular at national level.

Promoting **sustainable, productive agricultural and food processing sectors** and the **sustainable development of rural regions** plays a key role. The debate at the GFFA will focus on possible solutions, such as investments in a sustainable agricultural sector, in training, advisory services and agricultural research, in technological and organisational innovations, but also in a functioning local infrastructure and social security systems, and the strengthening of local markets and regional food systems, particularly in rural regions. An important prerequisite for agricultural trade are **functioning and transparent markets** and farmers' access to these markets. Price and price formation are of major importance to this end. Excessive price volatility and price speculations can lead to instability and thus, at worst, also cause hunger. Appropriate national and international instruments will be discussed that can prevent price shocks and support farmers with risk management. The

question of how market interventions as a means of agricultural policy are to be assessed will also be addressed, because they may disadvantage economic operators from third countries that are unwilling or unable to afford such measures.

The **use of digital solutions** such as the blockchain technology offers great opportunities for agricultural development. They can increase transparency in supply chains and facilitate access to new markets. Farmers can receive market information in real time, for example, and hedge immediately on the futures exchanges. However, digital trade should not lead to certain countries becoming even more dependent on global markets.

The 2020 GFFA will build particularly on the 2019 GFFA, which focused specifically on the subject of digital transformation. Measures to be discussed would include expanding smart and secure trading channels, increasing investment and further promoting e-commerce. The discussion will also address the concept on considering the establishment of an **International Digital Council for Food and Agriculture** which was drawn up by the FAO in 2019 at the request of the GFFA Agriculture Ministers.

3. How we can we make supply chains inclusive, sustainable and safe?

Agriculture can only profit from trade if value chains are inclusive, sustainable and safe. This includes providing **women and small-scale female farmers** in particular – especially in developing countries – with **improved access to markets** and value chains and the opportunity to market their products. At the GFFA, suitable measures for better integration into the value chains will be discussed. These include, for instance, improved access to working capital, digital technologies and processing and storage technologies, and the related possibility for long-term funding. Support for producer organisations and business relations could also be stepped up, because they improve the exchange of information about new technologies, prices and markets, as well as the market share.

Trade should contribute to a **sustainable development**. Here, it is important to put the three dimensions of sustainability – economically efficient, socially just and ecologically viable – on an equal footing. There are certain areas where the advantages of the market function cannot take effect. This includes, in particular, the consumption of global public goods. In order for trade to have positive effects in this area and to prevent a downward spiral in global competition (the so-called race to the bottom), the right framework conditions must be set. The conservation of natural resources such as forests and water and climate protection in general play a key role here. A clear commitment to the Paris Climate Agreement is important to counteract climate change. We will therefore discuss at the GFFA how sustainable supply and trade chains may be developed. This concerns, for example, an initiative on the development of a voluntary internationally recognised standard for deforestation-free supply chains.

The discussions will also focus on measures for the prevention of food waste along the food supply chain, including investments in the prevention of harvest, transportation and storage losses.

Agricultural trade also presents potential risks to human, animal and plant life and health. **Safety deficiencies along the food supply chain** pose great challenges to people and the economy. The three standard-setting organisations for the sanitary and phytosanitary (SPS) field – the Codex Alimentarius Commission (CAC), the World Organisation for Animal Health (OIE) and the International Plant Protection Convention (IPPC) – develop international standards in order to be able to counter potential risks at international level and to harmonise different levels of protection between countries trading with each other to prevent trade distortions. Developing countries must be further supported in their participation in these organisations and adherence to their standards.

Among others things, the GFFA will look for solutions to make value chains more inclusive, sustainable and secure.

4. How can we create fair rules for agricultural trade?

The establishment of the World Trade Organization (WTO) in 1995 almost halved market-distorting agricultural subsidies worldwide between 2001 and 2015, thus improving the world food situation. Recently, however, there has been an increase in market-distorting support measures. The global trading system as a whole is under immense pressure: the negotiation process of the WTO is struggling to achieve tangible results. The appointment of members of the WTO's dispute settlement body is deadlocked and the WTO's monitoring mechanism does not carry out its duties satisfactorily.

As long as there is no progress at global level, bilateral free trade agreements – in accordance with the WTO rules – can make a significant contribution to the opening of markets. However, the objective should remain to achieve a multilateral, rule-based, open, transparent, predictable, inclusive, non-discriminatory and equitable trading system.

Ambitious agreements in the upcoming WTO negotiations in Nur-Sultan, Kazakhstan, would contribute significantly to dismantling barriers to trade and reducing distortions on the international food markets, creating incentives for food production in developing countries, thereby improving the food supply situation all around the globe. This would further strengthen fair rules in agricultural trade and the multilateral trading system.

There is an urgent need to find a workable compromise between the interest in maintaining sustainable national agricultural production and the responsibility for fair trading conditions for all farmers worldwide. The 2020 GFFA aims at promoting this discussion process.