



# Trade, aid and agriculture

Working together for fair and open trade

**Christian Friis Bach**

International Director

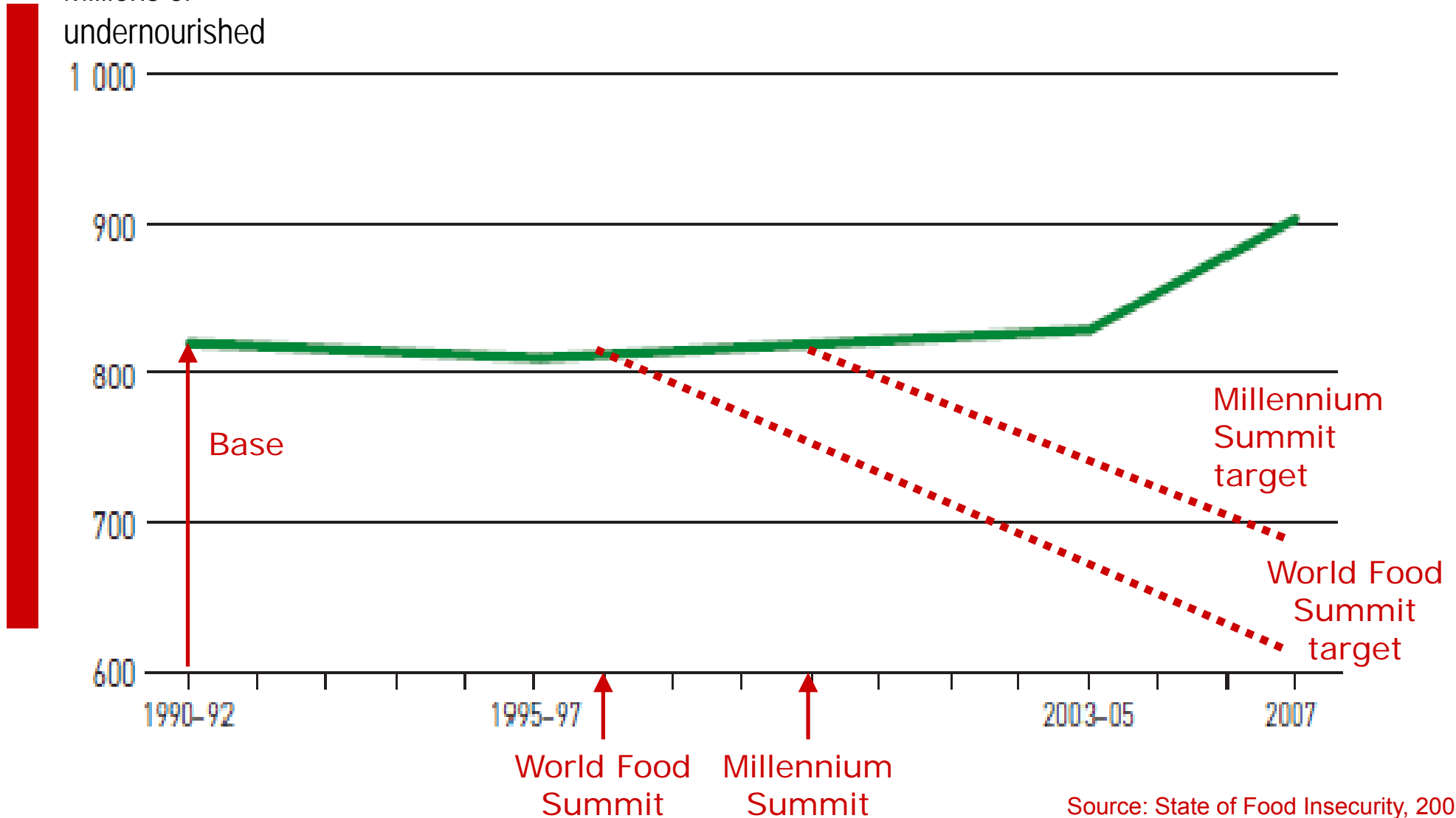
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Affiliated Professor

**University of Copenhagen/LIFE**

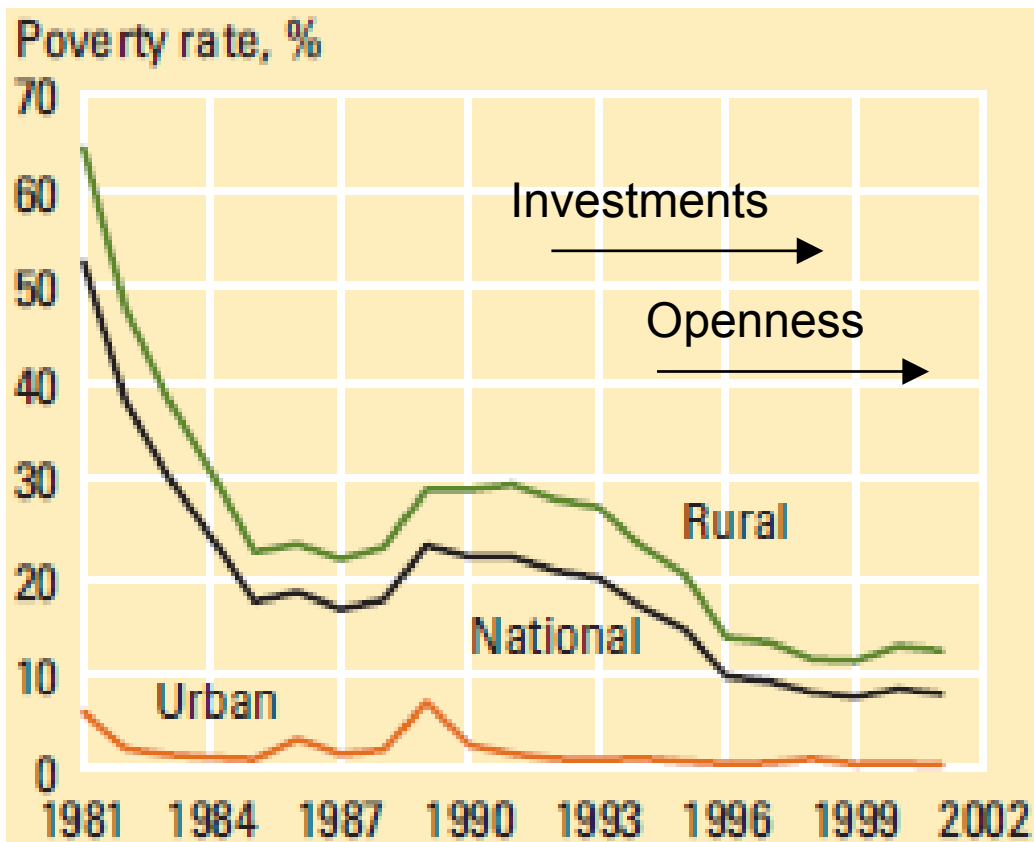
# The worlds largest challenge

Millions of  
undernourished



# Agriculture against poverty

Urban and rural poverty in China



- Poverty
- Growth (1:2,5)
- Employment
- Environment
- Conflict
- Climate change

Source: Ravallion, M. (2009): Are there lessons for Africa from China's success against poverty? World Development Report 37(2):303-313; Ravallion and Chen (2007): China's (Uneven) Progress Against Poverty. Journal of Development Economics 82(1):1-42

# Agriculture against conflict

Rwanda



Conflict causes hunger

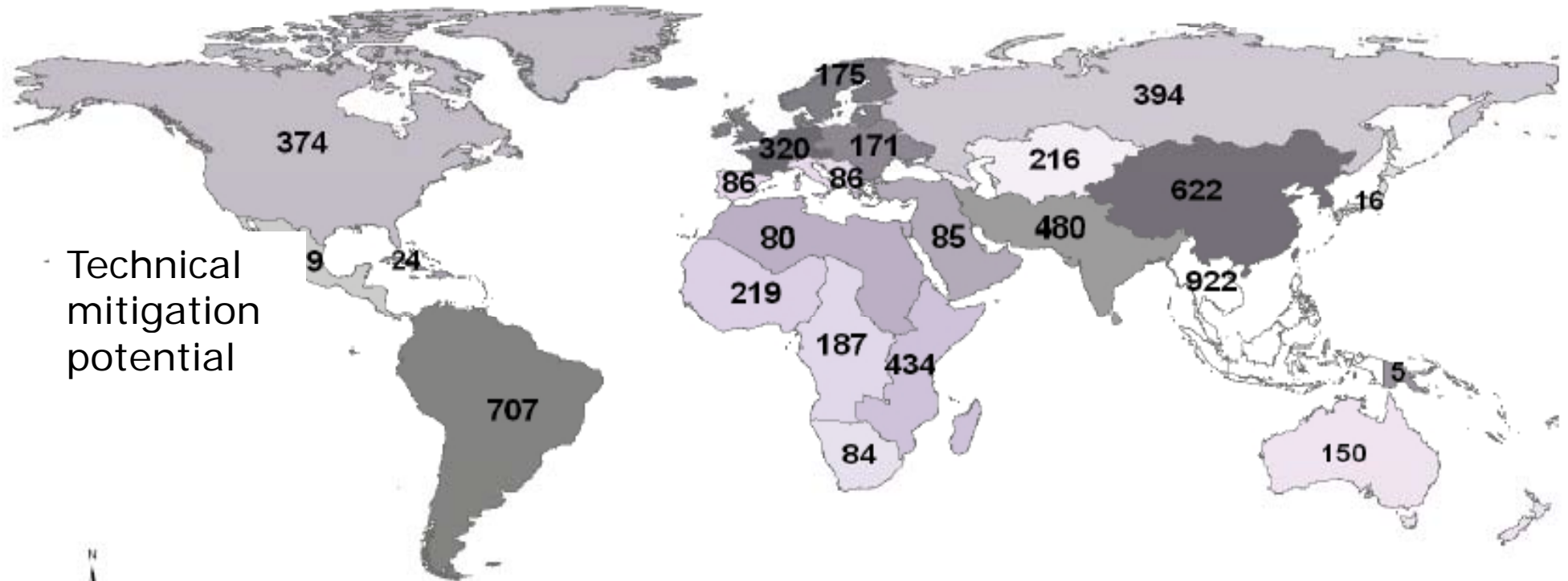
Hunger can contribute to conflict

Agricultural development is critical to  
conflict prevention

Darfur



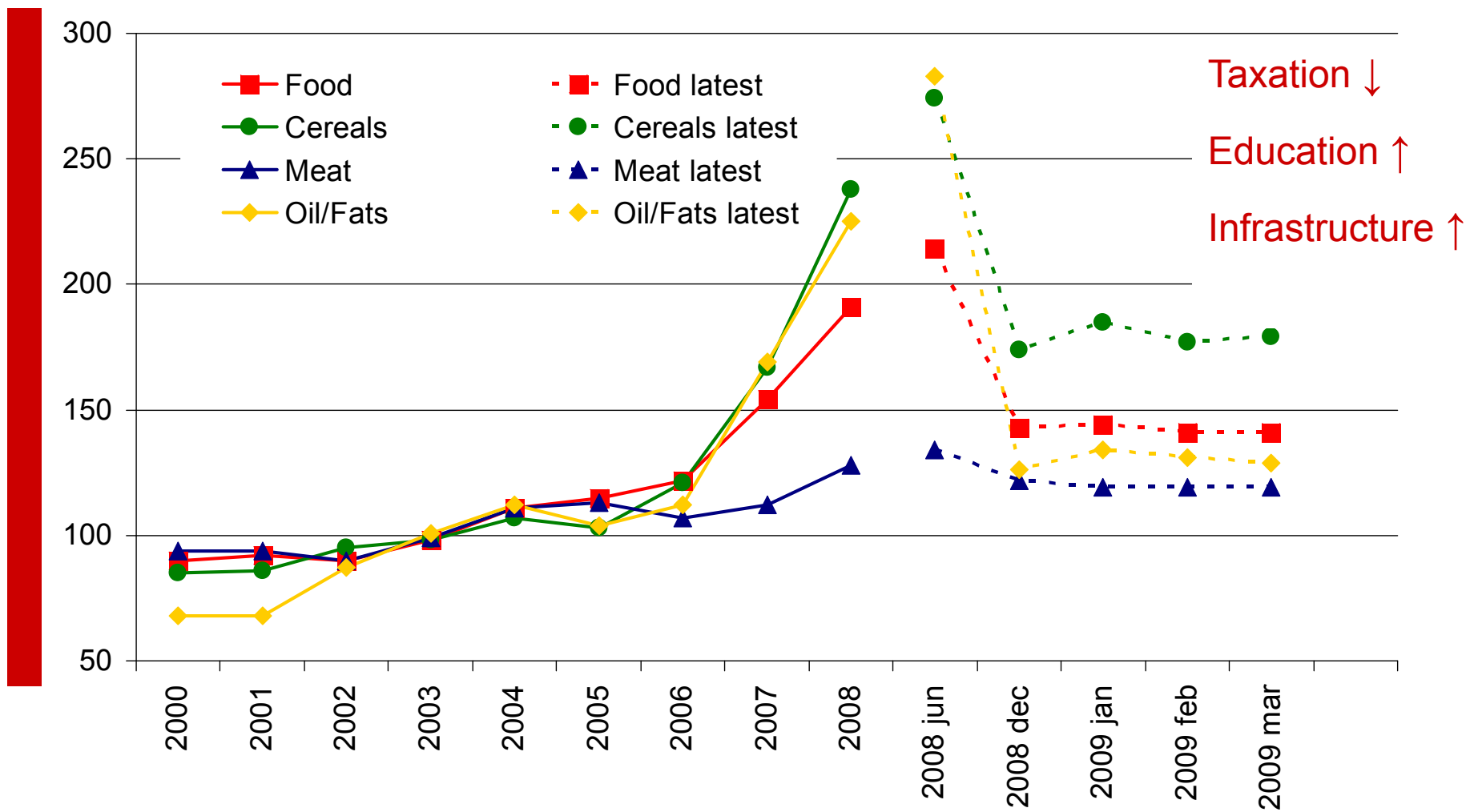
# Agriculture against climate change



- Mitigation potential in agriculture = 1-4 billion t CO<sub>2</sub>/yr
- Between 11-17% of total mitigation potential
- 70% is in developing regions

Source: Smith et al (2008): "Greenhouse-Gas Mitigation in Agriculture," Philosophical Transactions of the Royal Society B 363;  
Bryan et al. (2009): Global Carbon Markets - Are There Opportunities for Sub-Saharan Africa? IFPRI 2008.

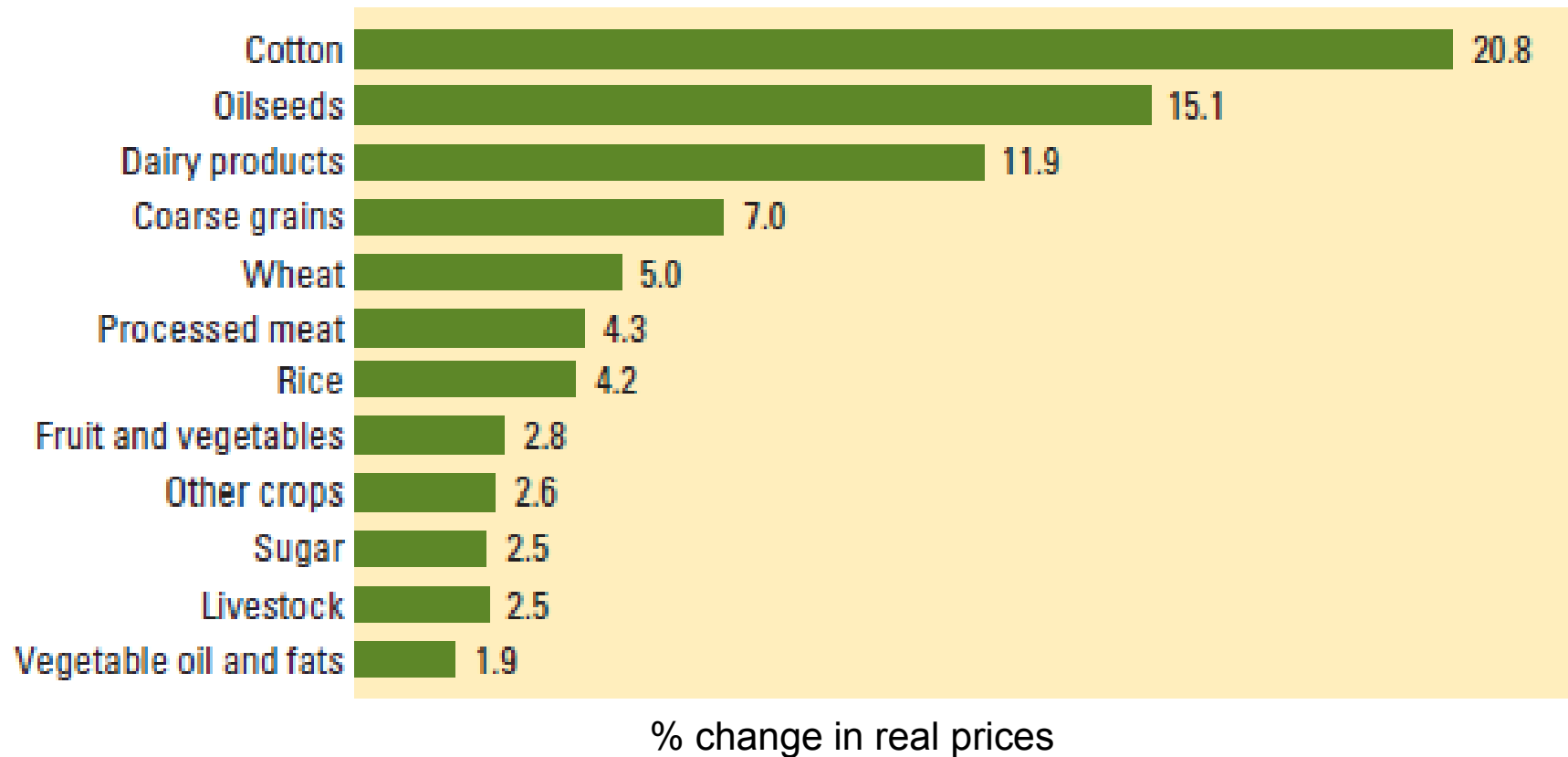
# New opportunities for agriculture



Note: Index 2002-2004=100

Source: FAO, Food Price Indices, January 2009, <http://www.fao.org/worldfoodsituation/FoodPricesIndex/en/>

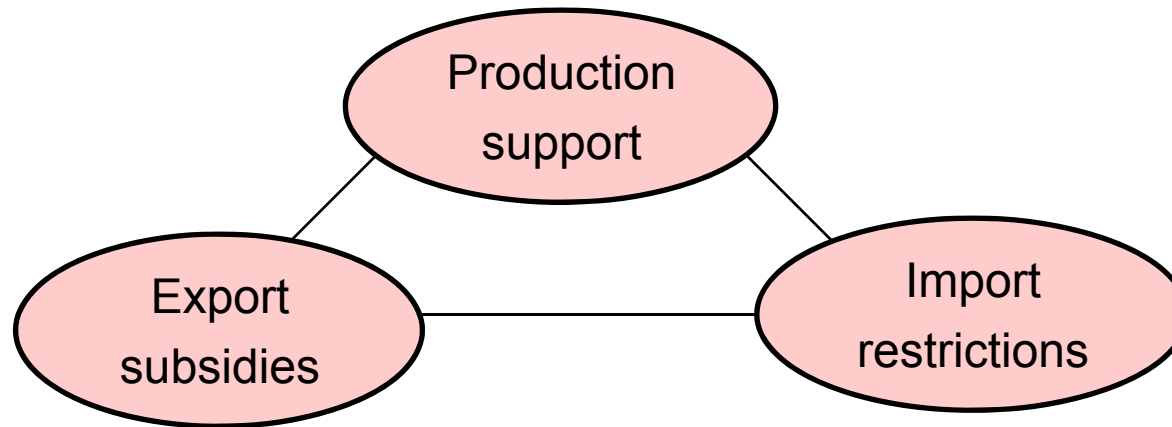
# Cost of farm policies > agricultural aid



Source: OECD 2006 and Anderson, Martin, and van der Mensbrugge 2006a as quoted in World Bank (2008): World Development Report

# Agricultural reforms must speed up

**Decouple fully & Re-nationalise**  
support to social/environmental issues  
Phase-out the (still distorting) decoupled support



Total phase-out **2010**

**Tariffication & tariff reductions**  
Ease the **rules of origin**



# Where the old barriers disappear...

Small-holder participation in Kenya (% of exports)	Fresh fruit/vegetables	Cut flowers
<i>Mid-1980s to early 1990s</i>		
- Dolan and Humphrey (2001)	75%	
- Harris (1992)	75%	
- Kimenye (1995)	70-80%	10%
- Jaffee (1999)	50%	
<i>Late 1990s</i>		
- Jensen (2003)	50%	5%
- Dolan and Humphrey (2001)	18%	

## Traceability

- Health standards
- Environmental standards
- Technical standards
- Social responsibility



**Poverty impact  
 assessment needed!**

Source: Jensen, M.F. (2004): Food Safety Requirements and Smallholders: A Case Study of Kenyan Fresh Produce Exports. Chapter IV, Ph.D. Thesis, The Royal Veterinary and Agricultural University. Dever (2007). Case Study #6-5, "Small-Farm Access to High-Value Horticultural Markets in Kenya". In: Pinstrup-Andersen and Cheng (editors), "Food Policy for Developing Countries: Case Studies."

# New knowledge protectionism

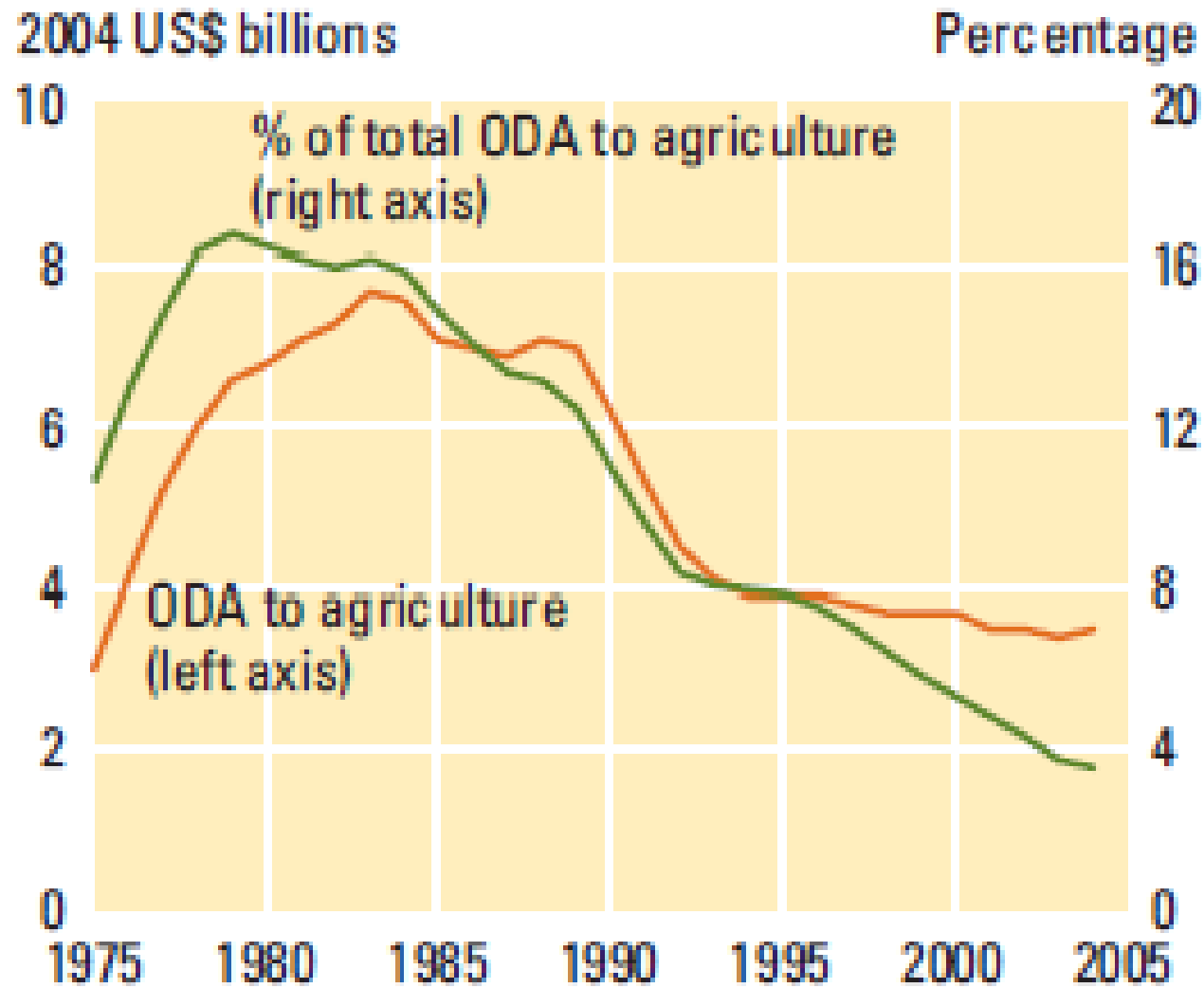


Bt-Cotton

## Intellectual property rights:

- No increased investments and innovation in poor countries
- Increased prices for vital innovations in poor countries and hampered local and appropriate research and development
- Lack of IPRs is the best way to ensure technology transfer and “infant industry” protection
- There is increasing evidence that the current IPR regime hampers research and development – also in rich countries

# Funding highly inadequate



Source: OECD 2006 som citeret i World Bank (2008): World Development Report s. 41

# Trade, aid and agriculture

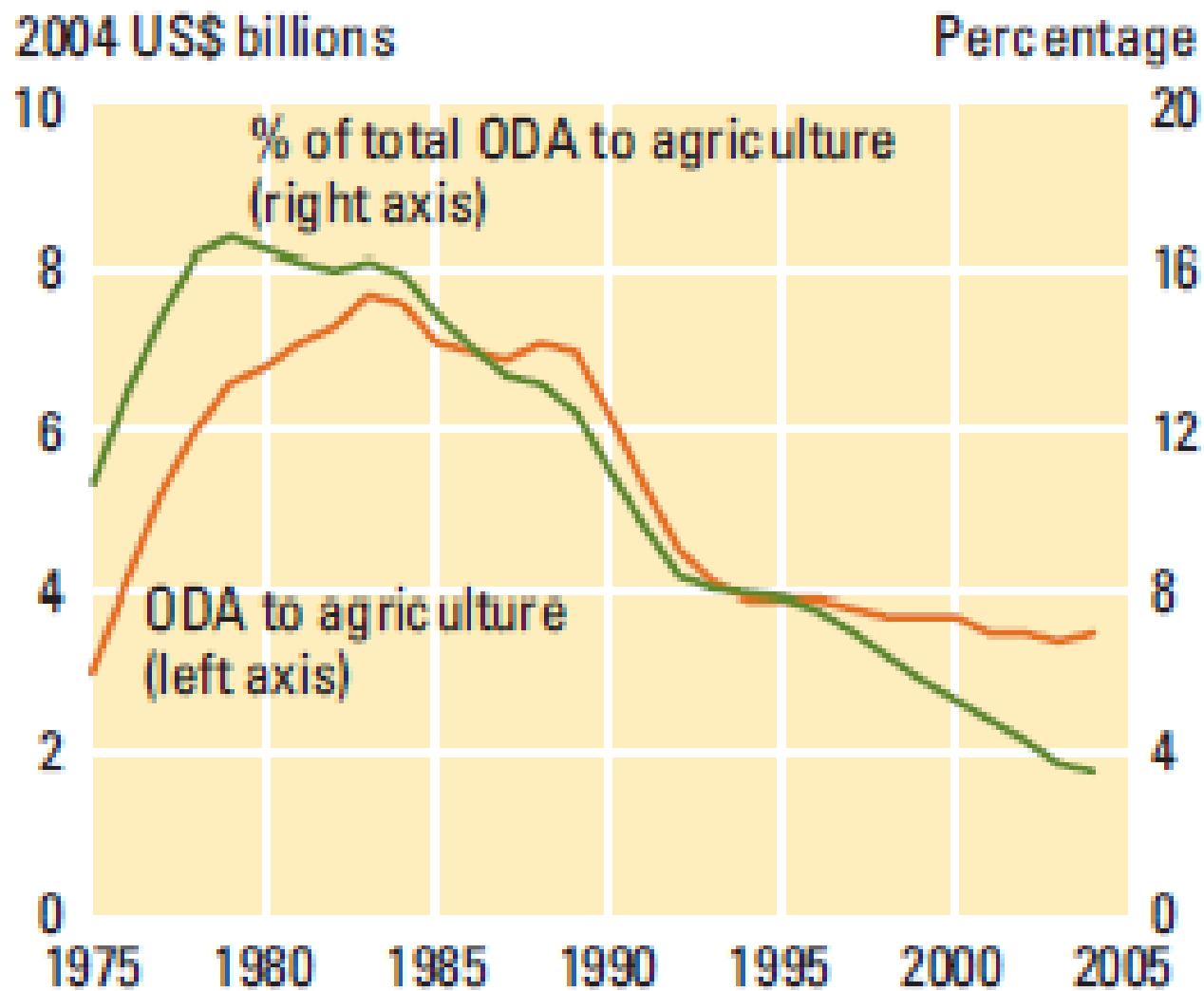


**Poor farmers** are key to solving both the poverty crisis, the food crisis, the finance crisis and the climate crisis

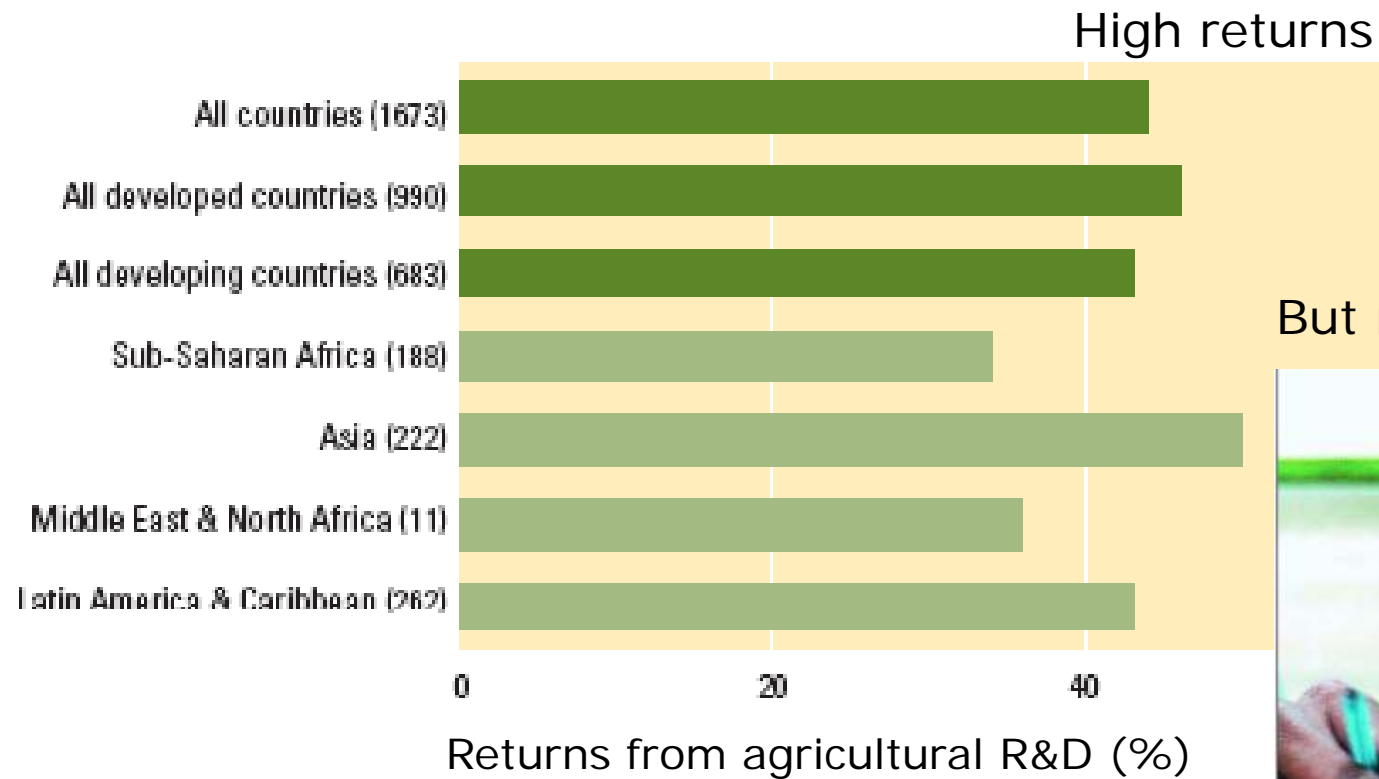
- Substantially improve the EU agricultural offer to the **World Trade Organisation**
- Ensure a balanced implementation of the **Economic Partnership Agreements**
- Ensure that poor countries have the needed flexibility to **protect and support agriculture**
- Ensure poverty assessment of all new **standards and regulations** – and support poor countries in adhering
- Grant poor countries much larger flexibility when it comes to **intellectual property rights**
- Substantially increase **aid to agriculture** in poor countries



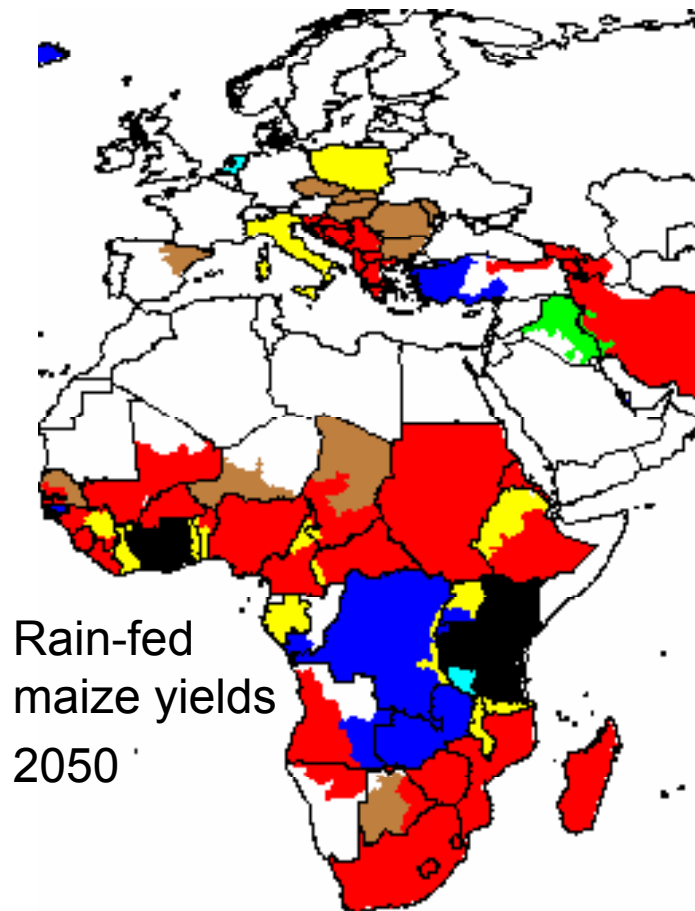
# And it is about funding



# It is about innovation

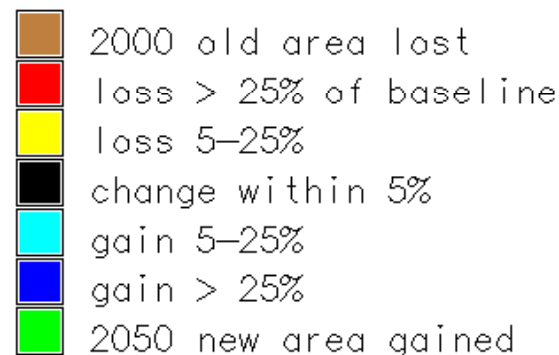


# New challenges: Climate Change



**Agricultural production** in many African countries and regions is projected to be severely compromised by climate variability and change.

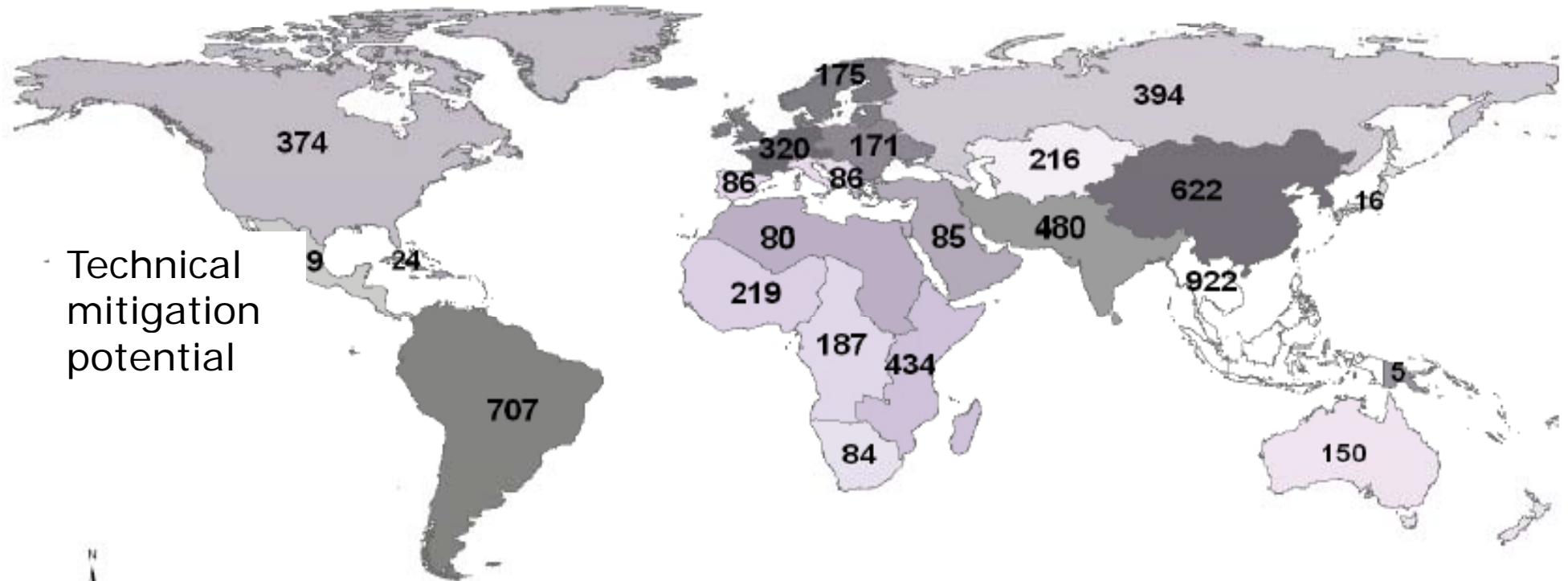
In some countries, yields from rain-fed agriculture could be reduced by up to 50% by 2020



Source: IPCC (2007); Gerald Nelson (2009): Results from IMPACT model, 2009, IFPRI



# An important part of the solution

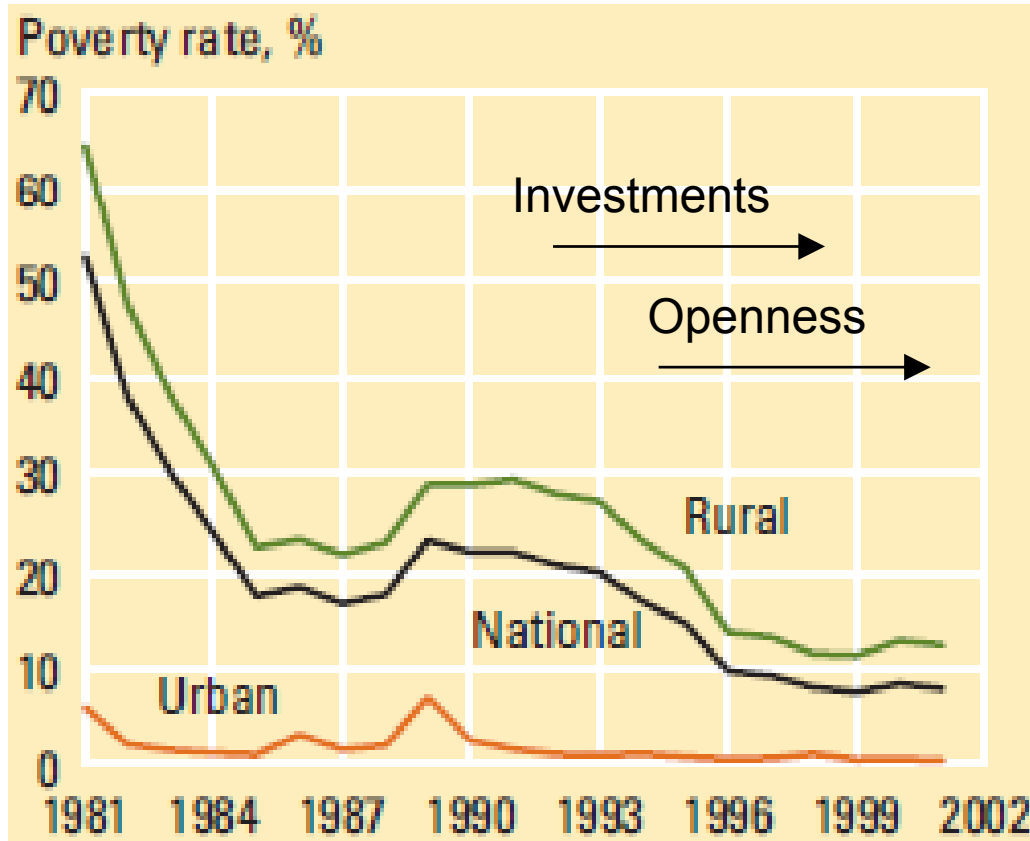


- Mitigation potential in agriculture = 1 to 4 billion t CO<sub>2</sub>/yr
- Represents between 11 and 17% of total mitigation potential
- 70% of mitigation potential is in developing regions

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# What can Africa learn from China?

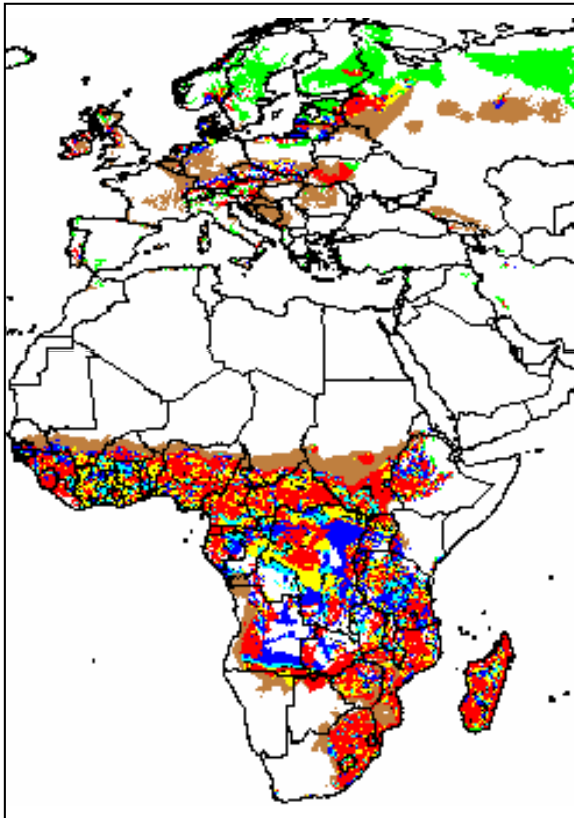
## Urban and rural poverty in China



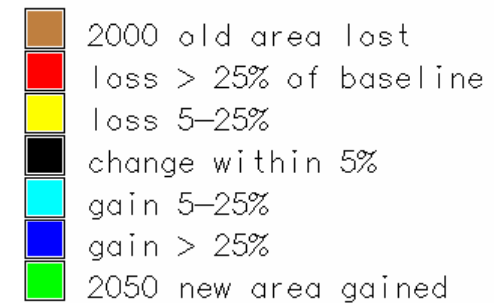
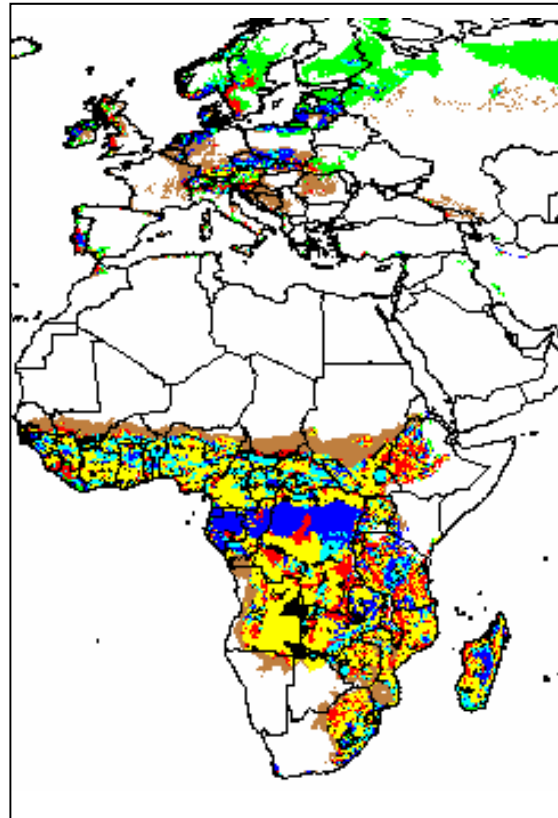
~300 mio. people pulled out of rural poverty during 1981-1987

# It is about adaptation

Maize Variety 990001



Maize Variety IB0041



Source: G. Nelson, J. Koo, R. Robertson (2009): Simulating the Yield Consequences of Climate Change: Combining Crop Models with Location-specific Climate and Physical Constraints, EPTD, IFPRI, in draft

# Rich country subsidies decline slowly

Producer support estimate, %<sup>a</sup>

