



AGRI-FOOD BUSINESS DAY

CLOSING SESSION

REMARKS BY DDG ANABEL GONZALEZ

9 December 2022

Reflections on the two day event by DDG Anabel Gonzalez:

Doaa, this has been a truly extraordinary event. Particularly fascinating was the near unanimity of agri-food businesses, and farmers big and small, on the fact that international trade is critical to global food security. I participated in the Opening Session and listened attentively to all other sessions, and have heard no dissent.

In fact, the support for international trade went further with the Grain and Feed Trade Association (GAFTA) and the International Fertilizer Association (IFA) clearly indicating that “no country can go it alone to ensure its food security in today’s world.” IFA added that where phosphorous, nitrogen or other minerals finds themselves in the ground is based on no more than an accident of geography – with the fertilizer industry by definition now being one of the most globalized industries in the world.

The food and fertilizer crisis was front and centre of all roundtables, with participants expressing their serious concern about the current situation and their hope that trade policy would be part of the solution, and not part of the problem. The underlying message of all sessions I thought was that this is a time for the international community to “join hands” rather than to drift apart. Countries need to be sharing food and fertilizer in the multiple global agricultural value chains that have formed across the globe. I was particularly struck by Gerald Masila’s words that “to impose an export restriction on fertilizer in one end of the globe would be to seal the fate of large numbers of people on the opposite end.” “To sign their death warrant,” he said. He is of course the Executive Director of the East Africa Grains Council.

Agri-Food Business Day also sent a strong message on the themes of food standards and non-tariff barriers to trade. Standards need to be science-based and anchored in international norms. Countries cannot “go it alone” on standards either. To do so would be to impose an unnecessary cost on trade, and ultimately on the poorest consumers. The same went for the themes of digitalization, e-commerce and trade facilitation addressed in these two days. Industry and farm leaders want us to push actively in this direction, which they see as the future. We heard the Global Pulse Confederation tell us that digitalization is transforming the logistics of trade, the turnaround time for vessels and containers, and dramatically lowering shipping costs. But we also heard the Global Alliance for Trade Facilitation tell us that the incomplete application of the agreement is literally, I quote, “money left of the table.” The WTO must move faster in all of these areas which will ultimately define the future of food and agricultural trade. In fact, in Roundtable Three the Nigerian agricultural attaché who was moderating the session chuckled as a viewer asked how soon



we thought that 3D printed biscuits and bread would wipe traditional foods off the market. The viewer is clearly ahead of us here in WTO.

Particularly intriguing Doaa was the discussion around environmental sustainability at this event. While some agri-businesses warned against using sustainability to raise barriers to trade, we heard this loud and clear for example from the Brazilian Agribusiness Association (ABAG), others argued that agricultural trade and sustainability were no longer themes that the world could afford to address separately.

The Brazilian Business Council for Sustainable Development indicated that because agricultural value chains were so globalized, no producer could claim to be operating “sustainably” until the totality of the global value chain was greened. International trade was making it essential to take the sustainability discussion to a global scale. There was discussion of the need to reform trade-distorting agricultural subsidies and to repurpose them, with companies as large as Nestlé telling us that they are unable to green their supply chain with agricultural subsidies pushing in the wrong direction. The Australian Ambassador expressed this very well when he said that while he would give the WTO a tick on the oceans, given its recent success with WTO fisheries subsidies negotiations, he would not be able to give it such a tick on land. In other words, the WTO has some unfinished business before it.

The developing world was also very vocal on sustainability. I was struck by the Ambassador of Cameroon’s plea that standards for deforestation should not come at the expense of food security. The need to balance food and environmental security was also echoed by businesses, like the Global Dairy Platform. Clearly, sustainability is a delicate issue, on a which careful balance will need to be struck at the WTO negotiating table.

In the end, at this event, industry and farm leaders have sent the WTO community a message that is loud and clear: they want *more* not *less* WTO. And I firmly believe that we in the WTO must now take the time to reflect on this event, and to deliver.

Michael, you are now Chair of the International Agri-Food Network. Once again thank you for helping make this event possible. My team tells me that it would not have happened without IAFN.

First Question to DDG Anabel Gonzalez: Relative to other areas of the WTO rulebook, what makes agriculture so hard? Is agriculture the toughest nut that the WTO must crack?

Doaa, thank you for this question – the short answer is yes.

It may surprise viewers to know that as the WTO settles complex disputes to do with some of the world’s most sophisticated industrial products – like the Boeing-Airbus dispute, or disputes to do with state-of-the-art services like sports streaming services, there will always be a dispute before the WTO to do with rice, wheat or bananas.

While the share of world agricultural trade in total merchandise trade has been falling steadily over the years, the volume of world agricultural exports has nevertheless risen substantially in the past few decades. Agriculture continues to be a very important sector of world trade, and accounts for about 8.5% of world exports.



But to understand why trade negotiations in this sector are amongst the complicated, you must go down to the national level. Agriculture in many WTO Members accounts for the bulk of GDP and employment. Suffice it to look at Africa, where agriculture accounts for over 30% of GDP in Ethiopia, 40% of GDP in Chad and 60% of GDP in Sierra Leone – when forestry, and fisheries are taken into account. In Malawi it employs up to 80% of the active workforce, and in Burundi 90%. But agriculture is no less important in the rest of the world, where it represents the health of our soils and quality of our landscapes and rural environments, the quality of our food and nutrition supply, and vital income for farmers. Food sits at the cross-roads of our cultural, religious and many other beliefs, and is also an extremely emotional topic.

For all of these reasons, this is a sector where trade barriers remain rampant. Some take the form of classic tariff and subsidies, measures clearly intended to promote domestic over imported products, while others take the more complex form of safety and quality standards. Luckily, we in the WTO are equipped to deal with different types of barriers and have legal instruments that are specific to each barrier, like the Agreement on Agriculture, the Agreement on Sanitary and Phytosanitary Measures and the Agreement on Technical Barriers to Trade.

But, Doaa, make no mistake. While agriculture is amongst the toughest nut to crack in the WTO, the WTO has cracked it in the past through legal instruments that have remained with us and that have remained effective to this day. And the WTO will crack this tough nut again. Just take the food security decisions adopted at the WTO's 12th Ministerial Conference. I hope that WTO Members will continue to take the agriculture negotiations further. The trading system plays a vital role in moving food from the parts of the world that are in surplus to the parts that are in deficit; so we must make sure we have the best agricultural trading system we can possibly have.

Second Question to DDG Anabel Gonzalez: If you could send a message to WTO agriculture negotiators at the end of this two-day event what would it be?

Doaa, this event has been extremely rich, and if there is one thing it has pointed to is that our food is no longer made in any one country, but rather it is “assembled in the world.” In fact, as the FAO now tells us one third of all agricultural and food exports cross international borders at least twice, as the global food assembly process takes shape. Take a very simple product like a bar of chocolate. No product can help us understand just how globalized our food systems are like a chocolate bar. Most people don't realize the number of countries involved in the production of a bar of chocolate.

- West African countries, particularly Ivory Coast and Ghana, are the leading producers of cocoa today, accounting for some 60% of the world cocoa supply.
- The milk that goes into our chocolate will come from many different locations. Among the world's top milk exporting countries are New Zealand, Germany, the Netherlands, and the United States.
- In a bar of chocolate we also find sugar and we find various additives and flavourings, which are themselves sourced from across the globe. Among the world's top sugar exporting countries are Brazil, Thailand, India, France and



Guatemala. And I will spare you the details on the hazelnuts and raisins, which might come from yet another set of countries.

- Not to mention that when that bar of chocolate is finally “assembled”, and I stress the world “assembled”, it then needs packaging, marketing, transportation and retail sale. All of these goods and services will also come from different locations.
- So the reality is that a bar of chocolate is not made in any particular country, it is “made in the world.” And that does not stop with chocolate, but now applies to almost all of our processed food.

So my message to negotiators at the end of these two days is a plea that they keep global food and agricultural value chains at center of their thinking. We are no longer in a world where restricting the import of ingredient X or Y will anyway benefit a country. Rather these restrictions hurt all domestic producers that form part of the global assembly line. We are in a world where we need to nurture and promote our interdependence, since this interdependence has led to products that we love – like chocolate, but has also enormously enriched the human diet and boosted global food security.

If trade barriers made little sense several decades ago, they make no sense at all today. In particular not in a sector like food.
