

## **[The spoken word is the only record ]**

On the occasion of the conference organized by Pluriagri, FARM and Notre Europe on the subject

« What future framework for agricultural policy in Europe and developing countries? »

Remarks by Dominique BUSSEREAU, Minister of  
Agriculture and Fisheries

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at the Paris headquarters of Crédit Agricole Bank

Mr. Président, my good friend René Carron,  
Ladies and Gentlemen the Presidents and Directors,  
Ladies and Gentlemen,

Agriculture must be seen as a strategic domain, playing as it does a central role in such stakes as the sovereignty of States, food security, territorial planning and development, and the protection of the environment. For this reason, a thorough acquaintance with all of these factors is needed before any policy is formulated or implemented. The question you are asking here -- what future framework for agricultural policy in Europe developing countries? -- needs to be examined by governments, think tanks, national, regional and European institutions, as well as by the major multilateral organizations. Such a time of reflection is useful for grasping clearly the constraints which weigh upon the world of agriculture; chronic market instability, regulatory changes, societal demands and shifting consumer patterns are some of the many challenges that need to be met. By the same token, we need to be thinking about what form aid to developing agriculture should take, so that it helps everyone, but

especially the weakest. As specialists concerned to address a wider public, the analysis you produce here will serve as a basis for useful propositions and policy.

### **1. *The calendar for agricultural policy***

It is gratifying to note that this conference, following the Agriculture Assises organized by the Economic and Social Council on November 22, serves to call further attention to the role played by France in future studies applied to the agricultural sector. The current context certainly urges us to conduct this type of exercise; France will preside the EU in 2008, while the Economic Partnership Agreements between Europe and the countries of Africa, the Caribbean and the Pacific are being discussed. Both of these perspectives call for a new look at the regulatory mechanisms in effect for a half-century. EPA negotiations are due to conclude in 2008. On the European side of things, the Common Agricultural Policy will come under examination in 2008, with intense discussions sure to take place under the already looming deadline of 2013. Our special responsibility in this context is clear; the policy process must be well-oiled and informed. We need to anticipate this.

### **2. *There can be no economic development without an agricultural policy.***

Agriculture is a unique activity which, as I mentioned, finds itself at the center of many debates that are of critical importance for humanity. Agriculture is the intersection of many fields of activity and performs many non-commercial functions such as food security, respect for the environment, organization of the territory, and others. The need for equilibrium in such a critical activity justifies the intervention of the public sector in agriculture for regulatory, financial and social reasons.

For developing countries agriculture can offer, in addition, a response to the problems of economic development, especially in light of the challenge of demographic trends. A well-organized agricultural sector can function as an upward spiral; progress in agricultural productivity makes possible job-creating investment in non-agricultural activities. Most of the large funding or lending institutions -- even the World Bank, which had forgotten this truth for a long time -- recognize that modernising agriculture is the way to free up resources needed for development.

A well-defined agricultural policy is one that acts on several fronts and that especially acts to stabilize farm income. This need is starkly evident in the Southern hemisphere where world price volatility nips any medium or long term development strategy in the bud. This policy concern is just as present among developed countries where, for example, we see crop insurance schemes in the United States and Canada, or income stabilizing mechanisms in the European Union. You are undoubtedly familiar in this regard with France's

persistent action in favor of reinforcing the Common Agricultural Policy with mechanisms for effective risk and crisis management.

**3. *In developing countries as in developed ones, public policies should not lose sight of the fact that the primary goal of agriculture is to feed human beings.***

The first job of agriculture is to provide food. Nearly a billion human beings suffer today from malnutrition. Three out of four people of those who live on less than two dollars per day and who are hungry, and even die of hunger, are rural dwellers, most often peasant farmers. And things are not getting any better; two decades ago sub-Saharan Africa was self-sufficient in food whereas today it is a net importer of foodstuffs.

The analysis performed by the many recent studies of future world food security shows that the issue of food security on a global scale is not going away. There is real uncertainty on whether the planet will be able to feed itself by 2020-2030. The need for regulatory policy in this context is clear. At the same time, it is clear that different policies are needed in developing areas than developed ones.

In order to solve the world food equation, proactive agricultural policies are needed. At this conference you have discussed, for example, the competition between food and non-food agricultural production. In the case of biofuel use in France, it has been estimated that two million hectares of land will be needed to reach the target we have set of 7% incorporation rate into fossil fuels.

It is important to establish the necessary framework so that the growth of biofuels will not occur at the expense of food production. In France this means putting fallow land back into production and also using land set aside for export crops according to commitments made by the EU during international negotiations. This is the direction I believe we must take to ensure a balance between food and non-food production on French soil. Biofuel production does not threaten our food needs.

**4. *In order to respond to these various goals and challenges, countries from both North and South have a legitimate right to claim sovereignty in matters of food security.***

In my way of thinking, States must remain fully sovereign in defining their domestic agricultural policies as long as these policies do not distort markets in any major way or adversely affect other economies.

The European Union took these principles into account in its reform of the Common Agricultural Policy (CAP) by reducing significantly the allowable extent of price supports that harm developing countries. By the same token, it accepted the principle of doing away with export subsidies, in 2013, on the condition that its principal competitors do so also.

A sovereign agricultural policy is not a blind, self-centered policy, but rather one that aims at legitimate ends. Agricultural policy cannot be evaluated solely in terms of commercial criteria nor only legal ones. It is in this light that the powers conferred upon the World Trade Organization at its founding must be understood, as well as the limits to these powers. While on one hand this Organization is well within its bounds in defining rules and regulations for international trade, on the other hand it must remain careful not to trespass on areas that are outside of its jurisdiction, especially those related to food security or to encouraging the development of agriculture in poor countries.

***5. Increasing productive capacity in developing countries and establishing regional agricultural markets are the necessary pre-conditions to any larger program of expansion of free trade.***

Given the enormous human, economic and social challenges facing developing countries, it should be clear to all that market forces alone are not enough to attain the common objectives set by the international community. Free trade without safeguards runs the risk of doing considerable damage to already fragile economies. In the agricultural sector, it is legitimate to question the wisdom and effectiveness of pitting against one another countries whose productivity rates vary by a factor of one thousand.

This is why no one at the WTO is contesting the idea of a Special and Differentiated Treatment for developing countries as a means to restore some equilibrium in trade, even if there is still some question about which countries are truly in need of such treatment.

Meanwhile we need to explore other forms of action beyond this principle. Regional integration in developing areas is to be strongly encouraged. Experience proves that trade develops most equitably within the framework of regional economic spaces, made up of economies of comparable size and sophistication. Lively trade at a regional level reinforces interdependence among countries which in turn contributes to political stability and peace among peoples. This is of course the historic choice that Europe made more than 60 years ago, and of which Europeans today can be proud. Criticism directed at the CAP should not blind us to the essence of the matter; the CAP has allowed us to attain our stated objectives through the establishment of a common agricultural market.

But what about trade among countries in the South? The share of farm products in trade among developing countries has increased significantly over the last decade, but there is still a great deal of room for improvement in "South-South" trade. There is plenty of work to be done in removing barriers to regional integration. Difficulties remain, for example, in establishing and enforcing a Common Exterior Tariff in zones that are moving toward integration. Growth in trade should also be fostered by improving transportation infrastructure in developing areas.

As you know, regional integration one of the guiding principles of the EU's trade policy towards the countries of Africa, the Caribbean and the Pacific. The proper framework for negotiations of the Economic Partnership Agreements is a long-term perspective. The EPAs offer hope to the countries concerned to the extent that they engender a policy of regional integration and to the extent that they are compatible with the goal of sustaining local production of fresh goods. All of this means gradual implementation in order to allow countries the time for needed adjustments, and it also means accepting asymmetric trade in order to protect sensitive products.

***6. If the free trade objectives of the WTO are to be reconciled with the Millennium Development Goals and the agricultural implications of the Rio Convention, it is critical to take the necessary time to work out coherent policies.***

The substance of debate at the WTO at the time that talks were suspended did not seem likely to ensure coherence among the various objectives I just mentioned. For one thing, the subject of the talks had progressively shrunk over the course of negotiations to the point where essential questions were excluded, making it unlikely that any resulting agreement could satisfy the 150 members of the Organization. The ministerial declaration that opened the Doha Round in 2001 set forth an ambitious program, but negotiation focused much too narrowly on the question of lowering the farm product tariffs of certain developed countries to the sole benefit of a few other – also mainly developed – countries.

None of this reflected the lofty initial stakes of the Doha Round. The temporary suspension of Doha talks gives us the time we need to deepen our analysis and to generate a coherent framework for negotiations should the talks resume.

## **Conclusion**

The challenges faced by world agriculture are considerable. It will need to feed eight billion people by the year 2020 and do so in the face of constrained resources such as water, arable land, and energy. Is it simply by dismantling our agricultural policies and opening markets up to free trade, especially those of developing countries, that we will be able to meet these challenges?

I trust I have made clear in these remarks the extent to which the global context and the outlook facing the farmers of the world justify the implementation of modern agricultural policies that respect both international law and the need for State sovereignty in certain areas. This twofold requirement constitutes in my mind the necessary framework for agricultural policy if we are going to meet the food and non-food needs of tomorrow's world.