

Making a plea for an early resumption of the Doha Development round of trade liberalisation talks, Lamy said: "Global integration allows us to think of efficiency beyond national boundaries. It allows us to score efficiency gains on a global scale by shifting agricultural production to where it can best take place."

### **Another River Nile needed?**

As an example of where obsessive preoccupation with self-sufficiency could lead, he suggested that if a country such as Egypt were to aim for self-sufficiency in agriculture, it would soon need more than one River Nile. In other words, global integration must also allow food, feed, and fibre to travel from countries where they are efficiently produced to countries where there is demand and where they can only be produced at much greater cost - whether an economic or environmental one - than buying imports.

Lamy was particularly critical of United Nations Rapporteur on the Right to Food, Olivier de Schutter, who recently claimed that it is necessary "to limit excessive reliance on international trade in the pursuit of food security."

He stressed that the recent food crisis was not caused by international trade, but rather would have been much worse without it. "If anything, international trade has reduced the price of food over the years, through greater competition, and enhanced consumer purchasing power."

In fact, there needs to be much more trade in food and agricultural products if production is to be increased, risks of shortages reduced, and consumers in both developed and less developed countries are to benefit fully.

### **Most food is not traded**

While 50 per cent of the world's production of industrial goods enters international trade, only 25 per cent of the world's food production is traded globally, Lamy pointed out. In addition, of that 25 per cent, the vast majority is processed food, and not basic foodstuffs such as rice, wheat, and soya, as the anti-globalisation lobby would like to claim.

"To suggest that less trade, and greater self-sufficiency, are the solutions to food security, would be to argue that trade was itself to blame for the crisis. A proposition that would be difficult to sustain in the light of the figures."

## **WTO chief hits out at food miles**

The head of the World Trade Organisation, Pascal Lamy has hit out at the current obsession with food miles in a speech in Austria last week.

The current pre-occupation of policy makers and green activists with carbon emission reduction has led many to believe that increased food self-sufficiency by individual nations would automatically lead to a reduction in the carbon footprint of the food production, processing, transport and marketing industries, while at the same time increasing food security.

Considered, as it should be, from a global perspective, however, this approach is more likely to lead to an increase rather than a reduction in emissions, Lamy warned. At the same time, it could even reduce overall food security.

The same logic which shows that trade in food or any other commodity leads ultimately to optimum benefit also indicates that greenhouse gas emissions are more likely to be reduced by increased trade than be reduced by each country producing more of its own food and limiting imports, he argued.

Global integration of the food economy would result in far greater benefit than any drive towards greater self self-sufficiency by individual nations, he went on.

Fortunately for Lamy, this was a point of view that was largely endorsed at the recent meetings on food security of G14 and G8 agriculture ministers. Newly appointed US Secretary of Agriculture Tom Vilsack stressed that “agriculture increases the amount of trade,” and in turn boosts the amount of food available to everyone.

Vilsack also commented that such trade would “bolster the economy of developing countries,” since an increase in their agricultural exports could create wealth that is then used to build the rest of the economy.

This is not to say, however, that increased trade which would benefit least developed countries would come about automatically through liberalisation of international trade. Development aid from the rich to the poor countries is vital in any such process.

“Agriculture ministers must recognise that solving the food crisis is about helping farmers in poor countries stay afloat in these difficult times - not increasing food production in rich countries,” Oxfam Food Advisor Chris Leather commented on the meeting.

### **'Food miles' fallacies**

Lamy emphasised that limiting trade in farm commodities is not a way of reducing or limiting GHG emissions from the food sector. In fact, it is gradually becoming obvious that efficiency in carbon emission reduction largely follows economic efficiency. The major emissions in the food production and delivery chain originate in the production process, while transport averages only 4 per cent of the total emissions from the sector.

Given this relatively small proportion of food sector emissions generated by international transport, 'food miles' arguments are certainly not a justification for the establishment of some new self-sufficiency in national food procurement policies, he claimed.

Not only does trade in food benefit producers and consumers, but more particularly, it is likely to stimulate food production and exports in those less prosperous countries which need both more food and increased export revenues to improve their economic state, Lamy continued.

Simple-minded food miles arguments tend to fall apart when the GHG emissions of the production process are included in the calculation. The fact that a Spanish or Portuguese tomato delivered to a

London shop has cost less in carbon emission than one grown in a heated British glasshouse is now well known and accepted by thinking newspaper readers, he pointed out.

A more extreme trade-justifying example is that of New Zealand lamb, which despite having travelled 11,000 miles (18,000 km) from Auckland to Tilbury will have produced only 1,520 pounds of carbon dioxide emissions per tonne while its British counterpart will have cost 6 280 pounds of carbon dioxide per tonne, according to one study by Lincoln University in New Zealand. In part this is because climatic limitations force UK farmers to use supplementary feed. The traded New Zealand product is thus four times more energy-efficient than the local product.

Studies of the total carbon footprint of food production in the United States have shown transportation to be of minor importance compared to the carbon emissions resulting from pesticide and fertiliser production, and the fuel required by farm and food processing equipment.

### **Intra-country transport**

Most of the food sector transport emissions originate from within countries rather than between them, as the 2005 AEA report for DEFRA demonstrated. Transportation of food consumed in the UK, it estimated, accounted for an estimated 30 billion vehicle kilometres world-wide in 2002 of which 82 per cent were in the UK.

Food accounted for 25 per cent of all Heavy Goods Vehicle (HGV) kilometres in the UK, and produced 19 million tonnes of carbon dioxide, of which 10 million tonnes were emitted in the UK, almost all from road transport.

Unfortunately, the food miles arguments, the 2007-08 food price crisis and the global economic recession have given the anti-globalisation brigade what to the ill-informed look like sound arguments for their opposition to the WTO in general and the Doha Round in particular. These are arguments which the farm lobbies of the developed countries are only too keen to endorse. 'Greenery' has become the new protectionism, Lamy said.

What should not be forgotten however, is that thanks to trade, food has become steadily more affordable. For example, whereas in 1990, Peruvians spent 60 per cent of their income on food, today they only spend 32 per cent. This picture is matched in other continents as well. For instance,

whereas Bangladeshis also spent 60 per cent of their income on food then in 1990, today they spend only 50 per cent.

### **Special rules for farm trade**

A situation has now been reached where, if we are not careful, ill-conceived ecological concerns and the perceived 'need for greater self-sufficiency' will become the excuse for continuing agriculture's 'special treatment' in trade relationships.

Because of the common belief among governments in the post second world war period that agriculture had to be protected, it made its entry into the GATT / WTO rule-book some fifty years after industrial goods, and managed to continue to be dealt with on a different, preferential, footing.

Export subsidies, for example, long prohibited for industrial goods, have yet to be phased-out in agricultural trade.

While trade distorting subsidies to industrial goods production are actionable in the WTO, many still market-disrupting agricultural subsidies continue under the umbrella of the arcane structure of exemptions evolved in the GATT Uruguay Round.

Consequently, whereas the world's trade-weighted average industrial goods tariff is about 8 per cent, in agriculture it still averages 25 per cent with even higher tariff peaks - some as high as 1000 per cent.

\* Speech to the International Food and Agricultural Trade Policy Council in Salzburg, Austria, on 10 May 2009