



European Business Council for Africa and the Mediterranean

InfoPoint Lunchtime

Agricultural Trade and the Transition to Sustainable Food System

Wednesday, 4th 2020 – Brussels, Belgium

Prof. Johan Swinnen from the International Food Policy Research Institute presented the IFPRI's work, bearing in mind that there is a project to open an IFPRI office in the EU.

The IFPRI provides research-based solutions for food systems as well as capacity-building. The professor explained that there has been a decrease of global malnourishment, except in Sub-Saharan Africa where it has been on the rise in the past few years.

According to him, trade can have a positive impact and contribute to food security or improve nutrition through the diversification of food products. However, governments all over the world give less money to farmers than they used to. Moreover, some people are not in favor of trade liberalization because it requires structural adjustments which are complicated to put in place and to which farmers are often reluctant (e.g. food standards), but also because there is a complex relation between trade and environment. As a consequence, there has been growing protests all over the world and especially in Latin America to protect local food production.

Johan Swinnen noted that Africa economic growth in the sector is reflected in the growing shares of world agriculture and trade, but that imports are volatile which is correlated to the food crisis (increase in the import costs in Africa). On the other hand, Africa's exports remain mostly raw materials.

The professor then explained that the EU was still Africa's main partner in the agricultural sector but that its share had gone down from 60% to 35%. The EU is no longer the most important importer in Africa as North America took the lead. He also showed that intra-Africa agricultural trade is growing rapidly, it increases about 10% every year. However, it remains low compared to other intra-regional trade zones in the world. The reason being poor trade infrastructures in Africa and high border and trade costs, whether explicit or implicit. Trade is crucial for climate adaption and mitigation, but adaption will be more expensive in poorer countries which are less equipped than their Western counterparts.

On the matter of environment and sustainable development, Johan Swinnen explained that the agricultural impact on climate change varied according to the sector. The IFPRI has shown that changes in the market (meaning produce differently) can have a positive impact both on trade and the environment. The study also showed that going from coupled to decoupled subsidies are "win-win", especially for Europe.

There has been a growth in food standards in the past 20 years which has raised many questions: are food standards a new form of protectionism or are they here to protect consumers? A study from the IFPRI showed that some countries have formed complaints about food standards, especially the U.S. and the EU, something that may be viewed as hypocritically bearing in mind that those countries have protectionist policies themselves. Food standards make it hard for farmers from



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developing countries to adapt to these standards which in result limits their access to Western marketplaces. However, food standards as non- tariff barriers can also be catalysts to trade and poverty reduction. Indeed, live up to these standards stimulates innovation for developing countries.

Johan Swinnen exposed the different value chain models that exist in the agricultural sector. In the 1st one, consumer dictate what is being produced based on their needs and their wishes (for example when consumers collectively decide not to eat a certain product because of the way it has been produced or transported). In the second model, consumers eat whatever is being sold to them and do not have a say. According to Johan Swinnen, the 1st model may be desirable on many aspects but it does not work well in developing countries. He then explained that a third model could be thought of: the value chain innovation. This new model contributes to farmers' access to finance and inputs, as well as to technological transfers. In this model, smallholders' integration is mixed. The benefit of such a model for poor countries is plural: positive impact on the input market, premier for poor suppliers and employment opportunities.

Johan Swinned ended his presentation by quickly introducing the Global Food Report which will be released by the IFPRI on April, 7th 2020 and will focus on building inclusive food systems. This was followed by a Q&A session.