Australia Country Statement

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OECD COMMITTEE FOR AGRICULTURE MINISTERIAL

25-26 February 2010

The global agriculture and food sectors face many challenges and opportunities. The most significant of these will be increasing agricultural production to meet the growing global population while responding to the difficulties posed by climate change. It is claimed that the world now produces enough food to feed its global population, yet the number of undernourished has increased since the 1990s, reaching more than one billion people at the end of last year. Something is failing for this to occur and urgent policy responses are required.

The global economy is emerging from the most severe recession in 75 years. Global GDP fell 0.8 per cent in 2009, the largest contraction in the post-WWII period, and world trade volumes declined 12.3 per cent. The crisis has had substantial implications for global agriculture, particularly as it followed a period of record prices for many commodities. The main impact has been a weakening in demand and consequent falls in prices, however the crisis has also led to easing of input costs for farmers (particularly, fuel, fertiliser and transport) from the high levels recorded in 2007-08. This has, to varying degrees, cushioned the impact of lower commodity prices.

Despite the fall of world food prices since their peaks at the height of the world food crisis in June 2008, the underlying causes of high food prices remain with us. The *OECD-FAO Agricultural Outlook* stated that long term projections of global population and income growth indicate that agricultural production will have to increase more than 40 per cent by 2030 and 70 per cent by 2050 to meet global food demand. The UN Food and Agriculture Organization (FAO) expects that the rising

global population and per capita income will cause food prices to remain above their long term average for the coming decade.

Climate change forecasts have reinforced the global reality that lower rainfall and climate variability respect no boundaries and that climate change has become a significant pressure on agricultural productivity. Climate change is predicted to significantly impact Australia's agricultural production and severe ongoing drought conditions have already affected production and reduced productivity for nearly a decade. Global agricultural production without adaptation is projected to decline between 2 and 6 per cent, while Australia's production without adaptation is projected to decline between 9 and 10 per cent. This imposes challenges for Australia and as a bulk exporter of food commodities this could impact on our trading partners.

The Australian Government is working with industry to provide practical options for farmers that deliver lower greenhouse gas emissions, productivity growth and farm sustainability over the long term. The key to the success of this research is working alongside farmers to access relevant knowledge which will assist farmers to position themselves to respond to the challenges and opportunities arising from likely changes in climate. This research underpins the development of effective national policy aimed at reducing Australia's greenhouse gas emissions, ensuring global food security and supporting the continuing sustainable growth of Australian industry.

The Australian Government is committed to addressing climate change in the agriculture sector, and has developed a policy built on three pillars—reducing Australia's greenhouse gas emissions; adapting to unavoidable climate change; and

helping to shape a global solution. But we cannot do this alone or in isolation. Climate change is a global problem requiring a global response.

The Copenhagen Accord is an important step forward on climate change action. Australia acknowledges the actions of more than 80 countries that are associated with the Accord and which collectively represent around three quarters of global emissions and account for around 85 per cent of the global economy. The Accord provides useful direction for further action, including the development of guidelines for measurement, reporting and verification. Australia looks to the negotiations on future action to produce a legally-binding agreement for adoption at COP16 in Mexico in December 2010.

Australia is pleased to be part of the Global Research Alliance on Agricultural Greenhouse Gases which was launched at the Climate Change Conference in Copenhagen. The Alliance aims to improve understanding and measurement of agricultural emissions and to increase collaborative research on agricultural emissions reductions. The Alliance also aims to improve access to and application of agricultural mitigation technology by agricultural producers. Australia looks forward to sharing the outcomes of research on soil carbon, methane and nitrous oxide emissions with our international counterparts.

Research & development and innovation are essential for dealing with climate change and food security. Investment in agricultural R&D, particularly in climate change adaptation, productivity and extension of improved agricultural practices is vital to ensure ongoing productivity growth, especially in the face of the added pressures of

climate change. A report released last year by the International Food Policy Research Institute (IFPRI) found that at least $7 billion per year in additional funding is required globally to finance the research, rural infrastructure, and irrigation investments needed to offset the negative effects of climate change. The use of genetically modified crops will be one element of improving farm productivity. Australia believes that we cannot afford to ignore the benefits of any of the science including genetic modification. New technologies, such as GM, need to be assessed by rigorous food safety standards that base health recommendations purely on science.

Governments must ensure that agricultural infrastructure and R&D are adequately funded and continue to deliver results for farmers. Innovation and R&D have been key factors in driving strong productivity growth in the Australian agricultural sector at an average annual rate of 2.8 per cent over the past two decades. Investment in agriculture R&D in Australia is approximately $1.66 billion per year. For investment in research the estimated productivity return is more than $10 for every dollar spent over 25 years.

Global food security is not just about increasing agricultural productivity. We also need to allow food to move into national and global markets. We need to remove the distortions to agricultural production and trade, which impede the supply responses from farmers in developing countries. A report by the US-based Peterson Institute has estimated that the annual boost to world GDP from a WTO Doha outcome could be between US$300 and US$700 billion. While members of the World Trade Organization have agreed on the need for an ambitious conclusion to the Doha Round

of negotiations, it is important that all countries recognise the need for ongoing trade and economic reform. We must strive to remove the few obstacles that are impeding the conclusion of the Doha Round, particularly if we are to deliver the development agenda of the Round.

Agricultural communities around the globe will benefit from the Round. Indeed, the *OECD-FAO Agricultural Outlook* states that much of the future increase in agricultural trade will be south-south trade. This will particularly benefit small land holders in developing countries by providing greater opportunities to access markets.

Governments play an important role in the response to climate change and food security concerns however government intervention should not be the only option. When OECD Agriculture Ministers met previously in 1987, 1992 and 1998, they made a commitment to policy reform that would allow for a greater influence of market signals. Market solutions should be the first consideration in the response to the complex issues facing world agriculture. Well-functioning markets are the most efficient and effective means of supporting long term food security. Ongoing coordination and negotiations on trade facilitation will improve procedures and controls governing the movement of goods across national borders to reduce costs and burdens. Governments have an important role to ensure agricultural and broader economic policy frameworks, including transport, infrastructure and trade, enable farmers and agri-businesses to conduct their operations efficiently.

Australia supports the participation of the Enhanced Engagement Countries (Brazil, China, India, Indonesia and South Africa) and Accession Countries (Estonia, Israel,

Russia, Slovenia) at the Committee for Agriculture Ministerial and recognises their significant contribution to the global economy. Australia also welcomes the OECD's newest member, Chile, to the Ministerial. According to a recent OECD study, China is leading the global economy out of recession and may become the leading global producer of manufactured goods before 2016. Like the OECD economies, emerging economies share a responsibility to ensure their own prosperity benefits the global community. By all predictions, the emerging economies will play an increasingly important role in the global economy in the future, and will likely provide much of the increase in global agricultural production and trade.

The OECD has a depth of experience in policy issues which provides a useful reference for emerging economies. Of particular interest will be the OECD member country experiences of achieving agricultural structural reform while minimising the level of ongoing domestic support. Indeed, one of the fundamental challenges for all countries is to resist protectionism and the provision of indefinite agricultural support programs as a country's wealth increases.

The OECD plays a valuable role in the international architecture by providing rigorous economic analysis of policy issues. The OECD has an opportunity to apply its expertise to complex problems, such as the interaction of food security and climate change, which will provide a valuable reference for countries considering their policy options going forward. Australia supports the work of the OECD and notes the importance of horizontal approaches covering multiple sectors when dealing with complex problems. The OECD's cooperation and coordination with international

organisations, such as the FAO and WTO, is particularly valuable in sharing ideas and expertise with the broader global community.

This meeting provides an ideal opportunity to consider the challenges, to make the hard decisions that are not always the most popular amongst those with vested interests, but decisions that benefit the whole economy, to the benefit of the global economy.