

Report on the High-Level Conference on Europe's Agriculture in a Competing World, Maastricht, 28 to 29 October 2004

1. A High-Level Conference on **“Europe's Agriculture in a Competing World”** was organized in Maastricht, Netherlands by the Ministry of Agriculture, Nature and Food Quality of the Government of the Netherlands from 28 to 29 October 2004. Some 60 high-level representatives of the Ministries of Agriculture of the European Union (EU) Member States and Candidate Member States as well as keynote speakers attended the Conference. Mr. Ate Oostra, Director-General of the Ministry of Agriculture, Nature and Food Quality of Netherlands, chaired the Conference.

Objectives of the Conference

2. The Conference was convened to examine developments that will determine European agriculture competitiveness in future, in the context of the current reforms to the Common Agricultural Policy (CAP); and agricultural trade negotiations currently taking place in the World Trade Organization. Particular consideration was given to developments elsewhere in the world and their likely impact on Europe's agriculture. Economic developments elsewhere in the world, that are becoming increasingly relevant to agriculture in the EU, relate mainly to two upcoming regions of Asia and South America. According to one Report, developments in these regions could proceed so fast that economies of Brazil, Russia and China could in less than 40 years be larger than the G6 economies. By 2025 they could account for over half the size of the G6. Attention was also given to the African continent, where it was noted there was a conspicuous absence of economic development.

3. ECA was invited to this Conference to provide an African perspective, within the framework of the current agricultural trade negotiations in the WTO. A brief paper prepared by the ECA Geneva Interregional Advisory Services on **“The Functioning of Agricultural Markets and Impact on Africa's Agriculture”** was circulated and well received by the Conference participants. Furthermore, ECA's contributed substantially to the Conference discussions.

Brief Conclusions of the conference

4. The Conference noted that policy challenges facing European agriculture, in increased competitive global agricultural markets, are indeed considerable. Region-specific developments and liberalization of agricultural markets will have other repercussions in the agri-industry complex and food economy, such as strong trend towards concentration. A world with open markets offers European agriculture many opportunities. Far-reaching trade liberalization will open previously inaccessible markets to EU producers. There are also potential markets in developing countries, if their economies continue to improve. However, trade liberalization could also pose tremendous challenges for EU farmers who have been shielded by domestic support measures and export subsidies.

5. The Conference noted that these developments would have a major impact on the European countryside. Agriculture, has through the centuries, contributed to a good living environment in Europe and is largely responsible for the character of the

landscape in the EU. Land use in the EU is dominated by agriculture and forestry, and more than half of the population lives in rural areas. The public functions of agriculture could disappear, as a result of increasing competition on agricultural markets.

6. The Conference was successful in gaining more insight into global agricultural developments and arrived at a number of conclusions, which are considered useful for policy formulation in the EU.

The Outcome of the High-Level Conference and Africa

7. During the second day of the Conference, three Workshops were organized, focusing on Africa, Asia and Latin America. The Workshop on Africa noted that The EU policy Reforms under the Common Agricultural Policy (CAP) are likely to dramatically alter the way producers are supported in the EU and also incentive structure for EU farmers. These reforms are likely to make it easier for EU exporters to win markets formerly served by developing countries. Accordingly, these developments pose double challenges for Africa. Firstly, it means that African exporters will not only have to compete with non-EU producers for EU markets, more importantly also compete with EU producers in third markets. Secondly, African countries will lose their “preferential markets status” in the EU markets. Furthermore, the attractiveness of EU markets to African exporters could be eroded by lose of these preferences.

8. Europe remains Africa’s most important trading and development partner. Accordingly, the Workshop was of the view that Europe should work with Africa to anticipate the negative impact of EU reforms on African countries and develop mechanisms for ameliorating the adjustment costs to these countries. The Workshop also noted that, while market access issues are important to Africa, also important is the “functioning of global agricultural markets”. Very little has been done to understand and appreciate the “dynamics of global agricultural markets”, and less so commodity-specific markets. The Workshop discussed the functioning of global markets for cotton, cocoa, coffee, sugar and implications for performance of Africa’s agriculture.

9. African countries have been calling for review of international trading arrangements for major tropical agricultural products exported by developing countries and for review of the value-chain in tropical products and evaluation of participation by developing countries in such value chains. The Workshop considered, in more detail, issues pertaining to market failure and imperfections at the international level and implications for Africa; market liberalization and the erosion of trade preferences for African countries, as exemplified by the sugar market; role of TNCs in global trading markets; and the role of standards in agriculture and trade.

10. Some of the conclusions of the Workshop were that African countries would need to be assisted to meet the high safety and quality standards of the EU, if they are to benefit from increased market access. Massive assistance to Africa will be needed, through development cooperation and public-private sector partnerships, focusing on capacity building in the supply chain. Successful participation of African countries in the world economy requires an effective national trade policy, along the lines of the

“Asian Tigers”. Furthermore, that it is a “moral imperative” for Europe to quickly deal with the major concerns of African countries in the Doha Development Round (tariff peaks and tariff escalation, cotton sector initiative, high internal support in the industrialized countries).

11. The Workshop also discussed the challenges for Africa of achieving food security and in this respect it was noted that Africa has an abundance of natural and human resources to be able to attain this goal. Certain policies in the OECD countries are making the achievement of this goal more difficult, especially cheap food imports. Finally, the Workshop noted that due to the complexity of global agricultural markets, farmers, whether in Europe or Africa, need some kind of organization to cope with their partners in the supply chain. In Europe, it is important to get recognition for this element by competition authorities and in Africa it could help to overcome supply constraints, which Africa is facing today. Promotion of cooperative agricultural organizations in Africa could be one channel for organizing African farmers, in order to balance the market power of multinational corporations.

12. The Government of Netherlands will assume the Presidency of the European Union and intends to use the outcome of this Conference to develop its strategies for advancing agricultural issues in the European Union when it assumes that Presidency.