

Paris Excursion 2013

The principal topic of the Excursion: The Common Agricultural Policy (CAP) of the European Union



Period of time: 14– 18. 10. 2013

Objective: Analysis of the different points of view of CAP.

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The Excursion to Paris 2013 was in chair of the Agricultural Policy, Department of Agricultural Economics and Rural Development lider by Dr. Sebastian Lakner and coordinated by Dr. Thelma Brenes and Carolin Mengel.

Agenda of Paris Excursion

- > 15.10.2013: Organization for Economic Cooperation and Development(OECD)
- > 16.10.2013: Introduction into CAP Reform 2013 by Sebastian Lakner. CIRAD + Tropical Garden.
- > 17.10.2013: Chile's Ambassador at the OECD. INRA-French National Institute For Agricultural Research.
- > 18.10.2013: Fédération Nationale des Syndicats d'Exploitants Agricoles (FNSEA)

1st Day (15.10.2013): Organization for Economic Cooperation

Introducción and overview of OECD and OECD work on agricultura (Carmel Cahill)

The objectives of the OECD:

- Promotes and improve economic and social policies.
- Provides a forum with governments (with those are part of OECD) to have common solutions.
- Analysis and compare experiences and recomendations in policies in order to raise living standars globally.

OECD were establish in 1961 in Paris. It has centers in: Berlin, Mexico DC, Tokyo and Washington. It has 34 members with a stuf of 2500 people (300 experts). The budget is EUR 347 millon.

OECD brings the think-tang for

governments. Takes a multidiciplinary aproach. Evidence based for independent policy advice via consensus. Peer Reviews for has best practices standars. The General Secretary is Angel Gurria (México).

New members: Chile, Estonia, Israel and Slovenia. Key partners: Brazil, China, India, Indonesia, South Africa. Ongoing: Russia. Invited: Colombia and Costa Rica.

Works princially with: WTO, IFPRI, World Bank, NNUU, Monetary Fund, ILO, G-20-asean interaction.

Some work over time which influence on policies:

- 2011 Lounch better life index.
- 2009 Global Standars.
- 2008. Growing inequal

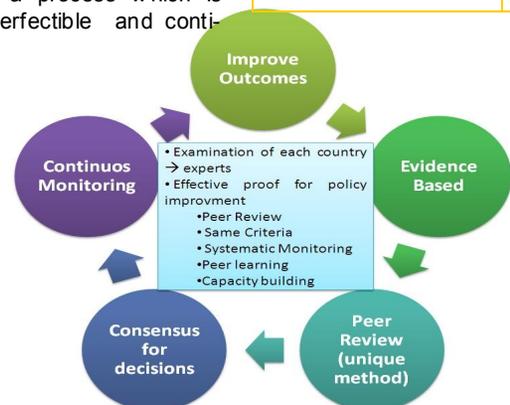
Focuss in the agricultural theme in:

- Food and Agricultural Policy (50).
- Agro food trade development.
- Innovation systems.

How it is possible? Figure 1

Following a process which is circular, perfectible and continuous.

Fig. 1



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1st Day (15.10.2013): Organization for Economic Cooperation and Development(OECD)

<http://www.oecd.org/>



Who does what?



Requirements to be a member

In general:

- Tipe of market economy.
- Policies and politics.
- Aceptance of the council —> invitation.

The anual OEC monitories:

- Comparable measures of support.
- Consistent over time across countries.
- Covers OECD country an eve-ry sector.
- This year on farming OECD and emerging economies

E.g. How agrivulture confront each other (distorcions, competi-tive, exports).

Innovation systems:

- Country review s.
- Public Privet Policies
- Performance evaluations —> methods.
- Holistic previus.
- Policy aproach managment.
- Food Security.
- Antibiotic resistance.
- Global fórum on agricultural issue.
- Agricultural trade (exports, trade facilitation, trade and private standars, long-term escenarios).
- Clime change.

Monitoring and Evaluation of

Agriculture (Morvarid Bagher-zadeh)

The main objective to the monitoring and evaluation system is to analyse, give evidence based and standars in order to mesure the efforts.

The best practices could be transferring to the agricultural producers. This system could clarify the policy implementation. Is the opportunity to mesure the process for only specific points in agricultura.

Every country has standars wich are mesurable, the actors ideintified and dinamic properly understood.

The construction of this indicators are approve for the council (classification), implemented by every country (if they decided that) and analysis with different institutions.

Agricultural trade policy issues (Pete Liapis)

How markets are manage? What improvments have? For this theme OECD apply simulation analysis in order to see the effects on countries.

The networking is very important with different institutions for analyse differents policies implemen-ted. One of the most problematic issue is the Price volatility —> reason to have standars, good process define and clear policies.

Trade creation vs. trade diversif-ication—> analysis of tariffs

(special treatments) and standars (Global Value).

Now they are working in two pro-jects: trade facilitations variables—> monitoring africans markets; manufactured process—> intermedia process “distorced the picture”.

Agricultural policy in Latin Ame-rica (Dalila Cervantes– Godoy)

Total Support estimate (TSE): the anual monetary value of gross transfers to the agricultural sector arising from: policy mesures that support farmers (PSE); general sevicees (GSSE), such as R&D, training, inspection, marketing and promotion; transfers from taxpa-yers to consumers in the consumer Support Estimate (CSE).

PSE– main policy categories:

- Market support.
- Budget payments.
- Implicit transfers.

E.g. Brazil has a big market sup-port and Chile reduce it, but Mexi-co increases the transfers to con-sumers which is not transparent. Chile has a share of GSSE as USA, Mexico and Brazil are experi-menting a distorcion in the PSE composition.

2nd day (16.10.2013) : The Center of International Cooperation on Agronomic Reserch for the Development (CIRAD)+ Tropical Garden.



<http://www.cirad.fr>

CIRAD is a centre of re-serch, it is public and also colaborate with the univer-sities and EU parliament. This centre has work focuss with the South coun-tries of the world (diversities and changes). This is the mechanism to have a world laboratory with the speacies and re-

searches over the world.

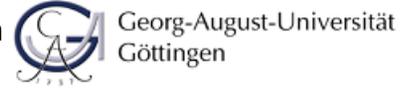
CIRAD has 6 main axes:

- Intensive ecologie.
- Biomass energie and south countries.
- Food security and di-versification.
- Animal sanity, emer-

gencies and patholo-gies.

- Public policies, imple-mentación y desigual-dades.
- Agriculture, environ-mental, nature and society.

2nd day (16.10.2013) : The Center of International Cooperation on Agronomic Reserch for the Development (CIRAD)+ Tropical Garden.



There are 1800 people working for CIRAD (with 800 experts) in 90 countries. There are centres in Madagascar, South Asia, West and Austral Africa, Cetral Africa, Mediteran, Brazil, Costa Rica and South-west Asia.

CIRAD has 3 departments of Biology Systems (Bios), Perfor-

mance of tropical production and transformation systems (Persyst), Environnement and Society (ES). 36 units of research, 12 regional directions in France.

The budget for the doctoral formation is EUR 5 millions. There are 300 doctorants. The anual budget is EUR 218 millions.

CIRAD has a extended bibliotek with speaces and information since 1890 for over the world. This center never stop besides the first and second war. That is the reason why most of the researchers of the universities are very close and interested to get information of CIRAD.

Fig. 3



3th day (17.10.2013): Chile's Embassador at the OECD. INRA-French National Institute For Agricultural Research.

Chile's Embassador at the OECD

Chile is the only South American country that belongs to the OECD. According to the Ambassador of Chile, the most important factors that made Chile an OECD member are:

- A stable democracy.
- Free-market economy (not regulated by the government; free competition).
- Relatively good economic indicators such as: GDP; Per capita income (the highest in Latin America)
- In general, good macro-economic

policies.

However the Ambassador recognized that Chile still has a lot of work to do and economic areas to improve, especially regarding education, environment, sustainability and inequality. In education the debate points towards improving the quality of education at all levels, and making it accessible to everyone. In the environmental sector the main policies should address the generation of new renewable energy sources and the lessening of air pollution and water scarcity. On the other side, income inequality and inequality regarding employment and health access is very critical, and is one of Chile's main weaknesses because of the huge gap it represents in comparison to the rest of the OECD countries.

Some questions were asked especially regarding the agricultural sector and the export industry. Basically the Ambassador and his assistant made it clear that agriculture is a small part of the Chilean GDP, which depends greatly on the mining industry, food industry and others. Also it was stated that the majority of small farmers in Chile are already attended by public institutions such as INDAP and others. Besides, they consider that to be part of the OECD there has to be good political relationships with the country being considered, and that even though Chile doesn't comply with all the required indicators of the organization, it has been well received because of its willingness to contribute with data and to follow recommendations that have been given.

Institute National de la Recherche Agronomique (INRA)

INRA is the French national institute for agricultural research. It is the second biggest institute of the world, doing agricultural research.

We visited the Joint Research Unit in Public Economics in Paris, which is one part of the INRA. This Joint Research Unit focuses its research on applied economics on agricultural and environmental matters.

At the institute we were meeting with Jean-Christophe Bureau and Cecilia Bellora. The first talk

was given by Mr. Bureau (director of the Joint Research Unit). He gave a presentation about the CAP and the CAP-reform. He first focused on the origin of the direct payments. He then went on with an illustration of the effects that the direct payments developed over time and he made clear, why reforms had to be done in the past to change them. He finished his outline of the CAP, stating that there is neither need nor justification for the direct payments anymore, which is why they should be cut or lowered.

Talking of the CAP-reform 2013 he explained the key elements of „Greening“. He considered the initial elements of „Greening“ as an effective reform to couple the direct payments to environmental aims, but he went on by pointing out how these elements were watered down.

<http://www.inra.fr/en>



(see at the next page)



He therefore came to the conclusion, that there is no element in the CAP-reform, which effectively cuts the direct payments.

The following open discussion was about the effect of abolishing the direct payments. Mr. Bureau described these effects with the simple words "save money". But besides that, he pointed out that there would be a scarce time of transition for some farmers, since the EU-payments in some cases make more than a 100% of their wages. Still he insisted on a CAP-reform that cuts the direct payments, because a time of transition, meaning a gradual lowering of the payments over a period of time, would be far less harmful to farmers, than a sudden cut, which would occur if the EU became insolvent.

There was the consensus to the discussion, that the CAP-reform fails in two ways. Firstly, the key elements of "Greening" do not have an effect big enough to speak of a coupling of

the direct payments to environmental aims and secondly, there are no elements, which give a start to cut down the direct payments gradually. Therefore the CAP-reform of 2013, with its present measures, is from an economical science point of view a missed possibility to guide the CAP to a more sustainable EU-budget and to more environmentally friendly agriculture.

The second talk was given by Cecilia Bellora. She is a Ph-D Student at the research unit. Her doctors thesis she does on modeling the effects of organic agriculture, which she was presenting to us.

More precise, in her thesis she tries to model the effects that would occur if organic agriculture were increasing. So the question is, what would happen, if there were a shift from conventional to organic agriculture. How would supply and demand change, how would market prices develop. In order to estimate these effects she uses assumptions, among these a conventional to orga-

nic yield ratio of 0.75. That consequently leads to a decrease of supply and an increase of prices. But, telling of her modeled scenarios, Ms. Bellora emphasized, that assumptions in the field of organic agriculture are difficult to define, since there is very little data available.

In the discussion, the point about the assumptions was further stressed, since their modification determines the outcome of the results of the model. It was especially pointed out, that there are assumptions which might have major changes in future and are therefore hard to foretell. In this context the yields of organic agriculture and demand for meat were discussed.

In both talks we were given very professional and informative presentations, which in both cases were followed by intensive discussions. We therefore want to thank the two scientists from the Joint research unit in public economics for their time and their expertise.

Contact information

- FNSEA:Mr. Claude Soudé, 11 rue de la Baume – 75008 Paris– 0033 / 1 / 5383 – 4747 (Florence Forgeot or Claude Soudé)
- OECD: Mrs. Carmel Cahill, Senior Counsellor Directorate for Trade and Agriculture, Tel. 00 33 1 45 24 95 05
- CIRAD: Mrs. Gitta Burgos (01 43 94 73 04) and Mrs. Valérie Hourmant (01 43 94 73 19)
- INRA: Mrs. Cecilila Belora, 16 Rue Claude Bernard 75005 Paris, Tel: 0033 / 6 / 63 12 21 89.

4th day (18.10.2013): Fédération Nationale des Syndicats d'Exploitants Agricoles (FNSEA)

The FNSEA is a "Union of Unions" as was stated by the speaker. It was created in 1946 and it consists of 20,000 local unions represented by 22 regions.

The FNSEA focuses on agricultural issues based on the following approaches:

- Community: 300,000 m. of 20,000 local unions and 44 department Federations
- Production: 36 specialized organizations (Economic and technical interest).
- Status: Tenant, land owners, retired farmers etc.

The FSNEA has some programs oriented towards Young farmers and including women in agriculture, the latter being a crucial part in agriculture in France. Also, the union plays an important role in regulating contracts because many farmers are not landowners, but rather land-takers or land renters.

The roles and foci of FNSEA have changed over time. Nowadays main issues concern food security, securing the income of farmers by helping them with management tools and providing marketing services for example. Especially FSNEA has focused on acting as an intermediate member

between farmers, their unions, and the consumers. Besides, the FSNEA tries to act as an influencing group in the CAP reforms. Some challenges that are being faced by the agricultural sector in France, according to the FNSEA members, are the shrinking market share of French products against imported products, minimum wages, improving quality of food products. Besides, it has always been a complex task to organize farmers as a whole because there are very different proportions of small, medium and big farmers (but mostly medium sized farmers).



<http://www.fnsea.fr/>



Collage

