



# MARCOS JANK

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Among the different multilateral issues is the connection between trade and food security. Marcos Jank has been working on such issues for years and has come back from Bali, where, as you know, there was an agreement that rescued the WTO from the intensive care unit, as it were.

**Marcos Jank, Executive Director, Brasil Foods (BRF)**

I have been following the issue of trade policies and trade negotiations for the last 20 years, since the Uruguay round of GATT until the Doha round and the bilateral agreements. I also worked for a few years in the Brazilian sugarcane industry, which is related to the energy and especially the climate change debates because of sugarcane ethanol. Now I work for a very large food company which is in the animal protein business, and this is a very big issue today in terms of what happens in developing countries.

I just came from Bali, which was a success, especially because we had some movement after 12 years of stalled negotiations. I really believe that today we do not have room for big changes at the WTO level. We reached an agreement on trade facilitation, which could be good for reducing bureaucracy and ongoing delays at the frontiers, but we are very far from solving the global problem of a 50% increase in population between 2000 and 2050, from six billion to nine. More than a billion people will move from rural to urban areas; we often forget this issue, because it is not just about population increase but also a strong trend in urbanisation, especially in Africa and Asia, as well as changing food habits in the direction of animal proteins and increasing per capita income.

All these issues together will create real problems for the world in the coming years, and international organisations are far from solving them. I have the impression that we go to these negotiations, and people talk and talk but do not solve the problems; they are really talking about issues that are not important at all. For example, market access is one of the issues for which a solution could be beneficial if we have more competition and more technology, but we do not see it as an issue at WTO level. However, it is an issue as regards the TPP agreement. Part of the negotiations in Bali were not worried about the WTO; they were worried about flying to Singapore for the negotiations on the Trans-Pacific Partnership between 12 countries, led by the US, Australia, New Zealand and some other countries, probably even China in the future.

When we have a large regional agreement, we have what economists call a trade diversion situation, where less-efficient countries that are part of this agreement reduce tariffs and have preferential trade and investments, and more-efficient countries who are not part of it do not benefit, and this is the situation today. This is a situation where preferential agreements are more important than WTO agreements.

Therefore, this is what is happening today in my opinion. There is no real commitment to these issues, and agreements are very weak. The WTO agreements last week were just in order to keep things moving in Geneva, but I do not think we will see big transformation. We spent one day talking about a problem which was posed by India, which was the creation of large stocks by the government, which could be necessary at this time, but they are not solutions. Intervention by the government to maintain high prices to producers and low prices to consumers through large stocks is just postponing the necessary adjustments in terms of agricultural production and not solving the problem.

Chris just mentioned the problem of unpredictable releases of stocks; in many cases these stocks go to international markets, and at the end of the day they act like export subsidies. This means that these bigger countries are creating huge problems in terms of smaller agriculture, because these stocks are drawn to the world market, underpinning international prices and subsidising international consumers, which is not the best policy.



Therefore, there are good and bad policies in agriculture. Good policies for me are related to land property rights – which are extremely important in many countries – technology, productivity, gains in scale, and integration into food chains. These in my opinion are the policies that we should be pursuing. Policies of safeguards, high tariffs, isolation and large stocks are not the solution. The Brazilian case is one of a country which was heavily protected until 1990, and with deregulation of the markets it became competitive; this is the solution for many parts of the world. There is no reason why Brazil should be a big exporter today while Africa is not; it has the same potential that Brazil has, including very similar land and climate conditions in many areas and also high levels of rural poverty. These two areas of the world need to cooperate much more in terms of the right agricultural policies, rather than competition just for the sake of increasing movement in terms of the application of the right policies in Africa.