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World-wide cooperation needed to redesign global food systems for a sustainable future

International scientists met with representatives from politics and business at the IAMO Forum 2017 in Halle (Saale), Germany, from 21 to 23 June 2017 to discuss food security and trade in the context of globalization and geopolitical tensions.

Halle (Saale), Germany, 18 July 2017 – The Leibniz Institute of Agricultural Development in Transition Economies (IAMO) performs basic and applied research in the agricultural and food sector as well as rural areas of the formerly centrally planned economies of Europe and Asia against the context of international developments. The institute hosts the IAMO Forum annually. 126 participants from 23 nations joined this year's conference. The topic of the conference was "Eurasian Food Economy between Globalization and Geopolitics". Three plenary sessions, 18 parallel sessions, and a panel discussion were held.



Prof. Dr. Thomas Glauben (IAMO) opening the IAMO Forum 2017. Photo: Markus Scholz © IAMO

The IAMO Forum 2017 was opened by IAMO Director Prof. Dr. **Thomas Glauben**. In his welcome address Glauben pointed to the changing geopolitical constellations, which at the very least will lead to a reorientation of globalization strategies and trade relations. He stressed that, following the massive withdrawal of the USA from international trade, it would now be the responsibility of the three major Eurasian economic centers of power – China, the European Union, and the Russian Federation – to ensure a cooperative and liberal trade regime. A highlight of the first conference

day was the plenary session "The Changing Face of Globalization - How Does It Challenge the Eurasian Food Economy?"

The first speaker, Prof. Dr. **Bernard Hoekman**, Director of Global Economics at the Robert Schuman Centre for Advanced Studies in Florence, Italy, emphasized the exponential growth of digital trade flows and the growing importance of the service industry. In this sector, the regulatory heterogeneity, that is, the discrepancy between the rules of the individual states and the multitude of regulations, is a more pressing challenge than traditional trade barriers or subsidies. From his point of view, trade agreements of the 21st century should start here. Prof. Dr. **Tim Josling** from Stanford University, USA, gave a comprehensive overview of existing trade agreements and those in preparation. The trend toward mega-regional trade agreements was stopped by the current developments in Great Britain and the USA: the Brexit and the new president at the White House. Josling emphasized that the EU is currently in talks with 28 countries about trade agreements and, in particular, is expanding its relations with Asia. Dr. **Roman Mogilevskii** from the University of Central Asia, Kyrgyzstan, focused on Central Asia. He explained that the region is strongly dependent on the export of oil and gas and therefore on the price developments on the energy market. With regard to the export of agricultural and food products, he recommended focusing on quality and niche products. Dr. **Natalya Volchkova**, Professor of Economics at the New Economic School in Moscow, Russia, and Policy Director of the Centre for Economic and Financial Research (CEFIR), focused on global value chains in the agri-food industry. She took a closer look at forward and backward integration in the value chains of individual countries.

At the centre of the plenary session on the second conference day was the question "Geopolitical Conflicts and Macroeconomic Downturns: How Can the Global Food Economy Deal With It?" Dr. **Josef Schmidhuber** from the UN's Food and Agricultural Organization (FAO) gave an outlook on global agricultural trends. Even in the long term, according to FAO studies, a sharp rise in the agricultural price level and the fluctuation intensity of agricultural prices, which was feared just a few years ago, is not expected. Instead, he predicted that a globally intensified stockholding will dampen price fluctuations. Furthermore, the Chinese demand for food could be more easily covered as the population growth has slowed down and there are significant productivity gains. In addition, the demand for biofuels is becoming much more subdued than initially assumed. Dr. **Bettina Rudloff** from the German Institute for International and Security Affairs (SWP) in Berlin dealt with the return of protectionism and the new "economic nationalism". Globally, but especially in the USA, there is growing public distrust of free trade and trade liberalization. This is also due to the lack of transparency in the negotiation processes. On a global level trade policy is increasingly becoming migration policy. Dr. **Federica Saliola** from the World Bank called for efficient, but not overbearing, regulation of farms. Recent empirical studies have shown that higher-quality regulation also increases efficiency in agricultural production. Prof. Dr. **Xiaobo Zhang**, professor of economics at Peking University, People's Republic of China, and researcher at the International Food Policy Research Institute (IFPRI), gave insights into the developments and challenges of Asian agriculture. Functioning agricultural service markets efficiently make the necessary mechanization of Chinese small farms possible. Mechanization by outsourcing is thus a promising strategy to increase the productivity of small farms.



Dr. Shenggen Fan (IFPRI). Photo: Markus Scholz © IAMO

In the plenary session on the third conference day, the Director General of the International Food Policy Research Institute (IFPRI), Dr. **Shenggen Fan**, held a keynote on "Sustainable Food Systems in a Global Economy: Eurasia and Beyond". He demanded a redesign of the global food system. Worldwide, 795 million people suffer from hunger. In addition, two billion suffer from "hidden hunger". They have enough to eat, but the quality of their food is low. In Central Asia, 12.5 percent of under-5s are affected by malnutrition and 10.7 percent of them are

overweight. This will continue to have a massive impact on the health of the individual and the health systems. At the same time, the vulnerability of the global food system is increasing. Risk factors are climate change, extreme weather conditions, resource shortages, but also political conflicts and growing welfare inequalities. Agriculture, which consumes 70 percent of the global water resources and 34.3 percent of the land, must become a part of the solution, Fan insisted. The goal is the production of nutrient-rich foods with reduced use of fertilizers and water as well as lower carbon emissions. He also argued for the introduction of taxes on unhealthy and unsustainably produced food and strategies to reduce food waste.



Judith Kons (BMEL), Dr. Olga Trofimtseva (Ukraine), Sayat Shortan (Triesdorf Agro), Dr. Jens-Peter Loy (CAU), Dr. Linde Götz (IAMO), Ivonne Julitta Bollow (Metro), Dr. Josef Schmidhuber (FAO) (v. li. n. re.). Photo: Markus Scholz © IAMO

The question about practical challenges in the development of innovative and sustainable food chains in Eurasia was raised in the subsequent panel discussion. On the podium were **Ivonne Julitta Bollow**, from METRO Cash & Carry, IAMO researcher Dr. Linde Götz, **Judith Kons** from the German Federal Ministry of Food and Agriculture, **Sayat Shortan** from Kazakhstan-based Triesdorf Agro LLP, Dr. **Josef Schmidhuber** from the UN's Food and Agricultural Organization (FAO), and Dr. **Olga Trofimtseva**, Deputy Minister of Agrarian Policy and Food of Ukraine. The discussion was moderated by Prof. Dr. **Jens-Peter Loy** from the Christian-Albrechts-University

Kiel. First, current challenges for the development of sustainable food chains in Eurasia were discussed. Deputy Minister Trofimtseva pointed out the crucial role of trade agreements for the functionality of food chains. She also emphasized the importance of climate change and sustainable production. For example, Ukraine, the grain chamber of the world, is also producing food in organic farming. For Sayat Shortan, a farmer from Kazakhstan, one of the most urgent problems is the underfunding of the agricultural sector. Moreover, interest rates on loans in Kazakhstan are much higher than in Western Europe. These financial constraints hamper the activities of local farmers and condition the dominance of globally operating companies in the Kazakh market. According to Ivonne Julitta Bollow, METRO's claim is to offer 90 percent local products in all 25 sales countries. However, the major challenge with local purchasing is to ensure METRO's demands in terms of security, quality, reliability, and price. Furthermore, informal structures and corruption are also an obstacle for investors. Schmidhuber pointed out that the Central Asian countries

depend to a large extent on the transfer of migrants working abroad, which is why e-currency has a great potential. The panelists agreed that sustainable international standards for food value chains are needed.

Geopolitical challenges in the region also were discussed. Judith Kons explained that the Eurasian Union is not yet a single economic area and that Russia is providing sanctions to partners within the Union. First, these internal issues in the Eurasian Union have to be clarified before one can discuss the vision of a single economic area from Lisbon to Vladivostok. Linde Götz pointed out that Russia is currently subsidizing domestic food producers with a lot of money to push the growth of the national agricultural and food industry. However, the sustainability of these developments will only have to be proved if the Russian ban on imports of foodstuffs is lifted and domestic producers have to compete with international companies. Recent developments have shown that economic initiatives are highly questionable with regards to the achievement of political objectives, even more so when they involve attempts to achieve economic goals. The sanctions of the Western countries should therefore be questioned once more.

The IAMO Forum 2017 is organized with technical support from the Food and Agriculture Organization of the United Nations (FAO) and in partnership with the Committee on Eastern European Economic Relations (OA). The German Research Foundation (DFG), the Leibniz ScienceCampus "Eastern Europe – Global Area" (EEGA), the Leibniz Research Alliance "Crises in a globalised world" and the city of Halle (Saale) financially support the conference. Further information on the conference can be found at www.iamo.de/forum/2017.

The next IAMO Forum will be held from 27 to 29 June 2018. The focus of the IAMO Forum 2018 is on "Large-scale agribusiness - between profit and societal value".

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Photos for media reports

Prof. Dr. Thomas Glauben (IAMO) opening the IAMO Forum 2017. Photo: Markus Scholz © IAMO
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Dr. Shenggen Fan (IFPRI). Photo: Markus Scholz © IAMO
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Judith Kons (BMEL), Dr. Olga Trofimtseva (Ukraine), Sayat Shortan (Triesdorf Agro), Dr. Jens-Peter Loy (CAU), Dr. Linde Götz (IAMO), Ivonne Julitta Bollow (Metro), Dr. Josef Schmidhuber (FAO) (from left to right). Photo: Markus Scholz © IAMO
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About IAMO

The Leibniz Institute of Agricultural Development in Transition Economies (IAMO) analyzes economic, social and political processes of change in the agricultural and food sector, and in rural areas. The geographic focus covers the enlarging EU, transition regions of Central, Eastern and South Eastern Europe, as well as Central and Eastern Asia. IAMO works to enhance the understanding of institutional, structural and technological changes. Moreover, IAMO studies the resulting impacts on the agricultural and food sector as well as the living conditions of rural populations. The outcomes of our work are used to derive and analyze strategies and options for enterprises, agricultural markets and politics. Since its founding in 1994, IAMO has been part of the Leibniz Association, a German community of independent research institutes.

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