

Ministry of Agriculture and Agrarian Reform

NAPC

National Agricultural Policy Center

PROCEEDINGS
of the
Agricultural Policy Forum
On

“Food and Agriculture in the Globalizing World Economy”

held in Damascus on July 22, 2003

With the support of
Project CGP/SYR/006/ITA – Phase II



Food and Agriculture
Organization of
the United Nations



Italian Cooperation



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Introduction

A seminar was held in Damascus on July 22, 2003 in the framework of the Agricultural Policy Forum promoted by the National Agricultural Policy Centre (NAPC), with the support of the FAO Project GCP/SYR/006/ITA-Phase II.

The Agricultural Policy Forum aims at promoting the debate on agricultural policy issues among national and international experts, stakeholders and policy makers in order to provide technical background for the policy making process, and to obtain suggestions for NAPC research and policy advice activities.

Professor Marcello Gorgoni, Department of Public Economics, University of Rome “La Sapienza”, presented a lecture on “Food and Agriculture in the Globalizing World Economy”.

The seminar was introduced by Eng El Hindi, Director of the NAPC, who welcomed the guests and thanked them for their participation, especially Dr Mahmoud Taher, FAO Representative in Syria. Thus, Eng El Hindi introduced the lecturer, emphasizing his long lasting contribution to the NAPC activities that dates back to 1995.

As a reply, Prof Gorgoni expressed his satisfaction for being again at the NAPC, underlining that as usual his stay is rewarded by the evidences of the progresses the NAPC makes.

Synthesis of Presentation

The seminar started with a review of the main features of the agricultural sector. Prof Gorgoni stated that agriculture is not as any other sector in the economy. In addition to its role in the economy, it has a very close link with rural society, and it is very peculiar in its biological and environmental basis. Nevertheless, agriculture cannot be taken anymore just in its bucolic and romantic aspects. Agriculture nowadays is not just farming, but also a result of a complex system of post harvest activities, among others at industrial and trade level. Agriculture has still its roots in rural society (at the level of primary production). In fact, it cannot develop anywhere. It depends on geographical location, climate, and natural resources. The association between agriculture and rural environment is undeniable even in the most advanced societies and economies. Though, the production and distribution chains then move towards the cities. Indeed, the decision making process has shifted from primary agricultural production and rural environment to secondary and tertiary sectors and urban environment, leading new interests groups to come into the scene.

Farmers are still a very strong interest group, despite being a minor share of population and labor force, but they are not anymore deciding autonomously what to produce and it would be misleading to think that changes in agriculture only affect farmer groups. Also associated sectors in the commodity chain, such as traders and manufacturers, are affected. In this perspective, the problems of the agricultural sector are not only problems of the farmers and solutions cannot only relate to farmers' problems. Globalization had a multiplicative effect on the importance of the relationships between agriculture and other sectors.

The evolution of agricultural techniques (that is now much faster than in the past) is also very much driven by urbanized decision making centers, but it is far from neutral to the key aspect of farming and rural society, as well as having big and deep implications on the entire society. Genetic engineering is the current most evident example of this.

Prof Gorgoni then presented a brief review of what should be meant by food. Food does not just satisfy nutritional needs. Even in the poorest societies food is much more than just nutrients and much more than a commodity. It has always been so, but in the global context it takes a mass dimension. And it would be very naive to think differently.

Eventually, nutritional and non-nutritional needs of food may conflict. It is now evident how in most advanced societies the problem is not to get food for nutrition, but to avoid too much nutrition due to an excess of food consumption. Beside, such a problem is spreading, as part of the prevailing consumption pattern, to less Developed Countries. This pattern, due to the increasing distance between food production and food consumption, might have disruptive effects to the extent of being too partial and unbalanced in terms of the local setting.

In history, there have been many globalizations (such as the ones brought about by the Roman and Chinese empires), but none of them was as extensive and pervasive as today, especially in terms of sectoral interrelations.

Globalization, as a process of integration on a planetary scale, leads to the world economy becoming smaller or being perceived as becoming smaller. The key element in the process of globalization consists in the abatement of transaction costs (TC) in a virtuous circle so that the more TC reduce the more globalization mounts up and the more globalization advances the more TC reduce. Though, at the same time, a profound care for local production is emerging.

In addition to the abatement of TC, two other important dimensions that must be taken into account, especially in connection with food and agriculture, are the political and institutional ones. In fact TC abatement occurs first in the technical domain that cannot evolve without proper structural changes driven by political actions to shape institutional settings. Nevertheless, the political and institutional domains might act as counterforces opposing rather than supporting the process of globalization (protectionism).

With regard to the globalization of food and agriculture, Prof Gorgoni stressed how the traditional economy is typically locally focused, while the advanced one is globally focused. Though, it must be stressed that is in the local context that globalization finds its roots.

Food consumption decision making keeps retaining a key household dimension. However, food consumption increasingly takes place outside the household, at working places, restaurants or "on the street". Food consumption increasingly becomes "fast". The transition from "slow" to "fast" food consumption is the result of deep social and economic changes. In any case, food consumption faces a process of internationalization and homogenization; a concept also addressed in a recent FAO publication (World Agriculture Toward 2015/2030) that the lecturer recommended to read. This publication refers to the convergence of food consumption products, indicating in globalization and trade the causes that lead to a convergence in consumption patterns. Prof Gorgoni remarked that the direction of causation could also be the other way around.

Internationalization and globalization lead to more competition and integration in the market. Nevertheless, although some agricultural markets may be close enough to the model of perfect competition, others are far from such a model and much closer to oligopoly. This is particularly true on key global markets.

Globalization tends to capture both weak and strong actors and some have been able to benefit from it, while some others have not. Globalization in food and agriculture has been pervasive in regions as Asia and North America, while it has not in Sub-Saharan Africa, which is very much lagging behind.

Coming to the public action in the food and agricultural sector, Prof Gorgoni mentioned the potentially neutralizing, instead of reinforcing, effects that macro policies may have *vis a vis* sectoral policies. In this respect, reference was made to the "urban bias" debate of the 1980s. Public action in the farming sector has diverging policy orientations if we compare advanced and less advanced countries. While in developing countries development strategies tend to imply extracting surplus from the primary sector, intersectoral transfers in developed countries typically go in the opposite direction.

Advanced countries present a protectionist regime of their farming sector, but this cannot keep on going for long. Globalization is not an eventuality, but an all-encompassing state that cannot be avoided. Protectionism in farming is by now on the international negotiation agenda and acts as a disturbing element in the globalization process, counteracting the main forces driving it, but it is opposed for reasons that actually come from outside the farming sector.

Prof Gorgoni then continued investigating food insecurity stressing that food insecurity abatement it is not just a sectoral matter of technical or social issues. Food insecurity is a pervasive dimension that relates to the way a system behaves to ensure that people are able to get food and consume the food they need and is very much connected (as clearly explained in the FAO publication mentioned above) to the condition of poverty underdeveloped societies face. Therefore, food insecurity cannot be tackled just with actions at sector level and the solution to the problem is not simple since it has to address issues spread within the entire economic and political system.

Having understood the problem does not mean that the solutions to it have been identified. Indeed, societies are lagging behind in the definition of the tools to abate poverty and food insecurity. More food production alone has been recognized as not being the solution. Rather it is better to stimulate progress in rural areas, since poverty concentrates in these areas, favoring therefore progress in food security. Though it is important for governments to be cautious and not to fall in the temptation of food self sufficiency. The lecturer underlined how it would be better instead to refer to food self reliability with the chance to get the food needed in the international market. Within this picture a primary factor that has also to be considered is the rural-urban poverty migration process, widely affecting the metropolis of less advanced countries.

Prof Gorgoni ended his seminar regretting that he could not go through all the slides due to time constraints.

The debate

Invited by Eng El Hindi the audience and the lecturer started a debate concentrating on food security issues, protectionism, bio-engineering, farming models, Syrian food security.

In consideration of the impair scale of weights between the players in the international market (developed and developing countries), Prof Gorgoni stressed how the reluctance to international integration can be differently motivated. In the domain of food and agriculture, advanced countries have been and are still protectionist for reasons that nowadays are hard to sustain from an economist's point of view. Though, decision makers are not economists, but politicians that have to take into account various interests. In developing countries, instead, protectionism has been associated to the need for self sufficiency, but, in this case, the concern therefore goes to the costs of protectionism which can be high and sometime unaffordable. In both cases the main point is gradually mastering the liberalization and globalization process, since we can have globalization but we do not have global governance. Indeed, the international trade liberalization of agriculture commodities is on the agenda of WTO negotiations.

The process of opening to the international economy typically calls for domestic adjustments. This *per se* may implies a delicate transition. For countries coming from the experience of the command economy the transition is more radical, as it implies profound changes in the structure of the economy, and, for that, new rules and institutions. While gradualism may help avoiding mistakes and even disruption, misunderstanding of the comprehensive nature of the transition and ill conceived attempts to avoid uncomfortable components of it may also lead to serious mistakes and damages. Referring to Syria, Prof Gorgoni was glad to stress that NAPC and its very creation is part of such an institutional adjustment.

Above all, Prof Gorgoni wanted to stress again that globalization is not an option. It is in history and is a process that cannot be reverted. Politicians can only stop it for a while, but since globalization is not a policy decision, the question reduces to the way to be with it and not to the eventuality of not joining it forever.

Food security involves three main aspects: availability, access, and sustainability. Furthermore, it tends to be a political issue. The point here is how to link the political dimension of food security with its human and technical dimensions. Furthermore, it does not have to be naively addressed by sectorial shortcuts.

Prof Gorgoni also stressed the promises of bioengineering applied to agricultural production. The debate about the opportunity to massively rely onto genetically modified organisms (GMO) opposes food safety to food security issues, and at present there is not yet a clear picture of the future. Nevertheless, it is undeniable that history is full of cases of big innovations that faced harsh resistance.

A further issue on the opportunity of farming models based on a system of commons and cooperatives was raised. Centrally planned, command economy experiences are in this sense far from encouraging. Cooperatives of a different nature played, and keep playing, a key role in a number of advanced market economies, including most of Europe and the European Union. As for developing countries, recent experiences, among others in China, strongly indicate how policy changes in support of private business, including farming, may play a key role in fostering economic development.

Annex 1. List of Participants

Arab Development Organization

Abdula, Abd Al Hafiz, Kourtout University, Professor
Darwish, Samir, economic Professor
Siddik, Ali Ibrahim, Shif Deputy of Manoufia university

AL Baath Daily

Al Shrif, Kasaim, Journalist
Maa'louf, Fawzi, Journalist

AMC

Sukkar, Riad, Managing Partner

Faeha Al Sham Company

Auiob, Majd, General Director of Public Affair
Daas, Ahmmad, Director of Marketing

FOOD& AGRICULTURE ORGANIZATION

Abdulraouf, Riad, National Consultant
Caprazli, Kafkas, FAO Consultant
N.S Parthasrathy, Partha, FAO Consultant
Quiet Maria, Gazia, FAO Senior Agricultural Policy Officer
Taher, Mahmoud, FAO Representative
Tomaso, Pirro, FAO Consultant
Zahoueh, Salim, National Professional Officer

Ministry of Agriculture and Agrarian Reform

Abusaf,, Hayat, Agriculture Affairs Dept
Al Ashkar, Haitham, National Agricultural Policy Center
Al Atar, Fatat, Agriculture Affairs Dept
Al Bahra,, Mohammed Ehsan, Deputy Director, Ali Al Ali Project
Al Kabaz, Mohammad Nazer, Agricultural Economics Dept.
Al Kassar, Husam, Agriculture Economic Dept
Al Sehnawy, Ali, Journalist Office.
Al Shawwa, Haitham, Extension Dept
Amer, Hana, Journalist Office.
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El Masri, Ghada, Agricultural Economics Dept.
Ezouh, Adnan, Director, Ali Al Ali Project
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Melhim, Riad, Ali Al Ali Project
Nasmeh, Abdul Rahman, Al Badia Development Project.
Obary, Khaled, General Commission For Agricultural Scientific research
Othman, Saleh, Extension Dept.
Rafee, Nabeeh, General Commission For Agricultural Scientific Research
Refai, Abdulhadi, Extension Dept.
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Sheheideh, Akram, National Agricultural Policy Center
Siwar, Hasan, Agriculture Economic Dept
Talab, Toni, General Commission For Agricultural Scientific research

Ministry of economics And Foreign Trade

Ahmad, Rania, Department of International Relations
Al Baba, Samar, Department of International Relations
Al Mehthawy, Roula, Department of International Relations.
Gandour, Shireen, Department of International Relations
Shkair , Nadia, Department of International Relations

Ministry of Environment

Hilmi, Nadia, Gis Specialist

Privet Sector

Taki Al Din Riad, Economic Expert

SANA

Ajib, Shehedi, Journalist

Syrian Television

Diab, Moustafa, Photographer
Soubeh, Gasan, News Reportor

Syrian Times

Fateh,, Tamador, Journalist

SYRIAN-EUROPEAN BUSINESS CENTRE

Hala, Rizk, Business Consultant

United Nation Development Programme(UNDP)

Abir, Zeno, GEF Focal Point

University of Damascus, Faculty of Agriculture

Kalaf, Violet, Professor

Yassin, Mahmmoud, Professor

The seminar was also attended by 20 of the NAPC trainees.

Annex 2: Slides of the Presentation

<p style="text-align: center;"><i>Food and Agriculture in the globalizing world economy</i> by</p> <p style="text-align: center;">Marcello Gorgoni Department of Public Economics University of Rome La Sapienza Italy</p> <p style="text-align: center;">Damascus, 22 July 2003</p> <p style="text-align: right;">1</p>	<p style="text-align: center;">Mode of presentation</p> <ol style="list-style-type: none"> 1. Food and Agriculture 2. Globalization and the Global Economy 3. Globalization of Food and Agriculture 4. Consumers and Food Consumption 5. Producers and Food Production 6. Growth and Development, in time and space 7. Public Action, Food and Agricultural Policies 8. Agricultural Protectionism in the Age of Globalization 9. Poverty and food Insecurity in the Age of Globalization <p style="text-align: right;">2</p>
<p style="text-align: center;">1.a Agriculture</p> <ul style="list-style-type: none"> • Biological and environmental basis • Social and Economic Organization • Agro-Industrial v Rural-Urban Articulations • Decision making centers shifting along the chain • New (and Old) Interest Groups • From Traditional Agricultural Techniques to (Advanced) Genetic Engineering • Socio - Economic Implications of Technical Change <p style="text-align: right;">3</p>	<p style="text-align: center;">1.b Food</p> <ul style="list-style-type: none"> • To satisfy nutritional needs and much more • For a very long time, and for most of the world population, the food economy has been dominated by nutritional needs • Only recently, and for most of the population (at least in the Developed World) non- nutritional needs, (edonistic, social,...) tend to prevail • Eventually nutritional and non-nutritional needs may enter in conflict, both for the rich and the poor • the food economy shifting from the original agricultural rural local setting to an (increasingly) industrial - urban - global one <p style="text-align: right;">4</p>
<p style="text-align: center;">2 . Globalization and The Global Economy</p> <ul style="list-style-type: none"> • Global, Globalization: <ul style="list-style-type: none"> • The Globe becoming (or being perceived as becoming) “smaller” • Intensified (international) relations • A symbol, an “Icon” of present times • Is the World (Globe) really “smaller” than it used to be? • If the “local” loosing weight <i>vis a vis</i> the “global”? • The present Globalization is not the first one but by far the most extensive and pervasive • Forces pro and contra <ul style="list-style-type: none"> • Technical • Political • Istitutional <p style="text-align: right;">5</p>	<p style="text-align: center;">3. Globalization of Food and Agriculture</p> <ul style="list-style-type: none"> • In the traditional (largely local) economy <ul style="list-style-type: none"> • High (local) specificities with low interaction with the external world • Prevailing role of agriculture in both production and consumption • (Slow) evolution of techniques • Within the local context: growing (functional) distance between Producers (P) and Consumers (C) • Among local contexts: diminishing distances and growing interaction • In the advanced (largely global) economy <ul style="list-style-type: none"> • Low (local) specificity with high external interaction • Prevailing role of industry and services in both production and consumption • (Accelerated) evolution of techniques outside the agricultural context <p style="text-align: right;">6</p>

<p>4. Consumers, Food Consumption</p> <ul style="list-style-type: none"> • Household Food Consumption • Food Consumption at the Working Place and “Street Food Consumption” • Fast Food, Slow Food • Less primary (agricultural) inputs, more value added by industry and services • Internationalization • Omogeneization <p style="text-align: right;">7</p>	<p>5. Producers, Food Production</p> <ul style="list-style-type: none"> • Farmers Industrial Firms and Traders in the Food Economy • Competition and integration. Systems and subsystems, chains and rings. Economies of scale and of scope. • From the family farm to the multinational corporation • Small scale local household production • Large scale global multinational production • Countries, Governments and Interest Groups. <p style="text-align: right;">8</p>
<p>6. Growth and Development in time and space</p> <ul style="list-style-type: none"> • Development and Underdevelopment <ul style="list-style-type: none"> • Population Growth and (per capita) Food Consumption • Economic Development and Changes in Food Consumption Patterns • International Division of Labour and International Agrifood Trade <ul style="list-style-type: none"> • Pre and post WWII scenarios • Buyers and sellers • Explanatory factors of observed comparative advantages • Non Trade Transactions, Food Aid and Development Cooperation <p style="text-align: right;">9</p>	<p>7. Public Action, Food and Agricultural Policies</p> <ul style="list-style-type: none"> • Micro and Macro policies affecting the Agrifood Economy • Historical trends and diverging patterns • Urban Bias <p style="text-align: right;">10</p>
<p>8. Agricultural Protectionism in the Age of Globalization</p> <ul style="list-style-type: none"> • Protecting and over protecting: EU, US, Japan and others • An “expensive good” for those who can afford it? If yes, “good” for what? • Domestic and International dimensions of agricultural protectionism • Food and Agriculture from the Uruguay Round into the WTO • Regulating the Global (Food) Economy <p style="text-align: right;">11</p>	<p>10. Food Insecurity in the Age of Globalization (1)</p> <ul style="list-style-type: none"> • The two sides of the coin <ul style="list-style-type: none"> • No food can be consumed if not available • No food can be consumed without access to it • Does availability imply access? • Does access imply availability? • A food insecure Planet? <ul style="list-style-type: none"> • Global scenarios and global dilemmas • Too many mouths? • Should those who “consume too much” come to “consume less” to allow “enough food” for those who “do not have enough to eat”? • Should the fathers “consume less” to “allow enough food” for their children? • Does more food security imply less food safety? <p style="text-align: right;">12</p>

<p>10. Food Insecurity in the Age of Globalization (2)</p> <ul style="list-style-type: none"> • If not the Planet, who is food insecure: countries, social groups, households? • Countries <ul style="list-style-type: none"> • Macroeconomic disequilibria and food availability unbalances • No food security can be attained if the economy is in disarray (example Argentina) • Macroeconomic adjustments may hide (rather than solve) food crises • Macroeconomic adjustments do not automatically alleviate food insecurity for the vulnerable groups <p style="text-align: right;">13</p>	<p>10. Food Insecurity in the Age of Globalization (3)</p> <ul style="list-style-type: none"> • Social groups and Households <ul style="list-style-type: none"> • suffering Hunger while exporting Food • Food Insecurity and Poverty • Economic Development leading to Poverty and Food Insecurity Alleviation • Targeted Policies and Programs <p style="text-align: right;">14</p>
<p>10. Food Insecurity in the Age of Globalization (4)</p> <ul style="list-style-type: none"> • The World Food Summit (WFS) from 1996 to 2002 <ul style="list-style-type: none"> • Before 1996 • Preparing the WFS: starting positions and the negotiating process • The Rome Declaration and Plan of Action • From the 1996 WFS to the 2002 WFS FYL • Why Governments (and International Organizations) do what they do? <p style="text-align: right;">15</p>	