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COM/TAD/CA/ENV/EPOC(2010)24



Organisation de Coopération et de Développement Économiques
Organisation for Economic Co-operation and Development

15-Jun-2010

English - Or. English

**TRADE AND AGRICULTURE DIRECTORATE
ENVIRONMENT DIRECTORATE**

**COM/TAD/CA/ENV/EPOC(2010)24
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Joint Working Party on Agriculture and the Environment

GREEN GROWTH AND AGRICULTURE

**28-30 June 2010
OECD Conference Centre
Paris, France**

This document is submitted for DISCUSSION and GUIDANCE under Item 8 of the Draft Agenda of the 30th session of the Joint Working Party on Agriculture and the Environment, to be held from 28 to 30 June 2010.

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JT03285579

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GREEN GROWTH AND AGRICULTURE

Background

1. The pressures on natural resources, climate change and the recent and ongoing economic crisis have highlighted the need for a greener model of growth. The overarching objective of the OECD's Green Growth Strategy (GGS), which is a high priority across the OECD, is to help OECD and non-OECD governments to identify policies that can contribute to economic growth that is also environmentally sustainable. The OECD's *Interim Report of the Green Growth Strategy: Implementing our commitment for a sustainable future* was released following the discussion at the OECD Meeting of the Council at Ministerial level (MCM) on 27-28 May 2010.

2. There is considerable interest among Delegates concerned with agricultural issues to define and elaborate the role of agriculture, agriculture and agri-environmental policies in the GGS. Green growth was identified as one of the priorities by Agriculture Ministers at their meeting in 2010 (www.oecd.org/agriculture/ministerial). In their Communiqué,

“Ministers recognised that green growth offers opportunities to contribute to sustainable economic, social and environmental development, that agriculture has an important role to play in the process, as do open markets that facilitate the sharing of technologies and innovations supportive of green growth, and that, in this context, care needs to be taken to avoid all forms of protectionism. Climate change presents challenges and opportunities for the agricultural sector in reducing greenhouse gas emissions, in carbon sequestration, and the need for adaptation”.

“Ministers asked the OECD to identify policy options and market approaches that would encourage “green growth,” including mitigation of the food and agriculture system’s contribution to climate change, as well as adaptation to its impacts”.

3. For agriculture, this means ensuring that in the coming decades enough food is provided for an increasing global population while reducing the carbon intensity of the agricultural sector, sustainably managing scarce natural resources – especially land, water and biodiversity – and reducing adverse environmental impacts, and enhancing the provision of agriculture-related environmental benefits such as carbon sequestration, flood and drought control, biodiversity and other ecosystem services.

4. Following the Agriculture Ministerial, and recognising the overall priority to the GGS in the OECD, further work on green growth and agriculture has been agreed by the Committee for Agriculture for the Programme of Work in 2011-12 [TAD/CA(2010)2]:

“Climate change is a major concern in relation to green growth, but there are wider environmental impacts and issues arising from increasing agricultural growth to meet future needs. The focus of the proposed work is to identify policies which will help the sector to meet Green Growth objectives. Building on the on-going horizontal work in the Organisation, the characteristics of Green Growth as related to the agri-food sector will be examined in depth and clarified and a conceptual framework will be developed leading to a taxonomy of policies and alternative farm management practices that have a bearing on Green Growth in the agri-

food supply chain. The implications of different policy approaches will be explored, if possible in quantitative terms, in order to identify where the potential trade-offs exist as policy makers attempt to meet the dual objectives of ensuring increased food supplies and achieving a “greener” agro-food sector. The proposed work will cover OECD, Enhanced Engagement countries and selected developing countries. The work will involve a collaborative effort within TAD, with other Directorates (especially ECO, ENV, DSTI and STD), and external research groups. An OECD-wide report will be prepared for the MCM in mid-2011 on the Green Growth Strategy, to which the preliminary results of this activity will contribute. A Policy Brief summarising the key findings will be prepared”.

Proposals

5. The Secretariat’s proposals are in two stages. First, input will be provided for the GGS Synthesis Report for the MCM 2011. This will involve both a sectoral study on *agriculture and green growth* to be annexed to the Synthesis Report, to be completed by March 2011, and material to include in the Synthesis Report, which will be finalised in January 2011. Second, further work will be undertaken in the 2011-12 period as mandated by the Committee for Agriculture in the PWB 2011-12. This will initially involve the preparation of scoping papers.

Agriculture and green growth (for 2011 MCM Synthesis Report on the GGS)

6. The Secretariat proposes that the sectoral study on *agriculture and green growth* as an annex to the GGS Synthesis Report should draw on existing work in the OECD and on a set of studies outlined in the bullet points below, prepared by consultants. The proposed study would focus on the ways in which the agriculture sector can contribute to green growth, and on the role of different policies in helping or hindering that contribution. This would involve including *inter alia* the following elements:

- The concept of green growth in relation to the agricultural sector;
- A framework to analyse, from an economic perspective, the optimisation of economic welfare (“growth”) and environmental performance (“green”), highlighting the trade-offs and synergies, within the agricultural sector and in the wider macro context;
- The relationship between different agricultural, agri-environmental and environmental policy measures – and the support involved – and green growth in agriculture;
- The possible contribution of different farming systems (for example, conventional/organic; intensive/extensive; large/small enterprises), technologies and innovations to green growth; and
- The linkages between biomass production (bio fuels, bio energy and bio-materials), food and feed production, and green growth in agriculture.

7. This study would also draw on existing and ongoing work, including that on mitigation and adaption of agriculture to climate change; the sustainable management of water; the PSE and agri-environmental databases; risk management; PEM and SAPIM modelling; biofuels; guidelines for cost-effective agri-environmental policies; payments for ecosystem services; and policy targeting.

8. This study will not be as comprehensive as will the work in 2011-12, given the time available, but promises to provide a valuable contribution to the policy debate on green growth and agriculture.

Agriculture and green growth (as mandated in the PWB 2011-12)

9. The study outlined above will help to launch the longer-term work as mandated in the 2011-12 PWB. While the work in 2011-12 will be scoped in more detail during the first half of 2011, with a focus on the policy implications, some of the relevant issues were referred to or discussed by Ministers of Agriculture in the OECD meeting in February 2010. They include:

- The overall challenge is to ensure that an increasing global population has enough food, feed and fibre while reducing the carbon footprint of the agricultural sector, sustainably managing scarce natural resources – especially land, water and biodiversity – and improving environmental performance of the sector.
- Agriculture has shown an impressive capacity historically to meet growing demands for food, feed and fibre through significant increases in productivity, but this was often achieved through a mixture of greater intensity of production, application of technological developments, dissemination of knowledge, expanding the land area in agricultural production, structural change, and a reduction in the labour force employed.
- Despite significant advances in supplying food, feed and fibre, one billion people remain undernourished due to poverty and there are long-standing problems and challenges in the food distribution system.
- Moving towards greener growth in the agricultural sector requires not only examining a mixture of public policy and private actions in the domestic context, but the functioning of global food markets and institutions to improve the efficiency of natural resource use, limit waste in the food supply chain, foster innovation and productivity growth in both OECD and non-OECD countries, and harness the benefits of open markets.
- Because of the complex interactions of linkages between the growth and efficiency of agricultural production and environmental performance across countries, and the connections with other markets, including energy, a wide range and mix of actions and policies are likely to contribute to greener growth, reflecting the specific characteristics of different countries.

Process and timing

10. Several Delegates in a recent meeting of the Working Party on Agricultural Policies and Markets (17-18 May) and in the Committee for Agriculture (1-2 June) stressed the need for a balanced treatment of agriculture in the final Synthesis report on the GGS for the Ministerial Council Meeting (MCM) in 2011. Some Delegations were also concerned that the process needs to be more transparent and that the role of the Committee in the process should be clarified. Clearly, a number of committees and working parties, including the JWP on Agriculture and the Environment, have an interest in the development of further work on agriculture and green growth, in the GGS.

11. The work on the GGS is coordinated across the OECD, with regular meetings involving all concerned Directorates, and is led by the Environment; Economics; Statistics; and Science, Technology and Industry Directorates, with contributions from other relevant Directorates. The structure and content of the final Synthesis Report has not yet been determined, but it is likely to be a relatively short document, complemented by in-depth background or sectoral studies, including one on agriculture. It is also acknowledged that work on the GGS in the OECD will continue beyond the 2011 MCM.

12. Concerning the process to prepare the study on *Agriculture and Green Growth* as an Annex to the Synthesis Report on GGS for MCM 2011, the Secretariat proposes to present a draft of the study for discussion to the Joint Working Party on Agriculture and the Environment at its December meeting, and that Delegates to the Working Party on Agricultural Policies and Markets, and the Working Party on Environment and Economic Policy Integration be invited to provide written comments. It is possible that the Committee for Agriculture at its meeting in December 2010 might also engage in a discussion based on the draft report (although it should be stressed that the agenda for the December meeting of the Committee has not yet been determined).

13. The Synthesis report on the GGS is being prepared under the responsibility of the Council as it is an MCM document, so a review process via the Council will be established. Delegates can provide comments on whatever material is available on the Synthesis report at the time when various Committees or working parties meet, such as the GGS outline and drafts, when they are put on OLIS for Council. But any written comments from Delegates should be channelled through their country Delegation via the OECD *ClearSpace* site. This is critical to ensure that where many different committees are involved comments on drafts from a given country are consistent.

Action required

Delegations are invited to comment on (i) the Secretariat's proposals for a study on agriculture and green growth as a contribution to the Synthesis Report on GGS for MCM 2011; (ii) the process and timing of this contribution; and (iii) provide preliminary thoughts on implementing the work to be undertaken in MCM 2011-12 on agriculture and green growth, in particular with respect to the focus and content of that work.