

The Geopolitics of Food and Agriculture

Structure proposal 2019 – preliminary version

Objective

The geopolitics of food and agriculture will increasingly be at the center of trade issues. The recent dispute between the US and China has the potential to disrupt world agricultural markets and supply chains in a way unseen before. The sudden increase in trade tariffs has an immediate impact of disarranging agri-food markets and integrated supply chains not only in grains and oilseeds, but also in meats, dairy, sugar, ethanol and many other related sectors. For example, if the increase in tariffs for soybean is negative for American producers, it was positive for Brazilian producers and consumers around the world who benefited from cheap prices of American soybeans. The problem is that this is a short-term effect that may cause a positive impact in some economies that will not last for long.

The most critical issue to understand agricultural markets now is how countries will be able to navigate in this new world where the geopolitics of food and agriculture are at the center of trade issues. Trade policy will still play a key role in how markets function, but it is now important to assess this new aspect of trade in the agriculture sector. With this purpose in mind, this report intends to shed light on the main drivers of trade policy and the geopolitics of food in order to formulate policy suggestions that will help countries better position themselves in this new context.

The Geopolitics of Food and Agriculture Program aims to debate (i) the importance of agribusiness in the global value chains (ii) the equilibrium between supply and demand (iii) new aspects of trade in the agriculture sector (iv) the regional challenges and public policy.

Structure

The Geopolitics of Food and Agriculture Program is coordinated by CEBRI under the leadership of Marcos Jank, international advisor of the institution and CEO of the Asia-Brazil Agro Alliance. Content and knowledge production are under the guise of André Soares, senior fellow of the institute and counselor at the Inter-American Development Bank's (IDB) board of directors.

The following outline describes the main areas this project will focus:

- 1) Introduction discussing the relevance of the geopolitics of food and agriculture and its impacts on markets;
- 2) Methodology describing the importance of analyzing relevant countries/regions – namely the United States (US), the European Union (EU), China, Brazil and MENA (“Middle East and North-Africa” countries) - indicating trade issues and the need to dive deep into the study of these cases;
- 3) Case Study for each region (Brazil, China, US, EU, MENA);
- 4) Conclusion with the main findings of the report and a series of policy recommendations.

The following institutions will be at the core of the project in their specific contexts:

- **CHINA:** China Agricultural University (CAU) or Nanjing Agricultural University (NAU).
- **BRAZIL:** INSPER and ESALQ-USP (Policy Papers), CEBRI (organization of events).
- **UNITED STATES:** (tbd). Possibilities are the Brookings Institution, the Inter-American Dialogue, The Inter-American Development Bank, Iowa State University and the Peterson Institute for International Economics.
- **EUROPEAN UNION:** Wageningen University, Stockholm Environment Institute and Trinity College Dublin.
- **MENA:** Recommendation from the Policy Center for the South, Barcelona Centre for International Affairs (CIDOB).

Case Studies

The following outline describes the structure of the Case Studies:

1 Evolution of the agri-food sector and agricultural policies

- i. In each country/region (UE and MENA considered as a region) there will be a brief evolutionary history and a characterization of the situation of production, consumption, trade, competitiveness, strengths and weaknesses, and key challenges.
- ii. In each country/region there will be a characterization of the main policies affecting production, consumption, trade and investments in agribusiness. A forward-looking analysis of policy trends will also be undertaken in the coming years.

2 Trade Patterns

- i. Brazil and the US are among the most dynamic countries in exports and are direct competitors in several commodities. China and MENA are among the world's leading and most dynamic importers of agricultural and food products. What is the most likely scenario for the future of agri-food trade between these five countries/groups (EU and MENA as a single element) and of them with the rest of the world? What kind of complementarities could be better explored between these parties?
- ii. How does the evolution of agricultural policies and tariff and non-tariff protectionism (current and future) impact this balance?
- iii. How the US-China trade war may affect trade between Brazil/USA with China, looking beyond the issue of soybeans? (corn, cotton, feed, meats, sugar, ethanol, etc.)
- iv. What policies should each country in this group adopt in relation to each other to increase levels of trade and well-being?
- v. What kind of strategic partnership can be established between Brazil, the US and the EU in agribusiness? And between Brazil and China? How these three countries should deal with specific challenges of the MENA region?

3 Investments

- i. What is the central role in investments in agriculture and food (both ODI and FDI) in each country/region? What is the profile of these investments so far? Do these investments have great concern on environmental impact? How are they affected by the new geopolitics of food?
- ii. What are the long-term interests of each player in the investment area?
- iii. What would need to be done to expand these investments?

4 Sustainability

- i. What are the environmental (water, land use and land availability, etc.) and social (rural vs urban population, labor practices, etc.) situation in the countries analyzed and how can the scenarios constructed in this study affect these issues?
- ii. What is the impact of climate change on agricultural production and trade?
- iii. How can trade promote better standards? What is the role of the globalized private sector?

Products

The resulting products of the research will comprise:

- ✓ 1 Research proposal on the new geopolitics of food and agriculture;
- ✓ 5 Policy Papers (Brazil, China, US, EU, MENA);

- ✓ 5 International Seminars (United States, EU, China, Brazil, Morocco), with the presence of government authorities, private sector, industry associations, Academics, NGOs, media, etc.;
- ✓ 5 short papers covering the main cross-region issues and challenges identified on items (b) and (c) above. Examples of alliances or partnerships that could have an impact on agri-global food trade are US-China, Brazil-China, EU-US and EU-MENA.
- ✓ 1 book comprising all papers and comments received during the seminars as well as the main policy recommendations and conclusions at the global level.

Members of the project

The project will be steered under the guidance of Marcos Jank, international advisor of CEBRI and André Soares, senior fellow of the institute:

- **Marcos Sawaya Jank:** CEO of the Asia-Brazil Agro Alliance, former vice president of corporate affairs for BRF, president and CEO of the Brazilian Sugarcane Industry Association, and president of the Brazilian Institute for International Trade Negotiations (ICONE). Worked as a special expert in trade at the Integration, Trade, and Hemispheric Issues Division of the Inter-American Development Bank and has held a number of positions in international organizations and research institutes throughout the world. Over 20 years, was a professor at the School of Economics and Business of the University of São Paulo, the International Relations Institute, and the Luiz de Queiroz School of Agriculture. He received his bachelor's degree in agronomy from ESALQ, a master's degree in agricultural policies from IAMM in Montpellier, France, and a doctorate from FEA/USP.
- **André Soares:** Non-resident fellow of the Adrienne Arsht Latin America Center, and is a counselor at the Inter-American Development Bank's (IDB) board of directors. Has a master's degree in industrial engineering with an emphasis on economics and innovation from the Federal University of Rio de Janeiro. In 2011 and 2012. In 2017, he finished his Executive Education Program at the Harvard Kennedy School.



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