

LCSAR/TCIO WORKSHOP 2011 (EXPERT CONSULTATION)

AGRICULTURAL TRADE LINKAGES BETWEEN LATIN AMERICA AND CHINA

FAO-ROME (27 - 28 September 2011)

BACKGROUND

Recent FAO¹ and World Bank² studies indicate that developing countries' share in world agricultural exports increased from 32% in 1990/91 to 42% in 2006/07. Most of this gain came from expansion of exports to other developing countries (about 12%) while the share of their exports to industrial countries declined.

According to OECD-FAO projections, Latin America is the fastest growing production region and Brazil has by far the fastest growing agricultural sector, expecting to grow by over 40% by 2019, when compared to the 2007-09 base period. As stated by OECD-FAO, the developing and emerging economies which are enjoying increasing affluence with rising per capita incomes over a number of years, with population demographics and continuing urbanisation to mega population centres also reinforcing demand, are leading to significant changes in consumption and dietary habits, which explains the trade trends indicated above. This involves a transition from traditional staple foods and grains to more processed and prepared food products and convenience foods, containing a greater proportion of animal protein and with more fruits and vegetables in national diets.

China in turn, from being a small agricultural importer (1.4% of world imports in 1990/91), became the fifth largest importer at 5.4% of world imports in 2006/07 (US\$ 4.8 billion to US\$ 52.3 billion). But China has also increased dramatically its agricultural exports from US\$ 8.0 billion in 1990/91 to US\$ 36.9 in 2006/07 at 3.7% of world exports (Aksoy and Ng, 2010). It is the seventh largest exporter of agricultural products, just after Brazil. "... China has a large agricultural sector and large food economy. The performance in these sectors is of great significance for future outcomes in the rest of the world. As such, what happens inside China's borders will also affect the actions of policy makers globally."³ China is both a competitor and a dynamic market for Latin American products.

WORKSHOP OBJECTIVE AND OUTPUT USE

The workshop is organised by the Investment Centre Division of FAO within the context of the Cooperative Programme FAO-World Bank. It is intended as a forum for exchanging knowledge and latest case study information on the evolving agricultural trade linkages between Latin America and China and on the opportunities and challenges for Latin American economies.

The workshops results will be used to develop an enhanced framework for guiding interventions by FAO, the World Bank and other international and national development actors in support of better focused investment projects.

¹ OECD-FAO, Agricultural Outlook 2010-2019, 2010.

² The World Bank, "The Evolution of Agricultural Trade Flows", Policy Research Working Paper 5308, May 2010.

³ IAAE, Beijing, August 2009.

PROGRAMME

27 September 2011

8:30-8:45 Registration

8:45-9:00 Welcome

Session 1: Recent trends in world agricultural trade and role of China – Chaired by Suzanne Raswant, Chief, Latin America, the Caribbean, East Asia and the Pacific Service, Investment Centre Division, FAO.

Major issues to be discussed during this session:

- new agricultural trade patterns: increasing participation of developing countries while share of industrialised countries remained stagnated or declined;
- China's rapid increase in world share of agricultural imports and exports during the last twenty years --- impact of China's large agricultural sector and food economy;
- emergence and consolidation of commercial and economic linkages between China and Latin American countries;
- asymmetric performance among countries in Latin America.

9:00-10:00 Recent trends in world trade of agricultural and agro-processed food products.
David Hallam, Director, Trade and Markets Division, FAO.

10:00-10:30 Coffee break

10.30-11:30 Developments and patterns of trade in agricultural commodities between China and Latin America.
Zuo Changsheng, Deputy Director-general, Agro-Trade Promotion Centre, Ministry of Agriculture of China.

11:30-12:30 Trade and investment relations between Latin America and China with special reference to agri-products.
Osvaldo Rosales, Director, International Trade and Integration Division, ECLAC.

12:30-14:00 Lunch break

Session 2: Public policy and private sector initiatives in China and Latin America: Lessons from selected experiences - Chaired by Ethel Sennhauser, Sector Manager, Latin America and the Caribbean, World Bank.

Major issues to be discussed during this session are:

- policy and investment strategies to boost productivity and quality;
- value chain integration;
- public-private partnerships;
- trade governance and private sector perspective;
- impacts on factor markets (labor, land, natural resources, etc.) that the Latin America-China trade expansion have brought so far.

14:00-15:30 China is a market for Latin American agricultural products and is a competitor in agricultural world markets: presentations and panel discussion.

- Soy industry: Argentina and MERCOSUR, Marcelo Regunaga, Academic Director of the Agribusiness Unit, University of San Andres, Argentina.
- Dairy/beef industry: Uruguay and MERCOSUR, Daniel Conforte, Senior Lecturer, Massey University, New Zealand.
- Asparagus Peru and China, Geoffrey Cannock, Managing Partner, Applied Economics, APOYO Consultoría S.A.C., Peru.
- The private sector perspective, Jorge Domínguez, Origination Manager, Molinos Río de la Plata SA.

15:30-16:00 Coffee break

16:00-17:30 cont. Session 2.

28 September 2011

Session 3: Trade opportunities, risks and challenges, China as a force in agricultural trade and investment with Latin America? - Chaired by Thomas Elhaut, Director, Asia and the Pacific, IFAD.

Major issues to be discussed during this session are:

- o China's public investments in land and technology in developing countries and in Latin America;
- o food security and productivity/efficiency impacts of trans-national government led investments --versus profit oriented company investments;
- o the extent to which trade agreements, both existing and potential, are likely to shape future changes in trade policy and hence trade patterns between the regions;
- o risks and challenges for the Latin American agriculture.

9:00-10:00 Issues around the free trade agreements.
Alberto Valdes, Research Associate, Universidad Católica de Chile.

10:00-11:00 China's public investments in land and technology in Latin America.
Antonio Buainain, Senior Lecturer of Economics, Institute of Economics, University of Campinas - Unicamp, Brazil.

11:00-11:30 Coffee break

11:30-12:30 Prospects and challenges of agricultural trade between China and Latin America: analysis of problems and opportunities from the Chinese perspective.
Li Xiande, Director, Professor and Ph.D. Advisor, Institute of Agricultural Economics and Development, Chinese Academy of Agricultural Sciences (CAAS).

12:30-14:00 Lunch break

Session 4: Agricultural trade and growth prospects

The objective of this session is to confront the issues raised from different standpoints - government, private sector and cooperation agencies- with a view to summarise the trade prospects and highlight the challenges, the growth opportunities, the sustainability and the risks for different Latin American countries.

14:00-16:00 Roundtable Discussion.
Chaired by Alberto Valdes

16:00-16:30 Coffee break

16:30-17:30 **Session 5: Conclusions and way forward**
Alberto Valdes

The conclusions from the workshop will provide guidance in the development of a framework for investment planning.

Note: Each speaker will deliver a presentation of 40 minutes, followed by 20 minutes for questions and answers.