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Why was WOAgri founded ?

Pierre PAGESSE, President of WOAgri

My name is Pierre PAGESSE. I work as a farmer in the Auvergne, in the heart of a region in France that has vast stretches of mountains and a beautiful, fertile plain – the Limagne – known for the quality of its agricultural products and the vitality of its plant breeding research.

The region is the home of «Céréales Vallée,” what we call a “competitiveness cluster,” which operates in the area of grain breeding. Worldwide in scope, the cluster is preparing the seeds of tomorrow.

The Auvergne is also the home of Michelin, the world’s leading tire manufacturer, whose headquarters are located in Clermont-Ferrand, the region’s capital.

Finally, it is home to former French President Valéry Giscard d’Estaing, one of the great architects of the Euro.

As you can see, I am proud of where I come from. I strongly identify with the region’s values: a love for work done well and for steadfast commitment, a constant emphasis on progress, high standards of performance, a sense of innovation and openness to the world.

After starting out with about 20 acres 35 years ago, I now farm some 250 acres of specialty vegetable crops. I am a producer of corn and vegetable seeds, and am President of Limagrain, an agricultural cooperative that is the world’s fourth largest seed company. We generate close to 1.5 billion dollars in annual sales. Limagrain invests 10% of its sales revenue in research and has almost 6,000 employees working in 35 different countries and on six continents.

It was in traveling the world over, meeting with our clients and employees, that I took stock of the great diversity in the world’s cultures and the wealth of its civilizations. I came to understand the magnitude of the needs we must meet; food needs, of course – which are a priority – but also needs related to green chemistry and energy. I also became aware of the great distress of my fellow farmers, who, because they can no longer make a dignified living from their profession, face great uncertainty as to what their future holds. .

I encountered this existential crisis on every continent – in India, China, Africa, Brazil, but also in Europe and even in the United States. Of course, the situations vary greatly between developing countries, emerging countries, and developed countries.

I personally have increased my productivity twenty-fold since I first began work as a farmer, and I now produce enough calories to feed more than a thousand people. Yet without CAP assistance, I would not even be able to feed myself! And I know my fellow farmers in the United States are in the same situation. They could not survive without the Farm Bill supports. And yet, European and American farmers have access to the best seeds and are among the most experienced and most well organized farmers in the world.

This situation is absurd. The incessant fighting among WTO negotiators does nothing but mask a simple reality: the WTO cannot adequately or effectively address agricultural production. I have been following the progress of the multilateral negotiations for several years now. I participated in the Seattle, Cancun and Hong Kong conferences. And I see that the situation has not improved.

In Seattle, I was impressed by the words of Dan Glickman, Secretary of Agriculture, who told us that "for us Americans, agriculture is a matter of national security."

That statement only confirmed what has been a constant theme, reiterated by each of your Presidents, and most recently President Bush: that for the United States, agriculture is strategic. I listened with great interest and hope as President Sarkozy placed agriculture at the heart of the strategic priorities for France and for Europe. That our countries share this vision is very positive indeed.

But let's come back to the WTO. The WTO cannot effectively address agricultural issues because it focuses only on trade and makes no distinction between industries. This amounts to ignoring a fundamental fact: that agriculture is unique — because markets for agricultural products do not follow the same laws as markets for manufactured goods.

I believe that two distinguishing factors should be stressed. The first relates to demand. Demand increases steadily, but is relatively insensitive to price changes. That is why experts refer to the «rigidity of demand.» The second factor relates to the vagaries of weather that affect agricultural production. The impacts of weather fluctuations, although somewhat mitigated by market globalization, remain significant. Furthermore, they are related to the length of the production cycle, which makes forecasts and quick adjustments impossible. This is what economists refer to as "endogenous risks."

Combined, these factors lead to highly volatile prices on the agricultural markets when there are small supply-demand imbalances: a 1% to 2% change in production can lead to price variations as large as 300% or even 500%.

This volatility creates imbalances that are incompatible:
with the viability of all agricultural economies,
with the economy of developing countries,
and that consequently threaten food security on our planet.

This volatility often causes global prices to drop below the cost of production. And yet these global prices serve as a reference not only for international transactions, which account for only ten percent of overall production, but for all markets. Under such conditions, the worldwide market for agricultural products, far from contributing to development, actually exacerbates these imbalances.

That is why most of the world's farmers are bankrupt, or, in the richest countries, reliant on government assistance.

In short, agricultural markets are, by nature, imperfect, because market forces alone cannot automatically correct imbalances. Regulation is necessary to ensure that these markets operate as smoothly as possible: that is the purpose of the agricultural policies in place in several countries.

This is particularly true for the United States and Europe: the performance of our agricultural economies is the result of agricultural policies – the Farm Bill and the CAP – that have been in place for many years. By protecting farmers from excessive price fluctuations, these policies– each in its own way and with its own rules – have created the conditions for bona fide development in agriculture and agribusiness.

And yet, some claim that the planet would be much better off with complete trade liberalization, i.e., the elimination of all forms of regulation. To convince us, they tout impressive figures to the tune of several hundreds of billions of dollars.

In taking a closer look, we realized that these calculations were born of economic models incapable of integrating the reality of the agricultural markets...

The available economic models, such as the World Bank model, are imperfect and inadequate for agriculture. They do not take into account price volatility. They assume that supply automatically adjusts to demand. They only consider a single representative consumer in each country. They ignore transportation costs, environmental impacts and exchange rates.

In short, for several years now, policy decisions and economic forecasts have been made on the basis of misleading information.

Inspired by these observations, I brought together many representatives from the agricultural sector in France. We started raising the awareness of European leaders. We gathered remarks from concerned African leaders. Representatives from the areas of healthcare, humanitarian aid, and the environment joined our ranks. And WOAgrri, the World Organization for Agriculture, was born.

Our ambition?

To create the conditions that will favor development for all farmers, wherever they may be, by integrating all aspects of agriculture: economic, social, territorial, humanitarian, environmental, technological, and even cultural.

Our convictions?

In agriculture, liberalization without rules would be like a democracy without laws. That is why we are convinced that intelligent market regulation is the essential basis for development, growth, and food security.

Our planet needs all of the world's agricultures.

It is futile to assume that we can meet the needs of nine billion human beings by concentrating production in the countries that offer the lowest prices, often with a blatant disregard for minimum income and environmental standards! Ricardo's competitive advantages do not work for agriculture: who can believe that Australia or Argentina has the capacity to provide wheat for the entire planet?

Our contribution?

Fuel the debate, propose tools, and, when the time comes, map out some prospects.

Jacques Carles, Executive Director of WOAgrri, will present an overview of the overall strategy and organization. Bertrand Munier, our chief economist, will discuss the principles behind and uses of the NAR model, which will become operational in early 2008.

I now would like to tell you why we decided to come here to Washington

I – we – greatly admire your country for its values, its audacity, and its pragmatism. In fact, our movement is founded on a set of shared values: a commitment to sovereignty and national independence, confidence in humankind and in the responsibility of the entrepreneur, a faith in the market economy and trade dynamics, and the need to protect the environment, above and beyond current controversies.

As major players in the global agricultural economy, it is our duty to work together – and with other great countries – to harness the economy of our planet and lead it toward sustainable development. I am utterly convinced that we share a common interest - promoting economic growth that should be fueled, rather than impeded, by population growth.

Before concluding my remarks, I would like to express to you how confident I am in the success of what could be considered a gamble. For each passing day is another opportunity to meet farmers, business leaders and political decision makers at the highest level who share our cause. We realize that much remains to be done. We are going to continue our efforts to strengthen the WOAgrri network and open it to all initiatives. That is why we so ardently hope to work with you all – think tanks, elected officials, economists, journalists, and – of course – farmers.

I am counting on your support and look forward to your suggestions.

I now would like to thank Sandra Polaski and the CEIP for hosting us in this deeply historic place. I am also grateful to the Embassy of France for its significant contribution to the success of our meetings.

Thank you for your attention.

I will be available after today's presentations to answer any questions you may have.

And now, without further delay, I will give the floor to my colleague Jacques Carles, Executive Director of WOAgri.

