



**Organization for Security and Co-operation in Europe
Secretariat**

EF.NGO/1/05/Rev.1
23 May 2005

ENGLISH only

Conference Services

Please find attached the presentation by Mr. Michael Stopford, Head of Global Public Affairs and Government Relations, Syngenta International AG, delivered to the Session of the *Review of the implementation of OSCE commitments in the economic and environmental dimension focusing on “Integration, Trade and Transport”* of the 13th OSCE Economic Forum, Prague, 23-27 May 2005.

OSCE Economic Forum
Review of the implementation
of commitments:
Integration & Trade

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Michael Stopford
Head of Global Public Affairs & Government Relations
Prague, 24 May 2005



Scope

Syngenta and the agribusiness sector

- Market overview
- Global challenges

Challenges of integration and trade
in the agribusiness sector

2 

Syngenta & the Agribusiness
Sector
Market Overview

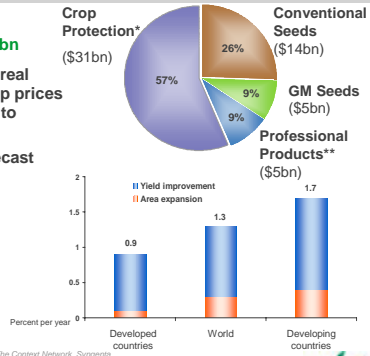
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Market Overview

Global market 2004: \$54bn

- Crop Prices: 1.3% real decline in field crop prices since 1973 thanks to technology
- Cereals yield: forecast growth 1995-2020



Source: Philip McDougall, World Bank, The Context Network, Syngenta

4



Market Overview

Strong worldwide market presence

- A leader in crop protection
- Third in high-value commercial seeds
- More than 19,000 employees in over 90 countries

Global research and manufacture

- Europe, NAFTA, Latam, Asia

Leading investor in agricultural research

- \$820m R&D: 2004



5



Syngenta & the Agribusiness Sector Global Challenges



Global Challenges: Production

“How can agricultural production rise to meet demand in a framework of equitable, environmentally, socially, and economically sustainable development?”



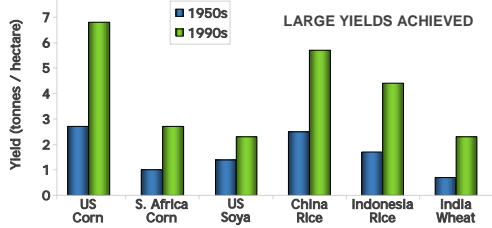
World Bank Assessment of Agricultural Science and Technology for Development, August 2003

7



Global Challenges: Production

“Feeding the world has been possible because of agricultural technology”.
Dr. Norman Borlaug



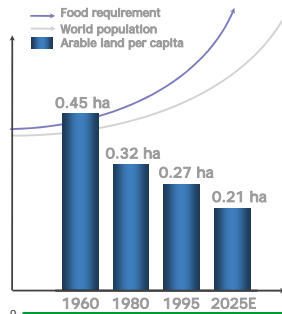
8

Source: FAO yearbooks, Syngenta



Global Challenges: Production

Global calorie demand to double by 2025 whilst arable land remains constant. Improved yield essential without compromising sustainability.



“Agriculture plays a crucial role in addressing the needs of a growing population, and is inextricably linked to poverty eradication, especially in developing countries.”

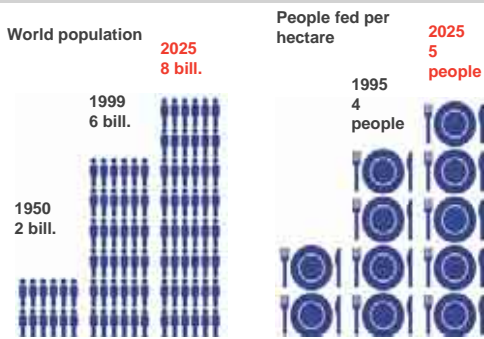
World Summit on Sustainable Development, Johannesburg, September 2002

9

Source: FAO statistics, World Bank, Syngenta



Global Challenges: Demand

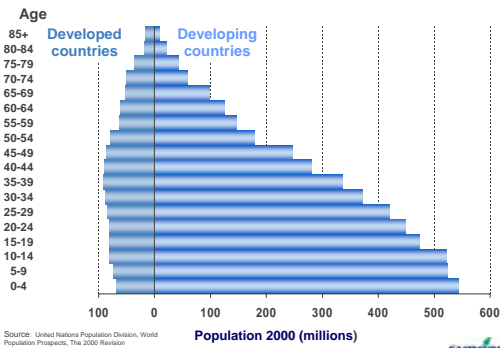


10

Source: FAO, UNEFA statistics

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Global Challenges: Demand



11

Source: United Nations Population Division, World Population Prospects, The 2000 Revision

Population 2000 (millions)

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Challenges of Integration & Trade in the Agribusiness Sector

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Challenges of Integration and Trade

UNECE Review of OSCE commitments:
Competing economic and social priorities resonant for the agribusiness sector, including:

- Development *versus* environment: sustainability?
- Market liberalisation *versus* subsidies and tariffs
 - Desire for others to open their home markets *versus* national protectionism
 - Desire for unencumbered circulation of goods facilitated by use of common standards *versus* desire to differentiate and protect national products
- Role of public *versus* private sector (research & infrastructure)
 - Regulatory standards and respective roles

13

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Development and sustainability

Conservation agriculture technologies

- No-till agriculture
- Reduction in soil erosion and water loss
- Improved soil organic matter
- Less fuel use and air pollution
- Increasing yields and farm income



*Sustainable Agriculture - economically viable,
environmentally sound and socially acceptable*

14

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Development and sustainability

Planned productivity

- Agricultural productivity is key
- Strengthens rural communities
- Secures food supply
- Stable, planned development
- Biodiversity conservation



15

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Development and sustainability

Agricultural technology

„Copenhagen Consensus” project’s findings:

„Returns from improving agricultural technology...by using higher-yielding crops...and controlling pests better dwarf those from other policies...”

„...investments in technology are the most effective means of increasing the incomes of hungry people. Teaching a man to farm better... can yield far more than simply giving food or medicines away.”



Caterpillar pest Fungal disease

(The Economist, with Denmark’s Environmental Assessment Institute, 6 May 2004)

16

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Market liberalization and subsidies

Most of the top agribusiness markets are major exporters:

- US (significant exporter of corn, soya, wheat, rice, cotton)
- Brazil (soya, sugar)
- Argentina (corn, soya, wheat, sunflower)
- France (wheat)
- Australia (wheat, rice, cotton, barley, sugar, canola)
- Canada (wheat, barley, canola)



17

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Market liberalization and subsidies

Production & Trade of Major Crops

Crop	Prod mt	% traded
Corn	700	11%
Wheat	620	18%
Rice	400	6%
Soya	225	30%
Cotton	115 m bales	30%

*Local consumption still major consideration globally
Exception is the level of US corn exports*

18

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Market liberalization and subsidies

Agricultural subsidies and tariffs centre-stage in current WTO round

- WTO agreed how to calculate tariffs
- WTO upheld complaint by Brazil, Australia and Thailand against EU sugar regime. But some LDC's benefit from preferential treatment under regime...
- WTO upheld a complaint by Brazil and African countries against US cotton subsidies



19

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Market liberalization and subsidies

Considerations

- Environment
 - Role of agriculture in managing environment, the landscape
- Social
 - Chinese introduction of direct subsidies: objective to reduce the income differential between rural and urban populations and encourage people to stay on the land
 - Poland, new EU entrants: positive effect of subsidies?
- Political
 - Role of farming in national life
 - US Farm Bill
 - EU CAP reform



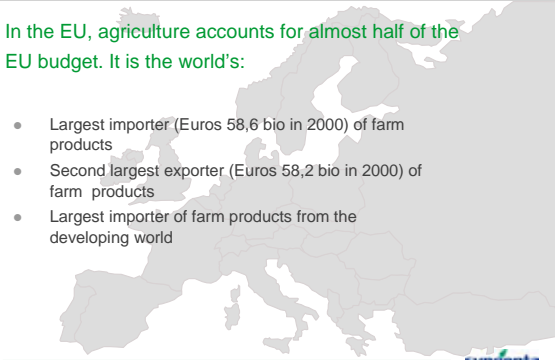
20

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Market liberalization and subsidies

In the EU, agriculture accounts for almost half of the EU budget. It is the world's:

- Largest importer (Euros 58,6 bio in 2000) of farm products
- Second largest exporter (Euros 58,2 bio in 2000) of farm products
- Largest importer of farm products from the developing world



21

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Market liberalization and subsidies

EU reform:

- July 2002: European Commission proposed a "Mid-Term review" of the CAP
- June 2003: Substantial package of reforms adopted:
 - Shift from a system of production-based subsidies towards a more market-oriented policy ("decoupling")
 - In future, farmers' payments to be linked to respect for environmental, food safety, animal health and welfare standards and cross-compliance
- Late 2003 (enter into force 2006) reform increasing market-orientation for "Mediterranean products" - olive oil, tobacco - & cotton and hops
- Sugar reform next on the agenda

22

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Public and private sectors

Challenge for the private sector

„Some 82 million of the 83 million people being added to the world every year live in the developing world. The challenge is to make sure that these people are part of new markets.“



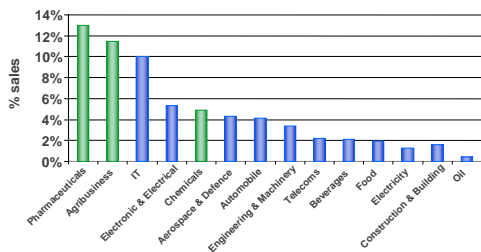
(Administrator of the UN Development Program)

23

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Public and private sectors

R&D % of sales by sector



Private sector double public sector agricultural research

24

Source: Financial Times, 2002, Syngenta

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Public and private sectors

Regulatory requirements

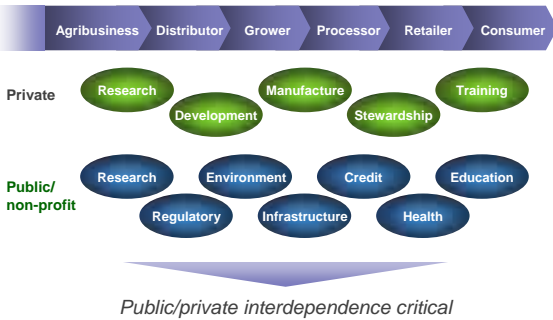
- Investment in new markets (e.g. CIS countries) requires stable and transparent regulatory environment in the host country
- Harmonization and mutual recognition essential
- Role of technology transfer agents in modernizing agricultural sectors, including efficient and environmentally responsible use of agricultural inputs

Transparent, harmonized, costs controlled

25

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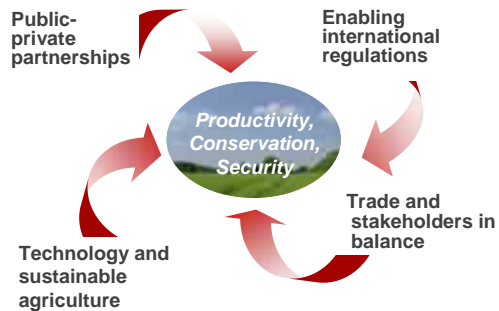
Public and private sectors



26

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Challenge of trade and integration: a new balance



27

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A leading global agribusiness