

Address by Federated Farmers Meat & Fibre Chairman, Bruce Wills, to the Sheepmeat Forum, Brussels, 8-9 October 2009.

Introductory comments

I am grateful for the honour of being invited here today to give an address to this forum on the important issue of climate change and the broader theme of sustainability. The potential impacts of the global policy and market responses on the world's sheepmeat producers are many and substantial and we need to work together to deal with the challenges.

I'll start with climate change. Regardless of individual views on the science of global warming and its causes there is no doubt that it is an issue which is likely to be with us for some time to come. The nations of the world have been grappling with the issue since before the Kyoto protocol and they are continuing to develop and adopt local and international policy responses.

There is no doubt that these policy responses will continue to have an impact on agricultural production in general and ruminant production systems in particular.

I do not propose in this address to argue the science of climate change nor to critique individual nation responses. Nor have I considered opportunities for adaptation as these will naturally depend on individual nation's circumstances, production methods and the unknowns of how climate change may affect those production systems.

Instead I intend to consider the international policy situation and in particular the factors involved in developing an appropriate international approach to agricultural greenhouse gas emissions. I have, of course, drawn on the New Zealand experience as that is the situation with which I am most familiar.

Until recently agricultural emissions have taken a back seat in consideration of the global policy response. The reasons for this are many but perhaps the most pertinent is the fact that the developed nations and their economies are highly industrialized and that agricultural emissions make up a relatively small proportion of their greenhouse gas emission profiles.

As a result of this emphasis on industrial emissions and their strong relationship with energy production and consumption it is perhaps not surprising that, up until now, international discussion, negotiations and agreements have focused on these energy related issues and that the rules have been written without too much regard for the special circumstances that apply to agriculture.

New Zealand, is in an unusual situation in this regard, in that its economy is largely driven by agricultural production and exports while it is considered a developed nation, is obliged to take action on climate change. It is for this reason that we have taken a strong interest in this issue since the Kyoto protocol was developed in 1997.

We are keen to foster a much more informed and focused debate on agricultural emissions on the international stage. It is important to understand that, although New Zealand has a special interest, the treatment of agriculture in climate change negotiations has an impact on agricultural producers the world over, and, more importantly, will have substantial impacts on the world's ability to continue to feed its increasing population.

Food Demand and Security

The need to increase affordable, nutritious food production to service a growing global population is vitally important.

The necessary balance between emissions reduction efforts and food production is a policy area that is increasingly being explored by the International Policy Council, the World Economic Forum, Food and Agriculture Organization and other policy think tanks.

In the space of two years world food prices have increased by over 80% on average while cereal stocks had fallen in 2008 to a worrying historic low of 40 days' supply.

According to the World Bank, over 860 million people in the world are facing chronic famine and this figure could rise by 100 million as a result of drought and the current economic crisis and global food demand is expected to double by 2050.

In these circumstances there is likely to be increased call for a higher level of food security.

International climate change policies can contribute by recognising that an international cap and trade scheme is unlikely to allow the flexibility in agricultural production required to meet food demand.

Whatever regime is agreed it needs to take account of the global requirement for increased food production as well as the impacts of such production on climate change.

Methane, Global Warming Potentials and Policy Response

Methane is the greenhouse gas of most importance for ruminant farmers. The biological system that has evolved over thousands of years in ruminants and allows them to break down a largely cellulose diet and produce protein seems necessarily to require methane production in the gut.

The fact that this has been going on for millennia apparently holds no weight with those requiring a reduction of the global output of greenhouse gases.

The importance of methane as a greenhouse gas is largely due to the timeframes over which the IPCC assigns a global warming potential (GWP) to methane.

The economic implications associated with a higher than appropriate global warming potential for methane are not limited to the cost associated with meeting emissions reduction commitments under international climate change agreements. Global warming potentials are reflected through to carbon footprints, thereby influencing the consumer market perceptions of ruminant protein products compared to other protein substitutes.

There has been a limited amount of research in global warming potentials and the subject requires significantly more work particularly on the role of methane in global warming and current time scales. The results of this research could provide a basis for reassessing the present and proposed metrics.

It is important also that the GWP issue be debated to a greater extent within the international negotiations. While it cannot be expected that any conclusion will be

reached for the next commitment period it is important that in documents agreed at the Copenhagen meeting, there are specific references to the need to review the GWP issue.

Research and Development

It is clear that the number of mitigation options available to sheepmeat producers is small and that they will remain so unless significant effort is put into research and development to increase production efficiency or mitigate effects.

In New Zealand we have been operating a joint research consortium with other pastoral producers and the New Zealand Government since 2003. The pastoral greenhouse gas research consortium has set research targets out to 2012 with the main target being to identify and develop economic on-farm technologies to improve production efficiency for ruminants and decrease total agricultural Greenhouse Gases by 10% per unit of output in 2013 relative to 2004.

The consortium has so far produced world leading research on the production of methane and nitrous oxide from grazing livestock, and is internationally acknowledged for managing the most comprehensive science programme of its type in the world.

In addition, the New Zealand Government has proposed the concept of an international centre for research on agricultural greenhouse gas emissions.

It is likely though that whatever we, or anybody else, can do on their own, can be significantly enhanced by working together. The countries here are already represented within the Livestock Emissions Research Network (LERN) where researchers have joined together to work collaboratively on GHG emissions problems in agriculture. We, as sheepmeat producers, need also to work collaboratively to ensure that our voices are heard on this vital issue.

Working together on climate change

The New Zealand sheepmeat industry believes that there is an opportunity to join with other international pastoral production partners in shaping international climate change policy to ensure that such policy provides the flexibility necessary for agriculture to continue to meet the needs of an expanding global population.

We need to make policy makers aware that there are special considerations when designing appropriate policies and targets for agriculture.

We need them to understand that

- biological emissions should be differentiated from those arising from industrial and energy related activity;
- there is a lack of mitigation technologies which means the only way to reduce emissions is to limit production and;
- the role of methane in climate change needs to be further investigated and factored in to an appropriate approach to agricultural emissions

Further there are opportunities for the agricultural community to work together to carry out the research and develop the technologies necessary to support agricultural policy positions and to reduce or mitigate the emissions from agricultural production.

We have an opportunity to work together for the benefit of us all and I hope that we, along with the other major agricultural producers of the world, have the courage to take that opportunity.

The broader issue of sustainability in agriculture is also likely to have major implications for sheepmeat producers. These are likely to become apparent both in terms of policy responses and consumer attitudes to our products. Already there is a desire among major retailers to respond to consumer preferences for carbon labelling of products.

We have already seen a plethora of studies on lamb carbon footprints published by various institutions using a number of different methodologies. In New Zealand we are near the end of a project which uses the general PAS 2050 methodology developed in the UK and related it specifically to sheepmeat. Agricultural products pose special problems for carbon foot printing, unlike manufactured products where the footprint can be built up from the various components instead with sheepmeat we start out with a farming system and then have to disaggregate from the carcass down to individual products. We are confident that we have carried out a very comprehensive process and the results should be ready shortly. From an overall perspective we are keen to have a single agreed methodology for sheepmeat products and we are open to sharing our methodology with other sheepmeat producing nations.

Water foot printing cannot be far behind and once again we will need to rise to the challenge to ensure that sheepmeat is not disadvantaged by the development of methodologies that are not appropriate for our product.

We as sheepmeat producers need to be able to respond together to the sustainability challenges before us to ensure that sheepmeat maintains its position as a quality, tasty and ethical red meat choice.

Thank you.