

Background Paper

Berlin, 11 March 2022

Pathways towards Sustainable Food Systems – Investing Responsibly in the Future

Need for action by the G7 agriculture ministers

The G7 countries are **key stakeholders** in the global agricultural and food sectors: they are among the world's largest importers and exporters of agricultural raw materials, food and feed. Moreover, the majority of the largest agricultural trading companies in the world are headquartered in G7 states. This gives G7 countries both a huge opportunity and at the same time the responsibility to **spearhead** the transformation towards sustainable food systems, thereby making a crucial contribution to global food security, climate change mitigation, biodiversity conservation, and compliance with human rights.

The G7 are called upon to develop **climate and environmentally friendly, resource-conserving, economically viable and climate-adapted solutions** for global food systems in order to mitigate negative impacts caused by agri-food activities and to ensure global food supply.

Russia's unprovoked and unjustifiable attack on Ukraine places a special focus on food supply. Ukraine and Russia are important exporters of grain and oilseed as well as fertilisers. The acts of war affect the local agricultural industry but also impact the entire world. The war will have consequences for millions of people, especially in northern Africa, the Middle East, Turkey and Asia, as they are facing food shortages and soaring prices for basic foodstuffs.

Political objectives and priorities of the Presidency

In view of the war, close attention must be paid to the developments on the global market and **short-term measures must be taken to ensure** global food security. Keeping the global agricultural markets open is one of the most important measures to counteract further price increases and supply shortages. Federal Minister Cem Özdemir and his G7 colleagues reaffirmed this together in an extraordinary meeting of the G7 agriculture ministers on the consequences of the Russian invasion in Ukraine, which was held on 11 March 2022 (see below).

Russia's war of aggression against Ukraine, in violation of international law, has placed the issue of fulfilling the right to adequate food in a new context. A transformation of the food systems is more urgent than ever in order to strengthen global food security.

The German Presidency will focus on finding **pathways for the transformation towards sustainable food systems**. Against the backdrop of the 2030 Agenda, the **UN Food Systems Summit 2021** provided key impetus in this regard. The German G7 Presidency in 2022 aims to build on and boost this momentum in an agriculture work stream. Germany proposes to strive for synergies between the G7 agenda and other international fora and reach out in particular to the Indonesian G20 Presidency. Account should also be taken of the OECD Meeting of Agriculture Ministers in November 2022, the UNFCCC COP 27, the 15th Conference of the Parties to the Convention on Biological Diversity (CBD COP-15) in 2022, and the Japanese G7 Presidency in 2023.

This aim includes developing **approaches** to counter the climate crisis, preserve biodiversity, reduce food waste, change dietary patterns, promote research and digital transformation and fight antimicrobial resistance. The German G7 Presidency will also discuss how innovation through knowledge, technology, agro-ecology and the adoption of good practices can reduce the pressure on input costs without impairing production capacities.

The Germany Presidency also plans to address **three other key priority areas** in depth:

1. Responses to the war in Ukraine

The war has done serious damage to Ukraine's agricultural infrastructure. The acts of war are hindering spring planting. In addition, there are acute shortages in the population's food supply. Federal Minister Cem Özdemir will therefore stay in constant communication with the G7 Agriculture Ministers and the Ukrainian Agriculture Minister regarding potential acute **aid measures for Ukraine**.

The war in Ukraine is exacerbating the effects of the steep rise in input costs over recent months. The G7 members will therefore continue the discussion they began at the extraordinary G7 meeting on how the G7 can counteract **distortions in supply chains and disturbances on agricultural markets**. This discussion will also focus on helping the most severely affected grain-importing countries.

The overall aim is to ensure that the **agricultural supply chains become more resilient** and thereby less vulnerable to crises. Russia's assault on Ukraine shows how harmful it can be to be heavily dependent on individual suppliers of energy and fertilisers.

2. Sustainable Agricultural Supply Chains

Global agricultural supply chains have become **longer and more complex** in recent decades. They contribute to global food security by creating a worldwide balance between regions with different food-producing capacities.

At the same time, however, they also have **undesirable effects** along the entire supply chain, both in the G7 countries and in partner countries. Environmental problems, global deforestation and consequently the anthropogenic climate crisis are exacerbated by resource-intensive agricultural production that emits high levels of greenhouse gases. This is particularly true of intensive animal husbandry and farming on sites converted from biodiversity-rich woodland areas or high-carbon peat soils. In certain areas, there are also human rights violations, such as forced labour, child labour, discrimination against women and the violation of land tenure rights, particularly those of indigenous peoples. Another problem is food loss and waste. Even today, 14 percent of the food produced does not reach the retailing sector.¹ Another 17 percent is wasted at retail and consumer level.²

The German G7 Presidency in 2015 emphasised the great **importance of sustainable supply chains**. The British G7 Presidency in 2021 provided further impetus with the discussions in the Food Security Working Group. The 2021 UN Climate Conference (COP 26) also addressed the importance of sustainable supply chains within the Forest, Agriculture and Commodity Trade (FACT) dialogue at ministerial level. The negotiations under the new CBD Global Biodiversity Framework also highlight the vital role that sustainable supply chains play in the conservation of species and habitats. Furthermore, the G7 countries

¹ FAO (2019): The State of Food and Agriculture 2019. Moving forward on food loss and waste reduction, Rome, page 7.

² UNEP (2021): Food Waste Index Report 2021, Nairobi, page 71.

already have a range of corresponding rules in place or in the pipeline, and there are various voluntary guidelines and private-sector standards.

The German G7 Presidency intends to engage in an exchange on these approaches and to determine potential for joint action. The aim is to have an in-depth discussion about the responsibility of companies along the global agricultural supply chain based on the UN Guiding Principles on Business and Human Rights and the OECD-FAO Guidance for **Responsible Agricultural Supply Chains**.

3. Carbon Sequestration in Agriculture

The German G7 Presidency proposes to concentrate on **improving the climate change mitigation performance of ecosystems** such as soils, forests, agricultural trees and shrubs, focusing on the concept of carbon farming.

“Carbon farming” is currently being discussed as an approach that can **contribute to climate change mitigation**: the idea is that improved use of land can help store more carbon in biomass and soils and hence contribute to sustainable, emission-reducing, resilient, and biodiversity-promoting land use.

However, sequestering greenhouse gas emissions in natural systems harbours certain **risks** because it is currently not possible to reliably guarantee that carbon can be permanently sequestered in soils and forests, due *inter alia* to external events such as droughts or wildfires. There are therefore a number of key questions, addressing such issues as how long-term carbon storage can be ensured and monitored and how both relocation effects and adverse effects on biodiversity and other environmental goods such as water and soil can be avoided.

One frequently discussed option is the introduction of a system of agricultural carbon credits. However, this is not currently feasible for a number of reasons. **There is a lack** of clear, scientifically sound and scalable **criteria**. There is also a lack of science-based, practical and verifiable detection procedures. Furthermore, there are insufficient financing options that are tailored specifically to the agricultural sector. This means that the various financing schemes do not always have the desired steering function and that misuse is possible.

The G7 has great research and innovation potential; it can therefore engage in a **timely exchange** to support sound positioning on this issue and address opportunities and risks at an early stage.

G7 Process Agriculture Work Stream

On 11 March 2022, Federal Minister Özdemir held an extraordinary meeting with the G7 Agriculture Ministers on the **consequences of the war in Ukraine**. The ministers expressed their solidarity with Ukraine and their own unity in taking joint action to keep agricultural markets open and ensure food security. The **Ukrainian Agricultural Minister** informed the other ministers about the situation in the agricultural sector and about the population's food supply situation. The results of the meeting, including a joint statement by the ministers, can be found at www.bmel.de/g7en.

To advance the G7 agricultural agenda, the German Presidency intends to host two Agricultural Senior Officials' Meetings (ASOM) and a G7 Agriculture Ministers' Meeting during the agriculture work stream. The outcomes of the agriculture work stream will be incorporated into the Sherpa process and will help prepare the ground for the G7 Summit at Schloss Elmau from 26 to 28 June 2022.

This process will also ensure that other groups and stakeholders, for instance the G7 engagement groups Business7, Civil7, Labour7, Science7, Think7, Women7 and Youth7, are heard and that they are informed of the BMEL's plans.

Dates of the Agriculture Work Stream

- **11 March 2022:** Extraordinary Meeting of the Agriculture Ministers
- **18 March 2022:** Kick-off event for the G7 Stakeholder Process (online)
- **06 April 2022:** 1. ASOM, with statements by the G7 Engagement Groups (online),
- **7 April 2022:** 1. ASOM (online)
- **12 May 2022:** 2. ASOM (offline)
- **13-14 May 2022:** G7 Agriculture Ministers' Meeting (offline)
- **Summer 2022:** Debriefing of G7 Stakeholders