

Necessarily, developing countries set other priorities regarding „non trade concerns“ than those of the industrial countries. Whereas in the South, the concern for food security and rural employment are of utmost urgency due to their direct and existential threat, Northern priorities include consumer and environmental protection, as well as preserving the natural resources. These two issues should not be played against one another but can and must reinforce each other.

Demands for change

- The agricultural markets of developing countries should not be subjected to further liberalization. The difficulties and negative side effects which developing countries have experienced implementing existing guidelines show how problematic this agreement is. Liberalization does not solve the grievous problem of food security.
- Before the special interests of the industrialized countries are negotiated, the WTO must first address the concerns of food deficient developing countries. To this day, their needs have been neglected.
- The WTO must guarantee, through its rules and its dispute settlement agreement, that conflicts of interest between trade and food security, environmental and consumer protection, rural employment and regional development are adequately considered, and that when weighing the pros and cons, free trade does not automatically have priority. Defining the norms for non-trade concerns should continue to be the task of the United Nations, in particular, and other international organizations.
- Developing countries must also have the right to resort to quota restrictions



Women play an important role as market traders, often bearing the brunt of trade liberalization

(QRs), as and when required. The removal of QRs should be linked to the removal of subsidies.

- Special Safeguard Measures, an important exception protecting developing countries, should not be removed but made a more permanent instrument.

Agricultural policy of the developing countries

- Each developing country must be able to decide for itself whether it follows an export oriented or a self-reliant agricultural strategy. Production incentives for developing countries which aim at the improvement of domestic food sources shall not be put under pressure by the AoA negotiations and its results.
- To determine exceptions for subsidies and support measures for developing countries, a special „Food Security Box“ should be established comparable to the already existing „Green Box“. This would allow funding of program-

mes and measures which, following a defined purpose and using the chosen instruments, are directed to insuring food security. This Food Security Box should be based on the right to food as formulated in the Code of Conduct for the Right to Food by CSOs.

- Least Developed Countries and net food importing countries need to be supported regarding their agricultural development and staple food production. The respective decision which was included in the declaration of Marrakesh must become effective. Industrialized countries must commit themselves within the AoA to contribute to an international fund that supports investments and, in case of high world market prices, imports.

Agricultural policy of the industrialized countries

- Export subsidies must be banned. In order to remove hidden subsidies as well, all relevant instruments such as food assistance, export credits, surplus disposal, marketing assistance abroad, dumping, barter, etc. should fall under one regulation.
- In the current agreement on agriculture, „Green Box“ measures allow exceptions for some subsidies and support measures. Not only compensation but also incentives for ecological behaviour must fall under the Green Box.
- Agricultural programmes for the preservation of small farms, rural culture, diversified farm types, diversified rural employment, the environment and natural resources as well as socially modulated agricultural programmes need to be protected from undifferenti-



Self-reliant agricultural strategies could help reduce global transport volumes

ated global market liberalization. The main objective should be non-trade concerns and not, as was the case up till now, the minimizing of trade distortion.

- Where public programmes promote production and marketing of market niche products and alternative trade (e.g. fair trade, biological products, producer-consumer-associations), the same subsidies must apply for similar imported products.
- There must be a further opening of market access for products from developing countries to the agricultural markets of the industrialized countries.

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PEOPLE BEFORE PROFIT

Trade Policy for Sustainable Food Security

Since 1996, when 185 governments committed themselves at the World Food Summit in Rome to have reduced the number of the world's hungry by half until the year 2015, no significant progress has been made. Still, almost 800 billion people do not have sufficient access to food.

WHAT IS AT STAKE?

Beginning November 2001, the FAO member states will review the situation and discuss solutions. Their influence may remain small, as right after, in Qatar, the Council of Ministers of the World Trade Organisation are meeting. Their agenda will include the Agreement on Agriculture. Since the failure of Seattle in December 1999, the demands of developing countries have become louder. Will they make an impact on the Qatar agenda? Will trade liberalization receive a more human face and food security become a true concern? Will people be put before profit?

FOOD SECURITY IN THE AGREEMENT ON AGRICULTURE

The Agreement on Agriculture defines food security as a non-trade concern and states in its preamble that „commitments under the reform programme should be made in an equitable way among all Members, having regard to non-trade concerns, including food security and the need to protect the environment; having regard to the agreement that special and differential treatment for developing countries is an integral element of the negotiations, and taking into account the possible negative effects of the implementation of the reform programme on least-developed and net-food importing developing countries“. Good words, but did good deeds follow?

Floor traders are rarely aware of the impact their work has on food security



A PAINFUL LOVE AFFAIR

Developing country WTO members expected significant comparative advantages through

- Increased market access
- Transparency through tariff binding and tariff reduction
- Reduction and elimination of trade-distorting export subsidies and domestic support subsidies; and
- The harmonization of sanitary and phytosanitary standards to avoid discriminatory measures against imports

As a result of the AoA, but also in many cases of the structural adjustment programmes, developing countries have striven hard, and often at considerable costs, to integrate themselves more closely into the world economy. However, their love affair with world trade has turned into an unreciprocated love. Whatever the theoretical benefits of trade liberalization may be - the empirical record has proven otherwise.

TOUGH AWAKENING

Most developing countries have had few gains. Deep imbalances in economic power, and systematic biases in the international trading and financial system have resulted in most promises not coming true. E.g., between 700,000 and 800,000 livelihoods were lost in Mexico

when maize prizes fell as a result of cheap imports.

Today, there is a consensus among NGOs, farmers organisations in the South and many development experts that trade liberalization in agriculture has adversely affected the agrarian economies of the South - but also the stakes of family-based farmers in the North.

NATIONAL AGRICULTURAL POLICIES

It is not only international agreements on trade which influence trade policies and their impact on the local economies of farming families and communities. National governments do have their own scope of influence on agricultural trade.

In the past years, national governments have often demonstrated that supporting the small farmer sector is not their priority. In some cases, they went even beyond the criteria set by the AoA in the liberalization of their agriculture, further exacerbating the situation. The Philippine government e.g., has increased rice imports within the past few years from 0 to 16% of the national consumption, whereas they were obliged by the WTO to open their market to only 3% by the year 2004. This led to significant problems for Philippine rice producers who are generally small farmers, as the rice price fell by about one third.

SOME FACTS ON AGRICULTURAL TRADE

- The value of agricultural trade increased by about one third between 1993 and 1995.
- Nine exporting nations account for nearly two thirds of agricultural export. The US and EU alone, for more than one third.



Southern marketing conditions are increasingly governed by trade liberalization

- The subsidies of ca. 360 billion US\$ for agricultural products from the industrialized countries exceed by far the worldwide budget for development aid.
- The US is paying roughly 6,5 billion US\$ for export supporting credit subsidies and food aid.
- The EU subsidizes its agricultural exports even higher with ca. 10 billion US\$.
- Raw materials provide up to 90 percent of the export earnings of many poor countries.
- Overall in the 1980s, the raw materials exported by developing countries lost 40 percent of their value in relation to the manufactured goods they imported.

THE WINNERS ARE ...

- Multinational corporations as they can trade food and agricultural products at heavily subsidised prices - often at prices below the cost of production.
- Farmers in the EU and US as they continue to receive 'WTO-conform' subsi-

dies from their governments, with overall subsidies in the OECD countries having risen from US\$182 billion in 1995 to US\$ 360 billion in 1998.

- The agricultural export and logistic business as they receive the bulk of subsidies. In the EU, only about 20% of the subsidies reach the farmers themselves. The misconception still prevails that it is the farmers who receive the subsidies.
- The EU, whose share in global agricultural trade rose from 20% in the 1960's to 45% in the 1990's.

AND THE LOSERS ARE ...

- Rural people in the 49 poorest countries of this world, with their 614 Mio people, of whom more than 50% live in extreme poverty.
- The net food importing developing countries. This situation is predicted to become even worse as a result of the expected dismantling of export subsidies upon which the world market prices will rise and thus make the importation of food more expensive.
- Local smallholders who are not able to compete with highly-subsidised imported cheap agricultural produce. As a consequence local food production and the country's food self-sufficiency are undermined.
- Agricultural processors in developing countries who produce for export, as they face the trade barriers of the North.
- The developing countries whose share of world agricultural markets has remained more

or less unchanged during the last 20 years, largely due to protectionist policies in OECD countries. These countries are under pressure not only to increase their exports in order to make up for lost dollar earnings but also to make their domestic market, under WTO rule, „equally accessible“ to imports of subsidised agricultural products from the North.

TIME FOR CHANGE

After the failure of the Seattle negotiations in December 1999, the increasingly active participation of developing countries in the ongoing negotiations in the „Agreement on Agriculture“ offers an important opportunity to raise the issues at stake from the food and livelihood security point of view.

Because of the detrimental impact of agricultural trade liberalization, a clear analysis of the global-local relationships related to agricultural trade and food security must form the baseline for the future prioritization of the AoA. This analysis must, in particular, address the adverse effects of the previous agreement on developing countries

Costa Rica. A banana harvest being prepared for export/ alternative trade

