

*WTO in Crisis;
Groups Offer Alternative Plan to Protect People's Food Sovereignty*

**Halt Agriculture Negotiations in the WTO!
Protect People's Food Sovereignty!**

Creating Crisis

The governments of both developed and developing countries face the choice of sacrificing the rights of the majority of their populations to food sovereignty and decent employment in return for increased corporate access to international markets. As agriculture negotiations in the World Trade Organisation (WTO) continue, government negotiators are being pressured to cede the ability of local and national governments to democratically establish their own policies to feed their people and support their farmers in return for increased access to international markets for their main exporters.

The WTO must get out of agriculture to ensure people's food sovereignty throughout the world, as the WTO is the antithesis of the idea of sovereign peoples making their own decisions about food.

Despite skirmishes among the major trading countries and various developing country groupings on specific targets and numbers, WTO members seem unwilling to accept the fact that the fundamental problem lies in the very structure of the World Trade Organisation and the framework of the Agreement on Agriculture (AoA). Through disciplines for its three "pillars" (market access, domestic supports and export subsidies), the AoA furthers and entrenches monopoly production in the hands of the world's largest agriculture producers and exporters, while the rest of the world suffers. And as negotiations over the past ten years have shown time and again, the WTO is not a space for cooperation, but rather for competition.

Since the collapse of the WTO Ministerial Meeting in Cancun, the United States (US) and European Union (EU) have attempted to revive stalled trade talks by invoking the so-called Doha Development Agenda. However, they have not come up with any new proposals that seriously address the concerns raised by developing countries in Cancun regarding agriculture trade, such as the EU-US formula for tariff reduction, their unwillingness to actually cut export subsidies (rather than simply say they will) and their repeated attempts to hide subsidies by moving them between the Green and Blue boxes. Nor have the trade majors made any attempt to address the concerns of the thousands of farmers who gathered in Cancun to demand their rights to food sovereignty and livelihoods, thus showing complete indifference to the reasons that led Mr. Lee, a Korean farmer, to sacrifice his life in protest.

What the Cancun Ministerial collapse revealed was the need and right of developing countries to protect their farmers, their agriculture and food sovereignty. Yet this is precisely what is being ignored by all WTO members in the follow-up since Cancun.

The WTO has no business in either food or agriculture. WTO rules militate against the very concept of food sovereignty. In order to protect and ensure the rights of millions of rural and urban poor in the world to food, employment and livelihoods, the WTO must be removed from food and agriculture.

Attempts at Forced Compromises Make no Headway

The US and EU are still placing enormous pressure on developing countries to agree to their framework for negotiations, which they hope will be adopted in the General Council Meetings in July and October 2005. Both the US and EU have agreed to eliminate their export subsidies, but no firm commitments of timelines and numbers are yet in place. In exchange, the US and EU expect greater access to the markets of developing countries in the agricultural, non-agricultural and services sectors without due consideration to Special and Differential Treatment (SDT) and less than full reciprocity, both of which have been agreed upon by all WTO members as necessary provisions to safeguard the interests of developing countries.

Trade ministers also cannot agree on a timeline to solve the diverging opinions on special safeguard mechanisms (SSM). While the G-33* wants to establish a system to effectively address both import surges and price depressions, the US and the EU have clearly stated that they oppose SSMs being triggered by changes in both price and volume – they argue that a volume trigger would do the trick on its own. During a meeting in June in Jakarta, the G-33 was adamant in their position and conveyed a message to the rest of the WTO ministers that a set of operational indicators based on food security, livelihood security and rural development needs must be established in regards to special products.

The WTO is at a stalemate on the issue of tariff reduction. While some members such as the EU prefer the Uruguay Round approach, others prefer the Swiss formula. No compromise on tariff reductions have yet been reached, and Brazil, Canada, Argentina and other WTO members vehemently oppose both formulas and have made it clear that another approach is necessary if the talks are to move forward.

Another Attempt to Formalise Agriculture Trade Distortions: The Dalian Mini-Ministerial

At the conclusion of the technical consultation meeting on agriculture trade from July 4-6, Ambassador Tim Grosser of New Zealand, Chair of the agriculture negotiations committee, admitted that agriculture negotiations had not gone well. During the meeting, Chairperson Grosser realized that no agreement on negotiating modalities (what he calls a “first approximation”) could be reached and terminated the meeting earlier than planned because of the inability of members to make any concessions. The main sticking points included the formula for tariff reductions, market access, Special Products and the SSM, State Trading Enterprises and Food Aid. In other words, pretty much the entire AoA is at a stalemate, thus threatening negotiations in other sectors as well. Ambassador Grosser put a lot of faith in the July 12-13

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Comprised of 42 countries: Antigua and Barbuda, Barbados, Belize, Benin, Botswana, China, Congo, Côte d’Ivoire, Cuba, Dominican Republic, Grenada, Guyana, Haiti, Honduras, India, Indonesia, Jamaica, Kenya, Rep. Korea, Mauritius, Madagascar, Mongolia, Mozambique, Nicaragua, Nigeria, Pakistan, Panama, Peru, Philippines, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Senegal, Sri Lanka, Suriname, Tanzania, Trinidad and Tobago, Turkey, Uganda, Venezuela, Zambia, Zimbabwe

Mini-Ministerial in Dalian, China, where he hoped that developing nations would concede to compromises and trade ministers could fast-track agriculture negotiations.

On 12-13 July, 32 of the 148 member countries of the WTO participated in a Mini Ministerial Meeting in Dalian, China. Just days before the Mini-Ministerial, Director-General Supachai Panitchpakdi called an informal meeting of the WTO Heads of Delegations and declared that “these negotiations are in trouble,” with the hope that the Dalian meeting would generate new enthusiasm among WTO members to make concessions and thus move the negotiations along. While the main deadlock was in agriculture, negotiations in services and non-agriculture market access (NAMA) were also stalled because members linked progress in agriculture negotiations with those in other sectors.

Despite the fact that developing countries such as China, India and Brasil refused to give in to EU and US demands on tariff reductions and market access in agriculture during the Dalian meeting, the Mini-Ministerial nonetheless signals some worrying developments. The declaration from the meeting reaffirms the commitments of participating ministers to successfully conclude the Doha work plan negotiations by 2006, and to establish comprehensive modalities for agriculture, NAMA, services and trade facilitation by the full Ministerial Meeting in Hong Kong in December. In light of these commitments, the acceptance by the Ministers at Dalian to pursue a structure for a market access formula for agriculture using the recent G 20 proposal as a starting point could possibly result in aggressive tariff reductions.

While most developing countries are holding firm on reducing agricultural tariffs and refusing to open their agricultural markets to the corporations of wealthy countries, they are being pressurized and enticed by promises of aid, exclusive trade and investment privileges, debt reduction or cancellation, and even, visas. The “single undertaking” nature of the current framework of negotiations further jeopardizes the rights of vulnerable producers and workers since progress in one area of negotiations is likely to be traded in another; given that peasant, small hold and family farmers, artisanal fishers and agricultural labour do not have influential lobbyists representing their interests to their trade negotiators, even well meaning developing country delegates may unwittingly sacrifice the livelihoods of these workers and producers for securing market access for their better off investors, businesses and service providers.

Exploiting Cotton for More Market Access

One of the most egregious examples of the inability of trade negotiations to address developmental concerns is in the area of cotton. During the Cancun Ministerial Meeting in 2003, Benin, Burkina Faso, Chad, and Mali demanded the elimination of US cotton subsidies that were, according to them, ruining their cotton production, as well as compensation for the losses suffered by their peasants and small farmers for whom, cotton production is the main source of livelihood. However, the developed countries rejected the demand of the West African cotton producers that the elimination of cotton subsidies and compensation for damages to their production be treated as a separate, stand-alone item of negotiations. Instead, they insisted that the issue be subsumed under general agricultural negotiations, thus ensuring that its resolution would be hostage to progress in ongoing agriculture negotiations, i.e., more access for northern agribusiness to the agriculture markets of developing countries.

On 19 November 2004, the WTO trade ministers finally established a subcommittee to focus exclusively on cotton, as agreed to in the “July Package” on 1 August 2004. The Cotton subcommittee was the result of a proposal offered by Benin, Burkina Faso, Chad and Mali to tackle the sector.

Prior to the cotton subcommittee meeting on 28 April 2005, the Africa Group[†] circulated a text on cotton and “cotton by-products” including textiles, thus proposing a radical shift in cotton negotiations. The reformation of all three AoA pillars is included in this text along with timetables, preferences to Least Developed Countries (LDC) and development assistance. On the three pillars, the Africa Group text proposes:

* Market access: duties and quotas be eliminated for cotton and its by-products when exported by LDCs and net exporters.

* Domestic supports: Eliminate distorting supports by 21 September 2005, prevent box-shifting that does not reduce distorting effects, and develop cotton-specific criteria.

*Export subsidies: All types of export subsidies on cotton to be eliminated by 1 July 2005; this date has already passed without any elimination of export subsidies.

The African countries and Cuba fully supported the proposal, while Paraguay, Brasil and Argentina agreed broadly, but not to the specifics, especially including textiles in the negotiations. The EU was in favor of fast tracking the negotiations, but the US refused to deal with cotton separately, and maintained that it be addressed under a comprehensive package on agriculture, i.e., the AoA.

Two months later, by the next subcommittee meeting in June, no other country had responded on the cotton issue, or developed any alternatives to the Africa Group proposal, thereby essentially freezing the timeline for action on cotton, stalling the negotiations and making it apparent that there will not be any agreement on cotton prior to the July General Council meeting. Cotton, thus, remains hostage to the interests of commercial interests from both the North and South, and any move to protect the livelihoods of West African cotton producers is likely to be conditioned to further market opening in these countries.

Pushing the Same Old Agenda: The G-8 meeting in Gleneagles, Scotland

The group of eight powerful countries – Canada, France, Germany, Great Britain, Italy, Japan, Russia and the United States – met in Gleneagles, Scotland from 6 – 8 July 2005 to discuss debt cancellation of developing countries, increased aid, trade and climate. The results of the discussions were ineffectual agreements on debt cancellation and increased aid, while trade agreements and climate negotiations were unsuccessful.

The G8 agreed to cancel the debt of 18 countries, while 17 others may qualify in the next year or two *if* they follow trade and investment liberalization policies and privatization of services. The canceled debt is from the World Bank, International Monetary Fund (IMF) and the African Development Bank – but not from all the International Finance Institutions (IFIs). There are over 70 other countries that need unconditional debt cancellation, but whose needs are not addressed. In addition, the debt cancellation deal does not cover commercial debts. If the G8 really cared about debt cancellation, then the cancellation would be expanded to cover all highly indebted

[†] (41 countries): Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Congo, Congo (Democratic Republic), Côte d’Ivoire, Djibouti, Egypt, Gabon, The Gambia, Ghana, Guinea, Guinea Bissau, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, Senegal, Sierra Leone, South Africa, , Swaziland, Tanzania, Togo, Tunisia, Uganda, Zambia, Zimbabwe

countries and eliminate any conditions to debt cancellation such as privatisation and liberalization, which only contribute to increasing poverty in these countries.

On trade, the G8 members reiterated their past positions: increasing market access, *reducing* (not *eliminating*) trade distorting subsidies, eliminating all forms of export subsidies (but without any firm commitments of dates and numbers), and developing provisions for special products for LDCs. Specifically, the G8 said that the LDCs should have “appropriate flexibility,” leaving out the rest of the countries that are “developing,” but not categorized as LDCs, thus attempting to create greater rifts between developing countries and breaking any alliances the developing countries have made. In addition, the G8 emphasized its commitment to increasing market access for non-agricultural products, such as fisheries and fish products. The G8 encouraged the WTO to complete the current round of negotiations by the end of 2006 and called for developing countries to improve participation, meaning that they should compromise and bow to the demands of the developed countries in order to conclude the negotiations. As before the G8 reiterated box-shifting as in the July 2004 frame work package, which will cause further dislocation, poverty and damage to the world’s poor, and render null and void any debt relief offered.

An Alternative plan to protect People’s Food Sovereignty

If a framework for negotiations is reached in July or October under current conditions, it will endorse more distortions and dumping in agricultural trade and herald a victory for corporate interests over the world’s people, especially those in developing countries. What is urgently needed now is not haggling over market shares in exchange for shifts in supports and subsidies, but fundamental change in the very direction of the debate on agriculture and trade. We urge governments to take up this debate outside the WTO and use international fora such as the United Nations Conference on Trade and Development (UNCTAD), the Food and Agriculture Organisation (FAO) and the United Nations Environment Programme (UNEP) to initiate this change. *The WTO must get out of food and agriculture.*

The debate in agriculture must centre on peoples’ food sovereignty rather than trade. Agriculture is the main source of employment for the majority of the world’s people, especially in developing countries. It cannot be held captive to the profit making interests of a minority. Democratic forms of decision making at the regional, national and local levels are crucial to ensure food security, decent and dignified employment, health, and respect for the environment. These policies must ensure:

- Access of peasants, small-scale farmers and fishing communities to resources needed for production, including land, seed, water, credit and technology.
- Strengthening of domestic markets to give local small-scale producers-- women and men-- full access to these markets.
- Control of imports in order to stabilise internal prices to levels that cover the costs of production.
- Supply management at the national level in order to avoid over-production and dumping. Supply management strategies should be set up in the major exporting countries in both, the North and the South to curb over-production.
- International commodity agreements to control supply at the international level and guarantee fair prices to peasant producers for export products such as coffee, cotton, etc. Price enhancement measures should first of all benefit small farmers and not traders, and support agricultural diversification rather than the consolidation of corporate owned monocultures.

- Public assistance for the development of peasant based production and marketing, and sustainable and environmentally friendly farming practices to build strong and robust local and national economies that can withstand the shocks of globalised finance and trade. Public support must not be used to generate dumping, or to perpetuate unsustainable, high input, export oriented agriculture. Domestic support schemes for small producers should be combined with supply management schemes when production exceeds domestic demand in order to avoid dumping. Exporting countries must not be allowed to hide export subsidies behind domestic support schemes that in the end benefit the largest producers and exporters, and stimulate over-production for export.

Current negotiations in the WTO are leading the world towards false choices. While it is clear that developing countries are in an unequal and disadvantaged negotiating position compared to the rich, developed countries, current proposals by developing countries to redress these power imbalances will not protect small farmers and fishers, workers, and economically vulnerable communities in their countries.

- The advance of current WTO negotiations and further talks on new issues must be halted; negotiations that seek greater liberalisation of agricultural trade in the framework of the AoA must stop.
- The pressure especially on developing countries to lower tariffs must end; developing countries should be able to increase tariffs at least to the same level that developed countries subsidise their production and reinstate Quantitative Restrictions (QRs) in order to protect their small, domestic producers.
- The obligation of minimal market access (i.e., the obligation of countries to accept imports up to 5% of internal consumption) and all other clauses regarding obligatory access to markets must be eliminated.
- Current negotiations related to multilateral agreements on investment and competition must be halted. Such agreements will be taken over by large agri-business investors from outside, and marginalise small domestic producers even further.
- Compromises must not be made in the Non-Agricultural Market Access negotiations in order to move negotiations in the AoA forward. Furthermore, the NAMA negotiations must also be halted and fisheries must be removed from the NAMA frame work.
- The system of domestic supports laid out in the AoA must be urgently restructured. While every country should have the right to use domestic supports to defend food sovereignty, the EU's and US' misuse of the AoA "box system" subsidises agribusiness over peasant and family farmers, supports high-input and environmentally damaging agriculture, and perpetuates dumping and export interests rather than defends food sovereignty.
- All forms of direct and indirect export subsidisation should be eliminated. The EU and the US must make firm commitments on a specific end date for all export subsidies without any conditions. The EU must especially stop export support on sugar, dairy and beef. The US must stop aggressive support of cereals and corn export. Future reform of the US Farm Bill and EU Common Agricultural policy (CAP) should shift European and US agriculture away from export orientation and avoid over-production.
- The US' and EU's bullying tactics to ensure control for their multinational corporations world wide over agriculture and production must stop.

Governments must take immediate measures to remove food and agriculture from the WTO's control. Food and agriculture must not be subject to horse-trading. Multilateral rules promoting food sovereignty should be located in a more appropriate alternative multilateral framework that ensures:

- The ban of any form of public support if used to export at prices under the costs of production, including export subsidies, green box direct payments linked with low internal farm prices, or other similar instruments.
- The right to protect domestic food production against low priced imports through the application of tariffs and import quotas. It is a basic right to protect and develop food production for domestic needs. There is no "right to export." Food should only be exported if there is a justified demand and must not destroy domestic food production.
- A legal international instrument to curb dumping. At the international level, price control and supply management mechanisms (as in the former UNCTAD commodity agreements) must be reinstated. This would ensure that countries can maintain internal price levels that cover the costs of production and guarantee that small farmers and peasants are paid a fair price for their work. Coupled with genuine agrarian reform, this is especially crucial in developing countries to reduce poverty and ensure secure livelihoods for landless people.

Related statements can be viewed at the following sites:

Date: 26th of July 2005

Endorsed By:

All Nepal Peasant Association (ANPA), Nepal
Andhra Pradesh Vyavasaya Vruthidarula Union, India
Centro Internazionale Crocevia – Italy
COECCoiba-Amigos de la Tierra Costa Rica
Coordinación Regional para el Caribe de Veterinarios Sin Fronteras – VETERMON,
Republica Dominicana
CROCEVIA - Rome, Italy
Diverse Women for Diversity, A-60, Hauz Khas, New Delhi, India
Ecoportal, Argentina
Focus on the Global South
Food First, USA
For Mother Earth, Friends of the Earth Flanders, member of Friends of the Earth
International
Friends of the Earth, Honduras
Fundación Desarrollo Sustentable de Venezuela
Ibon Foundation, The Philippines
Institute for Global Justice (IGJ), Indonesia
Instituto de Desarrollo de la Economía Asociativa (IDEAC), República Dominicana
Kilusang Magbubukid ng Pilipinas (KMP), The Philippines
LOKOJ Institute, Bangladesh
l'Unité de Recherche, de Formation et d'Information sur la Globalisation (URFIG),
France
Movimiento Agroecológico de América Latina y Caribe, MAELA

National Family Farm Coalition, USA
National Farmers Union, Canada
Otro Mercado al Sur, Argentina
Peoples Coalition for Food Sovereignty, Asia
Polaris Institute, Canada
Public Citizen, USA
REDES-FoE Uruguay
Research Foundation for Science, Technology and Ecology, India
ROBA dell'Altro Mondo/FAIR, Italy
Roots for Equity, Pakistan
South Asian Centre for Policy Advocacy (SACPA)
The Development Fund, Norway
The Oakland Institute, USA
Tradewatch, Italy
Transnational Institute, The Netherlands
Via Campesina
Volontari nel mondo – FOCSIV, Italy
World Economy, Ecology & Development (WEED), Germany
World Forum Of Fish Harvesters And Fishworkers (WFF)
Stowarzyszenie Sprawiedliwego Handlu "Trzeci Swiat i My" / The Polish Fairtrade Association "The Third World and Us", Poland
Centre for Sustainable Development and Environment (CENESTA), Iran
Japan Family Farmers Movement, NOUMINREN, Japan
Terra Nuova Centro per il Volontariato, Italy
Stowarzyszenie Wymiany i Pojednania, Poland
Ctm altromercato (Italian Fair Trade organisation), Italy
Union of Small & Medium scale Farmers of Nigeria, USMEFAN, Nigeria
BHARAT KRISHAK SAMAJ (FARMER'S FORUM INDIA)
Bangladesh Agricultural Farm Labour Federation (BAFLF)
Concejo Internacional de Tratados Indios-CITI-IPC (IITC), Mexico
AS-PTA - Assessoria e Serviços a Projetos em Agricultura Alternativa, Brazil
l'Alliance Femme et Environnement, France
Secretaría de moviments socials d'Esquerra Unida del País Valenciá, Spain
Unión Nacional Agropecuaria de Productores
Canadian Council of Professional Fish Harvesters, Canada
Green Line, Lebanon
Fundacion Luciernaga (Glow-worm Foundation)