

FREE TRADE INDUSTRIAL AGRICULTURE RULES THREATEN THE WORLD'S FARMERS:

The World Trade Organization Agreement on Agriculture.

By Dr. Vandana Shiva

THE WTO AGREEMENT ON AGRICULTURE

Agriculture is still the primary source of livelihood for three-quarters of humanity, and is as much a cultural activity as an economic one. The World Trade Organization (WTO) Agreement on Agriculture (AOA) imposes an unequal system of global competition on the domestic farm sector, undermining the viability of small farms that are unable to compete with cheaper imports. As a result, it is driving millions of small farmers off the land, constituting the biggest refugee creation program in the world and ensuring that global corporations control agriculture.

There are three components to the AOA: Domestic Support; Market Access and Export Competition—rules designed to preserve and enhance northern corporate subsidies while withdrawing support to farmers and rural communities.

Domestic Support

The WTO clauses on "Domestic Support" demand that developed and developing countries significantly reduce subsidies to producers. There is a false assumption that this will make small farmers and the Third World more competitive and lead to prices that reflect the true cost of production. However, the articles on Domestic Support target only a small fraction of subsidy reductions in agriculture. Additional subsidies enjoyed by global agribusiness and trading interests, such as subsidies for investment, fertilizer, marketing, and infrastructure, meanwhile, all are exempted.

Also exempted are direct payments to support the incomes of farmers. This allowed the U.S. government, for instance, to announce in June 2000, a \$7.1 billion increase in direct payments to U.S. farmers. In contrast, the incomes of Third World farmers are derived from production and trade, not from direct support from governments. Third World farmers, therefore, are at a real disadvantage as they are vulnerable to changes in global trade patterns and international prices of agricultural commodities.

Market Access

Another component of the AOA is known as "Market Access." All signatory countries must convert quantitative restrictions, and other non-tariff measures on imported food, into ordinary customs duties. Developing countries must reduce customs and other duties on imports by 24 percent. Quantitative restrictions on imports of agricultural commodities must also be removed. Such restrictions have traditionally been used to protect domestic farmers from highly subsidized food imports. For example, according to the UN Food and Agriculture Organization, Africa's food import bill almost doubled between 1995 to 2000. For the Far East, the import bill increased by \$4.1 billion, for the Near East, by as much as \$27 billion. The impact on small domestic farmers has been severe.

Export Competition

The "Export Competition" section of the AOA constitutes the "official justification" for the AOA, namely the removal of export subsidies that have facilitated the sale of large European Union and U.S. surpluses on the world market. While the liberalization of exports was justified by the argument that northern agricultural markets would open up to India and other southern nations, India's exports to Europe have actually declined from 13

to 6 percent. One of the reasons for this is that high subsidies (totaling \$14.5 billion) and protectionist barriers are still largely maintained in the North. The export subsidies that are allowed to developed countries (to cover the costs of marketing agricultural exports, including handling, processing and international transport and freight) do not apply to Third World farmers because these small farmers do not export—big companies do.

Transnational corporations therefore gain both from northern subsidies and southern subsidies under WTO rules. Further, since the WTO was established, the U.S. has expanded export credit and marketing promotion programs. Even International Monetary Fund loans to Third World countries have been used for export subsidies to U.S. agribusiness.

THE WAY FORWARD

Protection of farmers' livelihoods, food security and sustainable agriculture requires major changes in the AOA. There should be a freeze on all further trade liberalization of agriculture and on implementation of current rules. An exemption clause should be introduced into the WTO that allows countries to keep agriculture outside trade liberalization. Export subsidies in all forms should be removed, including the disguised subsidies in export guarantee and credit schemes, investment and transport. Such subsidies create the problem of "dumping"—enabling cheap food to flood into developing country markets. This practice destroys local markets and local livelihoods. Domestic supports should be allowed, as well as quantitative restrictions.

The protection of domestic agriculture must be recognized as a food security imperative. Trade cannot, and must not, be made the primary objective governing food systems. Such a system places trading interests and global corporations that view food as a source of profits, above a system based on life and livelihoods. Because corporate profits can grow only by destroying livelihoods and self-provisioning systems of seed and food production, globalization of trade in agriculture implies genocide. Putting up tariff barriers to genocide is therefore a moral imperative. ♣

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