

# FARMING AFTER CANCUN: AGRICULTURE IN THE WTO AND BEYOND

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# FARMING AFTER CANCUN: AGRICULTURE IN THE WTO AND BEYOND<sup>1</sup>

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## Preliminary Note

The collapse of WTO's Cancun Ministerial was at the same time a collapse of neo-liberal illusions. The neo-liberal way of handling the problems of globalization has obviously not led to the success that its proponents have promised. The Human Development Report 2003 of the UNDP, Millennium Development Goals: A compact among nations to end human poverty, brought the result that 21 countries saw their HDI (= Human Development Index) decline between 1990 and 2001. That number is sobering when compared to the performance in the 1980s when only 4 countries experienced a decline.<sup>2</sup> The promise was that globalization would benefit all regions of the world. And now we see - although the WTO declared the Doha Round as a "Development Round" - that improvements are not merely slower than expected, but the situation worsens for large areas of the globe. "Globalization is on the brink of dismembering the globe", said the German President Johannes Rau 2002.<sup>3</sup>

Globalization is not a force of nature. It is shaped by human intentions and will. There can therefore be different ways in which the diverse peoples of the world can relate to it. From this perspective, one can say that globalization is connected with the present development of humanity that can lead, constructively or destructively, to a widening of traditional forms of community. Globalization shaped in a human and just way would involve the possibility that human beings all over the world can create relationships of real freedom, equality and solidarity. In this sense people who fight for a better world are actually advancing a more empowering and respectful relationship of the peoples of the world and are not enemies of globalization in a more profound form.<sup>4</sup>

But globalization as it appears today is obviously based on false paradigms that have to be thoroughly deconstructed and reframed. So it is no coincidence that a growing civil society movement is seriously discussing alternatives to what we can call "elite globalization". A growing number of people working in the political and economic sector of the society are also beginning to ask for alternatives.

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1 In September 2003 a meeting of the Global Network for Social Threefolding took place in Stuttgart. The participants discussed, among other issues, the situation after the Cancun Ministerial of the WTO, where four of them had participated as part of the civil society present there. In order to contribute to the debate on alternatives to WTO rules, and to achieving real change, in particular in the field of agriculture, a mandate group was formed. Nicanor Perlas and Christoph Strawe were asked to give input for this group. The text was written principally by Christoph Strawe with important contributions from Nicanor Perlas, the key points were discussed and agreed upon between the two. Carol Bergin gave editorial assistance. The Paper incorporates contents of an article of Udo Herrmannstorfer (Where to go with agriculture? [http://www.sozialimpulse.de/pdf-Dateien/Landwirtschaft\\_Globalisierung.pdf](http://www.sozialimpulse.de/pdf-Dateien/Landwirtschaft_Globalisierung.pdf). German Language) and the input from a seminar on "The development of Agriculture under the conditions of globalization", which took place at the University of Trier October 24-26 2003 (lectures: Udo Herrmannstorfer, Christoph Strawe and Prof. Harald Spehl). We are grateful for any comments or contributions.

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2 See: [http://www.undp.org/hdr2003/know\\_that.html](http://www.undp.org/hdr2003/know_that.html)

3 In a speech Mai 13 2002 at Berlin.

4 We have tackled this issue e.g. in the article "Importance of Threefolding in the Age of Empire Matrix" which is available in the internet under [www.globenet3.org](http://www.globenet3.org).

Two major issues became the stumbling block for the WTO in Cancun: Agriculture and the New Issues (Investment etc.). Human society is nurtured by the fruits of nature on the one hand, and by the results of human intellectual and spiritual capacities on the other hand. Agriculture is necessary if we are to benefit from those fruits of nature, and appropriate handling of capital flow, investment etc. is needed to ensure that those financial aspects work for the whole of social life. So it is not by chance that in these two fields the necessity of a paradigm shift becomes particularly apparent.

Thus any debate on alternatives has to give particular consideration to these two issues. In this paper we deal with the first issue: **the fundamental question of how to develop sustainable agriculture in a globalized world.**

Although the failure of the negotiations slowed down the dynamics of the WTO for a while, the problems of worldwide agriculture are obviously growing. The killing of farmers by a false neo-liberal agricultural policy continues. Due to the collapse of the Ministerial there is a small window of opportunity, giving those who are deeply concerned a short time to propose a different course of action.

## **The Role of Civil Society and its Search for Alternatives - the Question of Alliances**

To use this time effectively we think it very important that civil society now presents alternatives based on a long-term strategy, arising from a deeper understanding of the problems and tasks in the area of agriculture.

(For this deeper understanding one has to be aware of the essence of WTO-Agreements. Readers who are not acquainted with these fundamental considerations can find an overview of the development of the WTO, the key points of the WTO Agreement of Agriculture (AoA) and some related issues, plus the progression of the WTO negotiations on agriculture before Cancun in the annex.)

Everyone is now rethinking their position after Cancun. The U.S. has announced that it will increase the use of bilateral trade agreements alongside the WTO and it will also try to strengthen the FTAA. Nevertheless the WTO remains important. Will the liberalization round continue? Only a few naive optimists believe that the time line will be kept. But the driving forces of the WTO-process will try to overcome the crisis through negotiations in Geneva and at the next Ministerial to be held in Hong Kong. So using this time window to propose an alternative path is crucial.

After the Battle of Seattle, global civil society was not fully able to use the window of opportunity to bring in constructive alternatives. This time the chance should not be missed. The debate on alternatives in civil society (that has begun at the World Social Forums and elsewhere) needs to be given increasing attention.

This job cannot be left to the State actors. To play a key role in further development, civil society has to act as an independent force, oriented to the values of a humane and just form of globalization, and striving to achieve another and better world.

Of course the failure of Cancun was largely due to the countries of the South becoming fed up with an exploitive agricultural policy, and the commitment of civil society strengthened the position of those countries in the negotiations. But the demands of the southern countries remained inconsequential in some respects, because they were not based on a long-term strategy for the healing of agriculture, as a part of the shaping of globalization. In part they were also reflecting the interests of big agri-business forces within those countries.

Global civil society supports the governments of Southern countries when the latter are oriented towards the interest of the people, and criticizes them when they fight for purely egotistic interests

instead of a just solution to the problems of every human being. Global civil society forces are not the auxiliaries of state and business powers. They should fight for the necessary changes within the political and economic spheres of society in all regions of the world, North and South, wherever changes are necessary. Thus it is key for civil society to define its own position first. Only when the questions regarding the necessary changes are clarified will it be possible to network with all who are interested in realizing those changes.

At the same time civil society should be prepared, when circumstances are right and the danger of co-optation is removed, to cooperate with all representatives in government and business who show genuine willingness to work for the good of the whole. Understood in this sense, civil society should invite representatives of government/administration and business, where feasible and appropriate, to work together for the necessary change in agriculture.<sup>5</sup> Their common aim should be to help the farmers, traders and consumers create healthy relations of cooperation in the production and delivering of food. An alliance with civil society gives progressive forces in government and business their only chance to achieve the kind of social progress they are longing for.

Many civil society actors have published proposals for a paradigm shift in agricultural policy. We appreciate those achievements and try to build upon them. At the same time we hope to contribute some new aspects of the issue with this paper. Some civil society representatives are also thinking about the possibility of alliances among the different actors, in particular between governmental actors and civil society. We hope this paper will contribute to the clarification of the conditions considered necessary for those alliances.

## **Cancun and the Position of the Different Players in Global Agriculture**

How can we judge the positions of the different players in Cancun, which also determine the post ministerial development of agriculture?

The U.S. trade elites are aggressive promoters of market fundamentalism, global corporate rule and free trade. On the other hand, they have had no scruples in breaking the WTO rules of competition in order to further their own interests. The U.S. struggles against protection measures employed by other countries while pursuing protectionism for themselves. This has even increased since the Farm Bill of 2002, which brought more subsidies to big U.S. agrarian businesses.

The EU is also defending its own agriculture. For historic and geographic reasons Europe has a greater number of small farms than the U.S. For some years now there has also been a discussion about the need for more sustainable agriculture in Europe and the concept of the multi-functionality of agriculture has become more and more popular. Nevertheless in the WTO the EU often sides with the U.S. and plays against the needs of the South.

The most aggressive free trade movement in agriculture in the past has been the so-called Cairns Group.<sup>6</sup> It has been led by net exporting countries which have tried to abolish all kinds of protectionism, also in the North, to gain full market access all over the world. The Southern countries within this group have not played an independent role.

The resistance of the southern world against the damage to their local structures, and unjust conditions in world trade in general, developed but remained too weak.

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<sup>5</sup> Among the southern countries the positions of the SP SSM are nearer to civil society's demands. Jörg Haas writes that it would be good if the G 21 could move more to the direction of the SP SSM Alliance. ("Difficult negotiations on agriculture after Cancun - agricultural turnaround or one-way street of liberalization", from the German language, [http://www.boell.de/de/04\\_thema/2137.html](http://www.boell.de/de/04_thema/2137.html))

<sup>6</sup> The Group was founded in 1986 at Cairns/Australia. Members are Canada, Australia, Argentina, Bolivia, Brazil, Chile, Costa Rica, Guatemala, India, Indonesia, Columbia, Malaysia, New Zealand, Paraguay, the Philippines, Thailand and Uruguay. Hungary left in 1998 in relation to its preparation to join the EU.

This situation has changed completely since the Cancun ministerial. The U.S. and the EU had made their compromises before Cancun and they came with the hope that they would have to give very few concessions, and would not have to give up their export subsidies. At the same time they hoped to gain new rules on investment, trade facilitation, competition and government procurement.

Cancun saw the decline of the Cairns Group and the ascendance of the G20.<sup>7</sup> The key members of this group are Southern countries like Brazil and India, which do not want to be abettors of Northern interests any longer. On the one hand the G20 was demanding market access, but on the other hand - contrary to the former Cairns positions - the group was also demanding possibilities to protect agriculture in the southern world. They underlined the need to abolish all kinds of export subsidies.

The Alliance for Strategic Products and of Special Safeguard Mechanism (SP-SSM alliance)<sup>8</sup>, an alliance of 24 Southern countries, underlined above all the necessity of protecting agricultural markets threatened by cheap imports. They demanded that self-chosen strategic products should be exempted from the liberalization rules and a special safeguard mechanism should check the flooding of imports.

## *A Paradigm Shift is Necessary!*

### **Proposals from Civil Society for a Change**

We have already mentioned that after Cancun many civil society actors have published proposals for a change in agricultural policy; and that we appreciate those achievements. The reader can find extracts of some of these Papers in the annex.

A significant segment of global civil society is starting to think that all aspects in the WTO connected with agriculture should remain outside the WTO. These activists think the WTO is too rigid and has showed itself incapable of being reformed. If this is the case, then it would be useless to fine tune the AoA, as some other civil society organizations and movements, in particular those from Europe, propose. An alternative proposal is some kind of global cooperation mechanism outside the WTO - for instance in the framework of a UN agreement which countries sign onto. In this regard, an upcoming meeting of the UNCTAD in June may begin this process of creating an agriculture trading framework outside the WTO regime.

Our own view concerning the WTO is also radically critical. We believe that agriculture should be taken out of the WTO. Even those who want to reform the WTO think that this organization has proven, and is continuing to prove, that it is a problematic venue for fair trade. However, as we will gradually show (see below), it is possible to develop an approach that can bridge the two schools of thought, including a synthesis of short and long term goals found in the two approaches.

We think that this synthesis is possible when we take into consideration that, although there are differences in some aspects, the varied statements of civil society after Cancun have a great deal in common.

- Almost all civil society actors agree that the problems of agriculture cannot be solved within the framework of neoliberal principles, which have caused those problems. They criticize neo-

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<sup>7</sup> Members after the Ministerial were: Argentina, Bolivia, Brazil, Chile, China, Costa Rica, Cuba, Ecuador, Egypt, El Salvador, Guatemala, India, Mexico, Nigeria, Pakistan, Paraguay, Philippines, South Africa, Thailand and Venezuela. El Salvador left the group during the conference.

<sup>8</sup> Alliance of 24 countries of the south: Barbados, Dominican Republic, Honduras, Indonesia, Jamaica, Kenya, Mongolia, Nicaragua, Nigeria, Pakistan, Panama, Peru, the Philippines, Trinidad and Tobago, Turkey, Uganda, Venezuela, Zambia and Zimbabwe.

liberalism and try to analyze the problem of agriculture from the aspect of sustainability and social justice, to call for and to promote a paradigm shift in agricultural policy.

- And almost all of civil society is demanding the total and immediate abolishment of export subsidies (including export credits) because these subsidies are destroying local agricultural structures.
- The popular demand for increasing market access is judged critically, because one-sided export orientation will only help agrarian big business in the South, not the small farmers or the organic and ecological agriculture practitioners.
- Almost all of the participants of the debate see the necessity of reinstalling possibilities of regulation of imports for all countries.
- Almost all of the participants affirm the total rejection of genetically engineered food and of any property rights or patents on life processes.

These statements are not motivated by egotistic interests of groups or regions. Instead they aim to bring healthy solutions for the problems and to serve the needs of all people throughout the world.

## *Outlines of an Alternative Approach: the Vision*

We propose the following approach in the spirit of connecting with the many proposals published after Cancun while at the same time addressing strategic issues that have been left out of these proposals. We have tried to rethink some of the demands and proposals in their consequences and develop some additional proposals as a result of this rethinking. Furthermore we tried to adjust the single proposals within the context of a long-term vision of agricultural and social development.<sup>9</sup>

We are proposing very pragmatic steps - many in accordance with other groups of civil society, who have developed those steps with often admirable efforts and expertise. At the same time we have to safeguard that the single steps are leading to a new framework which furthers sustainable agriculture for the benefit of all peoples of the world. We integrate the different proposals within a strategic vision of the agriculture of the future. Otherwise we will fail in our intentions and single tactical steps will be without the desirable effects or could even worsen the situation.

**In essence, our proposal, which is to be developed more fully below, is as follows. We propose that global civil society activists undertake a two-track process.**

**1. Those who believe in radically altering the terms and conditions of the Agreement on Agriculture within the WTO can do so. They can do this with the intent of preventing any further damage to the farmers and agricultural systems of the world. They do this without being under the illusion that the WTO, under a neo-liberal economic regime, will ultimately create a healthy food system benefiting the populations of the planet.**

**2. Those in civil society who do not believe in the WTO can pursue a second track. They will try to envision what agricultural relations can be outside the WTO, how this new agriculture arrangement will look from the ground up (from the local to the regional, and the regional to**

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<sup>9</sup> For this we used the materials and contributions mentioned at the very beginning of our paper.

**the global) and what new institutional arrangements need to be created to bring this different vision into reality. This may entail creating a new agriculture norm and practice within a new venue, to be uniquely created for this new purpose. Alternatively a new framework could be built within the institutional context of existing global institutions, like UNCTAD, which may provide a more flexible and appropriate place for birthing the new social experiment.**

**The two tracks are not necessarily in conflict with each other. The first track prevents further destruction of agriculture and prepares the ground for the more radical arrangement envisioned in track two. The second track enables the activities of the first track to be placed in an empowering evolutionary context concerned with creating the agriculture of tomorrow. Track 1 enables Track 2 to work. Track 2 creates a context, which minimizes the co-optation of Track 1 activities. And Track 2 makes it necessary to find entry points towards a more strategic understanding and creation of an agriculture that truly serves and empowers people in true partnership with nature.**

**We would now like to develop the substantive basis for this proposal.**

## **Agriculture Needs A Different Kind of Protection**

The market fundamentalism of the WTO ends the protection policy of the Nation States' for agriculture. We think that the traditional protection policy - especially in Europe - has created many problems through the bureaucratic manner in which it has been implemented. Agriculture in Western Europe was a sector of the command economy, sometimes even more over-regulated than the so-called socialist economies of the Eastern European countries.

However, the weakness of traditional forms of protection does not mean that agriculture does not need protection per se. It only means that we have to concretize the concept of food sovereignty. In general we can say that developing life needs protection - this is a basic law of life. The neo-liberal Slogan "down with protectionism" therefore hinders development and developing regions. "Market" is always good for those who are strong. In short, we need instruments of protection that advance food sovereignty, one open to fair and ecologically sound trade and one that enhances the different agro-ecological potentials of the different regions of the world.

## **The Key Question: Appropriate Formation of Prices**

Farmers in the South accuse the WTO of promoting policies that lead to price decline. This price decline is also a problem in the North and is ruining sustainable agriculture all over the world.

The prices of agro-industry on the other hand are not telling the ecological or economic truth. Only a narrow minded micro-economic view which does not take the macro-economic effects into account can pretend that those prices would be economically correct.<sup>10</sup> Unsustainable behavior causes disastrous secondary effects for the environment and the health of people, effects which cost large sums of money - money which is paid by the general public through taxes etc. If all these costs were taken into account then the prices of these products would not be lower but higher than the prices of the products of ecological agriculture.

In addition, a healthy economy, and especially the well-being of agriculture depend in some way on the consumers' sense of proportion and reasonableness in prices. If prices do not tell the economic and ecological truth this sense of proportion becomes corrupted. Agriculture is dependent upon the

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<sup>10</sup> See Al Gore's vision of global salvation in his 1992 bestseller: „Earth in the Balance“. That Gore did not act in accordance with his own insight for instance in connection with the Kyoto Conference is something else.

capacity of the consumer to make decisions in a responsible manner, and this capacity is warped by fake prices.

**The main task in protecting agriculture is to prevent price decline and fake prices. The primary objective on the way to a healthy agriculture worldwide is to achieve “fair” prices. This means that prices must allow farmers to produce food in a sustainable way, in cooperation with nature, and to support themselves and their families in the process. There is a deep connection between prices and sustainable development.**

For this reason (without being embedded in this different concept of protection which actually presumes a different way for society as a whole to function) we do not hold “market access” to be a solution for the southern countries. Global economy asks for global responsibility and for a holistic approach. That is incompatible with the destroying of structures in other parts of the world for one’s own profit, especially since it takes decades to revive an agricultural structure once it has been destroyed. This is even a shortsighted view in relation to the benefit of the people within countries that try to profit from agricultural exports. Dumping is always based on a price structure that benefits only a few and is doing harm to the majority of the people. Shifting the dumping location cannot solve the problem of dumping.

The question of balanced prices is a key question for the southern countries in particular, which have to avoid ruinous competition among themselves thereby harming their own regional structures.

## **Adverse Effects of Instruments of Support, which are Currently Used**

Our considerations so far have led us to the conclusion that protection of agriculture is deeply connected with the price problem. Some people think that the WTO agreement opens up a way of supporting agriculture while avoiding the price problem. We find those arguments even in the civil society debate. The thesis says that domestic support through direct income payments is not harmful. But in reality price and income are so deeply connected that there will never be direct income payments without repercussions on the price system. Direct payments - even if they are decoupled from the amount of production - make it possible for the prices to sink yet lower, causing an increasing pressure in the direction of intensification and the use of genetic engineering in agriculture. The next problem is that only the rich countries are able to give direct payments to a degree which is able to preserve farmers existence (93 of all support programs in the WTO come from 5 industrialized countries). However, sustainable agriculture must be enabled in all countries!

The direct income, so the argument goes, is the wage for the farmer’s contribution to nature protection and landscape conservation. So there seems to be no problem with the decoupling of income from production. But this split between so-called ecological and so-called non-ecological aspects of a farmer’s work is fictitious. Prices have to pay farmers income for their job, which is both to cultivate nature and to provide food for the consumers. Modern agriculture should always be sustainable and not only conserve nature but also re-vitalize it. The ecological production of food and the cultivation of the earth are not two totally separated things; they are two sides of the same reality. Thus both have to be paid through the price of the products. And if the price of the products is too low to enable this kind of agriculture, this price must necessarily be wrong because it is not telling the ecological truth, which is at the same time an aspect of the economic truth.

Furthermore, direct payments lead to an increasing dependency of the farmers on policy, which is often influenced by opportunistic politics, especially in times when the State is short of cash or when political favors need to be cultivated. That is a real danger for farmers’ incomes. In relation to the political majority, especially in industrialized countries, as well as to the political but elite minority in the South, farmers are petitioners, in the best case lobbyists.



The old forms of subsidies created such dependency. Unfortunately almost all the instruments which are used today for the protection of agriculture have also problematic adverse effects. There is a problem of bureaucracy. To get State subsidies farmers spend a lot of time filling out complicated questionnaires. Farmers all over the world are complaining that a big part of the subsidies does not reach them but trickles away somewhere else. There is also the reality that the big farmers often get the bulk of the subsidies. And tariffs, although they may be a protection against dumping, are often an instrument used to earn money for the State in general rather than to help the development of agriculture.

## **The Importance of Regionalism**

Is there an alternative way of protecting agriculture? We think there is. To discern this way we have to think more deeply about two questions:

First, the question of the region, because the specific place of life which has to be protected is not abstract; it is always the concrete region where people live.

And the second question would be: Is it possible to develop regional social structures, which bring about the appropriate price level? We have discovered this to be one key factor in protecting agriculture.

The concept of regionalism has to play a key role for a future agriculture. This concept is not restricted to agriculture, but is equally important for the world economy as a whole. This world economy is not an abstract world market. It should become a global social organism structured by regions. The economy has to enable life, and real life is always life in a specific surrounding, in a "region". Regions are social biotopes or "sociotopes". In a region people can shape and develop economy in a human way and to a human scale.

But for agriculture, regionalism is also important in a more specific sense. Land is the factor of production that cannot move as labor and capital can. Capital moves round the globe at the speed of light. Agriculture remains in one spot. Therefore it is, by its very nature, the regional pole of economy, also in a social and ecological respect. You cannot "switch off" agriculture in a certain region without damaging the whole life of this region and at the same destroying the cultural landscape.

The logic of market fundamentalism may decide that there is no necessity for agriculture in a region, if productivity is too low and prices are too high. The logic of real life says: there is no way without cultivating the earth, and cultivating an agriculture that cultivates the earth. We can add: When we said before that "Market" is always good for the strong we have to state that agriculture has become the weak part in society today.

If we accept the necessity of regionalism we have also to respect that the conditions of agriculture are different all over the world. Geographic and climatic differences bring about different products and qualities of products and also different degrees of fertility of the earth. Thus we have different costs of cultivation, which cannot fully be compensated by techniques. So financial transfers, to support the regions that are less benefited by nature than others, are an economic necessity and not a disturbance of economy. Furthermore it is a simple economic conclusion that the removal of agriculture out of a whole region would destroy the region or would cause the cost of land conservation to be much higher than the total costs of enabling sustainable agriculture. Equally important, the loss of agriculture also means the profound loss of the cultural diversity and human knowledge connected with those who have formed an intimate bond with nature in the different parts of the world. We cannot put a price on the unusual (and sacred) human development realities created in an agrorural context, which is quite unique and different from that of the urban areas of the world.

It's an illusion to think that price reduction through global agro-competition makes things cheaper altogether. This illusion is the result of a constricted microeconomic perception that is unable to see the macroeconomic totality. Cheap imports of food, for instance, will cause ecological costs in the region supplied; it will create costs through unemployment and through nature protection measures. In addition, there is the tremendous ecological cost to the planet and to societies in the irrational pursuit of transporting and shipping food produced in one region to distant locations in the world, the so-called "food miles". There is no economic rationality there. So globalization itself needs some kind of de-globalization to make regions sociotopes within a healthy global social organism.

## **Regional Self governance - a New Possibility for Protecting Agriculture - a Medium- and Long-Term Perspective of Associative Economy in Agriculture**

### **Self-Administration by the People Involved**

If the concept of regionalism is to be more than an abstract principle, we have to create working organs in each region that are actively capable of facilitating regional development from the ground up. We need task oriented self-governance of the people involved in agriculture, not only the farmers but also the processors; traders and consumers. This would be a new way of handling the problems.

Agriculture will only recover if all those involved come together and take matters into their own hands through regional self-governance. Agricultural policy will only be helpful if it facilitates and furthers a development in this direction. There is no self-governance without involvement of all the actors. Thus regional self-governance includes necessarily the trade partners and the consumers. In addition, we have to be especially aware of the role of trade within the whole process. We have to ensure that trade is fair and trade margins are appropriate and not exorbitant. Struggle against usury needs not only laws, but also contracts within the associative networks of cooperation between the key actors in agriculture. Unless trade is included in regional structuring, regionalism cannot work. Regionalism needs the active contribution of the traders.

The different forms of self-governance will follow life and its functions. Therefore it must not be pre-conceived in all its details.

One remark at this point: The attitude of global civil society to economic self-governance or self-regulation is in some way inconsistent. One still meets mistrust about this possibility. There is still a significant element in civil society expecting the State to do the regulation; a cognitive reflex reinforced by the bad record of self-regulation of transnational corporations. But we are talking not about a corporate economy but an associative one, about an economy of social responsibility, not shareholder but stakeholder oriented. Global civil society's inner impulse is to realize the self-responsible activity of each human being and the free co-operation among them. Thus global civil society's vision for economy cannot be a top-down structure. On the contrary it necessitates a bottom-up structure also for the economic sphere. That is what we call associative economy.

There is another reason why associative networks are preferable. A Region is not necessarily identical with territories of nation states, federal states or political districts. On the contrary, the frontiers of both often overlap and are not congruent. An example of this is the so-called "Three-Country-Corner" between France, Germany and Switzerland in the Basel Region, which forms one economic area. These factors need to be recognized by the states. Otherwise the state will hinder the development of a sustainable, fair and effective economy, - and especially the development of a sustainable agriculture.

## **Principles of Autonomous Self-Governance and Tasks of Organs/Networks of Associative Self-governance in Agriculture**

The principles of autonomous self-governance include the following:

1. Self-management by the actors involved in the process of agriculture itself - broadly understood as a process leading from production to consumption
2. Reconciliation of interests and needs of all actors involved (for instance relating to the question of achieving fair prices)
3. Self and joint responsibility instead of actions based on power relationships
4. Contracts and agreements instead of rules from outside or from above
5. Support and confidence instead of fear
6. Self limitation instead of economic growth as an end in itself
7. Openness, transparency
8. Organs (networks), capable of acting, instead of commandments
9. Self-management substitutes bureaucracy
10. Connection between real work and representation in organs, no governance by functionaries

The different organs or working groups of agricultural self-governance orient themselves to the different tasks and objectives. They regulate their own spheres and areas of competence. For overlapping functions they build loose networks for mutual coordination. They build a bottom-up organization based on the principle of subsidiarity. As a whole they perform the following functions:

1. Observing situations and developments.
2. Mutual and common consultation.
3. Coordinating single actions or common decisions.
4. Being partners for other social or state groupings or institutions e.g. for parliaments, universities, industry, banks.
5. Representing a region and partner with representatives from other regions.
6. Transforming general plans into concrete measures e.g. division of subsidies, or equalization payments to disadvantaged regions or areas.

### **No Provincialism**

Our proposal for regionalism is of course not a plea for narrow-minded provincialism which does not care about the hardships and needs of other regions. It is a misuse of the word subsidiarity to exploit it for avoiding necessary solidarity between regions.

### **Self Governance and Structuring of Prices**

One of the most important tasks within the field of authentic harmonization and coordination is the structuring of prices. The question of prices is the crucial question of economy as a whole, because prices deeply affect the economic prospects of all actors of the economy. Prices have to create a balance between production and consumption. If the prices are too low one cannot produce in an appropriate way, if they are too high one cannot buy enough of the products etc. Command economy destroys true prices by creating prices out of wishful thinking, i.e. prices that are not related to economic reality. Market fundamentalism takes prices, created spontaneously by the anonymous market forces, as ultimate and non-questionable, leaving no possibility for appeal. Associative economy respects the economic reality. At the same time it facilitates the restructuring of price proportions in a healthy direction through cooperation and agreements.

### **Self Governance as Protection**

If networks of associative cooperation are working appropriately, agro-dumping can be averted by accords between the regional actors. We take it for granted that the buyer of a trade company does not buy things that the company does not need for its customers. In the same way, a region should

not be forced to buy things the region does not need. The region has only to establish the capacity of economic acting as a whole, which is achieved by the development of networks that are the organs of associative economy.

### **Role of the State in Safeguarding Food Sovereignty, Tri-Sectoral Partnership**

The State at this point has a double-task: it has not only to allow, but to ensure, that the imbalance in the degree of power among the differing elements of the economy is overcome, for instance through the reform of property rights. It has also to provide environmental laws. The remaining task of the State is to help bring together, where needed, the proper partners to a self-determined cooperation, which will then develop into a true associative economy.<sup>11</sup> This approach is in full accordance with the principle of subsidiarity and enforces joint responsibility. In relation to the State, the agricultural sector would thus no longer be a petitioner but become a contractual partner.

Tri-sectoral partnership helps facilitate regional cooperation and restructures the relationship between an associative market, state and civil society within a region. Such an approach is in the beginning stages of implementation in some parts of the Philippines through SIAD (Sustainable Integrated Area Development).

**All WTO regulations which hinder states from providing a legal framework for furthering healthy regionalism have to be abolished completely.**

## *Next Steps and Entry Points*

Of course it will take time until this kind of associative economy has developed to the necessary level which allows it to fulfill this function of necessary protection. Until such time intermediary steps are needed, which will support this development as well as provide protection under the present agricultural conditions.

### **Principles of Development**

**We advocate two things: That States shall commit themselves to further structures of self-governance as described above. State protection shall not be abolished immediately, it shall be reduced step by step, in lock step with new forms of protection through self-governance that are starting to work.**

**So long as there is no other way of protection, the traditional method of tariffs should be a right for countries, especially those of the South, to be implemented as needed, in particular against all forms of dumping imports. All agreements within the WTO, which hinder the protection of regional agriculture, have to be abolished completely. The goal must be to take agriculture completely out of the WTO.**

### **Some Concrete Entry Points for a New Role of Trade**

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<sup>11</sup> Also the question to which degree does the agricultural sector need funds for redistribution yet?

A first step towards regional development could be to oblige the trade companies to buy at least 30 - 40%, of the food they sell, in the region itself. This distribution margin could be increased step by step until the desirable level is reached. This kind of quota processing is an operational and un-bureaucratic way of flexible trade control. With the development of associative habits in economy quotation, processing will become more and more a question of contracts, i.e. self-obligations through the economic and agricultural actors, so that the State can draw back from the task to the same degree in which economic self-regulation is working.

The WTO handles quotas in general as so-called trade barriers, and it tries to abolish them all over the world. In the Agreement on Agriculture there is a clause that obligates the WTO members to replace all kinds of quota fixing through tariffs ("tariffication") and to then decrease the tariffs. At this point we see that the general prohibition of quota fixing is a special kind of trade barrier: a barrier against fair and sustainable trade.

**We have to fight against all barriers for fair and sustainable trade and therefore it is necessary to replace the definition of trade barriers within the WTO agreements, which is in itself often a barrier for modern trade. A trade system which is not based on fairness and sustainability in trade cannot be regarded as a truly modern trade system. We need to advocate this in both the tracks that global civil society has before it. (See discussion above.)**

Fair and sustainable trade also needs a framework of modern property rights, including a renewal of land legislation. We have to ensure the social commitment of capital. The flow of capital should not be an end in itself; it should serve the economy and peoples welfare and has to be aided where it serves this function and be limited when it does otherwise.<sup>12</sup> We do not think that the WTO is the right institution to further this development. **But we claim that no global treaty may hinder it. All clauses in the WTO agreements, which hinder the development of a modern legal framework for economy, have to be abolished completely.**

## **What to Do with Subsidies? - Domestic Support**

To sum up some results we have already won and draw conclusions from there:

- 1. There can be no abolishment of subsidies without substitution (except export subsidies!). Until better instruments are working it's preferable to have subsidies than to shut down agriculture - given that this agriculture is sustainable! As long as true prices are not attainable, we have to temporarily use other methods. But direct income payments can only be supplementary, in accordance with the principle of subsidiarity. They are needed only as long as a healthy price structure is not achieved.**
- 2. The way in which subsidies are provided may not freeze or worsen existing grievances. They must further the development in the right direction and may not hinder it in any form. That means that the subsidies may not produce price distortion.**
- 3. Support, e.g. direct income payments shall only be given to farmers who work in a sustainable manner and take regional responsibility. Unsustainable Agriculture should not be supported.**

Otherwise the argument that direct-income subsidies are for the contribution of the farmer to the environment, would be not only one-sided but also a total lie, because the agriculture of the agro-industrial complex is neither protecting nature nor conserving landscape, but is producing costs which are shifted to the community.

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<sup>12</sup> See: A holistic approach: Conceptual Building Blocks for a Human and Just Globalisation, especially: Udo Herrmannstorfer: Who owns the Earth? The Question of Modern Land Reform. Wolfgang Filz: Social Commitment of Capital - Limits to the Free Flow of Capital. <http://www.threefolding.net/textshtml/Globalisation.htm>

We consider it necessary at this point, to reflect more deeply about the criteria of “sustainability” in agriculture, when we make this the criteria of subsidization. It is true that we find the highest number of organic farms within the sector of small farming. But of course also a small farmer can use pesticides and can buy genetically modified seed. On the other hand it is not only traditional family farms which are managed organically but also new social forms of farming are arising, which may also allow organic farming in a larger dimension - including all forms of rural cooperatives. We have to take into account that there is not only a question of preserving nature and landscape but also of helping the earth with modern methods of re-vitalizing it. So the concept of sustainability needs to be defined in a dynamic sense which is broad enough to cover all forms - traditional and non-traditional - of healthy agriculture. The definition of sustainability needs to be clear enough so that it cannot be misused for a form of agriculture that damages the earth or the life conditions of specific regions. One of the most important criteria in this sense may be the organic character, not only of the materials used, but also of the processes of production. They need to be in accordance with the circulating, living, processes (circular flow) -- for instance bringing all excrements of the animals kept on the farm back to the earth as fertilizer etc. The rhythmical character of the living would also be a criteria, for instance in connection with the regeneration of the earth through crop rotation etc. Circular flow is not compatible with farms in giant dimensions. But it is not necessarily always found in the small dimensions of traditional family farms either. In addition, social dimensions of sustainability should be strengthened by furthering new forms of social co-operation and community living.

Within this context, we also have to address the increasing phenomena of organic farming carried out by large national plantations or transnational corporations. Here we need to factor in the social dimension of sustainable agriculture, which includes poverty reduction, supporting the social development and cohesion of the community. A large scale organic farm that destroys family farmers and drives them to poverty is not sustainable from the macro-perspective of society as a whole. A broader concept of sustainable agriculture has to be used in addressing this challenge of large corporations which may be ecologically sound, but can be socially unjust.

## **Direct Income Payments without Price Distorting Effects - the Concept of a Consumption Oriented Agro-Rate**

We have considered the damaging effects of subsidies, in particular those of direct income payments, which lead to price falsification. And we have stated that we must find a way to avoid such adverse effects. Prices that are not a real compensation for farmers’ work are false prices. Those prices are “too low”.

What to do? We have seen that in the long run associative arrangements are the best means to guarantee the necessary level of food prices. Therefore we pursue a long-term strategy for creating a balanced price structure by developing a new kind of economy, which we call associative economy. But what to do right now?

We may not allow the subsidies to increase price distortion but we have to ensure that they contribute to abolishing fake prices! If the prices were true there would be no need for income subsidies. Therefore the manner of financing income subsidies should contribute to actually making itself superfluous in the long run. That is, this way of financing should contribute to true prices and prevent prices sinking below the level necessary to ensure and safeguard sustainable agriculture.

But is this possible? Which form of price correction could we apply? We cannot leave the answer to this question to the forces of the market itself, and so far a system of organising the market through arrangements, has not been established. For the time being the only means available for intervention

is through the state. Direct price control however would be command economy, which anyone in their right mind would avoid at all costs.

But there is one possibility for the state to influence the relationships of prices without interfering in a regulatory manner in the economy: that is through the mechanism of the consumption-tax; known in many countries as value-added tax.

But since generally the value-added tax is used to supplement the national budget and does not directly benefit agriculture, we must be careful to only adopt the way in which value-added tax works in principle, and not actually create a new tax. In short: we need an instrument that works like the value-added tax but is in itself not a tax.

This is possible by setting an expense oriented or consumption oriented compensation on the prices of agricultural products. For brevity, we will call this the agro-rate. It would work, as already mentioned, in the same fashion as a value-added tax, the difference being that the Agro-social rate is earmarked for the support of agriculture and is not misappropriated as a general contribution to government outlays.

**By this method we can bring the prices for agricultural products “artificially” to the necessary level.**

Under the conditions of an economy not yet working on an associative basis, it would be a stimulus to increase production if we give the agro-rate to the individual farmer for his products. Under the given conditions the agro-rate should be the new source of decoupled direct payments of income. (As we have already mentioned before, these payments should be bound to conditions of sustainability. There can be no subsidies for an agriculture that is destroying nature and damaging peoples' health.)

Since the value-added tax paid is subtracted from the value-added tax owed, the burden is effectively shifted to the final consumer at the end of the chain. In this way it becomes, in fact, a consumption tax. But the aim of this is not to lay an additional burden on the consumer's shoulders. The consumer therefore has to be unburdened at another point for the precise amount he pays for the agro-rate. This is easier than it may look at first. Because at the moment the consumer is also paying the subsidies through his/her taxes! The consumer pays it all; the only thing is, that s/he is not aware of this fact, while the agro-rate would bring consciousness into the matter. So we would only have to restructure the way of financing the subsidies: We would decrease general taxes through which people pay and finance the subsidies nowadays and instead of this we would generate the same sum as agro-rate.

**The effect of this change in the form of financing must be neutral: nobody pays more than they did before this reform.**

We are not going deeper into the question of distribution effects which could occur by this form of financing, because they depend on many factors - for example the tax system in different countries. There are also different opinions between social researchers concerning the effects of comparable changes.<sup>13</sup> It is a question of political willingness to avoid injustice caused e.g. by the fact that people with low income give a higher percentage of their money for food than people in higher income brackets. We would have to compensate people with low income by suitable income tax exemptions or through other means. This kind of balancing is commonly practiced in tax policy.

We are also at this point not going deeper into the question of the amount of the subsidies. If there is a political willingness for the concept, the necessary research can be done. Obviously the amount of the agro-rate also depends on the degree to which our proposals are realized. If the income pay-

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<sup>13</sup> Probably the effects will be less important if we decrease the general value added tax in favour of the agro-rate and more important if we decrease other taxes.

ments are focused consequently only on the sustainable agriculture the amount will be less than in the case where the concept is used only -in a first step - to change the form of financing of the payments already given, without excluding unsustainable agriculture.

## The Question of Eco-Taxes in Agriculture

One important aspect of the debate on sustainability is the question of “internalizing” “external” costs to make it economically more reasonable for the economic actors to behave in full accordance with ecological and social needs. Thus many civil society organisations demand **that taxes and levies should be put on pesticides, herbicides, fertilisers etc.**, that have damaging effects on the environment and the health of people - according to the polluter-pays-principle. We agree that these “damage costs” may no longer be shifted to the community and that they must appear in the price of food products to provide the preconditions for a correct price comparison.<sup>14</sup>

On the other hand we think that this kind of taxation cannot replace the agro-rate. There are mainly two reasons for this:

1. All eco-taxes aim to decrease the culprit’s bad behaviour. i.e. we want the pesticides etc. to disappear. But in the same degree as they hopefully disappear, the amount of money which we win by this tax will decrease so that it is not available in the necessary degree for the aim we want to achieve with the agro-rate.
2. The agro-rate is an instrument to combat price distortion. Price distortion is not only caused by the unfair competition between unsustainable and sustainable products, but by an economic order based on maximizing profit and on ruinous competition. The use of pesticides etc. in agriculture is only one, but not the only expression of this fact.

## The Question of the Exports and the Export Subsidies

The current WTO debate on agriculture focuses mainly on the question of export subsidies and their dumping effects. Export subsidies are not an instrument for protecting agriculture but an instrument for destroying it. **To ensure the protection for regional structures means that all export subsidies - (and almost all of those subsidies are given by the rich countries) have to be abolished completely and immediately!**

The problem of imports and exports however is not solved by the abolition of subsidies alone. We have also to consider that we need to avoid bureaucratic forms of protection, which hinder the development of economic life. And we have to go even further: Exports in agriculture are a problem in general.

Because it is the regional pole of the global economy, agriculture more than other sectors of economy has to be based on self-reliance and even self-sufficiency, if we don’t take this term as a synonym for narrow minded provincialism and old fashioned autarky politics. Self-reliance means for us that food products that can be cultivated in the region in the way the consumers need them should not come from other regions, because we have to ensure that in every region agricultural production is possible. This does not mean, however, that we should not have imports.

Firstly we need to import all foods which do not grow in the region or which cannot be delivered in the necessary quantity thus leaving a real nutritional deficit.

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<sup>14</sup> See e.g.: Friends of the Earth Europe: Food and Farming: Time to Choose! Call for a new CAP: Sustainability, Quality and Local Diversity, <http://www.agriculturalconvention.org/background/SAFEppfinal.PDF>



Secondly the consumer may ask for a food from other regions because of its special quality. The question is always: Do imports make sense? It makes no sense to import products under conditions that cause corrosion of regional agriculture structures.

Thirdly regions can buy food from other regions, for instance from southern countries to help their development, as long as there are no other possibilities to help. But this can only work without destroying regional structures if it is organized consciously and justly by human beings and not abandoned to the anonymous forces of the markets.

*Self-Limitation is necessary!* Protecting regional structures means that growth cannot be an end in itself and that there must be a possibility of self-limitation if necessary. For instance if Brazil is producing coffee, it is problematic if the World Bank gives credit to another country to also plant coffee; instead of furthering this country in a form which does not harm other regions. These World Bank methods create pricing pressure and erosion, which will ultimately also be a problem for the country which received the credit. The logic of market fundamentalism is obviously not the logic of life, nor even the logic of economy at this point. But it is clear that self-limitation can only be demanded from others by actors who themselves are prepared to limit their export production if not really needed!

In many countries of the South the main problem is not the export, but the domestic, market. If we succeed to make domestic markets flourish and concentrate exports and imports as much as possible on the products really needed from outside, this will be a real contribution to solving the problems of the South. This, however, requires a fundamental restructuring of many aspects of the nation state to achieve greater domestic purchasing power, especially among the poor. No one can solve this inherent defect by means of simple reliance on a technocratic fix like import and export agreements within the WTO.

Initiatives like SEKEM in Egypt which have taken important steps towards sustainable agriculture have also taken steps to address this problem. They not only sell products to Europe but they also developed step by step the home market for ecological food. And they are so successful, that the initiator of SEKEM Ibrahim Abouleish received in 2003 both the Right Livelihood Award and the Award of the Schwab-Foundation! This is only one example for a tendency that is visible also in other parts of the world.

## **A Pay Back System for Tariffs?**

The criticism of southern countries against the bulkheading of the northern agro-markets by tariffs is indeed justified as long as the northern countries refuse an appropriate contribution to the development of the South. The right to protect their agriculture against dumping is something which should generally apply equally to northern, as well as southern, countries. If the question of true price is the key question, it is always correct to raise import prices to the domestic standard in the one or in the other way. This is part of safeguarding the development of all regions as sociotopes. **But we consider it very important that tariffs that bring about these price corrections are not used for the profit of the State, which enforces them upon the import. The money won by price correction has to fully flow back to the regions from where the products came. In particular the countries of the South should have the right to receive the price difference, between domestic prices abroad and their own prices, as a contribution to their development.**

## The Question of GEOs<sup>15</sup>

The question of the GEOs is a crucial strategic question for the future of agriculture. Genetic engineering is an extreme example of using Nature as an exploitable object - and thus looks at agriculture as a field of industrial and commercial corporate activities. We affirm at this point, as do the vast majority of civil society organizations, our **total rejection of genetically engineered food and of any property rights or patents on life processes**. This is a crucial aspect of the necessary protection of agriculture.

We fully agree with the analysis and the demands of civil society organizations like Greenpeace, which have been working on these issues for a long time. We cannot, at this point, go into the details in this paper but would like to underline one key point in connection with the WTO in relation to the issue:

**We state that all agreements that hinder people from avoiding the production or the importing of GEOs must be abolished completely.**

People must have the right to prohibit the production of GEOs. And until such prohibition is enforceable it is important to at least enable the labeling of ecologically produced and fair traded food, and to ensure that genetically engineered ingredients are marked so that consumers can avoid buying such food products if they are not forbidden by state legislation.

**We have to ensure that the obligation of marking those ingredients or the possibility of labeling cannot qualify, under the WTO, as a trade barrier.**

We are aware of the differences between the Position of the U.S. and the EU concerning GEOs. Nevertheless the EU is also promoting GEOs. Consumers, farmers and traders of ecological food in Europe are demanding laws that eliminate the contamination of ecological food by GEOs completely - through rigid limit values and the consequently applied polluter-pays-principle (compare the text of "Save our Seeds" in the appendix).<sup>16</sup> We add that the dangers of genetic engineering are connected with a structural problem of the economic system that requires change. This system makes it impossible to control technical processes conscientiously and responsibly because the punitive laws of competition enforce the application of technical innovation, without beforehand undertaking a really serious evaluation of the consequences. This question leads us to the necessity of bringing back all invention and innovation to the cultural sphere, i.e. to independent scientific institutions. The relations between the economic and cultural sphere need to be reframed as a precondition of technical progress shaped by humanity. This will also help to deal with licensing in a new way and to create an alternative to the TRIPS agreement.<sup>17</sup>

## *In Conclusion*

The crisis of agriculture and agricultural politics show the necessity of social renewal in the direction that we call profound societal transformation through "threefolding".<sup>18</sup> Without an understanding of this new reality, it will be difficult to lay the societal foundations for the transition of world

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<sup>15</sup> We prefer the term GEOs (genetically engineered organisms) instead of GMOs (genetically modified organisms). The term GMO is a corporate linguistic trick to reduce the sense of manipulation involved in GEOs.

<sup>16</sup> In Germany a new law is under way which stipulates that GE foods sold must be clearly labelled. The law incorporates in some way a polluter-pays-principle for GEO producers. But a lot of people committed to sustainable agriculture think that it is not going far enough. And even more problematic, the law is the entry point for legal GEO production in Germany.

<sup>17</sup> See e.g. C. Strawe: The sorcerer's apprentice. Social conditions of necessary evaluation of the effects of technological developments (German Language). <http://www.sozialimpulse.de/pdf-Dateien/Gentechnik.pdf>

<sup>18</sup> For more details, see Nicanor Perlas, Shaping Globalization: Civil Society, Cultural Power, and Threefolding.

agriculture. Agriculture, now rooted in neo-liberal illusions, needs to be transformed to a different kind of agriculture rooted in the reality of the diverse ecological, cultural, political, and economic endowments of the different peoples of the world.

Threefolding has its roots, among others, in the emergence of global civil society as a third global power. Global civil society is *de facto threefolding* societies where it is active. Threefolding refers to the active presence and involvement of the three powers - State, Market and civil society, in determining the future of societies.

“Threefolding is key to understanding the new social landscape and what goes on within it. The term integrates and sheds light on many of the new concepts in the tri-polar world.” The world is tri-polar, because “there are now three contending institutional powers that reside in the world - global civil society, government, and business. [...] Through its emergence, civil society also gives birth, consciously or not, to cultural life as an autonomous realm within larger society.”

We can connect these three social powers to the three realms of society - cultural, political, and economic. The interactions of these three realms determine what kind of social life or society we have. We live in a healthy society if the three realms mutually recognize and support each other and develop their initiatives with awareness of their potential impacts on the other realms. We live in an unhealthy society if one realm dominates and tries to subjugate the others.”<sup>19</sup> The state of society is all the more healthy when the life of the cultural sphere is based on cultural creativity and responsibility of the individual human being; when in the political sphere human rights and true democracy are realized; and when the economic sphere is really serving the people instead of being oriented to the profit interests of corporate powers.

# Annex

## *I. WTO and WTO agricultural policy*

For some of the readers it may be useful, to help understand the essence of the necessary paradigm shift, to get a short overview of the developments which lead to the present day questions. Through the foundation of the WTO in 1995 the principle of the free movement of goods already proclaimed by the GATT 1947 was supplemented with the liberalization of trade in services (GATS agreement) and with the adjustment of the commercially relevant aspects of intellectual property (TRIPS agreement). Those agreements are part of the globalization developments, systematically pushed since the end of World War Two, and speeded up dramatically with the Falling of the Berlin Wall in 1989.

The one area in which the principles of GATT had not been applied consequently was the sphere of agriculture. There must have been a feeling that agriculture could not be exposed to the tempest of global competition. To avoid hunger and to enforce food security in some regions of the world, protectionism in connection with agriculture was even encouraged. The EU e.g. until today pays more than 50% of it's budget, over 40 billion Euro, for the so called common agricultural policy (CAP). The U.S. also gives huge subsidies to its farmers - or at least to the big farmers. This kind of protectionism has been very bureaucratic and has caused huge problems of overproduction. The European "butter mountains" and "lakes of milk" became notorious, and the phrase "subsidized unreasonableness" emerged. On the other hand years of protection did not hinder an increasing industrialization of agriculture, the misuse of chemicals or the concentration of property: "Grow or go" ("wachsen oder weichen") was the slogan. It is not so long ago that questions of ecology, sustainability and so-called multi-functionality of agriculture came up in Europe and began to play a role in the public debate. The U.S. and other countries still ignore those questions for the most part.

Abolishing all forms of protection for agriculture would necessarily mean accelerating the process of intensification, industrialization, the use of chemical fertilizers, pesticides and genetically engineered organisms etc. in agriculture. It was precisely the abolishment of protection and the liberalization of the world agro market that was the target of a new GATT/WTO Agreement: the Agreement on Agriculture (AoA).

In addition the other new agreements, as well as the decision-making and dispute settlement mechanism of the WTO, have very harmful, direct or indirect, repercussions on agriculture. GATS e.g. may produce effects on the access of farmers to water supply. TRIPS has horrendous effects on the access to seeds and the possibility for global players to control the whole agricultural sector. TRIPS article 27 says "Members shall provide for the protection of plant varieties either by patents or by an effective *sui generis* system or by any combination thereof". Scandals like Rice Tec's Biopiracy attempt on Basmati Rice or Monsanto's law suit against the Canadian farmer Percy Schmeisser have made many people in the world aware of the dangers caused by TRIPS.

The situation appears even worse when we consider the tremendous power of the WTO given by the dispute settlement mechanism of the organization. Any country can accuse another country of building trade barriers by implementing certain laws to protect the environment, social security and people's health. In case of doubt international competition law will be regarded as more valuable than other kinds of national law. And the WTO has real power to implement this view even if it is absurd from the point of view of justice. The last scandalous case was the accusation of the U.S.

against EU: “To force GMO products into global markets, George Bush has filed a legal dispute at the WTO, accusing the European Union of blocking trade by restricting GMOs. If successful, not only will the EU have to accept genetically modified food and farming but so will the rest of the world.”<sup>20</sup> There are forces that are not satisfied even with the dispute settlement mechanism of the WTO in its present form. Therefore they try to aggravate this mechanism, so that private companies would be allowed to file a suit directly (Investor to State principle).

## **The WTO Agreement on Agriculture**

As we see, the AoA is working together with other WTO agreements in the same direction: corporate rule of global agriculture. The AoA itself includes several components: “The negotiations have resulted in four main portions of the Agreement; the Agreement on Agriculture itself; the concessions and commitments Members are to undertake on market access, domestic support and export subsidies; the Agreement on Sanitary and Phytosanitary Measures; and the Ministerial Decision concerning Least-Developed and Net Food-Importing Developing countries.”<sup>21</sup>

Article 20 of the AoA envisions continuous negotiations to promote liberalization of the world agrarian market starting with the end of 1999.<sup>22</sup>

### **The Three Pillars<sup>23</sup>**

#### **Market access (articles 4 and 5 and annex 5)**

The most important commitments are:

- Developed and developing countries to convert all non-tariff barriers into simple tariffs (a process known as tariffication).
- All tariffs to be bound (i.e. cannot be increased above a certain limit).
- Developed countries to reduce import tariffs by 36% (across the board) over a six-year period with a minimum 15% tariff reduction for any one product.
- Developing countries to reduce import tariffs by 24% (across the board) over a ten-year period with a minimum 10% tariff reduction for any one product.

#### **Export competition (articles 8,9,10 and 11)**

The commitments are:

- For developed countries, the value and volume of export subsidies to be reduced by 36% and 24% respectively from the base period 1986-1990 over a six year period.
- For developing countries, the value and volume of export subsidies to be reduced by 24% and 10% respectively from the base period 1986-1990 over a ten year period.

#### **Domestic Support (article 6 and annexes 2, 3 and 4)**

All forms of domestic support are subject to rules.

The WTO classifies domestic subsidies into three categories known as the Amber, Blue and Green Boxes (see the Boxes section which follows). Only the Amber Box is subject to reduction commitments as follows:

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20 Bite back: WTO - Hands off our food! (Friends of the Earth; <http://www.foeeurope.org/biteback/>)

21 [http://www.wto.org/english/docs\\_e/legal\\_e/aAgreement](http://www.wto.org/english/docs_e/legal_e/aAgreement)

22 Using the booklet of Action Aid: The WTO Agreement on Agriculture (<http://www.actionaid.org/resources/pdfs/agreement.pdf>)

23 Action Aid I.c.

- For developed countries, a 20% reduction in Total AMS (Amber Box) over six years commencing 1995 from a base period 1986-1988.
- For developing countries, a 13% reduction in Total AMS (Amber Box) over ten years commencing 1995 from a base period 1986-1988.

## **WTO Domestic Subsidy Boxes<sup>24</sup>**

The WTO classifies subsidies into three categories:

### **Amber Box:**

all domestic subsidies -such as market price support - that are considered to distort production and trade. Subsidies in this category are expressed in terms of a “Total Aggregate Measurement of Support” (Total AMS) which includes all supports in one single figure. Amber Box subsidies are subject to WTO reduction commitments.

### **Blue Box:**

subsidy payments that are directly linked to acreage or animal numbers, but under schemes which also limit production by imposing production quotas or requiring farmers to set-aside part of their land. These are deemed by WTO rules to be ‘partially decoupled’ from production and are not subject to WTO reduction commitments. In the EU, they are commonly known as direct payments.

### **Green Box:**

subsidies that are deemed not to distort trade, or at most cause minimal distortion and are not subject to WTO reduction commitments.<sup>25</sup> For the EU and US one of the most important allowable subsidies in this category is decoupled support paid directly to producers. Such support should not relate to current production levels or prices. It can also be given on condition that no production shall be required in order to receive such payments.<sup>26</sup>

### **Peace Clause:**

A specialty of the AoA is the Peace Clause, which expires at end of 2003. It means that “green box” measures cannot be brought before the dispute settlement body of the WTO. The possibility to attack blue box measures and export subsidies is narrowed.

### **De minimis rule:**

Total AMS includes a specific commodity support only if it equals more than 5 percent of its value of production (developing countries 10%). The non-commodity-specific support component of the AMS is included in the AMS total only if it exceeds 5 percent of the value of total agricultural output.<sup>27</sup>

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24 Action Aid l.c.

25 For full details see Annex 2 of the Agreement on Agriculture

26 Other subsidies allowed include environmental programs, government service programs (e.g. research, pest control, extension; infrastructure provisions); public stockholding for food security purposes; domestic food aid; relief from natural disasters; government income insurance and income safety-net programs; producer and resource retirement programs; adjustment support during agricultural land privatization; and assistance programmes limited to producers in disadvantaged regions

27 See <http://www.ers.usda.gov/Briefing/WTO/10>

## **Agreement on Sanitary and Phytosanitary Measures**

This agreement pretends to give every state the right to measures to protect life and health of human beings, animals and plants. Measures must be justified by scientific results and they must not be hidden trade barriers. This clause always allows measures to be attacked when profit interests are touched. For instance the WTO conceded the U.S. the right to export hormone beef to the EU although EU regards hormone beef as a danger for food security.

## **Needs for Accommodation - “WTO Compatibility” of Agricultural Policy**

Especially in Europe but also in the U.S. the WTO agreements caused a requirement for accommodation of the agricultural policy to make it compatible with WTO rules, because the AoA allows only subsidies which are not regarded as trade distorting. Also EU's enlargement to the East made it necessary to reframe the whole system. The steps of this accommodation are described in the so-called Agenda 2000. The main point is the transformation of the subsidy system to green box subsidies decoupled from production.

For the rich countries of the North, especially for EU, the WTO rules created a complicated situation and in some way actually a conflict of goals. On the one hand they see the necessity to increase the competition power of their own agriculture. But measures like increasing the productivity, creating bigger farm areas through concentration, intensification and rationalization led also to an increasing overproduction which is undesired. This caused efforts to promote exports through export subsidies. But these subsidies are now destroying the local agriculture in many parts of the southern world, as we have mentioned already.

At the same time the EU detected ways to limit the output of the agricultural sector by extensification and land-set-aside. Subsidies were paid now not so much for using land but for not using it. (Subsidies of this kind are part of the blue box subsidies.<sup>28</sup> Already subsidies for land-set-aside were a hidden direct payment of farmers' income. Direct payment appeared to be a solution of striking simplicity, in part because it went directly to the farmers themselves. It seemed to save European agriculture and to have at the same time full compatibility to the WTO-Agreements. It was the hour of discovery of the multi-functionality of agriculture, which became the main argument of the European agricultural policy.

## **The Continuation of WTO Negotiations on Agriculture**

Art. 20 of the AoA. states that further negotiations are part of the WTO's built-in agenda. This is the same mechanism that we have within the GATS negotiations. The explicit goal is to decrease protection and enforce continuous liberalization of the markets y. As the peace clause expired at the end of 2003 there was a certain pressure to make progress in the negotiations.

The hope of the southern countries, that the WTO agreements would bring benefits for them through market access in agriculture, rapidly dwindled. That was one of the reasons for the derailment of the WTO in Seattle 1999. But because agriculture was part of the built-in agenda the collapse of the summit was not the collapse of the liberalization process.

And as we know the Doha ministerial of the WTO ended with a so-called compromise, starting a new liberalization round which was declared as a “development” round by the driving forces of WTO. The Doha declaration claimed “explicit consensus” on the modalities of the negotiations in

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<sup>28</sup> In this context ecological agriculture also became interesting for the EU. That was the time when the promotion for the so called self-marketing started. It appeared as a possibility to increase peasants income without increasing prices and subsidies. The farmer becomes merchant as well. This may be helpful, depending on the local situation, but on the whole this is no real solution.

Cancun where the 5th ministerial was to take place. Everybody knew that there could be no consensus if the promise of development would be broken.

That would mean that the trend analyzed by FAO 1999, must be changed: “although current prices have fallen, NFIDCs/LDCs face food import bills 20 per cent higher than in the mid 1990s; longer term food aid levels show a significant decline whilst dependency on commercial imports of basic foodstuffs has increased and is expected to continue to rise with further liberalization.”<sup>29</sup>

But the countries of the South did not get the impression that things improved after Doha. On the contrary, the damage of local structures caused by EU and U.S. agricultural subsidies in the South became more visible than before. The U.S. for instance pay more than 4 Billion Dollars subsidies for cotton, while some of the poorest African countries are dependent on their cotton sales. Civil society Organisations like CAFOD, Germanwatch, Action Aid and many others have proven with detailed documentation the damage caused by dumping subsidized food into the markets of the South.<sup>30</sup> On the other hand, the tariffs, even for products which have strategical importance for southern countries like sugar and cotton, remain on a relatively high level. The way northern countries are moving subsidies from one box to another appears for the people in the South like street conjuring tricks.

A new framework for agriculture is an urgent need for many developing economies. So it was expected that in March 2003 there would be some progress through new proposals and measures. But the suggestions of Mr. Harbinson - responsible for the issue in WTO - completely ignored the needs of the southern countries, which were forced to decrease their tariffs for agricultural goods, up to 40% in the worst instance. On the other hand, the demand for a “development box”<sup>31</sup> which should allow a flexible furtherance of food security and rural development, together with combating poverty, was completely ignored. The demand for a “rebalancing mechanism” which would allow the South to put additional tariffs on subsidized products, was also ignored. So it was no great surprise that everybody refused Mr. Harbinson’s tabling.

In Cancun a new alliance, the G20, resisted the countries of the North. The death of the Korean farmer Lee Kyong Hae brought even more consciousness to the effects of WTO on agriculture. The slogan “WTO kills farmers” became known all over the world. The northern countries underestimated the will of the South to resist. The chairman’s draft which was to have made the negotiations move forward was regarded not as a compromise but as a provocation. So the negotiations collapsed. For the second time a WTO summit ended without result. And Cancun became a debacle for neo-liberalistic concepts for agriculture.

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29 FAO, 1999, The Agreement on Agriculture: some preliminary assessments from the experience so far, Geneva. See <http://www.actionaid.org/resources/pdfs/marrakesh99.pdf>

30 See for instance <http://www.cafod.org.uk/policy/idc20030120.shtml>; and <http://www.germanwatch.org>.

31 At Doha there was a group of Friends of the Development Box: Cuba, Dominican Republic, El Salvador, Haiti, Honduras, Kenya, Nicaragua, Nigeria, Pakistan, Peru, Senegal, Sri Lanka, Uganda, Zimbabwe. See: [http://www.wtwatch.org/library/admin/uploadedfiles/Press\\_statement\\_by\\_Friends\\_of\\_the\\_Development\\_.doc](http://www.wtwatch.org/library/admin/uploadedfiles/Press_statement_by_Friends_of_the_Development_.doc)



## ***II. Documentation of some Positions from Civil Society***

### **a) Priority to Peoples' Food Sovereignty - WTO out of Food and Agriculture<sup>32</sup> - Extracts from a Position Paper of the Our World Is Not For Sale Network (OWINFS)**

Food and agriculture are fundamental to all peoples, in terms of both production and availability of sufficient quantities of safe and healthy food, and as foundations of healthy communities, cultures and environments. All of these are being undermined by the increasing emphasis on neo-liberal economic policies promoted by leading political and economic powers, such as the United States (US) and the European Union (EU), and realised through global institutions, such as the World Trade Organisation (WTO), International Monetary Fund (IMF) and the World Bank (WB). Instead of securing food for the peoples of the world, these institutions have presided over a system that has prioritised export-oriented production, increased global hunger and malnutrition, and alienated millions from productive assets and resources such as land, water, fish, seeds, technology and know-how. Fundamental change to this global regime is urgently required.

#### **People's Food Sovereignty is a Right**

In order to guarantee the independence and food sovereignty of all of the world's peoples, it is essential that food is produced through diversified, community based production systems. Food sovereignty is the right of peoples to define their own food and agriculture; to protect and regulate domestic agricultural production and trade in order to achieve sustainable development objectives; to determine the extent to which they want to be self reliant; to restrict the dumping of products in their markets, and; to provide local fisheries-based communities the priority in managing the use of and the rights to aquatic resources. Food sovereignty does not negate trade, but rather, it promotes the formulation of trade policies and practices that serve the rights of peoples to safe, healthy and ecologically sustainable production. Governments must uphold the rights of all peoples to food sovereignty and security, and adopt and implement policies that promote sustainable, family-based production rather than industry-led, high-input and export oriented production. [...]

#### **An Alternative Framework**

To compliment the role of local and national governments, there is clear need for a new and alternative international framework for multilateral regulation on the sustainable production and trade of food, fish and other agricultural goods. Within this framework, the following principles must be respected:

1. Peoples' food sovereignty;
2. The rights of all countries to protect their domestic markets by regulating all imports that undermine their food sovereignty;
3. Trade rules that support and guarantee food sovereignty;

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32 <http://www.ourworldisnotforsale.org/agri/statements/03-c.htm>

4. Upholding gender equity and equality in all policies and practices concerning food production;
5. The precautionary principle;
6. The right to information about the origin and content of food items;
7. Genuine international democratic participation mechanisms;
8. Priority to domestic food production, sustainable farming and fishing practices and equitable access to all resources;
9. Support for small farmers and producers to own, and have sufficient control over means of food production;
10. Support for open access of traditional fishing communities to aquatic resources;
11. Effective bans on all forms of dumping, in order to protect domestic food production. This would include supply management by exporting countries to avoid surpluses and the rights of importing countries to protect internal markets against imports at low prices;
12. Prohibition of biopiracy and patents on living matter - animals, plants, the human body and other life forms - and any of its components, including the development of sterile varieties through genetic engineering; and,
13. Respect for all human rights conventions and related multilateral agreements under independent international jurisdiction.

The undersigned affirm the demands made in other civil society statements, such as *Our World is Not for Sale: WTO-Shrink or Sink*, and *Stop the GATS Attack Now*. We urge governments to immediately take the following steps:

1. Cease negotiations to initiate a new round of trade liberalisation and halt discussions to bring 'new issues' into the WTO. This includes further discussions on such issues as investment, competition, government procurement, biotechnology, services, labour and environment.
2. Cancel further trade liberalisation negotiations on the WTO's AoA through the WTO's built-in agenda.
3. Cancel the obligation of accepting the minimum importation of 5% of internal consumption; all compulsory market access clauses must similarly be cancelled immediately.
4. Undertake a thorough review of both the implementation, and the environmental and social impacts of existing trade rules and agreements (and the WTO's role in this system) in relation to food, fisheries and agriculture.
5. Initiate measures to remove food and agriculture from under the control of the WTO through the dismantling of the AoA and through the removal or amendment of relevant clauses in the TRIPS, GATS, SPS, TBT and SCM agreements. Replace these with a new Convention on Food Sovereignty and Trade in Food, Agriculture and Fisheries.
6. Revise intellectual property policies to prohibit the patenting of living matter and any of their components and limit patent protections in order to protect public health and public safety;
7. Halt all negotiations on GATS, and dismantle the principle of "progressive liberalisation" in order to protect social services and the public interest;
8. Implement genuine agrarian reform and ensure the rights of peasants to crucial assets such as land, seed, water and other resources;
9. Promote the primary role of fish harvesters' and fish workers' organisations in managing the use of aquatic resources and oceans, nationally and internationally.

10. Initiate discussions on an alternative international framework on the sustainable production and trade of food, agricultural goods and fisheries products. This framework should include:

- A reformed and strengthened United Nations (UN), active and committed to protecting the fundamental rights of all peoples, as being the appropriate forum to develop and negotiate rules for sustainable production and fair trade;
- An independent dispute settlement mechanism integrated within an international Court of Justice, especially to prevent dumping and GM food aid;
- A World Commission on Sustainable Agriculture and Food Sovereignty established to undertake a comprehensive assessment of the impacts of trade liberalisation on food sovereignty and security, and develop proposals for change. This would include agreements and rules within the WTO and other regional and international trade regimes, and the economic policies promoted by International Financial Institutions and Multilateral Development Banks. Such a commission could be constituted of and directed by representatives from various social and cultural groups, peoples' movements, professional fields, democratically elected representatives and appropriate multilateral institutions;
- An international, legally binding Treaty that defines the rights of peasants and small producers to the assets, resources and legal protections they need to be able to exercise their right to produce. Such a treaty could be framed within the UN Human Rights framework, and linked to already existing relevant UN conventions;
- An International Convention that replaces the current Agreement on Agriculture (AoA) and relevant clauses from other WTO agreements and implements within the international policy framework the concept of food sovereignty and the basic human rights of all peoples to safe and healthy food, decent and full rural employment, labour rights and protection, and a healthy, rich and diverse natural environment and incorporate trading rules on food and agriculture commodities.

### **A Broad Alliance with an Agenda for Change!**

The impacts of the neo-liberal policies are all too evident and increasingly understood and challenged by civil society across the world. The pressure for change is increasing.

In the run up to the next WTO Ministerial Meeting and in the coming years, the undersigned will continue to reveal the adverse effects of neo-liberal trade and economic policies on food, agriculture and fisheries, and to propose alternatives to the current global trade regime. This declaration is a clear sign of the determination that unites social movements and other civil society actors worldwide in their struggle to democratise international policies, and to work towards institutions that are capable of embracing and defending sustainable approaches to food, agriculture and fisheries.

Signed by International Networks and Movements (Via Campesina, World Forum of Fish Harvesters and Fishworkers, World Forum Of Fisher Peoples), Regional Networks and Movements (Friends of the Earth Latin America & Caribbean, COASAD - Africa), Organisations (Friends of the Earth from several Countries, Collectif Stratégies Alimentaires - Belgium, Focus on the Global South - Thailand, Foodfirst/Institute for Food and Development Policy - USA, **Public** Citizen's Energy and Environment Program - USA, Small and Family Farms Alliance - United Kingdom and many others)

## **b) Position Paper of Germanwatch, FIAN Germany and the German National Association of World shops<sup>33</sup>**

### **Securing Food - For a "Development Box" in the WTO Agreement on Agriculture**

“Within the framework of the initiative Securing Food - For a Global Paradigm Shift in Agricultural Policies" FIAN, German National Association of World shops and Germanwatch support fair rules for international trade in agricultural goods. It is our opinion that a Global Paradigm Shift in Agricultural Policies is necessary to ensure the human right to food for all human beings and to provide agricultural production with a social, ecological and consequently, sustainable profile. Small-scale agriculture with its unique cultural diversity must be protected because it contributes to food security.” The signers demand a “far-reaching reform of the WTO Agreement on Agriculture and the introduction of a Development Box in particular.”

“AoA has not yet adequately take account of developing countries' problems and the goal of combating hunger, ensuring the human right to food, and addressing the needs of small farmers.”

They “hold the opinion that the following measures are necessary to achieve the objectives mentioned above:

**I. Measures to protect domestic key staples production and small farmers in developing countries from dumping due to subsidized imports.** These measures are part of the special and differential treatment provisions.

“Developing countries should be able *to prepare a list of products* with high significance for food security on the basis of the products' relevance to the promotion of employment and the protection of small farmers' livelihoods. This list comprises key staples and other agricultural products grown mostly by small farmers. Products on this negative list should *be exempted from all reduction commitments under the AoA.*“

“If the import volume exceeds or the import price falls under a certain threshold, the *special safeguard mechanism of the AoA* allows imposing additional duties. No trade compensation has to be paid to the affected export countries in this case. This safeguard *should be expanded to include all developing countries and all agricultural products.* At present, only developed countries and a few developing countries can benefit from the special safeguard mechanism.”

**“II. Measures that allow developing countries greater flexibility in promoting rural development and food security and specifically supporting small farmers.** These measures are part of the special and differential treatment provisions.“

Thus the “*de minimis level* for developing countries *should be raised* from presently 10 per cent to 20 per cent.” [...] Additionally, any *product-bound subsidy specifically supporting small farmers* shall be exempted from reduction commitments. [...] Being part of the ‘Green Box’, *food security and poverty reduction programmes* should be exempted from any and all reduction commitments. *Measures targeted to support low-income and resource-poor farmers* (Art. 6.2 of the AoA) shall be expanded.”

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33 <http://www.germanwatch.org/tw/devbx02e.htm>

**“III. Measures which target areas important for the economic development of developing countries or the promotion of food security.** These measures are not part of the special and differential treatment provisions.

Subsidies shall be completely de-coupled from production and linked with programmes for the development of non-trade concerns such as environmental protection, food security, etc. Strict disciplines are necessary to prevent abuse.”

“Additional financial sources must be developed for all four areas of a global food security system. [...] The WTO shall acknowledge the priority of the human right to food. [...] Export subsidies shall be eliminated. [...] Future tariff reductions shall be set out on the basis of the ‘Swiss Formula’.<sup>34</sup> [...] Market power of transnational corporations operating in the agricultural sector and its misuse (dumping, inter alia) must be an agenda item during the negotiations. [...] dumping assessment is necessary. A multilateral institution shall execute the assessment for each country.

Consequently the north should “support a ‘Development Box’ in the WTO agriculture negotiations that allows taking specific measures targeted at support for small-scale farming, especially for low-income and resource-poor farmers.”

### **c) Post-Cancun Release (Via Campesina International farmers movement)**

(International Coordinating Committee, Tegucigalpa, 11th of November, 2003)

It is urgent to re-orient the debate on agriculture and initiate a policy of food sovereignty.

We call on all those responsible in governments to step out of the 'neo-liberal model' and to have the courage to seek an alternative path of cooperation with social justice and mutual assistance. The failure of the WTO was the failure of actors who are totally locked in a 'neo-liberal mindset'. Those responsible for trade orientate themselves principally to the interests of the elite and transnational industries. They appear to be incapable of seeing the real problems, much less seeking solutions for them. They think only of increased trade, grabbing bigger market shares, more privatization, more accumulation and more profit. Their only concern in the agricultural sector is to deal with export interests. This is shameful given the fact that the existence of millions and millions of peasants, more than half the world's population, depends on local and domestic production and marketing. Vía Campesina believes that we need to engage in this debate. We must define more clearly the existing problems and articulate much needed solutions. We must also include those who are more responsible in governments and international institutions and who, we hope, are more sensitive to the real challenges of our world.

The true conflict is not between governments, it is between models of production. Because of the scandalous behaviour of certain Northern governments in defending the interests of transnational industries, the conflict in Cancun was portrayed as a 'North - South' conflict. We applaud the resistance of many governments, above all, of the South, against the dominance and the imposition of the United States (US), the European Union (EU) and some other industrialized countries. Nevertheless, we reiterate that in the agricultural sector, the real conflict behind this confrontation among governments is a conflict between a sustainable model of peasant production based on food sovereignty, demanded by the peasants in the North and South and an industrial model, oriented to ex-

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<sup>34</sup> “Swiss formula: A few countries are proposing to use a Swiss formula for the reduction of tariffs. This mathematical formula (final tariff = (initial tariff x a)/(initial tariff + a), where the coefficient a is, for example, 25) reduces high tariffs with higher cuts than low tariffs.” See the glossary in Oxfam paper <http://www2.odn.ne.jp/oxfam/topics/trade/Boxing%20Match.htm>

port, pushed for by transnationals, the US, the EU, other industrialized countries, but also by certain elite and important forces within governments 'of the South'.

We hope to be able to begin a dialogue with governments of the South and the North. We propose to take concrete steps to limit the damaging effects of the industrial-exporting model and to strengthen sustainable peasant production.

The first important step: we must centre the debate on food sovereignty and production rather than trade. To engage in agricultural production that ensures food needs, respects the environment and provides peasants with a life of dignity, an active intervention by the government is indispensable. This intervention must ensure:

- peasants' and small-scale farmers' access to the means of production (land, seed, water, credit),
- control of imports in order to stabilize the internal price to a level that covers the costs of production,
- control of production (i.e. supply management) in order to avoid surpluses,
- international commodity agreements to control supply and guarantee fair prices to peasant producers for export products such as coffee, cotton, etc,
- public assistance to help the development of peasant production and marketing,
- organization of the domestic market to give local peasant women and men full access to this market.

To take concrete steps in this direction we must urgently explore alternatives at the national and international levels. We call on the agencies of the UN such as the FAO, the UNCTAD and the ILO to take initiatives to develop an alternative framework to the WTO. This alternative framework must seek to redefine international agricultural policies that address the poverty and marginalization that characterize the majority living in rural areas.

Cheap imports have disastrous effects. To obtain food sovereignty it is essential to stop dumping. Worldwide, agricultural imports at low prices are destroying local agricultural economies. Prior to Cancun and at the behest of the United States and the European Union, the WTO ratified a new dumping practice. In the European Union, internal prices above world market level combined with export subsidies are being replaced by low internal agricultural prices and direct (de-coupled) payments. These payments continue to the largest producers. In the US similar mechanisms are put in place. These policies continue and exacerbate dumping. It gives an enormous advantage to agribusiness. It also discredits agricultural subsidies in general which, in turn, negatively affects the possibility of maintaining much needed public financial support to peasant agriculture.

The answer to the dumping of surpluses is not 'to liberalize further'. Eliminating direct and indirect export subsidies is an important step but even more important is a policy to control supply. Supply management effectively eliminates surpluses. Effective supply management also allows prices covering the cost of production and public financial support to peasant agriculture without generating surpluses that are dumped on other markets. The response to certain industrialized countries that practise dumping, cannot be to demand more liberalization and even more access to markets. These proposals do not defend the interest of farmers! Instead, these proposals only benefit export agriculture and transnationals (in the North and in the South); these proposals lead to the destruction of peasant production.

We must demand that surplus producing countries limit their production and manage their supply in order to avoid excess production and subsequent dumping. These countries should orient their public assistance to the development of sustainable peasant production geared for the internal market. Importing countries should have the right to stop imports to protect domestic production and invest in this sector.

"Free" trade with "fair" competition is an illusion. Agricultural markets need strong state intervention. The neo-liberal logic claims that an unsubsidized agricultural market with no border regulation

and with no state intervention will make optimal use of the comparative advantages, create more benefits for everyone and thus regulate itself in a fair way. However by their very nature, agricultural markets cannot function in a socially just way without intervention by the State. Ending state intervention by eliminating agriculture policy instruments one by one would perpetuate the destructive restructuring of agriculture. This will displace millions and millions of men and women peasants, leaving them with no way to make a living. Regions and entire countries would be left with no capacity to produce food. Finally, only those who have money to purchase food will be able to eat. This scenario is catastrophic and includes an immense loss in terms of local varieties and food products, peasant knowledge, agricultural biodiversity, etc.

Peasants, rural women and small farmers make up more than half the world's population. We have the right to a life of dignity. We have the right to produce our own food in our own territory. We have a right to make a living on our land. A food sovereignty policy would make this possible. Sustainable peasant production can guarantee a better standard of living in rural areas, help limit damage to the environment, and it can create the necessary economic dynamics to contribute to development of countries..

Our Korean friend, Mr. Lee died in Cancun while defending food sovereignty. We hope that his death will not be in vain.

The WTO kills men and women peasants! Let us take the path of food sovereignty! WTO out of agriculture!

#### **d) The Joint NGO Submission to the European Commission**

The submission, signed by Tim Rice/Action Aid, Duncan Green/CAFOD, Marita Wiggerthale, Germanwatch and Tobias Reichert/German NGO Forum Environment and Development, was written in October 2003.<sup>35</sup>

Specific Policy Recommendations are the following:

**Domestic Support:** The EU should present ambitious plans to reduce and eventually phase out AMS, blue box and de minimis support // take on board the G20+ proposal to eliminate domestic subsidies for products that are predominantly exported // agree on a thorough review of the green-box criteria.

**Market Access:** The EU should reject the application to developing countries of the Swiss formula and the third tariff category of 0-5% tariff ceilings // strengthen its support for the introduction of special products (SPs), including the right of developing countries to self-designate SPs in accordance with their own development needs, and for tariffs on SPs to be unbound // strengthen its support for the introduction of a special safeguard mechanism (SSM), which should cover all products and not be conditioned on deep tariff reductions.

**Export Support:** The EU should agree within the WTO to eliminate export subsidies on all products of interest to (and nominated by) developing countries. This should be implemented immediately and not later than 2005 // All other export subsidies that have not been nominated by developing countries should be phased out as soon as possible but not later than 2008. // A peace clause should not be included in any new Agreement on Agriculture.

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35 <http://www.germanwatch.org/tw/c03ecsub.pdf>.

## e) "Save our Seeds" Initiative<sup>36</sup>

"Save our Seeds" is dedicated to keeping conventional and organically grown seeds free of genetically modified organisms. In a joint petition 300 organisations representing over 25 million members and 100.000 individual citizens of Europe demand a strict EU law to protect the purity of seeds. Seeds are the kernals of life, the foundation of our food supply and humanities oldest heritage. Take action-Please get in contact with your government and agricultural ministry. Urge them to vote against the EU's GM-Seed Directive and to guarantee the purity of non-GM seeds.

### **Vote on European GM Seed Directive**

The EU Commission proposes a Directive on "the adventitious and technically unavoidable presence of genetically modified varieties" in seeds. It would allow all seeds to contain genetically modified organisms (between 0,3 and 0,7 percent) without labeling. After protest from member states and the Parliament the Commission on October 22nd postponed the vote and accepted that the decision requires a qualified majority of EU member states. But Commissioner Byrne still insists on his plan.

### **UK says no to GMO growing**

The result of a "public dialogue" organised by the British government is clear: The people don't want GMOs in their food and on the fields, supermarkets reject them, business doesn't need them and scientists see substantial risks and uncertainties.

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36 <http://www.saveourseeds.org/en/index.php>