The WTO Cancun Summit:
What is at Stake for Food and Agricultural Workers

Introduction

In 2002, the IUF published "The WTO and the World Food System: A Trade Union Approach". There, we looked at the connections between the WTO, global trade and investment regulations, corporate control of food and agriculture, hunger and poverty, export dependency and debt. We proposed a trade union agenda which places the rights of agricultural and food workers at the center of a world system of food production which guarantees the right of all to adequate, safe and nutritious food.

The issues highlighted in The WTO and the World Food System are very much on the agenda at the WTO Cancun summit. Whatever happens at the summit, the need for a comprehensive trade union strategy to confront the corporate agenda of which Cancun forms only part remains an urgent task. Experience has shown that we cannot confine our struggle to taking on particular WTO ministerials or opposing particular trade and investment treaties as they appear. Defeated in one venue, they will resurface elsewhere - as is the case with the international investment regulations currently under discussion as part of the "new issues" at Cancun.

The struggle for a food system centered on human rights and the rights of workers at every stage of the food chain demands that we confront the corporate agenda for food and agriculture as a whole. This means that we must look beyond Cancun.

The following article therefore attempts to identify the key issues for agricultural and food workers as they are reflected in the Cancun negotiations, and how they relate to our agenda for decent work and securing the rights of workers along the food chain. We will also look at two of the most contentious issues on the Cancun agenda for food and agriculture - subsidized export dumping and market access - and their implications for workers.

After Cancun, we will assess the current state of WTO negotiations as they affect the work and living conditions of IUF members and food workers generally and further develop the analysis we began with The WTO and the World Food System.
What is at Stake for Food and Agricultural Workers

It is already clear that the Fifth World Trade Organisation (WTO) Ministerial in Cancun, Mexico, on September 10-14 is headed for failure. Despite backroom deals and arm-twisting at secretive "mini-ministerials" and coercive bilateral trade talks over the past 21 months since the Fourth WTO Ministerial in Doha, serious disagreements between WTO member-states remain. A consensus at Cancun appears unlikely, if not impossible. Food and agriculture is a key area in which the negotiations are deadlocked.

Agricultural trade talks have been deadlocked since the March 31 deadline for negotiating an agreed text for further commitments under the WTO Agreement on Agriculture was missed. Disagreement is largely centered on the refusal of the US and EU to give up the multi-billion dollar subsidies that underpin export dumping, while demanding more rapid agricultural liberalization from the poorer countries. Although the Fourth WTO Ministerial Declaration issued in Doha in 2001, claimed that future negotiations would take into account measures necessary “to enable developing countries to effectively take account of their development needs, including food security and rural development”, no progress has been made.

This failure of the Cancun trade talks to resolve internal conflicts between member-states over food and agriculture more fully exposes the global inequalities entrenched in the WTO regime, both between and within member states. The massive dumping of subsidized farm products is not only destroying rural livelihoods in poor countries. Despite the subsidies, the decent work agenda for agricultural workers in developed countries remains blocked.

The real failure in Cancun lies in the fact that the most critical issues in world food and agriculture are ultimately ignored. The current world food system is one that generates US$545 billion in agricultural exports every year, while eight million people die each year of hunger and hunger-related diseases. An estimated 24,000 people die every day of hunger, which means that close to 100,000 people will die during the four days of the WTO Ministerial in Cancun. That is equivalent to one-third of Cancun’s population of 300,000.

The right of all to safe, adequate and nutritious food, and the collective rights and interests of 450 million agricultural workers are affected by the Cancun agenda, but
are not on the agenda. This is demonstrated most clearly in the country hosting the WTO Ministerial, where the staple food crop – maize – is threatened both by massive US dumping and widespread contamination from GMO maize imported from the US. In the months leading up to Cancun, there have been mass protests by Mexican farmers and agricultural workers over the destructive impact of “free trade” on their livelihoods. The demand to remove agriculture from the WTO, particularly the exclusion of staple food crops such as maize, reflects growing global discontent with the deepening crisis in agriculture.

Regardless of the actual decisions and deals made in Cancun, what in fact matters most for food and agricultural workers and their unions is what happens after Cancun. In the 15 months after Cancun there will be a corporate offensive to impose more rapid liberalization of agriculture and the expansion of the power and interests of corporate agribusiness. January 1, 2005 is the date set for the commitments under the WTO’s Agreement on Agriculture to be harmonized as a "single undertaking", thereby marking the end of the Doha "development" round of WTO negotiations. It is also the date set for the completion of the negotiations leading to the creation of the Free Trade Area of the Americas (FTAA), which would grant far reaching hemispheric-wide rights to TNCs.

The broad corporate offensive, of which the WTO negotiations form but a part, seeks to break down barriers to agribusiness expansion, while erecting new barriers to the achievement of decent work in agriculture. In this context, food and agricultural workers’ unions globally must be prepared to respond effectively to the full corporate offensive after Cancun, and work towards building a new agenda that establishes decent work in agriculture and food and agricultural workers’ rights as fundamental to the future of the world food system.
Corporate Control Consolidated: Barriers to Decent Work in Agriculture

The ILO Decent Work Agenda:

Decent work is a global demand today and the ILO has translated this demand into four interrelated pillars, which together comprise the Decent Work Agenda. These pillars of decent work are: fundamental principles and rights at work; employment; social protection; and social dialogue. The overall concept of decent work thus encompasses many issues. These include inter alia: access to freely chosen employment exercised under safe and non-discriminatory conditions; adequate income in relation to basic economic, social and family needs and responsibilities; fair and equal treatment irrespective of national origin, race, ethnicity, gender or age; adequate social protection; opportunities for training and skills development; and freedom to participate in decision-making on issues that affect work, either directly or indirectly through freely chosen representatives.


The inequalities and injustice that plague the world food system are harshly illustrated by the fact that farmers and agricultural workers – those who produce the food we all depend on – are among the 840 million people without sufficient food, living in hunger.

In January 2003, the state government of Tamil Nadu in India was compelled to launch a free mid-day meal programme for small and marginal farmers, agricultural labourers and their families in order to stave off starvation. This was not an isolated case, as starvation is prevalent in other states. In the first three months of this year alone, over 65,000 tea plantation workers - the majority of them women - in the states of Assam, West Bengal, Kerala and Tamil Nadu lost their jobs following the closure or abandonment of the plantations by the employers. The current crisis in the Indian tea industry was precipitated by the steep fall in auction prices manipulated by the tea traders and brokers. The workers were left without any means to survive in remote and isolated rural areas while medical and other essential services were withdrawn, leading to an unprecedented humanitarian crisis with famine, illnesses, deaths and suicides as a consequence.

Writing of India, Devinder Sharma has noted that "Corporatisation of agriculture, privatization of water, and pushing farmers to face the vagaries of the market, is all aimed at driving out farmers from farming. Ironically, the world’s biggest private enterprise, considering that every fourth farmer is an Indian, is under threat from
privatization. Economic liberalization therefore is aimed at destroying the very foundations of the farming systems thereby paving the way for a corporate takeover of Indian agriculture."

The corporate takeover of agriculture – and the social devastation of rural livelihoods - under the WTO regime is occurring on a global scale through the steadily intensifying corporate concentration along the food chain. Two corporations control the distribution of 80% of world grain and the largest 10 agro-chemical corporations dominate 80% of the global market in pesticides. Five corporations control 75% of the banana trade, three corporations control 83% of the cocoa trade, and three corporations control 85% of the global tea trade. This concentration of corporate power is reflected in the rules and regulations governing the current world trade system, and it is this trade regime - of which the WTO is an essential component - which is promoting even greater levels of concentration.

The global expansion of corporate control by agribusiness is rooted in the dominance of these corporations within the industrialized countries themselves. Over the past two decades, agribusiness conglomerates in the US have increased both their market power and wealth to the detriment of family farms and agricultural workers. Today just four corporations (Cargill, Cenex Harvest States, Archer Daniels Midland, or ADM, and General Mills) own 60% of terminal grain handling facilities in the US; four companies (Tyson, ConAgra, Cargill, and Farmland Nation) control 81% of the beef-packing industry; and four companies (ADM, ConAgra, Cargill, and General Mills) own 61% of flour milling capacity.

As corporate control over agriculture has expanded, poverty among agricultural and even food processing workers in the US has increased. The proportion of agricultural workers in the US earning incomes below the poverty line increased from 50% to 60% between 1990 and 1997/8. Even a marginal increase in agricultural workers’ wages of 9% in the past decade leaves wage levels well below what is needed for decent work. The effects are felt beyond agriculture. Poultry and meatpacking - a sector with one of the highest degrees of concentration - has increasingly become a minimum wage industry with a 100% annual employee turnover and horrific levels of injury and occupational disease. Anti-union employers in search of fresh reserves of labour have themselves become implicated in the traffic in migrant workers whose vulnerability they ruthlessly exploit.
A critical dimension of the global corporate takeover of agriculture is the strategy of agrifood TNCs to expand markets for their produce in developing countries. This increases developing countries’ dependence on food imports. According to the UN Food and Agriculture Organisation (FAO), over the last 30 years developing countries have seen their trade deficit in cereals rise from 17 million tons to 104 million tons. This trend undermines the possibility of achieving food security through enhanced domestic food production.

The corporate strategy of creating dependence on food imports involves destroying local competition and gaining control of these growing markets. The conversion of land use to non-traditional agro-exports creates a paradoxical situation of increased dependency on TNCs for access to markets and distribution and inputs - including seed - while importing heavily subsidized agricultural products to substitute for the traditional crops originally displaced. From the perspective of agribusiness this is the meaning of "market access’ secured through the Agreement on Agriculture: For agricultural workers and small farmers in developing countries, increased market access for their countries' exports frequently means the expansion of non-traditional (and even non-food, such as flowers) agro exports to finance the ongoing destruction of their own food producing systems.

This expansion of corporate control deepens the “decent work deficits in agriculture” not only in developing countries in the South, but also in North America and the EU. In both the US and the EU, the increased power and control of agro-chemical giants such as Bayer and Monsanto have locked agricultural production into an ever-increasing use of pesticides, with harmful effects on the health of agricultural workers. As these corporations expand their global reach, so too do agricultural workers worldwide face increased pesticide use and a subsequent deterioration in health and safety conditions at work and in their communities.

These same agro-chemical corporations – Bayer, Dupont and Monsanto – are also driving new forms of dependency by forcing genetically modified organisms (GMOs) into food and agriculture. As Devinder Sharma points out in the context of the poverty and hunger faced by India's small farmers and agricultural workers displaced by the corporate takeover of agriculture, "The attack on the Indian peasantry is not only from the WTO but also from the genetic engineering industry, both of which work in close tandem."
The close working relationship between the WTO and the genetic engineering industry is based on the use of the WTO to break down barriers to GMOs, including labelling legislation, regulations on the import of GMO food products or restrictions on the commercial growing of GMO crops.

In the lead-up to Cancun the US government has taken a more aggressive stance against restrictions on GMOs around the world, resorting to the WTO as a political means to force open these markets. This aggressiveness is exercised on behalf of genetic engineering giants such as Monsanto, which is concerned that growing resistance to GMOs worldwide is closing markets and cutting into profits. Acting in the interests of Monsanto and other agro-chemical corporations with vested interests in promoting farmers’ dependence on genetically engineered crops, the US government, together with the governments of Canada and Argentina, filed a formal complaint in the WTO against the EU’s de facto moratorium on GMOs on May 13, 2003. Although the moratorium was due to be lifted within months, the US pursued the WTO complaint as a means to deter other countries around the world from imposing such restrictions. Alongside the WTO complaint, the Bush administration is also seeking to generate wider support for GMOs. The real target of the US move at the WTO is in fact not the EU as such, where consumer opposition to GMOs is strong, but the vast market for GMO seeds and related pesticides in developing countries like Brazil, where the corporatization of agriculture is accelerating rapidly.

Opposition to the US government’s use of the WTO to force open markets to unwanted genetically engineered crops is not limited to overseas. Within the US farmers have expressed strong opposition. The Soybean Producers of America, for example, criticized the WTO complaint, arguing that US officials “should be asking who wins and who loses when we try to force feed our customers something that they do not want.” Only two weeks earlier a nationwide survey of corn farmers by the American Corn Growers Foundation found that 77% are opposed to the US filing a case in the WTO.

One of the reasons for using the WTO weapon to attack GMO restrictions was the concern that new Multilateral Environmental Agreements (MEAs) may provide a legal basis for restricting and even banning GMOs. In particular, the US government was concerned about the final ratification and implementation of Cartagena Protocol on Biosafety – a treaty that the US has opposed for nearly a decade. As the first legally
binding global agreement that reaffirms the right of countries to reject GMOs on the basis of the precautionary principle, the Cartagena Protocol on Biosafety threatens to constrain the corporate takeover of agriculture. The US action against the EU in the WTO is designed to undermine support for the Biosafety Protocol and assert the predominance of WTO rules. The conflict between the WTO and the Biosafety Protocol is heightened by the fact that the Protocol will come into force on September 11 – the second day of the WTO Ministerial in Cancun. The US government is therefore attempting to rally wider support for its WTO attack on GMO restrictions, undermining the growing international consensus on biosafety and forcing its subordination to the corporate agenda of the WTO.

The significance of GMOs in the corporate food and agriculture agenda set for Cancun is demonstrated by the ongoing efforts by the US government to rally support for its WTO case against the EU. At a meeting of the Asia Pacific Economic Cooperation (APEC) in Thailand in June, the US Trade Representative, Robert Zoellick, called on APEC members to join the US in using the WTO to oppose the EU’s GMO restrictions. At the same time, he invoked war-like language in declaring the formation of a US-led “coalition of liberalisers” to enforce more rapid and far-reaching liberalization, including in agriculture.

**The Corporate Offensive After Cancun**

The day after the WTO Ministerial ends in Cancun, the Workers’ Activities Bureau of the ILO will commence its first international symposium on *Decent Work in Agriculture* in Geneva. In its background paper to the symposium, ILO-ACTRAV notes that expanding corporate control is a major contributing factor to the “decent work deficits in agriculture” globally. This corporate control in turn contributes to the unsustainability of the present world food system for agricultural workers: “The ILO Decent Work Agenda must be applied in the world’s agricultural sector if the notion of sustainable development is to have any concrete expression in reality. The present situation is clearly not sustainable.”

Yet the Cancun agenda points precisely to the expansion of corporate agribusiness interests at the expense of the decent work agenda. Only a month before Zoellick’s call for a US-led “coalition of liberalisers” at APEC, he announced the composition of the US Agricultural Policy Advisory Committee for Trade (APAC) and six Agricultural
Technical Advisory Committees for Trade (ATACs). Dominating these committees are the largest agri-food corporations, including: Monsanto, ConAgra Foods, Pilgrim's Pride, Cargill, Dupont, Archer Daniels Midland, and Kraft. This corporate domination of these committees is similar to the newly formed ‘Advisory Committee on Biotechnology and 21st Century Agriculture’, in which 11 out of 18 seats are occupied by big agribusiness and the genetic engineering industry, including Monsanto.

According to the USDA, these committees play a direct role in shaping the US position on global agriculture, “as the tempo of negotiations for global, regional and bilateral trade agreements intensifies.” The reference to bilateral trade agreements is significant, suggesting readiness for post-Cancun strategy to force the expansion of corporate control of agriculture through other means should the Cancun talks fail.

Despite the post-Cancun contingency planning, the corporate demand for extensive concessions from developing countries in Cancun is evident in the close collaboration of the EU Trade Commissioner and Agriculture Commissioner with the EU Confederation of Food and Drink Industries (CIAA). In a speech on June 19, the President of CIAA, Jean Martin, described CIAA as an active player in shaping agricultural policies: “CIAA is committed to continuing the reform process in international agricultural policies that should lead to a clear set of trade rules creating a fairer playing field for WTO members following the Doha Development Agenda.”

Significantly, CIAA declared the recent reforms of the EU’s Common Agricultural Policy (CAP) as a “major breakthrough for the agri-food sector” that will “improve the EU position in WTO negotiations” and extract greater concessions from other member-states concerning agricultural liberalization in Cancun.” It is this expectation that led Niall Fitzgerald, Chief Executive of the global food giant Unilever, to describe agriculture as a “front-line issue” in Cancun.

Cancun itself is the beginning of a new stage in the corporate offensive, with a deadline for coerced agreement set for January 1, 2005. The Assistant US Trade Representative for South Asia described the expected outcome at Cancun as “success through reasoned consensus” – where success is essential if the US is to launch a new round of negotiations especially on market access. As such, Cancun marks the beginning of a 15-month period to fast track the trade deals that will further
liberalize agriculture in the interests of corporate agribusiness. Unions internationally must be prepared to meet this offensive.

**Export Dumping: Deepening the Global Crisis in Agriculture**

Export dumping - one of the most contentious issues in the current WTO negotiations - has a significant impact on the livelihoods of farmers and agricultural workers. Agricultural producers in developing countries are unable to compete with large-scale, industrial production that is massively subsidized and undercuts local prices. The effect is to depress agricultural workers' wages, further worsen working conditions, increase poverty and destroy the basis for overcoming hunger in the long-term.

The Second World Conference of the IUF Agricultural Workers’ Trade Group held in Capetown, South Africa in 1998, adopted a resolution calling for an end to export subsidies in the US and the EU, which it characterized as "contributing to the growth of hunger and the destruction of the potential for strengthening local and regional agricultural production in many regions of the world." Five years later, the problem of subsidized exports and its destructive impact on rural livelihoods remains a challenge for agricultural workers unions in the aftermath of Cancun.

According to the US-based Institute for Agriculture and Trade Policy, US wheat is dumped on world markets at an estimated 40% below cost, soybeans at 30%, and rice at 20% and maize (corn) at 25 to 30% below cost. In Mexico, where maize is a staple food crop, under-priced US imports of animal feed grade yellow maize have driven down maize prices, directly affecting three million maize farmers and their 15 million family members. Overall, some 1.76 million agricultural workers in Mexico have lost their jobs due to the flood of US agricultural imports under the North American Free Trade Agreement (NAFTA).

Annual US cotton subsidies of USD 4 billion permit the dumping of cotton on world markets at up to 57% below the cost of production. Subsidized dumping has driven cotton prices down to the lowest level since the Great Depression of the 1930's and is devastating the livelihoods of small cotton farmers and agricultural waged workers in South Asia and in Western and Central Africa. The scale of the social devastation generated by these subsidized exports is apparent in the case of Pakistan, where cotton, which plays a vital role in agricultural employment and the textiles industry, is
estimated to generate food and shelter for over half of the population. This income is now being squeezed under the price pressure that results from dumping.

It is not only the livelihoods of farmers and workers in developed countries that are deteriorating in the face of depressed prices. These subsidies also contribute to the deepening crisis for small farmers in the exporting countries. In the US, subsidies are not directed towards family farmers facing collapsed prices and debt, but are concentrated in the hands of large agribusiness concerns, including 15 companies ranked in the Fortune 500. Per capita estimates of the benefits of e.g. cotton subsidies to US farmers are meaningless, because the subsidies go to concentrated agribusiness. The reality is that most cotton farmers struggling with poverty and debt will never see these subsidies.

A massive system of export subsidies is also entrenched in the EU, which exports, among others, subsidized sugar and dairy products at prices considerably below their costs of production, to the detriment of small producers and agricultural wage workers around the world. Within the EU, these subsidies are concentrated in the hands of large-scale industrial farmers and agribusiness. More than three-quarters of the EU’s farmers receive less than 5,000 Euros in direct support each year, while a mere 2,000 agribusiness concerns receive over 1 billion Euros in support.

The present system as a whole, moreover, is clearly one which promotes models of agricultural production which are neither socially nor environmentally sustainable. The "Principles of IUF Food Policy" adopted in 2001 noted that export subsidies in the industrialized countries "encourage the hyper-intensive agriculture which is harmful to workers, consumers and the environment".

The search for alternative models of support for agriculture is therefore a fundamental issue for food and agricultural workers' unions everywhere. Opposition to subsidized production for dumping on world markets must not be confused with support for agriculture as such. Agricultural subsidies are essential in all countries to support socially and environmentally sustainable agriculture, provide public services to rural communities, and promote job creation and the elimination of rural poverty. These kinds of subsidies have the potential to strengthen the struggle for decent work and trade union rights for agricultural workers across the development divide. The current system that concentrates subsidies in the hands of big agribusiness must be replaced by a system under which subsidies are tied to socially and
environmentally sustainable agriculture, and a clear mechanisms are in place to ensure that agricultural workers' rights are respected and rural welfare and decent work are advanced.

One of the clearest signs of the global inequalities entrenched in the WTO regime is the fact that export dumping is seen as compliant with WTO rules. According to the WTO, export dumping only occurs when products are sold in overseas markets at below the domestic market price in the country of origin. It does not take into account export sales at below the cost of production. As a result, as long as domestic prices in exporting countries are artificially depressed through direct payments to farmers and other forms of support, the US and EU are able to continue dumping under WTO rules. In contrast, WTO rules and disciplines prevent importing countries from taking action to safeguard staple food crops of significant social and cultural value, or to protect local markets from import surges or agricultural commodity price drops. This means that the volatility of agricultural market prices is further enforced by the WTO regime, thereby reinforcing the vulnerability and insecurity of farmers and agricultural workers.

Until very recently, the refusal of the US and EU to cut subsidies that lead to export dumping has been a major reason for the deadlock in agricultural trade talks in the run-up to Cancun. In June, however, reform proposals for the EU’s Common Agricultural Policy (CAP) were presented as a major step towards abolishing export dumping and thereby rectifying the imbalances in the WTO’s regime for food and agriculture. EU Agriculture Commissioner, Franz Fischler, declared on June 26 that: “We are saying goodbye to the old subsidy system which significantly distorts international trade and harms developing countries.

While involving some significant changes to agricultural subsidies within the EU, the CAP reforms have little or no effect on the critical problem of export dumping. Under these reforms – which exclude key sectors such as dairy and sugar - the problem of overproduction was resolved by “decoupling” direct payments to farmers from production levels. In this way farmers would receive support regardless of what or how much they produce. However, one of the longer-term effects will be to further reduce domestic agricultural prices, thereby allowing export dumping at even lower prices in future. At the same time, the new system of payments and support remains
biased towards large-scale farms, supporting export-oriented commercial production. Agri-food corporations are the most obvious beneficiaries in this reform process.

The real significance of the CAP reforms is that they allow the EU to reclassify its agricultural subsidies (the “decoupled” direct payments) from Blue Box to Green Box exclusions under the WTO Agreement on Agriculture. This brings them into line with US Farm Bill 2002 subsidies of US$170 billion over 10 years which – despite their direct role in subsidizing export dumping – are permitted under the Green Box exclusions. According to one estimate, 75% of EU subsidies will be moved to the Green Box. This shift effectively transforms the EU’s agricultural support schemes into WTO compliant subsidies without reducing the level of subsidized export dumping. Despite this lack of substance, the EU Trade Commissioner, Pascal Lamy, has been quick to use these CAP reforms as a political means to extract concessions from developing countries in Cancun. According to Lamy, the CAP reforms constitute “negotiating capital in the WTO round.”

It is in this context that the EU and US - dominating 51.8% of agricultural exports worldwide - jointly proposed a “solution” to the deadlocked agricultural trade talks prior to Cancun. According to the EU-US proposal, there would be “substantial cuts” to trade-distorting subsidies and major commitments on market access. However, the multi-billion dollar subsidies that benefit US agribusiness and enable massive dumping on world markets are not defined as “trade distorting” and can therefore continue. The definition of trade-distorting subsidies is determined within the power and politics of the WTO regime. Notably, the EU-US proposed negotiating text for Cancun fails to mention when – if ever – Green Box subsidies will be phased out. It is precisely these subsidies that generate export dumping. The US and EU’s right of exclusion of domestic support from WTO phase-out commitments contrasts sharply with their refusal to accept demands from several developing countries for the right to exclude staple food crops.

Another “concession” to developing countries in the EU-US proposal is that negotiated tariff rate quota (TRQ) regimes will be expanded, giving these countries access to the EU and US markets. This is proposed instead of more generalized, across-the-board tariff cuts. What this means in practice is that the EU and US will be free to decide which countries will receive preferential treatment, the specific agricultural commodities that will be imported, and the amount. In return, these
countries must remove tariffs and open up their own markets, *while the US and EU maintain subsidized export dumping*. Expanded TRQ regimes are thus essentially political instruments, giving selective market access as a reward to those countries that commit to a faster pace of agricultural liberalization. Throughout this process bargaining power remains in the hands of the US and EU and the agribusiness transnationals that are driving their policies.

The governments of Brazil, India and China plus 12 other countries have already rejected the EU-US proposal, and will table a different framework in Cancun. As a result, there is little prospect of consensus. But the fact remains that even without a consensus in Cancun the EU and US are able to continue export dumping.

In its failure to seriously address export dumping and its effect on global prices, the Cancun agenda is set to deepen the global crisis in agriculture.

"Formula for Failure": Trading Market Access

Less than a month after the conclusion of the WTO Ministerial in Doha, US Secretary of Agriculture Ann Veneman criticized the concerns raised by developing countries over North-South disparities in the implementation of commitments under the Agreement on Agriculture. Of particular concern was the desire of several developing countries for the US and EU to take the first steps in reducing export subsidies and allow greater market access before reducing their own tariffs and protective measures. In response, Veneman made it clear that such bargaining is out of the question: “Some developing countries argue that they shouldn’t have to open up markets until the developed countries first make domestic support reductions. This is a formula for failure.”

The real formula for failure, however, lies in the coercive bargaining that forces governments to surrender their limited means of defending local producers against cheap imports without any guarantees that the flood of subsidized exports onto the world market will be halted. The notion that trading off ‘market access’ is a solution to the problems plaguing agriculture throughout the world is also fundamentally flawed, and – by narrowly promoting dependency export-oriented agricultural production – is the clearest formula for failure.

The *New Vision for Global Agriculture* promoted by the US Department of Agriculture (USDA) as the basis for WTO negotiations in Cancun, calls for more rapid
liberalization to solve the shortcomings of the world food system. Notably, the only inequality that this New Vision recognizes concerns market access. Accordingly, more liberalization “…will reduce the wide inequities that exist between countries in agricultural market openness.” Yet is precisely because of excessive market openness that many countries, especially in the South, find themselves over-exposed to export dumping by the US and EU. The USDA’s New Vision is also blind to the fact that wide inequalities in the global food system and the inequalities within countries resulting from large-scale, export-oriented agriculture, are being exacerbated by the drive for market openness and the trade-offs involving market access.

The fundamental problem lies in the assumption that the object of “global agriculture” is to increase the value of agricultural goods exported overseas. The promotion of local food production capacity to meet local needs and the pursuit of sustainable social objectives in agriculture, including decent work, has no place in this corporate vision. Instead, increased dependency on agricultural exports is promoted at the expense of local needs. Even those governments that rejected the EU-US proposal for agricultural negotiations in Cancun are seeking greater market access commitments in return for enforcing socially destructive “free market” reforms at home. Again the assumption is that increased market access will facilitate development and meet the ‘special interests’ of developing countries. The reality is that ‘market access’ within the current system governing global agricultural production and trade is a false solution to the social costs incurred under the forced march for agricultural liberalization.

One of the driving forces behind export-oriented agriculture is the pressure of external debt that must be serviced and repaid in foreign currency earnings. The overall global debt of all developing countries, exceeds US$ 2.5 trillion. Repaying this debt diverts public expenditure away from the possibility of fulfilling basic human rights, including the right to adequate, safe and nutritious food and the right to livelihood protection. In the same way, the export of cash crops such as fresh cut flowers, often in place of essential food crops to meet local needs, is built on debt and export dependency. The vicious cycle of poverty, debt and export-dependency is a key element underpinning the expansion of commercialized, export-driven agriculture. In this context, ‘market access’ only serves to reinforce the drive to export
without resolving the more fundamental problems of debt and the diminished capacity to meet local food needs. These needs necessarily include the social conditions under which decent work in agriculture can and must be achieved.

This false solution of market access is reinforced by an equally false notion of ‘flexibility.’ Both the EU and US have recognized the need for flexibility in fulfilling commitments under the WTO regime; this is often presented as a major concession to developing countries in the Cancun trade talks. However, as the EU-US proposal for agriculture illustrates, this flexibility applies more to their own deadlines to phase out subsidies and export credits (where phase-out dates of Green Box subsidies are not specified at all). A far more rigid view of flexibility is applied to the developing and least-developed countries. The flexibility in the EU and US proposals for developing countries is confined to the pace of agricultural liberalization, not its logic. The US approach in particular assumes that certain technical limitations are preventing poorer countries from fulfilling their commitments to liberalize agriculture. Therefore a slower pace of reform is permitted, and is supported by technical assistance for ‘capacity-building’ to respond to the market demands and competitive pressures of global agriculture. What is aggressively opposed and actively prevented is the flexibility to pursue different modes of agricultural development other than commercially-driven, export-oriented agriculture (dominated by big agribusiness). There is virtually no flexibility to implement policies designed to bolster the social role of agriculture. In this sense, the flexibility permitted under the WTO regime does not allow the introduction of price control measures to stabilize market volatility or domestic subsidies and government intervention to promote sustainable domestic agriculture. The very nature of the WTO regime is to ensure that the direction of change – towards a global agricultural system based on export-oriented, large-scale commercial production – becomes irreversible.

Neither market access nor negotiated flexibility will rectify the fundamental inequalities in the WTO regime. Global inequalities in turn undermine the capacity of small farmers and agricultural workers to overcome local inequalities, exacerbating those conditions that prevent the realization of decent work in agriculture. The essential problem is the two-track system in which agribusiness transnational corporations expand their power and control, while small farmers and agricultural workers face greater volatility, vulnerability and violence in the face of declining
agricultural commodity prices, excessive competition, and a deterioration in working and living conditions.