

II - Free trade or market regulation within agriculture – analysis, alternatives and strategies

Theme: Fair Agriculture and Trade Policies
Moderator: Guus Geurts (Platform Aarde Boer Consument)
Speakers: Niek Koning (Department Social sciences, Subdivision Agricultural Economics and Rural policy Wageningen UR), Burghard Ilge (Trade campaigner BothENDS), Henk Eggink (Directorate Foreign Economic Affairs, Dutch Ministry of Foreign Affairs)

Report

According to **Niek Koning (WUR)**, liberalization is a myth: developed countries supported their farmers already since the 1930s, countries that did not support them remained poor. GATT rules allowed support, but only if production was controlled.

Commodity agreements, e.g. on tea, cocoa, coffee, resulted in stabilization of stocks and prices. From 1968 on rich countries started to frustrate these agreements, and protected agriculture without controlling production. This led to dumping of products.

In the Uruguay Round, when WTO was established in 1994, a compromise was reached with the Agreement on Agriculture. Import tariffs had to be reduced, and instead of export subsidies direct payments to farmers were exempted. Production controls were removed.

Developing countries are now pressed to lower, or abolish, import tariffs. This can now be seen for example in the Economic Partnership Agreements (EPAs), which the EU is negotiating with groups of countries in Africa. The result of these policies is that markets of developing countries are flooded with products of subsidized farmers in rich countries.

Conclusion: beware of 'hard' liberalization, because agriculture cannot develop in a free market (as is shown by the removal of milk quota). Rich countries support their farmers anyway, they leave the international market problems to the rest of the world.

But beware also of 'soft' liberalization, because greening agriculture and alternative food networks are not enough: when the International Coffee Agreement was still there, farmers received a better price than they received from 'fair trade'.

Poor countries can only develop their agriculture when they are protected against cheap imports, and when international markets are stabilized. Otherwise, bottom-up methods and agroecology won't help.

Henk Eggink (Ministry of Foreign Affairs) indicated that the connection between markets is not good enough now, the goal is to have a better price stabilization over the world. This is important both for producers and investors. Minister Ploumen's policy aims to integrate developing economies into the world economic system, so that everybody will get its fair share.

EPAs are seen as partnerships, not simply forced agreements. Countries can decide themselves whether they want to participate, there are many safeguard measures in place.

In the discussion Niek Koning asks why African countries should also reduce their import tariffs. Henk Eggink answers that they have access to Europe without tariffs, a level playing field is required, but safeguards will be in place.

Burghard Ilge (BothENDS) reports on the MCI0 ministerial meeting of the WTO in December in Nairobi. The outcome was reported as a breakthrough, but in fact not much happened.

The EU promised to stop export subsidies that had already been abolished (according to Eggink the EU had already anticipated on this), the US does not use export subsidies, but has new rules on food aid and export credits that are even softer than those that were in the WTO text in 2005.

Future significant changes are prevented now, because the dossier is closed at the WTO.

Furthermore, the EU and US blocked new rules to safeguard farmers in developing countries and ensure food security. No solution was found in the conflict with India on public stockholding for food security reasons. The developed countries want to end the Doha Development Round, because they do not want to discuss Development. Instead they want to discuss topics like investment in regional fora.

Guus Geurts (Platform Aarde Boer Consument) indicates there are alternatives both within and outside WTO. For alternatives within WTO the principles of ROPPA, the West-African farmers movement, could be used (see *conclusions of this workshop*). Outside the WTO, the Europe wide *Alternative Trade Mandate* proposes how trade and agricultural policy could be fair and sustainable. Some recommendations are:

- More regional (e.g. the EU) self-sufficiency in food, feed, energy, timber, textile by drastically changing FTA's. In order to do so: increase import taxes and keep supply management.
- Remunerative prices to farmers instead of subsidized exports and buying of agribusiness below cost of production.
- Payment for green services nature, landscape, ecological food- and sustainable energy production, CO2 storage soils.

In the Q&A, Henk Eggink agrees that the results of the Nairobi meeting were not really significant. Tariffs, domestic support and policies around food stocks still need to be discussed.

Outcomes

1. Current free trade agreements and policy which are important in agriculture:
 - WTO: Agreement on Agriculture;
 - Bilateral and regional FTA's, like TTIP, EBA (Everything But Arms between EU and LDC's) and EPA's (Economic Partnership Agreements between EU and ACP-countries);
 - Structural Adjustment Programs imposed by World Bank and IMF on developing countries.

They block:

- Global food security, mainly because of by WTO legalized dumping of surpluses on national and local markets in developing countries. This means that farmers (also in the developed countries) can't get remunerative prices, which they need to invest in sustainable food production on the long term.
 - Fair access to natural resources; by a lack of import taxes in developed countries, the best land and water in developing countries are used to produce luxury products for exports (like soy beans, palm oil, bio fuels).
2. In the past (1947-1995) market regulation was allowed by GATT (predecessor of WTO). So these measures can be established again. Proposals:
 - Protection of markets by import taxes;
 - Commodity agreements for tropical products;
 - EU supply management;
 - Public food stocks;
 - Subsidies to stimulate food production on the condition that they are not misused to dump surpluses.

Proposals of ROPPA (Via Campesina West Africa) for change within WTO when food sovereignty becomes the leading principal:

- Reauthorize GATT exceptions to allow import protection for agricultural products – comparable to: 1947 – 1995

- Reform the definition of dumping in GATT and the Anti-Dumping Agreement: 'When exports are sold at lower than their production costs'
 - Abolish the distinction among subsidies according to their alleged level of trade distortion as written within AoA
 - Stop legalized dumping and box shifting
 - Rewrite the AoA article 9: 'All domestic subsidies to an exported product are properly export subsidies as well' - Including cheap animal feed, leading to dumping
 - Change the AoA rules on public stocks to allow food security and remunerative prices to farmers
3. By the TTIP-campaign the fundamental role of trade is back on the public and political agenda. This means that there is an opportunity for structural changes. Now is the time to put alternatives on the table!

More information

- Niek Koning: Agriculture, development and international trade: Lessons to be learned from the Common Agricultural Policy of the European Union:
http://www.roppa.info/IMG/pdf/Niek_Koning-Agriculture_development_and_international_trade-Niamy_November_2006.pdf
- Burghard Ilge: Why EU Trade rules matter (ppt): <http://zazemiata.org/origin/wp-content/uploads/2014/08/ilge-cc-presentation.pdf>
- Rijksoverheid over WTO-top Nairobi december 2015:
 - Kamerbrief over deelname delegatie WTO-Conferentie Nairobi, Kenia, 15-18 december 2015
<https://www.rijksoverheid.nl/regering/inhoud/bewindspersonen/lilianne-ploumen/documenten/kamerstukken/2015/04/08/kamerbrief-over-deelname-delegatie-wto-conferentie-nairobi-kenia-15-18-december-2015>
 - 'Ploumen: Wereld kan trots zijn op Nairobi':
<https://www.rijksoverheid.nl/actueel/nieuws/2015/12/20/ploumen-wereld-kan-trots-zijn-op-nairobi>
- ROPPA (Jacques Berthelot): Let us dare to reform the WTO for an equitable development:
https://www.wto.org/english/thewto_e/minist_e/mc10_e/roppappmc10_e.pdf
- More articles from trade expert Jacques Berthelot: <http://www.solidarite.asso.fr/Papers-2015>
- Alternative Trade Mandate – Trade, time for a new vision:
<https://www.tni.org/en/briefing/trade-time-new-vision>
- Alternative Trade Mandate – Handel, hoog tijd voor een nieuwe visie:
<http://www.somo.nl/news-nl/alternative-trade-mandate-een-nieuwe-koers-voor-het-eu-handels-en-investeringsbeleid>
- Guus Geurts - Drastische hervorming van handelsverdragen nodig om klimaat te redden :
<https://downtoearthmagazine.nl/35899-2/>