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**WTO's Impact on
Developing Countries' Food Security
*Actions and Perspectives***

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WTO's Impact on Developing Countries' Food Security: Actions and Perspectives¹

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About 16 years ago, the landmark book, *World Hunger: Twelve Myths* (1986) by Frances Moore Lappe and Joseph Collins has generated a lot of awareness and concern regarding world hunger and educated many of us on the root causes of hunger. Lappe and Collins defined the deeper meaning of hunger as the “ultimate symbol of powerlessness.”³

Such powerlessness continues to plague millions of people in developing and least-developed countries.

The Magnitude of Food Insecurity

The numbers speak for themselves. Consider this. FAO reports that:

- About 826 million (792 million people in the developing and least developed countries and 30 million in countries in transition and 8 million in developed countries are suffering from undernutrition or chronic food insecurity.
- Some two billion people are anaemic because of iron deficiency
- Between 100 to 140 million children suffer from Vitamin A deficiency
- About 740 million are suffering from disorders related to iodine deficiency

Majority of those undernourished are found in Asia and Pacific (515.2 million). While the highest number of undernourished people can be found in China, they only comprised 11 percent of its population. Countries such as Korea DPR (57% of population), Mongolia (45%), Cambodia (33%), Laos (29%), Bangladesh (38%) and Nepal (28%) registered high percentages of undernourished people (Table 1). According to the Committee on World Food Security, "the decline in undernourishment observed in the first half of the nineties (an average 8 million reduction each year), was interrupted in 1998"⁴ due to the financial crisis

¹ Paper prepared for the Conference on China's WTO Accession and Rural Livelihoods, 21-23 September 2002, Beijing, China. The author drew from previous papers she has written on the WTO and food security.

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³ Frances Moore Lappe and Joseph Collins (1986), *World Hunger: Twelve Myths*, New York: Grove Press, p.4.

⁴ Committee on World Food Security (26th Session), *Assessment of the World Food Situation*, 18-21

and the effects of El Niño (prolonged drought) in the same year. What was not duly mentioned was the resulting impoverishment and food insecurity because of the adverse impact of agricultural and trade globalisation/liberalisation.

It is alarming to note the extent of undernutrition among children in developing and least developed countries. Forty-five percent of children in least-developed countries are stunted (height-for-age) while 33 percent in developing countries (Table 2).

Table 1. FOOD AVAILABILITY, PREVALENCE AND DEPTH OF UNDERNOURISHMENT AND ACCESS TO FOOD (1996-98)

REGION, SUB-REGION, COUNTRY	FOOD AVAILABILITY	PREVALENCE OF UNDERNOURISHMENT	DEPTH OF UNDER-NOURISHMENT	ACCESS TO FOOD	
	Average per capita dietary energy supply 1996-98 (kcal/day)	Proportion of population undernourished 1996-98 (%)	Number of under-nourished 1996-98 (million)	Average food deficit per person 1996-98 (kcal/day)	GNP per capita 1996-98 (constant US \$)
DEVELOPING WORLD	2716	18	791.9	255	1205
ASIA AND THE PACIFIC	2791	17	515.2	263	866
East Asia	2946	12	155.0	245	1156
China (Mail and Taiwan) [3]	2940	11	140.1	250	667
China,H.Kong SAR [1]	3200	*	0.1	140	22778
Korea DPR [5]	1860	57	13.2	340	...
Korea Rep [1]	3120	*	0.5	130	11422
Mongolia [5]	1960	45	1.1	310	397
Oceania	2140	29	1.3	260	1023
Papua N Guinea [4]	2140	29	1.3	260	1023
Southeast Asia	2385	13	64.7	233	1280
Cambodia [4]	2060	33	3.4	270	279
Indonesia [3]	2470	6	12.3	200	1019
Laos [4]	2190	29	1.5	280	411
Malaysia [1]	2430	*	0.5	140	4278
Myanmar [3]	2300	7	3.1	200	...
Philippines [4]	2060	21	15.2	270	1150
Thailand [4]	2880	21	12.2	260	2760
Viet Nam [4]	2120	22	16.5	280	309
South Asia	2778	23	294.2	291	425
Bangladesh [5]	2890	38	46.8	330	347
India [4]	2830	21	207.6	290	424
Nepal [4]	2390	28	6.2	270	219
Pakistan [4]	2440	20	28.9	270	489
Sri Lanka [4]	2410	25	4.5	260	763
LATIN AMERICA AND CARIBBEAN	2683	11	54.9	224	3841
NEAR EAST AND NORTH AFRICA	2907	10	35.9	177	1952
SUB-SAHARAN AFRICA	2205	34	185.9	291	297

September 2000, Rome, Italy.

	Average per capita dietary energy supply 1996-98 (kcal/day)	Proportion of population undernourished 1996-98 (%)	Number of under-nourished 1996-98 (million)	Average food deficit per person 1996-98 (kcal/day)	GNP per capita 1996-98 (constant US \$)
COUNTRIES IN TRANSITION	2890	6	26.4	167	1956
COMMONWEALTH OF INDEPENDENT STATES	2776	8	22.8	175	1575

NOTES: TABLE 1

Figure in brackets [] denotes prevalence category, i.e. proportion of the population undernourished in 1996-98.

Category

[1] <2.5% undernourished [2] 2.5-4% undernourished [3] 5-19% undernourished

[4] 20-34% undernourished [5] = or > 35% undernourished

* : percentage of undernourished below 2.5% ... Data unavailable

SOURCES: TABLE 1

Average dietary energy supply (DES) FAO estimates.

Average food deficit per person FAO estimates.

GNP per capita (in constant US\$) World Bank, World Development Indicators, 2000 Edition.

Number of undernourished FAO estimates.

Undernourished in total population FAO estimates.

As cited in Committee on World Food Security (26th Session), Assessment of the World Food Situation, 18-21 September 2000, Rome, Italy.

Table 2. Estimated Prevalence of Underweight, Stunted and Wasted Children in Developing Countries, 1995-2000 (in %)

Region/Country Group	Underweight ¹ (weight-for-age)	Wasted ¹ (weight-for-height)	Stunted ¹ (height-for-age)
Sub-Saharan Africa	31	10	37
Near East and North Africa	17	8	24
South Asia	49	17	48
East Asia and the Pacific	19	6	24
Latin America and the Caribbean	9	2	17
Developing Countries	29	10	33
Least-Developed Countries	40	12	45
1 Defined as <-2 standard deviation (SD) from the median of reference value Source: UNICEF			

At the international level, most analysts agree that global food supplies are more than sufficient to supply everyone with adequate diet if food is distributed based on nutritional needs. FAO reports that "*world agricultural production today is more than sufficient to feed 6 billion human being adequately. Cereal production alone, at about 2 billion tonnes or 330 kg. of grain per caput/year and representing 3600 kcal per caput/day, could to a large extent cover the energy needs of the whole population if it were well distributed.*"⁵ The stark reality, however, is food availability and sufficiency vary among countries and regions. FAO data show that dietary energy supplies (DES) in developing countries rose from 1,960 kilo-calories per day in 1961-63 to 2,627 kilo-calories per day in 1995-97 in developing

⁵FAO, *The State of Food and Agriculture 2000*, Rome, 2000.

countries. Dietary energy supplies in developed countries increased from 2,970 in 1961-63 to 3,220 in 1995-97 (Table 3).

Table 3. Per Caput DES in Selected Areas and Countries, 1934-1997

	1934-38 (1)	1946-49 (2)	1961-63 (kcal/day)	1976-78	1988-90	1995-97
Africa			2100	2220	2320	2415
Sub-Saharan			2040	2060	2080	2190
Central (3)	2060	2080	2150	2150	2050	2080
East			1980	2040	1960	2010
West			2090	2030	220	2400
Ghana			2020	2020	2090	2620
Uganda		2100	2240	2250	2170	
Kenya	2230 (4)		2130	2260	1950	1980
Mozambique			1950	1950	1830	1780
Nigeria			2160	1970	2190	2750
Asia			1920	2170	2520	2660
South	1970	1770	2020	2040	2270	2350
Bangladesh			2090	2040	2050	2080
Cambodia	1850 (5)	1560	2020	1620	1920	2050
China	2230	2030	1710	2120	2640	2840
India	1970 (6)	1700	2040	2040	2290	2470
Latin America/ Caribbean			2340	2600	2710	2770
Central			2390	2720	2910	2924
South			2350	2570	2650	2790
Brazil	2150	2340	2250	2550	2760	2930
Mexico	1800	2050	2530	2880	3080	3110
Peru	1860	1920	2170	2120	2120	2360
Transitional Countries			3150	3410	3380	2780
Eastern Europe	3160	3470	3420	2950		
Developing Countries			1960	2200	2490	2627
Developed Countries			2970	3190	3300	3220

(1) 1931-37 for China; 1935-39 for Brazil.

(3) Central and Tropical for 1934-38 and 1946-49.

(5) French Indochina.

(2) 1949-50 for India and China.

(4) Includes Uganda.

(6) Includes Pakistan.

Note: For this table, three-year averages were estimated from 1961-63 to 1995-1997. Periods were chosen after 1961-63 to correspond to apparent "periods of change" in DES trends for several regions. FAO data are based on food balance sheets, i.e. They depend on the reliability of food production data which, for smallholder root crops and cereals in Sub-Saharan Africa, are known to be weak. Small changes in short periods should be ignored. All data are rounded.

Sources: FAOSTAT; FAO, 1946. *The First World Food Survey*, Washington, DC; FAO, 1953. *The Second World Food Survey*, Rome as cited in FAO, *The State of Food and Agriculture 2000*.

Given the instabilities in international food markets, there were deepening concerns about food availability⁶ and more importantly about increased food import dependency. Increased

⁶ During the early 1990s, only 5% of total milled rice production was traded in the world market; wheat at 20% and corn at 12%.

dependency on food imports could render a country vulnerable to sudden rise and fall of commodity prices, to wars or to political, economic and financial decisions of powerful governments and transnational corporations. In such a situation, national sovereignty/ autonomy may be undermined. At present, many developing countries cannot implement self-reliant food and agriculture policies because they are either heavily dependent on food imports or are heavily indebted.⁷

Since there is ample food for everyone but millions are still hungry, the central problem is the inequitable distribution of food or the lack of access to food by many.

Amartya K. Sen, the 1998 Nobel Laureate in Economics used the idea of entitlements and endowments to explain how a person can have access to food. He said that food availability in the market does not automatically give people access to consume this food. Therefore, individuals or households (entity) "*can have legitimate command over food and other commodities*" if they have entitlements to "bundles of resources" such as land, capital, technology, skills, stocks, incomes.⁸ In many Asian, African and Latin American countries, those who have no or limited entitlements or endowments such as the landless farmers, fisherfolk, rural women, are usually the most vulnerable to hunger and poverty.

Long term food security demands the establishment of sustainable national food systems. It requires the maintenance and enhancement of the country's resource base and of its biodiversity as well as the equitable distribution of these resources and the benefits derived from them.

A critical dimension that is missing in the food security definition is that of gender. Women, especially rural women, play very significant roles in every phase of the food cycle, from food production and gathering to food preparation and feeding. In sub-Saharan Africa and the Caribbean, rural women produce 60-80 percent of basic foodstuffs. In Asia, rural women provides 50 percent of labor in rice cultivation. They are also very much involved in harvesting and post-harvest work, marketing of agricultural products and poultry and livestock raising. They are also responsible in fetching water, fuel wood and fodder gathering. Despite their sizable contribution, their work is generally unpaid and unrecognized. They are also one of the most vulnerable when food is distributed within the household.⁹

Key WTO Agreements Impacting on Food Security

⁷Aurora Regalado and Philippine Group, State's Failure to Defend and Fulfil Its Citizens' Right to Food: The Philippine Case, paper presented at the Asian Consultation on Economic, Social and Cultural Rights, 27-28 January 2000, Quezon City, Philippines.

⁸*Ibid.*

⁹FAO, *Modules on Gender, Population & Rural Development with Focus on Land Tenure & Farming System*, November 1995.

1. *Agreement on Agriculture (WTO-AoA)*

The WTO Agreement on Agriculture (WTO-AoA) was supposed to bring about discipline in one of the most distorted sectors of trade by imposing rules on unrestricted use of production and export subsidies and by reducing import barriers, including non-tariff barriers (NTBs).

Before the GATT-Uruguay Round, the globalization of agricultural production and trade proceeded because agriculture was not subjected to international trade rules. This came about because GATT rules allowed the provision of export subsidies on primary commodities (Article XVI:4) as long as these subsidies will not result in the increase of the exporting country's share of world trade. Article XI also allowed the use of quantitative restrictions on agricultural and fishery products.¹⁰

In 1955, the United States got a special waiver from Article XI of the GATT (which prohibited quantitative restrictions on imports) by threatening to leave GATT if it was not allowed to maintain its protective programmes for its agricultural products. This became a precedent. Other industrialized countries also had their own support measures for agriculture such as the European Community's Common Agricultural Policy (CAP).¹¹

Massive support to agriculture in industrialized countries led to dramatic increases in agricultural output. Agricultural output outstripped domestic demand and food surpluses mounted. Many countries graduated from being net food importers to food exporters. For instance, EU was transformed from a net food importer prior to WW I to a net exporter such that by the end of 1980s EU was the world's second largest exporter of cereals, the leading exporter of dairy products, meat and sugar.¹²

Agricultural surpluses were dumped in the international market. With so much products available in the market world prices fell, severely affecting many developing and least developed countries. Moreover, they did not have the opportunity to develop self-reliant agricultural and food policies because they had to implement structural adjustment programmes, a pre-condition of accessing loans from the WB-IMF.

As agricultural subsidies in developed countries escalated, they became a serious drain on public finances. EU spends \$45 billion a year (half of its budget) for farm subsidies¹³ while US was subsidizing its agriculture by US\$88 billion by the late 1980s.

The emergence of EU as a major competitor in world markets, recession in developing countries' markets and dollar overvaluation resulted in a contraction of US agricultural

¹⁰Jenny M. Pryke, *The GATT Uruguay Round Negotiations on Agriculture: A Review of the UK NGDOS' Position*, a dissertation submitted to the School of Development Studies of the University of East Anglia, September 1993, p.5-6.

¹¹*Ibid.*

¹²Overseas Development Institute, *The CAP and its Impact on the Third World*, ODI Briefing Paper, June 1986 as cited by Kevin Watkins in *Agricultural Trade and Food Security*.

¹³Raf Casert (AP), "Farming is no longer fertile field in Europe," *Washington Times*, March 18, 1999. Downloaded at www.ncpa.org/pi/internat/intdex9.html.

exports and loss of market shares. To restore itself as the world's dominant trading power, the US was more than willing to negotiate on agriculture through GATT by the mid-80s to promote trade liberalization internationally.¹⁴ Agriculture became a part of the negotiating agenda in the General Agreement on Tariffs and Trade-Uruguay Round (GATT-UR) because of the US pressure with the support of the Cairns Group.¹⁵

Many critics and analysts contended that the GATT-UR/WTO will not reduce (or eliminate) the dominance of industrialized countries over world agriculture but would further increase their present advantage. As Kevin Watkins, senior policy adviser of OXFAM-UK and Ireland, explains:¹⁶

"the subsidy systems of the major industrialized countries will remain intact, while developing countries will be required to further liberalize access to their markets. This imbalance is not widely recognized in developing countries, where the Uruguay Round agreement has been welcomed as the first step towards a more stable food trading system. But like most acts of fraud, the Uruguay Round agreement is better understood by its architects, in this case the European Union (EU) and the US, than by its victims."

Features of the WTO-AoA¹⁷

The key provisions of the GATT-UR/WTO Agreement on Agriculture are improved market access, reduction of domestic support and reduction of export subsidies.

λ On Improved Market Access

Improved market access has three elements: tariffication¹⁸ and tariff reductions, minimum market access and safeguard provisions. On tariffication and tariff reductions, all border protection measures like import quotas have to be converted to customs tariffs (tariffication). The base period for the calculations is 1986-1988. In Table 4, developed countries have to cut their tariffs by an average of 36% over a period of six years. Individual tariffs are to be reduced by at least 15% over six years. Developing countries are required to reduce their tariffs by an average of 24% over ten years. Individual tariffs are to be reduced by a minimum of 10% over ten years. The least developed countries (LDCs) are exempted.

¹⁴Kevin Watkins, *Agricultural Trade and Food Security* (Quezon City, Philippines: UXFAM-UK/I-Philippines), 1996, p. 23.

¹⁵At that time, the Cairns Group was composed of 14 agricultural exporting countries: Argentina, Australia, Brazil, Canada, Chile, Columbia, Fiji, Hungary, Indonesia, Malaysia, New Zealand, Philippines, Thailand and Uruguay.

¹⁶Op.cit., p. 23.

¹⁷This section was basically adopted from the paper, *Dynamics of Civil Society and Government in the GATT-UR Debate in the Philippines: Lessons for Policy Advocacy* by Jocelyn F. Cajuat and Aurora A. Regalado, 1997.

¹⁸Tariffication means that members must introduce tariffs where there were non-tariff barriers (NTB) such as quotas, variable levies, minimum import prices, discretionary import licensing, state trading measures and voluntary restraint agreements. These have to be repealed and converted into an equivalent ad valorem or specific tariff.

**Table 4. Market Access Commitments
(Base Period: 1986-88)**

Status	Average Tariff Reductions	Minimum Reduction per Tariff Line	Deadline
Developed	36.00%	15.00%	2000
Developing	24.00%	10.00%	2004
Least Developed	Exempted		None

On minimum market access, countries must open their domestic markets to imports by a minimum of 3 per cent of domestic consumption rising to 5 per cent over six years.¹⁹ For developing countries, access must increase from 1 per cent of the base period domestic consumption to 4 per cent at the end of ten years (Table 5). Special Safeguard Provision (SSG) allows countries to impose additional tariffs in case of import surges in terms of volume (quantity-triggered) or very low prices (price-triggered) compared to levels in the 1986-1988 period.²⁰ A country can only invoke one of these instruments at any one time. The Special Treatment Clause or Rice Clause allows the postponement of tariffication of staples (e.g. rice). Only four countries invoked this clause namely Japan, Korea and the Philippines for rice and Israel for sheep and goat meat, cheese and milk powder.

**Table 5. Minimum Access Commitments
(Base Period: 1986-88)**

Status	Minimum Access	Deadline
Developed	3 -5%	2000
Developing	1-4%	2004

λ On Domestic Support

Domestic support are government support extended to agricultural producers for the production of specific agricultural products either in monetary terms (direct payments to farmers) or non-monetary (government service programs such as research, pest and disease control, marketing and promotion services). Domestic support policies are divided into two groups: permitted policies (Policies under the *Green Box*²¹ and *Blue Box*²²) and other policies included in the Aggregate Measure of Support²³ (AMS), which are subject to

¹⁹ Under the minimum access provision, if the import of a certain product (e.g. sugar) is less than 10% of the annual domestic consumption, a minimum access of 3% of domestic consumption is allowed. If importation is more than 10% of domestic consumption, the current volume being imported will be retained. Any importation beyond this volume will be charged with higher tariff.

²⁰ GATT Final Act - Agreement on Agriculture (MTN/FA II-A1A-3), December 15, 1993, p. 4

²¹ 'Green Box' supports supposedly have minimal or no distorting effects on production or trade and are not subject to reduction commitments.

²² Support under the Blue Box covers the EU's and US' production limiting programs such as the EU's land set aside programs and the US' deficiency payments. These are also exempted from reductions.

²³ Aggregate Measurement of Support (AMS) means the annual level of support, expressed in monetary terms, provided for an agricultural product in favor of the producers of the basic agricultural product or non-product-specific provided in favor of agricultural producers in general (as per definition of the GATT-UR Agreement).

reduction commitments (*Amber Box*²⁴). Decoupled²⁵ direct payments associated with production limiting programs such as payments based on fixed area and yields or livestock payments based on fixed number of heads are exempted from reduction commitments.

In developed countries, total AMS has to be reduced by 20% over six years while developing countries, by 13.3% over ten years. Developing countries are also allowed to use some other policies such as investment and input subsidies under certain conditions. Under the *de minimis* provision, developed countries are allowed to exclude support less than 5% of output value from AMS while developing countries are allowed to exclude product-specific support less than 10% of output value from AMS. Least developed countries must bind AMS support level if applicable but they are not required to reduce it.²⁶ (Table 6)

**Table 6. Domestic Support Limits
(Base Period: 1986-88)**

Status	Reduction Commitment	De Minimis	Deadline
Developed	20.00%	5.00%	2000
Developing	13.30%	10.00%	2004
Least Developed	Exempted		None

λ On Export Subsidies

Direct export subsidies are to be cut by 36% over six years and the volume of subsidized exports by 21%; 2/3 the level of developed countries in ten years for developing countries. (Table 7) The base period is 1986-1990 and calculations will be made according to individual product, not on an aggregate basis. Products without export subsidy reduction commitments can no longer impose such subsidies. Unsubsidized exports and food aid are exempted from these provisions.

**Table 7. Export subsidy Reduction Commitments
(Base Period: 1986-90)**

Status	Spending Reductions	Volume Reductions	Deadline
Developed	36.00%	21.00%	2000
Developing	24.00%	14.00%	2004
Least Developed	Exempted		None

2. Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs)²⁷

²⁴ Supports which are considered to be production and trade distorting such as market price support.

²⁵ Many European NGOs are questioning whether the EU's system of compensation payments and the US deficiency payments are decoupled from production decisions. Jenny Pryke and David Woodward asserted that "in principle, the use of past areas and yields means that compensation is decoupled from current production levels. However, in order to receive full compensation, producers must continue to sow the whole base area (less than 15 per cent set-aside in the case of larger farmers). This means that some linkage with planting decisions remains." [Jenny Pryke and David Woodward, *The GATT Agreement on Agriculture: Will It Help Developing Countries?* (London: CIIR, March 1994) 10]

²⁶ *Op.cit.* pp.6-7

²⁷ WTO, *Legal Texts: the WTO agreements* (http://www.wto/english/docs_e/legat_e/ursum_wp.htm);

The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) protects and enforces intellectual property rights (IPRs). IPRs are protection given to inventors or developers that give them exclusive rights over a specific period of time to produce, use or sell an invention, process or new breed of plants. Protection comes in the form of patents, copyrights, trademarks and service marks. The agreement requires members to comply with the substantive provisions of the Paris Convention (1967) and gives 20-year patent protection to all inventions, whether of products or processes, in all fields of technology. Of significance is Article 27(3b) of TRIPs which allows WTO members to exclude from patentability plants and animals (other than microorganism), essentially biological processes for the production of plants and animals (other than non-biological and microbiological processes). Members can protect plant varieties through patents or an effective *sui generis* system or a combination thereof.

The agreement also obligates members to give "national treatment to the nationals of other parties, even if such treatment is more favorable than that it gives to its nationals."

3. Agreement on Sanitary and Phytosanitary Measures (SPS)²⁸

The agreement recognizes the right of governments to take sanitary and phytosanitary measures necessary to protect human, animal or plant life or health. This should not be used to discriminate or used as market access barriers. The Agreement also encourages WTO members to harmonize their sanitary and phytosanitary measures to international standards. Members are also allowed to maintain, or introduce higher standards if they can scientifically justify them through risk assessments. The agreement provides control, inspection and approval procedures.

4. Some Critiques

High Levels of Tariffs and Subsidies Continue

Prior and after Seattle, the common assessment was that developed countries have not been implementing fully and faithfully the WTO agreements, especially those of interest to developing and least developed countries. These include agriculture, textile and clothing, the situation of net food importing countries²⁹, among others.

The implementation of WTO-AoA has not significantly reduce the high levels of trade-distorting price supports and export subsidies in developed countries, notably in the US and EU (Table 8 and Annexes 1 & 2). These continue to squeeze out non-subsidized producers and exporters in developing and least developed countries. A recent OECD study disclosed that:

Management and Organizational Development for Empowerment (MODE) and UPLB College of Agriculture, IPR Sourcebook Philippines (Los Banos: UPLBCA-MODE), 1994.

²⁸Ibid.

²⁹Decision on Measures Concerning Possible Negative Effects of the Reform Program on Least-Developed Countries and Net Food-Importing Developing Countries.

*"Many countries have reduced export subsidies well below these limits (36% in expenditure levels and 21% in quantity levels) or even unilaterally suspended their use. Moreover, with reforms in the European Union, the largest user of export subsidies, and in the context of rising world prices as projected in the OECD Agricultural Outlook 2000-2005, future use of export subsidies is likely to decrease further. Against this background, the results of export subsidy elimination are fairly modest. The biggest impacts would be on selected internal markets and on world dairy markets where the Outlook projections suggest that a large portion of exports remain subsidized in the medium-term future."*³⁰

Another OECD report (1999) revealed that OECD countries' total support to agriculture amounted to \$362 billion in 1998 (\$175 billion in 1994) and that support to producers increased from 32% to 37% of total gross farm receipts from 1997 to 1998.³¹

Take the case of the United States. Table 9 shows that \$22.9 billion in Freedom to Farm subsidies was paid to US farmers from 1996 through 1998. According to the Environmental Working Group, only ten percent of the 1,443,389 recipients got the bulk of the subsidies (\$13.8 billion). On the average, each recipient among the top ten percent received \$95,875 over three years.³² In May 2002, President George Bush signed the Farm Bill into law (The Farm Security and Rural Investment Act of 2002). The new law provides some \$135.314 billion in new subsidies over ten years.³³ This is definitely a clear signal that the US is not open and supportive of meaningful trade reforms.

Many developing countries have not been able to increase their market access in developed countries due to the persistence of high tariffs. An UNCTAD/WTO joint study on the post-Uruguay Round tariff environment for developing country exports showed that tariffs on products of interest to developing countries remain high. *"In the EU, in the agriculture and fishery product group of the 2,726 tariff line items, 1,273 have tariff peaks. ... In the US, of the 1,779 agricultural and fishery products, 334 or 36.6% face tariff peaks – 139 in the 12-19% range, 70 in the 20-29% range, 99 in the 30-99 range, 15 in the 100-299% range and 11 above 300% range."*³⁴

³⁰As cited in Ian Elliot, "Only modest gain expected to result from end to classical export subsidies," *Feedstuffs*, January 22, 2001.

³¹OECD, *Agricultural Policies in OECD Countries 1999 – Monitoring and Evaluation*, OECD, Paris, 1999; Watkins, 1996.

³²Clark Williams-Derry and Ken Cook, *Green Acres: How Taxpayers are Subsidizing the Demise of the Family Farm*, (Washington D.C.: Environmental Working Group), April 2000, p. 3.

³³www.usda.gov

³⁴Chakravarthi Raghavan, *Third World Exports Still Face Major Tariff Barriers*, North-South Development Monitor (SUNS).

Table 8: Export credits and Export Subsidies

	Export Credits: Total Amount Provided (in million US\$)				Subsidy Amount Estimates (in million US\$)
	1995	1996	1997	1998	Beg. 1998
Australia	1106	2014	2130	1553	2
Canada	570	697	1239	1108	8
European Union*	985	989	1151	1254	15
Hungary	0	38	12	19	n.a.
Korea	0	33	46	46	0
Norway	0	0	0	0	0
United States	2843	3188	2845	3929	191
Total*	5504	6959	7423	7910	216
	Export Subsidies				
	1995	1996	1997	1998	
Australia	0	0	0	1	
Canada	37	4	0	0	
European Union*	6386	7064	4943	5968	
Hungary	41	18	10	12	
Korea	0	0	0	0	
Norway	83	78	102	77	
United States	26	121	112	147	
Total*	6573	7286	5167	6205	

Source: OECD, *An Analysis of Officially Supported Export Credits in Agriculture*, 2000, p. 31

Table 9. US FARM SUBSIDIES

YEAR		FREEDOM TO FARM CONTRACTS	MARKET LOSS ASSISTANCE	LOAN DEFICIENCY	MARKET GAINS	TOTAL FARM PAYMENTS
1996-1998	Subsidies	\$ 18,093,395,962	\$ 2,809,143,889	\$ 1,782,905,480	\$ 170,926,426	\$ 22,856,371,757
TOTAL	Recipients	1,434,198	1,269,755	654,099	51,130	1,443,389
1996	Subsidies	\$ 5,973,002,030	-	\$ (11,167)	\$ (158,424)	\$ 5,972,832,439
	Recipients	1,275,255		414	141	1,275,332
1997	Subsidies	\$ 6,119,813,799	-	\$ (57,558)	\$ (34,172)	\$ 6,119,722,050
	Recipients	1,291,212		22	122	1,291,271
1998	Subsidies	\$ 6,000,580,153	\$ 2,809,143,889	\$ 1,782,974,205	\$ 171,119,022	\$ 10,763,817,268
	Recipients	1,294,208	1,269,762	564,093	50,906	1,305,144
1999	Subsidies	\$ 5.05B	\$5.46B			
	Recipients					

Source: Environmental Working Group. Compiled from USDA data (April 2000)

Moreover, some developing countries even had to spend a lot to enable them to penetrate the markets of industrialized countries. Finger and Schukecht (1999) note that:

To gain acceptance for its meat, vegetables and fruits in industrial country markets, Argentina spent \$80 million to achieve higher levels of plant and animal sanitation. Hungary spent over \$40 million to upgrade the level of sanitation of its slaughter

*houses alone. Mexico spent \$30 million to upgrade intellectual property laws and enforcement that began at a higher level than are in place in most least developed countries; custom reform projects can easily cost \$20 million. These figures, for just three of the six Uruguay Round Agreements that involve restructuring of domestic regulation, come to \$130 million ... more than the annual development budget for seven of the twelve least developed countries.*³⁵

Farm export subsidies are taking new forms and guises. For example, some countries are circumventing reduction in classical export subsidies by packaging them as farm export credits³⁶. OECD reports that farm export credits increased by UD\$2.4 billion or 44 percent from 1995 to 1998 in the world's richest countries. The US is the leading user of export credits (\$12.8 billion), followed by Australia (\$6.8 billion), European Union (\$4.379 billion) and Canada (3.6 billion).³⁷ US agricultural producers and trade negotiators do not support WTO jurisdiction to limit the use of direct government credit or credit guarantees.

WTO's Implications on Food Security and Agriculture

*" before people can do anything they have got to eat.
And if you are looking for a way to get people to lean on you
and be dependent with you, in terms of their cooperation with
you, it seems to me that food dependence would be terrific."*

Hubert Humphrey

GATT/WTO proponents argue that trade liberalization will level the playing field for world agriculture. After five years, is there a level playing field? Who are the winners and losers?

Transnational Corporations (TNCs):

Increased Dominance and Concentration of Market Power in the Food System

There are many losers in the globalization of agriculture and food production and trade. There are also winners. And the winners are the few corporate giants who control the world food and agriculture system. They are the food TNCs that are "producing foods which they assure us are good for us *from the cradle to the grave*".³⁸

³⁵M. Finger and L. Schukecht, *Market Access: Advances and Retreats: The Uruguay Round and Beyond*, The WTO/World Bank Conference on Developing Countries' Interests in a Millennium Round, 24-25 September 1999, WTO Headquarters, Geneva.

³⁶OECD defines export credits as "direct credits or financing, guarantees or insurance for loans, or interest rate support to facilitate exports to targeted importers."

³⁷Ian Elliott, "OECD export credit talks stalled," *Feedstuffs*, January 29, 2001. Also see OECD, *An Analysis of Officially Supported Export Credits in Agriculture* (COM/AGR/TD/WP(2000)91/FINAL), France, 2000, p.9.

³⁸John Madeley (editor), *Hungry for Power: The Impact of Transnational Corporations on Food Security* (London: UK Food Group), March 1999, p.2.

Their dominance is shown by the fact that only few TNCs control the production and exports of these food commodities and food and agriculture-related businesses:

- Banana*: Only three corporations, Chiquita, Del Monte and Dole, produce and control 65-70 percent of world banana exports.³⁹
- Grain*: Only two companies control the distribution of 80 percent of world grain.⁴⁰
- Tea*: Three corporations control 85 percent of tea trade.⁴¹
- Agro-Chemicals*: Only ten companies corner 80 percent of sales of pesticides in 1997.⁴²
- Seeds*: Monsanto, Novartis and Zeneca, Aventis, and Dupont virtually control 100 percent of the transgenic market and 23% of the global seed market.⁴³

The new trend is more concentration of market power through the rapid vertical and horizontal integration, mergers and alliances of multinational firms. There are now fewer companies but each company has more pieces of the food system.⁴⁴

To illustrate, Sophia Murphy of the Institute for Agriculture and Trade Policy reports:

*"ConAgra owns companies that provide inputs such as seeds and fertilizers; is a major owner of grain milling operations; sells livestock feed; grows, slaughters and processes livestock; and owns many internationally recognized brand name foods sold in supermarkets around the World."*⁴⁵

In 1999, Cargill, the largest grain exporter in the world, bought Continental's grain merchandising operation. Continental was the second largest grain exporter. Cargill controls about 40 percent of total US corn exports.⁴⁶

Windfall profits in Food Business

Food and agricultural trade liberalization have expanded access of developed countries' products in overseas market, which resulted in the economic prosperity of the food and agriculture sector in particular and their economies in general. The US is a case in point. The value of US exports increased tremendously from \$7.3 billion in 1970 to \$53.5 billion in 2001. The US Department of Agriculture reports:⁴⁷

³⁹ Anne Claire Chambron, "Bananas: The 'Green Gold' of the TNCs, Ibid., p.46.

⁴⁰ Friends of the Earth International, *Sale of the Century? People's Food Sovereignty: Part 1 – the implications of current trade negotiations*, 2001, p.10.

⁴¹ Ibid.

⁴² Barbara Dinham with Marita Wiggerthale, Zeneca: the impact of pesticides on food security, Ibid., p. 66.

⁴³ Maria Elena Hurtado, *GM Foods: the facts and the fiction* (London: Consumers International), 2000, p. 48-49.

⁴⁴ Sophia Murphy, *Market Power in Agricultural Markets: Some Issues for Developing Countries*, South Centre, November 1999.

⁴⁵ Ibid.

⁴⁶ Ibid.

⁴⁷ USDA, *Food and Agricultural Policy: Taking Stock for the New Century*, 2001, pp. 36-37.

"For every dollar of direct sales generates another \$1.39 in supporting economic activity. Processed products have even more extensive economic impacts than bulk commodities - \$1.56 in supporting activity compared to \$1.11. Exports also are not only important in providing jobs on farms but also in food processing and in the transportation and trade sectors. Some 790,000 jobs were generated in 2000 – 318,000 in farms and 472,000 in assembling, processing and distributing products for export."

Transnational companies producing food and beverages belong to the Fortune 500. These include McDonald's, Nestle, Kellogg's, Coca Cola, Unilever, Sara Lee, Pepsi Cola and Hershey's. In spite of economic crisis sweeping the world, these companies have posted increased sales over the last five years. Food is definitely a profitable business.

The Negative Impacts of Trade Liberalization in Food and Agriculture

Case studies and experiences in Asia, Africa and Latin America show that "liberalized trade, including WTO agreements, benefits only the rich while the majority of the poor do not benefit but are instead made more vulnerable to food insecurity."⁴⁸

*The Marginalization and Loss of Livelihoods:
Local Products Competing with Cheaper Imports*

The people in developing countries are told by their governments and transnational corporations not to worry about food security. Developing countries are told not to grow their own food because it is cheaper to just import them from the US, Europe, Canada. They are also told to grow cash crops (e.g. asparagus, cut flowers, shrimps) for they fetch higher prices in the international markets. And they did. They are now paying for such folly. As Dr. Vandana Shiva of the Foundation for Science, Technology and Ecology explains,

*"every dollar earned from meat export had destroyed 15 dollars worth of the local food economy. Every dollar earned from shrimp destroyed 5-10 dollars worth of local economy, and every dollar earned from flower exports, India could import only a quarter of the food that it could be grown with the same resources."*⁴⁹

In the Philippines, food imports are competing with locally produced food. For instance, the Department of Agriculture reported that the Philippines experienced a severe import surge of chicken parts (chicken leg quarters and wings) from the United States. From 1997 to 1998, imports of chicken parts doubled (an increase of 101%). From 1998 to 1999, the increase was a staggering 2021% (over 20 times). In the first quarter of 2000 alone, imports

⁴⁸Based on 27 case studies and experiences of the effects of trade liberalization (John Madeley, *Trade and Hunger*, October 2000)

⁴⁹Dr. Vandana Shiva, *Overview of Globalization and Impacts to Food Security – the Global Perspective*. Proceedings of the Forum on Land, Food Security and Agriculture, November 11-12, 1998, Kuala Lumpur, Malaysia.

increased by 400%. Competition by cheap imports is putting many Filipino poultry producers, especially the small ones, out of business. The import price of chicken parts from the US was P25.83/kilo or US\$0.60 while the farmgate price of chicken was P53.17/kilo or US\$1.25 per kilogram. Such a situation has adversely affected 30,000 people directly employed by the poultry industry and 500,000 employed in allied enterprises (e.g. Corn producers, transport operators).⁵⁰ Locally produced garlic at P110 a kilo could not compete with garlic from Taiwan priced at P40 a kilo.⁵¹

Temperate fruits like apples, grapes and oranges are making impressive inroads into the Filipino fruit market. With the removal of import restrictions and lower tariffs, now, these fruits are now competitively priced and come out even cheaper compared to such local fruits as mangoes (Class A).⁵²

In South Africa (SA), domestic canned tomatoes cannot compete with imported Italian canned tomatoes. A SA supermarket survey found that imported Italian canned tomatoes are 30 cents cheaper than the local product in a 410 g. can.⁵³

In South Korea, the quantity of agricultural imports increased by 62% from 1988-1994 and 1995-1997. Fruits and vegetable imports also grew by 166% and with the liberalization of rice importation, the market share of South Korean rice producers fell from 43% in 1990 to 30% in 1997.⁵⁴

Higher Food Import Bills

In the GATT-UR negotiations, WTO members already recognized that the least developed and net food importing developing countries would be negatively affected by the Agreement on Agriculture. In 1995, the FAO estimated that the food import bill for low income food deficit countries would be \$9.8 billion higher in 2000, of which \$3.6 billion would be the result of the GATT-UR. It is alarming to note that costs of importing cereals by NIFDCs had increased by 47% from 1993/94 to 1997/98.⁵⁵ Philippine food import bill, for example, increased from \$43.5 million in 1994 to \$972 million in 1998.⁵⁶ In the case of Malaysia, food import bill was getting bigger, from RM 8.2 billion in 1996 to RM 11.4 billion in 1997 and dropped slightly to RM 10 billion in 1998. Products imported were sugar, cereals, livestock feed, and dairy products.⁵⁷

⁵⁰Secretary of Agriculture, *Memorandum for the President on the Impact of Import surges in Chicken Parts*, 6 July 2000; "Soybean imports from US halted on dumping dispute," *AgraFood Asia*, No. 74, June 2000, p. 20.

⁵¹IBON Special Release, July 1999.

⁵²Aurora A. Regalado, "The Politics of Food," *Manila Times (Sunday Times Magazine)*, October 15, 1995, p.6.

⁵³"South African tomato growers face EU squeeze" *Dispatch Online*, January 15, 1999.

⁵⁴Consumers International, *The Agreement on Agriculture: An Impact Assessment* (London: CI), 2001, pp. 22-23.

⁵⁵FAO, 1998. Also see CAFOD Proposal for a Development Box in WTO.

⁵⁶National Statistics Office, 2001.

⁵⁷Southeast Asian Council for Food Security and Fair Trade and ERA Consumer Malaysia, *Proceedings of the Conference on the People's Response to the Food Crisis in SEA* (Malaysia: SEACON and ERA Consumer), 1999, Annex 3.

Liberalization, Small Farmers, Food Security and Livelihoods

The case of Kenya:

Majority of Kenya's small producers are maize farmers. Its agricultural sector was initially liberalized in the mid-80s. Policies such as the withdrawal of subsidies and the removal of bans on food imports had posed difficulties with the rural poor. Liberalization of the maize sector has depressed domestic production by reducing input intensity, support and prices. Liberalized trade has led to increased imports of foodstuffs, maize, wheat, sugar and dairy products. (*Sources: Nyangito, 1999,; CI, 2001, Rupper, 2002*)

The Case of the Philippines:

Agricultural food production is the principal rural economic activity in the Philippines. While export crops such as coconut, sugar, pineapples and bananas contribute significantly to national income, production of grains, vegetables, poultry and livestock accounts for the largest income from agriculture and most of household farm labor.

With the adoption of SAPs in the 80s, the government liberalized import restrictions, deregulated internal markets and adopted an export-led strategy. With the removal of import restrictions and lower tariffs, many imported and highly subsidized agricultural products such as fruits (e.g. apples, grapes, oranges) were cheaper compared to locally produced fruits (e.g. mangoes, lanzones, mangosteens). The Philippines also imported big volumes of agricultural goods that have been traditionally grown in the country (e.g. mung beans).

With the ratification of the GATT-UR in 1994 and its accession to the WTO in 1995, the Philippines focused on producing new non-traditional (high-value) farm crops. The farmers were encouraged to plant cut flowers, asparagus, annatto, among others. The budget for support services were realigned to support this thrust. Generally, state support such as price support, credit, research and development, infrastructure were reduced. Demands for more public expenditures for agriculture were answered with: That's against WTO rules. With domestic support at 4%, more support could still be given without violating the de minimis level (10%). The Philippines was the only ASEAN4 nation that turned from a net agricultural exporter to net agricultural importer. Trade liberalization under the WTO is encouraging countries to shift from self-sufficient food crop production to the procurement of cheap food imports as the principal means of ensuring their food security. (*Source: MODE*)

The Indian Experience

India achieved self-sufficiency in edible oils. Key to such achievement was the impressive growth of soybean production, largely grown by small and marginal Indian farmers. After signing the GATT-UR, India reduced protection levels given to Indian oilseed farmers and also reduced tariffs on edible oils. In 1995, tariffs on edible oils were cut from 65% to 30% (36% for soybean) and further cut to 20% in 1996 to 15% in 1998. Non-tariff restrictions on edible oils importation were also lifted. Large scale imports of edible oils in 1998/99 (4.2 million tons) have depressed domestic prices. From self-sufficiency, India becomes the world's largest importer.

Farmers were incurred losses of over Rs 1300 (about \$30) in 1999. Some estimates placed the number of livelihoods destroyed at 3 million. (Source: Thomas, Action Aid India as cited in Trade and Hunger, p. 54)

A diet should be free from contaminants, ideally should derive about a fifth to a quarter of energy from fats and should be diverse. Traditionally, this has been the profile of the Asian diet – high in rice, fresh vegetables and fish but low on meat. Yet this is now changing fast due to the relentless advertising of giant food companies such as McDonald's, Nestle, Coca Cola. Companies through advertising are targeting the population, especially children, to accept that this diet – high fat, low fiber, high sugar diets is the desirable lifestyle.⁵⁸ This is so successful in the Philippines and other Asian countries.

The staple food -- rice or corn – in many developing and least developed countries is being eased out by wheat. How did this come about? Andro and Beckman in *The Wheat Trap* identified the factors – convenience and price -- that led to the "entrenchment of wheat bread as a staple food" in Nigeria.

*"The extreme convenience of bread fits into the changing structure of demand generated by the emerging new patterns of working and living, namely, the ongoing break up of the household structure with less labour available for home cooking and more people working and living outside their households at least periodically over the working day or the year. This convenience value refers first of all to ease of preparation in comparison with all unprocessed foods. Bread is a 'fact food'. But it refers also to the time that it can be preserved."*⁵⁹

*"The falling relative price of bread vis-a-vis domestic food items, however, is an even more powerful source of attraction. In both respects (convenience and price), the processing industry, that is, the flour mills and the bakeries, play a crucial role in making bread so competitive and do readily available."*⁶⁰

The Philippines had the same experience. Wheat-based foods (bread, noodles) had also rapidly gained on rice as a staple in the urban Filipino diet. Wheat is the Philippines' second largest food import in value terms after dairy products. Wheat imports grew from only 357,492 metric tons in 1961 to a whopping 2,057,177 metric tons in 1999.⁶¹ The US is the main source of wheat imports (70-85% of imports). "An Annual Agricultural Situation Report (RP) prepared by the American Embassy in Manila revealed that the Export Enhancement Program has been a major instrument in maintaining the US hold over the Philippine wheat market since 1986. Aside from this, food aid instruments like the US Public Law 480 have been utilized by the US government to dump wheat and other food surpluses at subsidized prices, low rates of interest and long pay-back terms. In 1991, the World Bank already prescribed that Filipinos should eat more bread and less rice to solve their rice supply problem."⁶²

Actions and Perspectives

⁵⁸*Ibid.*

⁵⁹ Gunilla Andro and Bjorn Beckman, *The Wheat Trap: Bread and Underdevelopment in Nigeria* (London: Zed Book Ltd.), 1985, p. 20.

⁶⁰*Ibid.*, p. 2-3

⁶¹Source of basic data: FAO

⁶²Regalado, 1995.

The GATT-WTO agreements were supposed to ushered in freer trade and a level playing field to enable developing countries to compete in the international market. The expected trade and welfare benefits as projected by the GATT Secretariat, OECD and the World Bank have not materialized. In fact, developing countries have gained little and gave more.

Major distortions remain in the world agricultural and food markets. This can be attributed to the continued protectionism in most developed countries, the inherent imbalances and weaknesses within the WTO agreements, the snail' s pace implementation of meaningful trade reforms and the continued dominance of few TNCs over world trade of agricultural and food products.

Exacerbating the iniquitous situation in international trade are the structural problems (e.g. skewed distribution of wealth/assets, low productivity, poor physical and social infrastructure) besetting developing countries.

Trade can be, as Oxfam International, aptly put, "a powerful motor for the reduction of poverty as well as for economic growth."⁶³ But even substantive reforms of the world trade system cannot fully address the problem of food security. Developing countries must have a strategic policy for agriculture, trade and food security that serves the interest of smallholder producers and consumers.

Food security demands strong community and national actions. Developing countries should pursue (but not limited to) the following actions:

- 1.Reclaim their right to pursue and adopt agricultural and trade policies that are appropriate and consistent to their specific level of development, institutional capacities and market readiness.
- 2.Institutionalize democratic participation of small producers and consumers in policy and decision-making processes (especially in food, trade and agriculture). Specifically, people' s participation in country review and preparations for negotiating positions should be ensured.
- 3.Institute strategic reforms that provide sustainable livelihoods or productive assets to the poor. Agrarian reform and the redistribution of other productive assets are crucial policy instruments not only in ensuring food security but more importantly, in the reduction of rural poverty and in addressing social injustice. Governments should provide access to a range of support services such as the upgrading of rural infrastructure to facilitate access to markets (especially in far-flung areas); monitoring and publishing market information and statistics, establishing and enforcing laws to regulate trade, in taking strong actions (sanctions) against monopolistic or discriminatory practices, in intervening where private sector fails to achieve certain public objectives such as maintaining buffer stocks and stabilizing prices. Backward and forward linkages to agriculture should be developed.

⁶³Oxfam, *Rigged Rules and Double Standards: trade, globalization and the fight against poverty* (London: Oxfam, 2002, p. 3

4. Adopt and promote an agricultural modernization that promotes diversified and holistic farming systems and recognizes and respects the value of indigenous farming knowledge, techniques and practices. Sustainable agriculture is crucial to longterm food security for it enable smallholders to attain household food security and modest income while regenerating the land, regaining biodiversity and supplying safe food to communities. It must be accorded a high priority in the development strategies of developing countries.

Actions at the community and national levels are not enough. Food security also demands substantive reforms in the world trade system. Many of the trade rules in the WTO only favor the interest of developing countries (Rigged rules, according to Oxfam). At the international trade arena, developing countries in the immediate term should aggressively push for the following:

1. elimination of all domestic support and export subsidies and credits in developed countries;
2. reduction of tariffs and the elimination of tariff peaks and escalation;
3. adoption of a broader concept of Special and Differential Treatment for developing countries and the use of Special Treatment Clause for all developing countries for food security purposes;
4. adoption of a development box for developing and least developed countries only;
5. elimination non-tariff barriers such as sanitary and phytosanitary measures that are blocking developing country exports;
6. adoption of appropriate safeguard mechanisms and border measures for developing countries so that they can protect small producers from cheap import surges;

Strategically, governments, intergovernmental organizations and civil society groups (especially in developing countries) must get their act together and build greater cooperation not only to challenge the trade interests of developed countries but to bring democracy in international trade arena.

Lastly, developing countries should be prepared to continually fight against a process of indiscriminate liberalization that is eroding the livelihoods and food security of their people. Food security is a matter that should not be left to the vagaries of the market alone.

Examples of Actions (see Boxes)

Campaign to Assert Food Sovereignty

Via Campesina (The Peasant Way, an international association of peasants around the world) is campaigning for taking agriculture out of the WTO and asserting food sovereignty. The concept of food sovereignty emphasizes the primacy of national decision making structures in determining food and agriculture policy.

For Via Campesina, food sovereignty entails:

- * placing priority on the production of food primarily for the domestic market that is healthy, of good quality, and culturally appropriated: It is fundamental to maintain a food production capacity based on a system of diversified farmer based production (biodiversity, production capacity of the land, cultural values, preservation of natural resources) to guarantee the independence and the food sovereignty of populations.
- * providing remunerative prices for farmers (men and women), which requires the power to protect internal markets against imports at low prices,
- * regulating production on the internal market in order to avoid the creation of surpluses,
- * stopping the process of industrialisation of production methods and developing a family farm based sustainable production,
- * abolishing all direct and indirect export aids.

At the local level food sovereignty means the availability of credit and the access to land so that farmers (men and women) have the possibility to produce and sell their products at fair prices.

(Source: <http://ns.rds.org.hk/via/english.htm>)

The MASIPAG Technology: Sustainable transformation of the farmer and the farm

MASIPAG, a partnership of Filipino farmers, scientists and NGO representatives, was formed in 1983 to develop and promote sustainable methods in rice production. Phase I of MASIPAG refers to the transformation of mono-crop rice farms to a more integrated and diversified farming. The advance stage is the transformation of the farm to organic farming. In consultation with farmers, scientists adapt laboratory experiments to actual farm conditions, followed by farmers' doing actual field-testing in their own farms. This way the two groups are able to reconcile contemporary and indigenous farming practices. MASIPAG has added more than 50 traditional seed varieties to its collection, developed and distributed seeds that produce crops which are resistant to pests, droughts and typhoons, and improved farm income. More than 400 farmer organizations have adopted the Masipag technology in their farms. (Yap, 2000; Lucas, 2002)

Lessons: Conversion to a full organic system is a long and continuing process. It requires a shift in the mindset of the farmers adopting the system. Family-based approach to education about Masipag was more effective than individual-based learning. The people's organization to people's organization and farmer to farmer mode extension were the key in terms of technology diffusion and stimulating farmer's innovation.

Experiment in Participatory Budgeting in Southern Brazil The Socialist Workers' Party, elected in office in 1989, inherited a bankrupt and debt-ridden municipality. Intent on fulfilling its promises – improved quality of life, the new government involved the people in drawing up priorities for public expenditure. The process starts with the residents in the 16 wards in the city expressing their priorities in neighborhood meetings and people' s assemblies, which are open to all citizens. Then the wards decide on their priorities based on people' s choices. The citizens' preferences in public expenditure are articulated by the Council of Participatory Budget (COP) which engages the city council and local officials on how to operationalize the people' s choices. The local government translates them into budgetary allocations based on three criteria: need, population and inter-sectoral priority. The guiding principle is "greater the need, more allocation." <i>Result:</i> In a city where sanitation was a major problem, the percentage of home with sanitation rose from 46% in 1989 to 85% in 1999. the number of homes with piped water increased from 80% to 98%. The number of children has doubled and more than a hundred new day care centers were set up. The municipal government' s finances also improved as corruption was reduced. The government has been able to enact a new progressive real estate tax that financed Porto Alegre' s expanding social services. <i>Lessons from the Brazilian model:</i> A precondition for success is a longterm commitment to the people' s participation process. In that process, appropriate mechanisms and institutions have to be created. The larger lesson is that people' s participation can work over a long period of time with a great deal of success. (Source: The Hindu, 16 February 2002)	Rights-based Approach to Food Security: Towards a new International Instrument on the Right to Adequate Food One of the initiatives to speed up the implementation of the World Food Summit Plan of Action is the proposed integration and adoption of a rights-based approach to hunger and malnutrition problems. A human rights perspective imposes on states and governments the obligation to create social and economic conditions so that individuals can have access to food by earning sufficient income to purchase food or by producing food themselves. On the other hand, the food insecure can seek redress and make governments accountable for their actions. Towards this end, three international NGOs, FIAN, Jacques Maritain Institute and the World Alliance on Nutrition and Human Rights have formulated the first draft Code of Conduct on the Right to Adequate Food. The draft had been used by the Committee on Economic, Social and Cultural Rights in drafting the legal interpretation of the right to adequate food (General Comment No. 12). NGOs have been able to put this on the agenda of the World Food Summit.fyl process. (Source: FIAN-International)
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Proposal for a Development Box The Development Box (DB) was first conceptualized by NGOs, the South Centre and some government delegates in Geneva. The proposal for a DB was submitted in the ongoing WTO-AoA negotiations. The proponents are Cuba, Dominican Republic, Honduras, Pakistan, Haiti, Nicaragua, Kenya, Uganda, Zimbabwe, Sri Lanka and el Salvador. The proposal has the backing of several NGOs and intergovernmental organizations. The proposed DB is a package of exemptions from WTO rules designed to allow developing countries to protect the resource-poor producers. It is aimed at reducing rural poverty and food insecurity in the developing countries. Five areas should be promoted: the protection and enhancement of domestic production, especially staples in developing countries; the enhancement of employment, food security and livelihood opportunities of the rural poor; flexibility in providing support to small farmers to increase their production and competitiveness; the protection of low income, resource-poor farmers from dumping of subsidized exports and the promotion of improved in-country movement and international sales of surplus production. (Source: Ruffer, 2002, Kwa, 2002.)
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Community Interventions on Food Security in the Philippines

NGOs in partnership with grassroots and local-based people' s organizations implemented food self sufficiency and food-related programs. These include the following:

- Protection and rehabilitation of watershed areas and rivers
- Marketing of agricultural products
- Promotion of access to water systems and irrigation
- Food production thru backyard gardening and organic farming
- Setting up of Botika ng Bayan (Village Pharmacy of Women)
- Community enterprise development

Source: Cajiuat/WISE-ACT, 2002

Annex 1: Green Box, Blue Box, AMS and PSE Support Levels of EC and US

EUROPEAN UNION	Base Period (1986-88)	1995	1996	1997	1998
Green Box	9233.4	18779.2	22130.3		
Blue Box	-	20843.5	21520.8		
AMS product specific supports including de minimis	73644.9	49823.4	50751.5		
Non-product specific supports	-	776.7	728.4		
TOTAL (Green box, Blue box, de minimis, and AMS)	82878.3	90222.8	95131		
PSE (Million ECU)	90392			96729	116075
PSE (Million US\$)	99619			109670	129808
UNITED STATES	Base Period (1986-88)	1995	1996	1997	1998
Green Box	24098	46041	51825	51249	
Blue Box	-	7030	-	-	
AMS product specific supports including de minimis	24659	6310.88	5867.84	6374.67	
Non-product specific supports	901	1386	1115	568	
TOTAL (Green box, Blue box, de minimis, and AMS)	49658	60767.88	58807.84	58291.67	
PSE (Million US\$)	41428			30616	46960

Sources: OECD 1999; WTO, *Domestic Support*, A/E/S2/Rev.2, 23 September 1999.

Annex 2. American Farm and Household Characteristics by 3 Farm Groups, 1999

Item	Farm Typology Grouping			48-State Total
	Rural-Residence Farms	Intermediate Farms	Commercial Farms	
Number of farms	1356047	656812	175091	2186950
Share of farms (%)	62.01	29.99	8.01	100
Total value of production(\$Billion)	13.7	42	120.3	176
Average value of production (\$)	10074	64117	687065	80481
Share of value of production (%)	7.76	23.89	68.35	100
Gross cash farm income (\$/farm)	11718	68044	589470	74865
Gross farm income (\$/farm)	17952	76237	609810	82815
Net farm income (\$/farm)	2310	12998	115832	14603
Government payments (\$/farm)	1437	9254	41218	6966
Share of government payments (%)	12.79	39.84	47.37	100
Household earnings (\$/household)*	67371	43390	135397	64347
Farm earnings (\$/household)*	-3384	7046	100380	6359
Off-farm earnings (\$/household)*	70754	36343	35017	57988
Wages and salaries (\$/household)*	43229	16825	17513	33541
Other off-farm earnings (\$/household)*	27526	19518	17504	24447
Distribution of farms by size				
Less than \$100,000	98.66	73.26	13.44	84.22
\$100,000 - \$250,000	1.34	26.74	**3.24	9.11
\$250,000 or more	na	na	83.32	6.67
Distribution of farm by cost				
Low cost (%)	19.28	20.91	54.29	22.58
Mid cost (%)	10.66	29.05	30.22	17.74
High cost (%)	70.06	50.04	15.49	59.68

* Excludes non-family farms ** The relative error exceeds 25% but is no more than 50%

Commercial Farms – are large family farms with sales above \$250,000 and some non-family enterprises that are organized as cooperatives or nonfamily corporations or have hired manager.

Intermediate Farms – are those with sales below \$250,000 and the operator reports farming as his/her major occupation.

Rural-Residence Farms – those with gross sales below \$100,000 where farming is considered a secondary activity both in terms of resources invested in the farm and the amount of income it contributes to the farm household.

Source: USDA, 2001