# A NEW LOOK AT RICE – A MOST EXPENSIVE COMMODITY

**"If I had my own way, I'd stop the US rice coming into the country – and I tell you, if it didn't come in, we would have prospered and we'd be out of poverty,' says Al-Hassan Abukari, a rice farmer in Ghana. John Saeki reviews the inequity of the trade.**



Although two billion people – about a third of the world's population – depend on growing or processing rice for a living, Western governments show little sign of allowing them to maintain their livelihoods. Instead, governments like the US show every indication that they will continue "pressing for unfettered access to global markets," in the words of the US Department of Agriculture.

Governments of developing countries have long recognised the importance of protecting domestic markets that support a population. They use agriculture and trade policies – such as import tariffs – to build up a sector's competitiveness, as in Vietnam; to generate rural growth, as in Indonesia; or to provide a livelihood safety-net to smallholders. Yet rich countries use the WTO to pressure developing countries to rapidly reduce their protective tariffs.

So, while David Feilke, ex-board member of Riceland, the world's largest rice mill, located in Arkansas, USA, calls rice "among the most expensive commodities," the price of its rice when it arrives in countries like Ghana is lower than the domestic crop. "If imported rice gets any cheaper, says Al-Hassan, "the market for our rice will completely come to a standstill. Even with the import tariffs that we have now, look at the situation we face. If we can't sell our rice, there is no way that we could afford to buy the fertiliser and other inputs we need – then we would have no crop to sell."

In 2003, it cost an average US$415 to grow and mill one tonne of white rice in the US but that rice was dumped on export markets for US$274 per tonne, 34 per cent below its true cost – the US government had ploughed $1.3bn into subsidies, effectively footing the bill for 72 per cent of the cost of production. Feilke admits, "most [US] farmers, if they told you they're making a profit [without government aid], they'd be lying".

Expensive subsidies are the result of intense lobbying by such corporate players as Riceland Foods, Farmers Rice Cooperative and Producers Rice Mill, which maintain close relationships with the US government: their executives often sit on key government advisory committees.

In the end, rich country governments have not only failed to meet their WTO obligations to cut subsidies, but are currently negotiating for developing countries to lower their tariff ceiling, which would make rice farmers even more vulnerable to subsidised rice imports.

In response, developing countries have put forward two proposals regarding 'special and differential treatment' on imports: a 'special products' category for them to designate certain crops as exempt from tariff cuts, and a 'special safeguard


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