'Importing food is importing unemployment'

When J.B. Penn, United States undersecretary for agriculture, went to India last year, he was told that for India, like any other mainly farming country, importing food was as good as importing unemployment, writes * Devinder Sharma.

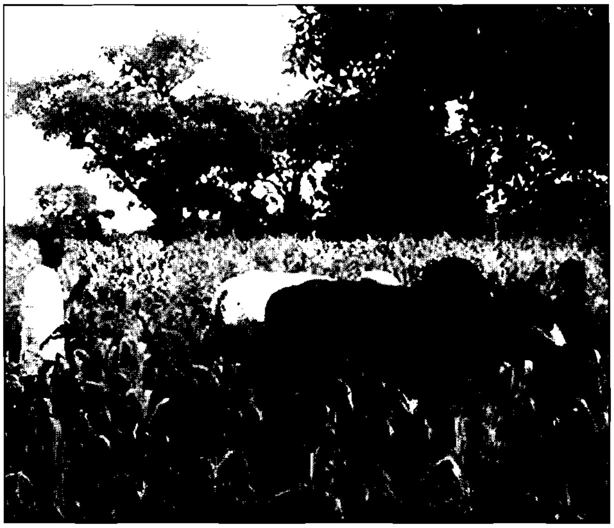
"We can do so (open up markets as requested by Penn), provided the US is willing to provide a visa to every farmer displaced as a consequence of the import of cheaper and highly subsidised food," Penn was told by India's commerce minister, Kamal Nath.

It was apparent that the US Congress would reject any deal that does not open markets in developing countries - even if they have agrarian economies – for American farmers.

A week before the World Trade Organisation (WTO) ministerial at Hong Kong began, Saxby Chabliss, chairman of the US Senate's agriculture committee, was quoted: "To say we're just going to open up our markets without having our farmers here have access to new markets, if that's all that comes out of (the WTO meeting) Hong Kong, then we've accomplished nothing".

Compare this to what Nath told the Indian parliament just before he left for Hong Kong: "I cannot sacrifice the future of India's 600 million farmers at any cost. What the US proposed, last month, is not real cuts in agriculture subsidies. The real cuts would be when there is a decline in the support provided by the US Treasury."

The deadlock over agricultural subsidies will determine the future of the 'Doha Development Round'. International trade in agriculture is closely linked to the removal of agricultural subsidies - presently computed at $350 billion or $1 billion a day - that the 30 rich countries forming the OECD (Organisation for Economic Cooperation and development) provide.



Losses

Recent estimates show that developing countries lose more than $24 billion a year because of the protection that rich countries provide their farmers.

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Now that promises associated with the 'development round' have fallen flat, rich countries are strengthening defences around domestic agriculture and making it difficult for the developing world to penetrate their markets.

Moreover, the industrialised countries continue to exert all kinds of pressure to further open up developing country markets without waiting for the developed countries to simultaneously bring down the agricultural subsidies.

Threats are being resorted to, now that it has become impossible to shift the focus of ongoing negotiations from agriculture subsidies to market access.

"Developing countries would lose if the Doha Development Round fails," WTO chief Pascal Lamy warned African trade ministers, at Arusha. "The US can increase its trade-distorting domestic support (TDS) by $5 billion, the EU by $25 billion and Japan by $5 billion."

Strategy

What Lamy did not say was that developing country agriculture was doomed anyway if the huge subsidies that the OECD pays to its agribusiness corporations and rich farmers are not entirely scrapped.

Bribery and bait are the two other planks of the 'negotiating' strategy that are being applied. Least developed countries (LDCs) are being provided with an 'aid

for trade' package, expected to be in the range of $4 billion, in the name of assistance to cope with adjustment costs, and provide infrastructure.

Besides, the promise of a 'development package' contains duty and quota-free access for LDC products, preference erosion, some special and differential treatment proposals and longer transition periods on trade-related intellectual property rights (TRIPS) and investment measures.

While the talks falter, highly subsidised imports from the developed countries have already done irreparable damage to the agricultural production potential of the developing countries. Between 1995 and 2004, Europe alone has been able to increase its agricultural exports by 26% mostly through massive domestic and export subsidies. Each percentage increase in exports brings in a financial gain of $3 billion.

On the other hand, a vast majority of the developing countries, whether in Latin America, Africa or Asia, in the first 10 years of the WTO, have turned into food importers. Millions of farmers have lost their livelihoods as a result of cheaper imports.

Two systems

If the WTO has its way, and the developing countries fail to understand the politics that drives the agriculture trade agenda, the world will soon have two kinds of agriculture systems - the rich countries producing staple foods for the world's 6 billion plus people, and developing countries growing cash crops like tomato, cut flowers, peas, sunflower, strawberries and vegetables.

This is what happened in many of the Latin American countries that were forced to dismantle food security and diversify to cash crops as part of the conditionality that came along with structural adjustment loans. The same strategy is now being legitimised for the rest of the world under the legal framework of the WTO.

As the World Bank and the International Monetary Fund have repeatedly emphasised, the dollars that developing countries earn from exporting these crops will eventually be used to buy food grains

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from the developed nations - in reality, passing the reins of food security back into the hands of rich countries.

For India, a major farming country, that would mean going back to the days of a 'ship-to-mouth' existence before it struggled to achieve food self-sufficiency on the backs of hundreds of millions of small farmers.

It is the livelihoods of these farmers, as well as the food security of the people they fed for decades, that is at stake at Hong Kong.

** Devinder Sharma wrote this for the IPS from New Delhi, India.*