



Agriculture, Trade and Africa: Where to after Seattle:

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The collapse of talks in Seattle last November, at the third Ministerial Conference of the World Trade Organization (WTO) has left a lot of confusion about what direction multilateral trade talks can take next. It is widely accepted that progress on new negotiations will be slow, and that the widely anticipated "Millennium Round" will not start this year. However, agriculture, together with services and the Trade-Related Intellectual Property Rights Agreement (TRIPs), have review clauses built into them. Negotiations are mandated to begin in 2000 in these areas regardless of whether or not other issues get taken up. In the Uruguay Round Agreement on Agriculture, Article 20 requires WTO member governments to undertake these new negotiations in the light of the experience of implementing the agreement.

This article reviews what happened during the agriculture negotiations in Seattle. The governments seemed to come very close to agreement on a draft text on agriculture. The article reviews what this draft text included and suggests ways in which the next text for negotiation could be strengthened to better reflect developing countries' interests.

There are different opinions on whether it was agriculture that broke the talks in Seattle. Even those closest to the negotiations, including government delegates, are not of one mind. Some say yes. The European Council of Agriculture Ministers did not accept the draft text on agriculture they were sent on the last day of the conference, saying they would need to see the whole deal before signing off on it. Coming as it did at the last stage of the meeting, with no time left to negotiate, this was the equivalent of refusing the deal. Others say that if Clinton had not insisted on linking trade sanctions to labor standards as part of the Seattle negotiations, then there would have been an agreed package that Europe would have found hard to reject over agriculture alone.

There is no question that the frustration of many developing country delegates, particularly from Africa and the Caribbean, contributed to the failure of the negotiations. Many delegates were poorly informed about when and where meetings were taking place and how the working groups were supposed to function. Developing countries worked hard to develop common positions before Seattle and yet felt that they were still not being taken seriously in the negotiating process. The traditional practice of closed sessions among a small number of delegates to broker deals was continued in Seattle, despite assurances from the WTO's Director-General that smaller countries would not be excluded from the process. The protests going on in the streets

throughout the week contributed to the sense of disorganization inside. The press statements made by the Organization for African Unity and then CARICOM (the economic community of Caribbean states) on the lack of transparency in the process created a dynamic that will make lasting changes to the way in which the WTO does its work. Many non-governmental organizations added their voice to this demand that new, more transparent and inclusive ways be found to negotiate international trade agreements.

Despite all the problems in Seattle, the total collapse of the talks took many governments by surprise. For those observing the negotiations, it really did appear that governments were resolving their disagreements on agriculture. The European Union (EU), Japan and others stopped insisting that the review of the Agreement on Agriculture take into account "multifunctionality", for example. Multifunctional agriculture is a term used by several developed country governments, particularly the EU, Japan, Norway and Switzerland, as well as Mauritius. The term refers to a concept of agriculture that extends beyond its purely productive function, to include its role in protecting culturally, ecologically or economically fragile regions. Most governments, particularly the United States (US) and the Cairns Group of large agricultural exporters, object to the term, arguing that it is simply a justification for continued use of export subsidies and high levels of domestic spending on agriculture. In Seattle, the advocates of multifunctional agriculture accepted the use of the term "non-trade concerns" in the draft text instead, which is a term used in the Uruguay Round Agreement on Agriculture. Similarly, the Cairns Group and US dropped their insistence on a call for the total elimination of export subsidies to accept a more gradual approach.

One view maintains that it was the time it took to get these advances on agriculture that made progress in other areas of negotiation impossible. Certainly, for many governments, especially the Cairns Group members, but also many developing countries, a deal on agriculture was essential to reaching agreement on any other issue. For the EU, a reluctant negotiator on agriculture, agreeing a deal in Seattle was in turn dependent on the EU getting concessions in other areas, such as investment policy. Many agree that the Seattle agenda was too broad to hope that the wide differences among delegations that were evident in the preparatory negotiations could be bridged in the four days of the Ministerial Conference.

Whether or not it was agriculture that broke the talks in Seattle, it is important to understand and evaluate the proposals that were put forward there. The US asserts that the agreements reached in Seattle still stand as the basis for further negotiations. But almost no one else involved in the negotiations agrees that this is possible. The EU has clearly said that the deal was all or nothing. The likelihood is that governments will go back to Article 20 and start again. Nonetheless, it is widely accepted that the text reflects what an agreement could look like and it is important to look hard at what nearly came to be the basis for new negotiations on agriculture.

The draft Seattle text on agriculture did not do justice to the agenda put forward by developing countries, although it had their widespread support. Paragraph 28 addressed many important developing country concerns, including the need for special and differential treatment to be reflected in the specific commitments on tariff reduction, domestic support levels and export subsidies. Yet it was paragraph 29 that dealt explicitly with operational commitments, and there special and differential treatment hardly made an appearance.

On market access, some developing countries (and many NGOs) argue that developing countries should not have to increase access to their domestic markets until there is much more substantial access for agricultural products in developed countries. Yet the Seattle draft text speaks only of

ensuring the “broadest possible liberalization”. Nor did the draft text mention the widely acknowledged problem of tariff peaks and tariff escalation on processed commodities. In other areas of the negotiations, for instance on market access on non-agricultural products, this issue of tariff discrimination was specifically addressed. The Special Safeguard - a measure specific to the agriculture agreement that allows governments that requested the right to use it to impose temporary, very high tariffs to protect their domestic producers from import surges - was also not mentioned. This is a tool primarily available to developed countries although it is developing countries that are more vulnerable to economic shocks.

African countries should specify the need for much broader liberalization of developed country markets, to acknowledge the considerable liberalization that has already occurred in their countries. Specific problems with their market access to developed country markets should be addressed, as a way of giving substance to the principle of special and differential treatment that WTO members have accepted.

On export subsidies, the Seattle draft text called for reductions that are “in the direction of progressive elimination of all forms of export subsidization.” This carefully crafted language avoids holding developed countries (by far the most significant users of export subsidies) to a hard commitment to end subsidies, despite their evidently trade-distorting impact. It was nonetheless a sign that the EU will continue to reduce, if not yet eliminate, its use of export subsidies (and therefore to reform its dependence on support prices for domestic producers, as these generate surpluses that the EU can only dispose of through subsidized export). Some developing countries, particularly in Africa, have legitimate concerns about ending export subsidies, as they are dependent on cheap imported food. Yet the dumping that results from subsidies has been shown to damage domestic production in food importing countries, as well as to distort trade. Developing countries should continue to support an end to subsidies, as well as to the other forms of support given to developed country traders, such as export credits and tax relief.

Although Egypt and others developed specific proposals to ensure the Marrakech Ministerial Decision (formally called the Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net-Food Importing Developing Countries) could be made operational, the Seattle draft texts made little mention of it. The decision provides measures to help developing countries that face problems paying for food imports when prices surge (as they did in 1995/96). Yet WTO members were unwilling to meet their obligations and the decision proved too weak to be useful. In the negotiations to come, it will be important for net food importing countries to get a clearer commitment of assistance from the international system.

Finally, the Seattle draft text on domestic support programs was also disappointing. The simple proposal was for “progressive reductions” in levels of domestic support. No mention was made of the gross inequalities that persist in levels of domestic support among countries. As the African Group’s position reflects, many African countries need to increase their spending on agriculture, in some cases significantly. In some cases, this may require lifting the ceiling they face on domestic expenditures on agriculture. The current agreement reflects special and differential treatment for rich countries by allowing enormous expenditures on agriculture to be exempt from reduction commitments. The review of the Agreement on Agriculture needs to eliminate these anomalies, while ensuring that the commitment to food security and rural development made in the language of the text can be translated into concrete measures.

The question of state-trading enterprises (STEs) was raised by some countries in the preparations

for Seattle (notably the US) but was not reflected in the draft text negotiated there. Many developing countries abolished their marketing boards (a typical form of STE) under structural adjustment programs. There were widely acknowledged problems with the way many of these boards work. Nonetheless, UNCTAD and others have shown that the privatization of the boards has often resulted, in the medium-term, in diminished competition and the dominance of a given export sector by one or two foreign companies. As a result, less of the economic benefit from the trade stays in the producer country. It is likely that properly managed STEs offer a useful second-best solution to the many imperfections in agricultural commodity markets. At a minimum, developing countries could request a review of the possible role of STEs. Developing countries should reject the proposal to make STEs illegal under WTO rules. Linked to this question of market distortions, better documentation of the activities of the trans-national companies that dominate many commodity markets is needed. This is also something that could be requested of WTO members, just as they are required to document the activities of their STEs.

The failure to launch a new round of negotiations in Seattle is a welcome respite for many developing countries. There is no question that some US interests were also served, as there is little domestic support for the legislation that the government needs to negotiate something as complex as a multilateral trade round. All along, the US pushed for a limited agenda of talks. Yet it is certainly not fair to claim, as the WTO Director General Mike Moore has done, that developing countries lost in Seattle. While the multilateral system is preferable for small countries to bilateral negotiations with power blocs such as the US and EU, the system needs to take far more account of developing country interests to be truly helpful.

Now there is more time to deepen developing countries technical and negotiating skills. There is more time for developing countries to develop and promote positions that will better serve their interests. There is time to elaborate more clearly what kinds of special and differential treatment will promote equity in the multilateral trade system. Many NGOs have been advocating for some time the need for assessment reviews of the impact of the Uruguay Round Agreements. UN agencies such as the Food and Agriculture Organization and the UN Conference on Trade and Development have been doing some of this work. The results of these studies should inform future negotiations on agriculture. Both the US and EU insist that we should look forward rather than at implementation experience for these impact studies but this ignores their obligations under Article 20 of the Agreement on Agriculture. They should not be allowed to persist in this policy.

Developing countries need to be active participants in the negotiations on agriculture. The sector remains of primary importance for them and many of their people. While the developed countries may spend a lot more, and derive a lot more wealth from their production, the sector is marginal in the numbers of people it affects. Agriculture truly is multifunctional, and its cultural, environmental, social and economic importance is much greater in most of the developing world than in those countries advocating the term at the WTO. Trade rules should reflect this and ensure that developed countries do not promote practices that damage the development potential of developing countries. The failure of Seattle created breathing room for those who argue the Uruguay Round Agreement on Agriculture needs serious reform. A lot remains to be done to strengthen countries' analysis, to refine their proposals and to develop their negotiating skills - now is the time to do it.