



In the Aftermath of Seattle: WTO negotiations pertaining to agriculture

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1. First, I was not physically in Seattle, but experienced the Ministerial as most people did, i.e. virtually. I read, heard and watched the Ministerial via <http://www.wtowatch.org>, the URL of the Institute for Agriculture and Trade Policy's web site, which streamed around-the-clock audio, video and print reporting on the Ministerial and the NGO Forum. Here's an anecdote about the importance of the World Wide Web for NGOs in Seattle. I watched Martin Khor, of Third World Network, begin his remarks on alternatives to WTO policies by noting of his introduction to the audience that the Third World Network's web site was introduced before he was. Mr. Khor took no offense at the priority given to the web site over his physical presence. Indeed, he recognized that priority as a compliment indicative of the virtual pressure that may help to force the world of trade and investment policy to open up a bit, at least enough to give the appearance of transparency in the WTO's decision-making processes.
2. Despite not having been in Seattle, my past monitoring of the WTO and my virtual experience of the Ministerial have been sufficient to offer brief comments on three aspects of the Ministerial that pertain to the prospects for sustainable agriculture and sustainable food security: 1) the fruitless discussion of subsidies and the non-discussion of dumping in the Agreement on Agriculture (AoA) negotiations; 2) the creation of a working group for biotechnology; 3) the paralyzed discussion of so-called Non-Trade Concerns in Article 20 of the AoA. Then I will conclude with very brief remarks on how the Commission on Sustainable Development agriculture dialogues of the next five months might act to address effectively the Non-Trade Concerns that the implementation of the AoA and related agricultural trade liberalization has been unable or unwilling to negotiate in binding terms.
3. First, there was no negotiation in Seattle of the chief consequence of export agricultural subsidies, i.e. dumping or the export of agricultural commodities at below the cost of production. The debate over what is and is not a so-called "trade distorting" subsidy has been and is very likely to be endless and pointless for the purpose of enhancing sustainable agriculture and food security. The vast majority of WTO members are forbidden under the AoA from using the subsidies upon which exporters in the European Union and United States depend, and which distort farming practices by making them unsustainable without subsidies. Because of this dependence and the market advantage dumping affords transnational agribusiness exports, the EU and the US do not and very likely will not agree on what constitutes a trade-distorting subsidy. The major U.S. proposal for disciplining the use of export



credits, a target for elimination as a trade distorting subsidy by the remainder of WTO members, was to negotiate the issue in the Organization for Economic Cooperation and Development.¹ So much for the omnipotence and omniscience of WTO rules in agriculture!

4. IATP's President Mark Ritchie has proposed that negotiators start to discuss the subsidy question in terms of the hard numbers of cost-of-production figures, and then compare them with export prices. Only on the basis of such numbers, rather than rhetorical jousting over the term "subsidy," can negotiators come to terms on how to phase out the agricultural dumping that has devastated developing country farmers at a profit to a very small portion of OECD farmers. Disciplines to foster above cost-of-production prices for exports, i.e. market-oriented prices, can produce the farmgate incomes that finance environmentally sustainable operations.
5. There will be many objections to this proposal, particularly from those who have benefited from below cost of production prices for agricultural raw materials. However, there are at perhaps only two alternatives to negotiating a phase-out of dumping: 1) to continue jousting over the term "subsidy" in the expectation that the expansion of the EU and of industrial agriculture in Eastern Europe will make subsidies financially unbearable for EU taxpayers; and/or 2) to continue to hope, against all evidence, that WTO plus agriculture rules, such as the U.S. so-called "Freedom to Farm" legislation, will deliver long promised benefits to consumers and producers. This year "Freedom to Farm" cost U.S. taxpayers \$21 billion in "emergency aid," much of which the rest of the world calls "subsidies." In the meantime, processors and traders benefit from the U.S. policies they helped to write, policies that keep farmgate prices below the cost of production, and force farmers to seek "emergency aid," while exporters get the cheap raw materials they can dump. There is no evidence that a continuation of the current trade policy disciplines that facilitate dumping will make agriculture sustainable.
6. Those who believe that agricultural biotechnology will succeed in making industrialized agriculture sustainable may have found slight cause for hope in the results of the Seattle negotiations. Against the wishes of most developing countries and some EU member states, European Commission negotiators committed, in its "Draft Ministerial Declaration" on November 30, "to agree to establish a working party with a fact-finding mandate on the relationship between trade, development, health consumer and environmental issues in the area of modern biotechnology." The creation of the working group on agricultural biotechnology reverses the EU's previous public opposition to such a working group.
7. On December 1, after a day of intense questioning of the reversal by EU member environment ministers, journalists and NGOs, the European Commission stated four conditions under which the EU would consent to the formation of a working group. The statement concluded, "we reject requests to deal with biotech exclusively on

¹ "U.S. Would Broaden Scope of Biotech Working Group To Gain WTO Support," INSIDE U.S. TRADE, December 3, 1999.

trade grounds. We reject a market access negotiation for GMOs. We reject any attempts to undermine the EU right to regulate. Any we reject any attempt to derail, divert or delay the biosafety talks.”² These conditions are tantamount to a rejection of the U.S.-Canadian proposal of December 3 for a “Working Group On Products Of New Technologies.” The purpose of this group, is “to develop as appropriate proposals for WTO disciplines affecting market access for products of agricultural biotechnology.” In other words, the U.S. wishes to export its regulatory practice, whose scientific and political integrity is the subject of NGO lawsuits in U.S. federal courts.

8. However, the proof of whether the EC conditions will be subject to further concession and qualification in another multilateral forum will appear during the next year or two. Possible concessions are embedded in the following questions: Will the EU follow the example of the U.S. and allow trade policy staff without no statutory authority over biotechnology matters to lead policy formulation on biotechnology? Will the EU or its member states begin to emulate the U.S. approval procedures towards the creation of a Mutual Recognition Agreement on biotechnology, as recommended by the Transatlantic Business Dialogue? Will the EU find a way to accommodate the U.S. position on biotechnology in various international forums, in exchange, e.g., for permitting it to continue its present subsidy regimes in an expanded EU? Will the EU stand allow the U.S. and the Miami Group oppose the inclusion of transboundary movement of genetically modified organisms in the Biosafety Protocol in exchange for allowing negotiation of the Precautionary Principle in WTO-affiliated institutions, such as the Codex Alimentarius? For such questions, I have no certain answers, but the European Commission’s readiness to defy EU members to agree to a biotechnology working group suggests that answers to these questions may be forthcoming.
9. Third, the discussion of Article 20 on Non-Trade Concerns of agriculture also came to an impasse in Seattle. This impasse was foreseeable already in the U.S. repudiation of the October 7 paper presented by the Dominican Republic on behalf of Cuba, Egypt, El Salvador, Honduras, Sri Lanka and Zimbabwe.³ Their paper, based on the results of the FAO Symposium on “Agriculture, Trade and Food Security” of September 23-24, criticized the non-implementation of “special and differential treatment” measures in the AoA. The paper proposed, among many policy recommendations for the Ministerial Declaration, to “[o]pen up the existing Special Treatment Clause for use by all developing countries for food security purposes.”
10. Instead of proposing policies that acknowledge that trade subsequent to the AoA has negatively affected the food security of many WTO members, the last draft of the section on agriculture of the failed Ministerial Declaration merely states “Non-trade concerns could be addressed through WTO-consistent measures, particularly targeted,

² “EU’s Four Conditions for Accepting Biotech Working Group,” INSIDE U.S. TRADE, December 3, 1999.

³ “U.S. Cool To Many LDC Demands Listed In The Latest Draft Declaration,” INSIDE U.S. TRADE, October 29, 1999.

transparent and non-trade distorting measures.” However, the draft ministerial declaration, had it been approved, would have accorded special and differential treatment for developing country exports (para. 28), a matter of great importance for foreign exchange, but of little importance for food security.

11. Instead of dealing forthrightly to implement Article 20, the EU, the US and the Cairns Group struck what appears to be an ineffectual and purely rhetorical compromise. The EU proposed on December 1, to drop the term “multifunctional agriculture,” from the text of the Ministerial Declaration in the hope that the United States and the Cairns Group would no longer insist that agriculture be subject to the same trade rules and disciplines as industrial goods. It is perhaps no surprise that the U.S. and the Cairns Group did not judge this proposal to be an enticing concession.⁴ In any event, the concession is irrelevant to the fundamental reality that current trade patterns and trade policies do not aid the food insecure. On the literature table, I have placed a handout to show how irrelevant U.S. corn and soy exports are to the most food insecure countries. I have also put on the table the farmgate income trends of the last twenty years, to show that without government subsidies, corn and soy exports are unprofitable for U.S. farmers.
12. Unless and until such time as negotiators are willing to base their terms of reference on real world conditions, such as the impacts of dumping, of below cost-of-production farmgate prices, and of the quantitative and qualitative relation of trade to food security, it seems unlikely that the WTO will be a competent forum in which to address sustainable agriculture and food security. However, I take great hope in the fact that for the first time, developing country negotiators, despite enormous pressure, refused to sign on to a Ministerial Declaration that addressed few, if any, of the implementation issues they sought to address in their proposals for the Ministerial. Perhaps in this refusal and in the proposals they have made to address the so-called Non-Trade Concerns of agriculture lie the seeds of a trade policy that might function for sustainable agriculture and food security.
13. I believe that the Commission on Sustainable Development agriculture dialogues in February and April here in New York will offer an excellent opportunity to take up the work for sustainable agriculture and food security that was the theme of the NGO Food and Agriculture Day in Seattle. The CSD can be an incubator for policy alternatives and for new coalitions of stakeholders, particularly including businesses and farming associations that act on the recognition that current agriculture policies served very few interests and are not sustainable, except through a massive distortion of agriculture. The Institute for Agriculture and Trade Policy is grateful for the opportunity to participate with NGOs, other Major Groups and government delegates in the CSD dialogues. We encourage you in your individual and institutional capacities to join us.

⁴ “EU Criticizes WTO Decision Process, Asks for Longterm Changes,” INSIDE U.S. TRADE, December 3, 1999