

Road to Seattle - Back Issues

Issue III
June 15, 1999

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RECENT PRESS ON THE WTO/TRADE

USTR, USDA HEAR CONCERNS ON TRADE TALKS

Journal of Commerce Tuesday, June 8, 1999

AGRICULTURAL TRADE

US agenda alarms Florida farmers

BY KEVIN G. HALL Journal of Commerce Staff

WINTER HAVEN, Fla. -- There is little debate over the inclusion of labor and environmental standards in free-trade negotiations in this central Florida farm city.

Hundreds of farmers, growers, packers and others in the agriculture logistics chain gathered in Winter Haven on Friday to air their trade grievances to the U.S. Department of Agriculture and Office of the U.S. Trade Representative.

"Why must we promote free trade at the expense of fair trade?" said Rick Roth, president of Roth Farms in Belle Glade, Fla. Imports from countries lacking tough environmental and labor regulation undermine the strong domestic market for U.S. growers, Roth and others testified. Floridians are fearful

Florida farm interests, which rank second to tourism in importance for the state economy, complained that tariffs are falling but foreign competitors like Brazil and Mexico do not face the same costly labor and environmental regulations.

Mike Sparks, deputy director of the Florida Department of Citrus, said Brazil's costs to produce a pound of citrus products is about 48 cents, compared with 76 cents per pound produced in Florida. He tied the gap to "significant differences" in environmental and labor costs.

The Winter Haven forum was the first of 12 "listening sessions" that the government agencies are holding to get input for the next round of global trade talks held by the World Trade Organization. That round is scheduled for Nov. 30 in Seattle.

Agriculture is expected to be at the center of the WTO talks, and like the ongoing Free Trade Area of the Americas negotiations -- which include a committee on agriculture -- the issue of labor and environmental issues will be front and center in the global talks. European and U.S. growers will fight liberalizing agriculture trade without some linkage to more similar regulatory treatment of competitors.

Sessions in Seattle The planned global trade talks are important to all importers and exporters. While agriculture is a top issue, the chemical sector and customs reforms also are expected to be major agenda items for the next round of talks. In addition, agriculture is a catalyst for a variety of manufactured products ranging from tractors and farm equipment to fertilizers and pesticides, as well as services such as refrigerated transportation, warehousing and forwarding.

For the Florida and California citrus industries, Brazil remains the concern in WTO talks.

"The Brazilian citrus industry is the world's largest by a significant margin, and has made no secret of its need to expand market share in the world's most lucrative market -- the United States -- in order to provide an outlet for the overplanting and overproduction which characterize much of the past two decades," said Andrew LaVigne, executive vice president of Florida Citrus Mutual.

The organization represents more than 11,500 citrus growers and says tariff reductions for Brazil would be "tantamount to suicide," he said. Florida Citrus Mutual said in the 1997-98 growing season Brazil consumed just 1% of its domestic production and exported the rest, while U.S. growers exported just 10%.

A call for safeguards Several people representing different agriculture sectors voiced common themes -- including that there be greater safeguards for import surcharges and a mechanism under market access to guard against currency devaluations that make foreign products cheaper.

"A mechanism is needed to cushion the effects of currency devaluation on market access concessions. Given the recent economic crises in Asia and Latin America, currency devaluation and its effects on trade cannot be ignored," said Bob Stuart, president of the Florida Fruit and Vegetable Association.

Peanut growers questioned what benefits are to be gained by liberalizing agriculture trade.

"Not one country is importing more U.S. peanuts because of the Nafta or GATT (General Agreement on Tariffs and Trade)," said Jeff Crawford Jr., executive director of the Florida Peanut Producers Association. "Imports are taking an increasing share of our market."

THE FIRES BURN IN EUROPE: TAKING STOCK OF THE WTO

An ACRES,USA Special Edition

7 June 1999

By Steve Sprinkel St. Paul, Minnesota

The fires burn in Europe, as the public controversy continues over genetically modified agriculture, but the flames flicker along the Minnesota-South Dakota border. Farm leaders and state legislators attending the USDA-USTR World Trade Organization Listening Sessions in St. Paul came out smoking on 7 June in an event attended by both Minnesota Governor Jesse Ventura and North Dakota Governor Ed Schafer.

Afflicted by poor commodity prices, overseas disaffection for genetically modified crops and the un-abated trend towards corporate consolidation and the vertical control of agricultural products, northern farmers spoke openly of the pain and distrust they face every day.

" I think that if we had been told five years ago that this new technology would bring us so much grief, we would never have supported it," said one North Dakota grain producer.

" People call this another Farm Crisis, but I feel like I have been in the middle of a crisis for most of my farming career, and I don't know how I can wish the present system on the next generation."

Farmers, farm leaders, and agriculture sector representatives-from corn growers to barley malters to union leaders- met in Minnesota and told a tale of regional and international farm crisis woe to officials from the USDA, the US Department of State and the office of the US Trade Representative.

The event was hosted by Minnesota Department of Agriculture Commissioner Gene Hugoson. Neighboring state officials including South Dakota's Darrel Cruca and North Dakota's Roger Johnson were in attendance. The Iowa Department of Agriculture, host of the upcoming July 12th Listening Session, wisely sent an observer to help plan for the Des Moines Session.

After a day mostly spent listening to agricultural public and private sector representatives reading from the same script ("level the playing field, defend the GMOs with "sound science" and end-foreign- subsidies) the South Dakota contingent closed the meeting on an entirely different note.

Supported by fiery South Dakota State Senator Frank Kloucek and Minnesota State

Representative Ted Winter, grain and livestock producers Bob Thullner and Mark Ukert underscored the affects and causes of the farm crisis, blaming the multinational corporate seed and chemical sector for betraying rural communities, and the US government for failing to diligently review the scientific, economic and sociological consequences of agricultural biotechnology.

Many afternoon presenters asked why the US government was so strenuously defending biotechnology policy when it has exposed farmers to much turmoil. Instead of questioning the affects the new crops have had on rural communities, officials continue to support the products manufactured by a few politically powerful corporations. Although biotechnology remains center-stage in this and other farm and food conferences, attendees also discussed trade policy affected by foreign currency valuations, foreign nation subsidies, and grain storage policy.

Jesting in an acerbic Midwestern manner, Larry Green, a Minnesota farmer, thanked the USDA Foreign Agricultural Service for defending his banana production- Mr. Green reported that he and his wife have four ornamental banana trees on their summer porch.

The US recently won a WTO test case against the United Kingdom and other countries over a US complaint that European policies were detrimental to fair trade- and the exports of US based companies operating in Central and South America. Many viewed the WTO banana case as a preamble to much larger issues, including the long-standing export impasse over hormone-grown beef and the much-to-be contested acceptance of genetically engineered agriculture.

In summarizing the WTO banana decision, Jodi Slocum, a Wisconsin organic grower representing Farmer to Farmer, an international rural communities-oriented non-governmental organization, reminded the audience that the US government is openly caught in an obviously defective compromise when it prohibits the domestic application of materials that are nonetheless manufactured in the US and exported for use overseas, on the very products that the EU community did not want on fruit imported to member countries.

South Dakota legislator Kloucek is calling for the USDA to appoint National Farmers Union President Leland Swenson to the US delegation attending the World Trade Organization Ministerial meetings in Seattle, Washington in November. Kloucek, aided by Dave Frederickson of the Minnesota Farmers Union, farmers Thullner, Ukert and other upper Midwest region producers, said that farmers need to be represented at the highest level since the policies that are implemented affect farmers more fundamentally than the chemical and seed companies that they now view as monopolistic transnational entities responsible to no one.

However much the crisis confronting US family farms was described, Jim Schroeder, USDA Deputy Undersecretary for Farm and Foreign Agricultural Services, reminded farmers and their supporters that the World Trade Organization meetings this fall will most likely ignore "ag- sector consolidation, poor commodity prices, monetary policy, and GMO labeling." The discussions instead will be confined to the criteria and protocols laid out in the 1994 Uruguay Round that lead to the formation of the 134 member World Trade Organization.

Responsible parties must therefore address their concerns according to the WTO agreement. Although limiting, the WTO agreement is not an entirely closed-loop endeavor. In order to reverse or amend WTO rules, current concepts within the Agricultural Provisions section need to be addressed. Among those Provisions, Most Favored Nation Status, which exempts the EU and the NAFTA under a special agreement, is potentially at risk since these continental treaties benefit traders and not producers. Dispute Settlement within the WTO also is one area that is much in need of clarification, particularly in the criteria used to empanel the three-member Dispute Settlement Body. Generally speaking, the public needs to go to school on the WTO and determine how it can be made more realistically democratic. (<http://www.wto.org>)

Internal Support may be the WTO Agricultural Provision that offers GE antagonists the best avenue to debate, define and confine the new technology.. According to the USDA Foreign Agricultural Service, Internal Support covers " Government policies... (which) have significant

consequences beyond a country's borders....Such policies can impose costs on other countries and world markets by encouraging overproduction or inducing production of specific commodities."

The explosive market-share of GMO crops can here be cited as an example of "inducing production of specific commodities". GMO technology has long been advertised for its now dubious yield potentials, and in particular, the planting of herbicide resistant crops has led to a swift increase in total world acreage planted to them, in areas where they were never grown before. Overproduction is a result. Over supply and lower prices can in this context be addressed.

Internal Support is broken into two categories, named "amber" and "green", ostensibly identifying them as "caution" and "permitted".

Amber policies include "price supports...(and) input subsidies". In this category, one can more cogently argue that US government participation in the development and commercialization of genetically engineered crops and farm in-puts is at least questionable under WTO, and represents a conflict of interest that the developing world in particular must be wary of. The US government has invested many billions in the development of the technology, co-owns a number of patents approved for its protection, and has openly supported and defended biotechnology politically at the expense of less controversial agricultural production systems, both in terms of cash outlays and in public sector enterprise, i.e., the awesome efforts of the US State Department, US Trade Representative and USDA to assure an unobstructed market for products co-financed by government.

The St. Paul Listening Session was the second US event held in preparation to the Seattle WTO Ministerial. As you will note by referring the WTO website, the Ministerials are tantamount to the writing or adoption of state constitutions.

Upcoming Listening Sessions:

JUNE 16 - Memphis, Tennessee (Agri-Center International) CONTACT: Joe Gaines (615) 837-5160 STATES: Tennessee, Georgia, Alabama, Kentucky, North Carolina, South Carolina, Mississippi, Arkansas
 JUNE 24 - Indianapolis, Indiana (Indiana State Fair) CONTACT: Julia Wickard (317) 232-8778 STATES: Indiana, Ohio, Michigan, Illinois, West Virginia
 JUNE 29 - Sacramento, California (California Department of Food and Agriculture) CONTACT: Marjorie Beazer (916) 654-0462 STATES: California, Hawaii, Arizona
 JUNE 30 - Pullman, Washington (To be determined) CONTACT: Lisa Schumaker (360) 902-1926 STATES: Washington, Idaho, Oregon, Alaska
 JULY 8 - Austin, Texas (The Texas State Capitol) CONTACT: Dawn DeBerry (512) 475-1615 STATES: Texas, Oklahoma, Louisiana, New Mexico
 JULY 12 - Des Moines, Iowa (To be determined) CONTACT: Joan Kiernan (515) 281-5323 STATES: Iowa, Missouri, Kansas, Nebraska
 JULY 19 - Burlington, Vermont (To be determined) CONTACT: Theresa Doyle (802) 828-2430 STATES: Vermont, New York, Maine, Massachusetts, New Hampshire, Connecticut, Rhode Island
 JULY 23 - Bozeman, Montana (To be determined) CONTACT: Montana Department of Agriculture (406) 444-3144 STATES: Montana, Wyoming, Colorado, Nevada, Utah
 JULY 23 - Newark, Delaware (University of Delaware) CONTACT: Brenda Minor (302) 739-4811 STATES: Delaware, New Jersey, Pennsylvania, Virginia, Maryland

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WHAT IS HAPPENING NOW?

THE WTO: A GLOBAL THREAT TO FORESTS

June 27, 1999, 7:00pm

The Mountaineers, 300 Third Avenue West @ Elliot Avenue, Seattle

Featured Speakers: Local, National & International Forest Protection Leaders

When the World Trade Organization (WTO) meets in Seattle later this year, one of its top priorities will be signing a new global agreement to expand trade in forest products. The WTO "free logging agreement" will increase consumption of wood products, weaken environmental protections, and be unfair to workers. At the free-to-the-public event, you will hear local, national, and international forest protection leaders explain why the WTO is a threat to forests everywhere, and what you can do about it.

Co-sponsored by: The International Forum on Globalization, Pacific Environment Resources Center, American Lands Alliance, The Mountaineers, Asia Pacific Environment Exchange, Washington Environmental Council, Pacific Crest Biodiversity Project, Rainforest Action Network, Friends of the Earth, Washington Fair Trade Campaign, Seattle Audubon Society, Northwest Ecosystem Alliance, Sierra Club.

For more information, call 206/324-5675 or <mailto:denburg99@yahoo.com>

ARTICLES ON TRADE/WTO

TESTIMONY ON THE WORLD TRADE ORGANIZATION NEGOTIATIONS

U.S. Agriculture Policy Forum

June 7, 1999 St. Paul, MN Delivered by Niel Ritchie, National Organizer <mailto:nritchie@iatp.org>
Institute for Agriculture and Trade Policy on domestic agriculture policy, including the so-called Freedom to Farm legislation. This oral testimony will be followed by written documentation to substantiate our contentions.

The combined effects of NAFTA, GATT and Freedom to Farm have helped. On behalf of the Institute for Agriculture and Trade Policy, I would like to thank the United States Trade Representative and the United States Department of Agriculture for the opportunity to testify about the US objectives at the World Trade Organization Ministerial in Seattle. IATP is a private, non-governmental, non-profit research and education organization with 32 staff, headquartered in Minneapolis.

IATP has closely followed and analyzed the development of the NAFTA trade agreement, the GATT Uruguay Round and the WTO, and their effects push farmgate prices to record lows, far below the cost of production. The rapid consolidations of food processing, agri-chemical and seed companies have fostered anti-competitive practices that further erode the capacity of independent producers to market their crops and livestock for a profit. Non-enforcement of US laws has allowed corporate advocates of current US agricultural trade policy to reap record profits while farmers and ranchers go out of business or work second jobs to subsidize their operations.

IATP is deeply concerned that the foundation of our domestic food and fiber system, the independent family farmer, is being destroyed in order to bring down prices enough to enable agribusiness to capture export markets. IATP, along with a growing number of US Farm and commodity organizations, believes that farmers and ranchers will be economically and environmentally viable only when competition is restored to the marketplace.

Our position contrasts sharply with the view implicit in a May 5 USTR press release, which stated that sessions like this one today will provide USTR the opportunity to "learn first-hand which issues are most important to farmers, ranchers and the agricultural industry as a whole, and what trade policies would be most effective in helping to increase U.S. agricultural exports."

With 70% of our agricultural production consumed right here at home, it is illogical for the USDA and USTR to postulate exports as the main determinant of farm incomes and of commodity prices. We need to develop agriculture policies to sustain our producers based on the bulk of our market, not the markets of last resort.

Without fair farmgate prices, that is, prices above the cost of production, free trade is a deceptive euphemism for economic exploitation of farmers and degradation of their land and water. The USDA National Commission on Small Farms is one of many fora that have made recommendations to revive U.S. agriculture and rural communities. While the USDA has adopted a few of these recommendations, U.S. agricultural policy is largely driven by the dictates of exporters, processors and input companies, the main beneficiaries of U.S. trade policy.

The pursuit of export-led development in U.S. agriculture has been justified on the basis of USDA worldwide demand estimates that a 1999 study by the Food and Agriculture Policy Research Institute (FAPRI) has said are chronically over-stated. Countries will always strive to produce as much of their own food as possible, as indeed they should.

Our economists advise developing countries to rely on imports for food security while devoting their human and natural resources to producing goods that will earn them greater revenues. The collapsing terms of trade for most developing countries, charted by UNCTAD and the World Bank for most of the last two decades, refutes this advice and the argument that the US should trade to "feed the World."

IATP believes that rather than pursuing further "liberalization" in agri-business trade, it is time to take stock of the impacts of the last round of WTO agreements, both here and abroad, and to repair the agreements where they do damage to independent producers and sustainable economic development. To continue agriculture policy on the promise of higher prices through greater exports is to ignore both the statistical evidence and the experience of every farmer who sells to processors or exporters at a price below their cost of production..

There are a whole host of related issues facing you in the coming negotiations. Here is a quick summary of our position on a few.

Monopoly Power

We support proposals to incorporate anti-monopoly (anti-trust, pro-competition) policies in the next WTO talks that would apply to all sectors including agriculture.

Furthermore, we would like to reiterate our support for an immediate implementation of a USDA/Justice inter-agency task-force to investigate and discipline anti-competitive agribusiness practices here in the US.

Export Dumping and Export Subsidies We support proposals to eliminate export subsidies, including export credit guarantees, that allow corporations to dump agricultural products on world markets at below the cost of production..

Food Stocks and Emergency Supplies

We support proposals to change WTO rules to encourage farmer-owned reserves and government-owned emergency food stocks.

Import Controls

We support proposals to restore previously successful GATT rules permitting import controls to protect the small-scale farmers responsible for the greater part of global food security.

Family-Farm Support Program

We support proposals to alter WTO rules to allow governments to take steps to protect and encourage family farms and to discourage industrial-style production.

Price Stability

We support proposals to change the WTO rules to allow members latitude to stabilize crop prices at levels fair to farmers and consumers.

Loss of Genetic Resources

We support proposals to change WTO ag trade rules to foster food security and the expansion of biodiversity. The EU and Japan have submitted papers on the concept of multi-functional agriculture as required by Article 20 of the WTO Agreement on Agriculture.

Consumers Right to Know

The US government is proposing that the next WTO talks prohibit or limit a country's right to label products according to origin, genetic manipulation, production method (e.g. organic) or other characteristics. We join with farmers and consumer groups around the world in opposing this attempt to limit consumer right-to-know.

On behalf of IATP, I want thank you for your time and your attention. We look forward to further interaction with you before and after the Ministerial in Seattle.

WHAT IS HAPPENING DURING THE

MINISTERIAL?

TRADE, LABOR AND THE ENVIRONMENT: ANALYZING THE WORLD TRADE ORGANIZATION

October 22-24, 1999 The Evergreen State College Olympia, Washington

We invite you to a public discussion on the World Trade Organization. We'll examine how its policies affect our daily lives and limit the ability of our governments to respond to citizen direction. We'll also discuss how we can join social movements from around the world to place social justice and a democratic future on the global agenda.

We plan to organize our discussion of the WTO around four major themes:

1. How to expand and protect labor rights from WTO policies that promote capital flight, plant closures, union free zones and privatization of our public institutions.
2. How to protect and expand environmental rights in the face of trade agreements that give transnational corporations legal and political supremacy over our natural resources.
3. How indigenous nations protect their sovereignty, culture and resources from the market penetration of transnational corporations.
4. How regional and local governments can preserve their sovereign rights from the encroachment of corporate investment strategies such as the proposed Multilateral Agreement on Investment (MAI).

Registration fee is \$75.00. Organizational co-sponsorship is \$500/Organization. Space is limited to 200 participants For Agenda and Registration Information Contact:

Conference Coordinator, Dan Leahy at Evergreen (360) 866-6000 x.6478 Fax (360) 709-9450.
Email: sanpatricio@igc.org

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Submissions to the Road to Seattle should be sent to Renske van Staveren at: rvanstaveren@iatp.org, or faxed to Renske at: (1) 612-870-4846.