TESTIMONY ON THE WORLD TRADE ORGANIZATION NEGOTIATIONS

_U.S. Agriculture Policy Forum_  
_Saint Paul MN. June 7, 1999_

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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 to thank you for your time and your attention. We look forward to further interaction with you before and after the Ministerial in Seattle.

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