

Food Justice Update is an occasional newsletter of the Canadian Foodgrains Bank. It is distributed to supporters of the Foodgrains Bank who are working for public policies that support smallholder farmers in developing countries, the human right to food and fairer agricultural trade rules.

What's So Special About Special Products?

Following the breakdown of negotiations at the Seattle ministerial in 1999, members of the WTO recognized that there would need to be discussion of "development" issues if the WTO would be kept afloat. Since the beginning, the "Doha Development Round" of negotiations has paid lip service to the idea that rich and poor countries should have different sets of requirements (referred to as *special and differential treatment*). This recognition of "asymmetry" within the WTO members is foundational, highlighting the commitment that wealthier countries need to go further in negotiations than poorer countries if this is really to be a development round.

In the reality of negotiations, however, the extent and form of that asymmetry is a highly contentious issue. The poorest countries (referred to as "Least Developed Countries", or LDCs) are given relatively free reign to protect their markets with higher import duties. It is in the fate of the rest of the developing countries - those between the very poor and the relatively rich - that considerable debate is emerging over the extent to which they should be able to protect their domestic markets.

While not classified as the "poorest of the poor," many of these countries nonetheless struggle to cope with staggering poverty and hunger. The Philippines is one such country; according to a recent United Nations report, 31% of children under five remain undernourished. Even in India, one of the strongest emerging developing country voices, 47% of children under five are undernourished. In countries like these, where smallholder agriculture remains one of the key livelihood activities, these statistics highlight the importance of making agricultural trade rules that take into account the realities of ALL poor people in poor countries.

One proposal put forward by developing countries to defend their smallholder agriculture is "Special Products." The idea of Special Products was introduced by a group of 33 developing countries (the "G33") at the 2003 Cancun WTO Ministerial. In the two years between the Cancun and Hong Kong Ministerials, the group grew to

42 countries. Yesterday afternoon, a group of Ministers announced that the "G20" (developing country exporters), the "G90" (African Union; African, Caribbean and Pacific Group of States; and the Least Developed Countries) and the G33 have joined forces and stand united in support of common necessary elements of an agreement in Hong Kong. One of the main requirements that they identify is Special Products.

Why are so many developing countries willing to fight for Special Products, particularly when they have relatively little political capital to spend at the WTO? What is so special about Special Products? Essentially, it is a tool for developing countries to protect the agricultural products most vital to their farmers. Under the proposal, each developing country could designate a certain percentage of agricultural products as "Special" based on criteria relating to food security, livelihood security or rural development. Import duties for such products could then remain sufficiently high to defend small farmers from cheap imports instead of being decreased under the WTO's liberalization requirements.

Underpinning this "carve-out" from liberalization is a basic but fundamental idea: agriculture is different than other commodities. The majority of rural persons in developing countries derive their livelihoods from agriculture. Developing countries do not have the budget to subsidize their farmers, so tariffs on agriculture imports is one of the few tools to keep their domestic crops from being undersold. This in turn supports rural farmworkers and contributes to people's food security. Special Products is one way for the WTO's "special and differential treatment" of developing countries to become reality. Canadian Foodgrains Bank will continue to support the efforts of developing countries to ensure that it is included in any agreement at the WTO.

- Deborah Scott