

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 small-holder farmers in developing countries, the human right to food and fairer agricultural trade rules

WTO Ministerial Meeting in Hong Kong - the train is slowing down

What can you tell from a 50% 'success' rate? That is the success rate of the last four World Trade Organization Ministerial meetings – success meaning that the members unanimously accepted the minutes of the meeting. Seattle (1999) and Cancun (2003) failed. Last month in Hong Kong the participants accepted the minutes. But in the complex world of rules-making in international trade, it is essential to look below the surface to figure out what really happened. Commentaries in the press about the Hong Kong meetings range from modest success to glaring failure.

The Foodgrains Bank sent a two person team to Hong Kong to observe the negotiations as part of our Food Justice Program. Our interest was particularly the effect of new trade rules on the livelihoods of small farmers and farm workers in developing countries.

For the past five years we have been part of a global network of NGOs and farm organizations promoting the idea that some parts of agriculture in developing countries should not be forcefully integrated into global free trade. Instead, these 'food security' crops and products (to include livestock as well) should be eligible for special treatment that would allow developing country governments to provide a measure of border protection (higher import duties) from these products. This is especially important when so many of these commodities are being 'dumped' - sold on the international market at prices below their cost of production – driven by the use of export subsidies and domestic agricultural policies in rich exporting countries.

This idea has now been fully integrated into the current negotiations. Under the titles of 'Special Products' and the 'Special (Agricultural) Safeguard Measure', these concepts are now universally accepted and even some of the details have been worked out. We consider this to be an important positive development.

This success has been made possible by the emergence of an increasingly powerful coalition of developing countries.

At the Cancun WTO meeting which ended in deadlock a new grouping which included all the larger developing countries (India, China, Brazil, South Africa) emerged. The Group of 20 became one of the big stories from the Cancun WTO meeting and continues to work together. Rather than looking after only its own largely export driven interests, the G20 reached out to some of the poorest developing countries in announcing the formation of the G110, a combination of the G20 (now actually 43 countries) and the G90 which includes most African countries. This was powerful politics but it also had some substance as the G110 came out strongly in support of Special Products and the Special Safeguard Measure.

The other major story was the increasing reluctance of national governments to allow their domestic policies in agriculture to be driven by the WTO's trade liberalizing agenda. While mouthing the rhetoric of free trade, the EU and the US, have always worked to protect their domestic agricultural policy decision-making autonomy. Now even that rhetoric is weakening as both parties openly seek to exempt key parts of their agriculture from strong trade disciplines by the creation of a class of 'sensitive products'. Canada, too, is moving in this direction.

This can be seen two ways - as a setback for developing countries (i.e. agricultural dumping will continue) or a gain (i.e. developing countries may have more time and flexibility to develop their agricultural economies).

Either way, this widely shared reluctance to liberalize further does not bode well for the speedy conclusion of the current round of negotiations. It is more likely that either a set of weak rules will be concluded quickly leaving developing countries to continue to cope with dumping on their markets or it will take years, not months, to come up with stronger rules.

Food Aid Rules at the WTO - the trans-atlantic divide widens

The WTO is charged with coming up with rules for all aspects of international trade – a broad range of trillions of dollars of exports in manufactured goods, services, non-agricultural commodities and farm products. Food aid makes up less than 5% of one group of farm products – cereals, pulses and oilseeds. Yet food aid was a central battle ground in Hong Kong.

Full page ads were taken out in local newspapers, the World Food Programme held press conferences and Canadian negotiators were busy trying to find a way to bridge the acrimonious debate between the US and EU on this subject. Even one month after the meeting relations between the EU and the World Food Programme are ‘frosty’.

So what did all this friction produce? The final statement of the meeting does contain clear reference to new rules on food aid. Some key elements:

- Donor country sourced food aid can continue to be used to respond to food emergencies.
- All other uses of food aid will need to meet the test of not causing ‘commercial displacement’ - not affecting the sales of either food imports or locally produced agricultural products.

But there remain some thorny issues –

- what is a food emergency and how long can one last?
- how much commercial displacement is acceptable as all food aid results in some commercial displacement?

These questions are to be answered before the end of April. There is still a lot of work to be done. Foodgrains Bank staff will continue to work with Canadian negotiators to make proposals that will strike an acceptable balance between the needs of hungry people, the willingness of major food aid donors to change their policies and the imperatives of global trade rules.

At the same time, the Foodgrains Bank has initiated a dialogue between European and North American NGOs working with food aid in an attempt to bridge the huge differences in EU and US positions on food aid. It may be too late to play a direct role at the WTO but the future of international food aid will depend even more on the renegotiation of the Food Aid Convention which will follow as soon as the WTO food aid debate is settled.

For further info on food aid rules see Food Justice Special Issue No 2, Dec 2005 on the Foodgrains Bank website

TAKE ACTION

Future of Canadian Food Aid

Canada’s commitment to guaranteeing sufficient food aid to respond to global needs has been weakening. We need to do our part to make sure that food is available for emergencies like the Pakistan Earthquake and the Asian Tsunami.

In 1999 when Canada signed the Food Aid Convention we promised to provide 425,000 tonnes of food aid each year.

As of July 2005, Canada had accumulated a debt to the Food Aid Convention of over 250,000 tonnes—the largest of any Food Aid Convention member.

The reduction in Canadian food aid from over 1 million tonnes per year ten years ago to 375,000 tonnes in 2004/5 has taken place with no public debate.

Make sure that your new Member of Parliament knows that you want Canada to meet

its promises to provide at least its promised level of food aid in the most effective and efficient way.

1. **Write a letter to your MP**—affirm the government’s decision to permit purchase of Canadian food aid from developing country farmers but express your support for meeting our food aid obligations.
2. **Follow-up with a meeting**—Ask your MP to raise the question of Canada’s performance at the Food Aid Convention with their caucus. Further information is available from the Foodgrains Bank.

In the Next Issue:

- The Foodgrains Bank’s five year assessment of the Food Justice Program.
- Looking to the future—the role of Food Justice in the future of the Foodgrains Bank.

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