

SERIES HUMANITY AND BIOSPHERE

WTO and agriculture



Proposal Papers for the 21th century

The proposal papers are a collection of short books on each decisive area of our future, which assemble those proposals that appear the most capable of bringing about the changes and transformations needed for the construction of a more just and sustainable 20th century. They aim to inspire debate over these issues at both local and global levels.

The term 'globalisation' corresponds to major transformations that represent both opportunities for progress and risks of aggravating social disparities and ecological imbalances. It is important that those with political and economic power do not alone have control over these transformations as, trapped within their own short-term logic, they can only lead us to a permanent global crisis, all too apparent since the September 11th attacks on the United States.

This is why the Alliance for a Responsible, Plural and United World (see appendix) initiated, in 2000-2001, a process of assembling and pinpointing proposals from different movements and organisations, different actors in society and regions around the world. This process began with electronic forums, followed by a series of international workshops and meetings, and resulted in some sixty proposal texts, presented at the World Citizen Assembly held in Lille (France) in December 2001.

These texts, some of which have been completed and updated, are now in the process of being published by a network of associative and institutional publishers in 6 languages (English, Spanish, Portuguese, French, Arabic and Chinese) in 7 countries (Peru, Brazil, Zimbabwe, France, Lebanon, India, China). These publishers work together in order to adapt the texts to their different cultural and geopolitical contexts. The aim is that the proposal papers stimulate the largest possible debate in each of these regions of the world and that they reach their target publics whether they be decision-makers, journalists, young people or social movements.

Presentation of the Paper « WTO and agriculture »

The negotiations on agriculture within the World organization of the Trade had for result to increase the inequalities between country of the North and the South. Because it doesn't take in account the ways to produce (lasting or no), because it doesn't take into account the producers, because it encourages the agricultures exporters, the agreement privileges the intensive agricultures to the costs of the agricultures farmers. It is a special treatment and differentiated, to the profit of the shapes of industrial agricultures and exporters. Yet, the agricultural activity cannot be reduced to an economic activity as the other, that one stands of the point of view of the producer, or of the consumer. Food security, of environment, of economy, to protect the varied agricultures farmers, is necessary on the contrary for reasons. It doesn't imply for as much to refuse the food exchanges. The exchanges are acceptable and desirable provided that they are equitable. The document expresses a set of propositions therefore to apply the principle of the food sovereignty affectively in the rules of the international trade, what implies two general conditions,: the recognition of the food sovereignty like a human right, a change in the fashion of working of the WTO.

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WTO and agriculture

Paper co-ordinated by SOLAGRAL

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Deregulation and food security: a negative result

The agricultural agreement: growing inequalities

Trade liberalisation or deregulation, i.e. the reduction or elimination of customs barriers, has been in process in the agricultural sector since the WTO Agricultural Agreement officially came into force on 1 January 1995. Indeed, this agreement (liberalisation) covered far more than just customs barriers and directly affected national internal agricultural policies, since it regulates the measures countries may use to protect and support their agriculture. Thus certain types of agricultural support are authorised (for example, direct aid), others are prohibited (variable taxation, price controls). The agricultural agreement does not consist of asking the members of the WTO to eliminate measures judged to be undesirable, but to reduce them progressively. Anticipating that the limitations imposed could be more difficult for developing countries, these were granted special and differentiated treatment by way of less considerable reductions of support and a longer period for implementing them.

The agricultural agreement was extremely unfair from the outset. The reference situations of developing countries vary immensely. The agreement accepted expensive forms of support that only rich countries can afford. For many developing countries, liberalisation began well before 1995, unilaterally, via structural adjustment plans. This meant that the new liberalisation measures were imposed on countries that were already among the most deregulated. The WTO agreement in fact consisted in special and differentiated treatment to the benefit of the richest countries.

Since the WTO does not take into account production methods (sustainable or not), or the producers themselves, it favours agriculture that exports and intensive farming to the detriment of family farming. Thus it applies special and differentiated treatment to the benefit of industrial agriculture for export.

Agriculture cannot be regulated by the market alone

Agriculture cannot be seen as just another economic activity, whether one takes the standpoint of the producer or the consumer. The constant though limited needs of the consumer and the limited choices confronting the producer lead to the general and permanent instability of agricultural markets. This is why the general trend for over a century has not been towards liberalisation and increasing trade, but towards protecting farmers from market fluctuations.

Agriculture permits the acquisition of goods that no other human activity can provide. It is the keystone of food security, a source of employment and rural development, since it allows the settlement of populations within a given territory rather than concentrating them in cities, it is a potent cultural force (inculcating food habits and traditions), it permits the management of natural resources and combating desertification, and it plays a major role in protecting the environment. These reasons imply that that sustainable agricultural production cannot be replaced by another activity and they justify the protection of diversified forms of family farming.

Fair agricultural trade

Does highlighting the negative consequences of market deregulation amount to refusing trade in agricultural products? We think not. Firstly, because trade is necessary: for tropical products (e.g., fruits, drinks, spices, cotton), and it satisfies the food needs of countries with food crop shortages and which will remain so in the long term. Furthermore, as long as trade does not bring types of agriculture with intrinsically different levels of competitiveness, they can have positive consequences on agriculture and the income of farmers. However, the WTO is organising generalised competition at international level leading to equally generalised impoverishment of family farmers, thus it must be rejected. Trade is acceptable and desirable provided it is fair.

Proposals in defence of family farming

Recognise the right to food as a basic human right

There is considerable agreement in the international community to recognise explicitly the right of all persons to food. The international treaty related to economic, social and cultural rights adopted by the United Nations General Assembly in 1966 also refers to the right to food as a basic human right. This treaty should be widely ratified by both the industrialised and developing countries, its conditions of application should be specified as should the stipulation that its conditions should prevail in all international discussions.

Acknowledgement of the principle of food security

To permit agriculture to effectively fulfil all its missions, the first of which is ensuring food security, respect must be given to the food sovereignty of nations: each country should be free to choose the method of supply of food products it deems fit to meet the national or regional interest. Respect for this principle requires rules that should be adopted across the board and implemented by everyone.

- <u>Freedom of choice of agricultural policy tools</u> for each country as a function of societal orientations decided democratically.
- <u>The right to tariff barriers at borders to protect family farmers</u>: this right which has been, and is still, widely used by industrialised countries must be accessible to every country. There is no example of agricultural development without protection of strategic and fragile agricultural sectors, in order to permit farmers to live from their work.
- <u>Prohibit dumping</u>, i.e. the sale of a product at a price less than its cost price, including social and environmental costs. In particular all forms of support, whether direct of indirect, that lead to the sale of products at dumping prices should be eliminated. These forms of support constitute unfair competition for the products of other countries.
- <u>Offset the structural instability of international prices</u>: this entails both stabilising the income of peasant farmers for products exported on the world market (e.g., tropical drinks, spices, cotton), and guarantee conditions of supply on world markets for countries that have structural

and conjunctural deficits. This requires the control of production in agricultural produce exporting countries in order to better regulate prices.

- <u>Promote sustainable agricultural practices</u>: to be sustainable, agricultural systems must take into account local, environmental and social constraints. The myth of the "technological miracle" brought in from the outside is an illusion.
- <u>The right to refuse techniques and technologies judged to be inappropriate</u>: a country should be able to refuse the introduction on its territory of production techniques and technologies (or agricultural products resulting from these), such as GMOs, growth hormones in livestock, dangerous phytosanitary products, etc., in application of the principle of precaution.
- <u>Free access to genetic resources</u>: the right of farmers and indigenous communities to use genetic resources freely should be recognised. This implies the elimination of patents on life-forms. In particular it is vital to preserve the freedom of peasants to reproduce their seeds.

Regulate international trade

As stated above, international trade is vital in the case of certain products and in the case supplying to countries with structural and conjunctural deficits. The latter should be able to obtain these at reasonable and stable prices on the world market. Food aid cannot be considered as being a substitute for market deficiencies and should be reserved for emergency situations. Practices used by exporting countries to gain market shares, such as export subsidies, export credits, as well as unlimited support for producers in industrialised countries, which amount to indirect export subsidies, result in prices equivalent to dumping. These practices should be abolished. Acceptable international trade is necessarily trade that is regulated. All the rules drawn up previously should be applied, which entails taking sanctions. The regulation of international trade also implies control over those that carry out this trade, especially multinational corporations.

The regulation of trade in agricultural products should be entrusted to a multilateral organisation that functions democratically and transparently, and which has the means to sanction fairly divergences with the previous rules, without calling the principle of food sovereignty into question. This organisation could be the World Trade Organisation, provided that it undergoes radical reform and that it recognises other international commitments binding its member states.

Alliances to be forged

To make these proposals a reality, alliances are needed between each of the actors participating in multilateral discussions..

From Seattle to Genoa, and from Porto Alegre to Havana, it is now obvious that a world-wide social movement is in the process of construction. The citizens of both the North and South, small farmers' organisations, environmental protection groups, humanitarian organisations, labour unions, women's movements, etc., are brought together by their common refusal of liberal and commercial globalisation and they seek to build the foundations of a united and sustainable future. This construction will take time: it us up to us to contribute towards consolidating this movement at local and international levels.

Multilateral negotiations take place between the representatives of governments. It is therefore the role of civil society to put pressure on the negotiators (governments and the international community), so that they take its demands into account. Furthermore, in the framework of international negotiations, the aim is to build alliances around converging interests in order to forge common positions capable of being included in these negotiations. Thus, given the present international balance of power, it appears that support for the position of developing countries vis-à-vis food sovereignty and family farming, at the heart iof the debate on agriculture, is more judicious. Naturally, this support should not be unconditional. We consider, for example, that support could be given to the proposals of a development box, provided that it is amended to take into account the protection required for family farming in industrialised countries.

Discussions should not be limited to a confrontation between North and South. It is the role and responsibility of civil society to influence negotiations in order to ensure that the converging interests of small farmers around the world are taken into account against those of industrial farmers and groups. On this basis, it is possible to forge a common vision and position regarding the following questions: What types of agriculture and what types of farmers should be supported?

In particular, the current European political climate appears propitious for the modification of European agricultural policy. Successive animal health crises, awareness by European public opinion of the negative effects of industrial farming and the refusal of poor quality food have changed the balance of power in Europe. What is more, increasing numbers of people, including politicians in power, are demanding radical changes in agriculture. This is an opportunity for civil society, especially in Europe, that can be used to push through modification of the CAP and international agricultural agreements, in order to defend food sovereignty.

Liberalisation and food sovereignty: a negative result

The agriculture agreement: growing inequalities

The liberalisation of trade, i.e. the reduction or elimination of customs barriers, began officially in the sector of agriculture on 1 January 1995, with the signing of the WTO agreement on agriculture. This agreement (liberalisation) in fact covered far more than customs barriers and directly affected domestic agricultural policies, since it regulated the measures liable to be taken by governments to protect and support agriculture. Thus certain types of support for agriculture are allowed (e.g., direct aids), whereas others are prohibited (variable taxation, price controls). The agriculture agreement does not consist of asking WTO members to eliminate measures judged to be undesirable, but to reduce them progressively. Anticipating that the limitations imposed could be more difficult for developing countries, they were granted special and differentiated treatment by way of less considerable reductions of support and a longer period for implementing them. Six years after implementing the agreement, how should its results be evaluated?

The agreement on agriculture was extremely unfair from the outset. The reference situations of developing countries vary immensely. The United States and the European Union devote a major part of their agriculture budgets to its support, and even after reducing them, they remain considerable. Furthermore, the agreement accepted expensive forms of support in budgetary terms accessible only to rich countries. Lastly, it did not aim to eliminate especially unfair forms of competition (such as direct and indirect aid for exports). merely to reduce them. Seen from the standpoint of developing countries, things at the outset were completely different. For many of them, liberalisation had begun well before 1995, unilaterally. Under pressure from international financial institutions (IMF), they were obliged by various structural adjustment programmes to lower customs barriers and their levels of public expenditure, which included measures in support of agriculture. New liberalisation measures were imposed on countries that were already among the most deregulated. The WTO agreement in fact consisted in special and differentiated treatment to the benefit of the richest countries.

Although the WTO agreement is more favourable to the wealthiest countries, its effects differ around the world according to the type of agriculture and country. Since the WTO does not take into account production methods (sustainable or not), or the producers themselves, it favours agriculture that exports and intensive farming to the detriment of small farmers. The agricultural policies authorised by the agreement are those that protect farming methods that require substantial amounts of capital. On the contrary, small farmers whose requirements for capital are far less are those worst hit by liberalisation. Here again, one can speak of special and differentiated treatment to the profit of industrial agriculture intended for export.

According to its promoters, this process of liberalisation should provide the driving force for fast economic growth that will permit developing countries to catch up with developed ones. Furthermore, this growth should automatically

reduce poverty. The evidence shows, however, that these expectations are far from being achieved and that inequalities are not only growing between rich and poor countries but also between the social classes within their societies (despite the fact that the industrial countries have the budgetary means to offset the most intolerable manifestations of poverty).

Agriculture cannot be left to the laws of the market alone

Applying the principles of liberalisation to agriculture, by thinking that the market will regulate activity (i.e. allow everybody to specialise in what they can produce at the lowest cost, regulate production deficits and surpluses), entails the omission of a basic fact: agricultural activity cannot be considered as simply just any economic activity, whether seen from the standpoint of producers or consumers.

Consumers need to eat: they consume whatever basic crops are available. They can change the product, vary its quantities (a little), and diversify their diets more or less, but they still need to eat.

The choice of agricultural production depends on several factors independent from the market and price levels. The factor of climate is very important, as is the farmer's know-how (cattle breeding and rice growing are completely different occupations), and the length of production cycles. It is therefore difficult to change production as a function of the opportunities provided by the prices of different products. Furthermore, it is relatively difficult, on the scale of a farm, to foresee what quantities will be harvested: climatic and sanitary risks cannot be controlled one hundred per cent.

Agricultural markets are subject to permanent and generalised instability stemming from the permanent though limited needs of consumers and the limited choices available to farmers. This is why the general trend over the last century has been to protect farmers from market fluctuations rather than to liberalise markets and increase trade. These protective policies have been applied by every developed country and by the United States and the European Union in particular. What is more, they continue to apply these protective policies in order to maintain agriculture in their territories.

Indeed, agriculture provides goods that no other human activity can supply. It is the basis of food security, it is a source of employment and rural development, thus it ensures the settlement of populations on a given territory rather than concentrating them in cities. It is also a strong cultural force (spreading food habits and traditions), permits managing natural resources and fighting against desertification, and it plays a major role in environmental protection. Not all forms of agriculture fulfil these functions: industrial farming destroys the environment, it does not generate jobs and its products are standard all over the world. All these reasons imply that sustainable agricultural production cannot be replaced by another activity, and justify the protection of diversified family farming.

Fair trade in agriculture

Does highlighting the harmful effects of opening up markets amount to refusing trade in agriculture? We think not. Firstly, because trade is necessary: for tropical products (e.g., fruits, drinks, spices and cotton), and to meet needs for food in countries with shortages and continue to have them in the long term.

Furthermore, regarding homogeneous regional groups of countries, the elimination of barriers to trade in agricultural products is a stimulating factor that improves food security, since it favours synergies between types of agricultural production. Different examples can be mentioned, such as Europe, Sahel countries and countries on the West African coast. As long as this trade does not place agriculture of very different levels of development in competition with each other, it has positive consequences on farming and farmers' incomes.

On the other hand, when the elimination of trade barriers brings very different levels of agricultural productivity into direct competition with each other, as in the case of the North American Free Trade Agreement between the Unites States, Canada and Mexico, small farmers are the inevitable victims. This international competition is also the result of the WTO agricultural agreement : it leads to the generalised impoverishment of peasants and must be refused. Trade is acceptable and desirable provided that is fair.

International trade negotiations: the positions in play

Discussions on the renegotiation of the WTO agreement on agriculture have been underway since 1 January 2000 in a different context to that which prevailed before. Indeed, the failure of the ministerial conference of Seattle at the end of 1999 constituted a turning point in the organisation of international trade. Until now, trade negotiations have mainly been based on prior bilateral agreements between the United States and Europe (or Quadrilateral agreements between the former two plus Japan and Canada), validated after a few corrections by all the trading partners. This practice, which held in particular for the agriculture sector, appears to have come to an end. At Seattle, the developing countries denounced the content and working methods of the conference, underlining that they could not approve the content of discussions in which they were not fully involved. Likewise, non- governmental organisations were particularly active in criticising the opacity of the negotiations and the absence of genuine public debate on the stakes in play. Formulating a strategy during trade negotiations requires bearing in mind the positions of the parties directly involved (governments), and also those of civil society whose is role is to influence the negotiators and national and international public opinion, to tilt the balance of power in favour of the positions it defends.

The governments

The positions expressed by governments during the WTO agriculture discussions give rise to four main groups of proposals.

The first if that of the major agri-exporting countries, including in particular the United States and Europe. These countries give considerable support to their agriculture and compete with each other for world markets. Naturally, there are differences between the American and European systems regarding the place to be given to the world market and their domestic markets, and on the role of agriculture in society. In particular the European Union now asserts that agriculture must be treated differently, due to its multifunctional character. However, their confrontation with each other in the negotiations concerns the means used to achieve a common objective, i.e. support intensive agriculture and win over world markets.

The second group is that of agriculture exporting countries that give little support to their agriculture. They have joined together in the Cairns Group. They consider that agricultural policies lead to unfair competition on world markets and prevent them from fully benefiting from their comparative advantages. They support the complete deregulation of agriculture.

¹ <u>The Cairns Group: South</u> Africa, Argentine, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Fiji, Guatemala; Indonesia, Malaysia, New Zealand, Paraguay, Philippines, Thailand, Uruguay

The third group of countries is much more heterogeneous and gathers a large number of developing countries. Although the positions of these countries diverge on the need or not for further liberalisation, they call for greater discipline regarding agricultural policy in developed countries, better access to their markets and, for the developing countries, greater flexibility in agricultural policy, especially the right to protect and support their agriculture and ensure food security. In particular, 11 countries (including Cuba, Kenya, Pakistan, etc.) have proposed setting up a development box. They want the elimination of existing distinctions between subsidies (those that are considered as distorting and those that are not), because they provide the developed countries too many opportunities to always subsidise their own agriculture even more. They propose setting up two boxes: a development box that permits developing countries to protect and support their agriculture, and an "all subsidies box" for the developed countries that should be eliminated through time. They also demand the immediate elimination of export subsidies. True, this proposal contains imperfections, especially since it does not recognise the need to support family farming, including in the developed countries. However it is currently the most interesting of the proposals put forward. Indeed, it situates the need to protect agriculture that fulfils all the functions described above at the centre of the debate, without taking into account the presumed level of distortion of such and such policy instrument.

The fourth group is composed of the proponents of multifunctionalism, in which the European Union finds itself with Switzerland, Japan, Norway and Korea. They say that it is the multifunctional role of agriculture, i.e. it provides non-marketable goods, that justifies support and a certain level of protection. The ambiguous position of some of these countries, especially the European Union, which fails to call into question export subsidies, leads many developing countries to regard this proposal with suspicion. They feel that it is a new way for rich countries to justify very substantial subsidies to their agriculture. Nonetheless. introducing multifunctionalism into trade negotiations has the merit of explicitly integrating the public services, etc. supplied by agriculture to the community, by highlighting the shortcomings of the market. To be treated credibly in the discussions, multifunctionalism must satisfy two requirements. Firstly, that of coherence: defending multifunctional agriculture demands that a link be made with the WTO agreements that decide the rules to be applied regarding the protection of health, the environment, access to genetic resources (sanitary and phytosanitary measures, and intellectual property rights). Multifunctionalism cannot be defended wholly within the agricultural agreement alone. Secondly, the demand for recognition: defending multifunctional agriculture requires respect for the multifunctional role of other countries' agriculture, in particular by not practising dumping.

Civil society organisations

Food security and agriculture have long been one of the main concerns of civil society organisations, whether these be small farmers' federations, environmental protection organisations, and, international humanitarian organisations. All these organisations were very active during the previous World Summit on Food at Rome in 1996, during the Uruguay Round negotiations which resulted in founding the WTO, and during the previous WTO ministerial conferences, particularly that of Seattle. They will continue their action during the forthcoming International negotiations.

Here, NGOs and federations of small farmers have joined together under the banner "No new commitments without prior evaluation".

Likewise, many organisations militate for the principle of food sovereignty defended by Via Campesina, that is to say the right for each country to define its own food supply policy.

Another converging claim made by civil society is the defence of sustainable agriculture that preserves natural resources and provides healthy, good quality food products.

However, apart from these joint positions, opinions diverge on many points of which the two described below are the most important:

- What place should be given to trade in agricultural products? Some people say that agricultural development must occur through supplying local markets and thus by limiting the geographic range of trade. On the contrary, others emphasise that the main source of foreign currency today for many developing countries is precisely the export of agricultural products to the markets of developed countries, and these should be opened up far more. There is also an intermediate position that amounts to emphasising the need for trade in certain products or certain countries, but this trade cannot be satisfactory unless it permits the development of small farms. Whatever the case, everybody agrees on one point: the need for the immediate elimination of direct and indirect export subsidies.
- <u>Should agriculture be taken out of the scope of the WTO?</u> Those who take this position say that the very philosophy underlying international trade negotiations is so oriented towards free trade that it is illusory to expect to improve the situation, and that the specificity of the agricultural sector is justification enough for pulling it out of the scope of the WTO's competency. On the other hand, some NGOs say that trade regulations are necessary and feel that it is more pertinent to campaign for the radical reform of the WTO than to attempt building a new multilateral institution. What is more, the end of multilateral discussions would mean returning to bilateral practices that make these discussions far more unequal and even less transparent

What positions can be taken to defend family farming? The need to obtain recognition of the right to food as a basic human right

Since the United Nations World Conference on Food in 1974, following the food crisis of 1973-75, there has been strong consensus in the international community to give explicit recognition to the right to food for all. This consensus was reasserted at the World Summit on Food at Rome in 1996, and will most certainly be repeated at the next summit. The international treaty related to economic, social and cultural rights adopted by the United Nations General Assembly in 1966 also referred to the right to food as a basic right of humanity. Widespread ratification of this treaty should be given by the countries of both North and South, with the definition of its conditions of application as well as the conditions that should take precedence in all international discussions.

Acknowledging the principle of food sovereignty

At present, the agriculture agreement does not merely regulate trade practices but also intervenes considerably in the domestic agricultural policies of the WTO's member states, by limiting the number of measures they can use to support their agriculture. So that agriculture can fulfil its many roles, the first of which is to ensure food security, it is vital to respect the sovereignty of governments over food. Every country should be free to choose how it supplies itself with food products as a function of national and regional community interests. Respect of this principle requires rules that should be adopted globally and implemented across the board. Thus, if a country is allowed to choose its own agricultural policy measures, then it must do so without dumping and by respecting the food sovereignty or other governments:

- <u>Freedom of choice of agricultural policy measures</u> for every country as a function of its societal choices determined democratically.
- <u>The right to barriers at borders to protect family farming</u>: this right, which has been, and still is, widely used by developed countries, must be extended to all countries. No example exists of agricultural development without the protection of strategic or fragile agricultural sectors in order to allow farmers to live from their work.
- <u>Prohibition of dumping</u>, i.e. the sale of products at below cost price, including social and environmental costs. In particular, all forms of direct and indirect support that lead to the sale of products at dumping prices should be eliminated. These subsidies constitute unfair competition for the productions of other countries.
- Offset the structural instability of world market prices: this entails both stabilising the income of small farmers for products exported on the world market (e.g., tropical drinks, spices, cotton) and guaranteeing conditions of supply on world markets at reasonable prices for countries with structural and conjunctural deficits. This requires implementing production controls in agri-exporting countries, In order to permit better regulation of prices.

- <u>The promotion of sustainable agricultural practices</u>: to be sustainable, farming systems must take into account local, environmental and social constraints. The myth of the "technological miracle" imported from outside is an illusion.
- <u>The right to refuse techniques and technologies judged inappropriate:</u> a country should be able to refuse the introduction of production techniques (or products stemming from these techniques), such as GMOs, growth hormones in livestock breeding, dangerous phytosanitary products, etc. on the basis of the principle of precaution.
- <u>Free access to genetic resources:</u> recognition should be given for the right of farmers and indigenous communities to use genetic resources freely. This implies the elimination of patents on living organisms. In particular it is vital to preserve the right for farmers to reproduce their seeds without hindrance.

Regulating international trade

As mentioned above, international trade is indispensable either for certain products or for the supply of countries with structural or conjunctural deficits. The latter should be able to obtain supplies on the world market at reasonable and stable prices. Food aid cannot be considered as a substitute for deficient markets and should be reserved for emergency situations. Practices used by exporting countries to win over shares of markets, such as export subsidies, export loans, and unlimited support given to farmers in developed countries, which are indirect export subsidies, result in prices equivalent to dumping. These practises must be abolished. Acceptable international trade is regulated by necessity. All previously stipulated rules must be effectively applied, thereby requiring that sanctions are be taken. The regulation of international trade also implies controls over the actors involved in this trade, especially multinational corporations.

Regulation of trade in agricultural products should be entrusted to a multilateral organisation that is transparent, democratic and which has the means to fairly sanction divergences with the previous rules, without prejudice to the principle of food sovereignty. This organisation be the World Trade Organisation, provided that it undergoes radical reform.

What alliances?

Making these proposals become reality requires building alliances at the level of each of the actors involved in the multilateral negotiations.

From Seattle to Genoa, Porto Alegre and Havana, it has become obvious that a world-wide social movement is in the process of construction. Citizens of the North and the South, small farmers' federations, environmental protection organisations, international humanitarian organisations, labour unions, women's movements, etc. are joining together to reject liberal and commercial globalisation and seek to build the foundations of a social and sustainable future. This construction will take time: it is up to us to consolidate this movement, both locally and internationally.

Multilateral negotiations are held between government representatives. Therefore the role of civil society is to put pressure on the negotiators (governments, the international community) so that they take its demands into account. Moreover, in the framework of international negotiations, this entails building alliances based on converging interests to formulate proposals capable of being included in negotiations. Thus, given the current international balance of power, it is advisable to give priority support to the positions taken by developing countries. These are based on the principle of food sovereignty and family farming, which are at the heart of the debate on agriculture. Naturally, this support should not be unconditional. For example, we feel that support could be given to the proposal for a development box, provided that it is amended to take into account the necessary protection of family farmers in the developed countries.

The discussions should not be limited to a confrontation between North and South. It is up to civil society to bring pressure to bear on the negotiations so that the converging interests of family farming around the world are taken into account in the face of those of industrial agriculture. This could lead to a position based on a common vision of the following questions: What forms of agriculture and what farmers should receive support?

In particular, the current European political climate appears propitious for the modification of European agricultural policy. Successive animal health crises, awareness by European public opinion of the negative effects of industrial agriculture and the refusal of poor quality food have changed the balance of power in Europe. What is more, increasing numbers of people, including politicians in power, are demanding radical changes in agriculture. This is an opportunity for civil society, especially in Europe, that can used to push through the modification of the CAP and international agricultural agreements in order to defend food sovereignty.

The WTO agreement on agriculture: content and evaluation

1) Agriculture was excluded from multilateral negotiations until 1986

Up to 1986, agriculture was excluded from international trade negotiations. This was because of the strategic role conferred to it by governments and also due to its intrinsic economic characteristics, thus it was considered as a sector apart, benefiting from solid protection and considerable support from governments.

The major production regions, chiefly the United States and Europe, set up various agricultural policy measures permitting the speedy development of their agriculture. However, by favouring highly productive agriculture, these policies generated increasing surpluses difficult to get rid of on the market. A trade war occurred between the two regions during the eighties, fuelled by export subsidies on both sides.

The excessive cost of these policies and their increasingly negative effects on international trade in agricultural products led the major supplying countries to incorporate agriculture in the Uruguay Round negotiations. Thus, agriculture is no longer a sector apart and must henceforth be subject to the rules of the liberal economy.

By incorporating agriculture in the framework of the WTO, the negotiations now go well beyond the scope of strictly commercial negotiations and thus involve national policies having an effect on trade. Indeed, since traditional trade barriers no longer play the role of buffers between different production systems, it is these policies that, according to the WTO, now create distortions in trade.

Thus the WTO negotiations no longer cover only trade policies, but increasingly cover the terrain of domestic policies. This context of negotiation essentially results from the internationalisation of production processes, closely linked with the process of trade. Multinational corporations now carry out two thirds of world trade, and half of this figure is carried out between them. However, in parallel, it permits companies to play off competing regulatory frameworks against each other, often to the benefit of countries with laxer legislations.

So what is at stake today in international trade negotiations is precisely this competition between regulatory frameworks and everything this implies in terms of public policies and choices of society, especially in the agricultural sector.

2) The agreement on agriculture: more discipline in trade for a liberal vision of agricultural policies

The agriculture agreement is based on the liberal notion of economics whereby, by virtue of comparative advantages, the development of trade is beneficial to all and contributes to general well-being.

Agriculture is therefore involved in a twofold process of agricultural policy reform and trade liberalisation reform. It requires a minimum amount of discipline in trade and in support policies.

Concretely, the agreement aims at limiting agricultural policy measures with negative or distorting effects on international trade. It covers export subsidies and tariff barriers at frontiers, since they have direct effects on trade. It also covers production subsidies, since these generally have direct effects on production volumes and thus have indirect effects on trade.

The agreement therefore concerns three types of agricultural policy measures: those that limit access to domestic markets, production subsidies, exports aids and subsidies.

In the framework of the agricultural agreement, the WTO member states are committed to progressively reducing recourse to these measures.

Regarding access to markets, the agreement aims at rendering levels of protection transparent and reducing them in order to further open up markets to imports.

Furthermore, it aims at reducing the use of export subsidies, as these have been criticised for their effects on fair trade vis-à-vis the production of importing countries.

Lastly, regarding domestic support, the aim is to limit specific forms of use that have harmful effects on trade.

In addition, special and differentiated treatment is granted to developing countries and more particularly to the least advanced countries to take into account their deficit in terms of development. Their obligations to reduce barriers and so forth are less strict or non-existent and they can make use of agriculture policy measures no longer available to other countries.

Finally, to ward off the harmful effects of the agreement on food costs, the WTO member states adopted a ministerial decision, known as the Marrakech Agreement, in favour of the least advanced counties and countries that are net importers of food products. This entails the provision of aid in the form of food or finance if such food costs rise.

3) An agreement that favours the intensive farming of developed countries

The agriculture agreement incorporates agriculture policies in a framework strongly influenced by liberal economics. Consequently, agriculture policy instruments are perceived in terms of their more or less negative effects on international trade rather than from the angle of the objectives they seek to obtain (food security, rural employment, territorial development, etc.).

However, the percentage of agricultural products subject to international trade is relatively low and this approach excludes as such family farming for selfconsumption or for supplying local markets having little relation with the world market. However, this type of agriculture is still the main source of supply and employment in developing countries.

In fact, the agriculture agreement has been custom tailored for the more intensive agriculture of the developed countries, especially the United States and European States. Furthermore, this agreement, is based on the Blair House agreement signed between these two great powers. The interests of family farming, particularly in developing countries is hardly taken into account, despite the above-mentioned special and differentiated treatment given to them.

Markets are still strongly protected in the North and deregulated in the South

In practice, the agriculture agreement potentially widens access to the markets of the developed countries while reducing their protection. Nonetheless, this additional access is very limited especially for developing countries. The dismantling of protection mainly concerns tropical products, though there was hardly any protection against them to begin with. Besides, these are products with little potential for developing trade with these markets. Furthermore, the continuing application of progressive customs duties as a function of the level of processing products undergo eliminates the benefits that these countries could generate to the profit of the agri-businesses of the North which imports raw products.

On the contrary, strong protection remains for products the North deems as sensitive. The complexity of the duties applied and the fuzzy management of additional import quotas granted to these countries also restrict access to their markets. Although certain forms of protection have been reduced, this reduction has been partially offset by the increase of direct aids that permit reducing domestic prices.

Lastly, the nature of protection is changing: traditional barriers in the form of customs duties are being gradually replaced by technical and sanitary standards to the detriment of farmers in the South, who lack the resources to apply them.

On the other hand, the developing countries benefit from special and differentiated treatment. Indeed, their obligation to reduce protection and

measures to support of their agriculture is less stringent than that applicable to developed countries. In fact this advantage is extremely slight as the structural adjustment plans adopted by them since the beginning of the 1980's have considerably lowered their level of protection. Thus the developing countries had applied the severest measures adopted by the WTO on a multilateral level well before the others. What is more, they are forbidden to use the safeguard clause that permits the temporary application of customs duties in the case of strong increases of imports or a significant drop in the price of imported products. They have chosen to apply ceiling rates (the setting of minimum taxes) rather than import tariffs. Since these ceiling rates are insufficient in the face of fluctuating international princes, this prohibition amounts to a difference of treatment between the countries of the North and those of the South, to the detriment of the latter.

In addition to the imbalance between the North and the South, which the agriculture agreement only modifies marginally, the agreement misses the point. Although making trade easier and lowering barriers to trade may be justifiable, the main question is above all to know what forms of agriculture should be protected and why. Protection is related to a choice of agricultural policy: protecting oneself for reasons of food security cannot be seen in the same light as the protection of intensive agriculture intended for export. However, it is obvious that at present, intensive production, become highly competitive by virtue of the subsidies it receives, is better protected than family farming .

The reduction of domestic subsidies: a cunning ruse

This section is undoubtedly that which best illustrates the double game played by the United States and European Union. By classing domestic subsidies in different boxes with different obligations for reduction, they have adapted the agreement to their own agricultural policies. Thus not only has the support given by developed countries to their agriculture failed to decrease, it has actually risen. These countries have merely played with the colour of boxes: support for prices classed in the orange have decreased, but have been replaced and often increased by aid classed in the blue box (aids related to production reduction programmes) or in the green box (in particular direct aids disassociated from production). This conjuring trick is based on classical economic theory according to which aid coupled with production volumes or prices has more negative impacts than indirect aids.

We feel that such an assertion is more than foolhardy. Considering that the new American uncoupled aids or that European direct aids have only a weak impact on production and thus on trade does not make sense. Firstly, because any aid paid to a farmer is intended to allow him to continue his activity, thus to produce. All aids therefore more or less influence production. What is more, the aids given by the EU and the United States favour increased production because they are paid according to traditional premises that favour the most intensive types of farming responsible for the unfair competition now practised on the world market and which is being denounced. In fact the aim is only to justify the support policies implemented in developed countries by making use of economic arguments. In the long term, both American and European aids will be concentrated in the green box: since they possess sufficient budgetary resources, they will be free to support their agriculture at levels they see fit.

As for the developing countries, the application of structural adjustment plans obliges them to give only meagre support to their agriculture. Besides, the fact of having notified zero support now prevents them, due to the reference periods used, from implementing support classed in the orange box, i.e. mainly price support, price regulation measures, etc. However, these are the least expensive measures for these countries since they represent only a limited burden on the government purse. The only way a developing country that henceforth wants to support its agriculture is to use aid classed in the green box. Developing countries find it impossible to aid their agriculture in this way, since this aid must be directly paid from their national budgets, hardly healthy given their low revenues and the burden of their foreign debts. It is obvious that the restrictions imposed on agricultural policies are far more severe for developing countries than for the others, thereby cancelling any beneficial effects of their special and differential treatment. Here again, the imbalance between the agriculture of the South and North remains.

Finally, the disparity between the support given to intensive agriculture and that given to family farming is still as considerable in developed countries as in developing ones. As with the section on protection, the agriculture agreement on domestic support for agriculture omits the central question: What and who should be supported? This is less a question of what measure should be used than of defining the type of agriculture we wish to develop and the type of producers we want to support.

Competition on international markets is still as unfair as before

The agreement requires the reduction of export subsidies, though these remain high. Furthermore, it does not cover certain agricultural policy instruments that support exports: export credits, use of food aid for commercial purposes, and state owned commercial businesses. Here again we are faced with a double game: in developed countries the reduction of price support is offset by increases in direct aid. Thanks to these aids, the reduction of domestic prices makes it possible to decrease export subsidies without harming the competitiveness of exported products or the margins made on them. We have evolved from unfair competition based on export subsidies to unfair competition based on direct aid to farmers.

However, this practice is not considered as dumping since the WTO considers that dumping exists when a product is exported at a price lower than on the domestic market. Thus it is possible to sell on the world market below cost price since no reference to this practice is made in the WTO's definition of dumping.

As for the developing countries, they rarely resort to this practice, and if they did not do so beforehand, it was because the reference periods to which they were tied prevented them. The only positive point is that the agreement recognises the infrastructure deficit of developing countries by granting them the possibility of aiding the transport of products for export.

Besides the imbalance between the countries of the South and North, the agriculture agreement does not deal with the central question of this section

either, i.e. dumping. Aids for export, except in the case of infrastructure deficits identified for developing countries, have no reason for existing. However, beyond these direct forms of support lies the question of indirect support given to exports via production subsidies. Thus it is necessary to redefine the notion of dumping by taking into account production costs and their differences from country to country.

Special and differential treatment is no more than virtual due to the restrictions imposed by structural adjustment

The agriculture agreement therefore favours the intensive farming of developed countries for which it was designed. The special and differential treatment to which developing countries are entitled (longer period for application, fewer obligations for reduction, the possibility of using agricultural policy instruments that other countries must relinquish) has proven to be very limited and quite inefficient. It is especially so as the reference periods and certain measures, such as barring the use of the safeguard clause by countries that have opted for ceiling rates, are most unfavourable for developing countries. However, and above all, the structural adjustment plans that have been implemented over the last twenty years and budgetary restrictions have placed the possibilities provided by the agriculture agreement out of reach for developing countries regarding domestic support, the protection of their agriculture and export subsidies.

Lastly, the Marrakech Decision has proven to be inadequate in limiting the harmful effects of the agriculture agreement on the food bill of developing countries.

In conclusion, by obliging developing countries to pull down what was left of their already very porous trade barriers, it has brought into competition two types of agriculture that do not profit from the same opportunities, This is especially true since it does not solve the problem of unfair competition raised by directly and indirectly subsidised exports. The agriculture agreement also privileges intensive farming in countries that enjoy considerable aid.

Although the agriculture agreement negotiated at Marrakech provides a minimum framework for trade in agricultural products and support policies, it leaves the crucial question on the sidelines: what type of agriculture do we want to develop and thus support?

4) A very mixed result for trade regulations and the stabilisation of world market prices

Besides defining a framework of rules and conduct for agricultural policies, the agriculture agreement aimed to liberalise trade by restricting agricultural policy that interferes with the freedom of the market, i.e. support and protection accorded to agriculture. The results expected and which were primarily supposed to benefit developing countries were:

increased opportunities for exportation due to better access to the markets of developed countries, which remain the main consumer markets;

more stability and better reliability in international markets resulting from the liberalisation of trade in agricultural products and the reduction of distortions related to domestic and export subsidies: by bringing together markets that were previously segmented by barriers, the impacts would be absorbed by a greater volume of trade and prices would be more stable.

an immediate improvement in conditions of supply from world markets: a country is better off importing all or some of its needs when its national production fluctuates and is uncompetitive. Furthermore, the gains resulting from exports would facilitate recourse to imports.

However, it has become all too clear that the first results of the agriculture agreement are disappointing to say the least.

The exports of agricultural products from developing countries have progressed less than predicted

The effects of this agreement on exports from developing countries have not lived up to their expectations. The existence of peak tariffs, the progressive scales of customs duties and their complexity, and the development of standards explain these deceptive results to some extent. But above all, the Asian financial crisis, crises of overproduction and unpredictable climatic variations have affected both supply and world prices more considerably than the reduction of customs duties by a few percentage points on the markets of developing countries.

International prices are still unstable

The agriculture agreement has not caused any reduction of instability regarding world prices. This situation can be explained in part by the liberalisation of smaller flows of trade than predicted, the generalised failure to genuinely improve access to markets, and subsidies that remain at high levels in the developed countries. However, other factors must be taken into account to complete this picture of the structural instability of markets for agricultural products, showing that agriculture is indeed an activity that should be treated separately:

the rigidity of supply and demand for agricultural products (they react little and imperfectly to fluctuations in market prices);

uncertainty related to the long term growth of world agricultural production;

reforms of agricultural policies have led to the reduction and privatisation of public stocks, increasing tension in markets. The reduction of stocks has substantially increased the effects of the drought in 1995 and 1996;

the attitude of major multinational corporations vis-à-vis stock management is uncertain. In certain cases they could use their dominant position to maintain instability.

Food security remains just as precarious

These structural reasons for price instability raise doubts about the capacity of world markets to ensure supplies to countries having food crop shortages. Given that this instability will not disappear in the short term, and the scant bargaining power of these countries, it is vital that trade rules and measures to ensure supply at national and international levels are brought into force so as to reduce and offset fluctuations.

Despite the commitments made by the international community at the Rome World Food Summit, reducing the instability of world prices is not on the agenda. However, sensitivity to this issue is apparent in the "Marrakech Decision", which takes into account the desire of developing countries to play a bigger role in negotiations on agriculture. Nonetheless, this decision has proven to be inappropriate in view of rising food prices since the agreement has been in force.

The multifunctional role of agriculture and non-trade concerns

Regarding the new WTO negotiations, certain people feel that agriculture's multifunctional role should be emphasised as a safety barrier against increased liberalisation. There is nothing new about this concept of multifunctionalism. It simply states that apart from its primary function of producing food and raw materials, agriculture fulfils other functions too, such as contributing to food security and the socio-economic viability of many rural areas; it also provides environmental advantages such as soil conservation, the sustainable management of natural resources and the preservation of biodiversity. These non-trade functions are also increasingly demanded by society. This demand covers a wide range of items, just as wide in fact as the non-commercial effects of agriculture: it depends on the type of agriculture, local natural and economic conditions and the cultural influence that the sector has in a country's history.

Certain forms of public subsidy may prove necessary in order to ensure the continuation of these roles, since the WTO tends towards the "commercialisation" of agriculture while the market does not embrace these non-trade functions with open arms. This is the argument chosen by Europe, Norway, Japan, Switzerland and Korea which underline the multifunctional role played by their agriculture, thus justifying their interventionist policies. They do want trade distortion to be the only criterion taken into account in criticism of government intervention in the agricultural sector. By doing this, they hope to find allies, in particular developing countries which, following the Uruguay Round, have seen their margins of manoeuvre disappear in terms of agriculture and food security.

The agricultural agreement refers explicitly though succinctly to "non-trade concerns " or NTCs. It is planned that the new negotiations will take these non-trade concerns into account.

To a great extent "non-trade concerns" cover the concept of the multifunctional role of agriculture, since it is not limited only to its primary function of producing food and raw materials. It fulfils many other functions: ensuring a certain level of food security, environmental protection, job creation , management of rural territories, management of natural resources (soils, biodiversity), etc.

The agreement on agriculture explicitly mentions two non-trade concerns: food security and environmental protection.

Thus agriculture plays a multifunctional role that, besides producing food and raw materials, ensures vital functions (food security, environmental protection, jobs) that are not, or scarcely, taken into account by the market.

The fact that the market is not a perfect regulating system justifies direct government intervention (support and protection measures) to preserve these

functions. In principle, this is contrary to the WTO's philosophy (liberalisation of trade and economies).

The stakes of discussions at the WTO on non-trade concerns are to define the measures capable of preserving agriculture's vital functions without triggering excessively harmful effects (distortions) on the markets (e.g., protection of national markets). Thus the debate above all focuses on the acceptable level of distortion.

Developing countries

The developing countries are mainly interested in defending their food security and rural development via the non-trade concerns of agriculture.

They want the capacity to apply measures that: protect small farmers and family farming, provide jobs for rural populations, encourage rural development, protect domestic production and control imports, combat poverty.

These measures should fall within the framework of special and differentiated treatment granted to them and should not be available to the developed countries that also demand them. Some people have even proposed setting up a development box. The developing countries consider that EU's position is tantamount to disguised protectionism.

Many countries, particularly India, point out that some aspects of multifunctionalism, such as food security, cannot be treated in the same way in developed countries as in developing ones. Consequently it is necessary to define precisely what aspects of agriculture are or are not non-trade related concerns.

Countries "friendly" to multifunctionalism

Twenty four countries² addressed a memorandum on agriculture to the WTO following an initiative by the European Union, Japan, Mauritius, Norway, the Korean Republic and Switzerland. They claim the right for each country to deal with non-trade concerns, i.e. :

strengthen rural development and its socio-economic viability,

strengthen food security,

strengthen environmental protection,

promote the coexistence of several types of agriculture.

The European Union has already set up measures for applying multifunctionalism in agriculture via the reform of the CAP. However, it has also strengthened support for intensive and "competitive" agriculture.

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¹ Barbados, Burundi, Cyprus, European Union, Korea, Estonia, Fiji, Iceland, Israel, Japan, Latvia, Liechtenstein, Malta, Mauritius, Mongolia, Norway, Poland, Slovakia, Czech Republic, Romania, Santa-Lucia, Slovenia, Switzerland; Trinidad and Tobago.

These countries therefore use the concept of multifunctionalism to justify the use of support liable to create trade distortions. The EU recognises that measures must be used that create as few distortions as possible.

The United States and the Cairns Group

These countries are reticent about the concept of multifunctionalism and the Cairns Group has long been opposed to it.

They recognise that agriculture fulfils functions other than production, especially regarding the environment, food security and rural development.

However, they want these measures to have only a limited impact on markets; also they want precise definitions of them, e.g., the aid given must be uncoupled.

Since multifunctionalism is a concern mainly expressed by developed countries, it is treated with some suspicion in the framework of trade negotiations.

To be credible, multifunctionalism must respond to three criteria of legitimacy. Firstly, it must be legitimate internally. Agriculture must genuinely satisfy the social and economic demands made of it. Agricultural policy therefore becomes an exercise in democracy, classifying national priorities in order of importance, linking policies and, obviously, allocating resources.

The second form of legitimacy is that of "coherence". By focusing on the issues of quality and sanitary security, environmental protection and biodiversity, discussions on multifunctionalism should be widened and linked with negotiations on intellectual property rights health and phytosanitary standards, etc.

Lastly, there is the criterion of international legitimacy with respect to the agriculture agreement itself. Alliances could be forged between countries favourable to multifunctionalism and certain developing countries, particularly those that are net importers food products. However, this would imply better management of the interactions between agricultural policies. Europe's position here appears ambiguous: it claims the means to protect itself and support multifunctional agriculture as well as the right to intervene in support of agriculture in competition with that of developing countries on their own markets, privileging industrial agriculture.

Two alternative proposals: the development box and food security box

The development box

In its proposal of 12 March 2001, Kenya emphasised that :"the reform process has aided neither the agricultural sector nor improved food security. In this country" the average annual growth of the added value in agriculture had fallen from 3.3 % during the eighties to 1.4% during the nineties, without being offset by growth in the industrial and service sectors. Increasing numbers of imported food products had taken the place of products grown by Kenyan farmers for the domestic market. Having no source of income, the farmers found it difficult to purchase imported foods, however cheap they were, resulting in increased poverty, food insecurity and malnutrition.

Food security is the most important issue in Kenya related to non-trade concerns. Good economic sense would have it that a basically agricultural country with financial problems due to its debts, difficulties linked to its balance of payments and handicapping trade conditions should try to satisfy its food needs itself (...).

Kenya, along with ten other developing countries, suggested setting up a development box to deal with the problem of food security. This box should be designed to consolidate, strengthen and implement concretely the special and differentiated treatment that should be given to developing countries. It should permit a certain amount of flexibility in applying emergency safeguard measures as well as internal support measures. These are closely linked with the measures aimed at solving the development problems in the countries of the South, i.e. strong dependence on food imports, the need to increase farm productivity, food security, the need to protect small farmers and the combat against poverty.

Source : WTO, document G/AG/NG/W/ 136, 12/03/2001

The food box concept from India

Food security is a major national concern for India. Deregulation of trade in agricultural products has not provided a satisfactory answer to developing countries concerning food security, particularly in terms of preserving the means of subsistence of small farmers and the production of food crops in sufficient quantities to ensure the needs of the nation.

India justifies its position by emphasising that the approach to world food security via comparative advantages is illusory given the present context: developing countries are hindered by their currencies that restrict their capacity to import. This difficulty is further exacerbated by unstable international markets.

Therefore national production cannot be bypassed when dealing with food security issues. The capacity of developing countries to increase their domestic production is limited by three types of internal constraint:

Most farms in developing countries are small, thus making the introduction of mechanisation and new technologies difficult. Subsequently, productivity is low and production is subject to fluctuations.

Self-consumption is high.

Land ownership generates pressure due in particular to urban and industrial further exacerbated by demographic growth.

What is more, the agricultural sector keeps a large part of the population alive and greatly contributes to the economic development of the country .

Taking into account these internal and external constraints, objectives for agricultural growth and food security can be achieved by: improving productivity, increasing incomes, reducing vulnerability to market fluctuations, guaranteeing stable prices.

These objectives can be achieved by subsidising the use of irrigation, infrastructures, fertilisers and pesticides, and by implementing measures to support the market.

Lastly, India points out that "developing countries should be allowed to grant internal subsidies to the agricultural sector in order to meet the challenges of food security and preserve viable rural employment, which would differ from support and subsidies that distort trade and whose application is currently authorised by the agreement" (WTO, document WT/GC/W/152, mars 1999).

However, India does not consider that food security belongs under the heading of multifunctionalism. "Concerns for food security and subsistence conditions" in developing countries cannot be considered as belonging to the same framework as non-trade concerns put forward by certain developed countries with respect to "multifunctional agriculture" whose objective is to legitimise and perpetuate their subsidies, which distort trade, and they should not be confused or assimilated with them. Only a very small part of the population in developed countries works in agriculture and subsistence resources of the populations in these countries are in no way threatened as they are in most developing countries. Furthermore, although their agricultural sectors are underdeveloped, the developing countries do not wish to distort trade, on the contrary, they demand that all forms of support that distort trade be eliminated from the present agreement for all the members."

Source: WTO document G/AG/NG/W102, 15/01/2001

The waemu directive

The development box

The West African Economic and Monetary Union (WAEMU)³ is an interesting example of the growing and very constructive involvement of a group of developing countries in multilateral agricultural negotiations. The directive presented below makes a large number of proposals including that for a development box that would permit considerable relaxation of the agreements current constraints. One point in particular is also devoted to the compatibility of the agreement and the rules of the Bretton Woods organisations (World Bank, International Monetary Fund), in order to ensure that these rules are not more restrictive than those of the WTO.

WEST AFRICAN ECONOMIC AND MONETARY UNION THE COUNCIL OF MINISTERS

DIRECTIVE NO.01/2001/CM/UEMOA RELATED TO THE JOINT POSITIONS OF THE MEMBERS STATES OF THE WAEMU FOR THE WTO MULTILATERAL TRADE NEGOTIATIONS ON AGRICULTURE

THE COUNCIL OF MINISTERS OF THE WEST AFRICAN ECONOMIC AND MONETARY UNION (WAEMU)

Considering the WAEMU treaty, especially in its articles 4, 16,20,21,26, 82 à 85, 101 and 102;

Considering additional Protocol no.II related to the WAEMU's sectorial policies especially in its articles 13 and 14;

Concerned with ensuring the efficient participation of the WAEMU's member states in the multilateral trade negotiations, managed by the World Trade Organisation (WTO), permitting them to draw full advantage from globalisation;

Desiring to ensure better co-ordination of the positions of its member states, in view of the WTO multilateral trade negotiations on agriculture;

On the proposal by the Commission;

Considering the opinion of 11 May 2001 of the Committee of Statutory Experts;

³ The WAEMU groups the following 8 countries: Benin, Burkina Faso, Ivory Coast, Guinea Bissau, Senegal, Mali Niger Togo.

ISSUES THE FOLLOWING DIRECTIVE:

Article 1: The joint positions of negotiation of WAEMU's member States regarding the multilateral trade negotiations on agriculture in progress in the Agriculture Committee of the World Trade Organisation (WTO) have been decided as drawn up in the appendices to the present Directive.

Article 2: During the negotiations, the positions mentioned in article 1 above are presented on behalf of the member States of the WAEMU, by the Delegation of the state currently chairing the Council of Ministers of the Union. The delegations of the other member States shall undertake to conform to the joint positions of the Union.

Article 3: The Commission of the WAEMU particpates in the negotiations and provides the delegations of the member States with the technical assistance required to defend the joint positions of the Union.

Article 4: The Commission, in relation with the State currently presiding the Council, shall report regularly to the Council of State on the progress of the negotiations.

Article 5: The present Directive, which comes into force as from its signature, shall be published in the Official Journal of the Union.

Signed at Lomé, on 21 May 2001

The President of the Council of Ministers, Abdoulaye DIOP

APPENDIX TO DIRECTIVE No. 01/2001/CM/UEMOA RELATED TO THE JOINT POSITIONS OF THE MEMBERS STATES OF THE WAEMU FOR THE WTO MULTILATERAL TRADE NEGOTIATIONS ON AGRICULTURE

The WAEMU is a regional economic community founded on 10 January 1994. It groups the following member States: the Republic of Benin, Burkina Faso, the Republic of Ivory Coast, the Republic of Guinea-Bissau, the Republic of Mali, the Republic of Niger, the Republic of Senegal the Republic of Togo. These countries belong to the category of least advanced countries, except for the Ivory Coast (developing country), and are all eligible to "the initiative of poor, heavily indebted countries". All the countries of the WAEMU, moreover, are exporters of agricultural products and net importers of food products.

The WAEMU's member States consider that the current multilateral trade negotiations on agriculture should be negotiations that deal more with development policies than with customs duties. The agricultural sector is an essential component of the economies of the Union's member States, in terms of its contribution to GNP, employment, and international trade and food security. Given the importance of agriculture, the WAEMU Treaty ordains, in chapter V of Additional Protocol no. II related to the Unions sectorial policies,

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the implementation of a common agricultural policy whose objectives are as follows:

a) to guarantee food security and an adequate level of self-sufficiency within the Union, taking into account the synergies between the member States and their respective comparative advantages;

b) to increase, on the basis of sustainable agricultural productivity achieved by control over technical progress, development and the rationalisation of research, production by agricultural sectors, and the optimal utilisation of production resources, in particular labour and inputs, in view to improving the living standards of rural populations;

c) to improve conditions of operation of markets for agricultural products and the products from livestock breeding and fishing, for both producers and consumers.

In the formulation of the main guidelines of the common agricultural policy, account is taken of:

a) the specific nature of agricultural activity related to its social dimension and to the structural and natural disparities existing between different agricultural regions,

b) the need to apply suitable adjustments gradually:

c) the fact that, in the member States, agriculture is intimately linked to other sectors of the economy.

Observing that the implementation of the Agreement on Agriculture resulting from the Uruguay Round has not led to the results expected in the agricultural sector, and that the rules in force do not permit achieving the common agricultural policy's objectives, the member countries of the WAEMU have decided to take these joint positions in the negotiation.

To this end, the stakes in play for the member States of the WAEMU in the forthcoming agricultural negotiations can be expressed at two levels:

-the developed countries should effectively liberalise their agricultural policies in order to improve the internal and external competitively of agricultural products of interest for developing countries and the least advanced countries, especially for products with high added value;

-reinforce and improve the waivers in favour of the least advanced countries.

I. Measures in view to the effective liberalisation of agricultural policies in developed countries

The measures related to this concern policies of access to markets, internal support and export subsidies.

I-1 Regarding access to the market

The forthcoming negotiations on agriculture should result in:

- a substantial reduction of tariff quotas by developed and newly industrialised countries: this measure will allow developing countries to befit from lower customs duties and facilitate access of their products on the markets of developed countries;

- a substantial reduction of scaling of duties in view to increasing the diversification of agricultural development in developing countries towards

more profitable products. The customs duties paid on African exports entering the markets of developed countries are proportional to the level of processing involved in them, thus African countries are inclined to continue exporting products that require little or no processing, which is not likely to generate much added value;

- free access of agricultural products from the least advanced countries onto the markets of developed countries, instead of average of 43% reduction in customs duties accorded up to now.

This offer made by the European Union provides for total exoneration for the least advanced countries and should be made by all developed countries:

- maintaining the Special Safeguard Clause in the renegotiated Agreement on Agriculture and the extension of this clause to developing and least advanced countries, currently excluded, without conditions related to tariff barriers. This condition will permit WTO member States to pay the Conjunctural Import Tax (CIT) in conformity with WTO rules:

- relaxation of conditions of recourse to the clause by developing countries. Thus the triggering levels (quantities and prices) could be set annually by the countries concerned, either on the basis of their domestic consumption and production (quantities of the previous year), or on that of their domestic production costs (prices).

I-2 Regarding domestic support

a) reduction of domestic support measures

The support measures used by the developed countries should be substantially reduced so as to eliminate the imbalances caused by them between developed and developing countries.

b) critical examination of use of the "green box" measures by developed countries.

- "the green box"

Despite reductions of domestic support in developed countries measured on the basis of MGS, it is clear that the overall level of support increased instead of declining. It seems that many developed countries including the United States and those of the European Union, support their farming via programmes that no longer fall under the heading of MGS, subject to reduction commitments, but to the "green box", thereby escaping the obligation for reduction.

Besides, uncoupling aid from production levels does not rule out effects on production by, for example, increasing farmers' incomes, which may encourage them to invest in production.

The "green box" may also mask the support that developed countries continue to provide for agriculture. It would therefore be preferable to include conditions in the new agreement to limit abusive use of these measures by developed countries.

- "The blue box"

At this level all forms of support linked to production should be eliminated.

c) increase minimas.

The ceiling on the minimas to be accorded to developing countries should be increased by at least 10%. This would give them more room for manoeuvre in implementing appropriate measures to support their agriculture.

I-3 Regarding export subsidies

Export subsidies should be eliminated and more discipline applied to export credits.

It is often argued that it is the consumers of developing countries that benefit from the export subsidies granted by developed countries, since it provides them with cheaper food products.

In most cases the effects of this apparent advantage are short term, since they are often cancelled by balance of payments problems, so the real beneficiaries are the producers of developed countries whose incomes are kept stable by subsidies.

Furthermore, export subsidies contribute towards maintaining flows of artificially competitive products, thereby distorting trade, eroding economic activities related to agriculture and increasing the food dependency of developing countries.

Eliminating these practices in developed countries will sustainably solve food security problems in developing countries.

Nonetheless, the lest advanced countries should enjoy greater flexibility in using export subsidies so that they can promote agricultural products with strong export potential. In other words, this entails going beyond the lists of these States and extending the scope of application of waivers to other forms of export subsidy

II. Strengthening waivers in favour of developing and least advanced

II-1. Special and differentiated treatment

In most developing and least advanced countries, which includes those of the WAEMU, it is not possible to achieve significant progress towards economic growth, combating poverty and strengthening security without substantial development of agriculture and its contribution to the overall economies of these countries.

Special and differentiated treatment constitutes a response to inequalities between developed and developing countries, from the standpoint of economics, finance, technology and development.

This principle should not be called into question during the negotiations. However, its application should be given greater force in the texts by strengthening the waivers currently granted to developing and least advanced countries; furthermore, the situation of landlocked countries should be taken into account.

This would make necessary the definition of criteria on commitments and deadlines, and objective and verifiable economic indicators, with especial emphasis being given to the level of development and growth of the agricultural sectors in these countries.

Greater flexibility should also be given to developing countries and especially to least advanced countries in applying emergency measures to protect small farmers against imports and unfair trade practices, particularly those that affect staple crops intended for local consumption.

II-2. Setting up a "development box"

Given the role of agriculture and its horizontal links with other sectors in WAEMU countries, and in developing countries in general, it is necessary to set up a "development box" whose main feature would be to give more flexibility to national agricultural policy orientations.

Article 20 of the agreement on agriculture stipulates that commitments in the framework of the reform programme should be made by taking into account non-trade concerns, including food security and the need for environmental protection.

Developing countries may need to give targeted aid and support to their agricultural sectors via, for example, aid for investment, research and technology transfers, subsidies for fertilisers, and the protection of natural resources in order to progress towards more profitable activities and cast off the restrictions associated with supply. This would favour economic development and such support would be eliminated as and when competitiveness and profitability increase.

In particular, the instruments of the "development box" should contribute to achieving the following objectives:

- increase internal supply of food products, especially basic foods;

- promote the development of sustainable agriculture;

- improve food security and access to food;

- promote job creation for disadvantaged populations in rural areas and thus raise their standard of living in the framework of combating poverty:

- protect local production against cheap imports;

- permit the flexibility required with respect to the support essential for increasing production capacities and competitiveness.

II-3 The Ministerial Decision of Marrakech

Application of the Ministerial Decision concerning the implementation of the reform programme in least advanced and developing countries programme that are net importers of food products has not been effective.

Operational mechanisms should be adopted to ensure the implementation of support measures, especially technical and financial assistance in the framework of the decision. Thus the decision's application should be monitored and evaluated periodically in a formal institutional framework. Furthermore, the measures should be taken to prevent the mechanism for injecting food aid into the local markets from disturbing national production.

II-4 Other subjects for negotiation

a) Sanitary and phytosanitary measures

Quality and safety standards are for the most part determined by developed countries, since developing countries rarely sit on the commissions where such decisions are taken.

In addition, these standards are difficult for developing countries to attain and can be used by developed countries as disguised means of protecting their markets. Indeed, most developing countries, including those of WAEMU, do not have the administrative or technical bodies and competencies necessary to control the quality of the products exported and imported. Thus the risk management system, which is one of the essential aspects of the SPS Agreement, has been given only little attention in these countries.

Article 9 of the SPS Agreement states that WTO members should accept to provide technical assistance to developing countries, either bilaterally or via international organisations. Consequently, the WAEMU countries demand that this measure be applied in practice as should other measures, to ensure:

training inspection personnel in developing countries;

more effective and efficient participation of developing countries in the works of commissions;

the creation and strengthening of the analysis capacities of laboratories and certification and control services;

increasing inspection and control capacities.

Furthermore, the WAEMU proposes negotiating a clause that would extend prohibition of the production, marketing and use of products, fertilisers and other intermediate consumables in developed countries to developing countries. In other words, this would amount to the application of a "generalised precautionary clause" to prohibitions for sanitary and phytosanitary reasons.

b) Compatibility between the measures authorised by the WTO and those of the SAP/ASAP

Most WAEMU countries have not benefited from the exemptions and other special and differentiated treatments stemming from the Uruguay Round, especially in the agricultural sector, due to the conditions underlying the Structural Adjustment Programmes (SAP) and/or the Agricultural Structural Adjustment Programmes (ASAP) that they signed with the World Bank and the IMF. The consequence of this situation is to push the level of liberalisation and openness of markets far further than that demanded by the Agreement on Agriculture, whereas the level of support is too low to promote certain essential sectors of agricultural production in the Union.

Consequently, the members countries of the WAEMU, want to negotiate a "minimum clause of conformity" between the measures authorised by the WTO and the conditions of the reforms recommended by the IMF, so that countries in this situation can take effective advantage of the waivers to which they are entitled.

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This problem could be raised in the framework of the Integrated Group (World Bank, IMF, CCI, UNCTAD, WTO, UNDP). A demand to enlarge the scope of the latter and the category of countries concerned will be made.

TRIPS: a risk for food security

The Agreement on Trade Related Intellectual Property Rights (TRIPs) came into force on 1 January 1995. Renegotiations began in 1999, giving rise to strong opposition between developed and developing countries.

The agreement obliges countries to protect inventions, and products and processes and provides for transition periods for the gradual and full application of the agreement: 5 years for developing countries and 11 years for least advanced countries.

This text obliges WTO member countries to set up systems of intellectual property rights on plant varieties, either by patents or by an original and efficient system (sui generis), to protect plant varieties at national level. An example of this is the Union for the Protection of Plant Varieties (UPOV).

The major difference between protection by patents and the UPOV is that it is not possible to use a patented variety without paying licence fees, even if such use is for research or use on a farm. This system therefore considerably strengthens the rights of companies involved in selecting varieties. Furthermore, all varieties of genetically modified plants put on the market are protected by patents: any reproduction of a GMO, without paying fees to the company that developed it, is considered as piracy. If there were no patents, the return on investment of these companies would not be sufficient: GMOs are only profitable if they are protected by patents.

Nobody is saying that investors should not be legitimately entitled to protect their inventions from copying or piracy. What is at stake in the negotiations is the balance between the right of the inventor and that of the user or, in other words, the patenting or not of living organisms, which is also the cause of great controversy.

At Seattle, the developing countries expressed strong reservations about TRIPS for several reasons.

Banned by patents, the use of seeds from farms is generally allowed by other forms of plant variety protection. This is an extremely important issue, since use by farmers of part of their harvests to sow that of the next year is widely practised, with over 90% of crops being sown in this way in developing countries. Making farmers purchase their seeds every year raises several problems, the first being cost.

Another problem is the availability of varieties. Generally, seed companies do not offer every existing variety for sale, and especially not local and traditions varieties. Making the annual purchase of seeds obligatory gives considerable power to seed companies that control cultivated varieties. This could harm biodiversity.

Example: transgenic corn

Monsanto, a seed company, developed a variety of corn resistant to insects. This variety was patented. The consequence of this was that farmers used to sowing part of their harvest could no longer continue this practice, since they would have been guilty of using a patented invention without the inventor's authorisation, thus of piracy. They were therefore obliged to purchase their seeds from Monsanto every year.

Developing countries want the principle of "the farmer's privilege" of using his own seeds to be recognised in the WTO agreement. However, the major seed corporations are totally opposed to this proposal which is against their immediate financial interests. Thus they put strong pressure on their governments.

To prevent farmers from using seeds produced on their farms, the biotech companies have even developed a transgenic technique known as "Terminator", which makes seeds produced by transgenic plants sterile. The outcry from world public opinion was such that Monsanto decided to suspend its use. However, seed corporations continue to develop research to genetically limit the farmer's privilege.

Between dependence on seed corporations, declining biodiversity, and the development of Terminator type technologies, patenting living organisms risks harming food security, especially in developing countries.

African countries are completely opposed to patenting plants and animals and any of their parts. They want the principles of the Convention on Biodiversity to be recognised in TRIPs. In particular, they want to maintain traditional methods used by peasants, especially the right to use and trade their own seeds and sell their harvests. Lastly, they want to prohibit any practice liable to undermine food sovereignty in developing countries.

Standards in international negotiations

The WTO negotiations are aimed at lowering barriers to trade. However, standards applicable to the products traded are necessary, since they guarantee product "quality" for consumers.

The WTO Agreements (SPS and OTC) related to standards are intended to stop standards from being used for discriminatory purposes and to protect domestic markets. With the reduction of tariff and non-tariff barriers, standards can become very efficient instruments for protection. These agreements therefore reuse the principle of national treatment (nondiscrimination between foreign and national products) and set out a number of criteria to prevent standards from creating unnecessary obstacles to trade.

The agreement on sanitary and phytosanitary measures (SPS)

The importance of sanitary and phytosanitary measures has increased substantially over recent years. Intended to protect consumers, animals and plants, SPS measures may cover production, product inspection, production processes and the content of residues in pesticides, for example. The agriculture agreement explicitly refers to the SPS agreement.

International standards exist on the subject and are supplied by specialised institutions: the Codex Alimentarius Commission for human health, the International Office for Epizooties (IOE) for animal health, and the International Convention for the Protection of Plants (ICPP). These standards are recognised by the WTO and the protective measures they recommend are accepted. However, any national legislation leading to stricter protection in the framework of trade must be scientifically justifiable. An SPS Committee has been set up in the framework of the WTO to ensure the efficient application of the agreement.

Examples of SPS standards

- Preventing the sale of a product is difficult if the country cannot prove scientifically that its consumption leads to hazards. Thus, European legislation prohibiting the import of beef reared on hormones (mainly from the United States) was judged in August 1997 by the WTO to be contrary to the conditions of the SPS agreement, since no scientific proof of the risk of meat containing hormones was forthcoming.
- In 1999, Europe stopped imports of certain fish and seafood from Uganda and Kenya under the pretext of a cholera epidemic. It was later shown that cholera cannot be transmitted by fish.
- Beef from certain African regions cannot be exported to European markets since it is produced in areas where certain diseases identified by the IOE exist.

The agreement technical obstacles to trade (TOT)

The TOT agreement covers all technical regulations and conformity evaluation procedures other than those concerning human, animal and plant health covered by the SPS agreement.

This concerns, for example, the obligation for a producer to indicate the nutritional composition of its product on the label, the banning of the sale of products leading to certain allergies, and packaging and labelling standards.

The consequences of these agreements for developing countries

The developing countries consider that the technical standards and SPS are above all tools for protection. It is true that certain developed countries can find a means to protect sectors of activity open to competition. However, suspicion also stems from the fact that standards in developing countries are often less restrictive than international standards. Furthermore, international standards systems are very complicated and restrictive and developing countries participate little in them. Their interests are therefore rarely taken into account.

Example of TOT standards

- The import of mangoes can be stopped is the boxes do not conform to specific constituent standards.
- To export meat products to the European market, potential suppliers must upgrade their slaughterhouses to the standards set by the European Union.

Furthermore, developing countries do not always have the financial and human resources to apply the standards demanded by the developed countries. For example, modifying fishing, conservation, processing and transport of fish can be very expensive. Special and differentiated treatment is therefore given to developing countries to prevent these technical constraints from being overrestrictive regarding their trade. The conditions of this treatment include exceptions limited in time and commitments to provide technical and financial assistance.

The Alliance for a Responsible, Plural and United World

Working together towards the challenges of the 21th century

Ever since the late eighties of the 20th century, numerous initiatives have been but forward from different regions of the world and extremely diverse contexts. Different social actors were thus put in motion with the aim of organising a vast worldwide process seeking to explore values, proposals and regulations capable of overcoming the modern challenges humanity is faced with.

A large number of thematic, collegial and continental meetings were organised in the early nineties, a process which led, in 1993, to the drafting of the *Platform for a Responsible and United World*.

Regional groups were set up, international professional networks and thematic networks on the fundamental issues of our era were developed: the Alliance was created. It is financially and technically supported by the Charles Léopold Mayer Foundation for the progress of Humankind (FPH), among others.

The Alliance is focussed on inventing new forms of collective action on both a local and global scale, with the aim of shaping together the future of an increasingly complex and interdependent world.

The challenge of the Alliance is to actively support unity in diversity by asserting our societies' capability to understand and appreciate the complexity of situations, the interdependence of problems and the diversity and legitimacy of geo-cultural, social and professional perspectives.

The Alliance, as a space of discussion, reflection and proposals, is built around three main orientations:

Local groups aiming to bring people of a community, a region, a country or a continent together by looking at the realities and issues of their own societies. This is the **geo-cultural approach**. It reflects the diversity of places and cultures.

Groups of socio-professional actors wishing to provoke dialogue and mobilisation within a given social sector or profession (youth, peasants, scientists, local representatives, etc.). This is the **collegial approach**. It reflects the diversity of social and professional milieus, their concerns and responsibilities towards society and the challenges of today's world.

Thematic workshops seeking to create reflection groups centred around the major issues of our common future (sustainable water management, regional integration and globalisation, financial markets, art and society, etc.). This is the **thematic approach**. It reflects the diverse challenges humanity is faced with in the 21st century. Thematic workshops are organised into four areas: Values and Culture, Economy and Society, Governance and Citizenship, Humanity and the Biosphere.

Seeking both to draw on the richness of materials and experiences gathered by these reflection groups whilst networking with other citizen dynamics with a similar focus, the Alliance fixed itself the objective of obtaining collectively developed, concrete proposals. The following meetings were thus organised:

- international meetings, for each thematic workshop and each college,

- **synchronized continental assemblies** (Africa, Americas, Asia, Europe) and a regional meeting in the Arab world (Lebanon) in June 2001.

- a **Citizen World Assembly**, held in December 2001 in Lille, France, bringing 400 participants together from around the world.

These meetings together contributed to the drafting of some sixty *Proposal Papers for the 20th century* and a *Charter of Human Responsibilities*, published in several languages in different countries.

The Alliance has been involved in a process of disseminating and developing these outcomes since the beginning of 2002. Networks are expanding, branching out and their work themes are becoming increasingly transversal. They also strengthen links with other approaches aiming to create an alternative globalisation.

For further information, please visit the **alliance website** at www.alliance21.org, where the history of the Alliance, the challenges it is engaged in and the workshops and discussion forums being held can be viewed in three languages (French, English and Spanish).

E-mail: info@alliance21.org

The proposal papers on the internet

Whether in their provisional or definitive form, all the proposal papers and their corresponding translations can be accessed on the website of the Alliance for a Responsible, Plural and United World, at:

http://www.alliance21.org/fr/proposals

Themes available:

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