



# **The WTO agrarian negotiations and nature conservation: towards sustainable rural development**

***Documentation of an expert workshop and outlook  
29.6.-2.7.2003 on Vilm, Germany***

## Impressum



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# Foreword

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Aspects of environmental protection and nature conservation are hardly taken into account in the current WTO agriculture negotiations. The negotiations are focussing on reductions in tariffs and trade distorting subsidies rather than on sustainable development issues. The WTO is very much coining the agricultural debate with its liberalisation and deregulation agenda. Instead the real underlying question behind the WTO negotiations should be about how multilateral rules in agricultural trade have to be designed in order to achieve sustainable rural development in the South and the North. But this major concern gets thrust into the background at the WTO.

The inter-linkages between trade, development and environment guided the Rio conference on environment and development in 1992. It was a major achievement in Rio to acknowledge the effects of poverty on the environment in the South, and the responsibility of the North in contributing to poverty via its use of trade distorting support in agriculture and its overuse of natural resources (e.g. climate change). But the effects of trade distorting support i.e. dumping on poverty and the environment in the South are not seriously taken into account in the WTO agricultural trade negotiations. Especially the latter does not play any role as such.

Euronatur as an organisation committed to nature conservation and Germanwatch as a North-South-Initiative committed to fair rules in agricultural trade therefore jointly organised an expert workshop on the Island of Vilm at the end of June 2003, supported by the German Federal Agency for Nature Conservation (BfN)<sup>1</sup>. The workshop was entitled "WTO Agrarian Negotiations and Nature Conservation: Towards Sustainable Rural Development in the North and the South". The workshop brought together experts with a trade or environment background from the South and the North sharing their knowledge and discussing ways ahead. The key question was about the agricultural trade framework needed in terms of subsidies and tariff protection in order to allow sustainable rural development. One major topic was the subsidy issue starting from the common aim to reconcile the need of subsidies for the promotion of sustainable rural development in the North and the need for reducing trade distorting support in the North for putting an end to dumping and its disastrous effects on farming in the South.

The debate on reconciling environment and development issues in agricultural trade negotiations is quite a new one. The outcome of the workshop is thus one important step ahead but this issue deserves still much more attention, more reflection and more study. Sustainable rural development is crucial in the fight against poverty and in the conservation of biodiversity and natural resources as the basis of life of future generations.

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Berlin, November 2003

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<sup>1</sup> With funds from the German Federal Ministry for the Environment (BMU)

# Wrap up of the agricultural trade negotiations

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The agricultural trade negotiations started in early 2000. They form part of the “built-in-agenda” of the WTO, i.e. the continuation of the reform process is already foreseen in the Agreement on Agriculture (AoA) itself. The AoA consists of three pillars: market access, domestic support, export competition. The current agricultural negotiations are based on the final tariff and subsidy commitments of the first implementation period of the agreement on agriculture. The implementation period for developed countries expired at the end of 2000 and will expire for developing countries in 2005.

## “Balance the imbalances” of the Agreement on Agriculture

It is no secret that the Uruguay Round (1986-1994) did not bring about the promised benefits to developing countries because of the loopholes and exceptions integrated in the AoA in favour of developed countries. The expectations in terms of improved market access and substantial reductions in domestic support and export subsidies did not materialise because of high levels of subsidies and tariffs in the determined base period, because of the process of “dirty tariffication”, because of “average” tariff reductions, because of the major use of the special safeguard clause by developed countries, and because of the establishment of the Blue Box. For this reason developing countries are asking for a “balancing of the imbalances” of the AoA in the current negotiations.

### The boxes of the Agreement on Agriculture

#### Amber Box:

Policies that are subject to review and that need to be reduced over the time (e.g. market price support, input subsidies)

#### Blue Box:

Payments that are given in combination with production limiting programmes (e.g. acreage payments in the EU)

#### Green Box:

Policies, that are supposed to be minimally or not trade distorting. As such they are acceptable and not subject to reductions (e.g. environmental payments, direct income payments, investment promotion)

### The WTO and agricultural trade negotiations

- **1st January 1995:** Establishment of the WTO (successor to the old GATT system)
- **1999:** 3<sup>rd</sup> Ministerial Conference in Seattle; failure of conference, no launch of Millennium Round
- **November 2001:** 4<sup>th</sup> Ministerial Conference in Doha; start of the Doha Round (so called “development round”), Adoption of Doha Development Agenda (DDA)
- **12<sup>th</sup> February 2003:** Presentation of first draft of modalities by Harbinson, Chair of Special Sessions of the Committee on Agriculture i.e. agricultural negotiations
- **18<sup>th</sup> March 2003:** Presentation of second draft of modalities by Harbinson
- **31<sup>st</sup> March 2003:** modalities for the new AoA to be agreed (deadline missed!)
- **10.–14. September 2003:** 5<sup>th</sup> Ministerial Conference in Cancún: failure again, no agreement
- **End of 2004:** negotiations to be concluded (not realistic anymore!)
- **Beginning of 2007:** probable end of Doha Round?

## Milestones of the agricultural negotiations

The basis for the agricultural negotiations is laid down in the Doha Declaration adopted by the trade ministers in November 2001. Members committed themselves to substantially improve market access, to reduce, with a view to phasing out, all forms of export subsidies and to substantially reduce trade distorting domestic support. Special and differential treatment (S&DT)<sup>1</sup> provisions shall be an integral part of all agreements i.e. also of the AoA. Non trade concerns such as environmental protection and food security shall also be taken into consideration.

An ambitious time schedule was set out to reach an agreement on modalities by the end of March 2003. Harbinson, the Chair of the Special Sessions of the Committee on Agriculture (CoA) presented his first draft of modalities on the 12<sup>th</sup> of February 2003. There was much criticism from the EU, many developing countries, and NGOs. It is important to note that all those proposals by developing countries have been ignored which question either the exceptions for developed countries or the liberalisation paradigm of the WTO. Even the proposals taken up so far have been considerably watered down. For example, the “special consideration group” (see below) was asking for the total exemption of food crops from reduction commitments while Harbinson still intended to expose them to further tariff reduction, but at a lower rate. The EU was unhappy because they did not see their non trade concerns adequately reflected in the first draft. In fact the amendments proposed to the paragraph on environmental programmes (green box) would have put the agri-environmental programmes of the EU at risk.

The second draft by Harbinson (13<sup>th</sup> of March) did not introduce many changes as there was not much guidance by the WTO members in order to sort out the common ground. But it can be positively mentioned that the amendments on environmental programmes were changed back to the currently existing version of the AoA. Finally, the deadline of 31<sup>st</sup> of March was missed, as were all other deadlines fixed so far as well. Informal consultations held afterwards did not lead to any result.

### Negotiation groups in agriculture (situation before Cancún)\*

“Cautious” group, i.e. Europeans, Switzerland, Japan, South Korea, etc. (Friends of Multifunctionality): cautious in terms of liberalising their own markets, of reducing domestic support and export subsidies while defending non trade concerns (expand protection for geographical indications, recognition of precautionary principle for food standards, official permission of mandatory food labelling).

“Ambitious” group: US, Cairns Group: ambitious in terms of liberalising markets, i.e. opting for the harmonisation of tariffs by reducing them to a maximum of 25% across the board; and in terms of substantially reducing domestic support (e.g. Cairns group: tighten and cap green box, eventually eliminate amber box, merge blue box and amber box). Elimination of export subsidies.

“Special consideration” group, e.g. Like-Minded-Group, African Group, LDCs etc.: deep commitments for developed countries in terms of market access and domestic support; retain/re-open flexibilities for developing countries (for food security, protection of livelihoods of small farmers) as part of the S&DT provisions. Elimination of export subsidies.

\* According to the presentation by Alex Werth, International Centre of Trade and Sustainable Development: “The WTO negotiations on Agriculture” at the workshop (30.6.2003).

At the mini-ministerial conference in Montreal/ Canada at the end of July the US and the EU were asked to work on a joint text. The EU had just finalised their internal reform of the Common Agricultural Policy a month earlier (26<sup>th</sup> of June, 2003). On the 13<sup>th</sup> of August the EU/US proposal was presented. It marked a turning point in the agricultural negotiations as counterproposals were presented by the African Group, the Like-Minded-Group and a group of 17 developing countries lead by Brazil (G-17, later G-21). Development issues had not been taken into account by the EU and US.

At the beginning of the Ministerial Conference in Cancún the G-21 articulated its positions clearly and strongly. The G-21 played a predominant role and got much media attention. Further coalitions were strengthened, others emerged. The Alliance of 33 developing countries got stronger. They are defending the need for S&DT on food crops and on special safeguards. The G-90 articulated itself on the 12<sup>th</sup> of September

<sup>1</sup> Special provisions only applicable to developing countries taking into account the different state of development in comparison to developed countries and their specific development needs. The basic principle of the concept of S&DT is non-reciprocity, meaning that developing countries do not have to offer the same concessions to developed countries, than developed countries do to developing countries.

with their own proposal. They were supporting the G-21 in terms of their demand for improved market access to developed countries and substantial reductions in domestic support by developed countries. They also supported the Alliance of 33 in the defence of safeguard instruments. On the 13<sup>th</sup> of September the Chair of the conference, Derbez, presented a second draft for the Ministerial Declaration which also contained a new proposal for a framework agreement on agriculture. It was heavily criticised by developing countries as it was so obviously biased in favour of the EU and the US ignoring at the same time their own concerns. NGOs worldwide rejected the draft especially because of its far reaching tariff reduction demands on developing countries and because of its weak provisions on domestic support allowing dumping to continue. Both had harmed small farmers in the developing world.

### Groupings of developing countries in Cancún

- (1) Group 21: Argentina, Egypt, Bolivia, Brazil, Chile, China, Columbia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, India, Mexico, Pakistan, Paraguay, Peru, Philippines, South Africa, Thailand, Venezuela.
- (2) Alliance of 33: Antigua und Barbuda, Barbados, Belize, Botswana, Cuba, Dominican Republic, Dominica, Grenada, Guyana, Haiti, Honduras, Indonesia, Jamaica, Kenya, Mongolia, Montserrat, Nicaragua, Nigeria, Pakistan, Panama, Philippines, Saint Kitts, Saint Lucia, Saint Vincent and the Grenadines, Surinam, Tanzania, Trinidad and Tobago, Turkey, Uganda, Venezuela, Zambia und Zimbabwe.
- (3) Group 90: African Union, ACP countries, LDCs

The collapse finally happened because of divergent views on the Singapore issues. It is unclear how close the negotiations on a framework agreement on agriculture had come to being finalised. However the positive message to be spread is, that a broad coalition of developing countries was emerging, claiming to materialise the development dimension in the negotiations and that the coalitions stayed together despite the efforts of the EU and the US to split them. This fact raises hopes, that a future agreement on agriculture might become more development friendly.

## Integrating agriculture trade and agri-environmental policy:

**Elements for a sustainable development-oriented agenda in the context of WTO negotiations\***

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### 1. Introduction

Agriculture<sup>1</sup> is the only productive sector that bases its activity on the growth and development of living organisms, hence, its particular characteristics. In order to grow, species require an appropriate agro-ecological environment (specific conditions of climate, soil, humidity, etc.) and they are subject to diseases and to attack by biological agents. The technologies used to produce them must take account of these conditions and must be specific to the various and diverse agro-ecosystems. Including the varieties – or genetic material – on which agricultural production is based.

\* Santiago Perry, Foundation for Participatory & Sustainable Development of Colombian Small Farmers, FPSDCSF Joint ICTSD/FES Roundtable on Agriculture and Sustainable Development, Geneva, 2 December 2002. Presentation of this topic at the workshop by Alex Werth, ICTSD.

<sup>1</sup> Agriculture taken in the broad sense of the term, to include agriculture, stockbreeding, forestry and fisheries.



Over thousands of years, different societies have endeavoured to adapt species to the conditions of their environment through genetic improvement. In this way, they have substantially modified genetic resources for food and agriculture, which at present are made up partly of species that still grow wild and partly of species that have been domesticated or transformed by humans. The latter nowadays make up the bulk of our food supply. But they all, and especially the former<sup>2</sup>, offer significant potential for the expansion and diversification of agricultural and food production. Further still, any genetic improvement - whether achieved by conventional or by biotechnological methods - will depend for its success on the availability of a broad base of these resources, since this is essential for finding the desired or required characteristics to obtain new varieties, which are more productive and resistant to different forms of stress.

The challenges inherent in the problem of feeding a world population, whose growth has accelerated in recent decades, which continues to grow and a significant percentage of which is still undernourished, demand significant technological and genetic efforts to improve food crops. Demographic growth taking place primarily in the developing world. To be successful, efforts to address these challenges will critically depend on the pool of genetic resources for agriculture and food available globally and in individual countries. In this context, the access of these countries, their farmers and their breeders, to the global pool of genetic resources, on which all our countries depend, is fundamental as a means of guaranteeing the availability of food for their populations.

## 2. The Agreement on Agriculture and the environment

But agriculture is not special just for the above-mentioned reasons. It is also special because it is the sector most affected by distortions in the global market, caused by heavy subsidies and the high protection enjoyed by farmers in developed countries. The enormous budgets for distortive domestic support and for export subsidies available in the countries of the Organization for Economic Cooperation and Development (OECD), coupled with the high tariffs and other measures used to protect their farmers, have curtailed the global market in agricultural goods and have given rise to many problems, especially of an environmental nature.

In effect, it is estimated that the USD 361 billion spent by OECD countries in 1999 to support their agriculture resulted in an annual cost of USD 20 billion for developing countries<sup>3</sup>. Subsidies depress global prices. This makes it difficult for developing farmers to compete and substantially reduces their income and profitability. In addition, protectionist barriers prevent or at any rate hamper access of

goods to the markets of industrialized countries. This in turn reduces the influx of foreign currencies to developing countries, which limits the availability of budgetary resources that could be devoted to environmental conservation programmes. In addition, it aggravates poverty in developing countries, which is one of the main causes of environmental degradation in those countries, a fact that is widely acknowledged.

It is not easy for poor rural dwellers to adopt environment-friendly farming practices. Because their plots are unprofitable, they are often forced to abandon them in favour of colonizing areas of humid tropical forest, where they cut down trees in order to sow subsistence crops. This process of deforestation leads to a loss of biological diversity, a degradation of water springs and streams and soil erosion. Others take the decision to migrate to the already overpopulated cities of the developing countries, where they settle in belts of extreme poverty, with no public services and frequently located in very fragile areas. Furthermore, problems of sewage and waste disposal, water supply contamination and air pollution are considerably aggravated.

The upshot is that agricultural subsidies and protection in developed countries become one of the main causes of rural and urban environmental degradation in developing countries. Furthermore, the subsidies

<sup>2</sup> Although there are potentially thousands of species of plants that could be used for human consumption, in fact our food is based primarily on 20 species only.

<sup>3</sup> OECD (2000), *Agricultural Policies in Emerging and Transition Economies*, Paris.

generate environmental problems in the very countries that grant them, since they encourage the intensification of farm production, the practice of monoculture, over-exploitation of the soil, the allocation for farming purposes of ecologically vulnerable and valuable lands (i.e. areas rich in biodiversity), as well as the growing use of chemical inputs and other products derived from non-renewal sources of energy, and the application of unsuitable farming practices producing unsustainable levels of residues.

For the above reasons, the 1992 United Nations Conference on Environment and Development made the point that the liberalization of the food trade and environmental conservation had to be complementary and mutually reinforcing, while Agenda 21 (the United Nations Programme of Action on the Environment and Sustainable Development), that arose from the conference, drew attention to the urgent need to achieve a substantial and progressive reduction of export subsidies and other types of distortive support. Johannesburg's World Summit on Sustainable Development reiterates this aspiration and mandates governments to reduce harmful subsidies, with emphasis on the agricultural sector.

The Agreement on Agriculture, which resulted from the Uruguay Round and its implementation, have not reverse the harmful trends described above. Distortive subsidies have been maintained or even increased, as in the case of the recently enacted Farm Bill in the United States. Quite apart from the half-hearted commitment to reducing support accepted under the Uruguay Round, the lack of stricter disciplines in the "green box" system coupled with the introduction of the "blue box", the "peace clause", the special farming safeguard and the "*de minimis*" clause for developed countries, have in effect meant that distortive subsidies have not diminished. The same occurred with the way non-tariff measures were determined and how minimum and current access tariff quotas were established, as a result of which there was no effective improvement in the developing countries' access to the markets of developed countries. All these factors were detrimental to developing countries and to the local and global environments.

In addition, the Uruguay Round did not tackle the issue of fishing subsidies, which stimulate excess capacity in fishing fleets and the over-exploitation of fish resources, so that they affect the environment and depress prices for these goods. Many developing countries have clear advantages when it comes to fisheries and aquaculture, so that the elimination of such subsidies, which would be a "win-win-win" situation for trade, development and the environment, should be considered a priority issue for developing countries.

### 3. The market for ecological and organic products

The liberalization of global agricultural trade will certainly not be sufficient in itself to achieve adequate protection for the global environment. A further series of measures and actions will be needed to achieve this. One of these, which is related to trade, is the recognition of better prices for agricultural products obtained by using environment-friendly and sustainable working practices, especially for ecological or organic agricultural goods, in view of the growing global trend to consume this type of product. This is also an area where developing countries could hold a substantial advantage. Several studies have shown how this market can potentially benefit the farmers of developing countries, especially small-holders, insofar as it would allow them to obtain a better return on their crops while having to introduce fewer changes in their production systems, since in fact many of those systems are sustainable and their use of chemical inputs is sparing or non-existent. Nevertheless, the manner in which ecological labelling programmes have been introduced in developed countries could be prejudicial, mainly for the following reasons:

- i) A variety of ecological labelling systems are used in different countries, subjecting the same labels to different requirements;
- ii) These systems do not accept the labels of other systems that pursue the same purpose;
- iii) Some of these systems are very demanding and are applied with little transparency;
- iv) Systems are based on the environmental and technological conditions of the importing country, which often differ substantially from those that prevail in the exporting developing countries;
- v) As a general rule, developing countries do not participate in the crafting of standards, but are "standard-takers" instead, which means that the rules are not adapted to the needs of developing countries or tend simply to benefit the interests of developed countries<sup>4</sup> ;

<sup>4</sup> As mentioned in a World Bank document; see Sherry M. Stephenson (1997), Standards and Conformity Assessment as Nontariff Barriers to Trade, Department of Research in Development Policies, World Bank, Washington DC.

- vi) For the above reasons, it becomes very expensive for developing countries to participate in the ecologically labelled markets of developed countries, especially for small- and medium-sized producers.

In view of the above, in order to avoid that developing countries be affected by ecological labelling<sup>5</sup>, and instead benefit from new opportunities, the following conditions are required:

- a) Accepting criteria of *equivalence*<sup>6</sup> in eco-labelling systems;
- b) Establishing expeditious *mutual recognition* mechanisms, in which priority is given to recognition of the labels of exporting developing countries;
- c) Harmonizing some technical regulations, such as testing and inspection methods;
- d) Applying the Code of Good Practice for the Preparation, Adoption and Application of Standards of the Agreement on Technical Barriers to Trade to voluntary ecological labels;
- e) Establishing international technical cooperation to ensure that developing countries may obtain the necessary infrastructure and technical know-how to develop acceptable eco-labelling systems, including the required testing, auditing and verification procedures (with conformity assessment);
- f) Establishing mechanisms that enable developing countries to participate in the drafting of technical regulations and standards.

Subject to the suggested changes in labelling processes, the trade in ecological or otherwise environment-friendly farm products could act as an economic incentive for environmental conservation and the sustainable development of developing countries, and especially of their communities of small producers.

#### 4. The TRIPS Agreement and the environment

The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) establishes an obligation to protect intellectual property rights over plant (and animal) varieties, either by patents or by other (*sui generis*) forms of protection<sup>7</sup>.

The above rule has given rise to two main concerns: the possibility of restricting access to genetic resources for food and agriculture, thereby hindering or monopolizing genetic improvement, and the possibility of not recognizing the entitlement of the countries of origin of those resources, or of the rural communities which have looked after them and improved them, to a fair and equitable share of the economic benefits which might arise from them. It has also raised a query regarding the existence of a possible conflict between the TRIPs agreement on the one hand and the Convention on Biological Diversity (CBD) and the new International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGR) on the other.

<sup>5</sup> Many countries have expressed concern that labelling standards might prove a new obstacle to trade, and in particular that they might affect the exports of developing countries. A document of the WTO Secretariat (Doc. G/TBT/W/42 of April 1997) points out that excessively regulated markets impede trade, that 40% of the complaints lodged since the early 1980s with the WTO Committee are related to labelling, marking or packaging, mainly of food products, that most of the complaints referred to the standards of developed countries and that UNCTAD studies showed that it was more difficult and costly for developing countries to meet labelling standards than for industrialized countries.

<sup>6</sup> Equivalence expresses the idea that whenever comparable environmental objectives may be achieved in different ways, taking into account the specific environmental conditions of each country, then different criteria may be accepted as a basis for granting eco-labels. The concept of equivalence may be applied in two cases. Firstly, when there is no eco-labelling programme in the exporting country, the importing country may accept the fulfilment of particular environmental requirements in the exporting country as "equivalent" to the fulfilment of criteria established in accordance with the eco-labelling programme of the importing country. Secondly, if both countries operate an eco-labelling system, the concept of "equivalent" standards may serve as a basis for the mutual recognition of eco-labelling systems.

<sup>7</sup> Article 27 (3) of the TRIPs Agreement states that: "Members may also exclude from patentability: ... b) plants and animals other than micro-organisms, and essentially biological processes for the productions of plants or animals other than non-biological and microbiological processes. However, Members shall provide for the protection of plant varieties either by patents or by an effective *sui generis* system or by any combination thereof. The provisions of the subparagraph shall be reviewed four years after the date of entry into force of the WTO Agreement."

While the TRIPs Agreement aims at promoting technological innovation by ensuring the protection of intellectual property over new varieties, and as a result opens the way to the possibility of private appropriation of benefits derived from the genetic improvement of food varieties, the CBD and the ITPGR emphasize the sovereignty of countries over genetic resources and promote the rights of rural communities and farmers to share in those benefits<sup>8</sup>, that is, they lay the emphasis on public and community rights, issues which are not dealt with in the TRIPs Agreement.

Article 15 of the CBD recognizes that the authority to determine access to genetic resources rests with national governments and that each country should take measures to ensure the fair and equitable sharing of benefits arising from the commercial and other utilization of genetic resources. The ITPGR, moreover, devotes part of its text (section III) to the rights of farmers, in which it recognizes the fundamental role these have played in the conservation and transformation of resources, although Article 9.2 leaves the responsibility of implementing farmers' rights in the hands of national governments<sup>9</sup>, without establishing any particular specific implementation mechanism.

In addition, in Article 12.3 (d), the ITPGR opposes the recognition of intellectual property rights over plant genetic resources for food and agriculture, or their genetic parts or components<sup>10</sup>.

With regards to the relationship between the above-mentioned agreements, and in particular between the TRIPs Agreement and the CBD, there are three prevailing positions:

- i) either there is an inherent conflict between the two instruments;
- ii) or there is no conflict between the agreements and governments may apply them in such a manner that they reinforce each other, through national measures;
- iii) or there is no inherent conflict, but a conflict might arise between them depending on how they are implemented, so that it would be necessary, or at least desirable, to adopt international measures ensuring that the two agreements are mutually supportive; in this sense, Article 27.3 (b) of the TRIPs Agreement ought to be modified in order to incorporate some of the provisions of the CBD.

Many developing countries support this third position and have proposed, specifically, that Article 27.3 (b) should be modified in such a way that, while maintaining the existing exceptions, it obliges or enables WTO Members to require that patent applicants:

- a) Disclose the source of genetic materials used in the invention they claim;
- b) Disclose the traditional knowledge used in the invention;
- c) Give proof of prior informed consent of the competent authority in the country of origin of the genetic resources;
- d) Prove that they have established a fair and equitable sharing of potential economic benefits. This would be a way of avoiding possible conflict between the TRIPs Agreement and the CBD, of establishing the criterion of national sovereignty over plant genetic resources and of ensuring that rural communities and farmers who have preserved and transformed these resources receive a fair share of the economic benefits derived from them. Effective recognition of the rights of farmers and rural communities to share in the benefits arising from the utilization of the genetic resources that they have contributed to preserve and improve is fundamental in terms of encouraging them to continue caring for genetic diversity and agro-biodiversity. On the contrary, any establishment of intellectual property rights over plant varieties, which does not include this incentive for rural communities, can lead to a uniformity of agricultural production and hence the erosion of genetic

<sup>8</sup> Article 1 of the CBD states that: "The objectives of this Convention ... are the conservation of biological diversity, the sustainable use of its components and the fair and equitable sharing of the benefits arising out of the utilization of genetic resources", while Article 1 of the ITPGR states that "The objectives of this Treaty are the conservation and sustainable use of plant genetic resources for food and agriculture and the fair and equitable sharing of the benefits arising out of their use."

<sup>9</sup> Article 9.2 literally states that: "The Contracting Parties agree that the responsibility for realizing Farmers' Rights, as they relate to plant genetic resources for food and agriculture, rests with national governments." As a result, no compulsory international mechanism was established to determine how such rights should be recognized.

<sup>10</sup> The subparagraph states that: "Recipients shall not claim any intellectual property or other rights that limit the facilitated access to the plant genetic resources for food and agriculture, or their genetic parts or components, in the form received from the Multilateral System".

diversity. This constitutes a fundamental risk in case the implementation of TRIPS Agreement is carried out without taking into account the provisions of the CBD and the ITPGRE. Indeed, a major flow of the global governance system which countries have a responsibility to address under the current Doha mandate at the WTO.

## 5. Elements for a developing country strategy in current international negotiations

The objective of developing countries in negotiations must be to achieve better possibilities of access to the markets of developed countries and a less distorted international market, in which farming activity will be sustainable, including enabling its profitability. This would help them to attain their objectives in terms of development and poverty reduction, at the same time as it would help them to achieve standards of environmental conservation and to improve the global environment. The strategy of developing countries in negotiations, if they are to achieve the foregoing, should therefore be based on the following elements:

**1** Insist on the elimination of subsidies in developed countries, especially export subsidies and distortive domestic support. As mentioned earlier, such subsidies limit the possibilities for development and poverty reduction in developing countries and adversely affect the local and global environment, by generating an inappropriate allocation of resources. This leads to the over-exploitation of some ecosystems, the destruction of fragile ecosystems, the loss of biodiversity, and rising poverty and overpopulation of the cities of developing countries. In other words, the elimination of these subsidies will produce a “win-win-win” situation for trade, development and the environment. This holds true just as much for agricultural subsidies as for fishing subsidies, where is an even clearer case. A statement was made in this regard for the first time in the Doha Ministerial Declaration<sup>11</sup>.

**2** Seek the establishment of better conditions of access to markets of developed countries, which implies:

- The elimination of tariffs and other barriers to the importation in developed countries of the products of interest to developing countries, or at least the introduction of substantial reductions on the tariffs applied to such products;
- The enlargement of tariff quotas and more transparent administration thereof, and the establishment of an obligation to give preference to developing countries in the allocation of quotas;
- The establishment of an international system of more transparent ecological and environmental labelling, which is fair and easily accessible to developing countries, in accordance with the points made above.

**3** Call for the establishment of a real special and differential treatment for developing countries, in order to ensure that, besides achieving better access to markets of industrialized countries, the developing countries are able to maintain the modest measures of support, defence and protection for their farmers which are already in place. This implies, *inter alia*, that a series of measures of the Agreement on Agriculture - such as the special safeguard, the “blue box” measures and the *de minimis* criteria - should be maintained but permitted only for developing countries, that is to say, that such measures should become part of their special and differential treatment and should not be permitted for developed countries.

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<sup>11</sup> Paragraph 28 of the Declaration states that: “In the context of these negotiations, participants shall also aim to clarify and improve WTO disciplines on fisheries subsidies, taking into account the importance of this sector to developing countries.”

**4** Advocate the modification of Article 27.3 (b) of the TRIPs Agreement with a view to incorporating some of the CBD's provisions, according to the proposed guidelines supported by several developing countries, as described above.

**5** Advocate the establishment of binding international regimes with respect to access to genetic resources (going beyond the short list of resources covered by the ITPGR), the protection of traditional knowledge and the defence of farmers' rights. This proposition goes much further than just revising Article 27.3 (b) of the TRIPs Agreement - though moving in the same direction – and would tend to overcome existing limitations in international law, not only within WTO, but also in the CBD and the ITPGR. It would build on the mandate from Johannesburg to “negotiate ... an international regime to promote and safeguard the fair and equitable sharing of benefits arising from the utilization of genetic resources” and would seek to resolve once and for all the issues still outstanding in a grey area of international law. In Doha Ministers had indeed already provided a mandate to the WTO to deal with these critical issues<sup>12</sup>.

**6** Advocate development of a mechanism in WTO through which developed countries contribute a financial amount equivalent to a share of their total annual domestic support to assist farmers and rural communities in developing countries in the conservation of agro-biodiversity and in the adoption of sustainable development practices in the agricultural sector. Establishing this share could be done by agreeing to a percentage of each developed country's total sum of its AMS<sup>13</sup> plus support provided both under the “blue” and “green” boxes.

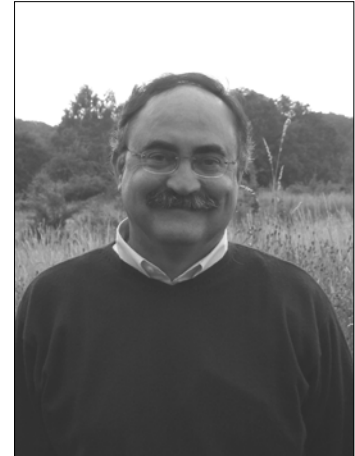
At the next ministerial meeting in Cancún, developing countries should try to ensure that the above issues are brought to center stage. In particular, they should try to ensure:

- recognition of the link between the distortions brought about by the agricultural policies of developed countries on the one hand and the poverty of developing countries and the deterioration of the global environment on the other;
- that a decision be made regarding a specific mechanism to eliminate distortive subsidies for fisheries, and determining the importance this has for developing countries;
- that a clear mandate be established regarding an effective and significant enlargement of the possibilities of access for the farming products of developing countries to the markets of developed countries, giving preference to ecological and environmental products, whose standards and labelling systems must not become a new barrier to trade;
- that priority be given to reviewing Article 27.3 (b) of the TRIPs Agreement and to effectively advance under Article 71.1, a clarification of its relationship with the CBD and with the ITPGR and to guarantee the protection of farmers' rights, and, moreover, the establishment of binding international regimes with respect to access to genetic resources, the protection of traditional knowledge and the defence of farmers' rights.
- That priority be immediately granted to the establishment of the financial compensatory mechanism described above, based on a share of each developed country's total domestic support to its agricultural sector.

<sup>12</sup> Paragraph 19 of the Doha Ministerial Declaration is worded as follows: “We instruct the Council for TRIPs, in pursuing its work programme including under the review of Article 27.3 (b), the review of the implementation of the TRIPs Agreement under Article 71.1 and the work foreseen pursuant to paragraph 12 of this Declaration, to examine, inter alia, the relationship between the TRIPs Agreement and the Convention on Biological Diversity, the protection of traditional knowledge and folklore, and other relevant new developments raised by Members pursuant to Article 71.1.”

<sup>13</sup> The aggregated measure of support recognized in the AoA as the support provided under the “amber” box.

# The case of Mauritius, a Small Island Developing State



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Mauritius is an independent island state of 1870 square kilometres, situated in the Indian Ocean, some 3,000 kilometres east of Southern Africa. It has been a member of the GATT Agreement since 1970 (WTO since its establishment in 1995). In the context of the WTO negotiations on agriculture, Mauritius is closely monitoring the issues that are likely to impact on its trade in agricultural goods.

Indeed, the country is a Single Commodity Exporter (SCE) of sugar. Its main market is the European Union, where it benefits, under the ACP-EU Sugar Protocol and the SPS Agreement, from trade preferences.

In addition to being a SCE, Mauritius is also a Net Food Importing Developing Country (NFIDC). Basic commodities like wheat, rice, pulses, bovine meat, milk and edible oil are imported.

This situation stems from the overwhelming importance of sugar, which is the country's main agricultural export, representing 90 per cent of total agricultural export earnings and being produced on more than 85 per cent of the arable land and about 41 per cent of the island's total surface area. Apart from sugar, local production of agricultural goods is limited to fresh vegetables, some tropical fruits and a few other agricultural and agro-industrial items (poultry meat, eggs, and pork).

## **Why sugarcane?**

The choice for sugarcane can be explained mainly by –

- The high adaptability of the sugarcane crop to varying and often extreme weather conditions to which the island is permanently exposed.
- The failure of other crops. The poor results obtained to diversify into other cash crops (rice, maize, groundnut, sunflower...) and the inability for producers to achieve a reasonable return have clearly showed that sugarcane remains the best option so far.
- The narrowness of the domestic market, which cannot alone sustain the development of agricultural products in a competitive manner. The country hence needs to rely on the export market to achieve the necessary critical mass and economies of scale. The sugar industry, with its long standing historical ties and strong commercial arrangements based on preferential market access, has over the years been able to overcome this drawback.

In the light of the above-mentioned factors, Mauritius shall continue -

- to be a single commodity exporter, producing mainly sugar, instead of producing the main food commodities that it is currently importing;
- to rely on its preferential export markets for sugar and on its food imports, and to benefit from a Special and Differential Treatment to overcome some of the inherent imbalances to which it is permanently exposed.

## **Impact of the recent Harbinson proposals on modalities**

Three aspects of the Harbinson proposals on modalities in the context of WTO negotiations are likely to have a negative impact on trade in agricultural goods in Mauritius and more specifically on the very viability of the whole agricultural sector, and mainly its sugar industry. These are tariff reduction, export subsidy elimination and the removal of the Special Safeguard Clause.

On the other hand, there are a number of positive elements for Mauritius and other developing countries such as the adoption of specific measures on issues relating to the maintenance of trade preferences, to the special and differential treatment, to non-trade concerns, and to additional forms of flexibility for SIDS and Vulnerable Developing countries, to compensate for their structural limitations.

## Multifunctional role

Beyond the economic impact the current trade negotiations are likely to have on Mauritian agriculture and its sugar industry, there are also far-reaching implications for the country's social and environmental fabric. Indeed, agriculture in Mauritius has a multifunctional role and is not limited to its primary role of producing food and fibre. It has a vital role in environmental protection (preservation of the ecosystem, soil conservation), in rural development, in providing employment (50,000 direct and indirect jobs, mainly in rural areas), in water resources management and in electricity production from bagasse, which is a green and renewable source of energy.

## Conclusion

The impact of the current trade negotiations on agriculture could be dramatic for a large number of developing and least developed countries suffering from the same structural limitations as Mauritius. Hence, due recognition must be given in the negotiations to specific measures for this category of countries, including the maintenance of trade preferences. **There is no level playing field today, there is no single model for agriculture, there cannot be a one-size-fits-all approach.**

# The case of Poland

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## Introduction

Trade liberalisation is a process of systematically reducing and eventually eliminating all tariff and non-tariff barriers between countries and trading partners. It builds on the theory of comparative advantage in a free market, which holds that countries will benefit more if they focus their resources on sectors in which they hold some sort of advantage and that the free market is the best mechanism for ensuring the optimal allocation of resources. The wealth generated as a result will benefit the economy as a whole. However, the theory has nothing to say about winners and losers within the general process of development in the context of sustainable growth.

Poland is a country where the liberalisation of trade will occur at a very high level compared to other countries in the near future. This is due to the integration with the EU. Agriculture and the rural areas are very important for the sustainable development of the country. However, influenced by trade liberalisation, the development of rural areas and agriculture in Poland will deteriorate in the medium term. Hence, short-term losses might become the basis of long-term benefits.



## Agriculture in the Polish economy

For each country the self-sufficiency in food is the most important issue of the security strategy. Polish agriculture is producing enough food for domestic purposes and there is something left for export. Therefore the agricultural sector, from the country's security point of view, is very important. However, this is a part of the Polish economy that makes a relatively small contribution to GDP – only about 3%.

On the other hand, state expenditure in this sector as compared, for example, with the EU is also low at only 8% (EU 47%). Nevertheless, 19% of the Polish workforce is employed in the agricultural sector. Thus one fifth of the Polish workforce depends on agriculture. And even more importantly, 70% of the Polish agriculture budget is devoted to retired, non-active, farmers.

The transformation from a centrally planned to a market economy resulted in the situation that today Polish agriculture is ineffective, support is low and dependence on social security is increasing. Therefore, for the national economy itself agriculture is not very important, but for the rural people it is extremely important. This importance was obvious in the accession negotiations that took place in Copenhagen, Denmark in May, 2003. The agriculture issues brought a lot of emotions and were the last on which an agreement was reached.

## **Present situation of agriculture and rural areas in Poland**

The results of the National Agricultural Census carried out in 2002 describe the present situation of Polish agriculture and rural areas.

The number of agricultural holdings has decreased from 3,066,500 in 1996 to 2,933,200 in 2002 (4.3% decline). The share of agricultural holdings with a utilisable agricultural area (UAA) not exceeding 5 ha has increased from 70.2% in 1996 to 72.4% in 2002. One could also observe an increase in the share of farms utilising over 20 ha of UAA (from 2.8% to 4.1% during the same period). The total UAA has declined from 20.8 million ha in 1996 to 19.3 million ha in 2002 (6.9% decrease). The proportion of UAA cultivated by the average-size farm category has increased by 1.8% to 5.76 ha in 2002. The total area of fallow and abandoned land has increased by 1 million ha to a total of 2.5 million ha in 2002. Small farm sizes and the fragmentation of lands result in extensive production and a rich landscape mosaic.

Compared to 1996, the arable land under cereals has been significantly reduced to 8.3 million ha (decrease of 4.9%), potato cultivation has decreased from 1.3 million ha to 0.8 million ha (a reduction of 40.1%), and sugar beet cultivation has decreased from 0.5 million ha to 0.3 million ha (a reduction of 33.1%). The reduction in the area under traditional crops results from a decline in the number of farms engaged in plant production (68% decrease). Polish farmers also reduced the area of meadows (4.7% decrease) as well as pastures (15% decrease) which is connected to a reduction in total cattle population of 22.5% and an increase in the national pig herd of 3.7%.

The usage of artificial fertilisers as well as pesticides is very low compared to EU countries. The low level of input use makes Polish agriculture environmentally friendly. Despite low input use, the combination of sandy soils with a lack of appropriate land management practices and equipment, as well as an increased acreage of abandoned land have negative consequences for the environment. Polish agriculture in general is not specialised. The majority of farms are run as mixed production units. As a result, agricultural production is not sufficiently market oriented. Only 50% of farms produce for sale. Their competitive advantages are very limited. Agricultural production in Poland is not profitable. Only 10 % of farms (over 20 ha of UAA) could generate disposable income equal to the urban average. 10,474,500 people (27.4% of the total Polish population) are engaged in agricultural activities, which is 1 million less than in 1996. Of this total number of people engaged in agricultural activities, more than 80% (8,504,900) reside in rural areas. Migration from rural to urban areas has eased and now more people from the cities return to the villages. However, it should be noted that in general Polish society is not very mobile. About 60% of people live in the communities in which they were born.

Agriculture is the sole or main source of income for 48% of people engaged in agricultural activities, which compared to 1996, represents a remarkable 30% decline. Only one in five farmers derives his sole income from his own agricultural holding. For 14.8% of farmers their farms only represented an additional source of income. 77.8% of agricultural holdings are economically active, carrying out agricultural and non-agricultural activities (decrease of 21% compared to 1996). Of these, 65.4% are purely agricultural businesses, 3.6% are non-agricultural businesses, and 8.8% engage in mixed agricultural and non-agricultural activities.

The introduction of a legal framework and system of subsidies for organic production in Poland resulted in a significant increase in both the numbers of organic farms (from 27 in 1990 to 882 in 2002) and the area under organic production (from 300 ha to 53,515 ha respectively). But much still remains to be done.

The main objective of the various state support measures for agriculture in Poland is to ensure proper incomes that could strengthen development. Assistance for the farming sector continues to be a high priority in Poland. Farm assistance is delivered by tariffs, price support, supply control measures, credit and input subsidies as well as direct outlays, including export subsidies and deficiency payments recently introduced for wheat. The main products assisted include cereals, especially wheat and rye, pigmeat, eggs, sugar, poultry and oilseeds. Tariff quotas introduced by Poland under tariffication have been consistently under-utilised. Poland's major trading partner with regard to exports and imports was the European Union. In 2001, in terms of value, 48% of the total exported agri-food products, i.e. slightly less than in the previous year, were sold to this market. Despite a continuous decline in sales to the states of the former Soviet Union, this group of countries remains very important for Poland. In 2001, 20% of agri-food products were sold on the Eastern markets. It should be borne in mind that in 1997 the share of exports to these countries was 44%. CEFTA held the third position in terms of the destination of Polish goods; 12% of agri-food products were exported there. This percentage essentially remained unchanged from the 2000 level. The share of exports to the United States stood at 4%, while 1% of exports went to EFTA countries, and 15% to other countries. More than half of the agri-food products imported into Poland in 2001 originated in European Union Member States (53%) and this meant a 2% increase compared to the previous year.

The second importer is CEFTA which accounts for 10% of Polish imports, i.e. 1% less than in the previous year. Imports from EFTA countries accounted for 5% of the total agri-food imports, while 3% were imported from the states of the former Soviet Union, 2% from the United States, and 27% from other countries .

Nevertheless, Polish foreign trade is very unfavourably balanced. It consists mostly of foodstuffs with low value-added. Moreover, the present Polish competitiveness on international markets is very low.

## Poland as a member of the EU

The CAP currently offers a variety of policy instruments for agriculture and rural areas in the European Union. Poland's unique mosaic of small-scale farms and high biological diversity in its rural areas is an exceptional and valuable example for the rest of Europe to use in the building of a sustainable model for the future of agriculture and development of rural areas.

At the same time, Poland's entry into the EU and the application of the Union's standards are currently the biggest drivers of change in Poland: change is urgently needed in agriculture and in the development of rural areas. Thus Poland must participate in the discussion of the reform of the EU's Common Agricultural Policy (CAP) because of its multi-functional agricultural model which provides jobs, allows for co-existence with nature and high quality food production, as well as protecting its diverse cultural structure and landscape quality.

After joining the EU, Poland will receive support to improve competitive advantages and stimulate development. However, from an environmental point of view, this requires monitoring and preparation. In the EU15, much biodiversity was lost and social damage caused, due to aid for intensification (usually under "market-oriented improvement increasing competitiveness"): social and environmental losses due to increased mechanisation, loss of agricultural employment leading to increased rural depopulation, loss of smaller farms and growth/amalgamation of farms, associated losses of non-farmed habitat fragments and buffer habitats. In order to secure these functions investment in the second pillar of the CAP, i.e. Rural Development is needed. The negative changes given above will result in additional costs due to lack of ecosystem services e.g. buffering functions, water regulation, carbon sinks, natural pest control via biodiversity, lower pollination etc., as well as social costs of an ageing rural population, collapse of local markets and loss of local rural infrastructure, plus costs in cities to provide social security, welfare and infrastructure (houses, schools, healthcare etc) for rural-urban migrants.

Therefore it is vital, not only for Poland, to rebuild the closest possible relations, and where possible direct relations, between producers and consumers of agricultural products and services, especially food. The key role here should be played by strengthening links between urban consumers and local organic food producers, tourist services etc. from the surrounding countryside. It is possible to develop the economy in the countryside with simultaneous respect for the environment through the

diversification of rural economies; this is based on the creation of modern green workspaces and the application of environmentally-friendly technologies, delivering high quality products and services (organic food, renewable energy sources, protection of water and biodiversity, etc.) Agri-tourism can play a special role in the policy to increase rural employment and to sustainably develop resources available in rural areas, i.e. biological and cultural diversity and landscape.

Creating new workplaces in the countryside and increasing on-farm employment can be achieved by widening the scope of agri-environmental programs or increasing the area of organic food production. Agri-environmental programs offer an opportunity for the development and ultimately for the survival of small and medium-sized farms. Small and medium-size family farms constitute the key element of social structure of viable and active rural areas. This is why their existence should not be undermined in agricultural programmes. Support for family farms should become a central point in policies aiming at preventing the depopulation of rural areas, which would otherwise lead to social stagnation and environmental degradation. Rural communities should be empowered through stronger education, training and participation in decision-making.

## Poland in the WTO

The impact of trade liberalisation over the past twenty years since the introduction of structural adjustment programmes in the early 1980s, and especially since the setting up of the World Trade Organisation (WTO) in 1995, has become one of the important issues in Polish policymaking.

Poland joined GATT in 1967. At that time the Polish economy and foreign trade were ruled by central planning. Twenty years later, in 1989, Poland commenced with political reforms and has introduced a market economy. Most of the barriers in foreign trade have been abolished and tariffs were reduced too. The changes were based on the conviction that only world market forces are able to lead to the development of efficient export specialisation. However, it very soon became obvious (in 1991) that the economy, especially the agricultural sector, was not able to compete with imports. The Polish government decided to increase tariffs. Afterwards, during the Uruguay Round, the level of EU tariffs was very important for Poland with a view to future accession. Following the liberalisation of trade within WTO, Poland has bound its tariffs in agriculture at the highest possible level and admitted preferential contingents. There was also a special interest in textiles and clothing. On this issue Poland twice used the possibility of asking for a safeguard (in 1995 and 1997).

Poland as a founding member of the WTO grants at least most-favoured-nation (MFN) treatment to all WTO Members. It is an observer to the plurilateral Agreement on Government Procurement. In the context of the Uruguay Round, Poland bound its agricultural tariff and almost all industrial tariffs; tariffs on products covered by the Information Technology Agreement (ITA) were phased to zero by 2002. Also, as part of its Uruguay Round commitments, all non-tariff measures, including variable levies, were converted into tariffs albeit at high rates, and minimum market access was provided by tariff quotas on agricultural products, including beef, pork, poultry meat, milk, and certain fruit and vegetables. Poland extended its initial GATS (General Agreement on Trade in Services) commitments on services through its participation in the WTO Agreements on basic telecommunication services and financial services, although it still has to ratify the Fifth Protocol.

While Poland maintains a multi-strand approach combining multilateral, regional and bilateral initiatives, trade liberalisation in Poland has recently been largely concentrated at the regional level. The European Union - replacing the former CIS countries as Poland's main trading partner - accounts for around two-thirds of total merchandise exports and imports. Preferential access for EU products is provided under the Europe Agreement, whereby tariffs were eliminated on all industrial goods since 1999, except for steel and petroleum products, abolished from 2000, and automobiles, which have been removed since 2002. Poland also has free-trade agreements with EFTA member States, other CEFTA parties as well as bilaterally with the Baltic States, and other countries. Preferential tariffs differ substantially between trading partners, and in 2001 were, on average, less than half of Poland's MFN tariffs.

Special arrangements apply to agricultural products. For example, in 2000 Poland and the EU signed a bilateral trade agreement, known as the "double-zero". According to the agreement, tariffs were completely removed on 75 percent of food products traded between Poland and the EU, including fruit,

vegetables, horse meat, live animals, and mushrooms. For pork, poultry, milk, dairy products, and wheat, the Agreement established duty free import quotas, which are to be increased by 10 percent per year. Poland is allowed to keep the high tariffs imposed in 1999 on imports exceeding these quotas. The EU agreed to stop all subsidised exports to Poland.

## Conclusions

The most important changes in Poland for many years to come will take place after joining the EU. Today the impact on net trade creation of Poland's EU accession is not yet completely clear. While Polish most-favoured-nation (MFN) tariffs would fall on average by almost two-thirds following the adoption of the EU's Common External Tariff, agricultural assistance will increase significantly. Further, the widening sectoral disparities in assistance between manufacturing and agriculture might hamper the efficient allocation of resources.

Despite an increase in support the presently very low competitive advantages of Polish agricultural and rural areas will be the thresholds of development, which will result in a deterioration of the overall situation in the medium term following accession to the EU. However, the vigorous pursuit of multilateral trade liberalisation would benefit the long-term economic interests of Poland as a member of EU.

# The case of Kenya

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## 1. Introduction

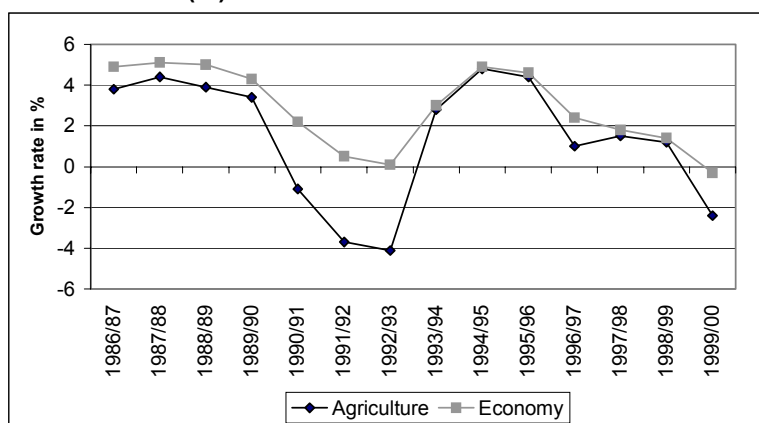
### 1.1 Importance of Agriculture in Kenya's Economy

Like many developing countries, agriculture is still the dominant sector in Kenya's economy. The sector contributes 25% of GDP directly to the economy and is estimated to contribute another 27% indirectly through linkages with other sectors. It also contributes about 45% of government recurrent revenue and 75% of industrial raw materials while contributing employment opportunities to about 77% of the population (Government of Kenya). From a gender perspective, any effects on the agricultural sector would have a direct impact on the livelihood of women and children who depend on them since the majority of those engaged in agriculture are women. The sector has several multifunctional linkages with the physical environment. In Kenya, there is a direct positive relationship between growth in the agricultural sector and that of the entire economy (Figure 1). It seems that whenever the agricultural sector has performed well, the economy has also performed well.

Various stakeholder consultations, including that undertaken during the preparation of the Poverty Reduction Strategy Paper (PRSP) in 2001 and



**Figure 1: Comparison of Agricultural and Overall Economic Growth Rates (%)**



Economic Recovery Strategy Paper (ERSP) in 2003 gave agriculture the top ranking among all sectors that would contribute to the recovery of the Kenyan economy and to poverty reduction. In Kenya, growth multipliers from agriculture are estimated at 1.64 are higher than those from other sectors (e.g. the growth multiplier for manufacturing is estimated at 1.23).

### 1.2 Summary of Recent Agrarian Reforms in Kenya's Economy

There have been two important sets of 'externally driven' policy reforms in Kenya. In addition to and prior to agrarian reforms brought about through the WTO, Kenya has been implementing a number of the liberalisation policies such as the Structural Adjustment Programmes (SAPs), which started in the early 1980s. By 1995 the country had already liberalised its markets and eliminated subsidies on agricultural production. This led to far-reaching consequences with the cost of inputs rising thereby leading to escalating costs of production. As a commitment to WTO requirements of market access, the Government of Kenya gave a tariff ceiling binding of 100% for all agricultural commodities as opposed to tariffication of quantitative trade restrictions. Recent evidence indicates that this has not provided adequate domestic market protection particularly for subsidised imported cereals and sugar. As developing countries reduced their domestic support with the advise of the World Bank and the IMF, developed countries have continued to provide high levels of domestic support and application of high tariff rates. The tariff peaks for some of the agricultural commodities such as meat was as high as over 826% in Europe by 1999 as that for developing countries was bound at 100%.

## 2. Kenya's major agricultural products

The performance of Kenya's agricultural sector has deteriorated over the last decade. Since a larger proportion of Kenya's population live in rural areas and depend heavily on the sector for their livelihoods, poor performance of the sector has contributed directly to the prevailing high poverty levels. Except for horticulture and tea, most other crops have continued to register poor performance over the last decade, with the majority of them showing a declining trend. This was blamed partly on the liberalization of the Kenyan economy and withdrawal or substantial reduction of domestic support that resulted in increased input prices and rising competition with imports.

### 2.1 Maize (both Cash and Food Crop)

Maize is Kenya's most important staple food crop. The area under maize has stabilized at around 1.5 million hectares with 1.2 million hectares being planted during the long rains and 300,000 hectares during the short rains. On average, maize yield is 2 tonnes per ha among the smallholders but potential exists to increase the yield to over 6 tonnes per hectare according to the Ministry of Agriculture and Livestock Development. This is achievable with improved technology such as hybrid seeds, inorganic fertilizers and appropriate crop husbandry. These, however, require capital for the purchasing of inputs that cannot be attained at the current high poverty levels. Moreover, there would be long-term concerns about sustainability of maize production using such expensive technologies if and when input markets are not adequately reliable. Maize production has been fluctuating over the years, being 34 million bags in 1994 before dropping to 22 million bags in 2000 because of drought and unattractive prices. Annual total consumption is estimated at 33 million bags. Over the last five years there has been an average shortfall of about 6 million bags that is often commercially imported.

### 2.2 Rice (both Cash and Food Crop)

Local production of rice has been low over the years despite high potential for production. Domestic production meets less than 50% of rice demand. Production of irrigated rice increased from 36,500 tonnes in 1998/99 to 48,400 tonnes in 1999/2000 and further to 49,300 tonnes in 2000/01. This increase was attributed to an increase in cultivated areas outside the main irrigation schemes such as Mwea Tabere. However, this is still far below consumption estimated at about 100,000 tonnes. Imports have been fluctuating over the years since cereal reforms were introduced in early 1990s. Rice imports have been rising and peaked at 100,000 tonnes in 2000 thus suppressing prices of domestically produced rice (Ministry of Agriculture and Livestock Development, 1998 and 2002).

### 2.3 Dairy Production

Dairy production is a major activity in the livestock sector, especially in the high and medium potential areas. It is a major source of livelihood for the families of about 600,000 small-scale farmers in the country who produce 80% of the national milk output. **Dairy production is also a good alternative**

**for enterprise diversification of farmers who have been growing maize as a monoculture. The use of animal manure from livestock is also becoming an important alternative and environmentally friendly mode of crop production by farmers who cannot afford expensive inorganic fertilizers.** Available statistics show that milk production more than doubled from about 1.0 billion litres in 1980 to about 2.45 billion litres in 1990. Since then, production appears to have stagnated altogether and marginally rising to 2.6 billion in 2000 (Kenya Economic Surveys - various years).

#### 2.4 Sugar (Cash Crop)

The sugar industry has experienced fluctuating performance over the years and this trend is attracting high-level policy concerns. The greatest concern seems to revolve around sugar imports against a background of high cost of domestic production. The smallholder out-growers are the predominant producers and supply nearly 90% of the cane crushed. Sugarcane production is done predominantly in the Lake Victoria Basin where few alternative crops can grow. It therefore has a strong regional focus and is the only source of income and employment for people in this part of Kenya. Although some inorganic fertilizers are used, the level of application is minimal, as the government does not subsidize inputs which small-scale farmers find too expensive. One major problem with sugar production is that the monoculture mode of production (which is strongly enforced by milling companies) does not encourage biodiversity and production of food crops. Most families in the sugar growing zones therefore face structural problems of food insecurity and malnutrition.

According to the Government reports, sugar production dropped from the peak of 470,788 tonnes in 1999 to about 377,440 in 2001 against the demand estimated at over 600,000 tonnes per annum. The main reasons for this drop were given as inaccessibility of the market and low prices to farmers as sugar imports continued to flood the local market. In fact, the imports more than doubled in 2000 thus suppressing the market for the locally produced sugar. This disturbing trend continued to the year 2001/02.

However, distortions in the sugar market due to cheap imports compounded with tax evasion provide the death nail to the industry.

#### 2.5 Coffee (Cash Crop)

Coffee production, although dependent on agro-chemicals, is only possible in the high and cooler areas of Kenya with soils of volcanic origin. Most of the coffee, as can be seen from the above table, is produced by small farmers and is a major source of employment for them. But there is a need to control the level of use of agro-chemicals at both production and processing levels. There have been cases and concerns about case of waste from coffee factories being emptied into rivers that local communities draw water from.

#### 2.6 Pyrethrum

Kenya also produces and exports Pyrethrum (leading producer in the World). For example, the country produced 78,100 Tonnes in 1999 and 74,200 Tonnes in 2000 most of which was exported.

#### 2.7 Tea

Like coffee, tea is also produced mainly by small-scale farmers and is a major source of livelihood for them. Tea is one crop that has a very positive impact on the landscape. One should visit the tea growing areas of Kenya and will see a very beautiful country that looks like a green carpet from a distance. Not too much agrochemicals are used on tea so tea has a net positive impact on the environment.

**Table 1: Production and Area of Coffee by Type of Grower, 1995/96-1999/00**

Area (ha) '000	1995/96	1996/97	1997/98	1998/99	1999/00
Small scale	122.7	122.7	122.6	128.0	128.0
Large scale	38.4	38.4	39.7	42.0	42.0
<b>Total</b>	<b>161.1</b>	<b>161.1</b>	<b>162.3</b>	<b>170.0</b>	<b>170.0</b>
Production (tonnes)'000					
Small scale	56.9	38.3	32.1	39.4	62.2
Large scale	40.1	29.7	21.3	28.7	38.5
<b>Total</b>	<b>97.0</b>	<b>68.0</b>	<b>53.4</b>	<b>68.1</b>	<b>100.7</b>

Source: Economic Survey, Government of Kenya 2001)

**Table 2: Production and Area of Tea by Type of Grower, 1996-2000**

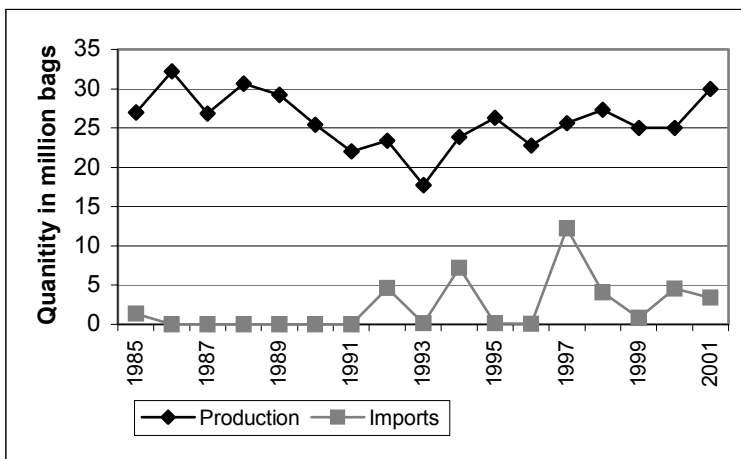
Area (ha) '000	1996	1997	1998	1999	2000
Small scale	81.2	86.1	87.9	90.3	91.7
Large scale	32.5	32.7	33.1	33.9	34.4
<b>Total</b>	<b>113.7</b>	<b>118.8</b>	<b>121.0</b>	<b>124.2</b>	<b>126.1</b>
Production (tonnes)'000					
Small scale	144.1	129.7	175.6	153.9	145.6
Large scale	113.1	91.0	118.5	94.9	90.7
<b>Total</b>	<b>257.2</b>	<b>220.7</b>	<b>294.2</b>	<b>248.7</b>	<b>236.3</b>

Source: Economic Survey, Government of Kenya (2001)

### 3. Kenya's main exports/imports and effects of cheap imports on local production

Free trade has resulted in the collapse of several agricultural enterprises thereby rendering a large number of households painfully jobless. Food insecurity and poverty levels have thus substantially increased. Farmers in Kenya have over the years been faced with problems of market access due to a number of factors. These include high cost of production emanating from high cost of inputs. Coupled with the poor infrastructure, these constraints have made Kenya a high-cost producer of some essential food products. Moreover, imports of cheap, and subsidized imports have seriously affected domestic production.

**Figure 2: Production and Imports of Maize 1985 - 2001**



Source: MOALD 2002; and Kenya Statistical Abstracts - various years

#### 3.1 Maize (both cash and food crop)

Maize is still the main staple food crop in Kenya and is synonymous with food. But it's also a major cash crop for farmers in the maize surplus producing regions of Western Kenya and the Rift Valley. Maize production is sensitive to weather and price changes and production has been fluctuating over the years (Figure 2). An extremely low producer price is often followed with a low production as farmers expect prices to remain low. Since the crop is produced by several millions of smallholders, surges in cheap imports would seriously affect food security. In the recent past, some traders have imported large quantities of white maize just around the time when farmers are about to harvest their crop, thus suppressing domestic prices. In 2002, it was reported that prices dropped to Kshs. 400 (US \$ 5.3) per 90 kg bag, while the

cost of production was estimated at double that price (MOALD 2002). This is expected to affect production in 2003, as most farmers will not be having the funds to purchase inputs.

Imports of maize have notably been high since the liberalisation of the industry in 1991. This has confined maize production to an average of 25 million bags. Since the year 2000, the main sources of maize imports, in order of magnitude, have been Italy, Equatorial Guinea, United States of America, South Africa, Malawi, Uganda and France. Smaller quantities were also imported from Western Sahara, United Arab Emirates, Zimbabwe, and Argentina.

#### 3.2 Rice (both cash and food crop)

Due to its labour intensive nature, rice production has been singled out by the Government as one of the sub-sectors that must grow at over 8% per year if the economic recovery and poverty reduction objectives are to be achieved. Vast potential still exists for expanding rice production. The crop is increasingly becoming one of the main food crops in the country and is perhaps key to food security. The crop is produced mainly around the Lake Victoria Basin in Western Kenya, in Mwea, which is in Central Kenya.

Figure 3 shows the trend in production and imports of rice between 1985 and 2001. It is evident that for many years, rice production has averaged about 33,000 tonnes, with a general downward trend being registered between 1991 and 1997. This poor growth levels could be due to high imports and poor incentives to farmers experienced during that period. The substantial increase in imports in 2000 could be blamed on the slowdown in growth of the sub-sector since 2000 and is likely to suppress production in the future if the trend continues.

Rice is mainly imported from Pakistan, Vietnam, Sri Lanka, Egypt, India and Switzerland. However, some quantities are sourced from Thailand, Singapore, United Arab Emirates, United Kingdom, and Tanzania.

### 3.3 Dairy Production

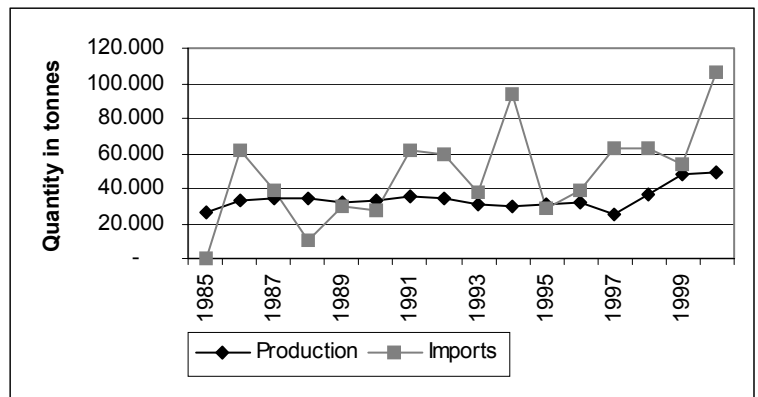
Production of milk has averaged 2.5 billion litres over the last decade. Some notable decline was registered in 1992 and this is when there was a substantial increase in imports of dry milk. The increased import of dry milk has contributed to poor performance in the dairy industry as farmers either get poor prices for their milk or see their milk go to waste due to considerable inaccessibility to the domestic market (Figure 4). The main sources of milk imports are Italy, New Zealand, Netherlands, Zimbabwe, and South Africa. Others include Belgium, United Kingdom, France, Germany, United Arab Emirates, Uganda, Australia and Mauritius.

### 3.4 Sugar (Cash Crop)

Sugar is the industry that has been hardest hit by imports of cheap products from various countries, including the COMESA Member States. The major sources of sugar imports are Malawi, Sudan, Western Sahara, Egypt, Swaziland, South Africa, and Zimbabwe. Others include the Mali, Zambia, Colombia, Bulgaria, Brazil, Singapore, and Israel. Imports have shown a remarkable increase since 1997 thus pulling down the industry that was in the process of picking up (Figure 5). There have been a lack of or delayed payment to farmers as existing sugar factories cannot access the domestic market that is flooded with cheaper imports. This has often led to intermittent closure of some sugar companies when their stores were filled up with sugar stocks with no market to sell to. Cases of delayed payment to farmers have been widespread. Efforts by the sugar companies to reduce the producer prices to farmers to enable them to increase competitiveness with imports has been met with hostilities from farmers whose gross margins have already been suppressed to levels below the break-even point. In many cases, this is threatening the livelihoods of millions of cane farmers.

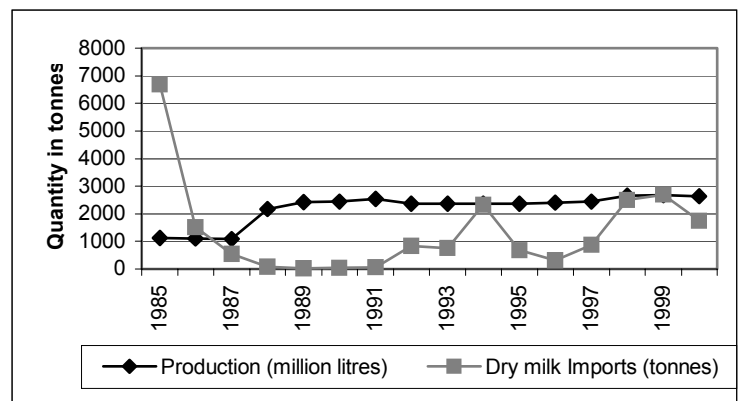
It has been noted that some of these cane-producing areas, dubbed the sugar belts, have no other viable alternative cash crop. Effects on the sugar industry will thus have far reaching poverty consequences for these communities. With no source of income, access to basic needs such as food, education, and health services will be grossly affected. Thus rural poverty and its social ills are expected to crop up.

**Figure 3: Trend of Production and Imports of Rice 1985 - 2001**



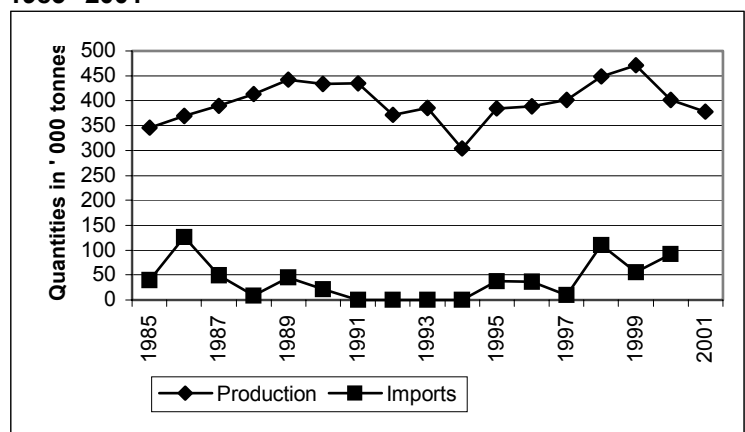
Source: National Irrigation Board; Kenya Statistical Abstracts – various years

**Figure 4: Production and Imports of Milk 1985 – 2001**



Source: Kenya Dairy Board; MOALD 2002; and Kenya Statistical Abstracts – various years

**Figure 5: Trend of Production and Imports of Sugar 1985 - 2001**



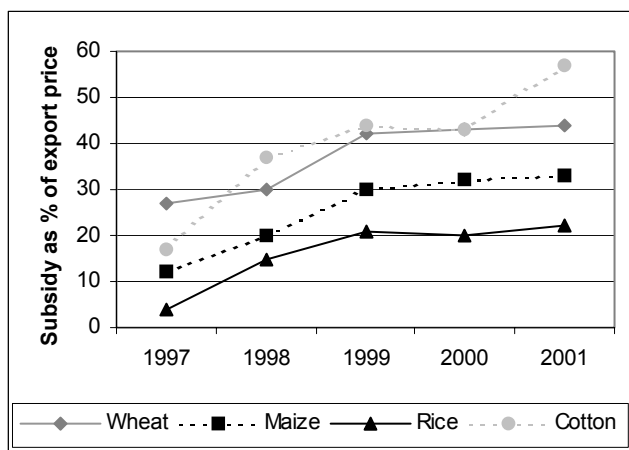
Source: Kenya Sugar Board; and Kenya Statistical Abstracts – various years

**Table 3: Exports of fresh Horticultural Produce, 1996-2000**

Year	Volume ('000 Tonnes)	Value (Ksh Million)
1996	84.8	7,700
1997	84.2	8,700
1998	78.4	9,729
1999	99.0	14,420
2000	99.2	13,900

Source: Economic Survey, Government of Kenya (2001)

**Figure 6: Trend of subsidies paid by the US on selected commodities**



Source: Data from IATP 2003

government subsidies to inputs and transportation on the other. These estimates exclude the larger sums of income support that the US Government provides to its farmers. By the end of 2001, export subsidies for wheat, maize, rice and cotton stood at 44%, 33%, 22% and 57%, respectively (IATP, 2003<sup>1</sup>). The level of support to farmers (subsidies) is expected to rise even further with the enactment of the Farm Bill which will increase agricultural subsidies over the next decade by 80%.

As developed countries continue to flood the world market with subsidized food products, a large population of inhabitants of the developing world is thrown out of business as they basically depend on agriculture for their livelihoods. They thus rely more and more on imported foodstuffs. In fact, import of food items by LDCs increased by almost 50% between early 1980s and 1997 while that for the net-food importing developing countries increased by about 40% over the same period.

## 5 . Negative displacement processes as a result of foreign trade in agricultural commodities

### 5.1 Impact on Agricultural Production Methods

The best example here is the production of flowers and other horticultural produce. The need to earn more foreign exchange through trade has made the production of horticultural commodities very intensive. The intensification of flower production is being done at the expense of food production and is undertaken by transnational companies or the local elite. Core labour standards are hardly observed and the use of agro-chemicals is uncontrolled. In addition, many of the labourers on these horticultural farms do not know the proper way of applying chemicals, which makes the environmental hazards worse.

<sup>1</sup> Institute for Agricultural Trade Policy

As efforts are being made to increase productivity of cane production, everything must be done to curb any external factors that threaten the livelihoods of these Kenyans. No form of dumping should be allowed.

**It's important to note that a high percentage of horticultural exports are floriculture exports. This is one area that has raised a lot of environmental and social concerns in Kenya mainly by human rights groups. There is a high level of chemical usage and labour standards are poor.**

### 4. Some examples of unfair trade practices by developed countries that could be contributing to the poor situation in Kenya - EU and US Farm Subsidies

According to a recent report by Oxfam, at the end of 1990s, the EU had increased agricultural subsidies by over US\$ 5 billion in just 10 years. For specific commodities, in 2001, the EU's export subsidies for whole milk powder was 60% while that on butter was 136% of the international market price of the same. In 2002, agricultural export subsidies given under the EU Common Agriculture Policy (CAP) amounted to 46.5 billion Euros. This accounts for up to 90% of the world's export subsidies. Export subsidies for various agricultural commodities of the US have been increasing (Figure 7). The level of subsidy was computed using the export prices on the one hand and the cost of production,

## 5.2 Impacts on the Environment

### *Impacts on the Landscape*

The example of tea has already been mentioned in earlier sections of this presentation.

### *Diversity*

The Production of monocultures, especially sugarcane and tea, which completely cover the ground, do not allow for biodiversity. However, with coffee, this is now possible following the abolition of laws that prevented farmers from intercropping coffee with other crops such as beans (it had been argued that the quality of the coffee would decline). So a visit to coffee farms in Kenya will see a very rich mixture of crops: root crops such as yams, agroforestry trees such as *Gravilea*, as well as beans, bananas and vegetables. The intercropping has also been encouraged by poor coffee prices, which forced farmers into diversification. Coffee production in Kenya is therefore fairly good for species biodiversity compared to other crops.

### *Natural Resources*

Tea and sugarcane provide excellent soil cover and hence prevent soil erosion. The processing of coffee and tea requires firewood (in places where there is no electricity at the factories). This has enabled farmers to plant trees (also required for the shading of the coffee plants). Factories, especially for tea, have plantations near them to provide wood fuel and this improves afforestation.

## 5.3 How Could the Current WTO Negotiations and Associated Changes in Global Trade Affect Agricultural Production Methods?

As already mentioned, more free trade as proposed by the current negotiations could affect production methods in Kenya in two central ways:

- There will be more intensification and a higher use of external inputs which produce higher yields so that there can be more exports and export earnings. This will most likely occur in the horticultural sector, building on the already existing trends. Farmers who are involved in food and cash crop production using sustainable means of production (i.e. without heavy fertilizer application) will find they cannot survive as their crop yields and returns are usually lower. In other words, the flower producer in Kenya will remain in the market but not the maize or rice producers.
- If the current WTO and other negotiations such as the EU/ACP provide special treatment to developing countries, for example through the WTO's Special Products (SP) provisions, then small farmers and other poor people will remain active and maintain their sustainable means of production. This will also lead to better prices and incomes for the rural people who will invest more in natural resource conservation such as planting of trees all of which require money. Free trade will mean that only the most intensive producer will remain in the market.

## 5.4 Other Impacts

There are also a number of impacts of trade liberalisation that need to be highlighted because they could have an indirect impact on the environment and nature conservation. These are:

### *5.4.1 Nutrition and Food Security*

Available data from the Ministry of Planning and National Development show that the agricultural sector has stagnated over the years and this has partly been blamed on surges in cheap imports thus suppressing local food production and leading to rising food insecurity. Incidence of food poverty has risen in some administrative districts to over 80%. There is increased incidence of malnutrition among children, see Table 4. With this serious malnutrition level, the future of some or many of these children has been pre-determined. Most of them do not even reach the school-going age as they die from malnutrition-related ailments. The stagnation and collapse of some of these key sectors in agriculture such as maize and dairy, which is the main source of food and income for many households needs thoughtful redress both nationally and internationally. **There are implications for the environment, as poor people have been known to destroy the environment for survival, eg. cutting down trees in order to burn charcoal.**

**Table 4: Level of Malnutrition among Children**

Region	% Stunted (below 2SD)			% Wasted (below 2SD)		
	1987	1994	1997	1987	1994	1997
Coast	49.1	38.3	41.9	3.7	7.8	7.9
Nyanza	41.3	36.4	38.1	6.2	5.5	9.7
Eastern	38.5	38.5	40.7	3.7	7.8	6.2
R/Valley	26.9	32.2	35.1	4.6	8.2	6.4
Central	25	28.7	37	2.5	4.9	5.7
Western	22.4	37	40.6	3.5	8	4.6

Source: WMS II of 1994 - Basic Report of May 1996; Economic Survey 1998 & 1993; Second Report on Poverty in Kenya, 2000 Volume II.

**Table 5: Share of Purchased and Own Food Consumption**

Region / Province	Share of own food (%)	Share of purchased food (%)
Rift Valley	39.0	61.0
Nyanza	38.5	61.5
Western	30.1	69.9
Eastern	28.5	71.5
Central	21.7	78.3
Coast	12.6	87.4

Source: Computed from Second Report on Poverty in Kenya, 2000 Volume II.

**5.4.2 Reliance on Purchased Food**

Access to adequate and nutritious food has been aggravated by rising poverty levels. Any increase in the need to purchase food, however cheap, will perhaps make things worse. The Second Report on Poverty in Kenya produced by the Government reported that there is increased reliance on purchased food items as opposed to own food consumption. The share of purchased food ranged from 61% in high production regions like the Rift Valley to 87% in the Coast Province (Table 5). This has aggravated the food security situation as up to 56% of Kenyans live on less than a dollar per day.

The increasing share of purchased food requires that one has an adequate source of income to purchase food and this cannot be attained if cheap imports undermine the very source of employment for the rural households. **Again, more purchases of food for low-income small-scale farmers implies there will be less resources to devote to natural resource conservation.**

# The social and ecological impacts arising from agricultural subsidies provided in the industrialised countries – The Colombian example

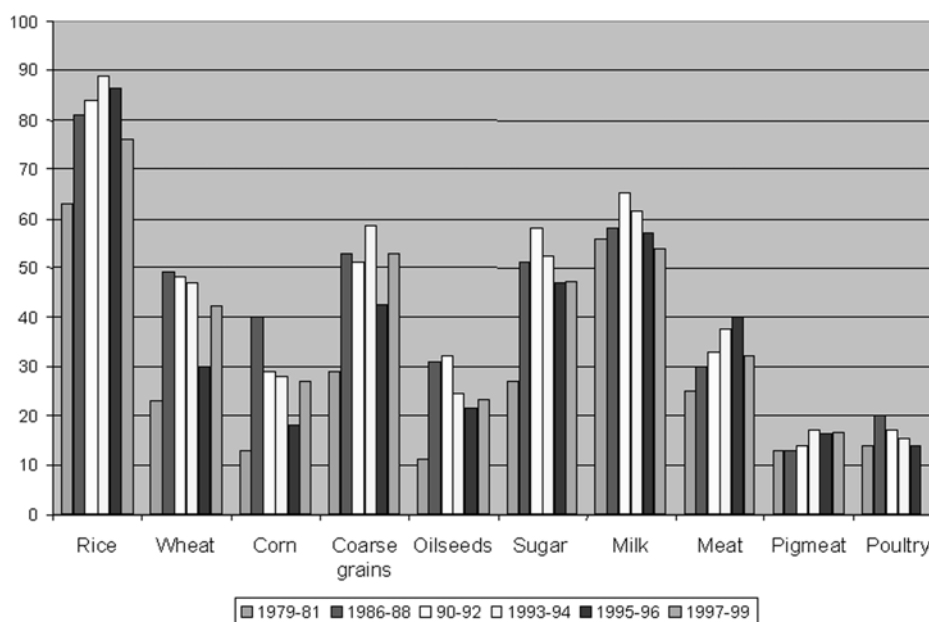


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In the late 1980s and especially in the early 1990s Colombia commenced a process of becoming more open economically. This process included a substantial opening of Colombia's foreign trade, a reduction in state intervention and economic regulation as well as a restructuring of the public sector. From 1990 onwards other measures were taken in tandem with the policy of economic openness, such as tariff reductions and the abolition of non-tariff barriers to the import trade (quotas, previous authorisations and prohibitions). Initially these instruments were modified, and after the state had intervened in the agricultural markets they were abolished.

With regard to tariffs, five tariff levels were introduced for the various sectors between 1990 and 1992. These are: 0% to 5% for raw materials, semi-

### OECD COUNTRIES - PSE (%)



finished products and capital not generated within the country, 10% to 15% for semi-manufactured goods, and 15% to 20% for consumer goods. Consequently, the average duty dropped from 31.5% in 1991 to 15% in 1992.

This policy of openness as “recommended” by international finance experts was introduced at a time when the prices for agricultural commodities were particularly low and agricultural subsidies in the industrialised countries were on the rise.

One must remember that the industrialised nations amplified the price decline on the world market with their agricultural policies at a time when there was already an oversupply. The increases in subsidies made it possible for the industrial nations to sell their surplus agricultural produce on the world market. At the same time they increased their external protection in order to shelter their own internal markets. The prices for agricultural goods thus dropped even more sharply than would have been the case in a liberalised marketplace not subject to the trade-distorting measures listed above. All this happened during the very years that Colombia opened up its own economy.

The price collapse on the world market is reflected in the considerable decline in internal prices for agricultural products in Colombia. Moreover, the decline in world market prices was paralleled by a spectacular rise in imports of food and agricultural raw materials, as well as in the loss of economic viability for a major proportion of the Colombian arable crops. As a result the value of agricultural production declined considerably, the trade balance for agricultural goods deteriorated drastically, and the amount of arable land under cultivation was reduced by more than one million hectares within the space of a mere ten years, *i.e.* from 4,768,341 ha in 1990 to 3,759,832 in 1998. This is an overall reduction of more than 22%.

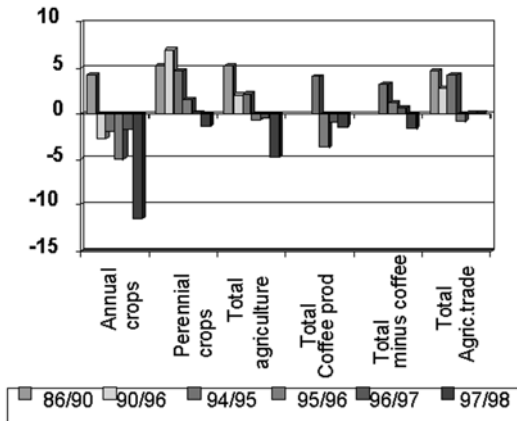
This situation obviously affected Colombia’s rural families and the poor families in particular. During the worst years of the crises, *i.e.* 1991 to 1996, unemployment in the rural areas increased from 4.2% to 6.4%. This meant that 233.000 families in the rural areas had lost their livelihood. At the same time the incomes of the rural population declined. The average household income dropped by 2.5% per year, equating to a total decline of 22.6% from 1991 to 1995.

But the agricultural sector and the rural poor were not the only ones affected by the crisis caused by the subsidies provided in the industrialised countries. Both rural and urban environments suffered from this adversity. As a result of the low prices numerous farmers were forced to leave their plots and move into

the tropical rainforest regions. They felled the trees and planted illegal arable crops, because this was still profitable. This in turn caused a decline in species diversity, the loss of water sources, and soil erosion. It also contributed to drug trafficking problems and violence in Colombia.

Many others fled to the major cities and settled in the slums without any connection to public infrastructure. With their arrival the slum problems began: Increases in refuse dumps and wastewater, pollution of water sources and air, and a general substantial decline in the urban environmental situation.

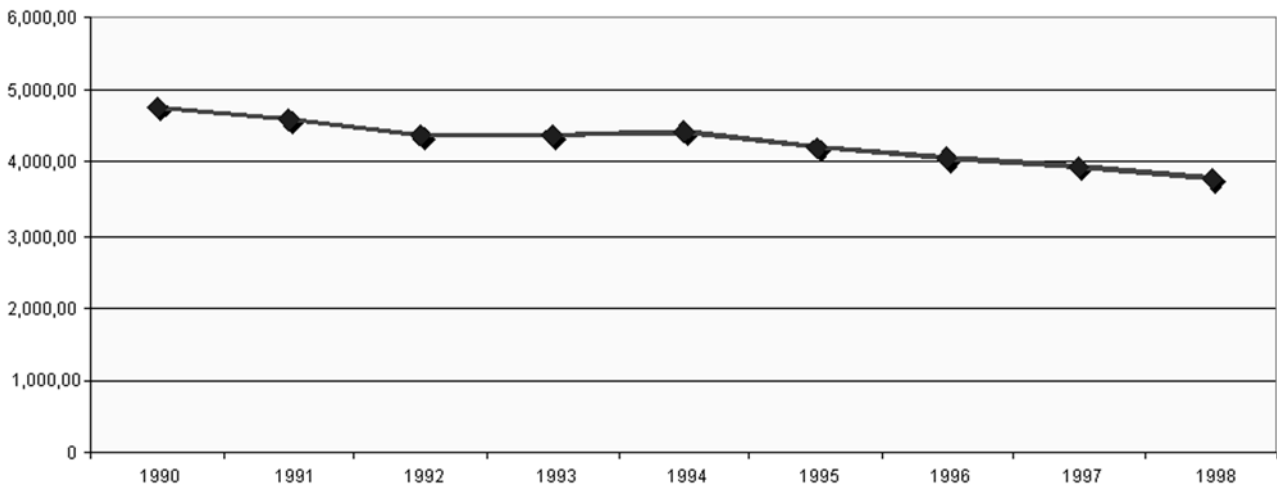
**Colombia - Value of agricultural production**



Many farmers who held on to their land stopped crop production. Some tore down their plantings and trees, created grassland and turned to livestock production which in turn caused massive deforestation as well as a loss of genetic diversity, soil compaction and greenhouse gas emissions<sup>1</sup>. Others intensified their production in order to remain competitive. This resulted in the expansion of monocultures, the use of machinery and the application of agri-chemicals.

The crisis in Colombian farming – largely caused by low world market prices and increased agricultural subsidies being provided in the industrialised nations – has had negative impacts on the social and ecological situation in the country’s rural as well as urban regions.

**Colombia - Total Cultivated Area**



<sup>1</sup> Greenhouse gas emissions are a typical outcome of conventional livestock production where it is not combined with afforestation and thus with a tree cover.

# The case of Mongolia

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Mongolia is located in between the two large biomes of the Siberian boreal taiga and the Central Asian desert, and has a continental, extreme climate. Traditional herding practices prevailed in Mongolia until the second half of the last century and Mongolia was primarily an agricultural country. Every family's subsistence resources, such as food and clothing, were derived from domestic livestock products. The amount of income gained by each family used would depend on the number of livestock owned. Every family would have had some livestock husbandry in order to meet their daily requirements. During the 1950s collective farms were established and most livestock became state property. This system prevailed until the end of the 1980s and the beginning of the 1990s when the socialist system collapsed and livestock was privatized again.



Traditional herding husbandry has developed in Mongolia for many centuries in harmony with natural and climatic conditions, and suitable technologies developed to aid herding practices. Importantly, herders would avoid overgrazing pastureland by moving from one pasture to another throughout the year.

There is a short history of arable farming in Mongolia because of the character of nomadic culture, and because climatic conditions in Mongolia give rise to a very short vegetation growing period.

**Table 1. Livestock numbers by year; statistics provided by state records**

	1980	1985	1990	1995	1999	2000	2002
Number of livestock by year (million)	-	22.4	25.8	28.5	33.6	30.2	24
Number of herders (thousands)	148.5	133.4	147.5	390.5	-	421.4	-

**Table 2. Changes in number of livestock by type (thousand head)**

Livestock type	1980	1990	2000
Camel	591.5	537.5	322.0
Horse	1985.4	2262.0	2660.7
Cattle	2397.1	2848.7	3097.6
Sheep	14230.7	15083.0	13876.4
Goat	4566.7	5125.7	10269.8

## Changes in agriculture during the transition period

Many new phenomena have occurred during the transition period due to livestock privatisation. First, livestock numbers have dramatically risen in a short period. Concurrently, more people have become reliant on herding livestock (Tables 1 and 2). During the transition period into the market economy, working families in settled areas moved to the countryside, constituting a new herding class. They are particularly susceptible to severe climatic changes because of their inexperience in caring for livestock.

Many negative impacts on nature have arisen following these increases in livestock numbers, and also because of the movement of herding families from more remote areas into central regions of Mongolia where there is a better infrastructure and easier access to markets. Obvious changes include the expansion of overgrazing due to a rapid increase in livestock numbers, and an increase in the proportion of relatively destructive goats amongst herds because of the high market value of cashmere. Herders are demanding to increase their income from domestic animal products.

**Table 3. Arable land area and wheat harvest in Mongolia since 1980s.**

	1980	1985	1990	1995
Arable land area (in 1000 ha)	704.0	789.6	787.7	372.6
Wheat crop kg/ha	510	1380	1100	730

Deteriorating vegetation cover due to overexploitation of pastures is indirectly effecting a loss of biological diversity. In particular, rodents such as Brandt's vole *Microtus brandti* increase dramatically in numbers to outbreak proportions in overgrazed areas. Eradicating pastureland pests by use of chemical pesticide has been a common strategy in recent years, but negatively effects healthy food production. It is a major issue for conservation in Mongolia.

Arable farming, however, is faced with a different situation. Arable lands have been abandoned and harvest per unit has decreased in the last ten years (Table 3). In recent years vegetable and wheat imports to Mongolia have increased. These imports are given as aid, and have discouraged arable farming in Mongolia. Furthermore, laws and regulations on land use have not been developed and implemented in the country. Thousands of hectares of abandoned arable land have resulted in soil deterioration due to wind and water erosion.

### **New approach in agricultural development**

It is most important to aim for agricultural development in harmony with nature, utilizing practices in line with conservation principles, suitable for Mongolia's climatic conditions and maintaining traditional herding practices.

In order to develop prosperous livestock husbandry we need to improve the quality instead of quantity of livestock, as we have learned from recent bad experiences. The development of limited but strong, healthy domestic livestock is to be encouraged, rather than having many, weak animals. One future goal is to establish intensive farms near to cities that would produce enough milk and meat to supply city and town inhabitants. However, traditional farming should be practiced in the countryside in order to provide organic products.

It is necessary to have an economic strategy to maintain suitable carrying capacities in natural pasturelands. Pasture management strategies, such as trying to inhibit herders from clustering around cities by raising taxes for those moving closer to urban areas, and construction of wells in remote areas, should be improved. Vegetable and wheat farming in suitable areas for arable farming should be encouraged. If animal farming develops sustainably, Mongolia has the potential to export organic milk and meat to neighbouring countries and the capacity to increase the production of animal products and raw materials.

## **The case of India**

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The issue of development through export-led growth of agricultural produce has been a contentious issue. I am presenting below the results of my preliminary survey of grape cultivation in the Nashik region of Maharashtra state in India. I have tried to look at environmental as well as developmental impacts of the grape exports to Europe and other developed countries from this region. It should however be taken into account that this is not a detailed survey but is based on discussions with a small number of farmers involved in the production of grapes for export.



## What are Export Quality (EQ) Grapes?

The export quality of grapes is mainly decided by their size and the level of chemicals present in them. The consumers in Europe prefer grapes of a particular size and they are also keen on having lower chemical residues in grapes.

### About the size of the grapes

The size requirement poses a real paradoxical situation for the grape growers. The grapes for export are essentially of a seedless variety. Normally, the seeds in the grapes meet the plants' requirement for Gibberellic Acid (GA). Hence, in the cultivation of seedless grapes the GA has to be supplied externally. The GA is supplied by dipping each bunch of grapes in GA. This is a skilled and labour intensive operation. If the GA level in the grapes is too low, the size of the grapes is affected in that the grapes stay small. Thus the grapes will not be accepted by European consumers. But if one supplies more GA by dipping the bunch in the GA solution for a longer time, then there is a danger of the GA level exceeding the permitted limits for exports. Hence this operation of dipping the grapes in GA solution becomes a very skilled and labour intensive operation creating more demand for labour as compared to the grape cultivation for domestic consumption.

Another way of maintaining the size of the grapes is by what is known as 'Thinning operation'. The number of grapes in a bunch needs to be limited so that all the grapes get well nourished and the size is maintained. So the bunches are thinned at the early stage of their development. This again increases the labour demand. The demand for labour increases by 20 %, which means more jobs for the rural population. However, the thinning operation means that the productivity of the grapes decreases. The decrease is from typically 125-200 quintals per acre to 50-70 quintals per acre after thinning. (1 quintal = 100 kg). So this grape cultivation is essentially for overseas markets where the consumers are ready to pay much higher prices than the domestic consumers.

The domestic prices for grapes typically range from 20-30 USD per Quintal, while for export quality grapes farmers get 40-110 USD per Quintal. This means much more income for the peasants.

#### Land quality :

The acidity of the land is an important parameter affecting the size of the grapes. If the pH level of the land is low the size of the grapes is greater. But due to continued use of fertilizers the pH value increases and the size of grapes decreases. So to maintain the size, the farmers have to use organic manure rather than chemical fertilizers. So the exports of grapes has a positive environmental impact on agriculture in the exporting countries. It is only due to the higher purchasing power of consumers in the developed countries that the farmers can afford to switch over to organic grape growing as the cost of production is higher than for conventional grape production.

However it is essential to carry out a deeper investigation of this issue. This can contribute to the discourse on '**Trade Environment and Poverty Eradication**'.

# The CAP - an environmentally harmful instrument of agricultural policy



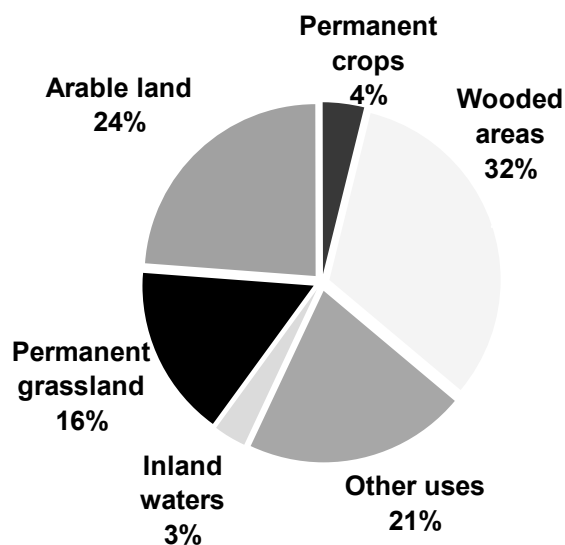
*(Matthias.meissner@euronatur.org)*

The main part (44 %) of the land surface of the European Union is used for agriculture. These 134 million hectares include permanent crops (4%), arable land (24%) and permanent grassland (16%). It is obvious that the land-use by farmers has to have an enormous effect on nature.

Since its establishment, the Common Agriculture Policy (CAP) of the European Union was oriented towards the production of enough food for the European citizens, to provide a proper income for the farmers within the EU and to ensure food security for the Member States. All subsidies which were paid and all tariffs where were designed to serve these objectives.

The payments were partly successful! The post-war problem of food shortages has long been solved. Consumer prices are falling in relation to income and therefore people have the financial resources to buy other consumer goods which in turn strengthens internal industries. The remaining farmers have quite a stable income.

But at the same time the number of farmers has declined dramatically. Apart from this, environmental problems like groundwater contamination with pesticides or nitrates or the loss of biodiversity have been the outcome of intensive agriculture. And the agricultural budget has been growing and growing.

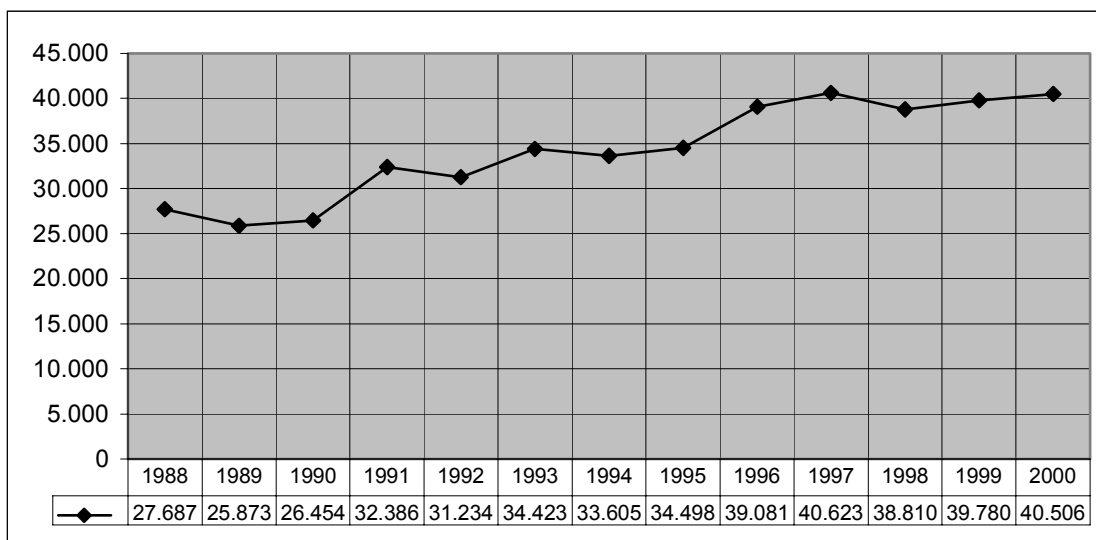


In 1992 the CAP was reformed. The guaranteed prices were cut back but at the same time the EU introduced direct payments which have been compensating for the price cuts ever since. A real change has come with the introduction of programmes which allow to pay EU money to farmers who participate in environmental programmes such as agri-environmental schemes.

Only 7 years later another reform, the so-called "Agenda 2000", was passed by the EU 15. The main idea was to reduce annual expenditure on agricultural subsidies and to create more and better programmes to address environmental problems caused by agricultural production. The "Second Pillar" of the CAP was born. From 2000 onwards it has included all programmes for rural development and environmentally sound farming methods.

Meanwhile the budget was approximately 10 billion Euros higher than in 1992.

In 2002, two years after Agenda 2000 was passed at the Ministerial Conference in Berlin, the agricultural budget of the EU came to 44 billion.

**Fig. EU Expenditure on Agriculture 1988-2000 (Guarantee Fund; in million Euro)**

Source: EU data, compiled by Euronatur

The budget is divided into three main areas. The figures for 2002 were as follows:

1. Plant Production = 27,35 billion • or 61.5%
2. Animal Production = 10,86 billion • or 24.4%
3. Second Pillar = 4,6 billion • or 10.3% (e.g. agri-environmental schemes)
4. Others = 1,43 billion • or 3.2%

The breakdown clearly shows that the payments (known as the Second pillar) which should provide support to farmers farming sustainably amount to only 10 % of the annual budget. But the programmes subsumed under the Second Pillar, do not all have positive effects on nature. A study carried out by Euronatur proves that in Spain, for example, the reforestation practices supported by the EU often resulted in negative ecological effects. (Euronatur (2002) Observation on the Environmental Compatibility of the EU Agricultural Budget)

Fifty percent of the subsidies going to plant production is spent on cereals (• 13.5 billion). An important effect of this is the availability of cheap feeds for cattle production or pig farms which has a direct and increasing influence on intensive meat production in the EU.

In 2002, 1.9 billion Euros were spent on supporting maize farmers. Most of this maize was grown only to produce silage and as a feedstuff for beef and dairy cows. What are the results of this specific payment? Traditional farmers with small or medium-sized farms came under enormous pressure to intensify their production. In Germany, the traditional grass-based dairying systems were replaced by silage maize production and the cows did no longer eat grass but maize produced on arable land. At the same time, more and more of the extensively used grassland vanished by being converted into arable land or by being abandoned. This happened despite the fact that grasslands generally display higher biodiversity than arable land. It is sad to see that the EU, by financially supporting maize production, contributes to the loss of grassland rather than supporting the use of grassland. Nowadays, grassland is not financially supported except for some small grants payable in less-favoured areas or within the framework of organic farming programmes. The situation is alarming – for example, in Germany in just 20 years (1972 - 1992) 12 % of the grassland was transformed into arable land. In the early 1990's only 30 % of Germany's agricultural area was under grassland.

Apart from the negative effects on environment caused by payments for specific crops, the fact that a farmer does not receive any premia for hedges, scrub or other elements which structure arable land, is severely detrimental to nature. It encourages farmers to eliminate these landscape elements on his land, and from an ecological point of view he is degrading his land.<sup>1</sup>

<sup>1</sup> Many birds species need hedges for breeding and cover. Hedges, trees or little copses stop wind and wind erosion. Ponds are important habitats for fauna.

Looking at all these negative effects of the European Common Agricultural Policy European environmentalists can not be blamed for questioning the justification for subsidies in general.

But our aim has to be to implement a form of land use which is sustainable and respects nature. The reason is simple: for millennia major parts of the European landscape, flora and fauna have been influenced by farmers. The high value of European biodiversity is the result of extensive farming practices. Therefore, extensive forms of agricultural production like cattle raising, sheep production or milk production on grassland is needed and it needs to be supported. But arable farming which is adapted to regional conditions like water supply, soils and climate must also be supported with payments. Instead of giving payments to farmers based on the amount of wheat he produces, the nature of the production process should determine the flow of money within the European agriculture system.

Support for extensive farming is needed as the majority of European consumers is not willing to pay the higher price of less productive but more sustainable farming. Supporters of sustainable agriculture in the EU are especially afraid of a likely price reduction caused by the imports of inexpensive goods from outside the EU. Those price reductions can not be compensated by sustainable farmers without financial support for their cost-intensive form of production. More and more farmers would go out of business and arable land or grassland would be abandoned.

It is time for change. The governments of EU Member States have to use the small opportunities for change they gave themselves with the Luxembourg Agreement. We will have to push them to utilise the opportunities available and to progress the CAP towards sustainable agriculture for the EU and the rest of the world.

## Trade, development and environment

### The neglected inter-linkages in agriculture

*(wiggerthale@germanwatch.org)*

Agriculture as such is special because of its relation to human well-being, to food security & safety, to environmental protection and biodiversity. But the agricultural sector is at the same time mostly affected by distortions leading to adverse impacts on agricultural production and especially on small farmers in the South and extensively producing farmers in the North.

### **“Let’s go dancing in an unfair competition situation”**

This statement relates to the fact that Latin American countries were forced to liberalise their markets at the beginning of the 1990s due to structural adjustment programmes (SAP) of the IMF and the World Bank. Consequently, imports coming from industrialised countries were flooding the markets in the South. The imported products were and are heavily subsidised and sold in developing countries at prices below the cost of production. Export dumping is therefore a matter of fact. It contributes to the aggravation of poverty in rural areas as small farmers are driven out of business. Products which had earlier been produced locally are now imported because the subsidised imported products are undercutting the local prices for small farmers. This is one side of the coin, more or less well-known, but still persistently ignored by governments in the North. **The other side of the coin which has largely been ignored pertains to the detrimental effects of dumping on the environment by aggravating poverty.**

For example, in Colombia more than 233 000 rural families lost their jobs in 1991-1996. Why? Because of low international prices and high agricultural subsidies in OECD countries. The cultivated area was re-

duced by one million hectares within 8 years (1990-98). Only 4 million out of 20 million hectares of arable area is being cultivated. Farmers had to leave their lands as a result of cheap imports substituting local products, less income, inability to pay back debts, selling of lands. They migrated to tropical forest areas, cut trees and cultivated illicit crops or food crops. The consequence: loss of biodiversity, degradation of springs and soil erosion. A similar story has been reported from Kenya, where liberalisation also led to subsidised imports floods and low producer prices, in turn encouraging the cutting of trees in order to outweigh the loss of income.

There is apparently a second link between dumping, small scale farming and the environment: Dumping pushes small farmers out of business, and small scale farming is often less reliant on the use of chemicals. Therefore it can be inferred that **dumping destroys more sustainable ways of production**. But also the liberalisation of agricultural markets in the South as such is putting at risk small scale farming, i.e. more environmentally friendly farming. Apart from the fact that agriculture constitutes the major source of income for rural people in the South, traditional farming is full of knowledge about production methods adapted to certain areas and certain climate conditions contributing to the protection of biodiversity. Therefore it needs protection. But **financial support is also needed to increase the use of environmentally friendly technologies**, as farmers are often untrained in sustainable farming practices. Otherwise, continued negative impacts in terms of environmental degradation and loss of biodiversity will persist in the future.

## Export-oriented production versus environmentally friendly production?

Export-oriented farming is often going hand in hand with increasing monoculture. Negative social and environmental effects are apparent. Monoculture leads to a loss of biodiversity and contributes to soil erosion. And export-oriented agriculture takes away land from local food production. Local production decreases. Decreasing supply of food leads to higher food prices for consumers. The winners of export-oriented farming are mainly export producers, but rarely local producers and small farmers. **Social exclusion is increasing. The agricultural reforms have led to further environmental problems.** Such experiences are reported as consequences of the structural adjustment programmes of the IMF and the World Bank based on the macro-economic principles of liberalisation, deregulation and privatisation.<sup>1</sup>

Similar experiences were reported at the workshop. There was the case of Kenya where export production in the flower, coffee and horticulture sectors is accompanied by the use of a lot of chemicals. Training is often lacking which could demonstrate to farmers how to use chemicals in an appropriate manner. **“The more trade, the more exports, the more small farmers do not survive, poverty increases”**, is also a lesson taught by the example of Kenya. Mixed farming as a more sustainable way of farming is increasingly disappearing. The disappearance of mixed farming is becoming a major threat also in Poland, where the majority of farms is run as mixed production units. Low levels of inputs makes Polish agriculture also environmentally friendly. Most of the Polish products are not competitive in comparison to the EU, so that the regional integration and the push for competitiveness will cause major environmental and social damages.

But the case of Mauritius shows, that **export orientation and monoculture does not always lead to environmental degradation and poverty**. Ninety percent of agricultural exports from Mauritius are sugar exports. Eighty-five percent of the arable land is used for sugar cane production. However, sugar cane production is very much adapted to the local conditions showing positive environmental results. As the topsoil is very thin, sugar cane trash as an organic matter is used to cover soil. There is no use of insecticides, acaricides, bactericides, but some use of fungicides. The carbon balance is zero, as the C4 cycle is re-integrating the carbon. Sugar factories use the baggas (waste) as fuel. Small producers are also beneficiaries. Out of the total of 30, 000 planters, 21000 own 1 ha or less. Rural development has also been promoted by dispersing factories across the country.

<sup>1</sup> *Structural Adjustment Participatory Review International Network, SAPRIN (2002): The policy roots of economic crisis and poverty. Chapter 6: The impact of agricultural sector adjustment policies on small farmers and food security. Washington.*

Mongolia is another case where there is a high dependency of the economy on one major export product but with more negative implications for the environment. Due to the change in the economic system from the early 1990s onwards, **many negative impacts on nature have worsened because of the increase in livestock numbers** and the movement of herding families from more remote areas into central regions of Mongolia where there is a better infrastructure and easier access to markets. Obvious changes include the expansion of overgrazing due to a rapid increase in livestock numbers and an increase in the proportion of relatively destructive goats amongst herds because of the high market value of cashmere.

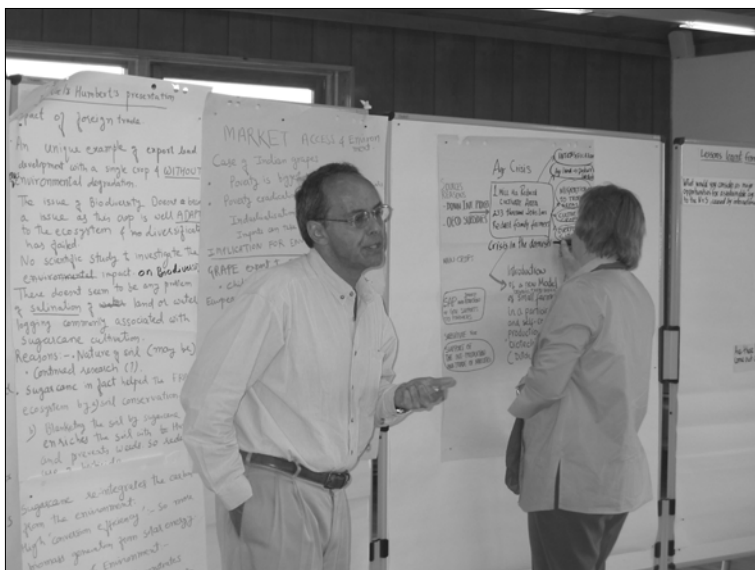
## Consumer demand and targeted support help to promote environmentally friendly farming

The example of the grapes in India demonstrates that consumer demand can have positive implications on the environment in the agricultural sector. EU consumers want high quality grapes meaning larger fruit, less chemical residues and less Gibberellic acid. In order to grow grapes of adequate size manual dipping of grape bunches in Gibberellic acid solution and thinning of the bunches is required. Both are labour intensive tasks. **Workers gain a higher income producing export grapes as consumers in Europe are ready to pay a higher price for quality grapes.**

The introduction of a legal framework and system of subsidies for organic production in Poland resulted in a significant increase in both the numbers of organic farms (from 27 in 1990 to 882 in 2002) and in the area under organic production (from 300 ha to 53.515 ha respectively). Even if there is still much more progress to be made, it shows that **environmentally friendly farming needs adequate support from the state.**

**Support is also needed to stimulate the change in production methods** in Europe. Forty-four percent of the total land area is devoted to agriculture. Forty percent of the agricultural area (grassland) is not supported with payments under the First Pillar of the CAP (support for market organisations within the EU). Instead, maize payments, for example, encourage the intensification of beef and milk production and the loss of grassland. But from an environmental perspective, Europe needs extensive cattle raising, extensive sheep production on grassland, extensive olive production and arable land structured by hedges and cultivated with a wide range of different crops. The change towards this way of farming needs incentives, financial incentives that is. Therefore financial support for agri-environmental programmes incl. organic farming is imperative. The agricultural trade framework within the WTO has to **keep this policy space** for its Member States.

incul. organic farming is imperative. The agricultural trade framework within the WTO has to **keep this policy space** for its Member States.



It became clear from the cases studies presented during the workshop that there is a huge need for further exploring the inter-linkages between trade, development and environment in agriculture. But it is also evident that these inter-linkages have to be taken into account within the construction of the WTO Agreement on Agriculture and the current negotiations.

*It became clear from the cases studies presented during the workshop that there is a huge need for further exploring the inter-linkages between trade, development and environment in agriculture.*

# Bringing sustainable rural development issues into the Agreement on Agriculture

(wiggerthale@germanwatch.org)

Sustainable rural development considers social, economic and environmental aspects. Agricultural production is a key sector in rural development policies. Therefore, agricultural policies at the national and international level are of significant importance in order to achieve sustainable rural development in the South and the North. The major question before us is this: What kind of multilateral rules in agricultural trade do we need in order to achieve sustainable rural development in the South and the North?

## Main provisions currently existing in the AoA dealing with aspects of sustainable rural development

**Preamble:** establish a fair and market oriented agricultural trading system, and having regard to non-trade concerns, including food security and the need to protect the environment, having regard to the agreement that special and differential treatment for developing countries.

**Art. 6.2.** government measures of assistance to encourage agricultural and rural development, investment subsidies generally available to agriculture, input subsidies generally available to low-income or resource-poor producers in developing country Members shall be exempt from domestic support reduction commitments.

### Annex 2 (green box):

**§2. General Services:** (a) research in connection with environmental programmes (c) training services, (d) extension and advisory services, (g) infrastructural services, including water supply facilities, and infrastructural works associated with environmental programmes;

**§10: Structural adjustment assistance provided through resource retirement programmes:** clearly defined criteria in programmes designed to remove land or other resources, including livestock, from marketable agricultural production. [...].

**§12: Payments under environmental programmes:** clearly-defined government environmental or conservation programme and be dependent on the fulfilment of specific conditions under the government programme, including conditions related to production methods or inputs.

**§13: Payments under regional assistance programmes:** (a) disadvantaged regions.

(see also Annex with additional and more detailed provisions)

The structure of the Agreement on Agriculture very much determines the policy opportunities for the integration of sustainable development concerns. Market access, domestic support and export competition constitute the three pillars of the AoA. Non trade concerns (NTCs) such as environmental protection, food security and landscape preservation are as yet only reflected in the subsidy context.

Article 20 of the Agreement on Agriculture clearly states that the current negotiations need to take into account past experiences with the implementation, non-trade concerns, special and differential treatment and further commitments if necessary to achieve the long-term objectives of the AoA. This article 20 formally constitutes a good basis for reviewing the AoA from a sustainable rural development perspective.

Taking into account the experiences of the workshop participants regarding the inter-linkages between trade rules, development and environment the discussion focussed on how to improve the current AoA with a view to achieving sustainable rural development.

## Exemption of products from tariff reductions

There are as yet no specific AoA provisions dealing with sustainable rural development in the area of market access. The main question before us is this: Which products need to be exempted from tariff reduction because of their significance in terms of food security and environmental friendly farming?

**Table 1: Selection of products that should be exempted from tariff reductions coming out of discussions in working groups**

Products	Criteria	Concepts
Main staple crops i.e. products ensuring food security e.g. maize in Kenya, dairy in Jamaica, Cassava in Colombia	Crops consumed in domestic markets only	Positive list approach for the exemption of “strategic products”
Traditionally produced crops	Significant contribution to export earnings	Transition period for preference takers (e.g. sugar) needed - give time for change
Certified organic products and/or equivalents	Strategic importance in value added chains	Special rules for developing countries - “Until we have developed”
Cash crops produced by large populations of small farmers	Produced by large populations of small farmers	Food should not be included at all in the AoA (no convergent opinion with group)
Dairy products (e.g. in Europe, Jamaica)	Percentage of dairy products produced on grassland	Food sovereignty first
Processed food involving poor producers	Products produced by infant industries	
	Products produced in extensive and environmentally friendly ways	

An agreement was reached on the following points:

- 1) There is a need to exempt products from tariff reduction in order to promote food security and environmentally friendly farming (but conceptual differences related to the exemption of a few products or all food products) in the South, but more restricted in the North.
- 2) Products that are traditionally produced, constituting main staple crops the production of which involves large numbers of small farmers need to be exempted (South)
- 3) Organic certified products shall be exempted because of their specific contribution to sustainable farming in the South and North.

Points that could not be clarified so far during the workshop related to the question as to whether only food produced for local markets shall be exempted or export products also. It is obvious that cash crops produced by small farmers – e.g. coffee, bananas, sugar – do have a positive impact. The example of Mauritius showed this very clearly. Also “fair trade” is a good example in this regard. A significant contribution to export earnings as such may not be a sufficient determinant. But if such export crops are proven to be produced mainly by small farmers it could well fall in this category of exempted products. So it's rather a question of the design and specification of such criteria (link to labelling issues).

The definition of “small farmer” was also briefly discussed. Every country is already somehow “self-determining” the status of small farmers. The commonly used criterion is the size of the holding. The per capita income of farmers as a criterion involves the problem of high inequity in income distribution inside the farming community as such.

## **Policy space for supporting sustainable farming, small scale farming and food security policies in the South**

It was commonly agreed that developing countries should be given all the necessary flexibility to support sustainable farming, small farmers and to promote food security. Three quarters of the poor and the hungry people live in rural areas. This fact underlines the importance of concentrating much more resources nationally and internationally to the eradication of poverty and hunger in rural areas. In order

to fulfil the objectives stipulated in the Millennium Development Goals (2000) and agreed upon by the international community, much more investment in rural areas is needed especially targeting disadvantaged groups like small farmers, landless people, agricultural workers, indigenous communities, women farmers and workers.

Developing countries are so much at a disadvantage that they shall be given the right to use any instrument deemed necessary to promote sustainable rural development, but preferably non-trade distorting subsidies shall be used. The time frame given above would apply here too: "Until we have developed".

### **Subsidies in developed countries acceptable to Southern participants**

The discussion showed that Southern participants are not calling for the abolition of all subsidies accepting that there is a need of targeted support. However some conditions have to be met. Payments are allowed if...

- they are promoting environmentally friendly production (proven output! indicators!)
- they are not trade distorting
- farmers are not competing with developing countries' production
- services are rendered in return (clearly defined criteria)
- if preference is given to small farmers and sustainable production methods

### **Financial support is needed for the following programmes in the South**

- environmental friendly production systems (e.g. intercropping, mixed farming)
- environmental friendly input subsidies
- poverty and hunger eradication programmes
- targeted support to small farmers
- credit schemes with low interest rates
- capacity building, trainings, transfer of know how
- demand driven research focussing on problems of small farmers
- diversification schemes
- meeting environmental and quality standards (SPS)
- building up value added food chains

<b>Support allowed</b>	<b>...if/as.....</b>
Incentives for agri-environmental programmes	...if positive environmental output ensured
Decoupled, non trade distorting support	...if proven to be environmentally friendly
Support of dairy production	...if payments are for producers in less-favoured areas and for production on grassland
Payments to producers in less-favoured areas	...if criteria clearly defined
Payments to producers	...if they don't compete with developing countries production
Payments related to natural resource protection, maintenance/promotion of biodiversity, landscape preservation	...if they are not trade distorting
any support	...as long as developing countries are compensated
Support of low input agriculture	...as it helps to decrease production and to improve environmental situation
Promotion of renewable energy	-----
Support of internal market	...if preferences given to small, medium farmers and sustainable methods
Internal support	...as long as services are rendered in return
Carefully quantified payments for farmers	...if not trade distorting

Where support given is still trade distorting, compensation schemes have to be implemented. These findings go hand in hand with the position of Northern NGOs which call for a change of the production model in Europe and for well-targeted, clearly defined support of small farmers and sustainable production methods. The need to compensate farmers in developing countries when certain trade distorting support cannot be avoided is also acknowledged. The work before us is now to devise more “clearly defined criteria” and to lobby for a review of green box measures in this regard.

## International trade and its threats and opportunities for sustainable rural development

The major threat for the South is that the current disadvantages prevail into the future and that there will be no way out of poverty and hunger. Concentrated efforts are needed to overcome this situation in the South by shifting away from the liberalisation and deregulation paradigm of the WTO, by establishing fair trade rules, by increased financial support from developed countries and by targeted support of sustainable farming in the North and the South.

	South	North
Differences	Hunger and underproduction	Overproduction and surplus
Differences	Mainly victims of unfair rules	Users of unfair rules/practices
Differences	Zero/low subsidies	High level of subsidies
Differences	Tariffs = only means for protection	Subsidies and tariffs = means of protection
	Capacity and technology available = limited	High levels of capacity and technology
Differences	Lower levels of knowledge and minor access to information	Higher levels of knowledge and major access to information
Differences	Poor countries and small farmers therein do not have lobby power	EU und US farmers have lobby power
Opportunities	Promotion of <b>organic farming</b> (positive for environment and development), possible new markets	
Opportunities	<b>Environmentally friendly farming/extensive agriculture:</b> Protection of mixed farming needed, linking agriculture to environment through extensive production, maintain positive traditional agricultural methods in order to protect environment	
Opportunities	<b>Quality production:</b> Quality understood as value added both economically and environmentally, safety values for border protection useful	
Threats	<b>Critique of economic approach of WTO:</b> Trade is considered an end in itself and not as a means for sustainability; no single solution for diverse problems, throwing out the benefits of “protection”	
Threats	<b>Social impact of liberalisation:</b> Liberalisation = threat to production by small farmers, loss of incomes and livelihoods with negative impact on environment (farmers bearing the costs!)	
Threats	<b>Industrialised model of agriculture:</b> Concentration of production (land abandonment), focus on export crops, loss of biodiversity, ecological balance threatened, intensification of production leading to environmental degradation and social problems	

The South can only develop if the North itself develops in the direction of sustainable rural development. Therefore, structural political changes have to be introduced.

At the end of the workshop common demands have been identified and laid down in a declaration (see statement). The results from the workshop have been shared with parliamentarians of the CDU/CSU, SPD and the Green Party.

# The WTO agrarian negotiations and nature conservation

## Towards sustainable rural development

**„To balance the imbalances in the WTO-Agreement on Agriculture“**  
(29.6.-2.7.2003)

Eighteen participants from twelve countries in the North and South came together to discuss the linkages between trade in agriculture, development and environment. The meeting brought people together coming from different perspectives, i.e. environmental perspectives and development perspectives. The major purpose was to identify common interests of the North and the South in the field of sustainable rural development. As a result, the following statements emerged from the debate:

■ **The agricultural support of the European Union must rapidly be directed towards agri-environmental programmes.**

The unbalanced support through agricultural subsidies causes intensification of agriculture and hence environmental damage. At the same time these subsidies distort international agricultural prices harming the interest of poor farmers and exacerbating poverty and environmental problems. To address this issue there must be a shift away from trade distorting subsidies towards agri-environmental programmes (landscape conservation, organic farming etc).

■ **An effective and operational concept of „strategic products“ must be advocated by the European Union.**

This concept has been introduced in the first Harbinson draft on modalities for the reformed agreement on agriculture. „Strategic products“ imply exempting these products from further reduction commitments in tariffs. The liberalisation of the international markets exposes vulnerable farming systems in the South to unbalanced and unfair competition. The following products are considered strategic: staple foods, produce ensuring the livelihoods of small farmers, organic food, infant agro-industry, food security crops, produce adding value to the environment and products of vital export importance for small vulnerable countries. The concept of strategic products must be accompanied with a special safeguard mechanism.

■ **Abolish all forms of export subsidies immediately.**

Export subsidies are evidently the most trade distorting subsidies. As such they have severe adverse effects on the rural economy in developing countries. Farmers lose their jobs and their purchasing power to buy food, even if it is to buy cheap imported food.

■ **End tariff escalation.**

Tariff escalation means having higher tariffs according to the level of processing of food. Developing countries are prevented from entering Northern markets when it comes to processed food. This is equivalent to denying the right of the poor to trade away their poverty.

■ **Developing countries must have the right to support development processes and small farmers.**

Current rules of the Agreement of Agriculture do not adequately allow developing countries to install programmes aimed at fostering development. This policy space is essential for addressing the current problems of the rural population and for giving developing countries the necessary flexibility to address poverty and environmental concerns. This would include: education, demand driven research, infrastructure, supply chains, environmentally friendly farming, water and land management, and all possible measures that developing countries need in order to achieve sustainable rural development.

- **Developed countries must help developing countries to meet sanitary and phyto-sanitary standards by funding capacity building and transfer of appropriate technology.**

Sanitary and phyto-sanitary standards are increasingly turning into non-trade barriers. Despite being competitive, developing countries are losing export opportunities to Northern markets because of a lack of financial resources and technology. Since consumers in developed countries are asking for higher standards, these countries have the duty to help developing countries in meeting these standards, i.e. by funding capacity building and transfer of appropriate technology.

Vilm, 2 July 2003



## Common Agricultural Policy (CAP) after Luxembourg

(Matthias.meissner@euronatur.org)

After decades the EU decided to decouple the biggest part of its payments to farmers from production. A farmer will not automatically receive financial support because he produces wheat or beef. But one thing should be clear: the legendary decoupling of payments might be a right step to a better policy but is not automatically environmentally friendly.

Why? One of the main ideas of the Luxembourg Agreement is to implement a “single farm payment”. It means that farmers would receive the same amount of money they received in the reference period of 2000 - 2002, but without the condition that agricultural commodities be produced<sup>1</sup>. This way of decoupling of direct payments is intolerable for us because the new reasoning for premia is based on historical payments and is cementing the current flow of money under the old system which is not sustainable at all.

For example: Grassland is not supported under the current payment regime. Dairy farmers using grassland for milk-production have not received direct payments under the old system, although

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<sup>1</sup> The farmer will receive subsidies equivalent to those subsidies he received for crops / livestock he produced during the reference period of 2000 to 2002.

grassland has a higher ecological value<sup>2</sup> than a field cropped with maize for fodder. If the “single payment” will be introduced, farmers who maintained their pastures / grassland will receive little support although their productivity is lower and extensively managed grassland usually has a higher ecological value. In Germany, the bulk of future “single farm payments” will be directed at farmers who did have arable land cropped e.g. with silage maize.

The new rationale for the payments to farmers is called **cross-compliance**, instead of **production**. The farmer should comply with environmental, food safety, animal health and welfare standards. Of course this is what many organisations have been demanding for years. However, this new rationale is insufficient in that the cross-compliance requirements are based on existing laws. Complying with the current law is not a sufficient requisite for receiving public funds.

But the Luxembourg agreement leaves a high degree of freedom for decision-making to the national governments in order to adapt the new policy to the specific national needs. What does this mean? The governments still have plenty of room for manoeuvre either to keep payments in agricultural sectors which cause ecological problems or to achieve more environmental and consumer protection, more animal welfare, and more social equity in the farming sector in the EU / Germany. The different lobby groups are now fighting for their interests.

### **Environmentalists are fighting *i.a.* for the following two aspects:**

1. Article 58 gives all Member States the opportunity to introduce a general, nation-wide single area payment. This payment can be identical for both arable land and grassland and may also include “unproductive” lands (e.g. hedges, trees, ponds and other elements of landscapes of high ecological but not agri-economical value). With a single area payment, grassland would be supported and with it a sustainable form of milk and meat production. Grassland is – in many parts of the EU – a result of dairy production having been carried out for centuries. In Germany, for example, dairy production counts for the bulk of grass-based production is best suited to maintain this type of landscape at a reasonable budgetary expense. For ecologists it is important to maintain these landscapes if they are extensively managed, due to their significance for biodiversity. For rural development these landscapes are important based on their scenic value.

2. Environmental standards. In order to couple the “single area payment” to more than just the fact that a farmer owns land and complies with the law, further standards have to be implemented. In Annex IV the Luxembourg Agreement contains information on the level of good agricultural practice which has to be complied with by all farmers in order to retain the premia. It depends on the individual Member State as to how strictly the level of good agricultural practice is defined. In Germany, for example, a coalition of farmers, environmentalist and consumers organisations demand:

- a) year-round vegetative cover on lands susceptible to erosion
- b) a sustainable link between production and area in livestock enterprises (2 livestock units per ha – LU/ha)
- c) crop rotation on arable land must be practiced with no one crop having a share of more than 50 % in the rotation
- d) a minimum level of maintenance of agricultural lands must be guaranteed (at least one cut per year incl. removal of the cut, or a minimum stocking level equivalent to 0.4 LU/ha)
- e) a regionally typical share of landscape elements, or a minimum of 5 % of agricultural area, whichever the higher, must be retained.

These two examples show the scope which still exists in order to couple payments to environmental objectives and not to a misguided historical payment system. Apart from the ecological benefits for Europe, the coupling of payments to these ecological standards will have positive effects on the dumping problem due to the reduction in productivity of the farming system in Europe.

Information as of 9.11.2003

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<sup>2</sup> It is clear that grassland can be maintained in an intensive and unsustainable way including the use of artificial fertilizers. On average, however, grassland has a higher ecological value.

# What's next in agricultural trade negotiations?

*(wiggerthale@germanwatch.org)*

Cancún is an important milestone in the agricultural trade negotiations. The positive signal from developing countries has been as follows: Development dimensions have to be integrated in all the agreements under negotiation. The fact that the different developing country groups stayed together in order to defend their interests in the various negotiations helped avoid the adoption of a draft ministerial declaration that was biased in favour of EU and US interests.

## Evaluation of the Derbez proposal from a sustainable rural development perspective

- The Derbez proposal on the table is threatening the livelihoods of small farmers, because of deep tariff reductions, the continuation of dumping and insufficient safeguard instruments for developing countries. Therefore the proposal has to be dropped by WTO Members (esp. developed countries). It is an unacceptable basis of negotiations from a development point of view.
- The green box is under much attack from developing countries. The G-21 demanded a capping and/or reduction of green box subsidies. Also, additional disciplines shall be elaborated and agreed upon. The G-90 is joining the G-21 in their demand for a cap of the green box. An offensive stand of the EU is needed in the sense of accepting that a review of the green box criteria from a sustainable rural development perspective must be undertaken. Some green box measures do have a considerable potential for trade distortion.
- Market access is a key issue in the negotiations. The current far-reaching demands on developing countries supported by the EU and others need to be strongly opposed. The integration of some weak safeguard instruments cannot outweigh the negative impacts of the liberalisation of markets in the South.
- The special products and the special safeguard mechanism still remain too weak in the Derbez proposal. The position of the Alliance of 33 developing countries needs to be strengthened in order to achieve effective and precise instruments, which really allow for the protection of small scale and more sustainable ways of farming and for the promotion of food security.

## Conclusions for the future work on sustainable rural development

Taking the outcome of Cancún into account it is of utmost importance to sweep the Derbez proposal from the table, to highlight the problems of liberalisation for small farmers and the environment, to maintain the policy space for subsidies supporting small farmers and sustainable farming, to keep on pushing for an end to dumping and to ensure that safeguard measures are effectively installed in order to promote food security and protect sustainable farming.

NGOs and social movements employ different strategies in order to work towards this common goal. Social movements have wonderful capacities to mobilise people, whereas NGOs strength lies in the knowledge of technical details and in providing analyses. A good coordination between both actors would help to increase the political pressure. In Germany a "Trade Justice Campaign: Justice Now"<sup>1</sup> has been established in order to inform the public at large about the problems of world trade for the people and the environment and to mobilise against the neo-liberal policies of the government. Similar trade justice campaigns are arising all over the world.

<sup>1</sup> See [www.gerechtigkeit-jetzt.de](http://www.gerechtigkeit-jetzt.de).

	<b>NGOs (inside strategy, support of social movements)</b>	<b>Social movements (outside strategy)</b>
Threat of liberalisation	Tariff reduction formula, S&DT, case studies (linkages between trade, development and environment)	Negative impact of liberalisation for small farmers and the environment, need for protection
Maintain subsidies for sustainable development	Review of green box (no cap), field visits with negotiators, study about trade distortion of green box measures, explore compensation mechanism	Preserve the right of governments to support small farmers and sustainable farming
End dumping	Abolition of export subsidies and blue box, substantial reduction of amber box, review of green box, explore TNCs and dumping	Negative impact of dumping for small farmers and sustainable farming
Special safeguard instruments	Special products and special safeguard mechanism, re-balancing mechanism, S&DT	Preserve the right of governments to protect small farmers and sustainable farming

The participants of the workshop also identified further steps to be taken that go hand in hand with the analysis of the current state of agricultural trade negotiations. The proposed further steps have been:

- Carry out further case studies on the linkages between trade, development and the environment in order to address the existing deficits ;
- Deepen the discussion on green box measures in order to reconcile environment and development issues
- Further exploration of a compensation mechanism
- More information on best practices

#### **Issues with a need for further exploration**

- Power of transnational corporations;
- Concentration in the food industry;
- Linkage between agriculture and other WTO issues (Singapore issues, GATS);
- How to improve market access for organic and environmentally friendly production
- Preferential market access
- Transfer of appropriate technology
- TRIPs and seeds
- How to strengthen a more democratic decision making process in the WTO
- Strengthen participation of NGOs/social movements working in the agricultural field in WTO negotiations

Of course every workshop shows that the complexity of the issue always demands that other related issues be taken into account. This also holds true for our workshop. Therefore participants were asked which topics would need further exploration (see box).

Participants have been very committed to continuing to work on these issues. Each of them is also involved in different networks. The farmer maxim “Live as if you are going to die tomorrow. Farm as if you are going to live forever” is a wonderful guiding principle for all of us.

# WTO legal texts on aspects of sustainable rural development

## I) “Marrakesh Agreement Establishing The World Trade Organization”

**Preamble:** “Recognizing that their relations in the field of trade and economic endeavour should be conducted with a view of raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, and expanding the production of and trade in goods and services, while allowing for the optimal use of the world’s resources **in accordance with the objective of sustainable development**, seeking both to protect and preserve the environment and to enhance the means for doing so in a manner consistent with their respective needs and concerns at different levels of economic development.”

“By explicitly recognizing the ‘objective of sustainable development’, the preamble shows that ‘the signatories to the Agreement were, in 1994, fully aware of the importance and legitimacy of environmental protection as a goal of national and international policy.’<sup>1</sup>

## II) Current provisions of the Agreement on Agriculture dealing with aspects of sustainable rural development

### Preamble:

- Recalling that their long-term objective as agreed [...] is to establish a fair and market oriented agricultural trading system [...].
- Noting that commitments under the reform programme should be made in an equitable way among all Members, having regard to non-trade concerns, including food security and the need to protect the environment, having regard to the agreement that special and differential treatment for developing countries is an integral element of negotiations [...].

**Art. 6.2.** [...] that government measures of assistance, whether direct or indirect, to encourage agricultural and rural development are an integral part of the development programmes of developing countries, investment subsidies which are generally available to agriculture in developing country Members and agricultural input subsidies generally available to low-income or resource-poor producers in developing country Members shall be exempt from domestic support reduction commitments [...].

**Art.20:** [...] Members agree that negotiations for continuing the process will be initiated one year before the end of the implementation period, taking into account:

- (a) the experience to that date from implementing the reduction commitments;
- (b) the effects of the reduction commitments on world trade in agriculture;
- (c) non- trade concerns, special and differential treatment to developing countries Members [...]; and
- (d) what further commitments are necessary to achieve the above mentioned long-term objectives.

### Annex 2:

#### § 2. General Services: [...]

- (a) research, including general research, research in connection with environmental programmes, and research programmes relating to particular products; [...]

<sup>1</sup> WTO (1999): *High Level Symposium on Trade and Environment. Geneva, 15 –16 March 1999. Background document. Geneva. Page 19.*

- (c) training services, including both general and specialist training facilities; [...]
- (e) extension and advisory services, including the provision of means to facilitate the transfer of information and the results of research to producers and consumers;
- (f) marketing and promotion services, including market information, advice and promotion relating to particular products but excluding expenditure for unspecified purposes that could be used by sellers to reduce their selling price or confer a direct economic benefit to purchasers; and
- (g) infrastructural services, including [...], roads and other means of transport, market and port facilities, water supply facilities, dam and drainage schemes, and infrastructural works associated with environmental programmes [...]

#### **§10: Structural adjustment assistance provided through resource retirement programmes**

- (a) Eligibility for such payments shall be determined by reference to clearly defined criteria in programmes designed to remove land or other resources, including livestock, from marketable agricultural production. [...].

#### **§ 12: Payments under environmental programmes**

- (a) Eligibility for such payments shall be determined as part of a clearly-defined government environmental or conservation programme and be dependent on the fulfilment of specific conditions under the government programme, including conditions related to production methods or inputs.
- (b) The amount of payment shall be limited to the extra costs or loss of income involved in complying with the government programme.

#### **§ 13: Payments under regional assistance programmes**

- (a) Eligibility for such payments shall be limited to producers in disadvantaged regions. Each such region must be clearly designated contiguous geographical area with definable economic and administrative identity, considered as disadvantaged on the basis of neutral and objective criteria clearly spelt out in law or regulation and indicating that the region's difficulty arise out of more than temporary circumstances. [...]
- (f) The payments shall be limited to the extra costs or loss of income involved in undertaking agricultural production in the prescribed area.

### **III) Decision on Trade and Environment**

Ministers, [...] decide:

- that the TNC Decision of 15 December 1993 which read, in part, as follows: “[...] (b) to make appropriate recommendations on whether any modifications of the provisions of the multilateral trading system are required, compatible with the open, equitable and non-discriminatory nature of the system, as regards, in particular: [...]
- The avoidance of protectionist trade measures, and the adherence to effective multilateral trade disciplines to ensure responsiveness of the multilateral trading system to environmental objectives set forth in Agenda 21 and the Rio-Declaration, in particular Principle 12; and
- Surveillance of trade measures used for environmental purposes, of trade-related aspects of environmental measures which have significant trade effects, and of effective implementation of the multilateral disciplines governing those measures;”

constitutes, along with the preambular language above, the terms of reference of the Committee on Trade and Environment, [...].

# Workshop programme

## Monday 30<sup>th</sup> of June 2002: Module I:

### Objectives:

Enhance exchange between environmental and development-oriented participants

Find a common level of understanding of the current situation

<b>8.00- 9.00</b>	<b>Breakfast</b>
<b>9.00</b>	<b>Opening of the Workshop:</b> <b>Welcome Address by Ms. Karin Robinet, BfN</b> <b>Objectives of the Workshop: Ms. Wiggerthale / Mr. Meissner</b>
<b>9:15-10.00</b>	Keynote speech: <b>WTO negotiations on agriculture. Targets, Background, State of negotiations by Mr. Alexander Werth, ICTSD- (The International Centre for Trade and Sustainable Development)</b>
	Discussion
<b>10:45-11:00 -</b>	<b>Coffee break</b>
<b>11:00-12:30</b>	<b>What could you observe as major effects of the current agricultural system on nature and environment (seen from a world-wide perspective)? References to own country.</b> First collection of ideas by the participants in three groups: Introduction and Summary <b>by Vicki Hird</b>
<b>12.30 –14.30</b>	<b>Lunch break</b>
<b>14.30 – 15.30</b>	Input & Discussion <b>The role of trade in sustainable agriculture by Mr. Alexander Werth, ICTSD</b>
<b>15:30-18:30</b>	Presentations of Case Studies: <b>How do trade /exports and imports of agricultural goods influence the local agricultural systems, the management of natural resources, and ecosystems?</b>
	1. <i>European Union (15) by Mr. Matthias Meißner</i>
	2. <i>Poland by Mr. Mariusz Maciejczak</i>
	3. <i>Mauritius by Mr. Mr. Jean-Noel Humbert</i>
	4. <i>Mongolia by Mr. Mr. Dr. R. Samiya</i>
<b>18.30</b>	<b>Dinner</b>
	5. <i>Colombia by Mr. Santiago Perry</i>

## Tuesday, 1st July 2003

Module II - Objectives:

*Deepening of analysis to finding common ground and identify differences*

<b>8.00- 9.00</b>	<b>Breakfast</b>
<b>9.00-9:45</b>	<b>Observers' Presentations</b> <i>Summary of the presentations of the Case Studies</i>
	<b>Lessons learnt:</b> What did we learn from the presentations?: <ol style="list-style-type: none"> <li>1. What would you consider to be the major <b>common</b> threats and opportunities for sustainable agriculture in the North and the South caused by international trade?</li> <li>2. Where would you see differences in the threats and opportunities for the North and the South?</li> </ol>
<b>10:15 - 11:45</b>	<b>Group Work</b> <i>Considering the lessons learnt and identified regarding the current situation of the influences of international trade on sustainable agriculture, let us now focus more on the future development under the assumption of a liberalised and deregulated world market as foreseen in the WTO negotiations.</i>
<b>11:45-12:30</b>	<b>Plenary Discussion</b> (chaired by Euronatur/Germanwatch): <b>Anticipating the impact of future developments on threats and opportunities in the North and South for sustainable agriculture associated with a liberalized world market</b> <i>Summary and conclusions</i>
<b>12.30 – 14.30</b>	<b>Lunch break</b>
<b>Module III: Perspectives and further steps</b>	
	<ol style="list-style-type: none"> <li>1. - Fields of political influence of the participants in their national context, or - On the chief negotiators in the WTO agriculture negotiation - To inform international lobbying and networking / to form a network of its own</li> <li>2. Issues that need more exploration</li> </ol>
<b>14.30 –15:45</b>	<b>Group Work II</b> <i>“Considering the issues and opportunities identified in the previous session, which are the ones you consider worthwhile acting upon?”</i>
<b>15:45 - 16:15</b>	<b>Presentation &amp; Discussion in the plenary:</b> <i>Identification of Non-Trade related concerns / mechanisms to be implemented by the WTO rules on agriculture in order to support sustainable agriculture worldwide.</i>
	<b>Coffee break</b>
<b>16.45-17:30</b>	<b>Discussion</b> <i>Further steps in order to implement the ideas developed during the workshop in the national political discussions</i>
<b>17:30-18:25</b>	<b>Evaluation of the workshop</b> <b>Closing of the workshop (Ms. Robinet, BfN)</b>
	<b>Dinner</b>
<b>Evening</b>	<b>Farewell reception</b>

# List of Participants of the workshop

„WTO agrarian negotiations and nature conservation: Towards sustainable rural development“

29<sup>th</sup> June to 2<sup>nd</sup> July 2003 on the Island of Vilm / Germany

	Name		Organization	Country	email
1.	Mr.	Alejandro Viamar	Remalc	Mexico	<a href="mailto:avillamarc@hotmail.com">avillamarc@hotmail.com</a>
2.	Mr.	Alex Werth	ICTSD	Switzerland	<a href="mailto:awerth@ictsd.ch">awerth@ictsd.ch</a>
3.	Mr.	Bonnie Setiabab	Institute for Global Justice	Indonesia	<a href="mailto:bonnie@globaljust.org">bonnie@globaljust.org</a>
4.	Mr.	Cord-Henrich Treseler	Euronatur	Germany	<a href="mailto:Cord.treseler@euronatur.org">Cord.treseler@euronatur.org</a>
5.	Ms	Fiona Black	Freelancer, formerly Federation of Jamaican Dairy Producers	Jamaica	<a href="mailto:fionab@cwjamaica.com">fionab@cwjamaica.com</a>
6.	Mr.	Helmut Albert	GTZ	Germany	<a href="mailto:helmut.albert@gtz.de">helmut.albert@gtz.de</a>
7.	Mr.	Jan von Ledebur	Former President of AGÖL (German Federation of Organic Farmers Associations)	Germany	<a href="mailto:Ledebur.stralsund@t-online">Ledebur.stralsund@t-online</a>
8.	Mr.	Jean-Noel Humbert	Mauritius Chamber of Agriculture	Mauritius	<a href="mailto:mca312@bow.intnet.mu">mca312@bow.intnet.mu</a>
9.	Ms	Karin Robinet	Federal German Agency for Nature Conservation	Germany	<a href="mailto:Karin.robinet@bfn.de">Karin.robinet@bfn.de</a>
10.	Ms	Marita Wiggerthale	Germanwatch	Germany	<a href="mailto:wiggerthale@germanwatch.org">wiggerthale@germanwatch.org</a>
11.	Mr.	Mariusz Maciejczak	IUCN	Poland	<a href="mailto:m.maciejczak@wp.pl">m.maciejczak@wp.pl</a>
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## Euronatur

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EURONATUR was founded in 1987 by three national environmental organizations in order to promote 'classic' nature conservation projects (species and area protection) specifically in Southern, Central and Eastern Europe. After working exclusively on nature protection issues for some years, the need for a stronger political section became obvious. An office in Bonn (Germany) was created (headquarters in Radolfzell/Germany) which focuses on German and European (EU) environmental politics and environmental problems in CEE. EURONATURE has developed strong working relations with NGOs in CEE, especially with the „Central and Eastern European Working Group for the Enhancement of Biodiversity (CEE-WEB)“ to work on biodiversity and environmental policy issues. In the last years the Bonn offices concentrated its work on the reform of the Common Agriculture policy of the European Union, as the CAP is the reason for many severe ecological problems existing in the EU.

## Germanwatch

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Germanwatch is a non-profit, non-partisan, non-governmental "North-South initiative". We are actively engaged in directing German political policy towards sustainability for the countries of the South as well as those of the North. Germanwatch promotes the readiness of the German population to accept the structural changes necessary to ensure southern countries the chance for self-determined development. The North cannot claim the well-being and wealth of the world for itself alone. On the contrary, reorientation in economics and ecology is necessary in the North so that people in the South may live under humane conditions. The central elements of our work are: intensive dialogue with politicians and business people, public and media relations and issue-related campaigns. Our main issues: Climate change, aviation, socially responsible investment, corporate accountability, food security, Common Agricultural Policy, WTO issues and German and EU development policy.

## The Federal Agency for Nature Conservation

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The Federal Agency for Nature Conservation (BfN) is the central Federal scientific agency for national and international nature conservation and landscape management in Germany. It is organised as part of the Federal Environment Ministry's sphere of responsibility. The Federal Agency for Nature Conservation has its headquarters in Bonn. It maintains branch offices in Leipzig and on the Island of Vilm, near Rügen.

The Federal Agency for Nature Conservation...

- **advises** the Federal Environment Ministry (BMU) and the Federal Government in all fields of national and international nature conservation and landscape management,
- **supports** major nature conservation projects all over Germany, including pilot projects relevant to nature conservation (test and development projects)
- **has responsibility for approving** imports and exports of legally protected plant and animal species,
- **carries out research** in support of these tasks and commissions research,



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**The expert workshop and the  
documentation were supported by  
the Federal Agency of Nature  
Protection with funds of the German  
Federal Ministry on Environment**