

# IMPACT OF THE WTO ON PEASANTS IN SOUTHEAST ASIA AND EAST ASIA

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## **10 years of the WTO is enough!**

“WTO out of agriculture” is a demand of the millions of members of La Via Campesina. We recognize that the struggle won’t end in the non-democratic meetings in Geneva or Hong Kong, but it will be one of the most important battles for values such as solidarity, justice, and democracy in the coming years.

La Via Campesina is against any further liberalization of agricultural markets and calls for the rollback of the liberalization already accomplished, along with an immediate stop to the dumping of cheap food imports.

Of the many negative impacts of free trade of food and other agricultural products, the most damaging is the nearly universal problem of dumping low-priced food imports. Agricultural dumping undercuts the ability of peasant farmers to make a living, which makes maintaining and strengthening peasant-based food production for domestic markets nearly impossible.

For example, since NAFTA was signed by the USA, Canada and Mexico, the price that Mexican peasants receive for their maize has fallen by more than 50 percent, due to cheap imports, and hundreds of thousands of families have been forced out of the countryside and into migrant streams. In South Korea, after signing GATT and the WTO, the price that Korean farmers receive for their rice fell by 75 percent, and the number of farm families was driven down from six million to three million in just ten years, fueling massive rural-urban migration and a wave of farmer-suicides.

Faced with the devastation of rural areas and economies, a number of governments have recognized this problem and have taken concrete steps to protect domestic food production and implement a principle of food sovereignty. For example, the Indonesian government has imposed and already extended a temporary ban on rice imports. This has stemmed the flooding of the countryside with cheap rice that drives local farmers out of business, and thus fostered a healthier rural economy, as Indonesia has the capacity to produce its own rice. Governments must take unilateral action to protect domestic, peasant-based food production through measures that prohibit low priced food imports.

Ten years of the WTO is enough! It is creating poverty, hunger, natural resource exploitation and environmental destruction worldwide. Food sufficient nations now must import food, have been forced to privatize water resources and public services, and to destroy local seeds as well as traditional knowledge. The WTO is causing many nations to lose their sovereignty and become controlled by a few trans-national corporations (TNCs). In the wake of WTO difficulties, the FTA has emerged as a new method of implementing a neoliberal agenda. The impact of the FTA is disastrous, causing massive poverty and hardship for the peasant community.

We are facing severe negative impacts of both the WTO and FTA. For instance, Thailand is known as the biggest rice exporting country but Thai peasants have been suffering from huge amounts of debt and are losing their land as well as their local seeds. South

Korean and Japanese peasants are struggling to stop the liberalization of rice markets in their countries. Even the agriculturally-based countries of Indonesia, Malaysia and the Philippines are now becoming predominantly food importers.

We must stop the WTO and neoliberal policy because of the disastrous impacts on peasants. Thousand of peasants and farmers will come to Hong Kong on December 2005 to derail the WTO Ministerial Meeting. We will be on the frontlines of this struggle.

This book is the compilation of papers presented by regional members of La Via Campesina Southeast Asia and East Asia. These papers were presented during the international seminar on the impact of the WTO on peasants in the region during 2004 and 2005. We understand that this book is not perfect, but its release is important to show how the WTO has caused made peasant suffering. As Lee Kyoung Hae, the Korean farmer who committed suicide in Cancun said, “The WTO kills farmers!”

The first part of the book was prepared by NOUMINREN Japan and KPL South Korea, two Asian countries considered developed. The second part of the book was prepared by PANGGAU Malaysia, FSPI Indonesia, PARAGOS Philippines, and the Assembly of the Poor in Thailand

Despite its imperfections, we hope this book will inspire the social movements to keep fighting against the WTO and against neoliberalism.

Globalize the Struggle!

Globalize Hope!

# **The Impact of the WTO and FTA on Agriculture and the Japanese Farmers Movement**

NOUMINREN  
(Japanese Family Farmers Movement)

During the era of Japanese militarism and colonization, more than 20 million people were killed in many Asian countries. Recently, the Japanese government has tried to glorify and revitalize the style of invasion Japan carried out during World War II. Furthermore, the government has attempted to change the Japanese Constitution, including withdrawing the pledge that Japan will never cause or engage in any war. Most of the Japanese people are against this government action and many are interested instead in supporting the activities of people's movements. We, the Japanese people, can never have a bright future without the friendship of Asia and the world. We at NOUMINREN have decided to become members of La Via Campesina and to struggle together in strong solidarity.

## **The Impact of the WTO and FTA on Agriculture**

Since the WTO Agreement on Agriculture came into effect ten years ago, Japanese farmers have been confronted with an unprecedented economic crisis. At the same time, Japanese consumers have faced ever-increasing food insecurity as the result of increased genetically engineered crops and imported food with higher pesticide residual levels.

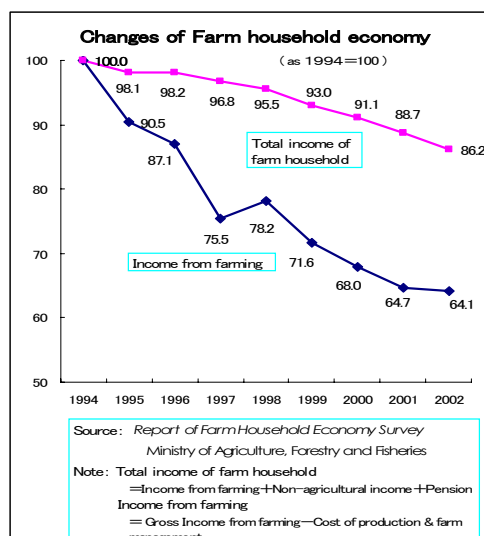
To understand the context of this current situation, we will begin by presenting a short introduction to the Japanese agricultural system.

Japanese agriculture changed after World War II. Before the war, half of the nation's agricultural land was owned by local landlords. Poor farmers, who made up 50 percent of the working population, were exploited, relinquishing 40 to 50 percent of their total income as tenant fees on their farmland. Soon after the war ended, agrarian land reform was implemented to abolish the traditional landlord system, which was one of the major pillars supporting Japan's militarism. Japan became a country consisting of many

family farmers. Post-war agricultural policy focused on supporting newly emerged family farmers who had received land through the agrarian reform. This policy consisted of two main points:

- i) The farm gate price of rice was guaranteed to cover production costs;
- ii) Farmland regulations were imposed that strictly limited farmland ownership only to farmers, i.e., those who till the land. This measure was to prevent farmland from being owned by large capitalists and former landlords. Recently, the farmland ownership regulations have been gradually eroded.

Under the policies of the Japanese government following the WTO Agreement on Agriculture, the price of rice has decreased 40 percent over the last decade, and total agricultural income of farmers has continuously fallen. For example, income in 2002 was only 64 percent of the 1994 amount (see graph). In the post-war period, the situation of agriculture became worse than ever.



## WTO – Secret Meetings

Like the failed Seattle meeting of 1999, the 2003 WTO Ministerial Meeting in Cancun in 2003 was successfully halted as well. This was a victory for peasants, farmers, and people all over the world against the WTO. Rich, developed countries, such as the US, EU, and Japan, and Transnational Corporations were driven into crisis by these disruptions. But at the same time, however, these countries and corporations learned from the failure of Cancun and have schemed to act more cunningly.

For instance, the US, EU, and Australia have tried to divide the union of developing countries, especially the G20, by turning Brazil and India into allies and establishing an exclusive group consisting of these five countries. In July 2004, the WTO General Council resolved “a Ministerial Declaration without a Ministerial Meeting” (Walden Bello), an undemocratic and closed-door initiative of the five nations unlike the comparative openness of the conventional “Green Rooms.” And in another closed-door “Unofficial Ministerial Meeting” held in Paris in May 2005, these countries reached an

agreement on the tariff formula of agricultural crops based on maintaining their original initiative. Even the Japanese government, which has loyally followed the US, was not invited to this secret meeting.

This can never stand as an agreement between the “North” and “South.” There is no doubt that many other secret meetings will be held during the Hong Kong Ministerial Meeting. Peasants and farmers work under the sun. Agricultural crops grown by the sun are dealt with under the control of meetings that hide from the sun and stay in the shade. Imagining this makes it obvious that the WTO is not suitable for agricultural trade. If you consider history, these undemocratic and unfair systems cannot be sustained for long.

### **FTA negotiation is like the WTO, but more powerful than the actual WTO**

Another issue is the promotion of “their most important recent instrument – bilateral free trade agreements” (from the 4<sup>th</sup> Conference of Via Campesina) based on neoliberalism. What follows are examples of policies between the Japanese TNCs and the government.

Recently, one official of the Japanese Ministry of Foreign Affairs said the following about the relationship between the ASEAN countries and the Japanese FTA negotiations:

“Japan is the home for the investors (the home for TNCs). ASEAN is home for production. Therefore, what Japan (government and TNCs) wants from the FTA is all investment related. Steel or automobile parts from Japan are for branches of the Japanese capital corporations in ASEAN. For these items, Japan requires an **extermination of the tariff** of ASEAN. Also, Japan requests establishing the **investment rule** in order to make Japanese companies able to invest more easily. Furthermore, the Japanese **service industries** such as banks, insurance companies, and transportation companies should be **liberalized** for their expansion. Bidding on **government procurement** should be more fairly opened for Japanese companies. Therefore, the Japanese requests are all investment related (for the advancement of TNCs).

Basically, the requests of ASEAN are mostly for ensuring access to Japanese markets in order to export agricultural products, forestry related and marine products, and the labor force. Therefore, as the FTA is a comprehensive agreement, both ASEAN and Japan (meaning both ASEAN capitalists and the Japanese TNCs) can achieve their own demands.”

By Atsuyuki Onoike, the manager of the division of economical partnership of the Japan Ministry of Foreign Affairs

\*Parentheses are explanations of Mr Mashima, Vice Chairman of NOUMINREN

It is not so often that one sees sentences like those above that so openly and cruelly express the real intentions of the Japanese TNCs. The following are some points to consider:

First, the Japanese TNCs declare that their intentions are to block the independent development of the domestic economy of ASEAN and to treat ASEAN more like their subcontractors. The progress of FTA negotiation between Japan and Thailand is very slow because representatives of the Japanese automobile companies are threatening Thailand. They have stated, “if Thailand continues to refuse to open the domestic market of automobile and steel industries, we will relocate Thailand’s branches of our companies to China.” In this negotiation, there is no spirit of Bandung – the Asia Africa conference that 50 years ago stipulated, “equal reciprocity.” It is believed that their main objective is the economic colonization of the Asian countries. When one sees many Japanese cars like Hondas and Toyotas running in Jakarta and Bangkok, one can only ask, "Why can one not see many domestically produced cars in Indonesia, Thailand, or the Philippines? Why is independent economic development of developing countries being blocked?"

Next, “human trade” was admitted by the FTA between Japan and the Philippines. This agreement “exports” Philippine nurses to Japan. This is not an over exaggerated expression because short documents like the following have been seen:

“In a public hospital in Manila, two doctors are working so hard, but patients die one after another because the number of nurses is too few. The country that

needs Philippine nurses the most is the Philippines, not other countries. By using the power of money, Japan is robbing not only nurses from the Philippines, but the future of the Philippines as well.”

Third, in the process of FTA negotiation, people discuss a “New Issue,” which includes rules of investment and government procurement that are excluded even in WTO negotiation. FTA negotiation is like the WTO, but more powerful than the actual WTO.

Fourth, the Japanese government sacrifices Japanese agriculture and family farmers for the FTA. KEIDANREN is a kind of union of the Japanese TNCs and works some key roles in FTA negotiation. The Chairperson of KEIDANREN and CEO of Toyota, Hiroshi Okuda said, “The Japanese people have worked by family farming for thousands of years. This business model is too old and we need to rebuild it from the beginning.” In other words, he requests opening agricultural markets more and breaking the Japanese family farmers for the FTA. The revenue of Toyota is more than the total GDP of Thailand, but this company wants to make more profits by destroying Japanese agriculture.

Furthermore, the policies of the Japanese TNCs and government work to destroy Asian family management. According to “New FTA Policies” published by the Japanese Ministry of Agriculture, Forestry, and Fisheries last November, (i) the Japanese TNCs need to control the Asian peasants/farmers to be able to build more profitable agribusiness, and (ii) developing countries need to make rules of investment for TNCs. These policies aim to change agricultural production for export but not for food for domestic people. We cannot let them act freely.

### **Strengthen Local, National, and Global Solidarity**

Japan is the world’s biggest net food importer. The Japanese self-sufficiency rate for food is extremely low. Seventy-two percent of staple foods are imported, the equivalent of food for about 90 million people. The Japanese people depend on food from the unstable market outside of this country. Successive political regimes have followed the U.S. and ignored people’s food sovereignty. In particular, the majority of corn and soybeans (94 percent of corn, 78 percent of soybeans) are imported from the U.S. As the result, the Japanese people have become guinea pigs for GMOs.



Many Japanese women, consumers, and workers are seriously concerned about living under this situation. More than 33 million people in many kinds of sectors including peasants/farmers have created a broad network and participate in a people's movement in Japan. We, NOUMINREN, promote our movement together with these civil networks. Due to the strong solidarity between peasants/farmers and consumers, the direct marketing of agricultural products has developed. Our movement has influenced Japanese schools greatly. 80 percent of schools choose to use local agricultural products for school lunch and provide a fresh and healthy diet to children. Our movement for protecting peasant/farmers and local communities and consuming agricultural products in the area where these are produced is not promoted based on food sovereignty, but we believe that we can join in and broaden the activities of La Via Campesina for food sovereignty.

Our Food Research Laboratory investigates residual agricultural chemicals from wheat and vegetables imported from the U.S. or other countries and motivated the Japanese government to decide not to import them by telling the specific analysis data. Recently, this laboratory has actively worked on checking for GMOs.

As mentioned before, agrarian reform was carried out thoroughly in the post-war period, and family based farming has been practiced. Japan had been the main root of invasion until the end of World War II, and after the war, this country became the home for TNCs. The Asian and the Pacific people have suffered and been exploited by this country for long time. Even though Japan is such a country, we believe that the Japanese people can be proud of the Japanese agrarian reform and agricultural system as a democratic achievement.

However, the Japanese TNCs and the government that supports them are promoting corporate agriculture that is interested in only increasing its "efficiency" in some agricultural land, and aims to terminate "inefficient" farming practiced on most of agricultural land. We defined this movement as "total closing in the post war period" and are struggling against it with all peoples, including workers, consumers, and women. The government had planned to demolish the current agricultural system in March 2005, but our struggle stopped them from doing it.

These are some parts of our domestic activities. While continuing to promote these local and national level activities, we would like our movement to be able to contribute to international activities.

Let us make specific action plans together against the WTO Ministerial Meeting in Hong Kong. Let's make our movement more global.

**Globalize the Struggle and Globalize Hope!**

# WTO and Korean Agriculture

Korean Peasant League (KPL)

## 1. INTRODUCTION

- Since an agreement was reached in the Uruguay Round in 1993 and the WTO was launched in 1995, the Korean government that joined the WTO has opened up our agricultural market for all goods except rice. The Korean government has reinforced the agricultural policy reform, so Korean agriculture, rural areas, and farmers are facing with a crisis, that is to say, their existences are threatened.

- After finishing period of delayed tariffication of rice, the government has proceeded with closed meetings that threaten the future of Korean agriculture without the citizens' consent. The government has proceeded publicly with negotiations to extend the period of delayed tariffication of rice, but there was another negotiation that wasn't noticed by the citizens, resulting in Korea being forced to open the rice market to other countries.

\*\* In addition, each country is going to advance the opening of its markets , including its agricultural markets, through the FTA. Because the government is pursuing FTAs with many countries indiscreetly at the same time, Korean agriculture is expected to be in jeopardy in the future.

- |  |
|--|
| <ul style="list-style-type: none"><li>- Singapore, EFTA - Agreement is concluded</li><li>- Japan, The United States, India, ASEAN, Mexico, China - Agreement is in process or is planned</li><li>- Canada and Korea agreed to start the negotiation in last July</li></ul> |
|--|

## 2. Changes in Korean agriculture after the WTO

- with statistics related to agriculture

### 1) Decrease in rate of foodstuff self-sufficiency

- We can see that the rate of foodstuff self-sufficiency has been decreasing continuously due to the opening of the agricultural market. The self-sufficiency rate would be as low as three percent if we left rice out of the calculations.

**<Rate of Foodstuff self-sufficiency>**

(unit : %)

	1970	1980	1990	2000	2001	2002	2003	2004
Rate of Foodstuff Self-Sufficiency	80.5	56.0	43.1	29.7	31.1	30.4	26.9	<b>25.3</b>

From Ministry of Agriculture and Forestry, Republic of Korea

**2) Decrease in farmer households, farming population, and farming population in each household**

- The farming population, which was over 10 million in the past, is now under 3.5 million, a number that has been falling continuously.

(unit: number in household, the number of people, %)

	farmer household	farming population	family size(people)
1970	2,483,318	14,421,730	5.81
1980	2,155,073	10,826,748	5.02
1995	1,500,745	4,851,080	3.23
2000	1,383,468	4,031,065	2.91
2003	1,264,431	3,530,102	2.79
2004	1,240,406	3,414,551	2.75

From Ministry of Agriculture and Forestry, Republic of Korea

### 3) Decrease in the area of farmland each year

- The size of the farming population and of the amount of farmland have been declining together steadily.

(unit : 1000 ha, %)

	farm land	rice field	field	size of farmland in each household(ha)
	size of land	size of land	size of land	
1970	2,297.5	1,272.9	1,024.6	0.93
1990	2,108.8	1,345.3	763.5	1.19
1995	1,985.3	1,205.9	779.4	1.32
2000	1,888.8	1,149.1	739.7	1.37
2001	1,876.1	1,146.1	730.0	1.39
2002	1,862.6	1,138.4	724.2	1.45
2003	1,846.0	1,126.7	719.3	1.46

From Ministry of Agriculture and Forestry, Republic of Korea

### 4) The problem of an aging population in rural areas

- The under-30 age group takes up only 0.2 percent of the farming population because of the opening of the market under the influence of the WTO. Numbers of farmers over 60 have been increasing steadily.

- The size of the farming population will inevitably decrease in the future, unless more young people come into the rural area.

(unit: Thousand households)

	total farmer households	less than 30	30 ~ 49	50 ~ 59	more than 60
1981	2,030	104(5.1)	936(46.1)	555(27.3)	435(21.5)
1990	1,767	37(2.1)	594(33.6)	584(33.0)	552(31.3)

1995	1,501	12(0.8)	406(27.1)	447(29.8)	635(42.3)
2000	1,383	7(0.5)	322(23.3)	348(25.2)	706(51.0)
2001	1,354	4(0.3)	274(20.2)	326(24.1)	750(55.4)
2002	1,280	3(0.2)	252(19.7)	299(23.3)	727(56.8)
2003	1,264	2(0.2)	240(18.9)	293(23.2)	730(57.7)

From Ministry of Agriculture and Forestry, Republic of Korea

### 5) Increasing debt of farmer households

- Farmers are pushed increasingly into debt due to the absence of guaranteed income, a result of the influx of cheap, imported farm products mandated under the WTO and subsequent change in agricultural policy by the government following the market opening by UR in 1994.

#### <The debt of farmer households>

(unit : \1000)

	1970	1980	1990	1993	2000	2001	2002	2003
farmer household debt	16	339	4,734	6,828	20,207	20,376	19,898	26,619

From Ministry of agriculture and Forestry, Republic of Korea

### 6) Increase in the income gap between rural and urban areas

After 2000, the income gap between rural and urban areas expanded. Previously, incomes were similar, for example in 1995 the rural income was 95.1 percent while the urban income was 100 percent. However, rural income decreased by 80.6 percent in 2000 and 76.2 percent in 2003, respectively.

->Since 1998, urban household incomes have increased by an average of 6.4 percent in annually, while rural household incomes have increased by only 5.4 percent.

### **3. Changes in Korean agriculture after FTA between Korea and Chile**

#### **1) Increase in imported farming products and stock farm products from Chile**

- January 2005 ~ June 2005

Amount of imported agricultural products from Chile: \$71 million

- January 2004 ~ June 2004

Amount of imported agricultural products from Chile: \$44 million

-> Imported products increased by 62.6 percent, and the amount of Chilean products comprise 1.5 percent out of total imported products, an amount that increased by 0.5 percent compared to the past (according to a report of The Ministry of Agriculture and Forestry.)

- Amount of increase in agricultural products from Chile classified by items

- Kiwi fruit: increased by 216 percent
- Wine: increased by 87.1 percent
- Pork: increased by 54.9 percent
- Grapes: increased by 46.1 percent

□ Korean orchards that cultivate grapes, peaches, and kiwi fruit have been applying for orchard closings one after another. (At a rate seven times higher than the government anticipated.)

- According to the FTA between Korea and Chile, the items that were fully liberalized in the last year were over 250 out of more than 1080 total items . The extent of the damage will grow as the liberalization is further extended.

## **5. Closing Remarks**

The Korean Peasants League, together with 3.5 million farmers, will continue struggling against the WTO – an organization that is leading Korean agriculture to crisis and collapse.

Korean farmers are in danger of the rice market opening. We will struggle against this and work to prevent it at the risk of our lives because "rice is our life and sovereignty". Ratification to open the rice market will be the core agenda in a regular session of the National Assembly that starts in September. Korean farmers, however, are planning to stop the ratification of rice negotiations because failed negotiations will threaten food sovereignty. Korean farmers will be carrying out a second general strike in October identical to that carried out on June 20 by piling up the rice after harvesting.

"Agriculture is not the issue of this discussion, the WTO is killing farmers". This slogan will remain our basis of struggle . We will continue to struggle against the APEC summit talks that are to be held in Busan in November 2005. Lastly we have organized an action team and gathered over 1000 farmers from every province to travel to Hong Kong and stop the 6th WTO Ministerial Meeting.



## **The Impact of the WTO Agreement in Malaysia**

Borneo Indigenous and Peasant Movement (PANGGAU) Malaysia

PANGGAU is the Borneo Indigenous and peasant movement in Malaysia. Impact of the WTO in Malaysia is clear since we, as a nation, do not have food sovereignty. Food sovereignty is the right of people to define their national policy of agriculture. We seek food policy that promotes positive outcomes for the people while specifying how they would grow, plant and produce not only for the people in the city but also the rural area. Economic development is the key to success. The unwillingness of the government to solve the food problem can lead to legal problems because this is against human rights. Rights to adequate food are not only for men but also for women and children and the food must be healthy for and accessible to the people. The Malaysian government must protect the food for the nation because this is one of its human rights obligations.

The trade issues promoting the G8, World Bank and IMF ignore the people's food security. The WTO agreement opened our domestic market but gave big subsidies to farmers in developed countries. Better policy is needed to support civil society by the country having sovereignty over food.. The farmers have problems with their local markets. Big plantations take over the indigenous land and the TNCs use that land to grow palm oil. The policy, which we call the new land policy, gives the opportunity for investment in our country. The politics of TNCs do not involve the indigenous people and now the indigenous people work as laborers at low wages. A small population of Malaysian farmers practice sustainable farming. Thousands of hectares of land was taken by the government from farmers and the indigenous people. Then the displaced villagers immigrate to the cities and this bring social problems in Malaysia

In Malaysia, and especially in East Malaysia, 90% of the farmers still use traditional methods of farming over the last 40 years, but the government did very little to help the less unfortunate and poor farmers. East Malaysia had a total population of 1.4 million (as of ????)consisting of 24 different ethnic groups or indigenous peoples and 70% of the

population are farmers. East Malaysia's main exports consist of pepper, rubber, and cocoa. East Malaysia is very rich in natural resources such as timber, oil and mines but the businesses are being manipulated by multi-national corporations and individuals in power.

Pepper cultivation is the main export commodity of East Malaysia.

1. In 1989 – 1992 pepper price rise up from RM 1.20 per kilo to;
  - a. white pepper – RM 12.00 per kilo
  - b. black pepper – RM 9.00 per kilo
  
2. In 1993 – 1996 the price rose up to the highest price ever.
  - a. white pepper – RM 28.00 per kilo
  - b. black pepper – RM 19.00 per kilo
  
3. But after 1997 until now the price of pepper dropped very drastically to;
  - a. white pepper – RM 9.00 per kilo
  - b. black pepper – RM 4.00 per kilo

The regional impact of the WTO affects the market for pepper and other commodities forcing about 75% of the pepper planters to abandon their farms. With the increased expenditure required to purchase fertilizer, weed killer, and insecticide, which rose from the original price by more than 100%, farmers were forced to abandon their farms and migrate to big towns and cities to look for jobs in order to take care of their families. Thus, the effects of rural migration to cities are represented by very critical conditions.

Example 1. The price of;

- a. weed-killer – from RM 38.00 per 4 liter up to RM 54.00 per 4 liter
- b. insecticide – from RM 34 per liter to RM 68.00 per liter
- c. fertilizer – from RM 34.00 per kilogram up to RM 46.00 per kilogram

Example 2. East Malaysia produced rice but not enough to meet local consumption needs and, therefore, we have to import rice from Thailand and China. We

have urged the government to take steps to introduce agricultural reform so that we do not have to buy rice from other countries. The price of rice from:

- a. Thailand: grade A – RM 6.50 per kilo; grade B (ordinary) – RM 2.80 per kilo
- b. China: grade A – RM 4.50 per kilo; grade B (ordinary) – RM 2.50 per kilo

With the current situation, transnational companies benefit with the implementation of the WTO worldwide. They liberalize the market of commodities and affect millions of farmers not only in Malaysia but the whole region of developing countries in South East Asia and the East Asia region and that is the reason we have to maintain domestic production.

Panggau Malaysia strongly objected to the participation of the WTO in Malaysia and Malaysia should withdraw from the WTO completely. As a member of La Via Campesina, we should go hand in hand and be united so that our commodities would not be manipulated by the United States and other developed countries. All member countries must draw a roadmap on how they can determine a better future for farmers in this region: we have to look at every angle and determine how domestic and exportable commodities affected our farmers.

#### To Conclude:

We hope to study the impact of the WTO and forward our resolutions to the Ministerial Meeting of WTO in Hong Kong because we object strongly to the liberalization of agricultural inputs and loss of sovereignty. The rights of the farmers must be protected and we urge all the governments of member countries to implement agrarian reform, land reform and economic.

PANGGAU demands or will work for:

1. that all governments should adopt the code of conduct on the right to food with a view to legitimizing it in their national constitutions.
2. development of a global campaign through a national and international coalition where we call for the WTO to withdraw from the domain of food and agriculture and work towards the development and ratification of a convention on food sovereignty.
3. immediate adoption of the original text of the UN draft declaration on the rights of indigenous people.
4. ratification without delay of the convention on the elimination of persistent organic pollution and the Kyoto protocol in climate change.
5. ratification of the implementation of ILO convention 169 as steps towards full recognition of indigenous people's rights.
6. support for an indigenous peoples' campaign to inform our communities about our rights to food, our rights to development, and political rights, our right to support our own system and networks designed to improve the dissemination of the results of our research and existing information on the impact of toxins, chemicals and genetic engineering.
7. indigenous peoples be informed in a full, truthful and comprehensive manner and in their appropriate language regarding the production, use, transport and export of pollutants that affect the food systems, environment and health of indigenous people.
8. the development and empowerment of civil society organizations and peoples' movements, especially youth organization and movements designed to assert, organize and defend their rights to food.

Lets us look forward to enjoying our liberty. We should work hard to stop the WTO meeting in Hong Kong in order to achieve that goal.

## **The WTO: The Enemy of the Peasant!**

Federation of Indonesian Peasant Union (FSPI)

### **Overview of Peasant Agriculture in Indonesia**

The Agricultural sector in Indonesia absorbs many laborers and involves almost 50% of households. Despite such a large number of families working in agriculture the inequality of land control and ownership is very high. This situation is illustrated by the following data:

*First*, according to the Agricultural Census of 1993, 20 million households were involved in the agricultural sector. In the Agricultural Census of 2003 this number increased to 25,4 million households. Meanwhile, the number of subsistence level peasants with less than 0.5 hectares of land that control, own their own land or rent, increased from 10.8 million families in 1993 to 13.7 million families in 2003 (2.6 percent/year). The percentage of subsistence peasant per household also increased from 52.7 percent (1993) to 56.5 percent (2003). This increasing amount (more peasants with less land) shows that peasants are getting poorer, experiencing downfalls and being marginalized. For 10 years (1993-2003), there have been no other economic activities exhibiting such sad stories as has the agricultural sector. As the main actors, peasants have been through a systematic process to become poorer. This happened because of the increasing price of production inputs such as pesticides, fertilizers and wage labor, which is far surpassing the price increases for agricultural output. Low price food prices kept inflation at only about 10 percent during 2002. Even prices labeled as the source of hyperinflation also experienced deflation during 2002, up until 2003.

*Second*, Indonesia up until now is still the biggest food importer country in the world and the Farmer Exchange Values (FEV) decreased nationally. On March 2003, FEV decreased 3.85 percent nationally compared to February 2003, from 123.04 to 118.64.

*Third*, agrarian conflicts increased both in quantity and in quality in Indonesia. For example, there are cases of violence against Sosa's peasants, in South Tapanuli, North Sumatra, and the shooting that caused the death of 4 victims in Bulukumba, North Sulawesi because of the conflict with PT. London Sumatra (PT. LONSUM) in 2003. There were also arrests and violence towards peasants in Cibaliung, Banten, and lastly the death of 6 peasants who are members of Manggarai Peasant Union in NTT, when they defended their land which has been designated as an area of nature conservation.

## **Agricultural Liberalization in Indonesia is not only because of the WTO**

If the world of agriculture, which provides a basic need for human beings in the whole world, has been infiltrated by capital, it is obvious for us how the neo-liberal policy motive is strengthening growth and capital accumulation at a global scale in any deceitful way to create a dependency between countries. This development empire does not just exist currently; it also has a long history in world civilization. The downfall and the uprising of the empire that is caused by capital itself was believed and understood by people to have self-repairing mechanisms against crisis that work quickly and keep giving birth to new methods. They believed an open agriculture trade system would be more efficient compared to a system that protects its nation, which will bring advantages to the peoples.

Thereby, since January 1995, Indonesia had started what is called “agriculture and trading policy reformation”. This is the consequence of having the WTO ratification signed in Indonesia through UU no. 7/1994, regarding the Legalization of the WTO. Hence, Indonesia is legally bound to the WTO, which means that we have to follow rules that have been set up by the WTO, including about agriculture, in the AoA (Agreement on Agriculture). Three pillar points in the agreement are market access (tariff reduction and import quota), reduction of domestic subsidies, and reduction of export subsidies. Besides the AoA, the WTO also has other agreements concerning agriculture, which are called the Trade Related Aspects of Intellectual Property Rights (TRIPs) and the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS).

In the Indonesian context, trade liberalization, especially in the agricultural sector, cannot be separated from the role of the World Bank and the IMF with their Structural Adjustment Program (SAP) when they came to Indonesia in 1997 with the reasoning that they were going to get Indonesia out of the crisis. Prof. Sritua Arief called this program a “neo-liberal policy package” that contains signs of deleting government intervention, privatization, trade liberalization and smoothing and strengthening the flow of foreign capital with broader facilities.

Then, Indonesia also liberalized many of its laws, such as PP no. 20 / 1994 regarding the Ownership of foreign stock shares. The role of the private sector and TNCs is supported by the government with their legalization of foreign stock ownership up to 100% in the year 1997. BULOG was once a special body to protect agricultural product prices in Indonesia and had a social function (though we have to bear in mind that during Soeharto’s reign, BULOG was nothing but a place for profit for his family and cronies). Since January 2003, BULOG was privatized by changing its legal status.

Agrarian and natural resources were also liberalized by the Indonesian government with or without their knowledge, since the bill No. IX/2001 came into effect. This later on was used as a basis of various law drafts (RUU) that clearly opposed and depleted the spirit of UUPA No. 5/1960 and UUD 1945 chapter 33. This legislation also reveals flaws in

agricultural laws in Indonesia that have resulted an unjust agrarian structure and enhance the process of liberalization of natural resources. The bills that have been based on bill No. IX of 2001 are as follows:

- Bill regarding the Management of Natural Resources.
- Bill on Mining.
- Presidential Decree No. 34 /2003 regarding the National Policy on the Agrarian Sector.
- Bill on the Management of Coastal Area and Small Islands.
- Bill on Conservation and Usage of Genetic Resources.

With various bills that enhance liberalization and privatization, many strategic State Owned Companies (BUMN) are taken and strengthened by foreign companies. For example Palyja and Thames Jaya with PDAM (water privatization in Jakarta), plantation companies such as PT. London Sumatra, the plantation company KAKAO which was the Cacao Company in Indonesia is taken over by PT Effem Indonesia, PT Cargill Indonesia Cocoa Div, and Poleko Group.

### **Agricultural Development: Export Oriented**

We can see an example in the expansion of palm plantations in Indonesia since 1968 when the area used in palm cultivation began growing. In 1968, the total area of palm plantation had reached 119.600 hectares. In 1978, the area increased to 250.116 hectares. Then, between 1979 and 1997, palm plantation area increased an average 150.000 hectares/year. Nowadays, the total palm plantation area has reached a peak, growing from the area of 600.000 hectares in 1985 to 3 million hectares in 1999. Of the 4,6 million hectares currently in palm plantation fields in Indonesia, 60% belongs to only 27 groups of big companies, of which 75% are foreign-owned.

Indonesia is the second producer of cacao after South Africa. Every year, Indonesia yields approximately 400.000 tons of cacao, and about 350.000 tons of it comes from South Sulawesi, North West Sulawesi and Central Sulawesi. Furthermore, Indonesia and Vietnam have already covered 65% of the Robusta coffee in the world market.

It is true indeed that increased income because of agribusiness liberalization has reached US\$ 593,6 million or about 1,2 % or 0,3 % of GDP. If liberalization is condoned in developed countries, then Indonesia will increase their agricultural products' export for US\$ 1 billion per year. The Indonesian export market is dominated - about 70% --by the US and European Union markets. This is possible under the logic that we have billions of hectares of palm, cacao, coffee and rubber plantations.

However, what happened to the Indonesian food trade is exactly the opposite. In the balance sheet of the agricultural market, Indonesia shows a deficit for the 5 years between 1996 and 2000. For further details, see the table below:

(In thousand US\$)

Commodity	1996	1997	1998	1999	2000
<b>Food Crops</b>					
Export	105.412	65.690	113.164	91.880	73.737
Import	2.629.721	1.697.796	1.844.119	2.400.275	1.681.100
Margin	-	-	-	-	-
	2.524.309	1.632.196	1.730.955	2.308.395	1.607.363
<b>Commodity</b>					
<b>Poultry Products</b>					
Export	59.048	45.181	52.342	66.250	132.362
Import	418.222	376.488	151.871	195.379	411.635
Margin	-359.174	-331.307	-99.529	-129.129	-279.273

Indonesian food imports in the year 2000 for these six commodities (wheat, corn, rice, soybean, and ground peanuts) increased to 11,8 quintillion rupiah. Vegetable import values reached 539 billion Indonesia rupiah and fruit import values were 478 billion Indonesia rupiah.

The thing that is most sickening is the 540 million dollar US trade exchange agreement signed between the Indonesian Government and the Libyan Government. Through this exchange agreement, Indonesia will gain crude oil, as much as 18 million barrels per year, and Libya will gain agricultural commodity and manufactured products. Then, Indonesia in turn made a deal with Thailand to gain the agricultural products. In a trade exchange with the value of 40 million dollar US, Indonesia bought 200.000 tons of rice from Thailand, which will be paid by CN-235 (Indonesia Aeroplanes), ammonia, and train carts.

These trade agreements happened because the essence of the problem has never been resolved, which is the problem of Indonesian's frail and susceptible economy that is caused by domestic problems (social politic), our foreign debt and the situation in the global market. This can be seen in many issues;

*First*, export products are actually hugely dependent on imported content.

*Second*, most of the exports are from foreign-owned investor companies, which are indeed export-oriented in their intra firm scope (cross country trade inside its firm).



*Third*, the idea of export orientation has ignored the process of strengthening domestic markets, and thereby, it abandons the huge number of people's economies in Indonesia.

*Fourth*, agribusiness and companies with strong capital gain most of the profit from a free market.

*Fifth*, the low rates of technology transfer restrain Indonesia to developing assembling industries.

*Sixth*, Indonesia acts only as a supplier of the raw products.

### **More Pressure on the Peasant**

The Indonesian agricultural policy is liberal; hence it is heavily affected by the situation of the world economy. This is getting worse since the WTO Agreement on Agriculture (the AoA) has caused the marginalization of peasants and Indonesian agriculture. Some examples are as follows:

*First*, peasant lives are getting worse since there is no protection from imports offered by the government, as it applies a zero percent of oat import tariff and zero percent of soybean tariff. Sugar import tariffs were once zero percent, but since 2000 they have increased to 25%. This also changed the situation of sugar imports. Of the average demand of 3.01 million tons, more than 50% was imported (1.7 million ton) and most of the 1.7 million tons of imported sugar is in a non-consumable state (raw sugar). A zero percent rice import tariff was in force from September, 1998 to December, 1999, and then a special tariff was applied for 430 Rp/kg of imported rice from Jan 2000 until the present. Thus, large quantities of imported rice have come to Indonesia and destroyed the Indonesian peasant's bargaining power/exchange value. Aside from the market access, which is very open in Indonesia, the life of the Indonesian peasant is getting worse with the foreign rice, which has come in huge amounts through the "approach" of food aid. In addition to the rice that came through World Food Program (WFP), rice was also imported through the World Bank program which is called *Jaring Pengaman Sosial (JPS)* (social safety nets) with the issue "rice for the poor". As the WTO secretarial report stated, between 1998 and 2002, Indonesia imported 393.096 tons of foreign rice under the World Food Program UNO to guarantee assistance for urban poor communities suffering from a long drought and the economic crisis.

*Second*, the reduction of subsidies offered to Indonesian peasants has put them in a very delicate situation, while developed countries like the US, European Union and Japan are still protecting their farmers by giving agricultural subsidies or export subsidies towards agricultural products from TNCs/MNC. Thus, they can flood our agricultural markets in Indonesia with their genetically modified products and low prices. On the contrary, the US just increases protection for their agricultural products through their so-called US Farm Bill. Likewise last year, the United States passed their Farm Bill which gives protection by easing the 190 billion US dollar tax for 10 years. That is an 83 million

dollar increase or 80% higher than the Farm Bill that was legalized in 1996. Then, according to the World Bank, the European countries that joined the European Union give US\$ 913 per cow to their owners and subsidize rice farmers at the rate of US\$ 190 per ton.

### **Who get the most advantage from the WTO agreement?**

Transnational corporations (TNCs) get the most advantages, after all the developed countries. The consolidation of the world production system that created a hierarchy of production networks globally also created larger gaps between rich countries and poor countries. It can be seen in the domination of seeds, pesticides, agricultural technology (extensification and intensification), of which about 70% is controlled by TNCs. In Indonesia, the trading of agricultural machines is dominated by a few International companies, like Monsanto through their company in Indonesia-PT, Monagro Indonesia, Novartis or Monagro.

Another example is the cacao factory in Indonesia that is managed by PT Effem Indonesia, PT Cargill Indonesia Cocoa Div, and Poleko Group. The first two companies are multinational companies, which have power to direct and dominate the world cacao market, while Poleko Group is a national company that has been privatized which is based in Makassar. Their three companies' written capacity is no more than 25.000 tons of cacao seed/year. However, the production of cacao plants in South Sulawesi itself in the year 2002, for example, was as much as 250.000 ton of cacao seed. The same thing happened in the palm oil industry where peasants are just turning into laborers at the end.

### **Epilog**

For small peasants and for all agricultural laborers, as for the majority of the Indonesian people (more than 60% of Indonesian people work in agriculture), trade liberalization has further damaged the lives of peasants. It has reduced their ability to fulfill their own food needs, increasing the population of poor people in the villages, increasing the number of landless peasants, changing subsistence agriculture to profit-oriented production, increasing food dependency to larger countries and threatening food sovereignty, falling into the trap of cheap crop imports, and depleting local biodiversity, and biopiracy which is carried out by *transnational corporations*. Therefore, the Indonesian governments should:

**First**, make Agrarian Reform the foundation of agricultural development, give tariff and price protections to agricultural products to protect them from the flood of imported products, and give subsidy and low interest credit or crop insurance, where the government should take over all the payments if there is an agricultural or natural disaster.

**Second**, adopt Food Sovereignty, in which it is the right of every nation to have the ability to produce all of their main food needs independently, and to have the right to

decide which food to choose and also their own agricultural policy, production capacity, and local food in local and regional trade.

*Third*, the Indonesian government should take stand for the nation by not approving any kind of new rounds of in the WTO. Agriculture is not a commodity which can be measured by normal trade measurements. The WTO has to get out of Agriculture and Food.

*Fourth*, support the newly established people's organizations, which are based on peasant organizations that oppose neoliberalism in agriculture.

**“WTO OUT OF AGRICULTURE”**

# THE WTO AND THE ABANDONMENT OF PHILIPPINE PEASANTS AND AGRICULTURE

## PARAGOS Philippines

The 2004 Trade Report of the World Trade Organization (WTO) reveals a vigorous expansion of global trade. The statistics show that world merchandise trade increased in nominal terms by 16% to \$7.3 trillion in 2003. In real terms, merchandise trade grew by 4.5% in 2003, compared with growth of 3% in 2002 and a decline in 2001. Trade in commercial services on the other hand grew by as much as 13%, reaching a value of around \$1.8 trillion.<sup>1</sup>

The United Nations Development Program (UNDP) on the other hand reports that nearly 800 million people do not get enough food, and about 500 million people are chronically malnourished. More than a third of children are malnourished. In industrial countries more than 100 million people live below the poverty line. More than 5 million people are homeless and 37 million are jobless. As many as 1.2 billion people live without access to safe drinking water.<sup>2</sup>

These are the numbers that continue to dumbfound us. Why, despite the expansion of global trade volumes and values driven by rapid trade liberalization over the last 10 years, do global poverty and hunger continue to weigh down on the lives of so many?

## Trade liberalization in the Philippines

The Philippines is a classic case in point. The Philippines has been a true believer in liberalization. The country has lowered tariff rates on all our agricultural products as early as 1980's through a Tariff Reform Program (TRP) under the auspices of International Monetary Fund and the World Bank (IMF-WB). The TRP is a review/restructuring of the Philippine tariff system to make it more responsive to the exigencies of global trade.

As a result, tariff rates in the country have been reduced substantially, such that when the Philippines joined the WTO in 1995, the average nominal tariff rates were already at 19.72%, lower than most of the bound (or the highest possible) rates committed under the WTO. The average nominal rate for agriculture is now just around 10.5%, with 95% of our products having tariffs no higher than 5%.

Ten years ago, after much heated debate in our Senate and loud protests from social movements, the Philippines became one of the founding members of the World Trade Organization (WTO).

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<sup>1</sup> WTO International Trade Statistics 2004 at [http://www.wto.org/English/res\\_e/statis\\_e/its04\\_toc\\_e.htm](http://www.wto.org/English/res_e/statis_e/its04_toc_e.htm)

<sup>2</sup> Facts and Figures on Poverty at <http://www.undp.org/teams/English/facts.htm>

A number of promises were made by proponents of WTO led by then-Senator Gloria Macapagal Arroyo to secure the Senate and the public's approval. Membership in the WTO, they said, would lead to 500,000 new jobs per year, an increase in gross value added in agriculture, and higher exports as market access opportunities open up for Philippine Products. A very rosy picture of the world within the WTO was painted. And for good measure, economists were also at hand to point out the costs, the missed opportunities and the negative consequences that we would have to bear if we did not join the WTO. Amidst this bullish outlook, the Philippine plunged in and the critical voices of dissent were drowned out.

Joining the WTO and ratifying the Uruguay Round Agreements under the General Agreement on Tariff and Trade (GATT) meant further reduction in tariffs and opening of domestic markets to even more foreign competition. Republic Act No.8178<sup>3</sup> was passed in March 1996 to abolish quantitative restrictions on agricultural products, except rice, and replace them with tariffs in accordance with WTO rules.

Around 40 laws were amended in order to make the country WTO-compliant. Among those laws that had to be done away with included the Magna Carta for Small Farmers and the Seed Industry development Act, two important laws enacted to provide protection to agriculture.

What have we got to show for being a true free trade disciple? Nothing. Not only have the promised benefits not materialized, Philippine agriculture has been deeply damaged by the government's adherence to the policy of free trade. A recent report by Walden Bello pointed out that "in one key sector after another – rice, corn, poultry, vegetables – the entry of foreign commodities facilitated by the WTO has resulted in the displacement of significant local production and large numbers of producers."

## Worsening imbalance in agriculture

The study finds that the main source of the negative consequences of the AOA[what is AOA?] for the Philippines is that it is a highly inequitable agreement which institutionalizes high levels of domestic support, subsidization, and tariffs for the United States and the European Union. Such high levels of support have encouraged overproduction and the consequent export dumping that has wreaked havoc on the agricultural sectors of developing countries like the Philippines. The AOA has institutionalized a split between the socialized, subsidized agriculture of the North and the unsubsidized, free-market agriculture of the South.<sup>4</sup>

In other words, while the AOA vows to level the playing field in agriculture, what it does in reality is aggravate the imbalance in favor of the kind of modernized, highly subsidized model of agriculture and agribusiness practiced in the North. The AOA

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<sup>3</sup> R.A. 8178: An Act Replacing Quantitative Restrictions on Agricultural Products, Except rice, with Tariffs, Creating the Agricultural Competitiveness Enhancement Fund and For Other Purposes

<sup>4</sup> Walden Bello et al., *The Anti-Development State: The Political Economy of Permanent Crisis in the Philippines*. Chapter four: Multilateral Punishment: The Philippines in the WTO (1995-2003)

provides the justification for dumping of subsidized goods in poor countries and greater control by multinational and transnational agribusiness corporations over global food and agriculture.

To further illustrate this imbalance, let us look at the corn sector in the Philippines. According to research conducted by the Alternate Forum for Research in Mindanao (AFRIM), the cost to produce 1 kilo of corn in the Philippines amounts to roughly PhP7-8 while it would only cost the EU around PhP3-4 and the United States a mere 50 centavos to produce that same kilo of corn.

The corn sector in the Philippines has been one of the most neglected. Liberalizing further the sector and allowing the entry of very cheap corn imports is tantamount to the abandonment of the domestic corn industry.

From practically zero imports in 1993-94, corn coming into the Philippines shot up to 208,000 metric tons in 1995 and 446,430 mt in 2000. This influx of cheap imports has led to the displacement of roughly 45,000 corn farmers per year.<sup>5</sup>

But corn was considered early on as one of the possible losers under the AOA regime and so this was in a way expected by the government. What the government did not expect, however, is the negative effect even in crops that are so-called "winners", such as fruits and vegetables.

The removal of quantitative restrictions and the more than halving of average nominal tariffs in the vegetable sector, especially since the mid-1990s, has caused imported vegetables to flood the domestic market. The result is an almost three-fold increase in imports, from 42,000 metric tons (MT) in 1995 to 115,000 MT in 2000. Among the US\$13 million worth of vegetable imports in 2002 were 17,640 MT of onions; 490 MT of cabbage and lettuce; 310MT of cauliflower and broccoli; 32 MT of carrots; 30 MT of tomatoes; and 8 MT of asparagus.<sup>6</sup>

Local governments have raised the alarm already on the disastrous effects of trade liberalization policies pursued by the national government. Governor Raul Molintas of Benguet province in Northern Luzon says that the importation of vegetables is causing damage to farmers, booth holders and traders amounting to PhP3.5 million per month in La Trinidad alone.

Senator Manuel Villar, in addition, claims that vegetable producers in Benguet have already lost PhP2 billion in failed transactions between July and August, 2002 because of the dumping of at least a million kilograms of vegetables from Australia, New Zealand, and the Netherlands.

## Arrest the bleeding

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<sup>5</sup> *ibid.*

<sup>6</sup> As stated in resolution No. 570 of the House of Representatives (12<sup>th</sup> congress, 14 January 2003)

Philippine agriculture is bleeding profusely from the negative impacts of free trade policies and the failure of government to provide much-needed support to the sector. Rather than addressing the crisis, however, the government seems to be falling in line towards deeper and faster tariff cuts. Despite their pro-development rhetoric, the terms of the Doha round of negotiations in the WTO do not relieve but rather exacerbate the bleeding of agriculture. What farmers in the Philippines and all over the world are demanding is a respite from liberalization. New agreements would simply be unbearable. Sadly, the WTO is rushing to complete negotiations that would pave the way for these new agreements.

Over a year after the historic second collapse in Cancun, we see an even more aggressive push at various levels for the agenda of economic liberalization. At the multilateral level, the WTO has bounced back and is going full-speed ahead, fueled by a new framework agreement even as governments rush to begin and/or conclude bilateral and regional free trade agreements.

The July framework, which revised the trade talks stalled in Cancun, has been praised by the proponents of trade liberalization as a crucial step towards the completion of the Doha Round. But the July framework is flawed and further aggravates the imbalances in world trade. It is crystal clear when it comes to protecting the interest of the developed countries but conveniently vague when it comes to accommodating the demands of the developing countries.

In agriculture, instead of restricting rich countries' subsidies to their agricultural sectors, the framework agreement allows for an expansion of the domestic support given by superpowers like the US and EU, which current estimates place at \$150 billion annually for the US and EU alone.

The demands of developing countries for greater flexibility to allow for protection of special agricultural products under the principle of special and differential treatment are being swept aside and watered down.

## The significance of Hong Kong

This year is an important year in our common struggle against the WTO and its agenda of rapid trade liberalization. In December the Sixth Ministerial Meeting of the WTO will take place in Hong Kong.

The WTO meeting in Hong Kong is crucial. Depending on how the continuing negotiations in Geneva go, the Hong Kong trade talks could very well give a green light to the conclusion of the Doha Round. The result could be the ushering in of a new wave of tariff reduction in agriculture and industrial goods and the opening up of the service sector or, as we all hope, it could be the site of the third collapse of the institution in its brief history.

Farmers all over the world, but particularly those in the South, should come together in opposing further liberalization of agriculture. We should join hands with other sectors and groups around the world in the campaign to derail the 6<sup>th</sup> ministerial meeting of the WTO in December in Hong Kong even as we continue to voice our demands at the local and national levels for the protection of our livelihoods.

The position of La Via Campesina, “WTO Out of Agriculture” has gained much ground over the last years. More and more farmers’ groups across the world are echoing this call amidst the continued onslaught by free trade policies and programs on rural livelihoods. It is incumbent upon the social movements to continue to articulate the sentiments of the poor and to persevere in the struggle for a more just and equitable world.

Mabuhay ang mga kilusang pesante! (Long Live the Peasant Movements!)



# **Recommendations of the Network of Farmers and the Popular Sector for the New Round of Negotiations on the Agreement on Agriculture**

## **I. Obligations and Conditions in Thailand under the Agreement on Agriculture (AOA)**

The concept of neo-liberalism aims at pressuring different countries in the world to open their domestic markets for international free trade based on the premise that “free markets” will foster higher investment, export, import and world trade. This in turn will supposedly lead to a solution to poverty and to an increase of income for the world’s population.

The concept of liberalizing trade of agricultural products started in 1995 through the Agreement on Agriculture (AOA) reached at the ministerial conference of the Uruguay Round of the World Trade Organisation (WTO). Its premise is not different from that of the concept of neo-liberalism. The assumption is that liberalization of trade in agricultural products among countries and continents, with minimal state intervention, will lead to higher values of agricultural trade, and higher export and import values of agricultural products across the world. This rising value will help eliminate hunger and lead to more income for farmers around the world than at present.

Thailand is one of 146 countries that signed the Agreement on Agriculture of the WTO. Consequently, immediately in 1995 Thailand had to open its market to 23 agricultural products, with import quotas equal to 3% of its domestic consumption. These 23 agricultural items formerly received import protection from the government, which had either banned, or required special permits for, their import. These policies and measures had historically been introduced by the Thai government to protect small farmers and agri-business from being affected by foreign intervention.

This liberalisation of the 23 agricultural items is called a tariff quota measure. In other words, Thailand had to replace its ban on import of farm products by this quota measure to allow import of these items at fixed tariff rates. Importation of these agricultural products above the given quota was allowed, but at higher tariff rates. These higher tariff rates on imports of agricultural products were to be lowered on average to 24% by 2005, in 10 years from 1995 when the liberalisation started.

The 23 agricultural products under this AOA on liberalisation and free import include rice, feed corn, soybean, soybean oil, soybean extract, fresh milk and processed milk, skimmed milk, sugar, palm oil and palm seed oil, coconut, copra, coconut oil, garlic, onion, onion seed, potato, coffee bean, instant coffee, pepper, dried longan, tobacco, tea and raw silk yarn.

The signing of AOA in 1995 required Thailand to reduce additional tariffs on importation of 740 items of agricultural products and to reduce its subsidy to its agricultural sector by 19,028 million Baht by 2004 (an average reduction of 13%).

## **2. Position taken by the Thai Government in the September 2003 Round of Trade Negotiations on Agricultural Products at Cancun, Mexico**

In the process of preparation prior to the WTO ministerial conference of 10-14 September 2003, the WTO Chairman of the Committee on Agriculture (Stuart Harbinson) drafted proposals for additional commitments, which would need approval of the participating nations. The contents of those proposals, in brief, follow.

### Proposed Formula for Tariff Reduction by the WTO Chairman of the Committee on Agriculture

1) To further open markets for greater agricultural trade among countries, it proposed additional reductions of tariffs on imported agricultural items, which were to be done in a 10-year period. The formula was meant for developing countries, which included Thailand. For those items on which the original tariff rate was:

- 0-20%, it was to be reduced on average by 25%;
- 20-60%, it was to be reduced on average by 30%;
- 60-120%, it was to be reduced on average by 35%;
- greater than 120%, it was to be reduced on average by 40%.

2) For developed countries, a different formula was to be applied. For those items on which the original tariff rate was: 1) less than 15%, it was to be reduced on average by 40%; 2) 15-90%, it was to be reduced on average by a minimum of 50% ; 3) greater than 90%, it was to be reduced on average by 60%.

### Recommendations on Tariff Quotas and Special Measures by the WTO Chairman of the Committee on Agriculture

1) In the case of special products (SP) of significance for food and rural security, and/or rural development, there was to be an average tariff reduction of 10%.

2) Import quotas for agricultural products were to be increased up to 6.6% of total domestic consumption.

3) The same tariff rates were to be maintained for imported items within the allowed quotas. But if in the three years just passed (2001-2003) the importation of an item had been less than 65% of its allowed quota, its tariff rate on imports within the quota were to be further reduced.

4) Major export items of developing countries (those items worth more than 20% of export), were to get special trade privileges by extending the period for reduction of the fixed-rate tariffs on them from 5 to 8 years.

5) Special protection measures for agricultural items of developing countries were to be developed, with due consideration of food and livelihood security of the people and of rural development, so-called special safeguard measures (SSM).

This draft for an Agreement on Agriculture (AOA) by the chairman of the Committee on Agriculture had undergone several revisions and there had been several formal and

informal meetings of the nations involved since there were still differences of opinion among them on these proposals. However, the chairman of the Committee on Agriculture expected that the nations involved would come to a conclusion in which there would be a consensus on the new AOA and its implementation at the September 2003 ministerial conference.

The Thai government, under the leadership of its Ministry of Commerce and in co-operation with the WTO joint committee, had prepared recommendations giving Thailand's position, for its participation in the ministerial conference in Mexico. They had the following key elements.

#### Proposal on Formula for Tariff Reductions by the Thai Government Ministry of Commerce

- 1) It accepted the draft proposal of the chairman as the basis for negotiations. It proposed (for developing countries, including Thailand) additional reductions of import tariffs on agricultural items, as follows. For those items on which the original tariff rate was:
  - 0-30%, it was to be reduced on average by 27%;
  - 30-120%, it was to be reduced on average by 33%;
  - greater than 120%, it was to be reduced on average by 40%.
- 2) For developed countries, a different formula was to be applied, namely, for those items on which the original tariff rate was: 1) 0-5%, it was to be reduced to 0%; 2) 5-15%, it was to be reduced on average by a minimum of 40%; 3) 15-80%, it was to be reduced on average by 50%; 4) greater than 80%, it was to be reduced on average by 60%.

#### Proposals on Tariff Quota and Special Measures by the Thai Government Ministry of Commerce

- 1) The Government of Thailand did not agree with the WTO proposal for granting special tariff privileges only to special products (SP) of significance for food and rural security and rural development. Instead, it proposed the same tariff rate reduction also for normal products.
- 2) It proposed extending the maximum quotas on imports to all agricultural products (including imports to Thailand).
- 3) It proposed maintaining the original tariff rates on import quotas.
- 4) It did not agree with extension of the time period for reduction of tariff rates for major export items of developing countries. It proposed maximum reductions within the given time period.
- 5) It agreed with special safeguard measures for agricultural products of developing countries, but asserted a need to limit the value of these products. It proposed that developing countries introduce protectionist measures against developed countries (which do not include Thailand) without waiting for proof of damages.

In summary, the position of the Thai Government Commerce Ministry in the 2003 round of trade negotiations in Mexico was that the maximum liberalisation of imports of

agricultural products should have been a reduction in import tariffs on those items by 27%, 33% and 40% respectively. It proposed extension of import quotas for agricultural products in all countries, without exception, even for developing countries and Thailand. It did not agree with the introduction of special tariff privileges for special products of significance for food security and security of the livelihood of the people. Nor did it agree with granting special tariff privileges for major export items of developing countries.

### **3. Facts on the Impacts of Liberalisation on Thai Farmers**

#### **(1) Cultivator farmers, who were at a disadvantage in the competition, were seriously affected.**

The Thai government made the above proposals, advocating an extension of agricultural import quotas and a reduction of import tariffs on agricultural products, and opposing the granting of special tariff privileges to developing countries because it saw that full liberalisation of agricultural products would enable it to greatly increase the values of its agricultural exports. It believed that Thailand was a major exporter of the world's agricultural products. Therefore, Thailand should have been more competitive in the world market, especially in rice which is a major export item, and it had high expectations of greatly increasing its export value after liberalisation of the market.

It had been 8 years, from 1995 to 2002, of liberalisation of agricultural products under the Agreement on Agriculture. Statistics of the Office of Agricultural Economics showed that export values of agricultural products rose from 412,490 million Baht in 1995 to 684,456 million Baht in 2001.

However, trade liberalisation for agricultural products does not foster higher export values for all agricultural items. Statistics of the Department of Foreign Trade Negotiation showed export values of several agricultural items, but similar items from abroad flowed into the domestic Thai market and the government could not control imports. This situation affected farmers who produce such products. In particular, small farmers faced this ill fortune because they could not compete against cheap farm produce from abroad. As a result, prices of farm produce in the domestic market fell to an unprecedentedly low level.

Agricultural items in which Thailand was less competitive were hit by cheap items from abroad until the volume exceeded the given quotas. As a result, prices of these farm products fell drastically, as happened with potatoes, onions, onion seed, soybean extract and soybeans.

Several other farm items that were protected by the Thai government before liberalisation were no longer protected, and were being gradually being hit harder by foreign products, such as skimmed milk, coconuts, coffee beans, instant coffee, tea leaves/tea, pepper, feed corn, soybean oil, sugar and tobacco.

It is clear that although the government's expectation that trade liberalisation of agricultural products would increase export values on the agricultural items in which Thailand is more competitive was correct, it did not benefit all Thai farmers equally. On the contrary, farmers who produced 17 other items were hard hit by cheap imports from abroad, while the Thai government could not, as it did in the past, provide any protection.

They were seriously affected because of the continual drop in farm prices after agricultural trade liberalisation.

Worse still, the government had no clear policy to assist farmers affected by the fall of farm prices due to competitive cheaper agricultural imports. What it did was to develop an urgent plan and policies directing farmers to grow other crops.

**(2) The value of agricultural exports rose, but farmers' income fell.**

The government's understanding that the increase in export value of agricultural items would help Thai farmers have higher incomes from farming with better livelihood and quality of life, was just a belief that had not been proved. There was at that time no academic study to substantiate this belief.

Thus, the higher value of Thai agricultural export year after year did not increase farmers' income. On the contrary, since the liberalization of agricultural products in 1995, farmers all across the country saw a rising debt per household with an increasing number of indebted farming households

#### **4. Recommendations of the Network of Farmers and Popular Sector for the 2003 Round of Negotiations on Agriculture at Cancun, Mexico**

**(1) The government should have had clear policies and measures to protect farmers in the country.** It should have had clear measures to cope with the influx of agricultural items from abroad and to protect small farmers affected by the liberalisation of the agricultural market.

**(2) To have maintained sovereignty over formulating and carrying out its policies on food and agriculture and prevented them from being violated or dominated by economic institutions such as the World Trade Organisation, the government should have revised its policies on agricultural liberalisation. It should have stopped opening its markets for agricultural imports, rejected measures to cut tariff rates on agricultural imports, and extended its import quotas on farm produce.**

**(3) The government should have stopped participating in pressuring various countries to reduce import tariffs on agricultural products in the name of the CAIRNS group.** In this regard, it had been implementing policies that are not different from those of developed countries, which want to export cheap farm produce to developing countries. Wealth of one country should not be acquired by destroying the livelihood of poor farmers in another country. Just as the government does not want its farmers to be harmed by trade liberalisation, it should not adopt those liberalization policies towards other countries.

**(4) The government should have set up a central committee, half of which should have been farmers, to study: the impacts of liberalisation of agricultural products, especially the 23 agricultural items affected by liberalisation since 1995 and the impact of the free market on small farmers and on the Thai agricultural sector as a whole. Also, it should have identified guidelines to help revive economic conditions and the livelihoods of those farmers adversely affected in the 8-years period 1995-2003.**

(5) The government should have taken part in **negotiations on agricultural policies in the World Trade Organisation, as representing small farmers, the majority of the Thai population** (38 million people). It should have negotiated for proposals based on the interests of the small farmers of Thailand, who had been critically affected by liberalisation of agricultural products and who the government had been unable to give any help. The government should not negotiate based on the interests of associations of traders or agricultural exporting corporations because that would not strengthen the economy of the country as a whole, as had been expected. Instead, it would hinder the improvement of the economy of people at the grassroots level, which grassroots economy, according to its populist policies, it is trying to strengthen by implementing appropriate overall state policies.

## **5. Recommendations of the Network of Farmers and Popular Sector on Overall State Policies on Food and Agriculture for Sustainability in Thai Society**

(1) Food and agricultural policies, particularly those based on considerations of trade, investments and exports, had no legitimacy – no proper relevancy – within Thailand. They were policies that related to the livelihoods of over half the people of Thai society (over 38 million farmers), and they impacted on the security of society, food security, bioresources and good livelihoods of people in Thai society as a whole. Therefore, **The Thai government should not have used trade and export policies to guide food and agricultural policies of the country.**

(2) Trade policies on agricultural products that were based primarily on exports led to trade imbalances and changes in the structure and system of food production in Thai society. Except for rice and several other food crops, Thailand is not competitive in the world market. If the government does not have policies that support the continued existence of traditional small farmer-producers, or continues to pressure them to give up some of their accustomed food crops and replace them with other crops, small farmers might stop producing because they cannot be competitive in the world market. This would mean loss of security in food for domestic consumption, and might force Thailand to import food crops from abroad. This situation has already occurred in villages and local communities where farmers produce only cash crops for market and export. They have stopped their traditional production of food crops in their household. Research has shown that this group of farmers has to buy half of the food that is consumed in their households.

(3) Government policies should protect national food security as its priority with agricultural policies that support farmers in adopting sustainable agriculture with food crops for consumption in society, not commercial cash crops for market and export as they were then doing. It should also support farmers to produce in a way that provides a self-sufficient economy in food production.

As for trade policies based on food and agricultural policies, the government should introduce trade policies in the interest of farmers, aiming at exchange and trade of agricultural products with neighbouring agricultural countries without destroying domestic markets of one another, and should advocate common fair trade policies .

(4) Although figures on national income increasingly tend to be based on the industrial sector, if we examine them properly we will find that the majority of the population continues to be engaged in agriculture, with income mainly from farming activities. Therefore, **the government should have a duty to support all aspects of the agricultural sector**, infrastructure, technology and capital for production, processing and marketing, as well as supporting price mechanisms, price guarantees and price intervention to help farmers. The government should not have cut its budget or subsidy to the agricultural sector as the Agreement on Agriculture called for. Doing so seriously hurt Thailand's small farmers who were unable to exist in those economic conditions.

(5) Instead, **the government should increase its budget in support of subsistence production in society, community and the country**. It should also have mechanisms and policies, transparent so that people and farmers can monitor and audit them, and various governmental aid projects, such as seeds, agricultural inputs, mechanisms for price stabilisation, including an existing state mechanism (national committee on policies and measures for assistance to farmers) and new mechanisms, so that the benefits of aid projects will actually reach the hands of farmers, and corruption, as occurred in previous state aid projects, is prevented.

(6) **The government should have policies, laws and measures to monitor, audit and control large agri-business corporations**, both national and transnational, who play important roles in intervening and affecting the Thai agricultural market. This includes especially investment in large plantations, ownership or control of resources for production, such as land, seeds, indigenous wisdom and other sources of economic power. This will help prevent Thai small farmers from being disadvantaged, and prevent the monopolization of resources for production by these large corporations.

(7) During the years 1995 to 2003 many Thai farmers became heavily indebted and were unable to repay their debts, a consequence of trade policies on food and agricultural products. Major production resources such as land were lost by the small farmers (over 1.5 million farming households either became landless or did not have enough farmland). Their rights to use resources related to production, such as water, forest, local genetic and coastal resources were also infringed on. **The government should introduce policies to restore the economic condition of small farmers by providing fair allocation of these production resources to farmers, recognising their rights as producers of society, and recognizing community rights in managing local resources**. The government should not put the interest of trade ahead of the common benefits for local people and other people in Thai society.

## ANNEX 1.

### **Dili Declaration**

#### **Ten years of the WTO is enough! Defend Sovereignty and Expel the WTO**

We are member of La Via Campesina South East Asia and East Asia, since May 16<sup>th</sup> - 19<sup>th</sup> 2005 have completed our regional meeting in Dili, Timor Leste. This meeting is part of our struggle and our preparation for mobilization to stop the ministerial meeting of WTO in Hong Kong December 2005.

We have visited to farmland to share experiences and extend our solidarity with the Timorese peasants. In Ermera district we supported the agrarian reform movement to defence and control our farmlands and also in Maubessi district we supported the Timorese peasant struggle in determining their own food and market based on the food sovereignty principles through alternative market that guarantee sovereignty of the peasant and indigenous people.

Today May 20<sup>th</sup>, the Timorese people are commemorating their restoration day and we express our solidarity with them. The independence should defence the sovereignty of the people to control the agrarian resources and reject neo-liberal regime. Timor Leste is not the member of WTO and does not commit in any Free Trade Agreement (FTA). We support this position and maintain in order to achieve Timorese genuine independency to make the nation respected in the world.

Ten years of WTO is enough! It is creating poverty, hunger, natural resources exploitation and the environment destruction worldwide. The food sufficient nations have to import food, privatizing water resources, public services, and destroy local seeds as well as traditional knowledge. WTO is causing many nations lost their sovereignty, and controlled by few trans-national corporations (TNCs). In the wake of difficulties on WTO, FTA has emerged new way of neo-liberal implementation. The impact of FTA is disastrous causing massive poverty and hardship of the peasant community.

We are facing severe negative impact of both WTO and FTA. For instance, Thailand known as the biggest rice exporting country but Thai peasant has been suffering in huge amount of debt and losing the land as well as the local seeds. South Korean and Japanese peasants are struggling to stop the liberalization of rice market in the countries. Even Indonesia, Malaysia and Philippine as the agriculture countries are now becoming the biggest food importers.

We have to stop WTO and neo-liberal policy because of the disastrous impacts to the peasants. We state in this declaration as follows:



1. Stop WTO ministerial meeting in Hong Kong in December 2005, 10 years of WTO is enough!
2. Reject and stop FTA as new imperialism in the world.
3. Call and encourage peasants, rural workers, indigenous peoples, and other social movement to mobilize, campaign, and support the struggle to derail WTO meeting.
4. Implement the genuine agrarian reform, food sovereignty, and peasant rights to achieve the people sovereignty.

Toward the WTO ministerial meeting in Hong Kong December 2005, we will:

1. Organize a mobilization during the General Council meeting of WTO in Geneva.
2. Organize mobilization in September 10<sup>th</sup> 2005 to commemorate the international day of struggle against WTO, and the second year of the late Lee Kyung Hae's sacrifice in Cancun 2003.
3. Intensify our struggle and speak with forceful voice in the days, weeks, and months leading to Hong Kong WTO meeting
4. Mobilize thousand of peasants to stop WTO ministerial meeting in Hong Kong.
5. Organize solidarity action in respective country and pressure our government to derail WTO ministerial meeting in Hong Kong.

Dili, Timor Leste, 20 May 2005

**Signed by members of La Via Campesina:**

1. Hametin Agrikultura Sustentavel Timor Lorosa'e (HASATIL, Timor Leste)
2. Federasi Serikat Petani Indonesia (FSPI, Indonesia)
3. Assembly of the Poor (AOP, Thailand)
4. Korean Peasants League (KPL, South Korea)
5. Korean Women Peasant Association (KWPA, South Korea)
6. Kilusang Magbubukid ng Philipinas (KMP, Philippine)
7. Paragos Philipinas (formerly known as DKMP, Philippine)
8. Borneo Indigenous and Peasant Movement, (PANGGAU, Sarawak, Malaysia)
9. Vietnam Farmers' Union (VNFU, Vietnam)
10. Japan Family Farmers Movement (NOUMINREN, Japan)
11. Northern Peasant Federation (Thailand), observer

*Please circulate widely and send information on your actions to us. For further information please contact International Operative Secretariat (IOS) La Via Campesina: [viacampesina@viacampesina.org](mailto:viacampesina@viacampesina.org), so we can publish them on the website [www.viacampesina.org](http://www.viacampesina.org)*



## **Annex 2**

### ***A Call to Action to Social Movements, Mass Organizations and All Civil Society Groups***

**October 17, 2005**

#### **No Deal in the Hong Kong Ministerial! WTO Out of Food and Agriculture!**

With only two months to go before the World Trade Organization's (WTO) Sixth Ministerial Meeting in Hong Kong, pressure is mounting among WTO delegates to come up with an agreement to save the WTO from the humiliation of yet another round of failed talks. On October 19-20, WTO members will convene in Geneva for the General Council (GC) to take stock of the progress in achieving the so called Doha Development Round. The Doha Round was launched in November 2001 and most negotiations were expected to be final by January 2005.

Although current negotiations appear deadlocked in all the main negotiating areas--agriculture, services and non agricultural market access (NAMA)—there are serious possibilities that through clever maneuvering and opportunistic deal making, the trade majors (particularly the US and the EU) with help from some developing countries (particularly India and Brazil) will attempt to push through a trade deal that will provide big gains to national and transnational corporations and highly skilled professionals from developed and developing countries, but which will prove disastrous to the majority of the peoples and communities of the world, especially farmers, fisher-folk, workers, migrants and other vulnerable groups.

#### **Deal-making Through Exclusive Groups, and Divide and Rule**

Negotiations are continuing in their usual non-transparent and top down manner, with countries forging new temporary alliances to suit their negotiating interests. There is now a new power equation in the negotiations: the "new QUAD" which consists of the US, EU, Brazil and India, with Brazil and India putting themselves up as defenders of the interests of developing countries in all areas of negotiations. Brazil and India sold out the interests of peoples when accepting the July Framework in 2004 and we fear that the same will happen again.

US and EU disregard for real Special and Differential Treatment and for taking Implementation Issues seriously show that the WTO does not provide any scope to safeguard agriculture, services and industry in developing countries, and are clear examples of why the WTO is not the right venue in which to negotiate the future of food and agriculture.

## **The Tasks Before Us**

The July Framework has practically eliminated any and all development space in all the areas being negotiated in the WTO. It is now up to us—social movements, mass organizations and other civil society organizations--to take a firm stand against the ongoing negotiations and ensure that our food, agriculture, health, jobs, natural resources, environment, services, industries and sovereignty are not bargained away for the profits of a handful of corporations and elite professionals.

We have to give a clear message to our governments that no deal in Hong Kong is better than a bad deal, and that the only possibilities ahead of us in the current negotiations are deals that range from bad to worse.

### **In specific, we demand that:**

1. Liberalization and privatization policies pushed through the WTO, and regional and bilateral agreements must stop.
2. There must be no further liberalization of agriculture trade. Tariffs and other forms of protection against imports at present offer the best ways to guarantee the ability of peasant farmers to make a living from agriculture; tariffs must not be lowered, and each country should have the right to protect its farmers.
3. Moving trade distorting subsidies from one box to another only hides them, but does not actually cut them. This box-swapping to maintain trade distorting subsidies that benefit agribusiness interests are yet more reason why we must get the WTO and free trade agreements out of food and agriculture.
4. Countries must have the right to use self-selected domestic criteria to protect their food and agriculture sectors, and particularly their peasant and family farmers and agricultural labour. Especially developing countries should be able to exercise the right to re-impose Quantitative Restrictions (QRs) in instances of import surges and to protect rural livelihoods and development.
5. The dumping of agricultural products must stop without any preliminary conditions. Announcement of a schedule for the phase-out of export subsidies by the EU and US should not be seen as meaningful concessions and should not serve as a reason for developing countries to give in on other agreements or to sign any agreement on agriculture in the WTO.

6. Developing country governments must not accept Mode 4 concessions as an incentive to open up their domestic services sectors to further liberalization, or to provide market access in agriculture or NAMA. Mode 4 allows for services provision through the movement of natural persons across international borders, and many developing countries are using this as a bargaining chip to allow businesses from developed countries access into their own services markets. However, any gains from Mode 4 will only benefit skilled, white collar professionals and lead to a brain drain from developing to industrialized countries, while semi and unskilled workers will be blocked from movement across borders as before.
7. In services negotiations, the EU, Japan, Australia, Switzerland, Korea and Taiwan have tabled proposals on "complementary approaches" that call for obligatory liberalization of services in a specified number of sub-sectors and with quantitative indicators. In some proposals, countries' commitments would be "benchmarked" with scores. The proposals are a move to get developing countries to accelerate and deepen services liberalization commitments, and take away even the little flexibility that developing countries have left under the existing GATS framework. While these proposals have been challenged by the Least Developed Countries (LDCs), the Africa Group, Caribbean countries and some ASEAN members, a few developing countries (such as India) are supporting "benchmarking" in the hope that they will make gains on market access through mode 4 provisions.

"Benchmarking," "complementary approaches" and all such proposals to accelerate and deepen services liberalisation must be opposed. Countries must have the freedom to define policies according to their own specific structural conditions, with adequate domestic regulations, and legal and institutional measures to counteract the power of transnational corporations. This is especially important in the case of LDCs and many developing countries who have already undertaken unilateral liberalisation under the structural adjustment programmes imposed by the World Bank and the International Monetary Fund.

8. Negotiations in NAMA must be stopped altogether since the potential negative impacts of de-industrialization from NAMA agreement are great. NAMA was never a priority under the Doha Declaration. However, if NAMA negotiations do continue, current formulas for tariff reduction and tariff binding in NAMA must be opposed.
9. The Pakistan proposal must not be accepted as a compromise formula for NAMA negotiations since it will not address the problem of de-industrialization that is likely to arise from NAMA. Developing countries should not be coerced into binding their remaining tariff lines. Binding will limit the options for developing countries to nurture their infant industries and hasten the process of de-industrialization. This is especially so in LDCs, most of who have already been

forced to undertake unilateral liberalization under the structural adjustment programmes imposed by the World Bank and the International Monetary Fund.

10. Fisheries must be removed from NAMA negotiations, and the WTO should get out of fisheries altogether.
11. Comprehensive assessments of the impacts of past liberalisation on agriculture, services and industry must be conducted, and measures should be taken to counter the adverse effects of liberalisation.
12. The LDCs and the G 90\* must hold firm and not give in to the demands of developed countries for market access, "benchmarking," and reduction of agriculture and industrial tariffs. Those who gain from the current negotiations are the industries in the major food exporting countries and those with well developed, strong and high-end service and industrial sectors.
13. All negotiations and discussions must be fully participatory and transparent. The Five Interested Parties (FIPs), the "new QUAD" and other such arbitrary and exclusive groupings must be disbanded. All delegations must have full freedom to participate in negotiations as they consider fit.

In the coming months, forces in favor of liberalization and privatization policies will try to get the WTO consolidated as the engine of global trade. It is our challenge to halt these trends, and to initiate processes to reverse the current trends of liberalisation and privatization, return to countries and to peoples the possibilities to protect their food production, fisheries, public services and industries, and to shift decision making about economic policies to spaces outside the WTO. The WTO must be crippled as a mechanism of neo-liberal globalization.

**HALT THE WTO NEGOTIATIONS AND STOP THE IMPLEMENTATION OF FURTHER FREE TRADE AGREEMENTS!**

**WTO OUT OF FOOD AND AGRICULTURE, FISHERIES, PUBLIC SERVICES AND OTHER ESSENTIAL PUBLIC GOODS!**

**STOP THE DE-INDUSTRIALISATION OF DEVELOPING COUNTRIES!**

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\* An umbrella body of the African Group, the least developed countries and the African, Caribbean and Pacific (ACP) Group

