MORE ON WTO TALKS

"DOHA" is Dead

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And as news started to trickle in signaling the collapse of the WTO mini-Ministerial, a sigh of relief emerged everywhere.

The talks failed to bridge differences over adequate measures to protect poor farmers in developing countries against import surges. Technicaly dubbed as "Special Safeguard Mechanism" (SSM)–the provisions that protect developing countries from the disastrous consequences of a flood of food imports)–had finally driven the nail in the coffin of "Doha round."

But all is not yet over. The tyrants of the food trade will surely launch a renewed assault to arm-twist, coerce and lure developing countries into submission. US President George Bush will certainly have an uphill task before he quits. Three phone calls to Prime Minister Manmohan Singh in a matter of three days failed to get India sign on the dotted line. He must be disillusioned. Perhaps he is angry. How can the two emerging economies–India and China – refuse to accept the US hegemony? Is the developing world waking up to a new dawn of economic and political independence?

Nobody is sure whether the developing countries have emerged from the shadows of the colonial past. But what is clearly evident is that at least some countries are picking up the courage and standing up to the two bullies–the United States and European Union. All along an impression had been given–and thanks to the western media for misguiding the world–as if the US and EU have made a huge 'sacrifice' offering drastic cuts in their trade-distorting farm subsidies.

In reality, the US proposal of reducing its trade-distorting subsidies by 70 per cent (and the EU following with a promise of 80 per cent cut) was simply an eye-wash. These were merely paper cuts, and behind this smokescreen, both the rich trading blocks had actually ensured provisions to double their trade-distorting subsidies. The US presently pays between $ 7-9 billion as trade distorting subsidies, and what it had offered as a 'sacrifice" was to enable it to increase these subsidies further to a maximum of $ 14.5 billion.

For making these paper cuts, the US and EU wanted the developing countries to pay a corresponding price by way of providing more market access in agriculture and industry. While the Shylocks of international trade were keen to extract their pound of flesh from poor countries, look what the United Nations says. In its latest "World Economic and Social Survey 2008," the UN makes it clear that the developing countries have already paid a price in advance at Marrakesh (where the WTO formation was agreed upon in 1994). There is therefore no need for the developing countries to open up their markets still further to imports.

Very cleverly and astutely, the developed countries had managed to divert focus from their burgeoning agricultural subsidies that have inherently distorted global trade. Apart from what is dubbed as trade-distorting subsidies, the richest trading block–the Organisation for Economic Cooperation and Development (OECD) provides annually $ 374 billion as farm subsidies. On top of it, the latest

US Farm Bill 2008 makes a provision for $ 307 billion support for agriculture in the next five years.

Unless these subsidies are removed, there is no protective shiled strong enough to stop the import surges into the developing world. These are no less devastating than the trail of human destruction left behind by a powerful tsunami. Between 1980 and 2003, the United Nations Food and Agricultural Organisation (FAO) recorded 12,167 import surges hitting 102 developing countries. On an average, each of these developing countries experienced 120 import surges a year wherein the flood of imports exceeded 30 percent in terms of volume of imports.

To put a cap at 40 percent in import surge volumes therefore as a SSM provision for developing countries renders the entire mechanism redundant. And this is where the talks broke down. By the time 40 percent import surges are recorded, millions of farmers are pushed out of agriculture. It has happened in the past in numerous instances. In Kenya, for instance, flood of sugar imports between 1984 and 2004 had resulted in 32,000 job losses in the domestic sugar industry. Employment levels were reduced by a whopping 79 percent. The impact on farm livelihoods was still worse.

In the past 30 years, and thanks to the trade liberalisation polices being perpetuated, 105 of the 149 Third World Countries have turned food importers. Some 40 years ago, developing countries were actually exporting food and had a surplus of US $ 7 billion in food trade. Now the developing countries' food deficit has grown to a record US $ 11 billion a year. A successful completion of the ongoing "Doha round" in its present form would turn the entire Third World into a food dump. If that is what will emerge from the successful completion of the "Doha round", the question that arises is as to whom is it going to benefit?

Whether it is *Special Products* - the farm products which do not require any cuts in import duties - in the name of food security, livelihood concerns and rural development or it is the provision of SSM, nothing can save developing country agriculture unless the massive domestic subsidies of the OECD countries are removed. What is conveniently forgotten are the remarks of the WTO director general Pascal Lamy at the Hong Kong Ministerial in 2005: "SP (Special Product) is a carrot that I am dangling before the developing countries to bring them to the negotiating table?"

Sadly, the developing countries have failed to see through the game. SP is merely a temporary measure. For India, where a total of 697 tariff lines in agriculture are being negotiated, only 84 lines can be partially covered under the SP category. Several studies have however shown that Indian agriculture will need at least 57 per cent of the tariff lines being protected. After all, each tariff line is linked to millions of livelihoods. What is therefore urgently needed is to scrap the present deal, and start afresh. There is no other way out.

At a time when the world is faced with a terrible food crisis there is no escape but to refocus energies on maintaining food self-sufficiency. Food security is essentially linked to food self-sufficiency. The challenge for developing countries therefore is to resist any and every move to open up the domestic markets to a flood of cheap and highly subsidised food imports. Food imports spell death-knell for the farming communities. There is no bigger crime than to sacrifice the livelihoods of an estimated three billion small farmers in the developing world for the sake of higher profits to a handful of agribusiness companies. □□□