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Don't Trade Away the Farm

The "World Theft Organization," some activists called it. "Pirates of the Caribbean," wrote a Catholic relief group. What did the World Trade Organization (WTO) meeting in Cancun last September, the second of the last three WTO summits to break up in disarray, do to deserve such words? It let the world's richest nations, once again, monopolize its agenda and brazenly demand a deal that would hurt the world's poorest people, particularly farmers. Developing nations and grassroots organizers refused to stand for it, choosing no deal rather than a bad deal.

The coming months are a key time to see whether alliances forged in Cancun will enable fair trade advocates to stand against the Bush administration as, after its WTO setback, it pressures countries one by one to sign onto regional or two-country trade agreements.

The main issue at Cancun was the fate of the developing world's 2.5 billion peasant farmers. Many of these face ruin because the United States, Europe, and Japan heavily subsidize their own farm sectors, causing them to "dump" products below cost and drive down world prices. (In the United States, much of this subsidy benefits agribusiness corporations

rather than small farmers.) Farm subsidies are the opposite of foreign aid – and the developed world now pays itself \$320 billion a year in farm subsidies, more than six times as much as it spends on development assistance to poor countries.

Developing countries used to protect their farmers by taxing crop imports, but lopsided WTO agreements, and pressure from institutions such as the International Monetary Fund (IMF), have slashed this option in the Third World (while leaving the First World tariffs intact). The WTO promised the Philippines when it joined in 1995 that membership would bring half a million new farm jobs, but the country has actually lost hundreds of thousands such jobs. Mexico flooded with dumped corn imports under NAFTA, is in a similar bind. "A farmer who is working with the land in Oaxaca (Mexico) knows in his soul what (unfair trade policy) feels like," says Marie Dennis of the Maryknoll Office for Global Concerns.

ACROSS THE DEVELOPING world, many people—including very poor people—have a firm understanding of how trade agreements affect their lives, and those people organized themselves enough to make their governments pay some heed in Cancun. Working alongside them were international groups, including religious organizations whose work with the poor spurred them to care about trade pacts.

On the national level Brazil with its history of social justice movements and its populist president "Lula" da Silva, was a leader in the Cancun alliance for fairer farm policy. A coalition from Brazil plus 20 other countries, representing half the world's people, refused to open their markets still more to dumped food from wealthy nations (while other coalitions refused to toe the U. S. and Europe line on other issues,

such as giving sweeping new rights to foreign investors).

What's next? Rebuffed (for now) in the global arena, the United States will pursue a divide-and-conquer approach. The Bush administration plans to "aggressively" focus on bilateral trade agreements, such as the one recently signed with Chile, and regional agreements such as the proposed Central American Free Trade Agreement (slated to go to Congress in early 2004), and the Free Trade Area of the Americas (scheduled for 2005). It remains to be seen how much future cooperation will arise from the developing - country alliances formed at the WTO.

During this key time, activists for fair trade are working with renewed energy on every possible level—dialogue with negotiators, pressure on government officials, and of course grassroots awareness and organizing. One of their goals is to question the WTO's claim that the poor will benefit from the "level playing field" of unrestrained free trade.

Unfortunately, a level playing field isn't much help for small Third World businesses and family farms pitted against transnational corporate giants. This is no recipe for development. It deprives elected governments of power to shape their own economic policies and hands that power over to unaccountable technocrats from the corporate world.

No one is more aware of the need for trade justice than Jesus Leon, a Mexican campesino who attended the Cancun meeting as a delegate from Maryknoll. According to Leon, the WTO affects everyone. But most of all peasants and grain farmers – and, if the international community agrees to unjust trade agreements, it may be the end of many rural communities. Article by Elizabeth Palmberg, Assistant editor of Sojourners; Sojourners

magazine, January 2004 issue;
www.sojo.net

11th United Nations Conference on Trade and Development (UNCTAD XI) Conference will be held in Sao Paulo, Brazil, June 13-18, 2004.

UNCTAD, founded in 1964, is the UN body that deals with integrated treatment of trade and development and the interrelated issues of finance, technology, enterprise development, investment and sustainable development. The organization was founded to do three things: 1) to serve as a forum for consensus building among nations on these issues; 2) to undertake research and policy analysis for discussions among experts and government representatives; and 3) to provide technical assistance, especially for developing countries.

Agenda of UNCTAD XI

The overarching theme of the conference is to understand the coherence between international processes and negotiations on one hand, and the development strategies that developing countries need to pursue to achieve their development objectives on the other. This coherence has been lacking and UNCTAD would like to explore what it can do to help ensure it, particularly for the developing countries. The conference will explore formulating a policy of coherence within the framework of open nationalism. There is a current international trend to slow down or prevent liberalization of trade and finance in favor of protecting national interests. The conference would like to examine ways to facilitate a process where countries may pursue their own national economic and development policies, while at the same time staying open to the integration into the international trade system. The

notion that each particular nation must be given the space and flexibility to formulate its national economic and development policies is a key component of such a framework.

The conference will address the issue of coherence under four sub-themes: 1) Development Strategies in a Globalized World; 2) Building Productive Capacities and international Trading System and Trade Negotiations; and 4) Partners for Development. A number of issues will be addressed, including regulation of private capital flows, conditionalities imposed by international financial institutions (IFIs), debt-relief, commodities, investment, technology transfer, competition policy, market access, and trade barriers.

Some Expected Debates

Countries have been debating a variety of issues throughout the preparation process and will most likely continue at the conference. There is debate over the appropriate balance between public policy and the market in development. The United States adamantly asserts the private sector drives development. Meanwhile developing countries have been complaining about the failure of privatization and deregulation policies imposed by the World Trade Organization (WTO) and IFI agreements to bring sustainable development. These countries believe that development can be assisted by having government provide public and universal access to essential services like healthcare and education, regulate private investment flow, and effect the transition from low-wage, low-skilled to high-wage, high-skilled economies.

Another debate is occurring over the assessment of the current multi-lateral trading system. An extension of the debates stalling the

Doha round at the WTO can be seen here. The developing countries want to critique the current trading system and address issues, like market access, agricultural subsidies, tariffs and other barriers and difficulties they face while trying to integrate into global trading system. The United States, on the other hand, is seeking to delete language critical of the trade system to eliminate entire paragraphs dealing with these issues. A particular issue within this debate getting significant attention is the commodities crisis. Developing countries want to say that market-based solutions have only exacerbated the problem and call for international mechanisms to intervene. US want to delete any such proposals. Finally, the most important debate is occurring around the role and scope of UNCTAD's mandate. Since Reagan's administration UNCTAD has been increasingly sidelined by developed countries. Neo-liberal ideology has moved into world affairs with full force. US continues to diminish the scope of issues the conference addresses, to relegate its work to technical assistance and to make it dependent on other pro-US institutions like the IMF and WB for its analysis. Developing countries, in contrast see that UNCTAD can help in a wide array of trade and trade related issues, formulating policies in a comprehensive and sustainable development. Article taken from Jesuits IJND News June 2004. For more information visit www.jesuit.ie/ijnd/IJNDNEWS.html and www.unctad.org

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