

A large, thick green circular graphic with a white center, resembling a stylized ring or a hole in a page. It is positioned in the upper right quadrant of the page.

Sale of the Century?

**Peoples' Food Sovereignty:
Part 2 - a new multilateral framework
for food and agriculture**



**Friends of
the Earth
International**

Note: this report was drafted prior to the tragic events in the US on 11th September 2001. Friends of the Earth International cannot predict with any certainty what changes this will have on global trade but will clearly have implications for some of the issues contained in this report.

This report is the *fifth* in a series of five from Friends of the Earth International (FOEI) covering the 4th WTO Ministerial Conference and the proposed new round of negotiations (*Sale of the Century? The WTO's 4th Ministerial* series of reports).

Introduction

Agriculture is vital to all people, both in terms of the production and availability of sufficient quantities of affordable, safe and healthy food and as the foundation of healthy rural and urban communities, cultures and environments. Agriculture and food policies promoted by the World Trade Organisation, the World Bank and the International Monetary Fund promote a system of global agriculture that prioritises industrial, export-oriented production and is heavily influenced by the interests of transnational corporations.

As Part 1 of this report (*Peoples' Food Sovereignty: the Implications of Current Trade Negotiations*) reveals, the 'liberalisation' of trade in food and agriculture (principally through the WTO) has:

- **undermined** the livelihoods of hundreds of thousands, and possibly millions of farmers across the globe;
- **failed** to achieve any degree of global food security (over 800 million people in the world are still malnourished and progress to combat hunger has been limited - indeed the Food and Agriculture Organisation (FAO) has described it as 'woefully inadequate'¹);
- **permitted** the continued use of dumping, particularly in developing countries;
- **expropriated** knowledge from farmers and indigenous peoples through the imposition of industrial intellectual property rights;
- **increased** corporate control over all aspects of agriculture and food (including the use of intellectual property rights and patents);
- **severely limited** the application of the precautionary principle - trade rules have already been used to override food health and safety concerns and development issues;
- **exacerbated** unequal land tenure patterns; and
- **depleted** natural capital through the pursuit of increased export trade and economic growth, leading to negative impacts on local communities, the loss of natural habitats and biodiversity and the degradation and pollution of soils and water courses.

Current trade rules and 'liberalisation' are being used to develop an economic system that allows market forces and powerful transnational corporations to determine the way in which we produce, trade and market food. Since current trade rules cannot fulfil crucial societal goals in relation to food and agriculture, Friends of the Earth is calling for food and agriculture to be removed from the jurisdiction of the WTO and subjected to a new, alternative and enforceable multilateral framework under the auspices of a reformed and strengthened United Nations.

¹ FAO, 2000. The state of food insecurity in the world shows no progress towards World Food Summit target. *Press Release*, 16th October. Food and Agriculture Organization, Rome. http://www.fao.org/WAICENT/OIS/PRESS_NE/PRESSENG/2000/pren0056.htm

Peoples' food sovereignty

Critically, we need to attain and secure peoples' food sovereignty. Food sovereignty is the right of communities, peoples and countries (including regional groups of countries) to determine their own agricultural and food policies and protect and regulate domestic agricultural production and trade in order to meet sustainable development objectives. To this end, domestic measures taken to promote and protect peoples' food sovereignty (including food security, food safety, sustainable agriculture and subsistence and small-scale farming, particularly by families, peasants and indigenous peoples) must be exempt from free trade rules.

Through such policies, local, national and regional agricultural economies will increasingly be able to determine the extent to which they are self-reliant in the production of food. At the same time they will be able to generate wealth, employment, more vibrant rural communities and a more balanced and diverse environment, whilst retaining the option to trade on the global market.²

Clearly, countries should have the right to engage in international trade, not least as part of a series of measures to secure food sovereignty and security. International trade is necessary, for example, for those countries that cannot produce food in sufficient quantities or quality to meet domestic consumption requirements. Trade may also be necessary in times of food insecurity and to meet needs for agricultural products and food that cannot be grown domestically.

Nevertheless, trade must be conducted so as to meet sustainable development objectives. Importantly, domestic policies that prioritise sustainable agriculture and the production of affordable, safe and good quality food should take precedence over international trade requirements. In particular, producers should have the opportunity to add value by processing the food before sale (producing chocolate from cocoa beans, for example). Food should also be from local or regional sources wherever possible; and produced according to sustainable agriculture techniques. On the international markets, the developed world should give priority to exports from developing countries (particularly least developed countries), again from sustainable agricultural production as a means of fostering development in the world's poorest nations.

The following section considers policy changes necessary at the local, national and regional level. The paper then moves on to consider international mechanisms necessary to promote the equitable and effective development of multilateral rules dealing with food security, food safety and sustainable agriculture.

Measures at a local, national and regional level

This section considers a range of measures and policies that need to be implemented at the local, national and regional level to promote food security, food safety and sustainable agriculture. All such measures should implement the precautionary principle and recognise the need for democratic and participatory decision making.

Market policies

² A 'localised' food or agricultural economy is one where the production, processing, trading, marketing and consumption of agricultural products or food takes place mostly within (or as close as possible to) the locality (i.e a sub-national region) where the product or food is reared or grown. Where this is not possible, trade should be conducted nationally or within regional trading blocs (the European Union, Mercosur etc).

Peoples' food security and food sovereignty is being undermined by global over-production, increased trade (including in genetically-modified (GM) products) and the dumping of surplus agricultural produce. Throughout the world this is undermining local domestic production. To counter this, communities, peoples and countries should have the right to:

- impose controls and restrictions on imports (i.e. on products being dumped in their markets, other low priced imports that are undermining local production, or restrict the trade in genetically modified (GM) seeds, foods, animal feeds and related products);
- regulate domestic production via subsidies and controls that promote sustainable development objectives (i.e. food self-sufficiency, sustainable agriculture, healthy rural communities and employment, environmental enhancement, biodiversity conservation, etc); and
- develop localised food economies based on localised production, processing, marketing and consumption.

Communities, peoples and countries should also be obliged (see A New Alternative Multilateral Framework) to:

- phase out domestic subsidies that promote unsustainable agriculture, the destruction of natural ecosystems and inequitable land tenure patterns;
- regulate production so as to reduce surpluses; and
- abolish all direct and indirect export supports immediately (subsidies, credits, guarantees, tax breaks etc).

Targets and timetables should be set to meet these obligations but developing countries should be afforded 'special and differential treatment'.

Sustainable farming practices and land tenure reform

Current agricultural practices are clearly unsustainable and policies that promote sustainable agriculture are urgently required. However, in many parts of the world, existing sustainable agriculture is being undermined by inequitable land tenure patterns. Those that till the land frequently do not have security of tenure (meaning that their livelihoods are also insecure), because legal ownership of the land belongs to absentee landlords. As a result, farmers do not have as much incentive to undertake sustainable agricultural practices and can be easily and legally displaced by industrial farming interests. Communities, peoples and countries should:

- end unsustainable and chemical-dependent production and replace it with sustainable farming and agricultural practices (but again, with targets and timetables with 'special and differential treatment' for developing countries). This would be achieved through the use of targeted domestic production subsidies, controls and other incentives aimed at sustainable farming practices and measures that ameliorate the costs associated with high standards (a particular problem for small producers); and
- adopt policies to reform inequitable land tenure patterns.

Communities, peoples and countries should also have the right to:

- restrict the production of genetically modified seed, food, animal feeds and related products.

Access to resources

In a sustainable economy, access to resources would be considered a basic human right. To this end, communities, peoples and countries should:

- recognise and enforce communities' legal and customary rights to make decisions concerning their local, traditional resources, even where no legal rights have previously been allocated;
- ensure equitable access to land, seeds, water, credit and other productive resources;
- prohibit all forms of patenting on life; and protect farmers', indigenous peoples' and local community rights over plant genetic resources and associated knowledge, including farmers' rights to exchange and reproduce seeds; and
- initiate measures for the adoption of a new treaty during the 2002 WSSD relating to genetic resource access in which communities, peoples and governments become 'caretakers' of the genetic commons within their territories, taking into consideration national sovereignty and open access to the flow of genetic information.

Costs and prices

Industrial and high input agriculture is subsidised both directly and indirectly, most notably because the full costs of production, processing, transport, distribution and marketing (i.e. chemical inputs, habitat loss, water depletion, soil and genetic erosion, fossil-fuel extraction, pollution etc) do not reflect their full environmental and social impacts. The real social and environmental costs of agricultural production - in accordance with the polluter pays principle - should be internalised. Trade patterns would then shift in favour of the local, national and regional, strengthening these economies and protecting the environment both globally and locally.

Higher farm gate prices are inevitable, but the introduction of the polluter pays principle will benefit those farms that practise sustainable agriculture the most (since their implementation costs will be lower than those of farms practising less sustainable forms of agriculture). Thus policies that prevent a subsequent increase in consumer prices are also important. Affordable food for all must be a key component. To this end, communities, peoples and countries should:

- intervene through market mechanisms (or where appropriate, regulation) to ensure that the increased internalised costs of production are met by the polluter (particularly those practising unsustainable, large scale monocropping and high input, export-oriented, industrial agriculture) and where appropriate passed onto processors and retailers;
- ensure that revenues from polluter pays taxes are targeted at sustainable agricultural practices so as to facilitate the move away from unsustainable farming; and
- address poverty issues, to ensure that policies that lead to higher prices do not disadvantage the poorest sections of society - particularly women and children.

Communities, peoples and countries may have to intervene to:

- ensure a sustainable remunerative price and a sustainable income to farmers practising sustainable agriculture to ensure peoples' food sovereignty.

Conservation of biodiversity

Large-scale unsustainable agriculture is the main cause of the destruction of natural

ecosystems such as forests, wetlands and prairies. Land conversion (triggered by inequitable land tenure patterns), the introduction of invasive species, the use of agro-chemicals and the inequitable distribution and unsustainable use of freshwater resources are primarily responsible for alarming rates of global biodiversity loss. For all the above reasons, it is recognised that, at a global level, biodiversity is decreasing at a faster rate than at any time in the past. These trends have to be reversed. In part, increased diversity will be achieved through sustainable agricultural practices and policies that promote such practices (such as the polluter pays principle). Sustainable agriculture is widely reported to support greater biodiversity, employ more people and thus enhance the wider rural community. To this end, communities, peoples and countries should:

- significantly slow and ultimately reverse the loss of biodiversity, through the adoption of sustainable agricultural practices and the effective implementation of the Convention on Biodiversity (CBD) (including through the development and implementation of multi-stakeholder national biodiversity strategies and action plans and the full integration of biodiversity concerns into agricultural practices (Article 6 of the CBD)); and
- enforce strict legal protection of nature reserves and other important wildlife sites, including those recognised globally (under the Ramsar Convention, for example).

Food safety and quality

The move towards sustainable agricultural practices and the internalisation of environmental and social costs will ensure safer and healthier food and a better environment. However communities, peoples and countries should also:

- establish national mechanisms for quality control of produce so that it complies to high environmental, social and health quality standards;
- develop food quality criteria that are appropriate to the preferences and needs of people; and
- agree to fundamental reform of the international Codex Alimentarius Commission (which governs the development of food standards).

Transparency and information

Creating democratic and sustainable agricultural economies can only be realised by ensuring that policies genuinely reflect and address peoples' hopes and aspirations. Governments must:

- ensure that the external transparency of all negotiations and agreements on all aspects of agriculture and food is increased significantly through a variety of means, including the involvement of independent observers at all relevant meetings and the introduction of a presumption in favour of de-restricting all official documents; and
- introduce clear and accurate labelling of food and agricultural products, underpinned by consumers' and farmers' right to know and access to information.

Corporate accountability

Friends of the Earth International advocates the establish of an international agreement

(see below) that would be signed by Governments. It would include, *inter alia*³:

- guaranteed legal rights of redress for citizens and communities adversely affected by corporate activities;
- personal legal liability on company directors for corporate breaches of environmental and social laws;
- high minimum environmental, labour and human rights standards for corporate activities; and
- legislation and mechanisms to prevent the formation and consolidation of monopolies, oligopolies and cartels in the food system and agriculture sector.

A new alternative multilateral framework

An alternative institution and treaty

Many of the measures and policies outlined above are incompatible with trade and investment rules as embodied in and put into practice by the WTO. There is little prospect of the WTO amending its rules on food and agriculture to take these concerns into account. For this reason, FOEI recommends the removal of food and agriculture concerns from the WTO. In practice, this would be achieved by phasing out the Agreement on Agriculture and the removal or amendment of other relevant clauses in WTO agreements including TRIPS, SPS, TBT, SCM and GATS⁴ and replacing them with a new and enforceable multilateral framework governing the sustainable production of and trade in agriculture and food.

Instead of focussing primarily on trade, this alternative framework would be based on peoples' food sovereignty, food security and food safety. In order to institute these changes, governments should (these changes are listed in chronological order):

- Eliminate all export subsidies immediately (subsidies, credits, guarantees etc) from developed countries and stop the dumping of developed country agricultural products into other markets, particularly developing countries.
- Permit developing countries to suspend the implementation of their market access commitments under the Agreement on Agriculture.
- Agree not to use the WTO's dispute settlement mechanism to challenge national regulatory measures intended to enhance food security and promote domestic food production and agricultural development.
- Halt on-going agriculture trade liberalisation negotiations within the Agreement on Agriculture.
- Set up in the United Nations, as early as possible, but before the World Summit on Sustainable Development (WSSD) in Johannesburg in 2002, a UN Commission on Sustainable Agriculture and Food Security (UNCSAFS). One of the roles of the Commission would be to establish the modalities of a legally binding treaty on the sustainable production of and trade in agriculture and food. The Commission would include both governmental and NGO stakeholders.

³ FOEI, 2001. *A Corporate Accountability Mechanism*. A lobby/briefing draft. Friends of the Earth International.

⁴ These agreements are the Trade-related Intellectual Property Rights (TRIPS), Sanitary and Phytosanitary Measures (SPS), the Technical Barriers to Trade (TBT), Subsidies and Countervailing Measures (SMC) and the General Agreement on Trade in Services (GATS)

- Agree that the UNCSAFS, once established, should immediately undertake a comprehensive assessment of the impact of the implementation of the Agreement on Agriculture, other WTO agreements such as TRIPs and GATS, as well as all other international agreements and institutions that promote agricultural trade 'liberalisation' (i.e. NAFTA, the World Bank and IMF, bilateral agricultural trade agreements). The assessment would include, *inter alia*:
 - └ impacts on sustainable development and agricultural and food production and security;
 - └ costs and benefits to local farming communities;
 - └ the maintenance of biological diversity in farming areas;
 - └ access to agricultural genetic resources by traditional farming communities; and
 - └ the ability of governments to undertake regulatory actions needed to support sustainable agricultural production.
- Provide a 'sunset' clause or expiration date for the Agreement on Agriculture to coincide with the start of the effectivity of the proposed new treaty for food and agriculture below, and removing or amending the relevant clauses in other WTO agreements so as to ensure the full exclusion of food and agriculture.
- Mandate UNCSAFS to initiate new negotiations, starting in the upcoming WSSD in 2002, to establish a new and enforceable multilateral treaty for food and agriculture, intended to bring about food sovereignty, security, safety, and sustainability, under the auspices of a reformed and strengthened United Nations that will take into consideration the results of the assessment referred to above. The treaty should, *inter alia*:
 - └ recognise the existence and validity of the precautionary principle;
 - └ promote food sovereignty and security and people's welfare in terms of nutrition and access to food, land tenure, biological diversity, and environmental sustainability;
 - └ recognise that governments and peoples have the right to determine and set the limits under which sustainable food and agricultural trade should take place;
 - └ ban the use of export support (subsidies, credits, guarantees, tax breaks, marketing assistance etc) and ensure the implementation of an effective definition that eradicates all forms of dumping;
 - └ prevent the development of oligopolies, monopolies and other anti-competitive practices in the food and agricultural sector through anti-trust laws;
 - └ support and oversee the implementation of moves at a global level towards sustainable agricultural systems and expedite the phase out of domestic subsidies that promote inequitable, unsustainable and chemical input-dependent industrial agriculture;
 - └ be the appropriate forum for the negotiation and agreement for acceptable domestic production subsidies and controls in support of sustainable production practices and domestic policy objectives;
 - └ ensure that the Biosafety Protocol - and only the Biosafety Protocol - is the acknowledged forum for any negotiations relating to trade in biotechnology (and all negotiations relating to trade in genetically modified commodities).
- Conclude the negotiations for such a treaty, and the treaty made effective, by 2006. Once effective, this new treaty should provide the framework for regulating global trade in food and agriculture in lieu of the WTO Agreement on Agriculture.

Other roles of the UNCSAFS would be to:

- oversee the transfer of financial resources from the North to the South to help pay for sustainable agricultural practices (in recognition of the ecological debt owed by the North to the South);
- oversee the implementation of measures within the umbrella of the United Nations to internalise the environmental and social costs of all freight transport (including appropriate fuel taxes and regulations) so as to reduce the distance between food producer and consumer;
- assist in the development and establishment of binding regulations, again within the overall umbrella of the UN, on all companies that sets limits and liabilities on the

activities of commercial activities, to ensure transparency, accountability and high social, human rights and environmental standards;

- implement and administer 'regional food security trade agreements' (a role currently undertaken by the World Food Programme); and
- ensure the ratification and the effective and prompt implementation of the Persistent Organic Pollutants (POPs) Agreement, the Biosafety Protocol and the Kyoto Protocol (the latter with more exacting targets and timetables), all of which have a bearing on agriculture, food security and food quality.

Compliance, disputes and enforcement

All the legally binding agreements mentioned above should have an effective compliance and dispute settlement regime. To this end, an independent compliance and dispute settlement mechanism covering all sustainable development agreements should be established. Such a mechanism should be able to challenge and negate policies and rules that are detrimental to achieving sustainable development and which undermine environmental protection agreements.⁵

The achievement of just and sustainable agricultural and food systems

Bretton Woods institutions and northern governments

Current economic policies, such as those promoted by intergovernmental organisations such as the World Bank and the IMF effectively redistribute financial resources from the already impoverished to the rich, aggravating poverty and inequality. Further, rich, importing countries have ready access to cheap supplies of natural resources and have, in fact, also incurred an ecological debt to countries of the South which far out weights the official financial debt of the South to the North (which is valued at about US \$355 billion, much of which is owed to the World Bank and the IMF).

Redistribution needs to be reversed if we are to achieve sustainable ecological/organic and humane farming and agricultural practices at a global scale; where access to resources and the benefits from the use of those resources is distributed equitably within countries, between regions and amongst people (see above). On the basis of a new internationally agreed remit of an alternative institution and treaty, national governments should be obliged to incorporate measures that enhance equity and the environment into all policies and mechanisms (including policies regarding national government's membership of international financial institutions).

IMF and World Bank loans and structural adjustment programmes are generally granted on condition that trade is liberalised and export-led growth promoted. Countries that are perceived to have a comparative advantage in growing crops for export, for example, are encouraged to do so (hence the increase in oil palm exports from Asia). In short, increased agricultural exports from the South to the North - be it soya, coffee, cocoa, rubber, oil palm, fruit and vegetables - are being developed to access loans and pay off debts. However, export-led development is leading to an increasing concentration of land and power into the hands of the few; and marginalisation and impoverishment of the many. Export-led development only benefits a minority of people. It is clear that policies promoting such development should be abandoned. Northern governments should agree to:

⁵ See FOEI, 2001. *Position Paper on International Environmental Governance*. Friends of the Earth International.

- cancel debt for all developing countries, comprehensively and unconditionally, with targets and timetables, in recognition of the ecological debt that industrialised countries owe to the South;
- reject and abandon the neoliberal free market principles behind export-led agricultural development and structural adjustment policies and place more emphasis on policies that prioritise local, subsistence needs;
- meet the target that 0.7% of their GDP should be provided as overseas development assistance (to be given in grant form);
- reorient aid towards capacity building and the provision to micro-projects and micro-enterprises (such as local co-operatives) and sustainable ecological/organic and humane farming and agricultural practices. Such projects would include the provision of micro-credits with extension services.

Market access, debt cancellation and further processing in the exporting country

Many officials and corporate interests in developing countries argue that greater access to markets in the developed world is required in order to increase trade and thereby afford imports of other commodities. Whilst this is true (many developing countries are net importers of oil, for example) the situation is considerably more complex. In many countries, the need to export is also driven by debt.

A significant proportion of the revenue from all exports (including agricultural exports) from the South to the North is being used to pay off debts. In 1998, the total debt of developing countries stood at \$2.5 trillion (\$2,465 billion or 37% of GNP) and the annual service paid on that debt was \$296 billion.⁶ In 1996, for example, 42% of the revenues that Ethiopia earned from the exports of goods and services was used to service its debt. In Kenya it was 28%, Ghana 26%, Bolivia 42%, Peru 35% and Nicaragua 24%.⁷ Substantial debt cancellation would significantly decrease the need to generate export revenues, including from agriculture, and at the same time release funds to enable developing countries to make progress towards sustainable development objectives.

Export-led development has prioritised the production of 'traded commodities' (invariably from unsustainable production) that often provide few benefits to local people and communities and where little if any value is added in the exporting country (one example is the growing of eucalyptus in the South). Resources are often exported to the North as raw materials for further processing. This processing should be conducted in the exporting country - from sustainable production - to increase export revenues and stimulate local economies, revenue that is currently accruing in the North. This would also provide significant positive environmental and social impacts at the local, regional and international level (for example, less resource use and transport).

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⁶ Hanlon, J., 2000. *How Much Debt Must be Cancelled?* Jubilee 2000.
<http://www.jubileeplus.org/analysis/reports/howmuch0900.htm>

⁷ See Jubilee, 2001. *Data Bank*. <http://www.jubileeplus.org/databank/data.htm>



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