

# **Dialogue on Agricultural Trade Reform, Subsidies and the Future of Small and Family Farms and Farmers**

U.K. FOOD GROUP / SUSTAIN

## **Survey and discussion paper**

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### **1. Introduction**

This paper is intended to serve as the main input to a conference on Agricultural Trade Reform, Subsidies and the Future of Small and Family Farms and Farmers, to be held in May 2004. It reports on a survey conducted for the U.K. Food Group (UKFG) / Sustain Working Group on Trade and Agriculture. An invitation to participate in the survey and associated dialogue was extended to numerous non-governmental organisations in October 2003. The invitation may be found in Annex 1.

The main issues addressed in the survey are defined in the second paragraph of the invitation:

‘On the one hand UK based development agencies working under the banner of the Trade Justice Movement have campaigned for the reduction or removal of subsidies and the opening up of northern markets to the south on the grounds that northern subsidies and tariffs constitute unfair and highly damaging competition to agriculture-dependent southern countries, farmers and poor rural populations. Others, however, although fully recognising the damage being done to the south, are concerned that without subsidies and with more open markets smaller and family farms in the EU and elsewhere will be put under yet more pressure and will be unable to survive.’

It was felt that any disagreement over these issues could block progress on common objectives in achieving greater social justice in food and farming. The invitation was therefore extended to NGOs and research institutes in various countries in all the fields in which UKFG itself has members, representing farmers, international development, the environment and consumers.

The key questions to be addressed at the conference remain as suggested in the survey’s terms of reference: what forms of agricultural support are acceptable in the broader interest of both developed and developing countries, and will they be best assured by radical reforms of the WTO as well as the European Union’s Common Agricultural Policy (CAP) and U.S. farm policy, or by withdrawing agriculture from the WTO entirely?

## **2. Contributions to the survey**

Some 49 documents were consulted in compiling this report. Of them, 37 were submitted to the dialogue itself, by 24 organisations. Six of the 37 were short papers written specifically for the purpose, while the remainder were written for other reasons but addressed the same or similar issues. Another 12 papers were consulted although not specifically submitted to the dialogue. Six of these were from organisations which did not otherwise contribute to the survey, but whose opinions were considered to be sufficiently important to be taken into account.

A full list of the papers consulted can be found in Annex 2.

Of the 30 organisations involved, 17 were from the U.K., six were formal international coalitions (Birdlife, CPE, Friends of the Earth, Oxfam, ROPPA and Via Campesina), two were research bodies in the United States, and there was one each from Brazil, France, Germany, India and the Netherlands. In addition, three international declarations signed by numerous bodies were examined, and one paper written by NGO policy analysts from four countries. These are the groups that the UKFG has had the most contact and discussion with, and it is hoped that through them developing country opinion is sufficiently represented to enable useful debate.

While this may appear to be weighted towards the U.K., it should be noted that most of the international coalitions represent large NGOs with worldwide influence; the Coordination Paysanne Européenne (CPE) itself is a large grouping, but it is only one out of more than 80 supporters of Via Campesina. The three declarations represent a broad range of international groups, while the French, Indian and Dutch papers are also from 'platforms' or coalitions of numerous organisations (in the case of India, claiming a combined membership of 75 million people). Besides Via Campesina, there is one contribution from each of the main continents of the developing world: the National Farmers Coalition (NKP) in India, the Réseau des Organisations Paysannes et des Producteurs Agricoles de l'Afrique de l'Ouest (ROPPA) in West Africa, and the landless workers' movement (MST) in Brazil.

The remainder of this report is divided into five sections. Section 3 explains the procedure used in the survey, determining each paper's views in answer to a series of nine specific questions. Section 4 looks at the points they hold in common, Section 5 examines three main differences between them, while Section 6 discusses the background to one of these in particular. Finally, Section 7 considers how more common positions, or at least a better mutual understanding and acceptance of any differences, may be reached.

## **3. The procedure used in the survey**

In order to analyse the papers in the survey, the issues were broken down into nine questions, listed below. The answers found in the papers form the basis of the discussion in later sections of this report. The first few questions attempt to define the understanding of economic relations which underlies each submission to the survey. A second group looks for views on certain critical issues raised, and three contentious policy issues are finally examined;

- i. Is the position of smaller farmers in developed and developing countries fundamentally similar or different?

This first question concerns the impact on smaller farmers of wider economic forces and the policy environment, throughout the world. The more different an analysis sees Northern and Southern farming to be, the more likely it is also to regard farmers as in competition with each other internationally. Where similarities are emphasised, this is usually seen in opposition to a common enemy or threat – notably, agrifood corporations.

- ii. Should policy give priority to local, national, regional or global markets?

Some critics of world agriculture argue that poverty and hunger would be more easily defeated if policy were to concentrate on supplying food for national markets, local markets within a country, or the markets of a wider region. On the other hand, the World Trade Organisation seeks to make *global* markets efficient – unfettered by domestic subsidies, tariffs or other barriers. This question elucidates views on this issue, with the critical difference being between local, national or regional markets on one hand and global markets on the other.

- iii. Should the WTO's Agreement on Agriculture (AoA) be reformed, or should it be removed from the WTO?

Almost none of the organisations surveyed is satisfied with the AoA in its current form as a basis for international agricultural policy. But an important difference lies in whether they think the AoA can be sufficiently reformed (or should be pragmatically accepted as the only currently feasible basis for policy), or whether the WTO's philosophy or practice makes it incapable of developing an acceptable set of policies, such that agriculture should be withdrawn from it entirely.

- iv. Should primacy be given to small farmers?

It is an old precept of development thinking to give policy for small and subsistence farms priority over large farms, since their owners include a large number of poor people while they also supply food and employment for many of the poorest. Throughout the world, there is also evidence that small and family farms have come under heavy economic pressure in recent years. This even applies to countries where farms are traditionally large and commercial, such as the U.K. and U.S. The extent to which small farmers' interests should be accorded primacy in agricultural policy is one test of broader positions in this survey.

- v. In principle, should farmers in countries of the North be subsidised, or protected by tariffs, or neither?

According to one school of thought, these subsidies and tariffs are a leading cause of the crisis facing farmers in the South, since they give an unfair advantage to those in rich countries. Others argue that the supports provide social, economic and ecological benefits that need to be retained in the North as well as the South.

The words 'subsidise' and 'support' are not precise. In this and the next question, the words are meant in the broadest sense, to include such payments as those for

environmental work done by farmers, or even for training and extension, as well as price supports, area payments and export subsidies.

- vi. Does a country's domestic support for its agriculture have an impact on other countries' agriculture?

This question is closely related to the previous one. Some would argue that not only export subsidies but any form of subsidy within a country enable its farmers to sell produce for less than it costs to produce, and therefore compete unfairly with farmers from other countries. Others maintain that agriculture can be supported by the state without giving an unfair advantage – or that other countries (especially those in the global South) should be able to protect themselves from any danger they may pose. Yet a third position argues that the right combination of agricultural support policies, even in a rich country like the U.S., can *benefit* farmers throughout the world by raising the prices they receive.

- vii. Are the 'decoupling' of subsidies and the use of AoA 'Green Box' measures in the agriculture of the North desirable or not?

One form of agricultural reform in the North, especially in the European Union after the Mid-term Review of its Common Agricultural Policy (CAP), is to provide general subsidies to farmers, 'decoupled' from volumes of production. The 'Green Box' in the AoA is composed of measures of this sort, which the WTO permits with the argument that they do not 'distort' international trade in agriculture.

- viii. Is the use of supply management to regulate agricultural markets seen favourably or not?

Among the traditional techniques of agricultural policy are various measures to control or influence the amounts raised or grown. They might use border tariffs and guaranteed prices to stimulate supply, as in much of the developed world between the 1950s and 1980s. Or they can seek to reduce supply, for example by limiting the amount of land a farmer may devote to a given crop or the volume of produce they may place on the market. Alternatively, they will seek to reduce price fluctuations, by using either a 'buffer stock' or variable production quotas to regulate the amount offered on the market in relation to demand. All of these intervene in market processes and are therefore unfashionable under the prevailing free-market orthodoxy.

- ix. Should action be taken against corporate power in the agrifood sector?

Many analyses examine the share-out of value in agricultural products between farmers and their corporate suppliers and purchasers, and find the farmer's share has reduced over the years. This is often ascribed to growing inequalities of power between large numbers of small farming businesses on one hand and highly concentrated corporate agribusiness sectors on the other. Many of the papers examined in this survey recognise this as an issue, but by no means all of them go on to propose action against corporate power as part of the policy mix. This is another touchstone of the general point of view of an analysis.

#### **4. Points in common**

Although this report examines differences among the NGOs taking part in the survey, it must not be forgotten that on many crucial points they are largely in agreement. That indeed is why any differences matter: all are broadly on the same side of a bigger debate, and therefore any disagreements between them are keenly felt and potentially disruptive. But this must never overshadow the wide areas of agreement that exist.

They show a consensus that a general crisis in farm incomes exists, affecting farmers in both the North and the South. Any differences lie in how uniform and how important they see the crisis as such to be, and whether any policy recommendations flow from it. This concerns, for example, understandings of the role of transnational corporations or the distribution of the value of farm produce.

Secondly, most would agree that WTO agriculture rules give an unfair advantage to developed countries, and to their agribusiness firms more than their farmers. Possibly no participant in the survey would dispute that developing countries need to be allowed greater flexibility in their agricultural policies than either WTO rules or IMF and World Bank policy conditions allow. This is an important point, given that 96 per cent of the world's farmers are in developing countries.

Thirdly, it is agreed that the greatest single abuse lies in the dumping of agricultural produce on export markets, especially where that is directly facilitated by export subsidies. This gives Northern agribusiness an unwarranted advantage in markets of the South. Opinions differ as to whether purely domestic subsidies also have an impact on international prices or other countries' domestic markets. Some lobbies say (or at least imply) that their impact can be neutral. Nevertheless, despite that divergence of opinion, there is universal hostility to export subsidies (which are most widely used by the EU).

There is also a consensus that if agricultural subsidies in the North are to remain, they should be concentrated on smaller farms. At present they go disproportionately to the largest farms, helping to stifle the family farms which form the bedrock of rural life through most of the world.

In the fifth place, almost all the analyses discussed here accord priority to local, regional or national markets in agriculture. This in itself is something of a reaction to the WTO's preoccupation with establishing rules to build global markets.

Finally, there is widespread concern over the small numbers of companies that farmers in any country or market sector have to deal with, and the excessive power that those companies therefore wield. In the U.K. farmers worry about supermarkets dictating what they produce and the prices they receive – or whether indeed an average farm can match up to their requirements at all. In developing countries, there are similar worries about handfuls of coffee-roasting and chocolate-making companies, for example. In many places, there is also concern about the small number of suppliers that farmers rely on for fuel, pesticides and other inputs. Where there is a difference, it is that some groups (for example Friends of the Earth and the U.K. small farmers' groups) place action against concentrated corporate power at the top of their agenda for action. Others may see the priorities elsewhere – but that does not mean they are deaf to those concerns.

## 5. Differences between positions

The issues addressed in this dialogue form part of a wide-ranging debate on food and agricultural issues which is raging across Europe and beyond. The different shades of opinion discussed here must be kept in that wider perspective. But because of this breadth of debate, some of these papers fit rather uneasily within the terms of this survey: they address related questions but in a different way, and can appear to have little to offer here. This is no fault of those who submitted them.

The examples of this are quite varied. Britain's National Federation of Women's Institutes (**NFWI**), representing rural women's groups, naturally has something to offer the debate. Its paper, a submission to an inquiry into rural development policy, emphasises the environmental dangers of modern agriculture, and argues that, 'The EU must meet as much of its own food needs as possible, in the most environmentally benign ways, and, if necessary and possible, produce some surplus food for those parts of the world that are less able to produce the food they need... As one of the more water-rich areas of the world, it is essential that the EU maintains its capacity to help feed an increasingly water-poor world.' This is unorthodox in the terms of this survey, but the case is well argued and thought-provoking.

For its part, the **National Consumer Council** reports on views expressed by participants in a conference, which largely emphasise the importance of market competition. In related vein, the **Consumers' Association's** paper on the Common Agricultural Policy proposes winding up the European Commission's agriculture directorate and all other EU agriculture committees. Subsidies should remain, but for strictly non-agricultural purposes, it says.

Meanwhile from the South, a paper from Brazil's landless workers' movement (**MST**) touches on several of the issues discussed here, but in the context of the domestic debate at the tail-end of the Cardoso presidency. It provides a vivid case study of the consequences for smaller farmers of policies that rely on large corporations, most of them multinationals, in domestic agricultural markets, and increase the concentration of agricultural production. It proposes food security as a leading goal of a new agricultural policy, aiming to guarantee the provision of high-quality food to all Brazilians.

Finally, the **Overseas Development Institute**, in a briefing paper on rural development, takes a different approach from the NGOs and other research institutes in this survey. The paper ignores many of the questions which exercise others, such as corporate power, Northern subsidies and trade rules – in fact any questions about the international context of developing countries' agriculture. As a research institute ODI does not take 'positions,' as advocacy groups do. But since they are based on solid research among developing-country farmers, its conclusions deserve careful consideration.

ODI is sceptical about the desirability of basing rural development in poor countries on agriculture alone. It points out that according to surveys, 'Non-farm sources now account for 40-45% of average rural household incomes in sub-Saharan Africa, and 30-40% in South Asia, with the majority coming from local rural sources rather than urban migration.' It argues that, 'Agriculture may not have everywhere the dynamic

potential for growth and poverty reduction that it once had,' and that even where there are strong social reasons to invest in small farmers, small-farm support 'becomes just one element of a strategy in which employment in commercial agriculture, participation in non-farm enterprise, and a range of social welfare instruments play a part.'

While better access to developed country markets is a 'necessary condition' for rural development, ODI also points out that for developing countries as a whole, agriculture accounted for no more than 2% of merchandise exports in 1999. It still provided 47% of employment, however.

What matters in the ODI paper is this:

'New thinking suggests less emphasis on the primacy of a small-farm model, more emphasis on diversification and differentiation, and with a larger role for the state than in the current conventional wisdom. New areas offering potential for rural development include: providing public goods for agriculture; boosting the non-farm sector; promoting democratic deepening in rural areas; finding ways to support poor people trapped in conflict; and, in general, applying new thinking about poverty reduction in rural areas.'

Since they give a different perspective on these questions, ODI's contributions offer much food for thought. As a summary of research findings, the briefing paper is based in the situation of poor rural people as they actually are. But it also takes as a given, for example, the reduction in many agricultural prices over recent years. And its policy recommendations are directed to developing countries' governments, not the international community. It has nothing to say about global issues such as Northern subsidies and corporate power, which, according to many other papers studied here, need to be and can be tackled in order that farmgate prices can recover.

Among the other papers studied, there are **broad divisions in three areas of policy**. In **the most important** of these, the main policy challenge is seen as lying either in:

- a) World trade rules, which allow Northern farmers to gain unfair advantages from agricultural subsidies, high tariffs and dumping. This position is most characteristic of U.K.-based development NGOs, but not unique to them.

or else in:

- b) Chronic production surpluses and inappropriate subsidies combined with the excessive market power of food-processing, retailing and input-supplying corporations. Between them, these forces squeeze down the market prices received by farmers, and especially small farmers, often to below production costs.

Supporters of case (a) may mention the problems of corporate power, low farmgate prices and value chains, and also prefer policies that would focus on local markets rather than global ones. But few of the papers consulted propose specific actions on these matters.

Proponents of case (b) tend to think that all smaller farmers throughout the world are in an essentially similar position. Their main call is for a policy of 'food sovereignty,' which would allow each country to determine its own policy, with agriculture taken right out of the WTO. Members of this camp believe in local policies to help (and often subsidise) small farmers, and action against corporate power as a priority. They include most rural-based organisations, whether the Family Farmers Association (**FFA**), **Farm, Farmers' Link** and **NFWI** in the U.K. or the Our World Is Not For Sale (**OWINFS**) declaration and **Via Campesina** internationally. Environmental lobbies such as Friends of the Earth International (**FoEI**) take a similar line. (Many national FoE's are members of Via Campesina.)

However, not all farmers' groups argue for case (b). Some of the U.K. farm groups are as sceptical of agricultural subsidies as any development NGO. **Farm** reports a survey it undertook of over 500 English farmers in 2002, according to which, '87% said that they did not want subsidies – they simply wanted to produce food and other agricultural inputs for the public at prices that gave them a fair return on their costs of production.' The **FFA** calls for 'a ceiling on the amount of subsidy any one farming enterprise may receive. (Just enough cash to bring a farm income up to the local average industrial wage.)'

Those who advocate price supports to benefit Northern farmers are faced with a dilemma: how to stop this leading to a further increase in surpluses, which in turn would depress market prices again? A frequent answer is to manage supplies, with limits on production in order to reduce or eliminate surpluses. 'Supply management is crucial to avoid over production, stabilize prices and allow subsidies for domestic production,' the **PFS** declaration argues. This is usually seen as a counterpart or concomitant of other measures, not a principal policy option in itself. For developing countries, a related proposal is to reintroduce international commodity agreements in order to manage supplies. **Via Campesina** and others advocate this, as a way to increase prices where there are chronic surpluses and prices have collapsed as a consequence of export-oriented structural adjustment policies.

The **second division in policy positions** is more sharply focused and concerns the position of smaller farmers in relation to international trade, and the impact on them of Northern subsidies. According to **ROPFA** in West Africa,

'The WTO ... in practice favours instruments of protection that are only available to rich countries... This situation can only exacerbate the competition between systems of agricultural production to the detriment of family farmers and particularly that of countries which cannot distribute direct income supports to their farmers.'<sup>1</sup>

India's National Farmers Coalition (**NKP**) takes a similar view. It says that, 'Using sophisticated models and taking advantage of the un-preparedness of the developing country negotiators,' the U.S. and E.U. devised at the WTO:

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<sup>1</sup> 'L'OMC ... favorise de fait des instruments de protection disponibles uniquement pour les pays riches... Cette situation ne peut qu'exacerber la concurrence entre les systèmes de production agricole au détriment des producteurs familiaux et tout particulièrement à celui des pays ne pouvant distribuer des aides directes aux revenus de leurs producteurs.'  
Translated from the French by the author of this paper.

‘A complicated set of rules that termed only “amber box” subsidies as “trade distorting” that needs to be cut. As it turned out, these were the types of subsidies that the poor countries were also using.

‘On the other hand, “green box” and “blue box” subsidies categorise the farm support that only the rich countries were providing, and which the developing countries are not in a position to afford.’

**CPE**, representing small European farmers, defends some of the agricultural subsidies that are used in rich countries. It argues that,

‘Public support to agriculture may well be legitimate, for instance for sustainable family farming to exist in every region, provided that this support is not used for low-price exports... The present rules of international trade and the CAP actually benefit the agri-food business and the supermarkets since they can get low-price supplies in Europe, *but also increasingly in the East or the South* where they have their relocated subsidiaries.’ (emphasis added)<sup>2</sup>

If CPE would like to maintain CAP price supports and border protection, it appears from this passage that part of the motive lies in fear of competition from developing countries. If you put CPE’s position next to NKP’s and ROPPA’s, it is hard to avoid seeing a degree of conflict between the agricultures of the North and the South; *both* see the ‘other’ as in some sense threatening their own position. Other groups, however, echo the words of the People’s Food Sovereignty (**PFS**) declaration in December 2003 that, ‘This is not a North-South conflict, but a fundamental social conflict.’

The paper by the **Agricultural Policy Analysis Center** at the University of Tennessee can maybe square this circle. It echoes NKP and ROPPA in arguing that artificially low U.S. prices have harmed developing countries: ‘The radical shift in US policy in the 1996 Farm Bill has contributed to worldwide poverty and food insecurity. To prevent dumping and raise farmer incomes, the problem of low prices in the US must be solved.’

APAC argues that agricultural output does not fall in response to lower prices as happens on industrial markets, since production capacity (land) is not withdrawn from use and its productivity can actually increase, if some farmers go bankrupt and their land is acquired by more efficient ones. Its policy prescription is to combine government price supports with cropland set-asides as a form of supply management. Its calculations suggest that:

‘This approach ... would increase US prices substantially – by about one third, on average – without significantly reducing farm income, and at less than half the cost of current failing policies. From a purely humanitarian and societal view, its impact on US market prices would go a long way in sustaining the livelihoods of small, poor farmers worldwide.’

The **third major line of division** is over the merits of so-called ‘decoupled’ and ‘Green Box’ subsidies in developed countries. **Birdlife International** argues that price supports should be completely phased out, and the CAP’s support fully separated from production and linked instead to the environment and rural development. Certain other mainstream environmental groups take a similar view.

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<sup>2</sup> Translated from French by CPE, with modifications by this author.

But some of the farmer-based groups are resolutely opposed to decoupling. **Via Campesina** fears that it will 'continue and exacerbate dumping' by Northern countries, whose agribusinesses could undermine farmers in the South even more effectively. That is not very far from APAC's understanding of what happened in the U.S. after the 1996 Farm Bill. The farmers' groups see WTO rules as an agent of this, with their shifting of subsidies between 'boxes' of various colours. 'Rich countries subsidise agribusiness by allowing them to buy very cheap, with the government then making up some of the differences with direct payments to farmers,' argues the **NKP**. The **PFS** declaration calls this 'predatory pricing.'

Subsidies to Northern agriculture can be acceptable to either of the above-mentioned positions, but their preferences on the form of subsidies are opposed. In general, the environment and consumer groups are in favour of decoupling while farmers' groups and most development groups oppose it.

The paper by four **policy analysts** (from **Action Aid**, the **Canadian Food Grains Bank** and **CAFOD**) is also sceptical about decoupling. However, their grounds are different as they argue that production *increased* when the U.S. introduced decoupled 'production flexibility contracts.' (The same, incidentally, happened to EU wheat production under set-aside measures and EU dairy production with quotas.)

## 6. Farming in Britain and elsewhere

Among the NGOs surveyed, it is the subsidies to farmers in the North and the concept of food sovereignty that have come closest to leading to disputes. The sharpest difference of view has probably been between certain British analysts on one side and French or francophone Belgian ones on the other. This could conceal differences in the fundamental understanding of agriculture which have not been sufficiently acknowledged.

Most British commentators (whether representing farming, consumer or development interests) tend to see farming as a predominantly commercial activity, in which subsidies and tariffs are not generally desirable, but global markets do have a role to play. Meanwhile, and perhaps because of the terminology used, food sovereignty can be a difficult concept for people north of the English Channel to grasp. But in other countries farming is more readily seen as primarily a way of life. Movements born in those countries (even, in the **Institute for Agriculture and Trade Policy's** case, the United States) are better disposed towards the use of subsidies to benefit farmers as a special group in society, and the reassertion of national policy control.

Some insight into this can be gained from a historical account given by **Corporate Watch**:

'The story of the farming crisis in Britain ... is the story of how farming ... has been transformed from the occupation of the bulk of the population into a resource and capital-intensive, highly industrialised operation with a dramatic decline in the number of small and family farmers and farm workers. It is also the story of the transformation of the food system from the local/regional supply of food products to the sourcing of lowest-cost agricultural raw materials on the global market.'

That story stretches back a long way:

‘Major historical events mark the progress of this transformation in the UK. The enclosure of the commons, at its peak in the 1700s, brought an end to subsistence farming and turned peasants into free labour. The Industrial Revolution brought time and labour-saving technology to the fields and created an army of hungry town-dwelling factory workers to feed.’

At this time, the repeal of the Corn Laws in 1846 ushered in a period of 127 years in which cheap food was the government’s aim, using Britain’s industrial might and imperial resources to facilitate the import of food from wherever it was cheapest, be it Denmark, Argentina or New Zealand.

An essentially commercial activity since before the Industrial Revolution, farming in Britain has also provided a smaller part of economic output and employment than in other countries. The bulk of the population have not seen farmers as ‘one of us,’ either because they lived in towns or, if in rural areas, because farmers were their bosses. The English farmer, with his 25 or 100 hectares of land and a workforce which until recent decades was often numbered in dozens, has been an important local employer and part of any village’s elite since as far back as the 16<sup>th</sup> century.

Many British people therefore have a genuine difficulty in understanding the sentiments that lie behind such movements as **Via Campesina** – or indeed, the sympathy with small farmers which has always been used elsewhere in Europe to justify the CAP. In the U.K., the CAP was unpopular from the moment of entry to the EEC 30 years ago, because it pushed food prices up in the shops while subsidising a part of the population which was already seen as prosperous.

In other countries, on the other hand, the idea that food production and distribution are by nature commercial activities can seem equally hard to stomach: as hard, perhaps, as paying directly for health care is to the British. In the U.K. the plight of declining *urban* or *industrial* communities, such as miners, shipbuilders, steelworkers and even carworkers, or else fishermen and small shopkeepers, can evoke ready sympathy. In other countries farmers evoke similar responses, but in Britain they rarely do, even after the collapse in farm incomes and the depredations of the BSE and foot-and-mouth crises.

## **7. Working together**

This report feeds into a conference to be held in May 2004, at which all the positions on these questions will be aired, resulting, it is hoped, in a growth in understanding and a reduction of any friction that may exist. Perhaps appropriately, this report comes to no firm conclusions on the issues themselves. To do so would downplay the hard thinking and honest endeavour witnessed in the 49 papers studied. Where they do come to different conclusions, this often simply reflects the fact that they represent different constituencies. In other cases, as we have argued, it can be the result of deep-seated cultural differences in attitudes towards farming.

In Section 5 it became apparent that there is not a general stand-off between distinct camps in this debate, but a mosaic of widely different combinations of responses to a complex set of questions. It is striking that each of the three policy divisions identified opposed different combinations of advocacy groups to each other.

And the closer you look, the more subtle and complicated the differences of opinion appear to be. Organisations which might be thought a long way apart can actually hold similar views on numerous specific points, while those which are in the main closer to each other show differences. There are also important points of disagreement which have never led to serious arguments. Decoupling and Green Box measures are a case in point. It is to be hoped that bringing these complexities to the fore will help to temper and overcome any disagreements that do exist.

Among the biggest, as we have seen, is whether national policies should have full autonomy, as the 'food sovereignty' argument proposes, or remain subject to international rules under a reformed WTO Agreement on Agriculture. However, there are shades of grey even in this. Several proponents of food sovereignty, including **Via Campesina**, accept that global rulemaking is required but they wish to place it under more suitable auspices, usually in the United Nations (at the Food and Agriculture Organisation or U.N. Conference on Trade and Development). On the other side, some of those who follow the WTO most closely concede that if the AoA is not adequately reformed, it will have to be abandoned anyway as harming the agricultural interests of poor countries.

Thus, **Action Aid** lists the ways in which Northern and Southern farming differ and proposes detailed revisions to WTO rules. At first sight this may appear to place it far apart from Via Campesina and FoEI. However, a fuller reading of its positions shows this not to be the case. In the paper surveyed here, Action Aid recommends: 'Failure to turn fine words into concrete deeds will bring into question not only the sincerity of [developed countries'] claims for trade as a development tool, but also whether agriculture should continue to be subject to WTO disciplines.' This comes closer to the advocates of food sovereignty (and their desire to pull agriculture out of the WTO) than some of the farmers' groups in the North do.

The **NKP** in India also makes the case that agriculture is basically different in the global North and the South. And it is also among the most vehement in its denunciation of the WTO, which it calls 'the *Magna Carta* for hunger, food insecurity and destitution.'

We hope that shedding light on these complexities and the sources of any differences will at least lead to greater mutual understanding. It would be unrealistic (and probably undesirable) to expect every group involved to reach full agreement and show a solid, united front to the rest of the world. But the organisations represented here are broadly on the same side, opposing the headlong rush of neo-liberal economics and trade liberalisation, which has caused untold damage to farmers' livelihoods in both North and South, and to food security and the prospects of reducing poverty in the very poorest countries in particular. The forces favouring these policies are very powerful, and the stakes in any diversion of the effort of opposing them are high.

If nothing else comes out of this process, it will be valuable for everyone to recognise that a sense of common purpose must override any differences in sectional interests or interpretations of policy lines. Where differences cannot be overcome through discussion, parties can agree to differ. Complementary campaign strategies can also succeed in overcoming WTO trade liberalisation and its pernicious influence on food security and rural livelihoods.

## **Annex 1**

### **The invitation**



### **Open invitation to a dialogue on agricultural trade reform, subsidies, and the future of small and family farms and farmers.**

With the failure of the WTO meeting at Cancun the importance of addressing the issues surrounding agriculture has become yet more clear. At the civil society level there is, in particular, an urgent need to address disagreements over subsidies to agriculture and the implications for small and family farms and farmers in the EU and elsewhere in the developed world, and in the South.

On the one hand UK based development agencies working under the banner of the Trade Justice Movement have campaigned for the reduction or removal of subsidies and the opening up of northern markets to the south on the grounds that northern subsidies and tariffs constitute unfair and highly damaging competition to agriculture-dependent southern countries, farmers and poor rural populations. Others, however, although fully recognising the damage being done to the south, are concerned that without subsidies and with more open markets smaller and family farms in the EU and elsewhere will be put under yet more pressure and will be unable to survive.

Continuing disagreement and contradiction is weakening the ability of civil society to influence national governments, the EU, and beyond, in relation to the reform of the CAP and of the WTO Agreement on Agriculture.

The UK Food Group (UKFG) and Sustain – the leading UK platforms on food and agriculture issues - include member organisations on both sides of this debate. We have also met with similar platforms from other European countries and with farmers groups from the south to discuss these issues. At a meeting organised by the UKFG/Sustain Trade and Agriculture Working Group in London in July of 2003 it was agreed that we should now host a new process of dialogue on these issues in order to:

- encourage communication for a better understanding of the different constituencies and positions
- see how far the areas of disagreement can be resolved
- see how far more complementary advocacy positions and/or strategies might be adopted.

**This letter is both an open invitation to interested groups and individuals to join in this process of dialogue on trade reform, subsidies and small farmers, and an outline of how we are planning to conduct it:**

- Interested groups and individuals are invited to send to the UKFG ([ukfg@ukfg.org.uk](mailto:ukfg@ukfg.org.uk)) *an electronic copy* of their position on relevant issues.
- *Submissions should be as brief as possible please- a maximum of 5 pages.* Reference may also be made to any existing larger documents/reports, with details of how to obtain them.
- Please clearly indicate clearly which ‘**constituency**’ you represent (development agency; small farmer; consumer group; environment, etc), and whether this is local, national, regional or international.
- You are requested to deliver your submissions to us by the *15<sup>th</sup> December 2003*.
- Submissions will then be placed on the UKFG web site ([www.ukfg.org.uk](http://www.ukfg.org.uk)) and so available to all to read. Other documents may also be posted on the web site where relevant.
- The UKFG will then prepare a report summarizing and analysing the submissions/positions, drawing out common positions, areas of disagreement and suggesting ways forward. This report will be translated into French and Spanish and posted on the UKFG web site.
- The UKFG and Sustain will then host a Conference in London in February / March 2004 where the above report will be presented and discussion will take place with a view to agreeing ways forward both in terms of continuing dialogue and communication and in terms of what further work may need to be done, by whom and how. The UKFG will seek to provide funding for southern participants to attend and will provide translation facilities as necessary.

We look forward to your contributions.

Yours,

Patrick Mulvany – ITDG (UKFG Chair); Rachel Sutton – UKFG Coordinator; Kevan Bundell –Christian Aid (UKFG Treasurer); Vicki Hird –Sustain; Mike Hart – Small and Family Farms Alliance; Bill Vorley – IIED.

## Annex 2

### List of submissions and other documents consulted

Organisation	Title of paper	Date
<b>1. Submissions written for the Dialogue</b>		
CIIR	Trade Reform and Agriculture	September 2003
Christian Aid	Discussion Paper on CA's Position on Agricultural Trade Reform, Subsidies and the Future of Small and Family Farms and Farmers	January 2004
Family Farmers Association	The Future of Small and Family Farmers	December 2003
Farm Crisis Network	Submission	Undated
Farmers' Link	Submission	Undated
IATP	Response to an Open Invitation to a Dialogue on Agricultural Trade Reform, Subsidies and the Future of Small and Family Farms and Farmers	February 2004
<b>2. Other documents submitted</b>		
Action Aid	The WTO Agreement on Agriculture	2003
Birdlife International	Trade and Agriculture	July 2003
CAFOD	The Rough Guide to the CAP	2002
	The Cancún WTO Ministerial Meeting, September 2003: What Happened? What Does it Mean for Development?	September 2003
	Food Security and the WTO	September 2001
CPE	For a Legitimate, Sustainable and Supportive Common Agricultural Policy	November 2003
	Agriculture, Food and Countryside: Prospects and Key Issues for the Next Common Agricultural Policy	March 2003
	Cancun: the WTO Agricultural Negotiation is a Dirty Trick	September 2003
	Failure of WTO Negotiations in Cancun	September 2003
Corporate Watch	The Rough Guide to the UK Farming Crisis	March 2004
European Platforms	Appeal for a Common Agricultural Policy (CAP) that Guarantees the Preservation of a European Agricultural System based on Sustainability and Solidarity	May 2003
Farm	Farm's Response to DEFRA Consultation on Options for Reform of the Common Agricultural Policy: Executive Summary	October 2003
Germanwatch (with Action Aid, CAFOD and Forum Umwelt und Entwicklung)	Post-Cancun Reflections on Agriculture	October 2003
National Kisan Panchayat	WTO and Agriculture: Ploughing through Farming	2003
NFWI	The Future of Rural Development policy	November 2003
Our World Is Not For Sale	Priority to Peoples' Food Sovereignty	Summer 2003
ODI	Rethinking Rural Development: Briefing Paper	March 2002
	Rethinking Rural Development: theme issue of <i>Development Policy Review</i>	December 2001
Oxfam International	OI's Policy on Trade and Agriculture	February 2004
People's Food Sovereignty declaration	Peasants, family farmers, fisherfolk and their supporters propose People's Food Sovereignty as alternative to US/EU and G20 positions.	December 2003
Plateforme Française	Call for Fair and Sustainable Agricultures in Europe and in the Wider World	Undated (after Sept. 2003)

Platform ABC	Another CAP is Possible, say Dutch NGO's	March 2003
	Manifesto	April 2003
RSPB	Eat This: Fresh Ideas on the WTO Agreement on Agriculture	March 2001
Small and Family Farmers Alliance	Press Release: Common Agricultural Policy - Reform	February 2004
Sustain and UK Food Group	The CAP Doesn't Fit	July 2002
Via Campesina	It is Urgent to Re-orient the Debate on Agriculture and Initiate a Policy of Food Sovereignty	November 2003
	WTO out of Food and Agriculture! No to Patents on Life! Yes to Peoples' Food Sovereignty!	August 2003
	Proposals of Via Campesina for Sustainable, Farmer based Agricultural Production	August 2002
	The Struggle for Agrarian Reform and Social Change in Rural Areas	October 2000
	Via Campesina Gender Position Paper	Undated
<b>3. Other relevant documents consulted</b>		
Action Aid	Submission to the House of Commons International Development Committee Inquiry on 'Trade and Development at the WTO – Post Cancún'	October 2003
Agricultural Policy Analysis Center	Rethinking US Agricultural Policy: Changing Course to Secure Farmer Livelihoods Worldwide	September 2003
Birdlife International	CAP Reform Proposals	July 2003
Consumers' Association	Setting Aside the CAP – the Future of Food Production	Undated
Farm	Annual Review 2003	Undated
Farmers' Link	Linking Lives and Livelihoods	October 2003
Friends of the Earth International	Trade and Peoples' Food Sovereignty	April 2003
IATP	Managing the Invisible Hand: Markets, Farmers and International Trade	April 2002
MST	The Economic Model	
National Consumer Council	Making Connections: Consumer Perspectives on Farming and Food	June 2002
Policy analysts	Agriculture Negotiations in the WTO: Six Ways to Make a new Agreement on Agriculture Work for Development	August 2003 (working draft)
ROPFA	Pour des Politiques Agricoles en Faveur de l'Exploitation Familiale et des Règles Commerciales Solidaires	August 2003

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