



Agriculture

The WTO Agreement on Agriculture governs trade in an international agricultural industry that harms the environment without serving development needs. This is evident in particular in government protection and support of farmers in the developed world. A new agreement must end harmful subsidies while permitting support for agriculture that furthers environmental or development needs. International bodies with the necessary expertise must be included in the negotiation and administration of any WTO agreement.

The major international agricultural trade agreement, the WTO Agreement on Agriculture (AoA), is due for renegotiation as one of the crucial issues of the current round. An agreement on timetables and an agenda for these negotiations was due to be agreed on by the end of March 2003; this deadline has passed, but it is hoped that an agreement can be reached at Cancún. Substantive negotiations will centre around three main areas: market access, domestic support and export subsidies. There are also moves to include a number of 'non-trade' issues within the negotiations, including food security, rural livelihoods, food safety, animal welfare and environmental protection.

Agricultural reform is one of the most contested areas of all WTO negotiations. High levels of government support and import restrictions in the developed world lead to environmentally destructive over production in OECD countries and contribute to underdevelopment in developing countries. Developing countries are pressing hard for the reduction of these government financial supports in the developed world and the opening of agricultural markets; this forms one of the key elements of the development agenda set out for the current round at Doha. Under pressure from strong domestic farming lobbies, there is considerable resistance to such reforms within OECD countries, and recent developments are not encouraging: US government support to farming has recently been raised dramatically, and the current Mid-term Review of the European Union's Common Agricultural Policy does nothing to lower levels of government support.

Liberalisation, too, is not without its difficulties. Free markets cannot reflect many of the ecological benefits provided by land-use practices, and government payments to farmers for environmental services are an increasingly important part of many national and regional environmental policies. Government assistance to agriculture in poorer countries has a central role to play in ensuring food security, reducing poverty and malnutrition, and contributing to environmental and development goals. Accommodating these important interventions in the market while removing harmful government subsidies raises complex issues of trade policy, environmental protection and development that lie beyond the competence and expertise of the WTO to address by itself.

The Doha round of negotiations must create an Agreement on Agriculture that immediately ends export credit for agricultural products; strengthens the definition of trade distorting support; increases market access for developing countries while preventing the potential negative environmental impacts of increased trade; allows members to pay for environmental services; allows developing countries to support agriculture; and involves other international agencies with environmental and development competence in the administration of international agricultural trade rules.

What Should Happen at Cancún?

WTO members must commit themselves to a plan for an Agreement on Agriculture at Cancún that is more ambitious in seeking to redress the environmental and developmental flaws of the agricultural trading system than any currently proposed.