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# Three “Bali Deliverables” for more Food Security

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Christian Häberli

## Abstract

As the clock is ticking for a positive outcome at the Ninth WTO Ministerial Conference to be held in Bali in December 2013, agricultural negotiators are scrambling to find solutions to issues such as tariff-rate quota (TRQ) administration and export competition in order to improve trade flows. The main issue seems to be whether WTO rules applying to public stockpiles in developing countries need to be changed or temporarily suspended as a means to enhance national food security.

This paper is based on a note submitted to the ICTSD-IPC Expert Group “Meeting on Agriculture and Food Security – Policy Options for MC9 and beyond” (Geneva, June 2013). It lists the policy instruments impacting on global, national and (urban and rural) household food security – “The Food Security Tool Box” – and asks which immediate decisions the WTO Ministers might take in this field despite the political difficulties such as continued agro-dumping practices or the “land grab” issue. Three such “deliverables” are outlined: (i) regional and “virtual” food security schemes could be allowed to provide reserves to other countries without violating the obligation to “form an integral part of a food security programme identified in national legislation” (Agreement on Agriculture, Annex II, para 3); (ii) TRQ under-fills could be improved by mandatory enquiries into low fill rate situations; and (iii) World Food Program (WFP) and other non-commercial food purchases could be exempted from export restrictions and prohibitions.

High ambitions for Bali seem to be misplaced. A more realistic yet real progress could restore the dwindling credibility of the WTO as a forum for trade negotiations.

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Berne, 31 October 2013

## Three “Bali Deliverables” for more Food Security<sup>1</sup>

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### Introduction

1. Many people know and use the agreed definition of food security (“when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food” etc). In my view such political statements lack any normative value when it comes to the more important question of how to reach this goal, and what role to assign to trade and foreign direct investment (FDI). Food security itself, and its link with agriculture, is viewed differently by different experts. More importantly though, it has different connotations at the global level, in each country and in each household: food-insecure families adopt different strategies according to whether they produce surplus food, insufficient food, or no food at all.
2. As I see it, the multilateral regulatory framework has little use for general objectives. Yet much of the WTO discourse just repeats well-known theories (“free trade is good for you”), yet its membership claims policy space under such mantras as “non-trade concerns” or “food security, livelihood security and rural development”. While these are all legitimate objectives and as such recorded in various WTO legal texts, I submit that food security will not automatically improve by following unidirectional tariff and subsidy reduction formulae. Finding a credible way forward presupposes an analysis of the present rules and of their deficiencies in respect of food security. What matters in the light of WTO rules and negotiations is not what kind of food security a country may want, but by what means it is to be obtained. This being the World Trade Organization, the crude ques-

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<sup>1</sup> Based on a note submitted to the ICTSD-IPC Expert Group Meeting on “Agriculture and Food Security – Policy Options for MC9 and beyond.” (Geneva, 10–12 June 2013).

tion is how much of their policy space its Members are prepared to trade in return for more market access and in order to increase their national food security through better trade and investment. Consequently, we must look at the tools by which food security might be improved at the national level. While the focus here is on trade instruments, the international investment dimension has grown in importance in recent years.

3. The Food Security Tool Box outlined in Annex I is vast. Virtually all trade and investment policy instruments have an impact on food security. These tools may or may not be compatible with the present multilateral trade rules and with a country's WTO commitments. For instance, domestic support programmes may be classified as "green" or "amber", regardless of whether their food security impact is direct or incidental. This impact can be positive or negative – or both: tariffs, safeguards and trade remedies, for example, can shield producers from dumped imports, but they increase consumer prices and may prevent competition and productivity increases. Finally, looking at these tools only from a WTO perspective fails to address the food security conundrum in a holistic sense, not to mention climate change, which most of the time is neglected as a criterion to assess, say, different production incentives (Blandford 2013). Given that the biggest enemy of food security is poverty, policy analysts must also keep in mind the global dimension of food security ("how to feed 9 billion people in 2050") as well as the development perspective (Galtier 2013).
4. This note starts with my own food security assumptions. It then discusses some tools to which WTO rules and disciplines apply, and assesses the work presently being undertaken in the run-up to Bali. It concludes with three "Bali Deliverables" which, although far from being sufficient, look to me as being in that extremely small comfort zone and thus potentially acceptable to the WTO Membership as a whole and at this point in time.

### **Food Security Premises**

5. While the focus here is on multilateral trade rules for national food security, we first need to consider its implications at the local level. I submit here that poor households are "pragmatic by default":
  - a. My first assumption is that the *urban poor* in every country – and even a subsistence farmer, for the food which he or she must buy – cannot afford to be interested in the origin or even the quality of the food. The cheaper the better, and the better also the possibilities to finance the other essential needs of humankind (health, clothing, housing, and education).

- b. My second assumption is that a poor farmer has very limited options and is therefore first and foremost interested in livelihood and survival, regardless of whether and how he or she produces sustainably, whether it is food crops or cash crops, feed, fuel or fibres (the “4 F”), and whether this happens on his or her own land, in a co-operative, or as an employee on a large farm owned (rightly or wrongly) by a foreign or a national capitalist.
6. Moving to national food security, I submit that different countries pursue different strategies basically according to whether they are (i) richer or (ii) poorer, (iii) net food importers or (iv) net exporters. In a consensus-based organisation like the WTO, all rule modifications have to fit within this “food security quadrangle”. Wishful thinking by lobbyists or academically perfect designs of a post-Doha level playing field will fail.
7. Most economists agree today that the single main reason for structural food insecurity since the 1990s is underinvestment. Even the World Bank acknowledged in 2007 its own failure in this respect, despite the fact that many scholars and the World Bank’s own research arm had for decades warned of the consequences of insufficient domestic and foreign investment in agriculture (Binswanger, Deininger, Anderson). In reality, under the prevailing national conditions and in the absence of a multilateral investment framework, few projects were profitable without subsidies and/or ODA, especially in poor countries. At the same time, agricultural trade distortions and market segmentation still do impact negatively on investment, and they hamper otherwise competitive producers elsewhere. Worse, the recent phenomenon of “land grabbing” can be partly attributed to a weak regulatory framework which I have called “FDI over-protection and under-regulation” (Annex 2).
8. Non-agricultural growth increased solvable demand for more and better food in many emerging economies. Efficient farmers in Argentina, Australia and Thailand quickly benefitted from the resulting price hikes. However, the supply response capacity of poor farmers continues to be stifled for various reasons, including agro-dumping. Annex 3 describes what I see as present-day agro-dumping. A variety of programmes with trade-distorting effects are still legal. Many are actually on the increase again, sometimes under the guise of tackling food sovereignty or climate change, especially since the collapse of the Doha Round. Moreover, governments and, even more, legislators in many countries and in the EU are again increasing farm protection and trade-distorting support, and thereby further weaken the resilience of small farmers in poor developing countries. Perhaps tellingly, this happens despite the Right to Food commitments of all countries under the UN Convention on International Cultural, Economic and Social Rights (Häberli 2013).

## Tools Analysis

9. The biggest food security problem I see in the present WTO rules is the lack of export competition disciplines. While export subsidies have been reduced, all the other forms remain basically unrestricted. *Food aid* abuse, for example, is likely to be even easier after Doha because of the so-called “safe box” provision agreed at the WTO Ministerial in Hong Kong (Heri and Häberli 2011). The 2008 “modalities” propose similarly slight improvements for the other two forms of export promotion by unfair means, i.e. the use of *export credits* and *export state trading*. And no serious improvements in trade disciplines have been proposed for *export prohibitions and restrictions* (Häberli 2012).
10. Other trade rules – or the lack thereof – may conflict with food security. I see a “double anti-small farmer bias” where rules either ignore the special situation of small farmers in developing countries, or where policies over-protect small food producers in the name of food security. Instead, I posit that a removal of such biases would go a long way towards making them competitive, at home and abroad:
  - a. Some of the “old” biases were identified a long time ago, but they are still being felt today: post-independence industrialisation programmes through taxing farm exports (from Tanzania to Argentina), agricultural FDI tax exemptions (from Cambodia to Cameroon), absentee land sale prohibitions (Sierra Leone), or enterprise-stifling constraints of cooperatives legislation (Mexico).
  - b. Another disincentive, especially for the poor, is that agricultural inputs cost twice as much for most African farmers (incidentally also for Swiss farmers) as they do in Latin America and East Asia – and part of the explanation of why rice yields in Vietnam are three times those in Malawi, despite fertiliser subsidy programmes. The underlying problems also prevent women farmers especially, and organic producers, from earning better revenues on their markets.<sup>2</sup>
  - c. We often hear that “green” farming is economically superior to non-sustainable forms of agriculture. If that is so, I wonder why poor farmers, given a choice, do not automatically prefer higher earnings for the same amount of work. Women farmers and organic producers will need more than support from NGOs if they are to succeed; they can only do so if and when we remove the systematic biases against them. Clearly, for more food security we need research and action, without ideological premises.
  - d. Similarly, small farmers are perhaps the main victim of Right to Food violations by way of agro-dumping. One as yet untested avenue is litigation. For example, negatively affected producers, consumers, and their governments could attack bio-

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<sup>2</sup> Kerstin Mechlem, for instance, sees GMO crops as pro-poor opportunities: in *Agricultural Biotechnologies, Transgenic Crops and the Poor: Opportunities and Challenges* (28 March 2013). *Human Rights Law Review* 10, pp. 749–764 (2010); Transitional Justice Institute Research Paper No. 13-02. Available at SSRN: <http://ssrn.com/abstract=2240891>

fuel and other market-distorting subsidies, and various market access and other non-trade barriers erected by their competitors in potential export markets.<sup>3</sup>

11. Therefore, while resolutely in favour of removing anti-small farmer biases, my bottom line on trade rules favouring small farmers is this: protection must not be unlimited in extent and time, lest small farmers become part of the problem for global and national food security. In a better regulatory framework and with better trade and investment rules, millions of small farmers can do much better than today, and I would argue the same for nomads and for the artisanal fish industry. But they cannot feed the world.

### **Investment**

12. Much has been written about the commercial pressure on land which mainly came about after the last food crisis (2008–09). “Land grabbing” has been more decried than scientifically analysed. Once again legal scholars and regulators lag behind economists, agronomists and geographers (Annex 2).
13. For me, the often dismally low productivity of small farmers, and of under-utilised land, are the main reasons for the still increasing acquisition of land by foreign and big national investors. Also, national (and global) food security does not exclusively depend on ownership. This then is a race against the clock, and the small farmers will lose it unless rapid action is taken both at the national and the international level. This however is not a WTO topic, simply because it still lacks serious rules on competition and investment. Here I can thus only refer to recent writings on the subject. Nonetheless, if more food security is the goal, we must also keep in mind the nexus between trade and agricultural FDI in our reflections on trade reforms – and not least that this is also a matter of international human rights!

### **Three “Bali Deliverables”**

14. A desperate search for Ministerial decisions in Bali is going on in Geneva, without much in the way of results at the time of writing this note, other than ever more facets of the old blame and shame game, and a general lowering of ambitions and expectations. Moreover, the declarations of the usual suspects coming to the surface look depressingly similar to the impasse that ended the DDA negotiations on agriculture in 2008 – despite the same

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<sup>3</sup> This, incidentally, might bring back to the negotiating table those countries which support their farmers forever and by almost any means.

parties hiding their same old bottom lines behind their declarations of flexibilities and urgency.<sup>4</sup>

15. One little noted operational development is the work in the Committee on Agriculture which in very recent years has considerably increased transparency, notifications content, and public information by way of press releases and new databanks. The same goes for the SPS and TBT Committees, but apparently less so for the Committee on Import Licensing. The proposals by Tim Josling at this workshop have thus a very good chance of being heard: export restrictions, biofuels and “box painting” are some of the newly dealt with issues he addresses and which could be even better monitored. Such improvements are available without implementing the overly bureaucratic Annex M of the 2008 DDA Modalities, let alone changing the substantive rules applying to such issues. Professor Josling is of course also perfectly right when he calls for a common assessment of agricultural policies under the AoA and the SCM Agreements (and in the TPRB).
16. This note ends with a short discussion of three hotly disputed proposals in respect of food security, dealing with stockpiles, TRQ fills, and export restrictions on humanitarian food aid. All have been declared dead already. I submit they can yet be carried forward to and in Bali, with a few modifications.
1. The **G-33 proposal on food security** deals with stockpile food purchases from poor farmers, including at above-market prices. This is a classical food security topic which is still dividing the WTO Membership.<sup>5</sup> The main driver here is India which incidentally overtook Vietnam and Thailand last year to become the world’s top rice exporter. As it has often done in electoral periods, India had raised the minimum purchase prices for farmers<sup>6</sup> and now finds itself at the limit of its Amber Box entitlements, or beyond. To classify these costly purchases, as proposed by the G33, in an enlarged Green Box, is perhaps politically arguable when one includes the social dimension of food policies for poor consumers. Nonetheless, it lacks the rigour e.g. of the OECD preparatory process in support of the

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<sup>4</sup> Bridges 07/05/13, WTO Online 30/04/13.

<sup>5</sup> Olivier de Schutter proposes to exempt from any WTO limitations financial support to all ‘*pro food-security*’ programmes in developing countries’: “[w]hether new policies distort markets should be a secondary consideration and accorded much less weight in political decision-making” (de Schutter 2011). Stefan Tangermann’s blunt answer to that argument: “[T]ariffs on food imports do not improve, they actually undermine access to food”

<sup>6</sup> “Finance Minister P Chidambaram has allocated an additional `10,000 crore for the “game changer” Food Security Bill pushed by UPA chairperson Sonia Gandhi.” Express News Service Article ‘Sonja-pushed food bill gets additional 10,000 crores’ in The New Indian Express, 1 March 2013 (<http://newindianexpress.com/nation/article1483240.ece?service=print> accessed 1 May 2013).

Uruguay Round which led to such schemes being squarely placed in the Amber Box.<sup>7</sup> Unsurprisingly, the US adamantly opposes such a “reverse” reform, and is apparently supported by the EU (without acknowledging the slippages in their own domestic policy reforms, see Annex 3). It was Thailand’s opposition to the G33 proposal which came as a surprise to some observers (Chatterjee and Murphy), because it is sitting on a record stockpile with close to 20 metric tons of rice after having done exactly the same as India. This 2-year-old rice valued at US \$6 billion may have to be sold as chickenfeed now that the new harvest hits an already depressed market.<sup>8</sup> Thailand’s own rice support scheme (“paddy pledging”) has already been criticised in the Committee on Agriculture.<sup>9</sup> Such anecdotal evidence aside, it is clear to me that stockpile proposals must be based on authentic food security concerns, lest they face the same fate as did the SSM proposal in 2008 on the question whether Doha safeguards should be allowed to cross Uruguay Round binding levels. Proponents have yet to submit evidence on how the present provision allows food reserve schemes to operate, not (only) as a price support scheme but also as a stopgap measure in times of supply disruptions. Moreover, on the basis of experiences to date and the inevitably high costs and frequent losses of food reserves, it is far from clear why stockholding and other schemes for national food security need to be government-operated. In the run-up to Bali and despite vehement opposition from the US Farm Groups, the WTO membership may yet opt for a “Peace Clause” on the crucial question of a purchase price above market rates (with a similar but not yet discussed issue for reserves released below market prices).<sup>10</sup> In my view, only NFIDCs with few if any exports can hope ever to obtain WTO acceptance on a “greening” of such measures.<sup>11</sup> Nonetheless, one “Bali Deliverable” I see here is for regional and “virtual” schemes to be allowed to provide reserves to other countries without violating the obligation to “form an integral part of a food security programme identified in national legislation.”<sup>12</sup> Besides the WFP regional stockpiles, the only such scheme for the time being is the ASEAN Plus Three Emergency Rice Reserve (APTERR) signed in July 2012 but which has very limited oper-

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<sup>7</sup> “Food purchases by the government shall be made at current market prices and sales from food security stocks shall be made at no less than the current domestic market price for the product and quality in question.” (AoA Annex II para 3).

<sup>8</sup> Information gleaned from the Jakarta Globe, 1 May 2013 p.10.

<sup>9</sup> According to the WTO News on the meeting of the Committee on Agriculture held on 26 March 2013, this programme involves loans, with paddy (unmilled rice) as collateral valued according to government-set prices.

<sup>10</sup> World Trade Online, 18 September 2013. Also see the letter written by 27 US-based farm groups to the US Government dated October 24, 2013, referred to in World Trade Online with the same date.

<sup>11</sup> Somewhat surprisingly, nobody seemed to realise that even an addition to Annex II para 3 would not let schemes like India’s also pass the chapeau test of “not more than minimally distorting” measures.

<sup>12</sup> AoA Annex II para 3.



ations.<sup>13</sup> ECOWAS had discussed similar plans for West Africa.<sup>14</sup> The unwillingness of some rice exporting members to accept “automatic trigger” modalities might be assuaged more easily with a WTO decision clarifying the green box compatibility of such schemes based on “regional solidarity mainly at market rates”.

2. The second “low hanging fruit” is the **G-20 proposal on TRQ fills**. Here again, the proposal probably aims too high in requiring steps leading to higher fill rates, something dangerously close to an import obligation which is completely alien to the very concept of TRQs. Instead, a process of mandatory enquiries into low fill rate situations, based on the WTO-scheduled commitments to open import markets without any reserves for all TRQ quantities would appear to be acceptable to all if it was focused only on the principle of “automatic licensing” as described in the Import Licensing Agreement.
3. Mysteriously, the decisions made on food export restrictions by the **G20 Summit** at Cannes in 2011<sup>15</sup> and reiterated at Los Cabos in 2012<sup>16</sup> to **exempt WFP and other non-commercial food purchases from export restrictions and prohibitions** have never made it on to a WTO Ministerial agenda.<sup>17</sup> So far, nobody seems to have re-tabled the proposal in the run-up to Bali. Here again, if the NFIDC get their act and courage together and unanimously call for a WTO endorsement of those decisions (adjusted as per the text negotiated in November 2005 at the Hong Kong Ministerial), I daresay no Minister in Bali will seriously oppose a proposal adopted at two G20 Summits, even though the last summit in St. Petersburg (5–6 September 2013) no longer insisted on this matter.<sup>18</sup>

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<sup>13</sup> Sally Trethewie, *The ASEAN Plus Three Emergency Rice Reserve (APTERR): Cooperation, commitment and contradictions* (NTS Working Paper no. 8, Singapore: RSIS Centre for Non-Traditional Security (NTS) Studies, 2013).

<sup>14</sup> Cf. UNCTAD, *The Potential Establishment of Emergency Food Reserve Funds* (Discussion paper 3 written by Thomas Lines, November 2011), and ICTSD, *Face à la crise alimentaire, la CEDEAO opte pour un stock régional de sécurité alimentaire* (12/4 Passerelles, novembre 2011).

<sup>15</sup> “We agree to remove food export restrictions or extraordinary taxes for food purchased for non-commercial humanitarian purposes by the World Food Program and agree not to impose them in the future. In this regard, we encourage the adoption of a declaration by the WTO for the Ministerial Conference in December 2011.”

<sup>16</sup> “We reaffirm our commitment to remove export restrictions and extraordinary taxes on food purchased for non-commercial humanitarian purposes by the World Food Programme (WFP).”

<sup>17</sup> Egypt had actually tried to place this item on the MC7 Agenda, but in the overall Doha debacle this attempt failed. In the light of the NFIDC Marrakesh Declaration which proved its uselessness in the food crisis of 2008–09, a more serious attempt next time seems necessary.

<sup>18</sup> G20 Leaders’ Declaration: “We support discussions in the WTO to respond to legitimate food security concerns, without distorting trade, including those related to carefully targeted policies to protect vulnerable populations [...] We reaffirm our determination to implement all previous G20 commitments and existing initiatives including that stated in the Action Plan on Food Price Volatility and Agriculture which the G20 endorsed in 2011.” (para 82).

### *1. The Food Security Tool Box*

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- Hypothesis: food security is about production, processing and consumption but (also) a matter of trade and (international) technology and investment.
- This list does not address WTO compatibility or relevance of any of these tools.

- ❖ **International trade:** tariffs, quotas (tariff-rate quotas or quantitative restrictions), safeguards, trade remedies, balance of payments measures, health and environment protection measures, import standards, technical regulations, various export competition measures including export credits, export state trading and international food aid, export taxes and restrictions; multilateral and regional trade agreements
- ❖ **Commerce:** commodity exchanges, futures and other risk hedging instruments, regional and virtual food reserve schemes, trade promotion
- ❖ **Investment:** impact assessment, international protection agreements, investment and production credits, FDI incentives and contracts
- ❖ **Production:** various forms of stockpile policies, (staple) food production support, production risk insurance schemes (subsidised or not), access to credits, meteorological forecasts, biofuels, biotech regulations, organic production standards and subsidies, input subsidies (infrastructure and/or operating costs)
- ❖ **Science and education:** research, policy advice, training and extension services
- ❖ **Legal issues:** land tenure, women's rights, ancestral and communal rights protection, cooperatives rules, access to courts
- ❖ **Social policies:** support schemes for (small) farmers, gender measures, domestic food aid, emergency measures, resource retirement, migration policies, legal assistance

## *2. The problem with Agricultural FDI*

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This short note does not purport to discuss the merits or non-merits of foreign direct investment (FDI) in agriculture. Its purpose is to highlight the relation with food security at the local level and, in particular, with policies regarding small farmers and social issues.

Despite a universal chorus of support for small farmers, the choices available to them and to countries with a poor resource endowment and investment climate remain largely untested. My research question here is whether large acquisitions of agricultural land are in reality made possible by long-standing neglect and farm, investment and trade policy biases, with the connivance of both donor and investor home countries. In a recent article for IISD we wrote that “Inadequate control of agro-FDI can actually result in the host state violating its international legal obligations to its citizens in relation to the right to food.”<sup>19</sup> What is also clear to me is that aid agencies and NGOs have their own agendas.

One case in point is Madagascar (where I worked from 1978–80). This country had the first widely publicised “land grab” case – which apparently even toppled its government – in 2008, when the Korean Company Daewoo wanted to produce feed maize for Korean cattle. My point here is not whether that project was good or bad for food security – it probably was not – but that Madagascar and its unique nature and biodiversity were destroyed not by cash crop projects or by tropical timber exports. The main cause was widespread slash-and-burn by poor farmers who had no alternative means to survive other than by destroying their own livelihood. And I feel sad to recall that Madagascar is a country which has had heavy Swiss involvement for decades, through governmental and NGO and church development projects.

The experience today seems to show this picture:

1. Home countries still lack a legal analysis of the international regulatory framework in which investment projects – whether legal or not – are taking place. The well-known fragmentation between human rights and trade policies prevents governments from seeing that both trade and investment laws, at the national and international levels, show lacunae which condone land grab and reduce national food security. The recent commodity report by the Swiss Government is sad evidence of this fragmentation.<sup>20</sup>
2. In the absence of appropriate policy reforms, and where “small” means less efficient and productive farming than could be achieved through large-scale FDI, national food security might indeed be better off with well-managed foreign investment – even where the production is exported as cash crops or processed into biofuels.<sup>21</sup>

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<sup>19</sup> Häberli and Smith (2013).

<sup>20</sup> Background Report: Commodities. Report of the interdepartmental platform on commodities to the Federal Council (<http://www.seco.admin.ch/aktuell/00277/01164/01980/index.html?lang=en&msg-id=48319> last visited 15/05/13).

<sup>21</sup> “Agro-FDI is a two-edge sword therefore: only when managed properly will it bring food security benefits. However, the current global governance structure for agro-FDI unevenly distributes rights and obligations between the host state, the investor and the investor’s home state in such a way that there is very little legally enforceable obligation (at the regional and international level) on the investor to conduct its investment in ways that do not undermine the host state’s food security; and there are also limited legally enforceable, or ‘hard law’, obligations on the part of the investor’s home state to reinforce ‘ethical’ behaviour of investors abroad” (Häberli and Smith 2013).

### 3. Agrodumping Today – and Tomorrow

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Even though in times of high world market prices, export subsidies have largely disappeared, they can easily be reintroduced within the WTO limits agreed. The now failed Doha Round would have considerably tightened the purse strings of rich supporters of farmers. Besides, the now fashionable RTAs reduce applied agricultural tariffs among treaty members – while removing permanent and temporary protection for farmers in poor countries, and increasing the “spaghetti bowl” syndrome at the expense of non-participants. But these preferential agreements will never solve the “overhang” of trade-distorting domestic support (Bureau and Jean). Recent agricultural reform legislation, including in the EU, in the next US Farm Bill, and in Switzerland, accentuate this problem with their new trade-distorting support programmes, even in the name of food security and of climate change mitigation:

1. The EU Commission pretends to “green” the CAP by a recoupling of the Single Farm Payment to *crop diversification* – which implies virtually no production change for EU farmers. It even hails this proposal as a contribution to climate change mitigation.<sup>22</sup> In WTO terms, however, this just looks like yet another case of “box painting.”
2. In the US, major aid NGOs have finally realised that tied food aid is inefficient and bad, but they forget that Congress will only approve food aid if it comes in-kind and from American farms.<sup>23</sup> Additional WTO-related problems in the new Farm Bill are the foreseeable non-reform of the US cotton regime (despite Brazilian opposition), and the new scheme called “Cooperatives Working Together (CWT)” an apparently privately funded programme providing export assistance to US dairy producers.<sup>24</sup>
3. Switzerland, of course, has the best food security. The Swiss Parliament has just introduced the notion of *food sovereignty* into the Federal Farm Act, together with a new form of direct payment called “food security contribution”, and with an injunction to the Government to increase subsidies on feed production (i.e. the sector where Swiss Agriculture is least competitive and where even poor developing countries might have had a chance to increase revenues and finance their food import bills). Almost funny here is the Government’s own definition of food sovereignty: “long-term satisfaction of consumer needs for high-quality and sustainably produced domestic food.” And politicians of all colours praise the sustainability of the Swiss agricultural policy, conveniently forgetting that this is only made possible by one of the world’s strongest border protection and taxpayer support systems – and an occasional breach of Switzerland’s WTO obligations by dumping subsidised butter exports in developing countries. The Swiss Farmer Association, like *Via Campesina* which first coined this unfortunate term, sees “food sovereignty” as a right to define agricultural policy autonomously, and implicitly as a way of reserving Swiss consumers for Swiss producers.

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<sup>22</sup> Crop Rotation: Benefiting farmers, the environment and the economy. Study co-financed by the European Community, Directorate-General for the Environment and the MAVA Foundation, published by APRODEV (Association of World Council of Churches related Development Organisations in Europe), Friends of the Earth Europe, IFOAM EU Group and Pesticide Action Network Europe (July 2012).

<sup>23</sup> Unfortunately, it appears that in their field operations, US NGOs like Oxfam America still practice food aid with a price-depressing effect on local farmers – even when they know about this and try to change it, for instance with food vouchers. For Ethiopia, see my Working Paper at [http://www.wti.org/research/publication/?tx\\_nccr\\_pi1\[show\]=468&cHash=db90fb53ddf44e601001ee286ebb088e](http://www.wti.org/research/publication/?tx_nccr_pi1[show]=468&cHash=db90fb53ddf44e601001ee286ebb088e).

<sup>24</sup> Inside U.S. Trade – 26 April 2013, Vol. 31, No. 17.

#### *4. Literature used*<sup>25</sup>

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- II. Various publications by CGIAR, FAO, IBRD, IFAD, IFPRI, NUS/RSIS, OECD, UNCTAD, and WTO.

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<sup>25</sup> Exact references available on request.