

University of the Western Cape

Faculty of Law

**Agriculture under the Doha Round and
Food Security in Sub-Saharan Africa**



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Requirements for the degree of Master of Laws

Martha Belete Hailu

Supervisor: Adv. M. S. Wandrag

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Agreement on Agriculture, Agriculture liberalization, Doha Round, domestic support, export subsidy, food aid, Food Aid Convention, food security, market access, Sub-Saharan Africa



Declaration

I declare that, “**Agriculture Under the Doha Round and Food Security in Sub Saharan Africa**” is my own work, that it has not been submitted before for any degree or examination in any other university, and that all the sources I have used or quoted have been indicated and acknowledged as complete references.

Martha B. Hailu

Signed:

May 2005



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Acronyms

AIDS	Acquired Immune Deficiency Syndrome
AMS	Aggregate Measure of Support
AoA	Agreement on Agriculture
ECA	Economic Commission for Africa
EU	European Union
FAC	Food Aid Convention of 1999
FAO	Food and Agricultural Organization
GATT	General Agreement on Trade and Tariff
HIV	Human Immunodeficiency Virus
IMF	International Monetary Fund
ITO	International Trade Organization
LDCs	Least Developed Countries
NFIDCS	Net Food Importing Developing Countries
SCM	Subsidies and Countervailing Measures
SDT	Special and Differential Treatment
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNICEF	United Nations
US	United States of America
WTO	World trade Organization

Table of Content

Title Page	i
Key Words	ii
Declaration	iii
Acknowledgements	iv
Acronyms	v

Chapter One

Introduction and Background

1.1 Introduction	1
1.2 Aims of the study	5
1.3 Significance of the Study	6
1.4 Methodology and Chapter Overview	6

Chapter Two

Food Security Issues in Sub Saharan Africa



2.1 Introduction	8
2.2 Background	9
2.3 Food Security in Sub Saharan Africa	10
a. Conflict	12
b. Security of Tenure	13
c. HIV/AIDS epidemic	13
d. Agricultural Policy and Low Level of Technology	14
e. Climate Change	14
f. Population	15
2.4 Conclusion	15

Chapter Three

Multilateral Trading in Agriculture and Food Security

3.1 The WTO Agreement on Agriculture	17
--------------------------------------	----

a. Market Access	18
b. Domestic Support	20
I. The exception under article 6	22
II. The exception under Annex 2	25
c. Export Subsidy	27
3.2 The Relationship with Food Security	30
3.3 Concerns Raised by Different Groups during the Negotiation	31
a. Food Security Concern	32
b. Circumvention Concern	33
3.4 How Did the AoA address these concerns?	33
3.5 Food Aid and Food Trade under the WTO Trading System	38
3.6 The Episode till the New Round	44
3.7 Conclusion	46

Chapter Four

A New Round of Negotiations: Doha Development Agenda



4.1 Introduction	49
4.2 Agriculture and Food Security in the Doha Mandate	50
4.3 Progress in the Negotiations to date	54
4.4 The July Package	55
4.5 Conclusion	58

Chapter Five

Conclusion and Recommendation

5.1 Conclusion	60
5.2 Recommendation	66

Bibliography	69
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CHAPTER ONE

INTRODUCTION AND BACKGROUND

1.1 Introduction

Food security is of particular concern to many developing countries and a daily problem for large parts of the population. 'Food security as a concept originated only in the mid-1970s, in the discussions of international food problems at a time of global food crisis.'¹ The initial focus was primarily on food supply problems - of assuring the availability and to some degree the price stability of basic foodstuffs at the international and national level. 'In 1983, FAO expanded its concept to include securing access by vulnerable people to available supplies, implying that attention should be balanced between the demand and supply side of the food security equation.'²



Trade theory tells us that developing countries, since they tend to be gifted with abundant land, labour and natural resources, should have a comparative advantage in agriculture. Considering the existence of comparative advantage in these countries, it is reasonable to expect these countries to be able to supply food for the inhabitants. However, of the 39 countries worldwide that faced food emergencies at the beginning of 2003, 25 are found in Africa.³

The practice and rules of international trade play a key role in achieving world food security and fostering agriculture.⁴ However, due to the protectionist policies that were followed by countries deterred the growth of global agricultural trade.

¹ FAO, (2003), 26

² Ibid, 27

³ <<http://www.fivims.net>> [accessed on 15 October 2004]

⁴ Clover, (2003), available at <<http://www.iss.co.za>> [accessed on 19 October 2004]

Though there were attempts made at various times aimed at abolishing these protectionist theories, the first breakthrough was achieved at the Uruguay Round of negotiations.

On April 15, 1994, more than 120 countries signed the document containing the final results of the Uruguay Round of trade negotiations in Marrakech, Morocco.⁵ One of the results of the negotiations was the Agreement on Agriculture. For the first time in the history of world trade, agriculture was included among the disciplines of multilateral trading. Though some observed that the agreement is limited in scope when compared to the conception in Punta del Este, 'it represented an historic achievement, a significant extension of trade liberalization in to the agricultural sector.'⁶

In the agreement, the members agreed to substitute all non tariff trade barriers to tariffs, to bound all the tariffs and then to negotiate on their reduction. This will serve to achieve the purpose of improving market access for agricultural products.⁷ As regards the support governments give to their farmers, the agreement divides it in to 2 groups; domestic support and export subsidy. The domestic support consists of three differently coloured boxes: Amber, Blue and Green. Measures in the Amber Box are prohibited and hence are subject to reduction commitment, except for a minimal amount. The Blue Box support, which was included as a result of the Blair House Accord⁸, defined broadly enough to encompass both US deficiency payments and EU compensatory amounts.⁹ Measures that fall under the Green Box are exempt from commitments and hence are not subject to countervailing duties. The members have also committed themselves to the reduction of subsidies that are contingent up on

⁵ Breen, (1999), 3

⁶ Ibid

⁷ WTO, (1998), 57

⁸ Delcros, (2002), 239

⁹ Ibid, 25

export performance. The agreement also devoted certain articles for the special and differential treatment of developing country members.¹⁰

The reduction of subsidies by developed countries was a key concern for developing countries.¹¹ There were basically three concerns in connection with the liberalization of agriculture. The first one is on the increase of price of agricultural products. The Food and Agricultural Organization of the United Nations and the World Bank estimated there would be an increase on the price of food as a result of the Uruguay round negotiations. The second concern, which is related with the first one, was the increase in the food bill of net food importing countries¹² while the third concern was that of agricultural exporters.

The agreement tried to entertain all concerns that were raised by the different groups. The concerns of net food importing countries and least developed countries were, however, given more emphasis. The members have adopted a ministerial decision on the negative effects of the reform process on net food importing and least developed countries. The intention of the decision was to make sure that food aid could continue to meet the needs of developing countries and to achieve this; it encouraged activities under the food aid convention rather than setting quantitative targets.¹³

The Food Aid Convention that is currently in force was signed between eight countries, including the EU and its member countries. These countries are Argentina, Australia, Canada, Japan, Norway, Switzerland, and United States of

¹⁰ As will be seen subsequently, the agreement contains exemptions for developing countries. Article 15 of the agreement provides for the special and differential treatment of these countries in respect of commitments.

¹¹ Diaz-Bonilla, and Thomas, (2003), 242

¹² Ibid

¹³ UNCTAD, (2000), <<http://www.unctad.org>>[accessed on 7 October 2004]

America.¹⁴ All the members of the Food Aid Convention are members of the WTO.¹⁵

The members of the Food Aid Convention committed themselves to delivering certain amount of food aid that are suitable for human consumption, meet the international quality standard, and is consistent with the dietary habits of the recipient or the cash equivalent. In order to avoid interference of food aid on the normal patterns of production and international commercial trade, the agreement on agriculture requires states to ensure that food aid is made either in fully grant form or on terms no less concessional than provided in the food aid convention of 1986. On top of that, both the Food Aid Convention and the Agreement on Agriculture obligate members to ensure that the FAO Principles of Surplus Disposal is adhered to while engaging in food aid.¹⁶

Ten years have passed since the establishment of the WTO. However, African countries still face huge barriers in establishing an agro-export economy to trade their way out of poverty because of high tariff rates on agriculture and produce dumping by producers from the developed countries.¹⁷

It is believed that trade rounds can benefit the whole world by enhancing competitiveness, expanding the market place to increase trade volume and improve the value of the goods traded.¹⁸ This will in turn help in improving the food security of countries. The agreement on agriculture contains a continuation clause that gave the mandate for the on going negotiations. The current negotiation was launched at the 4th ministerial conference of the WTO in Doha, Qatar, in 2001. The round is termed as development round because it is believed

¹⁴ Article III/e of the Food Aid Convention

¹⁵ For the list of members of the WTO, see <<http://www.wto.org>>

¹⁶ See article 10/4/b of the AoA and article IX/e of the Food Aid Convention.

¹⁷ Clover, (2003), available at <<http://www.iss.co.za>> [accessed on 19 October 2004]

¹⁸ FAO, (2003), 18

to give priority to developmental concerns of developing countries. The planned date for the completion of the round was 1 January 2005. However, like many of the WTO deadlines, this one was also not met. The previous deadline for concluding the talks has been postponed to an as-yet unspecified date, at least until the sixth WTO Ministerial Conference to be held in Hong Kong in December 2005.¹⁹

1.2 Aims of the study

The general objective of the research is to examine the rules based agricultural trade regime introduced by the WTO Agreement on Agriculture and to assess its impact on food security in developing African countries especially Least Developed Countries (LDCs) and Net Food Importing Developing Countries (NFIDCs). The research aims to identify whether the WTO Agreement on Agriculture has been successful in addressing the food security concerns of these countries, and whether the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net-Food Importing Developing Countries, otherwise known as the Marrakech Decision, has achieved its goal. It will also touch upon the relationship between the Food Aid Convention and WTO food trade regime. And finally it will address the current negotiations on agriculture and the issues that crop up.

The specific objectives of the research are: to critically analyse arguments for and against agricultural trade liberalization and its impact on food security, investigating the nexus between the three pillars of agriculture and food security, considering how the Agreement on Agriculture and the Food Aid Convention addressed the concerns that were raised by the different parties during the negotiation period, and finally it will consider how the current multilateral negotiations in agriculture can provide a secure framework within which

¹⁹ Kinderlerer and Lopez-Silva, <<http://www.ccels.cardiff.ac.uk>> [accessed on 5 May 2005]

developing African countries can pursue effective policies to ensure their food security.

1.3 Significance of the study

The major percentages of the population in Africa are dependent on agriculture for their livelihood. Agricultural products take the enormous share of the goods traded by African countries on the world market. Despite this, the continent is known for its food insecurity, 'with some 30 million people requiring emergency food aid in any one year.'²⁰ Trade has the potential to contribute to food security and trade policies of countries also play a role in enhancing food security of countries.

The WTO Agreement on Agriculture is being renegotiated under the Doha Round. The expectation is that the current agricultural trade round will cover three main areas-market access, export subsidy and domestic support. All these have the potential to influence food security. Moreover, the current negotiation will refer new issues, the so called 'non-trade' concerns to agriculture.²¹

On the whole, the proposed research paper will be a timely contribution to the agricultural trade debate and food security in the continent.

1.4 Methodology and chapter overview

The study will be a literature based with different views given greater scrutiny. The study will rely both on primary and secondary sources. On primary sources, regard will be given to the Legal Text of WTO, the Food Aid Convention of 1999 and the Vienna Convention on the Law of Treaties of 1969. As regards secondary sources, reference will be made to different books, background

²⁰ Clover, (2003), available at <<http://www.iss.co.za>> [accessed on 19 October 2004]

²¹ Roger and Cardwell, (2003), 11

papers, discussion papers, scholarly articles and various internet sites. There is extensive available literature on agricultural trade and food security. The various viewpoints will be discussed to evaluate their relevance to food insecure LDCs and NFIDCs of the Sub-Saharan African region. Reports from different organizations engaged in the area will also be considered.

The paper will embrace five chapters. The first chapter will give a general introduction and will state the problem. The second chapter will cover the definition of food security, the problem of food insecurity in Sub Saharan Africa and will also try to establish the underlying reason for the prevailing food insecurity in the region.

The third chapter will try to see the WTO Agreement on Agriculture and the accompanying concerns. It will also assess whether and how it addressed concerns of food security. The current food aid regime in relation to the WTO food trade regime will also be considered. The fourth chapter will deal with the issue of food security under the new round of negotiation and will be followed by conclusion and recommendation in the fifth chapter.

CHAPTER TWO

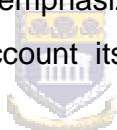
Food Security Issues in Sub Saharan Africa

2.1 Introduction

Goal One of the Millennium Development Goals, which is the reflection of the 1996 World Food Summit, is reducing the number of undernourished people in the world by half by the year 2015.²²

Food security is a flexible concept; and different institutions have attempted to give different definitions.

'The most widely accepted definition of food security at the individual level is that of the World Bank: secure access by all people at all times to enough food for a healthy active life.'²³ This definition emphasizes only on the availability of food to people and does not take into account its safety and dietary culture of the consumers.



Within the context of the WTO, food security concerns primarily the availability of imported food for net food importing countries if world price rises and/or the supply of concessional food declines as a consequence of trade liberalization.²⁴ Here it is very much related to the adequate supply of imported food to the WTO member states.

The definition that is taken for the purpose of this paper is the one given by the United Nations Food and Agriculture Organization at the 1996 World Food Summit.

²² Millennium Development Goals, <<http://www.un.org/millenniumgoals>>[accessed on 15 November 2005]

²³ Stevens, et al, (2000), 2

²⁴ Stevens et al, (2003), <<http://www.ids.ac.uk>>[accessed on 11 October 2004]

Food security, as defined by the 1996 World Food Summit, exists when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food which meets their dietary needs and food preferences for an active and healthy life.²⁵ This definition provides for four measurements of food security: adequacy of food supply, stability of supply, accessibility of food and quality and safety of food.

2.2 Background

The basis for the international trading of nations is the theory of comparative advantage. 'The theory argues that differences in productivity and opportunity costs of production between countries form the underlying reasons why it is advantageous for countries to engage in trade.'²⁶ According to this principle, it is comparatively advantageous for countries that do not produce food to import it and export commodities that they produce at a lower cost.



Despite the fact that international trade is only one factor affecting food security, its importance is increasing due to world trade in food. For instance, world cereal imports in mid 1990s were almost three times the level of those in the early 1960s.²⁷

International trade of foods may have significant effect on food security of many countries especially those that depend on food import.²⁸ Amartya Sen's entitlement approach to food security has shown how international trade may have effects on food security.²⁹

According to Sen's analysis, food security may be said to be determined by:

²⁵ FAO, (2003), 28

²⁶ Ibid, 13

²⁷ Steven et al, (2000), 9

²⁸ Zhang, (2004), 569

²⁹ Ibid, Footnote No 7

*Production based entitlements which will be influenced by policies that affect the demand and supply of factors affecting production, which is related to international trade, trade based entitlements which will be influenced by policies that affect the level and variability of food prices, labour based entitlements which are influenced by level and location of employment opportunities which in turn may be influenced by trade policy, and transfer based entitlements which include formal transfer from governments and donors that will be influenced by multilateral trade agreement.*³⁰

Although food trade among countries has a long history, the manner of governing it has been a source of controversy. Considering the fact that food is a basic need for life, some argued that its trading should not be governed by same law as other commodities.³¹ Food security concerns were the principal reason for the exclusion of agriculture from the GATT rule. The WTO Agreement on Agriculture tried to bring agricultural trade under rules based system. However, the debate as to its impact on food security still remains unresolved. Some argue that food trade liberalization would put food security in jeopardy, whereas others take the view that food trade liberalization would bring more opportunities to food security.³² This issue will be discussed in detail in the next chapter.

2.3 Food security in Sub Saharan Africa

Agriculture lies at the backbone of African economy, accounting for more than 30% of the continent's gross domestic product and representing a major source of foreign exchange.³³ For a continent having agriculture as a main economic

³⁰ Stevens et al (2000), 18

³¹ Zhang, (2004), 570

³² Ibid, 569

³³ Mamaty, <<http://www.ictsd.org>>[accessed on 11 October 2004]

activity, it is in line with the theory of comparative advantage to engage in the export of agricultural products. However, the continent reversed from being a key exporter of agricultural commodities into being a net importer,³⁴ and it has been plagued with production problems for more than two decades now.³⁵ On top of this fact, food security in many African countries deteriorated over the years.

“Chronic food insecurity now affects some 28% of the population—that is, nearly 200 million people who are suffering from malnutrition. Acute food insecurity in 2003 is affecting 38 million people in Africa who are facing the outright risk of famine, with 24,000 dying from hunger daily.”³⁶

Since food production is also a source of income and livelihood for the majority of the African population, reduction in food output is related to reduced levels of income and living standards.³⁷



Many factors affect a country's food production and food security position. The natural resource endowment of the country, level and variability of food production, population growth, income distribution and foreign exchange availability to purchase imported food are among the factors determining the food security position of a country.³⁸ Food insecurity in Africa has been caused due to different man made and natural incidences. Some of the causes for the declining ability of Africa to feed itself include desertification, political instability and conflict, security of land tenure and under funded agricultural sector.³⁹

³⁴ FAO has stated that Africa's annual food imports are the equivalent in hard currency of \$19billion, while its agricultural exports are valued at \$14 billion making the continent a net importer. For more information on this see Clover <<http://www.iss.co.za>> [accessed on 19 October 2004]

³⁵ Dreze and Sen, (1997), 32

³⁶ Clover, (2003), <<http://www.iss.co.za>> [accessed on 19 October 2004]

³⁷ Dreze and Sen, (1997), 33

³⁸ Shapouri and Trueblood, (2003), 147

³⁹ See Amani (2004) and Clover (2003)

a. Conflict (Political Instability)

Political instability and conflict have a great role in enhancing or distorting agricultural production and productivity. As countries gain political stability, their agricultural production will increase enabling them to feed their inhabitants. Conflict, which is often caused by poverty, is one major reason why people go hungry.⁴⁰ Having a long history of conflict and war, Africa is a continent known for its food insecurity. War needs money and the countries use the money for war instead of boosting their agricultural output. 'Some African countries are chronically prone to food insecurity with sizable populations experiencing malnutrition and starvation as a direct consequence of extended internal conflict.'⁴¹ As Jenny Clover observed, of the 25 African countries that were facing food insecurity at the end of 2003, ten were experiencing civil strife while four emerged from war.⁴²

Poor governance will create political instability and there is a direct relationship between political stability and economic growth. The experience of many African countries shows that civilian or military dictatorship and de facto one party political system has failed greatly in delivering economic growth and political stability.⁴³ Lack of political stability and economic growth will inevitably lead to food shortage and famine. In addition to this, a large proportion of arable land will become unavailable for cultivation due to landmines. It is believed that in some countries as much as 35% of arable land cannot be used because of mines.⁴⁴

⁴⁰ Madeley, (2000), 35

⁴¹ Amani, (2004), also available at <<http://www.tralac.org>>

⁴² Burundi, Central African Republic, Democratic Republic of Congo, Cote d'Ivoire, Liberia, Sierra Leone, Somalia, Sudan and Uganda were experiencing civil strife at that time while Angola, Eritrea, Ethiopia and Guinea emerged from conflict. See Clover

⁴³ Amani, (2004)

⁴⁴ Madeley, (2000), 35

b. Security of Tenure

The other factor that impedes agricultural production is security of land tenure. 'The concept of land tenure is a social construct that defines the relationship between individuals and groups of individuals by which rights and obligations are defined with respect to control and use of land.'⁴⁵ Land is an essential resource for people. In a continent like Africa where more than two thirds of the total population lives in the rural areas, the significance of land is unquestionable. The security of tenure also plays a role in agricultural productivity and hence food security of a country. 'Security of tenure system refers to the right to use, transfer, exclude or include others in the exercise of such rights, as well as the authority to enforce the foregoing rights.'⁴⁶ The relationship between tenure securities and the readiness and commitment of farmers to the conservation, improvement and proper management of land and other natural resources is well founded.⁴⁷ Whenever there exists interference by the government on the tenure rights of the population, there will be less commitment to the conservation of the land. This will lead to the degradation of land thereby affecting agricultural production and food security. On top of that, 'it may in time become one of the root causes for civil conflict.'⁴⁸

c. HIV/AIDS Epidemic

The other factor that is impeding agricultural production thereby affecting food security in the region is HIV/AIDS. HIV/AIDS is not only a health problem but also of vital importance across spectrum of issues including development, security, food production and life expectancy.⁴⁹ 'All dimensions of food security-availability, access, stability and use of food are affected where the prevalence of HIV/AIDS

⁴⁵ ECA, (2004), 21

⁴⁶ Amani, (2004)

⁴⁷ Ibid

⁴⁸ Ibid

⁴⁹ Clover, (2003), <<http://www.iss.co.za>> [accessed on 19 October 2004]

is high.’⁵⁰ Food crisis is inextricably linked with the wide spread of HIV. Sub Saharan Africa is the largest hit region. It is estimated that 27 million African people are currently infected with HIV and by 2010; UNICEF estimates that 20 million children across Africa will have lost one or both parents to the disease.⁵¹ This will lead to shortage of labour to work on the land. In a continent where the working force is hard hit by HIV, it is not hard to foresee the declining condition of agricultural production and food security.

d. Agricultural Policy and Low Level of Technology

Apart from the above reasons, many African countries have neglected their agricultural sector. 'Several studies have shown that poverty alleviation in developing countries was impaired by policies that protected capital intensive industrialization and discriminate against agriculture.⁵² The case of Africa is no different. The policy bias against agriculture in African countries has caused agricultural production to remain underdeveloped both for domestic market and export.⁵³ So long as production is low, it will have an adverse effect on food security. Agricultural productivity can be increased by the use of new technologies. Industrial know-how and capacity are needed for the manufacture of embodied technology such as machinery, seeds, fertilisers, chemicals and materials.⁵⁴ However, the continent is by no means a good user of these technological advancements in its agriculture.

e. Climate change

The climate change can also result in drought and affect food production. Global warming, which is largely caused by carbon emission, is expected to have a

⁵⁰ Ibid

⁵¹ <<http://www.wrenmedia.co.uk> > [accessed on 10 April 2005]

⁵² Diaz-Bonilla, (2003), 244

⁵³ Mamaty, <<http://www.ictsd.org>> [accessed on 11 October 2004]

⁵⁴ Amani, (2004)

huge impact on agriculture and food security.⁵⁵ 'A FAO study has predicted that climatic changes will cause severe draught in Africa and that by 2050 an additional 30 million Africans could be affected by famine.'⁵⁶

Desertification, which is normally caused by deforestation and contributes to global warming, is also another reason for low levels of agricultural productivity and hence food insecurity. Desertification is estimated to drive three million people a year from their rural homes into towns and cities.⁵⁷ The situation in Africa is no different. 'There are increasing reports of land degradation, deforestation, water logging and Stalinization contributing to the declining ability of Africa to feed itself.'⁵⁸

f. Population Growth

The population growth has put pressure on the availability of land and will also affect food output. Africa has the fastest growth rate of population among the major regions of the world.⁵⁹ The key question here is whether there will be enough land to grow the food that people need.⁶⁰ Though population growth will impact on food security, other factors like HIV/AIDS also play a role in hampering food production.

2.4 Conclusion

In summary, the foregoing chapter attempted to show the food security situation of Sub Saharan Africa and the causes for the existing food insecurity. The difference that exists between productivity and difference in costs of production forms the basis for intra trading of nations. According to this theory, Africa is

⁵⁵ Madeley, (2000), 36

⁵⁶ Clover, (2003), <<http://www.iss.co.za>> [accessed on 19 October 2004]

⁵⁷ Madeley, (2000), 30-31

⁵⁸ Clover, (2003), <<http://www.iss.co.za>> [accessed on 19 October 2004]

⁵⁹ Dreze and Sen, (1997), 32

⁶⁰ Madeley, (2000), 37

supposed to have the lion's share of agricultural export in the world. However, facts show that the continent's capacity to engage in the trade has declined through time. On top of this fact, conflict and instability that dominated the most parts of the continent, the prevalence of HIV/AIDS epidemic and the policy biases against agriculture coupled with other reasons has caused for the diminished capacity of the continent to feed itself.

The following chapter will discuss the agreement on agriculture that came into the picture following the Uruguay round and as to how it addressed the issue of food security as well as its relationship with the Food Aid Convention.



CHAPTER THREE

Multilateral Trading in Agriculture and Food Security

3.1 The WTO Agreement on Agriculture

When governments first gathered to negotiate for the multilateral liberalization of international trade, agricultural products were considered as a special case.⁶¹ Even during the GATT time, the signatories tried to derogate from the general rule applicable to other products. 'While the GATT system was able to boast a high degree of success in liberalizing trade in industrial goods, agriculture has experienced a reverse development for the most part of the lifetime of GATT.'⁶² After the GATT different attempts were made to liberalize agriculture. However, the result was achieved only in the Uruguay Round.

In 1986 a new round of negotiation, the Uruguay round, was launched. During this Round, 'several negotiating parties, including the US and the so called Cairns Group⁶³ countries insisted that there would be an agreement on agriculture or no agreement at all.'⁶⁴ As a result, a separate agreement on agriculture was signed. The agreement basically covers three areas: market access, export subsidy and domestic support, otherwise known as the three pillars of agriculture.

⁶¹ Desta, (2002), 6

⁶² Ibid, 7

⁶³ Cairns group is a group formed in 1986/87 to present a common policy on the liberalization of agricultural trade in the GATT negotiations. Members of the group are Argentina, Australia, Brazil, Canada, Chile, Colombia, Fiji, Hungary, Indonesia, Malaysia, New Zealand, Philippines, Thailand and Uruguay. Cathie, (1997), 21

⁶⁴ Desta, (2002), 9

a. Market access

One of the three pillars of the agreement on agriculture is market access. Market access refers to the conditions of importing goods in to a country.⁶⁵ Countries need markets for the sale of their goods.

'The key elements for market access of agricultural products are the establishment of a tariff only regime (tariffication), tariff reduction and the binding of all agricultural tariffs.'⁶⁶ Before the coming in to picture of the GATT 1947 agreement, countries used to impose non-tariff barriers on imports of other countries. Though both tariff and non-tariff barriers are considered as obstacles to free trade, tariffication is considered as the better of the two evils for its transparency among other advantages.⁶⁷ Therefore, the General Agreement prohibits the use of non tariff border measures while allowing tariffs.⁶⁸

Following the GATT, other rounds of negotiations have taken place, the last one being the Uruguay round.⁶⁹ The Uruguay round resulted in the adoption of the agreement on agriculture.

The objective of the Punta Del Este declaration that launched the Uruguay Round in the area of market access were

“to achieve greater liberalization of trade in agriculture and bring all measures affecting import access under strengthened and more operationally effective GATT rules and disciplines... improving market access through, inter alia, the reduction of import barriers.”⁷⁰

⁶⁵ Phillips, (2000), <<http://www.ccic.ca>>[accessed on 11 October 2004]

⁶⁶ WTO, (1998), 56

⁶⁷ Desta, (2002), 18. The other benefits of tariff are its predictability and the non-discriminatory application of import restrictive measures. Id, 67

⁶⁸ Ibid

⁶⁹ The other rounds are: Annecy Round, Torquay Round, Geneva Round, Dillon Round, Kennedy Round, and Tokyo Round. For further information see <http://www.wto.org>

⁷⁰ Ministerial declaration on the Uruguay Round adopted in Punta del Este, reproduced in Croome, (1999), 343 ff

During the Uruguay round negotiation, different positions were taken by the negotiating parties. The United States proposed tariffication of non-tariff barriers, bound against increase and negotiate down to lower levels with a minimum access for imports of 5% of the domestic market where as the EU, accepting tariffication as a useful tool, wanted to harmonize its tariff structure by rebalancing, that is, raising certain tariffs that it felt were exceptionally low as to distort markets.⁷¹

After a protracted negotiation, the parties were nowhere near an agreement. Hence, the chairman of the agriculture group, Dunkel, had to arbitrate and conciliate by proposing a draft agreement on agriculture.⁷² Although he failed to come up with a compromise package for all participants to accept, his proposed package was 'much closer to the final outcome than anything on the negotiating table....'⁷³



The agreement on Agriculture did not just convert the non-tariff barriers in to their tariff equivalents, but also introduced additional obligations to bind and reduce the resulting tariffs.⁷⁴ Modalities agreement for the establishment of specific binding commitments was adopted in 1986.⁷⁵ Pursuant to the modalities agreement paragraph 5, developed countries were required to reduce their duties by a simple average of 36%, with a minimum reduction on individual products of 15%.⁷⁶ The reduction is to be made in equal annual instalments over six years from 1995. The percentage for developing countries is an average of 24% and a minimum of 10% over a period of ten years. As regards least developed

⁷¹ Croome, (1999), 200-201

⁷² Ibid, 256

⁷³ Ibid, 257

⁷⁴ Desta, (2002), 67

⁷⁵ Since the guidelines for calculation of tariff equivalents were included only in the modalities and not in the AoA, making it no more useful for new tariffication purpose, the AoA was made to have an attachment to Annex five which reflects the pertinent provisions of the modalities agreement. For more information see Desta, (2002), 94

⁷⁶ Desta, (2002), 73

countries, article 15/2 of the agreement on Agriculture exempts them from undertaking reduction commitments.⁷⁷

In order to complete the discussion on market access a complete one, it is worth saying few words about special safeguard mechanisms. Article 5 of the agreement on agriculture allows members to impose additional duties on imports under conditions that are easier to meet. The purpose of this article is 'to facilitate the imposition of safeguard measures in cases where substantial concessions have been made and to make them more difficult to adopt when market access is limited.'⁷⁸

b. Domestic Support

The other pillar of the agreement on agriculture that has been a point of contention during the negotiation is domestic support. Domestic subsidy⁷⁹ can be defined as 'subsidy granted to an industry on all of its production of a product regardless of whether that production is exported.'⁸⁰

Countries give different reasons for providing domestic support to their farmers. The main policy considerations behind the provision of domestic support can be summarized as:⁸¹

- i. To maintain or raise the general level of farming income usually with a view to some relationship being maintained with incomes in other sectors of the economy.
- ii. To reduce or eliminate fluctuations in domestic farming prices and incomes.

⁷⁷ See article 15/2 of the AoA

⁷⁸ Delcros, (2002), 234

⁷⁹ The difference between domestic support and domestic subsidy is one of scope, domestic subsidy being the subset of domestic support. See Desta, (2002), 306

⁸⁰ Jackson, Davey and Syskes, (1995), 757

⁸¹ Desta, (2002), 308

- iii. The political influence of the agricultural communities in different countries.

Domestic support exhibits various impediments to free trade. It plays a protectionist role in the sense that it lowers the price of locally produced goods below the level of imports, thereby driving out import competition.⁸² It makes the domestic product artificially competitive on the international market. The provision of subsidies to domestic producers affects not only the conditions of competition in the domestic market but it will also distort patterns of international trade, which obviously is against the interests of other countries.⁸³

Considering the fact that domestic support is a trade distorting measure, the next thing is to find out what has so far been done about it.

Different attempts were made at the multilateral level to deal with the issue. 'The first truly multilateral move in this direction was made during the negotiation of International Trade Organisation Charter in the second half of the 1940s.⁸⁴ However, the ITO did not come in to existence, and the charter remained dysfunctional.⁸⁵

The 1947 General Agreement devoted certain articles to subsidies in general. During the Uruguay round, the issue of domestic support was one of the agricultural trade disciplines that needed to be strengthened.

At the time of the negotiation, a stalemate was reached due to the polarised positions of the two leading trading powers, the EU and US. In the beginning, the US proposed for "complete phase out over ten years of all agricultural subsidies

⁸² Jackson, Davey and Syskes, (1995), 757 -8

⁸³ Desta, (2002), 313

⁸⁴ Ibid, 318

⁸⁵ Rao and Guru, (2003), 31. The failure of the US congress to vote on the charter was the reason for the demise of the ITO. Ibid.

which directly or indirectly affect trade”⁸⁶, whereas the EU was prepared to contemplate only limited and gradual reduction on support to agriculture.⁸⁷ The negotiation was taken one step further due to the adoption of the Mid-term Review agreement at the April 1989 meeting.⁸⁸ The negotiation ended up with the adoption of different colour boxes on domestic support measures.⁸⁹

The rule here is that all forms of domestic support to the agricultural sector are subject to reduction commitments. However, this general rule has exceptions. ‘An exemption from reduction commitments may be made for policies if they are specifically claimed and are justified through the fulfilment of the necessary criteria thereof.’⁹⁰ The exemptions to the reduction commitment of domestic support measures are found under article 6 and in Annex 2 of the AoA.

i. The Exception under Article 6

Article 6 of the agreement provides for three types of domestic support measures that are exempt from reduction commitments. The first of these exempt support measures is the *de minimis* level of support. The *de minimis* exception is related with Amber Box support.

All domestic support measures considered to distort production and trade fall in the amber box.⁹¹ Since these support measures are considered to be trade distorting, they are subject to reduction commitments under the agreement. The method of calculation the members agreed for the enforcement of the reduction

⁸⁶ Croome, (1999), 95

⁸⁷ Ibid, 145

⁸⁸ Desta, (2002), 388

⁸⁹ The Dunkel proposal originally differentiated between two types of domestic support: support considered to be economically neutral (green box) and support that is deemed to have impact on support (Amber box). See Delcros, (2002), 235. However, the Blair House Accord, which was signed between the US and the EU in November 92, introduced a third colour box: the blue box in order to exclude direct support from members’ reduction commitments. Id, 239

⁹⁰ Desta, (2002), 410

⁹¹ <<http://www.wto.org>>[accessed on 7 October 2004]

commitment is referred to as Aggregate Measure of Support (AMS).⁹² Pursuant to article 6/3 of the agreement, a member is considered to be in compliance with its domestic support reduction commitments if its domestic support in favour of agricultural producers expressed in terms of current total AMS does not exceed the corresponding annual or final commitment level specified in part IV of its schedules. Though members have reduction commitments on their domestic support, a minimal level of support is allowed. The de minimis support allowed for developed countries, as stipulated under article 6/4 of the agreement, is 5% of the member's total value of production of an agricultural product. The de minimis level for developing countries is 10%.⁹³

The second exception to the reduction commitment of domestic support measures is direct payment under production limiting programmes. These payments are referred to as 'Blue Box' measures and are exempted from reduction commitments pursuant to Article 6/5/a of the AoA. However, the agreement excludes direct payments under production limiting programmes from reduction commitments. This exception will be applicable if:⁹⁴

- A. the payment is direct, that means it has to be paid straight from the governmental budget and*
- B. Payment should be conditional up on some form of production limiting measures being taken by the recipient.*

As stated earlier, the Blue box support came into the picture following the Blair House Accord. Though the major users of this support at the beginning were the US and EU, the new US agricultural law is believed to have changed the previously blue box measures to green by complete decoupling, leaving the EU

⁹² Delcros, (2002), 236. Article 1/a of the AoA defines AMS as the annual level of support, expressed in monetary terms, provided for an agricultural product in favour of the producers of the basic agricultural products ...other than support provided under programmes that qualify as exempt from reduction under Annex 2.

⁹³ Article 6/4/b of AoA

⁹⁴ Desta, (2002), 411

as the only major user of the blue box at present.⁹⁵ Many countries are proposing for the complete abolition of the Blue Box support.

The other category of exception is domestic support provided by developing countries. Pursuant to article 6/2 of the agreement, there are three types of domestic support provided by developing countries that are exempt from the reduction commitment. These support measures are:⁹⁶

- a. investment subsidies which are generally available to agriculture in developing country members,
- b. agricultural input subsidies generally available to low income or resource poor producers in developing country members, and
- c. support to producers in developing country members to encourage diversification from growing illicit narcotic crops.

Domestic support measures that meet the criteria set above are not required to be included in the calculation of a member's Current Total AMS. However, the exemption made under this article is not absolute in the sense that the measures are not fully protected from challenge by the "peace clause" of article 13 of the AoA.⁹⁷

Pursuant to article 13/b/1 of the AoA, domestic support measures that conform fully to the provisions of article 6 will be exempted from the imposition of countervailing duties. Nonetheless, if the complaining member manages to establish injury or threat thereof in accordance with article VI of GATT 1994 and part V of the subsidies agreement, the member can impose countervailing duties upon showing due restraint in initiating countervailing duty investigation.

Added to that, the support measures may also be subject to actions based on article XVI/1 of GATT 1994 or article 5 and 6 of the subsidies agreement and

⁹⁵ *Ibid*, 412. The other three countries making use of the blue box are Iceland, Norway, and Slovakia. *Ibid*, foot note number 196

⁹⁶ Article 6/2 of AoA

⁹⁷ Desta, (2002), 413

article XXIII/1/b of GATT 1994 if the support granted to a specific commodity is in excess of that decided during the 1992 marketing year.⁹⁸

ii. The Exception under Annex 2

Annex 2 of the agreement provides for different measures that are exempt from reduction commitments. Support measures that fall under the exemptions in annex 2 are referred to as 'Green Box' measures. In order to qualify as green box support, the support must have no or at most minimal trade distorting effects or effects on production.⁹⁹ More over, the domestic support measure must also be included among "policy specific criteria and conditions" as envisaged in the last aliena, paragraph 1 of Annex 2.

'All measures for which exemption is claimed have to meet two types of criteria: General and Policy specific.'¹⁰⁰ The general criteria, as stated under paragraph 1/a and b of annex 2, are ;a the support in question shall be provided through a publicly funded government programme (including government revenue forgone), not involving transfers from consumers and b. the support in question shall not have the effect of providing price support to producers.

In addition to these general criteria, the annex provides for policy specific conditions. 'The policy specific criteria and condition depend on the nature of the particular policy under consideration.'¹⁰¹ Taking this in to account, the annex bestows various categories of policy specific conditions.

The first of these policy specific conditions on the list is General services. The policies in the general service category involve expenditures (or revenues forgone) in relation to programmes which provide services or benefit to

⁹⁸ Article 13/b/ii and iii of AoA

⁹⁹ Annex 2 paragraph 1

¹⁰⁰ Desta, (2002), 414

¹⁰¹ Ibid

agriculture or the rural community.¹⁰² The paragraph provides a non exhaustive list of programmes falling under this category. The list includes support granted for research, pest and diseases control, training services, marketing and promotion service, inspection service, and infrastructural service. Domestic support measures for these listed purposes are exempted from reduction commitments.

The other policy specific condition is public stockholding for food security purposes. The issue of food security was one of the concerns that was raised during the Uruguay round negotiations. In addressing the concerns, the agreement allows states to make expenditures in relation to the accumulation and holding of stocks of products which form an integral part of a food security programme identified in the national legislation.¹⁰³ The governmental aid to private storage of products can also be included as part of food security programme. However, this is also subject to certain conditions. These exceptions as envisaged under paragraph 3 are: first, there has to be correspondence with the volume and accumulation of the stock on the one hand and the predetermined targets related solely to food security, there has to be financial transparency in the process of stock accumulation and disposal, and lastly food purchases by the government has to 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. The basic aim of setting these conditions is 'avoiding the practice of trade and production distorting subsidies disguised as genuine food security measures.'¹⁰⁴

The next policy specific condition on the agenda is domestic food aid.¹⁰⁵ Expenditures made for the provision of domestic food aid to sections of the population in need are exempt from reduction commitments provided they meet

¹⁰² paragraph 2 of annex 2 to the AoA

¹⁰³ paragraph 3 of annex 2 to the AoA

¹⁰⁴ Desta, (2002), 415

¹⁰⁵ See paragraph 4 of annex 2 to the AoA

the general conditions set under paragraph one of the annex. Once again, the agreement made this subject to certain conditions.¹⁰⁶

The agreement also provides for the exemption of support made through direct payments (or revenue forgone, including payments in kind) to producers from reduction commitments.¹⁰⁷ However, in order to claim exemption from reduction commitments for such support, it has to meet the general criteria set out in paragraph one of the annex and specific criteria as set out in paragraph 6 through 13 of the annex. These specific criteria include decoupled income support, government financial participation in income insurance and income safety net programmes, payments for relief from natural disasters, structural adjustment assistance provided through producer retirement programmes, structural adjustment assistance provided through resource retirement programmes, structural adjustment programmes provided through investment aids, payments under environmental programmes and payments under regional assistance programmes.



c. Export Subsidy

The third pillar of the agreement on agriculture is export subsidy. Export subsidy, as defined under article 1/e of the AoA, refers to subsidy contingent up on export performance. That means, 'export subsidy is paid to an industry only on products that are exported.'¹⁰⁸ However, the term subsidy is defined nowhere in the agreement there by making things a little bit complicated. Under such conditions, the Vienna Convention on treaties provides the solution by stating in its article

¹⁰⁶ First the eligibility to receive the food aid has to be subject to clearly defined criteria related to nutritional objectives, the aid has to be in the form of direct provision of food to those concerned or the provision of the means to allow eligible recipients to buy food either at market or at subsidized price, and lastly, food purchase by the government shall be made at current market price and the financing and administration of the aid shall be transparent.

¹⁰⁷ Paragraph 5 of annex 2 to the AoA

¹⁰⁸ Jackson, Davey and Syskes, (1995), 758

31/1 that agreements should be interpreted in accordance with their context.¹⁰⁹ Some scholars argue “context” in this situation covers not only the text of the AoA but also other relevant multilateral agreements forming part of the WTO agreement.¹¹⁰ In this case, the relevant WTO document for defining subsidy is the agreement on subsidies and countervailing measures. Hence, the cumulative reading of articles 1/1 of the subsidies and countervailing agreement and 1/e of the AoA will provide the definition of export subsidies as financial contribution by a government or any public body within the territory of a member contingent upon export performance.¹¹¹

Like domestic support, export subsidies have trade distorting effects. Export subsidies enhance artificial competitiveness of beneficiaries, which will in turn affect world commodity price directly.¹¹² Considering the fact that export subsidies cause distortion in the world trade, they need to be disciplined.

The discipline applying to export subsidy under the AoA is the prohibition of export subsidies provisions otherwise than in conformity with the agreement and commitments specified in the member's schedule.¹¹³ It can be observed from the agreement that members have given two types of undertakings in relation to export subsidies. The first one is the undertaking to reduce export subsidies while the second is not to circumvent their reduction commitments by using other export subsidies.¹¹⁴

A member's reduction commitment applies to export subsidies listed under article 9/1 of the AoA. These export subsidies include the provision by government of

¹⁰⁹ Article 31/1 of the Vienna convention reads as follows: 'A treaty shall be interpreted in good faith in accordance with the ordinary meaning to be given to the terms of the treaty in their context and in the light of its object and purpose.' Vienna Convention on the Law of Treaties (Vienna 23 May, 1969) available at <<http://www.admiraltylawguide.com>> [accessed on 5 May 2005]

¹¹⁰ Desta, (2002), 214

¹¹¹ article 1/1 of the SCM agreement and art. 1/e of the AoA

¹¹² Jackson, Davey and Syskes, (1995), 758

¹¹³ Article 8 of the AoA

¹¹⁴ Delcros, (2002), 241

direct subsidies including payment in kind contingent upon export performance, sale for export by government of non commercial stocks of agricultural products at a price lower than domestic market, etc.

In addition to this, pursuant to article 10.1 of the AoA export subsidies that are not listed in paragraph 9/1 cannot be applied in a manner that results or threatens to lead to circumvention of export subsidy commitments. Two things can be observed from this article. First, for an export subsidy to be condemned it does not need to result in actual circumvention of commitment; rather threat to lead to circumvention of export subsidy commitment suffices.¹¹⁵ Secondly, the effect of the article is banning of all WTO members from introducing new export subsidy in the future.¹¹⁶ The inclusion of this article was meant to address the fear of circumvention of export subsidy commitments by member states. Moreover, the article prohibits the use of non commercial transactions so as to circumvent the export subsidy commitment of the member.



As regards the reduction commitments of members, the agreement provides for the reduction of the quantity of agricultural products exportable with the aid of subsidy and commitments for the reduction of budgetary outlays allowed for the purpose of giving subsidy.¹¹⁷ The amount of reduction commitment that the member had to undertake was a point of discussion during the negotiation. The draft presented by Dunkel required that export subsidies be cut by 36% on a budgetary basis and 24% on a quantity basis.¹¹⁸ However, the Blair House agreement that was concluded between the US and EU contained somehow different amount. At the end the agreement retains the commitments entered at the Blair House accord. Pursuant to article 9/2/b/iv of the agreement, the level of reduction commitment in budgetary expenditure is 36% and 21% for quantities of subsidized exports. The reduction will be implemented over a base period of

¹¹⁵ Ibid, 245

¹¹⁶ WTO, (1998), 64

¹¹⁷ Desta, (2002), 248

¹¹⁸ Breen, (1999), .27

1986-1990. The reduction commitment for developing countries is 24% for budgetary outlays and 14% for quantities of subsidized exports.¹¹⁹

3.2 The Relationship with Food Security

Food security and livelihood in a country are affected by different factors. One amongst the broad range of factors influencing food security is international trade policy.¹²⁰ The WTO negotiation will result in the change of a country's international and domestic trade policies. The impact of the WTO negotiation is felt mainly through the actions of other countries.¹²¹ The negotiations would result in the change of price of goods, thereby affecting the imports and exports of a country.

Trade policy reform resulting from the WTO negotiations involves a combination of domestic support measures; export subsidies; and tariffs.¹²² The resulting effect on food security by any change on these three pillars is often ambiguous.



In a scenario in which major export would eliminate trade barriers, domestic support and export subsidies, the expected effect would be a decline in exports of staple foods and an increase in world price. For resource poor countries, increased price of food means there would be lower food imports and a reduction in a foreign exchange available for alternative use.¹²³

Lowering of tariff results in lower prices of the goods for consumers. The liberalization of agriculture is expected to result in the lowering of tariffs, thereby increasing the amount of food imported to the country and leading to greater food

¹¹⁹ See art. 9/2/b/iv of the AoA

¹²⁰ Stevens et al, (2003), <<http://www.ids.ac.uk>> [accessed on 11 October 2004]

¹²¹ Ibid

¹²² FAO, (2003), 38

¹²³ Shapouri and Trueblood, (2003), 154

security.¹²⁴ This assumption works for countries in which the majority of the population are consumers. However, the assumption does not hold water for many developing countries 'where two third of the population lives in rural areas, agriculture generates over one third of the Gross Domestic Product (GDP) and a substantial percentage of export depend on agriculture.'¹²⁵

As regards domestic support measures, the assumption is that the removal of domestic support will lower output thereby increasing the price on the world market.¹²⁶ This will ultimately have effect on net food imports by increasing their import bills. The removal of export subsidies will also have similar effects. The existence of these supports has made it easier to supply food deficit countries with imported foods.¹²⁷ The removal of this support, leading to rising food price, would hurt consumers in developing countries, especially in the short run. However, the existence of the support is at the same time disadvantageous in the sense that it has lowered incentives for domestic agricultural production. The rise in price of agricultural products due to the removal of 'support would send a signal to extend output for domestic producers which may be beneficial in the long run in terms of productivity and rural incomes.'¹²⁸

3.3 Concerns Raised by Different Groups during the Negotiation

During the Uruguay round, different parties voiced their concern as regards the implication of the agreement on agriculture on food security of poor countries. There were also other groups concerned with trade circumvention effects of international food aid.

¹²⁴ Phillips, (2000), <<http://www.ccic.ca>>[accessed on 11 October 2004]

¹²⁵ Diaz-Bonilla, (2003), 242

¹²⁶ FAO, (2003), 38

¹²⁷ Stevens et al, (2000), 30

¹²⁸ Shapouri and Trueblood, (2003), 155

a. Food Security Concerns

The proposed reforms on agricultural trading were expected to result in the increase of price of food items. The World Bank estimated an increase in world wheat price of 5.9%, 3.6% in coarse grains, 7.2% in dairy products and 4.1% on vegetable oils.¹²⁹ The agreement brought the issues of domestic support and export subsidy under its disciplinary rules. However, 'there [was] a fear that any reduction in domestic support might lead to significant production cuts in the developed countries.'¹³⁰ This production cut would significantly affect low-income countries that depend on surplus of developed countries. 'Of all the planned policy reforms, particularly worrying to LDCs and NFIDCs were the reduction in export subsidies to be made....'¹³¹

*'export subsidies have existed in the international agricultural market since 1890s. Over the years, food deficit developing countries have depended on cheap subsidized exports, which were often linked to concessions granted under food aid programs.'*¹³²



The reduction of domestic support and export subsidy by developed countries were expected to have twofold impacts:

- i. So long as food aid is taken as a form of surplus disposal by surplus producing countries, the reduction would result in reduced surplus, which in turn will affect the amount of food available for purpose of food aid.¹³³
- ii. The reduction would also result in 'exerting upward pressure on the world agricultural commercial prices of basic food stuffs.'¹³⁴

¹²⁹ Raffer and Singer, (1996), 73.

¹³⁰ Desta, (2001), 452

¹³¹ UNCTAD, (2000), <<http://www.unctad.org>> [accessed on 7 October 2004]

¹³² Ibid

¹³³ Desta, (2001), 452

¹³⁴ UNCTAD, (2000), <<http://www.unctad.org>> [accessed on 7 October 2004]

b. Circumvention Concerns.

The other group that showed concern during the Uruguay round were the group of net food exporting countries. 'Their concern was that the use of non-commercial transactions, such as international food aid could be used by some as a means of side-stepping their (reduction) commitments....'¹³⁵ In response to these concerns, the Agreement on agriculture in its article 10/4 illustrates that the provision of food aid is not tied directly or indirectly to commercial exports of agricultural products to recipient countries, that international food aid transactions are to be conducted in accordance with the FAO 'Principles of Surplus Disposal and Consultative Obligations' including where appropriate the system of Usual Marketing Requirements, and that the aid must be provided to the extent possible in fully grant form or on terms no less concessional than those provided in the Food Aid Convention. This article addresses the concerns of developed countries. On top of that, article IX/1/e of the Food Aid Convention requires its members to ensure that the provision of food aid is not tied directly or indirectly to commercial exports of agricultural products or other goods and services to the recipient country and that the food aid transaction is conducted in a manner consistent with the FAO 'Principles of Surplus Disposal and Consultative Obligations'.¹³⁶

3.4 How did the AoA address these concerns?

The agreement on agriculture tries to address the concerns raised by different groups at the time of the negotiation.

Preamble of the Agreement: The step taken during the Uruguay round is a beginning towards the full liberalization of agricultural trade. 'Negotiations are already underway to push the reform process forward and the problem of food

¹³⁵ Desta, (2001), 451

¹³⁶ For further discussion on the commitments of states emanating from the Food Aid Convention see the discussion made infra section 3.6

security still occupies a central place.¹³⁷ The preamble of the agreement in its last paragraph states that commitments under the reform program are to be made in an equitable way among all members, having regard to food security concerns, possible negative effects on least developed and net food importing developing countries. Hence, when negotiations take place, the concern of these countries will be given prior consideration.

Operative part: currently, agricultural negotiations are taking place on a multilateral level. Article 20 of the Agreement on Agriculture lays down the mandate for the current negotiation that was launched at Doha in 2001. This article, while providing the mandate for the ongoing negotiations, also addresses food security issues. It recognises that the long-term objective of reduction in support and protection is an ongoing process and that non-trade concerns like environment and food security are to be considered during the negotiations.

Furthermore, article 16 of the agreement imposes an obligation on developed countries to take actions as provided within the framework of the Marrakech decision. The follow up of this decision is to be monitored by the committee on agriculture, which was established pursuant to article 17 of the agreement.

Marrakech Decision

One of the expected impacts of the Uruguay round negotiation was the increase on the prices of agricultural commodities. 'This impact was considered to be the source of "the possible negative effects" of the reform process which led to the adoption of the Marrakech decision.'¹³⁸ The decision is designed to address the problem that could be posed by agricultural liberalization on LDCs and NFIDCs. The decision does not provide a list of LDCs and NFIDCs; rather the agricultural committee is to identify which country belongs to the group of LDCs as

¹³⁷ Desta, (2001), 450

¹³⁸ UNCTAD, (2000), <<http://www.unctad.org>>[accessed on 7 Oct. 2004]

recognized by the economic and social council of the UN.¹³⁹ As regards NFIDCs, membership to this group is open for countries that are developing, that have been a net importer of basic foodstuffs in any three years of the most recent five year period for which data are available, and must notify WTO committee on agriculture of its wish to be so classified.¹⁴⁰

As to the general features of the decision, it consists of six paragraphs.¹⁴¹ In its first paragraph, the decision recognizes the increased opportunities for trade expansion and economic growth as a result of the progressive implementation of the Uruguay round. The second paragraph recognizes the negative effects in terms of availability of adequate supplies of foodstuffs for LDCs and NFIDCs, including short-term difficulties in financing normal levels of commercial imports of basic foodstuffs. These two paragraphs equally give recognitions to the possible advantages and dangers of agricultural trade liberalization.

Following these recognitions, paragraph three lays down mechanisms to ensure that “the implementation of the Uruguay round does not adversely affect the availability of food aid at a level which is sufficient to continue to provide assistance in meeting the food needs of developing countries, especially LDCs and NFIDCs.”¹⁴² These mechanisms will basically do three things.¹⁴³

- i. Review the level of food aid established and initiates negotiation in the appropriate forum to establish a level of food aid commitments sufficient to meet the legitimate needs of developing countries during the reform program.

¹³⁹ Desta, (2001), 453

¹⁴⁰ Stevens, (2004), 5. 24 countries are classified as NFIDCs as of September 2004. These countries are: Barbados, Botswana, Cote d'Ivoire, Cuba, Dominica, Dominican Republic, Egypt, Honduras, Jamaica, Jordan, Kenya, Mauritius, Morocco, Namibia, Pakistan, Peru, Senegal, Sri Lanka, St Kitts and Nevis, St Lucia, St Vincent, Trinidad and Tobago, Tunisia, and Venezuela.

¹⁴¹ See the ministerial decision on measures concerning the possible effects of the reform process on LDCs and NFIDCs

¹⁴² Chapeau of paragraph 3 of the Agreement on Agriculture.

¹⁴³ Paragraph three of the AoA

- ii. Adopt guidelines to ensure that an increasing proportion of basic foodstuffs is provided to these countries in fully grant form or on appropriate concessional terms, and
- iii. To give full consideration to the requests of technical and financial assistance.

Paragraph four deals with provision of special and differential treatment to LDCs and NFIDCs in relation to agricultural export credits. The next paragraph also describes how these countries can tackle the short-term difficulties in financing their commercial imports through improved access to the resources of international financial institutions.

What the decision basically does is to 'commit the signatory ministers *inter alia* to establish appropriate mechanisms to ensure that the implementation of the results of the Uruguay round on trade in Agriculture does not adversely affect food aid.'¹⁴⁴



Implementation of the Decision

The negotiators at the Uruguay round have designed a mechanism to address the food security concerns of LDCs and NFIDCs by adopting this decision. The question is how much did the decision help in reducing these concerns?

One criticism that has been posed by different scholars is the fact that the decision does not create any mandatory obligation on the part of developed countries. As Christopher Stevens puts it, 'the commitment at Marrakech falls in to the category of what is known as "best endeavours"'.¹⁴⁵ The grounds for such saying will be the next issue to be discussed.

¹⁴⁴ Stevens, (2004), 6

¹⁴⁵ Ibid

The provision of technical and financial assistance to LDCs and NFIDCs to improve their agricultural productivity and infrastructure is one of the mechanisms set out by paragraph three of the decision. This paragraph is designed in the form of a policy recommendation to donor countries, and not a commitment.¹⁴⁶ 'The provision of technical assistance is essentially a bilateral matter between donors and recipients based on request made by recipients.'¹⁴⁷ Hence, it is not open to any multilateral follow up or monitoring and there is a complete lack of information on its practical implementation.¹⁴⁸

The issue of creating improved access to facilities of international financial institutions is no different. 'The World Bank and the IMF confirmed to the WTO committee on agriculture that they would continue to support the financing needs of LDCs and NFIDCs with in their existing financing frameworks and programs.'¹⁴⁹ Despite the ministerial decision adopted at the Uruguay round, these financial institutions did not consider it appropriate to establish a special adjustment facility to LDCs and NFIDCs.



The paragraph that deals with provision of differential treatment to LDCs in agreements relating to agricultural export credits was included in accordance with article 10.2 of the agreement on agriculture. This article deals with the development of internationally agreed disciplines to govern the provision of export credits, export credit guarantees and insurance programmes.¹⁵⁰ 'Since export credits function for the benefit of LDCs and NFIDCs that face short term cash flow problems, and export credit guarantees would facilitate commercial exports to financially "risky" countries, it was considered necessary to make a special provision for LDCs and NFIDCs.'¹⁵¹ However, members of WTO have not yet agreed on the issue of export credits. 'The failure of the WTO members to

¹⁴⁶ UNCTAD, (2000), <<http://www.unctad.org> >[accessed on 7 Oct. 2004]

¹⁴⁷ Ibid

¹⁴⁸ Desta, (2001), 455

¹⁴⁹ UNCTAD, (2000), <<http://www.unctad.org> >[accessed on 7 Oct. 2004]

¹⁵⁰ Article 10/2 AoA

¹⁵¹ UNCTAD, (2000), <<http://www.unctad.org> >[accessed on 7 Oct. 2004]

agree on disciplines governing the provision of export credits has thus far rendered irrelevant the obligation to ensure differential treatment.’¹⁵²

As regards food aid available to these countries, there are two views. Some say it has brought some tangible results. Whereas others say the fact that there is no definition of sufficient level of food aid makes the decision a failure.¹⁵³

3.5 Food Aid and Food Trade under the WTO Trading System.

International food aid can be defined as ‘the provision of food commodities to another free of charge or under highly concessional terms.’¹⁵⁴ Countries engage in food aid to assist other countries in meeting their food needs. There are basically three types of food aid; relief food aid, project food aid and programme food aid.

- I. Relief Food Aid: sometimes referred to as emergency food aid, is supplied for direct distribution in times of acute food stress caused by manmade or natural disaster.¹⁵⁵
- II. Project Food Aid: is a multilateral or bilateral transfer of food to be distributed to targeted food insecure or vulnerable groups.¹⁵⁶
- III. Programme Food Aid: is provided directly to the government of the recipient country for sale on the local markets whereby the proceeds of the sale will be under control of the recipient government.¹⁵⁷

As Huff and Jimenez observed, programme food aid is the most ineffective and inefficient form of aid and does not help in solving the problem of food insecurity

¹⁵² Desta, (2001), 455

¹⁵³ See the arguments raised by Desta on JWT and the Report of UNCTAD

¹⁵⁴ FAO, (2001), <<http://www.fao.org>> [accessed on 20 April, 2005]

¹⁵⁵ Clark, (2001), <<http://www.ifpri.org>> [accessed on 7 October 2004]

¹⁵⁶ Ibid

¹⁵⁷ FAO, (2001), <<http://www.fao.org>> [accessed on 20 April, 2005]

on a long-term basis where as emergency food aid has played a great role in saving lives.¹⁵⁸

As regards the origin of food aid, 'food aid emerged originally for the purpose of agricultural surplus disposal in the 1950s-mainly provided on a bilateral level.'¹⁵⁹ Surplus producing developed countries considered food aid as a mechanism for disposing of their surplus.

The International Grains Agreement governs non-commercial transactions of food that takes place in the form of food aid including concessional sales.¹⁶⁰ The International Grains Agreement consists of the Wheat Trade Convention and the Food Aid Convention.¹⁶¹

'The institutional basis of food aid was further strengthened with the signing of the first Food Aid Convention in 1967 within the context of the International Grains Arrangement (IGA).'¹⁶² Since then, the convention has been adjusted several times in line with the change of international trading situation. The coming into existence of the WTO was also one reason for the change of the convention. As a result of the establishment of the WTO, a new Food Aid Convention came in to force in 1 July 1999.¹⁶³ Pursuant to article xxv/a, the convention is to remain in force until June 30, 2002, i.e. for three years. However, the food aid committee is allowed to extend the time limit for successive periods not exceeding two years on each occasion.¹⁶⁴ As a result, the governing legal text at present is the 1999 Food Aid Convention.

The objectives of the convention, as described under article I are to contribute to world food security and to improve the ability of the international community to

¹⁵⁸ Huff and Jimenez, (2003), 4

¹⁵⁹ Zhang, (2004), 573

¹⁶⁰ Ibid, 568

¹⁶¹ Desta, (2001), 457

¹⁶² FAO, (2001), <<http://www.fao.org>> [accessed on 20 April, 2005]

¹⁶³ Zhang, (2004), .575

¹⁶⁴ Article xxv/b Food Aid Convention 1999

respond to emergency food situations and other food needs of developing countries.¹⁶⁵ This can be done through the following alternative ways:¹⁶⁶

- I. Making appropriate levels of food aid available on a predictable basis.
- II. Encouraging members to ensure that the food aid provided is aimed particularly at the alleviation of poverty and hunger of the most vulnerable groups.
- III. Including principles for maximising the impact, the effectiveness and quality of food aid provided as a tool in support of food security, and
- IV. Providing a framework for coordination, cooperation and information sharing among members on food aid related matters

The members of the convention entered in to a commitment to provide food aid to developing countries that are in need of assistance. In order to achieve the objectives, the convention has set the minimum annual amount of food aid that the members are required to give to developing countries. The commitment of the members is to be expressed in either tonnes of wheat equivalent or in value or in a combination of tonnage and value. The US is located in the front line with a commitment of 2.5 million tones of wheat equivalent followed by the European Union and its member states with a commitment of 1.32 million tones.¹⁶⁷ The members are also given the option to make contributions in cash, the amount of cash being equivalent to their minimum annual quota of commitment.¹⁶⁸ When the members express their commitment in value terms or in combination of tonnage and value, they may include the value of total estimated cost, including the transport and other operational costs.¹⁶⁹ In addition, when the aid is expressed in tonnage, article X/a of the convention requires the donors to bear,

¹⁶⁵ Article I of Food Aid Convention

¹⁶⁶ Article I/a-d

¹⁶⁷ Article III/e of the Food Aid Convention.

¹⁶⁸ Article III/a of the Food Aid Convention

¹⁶⁹ Article III/d of the Food Aid Convention

to the extent possible, the cost of transporting and delivering food aid beyond the f.o.b stage particularly in case of emergency food aid.

Article III/j of the convention requires products that are provided as food aid to meet international quality standards, be consistent with the dietary habits and nutritional needs of recipients and be suitable for human consumption. One thing that makes the 1999 Food Aid Convention different from its predecessors is the inclusion of edible oil, skimmed milk powder and sugar as products eligible for supply.¹⁷⁰

The convention also lists countries that are eligible to receive aid. It specifies three categories of eligible food aid recipient countries: least developed countries, low-income countries and lower middle-income countries.¹⁷¹ 'In 2000/2001, 45 percent of the food aid went to the least developed countries, 29 percent went to low income countries, and 27 percent went to the lower middle income countries.'¹⁷²



As regards the manner of provision of food aid, the convention provides for bilateral and multilateral channelling. Article XI/a of the convention allows members to provide their food aid bilaterally through intergovernmental or other international organizations or non governmental organizations whereas sub article b recognizes the advantages of directing food aid through multilateral channels, particularly the World Food Programme. In 2000/01, four of the members, Australia, Canada, Norway, and Switzerland provided more than half of their food aid using the multilateral channel.¹⁷³ The EU provided 45% of its

¹⁷⁰ Article IV of the convention lists down products as eligible to be supplied as including grains, grain and rice, pulses, edible oil, root crops, skimmed milk powder, sugar and seed for eligible products whereas these products were not provided for in the 1995 Food Aid Convention, See Desta, (2001)

¹⁷¹ Article VII of the Food Aid Convention.

¹⁷² However, Huff and Jimenez argued that though the targeting of these countries was a modest approach, there is no evidence showing that this is due to the Food Aid Convention requirement. Huff and Jimenez, (2003), 7

¹⁷³ Ibid

food aid through the World Food Programme, whereas the US failed to make any notification on the issue.¹⁷⁴

The convention also tries to encourage local purchases and triangular transactions. According to article XII of the convention, members who make contributions in cash are requested to direct their contribution for the purchase of food from other developing countries, referred to as triangular transaction, or from one part of the developing country for supply to a deficit area in that country. The purpose behind such requirement is to promote local agricultural development, strengthen regional and local markets and enhance the long term food security of recipient countries.¹⁷⁵ When one sees the implementation of this article, a considerable percentage of the total food aid by the EU in 2000/01 was conducted in this manner while Canada and the US did not use this approach.¹⁷⁶

Because food aid is linked with agricultural surplus disposal of major agricultural exporting countries, the manner of its conduct becomes a concern for many countries. In order to address this concern, intergovernmental consultations took place on the impact of food aid on commercial trade and on agricultural production in recipient countries.¹⁷⁷ These consultations resulted in the adoption of principles of surplus disposal that formulated consultative obligations of member countries and set up consultative sub committee of surplus disposal in 1954.¹⁷⁸

'The principles of surplus disposal were formulated to try to safeguard commercial agricultural transactions against displacement by dumping practices and by concessional sales of food aid.'¹⁷⁹ The principle of surplus disposal tried to balance the interests of both the recipient and donor countries. It does so by

¹⁷⁴ Ibid

¹⁷⁵ article XII/a of the Food Aid Convention

¹⁷⁶ Norway provided 44% of its food aid in the same manner whereas the amount by Australia was 24%. The share by Canada was 3% and none for US. Huff and Jimenez, (2003), 7

¹⁷⁷ FAO, (2001), <<http://www.fao.org>> [accessed on 20 April, 2005]

¹⁷⁸ Zhang, (2004), 574

¹⁷⁹ Cathie, (1997), 9

emphasizing the importance of increasing consumption rather than restricting supply for the benefit of recipients whereas the interest of donors is protected via the undertaking that disposals will be made without harmful interference with international trade and by assuring against resale or transshipment of commodities supplied on concessional terms.¹⁸⁰

The term 'concessional' refers to a situation whereby the transaction in question is made in terms more favourable to the recipient than would otherwise be available to it on the commercial market.¹⁸¹ Pursuant to article 10/4/c of the AoA, members that are also donors of international food aid are required to ensure food aid is provided in fully grant form or on terms no less concessional than those provided for in the Food Aid Convention of 1986. The 1986 food aid convention has been replaced in 1995 and consecutively in 1999. The 1999 Food Aid Convention in its article IX/c requires the food aid provided in the form of grant to represent not less than 80% of the member's contribution, with the possibility of progressively exceeding the percentage. Some argue that the inclusion of this requirement in the convention is an important success story for the WTO in the implementation of the Marrakech decision.¹⁸² As regards the remaining 20%, the implication is that the members can engage in concessional sale. These transactions will, therefore, be subject to the FAO principles of Surplus Disposal. As stated earlier, the principles of surplus disposal

seek to ensure that food and other agricultural commodities which are exported on concessional terms result in additional consumption for the recipient country and do not displace normal

¹⁸⁰ FAO, (2001), <<http://www.fao.org>> [accessed on 20 April, 2005],

¹⁸¹ Desta, (2001), 459-460

¹⁸² Id, 461. Paragraph 3/ii of the Marrakech decision provides for the adoption of guidelines that would ensure an increasing proportion of basic food stuff is provided in fully grant form or on appropriate concessional terms as a mechanism of addressing the food security concerns of LDCs and NFIDCs.

*commercial imports; and similarly, that domestic production is not discouraged or otherwise adversely affected.*¹⁸³

The principle takes note of the fact that food aid may cause distortion in world trade. Hence, the Committee on Surplus Disposal has developed protocols that would impose obligations on supplying countries to notify, consult and report their concessional transactions.¹⁸⁴ The notifications of donors include provisions for safeguarding normal commercial trade together with the Usual Marketing Requirement (UMR).¹⁸⁵

The Usual Marketing Requirement is a concept adopted by FAO in 1970 and represents a commitment by the recipient country to maintain a normal level of commercial imports of the commodity concerned, in addition to the commodity supplied in the concessional transaction.¹⁸⁶ Explained in another way, under the UMR concept, recipient countries are required to maintain their usual level of commercial imports despite the existence of concessional sale. Hence, the concessional sale would result in additional consumption. This concept safeguards the interests of donor countries by assuring them that recipient countries will continue to engage in commercial transaction of food. Nonetheless, the 1999 Food Aid Convention contains no mention of the Usual Marketing Requirement. Thus, 'though the inclusion of the UMR provision in food aid agreements between the donor and recipient countries is not expressly prohibited, at least it no longer have a treaty basis.'¹⁸⁷

¹⁸³ FAO, (2001), <<http://www.fao.org>> [accessed on 20 April, 2005]

¹⁸⁴ Zhang, (2004), 574

¹⁸⁵ Desta, (2001), 464

¹⁸⁶ FAO, (2001), <<http://www.fao.org>> [accessed on 20 April, 2005]

¹⁸⁷ Desta, (2001), 465

3.6 The Episode till the New Round

So far the thesis attempted to explain the concerns of the different parties raised during negotiations on the agreement on agriculture. The next issue will be to see whether the concerns of these groups have been addressed or have been deflected.

One of the expected impacts of the Uruguay round was change in the world agricultural prices. The increase in agricultural prices will in turn cause increases in the food import bills and decreases in food aid available. This will in effect jeopardize the food security of low income developing countries.

In the period between 1995 and 1997 an increase in the price of agricultural products has been witnessed.¹⁸⁸ However, this increase was subsequently followed by a decline. 'The IMF reported that by 1999 world market prices for wheat and some other food products were at their lowest level in more than 12 years.'¹⁸⁹



As regards the cereal import bills of LDCs and NFIDCs, it has shown an increase from just over US\$ 5 billion in 1993/94 to over US\$ 8 billion in 1995/96 and then decreased slightly to US\$ 6.6 billion in 1998/99.¹⁹⁰ The overall trend beginning from the 1960s shows an improvement. As Diaz-Bonilla and Thomas observed, the burden of total food bill declined on average for developing countries from almost 20% in the 1960s to about 6% in 2003, much of the change being attributed to expansion of total trade.¹⁹¹

¹⁸⁸ UNCTAD, (2000), <<http://www.unctad.org>> [accessed on 7 October 2004]

¹⁸⁹ Desta, (2001), 465

¹⁹⁰ UNCTAD, (2000), <<http://www.unctad.org>> [accessed on 7 October 2004]

¹⁹¹ Diaz-Bonilla and Thomas,(2003), 229

With regard to the food security concerns, an improvement has been observed in the past four decades.¹⁹² However, the improvements are experienced only in some regions. In Sub Saharan Africa, average food availability is still low while the number of malnourished children under the age of five has actually increased with a high incidence of malnourishment in the region as a whole.¹⁹³

The other major concern was the availability of food aid to countries that are in need of it. One problem with food aid is the tendency for shipments to increase when prices are low and to contract when prices are high.¹⁹⁴ The amount of shipment from 1990/91 to 1994/95 was 9.7 million tonnes per year whereas the amount declined to 6.1 million tonnes per year from 1995/96 to 1997/98.¹⁹⁵ According to a FAO report, the amount of food aid shipment in 1999/2000 showed an increasing trend and reached 10.2 million tonnes though it has fallen to 7.4 million tonnes in the year 2001/2002.¹⁹⁶

As can be observed from the above empirical analysis, there has been a fluctuation in all areas of concern. 'It is difficult to tell whether and to what extent the entry in to force of the WTO Agreement has played any clear role throughout.'¹⁹⁷ The price of agricultural products as well as import bills of low income countries has increased at the time of coming in to force of the agreement on agriculture and declined afterwards.

3.7 Conclusion

Agriculture is often a significant, if not vital, part of many countries' economic and social activity. Despite this, broad multilateral rules for agricultural trade were only developed during the 1986-93 Uruguay Round of trade negotiations.

¹⁹² Id. 227

¹⁹³ Id. 229-230

¹⁹⁴ Binswanger and Lutz, (2000), foot note 5

¹⁹⁵ Id, 7

¹⁹⁶ FAO, (2004), p111

¹⁹⁷ Desta, (2001), 466

Before that, Rounds had focused on liberalisation of industrial products, with exemptions for agriculture that allowed many countries to erect significant barriers to agricultural imports and to use high levels of distorting subsidies in order to protect their own producers. With the insistence of some negotiating parties, the agreement on agriculture was adopted as part of the single undertaking.

WTO Member governments made commitments in the Agreement on Agriculture to provide access opportunities into their markets and to limit and reduce export subsidies where Members had such measures in place and reduce trade distorting government support to their producers. Those commitments were implemented in the six-year period from 1995. Developing countries were given a longer implementation period of ten years while least developed countries were exempt from making any commitment at all.

Countries hold different views regarding the extent to which further trade liberalization is appropriate. This is partly influenced by the debate on the impact of trade liberalization on food security. Recognizing the short term food security problem the agreement would pose on food deficit countries, the members adopted a ministerial decision. The decision tries to ensure the availability of food aid to these countries. It also creates a link with the Food Aid Convention. The Food Aid Convention, which came in to existence as a counter part of the International Grains Agreement in 1967, tries to set the minimum annual amount of food aid that members will provide and also provides for eligible recipient countries.

The food aid convention requires members to ensure that food aid does not displace normal commercial transactions. This helps in addressing the concerns of agricultural exporting countries.

Various studies have been made to assess the food security concerns of food deficit countries. The results show that the fears of these countries materialized

during the coming in to existence of the WTO. However, the situations changed over time.

The WTO members have realized the benefits of liberalization, and hence provided the mandate for further negotiation of the agriculture agreement. As a result, negotiations are being conducted. The current round of negotiation will be the point of discussion for the next chapter.

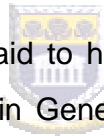


CHAPTER FOUR

A New Round of Negotiations: Doha Development Agenda

4.1 Introduction

Article 20 of the Agreement on Agriculture provides the mandate for the continued trade talks on agriculture. 'Following the collapse of the Seattle Conference, negotiations in agriculture commenced in March 2000.¹⁹⁸ The 4th Ministerial Conference, which took place in Doha, Qatar, in November 2001, launched a new round of multilateral trade negotiations. Even if agriculture was one of the nine points on the table at Doha, its negotiation has already been underway.¹⁹⁹



This new round of negotiation is said to have a development agenda. 'As the Tanzanian Ambassador to the UN in Geneva stated, the development agenda could be defined as prioritising the concerns of developing countries without denying the possibility of negotiating on the issues of interest to developed countries.²⁰⁰ It is considered as a round for developing countries because 'it acknowledged the need to solve imbalances in areas of interest to developing countries, recognized the need to provide binding and meaningful special and differential treatment and acknowledged the challenges faced by developing countries in the implementation of the last round of agreement.²⁰¹

Some of the issues covered under the Doha mandate caused divergence in positions and at times stalled the negotiations. As a result of the differences in positions, the 5th Ministerial Conference held in Cancun, Mexico, on September

¹⁹⁸ Mathende, (2002), 5

¹⁹⁹ the Current Negotiations, <<http://www.wto.org>> [accessed on

²⁰⁰ Oliva, <<http://www.ciel.org>> [accessed on 5 May 2005]

²⁰¹ Ibid.

2003 was not able to lock in any progress in any of the issues.²⁰² After this stalemate, negotiations started anew only by March 2004 and a framework for modalities rather referred to as the 'July Package' was adopted on 31 July 2004.²⁰³

4.2 Agriculture and Food Security in the Doha Mandate

Agriculture was one of the issues for negotiation that was on the table at Doha. The mandate for agricultural negotiations is based on paragraph 13 and 14 of the Ministerial declaration. The ministers at Doha committed themselves for negotiations on the three pillars of agriculture.

Following the commitment entered by the ministers at Punta del Este, the Agreement on Agriculture came up with the binding and reduction of tariffs on agricultural products. Likewise, paragraph 13 of the Doha Declaration calls for substantial improvement on market access. 'Substantial improvement in market access can only be realized through substantial reduction of tariffs, elimination of tariff escalations and peaks and expanding tariff quotas and improving their management.'²⁰⁴

Despite the existence of an agreed mandate, the negotiations were surrounded by lots of misunderstandings and stalemates in the negotiations were experienced. The contentious areas on market access were the depth of tariff cuts and level of expansion of tariff quotas.²⁰⁵ The formula to be used for reducing the tariffs has also be a point of discussion. The Cairns group of agricultural exporters opted for the adoption of the 'Swiss formula' which will bring down all tariffs to a maximum of 25%, whereas the EU, Norway, Switzerland, Japan, Korea and Mauritius, as well as India proposed the 'Uruguay

²⁰² <<http://www.mfat.govt.nz>> [accessed on 5 May 2005]

²⁰³ Braga, (2004), 3

²⁰⁴ Mathende, (2002), 11

²⁰⁵ <<http://www.mfat.govt.nz>> [accessed on 5 May 2005]

Round approach', which is linear and hence same percentage reduction for all tariffs.²⁰⁶ Many WTO members and developing countries seek an outcome in line with the Doha mandate whereas the European Union, other European countries and Japan advocate for a more minimalist outcome that would allow them to continue to protect politically sensitive products.²⁰⁷

On the point of domestic support, the Doha Ministerial declaration provides for the substantial reduction in trade distorting domestic support. The interpretation of this commitment created some sort of confusion among the WTO members. 'While some members believed that the mandate includes negotiations on all subsidy boxes (amber, blue and green), the EC stated that this would refer to those notified under the amber box of trade distorting subsidies.'²⁰⁸

As regards export subsidies, paragraph 13 of the Ministerial declaration calls for the reduction of, with a view to phasing out, all forms of subsidies. This commitment as well created confusion among the negotiating parties. Some members believed they have succeeded in getting a commitment to the elimination of export subsidies while the EU stresses that members committed to working towards the elimination of export subsidies and have not agreed on a deadline for implementation.²⁰⁹

One reason for calling the current round a round for developing countries is the emphasis that is given to special and differential treatment to be accorded to developing and least developed country members of the WTO. The relevant part in paragraph 13 of the Ministerial Declaration states '...special and differential treatment for developing countries shall be an integral part of all elements of the negotiations....'²¹⁰ The SDT provisions provide flexibility in the reform

²⁰⁶ WTO, (2003), <<http://www.wto.org>> [accessed on May 5,2005]

²⁰⁷ <<http://www.mfat.govt.nz>> [accessed on May 5,2005]

²⁰⁸ Kennedy, (2002), 18

²⁰⁹ Ibid

²¹⁰ Doha Ministerial Declaration, available at <<http://www.wto.org>>

commitments that will allow developing countries adequate time to adjust to a more liberalized trading environment.²¹¹

Pursuant to the declaration, special and differential treatment for developing country members will be in every aspect of the negotiation. What the declaration on the issue of special and differential treatment basically does is reiterate the requirements of Article 15/1 of the AoA.²¹² However, the inclusion of the phrase '...so as to be operationally effective...' in the declaration shows that 'future special and differential provisions will be incorporated in the AoA in an enforceable manner in contrast to the endeavour language in the Marrakech decision.'²¹³

The other issues that were on the table at Doha were the so-called 'Non Trade Concerns'. In the new round of negotiations,

*'...debate has extended well beyond the issues of market access, domestic support and export subsidy with considerable heat generated by differing views on the weight that should be attached to protection of environment, food safety, food quality, food security and rural development.'*²¹⁴

The mandate for extending the negotiations to include non-trade concerns is found in the AoA. Article 20 of the AoA itself expressly states that non-trade concerns will be taken in to account during the negotiation process. 'Taking advantage of this opportunity, many WTO members have addressed non-trade concerns in their negotiating proposals...'²¹⁵ Non-trade concerns, as specifically

²¹¹ <<http://www.mfat.govt.nz>> [accessed on May 5,2005]

²¹² Article 15/1 of the AoA states: 'In keeping with the recognition that differential and more favourable treatment for developing country members is an integral part of the negotiation, SDT in respect of commitments shall be provided as set out in the relevant provisions of this agreement and embodied in the schedules of concessions and commitments.'

²¹³ Kennedy, (2002), 19

²¹⁴ Roger and Cardwell, (2003), 11

²¹⁵ Id, 12

mentioned in the preamble to the AoA, include food security and the need to protect the environment.

In the Doha declaration, Ministers have agreed to take note of the non-trade concerns reflected in the negotiating proposals submitted by members. In line with this declaration, developing countries have submitted proposals on non-trade concerns like food security and rural development. 'The most popular of these is known as the development box.'²¹⁶

The idea of the development box was initially advanced by a group of developing countries.²¹⁷ Through the creation of the development Box, the countries aim to:²¹⁸

- I. Protect and enhance the food production capacity of developing countries, particularly in key staples,
- II. Safeguard employment opportunities for the rural poor, and
- III. Protect small farmers from cheap products.



These aims are to be achieved via the inclusion of different special and differential provisions for developing countries. The main features of the development box proposal include:

- 1) Allowing developing countries to exempt some agricultural products from support reduction commitments.²¹⁹ The countries will notify those products that would be subject to the AoA disciplines or those that will be exempt from the disciplines. Countries will grant flexibility in obligations when developing countries are pursuing specific policy objectives such as food security and rural

²¹⁶ Mamaty, <<http://www.ictsd.org>>[accessed on 11 October 2005]

²¹⁷ The countries proposing development box were Cuba, Dominican Republic, Honduras, Pakistan, Haiti, Nicaragua, Uganda, Zimbabwe, Sri Lanka, and El Salvador. India has proposed a variation of similar ideas as food security box, which has been supported by Indonesia, Turkey and other countries. See Diaz-Bonilla, Diao and Robinson, (2003), 29

²¹⁸ Kennedy, (2002), 21

²¹⁹ Mamaty, <<http://www.ictsd.org>>[accessed on 11 October 2005]

development.²²⁰ When developing countries trail these specific objectives, they will be exempt from the WTO obligations.

- 2) Providing more flexibility in domestic support for developing countries by raising the *de minimis* level.

Even when dealing with special and differential treatment, the declaration specifically mentioned that the special and differential treatment that will be accorded to developing countries will help those countries to address issues like food security. Hence one can safely conclude that the declaration takes note of the urgent need to address the problem of food security in low income countries.

4.3 Progress in the Negotiations to date

As mentioned in the beginning of this chapter, the current round of agriculture negotiations began in early 2000, under the original mandate contained in article 20 the Uruguay Round Agriculture Agreement. 'At the November 2001 Doha Ministerial Conference, the agriculture negotiations became part of the single undertaking in which virtually all the linked negotiations are to end by 1 January 2005.'²²¹

The first two years of the negotiations were given for the Members to develop and submit their negotiating proposals, and to work through a variety of technical issues relating to the Agreement on Agriculture. Technical issues like agricultural subsidies and protection, export subsidies and tariff quota administration were discussed during this time.²²²

From early 2002, Members accordingly turned their attention to the development of detailed "modalities". According to the time table designated at the beginning of the negotiations, the first draft of modalities was to be circulated among

²²⁰ Díaz-Bonilla, Diao and Robinson, (2003), 30

²²¹ <<http://www.mfat.govt.nz>> [accessed on 5 May 2005]

²²² Ibid

negotiating members at the end of February 2003.²²³ In line with this deadline, Chairman Harbinson released a draft modalities paper in February 2003.²²⁴ Following discussion among Members, the chairman released a revision in March 2003, which, despite intensive negotiating sessions, the Members could not agree up on.²²⁵ As a result of lack of consensus, all negotiations stalled and many countries showed disappointment as a result of the non completion of the negotiation at the planned time.

The negotiations resumed in March 2004 with the adoption of the modalities in July. Though negotiations were planned to be concluded as part of a single undertaking by 1 January 2005,²²⁶ the deadline was once again missed.

In the next section an attempt will be made to discover what has been agreed between the negotiating parties in the July Package.

4.4 The July Package



Following the collapse of the Cancun Ministerial in September 2003, negotiations resumed only in March 2004. As stated earlier, the new negotiation aimed at coming up with a ‘framework’ for the negotiations. The framework is a document without numbers that would provide the parameters for the eventual outcome.²²⁷ The adoption of the framework as a separate annex was widely seen as the main breakthrough of the negotiation.²²⁸ This framework was adopted at the end of July, hence is referred to as the July Package. Five countries are believed to have contributed for the adoption of the July package. ‘The group of five interested parties that comprised the US, EU, Brazil, India and Australia played a

²²³ <<http://www.wto.org>>[accessed on 5 May 2005]

²²⁴ <http://www.mfat.govt.nz> [accessed on 5 May 2005]

²²⁵ Ibid

²²⁶ Ibid

²²⁷ <<http://www.mfat.govt.nz>>[accessed on 5 May 2005]

²²⁸ Kinderlerer and Lopez-Silvia, (2004), available at <<http://www.ccel.s.cardiff.ac.uk>> accessed on [5 May 2005]

leading role and eventually agreed on a text that formed the basis for the final agreement.²²⁹

The General Council Decision of 1st August 2004 consists of five annexes. Annex A provides the framework for establishing modalities in agriculture. In their negotiation the members have agreed that annex A shall not be used in any dispute settlement proceeding under the Dispute Settlement Body.²³⁰ In the second paragraph of the annex, the members recognized the critical importance of agriculture to the economic development of developing countries and further agreed that developing countries must be able to pursue agricultural policies that are supportive of their development goals, poverty reduction strategies, food security and livelihood concerns.

As regards domestic support, the annex recalls the decisions made at Doha to work for the substantial reduction of trade distorting domestic support. It calls for deeper cuts for higher levels of permitted trade distorting domestic support as an element of harmonization in reductions made by developed members. The members agreed to use the *tiered formula* for reducing the final bound Total AMS.²³¹ As agreed at Doha, special and differential treatment remains an integral component of domestic support and hence modalities to be developed will include longer implementation periods and lower reduction coefficient for all types of trade distorting domestic support used by developing country members.

During the negotiations, many countries called for flexibility in the Green Box in order to address their food security and development concerns. In the July package, 'language on Green Box (decoupled subsidies) remains largely unchanged from previous negotiations, only requiring a more transparent

²²⁹ Ibid

²³⁰ paragraph one of Annex A to the August 1 decision

²³¹ Paragraph 7 cumulative paragraph 9 of Annex A to the August 1 decision.

process for designating green box subsidies.²³² As regards Blue Box support, the text includes a cap for permitted Blue Box levels. Pursuant to paragraph 15 of Annex A, Blue Box support will not exceed 5% of a member's average total value of agricultural production during an historical period. Concerning the *de minimis* level of the Amber Box, paragraph 11 of the annex states that it will be reduced by a percentage to be agreed and the reduction will fully take note of the importance the *de minimis* programme has to subsistence and resource poor farmers.

In relation to export subsidies, the Doha Declaration calls for the reduction of, with a view to phasing out, all forms of export subsidies. In the July Package, the Annex provides for 'a "credible end-date" (although yet to be agreed upon) for the elimination of export subsidies and includes within its ambit export credits and credit guarantees or insurance programmes.'²³³ Taking note of the requirement by the Doha Declaration to make SDT an integral part of every item on the negotiation table, paragraph 22 of the annex provides a longer implementation period for the phasing out of all form of export subsidies by developing countries. In addition to this, the text calls up on states to make appropriate provisions for special and differential treatment to LDCs and NFIDCs while dealing with disciplines on export credits, export credit guarantees or insurance programmes, as provided in the Marrakech decision.

On market access, the Doha Declaration calls for its substantial improvement. To achieve this goal, the members have agreed to use the *tiered formula* for reduction of tariffs. The text came up with three principles to ensure the formula will lead to substantial trade expansion.²³⁴

²³² Kinderlerer and Lopez-Silvia, (2004), available at <<http://www.ccels.cardiff.ac.uk>> accessed on [5 May 2005]

²³³ *Ibid*

²³⁴ paragraph 29 of Annex 29

- I. Tariff reductions will be made from bound rates and substantial overall tariff reductions will be achieved as a final result from negotiations.
- II. Each member will make contributions. However, LDCs are exempted and operational special and differential treatment will be given to developing country members.
- III. Progress in tariff reductions will be achieved through deeper cuts in higher tariffs with flexibilities for sensitive products.

4.5 Conclusion

The Uruguay Round outcomes were a first step in the liberalization of global agricultural trade. At the end of the Uruguay Round, however, WTO Members explicitly recognised that they could potentially gain even greater benefits for their agricultural sectors and consumers through further reforms. They agreed to resume negotiations on agricultural reform within five years under the “continuation clause” in article 20 of the agreement. Those negotiations started 2000 and have since been wrapped in with the broader “Doha Development Agenda”, or “Doha Round” of multilateral negotiations .

During the current WTO agricultural negotiations, several developing countries indicated concerns that further trade liberalization could create problems for their large agricultural populations. However, many have also committed themselves to come out of the negotiation victoriously.

Member countries have put their negotiation proposals on the table beginning in 2002. Due to the divergent negotiating positions of the members, negotiations have at times stalled. However, they managed to avoid dead lock in agriculture negotiations largely by putting off decisions but also by committing themselves to negotiations, which will impact on the whole WTO Round. This probably represents a major step forward. It is one step ahead of a long process. Passing through the adoption of the framework for negotiations in July, the members are

left with coming up with the agreeable actual numbers, which will end with a final agreement.

According to the agreement reached at Doha, negotiations were planned to end on 1st January 2005. However, the members did not manage to reach an agreement by the set deadline; rather they transferred the deadline till the next WTO Ministerial to be held in Hong Kong in December 2005.



CHAPTER FIVE

Conclusion and Recommendation

5.1 Conclusion

The aim of this paper was to participate in the debate about the effectiveness and efficiency of the mechanism adopted by the WTO agreement on agriculture as an instrument for promoting the food security of Least Developed and Net Food Importing Developing Countries, particularly those countries located in the Sub Saharan Africa region.

The majority of the population in the sub Saharan region are rural dwellers where by the means of livelihood is agriculture. Agriculture contributed the lion's share of the region's income and most of the countries in the region are net agricultural exporters.



Despite this, the sub Saharan Africa region is known for its low level of growth and weak infrastructure which inhibits trade. It also exhibits low per capita income and high reliance on foreign and food aid. Major portions of the world food aid shipments are directed to the region annually.

Different factors contribute to the food insecurity innate in this region. The first and major cause is the prevailing conflict and political instability. Conflict and political instability is the main feature of most countries in this region. Serious food shortage is looming in those countries that are afflicted with war. According to a FAO study, the number of countries facing serious food shortages requiring international assistance stood at 38 and of these 23 are found in Africa.²³⁵ Ten of the African countries facing food security problem were experiencing civil strife at

²³⁵ FAO, (2004), 111. Another study stated the number of countries facing food shortage in the world during the same period to be 39 while the number of African countries is reported to be 25. See Clover, (2003), available at <<http://www.iss.co.za>> [accessed on 19 October 2004]

the time of the study whereas four emerged out of it. The problem caused by war can be summarised in three fold. Firstly, it will disrupt the level of production by affecting the people that are engaged in agricultural production. It also has the effect of diverging government allocation of fund for the sector. Governments that are engaged in civil strife will allocate a portion of their revenue to war instead of enhancing their agricultural sector. On top of that, the use of land mines during war times also plays a negative role by making arable land inaccessible for cultivation.

The other cause of food insecurity in the region is the wide spread prevalence of HIV/AIDS. In southern Africa alone the infection levels average around 25% of the population, 58% of these being women.²³⁶ The disease mainly affects the young population who could be involved in agricultural production in the region. Loss of labour force in the agricultural sector will make countries prone to food insecurity. The relationship between food security and HIV can be seen as bidirectional: 'Vulnerability and food insecurity feed in to the very risk behaviour that drives the HIV pandemic; and the impact of HIV/AIDS exacerbates food insecurity, which in turn again feeds in to risk.'²³⁷

Security of land tenure and growth rate of the population also play great roles in enhancing or deterring food security of a country. It is believed that farmers having security over the land they cultivate will work hard for the preservation of the land. Preserving the land will help in retaining its value there by affecting the level of production.

Most African countries favour the industrial sector at the expense of the agriculture. They exhibit policy biases towards the agriculture sector. This will result in reduced production levels and hence affect the availability of food.

²³⁶ Ibid

²³⁷ Ibid

Changes in global trade policies will also have implications on the food security of countries. Agricultural trade has traditionally benefited from distinct arrangements derogating from the general rules applicable to industrial goods. Despite different attempts made to liberalize agricultural trade since the inception of the ill-fated International Trade Organization in early 1940s, the first breakthrough was obtained only during the Uruguay round. Different negotiating parties have posed varying negotiating positions during the negotiation. Some were against the incorporation of agriculture in the multilateral trading arena. However, due to the perseverance of the US and the Cairns group the Agreement on Agriculture has been incorporated in the WTO legal text.

The Agreement on Agriculture fundamentally covers three areas: market access, domestic support and export subsidy. These three areas are known as the three pillars of the Agreement on Agriculture.



The concept of market access in agriculture refers to opening one's market for the agricultural products of other countries. Prior to the coming into force of the WTO, members used to apply both tariff and non tariff barriers measures for the protection of their domestic market. As a result of the adoption of the WTO Agreement on Agriculture, members committed themselves to the complete abolishment of non tariff barriers. They further agreed to bind all agricultural tariffs and consequently negotiate on their reduction. To this effect, they have developed schedules of concession for each member.

In respect of domestic support, the general applicable rule is reducing them to a level where they will have no or minimal trade distorting effect. To this effect, the measures have been placed in three differently coloured boxes. Government support measures that fall under the Amber Box are generally prohibited and

hence subject to countervailing duties by other members. However, there is minimal level of support allowed. The agreement also sets the *de minimis* level of support that is exempted from reduction commitment. The second colour box, the Blue Box was included in the agreement to satisfy the demands of the major trading powers of the world, the EU and the US. Support measures that fall under the Blue Box are exempt from reduction commitment. The other exception to the reduction commitment is found in Annex 2 of the agreement, the so called 'Green Box' measures. A measure for which exemption is claimed under this box has to meet general and policy specific criteria as envisaged under the annex.

The underlying principle of the WTO agreement on agriculture is that the liberalization of agricultural trade will enhance economic development of all members. However, it also gives recognition to the short term dangers the liberalization could pose on least developed and developing countries as regards their food security. This recognition is reflected in the adoption of ministerial decision at Marrakech. The Marrakech decision on Measures Concerning the negative effects of the reform programme on least developed and developing countries, known in short as the Marrakech decision, basically aim at stabilizing the availability of food aid to food deficit countries. Though the decision is a good initiative by the members in recognizing the problems to be faced by low income countries, it suffers from two deficiencies, legal and institutional.²³⁸

The nature of the obligation created by the decision suffers from legal deficiency in the sense that it contains only 'best endeavour' clauses. There are no mandatory obligations incorporated in the decision that will serve to overcome the implementation problems faced by the beneficiary countries. As a result, the decision remains ineffective. On top of that the decision refers the recommendations for institutions that are not within the jurisdiction of the WTO. This makes implementation flawed. The insistence of the IMF and World Bank to

²³⁸ Desta, (2001), 467

continue supporting the financing needs of least developed and net food importing developing countries within their existing framework and programme as against establishing special adjustment facility pursuant to the Decision can be taken as indicative of problem.

The agreement as well as the decision makes reference to the Food Aid Convention as regards the food aid available to food deficit countries. As a result, the food needs of these countries are left to the whim of Food aid convention member states.

The notion of food aid emerged in the 1960s as a means of surplus disposal, mainly by the US. Surplus producing countries used food aid as a means of disposing their surplus production. Since food aid was used mainly by the major agricultural exporters, the manner of its conduct became a point of contention among these countries. In order to solve this problem, FAO came up with the 'Principles of Surplus Disposal and Consultative Obligations' to which all donors have to adhere. In 1967 the first food aid convention came in to existence as a supplement to the International Grains Agreement. Since then the convention has been modified so as to accommodate the changes that are taking place in the world. Currently, the working Convention is the 1999 Food Aid Convention.

By making the improvement of food security in the world its primary objective, the current food aid convention provides a list of recipient countries and sets the minimum amount the members have to donate annually. One obvious problem of the convention is that the beneficiary countries have no recourse against the non fulfilment of obligations by the members.

Despite its apparent advantages, food aid has its own drawbacks. It is believed that provision of food aid will have a propensity of making countries food aid

dependent. 'Long term use of food aid, such as most of that provided under the Food Aid Convention, does not lead to improved food security.'²³⁹ By providing food even after the aftermath of the emergency situation, it will create dependency on food aid. In addition to this, it will have the effect of depressing the local market prices of staples produced locally, thereby acting as disincentive for local production.²⁴⁰

The outcomes achieved during the Uruguay Round of trade negotiations are one step for the further liberalization of world agricultural trade. Recognizing the potential gains from liberalization for their consumers and to the agricultural sector, the members of the WTO have agreed to further the liberalization process in the future. As it is one of the inbuilt agendas for negotiation, the members started the agricultural talk in early 2000 and was latter reaffirmed by the Doha Declaration.



The Doha round is known as the development round for it takes developmental needs of developing countries in to account. The declaration makes special and differential treatment an integral part of every negotiation on the agenda. The issues as regards agricultural negotiation relate to the three pillars of agriculture.

In relation to market access, the declaration calls for its substantial improvement. It also provides for the adoption of special safeguard mechanisms for sensitive products. The declaration is alluded to as ambiguous in relation to the interpretation of domestic support and export subsidy provisions. Despite this ambiguity, the declaration calls for the substantial reduction in trade distorting domestic support and for the reduction, with a view to phasing out, all forms of export subsidy.

²³⁹ Huff and Jimenez, (2003), 5

²⁴⁰ Clark, (2001), <<http://www.ifpri.org>>

Due to interpretational differences and divergence of interest, the negotiations have experienced difficulties. Following the collapse of the Cancun Ministerial in 2003, the members opted for the preparation of a framework for the negotiation in order to avoid a dead lock. The first draft frame work was brought to house for discussion in mid March 2004. Finally the members managed to agree on the frame work for the negotiation of modalities on the 31st of July 2004. Though the deadline for wrapping up all the negotiations was on the 1st of January 2005, the deadline was not met, rather transferred till the next Ministerial Conference to be held in Hong Kong, in December 2005.

5.2 Recommendations

As seen from the above discussion, the food security concerns of least developed and net food developing countries is not addressed sufficiently both by the concerned countries themselves and the WTO agreement on agriculture. There is still a widespread food insecurity problem in many developing countries, particularly the Sub Saharan Africa region. This brings us to the question of what should be done to get over with these concerns.

In order to increase the amount of food available at the national level, countries have two options: either to accelerate domestic production or increase their imports.²⁴¹ Accelerating domestic food production involves the domestic policies of the countries. In this regard, first and importantly, it is important for the concerned countries themselves to consider their own agricultural policies. Developing countries have to carefully analyze their own agricultural policy biases²⁴² and increase the level of investment on the sector. There should be an increase in the amount of government funds allocated to the agriculture sector so as to make it appealing for investors

²⁴¹ Shapouri, and Trueblood, (2001), 765

²⁴² Diaz-Bonilla, Diao, and Robinson, (2003), 12

As indicated earlier, most food shortage problems are results of war and political instability. In order to achieve the purpose of solving food insecurity problem, the reason that caused the food shortage has to be solved earlier. The countries have to strive for the make peace available in their respective regions. Peaceful transition of governments is unheard of in most parts of Africa. This culture has to be replaced with a more democratic one. Even those people that are in control of the country have to work towards the achievement of good governance in their countries. As the executive director of the World Food Programme once said in his address to the United Nations Security Council, *in the end, hunger is a political creation and we must use political means to end it.*²⁴³ (Emphasis added)

In the multilateral fora, food security of developing countries can be helped if the countries can obtain increased market access to developed country markets. In this regard the current negotiations on agriculture need to come up with improved market access to developing countries.



The agreement on agriculture that was signed at the Uruguay round provides for concessional sale of food to least developed and net food importing developing countries. Nonetheless, concessional sales have the negative effect of increasing the indebtedness of buyers, even if the terms of repayment are over a lengthy period of time.²⁴⁴ Considering the negative effects of concessional sale, the agreement on agriculture should be revised in such a way as to incorporate only food aid in fully grant form. Abolishing concessional sales will help in decreasing indebtedness of low income countries.

²⁴³ Clover, (2003), available at <<http://www.iss.co.za>> [accessed on 19 October 2004]

²⁴⁴ Clark, (2001), <<http://www.ifpri.org>>

Furthermore, a mechanism has to be set for giving meaningful effect to the ministerial decision that was adopted at Marrakech, i.e. the Marrakech Decision. So as to achieve this, the food aid and other related assistance obligations envisaged by the decision must be strengthened.²⁴⁵ One of the implementation problems associated with the Decision, as stated earlier is the fact that most of the obligations do not have mandatory nature. This 'best endeavour' requirement has to be substituted for a stronger commitment. In addition to this, the institutional deficiency of the Decision also needs to be addressed. As a mechanism of enforcement, the obligations falling under the decision need to be brought under the auspices of WTO trading system.

Another area of recommendation is increased flexibility for developing countries during negotiations. In the current negotiations, many developing countries are proposing for the inclusion of development box in the agriculture agreement. The development box will deal with longer implementation periods for developing countries and exemption from commitments for enhancing their food security. This will impact positively towards the attainment of food security for many food deficit countries.

All in all, what is urgently needed for the region is justice and fairness so as to engender equitability in the world. As the FAO Director General Jacques Diouf stated,

*It is in the interest of all countries to establish a more equitable world. The cost of inaction is prohibitive. The cost of progress is both calculable and affordable.*²⁴⁶

²⁴⁵ Desta, (2001), 468

²⁴⁶ FAO, (2002), 1

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