

Conference report

“Promote Food Security by Ending Agricultural Dumping – The Unfinished Agenda”

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Introduction

This conference was organised by GermanWatch, the UK Food Group, FIAN, the Association of Fair Trade Shops in Germany, APRODEV, EED and CIDSE.

During the first day of the conference – the NGO part – a number of presentations were held on the subject of agricultural dumping from various points of views (NGO's, farmers, policy makers). Two case studies on dumping in the chicken sector and dumping in the rice sector served as concrete examples of how dumping has detrimental effects on the agricultural sector in developing countries. At the end of the day Tim Rice (ActionAid) and Marita Wiggerthale (GermanWatch) tried to summarize the outcomes of the presentations and the subsequent discussions. Concrete goal was to formulate a common NGO position on dumping, that could be communicated to the policy makers that were invited for the reception in the evening.

The second day of the conference took place in the European Parliament, and was hosted by Mr. Graefe zu Baringdorf, MEP for the European Greens fraction. After a summary of the results of the NGO conference by Bart Bode (Broederlijk Delen), a panel discussion took place, led by Marita Wiggerthale. Participants were among others bureaucrats from the European Commission (DG Trade, DG Agriculture, DG Development). During the second part of the day there was a strategy meeting among NGO's in order to try to formulate some steps ahead. Questions that were asked were:

- What is needed in terms of research?
- What is needed in terms of mobilisation? How to get people mobilised?
- Are there specific dates to consider?
- What is needed in terms of more coordinated action within the EU?

What follows is a short overview of the main discussion topics and outcomes of the conference.

28 April, NGO Conference

Presentation by Rudolf Buntzel, APRODEV

Buntzel's presentation focussed on the dimensions of unfair international trade via subsidisation and cross-subsidisation of exports. It was meant as a general introduction of the dumping discussion in agriculture. It turns out that in the Doha Mandate nothing is said about dumping, only on export competition (export subsidies, export credits, state trading enterprises, food aid vs. surplus disposal). Buntzel pleads for repealing Article XVI/3 of the GATT Agreement: “Export subsidies which operate to increase exports shall not result in

more than an equitable share of world export trade". According to him this stimulates the EU to remain a sinner in giving export subsidies.

The issue of decoupling is also treated. Buntzel describes it as a way to get away with export disciplines. According to him it is a more sophisticated form of dumping. Especially the so-called box shifting is under attack by developing countries.

After that Buntzel presents some forms of dumping that are not covered by the AoA and the Doha mandate, among others:

- The distortions by the Blue and Green Box
- Cross-subsidisation in supply management schemes
- Ecological dumping
- Social dumping

Finally the issue of decoupled dumping is treated: dumping escalation, dumping aggregation and substandard dumping.

Buntzel's main conclusions are:

- In the Doha Mandate dumping is missing
- Article XVI/3 of the GATT Agreement has to be eliminated
- Decoupling without export constraints is not a real contribution to limit dumping
- Cross-subsidisation and sub-standard dumping are the coming issues
- The most effective measure against dumping: flexibility for defensive instruments of developing countries.

Case studies

Bénédicte Hermelin (GRET, France) presented a case study on dumping in the chicken sector, especially in West Africa. It turns out that the selling below production costs by the EU of the leftovers of chickens (chicken wings, necks etc.) to countries like Senegal, has a huge impact on the local agricultural economy. One of the most important consequences is the changing of the consumption pattern. Since only the leftovers of European chickens are exported, as a consequence of which local chicken production has completely disappeared, West Africans eat the parts of chicken which Europeans regard as "inferior" food. These leftovers are being exported in a frozen condition, then defrozen, and sometimes being frozen and defrozen again. This freezing / defreezing cycle is very detrimental for the quality of the chicken parts. Hermelin sees three possible perspectives to put an end to this form of dumping:

- Ban this type of export completely
- Rise the customs duties of African countries which suffer from this type of dumping
- Start awareness programmes in European countries to show the public that extensive chicken production (and the subsequent export of the leftovers to developing countries) is not sustainable ("corporate social responsibility")

Saliou Saar (Senegalese farmer, CNCR, ROPPA) held a presentation on dumping in the Senegalese rice sector, which suffers from cheap imports from Thailand. Only 20% of rice production in Senegal is produced by Senegalese farmers, 80% is imported, mainly from Thailand. Saar pleads for a rise in customs duties in order to strengthen the position of the West African rice producers.

Measurement of dumping

Harald Grethe (Humboldt University Berlin) held a presentation on measurement and the explanatory power of dumping. His main conclusions were:

- Dumping is a good concept in order to indicate a high degree of government intervention in agricultural markets. Besides that, the concept is easy to communicate.
- But better indicators exist for the assessment of the damage done by industrialized countries' agricultural policies to developing countries. They must concentrate on the trade distortion potential of policies.
- The concept of trade distortion is already established in the WTO, but it needs emphasis:
 - * The blue box is clearly trade distorting – it should be abolished!
 - * Fully decoupled direct payments still have a (small) trade distorting effect – therefore they should not remain in the green box without limit, but phase them out in a few years.
 - * Government support for income and crop insurance should be removed from the green box for developed countries.

Views of farmers' organisations

G rard Choplin (CPE) states that the system of boxes (Blue, Amber, Green) is a sophisticated way of the developed countries (especially the EU and the US) to market products below cost price. The dumping process is legitimized by the introduction of the Green Box, which was endorsed by the 150 WTO members in the Marrakesh Agreement. Choplin pleads for an end to the boxes system and especially the game of shifting between boxes. According to him it is not the small farmers in the EU and the US that profit from the current system, but the great agricultural producers and the agro-industry.

Shelby Matthews (COPA) poses that total free agricultural trade is not the solution, neither for farmers in developing countries, nor for farmers in developed countries. Most of the small farmers will be driven out of production, only a few – for example the ones that deliver “green services” – will survive. The winners will be the big companies from the Cairns countries. Developing countries are not able to compete with them. Besides that, total free trade will put an end to the preferential access of ACP countries to the European market. Does it matter for an African farmer whether his production will be undermined by a subsidised European farmer or an unsubsidised Australian farmer, Matthews asks the audience. According to her the only solution will be to strengthen the economies of developing countries, to provide for their own food security, in order that they won't be net food importers anymore. A policy comparable with CAP (price support) would be favourable for many African countries. Pressure could be put on WTO to allow this kind of support by developing countries.

Policy makers and dumping

Uli Kleinwechter tried to explain why policy makers don't take up the question of dumping. In his view EU politicians and bureaucrats are of the opinion that the EU *is* already tackling adequately the negative effects of the CAP, by shifting support to the Green Box. They think that as soon as all agricultural support is “green” there will no longer be negative effects. This way of thinking disregards some other detrimental effects to developing countries which are a consequence of the fact that agricultural products are being exported below the cost of

production. As turned out in the panel discussion in European Parliament the next day, this is indeed the way bureaucrats of the European Commission think.

NGO discussion

In an effort to summarize the NGO conference, Price and Wiggerthale concentrated on the following topics, which were seen as the main points of the presentations and the subsequent discussions:

- Are we happy to maintain the current concept of dumping (“export at prices below the cost of production”)? Or should we also consider new developments, like environmental and social dumping?
- Is decoupling the trend that will dominate in the future? Is decoupling a solution for dumping or not? We need more evidence on that.
- Why exactly is dumping a problem? The case studies were very illuminating, but we need more evidence, in order that the concrete damages of dumping can be addressed.
- The reasons why politicians and bureaucrats are not tackling dumping are not acceptable. The same counts for the “shifting of boxes”, because this continues to distort prices.
- How do we tackle dumping? In general it can be stated that there should be no export below the cost of production. This implicates a ban on export subsidies and a ban on instruments that assist dumping. In this respect the concept of supply management should also be taken into account. Developing countries can apply a defensive or an offensive approach to dumping. A defensive approach would be to advocate for the right of countries to protect their own market (or the right to protect against dumping imports) and to institute the concept of “food sovereignty”.
- It must be emphasized that dumping is not only a EU problem. There should also be put pressure on the US.

29 april, Hearing of the European Greens

Panel discussion

Main questions were: why is dumping not addressed? What kind of reforms are needed within the CAP in order to stop dumping? Which instruments need to be given to developing countries allowing them to protect themselves against dumping?

Participants

Ms. Minch (DG Agriculture)
Mr. Cropper (DG Agriculture)
Mr. Schaps (DG Trade)
Ms. Van Houtte (DG Development)
Mr. Graefe zu Baringdorf (MEP, European Greens)
Mr. Salou Saar (Senegalese farmer)
Mr. Windfuhr (FIAN International)
Mr. Poznanski (CSA)
Ms. Wiggerthale (GermanWatch, discussion leader)

Main discussion points

- All participating bureaucrats were of the opinion that the EU has made important steps in the CAP reform to assist developing countries. Minch, who had been in Geneva last week and is involved in the WTO negotiations, states that the future so-called “special products” facility, the Special Safeguard Mechanism, and the fact that since the Uruguay Round the EU has diminished strongly its export subsidies, have been huge steps forward. Cropper regards the 2003 reform the culmination of the CAP reform process that started in 1992: the decoupling of direct payment to EU farmers has come now to a climax.
- Mr. Schaps states that – despite of the CAP reform – a minimum protection of EU farmers will always remain necessary in order to make them competitive on the world market.
- Ms. Van Houtte of DG Development is a little bit more cautious about the effects of the CAP reform to developing countries. She remarks that these effects are dependent of the fact whether countries are net importer or exporter of agricultural products. Also the effects of improving market access to the EU are not unequivocal: if for example the infrastructural system in a developing country is not working adequately, it won't profit too much of the opening up of the European market. She pleads for capacity building in developing countries, to help them profit from the new chances that present themselves.
- Mr. Windfuhr reminds the panel and the audience of the fact that the markets of developing countries are open, whereas the markets of developed countries are subject to all kinds of protection mechanisms. In the Doha Mandate developing countries are not allowed to protect their markets. A debate should be started what instruments can be used to effectively protect developing countries' markets from being subject to agricultural dumping, for example a Special Safeguard Mechanism for developing countries and Countervailing Measures. At this moment external protection is not possible for developing countries. Only a combination of abolishing export subsidies and allowing countervailing measures would really help developing countries, without trying to suggest that once dumping has been ended, all problems of developing countries are solved.
- Mr. Salou Saar, who is a farmer himself, makes the general remark that export should not disturb the internal market of other countries. He states that the right on import protection would help developing countries to strengthen their economies.
- Mr. Poznanski is of the opinion that NGO's at the beginning were strongly in favor of decoupling. But now it turns out that decoupling also leads to dumping, because farmers are still able to produce and export below the cost price. NGO's are in a certain way therefore co-responsible for the fact that the world market prices of agricultural products have remained too low.
- Mr. Buntzel (APRODEV) asks Ms. Minch why the EU came up with the proposal of instituting a list of so-called “special products”. He knows no developing country that is enthusiastic about this proposal. Ms. Minch replies that it was a sincere offer by the EU to strengthen market access for developing countries. If, however, it turns out that developing countries are not happy to submit a list of special products, the EU will try to find a different manner.
- Mr. Griffith (UK Food Group), who had been asked to summarize the panel discussion, states that there is room in the Geneva negotiations to address the subjects

of cross-compliance¹ and the impact assessment of decoupling. Only reforming the CAP won't solve the problems of developing countries. What is needed are parallel responses, both in Europe / US and in developing countries.

29 April, Strategy Meeting by NGO's

This part of the conference was led by Tim Rice (Action Aid). He started the session by stating that he was really disappointed by the outcome of the panel discussion of the morning. The bureaucrats of the European Commission refused to talk about dumping. They didn't want to acknowledge the fact that decapping and phasing out subsidies is not enough.

The following action points were formulated:

- all participants to the conference will be inserted on an e-mail list, so it will be easier to communicate in future. If participants dispose of interesting papers or case studies (for example OECD studies on decoupling, the EU Mid-Term Review and the Green Box), they are encouraged to send them to everybody on the list.
- A common NGO statement will be formulated arising from this conference, which can be used for the Geneva negotiations. Tim Rice and Bart Bode will make a first draft, that will be circulated by e-mail.
- The organisations that will visit the Special Session of the WTO will be invited by APRODEV to try to organise a common action (e.g. a press conference)
- Gérard Choplin will take the lead to involve farmers' organisations and NGO's from the US and Canada

¹ Cross-Compliance involves two distinct elements: A requirement to comply with a number of statutory management requirements arising from EU legislation on the environment, food safety, animal and plant health and animal welfare, and a requirement to maintain agricultural land in good agricultural and environmental condition (GAEC).