

Do as We Say – Not as We Do.

A whole range of global social and economic ills are directly linked to unfair trade policies. Subsidies play a major role in stifling economic growth in less developed countries, by unfairly 'out competing' local producers and manufacturers. Poor countries have the worst record for land and water degradation, poverty and environmental decline go hand in hand.

It is also not a great stretch to posit that the civil unrest in many parts of the world – particularly Africa and South East Asia – is an outcome of economic stagnation in part caused by unfair trade policies and export subsidies.

The following articles from The Independent newspaper neatly compliment the issues raised recently in Agribusiness on international trade and the damage caused by farm and trade subsidies in the USA and the EU. It is a great source of frustration to those with a social conscience *and* an understanding of economic forces to see the free trade rhetoric of the US and EU compared to the reality of their trade policies.

It appears that the world is forced to practice 'free and fair trade', while these two trade hypocrites practice subsidies and dumping on a grander scale every year.

How cotton farmers pay price of cheap US imports

By Maxine Frith – The Independent

19 June 2003

The massive subsidies paid to American cotton farmers are destroying the businesses of producers in west Africa.

It costs three times more to produce one pound of cotton in the US than in Mali. But Mali and other countries are being swamped with cheap US imports, and so far their pleas to the World Trade Organisation (WTO) have gone unanswered.

In 2001, \$17m (about £10m) in subsidies was paid to just 10 American farms. Every acre of cotton farmland in the US attracts a subsidy of \$230. Last year, cotton subsidies amounted to almost \$4bn - three times the sum given by the US to treat HIV and Aids in Africa.

Cotton prices in central and west Africa, where 10 million people are dependent on the industry, have slumped - but they still cannot compete with the flood of cheap imports from the US.

A report by Oxfam, expected this year, will estimate that American subsidies cost Africa \$301m in 2001. Mali lost 1.7 per cent of its GDP and 8 per cent from its export earnings. The subsidies also make a mockery of the aid programme. Mali received \$37m in aid in 2001, but lost \$43m in export earnings.

Celine Charvariat, head of Oxfam's advocacy office in Geneva, said: "American taxpayers are financing the destruction of the livelihoods of millions of cotton farmers in Africa. The cotton barons of Texas and Alabama are getting huge subsidies and driving more efficient African farmers out of business."

Soloba Mady Keita, a cotton farmer in Mali, said: "Life is tougher than it's ever been, and we no longer live year to year - we now live day to day. When it comes to trade, we are totally forgotten."

<http://news.independent.co.uk/world/africa/story.jsp?story=416826>

One meal, five ingredients and five reasons why subsidies do not work

By Maxine Frith – The Independent

19 June 2003

Every lunchtime, millions of people in Senegal sit down to eat their national dish of thieboudienne - a combination of rice, fish and tomatoes.

The simple meal consists of five staple ingredients, all of which are abundant in the west African state. But local producers of all five ingredients are being driven out of their livelihoods by the dumping of cheaper, subsidised imports from Europe and the US.

Senegalese farmers do not have the machinery or technology to compete on an equal footing. It means that countries such as Senegal are being trapped in a vicious circle, where cheap imports are driving people out of business, into poverty, and making them more reliant on foreign aid.

Thieboudienne (pronounced cheb-oo-chen) is made up of rice, tomatoes, fish, onions and groundnut oil. Three quarters of Senegal's 10 million people depend on farming for a living, with fish the top export. Fishing also provides 600,000 people with employment - but those jobs are now under threat.

With no money for its schools and hospitals, the Senegalese government sold the rights last year to its fish-rich waters in the Atlantic to the European Union. There are concerns that the fishing rights were sold off in return for guarantees on aid.

Local fishermen are supposed to have the exclusive rights to waters within six miles of the shore - but they say EU trawlers frequently flout this rule. Ibrahim Gueye, 21, a fisherman, said: "The fish are becoming more and more scarce. At one time we would only have to fish for a matter of hours. Now we often have to stay out for two or three days or longer. Some days we return from the sea with no fish at all."

Also, rice production is being stymied by subsidised imports from Asia and the US. Senegalese farmers do not get subsidies. A scheme which gave them free fertiliser was stopped after pressure from the World Bank and the International Monetary Fund (IMF). In the Senegal river valley, 240,000 hectares is earmarked for rice production, but only 10,000 hectares is being used because of the subsidies.

Mamadou Niang is a 36-year-old rice farmer with four children. His income last year was only enough to live on for five months, so he has had to start selling his goats to make ends meet. "I have been growing rice for 16 years, but I don't know how much longer I can do it," he said.

The local imam, listening to Mr Niang, said: "In our village, we are all like Mamadou."

As a state-run industry, groundnut oil prices were fixed and guaranteed by the government. But last year, the World Bank forced the industry to privatise, and cheaper imports of French sunflower oil undercut local producers.

Tomato growers are also being forced out of business, by cheaper Italian imports. South European tomato farmers receive annual subsidies of £250m a year from the EU.

Even onion production has become a problem in Senegal. Locally grown onions are of good quality, while the imports from Holland are often rejects from European supermarkets. But the Dutch goods have flooded the market and are eclipsing local competition.

One in four people in Senegal lives on less than \$1 a day. According to Oxfam, for every US dollar of aid given to developing countries, they in effect lose two dollars in unfair trade.

Andrew Pendleton, of Christian Aid, said: "The problem is that these people are not being taught, encouraged or allowed to compete in an equal market. This is a recipe for disaster for tens of thousands of Senegalese producers.

"Rich countries, including the British Government, say developing nations like Senegal need 'free and fair trade' to lift them out of poverty. But at the moment poor countries are being forced to open up their markets to imports - many of which come from countries where producers are paid huge subsidies - while being prevented from supporting their own industry and agriculture."

<http://news.independent.co.uk/world/africa/story.jsp?story=416827>

Fortress Europe set to keep up barricades - Summit of EU leaders to ignore three core areas involving developing world: economic migration, farm subsidies and trade in people

By Stephen Castle in Brussels – The Independent

19 June 2003

When EU leaders assemble some time before 8pm at a gathering in Greece tonight, their summit agenda will have a depressingly familiar ring: plans for an improved EU visa system, moves to identify vulnerable border crossings and smoother ways to return failed asylum-seekers to their countries of origin.

Strictly off the agenda will be the economic factors that drive migrants half way round the world in search of a better life: the trade barriers that bar access to Third World goods and the billions of euros in subsidies paid to EU farm barons and agribusiness that cause economic ruin in the developing world. The 15 leaders will make no attempt to discuss what connects the flow of asylum-seekers to Europe and the obstacles placed in the way of the goods their countries try to sell us: the arbitrary and punitive duties on Kenyan-cut flowers, for example, or on the surplus EU fruit and vegetables that are dumped on Senegal's fragile market to the detriment of local producers.

Nor is it just the EU that is wreaking havoc across Africa. America, too, specialises in unjust trading practices. It dumps cotton in Mali, food aid in Ethiopia and prevents Vietnamese catfish farmers from selling at a fair price.

While EU farm ministers have been meeting in Luxembourg to debate watered-down changes to the Common Agricultural Policy, which channels about €40bn (£27bn) of subsidies to Europe's farmers, it will not be discussed in Greece. Despite the meeting being the last formal EU summit before global trade talks resume in the autumn, Europe's trade negotiator, Pascal Lamy, will not be present.

<http://news.independent.co.uk/europe/story.jsp?story=416828>
