

Farmers take to streets as Doha trade talks start in India

More than 10,000 protested the potential lowering of barriers to agricultural trade that would put them in competition with mechanized foreign operations.

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New Delhi - More than 10,000 Indian farmers Thursday protested the opening day of international trade talks in Delhi, fearful that on top of their burdens of a crippling drought and deep debts, they will face an influx of cheap foreign crops from countries like the United States.

"We don't get fair prices for our crops now," says Yogendar Singh, a sugar farmer from Uttar Pradesh. "And when this World Trade Organization deal goes through, then we are even more threatened."

With the worldwide economic downturn, some nations – particularly the wealthiest – argue that lowering barriers to global trade in agriculture in the Doha Round would inject a global stimulus and repudiate moves by panicky governments toward protectionism.

"Growth in employment is likely to lag and concern about protecting workers will pressure governments to keep on adding new protectionist measures," says Jeff Schott, a senior fellow with the Peterson Institute for International Economics in Washington. A Doha deal could create "a buffer against new protectionism."

This issue is back again?

Indian farmers thought they had won this fight in July 2008, when the trade talks collapsed. At the time, India spearheaded developing nations' concerns about opening up global agriculture. Now, India is hosting trade ministers from three dozen nations to try to get the talks back on track.

A research paper from the International Food Policy Research Institute in July found that a Doha deal could prevent the potential loss of \$809 billion in the event of protectionist trade wars breaking out. A deal "could therefore act as an efficient multilateral insurance scheme against the adverse consequences of 'beggar-they-neighbor' trade policies," finds the paper.

The Indian government, buoyed by a resounding win at the polls in May, appears to be walking a little more in step with developed nations and the concerns over protectionism's rise.

Anand Sharma, India's new minister of commerce, welcomed the trade ministers by noting that world leaders are agreed on this point: "One of the main threats to a revival of trade flows is the rising protectionist pressures, and continued delay in concluding the Doha Round."

But he cautioned against thinking an agreement is around the corner. "In some instances," he said, "the architecture of a solution is not yet fully in sight."

Tough competition with US farmers

While the Doha Round also seeks further liberalization in manufacturing and services, agriculture has proven the most contentious.

Small farmers like Mr. Singh protesting in front of Parliament see little hope of competing with American farmers.

India remains a nation of farmers, and most hold small land plots. But in developed nations, farms have consolidated into massive operations that are highly mechanized.

The US and the European Union also heavily subsidize their farmers in a way that countries like India simply cannot afford.

Instead, developing nations levy import tariffs to protect the farmers who make up the bulk of their nation's economic activity and employment.

No clear plan to ease protectionism

Global leaders may fear an outbreak of protectionist fervor, but they are nowhere near agreement on how to reduce the protections already in place.

Doha disagreements revolve around how much to cut from the two sides – the farm subsidies and the import tariffs. Many least-developed nations doubt that the give-and-take will result in a fair deal, a point reiterated privately Thursday by one West African nation.

"They feel the [wealthy] countries are not going to reduce their domestic support, but they are [merely] shifting that support," says Ashok Gulati, an expert and author on WTO negotiations at the International Food Policy Research Institute. Under the current negotiations, "the overall support of agriculture broadly remains the same."

European Union's offers of cuts

The spokesman for the European Union in the agriculture sector, Michael Mann, counters that claim.

The EU has offered an 80 percent cut in trade-distorting subsidies. They can offer that because they have reformed the way they subsidize farmers: Rather than subsidize a particular crop, they provide support for environmental costs, infrastructure, and farmer income.

Critics, including Aftab Alam Khan, of the nongovernmental organization ActionAid, contend that studies have shown even this more indirect form of aid drives down the production costs of developed world agriculture.

Mr. Khan also notes that the caps on US subsidies would still allow enough room to double farm aid if wanted.

The deal-breaker last year came down to a disagreement between India and the United States over a mechanism to allow countries to temporarily protect specific commodities from cheaper imports. The mechanism remains far too weak and temporary under the latest proposed text drafted in December, says Khan.

"Nothing much has changed in terms of negotiating proposals since July of last year when the talks failed," he says. The least-developed nations "cannot take care of their food security if they completely open up their agricultural sector."

The goal for the Delhi meeting is to set a timeline for decisions so that a final deal could be signed by the end of 2010.

In general, delegates from the developed nations appeared more optimistic that differences could be bridged and a deal struck. All eyes are on President Barack Obama, who is expected to outline his trade policies in a major speech this month, as well as fill key positions in the negotiating team.