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An imbalanced outcome at Bali WTO meet

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Editor's Note

THE World Trade Organisation (WTO) met in Bali on 3-7 December 2013 for its 9th Ministerial Conference under the shadow of over a decade of impasse. After the launch in 2001 of the much-heralded Doha Round of international trade negotiations, which was supposed to embody the developmental concerns of developing countries, great hopes had been placed on swift progress and success in the realisation of its goals in the WTO Ministerial meetings that were to follow. The deadlock of the post-Doha negotiations however belied these optimistic hopes.

In view of this, for the WTO's new Director-General Roberto Azevedo, securing a successful outcome at Bali was crucial for the future of the organisation. To ensure this, what appeared to be a modest agenda – revolving around the three issues of trade facilitation, agriculture and a development package for least developed countries (LDCs) – was tabled for discussion at Bali.

Of these, it was the negotiations on agriculture which proved to be most difficult and threatened to derail the conference. For most developing countries, agriculture is a matter of life and death. To address the issue of food security, some of these countries, like India, have instituted public stockholding operations under which they purchase food crops from small producers at administered prices. Such efforts to prevent starvation by stocking food are however deemed unlawful under the WTO rules because the price support given to small producers is treated as a species of 'trade-distorting subsidies'.

At Bali, India led the move to change the WTO rules to accommodate such food stockholding programmes for food security, in line also with the recognised human right to food. Feelings on this issue ran high, especially among Indian civil society groups which had issued a statement calling for a firm, uncompromising and principled stand to be taken on the issue. However, given the time constraints of the Bali meeting, efforts by India to reform the 'inherently flawed and unfairly balanced' WTO farm trade rules proved difficult. Hence, as a compromise, she had to settle for an interim measure – a so-called 'peace clause' under the terms of which WTO member states would refrain from filing cases under the WTO dispute mechanism against countries having a public food stockholding programme.

The problem with this peace clause was how long it was to last. India and other developing countries wanted it to endure till a permanent solution was found but the US resisted this and insisted on a four-year limit. In the end, an unsatisfactory compromise was reached under which the WTO would negotiate a permanent solution within four years and countries would refrain from taking legal action till then.

The compromise is unsatisfactory for a number of reasons. It applies only to 'existing programmes', and that too subject to many cumbersome conditions. But the fatal weakness of the compromise is that it ensures that the US and the developed countries will have the whip hand in the negotiations for a permanent solution since any failure to reach a consensus will affect developing countries adversely and leave them defenceless against suits by developed countries under the WTO rules.

If the decision on public food stocks was unsatisfactory, the decision on another agriculture-related issue was a crushing disappointment. In 2005, at the WTO Ministerial Conference in Hong Kong, at the insistence of the developing countries, 2013 had been set as the deadline for the abolition of agricultural export subsidies. The failure of the Western countries to end these subsidies, which have profited their farmers and especially the corporate players at the expense of the Third World, was glossed over with a mere expression of regret.

As for the development package for the LDCs, it was designed largely to assist these poor countries on issues such as market access, rules of origin and services. However, the rich countries made no concrete commitments on all these issues and hence the LDCs have little cause for cheer.

What was striking about the Bali package (as the final outcome was dubbed) was its asymmetry between developing-country needs and developed-country interests. While the issues of agriculture and development package for LDCs were either inadequately resolved or cursorily dealt with, the issue of trade facilitation became the subject of a rigorous new treaty. Although it is true that trade facilitation can to some extent benefit developing countries which are net exporters, for many developing countries streamlining their customs procedures and upgrading their technology and infrastructure to enable faster clearance of imported goods can be a prohibitively costly exercise. And if they are net importers, it can even have an adverse effect on their trade balance if, as a result of the facilitation measures, their imports rise faster than their exports.

The truth is that trade facilitation had been a key demand of developed countries, and the fact they have now been able to clinch it at a WTO Ministerial Conference, without any reciprocity to developing countries regarding the latter's concerns, is testimony of how lopsided such negotiations are.

In our cover story for this issue, we report on and analyse the Bali WTO Ministerial Conference. While much of our focus is on the issue of food security, we also consider the other components of the Bali package. In short, we seek to explain that while the conference may have been an unqualified success for the developed countries, developing countries have little to celebrate.

– The Editors

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After days of difficult negotiations, the Ninth Ministerial Conference of the World Trade Organisation (WTO) *(pic)*, held in Bali on 3-7 December, yielded a deal which, unfortunately, was flawed in its lack of balance. 21

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(Com)promised charity: Golden Rice and the children of the poor

Nina Somera exposes the hype behind Golden Rice, a genetically engineered rice variety which has been touted as the panacea to save children from loss of vision.

IN a tiny space under an old bridge in Manila lives Maita, 36 years old and mother of eight children aged from two to 19 years from two men. She broke off with her first partner after enduring violent abuse. While she has found a friend in her current partner Romy, life has been tough. Despite his recurring asthma, Romy takes jobs at the nearest warehouse, unloading and loading boxes of sardines and other canned goods from trailers and into smaller trucks for distribution. The best dinner out of the meagre income is a set of instant noodles, two food fares from the *carinderia*, the local food store, and enough amounts of the least expensive NFA[1] rice. At the height of the food crisis in 2008, the common fare was rice with drops of soy sauce and oil for taste and texture. With this lifestyle, it is not hard to imagine her children's poor nutrition, stunted growth and underperformance in school.

There remain serious questions regarding the efficacy and risks of genetically engineered Golden Rice ***(pic)*****.**

However, some technologists are promising a quick fix to this situation that has resulted from the historical and horrendous combination of poverty, limited education, hunger, malnutrition and gender-based violence. Golden Rice is a genetically engineered rice variety that is said to be fortified with beta-carotene in a bid to cure Vitamin A deficiency (VAD) which often leads to loss of vision among children. Indeed as early as 2000, *Time* magazine's cover dubbed it as the rice that 'could save a million kids a year'.[2]

As Golden Rice is clothed with this humanitarian veneer, it is not unlikely that it will be given away even in times of disaster when people require more energy and nutrients. But a trail of questions emerges: Will it be safe? What are the interests at stake? Who really benefits? In the end, will the poor be given a choice to consume Golden Rice or not?

The beginnings of Golden Rice

Golden Rice was initially a project of Ingo Potrykus of the Swiss Federal Institute of Technology and Peter Beyer of Germany's University of Freiburg. Back in the mid-1980s, the first version of Golden Rice (called Golden Rice 1) primarily tapped the genes of bacterium and daffodils.[3] GR1 was supposed to produce lycopene (as in tomatoes) and so be bright red; instead, it produced beta-carotene due to an unexpected metabolic pathway, thus the yellow/golden colour of GR. So in a way, one could say that GR 1 was an 'accident'. By 2000, following an agreement with Syngenta and with more donors pitching in, scientists used the genes of maize, which made the second version of Golden Rice (GR 2) more prominently yellow and supposedly richer in Vitamin A.

At the outset, the promise of this long-term experiment appears exciting, but there remain serious questions regarding the efficacy and risks of Golden Rice, which have not been highlighted nor addressed by its creators and proponents. While cross-breeding has been practised for thousands of years going back to the planet's early communities, resulting in crops which give more yield, require less water and are resistant to certain pests, Golden Rice is a product of genetic engineering.

Genetic engineering (GE) involves the insertion of genetic material from one organism into another, a process which would not occur naturally. In the case of Golden Rice, the process forces a cross between rice and corn. Golden Rice thus alters the natural constitution of *Oryza sativa*, the genus of rice commonly eaten in Asia.

For years, biotech companies and independent scientists have been at odds over the safety of GE crops and food for humans and other species as well as to biodiversity and ecological services. The International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD), said to be the most independent and multi-stakeholder scientific assessment, was notably muted in relation to the claimed benefits of GE crops, highlighting instead the lingering doubts and uncertainties surrounding them.[4] In particular, the report concluded that for poor farmers, GE crops are unlikely to play a substantial role in addressing their needs. In any case, longer-term assessments of the environmental and health risks of, and regulatory frameworks for, GE crops are needed.

A child receiving a dose of Vitamin A. Golden Rice is being touted for its potential to cure Vitamin A deficiency, which often leads to loss of vision among children.

A panacea for blindness?

The selling point of Golden Rice is its potential to express Vitamin A, one of the key micronutrients which are essential in a person's formative years. Inadequate Vitamin A can result in poor vision, if not blindness, at a young age as well as vulnerability to infections such as those related to measles and diarrhoea.[5] Yet Vitamin A can only be produced when beta-carotene is processed in fat. This means that for Golden Rice to be effective, one's diet must also include fat, whose better sources are not always accessible for the poor.

There are varying calculations on Golden Rice's potential Vitamin A content – especially when it is cooked, a process which tends to decrease if not wash away vitamins and minerals – over time with the evolution of GR 1 into GR 2. Back in 2001, Greenpeace calculated that a person would need to consume 3.7 kilos of raw or 9 kilos of cooked GR 1 in order to satisfy the daily need of Vitamin A, while pregnant women need to have double that amount.[6] Potrykus responded to this claim, clarifying that the scientists had no data on this even as he mentioned that they were 'possibly already in the 20-40% range of the daily allowance'.[7] By the time GR 2 was developed, it was claimed that the variety's Vitamin A potential had increased. In 2011, during a seminar organised by the International Food Policy Research Institute (IFPRI), Adrian Dubock, one of the promoters of Golden Rice, said that 40 grams or a petridish-full of Golden Rice was sufficient to provide 40% of the estimated average requirement of Vitamin A 'even without added fat in the diet'.[8]

Such a claim though has not been backed up by sufficient, much less independent studies. On the contrary, where these studies exist, the methods used are flawed and the results are inconclusive.[9] For example, the supposed positive results of an experiment in the US with healthy volunteers may be isolated. As the *American Journal of Clinical Nutrition* itself explained, none of the volunteers were suffering from common health concerns including those afflicting the poor such as hypertension, gastric, intestinal, pancreatic or renal diseases.[10] The experiment also included servings such as butter, peeled cucumber, turkey meat, white bread and roasted cashews, among others.[11] Even the more practical questions such as the presence of beta-carotene after cooking or during storage (especially as farmers tend to store part of their harvest), since beta-carotene is sensitive to light and oxidation, remain unanswered.

Addressing VAD in the Philippines

The World Health Organisation (WHO) estimates that Vitamin A deficiency affects some 19 million pregnant women and 190 million preschool-age children mostly from Africa and Southeast Asia.[12] In the Philippines, the Food and Nutrition Research Institute (FNRI) said that there were 4 in every 10 children aged 6 months to 5 years and 3 to 4 in every 10 children aged 6 to 12 years who were suffering from VAD in 2003.[13] It added that aside from Vitamin A, iron and iodine are low among many Filipino children and women.[14]

VAD was high on the agenda back in the mid-1990s for the Philippine Department of Health (DOH) during the administration of former Senator Juan Flavier. Among the programmes he introduced was Vitamin A supplementation through the National Micronutrient Day or *Araw ng Sangkap Pinoy*. Young children of up to five years were given doses of Vitamin A. A 2002 draft paper of FNRI found the programme successful based on data between 1993 and 1998: 'While a VAD increase during the period may have been indicated, the proportion of 0-5 years old children with deficient plasma retinol decreased 2.3 percentage points from 1993 to 1998. The shift in the distribution of plasma retinol among 0-5 years old children in 1993 and in 1998 reflects significant improvements in the preschool-age children's vitamin A status.'[15] The authors of the paper attributed the success of the programme mainly to political will as reflected in the enormous budget the DOH allocated to it at PHP834 million.

After some time, the Vitamin A supplementation programme and other similar programmes were passed on to the local government units (LGUs). This means that the task of monitoring and addressing deficiencies of Vitamin A, iron and iodine and other health concerns now lies in the hands of *barangay* or village health workers.

While there are *barangay* health workers who were competent in this task, it appears that this had not been consistent, since there was no 'smooth transfer of programme ownership to LGUs'.[16] This was reflected in the low interest and support from local officials, lack of promotion and social mobilisation compared to the DOH's campaigns, low awareness of mothers and other members of the community, and the small number of volunteers, among others. Without such impasse, the Philippines could have achieved better numbers in decreasing VAD. Indeed, from 38%, the VAD prevalence rate among children up to 5 years in 1998, the figure jumped to 40.1% in 2003.[17]

The headquarters of the International Rice Research Institute (IRRI) in Los Banos, Philippines. IRRI is the coordinator of the Golden Rice project.

But with the increasing coverage of Vitamin A supplementation, VAD was significantly reduced to 15.2% by 2008.[18] As of 2011, FNRI estimates that some 91.6% of children participated in the government's Vitamin A supplementation programme.[19]

WHO recommends a dosage from 100,000-200,000 International Units (IU) in infants to children of 5 years every six months while taking into account the Vitamin A content of one's diet and the rate of utilisation by the body.[20] It finds Vitamin A supplementation a 'low-cost intervention' as each capsule costs approximately PHP1, or a yearly cost of PHP43-96. This means that Vitamin A supplementation is an efficient and sound alternative even for a cash-strapped public health sector. Moreover, as one study cites Dr. Samson Tsou, director of the Asian Vegetable Research Development Centre, the daily Vitamin A requirement of a pre-school child can be met with just two tablespoons of yellow sweet potatoes or half a cup of dark green leafy vegetables.[21]

Real or reel philanthropy?

Although the Los Banos-based International Rice Research Institute (IRRI), the coordinator of the Golden Rice project, has not disclosed the modalities through which Golden Rice will be widely propagated and distributed, there are indications that the variety will be processed and given away for free, much like the Vitamin A supplementation programme. Following IRRI's condemnation of the uprooting of Golden Rice crops in Camarines Sur by some 400 militant farmers and their supporters in August 2013, Michael Purugganan, a Filipino plant geneticist based in New York University, has defended the Golden Rice project and its intent for the poor: 'Let us make sure that those who need it most can, for once, put gold on their plates.'[22]

Aside from IRRI, the Golden Rice project consists of research institutes in India, Vietnam, Bangladesh, China, Indonesia, Germany and the Philippines, with the National Rice Research Institute (PhilRice). As of 2001, over $100 million had already been spent for the development of the variety. In 2011, the Bill and Melinda Gates Foundation infused some $20 million into the project, which also counts among its donors the Rockefeller Foundation, the European Commission, Swiss Federal Funding and Syngenta Foundation. Farmers who are earning less than $10,000 per year will not have to pay patent royalties, mainly because these farmers are most likely located in areas where there are high incidences of VAD. Meanwhile the Philippine government through the Department of Agriculture (DA) has provided clearance for the variety to be field-tested.

But the relationships among such powerhouses go beyond cooperation over corporate social responsibility, whose implementation may not meet international standards. The United Nations Guiding Principles on Business and Human Rights are informed by three pillars: (1) the state has the obligation to protect against human rights abuses by third parties such as business enterprises through appropriate policies, regulation and adjudication; (2) business enterprises should act with due diligence to avoid infringing on the rights of others and to address adverse impacts with which they are involved; and (3) greater access by victims to effective remedy, both judicial and non-judicial.[23]

In contrast to these standards, the Philippines' current policy framework and institutions particularly on biosafety remain quite weak to provide adequate protection to communities and the environment which will absorb any negative impact from GE crops. The Philippines does not have a law on biosafety which could have set out provisions on grievance mechanisms and redress, prosecution and punishment.[24] Nor does it have advanced risk-assessment approaches and infrastructure. But instead of being more cautious, the government has given the green light to the Golden Rice project.

In 2002, the task of regulating the entry of GE crops was transferred from the multi-sectoral National Committee on Biosafety of the Philippines to the DA.[25] Under the DA are PhilRice, which is deeply involved in the Golden Rice project, and the Bureau of Plant Industry (BPI), which is supposed to be independent in approving and monitoring field testing of GE crops. Despite the absence of a robust policy framework and risk-assessment tools, BPI had already approved 70 GE products for food, feed, processing and propagation in the Philippines as of February 2013.[26]

Such institutional weakness then becomes a perfect conduit for a so-called 'humanitarian' project that seems more oriented towards advancing agribusiness interests instead of human rights and the accountability that those rights entail.

A protest against genetically engineered food. For years, biotech companies and independent scientists have been at odds over the safety of GE crops and food.

Cloudy cast of characters

There seems to be a strong basis when feminist activist Vandana Shiva described Golden Rice as a 'Trojan Horse', reminding us of the *Aeneid*'s giant wooden horse that housed the Greeks who attacked the city of Troy.[27] In the case of Golden Rice, what it offers comes not only with presumptuous promises but also with complicity behind the veneer of charity.

Syngenta, one of the main sponsors of the development of Golden Rice, waived its claims on patents but not its commercial rights.[28] IRRI, a member of the Golden Rice Network and the coordinator of the Golden Rice Humanitarian Board, has been known as the incubator of the Green Revolution, which has greatly eroded the viability and sustainability of small-scale agriculture in Asia. IRRI's top representative Gerard Barry used to be the Director of Research, Production and Technical Cooperation of Monsanto, where he worked for 20 years.[29] Meanwhile, in agriculture, the Rockefeller Foundation has also been known as a staunch supporter of the Green Revolution, which it continues to actively promote in Africa together with the Bill and Melinda Gates Foundation.[30] Microsoft's Bill Gates, who has been protective of the current 'intellectual property' regime, through his Foundation bought 500,000 shares in Monsanto, valued at $23 million in 2010.[31]

Combining the strength of these powerhouses with the weakness of supposedly independent institutions and policy processes leaves the public the challenge of critically separating the kernel from the chaff amid the media hype around Golden Rice.

Alternatives to Golden Rice

As it is the quintessential staple food in Southeast Asia, it is not surprising that alarm bells are going off when rice is targeted by the biotech industry. As early as 2001, Potrykus indicated how Golden Rice would pave the way for other such GE crops, saying that 'the Golden Rice approach is not restricted to rice, but will also be applied to wheat, cassava, sweet potato, banana, and further basic food security crops. It also includes already measures against iron deficiency, and hopefully soon, also against deficiencies in essential amino acids.'

Over 50 years ago, rice became the target of the Green Revolution. While it increased yields for a time, this trend eventually stagnated and even decreased in many places. It also turned out to be a source of disempowerment and loss of livelihood for small farmers, with its demands for costly chemical inputs which badly affected the soil and the environment. This experience has led to the Philippine government's recent orientation towards organic agriculture. In 2010, it issued the Organic Agriculture Act that provides for a certification process for organic products, budget for LGUs with initiatives around organic agriculture and the declaration of organic agriculture zones, among others.[32] Hence the continuing entry of GE crops and the potential release of Golden Rice by 2014 actually undermine the integrity of this law.[33]

Beyond this, there is a need to rethink quick techno-fixes that sidestep the more deep-seated and structural concerns such as poverty, gender inequality, landlessness and limited social protection. The IAASTD itself recognises the enduring harmful impact of the Green Revolution and instead calls for a reorientation towards agroecology, a system that not only restores and diversifies ecological relationships and services but also ensures food sovereignty, centres on farmers' meaningful participation and strengthens movement-building.[34]

In terms of nutrition, the Philippines has an abundant resource of green and leafy vegetables whose consumption must be promoted more. These are also the least expensive alternatives for low-income sectors, including the working poor in cities, where there are no agricultural lands. Arugaan, a daycare centre operating in partnership with the union of the Philippine Information Agency, has managed to run its programme based on breastfeeding and vegetable-based diets for children under the age of three years at a cost of PHP6,000 ($135) per month for 10 hours a day. Such practices are currently being promoted through community-based initiatives. Meanwhile, Vitamin A supplementation is not bad on its own. Its weak implementation lies in the uneven sense of ownership among LGUs, something which can be fairly easily addressed with political will.

Moreover, VAD is just the tip of the iceberg. What appear to be more crucial are stunting, iron and iodine deficiencies.[35] And what is equally needed is still the basic consumption of healthy and diverse food sources. According to FNRI, as of 2011, only one out of five children met the minimum dietary diversity score which indicates consumption of food from the seven food groups.[36]

Beyond Golden Rice

Furthermore, child nutrition and health cannot be divorced from the quality of life of the mothers, whose sexual and reproductive health and well-being are among the structural problems Golden Rice glaringly evades. The Philippines has a high maternal mortality rate, with 11 mothers dying each day due to pregnancy complications, which include unsafe abortion. As the country's UN Population Fund representative Ugochi Daniels pointed out, 'I think we've gone from 11 [maternal deaths] a day to between 14 and 15 a day now. And unfortunately, most of these are poor women.'[37] It has taken 16 years for the Philippine government to approve the Reproductive Health Law, which, as of this writing, is still being seriously challenged mostly by the Catholic hierarchy and its supporters.

An equally thorny structural issue that quick fixes such as Golden Rice conveniently sidestep is land reform, which could hardly progress as elected officials are themselves deeply entrenched in the country's *cacique* politics. When small farmers obtain control over their lands and seeds, gain access to sustainable extension services and fair markets, benefit from social protection and are assured of environmental integrity, there is a brighter chance for healthy and nutritious food to be widely accessible.

In the end, having the best alternative to Golden Rice means looking into our own experience rather than looking out for the most advanced technologies with massive funding. A closer engagement with our own context – histories, struggles and resources – shows how Vitamin A deficiency can be addressed more effectively and sustaina-bly with political will, strategic approaches and stakeholding within communities. Such engagement can also protect political and practical gains in agriculture and health against any unnecessary risks much like what was experienced during the Green Revolution.

As the Philippines has been making progress in the fight against Vitamin A deficiency despite the government's own failures and limitations, there is no need for Golden Rice. The question, then, is: whose benefit is it really for? ◆

Nina Somera is a researcher with the Third World Network.

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Hopes and fears as Indonesia rolls out universal healthcare

The rollout of universal health coverage in Indonesia has been greeted with public enthusiasm, but health experts warn that inadequate funding could undermine the quality of care.

Indonesia's government aims to have every Indonesian covered by health insurance by 2019.

THE government aims to have every Indonesian covered by health insurance by 2019 under a new scheme called Jaminan Kesehatan Nasional (JKN), with nearly 20 trillion rupiah ($1.6 billion) allocated to cover premiums for the poor in 2014.

Around 65% of the country's 240 million people, including 86 million categorised as poor, are covered by some form of regional or national health programme and are automatically entitled to comprehensive coverage under the JKN, which has replaced the previous health schemes.

'This is a great programme. It should mean that people will no longer be denied treatment because they don't have money,' said Wawan Mulyawan, a neurosurgeon and medical insurance consultant who works at a private hospital in Jakarta, the capital.

The World Bank estimates the insurance scheme will cost $13-$16 billion each year once fully implemented, while Jakarta has said it will double its spending on health to 16 trillion rupiah ($1.64 billion) in 2014 to cover the poor and 'near poor'.

Challenges and concerns

The rollout began on 1 January 2014, but implementation has not gone smoothly, with many workers at referral hospitals poorly informed about the programme's details.

'Hospitals are afraid they will lose money by not being reimbursed like in the past, while health workers are afraid they will make mistakes,' Mulyawan conceded. 'As a result, quality of treatment has been compromised because it doesn't follow clinical pathways set by the hospitals.'

Under the previous national insurance for the poor, hospitals, both state and private, complained the government delayed payments for more than a year, and some hospitals refused patients unless they made partial payment in advance. However, the government says it has learned from its mistakes.

'We are strengthening the primary care system across the country by improving infrastructure and adding more health workers,' Deputy Health Minister Ali Ghufran told IRIN news service.

Indonesia has 25 health workers per 10,000 people, which meets the World Health Organisation's minimum of 23, but they tend to be concentrated in urban centres, leaving parts of the archipelago without an adequate number of health personnel.

More than 1,700 state and private hospitals are participating in the JKN, with over 9,000 state-funded community clinics, known as Puskesmas, serving as the backbone of primary care, Ghufran said.

The government plans to build 150 new hospitals in 2014, and says all hospitals will be required to serve JKN patients by 2019.

People's welfare minister Agung Laksono said the challenges facing the health system in implementing universal coverage include a poorly functioning referral system, poor-quality services at primary and referral levels, and high treatment costs.

Patient safety is also a concern, as not all hospitals are accredited, he said. Only around 65% of Indonesia's hospitals are accredited, with the majority of them being state-run.

Problematic payments

'Indonesia is undergoing a transition in disease epidemiology, marked by the still high prevalence of communicable diseases, and yet at the same time degenerative and non-communicable diseases such as cardiovascular diseases and cancer are on the increase,' he said.

The rate of mortality from non-communicable diseases rose from 41.7% in 1995 to 59.5% in 2007 – an increase of 42% – the latest figure available from the Health Ministry.

According to the Health Ministry's Basic Health Survey, the prevalence of diabetes was 2.1% in 2013, compared to 1.1% in 2007. Hypertension was prevalent among 31.7% of the population, up from 25.8% in 2007.

A report released in 2013 by Novo Nordisk, a global healthcare company, says 7.6 million people in Indonesia are living with diabetes, with millions more at risk.

By 2030, the number of people with diabetes in Indonesia is projected to top 11.8 million, a 6% annual growth that by far exceeds the country's overall population growth.

Muhammad Imran, whose elderly father was receiving treatment for diabetes and high blood pressure as an outpatient under a previous insurance plan, said the Central Army Hospital had been inundated with patients referred by primary healthcare clinics.

'My father had to wait for hours to be seen by a doctor,' he said. 'After that we had to queue again for hours at the pharmacy. This is ridiculous.'

While the government pays 19,225 rupiah ($1.60) per month for treatment in a third-class hospital ward for each poor citizen, individuals can also purchase one of three insurance options: 25,500 rupiah ($2) per month for third-class treatment, 42,500 rupiah ($3.60) for second-class and 59,000 rupiah ($5) for first-class.

The 110,000-member Indonesian Medical Association says the amount the government is paying for the poor is too low, and has warned that this could compromise the quality of healthcare.

What about the doctors?

'There will inevitably be problems. Doctors will not be adequately paid and they won't be able to provide the maximum quality of care,' said association chairman Zainal Abidin.

Indonesian President Susilo Bambang Yudhoyono said he was aware of the potential problem, and the government would issue an additional regulation providing financial incentives for doctors and other medical workers. The premium paid for the poor would also gradually be increased.

'An evaluation will be conducted after three months, and [again after] six months, to ensure that its implementation will be better in the future,' the president said.

Alisa Tang/IRIN

The Indonesian government plans to build 150 new hospitals in 2014.

The JKN specifies that government doctors and dentists working at public clinics (Puskesmas) be paid according to 'capitation', meaning that healthcare providers are paid a set amount for each enrolled person assigned to them during a period of time (usually a month), whether or not that person seeks treatment.

Under the programme, doctors and health facilities at the primary care level, both public and private, will have to treat all persons assigned to them, regardless of whether patients come to them for treatment or not.

But Abidin said the amount a primary care provider or family doctor receives for each enrolled person assigned to them – 8,000 rupiah, about 68 US cents – is too low.

For example, public and private clinics or family doctors will receive 40 million rupiah ($3,328) for 5,000 enrolled citizens in advance per month, regardless of how much they spend on treating those patients, and whether or not they seek care.

According to a 2013 paper by Australia's Nossal Institute for Global Health, there were potential inequalities in implementing universal health coverage in Indonesia.

Experience with the previous national health scheme, Jamkesmas, had shown that despite nominal comprehensive coverage for the poor, patients had difficulty accessing certain services, and sometimes had to pay for medicines not available at the facility, particularly in rural areas.

'Poor quality and unequal distribution of government health facilities have been issues with which the ministry of health has been struggling with for some decades, without much progress. Significant further government investment in health infrastructure and workforce will be needed,' the paper said.

The Health Ministry says Indonesia needs more than 12,000 new doctors to meet its goal of 40 per 100,000 people. The country has 88,000 doctors, with a ratio of 33 doctors per 100,000 people, and its universities produce 7,000 doctors annually, the ministry noted.

'The majority of doctors are civil servants. If there's a surge in patients while... [the doctor] has to juggle working in two or three places to make a decent living, you can imagine the stress,' said Mulyawan, the neurosurgeon and insurance expert.

The unequal distribution of health workers would not be a problem if they were adequately paid wherever they work, he said. 'Most doctors choose to work in cities because that's where the money is.' – *IRIN humanitarian news and analysis service* ◆

'Opportunity capture' in a world of extreme inequality

In focusing on the dangers of growing global wealth inequality, a recent Oxfam report has warned that when 'wealth captures government policymaking, the rules bend to favour the rich, often to the detriment of everyone else'.

A homeless person sitting under blankets at a Wall Street subway station in New York. In the US, the wealthiest 1% captured 95% of post-financial crisis growth since 2009, while the bottom 90% became poorer.

EXTREME economic inequality is damaging and worrying for many reasons: it is morally questionable; it can have negative impacts on economic growth and poverty reduction; and it can multiply social problems. It compounds other inequalities, such as those between women and men.

In many countries, extreme economic inequality is worrying because of the pernicious impact that wealth concentrations can have on equal political representation. When wealth captures government policymaking, the rules bend to favour the rich, often to the detriment of everyone else. The consequences include the erosion of democratic governance, the pulling apart of social cohesion, and the vanishing of equal opportunities for all. Unless bold political solutions are instituted to curb the influence of wealth on politics, governments will work for the interests of the rich, while economic and political inequalities continue to rise. As US Supreme Court Justice Louis Brandeis famously said, 'We may have democracy, or we may have wealth concentrated in the hands of the few, but we cannot have both.'

Oxfam is concerned that, left unchecked, the effects are potentially immutable, and will lead to 'opportunity capture' – in which the lowest tax rates, the best education, and the best healthcare are claimed by the children of the rich. This creates dynamic and mutually reinforcing cycles of advantage that are transmitted across generations.

Given the scale of rising wealth concentrations, opportunity capture and unequal political representation are a serious and worrying trend. For instance:

- Almost half of the world's wealth is now owned by just 1% of the population.
- The wealth of the 1% richest people in the world amounts to $110 trillion. That's 65 times the total wealth of the bottom half of the world's population.
- The bottom half of the world's population owns the same as the richest 85 people in the world.
- Seven out of 10 people live in countries where economic inequality has increased in the last 30 years.
- The richest 1% increased their share of income in 24 out of 26 countries for which we have data between 1980 and 2012.
- In the US, the wealthiest 1% captured 95% of post-financial crisis growth since 2009, while the bottom 90% became poorer.

This massive concentration of economic resources in the hands of fewer people presents a significant threat to inclusive political and economic systems. Instead of moving forward together, people are increasingly separated by economic and political power, inevitably heightening social tensions and increasing the risk of societal breakdown.

Oxfam's polling from across the world captures the belief of many that laws and regulations are now designed to benefit the rich. A survey in six countries (Spain, Brazil, India, South Africa, the UK and the US) showed that a majority of people believe that laws are skewed in favour of the rich – in Spain eight out of 10 people agreed with this statement. Another recent Oxfam poll of low-wage earners in the US reveals that 65% believe that Congress passes laws that predominantly benefit the wealthy.

Dangerous trend

The impact of political capture is striking. Rich and poor countries alike are affected. Financial deregulation, skewed tax systems and rules facilitating evasion, austerity economics, policies that disproportionately harm women, and captured oil and mineral revenues are all examples of the results of such capture. Political capture produces ill-gotten wealth, which perpetuates economic inequality.

This dangerous trend can be reversed. The good news is that there are clear examples of success, both historical and current. The US and Europe in the three decades after World War II reduced inequality while growing prosperous. Latin America has significantly reduced inequality in the last decade – through more progressive taxation, public services, social protection and decent work. Central to this progress has been popular politics that represent the majority, instead of being captured by a tiny minority. This has benefited all, both rich and poor. ◆

The above is extracted from the Summary of the Oxfam briefing paper 'Working for the few: Political capture and economic inequality' (Oxfam, 2014, www.oxfam.org/sites/www.oxfam.org/files/bp-working-for-few-political-capture-economic-inequality-200114-summ-en.pdf). It is reprinted with the permission of Oxfam GB, Oxfam House, John Smith Drive, Cowley, Oxford OX4 2JY, UK (www.oxfam.org.uk). Oxfam GB does not necessarily endorse any text or activities that accompany this material, nor has it approved the adapted text. Oxfam is a confederation of 17 like-minded organisations working together to find lasting solutions to poverty and injustice.

The shocking state of US inequality

Paul Buchheit directs attention to the extremes of wealth concentration in the US in an increasingly unequal world.

INEQUALITY is a cancer on society, here in the US and across the globe. It keeps growing. But humanity seems helpless against it, as if it's an alien force that no one understands, even as the life is being gradually drained from its victims.

The recent Oxfam report on global wealth inequality reveals some of the ugly extremes that have divided our world. It also directs our attention to the Global Wealth Report compiled by Credit Suisse, and the companion Databook, which offer a shocking testament to the severity of US and global inequality.

1. The 30 richest Americans own as much as half of the US population

The Oxfam report tells us that 85 individuals own as much as half the world. The US is the biggest reason for that, with 5% of the world's population and 30% of the wealth. China, India, and Africa, on the other hand, combine for about half the world's population and just 12% of the wealth.

In the US, the richest 30 individuals own about $792 billion, while the bottom half of Americans own 1.1% of our country's wealth, also about $792 billion. That's 30 people owning as much as 157,000,000 people.

This information is derived from the Global Wealth Databook and the Forbes 400 List. More details are provided at the Us Against Greed website.

2. The bottom half of America owns a smaller percentage of national wealth than almost all other countries and continents

The 1.1% of America's wealth owned by the poorest half is less than that owned by the poorest halves of Asia (1.3% of the region's wealth), Africa (2.1%), Latin America (3.2%), India (4.5%), the United Kingdom (7.6%), and China (9.6%).

It goes beyond the poorest half. The upper-middle class of America (roughly $50,000 to $200,000 in wealth) own a smaller percentage of wealth than the corresponding upper-middle classes of China and India. Of course, America's lower and middle classes have more money in absolute terms than corresponding classes in China and India. But that leads to the next topic.

3. Less mobility: North America's bottom half has less chance to move up than in any other region of the world

Conservatives argue that individuals should be able to improve their economic positions with personal initiative and hard work. But economic mobility is lower in the US than in most developed countries. And lower than in many undeveloped countries.

The results of a Credit Suisse wealth mobility simulation are given in the Global Wealth Databook: 'North America is...less mobile than other regions, especially over longer time horizons. Europe is next in line, followed by the middle group of Asia-Pacific, Latin America and Africa. The most mobile regions are China and India.'

4. America's middle class is further from the top than in all other developed countries

As noted above, it's not just the bottom half being battered by inequality – it's most of the rest of us. The US median wealth of $44,911 is only 15% of the $301,140 mean wealth (which is greatly skewed by the wealth of the richest 10%). That ratio is less than that of any other of the 27 developed countries listed by Credit Suisse, and much less than the average OECD ratio of 35%.

For the world as a whole, the median is only 8% of the mean, reflecting the fact that half the world's adults average less than $500 in wealth.

The greatest shock: how little is needed to restore some sanity

Extreme inequality means that people without homes are freezing to death in America. On a winter day in 2012 over 633,000 people were homeless in the United States. Based on an annual single room occupancy (SRO) cost of $558 per month, a little over $4 billion would provide shelter for every homeless person for the entire year.

The stock market grew by $4.7 trillion in 2013. A wealth tax of just one-tenth of 1% (one dollar out of every thousand) would have provided the $4 billion needed to shelter every homeless American for 365 days.

But we have no wealth tax. And the wealth just keeps growing for the wealthiest Americans. ◆

Paul Buchheit is a college teacher with formal training in language development and cognitive science. He is the founder and developer of social justice and educational websites (UsAgainstGreed.org, RappingHistory.org, PayUpNow.org), and the editor and main author of American Wars: Illusions and Realities *(Clarity Press). The above article is reproduced from the NationofChange.org website.*

Some insights into the power of corporations

The Transnational Institute (TNI) recently released its 2014 *State of Power* report which seeks to analyse the principal power-brokers that have caused financial, economic, social and ecological crises worldwide. *Brid Brennan* highlights some of its disturbing findings.

War on Want

The global campaign to Dismantle Corporate Power and Stop Impunity aims at establishing a binding regime of obligations on transnational corporations.

THE Transnational Institute (TNI)'s 2014 *State of Power* report reveals that in the past year, transnational corporations (TNCs), particularly in the oil and gas and banking sectors, have continued to benefit extraordinarily from the ongoing economic and financial crisis while ordinary people pay the costs. Despite their responsibility for the financial and ecological crises, bailouts and 'austerity packages' work to the benefit of the 0.001% and squeeze the incomes of and tighten the pressure on the 99%.

TNI's research has demonstrated that in the first nine months of 2013, the 25 richest billionaires increased their wealth by $85 billion, while in the Global South as in the United States and the European Union, more people lose their income through unemployment or loss of livelihood and endure hunger and impoverishment. The centralisation of power is also ever greater. A study of 43,000 corporations showed that less than 1%, mainly banks, control the shares of 40% of global businesses. This is not only unjust but also shows the extreme vulnerability of our current economic system.

The statistics show that our inability to address poverty and inequality, to pay for free education or to invest in a green transition is not down to lack of money, but who has that money. The current wealth of the top 100 richest people could, for example, pay for: 1,111 years of the Rwandan government expenditure or 130 years of the costs of climate change adaptation.

The Nobel Prize-winning economist Paul Krugman has commented that the 'drive for austerity was about using the crisis, not solving it. It still is'. The ongoing trend of massive siphoning of resources from the commons, from citizens and their public institutions for the enrichment of the already ultra-rich is integral to this phase of restructuring of the neoliberal model of the economy.

But this is not the story only of ultra-rich individuals, drawing their wealth from the operations of the transnational corporations they own or lead. Nor is it about which corporations have better or worse behaviour. The concentration of corporate wealth, power and their resulting impunity is built on a system of extraordinary privileges and 'super-rights' of transnational corporations put in place by the corporate capture of the legislative functions of government and frequently with the active complicity of many governments. According to Professor Jeffrey Sachs, '[we have] a culture of impunity based on the well-proven expectation that corporate crime pays.' This allows TNCs to continue to act with impunity at the expense of widespread violations of established human and people's rights and sustained destruction of the planet.

This is drawn out in TNI's study of the world's top corporations. Nearly all in the last five years have been charged, fined or accused of money-laundering, fraud, bribery or corporate espionage. This is not about good or bad: it is about a structure of power and impunity that means corporate profit can ignore, hide or deliberately conceal any social and environmental costs of their operations.

One of the main systemic reasons for widespread corporate impunity is what has been conceptualised by social movements as the 'architecture of impunity': the asymmetric normative framework that, on one hand, grants TNCs 'super-rights' through Lex Mercatoria (the legal framework that protects the interests of investors) such as free trade agreements, bilateral and plurilateral investment treaties – the majority of which include an investor-to-state dispute settlement mechanism which allows corporations to sue governments – while, on the other hand, all juridical norms designed to protect human rights and environmental standards are undermined. The International Monetary Fund (IMF) and the World Bank and their policy prescriptions, as well as those of the World Trade Organisation (WTO), also have their role in this architecture of impunity.

These Lex Mercatoria juridical instruments are binding and have enforcement mechanisms – such as the WTO's dispute settlement mechanism (where governments check and sue each other on compliance with trade liberalisation put in place by the corporate lobby) or the World Bank's International Centre for Settlement of Investment Disputes (ICSID), where corporations sue governments and are frequently rewarded with mega compensation. In 2013, ICSID fined the Ecuador government $2.3 billion for ending the contract of Occidental Petroleum Corporation (OPC), even though it was OPC which had first breached its contract with the Ecuador government. The amount levelled against Ecuador represents 59% of the country's 2012 budget for education and 135% of the country's annual healthcare budget.

The international human rights system, in contrast, does not have a binding treaty on TNC operations and, even less, an enforcement mechanism to address corporate crimes or offer remedy and justice to affected communities. Instead, the UN Business and Human Rights Unit, in conjunction with complicit governments, promotes weak voluntary guidelines through a corporate social responsibility (CSR) framework as false responses to human rights violations and corporate crime.

The track record of this corporate impunity has been charted in well-documented cases of TNC violations of human rights and environmental standards, as in the *Impunity Inc*. report (www.tni.org/briefing/impunity-inc). They are also well documented in the multiple campaigns launched from the affected communities whose forests are denuded, rivers polluted, land strewn with toxics or whose communities are devastated by the extraction of natural resources and evictions, as we see in the case list selected for the 2014 Public Eye Awards on irresponsible business practices.

What is worse is that there are attempts to further enshrine corporate capture into the functioning of our democratic system. This is elaborated in the Global Redesign Initiative (GRI) – the World Economic Forum (WEF)'s own report published in 2010 – *Everybody's Business: Strengthening International Cooperation in a More Interdependent World*. The GRI is a determined attack on representative democracy as we know it – and is supported. In the GRI the WEF and the Davos Class leave no doubt that they know best how to govern the global economy as well as our daily lives: 'governing today is no longer a matter for government alone … governments' basic "public functions" have been redefined … hence the challenge is how to re-invent government as a tool for the joint creation of public value.' The WEF sees the solution in a 'multi-stakeholder' form of governance which consists of corporations, government and selected civil society, but mainly of corporations.

This multi-stakeholder approach to government is already operational in such bodies as the European Roundtable of Industrialists (ERT), the World Business Council for Sustainable Development (WBCSD) and the Trans-Atlantic Business Dialogue (TABD). The TABD sees itself as a political body having an official role in determining the priorities of EU-US public policy and whose latest achievement has been in the mainly secret preparation of the TTIP, the proposed US-EU free trade agreement.

This radical threat to democracy is also underlined by Susan George in her 'State of corporations' article in the *State of Power* report: 'It's not just their size, their enormous wealth and assets that make the TNCs dangerous to democracy. It's also their concentration, their capacity to influence, and often infiltrate, governments and their ability to act as a genuine international social class in order to defend their commercial interests against the common good.' It is such decision-making power as well as the power to impose deregulation over the past 30 years, resulting in changes to national constitutions and to national and international legislation, which has created the environment for corporate crime and impunity.

Historically there have been many attempts to oppose and reverse this rule by and for corporations, and these continue in the many global trade and investment campaigns as well as in campaigns to establish a binding regime of obligations on TNCs. Among the most recent, there is the Extraterritorial Obligations (ETOs) initiative and the launch of the global campaign to Dismantle Corporate Power and Stop Impunity. This campaign, led by more than 150 movements, civil society and human rights networks, foresees the development of a People's Treaty for Binding Obligations on TNCs. Its main demands have been carried forward by an official submission made by the Ecuador government, supported by 85 other governments, and placed before the UN Human Rights Council in September 2013.

In the face of such crimes as Rana Plaza in Bangladesh, the Marikana massacre of striking platinum miners in South Africa, the BP oil spill in the Gulf of Mexico, and the global race for fracking and landgrabbing, a global resistance is emerging at the local level as communities fight extractivism, labour practices and operations of transnational corporations. It is a resistance built on what Naomi Klein calls 'the rise of people's reconstruction'. It is a resistance going beyond critique to what Hilary Wainwright sees as building and embedding in institutional change the struggles and opportunities for transformative power. This emerging transformative power is also taking on the challenge to roll back and dismantle corporate power and impunity.

The Davos moment is an important occasion to highlight this and place it at the centre of public opinion and a transformative political agenda. ◆

Brid Brennan is the coordinator of the Alternative Regionalisms programme at the Transnational Institute (TNI). She is co-founder of the European Solidarity Centre for the Philippines and, most recently, RESPECT, a Europe-wide anti-racist network for migrant domestic workers. The above is the text of her 23 January speech presenting the 2014 edition of TNI's State of Power *report at the Public Eye Awards held in Davos, Switzerland, outside the World Economic Forum.*

Africa is not doing enough to stem illicit financial flows

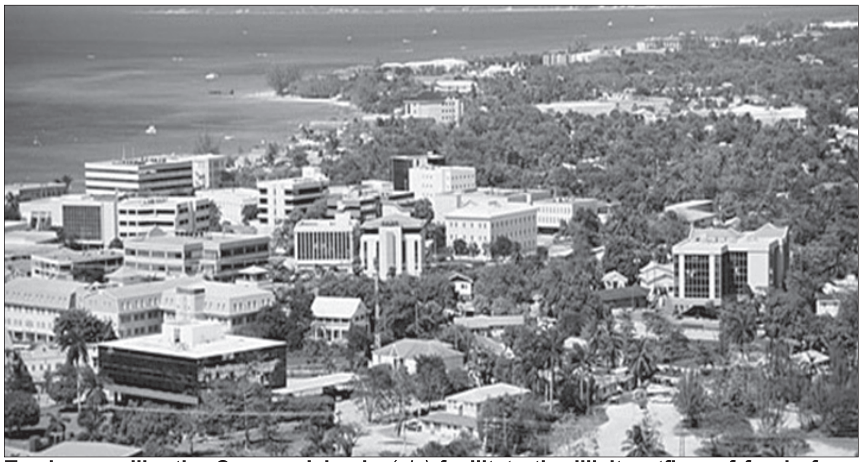
Leaders across Africa agree that illicit financial flows are a contributory factor to inadequate resources on the continent but have so far not come up with the necessary efforts to stop the leakage, writes *Cornelius Adedze*.

FROM 'legitimate' international tax systems to dodgy accounting arrangements by multinational companies, Africa has since the colonial days been losing billions to the international world of business.

African countries are not the only countries suffering from the loss of a huge chunk of their resources through this means, but given the great impact of this loss on the lives of the people, it is a major blow to Africa's socio-economic development. It is estimated that Africa lost over $854 billion in illicit financial flows between 1970 and 2008, a yearly average of about $22 billion. Current estimates put illicit financial outflows from Africa at $50 billion a year. Meanwhile, official development assistance to Africa stood at $46.1 billion in 2012.

A report published in 2012 on *Illicit Financial Flows from Africa: Scale and Developmental Challenges* noted that 'Just one-third of the loss associated with illicit financial flows would have been enough to fully cover the continent's external debt that reached US$279 billion in 2008.' It went on to state that some two-thirds of the outflows came from only two regions, West Africa and North Africa, with 38% and 28% respectively, whilst 'each of the other three regions (Southern, Eastern and Central Africa) registered about 10% of total of Africa's illicit financial flows', perhaps because of lack of data and due to the poor quality of available data.

The total result of all this, the report concluded, is that multinational corporations operating in Africa are involved in illicit transfer of most of the $1.5 trillion they make in Africa each year back to the developed countries, hurting African economies in the process. Ultimately, the multinational corporations continue 'perpetuating Africa's economic dependence on other regions'.



Tax havens like the Cayman Islands *(pic)* facilitate the illicit outflow of funds from Africa.

Various means, legal and illegal, are responsible for this haemorrhaging of Africa's finances. These include undocumented commercial transactions, purely criminal activities like overpricing, transfer pricing, tax evasion, money laundering, corruption and false declarations. Tax havens and secrecy jurisdictions complete the picture.

These activities constitute a drain on foreign exchange reserves, reduce tax collection, cancel out investment inflows and contribute to worsening poverty.

The African Union and the United Nations Economic Commission for Africa, fully aware of the situation and in an attempt to stem it, established in 2012 a 10-member High-Level Panel on Illicit Financial Flows from Africa headed by former South African president Thabo Mbeki.

The panel has the mandate to undertake extensive and in-depth studies on the extent and ramifications of illicit financial flows on national economies as well as their impacts on the population. It is also to offer possible initiatives that can help African countries either individually or collectively to stem the flows and repatriate the stolen funds.

The panel has so far held consultations in Kenya, Tunisia, Liberia, Mozambique, Nigeria, the Democratic Republic of Congo and Zambia.

'It is important that we fight this evil together so that Africa can use the money to solve its poverty and development problems,' Mbeki noted recently.

Africa's situation is compounded by the fact that the judicial systems of most African countries are not sophisticated enough to ensure successful prosecution of tax offenders. 'When the matter ends up in court, the judicial system gets overwhelmed by the expertise brought to court by the private company,' Mbeki added.

They also lack tax experts who can painstakingly track these illicit transactions and bring the perpetrators to book.

UN Photo/Eskinder Debebe

The African Union and the UN Economic Commission for Africa have established a High-Level Panel on Illicit Financial Flows from Africa headed by former South African president Thabo Mbeki. Picture shows Mbeki *(left)* **addressing a press conference on the issue at UN headquarters in February.**

The panel is expected to publish a report on illicit financial flows in March 2014.

For most African countries that depend largely on commodities, their situation is worse because they do not know how much of the commodity is produced and exported by the multinationals. They either lack the means of verification or have officials who are compromised through bribery by the multinational companies.

The work of Mbeki's panel is supposed to complement increased attention by leaders of the G20 major economies grouping to the issue of capital flight from the developing world. The G20 has asked developing countries to join the Extractive Industries Transparency Initiative (EITI), a body that compares the revenue disclosed by governments with tax declarations by the companies working in the extractive industry. However, the EITI has so far been able to furnish the 2010 figures of what the extractive sector had contributed – just a little over 1% of GDP, a mere fraction of what was expected. Analysts said that while joining the initiative may bring in some level of transparency, it would not be enough to plug leakages.

In a related development, Roserio Osseman of the Mozambique-based Institute for Social and Economic Studies has also pointed to another major area of resource outflow from Africa that needs to be looked at. According to him, 'Licit capital flows that are largely related to excessive and redundant fiscal incentives to megaprojects are huge, accounting for several hundreds of millions of US dollars' also lost to Africa in the name of attracting foreign direct investment.

Many African countries that depend largely on commodities, such as minerals, do not know how much of the commodity is actually produced and exported by the multinational corporations.

The G7 and G8 leading industrial countries have talked about the need to stem the tide of illicit flows globally, with a promise by Britain's Chancellor of the Exchequer George Osborne that 'Britain has made reducing global tax evasion and avoidance a priority for its G8 presidency'. It is yet to be seen, however, how this promise translates into reality, given that it is mostly the G7and G8 countries' companies that benefit from the illicit flows. Already, certain steps taken by some financial institutions in the developed world to help the situation have been ridiculed as merely 'sugar-coating'.

Attempts by the Swiss government under a 'clean money strategy' that may force banks to ensure their foreign clients are tax-compliant in their home countries have been rubbished by some analysts. Even before the dust settled on the proposal, Thomas Sutter, spokesman for the Swiss Bankers' Association, was reported as saying, 'As a bank, if you have a client give you money you have to trust and believe them ...You can't be responsible for whether clients have paid their taxes.' As others have pointed out, it cannot be a bank's responsibility (indeed would be asking too much of a bank) to find out if a client is tax-compliant in his home country before accepting his money. No matter how successful this approach may be, it would only scratch the surface of the issue.

In the face of these great challenges, some have suggested that African countries increase their capital gains tax and also work with each other to exchange tax information. An African coalition as well as a global one to deal with the challenge is another hopeful approach that may help in the fight against illicit flows from Africa. Given the great development challenge that they pose to Africa, illicit flows deserve more research and collaboration among African countries and civil society groups to advocate for and promote policies that would help stem the flow. ◆

Cornelius Adedze is the Editor of African Agenda, *from which this article is reproduced (Vol. 16, No. 4, 2013).* African Agenda *is published by Third World Network Africa, the Africa section of TWN.*

Economically valuable

Though often overlooked and undervalued, small-scale fisheries make key economic contributions and are overwhelmingly important for coastal communities.

Michele Barnes-Mauthe and Kirsten LL Oleson

Garth Cripps/SAMUDRA Report

Small-scale fishers in Madagascar returning to shore in their traditional fishing crafts. Small-scale fisheries play a crucial role in sustaining local populations in Madagascar and preventing households from falling further into poverty.

SMALL-SCALE fisheries are not so small after all. In a remote, rural, locally managed marine area along the southwest coast of Madagascar, we find that small-scale fisheries and their host ecosystems are crucial to supporting the welfare and livelihoods of over 6,000 coastal inhabitants. Nearly everyone fishes, earns their livelihood from fishing, and subsists on seafood. There is nothing small about their economic value, either – the fishery in this 1,000-sq-km, locally managed marine area was worth nearly $3.4 million in 2010 alone.

National fisheries policies tend to ignore small-scale fisheries because their true value is obscured by their dispersed nature. Worse, fisheries policies privilege commercial/industrial fisheries due to their perceived market value. Our research shows that small-scale fisheries can have significant economic value, in addition to their role in food security and livelihoods for some of the poorest people on earth. Quantifying their economic contribution, such as we did in our study, should help this important sector gain more policy attention.

Small-scale fisheries (often also referred to as artisanal) provide a crucial source of food, income, and well-being for coastal populations worldwide. Over 90% of the world's fishers work in the small-scale fisheries sector. Together, their fishing activity supports the livelihoods of over 500 million people globally, many of whom belong to the world's most impoverished communities.

Despite small-scale fisheries' importance, very little information exists on the worldwide scope and impact of small-scale fisheries. We, therefore, can only guess at the significance of small-scale fisheries for combating food insecurity and poverty, as well as their contribution to the broader local and regional economies. Due to this lack of information, small-scale fisheries are often undervalued and overlooked in policy.

In contrast, policymakers usually are better informed about the scope and value of large-scale industrial fisheries. These fisheries are typically export-oriented, and, in many cases, access is granted to foreign fishing vessels through concessions. Since economic development is, typically, a priority, policies are often designed to favour these large-scale export-oriented industrial fisheries.

Considerable pressures

Meanwhile, marine and coastal fisheries face considerable pressures on a global scale, with several in a state of precarious decline. These pressures threaten the livelihoods of millions of people worldwide who depend on them for subsistence and income. In many developing countries, this situation is worsened by weak governance, which makes it even more difficult to design, implement and support effective fisheries policies.

In order to safeguard the livelihoods of some of the world's poorest communities, decision-makers must recognise the crucial importance of small-scale fisheries and develop sustainable management policies. To support this process, we need a better understanding of the scope and significance of small-scale fisheries and their social and economic value.

The developing country of Madagascar, located in the western Indian Ocean off the east coast of Africa, is a prime example of the issues surrounding small-scale fisheries globally. Madagascar is one of the poorest countries in the world, and is plagued by chronic political instability and declining economic trends. The majority of people in Madagascar depend directly on small-scale fisheries or other natural resources to support their livelihoods. Yet the country is increasingly threatened by ecological degradation and a growing population.

To demonstrate the crucial contribution that small-scale fisheries make to the daily survival of coastal populations, and to highlight the need for their consideration in policy discussions, we conducted a large and comprehensive study on the total economic value of small-scale fisheries in the Velondriake locally managed marine area in southwest Madagascar, which we summarise here.

Velondriake spans over 1,000 sq km of Madagascar's southwest coast. This region is home to indigenous people who support their livelihoods primarily by fishing and gleaning on coral reef flats, or 'reef gleaning'.

In 2010, we interviewed over 150 fishers, held discussions with several groups of fishers, surveyed over 300 households, and talked with several other key individuals in Velondriake about all aspects of fishing. We asked fishers about what fish they caught, where they caught it, what they did with it (for example, did they eat it, share it, sell it or trade it) and what gear they used.

From household members, we collected information on how much of their income depended on fishing or reef gleaning, and how many people they supported with their catch and income. In the group discussions, we gathered information on the cost of different fishing gear items, and how often they had to replace them. Finally, we asked key individuals the price in the local market for the different species of fish or other seafood items gathered when reef gleaning.

We summarise below the information we gathered, and its implications for fisheries policy and management globally. We estimate that in 2010 alone 5,524 tonnes of fish and other seafood species were extracted by small-scale fishers in the region, primarily from coral reef ecosystems. The total economic value of the fishery for 2010 was $3.4 million. Eighty-three per cent was sold commercially, generating fishing revenues of nearly $2.9 million.

In this region, the local small-scale fishing sector employs 87% of the adult population, generates an average of 82% of all household income, and is virtually the only non-rice source of protein people eat.

Men and women

Fishers are predominantly men, while reef gleaners are predominantly women. Fishers primarily target finfish, while reef gleaners primarily target octopus, sea cucumber, shellfish and crab. Other species, such as Madagascar round herring, squid and urchin, are also occasionally caught by both fishers and reef gleaners.

The majority of the total annual catch in the region is cheaply priced finfish, such as mojarras, damselfish and squirrelfish. Second is octopus (mainly *Octopus cyanea*), which is closely followed by average-priced finfish, such as sea bass and groupers. We found that cheaply priced finfish contributes the highest revenues, followed by sea cucumber, octopus and average-priced finfish.

Gleaners typically gather their catch by hand or use wooden spears on coral reef flats and seagrass beds. The majority of fishers use nets. Fishers find their catch primarily on coral reefs, but also in mangroves, seagrass beds, pelagic waters, mud and other miscellaneous habitats.

Fishers catch the most per fishing day, followed by those who both fish and reef glean, and then those who only reef glean.

All of the octopus, sea cucumber, crab and lobster, and almost all of the Madagascar round herring, is sold commercially in local markets. Approximately three-quarters of the total catch of finfish, squid, shrimp and shark is also sold. Shellfish, urchins, bivalves, turtles and rays are primarily consumed and shared locally, as is the remainder of finfish, squid, shrimp and shark.

Fishers generate the highest revenue per day, but those who both fish and reef glean reported a greater number of days of fishing/gleaning per year.

Accounting for the cost of fishing gear for each type of fisher, those who both fish and reef glean generated the highest net annual income, where the costs of fishing are subtracted from total revenues.

Though national policies typically disregard small-scale fisheries due to their assumed minor contribution to the greater economy, this sector can generate substantial revenues. Our findings indicate that the small-scale fisheries sector in this single 1,000-sq-km region of Madagascar is at least one-and-a-half times as valuable as the total annual revenue Madagascar earns from concessioning its exclusive economic zone waters to European Union tuna vessels, and a sixth as valuable as the country's entire domestic shrimp industry – two industries that receive substantial policy attention.

Extrapolating our local results to the national level, we estimate that subsistence and artisanal fishers in Madagascar catch over 350,000 tonnes of fish and other seafood species per year. Though this estimate is uncertain and should be updated as more regional-scale data become available, it suggests that the small-scale fisheries sector is likely much more valuable than previously thought.

Our findings also pointed to the crucial role that small-scale fisheries play for food security and in combating poverty. In Madagascar, nine out of 10 people live in poverty, and half of all children are malnourished. According to our results, virtually all meals with animal protein and nearly all household income depended on small-scale fisheries resources. Daily per capita income from fishing and reef gleaning amounted to $1.04, which is only slightly above the international poverty line. Small-scale fisheries thus play a crucial role in sustaining local populations and preventing households from falling further into poverty.

Institutional capacity

Considering the overwhelming significance of small-scale fisheries, as demonstrated here, there is an urgent need to improve institutional capacity and re-orient national fisheries policies toward the small-scale sector. This is necessary not only for the country of Madagascar, but for regions throughout the world, where small-scale fisheries have likewise been undervalued and overlooked.

Long-term sustainability should be a fundamental goal of small-scale fisheries policy in order to protect and maintain their contributions toward food security and poverty alleviation.

Small-scale fisheries face a range of impacts, including the looming threat of climate change. Further, small-scale fishers face increasing resource competition from commercial fleets, sparked by declining catch.

Sustaining small-scale fisheries should, therefore, be viewed as a human-rights issue, and given precedence over export-oriented commercial or foreign access to fishers in circumstances where they are vital for supporting local populations.

The establishment of locally managed or co-managed marine and coastal areas, such as the one we studied in Madagascar, may help to sustain and even increase benefits provided by small-scale fisheries. However, these initiatives will need to be supported at the regional, national and international levels to be successful in achieving long-term sustainability.

As small-scale fisheries are both of considerable importance for millions of people throughout the world, and worth a lot economically, national and regional policymakers need to re-examine existing fisheries policies that neglect this sector.

Determining the economic value and contribution of small-scale fisheries can help ensure their consideration in policy; efforts should, therefore, be undertaken to quantify them wherever possible. ◆

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Struggling smallholders

Although the agricultural sector in Kenya employs over 70% of the population, many Kenyans lack food and depend on food aid. *Dagmar Milerova Praskova* argues that to resolve this problem, the Kenyan government should prioritise the agricultural sector and smallholders' staple food production.

THE current state of food security in Kenya is ironic. The country has the most advanced economy in East Africa, yet almost one-half of the Kenyan population live below the poverty line, and many depend on food aid. Signing a new trade agreement with the European Union may make matters worse.

In Kenya, the agricultural sector employs over 70% of the population and plays a key role in the economy. Approximately 80% of the country's people live in rural areas and are directly or indirectly involved in farming. Crop irrigation depends mostly on rainwater, which is unreliable. As a consequence, many Kenyans regularly lack food and depend on food aid.

Approximately 80% of Kenyans live in rural areas and are directly or indirectly involved in farming.

According to the International Food Policy Research Institute (IFPRI)'s Food Security Portal, Kenya, especially from 2008 onwards, has been facing 'severe food insecurity problems', which 'are depicted by a high proportion of the population having no access to food in the right amounts and quality'. Other experts estimate that the number of people living in these conditions may range up to 10 million, which is almost a quarter of the Kenyan population.

Who to blame

Economic, political and environmental factors have an impact on food security. Relevant issues include poverty, food-price volatility, an underfinanced agricultural sector and poor infrastructure in general.

Smallholder farms usually have less than four hectares of land. Poor Kenyans only have limited access to loans. They also lack adequate access to modern technology, and they are largely deprived of information, health care and education. As poor families in Kenya spend approximately 40% to 60% of their income on food, even small price increases have a major impact. Due to the fact that the country imports staples such as wheat, rice and maize, world-market prices are relevant. During the food crisis of 2007 the price for rice increased by 165%, for wheat by 88% and for maize by 59%.

In the past two decades, government expenditure on agriculture has dropped dramatically. It is now less than 5% of the national budget. Things used to be different. In the early 1990s, the share was 10%, the highest level in Kenyan history. Developing rural markets and roads, improving irrigation and related investments are key to ensuring national food security. Poor infrastructure makes transport slow and expensive, so it is difficult to distribute produce from regions with ample food production to areas where the need is great.

In principle, Kenya's leaders know better. Kenya signed the Maputo Declaration on Agriculture and Food Security in 2003. The declaration was drafted in the context of the African Union's Comprehensive Africa Agriculture Development Programme (CAADP) and included a commitment to allocate 10% of the national budget to agriculture and to boost agricultural production by 6% annually. Unfortunately, Kenya did not live up to this pledge.

Politically, Kenya lacks stability, as was seen during the post-election ethnic violence in 2007-08. Good governance, eradication of corruption and structural reforms need to be addressed urgently. Whether the newly introduced counties – a new level of sub-national government – will make a difference remains to be seen.

In any case, the smallholder farmers' access to land and necessary natural resources remains a fundamental issue. Leases and acquisitions of agricultural land by wealthy investors – a phenomenon known as land grabbing – affect many small farmers who lose their livelihoods. Such deals typically concern Kenya's prosperous and biodiverse regions and reduce the opportunities for poor people to earn their living. And yet, the Kenyan government regards foreign direct investment as strategic and tries to attract investors to the country by facilitating access to large strips of land.

Climate change is of obvious relevance too. According to the Intergovernmental Panel on Climate Change (IPCC), East Africa is one of the world regions most threatened by the impacts of climate change. By 2020, food production in this area is forecast to drop by up to 50%. There are now more frequent and worse cases of drought, less rainfall as well as more widespread flooding due to unpredictable precipitation. All of these events hurt the almost entirely rain-fed Kenyan agriculture.

In the past, East Africa used to experience an intense drought every 10 to 15 years. Now they are occurring every two to three years. Droughts directly hamper the production of staple crops, but they also have an impact on pastoralists who no longer find appropriate pastures for grazing their livestock. Dwindling natural resources, quickly progressing land degradation, desertification and a lack of water not only reduce production, they create conflicts over resources. For instance, there are clashes between smallholders and pastoralists over the use of land and water.

A drought-hit farm in Kenya. Intense droughts occur every 2-3 years in East Africa, one of the world's regions most threatened by the impacts of climate change.

Agricultural trade

The UN Food and Agriculture Organisation (FAO) rates Kenya as a net food-importing developing country (NFIDC). At the same time, the country exports great quantities of vegetables and exotic fruits. The country's target markets include Britain, France, the Netherlands and Spain.

Smallholders have a stake in the export business. In 2004, their share of fruit and vegetable exports was 60%. That share has since been cut in half to 30%. The reason was that Kenya introduced higher standards for export products in a response to demands made by British supermarket chains. Smallholders struggle to meet those standards.

Kenya is also one of the three biggest tea exporters in the world, the third largest African producer of coffee and the major cut-flowers exporter for Europe. Accordingly, cash crops are increasingly crowding out food crops. Smallholders' livelihoods are affected negatively.

The East African Community (EAC), to which Kenya belongs, is negotiating an Economic Partnership Agreement (EPA) with the EU. Smallholders are alarmed. They fear that trade liberalisation will mean tougher competition due to cheap imports, especially of wheat, maize, dairy goods and meat. Domestic producers are at risk of being displaced.

Because the Kenyan environment is not favourable for agriculture, smallholder farms cannot produce at low costs. Poor infrastructure and lack of public services compound the problems. The sad truth is that farmers don't find new livelihoods if they are forced to discontinue their business.

Another downside of the EPA would be less government revenue due to the elimination of customs tariffs. A likely consequence would be even less funding for essential rural infrastructure. Kenya must shore up its system of public finance.

Kenya is not a least developed country. Unless the EPA is ratified, the EU will treat it as it treats Brazil, India and South Africa, countries with more advanced agriculture. Duty rates would rise for many Kenyan imports to Europe because, so far, Kenya gets the same preferential treatment all EAC members get according to an interim EPA. Duty rates on tea and coffee would remain at zero, however, which shows how strong European interest in these commodities is. Kenya's agriculture is increasingly geared to serving foreign needs, rather than promoting food security domestically.

For a brighter future

The Kenyan government should prioritise the agriculture sector and smallholders' staple-food production. It must direct more resources towards agriculture, thereby strengthening small producers of food, supporting local rural agricultural associations and introducing adaptation measures in response to climate change.

The European Union and the other global actors must also re-evaluate their stand. A growing number of European politicians acknowledge the negative aspects of EPAs. A critical juncture has been reached for deciding on the direction of trade relations between the EU and less developed countries. The EU must respect the original commitment to cooperate with its former colonies, and work on achieving global development goals. The EU should also hold private-sector actors from Europe accountable for the impact they have in Africa. It is necessary to draft and adopt binding international rules for responsible investment in the agricultural sector.

According to Olivier De Schutter, the UN Special Rapporteur on the Right to Food, hunger is a political problem and it can be solved only through political decisions. Change of behaviour is needed not only in Kenya but in the entire global food system.◆

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WTO conference closes after adopting Bali package

The WTO Ministerial Conference held in Bali on 3-7 December 2013 resulted in decisions on measures on trade facilitation, agriculture and assistance to least developed countries. *Kanaga Raja* reports.

THE ninth session of the Ministerial Conference of the World Trade Organisation (WTO) came to a close on 7 December morning after adopting a Ministerial Declaration, the entire Bali package of 10 texts, and five other Ministerial decisions.

The conference, which was scheduled to end on 6 December, spilled over into the following day when a very small group of countries, citing some concerns, had refused to join the consensus on the draft Bali package at an earlier informal heads-of-delegation (HOD) meeting.

The proposed Bali package was presented to WTO member state delegations at an informal HOD meeting at around 8 pm on 6 December. Another informal HOD meeting was held at around 1 am on 7 December.

However, at this informal meeting, according to trade diplomats, Cuba, Nicaragua, Venezuela and Bolivia said that they could not go along with the texts.

Trade diplomats said that two issues were raised, one being a point of procedure (when Cuba was denied the floor at an earlier HOD meeting) and the other being the issue of transit under trade facilitation when the text relating to transparency and non-discrimination (the US trade embargo against Cuba) had been deleted.

(According to a trade diplomat, at the informal HOD meeting at around 8 pm when the draft Bali package was presented to members, Cuba, which had wanted to speak, was denied the floor. Cuba then said that it would not join the consensus in relation to the texts, according to the trade diplomat.)

An informal HOD meeting that was later scheduled for 4.30 am on 7 December was postponed to 10 am the same day, and this was followed quickly by the closing plenary session.

At the closing plenary, the Conference Chair, Indonesian Trade Minister Gita Wirjawan, paid tribute to the late Nelson Mandela, and South African Trade Minister Rob Davies was also given the floor.

The Chair then proceeded to take action on a revised draft Ministerial Declaration (which had been circulated on 7 December morning), the five draft Ministerial decisions, and the Bali package of 10 texts. All were duly adopted to a standing ovation.

The revised Bali Ministerial Declaration had added the following paragraph under the trade facilitation subheading: 'In this regard, we reaffirm that the non-discrimination principle of Article V of GATT 1994 remains valid.' According to trade officials, this paragraph was included to address the concerns voiced by Cuba.

The five Ministerial decisions were on TRIPS non-violation and situation complaints, work programme on electronic commerce, work programme on small economies, aid for trade, and trade and transfer of technology.

The 10 texts comprising the Bali package were the agreement on trade facilitation; general services; public stockholding for food security purposes; understanding on tariff rate quota administration; export competition; cotton; preferential rules of origin for least developed countries; operationalisation of the waiver concerning preferential treatment to services and service suppliers of least developed countries; duty-free and quota-free market access for least developed countries; and monitoring mechanism on special and differential treatment.

Decision on public food stockholding

On the critical issue of food security, paragraph one of the Ministerial Decision on public stockholding for food security purposes states: 'Members agree to put in place an interim mechanism as set out below, and to negotiate on an agreement for a permanent solution, for the issue of public stockholding for food security purposes for adoption by the 11th Ministerial Conference.'

A footnote to this paragraph states that the permanent solution will be applicable to all developing members.

The second paragraph of the decision states: 'In the interim, until a permanent solution is found, and provided that the conditions set out below are met, Members shall refrain from challenging through the WTO Dispute Settlement Mechanism, compliance of a developing Member with its obligations under Articles 6.3 and 7.2 (b) of the Agreement on Agriculture (AoA) in relation to support provided for traditional staple food crops in pursuance of public stockholding programmes for food security purposes existing as of the date of this Decision, that are consistent with the criteria of paragraph 3, footnote 5, and footnote 5&6 of Annex 2 to the AoA when the developing Member complies with the terms of this Decision.'

A footnote to this paragraph states: 'This Decision does not preclude developing Members from introducing programmes of public stockholding for food security purposes in accordance with the relevant provisions of the Agreement on Agriculture.'

On notification and transparency, the decision states:

'3. A developing Member benefiting from this Decision must:

'a. have notified the Committee on Agriculture that it is exceeding or is at risk of exceeding either or both of its Aggregate Measurement of Support (AMS) limits (the Member's Bound Total AMS or the *de minimis* level) as result of its programmes mentioned above;

'b. have fulfilled and continue to fulfil its domestic support notification requirements under the AoA in accordance with document G/AG/2 of 30 June 1995, as specified in the Annex;

'c. have provided, and continue to provide on an annual basis, additional information by completing the template contained in the Annex, for each public stockholding programme that it maintains for food security purposes; and

'd. provide any additional relevant statistical information described in the Statistical Appendix to the Annex as soon as possible after it becomes available, as well as any information updating or correcting any information earlier submitted.'

With respect to anti-circumvention/safeguards, the decision states:

'4. Any developing Member seeking coverage of programmes under paragraph 2 shall ensure that stocks procured under such programmes do not distort trade or adversely affect the food security of other Members.

'5. This Decision shall not be used in a manner that results in an increase of the support subject to the Member's Bound Total AMS or the *de minimis* limits provided under programmes other than those notified under paragraph 3.a.'

As to the work programme, the decision states:

'8. Members agree to establish a work programme to be undertaken in the Committee on Agriculture to pursue this issue with the aim of making recommendations for a permanent solution. This work programme shall take into account Members' existing and future submissions.

'9. In the context of the broader post-Bali agenda, Members commit to the work programme mentioned in the previous paragraph with the aim of concluding it no later than the 11th Ministerial Conference.

'10. The General Council shall report to the 10th Ministerial Conference for an evaluation of the operation of this Decision, particularly on the progress made on the work programme.'

'A real stimulus'

At a subsequent closing press conference, Minister Gita said that what was accomplished represented a historic achievement – the Bali package. 'These agreements will provide a real stimulus to the global economy at a time when many countries are experiencing sluggish growth and high unemployment. These benefits are real and they will be durable. Just as importantly, we have proved that the multilateral trading system and the WTO can deliver.'

'The deal that we have struck will benefit all WTO Members. It will provide new opportunities for business in our poorest members, the LDCs [least developed countries]. Provides governments with assurance that they can implement food security programmes without fear or facing dispute action in the WTO. But it also offers a safeguard that such programmes will not be used in a manner which distorts trade and adversely affects farmers in other countries,' he said.

Developing-country farmers will have enhanced market access through an improved system of administering import quotas in developed countries. The agreement on trade facilitation will streamline customs procedures by reducing unnecessary fees, paperwork and practices, said Gita.

'This week has been about high level diplomacy, long nights and considerable drama. But it has also been about ensuring that the gains of the multilateral trading system reach our small businesses and our most vulnerable economies. It is moreover an international agreement that will have local impact.'

Speaking at the same press conference, WTO Director-General Roberto Azevedo said that in recent weeks the WTO had come alive, and 'we have seen, I think, the organisation the way it should be. Negotiating, dynamic, working hard to get an agreement. And in recent weeks we really lived up to our name.'

'Instead of small groups of countries negotiating in closed rooms, the entire membership came together to negotiate. And this is why all members have ownership of the outcomes. And this is why they all fought for it. And we have put the world back into the World Trade Organisation.'

'We prepared a set of texts which was championed by members from all over the world, of all stages of development, and so I am delighted to say that for the first time in history, the WTO has delivered. We're back in business,' he said.

'With these measures on trade facilitation, agriculture and development, we have achieved something very significant. People all around the world will benefit from the package that the WTO members have delivered today, especially the unemployed, the poor and the vulnerable,' said the Director-General.

In his assessment of the overall Bali package, one trade diplomat told the *South-North Development Monitor* (*SUNS*) that he could not say it was balanced, adding that trade facilitation was the highest denominator.

According to the trade diplomat, there remained some unfinished work that needed to be sorted out in Geneva.

What was more worrying, said the trade diplomat, was the time period for the post-Bali work programme (within the next 12 months, as set forth in the Ministerial Declaration). If no urgency was put into that, the rest of the Doha Development Agenda risked going into oblivion, the diplomat cautioned. ◆

Kanaga Raja is the Editor of the South-North Development Monitor *(*SUNS*), from which this article is reproduced (No. 7713, 9 December 2013).* SUNS *is published by the Third World Network.*

WTO makes a small deal

The 9th ministerial meeting of the WTO concluded in Bali with a modest but unbalanced outcome. While the rich countries managed to clinch the trade facilitation agreement which they have long sought, developing countries' concerns were less firmly secured. *Martin Khor* sums up the outcome.

THE Ministerial Conference of the World Trade Organisation in Bali ended with a small deal, hailed by many for reviving the WTO as a viable venue for trade talks. The results are however very modest, and there are also imbalances in gains and losses.

The conference was mainly conducted behind closed doors, with the WTO Director-General Roberto Azevedo holding meetings issue by issue with a few countries. Participants were given the final draft only a few hours before a final plenary meeting.

Most of the week was spent on the 'food security' issue, with the Director-General being the go-between between the United States and India.

India was the most prominent among the developing countries that wanted to change the present WTO rules on agricultural subsidies that hinder the ability of governments to purchase and stock staple foods from farmers.

It was agreed that a permanent solution involving changes to the rules would take more time, so Bali discussed an interim measure – a 'peace clause' whereby WTO legal cases will not be taken against countries having a public food stockholding programme.

The issue was how long this peace clause would last. India, backed by many developing countries, wanted it to last till the permanent solution is found. The US and others wanted the peace clause to expire in four years.

The final agreement was that the WTO would negotiate a permanent solution within four years, and countries will refrain from taking cases until that solution is found.

Thus the 'food security' developing countries won the battle of duration, but in reality the peace clause is of limited value.

First, it applies only to the WTO's Agriculture Agreement; countries can still sue under another agreement on subsidies.

Second, the peace clause applies only to 'existing programmes'. Thus countries that have no programme and want to start one will not be covered.

Third, there are cumbersome conditions, including the country providing a lot of information and notifying that it has reached its allowed subsidy limit, that may make it not worthwhile to use the peace clause.

What is more important is that serious work be done to find a permanent solution.

On another agriculture issue, the WTO failed to live up to the deadline set by the 2005 Ministerial Conference to eliminate export subsidies by 2013. Instead the weak Bali decision on export competition regretted the missed deadline and undertook to maintain progress.

Trade facilitation pact

With the food issue cleared, the Bali conference was able to adopt a trade facilitation treaty which obliges all countries to streamline their customs procedures and upgrade their technology and infrastructure so that imported goods can be cleared faster and more easily.

The new obligations can be easily met by developed countries that already have the measures and technology, but are onerous on poorer countries that don't have the capacity.

The trade facilitation agreement will be of greater benefit to those countries which are net exporters as their goods will clear faster in other countries. Net importers can be expected to see their imports rising faster than their exports, with adverse effects on their trade balance, a concern raised by some developing countries.

The new trade facilitation obligations can be easily met by developed countries but are onerous on poorer countries that don't have the capacity.

Developing countries are able to designate which specific obligations they need more time to implement, and there is also promise of technical assistance for them, but there is only a more vague and less explicit commitment to provide them with 'financial assistance'.

The Bali meeting also approved decisions to assist least developed countries on market access, rules of origin, cotton and services. However, the decisions are not binding and thus have little practical benefit. These LDC decisions should be seen as a starting rather than an end point, with further negotiations for future decisions that are more useful.

Overall the Bali deal lacks balance, as the trade facilitation treaty advocated by developed countries is binding (with those not fulfilling their obligations facing WTO legal cases) while the decisions on LDC issues and export subsidies favoured by developing countries are not binding in nature, while on food security only an interim measure (peace clause) with limited value was obtained. ◆

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After Bali: Moving beyond the Doha Development Agenda?

While the Bali meet may have raised the prospect of a revival of the Doha Development Agenda, it may also be the prelude to the abandonment of that Agenda, says *D Ravi Kanth*.

JUST 84 days after assuming office, Roberto Carvalho de Azevedo, the new Director-General of the World Trade Organisation, managed to produce a successful outcome to a WTO ministerial meeting, something that had eluded his predecessor for eight years. The WTO's ninth ministerial meeting, held on 3-7 December in Bali, Indonesia, was a 'personal triumph' for Azevedo, who took office only three months before the ministerial.

Given the pronounced descent of the organisation towards irrelevance since 2005 under the leadership of the previous Director-General Pascal Lamy, the 'Azevedo effect' has dispelled the cycle of negative perceptions that the WTO cannot deliver. The Bali outcome has brought the WTO back into the negotiating orbit. It has suddenly raised the prospect of a revival of the comatose 12-year-old Doha Round of trade negotiations or the Doha Development Agenda (DDA) as it is otherwise called.

An unequal package

The industrialised countries along with a group of advanced developing countries, including China, left no stone unturned in harvesting, at Bali, a WTO agreement on trade facilitation (TF), an agreement that is meant to simplify customs procedures and ease the flow of goods across borders.

Although TF forms part of the Doha Round remit, the manner in which it was plucked out from the DDA single undertaking constitutes an important victory for the United States and the European Union. Without having to deliver on agriculture, which was to be the engine of the Doha trade negotiations, or the 'developmental' benefits promised to the least developed countries (LDCs), the trade elephants succeeded in pushing through a grand but grossly unequal Bali package. Without making any 'payment' in the other two pillars – agriculture and development – of the Bali package, the industrialised countries have walked away with a prize that can allow them to close their eyes to the need to rescue the larger 12-year-old DDA.

The proclaimed goal of the first 'multilateral TF agreement' since the creation of the WTO in 1995 is 'to simplify customs procedures by reducing costs and improving their speed and efficiency'. In reality, the new agreement streamlines market access in developing countries and LDCs, and further expands the WTO's remit into domestic policy governance. Azevedo, when he was the trade envoy representing Brazil at the WTO, had argued that TF was nothing but market access for industrialised countries. It is another matter that as the WTO chief he campaigned on a war footing for a binding agreement.

The mantra that Azevedo and think-tanks in Washington have chanted endlessly is that the TF agreement will generate an additional $1 trillion to the global economy. There is no consensus on how this estimate has been arrived at, particularly the underlying assumptions. However, this number captured headlines in the global media. 'Unfortunately, these figures [about the gains from the TF agreement] depend on too many unjustifiable assumptions to be relied on,' says Jeronim Capaldo, an academic at the Global Development and Environment Institute at Tufts University in the US. Capaldo argues that the costs of the TF agreement will be so high that it would divert resources in developing and poor countries from the provision of social safety services.

The future direction of the multilateral trade negotiations will only become clear in the course of this year. The 'post-Bali work' programme – on which there was little discussion either in the run-up to the meeting or at the ministerial itself – takes up five paragraphs in the Bali Ministerial Declaration. On the DDA, the declaration says, 'We instruct the Trade Negotiations Committee to prepare within the next 12 months a clearly defined work programme on the remaining Doha Development Agenda. This will build on the decisions taken at this Ministerial Conference, particularly on agriculture, development and LDC issues, as well as other issues under the Doha mandate that are central to concluding the Round. Issues in the Bali Package where legally binding outcomes could not be achieved will be prioritised. Work on issues in the package that have not been fully addressed at this Conference will resume in the relevant Committees or Negotiating groups of the WTO.'

The Bali declaration candidly admitted that there are no legally binding outcomes in the agriculture and development pillars of the package. There are four issues – general services, public stockholding for food security purposes, understanding on tariff rate quota administration and export competition – in the agriculture pillar. And then there is the issue of trade-distorting subsidies for cotton (provided mainly by the US) that have been hurting some of the poorest countries in Africa and have not been addressed since the Hong Kong ministerial meeting of 2005 which called for an 'ambitious, expeditious, and specific' outcome to help the cotton farmers in Benin, Chad, Mali and Burkina Faso. In the development and LDC areas, four issues have been pending since 2005. They include preferential rules of origin for the poorest countries, operationalisation of waiver concerning preferential treatment to services and services suppliers in LDCs, duty-free and quota-free market access for these countries, and a monitoring mechanism on special-and-differential-treatment flexibilities. None of these issues were comprehensively addressed in Bali and nothing was treated on par with TF.

Uncertain future for the DDA

The Bali declaration, however, contains a caveat on all these unresolved issues which are presented as best-endeavour outcomes so as to enable the US to turn its back on the declaration. 'The work programme will be developed in a way that is consistent with the guidance we provided at the Eighth Ministerial Conference, including the need to look at ways that may allow members to overcome the most critical and fundamental stumbling blocks,' the declaration says.

This is where the nub lies: at a time when the two trade elephants – the US and the EU who created the WTO as part of the overarching Uruguay Round agreement – are marching ahead with bilateral, regional and plurilateral agreements, the so-called fresh lease of life from the Bali accord to prepare the 'work programme' on the core issues in the DDA, especially agriculture, remains uncertain. Indeed, at an informal closed-door meeting in Geneva a week after the Bali meeting, the US was already cautioning about member countries rushing to deal with the difficult issues in the DDA.

After the industrialised countries have tasted victory at the WTO thanks to the able leadership provided by a Director-General from Brazil, it will be a litmus test as to whether the US will support negotiations so that 'issues in the Bali Package where legally binding outcomes could not be achieved will be prioritised'. More importantly, those who established the WTO like a banyan tree based on a single undertaking of different agreements that include binding dispute settlement rules, intellectual property rules, services, agriculture and various other traditional areas, now want to ditch the multilateral negotiating format because there is nothing more that the WTO as a multilateral body can now offer after the TF agreement.

That the Bali declaration is an eyesore is vividly exposed. A binding TF agreement standing like Mukesh Ambani's 27-floor residence in Mumbai is now surrounded by many unregularised slum dwellings such as an unbaked deal on public stockholding for food security purposes, and several other agreements in the agriculture and development pillars. How these dwellings of the Bali package will be regularised remains a challenge for the developing and least developed countries in the coming months and years.

Dividing countries

The Bali conference provided an early glimpse of what is likely to happen at the WTO. The run-up to the ministerial meeting as well as the proceedings at the conference brought to the fore several inconsistent practices that were adopted to divide the developing and least developed countries, and prevent them from adopting common positions on TF and public stockholding programmes for food security and other issues of interest to them.

Azevedo had deployed all his energies from day one towards aggressively pursuing a strategy that emphasised that a failure at Bali would reduce the organisation to an 'empty building and empty chairs'. Success at Bali, he said in the weeks before the meeting, would restore 'confidence' and 'breathe' new life into the multilateral trading system. Otherwise, 'the world will not wait for the WTO indefinitely'. 'It will move on ... and it will move on with choices that will be not as inclusive or efficient as the deals negotiated within these [WTO] walls,' the Director-General argued. Several members privately likened Azevedo's strategy to 'crying wolf' and painting doomsday scenarios for the WTO.

At Geneva ahead of the Bali meeting, the WTO Director-General opted for a combination of sustained open-ended informal meetings as well as closed-door small-group meetings. Though Azevedo has said that 'transparency and inclusiveness' are his priorities, he also took recourse to practices that are secretive and difficult to fathom. For example, how descriptive and non-binding outcomes on issues in the development dossier of the Bali package were finalised remains a mystery. The four decisions in this area – duty-free and quota-free market access, cotton, preferential rules of origin for the LDCs, and the services waiver – involved Nepal (the coordinator for the LDCs), the US and the Director-General. In all the four LDC decisions, the US adopted intransigent positions and refused to agree to any binding commitments. Much of the membership was clueless about the actual negotiations. The language that has emerged in the development dossier is all based on 'should endeavour to' text and does not contain any binding decisions. Effectively, the four outcomes failed to provide any 'concrete', 'tangible' and 'measureable' immediate market access to bread-and-butter issues of the LDCs. The development dossier was finalised in Geneva in which the poorest countries agreed to the outcomes with which they remained unhappy.

Focus on trade facilitation

The 31-page TF text basically prescribed how developing countries and LDCs 'shall publish import procedures, duty rates, and classification/valuation rules; shall issue advance customs rulings where requested; shall provide administrative/judicial review of customs rulings; shall create infrastructure and procedures for expedited shipments of goods coming through air cargo [basically for American courier services]; shall establish procedures for pre-arrival processing; and shall allow authorised operators to move their goods on a fast track'.

While the industrialised countries are not required to make any legislative changes for these disciplines as they already have them in place, the developing countries and LDCs are required to make many legislative changes as well as create new physical infrastructure.

The TF agreement is structured into two sections. Section I sets out all the new comprehensive binding disciplines that developing countries and the LDCs are required to implement. Section II contains the roadmap for implementing commitments by these groups of developing countries in Section I, based on technical and financial assistance and a phased time frame. Though the developing and the poor countries sought internal 'balance' between the comprehensive binding commitments in Section I and the provision of financial and technical assistance to developing countries and LDCs, the language in Section II is ambiguous and non-binding as regards the financial commitments by the industrialised countries.

Further, the Geneva text on public stockholding programmes for food security was not acceptable to India and Pakistan for different reasons. Argentina expressed reservations on the weak language on export competition disciplines. Despite the sombre and frank assessment delivered at the last WTO General Council meeting in Geneva before members proceeded to Bali, Azevedo chose to pursue a different plan that was not known to members. First, he ensured that the coordinators of the African Group, the African, Caribbean and Pacific (ACP) Group, and the LDCs sorted out their differences with the US and the EU over the language in Section II of the TF agreement. On a parallel track, a group of countries referred to as Friends of the System goaded the WTO Director-General to do everything possible to reach an agreement at Bali notwithstanding many unresolved technical and legal issues in relation to TF. The Friends included Australia, New Zealand, Canada, Switzerland, Norway, Singapore, Korea, Hong Kong, Malaysia, Costa Rica, Chile and Mexico. The EU's Trade Commissioner Karel De Gucht also encouraged the Director-General to do everything that he deemed fit to achieve success at the Bali meeting. The US, however, remained silent without commenting on whether the Director-General must take things into his own hands to deliver an outcome at Bali.

It is an open secret that the Director-General's overall strategy was premised on the understanding that nothing would move at the trade body without Washington's concurrence.

But it is an open secret that the Director-General's overall strategy was premised on the understanding that nothing would move at the trade body without Washington's concurrence. And in order to secure US support, Azevedo believed that issues in the Bali agenda – notwithstanding the structural imbalances – would have to be finalised according to the broad parameters decided by the US. Unlike his predecessor Lamy, who failed to secure Washington's support despite delivering whatever the White House or Congress demanded, Azevedo had built strong and enduring relationships with key US officials ever since he negotiated the compromise package with Washington in the cotton dispute that Brazil won at the WTO.

Negotiations at Bali

So, when the trade ministers started trickling into the Indonesian island, two things happened. India, which had been soft during the finalisation of the draft texts on TF and the public stockholding programmes for food security following a series of meetings with Washington since July 2013, caused a negotiating tsunami at Bali. Despite the strong understanding between some very senior officials outside the commerce ministry and key officials in Washington on TF and public stockholding programmes for food security, the sudden public uproar at home on the draft text on food security forced the Indian government to change its negotiating position overnight. Although the concerted opposition from the US and the EU to the Group of 33 (G33, a grouping of like-minded developing countries in the WTO) proposal on food security had been well known since 2012, the Manmohan Singh government woke up only at the 11th hour. By the time Commerce Minister Anand Sharma arrived at Bali on 2 December, the focus had shifted to what India would do.

There was a grand effort to isolate India within the G33 where the Indian negotiators had played a central role in pressing for changes in the Agreement on Agriculture, especially the need to update the external reference price of 1986-88 (which plays a crucial role in estimating the total size of agricultural subsidies). The G33 consistently demanded language to ensure that there is an umbilical link between the interim provision giving exemption to subsidies incurred in food stockholding programmes and the final decision. But in Geneva the US had been willing to concede only a 'peace clause' for two years, which it later extended to four years. However, the US, the EU, Canada, Pakistan and others vehemently rejected language providing for a linkage between the interim mechanism and a permanent solution as well as for protection from the WTO's Agreement on Subsidies and Countervailing Measures (SCM).

Meanwhile, at Bali the Director-General quietly began pursuing negotiations on the TF text with a small group of members on special issues such as expedited shipments, transit, consularisation and penalty disciplines. Even though India raised strong reservations on expedited shipments – which is basically a market access issue for the US courier companies – and penalty disciplines, Azevedo did not invite the Indian minister or his officials for any discussion on the TF issue at Bali.

In the face of growing opposition from several countries who made strong statements at the plenary session about the need to ensure a 'balance', the Director-General along with the Indonesian chair of the conference, Gita Wirjawan, held a meeting of heads of delegation on 4 December. The 50 countries who took part at the meeting stuck to different narratives. The so-called Friends of the System gave the Director-General carte blanche to do anything he deemed appropriate for concluding the Bali package.

However, several developing countries such as India, South Africa, Namibia, Kenya, Argentina and Cuba made it known that the draft texts were not ready for concluding the Bali package. Cuba said that the WTO chief had said that there would not be any negotiations at the ministerial conference itself while efforts were being made at Bali to negotiate on issues in trade facilitation and agriculture.

Public stockholding deal

Along with the Indonesian chair, Azevedo held a series of meetings with the Indian minister on the possible language that could satisfy New Delhi. It was basically a negotiation between Azevedo and Anand Sharma, who was assisted by a senior Indian official. After initial discussions on the linkage between the interim mechanism and the roadmap to negotiate the final solution for public stockholding programmes, India gave three alternative formulations with language about the interim solution leading to a final solution for food security.

In response, the Director-General informed the Indian minister that the language in the interim mechanism would be close to what India had proposed. However, the Indian delegation was not given any language. In the face of what seemed like a cat-and-mouse act, the final compromise offered to India failed to satisfy New Delhi. When things were drifting, India gave its final alternative in the early hours of 6 December. Apparently, the US created a 'ruckus' on the Indian proposal and was not ready to accept it. That is when India told the Director-General that if the Indian proposal was not acceptable to the US, New Delhi would reject the Bali package.

Finally, there was a face-to-face negotiation between the US, India and the Director-General in which the US Trade Representative accepted the language 'in the interim, until a permanent solution is found' for members to refrain from challenging the public stockholding programmes for traditional staple food crops. But in return, the US inserted strong language on notification requirements as well as safeguard requirements. The US managed to include language that stocks procured under public stockholding programmes 'do not distort trade or adversely affect the food security of other Members'. Washington also ensured that there was no explicit protection from the disciplines in the Agreement on Subsidies and Countervailing Measures as was the case with the previous peace clause that the US and the EU enjoyed during 1995-2004.

An agriculture trade expert says it would be difficult for countries to challenge India under the Bali agreement despite lack of protection from the SCM Agreement. The principle of *pacta sunt servanda* will ensure that the dispute settlement panels do not make adverse pronouncements against countries availing themselves of the interim mechanism. However, India may find it intrusive and difficult to comply with the notification requirements under the interim solution, he added.

Following this understanding on food security, India meekly agreed to give up its opposition to expedited shipments and several other provisions in the TF text. The Indian minister, who had mentioned New Delhi's outstanding concerns on the TF text during the first three days of the meeting, generously conceded to his American counterpart that New Delhi would remove the square brackets (denoting lack of consensus) on its sensitive issues in the TF text. These issues require India to carry out legislative amendments as well as create new infrastructure. Perhaps the Manmohan Singh government seemed more eager to satisfy Washington even though what it got on the food security issue was only a reprieve with several conditions. The Bali outcome on food security is only a prelude to the battle that will unfold between now and the WTO's 11th ministerial meeting in four years.

A WTO beyond the DDA?

More importantly, the Bali outcome has provided a ruse to launch negotiations on new issues regardless of what happens to the vitals of the DDA. *The Economist* magazine, which showered wholesome praise on Azevedo for a successful Bali outcome, wants 'opening discussions on fresher subjects'. 'Investment is one possibility: the WTO could work to rein in subsidies and set rules protecting cross-border investment,' the magazine helpfully suggested. 'Trade in environmental goods and services, which covers everything from air filters to green consulting, is another candidate,' it says. 'Not all subjects need to be negotiated among all WTO members, as the Bali deal was,' it has cautioned. 'Some can be passed to those countries that are eager to press forward ("plurilateral" talks, in the jargon, as opposed to multilateral ones), as long as other WTO members are free to sign up to any resulting agreement.'

So will the WTO now abandon the DDA and move into new areas?◆

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Meeting the post-Bali challenge

Developing countries made a major concession by accepting the unbalanced Bali package. The challenge now is to ensure that the post-Bali negotiating agenda is informed and defined by the Doha Development Agenda.

Kinda Mohamadieh

AFTER four days of uninterrupted day-and-night meetings and negotiations in Bali between 3 and 6 December, and the prolongation of the Ninth Ministerial Conference by one day, the World Trade Organisation (WTO) declared that it finally succeeded in sealing a number of decisions. This is the first time that the organisation has actually delivered since it was founded in 1995, according to the WTO's new Brazilian Director-General Roberto Azevedo. The ministerial meeting held in Bali followed two months of uninterrupted negotiations in Geneva.

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Delegates at the Ninth Ministerial Conference of the WTO in Bali. The conference produced a 'Bali package' of decisions that did not adequately address developing-country concerns.

The so-called Bali package includes 10 decisions on selected matters from the Doha negotiating agenda, which was launched during the Fourth WTO Ministerial Conference in 2001, including: a new trade facilitation agreement, four decisions in the area of agriculture – including one on public stockholding for food security purposes – a decision on cotton, three decisions related to least developed countries, and one regarding a monitoring mechanism on special and differential treatment under WTO agreements.

These decisions had been submitted as draft texts to the Ninth Ministerial Conference by the WTO General Council meeting held on 26 November, in which the general impression was that the Ministerial Conference would not be a negotiating conference. Accordingly, there had been no expectation of a deal in Bali, especially given that most developing countries considered the package as unbalanced and void of a genuine development dimension that addresses the concerns and interests of developing countries.

Although the WTO's Director-General had declared in Geneva that the Bali conference would not be a negotiating conference, in his speech in Bali, Azevedo stated that what was mostly needed was the political will to bridge the gaps on the issues that were not resolved in Geneva, especially those related to agriculture and food security. Therefore, the first two days of the conference were devoted to an intensive negotiation focused on the food security proposal between the United States and India (including direct meetings between both delegations, and others liaised through the Director-General).

Thus, the Ministerial Conference in Bali turned into a series of meetings and small-scale negotiation sessions organised and managed by the WTO's Director-General. The atmosphere at Bali was mostly tense, with the majority of delegations that were not part of the negotiation sessions having to wait it out. The WTO Director-General called for a series of meetings open to all delegations, and informed them that he would do his utmost to reach an agreement in Bali. Late in the evening of the fourth day of the conference (6 December), Azevedo presented a modified text containing a clean un-bracketed version of the draft decisions reached in Geneva. He gave member countries the choice between accepting the text as it was, or refusing it and bearing the blame for the failure of the Bali conference.

The majority of member countries opted for accepting the text under the pressure of being blamed for the failure of the conference. Nevertheless, Cuba, supported by Bolivia, Venezuela, and Nicaragua, objected to the scheme used to put pressure on members to agree on the Bali package. These countries argued that such approaches were contrary to the principle of participation enshrined in multilateral negotiations. In their interventions, Cuba, Bolivia, Venezuela, and Nicaragua stressed on the importance of participation by all member countries in the negotiations, and refused the Director-General's initiative to put forward his own text regardless of the negotiation process, which must include the participation of all members. They also requested for reinforcement of the non-discrimination principle in all WTO rules and agreements.

Lack of balance and development dimension in the Bali package

The Bali package is unbalanced; decisions related to issues of concern for developing countries, especially the food security proposal and least developed countries' issues, were drafted in legally non-binding wording that does not offer enough guarantees to developing and least developed countries, whereas the trade facilitation agreement was adopted based on binding rules that oblige member countries to comply with practices based on developed countries' experiences and approaches.

It is worth mentioning that developing countries had agreed in 2004 to open negotiations on trade facilitation with the condition that the agreement ensures them the needed flexibilities, taking into consideration their individual level of development and circumstances, and ability to implement new obligations at their own pace and subject to available resources. This included conditioning implementation on acquisition of implementation capacities, through the provision by developed countries of technical and financial assistance to developing countries and least developed countries. This in addition to the principles of self-designation of commitments and self-assessment of capacity to implement by each concerned country.

But, the negotiations that followed led to the weakening of these notions and principles. In fact, the trade facilitation agreement does not include any obligation for developed countries to provide financial support although this element was deemed essential when the negotiations began in 2004. (It was removed from the body of the agreement, except for a vague, non-binding indication in one of the footnotes.) Thus, developing and least developed countries will find themselves forced to divert limited resources away from essential social objectives, such as spending on healthcare and education, to fulfilling the obligations under the trade facilitation agreement.

As for public stockholding for food security purposes, the decision agreed in Bali consists of an agreement among WTO members to refrain from recourse to the WTO dispute settlement mechanism to challenge other countries adopting such programmes. This is meant to be a temporary solution to be in place until the rules of the WTO's agriculture agreement are permanently reformed, in order to allow member countries to implement programmes in support of their food security policies. India required that any mechanism to be agreed in Bali would remain effective until a permanent solution is reached. In fact, the current rules under the agreement on agriculture do not allow developing countries to have such programmes, as they consider them as interventions that distort the trading system. On the other hand, the rules of the agreement on agriculture allow developed countries to grant domestic agricultural subsidies amounting to more than $400 billion per year without considering such interventions to be in breach of WTO rules.

It is important to underline that the decision related to food security stems from a proposal made by the G33 developing-country grouping, whose members focus on issues related to the WTO's agreement on agriculture. They wanted to clarify or modify current WTO rules which limit the ability of developing countries to purchase food from small farmers and stock it with the objective of serving food security. These sorts of programmes are adopted by many developing countries. It is important to note that this proposition was part of the revised draft modalities for agriculture negotiations that the WTO members agreed in 2008. However, it was opposed by the United States, the European Union, Pakistan, Uruguay, Thailand, Paraguay and other countries when it was suggested again by the G33.

In the framework of preparations for the Bali Ministerial Conference, Olivier De Schutter, UN Special Rapporteur on the Right to Food, called for granting developing countries the freedom to use food reserves to help secure the right to food without the threat of sanctions as provided for under current WTO rules and its dispute settlement mechanism. In this regard, the Special Rapporteur said that trade rules should respond to the food security policies needed in developing countries instead of forcing states to develop food security policies that comply with WTO rules. He added that supporting local food production is the first milestone towards fulfilling the right to food. Trade should complement and boost local production, not lead to its abandonment.

However, the United States refused to give such comprehensive guarantees to developing countries, and insisted on limiting the decision reached in Bali to existing food stockholding programmes; thus countries setting up such programmes in the future would not be able to benefit from the decision. Furthermore, the notification requirements and procedures demanded of countries attempting to benefit from the decision impose a significant burden on these countries to prove that the adopted programmes 'do not distort trade'.

The post-Bali agenda: the next challenge for the WTO

Developing countries and least developed countries made a major concession by accepting the unbalanced Bali package. The post-Bali negotiating agenda should reaffirm the development dimension of the Doha negotiating round, also known as the Doha Development Agenda (DDA). In Bali, the ministers reaffirmed their 'commitment to the development objectives set out in the Doha Declaration…' They also instructed the WTO Trade Negotiations Committee to prepare a 'clearly defined work plan on the remaining Doha Development Agenda issues' within the coming 12 months, based on the decisions taken at Bali, especially in the fields of agriculture, development, and least developed nations' issues, in addition to all other issues included in the framework of the Doha mandate, and deemed essential to conclude the Doha negotiating round. Defining the post-Bali negotiating agenda is the challenge that WTO members and its new Director-General will have to face in order to restore the development dimension in WTO negotiations. ◆

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COVER

Minister Sharma explains India's position on food security

At the Bali Ministerial Conference, India led the developing-country drive to change the current WTO rules to safeguard food security. *Kanaga Raja* reports on a media briefing by India's Commerce and Industry Minister on the issue.

INDIAN Commerce and Industry Minister Anand Sharma on 5 December during the Bali Ministerial Conference reiterated his country's position on the issue of food security.

At a media briefing in a packed room, Sharma said that India had been engaged in the ongoing negotiations for many months in Geneva with all sincerity and in the most constructive manner.

India had made an acknowledged contribution in taking forward not only the agenda for this meeting in Geneva but also on all the three pillars on which negotiations were going on to arrive at a solution which was acceptable (and) which embraced all, he added.

Indian Commerce Minister Anand Sharma putting forward his country's position on the food security issue at a 5 December media briefing in Bali.

'We live in a world where countries have different levels of development and their challenges differ from nation to nation and continent to continent but the vast majority of the world lives in poor countries, in developing countries, in Asia, in Africa, in South America and the Caribbean.'

'It is a fact that those engaged in agriculture in these countries happen to be resource-poor and subsistence farmers,' he said.

In agriculture, technologies in many of the poor countries – not in India – may not be as are available for farming in many of the developed countries. When talking about a country like India, 'we talk on behalf of similarly placed countries whom I will refer to as our partners in this coalition of countries which are developing countries which have a challenge of food security; countries which have the issues concerning the subsistence farmers.'

'This is one issue which we thought should be and needs to be addressed so that past distortions can be corrected by putting in place through consensus a negotiated agreement which allays the apprehensions of the developing countries and the poor countries particularly with regard to their vulnerability to archaic rules or dated rules,' he said.

Non-negotiable right

As India had maintained throughout, the right to food security was non-negotiable, Sharma stressed. This was a right which the United Nations recognised, and that was why the UN had a Special Rapporteur on hunger and food security (Olivier De Schutter), and reports on hunger and food security issues were regularly presented to the UN.

'We also have a commitment to the Millennium Development Goals (MDGs). The countries which are represented in the WTO are also signatories [and] have also made commitments to the MDGs, as well as to the right to food. Therefore, any decision which we make while putting in place the agreements, particularly in agriculture, on food security [has] to be in harmony with the MDGs and the right to food security, [and] cannot and must not be in conflict with these noble goals of the global community as a whole.'

This was a principled position for India and it should not be misinterpreted as India entering into a dispute. 'We have urged with respect all members to consider this aspect so that the decisions that we make resonate in the poor and developing countries where people are genuinely concerned as to what will emerge out of Bali.'

In India, there was a food security programme, and the public stockholding for food security was the proposal which was under discussion.

Sharma underlined that out of the 10 draft texts that were negotiated in Geneva, India had endorsed eight. 'This is just to underscore that India is as much committed as any other nation to have a successful outcome in Bali.' But at the same time there were issues on trade facilitation where some countries like India may be required to change their domestic laws, and countries found it difficult to make those commitments.

The crunch was the issue of public stockholding for food security, he said.

He then went on to explain the manner in which the issue of food security was addressed under the WTO rules. He said that countries were allowed to have public stockholding and public procurement but there was a threshold called the *de minimis*. This was linked to the past Uruguay Round agreement, and for the calculation of *de minimis*, the reference prices used were of 1986-88. So, in 2013, all countries had to calculate the *de minimis* for the eligible procurement based on 1986-88 prices!

'We have been pleading that these prices need to be updated,' he said, adding that the last agreement (Uruguay Round) was a flawed agreement – it had an inherent imbalance loaded against the developing and poor countries.

Pointing out that most countries had seen an escalation of prices in 2013, Sharma said: 'If anybody says that the food prices have not changed in the last three decades, I most respectfully would strongly disagree with that.'

He explained that what India procured was from the subsistence farmers. It was only a limited percentage of the food grain that was produced by the farmers or the different staple foods which were procured to feed the poor. It was procured at a Minimum Support Price (MSP), which was not the income support or market support that developed countries had been practising for decades.

And what was procured was distributed as part of food security – until recently it was through the public distribution system – where subsidised food grain was made available to the poor so that they did not go to bed hungry.

The Indian parliament had enacted a food security act. It was a legal entitlement given to citizens – over 700 million Indian citizens were poor and legally entitled – and the government was obliged to ensure that the prescribed notified quantity of food per month was made available as per their entitlement.

'We cannot possibly be expected to negotiate something which is in direct conflict with our food security,' the Indian minister stressed.

India was not the only country which gave MSP to its farmers. A large number of countries had similar programmes. At least 15-odd countries, if not more, had notified schemes for food security and public procurement.

'We have been discussing a number of possible options so that we come, while negotiating these things, to the second decade of the 21st century and not be held hostage to the 1980s.'

Sharma further said that India had been talking to various groups, its coalition partners and various stakeholders. It had had a number of negotiations with the EU, the US and also with the African and ACP (African, Caribbean and Pacific) groups and the LDCs.

'We cannot possibly be expected to negotiate something which is in direct conflict with our food security.'

He noted that in the past when there had been a shared concern over the stalemate in the Doha Round of negotiations, it was India which took the initiative and he had the honour of hosting ministers and leaders in New Delhi in September 2009 with an effort and objective to re-energise the stalled talks and it did help as the negotiators returned to Geneva.

'India is for the strengthening of the multilateral trading system. India stands for the strengthening of the WTO. We are for a rule-based multilateral trade system which corrects historical distortions, which is fair, which is just, which is equitable.'

Stacked against the poor

Responding to a question, Sharma said that the Agreement on Agriculture (AoA) reached in the Uruguay Round was 'inherently flawed and unfairly balanced' against the poor in developing countries, hence 'the ongoing negotiations, that's why we want this calculation to be not dated but updated and to be brought to the 21st century'.

Sharma was also asked whether India would be worse off if there was no deal in Bali as it risked being challenged at the WTO. To this, he responded, 'Why are we having any negotiations then? The same would apply then also to trade facilitation. Why do we have a multilateral trading organisation and should we have decisions frozen in time?'

'We're negotiating because the food prices have gone up ... We're negotiating because [of] the legal entitlement to food security. This is primarily a sovereign right and a sovereign space. But as a responsible nation, as a rule-based and rule-governed democracy, we are discussing this G33 proposal [on public stockholding for food security] so that the rules as such and the agreements of the multilateral trade organisation are connected with the realities on the ground of the 21st century.'

Unlike rich countries, he said, 'our agriculture is primarily rain-fed' and agricultural holdings of Indian farmers were on average of 1.2 acres of land in a nation of 1.25 billion people.

Asked if, politically speaking, his position was related to the upcoming Indian election, Sharma said he thought that this again was a 'misperception'. Democracies did have elections, but they also had principles and convictions.

He said that the proposal on food security emanated from the WTO's Hong Kong Ministerial Conference of 2005. India had not suddenly remembered that there were going to be elections and 'pulled a rabbit out of the hat'. This was an eight-year-old proposal which had been discussed, rediscussed, negotiated and renegotiated many times. The G33 had shown flexibility and lowered the ambition just to ensure there was a consensus. It was the unbracketed portion, the consensus position, in the 2008 revised fourth draft on agriculture – this meant that it was the settled part of the AoA as on December 2008. 'And people must respect what was accepted after negotiations in the year 2008.'

In response to a question about

Civil society representatives in Bali for the WTO conference make known their views on the need to protect the right to food.

the texts on the table, Sharma asked that, when out of 10 texts, India had endorsed eight and was willing even to negotiate the outstanding issues on trade facilitation, 'can we barter away or compromise when it comes to a fundamental right to food security?'

'I would like to make this absolutely clear that we have not come here as petitioners to beg for a peace clause ... That it is binding on us to accept 1986 to 1988 prices and make ourselves vulnerable to disputes and calculations? The answer is a firm "NO". This is a fundamental issue, we will never compromise.'

He said he found it very amusing that a country which was standing up for a right acknowledged by the UN and the MDGs, 'should be blamed for speaking for the right to food security for hundreds of millions, or rather billions, of poor people on this planet. We are not in conflict. We are urging not for a compromise but for a consensus on this fundamental issue.'

To another question, the Indian minister said that there would not be a collapse and that the WTO would survive. There had been past meetings without any result. 'We did not come here to collapse any meeting. India is committed to a positive outcome in Bali. India is committed, but also to a balanced and fair outcome.'

On public stockholding for food security, Sharma said there had to be a fair and balanced agreement. 'It is better to have no agreement than a bad agreement.'

In response to a question, Sharma said that India had a public procurement of food grains using public funds for stockholding for distribution among the people entitled to food security. The stocks procured using this public money could not be given to trade for export purposes.

Replying to another question, he said that both Pakistan and India exported rice. But for basmati rice (that India exports), there was no public procurement. That was high-quality rice which was never procured for food security or public distribution in a subsidised manner.

Asked if India was alone, Sharma said that the countries that had stood up and spoken were all big countries with huge populations, and in that context, it may be more than 75% of the world's population who stood by India on this issue.

Asked about the interim arrangement and it being linked to a permanent solution, he said that India never sought a 'peace clause'. It was being erroneously referred to as one. On the interim solution, he said that his understanding of the English language was that 'interim' was meant for the present, for the intervening period until the permanent was put in place. There was no dictionary meaning which described 'interim' as 'temporary'. Interim was interim until the permanent was put in place.

The WTO Director-General's draft made it clear that the parties would commit to engage in negotiations for a permanent solution. But all that India and other countries were saying was that this was a must-have for them.

'We're only saying how can there be a "sunset clause" when you have binding commitments in trade facilitation and "interim" is described as four years ... I cannot accept this as a new dictionary meaning of the word "interim",' said Sharma. ◆

A woman receiving subsidised rice under the Indian food security scheme. Food grains procured from farmers under this programme are distributed to the poor.

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G33 ministers stress importance of food security

The crucial importance of food security for developing countries was underscored by ministers and representatives of the Group of 33 (G33) food-producing nations which met on the occasion of the Bali ministerial meet and thus provided valuable support to the Indian initiative on food security.

Kanaga Raja

Indian Commerce Minister Anand Sharma ***(left)*** **speaking with Indonesia's Trade Minister Gita Wirjawan at a meeting of the G33 grouping held on the eve of the WTO conference. At the meeting, the G33 underlined the importance of public food stocks in developing countries' food security, livelihood security and rural development strategy.**

THE ministers and representatives of the developing-country G33 grouping, meeting on the occasion of the ninth WTO Ministerial Conference in Bali, reiterated the importance of food security, livelihood security and rural development in developing countries, including small, vulnerable economies (SVEs) and least developed countries (LDCs), as enshrined in the Doha and Hong Kong mandates.

In a Ministerial Communique issued in Bali on 2 December, the G33 emphasised the importance of delivering on the ongoing reform in agriculture and the completion of the Doha Development Agenda (DDA) including the elimination of global production and trade distortions that hinder productivity and competitiveness of hundreds of millions of poor farmers in the developing world.

In the face of increased volatility of food production and prices on the global market since the food and financial crises in 2008, the G33 communique underlined the importance of public stockholding for food security purposes in the developing countries' food security, livelihood security and rural development strategy.

The ministers also urged members to remain cognizant of the subsistence nature of agriculture in most developing countries including SVEs and LDCs.

'We recognise the members' collective resolve to advance negotiations where concrete progress can be achieved including focusing on elements of the DDA and with a view to achieve an outcome that would among others rectify some of the gross imbalances in the subsisting WTO rules on agriculture. To this end, the G33 submitted a proposal on some elements of the Draft [Agriculture] Modalities for early agreement to address food security, livelihood security, and rural development imperatives.'

The ministers expected members' engagement to work on the G33 proposal to achieve the 'permanent solution'.

The ministers recognised the members' engagement in discussing an 'interim solution' for the ninth Ministerial Conference (MC9) as well as other issues of negotiation for MC9.

'While we fully respect each member's rights and negotiating positions in the negotiation, we express our deep disappointment that in the Geneva process members failed to find convergence, despite all the efforts and flexibilities that [have] been shown by the G33 and other members.'

The ministers thus strongly urged members to find ways to address the impasse considering the negative impact of failure to deliver concrete outcomes in Bali on the credibility of the WTO as the negotiating forum for multilateral trade rules, on the reinvigoration of the DDA agriculture negotiation 'as well as to our constituents, specifically to the most vulnerable members of the population'.

They noted with deep disappointment that the deadline to implement the elimination of agricultural export subsidies in 2013, as stipulated in the Hong Kong Ministerial Declaration, has been missed, and that a legally binding outcome to eliminate export subsidies and all export measures with equivalent effect cannot be realised in Bali.

They reiterated the importance of maintaining special and differential treatment in the areas of export competition as well as in tariff rate quota administration.

'We note that intensive and inclusive engagements on [a] package for MC9 in Geneva have brought much progress in a large number of difficult and sensitive areas. We should build on existing efforts for further negotiations post-Bali in order to achieve [a] balanced outcome.'

Critical tool

The G33 ministers were of the view that having the 'permanent solution' for the Public Stockholding for Food Security Purposes in Developing Countries contained in document JOB/AG/22 of 13 November 2012 is a critical tool for achieving 'our broader food security, livelihood security and rural development concerns'.

'We, therefore, call for immediate engagement to jump-start work for the permanent solution after Bali MC9 so as to conclude it during the currency of the interim solution.'

The ministers committed themselves, and strongly urged other WTO members to continue delivering the Doha Development Agenda based on the Draft Agriculture Modalities of December 2008. They also urged WTO members to complete the Doha Round at the earliest.

'In the broader Doha agricultural reform, we underscore the need to secure Special Products (SPs) and Special Safeguard Mechanism (SSM). We underline that the special and differential treatment for developing countries including SVEs and LDCs in the agriculture negotiations must be operationally effective to enable developing countries to effectively take account of their development needs.'

According to the statement, the G33 shall remain resilient and a dynamic group representing the evolving needs of the hundreds of millions of farmers in the developing world.

'Thus, we reaffirm our critical and complementary role in facilitating and ensuring that the global agricultural reform [is] attuned to needs of all developing countries as well as in establishing a strong, fair, and market oriented rules-based multilateral trading framework through meaningful and effective special and differential treatment for the food security, livelihood security and rural development of the developing world.' ◆

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Time India said no to unfair deal, say Indian CSOs

There was also powerful support for the Indian government's stand on food security at Bali from civil society organisations at home. *Gopa Kumar* explains.

OVER 40 Indian civil society organisations, and prominent activists and individuals, in a joint letter have supported the Indian government's current stand at the WTO, and urged the government 'not to give up the long-term interest of the nation for hazy short-term promises' and not give in either to pressure from the developed countries.

'We urge you,' the signatories said in the open letter, 'to stand firm and reject a Peace Clause that does not guarantee a permanent solution to the issue of price support to poor farmers in the country's sovereign endeavour for securing food for all.'

'We urge you to ensure that there is a permanent solution to the food subsidy issue, [one] that enables India and other developing countries to purchase food from small producers for public stockholding, without this being counted as part of "trade distorting subsidies" which are to be disciplined by WTO.'

Of the 600 million people in India who depend on agriculture, 80% are poor small farmers who are near subsistence.

'Moreover,' they said, 'the method of calculating a "subsidy" has to change. The present WTO method requires the government to buy food items from farmers at the 1986-88 price, which is outdated and very low; any price that is higher is counted as a "subsidy", which is absurd and must be changed. Reference should be made instead to the present market price, not the 1986 price, the use of which results in developing countries being unfairly punished and being portrayed as over-subsidising their farmers.'

Any peace clause, the letter said, will be meaningful only if it will last until a satisfactory permanent solution is adopted. Moreover, the peace clause should be applicable not only to the Agreement on Agriculture (AoA) but also to the Agreement on Subsidies and Countervailing Measures and not be burdened with paralysing conditions. 'We also urge you to take a strategic position on trade facilitation (TF) that secures India's overall development needs and sovereign policy space.'

Widespread poverty and hunger

Despite its high growth rate over the past few years (except the last two), India still has widespread poverty, hunger and malnutrition. Of its 600 million who depend on agriculture, 80% are poor small farmers who are near subsistence. While official poverty estimates put poverty at 21.9%, the National Commission on Enterprises in the Unorganised Sector (2007) had found that 77% of Indians, or 836 million people, lived on less than IR20 ($0.31) per day, living in abject poverty. The NC Saxena Committee puts poverty at 50%. Whatever the numbers, it is undeniable that hundreds of millions live close to the poverty line under precarious conditions.

India is positioned at 136th place in the 2012 UN Human Development Index. According to the global Hunger Index 2013, India is ranked 63 out of 120 countries and languishes far behind other emerging economies or even its neighbours Bangladesh and Pakistan. The report also points out that the level of hunger in India is at 'alarming levels'.

By agreeing to extend the coverage of the recently enacted National Food Security Act (NFSA) to 75% and 50% of the rural and urban population, the government has acknowledged the dire condition and urgent food needs of a large majority of its population.

Under such unconscionable conditions, the strengthening of both production and consumption systems in a synchronised manner is essential in order to ensure food security in India and to meet the hunger challenges that face 67% of the Indian population today. This can only be done through a strong Public Distribution System (PDS) which procures food from farmers, most of them poor themselves, at a Minimum Support Price (MSP) which is fair and remunerative, and then distributes it at a subsidised issue price to poor consumers.

Both the price and consumption components of the subsidy are crucial for supporting India's food needs. But the lopsided WTO rules in the Agreement on Agriculture, while allowing unlimited subsidies by developed countries, bar developing countries from providing essential price support even to poor farmers and even when the objective is to use such procured food to mitigate hunger and malnutrition of their poor food consumers.

The anomaly in the subsidy rules of the AoA is by now well known and accepted by all.

In this scenario, the proposal by the G33 group of countries, led by India, demands such subsidies should be included under the Green Box and be allowed without any conditions. This could have addressed the structural inequity in the AoA to an extent and has the potential to guarantee the food security of 670 million hungry Indians and others in similar conditions across developing and least developed countries worldwide.

However, in spite of giving huge subsidies themselves, the developed countries have rejected most of the elements of the G33 proposal, and the WTO Director-General Roberto Azevedo has recently offered only a partial and inadequate peace clause which gives India and other developing countries looking to use above-limit food subsidies 'a temporary protection against legal action by other members under AoA'.

Interestingly the original demand by the G33 that a peace clause, even if discussed, must operate 'till a permanent solution is guaranteed', seems to have withered away in the current text and a peace clause that will expire in four years seems to be firmly established. A work programme is promised by the 11th Ministerial Conference but that does not equal a permanent solution nor does it allow the peace clause to operate till one is found. Moreover, the G33's proposal to extend this peace clause to other relevant agreements guiding subsidies, such as the Agreement on Subsidies and Countervailing Measures, has also fallen on deaf ears. Without that, India can still be dragged to dispute settlement. This is not all. The long list of onerous conditions imposed on this feeble offering has in fact made future disputes more likely. The proposal requires detailed information sharing by India on what is essentially domestic policy and limits the coverage to very few staple crops, tying India's hands in pursuing an independent and flexible food support policy.

So in essence, while a permanent solution is not guaranteed by the peace clause, what is guaranteed is permanent food insecurity where the government is likely to lose control over its food policy options.

Position on Bali

Under the circumstances, the Indian Cabinet on 28 November finally decided to accept the peace clause only if it guarantees a permanent solution and extends to the Agreement on Subsidies and Countervailing Measures. This is a welcome change from its earlier stance of accepting the peace clause offered by the WTO Director-General. Given India's food situation, there could not have been any other option.

Moreover, India's position vis-a-vis the trade facilitation agreement must be consistent with and subservient to its position on agriculture. India's major interest is not trade facilitation but safeguarding its policy space to ensure the right to development, food security and ensuring the basic well-being of its people.

The proposed trade facilitation agreement is again an instance of ignoring the needs and demands of developing countries during the current round of WTO talks. The developed countries have sought to promote import penetration through import facilitation, but remained unwilling to make binding commitments to help developing countries and LDCs with finance and technology so they can improve export facilitation, or in meeting the binding commitments they themselves seek. This is why, in spite of considerable push and shove by the US, developing countries have largely refused to budge.

Given that the trade facilitation agreement on the table is not pro-development, it makes no sense to accept it for the apology of a food security deal. In the 'give and take' format the trade enthusiasts espouse so much, India is perfectly within its right to 'give' only if it manages to 'take' control of its food security and its policy space to do so.

'Until that can be guaranteed it is not in India's best interest and the interests of its people, to say yes to the grossly unbalanced, unfair and unlikely deal at Bali. And as a developing country that is acting to protect the long term development objectives for its people, India can hardly be blamed for it. In fact it should be hailed for this decision. In fact, development goals set up by the global community as a whole will again fall short if our food and nutrition security issues, coupled with producers' livelihood issues are not addressed squarely.

'We, as members of Indian civil society, believe it is time India says NO to an unfair deal. The Indian Commerce Minister and his delegation when negotiating in Bali must not be weighed down by the propaganda of developed countries and neo-liberal media reports as deal breakers. By doing so, he will do his people and other developing and least developed countries a long lasting favour.' ◆

Gopa Kumar is a senior researcher with the Third World Network. This article is reproduced from the South-North Development Monitor *(SUNS, No. 7709, 3 December 2013).*

Food security and WTO rules: The need for change

The current WTO rules on agriculture make a travesty of the first Millennium Development Goal of reducing hunger. Unfortunately the Bali 'peace clause' provides only temporary relief for countries maintaining public food stockholdings and also tacitly acknowledges that such measures are 'illegal'. No compromise should be tolerated on this critical issue, says *Jayati Ghosh*.

DESPITE all the talk of global power shifts and the rise of emerging economies, the WTO ministerial meeting at Bali once again forced developing countries on to the back foot despite having both reason and ethics on their side. The inability to close a deal in Geneva before the Bali meeting reflected the intransigence of some governments (the US in particular) which, in the face of what seem to be fairly commonsense and fair proposals to rectify very large anomalies in the current trade rules, demand a pound of flesh in return for every such 'concession'. And the final settlement – now being heralded as a 'breakthrough' that will supposedly benefit developing countries – is another reaffirmation of how global power is still so unequally distributed.

The 'Doha Development Round' of trade talks is all but dead, and only two issues survived to merit serious consideration at Bali. One is 'trade facilitation' – the harmonising and standardising of customs rules and procedures that is a Northern agenda for easing up import practices across the world. There are the usual noises being made about how this will dramatically increase both trade and employment in the world, on the basis of spurious empirical exercises. The other issue is more central: the developing-country focus on agricultural subsidies, which affects the livelihoods and food security of more than half the world's population. Unfortunately, some powerful developed countries have demanded acceptance of the former while refusing to make even the most obvious adjustments to meet the latter.

Food and livelihood insecurity

The global economic context of this discussion needs to be understood. Since the WTO's Agreement on Agriculture was formulated, world trade patterns have changed greatly. Most of the current forces operating to distort agricultural trade are not adequately addressed in the existing trade regime. Supports provided by developed countries to their farmers and agribusinesses are now mostly classified as 'non-distorting' measures, and they remain very high. A small number of giant multinational agribusinesses now dominate global trade and food distribution even more than before and marketing margins have increased. Financial companies are involved in commodity futures markets, causing even commercial players to behave in speculative ways and creating volatile price movements that do not always reflect changes in 'real' demand and supply.

Most of the current forces operating to distort agricultural trade are not adequately addressed in the existing trade regime.

Increasing uncertainty and volatility in global food trade, especially since 2006, have operated against both small producers (who do not benefit from price increases and lose out when price declines with import surges) and poor consumers who face much higher prices. In many developing countries this has created two linked problems: food insecurity because of high and volatile food prices, and livelihood insecurity of food producers because of rising costs and uncertain price movements.

This means that the global trade regime should address the problems of excessive concentration in global food markets, persistently high levels of subsidies given to agriculture in developed countries and price volatility caused by speculative activity. But while these issues remain unsolved, developing countries must find some means to cope and to ensure food and livelihood security for their citizens. This involves enabling more domestic food production, particularly through support to small farmers by providing access to credit, technology, inputs and assured markets with stable prices; and making food affordable for low-income consumers.

This may require encouraging more domestic food production through various incentives and subsidies if necessary, as well as ensuring the proper distribution of adequate nutritious food to make minimum quantities of it accessible for all. But such measures can come up against existing WTO rules, particularly with respect to public support for agriculture. It is the skewed and unbalanced nature of constraints on such support that is the concern – as developed countries are effectively allowed huge levels of domestic subsidies while developing countries struggle to remain within minimal legal levels.

The WTO recognises three kinds of domestic support to farmers. 'Amber Box' measures like administered support prices or subsidies directly related to production quantities are considered as trade-distorting. The 30 (mostly developed) countries that had notified such support during 1986-88 were required to bring them down by 36%; other countries are allowed to provide such subsidies only '*de minimis*' – up to 10% of value of output for developing countries and 5% for developed countries.

'Blue Box' measures of support are 'Amber Box with conditions' – supposedly designed to reduce distortions – and currently subject to a ceiling of 8% of the value of production. 'Green Box' subsidies are not product-specific, direct income support for farmers that are decoupled from production or prices, policies for environmental protection or regional development. They are not considered to distort trade and are therefore not subject to any conditions. Most developed countries have shifted to relying more on Green Box subsidies for agriculture, so they continue to provide very large support to their farmers without breaching WTO commitments.

Crop-specific subsidies

However, for developing countries trying to ensure food security, it may be necessary to provide crop-specific subsidies, so as to persuade and help farmers to cultivate food crops and to ensure affordability to consumers. Administered prices and public procurement can be essential policy instruments for improving national capacities to guarantee food security by stimulating improved efficiency, productivity, resilience, competitiveness and sustainability of national food production. So it is important to expand the definition of Green Box support to take account of these specific needs of developing countries, and take note of the fact that most food crops for food security programmes are acquired from low-income, resource-poor farmers.

But since such compensating measures can come up against existing WTO rules that do not allow crop-specific interventions unless they have already been recorded (as is the case for developed countries with high levels of subsidies), they have been opposed by developed countries. Thus, India's recent law that seeks to provide food security to one of the largest undernourished populations in the world has already been challenged by the US in the WTO, even though India's scheme would cost a small fraction of what the US provides a much smaller number in food subsidies.

To prevent such unfair possibilities, the G33 group of developing countries has suggested an additional Green Box category to cover 'policies and services related to farmer settlement, land reform programmes, rural development and rural livelihood security in developing country Members, such as provision of infrastructural services, land rehabilitation, soil conservation and resource management, drought management and flood control, rural employment programmes, nutritional food security, issuance of property titles and settlement programmes, to promote rural development and poverty alleviation'. This could be expanded to allow marketing boards and supply management schemes to be established, because these are often essential for food and livelihood security.

Another concern for developing countries is that public stockholding of food is also counted in the aggregate support measures subject to the 10% ceiling. But holding grain reserves can be essential to maintain domestic food security programmes and to guard against sudden movements in global food prices. Ideally, this should also be seen as a Green Box measure, especially if it is public stockholding of staple crops designed for domestic consumption. It should be possible to incorporate safeguards or guarantees that prevent possible spillover effects on global markets.

Further, currently the WTO uses the 1986-88 external reference price for calculating support, which is clearly outdated. This needs to be revised to take into account the significant food price inflation since then. One possibility is to take the average price of the previous year or a three-year rolling average. At the very least, the excessive rates of inflation (higher than 4%) should be used when calculating the contribution of food stockholding programmes and other policies in total farm support at the WTO. But developed countries have refused to agree to this because 'it will open up the agreement'!

Unfortunately, none of these eminently sensible suggestions was accepted by the developed countries at the Bali meeting. Instead, the final declaration only contained a 'peace clause' that will temporarily suspend WTO actions on countries that exceed the *de minimis* limit. This amounts to an acceptance that such measures are 'illegal', and provides only a limited period of relief. Developing countries have tried to put a brave face on this, arguing that it has been accepted only as a transitional measure towards full recognition of the legitimacy of such programmes to ensure food security. But until the negotiations on this are completed, we will not know whether this has been in their long-term interest. And in the meantime, countries like India will be forced to engage in complicated, tedious and very expensive reporting of all their subsidies and values, so as to enable 'monitoring' of their subsidies.

The current rules make a travesty of the first Millennium Development Goal of reducing hunger. If the world community is truly concerned about this, there is no way it should let unfair trade rules reduce the ability of developing countries to do something about improving food security. As the UN Special Rapporteur on the Right to Food has noted, 'In no circumstances should trade commitments be allowed to restrict a country's ability to adopt measures guaranteeing national food security and the right to adequate food: a waiver to allow the adoption of such measures should be envisaged.' People everywhere need to make this a much more vital issue on which no compromise can be tolerated. ◆

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Bali food security deal a first step towards WTO rule reform?

Jacques Berthelot contends that though the compromise struck at Bali on the issue of public stockholdings of food was an unsatisfactory one, it nevertheless can be the first step in reforming the inequitable WTO rules on agriculture.

THE agricultural issues in the ninth WTO Ministerial Conference focused essentially on changing the current rules on public stockholding for food security purposes and, secondarily, on export competition. We will show that, despite an unsatisfactory result on the public stockholding rules, it is nevertheless a first step to changing totally the unfair rules for developing countries (DCs) under the WTO Agreement on Agriculture (AoA), provided that they change their mindset to adopt an offensive stance against the developed countries in the working group which will pursue the issue within the WTO Committee on Agriculture. For this to happen, the civil society of North and South should intensify their concrete support to the WTO developing-country members.

The then Director-General of the General Agreement on Tariffs and Trade (GATT) Peter Sutherland gavelling the Uruguay Round of trade talks to a close in December 1993. The Bali decision on food security, for all its limitations, can pave the way for an overhaul of the unfair agricultural trade rules that resulted from the Uruguay Round.

An unsatisfactory result but a first step to changing the Agreement on Agriculture

India, on behalf of the G33 – a group of 46 DCs formed shortly before the WTO Ministerial Conference of September 2003 in Cancun and prioritising the protection of their domestic agricultural markets – proposed in the informal meeting of the Special Session of the WTO Committee on Agriculture of 14 November 2012 that the provisions on public stockholding for food security purposes, already included in the revised draft modalities of 6 December 2008, be taken up for a formal decision by the Ministerial Conference in Bali in December 2013.

India asked for modification of the last sentence of footnote 5 of paragraph 3 of the AoA Annex 2 as follows: 'Acquisition of stocks of foodstuffs by developing country Members with the objective of supporting low-income or resource-poor producers shall not be required to be accounted for in the AMS.' The AMS is the Aggregate Measurement of Support or 'Amber Box' of domestic agricultural supports regarded as trade-distorting and subject to a reduction of 20% from 1995 to 2000 for developed countries and of 13.3% from 1995 to 2004 for DCs other than the least developed countries (LDCs), which are not bound to any reduction because they have very little means to subsidise their farmers, the more so as they represent the majority of their active population.

More precisely what is considered a trade-distorting subsidy here is the difference between 'the acquisition price and the external reference price' – the average border price (the FOB price if the country was a net exporter and the CIF price if it was a net importer)[1] from 1986 to 1988, base period for the calculation of reduction commitments of the Uruguay Round – multiplied by the quantity likely to benefit from the purchase price of food security stocks which are then distributed at subsidised prices to poor consumers. India proposed deleting 'the difference between the acquisition price and the external reference price is accounted for in the AMS'.

As the revised draft modalities of 6 December 2008 already reached an agreement on this issue, including by the US and the EU, its definitive adoption in Bali should have been a mere formality. But the US, followed by the EU and other developed countries, are not prepared to make concessions to DCs on some AoA rules, fearing that this would open all the rules to question and reduce their room for manoeuvre to impose an opening of DCs' domestic markets to US and EU exports of non-agricultural products and services. This is the ambiguity of the WTO negotiating rounds where all WTO members must accept all texts – the 'single undertaking' principle with adoption of all texts by consensus, which camouflages the huge pressures from developed countries on DCs – where each member is supposed to lose on some issues and gain on others. In fact, however, the developed countries are always winners and DCs are almost always losers, especially LDCs.

But the US and the EU found in front of them the Indian Minister of Commerce, Anand Sharma, who showed an extreme firmness in his statement to the Bali Ministerial Conference: 'For India food security is non-negotiable. Governments of all developing nations have a legitimate obligation and moral commitment towards food and livelihood security of hundreds of millions of their hungry and poor. Public procurement at administered prices is often the only method of supporting farmers and building stocks for food security in developing countries. Need of public stockholding of food grains to ensure food security must be respected.'[2] This firmness is due to several factors: the implementation in India since 12 September 2013 of the National Food Security Act which expands to 820 million Indians heavily subsidised food aid of 60 kg of rice or wheat per year; strong political pressures due to legislative elections in May 2014; and the large mobilisation of civil society in India and of international civil society present in Bali, both within and outside the conference centre.

However, as India's firm stance in Bali was only supported by a score of other DCs, and this only softly and rarely publicly, Sharma eventually yielded to intense pressures from developed countries – a powerful US agribusiness delegation lobbied US Trade Representative Michael Froman – accepting concessions in the final text of the agreement, which remains ambiguous on several points, including the following:

• Will the 'peace clause' – during which WTO members commit themselves not to sue at the WTO over the subsidies related to public procurement of food commodities in DCs at administered prices higher than domestic prices – only last for four years? This is the dominant interpretation of media but also of many civil society activists advocating the closing down of the WTO or at least taking agriculture out of the WTO remit. But this interpretation is disputed by India and other delegations, including France.

Indeed, the text adopted in Bali says: 'Members agree to put in place an interim mechanism as set out below, and to negotiate on an agreement for a permanent solution … for adoption by the 11th Ministerial Conference … In the interim, until a permanent solution is found…' If really the intent was to limit the interim period to four years, this last phrase would have read 'In the interim, up to at most four years'. If a permanent solution is not found before the 11th Ministerial Conference in 2017 – these conferences are held every two years – the interim period will continue. Anand Sharma said during his press conference: 'My English is not very good but my English teacher was good and he told me that "interim" means not temporary but something that lasts until a permanent solution is found.' The four years before the 11th Ministerial Conference must therefore be understood as the period during which the working group to be set up within the Committee on Agriculture will seek a permanent solution satisfying the G33 and in particular India. However, it is doubtful that it will succeed, let alone in four years, without radically questioning the main AoA rules, including the definition of the different types of subsidies according to their alleged level of trade distortion.

• The peace clause will apply only to 'public stockholding programmes for food security purposes existing as of the date of this Decision'. Hence the DCs which do not run such programmes presently will not be able to implement them 'until a permanent solution is found', and those which run some, like India, cannot extend them to products other than 'primary agricultural products that are predominant staples in the traditional diet' of the population.

For Indian civil society, including the Right to Food Campaign, the text excludes pulses and oilseeds but this is questionable because the concept of 'predominant staples' is not defined and pulses (such as beans and lentils) are clearly staples complementing cereals in the daily diet of the poor. But it is true that these products are not subject to public procurement for stockholding in India, except on a small scale in some states like Chhattisgarh.

And the fact that the Bali agreement requires publication of very detailed statistics for the last three years of each public stockholding programme for food security purposes is a real threat to the possible expansion of products eligible for coverage under the peace clause. If there were not this requirement of statistics over the last three years, the text does not say explicitly 'programmes already implemented', so that one could extend them to all the provisions, including for the future, of the National Food Security Act – which is a 'programme existing as of the date of this Decision' – which, in Chapter 13, provides: '(2) Notwithstanding anything contained in this Ordinance, the State Government may continue with or formulate food or nutrition based plans or schemes providing for benefits higher than the benefits provided under this Ordinance, from its own resources.'

• Another constraint: 'Any developing Member seeking coverage of programmes under paragraph 2 shall ensure that stocks procured under such programmes do not distort trade or adversely affect the food security of other Members.' This is mainly because Pakistan had lobbied against the G33 request, claiming that India is dumping its public stocks of rice, outcompeting its own exports, which is highly questionable.[3]

Finally, if the agreement on export competition adopted in Bali did not change anything with regard to the statement already made at the Hong Kong Ministerial Conference of December 2005, it is appropriate to remember that the WTO Appellate Body condemned Canadian dairy exports in 2001 and 2002, US cotton exports in 2005 and EU sugar exports in 2005 on the basis that domestic subsidies have a dumping effect as well as explicit export subsidies.

Some excerpts of the Appellate Body's rulings:

• 'The distinction between the domestic support and export subsidies disciplines in the Agreement on Agriculture would also be eroded if a WTO Member were entitled to use domestic support, without limit, to provide support for exports of agricultural products ... If domestic support could be used, without limit, to provide support for exports, it would undermine the benefits intended to accrue through a WTO Member's export subsidy commitments.'[4]

• 'Article 9.1(c) addresses this possibility by bringing, in some circumstances, governmental action in the domestic market within the scope of the "export subsidies" disciplines of Article 3.3.'[5]

• 'Upholds the Panel's finding, in paragraphs 7.1416 and 8.1(g)(i) of the Panel Report, that the effect of the marketing loan programme payments, Step 2 payments, market loss assistance payments, and counter-cyclical payments (the "price-contingent subsidies") is significant price suppression within the meaning of Article 6.3(c) of the SCM [Subsidies and Countervailing Measures] Agreement.'[6]

• 'The effect of the mandatory price-contingent United States subsidy measures – marketing loan programme payments, user marketing (Step 2) payments, MLA payments and CCP payments – is significant price suppression in the same world market within the meaning of Article 6.3(c) of the SCM Agreement constituting serious prejudice to the interests of Brazil within the meaning of Article 5(c) of the SCM Agreement.'[7]

• 'd) Upholds the Panel's finding, in paragraph 7.334 of the Panel Reports, that the production of C sugar receives a "payment on the export financed by virtue of governmental action", within the meaning of Article 9.1(c) of the Agreement on Agriculture, in the form of transfers of financial resources through cross-subsidization resulting from the operation of the European Communities' sugar regime.'[8]

However, if these precedents have not yet been used by DCs, they could do so after Bali.

Negotiations will begin, allowing challenge to the AoA's unfair rules

Despite all these constraints and limitations, the Bali decision on public food stockholding constitutes a first step: DCs have put a foot in the door of the AoA rules and they now have to open it completely in the post-Bali programme to rebuild all the rules. Every cloud has a silver lining: it is owing to this very ambiguous and incomplete agreement on food security stocks that a working group will be set up within the WTO Committee on Agriculture to find a permanent solution to the G33 request.

No doubt the US and the EU will put many hurdles in the work of the group so as not to jeopardise the other AoA rules which these two accomplices had concocted face to face during the Uruguay Round and which are very unfair to DCs. DCs must now take the offensive against the US and the EU, which have everything to lose because it is easy to show that they did not comply with the AoA rules to a huge extent, and this will encourage DCs, starting with India, to sue them at the WTO so as to force them to rebuild these rules on food sovereignty.

All the forces of civil society, including those such as Via Campesina which have campaigned to take agriculture out of the WTO or to put an end altogether to the WTO, should now become more realistic by joining all those which, particularly within the Our World Is Not For Sale network, support all DCs struggling within the WTO to change the rules in the direction of food sovereignty.

The first rules to change are related to administered prices. Paragraph 9 of the AoA Annex 3 states: 'The fixed external reference price shall be based on the years 1986 to 1988.' Indeed, the very low world prices of wheat and rice – the two cereals of the Indian food grain programme – in 1986-88 were due to massive US dumping of rice and wheat and EU dumping of wheat, with US dumping rates of 137% on rice and 89% on wheat and the EU dumping rate of 134% on wheat. As the US is a price maker worldwide for wheat and strongly influences the global price of rice, and as the US and EU accounted for 53.2% of global wheat exports in that period, to consider as a trade-distorting subsidy the gap between the current administered price paid to Indian small farmers and its CIF import prices of 1986-88 is economically absurd and politically unjustifiable. Moreover, the low world prices in dollars of rice and wheat in that period were also due in large part to a 23% dollar depreciation from late December 1985 to late December 1988, 30% of which was on the effective exchange rate for US rice exports.

One can also amend paragraph 4 of AoA Article 18 – 'Members shall give due consideration to the influence of excessive rates of inflation on the ability of any Member to abide by its domestic support commitments' – by deleting 'excessive', as recommended by the eminent Indian trade experts Anwarul Huda and Ashok Gulati. As inflation in India was 8% on average over the past 25 years, updating the 1986-88 border prices on the basis of this inflation rate would raise these prices to levels exceeding by 94% and 74% respectively the minimum support prices of rice and wheat in 2012-13, so that these highly negative AMS would not put at risk the implementation of the new National Food Security Act.[9]

But we must go beyond this by calling into question the very concept of administered prices, which is not defined in the WTO agreements and which works in opposite ways in developed countries and DCs. Whereas in DCs the administered prices are fixed *above* market prices to ensure remunerative prices to small farmers, particularly just after the harvest, and to oblige private traders to pay higher market prices, in developed countries they are minimum prices, fixed *below* the prevailing market prices in order to reduce their level. But – here lies the fundamental difference – these lower administered prices were accepted by Western farmers only because they were offset by domestic subsidies, including by the alleged *decoupled* fixed direct payments in the EU and US plus *coupled* subsidies, such as the US' various types of marketing loan benefits, countercyclical payments and insurance subsidies.[10] In developed countries administered prices are always triggering subsidies, apart from the other means necessary to render them effective: import duties, export subsidies and restrictions, land set aside, production quotas, etc. Indeed the US Farm Bills and EU Common Agricultural Policy (CAP) reforms since the 1990s have consisted in lowering by steps their administered prices to increase their domestic and external competitiveness – importing less and exporting more – through massive compensatory alleged non-trade-distorting subsidies under the Blue and Green Boxes.[11]

So a balanced comparison between the US (EU) and Indian administered prices should be made by internalising in the US low administered prices the subsidies triggered by them. It is what the OECD has done in a 2011 report where the concept of domestic prices is defined as 'producer prices plus payments linked to the production of a specific commodity'[12] – a concept that we propose to define as the 'comprehensive domestic farm price'. However interesting this approach might be, it is still too restrictive and biased because it does not take into account the decoupled subsidies that have substituted for more and more coupled subsidies since 1998 in the US and 2005 in the EU.

Similarly, an October 2013 report by the Food and Agricultural Policy Research Institute (FAPRI, a US research centre dependent on the US government) assessing the two Farm Bills adopted in 2013 by the House of Representatives and the Senate presents tables of the expected 'average crop revenue in dollars per acre' for several crops for the period 2014-18.[13] In these tables coupled aids are added to market sales, which, divided by the yield per acre, gives the comprehensive price per crop, although FAPRI does not use this concept but that of 'revenue per acre'. And FAPRI expects that they would increase by 9% for rice and 6.6% for wheat over the period 2014-18, compared to the expected price if the current Farm Bill were not to change.

The combination of the high rate of US and EU dumping on wheat and US dumping on rice in 1986-88 with the large dollar depreciation in that period justifies updating the 1986-88 CIF prices of India (and of other DCs) by multiplying their levels by the US and EU dumping rate, which again would raise these updated CIF prices above the Indian minimum support prices for rice and wheat in 2012-13, thereby yielding negative AMSs which would not prevent India from implementing its National Food Security Act.

Violations of AoA rules by the US and the EU

Beyond these necessary adjustments of the AoA rules on public procurement of food security stocks, DCs must above all join forces, in the working group on that issue within the WTO Committee on Agriculture as well as outside, to denounce the huge violations of the AoA rules by the US and the EU. Without going into too much detail, let us enumerate the main ones:

1. As the US fixed direct payments were ruled by the WTO Appellate Body in 2005 as not being decoupled, hence not in the Green Box, it is clear that the EU's allegedly decoupled payments – mainly the Single Payment Scheme (SPS) – which reached 37.7 billion euros in 2012, would be much more easily ruled not to be in the Green Box, as will be the case from 2014 on for the new Basic Payment Scheme (BPS). And although both Farm Bills of the House of Representatives and Senate have eliminated the fixed direct payments, the House keeps direct payments on cotton for 2014 and 2015.

2. Contrary to the AoA Article 6.2 provision on input subsidies for developed countries, the US and the EU did not notify in the AMS their huge direct payments to feedstuffs – which reached 13.7 billion euros in 2009-10 in the EU27 – even though they are by far their main input subsidies which have conferred large AMSs to all their animal products (meats, dairy and eggs), especially in the EU where these subsidies are hidden in the allegedly decoupled SPS.

3. The US and the EU did not notify in their AMS the huge input subsidies to cereals and oilseeds processed into agrofuels, ethanol and biodiesel, the first being explicitly an agricultural product and the second an agricultural product by destination (AoA Annex 3 paragraph 7).[14]

4. We have seen that the WTO Appellate Body has ruled four times that domestic subsidies to exported agricultural products must be considered as export subsidies, so that practically all EU exports can be sued at the WTO on dumping grounds.

5. The WTO revised draft agricultural modalities of 6 December 2008, which are the base for pursuing the agriculture negotiations of the Doha Round, stated that the allowed product-specific *de minimis*[15] exemption was 5% of the value of total production in developed countries (10% in DCs) when in fact the AoA Article 6.4 states that it is only 5% (10%) of the production value of each product having an AMS. This 'cheating' has a large impact on the level of the allowed overall trade-distorting domestic support (OTDS) in the base period 1995-2000 for the domestic support reduction commitments during the Doha Round implementation period. The OTDS is a new indicator of all trade-distorting domestic support de-

cided by the WTO in July 2004 as the sum of the final bound total AMS at end 2000, the average product-specific *de minimis*, the average non-product-specific *de minimis* and the Blue Box in the same 1995-2000 period.

6. The US is cheating each year since 2008 in its notifications of market price support on dairy products as it has reduced by $2.1 billion (or 42%) the level reported in previous years, after having decided in the 2008 Farm Bill not to notify any longer this dairy AMS on the basis of the whole milk production value but only on the basis of the production value of skimmed milk powder, butter and cheddar cheese. This change is not permitted by the AoA Annex 3 paragraph 5: 'The AMS calculated as outlined below for the base period shall constitute the base level for the implementation of the reduction commitment on domestic support.'

Conclusion

To conclude, despite its limitations, the Bali decision on food security stocks paves the way for an overhaul of the AoA. But, for this to happen, it is necessary that civil society of North and South join forces around this extremely important issue.

To be sure, it will be difficult for the European Coordination Via Campesina and its members such as the Confédération Paysanne in France to participate directly in this fight, given that denouncing the non-compliance of the EU's massive direct payments with the AoA rules and the Appellate Body rulings is obviously not a comfortable situation for their farmer members. Facing the risk of a collapse in their incomes, the EU farmers may react strongly by demanding that the EU authorities rebuild them on remunerative prices, on food sovereignty, as was the case up to 1992. But this would imply raising import protection and radically changing the AoA, coming back to the situation prevailing before the WTO, where the agriculture sector benefitted from exceptions to the GATT rules, without any constraint regarding the level and types of import protection, the EU having used extensively variable levies and the US import quotas. But this time the exception allowing unlimited use of export subsidies should be totally deleted. ◆

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Notes

1. FOB (free on board) price of the exported merchandise loaded on board, ready to leave; CIF (cost+insurance+freight) price of the imported merchandise still on board before paying port charges and import duties.
2. http://www.wto.org/english/thewto_e/minist_e/mc9_e/stat_e/ind.pdf
3. 'Pakistan is shooting itself in the foot when it follows suit the developed countries' fight against the G-33 proposal' and 'Indian food security stocks of rice and wheat do not distort trade', Solidarité, 22 November 2013, http://www.solidarite.asso.fr/Papers-2013?debut_documents_joints=10#pagination_documents_joints
4. Paragraph 91, Dairy products of Canada, WT/DS113/AB/RW, 3 December 2001
5. Paragraph 148, Dairy products of Canada, WT/DS103/AB/RW2, 20 December 2002
6. US cotton case, WT/DS267/AB/R, 3 March 2005
7. US cotton case, paragraph 8.1(g)(i) of the panel report WT/DS267/R, 8 September 2004
8. EU sugar case, WT/DS265/AB/R, WT/DS266/AB/R, WT/DS283/AB/R, 28 April 2005
9. 'Updating the Indian CIF prices of 1986-88 is fully justified', http://www.solidarite.asso.fr/Papers-2013#pagination_documents_joints
10. A subsidy is 'coupled' when related to the production or price levels, and 'decoupled' in the opposite case.
11. The 'Blue Box' corresponds to the EU fixed direct payments per hectare (cereals and oilseeds), cattle head (bovines and ovines), or litre of milk decided by the CAP reforms of 1992, 1999 and 2004 to offset the reduction of guaranteed ('intervention') prices, but farmers received them only if they produced the corresponding products. The 'Green Box' covers two types of allegedly non-trade-distorting subsidies: 1) the traditional Green Box of in-kind aid to general agricultural services benefitting farmers collectively: agricultural infrastructure, schools, research, agri-environment, calamities, phytosanitary warnings, etc.; 2) the Green Box of decoupled income support in place in the US since 1999 and in the EU since 2005 where farmers continue to receive the average amount of Blue Box direct payments received in 2000-02 without being obliged to produce anything or being allowed to produce other products than those having benefitted from the Blue Box payments.
12. Jean-Pierre Butault, 'Evolution of Agricultural Support in Real Terms in OECD Countries and Emerging Economies', OECD, 2011, http://www.oecd-ilibrary.org/docserver/download 5kgkdgf25x20.pdf?expires=1385386110&id=id& accname=guest&checksum= 476FE82E1A92E7409C7AAE4E85F48958
13. http://www.fapri.missouri.edu/outreach/publications/2013/FAPRI_MU_Report_06_13.pdf
14. Jacques Berthelot, *Réguler les prix agricoles*, L'Harmattan, 2013.
15. When the calculated AMS of a product is lower than 5% of its production value in developed countries (10% in DCs), the product is considered without product-specific AMS as lower than the *de minimis* level. And when the non-product-specific AMS (e.g. interest on loans) is lower than 5% of the whole agricultural production value (10% in DCs), it is not counted in the total AMS. But these product-specific and non-product-specific *de minimis* are counted in the overall trade-distorting domestic support (OTDS).

COVER

The uncertain gains from trade facilitation

Jeronim Capaldo questions some of the extravagant claims made in the run-up to the WTO Ministerial regarding the gains that would accrue from trade facilitation.

cc Claus Bunks

Estimates of export gains from trade facilitation rely on many unjustifiable assumptions.

ON the eve of the ninth WTO Ministerial Conference the International Chamber of Commerce reiterated its claim that trade facilitation would add $1 trillion to the world's income.[1] The estimate is based on a study published by the ICC, which also claims that trade facilitation can create 18 million jobs in developing countries.[2]

Unfortunately, these figures depend on too many unjustifiable assumptions to be relied on. Inaccuracy accumulates in several stages of the estimation process: in estimating the gains from trade facilitation for a sample of countries, in scaling up the gains to the global level and in estimating the employment gains. The resulting figures are too uncertain to underpin any policy decisions.

Furthermore, the estimates only refer to gross gains excluding the costs – in terms of both investment and employment – associated with implementing trade facilitation. Yet, under a current proposal, developing countries are required to sustain the entire implementation cost without financial participation by developed countries.

It is hard to see how uncertain gains and unequal distribution of costs can justify diverting resources to trade facilitation from badly needed policies such as the strengthening of social safety nets.

ICC estimates of export, income and employment gains

The ICC estimates are summarised in Table 1. Export gains are obtained estimating a gravity equation that relates trade flows to measures of different dimensions of trade facilitation. Both GDP and employment impacts are based on these estimates.

Increases in GDP are calculated as a fixed proportion of two-way trade (46% for all countries), which is in turn obtained by doubling the estimates of export gains. The fixed proportion chosen is the average of the proportions estimated in different studies, ranging from 11% to 109%, and mostly based on Computable General Equilibrium models. This is old wine in new barrels, as CGE estimates are notoriously not robust to changes in elasticities.[3]

Increases in employment are calculated for each country by multiplying its estimated export gains by the average labour-output ratio of its industrial sector.

All estimates obtained in this way are obviously very sensitive to changes in the parameter values, making the estimation of the latter a critical matter.

Estimating the gains from trade facilitation

The first source of inaccuracy in estimating the gains from trade facilitation is the measurement of trade facilitation itself. Differently than exports, imports or production costs, trade facilitation is comprised of a variety of dimensions, such as availability of information on the Internet or homogeneity of documentation, that are typically measured on an arbitrary scale. Such indices of trade facilitation may be useful for understanding broad patterns but they hardly contain the information necessary to establish accurate correlations with other variables.

Further inaccuracy in the estimation comes from the data used in the calculations. Widely cited empirical studies of trade facilitation[4] go back to pre-crisis years, when growth of GDP and commodities trade were significantly different than today. Even

Table 1: ICC estimates of gains from trade facilitation								
	A	B	C	D	E	F	G	H
	Export gain	Two-way trade gain (Ax2)	Trade multiplier	GDP gain (BxC)	Employment intensity of GDP	Jobs created (AxE)	Jobs destroyed	Employment gain/loss (F-G)
	$ Billions	$ Billions		$ Billions	Employees/$BN of value-added in industry	Thousands	Thousands	Thousands
East Asia	267	534	0.46	246	41,500	11,081	?	?
East Europe and Central Asia	101	202	0.46	93	20,500	2,172	?	?
Latin America and Caribbean	151	301	0.46	138	20,000	2,935	?	?
Middle East and North Africa	15	30	0.46	14	12,500	188	?	?
South Asia	5	10	0.46	5	122,500	613	?	?
Sub-Saharan Africa	30	60	0.46	28	34,500	1,035	?	?
Developing country total	**569**	**1,137**	**0.46**	**523**	**31,673**	**18,022**	**?**	**?**
Developed countries	475	949	0.46	437	5,500	2,610	?	?
World total	**1,043**	**2,086**	**0.46**	**960**	**19,781**	**20,632**	**?**	**?**

when not included directly in the estimation, growth and commodity prices may influence merchandise trade and relevant elasticities strongly.

Scaling up and aggregating results

Additional inaccuracy derives from scaling up to the global level the results obtained for a sample of countries. In particular, the ICC study makes the following two assumptions:

(a) The ratio of developed countries' export gains to developing countries' gains is assumed constant. Relying on findings that gains for developed countries are about 84% of those for developing economies, the $1,137 billion estimated gains for these countries are readily transformed into $949 billion for developed countries. Such invariance assumption strongly affects the estimates but has no justification.

(b) Once the gains are so calculated for each country bloc of the sample, they are brought up to the global scale by applying a proportion.

Clearly, both assumptions further widen the interval encompassed by the estimates, compromising their meaningfulness.

Employment impact

The ICC study estimates a positive employment impact from trade facilitation in the order of 20 million jobs, 90% of which will be in developing countries. Unfortunately, these estimates suffer from flaws that make them hardly relevant to the trade policy debate.

Fundamental flaws affecting many official estimates of the gains from trade have been clearly highlighted in the last round of debate on liberalisations.[5] In that context, it became evident that liberalisation may lead to higher unemployment by tilting income distribution in favour of workers in the exporting sectors. In economies where aggregate demand comes mostly from workers producing non-traded goods, redistributing income from these to workers in exporting industries may lead to lower economic activity. In this context job destruction is likely to outweigh job creation.

The ICC acknowledges these effects[6] but its estimates of employment creation only refer to jobs 'supported' or, using a common term, jobs 'created'. Unfortunately, there is no reason to expect that these will outnumber the jobs destroyed as developing economies become more open to international trade.

Uncertain export, income and employment gains

Implementing trade facilitation reforms is a costly process, likely requiring teams of specialised personnel and, in many countries, large international consultancy fees. This requires diverting resources from other services such as healthcare and education.

Although it is reasonable to ex-

Jobs created as a result of trade facilitation in developing countries may be more than offset by jobs destroyed.

pect that trade facilitation would lead to higher trade flows, there is no indication of large net benefits. The $1 trillion increase in global income estimated by the ICC is based on too many unjustified assumptions to determine any policy changes. The same is true for the estimate of 18 million jobs in developing countries. On the other hand, developing countries would be required to bear the entire cost of trade facilitation without participation by developed countries. In this context, it is hard to see why trade facilitation should become anyone's policy priority. ◆

Chinese customs officers at work. Implementing trade facilitation reforms, which would involve streamlining and upgrading customs procedures, is a costly process.

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Endnotes

1. See ICC statement at: http://www.iccwbo.org/News/Articles/2013/Business-gives-last-push-to-seal-Bali-deal-and-salvage-Doha-Round/, accessed on 2 December 2013.
2. See Hufbauer and Schott (2013).
3. See Taylor and von Arnim (2006).
4. Two widely cited studies are Wilson, Mann and Otsuki (2004) and Hufbauer, Schott and Wong (2010).
5. See Taylor and von Arnim (2006) and Ackerman and Gallagher (2008).
6. In the words of the authors (p. 55): 'two-way trade expansion will *realign* the labor force between sectors [emphasis added]'.

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A testament to the gospel of globalisation

The brutal manner in which a peaceful strike by Cambodian garment workers for higher wages was recently crushed raises serious questions over workers' rights within a neoliberal system and the overweening power of corporate investors. *Tom Fawthrop* analyses what happened in Phnom Penh.

A nationwide strike by garment workers, after a week of protest rallies in Phnom Penh, was brutally broken up by a military unit firing live bullets on strikers on 3 January at the Canadia Industrial Area, which includes six South Korean textile factories.

Four workers were shot dead, 39 seriously wounded and 23 have been detained. A shocked Cambodian civil society has denounced the bloodshed as the worst case of repression against unarmed demonstrators in the last 30 years, with unprecedented use of soldiers in an industrial conflict.

Clothing manufacture is Cambodia's largest industrial sector, accounting for some $5 billion per year in exports catering to some of the world's leading high-street brands.

The conduct of the Cambodian government was so outrageous that even international brands like Adidas, Nike, H&M, Primark, Marks & Spencer, Tesco and Walmart were forced to respond in unprecedented fashion in an open letter to Cambodia's Prime Minister Hun Sen. In the 17 January letter the companies expressed 'grave concern' at the use of deadly force against protesting workers, and called on the Cambodian government to launch a prompt and thorough investigation. The retailers reminded Hun Sen: 'The global garment industry is changing rapidly, and industrial peace is required to rebuild our confidence in the Cambodian garment industry.'

This has added to the many pressures on Hun Sen's government after a closely fought election in 2013 which saw a strong showing by the opposition despite many alleged electoral violations that have still not been resolved.

Tom Fawthrop

A rally by garment workers outside an industrial zone in Phnom Penh. The current effective wage in the Cambodian garment industry is not a living wage.

The opposition Cambodia National Rescue Party (CNRP) has boycotted parliament despite winning an impressive 55 seats, with the ruling Cambodian People's Party (CPP) gaining 68, a loss of 24 seats. The current deadlock between the caretaker government and the CNRP, which is demanding fresh elections, is still unresolved.

Recent attempts by the opposition led by CNRP chief Sam Rainsy to harness garment workers to his campaign to oust Hun Sen have, however, been rejected.

The Workers Information Centre (WIC) had held a meeting on 28 December and discussed with local leaders and workers' activists its concern that the workers' struggle should remain independent of both the CNRP and the CPP. Both parties should respect the independence of the workers' movement.

The right to strike and to form trade unions is guaranteed by the Cambodian constitution. The UN's International Labour Organisation (ILO) has also promoted a 'Better Factories Campaign' as a way of fostering decent working conditions, also setting up a tripartite cooperation mechanism between workers, management and the government.

However, in practice, a Human Rights Watch inquiry found that in one survey 33 out of 55 factory workers who wanted to form independent unions or who were members, were systematically harassed and in many cases fired.

Five years ago, a living wage survey for Cambodia's garment industry conducted by Dr Kang Chandararoth from the Cambodia Institute of Development Study (CIDS) concluded that the workers' minimum wage should have been $90 to $120 per month.

The current effective wage in the

garment industry of $79 per month, which includes overtime and other allowances, is not a living wage. Excluding overtime, which is currently being reduced by factories because of the economic slowdown, the average effective wage is $67 per month.

A task force formed by the Ministry of Social Affairs has made the case that wages should now be $157 to $177 per month to meet minimum survival needs, hence the current demand for an increase to $160 a month.

From 26 December until 3 January the strike and protest rallies had been peaceful. Shrek Sophea, a women's and trade union activist from the WIC and a former garment worker, observed that 'the strikers had been singing and dancing and calling out their demand for a $160 wage a month'. So why did it turn out so violent, culminating in the intervention of the Cambodian army on 3 January instead of the normal deployment of police?

South Korean dirty tricks and belligerence

While the big market brands like Gap have been calling on the suppliers and the bosses of garment factories in Cambodia to adhere to ILO standards, it is clear that the South Korean bosses have been displaying a belligerent indifference to the workers' conditions.

South Korean investors own a majority of Cambodia's 500 garment factories that employ about 600,000 people, earning $5 billion a year in exports from big brands like Levi Strauss and Puma. The Garment Manufacturers Association in Cambodia (GMAC) says losses from recent industrial action had cost its members more than $200 million.

Garment factory workers, union leaders and other activists were protesting outside South Korean company Yakjin's factory when the Cambodian military baton-charged the crowd following a stone-throwing incident prior to the shootings.

A picture taken of a 911 paratrooper at the scene of the violence clearly shows him wearing an armpatch bearing the South Korean flag on his uniform. Such insignia often denotes when a Cambodian soldier has received training overseas. It was the first time that battlefield troops had been deployed on the streets of Phnom Penh to quell the strike.

Why did the Yakjin factory, which supplies Gap, Old Navy, American Eagle and Walmart, receive special protection from an elite unit of the military?

Entries on the Facebook page of the South Korean embassy in Cambodia have furnished compelling clues about some high-level consultations between Seoul and Phnom Penh officials. Australia's ABC TV website reports that the translation from Korean read: 'We contacted the leader of national committee against the terrorism explaining to him about the deep worry for our foreign companies. With these actions, we believe that the Cambodian government accepted our appeals and raised their concerns for our companies.'

The embassy posted this statement explaining that it had appealed to military and counter-terrorism officials to protect Korean factories. 'We believe that these efforts prompted deep consideration from government authorities and prompted them to a rapid response,' the embassy wrote.

The statement was quickly removed after it garnered disparaging comments.

By turning to Cambodia's counter-terrorism committee for a matter requiring 'low-level routine crowd control', Korean officials showed an 'appalling lack of good judgment', the GlobalPost website quoted Carl Thayer, a leading South-East Asia expert and emeritus professor at the University of New South Wales, as saying.

A WikiLeaks document contains mention of 'the National Counter Terrorism Committee Special Forces (NCTCSF) ... with Colonel Hun Manet, a 1999 United States Military Academy Graduate, as the commander. Oversight for the manning and structure of the NCTCSF was an international effort between Cambodian, United States, Australian, and South Korean government officials with additional input provided by Japan and Singapore' (http://www.wikileaks.org/plusd/cables/08PHNOMPENH933_a.html).

It is not so surprising, then, that South Korea would lobby high-ranking Cambodian officials and even the country's counter-terrorism agency. However, Cambodia does not face any terrorist threats. South Korea clearly was pulling strings for special treatment for its corporate interests by lobbying its close contacts inside the counter-terrorism unit.

The neoliberal system

Since the UN peacekeeping operation in Cambodia (1991-93) and the introduction of multi-party democracy, the country has become a prime recipient of World Bank policy direction assisted by Asian Development Bank loans and Western aid programmes, all designed to ensure Cambodia's complete adherence to a neoliberal vision of development.

World Bank policies on open markets, private sector domination, no government subsidies, and feeble government funding for vital public sectors such as health and education, have proved attractive to an aid-dependent regime which has been prepared to repress wages to draw foreign investment.

Exploiting garment workers and forcing them to routinely work overtime just to make a bare living at under $80 a month is testament to the gospel of globalisation and the economic misery that it spawns.

In today's globalised corporate control of the developing world, the Cambodian affair makes it clear that it is not only Western governments that can bully and manipulate weak Third World governments. South Korea's corporate managers in Cambodia backed up by Seoul are clearly able to flex their muscle too. ◆

Tom Fawthrop is an author, roving reporter and filmmaker. He directed Where Have All the Fish Gone? *(Eureka Films), a documentary about the damming of the Mekong River.*

The Special Ops surge

America's secret war in 134 countries

Since 11 September 2001, US Special Operations forces have grown exponentially, with a presence in nearly 70% of the world's nations.

Nick Turse

The Navy SEALs are one of the US military's Special Operations forces. In 2013, Special Operations personnel were deployed in 134 countries around the globe.

THEY operate in the green glow of night vision in Southwest Asia and stalk through the jungles of South America. They snatch men from their homes in the Maghreb and shoot it out with heavily armed militants in the Horn of Africa. They feel the salty spray while skimming over the tops of waves from the turquoise Caribbean to the deep blue Pacific. They conduct missions in the oppressive heat of Middle Eastern deserts and the deep freeze of Scandinavia. All over the planet, the Obama administration is waging a secret war whose full extent has never been fully revealed – until now.

Since 11 September 2001, US Special Operations forces have grown in every conceivable way, from their numbers to their budget. Most telling, however, has been the exponential rise in special ops deployments globally. This presence – now, in nearly 70% of the world's nations – provides new evidence of the size and scope of a secret war being waged from Latin America to the backlands of Afghanistan, from training missions with African allies to information operations launched in cyberspace.

In the waning days of the Bush presidency, Special Operations forces were reportedly deployed in about 60 countries around the world. By 2010, that number had swelled to 75, according to Karen DeYoung and Greg Jaffe of the *Washington Post*. In 2011, Special Operations Command (SOCOM) spokesman Colonel Tim Nye told the TomDispatch website that the total would reach 120. Today, that figure has risen higher still.

In 2013, elite US forces were deployed in 134 countries around the globe, according to Major Matthew Robert Bockholt of SOCOM Public Affairs. This 123% increase during the Obama years demonstrates how, in addition to conventional wars and a CIA drone campaign, public diplomacy and extensive electronic spying, the US has engaged in still another significant and growing form of overseas power projection. Conducted largely in the shadows by America's most elite troops, the vast majority of these missions take place far from prying eyes, media scrutiny, or any type of outside oversight, increasing the chances of unforeseen blowback and catastrophic consequences.

Growth industry

Formally established in 1987, Special Operations Command has grown steadily in the post-9/11 era. SOCOM is reportedly on track to reach 72,000 personnel in 2014, up from 33,000 in 2001. Funding for the command has also jumped exponentially as its baseline budget, \$2.3 billion in 2001, hit \$6.9 billion in 2013 (\$10.4 billion, if you add in supplemental funding). Personnel deployments abroad have skyrocketed, too, from 4,900 'man-years' in 2001 to 11,500 in 2013.

A recent investigation by TomDispatch, using open source government documents and news releases as well as press reports, found evidence that US Special Operations forces were deployed in or involved with the militaries of 106 nations around the world in 2012-13. For more than a month during the preparation of that article, however, SOCOM failed to provide accurate statistics on the total number of countries to which special operators – Green Berets and Rangers, Navy SEALs and Delta Force commandos, specialised helicopter crews, boat teams, and civil affairs personnel – were deployed. 'We don't just keep it on hand,' SOCOM's Bockholt explained in a telephone interview once the article had been filed. 'We have to go searching through stuff. It takes a long time to do that.' Hours later, just prior to publication, he provided an answer to a question I first asked in November of last year. 'SOF [Special Operations forces] were deployed to 134 countries' during fiscal year 2013, Bockholt explained in an email.

Globalised special ops

Last year, Special Operations Command chief Admiral William McRaven explained his vision for special ops globalisation. In a statement to the House Armed Services Committee, he said:

'USSOCOM is enhancing its global network of SOF to support our interagency and international partners in order to gain expanded situational awareness of emerging threats and opportunities. The network enables small, persistent presence in critical locations, and facilitates engagement where necessary or appropriate...'

While that 'presence' may be small, the reach and influence of those Special Operations forces are another matter. The 12% jump in national deployments – from 120 to 134 – during McRaven's tenure reflects his desire to put boots on the ground just about everywhere on Earth. SOCOM will not name the nations involved, citing host nation sensitivities and the safety of American personnel, but the deployments we do know about shed at least some light on the full range of missions being carried out by America's secret military.

Last April and May, for instance, Special Ops personnel took part in training exercises in Djibouti, Malawi, and the Seychelles Islands in the Indian Ocean. In June, US Navy SEALs joined Iraqi, Jordanian, Lebanese, and other allied Mideast forces for irregular warfare simulations in Aqaba, Jordan. The next month, Green Berets travelled to Trinidad and Tobago to carry out small unit tactical exercises with local forces. In August, Green Berets conducted explosives training with Honduran sailors. In September, according to media reports, US Special Operations

Training for entry into the Green Berets, a Special Operations force. The Special Operations Command is reportedly on track to reach 72,000 personnel in 2014, up from 33,000 in 2001.

forces joined elite troops from the 10 member countries of the Association of South-East Asian Nations – Indonesia, Malaysia, the Philippines, Singapore, Thailand, Brunei, Vietnam, Laos, Myanmar, and Cambodia – as well as their counterparts from Australia, New Zealand, Japan, South Korea, China, India, and Russia for a US-Indonesian joint-funded counterterrorism exercise held at a training centre in Sentul, West Java.

In October, elite US troops carried out commando raids in Libya and Somalia, kidnapping a terror suspect in the former nation while SEALs killed at least one militant in the latter before being driven off under fire. In November, Special Ops troops conducted humanitarian operations in the Philippines to aid survivors of Typhoon Haiyan. The next month, members of the 352nd Special Operations Group conducted a training exercise involving approximately 130 airmen and six aircraft at an airbase in England and Navy SEALs were wounded while undertaking an evacuation mission in South Sudan. Green Berets then rang in the new year with a 1 January combat mission alongside elite Afghan troops in Bahlozi village in Kandahar province.

Deployments in 134 countries, however, turn out not to be expansive enough for SOCOM. In November 2013, the command announced that it was seeking to identify industry partners who could, under SOCOM's Trans Regional Web Initiative, potentially 'develop new websites tailored to foreign audiences'. These would join an existing global network of 10 propaganda websites, run by various combatant commands and made to look like legitimate news outlets, including CentralAsiaOnline.com, Sabahi which targets the Horn of Africa, an effort aimed at the Middle East known as Al-Shorfa.com, and another targeting Latin America called Infosurhoy.com.

SOCOM's push into cyberspace is mirrored by a concerted effort of the command to embed itself ever more deeply inside the Beltway. 'I have folks in every agency here in Washington, DC – from the CIA, to the FBI, to the National Security Agency, to the National Geospatial Agency, to the Defense Intelligence Agency,' SOCOM chief Admiral McRaven said during a panel discussion at Washington's Wilson Center last year. Speaking at the Ronald Reagan Library in November, he put the number of departments and agencies where SOCOM is now entrenched at 38.

134 chances for blowback

Although elected in 2008 by many who saw him as an antiwar candidate, President Obama has proved to be a decidedly hawkish commander-in-chief whose policies have already produced notable instances of what in CIA trade-speak has long been called blowback. While the Obama administration oversaw a US withdrawal from Iraq (negotiated by his predecessor), as well as a drawdown of US forces in Afghanistan (after a major military surge in that country), the president has presided over a ramping up of the US military presence in Africa, a reinvigoration of efforts in Latin America, and tough talk about a rebalancing or 'pivot to Asia' (even if it has amounted to little as of yet).

Special Operations Command chief Admiral William McRaven *(pic)* **has said the Command is 'enhancing its global network [of Special Operations forces] to support our interagency and international partners in order to gain expanded situational awareness of emerging threats and opportunities'.**

The White House has also overseen an exponential expansion of America's drone war. While President Bush launched 51 such strikes, President Obama has presided over 330, according to research by the London-based Bureau of Investigative Journalism. Last year, alone, the US also engaged in combat operations in Afghanistan, Libya, Pakistan, Somalia, and Yemen. Recent revelations from National Security Agency whistleblower Edward Snowden have demonstrated the tremendous breadth and global reach of US electronic surveillance during the Obama years. And deep in the shadows, Special Operations forces are now annually deployed to more than double the number of nations as at the end of Bush's tenure.

In recent years, however, the unintended consequences of US military operations have helped to sow outrage and discontent, setting whole regions aflame. More than 10 years after America's 'mission accomplished' moment, seven years after its much-vaunted surge, the Iraq that America helped make is in flames. A country with no al-Qaeda presence before the US invasion and a government opposed to America's enemies in Tehran now has a central government aligned with Iran and two cities flying al-Qaeda flags.

A more recent US military intervention to aid the ouster of Libyan dictator Muammar Qaddafi helped send neighbouring Mali, a US-supported bulwark against regional terrorism, into a downward spiral, saw a coup there carried out by a US-trained officer, ultimately led to a bloody terror attack on an Algerian gas plant, and helped to unleash nothing short of a terror diaspora in the region.

And today South Sudan – a nation the US shepherded into being, has supported economically and militarily (despite its reliance on child soldiers), and has used as a hush-hush base for Special Operations forces – is being torn apart by violence and sliding toward civil war.

The Obama presidency has seen the US military's elite tactical forces increasingly used in an attempt to achieve strategic goals. But with Special Operations missions kept under tight wraps, Americans have little understanding of where their troops are deployed, what exactly they are doing, or what the consequences might be down the road. As retired Army Colonel Andrew Bacevich, professor of history and international relations at Boston University, has noted, the utilisation of Special Operations forces during the Obama years has decreased military accountability, strengthened the 'imperial presidency', and set the stage for a war without end. 'In short,' he wrote at TomDispatch, 'handing war to the special operators severs an already too tenuous link between war and politics; it becomes war for its own sake.'

Secret ops by secret forces have a nasty tendency to produce unintended, unforeseen, and completely disastrous consequences. New Yorkers will remember well the end result of clandestine US support for Islamic militants against the Soviet Union in Afghanistan during the 1980s: 9/11. Strangely enough, those at the other primary attack site that day, the Pentagon, seem not to have learned the obvious lessons from this lethal blowback. Even today in Afghanistan and Pakistan, more than 12 years after the US invaded the former and almost 10 years after it began conducting covert attacks in the latter, the US is still dealing with that Cold War-era fallout: with, for instance, CIA drones conducting missile strikes against an organisation (the Haqqani network) that, in the 1980s, the Agency supplied with missiles.

Without a clear picture of where the military's covert forces are operating and what they are doing, Americans may not even recognise the consequences of and blowback from our expanding secret wars as they wash over the world. But if history is any guide, they will be felt – from Southwest Asia to the Mahgreb, the Middle East to Central Africa, and, perhaps eventually, in the United States as well.

In his blueprint for the future, SOCOM 2020, Admiral McRaven has touted the globalisation of US special ops as a means to 'project power, promote stability, and prevent conflict'. Last year, SOCOM may have done just the opposite in 134 places. ◆

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Violent protests in Venezuela fit a pattern

The latest round of violent protests in Venezuela by the largely US-funded opposition is part of a consistent strategy to overturn the results of democratic elections.

Dan Beeton

Several times over the past 15 years since the late, former president Hugo Chavez took office in 1999, the political opposition has launched violent protests aimed at forcing the current president out of office.

VENEZUELA'S latest round of violent protests appears to fit a pattern, and represents the tug-and-pull nature of the country's divided opposition. Several times over the past 15 years since the late, former president Hugo Chavez took office in 1999, the political opposition has launched violent protests aimed at forcing the current president out of office. Most notably, such protests were a part of the April 2002 coup that temporarily deposed Chavez, and then accompanied the 2002-03 oil strike. In February of 2004, a particularly radical sector of the opposition unleashed the 'Guarimba': violent riots by small groups who paralysed much of the east of Caracas for several days with the declared goal of creating a state of chaos.

As Mark Weisbrot, Co-Director of the US think-tank Center for Economic and Policy Research, has explained, then – as now – the strategy is clear: a sector of the opposition seeks to overturn the results of democratic elections. An important difference this time of course is that Venezuela has its first post-Chavez president, and a key part of the opposition's strategy overall has been to depict Nicolas Maduro as a pale imitation of his predecessor and a president ill-equipped to deal with the country's problems (many of which are exaggerated in the Venezuelan private media, which is still largely opposition-owned, as well as the international media).

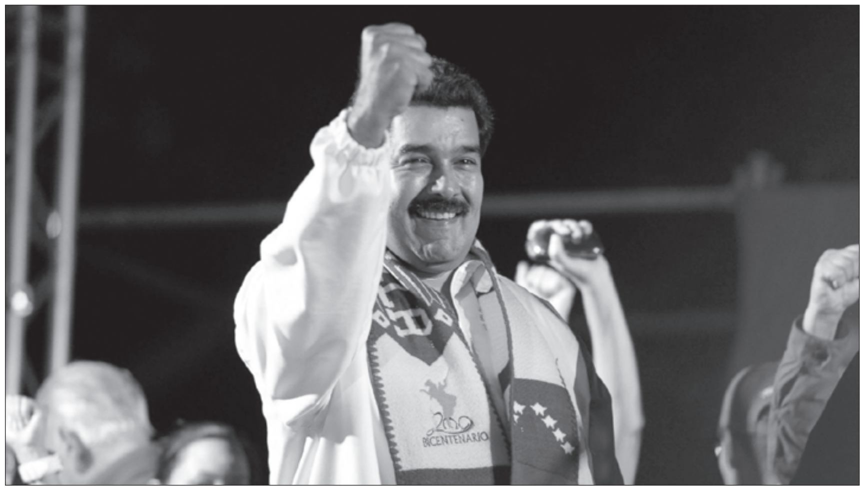
Following Maduro's electoral victory in April last year (with much of the opposition crying 'fraud' despite there being no reasonable doubts about the validity of the results), the opposition looked to the December municipal elections as a referendum on Maduro's government, vowing to defeat governing party PSUV and allied candidates. The outcome, which left the pro-Maduro parties with a 10-point margin of victory, was a stunning defeat for the opposition, and this time they did not even bother claiming the elections were rigged. According to the opposition's own pre-election analysis, support for Maduro had apparently grown over the months preceding the election. This may be due in part to the large reduction in poverty in 2012 and other economic and social gains that preceded the more recent economic problems.

Destabilisation attempt

Defeated at the polls, the anti-democratic faction of the opposition prepared for a new attempt at destabilising the elected government, and promoted relatively small but often violent student protests in early February. They then called for a massive protest on 12 February, Venezuela's Youth Day, in the centre of Caracas. The demonstrations have been accompanied by a social media campaign that has spread misinformation in an attempt to depict the Maduro administration as a violent dictatorship instead of a popular elected government. Images of police violence from other countries and past protests – some several years old – have been presented on social media as having occurred in recent days in Venezuela. A YouTube video that has been watched by almost two million viewers presents a one-sided portrayal of the situation and falsely states that the Venezuelan government controls all radio and television in the country, among other distortions. Similar disinformation occurred in April 2002 and in other past incidents in Venezuela, most notably when manipulated video footage was used to provide political justification for the coup d'etat.

While some in Washington foreign policy circles may attempt to portray the leaders of this new wave of protests as persecuted pro-democracy heroes, they in fact have histories of supporting anti-democratic and unconstitutional efforts to oust the government. Both Leopoldo Lopez and Maria Corina Machado supported the 2002 coup; in Lopez's case he participated in it by supervising the arrest of then-Minister of Justice and the Interior Ramon Rodriguez Chacin, when Lopez was mayor of Chacao. Police dragged Rodriguez Chacin out of the building where he had sought refuge into an angry mob, who physically attacked him. Corina Machado notably was present when the coup government of Pedro Carmona was sworn in, and signed the infamous 'Carmona decree' dissolving the congress, the constitution and the Supreme Court. *The Christian Science Monitor* reported on 18 February:

'The opposition has a touchy protest history in Venezuela. Early on in former President Hugo Chavez's administration, the opposition was consistently on the streets calling for an end to his presidency. In 2002, they organised a coup that briefly unseated the president. Though the opposition leadership is not calling for a coup, the reputation the group made for itself barely a decade ago may be haunting it as it vocally pushes back against Maduro's administration.'



President Nicolas Maduro celebrating his party's success in December municipal elections. The outcome of the polls, which left the pro-Maduro parties with a 10-point margin of victory, was a stunning defeat for the opposition.

US funding

Venezuela's opposition receives funding from US 'democracy promotion' groups including the National Endowment for Democracy (NED) and core grantees such as the International Republican Institute (IRI) and the National Democratic Institute (NDI). The NED, which the *Washington Post* noted was set up to conduct activities 'much of' which '[t]he CIA used to fund covertly', has made a number of grants directed at empowering youth and students in Venezuela in recent years, and the US Agency for International Development (USAID) has also given money to the IRI, the NDI and other groups for Venezuela programmes. These organisations have a history of destabilising elected governments and working to unify and strengthen political opposition to left-wing parties and governments. The IRI notably played a key role in destabilising Haiti ahead of the 2004 coup there, and also has engaged in activities aimed at weakening Brazil's governing Workers' Party, to name a few. In Venezuela, they funded groups involved in the 2002 coup, and IRI spokespersons infamously praised the coup after it happened.

The protest leaders have histories of supporting anti-democratic and unconstitutional efforts to oust the government.

The Haiti example is instructive. The parallels are numerous: notably, a key part of the strategy was to exaggerate and fabricate killings and other human rights abuses, which were blamed on the elected government (while truly horrific atrocities committed by the armed wing of the opposition were generally ignored). Researchers – including some from the United Nations – have since debunked the most widely circulated accounts of rights violations, but of course the democratically elected president (Jean-Bertrand Aristide) had long since been forced from office by then.

The US-funded destabilisation of Haiti in the early 2000s also offers lessons as to the endgame of this strategy. As the *New York Times* reported and as scholars such as Peter Hallward and Jeb Sprague have documented, the IRI counselled its Haitian partners not to accept any compromises from the Aristide government (which made many concessions, including agreeing to a power-sharing arrangement), but to continue to press further.

But the Maduro government is of course in a much stronger position than Haiti's government 10 years ago. A key factor is that while Aristide was relatively isolated politically, Latin American governments, through the UNASUR and MERCOSUR groupings, have condemned the violent protests and the opposition's calls for Maduro to leave office, and have expressed support for the Venezuelan government. In this case, when the Obama administration continues to signal that it sides with the violent protests, it is an outlier in the region.◆

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Egypt awaits the International Criminal Court's response

Egypt's democratically elected government has submitted a formal complaint to the International Criminal Court (ICC) to investigate the military's alleged crimes against humanity although the country is not a signatory to the statute of the Court. *Helmy Al-Asmar* explains how lawyers have attempted to overcome this legal obstacle.

THE international legal team appointed by the Freedom and Justice Party announced in London on 6 January that representatives of the 'legitimate Egyptian government' have launched an international case against the current Egyptian authorities and in support of the ousted Egyptian President Mohamed Morsi and the Muslim Brotherhood. The legal team has now filed a complaint at the International Criminal Court (ICC) accusing the coup leaders of crimes against humanity, overthrowing a democratically elected president, and rounding up thousands of Egyptians.

The ICC was established in 2002 as the first court capable of prosecuting individuals accused of crimes

A protest in Cairo against the current Egyptian government, which came to power following a military coup. A complaint has been filed at the International Criminal Court accusing the coup leaders of crimes against humanity.

Blair's support for coup 'misinformed and harmful'

The following is the text of an open letter by *Dr Maha Azzam*, Chair of Egyptians for Democracy UK, criticising recent comments by former British Prime Minister Tony Blair backing the current Egyptian government.

MR Blair's recent comments in support of the military coup in Egypt are both misinformed and harmful. They will be interpreted by the military-backed regime as an endorsement of its repressive policies. He seems to airbrush the fact that since the ousting of the first ever democratically-elected President of Egypt, Mohamed Morsi, last July, Egypt's military-backed government has pursued a policy of extreme brutal repression of all opposition, as highlighted by Amnesty International's report 'Road Map to Repression'.

We wish to remind Mr Blair that since the coup, over 4,000 unarmed civilians have been murdered by the security forces and thousands, including several hundred children, have been arrested with no due process, simply for participating in peaceful demonstrations. Under this regime, dissenters, whether Left or Right, have genuine fears of arrest and torture and Egypt is now acknowledged to be the most dangerous country for journalists to work in. Doctors are arrested merely for honouring their Hippocratic oath and treating injured protesters, and many academics are imprisoned or have fled abroad.

The situation is such that an international team of lawyers has publicly stated that there is prima facie evidence to submit a case to the ICC accusing senior members of the regime of crimes against humanity.

After six decades of military dictatorship, Egyptians gained the right to vote for their leaders after 25 January 2011. They did so in a series of five polls and elections, recognised by international observers as free and fair. The coup of 3 July [2013], which Mr Blair seems to endorse, annulled these votes by force.

As Egyptians, we have striven over six decades to establish a democratic government, to replace a military regime with a civil state and to build a society with an economic system that incorporates social justice. One would have thought that these were values that still matter to a former leader of the Labour Party. ◆

The above is reproduced from the Middle East Monitor website (www.middleeastmonitor.com).

against humanity. By May 2013, 122 states had signed the statute of the court. Since only signatories can file complaints, Egypt is excluded as it has not yet signed the statute.

Authorisation

However, the legal team is arguing that the court can still investigate the case of Egypt, in accordance with Article 12(3) of the Rome Statute. Legal experts say that, as per the statute, non-signatory states can still delegate the court to investigate war crimes perpetrated on their territories, which would apply to Egypt. Accordingly, the 'legitimate government' of President Morsi authorised the legal team to file the case.

The ICC has not responded yet. According to the London-based *Arabi 21* newspaper, a historical precedent was set after the court accepted a similar case in 2011, when the internationally recognised winner of presidential elections in the Ivory Coast, Alassane Ouattara, authorised the court to investigate war crimes committed in his country between 2010 and 2011, after his predecessor Laurent Gbagbo tried to use government institutions to declare himself the electoral winner. As a result, the ICC arrested Gbagbo, and continues investigating the accusations of his complicity in war crimes that claimed the lives of more than 3,000 Ivorian citizens.

This track, if pursued by the ICC, will disrupt the Egyptian political scene dominated by the coup leaders. If the court accepts the complaint, it will change everything in Egypt and abroad, and a new phase will start, thus correcting the disastrous path of the largest Arab country back towards democracy. However, if the court turns down the complaint, Egypt will likely slide into the Algerian scenario. And if that were to happen, we will yearn for the return of Morsi's one year in power. ◆

The above, which is a translation of an article which appeared in Arabic on the Addustour website (www.addustour.com), is reproduced from the Middle East Monitor website (www.middleeastmonitor.com).

Kenya's scorched-earth removal of forest's indigenous

The 'fortress conservation' approach adopted by the Kenyan government in addressing the issue of forest and water conservation in western Kenya has involved evicting indigenous communities rather than consulting and supporting them. This approach is not only counterproductive but a serious violation of human rights, says *Matthew Newsome*.

A house being burned down as part of the Kenyan government's forced eviction of people, including the indigenous Sengwer tribe, from the Embobut forest region.

KENYAN government security forces are forcefully evicting thousands of people, including the indigenous Sengwer tribe, from the Embobut forest in western Kenya by burning homes and possessions in an effort to promote forest conservation, safeguard urban water access and 'remove squatters'.

'The Kenya Forest Guard is burning homes and belongings in the Embobut forest area. They are threatening [people] with AK-47 guns. Gunfire has caused chaos as families run to hide in the mountain forest,' Yator Kiptum, a member of the Sengwer community, told Inter Press Service (IPS).

The Sengwer people, a traditional hunter-gatherer society estimated to have a population of only 15,000, have inhabited the forest area for hundreds of years and regard the Embobut forest area as their ancestral home.

International human rights organisations are condemning the Kenyan government for undermining the tribe's constitutional entitlement to free, prior and informed consent to the evictions and for illegally breaking international agreements on conservation and human rights.

'Crucially, the constitution states that ancestral land and the land occupied by traditionally hunter-gatherer groups such as the Sengwer is "community land" owned by that community. None of these legal provisions are being respected by the government of Kenya in the recent evictions of the Sengwer from Embobut forest,' Tom Lomax, a legal expert with the Forest Peoples Programme, an international non-governmental organisation that promotes forest peoples' rights, told IPS.

Despite the government declaring conservation as its reason for the community's eviction, its actions break official commitments to the United Nations Convention on Biological Diversity (CBD), which require the state to protect and preserve traditional communities and their adaptive practices that have helped maintain the forest area.

Lomax maintains that the conservation of biodiversity or ecosystems in compliance with CBD commitments cannot justify evictions of indigenous communities by armed troops and the burning of houses.

'These evictions are unlawful under Kenya's constitution and under its international legal commitments. The strong connection of the Sengwer to the Cherangany Hills forests [where the Embobut forest lies] means that their very physical and cultural survival as a people is at stake in these evictions,' Lomax said.

'It is through such actions that whole cultures, languages and histories die. Sengwer ancestors are buried in Embobut forest, and their sacred places and livelihoods are there. They have nowhere else to go,' he added.

However, despite protests from the Sengwer community about their forced removal, the principal secretary in the ministry of environment, water and natural resources, Richard Lesiyampe, said in a public statement on 7 January that 'people were moving out of the forest willingly.'

'The reason of telling people to move out of the forest was meant to conserve one of the Kenya's water towers and no one is being forced out but are moving willingly,' he said in the statement.

Over the last 20 years regional

landslides and election violence have created a large number of Internally Displaced Persons who have inundated the Embobut forest in the Cherangany Hills.

The Sengwer community have found themselves conflated with the settlers and labelled as 'squatters' by the government despite an injunction secured at the High Court in Eldoret forbidding evictions until the issue of community rights to their land is settled.

The Kenyan government has pledged 400,000 shillings (about $4,600) as compensation to each evicted family. However, the Sengwer community have refused to take money in exchange for their land and burnt possessions.

The World Bank (WB) is being investigated by its own inspection panel after the Sengwer community complained in January 2013 that the WB-funded Natural Resource Management Project was responsible for redrawing the borders of the Cherangany forest reserves.

This redrawing of the borders led to the Kenyan government evicting, without consultation, community members found on the inside of the forest reserve. The government has invoked the WB redrawn boundaries to legitimise forced evictions from 2007 to 2011 and in 2013.

'While the main culprit here is the Kenyan government, the World Bank must also be held accountable. It financed a project that redrew the boundaries of the forest reserve without consulting the Sengwer,' Freddie Weyman, Africa campaigner at Survival International, told IPS.

Sengwer evictees from the Embobut forest. The Sengwer people have inhabited the forest area for hundreds of years and regard it as their ancestral home.

'Some families therefore suddenly found themselves living inside the reserve and subject to eviction. This is now the seventh time authorities have torched houses in Embobut in the seven years since the project began. Can the World Bank guarantee that its loan did not facilitate these evictions?' Weyman asked.

International conservationists reject the Kenyan government's stance that a traditional hunter-gatherer lifestyle is incompatible with the goals of conservation and forest protection.

Instead, they say, environmental conservation is best achieved by supporting indigenous communities who have experience of preserving their habitat and resources.

Liz Alden Wily, research fellow at the Rights and Resources Institute, told IPS that this is a 'battle between conservation and particularly the colonial inherited mode of fortress conservation where everybody has to be removed for the forest to become pristine, to modern approaches which utilise occupying communities as the conservators.

'Around Africa and the world, the latter strategy is beginning to get a grip,' she said.

'These areas are the residue left of their ancient territories. [The] Ogiek, Aakuu, or Sengwer, are people who live essentially by forest hunting, honey gathering [some have 80 hives], and some small numbers of livestock and small farms. They have a different commitment to the forest. Consider, for example, an Ogiek honey gatherer, dependent on his hives. Would he burn the forest or clear the forest and lose his livelihood?' Wily said.

Since the 1970s Kenyan authorities have made repeated efforts to forcibly evict the Sengwer from the forest for resettlement in other areas.

The 'fortress conservation' approach that involves evicting indigenous communities rather than consulting and supporting them is increasingly discredited as counterproductive.

Instead, the 'New Conservation Paradigm' promotes an approach to conservation that supports ancestral communities to continue protecting their forests and biodiversity.

'Rather than returning the area to "pristine" forest, it actually does just the opposite as profit-making plantations and agriculture replace the biodiversity of the indigenous forest. Far from protecting "pristine" forest, this approach uses "conservation" as its excuse to first evict the indigenous inhabitants before destroying the indigenous forest,' Justin Kenrick from Forest Peoples Programme told IPS. *– IPS* ◆

An aerial view of the Embobut forest. Despite the government declaring conservation as its reason for evicting the Sengwer from the area, its actions break official commitments to the UN Convention on Biological Diversity.

Dalit women face multiplied discrimination

Dalit women who are at the bottom of the caste and gender hierarchy in Nepal suffer triple discrimination. *Mallika Aryal* explains their plight.

MAYA Sarki, a resident of Belbari in eastern Nepal, was returning home one summer evening last year when she was attacked. She was forced down on the ground and her attacker attempted to rape her.

She screamed. Locals came to her rescue and the attempt was thwarted. Sarki recognised the voice of her attacker as that of a neighbour and filed a police complaint.

The next day Sarki was met by a mob, led by her alleged attacker, at the village market. She was called derogatory names, her clothes were torn, and soot was smeared on her face. She was garlanded with shoes, beaten, and paraded around town. After the incident, Sarki fled the village.

In Dailekh in western Nepal, Sushila Nepali, 28, was raped by a local schoolteacher for years. She was forced to abort twice, but got pregnant again and gave birth to two children. Disowned by her family, Nepali has been living on the streets and begging for shelter and food.

Sarki and Nepali are from different parts of the Himalayan nation, but what is common between them is their caste group – both belong to the socially marginalised Dalit community. Sarki's attacker and Nepali's rapist were both high-caste Hindus.

Mallika Aryal/IPS

A protest over discrimination against Dalits in Nepal. Women's rights activists say Dalit women are the most vulnerable.

Marginalised community

There are an estimated 22 Dalit communities in Nepal. Researchers and Dalit organisations say they make up 20% of the country's 27-million population. Dalits are considered to be at the bottom of Nepal's 100 caste and ethnic groups.

They bear a much bigger burden of poverty, with 42% Dalits under the poverty line as opposed to 23% non-Dalits.

After a long political impasse, Nepal went back to polls in November. After two long months of negotiations, new assembly members are now finally sitting down and writing a new constitution. But experts say even in the new assembly, the Dalit community is the most under-represented, with only 7%, or 38, of the 575 Constituent Assembly members being Dalit.

Rajesh Chandra Marasini, programme manager at the Jagaran Media Centre, an alliance of Dalit journalists formed to fight caste-based discrimination, worries that Dalit-related issues would, once again, not get priority in the new constitution.

'I am concerned that the new Dalit assembly members would take the party line and become a mere physical presence,' he told Inter Press Service (IPS). 'I fear that Dalit advocacy would become an afterthought.'

Nepal's Civil Code 1854 had legalised the caste system and declared the Dalit community as 'untouchable'. In a Hindu hierarchical structure, such a label dictates where Dalits can live, where they can study and where they can socialise.

In 1963, caste-based discrimination was abolished in Nepal and the National Dalit Commission was formed. In 2011, the Caste Based Discrimination and Untouchability Act was passed. Yet Dalits continue to be marginalised.

'Violence against the Dalit community is ignored or often goes unreported and unnoticed in Nepal,' said Padam Sundas, chair of Samata Foundation Nepal, a research and advocacy organisation that works for the rights of the marginalised community in Nepal.

Dalits are still barred from community activities such as worshipping in the same temples as higher-caste Nepalis. The higher castes don't eat the food touched by members of the Dalit community or even use the same community tap that Dalits use for water. And women are the worst affected.

'Dalit women are at the bottom of the caste and gender hierarchy in Nepal,' said Bhakta Bishwokarma, president of the Nepal National Dalit Social Welfare Organisation (NNDSWO), which works to eliminate caste-based discrimination in Nepal.

'Dalit women's suffering is triple-fold – society discriminates against them because they are women, then they are discriminated against because they belong to the Dalit community, and within their own community they suffer all over again for being women,' Bishwokarma told IPS.

A Dalit family in Nepal. Dalits bear a much bigger burden of poverty, with 42% of Dalits living below the poverty line compared to 23% non-Dalits.

Vulnerable

Women's rights activists say Dalit women are the most vulnerable.

'If you study the cases of women who are accused of being "witches", they are usually Dalit women. They are the ones to be trafficked easily, they are the ones who work in terrible conditions,' said Durga Sob of the Feminist Dalit Organisation (FEDO) that works closely with the government on Dalit gender issues.

Activists say when Dalit victims of violence want to file a police complaint, they are discouraged.

'They are told that getting the law enforcement authorities involved would disturb social harmony, and victims are encouraged to informally reconcile,' said Bishwokarma. 'No one is held accountable for any discriminatory acts against Dalits.'

News of the attack on Sarki received wide media coverage, and the attack was severely condemned. A few days after the story broke activists gathered in front of the offices of Nepal's policymakers and organised a protest. It saw a handful of women's rights activists and allies standing with banners, demanding that the government act.

'The activists stood there for a few days, handed a memorandum to the government and the issue died down,' said Bindu Thapa Pariyar of the Association for Dalit Women's Advancement of Nepal (ADWAN).

Researchers say there are major reasons why Dalit issues don't get noticed.

'We have all kinds of acts and laws in place, but they are never implemented and even when we have tried to implement them, victims don't get justice,' said Sob of FEDO.

She recommends that the legislation be made simple and local law enforcement authorities be trained so they understand the rights of Dalit people.

Some activists say the Dalit movement has lost its momentum.

'We cannot think of Dalit activism with a "donor supported project implementation" approach,' said Pariyar of ADWAN. 'When the project money runs out, we move on but that doesn't necessarily mean we have achieved what we set out to do.'

In Sarki's case, for instance, there were issues of her rehabilitation, psychological trauma counselling, the safety of her family and her safe return home.

'Rights activists need to think long-term, a protest only nudges policymakers, real work happens with the victims in the field,' said Pariyar.

She calls for a stronger leadership in Dalit advocacy.

'The Dalit lawmakers may be under pressure from their parties, but we need watchdogs outside the assembly so that we can keep pushing them to make the right decision,' said Pariyar.

'If we don't push now, when a new constitution for the nation is being written, we will never do it,' she said. – *IPS* ◆

The Dalit community is the most under-represented in Nepal's new Constituent Assembly. Picture shows a woman casting her vote during the elections for the assembly last November.

TRIBUTE

Pete Seeger brought the world together

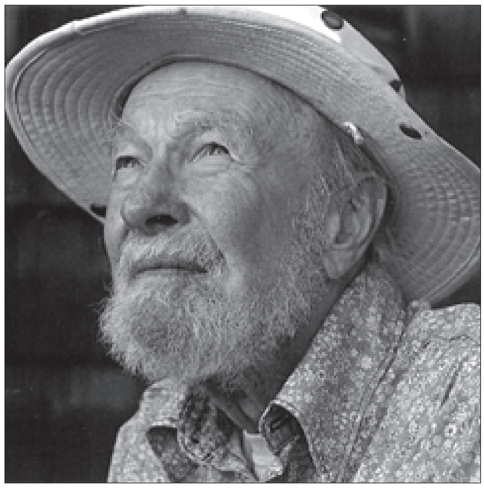
Pete Seeger, who died in January, was a modern-day troubadour for social justice who was on the frontline of every key progressive crusade in his lifetime. *Peter Dreier* pays tribute to a great artist and human being.

'TO everything, there is a season,' Pete Seeger's song, 'Turn, Turn, Turn', taken from the Book of Ecclesiastes, tells us. 'A time to be born, a time to die.'

Seeger died on 27 January at 94. In the spirit of that song, he spent his time on earth planting, healing, laughing, building, dancing, loving, embracing and advocating peace.

Seeger brought the world closer together with his music. Every day, every minute, someone in the world is singing a Pete Seeger song. For over six decades, he introduced Americans to songs from other cultures, like 'Wimoweh' ('The Lion Sleeps Tonight') from South Africa, 'Tzena, Tzena' from Israel (which reached number two on the pop charts) and 'Guantanamera' from Cuba, inspiring what is now called 'world music'. The songs he has written, including the antiwar tunes, 'Where Have All the Flowers Gone?', 'If I Had a Hammer' and 'Turn, Turn, Turn', and those he has popularised, including 'This Land Is Your Land' and 'We Shall Overcome', have been recorded by hundreds of artists in many languages and have become global anthems for people fighting for freedom. His songs are sung by people in cities and villages around the world, promoting the basic idea that the hopes that unite us are greater than the fears that divide us.

Seeger was a much-acclaimed and innovative guitarist and banjoist, a globe-trotting song collector, and the author of many songbooks and musical how-to manuals. In addition to being a World War II veteran, he was on the frontlines of every key progressive crusade during his lifetime – labour unions and migrant workers in the 1930s and 1940s, the banning of nuclear weapons and opposition to the Cold War in the 1950s, civil rights and the anti-Vietnam War movement in the 1960s, environmental responsibility and opposition to South African apartheid in the 1970s, and, always, human rights throughout the world.



Pete Seeger (1919-2014)

For the past decade, Pete has kept coming out of semi-retirement to do one more concert, give one more interview, write one more book, record one more album. His remarkable spirit, energy and optimism kept him going through triumphs and tragedies, but he outlived all his enemies and remained one of the greatest American heroes of this or any other era.

Several biographies of Seeger have been published in the past decade, including David King Dunaway's *How Can I Keep from Singing? The Ballad of Pete Seeger*, Alec Wilkinson's *The Protest Singer: An Intimate Portrait of Pete Seeger*, and Alan Winkler's *To Everything There Is a Season: Pete Seeger and the Power of Song*. Six years ago Jim Brown produced a wonderful documentary film, *Pete Seeger: The Power of Song*.

Pete, who was modest and self-effacing despite his remarkable accomplishments, never wrote an autobiography. But two years ago he published a collection of his writings, *Pete Seeger: In His Own Words*. The book presents Pete in his own voice. With Pete's cooperation, Rob Rosenthal, sociology professor at Wesleyan University, and Sam Rosenthal, a musician and writer, dug through Pete's extensive writings – letters stored for decades in his family barn, notes to himself, published articles, rough drafts, stories, books, poems and songs – to chronicle and illuminate Pete's incredible life as America's troubadour for social justice.

Making music for change

The son of musicologists Charles and Ruth Seeger, Pete spent two years at Harvard, where he got involved in radical politics and helped start a student newspaper, *The Harvard Progressive*. He quit in 1938 in order to try his own hand at changing society by making music. He worked at the Library of Congress's Archive of American Folk Song, where he learned many of the songs he would sing throughout his career, travelled around with Woody Guthrie singing at migrant labour camps and union halls, and perfected his guitar- and banjo-playing skills.

In 1941, at age 22, Seeger formed the Almanac Singers with Lee Hays and Millard Lampell, later joined by Guthrie, Bess Lomax (daughter of musicologist John Lomax) and several others who rotated in and out of the group. The Almanacs drew on traditional songs and wrote their own songs to advance the cause of progressive groups, the Communist Party, the Congress of Industrial Organisations unions, the New Deal and, later, the United States and its allies (including the Soviet Union) in the fight against fascism. The Almanacs were part of a broader upsurge of popular progressive culture during the New Deal, fostered in part by programmes like the federal theatre and writers' projects. Even so, the group was hounded by the FBI, got few bookings and was dropped by its agent, the William Morris Agency. After Seeger and Guthrie joined the military, the group disbanded in 1943.

The Almanacs cultivated an image of being unpolished amateurs. Guthrie once said that the Almanacs 'rehearsed on stage'. Among them, however, Seeger was the most gifted and disciplined musician, with a remarkable repertoire of traditional songs. He carefully crafted a stage persona that inspired audiences to join him, a performing style that he perfected when he began working as a soloist. Every Seeger concert involved a lot of group singing.

Immediately after World War II, American radicals and liberals sought to reignite popular support for progressive unions, civil rights and internationalism. The left's folk-music wing hoped to build on its modest successes before and during the war. In 1946 Seeger led the effort to create People's Songs, an organisation of progressive songwriters and performers, dominated by but not confined to folk musicians, and People's Artists, a booking agency to help the members of People's Songs get concert gigs and recording contracts. They compiled *The People's Song Book*, which included protest songs from around the world, sponsored a number of successful concerts, and organised chapters in several cities and on college campuses.

When Henry Wallace ran for president on the Progressive Party ticket in 1948, his campaign relied heavily on folk music. Seeger travelled with Wallace during the campaign, distributing song sheets at every meeting or rally so that singalongs, led by Seeger, could alternate with Wallace's speeches.

Seeger (left) performing at a rally in New York in 1975.

By 1949 folk music's popularity had grown, with performers like Burl Ives, Josh White and others gaining a foothold in popular culture, but the folk music of this period had lost much of its political edge.

For a brief period, as a member of the Weavers folk quartet, Seeger achieved commercial success, performing several chart-topping songs that reflected his eclectic repertoire. The group was formed in 1948 by Seeger and Hays (both former Almanacs), along with Ronnie Gilbert and Fred Hellerman. They exposed audiences to their repertoire of songs from around the world as well as to American folk traditions, but without the overt advocacy of left-wing political causes. Decca Records signed the Weavers to a recording contract and added orchestral arrangements and instruments to their music, a commercial expediency that rankled Seeger but delighted Hays. The Weavers performed in the nation's most prestigious nightclubs and appeared on network television shows.

In 1950 their recording of an Israeli song, 'Tzena, Tzena', reached number two on the pop charts, and their version of Lead Belly's 'Goodnight, Irene' reached number one and stayed on the charts for half a year. Several of their recordings – 'On Top of Old Smokey', 'Kisses Sweeter Than Wine', 'Wimoweh', and 'Midnight Special' – also made the charts. Their 1951 recording of Guthrie's song 'So Long It's Been Good to Know You' reached number four.

The blacklist years

But the Weavers' commercial success was shortlived. As soon as they began to be widely noticed in 1950, they were targeted by both private and government witch-hunters. The FBI and Congress escalated their investigations. A group of former FBI agents founded the newsletter *Counterattack* in 1947 to expose Communism in American society; in 1950, the newsletter issued a special report, 'Red Channels: the Report of Communist Influence in Radio and Television'. It listed 151 actors, writers, musicians, broadcast journalists and others whom it claimed were part of the Communist influence in the entertainment industry – including Seeger and the Weavers. Hollywood studios, TV shows and other venues blacklisted people on the list. A few performers, notably Josh White and Burl Ives, agreed to cooperate with the investigators and were able to resume their careers; others refused to do so, and some were blacklisted. The Weavers survived for another year with bookings and even TV shows, but finally the escalating Red Scare caught up with them. Their contract for a summer television show was cancelled. They could no longer get bookings in the top nightclubs. Radio stations stopped playing their songs, and their records stopped selling. They never had another major hit record.

Seeger left the Weavers to pursue a solo career, but he was blacklisted from the early 1950s through the mid-1960s. In 1955 he was convicted of contempt of Congress for refusing to discuss his political affiliations at a hearing called by the House Committee on Un-American Activities, although he never spent time in jail. (The conviction was overturned on appeal in May 1962.) Many colleges and concert halls refused to book Seeger. He was kept off network television. In 1963 ABC refused to allow Seeger to appear on *Hootenanny*, which owed its existence to the folk music revival Seeger had helped inspire.

Marching with Occupy Wall Street protesters in 2011. Seeger was a symbol of a principled artist deeply engaged in the world.

During the blacklist years, Seeger scratched out a living by giving guitar and banjo lessons and singing at the small number of summer camps, churches, high schools and colleges, and union halls that were courageous enough to invite the controversial balladeer. In 1966, on New York City's nonprofit educational television station, he hosted a low-budget folk music programme, *Rainbow Quest*, that gave exposure to many little-known country, bluegrass and folk singers. The station had a limited viewership at the time, but fortunately the programmes were taped and are now available on YouTube.

Eventually, Seeger's audience grew. In the 1960s he sang with civil rights workers at rallies and churches in the South and at the march from Selma to Montgomery, Alabama. He popularised the song 'We Shall Overcome' in the United States and during his concerts around the world. In a letter to Seeger, Martin Luther King Jr thanked him for his 'moral support and Christian generosity'. In 1967 Tom and Dick Smothers defiantly invited Seeger onto their popular CBS television variety show, the *Smothers Brothers Comedy Hour*. True to his principles, Seeger insisted on singing a controversial antiwar song, 'Waist Deep in the Big Muddy'. CBS censors refused to air the song, but public outrage forced the network to relent and allow him to perform the song on the show a few months later.

Role model

Seeger helped catalyse the folk music revival of the 1960s, encouraging young performers, helping start the Newport Folk Festival, and promoting the folk song magazine *Sing Out!* that he had helped launch. His book *How to Play the 5-String Banjo* taught thousands of baby boomers how to play this largely forgotten instrument. He continued to bring audiences songs from around the world, often sung in their original languages.

Tons of prominent musicians – including Bob Dylan, Bono, Joan Baez, the Byrds, Natalie Maines of the Dixie Chicks, Bonnie Raitt, Tom Morello and Bruce Springsteen – consider Seeger a role model and trace their musical roots to his influence. Many of his 80 albums, which include children's songs, labour and protest songs, traditional American folk songs, international songs and Christmas songs, have reached wide audiences. Among performers around the globe, Seeger became a symbol of a principled artist deeply engaged in the world.

In 1969 Seeger launched the nonprofit group Clearwater, near his home in Beacon, New York, and an annual celebration dedicated to cleaning up the polluted Hudson River. The effort, at first written off as simplistic and naive, helped inspire the environmental movement. The Hudson, once filled with oil pollution, sewage and toxic chemicals, is now swimmable.

Through persistence and unrelenting optimism, Seeger endured and overcame the controversies triggered by his activism. In 1994, at age 75, he received the National Medal of Arts (the highest award given to artists and arts patrons by the US government) as well as a Kennedy Center Honor, when President Bill Clinton called him 'an inconvenient artist, who dared to sing things as he saw them'. In 1996 he was inducted into the Rock & Roll Hall of Fame because of his influence on so many rock performers. In 1997 he won the Grammy Award for his 18-track compilation album, *Pete*.

Seeger at a hearing called by the House Committee on Un-American Activities. He was convicted in 1955 of contempt of Congress for refusing to discuss his political affiliations at the hearing; the conviction was overturned on appeal in 1962.

In the 21st century, some of the nation's most prominent singers recorded albums honouring Seeger, including Springsteen's *Seeger Sessions*. In May 2009 more than 15,000 admirers filled New York City's Madison Square Garden for a concert honouring Seeger on his 90th birthday. The performers included Springsteen, Dave Matthews, Emmylou Harris, Joan Baez, Billy Bragg, Rufus Wainwright, Bela Fleck, Taj Mahal, Roger McGuinn, Steve Earle, Ramblin' Jack Elliott, Dar Williams, Tom Morello, Ani DiFranco and John Mellencamp.

In 2012 Pete released two new albums. *A More Perfect Union* featured 16 original songs written with singer-songwriter Lorre Wyatt and includes duets with Springsteen, Morello, Earle, Harris and Williams. The two-CD *Pete Remembers Woody* honoured his friend as part of the centennial celebration of Guthrie's birth. It includes reminiscences, songs and anecdotes.

In the past year, Seeger released the music video and single of 'God's Counting on Me, God's Counting on You', performed with Arlo Guthrie at Carnegie Hall; shared the stage at New York's Beacon Theater with Harry Belafonte, Jackson Browne and others to celebrate the life of Native American activist Leonard Peltier, and issued an audiobook titled *Peter Seeger: The Storm King, Stories, Narratives and Poems* (which was nominated for a Grammy).

Toshi, his wife of 70 years who helped manage Pete's career, died in July. Despite the enormous loss, Pete kept on singing. He sang 'I Come and Stand at Every Door' on *Democracy Now!* on 9 August to commemorate the 68th anniversary of the Hiroshima and Nagasaki atomic bombings. He sang 'This Land Is Your Land' (adding an anti-fracking verse) at the Farm Aid concert in Saratoga Springs in September (joined by Willie Nelson, Neil Young, John Mellencamp and Dave Matthews). In December, he performed at a concert in Nyack to benefit the Fellowship of Reconciliation, a peace group. He was scheduled to receive the first Woody Guthrie Award from the Guthrie Foundation and Grammy Foundation in February.

Probably no song reflects Pete's indomitable spirit more than 'Quite Early Morning', the song he sang on the *Colbert Report* in 2012.

Don't you know it's darkest before the dawn
And it's this thought keeps me moving on
If we could heed these early warnings
The time is now quite early morning
If we could heed these early warnings
The time is now quite early morning

Some say that humankind won't long endure
But what makes them so doggone sure?
I know that you who hear my singing
Could make those freedom bells go ringing
I know that you who hear my singing
Could make those freedom bells go ringing

And so keep on while we live
Until we have no, no more to give
And when these fingers can strum no longer
Hand the old banjo to young ones stronger
And when these fingers can strum no longer
Hand the old banjo to young ones stronger

So though it's darkest before the dawn
These thoughts keep us moving on
Through all this world of joy and sorrow
We still can have singing tomorrows
Through all this world of joy and sorrow
We still can have singing tomorrows

Pete's fingers can strum no longer, but, thanks to him, people around the world can have many 'singing tomorrows'. ◆

Peter Dreier is EP Clapp Distinguished Professor of Politics and chair of the Urban & Environmental Policy Department at Occidental College in Los Angeles, USA. His latest book is The 100 Greatest Americans of the 20th Century: A Social Justice Hall of Fame *(published by Nation Books). This article is reproduced from the website of* The Nation *(www.thenation.com).*

Pedro Shimose (born 30 March 1940) is a poet, journalist, professor and essayist. Considered as one of the great poets of Bolivia, his poetry touches on themes of national identity and social liberation. He has been the recipient of a number of literary awards including the coveted Casa de las Américas Prize.

A midsummer night's dream

Pedro Shimose

You finish cleaning out the dust and the ashes, doing all the errands,
peeling the potatoes, washing, doing the dishes, throwing out the trash,
finish eating leftovers in a corner of the kitchen
and go hide in your room,
look at yourself in a shattered mirror,
daub your eyebrows, makeup,
listen to soap operas, glance through *True Romances*,
go to the local movie to see another Alain Delon,
play at being a star like Marilyn or Sophia,
look at your navel,
become ecstatic looking at your navel,
move over your shadow with azaleas and gardenias,
walk over your body with a miniskirt and sunken eyes,
imagine hitting the jackpot in the lottery,
paint your dirty nails,
spell out the astrological prediction for tomorrow,
dream about your prince charming,
about the fairy godmother, with the magic wand,
you are the girl with the crystal slipper,
the one at the midnight ball with horses that are mice
and coaches that are pumpkins…
Look *ñatita*, you're pretty, but
wash your underarms and stop the foolishness,
the mistress is calling!

Translated by Robert Márquez