

Take Agriculture out of the WTO! Resist Imperialist Globalization!

Speech delivered by Rafael V. Mariano, chairperson of KMP (Peasant Movement of the Philippines), at the People's Assembly "Say NO to WTO!" on November 29, 1999.

Warm and militant greetings from the Kilusang Magbubukid ng Pilipinas and the millions of Filipino peasants!

A certain William Jefferson Clinton, whose negotiators are reportedly attending a meeting somewhere in this city, announced that aggressive reform of agriculture is at the heart of his agenda. Coincidentally, agriculture is also at the heart of our agenda, although the reform we envision is not just aggressive – it is revolutionary!

Five years after the World Trade Organization (WTO) came into being and its Agreement on Agriculture was effected, there is nothing to celebrate. The Agreement on Agriculture is wreaking havoc on farmers and peasants the world over, intensifying exploitation, increasing landlessness and spreading poverty.

Trade liberalization under the WTO is a desperate attempt to solve the deepening crisis of global capitalism. Yet the final collapse of capitalism has become inevitable because of its irresolvable internal contradictions.

Agriculture in the Age of Monopoly Capitalism

The fundamental crisis of global capitalism has led to increasing agricultural surpluses created by the imperialist countries. At the same time, it expanded monopoly control of production and distribution on a worldwide scale.

Through the industrialization of agriculture in the rich countries, traditional, family-based farms were integrated in and subjugated to large agribusiness conglomerates. Through mergers and acquisitions, these agricultural giants were able to increase their market shares tremendously. More importantly, they were able to incorporate the different stages of production and distribution in their capital accumulation process.

The top ten agrochemical companies, for example, who control almost 90 percent of the market, also own seed and biotechnology companies, thus effectively dominating all aspects of food production. On the output end, TNCs like Unilever, Nestlé, and Philip Morris are controlling food processing, packaging and distribution.

The Third World has always been a source of cheap labor and raw materials while providing a market for the surplus goods from the industrialized countries. Therefore, its agriculture is predominantly backward, relying on feudal relations and obsolete methods of production.

The agribusiness and food TNCs were able to expand their monopoly control on the Third World through increasing liberalization, privatization and deregulation as promoted by the IMF and the World Bank. Taking advantage of the backward characteristics of local agriculture, they linked up with local landlords and the comprador faction of the bourgeoisie to dominate the agricultural sector.

While their TNCs were expanding their markets, the United States (US) and the European Union (EU), were protecting and supporting their domestic agricultural sectors. They were competing with each other in escalating protectionist measures,

actively encouraging an ever increasing overproduction. Their agricultural sectors became increasingly dependent on exports to get rid of their subsidized overproduction.

In the 1980s, when the global crisis deepened, increasing competition and overproduction was leading to intensifying trade conflicts among the industrialized nations while world prices were plunging. Moreover, the high cost of subsidized programs to support their agricultural sectors became a heavy burden on the industrialized countries' budgets.

Whereas before the US and the EU had avoided negotiations about agricultural trade for fear of having to mitigate their protectionist policies, they were now forced to adopt new strategies. Agriculture came at the forefront in the Uruguay Round of GATT that started in 1986. As long as they could leave their differences aside, the US and the EU were powerful enough anyway to force upon the rest of the world their brand of agricultural trade liberalization, while maintaining most of their protectionist barriers intact.

The Agreement on Agriculture under the Uruguay Round of GATT had to solve the chronic problem of agricultural overproduction in the EU and US by expanding their markets. At the same time, it served to consolidate and strengthen the monopoly control of their TNCs on the food and agricultural sectors.

The key elements of the Agreement on Agriculture are: (1) the reduction of subsidies to the domestic farming sector; (2) the reduction of export subsidies; and (3) improved market access through the introduction of minimum access requirements and tariffication of import restrictions with subsequent reduction of tariffs. These measures obviously favor the imperialist countries and their TNCs as they were able to retain 60 to 80 per cent of the levels of subsidies up to 2000 while most Third World countries, who have never used subsidies, are prohibited from stimulating their agricultural sectors at all.

Reaping the Fruits of the Agreement on Agriculture

Expectedly, the US and the EU, the world's biggest exporters of agricultural products and home bases of the agribusiness TNCs, turn out to be the big winners of the Agreement on Agriculture.

This Agreement has hardly affected their ability to subsidize overproduction and export dumping, nor has it reformed their domestic policies with a view to reducing structural overproduction. In 1998, the rich countries' governments spent \$353 billion in support to their agriculture.

Through a set of exemptions, the US and EU were able to maintain – and even increase – the level of subsidies to their domestic agriculture. Direct payments, for example, like payments to farmers to withdraw land from production, are exempted from the subsidy cuts. This exemption reduced at a stroke the level of EU subsidy cuts required by over \$3 billion.

Similarly in the US by the year 2000, subsidies of up to \$16 billion will be permissible – double the 1995 level of national government support. These include the \$1.5 billion of public finance spent in the US on research and development and the \$2 billion allocated for crop insurance.

After the implementation of the Agreement on Agriculture, the EU was able to raise its exports of agricultural products (excluding fish) from 44.7 billion euro (about \$46.7 billion) in 1995 to 52.3 billion euro (about \$54.6 billion) in 1997. The US agricultural exports

ballooned from \$43 billion in 1994 to \$59.8 billion in 1996 – a 39 percent increase in only two years. (Figure 1)

The US Department of Agriculture (USDA) has calculated that export gains attributed solely to trade liberalization since 1985 amount to at least \$3.5 billion per year. Once the Uruguay Round and NAFTA are fully implemented by 2005-2008, the projected impact on US agricultural export will grow to over \$10 billion a year. According to USDA estimates, exports directly attributed to trade liberalization will represent 13 percent of total US agricultural exports.

Increasing Imperialist Domination

The Agreement on Agriculture was effective in submitting the agriculture of the Third World to the needs of the TNCs and the interests of global imperialism. Third World economies were forced to open their markets for the surpluses of the imperialist countries.

This did not hamper their role as suppliers of cheap labor and raw materials. In fact, under the guise of “capitalizing on their comparative advantage,” they were persuaded to grow export crops that were marketable in the industrialized countries. Yet farmers who were able to make this conversion, were submitting themselves to increasing exploitation by landlords, foreign TNCs and the local comprador bourgeoisie.

An assessment of the impact of the Agreement on Agriculture on 16 Third World countries by the Food and Agriculture Organization (FAO) confirms how hard their agriculture and poor peasants were hit. The most alarming finding was the general trend toward the concentration of land, marginalizing small farmers and increasing landlessness, unemployment and poverty.

For farmers land is a matter of life and death. Liberalization of agriculture, however, is encouraging the production of export crops, which is dominated by big corporations and not viable for most farmers. Small farmers are elbowed out of the market and have no other option but to cede their lands to big landlords and corporations.

In many cases the law openly favors so-called “economies of scale” and leaves the peasants defenseless against the aggressive accumulation of land. Even when the formal ownership remains with the farmers, TNCs can get the control over the land through contract growing and similar schemes.

Food security of Third World countries was successfully undermined, compelling them to import increasing amounts of subsidized surpluses from the US and EU. The FAO assessment observed that since the implementation of the Agreement on Agriculture, there was little change in the Third World countries’ agricultural export volume. Trade liberalization, however, has led to an almost instantaneous surge in food imports, with detrimental effects on the competing domestic sectors

In India, the area under food crop production is on the decline, while the area under non-food crops for export is increasing. The decreasing food production and removal of “trade distorting” food subsidies have raised food prices out of reach of the poor.

Mexico, which like India is one of the cradles of agriculture, has become a major food importer in just a few years. Before its entry into NAFTA and the WTO, it imported half a million tons of rice. It now imports 7 million tons. While it imported only 20 percent of its food in 1992, it was importing 43 percent in 1996. Consequently, one out of every two peasants is not getting enough to eat.

Kenya, a country that used to be self-sufficient in the 80s, is now importing 80 percent of its food. Subsidized grain imports from Europe are rising, undermining local production and creating poverty by oversupply. Wheat, for instance, is sold at prices that are equivalent to only half the price at which it was purchased from European farmers.

The Death of Philippine Agriculture

Philippine agriculture bears the imprints of almost 500 years of colonial and neo-colonial domination. Even prior to the Uruguay Round of GATT, Philippine agriculture was export-oriented, import-dependent and dominated by foreign, especially US, imperialism. This does not mean that the Agreement on Agriculture had little impact. It actually intensified the basic weaknesses of Philippine agriculture.

The Philippines did not have to reduce tariffs under the Agreement on Agriculture since tariffs were already below requirements. Instead, it bound itself not to raise tariffs beyond a certain level and to reduce the bound rates by 24 percent over ten years. Only for rice an exemption was made. While tariffication is delayed by ten years, the country is required to allow the importation of rice equivalent to 2 percent of domestic consumption in 2000 and 4 percent by the end of 2004, the so-called Minimum Access Volume.

The Philippine government was also proud to announce that it did not have to reduce or eliminate subsidies. Of course, this was only possible because the Philippine government did not have any substantial support for its domestic agriculture in the first place. Instead, it bound any future government not to implement any agricultural subsidies that could boost the country's moribund agricultural sector.

To implement the Agreement on Agriculture, the Philippine government passed The Agricultural Tariffication Act (Republic Act 8178). This law repealed existing laws prohibiting the importation of onion, potato, garlic, cabbage (RA 1296) and coffee (RA 2712); and centralizing the importation of beef (RA 1297). The Agricultural Tariffication Act also repealed two laws the small farmers had won through years of struggle: the Magna Carta for Small farmers (RA 7607) and the Seed Industry Development Act (RA 7308). These laws prohibited the importation of agricultural products and seeds when these are sufficiently produced in the country.

Agriculture was restructured in line with the increasing liberalization of the sector through a set of other laws and policies. Republic Act 7900, for example, gave incentives, tax holidays and infrastructure support for agribusiness corporations engaged in export crop production.

The 1993-1998 Medium-Term Agricultural Development Plan introduced new concepts evolving around the Key Production Area, prioritizing high value crops for export over staple crops for domestic consumption. At the same time, the government promoted industrial enclaves and development projects to attract foreign investors.

The same concepts are also the basis of the comprehensive Agricultural and Fisheries Modernization Act (AFMA) of 1997. For AFMA, "modernization" means the promotion of export crop production and incentives for foreign investors. The law even allows enterprises engaged in agriculture to import farm inputs and equipment without paying any tariffs and duties for a period of five years.

The current Estrada regime's 1999-2004 Medium-Term Philippine Development Plan claims that AFMA will "enable the sector to be dynamic, market-driven, readily accessi-

ble to improved technologies and internationally competitive” while transforming “sector stakeholders from subsistence producers to entrepreneurs.”

This verbiage clearly exposes the government’s intentions to intensify the export-oriented and import-dependent characteristics of Philippine agriculture. President Estrada is likewise favoring constitutional changes in order to grant foreign corporations 100 percent ownership of land.

Destroying Philippine Agriculture

When the GATT Agreement on Agriculture was ratified, the government projected that agriculture would create 500,000 new jobs a year and additional gross value added worth P60 billion a year. Expectedly, none of these promises came true.

Due to the combined effects of government’s implementation of the Agreement on Agriculture and other agricultural policies, the Philippine markets were flooded with agricultural imports. In 1994, the Philippines became a net importer of agricultural products, posting a \$42 million agricultural trade deficit. The deficit almost quadrupled to \$150 million in 1995. In 1996 and 1997, it reached \$789 million and \$764 million, respectively. Last year, it dropped slightly to \$670 million. (Figure 2)

Although the local production of rice, the staple food of most Filipinos, was sufficient to meet demand, an increasing amount of rice was imported. Rice imports peaked at 2.2 million metric tons in 1998, more than twenty times higher than the Minimum Access Volume and almost 40% of local production. (Figure 3) With 35 percent of total value, rice was the most important agricultural import product that year.

A comparison between the top ten agricultural imports and exports shows that imports were generally increasing while exports stagnated or went down. (Figure 4 and 5) The big losers among the export products are sugar, pineapple, coffee, copra and abaca. Import growth was significant for cereals, fertilizers, dairy products, animal feeds, coffee, fish, meat, vegetables & fruits and vegetable oil & fats. For example, from 1993 to 1998, corn imports swelled by about 500 times, from 640 metric tons to 462,000 metric tons; beef imports by almost four times, and pork 164 times.

Local production, on the other hand, was growing at a measly annual average of 0.23 percent from 1994 to 1998. The production of corn, sugar, peanut, tomato, cabbage, coffee, cacao and camote steadily declined. In 1998, rice and corn, the two major staple crops, hit their lowest production figures since 1987 and 1984 respectively.

Predictably, the US was one of the countries that took advantage of the Philippine markets. The country entered the top 15 agricultural importers from the US in 1994, with imports amounting to \$577 million. By 1996, the Philippines imported already \$852 million of US agricultural goods. Even in 1998, at the height of the economic crisis, the Philippines still imported \$715 million worth of US agricultural products.

The US is aggressively dumping its surplus products on the Philippine markets. Under Public Law 480, the so-called “Food for Peace Program,” it allowed the Philippines in 1999 a soft loan of \$20 million in order to import soybean and sorghum from the US. In 2000, the Philippines gets the biggest share of this loan program worth \$120 million globally. With its allocation of \$25 million, it will have to import rice, feed grains, and oil-seed – commodities picked by the US. The US Department of Agriculture does not conceal the true objectives of this program. It shamelessly describes the “Food for Peace Program” as “a concessional sales program to promote exports of U.S. agricultural commodities.”

The Asian Development Bank (ADB), for its part, made complete liberalization of the rice sector a prerequisite for a \$175 million loan. If the Estrada government wants to avail of this dubious “assistance,” it has to privatize the National Food Authority, a government agency that regulates the supply of food, particularly rice. Moreover, the ADB demands an end to any rice subsidy to consumers, market-oriented rice prices, and a virtual end to import restrictions.

Eradicating the Philippine Peasantry

Since the implementation of the Agreement on Agriculture and the country’s submission to the WTO, the living conditions of the Philippine peasantry worsened. Even the government admits that the total number of rural poor families increased by about 300,000 between 1994 and 1997.

The liberalization of the economy has increased production costs, thus affecting productivity and farmers’ incomes. Especially the prices of seeds and fertilizer rose substantially. This is a direct result of the Philippines’ import dependency as foreign agribusiness TNCs are able to charge artificially high prices because of their monopoly position. The domestic price of urea, for example, is on a five-year average 73 percent higher than its world price.

While farmers are paying higher prices for their farm inputs, they have to sell their produce at prices that are depressed by the monopoly position of big traders (like the rice cartel, known as the Big Seven) or food processing conglomerates. Cheap, subsidized imports from the industrialized countries are now pushing the prices even lower.

Cargill, Continental and other US grain giants, for example, can sell US corn surpluses in the Philippines at prices equivalent to half the cost of local production. The corn from the US, however, has been produced by farmers who receive subsidies amounting to \$29,000 each – more than any Philippine corn farmer can earn in a lifetime. The result is that, according to conservative estimates of the Department of Agriculture, at least 150,000 metric tons of corn were left rotting in the fields in 1998. Due to increasing US corn imports, average incomes of Filipino corn farmers are expected to drop by 15 percent by the year 2000, and by as much as 30 percent by 2004.

Another sad example can be given by the approximately 35,000 onion growers in Nueva Ecija and Pangasinan. Yearly onion production is 170,000 tons while demand is 140,000 tons and locally grown onions cost P40 per kilo. Since 1998 imported onions from The Netherlands, China, Australia, the US and New Zealand are flooding the market, selling at P18. As a result, the local onion production is now rotting in warehouses because of this unfair competition.

That the past and present agrarian reform programs have failed to give land to the landless is widely known. The current trend, however, is the reconcentration of land in the hands of landlords and corporations. Increasing landlessness is the result.

The government’s support for export crop production is openly encouraging land-grabbing by landlords and corporations, as small farmers do not have the means to venture into capital-intensive farming. The slowdown of the bogus agrarian reform program, cancellations of previously distributed land certificates and land use conversions are effectively reconcentrating land ownership with landlords and corporations.

Any remaining hope on real land distribution was cynically undermined by the Estrada administration when it embraced the “corporate scheme” of land reform as applied to one of the properties of Danding Cojuangco, a notorious landlord and former Marcos

crony. This “corporate model” does not even come close to actual land distribution as it transfers land ownership to a corporation that is controlled by landlords or agribusiness conglomerates.

Contract growing is another scheme that suits export oriented agriculture. It gives the control over lands to TNCs even when they do not acquire actual ownership. The farmers are trapped in the monopoly position of the company as they have to buy their farm inputs from them and sell their produce to the company at the latter's terms.

These developments have driven more and more small peasants from their lands, depriving them of their livelihoods. Seven hundred thousand jobs in agriculture have been lost since 1996, raising official rural unemployment statistics to 1.3 million in 1998. An increasing proportion of peasants is forced to work as farm workers on landlords' farms and plantations, often earning as low as 60 to 90 pesos per day. The number of wage and salary earners, as farm workers are euphemistically called in government statistics, increased 13 percent between 1993 and 1997. On the other hand, the number of own-account workers, including the farmers who own the lands they till, shrank by an average of .5 percent annually in the same period.

To make a long story short, the liberalization of agricultural trade under the WTO and the Agreement on Agriculture has worsened the basic weaknesses of Philippine agriculture. More than ever it is drawn away from the needs of the people, prioritizing export production while it is dependent on imported technology. Consequently, Philippine agriculture is rapidly plunging in an ever deepening crisis while Philippine food security becomes completely dependent on imported agricultural products.

For the peasant masses, feudal exploitation has worsened. An increasing number of peasants is landless and, more than ever, the peasants are living at the mercy of landlords and monopoly corporations. The concentration and monopolization of land, credit and trade have reached unprecedented levels and are taking the small farmers in an ever tightening stranglehold.

Sharpening Contradictions

It is not surprising, that intensifying exploitation and domination is spurring peasant protest.

The Filipino farmers' clamor for land was voiced during nationally coordinated protest actions last October 21 when an estimated 80,000 Filipino farmers affiliated with KMP protested against feudal exploitation and imperialist domination. Thousands of farmers, many of them women, from as far as Ilocos Norte and Mindoro came to Manila riding jeepneys and trucks, holding protest rallies in the towns and cities on their three-day journey. They denounced the Estrada government's plan to grant 100 percent foreign ownership of land and called for genuine land reform.

In Brazil landless peasants under the Movimento Dos Trabalhadores Rurais Sem Terra (MST) have occupied more than 1,200 landholdings resulting in the settlement of more than 140,00 families. In Thailand, the Assembly of the Poor has launched successful struggles for land. Enraged farmers destroyed pilot farms with genetically modified crops in India.

The peasants' concerns get worldwide attention through fora like this People's Assembly, international alliances like La Via Campesina, and global campaigns like the People's Campaign Against Imperialist Globalization. Moreover, international unity is

linking the struggle of the peasant masses with the struggle of the working class in the industrialized countries.

Even in the industrialized countries there is growing discontent about trade liberalization and the monopoly control on agriculture. In France, one farm closes shop every ten minutes and tens of thousands of farmers lost their jobs. In the US, about 20 percent of farm operator households have incomes below the official poverty threshold.

In many countries, including the Philippines, an increasing number of peasants are taking up arms in defense of their livelihoods. Through armed struggle, they are implementing land reform in liberated areas. Increasingly, these armed revolutionary movements are threatening the local elite and their imperialist masters.

With sharpening contradictions between the people and the bourgeoisie, brought about by the global crisis of capitalism, violent repression is inevitable. In the Philippines, the US-backed Estrada regime is erroneously thinking that it can quell the growing protest movement with the iron fist. Repression and militarization are on the rise while the new counterinsurgency program blatantly exposes the fascist tendencies of the present regime.

Anywhere in the world where the advancement of imperialism is challenged by the people's movement or anti-imperialist regimes, repression is the answer. The US is seriously considering a military intervention in Columbia to silence the people's protest. Yugoslavia was relentlessly bombed for 78 consecutive days, only because it dared to defy the interests of the imperialists. For the same reason, 4,500 Iraqi children are dying every month because of the US-imposed embargo – undeniably the biggest crime against humanity since the Vietnam War.

That imperialism has to resort to escalating violence, however, only reflects its deepening crisis. Indeed, although monopoly capital in the centers of imperialism benefited from the WTO agreements and other schemes of imperialism, these were not able to resolve the persistent crisis of monopoly capitalism. Capitalism's twin problems of shrinking markets and overproduction are rearing their heads again, especially after Asia's economic collapse in 1997.

For example, Agricultural exports are going downhill again in the US since 1997 and since 1998 more modestly in the EU. This is why especially the US is hell-bent on a new "Millenium Round" that has to remove the last remaining obstacles to their complete domination of world agricultural trade.

At the same time, the US, the EU and Japan are pushing for an agreement on investment that should abolish any preferential treatment of local investors. Together with agreements on other new issues like competition and government procurement, the agreement on investment has to ensure the unhampered intrusion of monopoly capital in any country, in any line of business. Governments would lose the right to regulate the entry of foreign investors, granting them so-called "national treatment," including the ownership of land. It is not hard to imagine how this will forestall any national development in the Third World.

Resist Imperialist Globalization

When we were campaigning against the GATT negotiations about agriculture in the early 90s, many were still undecided. Although they had their doubts about the intentions of

the industrialized nations, they were hesitating to join our opposition and thought that we were somehow too radical.

Today, however, there is no doubt anymore. We were proven right. The detrimental effects of trade liberalization are even worse than we expected. Because of this experience, we can now already say that more liberalization under WTO or any other scheme of imperialism will bring more misery, hunger, poverty and death.

The question, therefore, is not one about a review, reform and repair of the Agreement on Agriculture, as some people are proposing. The WTO is designed solely to serve imperialist expansion and to submit billions of people to the needs of monopoly capital. The industrialized countries will never allow any reform that threatens their hegemony. To give the world's millions of farmers a chance to survive, the WTO should be junked!

Our immediate call to take agriculture out of the WTO is a cry for justice that seeks urgent relief for the vast majority of the world's population. At the same time, it questions the whole framework of trade liberalization. Therefore, it is a call that propels the peasant movement right where it belongs: at the heart of the people's movement against imperialist globalization.

The peasant struggle is a struggle for genuine land reform as a means of fulfilling the basic needs of the farmers. Yet, under the current neocolonial conditions in the Third World, the struggle for land is also a struggle against imperialism. That is where the peasant struggle meets the struggle of the working class. Eventually, the alliance of workers and peasants will bring down the hegemony of imperialism and implement genuine land reform and national industrialization – the foundations of genuine development.

Therefore, we are linking arms with peasants and workers the world over. We are one with them in their resistance to the WTO and other imperialist schemes. Let us rally around the call of the People's Conference Against Imperialist Globalization, launched in the Philippines in 1996:

Strengthen international solidarity and advance the people's struggle against imperialist globalization!

U.S. Agricultural Trade Balance, 1987-99

Trade surplus headed toward \$12 billion in 1999...lowest since 1987

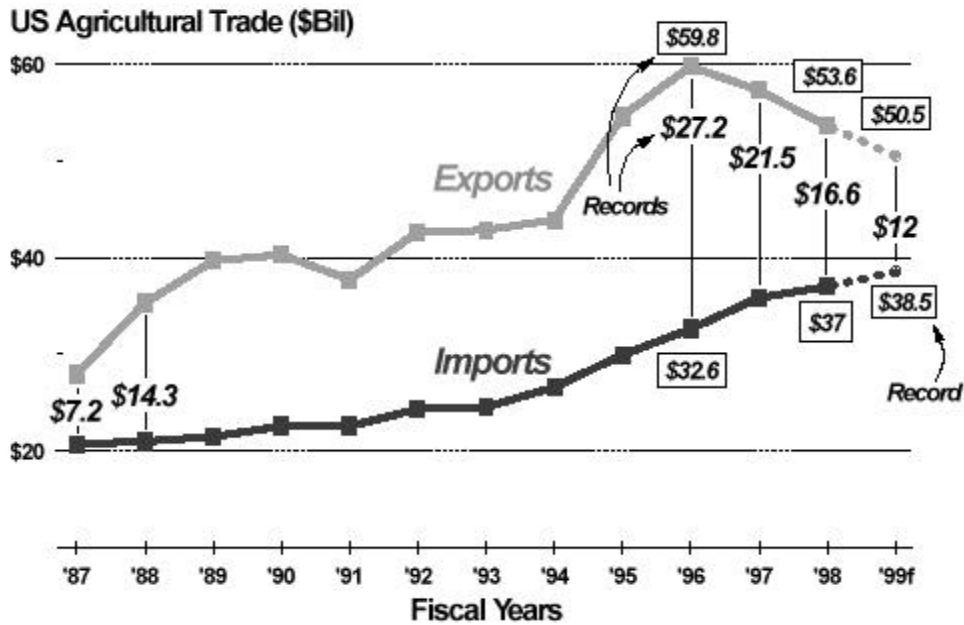


Figure 1: US Agricultural Trade Balance

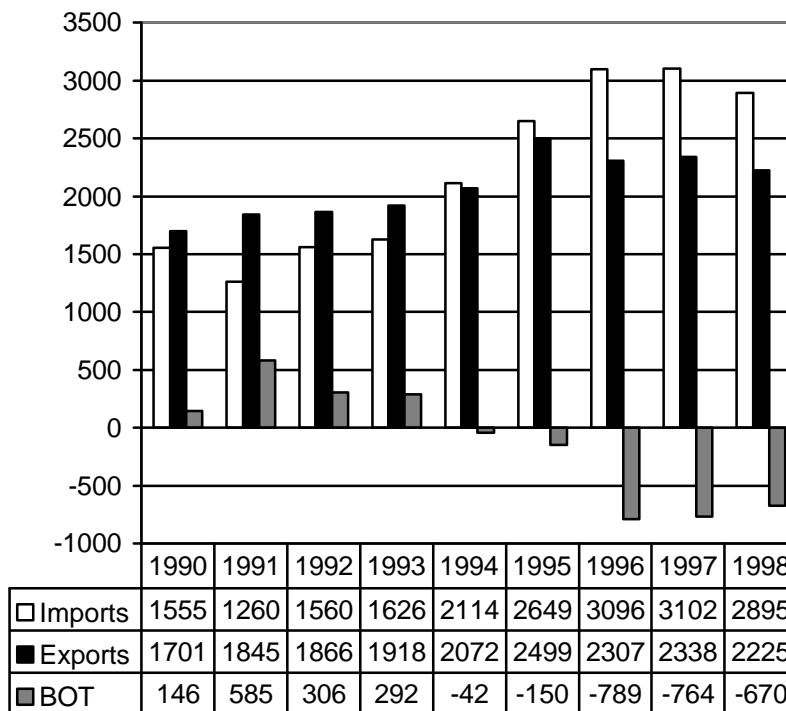


Figure 2: Philippine Agricultural Trade (Million US\$)

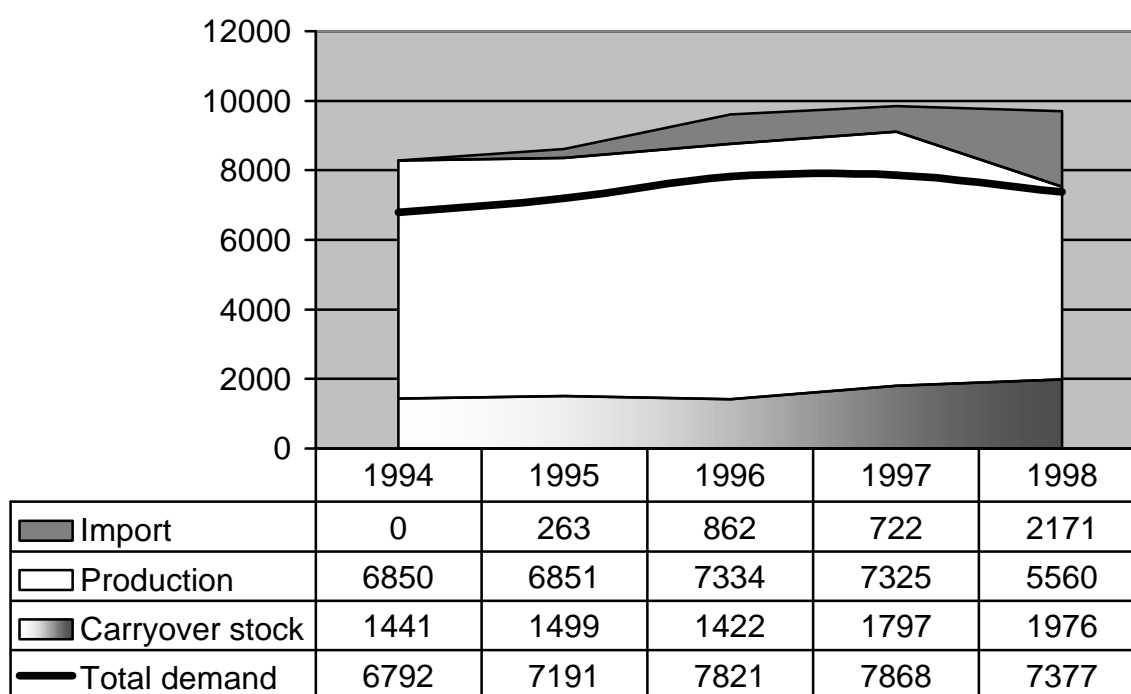


Figure 3: Rice Supply and Demand (1,000 m.t.)

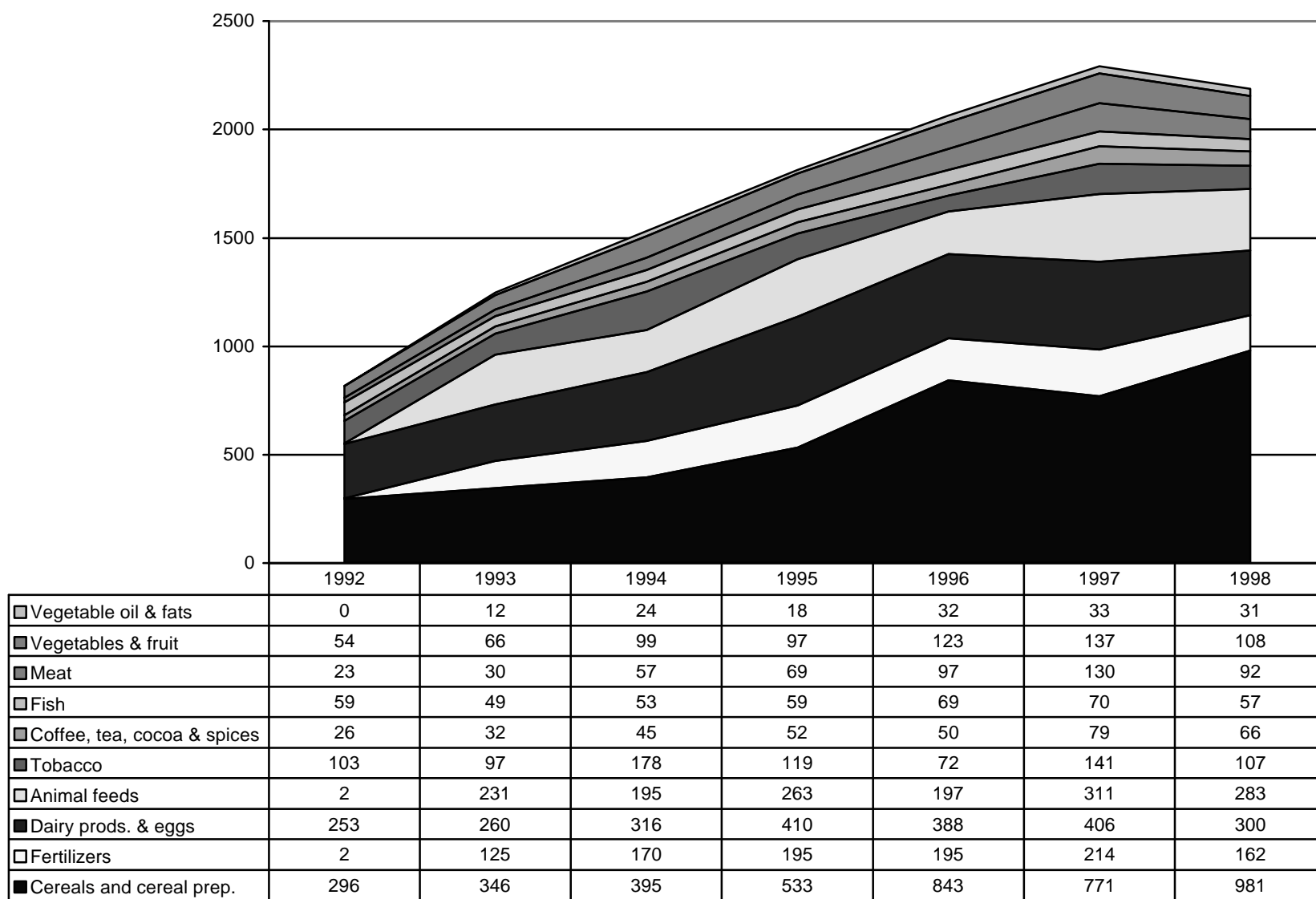


Figure 4: Value of Ten Traditional/Principal Agricultural Imports (Million US\$)

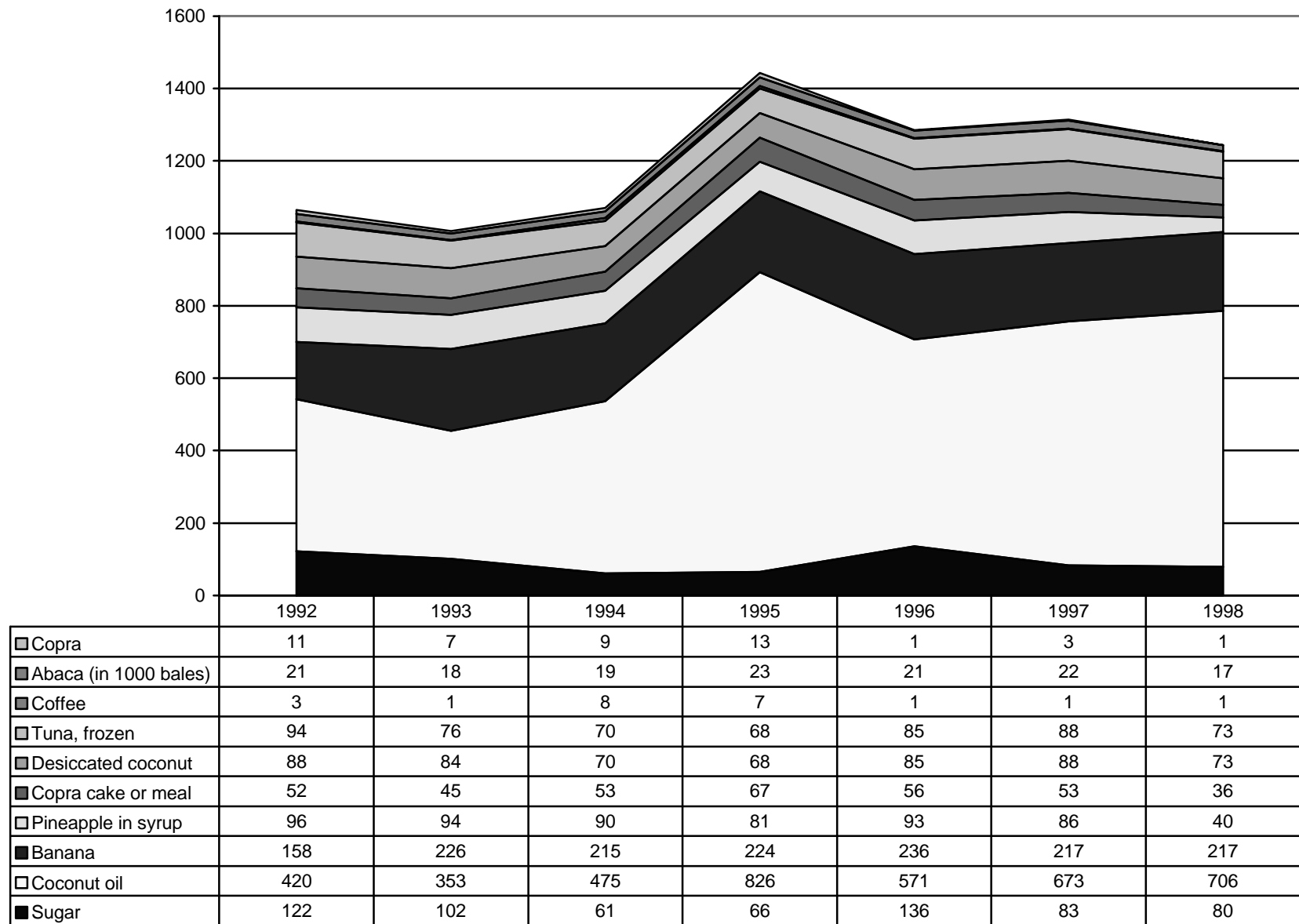


Figure 5: Value of Ten Principal/Traditional Exports (Million US\$)