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Africa and the WTO - the Perils of Weakening the Development Agenda

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In the 2013 WTO Ministerial in Bali, India stood mostly alone as the rich countries tried to isolate the government for its stockholding and food security program. But India is far from alone in recognizing the value of public food reserves as insurance against price volatility, emergency food in the event of shortages, and stocks for anti-poverty programs.

In fact, many African countries, including Kenya, Egypt, and Zambia manage such initiatives. They would be deluding themselves to think that the WTO measures taken against India will not be used against them. Most of these countries have exceeded, or are on the verge of exceeding, the de minimis limits set by the WTO's Agreement on Agriculture (AoA), tripped up by the same loophole that has snagged India. That technicality, which artificially inflates the calculation of subsidy levels, must be resolved in Nairobi along with additional progress on outstanding agricultural issues in the long-running Doha negotiations.

To put the Doha Round in perspective, suffice it to say that even if the entire round was concluded to the satisfaction of the developing countries, it would not address any of the issues of food sovereignty that are raised by social movements in the Food and Nutrition Watch 2015, released today at FAO in Rome. It is, thus, from the perspective of social movements, a minimalist package facilitated by the WTO - an agency that they believe does not have the legitimacy to deal with issues of agriculture and food security, and which ultimately seems to favor corporations and profit interests of the most powerful States.

U.S.: Divide and Conquer

The AoA allows the rich countries to retain their farm subsidies while preventing developing countries, from providing similar level of subsidies to poor and marginal farmers. All attempts by the G-33 countries to push through their proposal on food security at the WTO, by treating public stockholding programs as allowable Green Box subsidies, have been stymied, particularly by the US and the EU.

On the other hand, issues like the Trade Facilitation Agreement (TFA) where developed countries stand to benefit the most, continue to be pushed at breakneck speed, pushed aggressively by the WTO Chair, Roberto Azevedo.

Tragically, the US manages to have its way at successive WTO ministerials because of the divisive politics it plays. At Bali, it was the Least Developed Countries (LDC) package that was used to divide the developing countries. At Nairobi the tactic that is most likely to be used is to divide developing countries by trying to carve out an entirely different category of "Low Income Developing Countries" (LIDC).

The goal is to split them from the "emerging" economies, primarily the BRICS countries, then argue they are now too developed to receive the same special and differentiated treatment (S&DT) mandated for developing countries as a whole.

This divide-and-conquer strategy seems to be taking effect, as the African Caribbean and Pacific (ACP) countries presented a recent paper at the WTO, which argued precisely for separating off the emerging countries. This plays directly into the US designs for creating divisions at Nairobi.

Making the "First African WTO Ministerial" Meaningful

The Tenth Ministerial is already being touted as the first "African" Ministerial, raising the stakes for host Kenya to produce an agreement.

Failure, of course, is defined as the rich countries not having their way, yet again at the cost of some of the hungriest people on the planet.

By all indications, the US and other developed countries are not prepared to offer any concessions in key agriculture negotiations. They are likely to push for an end to the Doha Development Round (DDA) without comprehensively addressing all the issues that were agreed upon as part of the Doha framework.

This would enable the developed countries to introduce new issues at the WTO including the so-called Singapore issues such as services, competition policy, and investment, which had been put on the back-burner by member states until the DDA was comprehensively negotiated. They also want to target state-owned enterprises in the developing countries.

While Kenya, in its eagerness to host a successful Ministerial could possibly break ranks with the developing countries and call for a premature closure to the Doha round, the implications of doing so for other African countries are serious. Consider just four of these.

First, all developing countries would lose the policy space to be able to hold reserve food stocks without being hauled up before the dispute settlement mechanism of the WTO for distorting trade. Even under the peace clause that India managed to negotiate at Bali, only existing programs are covered, so no new programs are allowed. As pointed out earlier, many countries in Africa including Morocco, Kenya, Jordan, Zambia, Zimbabwe and Tunisia, have either breached the limits that they are allowed to subsidize or are likely to do so.

Continuing U.S. Cotton Subsidies

Second, U.S. negotiators are offering only minimal concessions to address the long-running issue of its cotton subsidies suppressing prices in international markets, at great cost to other cotton exporters in the world, including Africa's C4 cotton countries (Mali, Burkina Faso, Benin and Chad). The U.S. and Brazil settled their dispute over the programs, in part because the 2014 U.S. Farm Bill enacted special provisions on cotton.

But a recent study estimates that those reforms in no way ended the price suppressing effects of U.S. policies. In fact, researchers estimated the cost to the world's other cotton producers at $3.3 billion per year in the coming years, as U.S. subsidies lower the price of U.S. cotton on international markets. The C4 countries are projected to lose about $80 million per year (Burkina Faso - $33 m; Mali - $26.5 m; Benin

- $16.5 m; Chad - $3.3 m). India's losses are projected at more than $800 million per year.

Third, the biggest concern of developing countries in seeking to reduce U.S. domestic support is to end unfair competition and eliminate the dumping of agricultural commodities on developing countries. The recent years of relatively high prices have given the world a reprieve from such cases, but there is evidence that we may be entering a new era of low crop prices and renewed dumping unless stronger domestic support caps are agreed in Nairobi. The United States is already exporting maize at prices below the costs of production, in part thanks to a projected $6 billion in subsidies to U.S. maize producers.

Finally, U.S. negotiators are trying to undermine provisions that facilitate access to life-saving medicines. They are proposing to terminate the existing moratorium on applying what are called "non-violation compliants" (NVCs) in the TRIPS agreement. Such a termination, which serves the interests of multinational drug firms, would make developing countries subject to trade disputes as and when they want to implement such public health measures. Developing countries have tabled an alternate proposal asking for NVC complaints to be made inapplicable to the TRIPS agreement.

On all counts, poor countries have much to lose in Nairobi if the US and other developed countries, backed by the WTO Secretariat, have their way at the Ministerial meeting. This is not the time for African negotiators to accept the tacit abandonment of the development mandate embodied in the Doha Declaration.

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