

4. RECLAIMING FOOD SYSTEMS: AGROECOLOGY AND TRADE

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Agroecological production is viewed as one of the approaches that can help overcome the economic, social and ecological crises now facing the global agri-food system. That system is predominantly controlled and managed by a small number of large, globally active multinational companies. Agroecology is promoted as a means to supply healthier food, improve agricultural sustainability and revitalise local communities, for instance by improving the livelihoods of farmers. From a social and political perspective, agroecology entails decentralized and localized governance and economic life. It adheres to the principle of subsidiarity, it recognises equity and protects diversity, and it helps to break down artificial boundaries and hierarchies in knowledge systems. (Dale et al, 2015: chapter 1)

As a food system with a local focus, agroecology also implies bypassing the long international supply chains that characterize the conventional food system. As emphasized by Hinrichs (2000), direct agricultural markets play a key role in creating spaces where consumers and producers can interact face-to-face. They produce an arena of exchange that is imbued with more social meaning than conventional retail spaces.

However, it is important to ask to what extent such 'localized' agroecological systems might become entangled nevertheless in the structures of conventional food markets. This can happen, above all because of international trade, which means that agroecological systems may not escape the inherent contradictions of conventional food and agricultural markets.²²

International trade is necessary if the structure and volume of agri-food supply are to match those of consumption. Comparative cost advantages can also be realized through trade, which may improve the livelihoods of the farmers concerned. Furthermore, trade compensates for the instability of local production, which is becoming increasingly likely in times of weather extremes caused by climate change.

Almost 25% of agri-food production in developing countries is traded internationally.²³ However, if one considers the significant share of agricultural production that is not part of the monetary economy in developing countries (where

subsistence agriculture often represents half of total food production, or more), the trade intensity of the agri-food sector is likely to be below 10% of total production. Such a low figure might suggest that trade – and the underlying rules of trade – have little significance for national food production and agricultural policy. However, the analysis below shows the opposite.

WTO RULES AND FOOD SECURITY

World Trade Organisation (WTO) rules, and the related bilateral, regional and multilateral liberalization agreements (outside of WTO) have an impact on agricultural production, trade and consumption. On the one hand this is because they affect trade (WTO disciplines on market access and export competition); on the other, it derives from the WTO provisions on domestic governmental support, which should avoid distorting trade as far as possible.

Agriculture was excluded de facto from the rules set by the General Agreement on Tariffs and Trade (GATT) until the conclusion of the Uruguay Round of Trade Liberalization and the subsequent creation of the WTO in the mid-1990s. The sector was widely seen by developed countries as too economically, socially and politically sensitive to be governed by the GATT rules. Since the conclusion of the Uruguay Round, however, agriculture has been subjected to the WTO rules and, with a few exceptions, is treated like most other industrial sectors, such as the steel and car industries.

The rules in question encourage the specialization of production, as well as concomitant increases in scale to enable the achievement of maximum economies of scale. Mass production of food tends to reduce production costs and increase the availability of food, but it does not necessarily overcome the problem of food accessibility. Low food prices are notably problematic for small-scale farmers, agricultural labourers and pastoralists, who account for 60-80% of those suffering from hunger in the developing world. Therefore, liberalization of agricultural trade on its own is not an effective means of combating hunger and malnutrition. Moreover, as global markets take over from local markets, diversity is being replaced by monocultures. The ensuing loss of ecological functions formerly provided by the biodiversity is compensated through the escalating use of agro-chemicals, which in turn

²² As highlighted by Böhm et al (2015: chapter 14), while at face value such approaches 'might look alternative (green, more sustainable, more ethical, etc.), the reality is often more complex, with many contradictions at work, precisely because they sit within the inescapable web of socio-economic capitalist relations. We will argue that in many ways these so-called "alternatives" are part and parcel of capital's continuous attempts to find new ways of accumulation and legitimization.'

²³ ((Import + export value) / 2) / value of agricultural GDP, calculated on the basis of UNCTAD (2013).



cause further serious environmental impacts, the costs of which are externalized (i.e. not included in the food prices).

According to the former UN Special Rapporteur on the Right to Food, Professor Olivier de Schutter (2011: 7), the Agreement on Agriculture (AoA), which is the WTO's specific legal framework for agricultural production and trade, does not specify food security as the key or overriding objective. Rather, achieving food security is seen as complicating factor which could distort market mechanisms (and is listed among the so-called non-trade concerns). According to De Schutter, the AoA should redefine non-trade concerns and recognize their importance for achieving effective food security. Nor should it be overlooked that the slow progress in the current multilateral liberalization round of the WTO (the Doha Round) has led to the signing of many bilateral, regional and mega trade liberalization agreements, often with rules that go far beyond those of the WTO and its AoA, including 'behind-the-border' measures on competition policy and investment rules. De facto, the AoA and the other agreements all have a significant bearing on national agricultural and rural development policies. It is important to understand that the structure of trade negotiations normally takes the form of a package deals, with compromises being made in the name of trade liberalization between agricultural and industrial goods as well as services. This may result in key issues influencing food security and sovereignty becoming bargaining chips in the negotiations.

At issue in the Doha Round of WTO negotiations, which started in 2001, and in the deliberations on the other trade liberalization agreements, is nothing less than the challenge of strengthening public investment and flanking measures in support of sustainable agriculture and rural development. These are needed in order to combat hunger, foster rural development and farmers' livelihoods, and to overcome the environmental crisis that plagues agriculture. In view of this, the special circumstances of agriculture (as distinct from industrial sectors) need to be recognized:

- Unlike many other products, food is absolutely essential for human life.
- Soil, the most important production factor in agriculture, is local in nature and highly diverse.
- Specialisation and mass production have bio-physical limits in agriculture because diversified production, the preservation of biodiversity and the recycling of nutrients are essential for the sustainability of the agricultural production system and for enhanced resilience to climate change.

- Farmers are not only food producers and providers of raw materials for industrial uses, but also managers and guardians of an agroecological system whose long-term functioning and environmental health is imperative for sustained productivity.
- Agricultural markets are often very volatile in response to crop failures or bumper harvests.

HARNESSING AND MODIFYING INTERNATIONAL TRADE RULES IN SUPPORT OF AGROECOLOGICAL PRODUCTION

To foster agroecological production it seems appropriate to address two specific areas:

- Strengthening public support for sustainable agriculture, especially in terms of advisory and extension services, infrastructure and inputs.
- Reducing the excessive dependence on international trade for food security.

STRENGTHENING PUBLIC SUPPORT FOR SUSTAINABLE AGRICULTURE

It might seem surprising initially that quite a large number of potentially effective measures that could support agroecology, food security and rural livelihoods are already included in clusters of measures exempt from further trade liberalization commitments. These include measures under Article 6.2 (the so-called development box of the AoA) and in Annex 2 of the AoA (known as the green box).

Article 6.2 covers public investment and input-support measures for low-income and resource-poor farmers. This support, however, makes no distinction between conventional and sustainable forms of agricultural production. Public support for large-scale, industrial agriculture will certainly not be covered by Article 6.2, although governments have a certain flexibility to interpret and stretch the limits of such support, unless formally challenged in the WTO.

The public support measures allowed under the 'green box' are very comprehensive and concern the following clusters:

- General support services (e.g. research and development, pest control, advisory and extension services, inspection and control, marketing and infra-structure).



- Public food reserves/stock.
- National food support programmes.
- Direct support payments to producers for:
 - Income support, but decoupled from production volume
 - Compensation for crop failure, or crop failure insurance
 - Structural adjustment measures (aimed at reducing production volume)
- Public funds in support of measures within government-defined environmental and conservation programmes.
- Public funds for regional support programmes.

Public support measures for agro-environmental programmes are currently limited to compensation for higher costs or losses incurred by producers. They do not cover incentive measures to expand production volumes.

The current negotiations of the Doha Round are intended to revise the criteria applied to the clusters of public support measures listed in the 'green box,' as the box was initially designed to serve the interests of developed countries, supporting structural changes and the reduction of production capacity. The package of measures adopted at the WTO Ministerial Conference in Bali, in December 2013, enables the specification of general public services which will be explicitly accepted as agro-environmental programmes in developing countries. They include measures aimed at the settlement and resettlement of farmers, land reform programmes, rural development and livelihood security programmes, and drought and flood management programmes.

The extent of the permissible public support for agro-environmental programmes is not the principal problem. Of more immediate concern are:

- a) The financial capacity of governments in developing countries to implement such support programmes: at present, flexibility options under the green box are mostly used by a small number of large and rapidly industrializing countries, such as China, India and Brazil.²⁴

- b) The lack of a clear will and strategy with respect to enhanced public support for agriculture and small-scale farming at the national level.²⁵

REDUCING THE EXCESSIVE DEPENDENCE ON INTERNATIONAL TRADE FOR FOOD SECURITY

The sustained decline in food prices since the mid-1970s has prompted international financial institutions and other bilateral donors to encourage developing countries to modify their food production patterns, shifting the emphasis from the production of staple foods to so-called cash crops for export (notably fruits, vegetables and cut flowers). Developing countries are then expected to use their increased export revenues to import cheap staple foods from the international market to cover domestic consumption. This strategy led to the reorientation of private and public agricultural investment, which gradually undermined the countries' capacities to produce staple food for their national markets.²⁶

To counter the recent trend of soaring, yet volatile international prices for staple foods, it would be wise for developing countries to strengthen their food sovereignty in general, and the production capacity of smallholders in particular. They should aim to become regionally and nationally self-sufficient, and to increase the capacity of truly sustainable forms of production, notably various forms of agroecological production. To achieve this, developing countries must follow national strategies that systematically exploit the potential mechanisms for flexibility in the AoA green box, as described above.

A further aspect of strengthening food sovereignty is the toleration by international trade rules of consumers' preference for regionally and locally produced foods, which are seen as safe and environmentally more sustainable, and which support regional economic and social development. There are also cultural, historical and religious reasons for consumers to prefer certain local products. Such products rarely compete directly with the 'mass-produced' products readily available on international food markets.

²⁴ For a detailed review see ICTSD, 2014:11. Whereas in developed countries recent public support for agriculture addresses 21% of the agricultural production value, in developing countries this figure is only around half this, at 11%.

²⁵ In the Declaration of Maputo in 2003, the member countries of the African Union (AU) committed themselves to increase the level of public support for agriculture within five years, to 10% of government expenses. In 2008, however, only seven of the 53 AU member countries had achieved this goal. The same number of countries had even recorded a drop in the share of agriculture (Actionaid, 2009).

²⁶ The least developed countries (LDCs), for instance, imported some 20% of their food needs shortly before the food price crisis of 2008-2009 and the financial import bill in this regard had already doubled before the crisis (De Schutter, 2011: 13).



This implies that their promotion (including government support) would not violate the non-discrimination principle of the WTO. Irrespective of this fact, it would provide more legal certainty if the AoA were modified to permit such local preferences.²⁷

CONCLUSIONS

In the light of climate-change-induced volatility of production volumes and declining growth dynamics of agricultural productivity, the international agro-food trade is likely to increase in importance in the future, especially in developing countries with a high rate of population growth. The rules governing international trade (WTO disciplines and the WTO+ rules enshrined in bilateral, regional and mega trade liberalization agreements) have a critical influence on – and impinge upon – national sovereignty over agricultural policies. Even so, the existing flexibility mechanisms in the AoA and those currently being negotiated in the WTO Doha Round could enable interested and determined governments to pursue policies that create the conditions for, or strengthen, food security and sustainable rural development, and to promote the truly sustainable transformation of agriculture, including agroecological production. The main precondition in this regard is that the clear political will exists to move in this direction, and that this is translated into a realistic strategy which incorporates appropriate flanking and supportive trade measures.

Food security and sustainable rural development have recently moved to the very centre of the WTO Doha Round negotiations. Many countries have stressed the fact that international trade should make a constructive contribution to achieving these objectives. Without consensus on this issue it is unlikely that the negotiations as a whole will make tangible progress.

It is therefore pertinent to follow up on the proposal made by Olivier de Schutter (2011: 4 and 18) to conduct a detailed review of the existing WTO rules, and of those trade and agriculture policy measures introduced after the 2008 food price crisis which aim to use agro-ecological/eco-functional intensification (i.e. more quality than volume) to foster food security, sovereignty and sustainable rural development, as well as the concomitant enhanced resilience. An integrated review of this kind would go beyond the AoA and also include other relevant WTO agreements, such as those on anti-

dumping, public procurement or the agreement on services. Such an analysis would also scrutinize the problematic general incentives in the trade rules which foster excessive specialization, factory-like mass production and the enormous cost-related pressures.

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²⁷ For more information in this regard see: Fuchs and Hoffmann, 2013: 266-275.