

Farm Crisis Network submission
Subsidies etc

The issue relates to the fate of southern produce in southern markets and access for southern produce in northern markets.

It is completely unacceptable that, for example, a smallholder in Kenya should harvest his maize, prepare to pay school fees etc., and find that imported maize has scattered the price. It is unjust, impoverishing and damaging to the long-term future of farming and food security. The imported product may have been subsidised elsewhere in the World, or it may have been a temporary glut somewhere, or it may have come from a country with a devalued currency or some uniquely favoured spot (eg milk products from New Zealand). I spent quite a slice of my life in agricultural development in West Africa, where a lot was done to introduce rice growing. A year ago in Yaoundé market I saw only rice from Vietnam, Thailand etc.

This needs to be dealt with from the southern end. The Government of poor countries should be entitled to protect their own agriculture by tariffs etc, and see it as their duty to do so. This can provide protection against all contingencies not just northern subsidies. The historical record shows that economic activity rarely grows and develops in the teeth of rampant global competition (ref 'Kicking away the ladder'). In addition import duties provide a simple form of Government revenue. We should be crying this from the rooftops.

Next export subsidies should end and possibly be replaced by export levies on subsidies crops.

The third line of defence is supply management in Europe (or US). European policy needs an overall long-term goal for agriculture, clearly understood. Perhaps this would be to supply the bulk of Europe's temperate food supply and only aim for exports of specialised products. Supply management is important (eg. US Freedom to Farm Act). Surpluses tend to leak into vulnerable markets and there is a constant temptation to encourage this by one expedient or another.

II. Northern markets

There are two agricultural problems attached to the idea of benefiting the south through access to northern agriculture markets. (Tariff escalation is a food industry issue). The first is that access to a globally open market full of products trading at below the cost of production is useless unless the southern product is subsidised (eg. Bananas from Guadeloupe) by funds, or by labour exploitation by wrong use of land an environment. In the last two cases lasting damage is likely at the southern end.

The second problem is whether farmers or other poor sections of the southern population would benefit from the exports to the north. To take an obvious example destroying flower production in the Scilly Isles in favour of the current pattern in Kenya is of very doubtful benefit. Serious work is needed on the circumstances in which family producers benefit from agricultural exports (and when they do not), followed by ideas to tilt trade policy in favour of such trade. Bananas provide an

example of less and less benefit and more disbenefit flowing to those who do the work and host the activity.

In this context the role of northern subsidies coupled, decoupled, or recoupled would become less significant to the south. The question remains of how to ensure a reasonably rewarding market in the north.

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