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Why Commissioner Mandelson is wrong on WTO - A challenge from European farmers

Peter Mandelson, the EU Trade Commissioner who negotiates in WTO on behalf of European citizens, keeps telling us that failure to reach an agreement in WTO would open the door to greater protectionism and we would all be the losers.

We challenge these statements:

Mandelson: Failure would open the door to further protectionism

No. If there is no agreement in WTO the former agreement which was reached in 1994 will stand. This prevents all members of WTO from increasing protectionism such as tariffs.

Mandelson: Food protectionism will not feed the world

No it won't. But nor will liberalisation. It is not lack of trade which has caused the food crisis but lack of production to keep pace with demand. Between 2000 and 2006 the growth in world trade in agricultural products was twice as fast as the rate of growth in world agricultural production. There is scope for a significant increase in sustainable agricultural production but it needs strong policies, profitable prices for farmers and much more than the past 3% of world development aid going to agriculture.

Mandelson: The biggest losers would be the poorest countries - they are the most dependent on access to other developing and larger markets

No. The biggest losers would be the major agricultural exporters who are pressing most for increased market access in WTO, namely the US, New Zealand, Australia, Canada and Brazil. In contrast, the poorer countries would see their current preferential access to markets, such as the EU, eroded. Since 2001 all 50 least developed countries in the world have been given tariff free and quota free access to the EU but this has still not enabled them to reduce hunger and poverty in their country.

The poorer countries have repeatedly stated that their priority is to enable their farmers to expand production for local needs so that they can reduce hunger, increase the income of rural communities and ensure food security. They cannot build up their own agricultural base if they are faced with increased imports from large scale exporters.

Mandelson: "The EU would also lose if we fail."

"We have not sacrificed European farm production in negotiations -"

The Commission's own study shows that there would be huge losses for the farming sector of over €18billion annually even assuming the best possible outcome from the current

negotiations. But their study only covers cereals, beef, pigmeat, poultry and dairy. A range of other important sectors will also be hit directly - sugar, rice, sheep and goatmeat, fruit and vegetables, eggs - which means the full loss to the farming sector will be some €30 billion annually. This means a cut in farmers' net returns, after costs, of some 25%.

But even this takes no account of the knock-on effect on the food industry - the meat processing sector will be particularly badly hit - nor of the impact on employment. We estimate that the loss will be well over half a million jobs.

" - but rather have been successful in defending core interests while opening new markets"

We challenge Peter Mandelson to name some concrete benefits he has gained so far for European citizens as a result of the negotiations on industrial goods or services.

In a statement of June 2008 commenting on the draft text outlining the progress reached so far in WTO negotiations on industrial goods, Business Europe said *"In fact, we believe that the formula coefficients, flexibilities, implementation periods, and weak sectoral participation provisions in this draft provide for little new market access."* Since then negotiations have stalled.

On services there is not even an agreement in WTO to hold a conference to discuss the matter, so it is clear our negotiators have yet to achieve anything.

In sum, an agreement would mean huge losses for European citizens and scarcely anything in terms of gains.

European farmers and their cooperatives believe in a fair and balanced deal in WTO but our negotiators have simply made one concession after another without achieving anything of benefit for European citizens in return.

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