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THE REALIZATION OF ECONOMIC, SOCIAL AND CULTURAL RIGHTS

Written statement*/ submitted by Europe-Third World Centre, a non-governmental organization in
general consultative status

The Secretary-General has received the following written statement which is circulated in
accordance with Economic and Social Council resolution 1996/31.

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*/ This written statement is issued, unedited, as received from the submitting non-governmental
organization(s).

LIBERALIZATION THREATENS FOOD SOVEREIGNTY AND DIMS THE PROSPECTS OF AGRARIAN REFORM IN THE PHILIPPINES.

The mainstream economic paradigm espouses liberalization of international trade as a means to development. In the field of agriculture, the Agreement on Agriculture that has been implemented under the auspices of the World Trade Organization (WTO) is the single most significant step that has ever been taken in this direction.

Five years after this agreement came into effect, it has become crystal-clear that its provisions are wreaking havoc on farmers and peasants the world over, intensifying exploitation, increasing landlessness and spreading poverty. In the Philippines, the Kilusang Magbubukid ng Pilipinas (KMP – Peasant Movement of the Philippines) has documented the nefarious effects of trade liberalization on the Filipino peasantry. CETIM wants to share its alarming conclusions with the UN Sub-Commission on the Promotion and Protection of Human Rights.

An Unfair And Uneven Agreement

The Agreement on Agriculture was the result of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). Its history reveals much about its real intentions. Before the inclusion of agricultural trade in the GATT negotiations, the industrialized countries, especially the United States and the European Union, were competing with each other in escalating protectionist measures, actively encouraging an ever-increasing overproduction. In the 1980s, however, 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.

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

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 while it has barred Third World countries from taking any measure to protect their domestic agriculture.

For example, the US Department of Agriculture (USDA) estimates that 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.

Liberalization Shapes Philippine Agriculture In Favor Of Big Business

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 interests. 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 did not have to reduce or eliminate subsidies, because there has never been any substantial support for its domestic agriculture in the first place. Instead, it bound 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 accessible to improved technologies and internationally competitive" while transforming "sector stakeholders from subsistence producers to entrepreneurs."

This policy statement reveals the government's intentions to intensify the current drive to liberalize the agricultural sector. President Estrada is likewise favoring constitutional changes in order to grant foreign corporations 100 percent ownership of land.

Liberalization Undermines Philippine Food Sovereignty and Security

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. Since 1996, the agricultural trade deficit settled at around \$750 million per year.

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. 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. 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 sweet potato steadily declined. In 1998, rice and corn, the two major staple crops, hit their lowest production figures since 1987 and 1984 respectively.

Liberalization Erodes The Philippine Peasants' Livelihoods

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 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.

Liberalization Worsens Landlessness

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 landgrabbing by landlords and corporations, as small farmers do not have the means to venture into capital-intensive farming. The cancellations of previously distributed land certificates and land use conversions are effectively reconcentrating land ownership with landlords and corporations.

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 day¹. 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.

Together with KMP, we can conclude that the liberalization of agricultural trade under the WTO and the Agreement on Agriculture has had serious consequences for Philippine food sovereignty and the living conditions of the Filipino peasants. The people's basic rights to food and to decent living conditions were eroded further. Only thoroughgoing, genuine land reform, accompanied by just and democratic economic policies that serve the people's interest, can assure that the economic, social and cultural rights of the Filipino peasantry can be met. Therefore, we would like to recommend the following:

1. Thoroughgoing research should be carried out on the consequences of the liberalization of agricultural trade on the peasantry. Poor farmers should be involved in this study so that their voices would be heard and their gloomy experiences can serve as further evidence.
2. Agriculture should be taken out of the WTO immediately. All UN bodies should support this as an urgent measure to bring immediate relief to poor farmers in the Third World. Eventually, the WTO will have to be dismantled altogether as it is one of the staunch supporters of liberalization and deregulation, the very policies that have caused so much suffering to the poor peasants.

¹ 1 \$ = 42,80 pesos (June 26, 2000).

3. The principle of “land to the tiller” should be recognized as one of the basic rights of the farmers. The UN should ensure that genuine land reform is implemented immediately in all its member states. This would free the peasantry from the yoke of feudal exploitation. Moreover, it could be the cornerstone of rural development based on sound and sustainable agricultural practices as well as of the people’s food security in the 21st century.
