The World Trade Organization ("WTO") is coming to Seattle November 30th through December 3rd to set its agenda for the coming years. Agriculture is part of what is called the built-in agenda because a review is mandated under the existing WTO agreements. The remainder of the agenda will be determined in discussions leading up to and concluding in Seattle. The WTO Ministerial and the negotiations that follow will have significant ramifications for the well-being of family farms, the security of local food supplies, national and local food safety protections, and labeling of genetically-engineered foods.

The WTO is the international institution, established in 1995, that develops, implements, and enforces binding rules that govern over 80% of international trade. The WTO is controlled by its member governments; there are currently 134 member countries. The WTO rules define virtually all obstacles to trade as unfair trade barriers, even if the measures are designed to protect family farms, public health, or the environment. While the WTO rules include exceptions for conserving natural resources and protecting human health, the exceptions have so many conditions that it is extremely difficult for domestic laws to pass muster.

The WTO rules authorize one country to challenge another country’s laws or practices before a panel of trade experts. But these panels operate in secret and obtain input only from the governments involved. No public health officials or advocates for family farmers or food safety may participate. If a law is found to violate the WTO rules, the offending country must change the offending law or face retaliatory trade sanctions.

Family farmers, sustainable agriculture, religious, citizen, and environmental groups are calling on the Clinton Administration to insist that member governments at the WTO slow down and take stock of the threat the WTO agreements pose to family farms and food safety. The WTO should conduct a thorough review of its rules and operations and repair the damage its unbalanced rules and processes threaten to sustainable agriculture and food safety.

It is time to take stock of the impacts of the last round of WTO agreements, both here and abroad, and to repair the agreements where they do damage to independent producers and sustainable economic development.

Family farmers, sustainable agriculture, religious, citizen, and environmental groups are calling on the Clinton Administration to insist that member governments at the WTO slow down and take stock of the threat the WTO agreements pose to family farms and food safety. The WTO should conduct a thorough review of its rules and operations and repair the damage its unbalanced rules and processes threaten to sustainable agriculture and food safety.

Contents

WTO = Loss of Family Farms .............................................. 2
WTO Issues and the Family Farm ....................................... 3
The WTO Threat to Food Safety ......................................... 4
Food Labels at Risk............................................................. 5
Promotion of Genetically Engineered of Food ................... 6
Sources for More Information .............................................. 7
Food and Agriculture Day .................................... back cover
WTO = Loss of Family Farms

The combined effect of the WTO agreements, the North American Free Trade Agreement, and domestic policies has helped push farmgate prices to record lows, far below the cost of production. (Farmgate refers to the price farmers receive for their products, as opposed to prices received at the retail end.) The rapid consolidations of food processing, agri-chemical, and seed companies have fostered anti-competitive practices that further erode the capacity of independent producers to market their crops and livestock for a profit. While prices received by family farmers have been at record lows, we have not seen corresponding record low prices in the supermarkets. Corporate advocates of current U.S. agricultural trade policy have reaped record profits while farmers and ranchers have gone out of business or worked second jobs to subsidize their operations.

The foundation of our domestic food and fiber system, the independent family farmer, is being destroyed in order to bring down prices enough to enable agri-business to capture export markets. Farmers and ranchers will be economically and environmentally viable only when competition is restored to the marketplace.

Without fair farmgate prices, that is, prices above the cost of production, free trade is a deceptive euphemism for economic exploitation of farmers and degradation of their land and water. The U.S. Department of Agriculture National Commission on Small Farms and its report “A Time to Act” is one of many fora that have made recommendations to revive U.S. agriculture and rural communities. U.S. agricultural policy has largely ignored the bulk of these recommendations and is largely driven by the dictates of exporters, processors, and input companies, the main beneficiaries of U.S. trade policy. Yet researchers like sociologist Walter Goldschmidt have documented the benefits to communities of dispersed land holdings, that is, of having family farms as opposed to concentrated industrialized factory farms.

U.S. economists advise developing countries to rely on imports for food security while devoting their human and natural resources to producing goods that will earn them greater revenues. The collapsing terms of trade for most developing countries, charted by international lending and development institutions for most of the last two decades, refute this advice and the argument that the US should trade to “feed the world.”

Rather than pursuing further “liberalization” in agri-business trade, it is time to take stock of the impacts of the last round of WTO agreements, both here and abroad, and to repair the agreements where they do damage to independent producers and sustainable economic development. To continue agriculture policy on the promise of higher prices through increased exports is to ignore both the empirical evidence and the experience of every farmer who sells to processors or exporters at a price below their cost of production.

WTO Issues and the Family Farm

There are a whole host of related food and agriculture issues in the coming negotiations. Here is a quick summary of a few.

- **Monopoly Power** – To address the increasing corporatization and concentration in all food sectors (production, marketing, processing, and retail), the next WTO talks need to incorporate anti-monopoly (anti-trust, pro-competition) policies.

- **Family-Farm Support Program** – WTO rules should be changed to allow governments to take steps to protect and encourage family farms and to discourage industrial-style production.

- **Export Dumping and Export Subsidies** – Export subsidies, including export credit guarantees, allow corporations to dump agricultural products on world markets at below the cost of production and should be eliminated.

- **Food Stocks and Emergency Supplies** – WTO rules should be modified to encourage farmer-owned reserves and government-owned emergency food stocks.

- **Import Controls** – WTO needs to restore previously successful trade rules permitting import controls to protect the small-scale
farmers responsible for the greater part of global food security.

**Price Stability** – WTO rules should allow members latitude to stabilize crop prices at levels fair to farmers and consumers.

**Energy Use and Global Warming** – The globalization of food production and trade necessarily requires that agricultural commodities be transported long distances, and be processed and packed to survive the journey, requiring enormous inputs of energy. Agriculture in North America historically has used more energy and consumed more fossil fuel than any other industrial sector. Current trade policies will increase the energy demands of agricultural production. WTO agriculture trade rules should be altered to encourage changes in the farming and food systems to reduce greenhouse gas emissions.

**Food Security at Risk**

Western Washington has many examples of a vibrant local food system with farmer markets, community-support agriculture, community gardens, consumption of organic and sustainable food products, and other community food security projects all on the rise. Instead of supporting these types of local programs, the current trade system governed by the WTO encourages an export-oriented food system, which undermines them here and abroad.

While flooding international markets with cheap agricultural commodities and assailing other countries’ policies of self-reliance in agricultural production has secured the largest share of global markets for U.S. producers, many have lost in this system. The losers include the hundreds of thousands of farmers who have lost their farms around the world, taxpayers in developed countries who have supported the profits of a select few agri-corporations, and the hundreds of millions of malnourished and hungry around the world. An increased food supply through more intensive production, genetic engineering, pesticides, and fertilizers does not address the fundamental question of distribution.

Instead, food security should be made the primary goal of agricultural policies. Food policies would then encourage food production first for local consumption and then only secondarily for international markets. Food security would be defined as a basic human right – an objective the United States stood alone in opposing at the recent World Food Summit organized by the United Nations Food and Agriculture Organization. Because of the fundamental importance of food security, proposals to exclude all staple foods from multilateral trade liberalization by placing them in a food security “box” should be incorporated into trade regulations.

The Marrakesh Ministerial Decision for Net-Food Importing and Least Developed Countries, which guaranteed assistance to these countries if their food security was harmed by the implementation of the WTO Agreements, has been ignored. The Decision should be fully implemented and the assistance provided must be unconditional.

**The Banana Dispute**

In 1997, a WTO panel decided that European preferences for bananas from its former Caribbean colonies unfairly discriminate against bananas grown by U.S. companies in Central America. The WTO authorized the United States to impose nearly $200 million in trade sanctions against European imports until the European Union policy is changed. Bananas constitute a major source of income and jobs in some of the Caribbean countries. Caribbean women’s groups have explained: “The assured market for bananas has given thousands of families in the sub-region of the Windward Islands a measure of dignity and self-reliance. The loss of security through a sudden change in market opportunities would leave us without resources to build a future for our families and our countries.”
The WTO Threat to Food Safety

A WTO food safety dispute has been making splashes in the news recently. The United States has imposed $120 million in trade sanctions against Roquefort cheese and other European products to force the European Union to allow imports of hormone-treated beef. French farmers, who fear being forced out of business by the sanctions, have been protesting and bestowing unwelcome gifts of manure on McDonald’s in France. This controversy is only the most prominent of the many collisions between WTO rules and countries’ ability to regulate foods to protect their citizens.

The WTO Agreements marked a major expansion of trade rules into the realm of food safety—a matter traditionally within the purview of national and local governments. The new WTO rules dictate the extent to which a country or state may restrict trade in foods to promote food safety. These rules could undermine national food safety standards in four distinct ways.

**Downward Harmonization**

The WTO promotes downward harmonization of food safety standards. It requires countries to base their standards on certain international ones that are established with extensive industry input and without the scientific rigor and public participation that characterizes U.S. standard setting. The WTO-preferred standards are weaker than U.S. nutritional labeling regulations, U.S. limits on lead levels in natural mineral water, U.S. meat and poultry inspection requirements, many U.S. and state pesticide restrictions, U.S. pasteurization mandates for dairy products, and U.S. limits on sulfites on meat because of severe allergic reactions. In fact, the U.S. Environmental Protection Agency recently banned food residues of a pesticide—methyl parathion—because of the health risks it presents to children just months after an international standard allowing that pesticide had been adopted. If a country adopts a food safety standard that is more protective of public health than the international norm, its standard must satisfy a battery of cumbersome WTO tests. The WTO’s foray into food safety standard-setting shifts decision making power away from local, state, and national governments to international trade bureaucrats resolving WTO disputes in secret in Geneva, Switzerland, and to an obscure international standard setting organization in Rome, Italy, Codex Alimentarius.

**No Precautionary Principle**

The WTO rules have been interpreted to preclude use of the precautionary principle, which allows countries to regulate to protect their citizens against uncertain, not yet proven, risks. Instead, the WTO requires scientific evidence of a risk before trade in food products may be restricted.

The hormone-treated beef case illustrates the WTO’s approach. The United States challenged a European Union ban on beef treated with growth-inducing hormones that have been scientifically linked to cancer and other serious diseases. Although the EU asserted that the ban was necessary to achieve its chosen degree of protection—zero risk to consumers from exposure to hormone-treated meat—the WTO dispute resolution and appellate panels rejected an absolute right to prohibit all such risk. Instead, the panels decided that the EU could guard against only those risks that are scientifically supported and that the scientific evidence did not demonstrate a convincing risk of cancer or other human health effects from eating the beef. When the EU failed to repeal its import ban on hormone-treated beef, the WTO granted

To determine whether a pesticide is safe, the United States requires a series of scientific tests. However, it has relaxed these requirements to facilitate trade.
the United States permission to impose retaliatory trade sanctions until the EU rescinds the ban.

The lack of a precautionary principle threatens important public health safeguards:

- The 1996 Food Quality Protection Act requires that extra protection be built-into U.S. pesticide standards where the scientific evidence is incomplete, and to account for risks to children. This extra protection is not based on definitive scientific evidence of harm from the particular pesticide, but rather on the lack of evidence of safety. It could collide with the WTO rules.

- To determine whether a pesticide is safe, the United States requires a series of scientific tests. However, it has relaxed these requirements to facilitate trade. For example, when wine imported from Europe had residues of procymidine, a cancer-causing pesticide lacking U.S. approval, the Environmental Protection Agency established an emergency regulation permitting the residues in wine, even though it lacked the data normally required for such permission. Similarly, in 1995, EPA authorized residues of another cancer-causing pesticide on imported wine, again in the absence of the data required under U.S. law. It took these extraordinary actions to avert trade showdowns.

Prohibition on Regulating Imports Based on How They are Produced

Some food regulations are put in place to protect the environment or workers during the production process. However, the WTO prohibits discrimination between “like products” based on how the products are produced. Food safety regulations may reach the production process only if it is linked to some characteristic of the final product. For example, in the United States, bans have been imposed on pesticide use to protect farmworkers and water quality. If the United States restricted imports of food that produced using these pesticides, it could run afoul of WTO rules. Such restrictions would not be based on some tainted characteristic of the food, but rather would be designed to protect workers or environment where the food was grown.

- In a recent WTO ruling, a panel found WTO violations in a provision of the U.S. Endangered Species Act prohibiting imports of shrimp from countries that do not require turtle excluder devices in shrimp fishing. All the countries involved acknowledged the sea turtles are endangered, that it is a legitimate goal to protect the turtles, and that turtle excluder devices are effective and inexpensive. Nonetheless, the WTO panel required the United States to pursue international cooperative approaches as a less trade-restrictive solution than the import ban.

- In Canada’s pending challenge to France’s ban on asbestos, Canada is arguing that protective clothing and other safeguards should be required in lieu of a ban on asbestos.

Special Issues With an Ozone-Depleting Pesticide

A common pesticide used to treat fields and fumigate spices is methyl bromide—a known ozone depleter that is acutely toxic. The Montreal Protocol on Substances that Deplete the Ozone Layer (an international agreement governing the production and use of ozone-depleting chemicals) calls for the phase-out of methyl bromide by developed countries by 2005.

WTO rules contain no exception for trade restrictions that are necessary to comply with international environmental agreements, like the Montreal Protocol. Under ordinary international treaty principles, a treaty that is adopted later in time prevails over an earlier one, which would make the WTO Agreements preeminent. The WTO Committee on Trade and Environment identified this as a priority issue to address but has reached no resolution.
Promotion of Genetically 
Engineered of Food

Genetic engineering of food promises to be a lightning rod issue in Seattle and the WTO negotiations that follow. A genetically-engineered organism is produced by artificially transferring genes from one species to another. This issue has not only a health and environmental basis, but also a moral dimension. The moral issues run the gamut from the propriety of manipulating the gene pool to the fundamental question of who owns life forms and whether multinational corporations should be able to acquire ownership and monopolies over biological resources.

From a health perspective, genetically engineered foods may expose unwitting consumers to allergic reactions triggered by genes introduced into foods. For example, a scientific study found that soybeans modified to contain Brazil nut proteins have caused allergic reactions in people with allergies to Brazil nuts. France wants to prevent the mass marketing of genetically engineered organisms until they have been proved to be safe. European consumers are demanding that genetically engineered foods be labeled as such—a move opposed by the United States as contrary to WTO rules.

From an environmental perspective, genetically engineered seeds and plants can take hold and spread, out-competing native plants, and can diminish biological diversity by transferring their modified genes to wild plants. Seeds that have been genetically engineered to be resistant to pesticides present special risks. For example, Roundup-Ready crops are resistant to the herbicide Roundup (Monsanto’s brand name for glyphosate), so that the crop can survive heavy pesticide spraying. Not only can such resistance lead to heavier pesticide use, but when pollen from Roundup Ready plants is transferred to wild plants, it can lead to weeds that carry the resistance to the herbicide.

Bt crops are engineered to be resistant to Bt (Bacillus Thuringiensis), a naturally occurring bacterium that is toxic to insects. Organic farmers use modest amounts of Bt to control insects. However, such extensive use of ge-

---

Food Labels at Risk

The WTO’s rules extend to food labeling. Labeling lets consumers know about the safety and nutritional content of the foods they purchase. The Pacific Northwest region has vigorously supported the growth of organic agriculture, but labeling schemes, like those identifying organic foods, may be at risk.

- The European Union has threatened to challenge the U.S. nutritional labeling requirements, which are among the most advanced in the world. The current international standard lags behind, requiring nutritional disclosures only when the manufacturer makes a nutrition claim.

- The European Union also has attacked California’s Proposition 65, which requires warnings of carcinogens and reproductive toxins in food and other products, as an unfair trade barrier. Not only would Proposition 65 be vulnerable under the WTO’s strict scientific proof requirements, but the EU also would likely argue that Proposition 65 is not the least trade-restrictive alternative because it goes further than the national standards or those in other states.

Some food-labeling programs go beyond disclosing food risks to informing consumers about how the food is produced. For example, the U.S. Department of Agriculture is developing an organic labeling scheme. The label will reflect the use of pesticides in the field, even where the pesticide use does not leave residues on the food ultimately sold and consumed. In fact, the initial government proposal triggered an overwhelming public outcry. Over 270,000 public comments were filed opposing USDA’s allowance of sewage sludge and genetically engineered and irradiated foods. Because organic labeling reflects how the food is produced, the final U.S. standard may be vulnerable to a WTO challenge.

Labeling schemes, like those identifying organic or genetically engineered foods, may be at risk under WTO rules.
Genetically engineered Bt increases the rate of insect resistance, which could undermine Bt’s utility for organic farmers.

Genetically engineered crops may spread their altered trait to other wild plants. A recent scientific study found that Bt from a genetically engineered corn plant spread to nearby milkweeds on which Monarch butterfly larvae feed. The larvae were killed.

A WTO Agreement called Trade-Related Aspects of Intellectual Property Rights ("TRIPS") directs WTO countries to provide for the protection of plant varieties either by patents or by an effective alternative (sui generis) system of providing such protection. By its terms, this provision is to be reviewed in 1999, with biannual reviews of the entire TRIPS agreement thereafter. Developing countries are scheduled to bring their laws into conformity with this agreement in 2000; least development countries have until 2005. The United States has been aggressively pressing countries to adopt U.S.-style patent systems with monopoly rights to commercially valuable inventions and products for extended periods of time, generally around 20 years.

The United States favors dropping the sui generis alternative to patents. In contrast, other countries want to be able to develop their own systems. For example, Thailand has developed a system that protects the rights of indigenous people to control outsiders’ access to their knowledge of medicinal plants. Similarly, India recognizes farmers’ rights to save seeds from each harvest for the future.

Over 1.4 billion people, primarily poor farmers in Africa, Asia, and Latin America depend on farm-saved seed as their primary seed source. This supply of seeds serves as a source of genetic seed diversity and a sort of insurance policy against bad crop years. The United States has issued a controversial patent for a “terminator technology” that causes plants to release a fatal toxin that prevents seeds from reproducing themselves and forces farmers to return to the commercial seed market every year. Public research dollars were used to develop this technology with the original Terminator patent jointly owned by the U.S. Department of Agriculture and a Monsanto subsidiary, Delta & Pine Land Co.

The 1992 Convention on Biodiversity requires countries to work toward a biosafety protocol, which would regulate trade in genetically engineered organisms to ensure their safe handling, use, and transfer. Such a protocol would address the need to assess the effect of introducing genetically-engineered organisms into centers of the original gene pool for the plant. It would also determine the extent to which importing countries must give their informed consent before a novel genetically-engineered organism may be shipped to a new destination in their country. The United States sought to exclude genetically engineered foods from the protocol. It also opposed: (1) European demands for labels on genetically engineered foods; (2) including the precautionary principle to allow countries to err on the side of caution when evaluating the potential risks of a food; and (3) imposing liability on exporters for harm caused by introduction of genetically-engineered organisms. The biosafety protocol negotiations ended in February 1999 in a stalemate.

Both the WTO review and future negotiations of a biosafety protocol will grapple with the extent to which countries: (1) will be allowed or required to label genetically-engineered foods; (2) will be permitted to limit the growing or importation of genetically-engineered plants and foods; and (3) can protect indigenous producers.

Sources for More Information

- Contact the authors of the report as listed on the back cover.
- Renske van Staveren, Institute for Agriculture and Trade Policy, (612) 870-0453, rvanstaveren@iatp.org
- Phil Bereano, Washington Biotechnology Council, (206) 543-9037, phil@uwtc.washington.edu
- Mary Bottari, Public Citizen, (202) 546-4996, mbottari@citizen.org
- On food safety - Ben Cohen, Center for Science in the Public Interest, (202) 332-9110 ext. 321
- People for Fair Trade/WTO organizing headquarters - (206) 770-9044
- www.seattlewto.org
- www.tradewatch.org
- www.iatp.org
- To subscribe to the Road to Seattle, a free electronic news bulletin. Send an email to listserv@iatp.org. In the body of the message write: subscribe road_to_seattle.
Food and Agriculture Day - December 2, 1999 in Seattle, WA
An international summit of farmers and citizens conferring about the WTO and agriculture

Farmer-to-farmer breakfast and press briefing ◆ Panel presentations ◆ Midday rally ◆ Strategy sharing workshops

On December 2 during the upcoming WTO meetings, there will be a citizens’ summit with a full day of speakers and workshops focusing directly on agriculture and the WTO. Tables will be available for groups wishing to present materials at the United Methodist Church (811 Fifth Avenue in downtown Seattle), where the morning’s activities will be held. Please contact Renske van Staveren at (612) 870-0453 or rvanstaveren@iatp.org for more information on tabling.

There will also be a morning press breakfast which will be a time for the media to meet and interview farmers from around the world who can best express how trade liberalization has impacted farming and food production in their countries. Several experts will speak and a roster of additional experts will be available to the press. This will also be an informal opportunity for farmers to connect with other farmers. A midday rally is also being planned with specifics to be announced. The focus will be positive — putting forth options for trade that protects family, farms, food security, and food safety. For more information about the Food and Agriculture Day, contact John Fawcett-Long at (206) 935-8738 or jfawcett@eskimo.com. Details will also be posted in October on www.seattlewto.org.

Additional WTO events:
There is a full spectrum of civil society events that will be happening in Seattle the week of the WTO Ministerial:
❖ Friday and Saturday, November 26 & 27 – International Forum on Globalization Teach-In (for information on registration contact Debi Barker at (415) 771-3394 or go to www.ifg.org)
❖ Sunday and Monday evening, November 28 & 29 – Interfaith services and international worship services in Seattle.
❖ Monday, November 29 – Environment and Health Day
❖ Tuesday, November 30 – Livelihoods, Labor Rights, Standard of Living, Human Rights
❖ Wednesday, December 1 – Women, Democracy, Sovereignty, Development
❖ Thursday, December 2 – Food and Agriculture Day
❖ Friday, December 3 – Who Rules? Corporate Accountability

For more information contact People for Fair Trade’s Seattle office at (206) 770-9044 or www.seattlewto.org.

Farms and Food Safety at Risk

Principal Authors:
Patti Goldman
Earthjustice Legal Defense Fund
203 Hoge Building
705 Second Avenue
Seattle, WA 98104
(206) 343.7340
BethatEJ@aol.com
pgoldman@earthjustice.org

John Fawcett-Long
Western Sustainable Agriculture Working Group
3040 Belvidere Avenue SW
Seattle, WA 98126
(206) 935-8738
jfawcett@eskimo.com

This report is also available on the Earthjustice Legal Defense Fund web site: www.earthjustice.org and at the Western Sustainable Agriculture Working Group web site: www.ecobio.com/wsawg

Printed on recycled paper