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# Focus on Trade

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## THE POLITICS OF BIRD FLU IN THAILAND

Chanida Chanyapate and Isabelle Delforge

## AGRICULTURE NEGOTIATIONS: MORE TROUBLE AHEAD FOR THE THIRD WORLD

Aileen Kwa

## THE G20: THEIR POWER IS NOT OURS

Nicola Bullard

## THE G20: PASSING PHENOMENON OR HERE TO STAY?

Clodoaldo Huguency Filho

## "IF LULA DOES NOT CARRY OUT AGRARIAN REFORM, IT WOULD BE DEMORALIZING"

An interview with Joao Pedro Stedile by Roldao Arruda

## HUNGER IS A REFLECTION OF OUR MISPLACED EMPHASIS ON GROWTH FOR A SELECT FEW

Devinder Sharma

IN THIS ISSUE of Focus on Trade we look at the G20, the developing country coalition that threw a sizeable spanner in the works during last year's WTO ministerial. Although their role as a potential counterpower to the US and the EU is welcome, their negotiating position in the WTO is riddled with contradictions. How does the G20 propose to reconcile market access and agricultural liberalisation in the framework of the WTO with their stated intention to protect small producers and peasants? Whose interests are they really defending? Can export agriculture bring employment and prosperity to the rural poor? Is it possible to simultaneously maximise the benefits from exports and protect local producers?

These questions are tackled from a number of angles. In the lead story, Chanida Chanyapate and Isabelle Delforge explore the agro-politics of Thailand's ongoing chicken-flu crisis and the "downside" of export agriculture. Next, Aileen Kwa reports on the state of agriculture negotiations in Geneva and concludes with the dismal perspective that - as far as the US and the EU are concerned - it's business as usual. Nicola Bullard speculates about where the G20 is heading and how progressive movements should respond, while Clodoaldo Huguency from the Brazilian ministry of foreign affairs describes the G20's origins and agenda. Devinder Sharma describes the "hunger amidst plenty" in one of the leading G20 countries - India - and urges his government to give hunger the same political energy they spend creating the illusion of "India Shining." Last is a recent interview with Joao Pedro Stedile, a leader of Brazil's landless movement, in which he insists that Lula's government (the de facto leader of the G20) is backing the wrong set of policies. The Stedile interview finishes with a wonderful quote, for gardeners and activists alike: "This is not the time for planting lettuce; it's time to plant trees. One of these days they will begin to bear fruit."

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## THE POLITICS OF BIRD FLU IN THAILAND

By Chanida Chanyapate and Isabelle Delforge\*

Thailand's ambition to become the "kitchen of the world" has suffered a severe public relations setback. Just as the government launched the 2004 food safety year aimed at increasing the quality and reputation of Thai produce, more than 20,000 tonnes of poultry were being shipped back to the country after being rejected from Japan, Europe, and South Korea.

Thailand, like many other countries in the region, is reeling from what the World Health Organisation (WHO) called an unprecedented outbreak of bird flu, spreading like wildfire across Asia. The pandemic, which probably originated in China at the end of 2003, (1) has already resulted in the loss of more than 100 million poultry in South Korea, China, Hong Kong, Indonesia, Thailand, Laos, Cambodia and Pakistan.

More worrisome for the world health authorities, the deadly virus has jumped from its avian host to infect humans. According to the WHO, by mid-March, 34 people had been infected in Thailand and Vietnam, among whom 23 had died, 12 in Thailand. So far, most of the people affected have been in direct contact with sick animals and the fear that the virus could mutate and be transmitted from human to human has not materialised. Yet the WHO is extremely worried, and warns that the consequences of such pandemic for human health around the world could be devastating.

In Thailand, the avian flu quickly became a national crisis, first of all because chicken is big business. In 2003, Thailand was the 4th largest poultry exporter in the world, selling 540,000 tonnes abroad for 1.2 billion dollars. Up to 90% of the nation's chicken production is exported, mainly to the European Union and Japan. (2) Chicken production, feed and processing represent such an important industrial sector that the total damage of the bird flu to the industry has been estimated at over 30 million baht (US\$763,000). Tripol Jawjit, an opposition politician said that 670,000 farm families were suffering as a result of the bird flu. (3)

Yet if the epidemic has extended its wings far beyond chickens and ducks, it is mainly

because the leader of the market is also Thailand's largest corporate empire. Charoen Pokphand Group (CP Group) is a multinational conglomerate employing 100,000 people in 20 countries worldwide. Its core business is food production, but its activities stretch from seeds to telecoms, and from feed to the franchise of Seven-Eleven retail shops.

It is Asia number one poultry's exporter and, in many cases, controls the whole production chain, from feed to retail sales of processed chicken. Feed, and more specifically hybrid seed corn production, is the most lucrative part of this vertically integrated business. (4) According to Viroj Na Ranong, a researcher at the Thailand Development Research Institute "It is the poultry business that made CP well known in Thailand. In the seventies, the company entered the market with new breeds and the contract farming system inspired by its US partner Arbor Acres. As a result, chicken became the cheapest meat in the market. It changed people's eating habits and backyard poultry disappeared." (5)

Even though its chicken operations account for only 10% of the CP Group's revenue, the avian flu hit the whole economic empire. The day after the Thai government officially recognised the outbreak of the virus, CP's stock plummeted by 12.5% and the Stock Exchange of Thailand index fell sharply. In Thailand, when CP sneezes, the whole business community catches cold or, in this case, flu.

But far beyond the devastating economic impact of the epidemic, the bird flu shook the whole country as it evolved into a month-long political crisis. From the beginning, Prime Minister Thaksin Shinawatra, who is also one of the richest businessmen in the country, handled the whole affair in such an untransparent way and supported national industry so blatantly that Thai consumers started to feel cheated. Not only were they reluctant to eat Thai chicken, but they were also starting to doubt what their Prime Minister was saying. This crisis of confidence was shared by some of Thailand's major commercial partners, including the European Union and Japan.

The story of the avian flu outbreak in Thailand reveals how agribusiness, and CP in particular, managed to influence the political leaders to make sure that the government defended the interests of the export industry before protect-

ing consumers and producers rights.

The government handling of the bird flu is a saga of cover-ups, incompetence, lies and extremely questionable decisions: the long delay before admitting the existence of the bird flu both in animals and in humans, the selective measures taken to stop the spread of the epidemic and, most spectacularly, the massive public relations campaigns to convince Thai citizens that eating chicken was nothing less than a patriotic act.

Following two months of denials and accusations of a cover-up, the government finally admitted the presence of the disease in the country on January 23, 2004. It only did so after being publicly challenged by several civil society organisations and opposition senators to disclose the truth. Many sources confirm that the industry and the government knew that the epidemic was raging as far back as November 2003.

A veterinarian at Chulalongkorn University said that he had found the H5N1 virus, the scientific identification of avian flu, in chicken carcasses from Nakhon Sawan in November and had informed Livestock Department chief Yukol Limlamthong about the avian flu outbreak. But no action was taken. (6) Disathat Rojanalak, an organic farmer at Nong Chok near Bangkok explained that his chicken started to die in December. When he brought the carcasses to the Department, he was told that his chickens were dying "without any medical cause". As 350 birds had died in a few days, he sensed that the laboratory was not telling the truth. (7)

A group of women workers and members of the trade union at Centaco factory in Rangsit (near Bangkok) explained that from November to January 23, they were asked to work much more overtime than usual. "Before November, we were processing about 90,000 chickens a day. But from November to January 23, we had to kill about 130,000 chickens every day." They saw many diseased chickens arriving in the factory and were ordered to process them, even if they had already died from the illness. "We didn't know what the disease was, but we understood that the management was rushing to process the chicken before getting any veterinary inspection. Now, there is not enough chicken. We process around 60,000 or 70,000 a day, we don't have enough work anymore." (8)

Several government officials and CP executives admitted that special measures had been taken in factories since November, but they said that they believed it was a cholera epidemic. According to professionals, however, chickens affected by cholera present different symptoms.

One of the strongest reactions to the government cover-up came from the European Union's health commissioner, David Byrne, who visited Thailand in January. The Prime Minister and the Ministry of Agriculture had reassured him that Thailand was definitely free from the disease only a few days before announcing that bird flu cases had been found. David Byrne felt "dishonoured" and got even more upset when he learned that the government had covered-up the outbreak for fear of causing public panic. (9)

The Manager, a national magazine, accused the government of keeping the crisis secret to protect the interests of large poultry firms. Instead of quarantining the areas where bird flu was first detected, the magazine reported, officials collected money from the private poultry companies and handed it out to the farmers with infected birds (40 baht per chicken, about 1 US\$). Farmers said that they were receiving this small compensation in exchange of keeping their mouth shut. Later, in the restocking scheme, industry leaders were trying to sell laying chickens at 120 baht each. (10) Because of the spread of the disease in Asia, the price of frozen chicken on the global market rose from 1,600 to 2,500 dollars a tonne during November and December. According to the Manager, this was an excellent business opportunity for the Thai poultry industry which, at that time, was still considered healthy on the global market. (11)

Other dismaying news came up in the press when the Thai authorities started to implement emergency measures to contain the disease. When the avian flu was detected, a "red zone" was declared around the farm and all the poultry in the zone were killed to prevent the spread of the disease. However, some farmers reported dead chickens but no red zone was declared around their property. They suspected the authorities of protecting neighbouring industrial farms or owners of highly valuable fighting cocks. (12)

There were also concerns that the "red zones" were lifted too quickly without being sure that

the disease was eradicated. In mid-February, the WHO described as “premature” Thailand’s lifting of quarantine restrictions. (13)

Many observers concluded that the outbreak of the avian flu in Thailand would have been much less devastating if appropriate measures had been taken from the beginning.

The government’s support to the poultry industry took a very public turn when Prime Minister Thaksin engaged in a personal crusade to convince Thai people to go back to their favourite chicken dishes. In February, it was rare to see him in the media without a chicken leg between his teeth or getting ready for a lavish chicken meal. The authorities intended to restore public confidence in Thai chicken and to resume exports. Massive advertising boards with a hand-written sentence signed by the Governor of Bangkok: “If Thais don’t eat Thai chicken, how can we expect others to buy our chicken?”

The campaign reached its peak at the “chicken festival” put on by the government in Bangkok on February 8 which featured CP and other industry giants distributing thousands of free chicken dishes, a chicken eating competition, and pop stars and politicians parading showing their eagerness to eat Thai chicken.

But the results of this propaganda campaign were meagre. After months of rumours and the continuous lack of information about the risks and the spread of the disease, Thai consumers remained sceptical. Many restaurants stopped serving chicken and the fast food chains specialising in chicken were deserted. Luckana Naviroj, executive director of the Mall Group, said that in the weeks after the outbreak of the bird flu crisis, sales of chicken had fallen by 50% while sales of eggs were down by 70%. (14)

The chicken patriotism promoted by the government is riddled with contradictions. For example, people were encouraged to eat at Kentucky Fried Chicken’s outlets, where the chicken was supposedly safe because it was produced by CP and properly cooked. It is ironic that in a global capitalist era, the US fast-food chain KFC became a Thai icon.

But the contradictions were more fundamental.

The government’s handling of the bird flu crisis showed that the authorities considered the interests of the export industry as the nation’s priority. Yet, most people in Thailand are not benefiting from this extremely successful business.

First of all, workers and consumers’ health clearly come after exporters’ wealth. The government’s spectacular attempts to restore public confidence in Thai chicken were unmatched by similar efforts to inform consumers and the people with high risk of exposure to the avian flu virus. The World Health Organisation even slammed the government for providing inadequate health protection for poultry farmers, veterinarians and people involved in the mass slaughter of animals in bird flu areas. (15)

Ms Kulnipa Panton, president of the trade union at Centaco processing factory in Rangsit said, “When the government announced the bird flu on television, we asked the management to increase our safety. We asked for protective gear and we got it. But it is not enough. We run more risks than farmers because we have no choice but to touch chickens all day; we touch the blood, we touch the feathers.” They had been killing and processing diseased chicken for more than two months without any special protection.

Small farmers were the first ones to be hit by the virus. Most of the human victims of the avian flu in Thailand were chicken raisers in rural areas. Small-scale poultry farmers complained that they did not have access to reliable information about the disease and the way to avoid infection. This argument became particularly emotional when the mother of a 6 year old boy who died from the virus bitterly invited the Prime Minister and his cabinet to eat chicken in her village, saying they would pay anyone who died from eating their chicken 10 million baht, mocking the government’s own campaign promise. Similarly, consumers’ organisations blamed the government for spreading a reassuring message while the dangers were actually severe. (16)

There is the strong belief that exporting more will benefit the whole nation. Far from being a Thai speciality, however, this belief is a pillar of the neoliberal thinking which has dominated economics for two decades. But Thailand’s

experience shows that not everyone benefits. Over the past 20 years, the country has become an extremely successful food exporter and, according to the WTO, ranked fifth in the world in 2001. But at the same time, food producers have seen their incomes shrinking, their debts exploding and the environment devastated by chemicals and overuse.

While the value of food exports increased by 52 % between 1995 and 2000, the average debt per farming household increased by 51%, (from 24,672 baht/US\$623 to 37,231 baht/US\$941) and the number of indebted households had reached 3,379,163. (17) Thailand's farmers are producing more for less. Instead of benefiting farmers and workers, trade liberalisation in the farming sector has benefited traders, brokers and agri-business giants.

Charoen Popkhand Group has the ambition to become "the kitchen of the world" — a mission that has been taken over by the government for the whole country. The bird flu crisis revealed that this commercial goal leads to an extremely dangerous blurring between the interests of the nation and the profits of the export industry.

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1. According to the WHO, the pandemic started in South Korea in December, however "New Scientist" said experts had said that the outbreak probably began a few months later in China.
2. According to the Thai Broiler Association
3. Bangkok Post, February 6, 2004
4. Interview with Mr. Anek Silapapun, vice president of Crop Integration Business Group, affiliated to C.P. Group, June 20, 2003
5. Interview, Bangkok, June 19, 2003
6. Bangkok Post, January 30, 2004
7. Interview March 19, 2004
8. Interview with a factory union leader on March 20, 2004
9. Bangkok Post, February 5, 2004
10. Bangkok Post, March 25, 2004
11. The Manager, February 2, 2004
12. Bangkok Post, March 11, 2004
13. Bangkok Post, February 11, 2004
14. Bangkok Post, February 9, 2004
15. Bangkok Post, February 4, 2004
16. Bangkok Post, February 3, 2004
17. Alternative Agriculture Network, Northern Farmers Federation, RRAFA, Bangkok, August 2003

## AGRICULTURE NEGOTIATIONS: MORE TROUBLE AHEAD FOR THE THIRD WORLD

Aileen Kwa\*

[Editor's note: Since this article was written, little has changed. The Washington Trade Daily of 12 April reported that the EU and the US are refusing to budge on export and domestic subsidies, however opposition to the "blended formula" proposed in the Derbez text is growing with signs of an alliance between the G20 and the Cairns group. The agriculture committee has agreed to finalise the "framework" for negotiations by the end of July, however there is, by now, almost a tradition of missed deadlines in the WTO. Agriculture is still the key to WTO negotiations: if "progress" can be made in agriculture, then other pending issues, such as non-agricultural market access (NAMA) and GATS might start moving. The next meeting of the agriculture committee is 23 April, and there are reports of at least two "mini-ministerials" in the next months: one in London at the end of April and another mid-May in Paris as a side event to an OECD trade ministers meeting.]

THE agriculture committee reconvened in the last week of March for the first time since Cancun. There is some anticipation - mostly outside Geneva - about the outcome of this meeting, given that what happens in agriculture will determine what happens with the current Round.

There is no sign of movement from the US and EC, despite noises that they are ready to negotiate. The majors want access to developing country markets, but they also want assurances that their subsidies will be retained.

Negotiators in Geneva are not expecting any breakthrough this week. The main players - US, EU - seem to be setting their sights this year on agreeing a less ambitious "framework" for agriculture negotiations, which is likely to be even more vague than what was in the Cancun Derbez text, and certainly without numbers. Developing countries, such as the G20, seem able to go along with that plan, as long as the Doha mandate and promises of substantial reductions in domestic supports and elimination of export subsidies are not put in jeopardy.

India's proposal for this watered-down framework is that developing countries commit to x% (for example 66%) of the tariff reduction which the developed countries agree to. It will be surprising, though, if the US and EU endorse this approach. The main sticking point in the negotiations in Cancun was over a very ambitious tariff reduction formula - the "blended" formula, proposed by the US and EC for all

Members. Due to the different tariff structures between the developed and developing world, implementation of the same “blended” formula would have slashed developing countries’ tariffs by up to three times that of developed countries. India was pivotal in leading the G20 opposition to such drastic market opening. They have also suggested that the level of tariff reduction developing countries take on should be in step with the proportion of subsidies the developed countries cut.

However, if a loose and ambiguous agriculture framework can be cobbled together by June, a July Ministerial in Geneva would be a probable event. Both US trade representative Robert Zoellick and EU trade commissioner Pascal Lamy are determined to leave their respective positions on a face-saving note. (Zoellick may be replaced if a new administration is elected in the US in November, and Lamy is set to step down after the European elections in June.) There is still uncertainty about how this ministerial will be configured. The US has mentioned it could involve only some Ministers. Or there is the possibility that it could take place during a General Council meeting (but in this case all Members would be involved). Nothing is clear.

The European Commission also seems to be in some disarray. One developing country official said, “Lamy says some nice things in some places, and then Peter Carl (head of the EU trade directorate) comes along and says something different.” Negotiators are also unsure if Lamy and EU agriculture commissioner Fischler agree even between themselves. But the EC seems bent on narrowing the “phasing out (of) export subsidies” promised in Doha to a list of products of interest to developing countries. And this list will be negotiated. Sensitive products such as dairy and sugar are off the table. Whilst announcing flexibility, the EC is backtracking on its Doha promises.

The G20 is not willing to accept this, with the exception of Pakistan which unsuccessfully tried to encourage the group to acquiesce. In Cancun, Pakistan also attempted to get the G20 to agree to the US/EC proposed market access formula.

Informally, one G20 negotiator commented, “Steps will be taken to give the impression that things are moving this year. And some kind of watered-down framework could be accepted by July. However, it should not be anything that keeps us from sleeping.”

One wonders if his assurances are well grounded, since no headway looks likely in domestic supports and export subsidies. At the FTAA meeting in Miami in November last year, Brazil’s minister for foreign affairs Celso Amorin said that believing the US will reduce supports is tantamount to “believing in fairy tales”. Throw the EU into the same pot.

Given this scenario, a watered-down agriculture framework agreement in July this year would still tie developing countries to tariff reduction, even if these are “pegged” at, for example, 2/3 the tariff reduction of the US/EC. Already the developing world is staggering under dumped agriculture produce. With continued, and even increased US/EC subsidies expected in the coming years, the WTO will become the instrument legalizing yet more dumping. Not a pretty sight for “multilateralism”.

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*\* Aileen Kwa is a policy analyst with Focus on the Global South and is co-author, together with Fatoumata Jawara of “Behind the Scenes at the WTO: the real world of international trade negotiations”, Zed Books, 2003.*

## G20: THEIR POWER IS NOT OURS

By Nicola Bullard\*

THE emergence of the G20 as a force in the WTO negotiations was one of the many factors contributing to the collapse of talks at the 5th ministerial held in Cancun last September. The G20 - named to commemorate the date of its formation in August last year - is spearheaded by four of the most significant developing country economies: India, Brazil, China and South Africa. Some commentators refer to the group as the "G4 plus" highlighting the dominance these countries. Its membership has waxed and waned over the past months with several of the smaller members succumbing to pressure from the US to leave the group. (1)

The G20's negotiating position was - and still is - straightforward: increased access to the Northern markets for their agricultural products, an end to agricultural export subsidies and the elimination of domestic supports that are effectively export subsidies. (See Huguene's article below for more details on the G20 position.) In Cancun, the EU and US showed little interest in accommodating the demands of the G20 and, in any event, the talks ended before any substantial negotiations on the draft agriculture text, so the balance of forces was not tested.

Following the ministerial, the G20 was characterised by the EU and the US as intransigent, although others saw the creation of a third force to challenge the US and the EU as the dawn of a new era in WTO negotiations (or even South-North relations).

The EU and the US, however, were not the only critics. The international peasant federation Via Campesina, for example, saw the G20's position as a thinly veiled effort to promote the interests of agro-exporters and agri-business, with little regard for the impact on peasant producers. This view came to the fore during the drafting of a call from NGOs denouncing the below-the-belt tactics of the US and the EU to divide the G20 coalition post Cancun. Via Campesina decided not to endorse the statement, arguing that although the G20 might be a useful, short-term obstacle to negotiations, their demand for further liberalisation in agriculture, if met, would simply deepen the crisis of peasant farmers and small producers.

It was a hard call: for many, the mere existence of the G20 deserved support because of the role they might play in shifting the balance of power in the WTO, even if their concrete negotiating positions fell far short of demands for a transformation of the Agreement on Agriculture (AOA), let alone the complete withdrawal of the WTO from agriculture.

In this context, Focus on the Global South invited G20 representatives from Brazil, India and South Africa to debate with Via Campesina, the Africa Trade Network, Focus on the Global South, the Brazilian trade union confederation CUT and the Delhi-based Economics Research Foundation at the World Social Forum in Mumbai earlier this year. The topic was "G20: passing phenomenon or here to stay?" The goal was simple: to get a better sense of where the G20 is heading, and whether there is any scope for the group to adopt an expanded and radicalized agenda reflecting the demands of social movements, trade unions and peasant farmers.

The Brazilian Ministry of Foreign Affairs - the Itamaraty - sent Ambassador Clodoaldo Huguene, responsible for coordinating the G20 senior officials and with the authority to represent the Brazilian government's position. India's spokesman was Shri S.N. Menon, special secretary in the ministry of commerce and industry. In the end South Africa was not represented.

While waiting for the debate to start, Ambassador Huguene joked that he wanted to "lower" our expectations of the G20. We joked back that some people already had very low expectations and he might need to raise them.

In the end, our expectations were definitely lowered (or met, depending on your starting point), as Huguene insisted several times that the G20's agenda inside the WTO is narrow - market access and an end to export subsidies - and that any effort to broaden the agenda of the group would lead to its collapse.

Ambassador Huguene's presentation follows this article. In it, he defines clearly the aims and the limits of the G20, although neither in the debate nor in his paper does he explain how the group proposes to square the circle of protect-

ing small farmers and promoting export agriculture. There is no mention of market protection, no mention of stabilizing commodity prices, and no mention of how to deal with the trade-offs that will inevitably be demanded by the US and the EU in return for any future concessions in market access or domestic supports and export subsidies.

This is the crux of the dilemma: can the G20 liberalise and protect at the same time? Of course, resolving this paradox is all in a day's work for the EU and the US, as the recent US concessions to the sugar industry in the US-Australian free trade agreement and CAFTA amply demonstrate, but whether the big powers let their competitors into the same game is another matter altogether.

Hugueneu and Menon both live "inside the box" and their approach is to match the political game with technical proposals. As Hugueneu said, "the proper role of civil society is to derail the WTO. Our job is to work inside and see if the WTO can play a constructive role in development." During the debate, he placed a lot of emphasis on the importance of "external" forces in shaping the debates inside the WTO and said that the G20 would not have "stood together" in Cancun if it had not been so well received.

Menon believes that the G20 is "here to stay" and their challenge is to stay "firm, focussed and faithful" while expanding the group to include least developed countries (LDCs). Both Menon and Hugueneu identified the defining characteristics of the G20: all are from the South, twelve are members of the Cairns group, but unlike that alliance which lobbies solely for full liberalisation, most G20 countries have large sectors of their populations dependent on subsistence and small scale agriculture and define their position as striking a balance between liberalisation and development.

Hugueneu is convinced that the G20 can make Doha a "development round" and described their approach of "combining the benefits of trade liberalisation with solving the problems of hunger, the landless and unemployment." This, of course, is exactly the approach that Brazil's president Lula Ignacio de Silva (Lula) has adopted in his first year of office, providing strong evidence that the G20 is being driven out

of Brasilia. Whether the "Lula strategy" works - either in Brazil or anywhere else - is yet to be seen. (For more on this, see the interview with Joao Pedro Stedile of Brazil's landless movement below.)

At the Congress of the Brazilian trade union confederation CUT in June last year, Workers' Party president Jose Genoino and the minister responsible for "social dialogue" Luiz Dulci explained the Lula government's economic policy to international guests. In spite of the liberal references to justice, poverty and fairness, after two hours of discussion it was plain that the bottom line is "keep the markets happy". The success of economic policy is measured in terms of bond yields, interest rates and a strong Real, and is shaped with the intention of "stabilisation" (that is, keeping the investors calm). Yet, after one year of intensive-care stabilisation, Brasil's growth in 2003 was just one per cent, significantly less than the five per cent Dulci said they needed: a small return for such a massive capitulation to the markets.

Given Brazil's debilitating foreign debt and their apparent policy of appeasing the financiers, Brazil must try to boost its foreign exchange earnings.

However, with many sectors of the Brazilian economy sluggish, agriculture is seen as the only "salvation": a view strongly supported, no doubt, by the Minister for Agriculture Joao Robert Rodrigues, an agronomist from the world of agribusiness. According to his biographical note, Rodrigues is president of the Brazilian Association of Agribusiness and has been a member of Brazil's cattle and soy and corn associations, both tremendously powerful groups in a country where 50 per cent of agricultural land is controlled by just four per cent of landowners. Success for the G20 demands would be a big boost for Brazil's agribusiness.

What's more, 50 per cent of Brazil's GDP and jobs depend on the export sector, hence Brazil's aggressive efforts in the past year to establish and diversify its trade relations, especially South-South trade. The G20 is one of the arrows in this quiver. The G20 also symbolises Brazil's revitalised foreign policy, characterised by asserting its leadership and independence. For example, Brazil demanded that US citizens be fingerprinted when entering Brazil in re-

sponse to the US requirement that Brazilians do the same. Brazil is also playing a leading role in the newly formed IBSA Forum (India, Brazil, South Africa) launched in new Delhi in March this year and which has taken on a broad agenda of trade, development, energy and political issues. (This brave foreign policy is perhaps also designed to placate progressive forces at home, impatient at the slow pace of change and the government's capitulation to the markets.)

Although Brazil's trade and foreign policy appear to be coherent - boosting growth through exports especially to new markets and assuming a leadership role in the South — the question remains: can the economic commitment to liberalisation be squared with the political commitment to "justice and dignity for all"?

The same conundrum faces every member of the G20, not least the other three leading countries - India, China and South Africa, all of which face tremendous, and potentially explosive, internal pressures from growing unemployment and rural poverty.

On the evidence of the past twenty years of neo-liberalism, it seems unlikely that the sort of massive redistribution and revitalisation of local economies necessary to create jobs for tens of millions of unemployed urban workers and to secure the livelihoods of millions of peasant farmers is possible inside the neo-liberal box. But, perhaps through a judicious mix of the political and the technical, the G20 can push the boundaries of that box. This depends on what sort of support they get inside the WTO, and what sort of pressures are exerted from outside.

The EU now appears willing to do business with the G20, reversing trade commissioner Pascal Lamy's disparaging comments in Cancun when he questioned how long the alliance would last. Speaking to the Confederation of Indian Industry on 19 January this year, Lamy referred frequently and generously to the G20, acknowledging a reality that in Cancun he wished would go away.

The EU's faces a dilemma in its relations with the G20. On the political front, the EU has an interest in forming a strong alliance with the

G20 to bolster their relationship vis-?-vis the US. On the trade front, however, Lamy (in spite of his diplomatic overtures) undoubtedly would prefer a weak and divided G20 that does not represent a real force inside the WTO which could slow the EU's own ambitions in industry, services and investment.

But the EU has little to offer the G20: the signals coming out of Brussels indicate that there is very little flexibility in EU agriculture policy, despite noises that they might consider opening their markets to a very limited range of non-sensitive products. At present, EU policy is constrained by the internal imperatives of keeping European agro-business happy and accommodating the effects of expansion which will bring in several new members with significant agricultural economies and rural populations also competing for access EU markets.

On the other hand, export subsidies is an area where the EU might eventually shift, not least because of the enormous cost. A small but growing share of European public opinion favours protecting small producers and the "multifunctional" aspects of agriculture, and realises that export subsidies go straight to big business at the expense of developing countries. Of course, any changes begin with the Common Agricultural Policy (CAP) and the EU will have to grin down the powerful agri-business lobby, but the benefits of shoring up a relationship with the G20 — especially if there is reciprocal liberalisation in services, industry and investment (remember the G4) — might eventually be worth the price.

So, in a highly speculative mode, "what if" the EU and the G20, through various configurations of bilateral agreements with individual G20 countries or through regional trade bodies such as the Mercosur, cobble together an "Agreement on Agriculture Plus" (AOA plus) that would set the benchmark for AOA negotiations in the future? And what would this mean for a progressive agenda to transform agricultural production away from exports and towards food sovereignty?

In the US, both the Republicans and the Democrats are finding that protectionist talk goes down well with the public, tapping into the popular view that tens of thousands of US jobs are being "stolen" by low paid workers in the South. Although Bush recently re-affirmed his commitment to free trade and globalisation,

actual experience (for example, the Australia-US trade agreement) confirms that “free trade” hits a brick wall when powerful agriculture lobby groups - especially those from the (US) South - start throwing their weight around. What’s more, the US’ stated position in WTO agriculture negotiations is that any reduction in US domestic subsidies must be matched by market access commitments from major developing countries such as China, Brazil and India. That is, the G20. Like the EU, the US is almost certainly continuing to pressure individual G20 members to leave the group, hoping to weaken the coalition and any obstacles to their own trade ambitions.

According to Ambassador Huguene, Brazil’s own agenda is much more wide reaching than the G20, and they will pursue this both inside and outside the WTO. Lula has suggested that the G20 could negotiate a free trade agreement amongst themselves using the Generalised System of Trade Preferences (GSTP) and the signing of an agreement between Mercosur and India during Lula’s five-day state visit to India just days after the WSF indicates that the G20 will continue to strengthen their South-South links.

“India and Brazil can together build a strong force that can change the trade geography of the world,” President Lula told reporters in Delhi. Using preferential trade agreements to shape this new geography might be one way forward, but seems contradictory to the G20’s stated commitment to strengthening multilateralism.

Pascal Lamy is also up-beat about the prospects for deepening South-South trade, telling the Chamber of Commerce of India (CCI) that it is “essential for development” and urging India to open its markets to least developed countries. Perhaps this is one way to get the “development” into the Doha round without the EU having to give up anything.

How, then, should progressive movements relate to the G20? There are three considerations. First, there is no likelihood that the G20 will move beyond its minimalist position in the WTO for market access and elimination of domestic/export subsidies. If they were to succeed in this (and it’s a very big “if”) the logic of export oriented food production dominated

by agri-business and agro-exporters would become entrenched in the South. A rapprochement between the G20, the EU and/or the US is not imminent, but if that did occur then the debate on agriculture would be closed for a very long time, and remain impervious to the demands of small-scale farmers who would undoubtedly lose out in the new agricultural detente.

Second, the G20 is trying to “combine the broader interests of economic and social development, especially in rural areas, with trade liberalisation.” Whether this is possible in the framework of the WTO remains to be seen, but many are sceptical. What’s more, there is no sign that the G20 has any ideas about how that might be done as they have no proposals on market protection, on commodity prices, on supply management, and so on.

Third: do we trust the G20 governments to be the bearers of the peoples’ interests? Should the political elite be allowed to occupy the space that farmers, workers, indigenous peoples, students and activists have carved out through their work and struggles? Many of these governments claim to represent the interests of their impoverished and marginalised populations, but if, indeed, they ever listened to these impoverished and marginalised people they would realise pretty quickly that market access and the end to export subsidies won’t solve the problems, and it could simply create a lot more.

The G20 did a good job in stalling the negotiations in Cancun and they are an important tactical ally in efforts to block consensus, derail and disempower the WTO, especially if they can hold to their Cancun position which is clearly so unacceptable to the EU and the US. However, as Ambassador Huguene said, the proper role of civil society is to “derail the WTO” and progressive movements and activists should not be drawn into the G20’s logic of negotiations and power.

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(1) Current members of the G20 are Argentina, Bolivia, Brazil, Chile, China, Colombia, Costa Rica, Cuba, Ecuador, Egypt, El Salvador, Guatemala, India, Mexico, Pakistan, Paraguay, Peru, Philippines, South Africa, Thailand and Venezuela. Informally, the Brazilian mission in Geneva says that the group is now 22. Nigeria and Indonesia have joined. El Salvador has left. This was accurate on 22 September 2003 and a more up to date list could not be found via a web search.

SINCE its establishment on August 20 of last

## THE G-20: PASSING PHENOMENON OR HERE TO STAY?

Clodoaldo Hugueneu Filho\*

year the G20 has awakened a lot of interest and raised all sorts of expectations in many quarters, some positive, others less so. Although the Group is very recent perhaps a little history, concentrating on the circumstances that surrounded its creation, can contribute to clarify its nature and purpose and help to understand its future role.

The G20 was established in the final stages of the preparation of the WTO Cancun Ministerial. Its agenda is focused on the central issue of the round: agriculture. The Group was integrated by developing countries from the three Continents and China. Its objective was to defend an outcome in the agricultural negotiations which would reflect the level of ambition of the Doha mandate and the interests of the developing countries. For this purpose, the Group adopted a common position that was circulated as an official document of the WTO, prior to and during Cancun (WT/MIN(03)/W/6). This position remains the central platform of the Group.

The Group was initially integrated by a majority of Latin American countries, but this started to change in Cancun and some other countries left right after the Conference. Others, however, especially from Africa, joined the Group, which has now 19 members countries: 3 from Africa, 8 from Asia and 8 from Latin America. Brazil has been coordinating the Group since its creation.

The Group met frequently at the level of Heads of Delegation in Geneva prior to Cancun and continues to hold most of its meetings there. These meetings are plenary sessions but there is also an informal group of five countries (Argentina, Brazil, China, India and South Africa) which meets, from time to time, to organize the work of the Group. The Group also meets at a technical level to discuss specific proposals in the context of the WTO agriculture negotiations and to prepare technical papers in support of the adopted common platform of the Group. The frequent contacts and meetings at Ministerial level in Cancun consolidated the Group and made it possible for the G20 to resist the strong pressures against its unity. As indicated before there were some

casualties, but the G20 withstood the pressure and passed the test.

The only area where there was active negotiation in Cancun was agriculture and these negotiations took the form of Ministerial level meetings, chaired by the facilitator for Agriculture, Minister George Yeo, from Singapore. These meetings discussed the three pillars of the agriculture negotiations (domestic support, market access and export competition) taking as reference the text prepared by the Chairman of the General Council, Ambassador Pérez del Castillo, as well as individual proposals on the table, especially the one presented by the G20. The significance of this procedure will become apparent later in this discussion. The negotiations on agriculture in Cancun took the form of rounds of consultations between the G20, first with the EU and the US individually, and then a final round with the three. Of course, the facilitator also held consultations with other groups, especially the Cairns Group, but the actual discussion of positions, confronting the views of the EU and the US, which had prepared a joint proposal largely reflected in the Chairman's text, and the dissenting views, was done with the G20.

Before highlighting some of the main substantive preoccupations of the G20 in agriculture perhaps it would be useful to review the tactical battles in Cancun. Even before the Ministerial, some developed countries tried to dismiss the Group, by refusing to take seriously its proposals and by accusing the Group of trying to introduce an ideological dimension in the negotiation, by importing into the WTO positions and tactics that had their origin in the North-South dialogue. This reflected a sort of annoyance with an attempt by a group of developing countries to try to interfere with the agreement between the EU and the US which should represent the basis for the results on agriculture at Cancun. This understanding, left until very late in the game, was, in reality, an attempt at steamrolling the results in Cancun. The main elements of the agreement were taken up in the text prepared by the Chairman of the Council giving to the understanding between the EU and the US the aura of impartiality. The attempts by many countries from the G20 and from other groups to change the bilateral deal to better reflect their interests were met with a negative reply. The G20 was born to try, as it did, to avoid a predetermined result at Cancun

and to open up a space for negotiations in agriculture.

At Cancun, the Group had to face an initial attempt to disqualify its proposals by the insistence that the only document on the table was the draft prepared by the Chairman of the Council, a draft which the Group, together with a large number of other delegations had already criticized in Geneva and did not consider an adequate basis for negotiations at Cancun. The G20 insisted that its own proposals should be placed on the table. The Group asserted that no procedural dispute was necessary as the discussion on agriculture should be structured pillar by pillar, taking into consideration all proposals on the table. (Editor's note: the three "pillars" of the agreement on agriculture are domestic support, export subsidies and market access.) This was finally accepted by the Chairman of the Conference and the consultations on agriculture had that format allowing the G20 the opportunity of presenting, clearly, its proposals.

The second battle at Cancun faced by the G20 was the attempt to divide the Group and to create difficulties in its relations with other groups in the WTO, especially the Cairns Group and the African Group. In spite of strong pressures put on members of the Group, the G20 remained united during the whole of the Conference with the withdrawal from the Group of only one delegation. Another delegation, Nigeria, joined the Group at the final stages of the meeting. After Cancun a small number of countries also left the Group, but others became members (Tanzania and Zimbabwe). As a result, the Group has today 19 members, 18 of which were represented at the Ministerial Meeting on 11 and 12 December, 2003 in Brasilia. At this meeting 12 countries were represented by Ministers.

Since its inception the G20 has established close relationships with other groups in the WTO with a special interest in the agricultural negotiations. The G20 is not a closed group. To the contrary, it is open to the participation of other interested countries that share its objectives and positions. It is thus only natural for the Group to have close contacts with other groups. A majority of G20 countries are members of the Cairns Group and there is a large degree of coincidence between the positions of both groups which naturally support each other and

try to cooperate for their common purpose: the faithful implementation of the Doha mandate.

It is not a question of competition between the two: each has its own personality. The G20 tries to strike a balance between the interests of trade liberalization and the development objectives of its members. Cairns is more focused on trade liberalization. Their respective agendas and interests coincide as regards the need for the end of trade distorting policies in agriculture and for the opening of developed countries markets. The difference lies in the definition of special and differential treatment for developing countries, especially in the area of market access. The G20 clearly accepts the need for a dual approach to market access that fully takes into account the needs of rural development and the situation of countries with a large rural population. The Cairns Group acknowledges in its platform the need for special and differential treatment for developing countries but defends, as it is only natural due to its composition, where major exporters of agricultural products play a central role and where developed and developing countries are present, a policy more committed to open markets in agriculture, in both developed and developing countries.

As the G20 is composed only of developing countries, it has strong ties to other developing countries' groups. As noted above the G20 tries to combine the broader interests of economic and social development, especially in rural areas, with trade liberalization. The African Group recognized the existence of a common ground with the G20 in the Cairo Communiqué and some African countries have joined the Group since Cancun Others have indicated their interest in the Group's work and may join in the future.

At Cancun, the G20 maintained frequent dialogues with the Cairns Group and the African Group and the G20's reaction to the Derbez text incorporates elements of the position of both groups. In the case of the African Group the issue of cotton was taken up by the G20 as part of its platform.

As a Group focused on the agricultural negotiations of the WTO and established to respond to the challenge posed by the common position reached by the US and the EU, which created the risk of marginalizing the interest of the

developing countries in agriculture in Cancun and of reducing the level of ambition set in Doha with consequences, in the light of the central role of agriculture in the Doha Development Agenda (DDA), for the whole of the Round, the G20 had, from the beginning, to develop a sound substantive position dealing with the complex issues involved in the agricultural negotiations.

The establishment of the Group and its composition involved a political decision and sent a message to all participants in the round, especially the developed ones, that there was a new factor to be taken into account in the negotiations. No one could lightly dismiss a group that represented almost 60% of the world population, 70% of world's farmers and 26 % of world trade in agriculture. The creation of the Group was a political statement. The Group's position, however, was and is based on concrete interests and expressed in concrete proposals that try to fully implement the mandate agreed to in Doha. EU Commissioner Pascal Lamy defined the G20 as having a geopolitical father and agriculture as mother. If by that he meant that the creation and composition of the group was a political gesture, of course he was right. But if the perception was that the Group would simply try to block agreements and not put forward positions that tried to generate progress in the negotiations, then it was a wrong perception.

At Cancun, the Group not only presented its views and influenced the elaboration of the proposed final text of the Conference, but, also, after the presentation of this text, it met for several hours and prepared a number of concrete amendments to the text for the final round of negotiations which unfortunately never took place. As we know, the Conference closed on the lack of agreement on the Singapore issues. If, however, we would have had a final negotiating session on agriculture the G20 Ministers present at that discussion would have had before them a set of alternative drafts to propose to the Chairman's text.

The G20 is, thus, prepared to engage, at any moment, in negotiations on agriculture on the basis of concrete proposals. This position was reaffirmed at the Ministerial Meeting in Brasilia, last December. On this occasion, the Group had the opportunity of having a dialogue with the Director General Supachai and a consultative

session with Commissioner Pascal Lamy. This last event, in particular, generated a very fruitful exchange of views between the two sides. The G20 is clearly today an important partner in the agricultural negotiations in the WTO.

Without going into the intricacies of the negotiations on agriculture it is, perhaps, useful to present the essential elements of the Group's position, pillar by pillar, and with reference to special and differential treatment for developing countries.

As stated before the central tenet of the G20's position is the belief that, in agriculture, as in other areas of the round, we must combine the development objectives with the interests of trade liberalization. The relationship between development and trade liberalization is neither linear, nor simple. This is not the place to embark on this discussion. Suffice to say that the central objective must be economic and social development and that trade liberalization can be an instrument that, under certain conditions, can help attain that objective. This is of special significance in agriculture because the greater gains developing countries can obtain in this round are in agriculture. Agriculture and development are clearly linked in the DDA and to put development at the center of the round we need substantive results in agriculture in line with the Doha mandate.

On the other hand, agricultural trade is largely outside the rules of the WTO, dominated by protectionist policies. To achieve trade liberalization today means to put agriculture at the center of the round. But to liberalize trade in agriculture we must bear in mind the trade distorting policies adopted by developed countries in the area of domestic support and export competition and the differences between the rural sectors in developed and developing countries, especially those that have a large part of their population living in rural areas engaged in subsistence agriculture. Even in the case of Brazil, that has a large, modern and competitive agricultural sector, the global picture is very uneven, with widespread areas of poverty and millions of small sharecroppers living at subsistence level. There is, therefore, the need when considering trade liberalization in agriculture to have in mind those disparities and the fact that commitments in market access have to take into account rural development needs in developing countries.

Based in these concepts the G20 developed an approach to negotiations on agriculture that tries to fulfil the Doha mandate of substantial reduction in domestic support, substantial improvement in market access, elimination of all forms of export subsidies and special and differential treatment.

In the first pillar of domestic support the Group has two main objectives: assure substantial cuts in trade distorting domestic support in a manner that avoids shifting support between products or between boxes and improving the discipline on the green box to guarantee that the remaining support there is really non-distorting. (Editor's note: the "amber" box houses trade distorting subsidies and must be eliminated, the "blue" box houses "quite" distorting subsidies but there is no limit to the amount that can be put in this box, while "green" box subsidies are supposedly "non-trade distorting" - although this is disputed.)

On market access the Group proposes a different approach for developed and developing countries, in light of the differences mentioned above. Without going into the discussion of the formula, the Group accepts the concept of a "blended" formula but tries to guarantee that there won't be any element in the formula that will allow for only minimal improvement in market access to developed countries, without generating new trade flows. Due to the complex nature of barriers to agricultural trade in developed countries, where tariffs coexist with quantitative restrictions (QR) and special safeguards (SSGs), the G20 defends substantial liberalization of non-tariff barriers and a reduction of tariff escalation, as well as the abolition of SSGs for developed countries. In the case of developing countries, the Group accepts the need for a contribution in market access but tailored to the ability to contribute and taking into account rural development and food security concerns of developing countries. Finally, in the case of export competition the Group sees the Doha mandate as a commitment to the elimination of all forms of export subsidies.

After this presentation of the G20 and its objectives and proposals, it is possible to sum-up by saying that the creation of the Group was a response to the challenges of the agricultural negotiations in the WTO and, in particular, the

understanding between the two major trading partners that could lead to reducing the level of ambition set at Doha. The G20 was not created to block negotiations, but to guarantee a true negotiation and avoid a "fait accompli". The G20 is inclusive, combining development and trade liberalization, ambition in market opening with fairness and ability to pay. The G20 has established itself as a factor in the WTO negotiations and intends to play a central role in the negotiations on agriculture.

The G20 is here to stay. The Group has withstood strong pressures to disband and has remained active in the negotiations. We see a recognition of this in the fact that other groups and countries try to engage in discussions with the G20 to attain progress in the negotiations. There is a renewed sense of commitment to achieving results in Geneva during 2004. The statements by the European Commission at the end of last year and the recent letter by USTR Robert Zoellick to all members of the WTO are positive indications in that regard. The G20 is ready to reengage in Geneva and to meet with all parties interested in making progress in the negotiations.

After a post-Cancun period of re-examination by all countries of the situation of the Round and of their positions in the negotiations we are now moving to a resumption of negotiations trying to achieve progress during 2004. Again the G20 is at the forefront of these efforts. The Ministerial Meeting of the Group in Brasilia strengthened the resolution of the G20 to, through direct consultations and negotiations with other partners, explore alternatives to reaching an understanding on a framework for the negotiations on agriculture. The guiding principles for the G20 in this exercise will be the respect for the level of ambition of the Doha mandate and the development objectives of the Round.

Let us now consider the future of the Group and its potential to shift the balance in trade negotiations in favour of a more positive attitude towards development issues. When the Group was launched but especially during the Cancun Ministerial, the press and civil society organizations rapidly perceived the potential of the Group, in the context of the Doha Round. From the beginning, the Group was able to enjoy a positive image and this was instrumental in helping to resist centrifugal pressures. Perhaps,

it is not an exaggeration to say that the role the G20 played before and at Cancun was a distinctive and new element in the scenario of trade negotiations. In the past, agricultural negotiations have always been hostage to the possibility of an understanding between the two major trading partners based on their own interests. A similar situation was taking shape before Cancun. The Cairns Group represented the first attempt at changing this picture, during the Uruguay Round. The G20 now adds its force in favour of accomplishing what we all agreed to at Doha: reforming agriculture to make agricultural trade subject to the rules of the multilateral trading system and to promote social and economic development through trade.

"G20: here to stay or a passing phenomenon" hosted by Focus on the Global South, CUT Brazil, FES Germany and the Economic Research Foundation and The Hindu, India, held at the 2004 World Social Forum.

After Cancun, and in the light of the role the G20 played at the Conference, there have been some suggestions that the Group could perhaps play a larger role encompassing other areas of the WTO agenda or even the broader agenda of cooperation for development. Perhaps, this is only natural and reflects the need that is felt in many quarters for a new coalition in favour of revitalizing the debate on development issues in international fora. This is even more so in view of the growing fatigue with orthodox adjustment, self-regulating market forces as an answer to development problems and the negative aspects of globalization. Nevertheless, the G20 is perhaps not the answer and to try to expand the mandate of the Group would possibly jeopardize its unit. One of the strengths of the G20 is its ability to combine a political stance with a focused approach to agricultural negotiations. By doing so, the Group is able to project itself as a political factor in the WTO, thus capturing the imagination of many who wish to see the organization working in a more open and democratic manner, while being able to act constructively and in defence of its members' interests in agriculture, by presenting concrete and technically sound proposals for making progress in the negotiations. This is not a minor achievement for, as stated above, if we change the picture in world trade on agriculture we would certainly be making a major contribution to attaining the development goals of the WTO negotiations.

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## “IF LULA DOES NOT CARRY OUT AGRARIAN REFORM, IT WOULD BE DEMORALIZING”

An interview with Joao Pedro Stedile by Roldao Arruda

The main leader of the Landless Workers Movement (MST), economist Joao Pedro Stedile, remains hopeful that President Luis Inacio Lula da Silva will fulfil his promise, spelled out in the National Plan for Agrarian Reform, of settling 410,000 families by the end of his term of office. Not only because of his historic commitments with the cause but also because it would be “demoralizing” if it were not done. In the following interview, Stedile criticizes the economic policy of the Agricultural Minister, Antonio Pallocci, who, in his opinion, only serves to enrich the bankers and he says that things can only change if the people mobilize.

Estado - February is ending and up to now the government has not specified where the funds will come from to carry out the National Plan for Agrarian Reform that was announced last year. Do you think that the government will reach the goals that were proposed?

Joao Pedro Stedile - The government has an historic commitment, not only with the MS but with Brazilian society, to carry out agrarian reform. If the Lula government is not able to do this — which is the simplest of capitalist reforms to distribute income — a complete demoralization will occur. We believe that he will keep this promise and that he is our ally, along with all the people, in defeating the latifundio. It's not possible to build a democratic and just society while there exist latifundios with 10,000, 50,000 hectares, some of them worked with slave labour. Of the 350,000 hectares that could be planted in our country, we plant only 50,000. Some 30,000 of them by the group of Roberto Rodrigues, as agro-business, and another 20,000 as small plots supplying the internal markets. The rest of them constitute a huge latifundio for speculative use or intensive cattle ranching, and these need to be targeted.

Estado - A few days ago, you took part in a meeting with representatives of the social movements and it concluded that it would be impossible for the government to meet its goals in the social area with the current economic policy.

Stedile - The social movements, from church-related movements to trade union movements, consider that the current economic policy is limited to the parameters of maintaining the interests and advantages of financial capital. We don't have inflation, we have macro-economic stability, but we can't succeed in finding a solution for social problems. What good is stability if the problems of the poor are growing?

Estado - What do the movements propose?

Stedile - We propose a project for development that is capable of surpassing the rice-and-beans policy of Palocci (minister for agriculture) which is exactly what the elites have been doing for 20 years; paying interest and controlling inflation. The bankers get rich, but industries are breaking down and the people do not have work. What's needed is a policy of investments that prioritises the industries of mass consumption, that adopts measures to distribute income, that raises salaries so that the people have work and income and can thus form a vast internal consumer market.

Estado - President Lula thinks differently. He has said that it is possible to fight unemployment with adjustments in this economic policy.

Stedile - The consensus of all the social movements is that it is necessary to change. The vice-president and various ministers think as we do. I think that the president should also think this way. One of the problems that he faces is that the state is not preparing to carry out reforms. It is a state against reforms. I saw with optimism the news that the Lula's chief of staff Ze Dirceu would take charge of INCRA (the National Institute for Colonization and Land Reform) and FUNAI (National foundation for Indigenous Peoples) and make administrative reforms. It's urgent.

Estado - If there were to be changes, where should they begin?

Stedile - It could be with controlling interest rates, so that they stay at the same level as that in the United States. Since they already copy the US so much, they can copy the interest rate. Secondly, the primary surplus in the budget should not be applied to pay interest on the internal debt, which can be paid with new bonds and be rolled over. That huge sum of money should go straight to productive

investments in factories that create jobs and salaries and that produce for the internal market. On the other hand, public funds should be concentrated in areas that improve the conditions of life for the people and activate the economy, such as agrarian reform and family farming, education and health care.

Estado - How do you see the involvement of Dirceu's name in the scandal of Waldomiro Diniz?

Stedile - First of all, I maintain that any illegalities of this government or of earlier ones, should be tracked down and punished. Secondly, I think that this subject was exploited by journalists: The so-called "major press" tried to reach the Minister and corner the Lula government. This reveals the degree of manipulation that the concentration of media power can attain. In the third place, the government did well to shut down the numbers game. It should have done this earlier as Governor Requião did in Paraná.

Estado - Don't you think that it became more difficult to defend the banner of agrarian reform faced with the successes that agro-business has been achieving?

Stedile - Between the alternatives that we have in searching for a policy of full employment, which is urgently needed, agrarian reforms is the cheapest, quickest, and can reach the population that is the poorest and least provided-for. The so-called sector of agro-business, which is dedicated to export, is increasing the production of soy, oranges, and sugar cane. But that is a concentrated income. It only increases the wealth of the wealthy. It doesn't increase employment or the consumption of machinery. In the 70s, when rural credit was cheaper and more democratic, the farmers were buying tractors and Brazil sold around 75,000 units of tractors per year. Thirty years later, with all this propaganda about agro-business, the industry sold only 40,000 units in 2003. Is this the model that you want?

Estado - Don't you think that the tightening of relations between the government with the PMDB (Party of Brazilian Democratic Movement) in which a significant number of ruralists are concentrated weakens the banner of agrarian reform?

Stedile - The reaction of the owners of the latifundios against reform is a class position,

not a position of the party. We have politicians from different parties who defend agrarian reform because they know its importance. We even have directors of multinationals who believe in this. I thought the recent interview with the general manager of Pirelli, in the magazine Carta Capital, was brilliant, when he made a forceful defence of agrarian reform.

Estado - You have frequently praised the president of BNDES (National Bank for Economic and Social Development). Why?

Stedile - I read the declarations of Carlos Lessa and I feel that he is anxious for changes in economic policies. I see that he argued, before the president of the Central Bank, that Brazil is not growing and is not developing while real interest rates remain above 5% per year.

Estado - The president of BNDES is not unique. In different parts of the government there are dissenting voices on crucial topics. Not all of the ministers are in agreement, for example, with agrarian reform in the form upheld by the MST.

Stedile - In the past election, the people voted for changes, against neoliberalism. The government however does not have a unified composition. We have neoliberal ministers, ministers half-and-half, who think only of partial reforms, and ministers who are committed to a popular project. But this is not the most important question. Basically the internal dispute reflects a dispute that exists in society. The real problem is the definition of a project for the country. The government alone does not have the forces to make a turn and implement a new project.

Estado - It appears that the social movements also do not have the forces at this moment to impose changes on economic policy.

Stedile - You're right. We have all the objective conditions to mobilize the people, because the problems are growing. Each job that is advertised brings out thousands of people, in endless lines. In each big rainstorm, people die for lack of dignified living conditions and because the public services were sucked dry. However, the mass movements have been going through a period of decline since 1989. Our job is to carry out permanent education of the masses, to stimulate the people to become conscious, mobilize themselves, to discuss a new project for society and struggle. Without the mobilization of the people there won't be any changes.

Estado - Does this mean that you're trying to gather forces?

Stedile - This is not the time for planting lettuce; it's time to plant trees. One of these days they will begin to bear fruit.

## HUNGER IS A REFLECTION OF OUR MISPLACED EMPHASIS ON GROWTH FOR A SELECT FEW

By Devinder Sharma\*

IN mid 1980, the sale of Banita, a young girl from Kalahandi in Orissa, shocked the nation. Two decades later, the nation did not notice the cries of a one-month old baby who was sold by her mother for a mere Rs 10 (approximately 21 cents). For Sumitra Behera, 35, a resident of Badibahal village in Angul district of Orissa, selling her one-month old daughter was perhaps the only way to feed her other daughters, Urbashi, 10, and Banbasi, 2. In the month of December 2003, three other families grappling with hunger in Angul, Puri and Keonjhar in Orissa had reportedly sold their children.

Two decades earlier, the nation was outraged when a major newspaper bought a woman for Rs 2000 (approx US\$42). The intrepid reporter, who risked his life to investigate the shoddy and inhuman trade, wrote in his column that even a pair of shoes would cost more. It no longer requires the investigating skills of Ashwini Sarin to lift the veil from the hidden face of "India Shining" - the government's feel-good slogan for up and coming India. You can now buy a child for less than the price of a bottle of mineral water.

As abject poverty remains buried behind the facade of India Shining, there is excitement in the air. The German luxury carmaker, DaimlerChrysler, has announced the launch of the most luxurious car in the world, in India. At Rs 500,000 a piece (about US\$100,000) the upwardly mobile have already begun to queue up. Selling dreams is no longer the prerogative of Bollywood.

Despite the Planning Commission lowering the percentage of poor and poverty stricken in its unread documents, the magic trick of playing with numbers hasn't made any difference to the growing disparities. Amidst recurring political elections, and the brazen marketing hype to sell images of growth and development, the shameful paradox of hunger at times of plenty has been quietly buried under heaps of grain that continue to rot in the open. That 7,500,000

people, more than the population of Switzerland, had applied for a mere 38,000 lowly-paid jobs in the Indian Railways, is no longer a matter of concern at times when the country is on a fast track information highway. Not to discount the achievements in information technology, the fact remains that IT has provided only 500,000 jobs.

Meanwhile, hunger continues to grow in India, which alone has one-third of the world's estimated 860 million people who go to bed hungry. In fact, hunger and poverty have proved to be robustly sustainable. Directly related to growing unemployment, reports of gnawing hunger and starvation deaths in Rajasthan, Madhya Pradesh and Orissa hit the national headlines time and again. In 2002, reports of hunger and starvation deaths have also regularly poured in from the country's progressive and economically fast-growing cyberstates - Andhra Pradesh and Karnataka.

At the same time, India continues to make room for exporting surplus foodgrains. In 2000, an estimated 320 million people desperately need food despite more than 60 million tonnes in grain stocks. In 2002, 17 million tonnes of the surplus food meant for the hungry, was exported at below poverty line prices. No political leader even thought of bringing the shameful paradox to the attention of Parliament.

While people die of hunger, the government sits atop a mountain of food grains. In 2001, starvation deaths were reported in over 13 states while the storage facilities of the Food Corporation of India (FCI) were full of grains, some of it rotting and rat-infested. There was a proposal to dump it in the sea, to make storage space for the next crop, when export markets could not be found for this surplus. Such was the quantity of food kept in the open, that if each bag was stacked one upon the other, there was no need to launch a scientific expedition to put a man on the moon. You could simply walk to the moon and come back.

The same year, a case was filed by some NGOs in the Supreme Court in India asking for directions to ensure the fundamental right to food of every citizen. The Supreme Court Bench, comprising Justice B.N. Kripal and Justice K.G. Balakrishnan, directed the government to "devise a scheme where no person goes hungry when the granaries are full and lots being wasted due to non-availability of storage

space." To the Attorney General's plea that devising such a scheme would require at least two weeks, the Court even allowed for enough time. The Court also sought affidavits from the State governments of Orissa, Rajasthan, Chattisgarh, Maharashtra, Gujarat and Himachal Pradesh detailing their response to meet the unprecedented situation of "scarcity among plenty". This was in 2001. Two years later, Sumitra Behera had to sell her one-month-old child to feed her other two children. A recent survey conducted in Madhya Pradesh, in central India, found 6,785 children in 43 blocks of Shivpuri district severely malnourished — an average of 160 per block. The situation is equally hopeless in other states. Malnutrition continues to multiply, more so among children and women. The extent of malnutrition that exists in the country remains hidden. It doesn't make shocking news. Hunger makes news only when someone dies.

The ground realities are far removed from the rhetoric and the statistics that have bred immunity against compassion. We are all part of a global system, which perpetuates poverty and deprivation. We make tall claims of feeling good by pushing stark realities of growing poverty and hunger from the public glare. We are, therefore, in reality, the cause behind hunger. Behaving like an Ostrich is surely not going to eclipse hunger from the politico-economic radar screens. It requires determination and will.

**Zero Hunger:** First and foremost, it requires the political leadership to accept the extent of crisis, to accept that hunger exists in the country, and to then launch a time bound programme towards eradicating hunger. If Brazil can launch a programme for 'zero hunger', there is no reason why India cannot demonstrate political maturity to combat the national shame.

**Task Force:** If a ministry can be set up for disinvestments, another for information technology, and still another for food processing, there is no reason why a high ranking task force cannot be constituted with the clear cut mandate of removing hunger. The task force should be directly under the supervision of the Prime Minister.

**Public Policy:** The task force should oversee the economic policies to ensure that there is no contradiction in government's resolve. Zero hunger should not be construed as a mass mid-

day meal programme but be directed towards building sustainable livelihoods that helps build the capacity of the poor to emerge out of poverty and hunger.

Hunger is not a curse that some among us have to live with. Hunger is a reflection of our misplaced emphasis towards growth for a few. The hungry do not need our sympathies. They need a helping hand, and they can do the rest.

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