VIEWS FROM THE SOUTH

THE EFFECTS OF GLOBALIZATION AND THE WTO ON THIRD WORLD COUNTRIES

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never been to assure law and order to protect the weak. These structures have been pushed by the strong, mainly to reduce the tremendous cost of policing the system to ensure that the less powerful will not cease to respect the rules set by the more powerful or break away completely.

In short, a fluid international system, where there are multiple zones of ambiguity that the less powerful can exploit in order to protect their interests, may be the only realistic alternative to the current global multilateral order that would weaken the hold of the North. The main beneficiaries of clearly articulated structures are always the powerful and the rich. The fewer structures and the less clear the rules, the better for the South.

WAR AGAINST NATURE AND THE PEOPLE OF THE SOUTH

Dr. Vandana Shiva

Vandana Shiva is a physicist, founder and president of the Research Foundation for Science Technology and Ecology, and one of India's leading activists. She played a key role in the famous Chipko movement to save the Himalayan forests and now works on behalf of India's farmers, trying to resist the introduction of globalized industrial agriculture and biotechnology into Indian food production. She is a member of the Board of Directors of the International Forum on Globalization, and was a recipient of the Right Livelihood Award (also known as the alternative Nobel Peace Prize). Her most recent book is Biopiracy: The Plunder of Nature and Knowledge *(Boston: South End Press, 1997).*

In this paper, Shiva describes how the transformation of peasant agriculture in India to a globally industrialized model has reduced food security, threatened local businesses and biodiversity, driven farmers off their lands, and opened the door for global corporations to take over the nation's food processing. Shiva then examines the forces driving the globalization of agriculture, including the agribusiness giants and two of the WTO agreements these firms have promoted: the agreements on agriculture and intellectual property rights.

SUPPORTERS OF GLOBALIZATION often claim that this process is natural, inevitable, and evolutionary and one that is bringing prosperity and growth, embracing us all and knitting us into a Global Village. Only by participating in global markets, they say, can Third World people get access to jobs and better lives. In reality, globalization is not a natural process of inclusion. It is a planned project of exclusion that siphons the resources and knowledge of the poor of the South into the global marketplace, stripping people of their life-support systems, livelihoods, and lifestyles.

Global trade rules, as enshrined in the World Trade Organization (WTO) Agreement on Agriculture (AOA) and in the Trade Related Intellectual Property Rights (TRIPs) agreement, are primarily rules of robbery, camouflaged by arithmetic and legalese. In this economic hijack, the corporations gain, and people and nature loose.

The WTO's overall goal of promoting "market competition" serves two functions. Firstly, it transforms all aspects of life into commodities for sale. Culture, biodiversity, food, water, livelihoods, needs, and rights are all transformed and reduced to markets. Secondly, the destruction of nature, culture, and livelihoods is then justified on the basis of the rules of competition. Policy makers attack ethical and ecological rules that sustain and maintain life, claiming that they are "protectionist" barriers to trade. In reality, the WTO does not reduce protectionism; it merely replaces protections for people and nature with protections for corporations.

The global reach of corporations to take over the resources of the poor of the Third World is made possible not just by reduction and removal of tariffs, one of the goals of the WTO. It is facilitated by the removal of ethical and ecological limits on what can be owned as private property and what can be traded. In this way, globalization is completing the project of colonization

that led to the conquest and ownership of land and territory. Biological resources and water, the very basis of life's processes, are being colonized, privatized, and commodified.

Agriculture, which is still the primary livelihood for three-quarters of humanity, and which is as much a cultural activity as an economic one, is also threatened by "trade liberalization," driven both by the structural adjustment programs of the World Bank and the IMF, and by the WTO's Agreement on Agriculture.[1] The globalization of food and agriculture systems, in effect, means the corporate takeover of the food chain, the erosion of food rights, the destruction of the cultural diversity of food and the biological diversity of crops, and the displacement of millions from land-based, rural livelihoods. Global free trade in food and agriculture is the biggest refugee creation program in the world, far exceeding the impact of Kosovo. It is equivalent to the ethnic cleansing of the poor, the peasantry, and small farmers of the Third World.

GLOBALIZATION OF INDIA'S AGRICULTURE

TRADE AND INVESTMENT LIBERALIZATION have led to a dramatic transformation of agriculture in India that has had a devastating impact on peasant farmers. These policies have brought about:

- a shift in production from food to export crops that has reduced food security
- a flood of imports that have wiped out local businesses and diversity and
- an opening for global corporations to take over the control of food processing.

A. Shift to Export Crops

Cotton: Seeds of Suicide

Economic globalization is leading to a concentration of the seed industry, the entry of global corporations into agriculture, the increased use of pesticides, and, finally, increased debt, despair, and sometimes suicide among small farmers. Capital-intensive, corporate-controlled agriculture is being spread into regions where peasants are poor but, until now, have been self-sufficient in food. In the regions where industrial agriculture has been introduced through globalization, higher costs are making it virtually impossible for small farmers to survive.

The new export-oriented policies that are part of agricultural globalization have led to a shift in India from the production of food crops to commodities for exports, such as cotton. Cotton cultivation has expanded even into semiarid areas such as Warangal in Andhra Pradesh, where farmers traditionally grew paddy, pulses, millets, oilseeds, and vegetable crops. Enticed by promises that cotton would be like "white gold," yielding high profits, farmers in Warangal have nearly tripled the amount of land used for cotton production in the past decade, while slashing production of traditional food grains like jawar and bajra.

However, what these farmers have learned is that while cash crops like cotton may fetch higher prices, they also demand a higher level of expenditure. Under corporate pressure, farmers have largely switched from planting open-pollinated seeds, which can be saved by farmers, to hybrids that need to be purchased every year at a high cost. Because hybrids are very vulnerable to pest attacks, pesticide use has also increased. Expenditures on pesticide in the district went up from $2.5 million for the entire decade of the 1980s to $50 million in 1997—a 2,000 percent increase. For poor peasants, this cost could be borne only through debts.[2]

Because trade liberalization had also led to budget cutbacks

on extension and withdrawal of low-interest credit from cooperatives and public sector banks, peasants have had to take high-interest loans from the same companies that sell them hybrid seeds and pesticides. Thus, the corporations have become money lenders, extension agents, seed suppliers, and pesticide salesmen rolled into one. As a result, peasants have become buried under the weight of unpayable debt. This financial stress is blamed for an epidemic of suicides in Warangal district. More than 500 farmers took their own lives in 1998, and the suicides have continued in 1999.

In the regions where high costs of industrial agriculture introduced through globalization are already pushing farmers to suicide, Monsanto has tried to introduce genetically engineered cotton seeds. While the argument used to promote these crops in the Third World is that they will increase yields, trials have shown a decrease in yields and an increase in the use of pesticides.[3] In protest, farmers in Andhra Pradesh and Karnataka have uprooted the genetically engineered cotton, and the Research Foundation for Science, Technology, and Ecology has filed a case in the Supreme Court to stop the introduction of these genetically engineered crops in Indian agriculture.[4] The case is based on the belief that genetic engineering would introduce new ecological and economic risks that Third World peasants cannot afford.[5]

Shrimp Factories

The shift from a "food first" to an "export first" policy is justified on grounds of food security, because export earnings are supposed to pay for food imports. In fact, export-oriented agriculture has reduced food security by encouraging a shift from small-scale, sustainable production to large-scale, non-sustainable industrial production. It also brings changes in ownership over natural resources and means of production, from small autonomous producer/owners to large corporate and commercial interests. Peasants are displaced from farming, while commercial interests take over land for industrial-scale production of export commodities such as shrimp, flowers, vegetables, and meat. These enterprises often have negative environmental impacts, creating further hardship for local communities.

The transformation of shrimp farming in India is a prime example of the social and environmental costs of industrial agriculture. While small-scale, indigenous shrimp farming has been sustainable over centuries, shrimp exports require the establishment of factory farms for shrimp production. Each acre of a shrimp farm needs 200 "shadow acres" for absorbing the ecological costs of factory farming of shrimp. "Shadow acres" are the units required to supply resources to and absorb the waste from a particular economic activity.

Shrimp farming is so damaging because it requires enormous quantities of fish to be caught at sea for shrimp feed, most of which is converted to waste that is poured into the sea, polluting the water and damaging mangroves. Shrimp farming also destroys coastal agriculture because the shrimp factories require the pumping of seawater into the ponds for shrimp production. This causes salinization, reducing drinking water supplies and destroying trees and crops near the factories.

These costs undermine the claims that shrimp exports are a major source of economic growth. For each dollar earned by corporations through exports of shrimp to consumers in the United States, Europe, and Japan, an estimated $10 worth of damage is done to India's natural resources and local economic income. This includes the destruction of mangroves, water, agriculture, and fisheries.[6]

Shrimp factories have met with stiff resistance in India. In December 1996, local communities and environmental groups won a case in the Indian Supreme Court to ban industrial shrimp farming. However, the shrimp industry received a stay order, and

continues to operate.[7] On May 29, 1999, four fishermen were killed when they protested against the commercial shrimp operators called the "shrimp mafia" in the Chilka lake in Orissa.

This tragedy illustrates how the inequalities aggravated or generated by export-oriented agriculture can also lead to violations of human rights and subversion of law and order. Trade can only be increased by taking resources away from people's subsistence and survival. When people attempt to defend their human right to work and live, commercial interests that gain from exports often work with the state apparatus to crush people's movements. Many people lose what little they have. In the most extreme cases, such as that of the Orissa fishermen, they pay for exports with their lives.

Other Export Crops: Costs Exceed Earnings

Like shrimp exports, flower, meat, and vegetable exports have costs that often far exceed the earnings generated. Large scale meat exports, for example, have an external "shadow" cost that is ten times higher than export earnings. This is due to the former ecological contribution of livestock in small-scale agriculture, now on the wane.

Particularly in developing countries, livestock are not just meat on legs. Animals are the primary source of fertilizer in the form of organic manure. They also generate energy for farm operations, by plowing, and by helping with agro-processing; for example, with edible oil extraction via animal-driven "ghanis." Livestock in India help produce $17 million worth of milk, and $1.5 billion worth of food grain; they also provide $17 million worth of energy.[8] If the animals are slaughtered, all of these benefits are lost. In the case of one export-oriented slaughterhouse alone, meat exports earned $45 million, whereas the estimated contribution of the slaughtered animals to the economy if they had been allowed to live was $230 million.[9]

In the case of flowers, countries must import plant material, pesticides, greenhouse equipment and pay for consultants. India spent Rs. 13.7 billion in foreign exchange to import inputs for floriculture and earned only Rs. 0.3 billion from flower sales, thus having a net drain of Rs. 10 billion on scarce foreign change.[10]

If the resources used for floriculture had been allocated for food production, India would have produced four times more food than it could buy on global markets using earnings from flower sales. In terms of national food security, export-oriented agriculture therefore destroys more than it creates.

Under the pressure of so-called "liberalization" policies, food prices have doubled and the poor have had to cut their consumption in half. Prices have increased because food has been exported, creating domestic scarcity, at the same time that food subsidies have been withdrawn. As a housewife in Bombay stated "we are eating half of what we used to after food prices doubled in the last year. Even dal is a luxury now. After milk prices increased, I stopped buying milk as well." [11]

Export-oriented agriculture is also creating an agricultural apartheid, with the Third World being asked to stop growing food staples and instead grow luxury products for the rich North. Production of food staples is now concentrated in the United States, and in the hands of a few multinational seed companies and grain trading companies.

B. Imports: Diversity Destroyed

AS COUNTRIES ARE FORCED to destroy their agricultural systems to grow and export commodities, both cultural diversity and biological diversity disappear. Diverse cereals, oilseeds, and legumes are displaced by soybeans from the United States. While exports destroy local food systems by diverting resources and changing ownership patterns, imports also destroy food systems by hijacking markets.

In August 1999, there was a case of mustard oil adulteration that was restricted to the city of Delhi, but affected all local brands of oil. In response, the government banned mustard oil, the main cooking oil in North India, and removed all restrictions on edible oil imports.[12] Soybean and soy oil imports were liberalized or deregulated. Within one growing season, millions of oilseed-producing farmers growing mustard, groundnut, sesame, and niger had lost the market for their diverse oil seed crops. Liberalized imports of soybeans have destroyed the entire edible oil production and processing in India. Millions of small mills have closed down. Prices of oilseeds have collapsed and farmers cannot even recover what they have spent on cultivation. Sesame, linseed, and mustard have started to disappear from the fields as cheap, subsidized imports of soybeans are dumped on the Indian market. These imports totaled three million tons in one year (a 60 percent rise compared to earlier years) and cost nearly $1 billion, thus worsening the country's balance of payments situation.[13]

U.S. soybeans are cheap not because of cheap production but because of subsidies. The price of soybeans is $155 a ton, and this low price is possible because the U.S. government pays $193 a ton to U.S. soybean farmers, who would not otherwise be able to stay in production given the low commodity prices. This government support is not really a farmer subsidy; it is an indirect corporate subsidy. As heavily subsidized soybeans flooded India's domestic market, prices crashed by more than two thirds. The local oil processing industry, from the small-scale "ghanis" to larger mills, started to close down. Domestic oilseed production declined, and domestic edible oil prices crashed. Groundnut prices went down by 3 percent from Rs. 48 per kilogram to Rs. 37 per kilogram. Meanwhile, some farmers protesting against the collapse of their markets were shot and killed.

C. Corporate Control of Processing and Packaging

Global agribusiness is now attempting to take over food processing by making fresh, locally produced food appear backward, and stale food clothed in aluminum and plastic appear "modern." Industrial processing and packaging was first applied to edible oils, destroying the livelihoods of millions of oil mill operators and small farmers because of imported soybeans. An attempt is now being made to take over the wheat economy.

Wheat is called "*kanak*," the word for gold in North India. The Indian wheat economy is based on decentralized, small-scale local production, processing, and distribution systems. Wheat and flour (*atta*) provide livelihoods and nutrition to millions of farmers, traders (*artis*), and local mill operators (*chakki wallas*).

The decentralized, small-scale, household-based economy of food production and processing is huge in aggregate. It generates millions of livelihoods while ensuring that fresh and wholesome food at accessible prices is available to people. Moreover, such production and processing has no negative environmental impacts.

Millions of Indian farmers grow 6,050 million tons of wheat every year.[14] Most of this is bought as wheat by consumers from the local corner store (*kirana*) and taken to the local *chakki walla*. A chain of *artis*, or traders, bring the wheat from the farm to the local shops.

It is estimated that more than 3.5 million family-run *kirana* shops supply wheat to Indian consumers. More than 2 million small neighborhood mills produce fresh flour. In addition, flour is also produced by millions of women working at the household level. The rolling pin (*belan*) used for making "*rotis*" has always been a symbol of women's power. It is often mistakenly said that only 2 percent of food is processed in India. This is because officials ignore women's work in the home and the contribution of this work to the national economy.

While 40 million tons of wheat is traded, only 15 million tons is purchased directly as *atta* because Indians love freshness and quality in food. Less than 1 percent of the consumed *atta* carries a brand name because Indian consumers trust their own supervision of quality at the local *chakki* better than a brand name attached to stale, packaged flour.

This decentralized, small-scale economy based on millions of producers, processors and traders works with very little capital and very little infrastructure. People are the substitute for capital and infrastructure. However, such a people-centered economy impedes large-scale profits for big agribusiness. They are therefore eyeing the Indian wheat economy to transform it into a source of profits.

In an industry report entitled "*Faida*" (profit), the hijack of the wheat and atta supply by global agribusiness is described as the "wheat opportunity in India." Their plan is based on making farmers directly dependent on agribusiness corporations for purchase of inputs such as seeds, destroying local seed supply, and displacing the local *artis* or traders and destroying the local *chakki wallas*.

The destruction of millions of livelihoods, of the local decentralized economy, and of people's access to fresh and cheap *atta*, is described as "modernization of the food chain." In the Third World, packaged food is described as the food of the rich, even though the rich in industrialized countries in fact eat fresh food, while the poor are forced to eat heavily processed and packaged food.

Packaging is not "modernization," but rather an obsolete aspect of a non-sustainable economy that uses packaging and brand names as a way to displace the more efficient and cheaper system through which people can get food processed locally in front of their eyes and hence ensure quality and freshness.

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India's wheat and *atta* economy is complex and highly developed, but global agribusiness defines it as underdeveloped because the big players like Cargill and Archer Daniels Midland (ADM) do not control it. As the *Faida* report states, "The Indian wheat sector is currently at a nascent stage of development. Despite its importance, the industry is at a very early stage of improvement."

The main criterion used to declare India's wheat economy underdeveloped is that the global corporations are missing from the scene. Underdevelopment is the absence of corporate control. "Development" is then defined as equivalent to the corporate hijack of the economy.

A decentralized, locally controlled, and small-scale system is defined as "nascent" and "underdeveloped," while monopolized food systems are defined as "developed." The hijack of the food system is thus made to appear as the "natural evolution" from small to big. Freshness and wholesomeness are defined as "low technology." Impure, stale flour with a brand name is defined as "high quality." This distorted attitude is reflected in a section of the *Faida* report that states, "As a result of the inadequate technology used by the millers, the shelf life of flour in India is typically 15 to 20 days. This is very short when compared to the six months to a year achieved in the United States." What the report fails to recognize is that the brand name players have no choice but to ensure a longer shelf life, given the huge distances between the factory and the markets.

The highest level of Orwellian doublespeak is being used to accomplish the hijack of wheat from Indian farmers and processors. Decentralization is defined as *fragmentation*. But *centralization* is defined as *integration*, even though decentralized, locally controlled systems are highly integrated while centrally controlled systems are based on disintegration of ecosystems and local economic communities.

Agribusiness has already started to try to get Indian con-

sumers to doubt their own quality control systems and trust the brand names. They see a potential corporate-controlled market that would generate RS. 3,000 *crore* or RS. 10 billion of profits through sale of packaged, brand name wheat. The corporate agenda for India is to introduce monopolies in wheat such as those of Cargill and ADM, and in seed such as those of Monsanto, Novartis, Dupont, and Zeneca. These seed corporations demand monopolistic intellectual property rights to seed, forcing farmers to pay royalties while also controlling other inputs. This trend is moving the country toward an agricultural economy in which only a small number of people are involved—and only as tractor drivers and pesticide sprayers. All other functions of farmers—as maintainers of biodiversity, stewards of soil and water, and seed breeders—are destroyed.

The *Faida* report claims that 5 million jobs will be "created" by the takeover of the food chain by global corporations. However, it is well known that giant firms often invest in technology that is used to displace people. For example, ADM owns 200 grain elevators, 1,900 barges, 800 trucks, and 130,000 railcars to transport and store wheat. The number of jobs generated by ADM is not significant, however, because the company uses pneumatic blowers to load and unload grain and other technologies to lower labor costs.

Moreover, if one takes into account the 20-30 million farmers, 5 million *chakki wallas*, 5 million *artis*, 3.5 million *kirana* shops, and the households dependent on them, at least 100 million people's livelihoods and sustenance will be destroyed by the industrialization of the wheat economy alone.

THE DRIVING FORCES BEHIND GLOBALIZATION OF AGRICULTURE

A. *The Agribusiness Giants*

AGRIBUSINESS GIANTS HAVE DRIVEN the process of globalization in their efforts to gain control over the world's agricultural economy, from selling seeds and other inputs, to trading commodities, to processing food.

One of the most ominous developments in the past decade has been the merger of chemical, pharmaceutical, biotechnology and seed companies to create what they call "Life Sciences" corporations. A more accurate name would be "Death Sciences" corporations because they produce genetically engineered, herbicide-tolerant seeds that lock farmers into dependence on chemical inputs, destroy biodiversity, and render agriculture more vulnerable. These corporations are also genetically engineering sterile seed, through what is called "Terminator Technology," so that farmers cannot save seed and are forced to buy seed every year.[15]

Monsanto is the world's largest biotechnology corporation. It controls large parts of the soybean and cotton seed supply through patents and through having acquired seed companies across the world, including Dekalb, Agracetus, Asgrow, Calgene, Holden, Delta and Pine Land, MAHYCO, Rallis, and the seed division of Cargill.

Commodities trading is also highly concentrated and becoming more so. U.S.-based Cargill, already the world's largest grain trader, recently merged with the second largest grain trading corporation, Continental Grain. Cargill also processes and distributes agricultural, food, financial, and industrial products and has approximately 80,600 employees in more than 1,000 locations in 65 countries and business activities in 130 more. Cargill controls over 70 percent of the world's trade in cereals.

Cargill's presence in India is also extensive. In 1998, Cargill became the biggest exporter of protein meal from India—having exported 300,000 tons. It also exported 10,000 tons of non-basmati rice. During 1999, it has procured 10,000 tons of wheat. It has entered into an agreement with the Punjab Government to procure wheat and rice, develop grain handling and storage facilities, and enter into contract farming of wheat. It already has its own pier in Jamnagar.

B. *The WTO Agreement on Agriculture*

ALL OVER THE WORLD, structural adjustment and trade liberalization have already driven millions of farmers off the land because of rising costs of production and collapsing prices of commodities. Instead of supporting policies that help farmers survive, WTO rules are driving small farmers to extinction and ensuring that agriculture is controlled by global corporations.

The Agreement on Agriculture (AOA) of the WTO is a rule-based system for trade liberalization of agriculture that was pushed by the United States in the Uruguay Round of the GATT. However, these rules are the wrong rules for protecting food security, nature, and culture. Instead, they are perfectly shaped for the objective of corporate rule over our food and agriculture systems.

The AOA rules apply to countries, even though it is not countries or their farmers that engage in global trade in agriculture but global corporations like Cargill. These firms gain from every rule that marginalizes farmers by removing support from agriculture. They gain from every rule that deregulates international trade, liberalizes exports and imports, and makes restrictions of exports and imports illegal. Market openings through the AOA are therefore market openings for the Cargills and Monsantos.

The outcome of negotiations for the AOA should not be surprising, because global agribusiness corporations held tremendous influence over the negotiations. In fact, the U.S. delegation was led by Clayton Yeutter, a former Cargill employee.

There are three components to the AOA:

- Domestic Support
- Market Access
- Export Competition

Domestic Support

The WTO clauses on "Domestic Support" demand commitment to reduce domestic "support" to producers by 20 percent of the country's 1986-1988 level by 1999. For developing countries, this has been reduced to 13 percent to be implemented over ten years.

Support is defined by a formula called the Aggregate Measure of Support (AMS). The AMS calculates all domestic support policies that are considered to have a significant effect on the volume of production. The AMS is nothing more than a device to anesthetize the public so that no one senses the hihack of food systems by corporate power. Through an extremely complicated and confusing system of "amber box," "green box," and "blue box" labeling, the WTO regime makes it difficult for citizens, policy makers, and governments to figure out what is really happening. Policies that do have a substantial impact on the patterns and flow of trade are classified as the "amber box" policies and are subject to reduction. These include budgetary outlays, foregone revenue, and payments at national and sub-national levels. Policies that are not deemed to have a major effect on production and trade are classified as the "green box." Policies that fall in between are called the "blue box."

There is a false assumption that these rules on Domestic Support will reduce subsidies for industrial agriculture and global trade, making small farmers and the Third World more competitive and leading to prices that reflect the true cost of production. This is not true for a number of reasons. The articles on Domestic Support target only a small fraction of subsidies in

agriculture. For example, reduction of the "amber box" policies under AMS directly affects farmers, because these only address prices at the first point of sale. Additional subsidies enjoyed by global agribusiness and trading interests, such as subsidies for investment, fertilizer, marketing, and infrastructure, are all exempted. Thus, WTO rules allow support for corporations but not for farmers.

Other examples of how corporate, industrialized agriculture is given advantages through this box system are as follows:

- The allowable "green box" policies include "producer retirement" programs, "resource (land) retirement programs," environmental programs, marketing information, and infrastructure. The subsidy for producer retirement must be conditional on total and permanent retirement of the recipients from marketable agriculture production. Thus, farmers can get assistance to leave farming, but not for staying active as producers. The farmers also have no say in what happens to the land they leave. The subsidy for resource retirement must be conditional on retiring land from marketable agricultural production for at least three years, and in the case of livestock, on its slaughter or permanent disposal. For the most part, these "green box" policies will affect only farmers in affluent countries, since these governments are more able to pay for them.
- "Blue box" policies can include measures such as direct payments to farmers and land set-aside. These policies are allowed as long as the supports are "de-coupled" from production supports. This implies that direct payments can be provided to support incomes of farmers, and that the overall cost of production will not be reflected in the price of commodities. In effect, these exclusions imply that incomes of farmers in industrialized countries will be directly paid by governments, and will not be influenced by trade. On the

other hand, since incomes of Third World farmers are derived from production and trade, and not from direct income support from governments, Third World farmers will be totally vulnerable to changes in global trade patterns and international prices of agricultural commodities.

According to the AOA, India does not need to reduce its subsidies because India's AMS is below 10 percent (based on 1986-88 period), therefore India does not have a total AMS reduction commitment under the agreement. In fact, India's AMS is negative. However, agricultural subsidies related to water and power are being removed under World Bank adjustment policies. Thus, the support to farmers is declining, whereas the support and subsidies to industries providing inputs for agriculture are increasing. For example, the subsidies for Urea increased from *Rs.* 16.7 billion in 1996-97 to *Rs.* 20 billion budgeted for 1997-98. Trade liberalization has, therefore, left India with an additional burden just for subsidies for chemical fertilizers. The politics of subsidies in the WTO is therefore clearly weighted in favor of industry and northern agribusiness and against farmers, especially those of the Third World.[16]

Market Access

The WTO agreement on the import of food is entitled "market access" and is covered by Part III, Articles 4 and 5 and Annexure 3. All signatory countries must convert quantitative restrictions and other non-tariff measures into ordinary customs duties. This is referred to as "tariffication." Countries have to provide minimum market access, beginning with 1 percent of the domestic consumption in the first year of the implementation period, to be increased in equal annual installments to 2 percent at the beginning of the fifth year. After that, it has to be increased to 4 percent. "Market access opportunities" are defined as "imports as a percentage of the corresponding domestic consumption."

Customs and other duties on imports are to be reduced by 36 percent (24 percent for developing countries) to facilitate imports at cheaper prices. Customs and other duties shall not exceed one-third of the level of the customs duties, i.e., these duties will be calculated on the basis of the difference between the import price and the trigger price. (The trigger price is the average of 1986 to 1988 prices.) Removal of quantitative restrictions on imports of agricultural commodities is a major goal of trade liberalization.

While the governments of Third World countries are busy meeting schedules, calculating AMS, and fighting disputes, the corporations are taking over their agricultural systems. Arithmetic has been made a mode of conquest and a source of distraction in the WTO. Government energy is focused on the arithmetic of dismantling, and corporate energy is focused on the politics of takeover.

According to the UN's Food and Agriculture Organization (FAO), as a result of trade liberalization measures, Africa's food import bill will go up from $8.4 billion to $14.9 billion by the year 2000. For Latin America and the Caribbean, the value of increased imports is $0.9 billion. For the Far East, the import bill will increase by $4.1 billion. For the Near East, the import bill will increase to $27 billion and the trade gap will widen from US$11 to US$19 billion by the year 2000.[17]

Export Competition

Articles 8-11 of the AOA deal with exports under the title "Export Competition." The official justification for the AOA is the removal of export subsidies that have facilitated the sale of large European Union and U.S. surpluses on the world market. The main elements of the export subsidy commitments are as follows:

- Export subsidies, measured in terms of both the volume of subsidized exports, and in terms of budgetary expenditure on subsidies, have been capped.

- Developed countries are committed to reducing the volume of subsidized exports by 21 percent and the expenditure on subsidies by 36 percent, both over a six-year period (1995-2000).
- For developing countries, the reduction commitments are 14 percent and 24 percent for volume and expenditure respectively, while the implementation period (1995-2004) lasts ten years rather than six. However, governments of developing countries can continue to subsidize the cost of marketing exports of agricultural products including handling, upgrading, and other processing costs and the costs of international transport and freight. The costs of internal transport and freight charges on export shipments can continue to receive subsidies.
- The agreement precludes export bans even in years of domestic shortages.

While the liberalization of exports was justified by the argument that Northern agricultural markets would open up to India, India's exports to Europe have actually declined from 13 percent to 6 percent. One of the reasons for this is because high subsidies and protectionist barriers are still largely maintained in the North. Thus, trade liberalization is a uni-directional phenomenon that opens markets in the South for Northern business and corporations but closes markets in the North for trade from the South.

Direct export subsidies of $14.5 billion will still be allowed under the AOA. The export subsidies that are allowed to developing countries are not subsidies to Third World farmers or the poor, because farmers do not export, companies do. They are subsidies that go to commercial and corporate interests, since it is northern agribusiness corporations which are expanding in the Third World, the exempted export subsidies for developing countries are again export subsidies to global corporations. Third World governments are, therefore, allowed to support global corporations but not their farmers and the poor since they can continue to subsidize transport, processing and marketing.

Transnational corporations therefore gain both from northern subsidies and southern subsidies under WTO rules. Further, northern subsidies to agribusiness have not been touched. Since the WTO was established, the United States has expanded export credit and marketing promotion programs. Even IMF loans to Third World countries have been used for export subsidies to U.S. agribusiness.

Dan Glickman, U.S. secretary of Agriculture, has stated, "The main reason we have not lost more exports to Asia is because the [U.S. Department of Agriculture] extended U.S. $2.1 billion in export credit guarantees. Without IMF actions another $2 billion in agricultural exports would have been at great risk in the short-term and far larger amounts in the long term." [18]

The 1996 U.S. Farm Bill mandated $5.5 billion for export promotion. An additional $1 billion was granted for promoting sales to "emerging markets." Another $90 million has been allocated for Market Access Programs which go to food and agriculture corporations for product promotion abroad.

WTO rules are for preserving and enhancing corporate subsidies and withdrawing support to farmers and rural communities whether they refer to Domestic Support, Market Access or Export Competition. Protection of farmers' livelihoods, food security, and sustainable agriculture requires major changes in the AOA.

Upcoming Review of the AOA

The United States has already announced that further liberalization of agriculture will be its top priority at the WTO Ministerial meeting in Seattle. However, the AOA does provide an opportunity to challenge this approach, which is a requirement (Article 20) that parties review the Agreement.

While Article 20 lays out the requirement for a review, the preamble of the Agreement provides an opening for challenging the current AOA on the basis of food security and environmental concerns. The preamble, in part, states:

Commitments under the reform program should be made in an equitable way among all Members, having regard to non-trade concerns, including food security and the need to protect the environment; having regard to the agreement that special and differential treatment for developing countries is an integral element of the negotiations, and taking into account the possible negative effects of the implementation of the reform program on least developed and net food-importing countries.

Recommendations regarding the AOA review:

1. The primary non-trade concerns identified in the AOA preamble are food security and sustainability. The impact of trade liberalization on both has been negative. On this basis, an exemption clause should be introduced in the WTO that allows countries to keep agriculture outside trade liberalization rules, allows them to support their agriculture and environment, and allows national sovereignty over policies for food security and sustainability.
2. The reviewed and amended AOA should have only two roles after agriculture has been exempted on food security grounds. Firstly, to remove export subsidies in all forms, including the disguised subsidies in export guarantee and credit schemes, investment, and transport. It is not the support at domestic levels that creates the problem of dumping. It is a combination of export subsidies and forced imports. If export subsidies were removed and countries were allowed to maintain quantitative restrictions for food security, not just for balance of payments purposes, domestic support would not translate into dumping and consequent destruction of local markets and local livelihoods.
3. The second important role of the AOA should be to prevent monopolies such as those enjoyed by Cargill in trade and those enjoyed by Monsanto in seeds. Consolidation and integration at all levels has led to monopoly conditions both at the level of inputs and at the level of food processing and distribution systems. Anti-monopoly, anti-trust laws should be introduced in agriculture.
4. The review process should include the following steps:

- Freeze on all further trade liberalization of agriculture and on implementation of current rules.
- Two-year review of impact of trade liberalization on food security and sustainability.
- Exempt agriculture from trade liberalization on the grounds of food security and sustainability and introduce anti-monopoly clauses.

Need for a New Paradigm

For these proposals to be realized, we need to build a movement around a new paradigm for food and agriculture that identifies trade liberalization itself as the cause of environmental degradation and loss of livelihoods for the poor in the South. Even where exports are possible, they are often at heavy social and ecological cost to commodities from the South. Therefore, the rules of the WTO must change and imports and exports should not be forced and food and agriculture must be removed and exempted from the "discipline" of free trade so that it can serve the objectives of food security and environmental protection.

Trade cannot, and must not be made the highest objective to govern food systems because this implies rule of trading interests i.e., the rule of global corporations. Corporations view food as a source of profits, not a source life and livelihoods. Because their profits can grow only by destroying livelihoods and self-provisioning systems of seed production and food production, globalization of trade in agriculture implies genocide. Revising free trade logic is necessary if life of humans and other species is to be protected.

Protection of domestic agriculture needs to be recognized as a food security imperative, and WTO rules should not undermine food security by destroying local agriculture and food systems through subsidized dumping. Putting up tariff barriers to genocide is a moral imperative.

Third World countries are now locked into growing export crops because of debt and balance of payment crises. Their exports should be facilitated through fair trade arrangements, i.e., trade that is not based on environmental destruction and displacement of small peasants and destruction of local food economies. Fair trade will not be ensured by the free trade rules of market access of WTO which can be forced on the South but not on the North. It needs a spirit of solidarity and rules of cooperation. Genocidal market competition needs to be replaced by ethical trading, fair trade, and new rules of North-South cooperation. We need to build a movement to allow countries to exclude food and agriculture from free-trade arrangements, so that ecological and social justice concerns can be the basis of how food is produced, distributed, and consumed.

C. *TRIPs and Biopiracy*

In addition to the AOA, the WTO threatens Third World food and agriculture through the Trade Related Intellectual Property Rights (TRIPs) agreement, which was introduced during the Uruguay Round of GATT. This agreement sets enforceable global rules on patents, copyrights, and trademarks. TRIPs rules extend to living resources, so that genes, cells, seeds, plants, and animals can now be patented and "owned" as intellectual property.[19] As a result, developing countries are being forced to reorganize their production and consumption patterns to allow monopolies by a handful of so-called "Life Sciences" corporations that are in reality peddlers of death.

History of Intellectual Property Rights

To understand the flaws of TRIPs, it is important to know that this agreement is essentially the globalization of western patent laws that historically have been used as instruments of conquest. The word "patents" derives from "letters patent"—the open letters granted by European sovereigns to conquer foreign lands or to obtain import monopolies. Christopher Columbus derived his right to the conquest of the Americas through the letter patent granted to him by Queen Isabel and King Ferdinand.[20]

In the United States, patent laws were originally a patchwork of state laws that did not offer protection for the patentee outside the state in which it had been granted. This changed in 1787, when members of the Constitutional Convention institutionalized a national statute. The politicians were convinced that a single federal patent law would serve the fledgling nation and its inventors far more effectively than the existing state patents. One outcome was that broad patents were granted in the United States for steamboats—in spite of the steam engine having been invented and patented by James Watt in Scotland fifteen years before.

The United States has continued to ignore the pre-existence and use of inventions in other countries when granting patents. Thus, paradoxically, a legal system aimed at preventing "intellectual piracy" is itself based on legitimizing piracy. This system is codified in Section 102 of the U.S. Patent Act of 1952, which denies patents for inventions that are in use in the United States but allows patents for inventions in use in other countries unless they have been described in a publication. If, for example, someone in Europe were operating a machine and you, in good faith, independently and without knowledge of its existence, developed your own invention that was essentially the same machine, that fact would not prevent you from obtaining a patent in the United States.

In addition, the United States has created unilateral instruments such as clause Special 301 in its Trade Act to force other countries to follow its patent laws. Thus, a country that depended on borrowed knowledge for its own development of industrial power has acted to block such transfer of knowledge and technology to other countries.

Introduction of TRIPs

During the Uruguay Round of the GATT, the United States introduced its flawed patent system into the WTO, and thus imposed it on the rest of the world. U.S. corporations have admitted that they drafted and lobbied on behalf of TRIPs. As a Monsanto spokesman said, "The industries and traders of world commerce have played simultaneously the role of patients, the diagnosticians, and prescribing physicians."

TRIPs not only made intellectual property rights (IPR) laws global geographically, but also removed ethical boundaries by including life forms and biodiversity into patentable subject matter. Living organisms and life forms that are self-creating were thus redefined as machines and artifacts made and invented by the patentee. Intellectual property rights and patents then give the patent holder a monopolistic right to prevent others from making, using, or selling seeds. Seed saving by farmers has now been redefined from a sacred duty to a criminal offence of stealing "property." Article 27.3 (b) of the TRIPs agreement, which relates to patents on living resources, was basically pushed by the "Life Science" companies to establish themselves as Lords of Life.

The chemical companies of the world have bought up seed and biotechnology companies and reorganized themselves as Life Science corporations, claiming patents on genes, seeds, plants and animals. Ciba Geigy and Sandoz have combined to form Novartis; Hoechst has joined with Rhone Poulenc to form Aventis; Zeneca has merged with Astia; Dupont has bought up Pioneer HiBred; and Monsantio now owns Cargill seeds, DeKalb, Calgene, Agracetus, Delta and Pine Land, Holden, and

Asgrow. Eighty percent of all genetically engineered seeds planted are Monsanto's "intellectual property." And Monsanto owns broad species patents on cotton, mustard, soyabean—crops that were not "invented" or "created" by Monsanto but have been evolved over centuries of innovation by farmers of India and East Asia working in close partnership with biodiversity gifted by nature.

There are three perversions inherent in patents on living material:

1. Ethical perversion

This refers to the claim that seeds, plants, sheep, cows, or human cell lines are nothing but "products of the mind" "created" by Monsanto, Novartis, Ian Wilmut or PPL. Living organisms have their intrinsic self-organization, they make themselves, and hence cannot be reduced to the status of "inventions" and "creations" of patent holders. They cannot be "owned" as private property because they are our ecological kin, not just "genetic mines."

2. Criminalization of Saving and Sharing Seeds

The recognition of corporations as "owners" of seed through intellectual property rights converts farmers into "thieves" when they save seed or share it with neighbors. Monsanto hires detectives to chase farmers who might be engaging in such "theft."

3. Encourages Biopiracy

"Biopiracy" is the theft of biodiversity and indigenous knowledge through patents. Biopiracy deprives the South in three ways:

- It creates a false claim to novelty and invention, even though the knowledge has evolved since ancient times. Thus, biopiracy is intellectual theft, which robs Third World people of their creativity and their intellectual resources.
- It diverts scarce biological resources to monopoly control of corporations, depriving local communities and indigenous practitioners. Thus, biopiracy is resource theft from the

poorest two thirds of humanity who depend on biodiversity for their livelihoods and basic needs.

- It creates market monopolies and excludes the original innovators from their rightful share of local, national, and international markets. Instead of preventing this organized economic theft, WTO rules protect the powerful and punish the victims. In a dispute initiated by the United States against India, the WTO forced India to change its patent laws and grant exclusive marketing rights to foreign corporations on the basis of foreign patents. Since many of these patents are based on biopiracy, the WTO is in fact promoting piracy through patents.

Over time, the consequences of TRIPs for the South's biodiversity and southern people's rights to their diversity will be severe. No one will be able to produce or reproduce patented agricultural, medicinal, or animal products freely, thus eroding livelihoods of small producers and preventing the poor from using their own resources and knowledge to meet their basic needs of health and nutrition. Royalties for their use will have to be paid to the patentees and unauthorized production will be penalized, thus increasing the debt burden.

Indian farmers, traditional practitioners, and traders will lose their market share in local, national and global markets. For example, recently the U.S. government granted a patent for the anti-diabetic properties of karela, jamun, and brinjal to two non-resident Indians, Onkar S. Tomer and Kripanath Borah, and their colleague Peter Gloniski. The use of these substances for control of diabetes is everyday knowledge and practice in India. Their medical use is documented in authoritative treatises like the "Wealth of India," the "Compendium of Indian Medicinal Plants" and the "Treatise on Indian Medicinal Plants."

If there were only one or two cases of such false claims to invention on the basis of biopiracy, they could be called an error.

However, biopiracy is an epidemic. Neem, haldi, pepper, harar, bahera, amla, mustard, basmati, ginger, castor, jaramla, amaltas and new karela and jamun have all been patented. The problem is not, as was made out to be in the case of turmeric, an error made by a patent clerk. The problem is deep and systemic. And it calls for a systemic change, not case-by-case challenges.

Some have suggested that biopiracy happens because Indian knowledge is not documented. That is far from true. Indigenous knowledge in India has been systematically documented, and this in fact has made piracy easier. And even the folk knowledge orally held by local communities deserves to be recognized as collective, cumulative innovation. The ignorance of such knowledge in the United States should not be allowed to treat piracy as invention.

The potential costs of biopiracy to the Third World poor are very high since two thirds of the people in the South depend on free access to biodiversity for their livelihoods and needs. Seventy percent of seed in India is saved or shared farmers' seed; 70 percent of healing is based on indigenous medicine using local plants.

If a patent system that is supposed to reward inventiveness and creativity systematically rewards piracy, if a patent system fails to honestly apply criteria of novelty and nonobviousness in the granting of patents related to indigenous knowledge, then the system is flawed, and it needs to change. It cannot be the basis of granting patents or establishing exclusive marketing rights. The problem of biopiracy is a result of Western-style IPR systems, not the absence of such IPR systems in India. Therefore, the implementation of TRIPs, which is based on the U.S.-style patent regimes, should be immediately stopped and its review started.

The survival of the anachronistic Art. 102 of the U.S. Patent Law thus enables the United States to pirate knowledge freely from other countries, patent it, and then fiercely protect this stolen knowledge as "intellectual property." Knowledge flows freely into the United States but is prevented from flowing freely out of the United States. If biopiracy is to stop, then the U.S. patent laws must change, and Article 102 must be redrafted to recognize *prior art* of other countries. This is especially important given that U.S. patent laws have been globalized through the TRIPs agreement of the WTO.

Upcoming Review of TRIPs

In 1999, Article 27.3 (b) of the TRIPs agreement is scheduled to come up for review. This is the article that most directly impacts indigenous knowledge because it relates to living resources and biodiversity. In the year 2000, countries can also call for an amendment of TRIPs as a whole.

The review and amendment of TRIPs should begin with an examination of the deficiencies and weakness of western-style IPS systems. Instead of being pressured, as India has been, to implement a perverse IPR system through TRIPs, developing countries should lead a campaign in the WTO for review and amendment of the system. In the meantime, these countries should freeze the implementation of TRIPs. While TRIPs implementation is frozen, they should make domestic laws that protect indigenous knowledge as the common property of the people, and as a national heritage.

The implementation of the Convention on Biological Diversity (CBD) enables us to do this. Because CBD is also an international treaty, protecting indigenous knowledge via a Biodiversity Act does not violate international obligations. In fact, removing the inconsistencies between TRIPs and CBD should be an important part of the international campaign for the review and amendment of TRIPs.

Piracy of indigenous knowledge will continue until patent laws directly address this issue, exclude patents on indigenous

knowledge and trivial modifications of it, and create sui generis systems for the protection of collective, cumulative innovation.

The protection of diverse knowledge systems requires a diversity of IPR systems, including systems that do not reduce knowledge and innovation to private property for monopolistic profits. Systems of common property in knowledge need to be evolved for preserving the integrity of indigenous knowledge systems on the basis of which our everyday survival is based.

Neither TRIPs nor the U.S. patent law recognize knowledge as a "commons," nor do they recognize the collective, cumulative innovation embodied in indigenous knowledge systems. Thus, if indigenous knowledge is to be protected, then TRIPs and U.S. patent laws must change. Nothing less than an overhaul of western-style IPR systems with their intrinsic weaknesses will stop the epidemic of biopiracy. And if biopiracy is not stopped, the every day survival of ordinary Indians will be threatened, as over time our indigenous knowledge and resources will be used to make patented commodities for global trade. Global corporate profits will grow at the cost of the food rights, health rights, and knowledge rights of one billion Indians, two thirds of whom are too poor to meet their needs through the global market place.

Patents on indigenous knowledge and uses of plants is an "enclosure" of the intellectual and biological commons on which the poor depend. Robbed of their rights and entitlements to freely use nature's capital because that is the only capital they have access to, the poor in the Third World will be pushed to extinction. Like the diverse species on which they depend, they too are a threatened species.

Citizens' Movements

"No patents on life" movements and movements against biopiracy are already strong in the North and South. These citizens initiatives need to be the basis of the TRIPs to exclude life from patents and IPR monopolies. In India, Navdanya (the movement for conservation of native seeds) has catalyzed broad-based alliances for food freedom and seed freedom with farmers' groups, women's groups, and environmental groups. The Bija Satyagraha or Seed Satyagraha is the non-cooperation movement against patents on life, genetic engineering of crops and corporate monopolies in agriculture. The "Jaiv Panchayat" movement or the Living Democracy movement focuses on the protection of all species and for local democratic control on biodiversity and indigenous knowledge.

During Freedom Week, August 9-15, 1999, the Living Democracy movement from more than 500 village communities sent notices to biopirates such as W.R. Grace, which has claimed the use of neem as pesticide as its invention; Monsanto, whose subsidiary Calgene has patents on mustard and castor; and RiceTec, which has a patent on basmati. Notices have also been sent to the WTO for overstepping its jurisdiction because under traditional legal systems and under the Indian Constitution, the local community (*gram sabha*) is the highest competent authority on matters related to biodiversity.

Another peoples' organization, *Hamara Roti, Hamara Azadi* (Our Bread, Our Freedom), brings together environmentalists, women, farmers, workers, and students. The coalition is increasing awareness of corporations such as Monsanto and Cargill, which are trying to control Indian agriculture and are destroying millions of livelihoods in food production and food processing, destroying the rich biological and cultural diversity of our agricultural and food systems, and destroying the ecologically sustainable consumption patterns. On August 13, 1999, protestors at the Delhi offices of Monsanto and Cargill demanded that the corporations divest from India and stop their ecocide and genocide.

The TRIPs agreement has an impact on biodiversity and thus subverts our democratic rights to our biodiversity and indigenous knowledge. Biodiversity should stay in the hands of local communities. This is a right recognized in our traditions and enshrined in our Constitution. The WTO is destroying our democratic decision-making structures by forcing the government to undo the Panchayati rights of the people in decentralized democratic structures through the implementation of TRIPs. Our campaign for the review of TRIPs will be to designate the *gram sabha*, or local community, as the competent authority for the defense of biodiversity and the protection of indigenous knowledge as collective and cumulative innovation.

CONCLUSION

THE REAL MILLENNIUM ROUND for the WTO is the beginning of a new democratic debate about the future of the earth and the future of its people. The centralized, undemocratic rules and structures of the WTO that are establishing global corporate rule based on monopolies and monocultures need to give way to an earth democracy supported by decentralization and diversity. The rights of all species and the rights of all peoples must come before the rights of corporations to make limitless profits through limitless destruction.

Free trade is not leading to freedom. It is leading to slavery. Diverse life forms are being enslaved through patents on life, farmers are being enslaved into high-tech slavery, and countries are being enslaved into debt and dependence and destruction of their domestic economies.

We want a new millennium based on economic democracy, not economic totalitarianism. The future is possible for humans and other species only if the principles of competition, organized greed, commodification of all life, monocultures and monopolies, and centralized global corporate control of our daily lives enshrined in the WTO are replaced by the principles of protection of people and nature, the obligation of giving and sharing diversity, and the decentralization and self-organization enshrined in our diverse cultures and national constitutions.

The WTO rules violate principles of human rights and ecological survival. They violate rules of justice and sustainability. They are rules of warfare against the people and the planet. Changing these rules is the most important democratic and human rights struggle of our times. It is a matter of survival.

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