

# The World Trade Organisation Agreement on Agriculture *and Its Impact on Malaysia*

*Organised by:*

**ERA**  
**CONSUMER**  
**MALAYSIA**

**Education and  
Research  
Association  
for Consumers  
Malaysia**

*and*

**ASIA PACIFIC  
RESEARCH  
NETWORK**



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**ERA CONSUMER MALAYSIA**

*(Education and Research Association for Consumers, Malaysia)*

*ERA CONSUMER is a voluntary, non-political and non-profit organisation. ERA focuses on issues ranging from food security, human rights, environment, and consumer rights to women's rights for a socially just and equitable society.*

## The Presenters

**Rosario Bella Guzman** is the incoming Executive Director of IBON Foundation Inc. She was the Research Head and Deputy Executive Director of IBON. Guzman finished AB Economics at the University of the Philippines in Diliman.

**Antonio Tujan Jr** is the outgoing Executive Director of IBON and currently the Executive Editor and Research Director of IBON.

**Danilo A. Arao** is the head of the research and databank department of IBON Foundation Inc. He also acts as the institution's webmaster. Arao also teaches Journalism in the University of the Philippines.

**B. Sivananthan** is a lawyer by training and is a council member of ERA Consumer, Malaysia. He is also the international trade consultant for ERA Malaysia. Siva also heads a research and market survey company.

## The Organisers

### ***IBON Foundation Inc***

Timely information, incisive analysis in popular style and effective education are the main characteristics of IBON Foundation Inc. IBON is a research-education development institution based in the Philippines, undertaking the study of socio-economic issues that confront Philippine society today. From its humble beginnings, IBON has developed into a multi-programme institution that has a very strong presence in the formal education sector, in providing non-formal education and training to peoples' organisations, in conducting in-depth research and information services for all sectors of society. It also services the mainstream mass media and maintains an original databank and research and publications programmes. IBON Foundation is a dynamic people's institution that is constantly responding to and developing its services according to the needs and demands of the people.

IBON's main programmes are:

- IBON Databank and Research
- IBON Partnership in Education for Development

- IBON People's Education Resource Centre
- IBON Media Services
- IBON Environment Desk
- Institute of Political Economy

### ***Asia Pacific Research Network [APRN]***

The Asia Pacific Research Network is a network of leading research NGOs in the region with the main purpose of exchanging information on international issues as well as experiences, technologies and methods in research.

APRN currently has network partners in 11 countries, bringing together some of the best researchers and research methodologies in the Asia Pacific region for the objective of achieving social justice.

### ***Education and Research Association for Consumers, Malaysia [ERA Consumer]***

ERA Consumer is a voluntary, non-political and non-profit organisation. ERA focuses on a wide array of issues, including food security, human rights, the environment, consumers' rights and women's rights for a socially just and equitable society. ERA Consumer has been mandated to act as the National Coordinator for the Human Rights Education Programme in Malaysia through a National Civil Society Organisations consultation held in 1999. The Human Rights Division of ERA conducts various activities and programmes to promote human rights education in Malaysia, including human rights training programmes and educational programmes and consultations on the Human Rights Commission of Malaysia (or SUHAKAM). ERA has also been working closely with SUHAKAM on a number of issues, especially on those relating to education, as ERA is a member of the Sub-committee of the Working Group on Education of SUHAKAM.

## The World Trade Organisation (WTO)

Established on Jan 1, 1995 the World Trade Organisation is a multilateral organisation of governments aimed at eliminating trade barriers through the reduction of tariffs and quotas and the abolition of preferential trade agreements. To understand what the WTO is, one has to go back to the circumstances around the formation of the General Agreement on Tariffs and Trade (GATT), which gave birth to the WTO.

The GATT was formally established in 1948 by 23 countries as one of the three key institutions – the other two being the International Monetary Fund and the World Bank – for post-World War II reconstruction, designed to promote free markets and economic growth.

While the IMF was tasked with lending capital to countries experiencing a balance-of-payments crisis, the World Bank was given the job of financing the rehabilitation of war-ravaged countries through infrastructure development and GATT was to provide the framework for the conduct of international trade. These multilateral institutions went on to become the main instruments for economic recovery, reviving markets and ensuring that these markets remain open and able to absorb the surplus products.

Through the years, GATT was fortified in several rounds of multilateral negotiations. These rounds were Geneva in 1947; Annecy in 1948; Torquay in 1950; Geneva in 1956; Dillon, 1960-61; Kennedy, 1964-67; Tokyo, 1973-79; Uruguay, 1986-1994; Seattle, 1999 and Doha, 2000.

The Uruguay Round was the most comprehensive of the series of such negotiations, since it produced the most fundamental reform of the global trading system since 1947. It reached agreement to encompass traditional areas such as agriculture and textile, which had long been resistant to reform. The new issues tackled in Uruguay broadened the coverage of world trade rules to important areas never before subjected to multilateral discipline. Among the important areas are trade in services (as embodied in the General Agreement on Trade in Services or GATS), trade-related aspects of intellectual property rights (TRIPS) and trade-related investment measures (TRIMS).

The Uruguay Round also strengthened and reinforced mechanisms in multilateral dispute settlement and trade policy review. Lastly and significantly, the Uruguay Round firmed up the institutional charter of the GATT by establishing the WTO to consolidate the results of previous trade negotiations under a common framework.

The WTO is thus an expansion of the GATT free trade principles and is equipped with the power to enforce them. It works closely with the IMF and the World Bank, both of which often include WTO agreements and principles as part of their programmes.

Regional trade agreements are also part of the WTO framework. Examples of these are the North American Free Trade Agreement (NAFTA), the Asia-Pacific Economic Cooperation (APEC) and the European Union. All of these regional agreements also promote the WTO agenda, or even go further.

### ***How the WTO works***

The trade body has instituted a dispute settlement process that member countries will have to go through should there be a complaint that any of these countries are not implementing any of the provisions in the various agreements under it. There are mechanisms in place that make the WTO an effective and powerful body.

If a country has a grievance against another on the rights and obligations of the WTO, the complaining party can go to the Dispute Settlement Body (DSB). But because this process is cumbersome, developed countries opt to use threats to take retaliatory actions. Retaliation is often the ultimate weapon, taken usually against developing countries which cannot afford sanctions against them and are too powerless to fight back.

What is more menacing is that cross-retaliation is permitted. This means that retaliatory action can be taken against goods for violation of obligations on services (cross-agreement) or on agricultural products for violation of obligations on textiles (cross-sector). This punitive mechanism gives a sharp bite to the WTO.

On decision-making, the Ministerial Conference is the WTO's highest decision-making body. It is composed of the representatives of all member countries and meets at least once in two years. In the period between ministerial meetings, its functions are performed by the General Council.

Specific areas of the WTO are supervised by councils – the Council for Trade in Goods, the Council for Trade in Services and the Council for TRIPS. These councils make sure that the agreements function and serve their purpose.

Decision-making in the WTO is supposedly by consensus. If consensus cannot be reached, the issue is decided by voting. Each member country has one vote

and this mechanism makes the WTO appear democratic.

However, the fact is that decisions by the trade body are often reached outside formal meetings. Informal, unofficial meetings normally take place, usually among developed countries, and the matters are actually quite resolved when presented to the rest of the WTO members. Private meetings of the self-styled Quad Countries, Japan, the United States, Canada and the European Union, are already commonplace. The Quad merely thrust their decisions on other member countries, whether they approve or not.

### ***The WTO today***

After their failure to push for a new round of trade negotiations in Seattle, the industrialised countries, particularly the US and the EU began to eye the Doha Round as the venue for the expansion of the scope and commitments in the ongoing review of the Agreement on Agriculture (AoA) and the GATS. In particular, this is to be an expansion of the WTO coverage into issues like investment, competition policy and government procurement. This would mean refinements of the AoA, GATS, TRIPS and TRIMS and would include non-trade issues like labour and environment standards that are being pushed by the US, EU and Japan.

The US and EU are bent on having a new round and are pressuring countries of the developing world to toe the line. However, this is going to be another rough sailing for the industrialised countries as the people's protests against the WTO, spearheaded by concerned non-governmental organisations (NGOs), are spreading. Likewise, an increasing number of developing countries are calling for an objective assessment of the impact of the WTO on their respective economies and some are even calling for a total overhaul of the WTO itself.

The Working Group on the WTO/Multilateral Investment Agreement describes the WTO as one of the main mechanisms of global corporate globalisation whose 700-plus pages of rules set out a comprehensive system of corporate-managed trade.<sup>1</sup> It says that under the WTO's system of corporate-managed trade, economic efficiency, reflected in short-run corporate profits, dominates other values. Decisions affecting the economy are to be confined to the private sector, while social and environmental costs are borne by the public.

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<sup>1</sup> Working Group on the WTO/MAI: A Citizen's Guide to the World Trade Organisation (July 1999)

Sometimes called the “neo-liberal” model, the WTO system sidelines environmental rules, health safeguards and labour standards in order to provide transnational corporations with a cheap supply of labour and natural resources. The WTO also guarantees corporate access to foreign markets without requiring that the TNCs respect the domestic priorities of the countries concerned. In fact, says the Working Group, “a global system of enforceable rules has been created where corporations have all the rights, governments have all the obligations and democracy is left behind in the dust”.

## The Agreement on Agriculture

The Uruguay Round Agreement on Agriculture sets rules on international food trade and on domestic agriculture policy. These rules have accelerated the rapid concentration of agribusinesses and undercut the ability of the poor countries to maintain food self-sufficiency through subsistence agriculture.

The AoA assumes that rather than being self-sufficient in food, countries will buy their food in international markets using money earned from exports. However, many less developed countries face low commodity prices for their limited range of exports.

During the first four years of the existence of the WTO, the prices of agricultural commodities fell to record lows, while food prices remained high. This system hurts both farmers and consumers, and paves the way for TNCs to dominate markets, especially in the poor countries.

Rules are needed to address the rapid concentration of TNCs in agribusiness. A small handful of companies trade virtually all the world’s corn, wheat and soyabeans. This increased consolidation of agribusiness in the hands of a few TNCs has led to near monopoly conditions in both the farm supply industry and in the food processing and distribution systems.

The AoA has been described as one of the main accomplishments of the marathon seven-year Uruguay Round. It was signed with the objective of bringing discipline into one of the most distorted sectors of international trade, by controlling the unrestricted use of production and export subsidies and reducing tariff and non-tariff barriers on imports of agricultural products.

The AoA covers three main areas: reductions in farm export subsidies, increases in import market access and cuts in domestic producer subsidies. For example,



on reductions in farm export subsidies, budget outlays of industrialised countries are to be cut by 36% in value terms (24% for developing countries), and the volume of subsidised exports for each commodity will be reduced by 21% (14% for developing nations), over the six years from 1995 to 2000 (10 years to 2004 for developing countries) from their 1986-90 base-period averages. Moreover, no export subsidies not in place in the base year may be added.

As far as cuts in domestic producer subsidies are concerned, a common measure called the “Aggregate Measure of Support”, which quantifies the amount of domestic support to producers, is to be reduced by 20% (13.3% for developing countries) over the implementation period from the 1986-88 level on average.

There are also a number of other provisions that complement and further delimit the rules on the three main areas. Under the “peace clause”, domestic support policies subject to reduction commitments are actionable if they cause injury, but export subsidies included in the Schedules are not exempt from most challenges and are subject to countervailing duties only if they cause injury. Also, policies included in the “Green Box” are not actionable.

The so-called Green Box, bilaterally negotiated between the United States and the European Union, allows governments to provide subsidies which are “non-trade distorting” in character. These include direct payments to farmers who, by the definition of the US and the EU, are “de-coupled” from production.

# Glossary of Trade Terms<sup>2</sup>

## **Aggregate Measure of Support (AMS):**

An index that measures the monetary value of the extent of government support to an economic sector. As defined in the Agreement on Agriculture, the AMS includes both direct and indirect government supports to the sector, if they are judged to create distortions in the market. For example, it includes both direct payments to farmers, such as payments to guarantee them a higher than world market price, as well as indirect payments such as taxes on food at the point of sale to consumers that are used to support farm programmes. The AMS is different from another broader concept of agricultural support called the Producer Subsidy Equivalent (PSE) because certain PSE policies are excluded from the AMS, and because of the methodology used to compute direct payments and market price support benefits.

## **Amber Box:**

A popular expression referring to the set of domestic supports, which are considered to be production and trade distorting and are measured by an index termed the Aggregate Measure of Support (AMS).

## **Bound Tariff Rates:**

Tariff rates resulting from GATT negotiations or accessions that are incorporated as part of a country's schedule of concessions. Bound rates are enforceable under Article II of GATT. If a GATT contracting party raises a tariff above the bound rate, the affected countries have the right to retaliate against an equivalent value of the offending country's exports or receive compensation, usually in the form of reduced tariffs of other products they export to the offending country. However, countries are free at any time to reduce their bound tariffs still further. Bound tariffs can be lowered but not raised.

## **Blue Box:**

A popular expression to represent the set of provisions in the Agreement on Agriculture that exempts from reduction commitments those programme payments received under production limiting programmes – if they are based on fixed area and yields or a fixed number of head of livestock, or if they are made on 85% or less of base level of production. US' Deficiency payments were exempt under this provision as compliance with acreage reduction programmes was required for eligibility, and payments were made on no more than 85% of established base acreage, and individual farm yields had been fixed since 1996. Blue Box policies are contained in Article 6.5 of the Agreement on Agriculture.

## **Cairns Group:**

A group of nations formed in 1986 at Cairns, Australia. The group seeks the removal of trade barriers and substantial reductions in subsidies affecting agricultural trade.

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<sup>2</sup> Aileen Kwa and Walden Bello, Focus on the Global South (December 1998)

These goals were in response to depressed commodity prices and reduced export earnings stemming from subsidy wars between the US and the EU. The members account for a significant portion of the world's agricultural exports. The group includes major food exporters from both developed and developing countries: Argentina, Australia, Brazil, Canada, Chile, Colombia, Indonesia, Malaysia, New Zealand, the Philippines, South Africa, Thailand, and Uruguay. The Cairns Group was a strong coalition in the Uruguay Round of multilateral trade negotiations.

### **Country Schedules:**

The official schedules of subsidy commitments and tariff bindings as agreed to under GATT for member countries.

### **Decoupled Payments:**

These supports paid to producers are not dependent on prices or production levels. In theory, no production is required to receive these payments, though in reality, production continues while payments are made based on some other criteria. In the AoA, decoupled payments are deemed to be non-trade distorting and are allowable under the "Green Box".

### **De Minimis Provision:**

This provision allows countries to maintain a certain level of AMS. For developed countries, this level can be up to 5% of the value of production for individual products (product specific support), and 5% of the value of a country's total agricultural production (non-product specific support). For developing countries, support can be up to 10%. Within the Agreement on Agriculture, however, countries can only provide these levels of support if they are within the 1992 support levels because of the due restraint clause.

### **Deficiency Payment:**

This was allowed under the Blue Box since, in the US, compliance with acreage reduction programmes was required for eligibility. It is a direct government payment made to US farmers who participated in wheat, feed grain, rice, or cotton programmes prior to 1996. Deficiency payments bridged the gap between the national average market price and a politically determined target price to support farm incomes which were set by the US Department of Agriculture. The total payment to a farmer was equal to the payment rate, multiplied by a farm's eligible payment acreage and the programme yield established for the particular farm. Deficiency payment programmes in the US were eliminated in the 1996 Farm Act and have since been replaced by another subsidy programme, the production flexibility contract payment.

### **Dispute Settlement Body (DSB):**

The General Council of the WTO, composed of representatives of all member countries, convenes as the Dispute Settlement Body to administer rules and procedures agreed to in various agreements. The DSB has authority to establish panels, adopt panel and Appellate Body reports, maintain surveillance of

implementation of rulings and recommendations, and authorise suspension of concessions or other obligations under the various agreements.

**Due Restraint Provision:**

The Uruguay Round (UR) Agreement on Agriculture provision that sets a 9-year period, during which domestic support policies and export subsidy arrangements are exempt from GATT challenges.

**European Union (EU):**

Established by the Treaty of Rome in 1957 and known previously as the European Economic Community and the Common Market. Originally composed of six European nations, it has expanded to 15. The EU attempts to unify and integrate member economies by establishing customs union and common economic policies, including the Common Agricultural Policy. Member nations are Austria, Belgium, Denmark, Germany, Greece, Finland, France, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom. The European Commission, the secretariat of the EU, represents the 15 member countries at the WTO where the group speaks as a block.

**Export Subsidies:**

Special incentives, such as cash payments, extended by governments to encourage increased foreign sales; often used when a nation's domestic price for a product is artificially raised above world market prices.

**Final Act:**

Formally called the "Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations", the Final Act is the legal document containing the texts of all provisions agreed upon during the Uruguay Round. The signing and adoption of the Final Act initiated the transition from the GATT to the WTO.

**Food Aid Convention (FAC):**

First negotiated in 1967 and administered by the Secretariat of the International Grains Council, the Food Aid Convention administrators audit food aid donor members to verify that they have complied with their FAC commitments. According to the 1995 Convention, these commitments range from 2.5 million tonnes of wheat equivalents for the United States, to 20,000 tonnes for the smallest FAC donor member. Current FAC members are the US, the 15 members of the European Union, Canada, Japan, Australia, Switzerland, Norway, and Argentina. The FAC itself does not deliver international food aid or co-ordinate the food aid programmes of its members. At the WTO Singapore Ministerial Conference in 1996, it was agreed that the food aid component of the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed and Net Food Importing-Developing Countries be forwarded to the Food Aid Convention for consideration.

**Formula-based Tariff Reductions:**

A method of negotiating tariff reductions using an agreed-upon formula applied to tariff rates (with limited exceptions being granted for very sensitive items) by all contracting parties.

**General Agreement on Tariffs and Trade (GATT):**

An agreement originally negotiated in Geneva, Switzerland, in 1947 among 23 countries, including the US, to increase international trade by reducing tariffs and other trade barriers. The agreement provides a code of conduct for international commerce and a framework for periodic multilateral negotiations on trade liberalisation and expansion.

**Green Box:**

A colloquial term that describes domestic support policies that are not subject to reduction commitments under the Agreement on Agriculture. These policies are **said** to affect trade minimally, and include support such as research, extension, food security stocks, disaster payments and structural adjustment programmes.

**Market Access:**

The extent to which a country permits imports. A variety of tariff and non-tariff trade barriers can be used to limit the entry of foreign products, thereby reducing market access.

**Most-favoured-nation (MFN) Status:**

An agreement between countries to extend the same trading privileges to each other that they extend to any other country. The MFN rule is a founding principle of the WTO. Under a most-favoured-nation agreement, for example, a country will extend to another country the lowest tariff rates it applies to any third country. A country is under no obligation to extend MFN treatment to another country, unless they are both members of the WTO, or unless MFN is specified in an agreement between them. The WTO allows some exceptions to the rule, for instance to allow developed countries to extend more favourable trading terms to least developed countries.

**Non-tariff Barriers:**

Regulations used by governments to restrict imports from, and exports to, other countries, including embargoes, import quotas, and technical barriers to trade. These include health and environmental standards.

**Notification Process:**

The annual process by which member countries report to the WTO information on commitments, changes in policies and other related matters as required by the various agreements.

**Organisation for Economic Cooperation and Development (OECD):**

An organisation founded in 1961 to promote economic growth, employment, a rising standard of living, and financial stability; to assist the economic expansion of member and non-member developing countries and to expand world trade. The member countries are Australia, Austria, Belgium, Canada, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, South Korea, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the US.

**Peace Clause:**

See **Due Restraint Provision**.

**Producer Subsidy Equivalent (PSE):**

A broadly defined aggregate measure of support to agriculture that combines into one total value aggregate, all the transfers which arise from the different instruments of agricultural support, both trade and supposedly non-trade distorting. In the US, these include direct payments to producers financed by budgetary outlays, such as deficiency payments, budgetary outlays for certain other programmes assumed to provide benefits to agriculture (such as research and inspection and environmental programmes) and the estimated value of revenue transfers from consumers to producers as a result of policies that distort market prices. The PSE seeks to reflect the full range of economic distortions arising from agricultural policies.

**Production Control:**

Any government programme or policy intended to limit production. In agriculture, these have included acreage allotments, acreage reduction, set-asides and diverted acreage.

**Production Flexibility Contract Payments (PFCP):**

Direct payments to US farmers for contract crops through 2002 under the US 1996 Farm Act. Payments for each crop are allocated each fiscal year based on fixed percentage shares specified in the Act. The percentages were based on the Congressional Budget Office's March 1995 forecast of what deficiency payments would have been for 1996 to 2002 under the 1990 farm legislation. PFCPs were initially higher than deficiency payments paid to farmers. However, they have been set on a descending scale, heading for zero payments by 2002.

**Sanitary and Phytosanitary (SPS) Measures:**

Technical barriers designed for the protection of human health or the control of animal and plant pests and diseases.

**Special Safeguard Provisions:**

Provisions within the UR Agreement on Agriculture designed to protect the

products that were subject to tariffication (as a result of implementation of the Agreement) from surges in imports or large price declines.

**Special Treatment Clause:**

A clause in the UR Agreement on Agriculture that gives countries the option of foregoing tariffication on some commodities and instead requires minimum imports above the minimum access commitments of 3% to 5% of consumption. This clause was added to temporarily placate Japan and South Korea by providing protection for their rice sectors. In the case of Japan, for instance, the minimum import requirements for rice are at 4% of consumption in 1995, rising to 8% in 2000.

**Tariff:**

A tax imposed on imported products by a government which consumers have to pay. A tariff may be either a fixed charge per unit of product imported (specific tariff) or a fixed percentage of value (ad valorem tariff). Tariffs are generally imposed when governments do not want imported products to compete with locally made ones. Tariffs are also sometimes used to tax exports, in order to generate revenue, or to keep certain products available on the domestic market.

**Tariff Escalation:**

When import duties are higher on semi-processed products than on raw materials, and higher still on finished products. This escalation serves to keep the global market open for raw materials but ensures that the countries producing higher-end processed products are insulated from competition. Effectively, this entrenches developing countries in the position whereby they remain exporters of cheap raw products since their processed products, if any, are barred from entering the global market.

**Tariff Peaks:**

High tariffs (far above the average tariffs of a country) used to shelter some “sensitive” industries or products, such as textiles, leather goods and food products.

**Tariff-rate Quota:**

Quantitative limit (quota) on imported goods, above which a higher tariff rate is applied. A lower tariff rate applies to any imports below the quota amount.

**Tariffication:**

The process of converting non-tariff trade barriers to bound tariffs. This is done under the UR agreement in order to improve the transparency of existing agricultural trade barriers and facilitate their proposed reduction.

**Trade Liberalisation:**

A term which describes the complete or partial elimination of government policies or subsidies that restrict trade. The removal of trade-distorting policies may be done by one country (unilaterally) or by many (multilaterally).

# **National Workshop on The World Trade Organisation Agreement on Agriculture and its Implications on Malaysia**

## ***Introduction***

The World Trade Organisation [WTO], since its inception in 1995 has gained prominence for different reasons worldwide. What is clear, however, is its all-encompassing ability to have changed the face of global socio-economic, political, and ecological activities and development. The future where one supranational organisation governs world trade has become a treacherous reality.

Malaysia, after rejecting The International Monetary Fund's policy prescriptions for economic reforms and successfully initiating its own brand of economics, has managed to show the world that nations must be allowed economic flexibility in addressing their issues in order to protect sovereignty, national interest and their citizens.

The recent chain of events beginning with the formation of the WTO, followed by the Asian Financial Crisis, devaluation of the Malaysian ringgit, the burgeoning food import bill in Malaysia and the failure of the Seattle Ministerial Conference brings an urgent need to discourse and understand global economics and the role of WTO in escalating the domination of a select few over the rest of the world. Looking through history, the WTO is but a form of neo-colonisation. This is the very reason that all governments and civil society should analyse the WTO critically and evaluate the promises it made to bring prosperity to all nations.

This workshop aims and intends to:

- Analyse the Agreement on Agriculture closely within the framework of the WTO and its implications on Malaysia. This workshop intends to show the hegemonic dominance of certain vested interests in governing world trade, especially in the control of technology and dominating food production capabilities.
- Bring together relevant Malaysian policymakers, technocrats, academia and civil society actors in an effort to demystify the WTO mantra of a globalised and liberalised economy that will bring wealth and prosperity to the whole world.
- Bring Malaysian policymakers, technocrats, academia and civil society actors to address the issues faced by the Malaysian agriculture sector in the face of growing threats to national interest posed by the WTO.



# Programme

## ***Day 1 : Feb 26, 2000***

### ***Morning Session***

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9am – 9.45am	WTO and Globalisation <i>Antonio Tujan Jr</i> Executive Editor, IBON Foundation Inc
9.45am – 10.30am	WTO Experience in Malaysia B. Sivananthan International Trade Consultant, ERA Consumer Malaysia
10.30am – 11am.	Coffee Break
11am – Noon	Open Forum
Noon – 12.45pm	AoA and Developing Countries: On Food Security and Imbalances <i>Danny Arao</i> Head, Research Department IBON Foundation Inc
12.45pm – 1.30pm	AoA and Transnational Corporations: Imperialism and Agriculture <i>Rosario-Bella Guzman</i> Executive Director, IBON Foundation Inc.
1.30pm – 2.30pm	Lunch Break/ Press Conference

### ***Afternoon Session***

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2.30pm – 3.30pm	Workshop: AoA and the Malaysian Experience  Workshop 1: Liberalisation in Agriculture, MNCs and TNCs and their effects Chairperson: Warner Ong Workshop 2: Biotechnology and GMO – Its effects on Malaysia <i>Chairperson: Bishan Singh</i>
3.30pm – 4pm	Tea Break
4pm – 5pm	Plenary and workshop presentation

## **Day 2 : Feb 27, 2000**

### ***Morning Session***

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9am. – 10am	Recap of the previous day's sessions The need for research Rosario-Bella Guzman <i>Executive Director, IBON Foundation Inc</i>
10am – 10.30am	Coffee Break
10.30am – 11.30am	Workshops – chair: Gurmit Singh a) Information Work & Research b) Advocacy and Lobbying
11.30pm – 12.30pm	Plenary
12.30pm – 1.30pm	The Next Steps
2.00pm	Lunch and end of programme

# Proceedings

## Day 1

### *Introduction*

The programme started with introductions at 9am, with the 30-odd participants introducing themselves, after which they were briefed on how the workshop would be conducted and what was expected of the participants. They were also briefed on a few areas that needed to be looked into. For example, what has happened to trade; why is agriculture a stumbling block to international trade; what is Malaysia's position where the AoA is concerned. Then, the first speaker for the day, Anthony Tujan, the Executive Editor of the APRN Journal, was introduced.

### *Session I: WTO and Globalisation*

Anthony Tujan began his session by stating that NGOs have been studying the WTO and the effect it will have on countries of the world since 1994. What took place in the Seattle Ministerial meeting on the WTO was a congruence of three conflicts:

- i) conflict of major powers, largely between the EU and the US
- ii) congruence of the key developing countries – stronger voice for like-minded people
- iii) Social protests against the effect of the WTO in areas of environment, agriculture, etc.

Tujan went on to clarify concepts: First, what is **globalisation**? It is a very democratic word with so many meanings and myths attached to it. Essentially, it is a process of economic integration, which is subject to a lot of politics. There is a greater role for international trade, production, finance and investment and for this to take place, the TNCs have become sources of integration.

Globalisation is about technology. It is (a) desirable and (b) inexorable. The key foundation is technological revolution. The new level of industrial revolution is defined by genetic engineering and modification (GE and GM), biotechnology, robotics, etc. It has brought about new industries, processes and products, and with it, new lifestyles and new consumer demands. Technology alone does not

lead to globalisation. What brings about the process of integration is the question of corporate control – the control exercised by TNCs, which impose selective restructuring of labour and international reorganisation of production. For example, products are assembled in countries with cheap labour and the final process is conducted in the more advanced countries. This is determined by the economic returns the TNCs seek, and it often does not benefit the poor countries.

Next comes the question of maximising differentiation through the restructuring of trade in goods by utilising export subsidies. Then comes the issue of international consolidation of upstream and downstream industries through TNC links. Corporate control is in play here, through virtual control. It only benefits global giants like the TNCs.

Transportation used to be the reason for discouraging or prohibiting the purchase of goods from nations far away. However, globalisation has brought about reduced costs of communication and transportation because of technology and advances in telecommunications: we have moved from mail to telephone and faxes, and now to e-mail.

Technological development was utilised by corporations to promote globalisation. It is not an objective process. It is not democratic and not for everyone. Through virtual control, the marginalised will suffer.

Globalisation can be revised for economic and social justice. The process can be changed to bring about people-centred globalisation – a conscious process.

From the political aspect, one is made to believe that to get the best, you must liberalise, that Globalisation = Liberalisation. Countries are asked to dispense with social responsibilities. Three major areas involved are the finance, trade and economic sectors. Governments are asked to remove internal social controls that protect economic control, to reduce debts by selling off government assets, to privatise, etc.

In total, we can see globalisation as a new form of colonisation, with the exploitation being planned and carried out by the TNCs, which have introduced:

- i) Structural adjustment programmes. Poor countries are made to believe that if they need money, all they have to do is attract foreign capital; i.e. development = liberalisation.
- ii) Move into trade agreements, e.g. APEC, AFTA.
- iii) Poor countries are also forced to open up new economic areas.

## ***What has WTO achieved?***

- i) Comprehensive programme of liberalising trade that has never been achieved before;
- ii) Adding 2 areas (a) agriculture (b) textiles and clothing;
- iii) Moved into new areas never discussed before, e.g. agreement on trade in services; TRIMS (trade related investment measures)
- iv) Given protection to TNCs by forcing developing countries to cater to the needs of TNCs through agreements such as TRIPS;
- v) opened markets to international okayers; and
- vi) The WTO also has enforcement mechanism – it is the first agreement in the world with an enforcement mechanism: Governments have to implement decisions agreed to under WTO.

For many governments, WTO is a new beacon. For politicians, it is new global governance. WTO rules are superior to a country's laws. The new global citizens are the TNCs. For the developing world, their war against TNCs is a war to protect the poor sectors of their country. For the industrial or developed world, their war against the TNCs is that these corporations are controlling their daily lives.

## ***WTO is controversial because:***

- i) It is full of imbalanced provisions e.g. the AoA – an agreement full of imbalanced provisions against poor developing countries.
- ii) Of unacceptable, damaging provisions, e.g. TRIPS – which allows bio-patenting.
- iii) Of cheating – the Southern countries are being cheated and the cheating is being done by the Northern countries.
- iv) Of problems of implementation – some countries can get away from certain provisions.
- v) Of undemocratic measures and the absence of transparency – which are reasons for the collapse of the Seattle Round.

WTO also has a provision for Green Room – which applies only to the rich countries. They bully any country that disagrees with any of the decisions.

Poor Third World countries find it difficult to represent themselves at WTO. They need lawyers and resources, which they can ill afford. This has caused many developing countries to stop filing disputes challenging what the First

World countries can do. So, the First World countries go about doing reviews of WTO agreements that will serve their interests and the interests of their large corporations.

The impact of WTO on the people:

- i) Many Third World countries have traditional sectors, which are dominant in of the some countries. WTO changes this, and can also rule against what the country wants to be involved in.
- ii) Weak economic sectors are declared no longer sustainable. WTO destroys weak sectors and marginalised sectors (such as the workers) are going to suffer, bringing about poverty instead of wealth.
- iii) The WTO restructures development within the framework of the national economy. For example in the Philippines, the framework is what the TNCs want. TNCs are today in complete control of the Philippine economy.
- iv) Environment – certain provisions in the WTO agreements put the environment in a disadvantaged situation.
- v) Other social factors come to play – food security comes under threat and the traditional role of women in agriculture is diluted.

It is important to look at the impacts the WTO has on the suffering of the people. Countries must develop alternatives.

What kind of integration do we want?

- i) capacity building in research, advocacy
- ii) financing alternative development
- iii) FAO to be involved in food security.

In conclusion, people have to define and decide their responsibilities in the wake of the overbearing problems that WTO agreements can have on their countries.

## Session II: Malaysia's Experience with the WTO

Sivananthan began his presentation by explaining the background of WTO and its fundamental principles. He went on to explain the benefits that can be derived from the WTO, which include:

- Encouraging countries to improve product standards and weed out inefficient firms, thereby providing consumers higher quality goods at a cheaper cost.
- Lowering the prices of products through free competition among the producers. This is based on the theory of “neo-liberalism”.

However, in reality, the idea of comparative advantages is premised on an ideal situation, where all the competing firms or economies are on a level playing field. It fails to consider the fact that countries have reached different stages or levels of development.

The Malaysian experience shows that in the pre-crisis period, our government felt that we do not have the comparative advantage in agriculture and it was cheaper to import food to meet our domestic demands. This resulted in our food import bill increasing to RM11 billion during the crisis period.

ERA Consumer is of the view that Malaysia should never compromise on its agricultural policy in relation to food despite the comparative advantage theory and global competitiveness. It would be a better strategy to give equal importance to both cash crops and to food production.

Malaysia must focus its attention on becoming a self-sufficient nation in terms of food. Though it is a mounting task, it is possible to achieve. The EU, for example, equates its agriculture industry to national security and is adamant about protecting its agriculture industry at any cost.

What is Malaysia's commitment to WTO? The first step is to reduce and bind tariffs on 7,200 items (comprising 5,900 industrial items and 1,297 agricultural items). The second, to reduce industrial trade-weighted tariffs from 10.2% to 8.9%. Third, to increase the scope of bindings from 1% to 65%.

The question remains whether the liberalisation of agriculture will solve the world's hunger? United Nations studies state that the current world food production is sufficient to feed one and a half times the world population. Hunger and starvation still exist because of the inefficiency in distributing the food produced, not because of any inability to produce food.

ERA believes that food security can only be guaranteed if:

- Enough food is available
- The food is accessible
- The food is affordable
- There is freedom of choice as to the food that people want to produce and consume

ERA's concern can be summed up as **“food security can never be ensured through the free trade propagated by GATT and WTO”**.

A very good case study would be to look at what took place in Nigeria. From being a food self-sufficient nation, Nigeria has become sub-Sahara's largest food importer, after various structural adjustments and food aid programmes were forced upon it by the WTO and TNCs.

Realising its mistake in the late 1980s and early 1990s, the Nigerian government tried to reverse the trend by encouraging domestic food production and reducing food imports. For this, Nigeria was threatened with counter-retaliation and increase in tariff on its exports by the United States because the sales of the TNC, Cargill, which was the main supplier of agricultural products to Nigeria, would suffer.

This shows that once a country is caught in the dependency trap, it becomes impossible for it to rebuild its food security policies given the cross-retaliation power in the hands of the TNCs under the WTO and unilateral trade instruments practised by the industrialised nations.

### ***Will the WTO affect us?***

The agriculture industry in the developing and less-developed countries is still at its infancy. The majority of our farmers are small- to medium-scale farmers, unlike the farmers in the developed countries. Only a very short period is given to us to liberalise our agriculture market. Reliance on the TNCs to provide food will cause the Third World to suffer a major food crisis.



### ***Do we need WTO?***

- WTO evolved over 53 years since the formation of GATT in 1947. It may be a great waste if it were abolished.
- Each country has to devise an economic plan to take itself to a better position. International trade is one form of economic reform and all nations will have to compete with one another for their survival.
- Despite its weaknesses, the multilateral trading system appears the best for many economies because it provides clear rules and avenues to deal with “unfair” trade.
- Many nations, especially the developing and less developed nations, will be in a weak bargaining position in unilateral or bilateral agreements. They could be excluded under preferential trade areas or multilateral agreements. The WTO is discriminatory towards non-members.
- WTO should work towards ensuring that it serves the developing world and less developed countries, rather than these countries serving WTO and the developed nations, which make up just a small fraction of its members.
- TRIMS, TRIPS and labour issues should be left out from the WTO and other organisations should regulate them. The WTO should be made responsible for trade only.

### ***ERA’s vision:***

- The trade rules need to be re-designed to give developing countries flexibility in deciding their agriculture and trade policies.
- Dumping of food from developed countries that competes unfairly with producers in the developing countries must be addressed in future negotiations.
- Consensus on all agricultural issues must be achieved among members and not through the Green Room agreements that are now being practised by selected members.
- The notion that food security will be attained when countries lower their trade protection must be rejected.

## Open Forum on Sessions I and II

*The participants were asked to give their views and comments on Sessions I and II.*

Jayasiri of the Malaysian Ministry of International Trade and Industry (MITI) said he had sufficient experience in WTO to give a balanced picture of WTO, AoA and the Uruguay Round.

He felt that Malaysia needs the WTO despite all its shortcomings. Twenty years ago, Malaysia was the 40<sup>th</sup> largest trading nation but now it is the 12<sup>th</sup>. Without WTO, the country would not have been where it is today. Malaysia needs WTO's protection and it has incorporated experienced people to lobby and participate in WTO. At this point, Malaysia needs WTO more than any other country, as it is a small trading nation.

Jayasiri said the food import bill will continue to rise because the country cannot produce all that the people want to eat. What does food security mean? Does it mean we can produce all that we want to consume? No, the increase in the food import bill, he argued, is the result of the changing tastes of consumers.

He said the push for agriculture to be added into GATT was a call by the developing countries. Many developing countries, for example the Latin American countries, want to see liberalisation in agriculture. The AoA wants farmers to be helped in ways that cause the least distortion, and Jayasiri said this has helped Malaysian farmers to get a guaranteed minimum price for paddy.

It is a challenge for ERA to define food security, and the issue had to be looked at from the point of view of production and consumption. NGOs should have their say through the domestic processes.

Antonio Tujan of IBON reiterated that globalisation is definitely here but the question is what the people can do with it. Following the Seattle Round, there is a way for the Third World countries to change processes. Tujan completely agreed that NGOs are fully responsible in the domestic empowerment process.

Sivananthan of ERA said one should look at the history of globalisation. In the name of trade, Malaysia was colonised by the British. Do we want this to happen again? Another worry is the price of imported goods. Can we continue to afford this? We need to evaluate these things.

Bishan Singh of MINSOC said the dominant model now is the Capital Model. This model de-links people from tradition and culture. It is a globalisation-

centred model, which has culminated in the WTO. TNCs and MNCs (multinational corporations) have begun to dictate rules and regulations to the Third World countries. Malaysia is articulating the views of developing countries. But who are they representing? People or Corporations? We need WTO, but we also need to re-think the development model. We need the rich to be just so that the poor can survive. The civil society is trying to reduce the capital-developed system. Subsidiaries for the farmers are small compared to the money spent on bailouts for the private culture, tradition, morality and spirituality. How do we tame the capital-centred development?

Navamukundan of the National Union of Plantation Workers (NUPW) questioned the economic cost and benefit of the WTO against the social cost and benefit. The role of NGOs is important. For example, trade unions which look after labour lobby for better labour standards. There is no level playing ground in any area. The NGOs should be given a chance to attend meetings conducted by government agencies and give their views on issues. MITI, for example, could invite the unions to attend its annual dialogues on local issues, like the International Labour Organisation (ILO) which invites governments, employers and trade unions to attend its meetings.

WTO's impact on Malaysia is whether we can grow what we need. Are we going back to custodial rights of farming or live by realities of market forces? Are we going to make representation to allow governments to control or allow producers and consumers to decide?

Pazim of University Malaya concluded the session by bringing up the issue of subsidies. He felt that the government should help farmers to survive and subsidies are just a part of it. If subsidies are removed or reduced, there will be no farmer left. The poor will be left with nothing to eat.

## Session III: AoA and Developing Countries: On Food Security and Imbalances

*Danny Arao presented this session. He started by looking at the provisions of the Agreement on Agriculture (AoA):*

1. Increased market access and greater transparency through:
  - a. tariff binding
  - b. tariff reduction
    - 24% over the next 10 years for developing countries
    - 36% over the next 6 years for developed countries
  - c. tariffication – conversion of quantitative restrictions to tariffs
2. Withdrawal of production support or subsidy
  - 13% over 10 years for developing countries
  - 20% over 6 years for developed countries
3. Reduction of export subsidies
  - 24% over 10 years for developing countries
  - 36% over 6 years for developed countries
  - Reducing quantity of exports covered by subsidies by 14% for developing countries
  - Reducing quantity of exports covered by subsidies by 21% for developed countries
4. Harmonisation of sanitary and phytosanitary standards.  
Arao went on to look at the factors that should be considered if developing nations want to be food secure. They are:
  - A) Local production
    - Implementation of agrarian reform
    - Agricultural development; extent of modernisation
    - Land use management
    - Crop use
    - Development of manufacturing; particularly food manufacturing

- B) Supply
- Technology applied in agricultural production (e.g. milling recovery rate) and crop production (e.g. high-yielding varieties, genetically-modified organisms or GMOs and use of chemical fertilisers and pesticides)
  - Local production/manufacturing versus imports
  - Agricultural production
  - Crop production
- C) Distribution
- Affordability – food prices, wages
  - Accessibility
  - Extent of state intervention
  - Private sector control – the TNCs and local businesses

What are the controversial issues regarding food security? In the eyes of governments and international bodies:

- Dependence on importation is tolerable
- Flooding of imported food is good for the domestic market because there will be increased choices of food
- Increased choices would keep food prices down
- Use of GMOs and other technologies can increase production yield per hectare, even if there is less land devoted to food production.

Arao then looked at figures on under-nourishment and under-nutrition among various countries.

**Table 1 :**  
**Undernourishment in developing countries (in millions)**

	Population (1996)	Number of undernourished people	Proportion to population (1995/97)
Southeast Asia	483.6	63.7	13%
a. Cambodia	10.2	3.4	33%
b. Indonesia	200.4	11.5	6%
c. Laos	4.9	1.6	33%
d. Malaysia	20.5	0.4	2%
e. Myanmar	43.4	2.8	6%
f. Philippines	69.9	15.6	22%
g. Thailand	59.2	14.3	24%
h. Vietnam	75.1	14.1	19%
East Asia	1,309.2	176.8	14%
South Asia	1,250.6	283.9	23%
Oceania	4.4	1.1	25%
North America*	92.7	5.1	6%
Caribbean	30.5	9.3	30%
Central America	32.8	5.6	17%
South America	325.3	33.3	10%
Near East and North Africa	360.2	32.9	9%
q. Central Africa	74.3	35.6	48%
r. East Africa	185.7	77.9	42%
s. Southern Africa	79.8	35.0	44%
t. West Africa	199.5	31.1	16%
<b>TOTAL</b>	<b>4428.6</b>	<b>791.3</b>	<b>18%</b>

Source: *The State of Food Insecurity in the World 1999*, FAO

\* only Mexico is classified as a developing country

**Table 2**  
**Children Suffering from Undernutrition, by region (in millions)**

	Severe Stunting	Severe Underweight	Severe Wasting
East and Southeast Asia*	58	37	11
South Asia#	82	82	26
Latin America and Caribbean	10	5	2
Near East and North Africa	12	8	3
Sub-Saharan Africa	38	31	10
<b>TOTAL</b>	<b>199</b>	<b>163</b>	<b>52</b>

Source of basic data: *The State of Food Insecurity in the World 1999*, FAO

\* including China # including India

**Table 3**

**Nutritional Status of Children under Five in Asian Developing Countries (in percentage)**

	<b>Underweight</b>	<b>Stunted</b>	<b>Wasted</b>
Cambodia	52	56	13
Indonesia	34	42	13
Laos	40	47	11
Malaysia	20	N/A	N/A
Myanmar	31	45	8
Philippines	30	33	8
Thailand	25	22	5
Vietnam	40	36	10
China	17	34	5
North Korea	N/A	N/A	N/A
South Korea	N/A	N/A	N/A
Mongolia	12	26	2
Papua New Guinea	30	43	6
Bangladesh	56	55	18
India	53	52	18
Nepal	47	49	11
Pakistan	40	50	9
Sri Lanka	33	20	13

Source: *The State of Food Insecurity in the World 1999*, FAO

Note: Refers to results of national surveys conducted from 1987 to 1998

N/A – no data available

**Table 4**

**Exports and Imports of Food  
(January to November 1998 and 1999)**

	<b>1998</b>	<b>1999</b>
Exports*	281,896	244,001
Imports#	1,470,272	1,330,004

Source: NSO

\* processed food and beverages

# food and live animals chiefly for food

**Table 5**

**Global Food Supply and Annual Per Capita Supply 1987 and 1997  
(Food Supply in thousand metric tonnes, Per Capita Supply in kilogrammes)**

	Food Supply		Annual Per Capita Supply		
	1987	1997	1987	1997	Growth Rate
Apples	36,302.10	47,751.90	7.27	8.23	13%
Bananas	36,203.57	46,347.05	7.25	7.99	10%
Beans	12,412.51	14,144.21	2.49	2.44	(2%)
Bovine Meat	52,254.90	55,869.31	10.47	9.63	(8%)
Coffee	5,526.11	5,965.68	1.11	1.03	(7%)
Eggs	30,828.09	46,425.21	6.18	8.00	29%
Fish (seafood)	67,608.90	92,464.85	13.54	15.94	18%
Grapes	17,827.52	18,796.85	3.57	3.24	(9%)
Maize	90,683.89	101,882.80	18.16	17.56	(3%)
Milk	387,091.60	442,795.50	77.54	76.33	(2%)
Peas	3,320.00	3,331.11	0.67	0.57	(15%)
Pepper	186.63	236.74	0.04	0.04	0%
Pork	62,584.57	80,329.42	12.54	13.85	10%
Pineapples	10,335.07	13,142.53	2.07	2.27	10%
Potatoes	135,505.00	168,159.30	27.14	28.99	7%
Poultry	35,149.12	57,598.70	7.04	9.93	41%
Rice (milled)	283,529.20	340,635.40	56.79	58.72	3%
Sorghum	25,802.45	25,396.32	5.17	4.38	(15%)
Sugar Cane	16,373.19	22,751.63	3.28	3.92	20%
Tea	2,741.81	3,475.46	0.55	0.60	9%
Wheat	351,393.40	418,917.20	70.39	72.21	3%

Source: Downloaded from the FAO website ([www.fao.org](http://www.fao.org))

**Table 6**

**Maximum Attainable Yield and Yield Gaps in Selected Asian Countries**

Country	% OF RICE UNDER ECOSYSTEM			Upland	Maximum Attainable Yield (t/ha)	Current (1991-1993)	Required yield to sustain food security (t/ha)
	Irrigated	Rainfed lowland	Flood prone				
Bangladesh	35	34	23	8	5.40	2.70	5.80
China	93	5	0	2	7.60	5.96	8.90
India	45	33	7	15	5.90	2.69	5.40
Indonesia	72	7	10	11	6.40	4.38	7.40
Philippines	61	35	2	2	6.30	2.05	5.40
Thailand	7	86	6	1	5.30	2.14	2.30
Vietnam	53	28	11	8	6.10	3.45	5.60
Myanmar	18	52	24	6	5.10	3.05	3.70

Source: Asia: Supply, Demand and Production Potential of Rice in Asia (downloaded from Riceweb <http://www.cgiar.org>)



## Session IV: AoA and Transnational Corporations: Imperialism & Agriculture

*Rosario-Bella Guzman presented this session.*

The most powerful tool of liberalisation is the TNC. The reasons for new GATT talks in 1988 were the appreciation of the US dollar and massive unemployment. The United States wanted to cut down on agriculture subsidies and wanted other countries to do the same. The TNCs saw the decline in their rate of profits and wanted to expand to foreign markets.

Some points that should be looked into:

- a) AoA has imbalances – only 20% of GATT membership will appropriate 70% of trade liberalisation.
- b) Small countries cannot compete with production from rich countries.
- c) AoA takes advantage of the vulnerabilities of Third World countries.
- d) AoA is a TNC breakthrough in global trading.

Operations of TNCs intensify the agriculture crisis in Third World countries. The TNCs (for example the International Chambers of Commerce (ICC)) have meetings before and after WTO. The ICC is headed by the International Director of the TNC, Nestle.

The Philippine government gives incentives to TNCs. It even allows them to own land in the Philippines. Some of the controls by TNCs include:

- i) Market access and 'zero' subsidies – this has led to the influx of cheap agriculture products resulting in economic displacement and has shrunk local production of traditional food crops.
- ii) Inflation – the competition with cheap imports and replacement of traditional products with imported goods. For example, hoarding takes place. This does not mean cheaper food for locals but higher profit for traders.
- iii) Restructuring – from traditional agriculture to high-yielding grains or commercial production. This increases the role of TNCs in agriculture.
- iv) Change from traditional use of land to commercialisation and displacement of marginalised communities.
- v) Farmers told to specialise in food, vegetables and flowers. They are also told to follow certain technologies to have world standard food and vegetables. The TNCs take control of the farmers to ensure production of these specialised goods that will raise their profits.

- vi) Entry of TNCs into vegetable seed trade and other sensitive crops: TNCs restructure the relationship in the agricultural sector. They work with landlords to exploit farmers, who get marginalised. There is proletarianisation of the agriculture community.

### ***What can be done?***

- i) As TNCs are at the core of trade rules, the NGOs of the North should monitor them. Third World countries cannot keep track of TNC involvement, so the NGOs of the North can help Third World countries in this area.
- ii) As NGOs, our responsibility would be to support our actions with researches that will show the impacts of the WTO rules, for example the impact of the AoA on the people.
- iii) Education and research towards gaining the sovereignty and giving control back to the people should be carried out.

## Workshop I: Liberalisation in Agriculture, MNCs, TNCs and their effects:

This workshop group was of the consensus that there is no turning back with regard to liberalisation. The question is how to strategise areas to look into in respect of liberalisation, particularly in the agriculture sector. Where agriculture in Malaysia is concerned, two major Malaysian policies need to be looked into:

- 1) The New Economic Policy
- 2) The Third National Agriculture Plan

With regard to the WTO, TNCs are beginning to focus on agriculture for the purpose of multilateral trade for the South. It can be seen here that TNCs and MNCs have the upper hand.

The strategy of the MNCs and TNCs are obvious. They need to ensure that all agriculture policies are seen to be beneficial through national sovereignty; that all agriculture policies have economic and social relevance, especially in terms of distribution of income, etc.

The discussion ended with a question for all to ponder: Should we create local MNCs in view of the WTO?

## Workshop II: Biotechnology & GMOs: The effects on Malaysia

The group involved in this workshop underlined 6 issues that need attention.

- a) Where any food or product is concerned, a few guidelines must be adhered to:
  - the quality of the product must be ensured
  - it must be safe for consumption
  - it must be ethical in production and use
  - there should be no control or monopoly
  - it must not be hazardous to the environment and biotechnology
- b) ERA Consumer should undertake literature research on all GMO-associated dealers to perhaps establish a National Biotech Directory.
- c) ERA, together with other NGOs, must track down and keep track of all international and national firms involved in any way with the issue of GMOs.
- d) ERA should also review the need for GMOs: are they a necessary evil?
- e) ERA should work together with other NGOs to ensure that GMO products from one country not be reproduced in another country under another name or brand.
- f) ERA should also work on reviewing the articles in TRIPS.

## Day 2 (Feb 27, 2000)

### ***Input Session: The Need for Research***

Rosario Bella Guzman chaired this session. She first gave some inputs on the need for research, after which the floor was open to questions and discussion.

Guzman stated that research should be for a cause. It should be people-centred. The programmes should also be based on people's needs. Research should be popularised by being turned into widely-circulated publications. The need for research should also be aggressively promoted by the people's movements – social movements that have to come up with action based on truth and facts. This can only be done through research.

Research is done not only for reliable information but also to map out the actions the people should take in light of the findings of the research.

Gregore Lopez of ERA continued the session by stating that ERA wanted civil society participation in the issue of WTO. The people should be a part of the decision-making process. What should civil society do about research and information? Once this has been identified, what should be done with it?

Navamukundan of NUPW stated that before specific areas are discussed, participants should look at the context. There has been a lot of talk and debate about the WTO, but little about how the people have been affected by it. What are the impacts that the various agreements that have been signed under the WTO have had on the specific target groups?

He said that the mass media is sorely lacking in looking at problems from the people's angle. This is a matter of serious concern. Very little is spoken about the problems the people face on the ground, and the same is with issues like forestry. Four areas should be looked at:

- 1) getting available information to be re-packaged for dissemination to the man-in-the-street.
- 2) Data on social aspects, for example the incidence of poverty. We have lost sight of target groups for poverty eradication. Data must be socially relevant to address policy issues.
- 3) Getting the ordinary man linked to national and international links. ERA and other bodies should play a role with the mass media, to get it to help relay the information.

- 4) Research: We have the academicians looking into this. It is important that the implications of our policies relate to the ordinary man. The information must then be processed in layman's terms and passed on to the ordinary man. The important areas are income distribution and liberalisation.

Bishan Singh said that there is a new idea that research and information have to be participatory and people-based, that is, popular participatory research action.

Civil society needs information. What is available in the newspapers is insufficient. We need to be more self-reliant in disseminating information. We need to link up with the man right from the bottom until the top. This partnership is important. Farmers should be subjects of research and not objects of research. We can create information generated by the people and owned by the people. Functional knowledge and not theoretical knowledge should be generated. There needs to be social mobilisation. Existing information needs to be disseminated. Equally important is the motivation to generate action from subjects of research.

MINSOC has changed from problem-analysis to need-based information analysis. The purpose is to create knowledge that the community can own.

Hamdan Adnan then spoke about his role as the president of FOMCA. He informed the participants that he represents consumers at MAPEN and NEAC. The NEAC can be considered to be as important as the Federal Cabinet, as it is chaired by the Prime Minister many decisions are taken at this platform.

Opportunities are given to members of the NEAC to come up with ideas and the Economic Planning Unit can be asked to come up with data on whatever input is needed. On the issue of globalisation, Hamdan said what is important is how it affects the people. ERA's information does not reach the NEAC. So how do we focus? We should never expect the media to help us, for the mass media will only focus on what it wants to sell.

Gregore of ERA reiterated that we are all here to develop data with the people. We should aim to raise data at the grassroots level to be linked to the macro level. The first thing to do is to identify areas with specific interest in WTO and AoA. We should call upon major stakeholders like BERNAS and MIDA to discuss concerns that will affect farmers in Malaysia.

Warren of MINSOC said that it is important that the grassroots understand and appreciate the nature and context of WTO. The message should be given to the people, as it is the voice of the people that matters. In this area, academicians can play a crucial role.

Hamdan of FOMCA said that whenever universities talk about research, it is always about money. NGOs on the other hand will try and obtain free research data or get funding agencies to support research. Research should actually be based on key knowledge.

Bishan stated that it is important to know who is paying for the research. The action that is taken must create a win-win situation. There is a need to look into networking and representation.

Pazim of University Malaya felt that there is a need to look into the concept and applications of the WTO, as many people are unaware of these matters. Research should be based on WTO and the sectors affected by it. The findings will then have to be taken up with the NEAC or MAPEN. It is true that academicians need money for research but they do not make money from research. They make money by offering their expertise as consultants. The money provided by local universities is only sufficient for the basic necessities of research.

Marzuki of the Malaysia Agriculture Research and Development Institute (MARDI) said that it is not cheap to conduct research. MARDI can supply the necessary information from the studies and researches that the institution has carried out.

Gregore said that the idea of coming together for two days is to find like-minded people concerned about WTO and the impact that it is having on the people. A link is needed between the government and the people. ERA can help academicians obtain grassroots data and the academicians can then do the policy review. One of the areas to be looked at is the subsidy in the paddy sector. Can farmers survive without subsidies? Data in this area has been difficult to obtain.

Antonio stated that one of the secrets of IBON's success is that the institution works well with all the government departments in the Philippines. IBON is looked at as a partner to simplify the information available for public consumption.

Bishan ended this session by agreeing that collaboration between government agencies and NGOs is necessary and useful. The problem, however, is the element of fear that government agencies for some strange reason suffer from whenever NGOs ask for data.

## Workshop III: Advocacy and Lobbying

Gurmit Singh brought up the important role that pressure groups can play in advocacy. NGOs often forget that business communities and associations are strong advocates of their interests and needs. Without facts, advocacy is not possible. Advocacy must be planned and the effort must be sustained.

Advocacy must be relevant and credible. It is very important that actions must match and must be consistent with what we are saying. Strategies must be well thought out and prioritised. All resources must be mobilised, including allies. Methods of conveying the message must also be given priority. Advocacy needs transparency.

### ***Successes and Failures***

#### **Successes**

1. Seattle – the WTO Ministerial meeting
2. Treaty on global warming
3. Basal convention – the ban on export of toxic wastes from the OEDC to developing countries
4. Proposal for Tembilang Dam

#### **Failures**

1. To get farmers rights into the Convention on Biological Diversity
2. Technology transfer – the developed countries are not budging
3. Issue of new financial resources
4. Boycott of French wine in supermarkets
5. Any form of 'boycott' is a miserable failure in Malaysia

#### **Advocacy on WTO**

1. Identify flaws and the key nations involved (e.g. India, Australia)
2. Use all possible organisations to push your say (get Australian NGOs to lobby with the Australian government)
3. Generate mass media and public support
4. Make clear to the politicians the political costs involved
5. Keep on repeating your messages, in different variations.

## Final Session: Plenary and closing

Bishan Singh was asked to summarise the issues raised and decisions made over the past two days. He said the most crucial question at this point is what should be done next.

### ***For advocacy:***

- Fine-tune something for change. Look for areas and study the policy documents
- Strengthen the weaknesses in this document – and mobilise or attract the people's support
- Include new areas – those that have been left out of the AoA and which will be important for the people of the developing world
- Fresh perspectives and arguments

The next important point is not to accept WTO. There must be a transformation of its rules. Look at the organising process. WTO is the climax of a capital-centred development model.

### ***What will be the outcome?***

1. ERA should co-ordinate the efforts to write a critique of WTO and the AoA to forestall future dangers.
2. A draft proposal paper on this topic should be circulated to all participants for their input.
3. Advocacy strategies should be consistent, credible, should persevere and representation should be used.
4. Build strong mobilisation groups to reach out to the grassroots.
5. Build alliances with the government machinery.



# Annexe I

## **LIST OF PARTICIPANTS OF THE WORKSHOP ON WTO AGREEMENT ON AGRICULTURE AND ITS IMPACT ON MALAYSIA**

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The Education and Research Association for Consumers, Malaysia (ERA Consumer, Malaysia) is a voluntary, non-profit and non-political organisation that was founded in Ipoh, Perak in 1985. ERA Consumer is a registered membership organisation under the Malaysian Societies Act of 1966. It was set up to undertake and promote the task of developing critical consciousness on public-related issues out of the larger socio-economic issues.

ERA Consumer is a dynamic institution that is constantly responding to and developing its services according to the needs and demands of the people. It aims to create awareness among the public on issues that are effecting their lives, through research and educational programmes by undertaking independent, authoritative and balanced research on public issues; carrying out public education projects; making policy recommendations to the government & international institutions; building solidarity and understanding among NGOs in Malaysia and society at large, and to increase South-South relations and North-South understanding. ERA Consumer's components and main programmes are consumer issues; human rights education; food, trade and economics.

The other programmes of ERA Consumer include setting up local and international networks to facilitate the exchange of ideas, information and technical know-how. ERA Consumer is a member of the regional network AsiaDhrra (Asian Partnership for Development of Human Resources in Rural Areas), a network of NGOs in 10 countries in Asia working with the poorest of the poor. In Malaysia, ERA Consumer currently anchors the Dhrra Network. ERA is also a member of the Southeast Asian Council for Food Security and Fair Trade (SEA Council), which advocates sustainable agriculture and looks at the impact of multilateral agreements on food producers in the region. Currently, ERA Consumer hosts the Secretariat of the SEA Council in Malaysia. ERA Consumer is also a member of the Asia Pacific Research Network (APRN), which is based in Philippines.

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