

Farm and Food: Diminished expectations for farm-trade benefits

By ALAN GUEBERT/*Farm and Food Columnist*
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If the dulllest knife causes the deepest wounds, the Bush Administration should stock up on gauze and duct tape as it takes its traveling trade show to Hong Kong's World Trade Organization Ministerial starting Dec. 13.

Hong Kong, remember, is where the trade yakkers from 150 WTO member nations promised to deliver the framework for agriculture's uninhibited global trade.

Now, however, with the ag trade talks as scrambled as a three-egg omelet, it's far more likely that Hong Kong will become the graveyard where the WTO's Doha Development Round goes to be buried.

Or, at least, is put on life support until the U.S. and its European and Asian cronies can reshape their corporate ag agenda to make it appear the world will be better off in 2015 with three meatpackers, two seed sellers and one food processor.

Right now, though, the rest of the world—unlike most American farmers and ranchers—isn't buying that American vision.

And for good reason. Each passing minute brings more evidence that the Doha Development Round is all boast and no benefit.

For example, in 2003 the World Bank estimated that global trade liberalization would increase world economic activity \$830 billion per year by 2015. Even better, explained the Bank, \$539 billion of that new turnover would be occurring in the developing world.

Moreover, teased the Bank, two-thirds of the developing world's new cash, or \$358 billion, would be generated by the poor nations' farm sectors.

Wow! shouted the hardcore free traders in American agriculture, ain't trade great?

Whoa! said those whose analytical skills include simple math. The Bank's numbers imply enormous shifts in food production from today's haves, principally the European Union and America, to today's have-nots.

For example, if the Bank's 2003 numbers are remotely accurate, the European Union would see its food production cut by 30 percent in 2015 while U.S. sugar production would plummet 50 percent and U.S. wheat acreage would fall a throat-slitting 34 percent.

Those numbers, calculated by the University of Tennessee's ag policy shop, neatly boxed Doha's spinning compass: Either the developed world's farmers were in for a massive purge in the coming decade or the World Bank's numbers were massively wrong.

Insight to that conundrum came two months ago, as the World Bank admitted its 2003 projections were slightly off the mark.

In fact, confesses the WB, that \$830 billion in new economic activity per year by 2015 is really just \$287 billion, a drop of two-thirds, and the \$539 billion of new action in the developing world is, well, ahem... \$90 billion.

And that's only if "full" trade liberalization occurs.

If "partial" liberalization occurs, a far more likely Doha outcome (if there is any outcome at all), the Bank's estimated 2015 economic benefits virtually disappear: \$96 billion in total global gains with but \$16 billion of it going to

developing countries.

Tim Wise of Tufts University and Kevin Gallagher of Boston University put a pencil to the \$16 billion recently and discovered, according to the World Bank's own numbers, a "partial" Doha Round will actually deliver "less than a penny-a-day per capita for those living in developing countries."

Worse yet, note Wise and Gallagher; only \$9 billion of the \$16 billion actually accrues to developing countries' farm sectors by 2015.

If the numbers are accurate—a big if, because they were generated by the World Bank—it's clear why most of the major farm and commodity groups support the Doha Round with unreserved enthusiasm: it's largely meaningless.

Well, not exactly meaningless.

The Doha Development Round has nicely filled the down time between Farm Bill negotiations on Capitol Hill. It has provided farm leaders with some swell, expense-account trips to places like Geneva, Paris, Cancun and Hong Kong and provided photo ops with kings, queens, sultans and senators.

What the Doha Development Round has not done and cannot do, according to the World Bank, is develop the developing world.

So, why go to Hong Kong? Beats me, but I'd take a shovel.

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