

What is at stake?

Agriculture is a potential deal breaker at the WTO. Many Third World countries are seeking protection from market fluctuations in the commodity prices of their "security crops," as well as the maintenance of their rural development programs, while trying to get the European Union and the U.S. to cut back on the heavy subsidization of their food exports.

What is contentious?

The subsidization issue is also a hotly debated matter in the Northern Hemisphere. Agricultural subsidies could be seen as a positive practice if they were directed toward family farms and the protection of the environment in the countryside. Unfortunately, the majority of these subsidies are going to the powerful agribusiness sector in both the U.S. and the European Union.

In the United States, 40% of farmers, most of them from small and mid-size farms, are receiving no subsidies at all, while the largest 7% mega-farms receive 45% of these subsidies. In Europe, 20% of farmers receive 80% of all subsidies.

The Canadian government has subscribed to the WTO position of subsidy elimination. It abandoned the Crow rate (the food transportation subsidy) in 1995 and the marketing boards, including the Canadian Wheat Board, are in danger.

Canadian farmers have paid dearly for these changes. While agri-food exports have tripled since 1988, the realized net farm income is down 24% and farm debt doubled in the same period. These numbers have forced 11% of family farms off their lands in the past five years alone.

They say:

"The cotton farmer of Mali, who needs to have a certain amount of money for his pound of cotton in order to feed his family, and educate it, [can't earn] the money he needs . . . because a farmer in the United States gets \$160,000 a year, whatever the [market] price."

Pierre Pettigrew, The Globe and Mail, July 24, 2003

We say:

While Mr. Pettigrew understands the effects of U.S. subsidies, his quote raises two important points: 1) Why isn't he mentioning that the IMF asked Mali to increase its cotton exports to pay for its external debt, forcing farmers to give up their cereal crops? 2) Why hasn't he stated that U.S. subsidies to wheat and soybean growers deeply affect Canadian farmers and have plunged them into the crisis they are experiencing today?

AGRICULTURE AT A GLANCE

ON SUBSIDIES

OECD countries total subsidization of farming in 2002: US\$ 311 billion

- 35% of European Union farm incomes are derived from subsidies;
- 21% of U.S. farm incomes are derived from subsidies

ON AGRIBUSINESS SHARE

- In the U.S., 60% of farmers receive 100% of subsidies, leaving 40% with nothing. Moreover, The largest 7% of farms receive 45% of all subsidies.
- 47% of direct subsidies to producers went to farmers whose household income was more than US\$135,000 in 2000.
- Still in the U.S., 90% of farm subsidies are going to 5 crops: corn, wheat, cotton, rice and soybeans.
- In the European Union, 20% of farmers receive 80% of subsidies.

ON THE IMPACT OF TRADE LIBERALIZATION ON CANADIAN FARMING

	1988	2002
Agri-food exports (\$B)	\$10.9B	\$28.2B
Realized Net Farm Income	\$3.9B	\$4.1B
Farm Debt	\$22.5B	\$44.2B
Freight Rates (Saskatoon)	\$7.15/T	\$35.68/T
Fertilizer price	\$374/T	\$539/T
Number of farmers	293,089	246,923

(Source: National Farmers Union, www.nfu.ca)