

Globalization Policy in the Agriculture and Food Sector

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Anrede,

the world's food system has seen a dramatic **transformation** over the last decades. I am not talking about **what we eat**. I am not talking about the latest food trends, Quinoa, veggies, paleo, craft beer and so on. I am talking about the **economic** structures, about who is **producing** and **trading** what we eat. This transformation has led to an enormous **concentration** and **globalisation** of the food and agricultural sector. Until the 1970's, we had a great diversity of **regional markets**, regional producers, regional **pricesetting** mechanisms. Today, this is **history**. Now we are facing a system dominated by multinational corporations, a **Corporate Food Regime**, with so-called globalised **value chains**, driven by the logic of **profit**, excuse me, today it is called: **shareholder value**. **Profit** is such a **dirty** word, isn't it? It has become increasingly **difficult** to **control** or influence these structures by democratic policymaking in the public interest. You have seen the latest well-publicised **example** when the allround pesticide **glyphosate** had its license in the EU **renewed** recently under more than **dubious** circumstances.

The **consequences** are **dramatic**. **Family farms** are giving up, are going **out of business** all around the world – and the remaining ones are getting **bigger** and bigger. But that is only **one** aspect, maybe the aspect most present in the public debate. Let us look at the whole **sector**. **Three** corporations supply more than **50%** of agricultural **technology** worldwide. **Four** corporations control the **fertilizer** market outside of China. When the currently pending **mergers** will be completed, **three** corporations will control more than **60%** of the **seed** and **pesticide** sector. **Five** large trading companies control **70%** of the **grain** trade. In food **processing** and **retail**, the **concentration** and **oligopolization** is proceeding at **full** speed: just **50** corporate groups now control more than 50% of the global food **production** and **processing** business. At the same time, the influence of **financial investors** is growing in these corporations, who are concerned with only one thing: maximizing their **profit**, sorry, their **shareholder value**.

If you **believe** in a **competitive market** economy, you should be **alarmed** about this development, just as **farmers**, **consumers**, a critical **civil society** should be. But **competition** and **market** economy have become empty **phrases**, they have less and less to do with today's reality, they're nice words like **sustainability**, freedom, democracy, and so on.

This development was **never** discussed and approved in an open **democratic** discourse – there would **never** have been a majority **anywhere** for such an **unprecedented** concentration of economic and political **power**. But **politicians** created the **conditions** for the Corporate Food System to **emerge**. **Consumers** and **people** want something **else**, they want **quality** from family farmers produced **in the region for the region**, and **fair prices**. In supermarkets you see how **regional** products are advertised, and demand for **organic** food is growing **faster** than production. But **nobody** advertises **junk food from animal factories**, made by Romanian **migrant** laborers without any labor rights for anonymous global markets.

The **rise** of this Corporate Food Regime is not a kind of natural development. It would **never** have happened without **massive** political support. So-called **global value chains** can **only** work when you open foreign markets with **free trade agreements**, if necessary against **massive** public opposition.

That is the **core** of the EU trade policy, but other large economies work likewise. This process is called **globalization**. It's not a **natural** development, it is **politically** driven.

Let's have a **closer look** at this **economic** globalization, or corporate-driven globalization. You can call it **free trade**, but trade is only **one** aspect. Corporate-driven globalization is also about **investment** flows, **financial** markets, economic **governance**, **deregulation** – **ultimately it is about making multinational corporations as independent as possible from the nation state, from democratic regulation**. This process was initiated by Western governments since the 1980's, in a long negotiation process called the Uruguay Round, and it culminated in the establishment of the **World Trade Organization, WTO**, in 1995. Economic globalization has **sharply increased** world trade and financial flows across the globe. Trade has been growing **much**, much faster than the actual production of goods and services. It has transformed **national** and **regional** economic structures into **global** ones, for good or bad. Like **every** economic transformation, there are **winners and losers** in this process. However, even when you argue about the number of winners, we can hardly avoid the fact that a lot of these **winners** are winners **only** because they relentlessly exploit workers in other parts of the world, and our natural environment. We are talking about **the kind of globalization** that we see now: a **biased** globalization that puts **corporate interests before people and the planet**. It is not that globalization is **unregulated**, no way. It is **very well** regulated – in the interests of multinational companies and capital owners. We are experiencing a process of globalization policies with the **wrong priorities**, by politicians with the **wrong values**, a kind of globalization more and more people **reject**, as you can see in every election. And clearly, that is **not** something that is **inevitable** or **without alternatives**.

The web of trade agreements has been **designed** to make it as **difficult** as possible for you and me, for our elected parliamentarians to **regulate** in the public interest, to interfere with multinational companies to make money **as they please**, because free trade agreements declare regulation to be a **trade barrier**, and trade barriers are **prohibited**. Can we **ban** the import of textiles from Bangla Desh, made by reckless **exploitation** of workers? No, we **cannot**, we have **prohibited** that in trade agreements – we did not ban **slave labor**, we banned meaningful **action** against slave labor. In the name of **free trade**, these agreements **reduce** the political options for a nation state, or even a major trading bloc such as the EU, to **regulate** - to an **extent** that is becomes very, very **difficult** – **unless** most other countries also agree, like if people like Jeremy Corbyn or Bernie Sanders win elections in the US and the major EU countries **simultaneously**. Which, however, is **not** very likely.

This is the **core** of the free trade agreements currently, the **existing** ones and the ones still being **negotiated** – they are **designed** to make the **neoliberal economic model** a kind of **transnational economic constitution** that binds countries, **independently** of what voters want. A **model** that serves

the **interests** of **transnational** corporations, at the **expense** of social and environmental concerns. At **YOUR** expense, ladies and gentlemen.

So the current form of globalization is basically a **replica** of an ideology that has permeated domestic policies in the last 20-30 years in the major economies of the world. **Free corporations** from **public** control, from **democratic** control, from **political** control. Not much of a **surprise**: why should trade policies really **differ** from domestic economic policies?

It is no surprise that the **opposition** against these FTAs, often starts with **food**, with **agriculture**, with issues such as the famous chlorine chicken, hormone meat, GMOs. After the **TTIP** debacle, after Brexit and Trump, the EU Commission and the German government promised more **transparency**, more **dialogue**, but you can **forget** all these promises. The EU and its member state governments – from the left to the right - do not seriously intend to **change** their embattled trade policies. They have about **20** more FTAs in the pipeline, with the Mercosur countries in South America, with Australia, New Zealand, Japan, India, the Philippines, Indonesia, Tunisia, Morocco, Mexico, African countries and so on. The issues and **intentions** are always the **same**: opening more markets in all areas where there are still **relevant** markets that can be opened, and that is predominantly **agriculture** and **services**, and more **deregulation**. **Regulation** may be in the public interest, but it is a so-called **barrier to trade**, and so it must be **made difficult** (in trade jargon, they call it »regulation must be disciplined«) or even **outlawed** right away. The instrument of **choice** is a **free trade agreement**, because unlike **domestic** laws FTAs are likely to **survive** a change in government even in the **unlikely** case that an incoming new government actually intends to pursue **different** policies, as you know, that is not very often the case.

This trade policy basically still follows an EU strategy agreed in **2006** called „**Global Europe**“. It was a reaction to the much-quoted **paralysis** of the WTO – in reality it is not **paralysis** but successful **resistance** by developing countries against the **uncompromising** liberalization agenda that the EU and the US are pursuing. Only two years ago, the EU Commission re-**emphasized** the key objectives of this strategy: they want to **communicate** it better, but they insist on **not** changing the **substance** of their trade and globalization agenda.

The key objective of the Global Europe strategy is, the EU »**must become the most competitive economy in the world**«, and when **that** is your aim, then it is **clear**: you have to open the markets of everybody else, and it is **equally** clear, that the »most competitive economy in the world« will benefit from such open markets **more** than everybody else. And it is also **no surprise** that the **others** will **not** be as keen as the EU to **open** these markets. All these bilateral FTAs were outlined already in this 2006 strategy. **Make Europe Great Again**, that is how you could call this policy, **Europe First** – and of course, this is **not** economic **nationalism**, since the EU is not a nation, but it definitely is economic **egoism**.

However, we have to admit, they have **not** been getting very **far** with their Global Europe strategy. Most of the envisaged FTAs, and almost all of the more **important** ones, are still being **negotiated** and negotiated and negotiated, but there are **problems** everywhere. TTIP and CETA, the EU-Canada FTA, were supposed to **change** that sorry state of affairs, were to become the »**most modern** trade agreements in the world«, yet achieved the exact **opposite**. Today, the EU's trade policies are **more controversial** than ever.

Let's have a look what the EU wants with these 20 agreements in the pipeline – as much as we can **say** something about them. After all, the negotiation **mandates**, the negotiation **reports**, the draft **texts** are **secret, still** secret, despite all promises of transparency. The negotiation mandates are usually rather **old**, Mercosur for instance from 1998, a time when **nobody** in the Commission, in the EU's member state governments had the **slightest doubt** about their neoliberal economic policies, when nobody talked about there being **too many losers** of globalization. I am not aware of any of these negotiation mandates being **changed** recently, or that even **one single** government would have **proposed** to change them. So, the **old** policies are still in **place**.

Apart from forced market opening in the service sectors, one of the recurrent objectives of **all** these FTAs is more globalization of the **agricultural** and food markets. In these sectors, opposition to this agenda is **strong**, extraordinarily strong, you remember, the opposition against TTIP started with **food**. The declared objective is to depress **producer prices** even **further**, and that means continuing the **industrialization** of agriculture, since **family farms anywhere** in the world **cannot** compete in this price war. The 20 FTAs in the pipeline particularly aim at opening **meat** and **dairy** markets in other countries, primarily in Asia, in order to find new **markets**, or dumping grounds for the **agro-industrial surplus production** in the EU, and that means the destruction of **family farms**, of **regional** economic structures.

That is why opposition in Japan and other Asian countries is very strong among **farmers**, because they **understand** these FTAs as what they are: a **battle cry** against family farms, against rural areas in these countries. Farming **in the region for the region**, that is what is at **stake** there, and the EU wants to get **rid** of that, **they** want farming for **global markets**. Recently, Japan agreed a so-called **dairy market reform** aiming at making the Japanese dairy farms **»more competitive«** in order to become **fit** for the EU-Japan FTA, and to break the farmers' **opposition** to that agreement. What does that mean, you can easily **imagine** it, making the dairy sector more **»competitive«** means **industrializing** it, **no matter** whether Japan's farmers and consumers **want** that or not. Nobody has **any intention** to **ask** farmers and consumers whether they **want** these policies or not.

These are the policies that the EU Commission and member states governments want to **continue**: **even more** globalisation, and that means even more **industrialization**, even more **concentration**, even more **corporatization** of the agricultural and food sector. Germany's agriculture ministry is very **open** about that: We want FTAs basically with the **whole world**, except with Russia, China, Iran and a few others, for the time being. Expansion of **export** markets, that is the declared objective of the ministry's so-called **Green Book** published a year ago. I quote **»Our agricultural export strategy is focusing on affluent societies and consumers within and outside the EU.«** Every **normal** person, however, would ask: If there are **affluent** consumers in **Sao Paulo**, Bombay, Jakarta or Nairobi, why shouldn't farmers from **these** countries supply them, so that **they** can become affluent **too**?

So these **export** strategies do not only focus on **cheap junk meat** produced in animal factories, they also focus on **processed** quality food, from cheese to candy to spirits. However, from a **development** point of view this is equally **problematic**. The potential for **jobs**, for **development** lies in particular in the value added created by **processing** raw materials. These are the economic **perspectives** for any successful development. It is a **hilarious** idea that Europe **»should feed the world«**.

When you enjoy the dubious privilege of attending **information briefings** in the agriculture ministry for **lobbyists** of all kinds, excuse me, for **stakeholders** - that's how they are called today, sounds so much better - and I am **one** of these stakeholders, then you quickly **realize**: most of these people live

in a **parallel universe**. Then you hear them calling, »we must open **Mexico's** closed **candy** market«, »we must open the closed **pork** market of the **Philippines**«, »we must open **Argentina's** closed **alcohol** market«, »we must open **Japan's** closed **dairy** market« and so on, and the ministry agrees 100%. **No**, ladies and gentlemen, we must open the closed **trade policies** of the EU, this **lobbyists' paradise beyond all democratic control**, **that** is what we have to do.

But it is not only about the EU **exporting** to the rest of the world. The proposed FTAs with the **agricultural export countries** in South America and with Australia and New Zealand, but also the Canada FTA CETA will **reversely** put **Europe's** farmers under enormous price pressure. Even Germany's powerful Farmers Association is against these agreements, but **just** against these.

When the **unlimited** global **price war** of **everybody** against **everybody** has become **reality**, and that is exactly the **goal** of the neoliberal trade policies in **Brussels**, in **Berlin**, in the other member states - then **family farming** is finished. This relentless price war is **Russian Roulette** with the future of agriculture, **anachronistic** but politically **promoted** by the Commission, by the EU governments from **left to right**, no difference. **Russia's** sanctions against the EU have shown the **fatal** consequences of this obsession with **exports** and **global markets**. For many years, Europe's farmers were told, **Russia** is the market of the **future**, and then Putin took **Crimea**, and the **market** of the **future** was **gone**. Now **China** is the market of the future, and when the Chinese tomorrow take some **island** in the South China Sea, then that market of the future is **gone**, too. **Apart** all important objections about the **environment** and animal protection, this **obsession** with global markets is also an **economic** dead end, but Europe's governments **stubbornly** pursue it, no matter what. **That is insane**. **Who** has decided, that **this** is in Europe's public interest?

Another key component of EU trade policies has been the corporatization of the **seed** sector. This means, ever expanding so-called »**intellectual property rights**« and patents on life - and **criminalization** of farmers who use their harvest as **seeds** rather than **purchasing** new seeds from **corporations** such as Bayer or Monsanto. Farmers all over the world have done that for **centuries**, but that is bad for seed companies, and so the EU keeps forcing trade agreements on many countries to make this **illegal**. Nice for **Bayer** and **Monsanto**, bad for **farmers** – but governments do what the **corporations** want. Rather than using the same **standardized** seeds all over the world, **local breeding** by farmers is also a key strategy to cope with the **challenges** of farming in a warming world.

For many **developing countries**, the consequences of these policies are dramatic. 30 years ago, **30** countries were net food importers, today it is **110**. How can these countries successfully **develop**, when they have to spend their **scarce foreign exchange** for buying food, completely dependent on the **ups and downs** and the **speculation** of the prices on global markets?

Gone are the times of the old trade agreements like Lomé and Cotonou, when the EU **opened** their markets for African exports **without** demanding **the same** market opening from the Africans. **Today** the EU forces them to open their markets likewise, **no matter** what the consequences are, and when you apply **the same** rules for the **strong** and for the **weak**, you can imagine the **results**: the strong will **win**, what a **surprise**. Many of the **industrialisation** attempts in Africa went down the drain as a consequence. In **Ghana**, there used to be a flourishing **tomato** sector, they even **exported processed** tomatoes to the rest of the world. That was **good**. Tomatoes grow **very well** in Ghana, **better** than in European **greenhouses**. **Today**, European tomato exports have **conquered** Ghana's markets, and **quite a few** former tomato farmers now work as **illegal** migrants for a few pennies in tomato plantations in Italy or Spain. For the EU, this is **development**.

That is not the **only** example. The **consequences** of these trade policies, this **forced market opening**, you can see **everywhere** in the agricultural and food sector. Last year, we had the president of the **dairy farmers association** of Burkina Faso speaking at one of our conferences. She told us that the market share of European dairy products in Burkina Faso is now almost **90%**. Not **19**, 90! Trade agreements have basically **prohibited** Burkina Faso to raise **tariffs** on dairy products, and so the local farmers have **no chance** against the highly **subsidized** EU milk industry. The consequences: the **children** of the farmers no longer become **farmers**, they become **migrants**. For a long time, they only reached the **capital city**, now they go **further**. At the **climax** of the EU milk price crisis 2 years ago, Germany's agriculture minister organized a „**Milk Summit**“, and its main result was: **more exports**, so we can get rid of our **surplus** milk. **How many more** African farmers do we want to drive **out of business**?

Europe's **chicken** factories, the **Wiesenhofs** and so on, have already **finished** off regional and family chicken farming in Europe. Their unlimited exports of so-called **low value chicken parts** have **destroyed** the African chicken farming sector. That is **nothing** new, but of course nobody in Europe's policymaking circles has the **slightest intention** to change that, on the **contrary**: New FTAs are planned to pry **open** ever **more new markets**. Production capacities in this **disgusting** industry are constantly **expanded**, and politicians do nothing against it, such as **more regulation** limiting at least the worst **excesses** of this industry. Consumers in Europe are getting **tired** of this industry and consume **less and less** of this **factory** meat full of **antibiotics**. So these corporations need new **export** markets. The EU trade policy is at their **disposal**. **Reducing** the **capacity** of Europe's chicken factories would be the **better** policy, but this would also reduce the **profits** of the Wiesenhofs, so that is **no option**. So we keep exporting chicken parts at **dumping prices** to developing countries and put farmers **there** out of business.

Ladies and gentlemen, this trade policy is a **cause for migration**. As long as we destroy the **livelihoods** of so many people in other countries for our **export records**, migration will **not** go **down**, it will **increase**.

I believe it has become **clear**: We need a **fundamental** re-orientation of our **trade and economic** policies. The global **economic competition of everybody against everybody** is a fatal **mistake**, we see the consequences **everywhere**. It is economic **warfare**, and most are **losing** out. People all over Europe, in the US see all these nice figures of GDP **growth**, of **Dow Jones** and Dax going up, but what matters to **them** is that they see their **wages stagnating**. The winners of neoliberal globalization are a handful of **corporations** and their **shareholders**. In the end, even the much-praised **competition** is finished, a few **monopolies** and **oligopolies** remain and control the markets. How **blind** do you have to be when you still promote **business as usual**?

»**Business as usual**« will **not** work, even **more** so when the political and social realities change **so** quickly. Business as usual, a **continuation** of the **neoliberal** economic and trade policies, looks increasingly **anachronistic**. In a **democracy**, you cannot do forever the **opposite** of what people want. Today, you **win** elections by **rejecting** free trade agreements, by **rejecting** ever more **globalisation** and liberalization – **not** by promising **more**. In Germany, the land of the **export champion**, it takes a little bit **longer** than in trade deficit countries, no surprise.

We have to **reduce** our export records, not drive them even **higher**. We need to create jobs by more **regional** economic structures, and that means, some markets need to be **de-globalized**, some market openings must be **reversed**. A global market for **smartphones** makes **sense**, a global market for **milk**

is **nonsense**. We need an active policy against **oligopolies**, too much **concentration** must be **reversed**. In the last century, the US has **split** a whole number of corporations with too much market control into dozens of **smaller** companies. Things like that must be **reconsidered** for a sustainable **economic** policy, for a sustainable trade policy that **benefits all** and not only a **handful**. We must put **people before profits**, we need economic and trade policies benefitting **all** and not the **few** that are already **rich**, in line with the **environmental** limits of our planet. Thank you very much.