Chapter I

WTO, Agriculture and Media: An Introduction

Introduction

With globalization there was closer integration of the countries and peoples of the world, it brought about enormous reduction of costs of transportation and communication and broke down artificial barriers to the flows of goods, services, capital, and knowledge and to a lesser extent people across the borders. This was accompanied by the creation of new institutions that joined with existing ones to work across borders (Stiglitz, 2003). The transformation was gradual from ‘Mercantilism’ which formed the main edifice of international trade during the ancient and medieval times to establishment of World Trade Organisation which ushered a new order of multilateralism (Goldstein, 2010). This change is conventionally ‘a transition from a power based to a rule based regime’ (Pauwelyn, 2005). “To a large degree,” one of the pioneers of the academic study of international trade notes ‘the history of civilization may be described as a gradual evolution from a power oriented approach, in the state of nature, towards a rule oriented approach’ (Jackson, 1978). One important fact which is many times overlooked is that all the changes are brought about by agents through their action and interaction; structures are constituted by human agency, and they also constitute agents as actors (Giddens, 1976).

In the era global politics which is dominated by a relatively small set of states, institutions and businesses supportive of market-led solutions to the world’s problems. The key states are the United States, the European Union (in both
its aggregated and disaggregated modes), Japan and arguably Canada\(^1\). The key institutions are the World Bank, the IMF and the WTO underpinned by the military might of the United States, the NATO alliance and host regional and bilateral security arrangement amongst the major powers. The key businesses are too numerous – and far-flung to be individually named but appear regularly in the Fortune 500 and on the membership rosters of peak business associations such as international chambers of commerce, the World Economic Forum, and the European Round Table as well as their national equivalents (Kelly & Grant, 2005).

The specific goals of these actors are many and varied and therefore often cross-cutting and contradictory. Nevertheless they share a vision of peaceful, stable and prosperous world, and are in broad agreement as to how this might be brought about: that is through promotion of ‘liberalism’ in both its political and economic forms on a global scale. Despite the apparent weakening of its appeal over recent years, liberalism remained the dominant ideological force in the global political economy. It continues to be intolerant of social, economic and political systems that do not conform to the particular template. This ‘template’ labeled as ‘good governance’ requires the adoption or creation of social, economic and political institutions and processes reflective of the best practice established in advanced industrial states. A system of benchmarking evolved to chart the progress towards this goal and involves inputs from states, international organisations, non-governmental organisations, and even private bond-rating agencies (Wilkinson & Hughes, 2002). Inducements come – often simultaneously – in the forms of ‘carrots’ such as humanitarian assistance, aid, grants, investments, market access amongst others and ‘sticks’ including

\(^1\) There is no doubt of course other countries – including Australia and India and now even China also exercise power and influence in global politics but how much power is exercised and over what duration and which issues is another matter (Narlikar, 2003).

The arena of trade politics has not been unaffected by this imposition of liberal ideas and ideology (Nadkarni, 1999). The identification of the new issues and changes on international trade were part of this imposition and the debate over the relative merits of free trade and protectionism slowly faded out. GATT allowed for a delicate balanced act between the perceived benefits of an open and liberal trading order on the one hand and the requirements of domestic stability on the other. GATT was a manifestation of the post-war compromise of Ruggie’s ‘embedded liberalism’. The change to WTO by contrast is an institution devoted to lesser restrained version of liberalism. In this transition the important component linked was agriculture. Agriculture was effectively excluded from the GATT regime until the Uruguay round. The sharp delineation of agriculture from the trade policy making was the domestic politics in Europe and North America. Agriculture policies are generally formulated within an agricultural community made up of farmers’ organizations, agricultural departments and their legislative allies. It was difficult for outside actors such as the trade ministers, to penetrate this policy community, a difficulty compounded by the complexity of the policies that developed. It was accepted as axiomatic that agriculture should be subsidized and protected for a variety of reasons such as food security, the perceived significance of farmers as a voting bloc in elections and ideological halo attached to the ‘family farm’ (Grant, 2005). These features of domestic policymaking spilled into the international arena so that agriculture was exempted from the new disciplines in international trade. ‘A major reason for the failure of the United states to ratify the ITO charter was that it was incompatible with the US agricultural policy at that point of time (Swinbank & Tanner, 1996). When the pressure grew on siding either with GATT or ITO US insisted that ‘only parts of the elaborate system for regulation subsidies, particularly export subsidies were carried over from the drafts of the Havana Charter into the General Agreement(T.E.Josling, Tangermann, & Warkley, 1996). The issue of subsidy has remained the main plank of disagreement in all the negotiation of international trade, even the collapse of the present talks
in all the high level meetings in WTO has been over plans to slash agricultural subsidies. It was cited that during the Uruguay round United States made a strategic error by advancing the ‘zero option’ on freezing of all subsidies and phasing out of all trade-distorting domestic subsidies and import barriers over a period of ten-year which was cited as far the most controversial objectives and the most difficult to achieve (J.S.Hillman, 1994). Domestically Regan administration suffered a serious defeat in its attempt to create the market-oriented agricultural policy through the 1985 Farm Bill and this was construed as the innate opportunity move to pursue domestic objective of farm policy reform at home through an international negotiation abroad. This created a confusion as EU’s CAP could not have made the correction and there was confusion in the negotiation circle which further delayed the international negotiation during Uruguay round (Paarlberg, 1993).

The US policy has been very different throughout history wavering for fear of domestic compulsion and this kind of variance is many times referred to as schizophrenic. This schizophrenic US trade policy seems to suggest fractious US political system and the struggle between the free traders and the protectionists or conflict between the globally oriented industries and more nationally based ones. Yet other explanations look to the ambiguous demands of hegemony in which the United States is torn between its overall interest in stable, rule-based governed trading order and its particular national interest(Porter, 2005).

In the international trade politics the transition in the regime are also represented as change in ‘material’ terms and they tended to adopt neorealist, neoliberal or neo-Marxist (both Gramscian and World Systems theory) approach to explain the effects of the international trading regime and how the state (actors) acted (Ford, 2002). Structuralist theories, such as the hegemonic stability theory (HST) version of neorealism and neo-Marxist world systems theory, understand regimes to reflect the power of a predominant state. In

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these conceptualizations, international trading regimes are merely superstructures. The neorealist, regimes are premised on the anarchical structure of international relations and reflect the distribution of capabilities in the international system. They are formed by a hegemon, partly for altruistic reasons and partly as a means of pursuing its economic and political interests (Crasner, 1976). During the trade discourse US interest and the free-trade ideology has often been construed as a hegemon. Here, regime change is not structural change but merely reflects the power-balancing imperatives of the anarchic system and the inevitable decline of the hegemon (Kindleberger, 1973). Given that regimes reflect the distribution of power, weak states have a minimal role in regime change, although they may be implicated in the regime's demise, concomitant with the hegemon's decline (Krasner, 1985).

Equally, neo-Marxist world systems theory finds the trading regime to be underpinned by the demands of a global capitalist world economy in which states' roles are determined structurally (Frank, 1969). Trading regimes such as the GATT and WTO merely help to ensure that industrialized core countries have unlimited access to resources of the peripheral countries (Chilcote & Johnson, 1983). Here, too, regimes might change with the decline of one hegemon and the emergence of another (Hobson, 2000). As for neorealism, change is merely intrasystemic; a change in the rules of world trade and the roles played by traders cannot represent structural change while the capitalist system remains (Wallerstein, 1979). Materially weak countries have minimal influence over the regime, as core countries are able to create trading regimes to facilitate the reproduction of the prevailing capitalist system and reflect on the material imperatives while norms and rules mask them (Wallerstein, After Liberalism, 1995).

Gramscian neo-Marxism argues that regimes such as the GATT arise out of the historically contingent social formation of capitalism. Strong capitalist states form world orders and regimes to benefit their bourgeois class and other national bourgeoisie (Hobson, 2000). A hegemonic state uses regime norms to penetrate the markets of all other countries and to maximize the profits of its bourgeois class at the expense of others under the guise of universal benefit (Hobson, 2000). Neoliberalism also finds that regimes are largely the
instruments of states and the expressions of states preformed interests (Hobson, 2000). For neoliberals, while regimes might be formed by a hegemonic state, they can continue after that state's decline if other states perceive a benefit. Nonetheless, regimes have only partial autonomy from the states that create them, and they tend to reflect the interests of the dominant states that create them (Keohane, 1984).

And to support these dominant interest and ideologues media has played an important role. Mass media has been instruments of power that mobilise special interest that dominate the state and private activity. The media functions as central mechanism of propaganda in the capitalist democracies and suggests that class interests have ‘multilevel’ effects on mass-media interests and choices. Media accordingly in this framework need not be controlled nor do their behavior patterned as it is assumed that they are integral actors in class unison with other ideological sectors i.e. the academy to establish, enforce and police corporate hegemony. The elite media is said to interlock with other institutional sectors in ownership, management and social circle, effectively circumscribing their ability to remain analytically detached from the dominant institutional sectors. There is a strong nexus between the state, corporate capitalism and corporate media. Major decision over what happens in the society – decisions over investment and production and so on – are in the hands of a relatively concentrated network of major corporations and conglomerates and investment firms. They control resources and dominate in the way life happens (Herman & Chomsky, 1988). Even at the global level world economy is dominated by 500 of the largest multinational corporations in which they have their headquarters, and by those institutions of world capitalism such as the World Bank and IMF which determine and regulate economic development on a global scale (Bottomore, 1993). The role of few agribusiness firms and their influence is well known in international trade and they wield tremendous clout. The expansion of global trade, the regulation of capital markets and the technology that facilitates global communications and transportation have all driven changes to international trade and investment rule. Changes to these rules have in turn created and supported the expansion of new global commodity chains and networks and these agribusiness firms
have consolidated the global power imbalances (Vorley, 2003). Transnational Agribusiness firms wield considerable power at the WTO, they fund lobby groups in Geneva, they are part of many national delegations simultaneously because of their multinational presence and there is lot of interchange between private business and public sector. For example the former Cargill Vice-President, Dan Amsultz, was member of the US Trade Representative office and was instrumental in drafting the original agreement on agriculture (AoA), and was appointed as the Senior Advisor on Agriculture in the Bush Administration (Murphy, 2006). The hegemon theory and the other theories as discussed earlier does seem to suggest the dominant agents control the policies in international trade and the other weak actors can show dissent but have to accept the dominant discourse and consent. The dynamic of multilateral regime after thirty years is strengthening the developing countries with greater influence and the change is still ongoing. The dispute settlement mechanism is steadily eroding the policy autonomy of the member states though the slow accretion of case law regarding trade issues. The move from a power based system to one grounded in the law constrains even the most powerful member states and threatens to tear down, piece by piece the policy edifice constructed on the foundation of embedded liberalism. Since power is socially constructed, it designs the relationship between structure and the agent with specific meanings. Significantly as things change the relationship changes and the states meaning also change with the context and all states even those without material power can use the dominant norms to influence policy outcomes (Ford, 2002).

**GATT Round and WTO**

Indifferent to all the political theories surrounding international trade Ricardo’s and Heckler Ohlin’s Comparative Advantage phenomenon became the bedrock of all merchandise trade during the early part of the Twentieth Century. There was a strong movement towards *laissez faire* pattern of international trade but that development was reversed following the First World War. It was during the Second World War in 1944, that a conference at Bretton Woods proposed an International Trade Organisation (ITO). The
formal foundation was laid in Havana in 1948, though the international agreement which emerged as the General Agreement on Tariffs and Trade (GATT) had been worked out in October 1947. In Havana, the UN convened the international conference on Trade and Employment which evolved the Havana Charter in March 1948. It envisaged the establishment of ITO which would cover areas of international trade like tariffs and some other disciplines on import and export as well as some other important areas like employment, economic development, restrictive business practices and commodity issues. The Charter was signed by the participating countries, but it was not ratified by the US Congress. Other countries saw little benefit in ratifying it bringing it into operation without the participation of the US. Hence the Havana Charter did not come into effect. But it remained an important landmark in the international initiatives and efforts in the field of trade. The provisions on tariffs and other matters relating to import and export had been finalized in the preparatory process for the Havana conference. They had been included in what was called the General Agreement on Tariffs and Trade, which was signed on 30 October 1947. Through a protocol of provisional application the signatory countries agreed to bring the GATT into operation provisionally with effect from 1 January 1948, without waiting for the ratification and coming into force of the full Havana Charter (Dam, 1970).

Since the Havana Charter eventually did not come into effect, the other parts of the Charter did not become operative; and the GATT came into operation as an interim step and continued till 31 December 1994. Thereafter it continued as an Annex to the Marrakesh Agreement establishing the World Trade Organisation (WTO agreement). The GATT was only an intergovernmental agreement, not an organization or an institution. It got the institutional support of the interim commission for the International Trade Organisation (ICITO) which had been formally established by the governments and was hosted by the Government of Switzerland in Geneva.

During the 1920s and the 1930s Europe was under tremendous economic strain. The problem had started after the First World War. The insistence of the victor countries of Western Europe on reparations from the defeated
countries resulted in severe economic strains on the latter. Simultaneously, the insistence of the US on the repayment of loans by the victor countries of the Western Europe put a heavy burden on the economies of these countries. Across the Atlantic, the stock market crashed in 1929 and gave a huge blow to the US economy. In the gloomy environment countries became inward looking and tried to protect their respective economies without consideration for the impact on the economies of the other countries. Trade barriers through high barriers and direct import controls became common.

In order to address these serious problems the League of Nations convened a Diplomatic Conference in Geneva in 1927. However, there could not emerge consensus on removing all the prohibitions. The actions of the two major powers viz., the US and UK had encouraged the building up of trade barriers all round. The US enacted the Smoot-Hawley Act in 1930, which raised its unweighted average tariffs to 52 percentages. The UK gave up its free trade policy and went in for Imperial Preferences in 1932. Tariffs were raised in other countries of Europe and the American Continent and some countries also introduced quantitative import restrictions.

Soon US felt that these measures were not sustainable in the long-run and introduced reduction in tariffs and encourage other to follow. It entered into as many as 27 bilateral reciprocal trade agreements with various countries during 1934-39. The average tariffs came down to nearly 30 percentages. It also started multilateralism of its reciprocal agreements. The concessions exchanged in a bilateral agreement were to be automatically extended to the countries with which it had entered into other bilateral agreements or with which it would enter into such agreements in future. In this manner, it sowed the seeds of the most favoured-nation (MFN) principle that would become the most important pillar of the GATT.

The Second World War brought its own compulsion for economic cooperation between the US and the UK. The main issue was how to support the war effort and bring the world into a multilateral framework in the post-war scenario. Most of the important provisions agreed to by these countries at this
stage and also of the earlier reciprocal bilateral agreements of the US found their way into the various provisions of the GATT. The GATT also incorporated provisions for the impartial adjudication of the disputes. Although the principles of GATT trade regime were significantly qualified by escape clauses and exceptions, its creation was a major accomplishment, and it had facilitated extremely important reduction in trade barriers.

The GATT proved remarkably successful in fostering trade liberalization and providing a framework for trade discussions. However, in contrast to the abandoned ITO, its authority and the scope of its responsibilities were severely limited; it was essentially a negotiating forum rather than a true international organization and it had no rule making authority. The GATT did not have authority to deal with agriculture, services, intellectual property rights, or foreign direct investments; nor did the GATT have sufficient authority to deal with customs unions and other preferential trading arrangements. Its power to resolve trade disputes was also highly circumscribed. Successive governments became cognizant of the limitation of the GATT and following it in Uruguay Round negotiation incorporated it in 1995 in the World Trade Organisation (WTO) whose responsibilities and authority are much broader and which is a full-fledged international organization rather than merely an international secretariat (like the GATT).

The GATT and later the WTO served the important political purpose of facilitating the reduction of trade barriers. The principle of comparative advantage indicates that a nation would increase its gains by opening its market to foreign goods; also; an open economy would enjoy lower prices, consumer choices and greater national efficiency. Nevertheless potential losers would strongly oppose lifting the barriers, proponents of free trade have to confront a mercantilist attitude that believes exports are good and imports are bad. The attitude is revealed when trade agreements are characterized as concession to foreign governments and to oppose this attitude and political fallout it had become necessary to include the principle of reciprocity. The political logic of the GATT/WTO was that because liberalization harms certain interest that will oppose trade liberalization it was necessary to
liberalise in a coordinated manner highlighting the ‘concession for concession’, thereby making it easier for countering the protectionist lobby. Once trade barriers were lowered through a framework of agreement makes the process becomes irreversible and difficult to raise them again (Gilpin, 2001).

The transition to the new trade order had become a necessity since by mid 1980s, the Bretton Woods trade regime was no longer adequate to deal with a highly integrated world economy characterized by oligopolistic competition, scale economies, and dynamic comparative advantage. The new protectionism of the 1970s had led to the erection of numerous nontariff barriers, such as the quotas and government subsidies (W.M.Corden, 1984). Moreover the character of trade itself was changing and outgrowing the rules and trading regime of the early postwar era. Trade became closely intertwined with the global activities of multinational firms, and trade among industrialized countries became the most prominent feature of the trading system. And at least from the early 1980s, the United States pressurized West European and other trading partners for a new round of negotiations to strengthen the multilateral trading system. Eventually American pressure overcame European and other resistance, and finally the Uruguay Round of trade negotiations was launched at Punta del Este, Uruguay in 1986, resulting in intense negotiation until its conclusion in 1993. The Uruguay’s most significant accomplishment was the creation of the World Trade Organisation (WTO). In doing this, the Round took an important step toward completion of the framework of international institutions that had originally been proposed at Bretton Wood (1944). Although the WTO incorporated the GATT along with many of its rules and practices, the legal mandate and institutional structure of the WTO were designed to enable it to play a much more important role than the GATT had played in governance of international commerce. The WTO has more extensive and more binding rules. Moreover, the WTO has, in effect the primary responsibility to facilitate international economic cooperation in trade liberalization and to fill in the many details omitted in the Uruguay Treaty. The agreement establishing the WTO expanded and entrenched the GATT
principle that trade should be governed by multilateral rules rather than by unilateral actions or bilateral negotiations.

The WTO was in essence, an American creation. The WTO’s predecessor the GATT had served well America’s fading mass production economy, but it did not serve the emerging economy equally well. As a consequence of economic and technological developments prior to the Reagan administration, the US had become an increasingly service oriented and high tech economy and they were instrumental in pushing the reduction of trade barriers during the Uruguay round (Gilpin, 2001). The institutional structure of the trade barriers witnessed significant change wherein GATT had only trade accord with a secretariat while WTO was a member organization with more legal coherence with more wide ranging rights and obligations and established a permanent forum for negotiation. In spite of all these many of the barriers still persisted and since all the negotiation were carried based on consensus and with over 150 members WTO’s abilities to carry out assigned responsibilities is subject to doubt. New issues like labour standards, environment and human rights had emerged up during the subsequent negotiations and there were reports that public opinion in countries like US has swayed from substantial gains from trade to skeptical views on the costs and benefits of trade and by the late 1990s the WTO and trade liberalization were clearly on the defensive. Many cases like the ban of trade on Genetically modified foods under the ‘International Agreement on safety rules’ and the GATT ruling against banning fishing with nets catching dolphins etc. had helped media to raise issues and in turn changing consumer preferences and in turn exerting pressure on the processes. The increasing number of membership was an indication that more countries had found WTO more profitable despite intense controversy over many of its decisions. The shift around the world since the 1980s to more market oriented economic policies was indicative of these developments. However, as trade expanded and penetrated more deeply into domestic economies and the trade agenda had broadened significantly and it came into conflict with powerful local interests which made it increasingly controversial.
Paradigm Shift

Despite the controversies WTO heralded the new dawn of multilateral agreement in international trade with a new system of single undertaking. This fundamentally changed the multilateral system prevailing in the world and ushered in a new regime of negotiation weaving all aspects of the economy viz. agriculture, manufacturing and services sector into the trade agreement. This process transformed the present system of GATT (General Agreement on Tariffs and Trade) into specifically tailored rules and commitment in each sectors. The most contentious issue remained the ‘agriculture’ which was albeit out of the General Agreement ever since the waiver was granted in the early days of GATT. The specific exemption was granted to agriculture on the precincts that it involves huge risks and strategic issues linked to the global political economy. No country was willing to compromise the food security and their agrarian economy and competition was limited only to industry and services sector. This paradigm prevailed for a long period during the GATT regime and changed with the formation of WTO. It fundamentally tried to break the jinx in an effort to make the rules encompassing all commodities and provide equitable opportunity to both developing and the least developing countries and the development dimension were instituted. However, the developing countries were not comfortable including agriculture in the rule based commitment framework since it was literally a matter of life and death in the developing world. For the prime negotiators and the country’s leading the trade discourse like the EU, US, Canada and Australia (developed countries); international trade remained a strategic commercial issue since it was a matter of controlling or dominating the world market. In these countries corporate interests were instrumental in distorting the international trade through barriers and subsidies according to their convenience. The prevailing rules and laws were highly criticized for their double standards and forced many developing and least developed countries to change their domestic laws

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3 Ninety-six per cent of the world’s farmers – approximately 1.3 billion people – live in developing countries. In the rural areas of the developing world, close to 900 million people live on less than $1 a day. Many developing countries, nothing is more important than agriculture, upon which most of their people depend for their livelihood.
to remain in the new system. Many developing countries and all most all the less developed countries (LDCs) witnessed the negative impacts of agricultural trade liberalisation. They were unable to adjust and compete in agriculture since agriculture accounted for not just a large share of gross domestic product (GDP), but also the primary source of employment, food and livelihood for the majority of the population. The growing resistance to the existing framework was a gradual transition and realization that the gains accrued by the trade agreements were not equitably distributed. The implementation period of 10 years of the WTO was a testing ground and accordingly the processes carried a ‘review’ after the ten years. The Seattle meeting was a crucial meeting to review the whole WTO process and further initiate the reforms.

However, the media outcry and demonstration which took place in Seattle meeting put intense pressure on the negotiators.

“Something very remarkable has happened over the last couple of years, something without precedent. Most WTO Members, the World Bank, IMF, UN system and even NGO’s all have adopted an identical position on a crucial and controversial farm trade issue; they have expressed their support for putting an end to rich countries’ agricultural subsidies…The consensus is remarkable, throughout the negotiation the diverse group of actors many of them antagonists in most other settings, appeared to have coal(Matias E. Margulus, 2008)

The events in the Seattle meeting was a defining moment in the history of multilateral trading system. For the first time in the WTO negotiation there was a broad coalition of NGOs, labour, environmental and human rights group as well as private citizens converged on the streets to protest the launch of a new round of WTO negotiation. The protests were sparked by diverse reasons and most of the protest was peaceful but some were confrontational and blocked members from reaching meeting places. These events fed a media frenzy that came to dub the protests the ‘Battle of Seattle’ Media attention

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4 The WTO Agreement on Agriculture, www.actionaid.org
bought the negotiation to a heightened level of public awareness and scrutiny as never before.

From then on negotiation took a new turn recognizing these weaknesses and the July Framework adopted the development dimension which continued during the subsequent negotiations. It brought about the change in belief and food security, poverty reduction and sustainable development where embedded into the WTO negotiations. This was a specific turnaround differentiating the earlier GATT and the WTO regime. The Doha round which concluded in 2001 put forward a new agenda wherein agriculture became the linchpin of the agenda for both developing and developed countries\(^5\). Another important change which got acceptance was the principle that ‘one size does not fit all’ popularly called the ‘special and differential treatment (SDT)’. Sub-categorisation took place and three groups were distinctively formed i.e. developed, developing and least developed. (Munir, 2011)

The deadlock in the Doha round of negotiations also can be understood in the context of this shift towards international disciplines on subsidies. Though it can be said that subsidies were not the only reason why the Doha Round has twice run past its self-imposed deadlines. But it is fair to say that agricultural subsidies have been the biggest stumbling block to a deal. Critics blame the massive subsidies by the United States and the EU for creating huge distortions in trading, pumping up output by uncompetitive producers and putting a squeeze on more competitive ones, many of them in developing countries. But the United States, the EU and Japan have been reluctant to agree to stricter limits on the amount and types of agricultural subsidies. This is not just a story of these countries being beholden to powerful lobbying groups at home, though to some extent that is true. It is also an ongoing debate over how much freedom a country has to use subsidies to promote its own values. The EU, for instance, takes the view that subsidies are not just an economic support — though they are useful to supplement low-income farmers — but they also provide food security to EU countries and help

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preserves the region’s landscape. The costs of the subsidies, according to this argument, outweigh the benefits to EU citizens. (Initiative, 2010)

Subsequently different groups with common interests came together supporting certain positions at the same time opposing other positions proposed by other groups. With consensus approach at the WTO even smaller economies were able to raise their local issues exert pressure on the negotiation to accede to individual groups positions. Similarly, big economies like the USA were able to push their domestic compulsion as their strategic trump card to push their position. In WTO where there are more than 170 members, the role of media and strategic advocacy started playing a critical role in convincing negotiators in the green room meetings thereby influencing rules and policies. This has led negotiation to dynamically include the anomalies and incorporate divergent interests while at the same time frustrated the chairs of the negotiating groups and the secretariat to conclude the round early.

**Agricultural Negotiation**

As already mentioned that up to 1995 the GATT was largely ineffective in disciplining key aspects of agricultural trade. In particular, export and domestic subsidies came to dominate many areas of world agricultural trade, while the stricter disciplines on import restrictions were often flouted. The 1986-1994 Uruguay Round negotiations went a long way towards changing all that. Agricultural trade was brought firmly under the multilateral trading system. The WTO Agreement on Agriculture (AoA) together with individual countries commitments to reduce export subsidies, domestic support and import duties on agricultural products were a significant first step towards reforming agricultural trade. The reform tried to strike a balance between agricultural trade liberalization and governments desire to pursue legitimate agricultural policy goals, including non-trade concerns. For the first time, member governments were committed to reducing agricultural export subsidies and trade-distorting domestic support. They agreed to prohibit subsidies that exceed negotiated limits for specific products. And the
commitments to reduce domestic support were a major innovation. In this framework Article 20 of the agreement committed members to start negotiation and continuing the reform. The Seattle battle and the November 2001 Doha Ministerial Declaration set a new mandate of making object more explicit with further setting deadlines to remove the distortions and barriers from international trade.

The negotiations were difficult because of the wide range of views and interests among member governments. However, the aim to contribute to further liberalization of agricultural trade remained the central theme. Liberalisation continued with the prime objective of substantial reductions in tariffs, domestic support and export subsidies. While many countries felt that the important objective of the new negotiation was to bring the agricultural trade under the same rules as in other goods while many disagreed and wanted the inclusion of the non-trade concerns. The current negotiations have now entered the Eleventh year since the Doha Declaration in 2001. Since then many ministerial meetings have been held along with declarations and endorsements. During the early phase 2000-01 there was a predominance of negotiating committee trying to address the reforms and proceeded with ‘the Special Session’ wherein different member put their formal proposals covering all aspects of the negotiations. In the course continued negotiations with differences emerging on the difference aspects the negotiation they moved to non-official papers without records and it was headed by the Chair of the Special Session committee on agriculture. Further, many more such meetings were held subsequent to the Cancun meeting in 2003 and the Hong Kong Declaration in 2005 and the Chairs of Agriculture Negotiation tried to come with different challenge papers along with deadlines to formulate the modalities. These modalities are the target to which all member countries need to finalise during the next period of implementation. The earlier framework of agricultural negotiation was limited only to the three pillars viz. market access, domestic support and export subsidies. However subsequent to further work and difference that cropped up during negotiations the framework has diversified into many pillars. Box1.1 enlists the gradual changes that have been introduced in the various texts during the negotiations. As can been seen
during the early phase when the Derbez Text there was no mention of complete elimination of export subsidies, product specific domestic support limit and non-trade concerns like the Special Products and SSM. Domestic support and market support remained the main agenda for the developed countries and their early proposals and it remained a deterrent to the progress of talks on development. The developed and dominant country groups like the EU-US, G-6 and the G-10 had opposed any forward movement on the product specific amber box, phasing out domestic support, reduction in \textit{de minimus}, elimination of the blue box, notification of the base year and the review of the green box. Subsequent to further negotiations and pressure from developing and other member countries the Chair of the agricultural negotiation finally included and even endorsed the provision of product specific amber box, reduction in \textit{de minimus} support and more effective benchmarking of base year. Similarly in market access, the earlier proposals of developed countries had the ambition of blended formula with non-linear reduction and consensus emerged on linear approach to reduction in bound duties. Market access pillars evolved into wider framework encompassing the non-trade concerns of developing countries. The current position of special products, SSM, tropical products, tariff escalation, and preferential erosion testifies to the fact the new concerns seems to have been evolved. Even export pillars, there had been a sharp shift in the position since the Derbez text which disagreed with the idea of elimination of export subsidies and the latest draft paper endorsed on complete elimination. The new pillars that had emerged were the flexibility granted to the Small and Vulnerable Economies and Recently Acceded Members (RAM) and the cotton initiative. Even though number papers in circulation have increased the uncertainty to the whole framework of the Doha round remains suspended. There is an increased level of disputes arising without proper implementation of the panel report and compliance. The same time the increase in the divergent issues had also put the pressure on the negotiators and the rounds have remained suspended without agreement. The rise in disputes has also arisen from the expiry of Peace Clause under the Article 13 of the AoA which granted exemption to countries failing on their commitments during the implementation period. The main difference in agricultural negotiation has been the disagreement between the CAP
(Common Agriculture Policy) reforms and the Farm Bill passed by the US. There is fear among the main players US and EU that any agreement would be made at their expenses. The failure in agriculture negotiation had been seen as collapse of EU-US hegemony over the world trading system. Many a times the disagreement is interlinked with disagreements over other issues like the Singapore issues on investment and public procurement over agriculture. The significant development that has emerged is that new coalition headed by developing countries like Brazil, Indonesia and African Countries. Many countries on account of common and divergent interests started lobbying within groups and between groups to push the agricultural negotiations to their interests.
## Box 1: Positions of various proposals and draft papers circulated at WTO

<table>
<thead>
<tr>
<th>Country/Group</th>
<th>Market Access</th>
<th>Domestic Support</th>
<th>Export Subsidies</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Tariff Cap</td>
<td>Tariff Reduction</td>
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<td></td>
<td>TRQ</td>
<td>SS G</td>
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<td></td>
<td>S&amp;D</td>
<td>Product Specific</td>
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<tr>
<td>EU-US</td>
<td>No</td>
<td>Yes</td>
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<td>G-20</td>
<td>No</td>
<td>Yes</td>
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<tr>
<td>ACP/LDC All</td>
<td>No</td>
<td>Yes</td>
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**Source:** (Philip & Gautam, 2008)

**Note:** NM: Not mentioned
Agricultural Subsidies and Negotiation

The Ministerial Declaration at the Uruguay Round observed that there was an “urgent need to bring more discipline and predictability to world agricultural trade by correcting and preventing restrictions and distortions including those related to structural surpluses so as to reduce the uncertainty, imbalance and instability in world agricultural markets.” International trade in agriculture is highly distorted because of the presence of domestic and export subsidies. Farm subsidies induce overproduction of the subsidised crop. Since the price elasticity of most agricultural goods is low, the demand for such commodities in developed countries is inelastic. Overproduction and inelastic demand lead to surpluses in these countries (Krishna, 2006). This concern was not misplaced as, prior to WTO; agriculture was among the most distorted sectors in international trade. The principal source of these distortions (which were in addition to those resulting from international market concentration) was the co-existence of a very high level of domestic and export subsidies and almost impenetrable import barriers for agricultural goods in developed countries.

Agriculture remained the most contentious on account of its inability to resolve the domestic support issue. The Global agricultural subsidies of developed nations, specifically U.S. and Europe, worth billions of dollars, remained a subject of acrimony at the World Trade Organization. The collapse of the talks in all the high level meetings in WTO has been over plans to slash agricultural subsidies. Most rich countries have distorted trade in commodities like corn, cotton and sugar. The European Union annually spends roughly $50 billion, nearly half its annual budget, on its common agricultural policy and rural development. Mary E. Burfisher quantifies the global agricultural price distortions and its consequences as follows: The global price distortions are mainly caused by EU (38%), Japan and Korea together (12%),

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6 WTO/GATT Ministerial Declaration on the Uruguay Round (Declaration of 20 September 1986).

21
and US (16%); elimination of these distortions could raise agricultural prices by 12%. Tariff and tariff rate quota create the maximum price distortion-52%, followed by domestic subsidies (31%) and export subsidies (13%). If all these distortions are avoided, global purchasing power would increase by $56 billion annually, which represents 0.2% of GDP. And if it is a fair trade world the total integration of the developing countries into the global agricultural market would increase their welfare by $21 billion (Burfisher, 2003).

Farm subsidies distort the production structure of a country by raising crop prices in a country's internal market. Higher prices induce over-production of the subsidised crop. Most agricultural goods are price and income inelastic in nature and therefore, high income countries tend to have a stagnant demand for such commodities. Over-production and stagnant demand for agricultural goods lead to “structural surpluses” in these countries. This surplus not only squeezes out imports in the already restricted domestic markets, it is also dumped in the international market at a cheaper rate. This leads to price suppression of that commodity in the international market. Export subsidies are used to cover the price difference between the high domestic prices and lower international prices. These lower prices have caused many of the developing countries to exit from farm trade (Pal, 2005).

Domestic support in developed countries thus lead to low international commodity prices which presently have forced many developing countries out of the farm trade. Though many developing countries are low cost producers of agricultural goods, they have not been able to compete with the artificially cheap exports from developed countries. The Uruguay Round Agreement on Agriculture (AoA) tried to discipline the farming sector by imposing restrictions and reduction commitments on domestic and export subsidies. It was expected that the integration of agriculture in the multilateral system would reduce distortions in the international agricultural trade and would benefit the developing countries.

During the ten year of the implementation period of the AoA, domestic subsidy reduction commitments turned out to be the least binding among all
WTO commitments. Farm support given by OECD countries still amounts to more than US$300 billion a year, which is about half the total value of international trade in agricultural goods, which in 2003 was around US$ 674 billion\(^8\) (also see Box 1.2).

\begin{boxedtext}

**Box 2 Ann Krueger’s Comment on Agricultural Subsidies**

*I’d like to start by sharing with you one of my favorite—and most telling—illustrations of the folly of agricultural support. Somebody has taken the trouble to do some calculations putting the cost of farm support in the OECD countries into context. It turns out that those countries spend enough to send every one of the 56 million cows in the OECD’s dairy herd on a first class round the world ticket—complete with $1450 spending money—every year.*

Anne O. Krueger, Moving on from Cancun: Agricultural Trade and the Poor, First Deputy Managing Director, IMF, Agricultural Trade Policy Workshop, 3 November 2003, Washington D.C.

\end{boxedtext}

Given this backdrop, it is expected that the current round of WTO negotiations on agriculture will have a more effective emphasis on reduction of domestic farm subsidies. Not surprisingly, the Doha Ministerial Declaration, launching the Doha Development Round calls for “substantial reductions in trade-distorting domestic support”.\(^9\)

However, the progress of the Doha Round of negotiations has not been smooth. The failure of the Cancun Ministerial Meet and the lack of convergence among Members on key issues have slowed down the progress of negotiations on agriculture in the World Trade Organisation. It is not surprising that the farm talks are lagging much behind the timetable published


\(^9\) Paragraph 13, Doha Ministerial Declaration, WTO document number WT/MIN(01)/DEC/1, 20\(^\text{th}\) November 2001
by WTO during the Doha Ministerial Meet. According to this timetable, a consensus on the modalities of agricultural negotiations was supposed to have been met by 31 March 2003. It was also decided that, based on the “modalities”, WTO members would produce their offers or “comprehensive draft commitments” by the Cancun Ministerial. As things stand now, Members have not yet managed a consensus on an official “modalities text” on agriculture. Negotiations in other areas were also lagging much behind the Doha schedule. However, Members managed some sort of a breakthrough in July 2004 when they reached an agreement on a set of broad guidelines for the current round of negotiations. The text of this agreement is known as the “July Package” or the “July Framework”.10

One of the most prominent features of the July package is that it contains (in Annex A of the July Package) some of the major elements of a still elusive “modalities text” for the current round of negotiations on agriculture. In WTO negotiations, the “modalities text” attempts to set the terms of reference and broad targets (including numerical targets) for achieving the objectives set out for the negotiations. A framework can be considered one step behind a formal modalities text. It only provides broad guidelines and leaves many finer details to be decided through the subsequent negotiation process. A framework agreement also shows the areas where consensus has already been reached.

In the context of the current round of negotiations on agriculture, the importance of the July Framework is paramount because of two reasons. The failure at the Cancun Ministerial virtually stalled the progress of negotiations on agriculture in the WTO. The July Package ended the stalemate and brought the current negotiations back on track. Secondly, since the July Package there has not been an updated framework text on agricultural negotiations from the WTO. There was supposed to be an updated text during July 2005 and it was tentatively named the “July Approximation”. However, due to key differences among Members, the “July Approximation” could not be achieved. Consequently, the July Framework still forms the basis of negotiations on

10 The July Framework is officially called ‘Doha Work Programme: Decision Adopted by the General Council on 1 August 2004’.
agriculture and the current round of negotiations on agriculture are being conducted within the parameters set by it. Notwithstanding the developments on the negotiating texts agricultural subsidies still have not reduced in fact they are increasingly becoming concealed in the packages granted by the member Government’s. The *WTO Annual Report 2003* indicated that this huge increase would primarily be in production enhancing subsidies. It says,

“Several of the subsidies contained in the bill would provide incentives to boost production. This is particularly true of the "counter-cyclical payments", under which growers of wheat, corn, rice, soybeans, and cotton will be guaranteed a certain price irrespective of market conditions, thereby distorting both production and trade; in the event that prices fall further, such subsidies will rise accordingly, although a "circuit breaker" built into the legislation is designed to keep spending within the WTO ceiling.”

This large increase in production enhancing subsidies in the US is likely to exacerbate the distortions present in global agricultural trade.

WTO Member countries, particularly the developed countries have increased their domestic subsidies, while they have fulfilled their WTO subsidy reduction commitments. This apparently puzzling situation can be explained by the fact that after the Uruguay Round, most developed countries have shifted a significant part of the prohibited subsidies (the Amber Box subsidies) to the permissible Blue and Green Box subsidies, which are supposedly less trade distorting. Currently, Blue and Green Box subsidies account for a significant share of domestic subsidies in many WTO Member countries (see Fig 1.1).

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11 *WTO Annual Report 2003, Page 22*
However, there is a growing consensus among economists that many Blue Box measures and some of the Green Box measures indeed have trade distorting effects and by providing exemptions to these types of subsidies, the agreement has allowed the distortion in agricultural trade to continue.

**Negotiating the Common Commitments with Divergent Aspiration**

The commitment to remove the barriers in agriculture got initiated way back in 1947 during the formation of GATT, when the major trading nations met in Geneva and entered into a trade pact that was to provide the foundation of the multilateral trading system in the postwar world. In the decades that followed, the treaty became the fountainhead of successive initiatives for the liberalization of world trade, and the industrialized countries made great

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strides in lowering trade barriers\textsuperscript{13}. However, as mentioned earlier until 1994 these multilateral trade rules applied predominantly to manufactured goods rather than agricultural products. Prior to this, major trading countries like the United States (US), European Union (EU) and Japan had insisted on exemptions and waivers from GATT to allow them to continue providing massive subsidies to their agricultural sectors. The resulting artificial maintenance of high levels of production led to the sale of agricultural surpluses on the world market—a practice known as dumping\textsuperscript{14}. Many developing country markets were already open to cheap and dumped agricultural products from the US and EU, due to International Monetary Fund (IMF) and World Bank structural adjustments programmes that required them to liberalize their economies and open their markets to foreign products\textsuperscript{15}. Developed countries, like US and EU wanted to expand the agriculture and services talks to allow trade-offs and thus achieve greater trade liberalization\textsuperscript{16}.

The last two decades of the multilateral regime has shown perceptible shifts—the global trade regime expanded to include most of the developing world, including China and India and many of the developing countries have united on the common grounds that all the previous years they were cheated to accept rules against their interests. They were less engaged in earlier rounds, reflecting economies that were largely closed at that time. The relative weight of these countries in the global economy now has grown enormously over the same period, and this trend is expected to continue on account of expansion due to higher rates of growth in these countries compared with mature economies.

\textsuperscript{13} Anwarul Hoda and Ashok Gulati (2008), \textit{WTO Negotiations on Agriculture and Developing Countries}, IFPI issue brief 48, Washington, DC.

\textsuperscript{14} Van den Bossche, Peter (2005). \textit{The Law and Policy of the World Trade Organization}. Cambridge, UK: Cambridge University Press. “Dumping is defined as the act of a manufacturer in one country exporting a product to another country at a price which is either below the price it charges in its home market or is below its cost of production. Under the WTO Agreement, dumping is condemned (but is not prohibited) if it causes or threatens to cause material injury to a domestic industry in the importing country”.


\textsuperscript{16} Ibid
economies. As developing countries join global trade negotiations, they brought their own offensive and defensive concerns. Offensively, they want to liberalize sectors in which they are competitive, such as agriculture, textiles, and apparel. These sectors were liberalized least in earlier trade rounds, due to strong domestic constituencies in developed countries. Many of the commodity agreements and other treaties have been outmoded by the new legislation of the WTO. The developing countries also had their own defensive concerns, often involving agricultural sectors that employ large shares of their population but were not competitive in global markets, or even in domestic markets in the absence of tariffs. Many were concerned defensively about manufacturing and service sectors, where they had hoped to nurture domestic industries behind trade barriers. In most developing countries, growing manufacturing and service sectors were seen as essential to absorb growing labor forces and large numbers of low-income, low productivity farmers. Many countries also viewed these services from the migration point of view wherein countries restrict entry of people into different services which also figure in the services negotiations in the technical terms the Mode 4 in the services negotiations. On account of rapid growth in service sector many local companies have multinational presence. This further puts pressure on the national governments to change their policies and in turn influence the position of the individual countries in the multilateral negotiations. The recent trade negotiation are pushed by the lobbying groups portrayed as ‘sinister synergy’ between the corporate and government members where the later have handed the negotiation agenda over to corporate lobby groups, to push the agenda of big-business-first, ignoring the needs of their citizens.17

Alliances and interests in the Negotiations on Agriculture

In multilateral negotiation where consensus needs to be developed, it was apparent that specific countries interest could only be taken care in negotiation if countries formed groups and pressurised these groups to make changes in

the policies and positions in the negotiating text which will in turn determine the course of the legal text that would be acceptable to all. In WTO where there are more than 170 members and more than 126 groups if the proposals submitted as joint authorship is taken into account. Many countries like India and USA had submitted individual position proposal at the WTO asking for reforms or in turn supported other papers of other members. However, there are 15 groups of countries that play a key role in the ‘Green Room Meetings’. These meetings are the negotiating table wherein countries push for changes in the policies which result in the final development of the draft. The negotiations gravitate on the two main principles market access ambition and the degree of special treatment of the S&DT. As illustrated in the diagram given by UNCTAD negotiating position varies from countries like the US and the Cairns Group (headed by Argentina and Australia) which have strongly pushed for more opening of markets. However, the US has differed on the Cairns groups on issues of domestic support where they have been reluctant and shared common position with EU which too wanted protection from dismantling the domestic support or subsidies. Even the G-10 countries (headed by Norway and Switzerland) have been averse to opening up of markets and reduction of subsidies.
The key groups with the developing countries are the G-33 and the G-20 headed by Indonesia and Brazil, respectively. These groups wanted more differentiated treatment but they also differ on market access and domestic support. Countries like India are members of both groups and want higher reduction in subsidies from the developed countries but at the same time want to maintain flexibility in reduction of market barriers. Some countries like Brazil and Indonesia are members of Cairns group as well as G-20 while Indonesia is member of Cairns and G-33 making the negotiating even more complicated.

As shown in the diagram the overlap shows the agreement in position and separation shows the divergence. African, Caribbean and Pacific (ACP) group are set of countries which comprises of African, Caribbean and small
economies. They are averse to any commitments and want to be gain more access on account of their size. They have a diametrically opposite position as compared to US and the Carins group on market access and differential treatment.

As suggestive the main crux of WTO hinges on substantial reductions in tariffs, domestic support and export subsidies in agriculture. Some countries like the Cairns group and US in the new negotiation want agricultural trade under the same rules and disciplines as trade in other goods. During the process of review as prescribed by the Article 20 of the AoA the negotiation have moved from “tripod” stage wherein the earlier discussion where on three main issues of export subsidies, domestic support, and market access as ascribed in Article 8, 6 and 4, respectively to a ‘pentangle’ including other non-trade concerns and special and differential treatment for developing countries.

**International Trade: Stakeholders**

International trade is an inherently political process with various actors contesting trade theory and practice. The main actor overseeing the conduct of world trade is the World Trade Organisation (WTO). As discussed earlier the creation of WTO, formal organization to regulate international trade was not the intended outcome of the Uruguay Round. The idea of formal organization rose four years into the round when Canada in 1999 put forward a suggestion for a WTO to consolidate and supersede the GATT (Jackson J. H., 1993). There were strong concerns even in US Congress on the fear of losing sovereignty to WTO but these abated on further discussion that all the framework already existed under the GATT (Wilkinson R., 2005). Although the legal framework of the WTO deals with the detail of trade regulation, it contains important provisions which locate the organization at the heart of the system of global economic governance. GATTs contribution to the development of such a system was relatively small, providing for co-operation with the IMF in instances relating to ‘exchange questions within the jurisdiction of the fund and questions of quantitative restrictions and other
trade measures within the jurisdiction of the contracting parties’ (GATT 1947: Article XV, Paragraph 1) and this brought about other organization drawing influence in international trade. The WTO sets out its blueprint for this system of governance in the declaration on the contribution of the World Trade Organisation to achieve Greater Coherence in Global Economic Policy making Annexed to the establishing agreement, though the full extent of the system is only realized when provisions scattered throughout the agreements administered by the organization are drawn together (ibid, 2005). Other instances like the TRIPS empowers the WTO to nurture a closer relationship with World Intellectual Property Organisation (WIPO). Similarly GATS provisions WTO to strengthen International Telecommunication Union (ITU) and International Organisation of Standards (IOS). The results of this provision has been to develop a formal system of global economic governance centered around a core of three institutions – the WTO, IMF, and World Bank – supplemented by a supporting cast of the WIPO, ITU and IOS and host of other organization but the relations are established on an ad hoc basis.

International Trade is further influenced by WTO’s legal framework that all regional free trade areas and customs unions in which its member states participate, register with the organization; it also requires that the rules of these regional arrangements do not contravene WTO rules but rather they are broadly complementary with the goal of trade liberalization. Organizationally, WTO is empowered by the Ministerial Conference which comprises of the members and meets every two years. Majority of decision made in WTO are done so consensually unless specified otherwise. Consensus is taken to mean agreement among all excluding those representatives of members who are not present, or have abstained from participation. Consensus is meant by agreement in the absence of major opposition. This makes the lobbying and convincing an important tool in passing resolutions and waivers. The protest during the WTO’s ministerial meeting in Seattle (November – December 1999) brought to the fore Civil Societies engagement with the world trading system. Seattle captured media attention and made the event highly visible but at the same time created an impression that CSO actors influence the developments in the world trading system. CSO actors have emerged to prominence in the global political economy as a result of the impact of
globalization on the interstate system. The growing role of international institutions has shown the 'retreat of state' and globalization has disrupted traditional notions of sovereignty. The state remains a central actor in politics with its territorial control over space however there has been a transformation in regulatory activities with national forms of regulation increasingly supplemented with governing arrangements at the sub-state, supranational and private spheres (Scholte, 2000). This evolving framework has created a political space for civil society actors to influence global political and economic relations. These actor critique constitutive practices of the international system and in particular expose their potential for offering alternatives and for instigating extensive social change. Researches on CS have shown that these groups are increasingly organized and impact the decisions of states, firms and intergovernmental organisations (Keck & Sikkink, 1998). Their influence in world trade agenda is constrained by WTO’s organizational characteristics as it is not open to Civil Society representatives. Although, civil society actor are prohibited in decision making process their influence in global trade politics is not restricted and they hold considerable clout in the process. Governments are the legitimate representatives within influence of the trade policy politics and special interest groups can influence national policy and they can contribute to national policy formulation and they considerably influence the formulation through debates. The resulting policy-mix within various states reflects the differential strengths of interest groups and the efforts of lobbyists. Thus CSO through influence in national delegations can help in building consensus and making it easier to gain domestic support for the trade agreement.

Civil Society actors have been participants in the politics of trade liberalization. Competing civil society perspectives and lobbying on the issues trade liberalization provides a convincing demonstration of the diversity of civil society participation in the world trading system. As mention the ideological support in the framework of further liberalization has generally emerged from the business sector. In the debates on global trade regulation a variety of civil society organization promote free trade policies and support current institutional arrangements. This does not mean, of course, that these
organizations are in agreement on all major issues. It cannot be inferred, for example, that such organisation may not support protectionism for specific industries and many a times these groups support the neo-classical economic paradigm. They tend to reject the extension of the trade agenda to other issues arguing that trade is not an efficient mechanism to address the social justice concerns of reforms and rejectionists. These civil societies do not simply support the status quo they are critical on certain aspects of transformation of the trade agenda. Many organizations represent business interests such as Business Council on Sustainable Development and International Chambers of Commerce.

The study of trade politics primarily focuses on the state and intergovernmental negotiations at organisations such as World Trade Organisation (WTO) and UNCTAD, yet business and increasingly Non-Governmental Organisations (NGOs), are active players in trade discussions at the national and global level (Coen & Grant, 2005). Traditionally, business involvement had been justified in terms of growth of Foreign Direct Investment and the international nature of supply chains, changing the domestic nature of trade flows (Strange, 1996), (Willetts, 2002). Business groups have not only been at the forefront of the general liberalization but also sector specific liberalization in attempts to gain comparative advantage. An important example of the role of business groups in promotion of trade liberalization is that of intellectual property rights. The trade related aspects of Intellectual Property rights was actively promoted by American transnational companies that campaigned at national and international levels (Sell, 2000). On the contrary, agricultural interest groups in the European Union (EU) have traditionally opposed further agricultural liberalization on the contrary the agricultural lobby in Australia has supported agricultural liberalization. The agricultural lobby in Europe comprising a number of civil society organisations has targeted individual national governments and the EU Commissions in Brussels (Keeler, 1996). In Australia, the shift in trade policy towards greater liberalization was made by the Hawke and Keating governments which strongly supported the agricultural interests in international trade. Governments are increasingly dependent on large firms for
fast and effective information and are willing to delegate public decision making to private business forums. The earlier reference on the role of key business executives in different administrative position is testimony to the fact that business interest form a major stake in international trade and WTO negotiation. At individual country level corporate political strategy and global policy making are inseparable as can be characterized as a company state relationship as observed in the states of United States and the United Kingdom (Grant W., 2000). This kind of influence has given business a favoured place on the negotiation table however, their views are narrow with specific sector view and many a times do not capture the wider public interests thereby lacks legitimacy and accountability. Another important way business interests influence policy decision are through media canvassing and reporting. Thus media too also plays an important role and holds an important stake which will be covered in the next section.

Fourth Estate and WTO

It is a well-known fact that the media influence the ethics of public life as it provides the watch dog’s role in public policy. This dimension of media makes it the ‘Fourth Estate’ next to the elected representatives by virtue of its role and popularity. In contemporary societies people communicate in many ways: by direct personal encounters at home and in public places; by phone, mobile, public gathering or lecture or by reading the newspaper, News or watching TV. Media may not be the exclusive means of communication when there is a technology gap or when there is a policy gap. The media becomes very important in large and technologically advanced countries where most of the citizens never meet and media serve as the only means of proxy communication. They can influence the policy makers too especially when they have to address political and economic problems. In the current framework the media are interwoven into the fabric of our society. Media affect the way we live and strongly influence the way we think and believe. Gramsci’s theory of hegemony refers media as the central medium through which organisation of people, controls the thought and actions to create a state of domination though the creation of dominant ideologies. The media has a
central role in this theory and the practice of the process has become more and more to the fore in study of the way the ideological media are at the centre of the struggle for consumers’ minds and central views. The role of the media has to be taken into account within the context of the theory of hegemony due to the value of the media and the public-imposed powers it yields. Communication from government, between and inside classes, is now controlled by the media and any text consumed by the state has to be considered to be potentially open to the practice of manipulation and therefore, the process of hegemony. In the context of WTO and international trade the strong ties between the media and the political realm draws tremendous pressure from public opinion thereby influencing the negotiating process. Since WTO is a public institution, the key to the change in policies is strongly influenced by the public opinion and media. Media can shape public opinion on issues concerning specific agreement. They are even a stakeholder in the areas of public interest. The electronic media is perhaps the most influential and can influence the negotiators through many ways: provide directions and alternative solutions to policy problems; and expose strategies of different stakeholders while at the same time build partnership to get messages to policy makers and help in decision making in the negotiation.\textsuperscript{18} World Trade Organization is an institution overseeing international trade where lobbying and media strategy by different actors can change the policies and beliefs and even the rules. The media’s role is critical in negotiation and many a times it is encircled in the ‘hegemonic’ influence wherein dominant political forces try to unite the public to the majority consent for its ideology. Even the media is said to manufacture the frames of events in addition to the spin industry of strategic communications. It is widely stated that this way the media fulfills the important role supporting the ‘hegemonic discourses’ such as globalisation (Artz & Kamalipour, 2003).

Media also plays the role as the agent of information and protector of the right to know for the people, it shares information at broader level, raising

\textsuperscript{18} Shafqat Munir (2000) ‘Media Activism Promoting Right Based Approach to protect farmers’ right in the HKH region’ http://www.jdhr.org/publications/papers/ Media%20activism-Rights%20Based%20approach-HKH%5B1%5D.pdf
awareness about the issues which impact the lively hoods of the people and their role in society. Since economy, environment and society are interlinked and particularly policies, initiatives and dialogues on these subjects affect the people, majority of who are not aware of them. Media, particularly the segment of media that deals with development issues, take up the concerns of the stakeholders and communities through professional activism.

Since the early 1980s there has been a dramatic restructuring of national media industries, along with the emergence of a genuinely global commercial media market. The newly developed global media system is dominated by three or four dozen large transnational corporation (TNCs) with fewer than ten mostly US based media conglomeration towering over the global market. With business interest as the prime component of globalization and international trade the use of media by the corporate interest cannot be denied and few handfuls of TNCs decide the daily agenda (Herman & McChesney, 1997). Critical studies have gone to extent of labeling WTO working in favour of giant conglomerates and against public interest as most policies are geared towards creating more profits for the multinationals (Wallach & Sforaza, 1999). Some media studies in India on WTO coverage too have suggested based on the news content analysis that the present media is severely biased and wedded to the ideology of neo-liberalism (Arora, 2004). Global studies on media have suggested that the news coverage of WTO negotiations have been institutionalized around what is termed as a common meta-frame labeled as the ‘neo-liberal development frame’. Institutionalisation is viewed as the result of a two-axial homogenisation of news content, a situation where news content is fixed across both time and space and seem to suggest liberalization is a development tool and there is clear bias in the reporting. Even the reporting deflects many arguments of trade distortion when it is linked to agricultural subsidies (Saugmann, 2009).

If we look back at the Uruguay round several pressure were exerted during the round by private corporations on the government of the developed countries to include services and intellectual property rights in the ambit of negotiation. There was tremendous pressure from the developed countries and the
developing countries resisted but finally gave in at the end. There were even stiff opposition against the ‘Dunkel Draft’ among developing countries but again several international institutions came up with the rosy estimates of the expected gains from Uruguay Round agreements and the governments were persuaded to accept them (B.L Das, 2003). However, subsequent to the review process and the Seattle meeting there was a turnaround wherein all WTO Members, the World Bank, IMF, UN system and even NGO’s seem to have adopted an identical position on a crucial and controversial farm trade issue; they have expressed their support for putting an end to rich countries’ agricultural subsidies (Matias E. Margulus, 2008). On the contrary some media studies have criticized media reports as distraction from core issues concerning the conference and supporting the matter as examined by (Chomsky & Chomsky, 1988)(Glitin, 1980) and (Tuchman, 1978) revealing the ideological forces shaping news reports. Thus the case of agricultural subsidies draws tremendous attention in light of the sharp difference that exists between developed and developing countries and the contradiction that exist wherein at one end groups of countries call for free-trade and at the same time the same groups want protectionism sustained in the multilateral framework.

The present study will try to examine the role of WTO in upholding the ideology of free trade and the objectivity of fairness in the framework of rule and in the processes which it employs. And how do the global media come in the way of the WTO negotiations on subsidies in agriculture? The study will also try to unravel the extent to which media in particular the global print media and India maintains objectivity in reporting the ministerial meetings of WTO dealing with agricultural subsidies. The study will try to analyse whether there exists any inherent contradiction regarding global media projections of free trade and protectionism vis-à-vis agriculture?

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The overall design of dissertation is as follows: the first Chapter will introduce overall picture of the developments in the WTO and agriculture. It will briefly cover the chronology of events from the GATT rounds to the genesis of agreement on agriculture and the subsidy negotiations. It will briefly sketch the multilateral frame work and the role of stakeholders in the negotiations. It will present the role of media and the encircling political theories in international trade and WTO.

Second chapter entitled “The politics of Agriculture Negotiations: Developed vs. Developing countries” will take a deeper look at the aspiration of developing and developed countries and how these countries have fared during the WTO period. It will revisit the political theories which play an important role in the agricultural negotiations. It even looks into the different aspects of agricultural support and the stakes thereof. The second chapter will also look at the different texts formulated during the various rounds of negotiation in agriculture and try to inter-relate the political framework and the inadequacies in the elimination of domestic support and distortion in international trade. It will also discuss the future of the agricultural subsidies.

Third chapter – entitled ‘World Trade Organisation’ is a descriptive chapter to understand role of WTO and its processes’. It highlights the deficiencies and imbalances in the WTO agreements. It revisits the constitutional structure of WTO and the different bodies involved in the day to day operation. It also tries to assess the future relevance in the context of new challenges confronted by WTO.

Fourth chapter entitled ‘Media and WTO’ covers the detailed theories and importance of media. It will comprehensively analyse the different reporting pattern that emerges in the international media with special reference to WTO and agricultural subsidies. It will try to understand the nature of reporting in the US, Europe and Indian media. It tries to evaluate the frequency, the objectivity and subjectivity of the different reporting and the strategy of different media reports during negotiations at the WTO. It will draw the metaframes on which news coverage will analysed over the time period 1999 to
of four news media: International Herald Tribune, The Guardian, The Hindu and The Indian Express. This will include a non-parametric analysis of newspaper reporting.

Fifth Chapter will draw the final Conclusion of the role of media and their influence on the agricultural negotiations at the WTO. It will try to suggest the inadequacies wherein media have failed to intervene and the different means of ushering in more transparencies and building partnership to strengthen the multilateral framework of negotiations.