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Food exports and free trade agreements (FTAs)

One of the non-negotiable elements in the flurry of free trade agreements signed over the last decade or currently being negotiated is that the international flow of goods cannot be controlled or restricted in any way. Normally, therefore, little attention is paid to the fact that free trade agreements with the USA or the European Union contain clauses like the following one:

... no Party may adopt or maintain any prohibition or restriction on the importation of any good of another Party or on the exportation or sale for export of any good destined for the territory of another Party,ⁱ

Although they rarely mention it, government negotiators are clearly aware that the clause cited above includes foodstuffs. In other words, governments know that they are renouncing their right to control food exports and imports when they sign the FTAs.

In the trade agreements signed by the US, there is only one very limited exception to the ban on restricting food exports, which is also found in the agreement that founded the World Trade Organisation (WTO). It requires “acute” food shortage, can be applied for only a limited amount of time, and it requires the approval of the United States.

During the early negotiations for the WTO agreement, the US proposed removing all prohibitions and restrictions on food exports, but its proposal caused such a furore that it was withdrawn. But it was not forgotten. In all later trade negotiations, the US has tried at every opportunity to prevent restrictions on food exports. It strongly defended such a policy in the failed negotiations for the Free Trade Area of the Americas (FTAA) and in its negotiations for bilateral free trade agreements throughout the world, and has continued to lobby for the exception to become even more limited.

The European Union has followed a similar policy or gone further. Even though in the agreements signed with Chile, Algeria and Egypt, it allows restrictions on their exports in the case of severe food

shortages, this exception is not found in the agreements recently signed with Caribbean and Pacific countries or in the proposed agreements that it is negotiating with Costa Rica and the countries of Central Africa.

Latin American countries have ceded slavishly to these demands. Not one country that has signed agreements with the European Union or with the USA has insisted that a clear exception be made in the case of food. Mexico has even exerted pressure for the weak and limited exception permitted under the WTO agreement to be weakened even further.

The first time the USA made this kind of demand at the WTO, its representatives were brutally frank: the text they wanted to include indicated that food exports and imports could not be restricted even in the case of war or famine. When social movements mobilising against the FTAs argued insistently that this type of clause could be used as a weapon of war or as a mechanism for extortion, governments accused them of paranoia.

The present food crisis shows that, far from being paranoid, the social movements were perceptive in realising that capital's greed for profit is unlimited. For most of us it is evident that, for reasons of basic justice and respect for human dignity, the desire for profit should not be allowed to put food beyond the reach of the poor. Organisations and governments that cannot see this should at least be aware that, when such greed is allowed, it foments social explosions that endanger the very system they are so determined to defend and protect. However, the capacity of the food crisis to generate large profits for the giant food traders has been so great (in 2007 the three largest traders doubled their profits, to US\$5.2 billion) that all concern for ethics or even for simple governability was brushed aside. What is happening is that governments in countries such as Haiti and Malaysia that have restricted exports to ensure that the population has access to basic supplies of food can now be sued by countries with which they have signed FTAs. It is likely that we will witness the absurdity of a country that has tried to protect the supply of food to its population being subject to trade sanctions or forced to pay huge fines.

One of the best-known impacts of FTAs is the destruction of local farming and food systems, as they cannot compete with food imports. The inability to control exports is another turn of the screw. It means that, with local agriculture in ruins, governments cannot now protect their populations from the consequences of this farming disaster on the supply of food. It is becoming clear that the food crisis is not an accident on the road to globalised capitalism but a disaster that the globalised food industry has created. FTAs are a key instrument in this process.

ⁱ This article is present in all the FTAs that the USA has negotiated. Among others, it is found in Article 309, paragraph 1, of NAFTA; in Article 2.8 of the USA-Central America FTA; in Article 2.8 of the USA-Peru FTA; Article 2.8 of the USA-Morocco FTA; in Article 2.7 of the USA-Singapore FTA; and in Article 3.11 of the USA-Chile FTA.

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