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How to Realize Breakthrough in WTO Doha Negotiations?

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For the Doha negotiations, the World Trade Organization's view is that the developed countries will lose agriculture after abolishing protectionism, and thus need the developing countries to open industry/services market largely as a compensation. But the developed countries cannot afford to lose agriculture as the most strategic lifeline, and the developing (including African) countries cannot afford to open industry/services market largely since it is weak in front of the developed countries. This is the key reason why the Doha negotiations have been blocked.

Ever since the 1950s, after the first land reform of distributing land ownership (or possession under public ownership) to small farmers, the irrational and polyopolestic land use by able-bodied part-time and absent small farmers earning higher off-farm income but unwilling to lease the under-producing land beyond their family consumption need to full-time farmers, has been a global obstacle (including Africa), even if land property rights have been well defined and sale/lease allowed. [Polyopoly denotes the control of a resource by many sellers in contrast to monopoly (by one seller) and oligopoly (by a few sellers)]. This is mainly due to low rents, avoidance of misuse by tenants, jealousy in preventing neighbors from prospering, and hobby use. In those countries where this land reform has not been completed, there are also large landowners who exercise it. The full-time farmers, without right to use such under-utilized or idled land, have to subsist on tiny farms, cut forests for more land, or quit agriculture for cities or developed countries. The land of the emigrants is ineffectively used by their old parents, wives or children, or just idled. Numerous developing nations have to import food, while many industrialized nations have given huge subsidies to maintain farmers on agriculture, causing overproduction.

In the USA, (1) there is a time effect on turning occupied private property into ownership - adverse possession, which means that if a private person has occupied a private property without agreement of the owner, while the owner has not sued him during a limited period, then this property will belong to him. (2) There is a 'squatters' rights' law for turning occupied public land into private ownership, which denotes that if a person has occupied a public land for over 20 years and paid taxes, the Secretary of the Interior may issue a patent for 160 acres of such land upon the payment of not less than 1.25 dollars per acre. These laws are still exercised. Their main significance is to encourage the efficient use of the idled private and public land. Their main imperfections are that (1) If a private landowner has found that his land is being used by another without his agreement within the limitations period, he may sue to get the land back, still idling it. (2) After an adverse possessor or squatter has gained ownership of a private or public land, he may idle or under-utilize it. (3) People may not wish to lose private land even if they do not use it. In Western Europe, (1) there has been a law to give right to other farmers to produce sufficiently on any under-producing land (i.e., less than 40% of the normal output): in the EU Council Regulations 1963/262, 1967/531 and 1963/261; Italy 4 August 1978 (still valid but not applied); and Switzerland from the Middle Ages that any farmer can bring his cattle to graze in the private pastures of the Alps (still valid but not applied). Its main shortcoming is that it obliges landowners to lease out all their inefficiently used land, so that part-time and absent landowners could not produce for family consumption and keep farming skills; and once lost off-farm jobs, would either have no access to their land rented out, or have to withdraw it within the contractual period, affecting the lessees. (2) There has also been a law to oblige landowners to either use their land or lease it out for sufficient production: in Germany 31 March 1915 (until 1961); the UK 6 August

1947; Norway 18 March 1955, 25 June 1965, and 31 May 1974 (still applied due to continuing under-self-sufficiency with the cold weather), and Denmark 17 July 1989. Its main shortcomings are that it may cause overproduction, and the above-mentioned one. Both laws have been suspended at the overproduction stage.

Improving them, and consistent with the 'Charter of Fundamental Rights of the EU', 'Article 17 Right to Property', 'The use of property may be regulated by law in so far as is necessary for the general interest', the author has raised Proposal (I) Give full-time farmers access to the under-producing land beyond family consumption need of the part-time and absent farmers. A landowner may keep a part of his land as land for family consumption (without relying on buying food in the market, for practicing farming skills, and returning to agriculture once lost off-farm jobs) even if he does not produce sufficiently on it (the criterion for sufficient production may be different from 40% of the normal output). The rest of the land is land for market. If nobody would like to lease it in, the owner may keep it even without sufficient production, so that overproduction could be prevented. But if other farmers, without being forced by any one, merely out of their economic considerations, would like to lease it in, the owner could not refuse even at low rents, so that the irrational production abandonment could also be avoided. Once the leasing contract is over, the owner has the right to withdraw the land. But if he does not produce sufficiently on it for one year, while other farmers wish to lease it in for so doing, he could not decline. If afforded, the state may provide a basic welfare to every rural (and urban) resident who would have to compete in the market to earn more; and a decoupled direct subsidy to the real land operator. The state should set up a ceiling of chemical fertilizer, pesticide and herbicide per ha and inspect its application so as to protect the interests of the landowners and promote green products.

Proposal (II) Convert the environmentally sensitive land back to the nature permanently once a country has encountered constant overproduction. Some developed countries have regarded the highly productive land as the cause for overproduction and set aside a part of it from cereal production on a quasi-compulsory basis, while setting aside the lowly productive land on a voluntary basis. The EU stopped set-aside in the autumn 2007 to raise production, without giving alternative to the better environment it had brought. But the author finds that the true cause is protectionism without which farmers would have no incentive to overproduce even if highly productive land is available. Thus such countries should phase out protectionism, and make the non-environmentally sensitive land (both highly and lowly productive) available for full-time farmers, while converting the environmentally sensitive land (both highly and lowly productive) permanently back to the nature (forests, lake land, grass land and wet land). Its landowners should not produce cereals, but could pursue production of fruits, vegetables, livestock, fishery, afforestation, processing of agricultural products, transportation, rural tourism, etc. They could be paid a transitional subsidy until earning a basic living by non-cereal production activities.

They would, without affecting private land ownership, simultaneously reach eight aims: (1) minimize/abolish/prevent protectionism, while (2) avoiding overproduction and (3) irrational production abandonment; (4) boost competitive full-time large farmers, whereas (5) not crowding part-time and absent small farmers out of agriculture; (6) reach/maintain basic self-sufficiency in cereals, meanwhile (7) promoting multi-functionality of other agricultural and rural sectors and (8) improving the environment. They would be useful also for public land ownership. Hence launching a second global land reform – land use reform.

New Zealand, Australia, the USA and Canada would not need to worry about losing basic self-sufficiency in cereals because the earlier immigrants had formed the largest farms of the world with very low costs which could easily feed their small population. Thus protectionism is generally not implemented in New Zealand and Australia. Its root in the USA and Canada is political as farmers want more income and politicians need more votes. Thus they could also abolish protectionism without losing basic self-sufficiency in cereals. Only after their population has grown to the extent of threatening food basic self-sufficiency, would Proposal (I) need to be applied. All the other nations do worry about this economic, political and strategic problem. Thus Proposal (I)

could be applied right now to prevent protectionism without losing food basic self-sufficiency. Proposal (II) would be relevant to all countries. Only by adopting them, will the developed countries not lose agriculture, thus having no need to demand the developing countries to open industry/services market largely, hence a breakthrough in the Doha negotiations would be possible.

Unfortunately, land tenure and these Proposals have been long neglected in the Doha negotiations. It is now imperative to raise them into the agenda.

Comments

WTO Director-General Lamy's View on Doha Negotiations

1 Thursday, 01 April 2010

Elisa Gesti

(http://www.wto.org/english/news_e/sppl_e/sppl116_e.htm)

'25 February 2009 Lamy underscores Doha Round benefits for Japan'

'Japan will face pressure from other WTO members to further open its agricultural market and to accept new disciplines for fishery subsidies. I understand this is a difficult decision at home and that it will take some time. But I just want to assure you that this happens everywhere. It is not easier for the US or European Union to reduce its agricultural subsidies or for the Chinese government to reduce its industrial tariffs further. Multilateral trade negotiations are a GIVE and TAKE, no country can ever get everything it wants, and no country will LOSE everything without RETURNS.'

Doha negotiations framework and 80% agreements achieved would not be affected

3 Wednesday, 07 April 2010

Jian-Ming Zhou

Adding this topic would not abolish the current framework of the Doha negotiations, nor the 80% agreements achieved.

Reasonable minimum protection after rational and competitive land use

4 Saturday, 10 April 2010

Jian-Ming Zhou

Once a country (such as Japan, South Korea, Switzerland) has rationally and competitively used all its cultivable land by adopting these Proposals, but its costs were still higher than in the other countries, it could be allowed to implement a minimum protection so as to keep a certain degree of self-sufficiency of the main cereal (rice for Asia and wheat for Europe), because there are still wars and threats in the world. The amount of this degree could be discussed in the Doha negotiations. For example, the free trade zone started in January 2010 between the Association of South-East Asian Nations and China will reduce only 50% of the rice tariff by 2015. Norway has efficiently and competitively used all its cultivable land by applying the above-cited laws which are very harsh in comparison with the more lenient Proposal (I), but its costs are still higher than in the other countries due to the cold weather, its protection to keep a certain degree of self-sufficiency of the main cereal would be regarded as minimum and understandable (otherwise it would lose agriculture completely). In contrast, if there is irrational land use, it would be unreasonable for the country to exercise protectionism (this situation is very serious in Japan and South Korea).

For the earlier responses to these Proposals, see the author's fifth FAO publication (<http://www.icarrd.org/en/proposals/Zhou.pdf>) pp. 7-57.