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Renewed Focus Needed on Agriculture as Asia-Pacific Turns to Imports

Free trade brings in cheap goods and small farmers are being out-competed, but domestic production must be revived to protect livelihoods of the poor

PHNOM PENH, Cambodia, 29 June 2006 – Agriculture, the bedrock for the poor, has been neglected and must be given new prominence because Asia-Pacific has become a major importer under free trade, the United Nations Development Programme reported today.

Valued added in agriculture as percentage of GDP

0.1-10 percent	15-25 percent	25-40 percent	40 – 55 percent
Hong Kong	Philippines	Bangladesh	Nepal
Singapore	China	Pakistan	Lao PDR
Japan	Fiji	Mongolia	Afghanistan
Australia	Kiribati	Bhutan	Myanmar
World	Indonesia	Cambodia	
Korea, Rep.	Sri Lanka		
Mauritius	Viet Nam		
Malaysia	India		

Thailand

Source: World Bank, 2005.

Cheap imports as a result of opening up to agricultural trade have led to a sharp decline in domestic production of food staples in the region, which had been a food exporter for many years, the Asia-Pacific Human Development Report 2006 said.

Overall, the promise of quick profits is encouraging richer farmers and agribusiness interests to move out of food production toward the cultivation of more profitable commercial crops, noted the Report, which was commissioned by UNDP.

Yet gains for agriculture and fisheries represent the heart of economic and human development transformation for Asia-Pacific, the Report stated, given that the sector supports the vast majority of the region's poor.

'Human development as a whole will suffer'

"If, as a result of trade expansion, small-scale farmers are out-competed by imports but do not have access to an alternative source of livelihood, human development as a whole will suffer," warned Hafiz A. Pasha, United Nations Assistant Secretary-General and Regional Director of UNDP's Bureau for Asia and the Pacific.

Trade expansion can damage poor farmers' interests by causing sharp declines in prices, increases in the cost of inputs such as fertilisers, withdrawal of state services for irrigation or farm-to-market roads, or land consolidation, among others.

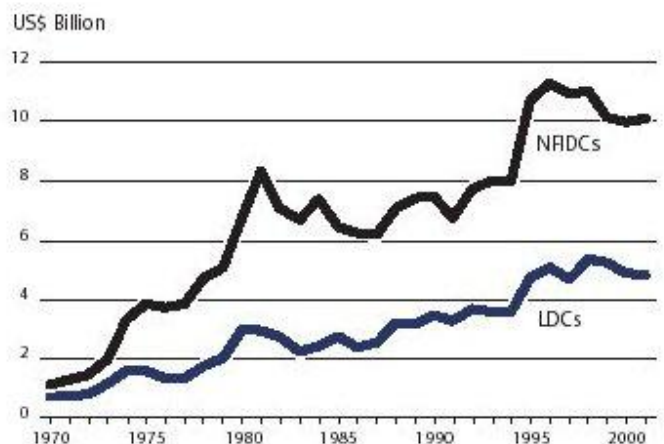
To overcome this, the Report urged that developing countries promote agricultural development, through price supports, affordable loans and other assistance, as well as by strengthening land reform. It also recommended offering protection to poor producers by means of tariffs, price support or subsidies. Policies not only need to ensure a consistent focus on agriculture, but also should promote solidarity among developing countries while accommodating different national interests and priorities in a highly diverse region, the Report added.

Food imports accelerating in poorest countries

Developing countries have opened up their agricultural trade far more than developed countries have. In particular, the poorest countries have become especially dependent on the global food market for basic food supply. Imports in the world's Least Developed Countries, which include the 14 poorest countries of Asia-Pacific, stood at more than double their exports by the end of the 1990s – and the trend is widening markedly, said the Report. This is particularly worrisome because two-thirds of the world's 800 million food-insecure people reside in Asia-Pacific.

Commercial food import bills

(Least Developed Countries, Net Food-Importing Developing Countries)



Source: FAO 2003a.

As a whole, developing countries are expected to import about US\$50 billion of food by 2030, even though the Report stressed that national security must be built on domestic food production. However, only a few Asia-Pacific countries, among them Thailand and Viet Nam, are considered "natural exporters" that can compete with developed countries on the global agricultural market.

Current global trade negotiations under the World Trade Organization's Doha Development Round should be seen as an opportunity to correct inequities in the world trade in agricultural products, particularly those arising from rich countries' "determined and unfair" protectionism in favour of their own producers, the Report said. However, talks "are not heading in the right direction," it noted.

"A farmer from Asia-Pacific can compete with other farmers, but not with rich-country agricultural subsidies," said Minh H. Pham, Regional Manager of the UNDP Regional Centre in Colombo, Sri Lanka. The Regional Centre in Colombo oversaw the multinational team of experts from the region that developed the Report, *Trade on Human Terms: Transforming Trade for Human Development in Asia and the Pacific*.

US subsidies to selected agricultural products, \$ millions

	1995	2001
Maize	32	2,800
Soybeans	16	3,600
Cotton	32	2,800
Rice	12	763

Source: Dhar, 2004a

The Report also focused on barriers to fair trade in fish resources that put poor-country exporters at a disadvantage. Such barriers include a lack of effective food safety standards, which exacerbate the underlying problem of the poor state of fisheries management. More than 85 percent of the world's fishers and 95 percent of its fish farmers live in Asia-Pacific. Many fishing communities already have low incomes, but their situation also could worsen as stocks are exhausted.

Turning to intellectual property rights, the Report argued that such rights must be ensured so that transnational companies do not plunder developing countries' resources through, for example, patent protection that creates new obstacles to agricultural improvement. It highlighted the potential for establishment of geographical indications, or GIs, as an unconventional measure with significant human development indications.

GIs identify a good's quality, reputation or other characteristics as essentially attributable to its geographical origin and can preserve rights related to traditional knowledge. The Report recommended that GIs be expanded on foods, beverages, clothing and crafts, as well as bio-resources like plants, herbs and trees. Better-known examples of GIs in Asia-Pacific include Basmati and Jasmine rice, Phu Quoc fish sauce, Thai silk, Bhutanese red rice and Mongolian cashmere.

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The United Nations Development Programme (UNDP) is the UN's global development network, advocating for change and connecting countries to knowledge, experience and resources to help people build better lives. UNDP works in 37 countries in Asia-Pacific.

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The UNDP Regional Centre in Colombo (RCC) was established in January 2005 to serve countries of Asia-Pacific. It is a regional hub for development knowledge and expertise, providing policy advisory and capacity development services in Poverty Reduction and HIV and Development, with Gender Equality as a crosscutting concern.

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