In recent years, as African governments and development advocates have stepped up their campaign to reform the trade policies of rich countries, the issue of agricultural protectionism has come to the forefront. This is a highly divisive issue, with rich countries resisting poor countries’ demands for major changes. In fact, the latest World Trade Organization (WTO) negotiations, the September 2003 Cancun meeting, failed largely because of the impasse over agriculture.

Critics highlight the hypocrisy of rich countries giving lip service to free trade while maintaining tariff barriers and paying subsidies to their farmers. Their argument that agricultural protectionism places an unfair burden on Africa is becoming a mainstream view. The New York Times, for example, argues that African farmers are “rightfully outraged that a nation [the United States] that enjoys all the benefits of open markets for its industrial products keeps putting up walls around its farmers.” The World Bank, the International Monetary Fund (IMF), and the Organization for Economic Cooperation and Development (OECD) have also come out strongly against current agricultural trade practices and advocate a major overhaul in order to benefit low-income countries.

Several African countries have also become assertive on agricultural issues in international trade debates. South Africa played a lead role in the recent WTO negotiations, with Uganda, Botswana, and Kenya also becoming vocal players. Four West African countries—Burkina Faso, Mali, Chad, and Benin—have called on the United States to cut the $1–3 billion it spends each year subsidizing American cotton growers. More broadly, African politicians have used their bully pulpits to criticize unfair trade policies and their impact on Africa’s long-term development. “The rich countries have a choice,” says Ugandan president Yoweri Museveni, “either let Africa have real access to your markets for products, especially agriculture, or acknowledge that you prefer to keep us dependent on your handouts.”

Recently, development advocates and nongovernmental organizations (NGOs) have joined the campaign for reform of global agricultural markets. Oxfam and the World Council of Churches, among other organizations, are taking an active role in lobbying trade negotiators on this issue. In short, fairness in agricultural trade policy has become for this decade what debt relief was for the 1990s—central to the critique of U.S. and European policies toward the poor and a focal point for development advocacy.

The protectionist policies of rich countries are indeed a serious issue for Africa, where farming accounts for about 70 percent of total employment and is the main source of income for the vast majority of those living in or near poverty. The 30 member countries of the OECD spend a combined $235 billion per year to support their agricultural producers, but only about $60 billion on foreign aid (about one-fifth of
which goes to Africa). Subsidies, tariffs, and nontariff barriers distort global prices and restrict access to rich-country markets. The global trading system discriminates against the world’s poorest nations, making their products less competitive and undermining opportunities for growth, employment, and, ultimately, economic and social development. Additionally, intransigence on the part of rich countries over agricultural reform also indirectly harms poor countries due to its effects on broader trade negotiations. According to one estimate, unimpeded global trade would boost developing country income by about $200 billion a year in the long term. The current stalemate over agriculture has frustrated trade liberalization and reform efforts in both multilateral and regional negotiations, hurting poor countries’ prospects for export growth, and stalling progress on other important trade issues, like intellectual property rights.

Despite widespread criticism of current agricultural trade policies, rich countries continue to respond to entrenched interests. In fact, after introducing reforms to reduce subsidies in 1996, the United States has since increased its level of protectionism. The 2002 farm bill further increased federal subsidies—to some farmers by more than 80 percent. Across the Atlantic, France, Spain, Ireland, and Portugal have resisted changes to the European Union’s broad agreement on farmer payments, known as the common agricultural policy (CAP). They effectively watered down a compromise reached last June that would have reduced protection levels. Among other things, France won a concession from the EU to maintain price guarantees for cereals, the largest single absorber of CAP funds. Why are rich countries so intransigent when it comes to agricultural protectionism?

Resisting Reform

There are significant political, institutional, and cultural reasons why agriculture enjoys a special status in the United States and Europe. One important barrier to reform is a classic public choice problem: while the benefits of agricultural protection are enjoyed by a small subset of farmers and agribusinesses, the costs are widely diffuse, making it difficult to mobilize energy for reform. Politically, producers of most major commodities are represented by strong lobbying groups, such as the National Cotton Council and the American Sugar Alliance in the United States, or the powerful French farmers union, the Fédération Nationale des Syndicats d’Exploitants Agricoles.

The influence of agricultural groups is often enhanced by institutional advantages. Although agriculture represents only 2 percent of the U.S. economy and less than a quarter of the population lives in rural areas, the American system of government gives rural states disproportionate representation in the Senate, often allowing farm interests to trump urban ones. The schedule of presidential primaries enables rural states like Iowa to project their concerns onto the public agenda, giving farming added prominence in national political debates. Additionally, agricultural interests are deeply and actively involved in the political process. The Center for Responsive Politics in Washington, D.C., reports that U.S. agribusiness donated $59 million to political campaigns in the year 2000, about the same as energy companies and more than three times what the defense sector gave.

Perhaps just as importantly, agriculture still plays an influential cultural role in the West, with many Americans and Europeans clinging to an idealized view of the small farmer and rural life. There is little doubt that British and French support for farmers is rooted in such romanticism. American national identity is partly based on the image of the rugged family farmer and (ironically) rural self-sufficiency. The desire on the part of the public to protect farmers also reflects general anxiety about job security among the population at large. Food security and (often unjustified) worries over food safety
also play roles in Western support for protectionism. Thus, attempts to reform agricultural policy are easily painted by those who want to maintain the status quo as an assault on hardworking small farmers and on our national heritage, or even as a threat to national security.

Despite these formidable opposition forces, agriculture is not invulnerable to reform. There are some indications, both at the global level and within the United States and the EU, that reforms are on the horizon. In part, this is because the campaign by African governments, the World Bank, and NGOs to increase awareness of the impact of agricultural protectionism on the incomes of African farmers is beginning to gain some attention.

While critics of developed countries’ agricultural policies have largely focused on the United States, Europe is likely to be the most significant driver of agricultural reform. Specifically, EU expansion will force the Europeans to revisit the CAP. The average per capita income of the 10 new members of the EU is about half that of the other 15 members, and the new members are more than twice as reliant on agriculture. This will undoubtedly foster substantial new pressures for a major reform of the CAP as the current system becomes increasingly expensive and ultimately untenable—creating an opportunity for changes that could benefit Africa as well.

Such reform is critical to Africa’s hopes. This is true not only because Europe’s policies are arguably even more damaging to African agriculture than America’s or Japan’s, but also because prospects for global agricultural reform will largely depend on negotiations between the United States and the EU. The problem is that neither the United States nor the EU wants to make concessions unless the other also does so.

As Rep. Charles Stenholm, the ranking minority member on the House Committee on Agriculture, has said: “I would be willing to eliminate cotton subsidies tomorrow if all the other countries would eliminate their subsides for fibers, but we’re not going to unilaterally disarm our farmers in that world market.”

This political deadlock affects not only multilateral talks like those at the WTO, but also bilateral and regional trade talks because the main barrier to reform is between the large economic trading blocs. Recent U.S. trade deals, such as the bilateral agreement with Australia and the Central American Free Trade Agreement (CAFTA) with El Salvador, Guatemala, Honduras, Nicaragua, and Costa Rica, illustrate this reality: agricultural issues have been deferred until future U.S.-EU agreement. Many of the changes in U.S. agricultural policy sought by the Latin Americans as part of the broader proposed Free Trade Area of the Americas will also depend on future U.S.-European negotiations.

What Protectionism Costs

Domestically, budgetary and fairness concerns could also lead to change. One of the main arguments in favor of reform is that current agricultural policies are hugely expensive. The U.S. Department of Agriculture paid out over $12 billion in subsidies in 2002, monies that come out of taxpayers’ pockets. The OECD estimates that the cost of U.S. market price supports for agricultural products—which include tariffs, quotas, and price guarantees—amounted to over $15 billion in 2002; such costs are borne by consumers through higher prices. To take just one example, the General Accounting Office estimates that the tariffs and quotas that are meant to protect U.S. sugar producers cost $1.9 billion in 1998, and led to a $900 million net loss to the economy. Yet sugar producers account for less than one-half of one percent of all U.S. farms.

Such protectionism exacts an even higher price in Europe. The OECD estimates that EU market price supports in 2002 exceeded $57 billion. EU producer support costs (in-
cluding subsidies, tariffs, and other protectionist measures) in 2002 came to over $100 billion, compared to about $40 billion for the United States. Oxfam recently estimated that British taxpayers alone pay £3.9 billion ($7 billion) per year to maintain the CAP.

Moreover, popular perceptions aside, small farmers are not the major beneficiaries of current agriculture policies. Eighty percent of U.S. subsidies go to agribusiness, and 10 percent of recipients collect about two-thirds of all subsidies. Seventy-eight farms in the United States received over $1 million each in subsidies in 2002. Certain crops, like rice, peanuts, and cotton, receive most federal subsidies, while grains and livestock receive relatively little. Subsidy programs also favor large landowners and highly mechanized farms, which has arguably encouraged the consolidation of small farms. More broadly, on average only 25 percent of producer support actually goes to farmers, with other recipients, such as fertilizer suppliers, reaping many of the benefits.

Tariffs are another area where fairness issues come into play, because certain crops receive disproportionate support. For this reason, during the debate over CAFTA, American rice growers came out in favor of lifting trade barriers, while the heavily protected sugar growers were strongly opposed.

Questions about regressive and unfair allocations of benefits are not limited to the United States. Such concerns are increasingly expressed in Europe as well. A recent Oxfam report that attracted a lot of press attention in Britain pointed out that current European agriculture policy “lavishes subsidies on some of Britain’s wealthiest farmers and biggest landowners,” creating “a perverse system of social welfare.” When the Duke of Westminster, one of Britain’s wealthiest men, is receiving a farming subsidy of nearly £1,000 ($1,800) per day, agricultural policy has clearly strayed far from the ideal of supporting small farmers.

Despite the increased attention being given to the costs and fairness of existing agricultural policies, the American and European publics are still largely uninformed about agricultural policy in practice. A recent University of Maryland/PIPA poll found that 46 percent of Americans incorrectly believe that farmers receive subsidies only in bad years. While those polled strongly supported emergency assistance for small farmers in bad years (77 percent in favor), a large majority (66 percent) opposed regularized annual subsidies. And fewer than one in ten of those polled supported regular subsidies for farms of 500 acres or more. These findings suggest that popular support could be mobilized for substantial policy change. Indeed, were public preferences followed more closely, the U.S. government would limit its agricultural support to emergency assistance for small farmers.

More broadly, protectionist policies are inherently biased against the vast majority of Americans and Europeans: consumers, urban and suburban dwellers, and producers in other economic sectors. Consumers are at times paying for agricultural protection twice over—once through direct subsidies financed by taxation and again through higher food prices due to trade barriers. Agricultural policy is also a means of redistributing resources from cities to rural areas. Although farmers are understandably loathe to acknowledge this, current protectionist measures are little different from welfare and other forms of state-sponsored entitlements directed at protecting certain segments of the population at the expense of the majority.

People employed in other sectors of the U.S. economy—such as manufacturing and services—are increasingly being asked to accept the job losses and changed working environments that result from globalization and normal economic evolution. For the most part, policymakers have rightly avoided erecting trade barriers or subsidizing outdated forms of industry in response to these pressures, recognizing that free trade and innovation bring net benefits to
the economy as a whole. These groups may begin to resent the special protection afforded to farmers. Agricultural tariffs, for example, are four to five times higher than those applied to manufacturing goods. Indeed, the U.S. Chamber of Commerce supports freer trade in agriculture, a position that stems from concerns that protectionist agricultural policies might prove an obstacle to securing trade agreements beneficial to American business.

Yet demands for reform of agricultural policy have generally been muted. Why has there been so little mobilization? First, as we have said, the public is not well informed about how agricultural protection works in practice, and its diffuse costs make its disadvantages less apparent. Second, the debates over protectionism in the United States and Europe are frequently muddled by competing issues, from protecting small farmers and the environment to promoting food security and safety. Finally, the various groups interested in reform are not traditional allies, so organization and infrastructure are lacking.

Advocates of change in the United States and Europe must recognize the political barriers they face and accept the fact that reform efforts will likely be slow and piece-meal. If they are to be successful, they must focus on the forms of protection that are most damaging and take aim at strategic “soft spots.” Reform-minded political leaders and NGOs have a range of potential allies in the United States and Europe, including people whose main concern is African development. To be more effective, these advocates should consider targeting their arguments more carefully and building opportunistic alliances with those constituencies for whom agricultural reform is largely a domestic issue.

Broaden Cooperation, Narrow the Focus
Opponents of developed-country agricultural protectionism, particularly those concerned with the impact of such protectionism on sub-Saharan Africa, have focused on building alliances among developing countries—and to a lesser extent, with the Cairns Group of wealthier agricultural exporters, which includes Australia and Argentina. In criticizing U.S. and European agricultural trade barriers, both development advocates and African governments have focused almost exclusively on highlighting how the protectionist policies of wealthy countries—such as U.S. cotton subsidies—hurt Africans.

Given the political environment, however, this strategy by itself does not appear likely to make much headway. Reformers would likely have more success if they were to: (a) show how current policies adversely affect Americans and Europeans; (b) reach out to potential allies within the United States and the EU; and (c) narrow the focus of their criticism and their immediate goals.

The international debate tends to focus on the impact of agricultural protectionism on poor countries, ignoring domestic interests. Demands for reducing levels of protectionism are often couched in terms of a sacrifice rich countries should make for humanitarian reasons. But there is evidence that this strategy does not resonate with audiences in rich countries. In a recent poll of Americans, only 27 percent of respondents were aware that U.S. farm subsidies might contribute to poverty in the developing world. More significantly, 56 percent of those polled endorsed the view: “It is not our responsibility to take care of farmers in other countries.” Such responses reflect a deep-seated orientation toward national interest that will be very difficult to shift.

Domestic and international critics of protectionist policies rarely talk, much less collaborate. Africa-minded reformers have failed to reach out to domestic interest groups in the United States and Europe. Such groups span the political spectrum and include development advocates and aid organizations, fiscal conservatives, environmental and consumer watchdog organiz-
tions, agricultural producers in unprotected sectors, and producers in nonagricultural sectors. The Environmental Working Group in Washington, D.C., has criticized the distribution of U.S. agricultural subsidies, arguing for an increased emphasis on farmland conservation programs. Consumers Union has weighed in on the effects of protectionist policies on prices and consumption patterns. The National Taxpayers Union has complained about the cost of subsidies to taxpayers. The conservative Heritage Foundation includes farm subsidies in its Index of Dependency, a critique of large-scale federal benefit programs. Farm Aid says protectionist policies force small farmers off their land. Oxfam criticizes the agricultural policies of rich nations not only for their negative effects on African farmers but for their unfair domestic costs. Reformers would benefit from trying to harness the energy and clout of such groups to the common cause.

In addition to creating strategic alliances with such groups, advocates of change should also identify “soft spots” against which to launch their reform efforts. Critics of protectionism may have made a tactical mistake by demanding wholesale changes that would have a negative impact on some of the most protected and entrenched agricultural interests. For example, the U.S. cotton industry has become a favorite target: African countries focused on it during the Cancun meeting, and Oxfam views cotton as a “test case.” Cotton subsidies certainly have deleterious effects on farmers in developing countries. By one estimate, cotton growers in Francophone Africa lost about $700 million in income in 2001 because of lower prices. But is this the best fight to pick? Cotton is produced by only a handful of African countries, so even a win might not be worth a great deal in the big picture. Even so, campaigners against cotton subsidies have demanded nothing less than the total elimination of supports. This past April, Brazil won a preliminary WTO challenge against the United States, successfully arguing that U.S. cotton subsidies violated current trade rules. Washington has indicated its willingness to consider cotton as part of a broader multilateral reform package. This creates an opportunity for African governments to win concessions, but making unrealistic demands will only spark stronger resistance to change. A more modest and conciliatory approach is perhaps more likely to promote serious policy changes.

Critics should also set their sights on those forms of agricultural protection that are most damaging to African interests. Much of the debate on agricultural reform has emphasized reducing rich-country subsidies—in fact, the term “subsidy” is often used interchangeably with the term “protection.” In reality, subsidies are only one form of protectionism, and not all subsidies present the same costs to African farmers.

Thus, while tariffs and direct subsidies are often grouped together, tariffs are arguably much more damaging to African countries and the global trade regime. Tariff peaks on commodities can approach 350 percent in the United States and top 500 percent in the EU, effectively barring entry into these markets. A World Bank study suggests that tariffs (in both rich and poor countries) have a greater impact on world prices than subsidies do, and that multilateral tariff reductions would be more beneficial than reductions in subsidies. Similarly, a U.S. Department of Agriculture study found that agricultural tariffs have a global average rate of 62 percent, and that tariffs and tariff-rate quotas account for more than half of all agricultural price distortions. The costs of tariffs are less obvious to the public than subsidies and are therefore less likely to generate domestic interest. However, this may be an area where it would be possible to build alliances with American consumers, who would benefit from lower prices, and with free trade advocates.

On subsidies, more targeted criticism would also have a greater impact. Subsidies
take on many forms—from income supports to price supports to conservation programs that pay farmers to set aside land. Subsidies that give payments based on production tend to do the most damage to farmers in developing countries because they encourage overproduction in rich countries and lower prices for poor farmers. Ideally, subsidies could be separated—or in the lingo “decoupled”—from production, allowing rich countries to support their farmers while only minimally affecting international trade. No subsidy can be fully decoupled. However, some subsidies, like direct income support to farmers, are less trade distorting.

Critics of subsidy programs need to recognize that even small reforms may involve high political costs, and development advocates should gear their arguments against forms of protection that hurt African farmers the most. Strategically, reformers might do better to ask rich countries to shift toward less damaging subsidies, rather than demanding an end to subsidies altogether.  

**Managing Expectations**

African governments and other reform advocates need to recognize that a wholesale overhaul of U.S. and EU agricultural policies is unlikely. And they should keep in mind that whatever the potential gains to Africa from agricultural reform, they will be no substitute for development.

Agricultural protectionism is not the cause of poverty and underdevelopment in Africa, and its (partial) removal will not signal an end to the continent’s problems. Hopes for huge gains in commodity prices are probably unrealistic. According to a U.S. Department of Agriculture study, global agricultural protectionism lowers agricultural prices by only about 12 percent. 25 The elimination of this distortion would no doubt be a good thing for Africa, but it would not solve the underlying problem of poverty.

Moreover, some African countries would also most likely be hurt by the removal of certain trade barriers, at least in the short term. For example, Mauritius currently benefits enormously from the EU sugar regime through privileged access to artificially higher prices. It has been actively lobbying against reform alongside British sugar producers and processors. 26 The removal of some agricultural protections would also raise food prices for Africa’s food importers, which would have an adverse impact on both consumers and the overall terms of trade. One study suggests that certain African countries, such as Gabon, Algeria, and Tunisia, would be harmed by the (multilateral) reduction of tariffs and subsidies. 27

More importantly, there is a risk for Africa that the attention on global agriculture will prove a distraction from continuing policy reform at home. The main constraints on African agriculture are domestic—weak infrastructure, low technology, poor skills, intra-African trade barriers, high taxes on agriculture, continued dependence on a small number of commodities, high transport costs, the spread of HIV/AIDS, and pricing and marketing policies that penalize farmers. 28 No matter what happens at the global level, African governments still need to think seriously about how to reform their own agricultural policies in order to boost their competitiveness.

One approach that remains underexploited is to develop policies that encourage production of less protected or unprotected commodities where African producers still retain relative advantage, such as fruits, vegetables, and perhaps organic food—especially to serve counterseasonal markets in the Northern Hemisphere. This approach is unlikely to work for all poor countries, as many lack the climate, soil quality, infrastructure, or policy environment to support a shift to niche products. There are also costs associated with switching products and the risk that these markets will prove more volatile than traditional sectors. 29 However, niche markets offer a potentially lucrative
alternative for many poor farmers and one that does not require major changes in the global agricultural market nor overcoming powerful political actors. These markets also offer opportunities for diversification for countries that are heavily dependent on one or two primary commodities. Pineapples in Ghana, cut flowers in Uganda and Mozambique, green vegetables in Zambia, and mangoes in Mali are all encouraging examples of niche exports that are growing rapidly.30

Perhaps the biggest danger in the current debate over agricultural reform is that those with unrealistic expectations will end up disappointed, unnecessarily deepening Africa’s sense of marginalization. There are already worrying signs of overestimating the gains that would come from the lifting of protective measures. Malian president Amadou Toumani Toure told the U.S. Congress last year: “These subsidies now most hinder our developments [sic].”31 According to Uganda’s Museveni, “the world…needs to encourage these positive trends in Africa by opening up their markets on a quota-free, tariff-free basis. This will, ipso facto, force the multinational investors to rush to Africa to invest there.”32

Nonetheless, reformers ought to keep in mind the lesson learned from the debt relief campaign. Debt sustainability was (and still is) a very real problem for many African countries. Debt relief advocates built a broad coalition of politicians, NGOs, and civil society groups that forced the major powers to act. Yet reducing debt service obligations has not produced all the hoped-for benefits, in part because the direct effects of debt were exaggerated and the benefits of debt forgiveness could only accrue in the context of other domestic reforms.

Distortions in global agriculture are a very real problem for many African countries. Advocates for change need to build a broad coalition to force the major powers to act, and to pursue a strategy based on the realities of the political forces aligned to protect the status quo. Yet given the strength of these forces and the importance of agriculture to Africa’s future, the battle against agricultural protectionism must not be allowed to distract countries from necessary reforms at home and the wider war against poverty.●

Notes

The authors wish to thank Sarah Lucas, Sheila Herrling, Kim Elliott, and Peter Timmer for their comments on this essay.


6. For instance, soon after 9/11, the Agriculture Act of 2001 was renamed the Farm Security and Rural Investment Act in a particularly egregious attempt to redefine farm subsidies as a weapon in the war against terror.


14. For some examples of this in the popular press, see www.nytimes.com/ref/opinion/harvesting-poverty.html, and www.guardian.co.uk/food.


18. PIPA, “Americans on Globalization, Trade, and Farm Subsidies.”


21. For suggestions about priorities based on developing country export patterns, see Kim Elliott Developing Countries, Agriculture and the Doha Round (Washington, D.C.: Center for Global Development, forthcoming).


24. An example of possible misplaced attention is the criticism of “green box” subsidies, which are defined by the WTO as having a minimal impact on trade. While critics are justly concerned that the definitions are too broad, they have diverted attention from more damaging types of protectionism. For an example of this approach, see “EU Hypocrisy Unmasked: Why EU Trade Policy Hurts Development,” Oxfam Briefing Note, May 5, 2003, p. 3.


31. Boosting Africa’s Agricultural Trade: Hearing before the House Subcommittee on Africa (Committee on International Relations), June 24, 2003.