

# Farmer Co-ops and the WTO

By Lynn Benander and Jane Livingston

Last Fall, the Cooperative Development Institute and Cooperative Life, the new Northeast federation of cooperatives, hosted a forum to address *“Cooperatives in the International Trade Environment 2000 and Beyond.”* The event brought together 68 cooperative, labor, and government leaders to surface key issues that co-ops need to discuss in order to play a proactive role in formulating future international trade policy. Here is a report of that historic meeting.

When the World Trade Organization (WTO) met in Seattle in late 1999, people across the US began hearing about trends in international trade policy of concern to people around the world. Environmental advocates are concerned that trade policies do not protect the environment. Some people in developing nations are concerned that stricter environmental standards will prevent them from gaining access to the same standard of living enjoyed by people in developed nations. Many European citizens and some governments are concerned about trade requirements that force them to accept genetically modified foods. Labor leaders are concerned that trade policies undermine workers at home and exploit workers abroad. Canadians are concerned about how the US is requiring them to dismantle the support system successfully sustaining their dairy industry. And now farmers in the Northeast are becoming concerned about the increasing competition and pricing pressures international trade is bringing to their door.

## U.S. Trade Policy

The main goal of the US government’s international trade policy is to open new markets for US business. This has involved a concerted effort to require countries to eliminate “protections” for their agricultural sectors, including barriers established to limit goods brought in from other countries or supports provided to their own farmers. However, the businesses that will gain access to these new markets and realize increased profits from these policies are businesses that have a comparative economic advantage—producers who can grow and transport their products at a lower cost than anyone else. Some believe that providing consumers with the lowest price products is the only important consideration.

But others, like most of those attending this forum, believe there are multiple considerations, such as preserving a local food supply, maintaining rural agricultural communities, protecting the environment, supporting small-scale farms, supporting natural and organic production, preserving open spaces, and building sustainable local economies. This concept is called “multi-functionality”. As Bob Paquin, who has worked on agricultural issues for Vermont’s Senator Leahy since 1977, told conference goers, *“We’re trying to hang onto a way of life in our rural communities that is inextricably linked to forestry, farming, and a host of rural activities.”*

Kathy Ruhf, coordinator of the Northeast Sustainable Agriculture Working Group, takes the multi-functionality concept even further. Her constituency is interested in food security, food safety, rural development, resource conservation, and environmental protection. A major challenge for cooperatives in all of this, Ruhf suggested, is going to be to *“reconcile a progressive cultural value that is at the root of the co-op movement, while seeking economic advantage in the context that we’re talking about. It seems like there’s a strain between the value of empowering participation among producers and keeping up with the global speed at which markets are developing.”*

There are Northeast farmers and cooperatives that will not be able to compete with producers who can produce at the lowest cost internationally, and the challenge to do so may cost us all a great deal. The apple industry is reeling from heavy competition from New

Zealand and other places that ship fresh apples all winter. Soon, China is likely to become the world's number one producer of concentrate for apple juice. Shoreham Co-op's Judy Pomainville said that they believe their only hope for surviving is to invest in producing a value-added product, such as apple sauce or apple chips, which can bring in a higher return to the producers. This involves exploring both domestic and niche markets.

### **Unions and Co-ops Oppose WTO**

Joe Alvarez, Regional Director for the AFL-CIO added another slant. *"Most of the people I represent have been losers in every round of the WTO trade negotiations, and are greatly affected by world trade,"* he said. *"The AFL-CIO is building a movement that says that globalization has to be democratic. It has to be a process that has a measure of accountability. It has to be sustainable. We have to change the terms of the debate."*

Paul Hazen, CEO of the National Cooperative Business Association, asked cooperative leaders to sign onto the International Cooperative Agricultural Organization's statement on the WTO, which supports family farms, fair trade, and multifunctionality, saying, *"We need to come together to create positions, not as industries—the dairy industry or the soybean industry—but as cooperatives, so we can have and take positions that represent cooperative values."*

Roger Allbee, the Cooperative Development Institute's Senior Consultant on Agriculture and International Trade, concluded the conference by encouraging cooperatives to get involved in the debate on international trade policy. *"These policies are shaping the future of our local economies. We cannot afford to sit by and hope things will turn out all right. We need to be involved to ensure that Northeast agriculture will be sustained."* He suggested three things that cooperative leaders must do:

- 1) educate consumers about the importance of supporting local agriculture
- 2) build cooperatives and cooperative coalitions to reduce the cost of producing, marketing, and distributing locally-produced products
- 3) work together to bring a strong voice to the ongoing international trade policy discussions, to ensure that agriculture in the Northeast can be sustained.

### **NOTE ON AUTHORS:**

*Jane Livingston is an independent contractor, and Lynn Benander is the CEO of Cooperative Life.*