

Shaping the Asian Peasant Agenda: Solidarity Building Towards Sustainable Rural Development in Asian Rural Communities



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**Shaping the Asian Peasant Agenda:
Solidarity Building Towards Sustainable
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Foreword

This book, "Shaping the Asian Peasant Agenda: Solidarity Building Towards Sustainable Rural Development in Asian Rural Communities", portray the perspectives of AFA and AsiaDHRRRA on the agrarian and agricultural situation in their own countries and of the sub-region. It contains country reports, workshop results and lectures of keynote speakers and resource persons, presented during the sub-regional conferences conducted by AFA from August till October of 2003. This book hopes to reflect the rich discussions during these gatherings and the consensus forged in defining common issues and calls for action.

The sub-regional conferences were part of the preparatory processes for the building of AFA's Asian Peasant Agenda. These results were consolidated, and the common recommendations became the basis of the AFA Asian Peasant Agenda, approved by the AFA ExeCom in October 2003, and to be ratified in the upcoming AFA General Assembly in February 2004. Both the North and South-east Asia sub regional conferences were held in Kaoshiung Taiwan last August 25-27, participated by AFA members from Japan, South Korea and Taiwan for North Asia and from Philippines and Indonesia for Southeast Asia. The Mekong sub-regional conference was held last October 22-26 in Hanoi Vietnam, participated by AFA members from Thailand, Cambodia, Laos, and Vietnam.

This first joint publication holds special meaning for both AFA and AsiaDHRRRA. It is a written manifestation of the close working relationship between the two. Even more, it is important to note that in itself, the process of organizing the sub-regional conferences, as well as writing, presenting and editing the papers, clearly spoke of the deep cooperation between members of AFA and AsiaDHRRRA. AFA members, who are peasant organizations, provided the experience and on- the- ground reality while AsiaDHRRRA members helped AFA analyze their issues and draft their calls.

Both AFA and AsiaDHRRA wishes to thank Agriterra for supporting the sub-regional conferences. Also, gratitude is extended to leaders and staff of the following AsiaDHRRA members who wrote the papers and accompanied their partner farmer leaders in the discussions of the sub regional conferences as translators/interpreters: Sor Kor Por and ThaiDHRRA in Thailand; Cambodian NGO Alliance for Cooperation; Sustainable Agriculture Forum, Lao Community Development Association and Quaker Service in Laos; VietDHRRA and Vietnam Farmers' Union; JaDHHRA in Japan; National Pintung University of Science and Technology and TaiwanDHRRA; KoDHRRA in South Korea; Pambansang Kilusan ng mga Samahang Magsasaka, People's Campaign for Agrarian Reform Network and PhilDHRRA in the Philippines; and Sekretariat Bina Desa in Indonesia.

Finally, this book is AFA's and AsiaDHRRA's modest contribution to the ever-growing literature on Asian agrarian and agricultural situation. We hope the reader will find this book a rich source of information on Asian rural situation and Asian farmers' initiatives in building sustainable rural communities.



Table of Contents

Foreword iii

CONFERENCE PAPERS AND RESULTS



North Asia Sub-Regional Conference on the Asian Peasant Agenda

Keynote Address: **Facilitating the Cooperation of Farmers
Organizations Within the Asian Pacific Region** 2

by Yung Chung Chiu, PhD
Counselor, Council of Agriculture, Taiwan

**Sustainable Development in the North Asian Region:
Opportunities and Challenges**..... 12

by Yung Chung Chiu, PhD
Counselor, Council of Agriculture, Taiwan

Japan Country Report 25

South Korea Country Report..... 43

Taiwan Country Report..... 55

North Asia Workshop Results 72

Southeast Asia Sub-Regional Conference on the Asian Peasant Agenda



**Globalization and Sustainable
Rural Development in Southeast Asia** 76

by Raul Montemayor
Chair, Asian Committee, IFAP

Philippine Country Report 83

Indonesia Country Report 102

Southeast Asia Workshop Results 123



**Mekong Sub-Regional Conference
on the Asian Peasant Agenda**

Keynote Address: **Globalization: How Farmers in Developing Countries Can Benefit?**..... 130
 By Phan Chi Tanh
 Deputy Director General, PM Office

Thailand Country Report 137

Lao PDR Country Report 146

Kingdom of Cambodia Report 165

Vietnam Country Report 174

ANNEXES

Conference Programs 190

List of Participants..... 198



Conference Papers and Results

.....

**North Asia
Sub Regional Conference
on the Asian Peasant Agenda**

**August 25 – 27, 2003
Kaoshiung China Trust Hotel,
Kaoshiung, Taiwan, ROC**





Facilitating the Cooperation of Farmers Organization within the Asian Pacific Region

By **Yung Chung-Chiu, PhD.**

Counselor, Council of Agriculture, Taiwan

Introduction

Developing a globally oriented agriculture has been one of the national long-term objectives in the region. Taking Taiwan for example, as early as 1959, when Taiwan sent its first agricultural mission to Vietnam, a model of agricultural globalization has been developed. In the 1970s, restrictions on imports of beef and commodities were deregulated, which not only reduced the consumption of domestically produced rice, crops, fruits, vegetables, fisheries, and meat every year, but also expanded the scope of Taiwan's agricultural globalization. Since the 1980s, Taiwan's trade and economy have developed along with the world trend towards liberalization. Amid this, its agricultural sector has been undergoing rapid adjustment and transformation to adapt to the challenge of globalization and liberalization, and achieve sustainable operations.

It was not until 2002 when Taiwan was granted membership in the World Trade Organization (WTO) that the agricultural authorities began to change their role. On the one hand, the agricultural authorities cooperated with trade negotiators in bilateral and multilateral talks. On the other hand, they conducted various studies on the impact of joining WTO on Taiwan's economy, reactions and means for damage relief and structural adjustments. The government has thus adopted a series of reaction models and promoted public education to counteract the challenges of globalization and liberalization. Nevertheless, farmers and farmer associations (FAs), which bear the brunt of such an impact, have failed to develop positive and holistic counteractions. Globalization or liberalization

was believed to directly impact government alone; thus, no one but the government should stand up to it.

One of the government's agricultural policies over the years has been to take care of the lives of farmers and the fisherfolk. The government has an indisputable obligation to look after the livelihood of people working in the primary industry, and it has lived up to this responsibility. However, globalization and liberalization have forced the government to forego many traditional protective measures. When the official protective mechanism was dismantled, the government would no longer be all-powerful for farmers, fishers and their organizations. Other than relying on the government's support to some extent, farmers and fisherfolk associations (FAs) should develop their functional roles to support themselves. This article will try to examine strategies that FAs may adopt to actively develop international agricultural cooperation and organizational functions in the context of the world trend towards globalization and liberalization.

Globalization, Liberalization, and the Agricultural Competitive Edge

Market and economic factors are the invisible hand behind world changes. A country's competitiveness is always gauged by economic indicators, such as the gross domestic product (GDP). Traditionally, an economy with vast land, abundant capital, a sufficient labor force, and other productive means usually attains greater productivity and competitive advantages over countries with fewer such assets. However, improvements in technology recently proved to be a boost for national competitiveness. The old definition of competitiveness has thus been replaced by a new one in which technological advancement takes the lead over the ownership of natural or productive resources. Moreover, technological change can become a new determinant in international distribution of labor.

Even without any dominant advantage in terms of natural resources, Taiwan's agriculture has thrived over the years primarily due to its diligent farmers and fishers and highly competitive agricultural technology.

How Taiwan can retain its agricultural competitiveness in the face of globalization and liberalization is a matter of great concern for many in the sector. The government's attempt to expand the scale of operations but with little success, an ageing agricultural work force, and comparatively high wages have greatly impeded the future development of agriculture on this island. With market globalization and liberalization, the local demand for foreign agricultural products is expected to rise, further weakening the competitiveness of the local agricultural sector and its satellite industries. For countries having less competitive advantages, there could be greater room to improve their competitiveness in agriculture. Through such an analysis, Taiwan's agriculture industry is witnessing failing competitiveness as a result of agricultural globalization.

Both economically and politically, the world is heading toward multinational coordination and collective management. Increasing interdependence has become the centerpiece of international economic changes. Trade, direct investment, technological cooperation, economic aid, financial capital flows, and technological and economic cooperation have created ripples in which countries and regions have built up interdependence, developed common economic interests, and achieved strategic alliances and other linkages. Overseas investment and cooperation in the agricultural sector can be a way for Taiwan's agricultural industries with less competitive capability to expand in foreign markets. At the same time, agricultural products and services where Taiwan's agricultural industry has been weak in terms of competitiveness can be imported. By strategically selecting investment targets in neighboring markets while keeping its bases in original markets in order to combine earlier investment to expand trade, Taiwan can gain agricultural competitiveness in the long run.

Strong promotion of overseas investment could help sustain the local industry, and thus help it obtain R&D (research and development) capability for technological innovation. In an environment conducive to innovation and vitality, overseas investment, trade, and international cooperation would operate in a sustainable way. That is, technological innovation, overseas investment, trade and international cooperation coordinated through smooth interplay is a positive strategy to boost an industry's competitive advantage.

Amid the surge of globalization and liberalization, passive and defensive adjustment measures will not contribute to agricultural competitiveness. At its present stage, Taiwan's agricultural technological innovation is still capable of supporting the entire industry's competitive advantage. However, it is imperative to have a more pragmatic and holistic vision to open up to the world economic systems and seek cooperation with other countries, thus achieving the objective of efficient utilization of resources and strong cooperation for greater economic efficiency.

The Niche for Taiwan in Developing International Agricultural Cooperation

International agricultural cooperation should be promoted in three stages—field inspection, planning and demonstrative promotion. However, the cooperation model shall be established first. This model is aimed at coordinating the natural resources and economic strengths of countries involved for common prosperity and benefit.

Based on different experiences in cooperation, countries involved in international agricultural cooperation may choose among the following methods of implementation—joint execution, consultant support, third-country execution of bilateral contractual arrangements, regional cooperation and execution by recipient country. In the early stage of Taiwan's agricultural development, the United States and Taiwan set up a joint committee to oversee agricultural cooperation projects, which proved to be a successful model.

International agricultural cooperation is always carried out on the basis of reciprocity. With its limited resources, what will be Taiwan's niche in assisting developing countries in agricultural technological improvement and investment? This could be examined from the general, social and economic aspects.

General aspects

Basically, Taiwan has insufficient resources for agricultural production. Its self-sufficiency rate for staples (i.e., the rate of local

production of loosely defined food that includes rice, crops, fruit, vegetables, fishery products, and husbandry products) over Taiwan's overall food consumption has fallen to 86%. Taiwan's agricultural sector has become internationalized, and its accession to the General Agreement on Tariffs and Trade (GATT) and the subsequent WTO has opened up its market to foreign agricultural imports. By promoting agricultural cooperation and looking for partners in the interest of better use of agricultural resources, Taiwan can retain an upper hand in overseeing the quality and quantity of agricultural products in the market so as not to undercut local agricultural productive strength. This could be a win-win strategy.

Social Aspects

Lately, Taiwan's agricultural sector has faced another problem: ageing farmers and an oversupply of labor that cannot easily be transferred to other sectors. Accession to the WTO will expedite the structural transformation of the agricultural sector here. Currently, the supply of labor is spilling over from the agricultural market and there is a number of agricultural experts in international cooperation. Promoting international agricultural cooperation for these people can allow them to use their professional know-how as well as alleviate pressure on the job market to avoid a social problem.

Economic aspects

Promoting international agricultural cooperation can create an economic niche by forming a strategic alliance in which one player's resources, production line and products can be shared or distributed rationally and economically in the interest of all. A few examples follow:

The aqua-fishing industry. Combine Taiwan's technological expertise, human resources and capital from the aqua-fishing industry to establish overseas production sites. Make use of the sufficient local labor force and vast land for products oriented toward the overseas markets there, direct exports or re-export back to Taiwan as material for further processing and export.

The hatching and husbandry industry. Combine Taiwan's technological expertise, human resources and capital from the hatching and husbandry industry to establish overseas production sites. Make use of sufficient local labor force and vast land for products oriented toward markets there as well as exports.

The sugar industry. Taiwan's sugar prices have remained low for a number of years, and the local sugar industry has already lost its competitiveness. Those facilities and experts now still in the market can be directed to international agricultural cooperation projects. Selecting partners wisely and establishing overseas production sites can effectively resolve the problem of oversupply of labor and idle facilities. A reasonable market price for sugar will help Taiwan establish a secure supply.

Feed and crops. Taiwan's raw materials for feeds have always relied on imports. Under international agricultural cooperation, such supply can be secured in good quality and sufficient quantity based on market needs through cooperation, investment, and technological assistance. This will contribute to a sustainable operation of the local feed and husbandry industries.

Seedlings. Owing to natural limitations and socioeconomic circumstances, seedlings and buds of many major crops and flowers cannot be propagated on this island, thus requiring imports. Under international agricultural arrangements, Taiwan seedling operators will be encouraged to invest in obtaining a reliable supply of seedlings and buds for cultivation, and in the cultivation of garlic, vegetable seeds and flower buds, in particular, to sustain the industry.

International Agricultural Cooperation and the Development of Farmer Associations

Taiwan's FAs have a history of more than a century. Despite bottlenecks at various development stages, FAs have played an undeniably significant role and have made a tremendous contribution to the development of Taiwan's agriculture and rural communities. Under the government's aegis and support, FAs have been involved

extensively in almost every aspect of the industry and the community. They have been active in grooming leaders in rural villages, disseminating agricultural technology, channeling financial resources, promoting local cultures, developing the rural economy, and stabilizing rural communities. Building up an extensive influence in every aspect of agricultural development, these associations have been a multifunctional mechanism socially, economically and politically.

With Taiwan becoming more democratic and the subsequent emergence of a pluralistic society, Taiwan's FAs have faced internal as well as external pressures. External pressure has come from the government's adjustment of its agricultural policy and from the rise of many other farmer groups competing with traditional agricultural associations. Internal pressure comes from the farmers' greater awareness of their rights and their active participation in policy making. These two pressures have combined to create structural problems that require changes in farmer FAs. Namely, caught by the tidal wave of globalization and liberalization, FAs are facing a competitive environment that is no longer in their favor. Additionally, internal and external changes have blunted the competitive edge they used to enjoy.

Taiwan's FAs used to have a competitive advantage given their unique legal status that entitled them to various projects and abundant resources as well as the loyalty of members. In a market fully internationalized and liberalized, the FAs' ability to retain these advantages will be subject to various factors—the approaches they will use to promote various businesses, rules to be adopted, ways to introduce new technology, and the capability to adapt to new market situations.

FAs have a potential that is greater than their present operational status. They have a value chain, functioning as a business network with interdependent linkages. A linkage is where one business being executed affects the other's costs and performance. Apparently, effective linkages will achieve greater competitive advantages.

When globalization and liberalization are reshaping the playing field everywhere, the agricultural sector will have a new competitive floor as well. The stronger or weaker competitiveness of the agricultural sector in general will affect FAs for better or for worse. That is, the future of FAs will tie in with the globalization of agriculture. While Taiwan's agricultural sector has been coping with the impact of globalization, farmers and the fisherfolk, with strong sensitivity to market changes, have been moving their production sites to foreign lands, investing elsewhere, and opening up new trading lines.

The agricultural administration is now actively promoting agricultural technology exchanges among Asia Pacific countries. In this trend of international cooperation, FAs find no excuse for being absent. They have good value chains in their credit departments, marketing departments, insurance departments and purchasing departments. A close analysis of the value chains in each department can help identify the competitive advantages of each department. It is feasible to compare the advantages of each department, and make a strategic selection of the ones strong in international cooperation. Initial analysis indicates that credit departments, marketing departments, and promotion departments are good strategic selections with great potential.

The Role to be Played by Agricultural Associations in International Cooperation

By any definition, FAs can be regarded as a nongovernment organization (NGO) for various reasons. First of all, the FA is a civic organization that promotes the rights of its members. Second, the FA serves as a bridge between farmers and the government, and is a major partner of the government in economic development. Third, the FA plays a supporting role in rural development projects.

Taiwan's FAs should not rely on government's protection any longer, because the government has limited capability. As the country is advancing from a less developed status to a mature modern society, social organizations should exist on the basis of function,

not power. In many developing and developed countries, NGOs have been very active in rural development, anti-poverty campaigns, and human resources development projects. These organizations have played an effective role in international cooperation projects. There will be a lot of room for agricultural associations to play in line with the government's agricultural cooperation.

Basically, Taiwan's agricultural associations have little experience in international cooperation. They will definitely meet many problems in engaging in this. However, what matters is their willingness and vision in taking part in international agricultural cooperation.

Despite these difficulties, FAs should not be excused from international agricultural cooperation amid the changes brought about by globalization and liberalization. As a farmers' organization and a typical NGO, an FA can play a pivotal role in countries having no diplomatic relations with Taiwan. Associations can select their areas with competitive advantages to promote personnel exchanges, technological assistance, investment, production and processing cooperation, market development and capital financing. FAs can abide by the following principles in promoting agricultural cooperation step by step to achieve the objective of agricultural globalization.

1. A wide vision

Members and staff of agricultural associations should have a clear picture of international cooperation. The agency-in-charge should develop consensus with FAs.

2. Selectivity

International cooperation must be built on the principle of reciprocity. Cooperation must be in the interests of farmers and carried out through teamwork. A stand-alone project could result in a waste of resources.

3. A responsible mechanism

FAs should first have a pool of experts in international agricultural cooperation. In a democratic way, FAs should select a mechanism for running cooperation projects.

4. Active participation in government cooperation projects

FAs can first support the government's agricultural technological mission or other exchange programs to become experienced in international affairs and expand the scope of cooperation in the future.

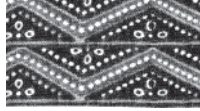
5. Network with foreign farmers' organizations and promote bilateral cooperation projects

FAs can network with farmers' organizations or NGOs in other countries and sign agreements to establish regular consultation and an exchange mechanism, and to execute investment and technological cooperation projects.

Conclusion

In coping with international competition, an industry tends to fall back on a traditional strategy—seeking government protection. The most preferable way is to develop new technologies and methods to maintain competitive advantages. From the standpoint of globalization, capital outflows and the use of the labor force in markets with comparable low wages, or use of foreign laborers with low wages, are also ways for labor-intensive industries to cope with international competition. In a market with increasing pressure from globalization and liberalization, the government must gradually phase out protection for FAs. With some competitive advantages still strong, Taiwan's FAs can take initiatives to seek opportunities for international agricultural cooperation. This will be a strategic option for a win-win solution.





Sustainable Development in the North Asian Region: Opportunities and Challenges

By Yung-chung Chiu, Ph. D
Counselor, Council of Agriculture, Taiwan

Introduction

Agriculture has been the foundation of society in every country, and provides a variety of economic, cultural, social and environmental functions that are beneficial to society. As these are developed based on different natural conditions and the historical background that vary from one country to the next, the diversity and coexistence of agriculture among various regions need to be respected. In this regard, it is important to look at agriculture in a more holistic frame and from the sustainability perspective.

The development or decline of rural areas is directly related to their capacity to provide the quality of life that people aspire, particularly those in the agricultural sector. In other words, those who choose to live in rural areas should have equal opportunities in terms of access to enterprise and employment that are at least comparable to those available in urban areas. The "Cork Declaration: A Living Countryside" signals a major policy initiative that would put sustainable rural development at the top of the European Union's (EU's) agenda and make it the fundamental principle that underpins all future rural policy. The ten-point rural development program for the EU as set out in the Declaration forms the basis for part of the package of broad policy options presented by the European Commission in the CAP 2000 paper and Agenda 2000 Document in August 1997.

The attainment of sustainable agricultural systems requires that farms indefinitely accommodate increasing demand for food and fiber at economic and environment costs consistent with rising per capita welfare of people. The concern about the shrinking resources

for agriculture has been raised in recent discussions on the sustainability of the sector. In response, the National Agricultural Research Systems (NARS 1993) introduced the concept of total productivity. This concept measures all the factors of the agricultural system, including changes in the quality, quantity and value of natural resources and the environment. The CGIAR in 1987 adopted the following definition:

A sustainable agriculture is one that, over the long term, enhances environmental quality and the resource base human food and fiber needs, is economically viable, and enhances the quality of life for farmers and society as a whole.

In the CGIAR definition, increased production is the objective of the agricultural system and the research that girds the system. Generally speaking, a sustainable agricultural system is one that indefinitely meets rising demands for food and fiber at economic, environmental and other social costs consistent with rising per capita welfare of people especially those who live in the rural areas.

In relation to this, the Organization for Economic Cooperation and Development (OECD 2001) points to the multi-functionality of agriculture, which it explains as follows:

Beyond its primary function of supplying food and fiber, agricultural activity can also reshape the landscape, provide agricultural benefits such as land conservation, the sustainable management or renewable resources and contribute to the viability of many rural areas.

The concept of multi-functionality of agriculture has been widely accepted in the Asia Pacific Region. Multi-functionality means that agriculture is not only an economic activity but also creates both tangible and intangible values, which are embodied in various ways in each country and region. These values, however, cannot be traded nor obtained through trade but only through the sustainable agricultural activities of each country. Thus, it is believed that some forms of policy intervention are indispensable in order to reach the philosophy of multi-functionality by placing domestic agricultural production as the basis of national food supply.

From the point of view of international economy, many critics argue that globalization has had an adverse effect on agriculture and rural communities in less developed countries. Even Japan, one of the developed economies, has been calling for establishing the modalities to ensure "flexibility among commodities," "continuity of reform" and "balance between importing and exporting Members," with non-trade concerns being duly reflected. In the Doha Ministerial Conference of the World Trade Organization (WTO) held in November 2001, the Ministerial Declaration for launching a new round with a balanced broad-based agenda for negotiations was adopted. Agricultural negotiations were prescribed to be concluded in a single undertaking as part of the new round. The negotiation has been underway on the three principal areas of export competition, market access and domestic access.

The Facts

Until the end of March 2003, members failed to establish modalities on the deadline set by the Doha Mandate. At the agricultural negotiations, a group of agricultural product-exporting countries are demanding drastic cuts from agricultural product-importing countries, such as cutting all tariffs to 25% or lower within five years. The other group countries has put forward a reduction formula that enables Members to achieve a balance between exporting and importing countries and flexibility among commodities, while adequately considering non-trade concerns. (The positions of various countries are presented in Table 1.)

The North Asian Region consists of diverse Pacific Rim economies. The most populated country, China, has 4,100 times as large a population as Brunei, the least populated. Needless to say, there are marked differences in natural conditions between members in the Frigid and Tropical Zones, resulting in diversity in economic activities, especially in farming practices. While some members can be described as leading industrial economies, one third of its total membership is composed of agrarian economies, where the agricultural sector employs the largest portion of the economy's total workforce. The diversity and development gap among the members of the Asia Pacific Economic Cooperation? (APEC) and selected Asian countries are found in Tables 2 and 3.

Table 1. Positions of various countries and revised version of first draft of modalities

Issue	Japan	Cairns Group	Developing Countries	Revised Draft of Modalities ^a
Market access	Progressive cuts, flexibility among commodities (UR formula: Japan/EC proposal: average 36%, minimum 15% reduction)	Radical cuts under the Swiss formula (all commodities cut to below 25% in 5 years)	Radical uniform cuts in developed countries	<ul style="list-style-type: none"> In [5] years, tariffs higher than [90]% to be cut by an average [60]% and minimum [45]%, etc.
	<ul style="list-style-type: none"> Improved rules (Update consumption base period, abolish additional access volume) Greater transparency ISTEs play an important role in food security 	<ul style="list-style-type: none"> Clarification of rules on TRQ administration Basically maintain TRQ volumes at present levels Greater transparency 	<ul style="list-style-type: none"> Uniform expansion in developed countries Further strengthening of rules 	<ul style="list-style-type: none"> Expand to [100%] of domestic consumption (some commodities to [8]%) Update base period Subject to certain disciplines (further consultation required)
Domestic Support	<ul style="list-style-type: none"> Progressive cuts, flexibility among commodities (reduced from bound levels on a total AMS^b basis) Japan/EC proposal : Reduction by 55% on total AMS basis 	<ul style="list-style-type: none"> Radical cuts > cut to 5% of volume of total agricultural production in 5 years 	<ul style="list-style-type: none"> Elimination in developed countries 	<ul style="list-style-type: none"> Total AMS cut by [60]% in [5] years Capping on AMS by individual commodity
	Reduction Japan/EC proposal: average 45% reduction	<ul style="list-style-type: none"> Elimination in 5 years 	<ul style="list-style-type: none"> Elimination immediately 	<ul style="list-style-type: none"> Certain commodities eliminated in the 6th year, the rest eliminated in the 10th year
Export competition	<ul style="list-style-type: none"> Replace all export prohibitions/restrictions with export taxes, to be bound and reduced Reduction in export credit 	<ul style="list-style-type: none"> Reduction in export credit [EC proposal: stricter rules] Establish lenient rules Opposed to reduction and strengthening of rules 	<ul style="list-style-type: none"> Special consideration for developing countries 	<ul style="list-style-type: none"> Subject to certain disciplines on export credit and food aid (further consultation required)
	<ul style="list-style-type: none"> Establish stricter rules Immediate ban on export credit not compliant with rules 	<ul style="list-style-type: none"> Elimination in 3 years 		

^a Figures in enclosed in [] under 'Revised Draft of Modalities' are used for indicative purposes.

^b AMS stands for aggregate measurement of support.

Source: Annual Report on Food, Agriculture and Rural Areas in Japan, FY 2002, p. 16.

Table 2. **Diversity and development gap among the APEC members and selected Asian countries^a**

	High-income group ^b	High-growth middle-income group ^c	Lower middle-income group ^d	Low-income group ^e
Income level				
Per-capita GDP on a USD 1987				
1960	[100.0] 8,379	[8.1] 678	[3.5] 296	[2.3] 192
1980	[100.0] 15,788	[10.0] 1,579	[3.0] 477	[1.6] 247
1995	[100.0] 20,845	[12.9] 2,686	[2.4] 495	[1.9] 392
Average annual growth 1995/1960 (in %)	2.64	4.01	1.48	2.06
Agricultural sector in the national economy				
Percentage in GDP (in %)				
1980	3.4	11.3	22.2	37.0
1997	2.1	6.9	15.4	25.1
Percentage in total workforce (in %)				
1980	6.3	42.5	57.1	63.2
1997	4.4	33.9	37.2	57.4
Labor-land ratio				
Agricultural population / farmland and land under perennial crops (in %)				
1980	0.040	0.615	1.155	1.152
1995	0.028	0.562	1.499	1.628

^a Bracketed figures represent the ratio to the high-income group's performance, 100.

^b Includes Canada, the US, Japan, New Zealand, Australia, Hong Kong and Singapore.

^c Includes South Korea, Chile, Mexico, Thailand and Malaysia.

^d Includes Peru, Indonesia, Philippines and Sri Lanka.

^e Includes Vietnam, Papua New Guinea, Myanmar, Laos, Pakistan, India, Cambodia, Bangladesh and Nepal.

Source: Mitsugi Kamiya. Keynote Address for the Symposium on Rural Issues in the APEC Region (2000).

The agricultural agreement reached during the Uruguay Round was a new step forward in the area of trade rules on agricultural products. However, a number of countries had no choice but to take additional support measures owing to the unstable supply of and demand for food internationally.

Since agricultural products are very vulnerable to constraints of natural conditions, the volume of production fluctuates greatly, and at the same time production cannot be dealt with through changes in the supply-and-demand situation. Consequently, the world's food supply-demand situation is stressed in both the medium term and the long term (see figure below). The difficulty of securing new water resources, the advanced state of soil deterioration, and droughts or floods due to abnormal weather are also matters of concern as elements that destabilize supply. On the demand side, global population growth is the main cause of expansion. The world's population is forecasted to reach 8.9 billion by the year 2050. This presents the possibility that, in developing countries, the demand for grains will increase dramatically along with factors such as rising income levels.

The ability of securing food supply is mainly determined by the country's potential for boosting food production, as well as by their food importing or buying power, and international market conditions such as prices.

Figure 1. **Changes in Supply/Demand, Price of Wheat**

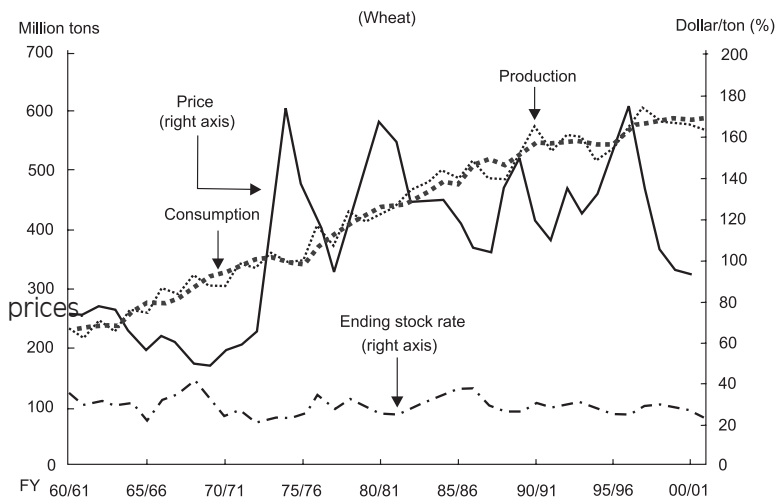


Table 3. Economic Indicators, 11 November 2002

Member economy (year joined)	Area (in '000 sq km)	Population	Current Price GDP (in USD billion)	Current GDP per capita (in USD)	Exports, FOB (in USD billion)	Imports, CIF (USD billion)
Canada (1989)	9,971	30.8	717	22,691	262	248
People's Republic of China (1991)	9,561	1,275.1	1,080	919	267	244
Hong Kong, China	1	6.9	162	24,080	177	205
Japan (1989)	378	127.1		37,299	403	349
Republic of Korea (1989)	99	46.7	462	8,918	150	141
Russia (1998)	17,075	145.5	260	2,147	95	44
Chinese Taipei	36	22.2	309	12,599	122	107
USA	9,373	283.2	9,825	35,401	731	1,180

Source: APEC Bulletin (2002).

A drop in the prices facilitates imports, but with the sacrifice of motivation to produce at home. That prices in the international market are closely linked to the ratio of stock to demand is a well-known fact. Ironically the majority of surplus stock available for export is held by major exporting countries, which control 70% of the world's cereals exports.

To increase food production in response to future projections of global population growth, countries in the North Asian Region are addressing concerns regarding the management of water resources. A Third World Water Forum was held in Japan in March 2003. A ministerial Declaration was adopted, expressing the shared resolve of various countries on water-related initiatives. It is important that food production is increased by making more efficient use of agricultural water, which accounts for about 70% of the world's water usage, and to alleviate poverty by modernizing water use. It is also important to prevent environmental destruction in the form of exhaustion of ground water resources, saline accumulation, and the expansion of deserts due to excessive extraction of agricultural water. Studies reveal that agricultural water utilization, especially in paddy rice irrigation, yields internal benefits, that is,

food production; and simultaneously generates implicit external functions in the conservation of the ecosystem. A particular study shows that the contribution of paddy rice to the national GDP of Taiwan fell from 1.9% in 1985 to 0.51% in 2001 (see Table 4).

Table 4. **Paddy rice contribution to total GDP (in %)**

Year	Agriculture contribution to GDP	Rice contribution to total agriculture	Rice contribution to national GDP
1985	5.8	32.6	1.90
1990	4.2	33.9	1.42
1995	3.6	30.7	1.11
1997	2.7	29.4	0.80
2001	1.91	26.7	0.51

Sources: Basic agricultural Statistics, COA (1986-2001); result analyzed by Ko & Chun, AERC (February 2003).

These figures indicate that paddy rice has gradually lost its competitiveness to the non-agricultural sectors in terms of utilization of land and water resources. Nonetheless, the existence of external or non-commodity benefits from the uses of agricultural water resources, particularly from paddy rice irrigation, has been appreciated by the public. Such benefits include water circulation system, weather regulations, biodiversity, living amenity and the preservation of mutual-aid rural culture. Scholars and agencies concerned have made valuations of the external benefits of paddy rice, with the results varying according to the methodology used. Previous studies may have overestimated the value given the lack of appropriate and sufficient basic data. However, the studies point to the external benefits in terms of the ratio of commodity and non-commodity values located in between 1:0.88 to 1:36.

Challenges and Opportunities

It seems to be very difficult, if not impossible, not to import foreign products under the stream of free international trade advocated by western industrialized countries. Several reasons con-

tributed to the increment of importing foreign agricultural products. The first and perhaps the most direct reason has been the strong purchasing power of the urban industrial sector. Consumers cannot be satisfied merely with local farm produce as the latter by nature lacks elasticity. The push for importation of foreign crops also come from the livestock industry, given the increasing demand for animal protein. Finally, there is the pressure coming from the international community. One of the typical arguments within the North Asian Region involve the issue of trade of rice. Japan and many other countries in the region have been confronted with major rice-exporting countries such as the US. The challenge remains unresolved. Japan argues that a series of measures has been taken in accordance with the WTO Agreement on Agriculture (AoA). It does not recognize any outstanding issue between itself and the US on rice imports. Although the US presents counter-arguments regarding market access for their rice, Japan still maintains that the access of US rice is a matter of market competition.

The increments of importing foreign agricultural produce will definitely deliver a discouraging message to the agricultural sector, potentially facilitating the outflow of labor from rural communities and the expansion of urban informal sectors. It may also block the road to increased agricultural competitiveness and diversified agricultural production, which are requisite to economic growth and industrialization. On the other hand, rural revitalization should begin with actions to increase agricultural output, especially the food production power; and promote diversified and market-oriented farm management such that the capability to respond to change in domestic demand can be further reinforced. To expand the domestic market with a large rural population, it is again indispensable to create more jobs and raise the income level in rural areas. Under the notion of sustainable development of agriculture, the North Asian countries have to combine their efforts to face at least three common challenges—food security, poverty alleviation and environmental protection. A fairer and more prosperous world would not be realized unless all countries make contributions commensurate to their ability in the effort to clear away major obstacles to social and economic development.

The above-mentioned challenges are cited in the literature and agreed upon by scholars. Much more, we are, however, facing the following challenges in constructing a system for sustainable farming in the field.

1. Production benefits and resources efficiency tested in developed and temperate countries may not be applicable to developing countries.
2. Farmers are used to intensive use of chemical inputs. It will be difficult to change conventional practices without incentives.
3. The Consumer's propensity to consume agricultural produce may lead them to seek imported foods.
4. Practical extension strategies have not been designed for sustainable farming under various uncertain market conditions.

The character and the impact of the challenges to the development of sustainable agriculture mentioned above may vary from country to country within the region. However, countries in the region may also combine their efforts to maximize opportunities in facing all these challenges. The opportunities can be summarized as follows:

Ample market possibilities in the region

The North Asian Region is an aggregate of economies that are widely diverse in size, level and structure. With its improving economic conditions, it provides huge market opportunities for food for each country. There is a tendency for each country to respond to qualitative and quantitative changes in domestic food demand primarily with imports, partly owing to the agricultural sector's instability to meet the demands .

Abundant resources in the region

Resources may be tangible or intangible. Tangible resources include natural resources, capital and infrastructure, while intangible resources include human resources, systems, culture and organization. People tend to seek resource from outside although the resources are readily available at their disposal. The North Asian

Region is relatively affluent compared with other regions. This can be viewed as one of the opportunities of the region.

Presence of cooperating bodies in the region

Different cooperating bodies are present within the region, including international and regional formal and informal organizations such as the WTO, APEC and regional farmers' associations. If the cooperating bodies with different goals and economic strengths are to achieve the goal of becoming a regional open cooperative body, all the members can contribute their efforts to solve challenges within the region.

The Vision and Strategies

The Food and Agriculture Organization (FAO) has projected the number of individuals suffering from malnutrition to reach more than 800 million by 2015 and this might extend up to 2030. This explains the growing concern with ensuring global food security. However, there is also a growing trend that only very few countries are gaining a greater share in the export of major agriculture products.

In the North Asian Region, imported agricultural products are significantly increasing. The increasing demand for food and for its diversification owing to an increase in population, income and change in dietary pattern is also being observed. Rice consumption remains in a declining trend in some countries in the region, reflecting a continuing oversupply, which threatens the welfare of large-scale farmers. The case has been that support to farmers, which are economic in nature, has taken the form of social welfare programs. While the efforts of the government to protect local farm products are recognized, farmers are not able to appreciate this. They are beginning to realize that within the present decision making process, neither the farmers' organizations nor the government is capable of helping farmers solve their problems.

As mentioned earlier, sustainable agriculture includes natural agriculture, organic agriculture, eco-agriculture, renewable agriculture, biological agriculture and biodynamic agriculture. All the ef-

forts involved in sustainable agriculture are leading to a continuous and profitable production and improved quality of human life especially in the rural areas. Thus, what we need today in the North Asian Region under the framework of the WTO and the concept of sustainable development in agriculture is to promote a new agriculture which is efficient, economically viable, socially acceptable, environmentally sound and with minimal risk.

To achieve these objectives, three requirements have to be met. First, the region has to continuously develop new technology and management practices to improve the quality of the soil, and purify the water and preserve the natural environment. Second, the government of each country has to implement appropriate regulations and provide favorable conditions to motivate farmers to adopt the new technology and management practices. Third, a forum on sustainable agriculture in the region has to be convened soon. The forum shall be directed at achieving the objectives of sustainable agriculture and may eventually become a regional cooperative body.

Conclusions and Suggestions

The importance of sustainable agriculture especially in the North Asian Region has been underscored in the previous discussion. The development of agriculture is not only to meet the increasing demand for food and fiber but also to respect the environment and human life as well.

This paper recommends that a regional corporate extension program be initiated to assist and facilitate exchange in developing sustainable agriculture in the region. The corporate extension program can be defined as a step towards organizing farmers and experts. It should also be designed to teach affiliated members of NGOs or government organizations to make decisions regarding farm management that are geared towards achieving sustainable profits and the continuous use of resources in response to market demands and the social needs of each country in the region.

Facing external and internal pressure for internationalization, many countries in the region spare no efforts in shifting their agricultural policies on paddy field agriculture and rice. The negotiation is continuing in the hope of reaching a modality acceptable to each party. However, under the theme of the WTO and sustainable agriculture, there is a need to reach areas of consensus in the negotiations that would not only allow flexibility among commodities but would also respect regional differences and recognize the continuity of reform. However, time for adjustment should also be provided, and the balance between importing and exporting members achieved. There should also be room for participation and transparency in decision making in regional and international issues.





Japan Country Report

Introduction: The Local Agricultural and Agrarian Context

General overview of Japan and its agricultural data

Japan is an archipelago made up of roughly 7,000 islands, stretching from a subtropical climate in the south to a temperate climate in the center (around Tokyo) and cold in the north. Japan covers a total area of 125,640 sq. km. including the Northern Territory. A major portion of the land (75%) is mountainous and hilly terrain, which has few inhabitants and is not suited to food production. Around 13.2% of the land is used for agriculture. Since oceans surround the archipelago where warm and cold current meets, Japanese waters have abundant marine resources; thus, fishing plays an important role in the country's economy since ancient times.

The total population of Japan is 126.7 million, 40% of which inhabit only 1% of the land area. Only 4.7% of the population engage in farming, and farming activities are concentrated along the coastal plains (rice, soybeans and vegetables). The country's economy revolves around foreign trade, exporting manufactured products and importing raw materials.

Development of Japanese agriculture

Japanese society and agriculture is characterized by its heavy dependence on rice. Every Japanese village has its own community-sustained Shinto shrine. Its main ritual and festival are related to rice farming. Historically, the Japanese Emperor took the role of the chief Shinto priest responsible for the rice-growing rituals. Even at present, the Emperor performs yearly rituals of transplanting



rice in the royal paddy field, while the Empress grows silkworm in the palace.

In feudal times, the worth of the *daimyou* (roads) and the *samurai* were measured by the volume of rice that can be produced from their land. The unit of measure was called *koku* (equivalent to 150 kg). One *koku* of rice was enough to feed one adult for an entire year. During the Tokugawa period, the total population of Japan was between 20 million and 30 million for 270 years.

With the advent of modernization beginning 1868, Japan adopted all kinds of knowledge from the western civilization (i.e., technique, institutions, law, science and arts). However, the importance of the rice-growing community and basic cultural notions were preserved. At present, although only 3.1% of the population (about 4 million) is a farmer, the basic mentality and the style of human relationship that originated from rice-growing community life persist and remain to be influential in many aspects of modern Japanese life, and still quite evident in such values as collectivism, the lack of individualism and the Japanese's tendency to always consider what others think to fit in with the majority.

The succeeding sections discuss the evolution and development of agriculture in the context of Japan's economic development, presented in three phases: Post-World War II (WWII) era; era of economic growth and era of globalization.

Phase 1: Post-World War II era (1945-1960)

After the World War II, the Japanese government was ruled by the liberal democratic party (conservatives) and its important source of supporters were farming areas and their populations (12.5 million, nearly 10% of the total population at present).

Following the dropping of the atomic bomb by the United States (US) in Hiroshima, Nagasaki in 1945, Japan was subsequently occupied by US troops until 1952 and was governed by the Supreme Command of the Allied Powers (SCAP). The SCAP required the then Japanese government to abandon the Meiji Constitution that led the country into war. The Japanese government, with strong pressure from the SCAP, then implemented agrarian reform through-

out the country. Under agrarian reform, self-cultivating farmers got their own land, and the traditional land ownership structure disintegrated. Of the 2.5 million tenanted farms before WWII, 80% were redistributed to peasants and only 20% remained as tenanted farms.

While agrarian reform was in process, most of the people of that era were still suffering from the lack of food. Many children starved to death in the northern region. To help alleviate the situation, the US government supplied wheat flour and powdered milk as aid. Subsequently, the Japanese government started to serve free lunch in all government schools from the elementary to the junior high school level using aid from the US to deal with widespread malnutrition among children. However, the free meal service changed significantly the diet of the Japanese that led to current problems now being faced by Japan.

Phase 2: Era of high economic growth (1960-1980)

In the early 1960s, politicians declared a national policy to increase the income of people two-fold. As a result of the Korean War and the Vietnam War, the Japanese economy, especially the industrial sector, grew drastically. Social infrastructure also developed during this period. Labor force shifted from the agricultural sector to the industrial sector. Some of the farmers quit farming and started working in factories. With the introduction of machinery and modern agricultural technology, which saved time and simplified farm work, some farmers needed to work in the field only part time.

Because of the agricultural policy prevailing after WWII, Japan became dependent on imported wheat and other grains for livestock feed. Most of the farmers grew rice, which is the national staple food. Rice farmers could not find any alternative crop during winter when rice is not grown. Thus, the use of land was not maximized, contributing to the accelerated movement of agricultural labor to the industrial sector.

Rice production increased to around 14 million tons in the late 60s through agro-technology development. However, the consump-



tion of rice decreased from a peak of 13 million tons (118.3 kg/person/year in 1962) to 9.5 million tons (65.2 kg/person/year in 1998) owing to the change in the Japanese people's diet. In the early 1970s, the government started implementing a rice production control policy by providing subsidies and encouraging the conversion of paddy to other crops to maintain a supply-demand balance.

This era was also characterized by the rising public concern about the safety of food as it was related to environmental pollution. This came out following several tragic events, such as the breakout of the Minamata disease. Scientific research revealed that some high toxic agricultural chemical (e.g. DDT, BHC, PCB) remained in food and affected the human body. These diseases were mainly attributed to intensive industrialization.

Phase 3: Era of globalization (1980-present)

Japan entered the General Agreement on Tariffs and Trade (GATT, formerly the World Trade Organization, or WTO) in 1955. So-called "globalization" can be said to have started at this time, including Japan. However, the extent to which Japan has "globalized" in the 1960s and 1980s to the present has been qualitatively different.

In 1966, the Japanese trade surplus stood at about USD 2.5 million. The US trade surplus was USD 45.6 million. Within three decades, Japanese industries changed the composition of export goods. The major exports were textile products, which accounted for 30.2% of total exports in 1960. However, later in 1996, machinery and automobile, which accounted for 73.4% of exports, became the major export products. Accordingly, the Japanese trade surplus in 1986 rose to USD 827.5 million while the US had a trade deficit of USD 1551.4 million. Hence, globalization, which affected the Japanese agricultural sector, took off in 1986, when the Japanese government opened the market for rice. Since then Japan has been importing 5% of its rice supply from foreign countries.

GATT intended to minimize the disparity in international trade by cutting back tariffs and imposing other restrictions on imported

goods. Such tariffs were seen as an obstacle to GATT's "free trade for global prosperity."

Japan came to be associated with the US in the 1960s, but was later perceived as an economic threat by the US. Moreover, with its participation in the global market, it has also been given the responsibility for maintaining and improving international trade.

During this period, the Japanese government was accused of being highly protective of its agricultural sector. The price of rice in Japan was 2.9 times that of the U.S. and 6.7 times that of Thailand in 1996. Owing to strong requirements and pressures from GATT, the Japanese government agreed to minimize or abolish tariff to liberate its market for imported goods, especially agricultural products, which it did gradually. While in 1962 Japan limited imports to over 100 agricultural items, in 1992 this has dropped to only 13 items.

However, with the efforts of some organizations in raising awareness about the situation and the critical events that have occurred in relation to the effect of food on the human body, the concern about food and agriculture has been increasing even among young people.

History of Agrarian Reform

Compelled by strong pressure from the SCAP, which occupied Japan after WWII, the Japanese administration implemented agrarian reform beginning 1948. The goal of agrarian reform was social justice, equal allocation of wealth and independence of farm households. As a result of land distribution, the percentage of self-owned land increased from 53.7% to 91.0%. The percentage of self-cultivating farmers (self-cultivable rate: 50-100%) rose from 51.5% to 88.2%, while that of tenant farmers (self-cultivable rate: less than 50%) dropped from 48.5% to 11.8%. These figures show that comprehensive agrarian reform brought about drastic change in the agrarian structure.

According to the accounts of elder farmers, it was the SCAP that decided the price of agricultural land. However, at the local



level, agrarian reform was carried out under the leadership of local farmers in each city, town and village through a committee consisting of peasants, landowners and farmers. Farmers bought agricultural lands from landowners at a price set by the committee. The price was set at very cheap rates to make these affordable to small-scale farmers. For instance, the price of a 10-are land was about 1,000 yen, almost the same price as 30 kg of rice.

The maximum size of the land that a farmhouse is able to possess was decided in each area. In one area, for example, a farmer can own 4 hectares (ha). The SCAP also levied tax on properties on lands; big landowners lost most of their property because of this policy. On the other hand, peasants could get their own land.

With the collapse of the landowning class, farming communities are now ruled over by the compound powers and influences of the Ministry of Agriculture (officials), village-supported senators and politicians, agricultural cooperatives and agricultural companies (farm land-construction, machine and chemical fertilizer, pesticide industries). A significant portion of the government budget has been spent for supporting the rice price in the form of subsidies, and agricultural construction and machinery.

The Local Peasant Movement

Before agrarian reform, it was almost impossible for peasants to resist the big landowners. After the implementation of agrarian reform, peasant movements emerged. However, most of these came out of the initiative of the SCAP or government policy. It started with massive education on democracy, which the SCAP undertook. The life of the farm village in pre-war days was feudal. The head of a family was absolute authority, and daughters-in-law (housewives) were regarded only as labor force. As a result of this education on democracy, it became possible for young women (especially housewives) to hold meetings, study sessions and recreation once a month. However, because it was the government that initiated these efforts, the farmers were not able to develop autonomy. Also, the government was not in a hurry to encourage farmers to be independent but only to follow up their activities.

Nonetheless, faced with very serious concerns, the farming sector has also taken steps to respond to issues affecting them by forming organizations and initiating action. Some of these peasant movements are presented in the following sections.

Establishment of the farmers' cooperative society

Because of the scarcity of food during the postwar years, the government and the SCAP had to collect food from farm villages by force. To facilitate this, the SCAP and the government established with great haste the farmers' cooperative society but only from a teleological, political point of view. The prefecture government brought farmers' representatives to their offices, where American instructors explained the concept of the cooperative society and the cooperative association, the content of the farmers' cooperative society law and how to establish a farmers' cooperative society. The farmers' cooperative society was then considered as the voluntary party of the farmers, but it took over the property of the voluntary villagers meeting. The farmers' cooperative society became a national policy. Most of the agriculture meetings in cities, towns and villages were transformed into farmers' cooperative societies.

Farmers' movement for rice price increase

One of the few farmers' movement after WWII was a movement for the increase of the price of rice. Most farmers managed their farms by themselves after agrarian reform. The government then decided the price of the rice as mandated by the Food Law. Farmers throughout the country held assemblies and demonstrations to demand an increase in the price of rice. Such activities continued until 1995 when the Food Law was changed. With market liberalization and the revision of the Food Law, the agricultural sector is threatened.

The Narita Tousou

The struggle of the Narita Tousou (Struggle and Fight for the Nation over the Construction of Narita New Tokyo International Airport) arose from the government's decision to construct a new



larger international airport since the former Haneda International Airport has become unable to accommodate the increasing number of passenger and cargo flights.

The Narita Tousou was initiated by farmers residing in the area affected by the airport construction. The movement spread widely throughout the nation and is considered one of the significant milestones leading to the present civil society movement in Japan.

The designated site of the NIA originally belonged to the Royal Family until the end of WWII. After WWII, this area was offered especially to people who came back from the battlefield for reclamation. However, the soil condition in the area was very poor, the water was not sufficient at all and the topsoil continued to erode. It seems that the pioneers underwent hardships for many years to develop the land.

In 1966, the Cabinet decided to build a new international airport at Narita. This decision was made without a scientifically prepared assessment of the necessity of such an airport, the condition and size of the site, and the impact on the local population. Nor was there any meeting or agreement with the local people before the decision was made.

While official statements justified the commercial value of the airport, the more pressing reason was reportedly the increasing demand from the US for facilities for military use, especially after it became fully involved in the Vietnam War in the 1960s and there emerged an urgent need for an airport that will provide logistical support in Asia. At the same time, the Liberal Democratic Party (LDP), which had been the ruling party since 1955 (until 1993) and which ruled in an authoritarian manner, formulated policies that were in accordance with US policy. Also, the LDP started establishing a too familiar relationship with construction companies.

To start off the construction, the government established the New Tokyo International Airport Public Corporation (IAPC), which began purchasing land for the designated site mainly from

farmers who favored the plan (known as pro-governmental plan farmers, or PF). Those who opposed the plan (known as anti-governmental plan farmers, or AF) formed committees and submitted petitions to the government opposing the project. The government and the Ministry of Transportation, however, continuously denied the legitimacy of the protest.

As the government proceeded in purchasing and surveying lands, AF and their supporters throughout the country tried to resist by purchasing small areas of land and disrupting survey operations. The first clash occurred between 500 protesters and 90 riot police. Several farmers and activists were arrested and seriously injured.

As this protest movement spread across the nation, purchasing and surveying of land was delayed. Many small clashes occurred nearly everyday, resulting in arrests and casualties. In 1969, the IAPC applied for authorization for governmental enterprise based on the Land Expropriation Act. It was approved by the Minister of Construction.

Since the IAPC got authorization from the government, land-owners were left with two options: to sell their land to IAPC voluntarily or to be subject to forced expropriation. Regardless of this condition, most AF and their supporters resisted and clashed repeatedly with the authorities. Finally, forced expropriation was implemented twice, resulting in more than 300 injuries, more than 500 arrested and the deaths of three riot police.

Eventually, the Narita Airport started its operation in 1978 amid protests. It started with only one runway, which was protected by more than 10,000 riot police. Although a second construction scheme that would complete the airport was about to set forth, the government had to suspend construction because of heightened protest and because the movement was spreading nationwide, agitated by tragic stories of forced expropriation among farmers.



The Tei –Kei system

The Nihon Yuuki Nouguyo Kenkyu Kai, or the Japan Organic Farming Research Association (JOAA), was established in 1971 when environmental pollution became a serious social issue.

The medical sector found strange symptoms that have never been observed before among hospital patients. Since many cases of apparent agrochemical poisoning were observed, some doctors revealed their suspicions that there was something wrong with food and its supplying sector, agriculture.

Producers, who were using the harmful toxic agrochemicals (BHC, DDT, PCB), became both victims and causes of the problem. Avoidance of food containing agrochemicals, which went beyond a baby's body tolerance of such chemical substances, was spreading among consumers. This was the phenomenon that JOAA started to combat. However, initially, most conventional farmers did not take these findings seriously.

When awareness spread among consumers, several among them formed a consumers' group that demanded safe food. This was the beginning of the *Tei-Kei* (cooperation, joining hands) system. (A more detailed discussion on the initiatives in setting up the Tei-Kei system is found in the section, "Initiatives in Building Sustainable Rural Communities" below.)

Issues and Concerns

The vanishing agriculture sector

The population of farmers has been decreasing. The average age of farmers is getting older and there are very few who are willing to follow in the footsteps of their elders. Farming is no longer a profitable occupation compared with other industries related to manufacturing, modern agricultural technology and less competitive agricultural products in the market. Thus, it fails to attract the younger generation. This is likewise linked to the changes in eating habits, as well as changes in cultural values.

Advances in economic and industrial development in the form of transportation, telecommunications and information technology were quite drastic after WWII, to the detriment of the agricultural sector. This decline was attributed mainly to the lack of a successor generation of farmers, lack of land and lack of a more responsive agricultural policy.

As the younger generation tends to look for jobs in the cities, the average age of farmers has been increasing. It is viewed that agricultural land, especially in mountainous and sloping areas, will go into ruin, with paddy becoming abandoned land and eventually forest land, as the agricultural labor force declines. At the same time, the migration of people from the rural to the urban areas has widened the gap between rural and urban, between the industrial sector and the agricultural sector. There is concern that agricultural products are no longer seen as “food” but as mere commodities.

Although these concerns have been constantly raised, the government cannot find any effective solutions because of constraints posed by globalization, political structural problems and other social systemic difficulties.

Decline in self-sufficiency rate and threats to food security

This decision of the government to open up its market to imported food products resulted in a decline in domestic agricultural products in competition with cheap imported products. At the same time, it accelerated the conversion in the eating habits of the people, brought about by the influx of imported food. This led to a decline in the food self-sufficiency rate. Calorie supply-based food self-sufficiency rate was 79% in 1960, but it dropped to 40% in 1998.

The decline of food self-sufficiency rate is related to the high dependence on imported food. This situation has led to the underestimation of the value of agricultural products as “food,” necessary for human survival. That is, food has become just another commodity.



With the population explosion and global environmental concerns, the decline of food self-sufficiency rate has become a national concern, although this has not been well discussed. Meanwhile, the US and countries of the European Union (EU) maintain a high rate of food self-sufficiency.

Initiatives in Building Sustainable Rural Communities

There have been several initiatives to help resolve issues faced by the agricultural sector. One of these initiatives is the Tei-Kei marketing system.

Features of the Tei-Kei

As the word suggests, Tei-Kei is an alternative marketing system in which both producers and consumers “cooperate” or “join hands” to respond to a common concern. One of the outstanding features of the Tei-Kei is that both producers and consumers sit together at the same table and discuss food rather than simply reducing the margins taken up in the process of distribution.

Another feature of this system is that a variety of crops and vegetables are abundant. Seasonal products that are considered to be best for the human body are distributed to consumers. Mostly, the producers are the ones who set the price and decide what items to grow.

Advantages of the Tei-Kei

On the consumers’ side, there has been anxiety about the safety of food. Through the improvement of organic farming technology, the amount of safe food that is being served on the table at every meal has been increasing. Anxiety about safe food was replaced with relief. There were also observed improvement in the health condition of the people.

On the producers’ side, since the price of products is set by discussing with consumers, income is not affected by the conventional market price, enabling producers to be economically

stable. By producing many varieties of products, it does away with risks of losses due to sudden change of climate or other natural calamities.

Interaction between producers and consumers is heightened, thereby increasing familiarity between the two groups. On the one hand, since producers become quite familiar with the consumers, they try to make safer food. On the other hand, the consumers become aware of the producers' effort and difficulties so that sometimes they also help in the weeding, harvesting and other farm work, leading to a better understanding and appreciation of agriculture.

Contribution to Current Agricultural Problems

People's eating habits have changed drastically within the last few decades. While domestic consumption of agricultural products, especially rice, is decreasing, the consumption of such products as meat and oil also increased. Imported food products flood the market, resulting in a decline in the food self-sufficiency rate. Society loses the value of local, seasonal foods. At the same time, changes in eating habits have brought about an increase in the incidence of disease (such as cancer and heart attack, which are the two major leading causes of death) resulting from over consumption of animal protein and deficiency in minerals, vitamin and fibers.

According to the Tei-Kei system, consumers eat local seasonal food, which resolves health problems. The purchase of local products spurs the local economy. It is believed that the energetic utility and efficiency of the human body increases by eating local seasonal food. As Japan faces an aging population, health issues have become a big concern. This is indicated by the increase in national medical treatment expenditure every year. In this sense, it is important to modify eating habits.

Aside from the above, organic farming technology contributes to minimizing crop disease with efficiently scheduled cropping system and diversification of products. It also contributes to the full



utilization of land through the rotation method in between paddy and crop fields. It also contributes to cost reduction with the use of natural resources as inputs. At present, environmental destruction and its side effects are threatening human beings globally. Thus, this methodology in the proper use of natural resources contributes to achieving global ecological balance.

Agenda of Action: Building Solidarity Among Asian Farmers

Japan's current agricultural problems have been affected by the relationship with other countries, especially the US and other Asian countries. Since Japan has developed its industrial sector over the past 50 years, the Japanese yen has increased its value in the international market. This enables Japan to purchase agricultural products and other natural resources. Many people (even some farmers) oppose the cutting of domestic trees, viewing this to be "environmentally destructive," not knowing that their wooden chopsticks are coming from the Philippines, Indonesia and other Asian countries.

Some farmer organizations like JOAA are promoting self-sufficiency in the local areas. Since market-orientedness has been very dominant and will likely to persist, the Japanese people will continue to buy the products and natural resources of other countries for more decades.

To slow down this tendency, it is necessary to build solidarity among Asian farmers and peoples to ensure human dignity for the Asian peoples. This can be done through the following:

- Establishing self-sufficiency from the village level
- Sharing with other Asian farmers difficulties and hopes, indigenous knowledge and techniques
- Promoting mutual understanding among Asian farmers through conferences, the internet, and other useful communication technology.
- Formulating a philosophy or set of goals and identifying the ways by which these can be achieved. When Japan developed

economically, the highest value was placed on money. The Japanese people may have forgotten about the meaning of life, others, relationship with nature, God, and other nonmaterial transcendental things that cannot be valued in monetary terms. The current market economy is penetrating every corner of the world. Materialism has become dominant. In this sense, it is inevitable to revisit the philosophy and meaning of development.

Solidarity among Asian farmers would play an important role in making the Japanese people aware of where their food is coming from and how the producers are struggling. It would also encourage Japanese farmers and consumers to change their eating habits, social life and agricultural practices. All these outcomes would also have some influence on government policy.

International and regional bodies like the WTO, the EU and the Association of Southeast Asian Nations (ASEAN), and international financial institutions like the Asian Development Bank (ADB) and the World Bank (WB) are promoting "global prosperity" through the equal distribution of food, but this is not what happens in reality. Their policies are made through highly political negotiations and the reality of the peasant is not reflected in these negotiations. It seems very difficult for solidarity among Asian farmers to have a direct and immediate effect on their policy. However, Asian solidarity would promote mutual understanding among Asian farmers and Asian peoples. This public awareness would slowly affect their decision-making process. Some 25 years ago, the idea of organic farming was considered foolish in Japan. However, at present, Japanese agricultural policy is strengthening sustainable, organic and environmental healthy farming. The movement of organic farmers like JOAA has surely played a significant role for the change in Japanese agricultural policy.

The role of cooperation between farmers and consumers has also become very significant. Furthermore, the practice of organic farming is also becoming more widespread because of the rising awareness of environmental costs. Even the Japanese government has started to promote organic farming. Moreover, organic food is sold at a higher price compared with conventional farm products.



This helps sustain agriculture. The direct cooperation with consumers enables producers to avoid risks posed by the decline in market price and exploitation.

There is also a need to promote the self-sufficiency of Asian agriculture. To do this, it would be necessary to review organic, or traditional and indigenous farming methods, as well as work out the distribution of farm products within the local area. It is also important to share the wisdom and technology of the indigenous agriculture through networking among Asian farmers.

Universal Projection as an alternative to the capitalist paradigm

Capitalism started about 300 years ago in West Europe. It emerged with the advent of modern ideas—the rise of modern science and the modern national state; industrial revolution; the idea of fundamental human rights, citizen revolution, representative democracy and liberalism; the separation of the three powers (executive, legislative and judicature); functional and autonomous differentiation of professionals in the West. Capitalism also rose out of such events as colonization and exploitation of non-European areas, World War I and II, independence of developing countries and their modernization after World War a!

Historically, capitalism is the only system which legitimizes the individual right to seek desires. It is deeply rooted in the nature of human beings to pursue happiness and wellbeing in a materialistic sense. It is viewed as a very democratic and effective system, under which no one can become idle and everyone is allowed to produce better goods or services. The result of people's efforts is judged by objective market mechanisms, and not by any single individual or organization. The only exceptional people who are allowed to become idle are officials, teachers, priests and fathers.

Although capitalism seems to be a very effective system, it has its basic weakness, which is the compulsion for economic growth. Without growth, there is joblessness and bankruptcy among companies. Under such conditions, society suffers.

At this stage, Dr. Yatani, president of Japan Partnership for the Development of Human Resources in Rural Areas (JaDHRRA) , would

like to present a diagram called "Dr.Brucanairo's Dictionary of Geometry and History". There would be no problem if the earth becomes bigger in proportion to human economic growth. Unfortunately, in reality, the earth is limited and the human drive for profit must be restricted by the limited natural resources such as air, water, soil, forest, energy and food.

Does capitalism contradict ecology? Up to the present, the pursuit of capitalistic rationality has been contributing to ecological destruction in the form of destruction of the rain forest; pollution of air, water and soil; acid rain; ozone hole; global warming and desertification of land.

Political and economic leaders of many countries now stress the importance of ecology, claiming sustainable economic development on the one hand but allowing the irrational and interest-seeking behavior of world money on the other. The globalization of the economy becomes their motto. This motto is legitimized in so far as they affirm the principle of free market-ordered capitalism. They have come to believe that capitalism can solve every problem, regardless of the consequences in the future.

Globalization in its monetary form has a disastrous effect on developing countries. The result of the world money game is that those who have more at the starting point of the game win and rule all. We can challenge monetary globalization by circulating local currency or initiating a movement to impose tax on financial activities to utilize such tax for the preservation of ecology and the development of the Third World.

The basic question is, "Can we find an alternative to capitalism?" Socialist models have historically failed, such as the cases of the Soviet Union, China, Vietnam and the East European countries. We cannot propose a new established model for society and nature. However, we can propose the pursuit of the concept of ecological rationality, contracted to capitalistic rationality. Ecological thinking and practice is today's representative form of what we call *Universal Projection* (UP). It considers the different interests and rationalities of every living and nonliving being on earth in a



wider aspect. According to the original definition, UP is a way of thinking and living that regard human and nature, the individual and society, mind and body, not as dichotomous separation but as continuous and mutually dependent elements.

Dualistic separations between human and nature, individual and society, and the Mind and the Body are exactly what modern capitalistic society is made up.





South Korea Country Report

Agricultural and Agrarian Situation

The agricultural sector

Small, owner-operated farms, with an average size of 1.45 hectares (ha.) characterize Korean agriculture in 2002(see Table 1). However, figures from 1970 to 2002 show a gradual decline in the total cultivated area, reflecting the shift in national economic thrusts and directions. As of 2002, the total cultivated area in Korea was slightly more than 1.86 million ha. or 19% of the total land area, down from 23% in 1970.

Table 1. **Farmland area, 1960-2002 (in '000 ha.)**

Year	Farmland			Ricefield			Garden			Farmland area per farm HH* (in ha)
	Area	vs. previous year		Area	vs. previous year		Area	vs. previous year		
		Area	Ratio		Area	Ratio		Area	Ratio	
1970	2,297.5	-13.6	0.6	1,272.9	-10.1	0.8	1,024.6	-3.6	0.4	0.93
1980	2,195.8	-11.3	0.5	1,306.8	-4.2	0.3	889.0	-7.1	0.8	1.02
1990	2,108.8	-17.9	0.8	1,345.3	-7.4	0.6	763.5	-10.5	1.3	1.19
2000	1,888.8	-10.1	0.5	1,149.1	-3.5	0.3	739.7	-6.6	0.9	1.37
2002	1,862.6	-13.5	0.7	1,138.4	-7.7	0.7	724.2	-5.8	0.8	1.45

*HH stands for household.

However, in the past two years, the number of farm households owning more than 2 ha. of farmland appears to have increased (see Table 2).

Table 2. Farm households per farmland size, 1970-2002 (in '000 houses)

Year	Total number of farm HH	Farmland size (in ha.)				
		Under 0.5 (%)	0.5 -1.0 (%)	1.0 -1.5 (%)	1.5 - 2.0 (%)	Above 2.0 (%)
1970	2,483 (100.0)	787 (31.7)	824 (33.2)	446 (17.9)	193 (7.8)	161 (6.5)
1980	2,155 (100.0)	612 (28.3)	747 (34.7)	438 (20.4)	191 (8.9)	139 (6.4)
1990	1,767 (100.0)	483 (27.3)	544 (30.8)	352 (19.9)	191 (10.8)	173 (9.8)
2000	1,383 (100.0)	441 (31.8)	379 (27.4)	219 (15.9)	132 (9.5)	198 (14.3)
2002	1,280 (100.0)	433 (33.8)	344 (26.9)	194 (15.1)	113 (8.8)	177 (13.80)

Like the figures in total cultivated area, figures show that the number of farming households as well as the farming population has been decreasing since the 1960s (see Table 3). As of 2002, farm households comprise only 8.5% of total households, a drop from the 9.7% ratio in 2000.

Table 3. Farm households and farm household population, 1960-2002 (in '000 houses)

Year	Total No. of HH	Farm HH		Total population	Farm HH population		Average farm HH size
		No.	Ratio		No.	Ratio	
1960	4,378	2,350	53.7	24,989	14,559	58.3	6.20
1970	5,857	2,483	42.4	32,241	14,422	44.7	5.81
1980	7,969	2,155	27.0	38,124	10,827	28.4	5.02
1990	11,355	1,767	15.6	42,869	6,661	15.5	3.77
2000	14,312	1,383	9.7	47,275	4,031	8.7	2.91
2002	15,064	1,280	8.5	47,640	3,591	7.5	2.80

It can also be observed that the majority of farm managers are aged 50 and older, with more than half aged 60 and above (see Table 4). With none of the farm managers within younger age groups, this can be regarded as a clear indication that farmers in the country are ageing and that the population of farmers is slowly becoming extinct.

Table 4. **Farm households by manager's age, 1985-2002**

Year	Total no. of farm HH	Age of HH farm manager							
		Below 30		30 - 49		50 - 59		60 and above	
		No.	%	No.	%	No.	%	No.	%
1985	1,926	84	4.4	789	41.0	582	30.2	493	25.9
1990	1,767	37	2.1	594	33.6	584	33.0	552	31.3
1995	1,501	12	0.8	406	27.1	447	29.8	635	42.3
2000	1,383	7	0.5	322	23.3	348	25.2	706	51.0
2002	1,280	0	-	0	-	299	23.3	726	56.7

The contribution of agriculture, forestry and fisheries to the total employed population has also been decreasing—from 50.4% in 1970 to a meager 9.3% in 2002. The most drastic drop was experienced in all three sectors in 1990. In 2002, agricultural workers constitute only 9.3% of the total employed population; agriculture, 9.0%; and fisheries, 0.3% (see Table 5).

Table 5. **Percentage share of agriculture, forestry and fisheries in the total employed population, 1970-2002 (in '000 ha.)**

Year	Total no. of employed population	Agriculture/ Forestry/fisheries		Agriculture and forestry		Fisheries	
		No.	%	No.	%	No.	%
1970	9,617	4,846	50.4	4,756	49.5	90	0.9
1980	13,683	4,654	34.0	4,429	32.4	225	1.6
1990	18,085	3,237	17.9	3,100	17.1	137	0.8
2000	21,156	2,243	10.6	2,162	10.2	81	0.4
2002	22,669	2,069	9.3	1,999	9.0	70	0.3

Agricultural production

To compensate for the loss of labor (given the declining number or unavailability of farm labor, agriculture has become more intensive with regard to input use. Rice, which is the staple food in the Korean diet, remains the dominant crop in terms of both production and land use. Livestock, fruits and vegetables are becoming increasingly more important .

In 1999, agricultural production was valued at 24 trillion won (USD 20 billion), of which over three-quarters came from crops. From 1970 to 2002, the market share of fruits and vegetables, milk, meat and eggs grew at a higher rate than that of cereals and soybeans. Korea's self sufficiency ratio for all food products fell from 81% in 1970 to 30% in 2001.

Macroeconomic data also point to the declining role of agriculture in the national economy. From about 50% of the gross domestic product (GDP) just after World War II and from about a third in 1965, the contribution of agriculture to the GDP had fallen to only 4.0% by 2002. However, the volume of agricultural production increased rapidly during the 1960s and 1970s and has continued to grow.

Agricultural imports represented more than 24% of merchandise imports in 1970 but had fallen to only 5% by 1999 as non-agricultural imports grew at a much faster rate. Korea exports small quantities of specialty agricultural products mostly to Japan or Korean communities in the United States. These imports, valued at USD 1.44 billion, represent only 1% of the total Korean exports.

Agricultural development policy

Beginning in the 1990s, economic changes resulting from multilateral negotiations—agreement under the Uruguay Round (UR) of the General Agreement on Tariffs and Trade (GATT)-World Trade Organization (WTO), the Korea-Chile Free Trade Agreement (FTA) and the WTO Agreement on Agriculture (AoA)—have been the main causes of hardship for the Korean farmer and of the drastic change in Korean agriculture. In preparation for the opening of the market to foreign competitors, the Korean government initiated a series of counter-measures—the Special Measures for Rural Economy in

1990 and the Agriculture and Rural Reform Measures in 1991. Under these legal provisions, the government allocated 42 trillion won (USD 35 billion) to the Rural Reform Program, with which Korean government tries to support Korean farmers financially and technologically to have competitiveness against foreign farmers in farm products quality and quantity over a ten-year period.

Accession to GATT-WTO agreements

Korean President Noh Moo-Hyun has emphasized that the government will promote “free investment treaties” that are designed to protect transnational capital from “risks” by securing “Most Favoured Nation” and “National Treatment” status for foreign capital, and exempting them from various regulations concerning, for example, workers’ rights and the environment. The negotiating position of the government for the WTO Doha Development Agenda is in line with these policies that focus on attracting foreign capital and expanding the sphere for profit of transnational corporations.

Within national borders, the Korean government is also eager to open up the agricultural market by redirecting national policies away from agriculture towards fostering semiconductors or mobile technology. The government is justifying the liberalization process and promotion of market-oriented policies by stressing the inefficiency of the public sector or consumer dissatisfaction, and is thus disseminating the discourse that liberalization of the market will increase efficiency, consumer satisfaction and competition.

After the UR agreement was concluded, the government installed the Special Tax for Rural Development in 1994 and added 13 trillion won (USD 10.8 billion) to the reform program. The government’s reform policy was geared towards achieving international competitiveness in production as well as in marketing in the farm sector, particularly in targeted commodities.

After the liberalization of the Korean rice market in 1994, Korean peasants have become highly indebted. At the end of 2000, the government prepared an emergency relief program to reduce the farmers’ debt burden. It initiated the Direct Income Support Program in early 2000 to respond to the reduction of government

support under the Rice Purchasing Program. The ongoing policy focuses on (1) the development of up- and downstream industries; (2) improved efficiency; (3) food safety; (4) direct selling; and (5) food security. Sustainable agriculture and environment-friendly farming are also integral parts of the policy's objectives.

Korea-Chile FTA

Three years of negotiations for a Korea-Chile free trade agreement (FTA) was finally completed in October 2002. The Korea-Chile FTA will serve as a new force for Korea's future trade strategy, for an increased Korean presence in South America and for domestic industrial restructuring.

Until recently, Korea has adhered to the policy of "multilateralism" represented by the negotiations under the GATT/WTO. By taking the bilateral route, Korea would have run the risk of distorting its trade structure. Now the new scheme for Korea's trade policy promotes both multilateral and regional approaches. The regional approach fundamentally involves seeking FTAs with major trade partners and subregional hub countries in the rest of the world.

The inclusion of a government procurement chapter in the agreement will particularly help Korean firms launch more active operations in Chile. Further, by utilizing extensive trade arrangements Chile has already formulated with other American economies and the European Union, the agreement will also effectively facilitate Korean entrepreneurs' new investments aimed at its partners in those markets, not to mention in the local market.

Issues and Concerns in Agriculture

Impact of the current globalization policy

The liberalization policies of the government, combined with the government's diminishing level of support for the agricultural sector under WTO agreement, have seriously affected the income and prospects of Korean farmers so that farming has become a less attractive occupation especially among young people. Many are migrating to urban areas in search of livelihood, and less and less people are considering returning to their villages to farm.

The benefits of the government's reform programs have been overridden by the effects of increasing imports of agricultural products as a result of the commitment to the UR agreement. Particularly in 1998 and 1999, with the effects of the financial crisis, the net earnings of farmers had been declining and many farmers faced bankruptcy. Price fluctuations and downward trends of major commodity prices, along with the increasing cost of farming and decreasing consumption, have further marginalized farmers. The long-term effects of the reform programs are not yet known. In the meantime, farmers are facing a riskier, more challenging economic environment. A sound program is needed to secure farmers' incomes and maintain national food security.

Peasant communities are likely to collapse should the government maintain its position to push for decrease in tariffs and subsidies while banning import subsidies. Also, the draft paper of the WTO Agricultural Committee does not mention anything about food safety and sustainability of peasant communities.

The Korean government, however, has not focused on these concerns. Unless the government recognizes that agriculture should be exempted from principles of trade, the sustainability of the peasant communities will be severely threatened.

Threat posed by the Korea-Chile FTA

The agricultural sector in Korea has strenuously protested the Korea-Chile FTA as Chile has one of the most competitive agricultural sectors in the world. Since most of the tariffs for agricultural imports from Chile will be eliminated soon by the Korean government, civic groups representing the interests of Korea's agricultural community still want to keep the treaty from taking its due course, and vow to impede its ratification by the National Assembly. Most importantly, appropriate legislation will be necessary to facilitate and assist industrial restructuring to cope with the devastating impact on specific sectors not only from FTAs, but also from the forthcoming liberalization to be carried out as part of the WTO's Doha Development Agenda.

Agenda of Action

Agricultural policy

In terms of its agricultural policy, the Korean government shall be urged to do the following.

- Expand its policy for domestic agricultural support by initiating a price guarantee policy, direct payment system, among others
- Expand direct payment using money saved through the Aggregate Measurement of Support (AMS).¹ After the UR in 1995, US 5.9 billion dollars of domestic support to the agricultural sector has been diminished by the AMS. The government is set to accumulate some USD 141.2 billion from the AMS by 2004 (see Table 6). Government must be urged to invest this money in agriculture.
- Return to the farmers the money diverted to non-agricultural sectors by the WTO.
- Expand its investment in research and in the restructuring of the agricultural sector;
- Convert the agricultural import tariff to an agricultural development fund (the Korean government is set to earn around US 50 billion dollars a year from agricultural import tariffs)
- Establish the appropriate self-sufficiency rate of food for food security.
- Introduce advanced countries' agricultural policies for domestic agricultural development.

WTO negotiations

Government must be urged to take a more assertive stance in WTO and AoA negotiations, taking the position of what would be for public interest and for the welfare of Korean peasants. Specifically, the Korean government must do the following.

- Disclose/publicize its strategic policy in the WTO and the AoA ahead of time

Table 6. Annual reserved savings generated through the Total Aggregate Measurement of Support, 1995-2004

Year	Amount (in USD billion)
1995	16.8
1996	16.2
1997	15.6
1998	15.0
1999	14.4
2000	13.8
2001	13.2
2002	12.6
2003	12.1
2004	11.5
Total	141.2

- Bring about the public interest in the WTO and the AoA
- Respond to WTO negotiation with a more precise strategy
- Assert the status of Korea as a developing country. The developing country status that Korea achieved in the UR should be continued in WTO negotiations to attain a more advantageous position. When Korea entered the Organization for Economic Cooperation and Development (OECD) in 1996, the Korean agricultural sector was granted a developing country status. The Food and Agriculture Organization (FAO) also recognizes Korea as a developing country in terms of its agricultural sector.
- Recruit negotiation experts in the agriculture sector and external experts to build up its capability in negotiations.
- Expand interchange among NTCs (Non-Trade Concerns) and international NGOs. Through active exchange among NTCs, the Korean peasant community should deliver its concerns to Cairns Group (consisting of New Zealand, Canada and Thailand).
- Introduce and carry out a policy that WTO agrees to support Korean farmers.

- Strengthen public relations for the governments' active reaction to WTO and AoA.

Building constituency and advocacy support

- Strengthen relationships among peoples' unions, civil society organizations and international nongovernment organizations (NGOs) who are concerned with WTO .
- Efficient sharing of information among local NGOs and international NGOs
- Assess the actual effects and damages wrought by liberalization and globalization policies on domestic agriculture and build an advocacy towards urging the government to undertake countervailing measures. In relation to this, conduct researches to assess the impact of WTO and AoA.
- Active response to those who ask government to open our agricultural market totally.
- Strong response to those who support import-driven policies in government and in the academe.

Endnote:

- 1 The Aggregate Measurement of Support (AMS) is defined as "the annual level of support, expressed in monetary terms, provided for an agricultural product in favor of the producers of the basic agricultural product , or non-product-specific support provided in favor of agricultural producers in general, other than support provided under programs that qualify as exempt from reduction under Annex 2 of the Agreement on Agriculture. (Institute for International Trade Negotiations 2003).

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Annex Tables

Table 7. Major agricultural production and trade

Principal crops (in 1,000 MT)	2000	2001
Rice, milled	5,291	5,515
Barley, unhulled	227	383
Corn	64	57
Soybeans	113	118
Potatoes, white and sweet	248	205
Fruits	2,429	2,488
Vegetables	10,483	10,553
Livestock production (in 1,000 MT)		
Beef, carcass weight	278	221
Pork, carcass weight	1,004	1,077
Broiler meat	394	413
Milk	2,253	2,340
Eggs	479	529
Agricultural exports (in USD million)	1,310	1,343
Pork	71	40
Refined sugar; confectionery products	166	170
Agricultural imports (in USD million)	8,009	8,014
Corn	933	925
Beef	723	487
Hides/skins	595	618
Wheat	470	530
Cotton	404	448
Soybeans	328	289
Pork	250	172

Table 8. Heads of raised domestic animals

Category		2001	2002	2003
Cows	Total number of heads	1,954	1,954	1,964
	Korean meat cattle	1,406	1,410	1,423
	Breeding cows	613	605	597
	Milk cattle	548	544	541
	Breeding cows	378	369	372
	Farm households	248	224	201
	- Korean meat cattle	235	212	190
	- milk cattle	13	12	11
Pigs	Total number of heads	8,720	8,974	9,051
	- mother pigs	955	955	985
	Farm households	20	17	15
Chickens	Total number of heads	102,393	101,693	122,124
	- breeding chickens	49,800	50,191	49,079
	- meat chickens	45,660	45,005	66,756
	Farm households	201	176	153





Taiwan Country Report

Introduction: The Local Agricultural and Agrarian Situation

State of the agricultural sector and agricultural production

Taiwan's land area of 36,000 square kilometers (sq km) is mostly hilly and mountainous, with less than one-third being flat terrain. Cultivated land, which totals about 873,400 hectares (ha.), are found largely in the plains. The proportion of paddy land to upland is around 6:4.

Until the 1960s, Taiwan was a typical agricultural country. About one-fourth of its gross domestic product (GDP) was contributed by agriculture. The family farm has traditionally been the main-stream production unit in Taiwan's agriculture. At present, there are approximately 790,000 farming households, and each household has, on the average, a little over one hectare of land under cultivation. Of these households, only 13% are full-time farming households.

However, the situation shifted drastically with the rapid growth of the national economy following a series of economic development plans. The changing economic structure places agriculture in a relatively less important role. In the following years, the importance of agriculture diminished as a result of the declining trend in its share in the GDP. Meanwhile, the shares of industry and services increased from 19.4% to 33.1%, and from 46.2% to 64.3%, respectively. With the slow growth in value of agricultural production, beginning 1963 agriculture's contribution to GDP has been surpassed by the industrial sector.



As far as the structure of agricultural production is concerned, crops maintained their absolute importance. However, fishery and livestock have increased their shares in total value of agricultural production after the 1960s—from 48.9% in 1980 to 56.4% in 2002, while the share of crop production decreased from 48.8% to 41.0%. Staple rice, which used to be the dominant crop, was eventually replaced by vegetables and fruits. Since 1985, the total value of fruit production (10.9%) has surpassed other plants and reached the highest value—13.1% in 1990 and 15.4% in 2002. Special crops were the major export products in Taiwan before the 1970s, sugarcane being the second largest. In recent years, the volume of production and value of sugarcane have been declining. Ornamental plants improved its share from 0.3% of the total value of agricultural production in 1980 to 3.1% in 2002. This indicates that the utilization of farmland was responding to the rising living standards and demand.

Other indicators also point to the declining value of crop production. The size of arable land decreased by 34,000 ha. while land devoted to fishing and pastureland showed an increasing trend (Chiou 1998). Moreover, in the period 1985-99, the share of agricultural labor force to total labor force decreased from 19.5% to 10.6%.

Despite this, agriculture continues to play an important role in providing food for the people as well as in stabilizing the society. To face the current situation, a modernized agriculture system is also working toward three related and balanced businesses, namely, agricultural production, farm life and rural ecology. The government has implemented a series of agricultural policies and measures to support sustainable development in agriculture. During the past decade, as the economy stepped into a stage of reform and adjustment, the government initiated various policies affecting the sector. It identified its development goals as follows:

1. to raise farm income and narrow down the disparities between farm and nonfarm income;
2. to assure the stability of food supply and achieve self-sufficiency in major crops; and
3. to improve rural environment and advance farmers' welfare.

Agrarian reform and the farmers' movement

Agrarian reform experience

Before World War II, Taiwan had an agrarian-based economy, characterized by the concentration of large landholdings in the hands of a few. World War II caused severe damage on the agricultural sector, but the landholding pattern persisted even after the war. The following discussion on agrarian reform in Taiwan focuses on the situation after World War .

The agrarian reform process in Taiwan can be divided into the following major periods: Stage 1 (1946-53), or the reconstruction/recovery stage for agriculture; Stage 2 (1954-68), or the period when agriculture supported industrial development; Stage 3 (1969-91), or the accelerated agricultural recovery stage; and Stage 4 (1992-present), the current stage, characterized by structural adjustments in response to free trade.

During Stage 1, the quick recovery of the agricultural sector was attributed to several government policies, such as:

1. the reconstruction of agricultural production facilities and infrastructure such as sugar plants and irrigation facilities, and the rebuilding of fishery harbor and fishing vessels;
2. land reform programs, including the Three-Seven-Five Rent Reduction Regulation, Privatization of Public Farm Land, and the Land to the Tiller Programs, which unburdened landless farmers, transformed the majority of farmers to landowners and greatly enhanced the incentive to increase agricultural productivity;
3. the fertilizer barter program (for rice), implemented since 1948, which allowed the bartering of fertilizer for the paddy harvested and promoted effective fertilization practices through the extension system;
4. the cultivation of new species in crops, farm animals and fishery products; and improvement of production technology and disease prevention; and



5. the restructuring of farmers' organizations, including the Irrigation Associations, the Fishermen's Associations and the Farmers' Associations, to enhance service delivery.

Emergence and growth of the farmers' movement

Contrary to many countries which followed the bottom-up development approach, the approach taken by the Taiwanese government was more or less characterized by the top-down approach. The development framework adopted is based on the premise that a strong government should take care of the basic needs of the people. In the context of an agrarian society, this means that the government must look after its farmers. If the needs could not be satisfied reasonably, then there is a strong possibility that the government would be overturned. This could be observed throughout Taiwanese history with the shifts in the ruling power among the different empires.

In this regard, the Kuomintang (KMT) government in Taiwan during the Chiang Kai-shek (CKS) era (1950s to 1970s), the earlier stages of the agrarian reform program focused on the equitable redistribution of farmland especially to allow the peasant farmers to till their own land. The government compensated the landowners by offering them stocks in state enterprises, which was deemed useless by most farm owners. Although some big farmers did not appreciate such an arrangement, they were given no other options under the military rule. Revolutionary in nature, the land reform program succeeded in redistributing power and wealth. The KMT government was a power from outside that had limited links to the local community. This was one of the factors that contributed to the successful implementation of the program. However, many would argue that most of the landowners who were affected by the land reform programs were not the large estate owners, but those who accumulated wealth over generations of hard work. Thus, there was discontentment among those deeply affected. Nonetheless, the land reform programs resulted in increased capital investment to the industrial sector that eventually produced the economic miracle that followed later on.

One significant backlash of the land reform program was the subdivision of landholdings through the bequeathal of land to younger generations. This created small-scale farms that were hardly capable of sufficiently maintaining household expenditure, much less compete in the world market. At present, professional full-time farmers comprise only 13% of the farming population (Council of Agriculture, 1997).

To combat the negative effect of small-scale farming, the government initiated programs and created incentives for "joint" farming activities. Adjacent farms were encouraged to merge their operations to form larger production units. Farm owners could either entrust the running of their farms to a fellow farmer in an adjacent farm or form production groups with other farm owners. However, affected by the Land to the Tiller Program, farmland owners were reluctant to entrust their farmland to others for fear of their land being taken away.

Even the modification of the relevant regulations could not ease the farmers' fear. Production groups, on the other hand, had been expanded further to include marketing activities and were called "production and marketing teams." However, since the production and marketing teams or groups still do not have legal identity, efforts are still underway for these groups to be granted legal status for conducting business activities.

In addition to the production and marketing teams that brought farmers together, another system was put in place to assist farmers—the Farmers' Associations (FA). The FA has the most comprehensive organizational structure, the largest number of members, and the closest link with rural people among all the social organizations in the country.

Although the structure and function of the FA has significantly changed since 1899, the FA was designed mainly to serve the economic needs of its members. It functions as a cooperative and is by nature a nonprofit organization. Any profit generated from its economic operations cannot be distributed to its members but has to be used to serve the public interest. The Farmers Association Law



requires that the FA help the government carry out the latter's agricultural policy and to handle other matters entrusted to it by the government

The FA has a three-tier organizational system, which consists of (1) local FAs (township or district level); (2) county FAs; and (3) the Taipei and Kaohsiang City and Taiwan provincial FAs. There are still more than 300 local FAs. The local FAs operate independently of each other. Aside from the production and marketing activities handled by the FA, such as technical assistance (through its extension department), materials supply, joint marketing services and financial functions, it also has social and cultural functions and is integrated in the daily livelihood of the local community.

The future of the farmers' movement in Taiwan

In the face of free trade, the changing agriculture structure, and the decline in rural population, the FA has to respond to the diverse needs of its members. Furthermore, in order to meet the new challenge and the changing demand, the FA needs to respond quickly and to find a new direction for its future development.

The major challenges faced by the FA include the changing composition of membership, changing economic and social structures in rural areas, and external competition. Given this context, it is important that it pursues its management strategies—to clarify and adapt its operations/services, establish its long-term sustainable competitive edge, and strengthen its business networking.

At the individual farm level, it can be seen that successful production and marketing teams usually had a larger scale of operation, uniformity and systematically proceeded job scheduling, market-oriented commercialized branded products, and other features that characterize these as "agribusiness." In addition, forming strategic alliances further expanded the scale of operations. It is thus important that there is very strong similarity in product mix within the team or in the local FA. The FA's sustainability will be best assured with further integration within the FA system and forging of strategic alliances outside the system.

Issues and Concerns

Agrarian reform issues

The bottom line of agrarian reform issues in Taiwan pertains to the problem of small-scale operations that affected the viability of farming as the sole source of income for the majority of the family farms. Part of the concern has been addressed by government policies that encourage the expansion of operation through more flexible farmland ownership, the adjustment of renting mechanisms and operation schemes.

Land-related issues

In the recent 16 years, arable lands (both paddy fields and dry farmed fields) have decreased by 34,000 ha., which is an indication of shifts in land utilization resulting from changes in food consumption. These shifts are also manifested in the changes in the value of production of crops, forestry, fishery, and livestock. The value of crop production as well as arable land has been characterized by long-term declining trends. In contrast, lands for fishing and pasture have increased, along with the production value in the fishery and livestock sectors. In recent years, owing to the strong demand from non-agricultural sectors, about 4,000 ha. to 6,000 ha. per year of agricultural land have been released for non-agricultural use. Arable land is also expected to decrease, to some extent, in the future.

Technology issues

Irrigation plays a dominant role in the growth of crops. With the change in the rice production policy, from oversupply to balanced supply/demand, paddy field decreased from 509,000 ha. in 1980 to 435,000 ha. in 2002. Thus, with the decrease in cultivated lands, per hectare use of chemical fertilizers increased gradually—from 479.1 kg./ha. in 1980 to 634.0 kg./ha. in 2000. The efficient use of pesticides increased from 8.6 kg./ha. in 1980 to 12.7 kg./ha. in 2002. The overuse of chemical fertilizers and pesticides has already become a serious problem in Taiwan. Thus, the control and monitoring of the use of pesticides and fertilizers is an issue that needs to be addressed with urgency.



Infrastructure issues

Water is the most important resource for agricultural development. The efficient management of water resources depends on the integrity of irrigation and drainage operation and management, which in turn should meet the needs of agricultural production, directions of agricultural operation and management, and the development of modern technology. It should be flexible to further improvement in the future. In addition to the increasing quantity and quality of agricultural production, “versatile agriculture” and “multifunction agriculture” should be worked out. Both the public community and the farmers should take the construction and maintenance of facilities for irrigation and drainage as public business. Combining the “productive,” “ecological” and “living” functions of irrigation, it will achieve its maximum economic and environmental benefit and sustainable agriculture development.

Trade-related concerns

The total value of imported agricultural products in Taiwan increases every year but its share in the total value of imports has been decreasing gradually. For example, the share of imported agricultural products dropped from 15.7% in 1980 to 6.3% in 2002. Cereals are imported mainly to respond to the increasing demand from Taiwan’s food processing industry and animal raising industry. Although the importance of imported agricultural products in the trade structure has diminished, these still have a significant impact on Taiwan’s industrial and economic development.

Agricultural products were once the main foreign exchange earners. These were sold abroad in exchange for equipment and raw materials required by the local industries. Over the last four decades, agricultural exports have been relegated from a dominant to a supportive role. Although the value of agricultural exports increased, the share in the total value of export decreased dramatically from 11.4% to 2.4% in 1980-2002.

The impact of globalization policies

At present, Taiwan is acceding to the World Trade Organization (WTO) and has started implementing tariff reduction and market

access concessions. This implies a drastic growth in agricultural imports that corresponds to the implementation of structural adjustments in the agricultural sector, such as the Integrated Agricultural Production Program (July 1991-June 1997) and the Toward the Next Century Agricultural Construction Program (July 1997-June 2001). Under such circumstances, agricultural policy must aim at enhancing production efficiency.

To meet the challenge, the Council of Agriculture has worked out the Cross-Century Construction Plan for the Agricultural Industry as the blueprint for future agricultural development. As agriculture becomes more market oriented, it is of utmost importance to promote agricultural productivity and to build a safety net for agricultural producers. To promote agricultural productivity, the government shall exert effort continually to enhance "technology, information and brand" mainly through research and extension systems to improve technology for lowering production cost and ensuring better quality of agricultural products. The agricultural information system shall be strengthened to facilitate structural adjustments and resource utilization. Efforts shall also be made to organize farmers for cooperative production and marketing, and to establish the brand of their products (Peng, 1996).

Sustainable rural development concerns

During the past four decades, the government has promoted a series of Rural Community Improvement Projects. The purpose of these projects is to improve the rural village living environment and uplift the villagers' lives, thus achieving a prospecting and prosperous village-state. There are five major Rural-Community-Improvement Projects, namely, the Farm and Fishing Village Renewal Plan, the Slope Land Village Comprehensive Planning and Construction, the Farm and Fishing Village (Non-slope) Comprehensive Planning Construction Project, the Farm and Fishing Village Infrastructure Improvement Plan, and the Farmers' Housing Subsidy Projects in Taiwan. These projects have been quite commendable. However, the government has been expending substantial human and financial resources to implement these rural construction projects. Nevertheless, there is still the need to assess the achievements as well



as the shortcomings of all these efforts, as well as determine how the rural community projects can be improved especially if the government intends to continue implementing these.

Rice industry concerns

The rice industry has two major roles: it secures food supply and it generates environmental value through the paddy field. It remains to be a major industry given that the predominant arable land area is in rice production and that the highest number of farmers are rice farmers. Moreover, rice has been one of the crops that involve highly mechanized production, easing the demand for labor, which has been in short supply in the rural areas. The rice industry has also been enjoying government protection from competition from other sectors. Thus, after Taiwan's accession to the WTO, it was expected that the rice industry would be the hardest hit industry. With the shield of protection diminishing, and the strong presence of rice-related services, such as contract workers or agribusinesses that handled the mechanized production activities, rice processing plants and storage facilities would all be affected. How to stay competitive in the global market remains to be a big challenge.

Furthermore, when we talk about the issue of multi-functionality of farmland, much of the focus has been on the rice industry. As in many parts of Asia, paddy field or rice production has been part of the cultural heritage. The paddy field is said to have many climatic as well as ecological value. It could adjust the microclimate of the locality and is a good measure for flood control and the infiltration of shallow groundwater, to name a few. Let alone the amenity value of open space and the changes in the landscape that occurs twice a year.

Initiatives in Building Sustainable Rural Communities

Response to issues and concerns

The agricultural sector has been under the protection of the government. However, economic downturns, the downsizing of government budgets, and the ever-decreasing share of agricultural

products in the national income have generated concern regarding the rationale for a national policy for supporting agricultural activities. The globalizing economy and free trade are also expected to contribute to the decreasing government support for the agricultural sector. Price support for agricultural products would soon become part of history. It has been recognized that to survive in the new market situation, the agricultural sector has to adapt. Turning the farming sector into an agribusiness sector is one of the musts for the sustainability of the farming business.

Most experienced farmers are proud of their production techniques and innovative ways of cultivation; however, many of them still perceive marketing the quality products produced on the farms as quite difficult.

From the agricultural policy perspective, however, the issues became even more complex because of the multifarious functions of agricultural activities or the obligations of the agricultural authority for the preservation of the natural environment and conservation of land uses. From the perspective of the multi-functionality of farmland use to the value of the farmland for the agribusiness sector to gain profit from farm operations, the appropriate economic incentives should also be given to the farm manager to ensure that the land use practices are compatible with the designated multiple functions.

Initiatives in promoting sustainable agricultural practices and technology

Agriculture development, rural village renovation, and service to farmers are the major objectives of agricultural policies in the Republic of China and their implementation have been adjusted stage by stage with the passage of time. To accommodate the increasingly competitive global environment and the corresponding shifts in the orientation of agriculture, policy goals and implementation strategies, the Cross Century Agriculture Development Plan has encompassed comprehensive sub-plans. Also, concrete measures have been formulated to push and implement important programs such as the Paddy-field and Dry-land Employment Adjustment Plan, the Competitiveness Promotion Plan for Agricultural



Industry, the Guidelines and Implementation Plan for National Reforestation, and the Hog Cholera and Foot-and-Mouth Disease Eradication Project. In the meantime, the Agriculture Development Act and other important laws are under revision to develop modernized and affluent rural villages, as well as enhance farmers' and fishers' welfare.

To strengthen the farming, forestry, fishery and livestock industries' research and development (R & D) and to train agricultural personnel in order to modernize the agricultural sector, priority studies on agricultural R & D are directed toward farming, forestry, fishery and livestock activities; wildlife conservation; application of sloping land, water and soil conservancy; mud-slide prevention as well as early-warning systems; remote sensing application; agricultural irrigation; biotechnology; agricultural automation; economics; trade studies; and food and farmland resources planning.

Specific sustainable practices for the rice industry

As earlier mentioned, the rice industry ensures stable and secure food supply and has ecological value. In terms of food security, it assures high quality rice with adequate quantity of supply. The commercialization of local branded rice products with the guarantee of good quality and environmentally friendly management practices, such as organically produced safe rice products, would attract the consumers' attention. In terms of its ecological value, pilot projects on precision farming to decrease the negative environmental impact from farming practices and to decrease the wasted input use seem to be an attractive option. Other production options, such as deep-water irrigation to increase the potential for replenishing the shallow groundwater, are also at an experimental stage.

Our Agenda for Action

Agricultural development in the Republic of China has been marked by a number of distinctive features. The government has promoted a series of agricultural development programs in order to realize its policy objectives of developing agriculture, building

up farming villages, and protecting the interests of farmers. Taiwan's experience with phased development is often hailed as a very successful model for developing countries. The history of Taiwan's agricultural development shows how such development has evolved from the earliest stages, when efforts were concentrated on increasing crop production by raising productivity, to the present stage of modern agriculture, which seeks to strike a balance between productivity, livelihood and ecology.

Farm construction and farmers' income

To ensure the sustainable growth of agriculture, the Guideline for Agricultural Policy was promulgated to raise farmers' income and shorten the income gap between farm and non-farm households. The relevant programs and measures of renewed agricultural policy are as follows.

1. Enhance Farmers' Income and Strengthen Farm Construction Program (1979-82)
2. Program on Basic Infrastructure Development (1981)
3. Strengthen Basic Infrastructure and Enhance Farmers' Incomes (1982-85) - Integration of Farm Construction and Basic Infrastructure
4. Program for Improving Agricultural Structure and Enhancing Farmers' Income (1985-90)
5. Revise and Implement the Agriculture Development Regulation (since 2000)

Price and supply control

To ensure social justice, government policy has set the goal of structural adjustment, that is, the expansion of farming scale to raise the agricultural productivity that will achieve the goal of production policy and adjust the supply levels to accommodate the market demand. In doing so, reasonable market prices and higher farmers' income can be achieved effectively.

The following programs and measures for price and supply control are implemented:



1. The Second-phase Farmland Reform (1981-85)
2. Promotion of Joint Cultivation, Contract Farming, and Enlargement of Family Farm Size (1981-86)
3. First and Second Six-Year Program and a continued program to convert paddy fields to cultivation of non-rice crops (1984-97)

The strategy at this stage was to improve farm management through the enlargement of farming scale. The Food Stabilization Fund was set up to ensure food self-sufficiency and to stabilize the food price that would enhance small farmers' revenue. While avoiding the problem of "cheap food and damage to farmers' welfare," the rice production increment policy has been changed to the rice reduction policy that would respond to the adjustment needs of the domestic agricultural structure.

Countermeasures for WTO accession

Since the strategy of enlarging farm size is hardly sufficient to overcome the problem of small-scale farming in Taiwan, achieving international agricultural competitiveness might not succeed. Therefore, in case there is severe impact on Taiwanese agriculture upon the country's entry into the WTO, the government has proposed and prepared countermeasures for WTO accession as follows.

1. Integrated Agricultural Adjustment Program (1991-97).
2. Cutting Agricultural Production and Marketing Cost Plan (1992-97).
3. Countermeasures for WTO Accession (1994)
4. Farmland-release Program (1995)
5. Farmland-release Initiative Revised (1997)
6. Paddy field and Upland Utilization Adjustment Plan (1997-2001)
7. Towards the Next Century Agricultural Construction Program (1997-2001)
8. 21st Century Agriculture New Program (2001-2004)
9. Escalate the Competitiveness of Agriculture (1997-2000).

The White Paper on Agricultural Policy (1995) emphasizes the adjustments that have to be made in the agricultural structure to better meet modern demands and help develop an economic, high-tech, environmentally sound and internationally competitive agriculture. Such reform will help boost Taiwan's agricultural efficiency, strengthen market competitiveness, improve farm facilities and promote farmers' welfare, protect the earth's natural resources, ensure balanced development and help meet the long-term policy goals.

Conclusions

Agriculture is a mainstay in the national economy and plays an integral role in human life and human survival. This is because the food that we eat, the space in which we live, the scenery that we enjoy and the environment which we must protect are all naturally and very closely related to agriculture. Agriculture is essential to developing countries, and developed countries realize its crucial importance.

In recent years, the direct impact of the changing economy has been on agriculture, small farmers and the rural society in Taiwan. Taiwan's agriculture is characterized by small-scale farming. Accordingly, small farmers have borne much of the impact from the changing economy. To become a member of the WTO, Taiwan has redesigned a series of economic adjustments. At the macro level, Taiwan is a free-trade economy that will share in the trade benefits and economic growth to be derived from entering the WTO. At the sectoral level, there are increasing business opportunities for the agriculture, industry and service sectors to gain profits and succeed. However, it has caused problems and pressures for the agriculture sector's adjustments, which remains to be the most difficult to tackle.

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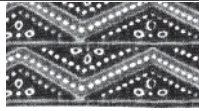
North Asia Workshop Results

ISSUE	Proposed AGENDA	Proposed STRATEGY	Proposed ACTIVITIES (2003-2004)
<p>Aging of the farm population and difficulty to obtain successors</p>	<p>Promote agriculture among the young and build their interests towards farming</p>	<p>Provide education / job training for young farmers</p> <p>Conduct awareness-raising targeting the young population on the importance of agriculture</p> <p>Raise funds to support the young generation Provide welfare scheme for senior farmers</p>	<p>Organize exchange visits of rural youth among AFA member organizations</p> <p>Conduct Workshops for young farmers (opportunity for learning by doing)</p> <p>Share information about awareness-raising activities in Asian countries (e.g. rural area study, sistership between urban city and rural town/village, green tourism, school farm, rural programs)</p> <p>Collaborate to give opportunities for children to have experience in other Asian countries</p>
<p>Small scale farming</p> <p>Expanding gap between urban and rural</p>	<p>Strengthen agricultural supply chain management through vertical and horizontal integration</p>	<p>Forge strategic alliance of farmers' associations (crop-based, processing)</p>	<p>Share information about the characteristics of farmers' associations and other social movements in Asian countries</p>

ISSUE	Proposed AGENDA	Proposed STRATEGY	Proposed ACTIVITIES (2003-2004)
Structural adjustment	Enhance the understanding of agriculture through the promotion of "experience economy" in rural areas	Transformation of farmers associations from mere production to processing and marketing services/ Changing roles of farmers' associations	<p>Invite representatives of farmers' associations to Farmers' Exchange Visits so that they may participate in AFA actively in the near future</p> <p>Discuss new opportunities for farmers' association to strengthen and expand their mission and activities (e.g. collaboration with urban consumers)</p>
<p>Lack of competitiveness under globalization and Free Trade Agreements</p> <p>High labor cost</p> <p>Decline of food self-sufficiency rate</p>	Promote Alternatives to economic globalization/ Automation/ Mechanization	<p>Build capacities of farmers' groups to undertake "alternative models to globalization"</p> <p>Link with movements currently undertaking alternatives to globalization and study their models</p> <p>Formulate long-term strategy for sustainable development</p>	<p>Evaluate the activities of AsiaDHRRA for members to understand clearly the achievements and remaining issues to be addressed</p> <p>Formulate long-term vision and strategy for AsiaDHRRA and AFA so that members will understand clearly the priorities and processes to achieve the goal</p> <p>Share experiences of alternative movements to economic globalization among Asian countries in order to achieve a better future (e.g. teikei, slow food movement, local currency)</p>

ISSUE	Proposed AGENDA	Proposed STRATEGY	Proposed ACTIVITIES (2003-2004)
<p>Rice Industry</p> <p>Production Issues: Pressure for transformation of traditional rice farming/—Being forced to reduce acreage under cultivation to match demand and supply/— -Surplus of rice production</p> <p>Production cost of organic and inorganic rice too high Increase in cost of agricultural machines</p> <p>Abandonment and degradation of paddy fields in hilly areas</p>	<p>Promote training and education on sustainable agriculture (e.g. organic farming)</p> <p>Farmland development to introduce agriculture machines to hilly areas</p>	<p>Formulate mechanism for identifying rural leadership training project (for rice)</p>	<p>Share the serious negative impact of rapid industrialization and globalization which may give us inspiration for further action (e.g. many farmers and citizens died due to pesticide, chemical factories caused pollution diseases)</p> <p>Discuss the applicability of each alternative model to Asian countries</p>

ISSUE	Proposed AGENDA	Proposed STRATEGY	Proposed ACTIVITIES (2003-2004)
<p>High estate cost making it difficult to enhance competitiveness</p> <p>Marketing Issues: Rice market is open (resulting in price drop and decrease of income)</p> <p>Lack of sales outlet . e.g. for organic rice</p> <p>Lack of alternative crop to substitute rice</p>	<p>Rent additional farmlands and diversify/ Government to buy lands at market price and rent/sell at a lower price</p> <p>Promote capacity building of farmers on food processing techniques</p> <p>Promote consumer awareness/ Awareness-raising on eating habits to increase the demand of rice</p>	<p>Make branding of rice products</p> <p>Conduct product demonstrations and competitions to promote locally produced rice products</p>	



Globalization and Sustainable Rural Development in Southeast Asia

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I would like first of all to thank the organizers of this conference for giving me this opportunity to share some insights on sustainable rural development in our region in Southeast Asia. In this paper, I would like to focus in particular on sustainable rural development from the context of globalization by assessing the actual and potential impact of liberalization in the trade of agricultural products on the typically small farmers in our region, and pinpointing critical areas in international trade rules that must be positively addressed so as to ensure the continued welfare of small producers and the survival and growth of rural communities in Southeast Asia.

Southeast Asian agriculture, and perhaps Asian agriculture in general, is typically beset by inherent vulnerabilities and environmental constraints. Asian farmers for example are small scale producers in the true sense of the term. One out of every two farmers in Asia subsists on as small as half a hectare; farm sizes in the region typically average only two hectares. This is understandable considering that while 10% of the world's agricultural production is situated in Southeast Asia, the region accounts for only 2.2% of the total agricultural area, and only 6% of what the Food and Agricultural Organization (FAO) classified as areas that are arable or planted to permanent crops.

Farming in Southeast Asia is also characteristically labor intensive since labor in the rural areas remain relatively abundant, while mechanization is generally more costly and unaffordable given the small land sizes. In countries in the region, agricultural producers constitute typically from 40% to 60% of the total labor force, while

up to 75% of the population continue to depend on agriculture for their sustenance. About half of the total population in Southeast Asia is classified by the FAO as part of the agricultural population. Accordingly, the agricultural sector remains a critical determinant of the GDP, trade performance, inflation rate, poverty incidence, rural employment, and other crucial socio-economic indicators in most Southeast Asian countries.

Most of the small farmers in Southeast Asia subsist under harsh environments with only a modicum of support from their governments. Budgetary problems, corruption and inefficiencies in governance conspire to deprive many of the small farmers of the rural roads, irrigation facilities, communications networks and other basic support infrastructure that farmers in Europe usually take for granted. Subsidies of the type and scale received by farmers in the developed world are practically unheard of in our region.

Despite their large numbers, the small farmers in Southeast Asia are typically unorganized and politically and economically uninfluential. There is a saying that when the ship is sinking, every man acts on his own. In many parts of Asia, a similar desperate struggle to survive has led most farmers to be individualistic and look only at their own short-term interests.

This is not to say of course that Asian agriculture is totally hopeless. Clearly, there are many areas and instances where Asian farmers, despite their handicaps and problems, have managed to survive and prosper. Thailand, for example, has grown into a major exporter of tropical fruits, vegetables and horticultural products. Vietnam has emerged as a competitive producer of rice. Malaysia has been the world leader in the production of palm oil and rubber products.

Still, despite these success stories, the majority of farmers in Asia, even in countries that have experienced growth in production and trade, have remained relatively poor and uncompetitive. This is starkly evidenced from the fact that as many as 670 million people, or about one-third of the rural population in Asia, continue to live in abject poverty today. Many of these poor people reside in Southeast Asia.

In the meantime, the global market place has been changing and exacting new demands and pressures on producers, including those in Asia. Consumers, specially those with rising incomes in urban markets, are becoming more discriminating, looking for variety and placing a premium on food quality and safety instead of merely deciding p the basis of price and availability. Markets are also getting more concentrated, with farmers having less and less options on where to sell their products, and consumers becoming more and more dependent on a few large food processors and distributors. Globalization in turn has made the scramble for markets and goods a virtual global free-for-all, pitting small and large farmers alike against each other while at the same time exposing them to the varying demands of both rich and poor consumers in various parts of the world.

In this kind of global market, what will happen to the small farmers of Southeast Asia? How can they cope with, and benefit from, the changes that globalization will bring? And what should they do so that they will survive and prosper despite their limitations and handicaps? And how should international rules in the trade of agricultural products be configured so that they will in fact survive and prosper together with their rural communities in a sustainable manner?

The theory of comparative advantage would say that the farmers in our region should shift their productive activities to crops and services where their small-scale farms are most competitive, such as the labor intensive production of flowers, fruits, vegetables and other tropical products. They should then cede the land-intensive production of cereals, grains , meats and dairy products to large commercial scale farms in other countries. Everybody would then be better off, with producers concentrating on where they are most efficient and productive, and consumers getting their food requirements at the best possible price and quality.

As a general principle, such a shift in Asia should be encouraged. In fact, it is already taking place to some extent. Governments should complement this shift by putting in place the basic infrastructure and necessary support services. The world trading sys-

tem in turn should provide the right signals and incentives to guide and encourage the farmers.

For a large proportion of Southeast Asian farmers however, shifting to another crop or livelihood is not an acceptable nor realistic option. Many of our farmers do not have the inclination to move out of subsistence agriculture or the production of staples, no matter how inefficient they may be, because they cannot afford to take the risk of moving on to another crop or livelihood that they know virtually nothing about and for which marketing and other support infrastructures are absent. Even if they remain poor producing just a few tons of rice or corn per hectare, at least they know they will survive. Producing flowers or fruits may in theory give them more money, but they do not have the know-how, capital and government support to give them the confidence to make such a move. Besides, what will happen to them if they fail? They cannot eat wilted flowers for breakfast or rotten fruits for dinner.

In this sense, the globalization of the market has little meaning nor benefit, and may in fact bring more harm than good, to most of Southeast Asia's small farmers. Trade is not the answer to their problems. Yields and incomes will not increase just because markets are freer, farmgate prices may in fact fall as cheaper or subsidized products from other countries are allowed to freely enter domestic markets. The prospect of small subsistence and resource-poor farmers taking advantage of export opportunities is hard to imagine, given that they cannot even supply local consumers with quality products at a competitive price. Even in countries that have experienced export growth, it appears that the benefits of expanded trade have been captured mostly by processors and middlemen, while the small farmers have remained poor.

Clearly, the fate of billions of small farmers who cannot make the adjustment cannot be sacrificed just to prove the theory of comparative advantage right. In many Asian countries, the collapse of an agricultural sector, given the large portion of the population dependent on it, could result in economic, social and political chaos. This scenario could in turn be easily replicated at the regional and

global levels. Increased poverty, hunger and desperation in rural Asia will invariably lead to widespread environmental degradation, urban congestion, and civil unrest, and ultimately offset whatever gains trade liberalization may have hoped to bring to the region. Clearly, sustainable rural development cannot be achieved under these conditions.

Additionally, the objectives of production efficiency and productivity as espoused by the theory of comparative advantage should be balanced with equally important objectives of society. Assuming it is feasible and possible, the massive shift towards export crops and non-staples may result in food security risks that will make countries unduly dependent on other countries for their basic food requirements. There are also signs that the intense struggle to compete globally has already engendered serious market concentration, thereby limiting the options of farmers on where to purchase their inputs and sell their products, and placing them at the mercy of large transnational firms. Harmful crop intensification and abuse of environmental resources may also ensue as farmers struggle to cut costs and increase yields in order to compete globally.

What therefore needs to be done?

Firstly, there is no excuse for inefficiency, even where the small farmers of Southeast Asia are concerned. They therefore have to do their share in improving their productivity, cutting their costs, enhancing the quality of their products, and upgrading the management of their farms. In many cases, the years of government patronage and protection from outside competition has arguably led many farmers to be complacent and dependent on others for their sustenance. In a sense, they have become not only the victims, but also the causes, of the problem. They therefore have to take up the cudgels with each other, organizing themselves into efficient production units, marketing and processing cooperatives, and advocacy groups that will be able to translate their large numbers into political, economic and social power.

Secondly, governments in these Asian countries must provide the basic infrastructure and support services to their agricultural sector. They must wield the political will to allocate what is due for

agriculture even in the face of conflicting demands for scarce budgets, political pressures from vested interests, and sometimes, demands of external funding agencies. Farmers and their organizations simply cannot do it alone, given the scope of the problem, the long years of neglect, and the complexity of the situation. It is also the interest of the governments to provide the necessary support to their agricultural sectors because the large scale displacement of millions of farmers due to premature liberalization will result in even larger political, social and economic costs in the long run.

Even as farmers and governments assume their responsibilities, the global trading environment must also provide enough time, flexibility and space for the Asian farmers to survive and prosper and undertake the necessary adjustments, even as they maintain the scale and type of agriculture that they are endowed with. Clearly, global trade cannot be to the exclusive benefit of large, moneyed and well-supported farmers from the North, nor can it be at the expense of billions of small farmers from Asia. A formula for co-existence is necessary to allow these different patterns of food production to work and progress side by side with each other, without one system unduly benefiting at the expense of the other.

Among the critical reforms that are needed in global agricultural trade rules are the following:

- a) elimination of the export subsidies of developed countries which unduly depress prices both at the international and domestic levels and provide undue advantage to farmers and exporters over their non-subsidized counterparts in developing countries. The reforms should cover all types of export competition measures, including export credits and guarantees and food aid, in addition to direct export subsidies.
- b) elimination of trade-distorting domestic support measures and subsidies, which are also largely extended to farmers in developed countries. Like export subsidies, these support programs enable their farmers to compete against cheaper imports. They also encourage overproduction which results in surpluses that are then dumped in the export market. Additionally, they have

the same effect as export subsidies when the subsidized products are exported. The reforms should include blue-box or production-limiting measures and direct payments presently under the green box which are both exempted from reduction rules, and in the case of green box measures, are not even subject to limits.

- c) Market access and tariff reforms in developing countries should be phased and calibrated, taking into consideration their low levels of development, their food security, rural poverty and other development imperatives, their lack of resources to provide the necessary basic infrastructure and support to their agricultural sectors, and the fact that their developed country counterparts continue to distort markets through their export subsidies and domestic support programs. Accordingly, a formula should be developed which will interlink the pace of tariff reduction with the rate of subsidy reduction, such as for example allowing importing countries to impose additional countervailing duties against subsidized imports. This option will be in addition to other trade remedy measures such as special safeguards and anti-dumping duties. They should also be completed by the elimination of tariff peaks and tariff escalation measures, many of which unduly discriminate against exports of developing countries to the developed world.
- d) review of the rules on sanitary and phytosanitary measures so as to ensure that these are not used as disguised trade barriers against developing country exports. Similar caution should be extended to proposals to incorporate animal welfare, labor and environmental standards into agricultural trade rules.





Philippine Country Report

Agricultural and Agrarian Context

Agriculture in the economy

The relative contribution of agriculture to the country's gross national product (GNP) increased from 27% in the 1960s to 30% in the 1970s. In the 1980s, it started to decline, falling to about 20% in 1996 (CCS 1998). Likewise, agriculture's share in exports has fallen from 64% in 1960, 44% in 1970 and 35% in 1980 to 13% in 1996. (CCS 1998). Despite these declining trends, agriculture remains an important sector, as it employs 41% of the labor force. The labor force in agriculture was 61% in 1960 and 54% in 1980 (FAO 1996:3).

In addition, the country's average annual growth rate between 1980 and 1997 of 1.4% pales in comparison with that of China (5.3%); Pakistan (4.1%); Thailand (3.8%); Indonesia (3.1%) and Malaysia (3%; FAO).

Land use

Almost half of the country's total land area of 30 million ha have been classified as alienable and disposable (A&D; see Table 1). Approximately 53% of the total lands in the country have slopes greater than 18% and are generally classified as public lands. Lands not needed for forest purposes are subsequently declared as A&D. These lands are further classified into agricultural, residential, commercial, industrial and settlement lands (Congressional Commission on Agricultural Modernization 1997).

Table 1. Land Classification, 1995

	Area (in ha)	Percent
Alienable & disposable	14,117,244	47.1
Forest land: Classified	15,001,599	50.0
Unclassified	881,157	2.9
Total	30,000,000	100.0

Source: *National Mapping and Resource Inventory Authority (1995)*.

Agricultural land use

Data from the National Mapping and Resource Inventory Authority (NAMRIA) and the Bureau of Agricultural Statistics (BAS) show that the total agricultural area for the Philippines has significantly increased from 8.3 million ha in 1965 to 13.1 million ha in 1990, then dropping to 12.5 million ha in 1995 (see Table 2). The total agricultural area in terms of percentage of total A&D lands also increased steadily from 67% in 1965 to about 90% from 1980 onwards.

The expansion of the country's agricultural lands reached its peak in 1982, when the total area for agricultural lands reached 13 million ha. Since then, the country's agricultural area remained at that level up to 1990 (Congressional Commission on Agricultural Modernization 1997).

However, from 1991 to 1995, the total area for agricultural lands dropped to 12.5 million ha. This has been mainly attributed to massive land conversion resulting from the government's industrialization program during the said period (Congressional Commission on Agricultural Modernization 1997).

Agricultural production areas

Under the country's National Physical Framework Plan, agricultural land has two subcomponents: croplands and fishing grounds. Croplands are areas primarily used for production of adapted, cultivated, close-growing fruit or nut crops for harvest, alone or in association with sod crops. Fishing grounds cover marine resources, inland bodies of water including lakes, ponds, reservoirs, swamps and other man-made impoundments, rivers, irrigation canals, and mangrove estuaries in coves and inlets. These are further categorized into commercial fisheries, municipal or small-scale fisheries and inland fisheries or aquaculture.

Commercial fisheries refer to fishing operations using fishing boats of more than 3 gross tons and operating in areas more than seven fathoms deep. Municipal fisheries refer to fishing operations usually in marine waters within 15 km from the shoreline. Boats used in these operations are 3 gross tons or less. Aquaculture pro-

duction includes those situated in brackish water and freshwater pond systems; fish pens and cages; marine culture or seafarming in coastal water areas and integrated fish farming activities in inland waters.

Cropland areas. Of the country's total land devoted to agricultural production (some 13 million ha, or 35% of the Philippines' total land area), around 75% is devoted to three major traditional crops—rice (30%), corn (21%) and coconut (24%). Rice and corn alone account for almost half of the agricultural lands.

However, the area devoted to corn has significantly decreased—from 3.6 million ha in 1991 to 2.3 million ha in 1998 (CCS 1998). There has also been a slight decrease in the area planted to coconut, from 3.3 million ha in 1986 to 3.1 million ha in 1998. In contrast, palay areas have increased from 3.46 million ha in 1986 to 3.8 million ha in 1997. Meanwhile, the area planted to bananas have also increased from 293,000 ha in 1986 to 337,100 ha in 1998.

Fishing grounds. The country's marine water covers a total area of 185 million ha, including its 200-mile exclusive economic zone. The coastal waters above the 100-fathom isobath consist of 26.6 million ha and the inland water bodies are about 193.4 million ha. Freshwater fishponds cover some 14,531 ha and other inland water resources like rivers are about 31,000 ha; lakes are about 200,000 ha and reservoirs, 19,000 ha (Congressional Commission on Agricultural Modernization 1997). About 26.6 million ha of the total marine resources are coastal areas that are the most productive and also where intense human activity and resource use conflicts in both coastal land and sea take place.

Land ownership structure

The agrarian structure in the Philippines is generally characterized by the coexistence of small peasant farms and large plantations. The ownership-holding size pattern is highly skewed. According to the 1980 census of agriculture, out of the 3.4 million farms in the country only 118,331 (3.5%) were larger than 10 ha (and only 14,608 [0.4%] were larger than 25 ha). These, however, cover as

much as one-third of the total agricultural land area. On the other hand, almost two-thirds of all farms are less than 3 ha in size and cover only 30% of the total area.

Also, farms larger than 25 ha produced only 2.5% of the total rice production but 68% of sugarcane production, 40% of banana and 8% of coconut production, all of which are important export crops (FAO 1996:4).

The pattern looks even disproportional when land distribution by type of crop planted is considered. This is mainly attributed to the involvement of huge corporate plantations in the production of these commodities (ANGOC 1997:137). In terms of average farm size, tobacco, tuber and vegetable farms are the smallest, with less than 2 ha. Pineapple and sugarcane farms, together with cattle farms, have some of the largest farm sizes. More than half of all farms (59%) are owner-operated. However, share tenancy continues to be quite prevalent in spite of past reform measures aimed at abolishing this condition. Owner-operated farms make up 61% of the total farm area, while 20% is characterized by share tenancy arrangements.

Nature and dynamics of peasant movements

After the Marcos dictatorship was ousted via the people power uprising in 1986, the re-establishment of “democratic space” allowed the proliferation of peasant organizations. With the mushrooming of peasant organizations after the 1986 people power uprising and with the formidable task of pushing for a genuine agrarian reform program under the new democratic government, the initial response of the peasant sector was to consolidate all genuine peasant organizations. Thus, the Congress for a People’s Agrarian Reform (CPAR), a broad coalition of peasant organizations, was formed in 1987.

Although considered a positive development, the existence of numerous peasant organizations, to a certain extent, also contributed to the division of the peasant sector.

The peasant sector was mainly divided according to their stance with regard to government and its programs (e.g. the agrarian reform program) and the ideological/political backgrounds they represented (e.g. National Democrats, Social Democrats, Democratic Socialists, independents, government-organized). The militant left maintained an “expose and oppose” position while some independent groups took a more collaborative attitude in dealing with government. On the other hand, there were some groups who took a critical engagement position.

Such differences eventually led to the dissolution of major peasant coalitions, one of which was CPAR. The main learning for the CPAR experience was that it was very difficult to maintain unity among “different-minded” groups under a formal coalition since energies tend to be used-up on organizational matters, internal squabbling, and agenda positioning.

Further contributing to the division in the peasantry was the split in the left which translated in the breaking up of the biggest peasant organization at that time, the Kilusang Magbubukid ng Pilipinas (KMP). Later on, some elements of one of the factions in the left’s peasant movement closely worked with the Estrada administration and were even involved in smear campaigns against other peasant groups.

The division within the peasant sector that highly characterized the early 90s (as manifested in the dissolution of CPAR and other coalitions, and the split of KMP and other peasant groups) is now being reversed or addressed through “reaching out” efforts from major peasant groups. However, the dynamics between the two KMP factions have prevented these two major groups from consolidating into one group. The closest that the groups have come in consolidating the two blocks was the conduct of the “Peasant Voices” conference. The said conference was based on the groups’ unity against the implementation of the “corporative” scheme and the World Bank’s Market-Assisted land Reform (MALR; see detailed discussion in the section on “Issues and Concerns”), and the call for Estrada’s ouster. It was also attended by almost all of the groups in other peasant coalitions.

Thus, succeeding successful coalitions tended to be loose coalitions and issue-based groups. Once the issue at hand has been addressed or resolved, the coalition then dissolves. Coalitions of “like-minded” organizations have also persisted but have retained a more loose formation or structure.

Issues in Agriculture

Agricultural liberalization and modernization

Since the Philippines acceded to the World Trade Organization (WTO) in 1995, agricultural affairs in the country have been mainly run within the framework of trade liberalization and the concern over the development of the global competitiveness of Filipino farmers.

However, since then, the purported gains in trade and employment from the adoption of liberalized trade have failed to materialize and have instead seriously undermined Philippine agriculture. According to the Task Force Food Sovereignty, in but after a few years after joining the WTO, the Philippines has been transformed from an agricultural exporter to a net food and agricultural importer. From having a positive agricultural trade balance before the WTO, the country has since 1994 experienced trade deficits in agriculture at an average of \$614 million annually.

Major food crops like corn, peanut, onion, garlic and vegetables have likewise been severely hit by trade liberalization. Massive importation of these crops has resulted in depressed farm-gate prices and the displacement of the livelihood of tens of thousands of small farmers.

Further contributing to this disaster has been the failure of government to truly and effectively implement safeguard measures that would have helped in lessening the expected impact on the agriculture sector and developed the global competitiveness of the Filipino farmers. Such measures should have been delivered mainly through the implementation of the Agriculture and Fisheries Modernization Act (AFMA) and the Agricultural Competitiveness Enhancement Fund (ACEF).

Agriculture and Fisheries Modernization Act (AFMA).¹

Enacted in 1997, Republic Act 8435, or AFMA, aims to modernize the agriculture and fisheries sector over a seven-year period beginning 1998 by transforming the sector from being resource-based to becoming technology-based, thus increasing its efficiency and productivity. Under the present administration of President Gloria Macapagal-Arroyo (GMA), the following has been identified as priority areas under AFMA: agricultural productivity programs, irrigation systems, farm-to-market roads, post-harvest and other related infrastructure, research and development, rural finance and education.

However, despite the legal framework provided under AFMA, Philippine agriculture modernization never got off the ground. The government has been unable to obtain funding (which is supposed to be "over and above" the regular funding of the Department of Agriculture [DA]) that the law required to pump-prime and jumpstart the agriculture sector. Under the GMA Administration, the said "new" money also did not materialize even with the President's guarantee that "there is money and there will be money for agriculture."

In 2002, government barely met its commitment of Php 20 billion funding for AFMA. But for year 2003, the allocation for AFMA only totaled Php16.3 billion, P3.7 billion short of the targeted Php 20 billion funding.

Agricultural Competitiveness Enhancement Fund (ACEF).

The ACEF is a special purpose fund created by the Philippine Congress, through Republic Act No. 8178, "The Agricultural Tariffication Act," from tariff collections on imported agricultural products. It is created to finance projects aimed at improving the productivity of the agricultural sector to make them more competitive in the foreign export markets (DA 1999). Farmers and fisherfolk organizations, agribusiness enterprises and industry associations, nongovernment organizations (NGOs) and people's organizations, local government units and national agencies, among others, are eligible for ACEF funding, provided they satisfy the requirements in the fund guidelines.

The ACEF is also conceived as a “safety net” particularly for sectors that are affected by the country’s compliance with its commitments under the WTO. It is also intended to finance the implementation of AFMA.

However, this fund has not been maximized. As of June 2003, the DA is still just conducting consultations on the proposed amendments to the ACEF guidelines. Also, the utilization rate for the ACEF has been very slow. Of the Php 2.07 billion available for ACEF, only Php 341 million worth of projects have been approved while only Php 157 million have been actually released by the Department of Budget and Management, or a utilization rate of around only 8%.

Hybrid rice and Bt Corn

Unable to deliver the necessary infrastructure for agriculture modernization, the government turned to biotechnology as the foundation for its “modernization” hype. Thus, the government has given priority and support to the hybrid rice commercialization program and approval for the commercialization of the Bt corn, genetically modified corn that is resistant to the corn borer.

With regard to the hybrid rice program, questions regarding its sustainability have been raised. First of all, the use of hybrid rice only guarantees a 15% increase in production but the increase in cost is much higher. For seeds alone, hybrid rice production requires 20 kg of hybrid rice seeds per hectare. Twenty kilograms of hybrid seeds cost Php 2,400. While certified seeds cost Php 700 per cavan (40 kg/cavan) and 3 to 4 cavans are needed for every hectare. Thus, a farmer using certified seeds would spend Php 2,000 to Php 2,800 for seeds alone per hectare.

However, hybrid rice seeds have to be bought every time a farmer plants, unlike farmers using ordinary rice varieties who can use the grain they harvested from existing crop as seeds for planting the following season. Also, the production cost for hybrid rice farmers is pegged at around Php 22,260 per hectare, while the production cost of ordinary rice farmers is only around Php 15,000.

It should also be noted that despite several incentives given by the government to farmers to adopt hybrid seeds (e.g. “plant now,

pay later scheme, P10,000 loan from the Land Bank of the Philippines), only 27,877 ha. had been planted to hybrid rice while only 19,478 ha. had been harvested. The target for lands to be planted to hybrid rice for 2002 was 50,000 ha. For 2003, the target has been significantly raised to Php 200,000 ha.

The questions that need to be answered now are: How many were able to repay the loans granted by government to hybrid rice adopters? How many are replanting hybrid seeds? Will the program be viable without the subsidies provided by government?

For the commercialization of Bt corn, both government and civil society organizations should closely monitor the possible environmental and health concerns regarding this crop.

Rethinking Agri-trade Liberalization

With most of the agriculture-based sectors reeling from the effects of and up in arms against trade liberalization/globalization, the government has been forced to make "anti-globalization" pronouncements. To a certain extent, the government has also already acknowledged that government negotiators have made erroneous commitments at the WTO during the negotiations of the General Agreement on Tariffs and Trade-Uruguay Round (GATT-UR).

Last October 2002 at the APEC (Asia-Pacific Economic Cooperation) Summit in Mexico, President Macapagal-Arroyo decried the unfair trade rules of the WTO. Speaking before the 59th ASEAN (Association of Southeast Asian Nations) Chamber of Commerce and Industry council meeting last 5 July 2002, the President criticized the wealthy nations for their failure to practice what they preach in the area of free trade. More recently, she has made pronouncements against the ill effects of "unbridled globalization."

However, it must be noted that most of the President's and the Department of Agriculture's attacks against the WTO, developed countries (particularly Australia) and globalization are more for the concern of local agri-exporters/agribusiness (particularly banana and canned tuna) on gaining access to the markets of developed countries, rather than on the ill effects of globalization/trade liberalization on small farmers and how to protect this sec-

tor. To put it bluntly, the goal is to allow local agribusiness access to the big markets at the expense of the small farmers.

With all the rhetoric and even admission of blunder with the GATT-UR, the government has not made sufficient and serious moves to mitigate and rehabilitate the sectors in agriculture most affected by the GATT-UR.

Issues in agrarian reform

Grinding to a halt

Since 1994, when the Department of Agrarian Reform (DAR) recorded its highest accomplishment in land acquisition and distribution (LAD) with 433,678 ha, land distribution accomplishments have drastically declined through the years. For the past three years, the average land distribution accomplishment by the DAR has been at around 110,000 ha.

At its current pace, the DAR will not be able to complete the LAD component of the Philippines Comprehensive Agrarian Reform Program (CARP) as it should be targeting at least 150,000 ha per year from 2002 to 2008.²

However, in terms of compensable lands, the DAR's recent budget allocations have allowed them to only cover some 50,000 ha per year, with the rest being covered under the highly questionable Voluntary Land Transfer/Direct Payment Schemes (VLT/DPS)³ just to meet the 100,000-ha commitment made by the President during her State of the Nation Address.

The slow pace of LAD implementation has usually been attributed to increasing landowner resistance, inadequate budgetary support and increasing cost of land.

Shifts in the leadership and thrusts of the DAR

Another factor that have contributed to the further delay in the implementation and completion of agrarian reform (AR) was the fast turnover in the leadership of the DAR. In the last five years, the DAR had three Department Secretaries. This has disrupted the continuity and caused delays in the implementation of the pro-

gram since each new Secretary had to first “learn the ropes” in the Department.

More crucial has been the change in the orientation and thrusts of each of these Secretaries, all moving away from the primary mandate of the Department, which is land acquisition and distribution. During the term of Secretary Morales, the thrust was towards the implementation of alternative but highly controversial AR schemes such as the “corporative”⁴ and market-assisted land reform (MALR)⁵ schemes.

Under the succeeding Secretary, Hernani Braganza, the emphasis was on support service delivery. Although AR advocates continue to recognize the critical role that support service delivery plays in the success of AR implementation, particularly in lands already awarded to agrarian reform beneficiaries (ARBs), it must be emphasized that such a role is expected from the government as a whole and not from the DAR alone.

Meanwhile, the incumbent in the DAR, Secretary Roberto Pagdanganan, is pushing for cooperativism in AR and among ARBs.

Erosion of the land-to-the-tiller and social justice principle of CARP

Section 2 of the Comprehensive Agrarian Reform Law (CARL), or Republic Act 6657, states that “the welfare of the landless farmers and farm workers will receive the highest consideration to promote social justice and to move the nation toward sound rural development and industrialization, xxx” This principle underlying the CARL has sadly been slowly eroded.

Initially, this has been implied through the increase in the valuation of CARP lands, apparently to lessen landowner resistance. However, the consideration for landowners’ rights vis-à-vis the ARBs’ has been given greater consideration through the years. This tendency is reflected in policy, such as in the proposed new administrative order on leasehold, which contains provisions that will increase the lease rental of leaseholders and give the landowner more opportunities to delay the implementation of the said law.

Secretary Pagdanganan has also included in his “three-way test” for every DAR action the fairness of the planned action to the landowner in terms of “fair” compensation.

However, as indicated in Section 2 of RA 6657, the DAR must show and give the “highest consideration” for the rights of the landless peasants when such rights and the rights of landowners clash.

AR Funds: Congress' “piggy bank”

At the legislative front, legislators’ interest in agrarian reform, particularly on the AR budget, has not been on how to make the program more effective by providing sufficient budget and properly allocating the limited funds. Instead, the interest has been on how to reallocate funds from LAD activities to support services projects. Simply put, support service projects (e.g., farm-to-market roads, irrigation facilities, post-harvest facilities) are a good source of “pork barrel.” As one Congressman put it, “the more [projects] the merrier.”

Bolder and stronger landowner resistance

Another alarming trend has been the emergence of a bolder and more organized landowner resistance to CARP implementation. Aside from the usual filing of harassment cases against ARBs, landowner resistance has become bolder and more violent, usually through the use of security guards/goons and/or “loyal” tenants/farmworkers. These have already resulted in several deaths among farmer beneficiaries, as well as forced eviction, arrests and detention of ARBs.

Weakened AR movement

The developments described above can also be attributed to the weakening of the AR movement in the country. Those who remain active in advocating for AR implementation have dwindled not only numbers, but have also become divided. Initially, the division has been on an ideological level. However, even those within their own “political blocks” have splintered further. Such divisions fueled more intense competition among peasant and other AR groups.

However, recent realizations by the different peasant groups and AR advocates of their respective limitations and the growing strength of anti-AR forces may push them into forming tactical alliances among themselves and, hopefully, if trust and confidence are gained, into even more strategic ones.

Farmland as collateral: death and reversal of CARP

On the legislative side, the boldest move ever to amend the agrarian reform law is almost completed with Senator Serge Osmena III's push for the enactment of Senate Bill No. 2553 that, in the guise of providing access to credit to ARBs through the collateralization of the CLOA and emancipation patents (EPs),⁶ will actually amend CARL to lift the five-hectare retention limit⁷ (Sec. 6) and the 10-year prohibition for the transferability (i.e. sale, mortgaging, transfer, usufruct) of CARP lands (Sec. 27). This, in effect, allows any person to buy, reacquire and reconsolidate lands that have already been subjected to CARP, in essence negating and reversing agrarian reform implementation in the country. President Arroyo has certified this bill as an urgent one.

However, it has been the general assessment of the major peasant and AR advocacy groups that the bill, if enacted, will result in massive foreclosures of EPs and CLOAs and the reconsolidation of agricultural lands in the hands of a few—in essence, the end and reversal of agrarian reform in the country.

Peasant Initiatives for Sustainable Rural Communities and Farms

With such a challenging agricultural and agrarian situation in the Philippines, the Pambansang Kilusan ng mga Samahang Magsasaka (PAKISAMA) has attempted to address the problems beleaguering the rural sector with the following humble contributions and initiatives:

Gender responsiveness

In 2001, PAKISAMA formalized its gender analysis through the publication of *Gender Mainstreaming in the Agriculture and Fisher-*

ies Sector: The PAKISAMA Viewpoint. Organizationally, PAKISAMA also continues to institutionalize its sex-disaggregated data in its Membership Information System.

It has also exceeded its quota of ensuring that at least 30% of its participants in its training programs are women. This is likewise the case in terms of the presence of women leaders at the leadership structures of PAKISAMA at the national and local levels.

Sustainable agriculture and aquatic development

As PAKISAMA practices what it preaches and advocates, it conducted in 2001 some 13 training sessions on basic and advance courses on sustainable agriculture for its members all over the country. PAKISAMA also has maintained 160 farmer-extensionists who have provided sustainable agriculture extension services to members in 19 provinces. As a result, some 1,975 farmer-members of PAKISAMA have adopted the organic rice production (ORP) technology. Since 1999, PAKISAMA has conducted a total of 425 ORP training sessions in 85 barangays (villages), with a participation level of 9,350 person-days.

In terms of diversified farm development, PAKISAMA has developed six satellite farms, while maintaining one model farm on the integrated diversified organic farming systems (IDOFs). It has also maintained the seed lines in its *in situ* seed banks, and collected additional traditional rice varieties. PAKISAMA also built three new alternative marketing structures.

In the area of advocacy for sustainable agriculture, PAKISAMA carried out proactive engagements with several government institutions such as the Agricultural Training Institute, National Agriculture and Fisheries Council, Committee for the Medium-Term Philippine Development Plan Formulation, National Irrigation Administration, Center for International Trade Expositions and Missions, Philippine Coconut Authority and the Task Force for World Trade Organization Agreement on Agriculture Re-Negotiations.

PAKISAMA was also part of the “No to Genetically Modified Organisms” Movement. In early 2003, one of the leaders of

PAKISAMA, Ate Cita Esmao, joined the group that staged a hunger strike in front of the Department of Agriculture to urge the government to declare a moratorium on Bt Corn commercialization pending more conclusive evidence that the Bt Corn is safe. Ate Cita was one of the two hunger strikers who ended the strike after 32 days.

Issue and Policy Advocacy

Among the main advocacy issues of PAKISAMA has been the recovery of the coconut levy funds. These funds represent taxes levied by the Marcos Government on small coconut farmers during the time of Martial Law in the 1970s. The fund is estimated to amount to Php 9.7 billion. Many big coconut planters, including Eduardo "Danding" Cojuangco, Jr.,⁸ managed this fund and used it to purchase the United Coconut Planters Bank, shares of stock in San Miguel Corporation, several oil mills and other companies in the names of their corporations.

In 2001, PAKISAMA campaigned against the maneuverings of certain farmer federations who entered into a compromise with Cojuangco. PAKISAMA also supported the Presidential Commission on Good Governance's (PCGG) position that coco levy-related cases should be heard in court, and that individuals and institutions responsible for deceiving and robbing coconut farmers of their hard-earned money should be made accountable.

In terms of advocacy for AR implementation, PAKISAMA continues to push the DAR to fast track the resolution of land tenure improvement (LTI) cases pending in the various levels of the DAR bureaucracy and the land acquisition and distribution of CARP lands. PAKISAMA also campaigned, in partnership with the People's Campaign for Agrarian Reform Network (AR Now!), for the resolution of untitled private agricultural lands (UPAL) cases and issues. This was in addition to other individual regular land cases of affiliate members. As a result of this campaign, the DAR and the DENR issued a joint memorandum circular on the issue of UPALs that has paved the way for the processing of these lands for CARP coverage and distribution.

On the issue of food security and sovereignty, PAKISAMA, during the celebration of the World Food Day on 15 October 2001, marched to the DA to protest the planned liberalization of the rice industry and to demand for a pro-small farmer position by the DA in WTO negotiations then to be held in Qatar.

PAKISAMA has also aired its positions and engaged government in several venues such as the 2002 Employment Summit, the development of the Coconut Industry Development master plan, the conduct of the Department of Interior and Local Government study on People's Participation in the Local Development Councils, and the National Socioeconomic Summit of 2001.

PAKISAMA, together with AR Now! and other major peasant groups, converged, developed and presented to President Macapagal-Arroyo the "Peasant Voices Agenda," which contained the comprehensive agenda of the peasant movement.

Agenda of Action

Philippine Agriculture

1. For government and civil society organizations (CSOs) to conduct independent and transparent evaluation on the impact and effectiveness of the government's programs on hybrid rice and rice importation by farmers
2. For government and CSOs to closely monitor and evaluate the possible environmental and health impact of the commercialization of genetically modified organisms (GMO)
3. For government to review the actual status and impact of the AFMA to pave the way for its actual and full implementation
4. Propose to the government a "relief and rehabilitation" program for sectors damaged by liberalization
5. For government to amend and extend ACEF
6. Pressure DA Secretary Lorenzo to "Restore DAO [Department Administrative Order] 17⁹ Now!"
7. Intensify the campaign to recover the coco levy funds

Agrarian Reform

Note: I think these need some bit of explanation; konting background lang

1. Encourage the formation of broad and multisectoral peasant movements
2. For the government to use the Php 38-billion Marcos ill-gotten wealth¹⁰ for fast tracking LAD; CSOs must monitor closely government's plans in using the fund
3. For the government to include the budget for Maturing Bonds and Interest Payments¹¹ as part of automatic appropriations
4. Pursue Compulsory Acquisition mandate
5. For the DAR to increase its target for leasehold¹² implementation
6. For Congress to defer the passage of the "Farmland as Collateral Bill" pending the following:
 - a) Passage of the National Land Use Act¹³ and of a progressive land tax;
 - b) Amendment of the Agri-Agra Law¹⁴;
 - c) The Land Bank of the Philippines embarking on a package of interventions that will ensure and facilitate the flow of credit to small farmers and ARBs
 - d) Investment in EPs and CLOAs with the same indefensibility as Torrens Titles
 - e) Rationalization of the support services of the DAR and DA and acceleration of infrastructure support for agrarian reform
 - f) Subdivision of "Mother" CLOAs into individual CLOAs
 - g) Complete the land distribution phase of agrarian reform

Endnotes:

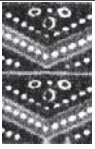
- 1 Entitled, "An Act Prescribing Urgent Related Measure to Modernize the Agriculture and Fisheries Sectors of the Country in Order to Enhance their Profitability, and Prepare Said Sectors for the Challenges of Globalization through an Adequate, Focused and Rational Delivery of Necessary Support Services, Appropriating Funds therefore and for Other Purposes."
- 2 This figure was derived by dividing the LAD balance as of end December 2001 (1,083,780 ha) by seven years (2002 to 2008). The exact figure is 154,825 ha per year
- 3 Under DPS/VLT, ARBs and former Los directly negotiate for the sale and transfer of the land. The DAR merely determines and ensures that the arrangement reached is not too lopsided for the ARBs.
- 4 The corporative scheme for agrarian reform implementation, also known as the "MAGKASAKA" (Magkabalikat Para sa Kaunlarang Agraryo) [Partnership for Rural Development] Program, was launched to promote joint ventures between agrarian reform communities (ARCs) and private investors (who may be the former landowner). The program was designed to make the ARB globally competitive while providing the private sector incentives to invest in viable rural-based enterprises. Closely related to the MAGKASAKA program is the Farmers' Trust which, aims to reconsolidate small-individual farms awarded to ARBs.
- 5 Inspired by the World Bank's Market-Assisted Land Reform (MALR) scheme, the DAR designed the Community-Managed Agrarian Reform Program (CMARP). The said scheme is very much similar to the existing DPS and VLT modes of land acquisition provided under the CARL.
- 6 EPs were land titles issued to farmer beneficiaries under the land reform program (Presidential Decree No. 27) of former President Ferdinand Marcos. Issued in 1972, the program covered rice and corn areas only.
- 7 According to Section 6 of the CARL, the landowner can retain 5 has of the property to be covered under CARP. The retention limit also includes an additional 3 has for every offspring of the landowner.
- 8 Danding Cojuangco is a highly influential businessman from a prominent political clan who owns a large food conglomerate, as well as vast tracks of land in many parts of the country. He is known to be reconsolidating large haciendas in Negros Occidental and has even encroached upon tribal lands and waters in Palawan Province in the southwest. Known as a "president-maker," Cojuangco has inroad into Philippine politics. He was a known crony of the dictator Marcos and former President Joseph Estrada.
- 9 DAO 17 is a policy issued by the DENR which delineates the 15-kilometer radius from shorelines as exclusive use for small fisherfolks- briefly explain.

- 10 Under RA 6657, receipts from the PCGG and the Assets Privatization program of the government are automatically appropriated for the Agrarian Reform Program.
- 11 After the tenth year of CARP implementation, theoretically, the LBP should already be paying the maturing bonds issued to landowners. However, failure of the government to allocate funds for these in the General Appropriations Act will mean that the LBP will advance from its own funds the payment of these.
- 12 Leasehold is the tenurial arrangement to be implemented in retention areas and agricultural lands still not covered under CARP. Under leasehold, the tenant does not get to own the land but instead pays a lease or rent which is equivalent to 25% of the average net income of the land in the for last three years.
- 13 A proposed legislation that will provide a general guideline for determining land use allocation, including guidelines for land use conversion.
- 14 An existing law that requires financial institutions to allocate a portion of their loan portfolio for agriculture and agrarian reform beneficiaries.

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Indonesia Country Report

Agricultural and Agrarian Context

Agricultural Situation

A recent government statistical report on the Indonesian population has indicated a steady demographic growth that ranked Indonesia as the third largest population in the world after China and India. According to the statistical report, the total population has reached 210.5 million, with 50% of this number living in rural areas; 70% of those in rural areas are engaged in farming activities (BPS 1999). The figure strongly indicates the importance of agriculture for the majority of the population, although the growth of manufacturing industries has scaled down the contribution of agriculture to the national gross domestic product (GDP; see Table 1).

Table 1. **Share of the agriculture and industry sectors in the gross domestic product, (in %), 1979-1995**

Sector	PELITA* I	PELITA II	PELITA III	PELITA IV	PELITA V
Agriculture	43.50	35.60	30.60	27.30	18.41
Industry	8.90	11.50	15.00	18.49	20.48

* five year development plan

Source: Noer Fauzi (1996)

The agrarian sector continues to play a strategic role especially since it determines the availability of food supply for the urban population, which in turn affects political stability. To cope with the problems, the regime focused its policies on self-sufficiency on rice production by implementing mechanization, and modern seeds and agriculture technology to increase the level of rice production. In addition, the government tried to open new lands for agricultural activities up to 70% out of 192 million has of arable land to meet the increasing demands for agricultural products.

However, three decades of authoritarian policies under the New Order Regime has deprived the majority of the rural population, particularly peasants, of the benefits of economic growth, which marked the “success” stories of New Order development program with 6 -7% annual growth. The financial crises that hit Indonesia in 1996 shattered the New Order’s dreams of development and revealed the underside of development—uneven development and marginalization that led the majority of peasants into dire poverty. Incidence of poverty has gone up drastically, affecting as much as 60% of the population. Some 38 million individuals are unemployed. In this situation of poverty, it is the rural sector that is most affected.

Poverty in Indonesia can be attributed to several factors, as follows.

1. **Landlessness.** Farmers who have land own an average of only 0.2 ha, while the majority remains landless (UN 1996:11). A survey conducted by the Bangladesh Institute of Development Studies (BIDS) suggests that 78% of poverty is caused by farmers not having farmland and 71%, by the lack of land (ownership of very small parcels of land that are lesser than 0.5 ha.)
2. **Farmers’ limited access to and control of productive factors.** Farmers have limited access to land, water, capital, technology and information.
3. **Farmers’ lack of information.** Farmers do not have access to information about the market, other alternative methods of production or available markets.
4. **The lack of social guarantee in the agricultural sector.** Farmers suffer great loss when the paddy is destroyed by plant disease or when there is overproduction (KIKIS 2000).

This situation has its social implications. Poverty has pushed the men to migrate to the cities while the women are compelled to leave the home to join the work force. As a consequence, the agricultural sector is neglected. A young man from Cianjur, West Java even declared that being a farmer is a curse and, therefore, must be neglected. Apparently, males in the rural areas prefer working in cities or being unemployed than to be a farmer.

In effect, farmers have been transformed from being producers to being consumers. Moreover, the need for seeds, fertilizers and chemical pesticides have made farmers dependent on loan both from KUT (or agricultural credit) and usurers. The political effects are also evident. Farmers usually become the target of political campaigns of politicians and political parties, which do not actually represent their interests. Politically, they are underestimated and their political roles are taken over by government-initiated farmers' organizations. Such organizations are frequently used by those in power to control or influence the agrarian sector, as well as to legitimize their own interests.

Rural women suffer even greater marginalization. Poverty has forced them to leave their homes and work as farm laborers, but received lower pay compared with their male counterparts. A survey conducted by Bina Desa (2003) among rural women revealed the following findings:

- Around 70% of female farm workers covered by the survey do not own land both for housing and farming; 30% own land below 100 sq m. Many of them come from landless families. If they have land, it has been sold by their husbands to pay for debt.
- Female farm workers do not have job tenure. There is no job contract and the landowners determine the terms of the job and the wages. They work six to eight hours a day for three to four days a week. In the evening, they are idle. They cannot get other jobs owing to limited capital and opportunities.
- Rural women have limited access to health and education services. The majority (70%) of the female farm workers covered by the survey dropped out of elementary school, 20% were able to graduate from elementary school and 10% dropped out of high school. Their children are also poorly educated. Around 30% dropped out of elementary school, and 70% completed elementary school but could not enter high school. The health situation is as bad. The women interviewed reported that they never go to any clinic or hospital when they are sick. When giving birth to a child, they go to the traditional medical practitioner and when sick, they borrow

medicines at the kiosk or from middlemen; they pay back their loan during harvest.

- The women's income is low and unstable. They are paid Rp 10,000 (US\$1.25) for six to eight hours of work. Thus, in a month they get Rp 120,000–Rp 160,000 (US\$15 –US\$20). The money is used to buy rice, vegetables and other household needs. They eat fish two to three times a week, and meat once a year on Lebaran Day (or ledul Fitri, which is a Muslim holiday). They buy new dresses once a year on Lebaran Day.

Socially and politically, female farm workers are underestimated. As farm workers, they are at the lowest social stratum . This affects their social interaction. They rarely interact with those from the upper-income bracket and feel small in the presence of the educated. Politically, their power is underestimated. Female farm workers admitted that they are not allowed to participate in decision making in the village. They even feel very proud or even fortunate when they get to meet or talk with the village head.

The Peasant Movement in Indonesia

The history of the popular movement in Indonesia showed the importance of organization in fighting injustice since the colonial periods. Indonesian historical books are rich in stories of peasant rebellion during the colonial periods under traditional ideology and leaderships. Through rebellions, peasants demanded a lowering of tax and land rights, and condemned the practices of colonial regimes that insulted and ridiculed their culture and traditions.

The peak of peasant mobilization occurred in 1945, with the independence of the Indonesian republic ; and until 1965, with the rise of the Partai Komunis Indonesia (PKI; Communist Party of Indonesia). Peasant organizations formed around this time were ideological and highly politicized. Most were organized to unite against colonial powers. Later, however, ideological schism divided the peasant movement as different political parties espousing their respective ideologies formed their own peasant organizations At that time, the biggest organization in terms of

membership and mass following was Barisan Tani Indonesia (BTI), which was dominated by communist cadres. There were other peasant organizations under political parties such as the (1) Persatuan Tani Indonesia (PETANI), organized by Indonesia Nationalist Party (PNI); (2) Persatuan Tani Nahdlatul Ulama (PETANU), which was organized by the biggest Indonesian Muslim party, the Indonesia Nahdlatul Ulama and (3) Serikat Tani Islam Indonesia (STII), organized by Masyumi Party.

However, the authoritarian rule of the New Order government suppressed the peasant movement and paralyzed the basic sectors. In response, workers' and peasants' organizations expressed their opposition to the policies of the regime in the form of strikes, protest rallies and demonstrations. Their actions attracted middle-class elements that were previously the backbone of the regime. Alliances between the middle class and the workers and urban poor sectors were forged. Meanwhile a wave of land dispute cases in the rural areas has attracted a generation of young activists, students and NGO activists who formed alliances with the peasantry. During this period, the peasants were involved in the issues of democratization and human rights, aside from their own demands for their right to land and fair settlement of their land dispute cases.

Although the political power of the New Order regime has diminished the political capacity of peasants to organize, certain efforts have been tried to establish peasant organizations in many areas. Student and NGO activists tried to transform the peasants' discontent into effective organized resistance. They formed peasants' organizations at the local level with the active participation of peasants. Certain efforts were also tried during meetings and national gatherings among activists and peasants, but difficult political situations, limitations of the organizations and the limited time hampered all of these attempts.

The collapse of the authoritarian regime during the *Reformasi* movement¹ has provided windows of opportunity for activists and peasants in many areas to establish their own independent organization. It is very interesting to note that these

organizations flourished in certain localities, such as the *Serikat Petani Sumatra Utara* (SPSU; North Sumatran Peasant Unions) in North Sumatra, and the *Serikat Petani Pasundan* (SPP; Pasundan Peasant Unions) and the *Himpunan Petani dan Nelayan Pakidulan* (HPNP; Pakidulan Farmers' and Fisherfolk's Association) in West Java. Recently, there have been attempts to organize local organizations into a national federation.

The case of HPNP illustrates how a local peasant organization addresses the needs and interests of its constituents. HPNP is an association of peasants and fisherfolk in Sukabumi District, West Java. It was established in May 2000.

The organization started as a meeting place of peasant delegations from several areas in Sukabumi District where peasants discuss their problems, experiences and future common strategies. After several occasions, the delegations agreed to form a new organization that will represent their interests at the district and national levels. HPNP implemented such programs as organizational consolidation, advocacy for agrarian reform and land certification, economic upliftment and education.

The organization represents the interest of Sukabumi peasants at the district level, while at the sub-district and village levels, it is represented by local activists with long involvement in the struggle for land. They formed Area Coordination (*Korwil*) at the sub-district level and *Organisasi Tingkat Lokal* (OTL; Local Peasant Organization) at the village level. The OTL is divided into several *Kelompok Tani* (POKTAN; Peasant Groups), with 20-30 members.

The organization's memberships rose with the HPNP program to redistribute State-controlled lands in several areas in Sukabumi. Tenants and poor peasants enthusiastically registered with the organization and waited for the HPNP leader's instructions and coordination to occupy the State-owned land. However, the lack of funds hampered organizational activities, as it is difficult for the organization to implement important programs, especially the education program.

Agrarian Issues and Concerns

Since 1997, the economy of Indonesia has been facing a multidimensional crisis. There is unemployment, low income, poor health, low level of education and increasing social frustration. (World Development Report 2000/2001:15-17; UNDP 1997:4) One far-reaching implication is that the empowerment of the people becomes very difficult. Such a condition calls for focused and consistent policy, open and sensitive leadership and effective law enforcement. Moreover, strengthening communities through the building of organizations becomes a strategic agenda. However, the existence of such organizations has failed to bring about significant change.

Land problems have persisted for a long time and have been characterized by much violence. The violence takes the form of policies that do not side with farmers, as well as physical and mental violence such as land grabbing, torching of people's houses, terrorism, intimidation and murder.

Weaknesses in policy

Several policies of the government and/or the manner of their implementation are found to be at the roots of the agrarian problem. Examples of such policies are discussed below.

Article 5 in Agrarian Law 1960. This article asserts that land is the life of the people. Consequently, the land and the people should not be separated; they must be united. Land must be owned by the people and the State takes only a regulatory function. The agrarian conflict in Indonesia can be anticipated if this article is implemented consistently.

In fact this article is never implemented properly. The New Order regime broke this provision by reducing land into a commodity and capital for development. As a commodity, land becomes an object of buying and selling transactions while as a capital for development, the government takes over people's land in the name of development. Given this, those who have capital get more opportunities to own and control the land.

The Decision of the People Consultative Council No. IX/MPR/2001.

This provision appears following a strong demand for agrarian reform in the era of reformation. It is about the renewal and management of natural resources and is expected to find a solution to Article 5 of the Agrarian Law, which is considered too lenient in implementing the agrarian policy. Unfortunately, this provision gets both positive and negative reactions. First, the implementation does not involve many parties. Second, some viewed the provision as a replacement of Article 5 of the Agrarian Law. On the one hand, some people say that Article 5 of the Agrarian Law does not explicitly acknowledge the rights of local people over the land. On the other hand, people who favor the provision assert that it is a political instrument that compels the government to implement agrarian reform. However, they are not optimistic about the Law because it does not provide for clear mechanisms and guidelines for implementation. As a consequence, this provision could not diffuse the agrarian conflict in Indonesia especially under the Megawati Administration.

Presidential Decision No. 34 (2003). This policy mandates the National Land Body to revise Article 5 of the Agrarian Law and the decentralization of authority to local administrations in overcoming the agrarian clash. Because of the agrarian conflicts in regions that involve the local government, the decision is potentially set aside or ignored by the local administration, thereby having the possibility of furthering conflict in the rural areas.

Repression of people's movements, terror and the confiscation of farmlands

The end of the New Order Regime marked the rise of various farmers' organizations. Under the administration of former Presidents BJ Habibie and of Abdurahman Wahid, the peasant movement flourished. Both Habibie and Wahid supported the farmers. Farmers, fisherfolk and women's organizations emerged with the democratic space provided by the liberalized politics initiated by Habibie. Moreover, land distribution received strong support, following Wahid's stance that land must be owned by the people (farmers).



Unfortunately, under President Megawati Sukarnoputri and Vice President Hamzah Haz, farmers lived under repression. Under the banner of so-called development, the State gave Commercial Agricultural Enterprises² the power to take over and develop agricultural lands. Farmlands were, thus, taken away from farmers by force.

There was land grabbing in many places such as Tegal Buleud (West Java), East Java and South Sulawesi.³ In Tegal Buleud, the Industrial Forest Company and the Commercial Agricultural Enterprise burned 700 houses and confiscated 800 ha of land. People were also arrested and sent to jail for a year.⁴ In Sulawesi, particularly in Luwuk Regency, farmers' lands were taken over by force by the Enterprise, with the support of the military. Aside from suffering physical violence, farmers also lived in constant terror perpetrated by the State and the Enterprise.

Landlessness

Gaps in land ownership in Indonesia is caused by the commoditization of land. It was found that people in rural areas control less than 0.1 ha of land, or not more than 43% of the entire land.⁵ Only 27% control 0.1 ha to 4.9 ha; 14%, 0.5 ha to 0.99 ha; and 16%, more than 1 ha. Thus, only 16% of Indonesian people control 69% of the entire land, while 84% of the Indonesian population control only 31% of the land. A research conducted by Sobhan⁶ (Dianto Bahriadi 1998: 3-12) reports that the people in rural areas who do not own land has reached 71%.

A survey conducted by the Bina Desa Secretariat (2003) in Cikuntul Village in the Regency of Karawang, West Java reveals a very interesting result—that the biggest parcel of land in the village (9 ha to 10 ha) is actually owned by only one person while the majority of the people (64%) owned the smallest parcels of land (less than 0.2 ha; see Table 1).

These findings illustrate the lopsidedness of land ownership in Indonesia, which is perceived as the main cause of poverty and marginalization of farmers in Indonesia.

Table 1. **Distribution of Households by area of land owned, Cikuntul, Karawang, West Java, 2003**

Area	No.	%
Less than 0.2 ha	633	64.5
0,2 – 0,5 ha	106	10.8
0,6 – 1,0 ha	119	12.1
1,0 –2,0 ha	89	9.1
3,0 – 5,0 ha	30	3.1
6,0 – 8,0 ha	3	0.3
9,0 – 10 ha	1	0.1
Total	981	100.0

Agricultural Issues and Concerns

Indonesia relies mostly on the agricultural sector, which has the biggest contribution to national development (reaching 60% of the gross domestic product). However, the sector still faces various problems that hinder its growth. These problems are discussed below.

Low volume of food production

The increasing demand for imported rice is a clear indicator of the decrease in volume of domestic agricultural products. The role of farmers has shifted from being producers to being consumers. Farmers, particularly farm workers, tend to rely on imported rice (Bina Desa April 2003). The low volume of agricultural production can be attributed to the effects of natural disasters (such as floods and drought). In the dry season, farmers face the lack of water for their fields (*Daily Kompas* 3 June 2002). Meanwhile, in the rainy season, farms are threatened by flood. In West Java, 39,000 ha of farmland were destroyed by flood (*Daily Kompas* 2 March 2002).

The increasing use of imported inputs such as fertilizer, pesticide and excellent seed at very high prices is also a cause for the decrease in farmers' productivity. Because of the high cost of production, farmers are trapped in debt and could not generate returns from their investments.⁶

The conversion of farmland into industrial, settlement and mining centers also affect agricultural production (*Daily Kompas* 8 July 2003). Data from the Department of Agriculture shows that 40,000 ha of farmland has been converted to industrial, mining and settlement areas. This rapid change in the landscape was brought about by the growth of industry and population. The Indonesian population increases at the rate of 3 million per year (with a 2% birth rate).

Finally, the low price of domestic products that compelled people to shift from planting rice to growing commercial plants has also contributed to the diminished food production.

Reclaimed lands not fully utilized

To regain their land, peasant organizations initiated what they call the "reclaiming movement," under which the farmers, through collective action, reclaim and take over the land grabbed from them by the corporations. The movement is driven by the strong belief among the farmers that they are the legitimate owners of the land. The movement also believes that the claim of the Commercial Agricultural Enterprise and the Industrial Forest Company over the land has no basis in the law, but is anchored only on the will of the New Order regime, which had reduced land into a mere commodity or development asset.

The reclaiming movement takes place in the areas of agrarian conflict such as West Java, East Java, Central Java, Sulawesi, West Sumatera, Lampung and Palembang.⁷ Even up to the present, the movement has achieved considerable success. The Association of Lampung Farmers succeeded in reclaiming 100,000 ha of land in Lampung, 220 ha in Luwuk, 3,140 ha in Cianjur, 800 ha in Sukabumi and 4,000 ha in Malang. This figure is likely to be much higher if other reclaimed lands in other places across the country are added.

Increase in the volume of imported food

The importation of food (rice, corn, sugar, soybean and potato) in Indonesia continues to go up. In 1984, Indonesia reached the peak of rice surplus. At present, however, Indonesia is one of the biggest rice-importing countries. This closely linked to its being

one of the most populated countries and one of the countries with the biggest population of potential rice consumers.

The national consumption of sugar is 3.1 million tons but Indonesia produces only 1.6 million tons. To satisfy the national requirement, the country imports 1.5 million tons a year. For rice, there is a national stock of 1.5 million tons but Indonesia still imports some 2.6 million to 3 million tons per year. This creates a surplus in imported rice, which in turn lowers the price of local rice.

The increase of imported rice is also closely related to the liberalization of agriculture initiated by the World Trade Organization (WTO), specifically in terms of reduction of import tariff and the opening of local market for imported food. Whereas Japan still keeps import tariff at 400%, Thailand at 120% and Singapore at 150%, Indonesia has continuously lowered its import tariff until its present level at 10%, making Indonesia's market very liberal. The exit fee of soybean and corn is 0%. Thus, logically, imported food would flood into local markets in Indonesia. In Central Sulawesi,⁸ imported rice has flooded the local markets; this has been the situation since 1998. This is also taking place in Padang, Kalimantan, Nusa Tenggara and Java. While the oversupply helps consumers get cheap rice, this results in the low price of local rice, which affects the income of rice farmers.

The increase in the volume of imported rice remains a serious problem as it is not followed by effective coordination among concerned government agencies. Despite the strong effort to limit the amount of imported food, this continues to flow unregulated into local markets. This problem is closely linked to illegal importation and smuggling.

All these result in surplus in food supply, which in turn causes a decrease in the local food price and an eventual loss for the government. The volume of imported rice in 2003 reached 3 million tons, while the gap in domestic rice stock was only 1.5 million tons. Given an import tariff of Rp 430 per kg, the revenue of the country could reach Rp 1 billion (US\$125,000). But in reality, the country receives only Rp 325 million (US\$40,625).

Illegal importation also creates gaps between government data on imports and those from other exporting countries. Based on the data from the Customs Office in 2000, rice imports amount to 897,655 tons, while data from the exporting countries record 1.5 million tons (*Daily Kompas* 7 March 2003).

Fluctuation in the price of food

The decreasing volume of local products on the one hand and an increase in the volume of imported food on the other hand trigger fluctuation in food price, particularly the price of rice, sugar, potatoes and tomatoes. Although the government has determined the price for paddy rice at Rp 1,725 per kg, the actual price is set at Rp 800 to Rp 1,725 per kg when harvest comes. Farmers are forced to sell rice at a lower price than their production cost thus incurring losses. The change in sugar prices was partly caused also by the hoarding of sugar, which resulted in the lack of sugar in the market.

The impact of international agreements and policies

As one of the members of the WTO, Indonesia has ratified the WTO through Law No. 7, 1994. It means that the country has been legally bound to implement all the agreements and obliged to comply with all the rules under these agreements.

As a country known to be agricultural, the agreements of WTO that would tend to bring significant change to the agricultural sector are the Agreement on Agriculture (AoA) and the agreement on Trade Related Aspect on Intellectual Property Rights (TRIPs). Another concern are the policies of international financial institutions (IFIs), which has been giving out loans and funds to the government to help overcome the economic crisis in Indonesia. These policies and how these impact on the life of the rural people in Indonesia are discussed below.

The impact of AoA

The AoA opens up the agricultural sector to international trade. This agreement is still in the process of negotiation (built in agenda) until 2003. In general, the AoA has three major pillars:

- **Market access:** Government-to-government agreement to eliminate trade barriers on agriculture in markets
- **Domestic support:** Gradual reduction of subsidies for both farmers and exporters
- **Export competition:** The capacity of each country, both developed and developing, under the same rule of law; free competition

Some policies regarding this agreement have been implemented in Indonesia, and some are actually forced through an agreement on the letter of intent (LOI) of the International Monetary Fund (IMF) that was signed by the Indonesian President. Some major policies that have significant change especially in the rural sector are discussed below:

1. **Policy eliminating tariff on imported sugar.**⁹ This policy has made the local product unable to compete with the price of sugar in the international market, which is cheaper. This is while the subsidy for this sector has been eliminated. The implementation of this policy will slowly destroy the 2.1 million local sugarcane farmers and will make the country dependent on the international sugar market, where price fluctuates based on the market demand, supply and foreign exchange rate.
2. **Policy eliminating tariff on imported rice.** This policy is rather unrealistic, given that the country is in a crisis situation. This tariff elimination has caused the following negative impact on rice farmers.
 - **Food scarcity.** The low position of local products in terms of competition with imported rice, in the long term, will cause food scarcity on a wide scale (e.g. the case of hunger in Kalimantan, South Sulawesi).
 - **Unfair competition.** Local farmers—having poor facilities, no support in terms of subsidy, limited land, traditional agricultural systems and subsistence production—have to compete with foreign farmers, who receive ample support from their respective governments (e.g. subsidies, lands, technologies) and are commercially oriented.



Impact of TRIPs. The TRIPs agreement is considered to be the rule of protection to Intellectual Property Rights such as trademarks, invention rights, patents, industrial design, integrated circuit and trade secret.

Indonesia has adopted the TRIPs agreement of the WTO through Law No. 14, 2001, which revised Law No. 13, 1997 (which in turn also revised Law No. 6, 1989), related to the protection of intellectual property right (patent right).

The Indonesian government is taking mainstream approach to implementation of TRIPs. The patent law was revised in 1997 (but not yet implemented) to allow for patents on plant varieties. The *sui generis* route is being ignored. Plant Varieties Protection was drafted in 1996 but has not yet entered the political pipeline towards adoption. Meanwhile, Law No. 12 of 1992 does provide some incentive for breeders of plant varieties but it does not satisfy the industry (Grain 1998).

Several implications of the implementation of this policy are as follows:

- The farmers have to pay a higher price for the seeds that are already protected by patent rights. The farmers are required to pay for the royalty and are limited in the use of the seeds.
- Traditional communities and the farmers will not be able to do their daily activities in terms of environmental protection and conservation without the permission of the patent property owner. Seeds storage and seeds exchange between communities or farmers would have to have permission as well.
- Selling the harvest from plant varieties protected by patent rights is prohibited without the permission of the patent property owner.

This agreement will in fact cause bio-piracy that has already happened to some of the local goods and plants in Indonesia, such as the *pasak bumi* (aphrodisiac), whose patent rights was bought by FRIM, a Malaysian company; several traditional plants patented by Shiseido, a cosmetic firm in Japan; and silver handicraft patented by an American company (the victim is a Balinese and she

could not do anything since the cost of property intellectual rights judicature is very expensive).

In general, this policy actually contradicts the communal concept of the local communities regarding the free use of natural resources for the common good and that of humankind and the protection and conservation of the environment for the sake of the next generation.

Land deregulation

The proponents of global capitalism (including the intellectuals) have developed a concept known as land market that is being promoted in all countries by the World Bank. In Indonesia, this takes the form of a project— the Land Administration Project (LAP).

In an effort to apply the concept of land market, the World Bank proposed to the government to deregulate all laws, including the Land Law. The purpose of this strategy, policy and LAP is generally to develop the land market. The project has been able to unite the state bureaucracy, entrepreneurs, investor and professionals under its agenda. The two major objectives of this alliance are:

1. to eliminate the populist strategy of agrarian policies and programs through land registration, land reform implementation, and profit sharing management and
2. to develop the capitalist strategy through sectoral policy and involvement of huge capital (both domestic and foreign) in key land-based or land-related industries such as mining, forestry, agro-industry, manufacturing, housing and tourism. The land provision process for development (huge capital) through government intervention has been ineffective.

The LAP can be traced to the structural adjustment program of the World Bank in the economy of debt-ridden countries including Indonesia . It is clear that the background of this deregulation is to make the debtor-countries able to pay their loans and debts.

In terms of the land sector, deregulation takes the form of the LAP. The project is intended to take 25 years beginning 1995. (The



first project is in 1995-2000). The LAP is a joint project between the Indonesian government (through the Land National Body, the National Development Planning Body and the Minister of Economics and Industry), the World Bank and Australia Aid (AusAid). For the first project, the World Bank has given a loan of US\$ 80 million.

A study done by the Agrarian Reform Consortium revealed that for the first project, in many cases, the people were not informed of the project until the Land National Body came and started to measure their lands. In an assessment report on the project, the World Bank identified some difficulties in project implementation. It claims that the project was not sustainable because 62% of the Land Adjudication Team was dispersed right after the end of the project. In addition, it reports that millions of hectares of lands were residual claims (land forcefully taken from the people during the New Order). This problem should first be settled before the certification process. This requirement is disadvantageous to rural women since they were not counted and mentioned in land certificates. At present, the government plans to pursue the second project in the near future.

From the above, it can be seen that the major agenda of global capitalism, represented by the World Bank, in the agrarian sector of Indonesia is to create the investment climate that is free from government intervention. This is particularly to accommodate investment activities as well as the exploitation of agrarian resources. For this purpose, the World Bank has already prepared the agenda for and the contents of revisions in the agrarian policies that is more attuned to their interest. The agrarian policies that needs to be revised according to this project includes the Agrarian Reform Law of 1960.

Our Agenda for Action

Promote food sovereignty

Food sovereignty is a concept that is more comprehensive than food security. Food sovereignty is an ideology followed by the opponents of the liberal market, while food security is an ideology of the liberal market followers (Tjahyadi 2002:51-62). Food sovereignty

emphasizes the sovereignty or the rights of people to decide on and meet the need of food. Thus, the main actor is the people, not other parties. As a consequence, the problem on food must be brought back to the people and the central government.

For the followers of the liberal market, the main problem of food security is food availability. Food availability refers to various solutions: deriving food for one's self directly from the products of one's own land; and efficient distribution and effective management and market system that can distribute food from the land to the people in need. The good point of such distribution can be only gained through market reformation, which takes the form of reducing import barriers, promoting the active role of the private sector and eradicating various kinds of subsidy in order to build self-sufficiency among farmers. This perspective became the basis for the policy of liberalization of agriculture, which is considered a burning issue in WTO fora.

The liberalization of agriculture should be rejected as it involves the dominant role of the developed countries in developing countries. As an agricultural country, Indonesia and other developing countries should not subject the fate of millions of people to the liberal market, which is under manipulation of the developed countries. Until now, the agricultural sector contributes 60% to the national economy and more than 70 million Indonesian people rely on the agricultural sector.

Protect the people against negative effects of liberalization

The Indonesian government seems to have taken a moderate position and stands powerless to international policies. The tendency of the bureaucracy is to favor foreign interests, while the will to protect the local people is very weak. The Indonesian government would have to give primary consideration for the interest of the people, particularly the farmers, who are most affected by the current economic directions. Specifically, the peasant sector proposes the following as actions that government needs to take.

- The government must conduct pre-consultation for every WTO round of negotiations and inform the people of the position

the Indonesian government is taking vis-a-vis these negotiations.

- The government must ensure the free flow of information especially regarding global situations.
- The government must formulate policies that will protect the people against the negative impact of international policies and agreements.

Build and Stengthen Peoples' Organizations and Civil Society

In the face of inevitable globalization and other challenges to the agricultural sector, people's organizing must appear as an agenda for strategic movement. The organizations should play critical, innovative and anticipatory roles. They must also become a venue for common learning and integrating various common interests.

The existence of people's organizations is highly needed in enforcing food sovereignty. They can provide a balance and control of power upon the State. Therefore, the people must be a well-organized¹⁰ civil society operating under the principle of autonomy and voluntarism. By doing so, the interest of people can be given primacy.

Secondly, the well-organized civil society will serve as catalyst for change. The people should be actively involved to become a power that can change the system, from an authoritarian system to an equal and democratic system. Thus, a critical stance rejecting the policies that do not benefit the people must be developed simultaneously at the local, national and global levels (Lendong 2002:46-48).

Organizing needs to be developed at the local, national and global levels. This can be done by establishing self-reliant groups among people having common practical interest, such as organic fertilizer suppliers, credit suppliers, cooperative enterprises and small-scale businesses. At the next level, the organizations are united by strategic interests such as taking on agrarian advocacy, promoting environment-friendly development and campaigning for people's sov-

ereignty on food. Allied organizations at the global level are developed by opening the network for common learning, defining the people's interest and rejecting various global policies, such as the free market agenda, domination of IFIs and the policy of the WTO—all of which have strengthened the domination of the developed countries and further marginalized the developing countries.

Endnotes:

- 1 Reformation movement led by students' groups had compelled then President Suharto to resign and consequently ended the New Order regime
- 2 The state has given Commercial Agricultural Enterprises (all private companies) the concession to vast state-owned plantations.
- 3 Interview with Supardi, General Secretary of the Association of Farmers and Fishermen in Pakidulan
- 4 Interview with Zainal Abidin, Field Officer of Bina Desa in Luwuk Regency
- 5 Data on reclaiming is being done by the Bina Desa Secretariat.
- 6 The *Daily Media Indonesia* (4 May 2003) reported that many farmers in Banjarmasin were trapped in debt for buying fertilizer.
- 7 Interview with the field officer of Bina Desa, 2003.
- 8 Interview with Haryadi, an activist from Yayasan Pendidikan Rakyat, Palu, Central Sulawesi.
- 9 Based on WTO rules, member-countries may impose tariff up to 95% on sugar until the 2004. However, in the case of Indonesia, the government issued this policy because of an agreement signed by the President with IMF. This is also what happened in the case of imported rice.
- 10 During the meeting, "VI Forum Pengembangan Partisipasi Masyarakat," held on 30 October-2 November 2002 in Cilegon, Banten, participants identified the characteristics of civil organizations, such as voluntary, heterogeneous, autonomous, independent and grassroots-oriented.

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Workshop Results

SEA Sub-Region Conference on Formulating a Peasant Agenda

Workshop 1: Issue Identification and Agenda Formulation

Core Issues:

- Unfinished agrarian reform
- Weak farmers' organization, including inadequate women participation
- Unfair and unjust rules and practices in WTO
- Not competitive local agricultural production
- Impact of WTO
- AR has not been finished
- Weak PO

Ingredients to Address Core Issues:

- Complete re-distribution of the agricultural lands so that genuine land reform is achieved
- Adequate capacity of farmers so that a strong and united farmers group is sustained to advance and protect their interests (Advocacy)
- Fair and just treatments of farmers in developing countries; and developed countries abolish their subsidies in agriculture (Advocacy)
- Available technology and appropriate infrastructure to increase efficiency and equity in agricultural production

- Joint advocacy in international/regional level
- Continuing exchange/comparative study on history and process of land reform, production and market
- Training for leadership and organization
- Information center

AFA Contributions :

- AFA must advocate to and work with national governments, private sector and civil society groups to pursue that genuine land/agrarian reform is completed in SEA countries
- Continue to support the creation and strengthening of farmers associations and local community organizations and link them to AFA so that a strong and united stand of farmers in SEA is sustained. This link of AFA should be extended to other international institutions.
- Human resource capacity building
- Study of policy advocacy
- Strengthening PO
- Guarantee for authorizing of agrarian resources
- Developing people infrastructure
- Information center
- Strengthening market access (information, marketing, management)
- Land dispute solution
- Cooperation among POs (engage in actual trade)
- AFA must be able to generate research studies to support policy positions in WTO-related concerns (subsidies, food sovereignty, rice as a commodity)

- AFA can facilitate the linkage, exchange and sharing of technology and expertise among farmers' organization and member countries, especially among North and SEA counterparts. This can take the form of the Asian Institute of Sustainable Agriculture, as proposed yesterday by Dr. Chiu.

Proposed AFA Core Strategies

- Advocacy at national and SEA-level on genuine agrarian reform
- Expansion of memberships both at the national level of farmers association/ federations and AFA at the regional level
- Capacity-Building for AFA members (advocacy, productivity, gender)
- Linkaging and sharing of technology, and access to markets and information
- Research and documentation



**SEA Sub-Region Conference
on Formulating a Peasant Agenda**

Workshop 2: Proposed AFA Action Plan

STRATEGIES	ACTIVITIES	OUTPUTS	TIMEFRAME
Advocacy	Formulate and propose pro-farmer policies that will fast-track land distribution.	Pro-farmer policies are implemented	2004
	Participate in monitoring the budgeting process of national governments regarding AR	Convince the government to allocate funds for AR	4 th Qtr. 2003, budget hearing in each country
	Facilitate multi-sectoral dialogues (including national government agencies) to surface and clarify AR issues in each country	Updated national situationer on AR orientation conducted	3 rd Qtr. 2004
Capacity-Building	Resource mobilization for AFA members	Ministerial meeting on Agrarian Reform & Sustainable Rural Development parallel with AFA Conference	4 th Qtr. 2004
	Mapping of expertise among AFA members & partners	Sustainability of AFA members are established	2004
	Hands-on Training on ICT (Information-Communication Technology)	A database of pool of experts or resource persons is available and accessible	4 th Qtr. 2003
	Training on Gender-responsiveness and Integration of Gender Concerns in AR	Increased knowledge on using ICT for information access needs	2004
Expansion	Training on Gender-responsiveness and Integration of Gender Concerns in AR	Gender equity in AR and rural development concerns are addressed	2004
	National and Asian (regional) mapping of AR movement, forces and advocates, especially in non-AFA countries.	National and united fronts on AR are established (tactical or strategic)	4 th Qtr. 2004

STRATEGIES	ACTIVITIES	OUTPUTS	TIMEFRAME
Research and Documentation		Identification of partners and associations for possible membership to AFA	
	Asian-level conferences and meetings on AR and rural development	Interface and negotiate with AFTA, ASEAN, APEC on ARR	3 rd Qtr. 2004
	Invite potential members as observers in succeeding AFA activities	Potential members are convinced to join AFA.	4 th Qtr. 2003
	Publish updated national situationers on Agrarian Reform in each country	Updated data on AR used as reference for planning and advocacy-work for pushing issues	4 th Qtr. 2003
	Research Studies on WTO-related concerns (subsidies, food sovereignty, rice)	AFA Policy papers on WTO	2 nd Qtr2004
Linkaging	Databank of WTO documents and references, directly related to agriculture and other emerging issues	AFA members have easy access to information on WTO concerns	1 st Qtr of 2004
	Explore the possibility of establishing a formal mechanism for technology sharing and exchange of expertise between and among AFA members	Establish the Asian Institute of Sustainable Agriculture	Preparatory Stage 2003 Feasibility Study 2004
Policy Advocacy	<ul style="list-style-type: none"> • Information and data gathering • Study 	Central data that would be accessed easily by members	After AFA GA

STRATEGIES	ACTIVITIES	OUTPUTS	TIMEFRAME
Strengthening of Farmers to effectively respond to WTO	<ul style="list-style-type: none"> • Campaign and lobby to int'l • Website of AFA (include about WTO and market) • TOT on WTO for farmer • Comparative Study about improving production and management 	<p>AFA could be involved WTO policy</p> <ul style="list-style-type: none"> • sensitivity and capability to respond to capability of WTO • be able to determine priority product appropriate to market demand 	September 2003
Agrarian Reform Stakeholder Expansion and Commitment Building	<ul style="list-style-type: none"> • Comparative Study on history and process of Agrarian Reform implementation involving farmer leaders, legislative, executive and the media • Agrarian Reform campaign in each country and international level • Training of AR technical implementation 	<ul style="list-style-type: none"> • create conducive condition for Agrarian reform implementation • Agrarian Reform implementation to be priority of state • Leaders capable to engage in implementing Agrarian Reform 	After General Assembly
Capacity of Human Resources and PO	<ul style="list-style-type: none"> • Leadership training and organization management • Create guideline of standardization of management in each PO (national level) • Regular reflection and evaluation 	<ul style="list-style-type: none"> • strong POs, self-sufficient, democratic, sustainable and effective • strong and qualified farmer leaders in every level • implementing organized, systematic and effective program 	



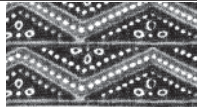
Conference Papers and Results

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Mekong
Sub Regional Conference
on the Asian Peasant Agenda

October 22 – 26, 2003
Hanoi, Vietnam





Globalization: How Farmers in Developing Countries can Benefit?

By Phan Chi Tanh

Deputy Director General
International Affairs, PM Office

Hanoi, Vietnam

Oct 23, 2003

Mr. Chairman,
Distinguished Delegates,
Ladies and Gentlemen:

1. It is my honor to be invited to speak to the delegates of Mekong Sub-regional meeting of Asian Farmers this morning and share some insights on globalization. Let me focus on a key issue – that is how the world trading system delivers benefits of the globalization to the farmers in developing countries.
2. The role and the significance of the world trading system, whose engine is the World Trade Organization (WTO), in the development of the global economy as well as the growth for individual countries, is widely recognized in Vietnam. I am very delighted to note that the Vietnam Farmers Union (VNFU) is active in international trade issues especially those related to agriculture and farmers. The government got a strong support from the VNFU in the economic integration and the accession to WTO.
3. The world trade has expanded two to three times faster than world production. The outputs worldwide grew by 3.6% in 1999, 4.7% in 2000; the world trade grew at 6.5% in 1990s. In 2000, it soared up by 12%, and the exports were US\$6.2 trillion. Due to well-known reasons, however, the trade flow declined by 1% in 2001, but expanded again by 2.5% in 2002. This year, a higher

growth is expected. Trade helps to add income and create new jobs. A World Bank's (WB) estimates say the Doha round, if completed, will generate more than US\$520 billion of additional income worldwide, of which the industrial countries gain US\$170 billion and the developing countries gain US\$350 billion. It can help to pull out 140 million (8%) poor people, who have an income of two dollars per day, from poverty by 2015.

4. As a result of open trade, the poverty rate has been brought down. A WB's study showed that 24 developing countries – globalizers – have doubled their Gross National Products (GNP) during the last two decades. In the globalizing club, which is home for three billion people, income per person grew by impressive five percent a year during the 1990s. Vietnam's level of absolute poverty has been cut in half as it expanded trade in the last decade. This was correlated with the average annual growth in exports by 17% during the same period. Uganda's poverty rate has fallen by 40% and school enrollment has doubled. In the 24 countries the life expectancy has risen close to levels prevailing in developed countries in 1990s.
5. However, the effect of globalization is not equal among developing countries. The same WB study pointed out that the other developing countries trade less, than 20 years ago. In the non-globalizing group, comprising two billion people, average incomes fell nearly one percent a year during the same period.
6. The benefits of globalization are distributed unequally over the globe between rich and poor countries. In 2000, the developed countries count for three fourths of the world trade volume. The gap between rich and poor was 30 times in the 1960s, 60 times in the 1990s and 74 times in 1997; this continues to grow. Their total indebtedness reached US\$2,465.1 billion in 1998 compared to US\$609.6 billion in 1980. The persistence of poverty is cited as proof that pro-trade policies are not working; trade is actually not expanding in poor countries.
7. Despite the anti-globalization protests, it is commonly recognized that no country can develop in closed doors. The weapon

against poverty is not less globalization, but more of it. But the anti-globalizers have a point when they say that trade rules are unfair to poor countries. The WTO Agreement on Agriculture which came to effect on January 1995 needs to be revised and renegotiated in its all three pillars: market access, domestic support and export subsidies. This is to ensure fair and balanced rules to developing countries.

8. The Fifth Ministerial Conference in Cancun (Mexico) in September, 2003 was called to reform the Agreement on Agriculture. But the views were still by far divergent between developed and developing countries. The developed countries, while not undertaking any specific steps yet to cut subsidies, continue urging developing countries to lower their agricultural tariff. Subsidized by the governments, food products are exported from the developed countries at a very low price in the world markets. The dumped imported foods crowd out the foods produced by the local farmers. This situation cannot help to reduce the persistent poverty and unemployment in the rural areas. The developed countries come in with a development assistance for the poor countries. The total Official Development Assistance (ODA) worldwide provided to developing countries was US\$56 billion in 2002. According to the Oxfam statistics, the developed countries, while giving US\$1 of assistance, receive back US\$2, from unfair trade.
9. As a result of trade liberalization in the last decade, the average tariff on agriculture in developed countries went down to 5.2% in industrial economies. However, the industries in which most poor people work- agriculture and low-tech manufacturing -are subject to particular high trade barriers. The United States for example, imposes a tariff of 40% on wheat, 30% on maize and soybeans, 57% on cotton, 20% on rice, 48% on sports shoes and controls textile imports with quotas. As the UN Secretary General Kofi Anan said in his message to WTO Ministers at Cancun, "the world trading system has failed to fulfill their promises...and instead of open markets, there are too many barriers that stunt, stifle and starve." He also added that "instead of being able to trade their way out of poverty, the poor

farmers are driven out of business by trade barriers, or penalized with new barriers”.

10. The current applied average agricultural tariff in developing countries is around 19%. In Cancun, the developed countries also urged the developing countries to further cut down this tariff level. On the other hand, there is no progress in reduction of agricultural subsidies.
11. According to OECD statistics (2002), the level of agricultural subsidies by the developed countries accounts for US\$311 billion¹. Everyday, a cow in the US receives US\$2.5, in European Union (EU) – US\$2. At the same time, 2.9 billion people in the world live with US\$2 or less a day. The subsidies are not expected to decrease in the near future. In 2002, the US has adopted a Farm Bill of US\$190 billion in the next ten years. EU is likely to increase agricultural subsidies till 2009 according to its Common Agricultural Policy. Fishing subsidies is US\$15 billion worldwide or 20% of the value of global fish catches.
12. The developed countries promise to reduce subsidies in case the developing countries accordingly cut tariff on agriculture. However, a question is posed as whether there is a real cut in subsidies when it is observed that the developed countries attempt to hide trade distorting support to so called “Green Box”, which is allowed by WTO, arguing that the box is not completely defined.
13. Subsidies and dumping on food markets by the developed countries has put developing countries in a disadvantaged position. The former food exporters, as Philippines and Indonesia, now become food importers. According to the Chairman of AsiaDHRRA, Mr. Soetrisno Kusomohadi, speaking here a few months ago, Philippines’ agricultural trade deficit in 1995 was US\$42.2 million; in 2002 it grew to US\$670 million; the rice imports grew 10 times from 1993 to 1998, the corn imports grew by 500 times from 640 metric tons to 462,000 metric tons. This situation led to mass unemployment and instability in the agricultural sector in the Philippines and other countries who faced the same problems.

14. While developed countries maintain their current level of subsidies, the agriculture in developing countries is unable to compete in the world market and even in its own. Mr. Kofi Anan has called on the WTO ministers "to eliminate the subsidies that push prices down and make it impossible for poor farmers in developing countries to compete". And because of the trade barriers and subsidies, "far from being empowered, the fisherman in Vietnam, the cotton grower in Bukina Faso and the indigenous cultivator of medicinal herbs in Brazil are being held down."
15. In the Cancun conference, the developing countries, whose markets are distorted by subsidies and dumping, while discussing any tariff reduction, demanded an adequate cut in subsidies. The argument is that when the "peace clause" is in effect, the current tariff level is not high enough to prevent the negative effect of multibillion subsidies provided by the developed countries. Tariff is the only means to protect the farmers. They said: "No agreement is better than a bad agreement." That's why in Cancun, the WTO ministers could not agree on agricultural issues.
16. There is no progress as well in the Special and Differential Treatments and "Development Box" to the developing countries – the recognition of the disadvantages of the developing countries in the world trade. This includes food security and rural development, lesser tariff cut, special safeguard provisions, export subsidies, payments to a small scale farmers for maintaining rural viability and cultural heritage.
17. In addition to the outstanding issues, a new issue has been phenomenally raised in Cancun by representatives from Benin, Mali, Chad and Bukina Faso. The issue was about cotton subsidies. Cotton accounts for up to 30% of total export earnings and 60% earnings from agricultural exports of the four West and Central African countries. Extensive cotton subsidies in rich countries, especially in the US, have led to an artificial increase of supply in the international markets and a fall in export prices. The cotton growing countries have complained in 2002, they

lost about US\$ 1 billion² income because of US\$3.7 billion of annual cotton subsidies in the US alone (three times the US foreign aid to Africa) and the dumping in cotton prices by 57% in 2003³. This proposal was supported by developing countries and some developed countries, including EU. Although the problem has not been solved yet, it becomes clear now that while dealing with the outstanding issues, more other issues come up in the multilateral forum to help poor farmers. The International Coffee Organization has also made a proposal at the Cancun meeting.

18. Finally, the participation of all developing countries in the world trading system is crucial for development. The reality is that some of them are still left behind in the process. At the present time, nearly 30 countries are negotiating to accede to the WTO, including Vietnam. Conducting the Doi moi policy and the integration to the world economy, Vietnam joined the Association of Southeast Asian Nations (ASEAN) in 1995 and implemented AFTA (Asian Free Trade Agreements) commitments in 1996; became a member of Asia-Pacific Economic Cooperation (APEC) in 1998 and recently is acceding to the WTO. Vietnam has conducted six rounds of accession negotiations in Geneva. The next round is expected later this year. Accession process is a hard exercise as some members set doubly high standards for accession and neglect the needs for S&D treatment. However, we hope to join the WTO in 2005 and become an active part of the world trading system.
19. Ladies and Gentlemen. Speaking of the negative side of globalization, we should not forget about its positive impact. As mentioned above, the objective of the developing countries is to ensure balanced and fair rules in the world trade. I believe the WTO will sooner or later come up with an acceptable solution in agriculture. With this optimistic note, I would like to thank you all and wish you a nice stay in Hanoi. I wish your meeting will be a great success and that it will help Asian farmers to reap the benefits of fair trade.

Thank you.

Endnotes

- 1 US\$250 billion paid directly to producers
- 2 The WB estimates however say West African cotton growers loses US\$250 million in income a year.
- 3 The subsidies depress the world cotton prices by an estimated 10-20% . The cost of a pound of cotton is\$.93, the export cotton price is \$.396 per pound (2002). Source: WB and IA &TP, USA.





Thailand Country Report

Agricultural and Agrarian Context

Thailand is at the heart of the Maekhong Region. It has a total land area of 320.7 million *rai*² (53.4 million hectares [ha]), 41% (132.1 million *rai*) is devoted to agriculture. Paddy rice, the main crop being cultivated, is planted to 68.8 million *rai* (11.5 million ha), or 52% of the total cultivated area.

The total land area of Thailand has been classified as farm-holding area (132.1 million *rai*), national forest reserves (143.9 million *rai*), forestland (84.3 million *rai*), irrigated area (27.7 million *rai*), area of marine shrimp culture (455,000 *rai*) and area for fresh water fish culture (308,000 *rai*; Royal Forestry Department/Department of Fisheries and Royal Irrigation Department).

From 1972 to 1991, the farm-holding area increased each year. However, in 1992, it began to decline. As of 2003, this area has been classified into paddy area (68.8 million *rai*), upland crops area (32.8 million *rai*), fruit tree and tree crop area (20.8 million *rai*), vegetable- and flower-growing area (0.88 million *rai*) and grassland (0.75 million *rai*). Around 82% of the farm-holding area are owned, with 20.98% being in the irrigated area.

Issues and Concerns

Thai farmers have been equipped with modern knowledge and technology for nearly 60 years. There are many government organizations throughout the country that are involved in agricultural development, such as the Ministry of Agriculture and Cooperatives, the University of Kasetsart, and other colleges and schools that teach agricultural subjects. For almost four decades, many individuals knowledgeable and experienced in agriculture have become agricultural entrepreneurs. These people have made their valuable contributions to the progress of agricultural production for commercial purposes and the upgrading of Thailand's agricultural products to meet world standards.

Despite the advances in agricultural production, the majority of Thai farmers, which comprise about half of the country's population, are faced with several pressing concerns, discussed below.

Marketing through middlemen

Marketing in the agriculture sector has been under the control of "middlemen" (merchants who buy and sell agriculture products in the rural areas) for many years. These people have joined together to control several inputs to and means of production such as fertilizers, chemical substances, seeds, production equipment, including daily food and utensils for farmers. They have unfairly determined the price to the extent that they could buy agricultural products at low prices and sell their goods to the farmers at high prices. These practices have become the Thai market structure for nearly 100 years. Although the government has introduced the cooperative systems, these are rendered useless.

In addition, government intervention in the form of price policy leads to corruption and malpractice on the part of government officials. The local brokers, in cooperation with the local politicians who play the part of the middlemen, reap the fruits of corrupt practices. The actual benefits of the policy fail to reach the farmers. In fact, the intervention measures are likely made after the agricultural products are already in the hands of middlemen.

Unpaid loans

Farmers usually suffer significant losses as a result of the unreasonable reduction of price for their products by middlemen. The farmers also lose access to funds. They have applied for loans from all state sources such as the Bank of Agriculture and Agricultural Cooperative (BAAC). However, when they repeatedly suffer from losses owing to reduced price for their agricultural products and/or unexpected natural disasters, they have to seek additional loans at a higher rate of interest from loan sharks in order to pay back the loan from the state bank. Their debts have grown enormously, compelling them to mortgage their properties, which eventually get confiscated.

Such a situation has become a cycle among farmers, and this cannot be resolved until the farmers have developed strong or-

ganizations that can effectively influence government policies to protect farmers' interests.

Poor quality of land and loss of landholding

Lands owned by most farmers are marginal lands, lacking water sources for irrigation, while the more highly-valued pieces of land are likely to belong to the upper-income families. These prime lands have come to form part of town areas or urban and industrial centers. Meanwhile, the yield from the farmers' marginal lands is often not commensurate to the farmers' investment in the land.

In the case of rented land, farmers still have to pay the high rental cost despite the negative effects of factors such as fluctuations in market prices and natural disasters. This situation has aggravated the farmers' indebtedness. If the harvest is satisfactory, the landowner tends to increase the rental rate; sometimes, they cancel the rental contract so as to increase the rental rate.

Some farmers receive pieces of land from the government, but these are mostly in the forest reservation area, which are not suitable for cultivation because of the poor soil quality and the lack of adequate water sources. Whenever the farmers suffer from loss of any form, their debts increase accordingly. The pieces of land that the farmers receive from the government are soon taken over by the farmers' creditors.

The loss of landholding among poor farmers is becoming increasingly prevalent. It is the main reason why most farmers have left their homeland and migrated to the towns or cities to become wage laborers.

Limited coverage area of irrigation systems

All types of agricultural production depend mainly on the availability of water for irrigation. The irrigation systems built by King Rama the Fifth 100 years ago under the supervision of the Dutch experts have greatly benefited the central basin of Thailand. These systems have been continuously improved. However, only 25% of the entire cultivated area of the country at present is being supplied by the irrigation systems. At present, many areas within the

scope of the irrigation systems especially in the central basin area around Bangkok are now used for purposes other than cultivation (e.g. industrial areas, golf courses, or residential areas).

Lack of unity and cooperation among farmers' organizations

There exist many organizations of various agricultural producers in Thailand. These organizations, however, have not been united into strong federations. Thus, the farmers' organizations still have very weak bargaining power to promote the benefits and welfare of their sector.

Initiatives in Building Sustainable Rural Communities

The founding of *Sor Kor Por (SKP)*, initiated by the Dutch experts and financially supported by the Agriterro Foundation and ZLTO is a promising start in building a strong union of Thai farmers. Sor Kor Por is an independent, peaceful and united national farmers' organization that aims to:

1. to promote unity among farmers to enable them to solve their own problems in livelihood and to serve as the representative of Thai farmers in promoting their social and economic rights and benefits;
2. to encourage and support members in studying and doing research on agricultural knowledge and technology;
3. to provide support and services in the form of information, knowledge, consultation, suggestions as well as training in all aspects concerning the agricultural profession;
4. to promote the collaboration of farmers on environmental conservation and the preservation of natural resources, environment and culture;
5. to cooperate with the government sector and the private sector, as well as other local and international farmers' organizations, in developing farmers' potentials in terms of capabilities and quality of life; and
6. to make public information on the activities of SKP.

The above objectives serve as the framework and direction for the SKP Executive Committee and the Regional Committees at every level to execute SKP's policies and perform their tasks, as well as develop personnel for a strong and efficient national farmers' organization.

Background of SKP

SKP was established in 1999 among farmers engaged in a variety of agricultural occupations in Thailand. It was registered in September 2000 as an association at the Office of the National Culture Commission and the Office of the National Police under its English name, the Farmers' Association for Development-Thailand or FAD. The federation also has women's groups, farmer youth groups and cooperatives among its members.

SKP was born out of an exchange program between selected farmer-leaders from Thailand and those from Netherlands. This program, which covered five years (1994-1998) was jointly implemented by the Farmers Association Foundation of Thailand (FAFT) and the Christian Catholic Organization Foundation of the Netherlands, through its representative, Mr. Adrian H. Pieper, an expert in farmer affairs in the Netherlands. During these years, farmer-leaders from both countries exchanged visits to learn from and experience the farming practices in the other country.

The executive committee of SKP and their members tried to expand the organization to farmer communities in every part of and at every level in Thailand, from province to district, to subdistrict (*tambon*). Within two years, SKP had set up 10 branches in 75 provinces in 10 regions of the country.

Influencing policy

- Some members of the SKP Executive Committee members have been invited as consultants for agricultural committees in the Parliament and Senate of Thailand, enabling it to influence policy making.
- SKP's advisors and some members of the Executive Committee have met with the Deputy Prime Minister and several Chiefs of Departments in the Ministry of Agriculture and Coopera-

tive. The purpose of the meeting was to present to the government officials their ideas regarding farmers' issues, as well as to try to seek the government's assistance.

- At the beginning of 2002, SKP has participated in the meeting of cassava cultivators from the northeast. During the meeting, the farmers requested the government to adjust the price of cassava, which has been controlled by middlemen. The request got a favorable response from the government and the price had been adjusted accordingly. This initial success has made the farmers able to sell their cassava at a higher price.
- SKP also assisted sugarcane farmers in successfully bargaining for a higher price for sugarcane.
- In 2001, SKP sat in a meeting of the Senate's Agricultural Committee about the silk thread price having been irrationally depressed owing to the illegal import of foreign silk threads. During the meeting, it was proposed that the government adjust the price and have some effective measures to prevent the illegal import of silk threads. As a result, the Thai silk producers were able to sell their products at a higher price.
- In 2002 to 2003, the SKP Administrative Committee participated in solving the issue concerning the irrationally depressed price of pigs especially in the central northeastern areas and south northeastern areas. At present, SKP is still working on gathering recent data on the prices in order to advise the government about the actual cost of pigs.
- In 2002 to 2003, SKP joined the campaign for reforestation and environment conservation. It proposed the community's reforestation plan to the government so that the government would provide financial support to this program.
- In 2003, The SKP of the central northeast, together with the Promotion of Sustainable Community Foundation, proposed a project for the farmer's self-arrangement of debts as an alternative to government loan. This project will ensure that the loans for the farmers subsidized by the government would be beneficial to the farmers.

Plans and intentions for the near future

During its Three-Year Strategic Planning Workshop held in November 2002, SKP identified the tasks ahead, as follows:

1. Build connections with the government so as to gain access to the national budget and to create bargaining power, including the power to examine the policy-making process concerning agricultural development, ensuring that it adheres to the slogan: "Protect the rights and benefits of the farmers."
2. Cooperate with all NGOs so as to join them in a national alliance for development and to push government policy into action.
3. Build up SKP's networks to strengthen the organization's work potentials, including its bargaining powers at the policy level by adhering to the slogan, "Unite your minds for the struggle."
4. Upgrade the wellbeing of all individual members of SKP's networks so as to improve the quality of their lives and increase their income, adhering to the slogan, " Arm yourselves with the intellectual weapon."
5. Set up a database that can be used as a guide in all aspects of development including production, marketing and "enhancing the quality of life."
6. Emphasize "good management of natural resources" and "protection of the environment" so as to preserve and/or restore the global ecology.
7. Raise funds for self-sufficiency in both the short and the long term.
8. Modify the SKP's structure at the national level to make it suitable for added support and subsidies, as well as strengthen the organization and the projects being carried out in the local areas.
9. Cooperate with all small- and medium-scale agro-industrial producers, serving as their ally and helping them in transforming industrially their native agricultural products in all rural areas all over the country.

In the next few years, the SKP members shall strive to fulfill these tasks. However, they recognize that all these plans and projects can be successfully implemented only if all parties concerned—government, NGOs, POs and agricultural producers of all branches (including all local and international alliances)—have willingly played their part. SKP commits to serving as a central organ to coordinate all parties to work together to achieve common goals

Moreover, SKP aims to be the center of coordination among farmer organizations of various occupations. SKP hopes to gather all ideas, requests and the various issues and concerns of the farmers, and to study these systematically and objectively. The results of the studies shall be made available for the use of the public and for the use of the government in coming up with policies to address farmers' concerns.

SKP also envisions itself as the central institution for information and agricultural research that will provide farmers access to information concerning agricultural investment, marketing demands, consumption needs locally and internationally, agricultural situation and trends in agricultural business.

Agenda of Action

SKP presents the following points for government action that will address issues and concerns in the agricultural sector.

Increased budget allocation for the farming sector

The government should increase the budget allocated to farmers from the national budget. It should assure a budget for farmers that is equivalent to the gross of the national agricultural products and of all agro-industrial products as well. The government should also set aside reserve fund for crop insurance in case of loss due to severe price fluctuations and natural disasters and other unexpected circumstances.

More effective and efficient management of budget for farmers

In Thailand, only 6% of the national budget is allocated to farmers; and much of this amount is in the form of aid. However, before this even reaches the people, much of it has already been lost to corruption in the hands

of government officials and politicians. Thus, SKP calls for a more efficient way by which the budget is channeled to the farmers.

Farmers' participation in policy making

The government should support the farmers in registering their independent organizations. Their representatives should be required to participate in formulating national policies directed at the farming sector. The government bureaucracy in this respect should be reduced or streamlined, and the handling of the budget in many stages should be checked.

Establishment of a council of farmers

A council of farmers, which is independent of political parties, should be established. This is to prevent farmers from being victimized by many local politicians, and to allow them to gain from the value of the GNP contributed by agriculture, which has been the main source of income for the country for a long time.

Support for the establishment of a farmers' bank

The government should support the establishment of a farmers' bank, with the farmers as its shareholders, allowing them to sit in its administrative committees to ensure that the farmers' bank serves the farmers' objectives and interests. Initially, the government has to provide the capital fund to support this bank.

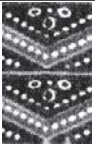
Implementation of a more comprehensive land reform

A more comprehensive land reform policy should be carried out in view of distributing lands in the hands of big landowners to landless farmers. A progressive tax system should also be imposed on big landholders who do not cultivate the land. The land reform program undertaken by the government was implemented only in the reserved forest area. Thus, the program is inadequate and contrary to its original purpose.

Endnote:

- 1 One hectare is equivalent to 6 rai.





Lao PDR Country Report

Introduction

Physical features

The Lao People's Democratic Republic (Lao PDR) is a landlocked country situated in the watershed of the Mekong River. About 75% of the total area is covered with mountains and hills rising 100 m to 3000 m above the Mekong's alluvial plains. The remaining 25% of the land area is comprised of flood-prone lowland plains along the Mekong and its tributaries.

The climate is tropical, with southwest monsoon rains from May to October, accounting for three-fourths of the annual rainfall. Annual rainfall distribution varies from 1300 mm in the northern valleys to 3700 mm at high elevations in the south. There is seasonal rainfall variability with seasonal droughts and floods. The average minimum and maximum temperatures range from 20-35°C. January is the coolest and April the warmest month. The humidity ranges from 30% in the dry season to 98% in the rainy season.

Soils in uplands areas are generally depleted, slightly acidic and low in fertility. Shallow depth and stoniness restrict agricultural use in most areas.

Lao PDR has a land area of 236,800 sq km, stretching more than 1,700 km from north to south and between 100 km and 400 km from east to west. Whilst Lao PDR has no direct access to the sea, it has an abundance of rivers, including a 1,865-km stretch of the Mekong, which defines its border with Myanmar and a major part of the border with Thailand (see Table 1). Major stretches of the Mekong and its tributaries are navigable and provide alluvial deposits for some of the fertile plains. About two-thirds of the country is mountainous, ranging from 200 m to 2,820 m high. The mountains pose difficulties for transportation and communication, but together with the rivers they produce vast potential for irrigation and other infrastructure development projects.

Table 1. Countries bordering Lao PDR and length of border

Region	Borders with	Length of border (in km)
North	People's republic of China	505
South	Kingdom of Cambodia	435
East	S.R. Vietnam	2.069
Northwest	U. Myanmar	236
West	Kingdom of Thailand	1.835 km

Source: Lao PDR Ministry of Interior

Table 2. Remotest places in Lao PDR and their specific location

Direction	Remotest place	Province	Latitude	Longitude
North	Ban Lanetoui	Phongsaly	22° 30' 32"	101° 45' 39"
South	Ban Kynark	Champasack	13° 54' 28"	106° 06' 29"
Southeast	Namxe Kamane	Sekong	15° 19' 03"	107° 38' 21"
Northeast	Napao Bantao	Houaphanh	20° 05' 32"	104° 59'45"
West	Ban Kuan	Bokeo	20° 21' 15"	100° 05'12"

Population

The total 1999 population is estimated at 5.2 million, with a density of 18 people per sq km and with high concentration in the river valleys and plains (see 1995 population in Table 3). About one-third of the total population live in mountainous areas. The Lao people belong to diverse ethnic groups. Three main groups have been identified: (1) The lowland Lao (*Loum*; about 20 subgroups), representing 68% of population; (2) the midland Lao (*Soung*; more than 60 subgroups), comprising 22 % and (3) the highland Lao (*Theung*; about 20 subgroups), representing 10%.

Table 3. Demographic data, Lao PDR, 1995

Category	Figure
Total population	4,574,848 persons
Urban population	781,753 persons (17%)
Rural population	3,793,095 persons (83%)
Natural increase rates	2.5 %

Source: Population Census Results (1995)



The rural population comprises about 85% of the total population. About 80% of the active labor force, or some 1.3 million people, work in agriculture, with slightly more women than men. Labor intensity, about 1.5 labor years per cultivated ha, is quite high compared with traditional rice-based agriculture in other developing countries.

Table 4. **Population density, Lao PDR**

Province/municipality	No. of persons
Vientiane municipality	135
Champasak	33
Savannakhet	31
Attapeu and Sekong	10
Average	19.4 persons/sq km

Table 5. **Percentage distribution of households by household size and area, 1992-93**

Household size (in no. of members)	Urban area	Rural area	Total
3 and below	8.3	9.1	8.9
4	13.2	9.1	10.0
5	13.7	15.0	14.7
6	15.3	18.2	17.6
7	17.4	15.3	15.8
8	10.4	12.2	11.8
9	9.4	9.2	9.2
10	7.3	6.5	6.7
11 and above	5.0	5.4	5.3
Total	100.0	100.0	100.0

Source: NSC Lao Expenditure and Consumption Survey (1992-93).

Agricultural and Agrarian Context

Basic agricultural profile

Data from the Ministry of Agriculture and Forestry (MAF) show that a total area of 737,700 ha was under cultivation in 1994, up by 13.6% from the preceding year's estimate of 649,300 ha. The total area cultivated for rice production is estimated at 600,000 ha, representing 81.3% of the total. Sixty-five percent of the country's rice is grown in the lowlands. The remaining 35% of rice production is in the uplands, where an estimated 60% of the population do not produce enough to cover their own needs and lack rice for about three months of the year, during which time they eat maize, cassava, taro and other rice substitutes. Families dependent on upland rice production, as well as in the low terraces, are particularly vulnerable to vagaries of the weather.

Other crops, including coffee, maize, starchy roots, soybeans, mung beans, peanuts, tobacco, cotton, sugarcane, tea and a variety of other crops are planted in the remaining 19% of cultivated land. Sizeable livestock holdings of buffalo and cattle, as well as pigs, sheep, goats, poultry and other animals, are also kept.

Agro-ecological systems. There is a great diversity of agricultural systems in Lao PDR due to the physical and biological environment, the ethnic groups involved and socioeconomic conditions. At present, there is no official classification of agricultural systems. However, four general categories may be used: lowland areas, foothills, high plateaus and highlands.

There are the lowland areas of alluvial plains along the Mekong River and its tributaries. These production systems are rice based, providing people with their staple food requirements. Farmers also fish and raise livestock for their protein requirements. It is in these areas that most irrigation facilities are available for dry season production. For cash income, they cultivate fruit trees and vegetables near their houses, produce vegetables along river banks, and are involved in the production of some field cash crops, such as cotton, sugar cane and tobacco. Many farmers consider large animals



as a form of wealth, which can be liquidated in cases of emergency. A lot of the nation's food is supplied from these lowland areas. Many ethnic groups of Lao Loum inhabit these areas. The nation's major cities lie in lowland areas in which Lao Loum and other ethnic groups (such as the Chinese, the Vietnamese and the Indians) live.

On the foothills, sometimes referred to as lower terraces or rolling hills and lower mountains, most of the nation's "rotational" shifting cultivation is practiced. Upland rice and maize are grown as the main crops. Livestock raising is also an important livelihood of the foothill population. These mostly subsistence-oriented people rely heavily on the forest for plant and animal food, medicinal plants and wood for fuel and shelter. Bunded paddy land is scarce but contributes significantly to the overall productivity of the foothill agro-ecosystem. Where water resources are available, some farmers have traditional irrigation systems and supplement their protein intake with wild fish. Lao Theung and Lao Loum groups inhabit these areas.

There are a number of high plateaus in the country (e.g. Xiengkhuang, Nakay in Khammouane, Bolovens in Champasak, Saravane, Sekong and Attapeu), which have good natural grassy pastures and where farmers traditionally raise animals (especially cattle) for sale. Some of these areas, such the Bolovens Plateau, also produce some cash crops, such as coffee, fruits, vegetables and potatoes. With cash income from the sale of these products, the farmers purchase rice and other necessities. All three of the nation's ethnic groups inhabit these high plateaus.

Production systems in the **highlands**, sometimes referred to as upper terraces, on or near mountain tops, include upland rice, maize, grain legumes and tubers; small and large animals; and, in some cases, opium. Home gardens are very important, and sometimes fruit trees are planted. The Lao Soung, who inhabit these areas, practice a "pioneering" type of shifting cultivation (see crop production data in Table 6).

Table 6. Harvested area, volume of production and yield by types of crop, 2000-2002

Crops	Harvested areas (in thousand ha)			Production (in thousand tons)			Yield (in ton/ha)		
	2000	2001	2002	2000	2001	2002	2000	2001	2002
Total Cereals	768.4	790.7	783.1	2,318.8	2,446.6	2,540.6	3.02	3.09	3.24
Rice paddy	719.4	746.8	738.1	2,201.8	2,334.7	2,416.5	3.06	3.13	3.27
- Lowland rice	475.5	475.5	486.8	519.5	1,552.8	1,619.9	3.27	3.33	3.47
- Dry season Rice	91.8	102.0	84.0	390.2	436.2	375.0	4.25	4.28	4.46
- Upland rice	152.1	158.0	134.6	258.8	278.6	240.3	1.70	1.76	1.79
Other cereals (Maize)	49.0	43.9	45.0	117.0	111.9	124.1	2.39	2.55	2.76
Total Roots & tubers	119.4	18.0	23.6	217.5	107.8	276.5	1.82	5.99	11.72
- Sweet potatoes	19.4	16.3	19.5	117.5	100.8	193.6	6.06	6.18	9.93
- Cassava	100.0	1.7	4.1	100.0	7.0	82.9	1.00	4.12	20.22
Legumes total	4.6	4.4	5.3	4.2	4.4	4.7	0.91	1.00	0.89
- Mungbean	1.3	2.4	3.4	1.1	2.8	3.0	0.85	1.17	0.88
- Other legumes	3.3	2.0	1.9	3.1	1.6	1.7	0.94	0.80	0.89
Total Industrial crops	69.0	68.5	75.1	384.8	291.5	307.9			
Oil crops	19.2	20.7	22.8	18.6	23.1	23.1	1.87	2.92	2.70
- Soy bean	6.4	3.3	3.6	5.4	3.0	3.0	0.84	0.91	0.83
- Peanut	12.8	12.1	13.7	13.2	16.8	16.4	1.03	1.39	1.20
- Sesame		5.3	5.5	-	3.3	3.7	-	0.62	0.67
Other industrial crops	49.8	47.8	52.3	366.2	268.4	284.8			
- Tobacco	6.7	5.1	5.5	39.9	30.1	27.5	5.96	5.90	5.00
- Cotton	4.7	3.5	3.3	4.6	3.4	2.9	0.98	0.97	0.88
- Coffee	29.4	32.2	36.6	23.5	25.8	32.2	0.80	0.80	0.88
- Tea	0.6	0.4	0.3	1.2	0.2	0.2	2.00	0.50	0.67
- Sugar cane	8.4	6.6	6.6	297.0	208.9	222.0	35.36	31.65	33.64
Vegetables	104.7	111.5	109.8	636.0	644.9	891.9			
- Chillies	-	1.6	6.7	-	10.0	46.5	-	6.25	6.94
- Watermelons	-	0.3	4.9	-	4.3	82.9	-	14.33	16.92
- Other vegetables	104.7	109.6	98.2	636.0	630.6	762.5	6.07	5.75	7.7+6
Grand total	2,558.5	2,535.0	2,523.4	8,086.1	8,280.9	8,983.4			

Source: Ministry of Agriculture and Forestry (2002).



Livestock and fisheries. Value added from livestock and fisheries was recorded at 172,568 million Kip in 1994, 4.3% more than that registered a year earlier. It is estimated that there are around 1.2 million heads of water buffaloes and 1.1 million cattle in the country (see Table 7). Most of these are raised in the provinces of Savannakhet, Champassak and Vientiane. Pig raising is also an important component of the livestock subsector, with an estimated 1.7 million heads; the same with poultry, with 10.7 million.

Government policy aims to increase livestock production and fishpond cultivation as an alternative to subsistence and shifting farming practices. Investments and exports in the sector are being encouraged through reductions in export quotas and taxes. Although cattle beef export has penetrated the Thai market, Lao export of animal products still has to gain access to other markets in neighboring countries. The small domestic market and limited access to the international market pose as constraints to the expansion of livestock production.

The government continues to implement animal health programs to reduce mortality from various animal diseases including foot and mouth disease, rinder pest and intestinal parasites. The Nong Teng Vaccine Center in Vientiane Municipality produces vaccines for the country's animal health program. However, further training and provision of financing mechanisms are still necessary to enable farmers to benefit fully from the program.

Land use. A system, which was based upon recommendations of the Food and Agriculture Organization (FAO), was worked out by Mr. Jozsef Fidloczky in 1987. A minor revision was made in 1990 at the start of the National Office of Forest Inventory (NFI) mainly to make this congruent with the ground survey. At the same time, land use classes were classified into six main land use groups. These main land use groups are as follows.

1. Areas of current forest - defined as areas suitable for forest production that have tree cover with a crown density of at least 20% (Forest plantations are exempted from the rule of minimum crown density.)

2. Areas of potential forest - defined as areas suitable for forest production having a crown density of less than 20% and not permanently being used for other purposes (e.g. housing, agriculture)
3. Other wooded areas - defined as areas with a certain cover of trees or shrubs but unsuitable (too poor) for forest production; the tree cover is less than 20%
4. Areas of permanent agriculture - include areas for production of crops, fruit trees and others, and areas permanently being used for grazing
5. Areas with other land uses - include land that, for various reasons, is considered "non-productive," and areas being used for purposes other than agriculture and forestry
6. Water - includes natural or artificially-made areas of water

In 1989, almost half of the land area was classified as current forest, and a third as potential forest (see Table 8).

Table 8. **Distribution of total area by land use group, Lao PDR, 1989**

Land use group	Area (in 000 ha)	%
Current Forest	11,167.9	47.2
Potential Forest	8,949.0	37.8
Other Wooded Areas	1,444.4	6.0
Permanent Agriculture Land	849.5	3.6
Other Non-Forest Land	1,269.5	5.4
Total	23,680.0	100.0

Source: Ministry of Agriculture and Forestry, Report No. 5 (December 1992).

Land ownership and tenure arrangement. Obtaining data on ownership and access to land through household interviews was difficult since household heads often could do not give exact figures. The size of the cultivated area may also change somewhat between seasons and years. The average area for cultivation per household is estimated at 1,600 sq m for irrigated land and 10,600 sq m for



non-irrigated land. Land use ownership is usually obtained through family inheritance or by buying land use rights from owners. In general, farmers cultivate their own land.

Article 17 of the Land Use Law No. 01-97 dated 04 December 1997 sets the allowed area of land for use in agriculture per one labor force as follows.

Rice and Fishery production	1 ha
Industrial and annual crops	3 ha
Fruit tree crops	3 ha
Pasture land (for animals)	15 ha

Share of agriculture in the gross domestic product. Agriculture is the principal economic sector of Lao PDR, accounting for 56% of the total value added in 1994. The sector covers a wide range of activities, from subsistence production to agriculture-related industries. Pending the release of the full results of the 1995 census, it is generally considered that about 85% of the population is engaged in agriculture, broadly defined to include livestock, fisheries and forestry. More than a third, or 37%, of total household consumption is from self-produced foodstuff.

The percentage contributed by agriculture to the gross domestic product (GDP) decreased because the government has planned to limit the logging business (logging contributes significantly to the agriculture sector). Instead, it encouraged households to switch from nature-based economy to goods production

Table 9. **Value, structure and growth rate by sector**
(constant prices 1990, 2001)

Sector	Value (in million Kip)			Structure (in %)			Growth Rate (in %)		
	1999	2000	2001	1999	2000	2001	1999	2000	2001
Agriculture	556,199	583,591	605,619	52.2	51.8	50.8	8.19	4.92	3.77
Industry	234,363	254,283	278,951	22	22.6	23.4	7.96	8.5	9.7
Service	268,450	281,723	297,838	25.2	25.0	25.0	6.74	4.94	5.72
Import duties	6,433	7,749	8,975	0.6	0.7	0.8	38.75	20.45	15.82
GDP	1,065,445	1,127,346	1,191,383	100	100	100	7.28	5.81	5.68

Source: National Statistical Center, State Planning and Cooperation Committee (2001).

economy, considering family units as a starting point for developing replicable models of production, goods processing and service provision. It promoted model families in every village and every locality in plains and in mountainous areas alike to encourage agricultural production for the market according to each locality's potential.

Basic Agricultural Policies and Programs

The agriculture sector is the most important economic sector, accounting for more than half of the country's GDP and about 40% of its official export earning, and is the main source of income for about 85% of the population. The output of the sector has been increasing but both growth and foreign investment is well below the manufacturing and services sectors of the economy. Poverty is more significant in rural than in urban areas.

Policy framework

The policy framework for the agriculture sector is set by a series of Economic Plans and Strategies with the following key goals.

- To achieve food self sufficiency (mainly by increasing rice production)
- To increase agricultural exports through diversification into cash crops, commercialization and processing
- To stabilize slash-and-burn agriculture by the year 2000 through the resettlement of upland farmers and by terracing and supporting alternative agricultural activities, including agro-forestry and livestock
- To improve infrastructure network (communication and transport)
- To improve rural development with special emphasis on the six plains by introducing advanced technology, including in irrigation
- To improve human resources development to create a skilled workforce capable of meeting national development demands
- To improve foreign economic relations
- To improve service sector development, including tourism



The Ministry of Agriculture and Forestry (MAF) is interested in all these programs, but seemingly with less emphasis on national infrastructure development and national services development. The projects implemented by the MAF are likely to contribute to more than one program. Projects in some of these programs, for example in rural development, may require inputs from other ministries in the government. Conversely, projects in the Ministry may interact with and contribute to projects under other ministries and agencies.

Programs for the agriculture sector

The Agriculture and Forestry Sector Development Plan for 2000 presents six programs, which are being implemented through specific plans, projects and activities, discussed below.

Food production program. To achieve food self-sufficiency in terms of improving quantity, quality and availability of food, the government has set specific targets for rice, maize, root crops, meat and fish. The program is to be achieved by intensifying production in the six large plains and expanding cultivated areas for paddy in mountain valleys where water is available. Numerous materials inputs and improved management systems are required. The program also depends on integrated pest management, market, credit, extension, pricing systems and many other factors.

Commodity production support program. This program aims to develop the agro-processing sector to provide local income opportunities and increase value added. This covers such products as rice, maize, soybeans, mungbeans, peanuts, vegetable, sugarcane, tobacco, cotton, coffee, fruit and meat.

Stabilization of slash-and-burn cultivation. The target is to stabilize 100,000 families, who will be encouraged to take up alternative on-farm and off-farm economic activities such as improved agro-forestry, animal husbandry, food and cash-crop production in the mountainous plains, wage labor in agro-processing and trading. Credit and other forms of government assistance in land development and management are required.

Irrigation development scheme. This program intends to increase rural incomes and stabilize rice availability by expanding irrigated areas for both wet and dry season production, and to improve the operation and maintenance of the existing irrigation scheme. Credit is necessary, and joint government-community work on irrigation infrastructure and operations is the main strategy.

Agriculture-forestry research program. This program shall conduct resource surveys, prepare a master plan for development (especially in the northern provinces), rehabilitate existing research stations and expand research activities to new areas, and cooperate with international research institutions.

Human resources development program. This program is aimed at upgrading the technical and political skills of the MAF staff, and developing an effective extension service at the provincial and district levels

The above programs are linked to the National Action Plan for Nutrition, which includes several activities to improve household food security, as follows.

- Assist model farmers for diversified food production
- Stabilize slash-and-burn production
- Develop household gardening and fruit production, and community food processing and preservation skills
- Increase household and community poultry and fish production
- Reduce post harvest losses, especially in rice
- Provide water for domestic consumption and for community irrigation
- Upgrade women's capabilities in food production, gardening, food preparation and food conservation
- Strengthen local mechanism for coping with food insecurity by improving storage facilities and food banks
- Establish a food security information system to assess, monitor and evaluate household food security and nutrition



- Control micronutrient deficiencies and improve nutritional balances; link these to health, sanitation, breast feeding, information campaigns and education of women and children in health, nutrition and hygiene

Implications of the Agriculture and Forestry Sector Development Plan

In the Agriculture and Forestry Sector Development Plan, “market-oriented production” is seen as a key strategy for the eradication of rural poverty and the attainment of self-sufficiency among rural/upland people.

Improving agricultural productivity is another important means of reducing poverty in rural areas. These strategies imply the prospect of continuous adjustment and change in the agricultural sector. This process of change, which has been experienced in many other countries, will involve the introduction of improved technology to agriculture, greater production of nontraditional items of production in some places, larger farm units, increased mechanization and lower demand for labor on commercially oriented farms.

Adjustment and change in the farming sector will need to be accompanied by the creation of new income and employment opportunities outside of agriculture. The pace of change will be an issue but the inevitability of change along these lines is certain. In these circumstances, it is important that changes in the agriculture sector are built on a sound policy base.

Nature and Dynamics of Peasant Movements

In the Lao context, there are different peoples’ organizations (POs) in the village level such as farmers’ groups, village agricultural volunteers, water users’ groups, rural development committees, the Lao Youth Union, the Lao Women’s Union and elderly groups. These POs maintain relationships with concerned organizations at the district and province levels because the province is the unit of strategy, the district is the unit of planning and finance, while the village is the unit of implementation (production).

Farmers are able to give comments and suggestions to the concerned organizations in order to resolve existing problems in their community as well as in their agricultural production.

Issues and Concerns

Improving agricultural production practices

About 300,000 families in Lao could be considered as farmers of the forests since their production systems are based on forest and soil regeneration cycles rather than on regular crop rotation. These families live in or near the forests. They practice shifting cultivation by tradition because of a lack of access to land in the plains. The government has been exerting much effort to encourage these families to engage in alternative agricultural activities, whether on farm or off farm.

The government has also been encouraging households to engage in intensive cultivation to ensure food security and to achieve the objectives of the National Food Security Project. It provides support mainly in the form of modern technologies in conventional agriculture.

Threat from natural disasters

One of the major problems faced by Lao farmers is the constant danger posed by natural disasters every year. For the past two decades, Lao PDR has continuously suffered from natural disasters such as droughts, floods, drying up of streams and soil erosion. For 1996, the first year of implementation of the fourth Five-Year State Plan, the target for foodstuff production has been fixed at 1.7 million metric tons to ensure domestic consumption and surplus.

Impact of the AFTA accession on the agriculture sector

The ASEAN Free Trade Area (AFTA)¹ was established among the member-countries of the Association of Southeast Asian Nations (ASEAN). It aims to increase ASEAN's competitive edge in the world market by eliminating tariffs and non-tariff barriers within ASEAN and attract more foreign direct investments to ASEAN. These goals are being pursued through the Common



Effective Preferential Tariff (CEPT) scheme, which set up a schedule for phased tariff reductions within ASEAN. Members, however, are free to set their own tariff levels against countries outside of the ASEAN.

The impact of Lao's accession to the AFTA will be felt in two related ways: first, through any tariff cuts and market opening resulting from the CEPT scheme and second, from the increased attention AFTA is likely to bring to trade matters in general.

Tariff Reduction. Associated tariff cuts proposed by Lao PDR in the current AFTA List² are based on a narrow list of items and will take too long to implement. Most agricultural commodities have been excluded from tariff reductions for 8 years (for those in the Temporary Exclusion List) to 17 years (for those in the Sensitive List), even where there are very low existing rates and no significant production in Lao PDR. Several inputs into agricultural production have been similarly excluded.

In the short to medium term, the impact of AFTA on the agriculture sector is likely to be minimal. Policies and activities on self-sufficiency, trade regulation, rural development, product diversification and the cost of inputs are likely to be more significant factors affecting the competitiveness of the Lao PDR agriculture than tariffs alone. There are few agricultural items in the Inclusion List. Those that are in the List are either inputs into locally produced products or simply unlikely to be traded. The levels of tariff are also already low (5%). Almost all agricultural items appear in the Temporary Exclusion List or Sensitive List. This means that these items are "temporarily" not subject to any form of tariff reduction.

Other Impacts

In the longer term, AFTA is likely to have a significant effect on agriculture. The impact will not come from AFTA alone but from the combination of AFTA membership and the government's current policy of encouraging market-oriented agricultural production. AFTA will act as a window for the world to see clearly the real content of Lao PDR agricultural policies and potentials.

A continuation of tariff and other restrictions on agricultural imports in the longer term is not consistent with “market orientation” and as global barriers to agricultural trade are removed, Lao PDR will be subject to a variety of international pressures to do the same. Investors looking to short term gains may take advantage of the tariff to do so, but long-term investment will follow an assessment of the overall advantages of investing or not. This will depend on many things apart from the tariff level. However, high tariffs on raw materials for processing will discourage an export-oriented processing industry from developing without special assistance. These may encourage small domestic market-based processing but at the cost of higher than necessary prices to domestic consumers and processors.

For Lao PDR, which is attempting to move its agricultural sector from a subsistence to a market-oriented economy, tariffs can represent a considerable distortion of the market and may result in activities being developed in Lao PDR which are not market oriented.

Initiatives in Building Sustainable Rural Communities

Agriculture extension policy

Agricultural extension policy can achieve many objectives in agricultural and rural development process. Extension objectives are tied directly to the agricultural policy and development goals of Lao PDR. These goals often include improving the incomes and quality of life among rural families, especially those belonging to various ethnic groups, increasing their agricultural productivity and outputs especially to meet local food at low cost, or increasing agricultural export. The main objective of agricultural extension is to sensitize the farming community to use scientific methods and materials to enhance agricultural productivity.

Sustainable agriculture development

The FAO and nongovernment organizations (NGOs) working in Lao PDR support vocational training programs on integrated pest management (IPM) in rice, vegetables, and fruit tree production.



They are also promoting sustainable agriculture in upland, lowland and hilly land; integrated farming systems; alley cropping; soil erosion protection; direct sowing and botanical pesticide.

Other countries have also supported initiatives in sustainable agriculture. The Japanese government has provided funds for the construction of bio-fertilizer factories in the Vientiane Capital and in some of the major provinces in the country. The Cuban and Vietnamese governments are also assisting the MAF in organic farming technologies.

The Agricultural and Forestry Service of Vientiane Capital have created model families on in-situ conservation of seed, botanical pesticide production and integrated farming systems (plant and plant, rice and fish culture; raising animals in fishponds). Many farmers adopt this kind of production system because they can get more income than if they engaged in monoculture. To increase food for families and reduce production cost, the government has adopted an extension policy wherein agricultural production makes uses of internal resources such as animal manure, green manure, compost for improving the fertility of soil and local seeds.

NGOs action in addressing agriculture-related issues

The objectives of NGOs in Lao PDR are to cooperate and work closely with the Lao government to resolve various problems related to rural development, especially in the sector of agriculture, forestry, public health, education and women, with the main goals as follows.

- Capacity building in the sector of agriculture, forestry, public health and education, with focus on sustainability, participation and appropriate technology
- Support in ensuring the participation of women and various ethnic groups in the process of development
- Support in strengthening the village committee towards accountability, autonomy and self-sufficiency
- Coordination and cooperation with the government to understand, alongside government, sustainable development

- Networking/coordination with local, regional and international organizations to facilitate the exchange of information and experiences in the field of sustainable development

In general, NGOs implement their projects in remote areas, with marginalized communities. They also support women's participation and initiatives, and are also concerned with promoting the welfare of children. NGOs recognize that for the country to fully develop, both the city and the remote areas must be in the mainstream of national development.

The followings are some of the projects that the Sustainable Development Forum (SAF) , a non-governmental organization in Lao PDR, are implementing:

- Sustainable Upland Agriculture Projects (SUAP), implemented by the Community Aid Abroad (CAA) and CUSO , which is a Canadian organization which supports alliances for global social justice.
- Organic Farming Training Project, implemented by the Participatory Development Training Center (PaDeTC)
- Alley Cropping in Lao PDR, implemented by the Mennonite Central Committee (MCC)
- Promotion of sustainable agriculture in two agricultural colleges of CIDSE (International Cooperation for Development and Solidarity)
- Community Forestry and Natural Resources Management, implemented by the Japan Volunteer Corps ? (JVC) and CUSO

Agenda for Action

Lao PDR has established relationships and cooperation with other countries and international organizations on the basis of respect for independence and self-determination, non-interference in each other's internal affairs and contribution to the enhancement of friendship and cooperation between the countries and organizations.



The Lao team voices out, through the Asian Farmers' Association (AFA), its call for concerned regional and international bodies to implement fair trade policies for underdeveloped countries in terms of tariffs and debts, and asks other countries not to generate profit at the expense of Lao PDR and other developing countries.

It also calls on AFA to proceed in the pursuit of Lao PDR's calls for action.

Endnotes:

- ¹ The ASEAN member-countries are Brunei, Myanmar, Cambodia, Indonesia, Lao PDR, Malaysia, Philippines, Singapore, Thailand and Vietnam.
- ² The AFTA list is a list of imported commodities eligible for tariff cuts





Kingdom of Cambodia

Country Report

The Kingdom of Cambodia is located in the Southwestern part of the Indochina peninsula. It covers an area of 181,035 sq km. It is bounded on the west by Thailand, on the north by Lao and Thailand, on the south by the Gulf of Thailand and on the east by Vietnam. It is one of four countries lying along the Lower Mekong River Basin,¹ the other three countries being Lao PDR, Thailand and Vietnam.

Cambodia has a population of 12 million in 2002, and is projected to reach 17 million by 2005 (National Census 1998). Women outnumber the men at 54%. Armed conflicts in Cambodia over the past 50 years resulted in the deaths of more men. The lowest population density is found in the north and northeastern provinces of the country while the highest density is found in the central lowland and southwest plain. Around 42% of the population live below the poverty line.

Administratively, Cambodia is divided into 24 provinces/municipalities. In 2000, about 85% of the population live in the rural areas while 15% live in the urban areas, especially Phnom Penh. The (rural) provinces with the highest population number are Kampong Cham, Kandal, Prey Veng and Takeo (see Table 1). These four provinces cover around 16% of the total country area, but comprise around 40% of the national population. In 2001, the active labor force is estimated at 4.5 million persons with an annual growth rate of 3% (Public Investment Program 2000-2002).

The Khmer, the Tai Lao and the Kinh are, respectively, the dominant ethnic groups in Cambodia. The Khmer constitute 90 percent of the population of Cambodia. Hill tribes, or Khmer Loeu, as they are collectively known, are concentrated in the mountainous regions of northeast Cambodia. They include the Jarai, kreung, Brou, Kuay, Mnong, Stieng and the Tampaun. While only about one percent of the total population, hill tribes account for the majority of the population in the provinces of Rattanakiri and Mondulkiri.

Table 1. **Distribution of population per province and municipality, Kingdom of Cambodia, 2000**

Province/Municipality	Population	
	No.	%
Kampong Cham	1,608,914	14.1
Kandal	1,075,125	9.4
Phnom Penh (<i>municipal</i>)	999,804	8.7
Prey Veng	946,042	8.3
Battam Bang	793,129	6.9
Takeo	790,168	6.9
Seim Reap	696,164	6.1
Kampong Spoeu	598,882	5.2
Bantey Meanchey	577,772	5.0
Kampong Thom	569,060	5.0
Kampot	528,405	4.6
Svay Reing	478,252	4.2
Kampong Chhnang	417,693	3.6
Pursat	360,445	3.1
Kratie	263,175	2.3
Sihanouk Ville	155,690	1.4
Koh Kong	132,106	1.2
Preash Vihear	119,261	1.0
Rotanakiri	94,243	0.8
Stung Treng	81,074	0.7
Odar Mean Chey	68,279	0.6
Mondul Kiri	32,407	0.3
Krong Kep (<i>town</i>)	28,660	0.2
Krong Pailin (<i>town</i>)	22,906	0.2
TOTAL POPULATION	11,437,656	100.0

Source: CHRTF Doc "Krang Rom Deng." (19 October 2000).

Agriculture and Agrarian Context

Agriculture plays an important role in Cambodian economy, accounting for around 40% of the gross domestic product (GDP). The majority (75%) of the labor force is found in the agriculture, forestry and fishery sectors (Only 20.25% are employed in the service sectors and 4.5% in the industrial sector.) Moreover, it is estimated that only 30,000 new jobs can be created in the urban areas while the remaining 110,000 new entrants will have to find work in the agriculture and other informal sectors in the rural areas (Public Investment Program). About 85% of the population depend on agriculture for livelihood. Rice farming is the main source of livelihood, although 26 percent of households earn their primary income from other sources.

Rice production

Rice is the most important food crop. The rice paddy sector contributes about 36% to the agriculture GDP, followed by the livestock sector (29%), other crops (22%), forestry (7%) and fisheries (6%; Second Five-Year Social Economic Development 2000). The total area planted to rice is 2.5 million ha, with an average yield of 2.2 tons per hectare. Rice production on the latter part of 1999-2000 is estimated at around 4 million tons, with a surplus of 420,500 tons (Ministry of Agriculture, Forestry and Fisheries 1999-2000).

Rice production in Cambodia has increased since the early 1990s owing to ongoing post-war rehabilitation and infrastructure reconstruction. While total wet season cultivated area has increased during this period from less than 1.7 million ha in 1993 to 1.9 million ha in 2000, this area is still considerably less than the 2.47 million ha devoted to rice growing in the late 1960s.

While official data claims that there has been a rice surplus at the national level since 1996, yields continue to lag behind those of neighboring Vietnam and Thailand, mainly as a result of lower quality agricultural inputs and management systems. Moreover, food security is not ensured at the household level because the majority of the rural communes in the country cannot produce enough rice for their consumption (Council of Agriculture and Rural Development 1999).

Other crops

Non-rice crops account for 8% of Cambodia's GDP in 1999. Non-rice food crops were traditionally considered to be of secondary importance to rice, but have grown in popularity due to local rice deficits and the clearing of upland areas suitable for their cultivation. Maize production, in particular, has increased as a result of this trend. High value commercial crops such as soy, mungbean and vegetables have also been planted over a greater area as market reforms have encouraged smallholders to adapt their planting patterns. However, the area devoted to such crops covers approximately 250,000 ha, which, as is the case for rice, is substantially less than the 310,000 ha used for producing such products in the 1960s, before war began. This decline in cultivation is most likely a result of the lingering presence of minefields. Rubber tapping areas cover approximately 45,000 ha and their output comprises the main Cambodian agricultural export earner.

Table 3. **Harvested area, production and yield for non-rice crops, 1999-2000**

Crop	Harvested Area (in ha)	Production (in ton)	Yield (ton/ha)
Maize	59,739	95,274	1.59
Yellow Maize	32,011	54,680	1.71
Cassava	14,003	228,512	16.32
Sweet Potato	9,322	32,516	3.49
Vegetables	31,240	181,851	5.82
Mung Bsean	26,747	15,913	0.59
Peanut	10,557	9,244	0.88
Soy Bean	34,945	35,063	1.00
Sugar Cane	8,374	159,859	19.09
Sesame	16,410	7,385	0.45
Tobacco	8,292	6,358	0.77
Jute	261	264	1.01
Rubber	39,718	45,204	1.12
Castor Oil	1,515	1,365	0.90

Source: Cambodia National Institute of Statistics (2000).

Livestock

In farming systems, farm animals play a very important role especially in term of providing draft power, manure and generating income for the family. Around 50% of the cows and the buffaloes are used as draft animals (Ministry of Agriculture, Forestry and Fisheries 2000). Around 60% to 70% of farming households raise cows and buffaloes. The number of farm animals raised by farmers—especially pig, duck and chicken—appears to be increasing. (The number of livestock in the country is shown in Table 2.)

Table 2. **Number of livestock, 2000**

Type of livestock	No.of heads
Cattle and buffalo	3,480 228
Pig	2,189 323
Poultry	13,417 000

Source: Ministry of Agriculture, Forestry and Fisheries (2000).

Land Ownership

While most households have access to land, the average agricultural landholding is very small. Each farm household owns only about 1 ha, and female-headed households, only about half a hectare.

The Royal Government of Cambodia has been encountering much difficulty in setting up systems for land registration mainly because of the huge demand. In 1989, following the end of the Khmer Rouge regime, the government re-privatized land and redistributed small parcels to rural households. However, at present, only about 10% of households have been granted ownership certificates and many have only temporary certificates.

In many rural areas in Cambodia, subsistence agriculture is still generally supported by traditional land use systems. These include land reserves to allow fields to recover after several years of cultivation, as well as forests, lakes and rivers that are designated as common property resources. These common property resources provide a wide array of non-timber forest products (NTFP) such as

firewood, wild vegetables and herbs, medicinal herbs, wildlife and materials for construction and handicrafts, as well as fish. Fish and food from the forests are essential during periods of rice shortages. However, the Land Law of 1992 does not clearly identify common lands. This makes it more difficult to ensure access to these resources.

National Policies Affecting the Agriculture Sector

The Second Socio-Economic Development Plan (2001-2005)

In order to move Cambodia out of the ranks of the least developed countries by 2020, the National Assembly adopted the Second Socio-Economic Development Plan (SEDP-II) with a strong focus on poverty reduction. The government plans to follow a growth strategy aiming at increasing productivity in agriculture, as well as levels of industrialization.

The Cambodia 2001-2005 SEDP-II focuses on poverty alleviation and recognizes that poverty rates are highest among rural households. Thus, it gives a high priority to rural development and agricultural development. Under the SEDP-II, the country aims at a 3.5% agricultural GKP growth per annum for the period. The government intends to provide a supportive policy framework for agriculture, including the provision of core economic and social infrastructure and services that allow farmers to make their own investments and production decisions. Major initiatives and components include the following:

1. accelerated and sustainable irrigation development, including increased farmer participation through strengthening of Water Users Association;
2. development of highly productive and diversified farming systems through the improvement of technological and financial inputs and management techniques;
3. land administration reform to cover measures for alleviating land conflicts and unregulated land encroachments, accelerated rural land titling and providing land for the landless;

4. tackling market failures and infrastructure problems such as the imposition of high transport and distribution costs and inefficient dissemination of price signals;
5. gaining greater access to international markets for agricultural products;
6. strengthening of extension services and of relevant public institutions;
7. expansion of livestock production, with emphasis on animal health services, nutrition and range management and
8. promotion of community-based integrated agro forestry systems.

The Mekong River Commission

The Mekong River Commission (MRC) is an intergovernmental body created in 1995 by an agreement between the governments of Cambodia, Lao PDR, Thailand and Vietnam. The Secretariat of MRC is lodged at Phnom Penh, Cambodia. The Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin came about as the four countries saw a common interest in jointly managing their shared natural resources in the Mekong River Basin.

Ever since the Agreement was signed, the MRC has been focusing on issues that affect more than one country. Specifically, it has been setting up "rules" for water sharing, monitoring the quality of water resources and supporting a joint planning process called the Basin Development Plan.

The MRC has the following components:

- Water utilization program (WUP)
- Environmental program
- Food management and mitigation
- Working toward gender balance
- Fisheries
- Navigation
- Agriculture, irrigation and forestry
- Hydropower

The two upper states of the Mekong River Basin—the People’s Republic of China and the Union of Myanmar—are dialogue partners with the MRC.

The newest of MRC’s core programs is the Basin Development Plan (BDP), which began operating in late 2001 with the establishment of a full eight-person team as the Secretariat based in Phnom Penh, and the appointment of National BDP Coordinators in each member country.

Issues and Concerns

Rural poverty

Incomes are 3 to 4 times higher in urban Phnom Penh than in rural Cambodia, thus making poverty largely a rural phenomenon. Ninety percent of the poor live in rural areas, and the highest poverty rate is found among households where agriculture is the primary source of income. As of 2001, some 46% of farmers are living in poverty as a result of low income and poor access to land, road, education, health care, agricultural support services and other services.

In 2000, agriculture was in a dismal state because of flooding in many farming areas. The rice farming sector registered the lowest rice production compared with the previous years. In some parts of Cambodia, rains, which usually stopped around the months of October and November, continued until January 2001. Moreover, half the provinces may have annual rice shortages and the provinces of Kandal, Kampong Cham and Kampong Speu experience perennial food deficits.

Landlessness

Rural poverty in Cambodia has often been attributed to the lack of access to productive land and insecure land tenure. The rapid expansion of rural agricultural land has contributed to the increasing landlessness in the countryside. Rising expenses, especially for medicines and other health needs, have also been identified as one of the reasons that compel farm households to sell their lands and eventually become landless. Landlessness is especially prevalent in the provinces of Bttambang, Kampong Cham, Kampong Chhang and Kandal.

In 1995 minefields were estimated to cover over 40 percent of arable land. While considerable effort has been made to clear mines, the process has been slow and many minefields remain. This situation has led to the clearing of forest by returning farmers who are unable to safely use their own lands. Furthermore, evidence suggests that land availability in Cambodia would be insufficient to support the population even if all the remaining minefields were cleared.

Lack of agricultural infrastructure and support services

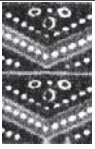
Because of the civil strife in Cambodia, much of the agricultural infrastructure, such as irrigation systems, was destroyed and has yet to be rebuilt. In addition, agricultural extension services and well-trained personnel that can help farmers in adopting technologies and practices that could enhance productivity are severely lacking in rural areas. For example, only four percent of the poorer rural villages have an agricultural extension worker. Most rural households do not have access to formal credit facilities, and instead rely on family members and other informal systems that provide cash and in-kind assistance. If these are not available, they are compelled to borrow from moneylenders, who charge high interest rates. As a result, farmers are unable to invest in improved seeds, infrastructure or techniques to enhance their production.

The absence or lack of electrification in many areas further limits opportunities for agricultural processing and other income generating activities. The road network in the rural areas of Cambodia is also generally in poor condition. During the rainy season, these roads are impassable, making the transporting and marketing of agricultural produce quite difficult and sometimes impossible.

Endnote:

- 1 Mekong River Basin stretches about 2,600 km from the Tibetan Plateau to the South China Sea and comprises some 795,000 sq km, ranking it the 21st largest river basin worldwide.





Vietnam Country Report

Agricultural and Agrarian Context

Vietnam is situated in the Mekong Sub-region of Southeast Asia. It has a population of over 80 million belonging to 54 ethnic groups. The majority (75%) of the population lives in rural areas, and account for 70% of the national labor force. A long history of foreign aggression and civil war has molded the Vietnamese people into a hard working, intelligent and creative people and has made them united in the struggle of building and defending the nation.

Agricultural production

Vietnam has a total land area of around 32.9 million ha, of which about 28% (9.3million ha) in 1999 is agricultural land. Of this area, almost half (around 4.3 million ha, or 45.7%) is devoted to rice (see Table 1).

Table 1. Area devoted to agricultural purposes, 1999

Land use	Area (in ha)	%
Annual crops	6,129,517	65.7
- Rice	4,267,848	45.7
- Upland crops	644,443	6.9
- Other annual crops	1,217,226	13.0
Mixed garden	628,464	6.7
Perennial crops	2,181,943	23.3
Pasture for animal raising	37,575	0.4
Water surface for aquaculture	367,846	3.9
TOTAL	9,345,345	100.0

With the focus on rural development and agricultural modernization, the agriculture sector has registered good performance. In 2002, the average growth rate of the agricultural sector is 4.5%. This is a slight improvement from the annual growth rate of 4.3%

for the past few years. In 1999, agricultural products (including aquaculture) account for 40% of the country's total export value of which the proportion of rice-exporting value is over 20%.

Moreover, the area devoted to the cultivation of specific crops also increased against 1996 figures, with the greatest increase taking place for coffee (4.3 times), sugarcane (2.3 times) and fruit trees (2 times). The area for other agricultural products also expanded—rubber (1.8 times), aquaculture (1.8 times) and tea, 1.5 times.

The productivity of many crops and animals also improved significantly compared with 1990 rates. Productivity turned out to be the highest for coffee, which increased productivity rates ten times. The productivity for rubber more than doubled (114%), rice increased by half (52%) and corn by 41%.

Rice production is a very important component of Vietnamese agriculture. As shown in Table 1, half of the total cultivated area in the country is used for rice cultivation. Almost the entire rural population (80%) is living on rice production and half of them have surplus of rice to sell in the markets. Over the past 10 years, Vietnam has become the second biggest rice-exporter in the world, exporting about 4.5 million tons in 1999. The national average food per capita has reached 400 kg per person per year. In 2002, the output of food grain reached 36.4 million tons. The output for coffee, pepper and dried cashew nuts ranks second in the world. Vietnam also ranked among the highest in the world for its production of many other agricultural products. In 1999, it ranked third biggest exporter of coffee in the world.

The gains in agricultural production were translated into a remarkable improvement in the rural living conditions. The number of households considered as "well-off" almost tripled (from 8% in 1990 to 21% in 1999), while the number of poor households was almost cut in half (from 25% in 1990 to 15.7% in 1999).

The socioeconomic infrastructure in the rural areas has also developed rapidly. So far, in the whole country, 98% of total communes have roads leading to the commune center. The majority of communes have also gained access to various utilities and commu-



nication facilities. Around 78% of households in 85% of the communes have access to electricity. Meanwhile, 94% of communes have access to broadcast television. Over half of the population in 68.8% of communes have access to safe water, multistory schools and medical centers. Irrigation systems have also been strengthened to ensure sufficient water supply for 84% of rice-cultivated areas. Social services such as housing, education and health have also improved from the flat areas to the mountainous and remote areas. The rural economy has developed, the ecological environment has been protected, national cultural heritage has been preserved and the people's intellectual level has been upgraded.

With Vietnam's participation in the Asian Free Trade Alliance (AFTA), its commodity export to the regional market will increase, likely creating positive impact on its economic development. In 1999, Vietnam gained USD 3 billion from exporting agricultural products, with the top export earners as rice (USD 964 million), fisheries (USD 893 million) and coffee (USD 481 million). This figure accounts for 30% of the total exported figures for the whole country. This has encouraged the development of rural human potentials and has accelerated agricultural and rural economic development.

Agricultural Policies and Programs

The achievements in the agricultural sector can be attributed to the government's national industrialization and modernization program, which involves, as a prerequisite, accelerating agricultural and rural industrialization. To spur agricultural development, over the past years, the Vietnamese government has instituted policies and programs that set a favorable environment for the farming sector.

The first step was to issue several policies that provided for the distribution of land use rights among farmers, recognizing farmers as the real landowners. Article 3 of the Land Law dated 1993 guarantees the rights of farmers as landowners: "The State protects land users' legal rights and interests. Households and individuals given land by the State have the right to transfer, assign, rent, inherit, mortgage the right of using land." Long term use of

the land for agriculture is also promoted by law. According to Article 1 of Decree 64-CP dated 1993, "Households and individuals are given agricultural land by the State to use for long term agricultural production." Article 4 of the same decree further states that "agricultural land delivery term for annual plants, aqua-culture is 20 years and that for perennial plants is 50 years."

Other policies include that which provides for the granting of land to households lacking productive land in Central Highland and Mekong River Delta; a policy on the development of a multisectoral economy that regards farmers' families as self-governing economic units circulating goods on their own with market regulated prices protected by the law; policy on promoting further researches, application of scientific and technological advancements, especially biological technology; policy on agricultural, forestry and fishery extension; and policy on tax exemption on agricultural land use. These policies serve as a driving force for developing labor and land, motivating farmers to enhance agricultural production and transforming them from subsistence farmers to commercial producers.

Several market-driven strategies and mechanisms were also put in place to make Vietnamese agriculture more competitive. Key products—including rice, coffee, tea, rubber and sugarcane—were promoted to attract investment, while major agricultural exports (rice and coffee) were also identified. The government has since been exploring and expanding domestic and international markets for these agricultural products. Much effort was also placed into building combined models of business and production. Alongside this, the government encouraged the setting up of market-oriented businesses.

Nature and Dynamics of Peasant Movements

Having recognized the farmers as a key element in the stability of the agricultural sector and the rural areas, the Party and the Government of Vietnam placed a high value on the significant and strategic role played by farmers in the course of socioeconomic development in the country. Given this perspective, rural mass-based organizations have emerged and continue to thrive up to

the present. Among the major mass organizations are the Farmers Union of Vietnam; the Vietnam Women's Union and the Vietnam Youth Federation, all of which were formed in 1930. These organizations are present in practically all villages in the country, and claim millions in membership. A relatively young organization is the Vietnam Gardening Association (VACVINA). Founded in 1981, VACVINA is a voluntary organization of gardeners and gardening enthusiasts throughout the country.

The development of rural organizations, however, is also reflected in the history and development of Vietnam's cooperative movement. The establishment of farmers' economic cooperative organizations in Vietnam is intrinsically linked to the Vietnam Revolution in general and to the land revolution in particular. The cooperative movement also ran parallel to the history of Vietnam's agricultural development.

The cooperative movement actually originated from the self-help groups formed by farmers who were granted land under the land reform implemented in 1955-56. These groups functioned as work exchange teams whose members helped each other in their production. Later on, these teams were transformed into small cooperative units as farmers pooled their land, cattle and production tools and organized collective production in the form of production teams. These cooperative units were later formed into higher-level cooperatives at the village and commune levels. Land, cattle and production tools were collectivized, while a cooperative management board carried out the production plan.

Later on, however, the cooperatives became quite inefficient because of the centralized mechanisms and the collective ownership, which have become unsuitable to the shifts in economic directions and have further discouraged farmers to develop the land owing to the minimal incentives offered by the cooperative. After the war with the US, Vietnam was battered by natural disasters that resulted in the reduction of food production and, eventually, hunger. Many of the cooperatives suffered losses, were heavily indebted and faced internal frictions, forcing many farmers to leave the cooperative.

In the 1990s, given the shift to a market-led economy and the need to revitalize agricultural production, land was handed over to the household, which was recognized as an independent production unit, effectively dismantling the cooperative. Farming households were granted the right to cultivate the land for a period of 20-25 years. This motivated the farmers to invest in their production and resulted in a significant increase in product yield. In effect, most of the cooperatives have become nonfunctional.

However, despite these gains, the farmers still needed external support to keep their production stable as they lack not only capital and other means of production, but also experience, technical knowledge and market information. The government then saw the need to organize farmers at the community level.

Thus, in 1996, the National Assembly approved the Cooperative Laws, and just recently, the government has issued the guidelines for agricultural cooperatives that provided the legal basis for the establishment of cooperatives.

Issues and Concerns

Small-scale and weak agricultural production

Despite the remarkable performance of Vietnam agriculture in the last decade, the agricultural sector still has several limitations, such as dispersed production; its complex and mountainous topography, which has set up permanent barriers among communities, difficulties in detailed planning and weak linkage between the processing industry and the market.

The transition to a commodity agriculture remains slow. In many places, farmers still do farming in the traditional manner. In some places, aside from cultivating rice, rubber, coffee, tea and sugarcane, farmers are also growing other types of crops but the volume is small. Because it is small scale, the production of these crops has been unstable. In comparison with some countries in the region, Vietnam's agricultural products for export are of low quality, more expensive and are not packaged effectively; thus the competitive capacity is limited.



The scientific-technological value contained in one unit of product is very minimal. This is mainly because household production is small-scale, dispersed, is dependent on manual labor and has a low level of mechanization and electrification. Moreover, the trademark of products has not received due attention.

The development of economic cooperation based on commodity production has been quite slow. The ability in preventing and fighting natural calamities and reducing their damaging effect is weak. While the rural environment has improved, forests are still being destroyed. The use of chemicals in agricultural production to protect plants has not been carried out according to proper and safe procedure.

The impact of globalization

Vietnam is not yet a member of the World Trade Organization (WTO). However, this early the positive and negative impact of membership in the WTO and implementation of the Agreement on Agriculture (AoA) on Vietnam's rural economy can already be ascertained.

In the context of rapid globalization, liberalization and fierce competition, products should be of high quality and production cost should be low, for the products to compete effectively with those of other countries. Because the Government of Vietnam is not permitted to protect its domestic products, the subsidy of the Government for the farmers will be reduced or totally cut.

Vietnam is a poor country and its technical expertise is limited; thus, it will be much negatively affected, especially farmers, because of the following reasons:

- The technology level of Vietnam is still low, while the application of advanced foreign technology is limited. The agriculture has not created varieties of plant and breed of animals with high yield and quality, and which could compete with the products of the same kind from other countries. Moreover, Vietnam's processing technology is poor. In effect, many products are for domestic consumption. Preservation processes have not been improved, resulting in huge losses in harvest. With all

these limitations, Vietnamese products are generally not very competitive.

- Agriculture production in Vietnam are mainly small-scale; thus, investments do not yield good returns. It is also difficult to apply technology with the view of reducing production costs and improving quality. With small-scale production, it is not easy to ensure consistency in terms of product quality, stability of operations and availability and the reliable supply of materials for processing.
- The Vietnam government has been facilitating the transfer of technology to farmers, but owing to the low level of knowledge of farmers, agricultural production remains to be mainly based on long-standing traditions, thus farmers have not been very receptive to new technology.
- Many farmers lack capital and thus have very little to invest in advanced technology in production.
- Farmers have very minimal knowledge of and experiences in production and doing business in the market economy. With the ever-changing market for agro-products, competition has become increasingly fierce; thus, it has become very difficult for farmers to satisfy the needs of the market.
- The communication system is very poor. Farmers do not have quick or efficient access to information.
- Although the State has invested much in infrastructure for agro-production, this has not yet satisfied the requirements of production.
- The exportation and importation of agro-products are mainly in the hands of the private sector. Farmers are easily pressed for lower prices and suffer the disadvantage. The procedures for the exportation and importation of agro-products are also sometimes cumbersome.

Given the above limitations in agricultural production, the agricultural sector may not be able to protect itself from the impact of Vietnam's joining WTO and complying with the AoA, Vietnam farmers can be directly affected as follows.

- It would be impossible to sell products or, if selling is possible, products would be sold at very low prices or at a loss. Many farmers would have to work as hired laborers or go to cities to find jobs, which in turn would aggravate the population pressure in the urban areas. Moreover, the higher technology applied in factories or enterprises would require more skillful workers. Farmers who migrate to the urban areas would not have the skills or knowledge for these jobs; they would not be able to find work in these factories and would be compelled to return to the countryside.
- Private business and big companies would easily put pressure on farmers, gradually transforming farmers into hired laborers. Farmers become increasingly impoverished. Meanwhile, the government is not permitted to protect domestic products.

Initiatives in Building Sustainable Rural Communities

The following sections discuss the initiatives of a major peasant organization in Vietnam—the Vietnam Farmers’ Union (VNFU)—in strengthening communities in rural Vietnam through its “emulation movement”.

VNFU is a socioeconomic organization of Vietnamese farmers, with around 80% of the population in its membership. It functions as an organ that participates in State management, as well as in protecting farmers’ legitimate rights and interests. VNFU plays a central and key role in the farmers’ movement for building new rural areas.

After over 73 years of construction and development, VNFU has grown in all aspects. As of this study, it is present in 100% (over 10,000 units) of communes, wards and provincial towns where farmers live, with over 8 million farmers in 93,393 union branches all over the country.

Carrying out its functions and tasks (mission), VNFU has successfully organized “emulation movements” for socioeconomic development and the building of new areas in the countryside.

Re-living President Ho Chi Minh’s teaching, “Making the poor the enough-to-eat people, the enough-to-eat people the rather

rich, and the rather rich the richer," VNFU has initiated the farmers' emulation movement for good production and business, solidarity and mutual support for hunger eradication and poverty reduction, as well as legitimate enrichment since the early years of the renovation period.

After over ten years of operation, the movement has developed widely and intensively at a fast pace throughout 61 provinces and central cities. Up to the present, it has over 9 million registered households, and 4 million households have attained the title of "good production and business household". The quality and effectiveness of the movement has gradually improved. Many households have attained large-scale production with a business capital of hundreds of millions of Vietnamese dong, have attracted hundreds of laborers and have gained from 100 million to billions of dong of annual income.

Every year, the central up to the grassroots levels (commune) of the Union coordinate with different branches in organizing more than 200,000 classes of scientific and technical training, and farmers' knowledge. VNFU has acted as a guarantor to banks and credit organizations to help 4 million households borrow a total sum of over 10,000 billion dong.

The successful implementation of the project, "Instructing the Poor in Some Especially Difficult Communes How to Do Good Production and Business," according to the mode, "learning by doing," has helped farmers in ethnic communities, thereby contributing to the hunger eradication and poverty reduction program of the Vietnam government, lowering poverty rate from over 50% of the population in the 1980s to over 12% in 2002. Vietnam was evaluated to have carried out successfully the hunger eradication and poverty reduction program.

Pursuing its renovation cause in the coming years, the VNFU faces many opportunities, advantages and challenges. After more than 18 years of renovation, Vietnam has achieved much, strengthening its position and strength. With the open foreign policy of the Party and the State, and with the achievements of the scientific-



technological revolution, Vietnam will soon be a member of the WTO. This is seen to open opportunities for Vietnam's agriculture and rural areas to speed up production of agricultural products for export. The potentialities and strengths of its tropical agriculture will be further promoted, and the investment in agriculture and the rural areas will increase. In effect, Vietnamese farmers will gain better access to the market, international demands and advanced technologies and techniques.

Agenda of Action

Clearly aware of opportunities and challenges for farmers, and the trend of economic globalization and integration in agriculture, the VNFU has set out targets, and action plans (2003-2008) to strengthen the Union in all aspects as a central and key part of the farmers' movements and of the building of new rural areas; improve its role as a representative of the farming class in building the Party, contributing to agricultural and rural industrialization and modernization and envisioning "wealthy people, strong country, equitable, democratic and civilized society."

VNFU aims to pursue what it has started, as follows:

- to build solidarity among its members
- attract more farmers to join the Union
- raise awareness on Ho Chi Minh thought, policies and guidelines of the Party, and the policies and laws of the State.
- advance the cultural and scientific-technological levels of the farming profession, and generate jobs for farmers

As an organization, VNFU hopes to build and strengthen its organization at all levels. maintaining its political stability, strong organization and active involvement, in order to function effectively as a representative of the farming sector, protecting the legitimate rights and interests of farmers. It also intends to ally closely with the working class and the intellectual class to strengthen the nation to carry out successful agricultural and rural industrialization and modernization.

With the many difficulties and challenges faced by the agricultural sector, VNFU sees the crucial role of the government in strengthening the sector to respond more productively to these challenges. VNFU sees the following as necessary interventions from the government.

- The training of farmers, through different channels, in applying advanced technology in order to improve product quality and reduce production costs.
- Creating financial resources for farmers (which may be in the form of investment, funding or low interest loans) to enable them to improve their production and business operations, especially through the use of new varieties, new cultivation techniques and new technology (post-harvest processing and preservation) in agriculture
- Upgrading the communication system to create favorable conditions for farmers to obtain information quickly, so that farmers can easily plan their production and marketing
- Organizing study tours for farmers and farmer leaders to provide venues for them to learn and exchange technology with those countries having more advanced technology that would be suitable for Vietnam
- Equipping farmer-leaders with necessary knowledge so that they can also participate in the process of agricultural policy formulation, at the same time contribute to the development of their organization
- More effective coordination at all levels of the bureaucracy for better service delivery
- Cooperation with scientific organs, schools, enterprises and services to support farmers in production and in improving their lives
- Mobilizing farmers to compete in production and enterprise, which serve as a key factor for economic transition
- Organizing economic cooperation modes such as large-scale commodity production for export products that will compete in regional and international markets



- Effective implementation of the Government's programs for socioeconomic development to contribute to bridging the gap in the living standards of farmers' households in the region, between lowland and highland areas, and between cities and rural areas
- Strengthening scientific researches, consolidating theories and practices, and formulating government policies that will benefit farmers, the agricultural sector and the rural areas
- Coordinating well the links among the four partners in development—the State, the Farmer, the Enterprise and the Scientist to create favorable conditions for supporting farmers in production development, leading to better lives for farmers
- Expanding relationships and strengthening solidarity, friendship and international cooperation to facilitate the exchange of experience in sustainable agricultural production between VNFU and other farmers' organizations, government organizations and nongovernment organizations (NGOs), regional countries and other countries in the world.

For its part, the VNFU plans to:

- organize yearly an agricultural fair to introduce the agricultural products of the countries in the Mekong Sub-region;
- organize visiting delegations to exchange experiences in developing agriculture and building modern and more civilized rural areas;
- hold conferences on agricultural and rural development and cooperation;
- expand its relations of friendship and cooperation with farmers' organizations in the Mekong Sub-region, establishing associations in order to protect farmers' rights and interests; and
- create opportunities for agricultural products from countries in the region to compete equally with those from other countries in the world according to international laws.





**MEKONG SUB REGIONAL CONFERENCE
ON ASIAN PEASANT AGENDA**

Summary of Workshop Results

October 22-25, 2003

Issue	Proposed Agenda	Strategy / Major Activity
<p>- High level of poverty</p> <p>- High rate of agricultural labor force</p> <p>Weakness of grouping of farmers</p> <p>Shortage of information</p> <p>No infrastructure in remote areas</p> <p>Marketing</p> <p>- Lack of capital and technology to meet product standards</p>	<ol style="list-style-type: none"> 1. Regional official bodies should: <ul style="list-style-type: none"> - make policies on hunger eradication and poverty reduction - make policies on Mekong environment and natural resource protection 2. AFA should strengthen its members around the Mekong area. It should promote policies that builds up the capacities for human resources/human development 3. Governments and non-government organizations should create information system in rural areas that provide farmers with knowledge, information and production capital; and gives opportunities for an exchange of lessons and experiences among farmers 4. Build international transportation along the Mekong delta 	<ol style="list-style-type: none"> 1. Communicate and lobby with involved groups 2. Assess the actual reasons for poverty 3. Coordinate and follow-up on the national and international policy of Mekong River Commission 4. Implement AFA leadership development program 5. Establish a regional network of good and model farmers. 6. conduct farmers' exchange visits and dialogs, particularly on production , processing and marketing technologies

Issue	Proposed Agenda	Strategy / Major Activity
<ul style="list-style-type: none"> - Farmers find it hard/no market to sell their products - Low prices of produce; no guarantee price for farmers' products - Presence of middle men <p>ON RICE</p> <p>Rice production prone to natural conditions</p> <p>Shortage of market for rice selling</p> <p>Production Issues</p> <ul style="list-style-type: none"> - High inputs but no loan on production - Low quality of Vietnam rice paddy - Lack of inputs - Low rice yields 	<ul style="list-style-type: none"> 5. promote alternative trade (farmer-to-farmer market exchanges) 6. Governments must <ul style="list-style-type: none"> - formulate policies on rice, corn, animal production which are beneficial to small farmers - Make policy on food safety <p>Build farmers' capacities on natural resource management focused on rice</p> <p>Promote alternative agriculture appropriate for farmers's capacities.</p>	<ul style="list-style-type: none"> 8. Conduct training programs on agricultural production and business 9. Provide information on WTO policies, draft common policies and negotiating points in our government 10. Organize market policy discussions and develop marketing promotion strategies 11. promote market exchanges for AFAMembers' produce 12. AFA members can build storage and processing facilities for their products



Annex 1
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Conference Programs



Annex 1.1

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North and Southeast Asia Sub Regional Consultation on the Asian Peasant Agenda

August 25-27, 2003
Kaoshiung Chinatrust Hotel
Kaoshiung, Taiwan, R.O.C.

Local Hosts: TWADA • TaiwanDHRRA • NPUST • WUCL

DATE	ACTIVITY
Merged Session	
Facilitator: Esther Penunia, <i>Program Officer, AsiaDHRRA</i>	
Monday	Introduction Program
Aug. 25	<ul style="list-style-type: none"> • Opening Prayer and Rituals • Welcome Remarks Ka Aning Loza, Interim Chairperson, AFA Dr. Bosco Lee, President, TaiwanDHRRA • Expectation Check, Objectives and Overview of Conference
8 - 9 am	
9-10 am	Keynote Address: Facilitating the Cooperation of Farmers' Organization Within the Asia Pacific Region Dr. Yung-Chung Chiu, Ph.D, Counselor, Council of Agriculture, Taiwan
10-10:30 am	Break
Parallel Session	
Facilitator, SEA : Jaybee Garganera, Program Officer, PhiDHRRA	
North Asia : Esther Penunia, Program Officer, AsiaDHRRA	
10:30-12 nn	Input: Sustainable Rural Development in the Sub-region: Opportunities and Challenges SEA group: Raul Montemayor, Chair, Asian Committee, IFAP North Asia group: Dr. Yung-Chung Chiu, Counselor, Council of Agriculture
12:00-1:30 pm	Lunch

1:30-4:00 **Presentation:** Country Situationers and PO Initiatives

North Asia:

Taiwan Report: Dr. George Chiou,
Secretary-General, TWADA

Japan Report: Dr. Yoshikuni Yatani,
President, JaDHRRA

South Korea: Mr. Shin Chang Keun,
Member, KoDHRRA

Southeast Asia:

Indonesia Report: Mr. Indra Indradi,
Secretary General, API

Philippine Report: Mr. Sam Fuellas,
Officer, SAMBA- PAKISAMA

4:00-4:15 pm Break

4:15-4:30 pm Synthesis of Country Situationers and PO Initiatives

4:15-5:15 pm **Workshop 1:** Formulating the Sub region
Asian Peasant Agenda

5:15-6:00 pm Reporting : Workshop Results

7:00 pm Dinner

Tues • Aug. 26

8:00-8:45 am Recap of Previous Day/synthesis of Workshop 1

8:45-10:00 am **Workshop 2:** Strategy Formulation and Action
Planning

10:00-10:30 am Break

10:30-11:15 am Reporting Workshop 2 Results

11:15-12:00 am Synthesis Workshop 2

12:00-1:30 pm Lunch

Merged Session

Facilitator: Esther Penunia, *Program Officer, AsiaDHRRA*

1:30-3:00 pm Comments on Draft AFA CBL

3:00-4:00 pm Preparatory Meeting for AFA GA

4:00 – 5:00 pm Short Evaluation of the Sub-regional Conference

Wed, Aug. 27 DEPARTURE



Annex 1.2

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Mekong Sub Region Conference on the Asian Peasant Agenda

October 22-26, 2003

Vietnam Farmers' Union Building,
103 Quan Thanh, Hanoi, Vietnam

Local Host: VNFU

Day 1 • Wednesday

Oct 22 Arrival and Registration

Day 2 • Thursday

October 23

6:30-7:30 am Breakfast

7:30-8:00 Assembly

8:00-09:00 **Introduction Program**
Welcome Dance, Music and Song Numbers

Welcome Remarks

Mr. Nguyen Duc Trieu, *Chairman, VNFU*

Introduction of Participants

Objectives and Overview of the Conference

House Rules and Administrative Announcements

9:00-09:45 **Key Note Address:**
*Globalization: How Farmers in Developing
Countries Can Benefit*

Mr. Phan Chi Thanh, *Deputy Director General,*
International Affairs, PM Office

9:45-10:00 Break

- 10:00-11:00 **Input:**
*Sustainable Development in Mekong Cluster:
 Opportunities and Challenges*
 Nguyen Duc Chinh, *Vice Director,*
 Natl. Insti. Of Agri Plng and Projection
- 11:00-1:30 pm Lunch Break
- 1:30-3:30 pm **Country Situationers and PO Initiatives**
- 1:30-2:00 **Thailand Presentation**
Ms. Sittisathapornkul Sudaporn,
 Vice-chair, Sor Kor Por
- 2:00- 2:30 **Cambodia Presentation**
Mr. Sil Vineth, Executive Director, CNAC
- 2:30-3:00 **Laos Presentation**
Mr. Khammalounla Lexayavong, Coordinator, SAF
- 3:00–3.30 **Vietnam Presentation**
Ms. Hoang Dieu Tuyet, Permanent Vice Chair, VNFU
- 3:30–3:45 **Synthesis of Presentation**
- 3:45–4:45 **Workshop 1:**
Formulating the South East Asian Peasant Agenda
- 4:45–5:30 Plenary Session
- 7:00 PM Dinner

**Day 3 • Friday
 October 24**

- 7:00 am Breakfast
- 8:00-8:30 **Recap of the Previous Day**
- 8:30-11:00 **Workshop 2:**
Strategy Formulation and Action Planning
- 11:00-11:30 **Plenary Session**
- 11:30-12:00 *Synthesis of Proposed Strategies and Action Plans*

- 12:00-1:30 pm Lunch Break
- 1:30-2:30 **Workshop 3 :**
Action Planning
- 2:30-3:30 **Plenary Session :**
Reporting and Synthesis for Workshop 3
- 3:30-4:30 Discussion on Draft AFA CBL
- 4:30-5:00 Preparatory Meeting for AFA GA
- 17:00- 17:30 **Closing Remarks**
Ms. Hoang Dieu Tuyet,
Permanent Vice-Chair, VNFU
- Mr. Ananias F. Loza,
Interim Chairperson, AFA
- Mr. Soetrisno Kusomohadi,
Chairperson, AsiaDHRRA
- 19:00 Dinner

Day 4 • Saturday

October 25

- 7:00am -
- 5:00 pm *Field Visit at Ha Tay Province*
- 7:00–9:00 Dinner and Solidarity Night
Awarding of Plaques of Appreciation

Day 5 • Sunday

October 26

Departure (for Cambodia and Laos Participants)

Ms . Esther Penunia,
AsiaDHRRA Program Officer
Moderator



Annex 2
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List of Participants



Annex 2.1

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List of Participants

North and Southeast Asia Sub Regional Conference

August 25-27, 2004
Kaoshiung, Taiwan, R.O.C.

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.....

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MEKONG SUB REGIONAL CONFERENCE

October 22-26, 2003

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15. **Ms. Do Thi Chien**
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