mechanism' to increase tariffs temporarily in the face of fluctuating import prices or volumes. A group of import-vulnerable countries, known as the G33, has advocated for the right of governments to decide for themselves how many products need to be classified as special products and when to invoke the special safeguard mechanism. (See Trading Made Easy, page 38.)

Oxfam agrees with the G33 and supports calls for any new Agreement on Agriculture to include a sentence in the preamble to clarify that: "nothing in this agreement shall prevent developing countries from promoting development goals, poverty reduction, food security, and livelihood concerns." Such measures would support people like Al-Hassan who states quite simply, "rice is the most important crop that we grow because we sell it to pay for all the other things we need for the household."

Compiled by Oxfam Volunteer, John Saeki, who drew from the Oxfam report, Kicking down the door – How upcoming WTO talks threaten farmers in poor countries, April 2005. The report can be read in full at: www.maketradefair.com

SUGAR – SWEET FOR THE DEVELOPING WORLD ?

Titos Escueta outlines the case of sugar

For years, developing countries had been challenging that European Union (EU) sugar subsidies exceeded limits agreed by the World Trade Organization (WTO). On 28 April 2005, the Appellate Body of the WTO confirmed that EU sugar policies are illegal and contravene WTO rules.

The WTO ruling asserted that all EU sugar exports are effectively subsidised, since EU costs of production far exceed the price at which its sugar can be viably exported. Subsidies are hurting the economy of developing countries by generating over-supply and lowering global sugar prices. Oxfam estimates that since 2001, the loss for Ethiopia, Mozambique and Malawi was US$238 million – Malawi's export losses were greater than its entire primary health care budget, and Ethiopia's loss equivalent to its expenditure on HIV/AIDS.

The sugar ruling came at a time when the EU was reforming its sugar policy, and they have had to integrate the WTO judgment: on 22 June, the EU proposed steep and fast price cuts that Oxfam sees as detrimental to developing countries. Additionally, the EU proposed 40 million Euros in compensation for African, Caribbean and Pacific countries (ACPs): Oxfam has called for at least 500 million Euros. Negotiations continue, and it is unlikely that reforms will be completed before Hong Kong.

In March 2005, just one month before the sugar ruling, the WTO had also ruled US cotton subsidies to be illegal; together, the two judgments, in quick succession, clearly establish a serious noncompliance with WTO rules. The rulings have brought developing countries an important legal victory and should serve to strengthen their negotiating hand in the WTO talks – for many developing countries, these export subsidies and subsequent dumping of surplus in their markets are a huge injustice of current trade rules, an injustice that keeps millions of their people in poverty.

The EU and USA must implement the rulings or face possible trade sanctions. Refusing to comply would further weaken the multilateral rules-based system and indicate that they are not interested in reforming agricultural trade rules – an undermining of the current WTO 'development round' negotiations and a lose-lose situation for both developed and developing countries.

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