



**LA VIA CAMPESINA**  
International Farmers Movement  
Movimiento campesino internacional  
Mouvement paysan international

# Free Trade Agreement in South East Asia and East Asia



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## INTRODUCTION

La Via Campesina South East Asia and East Asia organized their strategic meeting with alliances in Dae-gu, South Korea on December 1-5, 2008.

Korean Women Peasant Association (KWPA) and Korean Peasant League (KPL) hosted the meeting. The objective of the meeting was to analyze the current financial crisis and its impact on the Asian population. Various experiences of Free Trade Agreements (FTAs), struggle against FTAs and finding strategies for unified struggle against FTAs were shared.

The struggle against FTAs/EPAs is the struggle against neoliberalism. Another name for Free Trade Agreement is the Economic Partnership Agreement (EPA). The same thing but with different name with the aim of expanding capitalism. Current bilateral or regional FTAs/EPAs have had a negative impact in all sectors. A FTA is not only a bilateral agreement but also structured tools to change the regime with the aim of taking power in these countries. The power is not only dominant in the economic sector but also supports the role of TNC's so they to do whatever they want wherever they want. Beside that, the other aim is geopolitical, which forces each country to go to war with each other.

For La Via Campesina members, FTAs represent continuous struggle even if we realize that the struggle against FTAs will be difficult compared to the struggle against the WTO. FTAs with connected bilateral and regional agreements need to be fought strategically.

The FTAs/EPAs which have been implemented demonstrate the negative impact on agriculture and the environment. FTAs between developed and developing countries are always agreed by agreements which ignore developing countries.

This book is a compilation of various papers that were presented at the strategic meeting in South Korea. La Via Campesina hopes that this booklet can be useful and provide more information about FTAs/EPAs and inspire all of you who fight for the FTA in your country.

We would like to thank all of you who contributed to the publication of this booklet.

Jakarta, September, 2009

## SUGAR STORY

*Vijay Jawandhia is one of the leading farm activists in Vidarbha, the region that has India's highest rate of farmers' suicides – eight per day. Jawandhia was the founder member of the Shetkari Sanghatana. He is also President of the Kisan Coordination Committee, a coalition of farmers' organizations across the country. For one year, the Maharashtra government appointed Jawandhia as the director of the Maharashtra Cotton Federation.*

After 1991, a new era of economic policies started. Free economy, globalization, privatisation became the key words. Sharad Joshi put forth the theory that in the era of globalisation, the government of 'India' would lose all its powers to loot the 'Bharat' (rural India). Thus he declared his support for globalization. Policies of free trade have now been existence for sixteen years. News of suicides of farmers coming from the states of Andhra, Karnatak, Kerala, Maharashtra, Punjab, Haryana, Gujarat, UP has now become a daily affair.

The British looted Indian farmers and thus accumulated wealth for industrialisation. After independence the 'black British' executed the same policy of exploiting farmers and farmland. Farmers were robbed of their income but still did not commit suicide. Suicides started only after globalisation became a reality.

The free economy came into existence in 1994, thereby accelerating the exploitation of farmers. After 1997, thousands of farmers committed suicide during the tenure of Chandrababu Naidu. Since 2001, large numbers of cotton farmers in Vidarbha have committed suicide. Now these suicides are being discussed the world over. Sugarcane farmers did not commit suicide prior to this. Will then Sharad Pawar or Sharad Joshi claim that a free economy is GOOD for sugarcane farmers?

NO is the straightforward answer to this question. This is because the sugar or sugarcane economy WAS NEVER and is NOT AT ALL FREE. It's only recently that free economy has hit sugarcane producers as well and the news of sugarcane producer suicides followed. Sugarcane producers are committing suicide in the very district of our Chief Minister Vilasrao Deshmukh himself.

Let us take a look at the sugar economy and free economy in our country from 1991 onwards.

In the so-called free economy and in the tenure of Atal Bihari Vajpayee, a 60% import duty was imposed on sugar. This is a striking example of government intervention in the free economy. When even this wasn't enough to stop the downward trend of sugar prices, Vajpayee's government made some constitutional changes in favour of sugarcane farmers and sugar factories. The Vajpayee government passed the bill (under the 9th clause of the constitution), which brought the release of sugar onto the market under the direct control of central government. It was only because of this decision that the market price of sugar INCREASED from 12 rupees/kg to 15-16 rupees/kg. After that it even reached a peak of 20-21 rupees/kg. This decision, beneficial to the sugar economy, was not taken under the cooperative sugar lobby of Maharashtra (as projected) but due to pressures within UP politics. Shall we take a look at how?

The UP government had the right to decide on a HIGHER support price for sugarcane than the central government's Commission for Agriculture Produce Costs. Even prior to 1991, there was 65% levy on sugar. This sugar levy was purchased by the UP government at higher prices than the other state governments so that sugar factories in UP could pay more to sugarcane producers. Later the levy remained only 5% and the price of sugarcane solely depended on the market price of sugar. In a free economy sugar was imported from Pakistan and this started the decline in sugar prices. Sugar factory owners in UP could not pay a handsome amount for sugarcane. This was when a BJP government was in central position and there was BJP-BSP coalition government in the UP. It was at this time that the central government imposed a 60% import duty on sugar. When even this did not help, sugar mill owners challenged the central government policy of controlling the release of sugar quotas. Thus they released more than the permitted amount of sugar onto the market. This resulted in a fall in sugar prices. It was now that the Vajpayee government felt the need to pass the aforementioned bill, which controlled sugar release onto the market. Even free economy advocates accepted this government intervention.

The policy of imposing a 60% import duty on sugar and government control of sugar stock release did benefit the sugar factories and sugarcane producers in Maharashtra. After these two major policy decisions, there was a change in politics and the BJP was no longer in power. Rashtrawadi supremo Sharad Pawar became the Agriculture and Supply Minister. It was because of the policy decisions of the Vajpayee government that the prices of sugar were higher. But Sharad Pawar (in attempt to take the credit) declared that sugar would be imported only if sugar prices rose above 20 rupees/kg. In fact, because of a 60% import duty on sugar, it was not at all possible to import sugar.



Because sugar prices were deliberately kept around 20 rupees/kg, it was possible for sugar factories (concentrated in Western Maharashtra) to pay 1100-1300 rupees/tonne for sugarcane. This encouraged farmers to grow sugarcane. From 2006-2007 there was record production of sugar. This will still be high for the year 2007-2008.

The area producing sugarcane has increased and a good monsoon helped to increase sugar production. Sugar supply in the market can be controlled by the central government. Yet supply of 'Gudh' (a natural sweetener made from sugarcane juice) is not controlled by the government. Thus production of Gudh increased and that brought down the prices of sugar. It came down to 14-16 rupees/kg. Sugar factories cannot pay the same price for sugarcane that they paid in the year 2005-06. Even UP factories cannot pay the price declared by UP government. In fact it was also necessary to bring down the prices of sugar so that inflation could be brought down. Yet the central government has declared various steps to keep the market prices of sugar higher. They are as follows:

- 1) Sugar exports are made free
- 2) Buffer stocks of 2 million tonnes will be made.
- 3) Central government will give a 1350-1450 rupees/tonne subsidy for sugar export.

These decisions have been made whilst keeping an eye on the coming elections in UP.

The Congress of the central government had to increase the support price of wheat by 100 rupees/quintal and in addition pay 100 rupees/kg bonus and buy wheat for 850 rupees/quintal after it lost the elections in Punjab.

In a free market, Brazil has brought down the price of sugar. The international market price of sugar is \$330-340/tonne. Sugar export is not possible even with the help of subsidies. If more steps are taken to increase the price of sugar artificially within the country then there is a fear of sugar imports. The government of Maharashtra hastily waived the sugarcane purchase tax to be collected from sugar factories.

These are the same people who advised dry land cotton farmers to compete on the free market and stopped giving advance bonuses on cotton. Yet they did not give them a second thought while opening up their bounty for sugar factories.

**Position Paper of Japan's Family Farmers Movement,  
NOUMINREN On the issue of FTAs/EPAs**

**We Work Against FTAs/EPAs by Strengthening  
our Solidarity with Peasants/Farmers and  
People around the World  
December 2008**

*"Economic liberalism is like an octopus: the WTO being the head,  
and regional and bilateral free trade agreements, the many tentacles  
which keep enslaving the people."*

*(La Via Campesina statement, Geneva, 28 July 2006)*

Given that the WTO has come to a standstill, many powerful countries in the world promote FTAs (Regional and Bilateral Free Trade Agreements) and EPAs (Economic Partnership Agreements). Japan is no exception here.

Up until now, the Japanese government concluded EPAs with Singapore, Mexico, Malaysia, Chile, Thailand, Indonesia, Brunei, The Philippines and ASEAN, agreed upon arrangements with Vietnam and Switzerland and started negotiations with Korea, Australia, India and the GCC (Gulf Cooperation Council). These FTAs/EPAs allow Japanese TNCs to promote their business more aggressively in the world and open the domestic agricultural market further, leading Japanese agriculture to collapse, in order to sell more industrial products and secure access to overseas resources. In addition, these agreements force many countries in Asia to accelerate their agriculture to be more export-oriented. Under these agreements, Asian countries are forced to provide dumping grounds for Japanese industrial waste and "export" nurses to Japan so that domestic health services are faced with crisis. FTAs/EPAs ruin people's livelihood and nature in Asia and are a step backwards from food sovereignty and economical sovereignty movements.

NOUMINREN fights government policy that promotes FTAs/EPAs by strengthening our solidarity with peasants/farmers and people around the world. We call on the government to implement stricter regulations for TNCs and build a new international relationship based on peace, reciprocity and equality.

## The Power Promoting FTAs/EPAs is Japanese TNCs

The government policy promoting FTAs/EPAs is driven by Japanese Business Federation, KEIDANREN, at the head of Japanese TNCs.

KEIDANREN published a report entitled "Country with Hope, Japan" on 1 January 2007. In this report, they proudly recommend (1) an amendment of the Japanese Constitution that was enacted based on the deep regret for wars and invasions and prohibited this country from engaging in any war, (2) a revival of the "nationalism-based education" that was the mental pillar for Japanese Militarism before the end of World War II, (3) revision of labour legislation that leads to further violation of workers' rights (e.g. no overtime pay), (4) a huge tax increase for people and tax reduction for big companies and (5) promotion of the WTO and FTAs. Especially for the WTO and FTAs, they foresee that the Doha round will be concluded and further negotiations will start and have the wishful thinking that FTAs/EPAs will be completed in countries on all continents except Africa and the Antarctic within the next 10 years. In Asia, "free" activities of Japanese TNCs will be guaranteed and it is expected that there will be more advanced production at the most suitable location.

In other words, the report makes it clear that Japanese TNCs "freely" oppress the industrial and economic development of Asian countries and "freely" exploit workers. By following these requests from TNCs, the Japanese government included the following sentence in documents agreed to start FTA/EPA negotiation with ASEAN: "For broadening business in ASEAN, Japanese companies focus on cheapness and quality in labour force." It means that the government followed the will of TNCs that want a cheap and hardworking workforce without any hesitation.

There has been tremendous intervention, especially regarding workers' rights. For instance, the "Japanese Machinery Centre for Trade and Investment," which organises Japanese export companies for automobiles, electronic equipment and information and communication technology equipment, produced a precise list of "Problems and requests to each country and region for trade and investment". In this document, it openly urges Korea to repeal its obligation to hire part-time and temporary workers as full-time workers and to control a high rate of wage increase. This is an attempt to deprive workers of their rights by correcting "labour-management practice and a system that overprotects the workforce" and "frequent labour disputes," which are often a result of "strong influence of the union."<sup>1</sup>

<sup>1</sup> [http://www.jmcti.org/cgibin/list\\_ind.cgi?Kind=Country&code=110&category=16](http://www.jmcti.org/cgibin/list_ind.cgi?Kind=Country&code=110&category=16)



Moreover, a director from Ministry of Foreign Affairs who is in charge of FTA policies spoke without any hesitation as the following attests:

“The basic relationship between Japan and ASEAN places Japan as the investment homeland while giving a complementary role to ASEAN nations as the production base. What Japan seeks through FTA/EPA negotiations is mainly related to investment. It is important to cut tariffs on such export goods as steel and automobile parts from Japan because these intermediate materials are shipped to factories in Asia where Japanese capital has a great share. At the same time, we call on ASEAN to fix the rules of investment to create a favourable environment for Japanese companies to invest. In addition, concerning investment, we request liberalization to help promote various service industries such as banking, insurance and transportation. Government procurement is aims that local Japanese companies tender a fair bid. Therefore, we can say that almost all the Japanese demands are basically related to investment.

The demands on the ASEAN side are basically access to the Japanese market, including agricultural and marine products, and the movement of persons. Therefore, the EPA with ASEAN should be comprehensive to cover mutual demands.”<sup>2</sup>

It is not very common to find such a clear statement that reveals the aim of TNCs.

In fact, Toyota has already advanced its “intra-firm division of labour” by taking Southeast Asia as their own territory, as indicated below. It is no exaggeration to say that FTAs/EPAs are an agreement for tariff elimination and investment guarantees for Toyota.



One NGO in the Philippines points out that: "The Philippine government is surrendering policy tools under the JPEPA.... The end result of the JPEPA and other such agreements will be to shut the door to real domestic industrial growth and economic progress ("On the Japan-RP economic pact," IBON Foundation, September 9, 2006)." We agree with this idea.

The strategy of Japanese TNCs is also targeting Japanese people. Under the guise of "production at the most suitable location," their aims are to break up Japanese agriculture and create more space in domestic industry by weakening and transferring capital overseas for foreign companies. TNCs aim to corrupt labour laws in order to reduce the salaries of Japanese workers and spread "Karoushi" (death caused by overwork).

"Hope" for TNCs is equal to "despair" for people in Japan, Asia and the world.

### **We Shall Never Permit "Waste Colonialism" through FTAs/EPAs**

What we cannot ignore is the Japanese government and TNCs are trying to build "waste colonies" through FTAs/EPAs.

In the Japan-Philippines EPA, the schedule of tariff reduction for the Philippines includes "ash and residues containing arsenic, mercury, thallium or their mixtures," "Medical Waste (adhesive dressings and other articles having adhesive layer; wadding gauze bandages; surgical gloves)", "waste organic solvents," and so on. While provisions in this agreement force the Philippines into committing to import this Japanese industrial waste without any tariffs, Japan does not have any commitment to import them itself. Furthermore, the same clauses are going to be included in the outline of the Japan-Thailand EPA.

"Trading" of waste is taking place under the name of "recycling." However, even when called recycling, an international convention (Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, 1989) regulates the transboundary movements of hazardous wastes. As this convention was not fully worked out, an amendment that prohibits any developed country from exporting hazardous wastes to developing countries was adopted in 1995. Japan has not ratified this amendment and has tried to get rid of the "prohibit" clauses.

The former Chief Economist of the World Bank, Lawrence Henry Summers, who was appointed by Mr. Obama as the next Chairperson of

the National Economic Council, stated in 1991: "If we transfer hazardous wastes and the pollution industry to developing countries where the 'price of life' is cheap, we can save our costs. We should accept this truth." He cruelly described the "logics of economics" like this and was blamed from all over the world. However, the current "industrial wastes dumping area" idea is proof of the reappearance of this shameful discussion.

In addition, clauses concerning industrial wastes in the JPEPA are included because of pressure from the Japanese government according to a Philippine government official.

"The JPEPA, we were told, was an all-or-nothing proposition, that if we don't agree in one or two products of the 11,300 there will be no agreement." – Philippine Environment Undersecretary Demetrio L. Ignacio, Philippine Daily Inquirer – 10/26/2006

This shows how arrogantly Japan behaves towards South East Asia.

We are fighting against this overbearing behaviour and have started actions against "waste colonies" with some environmental NGOs.<sup>3</sup>

## **We oppose the treatment of workers as a mere "commodity"**

"Imports" of nurses and care workers is included in the Japan-Philippines EPA and the "import" of hotel workers in addition to these people has been agreed in the outline of the Japan-Indonesia EPA.

Of course, the way in which these agreements influence Japanese workers is a problem. At the same time, we are deeply concerned that this could speed up forced migration under the neoliberal policy. Furthermore, we are apprehensive due to collapsing health services in the Philippines, Indonesia and other countries caused by an absence of skilled nurses.

The number of nurses per 100,000 people in Japan is 859, but still the number is not sufficient. In the case of the Philippines, the number is 418, less than half of the number in Japan. Those who need Philippine nurses the most are Philippine people and this outflow of nurses to Japan must be stopped. This is our position.

<sup>3</sup> *\*Japanese Citizen Groups Urge the Japanese Government to Remove Waste from EPAs with Developing Countries and to Seek National Self-Sufficiency for Waste Management, 11*

*\*February 2007, to Japanese Government*

Today, more than 800,000 foreigners are working in Japan, and cases of low-wages, long working hours, and human rights violations are extremely widespread amongst this group. For example, a subsidiary company of the Toyota group hires Vietnamese workers with wages lower than the minimum wage while each worker is charged 42,652 yen (450 USD) per month even though each room is shared by four workers. This means that the company is renting a room for 170,000 yen (1800 USD). The rent paid by each worker is equivalent to more than 50% of the wages earned by a Vietnamese worker (70,000-80,000 yen). On the other hand, Japanese workers who live in the same apartment complex pay only 17,000 yen (180 USD) per month for a room.

This is just one example of exploitation by companies. ZENROREN (National Confederation of Trade Unions), a member of SHOKKENREN (National Coalition of Workers, Farmers and Consumers for Safe Food and Health, Japan) and an ally organization of NOUMINREN, has established a "Liaison Council on Migrant Issues" (LCM). We are strengthening our struggle by helping immigrant workers as friends in order to guarantee their rights. In regard to the case of the Vietnamese workers, the trade union is taking an action to solve this problem and they have engaged in collective bargaining with the company concerned.

At local, national and international level, we are fighting to stop the flow of forced migration and to protect the rights of immigrant workers together with ZENROREN.

## **The Struggle Against FTAs/EPAs is the Key in the Movement for Food Sovereignty**

Besides negotiations with Asian countries, Japan has started FTA/EPA negotiation with Australia and started to discuss negotiations with the US and China.

At the end of February last year, the Japanese government released a trial calculation that showed that Japan will see its already abnormally low caloric based food sufficiency rate fall to a lower rate of 12% from the current rate of 40% if Japan completely liberalized agricultural imports under FTAs/EPAs and WTO (See chart). Sugar and wheat production will be destroyed, rice and milk production will decline by 90% and overall food production will decline by 70%. In addition, according to our trial calculation, the sufficiency rate for grains will decline from the current rate of 27% to 2.7%. It is no exaggeration to say that agriculture will disappear from Japan. In addition, Japan is a country with a mere 2% of the world population, but it buys up 10% of the food on

world markets today. This figure will go up to 30% under such conditions. This is an absolute reversal of steps to eradicate hunger and establish food sovereignty.

If Japan completely liberalized agricultural imports,  
agriculture will disappear from Japan.

Caloric based food sufficiency rate	39% ⇒ 12%
Cereal sufficiency rate	27% ⇒ 2,7%
Cultivated land area (1000ha)	4,714 ⇒ 1,994 (60% decline)
Decline in Production	
	Rice 90% decline
	Wheat 99% decline
	Sugar 100% decline
	Milk 88% decline
	Beef 79% decline
	Pork 70% decline

*Source : Ministry of Agriculture, Forestry & Fisheries "A Trial Calculation of effects on domestic agriculture if all border measures are removed." (February 26, 2007)*

However, at the debate of the Council of Economic and Fiscal Policy (CEFP), which is hijacked by heads of Japanese TNCs and their closely connected scholars, there were disturbing opinions such as the following: "There will no longer be agriculture in Japan, but that is OK." "If the market is liberalized, there will be no more need for us to produce rice." "Securing imported food through FTAs/EPAs achieves food security." Their first report which was released on 9 May of last year is based on these debates.

The Japanese government proposes strengthening Japanese agricultural capacity for trade competition as preparation for FTAs/EPAs. The government is steamrolling a policy that sees 80-90% of 3 million existing family farmers as "inefficient" producers and drives them out of agriculture. In the world, family farmers and peasants are the people who maintain agriculture and the environment and produce safe and healthy food for people. Comparing the average area of farmland, there will be 3,385 ha per household in Australia, whereas in Japan each household has only 2 ha. "Efficient" for the government means 4 to 10 ha of farmland. Yet how can we compete with 3,385 ha?

Just after World War II, agrarian reform was completed in Japan. The land load system was demolished, and the system in which family farmers own and cultivate their farmland was created for the first time in

history. Now, the government aims to change this agrarian reform as the basis for promoting the WTO, FTAs and EPAs and is following orders from TNCs, which want to dominate agriculture.

The US, a country responsible for the crisis of Japanese agriculture and food, now wants to conclude a US-Japan FTA that could completely destroy Japanese agriculture. In "The US-Japan alliance" (also known as "the New Armitage Report"), it states: "Japan faces a demographic crisis in agriculture. Japan has very strong reasons to liberalize agriculture further and few viable alternatives. Agriculture can and should be a central part of a US-Japan FTA, with all sectors, including rice, on the table." On the other hand, by taking the "rice culture" of Japanese farmers into account, it suggests: "The Japanese need to realize that liberalization does not mean the obliteration of agricultural industry in Japan. Rice farmers will undoubtedly shift to high-quality niches, such as organic cultivation."

However, a shift to "high-quality niches" will destroy the production of basic food such as rice, wheat, soybeans, meat, and milk, and it will limit Japanese agriculture to the production of "high-quality" fruits and leafy vegetables. This is no different to the previously mentioned pathetic trial calculation by the Japanese government.

### **Rise in public sentiment against liberalisation and in favour of food safety and an improvement of the food-sufficiency rate in Japan**

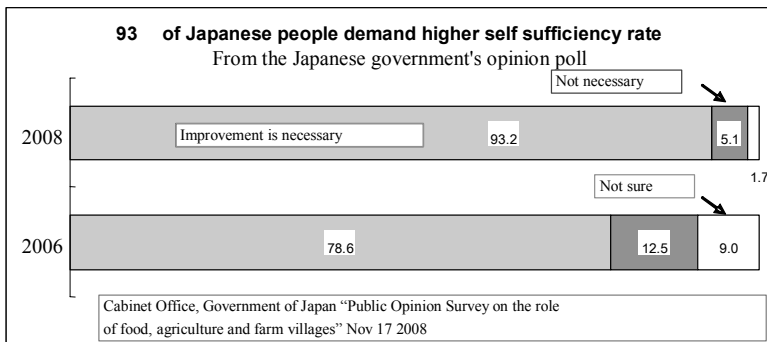
This year in Japan, a high concentration of pesticides was detected in frozen dumplings (gyoza) produced in China, and a scandal followed when minimum access imported rice contaminated with pesticides or mould toxins was found to be sold for human consumption. This has pushed consumers' concerns to the limit.

The reason why the Japanese government continued to import the tainted rice, which it ought to have been banned from importing, is due to their misguided belief that minimum access is a "duty." As a result, they knowingly continued to import the rice contaminated with pesticides or mould toxins in order to fulfil their "duty." This is what was happening behind the scenes while the Japanese government was forced to cut 40% of rice field production and continued to import more than 770,000 tons of foreign rice, which is more than the production of the top rice producing prefecture in Japan, Niigata (650,000 tons).



Moreover, 34,000 tons of the contaminated rice had been sold over the last 13 years and only 20% or 7,000 tons were identified while the rest remains unidentified. In addition, the contamination of wheat and corn is also starting to be revealed. The issue of food contamination seems to be bottomless.

Under such circumstances, the sentiment of Japanese citizens opposing liberalization and demanding food safety and an improvement in the food sufficiency rate is clearly rising, as was recently revealed by a public opinion poll conducted by the government. This trend in public opinion will be favourable to the struggle to establish food sovereignty.



NOUMINREN has its own food analysis center. By testing for chemical residues and GMOs in food, it has appealed to the media and successfully forced the government to ban the import of certain foreign products. NOUMINREN is the only agriculture and peasant organization which consistently opposed WTO minimum access. As a result, it now gains great attention from the media and there has even been a special report on NOUMINREN's action.

Through our 13-year struggle, as well as the struggle against the tainted rice scandal, one of our great historical achievements is that we drove minimum access rice import into a corner. If the minimum access rice import comes to an end, a massive increase in rice production will be necessary. To enable this, a fundamental transformation of agricultural policy is essential.

Under such favorable conditions, we will strengthen our struggle for the reduction and abolition of minimum access as well as our struggle against liberalization of agricultural products through FTAs/EPAs that represent the most contradictory aspects of the WTO system in Japan.

Japan is popular because of Toyota and Sony. Yet the country also has a lot of rain and suitable climate conditions for agriculture. A policy where a country such as Japan increasingly destroys domestic agriculture and buys food from all over the world is completely in contradiction to the world objectives based on humanism that try to eradicate hunger. We strongly believe that maintaining our agriculture and improving our unusually low food self-sufficiency ratio can contribute a lot to the construction of an alternative world.

We are facing up to the history of invasion and occupation by Japanese militarism during World War II. In addition, we are facing up to the fact that Japanese TNCs are playing a harmful role in Asia. We struggle together with friends from all over the world with a feeling of great responsibility.

Globalize Struggle, Globalize Hope!

**Food crisis, FTAs and landgrabbing**  
**Contextualizing the struggle**  
**against FTAs in Asia**  
**GRAIN sharing for Via Campesina strategy**  
**meeting in Dae-gu, South Korea,**  
**1-5 December 2008**

Introduction: the myth of the market shattered

The global food crisis we have been living through since mid-2007 is intrinsically linked to the much broader financial crisis. The food crisis was a systemic collapse produced by neoliberalism, where governments lost faith in the market and ran away (to bartering, export restrictions etc.). It did not arise from a problem of supply and demand. Nor did it arise from peasant agricultural systems. It emerged out of our industrial systems of food production, which are capital intensive, highly dependent on petroleum and well-integrated into the global economy. When food prices began rising, in tandem with the oil price shock, speculation took over and markets broke down.

Food markets broke down at the same time that financial markets broke down and this is no coincidence. The “financialisation” of the world economy over the past 20 years means that more and more wealth is being produced from financial assets (i.e. people making money from money), while less and less comes from workers producing real goods and services. The enormous rise of the finance industry in the structure and control of our economies, including agriculture, over the last 20 years was made possible by governments (in complicity with the finance capitalists) deliberately not regulating it. When speculative bubbles burst in 2008, everyone could see that the emperor had no clothes: there was no real lack of food in the world’s food system, and no one knew who was holding how much toxic debt (fictitious capital) where in the global economy.

Every response to these crises from official circles has been to fly forward towards more of the same. In agriculture, the World Bank, the UN Food and Agriculture Organisation and governments both North and South have been trying to push us forward into the same kind of intensified industrial agriculture model with new seeds, more fertilisers and expensive technologies. Yet this agricultural model functions primarily for the benefit of transnational corporations like Cargill, Syngenta and others who gain more structural control over farming while the poor cannot access the food. In the finance sector, the US, the European Union and

others have been moving to “rescue” banks with taxpayers’ money. But the bailouts are not designed to put more liquidity in the market and unfreeze the system; rather, they are to help the banks buy each other out. Again, the benefits are overwhelmingly for private corporations.

The food crisis is a product of this system and the system feeds off it. This is what they mean when they say that capitalism thrives on crisis (or disaster) for its own renewal.

## **Policy manipulation & today’s agricultural landgrab**

There is a lot of policy manipulation underlying all of this. And free trade agreements (FTAs) play an important role in that policy manipulation. On a general level, they lock countries into policy reforms that provide the basis for the expansion and entrenchment of neoliberalism. But more specifically in terms of food and agriculture, they introduce a range of new rules — on things like food safety standards, export restrictions, investment liberalisation and capital controls — that serve as a pole around which further policy experimentation can take place. The whole trend towards landgrabbing as a solution to current food and financial insecurity, which has exploded since March this year, is a good example of this.

Countries that are food-insecure (dependent on the global market to feed themselves) yet cash-rich have started buying up or renting land in poorer countries as a long term strategy to bypass the market and produce their own food. Farmland is being acquired abroad strictly to produce food to ship back home. The latest example is Daewoo getting hold of 1.3 million hectares of farmland in Madagascar — half the country’s arable soil — to produce mainly corn for export back to Korea over the next 99 years. But China and the Gulf States, India, Japan and Libya have been doing the same, particularly in Asia and Africa, on a very large scale over the course of this year. (In Asia, the countries playing along with this landgrab in order to soak up cash include Indonesia, The Philippines, Laos, Cambodia, Burma and Pakistan.)

The finance industry is doing the same, but strictly to make money as other markets are down. Rightly expecting that food prices will stay high and seeing land prices in many poorer countries as low, they are leasing out or buying up farms in Asia, Africa and Eastern Europe. Deutschebank, Morgan Stanley, Barclay’s and plenty of other investment houses, private equity firms and hedge funds whose names people have never heard of are getting control of land to produce food for the world market as a short-term (5-10 years in this case) investment strategy.

Bilateral FTAs and investment agreements provide a useful basis to pursue this kind of response to today's food and finance crisis. As discrete agreements to liberalise trade and investment between two or more countries, they serve as a broad framework to loosen up land ownership rules, provide special waivers or favours regarding export restrictions and capital controls, incite quiet changes in domestic laws and policies and avoid anti-corruption controls — all of which are useful to push these landgrab deals through. We see this in the Philippines-China agreements, through which the Chinese government was able to negotiate access, for the benefit of Chinese corporations, to 1.2 million hectares of farmland in the Philippines last year in the broader context of the China-ASEAN FTA. We see it in the China-Thailand FTA, a formal “early harvest” agreement under the same China-ASEAN FTA, where China and Thailand came up with their own bilateral food safety standards to facilitate cross-border investments for corporate expansion. We see it today with India negotiating finely-tailoured investment rules with the Burmese junta in the larger context of the India-ASEAN FTA to facilitate India outsourcing food production to Burma for exclusive export to India. And there is no doubt that Gulf countries are able to pressure Pakistan into relaxing its food export restrictions just for the specific corporate farms they want to buy in Pakistan, for their own food production, in the frame of Islamabad's overarching desire to strike an FTA with the Gulf Cooperation Council.

This is not to say that FTAs directly or necessarily open the doors to these landgrab deals. But they do provide the broader bilateral trade and investment relationship through which the policy manipulations and experimentations necessary or useful for these deals can be more easily pursued. This is especially so in the South-South context, where, like it or not, anti-corruption measures are never part of the policy agenda.

## **FTAs today and tomorrow**

Right now, FTAs are a strategic tool for governments and corporations to push structural policy reforms in trade and investment on an international scale, including in agriculture. This is especially so because of the failure of the World Trade Organisation to achieve anything in the area of multilateral reforms over the past six years or so.

What can we expect of the FTA trend in the coming years?

- Despite a change of government in the United States, we can expect US FTAs to continue to move forward, even if some restrictions or restraints are introduced. There is no real reason to expect

that the US Congress won't ratify pending agreements with Peru, Korea, Colombia and Panama, even if they delay or introduce some tweaks. And the Bush administration has been forging ahead this year signing new Trade and Investment Framework Agreements (e.g. in Eastern and Southern Africa) and negotiating new Bilateral Investment Treaties (e.g. with China) — the precursors to US FTAs — despite its loss of fast-track authority. No obstacles to this course are visible on the horizon.

- The EU is definitely bound to continue on its aggressive course towards more FTAs, as is the neighbouring European Free Trade Area bloc (which agribusiness giant Switzerland is part of). Both have a full agenda of FTAs they want to secure and there are no signs of either of them planning to ease off.
- For Japan, it's hard to say (given the government's historic weakness in responding to the demand for FTAs from the business sector) but here in Asia we should also be aware of the upcoming expansion of the Pacific-4 or P4 FTA (between New Zealand, Singapore, Brunei and Chile) into a P7 or P8 agreement with the incorporation of the US, Australia, Peru and potentially Vietnam. The newly expanded P7/P8, which governments will start negotiating in March 2009, could be the germ of a Pacific-wide FTA that the US never achieved under the APEC umbrella. And it plays right into the competition between China, Japan and the US for hegemony in East Asia.
- At the South-South level, including here in Asia, we will definitely see more FTA deals and more expansion of these deals into finance, services and investment liberalisation after their initial forays into opening up trade in goods. For many so-called developing country governments, FTAs are seen as a key tool to get greater access to markets (which the financial crisis is making more acute because recession in the rich countries will bring a slowdown in their demand) and to foreign capital (which could usher in more justifications for investment liberalisation), their major concerns.

## Challenges

While anti-FTA struggles in Asia have been very successful in mobilising people around specific FTAs (e.g. Thailand-US, Thailand-Japan, Korea-US, Korea-Chile, Japan-Philippines, Malaysia-US, Australia-US, EU-India, etc) and even blocking some of them, we face a lot of problems. One of these is that it may be possible that people are not always



grasping the wider implications of what these FTAs represent. This may be partly to do with emphasis that some campaigns put on technical details of the agreements. For instance, when geopolitics or broader corporate strategies underpinning these FTAs get lost from view, it can be easy to think that this or that specific deal is less harmful than another (and campaigns wane) — when really it's not. Similarly, FTAs tend to gain or lose visibility in the public eye based on specific issues, while their broader significance may go unchallenged. This is something we may need to address.

But even more broadly, the coming together of the food/financial crisis, the unrelenting trends toward FTAs and today's new agricultural landgrab drive all raise one central challenge as we work on new strategies: how we sort out our relations with the State. People's movements have long fought privatisation by calling for public control, but who is the public? And now that States are so hijacked by the corporate sector, what are we to demand or expect from them? While there is enormous space for diversity here, this may be a central issue we need more clarity on.

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## Going further

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## **An activity report about the Korean Alliance Against the Korea-U.S. FTA (KoA)**

Anti-FTA protests started in Korea when the Roh administration began FTA talks between Korea and the Republic of Chile in 2002. This led to an anti-ratification struggle in 2003. It was also linked to anti-FTA negotiation in Japan. The former was developed by farmers as a leading party, but the latter was undertaken by workers. These two protests had not spread with concerted action.

The nationwide anti-FTA struggles, including all parties, started in earnest combatting the Korea-US FTA. The protests had definitely been influenced by workers' and farmers' anti-WTO protests in Hong Kong and Cancun.

The conflicts with the Korea-US FTA have continued to progress since 2006.

### 1. Chronology of the protests against the Korea-US FTA

The protest can be divided into three stages.

#### (1) Starting negotiations and establishing the KoA

The US demanded an agreement on four prerequisites before beginning negotiations with Korea. Korea accepted the humiliating conditions and started a regular entente.

- Announcements of the 4 prerequisites:
  - 13.01.2006 Consent to resume US beef imports
  - 26.01.2006 Governmental announcement of reducing the screen quota (the number of days of compulsory screening of domestic films)
- 03.02.2006 Official declaration on the start of negotiations (from the Capitol)
  - 15.02.2006 The organization of the Korean committee for defending the screen quota and an anti-FTA protest consisting of 113 groups (in front of the U.S. embassy)
  - 28.03.2006 Establishment of the Korean Alliance Against the Korea-US FTA
- 02-09.06.2006 Primary protests against the Korea-US FTA talks
- 03-09.06.2006 Protest to the FTA on a visit to US
- 07.2006 A nationwide rally
- 11.2006 A nationwide rally

#### (2) After the agreement

- 04.2007 Martyr Heo Se-uk, burnt himself to death. The convention had been made.

- 05-06.2007 Treaty disclosure and signature
- 06.2007 Additional negotiation  
(Additional negotiation was based on the new commerce policy for fair trade by the Democratic Party and it connected trade with the working and environmental standards in automobile industry and other industries.)

(3) Anti-CJD (mad cow disease) activities

- Anti-mad cow imports activities had been taken in line with the FTA agenda, which could be related to national concerns about food security.
- Supervisory citizen organization of CJD activity
- 08.04.2008 President Lee Myung-bak agreed to import U.S. beef  
\* The protests against the Korea-EU FTA: Starting negotiation in early May
- Since KoA activities were losing impact, anti Korea-EU FTA activities started with a low expectation from their early stages.
- Activities: Activities were developed on a small scale since lack of momentum for struggle was taken into consideration among civil society activity groups. Press conferences, debates and a protest away, amongst other things, were organized.

2. The significance of the KoA organization

- The biggest organization in Korea, consisting of all sorts of people including workers, farmers, movie-makers, experts and politicians who meet for the common goal of "protest against the Korea-US FTA".
- Uniting left-right agricultural organizations and trade unions: It formed a basis of concerted action for the Korea-US FTA agenda which made many organizations gather together.
- Organizing sectional groups (audiovisual media / farming, livestock and fishery industries / art and culture / students / health care / education, etc.) Professional activities were revitalized and systematized in sections. Local KoAs were also organized, so that local activities were promoted.
- For promoting National Assembly activities, a political consultative body and an emergency situation council were organized.
- Large-scale nationwide rallies took place, including hunger strikes, signature seeking campaigns, lecture meetings, debates, propaganda activities, candlelight rallies, cultural activities and a supervisory organization for CJD (madcow disease).

- Taking this opportunity, international joint activities increased. There were protests surrounding the first round (in Washington D.C.), third round (in Seattle) and fifth round (in Montana) of negotiations and also surrounding the OIE (Office International des Épizooties: World Organization for Animal Health), which has the power to decide international ratings of US beef, and the activities in the US Congress.

### 3. Main activities

#### 1) Improvement in public awareness

Public opinion in relation to the Korea-US FTA

- After the declaration of the start of negotiation - Nearly 80% agreed.
- After the first round of negotiation - Experts from KoA participated in televised debates and disclosed problems about governmental assertions. Also liberal media journalists broadcasted programs about the effects of FTAs in other countries, especially concerning NAFTA (North American Free Trade Agreement). As a result, a spell of caution and scepticism formed public opinion about FTA. Therefore, the survey taken on 13 July reflected that 62.1% were against and 33.2% in favour.
- 10.2006: With the strong propaganda from the government and corporations, the situation reversed somewhat. 45.8% were for and 43.8% were against.
- After reaching an agreement: 60% of respondents gave positive answers about the Korea-US FTA, and 28.3% gave negative ones. The biggest reason for positive evaluations was 'National competitiveness assurance' (44.6%), followed by 'Promoting consumer's profits' (36.1%) and 'Intensification of the Korea-US alliance' (10.7%).  
The government took the initiative during this wave of public opinion since the agreement was concluded on 2 April.  
\* But it was not to be too down heartening. While enterprises, the press and the government tried to overwhelm with material superiority, half of the public voice subscribed to our opinion.
- 27-28.05.2008: When so many people gathered for FTA renegotiation, 79.3% of interviewees replied that they did not trust the government's explanation about the mad-cow agreement. Furthermore, opinions against FTA ratification rose to 58.6%, an increase of 4.2% compared to the percentage 2 weeks before. Yet just 29.8% said that ratification should take place promptly.

- \* As this report shows, the national view is in a state of flux, so the way it changes is up to how the social movement camp acts.
- 2) Pressure on politics and members of the Assembly - Emergency conference
  - It was essential to put pressure on politicians and members of the Assembly not to ratify, since negotiations had been concluded.
  - There was also expected to be a link with a presidential election and general elections.
- 3) Mad cow disease project
  - In terms of US beef imports, there were projects against the OIE, monitoring activities and so forth. It was accepted as a key subject by systematisation and popularisation. Since it was a matter of national health, the urban population needed to be against the FTA. This is because they were major supporters of FTAs.
  - Citizen supervisory organisations also tried to keep bringing up issues about 'Mad cow disease' (CJD).
- 4) Struggle
  - Mr. Heo Se-uk's funeral combat
  - This incident proved that Korea-US FTA negotiation had progressed without considering and including citizens.
  - KCTU (Korean Confederation of Trade Union) staged a strike: Strikes on three occasions in 2006 / Workout on 29.06.2007
  - National concentrated strike drew public attention.
- 5) Combination with national issues - Preventing Korea-US FTA ratification and anti irregular bills national indignation meeting
- 6) Global league - It was reasonable that collaborated combat was needed, with involvement of the countries concerned. Acting on this point, combined fighting was took place in a positive manner. It ran for a long time, over a year in fact, and this is a meaningful and historic result. It made had a great opportunity to strengthen one-on-one solidarity. In addition to this, Korean residents in the US played a particularly important role in away protest and the American Congress activities.
- 7) Methodical actions - We tried to revitalize national supervisory and extraordinary conferences in consumer groups and local

societies. Additionally, an anti mad cow disease committee and an executive joint meeting are now in operation.

4. The present status of the Korea-US FTA ratification  
GNP (Grand National Party) - They wanted earlier ratification than the U.S. Democratic Party - They preferred early measures with the political change of the Obama administration.  
Public opinion poll - 11.2008: The response saying that we have to ratify earlier was just 24.6%.

5. Products and problems

Even if we were not able stop Korea-US FTA, it was a pretty good struggle. FTA was a kind of Korean version of neoliberalism and globalisation, and we could form social issues on 'how they can destroy our life'. We also tried to spread this protest over all social strata, not in just one class.

Due to a shortage of practical capacity and indefinite subjects, however, our abilities were limited to active publicity campaigns.

Departmental action was useful, on the other hand it could not gather into one voice. In addition, we did not draw concrete results after the agreement, so defeatism occurred. However, we could fortunately overcome it with candlelight combats in May and June.

The situation is changing because of events such as the American financial crisis, Lee Myung-bak's continuative economic mistakes, Obama's FTA politics and the expectation of changing economic politics. They make this a good opportunity for denouncing FTAs. (\* In June 2008, 906 of electors undertook a survey by CNN and Opinion Research. 51% of them replied they do not agree with the FTA because it would menace the American economy. On the contrary, just 40% answered that FTA will be an opportunity for American economic growth. Currently, the combined influence of continuous economic slump, job losses and environmental problems and protective trade is now creating a strong voice in the US and the American Democrats, the Party in power last year, put a brake on free trade politics. The opinion that the FTA jeopardises the American economy was 35% in 2000, and 48% in 2006.) This is a great opportunity to demonstrate the strong reasoning behind arguments for FTA abrogation. It is also important because it will be connected to the Korea-Japan FTA and the Korea-China FTA. To prevent these FTAs, we must continue to fight against Lee Myung-bak's neoliberalistic moves. With this, executive members should regain confidence and it is also an urgent matter that suggests an alternative plan to persuade the nation about global trade.



## **Free Trade Agreement (FTA) and its impact for small Peasants in Indonesia**

Many people in the country are against this agreement. People consider that it is harmful, especially regarding the FTA in the agriculture sector. In Indonesia, more than 43% of the total population is dependant on the agricultural sector. Out of these people, 56% are farm labourers (landless) and small farmers with land ownership of about 0.3 hectares. This illustration shows that agriculture is a fragile sector that can be directly affected by the WTO and FTA policy. It means that small farmers will become the most affected elements in this free trade mechanism.

### **Deregulation process in Indonesia**

The government has had to introduce and amend existing laws to suit the needs of the free market to speed up free trade negotiations. Legislation was created to cover the prescribed three-fold nature of the neo-liberalism regime, namely, liberalisation, deregulation and privatisation. Here are some regulations concerning the agricultural sector in Indonesia that were made to accommodate the interests of neo-liberalism:

- In 2000, the government passed a plant varieties protection law (Law No. 29 / 2000). This regulation was adopted to accommodate the GATS and the WTO agreement on Intellectual Property (IP) issues for plants.
- In 2004, the government passed a water privatisation law (Law No.7/ 2004). The law protects private companies control over water resources.
- In 2004, the government passed plantation legislation (Law No.18/ 2004), forestry legislation (Law No.19 of 2004) and connected regulations. These regulations want to accommodate the interests of many large agribusinesses and forestry companies. In this regulation, processing industries for plantation products are required to have their own plantation. This policy has weakened peasants' bargaining position since the corporation can fulfil their needs from its own broad plantation. Moreover, there are restrictions for peasants who live around the plantation and forest area regarding access to this land. Peasants can be charged with many offences due this regulation.
- In 2007, the government passed Investment legislation (Law. 25 / 2007). This law provides simpler rules for foreign investors in Indonesia. One of its articles is an extension period for a commercial law

concession from 60 years to 95 years. This article could finally be revoked since SPI succeeded in urging the constitutional court to abolish it.

- In 2007, the president issued instructions to support the development of biofuel. This regulation ambitiously set 6 million hectares land aside for biofuel needs. In practice, the expansion of large-scale plantations has expropriated many small peasants living in the area.

## **FTAs and Violation of peasants' rights**

Since December 2005, the EU Commission adopted a Plan of Action and Strategy for biofuels. The EU has a target to achieve 10% biofuel consumption as a source of energy by 2020 i.e. about 1 to 1.5 million tons. In the report, the Commission is aware that the EU set an ambitious target. The consequence is that the development of biofuel will require significant economic investment. To achieve this, developing countries in tropical areas are being selected to become the basis for biofuel production since they can achieve huge levels of production and high productivity with lower prices than in developed countries.

It was said that the EU seeks to encourage negotiations to expand the use of raw materials for biofuel through multilateral and regional free trade agreements. This policy successfully boosts huge palm oil exports from developing to developed countries and developing countries starts to compete here. For example, in Southeast Asia, Malaysia and Indonesia have particularly focused on palm oil and cassava production (for ethanol).

Another policy on biofuel is the Lahan Energi Abadi development (an amount of land that is allocated to provide long lasting energy supply) that amounted to 5 million hectares of land. However, in reality the target was greater than 5 million hectares. It started with the opening of a new 1.8million-hectare palm oil plantation on the Kalimantan-Malaysia border in mid-2007. It will be extended to Merauke with 1.5 million hectares towards the end of this year.

The expansions of palm oil plantations in Indonesia have been seriously threatening the food sovereignty of the people. This policy has raised agrarian conflict and also the loss of public access to agrarian resources. Land grabbing for the development of palm oil plantations has been experienced by many members of SPI. In Subang, West Java, land clearing for palm oil plantation has cut the flow of irrigation and peasant's corn fields have been seized. In South Sumatra, the opening of 1 million hectares of palm oil plantations has shut off irrigation for hectares of rice

fields. In North Sumatra, land grabbing for palm oil plantations has seen peasants who tried to defend their land imprisoned. To conclude, the biofuel industry threatens food sovereignty implementation and is responsible for the loss of millions of tons of local food.

From the consumer side, the competition between palm oil for food and palm oil for fuel has raised the price of cooking oil at national level. The palm oil processing industry prefers to export Crude Palm Oil (CPO) to Europe at a higher price. In 2006, there was cooking oil scarcity in Indonesia.

## **SPI Struggle**

### **Mass action**

SPI continuously mobilises mass action against the WTO / FTAs. In rural areas, SPI mobilises peasants to reclaim their land which has been seized by agribusiness companies.

### **Legal action**

SPI performs a judicial review of all legislation that marginalizes people. In some cases, the Constitutional Court rules in favour of our demands, such as revocation of the extension of commercial land concession in investment law. However, we still face many challenges and obstacles on various legal fronts.

### **Public Campaign**

SPI promotes food sovereignty as an alternative policy to the food security concept. In food security law, countries must meet the people's right to food, without any consideration about the source of this food supply. There is no mechanism for the protection of small peasants as food producers. On the contrary, the food sovereignty concept clearly recognizes that every nation and every people has the right to independently produce food and set its own agriculture, animal husbandry and fishery systems without subordination to international market powers.

Moreover, we conduct family-farming practices, a policulture agriculture system, sustainable use of local seeds, agricultural cooperative development and direct selling marketing as alternative efforts implemented by SPI to fight current trade liberalism.

**Globalize hope, globalize struggle!**

# **Experience of and future plans for struggle against FTAs**

**December 2008**

**Korean Peasants League  
Korean Women Peasants Association**

## **Struggle: from the UR to the Korea-USA FTA Korean peasants' struggle against globalisation and neoliberalism**

### **Opening of agricultural markets by US**

Agriculture in Korea has been destroyed by huge aid and loans from America that ruined Korea's agricultural foundation as soon as Korea was liberated from Japan. With a budget deficit and a trade deficit, the US has put pressure on Korea to open its markets since the late 70s. So after agricultural markets had opened first in 1979, some products were liberalized to be imported in 1983 and 1985. Since the mid 80s, neoliberalism has begun to open up the agricultural sector focusing on opening imports and restructuring agriculture.

Struggle against the UR: Peasants' protest against neoliberalistic opening of the market

Korean peasants protested against anti-peasant policies such as the rice price freeze of the 1980s, a reduction in the purchasing of rice, import of rice, import liberalisation and the reduction in cattle prices by the dictatorial government. They continued and enlarged popular peasant struggles through the following: agricultural cooperative democratisation, purchasing whole rice, abolishing tax on farmland, guaranteeing prices, anti-liberalization imports, abolishing tax collection and guaranteeing red pepper cost of production. As a result, Korean Peasants League (KPL) and Korean Women Peasants Association (KWPA) were founded in 1989 and 1990 successively. They worked against import liberalisation, enlarging into nationwide organisations.

Peasants' movement, the centre of struggle against the WTO and FTAs in Korea

Neoliberalistic globalisation in Korea has been sped up through Asian financial crisis since the World Trade Organisation was established in 1995. When the Korean government encountered difficulties with multilateral

negotiations after the late 90s, it promoted concluding FTAs and accepting US policy, which turned into bilateral discussion. The Korea-Chile FTA, the first pact, is a stereotypical one that it would liberalise the entire market except for rice, apples and pears, which means sacrifice for peasants. Korean peasants had fought desperately to stop the Korea-Chile FTA for 4 years and the struggles were well-developed in terms of quality. In other words, case-by-case movement was changed into a popular one, which focused on a single task through this process. These struggles were carried out with the firm conviction that anti-globalisation movements are against transnational capital that destroys agriculture and is based on US ideas with the WTO and FTAs. As a result, this movement became the hub of struggle against the WTO and FTAs in Korea.

Korean peasants understood the importance of solidarity in anti-globalisation and anti-neoliberalism movements due to the 2003 Cancun struggle and the 2005 Hong-Kong struggle. Therefore, they actively participate in the wave of international struggle with other countries.

### **Struggle against Korea-US FTA and all-out struggle**

The Korea-US FTA, which began in 2006, was the means to create American neoliberalism over the entire Korean society. Korea agreed to the pact, a death warrant for Korean agriculture. Accepting limitless competition with the US through unprecedented tariff elimination (except for rice) is a losing battle from the outset because American agriculture cannot be compared in terms of scale to agriculture in Korea. In addition, the US arranged the opportunity to maximize their benefits in Korea by eliminating tariffs on all of the goods trade in addition to agricultural products and opening up entire sectors such as investment, services and intellectual property rights. The Korea-US FTA is merely a tool for transplanting American neoliberalism into Korea, as can be seen in the acceptance of the four preconditions, which are the screen quota, beef, cars and medicines, that the US required. The Korea-US alliance, which since 15 June has weakened the North-South declaration, is one of the plans to subordinate Korea to America in every field, such as those of the military, politics and the economy.

Korean Peasants League (KPL) and Korean Women Peasants Association (KWPA) came to realise that not only blocking the Korea-Chile FTA was a way to prevent FTA globalisation but that it was also able to expand anti-neoliberalism and anti-globalization into wide reaching social struggle. Then they did their best to organize an anti Korea-US FTA national campaign. They also attempted to unite the peasant camps through the Korea-US FTA agricultural, stockbreeding and marine emer-

agency committee. They took the leading role and workers, farmers and the poor as well as the Democratic Labour Party, women, the young and even progressive civil social groups took part in struggles against neoliberalism and globalisation. As a result, they were able to establish social controversy regarding the Korea-US FTA (KORUS FTAs). In addition, public opposition increased to 50% in spite of the government's systematic encouragement in favour of it.

Korean Peasants League (KPL), Korean Women Peasants Association (KWPA) and the progressive forces clearly understood FTAs and the point of neoliberalistic globalization due to the struggles against KORUS FTAs. They prepared to expand from anti-FTA struggle to anti-globalisation movements against the government's simultaneous FTA policies.

After the KORUS FTAs were concluded in April 2007, importing US beef with preconditions became a national issue because of the humiliating decision to import American beef, which is infected with mad cow disease, in April 2008. Although importing US beef was not connected to anti-neoliberalism and anti-globalisation, it drew social attention to food safety and the safety of imported agricultural products. Therefore, matters of agriculture became a social issue.

In particular, the public began to pay attention to the civil right of health and quarantine sovereignty focusing on food. It created tension between the public and the government, which supported opening agricultural markets. Thus, new avenues for forming extensive anti-neoliberalism and anti-globalisation struggles were discovered, which was considered a limitation in anti-Korea-US FTA struggle.

## **Present situation of FTAs in Korea**

### **Korean government FTA Strategy**

The Korean government has stressed the importance of FTAs with the logic that Korea was able to develop due to international trade in the past and that the Korean economy also depends on it now since it represents up to 70 percent of GDP.

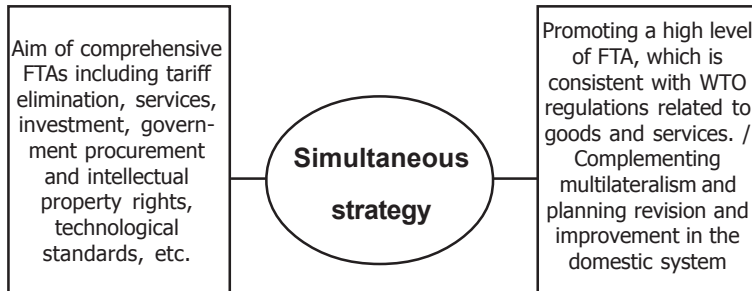
With the same logic, they assert the necessity of FTAs as follows.

Firstly, an increased number of countries are competing to sign FTAs after they failed to hammer out an agreement at the 2003 Cancun Summit. Under these circumstances, we need to build up strategies to minimize the damage to ourselves as a fringe country without a local FTA

network. In other words, FTAs are necessary for a country to maintain export competitiveness and secure a stable foreign market. This is because the country would lose price competitiveness through high tariffs if key trading partners conclude FTAs with competitors ahead of it.

Secondly, they said that a country has to conclude FTAs, which go along with opening up markets and liberalization, in such a way as to advance the overall national system and strengthen the economy. They also said that it is to improve industrial competitiveness and national competitiveness.

They are also based on a simultaneous strategy. This is due to concerns regarding damage to corporations as the pace of concluding it may lead us lag far behind other countries.



## Features of FTAs in Korea

- Indiscreet acceptance of American neoliberalistic globalisation
  - After the inauguration of former US President Bush, the Korean government accepted regional and bilateral FTAs policies as the US demanded.
  - The Korean government accepted the course of restructuring the economy that the US pushes onto a partner country in order to enlarge free trade.  
(Korean government accepted all four preconditions that the US required: reducing the screen quota, importing US beef, readjusting medicine prices and deregulating gas emissions)
  - Korea perceives all FTAs with a single economic view while the US takes advantage of FTAs as not only an economic tool but also political and diplomatic instruments.

- Pursuit of comprehensive FTAs
  - Korea has pursued comprehensive agreements accepting liberalization of investment, services and intellectual property rights by eliminating tariffs and non-tariff barriers for all goods trade.
- Agreements favouring only exports-oriented major corporations sacrifice agriculture and the public sector
  - The Korean government has insisted on the importance of increasing exports at the expense of agriculture referring to the fact that the foreign economy accounted for 70 percent in Korea.
  - In addition, they claimed that comprehensive FTAs including services, investment and intellectual property rights maximize the economic effect and help Korea to develop.
  - As a consequence, FTAs are pursued only for some big businesses to secure their profits.

## **Present situation of concluded and in progress FTAs in Korea**

### Concluded FTAs

#### **[Korea-US FTA]**

- Progress
 

February 3, 2006. Foreign Minister Kim Hyun-jong and USTR representative Robert Portman announced the inauguration of FTA negotiation with senators and representatives in the Capitol.

April 2, 2007. Korea-US FTA negotiation concluded.
- Issue of agricultural sector
  1. Eliminating tariffs on all products except rice
    - Tariffs on steamed rice, rice with embryo buds and rice bread will be eliminated within 10 years. Does not apply to rice HS 16.
    - Exceptional tariffs only apply to 16 products out of 1,531, which accounts for 1%.
  2. A blow to the tangerine industry is expected: this is most shocking to the Je-ju island farmers and community.
  3. Crisis for small and medium-size farmers due to the opening up of the beef market
  4. The pork industry is expected to be affected negatively since it is a substitution for beef.



5. Unprecedented liberalization of dairy farming
6. Concerns about domestic juice production if juice market is opened within 5 years.
7. Emergency safeguard (SG) is restricted to once, which is unprecedented.
8. Agriculture safeguard measure (ASG) could not be valid if main products' tariff elimination span is over or for some products will continue for 2 or 3 years but ASG would not be available over the medium or long term.
9. Valid ASG condition is absurd.
10. NTC (Non-Trade Concern) and food security is not even on the agenda nor mentioned in the pact.
11. Possibility of overseas expansion of wholesale meat and beef cattle breeding
12. Agricultural cooperative's subsidiary company could not support all kinds of projects.
13. Insurance service provided by the Cooperative would be inspected by the Financial Supervisory Commission within 3years.
14. Fixation of subsidies and unfair trade structure in agriculture and livestock farming.
15. No countermeasures to dumping
16. New service businesses are to be liberalized unconditionally.
17. Liberalization of food-related services
18. Most of service-related businesses are reserved but TRQ products imports and exports, APC and veterinary service businesses are opened.

## **[Korea-Chile FTA]**

- Progress
  - 1 April 2004. Ratification
- Issue of agricultural sector
  1. Collapsing Korean agriculture due to indiscriminate market opening
    - The amount of direct damage on 8 products reached 2,125 trillion after the Korea-Chile FTAs.
  2. The narrow Chilean market could not be a strategic one for Korea to export industrial products and also the effect of penetration into the Central and South American market is marginal.
  3. Adverse effects on national economy and consumer welfare
  4. Enlargement of trade through sacrificing agriculture will deal a blow to the Korean economy and agriculture.

5. FTAs should be assumed to be complementary within industries, but there is no sector which can fulfil this purpose within agriculture and industrial products in both Chile and Korea.
6. Pressure from America as well as WTO members will be worsened by the Korea-Chile FTA.

### **[Korea-ASEAN FTA]**

### **[Korea-Singapore]**

### **[Korea-EFTA FTA]**

FTAs under negotiation

### **[Korea-EU FTA]**

- Progress
  - 6 May 2007 Both parties announced the beginning of negotiations.
- The issue of the agricultural sector
  1. An aggressive plan is proposed to eliminate tariffs on most of agricultural products within the space of three years and force open the agricultural market in Korea.
  2. EU required to open markets at a same level, owing to opening agricultural market by Korea-U.S FTAs.
  3. In 2006, agricultural exports reached \$46 million while imports reached \$14.054 billion, which is 30 times more than exports. A huge blow is expected to be dealt when the FTA is concluded.
  4. Livestock products like pork and chicken and dairy farming products like powdered milk and cheese are products concerning the EU and sensitive items for Korea. There is expected to be a huge blow to livestock and dairy farming when the FTA is concluded.
  5. ASG is the main issue of negotiation, which the EU sees as negative.

### **[Korea-India CEPA]**

### **[Korea-Canada FTA]**

### **[Korea-Japan FTA]**

FTAs under examination

**[Korea-GCC FTA]**

**[Korea- Australia FTA]**

**[Korea-China FTA]**

**[Korea-MERCOSUR FTA]**

FTAs between Korea and Chile, and Korea and the United States caused severe damage to agriculture in Korea. As the details of the FTA between Korea and Chile have become more widely known, farmers who are aware of the problems brought about by the FTA have started a struggle over the issue. Of course, various actions were taken simultaneously in order to raise awareness of the negative effects resulting from the FTA because it was expected to have enormously adverse effects on many people. However, it is almost impossible to oppose all the FTAs that the government is proceeding with simultaneously. Nevertheless, after the controversy over US beef imports and the problems stemming from FTAs are rising to the surface one by one. Future plans should be made based on an accurate understanding of the successes and limitations of the struggle that has been carried out.

**\*Struggle activities**

Demonstrations against the FTA with Chile began on 13 November 2002 with 13 million farmers and on 19 November 2003 with 10 million farmers to show the problems caused by the FTA. As FTA discussions between Korea and the United States emerged, committees for each department and sector were established and they widened the range of struggle, such as the four large scale struggles after the agreement in April 2007. Through this procedure, farmers and workers became the central figures of the struggle against the FTA between Korea and the United States, overcoming the limits that had existed with the struggle against the FTA between Chile and Korea where only farmers had been the leading figures. The issue of US beef imports, which was the precondition of the FTA between Korea and the U.S, was recognized as a matter concerning all citizens, and 100 million citizens gathered for a candlelight vigil in order to express their opposition to the FTA and the US beef import on 10 June 2008. In particular, the fact that many middle and high school students participated in the struggle against U.S beef imports made the struggle more powerful and more citizens joined the struggle voluntarily.

### **\*Pressure on the government and political groups**

Whenever parliamentary ratification of an agreement is suddenly proposed, farmers have taken various actions including meeting with members of the National Assembly, holding sit-ins and expressing strong opposition in front of the National Assembly. Although standpoints of various members of Congress related to this issue were analysed to cope with the situation, this did not work well because their stances changed due to the change of the perspective of the party.

### **\*Other actions**

Various other actions took place such as a hunger strike, a relay of strikes from other provinces to Seoul and a strike of cars and farm machines.

### **\*Procedure of establishing alliance**

Struggles were held against the FTA between Korea and Chile with the 'National Farmer Alliance', which is composed of 9 farmer organizations. For struggle against the FTA between Korea and the United States, the 'National Farmer Alliance' was established on 6 September 2009. About 300 organizations joined the alliance, and 14 committees were established to deal with specific sections of the FTA. Various effects on education, medicine, the public service, culture and the environment were investigated in advance by experts. Moreover, unifying various organizations into the alliance was to reinforce the influence of the alliance.

### **\* The significance of establishing the Korean Alliance against KorUS (KoA)**

- In contrast to the struggle against the FTA between Chile and Korea, where farmers were leading figures in the struggle, not only farmers and workers but also various NGOs joined the 'National Farmer Alliance'.
- Thanks to strong struggle against the FTA between Korea and Chile organized by farmers, parliamentary ratification was postponed several times. In addition to that, KoA was able to block the government's unilateral decision on the FTA by undertaking various actions with diverse social classes and groups.
- Constant movements against the FTA paved the way for struggles of citizens who were becoming aware of problems resulting from the FTA and were concerned about their food.

### **\*Joint alliance and Joint struggle**

The alliance held joint struggles in which several parties and groups participated from every province. Furthermore, several independent struggles were carried out against each section of the FTA. Struggle corresponding to the government's negotiation schedule and struggle informing citizens of the problems the FTA presents to them also took place.

### **\*International alliance**

Through the struggle against the FTA between Korea and Japan, international alliance struggle was developed where Korean and Japanese labour parties as well as farmers participated. In addition, a struggle group was established to demonstrate against the FTA in America and joint struggle was performed with local groups in America.

### **\*Systematisation of farmers**

Several education programmes have taken place to inform people about the nature of the FTAs, beginning with the FTA between Korea and Chile. For local education, instructors were trained, detailed programs were arranged and various educational materials were created including video clips and a broadcast. After that, the instructors initiated an education programme and the programme has continued to inform farmers of the potential disadvantage of the FTAs between Chile and Korea and Korea and the U.S.

### **\*Education in various areas**

The influence of the FTA between Korea and the U.S on the lives of Korean citizens such as consumers, workers, women, the poor and students was scrutinized and education programmes to make citizens aware of the problems of FTAs were organised based on the investigation.

### **\*Activities involving the press**

To raise objection to the government's unilateral and dogmatic decision regarding the FTAs, several press conferences were organized and questions were posed regarding the procedure and content of the negotiation. Also, articles were contributed to major newspapers and interviews were written to express public opinions about FTAs.

Furthermore, TV advertisements were produced by the 'Emergency Alliance of Agriculture and Livestock Producers' and the 'Alliance for Preventing Culture Invasion and protection of screen quota' to demonstrate the gravity of problems. This advertisement was made with the cooperation of farmers and those who are working in movie-making.

### **\*Debate**

Debate was held in order to deliver the justification of struggle against FTAs. A lot of people, including experts and government officials, participated in the debate and argued about the government's unilateral decision on FTAs and the infringement of a citizen's right to know during the decision making process.

### **\*Signature drive and propaganda activities**

In order to work against the government's attempt to manipulate public opinion by putting pressure on the press, a signature drive and campaigning were conducted on the street to publicize the truth about FTAs and allow negative public opinion about FTAs to emerge. In particular, various campaign materials were produced during the struggle against US beef imports. Many citizens voluntarily made creative campaign materials to express their opinion about US beef imports.

### **\*White book compilation**

A white book which contains detailed records of struggles against the FTA between Korea and Chile was compiled.

### **\*Establishing an anti-FTA alliance based on cooperation between farmers and workers**

The government's promotion of FTAs with other countries including Australia, China and Canada is expected. Since these FTAs could cause enormous damage to agriculture, it is necessary to form a joint line of battle composed of various groups based on farmers groups and including workers and middle class workers.

### **\*The necessity to change the public's point of view with regard to neoliberalism, which stimulated the global financial crisis**

Due to the secondary effect of the global financial crisis, the real economy contracted and domestic industry was severely affected. This is the right time to change the point of view of citizens by educating them about the nature of neoliberalism, which caused the global financial crisis. More and more people no longer believe that neoliberalism is the answer and have become sceptical about the Lee Myung-bak administration.

**\*Contents need to be supplemented for an alternative proposal of food sovereignty**

The public should be made aware of the intrinsic problems caused by the limitation of 'free trade' and several negative influences on the lives of citizens. At the same time, food sovereignty, which has recently been highlighted as an alternative in the global food crisis situation, should be emphasized in the slogan. Also, the public benefit of local farming business, which could be a solution to the food crisis attributed to multinational food corporations, should be acknowledged.

## **Strengthening the efforts of workers and consumers against the WTO and FTAs**

### **Masaaki Sakaguchi, SHOKKENREN Japan**

1. Our task is to strength movements of workers, consumers and small to medium companies.

SHOKKENREN is an umbrella organization composed of NOUMINREN (farmers' organization), trade unions, consumer associations and women's associations. SHOKKENREN strives to assure food safety and its stable supply, and also works toward the development of domestic agriculture that supports both food safety and food supply.

The issues endangering food safety, for example, the promotion of WTO and FTA neo-liberal policy, the damage to Japanese agriculture and the import of tainted-rice are introduced in the report by Mr. Mashima of NOUMINREN. In order to reinforce the national popular campaign against WTO and FTA, it is particularly important to expand the mobilization of workers, consumers and smaller companies.

I would like to explain why the mobilization of workers, consumers and small to medium companies was previously weak. Additionally, I will report that conditions to strengthen mobilization are now ripe.

2. The structure of the Japanese economy has weakened popular movement.

Due to the rapid economic recovery of Japan after World War II, most Japanese have been educated to believe that Japan achieved such recovery because of the trade liberalization policy. It is true that exporting industrial goods and importing primary products contributed to the development of the Japanese economy in some respects. It is also true that the trade unions of big and transnational companies have dreamt big using such an economic model.

However, we did not believe in such illusions; instead we denounced this structure. Providing cheap imported agricultural products to workers through expanding imports of agricultural products reproduces an inexpensive labour force and creates competition. This fundamental structure reveals the vulnerability of the Japanese economy, which has greatly depended on foreign demands.

3. Contradictions brought about by neo-liberal policies

This structure has developed over the past 20 years while neo-liberal policies have been imposed. A symbolic and significant event



that happened then was a reorganization of a trade union: a new trade union, ZENROREN, emerged to oppose the existing trade union group, RENGOU, that chose to support the trade-liberalization system of neo-liberalism. ZENROREN is one of the most important SHOKKENREN members today.

After that, the WTO system was established and the removal of employment regulation has continued at the same time through deregulation and structural reform. Consequently, contingent workers number one-tenth of workers today. Although the unemployment rate is lower than the international average, workers' incomes have fallen for more than 10 years.

Additionally, due to the prioritisation of the postal and housing sectors, the social security system has been destroyed. Moreover, the expansion of foreign investment has caused not only a develop-and-import scheme of agriculture, but also the deindustrialization of domestic industry because many manufacturing industries started moving abroad.

Today with the financial crisis, the state of the global economy reveals that the beginning of the end for neo-liberalism. Especially in Japan, where the economy is easily affected by the American economy, the numbers of employees who have been dismissed is critical. In two weeks, 30,000 car industry employees were dismissed. Job losses are also spreading to other sectors. Moreover, job losses among small to medium companies have also been rapidly increasing.

#### 4. Progress of popular movements and movements against WTO and FTA policy

The current situation is influencing politics.

One of the characteristics of Japanese neoliberal policy is that it tends to be associated with militaristic ideas. For instance, enacting adjective law to change Article 9 of the constitution, which renounces wars, or changing the Fundamentals of Education Act that was made after experiencing the tragedy of World War II. However, these amendments to the constitution for the worse have seen less support recently.

Opposition movements have been gaining voice opposing neoliberal policies that promote deregulation and structural reform. The case seems to be the same for the movement related to food and agriculture. We are convinced that continuing popular joint action while having such popular voices as our cornerstone will strengthen the campaign against the policies of WTO and FTAs. We must say that this change is due to the fact that the inconsistency of neo-liberalism is apparent today.

Today in Japan, we are carrying out a nationwide solidarity action called "Green Wave Action." One of the main points is dialogue with people who are involved in the local economy, such as local government heads and agriculture cooperative members. Since expanding imports of agricultural products and deindustrialization are destroying local agriculture and the economy, the common goal of rebuilding the local economy will bind us together. This kind of cooperation with local activists has become common. The campaign against WTO and the EPA with Australia is already in action, in cooperation with citizens.

We have made a commitment to strengthen popular joint action to oppose WTO and FTA policy by strengthening our solidarity through informing Japanese people how negatively Japan is affecting other Asian nations under agreements such as FTAs.

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