

## The world's rich nations miss a golden opportunity to back fair trade

Level 2 | Intermediate

### 1 Pre-reading: Key Vocabulary

Fill the gaps using these key words from the text:

**subsidise**      **disaster**      **starving**      **initiative**  
**undercut**      **aid**      **single-handedly**      **dumping**

- 1 \_\_\_\_\_ is the process of selling goods at a very low price in another country in order to keep prices higher in your own country.
- 2 If you offer goods at a much lower price than another producer, you \_\_\_\_\_ that producer.
- 3 \_\_\_\_\_ is money, food or other help given to poor countries.
- 4 Governments \_\_\_\_\_ producers by giving them money so that their prices can be lower.
- 5 If you are \_\_\_\_\_, you are very, very hungry.
- 6 Something very bad that happens and causes a lot of damage and kills a lot of people can be described as a \_\_\_\_\_.
- 7 An \_\_\_\_\_ is an important action that is intended to solve a problem.
- 8 If you do something \_\_\_\_\_, you do it without help from other people.

### 2 Scanning: Find the Information

Find this information in the text as quickly as possible.

- 1 Where was the G8 summit meeting held?
- 2 What percentage of African workers are involved in farming?
- 3 How much are export credits worth to American grain sellers?
- 4 By what percentage can American exporters undercut the world cotton price?
- 5 Which country receives more American food aid, Mozambique or the Philippines?

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George Monbiot

In a speech in October 2001, the British Prime Minister, Tony Blair, suggested that there would be a radical change of policy on Africa. "The current state of Africa", he said, "is a scar on the conscience of the world. But if the whole world focused on it, we could heal that scar. And if we don't focus on it, it will become deeper and angrier."

So I would like to ask Britain's prime minister to explain his actions at the G8 summit in France last week. A few weeks ago President Jacques Chirac did something amazing. After years of opposing any changes to European farm subsidies, he approached the US government to suggest that Europe would stop subsidising its exports of food to Africa if America did the same.

This was an important offer, not only because it represented a significant change of policy for France, but also because it provided an opportunity for both the European Union and the US to abandon their constant attempts to offer higher agricultural subsidies than each other. As Blair has pointed out, the West's agricultural subsidies are a disaster for the developing world, and particularly for Africa. Farming accounts for some 70% of employment in Africa, and most of the farmers there are extremely poor. Part of the reason for this is that the prices of products grown by African farmers are unfairly undercut by the subsidised products dumped on their markets by exporters from the US and the EU.

So we might have expected Blair to have welcomed Chirac's initiative. Instead the prime minister single-handedly destroyed it. The reason is, of course, familiar. George Bush receives a great deal of political support from US agro-industrialists, grain exporters and pesticide manufacturers, and he was not prepared to match Chirac's offer. If the EU, and in particular the UK, had supported France, it would have been difficult for Bush to oppose the idea. But as soon as Blair made it clear that he would not support Chirac's plan, the initiative was dead.

So, thanks to Mr Blair and his habit of doing whatever Bush tells him to, Africa will continue to suffer. The basic problem is that the rich nations fix the global trade rules. The current world trade agreement was supposed to have prevented the EU and the US from subsidising their exports to developing nations. But the agreement contains so many loopholes that it permits the US and the EU simply to call their export subsidies by a different name.

The EU has stopped paying farmers for what they produce and started instead to give them direct grants, based on the amount of land they own and how much they produced there in the past. The US does the same and has also introduced some new tricks. One of these is called "export credit": the state reduces the cost of US exports by providing cheap insurance for the exporters. These credits are worth some \$7.7bn to US grain sellers. This money ensures that American exporters can undercut the world price for wheat and maize by between 10% and 16%, and the world price for cotton by 40%.

But the worst of its hidden export subsidies is its use of international aid as a means of entering the markets of poorer nations. Other countries give money and the World Food Programme can use this money to buy supplies in local markets, which helps local farmers at the same time as feeding starving people. The US, on the other hand, sends its own subsidised food instead of money, saying that this programme will "develop and expand commercial markets for US products".

The result is that the main recipients of food aid are not the countries which need it most, but the countries that can, in the words of the US department of agriculture, "demonstrate the potential to become commercial markets" for US farm products. So the Philippines currently receives more US food aid than countries like Mozambique, Malawi, Zambia and Zimbabwe, which are suffering from serious food shortages, while the Philippines is not.

US policy also ensures that food aid is delivered just when it is needed least. When the price of wheat falls, the volume of "aid" rises. This is a clear example of agricultural dumping. The programme that is meant to help the poor is in fact making them poorer.

Blair's choice was to help save Africa or to help save George Bush from a mild diplomatic embarrassment. As usual, he did what his master ordered and supported Bush. The scar on the world's conscience has just become deeper and angrier.

The Guardian Weekly 20-3-03, page 13

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### 3 Comprehension Check

Match the beginnings and endings.

According to the author ...

- 1 Jacques Chirac offered to stop subsidising European food exports to Africa ...
- 2 African farmers are extremely poor ...
- 3 George Bush was against Chirac's plan ...
- 4 Tony Blair supported George Bush ...
- 5 Grants and export credits ...
- 6 Other countries give aid in the form of money ...
- 7 The Philippines gets more food aid than Mozambique ...
- 8 When the world price of wheat falls ...

- a ...because he receives a lot of support from the US farming industry.
- b ...are other words for subsidies.
- c ...because the Philippines is a better market for American produce.
- d ...if America would do the same.
- e ...because he always does what the Americans want him to do.
- f ... because their products are more expensive than cheap, subsidised food from overseas.
- g ...the volume of food aid rises.
- h ...but the US gives it in the form of subsidised food.

### 4 Vocabulary: Collocations

Match the verbs and the nouns. Check your answers in the text.

- |               |                     |
|---------------|---------------------|
| 1 provide     | a food shortages    |
| 2 abandon     | b food exports      |
| 3 welcome     | c prices            |
| 4 subsidise   | d an opportunity    |
| 5 develop     | e an initiative     |
| 6 suffer from | f political support |
| 7 receive     | g an attempt        |
| 8 undercut    | h a market          |

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### 5 Vocabulary: Word Building

Complete the table

Verb	Noun
1 export	_____
2 subsidise	_____
3 attempt	_____
4 support	_____
5 produce	_____
6 employ	_____
7 oppose	_____
8 reduce	_____
9 expand	_____
10 embarrass	_____

### 6 Discussion

What actions are needed for farmers in poor countries to improve their conditions?  
How can the richer countries help the poorer ones?  
What can we all do to promote fair trade?

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### Key

#### 1 Key Vocabulary

1. dumping
2. undercut
3. aid
4. subsidise
5. starving
6. disaster
7. initiative
8. single-handedly

#### 2 Scanning. Find the Information

1. In France.
2. 70%
3. \$7.7 billion.
4. 40%
5. The Philippines

#### 3 Comprehension Check

- 1 d; 2 f; 3 a; 4 e; 5 b; 6 h; 7 c; 8 g

#### 4 Vocabulary Work – Collocations

- 1 d; 2 g; 3 e; 4 b; 5 h; 6 a; 7 f; 8 c

#### 5 Vocabulary Work – Word Building

1. export
2. subsidy/subsidies
3. attempt
4. support
5. product
6. employment
7. opposition
8. reduction
9. expansion
10. embarrassment