

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

Level 3 | **Advanced**

### 1 Pre-reading | Key Vocabulary

Match the words with their meanings:

- |                 |  |
|-----------------|--|
| 1 to subsidise  | a to end a political or economic system  |
| 2 unprecedented | b a sad, serious or difficult situation  |
| 3 to dump       | c to sell something at a cheaper price than someone else                                 |
| 4 to dismantle  | d dying because of a lack of food  |
| 5 a concession  | e to pay some of the cost of goods so that they can be sold at a lower price             |
| 6 plight        | f something that you agree or allow in order to reach an agreement                       |
| 7 a loophole    | g to sell goods at a low price abroad in order to keep prices higher at home             |
| 8 to undercut   | h to make someone less effective, confident or successful                                |
| 9 to undermine  | i never having happened before   |
| 10 starving     | j something that has been left out of a law that allows people to avoid obeying that law |

### 2 What do you know about fair trade

Decide whether these statements are True or False:

- |   | True                     | False                    |
|---|--------------------------|--------------------------|
| 1 France recently offered to stop subsidising food exports to Africa.                     | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 70% of all African workers are farmers.   | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 American exporters charge 10% more than the world price for wheat.                      | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 The Philippines receives more US food aid than Mozambique, Zambia, Zimbabwe and Malawi. | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 When the world price of wheat falls, the volume of food aid also falls.                 | <input type="checkbox"/> | <input type="checkbox"/> |

Now look in the text and check your answers:

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

**George Monbiot**

Perhaps the defining moment of Tony Blair's premiership was the speech that he gave to the Labour party conference in October 2001. In June his party had returned to office with a huge majority. In September two planes were flown into the World Trade Centre in New York. The speech appeared to mark his transition from the insecure prime minister to a visionary and a statesman, determined to change the world. The most memorable passage was his declaration on Africa. "The state of Africa", he told us, "is a scar on the conscience of the world. But if the world as a community focused on it, we could heal it. And if we don't, it will become deeper and angrier."

This being so, I would like to ask Britain's visionary prime minister to explain what he thinks he was doing at the G8 summit in France. A few weeks ago President Jacques Chirac did something unprecedented. 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.

His offer was significant, not only because it represented a major policy reversal for France, but also because it provided an opportunity to abandon the perpetual agricultural arms race between the European Union and the US, in which each side seeks to offer more subsidies than the other. The West's farm subsidies, as Blair has pointed out, are a disaster for the developing world, and particularly for Africa. Farming accounts for some 70% of employment on that continent, and most of the farmers there are desperately poor. Part of the reason is that they are unfairly undercut by the subsidised products dumped on their markets by exporters from the US and the EU. Chirac's

proposals addressed only part of the problem, but they could have begun the process of dismantling the system that does so much harm to the West's environment and the lives of some of the world's most vulnerable people.

We might, then, have expected Blair to have welcomed Chirac's initiative. Instead the prime minister has single-handedly destroyed it. The reason will by now be familiar. George Bush, who receives substantial political support from US agro-industrialists, grain exporters and pesticide manufacturers, was not prepared to make the concessions required to match Chirac's offer. If the EU, and in particular the UK, had supported France, the moral pressure on Bush might have been irresistible. 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. Several of the food crises from which that continent is now suffering are made worse by the plight of its own farmers. The underlying problem is that the rich nations set 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, as the development agency Oxfam has shown, the agreement contains so many loopholes that it permits the two big players simply to call their export subsidies by a different name.

So, for example, the EU has, in several farm sectors, stopped paying farmers according to the amount 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 has applied the same formula, and added a couple of tricks of its own. One of these is called "export credit": the state reduces the cost of US exports by providing cheap insurance for the

exporters. These credits, against which Chirac was hoping to trade the European subsidies, are worth some \$7.7bn to US grain sellers. In combination with other tricks, they ensure 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 ugliest of its hidden export subsidies is its use of aid as a means of penetrating the markets of poorer nations. While the other major donors give money, which the World Food Programme can use to buy supplies in local markets, thus helping farmers while feeding the starving, the US insists on sending its own produce, stating that this programme is "designed to develop and expand commercial outlets for US products".

The result is that the major recipients are not the nations in greatest need, but the nations that can, again in the words of the US department of agriculture, "demonstrate the potential to become commercial markets" for US farm products. This is why, for example, the Philippines currently receives more US food aid than Mozambique, Malawi, Zambia and Zimbabwe put together, all of which, unlike the Philippines, are currently suffering from serious food shortages.

But US policy also ensures that food aid is delivered just when it is needed least. Oxfam has produced a graph plotting the amount of wheat given to developing nations by the US against world prices. When the price falls the volume of "aid" rises. This is as clear a demonstration of agricultural dumping as you could ask for. The very programme that is meant to help the poor is in fact undermining them.

So, when faced with a choice between saving Africa and saving George Bush from a mild diplomatic embarrassment, Blair has, as we could have predicted, done as his master bids. The scar on the conscience of the world has just become deeper and angrier.

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### 3 Comprehension Check

Choose the best answer for each question:

- 1 Why, according to the author, are agricultural subsidies a bad thing?  
**a** because they lead to cheaper food prices in Africa  
**b** because they make the price of imported food cheaper than locally produced food  
**c** because they only benefit the USA
- 2 Why is the author angry with Tony Blair?  
**a** because he has a huge majority  
**b** because he always supports the American position  
**c** because he changed his mind and opposed the French proposal
- 3 How have the EU and the US avoided the World Trade Agreement ban on subsidising food exports?  
**a** by giving these subsidies a different name  
**b** by paying farmers according to the amount they produce  
**c** by giving money directly to poor farmers
- 4 Why do richer countries like the Philippines receive more US food aid than poorer countries?  
**a** because they have bigger populations  
**b** because they are better potential markets for US products  
**c** because they have a louder voice

### 4 Vocabulary: Find the Word or Expression

- 1 Find a noun which means "someone with clear ideas or hopes of how something should be done".
- 2 Find an adjective which means "continuing all the time".
- 3 Find an adjective which means "weak or easy to hurt".
- 4 Find an adverb which means "done by one person without help from anyone else".
- 5 Find an adjective which means "impossible to resist".
- 6 Find a noun which is another word for "subsidy".
- 7 Find a verb which means "entering" a market for the first time.
- 8 Find a noun which means "places where products are sold".

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### 5 Vocabulary: Collocation

Match the verbs with the nouns

- |                  |                   |
|------------------|-------------------|
| 1 to give        | a concessions     |
| 2 to undercut    | b a formula       |
| 3 to feed        | c costs           |
| 4 to provide     | d a speech        |
| 5 to make        | e a market        |
| 6 to apply       | f an opportunity  |
| 7 to reduce      | g shortages       |
| 8 to penetrate   | h a problem       |
| 9 to suffer from | i a price         |
| 10 to address    | j starving people |

### 6 Discussion

What does fair trade mean to you?

Make a list of the advantages and disadvantages of giving food aid to poor countries.

What should the richer countries do to help poorer countries?

### Key

#### 1 Key Vocabulary

1 e; 2 i; 3 g; 4 a; 5 f; 6 b; 7 j; 8 c; 9 h; 10 d

#### 2 True or False

1 T; 2 T; 3 F; 4 T; 5 F

#### 3 Comprehension Check

1 b; 2 c; 3 a; 4 b

#### 4 Find the Word

1. visionary
2. perpetual
3. vulnerable
4. single-handedly
5. irresistible
6. grant
7. penetrating
8. outlets (markets)

#### 5 Collocations

1 d; 2 i; 3 j; 4 f; 5 a; 6 b; 7 c; 8 e; 9 g; 10 h