

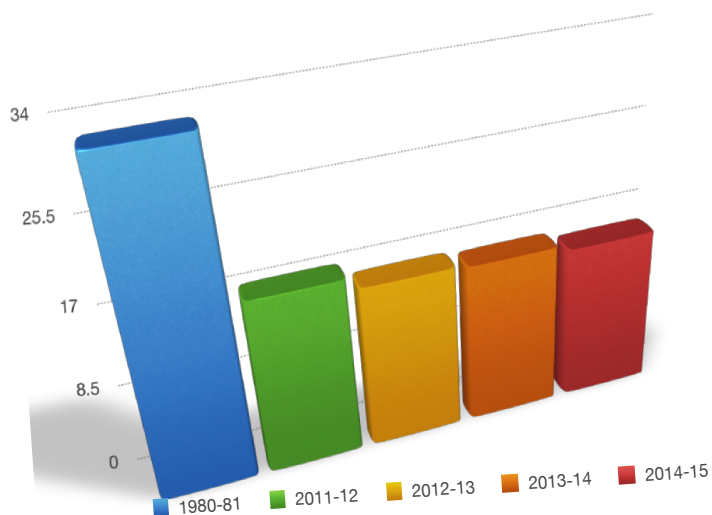
Govt. must be prepared for the post subsidy era

According to recent report, the size of the upcoming national budget for the year of 2016-17 can be a bit higher than the present one, it can be a budget of 340 thousand crore Bangladeshi taka. Knowing this figure the very first question that will hit the kind of people working with the issue of farmers and food security will be like this: what is the allocation for agriculture? Will it be increased proportionately with the total budget?

We have had a bit bitter experiences during the last budget proposal. The national budget of 2015-16 was increased by 23.13% compared to the previous year, but allocation for agriculture was increased only by 3.43%. Allocation for the Ministry of Agriculture was 12699 crore taka, which was 421 crore taka more than the previous year. But it was only 4.30% of the total budget (195100 crore taka), in 2014-15 allocation for the agriculture ministry was 5.12% of the total budget. So, agriculture got 0.82% lower allocation compared to the previous year budget.

We would like to see a changed scenario in the coming budget. The financial year of 2016-17 will be crucial for Bangladesh. We have learnt from the last ministerial conference of World Trade Organizations (WTO) that, countries like Bangladesh will have to withdraw its subsidies to agriculture. We have to be prepared for it right now. This budget should include some special measures in this regard.

Most of the people of Bangladesh depend on agriculture for their livelihood, about half of the total labour power (47.5%) are engaged with this sector. But contribution of agriculture to the national Gross Domestic Production (GDP) is decreasing. According to the Bangladesh Economic Review of 2015 contribution of agriculture to the total GDP in 2014-15 was only 15.9%, it was 16.50% in 2013-14, 16.78% in 2012-13, 18.01% in

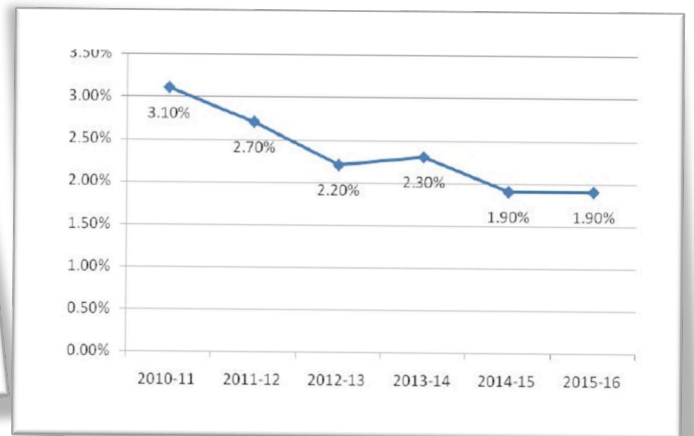
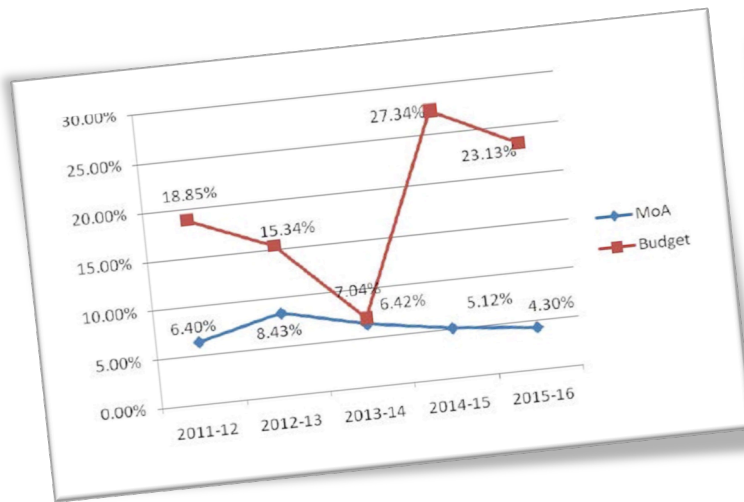


Contribution of agriculture in total GDP

2011-12. Once upon time agriculture used to contribute about half of the total GDP, in 1980-81 it contributed 33.07% of the GDP. In the academic view of economics reducing the contribution of agriculture to the national GDP does not make any concern, but it is a matter of concern here in Bangladesh considering its socio-economic scenario. About half of the total labour force are contributing only one sixth of the total GDP!

Considering the recent and future threats and challenges of food security we have to give special emphasis on agriculture, rather than doing that we are becoming more dependent on others. We are increasing our food import. In the year of 2014-15 (up to February 2015) total food import was 28.43 lakh tons, while during the same period of 2013-14 the import was 23.44 lakh tons. It is evident that food import is being increased and we are losing 1% of our total arable land each year, if special attention is not given to agriculture food deficit can be stood at 50.03 lakh tons within 2050. Therefore, if really we would like to make this country food secured, special attention to the agriculture is must.

Budget is increasing but allocation for the agriculture (Ministry of Agriculture-MoA) is decreasing. On the other and allocation for agriculture in annual development plan is also decreasing.



Agriculture can play a vital role in poverty eradication and also in ensuring nutrition for the majority of the people. Bangladesh has made remarkable achievement in MDGs, still a lot of to do in poverty eradication. According to the World Bank, from 1992 to till date about 15 million people have been come out of poverty. Still 47 million people are living under the poverty line. WFP says 41% of under five children are suffering from malnutrition, one third of children of 6 month to 5 years of age are suffering from anemia, 40% school going children are suffering form iron deficiency. These challenges can be rightly addressed with contribution of agriculture.

The 10th Ministerial Conference of World Trade Organization (WTO) has decided to bring an end to agriculture subsidies. Developing countries will remove subsidies within 2023, Least Developed Countries (LDCs) and net food-importing countries will do that within 2030. It means countries like Bangladesh has to stop all its supports towards agriculture. It will lead Bangladesh may be to remove almost a full ministry called Ministry of Agriculture that is providing various extension supports to the agriculture sector.

Developed countries have been deceived others with the Nairobi Declaration of WTO. Developing countrieare saying that they are also agreed on

elimination in export subsidies in agriculture, but in fact under the Hong Kong Ministerial Declaration of 2005, developed countries were supposed to eliminate all their export subsidies by December 2013. And in Nairobi they succeeded in extending this commitment to 2020, a seven-year extension. Interestingly this exemption will not be applied to “processed products and dairy products. With this processed and dairy products USA and EU are increasingly penetrating into the markets of developing countries.

The hidden goal of withdrawal of subsidies from the least developed countries is to make the least developed countries dependent on developed countries and to make market of the multinational companies owned by those rich countries. Agriculture of rich countries and that of Bangladesh can't be treated as same. Rich countries have enhanced capacities of their farmers with huge financial and technical supports, they are now well equipped. USA provides BDT 3 lakh to its farmers per day, it provides 400 million dollar per day as agri subsidy, in Europe one farmer gets 6 dollar per day while in Bangladesh one farming family gets only 90 dollar per year! Hence, we are continuously forced to withdraw subsidies. This is just to create their agri products market to our market and to make our agriculture sector dependent to their companies.

Countries like Bangladesh is far from that reality, situation is almost opposite here. Our farmers still need supports; we have not been able to establish strong support mechanism, strong market access. Therefore withdrawal of subsidies will be suicidal for us. If we withdraw subsidies production cost will be raised, food price will be higher and low price production from developed countries will be dumped here. Our farmers will not get just price, they will lose their interest in agriculture. As there are very few alternatives, poverty will be increased. Vulnerability in the food security sector will be huge.

What special measures must be taken now? To ensure food security of the nation, to make the agriculture self reliance the following measures should be considered in the upcoming budget:

1. Implementation of strong laws controlling commercialization of agricultural lands to save small farmers land and to refrain marginalized farmers from selling their lands: Every year we are losing 1% of our total arable land, if it is happening uninterrupted there will be almost no land for cultivation. We need strong law to protect agricultural land. Land zoning can be an option, where commercialization or other use of agricultural land will be strongly monitored and controlled.

2. Introduction of Cooperative farming can save small farmers. Vietnam shows us how cooperative farming can play a revolutionary role in poverty eradication and socio-economic development. We can save lands and small farmers by introducing cooperative farming.

3. Effective Market mechanism is needed. Farmers are not getting just price of the products. One of the major cause behind it is the faulty market mechanism. In other word we don't have designed market mechanism for farmers. Last year cost of producing each *Maund* (about 50 Kgs) of paddy was about 700-800 taka, but farmers had to sell it from only 300-400 taka. It was almost same situation for vegetables. In the big cities like Dhaka

vegetables are being sold in a high price but producers are not getting the benefits. Middlemen are capturing all the benefits of the hard work of marginal farmers. This situation can be changed with the introduction of an effective market mechanism where farmers or producers can have direct access to meet the consumer directly. Reform in paddy collection process from the farmers has also to be changed. The way paddy is collected from the farmers benefits the middlemen in fact. When the government starts the paddy collection, it is already out of the stock of the original farmers. So, the time of the paddy collection from farmers must be changed.

4. Allocation for the protection of farmers from river erosion, Tidal surge and sea level rise is highly essential. People of 150 upazilas under 50 districts are very much vulnerable to river erosion. In every year about 10 lakh people are losing their almost everything due to river erosion. Flash flood and sea level tidal surge are also devastating to the coastal people. To save coastal farmers and coastal arable land embankments must be built. Budget must keep special allocation for that purpose.

5. Allocation for farmers capacity building to face the climate change scenario should be considered. According to the *World Risk Report-2012*, Bangladesh is one of the most natural disaster prone countries in the world, occupying the 5th position among 173 countries. Bangladesh scores 63.78 percent in vulnerability, 86.84 and 61.03 percent in lack of coping and adaptive capacities respectively. Climate change impacts affect Bangladesh's endeavor in eradicating poverty and hunger. Climate change is likely to directly impact the poor's livelihoods, their assets and resources, their employment, income, access to water and natural resources. Impact of climate change is already evident in agriculture sector. Interrupted-untimely or heavy rainfall, frequent cyclones, flash floods are destroying regular products. Our farmers should be equipped so that they can cope with the changing situations. Budget allocation should consider this.

6. We have to achieve Seeds Security. In the name of modern technologies some lethal technologies have also been included in Bangladesh agriculture. Aggression of foreign seeds from multi-national companies is going on. Even though production can be increased with the local seeds the agriculture of Bangladesh is becoming dependent on MNCs day by day. We don't have any objection to accept foreign seeds which is suitable and profitable for a sustainable agriculture, but control of that seeds must go with our farmers. On the other hand introduction of foreign seeds without proper research and examination will be definitely suicidal for our agriculture.

Bangladesh has already introduced Bt Brinjal and GMO crop. There are huge controversies over GMO across the world. Controversies on the Bt Brinjal are huge also. The development of Bt brinjal was first made in India, but it is still not allowed there. But Bangladesh government has approved Bt Brinjal in Bangladesh. It has been

found that Bt brinjal is not safe for health. Some reports say that, in an internal research it has been found that Bt Brinjal is not safe for rat. It creates various hazards for its liver, reproductive health etc.

Bangladesh Agricultural Development Corporation (BADC) has been contributing a lot to the development of the agriculture of Bangladesh. It has been playing a significant role in bringing technologies and quality seeds to the doors of the farmers. But unfortunately BADC has been weakened in various ways with various master plans. There are allegations that, different governments have been taking various measures to weaken BADC according to the instructions from the World Bank and IMF as a strategy of cutting subsidy for agriculture. We demand that, government should promote local seeds and capacity of BADC should be enhanced in this regard.

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