

Press

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Promise of Export Agriculture Overstated for Latin America: New Report

Few winners under Doha, gains for Brazil and Argentina unlikely to last

Agricultural trade liberalization has provided some countries in Latin America with unprecedented export opportunities, but the export boom has not generated sustainable development, say Mamerto Pérez, Sergio Schlesinger, and Timothy A. Wise, authors of the new report “*The Promise and Perils of Agricultural Trade Liberalization: Lessons from the Americas*,” released by the Global Development and Environment Institute (GDAE) of Tufts University and the Washington Office on Latin America (WOLA).

“Most countries aren’t ready to compete in global commodities markets,” says Timothy A. Wise of Tufts University, “and even countries like Brazil and Argentina may see only short-term gains for a few but long-term harm to many.”

The report is based on seven country-studies examining both the promise of export agriculture – specifically the South American soybean boom – and the perils of trade liberalization for small-scale farmers in Latin America, with case studies from Mexico, El Salvador, Bolivia, and Brazil.

“Latin America does not need more liberalization under Doha,” says Wise, “it needs less. The region needs policy space for development, so governments can help farmers grow food more productively.”

Among the report’s main findings:

- **South America’s soybean industries are winners from global trade liberalization, but few of the benefits go to rural communities.** Based on high-input, industrialized monoculture farming, employment and wages have both declined despite dramatic increases in production.
- **Soy expansion offers short-term gain but promises lasting ecological harm from expansion onto sensitive lands, squandering the region’s rich natural assets.** The agro-fuel boom only deepens this problem.

- **Only a few developing countries – Argentina and Brazil, most notably – capture a large share of the projected benefits.** The poorest countries, and the small-scale farmers within those countries, are the least likely to gain from global market opportunities.
- **Rich-country reforms reduce production and increase farm prices only negligibly, with the exception of a few crops (e.g., cotton, rice).** In the long run, prices will return to pre-reform levels as supply catches up to demand.
- **With appropriate government investment – in productivity not just anti-poverty programs – small-scale farmers can increase production.** This will help meet critical domestic food needs while reducing poverty.

The 32-page report was jointly published by [GDAE](#) and [WOLA](#).