LATIN AMERICA:

Only a Few Reap the Benefits of Growth in Agriculture

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MEXICO CITY, Nov 8 (IPS) - Latin America and the Caribbean are demanding that the world's rich countries dismantle their protectionist systems of farm subsidies as they seek to sustain and expand on the success enjoyed by farm exports in the region, which have, however, failed to provide significant benefits for the broader population.

In recent years, the agricultural industry in the region has achieved growth levels that are "more than satisfactory," mainly thanks to exports, says a new study by the Economic Commission for Latin America and the Caribbean (ECLAC).

But there is little reason to celebrate, because the upsurge was concentrated in just a few countries, products and markets, and did nothing to alleviate rural poverty, reported the regional United Nations agency.

The study, "Panorama 2005, el nuevo patrón de desarrollo de la agricultura en América Latina y el Caribe" (Outlook 2005, the new pattern of development of agriculture in Latin America and the Caribbean), which was released in Spanish on Oct. 28, says the region is experiencing a wave of "modernising growth" that excludes large sectors of the population.

"Concentrating agricultural development in exports has been a failure for the region from a social and food security point of view, and that could even worsen if the developed countries dismantle their much-criticised farm subsidies," Uruguayan activist Silvia Ribeiro, representative of the Canada-based Action Group on Erosion, Technology and Concentration (ETC), told IPS.

Since 2001, growth in agriculture has stood at a rate of three percent or higher, surpassing the average growth experienced in economic activity as a whole, says the ECLAC report.

But most of the 43 million people directly employed in agriculture are poor. And in rural areas in the region, which are home to around 120 million people, a full half of all children live in extreme poverty.

Of the estimated 96 million people in extreme poverty in Latin America and the Caribbean, 45 million live in rural areas, accounting for 37 percent of the total population of those areas.

And at the same time that the region’s agricultural exports have increased, the rural population continues to shrink. The proportion of the population living in the countryside plunged from 42.6 percent in 1970 to 24.2 percent in 2001, and is expected to fall to 20.5 percent by 2010 and to 18.1 percent by 2020.

A relatively few products sold abroad, like fruit, soybeans, beef, chicken and pork, predominate in the region's productive structures, notes the ECLAC study.

This new pattern of growth generates vulnerability because it is based on a small group of products, which are heavily concentrated in a few countries, a few producers and a few markets, the report adds.

According to Ribeiro, countries in the region are harvesting more for export while producing less food for the domestic market, thus putting a higher priority on export revenues than on feeding the local population and improving social conditions.

Agriculture represents around eight percent of the combined gross domestic product of Latin America and the Caribbean, where 80 percent of the nearly 800 million hectares dedicated to agriculture are used for stockbreeding.

According to ECLAC, the modernisation experienced by agriculture in the region has been concentrated in products with a low level of processing and a high technological content, like the transgenic soybeans that are so widely planted in Argentina and Brazil.

Other products that saw an increase in yields are sugar cane, wheat, fruit and fresh produce. There have also been significant improvements in the livestock industry, especially beef production, followed by chicken, dairy products and pork.

The ECLAC study outlines some of the problems posed by export-based models, said Ribeiro.

The U.N. agency points out that the value of the region’s exports of primary and processed agricultural products grew between 2000 and 2004 at a faster rate than the value of exports as a whole.

That growth was due to sales outside of the region and to non-traditional partners, like China, with which the region generally has no free trade or preferential access agreements, says the report.

Ribeiro predicted that "if the demands that the rich countries phase out their farm subsidies prosper, the region will produce even more agricultural export products."

That would strengthen the current model of agricultural production, which has limited social benefits, she argued.

The developing nations in the Group of 20 (G20), led by Brazil, China and India, are demanding the dismantling of protectionist systems, which shell out a total of more than 250 billion dollars a year in farm subsidies, 80 percent of which are granted by the European Union, the United States and Japan.

This is one of the touchiest issues in the World Trade Organisation (WTO) negotiations and one of the barriers standing in the way of progress in the talks on the U.S.-promoted Free Trade Area of the Americas (FTAA), because the United States refuses to eliminate its domestic farm supports.

ECLAC notes that rural migration continues, especially of the young, and that rural areas are losing enterprising human capital while witnessing an ageing of their population.