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Mexico: Study shows NAFTA among factors which have "impoverished" farmers

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Text of report by Ivette Saldana and Lourdes Rudino: "NAFTA leaves Mexican farmers impoverished" published by Mexican newspaper El Financiero web site on 6 April; subheading as published

A poorer diet and increasing impoverishment of the rural world are the results of 10 years under the North American Free Trade Agreement (NAFTA) and the lack of public policies providing aid to small farmers.

This is the conclusion reached by investigators Jose Romero, from the College of Mexico (Colmex), and Alicia Puyama, from the Latin American School of Social Sciences (Flacso), who joined scholars at Chapingo Autonomous University in carrying out a study requested by the government in order to detect the agreement's impact on the sector.

The two researchers report that the problem will not be solved either by ending NAFTA or renegotiating it but, rather, by redirecting subsidies and allocating more funds to agriculture through policies that encourage the integration of small farmers.

The researchers also point out that the secular lag from which Mexican rural areas have suffered for several decades has not been reversed "either by interventionist or free market policies". This is so because the support given to agriculture has been unfairly distributed and has neglected small farmers. "Public policies were not developed extensively enough or did not provide the coverage required to face outside competition."

During these 10 years under NAFTA, agricultural support programmes have benefited big commercial producers the most, while it was the small farmers who received the least help, particularly those growing staple cereals and oil-yielding crops.

Nevertheless, the picture has not been totally negative, because Mexican agriculture has made gains in terms of efficiency since 1993, increasing the value added per worker during that time. Despite the fall in prices, the change in the rate of exchange and the lack of investments and funding, agricultural productivity and actual yields have risen throughout the sector, including those of staple cereals, the researchers point out.

Overall evaluation

In the overall evaluation of the Impacts and Instruments of the Agricultural Chapter of NAFTA, the researchers at all three educational institutions explain that Procampo [Programme of Economic Assistance for Rural Areas] has only 2.5 million farmers receiving support out of a total of 3.5 million and that of the overall total, only 200,000 receive aid to marketing, while "little or nothing" is given to small farmers.

According to the researchers, the impoverishment of rural areas during that same period cannot be attributed solely to NAFTA. Rather, other factors must also be taken into account, such as the lack of investment in infrastructures, the overvalued rate of exchange and the inadequate credit awarded to the sector.

In addition, one must consider such factors as the downward trend in output, distorted public policies, droughts and the inefficient operation of the national agricultural market. All of these factors have combined to produce a poorer diet and the increasing impoverishment of farmers, amounting to between 2 per cent and 3 per cent, especially among smaller farmers, Alicia Puyama observes.

It has been known since 1993 that the productivity of the Mexican agricultural sector was lower than that of the United States but even this knowledge has resulted in no change in farm support policies. Given this fact, it is necessary to modify our domestic policy and seek to develop agriculture via mechanisms which will increase the agricultural sector's total share of GDP, which is 5.9 per cent.

It is necessary to promote a viable strategy of support for subsistence-level farmers, i.e., farmers who work less than 5 ha of land, in order to make them more efficient and profitable, Romero Telleche adds.

The study demonstrates that properties of 8-15 ha are very profitable and, if given support, will have great potential in Mexico. In order for this to happen, it is necessary to have "a government agricultural policy drafted with a long-term vision so as to increase the sector's participation in generating the GDP more efficiently and competitively, while improving the sector's productivity". In addition, instead of increasing subsidies, the latter must be restructured so that domestic production can meet demand. This policy must also consider focusing on more profitable crops.

In their study, which is more than 1,000 pages long, the investigators propose "applying in full the mechanisms for protecting the sector that are already included in NAFTA", without this implying any reopening of the chapters or renegotiation. In addition, investments in rural infrastructure must be increased until it reaches 6 per cent of GDP.