

A Historical Perspective of Agricultural Trade in the Americas

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Agricultural Trade in the Western Hemisphere – A Vast Topic

- ❖ 40 plus countries and territories
 - from US and Brazil to Costa Rica and Haiti to the Virgin Islands and St Pierre and Miquelon to Cuba
- ❖ Thousands of Products
 - Grapes from Chile
 - Wine from Argentina
 - Beans from Mexico
 - Orange Juice from Brazil
 - Llama wool hats from Peru
 - Cocaine from Colombia
 - Maple Syrup from Quebec
- ❖ Each country and product has unique issues

Important and Contentious Products

❖ Sugar

❖ Coffee

❖ Beef

❖ Soya

Sugar - Old Problem with a New Twist

- ❖ Sugar is a product many South American, Central American and Caribbean countries produce and export
- ❖ World market very distorted
 - US market is heavily protected
 - EU market is heavily protected
- ❖ Sugar is an efficient input for biofuel – ethanol – more efficient than corn or cereal grains
- ❖ US and EU have put in place trade barriers to ethanol
- ❖ Cuba?

Coffee – from commodity to differentiated product

- ❖ The global coffee market has a growing premium segment
- ❖ Despite Colombia's pioneering work in this area, coffee farmers in South America have not been able to capitalize on this trend
- ❖ African, Asian and a few Central American coffees have done much better
- ❖ Geographic Indicators may be a route to success
- ❖ EU versus US on Geographic Indicators

Beef – A Sanitary and Phytosanitary time bomb

- ❖ Argentina and Uruguay are very cost efficient producers of beef
- ❖ Brazil has become a huge beef producer over the last 20 years
- ❖ Kept out of the North American market due to “foot and mouth” disease
- ❖ Latin American veterinary services have become more effective
- ❖ Regionalism in the WTO

Soya – intellectual property and trade in GMOs

- ❖ **Genetically modified soya beans thrive in Argentina and Brazil**
- ❖ **Expansion of soya bean production in Latin America has radically altered the global market for animal feed**
- ❖ **TRIPS requires developing countries to protect intellectual property**
- ❖ **Brazil has allowed production of GM soya – loss of EU market**

History of Agricultural Trade in the Western Hemisphere

❖ Four Major Trends:

➤ Modern Market Economies

➤ Export Oriented – Support for Producers

➤ Selected Sector Modernization

➤ Beef (Uruguay, Argentina), Coffee (Colombia, Brazil) Fruit (Chile)

➤ Banana Republics

➤ Self-sufficiency

Constraints to the Expansion of Agricultural Trade in the Western Hemisphere

❖ Failure of the Doha Agenda

- Market Access
- Export Subsidies
- Domestic Support for Farmers in Developed Countries

❖ South-South Protectionism

❖ Preferential Market Access for Some – (e.g. Bananas)

❖ Suspicion of Globalization and Market Liberalism

Constraints to the Expansion of Agricultural Trade in the Western Hemisphere

❖ Poor Infrastructure

- Transportation (roads, ports, airports)
- Water (irrigation and food processing)
- Financing and Credit
- Rural education
- Modern managerial skills

❖ Macroeconomic management

❖ Urban bias

- Underinvestment in agriculture
- Export restrictions – (export taxes and prohibitions)

❖ Environmental management

Constraints to the Expansion of Agricultural Trade in the Western Hemisphere

❖ Good Agricultural Practices(GAPs)

➤ Private sector standards

✓ Food Safety

✓ Product Quality

✓ Labour Standards

✓ Environmental Sustainability

➤ Closed Supply Chains

➤ What about those who are left behind?

Multilateralism vs Regionalism

- ❖ **Major Change in US trade policy in the last years of the Clinton Administration – Pursued vigorously by the Bush Administration**
- ❖ **From 1947-late 1990s US focused exclusively on multilateral approach – (only FTA with Israel and CUSTA/NAFTA)**
- ❖ **Now – multi-track approach**
- ❖ **Regional Trade Agreements with US**
 - **A Race to gain preferred access to the US market**
 - **Unequal bargaining power**
 - **Unequal results**
 - **Erosion of preferred access**
- ❖ **The problem with Congress**

Does the future of agricultural trade for Latin America lie in the Western Hemisphere?

- ❖ **Can Latin America get on the agenda of the Obama administration?**
- ❖ **Mercantile perspective**
- ❖ **Major points of economic growth are outside the hemisphere – diet transition**
- ❖ **US, Canada will only see expanding markets for high value food products**
- ❖ **Ethanol?**
- ❖ **New biofuels?**
- ❖ **Forces of Globalization trump regional initiatives**



Thank You