

THE COLOMBIA FTA AND AGRICULTURE

As negotiated, the FTA will mean food insecurity and unemployment for Colombia's rural population.

In a May 10 letter to U.S. Trade Representative, Susan Schwab, Representatives Charles Rangel (D-NY) and Sander Levin (D-MI) said that violence against trade unionists and human rights defenders, widespread impunity, and the role of the Colombian paramilitaries in perpetuating violence would have to be addressed before the U.S. can sign a free trade agreement (FTA) with Colombia. WOLA agrees that anti-union violence and impunity must end. But in addition, WOLA believes that before an FTA can be signed, the agreement must include protections for the rural and agricultural sectors.

The U.S. Colombia FTA will negatively impact the rural and agricultural sectors by increasing food insecurity and unemployment. Agriculture is a crucial part of Colombia's economic activity. It is the third most important sector in terms of employment (almost double the figure for employment in the industrial sector) and provides 11.4 percent of GDP.¹ More than 22 percent of Colombian workers depend on agriculture for their livelihood, especially Afro-Colombians and indigenous peoples.

The Colombia FTA requires the government to cut tariffs on basic agricultural goods, and open up its markets to imports of the same commodities from subsidized U.S. agribusinesses. The Colombian Ministry of Agriculture and Rural Affairs conducted a study of the effects of liberalization on nine primary agricultural products and found that full liberalization would lead to a 35 percent decrease in employment.² As in Mexico, where an estimated 1.7 million farmers have lost their livelihoods since NAFTA went into force, Colombians will face comparable risks.

Even before the FTA was signed, the U.S. Government insisted that the Colombian government fulfill two conditions in order to initiate talks. First, that Colombia fully liberalize its markets, and second, that it end the Andean price band system, a mechanism used to stabilize fluctuating import prices of certain agricultural products such as maize, rice, sugar and milk. The U.S. also demanded the eventual elimination of tariffs for all products, as well as a ban on fixed quotas and on preferential treatment for special products.³

In Colombia, wheat, soybeans, cotton, sorghum and rice are considered special products and will be most affected by the trade agreement. In the study mentioned above, the Colombian Ministry for Agriculture and Rural Affairs states that with the elimination of any protection, production of nine products would decrease in volume by 37 percent and the area of land farmed drop by around 20 percent.

¹ Patricia Amat, "Song of the Sirens," Oxfam America Briefing Paper, June 2006, pg. 6.

² Extracto de la parte resolutive de la providencia judicial emitida el 12 de diciembre de 2005, RECALCA

³ Preferential treatment is a mechanism within the WTO designed to recognize existing asymmetries between developed and developing countries, and give governments the flexibility to designate certain products as special and exempt them from tariff reductions.

At the same time, the U.S. continues to subsidize large agricultural businesses with more than \$20 billion annually. This gives US producers an unfair advantage because they are able to export agricultural products at below the cost of production, otherwise known as dumping, which will put Colombian farmers out of work.

The risks of signing a NAFTA-like agreement on the agricultural sector with Colombia include increased unemployment and poverty; increased food insecurity as greater focus shifts to export crops; and increased participation in illicit drug activity.

What Colombia Needs:

Along with an end to anti-union violence and impunity, the Colombia FTA must include protections for the Colombian rural and agriculture sector, and the promotion of development that goes beyond unilateral market liberalization.

Specifically:

- The FTA must recognize the importance of the rural and agricultural sectors contribution to the Colombian economy and to the livelihood of nearly a quarter of its population;
- The FTA must guarantee the Colombian government's flexibility to determine policy such as imposing tariffs or other safeguarding measures to protect special agricultural products, especially those that contribute to the food security of the Colombian people. This will be particularly important as long as the US continues with unfair subsidies to its own producers.
- Finally, the FTA must guarantee agricultural producers in both countries fair prices for their commodities.

For further information, please contact:
Vicki Gass, Senior Associate for Rights and Development
vgass@wola.org