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Soy Producers Pressure Government

by LADB Staff

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Bolivian exporters and opposition figures have begun pressuring the government of President Evo Morales to set up a free-trade agreement (FTA) with the US, a negotiation that Morales says he will never join. Bolivian soy producers fear that they have lost out massively on the export market to key purchasers Colombia and Peru after the two countries signed the Andean Free Trade Agreement (AFTA) with the US in recent months (see NotiSur, 2006-01-13 and 2006-03-10).

The treaty increases Colombia's and Peru's access to cheap, highly subsidized soybeans from the US, meaning that their purchases of Bolivian soy products are likely to drop drastically. The opening of US market access to Peru and Colombia has put pressure on industries in smaller economic powers like Ecuador and Bolivia, although broad popular opposition in those nations would play a greater role in blocking agreements (see NotiSur, 2006-03-24).

Bolivia has been participating in US trade talks in an "observer" status and could conceivably commence bilateral talks with the US, but Morales' declarations and rising tensions between his and US President George W. Bush's administrations make that improbable.

Bolivian soy industry to lose access, competitiveness

Because the US is a large-scale soy producer and it just finished talks to remove most trade barriers with Colombia and Peru, the Bolivian soy market, an industry that employs some 120,000 Bolivians, finds itself at serious risk. Beginning next year, Bolivian soy products could be displaced by US soy, and producers fear that they could lose 40% of their export market on soy and soy derivatives like soy flour, grain, and "torta de soya", or milled soy with the oils removed, used for poultry feed.

Venezuela and Colombia are two of Bolivia's top soy-product purchasers, with Venezuela purchasing almost 700 million kg last year and Colombia buying over 530 million kg. Peru is the third-largest buyer of Bolivian soy, purchasing 175 million kg of soy products. Reuters reports that Colombia accounted for US\$170 million dollars in sales out of Bolivia's total Andean sales of US\$400 million in 2005. This made soy production a major portion of Bolivia's total volume of export sales, which the government estimated at between US\$2 billion and US\$2.5 billion last year. But Colombia has conceded a quota allowing the import of more than 800 million kg of soy from the US in AFTA, about 400 million kg more than Bolivia was able to sell to its fellow Andean nation last year under the prior trade regime.

Morales calls on Colombia's Uribe to follow Andean norms

The possibility of Bolivian soy production being ruined was a central theme during a March 14 meeting in La Paz between Morales and Colombian President Alvaro Uribe. Morales called on Uribe several times to renegotiate AFTA with the US regarding soy-related issues (something Uribe said

he would only do if Morales convinced Bush to allow it) and to respect norms that both countries have agreed to as members of the Comunidad Andina de Naciones (CAN). CAN norms call on member countries to take into consideration whether deals with countries outside of the CAN would threaten protected or vulnerable markets among other members. Morales considers Colombia's signing AFTA to have done just that.

Colombian opinion columnist Daniel Samper Pizano, who frequently opposes Uribe's policies, wrote in Bogota daily El Tiempo that Colombia had "imitated Cain" of the Cain and Abel story in Genesis by committing "fraternal violence" against its metaphorical brother, Bolivia. "Few days have passed since the signing of the agreement," wrote Samper on March 21, "and Colombia has already graduated to being an abuser of its brother in language, blood, and history. We have taken the soy market from Bolivia, one of the continent's poorest countries, to give it to the United States. That's how simple the thing is. That's how cruel."

"TCP, not TLC" a Treaty of Trade with the People

Morales, a socialist, has rejected pressure from export industrialists to negotiate a deal with the US, saying he would create a Tratado de Comercio de los Pueblos (TCP), or people's trade treaty, instead of a "Tratado de Libre Comercio (TLC)," or free-trade treaty. "We will confront the TLC with the TCP," said Morales on March 15, saying that such an agreement would seek external markets, like those in Venezuela or Cuba, for small businesses, cooperatives, and community enterprises. He indicated in various statements that he would favor complementary treaties with other nations in place of US-driven trade deals. "It is not possible that the businesspeople who receive subsidies from a few countries will invade us with their products and destroy our small producers. That is the TLC, and here we are going to bet on the TCP," said Morales.

The formulation is similar to Venezuelan President Hugo Chavez's Alternativa Bolivariana de las Americas (ALBA), in which Chavez seeks to devise economic-development alternatives in place of the Washington Consensus idea of maximal trade liberalization with intellectual property rules that tend to favor large corporations (see NotiSur, 2005-12-02 and NotiCen, 2006-03-30).

Venezuela and Brazil try to alleviate Bolivia soy crisis

South-South complementary trade may help soften the blow to the soy industry, although it may not be able to completely undo the effects of AFTA. In April, Venezuela began a soy-for-diesel trade exchange with Bolivia, said Bolivian Vice Minister of Trade and Exports Gustavo Barbery Pelaez on March 20. The presidents of the two countries agreed on a deal whereby Bolivia would deliver 200,000 tons (about 180 million kg) of soy and other products at a value of about US\$12 million per month to Venezuela in exchange for Venezuelan diesel, guaranteeing delivery of the fuel to agricultural producers in Santa Cruz, Bolivia.

Brazil's government is also studying ways it could purchase a portion of Bolivia's soy exports. Brazil, after the US, is the world's second-largest soy producer. US withdrawal of military funding further strains relations. Another factor aggravating US-Bolivia relations is that annual drug eradication aid

from the US to Bolivia has been steadily declining since 2001, when the total aid disbursed was US \$117.3 million. This year, the US will only send US\$67 million. Reductions in aid have also caused the Bolivian government to say that it will not be able to fund its "anti-terror" commando force, the Fuerza Contra Terrorismo Conjunta (FCTC).

Morales lashed out at the US for withdrawing counterterrorism aid in a standoff over naming a Bolivian anti-terrorist commander. Bolivian and US officials have refused to publicly identify the controversial commander. But the US has objected to the appointment by canceling just under US\$500,000 in aid to the elite FCTC, ordering the return of Bolivian military personnel currently training in the US under the program, and asking that arms and equipment be returned.

On March 8, Morales again rejected a US request to return arms provided to the unit, minutes before meeting with US Ambassador David Greenlee. "The ambassador has asked us to turn over a new leaf and start new relations," Morales said. "Nevertheless, I'm receiving a lot of aggression, a lot of provocation from the US Embassy and US government."

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