

Impacts of US-Colombia FTA on Colombia's rural poor: Losses for small farmers, expansion of illicit crops¹

The Obama Administration and US Congress should not pass the Free Trade Agreement (FTA) in its present form as it could have dire consequences for Colombia's rural poor and may subsequently lead to a growth of illicit crops. The trade deal negotiated between Colombia and the United States during the Bush Administration should be revised to take into account the existing situation of rural poverty and inequality in Colombia and ensure its application does not undermine food security and rural development efforts. *If the FTA is adopted in its current form, small-scale rural producers (campesinos) will be adversely affected, ultimately encouraging the growth of illicit crops and fueling a war economy.* A condition for the FTA's approval should be the implementation of criteria for improving conditions for these poor and vulnerable people

× SIGNIFICANCE OF SMALL-SCALE FARMING

There are more than 3 million people involved in small-scale agricultural activities in Colombia, mixed race (*mestizo*) farmers, Afro-descendants and indigenous communities, whose livelihood depends on farms that average 2.9 hectares. These farms have little technology, precarious road access, produce small amounts of crops, receive almost no state support, and account for at least 738,000 households, mainly dedicated to supplying the basic Colombian food basket. Despite their precarious farming conditions, and difficulties in accessing markets, *small-scale farmers currently produce 40% of Colombia's food supply.* These farmers provide 67% of the food component of the basic family budget in the capital, Bogotá.

The cost-benefit analysis of the present FTA is negative for Colombia's small-scale agriculture, which would have repercussions for the rest of Colombian society. Loss of rural livelihoods could generate social unrest and undermine food security, increasing dependence on food imports, as small scale farmers would not be able to compete with US-subsidized exports.

× ADVERSE EFFECTS OF THE PENDING FTA

The most conservative calculations indicate that, in the first few years of its coming into effect, *the present FTA would adversely affect the incomes of around 485,000 rural households – more than 2 million people.* 28% of small-scale farmers' crops would be affected almost immediately, and a large part of agricultural production would become unviable.

The FTA in its present form would have a devastating impact on Colombia's agricultural economy. *The total value of agricultural production would be reduced by more than 218 million USD per year* in the first 6 years of the agreement, which would mean a 15% reduction in crops: the equivalent of 200,000 hectares².

¹ This document is based on the report "Impact of the current Free Trade Agreement between the United States and Colombia on small rural producers: the loss of economic alternatives and of national food security", written by Aída Pesquera and Adriana Rodríguez of Oxfam GB - Colombia

² Source: Garay et al (2006). "Agricultural negotiation in the FTA – scope and consequences"

The income of the *campesino* farm economy would also be affected by the loss of day labourers' jobs – individuals who work on other farms to complement their household income. Many carry out this activity with no written contract or social security, and are paid at 3.90 USD daily. The current FTA would destroy at least 20% of this employment, resulting in 15,000 fewer jobs in rural households.³

× NO PRIOR CONSULTATION WITH AT-RISK POPULATIONS

The Colombian government did not consult Afro-Colombian and indigenous communities on the FTA, in violation of the International Labor Organization (ILO) Convention no. 169 on Indigenous Peoples' Rights. In 2005, 80,000 indigenous small-scale producers, rice cultivators and cold-climate crop producers carried out their own referenda, and formally asked the government not to negotiate the FTA in its current form; they were ignored. This has generated a widespread *feeling of discontent and social unrest*. During the month of October 2008, 25,000 indigenous people and small-scale farmers from the Southwest of Colombia and other regions crossed the country on foot in a mass march to draw attention to a series of demands, including, as well as four other points, a request that the government consult them about the FTA.

× FTA WOULD LEAD TO FURTHER MARGINALIZATION OF CAMPESINOS

The FTA would have a negative impact on the Colombia's small-scale agricultural sector, which supplies the domestic market, because negotiations failed to take into account the asymmetry between the relative capacities of Colombia and the US to compete in the market, particularly given the extensive system of subsidies supporting US agricultural exports.

If the current version of the FTA is approved, many small-scale producers will be excluded from the marketing chain, thereby undermining rural livelihoods. *It is common sense in Colombia that conditions of exclusion and poverty in rural areas fuel the illegal economy*. The opportunity to earn an income (or even in-kind food payments), and of obtaining status, are the principal incentives cited by young people in rural areas for becoming involved with armed groups and illicit crop cultivation.

From the perspective of development, poverty reduction and a peaceful resolution to the internal conflict, it is in the interests of neither Colombia nor the US to approve the FTA in its current form. The Obama Administration should insist that passage of the FTA be contingent on first addressing the potentially disastrous effects on Colombia's rural poor, as well as on achieving a considerable and sustainable improvement in labor rights and other pressing human rights issues. The FTA should be modified to enable expanded trade to stimulate growth that can reduce poverty and inequality and promote economic alternatives in the rural sector in Colombia. Furthermore, it should be made conditional upon the fulfillment of guarantees, not just for trade unionists, but for all those who defend human rights.

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³ Source: IDB, FAO, Andes University (CEDE) (2007). Page 53.