



Ecuadorian Trade Negotiations and small farmers¹

Manuel Chiriboga²

February, 2007

¹ This document is part of a series of contributions by Rimisp-Latin American Center for Rural Development (www.rimisp.org) to the preparation of the World Development Report 2008 "Agriculture for Development". This work was carried out with the aid of a grant from the International Development Research Centre, Ottawa, Canada (www.idrc.ca). The contents of this document are the exclusive responsibility of the authors.

² Rimisp-Latin American Center for Rural Development. mchiriboga@rimisp.org.

Trade negotiations generally are a contested field, especially when agriculture is discussed; more so when negotiations take place between a rich country, with a large support system for their producers and a small country, with limited programs for agriculture. Ecuador initiated in 2003 free trade negotiations with the United States of America jointly with his Andean neighbors: Colombia and Peru. By the beginning of 2006 these two countries had finished their negotiations and were ready to sign a Free Trade Agreement, while Ecuador failed to reach an agreement.

In part negotiations stopped because of the political turmoil caused by them, and a by a government without strong political support. Some agriculture groups, especially small and medium commercial producers and the business sector were represented by commodity organizations and the chambers of agriculture and participated actively in the consultative process organized by the Ecuadorian negotiators. Indigenous people organizations, headed by the powerful CONAIE, small farmers -especially rice producers in the coast- and students from Schools and Universities participated in growing protests, which included a week long blockade of most of the Sierra region. But besides the impact they had on the political decision of completing negotiations, did they have an impact on the negotiations themselves? Did they open opportunities for the rural poor, small farmers and indigenous peoples in the contents of the agreements being negotiated?

Research done by ECLAC³ and the World Bank⁴ clearly showed that while staples such as corn, rice, soy, milk products, potatoes and beef meat were threatened by a trade agreement, higher value products such as vegetables, tropical fruits, and flowers stood to win. They also showed that around 47% of traditional small farmers, 41% of small commercial farmers and 37% of medium and large farmers were threatened by a free trade agreement with the USA. These studies gave the Ecuadorian negotiating team a road map for its discussions within the different sectors and with the USA. But intense discussions with rural civil society organizations defined more precisely what to look for during the negotiations, as well as the domestic public policies that would be needed to complement the free trade agreement.

Looking at the negotiations in retrospect it is clear that some impacts can be linked to social and political mobilization within Ecuador. These included changes in the chapters on agriculture, environment, intellectual property and non-conforming measures. In agriculture a stronger emphasis was placed on market access, achieving the opening of the USA market for a number of traditional labor intensive products of particular importance to the peasant and indigenous people sectors, such as medicinal herbs, small animals and Andean tubers and plants. Regarding access to the Ecuadorian market by US producers, it was possible to negotiate long transition periods for subsidized products such as rice and milk powder. On the environmental chapter, negotiations achieved not only a commitment to protecting biodiversity, but more importantly to protecting traditional knowledge and practices of indigenous peoples and to consult them and other stakeholders on environmental matters. On the intellectual property chapter it included recognition of collective rights over traditional knowledge and non-tangible elements associated with genetic resources. Finally in the non-conforming measures section, agreement was reached

³ CEPAL (2005), César Morales, Soledad Parada, Miguel Torres, “Los Impactos Diferenciados del TLC Ecuador-EEUU sobre la Agricultura del Ecuador”, Santiago de Chile

⁴ World Bank, A Strategy for Rural Development in Ecuador, December, 2004

on the right of the national government to legislate independently of the FTA, on such issues as property rights of indigenous communities and other vulnerable groups over land and water.

The social and political mobilization of indigenous people and small farmers on the negotiation also had an impact on the discussion of specific public policies regarding support to producers and sub-sectors that could be affected by the trade agreement. The negotiating team and the Ministry of Agriculture developed a proposal that included income support to farmers, strengthening of small farmer participation in value chains, modernizing public agricultural services and infrastructure, and a competitive fund for farmer organizations to develop business plans. What was important is that social mobilization had a two-pronged effect, on the negotiations themselves and on developing a new and significant agricultural support policy.

But at the same time trade negotiations signaled small farmers about possibilities that would emerge from a free trade agreement. For example, small milk and cheese producers would have had greater opportunity to export their products, aiming for example at the Ecuadorian migrant communities in the US. Rice producers started discussing how to become more competitive or how to diversify towards higher value export crops such as cocoa, or towards labor intensive horticulture. Highland indigenous small producers were experimenting with broccoli contract production for the US markets. In doing this many experimented through new organizations and institutions.

The failure to conclude the free trade agreement can be linked to the political weakness of the Ecuadorian government, to tensions between nationalistic oil policies and free trade negotiations, and to the fear by the political elites of new protests.

A number of lessons can be extracted of the trade negotiations. An open consultative process with different stakeholders can establish adequate channels for discussing specific negotiating targets and to let farmers monitor how negotiations advance. This works better when at least part of the team is known by civil society leaders; this in turn helps negotiators advance on areas resisted by other stakeholders. Political mobilization can help open up the field of negotiations, as they signal clearly broader societal interests, as was the case on the environment and intellectual property discussions. Finally trade negotiations and the discussions and mobilizations around them, can also have a positive influence on agricultural policies. The combination of a careful negotiation and policy proposals discussed with stakeholders can in turn give positive signals regarding small farmer opportunities and diminish the sense of menace.