

Challenges posed by LD on Public Policies – Argentina



2^d Global Soil Week – Losing Ground
Berlin 28. October 2013
Germany

1. Global Context and Latin America's “won decade”

- In a world of 9 billion people, and considering actual development patterns, overall **food production** would have to almost double in the developing countries between 2005 -2050.
- In Latin America, it was **area expansion** that accounted for about **50% of the food – production increase** of the last 30 years.
- In Argentina and Brazil, **yield gaps and high technological** equipment do still offer huge **opportunities** for economic growth and global food security.

Growing demand for commodities in the **past 10 years** led to what is called the **Commodity Consensus** in Latin America: **Economic growth** is pursued through **exploitation** of **Natural Resources** (as in the past), but **now Governments play an active role** in **redistributional processes**.

2. Argentina's role in global commerce: the actual path of Development

- Exports from agriculture make up to **42% of argentine overall exports**.
- In 10 years, they **grew almost 4 times** accounting for 50 billion US\$ in 2012.
- Argentina ranks among **top 10 commodity exporters** and is the **world largest biodiesel exporter**.
- About **40-50%** of the **Export tax revenues** derive from agricultural products .

Agricultural export sector is therefore fundamental for the balance of payment and currency exchange-rate. This gave Government legroom for spending and economic recovery from the breakdown in 2001.

2. Argentina's role in global commerce: the actual path of Development

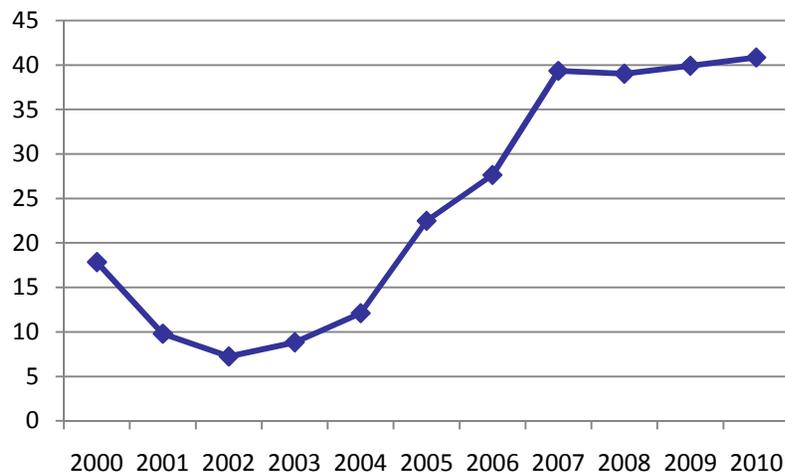
.... In the last decade:

- Upward – movement from poverty into Middle-Class experienced an enormous take-off (about 10%), promoted through growth and **redistribution in a 50-50% relation.**
- According to the World Bank, Argentina's, *Genuine Savings* four-folded.
- According to the UNDP, Argentina ranks **45th** in Human Development Index, between Portugal and Croatia. **Gini-Index** fell from 55 points in 2003 to **44** points.

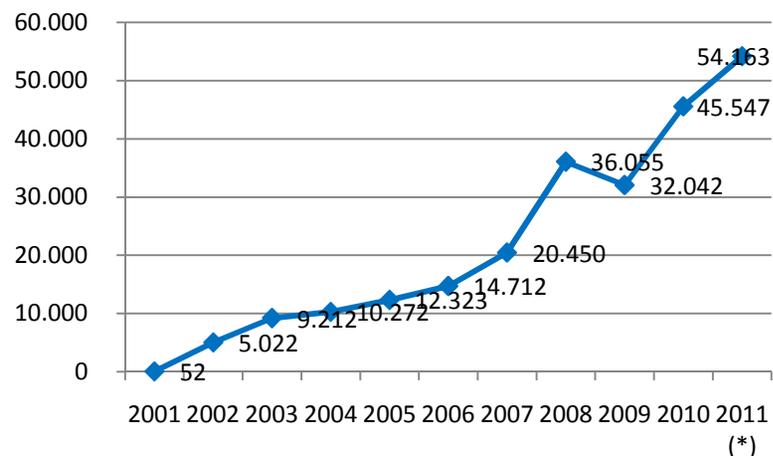


Insight: The Commodity – Consensus or Argentina’s “Won Decade”

Total reserves (% of total external debt)



Revenues from export taxes in million pesos



Sources: WB, ILO, Ministry of Economy

- Public spending on **education** rose from **3,5%** to **6% of GDP**.
- Public spending on **academic research** rose **9 times**.
- **Poverty** was reduced from **40% to 5%**.
- Since 2005, the *Birth – Plan* provided **health coverage** for **4.7**

On the other hand, **federal reserves in US\$** from export-taxes are **persistently needed** to maintain a **competitive exchange rate**, finance imports, **pay debt**, and **avoid devaluation** (maintain prices and real income at an acceptable level).

3. The Natural Resources Opportunity – for how long?

Impacts on Terrestrial Ecosystems (Land Degradation)

- In 10 years, agricultural areas increased 11%: forestal area decreased by 7%.
- Dryland regions (75%) are increasingly subject to **desertification** from land-use pressures such as extensive cattle ranching, formerly expelled from traditional areas by GM – Crop -expansion.
- Soil - nutrient balances are still negative by average 38%.
- **Pesticide** use has gone up from 35 million litres in 1990 to 336 million in 2011.



3. The Natural Resources Opportunity – for how long?

Impacts on economic and political stability, livelihoods and democracy:

- Cash crops compete for land with traditional farming. Productive diversity in agriculture is fundamental for inner food security and sovereignty (food prices).
- Conflicts on rent-distribution and land confront large-scale commodity producers, Government and small-scale farmers as well as indigenous populations.
- Dependence on commodity-exports create bottlenecks and exposure to external shocks: pressure on the exchange rates and inner price instability cause social dissatisfaction.
- Intertwinings of global financial markets and large-scale agriculture have implications for environmental sustainability, real-estate prices as well as on the socio-economic structure of the rural populations as a whole: land mining, land grabbing, soil depletion.

Insight: Increasing Conflicts on Land

- 857 land conflicts were occurring in 2012 on 9.2 million hectares, affecting 64.000 small scale farmers. **43%** of them occurred in the last decade.
- Unclear or non-existent property rights (18.25%)
- Land-occupy (8,25%)
- Expulsion from family-possessed land (8,15%)
- Claims for acknowledgement as indigenous people´s territory (7,89 %)



Source: Ministry of Agriculture – Report of the Undersecretariat for Smallscale Agriculture

Insight: Conflicts on rents and distribution – political instability

In 2008 , ruralists carried out a country-wide lockout for 129 days as a way of protesting against a Decree that intended to restructure and aughment export taxes.

Agricultural sector claims:

- Current export – taxes are **excessive**.
- Export – taxes **hinder investment** and development.
- Export **taxes reduce rentability** and thus **increase pressure on ecosystems**.
- Export taxes **contribute to even more concentration** in the sector.



Government claims:

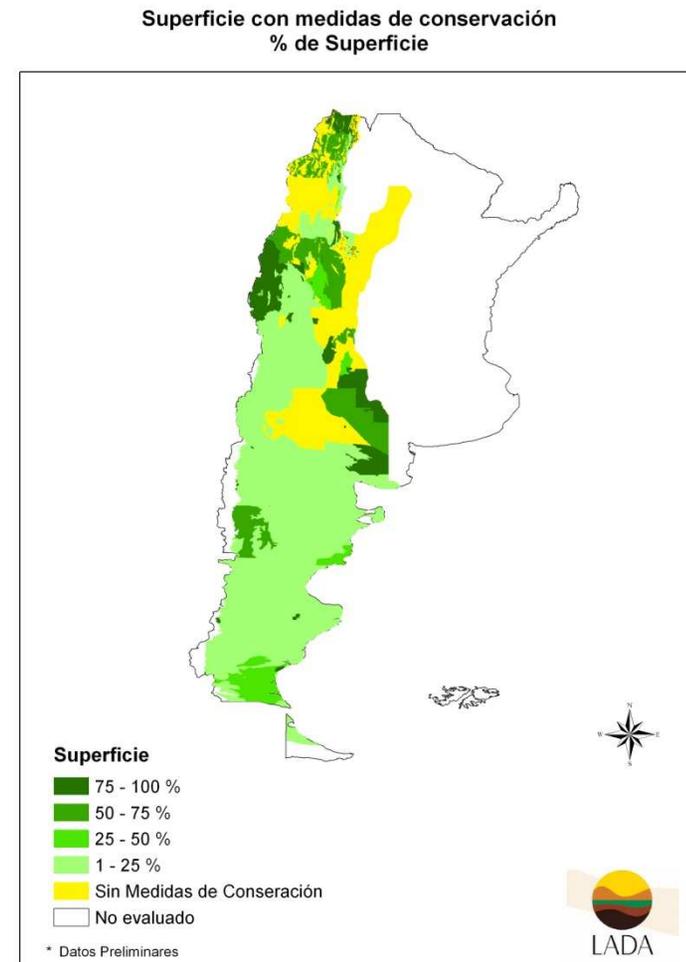
- Current export – taxes are **the only effective way** to **obtain taxes** from the sector.
- **Land and infrastructure is provided by society** as a whole: rentability has grown exceptionally and society as a whole should benefit from it.
- Export taxes are needed to **keep inner market food prices** on an acceptable level.
- Export taxes **are incentives for sustainability**, when applied appropriately.
- Government has **the force of votes** and has to govern for the society as a whole, not for specific elites.



4. Actual Public – Policy - Attempts

National Action Program on Desertification - UNCCD/ Secretary of Environment (1996)

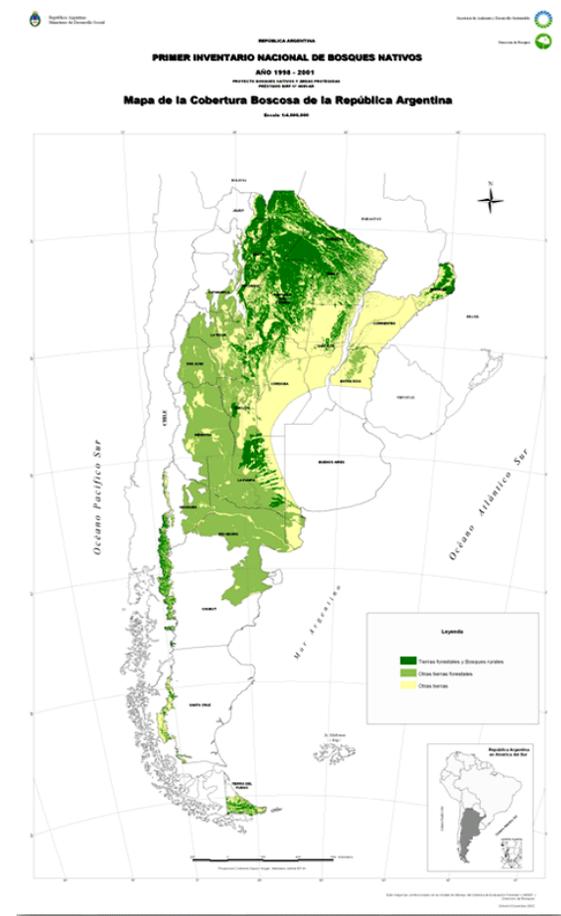
- Development of Benchmarks, Indicators and Monitoring (LADA/FAO).
- Research on economic impacts of Climate Change on Drylands (Regional ECLAC – Study.).
- Implementation of specific ecoregional GEF – Projects and one Adaptation-Fund Project, covering all affected areas, focused on SLM and institutional Capacity – Building.
- Implementation of Best – Practices on affected homogeneous areas in order to develop common SLM – Protocols for the MERCOSUR (Econorms – EU).
- Bilateral South – South cooperation on research and knowledge – management: Regional Capacity-Development on LADA/WOCAT –Methodology through the Argentine Agency (FOAR).



4. Actual Public – Policy - Attempts

National Law on Natural Forests State Secretary for Environment and Sustainable Development (2009)

- Since 2009, **Minimum Standard** Natural Forest Protection Law was setup as means to enforce national objectives in main forest-holding Federal States (Provinces) actually exposed to agricultural pressure.
- It is a federal compensation scheme that pays provinces for protection through territorial planning.
- Compensation fund has to be **at least 0.3% of the National Budget** and is financed by **2% of total export tax-revenues**.
- Until now, around **US\$ 90 million** were invested for Sustainable Forest Management through this instrument.



4. Actual Public – Policy - Attempts

National Law on Land Grabbing Ministry of Justice and Human Rights (2012)

- **Foreign Land – Acquisition limited** to maximum of **15% per Federal State** and/or nationwide .
- **Creation of a National Registry of Rural Land** which monitors and permits or prohibits land acquisitions.
- **95 % of the territory** belongs to rural areas, from which today **5.9 % belongs to foreigners**. Rural overall population is **7.6 per cent**.
- **In 49 counties**, no further land acquisition is permitted.
- **Of 15 million hectares in foreign hands**, most belong to owners from USA, Italy and Spain.
- **12 million hectares** of these 15 million belong to **253 owners**, which shows some extent of concentration.

4. Actual Public – Policy - Attempts

Other measures (Ministry of Agriculture)

- **Participative National Plan on Food and Agriculture 2010/2016:** Its main objective is to add value to argentine production, from actual 22% to 41% as well as to promote coexistence of diverse territorial models through differentiated means of promotion.
- In 2009, creation of the **Undersecretary for Small- Scale Farmers and Rural Families**, which supports small-scale farmers through **specific projects and financing**.
- **The Unit for Rural Change (2009)**, gives technical and financial support and aims at promoting **territorial equity** in development. Through this mechanism, **US\$ 552 million** where invested and **122.058 small-scale farmers assisted**.

6. Proposals for a global ELD - dialogue: “What we are willingly missing to talk about”

- Economic dynamism based on extraordinary rent-seeking-economics of land-use are a menace to sustainability as well as to equity, which causes a burden on democracy and wellbeing.
- Socio-economic achievements based on the *export-tax-redistribution-nexus* are fragile and may hide structural problems like informal labor markets, low income, poverty, inequity and market concentration.
- Fair rules in international trade: “green” development needs real opportunities.
- Foreign debt and extractivism: can “Debt for Nature – Approaches “ be a solution?
- Degrowth--, Green – Growth, Zero – Net- Approaches: can we ask emerging countries to dare it?

→ How can we work together in order to shape “Macro - Economics of Land Degradation”?

To keep in touch...



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