

# Impact of trade liberalization on agricultural producers and the rural poor

**A**gricultural trade in Asia and the Pacific is growing. Globalization and trade liberalization are expected to increase it further. Liberalization of agricultural trade brings both opportunities and challenges for the region. It has both positive and negative effects on various groups of people, including agricultural producers, the rural poor, traders, and consumers. For example, in net importing countries, cheaper foreign agricultural products would mean lower domestic prices and declining farmers' income. The lower prices, however, would benefit consumers and increase their purchasing power. For countries with a strong international competitive edge, they would be able to export more. In high-income countries, the impact on farmers is largely negative, at least in the initial stage as they struggle to adjust to the new environment. Despite these examples, however, the full extent of the impact of trade liberalization on each country is difficult to ascertain as there are many interacting factors.

To assess the impact of trade liberalization on agricultural producers and the rural poor and to identify measures for alleviating the negative consequences, the APO commissioned a survey on "Impact of Trade Liberalization on Agricultural Producers and the Rural Poor" in 12 member countries in 2000. It was completed in 2002. A symposium was held in Tokyo, Japan, 11–17 March this year, to discuss the survey findings. It was implemented by the Association for International Cooperation of Agriculture and Forestry, Japan. Thirteen participants from 13 member countries took part. Apart from the survey report, the participants also received special presentations on: 1) Agricultural trade liberalization: implications for food security and the rural poor in developing countries; and 2) Trade liberalization, agriculture, and poverty in low-income Asia.

Participants in the symposium listed the following as among the challenges arising from trade liberalization: ensuring food security; enhancing regional groupings for trade and economic cooperation; minimizing adverse impacts on people, the environment, and resources; penetrating the markets of developed countries; meeting stakeholders' needs and improving their benefits; and providing assistance to the weaker countries.



*Symposium in progress*

As for the opportunities that trade liberalization brings, the following are some possibilities the participants identified: greater access to international markets; cheaper products for consumers; ability to exploit one's competitive advantage; attracting more foreign direct investments; encouraging more domestic private-sector investments; promoting regional trade and economic cooperation; and liberalizing the domestic market.

The participants placed emphasis on the need of developing countries to build their capacity in a number of areas, including: understanding the provisions of the WTO agreement, international trade obligations, and the procedures for dispute settlement; negotiating skills; trade liberalization issues; aid to industries; manpower development; marketing research; trade-related intellectual property rights; and information and communications technology applications.

Improving the economy and the ability of agricultural producers and the rural poor to adapt to and gain from the changing global trade environment is seen as fundamental to every country, commented the participants. In particular, they called for increasing economic growth, poverty alleviation, improving agricultural productivity and sustainability, production of higher value-added products, and more sophisticated marketing efforts. 