

EDITORIAL – Globalization and the agribusiness crisis in Brazil

Many see it as an evil that has overpowered the world economy after the fall of the Berlin wall. Others see it as a true revolution, a turning point in economy. We are speaking about globalization – the process that reshaped the face of commercial relationships among countries – whether we like it or not. An undeniable fact is that with globalization the world has become richer. Commercial relationships have become more intense, more goods were produced and traded and as a result the world has become wealthier. But despite all the wealth globalization has generated, the process entailed two serious problems: social exclusion and income concentration. Actually these pre-existing problems were deeply aggravated by globalization. In other words: the gap between the rich and the poor and the hosts of excluded has become deeper, within and in-between countries alike. The reason is that farmers from underdeveloped and in development countries self-finance their production costs, while in developed countries the governments pay farmers for producing. This is a perverse economy where agriproducts from rich countries can be negotiated at prices below the production costs. It breeds unfair competition and unbalances the global market.

The question imposed on us is how to give globalization the character of justice we would all wish for. The solution is clear: the rich countries have to zero out the subsidies on their agriproducts. This means opening up the markets for agriproducts from poorer countries. It is worth mentioning that rich countries must get this solution under way sooner or later for the sake of the economical, social and political sustainability of their institutions. Moreover, one may say that social exclusion and income concentration are two choice blasting agents to charge the social bomb that is being assembled since the outset of globalization.

On the scenario of Brazil's agribusiness the outlook is no longer overly positive. Apart from coffee, meat, sugar-cane, and citrus fruits the other production chains are all crisis-ridden, above all rice, cotton, maize, soybean, and wheat. The worldwide excess supply of these five agriproducts is at the last 40 year's all-time high. This means that the prices will not be remunerative. Rice yield in Brazil is particularly critical and exemplary; the surplus of this harvest is estimated at five million tons, exactly on the background of an international oversupply of the product. The drought that hit the state of Rio Grande do Sul and the pronounced drought during summers in the other Brazilian states in the south and central-west have curtailed soybean, wheat, maize and cotton yields. Even those farmers that produced with a less expressive loss purchased input at a dollar exchange rate of R\$2.70 and now have to sell their agriproducts at an exchange rate of R\$2.34. It is hard to put up with such a transference of income.