
Argentina: The plantation business, are we neo-liberal or are we not?

The Argentine forestry sector is weeping. The fat business of planting large-scale monocultures of fast growing alien tree species, aimed at the pulp industry, has foundered.

Faithfully copying the forestry programme applied all over the world --counting on political support and money from multilateral institutions binding the countries-- Argentina engaged itself by law (No. 25,080, of 1998) to subsidise this type of plantation. At the beginning it started with great force, and projections for that year were to plant 140,000 hectares, and then 200,000 hectares annually in the successive years.

However, the serious economic crisis affecting the Argentine nation has forced the State to cease payment of the promised reimbursements (one of the favours to the sector; the others are tax stability for 30 years --namely that no tax increase will apply to it-- and anticipated refund of VAT). The debt with investors under the promotional system is presently 25.5 million Argentine pesos and corresponds to plantations implemented between 1996 and 1999.

“With the incentive of state reimbursement the rapid expansion of planted areas was possible, projecting a scenario for the reception of new investments,” stated Juan Escobar, the manager of Bosques del Plata, a foreign company.

At least this has served to reveal the truth of this business: without strong state support it cannot work. Transnational companies are the main stakeholders in the neo-liberal globalisation process, demanding a total opening up of markets and suppression of any trade obstacles, harassing those countries that dare to support the slightest attempt at local development. But when it comes to their business, they do accept subsidies. Fair play, they call it.

Article based on information from: “Una deuda estatal provoca la drástica caída de la forestación”, Analía H. Testa, La Nación, 22 May, 2002