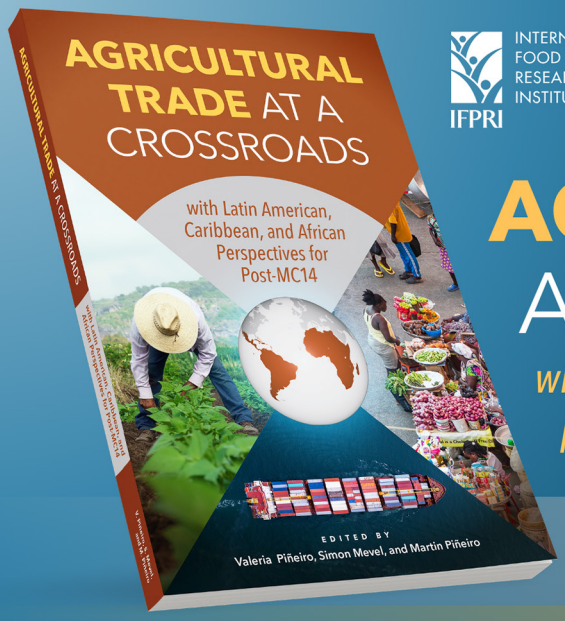


INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE
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AGRICULTURAL TRADE AT A CROSSROADS

with Latin American, Caribbean, and African Perspectives for Post-MC14

SECTION II – LAC: Regional Perspective

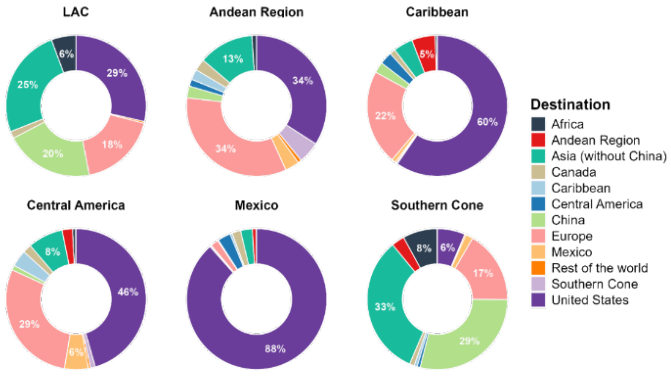
KEY MESSAGES

This policy brief summarizes the main findings and policy messages from the Latin America and Caribbean section of the book *Agricultural Trade at a Crossroads: with Latin American, Caribbean, and African Perspectives for Post-MC14*. It highlights the LAC region's strategic role in global food systems as a major agricultural exporter and contributor to global food security, and examines key challenges related to trade concentration, slowing productivity growth, infrastructure and competitiveness gaps, and uneven exposure to external shocks. In a global environment increasingly shaped by geopolitical tensions, climate pressures, and trade fragmentation, the book underscores the importance of innovation, sustainability, and a strong multilateral trading system to strengthen resilience and support the region's continued contribution to food security and economic development.

USD 151B Avg. annual trade surplus (2015–24)	**USD 367B** LAC export peak (2024)	**< 15%** Intra-LAC agri-trade share	**28%** Prevalence of unaffordability (2022–24)	**10%** Global population (2023)	**19%** Rural population (2023)

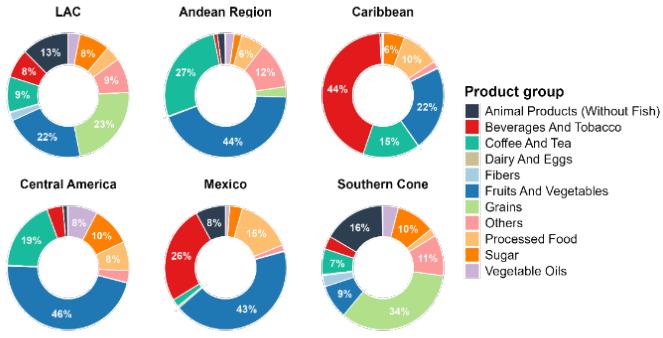
LAC's AGRIFOOD EXPORT STRUCTURE

By subregion and destination (in 2024 USD)



Source: Authors' calculations based on FAO 2026.
Note: Fisheries are not included in agrifood products.

By subregion and product group (in 2024 USD)



Source: Authors' calculations based on FAO 2026
Note: Fisheries are not included in agrifood products.

Export concentration
Export profile and its network of trading partners are relatively concentrated. Policy changes or disruptions affecting a small number of products or economies can have amplified effects on the region.

Slowdown in TFP growth
TFP growth weakened after a period of strengthening in the 1990s and 2000s, indicating greater reliance on factor accumulation rather than efficiency gains.

Strategic import dependency
Reliance on imported food products, particularly in the Caribbean, and key agricultural inputs exposes the region to external price spikes and supply disruptions.

Heterogeneous exposure to a fragmented world
Selective tariffs and trade corridor disruptions, together with low productivity, raise adjustment costs and weaken resilience to shocks, although their impacts differ across the region.

LAC's ROLE IN GLOBAL FOOD SECURITY AND THE MULTILATERAL SYSTEM

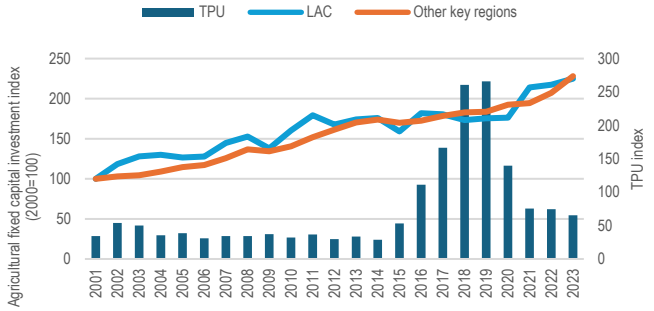
A strategic role in global food security
LAC's scale, diversification, and counter-seasonality position the region as a stabilizing supplier in global agrifood markets, a role that becomes increasingly important under climate change.

Resilience and vulnerability coexist
While many LAC economies are highly competitive exporters, others remain structurally dependent on food imports, creating a dual exposure to global market disruptions.

WTO rules remain strategically important
In a more fragmented trading environment, predictable multilateral agricultural disciplines are essential for maintaining stability and reducing uncertainty.

Key challenges and reform priorities
Persistent support asymmetries, market barriers, export restrictions, and weak dispute settlement underscore the need to strengthen the multilateral system.

Agricultural investment dynamics



Source: Authors' calculations based on WTO data and Caldara, Matteo Iacoviello, Molligo, and Andrea (2019) from the US Federal Reserve.
Note: TPU is the Trade Policy Uncertainty index.

Food security offers a pathway for WTO reform by aligning trade, development, and resilience objectives, while LAC can strengthen its role through resilient production systems and active engagement in a rules-based multilateral system.

INNOVATION, SUSTAINABILITY, AND THE NEW FRONTIER OF COMPETITIVENESS

Market access and competitiveness
Sustainability now shapes trade regulations and due diligence requirements across global value chains.

Risk of unilateral action
Without cooperation, unilateral measures risk fragmentation, protectionism, and exclusion of small producers.

Innovation redefined
Beyond technology: building institutional and informational infrastructures as global public goods.

LAC strategic opportunity:
Preparations for MC14 call for LAC to lead a deliberative process of learning and convergence, not merely adapting to externally defined standards, but actively shaping emerging trade–environmental governance.

Key levers: *interoperable traceability systems · harmonized sustainability metrics · integration of small farmers*

Integrating sustainability through equivalence-based co-operation offers a way to align environmental effectiveness, competitiveness, and inclusive development, positioning sustainability as the new frontier of competitiveness in the global agrifood economy.

THE WTO FROM A LAC PERSPECTIVE: WHY RULES STILL MATTER

LAC as a pro-active actor in agricultural reform
LAC's exposure to global agricultural trade has encouraged active engagement in strengthening multilateral disciplines rather than a retreat from global markets.

Preserving a credible rules-based system
Despite diverse national interests, the region shares a strategic interest in maintaining a balanced, predictable, and adaptable multilateral framework.

Reform priorities: food security and sustainability
LAC contributes to WTO discussions by promoting reforms that reconcile market openness with resilience, food security, and environmental objectives.

Multilateral rules as a regional asset
For a diverse region of exporters and import-dependent economies, effective WTO disciplines are essential to safeguard market access, manage risks, and sustain competitiveness.

Read the full book: https://hdl.handle.net/10568/183392

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