

Trading troubles

Many poor countries depend on selling crops such as sugar, cocoa, and coffee, to other countries. These are crops we all want. So why are those countries not getting a lot richer? Let's see.



When the poorer countries try to sell their crops to richer countries, they often face big import taxes or **tariffs**. These put buyers off.



At the same time, the world price for many crops has been falling over the years. Partly because too much is being grown ...



... and partly because the big food companies, who buy up most of the crops, are so powerful that they can force the price down.

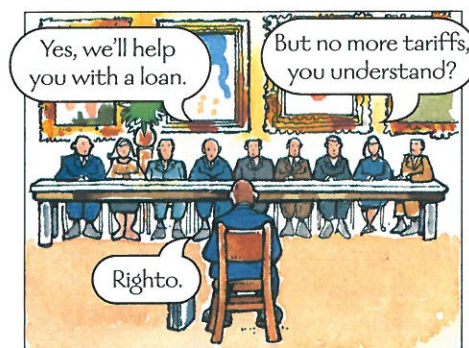
The tariffs mean the poor countries can't sell so much. Falling world prices mean they earn less from what they do sell. But their problems don't end there ...



... because meanwhile, farmers in rich countries grow many of the same or similar crops – and get grants or **subsidies** for doing so.



These crops are then exported to the poorer countries. At prices so low that the local farmers can't compete, and go out of business.



The poorer countries can't stop these imports, because the World Bank has forced them to reduce or drop tariffs, in exchange for loans.

So poor countries that depend on exporting crops may stay poor, no matter how hard people work.

What can be done to help poor countries catch up, and close the development gap? Unit 1.10 has some ideas.

Your turn

- Explain what these terms mean. (Glossary?)
a the World Bank **b** debt **c** interest rate
d tariff **e** subsidy
- You live in a poor country. Your government wants to borrow money from a rich country, to build schools – but wants your advice first. What will you say?
- Many countries depend on exporting crops – and they remain poor, no matter how hard they work. Give reasons.
- You are a farmer in a poor country. You grow rice, and keep chickens. Your country has been forced to drop tariffs on imported rice and frozen chicken. Explain why this will: **a** harm you **b** help farmers in other countries