



Tropentag, October 5-7, 2011, Bonn

“Development on the margin”

The Role of Contractual Relationship Between the Actors Involved with the Agro-industrial Complex of Soybean in Paraguay

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Abstract

Soybean is today the most traded agricultural commodity for the international market, and in 2005, the beans processed 60 million tons. In Paraguay, agricultural production has great economic and social importance, in this context the soybean is the agricultural product that most contributes in the country's gross domestic product. According to official data, Paraguay is the third largest producer of soybeans in South America and sixth in the world. Despite the importance of agricultural production, particularly of soybeans to the sustainable growth of Paraguay, there are some problems that impact heavily this activity. Among them the political instability and the detachment of the State in fostering and industry regulations. This scenario has just contributing to that few companies dominate the market and that lack of credit for costing of agricultural production, especially for small farmers. Moreover, relations between commercial agents — farmers and businesses — in some cases come through trusts and other through formal contracts. Often occurs that these agreements are not honored complied (whether are they formal or not), which contributes to increased administrative and financial costs, impacting the entire Agribusiness soybean Complex in the country. Having in mind the importance of agro-industrial Complex (CAI) soybean for the economy and the sustainable development of Paraguay, the study conducted in the region of Alto Parana-Py (main area of soybean production in country) seeks to present a panorama of contractual relations (formal or not) between those involved with this Complex, identify opportunities for greater efficiency in the industry and provide protection mechanisms to the farmers. Based on research conducted in the principal soybean producing region of Paraguay, the work seeks to characterise the agents involved in the Agro-industrial Complex, and present a complete picture of relations between them. Emphasis will be given to the contractual relations and the impact over the production activities. After this characterisation of agents and their relationships, the strategies adopted by companies and farmers to become increasingly competitive in the market will be presented.

Keywords: Agro-industrial complex, soybean

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