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منظمة الأغذية
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联合国
粮食及
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Food
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Organisation
des
Nations
Unies
pour
l'alimentation
et
l'agriculture

Organización
de las
Naciones
Unidas
para la
Agricultura
y la
Alimentación

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**TWENTY-SIXTH FAO REGIONAL CONFERENCE FOR
LATIN AMERICA AND THE CARIBBEAN**

Merida, Mexico, 10-14 April 2000

STATEMENT BY THE DIRECTOR-GENERAL

Mr Chairman of the Regional Conference,

Distinguished Ministers,

Excellencies,

Ladies and Gentlemen,

(Introduction)

It is a great pleasure for me to welcome you to the Twenty-sixth FAO Regional Conference for Latin America and the Caribbean which is being held in this beautiful city of Merida, at the kind invitation of the Government of Mexico. I should like to express, on behalf of all the delegations and the staff of FAO, our sincere gratitude to the Government and people of Mexico and to the inhabitants of the city of Merida for their warm welcome and generous hospitality.

(State of food and agriculture in the world)

Excellencies, Ladies and Gentlemen,

For reasons of economy, this document is produced in a limited number of copies. Delegates and observers are kindly requested to bring it to the meetings and to refrain from asking for additional copies, unless strictly indispensable.

The world is undergoing a rapid pace of globalization and growing interdependence, with borders increasingly opened economically.

The estimates for world cereal production in 1999 have recently been revised upwards and now stand at 1 872 million tonnes. This is, however, one percent down from 1998, and two percent down from 1997, which was a particularly good year. The only expected increase is for rice, while wheat and other cereal harvests will be lower. For the first time in four years, projected cereal consumption will exceed production. This will require a drawdown of 8 million tonnes from stocks which will therefore amount to 334 million tonnes. Such a level guarantees a stock-to-utilization ratio within the safety margin of 17 to 18 percent.

For these reasons, the 1999/2000 marketing season could register an increase of over three percent in world cereal trade, equivalent to a volume of 222 million tonnes. Yet, cereal prices on world markets are generally lower than last year, a positive factor for the 82 low-income food-deficit countries.

We can also observe an encouraging sign in the fisheries sector, which registered a partial recovery in output in 1999 after the heavy falls in production of the previous year.

But, the most positive factor is the indication in the FAO report on the State of Food Insecurity in the World of a reduction by 40 million, between 1990-92 and 1995-97, of the total number of malnourished people in the developing countries. This annual reduction of about 8 million people on average is encouraging, but it is far below the figure of 20 million required to achieve the objective of the World Food Summit.

(Emergency situations)

Against such a global picture, 35 countries have been faced with food emergencies. At the end of 1999, the number of people affected by food emergencies resulting primarily from natural and man-made disasters was estimated at about 52 million. However, data indicate that their relative frequency has changed over the last thirty years. Whilst in the 1970s and 1980s food emergencies were mainly the result of natural factors, in more recent years man-made disasters - especially war, civil strife and financial and economic crises - have done nothing but increase.

In Latin America, many countries are still suffering from the devastation caused by El Niño and Hurricane Mitch in 1998, and compounded by the torrential rains and floods of 1999. In addition, late last year, a severe cyclone and extensive floods hit Venezuela. In Africa, the emergency situations arise in particular from civil strife and recurrent droughts, whilst in Asia, millions of people have seen their basic access to food eroded by declining purchasing power as several economies were devastated by the financial crisis in 1997/1998. In the Near East, the worst drought in decades in 1999 seriously reduced food production in several countries. In this part of the world, in addition to weather fluctuations, the problem of access to water for food production will undoubtedly be the main cause of food supply problems in the future.

The role of FAO in such a context is more important than ever, primarily in assessing the food and agriculture situation, determining food aid needs and informing the international community, thanks to the Global Information and Early Warning System of FAO, which is working together with the World Food Programme, the UNDP and an extensive network of governmental and non-governmental organizations.

Emergency situations also require FAO to revive agricultural production by evaluating needs, in cooperation with other UN agencies in the framework of consolidated appeals for humanitarian assistance and, especially, by providing direct assistance to farmers. During last year and this year, FAO has implemented 20 emergency projects (both national and regional) for a total value of US\$5.5 million in 22 Latin American and Caribbean countries. The emergency operations have aimed at the rehabilitation of agriculture, livestock, forestry and fisheries sectors damaged by natural disasters such as the earthquakes in Bolivia and Colombia, the hurricanes and tropical storms George, Mitch, Floyd, Jose and Lenny, among others, in the Caribbean Islands and Central America, the El Niño phenomenon in Ecuador and Peru and more recently the catastrophic floods and mudslides in Venezuela. FAO's assistance has also aimed at strengthening the member countries' Natural Disaster Prevention, Preparedness, and Impact Mitigation Plans. The Organization also assists in humanitarian crises such as the plight of the Internally Displaced Persons (IDPs) in Colombia, for which FAO is currently preparing an updated appeal.

The assistance is provided through the distribution of essential agricultural and fishing inputs such as seeds, tools, fertilizer, pesticides and fishing gear, and in a few cases through livestock restocking. In addition, technical advice has been given through the recruitment of international and national specialists, officers from technical units at FAO Headquarters and Regional Offices, and through the organization of workshops at both national and regional levels.

(Other "crises")

But the world is also increasingly faced with other "crises". These relate to the quality and especially the safety of food products, and to the

impact of new agricultural techniques, resulting mainly from rapid advances in biotechnology. Recent problems facing governments have included the “mad cow” crisis, the presence of dioxins and listeria in the food chain, as well as the marketing of products containing genetically modified organisms.

This is an area where FAO will undoubtedly be called upon to play a greater role. Public opinion, sensitized by the media, wants objective information on possible risks and requires effective measures of protection. While such “crises” have occurred in developed countries, they create concern for the authorities and the populations of developing countries that do not have sufficient capacity of analysis.

The Organization must continue to respond to these challenges and demands. Its appropriate bodies, such as the Commission on Genetic Resources, are actively working on the drafting of codes of conduct. An inter-departmental programme has been initiated to deal with all technical aspects of the issues. The programmes of the Joint FAO/IAEA Division of Nuclear Techniques for Food and Agriculture will be reinforced to increase their contribution in these areas. As for questions of ethics, these are being examined by an internal committee supported by a panel of experts. Finally, the *Codex Alimentarius* remains the leading instrument for determining international standards – a crucial activity in a context of globalization and growing trade.

While recognizing the importance and urgency of these issues, FAO must nevertheless concentrate on ensuring that information provided is scientifically based and established by internationally recognized experts.

(State of food and agriculture in Latin America and the Caribbean)

Excellencies, Ladies and Gentlemen,

I wish now to focus on the Latin America and Caribbean region. Despite its rapidly growing cities and booming industry, agriculture plays an important role in growth and development. As a provider of employment and source of foreign exchange, it constitutes a vital component of food security for all the inhabitants of the region. Close to a quarter of the region's economically active population works on the land or in agro-industries. Agricultural products continue to earn almost 25 percent, in 1998, of the region's export revenues; and the sector has proven itself to be a dependable growth engine in bad times as well as good, as agriculture has accounted for over 7 percent of the region's total GDP over the last decade.

The lagging effect of natural phenomena and the steep fall of international prices translate into a projected growth rate posted by the agricultural sector in 1999 of 2.2 percent for the region as a whole, moderately higher than the 1.6 average of 1998 and the 1.9 average of 1997. Performance, however, was highly uneven across countries.

The projected recovery for 1999 is marked by significant improvements in Brazil and Mexico's performance, which together account for close to 60 percent of the region's agricultural output.

After experiencing an average growth of 7 percent in 1998, the agricultural sector of the Southern Cone (Argentina, Chile, Paraguay, and Uruguay) is estimated to have stagnated in 1999, growing at only 0.2 percent. This result is related to the poor performance of Argentina's agricultural sector.

The Andean countries (Bolivia, Colombia, Ecuador, Peru and Venezuela) experienced negligible agricultural sector growth in 1998 (0.3 percent). In fact, except for Colombia and Peru, they experienced a contraction of the sector.

The Central American countries' overall sector growth remained practically unchanged from 1997 to 1998, at 2.1 percent. However, the countries hardest hit by Hurricane Mitch suffered steep drops in agricultural output.

In the Caribbean, traditional commodities were particularly hard hit by hurricane damage in 1998, with sugar output contracting by roughly 15 percent. Similarly, banana production declined by an average of around 6 percent despite moderate growth in the countries belonging to the Organization of Eastern Caribbean States.

Agricultural output now represents only 7.3% of the region's GDP. There are, however, significant differences among the Andean and Southern Cone countries, as well as Brazil and Mexico, where agriculture represents less than 10 percent of the economy, and the Central American and Caribbean countries, where it is close to 20 percent.

The economically active population working in agriculture has remained constant, at around 44 million, during the last two decades. During the same period, the total number of economically active people has increased from 130 million to 217 million. Thus, agriculture employs a decreasing proportion of the economically active population, falling from slightly over one third of all workers in 1980 to a little more than one-fifth today.

Historically, the Latin America and Caribbean region has enjoyed a positive and increasing net agricultural trade balance, which in 1998 amounted to about US\$24 billion, a slight decline from the record US\$25 billion enjoyed in 1997.

For the region as a whole, the share of agricultural exports as a percentage of total exports has shown a declining tendency since 1987, dropping from 27 percent to a current level of around 23 percent.

Agricultural exports from Latin America and the Caribbean represented around 12% of the world total in 1998.

In relation to destination, in 1997 the European Union surpassed the United States as the largest recipient of primary agricultural exports from the region. Intra-regional trade was also important, representing almost 14 percent of total primary agricultural exports.

Changes in agricultural production, which recorded a rate of growth of 1.66 percent against 1.7 percent for population in the period 1990-1999, closely mirror indicators of food security. The region as a whole has experienced a modest decrease in the overall number of its citizens suffering from undernourishment in recent years (1990/92 to 1995/97), from 58.6 down to 53.4 million, after experiencing a substantial rise in the previous decade. Only the Southern Cone subregion has in fact experienced a decline in the number of undernourished in recent years. Central America has seen its number of undernourished increase while its proportion has remained constant.

The Caribbean subregion has experienced an alarming increase in the number and proportion of undernourished people. In recent years, the number of undernourished in the Caribbean has increased by 2 million, while the proportion has gone from 25 to 31 percent. This can mainly be attributed to the sharp deterioration of the food security situation of Cuba and Haiti.

(Challenges and opportunities for food and agriculture in the region)

Together with the macroeconomic successes in the region, old challenges still persist and have even increased: widening economic and social

polarization, concentration of income, and intergenerational transmission of poverty. At the same time, the vicious circle of poverty and deterioration of the natural resources base continues to be one of the main problems for the sustainability of development in the region. The marginality suffered by an important part of the population in wide areas of different countries hampers their integration into market mechanisms and their access to economic progress. It constitutes an obstacle to a better territorial organization of development and to political stability in the region.

There are currently an estimated 204 million people living in poverty in Latin America, up from 200 million in 1990. Of these, 78 million live in rural areas, representing 54 percent of rural households. According to the latest available information, eight countries in the region have reduced hunger quickly and steadily enough to meet the goal of halving the number of the world's undernourished people set forth in the World Food Summit. But on a regional level and with the business-as-usual scenario, the goal will not materialize.

A stronger political will and decisive action are therefore needed to reduce poverty, improve the food security of low-income people, and promote sustainable increases in agricultural productivity.

New mechanisms need to be put in place, notably in the areas of rural finance, technological development and agricultural input and output marketing, in the framework of the required structural reforms. Innovative policies that enhance the functioning of rural markets are also required. Innovative approaches to risk management in food production, distribution and consumption need to be promoted.

It is vital to develop a new institutional framework that allows for the different players to participate in and contribute to the process of agricultural and rural policy-making.

(Parallel meetings to the Twenty-sixth FAO Regional Conference)

Mr. Chairman,

Excellencies, Ladies and Gentlemen,

I am pleased to point out that parallel to this Twenty-sixth Regional Conference, two other main gatherings of high relevance to the region have been convened. The first is a forum for the regional non-governmental organizations and civil society, while the other is on intra-regional trade.

Non-governmental organizations play an important role in the rural and agricultural development of our Members Nations. The engagement of NGOs and civil society in the World Food Summit was much valued and added to the strength of the Plan of Action which in turn calls for collaborative efforts from all sectors of society to achieve the objectives set in Rome. Against this background, FAO decided to organize the NGO/Civil Society Consultation in parallel to its Regional Conferences with the view of benefiting from these active players' experiences in fields relevant to FAO's mandate and to help the Organization formulate its policy and strategy in cooperating with grassroots organizations. The recommendations of the NGO/Civil Society Consultation will be submitted to this body for consideration.

In conjunction with the Conference, there will be a consultation on intra-regional trade in the Latin America and Caribbean region. This consultation will focus on major issues relating to the fostering of cooperation among the countries of the region to facilitate trade to bring about national agricultural development and food security.

(Agenda of the Regional Conference)

Excellencies, Ladies and Gentlemen,

This Twenty-sixth Regional Conference will examine the key issues relating to the fight against food insecurity and vulnerability, international agricultural trade, and technological change and sustainable development, including institutional reform. The major issues on your agenda include:

- **The World Food Summit follow-up** - in particular the actions taken by FAO in its endeavours to support the implementation of the seven commitments of the Summit of November 1996 and the Summit Plan of Action prior to the mid-term review which is scheduled for 2006.
- **The impact of technical and non-tariff barriers on agricultural trade in Latin America and the Caribbean** - in particular the progress made regarding the reduction of tariffs at international level, and especially within the Latin American and Caribbean Region, and the growing importance of non-tariff instruments as international agricultural trade regulators.
- **Effect of adverse climatological conditions on food production and trade** - in particular the need to ensure prompt attention is given to the prevention and mitigation of adverse natural phenomena.
- **Reforms of rural development institutions** - in particular the asymmetry between demands on agricultural sector institutions on the one hand, and capacity and available resources on the other.
- **Research and transfer of technology in food production** - in particular the main challenges for the generation and transfer of viable, realistic and sustainable technologies.

Excellencies, Ladies and Gentlemen,

Your Regional Conference will have to take up the challenge of fighting hunger and poverty on the continent. I therefore await the outcome of your deliberations with great interest and wish you every success in your work.

Thank you.