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para la
Agricultura
y la
Alimentación

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TWENTY-SEVENTH REGIONAL CONFERENCE FOR LATIN AMERICA AND THE CARIBBEAN

Havana, Cuba, 22 to 26 April 2002

STATEMENT BY THE DIRECTOR-GENERAL

Mr. Chairman,

Distinguished Ministers,

Excellencies,

Ladies and Gentlemen,

It is an honour and a great pleasure for me to be once again among the policymakers of the agricultural sector in the Latin American and Caribbean Region to participate in this Twenty-Seventh Regional Conference. Let me first express, on behalf of the Organization and its staff – and I am sure I can also speak on behalf of the distinguished delegates and observers – our deep appreciation to the Government and people of Cuba for hosting this Regional Conference in this beautiful city rich of history and cultural values. The warm welcome we have received, the facilities provided and the excellent arrangements made for this Conference bespeak of Cuba's traditional and generous hospitality.

This Regional Conference takes place in a rapidly changing global economic, social and political context, with wide implications in particular for Latin America and the Caribbean.

The Ministerial Conference of the World Trade Organization (WTO) held in Doha last November, has established a framework for discussing more equitable terms for international trade of agricultural products. During the coming years, the globalisation and liberalisation of trade for agricultural products, the movement of capital and the transfer of technology should take place in such a way that both the developed and the developing countries would be able to enhance the living conditions of their people. For agriculture in particular, it is essential that the new round of negotiations under the WTO provide the developing countries with greater opportunities to participate in fairer

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international trade. FAO will continue to make available to its Member Nations the analyses and information needed to reinforce the technical skills of negotiators in agricultural trade.

The last two years have seen a relatively modest performance of the agricultural sector, the economic mainstay of the poorer regions that employs more than 70 percent of the economically active population in the least developed countries (LDCs). The annual rate of growth of world agricultural production fell to the lowest level since 1993.

World cereal production increased in 2001 to 1,885 million tonnes, 1.3 percent up from the previous year. This increase came about mainly by higher production across CIS countries and a number of countries in Latin America. On the other hand, production fell in a number of Asian countries.

It is expected that world utilisation of cereals in 2001/02 would exceed cereal output for the third consecutive year, and result in sharp drawdown of world stocks. World cereal utilisation in 2001/02 is forecast to reach 1,941 million tonnes, up 1.5 percent from the previous crop year.

Importantly, however, major cereal exporting countries have large supply availability and are in a position to significantly increase their food production. On the other hand, it must be noted that food production in the low-income food-deficit countries (LIFDCs) continues to remain below requirements while most of these countries have limited financial means to offset the shortfall through imports.

Meanwhile, agricultural prices have continued to fall. Cereals have posted an accumulated price reduction of about 29 percent over the last five years. Global fat and oil prices, as represented by the FAO price index for oils and fats, have declined by a total of 47 percent over the past five seasons, though they are currently on a recovery trail.

The world still has some 815 million people suffering from chronic malnutrition, including 777 million in the developing countries, 27 million in the countries in transition and 11 million in the industrialised countries. The improvement recorded in some countries and parts of the developing world, notably in East Asia, is thus neutralised by the worsening situation in other regions, especially sub-Saharan Africa, Central America and the Caribbean.

The gap between output and needs in the food deficit regions will continue to widen unless there is an increase in rural investment to generate higher employment, income, productivity and production. Until there is an abatement in hunger and malnutrition, it will be difficult, indeed impossible, to achieve appreciable and sustainable results in other vital domains of the fight against poverty, such as health and education.

Food shortages caused by natural disasters have continued to affect many countries. As of September 2001, there were 34 countries and 62 million people facing food emergencies.

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 about half have originated from manmade disasters.

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, through the Global Information and Early Warning System, which operates in close consultation with the World Food Programme.

The long-term viability of intensive agriculture in the developed countries raises concerns and poses problems. The epidemics of Bovine Spongiform Encephalopathy (BSE) and foot-and-mouth disease, salmonella, and mutant drug-resistant *E. coli* infection have changed consumer perception of the consequences of unbridled efforts to intensify production in order to maximise yields and to cut costs.

Elsewhere, the genetic modification of food crops and animals has sparked off fierce controversy. While GMOs are not necessary today to achieve the objectives of the World Food Summit of 1996, they offer great potential for feeding a growing world population. Therefore, their development and application need to be monitored scientifically and within an international framework. Such an approach would make it possible to benefit from the positive aspects of GMOs, while avoiding any possible detrimental effects on human health and the environment.

Mr. Chairman,

Ladies and Gentlemen,

Although agriculture accounts for only 7.3 percent of the overall economic production of Latin America and the Caribbean, its strategic importance for the economic and social welfare of the countries and people concerned is far greater.

Agriculture continues to be the main economic activity of rural areas, and thus has a direct impact on the possibility of overcoming the enormous socio-economic challenges that prevail in the countryside. At the same time, agricultural development is a driving force for growth in other economic spheres.

Over the past ten years, agricultural sector growth in the Region has been weak and erratic, standing at 2.7 percent in 2000, that is 1.5 percent lower than in 1999.

The active population engaged in agriculture remained at just under 44 million people. Sectoral productivity rose by 29 percent between 1990 and 2000, narrowing the gap with other sectors.

The relatively higher growth rate of livestock production during the decade, as compared to crops, has brought both sectors to virtual parity in terms of output value, with crops accounting for 53 percent of agricultural GDP and livestock products for 47 percent.

The Latin America and the Caribbean region accounts for 24.7 percent of the world's forests. The Sector's contribution to the Latin American and Caribbean economy exceeded US\$ 26 billion during 2000. Given the high annual rate of deforestation in the region, this sector could in effect be managed in a more sustainable manner.

Latin America and the Caribbean post a fisheries capture of some 20 million tonnes, with 20 percent of the world total. There was an upward trend until 1994 when a reversal set in. The most important resources have attained their maximum exploitation level and the recurrent climatic phenomena have affected the Region.

Aquaculture is growing: from some 100,000 tonnes in 1986 to almost 900,000 tonnes in 2000, and is likely to continue upwards in the next years, albeit at a slower pace, mainly because of the emergence of disease and misalignments between production and real market demand.

The level of poverty is still high and malnutrition exists in the same proportion as 20 years ago. In 1999, the proportion of poor in the total population of the region was 44 percent and that of destitute people was 18.5 percent.

At present there are 211 million persons living in poverty in Latin America and the Caribbean, up by 11 million since 1990.

Only the Southern Cone has recorded a fall in the number of undernourished people in recent years, from 42 million to 33 million. In contrast the number of undernourished in Central America increased in recent years from 17 percent to 19 percent. In the Caribbean, the number of undernourished grew from 26 percent to 28 percent.

This Regional Conference is expected to examine key issues relating to food security, the sustainable management of natural resources, the formation of production alliances, the effects of subsidies and trade restrictions on agricultural and fisheries production and the Region's preparatory work for the upcoming *World Food Summit: five years later* to be held in June of this year.

It would also be an important opportunity to discuss changes in the traditional approaches to rural development, in the light of the economic reforms undertaken over the past 20 years by most Latin American and Caribbean countries.

Structural changes have placed most of the Region's farmers and foresters in a difficult situation, restricting their competitiveness and undermining their survival in markets where the overriding factor is competitive performance.

A reflection is therefore needed on the elements required to bring about institutional reform within this new context.

In previous Regional Conferences, Member States also recommended certain priorities.

The first one is food security, in accordance with the objectives set forth at the 1996 World Food Summit. It encompassed three main dimensions: increasing food production; providing equitable access to food for all; and ensuring stability of supply and access.

In this regard, although the Special Programme for Food Security (SPFS) has focused primarily on low-income food-deficit countries, the development strategy inherent in it is highly relevant for intermediate developing countries. In fact, Venezuela, the Dominican Republic and Mexico have decided to join the SPFS using their own funds, testifying to the validity of the SPFS strategy for all developing countries.

The second priority relates to international trade in agriculture and aims at helping the countries of the Region benefit from the Agreement on Agriculture, where for the first time agricultural commodities have been included in multilateral trade negotiations. FAO is providing assistance to enhance the governments' negotiating capacity so that they can participate in multilateral, subregional and regional trade negotiations in the best possible conditions. Another important ongoing programme in this connection is the technical assistance being provided for food safety and the strengthening of the Codex Alimentarius national committees of Central America and Panama.

The third priority – sustainable management of natural resources – is vitally important to the Latin American and Caribbean Region, where rapid degradation is wiping out much future potential and is incurring high costs of rehabilitation. FAO is providing technical assistance in promoting conservation agriculture practices for small farmer households and is encouraging the creation of units to plan the use and management of natural resources in microcatchment areas.

With regard to rural development - the fourth priority - FAO has been providing technical assistance to institutional reform, with projects on public expenditure, local government reform and production partnerships.

Mr. Chairman,

Excellencies,

Ladies and Gentlemen,

Five years after the World Food Summit of 1996, the decline in the number of undernourished people in the Region has not reached the pace required to attain the objective of halving the number of the undernourished by 2015. At the present pace, in 2015 there will still be 45 million people suffering from chronic undernutrition in the Region instead of 29 million.

The Governing Bodies have agreed to invite the Heads of State and Government to gather once again at the *World Food Summit: five years later* which will now be held in Rome from 10 to 13 June. It is necessary to strengthen and coordinate the political will and mobilise resources in a scale consistent with this target. This means forging strategic alliances and devising appropriate mechanisms and incentives for marshalling public and private funding, along two main lines of action:

- strengthening political will through alliances for food security and rural development that should involve all sectors of society: the governments, the private sector and civil society organizations;

- mobilising private and public funds for agriculture and rural development to reverse the negative trend of bilateral overseas development assistance which fell by 43 percent in real terms between 1990 and 1999 and the share of the portfolio of World Bank and regional financial institutions which fell by 40 percent during the same period.

In this connection, FAO last year established a special Trust Fund for Food Security and Food Safety. It will play a catalytic role in increasing investment in agriculture and rural development, through pilot projects of food production and income generation in poor rural communities, such as:

- programmes for eradicating transboundary pests and diseases of plants and animals.
- transfer of technology, in particularly through South-South Cooperation.
- strengthening of capacities to prepare feasibility studies of bankable projects.

The Trust Fund has so far succeeded in mobilising 20 percent of the mutual target voluntary contribution of US\$ 500 million.

Both developed and developing countries are expected to participate, in accordance naturally with their means and political commitments to ensure that this fund is truly universal.

The *World Food Summit: five years later* is a most needed gathering at the highest level to consolidate the political will and ensure concrete mobilisation of resources. The personal participation of the Heads of State and Government from Latin America and the Caribbean, expressing at the highest political level the views of one of the most important agricultural regions of the world, is extremely important. I therefore look forward to the pleasure of welcoming them to Rome in June. I am confident that this Regional Conference will provide substantive comments for the coming Summit and will greatly contribute to the political momentum required for its success.

Thank you very much.