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y la
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TWENTY-EIGHTH FAO REGIONAL CONFERENCE FOR LATIN AMERICA AND THE CARIBBEAN

Guatemala City, Guatemala, 26 to 30 April 2004

STATEMENT OF THE DIRECTOR-GENERAL

*Mr Chairman,
Distinguished Ministers,
Honourable Delegates,
Ladies and Gentlemen,*

(Introduction)

It is a great pleasure to address the Twenty-eighth FAO Regional Conference for Latin America and the Caribbean which is being held in this fine city of Guatemala. On behalf of the Organization and all of you, I should like to express my profound gratitude to the Government and people of Guatemala for hosting this Conference and for their warm welcome.

*Excellencies,
Ladies and Gentlemen,*

(State of food and agriculture in the world)

During the first half of the 1990s, the number of hungry people in the world declined by 37 million. In contrast, during the second half, it increased by 18 million. Positive achievements in many countries were countered by setbacks in many others. In 1999-2001, there were 842 million undernourished people in the world, including 798 million in the developing countries, 34 million in the countries in transition and 10 million in the industrialized countries. At this rate, the World Food Summit's objective of halving the number of hungry people by 2015 will only be achieved in 2150.

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In 2003, world cereal utilization totalled some 1 970 million tonnes, exceeding production by 100 million tonnes.

The prices of many export commodities from developing countries are now lower than ever. Coffee and cotton are the most spectacular examples, but a similar situation applies to cocoa, sugar and bananas. Moreover, 43 countries earn more than 20 percent of their total export revenue and more than 50 percent of their total agricultural revenue from just one commodity.

After the failure of the Cancun Ministerial Conference, negotiations have resumed following the meeting of the General Council of the World Trade Organization in December 2003. Commitment to achieving the Doha Development Agenda for the agricultural sector was confirmed at the Round Table held on this subject during the Thirty-second Session of the FAO Conference, for a fair trading policy essential to rural development and food security. In this context, the role of FAO's Committee on Commodity Problems is more important than ever. It is with this in mind that I wish to invite representatives of the Ministries of Trade to the next session of this Committee in February 2005.

At constant 1995 prices, external aid to agricultural development fell from US\$27 billion to between US\$10 and 15 billion during the 1990s, whereas the amount should be doubled and agriculture's share of national budgets should be increased if there is to be accelerated progress in reducing undernourishment

(Round tables on financing for agricultural development)

For the purpose of mobilizing such financial resources, FAO has decided to organize, in collaboration with the regional development banks, round tables on financing for agriculture alongside each of its 2004 Regional Conferences in the developing regions.

(World Food Summit: five years later)

During the June 2002 *World Food Summit: five years later* held in Rome, the Heads of State and Government resolved to hasten implementation of the Summit's Plan of Action and called for an International Alliance Against Hunger.

National alliances are thus being formed in member countries to mobilize governments, parliaments, NGOs, civil society, the private sector and agricultural organizations.

(Agriculture)

The developing countries need to take up the challenge of agricultural productivity and market competitiveness to improve their food security.

Soil degradation is accelerating, affecting 21 million hectares of arable land. In the arid and semi-arid areas that cover 45 percent of the world's land surface, the integrated management of land, water and fertilizer can significantly mitigate this situation.

Urban and periurban agriculture and home and school microgardens would help rapidly improve the nutritional status of poor population groups with relatively modest levels of investment. FAO has undertaken such projects in all regions of the world, notably with Technical Cooperation Programme resources and TeleFood funds.

Livestock sustains some 800 million rural poor and meets 30 to 40 percent of total food requirements.

Transboundary animal diseases, such as foot-and-mouth disease, haemorrhagic fever, Rift Valley fever, swine fever, contagious bovine pleuropneumonia and avian influenza, are sources of concern for trade and public health. Yet, real progress has been made in this domain. The battle against old and new epidemics is a major challenge that FAO and its partners are striving to meet under the Emergency Prevention System for Transboundary Animal and Plant Pests and Diseases (EMPRES).

The International Treaty on Plant Genetic Resources has already been ratified by 48 countries and will come into force on 29 June 2004.

(Forestry)

A ministerial meeting on forestry will be convened in Rome in 2005 to study the recommendations of the Regional Commissions and to make strategic decisions on the future of the sector, especially to strengthen measures against forest fires.

(Fisheries)

In the fisheries sector, almost 10 percent of the world's fish stocks are depleted and 18 percent are overexploited, mainly because of illegal, unreported and unregulated fishing, more efficient new technologies and excessive fishing capacity. The situation is aggravated by the absence of monitoring and surveillance of vessels, employing satellite transponder technology, in particular.

FAO will therefore be convening a meeting of Ministers for Fisheries at its Headquarters in 2005 to give renewed impetus to the actions that are needed in this sector.

(Sustainable agricultural development)

As regards sustainable agriculture and rural development, FAO is formulating a four-year project for mountain regions.

The International Conference of Small Island Developing States will be held in Mauritius in August 2004. FAO is actively involved in this initiative and will organize a Ministerial Conference on the Development of Agriculture in Small Island States in Rome in 2005.

Although women account for 60 percent of agricultural production in developing countries, they still have unequal access to productive resources. FAO is striving to tackle this problem, devising specific indicators for appropriate policies.

(Emergency situations)

At the end of 2003, 38 countries were faced with serious food shortages that required international assistance. Food aid in cereals fell to 7.4 million tonnes in 2001-2002, down 23 percent from 2000-2001.

Eight million small farmers and agricultural workers died from HIV/AIDS between 1985 and 2000 in the 25 most affected countries. FAO is involved in the fight against this pandemic, conducting surveys of its impact on food security and developing agricultural production techniques that are less labour intensive.

(State of food and agriculture in the region)

Mr Chairman,

Excellencies,

Ladies and Gentlemen,

In the last twenty years, many Latin American and Caribbean countries have undertaken reforms aimed at improving market access for their products, but some countries have also experienced economic stagnation and inequalities in income distribution among populations have widened. These inequalities are the highest in the world, with the 5 percent richest population receiving 25 percent of income, as compared to 13 percent in the developed countries. In contrast, the 30 percent poorest population of the region receives 7.5 percent of total income, against 14 percent of income in the developed countries.

It is however encouraging to note that the proportion of undernourished people fell from 13 percent in 1990-1992 to 10 percent in 1999-2001. If the countries continue with their efforts to combat food insecurity, this figure could fall to 6 percent by 2015. The initiatives

undertaken by individual countries, notably the "Zero Hunger" programme instituted by the Government of Brazil and the "Campaign Against Hunger" recently launched by the Government of Guatemala are very encouraging developments. However, five countries of the region experienced food crises in 2002, mainly because of climatic events and the slump in the coffee sector.

Agriculture represents 7 percent of Gross Domestic Product which increased by 2.3 percent per year in the 1990s and at the beginning of the new millennium. Agriculture accounts for 19 percent

of employment but only 3 percent of national budgets. Given its importance, it should be allocated 5 percent of national operating and capital budgets in the next five years.

Agricultural production in the region increased by 2.3 percent per year between 1990 and 2001, against 1.6 percent for the population. The process of market liberalization initiated by most of the countries has significantly reduced government subsidies, technical assistance and farmer access to credit. The private sector has not been able to completely cover the resulting gap in a context of increasingly tough international competition.

Programmes of agricultural research and training in Latin America and the Caribbean, which are indispensable for encouraging the adoption of new technologies conducive to sustainable development, have also been adversely affected by the withdrawal of state intervention. Private financing has tended to prioritize short-term programmes at the expense of fundamental research.

Only 13 percent of the region's arable land is irrigated.

The region uses about 85 kg of fertilizer per hectare of cropland as compared to 144 kg in Asia.

Annual loss of forest cover amounted to 0.41 percent between 1990 and 2000, which is twice the world average.

There are currently 221 million people living in poverty in the region and the number of rural poor has increased by 21 million since 1990. Poverty affects 44 percent of the region's inhabitants, rising to 64 percent in the rural areas.

The region's agricultural imports amounted to US\$22.9 billion in 2002.

Small and medium producers have serious difficulty in accessing credit, especially as they lack the security demanded by the private sector. It is important therefore to set up producer associations and agricultural schemes for the pooling of resources and the coordination of actions.

Finally, the region is faced with the competition of agricultural products from the OECD countries which received assistance valued at US\$318 billion in 2002.

(The Conference agenda)

Mr Chairman,

Excellencies,

Ladies and Gentlemen,

(Food security has a strategy for rural development)

The document on *Food Security as a Strategy for Rural Development* which has been submitted to you draws attention to the lessons that have been learned from implementation of the Special Programme for Food Security (SPFS) in the region. The SPFS represents a flexible framework of methodologies aimed at achieving the objectives of the World Food Summit and based on the experiences and concrete situations of beneficiary countries. It emphasizes national ownership and the active participation of rural communities.

(Economic and social development as a basis for implementation of FAO actions in the region)

The Conference will be examining the institutional and social conditions that are required for rural development projects to be integrated into a national policy, capable of ensuring economic and social development.

(FAO strategic framework for bridging the digital divide)

Substantial sources of information remain inaccessible to the region even though these play a key role in the market competitiveness of the poorer producers. The information and digital division that exists between the developed and the developing countries needs to be bridged. Access to information can help create producer networks and foster market activity and, in doing so, raise incomes and reduce food insecurity.

(The International Year of Rice)

The year 2004 has been declared the International Year of Rice. This crop is strategically important as a source of food for millions of inhabitants of Latin America and the Caribbean and higher income for the region's small farmers. The activities organized to celebrate this event will help meet the challenges and identify the opportunities for sustainable rice cultivation, its consumption and its marketing.

(Follow-up to the World Food Summit)

The document on *Follow-up to the World Food Summit* reviews the main initiatives that have been undertaken at regional and subregional level to implement the Summit's Plan of Action. In 2006, all countries should be midway towards achieving the objective of halving the number of undernourished people by 2015. This Conference will serve to take stock of progress made and of the actions that are needed to achieve this objective.

(Round Table on Financing for Agricultural Development)

There are more than 74 million rural poor in Latin America and the Caribbean. A round table on financing for agriculture has been organized in parallel with this Conference and in cooperation

with the Inter-American Development Bank (IDB) to raise the level of investment in the agricultural sector. This round table will serve to discuss the volume of resources that are allocated to agricultural development projects and the necessary measures that are required to increase the share of agriculture in national budgets, and in bilateral and multilateral funding. Access by different social groups to financial markets and the terms and conditions of informal loans are other key topics that will be discussed.

I hope that the round table will encourage the countries of the region, the financial institutions such as the IDB and the World Bank, and the regional and subregional organizations to work together in support of the many programmes targeting food security and rural development.

(Main challenges and priorities for the future)

Mr Chairman,

Excellencies,

Ladies and Gentlemen,

In the current context of globalization, competitiveness is crucial for growth and development. However, productivity should not conceal the inequalities of access to economic factors and the inequalities of income that affect millions of inhabitants of Latin America and the Caribbean, especially those living in the rural sector.

It is essential to strengthen training and to conduct integrated programmes of nutrition, health and education directed especially at women, children and the least privileged population groups, including the indigenous communities. Such initiatives should aim to promote their full-fledged participation in the process of economic and social development.

Investment in infrastructure and in the protection and conservation of natural resources needs to be reinforced to contribute towards rural development and, at the same time, towards general economic growth. These interventions need to be integrated into a comprehensive policy framework embracing all human, institutional, structural and territorial aspects.

I am confident that with capable leadership and the necessary political will, the countries of Latin America and the Caribbean will be able to rise to the challenges of hunger, malnutrition, inequality and economic stagnation.

FAO will continue to provide its support to the governments and partners of the region for the implementation of coherent and effective programmes, and for the mobilization of domestic and external financing.

I wish you every success in your work and thank you for your kind attention.