

Quarterly Food and Nutrition Security Report for Latin America and the Caribbean



This report analyses regional food security, production and trade of cereals and the policies that countries have implemented associated with food security during the first quarter of 2013.

Key messages

- Two years before the deadline of 2015 for meeting the Millennium Development Goals (MDGs), FAO has recognized 38 countries worldwide and 12 in Latin America and the Caribbean for having met the MDG1 target on undernourishment. This shows that decisive action against hunger produce the desired effects. However, hunger still affects 49 million people in the region.
- Latin America and the Caribbean has strengthened its commitment to the eradication of hunger in national and regional bodies. In particular, food security and nutrition had a leading role in the First Meeting of Ministers and Authorities for Social Development and Hunger and Poverty Eradication of the Community of Latin American and Caribbean States (CELAC, in Spanish, from now on) which approved the Action Plan for Public Policy Social Matters of the CELAC.
- During the April-June quarter, the economic growth forecasts of the region were revised downwards. Currently, an expansion of 3% in the regional economy is forecast (0.4% less than the figure estimated in April), the same level as was reached in 2012. In 2013, economic growth in Brazil and Mexico, is expected to reach 2.5% and 2.9%, respectively, which is an improvement over the previous year's levels for Brazil, but the opposite for Mexico.
- Regional food inflation slowed its growth during the second quarter of this year, reaching 2% during the March-June period, down from 3.1% recorded in the first quarter of 2013.
- World cereal production will increase sharply during the current season, surpassing the 7.2% growth of the previous season, mainly due to good harvests of corn and wheat. The utilization of cereals will increase by only 3.4%, significantly increasing the availability of food worldwide.
- Latin America and the Caribbean, meanwhile, faces favorable forecasts in terms of grain production. The region will see a 9.3% growth in grain production as a result of good crops, especially maize, in South America. Regarding food trade, in 2013 countries have shown higher levels of trade than in 2012, especially in terms of exports. This has led to a further increase in the trade balance of the region.
- The countries of the region, whilst continuing to encourage food production, have focused their efforts on ensuring access to them, through increases in disposable income and measures to tackle higher key food prices. They have made efforts to promote healthy lifestyles and food quality to address malnutrition.



State of the dimensions of food security in the second quarter of 2013

In regard to **access to food**, the second semester of 2013 was favourable. Food prices have remained stable in most of the countries of the region and the economies have shown signs of a slow recovery. Both elements allow envisioning improved disposable income for people and better access to food.

The region also maintains favourable outlook for production and **availability** of food, which is accompanied by a clear and sustained recovery in world cereal production.

Food prices have reduced their growth, contributing significantly to the **stability** of the food supply. Despite this, climatic phenomena have affected food security and nutrition in Bolivia and drought and flooding have hit Haiti.

Finally, in terms of **utilization**, many countries in the region have begun or maintained health and food safety policies and also policies to promote healthy lifestyles.

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Prospects for food security in Latin America and the Caribbean

2013 began with positive regional outlook in regard to food and nutrition security (FNS): the economies of Latin America and the Caribbean, especially the countries of South America, began to recover after the economic decline of 2011 and 2012, and poverty has dropped accordingly in the region. In June, FAO noted that LAC is the region which has made the greatest progress worldwide in the fight against hunger.

Additionally, in the entire region a renewed political commitment with the eradication of hunger can be seen, with concrete examples in countries like Mexico (which launched its Crusade Against Hunger), in legislative bodies such as the Latin American Parliament (Parlatino, in Spanish), and also regional integration organizations as the Community of Latin American and Caribbean States (CELAC, in Spanish).

In July 2013 the First Meeting of Ministers and Authorities of Social Development and Hunger Eradication and Poverty of CELAC was held in Caracas, Venezuela, during which a draft action plan for social public policy was developed, which includes among its main objectives the strengthening of food and nutrition security in all its dimensions, which represents a significant commitment of the countries of the region with the eradication of hunger.

Halfway through 2013, it is possible to make an assessment about the situation that has characterized the first six months of this year: although the regional economy has yet to show a robust recovery, it is clear that the outlook points towards a better economic performance than was seen during 2012. Similarly, there are good prospects for food production, and the rise in food prices has slowed, allowing better access to them. In general all dimensions of food and nutrition security (FNS)¹ are in good standing in the region.

In this context, FAO has recognized the fact that 12 countries in Latin America and the Caribbean have met the goal of halving the proportion of people who suffer from hunger: Brazil, Chile, Cuba, Honduras, Guyana, Nicaragua, Panama, Peru, Dominican Republic, St. Vincent and the Grenadines, Uruguay and Venezuela, are in the group of 38 countries globally recognized for achieving the hunger Millennium Development Goal 1. Additionally, countries such as Argentina and Mexico, which have levels of undernourishment below 5%, also met the goal of the MDG-1. Despite this, it is important to emphasize that there are still 49 million people suffering from hunger in the region who deserve urgent attention and action, as is currently being conducted in the region.

¹ More information about the dimensions of the FNS can be found in the FAO Practical Guide, available at:
<http://www.fao.org/docrep/014/al936s/al936s00.pdf>

Economic growth expectations lowered for 2013

The International Monetary Fund (IMF) has lowered growth prospects for Latin American and Caribbean economies, from 3.4 % forecast in April this year to 3 % in July, in its last update for the year 2013 . This implies that LAC would experience an economic expansion identical to that observed in the previous year and 1.6 points lower than in 2011.

This is highly conditioned by the results of Brazil and Mexico, countries for which the projected economic growth is 2.5% and 2.9%, respectively, which means a reduction of half a percentage point from the projection made in April. Despite this, Brazil's economy will grow 1.6 percentage points compared to the performance reached in 2012, when its economy expanded by only 0.9%. For Mexico, this represents a reduction of 1 percentage point in economic growth over the levels of 2012.

Other countries in the region that have favourable prospects in terms of the dynamism of their economies in 2013 are Paraguay (12.5%), Peru (5.9%), Bolivia (5.5%), Nicaragua (5%), Guyana (4.8%), Chile (4.6%) and Suriname (4.5 %).

For 2014, economic growth is expected to reach 3.4% in the region, 0.5 percentage points lower than previously predicted, but a level that is higher than the levels seen in 2012 and 2013.

Food prices reduce their growth in the second quarter

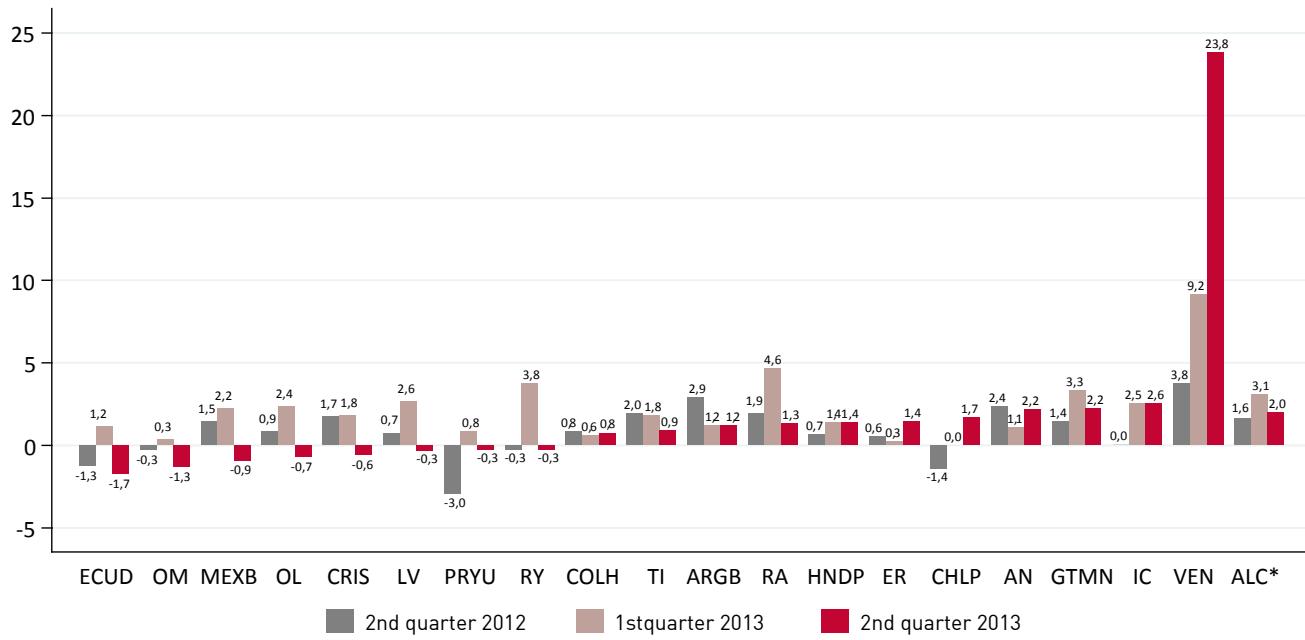
Food inflation in the region reached 2% during the second quarter (March to June), down from 3.1 % in the first quarter and a similar level when compared to the same quarter of last year. Meanwhile, headline inflation reached 1.7 % in the same period, just below the level of the first quarter (2.1%)

Chile, Nicaragua, Peru and the Bolivarian Republic of Venezuela reported higher inflation rates in the second quarter compared to both the same quarter last year and to the first quarter of this year. However, in most cases these rates did not exceed 3%, the only exception being the Bolivarian Republic of Venezuela that, just between May and June saw the average prices of food increase by almost 24% .

Countries like Bolivia, Brazil, El Salvador, Mexico and Uruguay stand out, since during the first quarter their rates of food inflation were higher than 2%, and in the second quarter their rates were less than half of said values and in some cases saw negative growth.

Finally, in Argentina and Honduras food inflation in the second quarter reached the same level as reported in the first quarter.

**Quarterly food inflation (%) in the countries of Latin America and the Caribbean.
Different quarters of 2012 and 2013**



* / Refers to weighted average based on information from 10 countries of Latin America and the Caribbean that account for 94% of regional GDP.

Source: FAO based on official country information.

Figure 1

Food production and trade

Sharp increase in production and the global availability of cereals²

FAO's latest estimates for the current season (2013/2014), account for an increase in world cereal production of 7.2%, which will reach 2,479 million tons, due in large part to the recovery of corn and wheat.

Global wheat production for the current season will reach an all-time high, surpassing 704 million tons, up 6.8% over the production of season 2012/2013. Most of this increase will be originated in European countries.

World production of coarse grains is forecast to reach 1,274 million tons, 9.7% more than the previous season, mainly due to the recovery of corn in the United States. With respect to rice (milled), production will increase 2% to 500 million tons.

The utilization of cereals, meanwhile, will reach 2.415 million tons, up 3.4% over the previous season. Of these, 1,099 million tons are intended to be used as food, which represents an increase of 1.5%, while feed use is forecast to increase by 5.8%. 473 million tons of grain will be destined for other uses.

With this, there will be a sharp rise in grain stocks, reaching 567.5 million tons, up 11.5% from the 2012/2013 season. This implies an increase of 8% in the availability of cereals, far exceeding their utilization. Grain trade, meanwhile, is forecast to reach 306.5 million tons, relatively stable compared to the previous season.

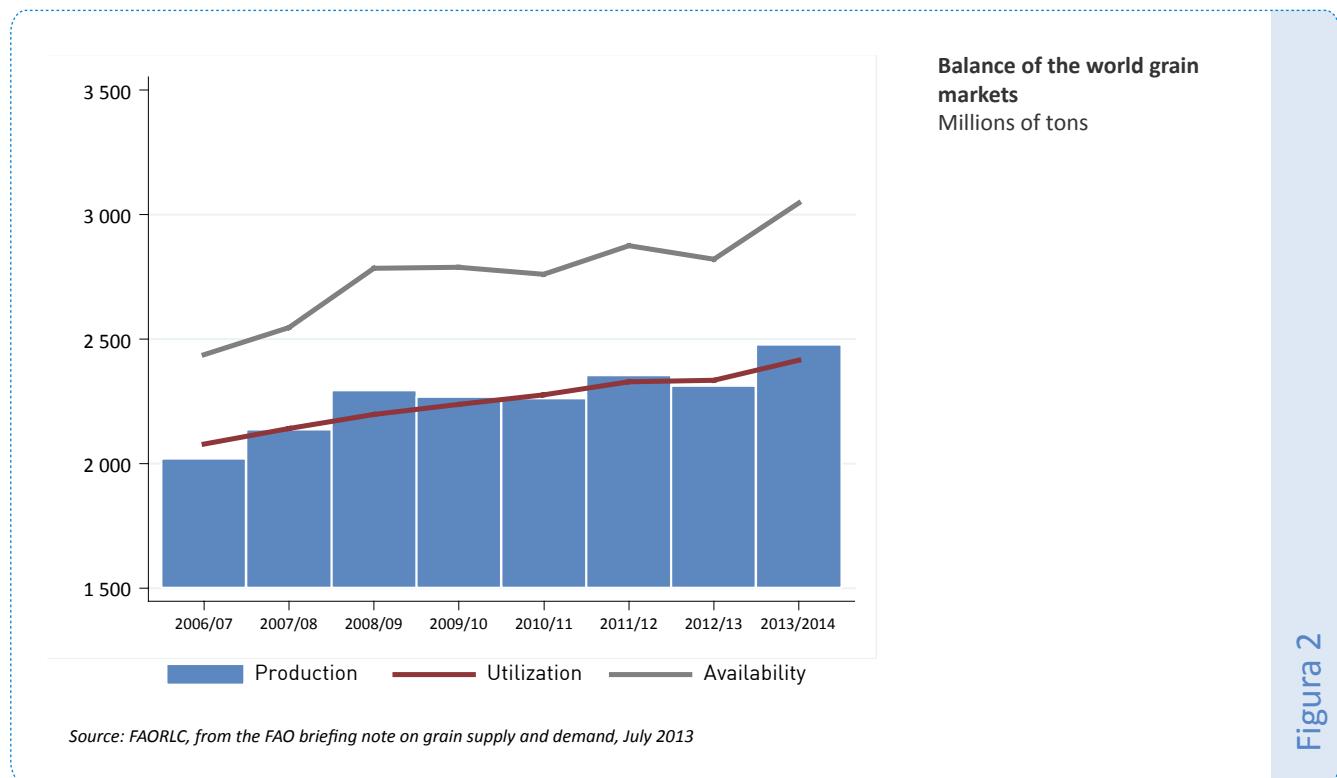


Figura 2

Favorable forecast for cereal crops in Latin America and the Caribbean

Following the global trend, in Latin America and the Caribbean an equally favorable production of cereals is expected, which would exceed 224 million tons, up 9.3% over the previous year. This responds in large part to the good cereal production in South America, where production would increase 11% to reach record levels of 182 million tons as a result of good harvest forecasts for corn in most producing countries in the sub-region.

In the case of wheat, it is estimated that both increases in the area planted and improved yields in South America will foster a recovery from the drop in production that occurred in 2012. In the case of rice, production is expected to increase by 2%.

In the sub-region of Mesoamerica and the Caribbean, cereal production is forecast to reach 42 million tons, an increase of about 3% over the positive levels reached in 2012.



Cereal production in Latin America and the Caribbean, million tons

Region	Wheat			Coarse grains			Rice			Total cereals		
	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
South America	25,1	17,7	22,7	106,6	122,1	134,5	26,4	24,5	25	158,1	164,2	182,1
Argentina	14,5	9	12,5	32,8	31,2	35,6	1,7	1,6	1,6	49,1	41,7	49,7
Brazil	5,7	4,4	5,5	59	74,1	81,9	13,6	11,6	11,9	78,3	90,1	99,3
Mesoamerica and the Caribbean	3,6	3,2	3,8	29,6	34,8	35,3	2,8	2,9	3	36,1	40,9	42,1
Mexico	3,6	3,2	3,8	24,7	30	30,3	0,2	0,2	0,2	28,5	33,4	34,3
Latin America and the Caribbean	28,7	20,9	26,5	136,2	156,9	169,8	29,2	27,4	28	194,2	205,1	224,2

Source: *Crop Prospects and Food Situation, July 2013*, FAO

Table 1

In Mexico, meanwhile, the corn harvest season is underway and, despite the low yields and frost in key growing areas, production is expected to slightly exceed the performance of the previous season, reaching 22.4 million tons. Wheat production, meanwhile, is forecast to reach 3.8 million tons.

In the Caribbean, despite low rainfall in Haiti, which negatively affected the planting of the main season cereal crop, cereals are expected to recover from the poor performance of the previous season. In the Dominican Republic, meanwhile, the weather conditions have been favorable, significantly benefiting the planting of rice.

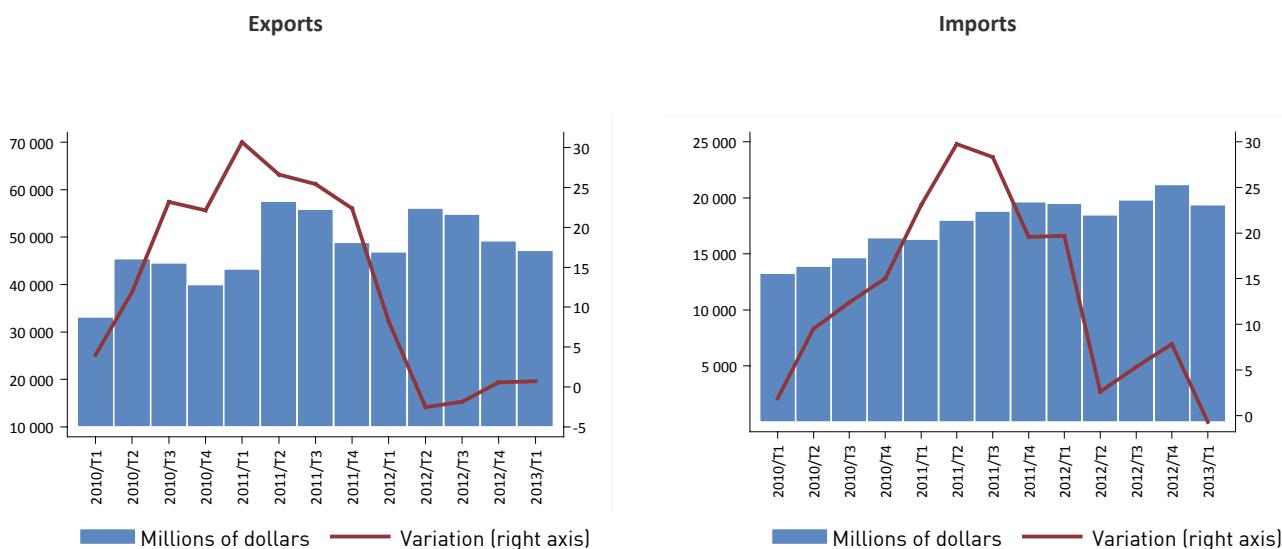
Agri-food trade in Latin America³

During the first quarter of this year agri-food trade showed a fall of 5.4% compared to the last quarter of the previous year, although this was slightly higher than the performance recorded in the same quarter of 2012.

Exports reached US \$47.217 million during the quarter, maintaining the upward trend that has been seen since the second quarter of 2012. Imports, meanwhile, reached USD \$19.401 million dollars, a slight drop compared to imported food products during the first quarter of 2012.

With this, the agri-food trade balance was positive for most of the countries studied. The region as a whole, during the quarter, showed an annual growth of around 2%, reaching US \$27.817 million dollars in its agri-food trade balance.

Evolution of agri-food trade in Latin America, 2010-2012 quarters
Millions of dollars and annual variation



Source: From Global Trade Atlas (GTA), International Trade Center (ITC) and official country information

Figure 3

³ Considers all products covered in chapters 1 to 24 of the Harmonized System (HS). Latin America considers 17 countries in the region: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela.



Cereal trade accounted for 12% of exports and 18% of agricultural imports of the region. Cereal exports exceeded US \$5.808 million dollars during the first quarter of 2013. This is 38% above cereals exported in the first quarter of the previous year, and was mainly due to strong growth in exports from Brazil, which almost tripled the value of its cereal exports, exceeding US \$2.510 million dollars.

Finally, intra-regional exports of food products account for almost 18% of total exports from the region. During the first quarter of 2013, however, the regions exports to its own countries recorded a slight increase compared to the same period last year.

National policies related to food and nutrition security

In terms of the public policy actions implemented during the second quarter of 2013, the countries of the region have sought to ensure food access through increased disposable income and measures to address increases in consumer prices. These efforts to protect the poorer sectors of the population were complemented with measures to promote the consumption of healthy and good quality foods to address malnutrition, particularly through rules and regulations.

It can be said that in addition to the ongoing concern about food production, initiatives to ensure access to adequate and quality food for all are being given special care in the public agendas of the region, with special emphasis on the most vulnerable families.

Measures to facilitate access to food

An increase in the benefits of various government transfers and non-contributory pensions was observed. In Bolivia, the "Dignified Rent" was increased by US \$7 dollars, an annual benefit that all citizens over 60 receive. In the Dominican Republic an increase of almost US \$3 dollars (reaching a monthly benefit of US\$ 19,7 dollars) to the "Eating is First" conditioned cash transfer program, which will benefit over 600 thousand homes who live in poverty. In Guatemala, 20 thousand families living in the occidental part of the country were incorporated to the conditioned cash transfer program "My Secure Bonus", and Argentina increased the amount of the "Universal Allotment per Child" by US \$22 dollars, an increase of 35,3% for said program, as part of a general increase in various social programs.

New initiatives to increase the income of the population were also implemented: specifically, Chile implemented a one-time transfer of US \$98 dollars, the "Winter Bonus", for more than 600.000 vulnerable elderly citizens.

During the quarter some governments in the region implemented measures in the field of prices. Particularly in Argentina, an agreement between the National Government and supermarket chains froze prices of 500 consumer articles (including the vast majority of staple foods). Also in Ecuador producer prices for yellow maize and rice were fixed.

Conditioned Cash Transfer Programs in Latin America and the Caribbean

As part of the public offering of non-contributory social protection programs, Conditional Cash Transfer Programs (CCTP) have, over the past 15 years, become some of the most important policies to service the most extreme poverty hotspots in the region, who were not traditionally benefited by social programs. 21 countries in the region implement CCTPs currently in the region, benefiting some 113 million people (2010) representing 19% of the population of Latin America and the Caribbean.

The implementation of the CCTPs seeks, in the short term, to protect and ensure the family income of the beneficiaries so that they can meet their basic needs, and the conditions that are set by the program allow the formation of human capital in the long term. These conditions vary from country to country, but generally relate to the use and participation of the beneficiaries in health services and education. Thus, their impacts on food security and nutrition are both immediate -by facilitating revenue to increase access to food- and long term, since the program tracks the nutritional health of mothers and their children.

In terms of their impacts, national studies in countries such as Colombia have shown that the implementation of the "Families in Action" program has reduced the proportion of chronically malnourished children under 24 months by 7%, and by 9% in rural areas (Social Action, 2010). Similarly, in Brazil, the "Bolsa Familia" program has ensured that infants aged 12 to 35 months have a 19% higher chance of reaching a proper size according to their age, a figure that rises to 41% for children 36 to 59 months of age.

For more information see:

Acción Social (2010). *El camino recorrido: 10 años de Familias en Acción*. Bogotá: Agencia Presidencial para la Acción Social y la Cooperación Internacional y Departamento Nacional de Planeación. Available at: <http://www.dps.gov.co/documentos/FA/EL%20CAMINO%20RECORRIDO%20WEB.pdf>

Cecchini, S. y Madariaga, A. (2011). *Programas de transferencias condicionadas: Balance de la experiencia reciente en América Latina y el Caribe*. Cuadernos de la CEPAL N° 95. Santiago, Chile: ECLAC.

Paes-Sousa R., Miazaki, E. y Pacheco L. M. (2011). "Effects of conditional cash transfer programme on child nutrition in Brazil". *Bulletin of the World Health Organization* 2011;89:496-503.

Measures to facilitate food availability

One of the areas of concerns that governments have focused their attention on with regard to availability of food is agricultural financing, and during the past quarter several initiatives were implemented, such as direct subsidies for production.

Financial initiatives to support the production of basic grains were implemented in several countries of the region. In Argentina a trust was created from export duties retained by the State, which will be delivered to wheat producers in proportion to their declared production, as a means of stimulating production, while in Bolivia a US \$14.4 million line of credit was created to support small producers of rice, corn, wheat, sorghum, sesame and beans in four departments. El Salvador, for the third consecutive year, will implement a credit line aimed specifically at small producers of corn, beans, sorghum and rice, for a total of US \$35.2 million, which last year benefited more than 26.000 producers. Finally, Venezuela established a temporary subsidy for rice production amounting to US \$0.17 per kilo of grain produced, with retroactive effect from the 1st of January 2013.

Food trade measures

In terms of food trade, during the quarter **Argentina** authorized 16 million tons of maize exports, according to the calculations the country makes with regard to excess domestic supply, while **Chile** established a provisional safeguard⁴ of 9.7% for cracked corn imports in order to protect domestic producers of the grain.

Health, food safety and nutrition measures

In terms of Health, food safety and nutrition measures, the implementation of two initiatives for *extension and the promotion of nutrition* for a healthy diet and lifestyle stand out: in **Peru**, a law was enacted to promote healthy diets for children and adolescents, which regulates publicity for "junk food" and to foster physical activity and the creation of healthy eating kiosks in educational establishments; in **Argentina**, meanwhile, the "National Program to Fight Sedentary Lifestyles" was launched, which seeks to aimed at promoting physical activity and healthy living in order to prevent the occurrence of chronic non-communicable diseases (NCDs).

In terms of school feeding initiatives, Brazil updated the quality regulations of its National School Feeding Program, which reduces the amount of sodium allowed in foods expended and the portions of sweets within their food supply. Meanwhile, in El Salvador 300.000 students were included in the presidential "Glass of Milk"⁵ program for the current semester, which currently services 800.000 children in 10 departments of the country who are benefiting from this initiative.

Healthy lifestyles: fighting malnutrition in Latin America and the Caribbean

In recent years, overweight and obesity have become part of the public agenda and malnutrition has become a two sided problem: on one hand there is a lack of nutrients and calories (malnutrition and undernourishment) and on the other there are those who suffer from excessive intake of calories. Indeed, it is estimated that by 2010 the number of children affected by overweight in Latin America and the Caribbean had risen to 3.8 million. The prevalence has also risen sharply in some countries in particular* to record levels that have transformed this problem into a regional concern (PAHO, 2011).

To address this phenomenon, several countries have implemented legal frameworks, strategies and programs to address obesity and promote healthy lifestyles to prevent its growth. For example, in 2012 Costa Rica, Chile and Peru implemented various legal instruments in order to regulate and limit the presence and advertising of "junk" food in schools, looking particularly to protect school-age children, while this year Uruguay and Venezuela are discussing bills in this field in their respective legislative bodies.

For more information see:

PAHO (2011). Non communicable diseases in the Americas: Build a healthier future. Washington DC: PAHO.

*For example in Belize it amounts to 13.7%, in Argentina 9.9% and 9.8% in Peru.

⁴ Pending the publication of a final decision on the matter within a maximum period of 200 days. The measure excludes imports from Brazil, Bolivia, the United States, Peru, Paraguay, Uruguay, France and Turkey.

⁵ The presidential program "Glass of Milk" delivers two weekly servings of milk to its beneficiary students. This milk is purchased preferably from domestic livestock producers, currently benefiting 2.200 farmers.