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THIRTY-SECOND FAO REGIONAL CONFERENCE FOR LATIN AMERICA AND THE CARIBBEAN

Buenos Aires (Argentina), 26 to 30 March 2012

FOOD AND NUTRITIONAL SECURITY: IMPACT, IMPLICATIONS AND OPPORTUNITIES FOR LATIN AMERICA AND THE CARIBBEAN

Executive summary

- Latin America and the Caribbean are having to contend with unprecedented international food prices – the highest in 30 years – coupled with greater price volatility. Although this creates opportunities for farmers, it involves risks to consumers as it may undermine the positive trend in reducing poverty and malnutrition in the region.
- This paper suggests that the Conference should formulate regional positions on three key policy and regulatory issues: (a) global and regional governance of food and nutritional security; (b) investment in agriculture and agricultural adaptation to climate change, with the priority on family farming and; (c) access to food and changes in consumption patterns.
- In each of these key areas, this paper draws attention to specific issues requiring the attention of the Regional Conference and areas of work that should be taken into account in FAO planning, programmes and budget. This paper explicitly recognizes the importance of mainstreaming the gender perspective into all the policy issues, key matters and areas of work upon which the Conference decides.

Suggested action by the Regional Conference

This paper suggests that the Regional Conference should review and endorse the following policy and regulatory issues and their respective strategic areas for FAO:

A. Global and regional governance of food and nutritional security

- a. A leading role for countries of the region in global and regional mechanisms for food and nutritional security governance: Committee on World Food Security (CFS); Group of Twenty Finance Ministers and Central Bank Governors (G-20); United Nations General Assembly; regional organizations for economic and political integration.
- b. Boosting the Latin America and the Caribbean without Hunger 2025 initiative.
- c. Facilitation of intraregional trade in food.
- d. Governance of animal and plant health and food safety systems.
- e. Transparency and competition in agricultural and food markets.
- f. Strengthening rural organizations and their participation in the food and nutritional

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security policy-making process.

B. Investment in agriculture, with the priority on family farming

- a. Strengthening family farming and the productive role of women.
- b. Adapting agriculture to climate change and sustainable intensification of agricultural production.
- c. Boosting local food markets.
- d. Reducing rural poverty.
- e. Regulating land concentration and foreign ownership.

C. Access to food and changes in consumption patterns

- a. Operation of the agricultural and rural labour market.
- b. Consumption of traditional staples and nutrition.
- c. School feeding.
- d. Nutrition education.
- e. Reduction in food losses and waste.

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I. Aim of this paper

1. This paper aims to contribute to formulating Regional Conference recommendations on food and nutritional security policy and regulatory issues pertaining to FAO's mandate.

II. Opportunities and risks arising from record high food prices and price volatility

Historic high food prices are here to stay

2. Latin America and the Caribbean are having to contend with unprecedented international food prices – the highest in 30 years – coupled with greater price volatility.
3. Between the second half of 2010 and early 2011, food prices climbed to a historic high and, although they have fallen again since mid-2011, the international food price index (in December 2011) is still 18 percent higher than it was two years ago and 63 percent higher than the average for the 2000–2010 period. Similarly, 2011 closed with an annual average price level 23 percent higher than the 2010 average.
4. This latest price hike has brought to the fore volatility, which has been exacerbated by the close link between agricultural and food markets, energy markets and financial markets. Although high prices tend to encourage agricultural production, price volatility can harm both producers and consumers.
5. According to two recent publications – *The State of Food Insecurity in the World* (produced jointly by FAO, the International Fund for Agricultural Development and the World Food Programme) and *OECD–FAO Agricultural Outlook 2011–2020* (by the Organisation for Economic Co-operation and Development and FAO) – food prices will continue to be high and more volatile over the coming

decade. They base this forecast on the trend towards more frequent episodes of extreme climate variability, increased use of food for biofuel production and a larger volume of food commodities traded on futures markets.

Opportunities and risks for food and nutritional security

6. This trend in international food prices has a mixed effect on countries in the region: on the one hand it creates opportunities for increasing food exports and substituting food imports; on the other, it jeopardizes the region's progress on poverty reduction and the eradication of hunger and child malnutrition.

7. Among the opportunities, the likelihood of agricultural investment increasing is highly dependent on farmers actually receiving these high prices, especially family farmers, which is in turn determined by the level of competition in food markets, input prices and price volatility or unpredictability. The latter has a negative influence on the investment decisions of farmers, whose incomes fluctuate widely as a result of climate variability and who tend to have poor access to credit and other productive inputs and services, especially women.

8. Among the risks, higher inflation has a detrimental impact on poverty and nutrition. The positive trend in reducing poverty and extreme poverty in the region since 2002 was interrupted from 2008, and the decade ended with values of around 13 percent extreme poverty and 32 percent absolute poverty. In addition, rising food prices appear to have a disproportionately harmful effect on households headed by women because such families tend to be poorer and spend a larger proportion of their income on food, among other factors.

9. During 2011 the region's average annual headline inflation rate remained stable at around 7 percent, while food inflation trended upward during the second quarter, rising to 8.4 percent in October.

III. Global and regional policy and regulatory issues

10. Beyond the current economic situation, the recent crisis has helped to launch a broad international debate on the fundamentals and structural limitations of the prevailing development model. At issue is the dominance of an unchecked market, fuelled by a process of globalization devoid of governance mechanisms, which has turned inequality into the scourge of our time.

11. The lessons learned from the countries that have coped best with the impact of the crisis on their people's food and nutritional security have prompted Latin American societies to start calling for a more proactive role for the state. They are demanding a new balance between the market, society and the state, in which the state is required to play its regulatory role and to provide public goods more efficiently.

12. FAO technical cooperation should build the institutional capacity of any food security initiatives promoted by the region's economic and political integration bodies and organizations: Union of South American Nations (UNASUR), Central American Integration System (SICA), Southern Common Market (MERCOSUR), Andean Community (CAN), Caribbean Community (CARICOM), Bolivarian Alliance for the Americas (ALBA) and Community of Latin American and Caribbean States (CELAC). It should also promote and facilitate South-South cooperation among countries in the region, which have ample experience for meeting today's challenges.

13. Cooperation should mainstream a gender and indigenous perspective into all its actions. To this end, ongoing consultations with representatives of civil society organizations and social movements must be on the agenda with governments and parliaments.

14. This paper suggests that the Conference should formulate regional positions on three key policy and regulatory issues: (a) global and regional governance of food and nutritional security; (b) investment in agriculture and agricultural adaptation to climate change, with the priority on family farming; and (c) access to food and changes in consumption patterns. It also suggests that the Conference should acknowledge explicitly that gender considerations are a key factor to be taken into account when formulating policies and regulatory frameworks.

A. Governance of food and nutritional security

A leading role in global and regional governance mechanisms

15. At global level, the region must bring to bear its key role in world food production and trade to take the lead and adopt joint positions on building global mechanisms for food and nutritional security governance. The main organizations for achieving this are:

16. The Committee on World Food Security (CFS) which is defining a Global Strategic Framework for Food Security and Nutrition.

17. G-20 bodies, which promote implementation of the Agricultural Market Information System (AMIS),¹ aimed at increasing information and transparency on global markets, and initiatives for regulating food speculation in financial markets.²

18. At the initiative of the President of the Dominican Republic, Argentina, on behalf of the members of the Group of 77 developing nations and China, submitted a draft resolution to the recent United Nations General Assembly stressing the need to discourage financial speculation on food commodities.³

19. Despite its internal differences, the scale of countries' agriculture makes the region eligible to harmonize positions to help to unblock the Doha Round negotiations, in particular by providing least developed countries (LDCs) with better trading conditions for food, as part of the agriculture chapter.

20. Based on the recommendations of the Conference, FAO should take into account the following key matters:

- a) Cooperation with countries in the region to facilitate the development of common positions during the CFS reform-implementation process. Facilitating the regional consultation process on the:
 - o Global Strategic Framework for Food Security and Nutrition, to be completed in October 2012;
 - o adoption of the Voluntary Guidelines on Responsible Governance of Tenure of Land and other Natural Resources;
 - o Principles for Responsible Agricultural Investment.
- b) As AMIS Secretariat, FAO, together with other international organizations, should ensure compliance with the commitments of the Global Food Market Information Group and regional actions contributing thereto.
- c) Cooperate with countries in search of common positions in trade negotiations with the World Trade Organization (WTO).

Latin America and the Caribbean without Hunger 2025 initiative and **regional governance**

21. Among the major challenges facing regional governance of food and nutritional security, this paper suggests that the Conference should decide common positions on: (a) promoting the Latin America and the Caribbean without Hunger 2025 (ALCSH 2025) initiative; (b) facilitating intraregional trade in food; (c) improving the governance of animal and plant health and food safety

¹ The creation of AMIS was one of the recommendations of the G-20 Summit in Seoul in November 2010. AMIS was finally created by the Summit of G-20 Agriculture Ministers, in Paris, in June 2011.

² The G-20 recommended improving the regulation and supervision of commodity derivatives markets at the G20 Summit, in Cannes, 3–4 November 2011.

³ United Nations General Assembly. Sixty-sixth Session. Second Committee. Agenda item 17 (b) Macroeconomic policy questions: international financial system and development. 14 October 2011.

systems in the public and private sectors; and (d) increasing transparency and competition in agricultural and food markets.

22. Initiatives to improve regional governance should entail political support and institution-building in the area of food and nutritional security for the region's main integration bodies and organizations: UNASUR, SICA, MERCOSUR, CAN, CARICOM, ALBA and CELAC. In the regional legislative context, they should entail consolidating the Parliamentary Front against Hunger (FPH), which includes the Latin American Parliament (PARLATINO), Central American Parliament (PARLACEN), Andean Parliament, MERCOSUR Parliament (PARLASUR) and Forum of Presidents of Legislative Powers of Central America and the Caribbean Basin (FOPREL).

23. As the outcomes of food and nutritional security policies can only be ascertained using a harmonized national and regional statistical system that produces optimum agricultural and food statistics in a timely fashion for analysing and monitoring undernutrition in countries in the region, this paper suggests that the statistical outputs of agricultural and food data should be coordinated more effectively.

24. In view of the above, the Regional Conference highlights the following key issues:

- a) Legislative advocacy of the human right to food and subregional plans and programmes on food and nutritional security.
- b) Increasing the technical capacity of national institutions responsible for producing food and nutritional security statistics.
- c) Implementation of an information and monitoring system on food prices and countries' current policy measures, as well as their implications for different groups in society.
- d) Annual publication of Panorama of Food and Nutritional Security in Latin America and the Caribbean and of The Outlook for Agriculture and Rural Development in the Americas.
- e) Training for rural leaders of civil society organizations to increase their participation in policy-making on food and nutritional security and rural development.
- f) Cooperation with initiatives that facilitate intraregional trade in food.
- g) Cooperation in strengthening animal and plant health and food safety services in the areas of: animal health and public veterinary health, including zoonoses; plant health, responsible use of pesticides and food safety; and animal feed and agricultural products.
- h) Policy analysis and recommendations to increase the transparency and degree of competition in regional and national markets for the region's main staples.

B. Investment in agriculture and agricultural adaptation to climate change, with the priority on family farming

25. Opportunities exist for increasing agricultural investment and growth, which should be harnessed to promote a less heterogeneous and less concentrated model of production, with a thriving family farming sector, integrating natural resources as public goods, that makes a bigger contribution to reducing rural poverty.

26. This paper suggests that the Conference should formulate regional positions on five policy and regulatory issues: (a) strengthening family farming and the productive role of women; (b) adapting agriculture to climate change; (c) boosting local food markets; (d) reducing rural poverty; and (e) regulating land concentration and foreign ownership.

27. Based on the recommendations of the Conference, FAO should take into account the following key matters:

- a) Technical cooperation for the formulation and adoption of policies and programmes for increasing the production of goods and services from family farming that take into account men and women's differing needs, obstacles and opportunities.
- b) Technical cooperation for the sustainable intensification of agricultural production and improved resource-use efficiency.

- c) Technical cooperation among countries to build capacity for agroclimatic risk management and the formulation of policies and programmes for climate change adaptation and mitigation (LARC/12/3).
- d) Technical cooperation to boost local markets.
- e) Analysis of the characteristics of rural households in the region and public policy recommendations for reducing rural poverty.
- f) Analysis and facilitation of public policy dialogue on the dynamics of land in the region.

C. Access to food and changes in consumption patterns

28. In the short term it is essential to counteract the trend where the most vulnerable population has poorer access to food. This calls for policies that help to: increase their labour and non-labour income; ensure food aid for the most vulnerable groups; and promote changes in consumption to healthy foods incorporating the best of each country's cultural traditions. Higher incomes and greater use of local foods create demand that encourages the family farmers who produce them and boosts these local markets.

29. This paper suggests that the Conference should formulate regional positions on five policy and regulatory issues: (a) better operation of the agricultural and rural labour market and the promotion of decent work; (b) resumed consumption of traditional staples that expand the food base and improve nutritional status; (c) strengthening school feeding programmes; (d) expanding the coverage of nutrition education; and (e) reducing food losses and waste.

30. Based on the recommendations of the Conference, FAO should take into account the following key matters:

- a) Jointly with the International Labour Organization (ILO) and the Economic Commission for Latin America and the Caribbean (ECLAC), analyse, make recommendations and facilitate policy dialogue on the operation of rural labour markets, especially for working women.
- b) Implementation of projects for incorporating locally produced foods from family farming into school meal programmes.
- c) Cooperation on promoting the consumption of locally organized foods, which includes encouraging food production for home consumption.
- d) Cooperation on incorporating nutrition education into the curricula of primary and secondary education.
- e) Cooperation on implementing programmes to help reduce food losses, as well as improving food-handling practices and food storage and distribution conditions.
- f) Facilitating exchanges of experience regarding the economic and social impact of income transfers on rural areas.