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منظمة الأغذية
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联合国
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Food
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para la
Agricultura
y la
Alimentación

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TWENTY-NINTH FAO REGIONAL CONFERENCE FOR LATIN AMERICA AND THE CARIBBEAN

Caracas, Venezuela, 24 to 28 April 2006

STATEMENT OF THE DIRECTOR-GENERAL

Mr Chairman,

Distinguished Ministers,

Honourable Delegates,

Ladies and Gentlemen,

Introduction

It is an honour and a great pleasure for me to find myself in the company of the leaders of the agricultural sector of Latin America and the Caribbean gathered at this Twenty-ninth FAO Regional Conference. May I begin by expressing on behalf of the Organization, its staff – and equally the delegates and observers – our gratitude to President Hugo Chavez, to the Government and people of the Bolivarian Republic of Venezuela for hosting this Conference and for their generous hospitality.

State of food insecurity in the world and in the Latin America and Caribbean region

Ten years ago, the leaders of the international community, gathered in Rome for the World Food Summit, decided to reduce by half the number of people suffering from hunger by 2015. At this half-way stage, it now seems that unless we redouble our efforts in the next ten years, this objective will only be achieved in 2150.

If we take stock of progress made towards achievement of this objective, we cannot but note that, despite significant breakthroughs, the rate of progress in most regions of the world remains insufficient to achieve the set objective. If current trends continue, Latin America and the Caribbean will be the only developing region likely to achieve the objective of the Millennium Declaration by the planned date. Indeed, the number of undernourished people has fallen in recent years, from 59 million in 1990-1992 to 52 million in 2001-2003. However, these overall figures conceal a deteriorating situation in Central America and the Caribbean, where the number of undernourished people rose from 12.7 million in 1990-1992 to 14.1 million in 2001-2003. Progress must therefore be four times faster than in the last ten years, which is possible, certainly, for some countries of South America and those with energy and mining resources, but is undoubtedly more difficult for the others.

The reduction of hunger is not only essential for humanitarian reasons but also for economic and social development. It will have a direct impact on the reduction of poverty, the

improvement of health from better nutrition and progress in education through higher income not only from rural agriculture but also from urban and periurban agriculture.

Latin America and the Caribbean posted a 5.9 percent increase in GDP in 2004 and 3.8 percent in 2005, signalling the greatest economic gain in the region since the 1970s. The region therefore has the favourable macroeconomic conditions to suggest rapid advance towards greater justice in the distribution of the fruits of growth, particularly to the poorest populations.

Development of agriculture in Latin America and the Caribbean in 2004-2005: the results

- *Food production*

Food production increased by 3.5 percent per year between 2000 and 2004, which is far higher than the 1.4 percent rate of population growth and slightly above the average of 3.4 percent for the 1990s.

- *Agricultural production*

Agricultural production increased by 3.3 percent between 1992 and 2004. The annual rate of growth for 2000 to 2004 stands at 3.5 percent, which is higher than the two previous decades (2.4 percent in the 1980s and 3.1 percent in the 1990s).

Five countries of the region did however experience food crises in 2002, mainly because of climatic disasters and falling prices of coffee.

- *Crops*

The growth of crop output was only 1.6 percent in 2004 but was 7.1 percent in 2003. The average rate of growth of this subsector since the beginning of the century is 3.3 percent per year, which is significantly higher than the world average of 2.2 percent per year and higher than other developing regions (2.8 percent in Asia and 2.7 percent in Africa).

These encouraging results were made possible by refocusing the macroeconomic framework of the region, which had been most unfavourable to agriculture, but also by participating more in trade because of strong international demand for several primary commodities.

However, a number of worrying factors require the Conference's attention. It is especially the Southern Cone countries that have seized the openings of international commodity trade, thanks to the adjustment of their institutional framework and their greater natural resource potential. These countries have amplified their cropland area, notably for soybean and other field crops, which has accelerated growth of production but is causing numerous problems of equilibrium of ecosystem. If agriculture is to be revived in the other countries, which have often lost their preferential terms of trade, measures will be needed to intensify agricultural production, by investing in rural infrastructure and raising added value through agroindustrial activity.

- *Livestock*

Livestock accounts for 43 percent of agricultural production, which is comparable to North America and Europe and much higher than the 30 percent of the other developing regions.

Between 2000 and 2004, animal production increased in the region by an annual 2.9 percent, compared to 3.6 percent in the previous decade. Development of the dynamic livestock sectors (poultry, pig, cattle and dairy production), where the outlook for demand is favourable, should help sustain growth in the medium term. It is vital, however, to resolve the problems of food safety and their impact on production and international trade.

Fishery products

The most important fishery resources are fully exploited, if not overexploited. Because of climatic phenomena, landings have trended downwards by 2.1 percent per year. If we wish to avoid depleting stocks, we need to strengthen management and introduce new institutional arrangements that are more in line with the Code of Conduct for Responsible Fisheries.

Forestry sector

Latin America and the Caribbean have 924 million hectares of natural forest, which is 23 percent of the world's forest cover. But its annual net loss of 4.7 million hectares 64 percent of the world's loss of forest cover.

Forestry development in the region is not satisfactory and is not getting better, except in two or three countries. A rapid change in institutional approach is needed together with new mechanisms to steer operators towards the sustainable use of forest resources.

Agricultural commodity trade

In 2004, agricultural exports from Latin America and the Caribbean amounted to US\$75 billion, which was 18.2 percent higher than the previous year.

Agricultural imports totalled US\$35 billion, which was 10.5 percent up from 2003.

The agricultural balance of trade for 2004 would appear to be in surplus by US\$40 billion, which is an extremely positive result for the region.

Constraints

Water

The long-term viability of agriculture in the region requires the sustainable management of natural resources and greater efficiency in their use and conservation. While the region as a whole is relatively privileged and receives 30 percent of the world's precipitation, land and water resources in several areas are being affected by serious man-made degradation. And only 13 percent of cropland is irrigated. The region should assure its population greater access to quality water in a framework of institutional modernization, greater investment and measures to protect the environment.

FAO is encouraging the involvement of waters users in decision-making and the design of effective management and conservation systems geared towards microcatchment basins.

Rural infrastructure

In vast parts of the region, progress in agricultural productivity has not been matched by improved infrastructure for transport, communication and access to services in the rural sector. The transaction costs of small producers must be reduced if their incomes and food security are to be enhanced.

Financing

The rural population accounts for 23 percent of the national total and agriculture provides 18 percent of employment, but public expenditure allocated to the rural sector averages only 6.5 percent of the total. In addition, rural expenditure per inhabitant fell during the last ten years, from US\$205 to US\$141.

The Member Nations of FAO meeting at the International Conference on Agrarian Reform and Rural Development in Porto Alegre, Brazil, in March 2006, proposed that agrarian reform be directed more towards the poor and their organizations, that it have a social orientation and that it be participatory. It should contribute to food security and the eradication of poverty. It should also be founded on secured individual, community and collective property rights and on equity in access to this important and culturally significant production factor, especially for landless peasants. It should promote productivity, the strengthening of local and national markets, employment, the generation of income and social inclusion. It should also foster the conservation

of the environmental resources of rural areas, in the respect of the rights and aspirations of the rural populations.

Institutional framework

The institutional structures that govern rural and labour markets should guarantee an efficient and sustainable use of resources and be accompanied by systems of evaluation and control.

Transboundary diseases

The countries of the region are still untouched by the H5N1 subtype of avian influenza. In the past, Chile, El Salvador, Guatemala and Mexico suffered outbreaks of highly pathogenic avian flu of other strains (H5N2 and H7N3) but these were quickly detected and eliminated, thus preventing their widespread dissemination in the region. These outbreaks of avian flu incurred high costs: in Chile alone, the economic impact of the 2002 outbreak was evaluated at US\$31 million.

Other diseases such as foot-and-mouth disease, bovine spongiform encephalopathy, swine fever, screwworm and rabies also lead to losses in production and trading restrictions. FAO and the World Organisation for Animal Health have recently launched the Global Framework for the Progressive Control of Transboundary Animal Diseases (GF-TAD). In this connection, FAO is funding four technical cooperation projects for Central America, the Andean countries, South America and the Caribbean aimed specifically at strengthening veterinary services.

Other initiatives

At the beginning of this year, Latin American food security experts launched the *Latin America Without Hunger by 2025 (ALSH-2025)* initiative which has five objectives: reinforcement of the institutional organization of food security in the countries of the region; South-South cooperation between the countries of the region and other continents; development of human capital through technical training; support to governments to link national initiatives aimed at reducing hunger and poverty; and research applied to food security.

FAO welcomes this initiative which will strengthen mechanisms to eliminate hunger in the region, and is ready to provide its full support.

Issues on the agenda of the Regional Conference

After examining the key technical issues on the agenda and analysing the main trends of agriculture, rural development and food security in Latin America and the Caribbean, the participants at the Conference will put forward recommendations on measures to be taken by countries and technical cooperation expected of FAO. The Regional Conference will examine progress made by the countries of the region towards achieving the objectives of the World Food Summit and the Millennium Summit. It will also be examining the follow-up given to the main recommendations of the Regional Conference of 2004.

Finally, two round tables will be held to discuss the problems and prospects of a regional agricultural common market and the institutional challenges that exist in the region.

Outcome of the Thirty-third Conference of FAO

The Thirty-third session of the Conference of FAO, which was held in Rome in November 2005, adopted a budget of US\$765.7 million for the 2006-2007 biennium, which represents zero nominal growth plus security expenditures and US\$6 million for priority programmes. The FAO Conference also examined my proposals for reform of the Organization. It approved, among other matters, a number of changes to the organizational structure at Headquarters, which have already been carried out, and implementation of the decentralization proposals in one region and the opening of another subregional office. I have decided, in this regard, to begin with the Africa region and the Central Asia subregion, and I intend to propose to the Council in November 2006 the extension of decentralization to the other regions of the world

and the restructuring of Headquarters within the limit of the eight departments indicated by the Conference. As part of this exercise, the proposal is to establish new subregional offices for Central America, the Andean countries and MERCOSUR. I hope that these proposals will receive your support.

The Programme of Work and Budget 2006-2007, which will be submitted for approval to the Finance Committee and the Programme Committee this May, in accordance with the guidelines of the Conference of November 2005, accommodates these initial changes in the organizational structure of Headquarters and the decentralized offices, and places special emphasis on the dissemination of knowledge and the building of capacities in developing countries.

FAO will also have to raise some US\$15 million in voluntary contributions to cover the transition costs of reform.

Conclusions

Excellencies,

Ladies and Gentlemen,

The majority of people suffering from hunger live in the countryside. The rural population remains seriously marginalized, especially in education, health and access to services. Agriculture is the principal source of employment in rural areas. It is dynamically interwoven with the other economic activities. Agricultural development thus plays a crucial role in enhancing rural income, indicators of wellbeing and food security in the countryside. But it is also poor farmers who migrate to cities and heighten the proletarianization of the suburbs of national and regional capitals.

The fight to eliminate hunger and achieve the Millennium Development Goals will be won or lost through rural, urban and periurban agriculture. I am sure that this Regional Conference for Latin America and the Caribbean will provide suggestions and offer guidelines to promote agricultural and rural development and achieve the objective of food security.

Thank you for your kind attention.