

Food Security Policies in Latin America

New Trends with Uncertain Results

Martin Piñeiro, Eduardo Bianchi, Laura Uzquiza
and Mario Trucco

2010

Abstract

As a consequence of the 2006–08 food crisis, food security has become a mayor political concern in the Latin American region. The crisis has led to intense political discussions at both the regional and country levels, and has resulted in new policy responses that have attempted to protect vulnerable social sectors from the negative impacts of the crisis. Policy responses have tended to concentrate on short term objectives and price control measures. However, more attention has also been focused on social programs that improve access to food by the poor. In spite of intense regional political activities, the policies implemented do not seem to have improved regional trade or intergovernmental regional cooperation. The relationship between food security and long term structural policies is also analyzed.

Copyright © 2010 International Institute for Sustainable Development

Published by the International Institute for Sustainable Development

International Institute for Sustainable Development

161 Portage Avenue East, 6th Floor

Winnipeg, Manitoba

Canada

R3B 0Y4

Tel: (204) 958-7700

Fax: (204) 958-7710

E-mail: info@iisd.ca

Web site: <http://www.iisd.org>

Series on Trade and Food Security – Policy Report 4

Food Security Policies in Latin America: New Trends with Uncertain Results

Martin Piñeiro, Eduardo Bianchi, Laura Uzquiza and Mario Trucco

June 2010

About the Trade Knowledge Network

<http://www.tradeknowledgenetwork.net>

The Trade Knowledge Network is a global collaboration of research institutions across Africa, Asia, Europe and the Americas working on issues of trade and sustainable development. Coordinated by the International Institute for Sustainable Development (IISD), the TKN links network members, strengthens capacity and generates new research to assess and address the impact of trade and investment policies on sustainable development.

The overarching aim of the TKN is to help ensure that trade and investment contribute to sustainable development, with social development and the environment equitably addressed in trade and investment policies. The TKN furthers this aim by generating compelling research with clear policy recommendations and communicating those effectively to decision makers nationally, regionally and globally.

The TKN is hosted by the International Institute for Sustainable Development, a Canada-based not-for-profit organization promoting change towards sustainable development. As a policy research institute dedicated to the effective communication of its findings, the Institute engages decision-makers in government, business, NGOs and other sectors in the development and implementation of policies that are simultaneously beneficial to the global economy, the global environment and to social well-being

This study is part of a larger, multi-region TKN project that seeks to understand better the impacts of trade policy on food security. It includes country case studies and regional analyses from Latin America, Southern Africa and Southeast Asia. It was made possible through the generous support of the Swedish Environment Secretariat for Asia (SENSA) and the Norwegian Agency for Development Cooperation (NORAD). The project outputs are available on the TKN website.

About the International Institute for Sustainable Development (IISD)

<http://www.iisd.org>

The International Institute for Sustainable Development contributes to sustainable development by advancing policy recommendations on international trade and investment, economic policy, climate change, measurement and assessment, and natural resources management. Through the Internet, we report on international negotiations and share knowledge gained through collaborative projects with global partners, resulting in more rigorous research, capacity building in developing countries and better dialogue between North and South.

IISD's vision is better living for all—sustainably; its mission is to champion innovation, enabling societies to live sustainably. IISD is registered as a charitable organization in Canada and has 501(c)(3) status in the United States. IISD receives core operating support from the Government of Canada, provided through the Canadian International Development Agency (CIDA), the International Development Research Centre (IDRC) and Environment Canada; and from the Province of Manitoba. The Institute receives project funding from numerous governments inside and outside Canada, United Nations agencies, foundations and the private sector.

Table of contents

Abstract	i
About the authors	iv
Abbreviations and acronyms	iv
Executive summary	v
1. Introduction	1
2. Food crisis and policy responses	1
2.1 Rising food prices: A growing policy challenge	1
2.2 The 2006–08 food crisis: Impacts in the region	2
2.3 An overview of policy responses in Latin America	4
2.4 Analyzing the measures taken: Coping and/or curing?	8
3. Understanding food security in Latin America	9
3.1 Introduction	9
3.2 The conceptual and political discussion in Latin America	10
3.3 Intergovernmental initiatives in the region	11
3.4 Legal frameworks, policies and programs focusing on food security	13
3.4.1 Policies for small scale agriculture and rural development to increase rural income	13
3.4.2 Direct monetary transfers	14
3.4.3 Actions to improve direct access to food	14
4. Policy needs: Devising a set of policies and initiatives to increase food security in the region	15
4.1 The importance of a balanced approach	15
4.2 Food production and technological change	15
4.3 New ways of organizing agricultural production and the dilemma of agrarian structures	16
4.4 Food supply and the role of trade	17
4.5 Institutional organization and public policies for food security	17
4.6 Fostering cooperation and trade at the regional and global levels	18
References	19
Figures and tables	
Figure 1: Variations in Latin American and Caribbean intraregional trade, 2008–09 (%)	8
Table 1: Policy measures taken by Latin American countries to reduce the impact of soaring prices	5
Table 2: Policy measures by group of countries	6
Table 3: Potential effects of policy measures to confront rising food prices	7
Table 4: Food security laws in Latin America, 2002–09	13

About the authors

Martin Piñero holds a PhD in Agricultural Economics from the University of California and was director of the Postgraduate Program on Agricultural Economics at the INTA-University of Buenos Aires and University of La Plata. He has held various positions in the Argentine government, including undersecretary for agriculture, and has been director general of the Inter-American Institute for Cooperation in Agriculture, chair of the board at IFPRI and board member at ISNAR. He is presently director of Grupo Ceo and chair of the Committee on Agriculture of the Argentine Council of International Relations.

Eduardo Bianchi holds an MA in Economics and is a PhD candidate at the Graduate School of Arts and Sciences of New York University. He is a leader researcher at the Latin American School of Social Sciences (FLACSO) and the coordinator of projects on trade and poverty at the Latin American Trade Network (LATN). He has also been a WTO instructor and panelist. He has held public posts such as manager of the CNCE and was undersecretary of international relations up until 2007. He has taught contingency trade measures in the postgraduate course of the Catholic University and master in Economics and postgraduate courses at the University of Tres de Febrero.

Laura Uzquiza holds an MA in International Relations and Negotiations from the joint degree program of FLACSO, the University of San Andres and the University of Barcelona and a degree in International Trade, specializing in International Economics, from the University of Quilmes. She is a research associate at FLACSO and a researcher in Trade and Poverty at LATN.

Mario Trucco holds a bachelor's degree in Farm Management from the Universidad del Centro de la Provincia de Buenos Aires and a master's in Agribusiness and Food from the University of Buenos Aires. At present he is an associate in Grupo Ceo. He works for the Auditoria General de la Nacion as a specialist in agribusiness and is a member of the Technical Secretariat of the Administration Committee for Credit Recuperation created by Argentina's law 12,726. He has done consultancy work with several international organizations such as IDB and FAO.

Abbreviations and acronyms

ALBA	Bolivarian Alternative for the Peoples of Our America (Alternativa Bolivariana para los Pueblos de Nuestra América)
CARICOM	Caribbean Community
FAO	Food and Agriculture Organization of the UN
GDP	gross domestic product
MERCOSUR	Southern Common Market
USD	U.S. dollar
WTO	World Trade Organization

Executive summary

Food prices increased rapidly during the period 2006–08, in July 2008 attaining a 60 percent increase in terms of the average prices in the previous decade. The main problem was not only the level of the prices reached, but also the speed at which they rose, which made it difficult for many countries to introduce the necessary policy adjustments.

The effects of the global food crisis have varied across countries and are generally attributed to the following: the duration of the shock, the level of a country's dependence on imported food, the exchange rate, consumption patterns and socioeconomic conditions prior to the rise in prices. Post-crisis, it is important to reassess production and trade policies and, in doing so, strike a balance between the long term needs of the sector and the short term needs of consumers in a combined 'coping and curing' process. Also, solutions should take into account the diversity of the region and differences among countries within the region.

In that context, this policy report analyzes the effects of the global food crisis and food security policies in Latin America. It analyzes the policy options utilized to confront the food price crisis and then discusses the mix of food security policies used to cope with the crisis and their potential effectiveness. The results suggest that short term economic policies focused on controlling food price dominated policy responses in most countries. However, the report also shows that the crisis generated active conceptual and political discussions on the concept of food security and in relation to other related concepts like the 'right to food' and 'food sovereignty', a discussion that remains unresolved. On the other hand, this discussion, especially in some countries like Brazil and Mexico, also resulted in the implementation of social programs that improve access to food by the poor.

The policy responses have tended to increase trade barriers and consequently have not resulted in more regional trade. The report concludes with a discussion of the relationship of the food crisis and food security concerns to long term policies focusing on improving production, finding the appropriate balance between local production and trade, and the need for progressing in the development of stronger international food governance, leading to more global cooperation.

1. Introduction

The 2006–08 global food crisis showed the alarming vulnerability of the world food system. A structural disequilibrium between supply and demand coupled to short term behaviours in the financial market led to significant and unexpected increases in the prices of food. The crisis highlighted these structural problems and the need for long term production and trade adjustments, and also the need for improved global governance of the world food system.

International high level response to the food crisis took two forms that were elaborated almost in parallel: firstly, the attempted unified response by UN agencies, funds and programs; Bretton Woods institutions; and the World Trade Organization (WTO), which was primarily embodied in the High Level Task Force set up by UN Secretary General Ban Ki-moon on 28 April 2008; and, secondly, the proposal by the G8 to establish a global partnership on agriculture and food security, which is still under discussion. These initiatives had two main objectives in mind: (1) to increase international aid to those countries that were suffering the most in terms of increased hunger and (2) to mobilize resources to provide long term support for measures to increase agricultural production. International discussions also activated a more conceptual discussion on the concept of food security and its implications and brought into the picture two other related but different concepts, i.e. the right to food and food sovereignty, which are less well defined and have wider economic and political implications (Claeys, 2009).¹

This policy report attempts to contribute to the debate about food security policies in Latin America, their impact and the policy needs that emerge from the lessons learned. Section 2 focuses on the food crisis and the economic policy responses. Section 3 presents and compares the specific food security policy options selected in the region, while section 4 presents a discussion of short and long term policy options, underscoring various needs common to Latin America.

2. Food crisis and policy responses

2.1 Rising food prices: A growing policy challenge

Global financial instability and speculative financial trading were in part responsible for driving up food prices during the global food crisis that is the subject of this report. Between March 2006 and March 2008 the international food price index, according to the World Bank (2009), nearly doubled in nominal terms, rising 82 percent. As the value of the U.S. dollar fell in 2007 and 2008, hedge funds and institutional investors began to invest heavily in commodity index funds, which include agricultural commodities futures. This massive movement into these types of investments naturally drove up prices of the commodities on which they were based, generating a food price bubble. In addition, fundamental shifts in global supply and demand were behind the food price inflation. These shifts were also shaped by factors ranging from increased demand for biofuels and higher energy prices to poor harvests in key producers and climate change. Since the effect of increased food prices on sustainable policies is high, policy options should consider that high food prices, in one way or another, are here to stay.

1 In this report, we use the definition of food security adopted by the 1996 World Food Summit, i.e. ‘food security, at the individual, household, national, regional and global levels [is achieved] when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life’ (World Food Summit, 1996).

Rising food prices have become a growing policy challenge for both middle income and low income countries in the Latin America region. As from 2004, and even more noticeably as from 2006, the nominal prices of some basic foods such as vegetable oils, rice, wheat, maize and dairy products rose significantly, affecting the world economy and, particularly, countries that were net food importers. In 2007 food prices rose substantially faster than the overall inflation rate for most countries in the region, especially in Bolivia, Brazil, Chile, Costa Rica, Jamaica, Nicaragua, Trinidad and Tobago, and Uruguay. Only in Argentina, the Dominican Republic and Haiti were food and overall inflation roughly equal. In that context, international food prices stimulated the domestic price of Latin American food, even in countries where domestically produced food was consumed more than imported food.

While the region as a whole is a net food exporter, food price inflation still had a detrimental impact on the income, nutrition and health of poor consumers. Generally, even if a country is a net seller of food, most people are net buyers and are negatively affected by rising food prices; poor people are disproportionately affected because they spend a larger share of their incomes on food. Besides, rising food prices and differences in trade patterns can interact to create negative consequences even for food exporting countries. Additionally, even if some countries are net food exporters, their food trade balance could decline as a result of the composition of their import and export baskets, since the international price of some food staples rose more than others. For example, in the 2006–08 period, the price of wheat increased 152 percent and that of maize 122 percent, while the price of beef increased 20 percent and the price of bananas 24 percent.

Understanding the impact of food price inflation on the poor requires an analysis on how households respond to rising food prices. Their response is generally driven by both consumption and production substitution effects. The latter is more likely to be jagged, because of constraints that impede smooth adjustment in supply responses. Even poor households may have strategies to mitigate risk—e.g. relying on multiple sources of income that permit labour supply to be rapidly increased. Substitution effects and risk mitigation strategies not only determine the pass through from international to domestic prices, but also shape public policy intervention impacts. For example, specific subsidies affect factor allocations and therefore real wages and supply responses.

Clearly, the food crisis responds both to structural and long run causes and to some factors and behaviours in the short run, including financial elements that are independent of the food sector. The reduction in prices seen during 2009 would tend to confirm the hypothesis that the cooling down of the world economy would lead to a reduction in food prices in relation to the peaks reached in mid-2008. In the long run, as the world economy stabilizes, structural tendencies will probably push prices up again in response to an expansion in world demand that grows at a greater pace than supply. The new international context—with high price volatility and substantial changes in the geographical location of an international demand that will tend to grow in the long run—offers challenges and opportunities in Latin America and specially for South American countries, both from the productive perspective and from the point of view of their strategies and policies affecting the agricultural sector, in their attempt to achieve the key objective of food availability.

2.2 The 2006–08 food crisis: Impacts in the region

This section presents the macroeconomic and distributive impacts of the food price crisis in the Latin American region. Following the set of simulations analyzed by Cuesta and Jaramillo (2009) and Bianchi *et al.* (2009), the section discusses estimations of the impact on the balance of trade and poverty levels in Latin American countries. The simulations capture a first round effect, before any reaction, strategy

or change in the trend of the agents takes place, where it is reasonable to assume that in the short term neither agricultural production nor substitution of food for non-food production is substantial. These impacts can be considered as the maximum and immediate effects of the crisis rather than the long term effects, which will be determined, among other things, by the implementation or non-implementation of longer term policies.

The effect of food price increases on external accounts will depend on various factors. Particularly, the countries that are net food importers will be negatively affected, while net exporters will benefit. However, the magnitude of the impact will depend on whether food has a favourable effect on their terms of trade. In this respect, the Latin American countries have experienced an improvement. Another factor to be taken into consideration is the capacity of agricultural supply to respond rapidly, either because production responds to price changes or because food imports increase.

As mentioned previously, the simulations in Cuesta and Jaramillo (2009) and Bianchi *et al.* (2009) related to the impact of the food crisis on the balance of trade and poverty levels in Latin American countries confirm a deterioration of the trade balance in several of those where net imports exceeded net exports after the price of six products increased (wheat, corn, rice, soybean, sugar and beef). The impact was fairly moderate, however, representing less than one percentage point of gross domestic product (GDP). However, these foodstuffs do not have the same importance in the imports and exports of all Latin American countries, and some of them are net exporters (South America and the Andean countries), while others are net importers (Central America and the Caribbean countries). In addition, when including oil price increases, the trade situation improves substantially in oil producing countries such as Ecuador and Venezuela. In the rest of the countries in the Andean region the situation is also negative because, with the exception of Bolivia, the other Andean countries export agricultural products that have lagging international prices when compared to the significant increases in the prices of cereals and oilseeds. Regarding distributive effects, the exercises simulated the effect that a food price increase (such as that reported between January 2006 and March 2008) would have had on the different dimensions of poverty in 2006 and in the last year prior to 2006, for which a household income and expenditure survey is available. The longer term life cycle and even intergenerational impacts are not included in these simulations.

An increase in food prices represents a reduction in purchasing power, which can also be described as an increase in a country's poverty line. Individuals who fall below this poverty line include some who were not poor before the crisis, while others fall below the extreme poverty line. The most significant simulated impact on the incidence of poverty (considering the price increase of the six foods selected) takes place where food prices increase most and food consumption represents a higher percentage of household expenditure, e.g. in the case of Bolivia.

As observed, the great majority of poor rural households in Bolivia (between 60 and 80 percent) are net food producers, so the food price rises in the markets affect a lower proportion of their consumption. For other Andean countries such as Colombia, Peru and Ecuador, whether it is urban or rural areas that experience a greater impact, poverty is determined by the percentage of food expenditure of urban and rural households close to their respective poverty lines. If food expenditure represents a higher percentage of total expenditure among urban households close to the urban poverty line than in rural households in a similar situation, higher prices can be expected to have more impact in urban areas. This is the specific case in Colombia, although the opposite occurs in Ecuador.

The aggregate effect on consumer purchasing power will be mitigated to the extent that households are capable of producing food for sale. In the Andean countries, 15 percent of households are net food

producers (in Bolivia this percentage reaches 50 percent). In other Latin American and Caribbean countries the figure ranges from 1 percent to 25 percent of households. In any event, the effect of loss of purchasing power is greater than the effect of higher income, as the price increase results in a loss for the majority of net food consumer households, while the benefits for net food producers reach only a minority of households. In this context, the nature and design of the policy responses, as well as their scope, duration and costs, will determine how much of the initial distributive effect is reversed or expanded. Future analysis should consider the possible additional consequences (or ‘second round’) of compensatory interventions or of individual crisis management strategies.

2.3 An overview of policy responses in Latin America

Faced with rapidly increasing food prices, many countries made policy changes or introduced new policy measures. Rising food prices posed a series of interrelated policy challenges. Most obviously, there was the short run emergency of ensuring affordable food supplies for poor consumers in order to avoid increasing the incidence of malnutrition. While this can be achieved to some extent at least with available food supplies, there may also be some scope for measures to increase food production and moderate prices even in the short run. However, the main potential for a significant supply response and more stable prices is in the medium to longer term.

The current problems reflect the continuing underlying precarious nature of food security in some countries. High prices provide an incentive and opportunity to producers in developing countries, but there are many constraints to overcome if a significant supply response is to materialize in the medium to longer term. Actual policy interventions by governments around the world have emphasized a limited range of easy, fast acting and cheap measures (especially trade policy measures) to secure food supplies for domestic markets and to moderate the cost to consumers. This short term approach, while entirely understandable in view of the emergency situation, means that in many cases medium and longer term needs to increase production have been neglected.

Knowing this, it is now important to examine the policy measures used by Latin American countries to reduce the impacts of rising food prices. National policy responses have varied in nature and effectiveness. In many cases, governments have used existing policy measures already in place. Table 1 presents the main policies used in Latin America. Policy responses have been grouped in three broad categories: consumer, producer and trade oriented. On the other hand, countries have been grouped according their membership of regional trade agreements and whether a particular country has a deficit orientation as a net food exporter or net food importer. There appears to have been relatively little action on longer term measures.

Table 1 suggests that many countries have intervened to safeguard poor consumers’ access to food through a variety of emergency and ‘safety net’ measures. These have included the distribution of basic food staples (grains, bread and milk) and giving cash to buy food (or food for work) to the most vulnerable groups—the poorest in urban and rural areas, schoolchildren or the sick in hospitals. Consumer price subsidies, especially for the main food staples, have been widely used. At the same time, some governments have also reduced consumption taxes. Also, price controls, through sales from public stocks at pre-set prices or simply freezing retail prices by decree, have also been used.

Table 1: Policy measures taken by Latin American countries to reduce the impact of soaring prices

By country: Export or import orientation/by regional trade agreement	Measure type 1: Consumer oriented							Measure type 2: Producer oriented	Measure type 3: Trade oriented		
By country: Type 1 (*) net food exporters Type 2 (***) net food importers	Tax	Social			Market			Production support	Market management	Import	Export
	Taxes/customs	Food assistance	Food subsidies	Safety net & other	Price controls	Release stocks	Food procurement & other	Producer credit & other	Minimum producer prices & other	Import tariff & other	Quantitative export controls
Andean Community											
Bolivia*	X		X							X	X
Colombia*			X			X		X			
Ecuador*			X		X			X		X	X
Peru*/**		X						X		X	
Central American Common Market											
Costa Rica*		X			X			X	X		
El Salvador**	X	X			X			X			
Guatemala*								X		X	
Honduras**				X		X	X	X	X		X
Nicaragua*			X					X			
Southern Common Market (MERCOSUR)											
Argentina*					X						X
Brazil*	X	X				X		X	X	X	X
Paraguay*								X			
Uruguay*					X						
Venezuela**		X	X		X		X			X	
North American Free Trade Area											
Mexico**		X			X					X	
Others											
Chile*								X			
Dominican Republic**		X	X				X	X			

Source: Based on GIEWS/FAO (2008)

The use of compensatory social interventions like conditional monetary transfers, nutrition programs or mass intervention programs for the specific purpose of tackling the crisis has been limited. For example, Bolivia, Colombia and Peru have plans to implement or expand their programs in the near future, but two potential deficiencies have to be taken into consideration as these programs are expanded. Firstly, they do not reach all who need them and, secondly, they also reach those who need them less than others. In Ecuador, for example, the intermediate distribution quintile has traditionally received 25 percent of the benefits. Moreover, in Colombia only the conditional transfer system is indexed and it is not yet adjusted annually. In other countries such as Peru, conditional transfers are limited to rural areas, although there are plans to expand them to urban areas.

On the other hand, both Table 2 and 3 show that, in regard to producer oriented policies, the most widely used policy to boost production in both low and middle income countries has been the reduction of producer taxes. Production subsidies, especially on grain production, have been used to

reinforce incentives. Subsidies on inputs such as fertilizer and seeds have also been common. While such subsidies and the distribution of productive inputs (e.g. seeds and fertilizers) can provide a short or medium-term stimulus to production, these schemes can be costly and may lead to suboptimal use of such inputs, especially if they are maintained over a long period of time.

Table 2: Policy measures by group of countries

Policy measure	Country
Targeted food for work program	Brazil
Food ration or food stamp program	Argentina, Brazil
School feeding program	Bolivia, Brazil, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Panama, Paraguay, Peru, Uruguay, Venezuela
Conditional cash transfer program	Argentina, Bolivia, Brazil, Chile, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Panama, Paraguay, Peru, Uruguay
Consumer price subsidies	Bolivia, Ecuador, Jamaica, Nicaragua
Fertilizer or input subsidies	Bolivia, Guatemala, Haiti, Mexico
Increasing supply using food grain stocks	Ecuador, Honduras
Export ban on food staples	Argentina, Bolivia, Ecuador
Easing restrictions on imports by reducing tariffs and easing non-tariff trade barriers, or government purchase of food abroad to sell at home at controlled prices	Bolivia, Ecuador, El Salvador, Honduras, Mexico, Nicaragua, Paraguay, Venezuela
Food price controls in selected government markets or in all markets	Argentina, Bolivia, Honduras, Mexico, Panama, Paraguay
Bilateral agreements on food or grain imports	Bolivia, El Salvador, Honduras, Mexico, Panama, Venezuela
Reducing value added tax on food or grain	Venezuela

Source: World Bank (2009)

In spite of a perceived need to secure adequate food supplies, some countries continue to control producer prices, setting the price lower than the free market price.

Finally, Table 2 also shows that many countries have introduced trade policy measures to curtail price increases and ensure adequate supplies on domestic markets. These include tariff reductions to facilitate imports, export bans and taxes to divert supplies onto domestic markets. In the short term, these trade measures are feasible, cheap and easy to implement. However, they may have adverse effects on incentives to expand food supplies through increased domestic production and on world markets by further restricting supplies and pushing up prices even more. While imposing export taxes raises some additional government revenue, a number of exporting countries have reported that export controls and, hence, low output prices coupled with high input prices actually led to decreased planting of cereals. Reducing import tariffs also incurs a loss of tariff revenue, which may make an important contribution to overall budgetary resources for development.

An obvious question is, How effective have these policies or interventions been in mitigating the effects of the crisis? This can be answered by analyzing the predictable consequences or potential effects of certain policy measures. For example, in the case of compensatory policies, Levy (2008) suggests that conditional cash transfers are preferable to non-targeted subsidies in the context of a food price crisis because they (1) directly increase the purchasing power of the poor; (2) allow households to adapt to relative price changes; (3) do not reduce the income of poor food sellers; (4) diversify diet and prevent a decrease in food spending; and (5) limit the extent of the support because these policies have clear exit strategies and are clearly presented as such.

Another more systematic way of comparing the value of different interventions is to analyze them in terms of a series of dimensions of special interest, as suggested by Manzano and Stein (2008). The

dimensions or criteria analyzed relate to the degree of targeting and scope of the measures (coverage), final cost (cost), degree of distortion (efficiency) and reversibility (political economy). Although the comparison does not apply a quantitative method that makes it possible to estimate a precise order of magnitude in each of these dimensions, the comparison shown in Table 3 permits a detailed outline of the potential effects of the measures implemented in relation to social compensation and supply side policies.

Table 3: Potential effects of policy measures to confront rising food prices

Policies	Who implemented them?	Coverage	Fiscal cost	Level of distortion	Reversibility
Compensatory social policies					
Expansion of conditional cash transfers	Impending implantation in Bolivia; urban expansion planned in Peru; expansion process in Colombia continues	Low/medium (if targeted)	Medium/low	Low (positive incentive is the accumulation of human capital)	Difficult
Expansion of nutrition programs	None (no new programs or changes in existing ones planned)	Low/medium (if targeted)	Medium/low	Low (incentives for school going permanence and performance)	Difficult
Supply side policies					
Price policies					
Price controls	Ecuador	Broad	Medium/high	High	Difficult
Tariff reduction	Bolivia, Peru	Broad	Low	Low	Easy
Contingent tariffs		Broad	Low	Low	Easy
Performance requirements		Broad	Low	Medium	Difficult
State trading companies	Bolivia, Ecuador, Peru	Broad	Medium/high	High	Difficult
Restrictions on exports	Bolivia	Broad	None	High	Easy
Sanitary or technical requirements		Broad	None	High	Difficult
Food distribution	Peru (temporary)	Low	Medium/low	Medium/high	Difficult
Fiscal transfers					
Direct or implicit transfers to consumers (price subsidies, refunds to taxpayers, etc.)	Venezuela	Broad	Medium/high	High	Difficult
Transfers to producers based on cultivated area, production, historical rights, use of inputs, total agricultural income, use of technology	None	Low (targeted at certain producers)	Medium/high	High	Difficult
Agricultural services					
Provision of public goods such as technical innovation, health and food safety, collective infrastructure, promotion and marketing, public storage, agricultural education, information systems	Planned in Ecuador and Peru	High (targeted at all sectors)	Medium/high	None (positive, increasing sectoral productivity and competitiveness)	Difficult (although it is desirable that they are not reversed, but strengthened)

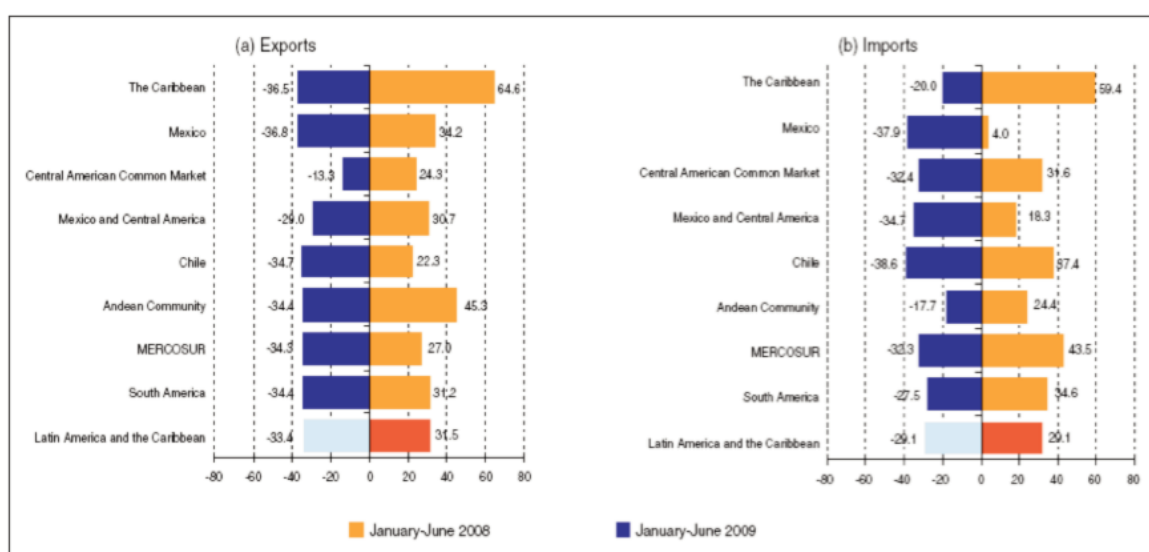
Source: Cuesta & Jaramillo (2009)

From Table 3 it is possible to characterize and evaluate the desirability of alternative packages of measures that may be adopted. To do this, Cuesta and Jaramillo (2009) consider how closely the measures taken by Andean countries approximate a package of measures that may be considered ‘desirable’, i.e. (1) they have broad or targeted coverage of the poorest sectors; (2) they have a low or even positive fiscal cost; (3) they have low levels of distortion or generate positive incentives; and (4) they are easily reversible

after completing their mission. There is also the possibility that the same package could contain measures with both desirable and undesirable characteristics. An important point here is that not necessarily all these actions were generated in direct response to the food price crisis, since some had been planned previously.

On the other hand, it is important to observe if regional trade patterns have been affected by the rising food prices. According to ECLAC (2009), in general terms intraregional trade flows fell slightly more than the world average. The trade flows of each country and/or subregion, with Latin America and the Caribbean taken as one, recorded huge drops that were similar in size to those recorded by world trade, falling on average by over 30 percent (see Figure 1). This pattern was observed in each of the region's four subregional integration schemes, where trade flows displayed procyclical behaviour. For the first time in a long while, the pattern was also replicated in intrasubregional trade in Central America, which had tended to be less procyclical in the past.

Figure 1: Variations in Latin American and Caribbean intraregional trade, 2008–09 (%)



Source: ECLAC (2009)

As will be shown in this section, not necessarily all the actions generated were in direct response to the food price crisis, since some had been planned previously. In effect, each country combined a mix of policies, some of which expected positive impacts (these predominated) and others expected the opposite. Only the social compensation dimension was in a strong position in all countries as an immediate policy response to the crisis. In addition, short term policies received more emphasis than long term policies.

2.4 Analyzing the measures taken: Coping and/or curing?

According to the World Bank (2009), food policy interventions fall into two main categories: coping and curing. Firstly, coping strategies are focused on the household, but have macroeconomic implications and can be a rapid response option. Longer term coping strategies are critical in public policy aimed at protecting poor people from food price inflation. Secondly, curing strategies focus on supply response and are typically an option for the medium to long term. While many options are available in both categories, it is possible to distinguish between more and less efficient interventions.

The immediate focus of Latin American countries has been mainly on short term measures or coping strategies. The main objectives of these policies are equity-related. The real income effect of consumer oriented policies such as food subsidies is significant and there is considerable empirical evidence that poor people's current income increased in proportion to the share of their total expenditure that goes to buying food, even though general inflation erodes some of this increase.

Governments have long used agricultural policy on both equity and efficiency grounds. Food insecurity stems from rising food prices, but it is also a structural problem related to poor people's low purchasing power. Many countries have therefore used strategies to enhance food security during different periods and in several cases on a permanent basis. These so-called second best policy strategies are necessary because the first best (or free market driven) response fails to account for market imperfections that call for government intervention.

The design of public policy is also shaped by political factors. Firstly, the strength of different interest groups—such as the urban poor or rural farmers—is critical in influencing policy choices. For example, because urban consumers are usually easier to organize than rural net buyers of food, several countries are biased toward urban food subsidies. This implies that even when exogenous factors drive rising food prices and when the country is a net food exporter, the government has an incentive to support net food buyers. Besides, there is a danger that the government may not be able to eliminate subsidies after the shock has passed—i.e. consumer and producer groups may come to believe that food subsidies are their right. The political costs of changing an existing policy may turn out to be higher than the economic benefits, especially in countries where the affected groups are well organized.

The macroeconomic implications of food policy interventions depend on how measures are financed and designed. If budgetary costs are below the line, which is often the case, and the government does not have contingency resources to draw on, financing through money supply increases is likely. The alternative is to transfer the cost to the rest of the market – or to taxpayers, which may not be politically feasible.

3. Understanding food security in Latin America

3.1 Introduction

The previous section has analyzed the recent food crisis and the policy responses that most countries in the region implemented in response to the crisis. The analysis suggests that these policies, following traditional lines, attempted to mainly influence the prices of food and, to a lesser extent, improve the access of vulnerable social groups to food. In this latter case the main policy instruments has been the implementation of programs that provide transfers in cash or food.

This analysis, however, does not tell the whole story of what happened in the region in terms of food security. The food crisis also accelerated and consolidated a conceptual and political discussion, the implementation of new legal frameworks, and the enlargement of programs that are mainly concerned with improving access to food by poor social sectors. These programs have been closely associated, both by the general public and in political discussions, with the concept of food security. In a way, these programs are considered as constituting the main or only policy instrument that focuses on food security

The food crisis gave a higher political visibility to the discussion and made clear that food security is a rather complex concept and is closely associated to food production and food supply. At the

international level it has occupied, as mentioned in the introduction to this paper, a substantial part of the agenda in many high level international meetings. On the other hand, in Latin America it has become at the national and regional levels a major source of preoccupation and political dialogue that has generated three interrelated social and political processes. The first process is related to the conceptual and political discussions that have taken place around the concept of food security and its policy implications in the Latin American context. The second process is related to the very active intergovernmental discussions and resolutions that have taken place in recent years, but with few practical consequences in terms of intergovernmental action. Finally, the third process is the development of new legal frameworks and new policies and programs with a clear focus on improving access to food and, in some cases, introducing new and highly political concepts in relation to its production and distribution. Countries like Venezuela or Ecuador provide an illustration of this, where it has generated important legislation with potentially wide impacts on the structure of agricultural production and food supplies, or Brazil and Mexico, where food security has become a major long term policy objective and has resulted in the implementation of large and inclusive government programs.

3.2 The conceptual and political discussion in Latin America

Food security was defined at the World Food Summit organized by FAO in November 1996. In terms of this definition, which is now widely accepted all over the world, food security is achieved when ‘all people, at all times, have physical and economic access to sufficient, safe and nourishing food to meet their dietary needs and food preferences for an active and healthy life’ (World Food Summit, 1996).

This widely accepted definition has been contested in some countries, especially by civil society organizations, by the introduction of two more complex and politically motivated concepts: the right to food and food sovereignty.

The idea of the right to food is the recognition that every person has the right to have access to a decent standard of living, including access to adequate food. This concept has had strong supporters since the 1990s and has been more widely accepted internationally. It emerges, intellectually, from the community that deals with human rights and has become one of the main lines of work of civil society organizations like Oxfam International and Food First.

On the other hand, the concept of food sovereignty is relatively more recent and emerged intellectually from Via Campesina, an international network of subsistence farmers (*campesinos*). They introduced the concept for the first time in 1996 during FAO’s World Food Summit. Subsequently, the concept and the desired policies were refined, extended and promoted in a number of World Food Sovereignty Forums held in 2001, 2002 and 2007.

Food sovereignty is defined as ‘the right of the people, communities and countries to define their own agricultural, fisheries, land and food policies which must be ecologically, social, economic and culturally appropriate to their particular conditions’ (World Food Summit, 1996). Furthermore, it claims the right of access to healthy, sufficient and culturally appropriate food and the right of people to support themselves and their communities.

It is this last claim that distinguishes the concept of food sovereignty from the other two concepts (right to food and food security), because it claims as a main component of the concept that local production of food based on small and subsistence farmers using ecologically friendly processes must receive high priority. This view has strong negative implications for modern technology and trade.

The advocacy work developed by these organizations has had considerable influence in several countries of the region and also globally, providing a consolidated concept, ideological convictions and mobilization capacity. An example of this influence at the global level is the identification of globalization and WTO rules as detrimental to food security and the acceptance of this vision by important segments of civil society, especially in Europe.

In Latin America, the influence of these concepts has been different in different countries. In some of them, i.e. Venezuela, Ecuador, Nicaragua and Bolivia, they have influenced the new legislation related to food security. In Brazil an important coalition between social organizations and government institutions has led to the establishment of formal mechanisms for dialogue and the development of large food security programs like 'Hambre Cero'.

3.3 Intergovernmental initiatives in the region

The food crisis in 2006–08 gave rise to a new interest and heightened political activity in relation to this issue at the regional level. A number of bilateral, subregional and regional initiatives at the highest political level called attention to the importance of food security issues and attempted to promote, not only greater political focus on the subject at the national level, but also intergovernmental action. The following events may be mentioned:

1. The 30th FAO Regional Conference for South America and the Caribbean held in Brazil on 14–18 April 2008 focused on famine in the region and stated that solving this serious problem is not only an ethical obligation, but also a possible aim.
2. A health strategy has been defined for Central America. Recommended actions are focused on identifying the interrelations among economic, social and environmental factors directly affecting food and nutrition security and sustainable human development in the region. Similarly, the Regional Program for Central American Food Security has fostered joint and complementary actions to be considered within the framework of an emergency plan in order to intensify the production of basic grains and face up to the world food price crisis in response to a proposal made by the Central American Council for Agriculture.
3. During the Extraordinary Summit Conference in Caracas on 21–22 April the countries participating in the Bolivarian Alternative for the Peoples of Our America) (Alternativa Bolivariana para los Pueblos de Nuestra América, or ALBA) celebrated the Agreement to Implement Cooperative Programs for Food Sovereignty and Security, with the aim of implementing an inclusive agriculture and livestock policy; introducing industrial development programs to produce cereals, oilseeds, meat and milk; and constructing drinking and irrigation water systems. They also agreed on creating the ALBA Food Marketing Network and the ALBA Food Security Fund, with an initial capital amounting to USD 100 million.
4. The Caribbean Community (CARICOM)) has been analyzing the implications that the new international context will have for the Caribbean Regional Program for Food Security. During the 11th meeting of the CARICOM Committee for Foreign and Community Relations in Antigua in the middle of April 2008, it was agreed that climate change and food security, as well as the relationship between CARICOM and third countries, would be included as a high priority issue in the agenda of the ministerial meeting to be held on 8–9 May 2008.

5. Additionally, on the initiative of Nicaraguan President Daniel Ortega, the ALBA member countries and other Central American and Caribbean nations held the Meeting on Food Sovereignty and the Food Emergency in Managua on 25–26 April 2008, with the participation of representatives of Belize, Costa Rica, Cuba, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Panama, the Dominican Republic and Venezuela. They agreed on the creation of a regional alliance to confront the world food crisis. They further agreed on several proposals for cooperation in the area, which were submitted to the Presidential Summit Conference held in Managua on 7 May 2008.
6. For their part, Ecuador and Venezuela signed an Agreement on Food Security and Sovereignty that implemented actions aimed at improving food exchange and developing programs in accordance with each nation's food needs.
7. During a meeting held in April 2008 the ministers of foreign affairs of El Salvador and Colombia and the minister of agriculture of Colombia stated their points of view on world food security and emphasized the importance of initiating actions to safeguard food security for both countries. Regarding this issue, they agreed on the necessity to initiate concrete actions in the short term and to issue an official statement on the subject.
8. Presidents from Latin America and the Caribbean met in the city of Salvador in the Brazilian state of Bahia on 16–17 December 2008 and issued the Declaración de Salvador. The purpose of this meeting was to strengthen regional integration and devise effective agreements on joint action for the promotion of the sustainable development of their peoples.

This political activity at the regional level reflects the preoccupation of governments with the issue of food security and with the consequences in terms of poverty and additional food insecurity brought about by the 2006–08 food crisis. Two additional observations can be made in this regard.

The first is that all this supranational political activity seems to have had little practical impact. It is likely that it resulted in more awareness and conviction at the national level and provided intellectual support to the legislative actions and program development activities that took place in individual countries. At the very least, it provided political support to the mobilization of social actors that had a significant influence in what effectively happened in some countries like Ecuador.

On the other hand, the intergovernmental declarations had little impact on the creation of multilateral institutional mechanisms where countries could act together. One exception is the Fondo para la Seguridad Alimentaria initiative led by Venezuela in the context of the ALBA grouping where the country provides subsidized oil to the other member countries as a mechanism for decreasing the negative effects of the 2008 oil and food commodities price increases. The more ambitious idea of creating a more ample multilateral platform for economic and trade initiatives seems to have failed.

One explanation for the absence of new institutional mechanisms probably lies in the existence of strong intergovernmental agencies that work in agricultural and food security matters. FAO has been the leading world organization in the area of food security and its Regional Office for Latin America and the Caribbean has played a very important role, both as an organizer of events and by providing support for national initiatives.

Furthermore, from a regional trade perspective there is no evidence that the discussions on food security have led to a more favourable trade environment or to specific actions designed to improve food availability at the national level through regional integration and trade. As discussed in section 2.3, the

evidence suggests that price increases in 2008 introduced an opposite trend where more protectionist tendencies and a new desire to promote national production dominated the scene.

3.4 Legal frameworks, policies and programs focusing on food security

The wide acceptance of food security as a concept that focuses on food insecure people has led to the creation of new legal institutional frameworks and a number of wide ranging and complex government programs.

In terms of new legal and institutional frameworks, since 2003 there has been some progress in the development of new legislation that deals with the food security issue. In many cases this legislation creates not only new normative frameworks, but also organizational mechanisms to facilitate public interventions in this area of work. Table 4 shows the 11 countries of the region where food security laws have already been passed. In the case of Argentina, they are specially related to nutritional aspects—a subject that is also gaining new international attention. In some countries such as Venezuela, Ecuador and Guatemala, food sovereignty is also included.

Table 4: Food security laws in Latin America, 2002–09

Country	Law	Date of approval
Argentina	Emergency Law: National Food and Nutrition Program	2002–03
Brazil	Food Security Organic Law	2006
Ecuador	Food and Nutrition Security Law Organic Law of Food Sovereignty Regime	2006–09
EL Salvador	Law of Food and Nutrition Security and Sovereignty National System	2008
Mexico	Law of Agriculture and Cattle Food and Nutrition Security and Sovereignty Law of Food Security for Mexico City	2005–09
Bolivia	Legal Framework of the Bolivian Policy on the Human Right to Suitable Nutrition	2008
Nicaragua	Law of Food and Nutrition Security and Sovereignty	2009
Guatemala	Law of Food and Nutrition Security National System	2005
Venezuela	Organic Law of Agriculture and Cattle Food Security and Sovereignty	2008
Costa Rica	Legal Framework of Food and Nutrition Security	2004
Honduras	Legal Framework of Food Security and Sovereignty	2007

Source: Cebolla (2009)

In addition to those countries that have already approved such laws, another four—Colombia, Panama, Peru and the Dominican Republic—have projects under consideration by their legislative bodies. Also, a significant number of states in Brazil and one province in Argentina have passed laws on the subject.

Three main types of programs have been designed to improve access to food. These are discussed below.²

3.4.1 Policies for small scale agriculture and rural development to increase rural income

A wide variety of policies related to food security focus on family agriculture and the rural population in general, who are highly vulnerable in terms of food and nutrition. The purpose of these policies is to increase the availability of food and/or monetary income in households and poor communities and consequently improve their access to food.

² This section is based on Graziano da Silva (2008).

Three types of public actions can be differentiated. The first consists of activities to directly support agriculture and livestock production on small family farms. Programs of this type include technology transfer, loans, training, investment subsidies, marketing support, etc. Their purpose is to simultaneously improve agricultural production in order to enhance market access and increase as far as possible the monetary income of productive units.

More recently, a second type of program has been developed in some countries. These programs consist of contractual agreements between a public agency and small producers to channel certain products to public food distribution or direct feeding programs, such as school feeding schemes.

A third type of program is focused on the generation of non-agricultural income, either by means of small business or better access to the labour market.

3.4.2 Direct monetary transfers

These policies are based on the transfer of monetary resources to specific groups that cannot satisfy their basic needs. They can be automatic transfers or they can require compliance with certain conditions, such as the fulfillment of sanitary or school programs. In both cases, they can be considered as part of general social protection policies.

During the last decade, attention has been increasingly focused on conditioned cash transfers programs that require compliance with certain social behaviours. Recently there has been a very positive assessment of “progress in this regard in Mexico, which is a pioneering example of this type of program. The various “conditioned transfer programs basically consist of the delivery of monetary resources to poor families, who are required to comply with certain responsibilities or objectives in education, health and nutrition. This is applied as an incentive for the active use of available public services. These programs have short term objectives and are also intended to deal with the basic causes of poverty.

3.4.3 Actions to improve direct access to food

These programs are focused on facilitating direct access to food for extremely vulnerable people. There is a significant variety of programs and methods to facilitate access to food. The most important are the following:

a) Food in schools

According to 2005 estimates, 57 million children in the region are being provided with at least one meal a day through the school system (Graziano da Silva, 2008). These programs have both nutritional and educational effects on the children at which they are aimed. Since in many cases such programs represent the main, and sometimes the only, source of food that children receive in a day, it is a strong incentive for school attendance.

b) Programs that provide food directly through popular restaurants, social canteens, food houses or lodgings, and other similar facilities

These programs are aimed at providing food at least once a day to specific social sectors. The institutions delivering the food can have their own facilities or can outsource the service through a subsidy for suppliers, e.g. in the case of canteens for company workers such as the Worker Feeding Program in Brazil and the Feeding Houses Program in Venezuela. In the latter case, the service is operated by people trained and equipped as housekeepers to provide food services to their neighbours who are eligible for the program once or twice a day. The responsible organization—Fundación Programa de Alimentos

Estratégicos—provides these housekeepers with funding and counselling. According to official data, the program involves 900,000 people.

c) Direct food distribution

These are public food distribution systems. Food can be provided as rations or in baskets containing different foods to family units at risk. In some cases these programs are supplied with products coming from small family agricultural businesses.

d) Promotion of production for self-consumption

Several programs have recently emerged to foster local activities, particularly in big cities, and are referred to as urban agriculture. The aim is to promote the production of fresh, healthy and cheap food in order to improve people's consumption habits and generate some savings in the family budget.

4. Policy needs: Devising a set of policies and initiatives to increase food security in the region

4.1 The importance of a balanced approach

Even though there is consensus on the factors that caused the global food crisis, in 2008 there was less agreement on how to confront the likelihood that a similar crisis could happen again in the future. The main concern was how to obtain: (1) a balanced combination of short and long term interventions and (2) how to achieve in practical terms a balance among cautious macroeconomic measures, effective compensatory social policies and a lasting supply side stimulus without distortions.

The exclusive use of compensatory social measures will address one dimension of the problem, but will not tackle its productive or macroeconomic side. A combination of responsible and cautious macro policies, on the one hand, and measures that effectively support agricultural diversification and competitiveness, on the other, must accompany efforts to create and expand a social protection system that is really effective in dealing with future crises. The crisis should be treated as an opportunity that requires continuing implementation of wide ranging social and productive reforms rather than as a passing shock that requires exclusively short term measures specially directed to protect the price of and/or access to food

Beyond that, food security is a difficult and multidimensional issue that will require not only long term policies in a wide number of areas, but also substantial changes to what have been the usual actions in a number of public policies directly related to food production and availability. These transformations will not be easy and a number of contradictions and dilemmas are evident. Some of them are discussed in the following sections.

4.2 Food production and technological change

A prerequisite for food security is that there is sufficient food of good quality to feed the world. Until now, technological innovations and, to a lesser extent, the incorporation of new land for agriculture have made it possible to maintain a balance between supply and demand. Furthermore, during the period 1960–2000 supply grew faster than aggregate demand and the international prices of the main commodities decreased during that period. The food crisis suggests that this situation might have changed and that new efforts must be made to ensure an adequate level of production. In addition, it

seems that natural resources depletion and climate change have emerged as new constraints to production and will require special attention and new policies.

Food production will have to increase rapidly to meet the increased demand brought about by urbanization and higher incomes. As a result of the growing scarcity of natural agricultural resources, this growth will heavily depend on technological innovation. In Latin America, for a number of reasons that cannot be discussed here, investments in research and development have not kept pace with needs. With the partial exception of Brazil, which is investing close to 1 percent of agricultural GDP in agricultural research, the figure for other countries is close to 0.5 percent, compared to the 2–3 percent invested by developed countries. Furthermore, investment by the private sector is very low.

More investments in agricultural research, new institutional structures in the overall innovations system, and increased participation by the private sector in research and development activities are long term policies that need to be implemented in the region. In Latin America this is especially urgent in a number of countries that are net importers of agricultural products, and even more so in those that are net importers of the main food commodities like vegetable oils, rice, wheat, milk and meat, which are expected to experience rising prices over the next decade. Small countries, like those in Central America and the Caribbean, have the additional difficulty that, given the growing costs associated with research and development, they do not have the necessary economic critical mass to sustain a first class independent national research system. In these cases integration with other similar countries into multinational networks is necessary and would provide an additional basis for integration processes that have been led by trade concerns.

4.3 New ways of organizing agricultural production and the dilemma of agrarian structures

In the countries of the Southern Cone, and especially in Argentina, a new type of agriculture is rapidly developing. Contract agriculture, as it is commonly known, is based on firms that rent land and hire out machinery for all the required activities (sowing, harvesting, etc.). These firms are technically advanced, use sophisticated management skills and their comparative advantage is their ability to flexibly organize agricultural business activities. Although they come in all sizes, they are generally relatively large. This new type of farming is rapidly expanding in the countries of the Southern Cone, but it can also be seen in other countries like Ukraine and South Africa that are important commodity producers.

This new form of production competes for available land with the more traditional family farms that are seen by many as most desirable. On the other hand, contract agriculture is highly efficient, and from a productive point of view highly dynamic, innovative and productive. In Latin America this discussion has a long tradition and has been activated as a consequence of the food crisis. This is especially true in those countries in which the concept of food security has been tied to the concept of food sovereignty, which implies that the country will seek to be self-sufficient in food production.

This discussion will now have to incorporate, as a contextual element, a scenario of increasingly scarce land and water resources and growing demand for food, where the ways in which agricultural production is organized and the efficiency with which agricultural resources are used become important issues with high political significance.

Contract agriculture is also resulting in the emergence of new transnational firms that integrate management, financial resources, technology and, in some cases, marketing across several countries. An example of this is Argentine firms that are expanding in Brazil, Uruguay and Paraguay. In some cases

these firms are also buying large tracts of land, thus generating in these countries new concerns about the transnational ownership of agricultural land. Examples of this have also been reported in Ukraine, South Africa and some other African nations. It would seem that these new developments and the political discussions they will bring about will lead to a new political discussion on more explicit policies to deal with land acquisitions by foreigners.

4.4 Food supply and the role of trade

Population growth and urbanization imply a major pressure on food production and distribution systems, and also on increasingly scarce natural resources and the environment. Thus it is possible that in many countries demand for greater quantities of food of acceptable quality cannot be covered by national production. Up to now only three countries in Latin America—Mexico, Venezuela and El Salvador—and most of the Caribbean countries are net food importers and consequently depend on imports.

Most of the countries in the region, although having policies designed to protect national production, have also included specific commercial policies to guarantee national food security. In this sense, there is wide acceptance that it is more effective to choose a combination of national production and imports to cover local demand. This notwithstanding, the relative importance given to policies to support national production and to international commercial policies substantially varies among different countries.

An example of these different views is the recent discussions in countries like Venezuela, Bolivia, Ecuador and Nicaragua that have associated the concept of food sovereignty with that of food security. The concept of national food sovereignty or self-supply has potentially important negative economic consequences, especially in small countries or in those with scarce agricultural natural resources. In a few other cases, policies that distort trade have been applied.

This discussion emphasizes the importance of two issues: the first is related to the importance of well thought out commercial policies that provide an adequate balance between local production and imports to guarantee food supplies at the lowest possible price. The second is the importance of interregional trade and the possibility of establishing long term trade agreements among countries of the region with the clear objective of ensuring appropriate levels of supply and stabilizing prices in the long run.

4.5 Institutional organization and public policies for food security

A number of countries have passed new laws incorporating the concept of food security. These laws also create complex institutional mechanisms for consultation with civil society and coordination among different branches of government.

On the other hand, many countries have strengthened and extended the mandates of their ministries of agriculture to deal with the needs of small farm agriculture as a source of local supply of food. Brazil has created a ministry other than the Ministry of Agriculture to deal with this subject and also with some aspects of food security.

The main issue here is that the programs being used to promote food security require good statistics regarding beneficiaries, well developed institutional capacities and strong territorial presence. In addition, they are cross cutting with respect to the traditional organization of government. Thus, it is difficult to find ways to ensure coordinated action by the different ministries and agencies with responsibility for one or more of the many aspects of food security policies and programs.

Countries in Latin America have been grappling with this issue and have adopted different solutions. Contrary to what happens in other areas of government, like central banks or health organizations, where there are generally accepted best practice organizational models, such models remain undefined in terms of food security (see Piñero, 2010).

4.6. Fostering cooperation and trade at the regional and global levels

Regional agreements are important instruments to improve economic development by increasing trade, providing better macroeconomic policies, providing economies of scale and strengthening intergovernmental cooperation. Through these effects they contribute in a general way to food security.

However, previous studies suggest that regional trade agreements have had relatively little impact on agricultural trade creation or deviation (e.g. Vollrath, 1991). In the new international trade context for agricultural commodities, with regions that are large exporters or importers, and given the new trade agreements signed since these studies, it is likely that the results might be different.

Regional agreements are likely to result in stronger cooperation among countries like information exchange, analysis of lessons learned regarding food security programs and the possibility of establishing intergovernmental trade agreements on sensitive agricultural products that may provide some degree of price stability and an assurance of stable supplies throughout the year. These elements could be an important contribution to food security in the region.

At the global level the opportunities and needs for new policies and actions are even more important and significant. As Clapp (2009) suggests, there is an urgent need for a ‘new agricultural deal’ at the global level that could include the following four elements:

1. In the short run, international food aid does not only need to increase, but it will also have to be more flexible. International food aid increased substantially during the last decade, but, measured in tonnages, has fallen in recent years to its lowest level since the early 1960s as a consequence of the food crisis and the lowering of international stocks. A significant part of the current provision of food aid is also still tied to donor grown commodities. Full compliance with the Marrakech agreements is an important element in this strategy.
2. Volatility on international commodity markets needs to be tempered with the introduction of new financial regulations to prevent large scale opportunistic investment in essential commodities such as food. This should be accompanied by the creation of world stocks of the main food commodities to stabilize prices and provide assurance of continuing supplies of food in the light of growing climatic instability.
3. There is a need for a significant increase in investment in agriculture, including the development of infrastructure for the utilization of water, credit provision for the world’s poorest farmers and research into sustainable farming methods for a world affected by climate change.
4. Finally, there is a desperate need for more balanced international trade rules. There is wide agreement that the current rules have worked against the interests of the world’s poorest farmers. Talks at the WTO have been stalled on and off for the past eight years, stuck on the issue of agricultural trade. New rules are vital to end the trade distortions that work against farmers in developing countries and consequently adversely affect world food security.

References

- Bianchi, E., M. Piñeiro & L. Uzquiza. 2009. 'Respuestas de política en América Latina al incremento en los precios internacionales de los alimentos y el escenario post-crisis, parte I.' LATN working paper no. 119. <<http://www.latn.org.ar/principal/home/investigacion.php?mod=working>>.
- Cebolla, Garcia. 2009. *Iniciativa América Latina y el Caribe sin hambre*. Santiago: FAO.
- Claeys, P. 2009. 'The right to food and food sovereignty: Complementary or contradictory discourses on the global food crisis?' Paper presented at the International Global Food Crisis Conference, organized by Critical Development Studies, Zacatecas, Mexico, 13–15 August. <<http://www.critdev.org>>.
- Clapp, J. 2009. 'The global food crisis and international agricultural policy: Which way forward?' *Global Governance*, 15(2): 299–312.
- Cuesta, J. & F. Jaramillo. 2009. 'Taxonomy of causes, impacts and policy responses to the food price crisis in the Andean region.' IADB working paper no. 674. Washington, DC: IADB.
- ECLAC (Economic Commission for Latin America and the Caribbean). 2009. 'Panorama de la inserción internacional de América Latina y el Caribe: Crisis y espacios de cooperación regional, 2008–2009.' Santiago de Chile.
- GIEWS/FAO (Global Information and Early Warning System/Food and Agriculture Organization). 2008. 'Policy measures taken by governments to reduce the impact of soaring prices.' <<http://www.fao.org/GIEWS/ENGLISH/policy/index.htm>>.
- Graziano da Silva, J. 2008. *Estrategias de desarrollo, políticas públicas y seguridad alimentaria en América Latina y el Caribe*. Santiago: FAO. September.
- Levy, S. 2008. 'Trends in world food prices: Impact on Latin America and the Caribbean.' Presentation to the IDB board.
- Manzano, O. & E. Stein. 2008. 'Precios de alimentos: Respuestas de política en un contexto de restricción fiscal.' Presentación to IDB, Washington, DC.
- Piñeiro, M. 2010. 'Construyendo una nueva institucionalidad agropecuaria: Algunos temas no resueltos.' In FAO, *La institucionalidad agropecuaria en América Latina: Estado actual y nuevos desafíos*. Santiago.
- Vollrath, T. L. 1991. 'A theoretical evaluation of alternative trade intensity measures of revealed comparative advantage.' *Weltwirtschaftliches Archiv*, 127: 264–80.
- World Bank. 2009. 'Food price inflation and its effects on Latin America and the Caribbean.' <<http://www.worldbank.org/lac>>.
- World Food Summit. 1996. *World Food Summit Plan of Action*. Rome: FAO. <http://www.fao.org/wfs/index_en.htm>.