

PLAN OF JOINT ACTION FOR AGRICULTURAL
CULTURAL REACTIVATION IN LATIN
AMERICA AND THE CARIBBEAN

11

PRINCIPAL DOCUMENT

August, 1989



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From its inception, the preparation of the Plan of Joint Action for Agricultural Reactivation in Latin America and the Caribbean (PLANLAC) has consisted of a participatory process to generate and reach consensus on ideas and proposals for joint action, aimed at contributing to agricultural development in the region.

Numerous institutions and people contributed in one way or another to this effort, either through the extensive consultations carried out, or through specific contributions made in the preparation of the different documents which make up PLANLAC.

We would like to thank all of those who contributed in some way to this effort, recognizing that unintentional omissions may be made, given the breadth and complexity of the tasks involved in drawing up the Plan.

The preparation of the PLANLAC, which is synthesized in the present document, received the valuable input of the ministers and vice ministers, and technical officials of the member countries of the Regional Council for Agricultural Cooperation in Central America, Mexico, Panama and the Dominican Republic (CORECA); its Technical Secretariat; and the member organizations of the Inter-institutional Group for the Agricultural Sector (GISA). In addition, the ministers of agriculture and technical staff from Caribbean Community (CARICOM) member countries provided valuable assistance in this process, as did the members of CARICOM's Agricultural Department. Furthermore, Mexican and Haitian officials and academicians contributed to clarifying issues related to the specific problems of their countries.

In the Andean Area, preparation of the PLANLAC involved the participation of the vice ministers of agriculture and other authorities from Bolivia, Colombia, Ecuador, Peru and Venezuela; and officials and technical experts from the agricultural sector of these countries and from JUNAC. In the case of the countries in the Southern Area (Argentina, Brazil, Chile, Paraguay and Uruguay), and given the absence of any specific forum, the ministers of agriculture of those countries agreed to establish, at IICA's initiative, a mechanism for consultation at the vice-ministerial level, and which was of significant importance in developing the Plan.

Organizations also contributed through their participation in the Inter-Agency Advisory Meeting, held at IICA Headquarters from March 16-17, 1989. They include: ALADI, ALIDE, BCIE, Board of the Cartagena Agreement, CARDI, CARICOM, CATIE, CIAT, CIMMYT, CIPREDA, CORECA, ECLAC, FAO, IDB, INTAL, IFPRI, ISNAR; Ministry of Agriculture, Fisheries and Food of Spain; OAS, OIRSA, PAHO/WHO, SELA, SIECA, UNDP, UNESCO, University of the West Indies, the World Bank, and WFC.

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INTRODUCTION

This document presents the key proposals of the Plan of Joint Action for Agricultural Reactivation in Latin America and the Caribbean (PLANLAC), which is submitted for consideration by the Fifth Regular Meeting of the Inter-American Board of Agriculture (IABA).

The outline and content of PLANLAC have been developed on the basis of the guidelines established by the Ninth Inter-American Conference of Ministers of Agriculture (ICMA), at the Fourth Regular Meeting of the IABA, held in Ottawa in September 1987. In addition, it followed the guidelines issued at the Eighth and Ninth Regular Meetings of the Executive Committee of IICA, held in San Jose, Costa Rica in August 1988 and in June 1989.

In submitting the PLANLAC to the consideration of the Inter-American Board of Agriculture, some criteria are worth bringing to mind:

Criteria for the preparation of PLANLAC

- This is a Plan of Action and not a study. The analysis presented herein is based on previous studies 1/* and is aimed basically at identifying and formulating specific recommendations and, especially, proposals for action (programs, projects, etc.)
- The exercise of drawing up the Plan of Action is not primarily intended to produce a document but rather to generate a participatory process 2/ -involving the LAC countries and the relevant technical cooperation and funding agencies- with a view to generating ideas and action proposals, in order to make it possible for agriculture to play a new role in economic development strategies, as mentioned in the Declaration of Ottawa. This process entails strengthening pre-existing institutional mechanisms -and eventually proposing others- which are the technical and political units that have been involved in drawing up the initial Plan and which should continue to play this part in the execution of the Plan.
- It is a plan that should "concentrate on joint actions among countries, at the regional and subregional levels, to solve concrete problems." 3/ Therefore, the Plan focuses on those aspects which are common to the countries and which must be dealt with through joint action, or are particularly suited for it. Therefore, strategies (which identify common issues and areas for joint action) are proposed at both the regional and the subregional levels, and proposals for joint action consistent with the strategies are then identified.

* The FAO Study "Potentials for Agriculture and Rural Development in Latin America and the Caribbean," Main Report and Five Annexes, LARC 88/3, Rome 1988, is the principal background document used.

- For the same reason, there is no quantification of goals or other approaches normally followed in a planning exercise, as this would not be realistic in this case; rather, objectives, expected results, etc., are discussed from the standpoint of quality, in the realization that some aspects (i.e., timetables, flow of resources, etc.) will have to be worked out in greater detail once execution of PLANLAC is begun.

This document presents a broad overview of reference documents (see Appendix I), which provide its analytical base. It is divided into three parts: the first two concern the geographic scope of joint action.

The first section deals with regional action, and summarizes the main concepts which generally hold true concerning the new role to be played by agriculture in the development strategy, discusses the changes required to enable agriculture to play this new role, and, finally, identifies a preliminary package of programs and projects for joint action at the regional level that are designed to promote the reactivation of agriculture in Latin America and the Caribbean.

Strategies and proposals for LAC

The second section presents proposals for the four subregions identified (Andean, Caribbean, Central and Southern). In each case, the discussion includes: i) a "strategy", in which the common aspects of sectoral development in a new development model are discussed, and areas of joint action at the subregional level are then identified; ii) subregional programs and projects; and iii) financial and institutional mechanisms for implementing the Plan at the subregional level.

Subregional strategies and proposals

The third part identifies general proposals which can facilitate implementation of the PLANLAC. It briefly describes the linkages that should exist between the institutional mechanisms and those established for follow up at the subregional and overall levels; it reports on the requirements of and opportunities for external cooperation, and finally, it presents additional considerations of importance for the implementation of the Plan.

Guidelines for execution .

By organizing PLANLAC in terms of the two geographic levels mentioned above -as requested in Recommendation No. X of the Ninth ICMA-, it is possible to reconcile problems of both an analytical and an operational nature. On the one hand, this method facilitates identification of concrete actions for the different, specific needs of the subregions (evidently, although the LAC countries have much in common, there are also marked differences between the subregions). On the other hand, it allows for the existing institutional infrastructure to be used, both in the preparation and, especially, in the implementation of PLANLAC.

The PLANLAC consists of a new strategy for cooperation, a strategy that supports national efforts to define and execute agricultural policies that will contribute to economic and social recovery. This approach recognizes that the region has both the maturity required to identify its priorities and the political determination necessary for engaging in joint efforts on common issues, and that it can define and execute joint actions that take maximum advantage of available institutional resources.

*Initiative starts
in the region*

Under this new scheme of cooperation, the region should also make the most of possibilities for cooperation with the industrialized nations. Both Canada and the United States of America, in particular, signed the Ottawa Declaration, and were involved with the Latin American and Caribbean countries in developing the ideas and proposals of PLANLAC.

*Cooperation with
industrialized
countries (Canada,
United States) on
PLANLAC*

This relationship should contribute to coordinating efforts to remove external barriers to financing and trade, which seriously obstruct agriculture from achieving a new role in development. The community of interests achieved in the GATT negotiations, the replenishment of IDB funds, and the support in special trade agreements for subregions show that, despite the inevitable difficulties of each case, consensus is being generated on the importance of these two issues and actions are being designed that take the new circumstances into consideration. As far as technical cooperation is concerned, there is great potential for joint work in the areas of technology, training of human capital, animal health, plant protection and others.

Briefly, PLANLAC aims to encourage greater initiative in the region, while at the same time advocating the possibility of establishing strategies of a truly hemispheric nature for technical cooperation, investments and trade negotiations with third parties.

Finally, PLANLAC proposes to bring together a broad range of technical and financial cooperation organizations, with a view to facilitating an organized channeling of external aid to agricultural reactivation and development in the region. It would contribute to coordinating the joint actions agreed to by the LAC countries, and potential external cooperation for the region. With this in mind, an effort was made during the drafting of the Plan to strengthen or create mechanisms to coordinate efforts both among the countries and also between the countries and the various multilateral organizations. This can be viewed as a first step to improving the coordination of external aid for agriculture in the region. A key element in the execution of the Plan will be to continue to strengthen these mechanisms.

*The role of tech-
nical cooperation
and financial
agencies*

PART 1

THE MAJOR CHALLENGES FOR AGRICULTURAL REACTIVATION IN LATIN AMERICA AND THE CARIBBEAN: 4/ CENTRAL ELEMENTS AND PROPOSALS FOR ACTION

I. INTRODUCTION

The economic difficulties being faced by the Latin American and Caribbean countries are the result of both external and internal factors.

The crisis is the result of external and internal factors

Beginning in 1980, several unfavorable changes took place in the external circumstances affecting the region, the most important of which were the rise in interest rates, the sudden reversal in traditional patterns of financial flows between LAC and the rest of the world, and the reductions in volumes and prices in external trade which were associated with the contraction of the world economy and the continued protectionist practices of the OECD countries.

The negative turn in the external situation clearly exposed the limitations of the policies prevailing during the two preceding decades, during which considerable economic growth had been achieved. These deficiencies, which several countries of the region had been trying to correct before the crisis became evident, had led the countries to disregard opportunities for increasing exports, preventing them from taking full advantage of their production potential and had aggravated structural problems, such as the problem of poverty, despite the sustained economic and social development Latin America and the Caribbean as a whole had experienced during those years.

The widespread crisis made it necessary to make certain adjustments, usually of a short-term nature, which interrupted economic and social growth and required the countries to reconsider the development strategy they had been following for thirty years.

Ottawa Declaration and the need for new strategies

It is also important to review this strategy because of the rapid and substantial changes taking place in the areas of technology, finances and trade, as is becoming increasingly evident in the evolution of the international economic system.

As the ministers of agriculture pointed out at Ottawa: "...To deal with this crisis, we have to make profound changes in the traditional concepts concerning economics and development that have prevailed in our countries for many years."

A new proposal for achieving self-sustained development should provide a solution for the false contradictions of

the past, such as those erroneously assumed to exist between agriculture and agroindustry, between production for the domestic market and for export, and between economic development and social progress. It is essential that the countries develop a new outlook and take on the challenges of the near future with optimism.

Within this context, agricultural modernization with equity, aimed at taking full advantage of the region's potential as regards natural, institutional and human resources, and which will ensure the sustainability of the systems, can become a fundamental aspect of a revised strategy that contributes to self-sustained development.

Agricultural reactivation as part of a new strategy

These views have also been expressed by the ministers of agriculture during the Ninth ICMA: "In the context in which our economies operate today and will continue to operate in the future, agricultural modernization and diversification must constitute a key element of strategies for economic revitalization and development in our countries. The increase in productivity which such modernization entails, together with wide distribution of its benefits, lay the groundwork for an approach to economic development capable of exercising a strong multiplier effect on the rest of the economy, while immediately benefiting the great mass of our poor and indigent, who live in these same rural areas."

The revitalization of agriculture as the focal point for the development of the rural areas and as the basis for a process of competitive reindustrialization -through agroindustrial development- would thus play a central role in a strategy that would enable the countries to profit from the lessons learned in the past and, above all, those resulting from the difficult experience which began in 1982.

Need for external and internal changes

No regional action can in and of itself resolve the problems posed by external constraints on financing and trade. In this regard, the viability of a new development strategy will depend to a great extent on the evolution of current plans for alleviating the external debt situation and of steps already taken to liberalize international trade in agricultural products.

In any case, however, it must be recognized that in order to successfully deal with the extremely difficult external and internal situations they face, the LAC countries must make an effort on their own, adopting a uniform position and playing an active part in international negotiations.

This internal effort, which to a large extent will be the result of decisions taken at the national level, must be strengthened through integration and joint action at the regional and subregional levels. There are many areas in which such action is either advisable or essential, e.g.,

horizontal cooperation for technological development, international negotiation, food security, efficient joint ventures and integration efforts, and maximum utilization of international technical and financial cooperation.

This part of the document deals with the problem of agricultural reactivation from the standpoint of the Latin American and Caribbean region as a whole, concentrating on the following:

Hemispheric proposals: strategies, policies, programs and projects

- examining in greater depth the possibilities for agriculture to play a new role in development strategies, bearing in mind the current economic context and the outlook for the next ten years;
- proposing recommendations on measures to be taken by countries and multilateral agencies in order to open the way for agriculture to assume this new role;
- identifying and developing programs and projects for joint action at the hemispheric level and for cooperation between subregions, in order to enhance the results of national efforts.

II. AGRICULTURE AND DEVELOPMENT IN LATIN AMERICA AND THE CARIBBEAN: FROM THE CRISIS TO A PROPOSAL FOR A NEW STRATEGY

A. FROM STABLE AND SUSTAINED GROWTH TO CRISIS AND UNCERTAINTY. TRENDS AND CHANGING PARAMETERS

After experiencing sustained economic and social developed for decades, the region is faced with the need of making changes, because its economies do not adjust to rapidly changing external conditions which differ radically from those of the past.

1. Real progress in a favorable framework

From 1950 until the early 1970s, the region had benefited from a boom in the world economy based on the rapid growth of international trade and supported by the existence of reasonably stable international financial agreements.

Economic growth and social process within a favorable external context 1950-1960

During that period, the basis for growth was the development of the domestic market and very few countries of the region had attempted the expansion and diversification of exports which had been achieved by several Asian countries. Nonetheless, Latin American and Caribbean exports grew by 75% between 1960 and 1970, and the real value of imports rose at almost the same rate. Per capita income rose by 31% during the same period, when only one country did not achieve productivity increases to parallel the rate of increase in its population.

2. Internationalization and financial variables

In the early 1970s, the worldwide pattern of stable growth changed abruptly. A crisis in the international economy began, the effect of which was not initially evident in LAC because of the favorable trend in prices of several commodities -which, however, soon proved to be highly unstable- and the enormous amount of external financing available.

Needed adjustments delayed during a decade of abundant financing

LATIN AMERICA: TRENDS IN INCOME AND IN EXTERNAL TRADE
(Per capita. In 1986 US\$)

	Exports	Imports	GDP
1960	222	170	1274
1970	295	234	1675
1980	336	402	2340
1985	374	239	2130
1987	381	264	2223

Source: IDB. Progreso Económico y Social en América Latina. 1988 Report. p. 568-569.

This external financing availability took place in a framework of world economic surplus, increased international flows of capital, increased monetary instability, and full internationalization of the financial circuits. With notable differences among countries and sharp fluctuations in domestic activity, the region was able to sustain a favorable evolution for some real variables, such as investments and aggregate demand, and the bonanza of the two previous decades was maintained to some degree.

While most of the countries of the region continued to follow a development strategy designed for stable world conditions -even without being able to take full advantage of all the possibilities that entailed- these parameters were changing radically and the LAC countries did not make the adjustments necessary to deal with the new external situation.

3. Elements of the new world scenario

With the appearance on the scene of new economic and financial powers and new economic blocs, the persistence of fiscal and commercial disequilibria in relatively more developed countries, the strong control of monetary expansion in them, the increasing development of substitutes for raw materials produced in the region, the technological revolution and its impact on the organization of production and on flows of international trade, and the gradual breakdown of the monetary and financial order set up at Bretton Woods, it became clear that the new state of affairs reflected only in small measure the conditions of the earlier decades.

*Structural changes
in the external
context*

The recurring crises of the external sector could no longer be resolved by relying on a relatively benign international system. The easy availability of financing during the 1970s and the improvements in some commodity prices had delayed recognition of a structural crisis that stemmed from the development model followed. As the 1980s began, it became dramatically evident that the crisis had to be acknowledged.

The current situation, which began in the early 1980s, is the result of a radical change in the availability of financing and of the increase in interest rates, in a context of slow economic and commercial growth around the world. It should be noted that this situation has affected all the countries of the region, regardless of the structural differences between them and even of their efforts to modernize policies and change their traditional export profile.

*The debt crisis
triggers a "crisis
in the development
model"*

Thus, much of the progress achieved in the past was lost, and it has become evident that the LAC external sector is too weak to hold up under the changes in the world situation.

VARIATION AND DETERIORATION IN EXTERNAL PRICES
TERMS OF TRADE 1/

	Industrialized countries	Developing countries
1950	107.5	
1955	108.5	
1960	117.2	
1961	118.5	50.4
1962	120.0	50.2
1963	120.4	49.6
1964	119.5	50.2
1965	119.9	49.6
1966	121.3	50.4
1967	122.6	49.8
1968	122.4	50.4
1969	123.4	51.0
1970	123.1	51.2
1971	122.7	53.1
1972	124.5	53.5
1973	122.6	58.2
1974	108.6	83.2
1975	110.9	78.3
1976	109.4	82.4
1977	108.2	85.8
1978	111.1	80.3
1979	107.4	86.5
1980	100.0	100.0
1981	98.7	103.3
1982	100.4	104.5
1983	102.3	97.9
1984	102.3	99.8
1985	103.1	99.2
1986	113.1	83.7
1987	113.2	

1/ Defined as the quotient of the index of the unit value of exports and the index of the unit value of imports, both referenced to the same base. (Base 1980=100).

Source: (IMF) International Financial Statistics.
Yearbook 1988. p. 134-135, 138-139.

These changes gave rise to great uncertainties on critical issues involved in the definition of strategies, such as the opening of commercial markets, availability of external financing, levels of interest rates, prices of commodities, and relative value of the main currencies. But, above all, these changes produced a setting characterized by a proliferation of power centers and tremendously rapid technology change, especially in the areas of information sciences, robotics, communications, technology and new materials. The proliferation of centers of power, in turn, gave rise to a situation which was lacking in clear leadership in the evolution of world trade and finances, which became subject to periodic negotiations among the great powers, instead of a more structured, stable situation which reigned in the early seventies. This, combined with accelerated technological development, makes it necessary to take into account panoramas involving increased trade in goods and services related to advanced technology, and intense competition in world markets, and a not very clear role for traditional export products from the region.

These changes make it indispensable to completely redesign strategies and reevaluate the potential contribution of agriculture. Because of the crisis, this task will be particularly difficult to carry out.

4. The crisis: a new point of departure

In the years that have elapsed since 1982, there has been a definite deterioration in the growth and the economic and social development of Latin America and the Caribbean. The magnitude of the crisis, which was already underlying the conditions of the previous decade, and which was set off by the abrupt and unfavorable change in external financing and price conditions, has made it necessary to make adjustments which are not necessarily conducive to handling new challenges on the world scene, and frequently, has made it difficult to pay due attention to adjustments that would have had more favorable impact.

The recessive adjustment of the 80s

In constant 1986 dollars, the per capita income of the region in 1987 was lower than it had been in 1980; this was the case in almost every country. Moreover, although exports of goods and services had risen by 32% since 1980, imports had dropped by 23%.

**LATIN AMERICA: DECLINE IN INVESTMENTS
AND RISE IN EXTERNAL DEBT**

	1970	1975*	1980	1982	1987**
Total external debt disbursed <u>1/</u>					
Subregions					
Andean		66.1	100.0	125.5	147.6
Central		66.5	100.0	171.3	208.2
Southern		65.9	100.0	141.7	183.5
Total Latin America		66.1	100.0	146.0	181.9
Gross formation of fixed capital <u>2/</u>					
Subregions					
Andean	51.0	84.8	100.0	102.6	86.9
Central	45.9	69.2	100.0	95.4	73.3
Southern	49.6	76.8	100.0	76.6	83.6
Total Latin America	48.7	75.7	100.0	87.0	80.9
Contribution of net external financing to gross domestic invest- ment <u>3/</u>					
Total Latin America	70.2	112.9	100.0	163.2	40.4

* Foreign debt corresponds to 1978.

** Preliminary estimate.

1/ Base index 1980-100. Year-end balance in millions of US\$, includes debt with the International Monetary Fund.

2/ Base index 1980-100. At constant market prices.

3/ Base index 1980-100. Percentage of gross domestic investment.

Source: Based on tables from ECLAC. Anuario Estadístico de América Latina y el Caribe. 1988. p. 150, 196, 500.

Investment, which is one of the crucial factors for achieving growth in the future, has dropped sharply. Indeed, the pressure resulting from the need to use domestic savings for the debt service and the

widespread lack of confidence as to what level of economic activity might be sustained has meant that investments in 1987 represented 73% of the total amount invested in 1980. Since 1983, less than 16% of the gross domestic income has gone to gross annual investment, a figure which is much lower than the 19% and 23% figures for the periods 1960-1969 and 1970-1979, respectively.

The fiscal burden of serving the external debt, which is usually converted into public debt, and the sometimes unsuccessful attempts to reduce public spending and check the growth of the money supply have caused inflationary phenomena to get out of control and worsen, reaching unprecedented levels. Thus, even overlooking the dramatic rates of increase in domestic prices in several countries, it should be noted that during the period 1961-1970, only four countries experienced increases in consumer prices of more than 15%. This number rose to nine cases during 1971-1980, while during the period 1984-1987, from 14 to 16 economies had this experience.

All these phenomena, occurring since the beginning of the 1980s, went hand in hand with a deterioration of real wages, the simple average for the region now being 89% of what it was in 1980 and way below that level in most cases, even in some of the larger economies.

Although the drop in real wages made it possible to check the increase in unemployment in some economies, the simple average rate of open urban unemployment in the region was more than 50% higher in 1987 than it was in 1970 or 1980. To this must be added the increase in underemployment, which completes the picture of growing poverty and attests to the inability of the urban areas to continue absorbing, in a productive fashion, the displaced rural populations. All this points to the fact that the urbanization process has occurred much too rapidly.

The difficulties which these countries have faced in trying to overcome the crisis stem both from a particularly negative external situation and from a reluctance to realize that the new world scenario and the short-comings of the development models prevailing in the past call for a revision of the region's own perception of its role in the new world context.

The crisis as catalyst for a long-overdue reassessment

Hence, it is only natural that the crisis should point to the possibility and the urgency of reassessing the role of agriculture in the overall development model, within the new international and regional context.

The main lesson that can be learned from the difficulties evidenced since 1982 is, perhaps, the importance of designing and executing sustainable strategies for dealing with an external framework that is very different from the one of the recent past. In these strategies, agriculture can and must take on a leading role, a role which was minimized in the past.

B. AGRICULTURE: A SECONDARY ROLE WITHIN THE DEVELOPMENT MODEL PRIOR TO THE TIME OF THE CRISIS AND ADJUSTMENT

1. Three decades of progress, albeit with difficulties

During the three decades prior to 1980, agriculture grew hand in hand with the rest of the economy, although at a slower rate than industry. During the years of growth, aggregate domestic price ratios were unfavorable to agriculture, except in some cases in which they favored small-scale production of foodstuffs.

A "successful" model with an urban-industrial and domestic market bias

The approaches to development which prevailed at that time, and which were responsible for considerable economic and social progress, assigned a secondary role to agriculture. The predominant beliefs of the time were: external markets were not of primary importance, the generation of jobs and development in general would come about primarily as the result of urban-industrial activities, and the reactivation of agriculture would be linked to technical progress rather than to prices.

In 1980, at the conclusion of three decades of sustained growth, agriculture in Latin America and the Caribbean displayed certain noteworthy characteristics:

- Economic policies had been made to fit into a model which favored industrial development, at the expense of agriculture. In countries which were net exporters of foodstuffs, price and exchange rate policies were biased against agriculture and exports for most of the period under consideration. This bias became even stronger in light of the fact that the costs for inputs and capital goods went up as a result of region-wide efforts to protect national industries. Food prices remained generally low, thus preventing the producers from getting international prices. In other cases, support was given to inefficient production, in the form of costly subsidies to farmers and consumers. During the crisis these policies of limited support to efficient production came head to head with the urgent need to produce foreign exchange and the impossible task of maintaining macroeconomic equilibrium in the face of skyrocketing fiscal deficits.

Policies do little to help agriculture

- The migration of the rural population to urban areas was continuous even though the processes of industrialization and urbanization could not keep up with the demand for jobs, and there were social, fiscal and environmental problems in the big cities.

Urbanization came about too fast

URBANIZATION OF THE REGION

	1960	1970	1980	1987
Population <u>1/</u>				
Urban	101 631	156 269	225 304	280 091
Rural	105 220	115 992	121 785	125 503
Total	206 851	272 261	347 089	405 594
% Urban	49.1	57.4	64.9	69.1

1/ Thousands of inhabitants

Source: IDB Progreso Económico y Social en America Latina y el Caribe. 1988 Report. p. 563.

- A structure was set up in which agriculture for export coexisted with agriculture aimed at food production for domestic market.
- Large sectors of the population, usually in ecologically fragile areas, were denied access to production resources and basic services. Frequently this led to inefficient and unsustainable efforts at primary production, further worsening the problems of rural poverty. This also prevented the rural population from contributing to agriculture as other than a source of primary production, and as a source of demand for agricultural and industrial products.
- There was technological progress, especially for those commodities with access to export markets or, in general, to dynamic markets.
- The incorporation of technology had set the stage for ever-growing interdependence between agriculture and other production sectors. The increase in linkages was significant in many areas, even though in areas such as the Caribbean there was still an untapped potential for linkages between agriculture and tourism, and in Central America agroindustries were dependent upon imported raw materials.

Dual agriculture and the persistence of rural poverty

Technological progress and further intersectoral relations

EVOLUTION OF RURAL POVERTY IN LATIN AMERICA AND THE CARIBBEAN
POVERTY: AN UNSOLVED PROBLEM

	1970			1980		
	Poor in Millions	%	Indigent in Millions	%	Poor in Millions	%
Argentina	0.9	19	0.04	1	0.5	10
Brazil	27.6	73	15.6	42	28.8	73
Colombia	4.4	54	2	23	6.2	67
Costa Rica	0.3	30	0.07	7	0.4	34
Chile	0.6	25	0.35	11	1.2	56
Honduras	1.3	75	1.05	57	1.9	80
Mexico	10.6	49	4.1	18	15.9	68
Panama	0.4	52	0	0	0.6	67
Peru	4.2	68	2.59	39	3.9	68
Venezuela	1.2	36	0.64	19	1.6	64
TOTAL GROUP	51.5	62	26.44	34	61	65
TOTAL LAC 1/	65	62	---	--	81.6	68
					---	--
					30.05	33
					0.05	1
					16.9	43
					2.1	23
					0.2	19
					0.2	11
					1.7	40
					6.1	26
					0.4	38
					2.2	39
					0.2	9

1/ Total of poor/indigent

Source: FAO. Rural Poverty. Appendix II of "Potentials for Agriculture and Rural Development in LAC." LARC 88/3. Rome. 1988.

- Both the areas under irrigation and the agricultural frontier in general were expanded. Concurrently, the unsustainable use of land increased, including that found in especially fragile ecosystems. More and more, in most of the countries of the Andean Area, Central America and the Caribbean, increases in agricultural production were based on increases in productivity per surface unit. Where expansion of the agricultural frontier was possible, it involved ecological risks and considerable investment in infrastructure.
- The establishment and strengthening of public institutions which promoted and were involved in agricultural development was a constant during this period. In addition to research and extension institutions, others were also created. Some were dedicated to teaching production techniques on all levels and others to regulating and organizing the marketing of commodities, while, in general, the State provided more and more irrigation, transportation and energy infrastructure needed for agricultural development. The progress which had been achieved suffered from budgetary restraints imposed as of 1982.
- Growing worldwide protectionism and a deterioration in prices (the latter coming about in an atmosphere of broad fluctuations) reinforced policies which minimized agriculture's role in solving periodic balance of payment difficulties. Even though there had been an overall surplus in agricultural trade for quite some time, there continued to be cases in which there was a deficit in the trade of foodstuffs. Intra-regional trade of food saw no expansion, and the regional supply ratio began to decline in the mid-1960s. In general, little or no attention was given to agriculture in the integration processes initiated in 1960. Only in later years, at the height of the crisis, were efforts made to strengthen agriculture's role in integration.

Ecology limits expansion of agricultural frontier

Agricultural trade fluctuates

2. Agriculture as part of the adjustment process in light of the crisis

Since the early 1980s, the dominant features of the macroeconomic framework of Latin America and the Caribbean have been the external financial constraints which have obliged the countries to send abroad part of the domestic savings generated, and the poor international commodity prices, which, although occasionally showing positive fluctuations, prevent the countries from receiving the full benefit of their efforts at increasing exports.

"Adjustment" generates new proposals for policy and corrects some biases

Latin America and the Caribbean: Food Trade balance
(Index 1980=100)

	1970	1975	1980	1985	1987
IICA Areas					
Andean	2519	2258	1342	1510	2065
Central	3239	3558	1773	2312	2575
Southern	6746	8737	11212	16934	11752
Caribbean	245	146	-272	-198	-251
Total	12749	14698	14055	20558	16140

Source: Based on table 16 of Appendix 3.

**Latin America and the Caribbean: Financial flows between LAC
and extraregional countries reversed as of 1982**

	Net capital Income	Net payments of profits and interests	Transfer of resources (1)
1973	7.9	4.2	3.7
1974	11.4	5.0	6.4
1975	14.3	5.6	8.7
1976	17.9	6.8	11.1
1977	17.2	8.2	9.0
1978	26.2	10.2	16.0
1979	29.1	13.6	15.5
1980	29.7	18.1	11.6
1981	37.6	27.2	10.4
1982	20.2	38.8	-18.6
1983	2.9	34.4	-31.5
1984	10.3	37.0	-26.7
1985	2.2	35.0	-32.8
1986	8.3	31.9	-23.6
1987	13.9	30.5	-16.6
1988	4.3	33.2	-28.9

(1) Net capital income minus net payments of profits and interest.

Source: Table 20 of statistics appendix

This situation has been aggravated by the policies followed in adjusting to the external situation. Despite some improvements in the trade balance, economic activity has fallen off, thus leading to a "recessive adjustment."

Within this overall context, certain important changes have taken place in the economic policies of many countries in the region during the decade. Several of these offer some promise for positive change in agriculture, inasmuch as they point to the possibility of correcting past biases or to the need to develop new priorities. In particular, it should be pointed out that:

- The debt crisis has helped to bring to light the close relationship that exists between macroeconomic policy and agricultural development, as a result of the impact of macroeconomic policies on the supply of and demand for agricultural products. The difficulties involved in maintaining sectoral policy objectives and instruments in the face of overall imbalances is cause for reflecting on the need to re-establish a dialog between sectoral and macroeconomic authorities, based on the contribution agriculture can make to providing lasting solutions to these imbalances.
- During the last seven years, agriculture has come closer to reaching its potential growth rates than have other sectors. This has been particularly true in the case of food production on small farms or in cases where there has been a notable increase in non-traditional exports. In any event, at the aggregate level, agriculture has tended to play, in the short term, an anti-cyclical role, by being more "crisis resistant" than other sectors. This is reason enough to re-evaluate the potential contribution of agriculture within the new macroeconomic context.
- One of the policies which has usually been followed in order to improve external trade balances has been to raise the real rate of exchange. This has been done by means of devaluations, and has encouraged the development of export agriculture in the region. The higher real rate of exchange has encouraged the production of exportable goods and the efficient substitution of imports and, from a medium-term standpoint, has corrected the anti-agriculture bias which had prevailed for many years. Not only has a past error been corrected, but also the importance of prices for agriculture has been recognized and options for efficient rural development have opened up, in which productive areas are not limited by artificially depressed incomes.

Growing dependence of sectoral policies on macroeconomic policies

Agriculture proved "more resistant to the crisis"

LATIN AMERICA AND THE CARIBBEAN: EVOLUTION OF THE DIFFERENT
SECTORS (GROWTH RATES, IN PERCENTAGES)

	Value added of the sector		
	Agriculture	Manufacturing	Mining
60.70	3.35	6.73	3.77
70.80	3.48	6.37	3.49
80.85	2.47	-0.44	1.67
85.87	1.89	4.18	0.23

Source: Calculations based on: IDB Progreso Social y Económico en América Latina y el Caribe. 1988 Report. p. 572-573

The favorable effects of adjustment programs on agricultural production were diminished by several negative tendencies.

With regard to public policies and programs, mention should be made of reduced fiscal capacity to provide support for research programs, extension services and investments in infrastructure, as well as the absolute priority given to macroeconomic adjustments, with the corresponding reduction in credit and tax incentives for development. As concerns the allocation of resources by farmers, there were higher costs for inputs and financial phenomenon leading to higher interest rates, as well as the drop in demand resulting from reduced domestic economic activity in general. To all this must be added the increased vulnerability of the urban and rural poor, caused by changes in the relative prices of food and by reduced subsidies.

By the same token, the variability of prices -resulting from such disparate factors as changes in international prices and exchange and tax policies- has made it impossible to plan a more ambitious agricultural program. Consequently, technological innovations were adopted only if they brought short-term returns,

Negative effects of adjustment on investments and lower-income groups

EXCHANGE RATES RISE AND FAVOR EXPORTS

Effective Exchange Rate 1/	Change (%)						
	1970	1975	1982	1985	1987	1987/1970	1987/1980
Argentina	177.4	208.4	210.1	212.8	282.7	160	135
Bolivia	11.6	116.6	97.0	113.8	137.2	1189	141
Brazil	88.3	90.6	94.6	113.5	97.1	110	103
Chile	187.4	146.3	124.3	156.4	148.8	80	120
Colombia	133.4	123.7	96.8	123.3	137.4	103	149
Costa Rica	128.0	118.3	141.2	131.0	134.8	105	96
Ecuador	11.7	113.9	104.2	140.0	215.9	1965	208
El Salvador	125.8	128.9	93.3	74.8	85.6	68	92
Guatemala	108.5	107.7	105.8	83.0	171.9	159	164
Honduras	89.1	103.6	93.4	82.2	77.0	87	83
Mexico	110.1	104.2	140.9	122.0	186.0	169	132
Panama	123.3	104.2	93.5	99.6	112.8	92	129
Paraguay	190.0	108.7	95.9	124.7	140.6	74	147
Peru	77.0	71.0	93.5	129.5	59.7	78	65
Uruguay	146.5	138.5	122.1	169.1	138.1	94	113
Venezuela	108.5	108.1	90.5	112.7	120.3	111	133

1/ The nominal exchange rate multiplied by the ratio of the U.S. Wholesale Price Index to the WPI in each country.

Source: De Janvry et al. Rural Development in Latin America. IICA. Program Paper Series No. 12. 1989. p.25.

and there was neither the financing nor the capability required to adequately plan investments that might offer medium-term benefits.

During the recessive adjustment, priority was given to short-term over long-term objectives. An example of this is the external funding plan associated with Structural and Sectoral Adjustment Programs, in which the disbursement of funds is tied to economic reforms. Most of these funds have been used to strengthen the balance of payments and not to financing investment projects which increase production capacity. Unfortunately, part of the ever-decreasing international funding available has been diverted from real investments. This contributed to the general decline in public and private investment, especially in agriculture.

In sum, the "recessive adjustment" experienced by the countries of LAC in this decade has had less of a negative effect on agriculture than on other sectors. In particular, the changes in relative prices seem to favor agriculture. Nonetheless, other changes -such as interest rates, public spending, etc.- have a negative effect and prevent agriculture from reaching its potential in reactivating the economies of the region. This potential contribution is dependent, in part, on situations abroad.

Agriculture and some policy lessons learned from recessive adjustment

C. ALTERNATIVE SCENARIOS FOR THE EXTERNAL SECTOR

The region is in a difficult situation, inasmuch as it is faced with the new challenges posed by technological and economic trends throughout the world and by the need to overcome the obstacles created by the domestic policies followed for years, which became even greater as the result of adjustments undertaken as of 1982.

As does every crisis, this one has created difficulties but, at the same time, it has generated new opportunities that must be explored.

Before any alternatives to the stagnation and instability prevailing in the region can be proposed, it is essential to conduct an analysis of the structural changes currently under way in the world economy, of which the crisis is an acute symptom. Agriculture, agroindustry and the entire process of rural development will evolve very differently, depending on the different alternatives followed in the international economic context.

In a world of interdependence, the evolution of external conditions is crucial

One point that is crucial in constructing alternative scenarios is that of the extent to which the region can actually gain access to world markets. In this connection, there is reason to believe that international financial constraints, the slow growth of the world economy, protectionist practices, and, in brief, the economic conditions prevailing during the 1980s will continue for some time.

Under this scenario, it is to be assumed that the world economy will grow slowly and unevenly, that growth will be concentrated in the more industrialized economies, and hence, that international trade will grow very slowly too, especially as regards commodities.

Considering that such an international economic context is indeed quite likely to occur, FAO 5/ has stressed the importance of the domestic demand for agricultural products. This demand could be the driving force for growth, allowing a modest rate of 2.5% per year, which is lower than the 3.2% achieved over the last 20 years. Domestic demand, in turn, could only grow at that rate if policies were implemented that were strongly geared to the redistribution of income.

Everything will depend on the domestic market if trade and financial constraints persist

In such a scenario, the implementation of policies aimed mainly at the promotion of small-farm production could be a central element of agricultural policy, inasmuch as this sector could have a "buffering and anticyclical effect," and provide a significant source of domestic demand for foodstuffs.

The overall scenario which FAO finds to be most likely, and the recommendation of policies based on same, are the result of extensive analyzes and are coherent with each other. However, they are based on overall hypotheses of the continued existence of external trade and financial constraints. Obviously, this effects results and proposals, and grants a privileged status to "inward" development of the region.

Reality could turn out to be quite different if some elements of the international context -whose evolution is uncertain- were to develop favorably. Recent developments give cause for hope that there will be some changes in the right direction:

- A lessening of external financial constraints. Proposals for solving the external debt problem have taken on new vigor with the announcement of the preliminary outline of the "Brady Plan," and the presentation of a portfolio of "reduction-refinancing" measures for Mexico. Progress in this area could reduce the quantitative burden of the debt service and the qualitative difficulties which create uncertainty on the market, give rise to speculation and indexing, and place excessive limitations on the monetary and fiscal policies of the debtor nations.
- Reforms in world agricultural trade. This process is under way in the context of GATT; almost any change in the current state of affairs would have a favorable impact on LAC exports. The results of the April, 1989 meeting in Geneva represent a promising step in the right direction.

The possibility of a favorable scenario depends on the Uruguay Round of GATT, the debt and the lessening of political tensions

- Reactivation of the world economy. Success will depend on continued coordination of economic policies among the relatively more industrialized countries. The economic performance of the OECD countries over the last two years would seem to indicate a departure from the recessive conditions which prevailed in the early 1980s.

- The consolidation of improvements in relations between the major powers, along with the economic reforms under way in several countries of the socialist world, would free up enormous amounts of economic resources, changing the situation with regard to the international demand for agricultural products.

*Cautious optimism
and the need for
firm action*

In brief, the prospects for the development of Latin America and the Caribbean during the 1990s may be seen in the light of the interaction of elements which will give rise to scenarios that are different from the scenario of the 1980s. This view would appear to be valid, considering that a significant number of processes are already under way. The reactivation of the economies of the region is closely linked to these changes of scenario.

Regardless of what may happen in the external context, current circumstances demand efforts to diversify and improve the quality of the region's agricultural supply. Even in the context of external overall constraints on trade, the countries can improve their positions by generating comparative advantages, rather than depressing exports even further.

**ESTIMATE OF IMPROVEMENT IN INTERNATIONAL TRADE
IN THE EVENT OF POSSIBLE REDUCTIONS IN PROTECTIONISM ^{1/}**
(In millions of 1980 dollars)

Products	Developed Countries	Low-Income Countries	Low- and Middle- Income Countries
<u>Variation of</u>			
<u>Export Earnings</u>			
Sugar	2108	394	1714
Beverages and tobacco	686	191	495
Meat	655	33	620
Coffee	540	123	417
Vegetable oils	400	60	339
Cacao	287	21	265
Fruits and vegetables from temperate zones	197	60	137
Oilseed seeds and nuts	109	19	90
Other products	883	96	788
Total increase, all exports	5 866	998	4 867
<u>Variation of</u>			
<u>Import Costs</u>			
Cereals	-876	-530	-345
Other products	-497	-152	-345
Total increase, all imports	-1 373	-683	-690

^{1/} Variation in export earnings and import costs if OECD protection is reduced by 50%

Source: World Bank, World Development Report, 1986

In this competitive and rapidly-changing world, domestic decisions on -incentives, technology, efficiency, etc.- can exert a strong influence on foreign investment in LAC. The region must learn from the past and become actively involved in establishing its position in a changing world.

Based on "cautious optimism" with regard to prospects for change in the external context, and on the need to take initiatives, what can agriculture contribute to economic recovery in the region, and what changes must take place?

III. THE ROLE OF AGRICULTURE IN A NEW MODEL

A. FROM "RECESSIVE ADJUSTMENT" TO "BALANCED DEVELOPMENT"

The programs implemented to date in most of the countries of LAC in response to the new global context can be characterized as "adjustment with recession." In a region dominated by democratic regimes, the negative effects of these programs have led to political demands for a review of the regimes themselves. As is stated in the Ottawa Declaration: "Most of our countries have been undertaking profound, often painful changes to stabilize their economies and respond to the difficult trade and financial environment. We, the ministers of agriculture, reassert our belief in the need to make these structural changes in the economies of our countries, as long as they allow for a suitable rate of growth and economic development and do not penalize the most vulnerable sectors."

The need to reconcile adjustment with growth and development

In addition to interrupting a process of economic growth that had been going on for almost thirty years and raising questions about the development model and the policies that were associated with that growth, the current crisis has had the same serious effect of delaying any in-depth study of alternative strategies for the future of the region.

The persistence of the effects of the crisis, the failure to find solutions almost eight years after it began and the massive concentration of intellectual and political efforts on seeking a solution have led the countries to neglect discussion of the objectives of their economic and social development and the means for achieving them.

Because they have been constantly obliged to make economic policy decisions of a short-term, urgent nature, as a result of the dynamics of the crisis, the countries have not been able to develop medium- and long-term policies and have found it difficult to conduct a much needed review of the main trends which prevailed in their economies prior to the crisis.

One of the central aspects to be analyzed is the apparent dichotomy between growth and economic development. Indeed, during the decades preceding the 1980s, most Latin American societies tended to develop economies in which income and the benefits of economic growth were increasingly concentrated in a few hands.

Hence, the model that was hit by crisis may also be assessed critically from the standpoint of the objective of social progress. Equitable distribution of income is a pre-requisite of this progress and must become part and parcel of economic growth.

Growth and equity have long been fundamental objectives of the societies in the region. These objectives are essential to the consolidation of the democratic processes which have been re-initiated by the countries of Latin America.

During the 1990s, the Latin American and Caribbean countries will be faced with the many-sided challenge offered by freedom of speech guaranteed by democracy. This freedom of speech will raise questions as to the magnitude, the growth rate and the distribution of goods and services that are available to society.

The very nature of the world context, more competitive every day and subject to technological variables, also demands a re-evaluation of the human resources available in the region. Economic growth and social progress will no doubt continue to parallel each other.

In light of the above, a successful and efficient re-entry into a changing world economy, the modernization of production systems and institutions that is required for said re-entry, and the development of policies and institutions to ensure equality of opportunity for all social groups are processes which must be undertaken simultaneously. This would be possible if adjustment for development were to be achieved.

B. AGRICULTURE AND ADJUSTMENT FOR DEVELOPMENT

The short-term adjustment imposed by the crisis, while positive in some regards, has not created the conditions necessary for adequate levels of development in the current world context.

To replace the model which made growth and social progress possible for decades, despite deficiencies and continuous external weakness, is not an easy task. Consideration must be given to alternatives which, recognizing the difficult and unsatisfactory situation in which the countries find themselves, involve the entire population in the achievement of development goals, and take maximum advantage of the human resources available in the region.

Given the overall constraints already mentioned, the activities which are to be given priority should:

The nature of production in the new context

- Be competitive at the international level, thus creating a net savings in foreign exchange, either by exporting their products or by efficiently replacing imports.
- Require relatively low levels of external inputs and investment.
- Call for a high degree of local know-how and skills in production.
- Use technologies that contribute to the generation of jobs.
- Create significant multiplier effects in other production activities
- Have cost structures able to resist inflationary pressure and contribute significantly to the domestic supply of goods which have an impact on the market basket.
- Have a potential for growth in a macroeconomic context characterized by a scarcity of credit, an absence of State subsidies and flexibility in the face of new relative prices.

In many countries of LAC, development strategies should be proposed which grant a major role to the agricultural sector. The sector's contribution to overall development is not to be made by transferring surpluses to the urban industrial sector, as occurred in the past. To the contrary, in line with the adjustments produced by the crisis, the agricultural sector should be able to retain and freely allocate any surpluses it generates, for it will be through its own expansion that it will be able to contribute to overall economic development.

Agricultural reactivation: key to a new strategy

Agriculture's contribution, within this new strategy, will be made by means of:

- The generation of external resources, through increased imports and import substitution.
- lower prices for food and other agricultural products -which will make it possible to raise real wages without changing nominal wages- by increasing productivity of the land.
- the generation and/or maintenance of employment in agriculture and the rural sector, as compared to the uncontrolled migration of the past.

- the expansion of intersectoral linkages, which should lead to a process of "competitive agro-based reindustrialization."
- the generation of demand due to improved rural incomes, especially among campesinos, who have a high degree of income elasticity.

Inasmuch as these are the key aspects of the link between agriculture and overall development strategy, it is advisable to consider some sectoral aspects which should be kept in mind.

C. STRATEGIC GUIDELINES FOR AGRICULTURAL DEVELOPMENT

In essence, therefore, agriculture can play an active role in adjustment with growth. For this to occur, new guidelines for agricultural development must be defined.

Agriculture's contribution to overall development demands that new sectoral strategies be designed. Such a strategy should include four general guidelines: modernization of production systems and institutions, equity, adaptability and long-term sustainability. These four guidelines are outlined below.

1. Modernization of production systems and institutions

Modernization brings the objective of economic growth directly in line with the strategy for reactivation and development.

Production systems must be modernized to allow agriculture to increase supply without rising prices, expand diversification and improve efficiency, as well as capitalize on the multiplier effects of increased sectoral interdependence. There is ample room in the region productivity in farming and stockraising for the adoption of techniques which call for considerable use of domestic resources and a relatively low level of investment: this means that agriculture is the sector that has the greatest potential for economic reactivation within the existing limitations.

Modernization is essential to agro-industrial efficiency, competitiveness and development

In this concept of modernization, agriculture should not be viewed as a primary activity only, rather the dissemination, generation and incorporation of new technology should be fundamental processes in the efficient expansion of agroindustry. This is a key factor in facilitating the "competitive agro-based reindustrialization" mentioned above.

In addition, the production process can be modernized adequately only if the institutional and policy contexts are favorable. In other words, incentive policies must be consistent and far-reaching and, at the same time, other policy measures must not hinder the process.

The modernization of institutions is aimed at guaranteeing the necessary transformation of the institutional apparatus in order to make it possible to establish and implement policies and support services consistent with maximum revitalization of modernization processes in production.

2. Equity

The emphasis on objectives of economic growth often tends to foster modernization processes that are discriminatory and exclusive. The poor distribution of the fruits of the technical and economic progress produces poverty. At the same time, the increase in the numbers of the rural poor who have limited or no access to food, health, housing and educational services entails a loss of human capital in the region and works against the establishment of societies that are better able to generate, adapt and apply knowledge, thus increasing injustice and instability. Hence, the possibility of extending the process of economic and social development is jeopardized by the loss of vital resources and by political instability. Equity is, without a question, a requirement for growth.

Equity and rural development

Consequently, it is important that a rural development strategy be devised which, taking advantage of new options for profitability and overcoming welfare-type criteria, bring the different groups of rural poor into the process of agricultural reactivation. This is fundamental if these groups are to be included in the benefits of modernized production. This will also create increased demand on the part of these groups, thus contributing to the overall process.

3. Adaptability and long-term sustainability of production

Policy making and proposals related to production should include strong doses of adaptability and increase the capacity to respond to any possible changes in variables.

The capacity to respond to changes on markets, and the conservation of resources should be behind production strategies

This strategy guideline presents a dual challenge: to reinforce national capabilities for forecasting and assessing different changes in the world economy that have an impact on the agriculture of the region, on the one hand, and on the other, to design policies and actions that will guarantee maximum adaptability in the production apparatus, to changes in external circumstances.

Also, it is necessary to ensure the conservation of natural resources, the genetic heritage and the environment.

Reactivation must not jeopardize the very base of production activity. Thus, the modernization of production must be constantly monitored, in order to avoid an irreversible deterioration of natural resources.

The dissemination of technologies based on the genetic management of plants and animals makes it essential to strengthen local capabilities for preserving and appreciating the true value of the original genetic heritage of the different ecosystems. This strategy guideline is fundamental in guaranteeing the long-term sustainability of regional agricultural development.

IV. CENTRAL ELEMENTS OF A STRATEGY FOR REACTIVATING AGRICULTURE

With the above four strategy guidelines in mind, the next step is to identify the central elements of the strategy, in other words, those which deserve special attention in the countries of LAC if the agricultural sector is to be assigned a new role in economic development strategies.

Identifying some central elements that are common to the entire region does not mean disregarding the existence of certain aspects which are inherent to the agrarian structure, production methods, and cultural and social patterns that are unique to certain societies within this very diverse region. Rather, what is important is to stress certain fundamental aspects which are common to all the countries of Latin America and the Caribbean and which can therefore be the object of joint action by the countries, within this new framework.

In addition to describing the central aspects that are common to the entire region, it is important also to consider the different subregions, as part of the process of drawing up the Plan. Finally, it is worth stressing that the strategy guidelines do not envisage individual actions within the countries but rather, are limited to the identification and implementation of joint actions. Each country will take such actions as it deems necessary, in the way and at the time it considers appropriate, to deal with those elements which are unique to its own economy and society.

Guidelines for the region and sub-regions. The decisions of each country

This section includes a summary of the material contained in the separate documents on the formulation of the different central elements of the strategy framework for agricultural reactivation and development in Latin America and the Caribbean.^{6/}

Unless external constraints on financing and international trade, which continually hinder national efforts, are overcome, no strategy will work in the region. Indeed, some of the topics considered to be key elements of the strategy

point to maximizing the region's participation in negotiations which, by their nature, will produce better or worse results depending on the response of the more industrialized countries. It must be remembered that the strategy has been designed on the belief that these restrictions will not be as severe in the future.

This perspective, the issues discussed represent the major challenges shared by the countries of LAC which must be overcome if agriculture is to play a new role in development strategies, is in line with both the guidelines discussed herein and the possibilities of joint action within the region, including possible hemispheric support.

The key aspects requiring change if agriculture is to be reactivated and developed are:

- economic policy and investment
- international economic relations
- modernization of the public agricultural sector and institutional reforms
- strategy on technology
- development of agroindustry
- rural development and promotion of the small-farm economy.

It has already been pointed out that it would be impossible to address all aspects of agricultural and rural development. The six elements selected deal with essential elements of a new strategy. The following analysis of these elements is aimed, on the one hand, at generating recommendations applicable at the national level and, on the other, at identifying those aspects that can be improved through joint action among the countries of the region. The latter issue will be addressed later in the document.

A. **ECONOMIC POLICY AND INVESTMENT**

1. Growing Dependence of Sectoral Policies on Macroeconomic Policies

As mentioned previously, the rush to recover macroeconomic equilibrium in the short term postponed the achievement of objectives and eliminated agricultural policy instruments. This is an obstacle which must be overcome.

The growing dependence of the sector on macroeconomics

Under conditions of economic and social stability, it is possible to implement sectoral policies that deal specifically with the special conditions of agrarian

production and the rural social structure. Thus, these policies concentrate on changing or correcting the agrarian structure at the national or regional level; on research and technology transfer; on large-scale irrigation projects and extension of the agrarian frontier; on the control, prevention and eradication of plant and animal pests and diseases, and on regulation and control of the use of chemical products in agriculture.

On the other hand, when the macroeconomic situation is extremely unstable (erratic variations in exchange rates, prices of products and inputs, interest rates), sectoral policy vanishes, being subsumed by the conditions imposed by macroeconomic variables. Much of what may be accomplished by agrarian policy is over-compensated for by opposing forces generated by changes in the main prices of the economy.

The onset of the development crisis in the region -with the sudden scarcity of financing and the adjustment attempted over the last seven years-, has generated a high degree of instability and caused the macroeconomic situation to get out of hand. In addition to this short-term reaction, there is a problem which is more structural in nature and more difficult to solve: the intensification of agriculture increases intersectoral relations (inputs, financing, etc.), thus diluting its sectoral nature and increasing its dependence on intrasectoral variables.

This growing dependence of sectoral policies on macroeconomic ones is also reflected in the inability of agricultural policymakers to influence global policy decisions (regarding exchange rates, trade, financing, etc.) which often affect agriculture more than sectoral policies do.

This sectoral-institutional weakness may be seen at two levels: the institutional organization of the economic area in the countries, and the lack of analytical capability in the ministries of agriculture with respect to macrosectoral relations. It is essential to increase the participation of the agricultural area at the decision-making levels of government (central banks, economic cabinet, etc.) and to strengthen the technical capabilities of the sector.

To increase capacity and involvement: key to strengthening of sector

2. Guidelines for the formulation of macroeconomic policies on adjustment with growth

Although there is definitely a need for improvement in the external financial and commercial situation of the region, it is also important to stress the types of changes that must be made internally in order to enable agriculture to play its new role.

Establish priorities for structural changes and provide for their financing

Adjustments must be made in domestic policies in order to allow for a more productive use of available resources and help ensure a satisfactory rate of growth.

It is not easy to bring short- and long-term objectives into line with each other. At the domestic level, greater attention should be given to the financing of structural reforms. As it takes some time for the results of such reforms to become evident, external financing must be especially aimed at covering these gaps. This can encourage coordination between short- and long-term policies.

Price policies account for much of the influence which macroeconomic policy has on agriculture. Real agricultural prices are largely determined by exchange, trade and fiscal policies. All of these should be adjusted to the new situation. This new situation demands that consideration be given to key aspects such as the relationship between domestic and international prices and different subsidies, in addition to fiscal approaches.

Concerning international prices, farmers have generally not received such prices, which has discouraged imports. One frequent result of the adjustment process has been a more proper alignment of domestic prices with international prices, through devaluations. Also frequently, fiscal difficulties have not allowed the farmers to enjoy the full benefits of this realignment, but the change at least holds promise for agricultural development. Regardless of its overall desirability, the idea of adjusting the economies to international prices imposes additional responsibilities (information and analysis) on political authorities. This is so because structural changes should not be implemented which are based on temporary price variations from what is considered "normal," like those attributable to climate or protectionist policies of industrialized countries. In these cases, estimates of structural trends in supply and demand on world markets become decisive, along with the design and implementation of "tariff or variable retention" instruments, which have a relatively low fiscal cost. This would make well-planned adjustments to world trends possible. In this type of adjustment, special attention should be given to the unique characteristics of the small-farm economy and of other small economies based on monoculture, in which cases the adjustment of prices to conditions on the international market must be more gradual. The contribution of the small-farm economy to development will be addressed later in more detail, as a component of the strategy. Relatively small countries which are virtually monocultural and employ a system of permanent plantations require sustained external financial support to restructure their supply. These plantations cannot be broken up suddenly, without careful consideration being

Price policies that encourage competitiveness, but give small countries and farmers adequate time

given to new options for agroindustrialization and ways to make up for the foreign exchange and employment they have traditionally provided.

Regarding price guarantees and subsidies, the countries of the region have considerable experience in fiscal support for commodities, inputs and consumers. Some of these have benefited the population in the cities, but their effect on the distribution of rural incomes has been questioned, since they tend to favor relatively large enterprises. In any case, it has become more and more difficult to afford the high fiscal costs of these programs. In this case, as in the case of adjustment to international prices, reasonable time frames for adjustment and more accurate mechanisms for achieving the objectives will have to be established. In terms of mechanisms, experience has been gained in the application of "directed programs", which are based on the identification of beneficiaries, and on operations with low fiscal costs and continuous control of achievement of objectives. Guidelines related to lower fiscal costs and more accuracy in the determination of beneficiaries are two key components of all new pricing policies.

The entire subject of taxes is dominated by macroeconomic disequilibrium, which makes it necessary to secure resources as quickly as possible and should be solved by controlling expenses and carefully designing taxes. In tax collection, overall economic needs must be considered concurrently with the need to replace the practice of using agricultural-rural surpluses to finance industrial-urban growth. Likewise, it is necessary to reinstate taxes as an appropriate means of correcting imbalances in income distribution. This, of course, leads to a reassessment of progressive taxation. This type of taxation was never fully adopted in all of the countries and its effectiveness has been reduced drastically by the huge overall disequilibrium and by a public sector so weakened that collection has been severely hampered. In light of this situation, there has been a tendency toward more easily collected, indirect taxes. In terms of equity, such a trend is not desirable. Likewise, in terms of agricultural development, another look should be taken at experiences in taxing land, which would be ideal in bringing about the desired changes in productivity. With regard to the different means of taxing exports, were this to be applied, it has already been stated that it is preferable that there be variable mechanisms, which will make it possible for there to be programmed structural changes in recognition of real tendencies in the world economy. Direct taxation and its progressive nature are, without a doubt, two more fundamental challenges in the implementation of a new strategy, which will require the solution of political, technical and administrative problems.

Direct and progressive taxation for economic growth with equity

3. Structural and sectoral adjustment loans: urgent need for changes

A topic closely linked to policy guidelines is that of the multilateral funding programs of recent years. This topic deserves further analysis in light of the importance of external financing and the role these programs have played in the formulation of policy.

The countries of the region have responded to the debt crisis by implementing, with assistance from multilateral funding agencies, different actions which can be grouped under the heading of stabilization and structural adjustment programs.

Both types of programs are aimed at reorganizing the economy and securing lump-sum external financing, as compared with traditional funding for specific projects. In both cases, and as a pre-requisite for granting funding, certain policies must be modified.

Stabilization programs focus on the correction of disequilibria in the balance of payments and on reducing or eliminating inflation. Adjustment programs, on the other hand, seek to eliminate market distortions, promote microeconomic efficiency and, when possible, to recover or accelerate economic growth. (See Table 11)

Stabilization programs seek to correct disequilibria caused by erroneous domestic policies or which stem from international circumstances beyond the control of national authorities. To achieve this, they try to ensure that aggregate demand does not exceed supply, given an acceptable level of foreign indebtedness, in order to avoid a worsening of inflation pressures and disequilibria in the balance of payments.

Types of financing are needed to link political reforms to real investment programs

INCREASE IN SECTORAL ADJUSTMENT LOANS

	1979/80	1981/82	1983	1984	1985	1986
Type of loan <u>1/</u>						
Sectoral and specific investment	81.0	71.0	64.0	67.5	76.6	64.2
Financial brokers	13.1	18.6	20.6	13.3	9.6	12.4
Sectoral adjustment (A)	0.5	0.5	4.4	8.5	10.3	14.0
Structural adjustment (B)	3.3	8.0	9.6	8.4	1.1	5.0
(A+B)	3.8	8.5	14.0	16.9	11.4	19.0
Technical assistance and others	2.1	1.9	1.4	2.3	2.4	4.4

1/ In percentages

Source: Pomareda, C.; Platero, R.V. et al: "Inversión y mecanismos para la movilización de recursos." Program Paper Series; IICA, at press, 1988.

Structural adjustment programs seek changes in the production structure; emphasize the sectors in which the countries have comparative advantages and de-emphasize those sectors which are considered inefficient. Structural reforms mean readjusting and redefining the distribution of income and the political power of those participating in the social process.

The experience of the Latin American and Caribbean countries almost five years after these programs were first put into effect has shown some positive results; however, there are also indications that not much stabilization, and even less growth, has been achieved. In particular, there does not appear to be any clear relationship between these programs and an increase in real investments.

The difficult process of restoring investment and resuming real economic activity through a sustained increase in agricultural supply and new production in rural areas calls for a rethinking of the relationship of external financing with increased production, with the democratic commitment of governments to adopt reforms, with the development rationale of such programs and with the periods required to introduce necessary policy changes and to ensure that they bear fruit.

In this regard, it would seem that changes should be made in the lending practices of the international banks, in order to ensure the availability of suitable lines of financing to provide resources in the three central components of sectoral development programs, i.e., policy reforms, institutional reforms and investment programs.

Resources should be made available so as to enable countries wishing to make changes in their policies and institutions to finance the "transition costs" of such changes (drops in fiscal revenues, transfer of income, etc.); moreover, investment lending, which has not been a part of the agricultural structural adjustment programs (ASAPs), should be resumed. Finally, given the complexity of these programs, technical and financial cooperation agencies should give greater support to the countries in designing and implementing them.

Need for coordination between financial and technical agencies to cooperate with borrowing countries

4. Macroeconomic policy and the promotion of investment in the agricultural sector

As the possibilities for earning higher rates of return on agricultural and rural investments increase, which can be achieved and maintained if more favorable domestic price ratios can be secured for agriculture, the potential investments offer for the strategic framework should be kept in mind. They are as follows:

- the quantity and quality of natural resources existing in the region;
- intersectoral links and their corresponding multiplier effects;
- low relative level of investment per product unit;
- increased capacity to absorb manpower by comparison with the industrial sector; this being highly desirable in light of the level of unemployment and underemployment in rural areas;
- lower coefficient of imported inputs per unit produced, by comparison with other sectors of production.

With a view to turning this potential input into a reality, criteria for state investments in rural areas could be as follows:

- to encourage private investment rather than using public resources;
- to promote multiplier effects in economic activity;
- to seek the development of human resources and management capabilities in agricultural activity;
- to modernize the operation of services provided by the public sector;
- to reduce regional inequalities in basic services to the population.

Increased efficiency of investments, and greater complementarity between public and private sectors

A reformulation of adjustment policies, including the important sectoral adjustment programs, should take into account the possibilities offered by agricultural and rural investment, as well as the criteria mentioned above.

B. INTERNATIONAL ECONOMIC RELATIONS

1. International trade, economic integration and intraregional trade

In addition to seeking to improve conditions for external financing, any strategy aimed at keeping the region integrated into the world economy must strive to ensure that it has access to world agricultural and agroindustrial markets, as this is a crucial factor in the external scenario. As mentioned before, estimates on the prospects of the world market are vital to the orientation of strategy guidelines. Greater access to markets will depend both on changes that may occur in international trade, on improvements that may be made in the efficiency of production and trade activities, and on the negotiating capacity of the LAC countries.

In this regard, the fundamental obstacle encountered has been the policy followed, at a high fiscal cost, by the European Community, Japan and the United States, in order to support the incomes of their local producers. Likewise, structural changes in patterns of demand for food products in the developed countries have made it necessary to revise production and market penetration strategies.

Diversification, integration and joint action in fora: key to improving access to markets

Negotiations that are already in progress on the opening up of world trade should advance favorably and benefit the region. This benefit will be greater and more widespread to the extent that satisfactory solutions are found for

tropical products, and the desired results are obtained from different commodity agreements. It is imperative that the LAC countries maintain an active role in the various negotiating fora.

ADVANTAGES RESULTING FROM THE LIBERALIZATION OF WORLD TRADE 1/

	Sugar		Beef	Wheat	Corn
	<u>2/</u>	<u>3/</u>			
Argentina	65	169	278	29	22
Bolivia	68	177	0	0	na
Brazil	72	187	na	0	na
Chile	0	0	na	0	0
Colombia	104	272	1203	0	0
Dom. Republic	33	83	736	0	0
Ecuador	120	313	0	0	0
El Salvador	66	170	307	0	na
Guatemala	51	132	117	0	na
Haiti	na		521	0	na
Mexico	na		1236	0	0
Peru	177	456	na	0	0
Venezuela	0	0	na	0	0
Latin America	70	211	517	29	33

1/ Percentage changes in foreign exchange earnings obtained with certain commodities following a total elimination in the developed countries of trade barriers in effect between 1979-1981.

2/ Reflects changes related to trade barriers in effect during 1979-1981.

3/ Reflects changes related to trade barriers in effect in 1983.

na Indicates the country was a net importer during the period before liberalization.

Source: FAO. Desarrollo Economico y Social. Appendix 1. 1988. p. 94.

The expansion of regional trade should also meet other urgent needs and expectations, such as the following:

- the efficient inclusion and strengthening of agriculture in integration agreements;
- the constant search for market opportunities for agricultural and agroindustrial products that meet the changing requirements of world demand;
- the undertaking of joint agroindustrial investment ventures; and
- intrarregional expansion of trade in food products.

2. Priority issues and operational guidelines

The guidelines for joint action in the area of trade should accomplish the following:

*Possible priorities
in negotiations*

- The gradual liberalization of agricultural trade, ensuring the application of differential and more favorable treatment for the countries of the region, a principle already accepted at the Tokyo Round and ratified at the Uruguay Round.
- Strict compliance with the provisions of the Ministerial Declaration on the Uruguay Round of GATT, which refers to the status quo commitment and the subsequent elimination of measures which restrict or distort trade.
- Elimination of subsidies for exports of agricultural products, a question which should be given the highest priority.
- Price supports through international agreements between producers and consumers in the context of the Integrated Program on Commodities.
- Increased access of agricultural products to the markets of the developed countries, within the framework of the Generalized System of Preferences, and opposition to any action which tends to modify or weaken it as a nonreciprocal and unilateral instrument to benefit the countries of Latin America and the Caribbean.
- Increased intraregional trade in agricultural products, reducing or eliminating tariff and non-tariff barriers, in compliance with the relevant provisions of the integration agreements and any specific agreements which may be signed, such as Resolution 15 of the Council of Ministers of the Latin American Association for Integration (ALADI), which is aimed at restoring and expanding trade. This should not affect agricultural exports to the world market, and the

expansion of intraregional trade should go hand in hand with increases in production, thus promoting employment and regional self-sufficiency.

- Joint strategies should be drawn up that will enable the region to use its purchasing power to improve the access of its export products to the international market.
- The financing and payments systems of the various integration schemes should be strengthened, as one of the main ways to allow for reactivation of intraregional trade and, in general, of integration agreements. Unless this and other basic operational questions are resolved, all resolutions and agreements on integration, particularly on agricultural trade, will be nothing but words.

Certain areas of joint action can be considered for providing support to these proposals:

Joint action for liberalization of trade, grading of products and exploitation of markets

- Until such time as the major decisions are made and action programs in these basic and substantive areas are completed, an effort might be made to organize systematically many of the suggestions that have been considered in several Latin American fora where cooperation and integration proposals have already been made, with a view to drawing up a program of action designed to help the countries take a joint position vis-a-vis the Uruguay Round of GATT and to take positions in other international agencies and mechanisms at which negotiations are conducted or agreements drawn up.
- Joint action may be taken to promote diversification in the supply of agricultural commodities and their penetration in the markets of the developed countries. Some areas which may have possibilities are the following: information systems, market niches and marketing channels, and mechanisms for fostering the development of joint ventures.
- Special attention should be given to joint actions in the fields of animal health and plant protection, which lend themselves particularly well to coordinated, international action, and which have direct impact on improving access to external markets.
- Actions pertaining to the utilization of other alternatives for trade should be evaluated and reoriented in the light of their scope and nature and of the political conditions involved. This is the case, for example, of the Caribbean Basin Initiative (continuation of which is being considered at this time

by the United States Congress), and the more recent programs of a similar nature that have been adopted by Canada.

- Already existing mechanisms for promoting intra-regional trade should be reactivated, such as the agreements between Central America and Mexico-Venezuela, and other initiatives envisaged within the framework of ALADI.
- An assessment should be made of the implications which the current version of the Lomé Agreement has for Latin America and the Caribbean, and especially of its effect as regards access for a differential and preferential market, in the light of the results of the Uruguay Round of GATT and the Single Act modifying the Treaty of the European Economic Community, which should be fully in force in 1992.

C. MODERNIZATION OF THE PUBLIC AGRICULTURAL SECTOR AND INSTITUTIONAL DEVELOPMENT

1. A new public sector for a new strategy

The strategy to reactivate and development agriculture and the rural areas makes new demands on bodies responsible for policy formulation and execution, and would call for much greater efficiency in State action concerning regulation, intervention and the provision of services. Under these circumstances, the public bodies concerned must meet standards of effectiveness, as well as expectations regarding social demands and creativity in taking advantage of opportunities and overcoming the constraints which currently prevail in the region.

A dynamic and competitive agricultural sector demands efficient services and institutions

The need to produce an institutional transformation in order to promote and support change in agriculture arises from social demands and from the realization that, in the LAC region, the State's capabilities are limited. This situation must be seen against the background of the consolidation of democracy in the region and of the crisis; this is a good time to engage in a far-reaching reassessment of these issues.

The development model based on substitution of industrial imports was feasible because the State took an active role in promoting it, as evidenced in a wide variety of instruments and functions. In time, this State apparatus grew to excessive proportions which, paradoxically, made it weaker.

The demand for modernization of the State is based on evidence that the structures and operating methods of public

organizations are not adequately equipped to resume the course of development. The conditions prevailing under the current crisis call for a different type of State, a more flexible one, one that is more representative of the different social actors, and one that will encourage creativity in society; in short, a decentralized and innovative State. Efforts at modernization and institutional reform should be directed towards the attainment of these qualities.

2. The current situation and the tensions involved in modernization of the State

The crisis has aggravated the main problems of the public sectors of the LAC countries, including the following:

- constraints in the overall economic situation, which allow little room for defining priorities and designing specific policies;
- putting off action in regard to the implementation capacity and the quality of the services provided, because of the urgent need to reduce overall expenditures;
- deterioration of the technical capabilities of the public sector, because of its inadequate structures, the scarcity of resources and the lack of appropriate methodologies for policy planning and analysis;
- deterioration, caused by the inadequacy of State financing, in the rate and level of public investment and in wages of agents, with the resulting deterioration of the State's supervisory and monitoring functions, and the capacity to execute State policies;
- the weakening of implementation capabilities caused by the loss of human resources, and by the deterioration and poor maintenance of the material infrastructure.

Crisis worsened existing structural limitations in public sector

The social and political situation also hinders the carrying out of an orderly transformation of the State. Indeed, the explosion of social demands outstrips the State's capacity to respond; the need to meet the pressing demands of less privileged social groups leads to the assignment of duties to bodies that are not equipped for such tasks, and the appearance on the scene of new social actors makes it increasingly difficult to provide services and establish regional-central coordination in a large number of institutions.

Consequently, the public agricultural sector is subjected to constant tensions which affect the orientation of its policies and services, their quality and the timeliness with which they are provided.

3. Options for the future

The questions that have been raised about the State should be complemented with a careful analysis of the new opportunities and challenges to institutional modernization which have been generated by the crisis. Indeed, there are several factors which make it possible, for the first time in many years, to obtain consensus and support for efforts to carry out profound institutional reforms. Some of the most important of these are the following:

- A propitious social climate: because of the obvious deterioration of the quality of State services, social forces are clearly interested in promoting change.
- A growing social interest in agriculture: the growing interaction and interdependence of agriculture and other sectors leads to greater consensus among different groups of social actors regarding the need for changes in the public agricultural sector.
- New conditions for returning State functions to civil society: the growing participation of the private sector engaged in the production of inputs and services, of producer and small-farmer organizations, and of non-governmental organizations provides a basis for transferring State functions to certain groups of civil society.
- The experience gained by international technical cooperation and financial organizations: both the technical cooperation organizations and the main multilateral banks recognize the importance of strengthening and creating institutions, and this can mean that more technical and financial resources may be made available for undertaking and consolidating this task.
- Regional resources and understanding of institutional problems: the region already has a substantial base of human resources trained in the disciplines needed to undertake far-reaching processes of institutional modernization. Furthermore, recognition of the importance of these aspects is no longer confined to academic and technical circles, but is generally accepted by the political forces of the countries of the region.

Crisis of the State solidifies call for substantial reforms

In light of the factors examined above, certain guidelines for joint action may be identified; these have to do with the following areas of institutional modernization:

- discussion and analysis concerning a redefinition of the role of the State;
- improvement of the capability of the public agricultural sector to formulate, implement and evaluate public policies and provide services;
- creation of new mechanisms of coordination with the private sector and with new social actors;
- decentralization of public institutions and promotion of social participation;
- improvement of the management capabilities of the public agricultural sector.

Coordination between public and private sectors, decentralization and improved management: key to institutional modernization

In discussing the improvement of the management capability of the public sector, it is worthwhile considering the lessons to be learned from the history of administrative reforms in the region. One of these is that many efforts of a global nature, macrostructural reforms, massive training of civil servants and changes in norms have failed. It appears that better results have been obtained by concentrating on certain crucial institutions; at present, it would appear that the availability of new technologies and a greater store of know-how and experience, within an adequate context of policy and decision-making at the highest levels, should allow for significant improvements to be made in State management of substantive functions.

One of the substantive functions which should be given priority attention -as already mentioned- is that of the relationship between central sectoral agencies and macroeconomic policy-making agencies. This relationship should be reconsidered in order to allow for greater participation of the sectoral ministries in the design and execution of macroeconomic policies. Such a change in the institutional system can only be brought about through a political decision to expand the range of participation of the agricultural ministries in the discussion and formulation of macroeconomic policies; at the same time, these ministries must allocate resources for training and keeping staff that is skilled in the analysis of macroeconomic topics, in order to facilitate intra-governmental dialogue.

Given the critical importance of institutional reform and strengthening, and the focus of sectoral loans, special conditions exist for cooperation between technical cooperation agencies and financial organizations. Resulting efforts could provide support to the countries in the design, implementation and financing of reforms in their agricultural institutions.

D. **THE TECHNOLOGICAL STRATEGY**

1. Technological change

The subject of technology is especially important in the current national and international context. Only a large-scale effort at increasing production can reverse the crisis, and that will only be possible if maximum use is made of the region's available resources and comparative advantages. Technology has a critical role to play in this regard.

Technology, essential to competitiveness on international markets

Any action to be taken should, on the one hand, take into account the technological implications of the current and future situation of agriculture and, on the other hand, reflect new scientific, institutional and socioeconomic developments which affect the process of technology generation and transfer. It is important to anticipate the challenges of technology and to identify opportunities for and limitations on the full utilization of scientific development.

Food security and natural resource management and conservation create requirements and demands that must be considered in addition to the type of technological development that is desired. Moreover, foreseeable technological innovations cannot be isolated from the international context and from prevailing scientific and technological paradigms which will influence the type of agricultural modernization expected. Finally, because of its importance, small-scale farming also gives rise to special technological requirements.

The balance between challenges and opportunities, however, brings to light the pressing need to initiate or pursue certain essential tasks in order to ensure that, on the threshold of the twenty-first century, the region will not be completely left behind in the area of agricultural technology.

The most important technological challenges facing the region concern progress that has been made world-wide in fields such as biotechnology, the need to maintain agriculture as a domestically profitable and internationally competitive activity, the special attention that must be paid to the small-farm sector, the solution of problems caused by the scale of technological operations in small countries, and the urgency of conserving natural resources and the quality of the environment.

The two most positive considerations for undertaking this new task are that it is estimated that relative prices will favor agriculture and that it will be possible to take full advantage of the institutions already developed in the

region for the creation and transfer of technology, including networks among countries and connections with the international system. These networks facilitate horizontal cooperation and maximize the use given to financial contributions and information from the relatively more industrialized countries.

2. Priority areas for joint action

a. The problem of natural resources

Latin America and the Caribbean have a great wealth, both of genetic resources and of those pertaining to soils and climate. These resources have tremendous potential; nevertheless, only a small proportion of them have been explored and studied, especially in the tropical areas.

*Conservation of
natural resources
for sustained de-
velopment*

It is imperative to develop and carry out consistent policies and efforts with regard to the genetic resources of the region, in support of programs for the diversification of production and exports and, in a more long-term perspective, as a way of stabilizing levels of production and food security. This clashes with the increasing narrowing down of the genetic base currently available for food production, as a result of the gradual increase in the use of commercially produced improved seeds instead of the traditional varieties.

As regards soil resources, Latin America and the Caribbean are in a relatively privileged position vis a vis other regions of the developing world, since the region has large areas of highly productive soils, as well as large virgin or underused areas. This is particularly true in the Amazon region and in the tropical plains, which, however, cannot be productively used unless certain special conditions are met. A large proportion of the soils have significant limitations as regards fertility, distribution of rainfall and fragility.

The tropical ecosystem is particularly fragile, and an adequate technology must, therefore, be applied in order to allow for its proper use. Extensive areas of this ecosystem, especially in Central America and the Amazon region, have undergone heavy deforestation for farming purposes, with adverse consequences for the soils, the flora and the fauna. Deforestation and erosion are also affecting the long-term viability of the watersheds, as a result of the accelerated sedimentation of irrigation water sources.

The problems of erosion and degradation of the productivity of soils is not limited to the tropical areas of the region. They also exist in the temperate zones, as a result of constant farming and increasing mechanization.

The main challenge that faces the region in connection with its natural resources is to fully study and describe little-known systems and to design management techniques. In view of the geographic area covered by these large ecological zones, and the magnitude of the resources that would be required in order to allow for suitable technological development, there is great potential for joint action in this area.

b. The need for adjustments in the institutional structure

The nature of the technology currently being generated and disseminated has important implications for the role of the public sector vis-a-vis the private sector in the process of technology generation and transfer. The national research institutes were developed as public institutions designed to respond to a practical reality: most of the countries did not have research structures, or else the ones they did have were inefficient, and the State appeared to be the only means for generating the required level of activity. In addition, a high level of economic growth, together with external support, made it possible to finance the development of these institutions.

Over the last three decades, however, the modernization of agriculture brought about two significant changes. In the first place, farmer organizations and other groups began to work intensely to make their own interests known and to obtain services. In the second place, agronomy, as such, lost its importance as a means for improving agricultural production and productivity, and biological, chemical and mechanical technologies took on greater importance. Both phenomena have led to an increase in private sector participation in the generation and transfer of technology.

Autonomous institute model needs to open up to new "technological actors" and improve operating efficiency

The crisis of the 1980s has also brought about a sharp contraction of public budgets for technology generation and transfer. Because of these changes, the organization of public institutions and their linkages with other sectors will have to be reassessed. Some of the key aspects of this process are the following:

- Levels of investment in research and transfer of technology: The region is significantly under-investing in these activities. Greater priority must be given to this area in public budgets, and the support of international development banks must be emphasized.
- Research priorities: In view of existing budgetary restrictions, it is imperative to reassess priorities and the allocation of resources, in order to concentrate efforts. This should be done in light of

the new scientific and institutional context and should be part of a process of redefining the role of the public sector, bearing in mind both the needs and the possibilities of the different users of technology, as well as the existence of new actors within the system (international centers and different private alternatives).

- Institutional adjustments: Even though most public research and technology transfer institutions were created in order to allow for greater administrative independence, they have been losing their flexibility. It is imperative that they achieve greater administrative independence and decentralization, in order to improve their efficiency and effectiveness in managing their resources, and to increase the participation of users in decision making, as well as to facilitate their access to new sources of funding at the local and regional levels. Such efforts should include the development of new programs aimed at strengthening the agencies' management systems and capabilities, in order to increase their ability to attract new sources of financing and to operate within an increasingly complex institutional system.
- Relations between the public sector and the private sector: Most of the countries do not have a tradition of interaction between the public and the private sectors in the area of research. As a result, scientists in the public sector are often excluded from the research and the production of modern inputs which is carried out in the private sector. The private sector, in turn, finds it difficult to finance specific research projects in public research institutions. These shortcomings should be resolved within a new institutional and legal framework.
- Generation and transfer of technology to small-farmers: This calls for the generation and transfer of technology to be conceived as part of a single process, in which there are no set boundaries between stages, and the differences between them lie in the fact that at one level, resources are assigned mainly to developing technological know-how while, at another level, emphasis is placed on making this know-how available to small-scale farmers. Thus, research and transfer should be coordinated, inasmuch as they pursue the same objective and follow a similar procedure for achieving it. Opportunities for conducting research must be increased, in order to make it an explicit responsibility of researchers to help improve the technological level of small farmers and develop institutional mechanisms which take into account the fact that different types of farmers need different types of technology, from the standpoint both of content and of the mechanisms to be used for

No adequate technological response to problems of small farmers yet

its transferal. From the operational standpoint, technology generation and transfer should allow for direct and indirect users to participate in identifying the main technological limitations in different geographic areas, prevailing production systems and major crops and lines of activity, as well as in identifying appropriate research projects for the generation of solutions and the evaluation of results.

C. Maximizing utilization of the international technology generation and transfer system

- In this area, the key issue is horizontal cooperation and the international transfer of technology: Networks and cooperative programs cover national weaknesses, especially in the relatively smaller countries, and play an increasingly important role in coordinating research and technology transfer in the region. The potential of horizontal cooperation mechanisms should be further explored, as should that of basic research activities, in which most of the countries have serious shortcomings. The International Centers should play a fundamental role in this regard. Nevertheless, their contribution cannot, in and of itself, guarantee that the countries will always remain on the frontier of technology. One way to seek economies in national efforts would be to organize regional programs to facilitate active contact with the main research centers of the developed countries and, at the same time, to provide a base for carrying out basic studies in certain areas of common interest. The strengthening and expansion of networks and subregional centers would be a central aspect of efforts to consolidate a regional technological system.

Strengthening and expansion of horizontal cooperation is essential in facing technological challenge of 21st century

International activity in the field of technology has already accumulated a good amount of experience with horizontal cooperation among national research institutes of the region. This has been done with an eye to broaden the scope of action of each of them and increase their resources with the exchange of information, and the coordination and promotion of some joint research activities.

Programs under way comprise a valuable instrument for fixing shortcomings in national systems and they facilitate a more effective use of available resources. In order for cooperative and joint action ventures to be successful, existing research networks must receive ongoing support. Furthermore, cooperative programs can make substantial contributions in the area of biotechnology and in improving relations with international agricultural research centers.

- Relations between international agricultural research centers and national technology generation and transfer systems: Some of these systems in Latin America and the Caribbean are in a position to take on duties currently carried out by the centers, and to enable the latter to become Centers of Excellence, concentrating on strategic research, germplasm and collaboration with national programs. Parallel to the identification of activities to be transferred to national institutions, it would be necessary to determine the rate at which this transfer should take place and what new activities should be taken up by the Centers. The best way to make the most of the complementary roles of national and international research organizations is to emphasize basic research. This means that international institutions should reconsider their participation in new areas, such as biotechnology, their policies and approaches to the basic sciences vis-a-vis the applied sciences, and the nature of their relationship with the private sector.

International centers should focus on basic research and leave other tasks to regional institutions

- Technical cooperation and financial strategies: With regard to financing, the criteria followed must be reviewed in order to ensure that the support given covers the overall set of needs, within a framework capable of ensuring the institutionalization and continuity of national efforts. Consideration should be given to the development of flexible lending schemes with matching-fund clauses for certain lines of activity. As regards technical cooperation, the countries are faced with so many offers that they have difficulty using it effectively; this is particularly true of the relatively smaller countries. Indeed, where institutions are weak and resources scarce, donors can direct the actions of the institutions and actually cause a further scattering of already fragmented activities. Mechanisms must be set up to coordinate and organize international cooperation, in order to ensure that it is subordinate to national priorities and makes a real impact in strengthening national institutions. In addition, consideration should be given to the possibility of consolidating regional or subregional mechanisms for coordinating and channeling the countries' needs and priorities vis-a-vis the donor community. Such an effort would be particularly important in Central America and the Caribbean.

d. Development of biotechnology

Along with microelectronics and new materials, biotechnology is one of the keystones of the new technological paradigm. Although still in its initial stage, the process is irreversible.

Biotechnology will significantly alter the organization of agricultural production, particularly as regards the relative importance of land, manpower and capital, reducing dependency on natural resources.

Actually, this is a crucial time for the insertion of the region into the world economy, inasmuch as it must decide what non-passive approach it can realistically take vis-a-vis international phenomena of this magnitude.

As regards concrete action proposals, the first aspect to be considered has to do with human and scientific resources. Biotechnology has brought agricultural technology closer to the basic sciences, a sector in which the Latin American and Caribbean countries have fallen short. Agricultural research institutes have not been concerned with the basic sciences, and the universities do little research in this field. It is essential to reorient resources and eliminate the traditional separation between the agricultural sciences and the general sciences, in order to foster the interdisciplinary synergies that characterize biotechnology.

*More personnel
needed in biotech-
nology and basic
sciences*

A second area has to do with the establishment of priorities. The little work that can be done should be oriented with the following in mind: a) the need to develop a minimum capacity in essential sectors, in order to make it possible to effectively select any advances that may be made at the international level; b) the needs of sectors which, either because of the small market involved or for other reasons, are not likely to receive attention from the private sector; and c) the need to ensure adequate utilization of existing comparative advantages at the national level and the association between the agricultural sector and other sectors of biotechnology.

A third aspect has to do with the need to regulate, monitor, define and protect products in this new area. This is an extremely sensitive issue, in which living organisms and large and risky investments are involved. The need to guarantee protection against the risks inherent in new projects should be weighed against the need to avoid hindering investment. The question of patenting is also important, inasmuch as it concerns the privatization of new scientific knowledge. It is essential to improve the level of patent bureaus. In most cases, they are not in a position to handle new situations or correctly evaluate patent applications. This means that they are likely to approve patent applications that do not contain adequate descriptions and hence are useless as instruments for the transfer of technology. Joint ventures could also be a key element in developing the infrastructure required for the production of inputs and for agroindustrial activities based on biotechnology.

*Toward a regional
framework on regu-
lation and patents*

e. Human resources for research

The development of human capital involved in research and technology transfer has been directly linked to the development of institutions and the availability of financial resources. A notable expansion occurred between 1960 and 1980.

Despite the substantial increase observed during those twenty years, the level of human resources in the region is far below that found in the industrialized countries. During the 1980s, the turn-over rate and net loss of highly qualified personnel has increased in most cases; it has even become a problem in countries unaffected by the problem prior to 1980.

The situation has also been affected by a decrease in international cooperation resources over the past decade, the sharp increases in overseas training costs, and the shortage of post-graduate training opportunities in the region itself. Within this context, resources available, primarily in loans from the Inter-American Development Bank and the World Bank, have fallen sharply.

Support for new requirements regarding personnel

The allocation and training of human resources for research and technology transfer is just as important to the new strategy as is the recovery of private and social profitability in agriculture.

E. **AGROINDUSTRIAL DEVELOPMENT: TOWARD NEW INTERSECTORAL LINKAGES**

1. Agroindustry for agricultural and rural development and reactivation

Agroindustry offers some of the greatest opportunities for generating employment in rural areas, for increasing the value of primary agricultural production and for providing profitable solutions for different strata of the rural poor.

A substantial amount of employment in the region is generated by agroindustry, an activity which also contributes significantly to the value added of the countries. In addition, it is clear that the growth produced by the primary agricultural sector cannot compare with the overall economic growth stimulated by agroindustry.

Agroindustry is the largest group of industrial activities in the manufacturing industry of the region. Almost 26% of manufacturing originates in the processing agroindustries. Moreover, these figures do not include industries which supply inputs and equipment for agriculture, which have not experienced sustained growth.

IMPORTANCE OF AGROINDUSTRY ^{1/}

	1960	1970	1980
Argentina	31.9	29.5	28.4
Brazil	26.2	22.8	18.3
Chile	34.1	34.5	38.6
Colombia	34.8	36.2	39.2
Ecuador	56.7	44.8	32.2
Mexico	33.2	27.5	23.6
Panama	63.9	61.3	50.3
Peru	52.6	45.1	36.9
Dom. Republic	85.6	76.2	67.6
Uruguay	34.6	41.7	36.6
Venezuela	31.9	29.7	32.0
CACM	63.6	52.1	52.1

^{1/} Value added of the agroindustrial sector as a percentage of the value added of the manufacturing sector.

Source: Jacobs, E. El desarrollo agroindustrial en la estrategia de reactivacion agropecuaria: perspectivas y requerimientos. IICA. 1989.

Despite the fact that much has already been achieved in the region, it should be noted that agroindustrial development has not been organically based on the main agricultural advantages of many countries. The internationalization of consumption patterns predominant in the more industrialized countries has frequently led to the importation of agricultural inputs and neglect of national crops and products to the detriment of local traditions and resources, as seen in policies which hinder agroindustrial integration. In other cases, agroindustries have followed the patterns of overall industrialization, under excessive protection, and thus have concentrated on supplying the domestic market without making an effort to gain access to external markets.

Agroindustrial co-ordination for a new agricultural and rural model

The bulk of agroindustrial exports in many countries of the region is concentrated in sectors that were set up during the early stages of industrialization. These sectors, however, remained somewhat isolated from the rest of the economy and did not disseminate incentives or diversify to other areas of production in which their experience with exporting could have been put to good use.

Agroindustrial development should be viewed as a specific strategy which can help overcome the shortcomings of the orientations used in the past. While recognizing the limitations imposed by the crisis, it would seek more

efficient ways to make use of the region's comparative advantages in agriculture in order to build comparative advantages in the industrial sector.

2. Guidelines and areas of action for agroindustry

With regard to agroindustry, special attention should be paid to the following areas:

- International trade: Growth in this area has been hindered by the heavily restrictive behavior of the markets of industrialized countries, with their tariff and non-tariff barriers for agroindustrial products. The complexity of such barriers has increased proportionately with the degree of processing of products, completely discouraging efforts to advance towards more complex types of industrial production. This calls for negotiations that can benefit from joint action vis-a-vis third parties. The diversification of agroindustrial supply to include new products and the conversion of mature industries are both complementary aspects of this issue.
- Effect on food consumption habits. There has been a notable transnationalization of food consumption habits among the middle and upper-middle classes. An example of this is the preference for imported soft drinks over similar beverages made locally. In addition, there has been a notable direct participation of foreign enterprises in agroindustrial production. A fundamental challenge to be taken up in efforts to develop a new strategy for agroindustrial policy would be to establish a balance between investments for domestic consumption and for export, as well as to clearly define the role of foreign investment within a context of equity, food security and utilization of local resources.
- Institutional coordination. Agroindustry is in a vacuum as far as public institutions are concerned, and is subject to policies and controls from a variety of agencies. Only in a few cases do such agencies work together, recognizing the complexity of the different national situations. The problems of continuing to work under these circumstances become evident when there is a need for agroindustrial policies aimed at restoring the potential for coordination between agriculture and industry and stressing the rural development approach.
- Entrepreneurs and policies. Without more entrepreneurs and enterprises, there would be no significant agroindustrial development, in keeping with the new strategy. It is important to identify and support

Diversification and negotiations for improved external markets

Factors to be encouraged: institutional organization, technology and dynamic entrepreneurs

agroindustrial entrepreneurs and to seek new policy instruments to encourage agroindustry and revitalize agricultural production in the region, generating more equitable distribution of income. This would mean identifying nuclei of agroindustrial revitalization, through policies which take into account three fundamental factors: the competitiveness of the branch of production which is to be promoted, its impact on local primary production and the incorporation of technology in the industrial sector, as a means of disseminating technical progress in the agricultural sector. It will also be necessary to support potentially dynamic companies that need to be converted in order to engage in trade in highly competitive markets and which find it difficult to do so. Another segment of entrepreneurs to whom a set of policies might be directed are those who are involved in activities which have a great marketing potential but who find it difficult to take full advantage of it, usually because of financial problems. In general, financing, including options for gaining access to risk capital to encourage the search for new processes and markets, will be an extremely important complementary factor.

- Increased horizontal cooperation in rural agroindustry. The countries already have substantial experience with rural agroindustries -as regards technology, organization of production, etc.- and this can be most useful in setting up cooperation networks.

F. RURAL DEVELOPMENT AND EFFORTS TO BOOST THE SMALL-FARM ECONOMY

1. Equity and investment in human capital

Economic development in agriculture does not necessarily go hand in hand with rural development, this being understood as improvement in the living standards and income of the majority of the rural population, and the use given to rural space.

Small-farm economy is one basis of new agricultural development model

A new approach to rural development should become a crucial component of economic reactivation and development strategies. Because of its contribution both to supply and demand, rural development should be viewed as a vital part of economic reactivation, and not just a "component for equity," as it was in the past.

A rural development strategy must fill three conditions. Firstly, it must maintain elevated macroeconomic incentives for agricultural production for sufficiently long periods of time, which will provide the basis for a consolidation of relative prices associated with external adjustment. Secondly, it is necessary to have differentiated sectoral

policies (related to prices, infrastructure, technology, credit, etc.) targeting the small-farm population, aimed at boosting their participation in market mechanisms, and providing them similar access to the factors of production as available to other farmers. Thirdly, small farmers should participate actively in the definition and implementation of policies and programs tailored for small farmers, through new types of organization that have arisen during these years of crisis and return to democracy.

In addition to these three conditions, it is also necessary to differentiate between situations existing within the small-farm economy itself. This point should be dealt with separately because of its importance.

If these conditions are met, the small-farm economy could participate actively in social and economic development.

In summary, it is worth underscoring that, as has already been noted in this document, a rural development strategy should not be based exclusively on the concept of equity. It should respond to new market and price conditions, and emphasize investment in human capital as required if the economies are to achieve a better footing in the world: knowledge and technology are crucial in this equation.

2. Diversity of the small-farm economy

The term "small-farm economy" covers a great variety of situations, and an awareness of this fact is essential to policy making. Furthermore, it should be noted that the economic crisis and stabilization and adjustment programs have affected different rural groups in different ways, requiring different responses and strategies for the future.

Many situations exist and cannot be addressed with a single policy

These strategies will vary depending on the amount of land and water available; the size and composition of the family unit; the degree of specialization of production; the level of dependency and articulation with the market; access to credit resources and public services; types of technology used; the need to resort, either permanently or seasonally, to the sale of labor; the existing forms and levels of organizations; and their political negotiating capacity.

The small-farm economy is a definite part of the national economy, and its current dynamics and situation, as well as its relation to the economic crisis and adjustment, depend on how it fits into the overall structure of production. In this regard, it is worth noting that there are two segments of the small-farmer population, each of which fits into the economy and is affected by and responds to the crisis and to adjustment policies in its own way.

The first segment is made up of units of small-scale farmers living below subsistence level or in subfamily units. These units rely for their subsistence on additional wage incomes generated outside the unit of production. They are producers and, at the same time, net purchasers of foodstuffs. This segment makes up the majority of small-scale farmers in Latin America, and probably suffers the most from the negative effects of the crisis and the adjustment. It is likely that better solutions will be found for this segment, which also encompasses a variety of situations in the agricultural complex of the region, in rural employment rather than in primary production. It makes no sense to continue trying to improve only agriculture under conditions which cannot be sustained, with irreversibly depleted resources.

*Primary production
not always only
solution*

The second segment of small-scale farmers consists of self-sufficient family units. In other words, they manage to generate the income, in cash or in-kind, that they need to ensure their subsistence, without having to resort to working outside the farm, and they rely fundamentally on family labor. Efforts in support of this segment should focus on increasing their agricultural productivity, by alleviating the various constraints that have shackled their potential contribution.

*Needed to promote
the small-farm
economy: leader-
ship, involvement
and belief in
importance of
rural life*

Whatever the internal differences in the sector may be, any rural development strategy must acknowledge at the outset that the small-farm sector is very poorly represented in policy making. In most of the countries, this small-farm sector does not have access to the various State services nor does it fit into the complex decision-making process. This situation seems to have worsened in recent times, as a result of the greater political weight carried by the various urban sectors.

It should be emphasized that very clear possibilities exist for increasing the participation of small farmers, both in the decisions that affect them and in the entire production process. The growing weakness of public policy-making systems, the shortage of resources, the growth of non-governmental agencies and the improvement of participatory democracies in the region all act as a seed of change which can bear fruit in the form of more profitable rural projects resulting from improvements in relative prices. This, of course, will only be possible if profitable proposals are identified and put into practice.

By the same token, in drawing up profitable proposals, it is important to recognize the special needs of small production units and to realize that it is impossible to produce satisfactory income unless resources and infrastructure are accessible. The recovery of rural human capital calls for a complex framework of rural employment opportunities, either

agricultural or non-agricultural, and of schemes for strengthening the participation of those sectors of the population which so far have been left out of economic and social progress.

3. Importance of the contribution of the small-farm economy

The small-farm economy should constitute a key area in agricultural recovery. If a general framework is established that takes into account the different situations covered by the generalization "small-farm economy," this would represent a very important contribution to the new approach to development because the small-farm economy:

- **Contributes to food security:** Small-scale farming can be the key to the solution of food security problems in the countries of the region, provided the food system is understood in a broad sense, with nutritional problems being dealt with at the same time as are technical and economic aspects of production and the social relations within the production structure which determine prevailing consumption models. The broad concept of food security means attaching importance to the problems of access to food that are faced by a significant proportion of the urban and rural populations. Hence, support for efficient production in small units is important; when this is not possible, alternative employment opportunities should be provided.
- **Generates employment:** In view of the fact that the other sectors of the economy have not been able to generate enough jobs, it is up to agriculture and rural development to absorb the manpower that is currently emigrating to the urban centers. The small-farm economy plays a predominant role in this regard, and it is important to increase incentives for investing in agricultural and non-agricultural production activities, in order to diversify the sources of employment. It should be stressed that the role played by small-scale producers in generating employment can be enhanced only if certain critical limitations are removed. Macroeconomic and rural development policies should be directed towards diversifying production activities, encouraging investments that provide jobs for all family members, encouraging the creation and dissemination of appropriate technologies, providing credit, legalizing land tenure and improving access to land by expanding land markets.
- **Earns and saves foreign exchange:** Production activities that are typical of small-scale farming, by substituting imports of foodstuffs and producing certain exportable goods, can account for a significant share of the total amount of foreign exchange generated

*Food security,
retention of labor
force and savings
of foreign exchange*

in the region. An important by-product of stressing food-security policies is the releasing of foreign exchange to be used in other sectors of the economy. Moreover, since small-scale farmers generate almost 30% of export goods, policies geared towards this sector are particularly important in this region.

- Increases intersectoral linkages: As small-scale farmers are given a greater role in the economy through the reactivation of this sector they will also be able to play a greater part in the market. They will become purchasers of agricultural and industrial goods. Moreover, as far as the reactivation of the sector is concerned, as small-scale farmers keep a larger share of the surpluses, they can be instrumental in revitalizing small agroindustries located in the rural areas. These agroindustries tend to be labor intensive and to use relatively low levels of modern inputs or imported capital goods.

4. Guidelines and areas of action for ensuring a full contribution by the small-farm economy to the reactivation of the sector

The degree of success achieved in the process of reactivation in general, and in increasing the level of participation of the small-farm economy in particular, is conditioned by the extent to which there is a political will to alleviate poverty, by the overall macroeconomic and sectoral framework of differentiated policies, and by the participation of producer and service organizations.

In particular, special attention should be paid to the following issues:

- The framework of rural development policies: Rural development policies should be established in a way that is harmonious and consistent with overall macroeconomic policies and agricultural policies. Moreover, they should take into account the diversity and unique features of the different strata of small farmers and rural wage earners. It must be borne in mind that the different strata of small-scale farmers have specific characteristics relating to their physical location, their production potential and their ecological and cultural environment, all of which must be considered in designing the relevant policies. Finally, differentiated policies must also take into account the fact that these widely varied groups include women, rural youth and people of different ethnic backgrounds.

- Participation of small-farmer organizations: The active participation of small-farmer organizations in decision making, planning and implementation of actions which concern their interest is crucial to the success of any new policy.
- Coordination with non-governmental organizations: The private sector, represented by non-governmental development organizations, by service, savings and loan cooperatives and by second-degree small-farmer organizations, has been working to implement alternative programs in conjunction with the rural population, giving rise to highly creative processes which, although dealing with very specific issues, provide quality services. Many non-governmental organizations are playing an important role by helping to make up for the deficiencies of State programs; they are managing to channel external resources and involve the small farmers themselves in carrying out interesting rural development programs. Proposals for modernizing the State for rural development purposes must include measures for reaching agreement with the non-conventional private sector, which has found ways to carry out actions in the context of the small-farm economy. NGOs
- Differentiated policies for the small-farm sector: Policies specifically directed at the small-farm sector have two basic dimensions. One has to do with the institutional level and the other with actions of a socioeconomic nature. *Differentiated institutional, structural and incentive policies*
 - i. With respect to the strengthening of institutions, action must be taken to modernize the institutional system of the public sector, ensuring that it is able to facilitate and provide for the participation of small-scale farmers and work in coordination with the private sector. At the same time, a major effort must be made to encourage small-farmer organizations, by providing training that will enable them to take full advantage of the options made available through democratization and, possibly, the reorganization of the public sector.
 - ii. With regard to socioeconomic policies, it is important to deal with a variety of situations, such as access to land and legalization of land ownership, improvement of conditions in the rural labor market, diversification of production activities and generation of employment (agricultural and non-agricultural), generation and transfer of appropriate technology, marketing, small rural agroindustries, financing for rural development, credit and creation of special funds to finance rural development actions.

V. HEMISPHERE-WIDE PROGRAMS AND PROJECTS FOR JOINT ACTION

In the preceding sections, several important aspects of the agricultural sector in the Latin American and Caribbean countries have been discussed, and key elements to reactivate agriculture and outline a new role for it in the development of the region have been identified.

PARTICIPATION OF SMALL-FARM SECTOR IN AGRICULTURAL PRODUCTION FOR SELECTED LATIN AMERICAN COUNTRIES AROUND 1980 (percentage of total production)

Country	Coffee	Cacao	Agricultural products
Bolivia	75.0	a/	80.0
Brazil	40.3	32.8	39.6
Chile			37.8
Colombia	29.5		44.1
Mexico	53.8	45.9	46.9
Peru	54.8	67.5	54.9
Latin America b/	41.0	33.0	40.0

a/ Blanks indicate information unavailable.

b/ Only for the countries included in this Table.

Source: Trigo, E. and Runstedt, D. "Hacia una Estrategia Tecnologica para la Reactivacion de la Agricultura de ALC." Based on ECLAC/FAO, Peasant Agriculture in Latin America and the Caribbean (Santiago. Economic Commission for Latin America and the Caribbean, 1986.)

From the consideration of these questions, certain lines of action may be suggested: some of them are purely national in scope and therefore do not call for further comment, in the context of PLANLAC, beyond the recommendations already made. Others, however, may give rise to joint actions to be carried out by the countries, with a view to overcoming some of the problems identified.

Certain hemisphere-wide programs and projects are now proposed for dealing with these questions, bearing in mind some of the central elements of agricultural revitalization identified in the preceding sections.

Inter-American co-operation priorities generated in the region

The terms "hemisphere-wide" or "hemispheric" should be understood, by contrast with the term "subregion," to refer to proposals that involve all or a significant number of countries from different subregions. Likewise, some proposals are put forth for mechanisms of action which, by their nature, cover the hemisphere, although most of the activities carried out may be national in scope. An example is the case of support activities to the countries which can be carried out more effectively if organized from a central point.

It should be emphasized that the concept of "hemispheric" is purely operational in nature, in that it facilitates the identification of two types of joint action programs and projects under PLANLAC. This clarification is being made particularly for the Inter-American Board of Agriculture, since the entire body of IICA action represents hemispheric action, given the geographic distribution of its member countries. Regardless of how they are identified, the PLANLAC programs and projects represent both an agreement on priorities arising from a political consensus in the region and a new option for cooperation for all the countries of the hemisphere.

Following are summarized versions of the main contents of these proposals. Complete versions of the proposals, as well as the remaining PLANLAC programs and projects, are available for consultation.

A. PROPOSED IICA/IDB TECHNICAL UNIT TO SUPPORT COUNTRIES IN THE PREPARATION OF AGRICULTURAL SECTOR PROGRAMS

Objective and operating strategy for the technical unit

As indicated under the discussion of investment problems, it is necessary that terms and conditions of loans be changed, and that resources be made available not just for carrying out reforms in sectoral policies and institutions, but also for investment projects. This new idea, which is being discussed by the main international lending organizations, will give greater importance to the design of sectoral programs in the countries, which, by their very nature, will concern policies, institutions and investments in the agricultural sector.

Technical and financial cooperation in design and execution of loan programs

Considering the history of cooperation between IICA and the IDB, it is proposed that a Technical Unit be created to help the countries design sectoral programs that can be used as a basis for preparing loan applications. Its main activities would be:

- Support to the countries in preparing sectoral programs.
 - . Preparation of basic information
 - . Missions to begin and draft the base document for requesting external financing
- Support to the execution, follow up and evaluation of the programs.
- Development of national data bases, information analysis, and training of local staff.

The purpose of the proposed Unit would be to perform technical duties in support of the preparation and implementation of sectoral adjustment programs in the countries. It would be made up of professional personnel specifically assigned to this task, and would operate within the structure of IICA, with its financing being shared by IDB and IICA.

B. PROGRAM ON THE STRENGTHENING OF INSTITUTIONS AND DEVELOPMENT OF HUMAN RESOURCES

Objectives and operating strategy

Given the need mentioned earlier to improve efficiency and modernize the institutional system, this program is aimed at cooperating with the countries in:

- Conducting training and exchange activities for national officials and technical experts on the subject of institutional problems in various policy areas related to agricultural reactivation and modernization.
- Carrying out studies that contribute to achieving a better understanding of the modernization of the State and of the institutional development that is necessary for providing support to technical assistance and training activities.
- Upgrading technical assistance capabilities and services to government organizations and developing an institutional network to involve professional and academic circles specializing in this subject, so as to take better advantage of their resources and skills and integrate them into technical cooperation activities.
- Training human resources in project formulation, evaluation and management, and in the use of information sciences in institution building.

Training and study to facilitate institutional modernization

Technical cooperation would be aimed at transferring capabilities in order to provide for adequate coordination between policy objectives, design of institutional mechanisms, management skills, administrative technologies and operational practices.

Training and exchange activities would be aimed at promoting an understanding of institutional factors, transferring analytical and operational capabilities, and meeting the needs arising from any institutional actions that may be undertaken.

The studies would serve as aids to technical cooperation, providing elements for designing actions. In addition, these studies should make it possible to assess the contributions of institutional mechanisms to improving the effectiveness of policies, adjusting them to the conditions faced by the countries and identifying needs pertaining to the development of capabilities and technologies for improving management skills.

The studies should make it possible to prepare materials and documents to be used in connection with training activities and to facilitate institutional management and leadership. It is expected that the activities of this program will be financed jointly by IICA and IDB.

Training in connection with project development and the use of information sciences for projects on institutions will begin with activities carried out by IICA itself.

C. PROGRAM OF INSTITUTIONAL STRENGTHENING FOR INTERNATIONAL TRADE NEGOTIATIONS AND FOR THE PROMOTION OF EXPORTS

Objectives and strategy

This program rests on the importance of both of these issues in facilitating access of agricultural products to the external market. It aims to provide support to the countries by:

- Strengthening regional and subregional coordination mechanisms, both for multilateral negotiations and for commodity agreements and partial scope agreements.
- Developing commercial and financial information systems, with a view to facilitating decision-making and foreign trade activities.
- Drawing up basic studies on market conditions, marketing channels and import-export requirements.

Joint action among countries and institutions to strengthen negotiations in Uruguay Round of GATT and better face challenges of new markets

In brief, the idea would be to promote the development of information systems and negotiating skills within the agricultural sector of the countries and to enhance their capacity for coordinating their efforts, in order to allow for a smoother flow of trade in agricultural and agroindustrial products and facilitate the drawing up of joint strategies whereby the region's bargaining position can be used to gain access to international trade.

The success of projects under this program will depend to a large extent on the sense of geopolitical unity that may have been developed by the blocs formed to deal with trade issues, and on the willingness of the countries to work together. There is no question that the IAC countries must develop a joint bargaining power if they are to succeed in re-entering the international markets for agricultural and agroindustrial products; in addition, they must carefully coordinate the instruments and mechanisms to be used in taking a common stand in their trading activities with the rest of the world.

Under this program, the following would receive attention: documentation of and follow-up on multilateral and intra-regional trade negotiations; management of trade information on major markets, through access to existing data banks and market studies and analysis of marketing channels.

Initial projects would be:

- Strengthening of institutions for multilateral trade negotiations
- Trade information system (USA and EEC)
- Study of market niches and marketing channels (Canada, USA and EEC)

Institutions participating in the program will be: ALADI, ECLAC, CIDA (Canada), INTAL, SELA and UNCTAD.

D. HEMISPHERIC PROGRAM FOR THE PROMOTION OF RECIPROCAL COOPERATION, AND INSTITUTIONAL MODERNIZATION IN TECHNOLOGY

Objectives and strategy

The general objective of the program is to strengthen, modernize and integrate the research and agricultural transfer capabilities of the countries and of the region, in order to enable them to meet the demands of agricultural reactivation.

More specifically, the program will work to:

- diagnose and establish priorities in regard to areas and opportunities for reciprocal cooperation and exchange of information on agricultural technology.
- support the search for and mobilization of financial and human resources and of physical infrastructure in connection with the implementation of national and joint programs of research and technological development.
- from the standpoint of the LAC countries, facilitate follow-up on and analysis of developments in international agricultural research, and to promote consensus on the development of positions and proposals in matters that are of direct interest to the region.
- promote greater participation on the part of the national research and technology transfer systems of the region, in defining priorities and allocating international resources for research and technology transfer activities that are of interest to the countries of the region. Design strategies for following-up on and evaluating existing cooperation mechanisms as well as existing relationships.

Consolidation of cooperative programs and presentation of demands to international community

Program strategy is aimed at promoting the exchange of ideas between the different sectors concerned with technology, with regard to institutional modernization and cooperation and joint action, and facilitating the development of consensus proposals on aspects that are of common concern to the countries of the region; establishing mechanisms for identifying opportunities for cooperation and joint action and for institutional strengthening, and developing operational and financing proposals for taking advantage of the opportunities identified; providing ongoing follow-up to existing initiatives in order to evaluate their impact and ensure their continuity.

The program would be concerned both with subregional initiatives and with initiatives that bring together countries of different subregions, depending on the common problems being dealt with. Likewise, an effort would be made to promote not only actions having to do with exchange and cooperation in the area of research, but also with technological development activities.

To achieve these objectives, the program will work to identify sources, mechanisms and ways of financing research; support the development and implementation of technical cooperation; forge closer ties between national research and technology transfer systems and international agricultural research centers.

Initial projects would be:

- Development and institutionalization of horizontal cooperation programs in the area of research and technology transfer
- Incorporation of Mexico into existing cooperative programs
- Advisory group in support of international agricultural research in Latin America and the Caribbean.

The following will participate in the program: national research and technology transfer organization; international agricultural research centers (CIAT, CIMMYT, CIP, others); regional research and development centers (CATIE, CARDI, INCAP); donor organizations (IDB, CIDA, foundations, others).

E. PROGRAM OF JOINT ACTION FOR THE DEVELOPMENT AND UTILIZATION OF AGROBIOTECHNOLOGY

Objectives and strategy

In connection with the overall objective of developing capabilities for generating, transferring and using biotechnology in Latin America and the Caribbean, the following specific objectives are pursued:

- To develop and disseminate theoretical and methodological bases for the formulation and execution of policies, strategies and programs for the development of capabilities in biotechnology.
- To create the legal and operational basis for cooperation and regional integration actions in the field of biotechnology.
- To create horizontal cooperation mechanisms.

Studies, fora and horizontal cooperation for research and the establishment of a legal framework

The general strategy consists of two fundamental elements. In the first place, a common conceptual and methodological base must be developed for the formulation and execution of policies and actions in biotechnology, as a platform for developing national and regional capabilities in this field. This means generating information and concepts, and unifying criteria concerning policy and strategy alternatives. In the second place, activities would be carried out to facilitate the implementation of joint action projects in the area of agrobiotechnology. Some of these may be activities concerned with seed capital, such as project design, initial negotiations, obtaining funding, management support and follow-up on the activities undertaken.

The program would be based on the following elements:

- Formulation and execution of policies and strategies for developing national and regional capabilities in agrobiotechnology.
- Regulation, monitoring, definition and protection of products in this new field. To begin with, research and production should be regulated in order to ensure that there are no harmful effects on public health and the environment. Patent policies are also important, because of their relationship with the impact of privatization on the development of new scientific know-how.
- Development of human and scientific resources. Biotechnology has helped bring other technologies, such as agriculture, agroindustry and health, closer to the basic sciences, a sector in which the Latin American and Caribbean countries have deficiencies. Resources must be deployed and the traditional separation between the applied and the general sciences should be eliminated, in order to allow for the best use to be made of the interdisciplinary synergies which are characteristic of biotechnology.
- Horizontal cooperation. In view of the scope of the task to be carried out, developing countries have much to gain in this area by joining efforts.

Initial projects envisaged are:

- Regional Project on Agrobiotechnology (AGROBIOTECH)
- Inter-American Study Group on Biotechnology

Participating in the program will be: national agricultural research institutions, national biotechnology programs, universities, international organizations (PAHO, UNIDO, OAS, FAO), donor organizations.

F. PROGRAM FOR THE GATHERING, CONSERVATION AND UTILIZATION OF GENETIC RESOURCES

Objectives and strategy

The main objective of the program is to contribute to achieving sustained agricultural growth, without harming the environment, by providing support to efforts to coordinate the search for, and collection, characterization, conservation and utilization of resources of use to agricultural research programs.

Information, policies and horizontal cooperation to maintain and exploit region's genetic wealth

The establishment of the Action Committee on Latin American Cooperation and Coordination of Plant Germplasm Resources (CARFIT), under SELA, at the initiative of Mexico, provides a suitable framework for the development of this program. Cooperation will be provided to the countries on the basis of its guidelines and plans, in the following:

- To establish an information system to facilitate knowledge of the existing inventory of germplasm resources.
- To design strategies and mechanisms for strengthening institutional capabilities in the establishment and management of germplasm banks.
- To establish mechanisms for the exchange of germplasm resources among the countries of the region, taking advantage of existing horizontal cooperation structures or creating networks for this purpose.
- To design policies, strategies and systems for integrating the region with others that are doing similar work in the area of genetic resources.
- To develop mechanisms for multidisciplinary training of human resources responsible for germplasm materials.
- To promote awareness among the countries of the fact that genetic resources are a source of wealth, of bargaining power and of technological independence, just as other resources are, and that they should be protected and used jointly.

CARFIT will be provided support as a common forum for analysis and discussion of the topic with the countries and public, private, national and international agencies interested in the conservation of germplasm.

The forum should allow for policymaking, reciprocal cooperation, inventory and information systems, exchange, and enhancement of the ability to appropriate and make use of this material.

The program would have three major components: analysis and policies; germplasm banks, and development of financial resources.

The first component will include actions pertaining to inventories, statistical information systems, diagnosis of the current situation, and future projections. It provides for policymaking, on the part of the countries, concerning the utilization of resources at the regional level and agreements on priority areas for cooperation. All this would be done through the relevant forum, in order to

strengthen efforts to preserve germplasm resources, promote their use and advise governments that wish to establish internal or cooperative policies, on the use and conservation of sources of various species.

The second component has to do with the institutional strengthening of existing germplasm banks or the creation of new ones, and with the liaisons which should exist between them, through horizontal cooperation. This should lead to a balanced exchange of germplasm and to the exchange of experiences in the institutional development of banks, as well as the exploration, gathering, description, conservation, maintenance and utilization of genetic resources. The training of the human resources involved in the process would be a central element; also research to enrich the technical and scientific support systems for handling and preserving germplasm resources would be promoted, using new tools such as agrobiotechnology.

The third component will involve the creation of financing mechanisms and strategies involving the countries, international agencies, transnational private institutions, and multinational financing institutions. The purpose is to set up a fund with sufficient financial resources, in accordance with the importance, complexity, magnitude and social justification of efforts to protect genetic resources and promote their use.

The initial projects would be:

- Support to the Action Committee on Latin American Cooperation and Coordination of Plant Germplasm Resources
- Cooperative development of plant germplasm banks
- Cooperative development of animal germplasm banks
- Study center for the identification of the potential of non-traditional germplasm species

The following institutions are expected to participate in the program; some of them have already indicated their interest in doing so: national agricultural research institutions (CARFIT, of SELA), international centers (CIAT, CIMMYT, CIP, IBPGR), CATIE/CARDI, universities.

G. PROGRAM OF JOINT ACTION FOR THE FINANCING OF TECHNOLOGICAL INNOVATIONS IN AGRICULTURE

Objective and strategy

The general objective of the program is to revitalize the process of technological development and modernization in agriculture, by promoting innovations in inputs and in the processing of agricultural production.

It is proposed that a specific mechanism for funding innovations in the agricultural and agroindustrial sector be created for the region, and that the necessary technical assistance activities be carried out in order to ensure effective utilization of this mechanism by the countries. It is important to note that such funding mechanisms operate according to commercial standards, i.e., they are intended to recover the capital used within the time periods and on the conditions prevailing in the market. They usually do not envisage financing for the stages of research as such, but rather concentrate on the activities required to apply scientific or technological findings in the development of products, processes, or commercial services.

Promotion of financial mechanisms for technological development

Specifically, collaboration will be offered in:

- creating a regional mechanism for funding technological innovation in agriculture;
- upgrading agencies or institutions of this nature which may already exist in some countries, in connection with their capacity to foster the agricultural innovation process (i.e., ARGENTEC in Argentina, FINEP in Brazil, CAF in the Andean region), and in providing the technical assistance necessary for creating this type of organization in countries and subregions where they do not exist.

The strategy would cover, essentially, the following objectives: to seek financing from donors and other sources to support joint technological development by public and private agricultural research agencies; to reinforce or create intermediation structures to support joint ventures, as well as an institutional base of participating agencies; to provide financing and special technical assistance for joint ventures of official agricultural research agencies and private sector agencies, leading to the development and marketing of technological innovations in the agricultural sector; to provide a forum for promoting the discussion and analysis of advantages and methods followed in cooperation efforts between official agricultural research and private sector agencies.

A forum will be organized on this subject and the pertinent studies will be conducted. The thrust of the action will support efforts to secure funding aimed at developing technological innovation.

Projects proposed are:

- Development and strengthening of institutional mechanisms to support the development and implementation of technological innovations in agriculture
- Financing and promoting development and the economic utilization of innovations in inputs and new products originating in the agricultural sector.

Participating institutions would be: development banks, public and private national banks, technological development funds, research centers and institutions, IDB, World Bank.

H. MULTINATIONAL PROJECT ON INSTITUTIONAL POLICIES AND SYSTEMS FOR RURAL DEVELOPMENT

Objectives and strategy

The formulation and implementation of differentiated policies for small farmers call for the strengthening and the technical and institutional adjustment of public administration systems responsible for rural development actions; moreover, this strengthening and adjustment must be carried out according to criteria of decentralization, deconcentration and participation of small-farmer organizations and NGOs.

Training, studies and horizontal cooperation to improve rural development actions

In order to achieve this purpose, it is essential to make up for the widespread shortage of technical and teaching materials in public and private institutions of Latin America and the Caribbean, and to train staff who will be able to provide conceptual and methodological guidance in connection with the planning and implementation of differentiated policies, as well as specific activities pertaining to the formulation and implementation of rural development programs and projects.

It is therefore crucial to support countries in their efforts to deal with the aforementioned problems, and contribute to the technical and institutional strengthening of their systems for the management of differentiated policies, programs and projects designed to benefit small-scale farmers.

The specific objective of the project is to cooperate in strengthening the institutional systems responsible for the formulation and implementation of rural development policies, programs and projects.

The project will have two components, with the following activities:

- Technical cooperation for national institutions: training of leaders and technical staff in the formulation and management of differentiated policies, and in the administration and management of rural development programs and projects, and training of small farmers; support in the formulation and implementation of rural development policies, programs and projects; institutional support for the organization and strengthening of systems for managing rural development policies, programs and projects; horizontal cooperation among participating countries.

- Production of technical and teaching materials: analysis and systematic organization of experiences in the formulation and implementation of specific components of rural development; formulation of conceptual and operational guidelines for the planning and implementation of differentiated policies, as well as of specific components of rural development; dissemination of materials through the publication and distribution of same and through national and international seminars.

The project will coordinate, at the country level, the integrated and complementary application of the final products of other projects currently under way, especially IICA/CIDA projects. It would also include the analysis and systematic organization of experiences, the administration and management of rural development projects and training of small-scale farmers.

The component involving the production of technical and teaching materials would include the analysis, systematic organization and dissemination of experiences in rural development, in administration and management of rural development projects, and in training of small-scale farmers.

In executing the technical cooperation component, priority would be given to countries where IICA is providing technical cooperation for rural development projects, as well as those which are implementing actions in the areas of promotion of small-scale farmers and rural development, in the context of the strategy of joint action for agricultural reactivation.

I. PROGRAM ON MODERNIZATION OF PLANT PROTECTION AND ANIMAL HEALTH MEASURES TO INCREASE PRODUCTIVITY AND FACILITATE AGRICULTURAL TRADE

Objectives and strategies

The objective of this program is to set up exchange mechanisms at the hemisphere-wide level, in order to enable the Latin American and Caribbean countries to become familiar with and adapt the latest technological advances in the diagnosis, prevention and control of diseases and pests, as well as to obtain, process and disseminate, in timely fashion, information on plant protection and animal health that could facilitate international trade in agricultural products.

Joint actions to reduce sanitary barriers

In order to achieve the aforementioned objective, hemisphere-wide networks would be set up for the purpose of promoting the exchange of information in specific areas such as the following: animal health and plant protection laboratories; information on economic losses caused by diseases and pests; legislation in the field of plant protection and animal health.

At the same time, support would be given to the countries in connection with the establishment and strengthening of their physical infrastructure, both for diagnostic and for quarantine purposes, and measures would be taken to train and update professionals, technical staff and paratechnical staff, in order to introduce the most advanced technologies in this field.

The program includes three components:

- Strengthening of animal health and plant protection institutions
- Harmonization of sanitary legislation in order to promote international trade in agricultural products
- Agricultural health information and monitoring system

The following projects will be the basis for the program:

- Inter-American Network of Animal Health Laboratories
- Inter-American Network of Plant Protection Laboratories
- System for the exchange of information on and coordination of plant protection and animal health legislation to facilitate international trade
- International Agricultural Quarantine System

- Agricultural Health Information and Monitoring Network in Latin America and the Caribbean
- Inter-American Compendium of Registered Veterinary Products
- Inter-American Compendium of Agricultural Pesticides

J. RURAL AGROINDUSTRIAL DEVELOPMENT PROGRAM

The Rural Agroindustrial Development Program for Latin America and the Caribbean (PRODAR) represents a systematic and integrated effort in support of the development of food-related small-farmer agroindustry, which is to be understood as an activity that will enable small-farmers to upgrade the value of their production through a series of post-harvest activities, usually in the food chain, and which include storage, processing, packaging, transportation and marketing.

Institutional network to support countries in promotion of rural agroindustries

An important effort has already been made in this area through the Appropriate Food Technology Network for Rural Agroindustrial Development (RETADAR), which has involved establishing a mechanism for the exchange of information, technological experience, food strategies and for promoting agroindustry.

This network has received support from agencies such as the Food Technology Research Center (CITA) of the University of Costa Rica, the Inter-American Institute for Cooperation on Agriculture (IICA), the International Development Research Centre (IDRC), French technical cooperation, and the Latin American Center for Rural Technology and Education (CELATER). Achievements to date include establishing for Latin America the basis for a consensus on shared interests, and the identification and analysis of a number of projects and experiences which will prove to be of great use in the design of future actions connected with rural agroindustry in the region, and especially with PRODAR.

Objectives and strategy

The overall program objective is to contribute to organizing, encouraging and strengthening, in the countries of Latin America and the Caribbean, rural agroindustry, and to improve the effectiveness of development policies and programs in this subsector.

Specific PRODAR objectives are to:

- a. strengthen and improve existing food-related agroindustry, to increase its soundness and competitiveness on the market;

- b. promote the development and construction of new rural agroindustries, as a means of improving the living conditions of small-scale farmers and in rural communities;
- c. strengthen the institutional system concerned with rural agroindustry, with a view to harmonizing and encouraging development.

Program strategy covers three main lines of action. The first has to do with conducting diagnoses of production-consumption systems of existing rural agroindustries, with a view to determining weak links in the chain where specific action can be taken to strengthen them. This working area can be defined as the identification and promotion of agroindustrial projects. The experiences of countries having the best developed agroindustrial systems will be used here.

The second line of action will provide support to rural communities and small-farmer organizations, and to agencies executing rural agroindustry projects, with the purpose of solving problems identified by the users of the support services themselves. This area can be defined as one of support and complementarity for rural agroindustrial development projects; the exchange of experiences among the countries is essential in this effort.

The third line of action will work to strengthen the institutional system of the apparatus responsible for agroindustrial development in member countries, and will involve the exchange of information and discussions on the subject. Seminars, workshops, publications and any other means of dissemination selected by the countries will be used.

For practical reasons, it is advisable that the program be executed in phases, a tentative outline of which is listed below:

Phase 1: Discussion and determination of the precise parameters of the program, to culminate in the preparation of a fundable, viable project.

Phase 2: Negotiations with funding sources and related matters.

Phase 3: Definition of the organizational structure, which includes the management level, institutional coordination and the relationship of the program with subregional projects.

Phase 4: Definition of the mode and schedule of implementation. This phase includes formalizing agreements with participating agencies and selecting and hiring staff.

Main components

A first approximation of the Program components is as follows:

- Integration and harmonization of rural agroindustry in national policies; institutional strengthening.
- Upgrading and developing base organizations of agroindustrial enterprises.
- Training
- Funding
- Research and technological development
- Technical assistance
- Promoting projects
- Information and documentation
- Marketing

The components will be developed in light of the problems that are identified, and relevant solutions will be sought for each situation. The solutions will involve series of specific actions or activities that, once organized into a coherent whole, will constitute the bases for the projects. International institutions and local development organizations will participate in the identification of problems and the design of corresponding solutions.

It should be noted that these components were identified in the studies conducted and the meetings held on the subject; it can be expected that other issues deserving special attention will also arise.

The valuable experience accumulated by IICA in the area of rural development, and the capacity the Institute has developed in establishing technical cooperation networks and in drawing up projects, will facilitate the complex task of managing the aforementioned components in an organized and integrated fashion.

Initial projects

Several projects have been identified for launching the program. They will involve joint action among the countries and horizontal cooperation:

- Institutional network on agroindustrial development

- Project research, diagnosis and evaluation (complementation) service
- Agroindustrial profile bank, and documentation and information service
- Management training and rural agroindustry promotion program

It is envisaged that the main factors required for implementing the Program and making it functional will be cooperation among the different agroindustrial research and development organizations, and the determination on the part of the countries to make it work. These two factors can be ensured with good Program organization.

Participating institutions and organizations

There are various ways in which organizations can participate in the program, and therefore, participation has been organized as follows:

Participants in charge of projects, which would include those institutions or entities responsible in part or completely for a project's activities. Initially, some 20 entities are expected to operate in this category, including, research centers, NGOs and universities. Activities could range from courses to agroindustrial extension services.

Sponsoring participants, which would include agencies providing technical and/or financial support. There are many possible agencies for this category, including those most specifically involved: CELATER, IDRC, CIAT, CITA-CR, CIDA, French Cooperation, CIRAD, Ford Foundation, IDB, IBRD and IICA.

A program of this nature will clearly have to make use of all the resources available to it. The geographic scope, the sociological panorama and the characteristics of the technology to be handled require the participation of the broadest possible range of institutions and entities.

PART TWO

SPECIFIC CHARACTERISTICS OF THE SUBREGIONS

I. SUBREGIONALIZATION: GENERAL REMARKS

A. THOUGHTS ON SUBREGIONALIZATION AND ACTIONS BETWEEN SUBREGIONS

The strategy of PLANLAC is to set up a process for identifying and carrying out joint actions. It is therefore advisable to take maximum advantage of the options offered by integration processes and subregional political fora. These processes and fora reflect specific geopolitical situations and are evidence of a willingness to act jointly in a wide variety of fields, above and beyond mere technical cooperation. In this regard, they offer an opportunity for undertaking programs in the field of agriculture that fit in with circumstances, objectives and agreements in the broader context of economic and social progress.

The exercise of drawing up subregional strategies for agriculture brings to light the diversity of LAC agriculture much more clearly than would be possible if extreme generalizations were made regarding problems, options and priorities.

The criteria used for grouping the countries together were their participation in subregional integration processes and political fora and their geographic proximity.

These criteria are especially appropriate when it comes to generating commitments for joint action. That is why they were used instead of others, such as those concerning similarities in economic structure or relative economic development.

Nevertheless, this approach inevitably omits other criteria which could represent alternative advantages, especially those stemming from the increasing demographic and economic importance of the economies of Brazil and Mexico (and to a lesser degree Argentina, Venezuela and Colombia) in relation to the rest of LAC. A concrete example is Mexico, which, because of where it is located has both difficulties and advantages in terms of its insertion in the economies of North America. PLANLAC addresses this issue through hemispheric projects (Part One, Chapter V) which allow for regional sub-groups and a high degree of flexibility.

In addition, the subregional approach adopted allows for other aspects:

- The plans should take into account the differences between individual countries even within a given subregion; and,

- Since some cooperation schemes are not restricted to a specific subregion, agreements between subregions should be identified.

In addition to intraregional hemispheric actions, PLANLAC also includes subregional plans

With this in mind, it should be emphasized that, in addition to intraregional hemispheric actions, PLANLAC places great emphasis on "subregional plans to reactivate agriculture" in the four areas referred to earlier.

B. THE PRINCIPAL SUBREGIONS AND THEIR FORA

1. Countries included in each subregion

The subregional divisions used in PLANLAC are the following:

- the Andean subregion, which includes Bolivia, Colombia, Ecuador, Peru and Venezuela;
- the Caribbean subregion, which includes Antigua and Barbuda, Barbados, Dominica, Grenada, Guyana, Haiti, Jamaica, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago 7/;
- The Central subregion, which includes the countries of the Central American isthmus, the Dominican Republic and Mexico 8/; and
- the Southern subregion, which includes the countries of Argentina, Brazil, Chile, Paraguay and Uruguay.

Subregions are: Andean, Caribbean, Central and Southern

2. The subregional fora

The issues taken up in PLANLAC have been discussed in the following fora, which were consulted in the preparation of and will be involved in the implementation of the Plan:

- the Board of the Cartagena Agreement (JUNTA), in the case of the Andean Area;
- the Caribbean Community (CARICOM), for the Caribbean Area;
- the Secretariat for Economic Integration (SIECA) and the Regional Council for Agricultural Cooperation in Central America, Mexico, Panama and the Dominican Republic (CORECA), for the Central Area; and
- an ad hoc consultative mechanism at the vice-ministerial level established by the countries for the purposes of preparing and implementing PLANLAC, for the Southern Area.

Subregional fora are the major consultative bodies: JUNTA, CARICOM, CORECA, SIECA and a vice ministerial mechanism in the Southern Area

In each of these fora, and in others of a technical nature, several meetings were held in order to ensure the participation of those directly involved and to facilitate consensus with regard to the proposals generated. (See in Appendix 2 the list of consultative meetings held.)

C. **STRUCTURE AND CONTENTS OF SUBREGIONAL PLANS OF JOINT ACTION**

The contents of each subregional plan include: strategies, priority areas and proposals for joint action. These components are the minimum required to reach agreement on, identify and implement joint activities.

Subregional plans contain strategies, priority areas and proposals for joint action

1. Strategy guidelines for agriculture and joint strategy

The strategies for each of the four subregions were outlined following an analysis of past experience and of the national macroeconomic and sectoral policies currently in force. These guidelines reflect a certain concept about the role which the sector might play in economic development over the next few years, but do not represent a commitment to consensus in national policies which go beyond other integration agreements currently in force in some of the subregions.

Subregional strategies reflect role sector can play in coming years

The guidelines identify certain national situations which are common to an entire subregion, as regards the role of the sector and final objectives and policy tools for agriculture. They describe the overall subregional, institutional and commercial framework for the Plan, and lay the conceptual foundation for possible joint action in support of the sectoral strategies.

Guidelines provide the conceptual basis for joint actions

2. Priority areas for joint action

In light of the strategies outlined above, the subregional fora identified areas in which multilateral support might be provided for national efforts. These are areas in which analysis and agreements can be reached on certain policies -in particular, those pertaining to integration processes-, horizontal cooperation and exchange of information and experiences, joint negotiations vis-a-vis third parties, and technical and financial cooperation. These areas provided the framework for establishing priorities for action projects.

Subregional fora are especially appropriate for providing multi-lateral support to national efforts

3. Proposals for joint action

These proposals include:

- programs and projects;
- financial mechanisms to implement programs and projects and facilitate investment in the agricultural sector; and

- institutional mechanisms to implement, follow up on, identify and formulate new projects and readjust PLANLAC in each subregion.

Proposals for joint action include programs and projects, financial mechanisms for their implementation and institutional mechanisms for follow up

In the following chapters, we discuss the strategy guidelines for agriculture, as well as priority areas for multilateral action and the programs and projects to be carried out under the Plan, for each of the four subregions mentioned above.

Likewise, programs and projects which provide for cooperation between subregions are also included. These programs were devised as certain special needs and opportunities were identified as a result of the study of the overall situation of agriculture in the region and of certain subregional studies and negotiations. In particular, several of these issues arose from the analysis of the situation and objectives of Mexico, Haiti and the Caribbean area.

The following is a synthesis of the documents generated for each subregion, which were discussed and agreed upon in the respective fora (see Appendix 1).

II. ANDEAN SUBREGION 9/

A. DIAGNOSIS AND STRATEGY GUIDELINES FOR THE ANDEAN AREA

1. Summary of the diagnosis

Although there are differences from one country to another, agriculture in the area is subject to the features that are common to the entire region and to:

- a lack of safety in both urban and rural areas, and the drug traffic, which are phenomena affecting several of the countries and which alter the pattern of production of the rural areas and create serious economic and social problems;
- the existence of subregional integration mechanisms, which have finally assigned an important role to agriculture;
- the importance of producing urban consumer goods at a low cost, in order to help combat inflation;
- the existence of countries that depend excessively, for their exports, on the oil and mining industries, and need to diversify their production profiles;
- severe rural poverty and a double standard in several of the countries;

Andean Area must modernize its agriculture by diversifying products and markets, substituting for imports and supporting integration

- a concern for the lack of food security in both urban and rural areas;
- the importance of producing food on small farms that have not been satisfactorily served by existing credit, technology and marketing schemes, despite their importance as potential producers at a time when nutritional problems are evident and increasing amounts of food have to be imported.

2. The role of agriculture and strategy guidelines in the Andean Area

The strategy for agriculture should accomplish the following:

- efficiently increase the supply of agricultural and agroindustrial products, while preserving the production capacity of natural resources and the environment;
- increase the demand for and ensure the consumption of food among these social groups that are more prone to malnutrition;
- participate more efficiently in world trade, replacing imports and increasing exports of agricultural and agroindustrial products; and
- enhance the production capacity of the small-farm economy and guarantee it greater access to the benefits of development.

Eight basic areas have been identified as the bases for a new strategy for the Andean area. The first five of these are geared towards increasing the supply and marketing of agricultural and agroindustrial products:

- macroeconomic and sectoral incentives to agricultural production, in order to correct the distortions that have prevented agriculture from developing fully and have contributed to fiscal deficits;
- technology, in order to increase the long-term supply, with full attention being given to the management of natural resources, to the needs of the small-farm economy and to the possibilities for making use of international research networks;
- linkages between agriculture and industry, with special attention being paid to employment and rural development, with the participation of the rural population;

The strategy for the Andean Area should increase agricultural and agroindustrial supply, expand demand, make its participation in world markets more efficient and increase the capacity for production of the small-farm economy

- natural resources and the environment, paying special attention to maintaining the production capacities of systems in the Andean highlands and the humid tropics; and
- foreign trade, in order to allow for the efficient substitution of imports and to increase agricultural and agroindustrial exports, bearing in mind the negotiations carried out under GATT and ALADI.

In addition to the above, two other guidelines are designed to bring the production-marketing strategy into line with the demand for and consumption of foodstuffs:

- the small-farm economy, with differentiated policies for commercial agriculture and for the different groups of low-income rural inhabitants, seeking to efficiently reactivate rural production and domestic demand, with due regard for the unique characteristics of the different groups, the different soils and climates involved, and the full participation of the beneficiaries of new programs in their design and execution;
- food security, focusing on programs which guarantee availability and purchasing power among well-defined target populations, and paying attention to the possibility of changing consumption habits.

The final element of the cooperation strategy has to do with the role of public institutions and their integration with the private sector:

- modernization of the public agricultural sector, creating a new conception thereof (with a view to enabling it to work towards the recovery of development and the redefinition of the role of agriculture), acknowledging the existence of a difficult financial and trade context, and considering policy decisions that favor integration.

B. AREAS OF JOINT ACTION

The Plan for the Andean subregion provides for cooperation in areas which include more than one aspect of the strategy:

Eight areas for joint action

Institutional strengthening in agricultural policy

Generation and transfer of agricultural technology

Agroindustrial development in the rural environment

Natural resources and the environment

Agricultural trade and integration

Plant protection and animal health

Promotion of small-scale farming

Direct food assistance

C. PROGRAMS OF JOINT ACTION IN THE ANDEAN SUBREGION

The Plan for the Andean subregion includes eight programs which are directly related to the above eight areas of cooperation and provide an operational version of these areas of cooperation:

Institutional strengthening in agricultural policy

The central objective is to strengthen institutions and enable them to analyze, reach agreement and make decisions in the design, execution and adjustment of policies, investment programs and projects within the context of subregional integration.

Institutional strengthening in agricultural policies

Under the program, emphasis will be placed on establishing harmonization of the policies of different countries, coordinating macroeconomic and sectoral policies, designing selective policies for the small-farm economy and developing rural areas, promoting public and private investment, decentralizing the formulation and execution of policies, and promoting the participation of the business and small-farm sector.

The program has four components: the identification of factors which limit or facilitate the reactivation and development of agriculture, through research and documentation of experiences; the design, adoption and consolidation of mechanisms and instruments for defining and executing policies, through technical support; development of national capabilities, through complementary training; and dissemination and exchange of experiences, through horizontal cooperation.

Program on the generation and transfer of agricultural technology

The objective of this Program is to contribute to the strengthening the scientific and technological development of agriculture in the subregion, as the foundation for the process of technological innovation for agricultural reactivation, through priority actions of interest to all and employing reciprocal cooperation mechanisms and strategies.

Horizontal cooperation, key to technological development

The Program is divided into two subprograms. The first is associated with a second stage of the Cooperative Agricultural Research Program (PROCIANDINO), whose objective is to upgrade the capability, quality and efficiency of research and technology transfer efforts.

The new Program has three components: general technical support, as regards strategic and operational planning, in connection with administration and coordination mechanisms for obtaining funding; technology transfer, through systems, models and strategies adapted to the needs of different target groups; and research on indigenous food products which offer comparative advantages on the world market, bearing in mind the needs of the small-farm economy, following environmental conservation practices, and promoting strategies and mechanisms for the generation, adoption and application of state-of-the-art technologies.

The second subprogram refers to the organization, administration and institutional development of research and technology transfer. Its main objective is to strengthen the capacity for management, planning, organization and administration of the national research and technology transfer institutions.

Program on agroindustrial development in the rural environment

The central objective is to support home-based and agroindustrial processing of primary production in the rural environment, as well as the marketing of the goods produced.

Primary production should be processed by artisans and agroindustry

The four components of this Program are: institutional strengthening with emphasis on the creation of an institutional network to facilitate information, project identification, strengthening of the machine industry in order to produce necessary equipment for rural agroindustries, and support to small-farmer organizations; research and documentation of experiences; training in rural agroindustries, at different levels; and exchange of information on technical, trade and funding aspects.

Program on natural resources and the environment

The central objectives are: to institutionalize national and subregional mechanisms which will lead to the joint analysis and treatment of environmental problems, in order to establish common norms and policies for the preservation of the environment, and to design technical and economic proposals for subregional agreements aimed at substituting crops used in drug trafficking, the protection and development of watersheds and joint investments in reforestation and agricultural and forestry exploitation.

Institutionalization of mechanisms for joint treatment of environmental problems

The Program is divided into three subprograms. The first involves institutional coordination on environmental and natural resource issues. The objective is to discuss and analyze the whole of environmental problems caused by the misuse of productive natural resources, and to coordinate and harmonize the national actions carried out by the governmental and non-governmental institutions with competence in this field.

The second subprogram focuses on environmental education and on maintaining the productive capacity of natural resources. Its central objectives are:

- to promote the participation of broad urban and rural sectors in improving the quality of the environment.
- to strengthen institutions in the countries in their capacity to manage the environment in the Amazon Basin and the Andean highlands, and to use and manage public assets and natural resources.

It has four components: exchanges of experiences in using, managing and preserving natural resources and the environment; institutional strengthening; education for leaders and authorities; and education for different social strata.

The third subprogram involves promoting investment projects related to the environment and natural resources, with the following objectives:

- to analyze alternative forms of preserving the environment in the Amazon Basin, to determine common grounds for international cooperation.
- to promote joint development and dissemination of agricultural and forestry-related technology for the rational exploitation of the Amazon Basin.
- to encourage the participation of farmers organizations in the evaluation of economic initiatives aimed at agro-forestry activities.
- to design economic compensation mechanisms aimed at stabilizing and bettering prices of the crops substituted for the coca plant and other crops destined used for drug trafficking.

Program on agricultural trade and integration

This program is aimed at promoting intrasubregional trade within the context of the Quito Protocol, and at strengthening institutions involved in trade negotiations, which will make it possible to open up external markets and

Promotion of intrasubregional agricultural trade, and strengthening of negotiating power of countries

to develop specific export subsectors of the countries of the Andean group. The program also addresses the improvement of national systems for the supply and trade of food in urban and rural areas, and the promotion of export diversification.

The Program is divided into four subprograms. The main objective of the first, dealing with intrasubregional trade, is to gradually harmonize policies, eliminate restrictions to subregional trade and to establish the Common External Tariff for the agricultural and agroindustrial commodities produced or consumed in the subregion.

The second subprogram addresses the capability of institutions for international trade negotiations, in order to strengthen this capability in negotiations on: 1) agricultural and agroindustrial products in ALADI; and 2) the groups of agricultural products, tropical products and natural resources of the Uruguay Round of GATT.

The third is the subprogram on improving domestic marketing systems. The main objective is assist the countries in improving their systems for the supply and trade of food in urban and rural areas, by promoting reciprocal technical cooperation among relevant public and private institutions.

Finally, there is the subprogram on export diversification, in which, initially, priority will be given to fruits and vegetables. The main objective of this subprogram is to contribute to increasing the production and export of these products by supporting or complementing national efforts being carried out by the public and private sectors, and to promote the dissemination of experiences and the technical-commercial relations between the producers and exporters in the subregion.

Program on plant protection and animal health

This program is designed to promote coordinated action on plant protection and animal health problems in the subregion, in order to facilitate its participation in world markets.

The components of this program are: 1) prevention, control and eradication of fruit flies, through studies, statistical development, technology transfer and training; 2) strengthening of the institutional capacity to eradicate foot-and-mouth disease. It would be implemented through five zonal projects, with an effort being made to ensure full participation by the private sector and to obtain additional resources for the actions concerned; and 3) strengthening of the Andean network of animal health laboratories, facilitating training, exchange of technology and the preparation and dissemination of technical and administrative manuals.

Program on promotion of small-scale farming

The central objective is to strengthen the small-farm economy, by boosting its production base and promoting processes aimed at reducing social inequalities.

Strengthening of small-farm economy by boosting its production base

The components are: 1) the strengthening of institutions to upgrade national capabilities in the formulation and implementation of rural development policies, programs and projects; 2) the creation of the Andean Rural Development Fund, designed to give small-farmer organizations training in identifying, drawing up and executing investment projects on their own; and 3) institutionalization of an Andean rural development network, in order to facilitate horizontal cooperation and the exchange of experiences.

Program of direct food assistance

The central objective is to strengthen national and subregional capabilities for generating and implementing programs in this area.

Direct food assistance to vulnerable groups

The components are: identification, documentation and dissemination of successful experiences; technical support for the design, adoption and consolidation of mechanisms for defining and implementing food assistance and nutrition programs; training in the definition and implementation of national and subregional programs in this area; and horizontal cooperation for exchange of experiences.

D. INITIAL PROJECTS FOR JOINT ACTIONRegional project on policies for agriculture in the Andes

Exchange of experiences and horizontal cooperation in the design and implementation of policies, with emphasis on the coordination needed for integration.

Nine projects to initiate joint action

Strengthening of institutional capabilities for international negotiations

The aim is to update information, train personnel and exchange experiences in order to take full advantage of new options opening up in different international trade negotiation fora.

Cooperative program on research and transfer of agricultural technology (PROCIANDINO - Second Stage)

The goal is to institutionalize PROCIANDINO as a key element of horizontal cooperation to develop joint actions, and to strengthen the process of generating and transferring technology which is suited not only to the socioeconomic and cultural peculiarities of the small farmers, but also to soil and climatic conditions of the regions where such actions are to be taken.

Support to the organization and administration of technology generation and transfer in the Andean region

The objective is to strengthen networks for the exchange of experiences and to improve linkages with international centers and other regional networks.

Rural agroindustry projects

The purpose is to adopt a body of sectoral and macroeconomic policies and an investment strategy which will make agriculture profitable again, the main aim of which is to bring about a net investment of resources in the sector, and agricultural modernization; likewise, it is aimed at developing specialized skills used in international agricultural and agroindustrial trade negotiations at the regional, intrazonal and multilateral levels.

Andean program on the prevention, control and eradication of fruit flies

To control, prevent and eradicate fruit-fly species, in order to allow the production of pest-free fruits that meet quality standards for domestic consumption and for export markets; and to strengthen institutional capabilities in the analysis, formulation and management of agricultural policies, projects and services in the Andean countries.

Strengthening of emergency and agricultural quarantine systems in the Andean countries

The aim is to set up and institutionalize animal health and plant protection emergency systems in the countries, and to upgrade international animal and plant health quarantine information systems.

Assessment of losses caused by animal pests and diseases in the Andean countries

The objective is to set up and strengthen laboratories and subregional networks by institutionalizing the gathering and processing of information and the economic analysis of the prevalence, distribution and incidence of diseases and pests.

Creation of special funds to finance community agricultural and non-agricultural production activities, in the context of rural development projects

The goal is to create specific funds in each country, in order to facilitate agricultural and non-agricultural production activities in rural communities.

E. MECHANISMS FOR PLANLAC EXECUTION IN THE ANDEAN SUBREGION

1. Mechanisms for obtaining additional funding

Plans for the program on promotion of small-scale farming and rural development include the creation of a Rural Development Fund. The creation of this Fund was recommended by the Andean Parliament at its seventh session,^{10/} and requested by the presidents of the Andean countries in the Declaration of Cartagena.

Andean Parliament recommended creation of Andean Development Fund, whose resources are to serve as seed capital

The resources assigned initially to the Andean Rural Development Fund would provide seed capital, since the basic idea is to establish a mechanism for obtaining public and private resources from individual countries or from international agencies. These resources would be used to finance projects and rural development activities; the clientele for such activities would be small-scale farmer organizations in rural communities. The Fund would stress participation, since the beneficiaries would be responsible for identifying, formulating and administering the projects, although strong training and technical support components would have to be provided.

2. Institutional mechanisms for following up on the Plan

The Cartagena Agreement offers a general framework for harmonizing economic and social policies in the areas of integration agreed upon by member countries.

JUNTA provides appropriate forum for harmonization of economic and social policies, and for following up on and ongoing revision of PLANLAC

Although this Agreement initially stressed industrial planning, it has recently promoted the strengthening of a variety of programs, projects and actions relating to agricultural production and marketing, nutrition and natural resource management.

In particular, mention should be made of Decision 182, establishing the Jose Celestino Mutis Andean System on agriculture, food security and environmental conservation. This decision has also led to changes in the Quito Protocol which favor agriculture.

The Board of the Cartagena Agreement is a suitable forum for the follow up and ongoing revision that will be required under the PLANLAC process. Technical and financial cooperation agencies can serve to support this forum.

As the Plan develops, it will be important to maintain close contact with the various fora set up within the framework of the Cartagena Agreement. These were used for the initial stage, in which the ministries of individual countries and the Agricultural Council of the Andean Pact were involved. ^{11/}

III. CARIBBEAN SUBREGION 12/ AND HAITI

CARIBBEAN

A. DIAGNOSIS AND STRATEGY GUIDELINES FOR THE CARIBBEAN AREA

The Caribbean countries which belong to CARICOM have recently drawn up a program for agriculture. 13/ which is similar in structure to the one proposed in PLANLAC at the subregional level. Therefore, the PLANLAC adopts this program's proposals as its own, and points out some complementary aspects.

1. Summary of the diagnosis

In addition to some features which are common to agriculture throughout the region, and which have been mentioned in preceding sections of this report, it is worthwhile mentioning some specific aspects of the situation in the Caribbean, such as the following:

- almost all the countries are islands, and hence have a limited and fragile resource base;
- they are participants in preferential trade agreements with the European Community, Canada and the United States;
- there is very little diversification of production, both in general and in agriculture;
- they are largely dependent on imported foods and there is very little integration of primary supply activities with their significant tourist industry; this is one of the symptoms of the lack of linkages within the economy;
- agriculture is very open to the external market;
- agriculture has a low degree of competitiveness;
- the population is growing rapidly and unemployment is high; and
- they face increasing limitations in terms of prices and access to markets for their few export commodities (particularly as regards the EEC).

The Caribbean countries need to diversify production and implement intersectoral links, especially with tourism. Opportunities exist for third markets and joint investments

2. The role of agriculture and strategy guidelines for the Caribbean subregion

CARICOM's sectoral program is a compendium of priority programs and projects, and offers an institutional framework for the operation of new strategy guidelines for agriculture, based on the following objectives:

PLANLAC adopts the proposals of the CARICOM Sectoral Programme, and seeks to complement same

- to increase levels of food security for consumers, producers and marketing agents;
- to diversify markets and products, encouraging the development of new lines of agricultural and agroindustrial production, without reducing the resources assigned to traditional agriculture;
- to develop stronger intersectoral linkages, expanding agroindustry and increasing the availability of inputs and tools;
- to increase the productivity of human, physical and financial resources, providing better incentives, developing new systems of production and resource management and designing better macroeconomic policies;
- to improve levels of technology, with special attention being given to funding, biotechnology and reduction of post-harvest losses;
- to increase the use and improve the distribution of resources, resolving problems related to land tenancy, titles and minifundia, with special regard for the needs of smaller production units;
- to improve the allocation of domestic and external financial resources for agriculture, encouraging private investment and investment in production and social infrastructure, and creating sources for efficient economic activity in rural areas; and
- to promote a greater awareness of the importance of resource conservation for the maintenance of sustainable agricultural and rural development.

The proposed strategy emphasizes:

- the revitalization of agriculture through full utilization of integration mechanisms pertaining to production and trade in the Community;
- the strengthening of institutions and institutional arrangements, in order to enable the public and private sectors to acquire and generate technology, investments, training and joint marketing;
- the coordination, at the subregional level, of funding and technical assistance, particularly as regards non-traditional donors;
- the development of promotional projects and activities designed to encourage private investment in priority areas; and, finally,

- the improvement of coordination, priority setting and execution of projects in the subregion, in order to improve the application of the scarce resources available and facilitate the obtaining of additional funding.

B. AREAS OF JOINT ACTION

The fact that the CARICOM sectoral program was already in force made it easier to outline the subjects, programs and projects to be carried out under PLANLAC. In view of the similarities between the two initiatives, PLANLAC adopts the CARICOM programs, and concentrates on adding certain complementary ideas and proposals. These additional subject areas are:

- cooperation and trade with Latin America;
- intersectoral linkages of agriculture, stressing agroindustry and tourism;
- transfer of technology to producers, research and information on biotechnology and integrated pest control, as well as management of research and development, including an evaluation of the impact of research;
- management and conservation of natural resources;
- improvement of services pertaining to the supply of machinery, irrigation equipment, pesticides, fertilizers, repairs and credits; and, finally,
- research on habits and attitudes of producers, training of producers and strengthening of their organizations.

Cooperation and trade between Latin America and the Caribbean, key to proposals

No specific programs are identified for the Caribbean subregion under PLANLAC, since the programs to be carried out are those agreed upon in the context of the CARICOM sectoral program.

C. INITIAL LIST OF PROJECTS FOR JOINT ACTION (complementing the CARICOM Sectoral Programme)

Supporting the design of rural development strategies

To improve the quality of life in rural communities in the Caribbean by supporting national and regional efforts in the formulation and implementation of rural development strategies.

Support to Sectoral Programme through 13 initial projects

Facilitating Latin American/Caribbean linkages and transfer of technology for agricultural development

To support the development of the agricultural sector of the Caribbean countries while strengthening the regional integration process by facilitating linkages and reciprocal technical cooperation between Latin American and Caribbean countries.

Policy analysis, planning and management in support of agricultural development

- Strengthening agricultural planning and management systems.
- To improve the advisory capacity of agricultural planning systems in the administration and management of the agricultural development process.
- Evaluation of the impact of macroeconomic policies in support of decision making in the agricultural sector.
- To evaluate the impact of macroeconomic policies on the performance of the agricultural sector.

Supporting the development of communications systems for agricultural development

- To improve the efficiency and effectiveness of agricultural communications networks in the Caribbean in the preparation of better materials and programs in order to foster public awareness of the urgent need and demand for food security and to use the mass media as an instructional mechanism for the dissemination of information and knowledge.

Survey and monitoring of animal and plant diseases and pests to facilitate increased production efficiency

- To strengthen national and regional capabilities to monitor and assess the economic impact of diseases and pests which restrict agricultural trade and/or production in the Caribbean.

Strengthening farmers' organizations to improve agricultural production and marketing

- To improve the quality of life in rural communities of the Caribbean by developing effective production and marketing support services channeled through farmer organizations.

Development of the institutional framework for the production and marketing of high-quality planting material

- To increase the institutional capability for developing a sustainable seed industry in the Caribbean.

Supporting the development of tropical fruit crops

- To upgrade the institutional and infrastructural capabilities for the development, production and marketing of fruits in the Caribbean region.

Institutional support for the establishment and operation of a Caribbean Cooperative Agricultural Research Network

- To strengthen the research capability at the national and regional levels and to maximize the use of available resources for increased production and productivity of agricultural commodities.

Supporting the development of food and vegetable crops

- To assist with the technological development of food and vegetable crops and improved production/marketing in the Caribbean.

Supporting the development of the livestock subsector

- To develop the production and marketing capabilities of the livestock subsector in the Caribbean countries.

Strengthening of national animal and plant quarantine capabilities

- To strengthen national and regional institutional structures for the delivery of animal health and plant protection services to the agricultural sector in the Caribbean.

Promoting the involvement of youth in the agricultural and rural development process

- To motivate and promote the participation of youth in agricultural transformation and rural development in the Caribbean in order to create youth employment, and to achieve progressive improvements in the standard of living in urban and rural areas.

D. MECHANISMS FOR THE EXECUTION OF PLANLAC IN THE CARIBBEAN SUBREGION

1. Mechanisms for obtaining additional funding

The CARICOM Sectoral Programme proposes the following activities for improving the flow of financial and technological resources for the priority areas in the Caribbean through a project which includes the following:

A project to ensure financing: a conference of donors and non-traditional funding sources

- identification of and contact with non-traditional donors;
- analysis of new mechanisms for financing subregional projects;
- analysis of the feasibility of establishing a fund or trust fund to support activities identified in the action strategy, and
- holding of a donors' conference and setting up of missions to identify donor institutions. The donors' conference meetings would be presided over by the Permanent Committee of Ministers Responsible for Agriculture, and the missions would be headed by the ministerial subcommittee.

The main executor agencies for this project would be the Caribbean Community Secretariat (CCS) and the Organization of Eastern Caribbean States (OECS). The supporting agencies would be the Food and Agriculture Organization of the United Nations (FAO), the Inter-American Institute for Cooperation on Agriculture (IICA) and the Caribbean Development Bank.

2. Institutional mechanisms for Plan follow up

The Standing Committee of Ministers Responsible for Agriculture (SCMA) has requested that all projects and activities concerning agriculture carried out by the Organization of Eastern Caribbean States, the Inter-American Institute for Cooperation on Agriculture and the Food and Agriculture Organization of the United Nations be brought together under the Regional Programme for the Agricultural Sector. Consequently, the institutional mechanisms proposed for the Regional Programme for the Agricultural Sector are the same as those proposed for the Plan of Joint Action (PLANLAC).

Institutional mechanisms proposed for Sectoral Programme and IICA are identical

The SCMA is the highest policy-making institution for agricultural development matters in CARICOM; therefore, it will have the overall responsibility for the execution, monitoring and evaluation of all subregional initiatives in the agricultural sector.

Inasmuch as many of the decisions of the Common Market Council, especially in regard to trade, have a direct impact on agriculture, it has been proposed that the SCMA should have a permanent representative on the Common Market Council. The SCMA has set up a Ministerial Subcommittee (MSC) which, with the support of the CARICOM Secretariat, has been assigned the main coordinating role for the Regional Programme for the Agricultural Sector.

Vice ministerial sub-committee to coordinate Regional Programme

In order to facilitate the work of the MSC and to achieve effective coordination and decision making between sessions of the SCMA, the establishment of a Regional Agricultural Coordination Committee (RACC) has been proposed. The RACC would be made up of the following:

- The Ministerial Subcommittee of SCMA, with the option of expanding the SCMA;
- the directors of subregional agencies responsible for the execution of specific projects;
- the OECS Secretariat;
- the Caribbean Association for Industry and Commerce (CAIC), which includes an agroindustrial mission on the promotion of linkages between primary production and agroindustry; and, as cooperating agencies;
- IICA and FAO, to provide technical support for a significant number of projects;
- donor and other agencies which provide technical and financial inputs to the program may be invited to the RACC meetings.

A Regional Agricultural Coordination Committee will control execution of Program, and will promote integration of activities and financial and technical assistance

IICA and FAO provide technical support for a significant number of projects in Caribbean

The main duties of RACC would be as follows:

- to monitor execution of the Program;
- to promote the integration of Program activities with work programs and with the budgets of the national and subregional agencies; and
- to facilitate the mobilization of financial and technical assistance for specific projects identified through the Program, as well as their overall administration and execution.

It is suggested that each Member State appoint an official who would be responsible for monitoring the program and transmitting information to the RACC and the SCMA, through the CARICOM and OECS Secretariats. The subregional and international agencies would be responsible for monitoring and evaluating projects assigned to them, as well as for reporting to RACC through the CARICOM Secretariat.

The CARICOM Secretariat, on the basis of reports from national officials and officials of the executing agencies, would prepare progress reports for SCMA and RACC.

The evaluations would be conducted jointly with the Member States, through officials assigned to this task in each of them. In addition, there would be a process of consultation involving production and marketing organizations, as well as donor agencies.

HAITI

Any strategy for agricultural reactivation and development in Haiti must take into account the fact that the country is extremely underdeveloped, and, if solutions are to be found, the causes for this underdevelopment must be understood. Because Haiti is one of the poorest countries in the world, a considerable amount of resources will be required to reactivate its agriculture, and only modest results can be expected in the short and medium terms.

Haiti is extremely underdeveloped

The impoverishment of agriculture in Haiti is directly attributable to the fact that the development model based on a plantation economy has run its course. In these circumstances, the basic infrastructure, which has allowed workers to survive and grow in numbers, is determined by the workers themselves, with no help from the government.

However, there is hope for change. On the one hand, the fact that the small-farm economy has taken up activities abandoned by the State and the power structure, obliges management to negotiate on terms imposed by the small farmers.

On the other hand, the worldwide economic crisis has had a negative effect on those activities in Haiti which are linked to the world economy. It is inevitable that what will come about is a more endogenous type of development, and the parameters of same will be controlled by the small farmers.

These two circumstances are viable options and come at a time when available natural and other resources are disappearing at an alarming rate. The situation is getting out of hand, and government decrees for structural change come and go on a regular basis.

The strategy for the reactivation and development of agriculture aims to recast the role of the small farmer -and the rural population in general- in society, at both the national and regional levels, and includes six components:

- An intervention policy (taxes, etc.) that aims to take a significant part of resources controlled by interest groups and invest them in agriculture.

- An economic policy which emphasizes the creation of services for agriculture. The services would be provided by the rural population.
- A human resources development policy, whose objective would be to create specialized associations through "outreach" training programs, and to increase the number of independent workers.
- An information policy which would disseminate scientific and technical advances, and facilitate discussion among small farmers, and between small farmers and the power structure.
- A research and development policy which would begin by building research infrastructure, currently non-existent.
- A regional cooperation policy which would strengthen links between Haiti and other countries of the Americas, especially those with Haitian communities, in order to take advantage of the cultural, financial and technical resources of these Haitians and of their knowledge of the countries in which they reside.

Leadership of small farmers and others in the rural population, essential to reactivating Haitian agriculture

These instruments should be implemented in the following areas:

- A strategy for creating favorable domestic conditions for investing human and financial resources in agriculture.
- A strategy to reverse the destruction of the environment.
- The creation of common bases for agriculture-related economic activity. This will allow the more just arbitration of disputes, and will open up the possibility for transparent relationships between lending institutions and farmers.
- The setting of priorities with regard to farmers markets and the conversion of the local markets into multi-purpose agricultural services centers.
- The reorganization of agricultural marketing and production through information systems and "outreach" training and grass-root education programs.
- Priority given to programs aimed at increasing the participation of women in development, focusing on assistance to vendors of agricultural products, in the context of a general reinforcement of the social structures established by farmers.

- In the realm of regional social relations, the strategy proposes regional cooperation beginning with the protection -by the Haitian government- of Haitian emigres, and the strengthening of ties between them and their homeland.

PROPOSED ACTIONS

This section deals with the projects that would be implemented to initiate Haiti's strategic action within the PLANLAC. As can be seen, these projects are in line with the policies and strategic guidelines described herein, generate multiplier effects, and lend to themselves to joint action with other countries and institutions within the region and without, as established in the Ottawa Declaration, which gave rise to the PLANLAC. Finally, these projects are linked to others IICA is already undertaking in Haiti (development of coffee growing, essential to Haitian agriculture, animal health and plant protection, extension services and rural development, etc.).

1. Institutional Strengthening and Rural Development Extension Services

As a result of these services, numerous messages -most in Creole- will be sent to large segments of the rural and small-farm populations of Haiti. This will be accomplished by means of specific messages sent via radio, print, television, etc. Training will be one component, and dissemination to the masses the other. The subject is a broad one and there are many ways to cover it. Efforts would be made to fill in the "gaps" mentioned previously. Special emphasis will be given to ecology and conservation, trade, basic technical education, animal and plant health, cultivation practices, etc. Of course, there would be a component of the project aimed at strengthening and improving certain basic institutions (educational, research, marketing, etc.) in Haiti. IICA has almost completed a profile of this project, which could have a broad impact. It would be closely linked to the following project.

Projects proposed for Haiti respond to need to make maximum use of national resources

2. Technology Generation and Transfer for Agricultural Development in Haiti

These efforts are in response to the need for the country to be in the best possible position to take maximum advantage of national, regional and international resources related to technology generation and transfer for agricultural development. Haiti would be provided with concrete and substantive links with countries and institutions with a high degree of technological development, for the purpose of exchanging experiences and human resources in key areas of the transfer and generation of agricultural technology.

These measures are essential to agricultural reactivation based on small-farm production. Exchanges, short courses, scholarship programs, interchanges of experts and material, joint programs and other coordination mechanisms will be organized. IICA, because of its experience and international reputation, can be a catalyst for these efforts. In principle, there will be collaboration with CIAT, CIMMYT, CIP, CATIE, CARDI, IRRI, ICRISAT, and Latin American universities, among others.

IV. CENTRAL SUBREGION AND MEXICO

This Chapter is subdivided into two components: the first deals essentially with the countries of the Central America isthmus and the Dominican Republic. 14/

A special study was made on the agriculture of Mexico, which covers points of common interest regarding the role of agriculture and priorities that are in line with the programs envisaged for the subregion. In particular, this document also stresses subjects which have to do with actions with other subregions.

THE CENTRAL SUBREGION

A. DIAGNOSIS AND STRATEGY GUIDELINES FOR THE CENTRAL SUBREGION

1. Summary of the diagnosis

Although there are differences from one country to another, agriculture in the subregion has certain characteristics that are common to the entire region, as summarized in the preceding sections. In addition, the following situations are to be found:

- Most of the countries in the area are quite small; this increases the need for joint action in some areas with elevated economies of scale (technological development, trade infrastructure, etc.).
- Central America is fraught with armed conflict, with the resulting destruction, problems of population movement and focusing of political priorities on those issues.
- Significant changes have occurred in the land tenancy structure, as a result of settlements and agrarian reform measures; these, however, have not been sufficient to significantly improve a small-farm economy which does not have sufficient resources for production or satisfactory access to basic services.

Magnitude of political and economic crisis, and small size of countries points up importance of joint action

- The expansion of the agricultural frontier has been limited, deforestation is a problem and additional risks are involved in the expansion of certain areas, such as the humid Atlantic zone of the isthmus.
- Small farms play a major role in food production, yet they have not yet been satisfactorily served by existing credit, technology and marketing schemes, despite the fact that they represent an important production potential at a time when nutritional deficiencies have been detected and food imports have increased.
- There has been an increase in the amount of land devoted to pastures and ranges, as a result of which the relative size of the area devoted to staple grain production has been reduced.
- There is a lack of agroindustrial linkages to allow for better integration of production and create more jobs in the rural areas.
- There is considerable external cooperation, which means that flexible mechanisms must be designed to ensure the coordinated channelling of resources, and that efforts must be made to see that agriculture benefits directly from same.
- Almost all the countries of the subregion, have preferential access to the North American market, which favor an expansion of supply.

2. The role of agriculture and strategy guidelines for the Central Subregion

The strategy for reactivating agriculture should:

- consider agriculture as a central element in the economic growth of individual countries and of the subregion, taking advantage of the potential of the small-farm sector as a production resource in the rural environment and as a source of domestic demand;
- expand on the fundamental role of agriculture as a source of exports, including traditional and non-traditional options;
- generate rural employment, in a context of rural development that is not limited to primary production;
- provide for the implementation of efficient agroindustrial development, in order to generate employment and allow for access to the international market;

Agriculture makes major contribution to employment, exports and income in the subregion

- seek food security for the entire population, taking advantage of the production potential of small farms, as well as of the options for intraregional trade, in the context of efficient economic integration;
- achieve improved linkages both in the processing of agricultural goods and in the production of inputs for agriculture;
- pay attention to the ecological degradation that is currently taking place and to the risks involved in new technologies;
- incorporate agriculture into the reactivation schemes of the countries belonging to the Central American Common Market;
- work to improve policy making which affects agriculture, with a view to including differentiated policies for small farmers and coordinating national policies for a subregional integration scheme;
- improve national credit systems and systems for the creation and transfer of technology and for marketing, in order to bring them into line with a strategy for increasing exports and producing foods, with the full participation of small-scale farmers;
- increase production efficiency and enforce sanitary rules, in order to make a real contribution to economic growth and steadily improve the countries' international competitiveness;
- improve public systems for policy making and implementation, and establish systems that enlist the full participation of private enterprise and non-governmental organizations; and, in particular,
- attach the utmost importance to the identification of national policies and joint actions that will facilitate economic integration.

Need to incorporate agriculture into the reactivation schemes of the Central American Common Market

B. AREAS OF JOINT ACTION

Thirteen subject areas have been identified in which the countries feel that joint programs and projects might be defined to support national efforts. These are:

Joint action is concentrated in 13 key areas

Food security

Support to small-farmers and rural development

Promotion of agroindustrial development

Development and diversification of exports

Natural resources, ecology and the environment

Development of fisheries and aquaculture

Harmonization of subregional policies and investments

Development of production infrastructure: irrigation and drainage

Improvement of subregional and international marketing

Scientific and technological development

Strengthening of agricultural health services

Livestock development

Agricultural credit

C. PLANLAC PROGRAMS IN THE CENTRAL SUBREGION

The programs to be carried out under PLANLAC in the subregion are based on a number of activities generated -within the context of the strategy outlined above- by the group of agencies making up the Inter-institutional Group for the Agricultural Sector (GISA) ^{15/}, created by the vice presidents of the Central American countries. The programs to be carried out under the Plan are the following:

The programs describe the activities to be carried out in each priority area

Program on food security

This program envisages definition of a subregional policy, specialization of countries according to comparative advantages, efficient production of foods and promotion of a more equitable distribution of income through the productive participation of small units.

Program on promotion of the small-farm economy and rural development

Envisages the application of differentiated policies for the benefit of small-scale farmers. Includes options for improving access to land and the channeling of technological and financial resources to small-scale farmers. Also deals with small-farmer organizations.

Program on agroindustrial development

Concerned with the efficient processing of primary products, improving international competitiveness, generating

employment and development of rural areas, stressing participation of small-scale farmers. Also envisages conversion of existing industries.

Program on development and diversification of exports

Includes analysis and definition of macroeconomic and sectoral incentives to promote non-traditional exports, seeking to increase the local value added and benefit those having a potential for increasing intersectoral linkages. Includes coordination to improve knowledge of trends in external markets and to enhance the subregion's bargaining power in international trade.

Program on natural resources, ecology and the environment

Seeks to ensure efficient management of natural resources to sustain agricultural development and improve the quality of life. Its components are training, research and technology transfer.

Program on the development of fisheries and aquaculture

This deals with a specific subtopic of the general issue of expansion and diversification of production and exports; special attention is given to preservation of species.

Coordination of sectoral policies and investments

Provides for support to economic integration, seeking the gradual harmonization and coordination of economic and investment policies, and strengthening national capabilities for subregional action in these areas.

Program on development of infrastructure, irrigation and drainage

Conceived to allow for the efficient utilization and expansion of infrastructure, including the provision of complementary inputs to producers; supports the implementation of food security programs and diversification of production and exports.

Program on improvements in marketing

Envisages the development of more efficient trade within the subregion, joint management of exportable supplies, strengthening of the subregion's bargaining power vis-a-vis third parties, complementary investments in marketing infrastructure and information on tariff and non-tariff barriers in international markets.

Program on scientific and technological development

Seeks institutional strengthening of minimum technological capabilities, reciprocal technical cooperation and development of new capabilities and orientations for increasing production and productivity. Special attention will be paid to the needs of small-scale farmers.

Program on strengthening of agricultural health services

Seeks to facilitate trade within the subregion and improve access to international markets. Envisages an information system that would make it possible to assess losses and monitor plant protection and animal health projects. Strengthening of laboratory networks and design of joint projects on the control of pests and diseases.

Program on livestock development

Addresses livestock production and productivity as a means of securing greater foreign exchange earnings and satisfying domestic demand for meat and dairy products. It also promotes the production of farm animals by small farmers.

Agricultural credit program

Aims to increase the availability of credit for use in the programs designed to incorporate the small-farm economy into overall agricultural growth, in accordance with the objectives of the PLANLAC.

D. INITIAL PROJECTS FOR JOINT ACTION

Below is a list of the titles of GISA and some complementary IICA projects, and their corresponding programs. The responsible agencies are named in parentheses.

1. Portfolio of GISA projects 15/Food Security

Food Security Program for the Central American Isthmus - Stage Two (CADESCA)

Agricultural Credit Restructuring Program - PRECA (CADESCA)

Regional Program for Production of Edible Vegetable Fats and Oils BCIE

Support to Small Farmers and Rural Development

Regional Program of Integrated Rural Development Projects - DRI

The projects for joint action in the Central Area have come from GISA. Others come from IICA

Strengthening Rural Settlements through the Creation of Rural Development Funds and through Training, Evaluation and Systematization of Experiences in the Central American Isthmus and the Dominican Republic - PRACA

Regional Border Development Program

Technical Assistance Project for Agricultural Development - RUTA II (IBRD, UNDP, IFAD, IICA)

Promotion of Agroindustrial Development

Central American Program for Sugar Industry Conversion (BCIE)

Central American Agribusiness Program - Phase III (BCIE)

Agroindustrial Development Program (five project profiles) (CADESCA)

Central American Program for the Production of Cellulose and Kenaff Fiber (ECLAC)

Development and Diversification of Exports

Central American Program on Permanent Non-traditional Crops

Central American Program on Citrus Production

Central American Program to Boost the Export of Non-traditional Crops

Program to Diversify Non-traditional Exports in the Countries of Central America

Natural Resources, Ecology and the Environment

Strengthening Public Institutions and Supporting NGOs in the Development, Use and Conservation of Natural Resources (CATIE)

Regional Watershed Management Project - Phase Two (CATIE)

Support to the Development of Watersheds in Border Areas (CATIE)

Management of the Fraternidad Biosphere Reserve of the Montecristo Massif - TRIFINIO (CTPT)

Agriculture in the Semi-arid Zone of the TRIFINIO Region (CTPT)

Regional Agrometeorology Project - Phase II (CATIE)

Development of Fisheries

Central American Program on Fresh and Saltwater Aquaculture (BCIE)

Project for Fisheries Development in Central America and Panama (OLDEPESCA)

Development of Tuna Fishing (OLDEPESCA)

Harmonization of Regional Policies and Investments

Harmonization of Agricultural Policy in CORECA Countries (IICA)

Development of Production Infrastructure: Irrigation and Drainage

Central American Program on Irrigation, Drainage and Soil Conservation (BCIE)

Improvement of Subregional and International Marketing

Inter-regional Transportation and Marketing Project (ECLAC)

Agriculture Input and Commodity Exchange (SIECA)

Scientific and Technological Development

Regional Program on Improved Seeds, with Emphasis on Basic Foods and Promising Crops

Cooperative Agricultural Research Program for Central America, Panama and the Dominican Republic - PROCENTRAL- (IICA)

Study of the inheritance mechanism of some production-related characteristics in hybrids of Cacao (CATIE)

Agroecological Inventory of Central America (CATIE)

Use of tissue cultures to achieve somaclonal variation in tropical oilseed crops, as a means of increasing resistance to heat and drought (CATIE)

Nutrients dynamics in agroforestry systems (CATIE)

Reciprocal Technical Cooperation Program - COTER II- (CORECA)

Biotechnological Development Policies and Actions for Central America (SIECA, CORECA)

Technology Generation and Transfer for Small Farmers of Staple Grains in Central America (IICA)

Strengthening of Agricultural Health Services

Prevention, Control and/or Eradication of Fruit Flies in Central America and Panama (OIRSA/IICA)

Agricultural Health Information and Data Monitoring Network in the Central Area (OIRSA/IICA)

Regional Project on Bovine Mastitis (OIRSA)

Regional Project on the Control and/or Eradication of Swine Fever in El Salvador, Mexico, Guatemala, Honduras and Nicaragua (OIRSA/IICA)

Strengthening Agricultural Emergency and Quarantine Systems in the Central Area (OIRSA/IICA)

Control and Eradication of the Mediterranean Fruit Fly (OIRSA)

Livestock Development

Development of a Bovine Feed Strategy for Meat and Milk Production Using a Forestry-Grazing Approach for the Humid-Dry Tropics of Central America (CATIE)

Conservation and Use of Genetic Resources (CATIE)

Use of Tree and Bush Foliage in Goat Production Systems in Central America (CATIE)

Modernization of Animal Husbandry in Central America (ECLAC)

2. Other IICA Projects:

Non-reimbursable technical cooperation for CORECA's Reciprocal Technical Cooperation Program (COTER) (CORECA-IDB-IICA)

Regional program on the strengthening of agricultural research on staple grains in Central America (IICA-BEC)

E. MECHANISMS FOR PLANLAC IMPLEMENTATION IN THE CENTRAL SUBREGION

1. Mechanisms for obtaining additional funding.

The difficult situation faced by Central America is giving rise to a variety of efforts to provide technical and financial support, including the United Nation's Special Plan for Economic Cooperation for Central America, the

support of the European Community and that of several national agencies for international cooperation. The proposals set forth in PLANLAC will be submitted, through the sectoral political forum (CORECA), to these two bodies for funding.

During the first stage of the PLANLAC process, the project on Technical Assistance for Agricultural Development (RUTA II) will begin operation. This project represents joint action on the part of the United Nations Development Program (UNDP), the World Bank, IFAD and IICA. These cooperative efforts, which are designed to help the countries draw up national and subregional projects on modernization, exports and food production, should provide a suitable mechanism for gaining access to external funding, provided primarily by the agencies financing the project.

2. Institutional mechanisms for Plan follow-up

The Plan fits in with an institutional operating strategy based on the operation of the Regional Council on Agricultural Cooperation of Central America, Mexico, Panama and the Dominican Republic (CORECA). This is the highest level subregional forum and it has several bodies, as follows: the Executive Committee of Vice Ministers, the Technical Committee of Agricultural Planning Directors, and the Executive Secretariat.

In addition, there are in Central America several intersectoral coordination mechanisms of the highest political level, such as the Meeting of Vice Presidents and the joint meetings of ministers and vice ministers of agriculture, of the economy and of integration, through which PLANLAC can gain access to extra-sectoral support. The recently established Joint SIECA-IICA Unit will provide an important link, at the technical level, with extrasectoral fora.

CORECA will be responsible for supervising PLANLAC in the Central subregion. This Council, which will be responsible for setting priorities for projects and following up on the Plan, has the support of international technical cooperation and funding agencies and several special-purpose mechanisms in Central America. In particular, it is worth mentioning once again the Inter-institutional Group for the Agricultural Sector (GISA), which provides coordination of subregional agencies. This body was created by the vice presidents of Central America, and was expanded to include the participation of international technical cooperation and funding agencies in the field of agriculture.

GISA is a body for the coordination of Central American subregional agencies

MEXICO 16/

THE PROBLEMS OF AGRICULTURE AND STRATEGIC GUIDELINES

Agriculture in Mexico is in a state of serious stagnation, and rural society is quite backward. One of the first signs of the problems affecting agriculture is the fall in agricultural production and in its share of the GDP. In the case of Mexico, this has occurred very quickly, without any intra- and inter-sectoral adjustments having been made to maintain economic and social balance. Thus, there has been a decline in the capacity of agriculture to transfer resources to the rest of the nation's economy, and a reduction of its contribution to the domestic supply of basic foods, especially maize, beans, rice and wheat. These phenomena have, to a large extent, been caused by the encroachment of crops to be used for animal feed on the areas traditionally used to grow basic grains.

Mexico: diagnosis of a very differentiated agricultural sector

Another factor that should be considered is the uneven growth of the sector. Agroindustry is oriented basically towards supplying the domestic market while the inputs and capital goods it needs are mostly brought in from abroad. At the same time, traditional agriculture has been decapitalized, largely as a result of the economic drain resulting from its unfavorable terms of trade with the rest of the national and international economy, without any compensation for this through State subsidies over the past decade.

To the above must be added the magnitude of the phenomenon of unemployment and underemployment, which has been aggravated by the speed at which urbanization has proceeded and by the inability of the economy to generate alternative permanent jobs. This has caused a fall in real wages in the countryside and in the cities and has worsened levels of poverty and has limited the potential of the sector to carry out its role as a catalyst of economic growth.

The above situation must also be seen from the standpoint of their interaction with sectoral and macroeconomic policies. The obstacles encountered in this respect have to do with problems such as the neglect of agriculture in development models, the negative impact of macroeconomic policies on agriculture, the lack of communication between those responsible for overall policy and those responsible for sectoral policies, the incompatibility and the contradictory effects of economic policy instruments and the difficulty of producing agreement and coordination between rural producers and the State.

Reassess agriculture and overcome two-tiered system

As regards agricultural policy, there are so many different agents of production that it is imperative to seek to build institutional systems that will be capable of coordinating macroeconomic and sectoral policies in a single strategy so that, on the basis of greater social agreement, the proposals put forth

by agricultural planners will be related to the needs and demands of the very different groups that coexist in the rural environment and of those that have dealings with them.

The reactivation of the agricultural sector is a prerequisite for the strengthening of the national economy, and calls for a rethinking of overall economic policy with a view to restoring its strategic position as a dynamic axis of development.

The strategic challenge is to discover how to deactivate the mechanisms which work, in this two-tiered agriculture, to increase concentration, while at the same time creating the socioeconomic conditions needed to bring the large sectors of small farmers, who so far have been seriously neglected, into the mainstream of rural development. This calls for a series of structural changes, the basic elements of which would be the following:

- Economic, agricultural and technology policies that are consistent with the objectives of revitalizing small-farm agriculture in areas of seasonal employment and the agricultural sector as a whole; such policies should generate real opportunities for increasing employment in the urban and rural sectors, while conserving natural resources. Policies aimed at eradicating extreme poverty will be crucial to this effort.
- A set of institutional reforms that cover the organization and operation of the main governmental agencies concerned with the sector.
- Fundamental political changes involving changes in the regional power structures, to the benefit of the small-farm sector.
- Selective measures to deal directly with the serious deficiencies in food, health, education and housing that affect a large number of rural communities in the country.

*Internal changes
need support from
joint actions with
other countries*

The international context gives momentum to the strategy for the reactivation of the agricultural sector. Traditionally, agricultural and rural development plans and programs have been viewed from a purely domestic standpoint, without regard for the influences exerted by external variables. As a result of this omission, certain serious biases have been introduced not only in the way in which issues are stated, but also in the identification of problems and the way proposals for solutions have been put into operation.

For this reason, and as has been seen, in reconsidering the development strategy for the agricultural sector, therefore, it is essential not to lose sight of the new parameters of the international context. That is why it is so important for Mexico

to be fully involved in the Plan of Joint Action for Agricultural Reactivation, above all, but not exclusively, as regards the areas covered by the hemispheric projects, spelled out in Chapter V of the First Part of this document.

Two areas appear to be especially important from the international standpoint, as follows:

- In external trade in agricultural products, which includes expanding and diversifying its agroexports, Mexico must consider the possibility of entering into economic and commercial integration arrangements with the rest of Latin America. In reactivating overall economic activity, it will be very important to increase regional trade in food and agricultural products and to increase the economic complementarity of our countries in this aspect.
- Scientific-technical cooperation should be aimed at inserting Mexican agricultural and forestry activities into the international technological system. To achieve this, actions must be taken which will: diversify and intensify cooperative relations with LAC; modernize and update internal and external cooperation mechanisms; increase the support mechanisms needed to achieve food security, with priority being given to requirements for rural development and the small-farm economy; and pay special attention to the selective and strategic development of biotechnology.

Technology and trade: heart of cooperation with LAC

Presented below, in three sections, are the areas for possible joint action between Mexico and the other countries in the region. Section A contains the ones that can be developed directly and immediately. Sections B and C refer to actions -also within general framework of hemispheric projects- which could be undertaken later.

A. BASIC AREAS FOR PROGRAMS AND PROJECTS OF JOINT ACTION TO BE CARRIED OUT BETWEEN MEXICO AND OTHER COUNTRIES OF THE REGION

1. Participation in cooperative programs for agricultural research

There would be reciprocal advantages in coordinating actions with other countries of the region. Hence, Mexico should interact systematically with the multinational programs operating in the Andean subregion (PROCIANDINO) and the Southern subregion (PROCISUR), and, in the future, in the Central American subregion (PROCICENTRAL), in order to institutionalize technical cooperation mechanisms that would enable it, like the participating countries, to share and utilize the technologies available in each one, as well as those produced by the international centers, while at the same time strengthening the institutions and programs involved, in terms of the scientific capabilities of their human resources, the setting of priorities for their efforts, and their research capabilities.

Participation in cooperative agricultural and biotechnological research programs

2. Participation in cooperative programs in the area of biotechnology

In this field, it is important to work to develop areas of excellence in anticipation of the advent of this technological paradigm, bearing in mind the opportunities and challenges it presents for Latin America. Mexico should be an active participant in the hemispheric program proposed in the preceding paragraph.

3. Program on the development of agricultural trade between Mexico and the rest of LAC

Mexico is by far the main importer of foodstuffs in Latin America. At the same time, it is a major exporter of fruits, vegetables, coffee and tropical products. Almost all this trade takes place with North America and other OECD countries. The agricultural reactivation of the region would be greatly stimulated by the creation of greater flows of trade between Mexico and the rest of the LAC countries. In terms of the composition of supply and demand, there is no reason why this could not be done. In the foreseeable future, Mexico will be importing large amounts of grains, oilseeds and dairy products, and LAC is in a position to offer precisely these products. Projects to promote agricultural trade would have to be carried out in three basic trade circuits.

*Agricultural trade
with Central and
South America*

The first of the three would be the Central American area (CORECA countries), where Mexico has a highly positive overall trade balance, and has offered to increase its imports. The trade promotion project should seek to make use of the partial-scope agreements that have already been signed by those countries (possibly adding others), and to strengthen and improve the funding mechanisms opened up through BCIE and other funding agencies. The Inter-institutional Group for the Agricultural Sector (GISA) is the appropriate forum for work on this project, which is both viable and strategically important.

The second would be the Caribbean, and would operate in a manner similar to the Central American circuit, although perhaps to a more limited extent. In this case, a positive factor is that Mexico is a member of the Caribbean Development Bank (CDB).

The third would be the southern area of the continent, especially Brazil and Argentina. In this case, the trade promotion project would have to start on a more modest scale, since there are no pre-established information and funding mechanisms.

B. OTHER POSSIBLE AREAS FOR JOINT ACTION BETWEEN MEXICO AND COUNTRIES IN THE REGION

Three additional areas in which Mexico might work in conjunction with the other LAC countries are the following:

1. Cooperative program on plant protection

Plant protection is an area in which countries have traditionally worked together. Regional or subregional agreements are needed in the following specific areas: Identification of causal agents in plant protection problems; integrated management of coffee rust disease and the coffee berry borer; integrated management of fruit flies; integrated management of plant protection problems in fruit growing, and horticultural and ornamental products for export; plant protection in stored grains; protection of forest plantations in tropical climates; implementation and application of national quarantine legislation; implementation and application of international quarantine measures (information and statistics, training of personnel to serve as international inspectors).

Health and development of forests: two more areas for cooperation

2. Cooperative program in livestock research

Following are the priority areas for this cooperative program: pasture management; forage (exchange of germplasm from tropical areas); animal nutrition; dairy production (for tropical conditions); and general livestock production in the tropics.

3. Cooperative program in the area of animal health

Following are some areas in which regional or subregional action might be taken: Control of ticks and tuberculosis in cattle raised for export, sanitary conditions of stock and products in swine raising, sanitary management in poultry raising, implementation and application of national quarantine legislation.

4. Cooperative program in the forestry sector

A cooperative program for the forestry sector should assign priority to the following: reforestation and planting of rapidly growing species in the tropics, for purposes of paper production. Optimum use of the soil (agroforestry techniques, watershed planning), forest protection, promotion of cultivation of forestry resources, efficient development of the forest industry, promotion of financing for forestry activities, integration of owners of forests and jungles into production, processing and marketing processes. Establishment of plantations and management of natural resources for the production of firewood, with special emphasis on the sustainability of the ecosystems.

C. **COORDINATION OF ACTIONS IN THE AREA OF FINANCING OF AGRICULTURAL AND AGROINDUSTRIAL PROJECTS**

Agreement of San Jose

Under this mechanism, signed in 1980 by Mexico, Venezuela and the countries of the subregion, and which is operated through an agreement with the Central American Bank for Economic Integration (BCIE), Mexico channels resources for the development of the countries of the region. This entails financing investment projects pertaining to the exploitation of energy resources, the utilization of natural resources, basic infrastructure, food production and the generation of exports from the Mexican market, as well as the carrying out of preinvestment studies.

Project funding is distributed as follows: 80% for the public sector of BCIE member countries and 20% for the private sector, on terms of from 10 to 15 years, with three or four-year grace periods, and an interest rate of 6% on outstanding balances, which the Government may reduce whenever it considers it appropriate. This is a suitable mechanism which should be fine tuned in order to allow for its use in connection with projects for joint actions within the agricultural and the agroindustrial sector.

The mechanisms of the Agreement of San Jose

V. **SOUTHERN SUBREGION 17/**

A. **DIAGNOSIS AND STRATEGY GUIDELINES FOR THE SOUTHERN AREA**

1. Summary of the diagnosis

Although most of the general features mentioned above apply to the Southern cone countries, they also have certain very specific characteristics, as follows:

Though not an integration block, the five countries share common characteristics, especially exports

- The area covered by this subregion has the greatest diversity of agroclimatic zones and special agricultural conditions.
- Contrary to the situation in other subregions, there is no integration scheme bringing together all the countries, although some significant progress has been made in some cases (for example, the integration protocols between Argentina, Brazil and Uruguay; the joint action within the Cairns Group in the GATT negotiations, etc.).
- These countries produce most of their own food and account for the bulk of agricultural exports from the entire region, and, moreover, comprise one of the most important bases of specialized agroexports in the world economy.

- There is a high degree of integration between the agricultural sectors and the other sectors of the national economies, in terms of inputs and agroindustry. Likewise, there is a high degree of private investment in rural activity, in the supply of support services to production and in the creation and transfer of technology.
- Practically all the countries of the Southern area have spent large amounts on agricultural research and extension, and have achieved important results in the adoption of technologies and the improvement of agricultural productivity.
- Over the last two decades, the composition of agricultural exports and their markets has changed significantly in almost all the countries of the area, although the degree of subregional integration in agricultural trade has not increased significantly.
- The agrarian and social structure of the rural areas has undergone significant changes in several countries. The appearance of new agents of production (from outside the sector or with modern management capabilities) has accelerated the process of industrialization of the rural areas, thus laying the social foundation for technological vitality. This process, in turn, has accelerated the proletarianization of nuclei of traditional small farmers.
- There are still major dichotomies in the social and production structures of several of the agrarian economies of these countries, and profitable family farms are losing ground as a result of the aforementioned changes.
- The anticyclical role, or the greater "resistance to recession," attributed to the agriculture sector has not characterized the Southern area countries. Apparently, this has only happened in the case of food production, where there was a structure of specialized small farmers.
- In the area there are small farms devoted to the production of foods, but it should be noted that many of them are growing agroindustrial crops instead.
- The supply of exportable agricultural products is very diverse and has allowed for a great deal of freedom to increase the activity as well as to expand other economic activities linked to the sector, in a way that could not have been anticipated a few years ago.

Intense process of agricultural modernization increased efficiency, but was not available to small farmers living in poverty

- Finally, and very importantly, the gradual weakening of the public agricultural sector and the importance of decisions taken outside the sector are perhaps more notable than in other subregions, and are among the most important characteristics which have been cited with regard to the Southern Area.

2. The role of agriculture and strategy guidelines for the Southern Area

Strategy guidelines that take into account the new role of agriculture should:

- increase the share of agricultural products in world exports, through increased efficiency and diversification of production, and improve negotiations aimed at gaining access to the markets;
- increase the degree of overall and seasonal supply within the subregion, based on national redistribution guidelines and on price stabilization objectives and anti-inflationary programs in the countries of the area;
- provide for the design of national policies aimed at combating rural poverty, which could be facilitated by a successful strategy for the modernization of export agriculture. Indeed, the possibilities for solving these serious social deficiencies could be greatly enhanced through the incorporation of small farmers into the production of agricultural export products and through the generation of jobs in agroindustry; and
- provide suitable macroeconomic policies and strengthen sectoral participation in the formulation of such policies at the national level; and progress towards greater compatibility of such policies at the subregional level.

Increased share in world exports for agricultural products, and improved linkages

The Plan of Joint Action for the Southern subregion pursues the following objectives:

- to strengthen the role of the agricultural sector in the economic reactivation and development of the Southern area countries;
- to strengthen their common production capabilities, through both joint actions and policies designed to strengthen national efforts and through joint actions designed to increase the subregion's capability and importance on world markets;

- to enhance the efficiency of agricultural and agroindustrial production by introducing economies of scale both through integration measures and through alliances for dealings with third parties;
- to increase the bargaining capacity and relative power of the Southern area countries on world markets, through permanent alliances built around the development of the agricultural sector; and
- to contribute to the solution of structural problems in the agrarian economies of the countries, through the gradual harmonization of policies related to incentives, technological development, agricultural marketing and institutional strengthening.

B. AREAS OF JOINT ACTION

At this stage, the following areas are suggested for the development of joint action programs:

- comprehensive management of shared natural resources, such as large watersheds, savannahs and inter-Andean valleys;
- transfer of technology and research on common problems pertaining to the management and conservation of natural resources;
- joint training of human resources at different levels of skill;
- strengthening and expansion of joint programs on research and transfer of technology;
- consolidation of comprehensive technological packages, entailing coordinated subregional production, of agricultural or non-agricultural goods, for the dual purpose of substituting imports and enhancing the international competitiveness of the group as a whole;
- strengthening of joint programs on plant protection;
- strengthening of joint programs on animal health;
- programming of subregional agroindustrial production, coordinating requirements as regards the quantity and quality of primary inputs;
- strengthening of alliances (i.e., the Cairns Group) for negotiations in world fora;

Emphasis on joint actions to increase production and strengthen foreign trade

- harmonization of codex alimentarius and other standards aimed at protecting consumers of fresh or processed foods at the subregional level, in keeping with the requirements of the major world markets;
- planning of agroindustrial complexes that are integrated at the subregional level, in order to enhance international competitiveness and improve the quality of processed foods for domestic markets;
- establishment of joint ventures for the marketing of products with new markets niches on the world market;
- formulation of anticyclical subregional policies through the harmonization of seasonal supply of and demand for products whose production fluctuates (i.e., vegetables, fruits, dairy products, meat);
- strengthening of the ministries of agriculture in areas related to integration or joint subregional actions;
- establishment of permanent working groups to follow up on and monitor agrarian policies in the Southern area countries;
- strengthening of other institutions in the public agricultural sector, in order to enable them to perform the role required of them in a process of joint action for agricultural reactivation.

C. PROJECTS FOR JOINT ACTION IN THE SOUTHERN SUBREGION

The following projects have been identified for the Southern subregion:

Cooperative Agricultural Research Program for the Southern Cone (PROCISUR)

The purpose of this program is to establish the necessary conditions and means for ongoing cooperation, reciprocal support and integrated action on the part of the national agricultural research institutions of the countries. Actually, it is a program divided into projects on corn and rice, wheat, soybeans, grazing cattle (meat), biotechnology, fruit and vegetable cultivation, technology transfer and technology for small farmers, development of human resources, seed technology, evaluation of forage, soil management and conservation, biological control, production systems and socioeconomics.

Technology, health and policies are main topics of initial joint action projects

Strengthening of international agricultural emergency and quarantine systems in the Southern area countries

This program is aimed at implementing and institutionalizing emergency systems in the areas of animal health and plant protection in each of the countries, and strengthening international plant and animal quarantine information services.

Evaluation of animal diseases and pests in the Southern area countries

This program is designed to coordinate national and regional action in the area of animal health, to standardize diagnostic techniques and reagents, to achieve effective scientific integration and to facilitate marketing of animal products and by-products.

Economic research on the potential and limitations of joint agricultural development in the Southern Area

The purpose of this program is to develop a line of thinking on agriculture in the area and on its role in the development process.

Program on the strengthening of ministries of agriculture in activities pertaining to foreign trade and integration

The purpose of this program is to develop capabilities for participation in the formulation and implementation of policies on foreign trade in agricultural products, in the context of an integrationist policy.

Support for the establishment of an integrated fruit-fly management system in the Southern area

This program is designed to strengthen the organization and technical structures of plant protection institutions, in order to set up programs for integrated fruit-fly management.

In addition, the following projects are in the preliminary stage of negotiation:

National network for graduate studies in agronomic sciences

This project is designed to establish mechanisms which will make it possible to integrate graduate studies in the subregion, by strengthening existing programs and identifying new possibilities for masters degrees in plant protection, phytotechny, animal production systems, intensive fruit and vegetable cultivation, use and conservation of natural resources, food industry technology, and the agro-economic aspects of economic integration in the subregion.

Reciprocal assistance in fighting forest fires

The goal is to provide opportunities for the exchange of experiences and know-how among public and private agencies in the countries. The strategy of the project involves assigning an international agency the task of identifying and promoting exchange activities.

Agricultural policies for the Southern Area

The objective of the project is to strengthen the technical and administrative capacity of governments to design and analyze economic and investment policies. This will allow the countries of the Southern Area to gradually bring their incentive policies and strategic investments for agricultural modernization into line with one another, within the framework of subregional integration.

D. MECHANISMS FOR IMPLEMENTATION OF PLANLAC IN THE SOUTHERN AREA

1. Mechanisms for obtaining additional funding

The possibility of setting up a mechanism to promote investment in agricultural and agroindustrial products was discussed at the meeting of vice ministers of agriculture held in Santiago, Chile in March 1989. Its objective would be to finance studies and identify economically feasible projects.

It would also seek to arouse the interest of the private sector in investing in agroindustrial development, stressing those activities which promote integration and help expand trade among the countries of the area.

Create interest on part of private capital: key to new funding mechanisms

Investment promotion program

An investment promotion program has been proposed which would include an experimental stage that would be easy to implement from the institutional standpoint and that would not be too costly for governments. To this end, the governments of the Southern area countries would submit to the IDB a proposal for a non-reimbursable regional technical cooperation project to finance the first stage of the program. The objective of the program is to identify investment projects and investors. The investors would be public or private enterprises, cooperatives or small-farmer agencies, either national or multinational, in addition to risk-capital investors from outside the area.

Emphasis would be placed on projects which promote agriculture and agroindustrial reactivation for purposes of integration.

Execution of the program would be entrusted to IICA, which would be supported by an advisory commission made up of representatives of the governments. The program would be closely linked to the private sector and to international investment and risk-capital sources.

The program would be experimental in nature and would have a duration of four years. It would be evaluated during the third year of execution and the governments would then decide whether to continue it; they may also decide to establish a preinvestment fund. In the execution of the program, special importance would be attached to the generation and dissemination of a methodology for identifying and promoting investment projects.

The investment promotion program would identify investment projects for promoting integration in the previously mentioned areas of possible interest to all the countries of the subregion.

2. Institutional consultative mechanism

During their meeting in Santiago, Chile, in March 1989, the vice ministers of agriculture of the Southern Area countries agreed to establish an institutional consultative mechanism to provide follow-up on the implementation of the Plan of Joint Action in the subregion. This mechanism will also make it possible to carry out actions related to the production and marketing of agricultural products, and to rural development in the subregion.

The mechanism will be entitled the Advisory Council for Agricultural Cooperation in the Countries of the Southern Area (CONASUR).

*Advisory Council
for Agricultural
Cooperation in the
Countries of the
Southern Area
(CONASUR): new
mechanism to pro-
mote agriculture in
subregion*

The political body in charge of coordination and integration in CONASUR will be its Advisory Council, made up of the ministers of agriculture of the countries of that subregion. Its executive body will be a Coordination Secretariat, provided by IICA.

CONASUR will have an important role to play in relation to the Plan of Joint Action, and this will be to reach agreement on specific measures aimed at strengthening subregional action in the process to reactivate agriculture in the member countries, and to forge close ties with these countries and the countries of the other subregions.

Furthermore, CONASUR will serve as the highest-level sectoral forum for analyzing problems related to rural development, agriculture, forestry, fisheries, conservation of renewable natural resources and environmental protection in the member countries. It will also propose solutions in the form of joint and coordinated actions and measures.

In addition, CONASUR will serve as a permanent advisory body, providing orientation and promoting the exchange of experiences related to the subregion's agricultural development policies and programs.

The Advisory Council for Agricultural Cooperation in the Countries of the Southern Area will be formalized with the signing of a Letter of Understanding by the ministers of agriculture of the countries of the Southern Area and the Director General of IICA.

PART THREE

GUIDELINES FOR EXECUTION

I. INTRODUCTION AND GENERAL COMMENTS

This part establishes some guidelines necessary for the implementation of PLANLAC; it represents a critical aspect of the proposal, since the very reason for a plan of action is its implementation.

As indicated throughout this document, the tasks related to the Plan constitute a dynamic process. The same can be said for its implementation, which is why the programs and projects presented herein represent a first group of actions to be undertaken. This initial "portfolio" of joint actions will be followed by new projects generated through the mechanisms envisaged for that purpose, and a true process to generate ideas and specific proposals for reactivating agriculture will be set in motion.

The Plan will be executed through its regional and subregional components. Each of these components has executing units for their different projects, and it can be said that they represent the minimum follow-up unit for the activities carried out.

The institutional and financial mechanisms proposed for implementing PLANLAC are designed to cover the implementation, adjustment and feedback process for the Plan. Consistent with the spirit of the Plan, it will be the countries themselves that carry out this task, and they will be the true executors, receiving support from technical and financial agencies.

In virtue of the above, this is not the appropriate setting for detailing the tasks to be undertaken: they must be defined by the participants themselves. The following recommendations, for the most part, point to matters that can serve to facilitate this task and identify more accurately the roles of the various participating bodies.

II. INSTITUTIONAL FOLLOW-UP MECHANISMS

Overall

The bodies that will exercise overall follow up of the Plan will be the highest fora of the inter-American system for the agricultural sector: the Inter-American Conference of Ministers of Agriculture (ICMA), the Inter-American Board of Agriculture (IABA) and the Executive Committee of IICA.

These bodies will evaluate the progress made in executing the various components of PLANLAC, propose such changes as

The body for following up on PLANLAC will be made up of the ICMA, IABA and IICA's Executive Committee

they see necessary, and contribute to achieving consensus and support for this initiative by publicizing the measures that have been adopted.

The information and the proposals submitted to the three aforementioned bodies will be presented by the heads of each of the specific subregional and hemispheric mechanisms.

In addition, an intersectoral mechanism should be established for overall follow up for facilitating action that must be taken in fields not directly related to agriculture, but which are essential to the success of any agricultural development proposal. 18/

Subregional and for hemispheric programs

Part II of this document summarizes the principal features of the subregional institutional mechanisms that will be responsible for PLANLAC follow up at this level. In every case, the mechanisms include a political forum (CORECA ministers and vice ministers; CARICOM's SCMA; JUNTA's ministers of agriculture and agricultural council; CONASUR's ministers of agriculture), a technical secretariat, and, in some cases, and inter-institutional group.

At the subregion level, follow-up will be provided by CORECA, CARICOM, JUNTA and CONASUR

The section dealing with hemispheric programs for joint action indicates which international organizations will participate in executing them. It also lists the national institutions responsible for these subjects, which, obviously, would be the counterparts and targets of these chores. A secretariat will be established for each of these programs, by agreement of the participants, which will handle follow up and coordinate the execution of the stipulated activities.

The tasks to be undertaken by each of the two specific types of bodies indicated earlier (subregional and hemispheric) will be determined by the bodies themselves, as they are "sovereign" in their scopes of action. Nevertheless, a partial list of possible responsibilities and tasks follows:

- To begin implementing approved initial projects;
- To contribute to securing external resources for funding planned activities;
- To publicize the scope and contents of the Plan in extra-sectoral fora (of ministers of economy, of foreign affairs, etc.);
- To generate new ideas and projects that contribute to reactivating the agricultural sector. This is a key aspect since it would make the role of the Plan as a process evident, and offer an updated portfolio of projects of joint actions.

- To draw up detail programs and budgets for the planned activities; and
- To evaluate progress made and present reports to regional and overall mechanisms.

III. FUNDING AND DISSEMINATION

The subject of funding under PLANLAC should be viewed from two perspectives: funding needed for reactivating and developing agriculture as a whole; and resources needed for implementing the Plan's specific projects and activities.

The countries must take the lead in two types of actions: to influence decisions for overall funding, and to secure funds for specific projects

With regard to the first point, a greater flow of funds to the agricultural sector will depend, primarily, on the macroeconomic decisions of the countries, and secondly, on the availability of external resources. The recommendations made in other parts of this documents will guide the ministers of agriculture in taking the political actions needed to have the recommendations adopted represent the basis for political action by the ministers of agriculture to disseminate them, with a view to their adoption both by national authorities and by international funding organizations.

Some PLANLAC proposals aim specifically to contribute to this first point: the IICA/IDB Technical Unit, for supporting the countries in drawing up agricultural sector programs (See Part One, Chapter V, Section A); the subregional RUTA projects (for Central America), the Andean Rural Development Fund, the Investment Promotion in the Southern Area and the meetings with donors in the Caribbean. These proposals will contribute to securing investments in support of agricultural reactivation and development in the region. They represent a first effort in a task that should be boosted with the participation of regional and subregional development banks.

Initial funding agencies proposed for each subregion

As concerns the funding of initial PLANLAC projects, which for the most part involve technical cooperation, negotiations have begun for some of them, which will be stepped up once the IABA has examined the Plan. As already mentioned, negotiations for funds for these projects should be carried out by specific institutional mechanisms.

During the Ninth Regular Meeting of the Executive Committee of IICA, the countries agreed to request that the Tenth Inter-American Conference of Ministers of Agriculture (ICMA) be held in 1991. They also recommended that the overall achievements of PLANLAC be reviewed during that Conference, and that consideration be given to the advisability of holding a meeting concurrently with donors, in order to launch a new effort to secure resources in support of PLANLAC actions. These proposals must be ratified during the Regular Meeting of the IABA in October 1989.

IV. THE ROLE OF EXTERNAL COOPERATION: DEVELOPED COUNTRIES AND INTERNATIONAL LENDING ORGANIZATIONS

A diagnosis of the situation of agriculture in the region indicates that the greatest contribution that the developing countries could make to reactivating and developing agriculture in Latin America and the Caribbean would be to improve the international trade and funding conditions, which have been described as the principal external constraint on sectoral development. The developed countries and some international lending organizations hold decision-making power when it comes to liberalizing the flow of agricultural trade and alleviating the debt burden, along with the concomitant limitation of access to external funds.

Debt, trade and technical cooperation: key topics for external support

Changing these factors is a key issue which has received priority attention from LAC countries. Consequently, the various political fora identified in PLANLAC should continue pushing for changes in their field of competence.

Given the importance of this issue, it is now fitting to consider other aspects of external cooperation of a more operational nature and which are connected with execution of the Plan.

Since its inception, one of the key objectives of PLANLAC has been to improve coordination of action among the LAC countries, while at the same time tying this regional process in with external cooperation possibilities. In general, support from developed countries and from international technical and financial cooperation agencies has been channeled toward actions carried out in the individual countries, with only a small percentage being earmarked for joint action among countries. This is due, in large part, to the greater complexity of identifying, reaching agreement and executing multinational activities. PLANLAC's contribution in this area is to offer a portfolio of joint projects that have already been approved in the countries, as well as a series of technical and political mechanisms that will make it possible to continue generating concerted proposals for presentation to external financing entities.

A first action of external cooperation could be to give greater support to joint ventures that strengthen regional and subregional integration processes. In a world where economic blocs are becoming an important medium for carving out larger spaces in the markets and for taking advantage of comparative advantages, it is of critical importance for LAC to lend its support to this process. Some subregions, like Central America in the recent past, have begun to take steps in that direction, steps which should be intensified.

Need to change orientation: More support to joint initiatives that strengthen regional and subregional integration

Another important issue is the role of external cooperation in inter-institutional coordination. Resources are scarce at this time in LAC and it is essential that overlapping or gaps be avoided. Some of the institutional mechanisms considered in the Plan, described briefly in Part II of this document, are set up to deal with this situation. The work of GISA in the Central subregion and RACC in the Caribbean should be studied carefully by other regions.

The inter-agency advisory meeting held during the preparation of PLANLAC constitutes an interesting precedent for inter-institutional coordination at the overall level. The most should be made of this experience, and maximum advantage taken of this medium in the future.

The following proposals are made in connection with the possible contribution of developed countries and international cooperation agencies to the execution of PLANLAC:

- At the overall level, the active participation of developed countries and international cooperation agencies in the IABA and ICMA fora, in meetings with donors and in other mechanisms envisaged within the Plan will contribute to facilitating the coordination of actions and lending political support to PLANLAC initiatives. In addition, this participation would help generate wider support in the developed countries on the role of agriculture and the proposals contained in PLANLAC.
- The initial portfolio of projects, and the new projects to be added in the future, require, without exception external resources support, and represent a concrete opportunity to channel contributions.
- At the hemispheric level, the programs for joint action involve a level of technical coordination in which developed countries can play an important role by creating linkages between their national technical capabilities and those of the region.
- At the subregional level, the institutional mechanisms that have been discussed represent a concrete means for channelling cooperation. The role played recently by CORECA and GISA in the EEC meetings and with the group of PEC donors, illustrate clearly the potential of these mechanisms. The institutional structure of these bodies is open, and could include other donor countries and international cooperation organizations that, as yet, have not been involved.

Projects included in PLANLAC provide concrete opportunities for external cooperation

The role of IICA

Since IICA received a mandate to draw up this multinational, inter-institutional Plan, it is fitting to briefly summarize some of the tasks to be carried out by the Institute in the context of PLANLAC.

In the first place, a distinction should be made between efforts of a political nature to be undertaken by the IABA, IICA's highest governing body, and those of a technical nature, which will be carried out by the technical elements of the Institute.

As indicated earlier, the Inter-American Board of Agriculture must examine the Plan before it is launched. Other important tasks to be undertaken by the Plan include disseminating it among the member countries, in the subregions, to organizations and third countries, and to identify sources of funding for it.

Furthermore, the IABA will also be the highest-level body providing follow up and ongoing evaluation of PLANLAC activities that may suggest possible adjustments in the course of action. The IABA will also determine the amount of resources the Institute can earmark for PLANLAC activities.

IICA, through various bodies, will also be involved in technical tasks, such as:

- Serving as the Secretariat of the political fora (ICMA, IABA) in order to compile and channel information on the progress made and new proposals generated through each of the bodies engaged in follow up of the Plan.
- Participating in subregional institutional mechanisms and hemispheric programs, in the capacity assigned to it at these levels.
- Participating in the implementation of projects where the Institute has direct responsibility.
- Preparing proposals for budgetary allocations needed to fulfill with all the tasks that have been envisaged.
- Modifying its planning and programming instruments so that it can suitably process Plan proposals and meet future responsibilities that may arise for the Institute in this context.

To provide leadership and carry out specific tasks it is assigned: central to IICA's role

NOTES

1. In particular: FAO, "Potential for Agricultural and Rural Development in Latin America and the Caribbean," LARC 88/3, Rome 1988. Prepared pursuant to a resolution of the Nineteenth Regional Conference, held in Barbados in 1986.
2. Appendix 2 lists the meetings held during preparation of PLANLAC.
3. Recommendation No. X, Ninth ICMA, Ottawa, September 1987.
4. The contents of Part I are based, in large part, on the topical documents drawn up in the context of PLANLAC, which are listed in Appendix 1. Most of the figures cited are detailed in Appendix 3 (Tables).
5. See FAO study referenced in note 1.
6. Each of PLANLAC's components has a corresponding reference document which provide backing for the proposals summarized herein. Appendix 1 provides a list of available documents.
7. Because of the special circumstances existing in Haiti, a different treatment was given to this country, both as regards the diagnosis and strategy, and as regards its inclusion in a special hemisphere-wide action.
8. The case of Mexico is given special treatment. On the one hand, since it belongs to certain fora which include other countries of the Central subregion, and has some similarities with them, it has to be taken into account in the guidelines and actions for this area. On the other hand, because of its similarities with some of the relatively larger countries and the special opportunities it offers as regards trade and the exchange of technology, it is only natural that it should take part in agreements between subregions.
9. See: Plan of Joint Action for Agricultural Reactivation in the Countries of the Andean Subregion. IICA-JUNTA. San Jose, Costa Rica. August 1989. 135 p.
10. Quito, Ecuador, February 27 to March 4, 1989.
11. To date, no formal proposal has been made for an institutional mechanism to engage in the follow up of actions of the Plan of Joint Action for the Andean subregion. The following bodies participated in the process to elaborate the Plan: Meeting of Ministers of Agriculture (which entrusted JUNTA and IICA with working together to prepare the plan for reactivating agriculture in the Andean subregion); the Agricultural Council (which held two consultative meetings to discuss the contents of the Plan);

JUNTA, which, through its Agricultural Department and in conjunction with IICA, was responsible for the technical aspects of the proposals. Other agencies and technical bodies, such as the Andean Development Corporation (CAF), also participated, though only during the early stages. Consequently, although no formal mechanism has been established, there are decision-making bodies involved at the three different levels of organization: political and technical-political (Meeting of Ministers, Agricultural Council); Technical Secretariat (JUNTA's Agricultural Department), and technical agencies that can constitute an institutional group (IICA, CAF, others). Naturally, the characteristics and mode of operation of any such mechanism will be determined by agreement of the countries of the Andean pact.

12. See: Caribbean Community Programme for Agricultural Development, Vol. 1. Regional Action Plan. CARICOM Secretariat, Georgetown, Guyana, August 1988.
13. See: Plan of Joint Action for Reactivation of Agriculture in the Caribbean Countries. IICA. San Jose, Costa Rica. August 1989. 72 p.
14. See: Plan of Joint Action in Support of Agricultural Reactivation and Development in the Countries of the Central American Isthmus and the Dominican Republic. IICA. San Jose, Costa Rica. August 1989. 175 p.
15. The following organizations participate in GISA: ECLAC, BCIE, CADESCA, CATIE, IICA, UNDP, IDB, OIRSA, OLDEPESCA, SIECA and CORECA.
16. See: Plan of Joint Action for Agricultural Reactivation: The Case of Mexico. IICA. San Jose, Costa Rica. August 1989.
17. See: Plan of Joint Action for Agricultural Reactivation in the Countries of the Southern Area. IICA. San Jose, Costa Rica. August 1989. 72 p.
18. The Ninth Regular Meeting of the Executive Committee of IICA considered it advisable to establish a mechanism of this nature, in which financial and political organizations of the inter-American system (IDB and OAS), as well as agencies involved in macroeconomic policy design and strategy (ECLAC), could participate.

APPENDICES

APPENDIX 1: List of documents prepared for the Plan of Action since August 1988

APPENDIX 2: Consultation Meetings Held

APPENDIX 3: Tables

APPENDIX 1

LIST OF DOCUMENTS PREPARED FOR THE PLAN OF JOINT ACTION
SINCE AUGUST 1988

A. TOPICAL DOCUMENTS

Las Políticas Macroeconómicas y el Sector Agropecuario. San Jose, Costa Rica. Program Papers Series, at press, 1989.

El Desarrollo Agroindustrial en el Proceso de Reactivación Agropecuaria. San Jose, Costa Rica. Program Papers Series, at press, 1989.

La Economía Campesina en la Reactivación y el Desarrollo Agropecuario. San Jose, Costa Rica. Program Papers Series No. 10, 1989.

Modernización del Estado para la Reactivación y el Desarrollo de la Agricultura. San Jose, Costa Rica. PLANLAC, 1989.

Inversión y Mecanismos para la Movilización de Recursos Financieros en América Latina y el Caribe. Program Papers Series, No 13. San Jose, Costa Rica, 1989.

Hacia una Estrategia Tecnológica para la Reactivación de la Agricultura en América Latina y el Caribe. Program Papers Series No. 13. San Jose, Costa Rica, 1989.

Human Capital for Agricultural Development in Latin America. Program Papers Series No. 11. San Jose, Costa Rica, 1989.

Rural Development in Latin America: An Evaluation and a Proposal. Program Papers Series No. 12. San Jose, Costa Rica, 1989.

Acceso a Mercado y Comercio Intra-regional. San Jose, Costa Rica, Program Papers Series, at press, 1989.

B. SUBREGIONAL DOCUMENTS

PLANLAC Document No. 1: Plan of Joint Action for Agricultural Reactivation in Latin America and the Caribbean: Guidelines for Preparation. IICA. San Jose, Costa Rica. 87 p.

PLANLAC Document No. 2: Plan of Joint Action in Support of Agricultural Reactivation and Development in the Countries of the Central American Isthmus and the Dominican Republic. IICA. San Jose, Costa Rica. August 1989. 175 p.

PLANLAC Document No. 3: Strategy of Joint Action for Agricultural Reactivation in the Countries of the Southern Area: Ideas for Discussion. IICA. San Jose, Costa Rica. November 1988. 78 p.

PLANLAC Document No. 4: Plan of Joint Action for Agricultural Reactivation in the Countries of the Andean Subregion. IICA-JUNTA. San Jose, Costa Rica. August, 1989. 135 p.

PLANLAC Document No. 5: Plan of Joint Action for Reactivation of Agriculture in the Caribbean Countries. IICA. San Jose, Costa Rica. August 1989. 72 p.

PLANLAC Document No. 6: Plan of Joint Action for Agricultural Reactivation in the Countries of the Southern Area. IICA. San Jose, Costa Rica. August 1989. 176 p.

PLANLAC Document No. 8: Plan of Joint Action for Agricultural Reactivation in Latin America and the Caribbean. The Case of Haiti. IICA. San Jose, Costa Rica. August 1979. 47 p.

PLANLAC Document No. 9: General Summary of the Plan. IICA. San Jose, Costa Rica. May, 1989. 109 p.

PLANLAC Document No. 10: Plan of Joint Action for Agricultural Reactivation in Latin America and the Caribbean: The Case of Mexico. IICA. San Jose, Costa Rica. August 1989.

PLANLAC Document No. 11: Principal Document. IICA. San Jose, Costa Rica. August 1989. 171 p.

C. OTHER DOCUMENTS

- El desarrollo agroindustrial en el proceso de reactivación agropecuaria.
- Desarrollo agroindustrial y estrategial agropecuaria.
- La cooperación técnica en los préstamos de ajuste sectorial agropecuario: la experiencia argentina.
- Summary of the sessions and conclusions of the Seminar on Policies and Mobilization of Resources for Technological Innovation in Latin America and the Caribbean. June 27-29, 1988. Montevideo, Uruguay. IICA/EDI.

APPENDIX 2

CONSULTATION MEETINGS HELD*

1988

Meeting of the Council of Directors of PROCISUR. Montevideo, Uruguay, March 9-10.

Tenth Meeting of the Agricultural Council of the Andean Pact. Quito, Ecuador, March 16-18.

Meeting of CORECA Vice Ministers. Santo Domingo, Dominican Republic. April 6-9.

Meeting of the Council of Directors of PROCIANDINO. Caracas/Maracay, Venezuela, April 11-14.

Meeting of the Vice Ministers of Agriculture of the Andean Group. Lima, Peru, April 13-15.

First Meeting of the International Advisory Commission. San Jose, Costa Rica, April 18-19.

Eighth Regular Meeting of the CORECA Council of Ministers. Managua, Nicaragua, April 20-22.

First Regular Consultation Meeting of Vice Ministers of the Southern Area. Buenos Aires, Argentina, May 2-3.

Meeting of CARICOM Ministers of Agriculture. Port of Spain, Trinidad and Tobago, May 22-28.

High-Level Seminar on Policies and Mobilization of Resources for Technological Innovation in Latin America and the Caribbean. Montevideo, Uruguay, June 27-29.

Fourth Special Meeting of CORECA Ministers. Panama, Republic of Panama, July 21-22.

Meeting of Vice Presidents of Central America. Guatemala, Guatemala, July 29.

Eighth Regular Meeting of the Executive Committee of IICA. San Jose, Costa Rica, August 1-4.

Second Meeting of the International Advisory Commission. San Jose, Costa Rica, September 8-9.

* This list includes all those meetings at which overall and/or partial aspects of the preparation of the PLANLAC were presented for consultation.

- Third Andean Meeting on Food Security. Cartagena, Colombia. September 7-9.
- Extraordinary Meeting of the Standing Committee of the Ministers Responsible for Agriculture. Georgetown, Guyana. September 14-16.
- Second Consultation Meeting of Vice Ministers of the Southern Area. Asuncion, Paraguay, September 19-20.
- Meeting of the Council of Directors of PROCISUR. Montevideo, Uruguay, September 23-26.
- Fourth Regular Meeting of the Inter-institutional Group for the Agricultural Sector (GISA). Tegucigalpa, Honduras.
- Seminar on the Role of the Small-Farm Economy in the Strategy for Agricultural Reactivation and Development. San Jose, Costa Rica, September 26-28.
- Eleventh Meeting of the Agricultural Council of the Andean Pact. Santa Cruz de la Sierra, Bolivia, September 21-23.
- Meeting of the Council of Directors of PROCIANDINO. Quito, Ecuador, October 17-21.
- Consultation Meeting on the Plan of Action. Mexico, D.F., September 21-23.
- National intersectoral meetings to analyze the strategy in the CORECA countries. September-October.
- Third Meeting of the International Advisory Commission. San Jose, Costa Rica, December 8-9.
- Fifth Meeting of the Inter-institutional Group for the Agricultural Sector (GISA). Panama, Republic of Panama, December 13-15.

1989

- Subregional Technical Meeting to Identify Areas for Cooperation Among the Agricultural Sectors of the Andean Group. Bogota, Colombia, February 7-9.
- Third Meeting of Vice Ministers of Agriculture of the Southern Area. Santiago, Chile, March 6-8.
- Consultation meetings at the national level held in the five countries of the Andean group, together with JUNTA. February-March.
- Inter-Agency Advisory Meeting. San Jose, Costa Rica. March 16-17.
- Meeting of CORECA Vice Ministers. Mexico, D.F., March 30-31.
- Ninth Regular Meeting of the CORECA Council of Ministers. San Jose, Costa Rica, April 27-28.
- Twelfth Meeting of the Agricultural Council of the Andean Pact. Caracas, Venezuela, April 26-28.

Meeting of the Council of Directors of PROCIANDINO. Cartagena, Colombia.
April 26-28.

Meeting of the Council of Directors of PROCISUR. Buenos Aires, Argentina. June
20.

Ninth Regular Meeting of the Executive Committee of IICA. San Jose, Costa
Rica, June 12-16.

Table 1. Latin America and the Caribbean: Gross Domestic Product: Total and Agricultural
(in millions of 1986 dollars)

	1960	1970	Total GDP 1980	1987	1980	1970	1980	1987	1980	1970	1980	1987
IICA Areas												
Central												
Costa Rica	1646	2932	5075	5611	428	707	913	989				
El Salvador	1985	3437	4723	4440	612	900	1208	1059				
Guatemala	4045	6911	11978	11604	1226	1888	2976	2953				
Honduras	1112	1905	3243	3657	350	596	804	936				
Mexico	50287	99049	187889	201244	7528	11048	15454	17274				
Nicaragua	1461	2849	2950	3079	360	686	685	698				
Panama	1297	2784	4759	5797	269	406	474	588				
Dom. Republic	2468	4050	7917	9408	810	941	1320	1456				
Area Subtotal	64301	123917	228934	244840	11591	17172	23834	25953				
Caribbean												
Antigua and Barbuda 1			106									
Barbados	429	783	922	954	98	100	90	76				
Dominica 1			69									
Grenada 1			79									
Guyana	532	752	842	661	142	152	167	164				
Haiti	1127	1221	1941	1844	488	538	625	606				
Jamaica	2436	4102	3788	4073	268	306	316	334				
St. Lucia 1			130									
St. Vincent and the Grenadines			77									
Suriname	492	1040	1201	1163	46	64	92	97				
Trinidad and Tobago	1778	2644	4420	3918	113	129	107	125				
Area Subtotal	6793	10542	13576	12013	1165	1289	1397	1402				
Andean												
Bolivia	2116	3521	5448	4853	491	649	1000	1130				
Colombia	13406	22329	38179	47342	3937	5656	8684	10108				
Ecuador	3157	5078	11916	13154	918	1268	1711	2195				
Peru	11369	19030	27553	31444	2015	3063	2883	3656				
Venezuela	27008	48627	72650	75041	1500	2590	3482	4372				
Area Subtotal	57056	98585	155946	171834	8861	13226	17740	21461				
Southern												
Argentina	46194	69317	89261	85482	6347	8083	9920	11108				
Brazil	68294	123844	284769	343463	12954	17330	27760	34524				
Chile	13035	19723	25321	27745	1385	1677	2092	2689				
Paraguay	1282	2031	4709	5497	459	618	1186	1424				
Uruguay	5539	6459	8694	8356	595	799	851	890				
Area Subtotal	134344	221374	412754	470543	21740	28507	41809	50615				
TOTAL	262494	454418	810610	899230	43347	60194	84780	99431				

Source: IDB: Progreso Economico y Social en America Latina. 1988 Report. p.568-572

Table 2. Latin America and the Caribbean: Per capita gross domestic product
(1986 dollars)

	1960	1970	1980	1987
IICA Areas				
Central				
Costa Rica	1332	1694	2222	2011
El Salvador	772	958	1044	900
Guatemala	1020	1317	1732	1376
Honduras	575	725	886	782
Mexico	1323	1877	2665	2423
Nicaragua	979	1388	1065	879
Panama	1173	1872	2433	2549
Dom. Republic	764	916	1390	1401
Area Subtotal	1201	1743	2358	2138
Caribbean				
Antigua and Barbuda 1			1331	
Barbados	1857	3276	3631	3532
Dominica 1			987	
Grenada 1			716	
Guyana	935	1061	973	669
Haiti	307	271	359	300
Jamaica	1495	2195	1746	1704
St. Lucia 1			1096	
St. Vinc. and the Grenadines 1			632	
Suriname	1697	2797	3413	3257
Trin. and Tobago	2109	2574	4139	2900
Area Subtotal	939	1248	1352	1165
Andean				
Bolivia	632	814	978	721
Colombia	863	1073	1480	1581
Ecuador	715	839	1467	1326
Peru	1145	1442	1593	1517
Venezuela	3600	4586	4849	4107
Area Subtotal	1365	1799	2168	2011
Southern				
Argentina	2241	2893	3161	2745
Brazil	941	1292	2348	2428
Chile	1712	2075	2272	2213
Paraguay	723	864	1496	1402
Uruguay	2182	2300	2990	2733
Area Subtotal	1278	1694	2476	2445
TOTAL	1264	1715	2348	2233

Source: IDB. Progreso Económico y Social en América Latina y el Caribe. 1988 Report. p568

1- Data taken from: OAS. Boletín Estadístico de la OEA. Vol.9, No. 3-4, July-December 1987

Table 3. Latin America and the Caribbean: Growth Rate of the Gross Domestic Product (GDP)
(in percentages)

	Total GDP			Agricultural GDP			Total GDP per capita		
	60.70	70.80	80.87	60.70	70.80	80.87	60.70	70.80	80.87
IICA Area									
Central									
Costa Rica	5.94	5.64	1.44	5.15	2.59	1.15	2.43	2.75	-1.42
El Salvador	5.64	3.23	-0.88	3.93	2.98	-1.86	2.18	0.86	-2.10
Guatemala	5.50	5.65	-0.45	4.41	4.66	-0.11	2.59	2.78	-3.23
Honduras	5.53	5.46	1.73	5.47	3.04	2.20	2.03	2.03	-1.77
Mexico	7.01	6.60	1.00	3.91	3.41	1.60	3.56	3.57	-1.35
Nicaragua	6.91	0.35	0.61	6.66	-0.01	0.27	3.55	-2.61	-2.70
Panama	7.94	5.51	2.86	4.20	1.56	3.13	4.79	2.66	0.67
Dom. Republic	5.08	6.93	2.50	1.51	3.44	1.41	1.63	4.26	0.11
Area Subtotal	6.78	6.30	1.00	4.02	3.33	1.22	3.80	3.07	-1.59
Caribbean									
Antigua and Barbuda 1	6.20	1.65	0.49	0.20	-1.05	-2.39	5.84	1.03	-0.39
Barbados	3.52	1.14	-3.40	0.68	0.95	-0.26	1.27	-0.86	-5.21
Dominica 1	0.80	4.74	-0.73	0.78	1.51	-0.44	-1.24	2.85	-2.53
Guyana	5.35	-0.79	1.04	1.33	0.32	0.79	3.92	-2.26	-0.35
Haiti	7.77	1.45	-0.46	3.36	3.70	0.76	5.12	2.01	-0.67
Jamaica	4.05	5.27	-4.01	1.33	-1.85	2.25	2.01	4.86	-4.96
St. Lucia 1	4.49	2.56	-1.73	1.02	0.81	0.05	2.89	0.81	-2.11
St. Vincent and the Grenadines 1	5.22	4.46	-1.64	2.83	4.42	1.76	2.56	1.85	-4.26
Suriname	5.23	5.51	3.12	3.69	4.36	2.23	2.20	3.27	0.95
Trinidad and Tobago	4.87	6.90	1.42	3.28	3.04	3.62	1.61	5.75	-1.43
Area Subtotal	5.29	3.77	1.91	4.28	-0.60	3.45	2.33	1.00	-0.70
Andean	6.06	4.13	0.42	5.61	3.00	3.31	2.45	0.56	-2.34
Bolivia	5.62	4.69	1.40	4.09	2.98	2.76	2.80	1.88	-1.07
Colombia	4.14	2.56	-0.62	2.45	2.07	1.63	2.59	0.89	-2.00
Ecuador	6.13	6.88	2.71	2.95	4.82	3.16	3.22	6.16	0.48
Peru	4.23	2.53	1.31	1.93	2.24	3.54	1.94	0.91	-0.38
Venezuela	4.71	8.77	2.23	3.02	6.74	2.65	1.80	5.64	-0.92
Area Subtotal	1.55	3.02	-0.56	2.99	0.63	0.64	0.53	2.66	-1.28
Southern	5.12	6.43	1.89	2.75	3.90	2.77	2.86	3.87	-0.18
Argentina	5.64	5.96	1.49	3.34	3.48	2.30	3.10	3.19	-0.72
Brazil	5.64	5.96	1.49	3.34	3.48	2.30	3.10	3.19	-0.72
Chile	5.64	5.96	1.49	3.34	3.48	2.30	3.10	3.19	-0.72
Paraguay	5.64	5.96	1.49	3.34	3.48	2.30	3.10	3.19	-0.72
Uruguay	5.64	5.96	1.49	3.34	3.48	2.30	3.10	3.19	-0.72
Area Subtotal	5.12	6.43	1.89	2.75	3.90	2.77	2.86	3.87	-0.18
TOTAL	5.64	5.96	1.49	3.34	3.48	2.30	3.10	3.19	-0.72

Source: Based on Tables 1 and 2.

1 No available data

Table 4. Latin America and the Caribbean:: Gross Domestic Investment as a percentage of Gross Domestic Product (in percentages)

	1960	1970	1980	1987
IICA Areas				
Central				
Costa Rica	16.83	20.26	28.53	20.69
El Salvador	15.47	12.05	12.53	12.16
Guatemala	10.78	11.98	11.44	9.17
Honduras	16.28	22.62	24.98	17.34
Mexico	18.56	22.52	27.16	15.89
Nicaragua	14.58	17.02	16.78	20.62
Panama	17.04	27.84	23.58	15.82
Dom. Republic	9.89	19.14	25.31	22.29
Area Subtotal	17.44	21.47	25.76	15.94
Caribbean				
Antigua and Barbuda 1				
Barbados	23.31	27.08	24.51	15.51
Dominica 1				
Grenada 1				
Guyana	45.49	34.04	28.38	26.17
Haiti	6.30	9.09	17.47	19.09
Jamaica	27.80	31.62	12.51	13.55
St. Lucia 1				
St. Vinc. and the Grenadines 1				
Suriname	36.79	21.35	26.14	6.19
Trin. and Tobago	29.42	25.87	64.55	36.65
Area Subtotal	26.41	26.39	33.90	20.92
Andean				
Bolivia	15.60	20.02	14.68	9.25
Colombia	21.30	20.54	19.66	17.96
Ecuador	19.73	23.12	26.57	17.44
Peru	22.24	17.51	28.27	17.15
Venezuela	18.66	20.70	21.72	15.68
Area Subtotal	19.94	20.15	22.50	16.53
Southern				
Argentina	20.00	21.20	23.67	13.25
Brazil	16.82	21.14	22.44	15.35
Chile	14.63	23.36	23.89	17.89
Paraguay	8.19	12.36	28.39	21.07
Uruguay	12.82	10.59	18.56	9.39
Area Subtotal	17.45	20.97	22.78	15.08
TOTAL	18.22	21.06	23.74	15.67

Source: IDB. Progreso Económico y Social en América Latina. 1988 Report. p570

1- No available data

Table 5. Latin America: Index of the development of real minimum wages.
(Base 1980=100)

	1979	1980	1981	1982	1983	1984	1985	1986
IICA Areas								
Central								
Costa Rica	98.70	100.00	90.40	85.80	99.30	103.80	111.70	118.60
El Salvador	87.10	100.00	92.80	83.00	73.40	73.70	73.60	nd
Guatemala	70.90	100.00	121.00	120.80	115.40	111.60	94.00	nd
Honduras	107.70	100.00	105.40	105.00	96.40	91.90	89.50	nd
Mexico	106.70	100.00	100.70	90.80	73.50	68.20	67.00	61.20
Nicaragua	118.90	100.00	91.80	78.00	59.70	66.80	44.10	nd
Panama	101.30	100.00	93.20	59.40	102.30	102.00	100.90	nd
Dom. Republic	105.00	100.00	93.00	86.40	80.80	82.10	80.10	nd
Andean								
Colombia	75.40	100.00	97.80	102.70	107.40	109.70	107.90	113.00
Ecuador	55.00	100.00	88.70	79.20	84.70	74.00	70.30	72.70
Peru	80.80	100.00	84.40	78.30	79.80	62.30	54.70	56.40
Venezuela	58.10	100.00	86.80	80.10	75.10	66.70	91.40	109.70
Southern								
Argentina	85.30	100.00	97.80	103.60	152.90	167.50	113.10	110.00
Brazil	97.50	100.00	98.70	99.20	87.90	81.30	83.90	82.00
Chile	99.80	100.00	99.20	97.20	78.30	66.90	63.40	61.30
Paraguay	92.40	100.00	104.20	103.70	94.40	94.30	102.10	101.90
Uruguay	104.70	100.00	103.30	104.60	89.60	89.80	94.10	89.30

Source: IDB. Progreso Economico y Social en America Latina. 1988 Report. p.27

Table 6. Latin America and the Caribbean: Current savings of central governments. (Percentages of Gross Domestic Product)

	1970	1975	1980	1985	1987 (*)
IICA Areas					
Central					
Costa Rica	2.0	0.7	-3.3	0.9	0.3
El Salvador	0.3	2.4	-0.7	0.1	-0.4
Guatemala	0.9	1.7	0.9	0.2	-0.1
Honduras	1.6	1.3	0.5	-2.2	-2.4
Mexico	2.2	0.3	1.7	-4.0	-10.8
Nicaragua	1.8	2.3	-3.9	-15.8	-10.8
Panama	0.9	0.9	0.7	0.3	-0.4
Dom. Republic	4.3	9.7	2.6	1.5	7.3
Caribbean					
Antigua and Barbuda 3					
Barbados	1.5	3.0	2.7	0.5	-0.3
Dominica 3					
Grenada 3					
Guyana	3.2	13.9	-10.8	-18.0	-13.1
Haiti 2	0.5	-1.2	-0.6	-6.6	-5.1
Jamaica	0.9	1.6	-7.1	-0.7	4.2
St. Vincent and the Grenadines 3					
Suriname	2.8	5.1	1.1	-18.0	-29.4
Trinidad and Tobago	3.6	16.1	22.3	1.9	-2.7
Andean					
Bolivia	-0.5	1.5	-3.9	3.5	
Colombia	3.0	3.0	0.7	0.3	1.3
Ecuador	-4.9	5.2	0.9	5.0	-0.3
Peru	2.8	-0.5	2.0	0.4	-3.4
Venezuela	4.6	18.2	7.3	7.1	5.7
Southern					
Argentina 1	1.2	-7.9	2.3	-3.2	-4.1
Brazil	2.9	4.2	3.4	0.9	
Chile 2	-2.0	5.0	6.4	2.8	5.9
Paraguay	1.9	1.8	2.4	0.9	1.6
Uruguay	0.0	-2.7	2.0	-1.0	0.5

Source: IDB. Progreso Económico y Social en América Latina. 1984, 1987, 1988 Reports.

- (*) Preliminary estimate
 1 National administration
 2 General Government
 3 No available data

Table 7. Latin America and the Caribbean: Central government tax revenue
(Percentages of the gross domestic product)

	1961	1970	1975	1980	1985	1987 (*)
IICA Areas						
Central						
Costa Rica	9.8	12.3	12.6	12.4	15.0	14.6
El Salvador	9.9	10.2	11.8	11.1	11.6	10.4
Guatemala	6.5	7.8	8.2	8.8	6.1	8.1
Honduras	9.2	11.0	11.1	13.7	14.1	13.8
Mexico	6.4	8.2	11.3	14.5	15.8	12.8
Nicaragua	8.8	9.1	10.5	18.9	54.0	28.0
Panama	10.3	12.6	12.3	15.1	15.2	15.0
Dom. Republic	14.2	14.4	16.1	11.1	11.2	13.4
Caribbean						
Antigua and Barbuda 3						
Barbados	16.9	22.8	21.7	22.4	23.5	20.4
Dominica 3						
Grenada 3						
Guyana		22.3	39.3	25.5	35.6	37.9
Haiti 2	7.3	8.2	8.5	8.8	11.7	12.6
Jamaica	12.2	16.1	23.9	24.2	26.1	29.5
St. Vincent and the Grenadines 3						
Suriname		23.1	28.9	25.5	21.7	21.9
Trinidad and Tobago	16.4	24.9	35.7	30.2	23.3	
Andean						
Bolivia	6.5	8.1	11.1	8.4	8.6	11.5
Colombia	6.7	8.7	9.3	8.2	16.7	14.1
Ecuador	9.1	4.1	15.1	12.2	12.5	8.5
Peru	14.4	13.9	14.4	15.8	19.5	17.9
Venezuela	14.7	11.7	24.8	17.5		
Southern						
Argentina 1	8.5	6.9	3.3	9.5	7.4	10.8
Brazil	6.9	8.9	8.0	17.8	16.1	
Chile 2	15.9	19.4	24.2	6.9	20.0	20.7
Paraguay	8.0	10.4	8.3	8.2	6.8	7.0
Uruguay	10.3	12.6	11.5	14.9	14.2	

Source: IDB, Progreso Economico y Social en America Latina, 1974, 1984, 1988 Reports.

- * Preliminary estimate
- 1 National government
- 2 General government
- 3 No available data

Table 8. Latin America and the Caribbean: Consumer Price Indexes
(Base 1985=100)

	1970	1975	1980	1985	1987
IICA Areas					
Central					
Costa Rica	8.04	15.24	22.47	100.00	130.68
El Salvador	18.30	27.67	50.45	100.00	164.76
Guatemala	27.95	41.96	69.73	100.00	153.81
Honduras	32.99	44.95	71.57	100.00	106.95
Mexico	2.02	3.56	9.34	100.00	431.74
Nicaragua		4.75	11.41	100.00	7907.40
Panama	43.30	61.28	85.30	100.00	100.93
Dom. Republic	17.53	29.40	47.21	100.00	127.18
Caribbean					
Antigua and Barbuda 1					
Barbados	18.24	42.85	69.12	100.00	104.70
Dominica	19.56	37.98	77.83	100.00	107.98
Grenada 1					
Guyana	15.48	22.37	40.87	100.00	138.85
Haiti	23.52	43.81	64.74	100.00	91.46
Jamaica	8.80	17.16	46.45	100.00	122.76
St. Lucia	22.01	46.14	79.81	100.00	109.57
St. Vinc. and the Grenadines 1					
Suriname	27.87	41.26	71.08	100.00	181.13
Trinidad and Tobago	29.38	54.47	55.86	100.00	119.27
Andean					
Bolivia	0.00	0.00	0.01	100.00	431.20
Colombia	5.38	12.28	36.50	100.00	146.58
Ecuador	9.06	17.03	29.65	100.00	159.33
Peru	0.21	0.38	2.97	100.00	330.66
Venezuela	26.42	34.87	59.15	100.00	142.91
Southern					
Argentina	0.00	0.00	0.10	100.00	439.75
Brazil	0.05	0.13	1.05	100.00	808.47
Chile	0.01	2.52	38.12	100.00	143.22
Paraguay	14.04	24.23	48.09	100.00	160.48
Uruguay	0.12	1.67	15.71	100.00	288.51

Source: IICA Data Base, with information from:
Data Base-International Financial Statistics
1 No available data

Table 9. Latin America and the Caribbean: Current account balance
(millions of dollars for each year)

	1970	1975	1980	1985	1987 (*)
IICA Areas					
Central					
Costa Rica	-74.1	-217.7	-663.9	-123.8	-243.5
El Salvador	8.7	-92.8	30.7	-28.7	137.0
Guatemala	-7.9	-65.7	-163.9	-240.4	-427.1
Honduras	-63.8	-112.5	-316.7	-210.6	-176.6
Mexico	-1068.0	-4054.3	-8162.0	1193.0	3881.1
Nicaragua	-39.2	-185.0	-379.1	-745.4	-720.8
Panama	-63.7	-168.7	-322.3	271.4	358.4
Dom. Republic	-125.2	-72.7	-669.5	-107.6	-293.1
Area Subtotal	-1433.2	-4969.4	-10646.7	7.8	2515.4
Caribbean					
Antigua and Barbuda 2					
Barbados	-50.3	-29.7	-25.6	40.3	-3.5
Dominica 1				-14.3	-8.5
Grenada 2					
Guyana	-21.8	-23.5	-127.9	-96.5	-43.5
Haiti	1.7	-26.3	-103.3	-96.4	-70.0
Jamaica	-152.9	-282.8	-165.8	-301.4	-122.2
St. Lucia 1				-33.3	-12.5
St. Vincent and the Grenadines 2					
Suriname	-12.5	131.1	15.7	-38.1	-22.0
Trinidad and Tobago	-70.6	273.2	396.8	-90.3	-250.4
Area Subtotal	-306.4	42.1	-57.7	-603.4	-511.6
Andean					
Bolivia	-21.5	-157.3	-118.8	-282.1	-411.5
Colombia	-293.0	-109.1	-158.8	-1810.4	26.9
Ecuador	-129.8	-220.0	-641.7	148.6	-1184.0
Peru	202.0	-1540.8	63.8	116.8	-1317.0
Venezuela	-136.0	2169.7	4731.1	3086.6	-317.0
Area Subtotal	-378.3	142.5	3875.6	1259.5	-3202.6
Southern					
Argentina	-159.0	-1287.1	-4787.0	-963.6	-4702.0
Brazil	-561.0	-7007.1	-12792.7	-335.1	-1439.0
Chile	-69.0	-564.6	-1969.2	-1330.1	-811.0
Paraguay	-16.4	-89.5	-282.0	-225.4	-350.0
Uruguay	-45.1	-189.5	-708.9	-107.9	-124.4
Area Subtotal	-850.5	-9137.8	-20539.8	-2962.1	-7426.4
TOTAL	-2968.4	-13922.7	-27368.6	-2298.2	-8625.2

Source: IDB. Progreso Economico y Social en America Latina.
1974, 1980-81, 1984, and 1988 Reports.

(*) Preliminary estimate

1 Data taken from: IICA data base, with information from the World Bank data base on international balance of payments

2 No available data

Table 10. Latin America and the Caribbean: Purchasing power indexes
of the exportation of goods(2). (Base Year 1980=100)

	1970	1975	1980	1985	1987
IICA Areas					
Central					
Costa Rica	66.70	77.60	100.00	96.00	113.80
El Salvador	63.50	79.90	100.00	58.40	49.20
Guatemala	54.10	70.90	100.00	70.90	68.10
Honduras	68.50	63.00	100.00	83.00	94.20
Mexico	25.20	29.00	100.00	149.80	139.20
Nicaragua	118.00	141.30	100.00	70.80	63.30
Panama	55.00	25.80	100.00	91.50	121.50
Dom. Republic	68.50	148.40	100.00	83.90	81.50
Caribbean					
Antigua and Barbuda 1					
Barbados	54.30	80.00	100.00		
Dominica 1					
Grenada 1					
Guyana	110.60	143.40	100.00		
Haiti	53.10	52.60	100.00	100.80	66.90
Jamaica	140.20	147.40	100.00		
St. Vin. & the Grenadines 1					
St. Lucia 1					
Suriname 1	91.00	100.00	100.00		
Trinidad & Tobago	26.30	65.60	100.00	83.50	
Andean					
Bolivia	51.00	62.90	100.00	66.70	52.60
Colombia	58.70	63.20	100.00	93.60	152.30
Ecuador	28.60	60.30	100.00	136.30	97.00
Peru	87.00	54.90	100.00	89.60	77.20
Venezuela	38.30	69.60	100.00	88.70	63.70
Southern					
Argentina	72.90	57.90	100.00	115.20	78.80
Brazil	59.70	80.80	100.00	134.10	135.60
Chile	87.90	56.70	100.00	97.00	124.30
Paraguay	60.00	75.20	100.00	110.80	266.40
Uruguay	105.30	82.30	100.00	90.10	131.40

Source: ECLAC. Anuario Estadístico de América Latina y el Caribe.
1988 Edition. p512.

1 No available data

2 Calculated by multiplying the terms of trade index for each year by the quantum index of exports for the same year.

Table 11. Total Trade of Agricultural Commodities. (*) (in millions of current dollars for each year)

	Exports					Imports				
	1970	1975	1980	1985	1987	1970	1975	1980	1985	1987
IICA Areas										
Central										
Costa Rica	182.32	361.16	659.42	652.55	727.49	34.98	71.03	143.16	92.62	87.90
El Salvador	161.86	52.88	832.71	535.97	386.08	30.88	74.60	170.43	137.36	126.03
Guatemala	204.71	451.13	1032.70	807.77	728.17	32.33	69.72	146.58	110.19	122.79
Honduras	123.77	166.63	625.87	574.59	622.94	25.64	53.69	138.48	76.70	94.84
Mexico	694.55	972.50	1842.80	1772.90	2096.20	221.58	935.59	3178.50	2370.50	1806.30
Nicaragua	131.90	277.20	343.81	284.93	183.91	19.93	44.14	138.39	106.16	77.91
Panama	71.67	120.59	170.99	149.49	147.82	28.60	65.91	138.62	157.01	141.11
Dom. Republic	187.03	711.80	515.14	452.85	381.90	35.35	137.74	217.16	166.63	216.68
Area Subtotal	1757.81	3413.89	6023.44	5231.05	5273.51	429.28	1452.43	4271.32	3217.17	2673.56
Caribbean										
Antigua and Barbuda 1										
Barbados	20.95	60.50	72.40	39.96	40.96	27.21	52.62	90.32	87.02	88.11
Dominica	5.00	6.34	4.26	16.10	38.58	3.88	6.87	12.51	12.06	13.37
Grenada 1										
Guyana	50.57	224.40	168.92	89.73	116.74	19.96	44.81	51.75	20.07	26.52
Haiti	23.70	37.75	112.30	67.24	49.98	13.08	41.34	120.66	121.56	133.96
Jamaica	77.79	219.01	131.43	136.77	182.27	85.20	208.34	224.94	179.21	193.03
St. Lucia	4.02	12.10	19.30	34.59	51.92	5.51	13.83	23.94	30.56	34.56
St. Vincent and the Grenadines 1										
Suriname	6.79	32.08	49.08	58.23	50.35	18.19	28.75	41.92	43.26	39.39
Trinidad and Tobago	40.51	113.77	80.72	45.46	61.10	59.94	147.07	345.72	343.29	320.76
Area Subtotal	229.32	705.95	638.40	488.07	591.89	232.97	543.63	911.76	837.02	849.69
Andean										
Bolivia	12.08	68.44	102.23	28.92	35.04	33.52	94.37	121.13	95.47	73.45
Colombia	597.40	1089.80	3085.40	2268.20	2307.30	81.13	151.76	534.82	410.27	366.26
Ecuador	175.71	322.73	623.62	586.18	667.97	23.57	84.67	181.86	156.60	107.04
Peru	177.47	434.46	322.81	306.31	234.41	125.51	389.78	524.12	350.51	647.73
Venezuela	43.36	64.90	77.46	122.44	87.58	201.84	699.21	1714.60	1277.40	1054.70
Area Subtotal	1006.02	1980.33	4171.52	3322.05	3332.30	465.57	1419.79	3076.53	2290.25	2249.18
Southern										
Argentina	1498.60	2180.30	5522.10	5658.50	3742.50	125.74	238.75	683.05	221.06	325.12
Brazil	1946.40	4837.30	9320.10	9422.00	8535.80	295.48	852.91	2470.90	1365.60	1437.10
Chile	40.72	154.27	394.49	560.81	799.24	169.85	321.71	812.28	266.62	225.54
Paraguay	46.90	134.82	233.56	307.09	210.97	12.24	26.12	80.02	52.48	52.75
Uruguay	192.56	259.06	595.12	489.68	504.31	31.49	60.51	153.74	66.74	90.81
Area Subtotal	3725.18	7565.75	16065.37	16438.08	13792.82	634.80	1499.99	4199.99	1972.50	2131.31
TOTAL	5712.31	11685.59	22727.21	22157.20	19658.22	1297.05	3496.05	9383.05	6026.69	5654.56

Source: IICA data base, with information from the FAO data base on commodity trade, included in the World Bank data base.

(*) Does not include fishery or forest products

1 No available data

Table 12. Latin America and the Caribbean: Total exports.
(in millions of 1980 dollars)

	1970	1975	1980	1985	1987
IICA Areas					
Central					
Costa Rica	633.64	851.28	1031.50	1093.50	1275.40
El Salvador	712.80	1040.30	1074.00	762.60	714.44
Guatemala	840.70	1072.30	1486.10	1269.20	1182.00
Honduras	580.47	517.98	813.44	880.37	913.55
Mexico	3921.40	5135.00	15308.00	24860.00	26678.00
Nicaragua	505.73	656.66	413.84	372.80	394.14
Panama	765.84	588.57	353.38	383.51	448.57
Dom. Republic	795.28	1151.40	961.90	982.15	761.06
Area Subtotal	8755.86	11013.49	21442.16	30604.13	32367.16
Caribbean					
Antigua and Barbuda 1					
Barbados	215.64	152.63	196.39	417.82	255.13
Dominica 1					
Grenada 1					
Guyana	485.11	467.99	389.00	300.59	291.78
Haiti	144.62	240.72	341.00	464.34	320.35
Jamaica	1194.70	1163.70	964.57	650.35	735.26
St. Vinc. and the Grenadines 1					
Saint Lucia 1					
Trin. and Tobago	9058.50	4640.30	4077.00	2525.70	2419.90
Area Subtotal	1098.57	6665.34	5967.96	4358.80	4022.42
Andean					
Bolivia	844.26	967.58	942.20	771.90	788.09
Colombia	3673.00	2947.70	3945.10	4054.50	6225.20
Ecuador	599.33	2355.20	2480.20	3294.30	2830.00
Peru	2689.60	2312.40	3898.30	3994.00	3529.50
Venezuela	68992.00	24607.00	19293.00	16494.00	17192.00
Area Subtotal	76798.19	33189.88	30558.80	28608.70	30564.79
Southern					
Argentina	4875.60	4295.90	8021.40	9956.80	7276.60
Brazil	7771.70	13066.00	20133.00	31545.00	28959.00
Chile	2165.70	2711.40	4705.00	5315.50	6215.00
Paraguay	173.89	268.83	310.23	398.07	313.89
Uruguay	694.38	657.96	1059.00	1083.30	1248.10
Area Subtotal	15681.27	21000.09	34228.63	48298.67	44012.59
TOTAL	112333.89	71868.80	92197.55	111870.30	110966.96

Source: IICA data base with information from the World Bank data base on international trade.

1 No available data

Table 13. Latin America and the Caribbean: Percentage of agricultural exports compared to total exports

	1970	1975	1980	1985	1987
IICA Areas					
Central					
Costa Rica	78.87	73.09	63.93	66.86	60.61
El Salvador	68.53	66.41	77.53	78.94	64.06
Guatemala	70.55	72.36	69.49	76.20	68.40
Honduras	72.92	56.82	76.94	73.67	75.59
Mexico	57.62	32.49	12.04	8.02	10.01
Nicaragua	75.46	74.62	83.08	93.98	55.04
Panama	65.45	42.10	48.39	44.58	36.28
Dom. Republic	87.41	79.64	53.55	61.60	57.69
Area Subtotal	66.81	52.63	28.09	19.39	20.25
Caribbean					
Antigua and Barbuda ¹					
Barbados	53.66	56.40	36.87	11.35	16.23
Dominica			43.92	56.69	
Grenada					
Guyana	37.90	61.62	43.42	43.47	53.77
Haiti	49.26	26.42	32.93	16.40	15.65
Jamaica	23.23	27.94	13.63	24.91	25.33
St. Vincent and the Grenadines ¹					
St. Lucia			41.86	67.04	
Suriname			9.55	18.54	
Trinidad and Tobago	8.41	6.42	1.98	2.06	3.75
Area Subtotal	14.70	14.09	6.64	5.73	18.86
Andean					
Bolivia	6.35	15.41	10.85	4.64	7.70
Colombia	82.09	74.39	77.19	61.30	46.15
Ecuador	92.51	33.14	25.14	20.52	35.73
Peru	16.99	33.66	8.28	10.33	8.71
Venezuela	1.36	0.72	0.40	0.86	0.83
Area Subtotal	18.81	15.02	13.65	13.63	16.23
Southern					
Argentina	84.51	73.63	68.84	67.40	60.40
Brazil	71.07	55.80	46.29	36.81	32.57
Chile	3.30	9.36	8.38	14.67	15.31
Paraguay	73.23	77.45	75.29	101.02	78.66
Uruguay	82.82	67.96	56.20	57.31	42.41
Area Subtotal	61.65	54.69	46.94	42.18	35.29
TOTAL	36.25	30.05	23.61	22.35	22.06

Source: Based on Tables 11 and 12.

¹ No available data

Table 14. Latin America and the Caribbean: Exports minus total agricultural imports. (in millions of US\$)

	1970	1975	1980	1985	1987
IICA Areas					
Central					
Costa Rica	147.34	290.13	516.26	559.93	639.59
El Salvador	130.99	278.28	662.28	398.61	259.05
Guatemala	172.38	381.41	886.12	697.58	605.38
Honduras	98.13	112.94	487.39	497.89	528.10
Mexico	472.97	36.91	-1335.70	-597.60	289.90
Nicaragua	111.98	233.06	205.42	178.77	106.00
Panama	43.08	54.68	32.37	-7.52	6.71
Dom. Republic	151.68	574.06	297.98	286.22	165.22
Area Subtotal	1328.54	1961.46	1752.12	2013.88	2599.96
Caribbean					
Antigua and Barbuda 1					
Barbados	-6.27	7.88	-17.91	-47.07	-47.15
Dominica	1.12	-0.54	-8.25	4.04	25.21
Grenada 1					
Guyana	30.60	179.59	117.17	69.67	90.22
Haiti	10.61	-3.58	-8.36	-54.33	-83.98
Jamaica	-7.41	10.67	-93.51	-42.44	-10.76
St. Vinc. and the Grenadines 1					
St. Lucia	-1.49	-1.73	-4.64	4.04	17.36
Suriname	-11.39	3.33	7.16	14.97	10.95
Trinidad and Tobago	-19.43	-33.30	-265.01	-297.83	-259.66
Area Subtotal	-3.65	162.32	-273.35	-348.95	-257.80
Andean					
Bolivia	-21.44	-25.94	-18.90	-66.55	-38.41
Colombia	516.27	938.04	2510.58	1857.93	1941.04
Ecuador	152.14	238.06	441.76	439.58	560.93
Peru	51.96	44.68	-201.31	-44.20	-413.32
Venezuela	-158.48	-634.31	-1637.14	-1154.96	-967.12
Area Subtotal	540.45	560.54	1094.99	1031.80	1083.12
Southern					
Argentina	1372.86	1941.55	4839.05	5437.44	3417.38
Brazil	1650.92	3984.39	6849.20	8056.40	7098.70
Chile	-129.13	-167.44	-417.79	294.19	573.70
Paraguay	34.66	108.70	153.54	254.61	158.22
Uruguay	161.07	198.55	441.38	422.94	413.51
Area Subtotal	3090.38	6065.76	11865.38	14465.58	11661.51
TOTAL	4955.72	8750.08	14439.14	17162.32	15086.78

Source: Table 11.

1 No available data

Table 15. Latin America and the Caribbean: Total Food Trade (in millions of constant 1980 dollars)

	Exports					Imports				
	1970	1975	1980	1985	1987	1970	1975	1980	1985	1987
IICA Areas										
Central										
Costa Rica	483.81	647.59	656.24	696.99	851.80	85.68	89.66	140.05	94.80	113.21
El Salvador	429.65	665.54	686.48	490.41	523.47	80.08	86.45	170.59	157.85	154.04
Guatemala	493.43	643.00	776.88	687.58	641.31	82.16	80.88	115.45	84.86	88.31
Honduras	311.67	286.04	592.06	619.26	634.06	67.32	62.90	100.70	86.79	59.86
Mexico	1356.10	1556.50	1779.30	2142.50	1949.80	481.13	990.59	2670.50	2109.90	2057.20
Nicaragua	274.95	343.43	306.14	237.53	254.83	47.63	53.71	135.58	154.84	138.76
Panama	243.91	204.33	234.97	32.19	312.98	89.09	101.95	142.95	148.47	159.61
Dom. Republic	678.68	817.18	480.69	513.51	434.29	99.63	139.81	265.97	270.73	256.32
Area Subtotal	3593.52	4346.43	5034.07	4906.46	5168.25	933.08	1466.15	3475.62	2837.50	2770.99
Caribbean										
Antigua and Barbuda 1										
Barbados	88.13	63.06	71.02	75.83	53.08	69.37	80.89	92.06	112.65	96.13
Dominica 1										
Grenada 1										
Guyana	219.33	244.73	182.89	116.19	78.87	50.71	50.59	62.25	44.22	71.05
Haiti	62.89	75.17	107.10	111.62	90.99	25.56	43.98	101.80	81.66	89.63
Jamaica	250.00	270.26	119.18	107.74	151.26	228.37	279.66	234.36	247.17	266.35
St. Vincent and the Grenadines 1										
St. Lucia 1										
Suriname 1										
Trinidad and Tobago	151.85	146.02	83.81	61.12	52.61	153.61	197.80	346.17	184.93	154.75
Area Subtotal	772.20	799.24	564.00	472.50	426.81	527.63	652.92	836.63	670.63	677.90
Andean										
Bolivia	21.02	42.04	80.64	36.08	26.72	81.29	112.21	89.21	77.48	88.82
Colombia	1616.10	1995.80	2806.10	2208.90	3665.30	140.61	164.94	520.15	432.65	352.57
Ecuador	543.04	646.39	809.29	962.48	756.24	51.15	82.48	179.80	123.20	154.92
Peru	1316.10	1095.10	620.20	454.97	320.63	355.70	426.37	542.62	375.93	559.73
Venezuela	158.43	147.44	67.70	85.28	104.27	507.25	883.21	1710.20	1227.90	1652.40
Area Subtotal	3654.69	3926.77	4383.93	3747.71	4873.16	1136.00	1669.21	3042.18	2237.16	2808.44
Southern										
Argentina	3162.50	2621.60	5181.90	6706.20	5110.60	268.59	304.14	586.25	199.91	390.83
Brazil	4697.50	7253.20	9019.40	11082.00	9058.90	829.37	1016.30	2393.50	1518.30	2805.00
Chile	139.18	282.42	688.51	797.18	956.20	403.15	376.15	902.58	463.77	724.35
Paraguay	84.47	126.99	100.46	175.95	141.89	44.71	76.90	188.95	90.81	74.61
Uruguay	275.19	278.49	414.38	498.74	625.25	66.45	52.11	120.64	52.77	146.23
Area Subtotal	8358.84	10562.70	15404.65	19260.07	15892.84	1612.28	1825.60	4191.92	2325.56	4141.02
TOTAL	16379.25	19635.14	25386.65	28386.73	26361.06	4208.98	5613.89	11546.55	8070.85	10398.35

Source: IDB, IICA data base, with information from the World Bank data base on international trade.

1 No available data

Table 16. Latin America and the Caribbean: Food trade balance.
(in millions of constant 1980 dollars)

	1970	1975	1980	1985	1987
IICA Areas					
Central					
Costa Rica	398.14	557.93	516.19	602.19	738.59
El Salvador	349.57	579.09	517.89	332.56	369.43
Guatemala	411.28	562.12	661.43	602.72	553.01
Honduras	244.35	223.14	491.36	532.47	574.20
Mexico	874.97	565.91	-891.20	32.60	-107.40
Nicaragua	227.32	289.72	170.56	82.69	116.07
Panama	154.82	102.38	92.02	-116.28	153.37
Dom. Republic	579.05	677.37	214.92	242.78	177.97
Area Subtotal	3239.49	3557.65	1773.17	2311.74	2575.23
Caribbean					
Antigua and Barbuda 1					
Barbados	18.76	-17.83	-21.04	-36.83	-43.05
Dominica 1					
Grenada 1					
Guyana	168.62	194.14	120.64	71.97	7.82
Haiti	37.33	31.19	5.30	29.96	1.36
Jamaica	21.63	-9.40	-115.18	-139.43	-115.09
St Vinc. and the Grenadines 1					
St. Lucia 1					
Suriname 1					
Trinidad and Tobago	-1.76	-51.78	-262.36	-123.81	-102.14
Area Subtotal	244.58	146.32	-272.64	-198.13	-251.10
Andean					
Bolivia	-60.27	-70.17	-8.57	-41.41	-62.10
Colombia	1475.49	1830.86	2285.95	1776.25	3312.73
Ecuador	491.89	563.91	629.49	839.28	601.32
Peru	960.40	668.73	77.38	79.04	-239.10
Venezuela	-348.82	-735.77	-1642.50	-1142.62	-1548.13
Area Subtotal	2518.69	2257.56	1341.75	1510.54	2064.72
Southern					
Argentina	2893.91	2317.46	4595.65	6506.29	4719.77
Brazil	3868.13	6236.90	6625.90	9563.70	6253.90
Chile	-263.97	-93.73	-214.07	333.41	231.85
Paraguay	39.75	50.09	-88.49	85.14	67.28
Uruguay	208.74	226.38	293.74	445.97	479.02
Area Subtotal	6746.56	8737.10	11212.73	16934.51	11751.82
TOTAL	12749.32	14698.62	14055.02	20558.66	16140.68

Source: Based on table 15

1 No available data

Table 17. Latin America and the Caribbean: Trade of goods. (in millions of current dollars for each year)

	Exports					Imports						
	1960	1970	1975	1980	1985	1960	1970	1975	1980	1985	1987	
IICA Areas	(**)					(**)					(*)	
Central												
Costa Rica	87.0	231.0	493.1	1001.5	941.3	1113.6	98.9	286.8	627.3	1374.9	1005.1	1252.5
El Salvador	102.6	236.1	533.0	1075.3	679.0	572.7	111.5	194.1	550.8	897.0	894.9	906.3
Guatemala	115.9	297.1	641.0	1518.9	1065.4	970.7	124.8	266.6	672.4	1471.9	1077.7	1308.5
Honduras	63.1	178.1	309.7	850.3	805.1	862.5	64.1	203.4	372.4	954.0	879.2	893.9
Mexico	779.5	1429.0	3008.6	16070.0	1667.4	20656.2	1131.0	2239.0	6292.0	18902.1	13217.7	12222.9
Nicaragua	63.8	174.8	374.9	450.4	297.6	299.0	56.4	177.7	482.2	802.9	837.6	837.9
Panama	39.0	130.3	330.6	374.6	1958.8	2525.3	108.7	330.1	823.1	1317.1	2712.3	3034.8
Dom. Republic	157.4	213.2	893.9	962.0	738.5	723.4	90.3	278.0	772.7	1519.7	1285.9	1550.0
Area Subtotal	1408.3	2889.6	6585.0	22303.0	8153.1	27723.4	1785.7	3975.7	10592.9	27239.6	21910.4	22006.8
Caribbean												
Antigua and Barbuda 1	20.4	35.2	94.5	180.8	300.4	129.0	40.6	106.3	196.9	479.0	559.1	436.0
Barbados												
Dominica 1												
Grenada 1												
Guyana	74.8		351.4	388.9	214.0	242.2	77.5		305.9	386.4	209.1	198.6
Haiti	38.1	39.0	71.4	215.1	227.5	205.0	43.4	47.7	121.5	318.1	351.3	300.0
Jamaica	164.6	342.1	808.7	962.7	568.6	673.5	187.6	449.0	969.7	1038.2	1004.2	1047.7
St. Vincent and the Grenadines 1												
St. Lucia 1												
Trinidad and Tobago	160.0	502.4	987.4	2584.2	2110.7	1399.8	133.8	496.4	676.6	1748.0	1354.6	1160.5
Area Subtotal	457.9	918.7	2313.4	4331.7	3421.2	2649.5	482.9	1099.4	2270.6	3969.7	3478.3	3142.8
Andean												
Bolivia	54.2	192.5	462.7	941.8	623.4	489.9	68.2	166.2	514.9	680.6	462.8	659.0
Colombia	480.2	782.0	1716.9	4052.1	3650.1	5264.8	496.4	802.0	1424.3	4300.3	3673.5	3818.1
Ecuador	146.3	234.3	1012.9	2544.2	2905.0	2017.0	109.8	263.8	1006.3	2241.8	1611.3	2048.0
Paru	444.4	1034.0	1290.7	3899.4	2977.0	2559.0	326.6	699.0	2389.5	3065.1	1808.3	2903.0
Venezuela	2383.9	2756.0	8853.9	19050.5	4178.8	10487.0	1145.4	1787.0	5461.5	10876.9	7387.6	8430.0
Area Subtotal	3509.0	4998.8	13337.1	30498.0	14334.3	20797.7	2146.4	3718.0	10796.5	21164.7	14943.5	17858.1
Southern												
Argentina	1079.2	1773.0	2961.4	8020.0	8419.2	6196.0	1106.0	1499.0	3510.3	9398.3	3524.2	5638.0
Brazil	1270.0	2739.0	8501.8	20139.9	25538.8	26213.0	1293.0	2507.0	12049.7	22951.2	13127.3	15052.0
Chile	480.2	1135.0	1570.0	4705.0	3804.5	5223.0	472.3	848.0	1681.7	5469.0	2953.6	3994.0
Paraguay	37.3	65.3	176.4	400.4	324.4	80.0	44.7	76.6	227.3	675.4	515.9	934.8
Uruguay	129.4	224.1	384.9	1058.5	853.6	1189.1	187.9	203.1	494.1	1688.2	675.4	1079.9
Area Subtotal	2996.1	5936.4	13594.5	34323.8	38940.5	38901.1	3103.9	5133.7	17953.1	40162.1	20796.4	26698.7
TOTAL	8371.3	14743.5	35830.0	91456.5	64849.1	90071.7	7518.9	13926.8	41623.1	92536.1	61128.6	69706.4

Source: IDB. Progreso Economico y Social de America Latina, 1974, 1980-81, 1984, 1988 Reports.

(*) Preliminary estimate

(**) ECLAC. Anuario Estadístico de America Latina y el Caribe, 1985, p.531-544

1 No available data

Table 18. Latin America. Real and Effective Exchange Rate Indexes
(Base 1980=100)

	1970	1975	1982	1985	1987
Real Exchange Rate Index <u>1/</u>					
Argentina	432.10	320.50	188.70	185.30	246.90
Bolivia	271.80	179.30	87.10	99.10	119.80
Brazil	215.10	139.40	84.90	98.80	84.80
Chile	456.60	224.90	111.70	136.20	130.00
Colombia	325.10	190.20	86.90	107.30	120.00
Costa Rica	311.80	181.90	126.80	114.00	117.70
Ecuador	272.20	175.10	93.80	121.90	188.60
El Salvador	303.40	198.10	83.80	65.10	74.80
Guatemala	364.30	165.50	95.00	72.30	150.10
Honduras	217.00	159.20	83.90	71.60	67.30
Mexico	268.30	160.20	126.50	106.20	162.50
Panama	300.50	160.20	83.90	86.70	98.50
Paraguay	462.90	167.10	86.10	108.60	122.80
Peru	187.50	109.10	84.00	112.80	52.10
Uruguay	356.60	213.00	109.70	147.20	120.60
Venezuela	264.40	166.20	81.30	98.10	105.10
Effective Exchange Rate Index <u>2/</u>					
Argentina	177.40	208.40	210.10	212.80	282.70
Bolivia	11.60	116.60	97.00	113.80	137.20
Brazil	88.30	90.60	94.60	113.50	97.10
Chile	187.40	146.30	124.30	156.40	148.80
Colombia	133.40	123.70	96.80	123.30	137.40
Costa Rica	128.00	118.30	141.20	131.00	134.80
Ecuador	11.70	113.90	104.20	140.00	215.90
El Salvador	125.80	128.90	93.30	74.80	85.60
Guatemala	108.50	107.70	105.80	83.00	171.90
Honduras	89.10	103.60	93.40	82.20	77.00
Mexico	110.10	104.20	140.90	122.00	186.00
Panama	123.30	104.20	93.50	99.60	112.80
Paraguay	190.00	108.70	95.90	124.70	140.60
Peru	77.00	71.00	93.50	129.50	59.70
Uruguay	146.50	138.50	122.10	169.10	138.10
Venezuela	108.50	108.10	90.50	112.70	120.30

Source: De Janvry et al. Rural Development in Latin America. IICA.
1989. p.25

1/ Nominal exchange rate, deflated by wholesale price index (WPI)
(Consumer prices in Bolivia, Honduras, and Peru)

2/ Nominal exchange rate multiplied by the quotient of the U.S. WPI
and the domestic WPI of each country.

Table 19. Latin America. Indexes of agricultural export prices and of potential terms of trade. (Base 1980=100)

	1970	1975	1982	1985	1987
Index of agricultural export prices					
Latin America	29.9	58.9	69.8	65.5	60.7
Argentina	37.4	35.3	79.1	70.5	68.6
Brazil	33.9	58.1	78.2	77.8	68.2
Colombia	32.2	46.7	83.5	85.7	70.2
Costa Rica	36.6	52.6	87.0	87.7	78.6
Ecuador	32.7	51.4	81.3	90.1	77.9
El Salvador	31.1	48.3	80.3	80.5	68.6
Guatemala	31.4	51.2	78.2	76.0	69.2
Honduras	38.2	54.0	88.6	88.6	81.9
Mexico	34.1	50.2	81.7	78.4	74.8
Panama	36.3	35.2	82.6	80.3	79.8
Uruguay	38.5	57.1	80.4	70.4	81.4
Index of potential terms of trade ¹					
Argentina	161.6	209.3	149.3	130.6	169.3
Brazil	72.9	81.0	66.4	76.9	57.9
Colombia	104.6	88.8	72.6	92.0	84.2
Costa Rica	114.2	95.7	110.4	100.0	92.5
Ecuador	88.9	90.1	76.2	109.7	146.9
El Salvador	95.3	95.7	67.3	52.4	51.3
Guatemala	83.1	84.8	74.3	54.9	103.9
Honduras	82.8	86.0	74.3	63.4	55.1
Mexico	91.5	80.4	103.3	83.3	121.5
Panama	109.0	104.5	69.3	69.6	78.7
Uruguay	137.4	121.7	88.1	103.7	98.2

Source: De Janvry et al. Rural Development in Latin America. IICA. 1989. p.26-29

¹ Exchange rate multiplied by the quotient of the international export price index and the domestic wholesale price index.

Table 20. Interest rates and net transfer of resources.

	(1)	(2)	(3)	(4)
Total Implicit Debt	LIBOR	Net capital Income	Net payments on profit and interest	Transfer of Resources between export goods and services
1973	9.4	7.9	4.2	3.7
1974	10.8	11.4	5.0	6.4
1975	7.8	14.3	5.6	8.7
1976	6.1	17.9	6.8	11.1
1977	6.4	17.2	8.2	9.0
1978	9.2	26.2	10.2	16.0
1979	8.2	29.1	13.6	15.5
1980	10.2	29.7	18.1	11.6
1981	12.1	37.6	27.2	10.4
1982	13.3	20.2	38.8	-18.6
1983	10.7	2.9	34.4	-31.5
1984	11.1	10.3	37.0	-26.7
1985	10.2	2.2	35.0	-32.8
1986	8.9	8.3	31.9	-23.6
1987	8.5	13.9	30.5	-16.6
1988		4.3	33.2	-28.9

Source: -IDB. Progreso Economico y Social en America Latina, 1988 Report. p.48
 -IMF. International Financial Statistics, 1988. p.106
 -ECLAC. Anuario Estadístico de America Latina y el Caribe, 1988.
 p.780

- (1) Interests received during the year, divided by the simple average of debt payments at the beginning and end of the year. Corresponds to 22 countries and excludes Bahamas, Panama and Suriname.
 (2) London inter-bank market rate at six month terms
 (3) Net capital income minus net payments on profits and interest
 (4) Percentages

Table 21. Simple indicators of the effect of "backward" and "forward" linkages (Percentages)

Country	INAC/GVAP	TINC/TGVP	IAP/GVAP
Argentina	39	44	49
Bolivia	14	22	17
Brazil	24	42	69
Costa Rica	35	29	7
Chile	42	42	56
Guatemala	10	27	17
Haiti	6	20	24
Mexico	27	34	57
Nicaragua	30	32	41
Peru	52	42	30
Uruguay	38	36	53
Average	28.82	33.64	38.18
Maximum value	52	44	69
Minimum value	6	20	7

Source: Piñeiro, M.E. Agricultura y Desarrollo en América Latina y el Caribe: Algunas ideas para la reflexión y la acción. IICA. 1988. p.9

INAC: Intermediate national agricultural consumption
TINC: Total intermediate national consumption
IAP : Intermediate agricultural production
GVAP: Gross value of agricultural production
TGVP: Total gross value of production

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