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2002



THE STATE OF FOOD AND AGRICULTURE

AGRICULTURE
AND GLOBAL
PUBLIC GOODS
TEN YEARS
AFTER THE
EARTH SUMMIT



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THE STATE OF FOOD AND AGRICULTURE 2002



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Foreword

It is impossible to look back over the last year without remembering the tragic attacks of 11 September and the ensuing events, which have opened our eyes to the fragility of the security of us all. They have underlined that, in an era of rapidly advancing globalization, security also can only be global. It is hoped they have strengthened our awareness that the future of humanity is truly a shared future and that many of the challenges humanity faces require common solutions.

This is indeed a period when many of these major challenges seem to be coming to the forefront of attention, thus giving us new hope for the future. Not least among them is the eradication of hunger and poverty – two phenomena and scourges of humanity that are closely interlinked.

In 1996, world leaders met in Rome at the World Food Summit and pledged to eradicate hunger. As a first, but essential, step they agreed to halve the number of undernourished people by 2015. Unfortunately, the latest data available to us suggest that progress over recent years has not been fast enough. It was to accelerate progress that I decided to invite world leaders to meet again in Rome in June this year. Indeed, if we are to meet the objectives that we set ourselves five years ago, it will be necessary to strengthen the political will and to mobilize the necessary financial resources. Much remains to be done, in spite of some striking examples of progress in individual countries and communities. On the other hand, these very examples of success confirm our conviction that the objectives set in Rome in 1996 are achievable.

Other major international events have also taken place recently, or are planned for the near future, with significant implications for our common future. In Monterrey from 18 to 22 March 2002, Mexico hosted the International Conference on Financing for Development to discuss the challenge of ensuring adequate financial resources for meeting internationally agreed development goals, including those contained in the United Nations Millennium Declaration. To this conference, the three Rome-based UN agencies (FAO, the International Fund for Agricultural Development [IFAD] and the World Food Programme [WFP]) brought a joint message calling for increased resources for hunger reduction and for agricultural and rural development. There are encouraging signs that the conference may mark a turning point – a reversal of the past declining trends in development assistance, including that for hunger and agriculture.

Ten years after the United Nations Conference on Environment and Development – the Earth Summit – held in Rio de Janeiro, South Africa is hosting the World Summit on Sustainable Development in Johannesburg in August–September 2002. Here, attention will focus on many of the key challenges in implementing the objectives of sustainable development agreed in Rio in 1992.

No less important may be the agreement reached at the Fourth World Trade Organization Ministerial Conference in Doha, Qatar, in November 2001 to launch a new round of comprehensive multilateral trade negotiations. A particularly encouraging outcome was the strong focus in the Doha Ministerial Declaration on

the need to ensure that the development and food security needs of its most vulnerable members are not compromised. Let us hope that the new round of trade negotiations will continue to emphasize the problems and needs of developing countries and lead to a fairer and more equitable international trading system with true benefits for all.

Amid this flurry of important international events, I would particularly like to underline the central role of food, agriculture and rural development in our shared efforts to ensure sustainable development and eradicate poverty and hunger. Three-quarters of the poor live in rural areas and derive their livelihoods from agriculture or from rural activities that depend on agriculture. Much urban poverty is a consequence of rural deprivation and rural economic decline, which lead to distress migration to urban areas. The strengthening of agriculture and rural development is fundamental to achieving overall economic growth and poverty reduction for most developing countries. The decline in financial resources for agricultural and rural development must be reversed. At the same time, we must stress the significance for developing countries of trade opportunities. Developed countries can provide a major impetus to poverty eradication and economic advancement in developing countries by opening their markets to developing country products – particularly agricultural products – and helping these countries take advantage of expanded trade opportunities.

The centrality of food, agriculture and rural development to poverty alleviation and the eradication of hunger underlies most of *The State of Food and Agriculture 2002*. However, I would like to highlight one particular aspect that is strongly featured in the report. This is the recognition that agriculture, fisheries and forestry have an importance beyond that of providing us with the food and raw materials necessary for our survival and well-being and ensuring the livelihoods of farmers, fishermen and foresters worldwide; people employed in these sectors play a role in managing resources the benefits of which accrue far beyond their own individual livelihoods. Through the proper management of these resources, farmers, fishermen and foresters provide a range of benefits to others, such as landscape conservation, watershed protection, biodiversity conservation, ecosystem stability and maintenance of fish stocks. These are so-called public goods, goods that benefit large sections of people – locally, regionally or globally – but that cannot be expected to be provided for free. Some public goods are even global in nature; they benefit all of humanity. Obvious examples are biodiversity conservation and carbon sequestration provided by forests and agriculture through the adoption of more sustainable land-use practices.

These facts are widely recognized, but I would like to stress their implications in terms of financial flows to agriculture, fisheries and forestry. Indeed, there is a strong rationale for providing adequate international flows of finance to these sectors to encourage sustainable practices that ensure the provision of these important global public goods. A further challenge is to develop financing mechanisms that can at the same time compensate for the provision of global public goods and contribute to poverty alleviation. *The State of Food and Agriculture 2002* calls for an increase in international flows of finance towards agriculture and rural

areas with a view to promoting the provision of global public goods. Also discussed is one of the possible new mechanisms for financing the provision of global public goods: the Clean Development Mechanism (CDM), deriving from the Kyoto Protocol to the United Nations Framework Convention on Climate Change. Particular attention is paid to the potential use of the CDM as an instrument for both enhancing carbon sequestration through land-use changes and for reducing rural poverty.

As has been the tradition in past editions, *The State of Food and Agriculture 2002* attempts both to provide an overview of the current situation and to reflect on some of the major challenges faced in eliminating world hunger and poverty and ensuring the sustainable use of our natural resources. In view of the growing awareness worldwide of many of these challenges, I am convinced that we have reason to be optimistic about the future. But we must avoid complacency and stay firmly committed to the objectives we have set ourselves. In this respect, FAO, for its part, will continue to play the role that our members and the international community expect of us.



Jacques Diouf
FAO DIRECTOR-GENERAL

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Glossary

AAT	African animal trypanosomiasis
AMS	Aggregate measure of support
BSE	bovine spongiform encephelopathy
CBD	Convention on Biological Diversity
CDM	Clean Development Mechanism
CGIAR	Consultative Group on International Agricultural Research
CIS	Commonwealth of Independent States
COSCA	Collaborative Study of Cassava in Africa
DFID	Department for International Development
EC	European Communities (also called European Union)
ECLAC	Economic Commission for Latin America and the Caribbean
EMBRAPA	Empresa Brasileira de Pesquisa Agropecuaria
ESCAP	Economic and Social Commission for Asia and the Pacific
EU	European Union (also called European Communities)
FDI	foreign direct investment
FRA	Forest Resources Assessment
GCC	Gulf Cooperation Council
GDP	gross domestic product
GCPRT	Coarse Grains, Pulses, Roots and Tubers Centre
GEF	Global Environment Facility
GHG	greenhouse gas
GIEWS	Global Information and Early Warning System on Food and Agriculture

GNP	gross national product
GPG	global public good
IAEA	International Atomic Energy Agency
IBAR	Interafrican Bureau for Animal Resources
IBRD	International Bank for Reconstruction and Development
ICCO	International Cocoa Organization
ICO	International Coffee Organization
IDA	International Development Association
IFAD	International Fund for Agricultural Development
ILCS	International Livestock Centre for Africa
IMF	International Monetary Fund
IPCC	Intergovernmental Panel on Climate Change
IPM	integrated pest management
ISA	International Sugar Agreement
IT	information technology
LIFDC	low-income food-deficit country
MEA	multilateral environmental agreement
MERCOSUR	Southern Common Market
MFN	Most favoured nation
NAFTA	North American Free Trade Agreement
NGO	non-governmental organization
NPR	nominal protection rate
OAU	Organization of African Unity
ODA	official development assistance

OECD	Organisation for Economic Co-operation and Development
PAAT	Programme Against African Trypanosomiasis
PATTEC	Pan African Tsetse and Trypanosomosis Eradication Campaign
PSE	producer support estimate
SAT	sequential aerosol technique
SIT	sterile insect technique
TCOR	Special Relief Operations Service
TRIPS	Trade Related Aspects of Intellectual Property Rights
TRQ	tariff-rate quota
TSE	total support estimate
UNCCD	Convention to Combat Desertification and Drought in those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa
UNCED	United Nations Conference on Environment and Development
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UPOV	International Union for the Protection of New Varieties of Plants
WFP	World Food Programme
WHO	World Health Organization
WTO	World Trade Organization

Explanatory note

The statistical information in this issue of *The State of Food and Agriculture* has been prepared from information available to FAO up to April 2002.

Symbols

The following symbols are used:

- = none or negligible (in tables)
- ... = not available (in tables)
- \$ = US dollars

Dates and units

The following forms are used to denote years or groups of years:

- 1996/97 = a crop, marketing or fiscal year running from one calendar year to the next
- 1996-97 = the average for the two calendar years

Unless otherwise indicated, the metric system is used in this publication.

“Billion” = 1 000 million.

Statistics

Figures in statistical tables may not add up because of rounding. Annual changes and rates of change have been calculated from unrounded figures.

Production indices

The FAO indices of agricultural production show the relative level of the aggregate volume of agricultural production for each year in comparison with the base period 1989–91. They are based on the sum of price-weighted quantities of different agricultural commodities after the quantities used as seed and feed (similarly weighted) have been deducted. The resulting aggregate therefore represents disposable production for any use except seed and feed.

All the indices, whether at the country, regional or world level, are calculated by the Laspeyres formula. Production quantities of each commodity are weighted by 1989–91 average international commodity prices and summed for each year. To obtain the index, the aggregate for a given year is divided by the average aggregate for the base period 1989–91.

Trade indices

The indices of trade in agricultural products are also based on the base period 1989–91. They include all the commodities and countries shown in the *FAO Trade Yearbook*. Indices of total food products include those edible products generally classified as “food”.

All indices represent changes in current values of exports (free on board [f.o.b.]), and imports (cost, insurance, freight [c.i.f.]), expressed in US dollars. When countries report imports valued at f.o.b., these are adjusted to approximate c.i.f. values.

Volumes and unit value indices represent the changes in the price-weighted sum of quantities and of the quantity-weighted unit values of products traded between countries. The weights are, respectively, the price and quantity averages of 1989–91 which is the base reference period used for all the index number series currently computed by FAO. The Laspeyres formula is used to construct the index numbers.

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