

**Agriculture in Latin America and the Caribbean:  
A Fortress at a Time of Crisis Worldwide,  
the Engine Driving Future Development**

*Executive Summary*



**Agriculture in Latin America and the Caribbean:**

**A fortress at a time of crisis worldwide,  
the engine driving future development**



Inter-American Institute for Cooperation on Agriculture

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## ■ Foreword

This document is an executive summary of a publication that is the result of a process launched by the Inter-American Institute for Cooperation on Agriculture (IICA) in mid-2008. At that time, IICA invited a number of experts to an international workshop to analyze “the contribution of agriculture and the rural milieu to sustainable development and food security in the new international context,” at a time when the prices of the major commodities rose to historic levels, which posed a threat to food security in most of the countries of, especially the most vulnerable segments of their populations.

As a result of this process, IICA prepared a political message which it delivered at the Fifth Summit of the Americas, held in Trinidad and Tobago in April 2009. That same message will be contained in a publication that will be presented to the ministers of agriculture of the hemisphere when they meet in Jamaica in 2009, as well as in a series of working documents that were used to prepare the publication, which will also be distributed.

The most important conclusion drawn from this effort is that, in order to surmount the current crisis and some of the principal structural problems that the countries of the region will face in the future, it is necessary to rethink the development model currently in force and reassess the role of the rural milieu. In addition, if the rural milieu is to contribute more to development, we must reverse the trend toward underinvestment and invest more and more efficiently in agriculture.



Chelston W. D. Brathwaite  
Director General



## ■ Introduction

The gathering storm clouds of a worldwide crisis threaten to wipe out the progress made during five years in which agriculture performed well in the region, stem the advances made in combating poverty and put the achievement of the Millennium Development Goals in jeopardy.

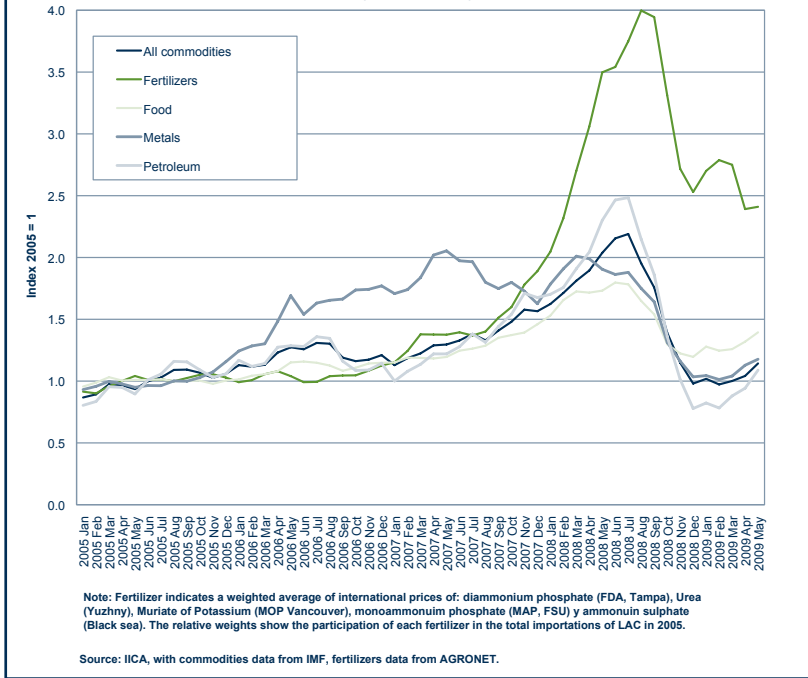
What appeared to be a perfect storm at the beginning of 2008, characterized by rapidly rising prices of commodities, low inventories worldwide, increasing demand sparked by three vectors (significant growth in China and India, the demand for grains for the production of biofuels and speculative investment on the futures markets), has in fact mushroomed into a highly complicated scenario featuring a financial crisis, with the attendant economic recession, the effects of which bring to mind the dark days of the depression in the 30s in the current context of a more interdependent and globalized world.

Exporting countries benefited temporarily from the higher prices received for the major agricultural commodities, but then saw their production costs rise rapidly, however, due to higher prices of inputs, especially, fertilizers and energy. Net importing countries became more vulnerable, in part, because the prices of export products from the tropics failed to rise markedly as they saw themselves forced to import grains and oilseeds at higher prices, and pay higher prices for inputs and services. On the other hand, the majority of consumers across the hemisphere and small-scale producers found themselves increasingly in a situation of food insecurity.

The efforts of governments in the region, in facing the crisis and rising food prices, have focused on defensive (anti-cyclical) policies and short-term measures. The vast majority have abandoned measures to position agriculture and the rural economy of their countries, relegating them to a more long-term vision. If the aim is to ensure food security and development for the countries, it is important, now more than ever, to not postpone measures for the long term, at least, for the following very important reasons:



International price index for commodities (2005=1)  
January 2005 – May 2009




- The current world population of 6 billion will have risen to 9 billion by 2050 and will require twice as much food, but land will be less available because of the pressure of urban expansion and other economic activities (tourism, for example), losses in resources as a result of degradation and pollution and increased desertification.
- Yields per hectare of the main crops worldwide are on the decline, as is investment in agricultural science and technology in the region, as compared with other regions of the world (except for oilseeds, mainly soy), which is limited to just a few countries.
- Growing competition for water, which is increasingly scarce, will place major restrictions on the sector that most uses drinking water worldwide: agriculture<sup>1</sup>.
- Fossil fuels, which are the source of energy that currently drives the world, will not be sufficient to respond to the increasing worldwide demand for energy, and there will therefore be greater pressure to

1 For example, in the United States, 87% of the water is used in agriculture (Pimentel et al. 1997) and in countries like Mexico, Brazil, Indonesia and China, that percentage is higher (Allan 2009).

generate alternative sources such as bio-energy. Up to 2050, there will be significant pressure to promote the development of biofuels, such as ethanol and biodiesel, which will also compete for resources with agriculture and food production.

- Climate change, which is a fact of life, will affect the structure of agricultural production and well-being in rural territories. The effects will however be different, depending on the latitudes or altitudes. In temperate climates, climate change will open up opportunities, but in the tropics, lowlands and coastal areas, plagued by more acute problems of rural poverty, it will produce negative effects.



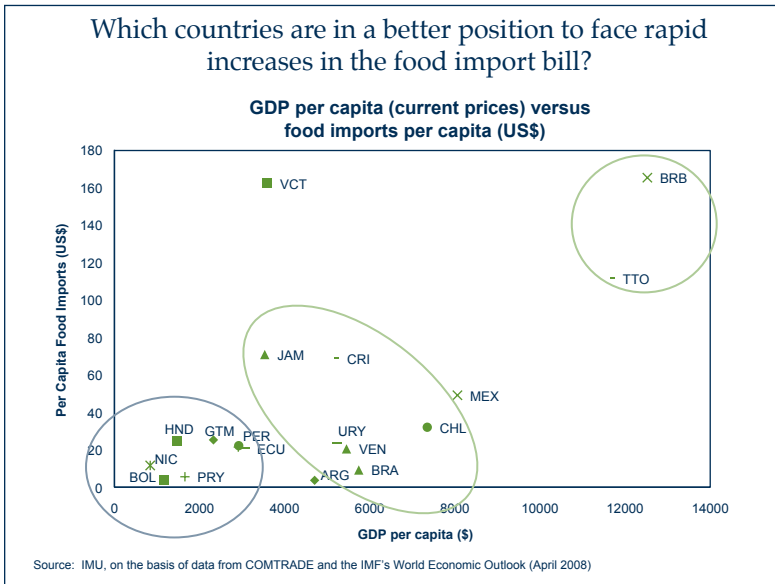
*Some time ago people came to accept that the days of cheap energy were over. Now they are beginning to understand that the days of cheap food may have also ended, and that they should now worry about a phase, with no clear end in sight, that is in the throes of a financial crisis and an economic recession which began in the developed countries and which is now spreading throughout the world*

- Price volatility is affecting food security, which in turn exacerbates malnutrition, generates more poverty and social instability and affects political governance.
- The defensive policies adopted in response to the food crisis and recession tend to embrace protectionist measures that have been harmful to well-being worldwide in the past and impinge on efforts to make the economies rebound and resume the path of economic growth and development.
- Today, the increasing concentration and transnationalization of the agrifood business is having a major impact on the market structure, price formation and income distribution. To face this situation, a process that is yet tenuous has been set in motion to promote regulatory frameworks and strengthen national committees to promote competition.

## ■ Some recent facts

*High prices.* Rising prices have increased food vulnerability in the countries of the region where the possibilities for populations to purchase food grow slimmer. Indeed, a look at the cost of the food basket for five groups of food that account for more than 88% of total calories consumed by the countries of Latin America and the Caribbean (LAC) shows that the international prices of these foods rose by 105% during the period 2003-2008, whereas the purchasing power of the population, measured in terms of increased per capita income in real terms, only rose by 76% during the same period, even though as of the second half of 2008, one observes a contraction in prices, which coincided with the initial tightening of the job market and income as a result of the financial crisis and recession.

A look at the rising prices of commodities shows the heterogeneous nature of the regional panorama. The situation gives particular cause for concern in 14 countries (Mexico, Central America, the Caribbean and the Andean Region), which are net food importers or net export countries from the tropical fringe, which basically export fruits (the prices of which have not risen significantly), but that are also net importers of basic products the prices of which have risen more.



Only a few countries in the south of the hemisphere (Argentina, Brazil and Uruguay), which are major producers of grains and oilseeds, have seen improvements in their food purchasing power.

There are also metal exporting countries (Peru, Chile, Bolivia) or petroleum exporting countries (Venezuela, Ecuador, Trinidad and Tobago) that benefited from the increase in prices, thanks to which they were able to make up for the disadvantage of being net food importers.

The increase in the international prices of commodities once again triggered inflationary processes in the region. Because of the effect on commodities in this region, inflation impacted low-income groups more severely, which in turn affected income redistribution negatively in this region that is considered the most unequal in the world, in terms of income distribution.

Climate. During the second half of 2008, when strategic food reserves started to build up again and the prices of the major commodities started to decline, settling at a level slightly above those that obtained at the beginning of the crisis in 2005, a new climate episode hit the agricultural sector, altering production estimates for 2009, which are now expected to be 20% to 40% lower, and will probably trigger another increase in prices. In fact, the countries that account for two-thirds of food production, such as the United States, Australia, China, Brazil and Argentina, are facing a severe drought which has increased poverty and been responsible for major losses of harvests and livestock. Other food-producing countries –especially those producing food for domestic consumption– and already in a situation of food insecurity, as is the case with many African countries, are also being affected by this climate phenomenon. What is more, countries like Bolivia and Paraguay, where agriculture is limited to a few crops, also face serious problems as a result of a prolonged drought.

Global crisis. The situation in the areas of agriculture, food security and rural poverty could worsen because of other compounding factors, including sluggish economic growth, which will reduce consumption and food import capacity; the crisis in the financial sector which is curtailing available credit for purchases of inputs such as seeds and

fertilizers; the volatility of prices, which has impacted the producers' decision to cultivate<sup>2</sup>; the emergence of processes to increase the value of the US dollar and competing devaluations of currencies in many countries that are seeking to promote exports and maintain a competitive edge<sup>3</sup>.

## ■ The forecast and public intervention policies for LAC

LAC is experiencing the effects of a global recession and of volatile international prices, all of which has implications for investment, production, trade, food supply and the purchase of inputs for agriculture. At the same time, LAC is also experiencing the impact of the omissions of its own governments and other stakeholders in the agricultural sector.

The global crisis and the volatility of international prices have triggered serious concerns about the functioning of markets and the need to reconsider the role of government. Admittedly, however, these phenomena are the reflection of a deeper process with long-term implications, sweeping global changes and increasing interaction among all markets.

The underlying omission that has been noted is the failure to appreciate the importance of agriculture, as a result of which investment in agriculture and rural communities has declined over the last two decades. Because of this, it has not been possible to reduce rural poverty substantially and consistently, nor has it been possible to bring the benefits of trade liberalization policies to small-scale producers, despite a major expansion in agriculture during the years prior to the crisis. By the same token, it is also true that the negative effects

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2 According to estimates at the beginning of 2009, the area under cultivation in the United States went down by 1.6 million hectares and in Canada by 445,000 ha. This does not include the area affected by the drought.

3 However, some countries, especially, net food importers, have revalued their currencies to reduce import costs.

of the transmission of price volatility on rural income have not been experienced as markedly as they might otherwise have been.

However, agriculture and the rural territories of LAC have enormous potential as a factor in the countries' ability to successfully face the current world crisis and resume the path of development. By making better use of the available natural and human resources that are abundant in the Americas, as compared with other regions of the world, the LAC would be in a position to increase future food production significantly, face the challenges of food security, and work towards lifting major contingents of the population out of poverty. It would further be a positive factor in the countries' ability to meet the Millennium Development Goals.

The appropriate combination of natural resources and technology can be helpful in addressing the challenges of climate change, in addition to solving the problems of hunger and social exclusion. But this requires public policies and development institutions that are able to exploit the opportunities and face the challenges inherent in this new international context that is highly complex, volatile and largely unpredictable. It also requires a new approach to the development model and a further look at the role that agriculture can play in facing more long-term challenges, such as poverty alleviation, climate change, food and energy security, natural resource preservation for future generations and political and social governance.



*In the short term, agriculture can lessen the impact of the economic crisis and in the long term, it can be a strategic factor in promoting development and addressing the challenge of ensuring food security. For this to happen, however, the importance of agriculture must be recognized and that recognition must be translated into increased investment in the rural milieu.*

Intervention policies should therefore take into account the following conditioning factors:

- Heterogeneity. Agriculture and the rural territories in LAC are heterogeneous, with a variety of actors, and the impact of the crisis and solutions for dealing with it must take those differences into account.
- Flexibility in view of the diversity. Any proposed policies for the development of agriculture and the rural milieu must be highly flexible so that they can be adapted to the various countries and regions. Although there is clearly a battery of policy instruments available for all the countries, the policies adopted for each one and the methods for formulating and managing them will change radically depending on their specific conditions.
- The institutional framework for agriculture and rural development has been weakened and must be modernized to adapt to the new conditions and challenges of the current context and the new roles it requires of the State and civil society organizations.

The complexity of the current context requires a State that is vigilant, that gives more follow-up to events taking place in the agricultural sector, that can promote a new type of agriculture and that can intervene in the sector, albeit prudently. A set of policies that are congruent with that role will also need to be instituted. This means a renewed State that is more capable and dynamic. The risk here is to believe that old bureaucratic structures need to be rebuilt in the public sector, structures that were hardly useful in the past and that would be even less useful today. The context also requires a new role for agricultural private-sector organizations responsible for providing public goods to that sector, to other sectors and to specific groups of the population.

#### ■ Enhancing the value of agricultural production.

In coming years, agriculture will provide major opportunities for LAC. This region is home to relatively abundant natural resources, as compared with countries in other regions of the world. As a result, LAC will be able to boost its future food supply. Not only are the countries


that are net exporters of food in this region in a privileged position, but also those that are not. This is so because, given the new situation of the relative scarcity and high prices of foods, they can promote increased production at the local level. This would make it possible to substitute for imports, ensure food availability and access and thereby ensure food security.

On the economic level, the value of agriculture has already been enhanced due to a combination of factors, such as rising international prices, the increasing depletion of natural resources for agricultural use (such as land and irrigation water) and increased food insecurity.

**a) Agriculture as a buffer and as a driving force behind development.**

In the context of a worldwide recession, with its negative repercussions in the countries of the region, further investment in agriculture is needed to minimize these repercussions and make use of its potential. There is recognition that the agricultural sector acts as a buffer in times of crisis and that it is a factor in preventing a further decline in the global economy. What is more, this sector holds great potential as a force that drives economies.

And as an economic activity, agriculture is the most efficient in terms of reducing poverty (more so than other sectors of the economy, such as industry and construction. It also helps stem the migration of people from rural communities to cities.



*The best strategy for lifting people out of poverty in Latin America and the Caribbean is to invest in agriculture. Governments need to be more committed to social investment and to improving the conditions that are required for stimulating private small- and medium-scale investment in national markets.*

According to the World Bank (2008), inasmuch as the redistributive effect is greater in agriculture than in other sectors, an increase in GDP attributable to agriculture has a positive effect on the incomes of the poorest deciles. This impact is two to four times greater than when such growth is generated by other sectors.



In the countries of the region, the highest levels of poverty are reported in the small-scale or family agricultural sector. That subsector, however, is an important source of products for domestic consumption, especially of basic staples for the everyday diet. It also contributes significantly to employment in the sector, and takes up between 30 and 60 per cent of agricultural and forest lands. According to a recent study by the FAO in 2007, production yields in that subsector are extremely low. With adequate policies in place, however, family agriculture has considerable potential to increase productivity in the agricultural sector in the short term, help improve food security, reduce dependence on imports and, especially, contribute to reducing poverty.

**b) Less specialization, greater diversification and more value added.**

The recent expansion of agricultural production and exports in LAC has, with some exceptions, been limited to a small number of commodities and a few countries, which denotes a high degree of specialization in the production of primary products with little value-added. This makes the countries highly vulnerable to fluctuations in the prices of major crops such as sugar, coffee and soy.

What is therefore needed is greater diversification, more value added to products and agro industrialization. For this, an aggressive strategy for entering markets will not suffice. What is also required is the adoption of specific economic policies that encourage investment and technological development to make the sector more competitive.

In small countries, especially in the Caribbean and Central America, agro tourism and ecotourism have succeeded in creating demand for agricultural products and generating income and employment, and are an important source of foreign exchange revenue.

At the same time, however, what needs to be encouraged is the inclusion of those engaged in family agriculture in agrifood chains, not only as a means of increasing their share in the benefits of growth, but also as protection against the threats posed by economic concentration and transnationalization. This is particularly important when one

considers that competition for the ownership of land may increase<sup>4</sup>, should natural resources become scarcer in the future and prices rise.

For most small-scale producers, agriculture is just one source of their family income<sup>5</sup>. Linkages between agriculture and other activities in rural territories should therefore be promoted and off-farm activities developed to generate additional income. One alternative is the promotion of rural agroindustry, which would make it possible to incorporate small-scale farmers into value chains, especially at the local and regional levels.

■ **Promoting the production of bioenergy without threatening the food supply.**


Exploiting the true value of agricultural production also means reducing dependence on fossil fuels and contributing to environmental conservation. This in turn will mean finding ways to increase the production of biofuels without threatening food production and promoting the management of risks associated with climatic, financial or market conditions.

As a result, public policies agreed upon with other sectors (energy, industry, trade) will need to be put in place; support measures for projects aimed at the production and use of biofuels must be instituted and investment capital and operating funds will have to be provided. Also required will be the promotion of technological development, management capabilities and the ability to produce on a large enough scale. Incentives will need to be provided and regulatory frameworks established to promote private investment in the development of sources of clean and renewable energy.

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4 Some organizations have indicated that “a new global cycle of appropriation of land” is underway in response to the current food and price crises. Countries that depend on imports for food (the Arab countries, China and South Korea, etc.), agrifood corporations and private investors are buying fertile lands in countries such as Brazil, Uganda, Cambodia, Pakistan and Ukraine, to ensure their own food supply (GRAIN 2008; Braun and Meinzen-Dick 2009; Business Standard 2009).

5 The figure varies from almost 75% in Chile, Colombia and Ecuador to below 50% in Mexico and some countries of Central America (FAO 2007).



*There is a window of opportunity for the inclusion of green fuels, specifically ethanol and biodiesel, in the energy matrix of the countries of Latin America and the Caribbean, which will make it possible to shift from oil-dependent to more sustainable agriculture.*

Recent assessments indicate that the production of green fuels would not lead to significant changes in food production or in production patterns since the area for agroenergy production would only amount to 3% of the total area under cultivation. At the same time, in terms of value added, biofuels production could create 1.132 billion direct jobs and some 1.892 billion indirect jobs, which would generate US\$336 billion in income. In addition, the environmental risks posed by biofuels production are no different from those associated with food production (Gazoni 2008).

#### ■ **Promoting a new technological revolution**


The Green Revolution of the 1960s led to increased yields per hectare for major food crops, but also to a questionable dependence on agrochemicals. Today, yields per hectare are increasing more slowly worldwide. In LAC, levels of productivity of food crops, except perhaps for soy in the Southern Cone, have fallen.

Science has also been globalized, but its discoveries and findings tend to remain in private hands, rather than become public goods. For example, in the field of biotechnology, most work is done in the private sector, especially in the more developed countries.

How to ensure food availability and, as a result, food security, is a matter of great concern today. A new technological revolution is needed to be able to increase productivity and that allows for the use and appropriate conservation of natural resources. We also need to socialize benefits derived from their use, capitalize on the advantages of small- and medium-scale agricultural enterprises and, eventually, increase the natural capital frontier.

a) **Renewing investment in research and development (R&D).** The development strategy of the countries of LAC has not been accompanied by commensurate efforts in the fields of science and technology. As a result, they have been unable to exploit fully the benefits of the opening of trade. Levels of investment in agricultural science and technology in LAC, with the exception of Argentina and Brazil (which account for 50% of all investment in the region), Chile, Mexico and Uruguay, are below the average worldwide. To reach that average, the region would practically have to double its annual investment in agricultural research over the next three to six years.

The countries of the region invest only US\$3 billion (0.54% of GDP) in agricultural science and technology. If they wish to participate actively in the global and regional food market and meet the challenges of climate change, they must invest more in both if they are not to fall further behind other regions of the world that invest more.



*The development of knowledge-based agriculture in LAC will require the promotion of a new paradigm based on technological innovation for technical change in agriculture and on greater investment in education.*

We need to take advantage of the potential offered by biotechnology and the information technologies, ensure that the benefits derived from their use reach small-scale producers, and develop products that not only afford greater economic returns, but also that meet the nutritional needs of a healthy diet. We also need to rebuild agricultural extension systems, which have been weakened over time.


Public policies that promote competitiveness at the international level must factor in technological innovation as one of their key elements. In addition, they must promote the participation of the State in the generation of knowledge, which will require additional investment not only in the generation of knowledge, but also in the training of human capital for research. The international transfer of technology

and the participation of the private sector in that process are also highly important. For this, public-private partnerships will need to be established and a specific policy will be required to promote the coordination of efforts at the international level. Agreements will need to be signed with the transnational private sector with regard to the transfer of technology it generates.

There is technological innovation when there is the social appropriation of knowledge and when that knowledge is carried to the market. In other words, technological innovation exists on farms, in agribusinesses and in rural communities and, therefore, is of great social benefit. Consequently, institutional arrangements and policies must promote the inclusive and effective participation of public and private national and international organizations and of producers, as well as an appreciation of traditional knowledge and that of the different actors of agrifood chain, including civil society.

**b) Technology and irrigated agriculture will be priority variables.** In order to increase production, the countries of the region have relied heavily on two practices: expanding the agricultural frontier and increasing yields, thanks to the use of technology, mostly from the days of the green revolution. Irrigation also offers great potential for increasing production levels. However, there are few countries in LAC where this has been developed.

There are limited opportunities to expand the agricultural frontier, and if yields are to be increased, it will be necessary to increase public and private investment in research and the building of irrigation infrastructure. However water has considerable potential for irrigation, even though the level of investment in new projects is low and current systems are hardly efficient.



*It is estimated that the yields of crops grown with irrigation water are more than double those that depend on rainfall (FAO 2003); and thanks to modern drainage systems water is used more efficiently.*

Given the need to increase food supply, face the risks posed by climate change and tailor food supply to market needs, in the future, the countries of LAC should bet on the use of technology and irrigated agriculture. However they will need to apply strategies to face the environmental costs of irrigation, currently very high, and make it more efficient.

For tropical countries frequently affected by weather-related phenomena, especially the islands of the Caribbean, another option is to promote agriculture in protected environments.

### ■ **Promoting sustainable development approaches and environmental services**

The interaction between economics and ecology in food production must be improved with a view to using natural resources more effectively, protecting them and regulating their use.

The development of sustainable agriculture requires integrated plant and animal production systems that will make it possible, in the long term, to provide the food and fiber required for the human diet; improve environmental quality and the basic resources on which agriculture depends; to make more efficient use of natural resources; maintain the economic viability of agricultural production; and improve living conditions for farmers and society in general.

Climate change, water shortages and the need to conserve soil make it necessary to develop new ways of storing water and move agriculture in a new direction so that it is no longer a source of greenhouse gases and becomes a carbon sink that will help to reverse global warming. For this, we must attach less importance to command and control mechanisms to reduce pollution and further develop market mechanisms such as payment for environmental services.

### ■ **Improving policies related to international agrifood trade.**

The policies adopted by the governments of Latin America to address the impact of higher prices for commodities, to protect their economies

and consumers and, more recently, to address the financial crisis and its effect on the real economy, must be limited in scope and not restrict trade. Besides, it is estimated that they alone will not be able to shield the economy of the region from the global economic crisis.



*The conclusion of the Doha Round would create confidence in the markets and increase trade flows, thereby helping to prevent a further deepening of the global economic crisis.*

Countries must make an effort to conclude the Doha Round negotiations and thereby re-establish trade as the engine for development, under a more robust regulatory framework, with more stable, transparent and predictable rules to avoid a return to protectionism. This would help to stimulate trade, increase income and reduce global poverty.

At the same time, policies related to competition must be reinforced. The increase in the prices of inputs was one of the key factors that led to the spike in food prices in 2008. Clearly, the prices of agricultural inputs rose much more quickly than those of agricultural products, and that the increase in the prices of inputs was quickly transmitted to agricultural products. However, the opposite occurred when prices began to fall. They fell very slowly and were not fully transmitted to agricultural prices.

This phenomenon, which can be attributed to differences in the structures of agricultural input and product markets, affects not only consumers, but also small-scale producers, when prices are transmitted to their incomes, which is usually disadvantageous for them.


In net importing countries, it is recommended that markets remain as open as possible to international or regional competition. In the case of small economies, the priority must be to regionalize markets so as to minimize the possibility of established firms taking advantage of their location. Net exporting countries need short-term policies aimed at ensuring access to foods at lower prices than those of the international market, and long-term policies aimed at promoting competition, innovation and increased supply.

Given the enormous common challenges the countries face today and the stalemate in multilateral negotiations, the countries must redouble efforts to move forward with regional integration processes. They must do so not only to fulfill a long-standing aspiration, but also to speed up development through joint and complementary efforts and create a network to protect trade against the turbulence generated by the crisis.

■ **Improving State intervention and promoting institutional innovation.**

The food crisis has called attention to the need to revamp the framework of policies for agriculture and rural development. The current and foreseeable scenario is one of greater complexity and uncertainty. As a result, the state must assume the role of regulator and promote the generation of public goods, improve conditions for competitiveness and lay the groundwork for development.

What is also needed is to increase planning capacity as well as access to information as a basis for decision making and action by public and private actors. Policies aimed at generating public goods and ensuring more effective State intervention also need to be instituted. This will require institutional innovation in the public sector, which will demand greater investment in institutional development.



*If State institutions are to perform efficiently their functions of legislating, regulating, educating, informing and providing support in the new context, it will be necessary to invest in their development.*

Furthermore, business and civil society organizations involved in agriculture must be in a position where they can come to agreement with public stakeholders on policies and administer public services that are necessary for agriculture to compete effectively.



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In the rural sector what is needed are mechanisms for coordinating multisectoral policies that are focused on rural territories. Third-sector, i.e., civil society, participation in the delivery of specialized services for the development of rural territories also needs to be promoted.

Equally important is the need to promote the formulation and implementation of policies aimed at tapping opportunities offered by the current context for boosting rural (not only agricultural) businesses, as a means of consolidating the effective participation of women in the process for developing rural territories.

Lastly, instruments need to be put in place as an incentive for the consolidation of partnerships that will facilitate the coordination of small and micro rural enterprises to build economies of scale in an effort to add value while at the same time facilitating the creation of rural clusters.

## ■ Conclusion

The countries of Latin America and the Caribbean are traversing the stormy waters of a global crisis that is hurting agriculture and the inhabitants of rural areas. The crisis, which is the result of a combination of factors that have been building up in recent years, has plunged the economies of the world into a recession that may last for as much as a year or two. It is also the result of structural problems that will continue in the more long-term horizon.

As stated in the message IICA conveyed to the Heads of State and Government at the Fifth Summit of the Americas, held in Port of Spain in April 2009, and as the title of this executive summary suggests, agriculture can be a fortress in the current crisis and the engine that will drive future development.

It can be a fortress in the short term because it has been proven historically that the sector helps to mitigate the effects of crises and the sector has great potential for boosting economies. It can be a fortress in the long term because the current crisis is going to exacerbate the problem of poverty and because, in order to solve many of the structural problems, longer-term measures that attach greater importance to agriculture and rural life will be required.

If agriculture and the rural sector are to contribute more to development, we should not think in terms of a new green revolution that will enable us to produce more food with less land, but rather we should rethink the development model.

This new development model must integrate agriculture and the rural economy into the overall development agenda of the countries and recognize the multidimensional contributions of agriculture and rural life to food and energy security, water supply, employment, environmental conservation and peace and social stability.

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The time has come to take action and make the investments that will enable us to capitalize on the contribution that agriculture can make to help our countries emerge from the current crisis and lay the groundwork for greater future development.

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