

# IICA's contribution to the development of agriculture and rural communities in the NORTHERN REGION

## Annual Report 2007



Inter-American Institute for Cooperation on Agriculture

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Annual Report 2007



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# I. Introduction

**W**ith its 2007 Annual Report: *"IICA's Contributions to the Development of Agriculture and Rural Communities in the Northern Region,"* the Directorate of Regional Operations and Integration for the Northern Region provides an overview of IICA's most important results in and contributions to the three member countries-Canada, Mexico and the United States of America- and the Hemisphere.

The Directorate, headquartered in Washington, D.C., is IICA's center of operations in the Region and for coordination of its regional horizontal technical cooperation agenda. It comprises of the Office of the IICA Representative in the United States, and the Directorate of Strategic Partnerships (DSP),



whose mission is to develop strategic partnerships with national and international research, educational and other agencies, as well as with private sector and civil society organizations. The present report summarizes the major activities and results obtained by the Directorate in 2007.

Two of the member countries of the Northern Region report very high levels of socioeconomic development. Canada, ranked fourth, has a Human Development Index (HDI) of 0.961, and 12<sup>th</sup> ranked United States an HDI of 0.951<sup>1</sup>. The third member, Mexico, although ranked 52<sup>nd</sup> with a HDI of 0.829, can report positive development indicators in several areas. This scenario presents the Directorate, and its Offices in the Northern Region, with unique challenges not faced by the other Regions and country Offices.

The Directorate, in particular the DSP, plays a significant role in representing specialists and managers at Headquarters in their dealings with institutions and organizations, many based in Washington, D.C., which are already or may potentially become strategic partners for IICA. Although this is the Northern Region Report, many of the results reported herein have been achieved thanks to technical support from and coordination with IICA technical staff, mostly from the Directorate of Technical Leadership and Knowledge Management, as well as other country Offices and Institute staff, such as Regional Specialists and IICA Representatives.

The priorities for IICA's Northern Region are established annually and reviewed by the Tri-National Council, which provides oversight of IICA's activities in the Region. The Council comprises of delegates from the United States Department of Agriculture (USDA), Agriculture and Agri-Food Canada (AAFC) and the SAGARPA of Mexico. The Tri-National Council, at its 7<sup>th</sup> meeting, held in January 2006 in Miami, Florida, identified some technical areas of common interest to the three countries, and recommended that IICA adopt them as regional priorities for 2007. These were:



### Agricultural Health & Food Safety (AHFS)

- Increase IICA's budget for AHFS.
- Continue budgetary support for the SPS Initiative and address Avian Influenza (AI). More specifically: (a) to continue using and promoting the PVS model at the hemispheric level and consider a global effort; and (b) to focus initially on Central America and the Caribbean.

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 1 UNDP, *Human Development Report 2007/8, "Fighting Climate Change: Human solidarity in a divided world"*. UNDP, 2007.

- Fill IICA staff vacancies and secure necessary budgetary resources as soon as possible.
- Strengthen coordination with international and regional AHFS organizations such as FAO, OIE, and OIRSA. Approach private sector to engage in collaborative initiatives.
- Focus on Avian Influenza (AI) as the priority animal health issue for the hemisphere, developing partnerships and identifying qualified technical staff.

### Technology & Innovation

- Continue budgetary support for PROCINORTE.

### Sustainable Rural Development (SRD)

- Define “sustainable rural development” within the context of IICA’s mandate and priorities, specifying the Institute’s strategic role and the value it adds to efforts to improve the lives of the hemisphere’s rural poor. The definition should consider inter alia IICA’s role as a broker, facilitator, and mediator.

### Agribusiness & Trade

- Continue to support the efforts of IICA/Mexico to share with the countries of Central America and Caribbean Mexico’s NAFTA experience and the knowledge acquired in negotiating and administering trade agreements focused on agriculture.

### Other issues

- Continue to provide budgetary support to the Tri-National Council.
- Develop a proposal for the establishment of an IICA Technical Advisory Committee (TAC).

In addition to these regional priorities, the IICA Office in each of the countries develops its national technical cooperation agenda in consultation with national authorities and other key stakeholders of the community of agriculture.







## II. Executive Summary

The Annual Report of IICA's Northern Region, "IICA's Contribution to the Development of Agriculture and Rural Communities in the Northern Region," describes the activities and results of the Directorate of Operations for the Northern Region and the IICA Offices in Canada, Mexico and the United States of America.

The Directorate, in particular the Directorate of Strategic Partnerships (DSP), plays a significant role in representing specialists and managers at Headquarters in their dealings with institutions and organizations based in the North which are already or may potentially become strategic partners for IICA. The accomplishments reported herein are the results of efforts carried out in close collaboration with the Directorate of Technical Leadership and Knowledge Management and IICA Offices throughout the region.

During 2007, the Offices in IICA's Northern Region focused their activities on the Institute's strategic priorities:

- Repositioning Agriculture and Rural Life;
- Promoting Trade and the Competitiveness of Agribusinesses;
- Promoting Agricultural Health and Food Safety;
- Promoting the Sustainable Management of Natural Resources and the Environment;
- Promoting the Development of Rural Communities based on a Territorial Approach;
- Promoting the Introduction of Technology and Innovation for the Modernization of Agriculture and Rural Development; and
- Inter-Agency Cooperation.

The priorities of the Northern Region for 2007 were established by the Tri-National Council, which comprises of delegates from the three member countries, at its 7<sup>th</sup> meeting, held in 2006. They were:

- Agricultural Health and Food Safety (AHFS);
- Technology and Innovation;
- Sustainable Rural Development (SRD); and
- Agribusiness and Trade.

The various projects and programs implemented by IICA have all contributed to strengthening agricultural sector institutions, horizontal technical cooperation and partnerships within the Region and with other countries in the hemisphere. The DSP developed a number of strategic alliances for IICA, in many cases backed by memoranda of understandings, several of which led to the development and implementation of joint projects. During 2007, IICA partnered with several national institutions (USDA, AAFC, and SAGARPA), international organizations such as IDB, WB, OAS and PAHO, and private-sector institutions such as IFIC, BIO, NAPPO and CropLife.



In a meeting in 2007, the Tri-National Council again identified technical areas of common interest to the three member countries and made recommendations to IICA. These technical areas were later reformulated as the following six priorities for 2008:

- Strengthen and support regional mechanisms and strategies;
- Establish mechanisms for sharing information on the state of agriculture and rural life and its impact in the Region;
- Strengthen regional agricultural trade, emphasizing Sanitary and Phytosanitary Measures (SPS) and Biotechnology/Biosafety, among others;
- Improve the access of Small and Medium Enterprises (S&ME) to markets;
- Support hemispheric initiatives at the regional level; and
- Promote the exchange of experiences in rural development.

During 2007, the Institute continued to strengthen the mechanisms for horizontal technical cooperation within the Region, specifically PROCINORTE. During the 2007 meeting of the PROCINORTE Board of Directors, IICA renewed its financial and technical support of the program and was tasked with assisting the Executive Secretariat in the development of a PROCINORTE Strategic Plan in 2008.

Additionally, during 2007, IICA continued to support the Administrative and Technical Secretariat of FONTAGRO. IICA's support focused on providing technical assistance and on integrating the Fund into the IICA-sponsored hemispheric system for research and technological innovation in agriculture.

In the years ahead, the Directorate of Operations for the Northern Region will continue to seek opportunities for cooperation in the new and emerging areas of biotechnology and biosafety, plant and animal health and food safety, trade and agribusiness, and bio-fuels/agro-energy. Also, it will continue to develop strategic partnerships, through the DSP, to address many of the thematic areas mentioned above, reaching out to national government agencies, private institutions (private-sector enterprises and corporate coalitions), civil society (NGOs) and Private Volunteer Organizations (PVOs).



## Chapter III

# The State of Agriculture and Rural Life in the Northern Region in 2007





## 1. Canada<sup>1</sup>

### 1.1. Introduction

Canada's agri-food system provides the country with an abundance of safe, wholesome, nutritious food. The 250,000 family farms and the one in eight workers involved in the agriculture and the agrifood value chain not only feed Canadians, but also help feed the world. Canada is the fifth largest agricultural and agrifood exporter in the world, with Canadian agricultural and agrifood exports reaching a record of almost 28 billion dollars last year. Canada, a critically important market for agricultural and agrifood products from other countries, is the fifth largest importer of such goods in the world.

This vitally important sector of Canada's economy has faced many challenges in recent years, including a soaring Canadian dollar, high energy prices, high costs of agricultural inputs, and a tight labor market, all of which have impacted the fortunes of Canadian farmers. The sector, however, has adapted and adjusted and has emerged stronger, and finds itself in a period of unprecedented change and opportunity. Agriculture in Canada is now positioned to do even more drive of the country's economic growth. Continued improvements in productivity and efficiency, higher crop prices stemming from rising food consumption in emerging markets and greater use of crops for biofuel production, increased consumer attention to environmental and health and food safety issues, and scientific innovations leading to new crops, all constitute opportunities for the sector to strengthen its prospects and drive economic growth.

### 1.2. Actors in the National Context

In July 2007, Prime Minister Stephen Harper made a policy announcement: Canada would seek to revive and expand the country's political, economic, social and security engagement in the Americas. This new "Americas Policy" has three key objectives:

- To strengthen and promote Canada's foundational values of freedom, democracy, human rights and the rule of law;
- To build strong sustainable economies through increased trade and investment linkages, as well as a mutual commitment to expanding opportunities to all citizens; and
- To meet new security challenges, as well as natural disasters and health pandemics.

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<sup>1</sup> Unless otherwise noted, all dollar references in this section correspond to Canadian Dollars



The Government of Canada signaled its intention to put this policy into practice by establishing an office within the Department of Foreign Affairs and International Trade (DFAIT) to coordinate the government's activities. During his *Speech from the Throne* (SFT), delivered in October, the Prime Minister reiterated the government's commitment to the Americas.

Currently, Canada is one of the largest sources of foreign investment in the Southern Hemisphere. It is estimated that Canadian trade in the Americas is on the order of \$40 billion annually. This is expected to grow as agreements that build on the successes of NAFTA and the agreements with Chile and Costa Rica are negotiated, including those with CARICOM and El Salvador, Guatemala, Honduras, Nicaragua, Peru, Colombia and the Dominican Republic.

The Prime Minister named the Honorable Gerry Ritz as Minister of Agriculture and Agri-Food Canada and Minister for the Canadian Wheat Board on August 14, 2007. Prime Minister Harper also appointed the Honorable Maxine Bernier as Minister of Foreign Affairs. Deputy Ministers also changed in 2007, with AAFC's Len Edwards moving to support Minister Bernier and DM Yaprak Baltacioglu taking over at AAFC.

### **1.3. Changes in Legislation and Policies on Agriculture and Rural Life**

#### *"Growing Forward"*

During 2007, the Canadian Government, through a national consensus process which involved over 3,000 stakeholders across the food value chain, embarked upon the development of a new agricultural policy framework to be implemented in 2008. The policy envisions a profitable, competitive, market-oriented agriculture, an agri-food and agri-based products industry that seizes opportunities in responding to market demands and contributes to the health and well-being of Canadians. Policy objectives are: (a) to focus on building a competitive and innovative sector; (b) to be proactive in managing risks; and (c) to ensure the sector contributes to society priorities. This new policy focuses on supporting innovation and competitiveness, managing risk, gaining market place edge, being flexible to meet regional needs and achieve national goals, modernizing regulatory systems and improving delivery of programs and services.

Federal, Provincial and Territorial Ministers of Agriculture agreed in principle on *Growing Forward* in June 2007 and presented a progress report in November, using the new Business Risk Management suite, or BRM. They agreed to continue existing programs under the current agricultural policy framework while the *Growing Forward* programs are developed and implemented.

#### 1.4. Institutional Reforms in Agriculture and the Rural Milieu

##### *Business Risk Management Suite (BRM)*

*Growing Forward* addresses risk with a new BRM suite, replacing the Canadian Agriculture Income Stabilization program. The BRM suite comprises four new programs that are more responsive, predictable and bankable for farmers, namely:

- **AgriInvest** is a savings account for producers, supported by governments, which provides coverage for small income declines and allows for investments that help mitigate risks or improve market income;
- **AgriStability** provides support when a producer experiences larger farm income losses. The program covers declines of more than 15% in a producer's average income from previous years;
- **AgriRecovery** is a disaster relief framework which provides a coordinated process for federal, provincial and territorial governments to respond rapidly when disasters strike, filling gaps not covered by existing programs; and finally,
- **AgriInsurance** is an existing program which includes insurance against production losses for specified threats (weather, pests, disease) and is being expanded to include more commodities.

##### *Canadian Farm Income*

In 2007, dry weather conditions prevailed during the growing season in most parts of Western and Eastern Canada, resulting in production levels similar to those of 2006. One of the economic factors that impacted agriculture and agribusiness was record high prices for the most important Canadian crops, on average 53% higher, due to increased world demand for crops as food and for use in the biofuel industry. Secondly the Canadian dollar rose steadily to par with the US dollar. These factors had a negative impact on the livestock sector, resulting in substantial losses for the beef and pork industries. Additionally, there was a drop in government support for the agricultural sector, declining from \$4.5 billion in 2006 to \$4.1 billion in 2007.

National farm cash income rose by nearly 12% to \$41 billion, the largest increase ever recorded. Market revenues, before government program payments, were \$37.10 billion, up 15%, with a record \$18.82 billion in cash from crop sales, which is up 30% from 2006. Crop sources made up 46% of total farm gate revenue, exceeding livestock revenue (44%) for the first time in 2 decades, and Government supports 10%.

High gross income was partially affected by higher cash farm operating expenses. However, Net Cash Income (the difference between cash receipts and cash expenses, not counting inventory) increased by 50%, with a percentage margin (gross income/expenses) of 19%. This meant a record \$8.02 billion, compared with \$5.32 billion in 2006.

### ■ Crops

During 2007, there was a significant increase in the area planted in the most important grains and oilseeds. Production levels, however, were similar to or lower than those of 2006 due to hot dry weather in the West and Ontario. Total production of grains and oilseeds was 62.4 million tons, down from 63.35 in 2006.

### ■ Livestock

Due to a decline in prices and the rise in the exchange rate of the Canadian dollar, 2007 may have been the most unprofitable year in history for the Canadian beef and cattle industry. Additionally, the cost of feeding cattle rose sharply due to record increases in U.S. corn and Canadian barley prices. Combining the low prices of beef and the high costs of feeds, the impact on the Canadian beef industry is considered worse than the one suffered during the mad-cow (Bovine Spongiform Encephalopathy, BSE) crisis. Fed cattle slaughter in Canada was 3.25 million head, down from 3.4 in 2006, with a rise of 12% in exports (animals under 30 months) and 60% in feeder cattle.

Moreover, as prices fell steadily due to a rising Canadian dollar and flat U.S. markets, 2007 was one of the poorest years for the Canadian swine industry. This was made worse by high feed prices and production costs. The national swine herd was down 3.1% from 2006. Exports to the U.S., comprising mostly feeder and weaner pigs, rose by 11%.

Canadian egg production in 2007 decreased to 763.2 million, or 0.7% below 2006 levels; however its value increased by 3.7%. Annual consumption was stable at 12.3 dozen per person. Poultry exports in 2007 totaled 103,361,627 tons, compared with 91,778,327 in 2006.

## 1.5. Agricultural Health and Food Safety

### ■ Animal Health

Three additional cases of BSE were reported in the country by the CFIA during 2007. The CFIA's Enhanced Surveillance Program processed 58,177 samples during the year. The detection of these cases did not change Canada's BSE risk

parameters and Canada was recognized in OIE Resolution XXIV as a country with a controlled BSE risk. In November, the US allowed the entry of Canadian cattle born after March 1999, as well as all processed beef.

In August 2007, the North American Plan for Avian and Pandemic Influenza was adopted under the Security and Prosperity Partnership of North America accords of Cancun, Mexico 2006. This plan outlines how Canada, Mexico and the U.S. intend to work together to combat an outbreak of Avian Influenza (AI) or an influenza pandemic. It complements national emergency management plans and builds upon the core principles, standards and guidelines of the OIE and the WHO and the rules and provisions of the WTO and the NAFTA Agreement. The Plan will enhance collaboration aimed at detecting, containing and controlling AI outbreaks and preventing transmission to humans, preventing or slowing the entry of a novel strain of human influenza, minimizing illness and death, sustaining infrastructure and mitigating the impact on the economy and society.

In September, Highly Pathogenic H7N3 Avian Influenza was detected in a commercial poultry operation in Regina Beach, Saskatchewan, housing 49,100 birds. The disease was contained and the restrictions on the movement of birds and products were lifted by the end of October.

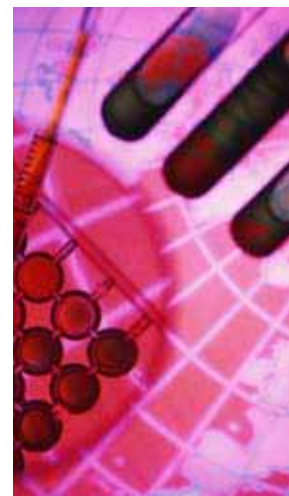
### ■ Plant Health Issues

The CFIA confirmed the presence of the Emerald Ash Borer (EAB) in Middlesex County, Norfolk County and the City of Toronto in 2007. This increased to six the areas where trees, nursery stock, logs, lumber, wood packaging, wood or bark, woodchips or bark chips of ash trees and all firewood, and the vehicles used to transport them, are regulated and must be treated to eliminate EAB.

In its continued effort to eradicate the Asian Long-Horned Beetle, the CFIA removed 27,400 trees from Toronto and Vaughan in infested areas identified by survey crews. A compensation package for removal, and assistance for planting new trees was implemented.

The CFIA continued to implement the Potato Wart *Synchytrium endobioticum* risk-based long-term management plan on Prince Edward Island during 2007, which involved conducting post-harvest inspections on a total of 1,553,637 hectares and testing 601 soil samples.

Apple maggot *Rhagoletis pomonella*, a fly that attacks apples and other fruit while in the larval stage, was detected for the first time in 2007 on Vancouver Island during survey activities. However, it has not been detected in the prime apple growing regions in the interior of the Province of British Columbia.



## ■ Food Safety Issues

The major food safety issue in Canada in 2007 was melamine-contaminated protein concentrates shipped to the U.S. and Canada from China. Additionally, in the past twelve months, the CFIA issued 97 food safety alerts in Canada. Of those, 49 were Health Hazard Alerts relating to issues such as *Salmonella*, *E. coli*, *Bacillus*, *Listeria*, *Staphylococcus*, botulism, arsenic and undisclosed “dangerous bacteria.” The remaining 48 were Allergy Alerts for undeclared allergens such as milk, wheat, soy and egg proteins, sulphites, and nuts (peanuts, almonds). Four Consumer Alerts related to product tampering, labeling problems and previously recalled products were issued. One beef product was recalled by the CFIA in 2007, due to detection of *E. coli* O157:H7. The products were recalled as a precautionary measure to protect public health. One Safety Alert was issued in conjunction with *Salmonella*-contaminated pet food.

### 1.6. Agricultural Innovation, Science and Technology

The ethanol and bio-diesel industries experienced record expansion during 2007, with plants being built worldwide. In Canada, 3 ethanol plants were built, bringing to 11 the number in operation at the end of the year, with a combined capacity of 845 million liters; five more are under construction which will produce an additional 750 million liters. In July, the Canadian Government announced a new biofuel support policy, the “ecoENERGY for Biofuels” program, and allocated \$1.5 billion over 9 years to encourage the development of ethanol and bio-diesel industries.

### 1.7. Sustainable Rural Development

Canadians living in rural and small towns account for 19.8% of the population. The Rural Development Network (RDN), under AAFC’s Rural Secretariat, brings federal departments together to collaborate on rural issues and coordinate their efforts, with a view to developing policies and programs that will better meet the diverse needs of rural Canadians. This year, RDN established the framework for a series of electronic conferences on Bio-economy, using Webcasting and other technologies to reach all the communities.





## 2. Mexico

### 2.1. Introduction

Agriculture in Mexico is regulated by the policies of the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA). Its mission is "To support the development of the agriculture and fisheries sectors, with a view to making both more profitable and competitive, and sustainable over the long term in terms of economic and social viability and the conservation of our natural resources. To this end, we will strive to play an active role in all activities aimed at the economic development of the agriculture, livestock and fisheries sectors. The 21<sup>st</sup> Century is placing new demands on the rural milieu. It is not simply a matter of raising production levels, but also of ensuring the development and conservation of our ecosystems and balanced land use. New economic activities must also be identified - even beyond the agriculture or fisheries sectors - that would offer rural inhabitants sustainable, income-producing livelihoods and contribute to their development and integration into the market."<sup>1</sup> IICA maintains a close relationship, and coordinates all activities of its Mexico Office, with SAGARPA.

Another important IICA partner in Mexico is the National Institute for Forestry, Agriculture and Livestock Research (INIFAP). INIFAP, which is under SAGARPA, is charged with "generating scientific knowledge and fostering technological innovation in the agriculture and forestry sectors, in response to the demands and needs of our agroindustrial chains and different types of producers, and contributing to sustainable rural development by improving competitiveness and conserving our natural resource base."

"Its mission is to contribute to the productive, competitive, equitable and sustainable development of our agricultural and forestry chains, through the generation and adaptation of scientific knowledge and technological innovations and the development of human resources."<sup>2</sup> INIFAP is a member of PROCINORTE, a cooperative program in agricultural research and technology sponsored by IICA in the Northern Region.

### 2.2. Social Relevance of the Agricultural Sector

Rural employment, as a portion of total employment in Mexico, decreased from a level of 24.7% in 1995 to 16.4% in 2006. Unpaid family labor also decreased from 40.6% in 1995 to 22.5% in 2005. Labor productivity is also low due to the high

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<sup>1</sup> From the SAGARPA Web site: <http://www.sagarpa.gob.mx/>

<sup>2</sup> From INIFAP Web Site: <http://www.inifap.gob.mx/>

percentage of unskilled workers in the labor force and due to limited access to appropriate technologies. On the other hand, labor productivity in the processing sector -food, beverages and tobacco- has been increasing steadily and today is higher than in any other economic sector.

Thirty-seven per cent of Mexico's population lives in 187,604 rural settlements of fewer than 15,000 inhabitants. It is very difficult to supply these widely scattered settlements with essential basic services such as potable water, sanitation, education and others. Consequently, in rural areas, the low levels of literacy and schooling, low incomes and limited access to production resources have led to poverty and marginalization. Low incomes and limited employment opportunities are push factors for the migration of the rural population to other regions and/or neighboring nations. Close to three million workers migrate from Oaxaca, Guerrero, Puebla and Veracruz to the northern regions of the country when agricultural activities there open up employment opportunities.

### **2.3. Economic Relevance of the Agricultural Sector**

Mexico's rural sector uses the natural resource base to produce food for Mexican families, provide raw materials to other economic sectors, generate foreign currency through exports and provide environmental services for society and, more recently, has become a potential source for bio-energy. Moreover, Mexico's rural society contributes to the economy with a variety of handicrafts, family industries and ecotourism, and is a source of national cultural identity and the custodian of the country's natural resource base.

Food security has improved in Mexico in recent years thanks to the increased production of agricultural and fisheries products destined to both the domestic and export markets. Between 2000 and 2006, food production increased at an annual rate of 2.4%, slightly above overall economic growth (2.3%). Mexico's contribution to worldwide food production is highly relevant. It is the largest producer of avocado, lemon, onion and cardamom seed; the second largest for peppers and papaya; the third largest for grapefruit, orange, poultry meat and broad beans; the fourth largest for maize and sorghum; the fifth largest for asparagus, dry beans, chick-peas, green coffee and mango; and the sixth largest for watermelon, sugar cane and chicken eggs.

In 2006, the agriculture, fisheries and forestry sector contributed 5.4% of the national Gross Domestic Product (GDP). Crop production constituted 70% of the sector's contribution, animal production 23% and forestry and fisheries 7%. Agricultural exports from Mexico today are valued at USD14 billion, three times more than in 1994, which is 1.6 times that of tourism and 6.6% of the country's total exports, excluding oil.



Recent significant improvements in food quality and food safety have allowed Mexico to access international markets, and it is today within the five top exporters of avocados, onions, raspberries, mangoes, guavas, nuts, asparagus, cucumbers, tomatoes, lemons, peppers, cabbages and honey. As for processed foods, Mexico is the top exporter of beer, second in lemon juice, third in cardamom and sesame oil, and fourth in orange and grapefruit juices.

#### **2.4. Production Structure of the Rural Sector**

The different geographical, ecological, demographic, economic and socio-cultural conditions that exist within the vast Mexican territory, on one hand, offer great potential for production, and on the other, hinder both the development of production and social development. Land is highly fragmented, with almost 80% of farms measuring less than 5 ha and engaging mostly in subsistence agriculture. Regional diversity is great and generalizations are difficult to make.

Agricultural producers in arid and semi-arid Northern Mexico have large farms, more than 8 times the size of those in Central and Southern Mexico, where temperate and tropical climate, respectively, predominate. In Southern Mexico, 45% of the land is under the "ejido"<sup>1</sup> property regime; in Central Mexico 34%; and in Northern Mexico 29%.

Mexico has 4 million farms on 21 million ha, but only 240,000 (6%) of them are considered efficient and profitable. They produce mostly fruits, vegetables and organic produce for international markets. Nearly 18% of the farms that produce basic grains reported increased production and, as a result, are so becoming more competitive. More than 3 million farms are planted to the traditional subsistence maize-beans system.

Between 2001 and 2006, agricultural production in Mexico increased by 19% as compared to the 1994-2000 period, and by 36% when compared to the years 1889-1994. The crops that showed the greatest growth were vegetables and fruit. However, the production structure has undergone important changes in recent times. The general trend is toward a decrease in the area planted to traditional crops, and important increases in productivity and a significant increase in areas planted to horticultural crops.

Some 110 million ha are devoted to animal production, 28% in the tropical regions, 23% in the temperate zone and 49% in arid and semiarid zones. The most competitive sub-sectors are the 430,000 farms (13% of the total) devoted

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<sup>1</sup> *Ejido: Land given by the government to a community to farm, and not susceptible to division, transfer, sale or mortgage.*



to poultry farming, and swine, dairy and beef production, which satisfy up to 70-90% of the demand of the local markets and, thanks to their quality and safety standards even have access to some international markets. However, 2.9 million farms engage in extensive cattle-raising or subsistence agriculture, using very low levels of technology. Mexico is now producing 26% more animal products than in 2000 and 62% more than during the 1990s. The subsector with the fastest growth rate has been poultry farming. Finally, Mexico, the fifth largest producer and third largest exporter of honey in the world, today has more than 40,000 bee farmers.

Data indicates that Mexico could increase animal production due to the fact that the country is free of some of the diseases that currently constitute a barrier to international trade, such as Bovine Spongiform Encephalopathy (BSE) and Avian Influenza.

Some 306,000 people work in the fisheries sector in Mexico, but only 1% catch high-value species such as shrimp, tuna, sardines and others along the Northern Pacific coast of the country and in the Gulf of Mexico. The majority of them (34%) fish in the Gulf of California and along the Southern Pacific coast, and 200,000 (65%) grow tilapia, carp, and trout. Of all these subsectors, only aquaculture has shown an upward trend, while all others are stable or on the decline. In summary, Mexico, which produces 1.5 million tons of fish per year, is ranked number 16 in the world (FAO, 2004).

## **2.5 Agrifood Trade**

In 2006, Mexican agrifood trade totaled USD29 billion, 2.5 times greater than the total for 1994. The trade deficit in Mexico's food export-import balance was only USD2.1 billion in 2006, as compared to USD2.5 billion in 2005. From 2000 to 2006, Mexico's agrifood exports grew at a rate of 8.8%, while imports grew at 8.5%. The latter amounted to USD16 billion and consisted mostly of processed food (beef and dairy), forage grains, cereals and oil grains. Food imports came mostly from North America Free Trade Agreement (NAFTA) partners (65% in 2000 and 80% in 2005).

In 2006, Mexico exported USD7 billion in agricultural products, with a surplus of USD147 million, while imports totaled USD6.8 billion. In the same year, processed food and beverages exported from Mexico totaled USD6.9 billion, while imports reached USD8.9 billion.

## 2.6. Economic Integration

Mexico's economy is totally open today, and the country has entered into 12 trade agreements with 44 countries on three continents: The Americas, Europe and Asia. This provides the country with access to as many as 1.2 billion highly affluent consumers, and preferential access to the three most important food-importing economies, which together account for 70% of all food trade: the European Union (EU), the USA and Japan.

The Free Trade Agreement between Mexico and the European Union (TLCUEM) entered into effect in 2000. Since then, agrifood and fisheries trade has increased at an average annual rate of 4.6% and there are abundant opportunities for expansion. In 2001, Mexico entered into another trade agreement, this time with the European Free Trade Association, whose member countries are Switzerland, Iceland, Liechtenstein and Norway. In 2005, Mexico and Japan signed an Economic Partnership Agreement focusing on the agrifood and fisheries sectors. Since 2005, agrifood (meat products, fruits, vegetables and beer) and fisheries exports from Mexico to Japan have increased by 77.1%.

Mexico has also signed trade agreements with the countries of Central America: Guatemala, Honduras, El Salvador, Costa Rica and Nicaragua. In South America, Colombia, Bolivia and Uruguay have trade agreements with Mexico and, within the framework of the Latin American Integration Association (ALADI), Mexico has signed agreements with Peru, Argentina and Brazil.

## 2.7. The North America Free Trade Agreement (NAFTA)

The NAFTA was the first agreement ever signed between a developing and a developed economy. It also constitutes the largest trading bloc, even today, in terms of the combined GDP of the member countries: Canada, Mexico and the USA. The agreement, effective since January 1, 1994, did not exclude any agricultural product from trade between Mexico and the USA, but specifically excluded poultry and dairy products and sugar from trade with Canada. In January 2003, the process of exempting most agrifood products from custom duties was completed, except for maize, dry beans, powdered milk, orange juice and sugar, which will be exempted beginning in January 2008.

Thanks to all the trade agreements mentioned above, but especially as a result of the NAFTA process, Mexico, as a developing nation, has gained considerable negotiating experience and learned lessons worth sharing with other developing economies of the hemisphere.





### 3. USA

#### 3.1. Introduction

IICA's national counterpart in the US is the Department of Agriculture (USDA). Its mission is to provide leadership on food, agriculture, natural resources and related issues based on sound public policy, the best available science and efficient management. In 2007, the USDA focused on the following activities:

- Completing new free trade agreements, opening new international markets and maintaining existing markets;
- Providing farmers and ranchers with risk management and financial tools;
- Expanding economic opportunities by improving the quality of life by financing housing, utilities and community facilities in rural areas;
- Ensuring the safety and protection of the USA's food supply;
- Helping low-income households and most of America's children improve their health and diets via targeted nutrition assistance programs;
- Fighting potential pest and disease outbreaks;
- Working to ensure the health and protection of the environment; and
- Providing aid to those impacted by severe weather and other disasters.

United States agricultural exports totaled US\$79 billion in Fiscal Year (FY) 2007, up US\$10.4 billion from FY 2006, the second highest annual increase ever. Record sales are expected in every major product category except cotton. Two thirds of the overall export increase this year is explained by increased sales of grains and oilseeds, up an estimated US\$4.7 billion and US\$2.4 billion, respectively. As a result of large exportable surpluses, tight markets and higher value per unit, corn exports increased by US\$2.5 billion, soybeans US\$1.7 billion and wheat US\$1.5 billion.

Although other issues unrelated to the grain and oilseed markets contributed to one of the largest increases in U.S. agricultural exports ever, two relevant factors were a driving force behind it. On one hand, the notorious increases in worldwide commodity prices and, on the other, the depreciation of the U.S. dollar vis-à-vis other currency, which made U.S. products more attractive in foreign markets.



### **3.2. The U.S. Agricultural Context**

International food and agricultural markets operate in a highly competitive context, and the U.S. is a major player: the U.S. share of the global agricultural market averages just below 20%. Since U.S. farms produce far beyond domestic demand for many crops, maintaining a competitive agricultural system is critical to ensuring the economic viability of U.S. agriculture. At the same time, agriculture in this country is a very diverse economic sector. Differences in commodity type, farm size, operator and household characteristics, and even goals for farming, all affect the competitiveness of individual operations and ultimately that of the sector as a whole.

Combined expenditures for food consumption, other personal fiber consumption, exports, and food and fiber production amounted to over US\$1.5 trillion in 2007, accounting for 16% of the U.S. Gross Domestic Product (GDP) and employing 17% of the labor force. Approximately 150,000 U.S. farmers produce most of the food and fiber needed to supply the domestic market, totaling some 285 million people, and to meet the needs of foreign markets, while another two million are part-time farmers. Exports, which add up to US\$79 billion, provide consumers worldwide with a variety of products and also support relief efforts in times of crisis in the developing world.

The demand for U.S. agricultural products has grown steadily as supplies have increased due to technological advances. Trade is critical for U.S. farmers: 45% of wheat production is exported; 34% of soybeans; 66% of almonds; and 63% of sunflower oil. Overall exports account for 25% of total farm sales. The International Food Policy Research Institute (IFPRI) expects that 85% of the increase in global demand for cereals and meat will occur in developing countries by 2020.

### **3.3. Legislation and Policies on Agriculture and Rural Life**

Every five or six years, the U.S. Congress undertakes a major overhaul of the federal agriculture and food programs. The product of this exercise is commonly referred to as the "Farm Bill," which is a massive piece of legislation covering such diverse topics as commodity price supports, farm credit, international trade in agricultural products, research and extension funding, risk management and crop insurance, as well as nutrition programs.

The Farm Bill calls for price supports for commodities such as wheat, milk, and sugar used by food companies to make the groceries the U.S. population consumes, and plays an important role in shaping the rural economy, thus directly affecting local and national agribusinesses, rural financial institutions, and international traders in food and fiber.

The last Farm Bill was enacted in 2002 and was scheduled to expire in 2007. Since late 2005, the Senate and House committees on agriculture have been working with representatives of the agribusiness sector to craft new legislation. The approval of the Farm Bill, expected for late 2007, has been postponed to early 2008. The Administration's proposal for the 2007 Farm Bill considers spending approximately US\$10 billion less than the 2002 Farm Bill, excluding ad-hoc disaster assistance.

### **3.4. Institutional Reforms in Agriculture and the Rural Milieu**

Rural USA comprises 2,305 counties, contains 80 percent of U.S. land and is home to one fifth (56 million) of its people. Rural USA is very diverse. At the dawn of the 21<sup>st</sup> century, no one industry dominates the rural landscape, no single pattern of population decline or growth exists for all rural areas, and no statement about improvements and gaps in well-being applies to all rural people. Some rural areas have shared in the economic progress of the Nation, while others have not. The opportunities and challenges facing rural USA are as varied as the country itself.

Farming no longer anchors most rural communities and economies as it did through the mid-20th century. Small family farms are now more closely associated with diversified rural economies that offer off-farm income opportunities. Large farms still support some local economies, but developments in long-distance purchasing of inputs and marketing of products have reduced their contribution. Seven out of eight rural counties are now dominated by varying concentrations of manufacturing, services, and other non-farming activities. Today, rural regions of the country survive economically on one or more of three basic assets: natural amenities for tourism and retirement; low-cost, good quality labor and land for manufacturing; and natural resources for farming, forestry, and mining.

In 1950, four out of every 10 rural people lived on a farm, and almost a third of the rural workforce was engaged directly in agriculture. Because agriculture was a determining factor in the social and economic well-being of most of the rural population, public policy related to agriculture played an important role in shaping rural life both on the farm and in rural communities. Today, however, rural USA is vastly different from 50 years ago, and current commodity-based farm policies do not fully address the complexities of rural economies and populations. Farms are larger and more efficient, farm households depend more on off-farm income, and rural communities look for non-farm sources of economic growth. Today, less than 10 percent of rural people live on a farm and only 14 percent of the rural workforce is employed in farming.

### **3.5. Agrifood Trade and Agribusiness**

The USA, with numerous successful Free Trade Agreements (FTA) already signed in the Western Hemisphere, is now working on one with Korea, which may provide access to critical markets in Asia. If the Trade Promotion Authority (TPA) is reinstated, the USDA will engage in even more market-opening activities. The TPA is designed to enable U.S. negotiators to lead the way in completing major new trade agreements that advance the global interests of the U.S., including agricultural interests.

### **3.6. Agricultural Health and Food Safety**

Increased concern over food-borne diseases has encouraged additional government regulation, as well as increased investments by industry in new technologies and manufacturing procedures. Applied research and technology development has helped reduce economic losses in the livestock and poultry industries, and the associated rural agricultural communities, caused by infectious, genetic, and metabolic diseases. This new technology is also aimed at preventing the suffering and death caused by diseases in agriculturally important livestock and poultry.

In 2007, the USA conducted approximately 1,300 Food Safety Assessments (FSAs). FSAs evaluate the compliance of food-related enterprises with present regulations for food safety, including Hazard Analysis and Critical Control Point (HACCP) programs.

The National Animal Diagnostic Network and Plant Diagnostic Network Centers ensure timely disease detection. They also enhance the process of producing and maintaining a timely, comprehensive database of pest and disease outbreak occurrences. Accurately identifying new or uncommon pests and diseases will make it possible to expedite initial control responses, verify the physical boundaries of an outbreak and initiate regional or national containment strategies. The ultimate performance measure for these networks is the degree to which they can detect diseases.

### **3.7. Agricultural Innovation, Science and Technology**

In the USA, farming has changed dramatically since the early 20<sup>th</sup> Century, when the government's involvement in agriculture began. Today, there are fewer farms (fewer than two million, compared to almost six million a century ago) and farms



are larger and increasingly utilize sophisticated production and information technologies. Consumer demands are more complex, as are marketing and distribution systems. Environmental standards, energy issues, and international trading rules influence production more than ever.

U.S. agriculture is a major user of energy, with direct energy consumption and indirect energy use through production inputs, such as fertilizer, accounting for 15 percent of total farm cash production expenses. In addition, agriculture has the potential to become an increasingly important source of renewable energy and provide significant economic opportunities for farmers and ranchers. The thought behind U.S. policy is that renewable energy production stimulates the agricultural and rural economy, improves the environment, and enhances national energy security. The most effective government policies that have expanded renewable energy production are non-agricultural ones (i.e. Energy Tax Act of 1978 and the Energy Policy Act of 2005).

Until very recently, most agriculture-related policies were centered on food and feed supply availability and safety. However, recent legislation to support and subsidize corn-based ethanol production has had a significant impact on the price of grains and cereals that has even reached and affected worldwide food and feedstock markets. In the year 2000, 15 million tons of maize were devoted to ethanol production in the US. In 2007, a third of U.S. record maize harvest, 85 million tons, went into ethanol: 30 million tons (double the amount of 2000). Due to U.S. government ethanol subsidies, farmers have switched to maize instead of planting other crops. Some argue that “the USA ethanol program is a product of government subsidies... and ethanol is the dominant reason for this year’s increase in grain prices”<sup>1</sup>. Higher food prices affect U.S. urban dwellers by increasing food costs, but benefit U.S. farmers whose incomes have increased.

### 3.8. Sustainable Rural Development

From 2000 to 2005, the non-metro population in the U.S. grew by 2.2 percent. International migration accounted for nearly a third of such growth, and for all non-metro population growth in the Midwest. Growth was concentrated in non-metro counties adjacent to metro areas. The non-metro population is aging, as is the U.S. population as a whole, with implications for health care, housing, and transportation. Between 2000 and 2005, the non-metro population from 40-59 years of age grew by 8 percent, while the non-metro population under 20 years of age declined by 5 percent.

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<sup>1</sup> *The Economist*, December 8<sup>th</sup>-14<sup>th</sup>, 2007.

If new businesses are to operate in a rural community, that community must possess basic infrastructure and the amenities these firms require and employees desire. These amenities include clean water, adequate housing, reliable electricity and telecommunications, and such essential needs as quality education, health care, daycare, public safety services and cultural activities. If a community cannot meet the public's essential needs, young people will neither stay in nor migrate to rural areas. The USDA is an important source of credit and technical assistance for developing the economic infrastructure of rural USA. These resources are essential if rural residents and communities are to improve their quality of life through increased economic opportunity.





## Chapter IV

# Results of the Implementation of the Regional Technical Cooperation Agenda in the Northern Region in 2007



## **a. IICA's contribution to the Repositioning of Agriculture and Rural Life**



## Repositioning Agriculture and Rural Life

During 2007, IICA undertook various actions aimed at capitalizing on opportunities to promote technology and innovation aimed at improving rural communities and agriculture in the Americas. These activities were conducted in partnership with government organizations, private enterprises and educational institutions.

During visits to the U.S., IICA's Director General, Deputy Director General and several key IICA technical specialists from Headquarters and the Regions participated in conferences and forums on hemispheric integration, regional trade, the importance of agriculture and agricultural health, biotechnology and biosafety, in cooperation with international organizations.

IICA/Canada continued its support of ongoing cooperation between the ministries of agriculture of Canada and Chile, and in cooperation with IICA/Chile, played an active role during the visit of a Chilean technical mission to discuss institutional modernization. IICA/Canada supported the work of a consultant who worked closely with the Chilean mission, explaining Canada's more than ten years of experience in institutional modernization and in the creation of a national food inspection agency. Issues discussed were related to human resources, budgeting and planning, operations and strategic relationships with other ministries involved in the food inspection system. Additionally, IICA/Canada hosted a round-table discussion to review all issues and bring the mission to a successful close.

In Mexico, the IICA Office signed a new Technical Cooperation Agreement with the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA) to move forward with set of projects related to fruit flies, plant and animal health and agricultural information systems. Fruit flies constitute not only a plant health issue of common concern to Canada, USA, Mexico and Guatemala, but also a trade issue with profound implications for the implementation of a Free Trade Agreement (FTA) such as NAFTA.



## **b.** Promoting Trade and the Competitiveness of Agribusiness



## Promoting Trade and the Competitiveness of Agribusinesses

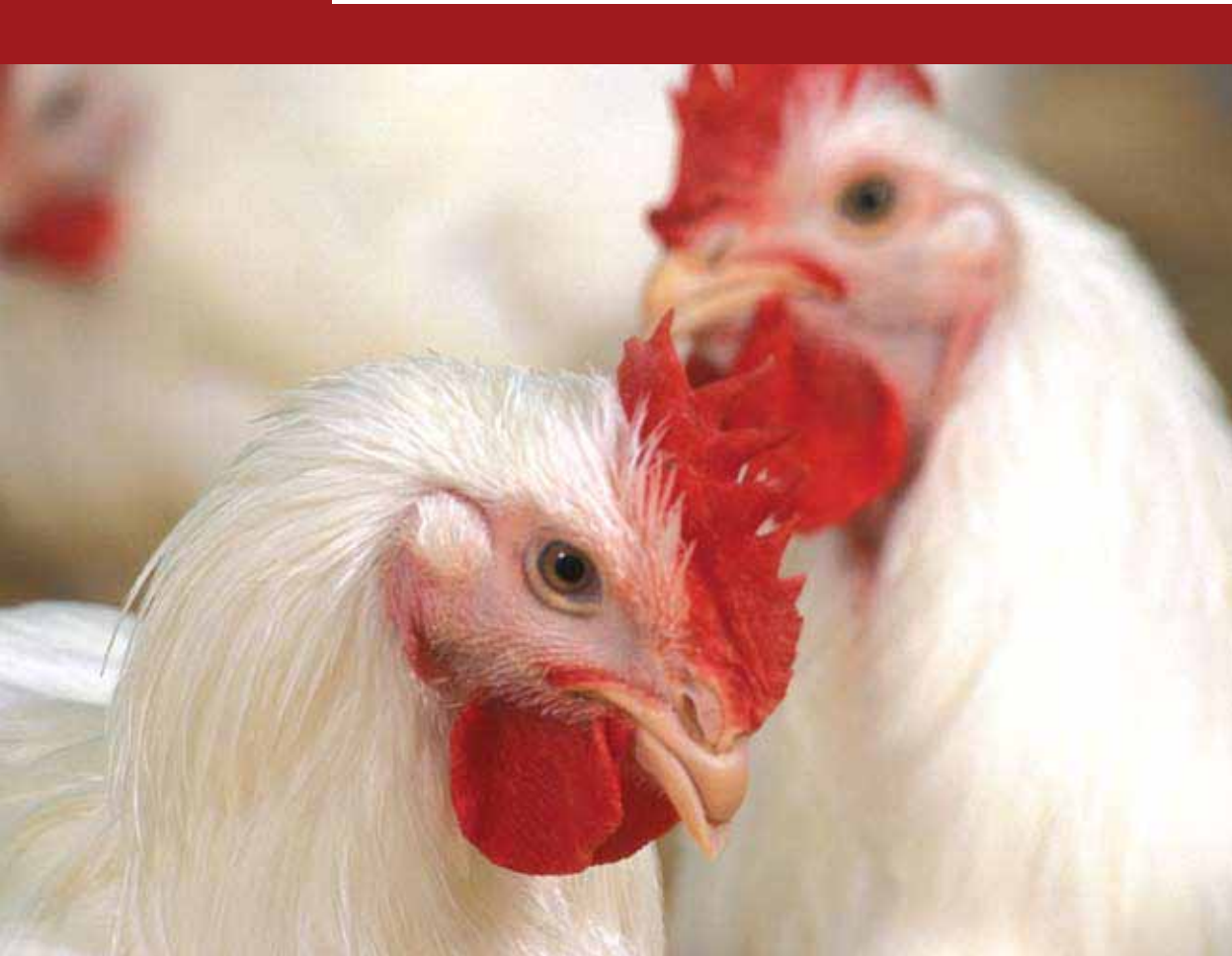
Most of the work conducted in the Northern Region on trade issues and promotion of and support to agribusiness is coordinated by the IICA Office in Miami. This Office hosts the Inter-American Program for the Promotion of Trade and Agribusiness and Food Safety, which is hemispheric in scope and works under the Directorate of Technical Leadership and Knowledge Management. The Program's objectives are: (a) to provide technical cooperation aimed at strengthening entrepreneurial capacity; (b) to cooperate in identifying market opportunities and to provide information for decision making; and (c) to strengthen public and private institutions that support the development of competitive agribusinesses.

During visits to the United States, IICA's Director General and Deputy Director General participated in various conferences and forums on the themes of hemispheric integration and regional trade, including the importance of agriculture and agricultural health in trade. Special attention has been given to the lessons learned by Mexico and the U.S. in implementing NAFTA. In this regard, IICA's Northern Region is seeking opportunities to promote the dissemination of the lessons learned to other countries of the Americas. IICA/DSP also hosted, in coordination with Caribbean-Central American Action (CCAA) and the Inter-American Council (IAC), a networking event on the status of the WTO DOHA Round of trade negotiations.

In Canada, IICA partnered with the Canadian Consulting Agrologists Association (CCAA) to bring an international perspective to the 2007 North American Consulting School, which was held in Banff, Alberta, in March. The meeting focused on the use of consultants to bring quality assurance and quality control methods to small-scale producers, to benefit international trade and commerce.

In Mexico, the IICA office participated in the 53rd Annual Meeting of the Central America Cooperative Program for the Improvement of Crops and Animals (PCCMCA) 2007, addressing the topic "Administration of Ratified Free Trade Agreements (FTAs): Controversies and Solutions." IICA also participated actively in the annual meeting of the National Agricultural Council, where Dr. Assefaw Tewolde, IICA Director of Biotechnology and Biosafety, made a presentation on biotechnology, and Dr. Miguel Garcia, Director of the Inter-American Program for the Promotion of Trade and Agribusiness and Food Safety, served as technical advisor for the event and coordinated one of its round tables. Finally, IICA/Mexico and the Miami Office conducted a feasibility study on the establishment of the "*Mexico Foundation*" to promote innovative agribusinesses.





## **c.** Promoting Agricultural Health and Food Safety



## Promoting Agricultural Health and Food Safety

IICA's Northern Region responded to this mandate by providing institutional and local expertise in issues such as Avian Influenza and Sanitary and Phytosanitary (SPS) measures, and promoting its Performance, Vision and Strategy (PVS) instrument, which is used to assess plant and animal health and food safety capabilities at the country level. In this, and other areas, IICA/Washington has helped facilitate and provide linkages between potential partners in the USA for the specialists in the Directorate of Technical Leadership and Knowledge Management. Project proposals have been developed jointly with various partners, and support received from the USDA, to further the development of this instrument and promote its implementation at the hemispheric level. Some of these projects have already been funded and are in the pipeline of several of IICA's partners, to wit "*Strengthening Sanitary and Phytosanitary (SPS) Measures within the Framework of the World Trade Organization (WTO)*," "*Executive Leadership in Food Safety*," and "*Strengthening Participation in CODEX, OIE and IPPC and Links with the SPS Committee*."

IICA/Canada, in a joint effort with the Pan-American Health Organization (PAHO), secured the participation of representatives from Mexico, Guatemala, Dominican Republic, Chile, Argentina and Brazil at the World Meat Hygiene and Inspection Congress. The meeting focused on international developments in meat hygiene and inspection and on fostering international dialogue among veterinary professionals. Taking advantage of a meeting organized jointly by the Canadian Food Inspection Agency (CFIA) and the USDA, in Niagara Falls, Canada, in June 2007, IICA and PAHO hosted an international workshop, along with CFIA, for overseas participants to explore technical cooperation needs in meat inspection.

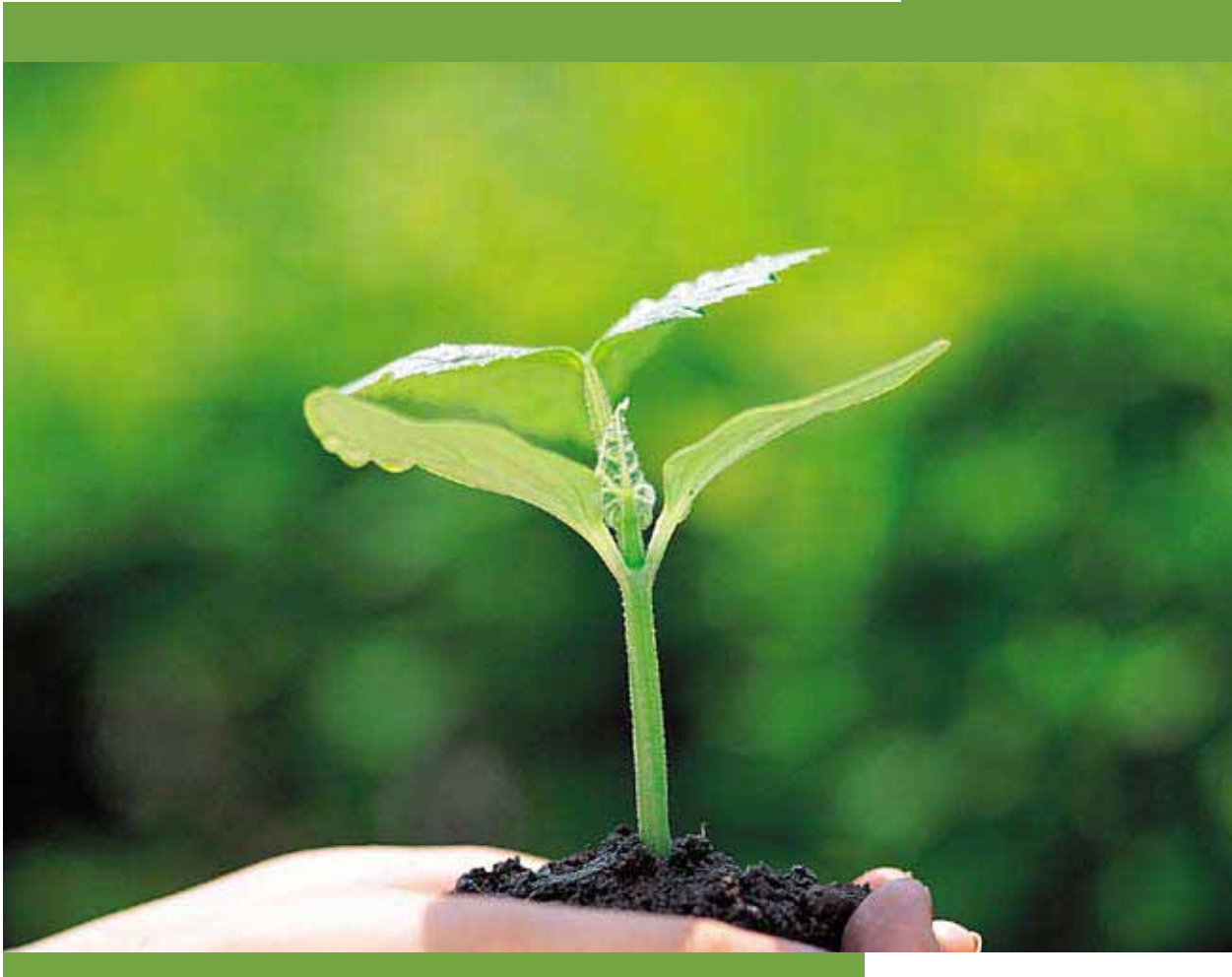
IICA/Mexico participated in monthly meetings with the National Animal Health Council (CONASA), as part of various round tables to analyze the recent Federal Law on Animal Health, and in September in the Annual CONASA Meeting in Mexico City. Additionally, IICA/Mexico made a presentation on Avian Influenza at the International Congress on Epidemiology, in October, and is a member of the Working Group on Risk Analysis of Bovine Spongiform Encephalopathy (BSE) for Mexico.

In the area of plant health, IICA/Mexico renewed its support to SAGARPA and continued managing the two fruit fly plants in Tapachula for the production of sterile males and fruit fly parasitoids. Moreover, IICA/Mexico signed, within the context of the umbrella agreement, a new MOU with SENASICA (Mexican Plant and Animal Health Service) and the National Institute for Ecology (INECOL).



IICA, in conjunction with the Argentine Delegation to Codex Alimentarius, hosted a meeting of the Coordinating Committee for Latin America and the Caribbean (CCLAC) and a Western Hemisphere Consultation (WHC). The meeting took place at IICA/ Washington on March 12, 2007. Twenty representatives from four Member States, as well as IICA staff members, participated. Additionally, IICA/ DSP staff facilitated a number of informal meetings/discussions held parallel to the meeting in which IICA provided technical and logistical support to delegates from LAC. Participants in the meeting achieved a greater understanding of the essential elements of a food safety assessment program. This increased understanding was reflected in the interventions made by LAC delegates during the Codex meeting. The meeting also provided an enabling environment for LAC participants to share individual country positions on adventitious presence and other related biotechnology topics, as well as each country's expectations for the Codex meeting and its outcome.





## **d. Promoting** the Sustainable Management of Natural Resources and the Environment



## Promoting the Sustainable Management of Natural Resources and the Environment

The Northern Region of IICA has been promoting the sustainable management of natural resources through various actions. One of the most significant during 2007 was the technical support provided to FONTAGRO, a regional fund for agricultural technology sponsored by IICA. During 2007, the Technical-Administrative Secretariat (STA) of FONTAGRO prepared a request for proposals (RFP) to be opened in early 2008, addressing one of the most significant issues facing the region, and the world, that of climate change. IICA provided technical support and guidance for the development of a RFP addressing the adaptation of agricultural systems of the region to climate change. In contrast with existing funding mechanism that target mitigation of climate change, i.e. through carbon sink initiatives, this RFP focuses exclusively on the adaptation of the agricultural systems of the Americas to the impacts of climate change.





## e. Promoting the Development of Rural Communities based on a Territorial Approach

## Promoting the Development of Rural Communities based on a Territorial Approach

In the Northern Region, and more specifically through the DSP, IICA has been following the debates on the Farm Bill. This has been done in collaboration with the Rural Policy Research Institute (RUPRI) and the resulting Information has been processed and shared with IICA Headquarters.



*DSP Office.*



## f. Promoting the Introduction of Technology and Innovation for the Modernization of Agriculture and Rural Life



## Promoting the Introduction of Technology and Innovation for the Modernization of Agriculture and Rural Life

The three member countries of IICA's Northern Region have a higher than average level of agricultural technological innovation compared to most of the other countries of the Americas. They also have many research and educational institutions and partners from the private sector on the cutting edge of science and technology. However, disparities do exist in terms of their capacities for research and technology innovation, as shown in the Rand Corporation's Composite Index of Science and Technology Capacity in 2006<sup>1</sup>. According to this report, the US is at the top of the scale with a value index of 5.03, Canada is at 2.08 and Mexico at -0.14 (negative values are below the worldwide average).

This situation presents IICA's Northern Region and Country Offices with a scenario which is quite different from that faced by other regions and countries of the hemisphere in which both public and private research and innovation systems and processes are not so highly advanced. In response to this, IICA's Northern Region is working to combine the knowledge base of the North with the public and private research and development, educational, and communications institutions, to make relevant information available to other countries of the Americas so as to contribute to the modernization of agriculture and rural life. The approach adopted by IICA is based on promoting partnerships with northern institutions willing to make technological expertise and lessons learned on innovation available to the hemisphere, through the Institute's knowledge management systems.

With this in mind, the Northern Region is seeking strategic partnerships in the areas of technological innovation, biotechnology and biosafety, SPS, food safety and bio-fuels and agro-energy. A summary of the accomplishments of the DSP in 2007 serves to illustrate how IICA is contributing to the introduction of technology and innovation for the modernization of agriculture and rural life in the hemisphere. Some of the relevant partnerships established or renewed during 2007 are:

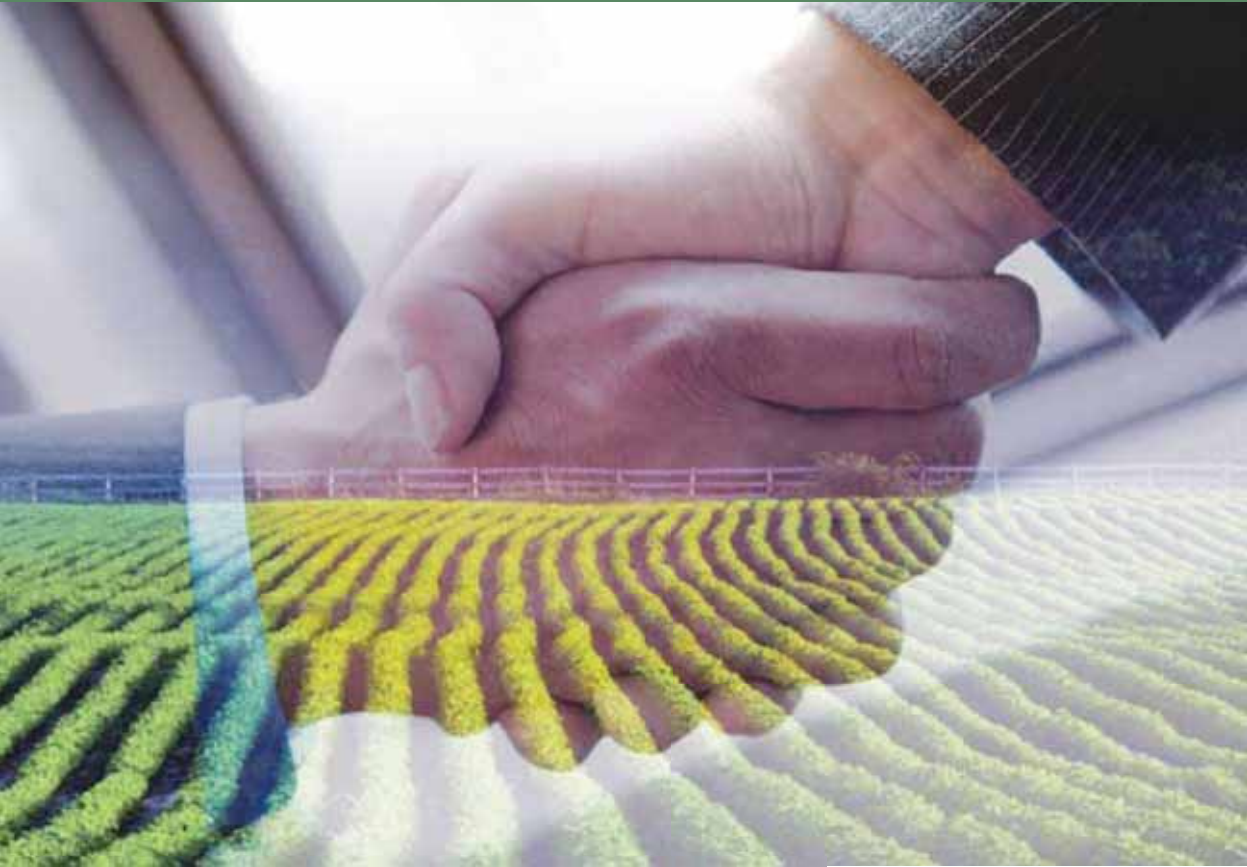
- IICA and CROPLIFE Latin America signed an MOU aimed at promoting the transfer of modern and safe agrochemical technology that will benefit rural farmers in Latin America and the Caribbean.

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 1 The index considers a set of variables to estimate the status of the country for innovation in a variety of fields. *The Global Technology Revolution 2020* by Rand Corporation, 2006.

- The DSP and the Biotechnology Industry Organization (BIO) organized and hosted a networking event that featured information on biotechnology and bio-safety.
- IICA signed a MOU with the Biotechnology Industry Organization (BIO) for the promotion of science-based risk analysis in biotechnology and biosafety.
- IICA and the International Food Information Council (IFIC) have held several meetings in which a joint project proposal is being developed with the OAS and eventually other organizations for a science-based communication strategy in agricultural biotechnology and foods.
- IICA, the U.S. Mission to the OAS, the Bureau of Western Hemisphere Affairs (WHA) and the Bureau of Economic, Energy and Business Affairs (EEB), both agencies of the U.S. Department of State, initiated discussions on an issue of key importance for today's agriculture: biofuels and bioenergy. Potential roles for IICA were identified, such as organization of stakeholders and information dissemination.
- During the Fourth meeting of the Ad Hoc Open-ended Working Group of Legal and Technical Experts on Liability and Redress in the context of the Biosafety Protocol, IICA hosted a Western Hemisphere Consultation Meeting on October 21, 2007, at the Delta Hotel in Montreal, Canada. At this consultation meeting, participants from IICA Member States facilitated the advancement, coordination and identification of mutual interests among Western Hemisphere countries.







## **g. Results** of Inter-Agency Cooperation



## Results of Inter-Agency Cooperation

Inter-Agency cooperation is the responsibility of the Directorate of Strategic Partnerships (DSP), which promoted new and strengthened existing partnerships aimed at promoting rural prosperity, food security, and sustainable development throughout the Hemisphere. It developed or facilitated cooperation agreements and mutually beneficial partnerships that provided other types of support to IICA management units and country offices so that producers and policymakers in all thirty-four IICA Member States can enhance their capacities for development and change.

During 2007, the DSP continued to provide leadership and contacts to leverage resources for agricultural and rural development actions. It capitalized on emerging opportunities to develop and implement new projects, not only in the hemisphere, but also in conjunction with the IICA Permanent Office in Europe (POE). The DSP also served as a bridge by providing internal management units and outside stakeholders with useful information about partner portfolios and priorities.

Since many of the activities conducted by the DSP have contributed to the promotion and implementation of IICA's hemispheric, regional and/or national agendas, they are reported elsewhere in this document. Worth mentioning, however, are some activities the DSP carried out in 2007 to develop new or strengthen existing initiatives aimed at promoting rural prosperity, food security, and sustainable development in the Americas:

- IICA's Director General and Deputy Director General, together with technical experts, visited numerous agencies in Washington, D.C. and participated in various conferences and forums on hemispheric integration, regional trade, the importance of agriculture, and agricultural health.
- With the theme "*Realizing the Inter-American Dream of 1942*," IICA celebrated its 65<sup>th</sup> anniversary during a special meeting of the Permanent Council of the Organization of American States (OAS). IICA/Washington organized and held the event, which highlighted the work of the Institute and its contribution to agriculture and rural development in the Americas. The Minister of Agriculture of Guatemala, Bernardo Lopez, hosted the "*Week of Agriculture and Rural Life of the Americas 2007*" and chaired the meeting of the Inter-American Board of Agriculture (IABA) held in Guatemala. During his presentation to the OAS, he outlined the results of the *Fourth Ministerial Meeting on Agriculture and Rural Life*, which took place in July 2007, and congratulated IICA on its work as the Technical Secretariat. Also participating in the celebrations were IICA Director General Chelston Brathwaite, and Christopher Hansen, Deputy Director General of IICA and former Representative in the USA. The evening

culminated with a reception in which the United States Under Secretary of Agriculture, Mark E. Keenum, offered brief words of support to the Institute and acknowledged its achievements.

- The DSP facilitated a meeting between IICA and IFAD in Costa Rica to review potential areas of collaboration.
- The DSP produced a five-minute promotional video on the “*TV Ministerial Meeting on Agriculture and Rural Life in the Americas*,” which provided background on and summarized the key results of the meeting, which took place in Antigua, Guatemala, in July 2007.
- The DSP facilitated public relations events for selected IICA personnel with local and international media, to create awareness of IICA’s activities and key messages.

## 1. Relations with Spanish Organizations

The Directorate for Strategic Partnerships (DSP), through IICA’s Permanent Office in Europe (POE), located in Spain, strengthened and expanded IICA’s strategic relations with Spanish authorities and developed new ones with regional Spanish governments. In conjunction with IICA’s Directorate for External Finance and Investment Projects, the DSP prepared a new strategy for working with Spanish development agencies. As a result, in 2007, project profiles were prepared on 20 topics of interest to Spanish agencies (Spanish Agency for International Cooperation (AECI) and the Ministry of Agriculture, Fisheries and Food (MAPA)) in 10 countries in close coordination with local Ministries of Agriculture. To date, nearly half of the projects have been officially submitted to AECI for evaluation. This initiative has generated results Institute-wide, focusing IICA’s project development cycle on the explicit needs of IICA’s member countries and seeking tangible cooperation from strategic partners.

In Spain, IICA signed a MOU with the “*Institut de Recerca i Tecnologia Agroalimentaries*” (IRTA), from Catalonia, a leading institution in agricultural research and technology, and another with the ARCA Consortium, a private company which manages and channels European aid. These agreements will allow IICA to build relations with technical agencies in Spain and whole of the European Union (EU).

Finally, the POE, together with the Directorate of External Finance and Investment Projects, is working closely with ENESA (*Entidad Estatal de Seguros Agrarios*), the public insurance agency of Spain, and *Fundación MAPFRE*, which represents Spanish private insurance companies with interests in Latin America.

## 2. Relations with the OAS

The DSP and the OAS organized and executed the second annual *'IICA Day at the OAS'* under the theme of *"Realizing the Inter-American Dream of 1942,"* which culminated with an OAS Permanent Council Resolution recognizing IICA's contribution to agriculture and rural development in the Americas.

IICA/Washington facilitated and supported several AHFS updates presented to the OAS Permanent Council on activities on Avian Influenza. One presentation was made with our strategic partner the International Food Information Council, on the importance of Risk Communication.

Technical links with specialized OAS Secretariat units were further developed in 2007, and the groundwork laid for future improvements. One area of close collaboration is education and training, where a course on agrotourism for the *"Portal de las Americas"* distance education network is being developed jointly by units of both organizations. The link with the OAS Sustainable Development Department has been strengthened via joint work on the Caribbean Renewable Energy, Energy Efficiency, and Bio-energy Action Program (CREBAP), as will be described in detail below; and it is expected that in 2008, when IICA increases the capacity of its Sustainable Rural Development program, the link should be consolidated. In 2007, IICA has collaborated closely with the Young America's Business Trust (YABT), a semi-independent unit of the OAS; contacts were maintained with the Natural Hazard Risk Reduction Unit of the OAS; and joint planning has been initiated with the Department of Science and Technology in the area of biotechnology and risk communication, as mentioned elsewhere in this Report. IICA's involvement in the Summit of the Americas Process, as part of the SIRG (Summit Implementation Review Group), has been active during 2007 and considered very constructive.

## 3. Relations with the Pan-American Health Organization (PAHO)

In 2007, stronger ties with PAHO have enabled the Institute to promote joint activities in areas that are the responsibility of authorities that govern agricultural development and those that govern the health sector. In June 2002, IICA and PAHO adopted a Joint Plan of Action covering four areas of cooperation: public health and animal health (zoonosis and food safety); significant contributions to the Summits process; exchanges related to planning, monitoring and evaluation; and the exchange of information and experiences. At the hemispheric level, smooth working relations and effective channels of consultation have been established between IICA's Directorate of Agricultural Health and Food Safety and the PAHO authorities.



The joint activities have focused on a shared concern that is a very high priority for the countries of the Americas: food safety. Cooperative activities have been conducted in Argentina, the Bahamas, Bolivia, Costa Rica, Honduras, Mexico, Suriname and Trinidad & Tobago in areas such as the design of national food safety programs, the review of legislation on the subject, and the creation of national food safety committees. IICA and PAHO also worked together on issues such as sanitary emergencies and zoonoses, and supported rural communities.

To improve public health and promote actions aimed at enhancing animal and plant health programs in the Member States, as part of the “working together” strategy, PAHO made a significant contribution to the organization and implementation of the Ministerial Meeting on Agriculture and Rural Life. PAHO and IICA are members of the group of organizations working with the 34 Member States to upgrade capabilities for responding to the threat of Avian Influenza in the region.

#### **4. Relations with the Inter-American Development Bank (IADB)**

In 2007, the relationship between the IADB and IICA was strengthened at three levels: high-level relations; technical; and operational (project implementation). At the highest level, early in the year, a delegation of IADB Executive Directors visited IICA Headquarters for a full-day exchange session on topics of mutual interest, such as sustainable rural development and agriculture. This was followed by a strategic meeting held in mid-2007 in Panama City involving the heads of the two organizations. At the technical level, and even though 2007 was a difficult year for the relationship due to IADB internal restructuring and organizational changes, contacts and exchanges were maintained and collaborative ideas for the future were jointly analyzed. IICA participated in the design of several non-reimbursable projects. Some of them were approved by the Bank (such as PROMECAFE and CACHE), others are in the start-up phase (such as CAS-REDPA in the Southern Region), and some are due for approval in 2008 (such as Fruit Exports in C.A. within the Plan Puebla-Panama scheme).

IICA was one of the signatories to an MOU, together with the Government of Guyana, the IADB, the OAS, which will soon be signed also by the CARICOM Secretariat. The MOU included the commitment of the IADB to promote the Caribbean Renewable Energy, Energy Efficiency, and Bio-energy Action Program (CREBAP). IICA played a key role in the meeting in Georgetown, Guyana, in August 2007, where CREBAP was launched, submitting a strategic paper on the subject which will become the framework for the program.

IICA/Washington also facilitated the signing of a Bio-energy MOU between IICA and the IADB and the OAS. The MOU promotes projects on renewable energy, energy efficiency and bio-energy in the Caribbean.

IICA continues to support the work of FONTAGRO, a competitive funding mechanism for agricultural research and technology innovation, managed by the IADB, but with its own Board of Directors and a small Technical and Administrative Secretariat based at IADB headquarters in Washington, DC., providing technical assistance through its Washington-based technical specialist.

## **5. Relations with the World Bank**

IICA's relationship with the World Bank was fruitful and conducive to more intense technical collaboration in the near future. Among activities agreed upon in 2007, to be conducted jointly during 2008, include the presentation of the World Bank's "World Development Report 2008" and IICA's "State of and Outlook for Agriculture and Rural Life in the Americas-2007". The presentations will be made to agricultural ministers in the Americas. Also, IICA and the Bank have agreed to hold technical exchanges aimed at closer collaboration at the policy level.

Several projects which IICA has helped to design (i.e. CAS-SPS Institutional Development, focused on science and technology, and Bioersivity in Central America, together with CIAT, to be presented to the GEF), have been or are in the process of being approved. More than US\$1.5 million of non-reimbursable funds have been either disbursed or earmarked.

## **6. Relations with the Private Sector**

As mentioned before, in addition to the relations already established between IICA and national public institutions, the DSP has moved to establish strategic partnerships with the private sector. Most of them are described elsewhere in this Report and this section briefly lists some of them:

- IICA and CROPLIFE Latin America signed an MOU that will benefit rural farmers and families in Latin America and the Caribbean.
- IICA signed a MOU with the Biotechnology Industry Organization (BIO) and jointly organized and hosted a networking event that featured information on biotechnology and biosafety.
- IICA and the International Food Information Council (IFIC) are developing a partnership for science-based communication in agricultural biotechnology and foods.

## 7. Relations with other Organizations

- Links with C-CAA (Caribbean Central American Action) have been maintained, and in 2007, IICA played a key role in organizing the agribusiness round table at the Miami Conference on the Caribbean.
- In 2007, IICA promoted stronger ties with the National Association of State Universities and Land Grant Colleges (NASULGC) of the U.S. Given IICA's close work with the Andean academic entity known as FAESCA (*Federación Andina de Asociaciones de Educación Superior en Ciencias Agrarias y Afines*) it facilitated the link between those two organizations. At the end of 2007, a NASULGC delegation headed by its President attended FAESCA's annual convention, held in Lima, Peru, and an MOU was signed to promote mutual collaboration.
- One specific strategic activity has been IICA's proactive participation in the Commission on Sustainable Development, of the United Nations Economic and Social Council, made possible by its observer status. In 2007, IICA participated in the working sessions of the Commission, in preparation for its full participation in CSD 16-17, to be held in 2008-2009, which will focus on Agriculture, Rural Development, Land, Desertification, Drought, and Africa.

## Chapter V

# Executive Summary of the Status of the Country Offices





 IICA Canada

In 2007, Agriculture and Agri-Food Canada (AAFC) worked with provincial counterparts and the country's agriculture sector to finalize development of "Growing Forward," the next generation of Canada's agriculture policy and associated programs. Another important development was the announcement by the Prime Minister of a new foreign policy objective of Canada: to revive and expand its political and economic engagement in Latin America and the Caribbean. With its focus on promoting Canada's foundational values, building strong sustainable economies and meeting new security challenges, including natural disasters, this policy represents a great opportunity for Canada to play a renewed leadership role in the Americas. Our Director General, Dr. Brathwaite, pledged IICA's full support to the country in this endeavor during his meeting with Minister Ritz in Rome.

### **1. Results of IICA/Canada's Technical Cooperation Activities in 2007**

Emphasizing sustainable results, IICA/Canada continued to integrate its three technical cooperation instruments – Internships, Expertise Exchanges and Support to Events – a process initiated with the 2006-2010 Technical Cooperation Agenda. This year, IICA/Canada made further modifications to its *Internship and Expertise Exchange Program* with a view to increasing the accountability and impact of the program. Forty-one producers, junior and senior researchers, government and agribusiness leaders from across Canada and from nine other countries in the hemisphere benefited directly from this flagship program. Also, significant contributions were made to more than 45 events held in Canada and twelve other countries in LAC, and to two events outside of the hemisphere.

IICA/Canada provided technical cooperation in all priority areas and IICA regions. From Montreal to Calgary, and from Mexico to Chile, IICA/Canada confirmed its commitment to support its stakeholder communities in building strategic alliances throughout Latin America and the Caribbean. The following paragraphs detail five of the significant results achieved by IICA/Canada this year.

### **2. Repositioning Agriculture and Rural Life**

By providing further support to ongoing cooperation between the Ministries of Agriculture of Canada and Chile, IICA/Canada and IICA/Chile played an active role during the visit of a Chilean technical mission to discuss institutional modernization. This was a priority activity of Chile's "Proyecto Nueva Institucionalidad." The 16-member mission from Chile's Ministry of Agriculture visited Canada in September to meet with its Canadian counterparts, including

the Canadian Food Inspection Agency (CFIA) and AAFC. Headed by the Oficina de Estudios y Políticas Agrarias, the mission has been spearheading the process under way in Chile to modernize the Ministry of Agriculture. IICA/Canada supported the work of Peter Brackenridge, former Vice President of the CFIA and currently a consultant for IICA in Canada, who guided the Chilean mission through Canada's more than ten years of experience in institutional modernization and in creating a national food inspection agency. Issues discussed were related to human resources, budgeting and planning, operations and strategic relationships with other ministries involved in the food inspection system. Additionally, IICA/Canada hosted a round-table discussion to review all issues and bring the mission to a successful close.

### **3. Promoting Trade and the Competitiveness of Agribusinesses**

IICA/Canada partnered once again with the Canadian Consulting Agrologists Association (CCAA) to bring an international perspective to the 2007 North American Consulting School, which was held in Banff, Alberta, in March. Working closely with CCAA Executives and our Office in Chile, IICA/Canada invited Dr. Hernan Rojas Olavarria, National Director of Chile's Agricultural Development Institute (INDAP), as keynote speaker. His presentation focused on his vision for bringing quality assurance and quality control to INDAP's extension services, which consultants provide to small-scale producers. A Letter of Intent was signed between INDAP and the CCAA, with IICA/Canada as a witness, to address this challenge.

### **4. Strengthening Agriculture Health and Food Safety**

This year's World Meat Hygiene and Inspection Congress, which focused on international developments in meat hygiene and inspection and was intended to foster dialogue among veterinary professionals, was co-hosted by the CFIA and the U.S. Department of Agriculture in Niagara Falls, Canada, in June. IICA/Canada, in a joint effort with the Pan-American Health Organization (PAHO), secured the participation of representatives from Mexico, Guatemala, Dominican Republic, Chile, Argentina and Brazil. IICA and the partner organizations hosted an international workshop for these participants to explore technical cooperation needs in meat inspection. This was followed by the official visit of Dr. Ricardo Molins, IICA'S Director of AHFS, to the CFIA.

### **5. Promoting Sustainable Management of Natural Resources and the Environment and Strengthening Rural Communities**

Canada's rural community and its core agriculture sector are facing a challenge; many young people are seeking livelihoods off the farm. The Canadian Young

Farmers Forum (CYFF) is an organization designed to build knowledge and leadership among Canada's young farmers in an effort to address this problem. Many countries throughout Latin America and the Caribbean are facing similar problems. In order to increase awareness of the CYFF model in LAC, with the support of IICA/ Canada, four executive members of the Forum traveled to Santiago, Chile, and then on to Buenos Aires, Argentina, to speak with agricultural leaders and other young farmers about the CYFF and the benefits such an organization can bring to the young people in rural communities and to the entire agricultural sector.

## 6. Introducing Technology & Innovation for the Modernization of Agriculture and Rural Life

Energy from agriculture continues to be of great interest in the hemisphere. Brazil's many years of experience and technical know-how were called upon during the Alberta Institute of Agrologists' Annual Meeting and Bioenergy Forum, held in Banff in March. Under the *Expertise Exchange Program*, IICA/Canada provided support that enabled Dr. Frederique Abreu, General Coordinator of Agroenergy within Brazil's Ministry of Agriculture, Livestock and Food Supply, to participate as a keynote speaker at this event.



### IICA Mexico

When a new administration took office in 2007, IICA Mexico re-negotiated and signed a new General Agreement for Technical Cooperation with the Secretary for Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA) for 2007-2012. Additional agreements were signed for the four Operational Programs under the umbrella Technical Cooperation document, specifically, two for the management of fruit flies, MOSCAMED and MOSCAFRUIT; Prevention of Introduction of Exotic Diseases and Pests; and Agricultural Information Systems, SIAP.



MOSCAMED



In the area of plant and animal health and food safety, IICA participated in several committee meetings of the National Animal Health Council (CONASA). CONASA discusses and makes recommendations to the Mexican authorities on matters related to monitoring, diagnosing, preventing and eradicating threats to animal and human health. In addition, IICA participated in the Annual Meeting of CONASA, held in Mexico City, attended by more than 1,000 people. At the meeting, IICA technical staff made presentations on “International Guidelines for Laboratory Tests,” “An International System for Monitoring Animal Diseases” and “A Situational Analysis of Foot-and-Mouth Disease in England.”

Other agreements IICA/Mexico signed in 2007 were:

- With the National Institute for Ecology, INECOL, for research projects related to fruit flies and to strengthen the MOSCAFRUIT program;
- With the Plant and Animal Health Authority, SENASICA, for a project on the standardization of epidemiological reports on animal health; and
- With the same institution, a cooperation agreement to support the “Program for the Import of Beef from Uruguay.”

At the International Congress on Epidemiology, held in Villahermosa, Tabasco, in October 2007, IICA made a presentation on Avian Influenza and participated in the working groups analyzing the new Federal Law on Animal Health, and another on BSE in Mexico.

IICA/Mexico attended a round table on “Food Safety in Mexico: Challenges and Perspectives in a Globalized World,” organized by the Mexico-US Foundation for Science (FUMEC), and the Texas A&M University Center in Mexico. As part of National Plant Health Week, during the National Symposium of Agricultural Parasitologists, IICA staff members made a presentation on “Food Safety at the International Level.”

An important workshop “Identifying Biotechnology and Biosafety Needs” at the country level was organized and held by IICA/Mexico and IICA’s Directorate of Technical Leadership and Knowledge Management in July 2007 in Mexico City.

Under an agreement with the Center for Studies on Sustainable Rural Development and Food Security, of the Chamber of Representatives, IICA/Mexico presented

the book "Prospective of the Institutions Created by the Sustainable Rural Development Law". This publication is the result of research conducted under the coordination of the Rural Development Project of IICA/Mexico. Fourteen agroindustrial projects were analyzed and eight infrastructures were supervised in the Integrated and Sustainable Social Development project (PRODESIS), using a Geographical Information System (GIS) for coffee growers of the Lacandon Forest in Southeast Mexico. IICA/Mexico participated in the presentation of and discussions on the work plan for the National Research and Technology Transfer System (SNITT), which serves as a platform for coordination of efforts and knowledge management for rural development in Mexico.

IICA/Mexico provided support for the Symposium on Genetic Resources for Latin America and the Caribbean, held in Mexico, whose theme was "Valuation of Genetic Resources for the Sustainable Development of Latin America and The Caribbean."

Finally, in the area of trade relations, IICA/Mexico made a presentation entitled "Administration of the Ratified FTAs: Controversies and Solutions" at the 53rd Annual Conference of the PCCMCA "Global Changes: Trends, Effects and the Outlook for Agriculture in Mesoamerican and the Caribbean from now to 2020." IICA/Mexico also provided support in convening the FAO/OAS-CIE/IICA Working Group on Agriculture and Livestock Statistics for Latin America and the Caribbean, which met in Aguascalientes, Mexico.



## IICA USA

IICA's primary counterpart in the United States is the U.S. Department of Agriculture (USDA). In addition to its extensive network of offices throughout the 50 states, USDA also has 63 posts in other countries that cover trade issues for exporters in 130 countries. Its domestic farm sector strategy targets commercial farms (28% of farmland), intermediate farms (45% of farmland) that have some off-farm income resources, and rural residence farms (29% of farmland) whose principal income comes from off-farm employment. USDA focus is on improving conservation and productivity on the 38.2 million square kilometers of arable land, but attention is also placed on alleviating hunger in over 3 million U.S. households with over 2.7 million children, and on creating equal economic opportunities for 28 million rural residents whose median household income is 23% below that of urban residents. The USDA's strategic agenda focuses on six key themes: trade expansion; farm sector competitiveness; enhancing physical and institutional infrastructure; greater environmental conservation; prosperous rural communities; improved nutrition and efficient food assistance.

IICA has a long-standing relationship with the USDA. This institution was instrumental in founding the Institute in 1942 and over the years has provided nearly 60% of its core operating resources to promote the advancement of science and cooperation in agriculture throughout the hemisphere. IICA's partnership with the USDA and other agencies in the U.S. has undergone renewal due precisely to agricultural globalization issues and the importance of trade to U.S. agriculture, and food safety to U.S. consumers. Concomitant with these issues are a host of other related priorities, especially linked to agricultural health, food safety, cross-border issues and science and technology that are essential for improving competitiveness and deepening cooperation in the hemisphere.

The key role of the IICA Office in the USA has been to build an active and diversified constituency for national, regional and multinational IICA programs within the USA, to leverage resources and influence, and to promote hemispheric free trade, food security and rural prosperity. During 2007, the IICA Office in the U. S. focused its attention and limited resources on expanding the Institute's relationships with new and existing partners, while responding to hemispheric concerns regarding the advancement of agriculture. Specific actions were taken to link technical, financial and policy-related resources with the USDA to create new institutional arrangements with IICA Offices throughout the hemisphere, in order to improve the effectiveness of horizontal technical cooperation.

Embedded in the IICA-USDA strategic relationship are the core institutional values of flexibility, accountability, transparency, efficiency and financial prudence, which permeate every action and activity undertaken. During 2007, the Office continued to strengthen relationships with key U.S. stakeholders. Specific inroads were made with the U.S. private sector on a wide variety of issues of national interest and international importance, including biotechnology and biosafety, animal health, food safety, trade policy, and public-private partnerships.

The U.S. government continues to provide substantial support to the Institute through its annual quota and additional resources for programs aimed at improving agriculture and trade throughout the hemisphere. In 2007, IICA/Washington facilitated linkages between U.S. institutional, financial, professional and technical resources of the public and private sector, to improve trading capacity in the hemisphere. Specifically, IICA maintained direct relations with the Foreign Agricultural Service (FAS), the Food Safety and Inspection Service (FSIS), and the Animal and Plant Health Inspection Service (APHIS), all under the USDA. In high-level meetings, IICA/Washington highlighted the importance that is placed on agricultural health, food safety and biotechnology within the Institute's technical cooperation agenda, and secured increased financial support from the USDA.

## Chapter VI

# Results of Horizontal Technical Cooperation





## Results of Horizontal Technical Cooperation

The three northernmost countries of the Americas -Canada, Mexico and the United States of America- began their discussions on common production and trade agendas in the early 1990s. These deliberations eventually led to what is now known as The North American Free Trade Agreement (NAFTA). The IICA Office in the United States, located in Washington, D.C., took advantage of the interest of the three countries in working together on common issues to facilitate and encourage the identification and promotion of a common regional technical agricultural agenda.

The mechanisms the Office uses to achieve this goal are: the Tri-National Council of the Northern Region and the Cooperative Program in Agricultural Research and Technology for the Northern Region (PROCINORTE). Additionally, IICA, through the Office of the Technical Coordinator for the Northern Region, provides technical support to FONTAGRO, a competitive funding mechanism for member countries of the Region.

## The Tri-National Council

IICA's organized and facilitated the Eighth Annual Meeting of the Tri-National Council of the Northern Region, held in Cancun, Mexico, on February 7-9, 2007. The primary purpose of the meeting was to discuss future strategic areas of importance to Canada, Mexico, and the United States at the national, regional, and institutional levels.

With IICA/Washington serving as the Technical Secretariat of the Council, participants from the governments of Canada (Agriculture and Agri-Food Canada), Mexico (SAGARPA) and the United States (USDA/FAS) again reaffirmed (1) agricultural health and food safety, (2) biotechnology/biosafety, and (3) strategic partnerships as priority areas and made recommendations for their consideration and inclusion in the work plan of IICA's Northern Region and the respective IICA National Technical Cooperation Agendas. The Tri-National Council also made a number of recommendations specific to the overall mission and effective administration of the Institute. These institutional recommendations include assessing and improving IICA's technical capacities and continuing to review and take steps to improve governing body meetings in order to ensure that they are productive. The Office produced the minutes of this year's meeting and will convene the next one in 2008.



## PROCINORTE

PROCINORTE is a member of the Regional Cooperation System on Agricultural Research supported by IICA at the hemispheric level, under the coordination of the Directorate of Technology and Innovation, and it receives technical support from the Office of the Technical Coordinator for the Northern Region, based in the IICA Washington Office.

PROCINORTE facilitates cooperative actions in agricultural research and technological innovation of mutual interest to the three countries of IICA's Northern Region (Canada, Mexico, and U.S.). Its objectives are to:

- (1) to promote dialogue aimed at identifying priority research issues common to the three countries and to influence the regional, hemispheric and global agendas;
- (2) to facilitate the exchange of experiences, information and training through the building of linkages among public and private institutions of the Northern region and between the major research and technology transfer centers in the region, the hemisphere and the world; and
- (3) to facilitate collaboration among the countries to solve problems of mutual interest.

The Ninth PROCINORTE Board of Directors meeting took place in Washington, D.C., on October 18-19, 2007. The meeting was convened by its Executive Secretariat, based in Mexico, supported by IICA and hosted by USDA/FAS. The Board of Directors (1) discussed progress in general under PROCINORTE and evaluated the results achieved by its four task forces, which address the research priorities agreed upon by the Board in previous meetings: (a) Northern Genetic Resources (NORGEN), on genetic resources, (b) plant and animal health, (c) tropical and sub-tropical fruits, and (d) agricultural libraries and information services; (2) developed an Action Plan and made budget allocations to the task forces for the year 2008; and (3) re-evaluated the established research priorities.

The major decisions taken include: (a) the re-election of the representative from Mexico as President of the Board and the re-election of its Executive Secretary, both from INIFAP; (b) the reaffirmation of the research priorities previously established, but also the recognition of the need for PROCINORTE to address in the future other topics such as climate change, bio-fuels and biotechnology, possibly through workshops, meetings, seminars and/or training activities; and, finally, (c) the need to develop a strategic plan for PROCINORTE, emphasizing

its technical development and potential contributions to agricultural production in the three countries, as well as outreach activities in the Region and beyond (such as with FORAGRO). Moreover, and this is considered a very significant result for IICA's Northern Region, the Board of Directors assigned IICA a supporting role in developing this strategic plan, in close coordination with the Executive Secretariat.

IICA underscored its commitment to continue supporting PROCINORTE, now with the additional technical backstopping of the recently created position of Technical Coordinator for the Northern Region. PROCINORTE will receive not only the administrative support already provided by IICA/Mexico, but also the technical backstopping required to make it an effective mechanism for coordination among northern institutions in the area of agricultural research and technological innovation.



*PROCINORTE.*

## FONTAGRO

IICA's Northern Region contributes directly to the implementation of IICA's Hemispheric Agenda through the provision of technical support to the Regional Fund for Agricultural Technology (FONTAGRO), an alliance of 14 Latin American and Caribbean countries (Argentina, Bolivia, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Honduras, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela) and, more recently, Spain. FONTAGRO supports agricultural research and technological innovation through the promotion of regional consortia involving various countries, public and private institutions and International Agricultural Research Centers (IARC). It aims to contribute to the reduction of poverty, to promote competitiveness and to encourage the sustainable management of natural resources.

As of 2007, FONTAGRO has a fund of US\$48 million, invested by the member countries and administered by the IADB. In addition to these funds, there are counterpart project funding contributions and other resources provided by sponsors and research and development organizations, among which the CGIAR Centers have made a significant contribution.



*FONTAGRO.*

The Fund is managed by a Board, comprising representatives of the member countries, and a Technical-Administrative Secretariat (TAS) to which IICA has provided technical support since its inception, through the Directorate of Technology and Innovation (DTI) within the Directorate of Technical Leadership and Knowledge Management (DTLKM), based at IICA Headquarters. It presently does so through the Office of the Technical Coordinator for the Northern Region, based in IICA/Washington who is attached to the DTI/DTLKM. In 2007, IICA participated in the Regional Technical Meeting, held in Managua, Nicaragua, where projects funded by FONTAGRO were reviewed.

### Other Regional Cooperation Issues

Another important result for IICA's Northern Region is the imminent establishment of the North American Consulting School Program, through a partnership with both the Canadian Consulting Agrologists Association (CCAA) and the American Society of Agricultural Consultants (ASAC). This initiative was spearheaded by IICA/Canada in coordination with IICA's Director of Strategic Partnerships and the IICA Representative in the USA.

As mentioned earlier in this Report, the Washington-based DSP has developed closer relations with many international, academic, private sector and civil society organizations, which have further enhanced the Northern Region's efforts in horizontal technical cooperation.





## Chapter VII

# New Opportunities for Technical Cooperation







## New Opportunities for Technical Cooperation

The Tri-National Council, at its Eighth Meeting, held in February 2007, identified areas of technical concern common to the three member countries, and recommended that IICA adopt them as regional priorities. These were then reformulated by an internal IICA working group into the following six technical cooperation priorities for 2008:

- Strengthen and support regional mechanisms and strategies;
- Establish mechanisms for the sharing of information on the state of agriculture and rural life and its impacts in the Region;
- Strengthen regional agricultural trade, emphasizing Sanitary and Phytosanitary Measures (SPS) and Biotechnology / Biosafety, among others;
- Improve the access of Small and Medium Enterprises (S&ME) to markets;
- Support hemispheric initiatives at the regional level; and
- Promote the exchange of experiences in rural development.

As stated in the introduction to this Report, IICA's Northern Region faces a unique scenario: two of its member countries report very high levels of socioeconomic development, while the third, based on many indicators, is considered an advanced developing nation. These development levels have also been accompanied, as shown in the introduction, by highly dynamic agricultural systems where knowledge generation and management are conducive to innovations that improve competitiveness and socioeconomic well-being. IICA's Northern Region, where these cutting-edge agricultural developments are taking place, is faced with the daunting challenge of harnessing the accumulated knowledge base of the North and, jointly with public and private research and development, educational and other institutions, to make it available to the other countries of the Americas. This may well be the main contribution of IICA's Northern Region to the modernization of agriculture and rural life in the Hemisphere.

The second unique characteristic of the IICA Offices in the Northern Region is their location and their internal roles within IICA. The U.S. Office, in particular the DSP, provides a link between specialists and managers at Headquarters, IICA Representatives in the other countries and regional specialists, and institutions and organizations based in Washington, D.C. which are already or may potentially become strategic partners for IICA. Consequently, the Directorate of Operations for the Northern Region, as well as the three country offices, will continue working in close collaboration to explore new opportunities to implement IICA's hemispheric, regional and national agendas.

The relatively recent changes in priorities, brought about by the liberalization of agricultural trade, offer new opportunities for IICA to develop more innovative agendas for the Northern Region and to make available to the entire hemisphere the technological innovations and the lessons learned in the FTAs of the three northernmost countries of the Americas.



IICA's Northern Region will continue to seek opportunities for cooperation in the new and emerging areas of biotechnology and biosafety, plant and animal health and food safety, trade and agribusiness, and bio-fuels and agro-energy. In the area of biotechnology and biosafety, IICA is receiving renewed support from the USDA and AAFC, and is working in close coordination with international organizations such as the OAS and private organizations such as IFIC and BIO. In the area of Agricultural Health and Food Safety, IICA's Northern Region will continue its support for WTO/SPS work at the country level, advance the implementation of the PVS tool in the hemisphere, and strengthen coordination with other like-minded organizations such as FAO, PAHO, OAS, OIE, OIRSA and NAPPO. Trade and agribusiness continues to be high on the agenda of the Northern Region, and IICA has offered the technical capacities of its Inter-American Program on Trade, Agribusiness and Food Safety to the countries of the Northern Region. Lastly, an emerging technical area of great interest for the Americas, bio-fuels and agro-energy, is being prioritized by IICA's Northern Region. The challenge for the future lies in helping the countries of LAC to develop the most appropriate agroenergy policies, simultaneously addressing the controversial issues of food security and environmental degradation.

It will continue to develop strategic partnerships, through the DSP, to address many of the thematic areas mentioned above, reaching out to national government agencies such as the USDA, AAFC, and SAGARPA, private institutions (private-sector enterprises and corporate coalitions), civil society organizations (NGOs).

PROCINORTE, the Northern Region's main horizontal cooperation mechanism, offers new and challenging opportunities. IICA has renewed its support to the PROCI and offered to assist in the development of its strategic plan. This plan is expected to make the mechanism more relevant for the countries of the Region and will address issues such as: (a) the full appropriation of PROCINORTE by its membership; (b) the possible widening of its constituency; (c) its full incorporation into the broader hemispheric technical cooperation system supported by IICA; (d) the prioritization of the thematic areas for cooperation, including the adoption of some of the emerging technical issues relevant to the Region; and (e) the consolidation of the financial base of the PROCI.

FONTAGRO, the main competitive fund for research and innovation in agriculture in the LAC region, offers IICA new and renewed opportunities on at least two levels. First, FONTAGRO is a key element of the system that provides cooperation for agricultural research and innovation, as a funding source owned

by the member countries. As such, it can provide funding to those areas that the countries consider priorities and allocate resources to actual needs. The relationship of FONTAGRO, as a funding mechanism, to the other components of the IICA-supported research and innovation system, such as the PROCIs and FORAGRO, is essential in order to ensure complementarity: cooperation on research and innovation at the level of the PROCIs, policy formulation at the level of FORAGRO and a funding mechanism through the Fund. Also of relevance is the niche differentiation among all these institutions, as well as their relationships with the International Agricultural Research Centers of the Hemisphere. Second, the information and data generated by the FONTAGRO-funded research and innovation projects could provide IICA with an outstanding source of successful results and innovations in agrifood chains, to be disseminated through the IICA-based information system.

Special attention has been given to the lessons learned by Mexico and the U.S. in implementing the NAFTA trade agreements. In this respect, IICA's Northern Region is paying close attention and promoting the dissemination of these lessons to other countries of the Americas. Some of the main challenges for the Northern Region which IICA is ready to move forward are "to foster research and innovation of "North American" products to compete as a region- and to remove trade barriers, developing compatible Sanitary and Phytosanitary Systems and food safety policies to achieve a common sanitary region"<sup>1</sup>.

As mentioned earlier in this Report, the Washington-based DSP played in 2007, and it is to play in the future, a more important role in identifying, developing and promoting opportunities for horizontal cooperation. The DSP could contribute to the Northern Region's cooperation strategy through its wide range of national (government counterpart and academic institutions), international (IDB, WB, OAS, PAHO, etc.), private sector (IFIC, BIO, NAPPO, CropLife, etc.) and civic society (NGOs and Private Volunteer Organizations) contacts.

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<sup>1</sup> Jeffrey Jones, *Under Secretary of Agribusiness Development, SAGARPA, Panel on "Life after Doha", USDA Agricultural Outlook, Washington, DC, February 2008.*



# Chapter VIII

## Annexes



## Annex No. 1

## Main Activities Organized by IICA at the Regional Level

Official name of the event	Date held	Site of the event	Number of Participants	Place and date of publication of the report of proceedings of the event
1. Eighth Northern Region TRINATIONAL Council.	February 7-9	Cancun, Mexico	25	IICA Office, Washington, DC 2/23/07
2. FONTAGRO Second Technical Workshop on Research Projects for the Andean Region (Co-organizers FONTAGRO & IICA)	May 30-June 1	Quito, Peru	40	FONTAGRO & IICA Offices, Washington, DC May 2007
3. Ninth Annual Meeting of the Board of Directors of PROCINORTE (Co-organizers IICA, PROCINORTE Executive Secretariat & USDA/FAS)	October 18-19	Washington, D.C.	19	IICA Office in Mexico, Executive Secretariat of PROCINORTE December 2007
4. Twenty-fourth session of the FAO/ IICA Working Group on Agricultural and Livestock Statistics in Latin America and the Caribbean (Co-organizers FAO, IICA & INEGI)	December 12	Agua Calientes, Mexico	12	Not yet available



**MOST IMPORTANT EVENTS ORGANIZED BY  
THE IICA OFFICE IN THE USA AND THE DSP IN 2007**

Official name of the event	Date held	Site of the event	Number of Participants	Place and date of publication of the report of proceedings of the event
Formalization of the General Agreement for Technical Cooperation between the International Executive Service Corps and IICA	January 21	IICA Office in Washington DC	10	January 22, 2007, Washington, D.C.
Formalization of the General Agreement for Technical Cooperation between the International Food Information Council and IICA	January 25	IICA Office in Washington DC	10	January 26, 2007, Washington, D.C.
Co-organized with the Government of Guyana, OAS, IDB and the CARICOM Secretariat, a Seminar on Biofuels, which resulted in the signing of an MOU	August 6-7	The Museum of the OAS	75	August 6, 2007, Guyana
Formalization of Memorandum of Understanding between IICA and Crop Life Latin America to promote technology transfer in Latin America and the Caribbean	September 11	IICA Costa Rica	10	September 12, 2007, Costa Rica
IICA Day at the OAS "Realizing the Inter-American Dream of 1942" and 65 <sup>th</sup> Anniversary Celebration	October 3	OAS "Simon Bolivar Room"	150	October 4, 2007, Washington, D.C.

**MOST IMPORTANT EVENTS ORGANIZED  
BY THE IICA OFFICE IN CANADA IN 2007**

Official name of the event	Date held	Site of the event	Number of Participants	Place and date of publication of the report of proceedings of the event
2007 CCAA North American Consulting School -and- Alberta Institute of Agrologists Biofuels Forum	March	Banff, CANADA	300	Ottawa, 2007
2007 Canada/Mexico Bean Congress and Bilateral Bean Researcher Forum	March	Celaya and Mexico City, MEXICO	60	N/A
World Meat Hygiene and Inspection Congress - and - IICA/ PAHO International Workshop "Necesidades de Cooperación Técnica en Higiene e Inspección de Carne"	June	Niagara Falls, CANADA	>100	Ottawa, 2007
Canadian Young Farmers Forum Mission to South America	July	Santiago, CHILE and Buenos Aires, ARGENTINA	20	N/A
IICA Canada Round-Table to support the Chilean Technical Mission to Canada	September	Ottawa, CANADA	35	Ottawa, 2007

**MOST IMPORTANT EVENTS ORGANIZED BY  
THE IICA OFFICE IN MEXICO IN 2007**

Official name of the event	Date held	Site of the event	Number of Participants	Place and date of publication of the report of proceedings of the event
Taller de Identificación de Actividades en Terreno, PRODESIS, Proyecto Desarrollo Social Integrado y Sostenible	June 2007	Chiapas, Mexico		
Taller de Identificación de Necesidades en Bioseguridad y Biotecnología	July 2007	Cd. de Mexico, México	35	
III Taller Regional de Sustentabilidad de las Agroindustrias de la Selva Lacandona, PRODESIS, Proyecto Desarrollo Social Integrado y Sostenible	September – October 2007	Chiapas, Mexico		
SIRGEALC, México 2007. <i>“Por la Valoración de los Recursos Genéticos para el Desarrollo Sustentable en América Latina y el Caribe”</i> .	November 2007	Mexico City, México		State of Mexico, November 2007, 288 p.
Reunión del Grupo de Trabajo FAO/OES-CIE/ IICA sobre Estadísticas Agrícolas y Ganaderas para América Latina y el Caribe	December 2007	Aguascalientes, Aguascalientes, Mexico		

## Annex No. 2

### IICA Northern Region Publications 2007

#### 1. Regional

Proceedings: Primer Taller de Seguimiento Técnico de Proyectos FONTAGRO, Región Centroamérica y El Caribe, Managua, Nicaragua, 2006. Eds.: L. Romano, J. Garzón, N. Mateo, G. Grajales and C. Sánchez. 2007. FONTAGRO and IICA. Working Document No.7. Washington, D.C., September 2007.

Proceedings: Primer Taller de Seguimiento Técnico de Proyectos FONTAGRO, Región Cono Sur, Asunción, Paraguay, 2006. Eds.: L. Romano, J. Garzón, N. Mateo, G. Grajales and C. Sánchez. 2007. FONTAGRO and IICA. Working Document No.8. Washington, D.C., September 2007.

#### 2. IICA Canada

2006 Annual Report: IICA-Canada's Contribution to Agriculture and the Development of Rural Communities in the Americas

2007 IICA Canada Work Plan

2007 IICA Canada Accountability Survey

Proceedings and Final Report of the Chilean Technical Mission to Canada on Institutional Modernization: *"Proyecto Nueva Institucionalidad"*

Proceedings of the IICA / PAHO International Workshop: *"Necesidades en Cooperación Técnica en Higiene e Inspección de Carne"*

Proceedings of the 2007 North American Consulting School

Sharing a Canadian Experience in IMUS Biogas Production: Mike Kotelko's Presentation at Mexico's Centro Universitario de Ciencias Biológicas y Agropecuarias

### 3. IICA Mexico

Centro de Estudios para el Desarrollo Rural Sustentable y la Soberanía Alimentaria, 2007. *Prospección de las Instituciones Creadas por la Ley de Desarrollo Rural Sustentable*, CEDRSSA, México, 1,000 copies, 158p.

Simposio de Recursos Genéticos para América Latina y el Caribe, SIRGEALC, (2007, MEX). Proceedings 2007. *“Por la Valoración de los Recursos Genéticos para el Desarrollo Sustentable en América Latina y el Caribe.”* Impresos Gama, State of Mexico, 288p.

*Agroindustria Rural y Territorio*, Volume II, “Nuevas Tendencias en el Análisis de la Lechería”, IICA/UAEM/UAM/CICA/SYAL/CIRAD, May 2007