

Latin America and the Caribbean

Food security in this region is projected to improve over the next decade, thanks to increasing export earnings and, thus, increased import capacity. Haiti, Honduras, and Nicaragua, however, are expected to have food gaps throughout the next decade. These countries are particularly vulnerable to production shortfalls—caused by drought or other natural disasters—and may rely on external assistance for some years to come. [Birgit Meade]

Food security is expected to improve in lower income countries in Latin America and the Caribbean over the next 10 years.¹ Per capita consumption is projected to increase close to 2 percent per year throughout the projection period, after declining slightly during the last decade. The status quo food gap—the amount of food necessary to maintain recent consumption levels—for 2002 is estimated at 134,000 tons and projected to increase to 171,000 tons by 2012, an increase of about 2 percent, close to projected population growth in the region. Nutritional gaps are estimated at a much higher level, about 817,000 tons, but these gaps are projected to decrease 28 percent over the next decade.

The region's distribution gap—the amount of food needed to raise consumption of each income group to the nutritional requirement—is estimated to be much higher, at 2.2 million tons in 2002. This gap reflects insufficient access to food by the lower income groups. The Latin American and Caribbean region is plagued by severely skewed income distribution, which frequently results in food insecurity for the lower income quintiles even though average income and food availability does not suggest the existence of food gaps. However, over the next 10 years, distribution gaps are projected to decline more than 60 percent. Projections of the number of hungry people—those who have insufficient purchasing power to fulfill nutritional requirements—also reflect this trend. By 2012, according to ERS estimates, the number of hungry people in the region will total 17 million, or 10 percent of the population, down from 69 million, or more than 40 percent of the population in 2002.

This reduction in hunger is mainly due to projected growth in export earnings, which will increase food

availability by allowing higher levels of commercial imports. Colombia, the Dominican Republic, El Salvador, and Peru are expected to have eliminated their distribution gaps by 2012. Haiti, Honduras, and Nicaragua are the only countries in the region where food security is expected to be a long-term problem.

Haiti, Honduras, and Nicaragua are among the poorest countries in the Western Hemisphere. Haiti has been wracked by political violence or instability for most of its history. Despite Haiti's return to democracy in 1994, its inability to reach an agreement in the long-running dispute over the legitimacy of the legislature make political and economic prospects unfavorable. The government has been unable to introduce policies that might lead to economic growth or alleviate food insecurity. Furthermore, international aid has been frozen because Jean-Bertrand Aristide, President of Haiti, has failed to meet conditions concerning democracy and human rights. Honduras and Nicaragua have been plagued by natural disasters, such as hurricanes and droughts. Because agriculture is the major export earnings sector in these countries, declining prices for some commodities hamper foreign exchange income, which is needed to finance imports.

Crops in Latin America and the Caribbean are largely rainfed and therefore susceptible to losses due to adverse weather. The coefficient of variation for grain production in the 11 study countries was about 17 percent between 1980 and 2000. Over the last 20 years, the 11 countries experienced on average five production shortfalls of more than 10 percent below trend and two production shortfalls of more than 20 percent.

While weather-induced shocks, such as droughts, floods, or hurricanes, have threatened food security around the world, Central America has been particularly affected. A shock-prone drought corridor, encompassing El Salvador, Honduras, Guatemala, and Nicaragua, has been identified as a region where

¹ The countries studied include four Central American countries: El Salvador, Guatemala, Honduras, and Nicaragua; three Caribbean countries: the Dominican Republic, Haiti, and Jamaica; and four South American countries: Bolivia, Colombia, Ecuador, and Peru.

Table 5—Food availability and food gaps for Latin American and the Caribbean

Year	Grain production	Root production (grain equiv.)	Commercial imports (grains)	Food aid receipts (grains)	Aggregate availability of all food
			1,000 tons		
1993	11,024	2,704	6,350	1,371	29,511
1994	10,095	2,830	8,066	1,002	31,006
1995	10,172	2,992	8,763	520	32,004
1996	9,980	3,046	9,673	556	33,020
1997	9,753	3,004	10,663	476	32,966
1998	10,167	2,989	11,102	912	34,648
1999	11,208	3,356	10,642	714	35,079
2000	11,266	3,475	10,974	668	35,773
2001	11,678	3,550	11,729	553	37,342
Projections				Food gap	
				SQ	NR
2002	11,966	3,597	12,618	134	817
2007	12,976	3,924	17,640	73	474
2012	13,851	4,275	25,246	171	592

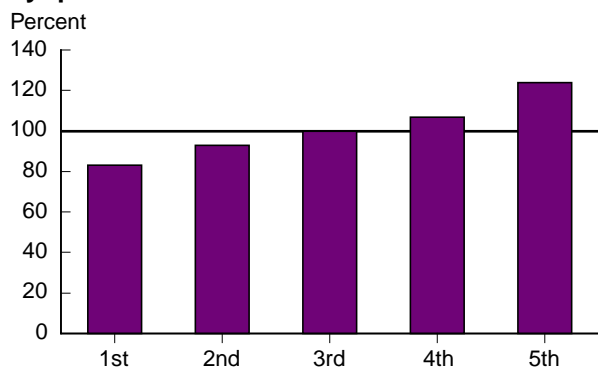
Latin American and the Caribbean

(137 million people)

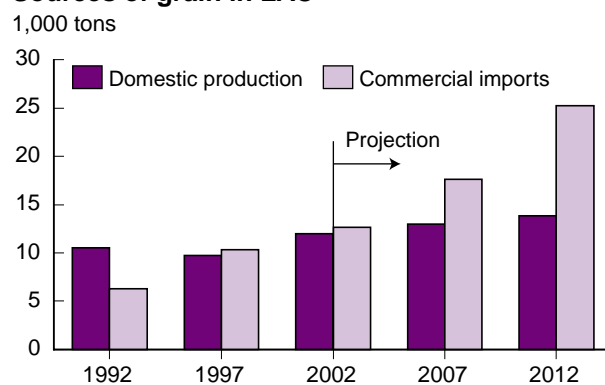
Food security in the region is projected to improve over the next 10 years.

Commercial food imports will increasingly replace domestic production as the main food source. Production variability is relatively high in the region and shortfalls of up to 20 percent occur on average once every 5 years. In most cases, commercial imports can make up those losses. Haiti, Honduras and Nicaragua, however, the chronically food insecure countries in the region, suffer consumption declines after severe shortfalls.

LAC consumption as a share of requirements by quintile in 2002



Sources of grain in LAC



Latin American and the Caribbean: Food aid

	Total food aid received		Food aid per capita		Highest food aid amount received	Year	Food aid as % of imports	
	1980-90	1991-2000	1980-90	1991-2000			1980-90	1991-2000
	1,000 tons		Kg		1,000 tons		Percent	
LAC	14,825	9,775	24	12			45	17
Bolivia	1,945	1,581	30	20	306	1983	68	32
El Salvador	2,089	398	40	7	278	1985	92	11
Guatemala	1,277	1,034	14	10	323	1987	50	18
Haiti	1,139	1,325	17	16	195	1989	49	27
Honduras	1,105	862	24	14	167	1981	77	28
Nicaragua	1,068	903	29	16	701	1987	62	36

Source: FAOSTAT, ERS calculation.

drought occurs at a considerably higher frequency than other regions. Between these four countries, about 8 million people have seen their livelihoods eroded by recurrent droughts, according to a recent report by the World Food Program. Most of the people affected are landless peasants with few skills and job opportunities.

While some countries in the region have moved away from the brink of food insecurity, a severe production shock could still produce large food gaps. Bolivia, for example, has suffered five major production shortfalls in the last 20 years, two of which left the country with a grain output of more than 20 percent below trend. If Bolivia suffered a shortfall of 32 percent, as it did in 1983, its nutritional food gap would soar close to 280,000 tons, or more than 50 percent of current commercial imports. Other countries that would have large nutrition gaps if subjected to production shocks similar to the worst one experienced during the last two decades include Ecuador and El Salvador (140,000-ton gap) and Peru (500,000-ton gap). These gaps, however, represent roughly 20 percent of the country's current commercial import level. In a year of an emergency, imports could likely fill the gaps.

Honduras and Nicaragua, which are already struggling with food insecurity, experienced frequent production shocks (production shortfalls of more than 10 percent below trend)—on average, one every 4 years during the last two decades. The worst shock experienced in Honduras was a 24-percent production shortfall in 2001. Food gaps in 2003—if such a shortfall were to occur again—would be 323,000 tons, or 50 percent of current commercial imports. The largest shortfall in Nicaragua was 28 percent. A shock of this size would lead to a nutritional gap of close to 450,000 tons, almost twice the current level of commercial imports, and would have a significant effect on food security unless external assistance increased.

If current trends persist, shocks to domestic production will become less threatening to food security as commercial food imports constitute an increasing share of food supplies. In 2002, 43 percent of food supplies in the 11 study countries consisted of commercial imports, and this share is projected to increase to more than 50 percent within the next 10 years. However, the current increase in cereal prices is a reminder that dependence on imports introduces another source of volatility into the food security equation. Most countries in the region are reducing their cereal imports somewhat in response to comparatively high international prices, although this slight decline is not expected to have a noticeable effect on food security.

Volatility in international commodity prices, such as the recent drop in coffee prices, introduces another threat to food security as food import dependency grows. Several countries in the region depend on coffee exports for a considerable share of their export earnings, and the recent drop in coffee prices has reduced export earnings. Furthermore, a crisis in the coffee sector can lead to higher rural unemployment and thus affect food security by reducing household incomes.

Food aid to Latin America and the Caribbean has been an important instrument in filling food gaps, but it has declined significantly over the last two decades, as the capacity for commercial imports increased. During the 1980s, food aid constituted 45 percent of total imports of the study countries, but during the 1990s it was only 17 percent. Per capita food aid averaged 24.1 kg per year between 1980 and 1990 and dropped to 11.7 kg during the 1990s. A reversal of this trend is highly unlikely given the improved income potential of most countries in the region.