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FEATURED Q&A

Are Smaller Countries Falling Behind in Agricultural R&D?

Q A recent study funded in part by the non-profit International Food Policy Research Institute suggested that "the most worrying trend" in agricultural research and development in Latin America and the Caribbean was that the region's low-income countries are slipping behind in their ability to generate new technologies and varieties compared to the larger countries. Do you agree that this is a problem governments need to address? Should big countries be doing more to support smaller nations? What role should the private sector play in agricultural R&D?

A Guest Comment: Gert-Jan Stads and Nienke Beintema: "Substantial empirical evidence supports the argument that investment in agricultural R&D has contributed to agricultural development, economic growth and poverty reduction, both in low- and middle-income countries. However, many of Latin America's low-income countries, such as Guatemala, Honduras and Paraguay, have seen significant cuts in their agricultural research investments in recent years, while many middle-income countries, such as Argentina, Mexico and Uruguay, reported increases. The reasons for these cuts in low-income countries are manifold, including reduced donor support and a lack of political priority to allocate government funds to agricultural R&D. Although new agricultural varieties and technologies spill

over relatively easily from one country to the next, this does not mean that low-income countries can simply rely on research conducted elsewhere. It is still of critical importance that countries continue to invest adequate amounts in agricultural R&D themselves in order to adapt these new varieties and technologies to local needs. Although quantitative evidence is limited, the private sector appears to have stepped up agricultural research spending in a number of Latin American countries in recent years. However, most private-se-

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During Visit to Mexico, Obama Vows Support in Fighting Cartels

In his first visit to Latin America since taking office, US President Barack Obama (R) met Thursday with Mexican President Felipe Calderon, and pledged to support Mexico in its fight against drug gangs. See story on page 2.

Photo: Mexican Government.

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NEWS BRIEFS

Bolivian Authorities Break Up Alleged Plot Against Morales

Bolivian authorities said Thursday they thwarted an alleged plot to assassinate President Evo Morales, the Associated Press reported. Police and the accused conspirators exchanged gunfire for a half hour in Santa Cruz. Police killed three of the suspects and arrested two of them. Morales said he ordered authorities to attack the international suspects after receiving information they planned to assassinate him.

Mexican Senate Agrees on Bill to Regulate Consumer Interest Rates

Mexico's Senate on Thursday passed a preliminary version of a law that gives the Central Bank power to regulate consumer interest rates and fees, reported local daily *El Universal*. Although Central Bank officials would not directly set rates, they would be responsible for monitoring banks and financial institutions to ensure loans are being given on reasonable and accessible terms. A more detailed version of the measure will have to pass a Senate vote next Tuesday before going to the lower house for debate.

Vale Reels in Nickel Production As Global Demand Falls

Brazilian mining giant **Vale** said Thursday it would take steps to slow nickel production due to decreased global demand. The company will postpone the opening of its Onca Puma plant in Para state, previously scheduled for January 2010, until at least next April, according to a press release. In addition, Vale said it would close plants in Ontario, Canada during the months of June and July, including a plant in Sudbury that accounts for 31 percent of the company's output of finished nickel.

Political News

In Mexico, Obama Vows to Support Country's Fight Against Drug Cartels

During his first trip to Latin America since taking office, US President Barack Obama vowed Thursday to strongly support Mexico's battle against drug cartels, Reuters reported. During a welcoming ceremony in Mexico, Obama said the United States will work closely with its southern neighbor in fighting the cartels and the violence drug gangs have caused in Mexico. "At a time when the Mexican government has so courageously taken on the drug cartels that have plagued both sides of the borders, it is absolutely critical that the United States joins as a full partner in dealing with this issue," said Obama. On Wednesday, the day before Obama arrived in Mexico, 15 assailants and one Mexican soldier were killed in a shootout in Guerrero state, the Associated Press reported. Soldiers patrolling an area of high drug cartel activity came under attack in a mountainous region near the town of San Nicolas del Oro. During his visit, Obama also announced that he will urge the US Senate to approve an arms treaty designed to restrict the flow of weapons to drug cartels and other armed groups in the Western Hemisphere, *The Washington Post* reported. The Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives and other Related Materials calls on countries to take several steps to curb illegal manufacture and trafficking of weapons. The United States is one of four countries in the hemisphere that has not ratified the treaty. Obama and Calderon also agreed to form a new partnership to fight global warming, Reuters reported. "The Bilateral Framework will focus on: renewable energy, energy efficiency, adaptation, market mechanisms, forestry and land use, green jobs, low carbon energy technology development and capacity building," the White House said in a statement. After the day-long visit to Mexico, Obama heads to Trinidad and Tobago, where the Fifth Summit of the Americas opens today in Port of Spain.

As Summit Begins, OAS Secretary General Calls for Reintegrating Cuba

On Thursday, a day before the opening of the Fifth Summit of the Americas, Organization of American States Secretary General Jose Miguel Insulza strongly called for reactivating Cuba's membership in the organization, *The Miami Herald* reported. "I want to be clear: I want Cuba back in the inter-American system," Insulza said in an interview with the newspaper. Cuba was suspended from the OAS in 1962 because of its ties to the Soviet Union. Cuba is not on the official agenda for the three-day summit in Port of Spain, but the issue is a significant concern of the leaders gathered for the summit, to which Cuba was not invited. On Monday, the Obama administration lifted restrictions on travel and remittances to the island for

“ I want to be clear:
I want Cuba back in the
inter-American system. ”

— Jose Miguel Insulza

Cuban-Americans. On Thursday, Obama told CNN en Espanol that the US wants "some signal that there are going to be changes in how Cuba operates" in allowing freedom of speech, travel and religion. "And if there's some sense of movement on those fronts in Cuba, then I think that we can see a further thawing of relations and further changes," Obama said. Hours later, Cuban President Raul Castro signaled a willingness to talk, saying "we have sent word to the US government in private and in public that we are willing to discuss everything—human rights, freedom of the press, political prisoners, everything," the Associated Press reported. In related news, Venezuelan President Hugo Chavez on Thursday said his country will vote against the Summit of the Americas declaration, which refers to democracy, arguing it should not be used to shut out Cuba, the Associated Press

reported. Chavez said the declaration reinforces a US foreign policy that puts the interests of Latin America below those of Washington.

Clinton: United States May Grant Temporary Asylum to Haitians

The United States may grant temporary asylum to Haitians living in the country illegally, US Secretary of State Hillary Clinton said Thursday during a visit to the Caribbean country's capital, Agence France-Presse reported. "We are looking carefully at the policy which we inherited and we are going to be considering how



Clinton

File Photo: US State Department.

best [for those] who are here to continue to have those resources," Clinton said in Port-au-Prince. "But at the same time, we don't want to encourage other Haitians to make the dangerous journey across the water."

Haiti, the poorest country in the Western Hemisphere, was wracked by a series of deadly storms last summer and the US authorities are poised to deport more than 30,000 Haitians living illegally in the United States. If the US allows them to remain under Temporary Protected Status (TPS), the change would only apply to Haitians living in the United States before US President Barack Obama took office in January. "People who were there before President Obama became president would be eligible. People who came after would not be," Clinton said, adding no final decision has been made. TPS currently covers immigrants from countries including El Salvador, Honduras and Nicaragua. Clinton added that she was "encouraged" by Tuesday's donors conference in Washington in which countries pledged \$324 million in aid for Haiti, including \$57 million from the United States. Clinton left Haiti Thursday for the Dominican Republic, where she will visit until heading to Trinidad and Tobago for the Summit of the Americas.

Featured Q&A

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tor investments are geared toward export crops and have limited impact on the livelihoods of small-scale subsistence farmers. There is therefore still a key responsibility for the government sector in conducting and funding R&D on natural resources, livestock and food crops for subsistence consumption, particularly in low-income countries. Major advances in genetic improvement of food crops or in livestock medication, for instance, can have a tremendous impact on farm yields, farmer income, and rural development more generally."

A Guest Comment: Steve Suppan: "My general view is that R&D investments often have long timelines and are difficult to justify in rate of return terms over the short term. Those investments are usually for large projects relative to smaller government agriculture budgets.

“R&D investments often have long timelines and are difficult to justify in rate of return terms over the short term.”

— Steve Suppan

The food, energy and financial crises of 2007-2008 and the resulting huge private capital outflows from the region make the need for immediate returns more critical. My preference, given the near

term needs of smaller countries in the hemisphere, is for investment in post-harvest infrastructure and roads to make sure that existing production gets to markets in support of household food security and rural development. For example, according to Kofi Annan, about 40 percent of African agricultural production rots in the fields for want of such infrastructure. Furthermore, because the global financial debacle and currency devaluations have undermined the comparative advantage argument for continuing or increasing net food import dependence, many smaller governments want to invest in infrastructure to enhance and diversify national productive capacity. So before public money goes into more hi-tech investment for export crop production, I'd recommend ensuring that current resources for domestic food security are optimized by infrastructure and training investments in refrigeration, processing, warehousing and agricultural transportation."

A Guest Comment: Federico Ovejero and Jim Travis: "We do agree that this agricultural R&D gap is a problem governments need to address. Big countries can assist by sharing best practices that help smaller nations develop efficient platforms in order to facilitate private company investment in various sectors in the smaller nations. These platforms should include training programs to help develop local scientists and regulators, as well as to develop mechanisms that will facilitate public-private interaction. Last but not least, larger countries like the United States should assist smaller ones to

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Company News

Brazil's Petrobras Seeking Loans to Finance Suppliers

Brazilian state-owned oil company **Petrobras** is in discussions with the United States, South Korea and other countries to seek loans to help finance its

suppliers, Bloomberg News reported Thursday. The loans would aid Petrobras in financing suppliers who provide Brazil's oil industry with rigs, oil platforms and ships, said Petrobras CEO Jose Sergio Gabrielli. "We are seeking long-term proposals that will also help these countries stimulate their own industry," Gabrielli said.

Featured Q&A*Continued from page 3*

develop efficient intellectual property protection systems to protect both local and foreign technologies to be used in those countries as a way to incentivize

and the Caribbean by starting Fontagro, a regional fund for agricultural research created 10 years ago. There are many more good examples where governments, collectively, set up sub-regional, regional or global organizations to reach the

“This is an issue that governments should address, and they could address it by investing collectively.”

— *Ruben G. Echeverría*

both foreign and local R&D. An important role for the private sector would be to help establish and maintain meaningful, efficient IP systems. Protecting intellectual property provides the incentive for larger, more robust investments in R&D, both in the private and public sectors.”

A **Guest Comment: Ruben G. Echeverría:** "I fully agree with the statement of the IFPRI study. We are experiencing a real fork in the road, in the sense that private sector research is not growing much in developing countries while it continues to grow in the more developed countries. At the same time public research investment continues to be concentrated on a few countries (Brazil, China, India, South Africa, Mexico, *etc.*). I agree that this is an issue that governments should address, and they could address it by investing collectively—by sharing research capacities and funding in order to make the most of scarce research resources. There have been many examples that have worked in the past, for instance the creation of a global consortium to implement public research activities with public-good type characteristics. The Consultative Group on International Agricultural Research is a good example, and IFPRI has been one of the stars in this consortia. At the regional level there is also the possibility for governments to collaborate; and they have done so, for instance, in Latin America

economies of scale needed in agricultural science investments today. The private sector has played a key role in agricultural R&D and it could play an even larger role in developing country settings as the market (property rights, infrastructure, *etc.*) context improves. However, it only complements what the public sector should or could do, since there are many aspects of agricultural research where markets fail, and that's why both public and private research investments are needed. Much more investment is needed, in fact, if you consider the huge global challenges of food security, poverty alleviation and adaptation to climate change."

Gert-Jan Stads is program coordinator and **Nienke Beintema** is head of the *Agricultural Science and Technology Indicators Initiative at the International Food Policy Research Institute.*

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