



**Implementing the  
CSME Community  
Agricultural Policy:  
Issues, Options and Process**

May 2009



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**Editorial coordination:** Diana Francis

**Layout:** Kathryn Duncan

**Cover design:** Kathryn Duncan

**Printed:** Orange Printers, Trinidad and Tobago, W.I.

Antoine Patrick

Implementing a CSME Community Agricultural Policy:  
issues, options and process / IICA. - Port of Spain:  
IICA, 2009.

53p. ; 17.78 cm x 25.4 cm

ISBN 13: 978-92-9248-019-6

1. Agricultural policies - Caribbean 2. Treaties 3. Agroindustrial  
sector 4. Caribbean 5. CARICOM I. IICA II. Title

AGRIS  
E14

DEWEY  
338.181

Port of Spain, Trinidad and Tobago  
2009

## Background

***“Recalling the Declaration of Grand Anse and other decisions of the Conference of Heads of Government, in particular the commitment to deepening regional economic integration through the establishment of the CARICOM Single Market and Economy (CSME) in order to achieve sustained economic development based on international competitiveness co-ordinated economic and foreign policies, functional co-operation and enhanced trade and economic relations with third States.”***

So starts the preamble of the 'Revised Treaty of Chaguaramas establishing the Caribbean Community, including the CARICOM Single Market and Economy' signed by Heads of Government of the Caribbean Community on July 5, 2001 at their Twenty-Second Meeting of the Conference in Nassau, the Bahamas. The decision to establish the CARICOM Single Market and Economy (CSME) was a key strategic response to the region's positioning into the global trade arena and the changing global economic environment. The CSME's objective is to go beyond facilitating the liberalisation of intra-regional trade, to the creation of a Single CARICOM economic space that provides a base market to aid and grow industries and economies through free movement of factors and establishment rights. Implementation placed emphasis on consolidating the Single Market or single economic space by 2006. The Single Economy, to be established by 2008, would further harmonise economic, monetary and fiscal policies and measures across all Member States.

In order to guide the CSME development process, Heads of Government mandated the preparation of the Single Development Vision, subsequently approved in July 2007. A single development vision for the Community will need to be holistic, addressing the economic, social and environmental aspects of development and matters of governance. Achieving the single development vision will also depend heavily on the three pillars of the CARICOM integration process. These pillars would “have to be mutually reinforcing in order to fully realise the potential benefits of integration.” Girvan (2006)<sup>1</sup> In particular, ‘common economic policies lead inevitably, to functional cooperation in areas that are critical to attaining international competitiveness, including human resource development, science and technology and research and development, standards, and finance and planning.’

The agriculture-fisheries-forestry industry, both explicitly and by linkages through agro-tourism, is defined as one of the economic drivers of the Single Development Vision. Girvan (2006) explained that “economic drivers are sectors or clusters of activities whose expansion is expected to drive economic growth in the Community as a whole.

To qualify as a ‘driver’, a sector must have the potential for sustained growth of exports to international markets, or have substantial potential for growth in intra-regional trade, or can generate significantly expanded supplies of a key input underpinning international competitiveness in other activities.

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<sup>1</sup> ‘Towards the Single Economy’, Report by Norman Girvan [Draft dated September 21, 2006] based on a three-day High-Level Symposium ‘Caribbean Connect’, Sherbourne Convention Centre, Barbados June 28-30 2006. [http://www.caricom.org/jsp/single\\_market/single\\_economy\\_girvan.pdf](http://www.caricom.org/jsp/single_market/single_economy_girvan.pdf)

A driver does not have to be present in the economies of all member states, it can be concentrated in one or two economies for reasons of resource availability, but it must be capable of imparting dynamism to other economies and to the Community as a whole." The other economic drivers are energy, manufacturing, sustainable tourism and agro-tourism and emerging export services.

***"The response for agriculture by our States, singly and collectively, requires major adjustments to how we engage and finance the business of agriculture, organize our supply base, including provision of the requisite support services and infrastructure for consolidating, selecting, certifying and distributing on a national, sub-regional, regional and international basis; market our products; and procure our inputs. These have significant policy implications, not only for our Ministers of Agriculture and our entire Cabinets at the national level, but also for the Conference of Heads of Government and the Ministers of Agriculture at the regional level". (Bharrat Jagdeo, 2004)***

This was among the conclusions of President Bharrat Jagdeo, Lead CARICOM Head responsible for agriculture, during the presentation of 'A Framework for the Repositioning of Caribbean Agriculture' to the Twenty-Fifth Meeting of the Conference of Heads of Government of the Caribbean Community, Grand Anse, St. Georges, Grenada. July, 2004. CARICOM Heads of Government subsequently reaffirmed their support for the agricultural development process by endorsing this framework aimed at alleviating key binding constraints. This framework acknowledges the importance of agriculture and rural life in economic growth, poverty reduction and integrated development in member states. It also reinforces the need for a collective response to common issues and challenges to agricultural development in CARICOM, including the need for policy harmonisation and functional cooperation in several areas.

Harmonisation of agricultural policy in CARICOM will require extensive, inclusive and comprehensive consultation across diverse stakeholders groups. Such regional dialogue cannot be substituted. The region needs to make a firm decision with respect to a regional agricultural policy. IICA, with financial support from the Technical Centre for Agricultural and Rural Cooperation (CTA) of the EU - African Caribbean and Pacific (ACP), based in The Netherlands, is contributing to the process by preparing this paper and facilitating regional dialogue to highlight the major issues and options, process and imperatives for policy harmonisation in agriculture. This contribution builds on the commitment, goals and framework for harmonised community policy for agriculture enshrined in Chapter Four, Part Two of the Revised Treaty. It also seeks to address the problem of a general lack of understanding both within and outside of the agricultural community as to the real benefits of a community policy for agriculture within the CSME. It also seeks to provide input into decision making processes and procedures for implementing a CSME community agriculture policy (CCAP).

The contents of this publication include perspectives on the issue of a community agriculture policy in CARICOM, the full paper on Issues, Options and Process for Implementing the CSME Community Agriculture Policy (CCAP), authored by Dr. Patrick Antoine, and a summary of the main outcomes of the technical meeting to discuss the directions provided by the paper and continuing the process to the full articulation of a CCAP.

IICA, on behalf of the CTA and stakeholders in CARICOM, acknowledges the professional interest, time and effort of Dr. Patrick Antoine in undertaking this assignment to prepare this paper and in facilitating the presentation and discussion on its contents at the technical meeting.

IICA, on behalf of stakeholders in CARICOM also acknowledges the contributions of the CTA in providing the financial means to undertake both the issues and options paper, to host the presentation and dialogue on the paper at the technical meeting in April and to disseminate the information through the printing of this publication.

The paper and technical meeting were made possible under the “Caribbean Regional Agricultural Policy Network” (CaRAPN)’, managed by the IICA Trade Policies and Negotiations programme in the Caribbean, with financial support from the CTA. Since its establishment in 2003, CaRAPN’s specific focus has been to ensure wider availability and access to relevant information and analysis as essential inputs for dialogue, decision-making, policy formulation and collaborative action.

## Perspectives

***In the CSME, we speak to the issue of 'community' policy, which is not necessarily 'common' policy. We need to determine how and what shape our community policy will take. We have already started the process..***

### **Community Policy - pursuing a regional perspective**

**Desiree Field-Ridley**

Advisor, Single Market and Economy  
CARICOM Secretariat

There were a number of issues driving the decision to move to a CARICOM Single Market and Economy (CSME). Primary among those was the need for increased production and particularly, competitive production. The thinking at the time was influenced by the potential loss of preferences, which have now become a reality. The region was also, at the same time, experiencing a fall in community production, while community and member states objectives emphasised issues, such as, full employment and improved standards of living, which will require resources and production. It was obvious that the region needed to use synergies from integration given the smallness of the economies and communities. At this point in time these issues still hold good and added to that has been more recent developments of the global food crisis and the financial crisis, which promoted an increased focus on food and nutritional security. This brings us back to agriculture and has also stimulated a greater consciousness of the changes in export markets and the need to be market-oriented to address the consumer needs.

The CSME platform provides the basis for more efficient agriculture. It provides a market and a source for inputs, final products and raw materials for factors of production. It creates possibilities for production integration, to allow entrepreneurs to look beyond national borders to regional resources and materials. It also presents opportunities for economies of scope and scale which otherwise might not be an option. The single economic space, established in 2006, though while not perfect, provides the basic elements for goods, services, skills, capital and for the establishment of businesses anywhere in the region, supported by institutions and harmonised arrangements. The challenge, particular for the single economy, is to operate a single economy without a single political directorate. This is a well known and appreciated limitation.

In the CSME, **we speak to the issue of 'community' policy, which is not necessarily 'common' policy. We need to determine how, and what shape our community policy will take. We have already started the process,** to some extent, with the fisheries policy and regime that is currently being developed. The responses and hesitations at the level of member states to the exercise in fisheries, to some extent, have lessons for the region in terms of how far we can reasonably proceed in the first instance, with policy harmonisation in agriculture. However, this should not prevent us seeking to identify what is best, in terms of the ultimate. What it teaches us is that we cannot go at a rate faster than member states are prepared to go. We must recognise that in our community arrangements, to a very large extent, member states have been slow to make the transition from a national to a regional perspective.

However, that should also not prevent us from pursuing a regional perspective in areas where the best results are possible and also in terms of supporting member states' own objectives. National objectives are not very much different from the regional objectives. If we accept that, then I think we would find ourselves on a paramount operational basis than otherwise.

The Single Economy itself moves us into areas past trade, which is what the single market, for the most part, deals with. It moves us into the areas of the sectors and the macro-economic framework. That macro-economic framework particularly will be supportive of the agriculture sector and address issues of harmonised investment policy, fiscal policy coordination, capital market integration and private sector insertion. Our experience in agriculture policy development and strategy over time has had its limitations. In developing Chapter Four of the Revised Treaty, the agriculture community policy was included and it sets out the goals and some of the strategies for implementation. The Treaty acts as a framework agreement which lends itself to further developing the elements and to develop the kind of policy required. We also needed to look at Part Three of Chapter Four, which sets out the support services that seek to address issues such as, human resource development, research and development, intellectual property rights, environmental protection, standards and investment policy. These will be equally critical to agriculture as they are to any other sector in the region.

The Revised Treaty of Chaguaramas included decisions taken prior to the Treaty, for the transformation of regional agriculture into a market-oriented, competitive, productive sector, even while issues of the environment are accommodated. The current strategy of focusing on key binding constraints (Jagdeo Initiative) is one which is expected to move the process at a faster rate. The Regional Transformation Programme for Agriculture was a 1995/1996 decision; we are now in 2009. What has become known as the "Jagdeo Initiative" is also probably four years old! We need to be able to identify what are our specific and necessary requirements for agriculture. We have a framework; we have learnt lessons from our various initiatives; we have support measures and institutional arrangements, such as, the Caribbean Agricultural Research and Development Institute (CARDI). We have to be able to bring this all together in a coherent manner so that we can in fact identify what it is to agriculture policy.

When Heads of Government agreed on the Single Development Vision for CARICOM and agreed on the need for a strategic plan it was not by accident that agriculture was identified as one of the drivers in that process. Agriculture was once again on the front burner in the region and it was felt that its specific position was to give us an 'early harvest', in the sense that more human and perhaps financial resources were being focused on agriculture. At the Secretariat level itself, we have been able to mobilise resources from the European Union (EU), focusing on the process for developing the strategic plan for agriculture and supporting member states in the preparation and implementation of that strategic plan. Also in terms of enterprise development, we have been receiving support from IICA and the Food and Agriculture Organisation (FAO) of the United Nations. The expectation is that we should be able to bring all these resources together to develop the agriculture policy to result in increased competitive agriculture production, increased earnings of resources necessary to contribute to employment, enhanced welfare of our citizens, increased share of global and regional markets and on far firmer footing that we now are. So I look forward to us identifying how we go forward.



***The opportunities are more significant than the constraints. A CCAP could be the vehicle for finally breaking out from the straightjacket of commodity sales to the EU. A consolidated import policy in a CCAP would avoid several of the problems currently faced by individual CARICOM members.***

### **A Common Agricultural Policy for the 21st Century**

**Professor Tim Josling**

Professor Emeritus, Stanford University

Implementing the CSME Community Agricultural Policy (CCAP) is an opportunity to craft a policy that will serve the region well in the coming decades. It should be built on a realistic view as to what is best accomplished at the Community level. It should be consistent with the external commercial policy of CARICOM and with the development of the CSME. The CCAP will have to exist within the bounds of multilateral trade rules and the overall economic and trade environment. Moreover, to be fully useful it should take advantage of this environment to strengthen the position of CARICOM countries in world markets.

The paper under discussion highlights some of the constraints and opportunities that are germane to the design and implementation of the CCAP. To achieve its aims the CCAP must first and foremost be a "modern" agricultural policy. This means that it should avoid the inward-looking paradigm of building a protective wall around the domestic sector and relying on the rapidly diminishing benefits of preferential access for a few traditional exports. It should take an active role in improving quality and reliability of supplies and developing markets abroad and at home. It should encourage intra-regional trade and improve information and market transparency. It should be consistent with social objectives without seeking to resolve all social problems by manipulation of rural policy.

External constraints on the implementation of this policy are unlikely to be obtrusive. The World Trade Organisation (WTO) sets (in the Agreement on Agriculture) comprehensive rules for the domestic agricultural policies of members including binding the level of tariffs, limiting the subsidies paid to exports and constraining the trade-distorting support given within the border. There is no indication at present that these constraints will restrict the CCAP as envisaged in the Report. But if the Doha Round is concluded then the WTO schedules could have some impact.

The WTO also (in the Sanitary and phytosanitary (SPS) and Technical Barriers to Trade (TBT) Agreements) guides member states in their application of health and safety regulations and technical standards. To the extent that the CCAP takes over any of these functions from national governments, then the consistency of common regulations will need to be considered. Again, no part of the Report suggests problems in this regard. WTO constraints on Customs Unions (in Article XXIV: General Agreement on Tariffs and Trade (GATT) 94) also act as potential constraints on the CCAP. The CARICOM has never been challenged in this regard and the European Union (EU)-Economic Partnership Agreement (EPA) is designed to be consistent with this article. The Caribbean Basin Initiative (CBI) and Caribbean-Canada (CARIBCAN) have existed under a waiver from WTO obligations. The CCAP should be specifically designed to demonstrate consistency to avoid the uncertainty of challenges from trade partners or the need for waivers. Inclusion of non-WTO members in a CCAP should also pose no difficulties, as the WTO does not have any rules regarding such countries. However, inclusion of non-CARICOM members if they are WTO members would perhaps require a waiver as it certainly would violate Article I (non-discrimination).

**The opportunities are more significant than the constraints. A CCAP could be the vehicle for finally breaking out from the straightjacket of commodity sales to the EU.** The EU-EPA maintains market access but a comprehensive CCAP trade policy including export market development would build on traditional linkages without being constrained by them. The costs of such market developments are beyond the reach of individual regional governments. Several region-wide bodies already attempt this function, but bringing them under the umbrella of a CCAP would focus efforts and make better use of funds.

A consolidated import policy in a CCAP would avoid several of the problems currently faced by individual CARICOM members. Protection against imports by means of tariffs is already limited under the CSME. If the Doha Round is successful the scope for tariff protection will be further reduced. But trade agreements allow for safeguard action to guard against import surges. And coordinated action against disruptive imports, whether caused by dumping or foreign subsidies, would be more effective than individual member action.

Developing a policy that allows collective action in the face of market fluctuations is also likely to be more effective at the regional level. Sharp price increases disrupt markets, but at least generate windfall gains for exporters of those products. Sharp price falls can devastate agricultural producers and processors. A CCAP could help to develop some collective insurance scheme that would spread risks and help to maintain confidence and encourage investment.

More significant in the long run is likely to be the need to respond to long-term shifts in climate that are widely anticipated. This influences the agriculture of the region in two ways. First, mandatory steps to reduce the emission of green-house gases are possible in the next few years. Conformity may become a condition for exporting. Second, the impact of global warming itself could change weather patterns in the region and effect yields and production systems. Collective action by CARICOM members may not only be necessary to avoid tensions within the region but beneficial in sharing costs and information. Technical agencies within CARICOM will need political support to be effective in this regard.

Much can be done in the next few years to modernise agricultural policies in the Caribbean region. Individual countries are aware of the challenges and have the ability to make improvements. Joint action seems to hold out more promise. There are many things that can best be done in cooperation with other CARICOM members. In several of these, particularly with respect to trade policy, this cooperation could take the form of collective action and the development of region-wide institutions.

# **Paper: Implementing a CSME Community Agricultural Policy (CCAP): Issues, Options and Process**

## **Acknowledgements**

The author, Patrick Antoine, would like to acknowledge the contribution of Professor Timothy Josling (Stanford University) in early drafts of the paper.

The review and suggestions of Professor Timothy Taylor (University of Florida) and Mr. Mark Thomas (Nathan Associates Inc-Emerging Markets Economics) added value to the final version of the paper.

The assistance of colleagues at the CARICOM Secretariat was greatly appreciated, particularly the comments provided by Mr. Salas Hamilton of the CSME Unit.

Commendation is due to Ms. Diana Francis (IICA), for meticulously going through previous drafts of this paper, each time offering meaningful recommendations.

As usual, the author of the paper takes full responsibility for the views expressed herein, which are not necessarily those of the CTA or IICA, and for the accuracy and content, including any shortcomings, errors and omissions.

## **Executive Summary**

The commitment and goals to establish a Community Agricultural Policy are enshrined in Chapter Four, Part Two of the Revised Treaty of Chaguaramas. This represents a significant step towards realising the economic and political benefits of regional cooperation. As stated, the overarching goal of the community agriculture policy speaks to a fundamental transformation of agriculture towards market-oriented, internationally competitive and environmentally sound production of agricultural products.

Throughout this paper, the WTO (World Trade Organisation) definition of 'agriculture' is adopted to include food-based manufacturing and processing<sup>2</sup>. Accordingly, the terminology 'agri-food' will be used interchangeably with 'agriculture' throughout the paper.<sup>3</sup>

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<sup>2</sup> Defined as Chapters 1 – 24 of Harmonised System

<sup>3</sup> Distinction is made where necessary for primary agriculture, which refers to agricultural products in their raw or unprocessed state.

The paper is organised as follows.

PART I reviews some of the salient factors which emanate from the sector's performance. For most CARICOM countries, the importance of primary agriculture, even in terms of export earnings has declined significantly over the past two decades. Indeed, the highest per capita income countries are those that depend least on the agri-food sector and more on services, including tourism services. Though declining, the agri-food sector constitutes an important share of gross domestic product (GDP) and value added in many economies of the region (Refer to Table 1).

What can we draw from this performance? Successful experiences indicate that dynamic changes are occurring, which are redefining the role, structure and performance of the agri-food sector, and creating new growth opportunities for the region. The experiences of 'cutting-edge' private sector firms and initiatives demonstrate that even among countries where the traditional macro measures of agriculture have shown decline, dynamism exists at the micro level. Such dynamism continues to be largely misunderstood as a force for change in CARICOM's agri-food sector and remains largely unexploited. This provides a strong basis for a well-coordinated CSME Community Agriculture Policy (CCAP).

Part I of the paper also discusses some key economic changes that confront the agri-food sector, as pertinent issues for the conceptualisation of a CCAP. The discussion briefly tracks past attempts at framing regional agricultural policies since the modern efforts/processes marked by the 1973 Treaty of Chaguaramas. Lessons from these past efforts provide part of the context within which the CCAP must be framed and are used to assist in motivating a design for the CCAP. Salient issues pertinent to such a design for a CCAP form the focus in Part II.

PART II establishes the Treaty mandate for the CCAP. The discussion builds on the aims of the CCAP, as established in Article 56 of the Revised Treaty of Chaguaramas. Issues germane to reconciling the approaches to the development of a community agricultural policy and a community fisheries regime are highlighted. Admittedly, the development of the CCAP, which incorporates fisheries and natural resources, will present a number of difficult, though not insurmountable governance questions for CARICOM. However, the commitment to properly harmonise and coordinate policy among individual CARICOM Member States, through a strong regional organisation, can go a long way towards formulating a cohesive and well coordinated fisheries and natural resources policy, as an integral element of the CCAP. Article 57 of the Revised Treaty also establishes the instruments to be used in implementation of the CCAP, based on the involvement of both CARICOM bodies and Member State institutions. The relationship between these two constituent parts of the CARICOM system will be crucial.

Part II also offers an assessment of the CCAP, as contemplated in the Revised Treaty, with other agricultural policy regimes. The paper concludes that the CCAP framework, indicated in the Revised Treaty, already takes into account the particular nature of the agri-food sector in the region and does contribute to the overall development of stronger economic and political links among CARICOM countries.

The principles, goals and context/scope of coverage of the CCAP are also discussed. Principles are enunciated in the Revised Treaty of Chaguaramas and the Treaty of Basseterre. Wherever appropriate, the disciplines established by the WTO<sup>4</sup>, including their subsequent modifications, amendments and expanded scope of coverage to new areas of discipline also form part of the core principles of the CCAP. The components of the CCAP, including the core and cross-cutting areas/programmes are outlined. The specific areas of attention are (a) Community Agribusiness Development Strategy, (b) Community Agricultural Trade Strategy, (c) CARICOM Agri-Food Development Fund, (d) Community Production Stabilisation Programme; and Cross-Cutting Issues, namely, (e) Small Sized Agri-Food Enterprises, and (f), a Communications Strategy.

Part III offers some directions for implementation of the CCAP. Important considerations on institution building and financing are also addressed. These two inter-related issues will need to be accorded significant attention in the development and implementation of a comprehensive CCAP. Further, the discussion suggests that the process toward developing a comprehensive CCAP should commence in the first quarter of 2009, perhaps with funding from the EU, Canadian International Development Agency (CIDA) and CARICOM Community based on the orientations provided in this paper.

In conclusion, this paper highlights the major issues and options, process and imperatives for policy harmonisation in agriculture, through a CCAP at this stage of development in the CSME. The paper sketches the broad contours that such a consensus CCAP will need to follow. It must be emphasised that this paper is not intended to develop or, elaborate a full blown CCAP. Such an elaboration of a comprehensive CCAP will require inclusive and comprehensive consultation, across diverse stakeholder groups.

Instead, the paper offers a 'synthesis' of the critical issues which will need to be considered in the development of a comprehensive CCAP. The exercise is also not an effort to write a new policy or over-write the existing official regional policy frameworks. It explicitly recognises, and uses as its framework, Article 56 of the Revised Treaty, which provides the model for the CCAP. This effort also seeks to highlight issues that may not have been present or as dynamic when the RTP and even the Revised Treaty was prepared almost ten (10) years ago. The intention is to build on the framework and process, and add value to an established mandate – Article 56. The paper forms an input into the regional dialogue and consultations which will inform policy directions and recommendations, towards the elaboration of the comprehensive community agricultural policy.

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<sup>4</sup> The participation of the Bahamas with respect to the Single Market arrangements which form an integral part of the Revised Treaty of Chaguaramas and as well its decision to accede to the WTO; As well as ability of Montserrat to undertake reciprocal commitments within the framework of the CARICOM Single Market and Economy are important issues to be determined. The CCAP contemplated participation by these CARICOM Members, whenever such participation is deemed appropriate.

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## Part I: Introducing the Underlying Issues

### 1.1 Why bother?

*making the case for agriculture*

The role of agriculture differs within CARICOM (Table 1)

Table 1: Structure of Economies - CARICOM Countries									
Countries	1980	1990	2000	2005	Countries	1980	1990	2000	2005 <sup>1</sup>
	% of GDP					% of GDP			
<i>Antigua/Barbuda</i>					<i>Haiti<sup>2</sup></i>				
Agriculture	7.1	4.2	3.9	3.7	Agriculture	na	na	na	28
Industry	8.1	20.1	19.8	22.9	Industry	na	na	na	20
Services	74.8	75.7	76.3	73.4	Services	na	na	na	52
<i>Belize</i>					<i>Jamaica</i>				
Agriculture	27.4	20.0	17.2	16.2	Agriculture	91.1	8.1	6.7	5.0
Industry	30.9	22.2	21.1	18.0	Industry	42.4	45.9	31.3	29.8
Services	41.7	57.8	61.7	65.8	Services	59.3	59.4	62.0	56.8
<i>Barbados<sup>2</sup></i>					<i>St. Kitts/Nevis</i>				
Agriculture	7.0	7.0	6.3	5.8	Agriculture	15.9	6.5	2.7	3.0
Industry	20.4	20.1	20.2	20.0	Industry	26.6	28.9	28.9	28.3
Services	72.6	72.9	73.5	74.2	Services	57.5	64.6	68.4	68.7
<i>Dominica</i>					<i>St. Lucia</i>				
Agriculture	30.7	25.0	18.1	18.7	Agriculture	14.4	14.5	7.4	3.0
Industry	20.9	18.6	23.4	23.0	Industry	23.6	18.1	19.6	28.3
Services	48.4	56.4	58.4	58.3	Services	62.0	67.3	73.0	68.7
<i>Grenada</i>					<i>Suriname<sup>2</sup></i>				
Agriculture	24.7	13.4	7.7	8.5	Agriculture	10.1	9.5	9.2	9.6
Industry	13.1	18.0	24.3	23.1	Industry	17.1	17.5	12.7	14.5
Services	62.2	68.6	68.0	68.4	Services	72.8	73.0	80.1	75.9
<i>Guyana</i>					<i>Trinidad/Tobago</i>				
Agriculture	23.4	38.1	31.1	26.0	Agriculture	3.0	2.3	0.9	0.8
Industry	35.8	24.9	29.0	23.0	Industry	43.9	45.0	48.0	46.0
Services	40.9	37.0	39.9	35.0	Services	53.1	52.7	51.1	53.2
<i>St. Vincent/Grenadines</i>									
Agriculture	14.3	21.2	10.8	8.9					
Industry	26.5	22.9	24.0	24.2					
Services	59.2	55.9	65.2	66.8					
<sup>1</sup> 'Agriculture' representing the primary sector Source: Investing in Food security: Identification of Potential Investment Opportunities in the Agriculture and Food Industries in CARICOM. IICA CTA, 2009.									

Given the structure of its economy which is largely driven by oil and gas, Trinidad and Tobago is the least dependent on agriculture (Table 1). Belize, Dominica, Guyana and Haiti occupy prominent positions as “outliers” based on the continuing significant share of agriculture in their gross domestic product (GDP). Though a close examination of the production and export data indicates the dominance of the traditional commodities, sugar, rice and bananas, important non-traditional clusters are being developed. Moreover, for the CARICOM member states of Belize, Guyana and Suriname, in particular, the vast inventory of land, access to labour and strategic location provide unique gateways for CARICOM to Mexico, and Central America (Belize) as well as to the South American market (Guyana and Suriname). While primary agriculture remains economically important to these countries, for most other CARICOM countries, its importance, even in terms of export earnings has declined significantly over the past two decades. Indeed, the highest per capita income countries are those that depend least on agricultural and most on services, including tourism.

Among CARICOM countries, macro studies of the contribution of primary agriculture to GDP document a downward spiral, compared to relatively greater dynamism in the food and beverage processing component. While for some countries, the macro-economic evidence is representative of the true state of agriculture at the micro and sectoral levels, for others the situation is far more complex. Macroeconomic indicators obfuscate the creditable performance of some agriculture industries.

Developments in the agri-food sector of Trinidad and Tobago, the CARICOM State considered to be among the least dependant on the agri-food sector, serve as a sound case in point. On one hand, sugarcane and other traditional export crops have displayed the most consistent decline both in constant and current prices to GDP. Major agricultural food crops have displayed a fairly consistent pattern of low growth rates, and much of the variation in vegetable production can be explained by weather-induced crop failure and the lack of crop-risk insurance. On the other hand, food-based manufacturing and processing has grown. Throughout the post 2000 period, there have been marked increases in food processing, drink and tobacco and food manufacturing<sup>5</sup>. However, such increases were generally insufficient to offset the significant contraction in primary agriculture, particularly of the dominant export mono-crops and domestic and home produced agricultural goods. In the context of a rapidly growing Trinidad and Tobago economy, with low rates of unemployment, high levels of disposable income and rapidly shifting consumer tastes toward the “consumption of food away from home”, primary agriculture continues to evidence decline.



Among CARICOM countries, national and regional statistics do not include processed foods, food manufacturing and beverage in the definition of 'agriculture'. Given the WTO definition adopted in most economic policy studies, which properly make the connection between agricultural production and the increasingly important international trade sector, such national and regional measures result in an underestimate of the contribution of the agri-food sector. For example, a recent classified study of the brewing industry in Trinidad and Tobago indicates that in 2006, brewing activities (classified under industry) contributed the largest share, 26%, of processing sector value-added, and to just over 2% of total employment<sup>6</sup>. Importantly too, much of this growth has been driven by both product and process innovation. Other examples of dynamism as opposed to stagnation and decline are also evident in several other food processing industries in Trinidad and Tobago, and other CARICOM countries, including Grace Kennedy in Jamaica, Barons in St. Lucia, and similar firms in Belize and Barbados. Though seldom heralded, such examples of dynamism are well worth chronicling as case studies.

The Rituals example<sup>7</sup> is also worthy of case study, particularly for the lessons it holds for the development of a vibrant and successful Caribbean brand. Rituals, an up-scale café which began in Trinidad and Tobago, a little over three years ago, has since been franchised to ten Caribbean Countries. 'Rituals' serves as an excellent example of the benefits of the recent shift in consumer taste and preferences towards the consumption of "convenience food" and the consumption of "food away from home".

The proliferation of the fast food, restaurant and café segment of the food service industry over the past decade is demonstrative of the structural transformation ongoing among CARICOM economies, including major shifts in food consumption patterns. The example of Rituals and many others like it, demonstrates that even

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5 There exists a perspective that Trinidad and Tobago's food processing/manufacturing sector depends heavily on imported "raw materials". However, our conceptual framework deliberately makes no distinction, between products manufactured/processed from local/regional raw materials and those manufactured/processed from non-regional or imported raw materials. Indeed, there are some Member States for which the competitive advantage exists in transforming "raw materials", wherever sourced, into higher value added processed products, while for other Member States the advantage lies in the actual production of such raw materials/primary agriculture. A regional approach to agriculture must continue to accommodate both orientations. To the contrary, it is precisely these differences across Member States which creates opportunities for regional sourcing and regional production integration.

6 While the brewing industry is heavily dependent on imported raw material inputs which the region does not produce, an opportunity does exist at the regional level to spearhead a project on the production of tropical varieties using the abundant land resource of Member States such as Guyana, with joint venture capital from the brewing industry and national Governments. Generally though, the thesis is that value added activities have potential in expanding the economic contribution of both the food and agricultural sector.

7 On the issue of Rituals: what if there were no Rituals? If Rituals did not enter to fill a vacuum, then it would have been an extra-regional trans-national corporation, such as Starbucks. What if Starbucks had entered and dominated the regional market, then what? It also points to the need for measures to enable regional firms to carve out a space for regional agri-business.

among countries where the traditional measures of agriculture (primary agriculture) have shown decline, the dynamic changes are redefining the role, structure and performance of the food sector. These underlying economic shifts increasingly seek to “bundle”, or accumulate the services content in the value of agricultural products. This in turn, increases the agriculture value added in both absolute and relative terms.

Many if not all successful examples highlight at least two common drivers of competitiveness, an externally oriented focus (both regionally and extra-regionally), and an ability to rapidly respond to changing consumer taste and preferences. Accordingly, while cursory observation would suggest a pattern of contraction and generally declining competitiveness among many agri-food industries, particularly in the primary agricultural sector, significant dynamic changes driven by private sector innovation are leading to the emergence of a cluster of globally competitive agri-food firms and enterprises.

The above examples underscore the earlier point, that existing statistical macro mask much of the structural changes that have been altering the scope and composition of agriculture in CARICOM. Insightful analysis would indicate that the agri-food sector has not been immune from macro-economic and structural changes, though methodological and conceptual approaches to agricultural development often fail to recognise their significance. Accordingly, the structural transformations occurring in the agri-food sector continue to be largely misunderstood as a force for change in CARICOM agriculture and the new growth opportunities created are left exploited.

## **1.2 Why now?**

### *making a case for community agriculture policy*

The development of an agricultural policy informed by the successful experiences of “cutting-edge” private sector led firms and initiatives may yet yield tremendous growth, welfare and income benefits. A comprehensive CSME Community Agricultural Policy (CCAP) must focus on mechanisms for inducing innovation and change as key determinants of competitiveness among CARICOM agri-food firms and enterprises. This will be so, even for countries, where macro-economic indicators show a small and declining combined share of primary agriculture and processing, compared to other economic sectors.

The CCAP is being conceptualised at a time of significantly rapid economic changes, from which the agri-food system cannot be isolated. From the perspective of CARICOM's agri-food sector, the major factors include preference erosion, the volatility of global energy prices, a global food crisis, a global health crisis associated with chronic non-communicable diseases (CNCDs), the changing nature of export markets for the region's agri-food exports and the growing internal competition

among economic sectors for resources. These factors provide a valid argument for a well-coordinated response through the CCAP.

The movement in global energy prices from late 2007 (then over US\$ 80/barrel-crude) and towards the end of 2008 (at approximately US\$50/barrel-crude) demonstrate the rapid economic changes that confront the agri-food system<sup>8</sup>. As energy prices rose to record levels, competitor countries in the Hemisphere became increasingly engaged in various programmes aimed at increasing the production of bio-fuels. Biofuels have been advanced as an alternative to fossil fuels and as part of a solution set to mitigate oil dependency with potential positive impacts on climate change<sup>9</sup>. They have also been promoted as an opportunity for developing countries to develop new projects that will contribute to a large inflow of much needed resources to rural landscapes, as well as an opportunity to develop domestic energy industries and increase export earnings. A few CARICOM Countries have revealed serious interest in biofuels in their national policy discourse. If fossil fuel prices remain high, this will translate to a burgeoning interest in biofuels. (See Box 1).

### **Biofuel Developments in CARICOM**

In August, 2003 Trinidad and Tobago incorporated its first fuel grade ethanol plant, Trinidad Bulk Traders Limited (TBTL), a subsidiary of Angostura Holdings Limited. Industrial grade, sugarcane produced alcohol is imported from Brazil. The first shipment to the US, of four million US gallons was made in August 2005, under the Caribbean Basin Initiative (CBI). Jamaica is the Caribbean's largest producer of ethanol. In August, 2007, Jamaica opened a US\$20 Million ethanol plant built by Jamaica Broilers Group Ltd. at Port Esquivel in St. Catherine, representing the single largest investment in Jamaica's ethanol industry. This was the second energy-related project of the Jamaica Broilers Group, after acquisition of a Co-Generation facility at its Spring Village processing plant. This investment was in keeping with the Government of Jamaica's policy to explore ethanol ...Other CARICOM countries, such as Guyana and Barbados have engaged Brazil in investment in ethanol plants. In 2007, negotiations were ongoing with Brazil to sign a deal for some 50,000 hectares of land for cane cultivation for ethanol production in the East Berbice/Corentyne. In mid 2008, reports were that negotiations between Brazilian firm, Etanol de Costa Rica SA, and a Barbados entrepreneur seek to build a US\$36 million ethanol plant near Bridgetown, the capital. If approved, construction could start by early 2009, with capacity of about 132 million gallons (500 million litres) of ethanol a year, refining ethanol imported from Brazil.

*Extracted from 'Agriculture's Chains- a Situation and Outlook in CARICOM' draft IICA/CTA document, forthcoming 2009.*

<sup>8</sup> During the intervening period global crude prices soared to over US \$145/barrel.

<sup>9</sup> It would be important to recognise that a number of contributions challenge this view, particularly at it relates to the linkage with climate change and creating sustainable development opportunities in developing countries.

The recent global food crisis driven, in part, by the spiralling cost of fuel and shortages in grains, meats and basic food items, provides the most urgent basis for a coordinated response. This situation has generated an overwhelming consensus among public policy makers, civil society and the private sector, that CARICOM countries need to sustain a greater level of food-security based on efficiency-based import displacement. These concerns over the rising cost of food and products has led to a rethinking, if not renewed interest, in securing some component of the region's food and nutrition needs from within the region. Prior to this global food crisis, public policy discourse among CARICOM States had already admitted to a crisis of confidence regarding the positioning of the region's agriculture in an increasingly globalised market. While several of the arguments, which had begun to shape public policy were demonstrably flawed, the counter-arguments in support of a changing, though still relevant place for CARICOM agriculture in the Region's economic development, have become increasingly less audible.

The CCAP is also being conceptualised at a time of heightened consumer awareness/sensitivities with the health and safety implications of traded agricultural products. These heightened sensitivities have been due largely to the increasing incidence of tainted products as well as heightened consumer education and awareness of food health and safety. Consumers in CARICOM have shared in these global anxieties and the policy agenda has begun to respond to their demands for wholesome food, safe agri-food systems and greater information on agri-food products. Major concerns with chronic non-communicable diseases (CNCDs) and the relationship to the kinds of food consumed have also preoccupied the CARICOM policy agenda. Accordingly, Heads of Government of the Caribbean Community in September 2007 adopted the landmark Port of Spain Declaration, on "Uniting to Stop the Epidemic of Chronic Non-Communicable Diseases", which affirms the relationship among trade, nutrition and health. The Caribbean Food and Nutrition Institute (CFNI), Caribbean Regional Negotiating Machinery (CRNM) and regional inter-governmental agencies were provided with institutional mandates. The Port of Spain Declaration also suggests a number of policy measures, such as, mandatory labelling, among others, which a CCAP, in its development, will need to accommodate.

The rapidly changing nature of the market into which exports from the region are traded, could be described as a major stimulus to the emergence of a CCAP at this time. This change is accompanied by irreversible policy shifts away from non-reciprocal preferences, trade policy developments under the aegis of the WTO, bilateral treaties and arrangements including the recently signed CARIFORUM-EU Economic Partnership Agreement (EPA). The impending CARICOM-Canada negotiations and possible negotiations with the US and other regional groupings also manifest these dynamic market shifts. The changing nature of the export market suggests too, that coordination must replace discordant or competitive activity among regional exporters.

The CCAP should be based on a sound long-term vision of the place for regional agriculture in the global market. This includes a common approach to trade policy, already facilitated by the Community organs identified in the Revised Treaty of Chaguaramas, and special-purpose bodies such as the CRNM. In the context of the agri-food sector, this coordination needs to go well beyond the development of common positions on negotiating strategies in external negotiations. It must also include tactical and strategic considerations with respect to the major agricultural markets. Resources will also need to be devoted to market development and market making, as well as to trade representation. Coordination must also involve a commitment on the part of those Member States that have the ability to invest in export development to engage in region-wide efforts.

Within the changing nature of the market, the challenge brought about by the EU-CARIFORUM EPA Agreement is a major driver to policy harmonisation. From the viewpoint of the EU, collaboration within CARICOM is both necessary and possible. The Agreement is premised on the continued integration of the region (including the Dominican Republic, as well as CARICOM itself). Funding is likely to be easier to secure in the next few years, as the EU follows through on its political obligation to make sure that the EPA does not cause social and economic hardship. It follows that such funding should be more forthcoming for Community initiatives than for uncoordinated requests from individual Member States.

In addition to the possibility of increased EU funding, the EPA ushers in a new era of trade relations. On the surface, the change is one of granting the EU access to the CARICOM market, turning non-reciprocal preferences into bilateral obligations consistent with WTO rules. But the consequence is that the region can finally free itself from the constraints of post-colonial trade preferences without losing the market access that these preferences assured. The CARICOM region has long had ties with the Americas as well as with Europe. In fact, location and language account for the Region's predominant trade relations with the Western Hemisphere, led by the trading relations with the US. Trade linkages with Asia are growing and will only intensify. The objective of attaining the same open access to these Asian and large developed country markets as the EPA guarantees to European markets seems attainable. A CCAP could assist with the successful trade integration of CARICOM with these groupings and regions, once it maintains an outward-orientation, and avoids the lure of bolstering the protection of local non-competitive products against competitive imports.

Finally, and from an internal/domestic perspective, agriculture and its relationship to other sectors of the economy is evolving in such a manner that new institutional responses are needed to manage this change. With the Caribbean tourism market evidencing the second fastest rate of growth among all global markets, the potential linkage between agriculture and tourism has never been stronger.

The way in which food products are produced and processed has become a major factor in their acceptability to consumers and hence, to increasing the sector's value added. In most CARICOM countries, conflict between urbanisation and agriculture is less common than elsewhere. Further manufacturing infrastructure does not often compete directly with agriculture for land. This notwithstanding, the competition for labour and capital among economic sectors is intense. This growing internal competition for resources requires a policy that improves the attractiveness of the agri-food sectors, particularly primary production, to investors and makes good use of the complementarities with the other economic sectors. A CCAP would therefore have to boost levels of both investment and applied research and to promote collaborative structures across the region. Several such avenues for collaboration already exist, but in other cases new institutional mechanisms will be needed. Financial resources for the competitive rejuvenation of agricultural production in CARICOM will have to be found, and this will demand creative approaches to project and programme funding.

Given all the above considerations, the imperative of designing a credible CCAP, with a clear focus and adequate resources can significantly inform and guide the policy debate. The paper treats with definitional issues and is not suggesting an abandonment of traditional primary agriculture. The CCAP approach just adds other segments - the chain approach - that add dynamism, those usually categorised as manufacturing. Focusing only on primary agriculture is limiting the chain and missing a lot of opportunities that add to income and growth. This aspect must be accommodated in the process to develop a full-blown policy for agriculture in CARICOM.

A credible CCAP can also add to the economic and political objectives of Member States. Equally, a weak, under-funded and unfocused policy will fail the region and squander perhaps the last golden opportunity. In terms of responding to the external agenda, clearly, there is a basis for the development of an activist trade policy for agriculture, which will include appropriate trade-defence measures. However, a CCAP must avoid the pitfalls of past regional initiatives by maintaining the focus on competitiveness and where practicable, efficiency based import displacement.

Further, as part of the solution, there must be co-existence of agricultural policy with other economic and social policy. A key shortcoming was that there is not sufficient interaction between economic and social policies at the level of national visioning. The existence of market volatility evidenced by the food crisis elevates the level of exposure of the region as a net food importer. Hence the region does and urgently need not only a plan, but to build a clear vision on where we want to go hence the importance of a policy.

### 1.3 What lessons?

#### *past attempts at regional agricultural policy*

The Regional Food Plan (RFP) of 1975, following the signature of the original Treaty of Chaguaramas was the first coordinated attempt by CARICOM to formulate a regional agricultural policy. The main objective of the RFP was to increase domestic food production as a means of reducing dependence on foreign imports. The RFP was formulated on the import substitution model of development, which dominated development constructs in most Latin American and Caribbean countries at that time. Import substitution as a development model, did not realise the objectives anticipated in the RFP, perhaps owing to the fact that so much of CARICOM's agriculture at the time, benefited from colonial preferences which generated a bias against non-traditional agriculture.

The RFP was superseded by the Regional Food and Nutrition Strategy (RFNS) of 1983. However the objectives of replacing imports with domestic production in the major import food categories were equally unsuccessful. Misaligned domestic and regional agricultural policies, limited support infrastructure and limited technical capacity in the intended diversification initiatives were among the factors responsible for the continuing poor performance as measured against the objectives. Notwithstanding its limited effectiveness, the RFNS embodied the CARICOM region's aspirations for a coordinated approach to agricultural policy within the context of the regional integration initiative. In 1989, it was replaced by the Caribbean Community Program for Agricultural Development (CCPAD) and the implementation-oriented Regional Action Plan (RAP).

At this our Tenth Meeting here in Grenada, we, the Heads of Government of the Caribbean Community inspired by the spirit of cooperation and solidarity among us are moved by the need to work expeditiously together to deepen the integration process and strengthen the Caribbean Community in all of its dimensions to respond to the challenges and opportunities presented by the changes in the global economy. Accordingly, we set out a work programme and specific initiatives to be implemented over the next four years." Grand Anse Declaration and Work Programme for the Advancement of the Integration Movement, July 1989, Grand Anse, Grenada.<sup>10</sup>

The signature of the Grand Anse Declaration signalling the shift by CARICOM to a deeper form of integration vested in the commitment to move towards a Single Market and Economy. This commitment re-invigorated the efforts at the

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<sup>10</sup> ([http://www.caricom.org/jsp/communications/meetings\\_statements/grand\\_anse\\_declaration.jsp?menu=communications](http://www.caricom.org/jsp/communications/meetings_statements/grand_anse_declaration.jsp?menu=communications))

regional level and institutional arrangements were instituted among Ministers of Agriculture. Arrangements and responsibilities for implementing various aspects of the CCPAD and its ancillary RAP were allocated to various regional, national and private sector umbrella associations, based on a notion of "institutional competence". The underlying philosophical shift from the failed import substitution orientation of the 1970's towards export competitiveness defined the global and hemispheric context in which the CCPAD evolved. This was also accompanied by a roliferation in national and sub-regional projects premised on the identification of priority agricultural crops for export diversification. The gains associated with the period coinciding with the CCPAD were quickly reversed in many Member States of CARICOM, as external financing dissipated, or as projects encountered insurmountable bottlenecks, emphasising the inadequate attention to critical infrastructure support.

The disappointments with the CCPAD led to a review which was undertaken by Nurse (1995)<sup>11</sup>, in which several causes for the limited success of the regional programme were highlighted. Among them were:

- lack of commitment and interest in the CCPAD by CARICOM Member States;
- absence of linkages between the regional and national programmes, which severely constrained strong national participation in the formulation, implementation monitoring of regional programmes and projects;
- severe information constraints;
- lack of coordination and information sharing mechanisms among national and regional agencies involved in CCPAD programmes and projects.

The review and evaluation by Nurse (1995), led to a revamp of the CCPAD, and to the delegation of responsibilities for implementation to the then, Standing Committee for Ministers of Agriculture (SCMA). The SCMA was, however, not vested with the resources, budget, or legislative authority to ensure that the approved CCPAD activities were undertaken at either regional or national level. Attempts at successful coordination and implementation, were therefore left to National Planning Committees (NPC) and the Regional Planners Forum (RPF), which suffered from coordination weaknesses and the fact that many of the NPCs did not function well.

Implementation difficulties, led to the Regional Transformation Programme for Agriculture (RTPA), introduced in 1996, which aimed at remedying the implementation shortcomings of the CCPAD. The RTPA, which continues as the

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<sup>11</sup> Nurse, James O., "Review and Redesign of the Caribbean Community Programme for Agricultural Development (CCPAD)". Barbados (1995)



consensus regional embodiment of the thrust towards a community policy for agriculture, sought to make the policy initiatives at regional or CARICOM-wide level, supportive of and complementary to initiatives at the national level. Clearly, such an approach would carry the essential drawback that the regional programme could reflect a compendium of national actions and priorities, which while fitting within the national context, would however fail to seize upon the synergies at the regional level. Accordingly, with the exception of the few remaining traditional sectors which still responded to the unified policies of “preference granting” countries, effective community or harmonised agricultural policy at the CARICOM-wide level, continued to be elusive.

Myriad factors have been identified for the limited success of these predecessor initiatives at formulating regional agricultural policy for CARICOM. From a macro-economic perspective, the bias against diversification into import-competing products would have heavily mitigated against the success of the earlier RFP and RFNS. This bias derived in part from the significant price incentives provided to traditional products under preferential arrangements, which often times led to resource misallocation.

At the “meso-level” the lack of an institutional framework was a significant limiting factor. This included lack of supporting critical infrastructure, such as, price and market information systems, marketing and transportation, applied technology and research and development capacity. Also under-appreciated, were the constraints imposed by the small and nascent pool of entrepreneurs that were expected to carry the ‘private-sector led’ thrust and to champion business development.

**Ironically, many in the commercial private sector, such as distributors, merchants, traders and successful food processing firms remained largely unaware of, and largely divorced from the attempts to introduce a regional ‘agriculture’ policy.** This is not surprising since a similar dilemma exist at the national level. Accordingly, the effectiveness of the regional initiative was often viewed as being of relevance only to small, subsistence primary producers.

The Jagdeo Initiative (JI), was introduced in an effort to enhance the position of agriculture in domestic and international markets, and was spearheaded by President Bharrat Jagdeo of Guyana, CARICOM Head with responsibility for agriculture<sup>12</sup>. The Initiative, represented an attempt to operationalise the RTPA, through the articulation of clearly defined intervention programmes aimed at surmounting a specific set of key binding constraints to agricultural development,

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<sup>12</sup> The Jagdeo Initiative (JI) commenced in late 2003 and was supported by the Inter-American Institute for Cooperation on Agriculture (IICA) and the Food and Agricultural Organisation of the United Nations (UN-FAO), along with the CARICOM Secretariat.

while adjusting the supporting policies as appropriate. The Initiative by President Jagdeo and ably supported by the regional and international institutions, identified ten key binding constraints to agriculture development. (Annex 1) Progress and alleviation of these constraints maintained the year 2015 as the target, a timeframe coincident with the achievement of the Millennium Development Goals (MDGs). The JI is also consistent with the Hemispheric Agro Plan 2003-2015 which aims at improving the conditions for agriculture and rural life.

According to the JI, by 2015 CARICOM's agricultural sector should have:

- a. made substantial progress towards contributing significantly to national and regional development and to economic, social and environmental sustainability;
- b. a transparent regulatory framework at national and regional levels, that promotes and facilitates investment and attracts capital inflows;
- c. significantly transformed its processes and products and stimulated the innovative entrepreneurial capacity of Caribbean agriculture and rural communities; and,
- d. enabled the region (as a whole) to achieve an acceptable level of food security that is not easily disrupted by natural phenomena or man made disasters.

Cursory observation of the statistics would suggest that, at present, the Region's agriculture continues to drift further away from the 2015 vision established under the Jagdeo Initiative, the Hemispheric Agro Plan and the MDGs. The lack of concerted action, including weak implementation plans and schedules, along with the paucity of resources to address the "key binding constraints" (KBCs) identified have beleaguered the JI, precluding serious progress. We have done enough reviews of constraints based on wide and inclusive regional consultation. We know the problems - they repeat! The issue is where are we today?

While President Jagdeo succeeded in getting other Heads of Government to agree on the KBCs, there has been very limited buy-in to get the matching actions on the ground. In the absence of the requisite institutional architecture to effectively address the constraints, President Jagdeo recommended that CARICOM Ministers of Agriculture each take direct responsibility for one of the ten constraints, subsequently consolidated into nine. Ministers of Agriculture were to be supported by a CORE Group of support agencies, with responsibilities assigned according to institutional competence. Notwithstanding the shortcomings, the JI served to refocus attention on a number of factors critical to agri-food development. More fundamentally, the Initiative underscored the critical importance of establishing an overarching CARICOM policy for the agri-food sector.

## **Part III: Identifying the Options**

### **2.1 Treaty Mandate**

#### *important statements of principle*

The aims of the CCAP are laid out in Article 56 of the Revised Treaty of Chaguaramas, (see Annex 2). Objectives (a) and (b) are important statements of principle that can guide the development and implementation of a CCAP. The transformation of agriculture into an internationally competitive and sustainable sector is consistent with increasing incomes, employment opportunities and alleviating poverty. However, the achievement of these two goals together, will require careful policy articulation. Indeed making the changes which are required to transform agriculture into a competitive sector, may threaten food security for poor consumers and the livelihood of some farmers and employees. But delaying the transformation could also keep food costs high and stymie new employment opportunities. Accordingly, a major task for a CCAP is to provide mechanisms for reducing transitional costs imposed on farmers as market conditions evolve.

Objective (f) affirms that forestry and fisheries policy needs to be integrated into a CCAP, and this further widens the scope for action and coordination. Article 60 of the Revised Treaty of Chaguaramas provides that the Community, in collaboration with competent national, regional and international agencies and organisations, shall promote the development, management and conservation of the fisheries resources in and among Member States on a sustainable basis.

At the CARICOM level, fisheries matters are coordinated through the Caribbean Fisheries Resources Management Unit (CFRAMP) and the OECS Fisheries Management Unit. Both Units are financed by contributions from Member States and from donor support. Developing a Community Fisheries Policy as an adjunct to a CCAP, must take cognisance of the related maritime boundaries issues which attend to the management, coordination and exploitation of resources of the sea among CARICOM Members as individual Sovereign States. Similar considerations pertain to developing a community natural resource policy which attends to the management and exploitation of natural resources. Both in the areas of fisheries and natural resources, a weak level of regional policy coordination exists.

Fisheries and natural resource policy is essentially the purview of national governments through their line Ministries, Fisheries and National Resource Divisions.

These Divisions function on the basis of mandates from national Cabinets with the CRFM and OECS Fisheries Management Unit, providing some over-arching policy coordination at the regional level. Still other elements which impact and oftentimes inform national policy emanate from undertakings at the international level for organisations, such as the FAO, among others.<sup>13</sup>

The EPA includes a Chapter on Agriculture and Fisheries, which commits disciplines in this area to the CARIFORUM-EC Trade and Development Committee. However the commitments in the Agriculture and Fisheries Chapter do not in any way restrict or curtail the imperative of a CCAP among CARICOM States.

A CCAP which incorporates fisheries and natural resources presents a number of difficult, though not insurmountable governance questions for CARICOM. In aspects relating to the establishment of a "Community Fisheries Zone", notwithstanding an apparent decision of Fifteenth Inter-Sessional Meeting in St. Kitts and Nevis, March 25-26, 2004, to consider "... the elaboration of the Community Fisheries Regime ..... independent and separate from and without prejudice to the settlement of maritime boundary disputes between and among Member States and Third Parties", some Member States continue to experience difficulties in considering the two issues separately.

This notwithstanding, significant progress can be made in achieving many of the objectives contemplated within the framework of a Community Fisheries Policy and Regime, as an adjunct to a CCAP. Both in the instance of fisheries and natural resources, ceding overriding competence to a supreme authority to decide and formulate policy with binding effect among all Member States would be ideal, though practically unattainable at this time. Still, the commitment to properly harmonise and coordinate policy among individual CARICOM Member States, through a strong regional organisation, can go a long way towards formulating a cohesive and well coordinated fisheries and natural resources policy as an integral element of a CCAP. For fisheries and natural resources, both, the institutional model which best fits effective implementation of community fisheries and natural resource elements of a CCAP will need to be determined.

The instruments to be used in the implementation of a CCAP are included in Article 57. According to Article 57, implementation is intended to involve both CARICOM bodies and Member State institutions.

The relationship between these two constituent parts of the CARICOM system will be crucial. It would seem preferable to set higher level strategy at the Community level, and whenever possible to focus national bodies on implementation aspects.

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13 Such as the FAO Code of Conduct on Responsible Fisheries.

However, without some Community level involvement in national programme design and implementation, and in the sourcing of financing, the problem of coordination may become insuperable.

Among the implementation tasks suggested for the Community bodies, are the promotion and support of processing and marketing, the establishment of effective financing instruments, the development of human resources, and conceptualisation of specialised projects, such as projects on regional transportation etc. Research and development, health and safety measures and market intelligence are also identified as Community-wide competencies. Some regional institutions such as CARDI, (which is the only agricultural institution named in the Revised Treaty of Chaguaramas), already exist in these areas, but these will need to be refocused and refinanced if they are to play a central role in the implementation of a CCAP. Still other institutions, such as, the proposed Caribbean Health and Food Safety Agency (CAHFSA), are in their embryonic stages and remain to be fully elaborated. Where the relevant institutions are absent they will need to be created, such as, in the area of marketing information and market intelligence.

A further set of tasks may need to be delegated to the Member State Governments, with effective support from COTED. These functions include the strengthening of administrative capacity, the improvement of policy analysis and implementation and the stimulation of collaboration among, the private sector, farmers and other social partners. Deciding on the precise assignment of these tasks by the COTED will constitute a critical element of a CCAP.

In addition to the tasks assigned to Community bodies and to the national governments (supported by COTED), a CCAP mandates action by both regional and national bodies on the formulation and implementation of the regional agricultural policy and on the development of defensive actions against unfair trade practices. A CCAP also requires Community and national agencies to collaborate with international agencies to improve infrastructure and to ensure the availability of inputs to the farm, processing and food manufacturing. Such coordination with bodies outside the region will also be an important aspect of a coherent agricultural policy for CARICOM.

A further set of mandates is contained in Article 59 of the Revised Treaty, regarding the marketing of agricultural goods. This amplifies some of the previous tasks by emphasising that the Community should pay particular attention to the areas of market information, risk insurance and efficient distribution services. In addition, the Community is required to adopt measures to promote a regional information system, to encourage synergies with other sectors, such as tourism, to develop regional standards and enhance food quality, and to expand insurance coverage for agricultural producers.

## 2.2 What Lessons?

### *other attempts and models of a CAP*

It is useful to consider a CCAP in the context of other attempts to frame “common” agricultural policies and strategies. The similarities to, and differences from, the circumstances existing in the CARICOM region may be instructive.

The EU Common Agriculture Policy (CAP) is at one end of a continuum of “common agricultural policies”. It relies heavily on a functioning executive (the Commission) and considerable financing (from FEOGA)<sup>14</sup>. The external aspects of the policy are clearly within the remit of the EU, as the Member States relinquished their own responsibility for trade agreements. The CAP has proved slow to modify and for decades was out of touch with the foreign commercial policy of the EU. Internally, it was entrenched not so much by the widespread benefits to EU agriculture (it benefited a relatively small group of producers of northern crops) but by the institutional rigidity of the CAP as a result of the decision-making structure.

The EU model is neither feasible nor even desirable for the CSME. The European Commission is unique in its powers of initiative and its administrative role. But even the Commission could not persuade the Council of (Agriculture) Ministers to modify the CAP until the early 1990s. There was a lack of incentives for Member States to go along with changes that were clearly in the collective interest. The large budget available to the EU is also a major factor in shaping the CAP: The source of funding and the distribution of that budget have created almost continuous friction among Members. So the CARICOM, without a strong executive and a large budget will not be able to follow the lead of the EU. But that is probably fortunate.

There are some very weak CAPs such as those mentioned in several of the African regional trade agreements, which amount to nothing more than an agenda heading for meetings. Somewhere in between are arrangements such as those in the Australia-New Zealand Closer Economic Relations Agreement that pools some functions, including health and safety and have incorporated liberal bilateral trade in agricultural goods even where policies differ. Most of the Latin American and Asian Free Trade Areas (FTAs) construct what might be called an “accommodation for agriculture”, with safeguards and opt-outs to prevent market disruption. Such restrictions on internal trade are not a sound basis for a common policy: rather they prolong the benefits of rationalisation by excluding agriculture for a period from the process of market integration.

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<sup>14</sup> Fonds Europeen d'Orientation et de Garantie Agricole (French), European Agricultural Guidance and Guarantee Fund.

No common agricultural policy is mentioned in the North American Free Trade Area (NAFTA) Treaty, though cooperation on SPS and testing procedures for animal disease are included. Canada and Mexico may if they wish, adopt legislation that is more similar to that of the US (and in some cases have done so) but that process of de facto harmonisation is considerably different from that of a common policy.

In Canada, jurisdiction for agricultural policy is shared between the Federal Government and the provincial Governments. Such shared responsibility is underpinned by a consensus agreement on agriculture, developed through broad-based stakeholder consultations and expert submissions. The most recent consensus policy was agreed in 2001, when the federal, provincial, and territorial governments signed the Framework Agreement on Agricultural and Agri-Food Policy for the Twenty-First Century (known as the Agricultural Policy Framework) to enhance the profitability of the agri-food sector. Programmes and services under Canada's Agricultural Policy Framework are grouped into categories/thematic areas<sup>15</sup>. Implementation of the Agricultural Policy Framework in each province and territory is governed by bilateral agreements with the Federal Government. The Federal Government allocates resources in five year tranches for implementation of the Agricultural Policy Framework.

There exists an opportunity for the CCAP to aim at a far greater level of collaboration than is possible in North America. Indeed, neither the EU nor the NAFTA approaches are desirable. CARICOM could aim for a CCAP which incorporates some positive elements of the Canadian model which fit the CARICOM context, without the associated negatives of substantial producer supports and government transfers.

CARICOM already has a model which is indicated in the Revised Treaty that takes into account the particular nature of agriculture in the Region<sup>16</sup>. The Treaty mandates form the basis for the development of the basic model. The basic model seeks to strengthen the contribution of the agri-food sector to the overall development of stronger economic and political relationships among CARICOM Member States.

### **2.3 Defining the Elements of a CSME-CAP**

The problems addressed by these plans for a CCAP have existed for many years. Coordination among the CARICOM Members in the area of agricultural policy has been patchy, and differing national interests and resources have made the

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<sup>15</sup> Programmes and services under Canada's Agricultural Policy Framework are grouped into one of the following categories: business risk management (encompassing farm income support programmes), food safety and food quality, science and innovation, environment, and renewal (i.e., advisory and skills development services).

<sup>16</sup> Incorporating the positive attributes of the Canadian model and as well elements of the other models examined, such as the EC and Central American Model, can be accomplished without any contradiction to the Treaty mandate.

prospect of common approaches remote. Accordingly, some questions present: what should be the main focus of such a policy, and what are the main challenges that it must confront?

### **2.3.1 Principles**

The CCAP is based on the principles enunciated in the Revised Treaty of Chaguaramas and the Treaty of Basseterre, and wherever appropriate those principles established by the WTO<sup>17</sup>, including any subsequent modifications, amendments and expanded scope of coverage in new areas of discipline.<sup>18</sup>

**Sustainable development:** The policy will incorporate the four (4) constituent pillars of sustainable development: socio/cultural, economic, political/institutional and environmental. Competitiveness with equity will be advanced respectively, through the economic and social pillars. The policy will include specific instruments to support the integration of small farmers, and small private sector actors involved in the agri-food value chain.

**Legality:** the action and instruments being developed will adhere to the principles and guidelines established in the Revised Treaty of Chaguaramas, the Treaty of Basseterre and its successor Revised Treaty of Basseterre (when it takes effect), bilateral Treaties and Cooperation Agreements and the multilateral obligations established by the WTO Agreement.

**Collective Action:** the focus of the CCAP will be on collective action at the regional level, including where prudent, through the ceding of limited authority to special-purpose bodies to formulate policy, subject to the affirmation of Member States. Collective action may involve all Member States (Consensus Action), or action via a subset of Member States (Plurilateral Action), subject to the approval of the governing board of the CCAP and ratification by the Council for Trade and Economic Development (COTED). National initiatives that fall outside the focus of the CCAP though resources for high impact actions and with “spill-over” effects on the Caribbean Community, may be financed from resources approved from the CCAP budget. Such national initiatives must fit within the framework of the regional policy/policy directives, be approved by the governing board of the CCAP and approved by the COTED.

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17 The participation of the Bahamas with respect to the Single Market arrangements which form an integral part of the Revised Treaty of Chaguaramas and as well its decision to accede to the World Trade Organisation (WTO), and the ability of Montserrat to undertake reciprocal commitments within the framework of the CARICOM Single Market and Economy are important issues to be determined. The CCAP contemplated participation by these CARICOM Members, whenever such participation is deemed appropriate.

18 This is pertinent, since disciplines are presently being negotiated for the treatment of forestry products within the framework of environmental goods, as well as new disciplines on fisheries, greater disciplines on exports credits and the commitment to phase out export subsidies by 2013, among other reforms (e.g., Special Safeguard Provisions, fisheries subsidies, export oriented marketing Boards).



**Gradualism:** The CCAP will be executed gradually in cycles of five (5) years, through the effective and efficient implementation of policies, programmes and other cooperation instruments which promote the goals set out in Article 57 of the Revised Treaty of Chaguaramas.

**Participation:** Broad-based stakeholder participation will be pursued in the formulation and implementation of the CCAP, including the private sector, civil society, public sector, international cooperation agencies, and other major players in agriculture.

**Cooperation:** The CCAP will draw on the complementarities and synergies which exist among the Member States of CARICOM, the public and private sector, regional institutions, international cooperation agencies and other major players in agricultural development.

**Transparency and Accountability:** The programmes, projects, institutions and other instruments executed within the framework of the CCAP will be subject to the highest standards of monitoring, evaluation and accountability. Information will be accessed through modalities to be agreed upon by the stakeholders. Mandatory reports will be submitted through the governing board of the CCAP, to the COTED and the Council for Finance and Planning (COFAP); and through these two primary organs of the Community, to other regional, international financing and technical cooperating institutions.

### **2.3.2 Scope of Coverage and Time-Frame**

**Thematic Scope:** The CCAP will pertain to inter alia Chapters 1-24 of the Harmonised System (HS) Classification, including fisheries and fisheries products. The policy will also apply to the HS classification pertaining to forestry products.<sup>19</sup> The CCAP will apply to all levels, activities and function within the food and agriculture value chain, encompassing the procurement of inputs, raw/semi-processed materials, technology and equipment, primary production, processing, and other value adding activities, marketing, trade, distribution and exports of these agri-food products.

**Geographic Scope:** The CCAP will cover the CARICOM Member States, as well as any other neighbouring Caribbean States, recommended by the governing board and the COTED and approved by the Conference of Heads of Government.

**Time Frame:** The CCAP will be of indefinite duration and shall be executed through a Medium Term Strategy (MTS), approved every five (5) years, on the basis of full consultation with the stakeholders, and approval by the COTED, on the

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<sup>19</sup> Articles 60 and 61 of the Revised Treaty of Chaguaramas, respectively, define “fisheries resources” and “forestry resources”. The CCAP respectively takes “fisheries products” and “forestry products” as products deriving from the resources so defined by Articles 60 and 61.

recommendation of the governing board of the CCAP. Implementation will be based on annual work programmes, recommended by the governing board and ratified by the COTED.

### **2.3.3 Goals and Objectives of the CCAP**

Chapter Four, Part Two of the Revised Treaty of Chaguaramas, sets out the agreed goals of the Community Agricultural Policy, as:

- a. fundamental transformation of the agricultural sector towards market-oriented, internationally competitive and environmentally sound production of agricultural products;
- b. improved income and employment opportunities, food and nutrition security, and poverty alleviation in the Community;
- c. efficient cultivation and production of traditional and non-traditional primary agricultural products;
- d. increased production and diversification of processed agricultural products;
- e. enlarged share of world markets for primary and processed agricultural products; and,
- f. efficient management and sustainable exploitation of the Region's natural resources, including its forests and the living resources of the exclusive economic zone, bearing in mind the differences in resource endowment and economic development of the Member States.

## **2.4 Essential Elements of the CCAP**

The constituent components of the CCAP are outlined in the Treaty mandate. What is now required is an approach that ties these elements together into a coherent policy, and to establish the institutional framework to enunciate and implement the policy. This proposal offers a first step in consolidating the issue at the regional level and building consensus to get the community agricultural policy in a coherent manner to enable better understanding and implementation planning and monitoring. The CCAP paper represents a natural progression of the work already being undertaken in CARICOM. The six elements defined below, are intended to both address and go beyond the JI's KBCs.

The CCAP could be based on six pillars:

### **A. Community Agri-Business Development Strategy:**

#### ***Building and Sustaining Agri-Business Competitiveness***

Engendering Competitiveness to enable agri-business firms to benefit from the market openings emanating from bilateral and multilateral liberalisation is a major challenge confronting CARICOM's agri-food system. Pursuing competitiveness will require agri-business firms to make the most of prevailing and emerging market access opportunities in third country markets, as well as increasing the intra-regional trade share, through the deepened CARICOM Single Market and Economy.

Lacking budgetary support to subsidise exports, CARICOM Countries must vigorously pursue productivity advances, through technical change and innovation, as well as the more efficient use of production factors, product and process diversification, as the central drivers for raising incomes among the predominantly small but also medium and large sized agri-food firms.

The stakeholder profile of CARICOM's agri-food system, dominated by micro and small firms, offers additional challenges for the development of a community policy for CARICOM's agri-food system. Both the preponderance and dynamism of small-scale and small-sized agri-food firms in production, processing and commerce, demand that regional solutions be developed to address the operational difficulties which they encounter in raising productivity, in accessing markets and participating in the ever changing process of economic and trade reforms. The challenges confronted by specific groups, such as, indigenous peoples, youth, rural women and small informal traders in accessing finances and information and satisfying standards and other requirements of trade must be properly addressed in the CCAP, in order to achieve the objective of enhanced Caribbean development.

Elements to be included in this Pillar/thematic area include:<sup>20</sup>

- Action to address opportunities in the agri-food and agricultural commodity markets (including a strategy for the production of basic grains, with a sub-strategy if feasible for production for bio-fuels);
- Common Sourcing of agricultural Inputs;
- Promotion and Expansion of financial services to the agri-food sector.
- Development of modalities to support public sector services which provide financing to the agri-food sector.
- Promotion of Investment for critical regional infrastructure for modernisation and rehabilitation.
- Support for small and medium sized agri-business representation;
- Marketing Information system, including a strategy for integrating national systems into a Regional network;
- Training for agri-food participants on the use of market intelligence.
- Programme to develop contractual agri-food links with hotels, supermarkets etc.
- Development of a CARICOM network of traders, distributors, including marketing boards.
- Modernise private sector services necessary for successful agri-food chains (supporting private sector organisations interested in providing services previously provided by public institutions).

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<sup>20</sup> Interestingly, the thematic areas can be considered to be solution oriented actions which are consistent with and match the problem oriented interventions identified in the JI. Clearly too, the thematic areas of focus can be conceived within the timeframes for achievement of the 2015 goals and targets identified by President Jagdeo. Potentially though, many of these timeframes may need to be extended in the quest to deliver a realistic CCAP.

- Modernise SPS and Quarantine Services (Modernise institutions, eliminate discretion at points of origin, trade facilitation measures, improve information and coordination between SPS institutions and the private sector, review and harmonisation of SPS regulations, develop equivalence agreements between CARICOM and trading partners).
- Promote strategic alliances among the public sector, private sector and academia to respond to the demands for technology and innovation required to improve competitiveness.
- Business Development and Strategic Linkages and Partnerships.

## B. **Community Agricultural Trade Strategy**

CARICOM's agri-food sector policies are quite often misaligned with its trade policy orientation. An unfinished agenda remains in relation to the elimination of the remaining non-tariff barriers which impinge on further increases in inter-regional agricultural trade and, in negotiating and seizing on the expanded trade opportunities with neighbouring developing countries. The legal framework and architecture for regionally co-ordinated trade defence initiatives is evolving. However, important institutional changes are now required to usher into existence the requisite institutional competence. Rationalisation of the common external tariff (CET) such that in-built anti "value-adding" biases are eliminated, refinement and re-orientation of important rules of origin, key amendments to the Revised Treaty of Chaguaramas in the areas of export competition, export state trading enterprises and the articulation of a single CARICOM regime for traditional commodities, such as sugar, rice and bananas, among other important food security oriented products, will need to be aggressively pursued.

Analysing the performance of the agri-food sector under the various bilateral agreements to which CARICOM is a party and identifying the emergence of new product opportunities, market trends and market developments under the said agreements, will be critical to achieving the objectives under the CCAP. Timely dissemination of the findings to key stakeholder interests and refinement based on stakeholder/expert feedback will also be an important dimension.

- The completion of the liberalised internal market with attendant arrangements for assisting with transitional problems;
- The rationalisation of CARICOM agricultural tariffs with the Common External
- Policy that deals with other products and tariff lines.
- The establishment at the CARICOM level of a mechanism to handle and resolve disputes over the application of anti-dumping duties and countervailing duties on goods from outside the CARICOM region;
- The implementation of a Common Global Safeguard Regime, based on an extension of Article 92 of the Treaty, ("Difficulties Occasioned by Particular Imports") and if appropriate, the WTO Special Safeguard Mechanism currently under negotiation within the framework of the Doha Development Agenda (DDA).

- The coordination of the unique market arrangements for sugar, bananas, rice, and other products still given effect by EU access provisions.
- The Coordinated treatment of products traded by State Trading Enterprises or with government assistance (as defined in Treaty Article 93), subject to the disciplines being negotiated in this area within the DDA.
- The collection and analysis of information about trade agreements, market access provisions and global market trends, and the dissemination of this information to stakeholders.

### C. **CARICOM Agri-Food Development Fund**

Financing for agri-food sector development continues as one of the critical inhibitors to productivity growth and competitiveness in CARICOM. Undoubtedly, considerations such as the adequacy of financial services, access terms, transaction costs, cost of borrowing, lack of diversification of financial products and services offered, among others, continue to be important. However, most of these issues will be addressed through Pillar A. The focus of this thematic area is on programme and project financing for high priority institutions, institutional capacity and special projects of a cross-border nature, central to the attainment of the goals of the CCAP.

Projects in the area of regional transport infrastructure, logistics, regional consolidation and marketing, export-oriented value adding in one Member State based on raw materials sourced from another Member State, research and development projects in areas such as bio-products, functional foods and nutraceutical (FFN) form but a few of the examples of the special projects which may be candidates for financing in this area.

Attention will also be devoted to:

- The identification and interim financing of promising development activities in the area of agricultural exports, food processing, niche marketing, brand development, alternative uses for traditional crops, and foods with production-based attributes, based on projects developed by the private sector and evaluated on the basis of submitted business plans and potential success.
- The urgent establishment of the CARICOM Agricultural Health and Food Safety Agency (CAHFSA), to coordinate national health and safety standards and procedures and developing a CARICOM food safety code which incorporates both regional and international standards. This activity would also be linked to bodies that are involved in the improvement of quality and reliability of food and the traceability of foodstuffs to the farm or production areas.
- Publicly-funded research in target areas which stand to benefit the regional agriculture and agri-food sector (including through foregone tax revenues, tax refunds and rebates for private sector investment in research), Capital investment in the stock of public infrastructure (facilities for intra-regional freight-air, land and sea etc).

#### D. Community Production Stability Programme

The agri-food system is susceptible to myriad risks, economic and financial, market and price, pest and disease, climate induced and production, among others. Many of these risks lie outside the control of individual agri-food entrepreneurs and producers and others still, lie outside the influence of the agri-business entity/unit or individual Member States. Cyclical and structural shifts in agri-food markets, particularly in an environment of rapid change in trade and economic circumstance, have caused actors in the agri-food system to become increasingly vulnerable. Accordingly, risk management capabilities in CARICOM are urgently required, along with a policy framework which provides accommodation to the most vulnerable against transitory unemployment, crop-failure, weather induced disaster, income and revenue shortfalls, export payments default, among others vagaries. Developing risk transfer mechanisms will provide a greater sense of security to banks and other financing sources, thus minimising the risk involved in investing in the sector. Significant work remains to be done at the macro-economic level among the Member States of CARICOM, particularly in areas such as securitisation, reinsurance and the development of the facilitatory legal and institutional framework which usually accompanies economic constructs modelled around a single trade and economic space.

A few other critical elements include:

- The provision of temporary assistance when needed to retrain farmers and farm workers unduly disadvantaged by unanticipated developments in agricultural markets, such as, import surges and overseas embargoes on exports.
- The provision of income and revenue insurance to farmers, with some of the costs borne at the regional level. This would cover risks associated with weather-induced crop failure, yield and quality fluctuations etc.
- Information and analysis of options for the use of risk-management techniques. The programme would disseminate information materials and conduct workshops to ensure widespread access by farmers. Cooperation by groups of farmers in these activities would be encouraged.
- Information system on insurance and reinsurance markets (specialised information to reduce production and operation costs, moral hazards and adverse selection).
- Incentive programmes for the private sector to encourage the design and implementation of innovative risks transfer mechanisms.
- The development of the reinsurance market, which allows for the transfer of portions of the risk to others, outside the national jurisdiction.

## **Cross-Cutting Issues**

### **E. Micro and Small-Sized/Scaled Agri Food Enterprises**

In addition to the many references to micro and small enterprises made throughout the Revised Treaty of Chaguaramas, Article 53, treats specifically with the issue of micro and small economic enterprises among Member States. The additional measures which will form the focus of micro and small enterprise intervention will be critically important to the LDC's of the OECS and Belize, within the ambit of Chapter Seven of the Revised Treaty, but will also be of equal importance to the micro, small-scale and small sized enterprises in the More Developed Countries of CARICOM. Issues to be treated in this domain are deemed as cross-cutting, since specific instruments for addressing the circumstance of micro, small-sized and small-scaled firms would all have been contained in the four (4) core area of the CCAP. Accordingly, the additional measures to be treated as cross-cutting should be considered complementary to the instruments which will be developed under the other thematic headings.

Elements of this Thematic Area which will need to be elaborated include, but not restricted to:

- Creation of Entrepreneurial centres and business incubators;
- Innovative programmes for accessing finance, technical and other critical support services.
- Creation of services networks, trade, technology that addresses the specific conditions of micro and small agri-food firms.
- Establishment of policies, incentives, laws and other instruments to promote the development of organic and niche products, certification, and the integration of these into domestic markets.
- Develop agro-industrial initiatives, in eco-tourism, and rural tourism enterprises.

### **F. Communication Strategy**

To communicate the policy to all stakeholders in the regional agri-food system, a communication strategy will be implemented. The strategy will promote positive experiences about the agri-food employment, firms, actors highlighting investment opportunities, wealth creation as a means of attracting youth and vulnerable groups. The communications strategy will be linked to the monitoring and evaluation which will be undertaken on the CCAP, in fulfilment of principles of transparency and accountability.

In conclusion, in defining the issues, pillars and options, a range of sub-regional and regional documentation consulted provided sufficient information at this stage to

define the above core and cross-cutting pillars. Further, the elements defined in the pillars are generally reflective of the 'public goods' approach. These pillars can also be linked directly to the JI-KBCs. What will be required is consensus on the general issues at a first level then stakeholder consultations on a second level where the issues will be made more specific and modalities for implementation will be defined.



## **Part III: Institutionalising the Process**

It is well worth restating that the proper goal of the CCAP should be to move CARICOM agriculture from informal markets and socially driven support policies to a more commercial-based, formal market driven structure. This involves institution building on several levels, from physical infrastructure to property rights (especially regarding land ownership), established business practices (honouring contracts) and developing entrepreneurial skills. Much of this could be facilitated by a CCAP that facilitates linkages with external business.

### **3.1 Institutional Arrangements**

The first requirement for a CCAP would be a strong Executive Body to coordinate, administer and articulate the programme. This body could be supported by a CCAP Secretariat and would have resources available to address demand-side issues such as trade policy, information and analysis and market development, as well as supply side issues, such as transport, marketing, storage, and financing. The CCAP Executive would have to be closely connected to the CARICOM bodies, perhaps as a permanent subcommittee of COTED. The CCAP Secretariat would work closely with the current CARICOM Secretariat, perhaps as a constituent unit reporting to a governing board composed of high level representation from the Member States.

Proposals for the maturation of the existing CARICOM institutional framework, to include a “Commission Structure” modelled along the lines of the EU system are under consideration. Should these proposals win consensus among the Member States, a Division which manages and coordinates agricultural policy (DG-Agricultural Development, Fisheries, Forestry and Natural Resources) could conceivably administer, coordinate and articulate the CCAP. Providing this body with some degree of supranational powers or overriding competence for the development and management of policies in certain areas would be an advantage.

Whichever model is selected, the various competencies will need to be adequately addressed. Recent decisions at the regional level will also need to be incorporated into the formulation of the CCAP. CARDI has recently been mandated to coordinate the agriculture cluster of CARICOM institutions, by the CARICOM Secretariat. Among the important tasks assigned to CARDI, has been the responsibility for preparing an all inclusive proposal of how food security issues could be addressed within the Region. Here too the important question of an “overarching policy” for agriculture within which such a food security strategy must emerge as an important “missing link”.

The various mandates to CARDI are important, and if properly executed can result in some efficiency gains and early harvests for the agricultural, fisheries, forestry and natural resource sectors. However, the sustainable benefits associated with more advanced forms of functional corporation and resource sharing will only emerge from effective rationalisation of existing institutions, including the revisiting of institutional mandates, the creation of new institutions where they do not now exist, and the need to address guaranteed modes of institutional financing for institutional sustainability. Extending the mandate provided to CARDI to include the elaboration of the CCAP, should be given serious consideration.

The institutional arrangements for the CCAP Secretariat could closely follow that of the CSME Unit, except the CCAP Secretariat could be located at the CARICOM Secretariat from the outset, where it could receive close political policy guidance from the Lead Head with responsibility for agriculture. The CCAP would need to be staffed with technical specialists in a range of related disciplines, particularly in agricultural policy and international trade, among others. It is well worth reiterating that ensuring the appropriate leadership and staffing of the CCAP will be essential.

### **3.2 Financing**

A major question that will have to be faced in the establishment of the CCAP is how to finance and support the programmes which are developed? These programmes will be to the benefit of both Member States and the Community as a whole. It is unlikely however, that an ad hoc scheme for funding the CCAP would provide the basis for the policy to gain credibility and attract support. A new financing mechanism will be needed for the policy to succeed. The mobilisation of resources, where they will be drawn from and the administration and distribution of these funds will have to be considered. The CCAP would require budgetary support to cover the administrative cost of the actual CCAP Secretariat, and programme resources to finance the priority projects and initiatives which will comprise the foundation elements of the regional programme. The Community Agri-Food Development Fund (see above) would be established specifically for the purpose of supporting both the CCAP's supply-side and marketing programmes.<sup>21</sup> Such a fund could be conceived as a separate institution, or as part of the recently established CARICOM Development Fund (CDF), and a "special window" could be created to address the requisite actions under the CCAP. The fund could be capitalised on the basis of Member States contributions, as well as contributions from international development partners, including the EU, Canada, non-traditional donors, among others.<sup>22</sup> This financing option would require fine-tuning, since many of the issues to be

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<sup>21</sup> This serves the same purposes as the Agricultural Modernisation Fund.

<sup>22</sup> Subject to the mandate of Heads of Government, the People's Republic of China, as well as the Republic of Taiwan, are among the possible candidates.

addressed by the Agri-Food Development Fund, may not have arisen as a consequence of “dislocation occasioned by the CSME”. Article 158 of the Revised Treaty of Chaguaramas would appear to be sufficiently expansive, so as to allow for the COFAP, “to determine the status, composition and functions of the Development Fund”<sup>23</sup>, such that it can accommodate the new mandates on agri-food financing.

The model of the CARICOM Development Fund (CDF), which includes a capital development fund, is broadly consistent with the discussions regarding the incorporation of an ‘investment window’ for infrastructure projects.<sup>24</sup> This special window is intended to finance special projects, not dissimilar to some being considered for the agri-food system.<sup>25</sup> Several variants of the CDF model may be considered, including those based on earmarking contributions for special projects, as opposed to the development of a ‘special window’ within the Capital Development Fund. In this context, the project financing could be administered by the CDF, while the management of the administration of the project is undertaken by the CCAP Secretariat.

In terms of financing the CCAP Secretariat, the model of the Caribbean Court of Justice (CCJ), where a “Trust Fund” has been established to underwrite the administrative costs of the Court and as well, the extant model being used by the CDF where operational cost is financed from the interest earned on contributions<sup>26</sup> does raise two interesting possibilities. However, the impact of the global economic crisis and its implications on CARICOM Member States, between 2009 and 2011, does not suggest that these particular options would be prudent at this time. A possible sustainable stream of financing the CCAP Secretariat may be Member States funding of the administrative costs through contributions, as well as the soliciting of external donor financing from the international community. The latter includes Technical Cooperation Agencies (TCAs), along with the redeploying of a percentage of the resources presently spent by each Ministry of Agriculture to the regional policy.

Financing for the CCAP Secretariat cannot be considered separate and apart from the serious focus that must be given to financing the Community’s work, institutions, et al. The seemingly piece-meal approach to funding regional integration, directly affects the proposals for the commencement of the CCAP

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23 See Article 164, Para 2. (a) and as well, Para 2. (b), in relation to the possibility of extending the CCAP to other neighboring Caribbean Countries.

24 A special Donor’s Conference and Investment Forum, considered a number of projects for financing -from both the public and private sectors. The projects focused a broad range of projects areas, such as poultry, feed and agro-industrial development.

25 The discussions on the financing of a regional transportation project, serve as a case in point.

26 The original intent is that the operational costs will be covered based on interest generated from loans under the fund. However, these loans are expected to be fairly limited at the beginning until approximately Year 3.

Secretariat and the attendant specialised projects which will give effect to its mandate in areas, such as, food safety, among others. It will be important to ensure that scant regard is not accorded to funding yet another institution, or some other form or organisation, such as, a Council, Commission or Secretariat, particularly since there is a view that the region already has too many regional institutions, and since many other regional institutions are being criticised for not being utilised at an optimum.

Practically, a potential source of financing could be the unspent allocations under the 9th EDF, as well as regional allocations under the 10th EDF. The funding under the 9th EDF could be used to establish the CCAP Secretariat and to finance operations for a two year period.<sup>27</sup> Thereafter, funding under the 10th EDF could be targeted to underwrite the costs of a three to five year project, which will complete the first full Medium Term Strategy (MTS). The CCAP Secretariat could be gradually subsumed into the CARICOM Secretariat after the first five year cycle/ MTS. By this time the political-institutional arrangements normally associated with deeper integration arrangements, allowing for some degree of supra-nationality would have advanced sufficiently to facilitate more effective policy setting and implementation.

Whichever financing option is deemed most feasible, a Resource Mobilisation Task Force (RMTF) will need to be established as part of the next critical steps to development/formulation of the CCAP. Clearly too, urgent action will be required if the option of EDF funding under the 9th and 10th Regional Indicative Program meme(RIP), is to be pursued.

In closing, niggling issues of implementation and strategy development must be fine-tuned in any further effort to articulate a full-blown CCAP. The institutional architecture to give effective to mobilising funding is and has always been a problem. The institutional arrangements in terms of the options proposed in paper should be given due consideration in the elaboration of a full-blown CCAP to identify the most feasible option, which should include, ceding authority for some elements, such as those of 'shared competence'. With respect to the proposed CCAP 'board', it should be constituted of high level representatives from member states, appointed by Government. These representatives must have competence in some area of economic planning and development and should be properly empowered to represent the interest of the country and with authority to sign off on decisions. In the absence of a supranational body, the option for this 'Board of member states' to provide strategic guidance to the 'CCAP secretariat' and report to COTED, could be seen as the preferred option.

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<sup>27</sup> The assumption is that swift action will be undertaken by the CARICOM Secretariat to secure the funding, as well an extension to spend the funds under the 9th EDF.

## Summary and Conclusions

Fundamental structural shifts are occurring in global, regional and national agri-food markets, which present dynamic opportunities for growth and development. Innovation by private sector firms and enterprises has been at the centre of this dynamism. A comprehensive CSME CCAP must focus on mechanisms for enhancing such innovation and change as key determinants of agri-food competitiveness.

The CCAP is based on the need for a well-coordinated response by the Member States of CARICOM to the rapid economic changes that will continue to confront the agri-food system in the short- to medium-term. The major drivers of these changes include the erosion of preferential markets and the advent of reciprocal bilateral agreements, the volatility of global energy prices, a global food crisis, a global health crisis associated with Chronic Non-Communicable Diseases (CNCDs), changing nature of export markets for the region's agri-food exports and the growing internal competition among economic sectors for resources.

The EU-CARIFORUM EPA agreement, in particular, links critical issues of the continued integration of the region and the wider Caribbean, the possibility of increased EU funding in the context of more intense domestic competition for resources, and a new era of trade relations that includes Asia and large developed country markets.

The opportunity now exists for a credible, well funded and focussed CCAP to advance the economic and political objectives of CARICOM Member States. However, its design and implementation must be informed by, and as such, avoid the pitfalls of past regional initiatives at formulating regional agricultural development policy.

There is an irrefutable logic that an overarching CSME community policy for agriculture should become the sole and central clearinghouse for all existing and future policy development and project implementation at the regional level.

The model framework for the community agricultural policy (The CCAP) already exists in the Revised Treaty of Chaguaramas. This model framework takes account of the characteristic features and peculiarities of agriculture in the CARICOM Region and contains important statements of principle which must guide the development and implementation of the CCAP.

The model framework in the Revised Treaty also makes provision for forestry and fisheries policy as an integral aspect of the CCAP. However, developments since the entry into force of the Revised Treaty have raised some level of ambiguity regarding the inclusion or non-inclusion of fisheries policy in the CCAP.

Clearly, the commitment to the development of a community framework among individual CARICOM Member States, through a strong regional organisation, can go a long way towards formulating a cohesive and well coordinated fisheries and natural resources policy as an integral element of the CCAP. Such integration further widens the scope for action and coordination.

The Revised Treaty also indicates the instruments to be used in the implementation of the CCAP. Article 57 indicates that implementation is to involve both CARICOM bodies and Member State institutions. The issue of coordination becomes even more critical since, without some Community level involvement in national program medesign and implementation, and in the sourcing of financing, the problem of coordination may become overwhelming.

The experience of the past thirty years suggests that the CCAP must be based on a set of clearly articulated goals. Recent experiences with the rising cost of food would suggest that a major goal should be to create a policy framework that ensures consistent access to affordable food products for the general population. Achieving this goal extends well beyond identifying priority target crops or pursuing import substitution policies. Indeed, several studies, among developing countries, including studies among the Member States of CARICOM, underscore the important macro-economic and sector-wide nature of these challenges.

Past experience also suggests that future efforts at crafting a regional agriculture policy should emphasises programmes based on entrepreneurship and private sector initiatives. Financial support should be targeted and allocated on the basis of the commercial/economic viability. Key institutional reforms should be pursued including movement of publicly held land into the private sector and the creation of codes of conduct that honour contracts.

The CCAP would then be able to address issues such as the coherence of trade policies with domestic developments, the need for coordination in regional development strategies for the sector, the importance of quality and food safety in the global marketplace, and the establishment of some form of insurance or safety net for producers who bear the risks. Above all, it must marshal fresh resources to the solution of these problems. It is the access to these resources and the possibility of making a structural shift in the agricultural sector that will cause the sector to coalesce around the CCAP.

The CCAP will require Community and national agencies to collaborate with international agencies to improve infrastructure and to ensure the availability of inputs to the farm, critical transportation infrastructure and value adding activities. Such coordination with bodies outside the region will also be an important aspect of a coherent agricultural policy for CARICOM. This is also critical in terms of financing for policy implementation.

There are two basic elements in any community agricultural policy. One is to develop common approaches to common problems faced by the sector, and establish an agreed action programme, including regulatory coordination, market development, environmental practices and nutritional programmes, as well as investment, research and extension, and uptake of technology. The other is to develop trade policy for the agricultural sector, both to strengthen the internal market through free internal trade and to enhance export opportunities (and responding to import disruptions) through a common (or coordinated) external policy. Each of these two elements feeds into the other, and an acceptable policy will be a careful mixture of the two.

The second element, a community policy superimposed on existing national programmes and institutions, would appear to be less contentious. Many of the problems facing individual Member States are similar to those being experienced by other Member States; accordingly, the rationale for a collective approach would seem to be obvious.

The degree to which such a CCAP would be useful would depend on the financial resources available to drive it. The recent EU-CARIFORUM EPA provides an opportunity for new funding. If significant new funds can be found to develop agricultural programmes at a regional level, then the prospects for a constructive CCAP will increase.

The experiences of the EU-CAP demonstrate that the CCAP will have to build a functioning executive and secure an adequate and continuous source of financing. Experiences from relatively 'weak' CAPs suggest that the 'pooling' of some functions will be necessary. However, tremendous work remains in rationalising and simplifying the complex network of Ministries, programmes, support agencies and international support institutions. The experiences of the past three decades suggest that there is an imperative to reduce duplication and competition for donor funding, which quite often results in the under-funding of work programmes.

The CCAP could be launched by the establishment of an Executive Body and associated CCAP Secretariat, premised on six thematic areas for priority action (pillars), including the establishment of a Fund dedicated to the development of the Region's agricultural and food sectors, and a Programme that addresses supply side issues and challenges confronting the Region's agri-food system.

The framework document for the CCAP is being presented at a most challenging time for the regional economies, characterised by policy retreats, the tendency towards inward orientation, “re-budgeting” exercises which reduce budgets for agriculture, and contracting agri-food sector performance in most countries. Importantly, there are emerging policy tendencies towards managing the internal market, through mitigating competitive pressures. Such tendencies, if acted upon, will pose problems for cohesion in the Region, and should be resisted. Such a degree of market management is very difficult without a strong executive and without sufficient common interests to overcome national and sectoral divisions. CARICOM has yet to take the final steps towards a common internal market for agricultural products and external trade policy is also not yet truly common. Nevertheless, in terms of the contribution to the strengthening of the regional economy, the focus on opening up internal trade (within a modest amount of protection from abroad) would seem to be vital.

Still, both the opportunity and the imperative for deepening the regional integration exercise through the concerted adoption of a CCAP have never been greater. It is therefore critical that CARICOM seize what might be the last “golden” opportunity at advancing the single economy aspects of the Revised Treaty as it relates to the agri-food system. Rather than retreating, CARICOM should urgently advance the process toward developing a full blown CCAP by pursuing the consensus of major stakeholders around the framework advanced herein by the first quarter of 2009. Next, preparation of the CCAP project should follow immediately, with start-up of the CCAP Secretariat commencing, at the soonest with possible funding from the EU, Canadian International Development Agency (CIDA) and CARICOM Member States.

The exercise is not an effort to write a new policy or over-write the existing official regional policy frameworks. It explicitly recognises and uses as its framework, Article 56 of the Revised Treaty, which provides the model for the CCAP. This effort also seeks to highlight issues that may not have been present or as dynamic when the RTP and even the Revised Treaty was prepared almost ten (10) years ago. The intention is to build on the framework and process, and add value to an established mandate – Article 56. This proposal represents a natural progression of the work already being undertaken in CARICOM. It offers a first step in consolidating the issue at the regional level and building consensus to get the community agricultural policy in a coherent manner to enable better understanding and implementation planning and monitoring. A major reason for preparing the CCAP proposal is that it having a consolidated ‘policy document’ will be critical for the resource mobilisation exercise with large donors.



## **Annex I**

1. Limited financing and inadequate levels of new investments
2. Outdated and inefficient agricultural health and food safety (AHFS) systems
3. Inadequate research and development
4. Fragmented and disorganised private sector
5. Weak land and water distribution and management measures
6. Deficient and uncoordinated risk management measures
7. Inadequate transportation systems, particularly for perishables
8. Weak and non-integrated information and intelligence systems
9. Weak linkages and participation of producers in growth market segments
10. Lack of skilled and quality human resources.

Subsequently KBCs #s 8 and 9 were consolidated, resulting in nine (9) KBCs.

## Annex 2:

Reference in revised Treaty to the CARICOM Community Agricultural Policy

### PART TWO - AGRICULTURAL POLICY

#### ARTICLE 56 - The Community Agricultural Policy

##### 1. The goal of the Community Agricultural Policy shall be:

- (a) the fundamental transformation of the agricultural sector towards market-oriented, internationally competitive and environmentally sound production of agricultural products;
- (b) improved income and employment opportunities, food and nutrition security, and poverty alleviation in the Community;
- (c) the efficient cultivation and production of traditional and non-traditional primary agricultural products;
- (d) increased production and diversification of processed agricultural products;
- (e) an enlarged share of world markets for primary and processed agricultural products;
- (f) the efficient management and sustainable exploitation of the Region's natural resources, including its forests and the living resources of the exclusive economic zone, bearing in mind the differences in resource endowment and economic development of the Member States.

#### ARTICLE 57 - Implementation of the Community Agricultural Policy

##### 1. For the achievement of the goal set out in Article 56, the Community shall, through competent Community Organs and Bodies, promote and support:

- (a) the production, diversification, processing and marketing of agricultural products; the establishment of effective agricultural financing systems, including insurance, bearing in mind the special needs of artisanal fishers, small farmers, foresters and
- (b) agro-processors;
- (c) the establishment of linkages among the Member States with complementary natural resources, industries, agricultural skills and technical abilities;
- (d) the development of human resources and delivery systems responsive to the requirements of the agricultural sector;
- (e) the development of appropriate policies for the use of land and marine space with a view to increased agricultural production;
- (f) appropriate land tenure systems to provide the farmer with security of tenure
- (g) the establishment of effective information and market intelligence services;
- (h) research and development with a view to the adaptation, dissemination and application of appropriate technologies at all levels of the sector and all stages of production;
- (i) the adoption of effective measures for rural enterprise development;
- (j) public education to enhance the economic and social profiles of agriculture, particularly among the youth;
- (k) the establishment of an effective regime of sanitary and phytosanitary measures;
- (l) the establishment of a policy environment designed to attract investment to the agricultural sector; and
- (m) technical co-operation and the dissemination of knowledge in agriculture.

**2. For the purpose of assisting the Member States to implement the agricultural policy set out in paragraph 1, COTED shall establish effective support measures including:**

- (a) strengthening the relevant administrative and institutional framework to modernise and enhance the competitiveness of agriculture by:
  - i. improving the capability of the Member States to undertake policy analysis, formulation, planning, execution and resource mobilisation for the development of the sector;
  - ii. investigating and analysing developments in the agri-food sector; and
  - iii. improvement of the collection, analysis and dissemination of empirical data and other relevant information;
- (b) upgrading of national and regional capabilities in the areas of sustainable natural resources management;
- (c) enhancement of the capabilities of the Member States in the areas of agricultural trade analysis and negotiations; and
- (d) promotion of a mechanism for the collaboration of farmers, fishers, foresters and the social partners in agricultural development.

**3. The Community shall:**

- (a) promote collaboration among the Member States and competent regional organisations in the areas of policy formulation and implementation of regional agricultural policies; and
- (b) establish an effective regime to protect regional agricultural production from dumping, subsidisation and other unfair trading practices.

**4. The Community shall, as a matter of priority, and in collaboration with national, regional and international agencies and organisations, promote and adopt measures relating, inter alia, to:**

- (a) the provision of appropriate inputs; and
- (b) the development of infrastructure, such as port facilities, drainage, irrigation, access roads, post-harvest handling and marketing facilities.

**ARTICLE 58 - Natural Resource Management**

**1. The Community shall adopt effective measures to assist the Member States in the management of their natural resources in support of the transformation and sustainable development of the agricultural sector.**

**2. Without prejudice to the generality of paragraph 1 and to obligations of Member States under existing international agreements, the Community shall adopt measures for:**

- (a) the effective management of the soil, air and all water resources, the exclusive economic zone and all other maritime areas under the national jurisdiction of the Member States; and
- (b) the conservation of biological diversity and the sustainable use of biological resources of the Member States, especially those of important medicinal and traditional value.

## **ARTICLE 59 - Marketing of Agricultural Products**

**1. The Community shall, in collaboration with competent national, regional and international organisations, promote the development of effective agricultural marketing systems in order to respond to, influence and generate market demand for agricultural products of the Member States.**

**2. In effecting the promotion referred to in paragraph 1, the Community shall pay particular attention to:**

- (a) market information, intelligence and planning;
- (b) improved post-harvest technology;
- (c) risk insurance; and
- (d) efficient distribution services.

**3. In order to accomplish the objectives referred to in paragraph 1, the Community shall adopt measures to promote:**

- (a) the establishment of a regional market information system;
- (b) the improvement of production and market information systems of the Member States in order to facilitate, inter alia, the efficient co-ordination of marketing strategies and systems;
- (c) institutional arrangements including producer associations and joint venture marketing enterprises in order to respond to existing and changing market conditions;
- (d) niche marketing;
- (e) linkages between agriculture and other sectors in particular, the tourism sector;
- (f) the identification and utilisation of low cost sources of alternative inputs;
- (g) the establishment and adoption of regional standards and specifications compatible with international standards for products being traded;
- (h) enhanced productivity and food quality;
- (i) insurance coverage for primary agricultural products; and
- (j) the development of efficient distribution services to facilitate intra-regional and extra-regional marketing.

**4. In pursuance of the need to generate market demand for agricultural products of the Member States and to promote the agricultural development of the Less Developed Countries, the Member States shall agree to the arrangements for marketing oils and fats as set out in Schedule III.**

## **ARTICLE 60 - Fisheries Management and Development**

**1. The Community, in collaboration with competent national, regional and international agencies and organisations, shall promote the development, management and conservation of the fisheries resources in and among the Member States on a sustainable basis.**

**2. The Community shall effect the promotion and facilitation referred to in paragraph 1 by:**

- (a) enhancing the institutional capabilities of the Member States in areas such as policy formulation, registration and management systems, resource monitoring and assessment, and harvesting and post-harvesting technologies;
- (b) establishing mechanisms to provide assistance in:
  - i. the development, management and conservation of the fisheries resources;
  - ii. the discharge of obligations relating to fisheries resources arising under Articles 62, 63 and 64 of the United Nations Convention on the Law of the Sea (1982).
- (c) effective regional representation at international fora;
- (d) establishing development programmes for aquaculture;
- (e) encouraging the establishment of protected aquatic habitats and associated terrestrial areas and fish populations for the sustainable development of fisheries resources of the Member States; and
- (f) establishing, facilitating and strengthening research and human resource development at the professional, technical and vocational levels.

**3. The Community shall collaborate with the Member States in:**

- (a) the management of straddling and highly migratory fish stocks;
- (b) ongoing surveillance of their exclusive economic zones;
- (c) the delimitation of maritime boundaries; and
- (d) safeguarding their marine environment from pollutants and hazardous wastes.

**4. Without prejudice to the provisions of Article 56, COFCOR shall promote the establishment of a regime for the effective management, conservation and utilisation of the living resources of the exclusive economic zones of the Member States.**

**5. For the purpose of this Article, “fisheries resources” includes all the fishable resources, natural and cultured, in the inland and internal waters, territorial seas and the exclusive economic zones of the Member States.**

**ARTICLE 61 - Forest Management and Development**

**1. The Community shall, in collaboration with competent national, regional and international agencies and organisations, promote the development, management and conservation of the forest resources in the Member States on a sustainable basis.**

**2. The Community shall effect the promotion and facilitation referred to in paragraph 1 by formulating policies and programmes for:**

- (a) the management of its forest resources;
- (b) the integration of forest development in rural communities;
- (c) enhancing the institutional capabilities of the Member States to design and implement forest management systems;
- (d) establishing, facilitating and strengthening programmes for research and for human resource development at the professional, technical and vocational levels;

- (e) encouraging public and private sector participation in the development and application of technology;
- (f) providing incentives for forestry development to stimulate domestic, regional and foreign investment in the forestry sub-sector;
- (g) harmonising standards for quality assurance, compatible with international specifications;
- (h) promoting commercialisation of natural forest products in a sustainable (i) manner;

**3. For the purposes of this Article, “forest resources” are those natural assets of forest lands, including timber and other forest products, biological diversity, recreation, fish and wildlife habitat, wilderness, flora and fauna, air, water and soil.**

#### **ARTICLE 62 - Saving**

The provisions of this Chapter are without prejudice to obligations of the Member States under existing international agreements.

## **S**ummary of Meeting on the CCAP Paper

**Regional dialogue on the issue of policy harmonisation** is an important part of the process of developing regional agricultural policy. Policy harmonisation an integral part of the CARICOM integration process through the Single Market and Economy (CSME). The commitment and goals to establish a Community Agricultural Policy in the Revised Treaty of Chaguaramas represent a significant step towards realising the economic and political benefits of regional cooperation. However, there are divergent and strong views in the region about the relevance, timing and feasibility of articulating and implementing a regional policy for agriculture. At one end, some opinions suggest that given our history of policy failures, that a regional response is neither practical nor even desirable; at the other end, some believe that policy harmonisation is a must, if the region is to progress in the CSME. In between these extremes range degrees of uncertainty, nonchalance and indifference.

The objective of the CCAP meeting was contribute to the regional dialogue by highlighting critical issues, options and processes that will need to be considered as the region moves to establish regional policy for agriculture. The meeting hoped to:

1. have a better understanding of the regional divide with respect to the need for regional agriculture policy;
2. promote consensus on the issues, options, key elements and implementation mechanism of a regional policy response;
3. improve knowledge of the various regional efforts for agricultural development in CARICOM and promote the need to link, consolidate and manage these
4. independent efforts under one umbrella initiative;  
offer clear directions for the process forward in managing the task of developing regional policy and strategy.

**The contribution of the CCAP paper** was to build on the directions articulated in the Revised Treaty recognising the need to highlight issues that may not have been present or as dynamic when the RTP and even the Revised Treaty was prepared almost ten (10) years ago. Further, the CCAP paper was seen as playing an important role to leverage financing and provide a beacon and umbrella for development initiatives in the short-to-medium term until such time when it needs to be re-evaluated. To effectively fulfil its role, the CCAP would need offer concrete policy guidelines and action plans that do not simply represent a compendium of national priorities and actions.

At the end, there was a general understanding that the CCAP paper was not proposing an entirely new regional agricultural policy initiative, but rather, to build on the framework and process and add value to an established mandate – Article 56 of the Revised Treaty - which provides the model for the CCAP. There was consensus that the document provides the beginning of coherence based on building on what already exists and that some effort should be made to incorporate major ongoing initiatives. These major CARICOM-led initiatives that should form part of the process to articulate a full-blown community agricultural policy include the Sub-Regional OECS Agricultural Policy and Strategy, Jagdeo Initiative interventions to remove constraint to agricultural production and trade, the Common Fisheries Policy and Regime (mandated by Heads of Government in 2003), and the Strategic Plan for Regional Development (SPRD) which is a follow-on from the Single Development Vision.

**The proposed CCAP pillars** were general deemed to be critical to the growth and development of agriculture in the CSME and were areas that would be best addressed as a region, than as individual member states. The explicit inclusion of 'Communications', and by extension, Ownership, whether as a pillar or cross-cutting element, was seen as indispensable to achieving consensus and commitment in the community for a regional agricultural policy. There was the strong suggestion that in the process to elaborate the CCAP, the proposed policy pillars should be revisited in terms of ensuring that their scope and content sufficiently reflected the needs of the region, are clearly defined, inclusive, balanced and mutually-reinforcing.

Since the base for CCAP was the Revised Treaty, it was agreed that its recommendations link back to removal of constraints to agriculture defined in the JI's Key Binding Constraints (KBCs). Mechanisms need to be found to build-in the JI strategies more definitively into each of the corresponding CCAP's Pillars as part of the consolidation process. The integration can be obtained by feeding the CCAP's recommendations into the JI Management Committees. In so doing, the CCAP will become an important effort to pave the way for improvement in the agricultural community.

**The effort to develop the CCAP** was deemed timely, but successful implementation would depend on the quality of the enabling environment, the concomitant development of action plans and removal of pre-existing limitations that plagued previous efforts. Further, the full development of the CCAP should ensure that there is policy balance among economic (production and trade), social and environmental issues. There was a crucial need to ensure that the CCAP is not seen to be in the interest of a group of agri-business firms, with a negative impact on small farmers. While a strong regional trade strategy will continue to be critical



given the expectation of volatility in export prices, the CCAP must build-in and balance all other policies imperatives, such as, social security, safety net programmes, and the issue of nutrition which has now become far more critical in the context of Chronic Non-Communicable Diseases (CNCDs).

**Implementation issues that need urgent resolution** included addressing the limitations with respect to financing, a major bottleneck to implementation, before the process for implementing CCAP proceeds further. There was consensus that the strategy with respect to a special window in the CARICOM Development Fund presented the most viable option given the expected difficulties in accessing external resources, including that available under the 9th and/or 10th European Development Fund (EDF). The recommendation for the RMTF was accepted as important and part of the tasks should be to develop a financing framework to exploit the EPA and other trade and economic agreements. The existence of a credible and comprehensive CCAP proposal would also enhance the mobilisation of financing among the international community which has indicated a preference for financing regional projects. Another critical implementation issue related to strengthening institutional and enforcement capacity and at the level of the CARICOM Secretariat and in Member States. There was a recommendation for conducting a readiness assessment of government departments and other key institutions as a necessary part of the defining and building implementation mechanisms for CCAP, including giving key considerations to achieving cohesion of responsibilities.

**The region needs to make a firm decision with respect to a regional agricultural policy. Harmonisation of agricultural policy in CARICOM will require extensive, inclusive and comprehensive consultation, across diverse stakeholder groups in the region. Such regional dialogue cannot be substituted!**



This paper highlights and offers a 'synthesis' of the critical issues and options, process and imperatives for policy harmonisation in agriculture, through development of a comprehensive Caricom Community Agricultural Policy (CCAP) at this stage of development in the CSME. It sketches the broad contours that such a consensus CCAP will need to follow. The paper is not intended to develop or, elaborate a full blown CCAP. It is intended to form an input into the regional dialogue and consultations which will inform policy directions and recommendations, towards the elaboration of the comprehensive CCAP.

This paper was made possible under the "Caribbean Regional Agricultural Policy Network" (CaRAPN)', managed by the IICA Trade Policies and Negotiations programme in the Caribbean, with financial support from the Technical Centre for Agricultural and Rural Cooperation (CTA) of the EU-ACP, based in The Netherlands.

ISBN 13: 978-92-9248-019-6