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IICA
TRINIDAD AND TOBAGO

ECONOMIC POLICY & SUSTAINABLE RURAL DEVELOPMENT

FEATURE

*Approaching Sustainable Development in the Caribbean - Two Issues**

C Pemberton, C Davis, L Davis

Introduction:

The debate on sustainable economic development continues to gain currency given the evolving of real effects of a seemingly environmentally insensitive development process. At a recent joint conference of the Caribbean Agro-economics Society (CAES) and the American Agricultural Economics Association (AAEA), it was the turn of regional experts to assess this issue as it relates to the Caribbean. This assessment sought to define the context in which sustainable development should be evaluated, and pointed to three major elements, viz:

- the salient characteristics of the region being considered.
- the physical and social constraints in reconciling growth and environmental sustainability.
- the critical points of, and the levels of interactions between the agricultural sector and the non-agricultural sectors.

The following extract discusses the issue in terms of the salient characteristics in both physical and social terms. It surmises that the physical characteristics of the natural environment combined with the socio-economic characteristics of the primary agricultural agents [farmers in this case] are most important in a sustainable development and research agenda for the Caribbean. Moreover, the relationship between macro-economic sectors has significant bearing in affecting the sustainable exploitation of the region's natural resource base.

The characterization of Caribbean agro-ecological and socio-economic resource, particularly in the context of reconciling agricultural productivity with environmental sustainability presents two essential points in the sustainability debate. Firstly, depending on the prevailing agro-ecological situation, problems related to agricultural productivity and environmental sustainability may differ. Secondly, problems may also differ depending on the prevailing economic-policy conditions. The second point needs to be emphasized given that the debate thus far has failed to recognize that the policy environment affects the sustainability of agricultural production differently across agro-ecological settings.

A recent workshop on sustainable agricultural development presented convincing arguments that it is a dead-end path to reconciling productivity and

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environmental sustainability by trying to cover a wide range and variety of conditions. The argument is advanced that such a path would lead to empty generalizations. Instead, it suggests that a more promising research path would be to differentiate among "initial conditions".

Among the "initial conditions" for which consensus was achieved were:

- natural resource endowment (actual or potential)
- socio-economic conditions facing farmers.

By a process of differentiation among these initial conditions, four socio-ecological environments were proposed as potentially fruitful paths for research and public policy initiatives directed at reconciliation between agricultural productivity growth and environmental sustainability.

These four environments can be broadly described as:

1. Favoured natural resource environment,
2. Fragile natural resource environment augmented by services,
3. Favoured natural resource environment constrained by infrastructure, and
4. Fragile natural resource environment without augmentation or support

Based on the Ahmad et al (1991) characterization of natural resource endowments and socio-economic constraints, it would appear that all of these four environments are present in the region. In terms of advancing the research agenda on reconciliation of agricultural productivity with environmental sustainability issues, we argue that it is more fruitful to focus on the fragile resources - unfavored farmers environment as the dominant regional environment.

At the same time, it is imperative that this environmental category be recognized as being sub-groups of and existing in an interactive framework with the other three environments.

There are three compelling considerations which lend strong support to this approach:

First, the agriculture of the region has a large number of small sized and poor farmers, farming poor quality hillside lands (Ahmad et al, 1991). This farm population group would fit directly into the fragile resources - unfavored farmers environment. As such, approaching regional sustainable agricultural development initiatives within a fragile resource - unfavored farmers (but environmental type-nested) framework would satisfy what has been called a "cardinal principle" of sustainability. That principle is "to ensure protection, if not enhancement, of the incomes of the small and marginal farmers and others whose livelihood depends on these resources" (Vyas, 1991).

Second, such an approach would serve to focus and coordinate the research skills of the regional, national and transnational agricultural research institutions in their pursuit of agricultural sustainability goals in the region. This approach is consistent with the newly formulated ecoregional approach to agricultural sustainability research by the CGIAR system (FAO/TAC, 1993).

Third, such an approach would force recognition of and a research agenda focusing on the risks associated with the potential for collapsing the more favorable natural resources and farmers environments by the intensification of production in these areas.

Characterizing Regional Agricultural and Non-agriculture Interactions

Reconciliation problems between agricultural productivity growth and environmental sustainability is not confined to the boundaries of the physical, biological, social and institutional dimensions which define the agricultural system. This is because, *inter alia*, the reconciliation problem sets are grouped within production and consumption activities at a number of levels. The points of intersection between and among levels, and the nature of the interactions at these points can profoundly impact on the outcome of sustainable development initiatives. Two contexts that might be fruitful approaches to cross-level analysis of sustainability issues by agricultural economists are:

(1) field, farm/household, community, regional and international and
(2) trade globalization, liberalization, regionalism, migration and environmental degradation.

We argue that many of the dynamic points of intersection among these levels occur via the interaction among the agriculture, mining and tourism sectors of the region. A major factor associated with the relative importance of the intersectional points of these three sectors, relative to productivity and environmental sustainability reconciliation, is the high natural resource-intensive characteristics of the sectors.

The region can be characterized as exhibiting two basic trends in its natural resource-intensive approach to

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SUSTAINABLE RURAL DEVELOPMENT

Women Food Producers in Latin America and the Caribbean

Some Findings of an IICA/IDB Study

The project Agricultural Policy Analysis vis-a-vis Women Food Producers in Latin America and the Caribbean is being carried out by the Inter-American Institute for Cooperation on Agriculture (IICA), with financial and technical support from the Inter-American Development Bank (IDB). The project covers a total of 18 countries in Latin America and the Caribbean: Barbados, Bolivia, Brazil, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Jamaica, Nicaragua, Panama, Paraguay, Peru, Suriname, Uruguay and Venezuela.

The first phase (1992-1993) of the project was executed in the six countries of the Central American isthmus. In the current phase (1993-1994), it is being executed in 12 countries of the Andean region, the Southern Cone and in the countries of the English-speaking Caribbean.

During the Summit Meeting of First Ladies on the Economic Advancement of Rural Women, held in Geneva, Switzerland in February 1992, a group of first ladies requested that IDB and IICA extend the project being carried out in Central America to include their countries. In response to this request, an agreement was signed during the Second Summit Meeting of the First Ladies of Latin America and the Caribbean, held in Cartagena, Colombia to create a second phase to the project.

The information that follows summarises the findings to date of the studies conducted. The reader will find more information on the Andean and Central American countries because the research has been completed in those areas; work is in the final stage in the Southern Cone and in the intermediate stage in the Caribbean countries.

The project will produce documents and national data bases that contain information collected from surveys conducted on women food producers, as well as four books on the subject, one per subregion. However, the project's most important contributions are the proposed policies and actions targeting women food producers. These are formulated in each country after discussions with the ministers of agriculture and planning, the Offices of the First Ladies, and public and private entities working with agricultural and rural development.

Some of the principal conclusions of the national studies on the situation of women food producers in the 18 countries of Latin America and the Caribbean are:

1. The relationship between women and agricultural production is structural, stable and permanent. Taking national and local differences into account, women food producers on small- and medium-scale farms participate in activities that cover all phases of the production cycle. This is not simply due to special circumstances, armed conflicts or greater poverty, although women's contribution to production increases with these contexts.

2. On small farms, women are responsible for articulating certain aspects of the production process (timing and place) in order to guarantee more viable survival strategies. This is done by combining work time in the family garden and in the plot, by diversifying fruit and vegetable production, by participating in making decisions as to what to sell and what to consume on the farm, and by maintaining more open attitudes vis-a-vis technological change and product diversification.

3. The problems of under-recording statistics masks the dimension, characteristics and dynamics of women's participation in agricultural production. After 15 years of having their attention called to this problem, governments have made very few efforts to rectify the situation.

4. Agricultural policies have not usually addressed the gender issue. This can have an adverse impact, contrary to that expected, on food security in the countries, on the levels of poverty in rural homes and on agricultural modernization. Of the 18 countries studied, only one has formulated a specific policy for rural women producers, and very little progress has been made with regard to sectoral polices.

5. Stabilization and adjustment policies increase women's participation in agricultural activities on small- and medium-scale production units. To the extent that men have more opportunities for entering the job market, women more systematically take on agricultural activities on the plots.

6. Institutional reforms in the agricultural sector have not only ignored the role of women in agricultural production, but have also weakened or eliminated administrative bodies that addressed this issue in the past.

7. Most women are open to technical change and, consequently, have the potential of making production more dynamic. Their production experience is more diversified, and they tend to apply technical advice more that men do, since they are not as tied to traditional agricultural practices.

8. The results of the IICA/IDB project raised serious doubts as to the relevance of labor-intensive technology for production units involving women. Specialists suggest that emphasis should be placed on the use of labor-saving technologies and technologies that women can easily combine with their productive and reproductive activities.

9. When an estimate of women's contribution to family income is based on the number of hours worked, their contribution increases substantially. Although there are methodological problems in establishing that work productivity is equal for all family members, this does not mean that women's work productivity is necessarily inferior to men's work productivity in the different activities of the production cycle.

10. Several countries (Colombia, Costa Rica, Honduras, Brazil) have made changes in their agrarian legislation to provide women with greater access to land. National studies indicate that a greater number of women have title to land, which seems to make it easier for them to obtain access to other production resources.

11. Small-scale women producers face obstacles in requesting production resources. In Central America, for example, although 70% of the women surveyed carry out agricultural activities, only 30% are identified as producers, and they cannot request resources when their role is "invisible" and their self-esteem is low.

12. Studies show that women actively participate in making decisions about the production process as a whole: what to plant, how much to sell and how much to consume, what will be used for seed, when to sell.

13. Women make up approximately 25% of the agricultural EAP in the countries of Central America. They spend an average of four hours a day on agricultural activities on the plot. They are also heavily involved in reproduction, domestic and production activities, which adds to the burden of their daily chores and the ensuing physical exhaustion. They are responsible for 20% of all rural homes, where they are also in charge of production.

14. In the Andean countries, women play a key role in agriculture, but in Colombia, Ecuador and Peru they make a major contribution to livestock production, including dairy cattle and small animals. Their strong role in generating family income makes them legitimate targets of agricultural policies designed to stimulate and modernize agricultural production and combat rural poverty.

Extracted from: Agricultural Policies and Women Food Producers in Latin America and the Caribbean. IICA 1994.

Quotable Quote

Agriculture is of immediate benefit to the people (nutrition and health); measures to promote agriculture have a direct effect on poverty, and in particular on poverty migration, the environment and population growth.

D. Assoumo Mba,
Agriculture and Rural Development Volume 1. No 1/1994.

SOCIO-ECONOMIC POLICY, TRADE & INVESTMENT

The Case of Rice - The Uruguay Round of the GATT

by Willard Phillips

The year 1994 was a significant year for international trade since it marked the conclusion of the fifth round of multi-national trade negotiations conducted over almost a decade at Punta del Este, Uruguay. The Uruguay Round of the GATT, as it is now generally known, was unique in that it was the first time since the post war establishment of this world trade body (The General Agreement of Tariffs and Trade) that these negotiations placed agricultural commodities on the agenda as a specific item. This was an unprecedented move at the time and demonstrated some recognition of the pivotal role which agricultural trade played in the majority of the world's economies. Ultimately, such importance was to be manifested in the conduct of the negotiations with a number of crucial stalemates evolving among countries and groups of countries, each seeking to guarantee the most favorable trading arrangements from the discussions, with the eventual conclusions coming some seven years after the launching of the discussions.

At the time that the negotiations began a number of international trade issues occupied pride of place in the discussions on agricultural trade. Where agricultural commodities were concerned, many countries and groups of countries operated with well established trade protection mechanisms ranging from direct subsidization of local agricultural production as in the US, to elaborate quotas and tariff arrangements under Europe's Common Agricultural Policy, as well as numerous non-tariff-barriers. Outside the sphere of agricultural trade, there were also new initiatives towards the forging of new trading blocks, with early discussions between the US and Canada on a new free trade arrangement. These discussions were to eventually spurn the development of the North American Free Trade Area (NAFTA). By the conclusion of the negotiations, it was clear that a new modus of trade in agricultural commodities was to be established. Trade in agricultural commodities was to be now subjected to a more open market regime, with a greater emphasis on reciprocity in international trading arrangements.

Among the commodities which received extensive treatment in the Uruguay Round were Rice, Citrus and Bananas. An examination of the specific case of new US trading arrangements with respect to rice should serve to demonstrate the post-negotiation imperatives. These arrangements involved both major rice producing and importing regions of the world being South-East Asia, the Philippines, Poland, Japan, the European Community, Mexico and the United States.

Details of Agreements

Agreements achieved under the Uruguay Round are intended to establish trading discipline in the areas of market access, external subsidies, internal support, and sanitary and phyto-sanitary measures. The following specifies some of the key details of the agreements:

1. that Japan will lift its current ban on rice imported from the United States, replacing it with an import quota of 379,000 tons in 1995 to be increased to 758,000 tons by the year 2000.

2. that Korea will lift its ban on US rice imports from 1995, employing instead an import quota of 51,307 tonnes in 1995 which will be increased to 102,614 tons by 1999.

3. that the Philippines guarantees access opportunity to US Rice exports by establishing a tariff rate quota which will grow to 238,940 tons by the end of the implementation period.

4. that the European Community (EC) expands access opportunities to US imports; this is to be achieved by a 36% cut in EC rice tariffs, and to maintain a fixed relationship between duty-paid import price and the support price for rice.

5. that Poland will guarantee access to US rice through the establishment of a tariff-rate quota of 120,000 tons.

6. that major rice-producing countries of the South East Asia will not be able to expand support for agriculture which distorts trade, and will eliminate export subsidies.

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SOCIO-ECONOMIC POLICY, TRADE & INVESTMENT

*Prospects and opportunities for agro-industry**

H. Arlington D. Chesney

Background and Prevailing Economic Environment

The agricultural sector is in a state of transition and is trying to find a way forward so as to succeed in the 21st Century. Success must allow for the introduction of net capital inflows into the agricultural sector and achieving the balance between considerations of competitiveness and efficiency with those of equity and enfranchisement. Consequently, it would appear appropriate that invest-ment which aims at medium to long term viability in the sector, should have the same goals and objectives. Successful investment will have to be market-led. Therefore, it will be dependent on the factors that influence the market. In general, those factors will be conditioned by the articles within the recently concluded GATT agreement. Specifically, we can expect to see the following:

* A limitation or the eventual abolition of preferential markets for agricultural products, notably sugar and bananas;

* increasing international disfavour for the use of quantitative restrictions (negative lists) and tariffs as a means of protecting domestic markets.

* continued removal of subsidies to an agreed maximum percentage of what existed at the time of conclusion of the GATT agreement. It is instructive to note that in 1992, the total producer support (producer subsidy equivalent) for rice in the USA approximated US$ 1.7 billion. Between 1982 and 1991, this support on average represented 46% of the total producer income. This does not include consumer subsidies and export subsidies which approximated US$7 million in 1992 and US$815 million in 1991, respectively.

* The sector will no longer benefit from preferential and/or dedicated credit, at least, that provided by hemispheric and/or international funding agencies. This means that agriculture will have to "stand in line" with other sectors and must be able to "live with" commercial conditions.

* International pressure to ensure the protection and sustainability of the environment.

Local/regional factors that influence the performance of the agricultural sector

There is a general consistency amongst regional countries of the factors that will influence current and future performance of the sector and therefore possible investment. These include:

* The structural adjustment programmes that are currently being implemented (voluntarily or enforced) by regional governments.

* A fragile natural resource base.

* With the exception of Windward Islands bananas, only large farms are significantly serving the export market.

* Small national and, in the international context, regional markets;

* Inadequate farmer access to and use of information technology and knowledge that are critical to profitable commercial - on-farm, post harvest and market - production.

* At the macro/governmental level, an absence of adequate and appropriate information to support planning and the development of national/ regional policies that will impact positively on the short and long term performance of the sector. Simultaneously, the systems are not in place to adequately monitor the effect of the implementation of these policies so as to make appropriate adjustment;

* A traditional commercial sector that, with a few exceptions, has generally "shied away" from making major investments in primary production activities; and

* Lack of a vibrant, consolidated organisation representing the sector's interest and hence no effective lobby. Indeed, when the voice is heard it is generally in a confrontational mode.

Prospects for the sector in the future

The local and regional agriculture sector will not be identical to what currently exists. It will have to be modern, efficient and competitive in all markets - local, regional and international. The need for competitiveness in the local market needs reiteration as it is something that the sector is not accustomed to and will cause even greater emotive outbursts than has been the recent history. That is, the availability of the local market as a god given right as part of the need for self-sufficiency will no longer exist unless the producers are competitive.

SOCIO-ECONOMIC POLICY, TRADE & INVESTMENT

Competitiveness is defined in terms of price effectiveness, reliability and continuity of supply relative to pre-arranged schedules of delivery, and quality and quantity specifications. That is, no different from other sectors.

The achievement of this competitiveness is the challenge to both the government and the producers. Using a cricket analogy, the government being cast in the roles of the groundsman preparing the pitch and umpire (ensuring that both sides observe the rules). The private sector being the players practicing and honing its talents to win the fame both at home and abroad.

One would therefore expect to see the pursuit of economic reforms by both the public and private sectorsin areas such as:

* the design of policies and programmes that encourage and support sustainable levels of growth in the agricultural sector and ease the inevitable pain of transition

* reorganisation of the ministries of agriculture to allow the efficient undertaking of its "new" areas, of activity:

* the facilitation of greater involvement of the private sector including the commercialization of small farm, non-traditional agriculture and the promotion of investment into "new" areas of agricultural activity;

* the strengthening of producer organisations, both small and large, so as to enhance the sector's access to commercial technology and information and its subsequent utilization.

Investment opportunities

Since all investments must be market driven, it is appropriate to list the opportunities in accordance with the potential markets. However, they (investments) should all be in areas where there is a known comparative advantage, tradition of commercial production or a specific market niche. In addition, when determining viability, the definite possibility that Cuba may enter the mainstream of international within the next decade must be factored in the picture.

Extra regional - Europe and North America - market

Traditional crops, such as, sugar, bananas, rice, citrus, cacao.

Non traditional crops, such as, ornamentals, including foliage, fruits, primarily mangoes and pineapples for the cross over market, breadfruit, ginger, sweet potatoes, dasheen, melons, pumpkins, etc, for the ethnic markets. There may also be a short term window for the production of selected vegetables for the North America market to meet a shortfall due to the recent imposition of some very strict pesticide usage conditions in that country.

Local and regional markets

There is the opportunity for investment which forges greater linkages between the agricultural sector and other sectors, particularly tourism. In this regard, it is noteworthy that activities, such as, nurseries, seed production and landscaping within the non-food agricultural component of tourism represent the fastest growing component of small farm agriculture in Florida. With the importance of tourism to the region, this must also be a golden opportunity here for the agricultural sector. In addition, the production of quality vegetables and fruits (possibly organically grown) for this sector is also a possibility.

The production of selected planting materials e.g. rice seed.

Supply mutton, poultry, fruits, vegetables and root crops for the traditional market.

Supply of processed products for the regional (and even the extra-regional) markets.

With the conditions changing as rapidly as they are, no individual can be absolutely definitive as to precisely what the future holds for the sector. As such, dialogue is essential so that we may benefit from the collective wisdom of the region.

***Extracted from the address delivered by H. Arlington D. Chesney, IICA Representative, at the Investment Conference hosted by the Development Finance Ltd at the Trinidad Hilton on March 10, 1995.**

Quotable Quote

An important pre-condition for the success of rural development is the integration of women in the development process.

Hans Meliczek
Agriculture and Rural Development. Vol 1 No 1/1994

SOCIO ECONOMIC POLICY, TRADE & INVESTMENT

Socio-economic Development in the Caribbean - Two issues
(continued from page 2)

economic growth. The first approach is the long-standing tradition of intensive exploitation of the region's land resources via agricultural and forestry activities, aimed primarily at export markets.

The second approach is more a phenomenon of the twentieth century. In this case, the mining (petroleum and natural gas in Trinidad and Tobago and bauxite in Jamaica and Guyana), and tourism industries have now joined the older agricultural and forestry industries as the environmental-intensive industries in the region. It is both impractical and costly to study all of the dimensions of the agriculture, mining and tourism interaction points, as they might relate to productivity gains, cum environmental sustainability. What should be high on any regional sustainability research agenda, however, are studies to identify both the **critical factors** and the **outcomes** of interactions among intersectoral factors, which affect the sustainability of agricultural productivity and environmental assets. A critical consideration to bear in mind in pursing such a research agenda, is the necessity of separating the problem of agricultural productivity growth from the problem of unsustainable agro-ecological systems. Environmental degradation can occur because of a lack of or a high productivity growth in agriculture. Productivity is defined by economists as the ratio of output to input. In the equation whereby input to land is balanced with output from land, the ratio is in favor of the output side, then productivity decline and resource exhaustion will both occur. Research-based knowledge of how critical factors within sectors might interact among sectors, to impact the agricultural productivity cum natural resources sustainability equation, is imperative for regional sustainable development initiatives.

Summarized from "Challenges to Achieving Sustainable Agricultural Development in the Caribbean: Three Perspectives (Special Series SS94-1). Pemberton C, Davis C, Davis L. 1994.
Introduced and summarized by Willard Phillips.

The Case of Rice - The Uruguay Round of the GATT
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In order to achieve reciprocity, the US will:

1. reduce its tariffs for rice by 36% in 6 equal installments.

2. The US will establish quantity and budgetary outline ceilings for subsidized exports of rice.

These arrangements point to a new international trade regime in agricultural trade, and has implications for agricultural trade even in the Caribbean. It suggests for instance that long run unconditional access to extra-regional markets is not likely to be sustained particularly for our key commodities, such as, bananas, sugar, rice and citrus. With the new shift towards liberalization, external market access is likely to be sustained only with some reciprocal access to domestic markets. This means therefore that the region must begin to examine all the issues relevant to supporting a successful agricultural trade regime in the long term.

These arrangements were extracted from USDA/FAS GATT Fact Sheet. Title "Rice" - USDA Foreign Agriculture Service, June 1994.

Quotable Quote

Unsatisfied implementation of many agricultural projects in developing countries are linked to:

* *Poor design and appraisal of projects*
* *Inappropriate technologies*
* *Inadequate support systems and infrastructure*
* *Failure to understand and appreciate the social environment*

R A Quiroz, R D Estrade, C Leon-Velarde, H G Zandstra. Circular Vol 21 No 1, April 1995

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