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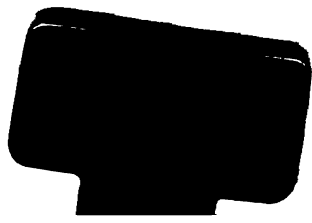
**"IICA's Caribbean Strategy and
Current Initiatives in the
Caribbean Region"**

IICA Workshop in Jamaica:

**"REDEFINITION OF IICA'S TECHNICAL
COOPERATION PROGRAMME IN
SUPPORT OF THE AGRICULTURAL
SECTOR IN JAMAICA"**

*July 03, 1998
Hilton Kingston Hotel
Jamaica, W.I.*

H. Arlington D. Chesney, IICA



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"IICA's Caribbean Strategy and Current Initiatives in the Caribbean Region"

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1. INTRODUCTION

Mr. Chairman, Mr. Aaron Parke, Permanent Secretary, Ministry of Agriculture; Hon. Roger Clarke, Minister of Agriculture; Hon. Dr. Fenton Ferguson, Junior Minister of Agriculture; Dr. Chelston Brathwaite, IICA Representative; members of the Diplomatic Corps; ladies and gentlemen. On behalf of IICA, especially those of us who do not reside in Jamaica, I wish to state how happy we are to be here for this workshop. Our presence here is testimony of the importance we place on this activity. Our presence here is also to indicate that when Jamaica thinks about IICA, it could do so in the knowledge that not only our resources in Jamaica are available to it.

I also want to take this opportunity to thank the Government of Jamaica, particularly Minister Clarke and Prime Minister Patterson, for the unqualified support given to IICA in its difficult but successful efforts to have Canada maintain its membership.

This morning I am scheduled to speak about the Caribbean Differentiated Strategy (CDS) and current initiatives in the Caribbean. For doing this, it must be stated that the CDS is developing within the framework of the Medium Term Plan (MTP) of the Institute. The MTP has the following basic principles:

- Decentralization with five centres including the Caribbean with the largest number of countries;
- Participatory approach (outside and within IICA)

- Market or client led
- Flexibility
- Development of strategic alliances

It also allows for direct involvement with the private sector – with knowledge of particular government.

The overall objective of the MTP is to assist in the development and operation of an agricultural sector that is competitive but which also promotes equity and assists in alleviating poverty, promotes sustainable development and maintains governance.

The MTP also promotes the holistic approach to the development of the sector and definitive linkages to the other productive sectors.

Although the MTP provides the framework, it is necessary to examine the current situation of the sector, look at the influencing factors and make an assessment of how the sector would look in at least the first decade of the new millennium.

2. PERFORMANCE OF THE SECTOR

2.1 THE REGION

For this presentation, the Region comprises countries of CARICOM, excluding Belize and Montserrat, the Dominican Republic and Haiti, that is, 14 members of IICA's CaRC. These occupy a total land area of 488,000 km² approximately and have a population of roughly 21.5 million. The total agricultural

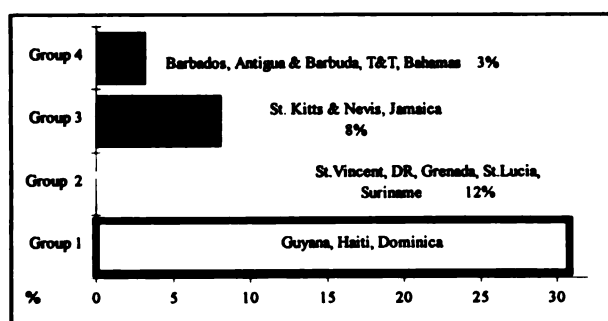
gross domestic product (gdp) was estimated at us\$476 million in 1995. There are four official languages (English, Spanish, French and Dutch) and at least three forms of government albeit all of a democratic nature.

2.2 SOCIO ECONOMIC PERFORMANCE

The economic importance of the agricultural sector varies with country. As shown in Figure 1, member countries can be conveniently divided into four groups based on the contribution of the agricultural sector to the real gross domestic product (gdp) for the 1991-1995 period.

The sector was of little importance in the economies of Antigua/Barbuda, Barbados, Bahamas and Trinidad & Tobago, whilst it was of major importance to Guyana, Haiti and Dominica.

Figure 1
1991-1995 Average Share of
Agriculture in gdp



The performance of the sector (Table 1) was erratic (except for Guyana, Barbados and Haiti) over the period. In Guyana, due primarily to the performance of the rice sub-sector, there was consistent annual growth. In Barbados

and Haiti, the sector declined throughout the period. Grenada also exhibited a trend of almost continuous decline. On the brighter side, Jamaica, Suriname, St. Kitts/Nevis and Trinidad & Tobago showed growth for three or more of the five years.

Table 1
Agricultural Sector Real Growth by Country

| | 1991 | 1992 | 1993 | 1994 | 1995 |
|-------------------|-------|------|-------|------|------|
| Group 4: | | | | | |
| Antigua/Barbuda | | | | | |
| Bahamas | | | | | |
| Barbados | | | | | |
| Trinidad/Tobago | | | | | |
| Group 3: | | | | | |
| Jamaica | -0.2 | 13.0 | 10.1 | 7.5 | 2.2 |
| St. Kitts & Nevis | 16.7 | -0.6 | 7.6 | -5.3 | 2.4 |
| Group 2: | | | | | |
| Dom. Rep. | 17.6 | 2.5 | 0.1 | | |
| Grenada | -1.9 | -2.6 | -3.7 | | |
| St. Lucia | -16.0 | 21.3 | -5.9 | | |
| St. Vincent | -5.9 | 4.1 | -11.2 | | |
| Suriname | 3.2 | 6.1 | 0.7 | | |
| Group 1: | | | | | |
| Dominica | 1.7 | 2.2 | -1.6 | -2.7 | -8.1 |
| Guyana | 12.1 | 24.6 | 5.9 | 12.2 | 8.4 |
| Haiti | -0.2 | -1.0 | -2.5 | -1.7 | -7.3 |

It is significant that the pattern of performance varied more within than between groups. This perhaps suggests that the performance was more attributable to either national policy instruments and/or the performance of the dominant commodity or commodities.

2.2.1 Commodity Performance

Because of time, this analysis is confined to:

- (A) The traditional, sugar, rice and bananas, because of their socio-economic importance to the Region as a whole and their shaky future as a consequence of their

threatened preferential markets;

- (B) Agroindustry, since I believe that adding value and enhancing shelf life will be critical to the sector achieving competitiveness; and
- (C) Some arbitrarily selected non-traditional commodities.

A. Traditional Export Crops

During 1991-1995, sugar, rum, rice and bananas maintained preferential access to the EU, US and Canadian markets, via the Lomé convention, Caribbean Basin Initiative (CBI) and Caribbean agreements, respectively. However, as evidenced by the recent WTO ruling on bananas, these arrangements are all under threat. Consequently, their recent historical performance may not provide a realistic assessment for their future performance.

The regional sugar industry exhibited mixed performance with only Guyana averaging positive real growth of 13.8% per annum over the period (Table 2).

With the exception of Barbados, and to a lesser extent Jamaica, per unit production of sugar cane improved over the period. Similarly, sugar yields (tc/ts) improved. However, only in Guyana and Trinidad & Tobago did production increase (Table 3). However, in 1996, the industry showed strong performance in all countries, especially Barbados, with an increase of 59%.

Table 2
Real Growth (%) of the Sugar Industry
In gdp

| | 1991 | 1992 | 1993 | 1994 | 1995 |
|-----------------|------|------|------|--------|--------|
| Jamaica | Na | 39 | 57 | -2.41 | -7.30 |
| Guyana | 20.1 | 10 | 26 | 4.10 | -0.63 |
| T&T | 17 | 90 | 29 | 12.87 | 0.75 |
| Barbados | 08 | 26 | 13 | 6.22 | -25.23 |
| St. Kitts/Nevis | Na | 06 | 45 | -12.82 | 0.00 |

[Source: national statistics]

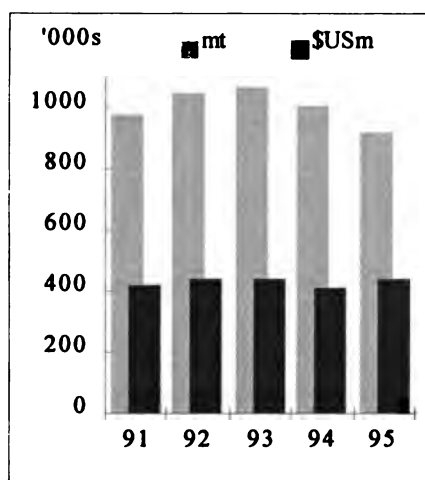
Table 3
Cane & Sugar Efficiency Ratios & Production

| | 1991 | 1992 | 1993 | 1994 | 1995 |
|----------------------------|-------|-------|-------|------|------|
| Tc/ha | | | | | |
| Jamaica | 62.7 | 64.1 | 67.1 | 62.8 | 60.0 |
| Guyana | 61.6 | 74.5 | 74.5 | 75.6 | 68.8 |
| T&T | 52.6 | 58.4 | 52.6 | 63.6 | Na |
| Barbados | 52.2 | 57.2 | 55.9 | 56.3 | 47.6 |
| Tc/ts | | | | | |
| Jamaica | 11.9 | 11.3 | 12.4 | 11.1 | 11.1 |
| Guyana | 14.3 | 12.6 | 13.1 | 12.1 | 11.1 |
| T&T | 12.9 | 11.7 | 11.6 | 11.1 | 11.1 |
| Barbados | 8.9 | 9.8 | 9.1 | 8.1 | 8.1 |
| Production, '000 mt | | | | | |
| Jamaica | 228 | 223 | 215 | 21 | 21 |
| Guyana | 163 | 247 | 247 | 25 | 25 |
| Barbados | 134 | 145 | 138 | 16 | 16 |
| St. | 66 | 54 | 49 | 5 | 5 |
| Kitts/Nevis | 19 | 20 | 21 | 2 | 2 |
| Dom. Rep.* | 6,844 | 6,856 | 7,368 | 6,25 | 6,25 |

*refers to sugar cane production
 Source : national statistics

The sugar industry continues to be a major foreign exchange earner with 95% of the sugar produced in Barbados, Guyana and St. Kitts/Nevis, 70% in Jamaica and 40% in Trinidad & Tobago exported. The Dominican Republic with 50% and 35% of export volumes and export earnings, respectively, dominated. Total exports for the period are shown in Figure 2.

Figure 2
Caribbean Sugar Exports



The banana industry exhibited increased production in Jamaica, was relatively constant (Suriname) or was erratic (Windward Islands) between 1991-1995. St. Lucia and Jamaica are the two largest Caribbean producers (Table 4). Export earnings declined marginally in the last three years (Figure 3).

Figure 3
Caribbean Banana Exports

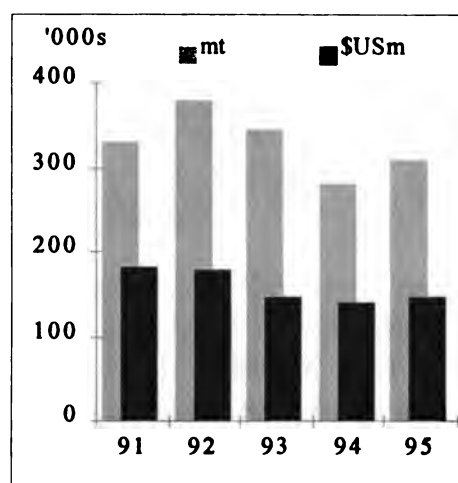


Table 4
Banana: Cultivated Acreage and Production
 ('000 mt)

| | 1991 | 1992 | 1993 | 1994 | 1995 |
|--------------------|--------|--------|--------|--------|--------|
| Acreage | | | | | |
| St. Lucia | 13,993 | 13,995 | Na | Na | Na |
| Dominica | 11,018 | 11,606 | 10,408 | 10,502 | 9,542 |
| St. Vincent | 11,000 | 12,000 | 12,000 | 10,000 | Na |
| Grenada | 1,700 | 1,200 | 900 | 1,000 | Na |
| Suriname | 5,475 | 5,265 | 5,312 | 5,310 | 5,312 |
| | 99.56 | 135.60 | 123.57 | 90.94 | 105.53 |
| | 64.6 | 77.6 | 59.4 | 31.2 | 50.4 |
| | 6.75 | 6.76 | 4.76 | 4.5 | 4.6 |
| | 50.50 | 49.49 | 47.47 | 47.5 | 49.7 |
| Guyana | 12.8 | 13.3 | 13.6 | 16.1 | 16.2 |
| Haiti ³ | 50.9 | 51.9 | 50.8 | 36.2 | 31.9 |

The rice industry in the Caribbean is dominated by Guyana and Suriname with limited production, mainly for domestic consumption, in Haiti and Trinidad & Tobago. During the period, rice production increased by about 50% due solely to Guyana (Table 5). The excellent performance of Guyana's rice sub-sector is a reflection of what a correct policy environment, including industry deregulation, privatization of milling facilities and removal of price controls, can have on production and productivity.

Source: national banana associations

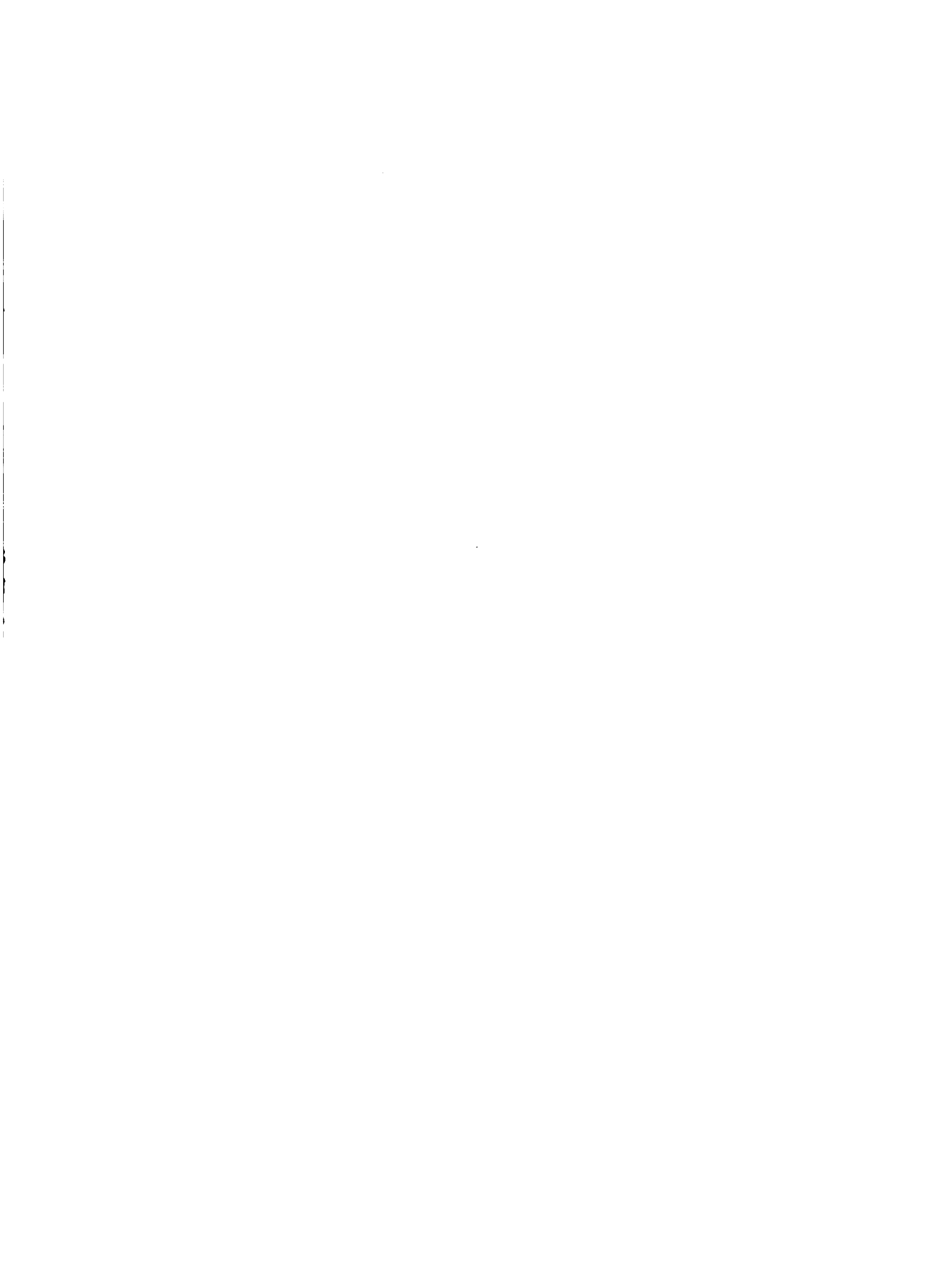
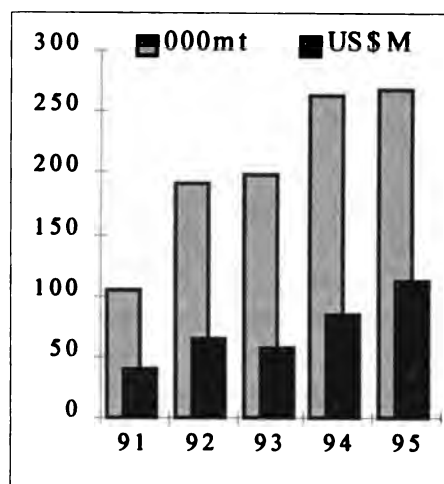


Table 5
Rice: Cultivated Area, Efficiency Ratios and Production

| <u>Harvested ha</u> | | | | | |
|------------------------|-------|-------|-------|-------|-------|
| Guyana | 77.9 | 77.3 | 98.0 | 97.6 | 132.3 |
| Suriname | 80.1 | 68.8 | 58.6 | 60.0 | 61.4 |
| <u>Rice equiv. Mt.</u> | | | | | |
| Guyana | 150.8 | 171.0 | 201.7 | 233.1 | 315.3 |

Figure 4
Caribbean Rice Exports



Both Guyana and Suriname had the benefits of excellent prices through preferential access to the European market and use of the overseas countries & territories (OCT) as represented by Bonaire, Curacao and Montserrat, arrangement. The OCT arrangement has been stopped and the preferential market is expected to continue until 2001. This suggests that the EU market may become less important in the future with a consequential increase in the importance of the CARICOM market.

The latter, which imposes a 30% tariff on non-member rice, is dominated (75%) by US imports. Caribbean rice exports, shown in Figure 4, increased significantly during the period.

B. Agroindustry

Agroindustry in the region is comprised mainly of agroprocessing, the manufacture of livestock feeds, wheat flour and fertilizers and the blending of pesticides. Within agroprocessing, industries based on the manufacture of rum, coconut oil and its derivatives, and citrus juices and tobacco conversion are the most dominant and are large scale in nature. Other agroprocessing activities are of a small-medium scale nature involved in the preparation of marmalades, jams/ jellies, candied/ preserved fruits, juices/ nectars/pulps, ice cream/yogurt and wines, mainly for local/regional use. These activities have not generally had strong linkages with primary agricultural production and hence use significant amounts of imported raw materials. The exceptions to these two features are ice cream and yogurts in Barbados and Trinidad & Tobago.

Within the large-scale agro-processing sub-sector, the major export is rum. Its growth in exports has been strong due primarily to the preferential markets in Europe, Canada and the United States. Exports from CARICOM grew from US \$35.8 million in 1991 to US\$53.3 million in 1995, with Jamaica (\$23.6 million) and Trinidad & Tobago (\$16.3 million) being the two largest exporters.

C. Non-trationals

The non-trationals chosen are fruits (citrus and others), cut flowers and poultry.

Citrus is by far the most important non-tration fruit in the Region. The Dominican Republic, Jamaica and Dominica are the largest producers with Trinidad & Tobago showing sharp increases (mainly oranges) during the period. The major regional exporters are the Dominican Republic and Jamaica (Table 6).

Table 6
Citrus Production (tons)

| | 1991 | 1992 | 1993 | 1994 | 1995 |
|-----------|--------|--------|--------|--------|--------|
| Jamaica | 25,401 | 47,609 | 27,693 | 52,634 | Na |
| Dominica | 19,554 | 22,197 | 16,359 | 30,291 | 18,426 |
| T&T | 7,559 | 2,212 | 8,617 | 10,418 | 10,225 |
| Guyana | 6,400 | 7,200 | 7,600 | 7,600 | 6,600 |
| St. Lucia | 2,112 | 1,685 | 1,514 | 1,670 | 2,016 |

Fresh fruit citrus export earnings (US\$)

| | 1991 | 1992 | 1993 | 1994 | 1995 |
|-----------|-------|-------|-------|-------|-------|
| Dom. Rep. | 3,369 | 4,087 | 3,728 | 3,186 | Na |
| Jamaica | 3,304 | 4,651 | 3,492 | 2,713 | 2,667 |
| Dominica | | | 893 | 433 | 726 |
| T&T | Na | 32 | 63 | 213 | 150 |

However, the citrus industry throughout the region is threatened by pests and diseases, particularly citrus tristeza virus. To survive, a massive and systematic replanting programme is required.

The major other non-tration fruits include mango, avocado, breadfruit, golden apple, and paw paw. There have been reasonable success stories, such as, golden apple in Grenada, paw paw in Trinidad & Tobago and mango (Julie) in St. Lucia. However, production remains small with limited commercial plantations. Nevertheless, it provides some level of export revenues for the small farmer of several countries (Table 7).

Table 7
Selected Non-tration Fruits Exports (US\$'000)

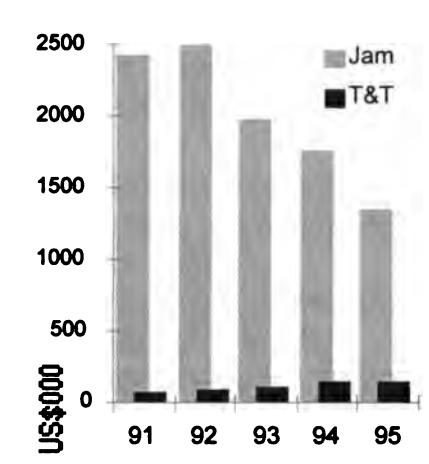
| | 1991 | 1992 | 1993 | 1994 | 1995 |
|-------------------|--------|------|-------|-------|-------|
| Mango | | | | | |
| Dom. Rep. | 93 | 125 | 105 | 216 | Na |
| Jamaica | 1,202 | 957 | 527 | 666 | 1,035 |
| T&T | 9 | 40 | 55 | 136 | 56 |
| St. Lucia | 213 | 282 | 205 | 396 | 197 |
| Haiti (mt) | 13,438 | 277 | 7,130 | 2,742 | 9,951 |
| Avocado | | | | | |
| Dom. Rep. | | | | | |
| Jamaica | | | | | |
| T&T | | | | | |
| Dominica | | | | | |
| Breadfruit | | | | | |
| St. Lucia | 319 | 265 | 261 | 296 | 312 |

The cut flower and foliage sub-sector, although small, continues to suggest significant potential for several Caribbean countries. Indeed, there has been good growth in Barbados, Dominican Republic and Trinidad & Tobago. The major markets are Europe (Barbados),

USA (Dominican Republic, Jamaica and Trinidad & Tobago) and the French Caribbean island (Dominica).

Most recently, in an effort to address the poor marketing arrangements that have generally existed, producers have become directly involved in the market place. Exports from Jamaica and Trinidad & Tobago are shown in Figure 5.

Figure 5
Cut flower exports, Jamaica and Trinidad & Tobago



Poultry meat is by far the most widely produced and consumed meat in the region. Of all livestock, it has shown the most rapid growth, particularly in Barbados, the Dominican Republic, Jamaica and Trinidad & Tobago. (Table 8). It is also the livestock industry in the region that is most fragile, being almost wholly dependent on imported grains and vulnerable to dumped and/or selected imports.

Table 8
Poultry Production, Selected Countries (000kgs)

| Country | 1991 | 1992 | 1993 | 1994 | 1995 |
|-------------------|---------|---------|---------|---------|---------|
| Dom. Rep. | 158,124 | 184,477 | 188,741 | 141,522 | 142,883 |
| Trinidad & Tobago | 26,460 | 24,602 | 29,872 | 26,463 | 30,051 |
| Guyana | 1,500 | 3,100 | 4,100 | 6,200 | 7,300 |
| Jamaica | 53,436 | 42,469 | 44,000 | 44,946 | Na |
| Suriname | 9,563 | 8,800 | 6,760 | 3,935 | 3,800 |
| Barbados | 10,072 | 8,825 | 8,740 | 10,151 | 10,651 |

Source: national statistics

2.3 AGRICULTURAL TRADE BALANCE

Over the period, the Region was a net importer of agricultural merchandise. The only country whose value of exports was always greater than its imports was St. Vincent & the Grenadines. The data for 1995 presented in Table 9 exemplify the agricultural trade balance for the period.

Table 9
Agricultural merchandise trade 1995

| | | |
|-------------------|-------|-------|
| Group 4: | | |
| Antigua & Barbuda | N/a | |
| Bahamas | 82.2 | 233.0 |
| Barbados | 69.4 | 132.4 |
| Trinidad & Tobago | 194.9 | 237.1 |
| Group 2: | | |
| Dom. Rep. | N/a | N/a |
| Grenada | 17.1 | 33.8 |
| St. Lucia | 63.7 | 81.2 |
| St. Vincent | 31.4 | 30.2 |
| Suriname | N/a | N/a |

Another trade factor to consider is the agricultural exports as a percentage of total exports. Data for 1993-1995 show that in St. Lucia, Grenada, St. Vincent, Dominica and St. Kitts, the figure was above 50%, Barbados, Guyana, Jamaica between 20 and 30% and Trinidad & Tobago less than 10%. Similar data for imports show that in all countries, agricultural imports represented 20% or less of total imports.

2.4 THE POLICY ENVIRONMENT

In a general sense, national and regional agricultural policies [as reflected in CARICOM's Regional Transformation Programme] have aimed to:

- (i) Increase competitiveness including the adding of value of the sector;
- (ii) Enhance food security and nutritional levels;
- (iii) Promote and strengthen inter-sectoral linkages;
- (iv) Foster equitable income distribution; and
- (v) Promote environmental sustainability.

These policies are therefore all in the right direction. Implementation, including the provision of resources and the organisation for same, is the challenge.

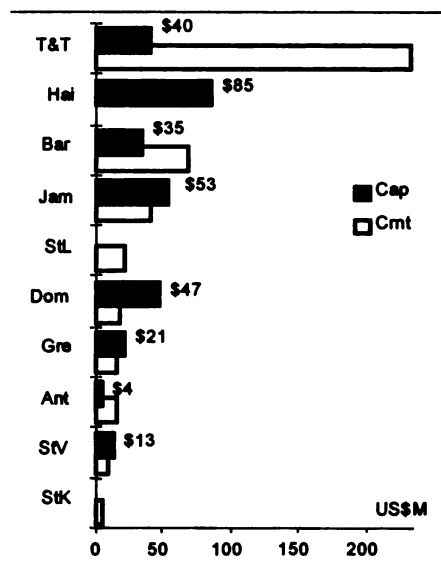
2.5 EXPENDITURE IN THE SECTOR

2.5.1 Government

In spite of imposed or voluntary structural adjustment programmes, public

sector support remains critical for the provision of basic services, incentives and infrastructure to facilitate production and marketing.

Figure 6
Total Public Expenditure in MoA, US \$m



Generally, the Ministries of Agriculture's annual budget represented 2.5 - 3.5% of the total public sector current expenditures between 1991 and 1995. The exceptions being St. Lucia, St. Vincent and Suriname with 5, 4 and 2%, respectively. Note that except for the countries in Group 1, expenditure in the sector is not in keeping with its importance to the country's economy.

Figure 6 shows the level of current and capital expenditures for 1991 to 1995 by selected countries. Although comparison may be misleading in this case, the high quantum of current expenditure and capital expenditure by Trinidad & Tobago and Haiti respectively, stands out.



Since it may be argued convincingly that current expenditure in ministries tends naturally to be involved in institutional activities of limited productivity, the levels of capital expenditure is likely to represent a truer picture of governmental (Ministry of Agriculture) investment into the sector.

Table 10
Total Public Sector Capital Expenditure by MoA 1991-1995

| | Public capita |
|-------------------|---------------|
| Group 3: | |
| Jamaica | 22 |
| St. Kitts & Nevis | Nil |
| Group 1: | |
| Dominica | 657 |
| Haiti | 12 |

When these data are presented as investment per capita (Table 10), it shows that generally the low population countries made more public sector investment into the sector than the more populous/larger countries.

2.5.2 Private Sector

For reasons, such as, high associated risks, with consequential unfavourable terms of commercial credit, limited capital, and capacity of the development banks, direct investment by the private sector for agricultural development has been low traditionally.

This trend continued during the period and appeared to have been exacerbated by the requirement of the development banks to lend at market interest rates in an effort to increase their efficiency and become self-financing.

As an indication of commercial credit available to the sector, agriculture's share as a percentage of total commercial bank credit and the total commercial bank credit to the sector are shown in Table 11 and Figure 7, respectively.

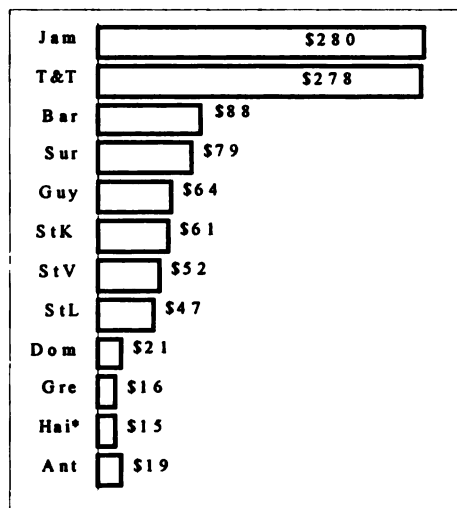
It may be said that in a general sense, commercial bank credit to the sector is more in keeping with its contribution to the national economies than that of governments.

Table 11
Agriculture Credit as a Percentage of Total Commercial Bank Credit

| | | |
|-------------------|-----|-----|
| Group 4: | 3% | |
| Antigua & Barbuda | | 2-3 |
| Barbados | | 2-3 |
| Trinidad & Tobago | | 1 |
| Group 2: | 12% | |
| Grenada | | 2-3 |
| St. Lucia | | 2-3 |
| St. Vincent | | 8 |
| Suriname | | 16 |
| | | 2-3 |
| | | 12 |
| | | 2-3 |



Figure 7
1991-95 Commercial Bank Credit to
Agriculture, US\$m



2.6 RESEARCH

Agricultural research in the Region has generally been conducted and/or directed by government-owned or controlled national institutions or regional, in the case of CARDI. With the exception of possibly bananas, sugar and, more recently, rice in Guyana, it has not been significantly market and/or economic oriented and has not been based on a commodity system approach.

The result is that *inter alia* there has been:

- (a) Little serious public/private sector dialogue. This dialogue is critical since it is the private sector, farmer, processor, marketer, who will benefit or not benefit from the research and who much better knows or understands the obligatory requirements of the products;

- (b) Too much individual latitude in choosing the type, scope and urgency of research conducted with the corollary of insufficient focus and limited exchange of information; and

- (c) Poor returns, as measured by increases in marketable product, compared to expenditure made on research.

There has to be a change in the ownership, approach and direction of research. The private sector must become more involved in the ownership of and investment in research. The research must be scheduled to provide tangible, market driven results within an appropriate time frame. Consequently, and since resources for research from extra-regional sources are decreasing, it has to be primarily task and/or objective funded.

3. EXTERNAL INFLUENCES

The agricultural sector in the region will be severely influenced by the:

- (i) International dialogue dealing with globalization, trade liberalization and the move toward a sustainable form of development; and
- (ii) More specifically, the agenda for integration and development in the Americas as evidenced by the FTAA process. Subsumed in this is the regional agenda.

Some of these major international and hemispheric processes are now described.



3.1 THE COMMUNITY OF NATIONS

From 1990 to 1997, the United Nations held a series of conferences that set the direction for policies and programs guiding governmental and non-governmental action toward sustainable development. They addressed diverse issues, including environment and development, trade and development, human rights, population, sustainable development of small island developing states, social development, women, human settlements and food and nutrition.

Perhaps the most important was the United Nations Conference on Environment and Development (UNCED) held in 1992 (the Earth Summit) that adopted three landmark agreements: Agenda 21, the Rio declaration on environment and development, and the statement of forest principles.

Agenda 21, which is an expanded plan of action for making the transition toward sustainable development, set the scene for future agreements. In 1997, the heads of state and government adopted an amended Agenda 21 for 1997 – 2002. This version underscores three areas for urgent attention: the inclusion of economic, social and environmental objectives; an expanded role for production sectors in helping to reverse the degradation of natural resources; and provision of the resources for implementation, as set forth in 1992.

A second major event took place in the framework of GATT, when the Uruguay Round boosted international

trade by adopting the Marrakesh Agreement and creating the world trade organization (WTO). The structure of the WTO is defined by 28 agreements divided into six groups:

- (i) Multilateral agreements on trade in goods (including agriculture and the application of rules for agricultural and human health);
- (ii) The general agreement on trade in services (gats);
- (iii) The agreement on trade-related intellectual property rights (trips);
- (iv) The understanding on rules and procedures governing the settlement of disputes;
- (v) The trade policy review mechanism; and
- (vi) Plurilateral trade agreements.

The main elements of the agreements which impact on agriculture are:

- *Market access:* exclusive use of tariffication with the possibility of special arrangements
- *Domestic support:* reduction of level of expenditure by 13.3%.
- *Export subsidies:* reduction in direct subsidies by 21% and level of subsidized exports by 14%.
- *Sanitary and phytosanitary agreements*

The reality is that multilateral institutions, such as, the IMF, the world bank and the WTO, define the playing field within which the member countries frame their own national public policies. The new international institutional structure now provides the framework for

national-level decisions that go far beyond such concerns as import tariffs or trade disciplines; instead, its influence extends to issues as wide-ranging as monetary and fiscal policy, internal support programs for production and sectoral development, services, investment regulations, labor practices, environmental policies, and more.

As such, international rules and regulations are strongly shaping the development of new institutional frameworks within each nation. Accordingly, because today's multilateral world has such a powerful impact on agriculture and on rural communities, the new international rules and regulations must be considered a strong determining factor in the development of this sector.

3.2 INTER-AMERICAN DIALOGUE

Over the last four years, the heads of state and government in the countries of the Americas have strengthened hemispheric dialogue and have recommitted themselves to integration and development in the Americas. They have adopted and implemented new agreements of national, regional and hemispheric impact in response to the challenges of sustainable development.

These meetings of Heads, the last being in Chile in April this year, resolved to expedite actions in pursuit of the following objectives:

- ◆ To preserve and strengthen democracy;
- ◆ To promote prosperity through economic integration and free

trade;

- ◆ To ensure access to and improve the quality of education;
- ◆ To eradicate poverty and discrimination in our hemisphere; and
- ◆ To guarantee sustainable development and conserve our natural environment for future generations.

In pursuit of these objectives, governments adopted measures for advancing sustainable development as a means to overcome environmental challenges and the problems of poverty; renewed their commitment to seek policies and strategies that would bring about changes in patterns of production and consumption; developed a plan of action covering areas of health and education; sustainable agriculture and forestry; sustainable cities and communities; water resources and coastal areas; and energy and minerals.

Within the above, the countries have launched official negotiations to establish the Free Trade Area of the Americas, FTAA, and to combat poverty and discrimination, and promote development. These reflect the proposals of the OAS strategic plan for partnership for development, 1997-2001, and the declaration and plan of action of the Bolivia Summit, which specifically addressed agriculture.

3.3 REGIONAL AGENDA

Recently, the region has intensified its actions relative to sustainable development and trade liberalization. With respect to sustainable development,

the foundation was laid with the Barbados meeting on Small Island Developing States. In the case of trade liberalization, there is the acceleration towards the achievement of a CARICOM single market and entering into a bilateral trade agreement with the Dominican Republic.

Since 1992, the region has also introduced the Common External Tariff (CET). The CaRC's policy, trade and investment unit has assessed the impact of the CET on agricultural trade of CARICOM as being minimal regardless of the source or destination of the commodities (Table 12).

The information provided in Table 13 also shows that member countries still have a lot of work to do to put in place the policy, legal and institutional framework to allow the agricultural sector to benefit from or even operate efficiently in the liberalized trade environment.

Table 12
Impact of the CET on agricultural trade in CARICOM (%)

| | Pre-cet | Post-cet | Pre-cet | Post-cet |
|---------------|---------|----------|---------|----------|
| CARICOM | | 14.1 | | 12.5 |
| Latin America | | 7.1 | | 1.3 |
| Nafta | | 52.1 | | 14.8 |
| EU | | 18.9 | | 67.2 |
| Asia | | 1.7 | | 2.9 |

Individual countries do show a different trend. For example, Barbados' share of exports to the Caribbean and, similarly, Guyana's share of imports from the Caribbean, almost doubled in each case.

It is also noted that approximately 86 percent of imports came from extra-Caribbean sources. The major imports were commodities, such as, refined sugar, rice, bananas, chicken, pork and beef, that could be produced internally. This suggests investment possibilities.

Table

Status of Economic Reform

| Country | Macro Economy | Exchange Rate | Fiscal Balance | Tax Reform |
|----------------|----------------------|---------------------------|--------------------------|-----------------------|
| Barbados | Stabilised | Stable BUT Under Pressure | Improving | Partial |
| Belize | Stable | Stable | Stable | Partial |
| Grenada | Stabilised | Stable | Stabilised | Partial |
| Guyana | Stabilised | Stabilised | Improving | Progressive |
| Jamaica | Tenuous | Vulnerable | Vulnerable but Improving | Moderate |
| St. Lucia | Stable | Stable | Stable | Moderate |
| Suriname | Tenuous | Vulnerable | Unstable | None, Inception Phase |
| T & T | Stable | Fairly Stable | Fairly Stable | Progressive |

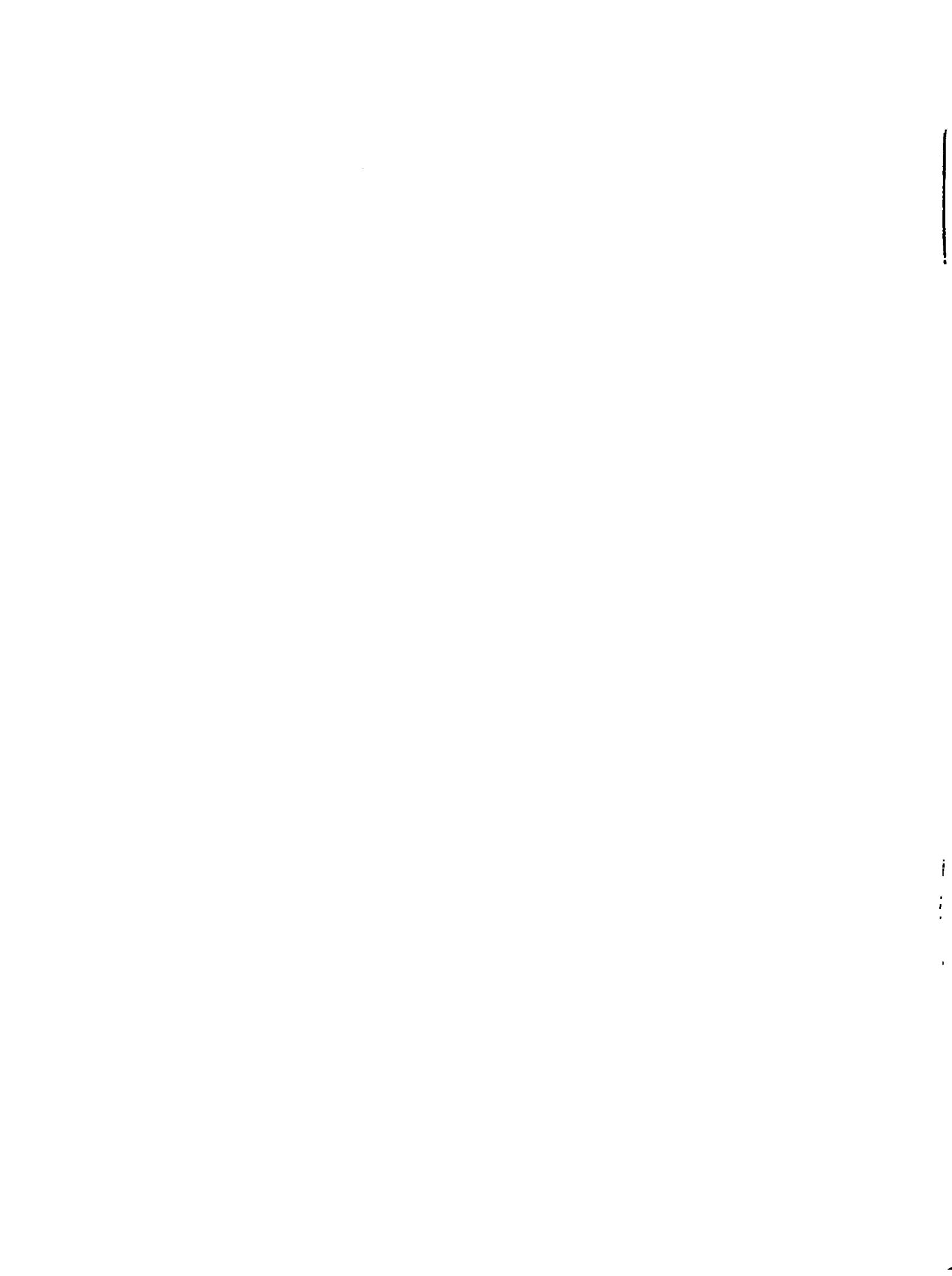
*Redefinition of IICA's Technical Cooperation Programme
 July 03, 1998. Hilton Kingston*

- (e) External inflows of funds are reducing and local investment, particularly by the private sector, has not "stepped up" to fill the gap.
- (f) The majority of agricultural products that are imported are

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These external influences are not only requiring competitiveness. Particularly at the hemispheric level, they are also requiring that due attention be paid to sustainability, i.e. compelling the

*Redefinition of IICA's Technical Cooperation Programme in Support of the Agricultural Sector in Jamaica
 Jul 3, 1998, Hilton Kingston Hotel, Jamaica.*



4. A DIRECTION FOR THE SECTOR

4.1 THE SITUATION

From the foregoing, the following can be safely concluded:

- (a) The agricultural sector is of "very significant" to "limited national importance" suggesting that different actions may be required. This discriminatory approach has not been noted.
- (b) The sector's performance has also been varied over the last five years but the region and most countries remain net importers of agricultural products.
- (c) The traditional export crops, sugar, rice and bananas, whose preferential markets are threatened, continue to dominate the sector.
- (d) The rate and success of diversification has been limited and even though there have been some successes, the non-traditional sub-sectors do not currently appear to have the capacity and/or the infrastructure to absorb the fall out from the traditional sub-sector that is imminent.
- (e) External inflows of funds are reducing and local investment, particularly by the private sector, has not "stepped up" to fill the gap.
- (f) The majority of agricultural products that are imported are

sourced extra-regionally. However, a substantial amount (in value) of these can be produced regionally and suggests investment opportunities.

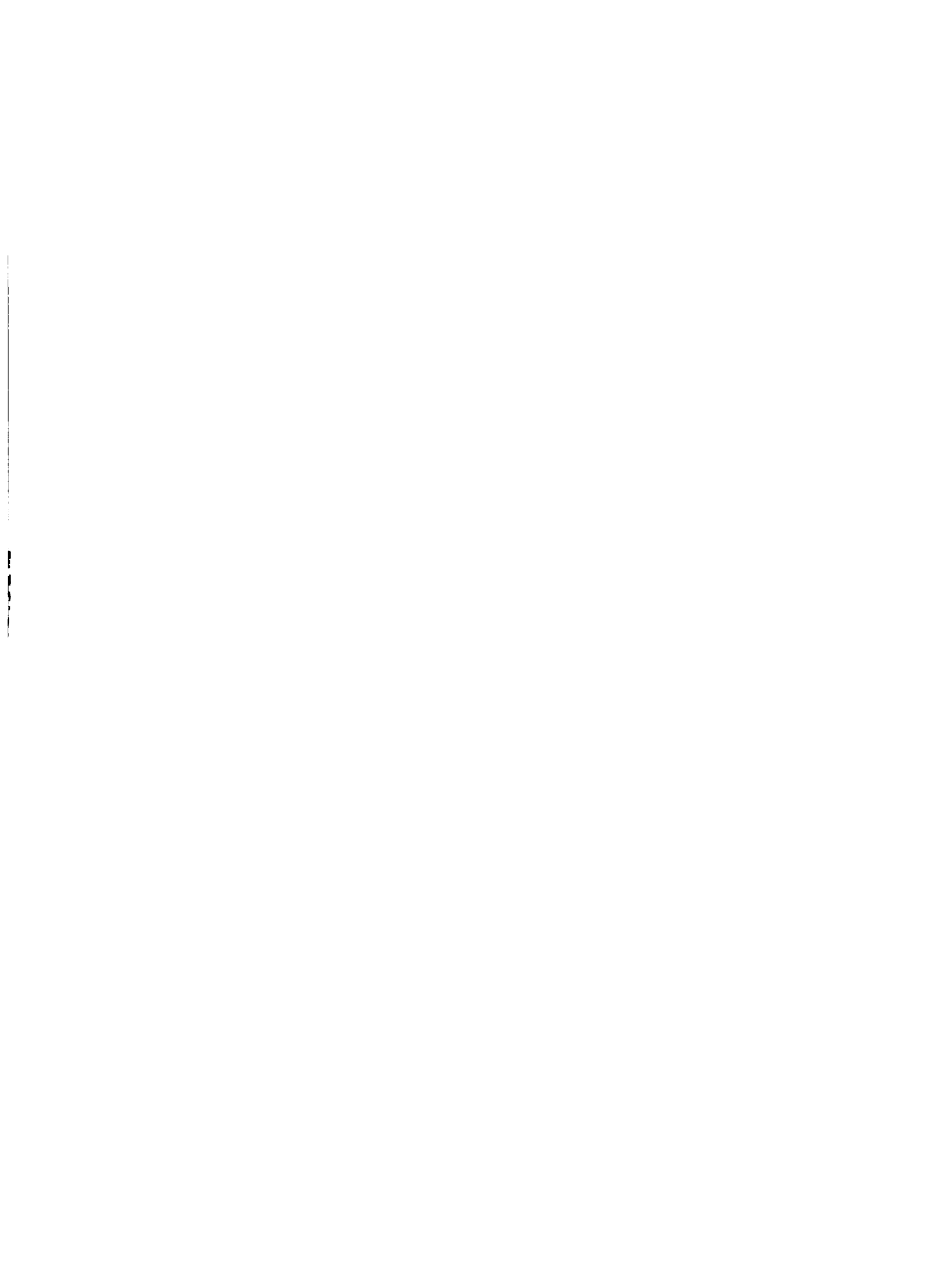
- (g) The small-scale component of the agroprocessing sector is under-developed, but along with specialty products from niche markets, appear present growth opportunities.

Simultaneously, external factors being developed at international, hemispheric and regional levels would have an increasingly profound influence on the sector's future, relative particularly to the conduct of agribusiness, the way of life in rural communities and the restoration and/or maintenance of the environment.

In the first instance, these influences dictate that the sector must produce products that are competitive (price, quality and reliability) in national, regional and international markets. Sir Neville Nicholls, President of the Caribbean Development Bank, stated this fact most succinctly recently

"globalization and liberalization of all markets with ever declining trade preferences have come to stay, whether the Caribbean markets like it or not."

These external influences are not only requiring competitiveness. Particularly at the hemispheric level, they are also requiring that due attention be paid to sustainability, i.e. compelling the



inclusion of social and environmental factors. Within the social ambit, special attention has been given to equitable distribution of income and alleviation of poverty. Since poverty tends to be more persuasive in the rural milieu in which agriculture is mostly located, this is a very strong dictate to the sector.

Also, within the social ambit is the concern for food safety with the consequential requirements relative to food handling, packaging, labelling and certification. In addition, limitations have been placed on the level of domestic support and export subsidies except under stated conditions, along with the introduction of tariffication and reduced rates.

In the midst of all of this, the Region, as a whole, has not put itself fully in order to deal with the challenge of globalization and trade liberalization. Further, where this has been attempted through the introduction of the CET, the agricultural sector, as yet, has made little, if any, use of the opportunity offered.

4.2 THE FUTURE DIRECTION

Does this mean that regional agriculture is doomed? I do not believe so. The challenge is for the sector to identify and seize the opportunities arising in this new scenario. However, to do so, it must recognize that trade will be the key determining factor and must significantly and rapidly change in its scope, nature and involvement.

With respect to its scope, it is imperative that a holistic approach be

taken to the development of the sector. That is, the sector must no longer be considered solely as a farm operation. It must encompass the entire production cycle up to the purchase of the fresh, frozen or processed product by the final consumer. This concept has implications for the competitiveness of the product by ensuring that the farmer shares in the ex-farm value/profit so that a percentage of it can be reinvested on the farm; a means of enhancing the investment in the sector.

If this is to be achieved, major efforts have to be placed on the development of strong farmers/commodity associations at community, national and regional levels. This organization is also critical with respect to technology and information availability, adoption and use.

Further, it must develop very close linkages with the other productive sectors, primarily tourism, education, health and services, such as, transport and financial. Of course, these linkages are important for economic and market reasons. However, in the long term, they may be more important for reasons of solidarity, for the understanding of the social importance of agriculture and the understanding of the under statement of the economic importance of agriculture when it is considered to be solely a farm activity. For example, when the Pink Mealy Bug was introduced into Grenada, its negative effects were felt, not only on the agricultural sector but also on the banking, transport and educational sectors.

What about the nature of the sector?

It will:

- (a) Be technology rather than labour driven. Hence the need for productive, focused and market led research in which the private sector is totally involved from conceptualization to assessment.

It also has to be characterized by a more informed human capital resource at the farmer and supervisory/managerial levels. At the farmer level, there will be the need for intensive "hands-on" training preferably by peers and through the aegis of an association. At the supervisory/managerial level, except in very specialized cases, the individual must possess a blend of technical, trade relations and market knowledge and experience. This requires a change in the university undergraduate curricula.

- (b) Have to be environmentally friendly and be conscious of human health thus requiring an integrated production approach with respect to fertilizer and pesticide use. In this regard, greater emphasis will have to be placed on food safety and preventing rather than treating pests. Adequate quarantine legislation, analysis, procedures and facilities will be imperative.
- (c) Except for the traditional bulk commodities, have to give priority for new products that are of low volume, high value (value added) and preferably for niche or "cultivated" markets.

- (d) Have to continue to be dominated by the traditional export crops. However, there will be a reduction in the number of farmers and in the quantum cultivated, with the exception of rice. In addition, more importance will be placed on the markets of the region, including Haiti and the Dominican Republic, and in the near future, Cuba. Therefore, the ability or capacity of member states to purchase will be critical, not only for the particular country but for the Region as a whole.

With these necessary changes that must be substantially initiated, if not completed, by 2005 the latest, all must be involved together. That is, there is the need for the public and private sectors to work together from the conceptualization and development of policies and establishment of institutions to the construction/installation of facilities for the marketing of the products. It must be recognized that the enemy is neither the public nor private sector.

This togetherness must be cemented by common, mutually agreed upon objective or objectives and an appreciation of the agenda that is required to achieve same. Similarly, all actors within the public and private sectors, i.e. agri-entrepreneurs (farmers, processors, input manufacturers, etc.), researchers, government representatives and academics have to be involved.

With respect to the development of policies, the negotiations with respect to the FTAA and the successor agreement to

the WTO, are critical. It is absolutely essential that the agricultural sector contribute to the brief of the regional negotiating team headed by Sir Shridath Ramphal. It is also critical that the sector understands fully the detailed characteristics of these agreements and their implication. Just as how CARICOM has considered the negotiating process to be important enough to merit a regional response, the challenges facing the sector also require a regional response particularly at the macro- and meso-levels.

5. THE CARIBBEAN DIFFERENTIATED STRATEGY

The Caribbean Differentiated Strategy (CDS), which is underpinned by the concept of Sustainable Agricultural and Rural Development, has two planks:

- ◆ Regional, dealing with issues mainly of a trade nature that would impact on the majority of our 14 member countries. It is mandatory that regional initiatives must have national relevance.
- ◆ National, consisting of Projects that:
 - Are of an integrated nature, that produce tangible outputs in terms of increased quantity and quality of product, increased producer income and supports the environment. These may be funded and implemented by IICA, e.g. Rio Cobre or externally funded but implemented partially or wholly by IICA, e.g. The Morant Yallahs Agricultural Development Project

(MYADP). They must also test out the principles and scenarios that are suggested at the regional and hemispheric levels.

- Assist the public and private sector to enhance their ability and capacity to efficiently manage and/or operate within the sector.

5.1 WHAT ARE THE MAIN ELEMENTS OF THE STRATEGY?

Firstly, to assist in putting in place a proper enabling environment. As such, IICA has promoted/are promoting the following institutions:

- ✓ Caribbean AgriBusiness Association (CABA) which has the major objectives of enhancing trade and promoting advocacy. It is an apolitical organisation comprising individuals, agri-entrepreneurs and farmers, businesses and commodity associations.
- ✓ Caribbean Council for Higher Education in Agriculture (CACHE) that comprises currently eleven degree granting universities from seven countries. It aims to promote academic excellence, produce a graduate that is suitable for the agricultural sector in the 21st century, promote interchange of faculty and students and facilitate cross accreditation.
- ✓ Support to CARDI in the development of PROCICARIBE, which should have as its key objectives, promotion of market led

research, provision of a network for exchange of information and technology and serve as a focal point for entry of information and technology into the region.

- ✓ Alliance for sustainable development made up of the wider Caribbean (wider than Cariforum) and would deal with policy issues at a governmental level.
- ✓ Forum of agricultural partners comprising of the leaders of the four organisations listed above that will dialogue on the characteristics, requirements and processes for implementation of growth within the sector.
- ✓ It is proposed to initiate a regional agriculture week from 1999 moving from country to country to promote and highlight the agricultural sector.

Secondly, to provide the tools to allow this enabling environment to operate, for example:

- ◆ The establishment of a Distance Learning Centre, Barbados, with nodes in each country utilizing IICA's extensive infrastructure.
- ◆ Development of information centres utilising the Internet and computerized library facilities that are interlinked.
- ◆ Continued development of the interactive AgroInfo Database that will be Caribbean and hemispheric

in scope and will support CABA and CACHE through market place and calendars and provide a web page for the CaRC and the TCAs.

- ◆ CARILAC programme to facilitate exchange of info between the Caribbean Latin America with respect to trade, technology, education, etc.
- ◆ Project development and monitoring for extra- and intra-IICA activities and would sector assessments and plans, ministry assessment and restructuring for smaller countries and attitudinal reengineering.
- ◆ Development of strategic alliances with institutions, such as, FAO, UPR, UWI, UVI, Texas A&M, UF, McGill, CARDI, EMBRAPA, CATIE, FONIAP, ZAMORANO.

Thirdly, the provision of technical cooperation in four key thematic areas:

- ⇒ Policy trade and investment
- ⇒ Agricultural health
- ⇒ Technology science and natural resources
- ⇒ Sustainable rural development

In the current context of a trade dominated agricultural sector, IICA has assigned lead roles to the first two named areas. The key actions in the thematic areas are described below.

Policy, trade and investment:

- Analysis of current situation and

the prospects

- Linking economic and biological parameters
- Production of situation and outlook reports
- Effect of CET and trade liberalisation
- Create better understanding of the details of existing trade agreements and their immediate and potential impact on the sector – sub-regional workshops
- Provide policy recommendations and indications as to what position(s) the sector should take in future negotiations.

Agricultural health (trade related):

- Data base and info on pests and disease (notifying agency for outbreaks of animal pests and diseases)
- Agricultural health assessments
- Pest risk analysis
- Plant quarantine regulations, facilities, procedures
- Food safety (HACCP, etc.)

Sustainable rural development:

- Disadvantaged groups:
 - Women – T&T, Haiti
 - Indigenous people
 - Youth – OECS

- Small agro-enterprises and group dynamics
- Development of a rural development philosophy and approach as related to Caribbean agriculture

Science, technology and natural resources:

This area will see a major shift in focus to include activities such as:

- Intellectual property rights
- Management of biodiversity and natural resources
- Introduction of genetic resources
- Support to technology networking
- Establishment of research priorities
- Management of research systems
- Promotion and introduction of technology for low volume/high value products, e.g. herbs, spices, medicinal plants.

Ladies and Gentlemen, I do trust that I have been able to share with you IICA's vision as to the direction in which the Regional agricultural sector will be going in the short and medium term, some of the responses that will be required of it and IICA's contributions to those responses.





