

**THE CARICOM REGIONAL TRANSFORMATION
PROGRAMME FOR AGRICULTURE**

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*A Review of Agricultural Policies:
CASE STUDY OF JAMAICA*

Report prepared for the CARICOM Secretariat

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December 2005

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GLOSSARY OF TERMS

ABIS	Agribusiness Information System
ACP	African Caribbean Pacific
ADC	Agricultural Development Corporation
CARDI	Caribbean Agricultural Research and Development Institute
CAREC	Caribbean Epidemiology Centre
CARICOM	Caribbean Community
CARIRI	Caribbean Industrial Research Institute
CASE	College of Agriculture, Science and Education
CET	Common External Tariff
CSME	CARICOM Single Market and Economy
CTV	Citrus Tristeza Virus
EEZ	Exclusive Economic Zone
EU	European Union
FAO	Food and Agricultural Organization of the United Nations
FTAA	Free Trade Area of the Americas
GDP	Gross Domestic Product
GIS	Geographical Information Systems
HACCP	Hazard Analysis and Critical Control Point
IT	Information Technology
JCPA	Jamaica Citrus Producers Agency
JAPHIS	Jamaica Plant and Animal Health Inspection system
MFN	Most Favoured Nation
MTP	Medium Term Plan
NTB	Non Non-Tariff Barriers
QA	Quality Assurance
R&D	Research and Development
RADA	Rural Agricultural Development Authority
RTP	Regional Transformation Programme
S&T	Science and Technology
SAP	Structural Adjustment Programme
SPS	Sanitary and Phytosanitary
USA	United States of America
USDA	United States Department of Agriculture
UWI	The University of the West Indies
WGSPM	Working Group on Sanitary and Phytosanitary Measures
WTO	World Trade Organization

EXECUTIVE SUMMARY

Purpose & Scope of the Review

This Report provides an analytical review of the major policy provisions for the agricultural sector in Jamaica. The focus is on the appropriateness of the policy mix in facilitating transformation of the sector into one characterized by higher levels of efficiency and competitiveness. The review is conducted within the context of the challenges confronting agriculture as a direct consequence of liberalization and globalization.

While the primary interest was on the commodities selected for the competitiveness study (hot pepper, sweet potato, papaya, coconut and small ruminant), the review was necessarily broader in scope to include sector-wide policies since these could provide the framework and environment to promote enhanced efficiency and competitiveness of agriculture, e.g., traditional crops such as sugar and bananas. The review also examined commodity-specific policies for other non-RTP commodities since it was felt that important lessons on policy relevance could be learnt.

Sector Profile

Jamaica's agricultural landscape is dominated by the production of traditional crops such as sugar, banana, coffee, cocoa and spices. In addition, a number of non-traditionals including, yams, sweet potatoes and hot peppers are being produced for both the domestic and export markets. In the case of livestock, the beef, dairy and poultry industries are well developed. These together with the pork and small ruminant industries are geared primarily for domestic consumption. Marine and inland fish resources are being exploited for the domestic as well as export markets. The agro industry thrust has seen Jamaica emerging as major producer of value added spices and condiments-based products, exploiting niche markets, both at home in the Region and internationally.

Although facing declining economic fortunes, the agricultural sector continues to play a pivotal role with respect to food security, employment, income and rural livelihoods. It also contributes a small but significant share of the Gross Domestic Product (7 % in 2003) as well as providing employment for an estimated 23% of the workforce in 2003.

Poultry represents an example of a commodity in which significant benefits have accrued through internal structural changes, reorganization of the production systems as well as introduction of high levels of technology. Similarly the spice industry which once operated at the cottage level has been restructured and modernized in response to global market opportunities. The sector thus appears to be on a path towards improved efficiency and international competitiveness. The policies together seem to have fostered the environment within which efficiency and increased competitiveness could be achieved. These experiences can be extended to other industries, particularly those of interest to the RTP.

Policy

Sector-Wide Policy Initiatives: The current status of the agricultural sector in Jamaica appears to have been influenced by the cumulative effects of economy-wide policies over the last twenty years. Over the past two decades the major export earner, sugar, experienced significant declines in productivity. Within recent years both sugar and bananas have had to contend with price and market insecurity as a result of preference erosion in the EU market.

In the case of non traditional (for example milk), food aid and the dumping of surpluses on the local market impacted negatively on these industries. The subsequent policy response was the incorporation of agriculture into an overall *National Industry Policy*, the main aims of which were to facilitate growth of the sector, improve the quality of rural life and increase efficiency and productivity. The integration of agricultural policy into the national policy was also supported by the Sector's *Corporate Plan* which outlined specific measures aimed at driving the efficiency and competitiveness of the sector.

Commodity-Specific Policies: As the declining performance of banana and sugar impacted negatively on the local economy, the country abandoned its supply-oriented policies for the traditionals, replacing them with specific market based strategies. For bananas, the measures included rationalization of production acreages, provision of technical support in the areas of irrigation and extension as well as restructuring of the banana insurance scheme. In the case of cocoa, expansion in production, increased efficiencies as well as identification of more lucrative markets were the main strategies for the industry. The policies also called for the rehabilitation of tree crops such as coffee and citrus. With regards to the coconut industry, the policy is to continue research support on the problem of lethal yellowing, the provision of planting material and the development of value added products.

Policies were also developed for a cluster of non traditional commodities, including those of RTP interest, categorized as domestic food crops. In the case of livestock, the plan sought to develop measures to restructure the beef and dairy industries by upgrading the genetic stock and expanding production. Similarly, the Medium Term Plan called for the expansion of small ruminant production. The development of value-added products also formed part of the strategy to enhance competitiveness. This, of course, must be supported by efficient marketing and market intelligence.

Conclusion

In this report we have sought to locate the policy-set for the RTP commodities of interest within context of critical issues that have constrained the agricultural sector as a major platform for the development of Jamaica's economy. These were developed during an era of declining fortunes of the major tradable commodities/traditional exports as well as the emergence of the non-traditionals, the impact of the reduction of protection, structural imbalances, and the challenges arising from further market liberalization.

The current policy measures may be deemed non-specific for the RTP commodities. This lack of specificity carries the danger of preventing the targeted commodities from achieving their potential. We therefore recommend that further refinement and detailing of the policies as articulated for banana and sugar be formatted for the RTP commodities of interest.

In this regard, we would like to stress that S&T/R&D should now be focused on the key technological constraints facing these industries with respect to raising productivity and quality, both of which are strategic for enhanced global competitiveness. We also recommend the concept of clustering production so as to provide the physical infrastructure and institutional support to producers and marketers, both efficiently and cost effectively.

SECTION 1.0 INTRODUCTION

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1.2 SECTOR PROFILE AND PERFORMANCE HIGHLIGHTS

The agricultural sector continues to be important in the Jamaican economy accounting for approximately 7% of GDP and employing about 23% of the workforce in 2003. The sector currently accounts for almost 20% of the country's total exports. Export of traditional commodities, namely sugar and bananas, continues to dominate the sector in terms of foreign exchange earnings. Coffee, cocoa and spices are also exported in significant quantities. Small quantities of citrus are produced mainly for domestic consumption. Non-traditionals such as papayas, yams, plantains, pumpkins and sweet potatoes have shown varied trends in production between 1998 and 2003. The livestock sub-sector produced significant quantities of poultry, pork, beef and chevron as well as milk (Table 1.1). Small quantities of cheese were also produced for the domestic market.

Table 1.1: Estimates of Livestock Production in Jamaica (2003)

Type	Number Slaughtered/units produced	Dress Weight (kg)
Cattle	66,532	11,428,994
Pigs	102,916	5,269,950
Sheep	327	6,667
Goat	36,908	463,795
Poultry Meat (number of birds)	57,178,752	
Fish (kg)	–	11,671,000
Egg (Each)	131,427,747	
Milk (Litres) – Grade A	17,525,681	

Source: Ministry of Agriculture Jamaica Website:
<http://www.moa.gov.jm/Agricultural%20Data/data2003/livestock2003.htm>

Structurally, the sector continues to show bimodal characteristics in which large commercial farms co-exist side by side with an abundance of small-scale production units. The level of technology used by small-scale producers is mixed and parts of the general infrastructure remain undeveloped. These include access roads, drainage and irrigation. However Water management infrastructure, is on the upgrade.

Export marketing infrastructure for the traditionals is fairly well developed while those for the non-traditionals are being re-engineered and modernized to meet international standards. Market promotion activities for the non-traditionals are being actively pursued to establish strong linkages with the tourism sector as well as for exports to the metropolitan markets.

Agroindustrial activities are being broadened and intensified. Several new products have been introduced/commercialized into the global marketplace. These include value-added products based on poultry, pork, coffee, sugar, spices and condiments as well as fruits, coconut and cassava. The livestock feed industry continued to depend on significant imports of soya bean and corn.

The input-supply sub-sector is fairly well developed and is serviced with a large number of private-sector firms, strategically located throughout the country distributing farm machinery, equipment and a wide range of seeds, fertilizers, feeds and chemicals. Centres for the supply of agricultural credit are also strategically located countrywide.

Sugarcane production has fluctuated throughout the period as shown in Figure 1.1. The general trend however, is declining production levels.

Production of some of the traditional crops (cocoa, coffee and bananas) has also been declining with the most pronounced decline occurring in the bananas (Figure 1.2). The trends for non-traditionals, viz., yams and legumes, seem promising (Figure 1.3).

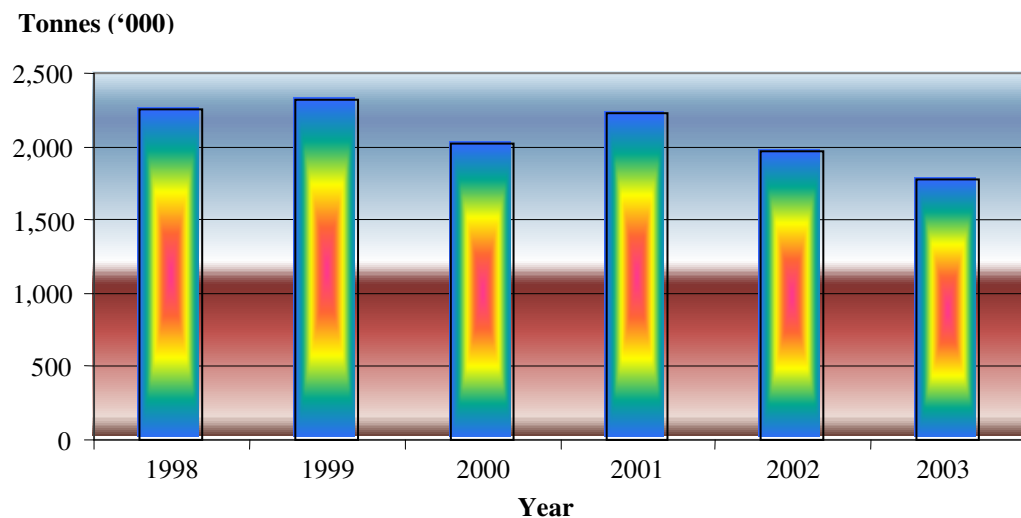


Figure 1.1: Jamaica Sugarcane Production (1998–2003)

Data source: Ministry of Agriculture, Jamaica (2004)

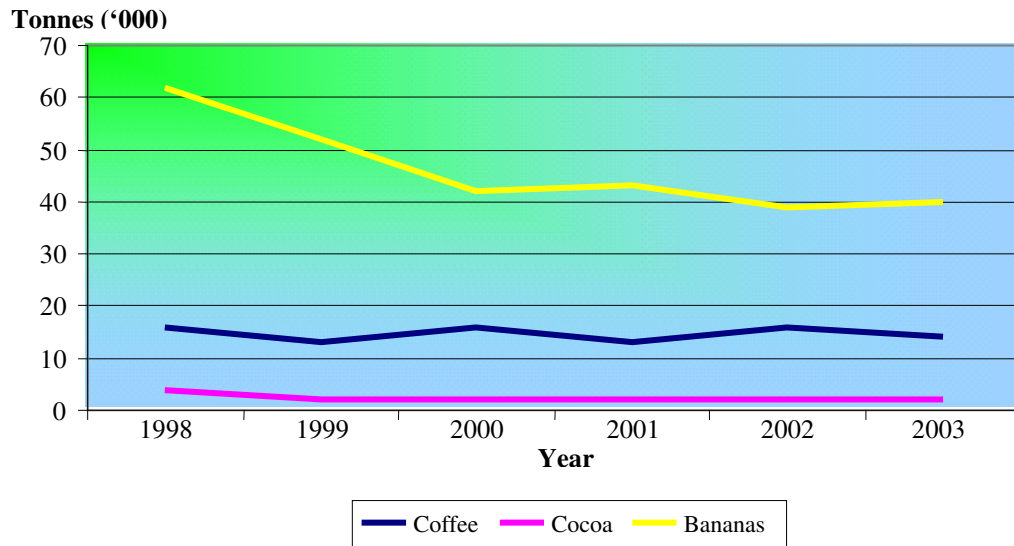


Figure 1.2: Production Trends for Selected Traditional Commodities in Jamaica (1998–2003)

Data source: Ministry of Agriculture, Jamaica (2004)

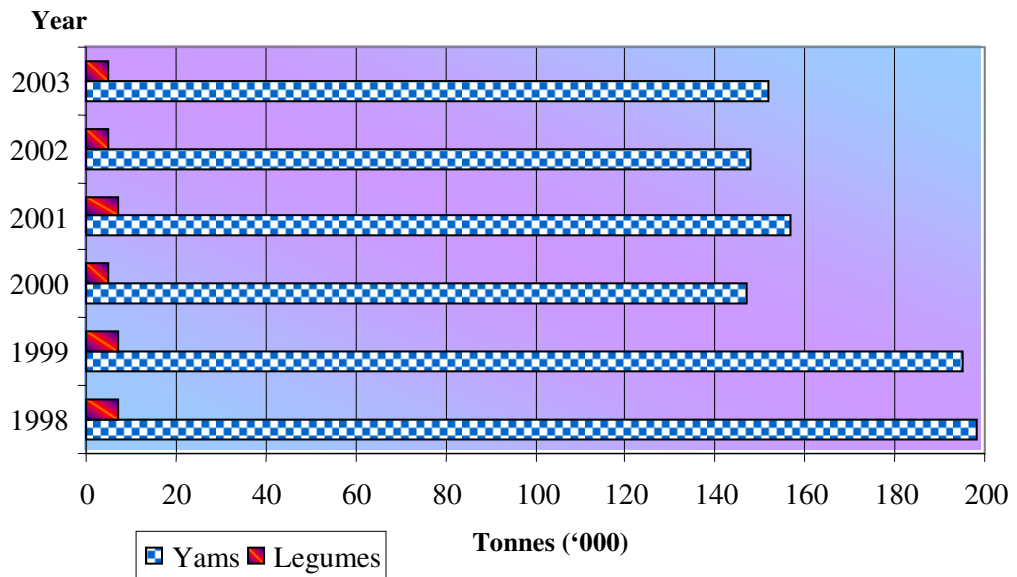


Figure 1.3: Production of Yams and Legumes (1998–2003)

Source: Ministry of Agriculture, Jamaica (2004)

1.3 AGRICULTURAL TRADE

Some of the major competing agricultural imports into Jamaica include poultry meat, rice, and milk. Import volume and value of poultry meat both showed increases over the period 1990–1994 and 1995–2000. In the case of milk products, while the volume of imports decreased by 3.9%, the value increased by 20.2 % over the same period. In the case of rice, there was a declining trend over the same period. The trends in the average quantity of poultry, rice and milk imported over the period 1985–2000 are shown in Figure 1.4.

Tonnes ('000)

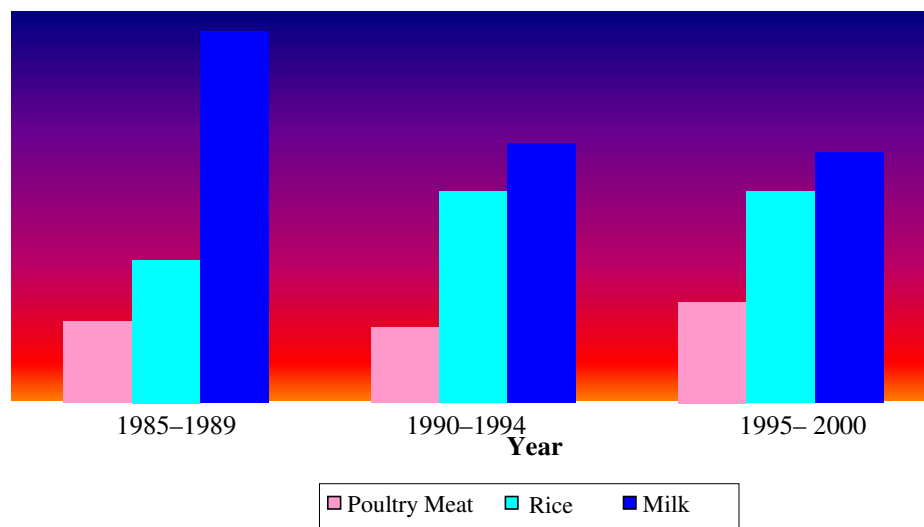


Figure 1.4: Selected agricultural imports by commodity, 1985–2000

Data source: FAO Corporate Document Repository. Jamaica. WTO Agreement on Agriculture. The Implementation Experience.

http://www.fao.org/documents/show_cdr.asp?url_file=/DOCREP/005/Y4632E/y4632e0m.htm

With regards to poultry, there was a reduction in the quantity imported over the period 1985–1989 and 1990–1994. However, this average increased between 1990–1994 and 1995–2000. Imports of milk declined throughout the period 1985–2000. Imports of rice increased between 1985–1989 but stabilized in the periods that followed thereafter.

Exports for some non-traditionals such as sweet potatoes and yams, on the other hand, have been increasing since 2000 (Figure 1.5).

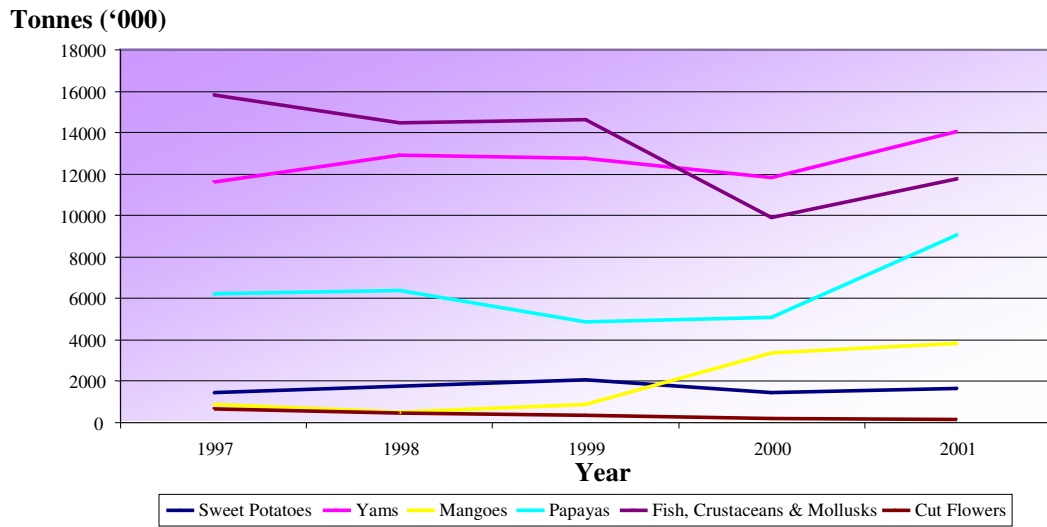


Figure 1.5: Value of non-traditional exports for Jamaica (USD '000')
 Source: Ministry of Agriculture Jamaica

SECTION 2.0

REVIEW OF RECENT SECTORAL POLICIES

In this section, we review the recent policy orientation and their contributions to the sector's growth and transformation under two periods (i) the pre-1995/WTO period; and (ii) Post WTO: 1995 - 2005. We then conclude the discussion with our comments on whether they provide the foundation for the sector to meet the new global challenges of international competitiveness.

2.1 SECTOR POLICIES: PRE – WTO: 1980s TO 1995

Production and consumption of domestic agricultural commodities increased during this period as a response to shortages of foreign exchange and the need to arrest the country's growing level of indebtedness. The replacement of imported goods was also driven by stringent management of domestic financial resources. As the economy experienced difficulties during the 1980s, agriculture was seen as the sector to absorb surplus labour and for the creation of wealth through the stimulation of exports.

Policies for the agricultural sector were designed to initiate the process of liberalization of the economy through reduction in subsidies, deregulation of commodity boards, divestment of public assets and relaxation of foreign exchange controls. In the case of agriculture, greater emphasis was placed on spices and condiments, winter vegetables, coffee, cocoa and aquaculture for export. The expectation was that these new initiatives would contribute to increased foreign exchange earnings while also assisting with correcting the imbalances in the economy.

In 1985, the country started a comprehensive programme of structural reform and further market liberalization. Under this economic reform programme, certain price controls were dismantled, several public enterprises were privatized, import duties were reduced

and the role of the private sector was expanded¹. The policy measures implemented under the SAP were designed to²:

- (i) Eliminate quantitative restrictions and introduce the use of reference prices
- (ii) Reduce tariff rates
- (iii) Eliminate food subsidies
- (iv) Remove credit subsidies and the adoption of market-related credit terms
- (v) Accelerate and intensify the deregulation of commodity boards
- (vi) Divest land and publicly-owned enterprises and
- (vii) Abolish foreign exchange controls.

Other policy interventions include those related to market access such as tariffs, import licensing and customs valuation. Jamaica adopted CARICOM's CET in 1991 and introduced a four-phase schedule of CET rate reductions in 1993 with the goal of lowering the tariff for goods other than agricultural commodities to 20%³.

However, while liberalization took place and some diversification initiatives were implemented, the production structure of agriculture remained largely unchanged. The strategies adopted were to ensure that traditional agriculture would benefit from continued preferential market access while at the same time, diversifying into other commodities with export earning potential, increasing domestic food production and providing employment opportunities.

2.2 POST WTO: 1995 - 2005

Jamaica developed its *National Industrial Policy* in 1996⁴. This policy document was all embracing and included programmes for sustained growth and development of the agricultural sector. The programme highlighted the need to increase investment, stem

¹ Trade Policy Reviews: First Press Release, Secretariat and Government Summaries Jamaica: October 1998. Press Release. PRESS/TPRB/85. 23 October 1998 pp 1.

² Reference Source: Jamaica...pp 2 – 4 ..< www.fao.org/DOCRAP/005/y4632e/y4632e0m.htm >

³ Trade Policy Reviews: First Press Release, Secretariat and Government Summaries. Jamaica: October 1998. Press Release. PRESS/TPRB/85. 23 October 1998. p. 6.

⁴ National Industrial Policy. (Jamaica March 1996)

environmental degradation and improve the quality of rural life. Components of the policy also focused on sector efficiency and competitiveness.

In 2001, the FAO evaluated the country's agricultural policies and concluded that the sector was uncompetitive. Further, it noted that a number of domestic food crops failed because of competition from imports. Also, SPS standards and regulations required modernization and strengthening. Accordingly, in 2003–2004, the *Agricultural Policy Framework* was modified to correct the deficiencies highlighted in the 2001 evaluation.

In an attempt to address the issue of efficiency and competitiveness, the Ministry formulated its *Corporate Plan* for the period 2004/05–2006/07. The specific agricultural policy measures designed to drive efficiency and competitiveness included the following:

- (i) Rehabilitation of the sector with particular focus on livestock and domestic agriculture
- (ii) Enhancement of the sustainability and the quality of rural life
- (iii) Provision of concessions in financing through the establishment of a public-sector investment bank
- (iv) Improvement in agricultural financing and risk aversion
- (v) Rehabilitation of infrastructure, in particular feeder roads and irrigation
- (vi) An upgrade of the regulatory framework regarding trade in agricultural products and reform measures to improve competitiveness
- (vii) Greater use of information technology to provide market intelligence
- (viii) An increase in value-added, agro-processing and promotion of cottage type industries and
- (ix) An increase in the levels of exports.

While the long-term objectives were targeted to provide the foundation for sustainable growth and diversification of the economy, the present characteristics of the sector is being shaped by imperatives of globalization and competitiveness. The advent of the WTO created a trade and market oriented environment which necessitated new policy initiatives for the sector.

SECTION 3.0

COMMODITY-SPECIFIC POLICIES/STRATEGIES

In this section, we present the current policies outlined for specific agricultural commodities.

3.1 SUGAR

The policy goals or targets established for sugar over the medium-term included:

- (i) Production of a minimum of 300,000 tonnes of sugar annually to satisfy the domestic and export markets
- (ii) Reduction in production costs from USD 0.33/lb to a maximum of USD 0.18/lb
- (iii) Achievement of an average TC:TS ratio of 9.5:1
- (iv) Yield of 34 tonnes of sugarcane per ha.

In pursuit of these targets, the following strategies were identified for the sugar industry:

- (i) Increasing yields from existing acreages and returning idle sugar lands to production
- (ii) Exploring the feasibility of establishing a single modern factory
- (iii) Rationalizing and strengthening of the extension services for the small independent sugarcane farmers
- (iv) Ensuring timely delivery of credit to sugarcane producers
- (v) Increasing sugarcane cultivation under irrigation and reduce irrigation costs to reasonable levels
- (vi) Upgrading of factory

Source: The Medium Term Plan (2002–2004) p. 12

3.2 BANANAS

The export of banana to the EU preferential market has been the subject of WTO challenges with respect to the legality of the EU–ACP banana regime. In response, the EU has (December 2, 2005) now proposed a tariff only regime set at EUR 176 (USD 208)/tonne for third country imports of banana commencing in January 2006. Traditional ACP suppliers face a zero tariff within the quota. Over the past decade, Jamaica like other ACP banana exporters has been experiencing erosion of EU preferences and increasing exposure to competition from dollar bananas. In an attempt to address market competition, the country outlined a series of initiatives aimed at improving efficiency and competitiveness (*The Medium-Term Plan (2002–2004)* p. 12). These include:

- (i) Concentration of production on more efficient farms (large farms comprising approximately 4000 acres and small farms about 3600 acres)
- (ii) Adoption of cost reduction measures at all stages of production and marketing
- (iii) Concentration of production on more productive lands
- (iv) Provision of technical and financial support in the areas of extension, irrigation, drainage and critical inputs
- (v) Establishment of an efficient quality assurance programme
- (vi) Restructuring of the Banana Insurance Scheme
- (vii) Rationalization of agencies managing the industry.

Sugar and banana are exported under preferential trade agreements but have been increasingly challenged at the level of the WTO by non-preference exporting countries. Being a relatively high-cost producer of sugar in the Region, the erosion of preferences and the proposed 36% reduction in the preferential EU price are major challenges to the survival of the industry.

In this regard, the country clearly recognizes the need to reorganize and streamline the sugar industry to increase efficiency and reduce costs. The initiatives outlined are likely to enhance productivity and efficiency. However, the initiatives appear silent in key areas of productivity including large-scale mechanized harvesting, development of new value-added products and sugar refining, linkages with rum manufacturing and beverages, the

role of alternatives such as ethanol, electricity cogeneration, animal feed and increased linkages with tourism. Given the current status of the industry, we suggest that only a quantum leap in productivity and cost efficiency is likely to guarantee achieving international competitiveness and longer-term survival. In our view, this transformation could only be made possible through the application of high quality technological interventions and world class management.

In the case of banana, the challenge is from non-preference-exporting countries at the level of the WTO with respect to market access/market entry. The success of these challenges has already impacted on export earnings, reduced market share and loss of employment of Jamaican and other CARICOM exporters.

3.3 CITRUS

The Medium-Term Plan (2002–2004) also outlines initiatives for the citrus industry. These were designed to arrest further decline in the industry and embrace the opportunity to modernize the sector in the medium-term. The following strategies were highlighted in the Medium-Term Plan (*Ibid*, p. 16)

- (i) Implementation of a National Citrus Certification Programme through the Jamaica Citrus Producers Association (JCPA) in conjunction with the National Citrus Council and with technical assistance from the FAO
- (ii) Enactment of legislation to make certification of planting materials mandatory for all citrus nurseries
- (iii) A citrus replanting project to reduce the negative impact of the Citrus Trestiza Virus (CTV) on citrus trees island-wide.

We observe that a series of plant health initiatives are to be employed to arrest further declines in the industry. These initiatives would ensure sustainability of the production component but while this strategy is well supported, we must comment on the lack of concern for other aspects of the industry such as the potential competition from imports from third countries such as Dominican Republic, Brazil, USA and Cuba (we have noted the existence of a bilateral arrangement between Cuba and CARICOM).

3.4 COFFEE

The Revitalization Plan for the Coffee Industry calls for the following (*Ibid*, p. 17):

- (i) Sweeping changes in the areas of licensing and deregulation, marketing, pricing, financing and the overall management of the industry
- (ii) Streamlining of procurement, drying and finishing
- (iii) Specifically, initiatives already undertaken in this regard include the appointment of a new board with a mandate to address:
 - Improved quality control,
 - Separation and strengthening of the regulatory and commercial aspects,
 - Rationalization of the collection and processing functions, and
 - Divestment of coffee farms owned by the Board.

Jamaica is world renowned for its Blue Mountain Coffee. In order to maintain the integrity of this commodity, the Jamaica Coffee Industry Board has been charged with the responsibility to oversee the standards in production and processing. Jamaica's coffee has been described as:

".....the world's most distinguished and delicious coffee; Jamaica Blue Mountain Coffee has been recognized for its quality and continues to be in high demand by connoisseurs and distinguished coffee houses the world over"

Jablum ... <http://www.lucidcafe.com/cafeforum/jamhistory.html>

As such, we insist that given the developments taking place at the level of the WTO, special initiatives should be pursued well in advance to preserve the upscale market position of this commodity.

3.5 COCOA

The Medium-Term Plan (2002–2004) has identified a number of factors that negatively affect the Jamaican cocoa industry. These include inefficient farm production, high administrative costs, processing inefficiency and low commodity prices. The policy

document has indicated a commitment at ensuring that the industry remains a “viable sub-sector” and has restructured the operations of the Cocoa Board in following manner⁵

- (i) Staff reductions
- (ii) The reorganization of extension services to achieve set production targets and efficiencies
- (iii) New and better market prices to be explored
- (iv) Change the image for the crop (environmentally friendly, capable of providing a fair income, and long-term benefits)
- (v) Introduction of new germplasm
- (vi) Exploration of organic cocoa production.

Cocoa has over the years made significant contributions to foreign exchange earnings, but has not demonstrated the expected dynamism. The restructuring plan is expected to recoup the losses experienced in past years but the success of this initiative depends on the rate of progress of restructuring and the potential benefits from the switch to organic production. Productivity and competitiveness remain key imperatives.

If the constraints to production are removed, the decision to expand cocoa cultivation can reap considerable benefits to the Jamaican economy given the current status of cocoa worldwide.

⁵ Medium Term Plan (2002 - 2004) p. 19.

SECTION 4.0

NON-TRADITIONAL AGRICULTURE

This section of the policy review focuses on the list of commodities classified under the non-traditional agricultural sector. The policies for livestock, followed by fish and finally domestic food crops will be addressed. Included in domestic food crops are the commodities of interest, for which a more detailed examination is attempted.

4.1 DAIRY

The dairy industry in Jamaica has suffered from competition resulting from low-priced imports. This has prompted the development of a plan which aims at self-sufficiency through vertical integration of milk production, processing and marketing. The aim is to expand the local fresh milk market to enhance competitiveness against potential imports.

The formation of the Dairy Farmers' Federation and the establishment of the Dairy Board are foremost in the initiatives at restructuring of the industry. The restructuring is designed to significantly reduce costs as well as offer lower prices to consumers⁶.

Milk and milk-based products are major sources of protein for the Jamaican population. In the past, the dairy industry made a significant contribution to the national milk supply. The industry expanded production through R&D work at improving genetic material as well as investments in the industry. More recently however (post 1995), the industry has lost ground on account of competition from imports. As a result, many producers left the industry.

The feasibility of new business models based on the improved genetic material and utilization of local feed resources needs to be examined in the context of the industry's competitiveness. Local dairy management skills as well as technology support and value-added activities will be required.

⁶ Medium Term Plan 2002-2004 pg 24.

4.2 BEEF

Although Jamaica is close to self-sufficiency in this commodity, the country still depends on imports to meet the demand requirements of certain sectors of the market, notably upscale consumers and the tourism sector. Traditionally, domestic supplies have come from large-scale local producers including bauxite companies.

The Agricultural Development Corporation (ADC) has been selected to lead the initiative to plan and implement programmes to develop this sub-sector. The task involves upgrading small farmer's livestock performance which will include testing, grading, feed lot development and commercial processing and marketing of beef.

The ADC has been mandated to lead the new development plan for the sector through embryo transfer technology, cattle auctions and promotion of the consumption of beef.

It should be noted that in 1998, the Government updated its legislation governing the industry including regulations governing meat imports. These were intended to provide the platform for an intra-regional export thrust in beef.

The major thrust in beef development in the past has been through the joint efforts of the bauxite companies, breed associations and the State. The lack of financial resources in previous years shifted this responsibility to the breed associations and the bauxite companies. The current plan seems to rekindle this tri-partite approach with the ADC as the lead agency. If the levels of cooperation that previously existed were to be restored, it is likely that the industry will recoup the losses experienced in the past. However, productivity and competitiveness remain urgent imperatives given the threats posed by globalization and trade liberalization. In view of this, efforts should be intensified in the areas of technical and economic efficiency as well as trade policy measures supportive of developing the domestic beef industry. While the proposed FTAA will create greater market space, it will also bring increased competition in the beef market, particularly from the low-cost South American producers. In this regard, development initiatives should be planned, taking full cognizance of the Latin American's competitiveness and efficiencies.

4.3 SMALL RUMINANT

The Medium-Term plan calls for significant expansion of chevron production⁷. This expansion is targeted at satisfying the domestic market requirements. The development of value-added products form part of the strategy to enhance its competitiveness. In order to achieve the targets outlined, the following initiatives were identified:

- (i) Support for the development of a marketing system
- (ii) Strengthening of the regulatory framework with specific reference to disease control
- (iii) Provision of legal instruments for the control of predators (dogs)
- (iv) Significantly improve access to credit at affordable interest rates
- (v) Research and extension support.

In our opinion, small ruminants have the potential for expanding the chevron supply in Jamaica as well as other parts of the Region which are now satisfied mainly through extra-regional imports. The plan calls for satisfaction of domestic demand and development of value-added activities. Goat production also, is conducive to small farmers and resource-poor farming systems and has the potential to significantly enhance the income and livelihood of these groups.

However, quality assurance and the marketing system must be modernized and upgraded on a timely basis to support such an initiative. Greater emphasis needs to be placed on low-cost production systems based on indigenous feed resources. In this regard, the by-products of the sugar industry as well as citrus and coconut are possible sources of feed ingredients that can be further explored.

⁷ Ibid, p. 30

4.4 POULTRY

Jamaica currently produces a significant share of its requirements for poultry products. The Medium-Term plan calls for working with the industry to meet export standards. The intention is to increase domestic production within the earliest possible time-frame. The strategies identified for poultry are summarized in Box 4.1.

BOX 4.1
Strategies for the Poultry Industry

- (i) The establishment of collaborative linkages with the major players in the local industry, aimed at using a participatory approach in devising appropriate strategies to achieve its stated objective for the industry;
- (ii) Changes in the conditions under which entry permits for meat importation are issued by the Veterinary Division of the Ministry of Agriculture. These changes will allow for closer monitoring of importation to ensure consumer protection, to curtail illegal imports and to avoid imbalances in demand and supply on the local market;
- (iii) Changes in the valuation procedures used by custom officers in the computation of duties on imported leg quarters. These changes will ensure that the prices for leg quarters on the local market are based on the real cost of production in the exporting country; and
- (iv) The institution of a system in the Ministry of Agriculture for the forecast of chicken meat production and for feed-back of this information to the industry.

Source: Ibid p. 35

Poultry meat represents a low-cost source of protein and the production of this commodity has remained one of the success stories in the agricultural sector. Nevertheless, the country continues to import significant quantities to meet domestic demand at the lower end of the market. We observe that the measures outlined attempt to balance the need for imports against domestic production. The market share for local producers continues to be threatened by Food Aid and import surges of low-priced residual parts from the USA. The model which integrates the processing sector with the large and small grow-out operators as well as the input suppliers is worth replicating as it has important lessons for other sub-sectors.

Poultry continues to be threatened by competition from low-cost producers such as the USA and Brazil. Accordingly, the industry cannot afford to be complacent. Significant

increases in productivity as well as cost and marketing efficiencies are needed in order to improve competitiveness.

Although the policy does not address the role of producer organizations, we need to note the critical role of the Caribbean Poultry Association in its effort to coordinate and influence region-wide policy, to introduce systems and processes to continuously improve performance.

4.5 FISHERIES

The fisheries sub-sector has been playing an integral role in the Jamaican economy. Despite this, the potential of the sub-sector has not been fully exploited, and to a large extent remains underdeveloped. This relates to both marine and aquaculture activities. In 2002, Government articulated its policy position with respect to development of the fisheries sub-sector. These policies/strategies were designed to maintain diversity of the resources as well as to manage, conserve, and ensure sustainable development of the sub-sector within the broad framework of the international agreements to which the country currently subscribes. In addition to the policy measures outlined in Box 4.2, other measures which addresses the developmental and regulatory framework, strategies for institutional strengthening, training, support services and research activities have been outlined. The initiatives also include establishment of a centre for aquaculture training.

BOX 4.2

Policy Measures for Fishery

- (i) Ensuring the maintenance of the marine bio-diversity through, *inter alia*, a holistic ecosystem management approach to the development of fisheries;
- (ii) Contributing to community development and viability by ensuring, *inter alia*, equitable access to fisheries resources;
- (iii) Empowering community stakeholders to participate in the development and management fisheries resources;
- (iv) Encouraging and supporting sustained development of an export industry in fish; and
- (v) Strengthening the administration of the fishing industry, particularly as it relates to quality assurance of fish and fish products, international obligations and the proper management of the fish resources.

Source: ibid, p. 31

The position of fisheries now firmly on the WTO agenda is an issue of strategic concern. It is surprising that an issue of such strategic importance has not yet been explicitly addressed within the policy framework. Further, the nature of the support services on which the sub-sector depends has not been articulated and in particular, the role which subsidies have been playing in exploitation of the fisheries resources. In our view, this issue needs to be addressed immediately. Further, given the structure of the sub-sector in which a large number of low-technology fisher folks are employed, we are of the view that this segment requires special treatment.

The quality of physical infrastructure is also an area of serious concern. Specifically, marketing infrastructure as well as support systems and services to deliver supplies of fish and fish products to the domestic and international marketplace have become mandatory pre-conditions for market entry. In particular, SPS and HACCP compliance are required. In our opinion, despite the contribution of the sub-sector, it has not been brought into the mainstream of the new development paradigm and is treated in a manner not dissimilar to agriculture. Accordingly, significant re-engineering and modernization are required to support the sub-sector's sustainability and competitiveness.

An important issue for the Jamaican fishery sub-sector is the open access nature of its marine fisheries. It is likely that the benefits from these resources will disappear from the Jamaican economy if the implications of WTO and other agreements are not carefully studied. The measures and strategies outlined are silent on the need for an overall comprehensive strategic plan for the fisheries sub-sector taking into account the needs of all stakeholders.

4.6 COCONUT

The Medium-Term Plan (2002–2004, p. 31) outlines the policy initiative to continue a programme of assistance to growers in areas of research and the provision of subsidized planting material. The proposed programme will seek to use bio-technological research in an effort to address the lethal yellowing problem facing the industry. Further, the policy approach will seek to address the negative trends in the prices for copra. In this regard, emphasis will be placed on the development of secondary and non-traditional products as

well as expanding the markets for new ones that are likely to come on stream. These strategies aim at diversification of the industry (*Ibid*, p. 31).

The policy mix presented above appears to be supportive of the desired growth for the industry over the medium-term. However, our review of the database did not identify policies related to the development of further value-added and linkages with tourism, livestock and other crop commodities. We wish to note however, that certain coconut products have received good references in the metropolitan markets which necessitate the need for additional product development initiatives.

4.7 SPICES AND HERBS

The Government has indicated its commitment to rejuvenating spices and herbs (turmeric, nutmeg, and indigenous herbs) that have shown significant potential for an expanded export programme. In this regard, a study has been commissioned to review the sub-sector. The plan calls for improved production and productivity through the replacement of non-productive trees with varieties characterized by higher yields and oil content.

With respect to ginger, the strategies being employed include:

- (i) Implementation of an export quality assurance programme including certification
- (ii) A system of guaranteed price to farmers for peeled dried ginger
- (iii) Development of export markets
- (iv) Implementation of a buffer stock policy, similar to pimento
- (v) Development of value-added products (powered ginger, ginger oil and oleoresin)

4.8 DOMESTIC FOOD CROPS

The domestic food crop sub-sector in Jamaica is strongly linked to tourism and agro-industry⁸. This sub-sector reportedly provides more than 60% of the food bill in hotels and also supplies a wide range of raw materials for agro-processors. Thus, from a policy

⁸ Reference Source: The Medium Term Plan (2002 - 2004) pg 24

perspective, the Government has indicated that its commitment to the sector and placed focus on crops which have the strongest competitive edge. In this regard, provision of irrigation, access to markets, extension and credit are targeted for special attention⁹.

Given the competitive wedge posed by stringent SPS market entry requirements in the developed countries, many producers are finding the domestic market more lucrative. In this regard, best agricultural practises at the farm level and best manufacturing processes within agro-industry as well as systems for traceability, water quality, residue analysis and modern diagnostic techniques would be prerequisites for maintaining linkages with the tourism sector as the globalization process intensifies.

The establishment of the proposed JAPHIS is a positive development and should therefore be expedited. Further, we are of the view that training and the building of scientific analytical competencies are critical to quality assurance and food safety. We also note proposals to review and modernize supportive legislation and to make them more relevant and supportive of the new thrust in agriculture. However, we are of the view that all these initiatives must be implemented expeditiously if the sector is to benefit from the new opportunities created under globalization.

⁹ Reference Source: The Medium Term Plan (2002 - 2004) pg 24

SECTION 5.0 TRADE POLICY ISSUES

5.1 TRADE POLICY

Policies are developed by various countries to facilitate trade among its partners or may use trade protection measures to restrict trade. Trade policy may also be used to raise revenue, whilst other countries may use it to protect human, plant and animal health.

In this section, we examine some of the trade policies in Jamaica and the way in which it affects the competitiveness of agricultural commodities.

The current regime of trade policy in the context of agricultural competitiveness includes:

- (i) Setting of import duties in accordance with international agreements,
- (ii) Negotiating favourable access terms and conditions for export,
- (iii) Exploring favourable options under WTO arrangements,
- (iv) Special safeguard provisions which permits imposing additional duties on agricultural imports,
- (v) Measures to implement anti-dumping duties,
- (vi) Measures to implement duties on imported subsidized products, and
- (vii) Implementing safeguard mechanisms to protect domestic agriculture from imports.

In order to allow greater market access, import duties have been lowered from a maximum of 200% to 30% on industrial goods and 40% on agricultural products. Protection is higher for agricultural products with an average tax rate of 20.2% while industry imports face an average tariff of 2.4%. Inputs/raw materials are granted duty-free; the CET on final goods that are substitutes for the domestic production faces a CET of 20% to 25%.

Jamaica, in implementing the WTO rules bound all its industrial tariffs at a uniform ceiling rate of 50% and its agricultural lines at 100%; other duties and charges were bound at 15%, with few exceptions. A summary of specific trade policy measures is presented in Box 5.1.

BOX 5.1

Summary of Selected Trade Policy Measures – Jamaica

- (i) Import duties have been lowered from rates as high as 200% to maximum levels of 30% for industrial products and 40% for agricultural goods.
- (ii) Weighed average MFN tariff of 10.9%.
- (iii) Protection is higher for agricultural products, with an average of 20.2%, while industrial imports face an average tariff of 8.4%.
- (iv) Tariff structure offers higher levels of protection to goods with high value-added and to agricultural products.
- (v) Inputs, whether raw materials or capital goods, are generally granted duty-free access.
- (vi) Final goods that are substitutes for domestic production normally face the highest CARICOM common external tariffs (CET), from 20% to 25%.
- (vii) Exceptions to the CET, including motor vehicles and some electrical appliances, are charged import duties of up to 30%.
- (viii) In addition to tariffs, other duties are levied on certain imports, and can range from 65% to 90%.
- (ix) Moreover, a 15% General Consumption Tax is applied on all imported and domestically-produced goods.

Source: Trade Policy Reviews: First Press Release, Secretariat and Government Summaries. Jamaica: October 1998. Press Release. PRESS/TPRB/85. 23 October 1998, p. 2

5.2 QUALITY ASSURANCE AND FOOD SAFETY

The Agricultural Policy Framework (2003–2004) highlights the Government's commitment to improve the country's quality assurance, health and food safety capability to meet international requirements. The strategies include:

- (i) The creation of a ‘one-stop’ facility to expedite exports of highly perishable products. The programme is intended to enhance the USDA’s Pre-clearance Programme
- (ii) Construction of a modern Residue Testing Laboratory for certifying export quality particularly in the case of conch, fish and dairy products to the EU market.

The initiatives in this regard are listed in Box 5.2.

<p>BOX 5.2</p> <p>Measures to Improve SPS and Quality Assurance in Food</p> <ul style="list-style-type: none"> (i) The development of an umbrella organization– the Jamaica Plant and Animal Health Inspection system (JAPHIS) (ii) The adoption of international standards (iii) Development of normative practices in the areas of animal health, vegetable sanitation and food safety. (iv) The harmonization of the procedures for control inspection approval, certification, mutual recognition, and risk analysis among other things with those of its trading partners (v) The strengthening of the infrastructural and operational capacity of the system (vi) The overhauling of the legal framework and the development of regulations including Bio-Safety regulations <p style="text-align: right; font-style: italic;">Source: Agricultural Policy Framework (2003-2004)</p>
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In the case of SPS, policy upgrade, modernization of the legislation infrastructure, tests for residues and micro organisms has been implemented to meet international standards. In addition, plant health inspection systems etc., harmonization of procedures for inspection, certification and risk analysis are also being implemented. These are prerequisites for successful market entry and retention of market share.

5.3 EXPORT MARKETING

Successful export performance within the framework of the current global and liberalized environment requires nurturing and support for domestic agriculture. In this regard timely responses to market opportunities becomes mandatory. Market intelligence and effective

communication systems to facilitate efficient market transaction are critical support measures given the dynamics in the marketplace, with specific consideration given to consumer choices and preferences.

Export marketing is a business and therefore marketing infrastructure that facilitates rapid movement to existing and new market channels must be developed. Communication with traders and merchandisers in the export markets must be effective and timely and supplies must be consistent in terms of volume, grades, standards and packaging. In addition, marketing support infrastructure, systems and market facilitation measures as well as marketing personnel must be developed to ensure efficiency. While these measures may appear to be costly to implement, they must be seen in the context of the long-term development of the sector to achieve its competitiveness objectives.

SECTION 6.0

OTHER SECTOR SPECIFIC POLICIES

6.1 RURAL DEVELOPMENT

Rural development policies are implemented within the framework of an integrated and coordinated approach given the multi-dimensional nature of rural development and transformation. The Rural Agricultural Development Authority (RADA) is the major institution implementing these policies with specific focus on quality of extension service, rural infrastructure, social services and technical advice. The Rural Physical Planning Unit of the Ministry of Agriculture indicated its support for the implementation of the policy initiatives.

Holistic and integrated rural development policies with a focus on the provision of rural infrastructure, social capital and services as well as technical and marketing support are critical ingredients in rural transformation. We note that while rural development issues have received some attention in the past, the focus on rural development and transformation and the integration into agricultural development strategies have not been adequately addressed, resulting in limited impact in most cases.

6.2 INFRASTRUCTURE POLICY¹⁰

The Government has indicated its recognition of the importance of development and proper maintenance of a network of farm roads in attracting investments, reducing costs and improving marketing and marketability in the agricultural sector. Thus, the policy initiatives planned are focus on maintenance and improvement of agricultural infrastructure.

¹⁰ Source: Agricultural Policy Framework

Source: Trade Policy Reviews: First Press Release, Secretariat and Government Summaries. Jamaica: October 1998. Press Release. PRESS/TPRB/85. 23 October 1998

Further, in terms of irrigation infrastructure, the existing policy focuses heavily on the implementation of the national irrigation development plan of 1998. Specific policy measures are outlined to address the issues of low crop returns, high canal maintenance costs, inefficient water use, insufficient storage and capacity limitations. Implementation responsibility lies with the National Irrigation Commission.

6.3 LAND

The main components of land policy include an accelerated process of divestment, ensuring preservation of arable land and crop zoning in relation to land capability and soil management. The stated policy actions include:

- (i) An accelerated process of land divestment
- (ii) Centralization of the divestment process
- (iii) Inclusion of the non-performance clause in existing tenancies and new distribution
- (iv) Ensuring preservation of arable land (especially classes 1 and 2) for agricultural purposes
- (v) Upgrading of agricultural land-use maps to identify land capability and suitability for various types of crops.
- (vi) Crop zoning
- (vii) Rural Physical Planning

In terms of ownership of land resources, a large percentage of arable land is still owned by the State. Measures to facilitate access to these lands include an accelerated land distribution programme which ensures that arable lands remain in productive agriculture through crop zoning. In this regard, the policy does not include removing the constraints in the operations of the land market in which land transfers can be more easily effected to facilitate productive uses under the incentives offered. This we believe is an oversight rather than an omission.

6.4 PRAEDIAL LARCENY¹¹

The policy measure involves the development and implementation of a praedial larceny eradication programme, firstly to create an awareness and alertness and secondly, to establish a system for monitoring, detection, reporting and prosecution. The proposal also includes the modernizing of the 1983 Praedial Larceny Act.

Jamaica, like much of the Region continues to grapple with one of the major investments deterrents in agriculture, praedial larceny. We have considered Jamaica's proposal in this regard and that is remain austere for a solution for the praedial larceny problem facing the Region.

6.5 HUMAN RESOURCE

With regard to human resource development, the agricultural sector is now constrained by three major limiting factors:

- (i) An aged agricultural population together with an accompanying low rate of replacement. Farm labour is also difficult to obtain.
- (ii) Unattractiveness of the sector to new investors and entrepreneurs.
- (iii) High levels of outward migration of skilled individuals to the other sectors of the economy and abroad as well as the potential increase of labour outflows due to the creation of CSME

The initiatives to develop the human resources of the country as a critical component of its rural development strategy includes:

- i. Education programmes at the primary and secondary schools
- ii. The College of Agriculture, Science and Education (CASE)
- iii. The Heart Academy and
- iv. The University of the West Indies.

¹¹ Source: Trade Policy Reviews: First Press Release, Secretariat and Government Summaries. Jamaica: October 1998. Press Release. PRESS/TPRB/85. 23 October 1998

The Government has also indicated it would:

“support vocational and other training activities including focused business training geared to organizational development and institutional strengthening of rural community and farmer groups, particularly those which are engaged in production for niche markets, agro-industry and agricultural marketing.”

Programmes are to include revitalization of the schools’ agricultural programme and making land more accessible in an effort to encourage young persons to invest in agriculture. More direct involvement of women in the ownership and management of on-farm production, agro-processing and cottage industries are planned.

6.6 AGRICULTURAL INCENTIVE

The stated policy seeks to continue tax exemptions for up to 10 years for approved farmer status as well as exemption from general consumption tax and a 20% duty import concession on imported farm vehicles. Further, agricultural inputs are exempt from GCT payments¹².

Incentives for the agricultural sector have a long history in Jamaica and a general assessment to date reveals that there has been little inducement to the sector in terms of new capital inflows, investment levels and entrepreneurship. This status quo suggests that a new set of customized sector policies and a commodity specific approach may be required to attract new entrants, technology and capital into the sector.

6.7 INFORMATION TECHNOLOGY

In the area of information technology, the policies include commitment to the full application of Information Technology (IT) as a strategic tool to enhance the competitiveness of the agricultural sector. In this regard, the initiatives consist of an Agribusiness Information System (ABIS) and a Geographical Information Systems (GIS).

¹² Source: Trade Policy Reviews: First Press Release, Secretariat and Government Summaries. Jamaica: October 1998. Press Release. PRESS/TPRB/85. 23 October 1998

IT has become a major business driver in agriculture and like any other sector, it facilitates technological introduction, early warning and global marketing as well as allow for rapid decision-making in business analysis. New entrants in the modern competitive agriculture industry will have to become technically equipped and IT grounded in order to compete and benefit from new investment opportunities. This is particularly relevant since markets are now globally integrated and can be exploited from a home base.

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