

**THE CARICOM REGIONAL TRANSFORMATION
PROGRAMME FOR AGRICULTURE**

Competitiveness
Study

*A Review of Agricultural Policies:
CASE STUDY OF TRINIDAD AND TOBAGO*

Report prepared for the CARICOM Secretariat

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GLOSSARY OF TERMS

ADB	Agricultural Development Bank
ASRP – TAP	Agricultural Sector Reform Programme – Technical Assistance Programme
CARDI	Caribbean Agricultural Research and Development Institute
CAREC	Caribbean Epidemiology Centre
CARICOM	Caribbean Community
CARIRI	Caribbean Research Institute
CET	Common External Tariff
CFTDI	Caribbean Fisheries Training and Development Institute
EEZ	Exclusive Economic Zone
EMBDC	Estate Management Business Development Company
GDP	Gross Domestic Product
IADB	Inter-American Development Bank
IPM	Integrated Pest Management
MALMR	Ministry of Agriculture, Land and Marine Resources
MFN	Most Favoured Nation
NADAC	National Agricultural Development Advisory Committee
R&D	Research and Development
RTP	Regional Transformation Programme
SPS	Sanitary and Phytosanitary
T&T	Trinidad and Tobago
TOR	Terms of Reference
UWI	The University of the West Indies
WTO	World Trade Organization
S&T	Science and Technology

EXECUTIVE SUMMARY

Purpose & Scope of the Review

This Report provides an analytical review of the major policy provisions for the agricultural sector in Trinidad and Tobago. 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 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 such policies could provide the broad framework for enhancing efficiency and competitiveness of agriculture in general. The review also examined specific policies for other important commodities, since it was felt that lessons could be learnt from such cases on policy relevance and effectiveness.

Sector Profile

The agricultural sector in Trinidad and Tobago is structured into the traditional export sector comprising sugar, cocoa, and coffee; a non-traditional export sector comprising fish, fruits and vegetables, and value-added products; and a domestic food crop and livestock sub-sector.

The sugar industry remains one of the important cornerstones of the Trinidad and Tobago's agricultural economy, performing a multifunctional role. Since 2003, the industry has been restructured and downsized, with private farmers now the sole producer of sugar cane for the only sugar producing company, the Trinidad and Tobago Sugar Manufacturing Company Ltd.

Tree crops in Trinidad and Tobago including, cocoa, coffee, citrus, and coconut have shown secular decline in output over the past 25 years in spite of several attempts at rehabilitation. In the case of the livestock sub-sector, the small ruminant, beef and dairy industries provide less than 10% of the country's

domestic demand.¹ While the small ruminant sub-sector operates at a subsistence level, the poultry industry has been transformed from what was essentially a 'backyard-type operation' in the 1960's into one that is highly vertically integrated.

Today vegetable, food crops, and fruits are generally produced by a large number of small farmers dispersed throughout the country. Exports of non-traditionals include hot peppers and pumpkins to extra-regional markets, and watermelon, pineapple, and vegetables to intra-regional markets, primarily Barbados.

The fisheries sub-sector comprises a large number of small artisanal operators concentrated within the continental shelf as well as a small number of shrimp trawlers.

In the case of land resources, a key feature is the dominant ownership (more than 50%) by the State. One major factors limiting the productivity of existing agricultural land resource is the fact that only 2% of potentially irrigable lands have access to irrigation infrastructure.

Agriculture employed an estimated 9.5% of the total labour force in 2003. The sector's overall contribution to GDP decreased from TT\$787.2 million in 2002 to TT\$708.4 million in 2005². Over the same period, domestic agriculture's contribution to GDP fell from TT\$496.4 million (1.43%) to TT\$448.4 million³ (0.71%). Also, sugar's contribution as a proportion of total agricultural output fell to 24% in 2005.

Sector/Economy-Wide Policies

Over the review period, three broad policy frameworks were enunciated for the sector: (i) The Food and Agriculture Policy (1995-1997); (ii) the Agricultural Sector Reform Programme; and (iii) Agricultural Policy Framework (2001-2005).

¹ Source: 2020 Vision for Agriculture

² Provisional data

³ Provisional data

The Food and Agriculture Policy⁴ (1995–1997) identified a set of policy objectives for the sector which included increasing foreign exchange earnings as well as the promotion and the enhancement of food security. Subsequent to the foregoing, the Agricultural Sector Reform Programme was launched in the mid 1990s, focusing on land use administration as well as agribusiness development.

Commodity-specific Policies

Commodity policies are dealt with in two broad categories, viz., (i) traditional export commodities; and (ii) domestic agriculture. Sugar, cocoa, coffee, and citrus constitute the traditionals. In the case of the sugar industry, Government in 2003 embarked on a programme to restructure the industry with the major changes being the closure of Caroni (1975) Limited. Farmers are now expected to grow all the sugar cane. The newly established Sugar Manufacturing Company Ltd (SMCL) has an annual target of approximately 80,000 tonnes of sugar but thus far has only achieved about 50%.

Although Trinidad and Tobago exports a ‘fine flavoured cocoa’, the country has been unable to take advantage of the premium prices as production continues to decline from historical highs. This is so despite various incentives provided to the industry over the years, including a price subsidy as well as production related support. The Cocoa and Coffee Industry Board has historically provided the oversight and regulatory function for the industry.

The citrus industry has traditionally benefited from production-related input subsidies, including planting material. After a rapid expansion in the late 1980s and early 1990s, production in the past five years has declined drastically, precipitated by: (i) the withdrawal of Caroni (1975) Ltd from production; the problem of praedial larceny; and (iii) the onset of citrus tristerza disease. Efforts

⁴ Source: Food and Agriculture Policy, Ministry of Agriculture, 1995.

at industry rehabilitation over the years have also failed to reverse the negative trends in both production and productivity.

Research and Development

The achievement of the broad policy targets calls for an increasing role for research and development. The document advocates a greater utilization of the research pool existing at the Region's foremost research institutions, including UWI, CARDI, CARIRI and CAREC. We are of the view that this effort should be complemented with more effective extension services.

Quality Assurance and Food Safety

With respect to Quality Assurance and Food Safety, the system is woefully inefficient and outdated, characterized by outdated legislation and regulations as well as the multiplicity of agencies with responsibility for SPS. There is urgent need for modernization and reform of the SPS system since this serves as a major impediment to the development of the sector.

Conclusion

The policy framework for agriculture in Trinidad and Tobago at the Sector level attempts to create an environment for investment in the sector. However, a number of critical issues remain unattended. Firstly, at the level of natural resources, inadequate attention has been given to the issue of land policy including alienation of agricultural lands. With respect to water resources, drainage and irrigation are absolutely essential under the prevailing climatic conditions if productivity of agriculture is to be enhanced. In this regard very little exists by way of irrigation and even worse very little is planned.

Given the important role for S&T/R&D in improving productivity and efficiency, more specificity is required on the strategies and measures to improve the effectiveness of the S&T/R&D thrust in Trinidad and Tobago. Without an effective technology generation and technology transfer system, the sector in

Trinidad and Tobago would not achieve the level of competitiveness required in today's markets. The current outdated legislation and regulations on SPS would prove a major hindrance to agricultural trade and therefore should be accorded high priority on the policy agenda.

With regards to the RTP commodities of interest, the non-existence of commodity specific policies to address the unique requirements of these commodities constitutes a major omission.

SECTION 1.0 INTRODUCTION

PURPOSE & SCOPE OF THE REVIEW

In this Report we provide an analytical review of the major policy provisions for the agricultural sector in Trinidad and Tobago, with a focus on the development of an efficient and competitive sector in the context of the challenges 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 such policies could provide the broad framework for enhancing efficiency and competitiveness of agriculture in general. The review also examined specific policies for other important commodities, since it was felt that lessons could be learnt from such cases on policy relevance and effectiveness.

1.1 SECTOR PROFILE

The agricultural sector in Trinidad and Tobago is structured into the traditional export sector comprising sugar, cocoa, and coffee; a non-traditional export sector comprising, fish, fruits and vegetables, and value-added products; and a domestic food crop and livestock sub-sector. Exports from the traditional sector have followed a secular decline while those from the non traditional have been showing continuous improvement.

The sugar industry remains one of the important cornerstones of the Trinidad and Tobago economy, contributing to foreign exchange earnings and employment, as well as performing a significant multifunctional role. Since 2003, the industry has been restructured and downsized, and sugar cane farmers have now become the

sole producer of sugarcane for the only miller, the Trinidad and Tobago Sugar Manufacturing Company Ltd.

Tree crops in Trinidad and Tobago including cocoa, coffee, citrus, and coconut have shown secular decline in output over the past 25 years in spite of several attempts at rehabilitation. In the case of the livestock sub-sector, the small ruminant, beef and dairy industries provide less than 10% of the country's domestic demand.⁵ While the small ruminant sub-sector operates at a subsistence level, the poultry industry has been transformed from what was essentially a 'backyard-type operation' in the 1960s into one that is highly integrated. The industry is intrinsically backward-and forward-linked to a number of agro-processing operations. The pork industry has also consolidated from a large number of small farmers into a few highly vertically integrated operators.

Vegetable, food crops, and fruits are generally produced by a large number of small farmers dispersed throughout the country. Exports of non-trationals include hot peppers and pumpkins to extra-regional markets, and watermelon, pineapple, and vegetables to intra regional markets, primarily Barbados.

The fisheries sub-sector comprises a large number of small artisinal operators concentrated within the continental shelf as well as a small number of shrimp trawlers.

Agro-based value-added activities are also well developed in the country. There are a number of large agro processing operations, a well as a significant number of cottage-scale operations, dependent to some extent on domestically-produced raw material. There is a strong and expanding intra- and extra-regional trade in these products.

In the case of land resources, a key feature is the dominant ownership (more than 50%) by the State. One major factor limiting the productivity of existing agricultural land resource is the fact that only 2% of potentially irrigable lands have access to irrigation and water control infrastructure.

⁵ Source: 2020 Vision for Agriculture

1.2 SECTOR PERFORMANCE HIGHLIGHTS

Agriculture employed an estimated 9.5% of the total labour force in 2003. The sector's overall contribution to GDP decreased from TT\$787.2 million in 2002 to TT\$708.4 million in 2005⁶ (Figure 1.1). Over the same period, domestic agriculture's contribution to GDP fell from TT\$496.4 million to TT\$448.4 million⁷. Also, sugar's contribution as a proportion of total agricultural output fell to 24% in 2005.

⁶ Provisional data

⁷ Provisional data

SECTION 2.0

REVIEW OF RECENT SECTORAL POLICIES

2.1 BACKGROUND

(1995–2005)

In the late 1980's / early 90's, Trinidad and Tobago was among the CARICOM countries seeking assistance from the Multilateral Financial Institutions to address the problem of external financial imbalances and a declining economy.

The response measures accompanying the financial assistance provided, included the requirement that the country adopted a set of stringent policy measures, under the Structural Adjustment Programme (SAP). The SAP policy measures included the liberalization of the domestic markets including the removal of non-tariff barriers followed by the progressive reduction in the level of tariffs; also the reduction of subsidies with the intention of eventually eliminating.

In this regard many of the policy disciplines contained in the WTO Agreement on Agriculture in 1995 were already in place at the time of Marakesh Agreement. Accordingly in this section of the Report we examine the Agricultural Policy measures after the SAP and commencing with the WTO Agreement in 1995.

During this period, three broad policy frameworks were enunciated for the sector *viz.* (i) The Food and Agriculture Policy (1995–1997), (ii) the Agricultural Sector Reform Programme, and (iii) Agricultural Policy Framework (2001–2005).

2.2 THE FOOD AND AGRICULTURE POLICY (1995–1997)

In 1995, the Food and Agriculture Policy⁸ (1995–1997) identified a set of policies and strategies for the sector with the following objectives:

- (i) Facilitating increases in foreign exchange earnings for traditional and non-traditional exports,

⁸ Source: Food and Agriculture Policy, Ministry of Agriculture, 1995.

- (ii) Develop aquaculture,
- (iii) Promoting and enhance domestic food and nutrition security by facilitating both increased production and productivity levels, and
- (iv) Promoting development of the agricultural sector as a primary source of economic activity and as a major generator of employment opportunities, through linkages with agro-processing, input supply and tourism sectors.

2.3 AGRICULTURAL SECTOR REFORM PROGRAMME

The Government implemented the Agricultural Sector Reform Program (ASRP) under the Inter American Development Bank (IADB) in the mid-1990s. The programme enunciated a wide range of policy and institutional reforms designed to strengthen the performance of the agricultural sector. The objectives of this programme included increases in the sector's contribution to national income, foreign exchange earnings, unemployment, strengthening the regulatory and administrative environment, and fostering economic diversification. The two major areas targeted for reform were:

- (i) **Land use policy and administration:**– to create a dynamic land market and improve the management of State owned Lands through specific programmes including a parcel index map project, land sharing development project, and a land registration programme.
- (ii) **Agribusiness development** – Pursuing the development of agribusiness through the provision of assistance to the private sector: Projects included the development of regulatory protocols for agricultural chemicals use and standards for fruits and vegetables.

Other aspects of the ASRP were the restructuring of the Agricultural Development Bank (ADB), removal of the remaining guaranteed prices and price support, improved facilitation and export market infrastructure, creation of agribusiness focal points, and institutional and trade policy strengthening to support greater competitiveness⁹.

While the ASRP was still being implemented, The Ministry formulated its Agricultural Policy Framework of 2001–2005.

⁹ Source: Ministry of Agriculture, Lands and Marine Resources, Programme and Projects, ASRP, 2002.

2.4 AGRICULTURAL POLICY FRAMEWORK (2001–2005)

The current sector policy for food production in Trinidad and Tobago is outlined in the Government's "Agricultural Policy Framework 2001–2005". The principal objectives being:

- (i) Increased agricultural production while sustaining renewable natural resources
- (ii) Increased agricultural incomes
- (iii) Greater development of agro-industries
- (iv) Enhanced food security
- (v) Reducing the imbalance in the balance of payment
- (vi) Targeted incentives as transitional instruments to assist in agricultural development
- (vii) Promoting and facilitating private investment in agriculture
- (viii) Enhancing efficiency and effectiveness of agricultural marketing
- (ix) Improving the efficiency of agricultural land markets including sale, lease, and rental

In pursuance of the above policies, several instruments and intervention mechanisms were developed, many of which are currently at various stages of implementation today.

SECTION 3.0 COMMODITY-SPECIFIC POLICIES: TRADITIONALS

In this section, we highlight the commodity-specific policies under two major headings: (i) the traditional export commodities, and (ii) the non-traditionals. While the traditional export commodities are excluded from the current TOR, we deem it nevertheless important to comment on the policies especially for sugar, cocoa, coffee and citrus.

3.1 SUGAR¹⁰

In 2003, the Government embarked on a programme to restructure the sugar industry. The proposals included:

- (i) The closure of Caroni (1975) Limited and its discontinuation of sugarcane growing, milling and supportive activities,
- (ii) The formation of a new company, the Sugar Manufacturing Company Ltd (SMCL), with the following mandate:
 - (a) Production of approximately 80,000 tonnes of sugar per annum to meet preferential export market requirements in the EU and USA,
 - (b) Operating a single sugar factory with a grinding capacity of 7,500 tonnes of sugar cane per day,
 - (c) Operating a sugar refinery with an annual capacity of 60,000 tonnes per annum,
 - (d) Purchase of the sugarcane supplied by private cane farmers
 - (e) To import raw sugar for refining, and
 - (f) To introduce a quality-based sugarcane payment system.

Additionally, the Government in mid-2003 established the Estate management Business Development Company (EMBDC) to manage, allocate, and distribute the land assets of the former company, Caroni (1975) Ltd comprising approximately 77,000 acres.

¹⁰ Source: MALMR, A New Vision for Caroni www.agriculture.gov.tt, p.1-3

The above policy do not entirely appear to address the longer term survival requirements of the industry since productivity and efficiency continue to decline well below global standards. The erosion of preferences as well as the proposed 36% reduction in the EU preferential price, present major challenges for the survival of the local sugar / sugarcane industry. Sadly there is no measure in place or planned which provides hope.

3.2 COCOA AND COFFEE

Although the country produces ‘fine flavoured cocoa’, a premium commodity in the export market, production has continued to decline from historical highs, despite various incentives provided to the industry over the years. The industry is characterized by residual itinerant growers in certain parts of the country. Despite efforts at restructuring raw cocoa processing, the responses have been marginal. Activities within this sub-sector are guided by the State-run Cocoa and Coffee Industry Board. The favourable conditions in the international market for Trinidad and Tobago’s cocoa seem not to have been exploited to the benefit of primary producers.

A similar trend has also been observed for coffee with production declining to very low levels.

3.3 CITRUS

The citrus industry is characterized by a large number of small- and medium-sized producers. The industry was resuscitated in the mid 1980’s with the entry of Caroni 1975 Ltd establishing an orchard of approximately 3000 acres. Today Production and productivity has been on the decline exacerbated by the disappearance of the state in the production mix. In addition, efforts at rehabilitation of the sub-sector over the years have also failed to reverse the negative trend in both production and productivity. There is therefore an obvious need to revisit the programme aimed at revitalizing the industry.

SECTION 4.0

COMMODITY SPECIFIC POLICIES: DOMESTIC AGRICULTURE

Domestic agricultural commodities include a wide range of vegetables, food crops, and livestock. In this all-embracing classification, current policy measures for the commodities of interest were found to be embedded within general policies enunciated for the sub-sector. We now provide a brief listing of the major policy measures:

(I) VEGETABLE/FOOD CROP POLICIES¹¹

Current policies / measures for the food crop / vegetable sub-sector include:

- (i) Provision of training in *Good Agricultural Practices (GAP)* by the Extension Division including *Integrated Pest Management (IPM)*, and
- (ii) Design of a financial assistance programme for farmers affected by flooding.

(II) POULTRY, BEEF, DAIRY, SMALL RUMINANT AND FISHERY

With respect to this cluster of commodities, our research failed to identify any specific public-sector policies with regards to their development. This silence does not instill any new confidence on the part of private-sector investors who have so far failed to respond to the narrow range of provisions included in the current regime of incentives for the sector. With the exception of poultry meat, eggs and pork, the country continues to import significant amounts of beef, mutton/chevron, dairy products and fish (mostly processed).

(III) AGRICULTURE VALUE-ADDED

In the case of the non-trationals as well as the traditionals, a case can be made for increased activity as there are more possibilities and export potential for these products. While we do not argue for de-emphasizing expansion initiatives for the production of primary commodities, we feel increased emphasis and higher levels of priority should be accorded to new value-added activities. The thrust on non-

¹¹ Source: MALMR, Agriculture in Trinidad and Tobago – Vegetables, 2002, p. 3

traditional commodities can drive the process, given that potential market opportunities are deemed to exist in this sub-sector. We recognize the importance of an expanded value-added sub-sector in the drive towards making agriculture more competitive. The future of the sector seems to lie in the development of new value-added products, exploiting new flavors and spices of the Caribbean. Priority consideration should therefore be given to structuring appropriate incentives and support systems in this area.

Given the potential of new value-added agro-products, we are recommending an accelerated programme of focused research on new products. In this regard, we suggest the use of surpluses from the oil and gas sector to fund this thrust. This strategy would provide not only for the emergence of new agro-based industries and products, but will certainly provide the necessary production stimulus at the farm level. Indeed, the advantages of vertical integration with new commodities exist, and there is no reason why the broiler industry contract farming model cannot be applied to other areas of agriculture.

SECTION 5.0 TRADE POLICIES

In this section we highlight the major trade policies which are influencing the production, import and export of commodities within the sector.

5.1 STRATEGY WITH RESECT TO TRADE POLICY

The stated policy goals aim at capturing a greater amount of benefits created by wider international trade (Source: Ibid, p.3). The strategies included:

- (i) Establishing a trade focal point to strengthen the negotiating capacity of the MALMR
- (ii) Pursuing strategies to increase international competitiveness.
- (iii) Developing and enforce grades and standards for domestic and export markets
- (iv) Facilitating the establishment of stakeholder group to assist with the development of export agriculture
- (v) Assist the private sector with compliance on trade agreements, export market requirements, food safety standard, and domestic quality standards.

5.2 TARIFFS

Trinidad and Tobago adopted CARICOM's CET in 1991 and implemented a four-phase schedule of CET reductions between 1 January 1995 and 1 July 1998. Specific measures included:

- (i) In the Uruguay Round, Trinidad and Tobago bound its tariffs on all agricultural products at ceiling rates of 100%, with the exception of seven items bound at higher levels; these included poultry, cabbage, lettuce and coffee.
- (ii) Some agricultural products were subjected to import surcharges in 1998. Surcharges were applied to various parts of poultry (100%), sugar and icing sugar (60-75%), vegetables (15%), and fruit (5%). Surcharges on fruit and vegetables were to be removed in 1999, and those on poultry

parts were also to be reduced in 2004; surcharges on sugar and icing sugar were not subjected to reduction commitments.

- (iii) As noted, extra-regional imports of raw sugar were subject to a customs duty of 40% (CET), and an additional surcharge of 60%. Imports of refined sugar faced a 15% import tariff.

Further, in 1998 import surcharges on beef, mutton and pork were removed. In 2002, the MFN duty was 15% on imports of beef and mutton was 15% and on pork 40%. However, poultry meat was subjected to a MFN duty of 40% on imports and a series of surcharges and licensing applied¹². Imports were subject to an 86% surcharge in 2004.

The average MFN tariff for dairy products was 20.2%; fresh milk carried a tariff of 40%. The import surcharge of 20% on liquid milk was abolished at the beginning of 1998¹³. In the case of powdered milk, the MFN rate in 2002 was 5%¹⁴.

Imports of fish products face an average tariff rate 29.2%. Generally, fish imported for processing enters duty-free, while a 20% to 40% tariff was applied to those imported for consumption. Fruits and vegetables faced tariffs ranging 0% to 40% (Ibid).

Licenses were still required for the importation of certain products in 2005, which include livestock, meat, fish, sugar, oils and fats, and pesticides. CARICOM imports, however, are not subjected to licensing, except in the case of oils and fats¹⁴.

No export taxes are applied, but a system of export licensing remains in place. There are no export quotas, except those determined under bilateral arrangements such as sugar exports to the EU. Likewise, there are no export subsidies; however, a number of incentives are applied. These include tax concessions, duty-free access for imports of inputs and capital goods, as well as export financing through the Exim Bank.

¹² Hemispheric Trade and Tariff Database. Website. http://www.ftaa-alca.org/NGROUPS/NGMADB_e.asp

¹³ WT/TPR/S/49 Trade Policy Review - Trinidad and Tobago 07/10/1998 http://www.wto.org/english/tratop_e/tpr_e/tpr_e.htm

¹⁴ Hemispheric Trade and Tariff Database. Website. http://www.ftaa-alca.org/NGROUPS/NGMADB_e.asp

SECTION 6.0 OTHER SECTOR-SPECIFIC POLICIES

6.1 QUALITY ASSURANCE AND FOOD SAFETY

The main SPS regulations are the Plant Protection Regulations 1953 and Animals (Diseases and Importation) Act 1954; these were amended in 1997. There are also other regulations such as the Food and Drug Act, Animal Health Act, Plant Quarantine Act, and the Pesticide Act which impact on human health and food safety. These regulatory mechanisms address domestic market entry issues as well as compatibility/compliance with the WTO Agreement on the Application of Sanitary and Phytosanitary Measures.

Outdated legislation and regulations as well as the multiplicity of agencies with responsibility of SPS service as major impediments to the development of the sector given the critical importance of SPS in today's trading environment. There is an urgent need for modernization of legislation as well as institutional reform in an effort towards competitiveness of the sector.

6.2 SCIENCE AND TECHNOLOGY¹⁵

The stated policy seeks to focus research and development efforts primarily on the production of cassava, yam, sweetpotato, hot pepper, citrus, ginger, passion fruit, pineapple, carambola, papaya, plantain, cocoa and sapodilla. Livestock research is to focus on evaluating the potential of the water buffalo for meat and milk and the further development of ruminants in integrated farming systems. Further, other areas of livestock research are to address the development of production systems and feed formulation from tree legumes, forages and agricultural by-products. The proposed interventions include the following:

- (i) Establishment of a competitive research fund,
- (ii) Establish a stakeholder oversight body to advise on selection, funding, monitoring and evaluation of research
- (iii) Ensuring effective linkages between research and extension
- (iv) Establishing procedures and systems to evaluate efficiency and effectiveness of government-funded research and extension, and

¹⁵ Source: Ibid, p.5.

- (v) Fostering the development of science and technology.

Trinidad and Tobago has a substantial S&T research capacity. This includes the Central Experimental Station at Centeno, Caroni (1975) Ltd, CFTDI, Cocoa Research Unit, CARIRI and CARDI. Despite past efforts, there is currently no national system which seeks to prioritize, coordinate, rationalize, evaluate and disseminate the research output in support of agriculture. Allocations for investments in research have also decreased significantly.

Trinidad and Tobago agriculture, with few exceptions is characterized by significant efficiency and competitiveness gaps when compared to global standards. Away, all factors, S&T/R&D offers greatest potential for a quantum leap. The country has a pool of excellent scientists and continues to fund S&T/R&D, with limited resources. Clearly a new institutional framework and management system for S&T/R&D resources is critical for the quantum transformation required in agriculture. Action in this regard is urgent given the rate of progress in agriculture in other regions of the globe.

6.3 MARKETING AND MARKET INFRASTRUCTURE

The policy goals for the sector include enhancing the efficiency and effectiveness of the agricultural marketing system. The relevant policy areas include market research, market intelligence, market facilitation, export promotion, and quality assurance. Additionally, the State provides and maintains the wholesale fresh produce, fish market infrastructure, a produce packing house, and offers a market information service. The specific policies associated with each area are included in Table 6.1.

From our review, we observed a comprehensive list of initiatives to be undertaken to further develop and strengthen the marketing processes. Once implemented, these initiatives would serve to improve international competitiveness. We wish to reiterate, however, the importance of accurate and timely market information, the development of fish landing sites, and proper market and other infrastructural facilities for fish and livestock. Further, our review of the database did not reveal mechanisms for increased efficiency and effectiveness of the remaining State trading agencies as well as others which operate through strategic alliances with the State to address the marketing needs of certain sub-sectors, e.g., cocoa and dairy. Further, the policy database remained silent with regards to initiatives to address shipping volumes, freight rates, and warehousing at ports and export destinations.

Table 6.1: Marketing Policies/Interventions

Key Policy Areas	Stated Policy /Policy Objective
Market Research Capacity	(i) Further develop domestic marketing systems by focusing on strengthening the linkages between producers, processors, hotels, exporters and consumers (ii) Foster development of private sector marketing intermediaries, wholesalers, retailers, and packing houses
Market Intelligence	(i) Facilitate easy access to market information (ii) Provide market information to all market participants
Market Facilitation	(i) Support private sector initiatives (ii) Access and penetrate certain niche markets (iii) Establish trade focal point within Ministry to strengthen negotiating capacity to assist the private sector with compliance on trade agreement, export market requirements, domestic quality standards and food safety standards (iv) Develop and facilitate linkages between producers and large buyers including contract relationships
Export Promotion	(i) Enhance the efficiency and effectiveness of marketing systems to facilitate domestic and export competitiveness
General access to market info	(i) Support the efforts of private sector marketing intermediary institution to develop export markets and marketing expertise
Grades & Standards	(i) Develop and enforce grades and standards for domestic and export marketing to increase competitiveness in export and domestic markets
SPS	(i) Provide technical assistance and training in post harvest technology and food safety to producers and market intermediaries (ii) Provide technical assistance to modernize and upgrade facilities to international standards, particularly health and food safety standards (iii) implement effective agricultural health and food safety standards and systems

6.4 INCENTIVES¹⁶

With regard to agricultural incentives, the policy goal is to provide targeted incentives and transitional instruments to assist in agricultural development. At September 2005, the package of incentives included subsidies on tractors, farm vehicles, dams and ponds, irrigation equipment, soil conservation works and the cost for tillage. The specific provisions are shown in Table 6.2.

¹⁶ Source: The Agricultural Sector: Global Issues Paper, MALMR, April 2003, p.4.

Table 6.2: List of Financial Incentives offered to the Agricultural Sector (TT \$)

Items	Incentive	Minimum Requirements
New wheel tractors	15% of purchase price to a maximum of \$25,000	20 breeding animals
Imported used/refurbished tractors wheel tractors	15% of purchase price to a maximum of \$15,000	20 breeding animals
New 4-wheel drive pick up and jeep	15% of purchase price to a maximum of \$30,000	20 breeding animals
Imported used 4-wheel drive pick up and jeep	15% of purchase price to a maximum of \$25,000	20 breeding animals
New 2-wheel drive pick up and jeep	15% of purchase price to a maximum of \$20,000	20 breeding animals
Imported used 2-wheel drive pick up and jeep	15% of purchase price to a maximum of \$15,000	20 breeding animals
Trailers	50% of purchase price to a maximum of \$3,000	Approval from Transport Commissioner
Machinery and equipment	50% of purchase price to a maximum of \$25,000	Receipt of purchase
Wells, dams, ponds	25% of cost of establishment to a maximum of \$20,000	Permission from Water Resource Agency; technical design approval from Ministry of Agriculture
Water pumps	50% of purchase price to a maximum of \$7,500	Receipt of purchase
Contour drain	\$70.00 per 30 metres	
Storm Drain	\$80.00 per 30 metres	
Contour banking, contour ridging and bench terracing	\$370.00 per ha	
Contour barriers	\$40.00 per 30 metres	
Terrace outlets	\$120.00 per 30 metres	
Check dams	50% of cost to a maximum of \$200.00	
Tillage	25% of cost to a maximum of \$200.00/ha and 2 ha/yr	

Incentive programmes have historically been part of the agricultural policy of Trinidad and Tobago. However, there not been any comprehensive evaluation with respect to its effectiveness. We are of the view that this should be undertaken, particularly given the current need for international competitiveness and the role that incentives could play in this thrust.

The general difficulties associated with these incentive programmes are with respect to the issues of fungibility, leakages and lack of effective monitoring and administration. Assessment of these programmes in our view should be on an

economy-wide and sector-specific basis. We argue that these programmes are likely to yield optimal benefits if also applied at the value-added end of the agri-food chain.

6.5 AGRICULTURAL CREDIT

The policy goal articulated with respect to credit aims at increasing access to credit by producers. The supportive strategies include:

- (i) Encouraging financial institutions to customize credit and financial products to meet the needs of the agricultural community including resource-poor and tenure-insecure producers,
- (ii) Providing mechanisms to ensure that resource-poor producers have access to credit and are protected from high penalties and harsh conditionalities, and
- (iii) Review the role and operations of the ADB to make it more effective and efficient as a provider of credit and other financial products to the sector (Source: Ibid, p.6-7).

Risk protection is seen as an important element of support to stimulate expansion activities and entry into the global market. We concur that this is a critical issue to induce the flow of investments and entrepreneurship into the sector. We are of the view that the State should nurture the development of new industries based on non-traditional commodities and value-added activities. The costs should not be borne entirely by the private sector if the objective is to stimulate these investments as outlined in the current policy document.

6.6 PRAEDIAL LARCENY¹⁷

One of the stated policy objectives of the MALMR is to reduce the incidence of praedial larceny. The principal implementation strategies outlined were as follows:

- (i) Encourage stakeholders' participation in development of the strategies
- (ii) Establish a praedial larceny focal point within the Ministry
- (iii) Undertake stakeholders' consultation to assist in developing strategies
- (iv) Review the effectiveness and efficiency of the existing praedial larceny programme to implement a better targeted service

¹⁷ Source: Action Plan and Strategies, 2001-2005, MALMR, 2001. Working Group No.4, p.10

- (v) Implement a public education praedial larceny prevention programme (Source: Ibid, p.10-13).

Praedial larceny remains one of the country's major deterrents to agricultural investments. We note that this is not unique to Trinidad and Tobago, but also Region-wide. In this regard, we remain austere for a solution for the praedial larceny problem facing the Region.

6.7 RURAL DEVELOPMENT POLICIES

Government-stated policy with regard to rural development aims at contributing to development efforts in rural agricultural communities (Ibid, p.16). The strategies articulated include the following:

- (i) Establishing rural development focal points at the level of county offices, and
- (ii) Fostering development of stakeholders' representation, producer cooperatives and other forms of private sector organization.

Special attention is to be paid to the fisheries sub-sector to strengthen fishing cooperatives and the establishment of stakeholders committees.

6.8 LAND POLICY

In 1999, Government entered into an agreement with the Land Tenure Centre, University of Wisconsin to provide technical assistance in support of the Agriculture Sector Reform Programme (IADB loan). The objective of the Land Use Policy and Administration Project was to create a more open, accessible, forward looking, and market-oriented policy. The establishment of a Land Management Authority was proposed. There is currently an accelerated land distribution programme for regularizing the tenure of persons occupying State Lands. (Ibid, p. 6). Details of the specific interventions are summarized in Table 6.3.

Table 6.3: Specific Land Policy Interventions/Measures

Key Policy Areas	Stated Policy /Policy Objective/Measures
Tenure System	(i) High levels of informal/ insecure tenure (ii) Strengthen land administration and land tenure rationalization (iii) Legislative reform to regularize tenure
Access to Land	(i) To implement accelerated land distribution programme (ii) Survey and subdivision of State land to farmers (iii) Establish agricultural settlements in Trinidad with roads, drains, electricity, and water.
Services: roads, water, and electricity	(i) To provide roads, drains electricity, and water to areas of new development for the settlement of new farmers (ii) Optimize agricultural production by improving the efficiency of water use at the farm level
Land Zoning	(i) Production and maintenance of global map to create a digital database (ii) Development of national agricultural land management information system (NALMIS) (iii) Influence land use policy and enforcement of regulations for preserving agricultural lands and restricting alienation
Taxation	(i) Facilitate development of site-based taxation on agricultural land to reduce hoarding (ii) Ensure the enactment of a new ASHTA to reduce disincentives in the land market
Land Prices	(i) Continue development of land markets to facilitate increase in farm sizes by allowing farmers to lease, rent, or buy additional acreages
Land Supply for Expansion	(i) Continue development of land markets to facilitate increase in farm sizes by allowing farmers to lease, rent, or buy additional acreages (ii) Collaborate with relevant agencies to reform fiscal measures to encourage greater use of agricultural land

Over the years, several initiatives have been undertaken to develop a comprehensive management system for the national land resource base, in particular, to deal with the rate at which land use pattern has been changed in which good agricultural land has been shifted to other uses. Currently, a national action plan for land is being developed to arrest land degradation in the country. We ask that an effective system of land zoning be developed and included in this plan for preserving the remaining tracts of good agricultural land for this sole purpose.

6.9 INFRASTRUCTURE

Good quality infrastructure is critical to the efficient production, marketing, and distribution of agricultural commodities irrespective of market location. Lack of adequate access roads, irrigation and drainage, and marketing infrastructure for meat and fish (of a standard to ensure quality and food safety) are major constraints/challenges in the transformation of the sector to one of high productivity and competitiveness. Inadequate/poor physical infrastructure has been one of the major constraints to the flow of investments into the sector. Such facilities fall squarely in the domain of public goods and should therefore be provided by the State.

6.10 POLICY ON DRAINAGE AND IRRIGATION

The policy document outlines a mix of initiatives to address issues related to water usage for agriculture. These are outlined in Table 6.4 and include key issues of accessibility, price and availability.

Table 6. 4: Water Policy Measures

Key Policy Areas	Stated Policy /Policy Objectives
Access to Water for Agriculture	(i) Ministry to collaborate with other agencies and stakeholders to formulate sectoral policy for water in agriculture
Cost of Water	(i) To increase irrigated acreage in a cost-effective manner (ii) Undertake economic analyses to explicitly assess the benefits and costs of water investment projects as a criteria for selection
Water Quality	(i) To increase irrigated acreage in an environmentally sound manner
Water Availability	(i) Initiate information gathering and dissemination on technical and economic research studies to address farm level and commodity level issues associated with water management in agriculture

Water for agriculture in Trinidad and Tobago is mainly rain-fed with only 2% of the irrigable lands serviced with irrigation infrastructure. Access to water resources for agriculture purposes faces extreme competition from the industrial, domestic and service sectors. The country continues to suffer from periods of drought which constrain its agricultural output, and it is also impacted negatively by periods of severe flooding. Further, the limited amount of water used for

irrigated agriculture is of low quality and can impact negatively on market entry for agricultural output.

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