THE CARICOM
REGIONAL TRANSFORMATION
PROGRAMME FOR AGRICULTURE

Competitiveness Study:

POLICY PROPOSALS:
ENHANCING INTERNATIONAL
COMPETITIVENESS

Report prepared for the CARICOM Secretariat

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We wish to express our deep appreciation to the Ministries of Agriculture for their cooperation and assistance in the study. In particular, they were helpful in providing background data on the industry, as well as arranging and providing logistical support for our field visits. In this regard, we wish to highlight the willingness of staff in the industry, extension personnel, researchers, farmers, agro-processors and investors in sharing their experiences on the industry in their countries. Without their support we would not have been able to conclude the analysis. Our discussion with officials in the Ministries of Agriculture in the Region proved helpful in reconciling some of the deficiencies we encountered in the review.

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Although we tried to ensure accuracy of the database used for the review, nonetheless we accept responsibility for any errors that may be discovered. This may be the result of the multiple databases from which we had to access the data.

DEDICATION

We dedicate this work to the Memory of our Colleague and member of the study team, Dr Lloyd B. Rankine. Dr Rankine passed away on October 25, 2006. He was a colleague with whom we shared many long hours in dialogue, in the field and in the class room. His life long endeavours and dedication reflect his passion for agriculture in the Caribbean.

Dr. Rankine was an integral part of the University of the West Indies having served the University (both Mona and St. Augustine campuses) from 2nd December 1968 to June 3, 2006 when he suffered a debilitating stroke. He served as Head of the Department of Agricultural Economics and Extension from 1977 to 1990 and taught in the capacity of Senior Lecturer up until 2003, when he retired. From 2003 to June 3, 2006, he lectured part-time in the Department

Dr. Rankine also served as Director and Chairman on many Boards in Trinidad and Tobago. .

Ranjit H. Singh & Govind Seepersad

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SECTION 1

INTRODUCTION AND METHODOLOGY

1.1 TERMS OF REFERENCE

The Terms of Reference for the RTP Competitiveness Studies included a review of the existing policy provisions and proposals to improve international competitiveness. The commodities and countries included in this Consultancy are shown in the table below. The review of agricultural policies was reported separately for each country. In this report we present proposals on the policy measures that are considered necessary in an effort to enhance international competitiveness. However, by way of background we first present the Approach / Methodology for identification of the appropriate policy measures (Section 1), highlights of the performance of the Sector (Section 2) and a Summary of the Policy Review (Section 3).

facilitative policy environment is essential to improving conditions of production, trade and entrepreneurship generally in the sector and more specifically for targeted industries. Through the efficient provision of essential public goods (technology, drainage/irrigation, market intelligence, etc) as well as a conducive investment environment, agricultural policies play a critical role in the transformation process – towards increased profitability, high growth rates and sustained competitiveness.

Countries	Papaya	Hot Peppers	Coconut	Sweet Potatoes	Small Ruminants
Barbados	√	√			√
Belize	√	√	√		√
Guyana	√	√	√	√	√
Jamaica	√	√	√	√	√
St. Lucia		√	√	√	√
St. Vincent		√	√	√	√
Trinidad & Tobago	√	√	√	√	√

1.2 BACKGROUND

In an attempt to establish the factors that have shaped the performance of Agriculture in the English-speaking Caribbean, we have selected the past twenty years as the period for policy review. Over the period, agriculture was identified to play a key role in providing the foundation for industry, export-led growth and employment creation. The policies of the 1980s and early 1990s were also driven by the need to reduce the food import bill and to deal with the macroeconomic adjustments brought about by economic imbalances and increased indebtedness in certain countries. These objectives were not fully achieved within the expected timeframe and new challenges of globalization began to manifest themselves by the mid 1990s. As a consequence, the Region's agricultural thrust was intensified as there was now need for the sector to reposition itself to respond to the changes brought about by the full-scale inclusion of agriculture under the WTO disciplines in the global economy.

These global developments were expected to lead to expanded trade opportunities for the Region's agricultural commodities / products. However, these benefits did not materialize as envisaged but rather, producers experienced loss of revenues in the case of both Banana and Sugar and the loss of market shares in the case of Banana. In the case of new and emerging non traditional exports, these enjoyed some benefits. However, efforts at diversifying the export markets with the entry of non-traditionals faced second generation regulatory measures designed to protect plant, animal and human health.

The 'liberalization of agriculture' under the WTO's Agreement on Agriculture (AoA; January 1, 1995) required greater international competitiveness in a more globalized, rules-based trading environment. This development called for progressive trade liberalization which was expected to take place through gradual reduction and subsequent elimination of tariffs and other barriers to trade. The implication today is that the Region's producers are now facing increased competition in a fully integrated market system (domestic and export market). Decisions to produce and export agricultural commodities must now be informed by the new market entry conditions on the one hand and on the other, by a nascent regulatory environment.

Accessing extra-regional markets now requires high standards of food safety, Sanitary and Phyto-sanitary assurances, including documentation and traceability. Compliance with these requirements not only increases the market transaction cost for exporters but they also impose a further burden on countries to provide institutional resources to support an efficient and effective SPS system. In this new market environment, existing policies must be redesigned and re-engineered with industry / commodity international competitiveness as the key focus. It is within this context that this Report reviews the policies in selected CARICOM countries with a view to establishing the state of preparedness to respond to the changes in the global environment.

1.3 METHODOLOGY

One weakness associated with the previous agricultural policies was that they were primarily driven by a production focus rather than a market/consumer orientation. The new trading paradigm requires focus on the 'product concept' where quality attributes and price are the main driving forces. Decision to invest in agriculture must now be based on competitiveness in the international marketplace which is driven by a complement of factors, foremost among which are: (i) quality; (ii) food safety; (iii) price; and (iv) intrinsic product attributes. This indeed, is one of the major tenets of the CARICOM Regional Transformation Programme (RTP) for agriculture.

While we recognize many of the policies for these specific commodities may be enshrined in the broader sector policies, notwithstanding, we have attempted to separate them where possible for specific treatment. It is also recognized that policies relating to the provision of public goods to the sector such as access roads, water, drainage and other infrastructure, even though treated as sector specific, their utilization and benefits would redound to the wider non-agricultural economy.

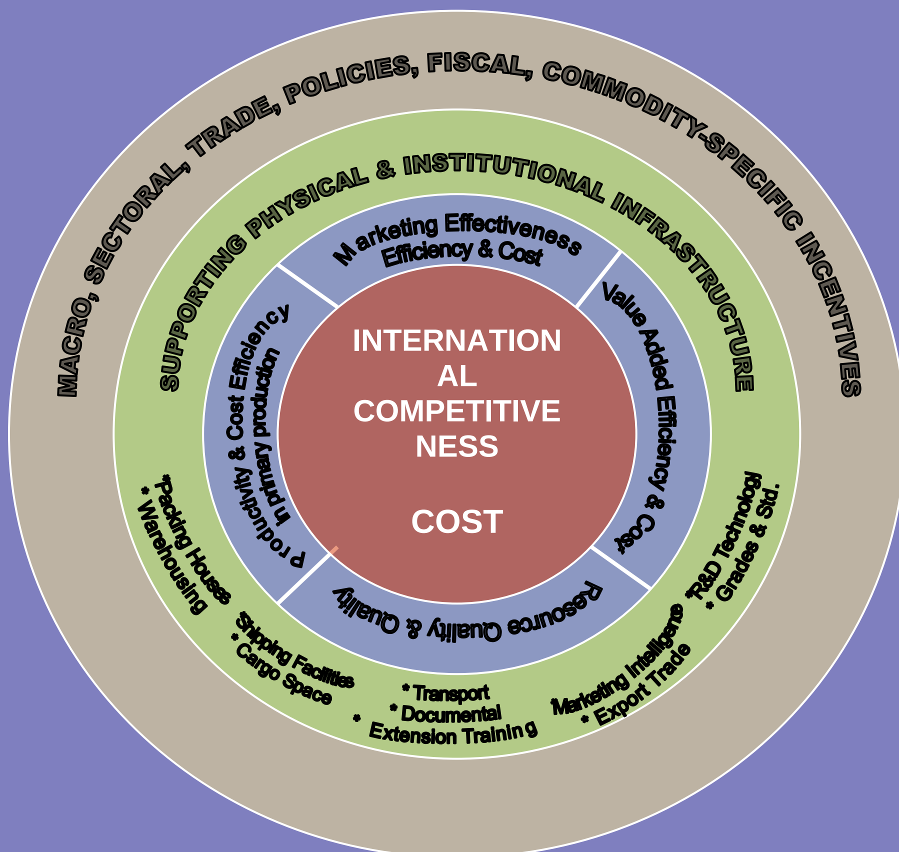
The methodological basis for Policy Prescriptions is our *Model of International Competitiveness* as set out in Figure 1. The model has sought to identify the critical factors driving competitiveness. The location of the broad area of policy analysis comprising macroeconomic, sectoral, trade, fiscal and commodity-specific policies together are expected to provide the general economic and institutional environment which impacts on entrepreneurial activities in the sector. These are shown in the outer (broader) sphere of influence in the Model. In many cases the policies specific to agriculture are often difficult to articulate because they are enshrined in the broader macroeconomic policies, especially in those cases where agriculture is still playing a critical social and economic role.

In our review we have noted the fact that in all countries, the Macroeconomic Policy Framework in place today generally provides an environment that appears conducive to investment and growth of economic activities. This is so given the policy reforms undertaken by most countries under Structural Adjustment Programmes of the 1980s and 1990s and also, more recently, through the trade policies adopted as a result of the WTO agreement. As a consequence, our review included very little by way of Macroeconomic Policies. Instead we have focused attention on policies that generally tend to have a more direct influence on agriculture – those at the sector and commodity levels. The latter, if correctly designed and implemented could serve to boost investor confidence and stimulate investment in the sector.

The second level policies, as shown in Figure 1, are those that impact on the provision of public goods that are considered essential for achieving high levels of productivity and efficiency. These include physical infrastructure, R&D, institutional support in marketing and provision of regulatory services. As indicated in the Model Diagram, factors that drive productivity and cost efficiency as well as the stimulation of value added activities represent the third level policy influence.

The model also identifies the various dimensions or ways in which competitiveness may be achieved. These include excellent product quality, cost efficiency, market reliability and the flexibility to undertake continuous improvement in order to sustain competitiveness. It should be noted that we do not consider these dimensions to be mutually exclusive. Accordingly, any strategy for achieving industry competitiveness must necessarily be designed around the particular dimension(s) of competitiveness to be targeted. This of course should be based on the comparative advantage of the country and its ability to excel with respect to the selected dimension. Examples would include the potential to supply the market with the best quality product through breeding and the adoption of stringent quality assurance or the potential to reduce cost below industry competitors by adopting cost efficient technology. Finally, whatever the competitiveness strategy selected, the policy framework must be specifically designed to effectively support the elements of the strategy.

Figure 1: A Model of International Competitiveness in Agricultural



SECTION 2

SECTORAL PERFORMANCE IN REGIONAL AGRICULTURE: A BRIEF REVIEW

This Section of the Report provides a brief review of the performance of the agricultural sector in the seven CARICOM countries selected for the study. This review is intended to provide the context and background for the recommended policy actions being proposed with a view to improving regional competitiveness in the selected RTP commodities. We first present an overview of the Regional position followed by a review of the individual country situation.

2.1 OVERVIEW OF REGIONAL AGRICULTURAL PERFORMANCE

Despite the declining fortunes of the Region's major agricultural exports, sugar and bananas, these commodities continue to dominate the agricultural landscape and to make significant contribution to the Region's economic growth and development, food security, employment. Agriculture also performs a major multifunctional role which redound benefits to rural livelihoods, agro-industrial development and preservation of the rural economic landscape.

In both the traditional and non traditional sub-sectors, the problems of low productivity and high cost must be addressed in order to ensure survival in today's globalized market environment. The attempts at agricultural diversification and the development of non-traditionals have only experienced limited success, certainly marginal in quantum relative to the economic decline being experienced by the traditionals. The exception being that of Belize where shrimp farming and papaya have realized huge successes. Generally, the scenario is therefore one of a shrinking sector in the Region.

Region-wide, the sector has been slow at accelerating progress towards agri-based value added activities and to some extent has still concentrated on the old philosophy of focusing on primary production. Some notable exceptions are Jamaica, Trinidad and Tobago and Barbados. In the case of Jamaica, spices, condiments and ackee have made significant inroads in both the regional and extra-regional markets. In the case of Trinidad and Tobago, significant growth has taken place in the hot sauces, condiments and spices industries.

Regionally, there has been little change in the structure of agriculture over the past twenty years. The sector continues to be dominated by a large number of small farms and a few large farms. Characteristically, the latter are generally better endowed with respect to infrastructure and services than the smaller farms, many of which are poorly serviced, fragmented, located on less productive soils and lacking basic production infrastructure. Small farmers continue to face high transaction costs associated with marketing their produce. Further, the constraints which exist in both models are yet to be removed.

Land tenure issues and lack of effective land management practices continue to constrain the sector. The policy mix has so far favoured supply-oriented approaches to preferential market opportunities in the case of the traditionals. The non-traditional commodities seem to be following the same traditional approach in which demand factors and new product development are not fully at the centre of the decision-making process.

We now turn to the performance of the country position.

2.2 BARBADOS

Sugar, rum, cotton and a selected range of vegetables, roots and tubers as well as fruits, poultry, swine, mutton and milk are the major outputs of the agricultural sector in Barbados. Sugarcane, a major employer of the labour force has been undergoing significant restructuring not only to meet the requirements of international competitiveness, but also to play an additional role in augmenting the electricity supply to the national grid through cogeneration. The industry is also strengthening linkages with the tourism / services sectors. Cotton, once a vibrant export commodity is being rejuvenated to play an expanded role. In the area of livestock, the Barbados Black Belly Sheep provides meat for the domestic market as well as contributing to the developments of the small ruminant industry, regionally. The pork and poultry industries have not only expanded production in recent years but have also demonstrated significant growth in productivity.

The restructuring of the sugar industry has resulted in the diversion of some of the sugar lands into the services sector, such as the development of the golf courses. However, rural development has been receiving greater focus over the years in an attempt to rationalize the utilization of the land. In terms of value added Barbados' agro and food service industries have shown sustained expansion over recent years and is being increasingly integrated with the primary sector.

Agriculture in Barbados contributed an average of 6.4% of GDP over the period 1995–2000, but has declined to approximately 5% in 2003. The contribution of fishing has also declined but continues to play a strategic role in the country's economy

2.3 BELIZE

The Belizean economy is primarily driven by its agricultural sector. Exports are dominated by primary commodities, mainly sugar, banana, citrus and fishery products. Domestic agriculture on the other hand includes rice, maize, beans, root crops, vegetables, poultry, beef, dairy and pigs.

Farming in Belize is uniquely distinct from the rest of CARICOM with respect to its two major farming systems – the Milpa and the Mennonite farming systems. The Milpa system is one of shifting cultivation on a rotational basis for each production cycle. Small farmers, primarily of indigenous descent, grow corn and beans in sparsely populated areas, traditionally for their own consumption. However, this is changing somewhat with more export oriented commodities in the production basket. Alternatively, the Mennonite farming system is more of a Cooperative and Community-driven effort. Major commodities produced by the Mennonite Community include poultry, dairy based products, corn and other grains, vegetables and beans.

Agriculture's contribution to GDP has shown significant improvements in recent years, increasing from 16.1% in 1991 to 21.5% in 2001. Export earnings from the sector increased by 57 % over the period 1990 to 2002, from B$177.8 million in 1990 to B$278.1 million in 2002. In 2003 the sector accounted for 68% of total exports. Performance in agriculture was driven mainly by production increases in citrus fruits, bananas and aquaculture. Sugar has traditionally been and remains the largest export revenue earner, accounting for 25% of export earnings in 2003 (Ministry of Agriculture and Fisheries, Belize, 200: Production Statistics). In 2003, the fisheries sub sector contributed 18% of agricultural GDP. With respect to employment, the sector accounted for 41% of the labour force in 2003, with primary agriculture and fisheries contributing 29%.

2.4 GUYANA

The Guyanese economy is still heavily dependent on primary agriculture with rice and sugar being the two most important agricultural commodities on the basis of their respective contributions to exports earnings, farm incomes, employment and food security. In an effort to meet the challenges of competition as a result of both the erosion of preferences and globalization, the government is attempting to improve productivity and efficiency in the traditional export crops while promoting non-traditionals.

In addition to the traditional exports, Guyana produces a range of domestic food crops as well as livestock and fishery products, some of which are exported while the major part is utilized for domestic food consumption. The livestock sub-sector includes dairy and beef cattle, swine, sheep, goats and rabbits. The country has a large fishery sector, exploited by both local fishers and multinationals. The forestry sector is also well-developed with products marketed both regionally and internationally. Food crop production includes a variety of root crops (cassava, eddoes and sweet potatoes), plantain, cowpeas as well as vegetables. Fruit crops such as citrus, pineapples, mangoes, papaya and carambola are also grown.

With the exception of rice and sugar, production technologies are traditional and productivity is generally below optimum levels. Small farms with low levels of technology, low volumes of output and high production costs exist side by side with modern commercial farms, more appropriately structured and equipped to become competitive. Although mechanization is widespread in sugar and rice, other agricultural industries are generally labour-intensive. With respect to the agro-processing, this industry is relatively underdeveloped. There is scope for significant entrepreneurial activity here given the wide range of agricultural raw material that the country is capable of producing. However, the realization of this potential requires a serious R&D thrust.

In 2003, the agricultural sector (including fisheries and forestry) accounted for 35% of GDP and 46% of merchandise exports. It was the main source of employment for the rural population of the country, employing 30% of the labour force in that year. With regard to sub-sector contribution to agricultural GDP, in 2003 sugar contributed 54%, rice 12.6%, livestock 7.5%, fishing 9.2% and other agriculture 16.8%.

2.5 JAMAICA

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 ruminants 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 a major producer of value added spices and condiment-based products, exploiting niche markets, both at home in the Region and internationally.

The production systems with respect to both crop and livestock agriculture as well as fisheries continue to reflect a dual structure in which large scale capital intensive high-technology modes co-exist with a large number of small scale labour intensive producers, often operating under hostile conditions. Production and market infrastructure in the sector are being upgraded and modernized to meet the requirements of international markets.

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 contributes a small but significant share of the Gross Domestic Product (7 % in 2003) as well as providing employment to an estimated 23% of the workforce in 2003.

Although some gains have been made through the export of selected non traditional commodities, the economy continues to experience high levels of imports, thus negating gains made from exports. Imports of meat, rice, powdered milk and poultry continue to make inroads into the market share available for domestic producers. Notwithstanding, 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-scale level has restructured and modernized itself in response to global market opportunities.

2.6 ST LUCIA

Banana is the main agricultural export of St Lucia. It not only dominates agricultural land use but also the economic life of the country. Agricultural land area in St Lucia comprises approximately 11,775 hectares of which banana represents 45% (5,666 ha.). From a land resource utilization perspective, coconut is next, accounting for 42% of the cultivated area.

Agricultural activities in the country also include vegetable, food crops, small ruminants as well as fisheries. These are targeted at satisfying domestic consumption.

Overall, the agricultural sector has been on a general decline in recent years. Over the past decade, agriculture's contribution to GDP has shown steady decline from 13.7% in 1993 to 8.0 % in 2000 and then a further decline to 5.3% in 2002.

The sector's performance has been strongly influenced by market conditions in the EU. With the erosion of preferences and increased competition in the EU banana market, Windward Island producers have, in recent years, witnessed declining exports and income. As a consequence, cultivation of banana is being abandoned with many producers exiting the industry. Banana exports have declined by almost 50% since the mid 1990s

2.7 ST VINCENT & THE GRENADINES

St Vincent and the Grenadines is primarily an agricultural economy with the agriculture being the largest productive sector. Banana dominates the agricultural economy of the island, being a major contributor to agricultural GDP, employment, food security and rural livelihoods.

The performance of the agricultural sector is directly linked to the economic fortunes of the banana industry as is the case of St Lucia and Dominica. With the erosion of preferences and increased competition in the EU banana market, Windward Island producers have in recent years witnessed declining exports and income. As a consequence, banana production is being abandoned with many producers exiting the industry.

Structural changes in the economy during the 1990s sought to reduce the excessive dependence on agriculture by focusing developmental efforts on tourism and services. Notwithstanding, agriculture today remains an area of prime economic activity, with employment in this sector accounting for 26.4% of total employment in 2003.

With respect to other industries, arrowroot, root crops, small ruminant and marine fishery all make significant contributions to the economy, food security and employment. Root crop production includes sweet potatoes, yams, eddoes and dasheen. Other crops include plantain, vegetables and fruits.

In 2001, agriculture contributed approximately ECD 77.4 mn or 8.5% of the country's total GDP (ECD 912 mn). During that year, banana accounted for 2.3% of total GDP; *Other crops* and *livestock* contributed 3.8% and 0.6%, respectively.

2.8 TRINIDAD & TOBAGO

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, vegetables and value-added products; and a domestic food crop and livestock sub-sector.

In 2003, the sugar industry remained one of the important cornerstones of Trinidad and Tobago's agricultural economy, performing a multifunctional role. However, by 2007 Trinidad & Tobago had closed its sugarcane industry. 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 industry generally operates at a subsistence level or small scale, the poultry industry has been transformed from what was essentially a 'backyard-type operation' in the 1960's into one that is highly integrated (vertically), currently satisfying most of the country's demand.

[1] Source: 2020 Vision for Agriculture

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 waterrmelon, pineapple, and vegetables to intra-regional markets, primarily Barbados.

The fisheries sub-sector comprises a large number of small artesianal operators 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 factor 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 2005[2]. Over the same period, domestic agriculture's contribution to GDP fell from TT$ 496.4 million to TT$ 448.4 million[3]. Also, sugar's contribution as a proportion of total agricultural output fell to 24% in 2005.

[2] Provisional data
[3] Provisional data

SECTION 3
REVIEW OF THE EXISTING POLICY ENVIRONMENT: A SUMMARY

In this section of the Report we provide a summary of the policy review conducted and reported separately. Firstly, an overview of our findings is reported to be followed by the summaries of the individual country situations.

3.1 REGIONAL OVERVIEW

The review of agricultural policies in the selected CARICOM countries found that the sector level policies were generally in the right direction. However, many statements were so broad that they are likely to lead to many different interpretations. While sector level policy statements need to be all embracing, they should nonetheless suggest priorities and action areas. In some cases, only a statement of policy objective could be found. This, of course, results in a degree of ambiguity since a range of different policies and strategies could result in achieving a given goal. However, not all are likely to be efficient.

Policy instruments indicate the specific means by which the intended outcome of the policy is to be achieved. Since the choice of instrument is critical to the success of the policy initiative, both with respect to impact and cost effectiveness, it is imperative that policy documents identify the specific instruments to be applied in each case. In our review, only in a limited number of cases were the instruments identified. While we recognize that instruments may have been identified elsewhere such as internal documents, we nonetheless note this observation.

Given the peculiar characteristic of each industry, the constraint factors that limited development and growth are likely to be different. For example, the major problems in one case may be disease and low yield, while in another it may be a quality problem such as limited shelf life. Since sector level policies are relatively blunt instruments in addressing problems, it is therefore necessary for policy makers to identify the commodity-specific policies that are needed to complement the sector level policies in addressing specific constraints. We do not advocate this for all commodities but certainly for those considered priority in terms of their potential for growth and development of agriculture.

Generally, our review found that only in a few cases were commodity-specific policies identified for the selected RTP commodities. However, in many of the countries we were able to locate fairly comprehensive lists of commodity-specific actions for the traditional export commodities, in some cases formulated by the industry stakeholders themselves. This is commendable and needs to be extended to other priority commodities.

As discussed earlier with reference to the competitiveness Model, there are a number of areas of support for agriculture that are in the public domain. Together these constitute the foundation on which a productive and efficient sector is built. Key among these are the following:

(i) Physical public infrastructure such as drainage, irrigation, access roads
(ii) Institutional support such as market facilitation, market intelligence and regulatory measures
(iii) Science and technology/research and development

An efficient and effective drainage and irrigation system could increase yield and productivity by as much a three-fold. Similarly, S&T/R&D has the potential to fully transform an agricultural industry. The latter may manifest itself through various avenues such as:

(i) Lifting the levels of productivity of existing commodities
(ii) The introduction of more resistant or higher yielding crop varieties or improved livestock breeds
(iii) Development of new exotic fruits to exploit niche markets
(iv) Development of new value-added products based on market trends to exploit niche markets

In our review, we note that there was a general recognition of the important role of the above public goods. However, we found that in very few cases were specific measures, strategies and plans in place to provide the level of support that was needed for agricultural transformation. Clearly, Caribbean agriculture is in need of a quantum leap in productivity and efficiency if it were to achieve international competitiveness. This would not be possible without well designed programmes to ensure the delivery of the range of services envisioned and to do so cost-ffectively and efficiently. **In our view this area represents a major weakness of the policy support for agriculture, notwithstanding the ongoing problem of resource constraints.**

We now present summaries of the individual country policy reviews.

3.2 BARBADOS

The overall policy goal for the sector includes the transformation and repositioning of the agriculture to increase its contribution to GDP and food security. A reduction in food import bill is also targeted.

The broad-sector wide policy measures and instruments identified as part of the framework for agriculture included initiatives at land use rationalization, focused incentive schemes to exploit market opportunities, improvement in quality assurance, modernization of the sector as well as institutional reform. The ultimate goal is to improve the competitiveness of the sector, generally.

In addition to sector wide instruments, policies were also developed with respect to specific commodities of particular interest under the RTP. In the case of small ruminants (sheep) baselines surveys, development of production systems and the preparation of business plans for the industry were identified as areas to be emphasized. With respect to the other commodities of interest, no specific policy instruments were articulated. Provision for these may have been subsumed under the sector-wide policy measures.

In the case of rural development, the policies addressed the development and conservation of water resources, modernization of infrastructure and training. With respect to agro processing, the policy strategy included expansion in value added activities through product development and research. Modernization of legislation has also been identified to keep the sector abreast of global developments in agricultural trade.

Barbados has adopted various trade policy measures in an attempt to reserve a portion of its market for domestic producers/entrepreneurs, including the use of a licensing system. The country has also created space through the application of arguments for derogation such as the *Special and Differential* treatment and the *Small Developing Economy* case. Border protection mechanisms include a strong SPS regime designed to protect producers and consumers

3.3 BELIZE

Belize's agricultural and food policies during the 1985-2002 were mainly focused on strategies emphasizing market promotion and export-led growth through diversification of the traditional production base (mainly sugar, banana and citrus), import substitution, expanded food production and employment opportunities.

In 2002/2003 the Government of Belize articulated a new policy vision that was intended to refocus policies for agriculture, addressing liberalization and globalization issues, including the erosion of preferences for traditional exports, specifically sugar and banana. The policies were also aimed at the diversification of both domestic and export agriculture, promotion of agro-processing and value-added as a basis for the creation of new economic opportunities and employment for the rural sector. The proposals were intended to provide the strategic framework for sustained improvements in competitiveness over the longer-term, 2002 to 2020. The vision was for "*a transformed/ modern sector that is fully competitive, diversified and sustainable*".

Belize's National Food and Agricultural Policy (2002-2020) makes proposals with respect to the major export commodities as well as selected domestic commodities. In the case of the export crops, the proposals for sugar and, to some extent, bananas can be considered merely policy intent or objectives, thus requiring further elaboration.

Among the RTP commodities it should be noted that Belize is now a major exporter of Papaya, primarily to the US market where it ranks second place to Mexico in terms of market share. However, opportunities exist to further strengthen competitiveness through expansion of the production base as well as further improvements in quality. Being a globally competitive industry, the Belizean Papaya Industry experience may provide a model for the transformation of other industries into competitive forces.

While hot pepper has not yet enjoyed the success of Papaya, the policy proposals here include the establishment of an export credit scheme and the development of value-added products. For the other RTP commodities however, the framework was not explicit.

3.4 GUYANA

Prior to the 1990s, the government of Guyana pursued inward looking policies where the State exercised firm control of over most industries and the economy. Tight controls were in place with respect to imports, foreign exchange and private sector activities. The *Economic Recovery Programme (ERP)* of 1989 -92 was an attempt to gradually liberalize the economy and rationalize the level of involvement of the State in various sectors of the economy.

Following the ERP, Guyana in 1996 developed its *National Development Strategy (NDS)* which included measures to enhance efficiency and competitiveness within the sector, such as the upgrade of infrastructural facilities, development of market intelligence and R&D capabilities as well as training and education. The measures proposed for the sector were clearly critical and strategic for lifting levels of productivity and cost efficiency. It is noted, however, that other key policy measures were needed to complement those in the *NDS* including, more effective extension support, development of an effective SPS and quality assurance system, the upgrading and modernization of marketing infrastructure and the revision of strategies (governance models) to mobilize the productive capacity of small producers.

At the commodity specific level, there is little evidence of policies emphasizing the RTP commodities of interest, the exception being R&D for small ruminants. However, in the case of sugar and rice, the two most important commodities for the country, the main industry stakeholders themselves had formulated a set of policy measures/instruments intended to address the challenges of the increased competition arising from the erosion of preferences in the EU market. The proposals for both commodities comprehensively addressed issues that are considered key in enhancing and sustaining productivity and efficiency, leading to greater international competitiveness.

For the non-traditional sub-sector, generally the strategies proposed included greater attention to R&D, agronomic practices, water management, germplasm, farming systems, mechanization and marketing (emphasis on market information). They also include advisory services, market facilitation, post harvest technology and agro processing, and the establishment of rural development centres and cooperatives. However, these appear to be lacking in specificity.

3.5 JAMAICA

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. Within this period the major export earner, sugar, has suffered declining productivity. More recently, both sugar and bananas have had to contend with softening of prices and loss of market security as a result of preference erosion in the EU market and challenges from WTO members.

In the case of non traditionals (for example milk and poultry), food aid and the dumping of surpluses on the local market by major global producers have 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.

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, the industry strategies included an expansion of production, increased efficiencies and the identification of more lucrative markets. The policy framework also called for the rehabilitation of tree crops such as coffee and citrus. With regards to the coconut industry, the policy was 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.

3.6 ST LUCIA

In pursuit of its agricultural diversification and revitalization efforts, the Government of St Lucia in 2002 identified a number of targets and measures. These included a 10 % reduction in the food trade deficit by 2005, increasing the consumption of local production, increasing non-banana agricultural exports, expanding agro industry and a 20% increased utilization of locally-produced agricultural commodities by the tourism sector.

In 2003 the Government defined its agricultural policy within the context of the OECS Agricultural Policy Framework. The result was the identification of a comprehensive set of strategies aimed at fostering growth and modernization of the sector.

In the case of banana, the policies were found to be quite explicit which included a specific programme to improve productivity and efficiency in the context increasing competition in the EU market. Measures included restoration of farmer confidence in the industry, targeting farms with the potential for viability, assisting with improvement in fruit quality and providing technical guidance for control of pest and disease.

In pursuance of the country's agricultural diversification objectives, the policy proposal with respect to livestock aimed at self-sufficiency in poultry, eggs and pork. In the case of the other crops, the goal was to increase the production of food crops including, cabbage, lettuce, tomatoes, sweet pepper, cucumber, dasheen, sweet potato, yam and plantain. For the non traditionals, St Lucia planned to introduce new crops including cut flowers, organic foods for the export and domestic markets.

St Lucia's stated policy in S&T / R&D was to facilitate the generation, adaptation and transfer of appropriate technology. More specifically, the planned implementation of a major project in technology transfer designed to enhance agricultural competitiveness was to be pursued through the establishment of a National Agricultural Research System (NARS). The NARS was intended to undertake technology adoption studies, intensify the conduct of productivity studies and train staff to expedite technology development/transfer.

Other policy initiatives that are expected to impact directly on competitiveness such as SPS, removal of agricultural land constraints, technology upgrade and adoption were also highlighted in the policy statements.

3.7 ST VINCENT & THE GRENADINES

The various policy interventions adopted by the Government of St Vincent and the Grenadines over recent years included *The Agricultural Policy Framework: 1997 -2006; The OECS Medium Term Framework (2002*); and *The National Economic Transformation Programme (2002)*. We now provide the key elements of these initiatives.

St Vincent's *Agricultural Policy Framework* for the period 1997–2006 was informed by the desire to promote diversification around bananas and at the same time facilitate modernization and transformation through technical innovations and improved services. The major components of the Framework were as follows:

(i) Export development based on selected commodities including fisheries to generate higher levels of foreign exchange earnings

(ii) Food and nutrition security through the production of selected commodities including fish and fish products

(iii) Import substitution which involved production of special commodities for import replacement and saving of foreign exchange

(iv) Strengthening linkages with other sectors, particularly the tourism sector

(v) Development of export-based agro-industries

(vi) Employment creation for the rural population with particular emphasis on the fisheries sub-sector.

In 2002, the OECS states formulated a strategy to strengthen economic cooperation and to achieve macro-economic stabilization while stimulating greater private sector activities and developing the human capital. Within this context, St Vincent and the Grenadines developed its own policy framework. The major issues identified in the *Framework* were foreign exchange earnings, food and nutrition security, import replacement, rural employment creation and preservation of the environment. The Framework also focused on the issue of land resource, improved marketing and the development of agro-industry and physical infrastructure. The modernization of legislation to address the problem of praedial larceny, squatting, and destruction of forested areas was also identified.

Specific commodities were also identified for attention. Banana and arrowroot have remained the major focus under the traditional crops. The development strategies for these commodities were aimed at increased production and enhanced value added, especially in the case of arrowroot. With respect to non traditionals the emphasis is on plantains, peanuts, sorrel, ginger, breadfruit, hot peppers, cinnamon, mauby, chive and clove. Annual targets have been set in each case.

In addition to Papaya, a number of fruits were targeted for expansion, viz, Julie Mangoes to 100 ha, avocadoes to 120 ha, passion fruit to 60 ha and Carambola to 40 ha. Strategies included the establishment of fruit crops as orchards on medium to large holdings, border plantings on smaller holdings, agro-forestry, and the setting up of germplasm banks.

The policies for the RTP commodities, viz., sweet potato, hot pepper, papaya, and small ruminants were included within those for the non-traditionals. In the case of small ruminants, the plan called for the distribution of improved genetic material, improved housing, pasture development, improved marketing strategies and upgrade of infrastructure. We note however, that the policy document was silent with respect to coconut.

In 2005 an agricultural tariff of 22% was imposed on imports from third countries. In addition, there was also a consumption duty and service charge applied on imports into the country. Further, import licenses were required for a number of agricultural products

3.8 TRINIDAD & TOBAGO

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

The *Food and Agriculture Policy*[4] *(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 and agribusiness development.

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

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. 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% of this amount.

Although Trinidad and Tobago exports a 'fine flavoured cocoa', the country has not been in a position to take advantage of the premium prices as production continues to decline from historical highs. This iso despite various incentives provided to the industry over the years, including a price subsidy as well as production related support. In the case of cocoa and coffee, *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 over the past five years has declined drastically, precipitated by a number of factors including: (i) the withdrawal of Caroni (1975) Ltd from production; (ii) the problem of praedial larceny; and (iii) the onset of citrus tristerza disease. Efforts at industry rehabilitation over the years have failed to reverse the negative trends in both production and productivity.

The achievement of the broad policy targets calls for an increasing role for research and development. The policy 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.

With respect to Quality Assurance and Food Safety, the system is 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 Sanitary and Phytosanitary system since this serves as a major impediment to the development of the sector.

SECTION 4

PROPOSED POLICY MEASURES TO ENHANCE COMPETITIVENESS IN AGRICULTURE

Section 2 of this Report presented an overview of the performance of the sector whereas Section 3 gave a summary of the policy review, including an examination of the appropriateness of the policy mix, including any gaps with respect to supporting a drive towards enhancing international competitiveness. In this Section of the Report we now provide proposals on policy measures that are intended to address deficiencies / gaps so as to enhance international competitiveness, particularly focusing on the selected RTP commodities.

Firstly, we present an overview of the broad policy The country reports are presented in the following sequence: Barbados, Belize, Guyana, Jamaica, St Lucia, St Vincent & the Grenadines and Trinidad and Tobago.

4.1 GENERAL PROPOSALS

In identifying the Policy Measures required to enhance competitiveness of the selected RTP commodities, we first considered those policies that are targeted at providing an enabling environment for the overall sector – the sector level policies. Secondly, we reviewed policies that specifically target individual commodities – the commodity-specific policies. Here we focused on the major commodities of the sector including those of RTP interest. Finally, we examined policies relating to the provision of public goods that are considered essential for achieving international competitiveness. The latter included R&D/technology support, provision of physical infrastructure such as drainage/irrigation and effective institutional support such as marketing services, sanitary and phyto-sanitary measures and the regulatory environment.

As noted in our review, the first level policies – the Macroeconomic and Sectoral policy measures in place in the various countries - generally have the right mix to create the broad policy environment for industry development and improved international competitiveness.

In general the weaknesses are primarily related to the lack of specificity with respect to the commodity level policies and the measures/instruments that are required to improve productivity and cost efficiency and to attract investment. Additionally, the general absence of priorities and time bound commitment in providing public goods, including critical physical and institutional support creates uncertainty in the minds of prospective investors in selected industries.

In our policy proposals for the various countries presented in the rest of this section, we highlight the specific area of deficiency that should be addressed in improving competitiveness of the selected RTP commodities.

4.2 BARBADOS

Generally, from our review of the policy documents we observed that Barbados has adopted a proactive approach to preparing agriculture for increased international competition. This is prudent since the WTO requires the level of border protection to be gradually dismantled thus opening the domestic market to competition. Given, the size of the domestic market, which includes the tourism sector, the potential benefit from retaining a significant share for domestic production is significant. Towards this end an important strategy is the implementation of an effective food safety and quality assurance system.

The policies for the agricultural sector in Barbados are considered unique on two accounts, viz, (i) being broadly and fully integrated in the wider national economic policy; and (ii) attempts at fostering and establishing strong linkages between agriculture and other sectors of the economy. They also reflect a conscious effort to ensure a balanced development strategy in the country. Generally, the country's Agricultural Policy Framework provides the correct institutional and policy environment for the development of the sector in this period of globalization and competition.

With respect to the policies specific to the RTP commodities, we recommend a more comprehensive treatment. Focused/targeted measures offer the potential to accelerate the process of transformation into competitive industries by complementing and reinforcing the sector wide policy provisions. In this regard, the role of S&T/R&D is critical. Accordingly, we recommend the identification of specific strategies to generate the technological solutions for the respective industries.

4.3 BELIZE

In our view, the seven strategic objectives articulated for the long-term (2002-2020) seek to address priority issues for the transformation of agriculture into an efficient and competitive sector. The objectives were sufficiently focused to provide the basis for the identification of the correct mix of instruments and strategies needed for the transformation.

Correctly, Belize's agricultural policy agenda is long-term in nature, reflecting the fact that the transformation process for agriculture is a gradual and incremental one. This is so given the financial constraints of the country, limited professional staff, the lead time required for the development of the physical and institutional infrastructure as well as technology. We should also note that the realization of long term goals for the sector policy requires consistency in that the policy agenda should be sustained over the long-term, beyond the customary five year term for holding political office.

With respect to the new sectoral policy framework we wish to highlight two key omissions:

(i) Firstly, we wish to emphasize the critical importance of S&T/R&D to the transformation of agriculture into a competitive sector. We therefore recommend the inclusion of this item as one of the strategic objectives. Belize needs to ensure high quality technological solutions with respect to the constraints being faced in the development of the selected RTP commodities. In this regard, we are of the view that the country should focus on building capacity through collaboration amongst relevant national and regional institutions.

(ii) Secondly, we point to the critical importance of key physical infrastructure and institutional support in any drive to enhance efficiency and competitiveness. Accordingly, we recommend that the strategic objectives should also include the provision of adequate and efficient infrastructural and institutional support for the sector in the area of drainage and irrigation, access roads, marketing facilities, and utilities, particularly focusing on priority industries. In this regard we propose the concept of cluster development with a view to providing such facilities efficiently and cost effectively for a cluster of commercial producers.

We wish to also highlight the fact that Belize still has in place various measures that restrict trade and which are not WTO compliant. Clearly, the country will need time to introduce the proposed policy reforms. We advise however that this process should be accelerated.

4.4 GUYANA

The policy objectives and policy areas identified in the *National Development Strategy (*1996) generally include some of the key drivers of competitiveness. We noted however that insufficient attention was paid to quality assurance, SPS and food safety. With the lowering of the levels of tariffs in agricultural trade under the WTO, trade today is being increasingly regulated through the use of various non tariff measures. Quality standards are being upgraded on a continuous basis and therefore are likely to become the most important driver of international competitiveness. We note also that the NDS appears to pay inadequate attention to the need for an effective and efficient technology transfer and extension system. We therefore ask that this area receive greater emphasis given the important role of technology in the transformation process.

Although the policy mix of the NDS with respect to sector-wide policies is generally in the right direction, its effectiveness in the transformation of agriculture depends on implementation. Given the limited resources of the country and the many segments of the sector making claims on these resources, the impact of the policy provisions are unlikely to be noticed, unless priorities accompanied by specific actions aimed at addressing constraints are identified.

The policy document has provided little by way of specific policies for the RTP commodities, the exception being R&D with respect to small ruminants. We drew attention to the specific policy measures outlined for the sugar and rice industries. We are of the view that the latter proposals are not only the correct ones but are also sufficiently focused and detailed to provide the desired transformation of sugar and rice into competitive industries. Likewise, with respect to the RTP commodities, we are of the view that highly specific and focused measures are necessary to complement the sector–wide policies in creating the enabling environment to transform them into competitive industries.

4.5 JAMAICA

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 traded 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 formulated 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 efficiently and cost effectively provide the physical infrastructure and institutional support to producers and marketers.

4.6 ST LUCIA

A review of the policy proposals for the Agricultural Sector of St Lucia reveals a rather comprehensive framework, one that addresses all of the major issues impacting on the performance of the sector. What is unique and commendable is the inclusion of the specific objectives to be pursued in each area as well as the policy instruments that the Government plans to employ to achieve the goals. With respect to the RTP commodities, there is need for detailing of specific measures to complement the broad sector policies. Given the resource limitations of the country, both financial and technical, there is need to prioritize the policies and associated instruments. These should then provide the basis for the developments of an action plan that is time and resource bound and having clearly defined deliverables.

4.7 ST VINCENT & THE GRENADINES

Our review of the sectoral policies for agriculture in St Vincent and the Grenadines generally suggests an appropriate mix of policy measures capable of creating an enabling environment that could foster development of the relevant industries. Not only does the policy document identify the policy areas but it also lists the specific mechanisms to be applied in each area. This level of focus and specificity is commendable.

We note however, insufficient emphasis have been placed in three key areas, S&T/R&D, SPS and physical infrastructure. These areas of support for the sector are considered critical for enhancing competitiveness since they could facilitate a quantum shift in productivity and efficiency. We therefore recommend a well designed set of strategies to ensure access to high quality S&T/R&D, the appropriate regulatory measures to ensure plant and animal health and food safety and the development of the necessary physical infrastructure.

The identification of specific production targets that were time bound is commendable. However, the specific mechanisms for successfully achieving these must be articulated. We note that the policy document is generally short on commodity-specific policies except in the case of Banana. Such policies are necessary to complement the sector level policies in ensuring that factors unique to a specific industry are addressed. While we do not advocate this in all cases, it is certainly desirable for those industries that have been prioritized for transformation.

Finally, while we recognize the need for revenue generation from various trade policy measures adopted, we also wish to point out that undue levels of protection can run counter at preparing the country's agricultural sector in becoming competitive.

4.8 TRINIDAD & TOBAGO

The policy framework for agriculture in Trinidad and Tobago at the sectoral level attempts to create an environment conducive to attracting investment in the sector. However, a number of critical issues remain unattended. Firstly, 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 public irrigation infrastructure and 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 transfer system, the sector in Trinidad and Tobago would be unable to achieve the level of competitiveness required in today's markets.

With respect to SPS, the current outdated legislation and regulations are major hindrances to the development of agricultural trade. We therefore advocate the establishment of a modern and effective SPS system as a matter of urgency.

With regards to the RTP commodities of interest, commodity specific policies are required to reinforce sector wide policies by addressing the unique requirements of these commodities.