

A New Vision for Agriculture in the Caribbean in the 21st Century¹

I am indeed extremely pleased to be back in the Caribbean and thank you for your invitation to this meeting on poverty alleviation and food security strategies in the region. This event is being held at a time when agriculture and agriculture-related issues continue to dominate the global trade agenda. The recent meeting of the World Trade Organization in Cancun underscores the importance of the sector to national development and world peace and prosperity.

There is no doubt that globalization and trade liberalization have had some positive effects for certain economies of our world. However, globalization that fails to take into account rural development and food security objectives, and the concerns of developing countries, will not provide global prosperity or social equity. The economies of small developing countries in the Caribbean must be afforded the opportunity to insulate their domestic sectors from import surges and depressed export prices. Food security, social stability and environmental concerns must also be part of the new trade agenda.

A report published recently by the United Nations Development Programme (UNDP), entitled “Making Global Trade Work for People,” states that special and differential treatment for developing countries goes beyond traditional trade issues and includes education, health, gender equality, environmental protection and respect for cultural diversity. It also proposes that WTO rules should be more flexible and development oriented. The results of the Cancun meeting, where the three pillars of trade (viz. market access, domestic support and export subsidies) were discussed, underscore the pivotal role of an agreement on agriculture for world peace and prosperity. In my view, however, the FTAA is not solely about trade, but about how we are to live together in this hemisphere in the future.

While these initiatives are taking place at the global level, we must begin to implement national and regional strategies to support agriculture and rural development in our countries, based on a new approach to the issues involved. A prosperous agricultural sector is a prerequisite for poverty alleviation and food security because the majority of the rural poor are in agriculture, which promotes economic growth, employment and rural prosperity.

To begin with, agriculture must be valued for what it is: the bedrock of society and the cornerstone of any economy. Agricultural development is not about helping marginal poor farmers; the agricultural sector is a strategic sector of our economy.

Official statistics often show agriculture as contributing single digit percentages to Gross Domestic Product (GDP). In the case of Jamaica, the figure given is 8%. Our research suggests that when all the backward and forward linkages in the commodity

¹ Kingston, Jamaica. November 21.

chain are considered, agriculture's contribution to national development is between three and seven times higher than the percentages reported in national statistics.

For example, a recent study carried out by our Institute showed that in Argentina official statistics indicate that agriculture's contribution to GDP is 4.6%. When we consider all the backward and forward linkages, however, this figure increases to 32.2%. The same is true in the case of Brazil (with the figure rising from 4.3% to 26.2%), Chile (5% as opposed to 32.1%), Mexico (4.6% and 24.5%), and Costa Rica (11.3% and 32.5%). We are now carrying out a similar study in the Caribbean.

Underestimating the importance of food and agribusiness industries in economic development has had a series of negative consequences in the region. The true contribution made by agriculture and agricultural professionals to national development is not recognized; agricultural research, training and education is under-funded; young people have little interest in a career in agribusiness; rural infrastructure and investment in the sector are under-funded; there is a bias toward urban areas in the allocation of national resources; and, some countries of the Americas continue to depend on imported food.

We are convinced that the agricultural sector viewed in the broad sense, in terms of more than just primary production, is crucial for economic growth and rural welfare. Agriculture contributes to three fundamental aspects of development, namely: national food security; national social stability; and, environmental protection for this and future generations. Agriculture is important in the promotion of rural prosperity because the solutions to rural poverty can no longer be left to the migration of the rural poor to the cities, where social and economic difficulties continue to threaten social stability and the progress being made toward democratic governance, making the cities of the hemisphere unmanageable.

We are convinced that unless the role of the ministries of agriculture is redefined and agriculture's true contribution to national development is recognized, there will no definition of a rural identity and decisions about agriculture will continue to be taken by people who do not live or work in the sector, nor understand it.

The structural adjustment programs of the recent past have resulted in fewer budgetary resources being allocated to the ministries of agriculture of several countries in the hemisphere. However, the global scenario requires that the State play a key role in providing the regulatory framework for agriculture, a policy framework, and support services such as rural infrastructure, security of land tenure, and training, research and extension, all of which are necessary for the development of a competitive agricultural sector. Traditional private-sector and non-governmental organizations are increasingly involved in the provision of technical services to the sector, but the role of government in building new strategic partnerships with the private sector, non-governmental organizations, and the institutions of civil society is a critical one.

Nevertheless, the rural sector has no hope of developing unless there is an increase in the flow of investment capital from both the public and private sectors into the rural economy. It is rather unfortunate and ironic that when there are budgetary constraints, governments tend to reduce investment in a productive sector like agriculture and increase investment in social services. If progress is to be made in curbing rural poverty, the international financial community must consider the importance of social balance -and not just profits- when investing in the rural economy. I noted recently that only 3% of IDB loans went to the rural sector in 2002 and in Jamaica only 1% of the budget was allocated to agriculture.

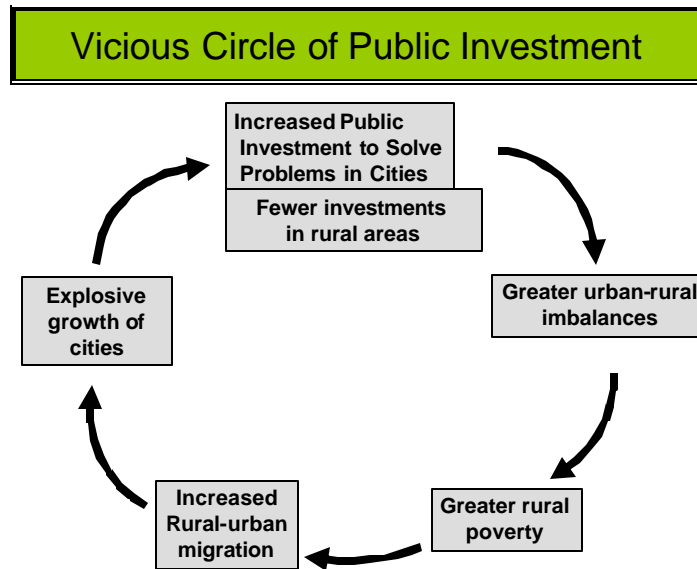
We must therefore examine the potential in rural communities for rural services, agrotourism, forest products, transportation, food processing, marketing, input supplies and output-related services, as a basis for rural prosperity and the provision of rural employment. According to the International Food Policy and Research Institute (IFPRI), “the abundance and diversity of Latin America and the Caribbean’s agricultural and natural resources provide the region with a comparative advantage to compete in world markets and generate broad-based growth throughout the economy.”

However, such growth will only be realized if we adopt a more relevant development model that facilitates increased investment in rural areas and ensures a more sustainable development of agriculture and greater prosperity in the rural economy. Such a model should include an institutional framework that promotes cooperation and closer ties between the State and civil society. This should be considered within the framework of strong government at the community level and a new role for the public sector, private sector and international organizations in rural community development.

Past and even current development models have an anti-rural bias in which the recommended approach to modernizing the economy is based on industrialization and favors the growth of urban areas. The consequences of these models are many. They have resulted in a large, disproportionate allocation of public investment funds for urban centers and the concentration of the population in cities. Due to the resulting political importance of urban dwellers, more public investment is channeled into services for urban areas. This is accompanied by a greater inflow of private investment into urban areas as a result of the externalities created by public investments.

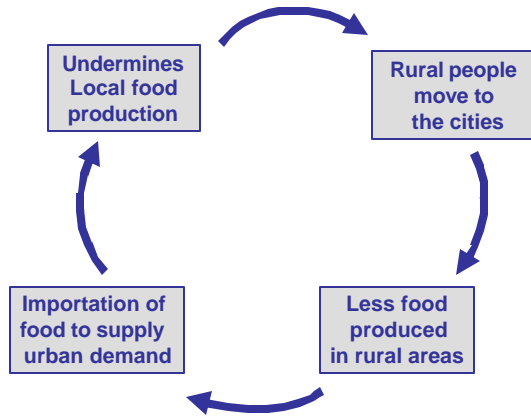
Thus, despite the economic reforms implemented in the mid-1980s and during the 1990s, the inequality between urban and rural areas continues to exist. The situation is aggravated by the limited inflow of resources and improvement in infrastructure in rural areas due to inappropriate public policies on investment, trade and taxes. The spillover effects of increased rural poverty are then seen in urban areas and a larger slice of the national budget is allocated to solve the growing problems in the cities. The vicious circle is completed by a rise in violence and growing social and political insecurity in the rural economy due to the urban-rural imbalances; and the continued competitive disadvantage of the rural sector, despite investments in areas with much potential.

This vicious circle of public investment must be reexamined.



The increasing migration from rural areas results in less agricultural production and the government then imports more food (normally cheap food) to satisfy urban demand. This further undermines the capacity of the rural sector to produce and creates another vicious circle - food insecurity.

LACK OF INVESTMENT IN THE RURAL ECONOMY



A new development model is therefore needed that facilitates a better rural-urban balance through the integral development of both areas. More investment in rural areas is also required, so as to ensure social and political stability; promote the competitiveness of agriculture and rural economic activities; and, create rural agricultural and non-agricultural employment that allows rural dwellers to enjoy an acceptable standard of living. Others aspects that must be considered include productivity increases and an expansion in the food supply to meet the growing need for food and market requirements.

Furthermore, appropriate policies and strategies must be adopted that will: increase investments in the rural sector and thereby facilitate the profitable and sustainable use of natural resources; support investments in infrastructure and services that will make both agriculture and non-agricultural activities in rural areas competitive, profitable and sustainable; support investment for the development of human capital in the rural sector (rural education), to increase the skills of the population and improve their standard of living; and, increase investment in the development of rural enterprises and institutions that strengthens rural-urban linkages and the generation of value-added activities and higher incomes.

In light of the challenges facing agriculture and rural life, a new institutional framework to transform rural isolation into a network of global prosperity is needed. The best mechanism for implementing this strategy would be a hemispheric platform that facilitates dialogue, strengthens and expands alliances with strategic partners, increases the flow of investments into agriculture and the rural economy, and fosters hemispheric trade.

The aim of this hemispheric platform would be to permit the stakeholders in agriculture to take advantage of hemispheric and global knowledge and, at the same time, sensitize hemispheric and global players to the needs at the local and national levels.

The proposed Free Trade Area of the Americas (FTAA), with a potential to create a single hemispheric market of 800 million people and a capital market of some 15 trillion dollars, presents the countries of the Americas with both challenges and opportunities. The concept of a new Inter-American economy, in which no country is constrained by its geographic size but has the potential to create enterprises that can operate in the new regional, hemispheric and global environment, is an exciting reality for development in our countries.

However, the potential will only become a reality if globalization and trade liberalization are controlled and regulated by transparent, science-based rules, instruments and institutions to provide for the equitable distribution of the benefits of the new global economy. In this regard, the treatment that small economies receive, the environment, and the fate of those who may be marginalized by the process are all relevant concerns.

Small economies in the region, struggling as they are to cope with the twin challenges of eliminating poverty and promoting sustainable economic development, need assistance if they are to integrate into the global economy. The networking and benchmarking of institutions in the hemisphere to share experiences and learn from each other is also important. In addition, institutions such as IICA have an important strategic role to play in facilitating development cooperation that channels effective technical assistance from the Institute's large, developed members to its small, developing ones. Small states must be able to play their legitimate role in the new global scenario.

Caribbean agriculture will have to tackle several global challenges in the future. It must adjust to liberalized economies in the global world; broaden the base of our economies, moving away from traditional crops; preserve the environment; and, become competitive.

In response to these developments, IICA's work will continue on many fronts. It will strengthen the region's trade negotiating capacity by providing further assistance to the Caribbean Regional Negotiating Machinery (CRNM) and facilitate studies and actions that provide the technical base for negotiations in areas such as sanitary and phytosanitary measures, intellectual property rights and food safety. It will also increase the region's capacity to gather, generate and disseminate technology by providing support to CARDI, PROCICARIBE and national technology generating institutions. In addition, the IICA Offices in the countries will become centers for information, training and technical support in areas of strategic importance to the region's agricultural sectors.

The Institute will also support agricultural enterprises with agribusiness services and provide Caribbean agribusinesses with links to Latin American markets, by strengthening the Caribbean Agribusiness Association and facilitating cooperation and

contacts with the wider hemispheric agribusiness community. It will also support the efforts of the Caribbean Council for Higher Education to produce graduates who are better suited to manage the development of agriculture and rural areas. And it will support the disadvantaged groups of rural women and youth, through the Caribbean Network of Rural Women Producers and the Caribbean Forum for Youth in Agriculture, to contribute significantly to the repositioning of agriculture and improve the quality of life of these segments of the population.

IICA will continue to support the Alliance for Sustainable Agricultural Development in the Caribbean, a mechanism for regional dialogue and coordination. This all-embracing stakeholder forum also generates critical strategic thinking and discussion on issues related to the modernization of the agricultural sector. Furthermore, the Institute will assist the ministries of agriculture in their process of reform. Many ministries in the region are in the process of restructuring and refocusing their efforts and programs to cope with the new challenges of the global trade environment and the need for the agricultural sector to be efficient and competitive at a time when budgetary allocations are being reduced.

Lastly, IICA will support the development of a regional agrotourism program in cooperation with relevant tourism organizations, to explore opportunities for effectively linking the tourism market of hotels and cruise ships with locally produced foods and promoting concepts of quality and reliability in local food production. In addition, the recreational and educational aspects of agrotourism will be explored under a program that emphasizes linkages between agriculture, tourism and the environment, and that seeks a multi-sectoral approach to rural development.

The Institute cannot dissociate itself from the social problems of unemployment, lack of shelter, education and health care, poverty and social injustice that prevail among the majority of our peoples. These problems are reflected in urban and rural crime, trafficking in illicit drugs, personal insecurity and lawlessness, all of which represent a threat to peace and prosperity and the process of democratic governance.

Consequently, the Institute will embrace greater social responsibility and a development agenda that allows it to play a more dynamic and strategic role in the promotion of prosperity in the rural communities of the Americas. This role takes us beyond the traditional support to agricultural production and makes us partners in the development process of increasing the competitiveness of the entire agrifood chain and fostering linkages between the chain and other sectors of the economy, such as, tourism, health, nutrition, infrastructure, education and the environment. Our National Agendas must reflect a holistic integrated approach that responds to the reality of the national agricultural community and national circumstances, and must link macro-policy with territorial reality.

Given this expanded mandate, a close relationship with strategic development partners at the national, regional and global levels becomes very important for our work. Consequently, we must actively seek to promote strategic partnerships as part of this

change. The agreements we have signed with FAO, PAHO and ECLAC are all part of this new strategy. The appointment of portfolio managers to work with the World Bank and the Inter-American Development Bank is also part of this strategic approach.

The work and reports of our Institute will no longer focus on narrow scientific matters but must embrace the wider aspects of our contribution to society and to development. These include the Institute's contribution to food security and rural prosperity, through efforts aimed at speeding up hemispheric and regional integration; facilitating competitiveness and global trade; strengthening rural communities; promoting food safety and agricultural health; developing human capital; improving environmental management; and, advancing institutional modernization.

We will embrace this development agenda while respecting our core business of promoting an agricultural sector that is competitive, technologically prepared, environmentally managed and socially equitable for the peoples of the Americas. This will ensure that we provide the new level of maturity that our Institute must demonstrate to our Member States.

These initiatives will support competitiveness, as we all work together to forge alliances that create synergies and help build a new, effective single market and economy for the region that will enable our peoples to achieve improved standards of living in the 21st century.

Thank you.