

**TRANSFORMING THE AGRICULTURAL  
SECTOR THROUGH THE  
DEVELOPMENT OF THE AGRI-  
BUSINESS SECTOR.**

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# Agriculture **VS** Agri-business

**AGRICULTURE** – The activities involved in the managed exploitation of natural resources including production, **minor modification** and **trade** of natural resources (plants, animals, soil, water)

**AGRI-BUSINESS** – AGRICULTURE Plus activities involved in the production, **major modification** and **utilization** of natural resources.

# The Current Thinking

- Production and marketing of fresh and processed foods by individuals and small & medium size firms
- Low returns and high risk sector
- Investment in the sector is the business of those who cannot find alternative employment, those looking for tax shelter and the government.
- The sector will continue to decline as trade liberalization increases and markets become more globalized
- Seek to compete by diversifying in the agricultural industry

# The Result of This Thinking

- Declining or erratic agricultural exports
- Declining profitability
- Declining or erratic Investment
- Increasing imports
- Missed opportunities

# New Thinking out of the Box

It is not just the farmers and SMEs.

The sector comprises all those individuals, firms and institutions that are engaged in the protection, production, processing, marketing, utilization of the value-added natural resources.

# Thinking out of the Box

It is not just food it is

1. Food Industry-----Fresh and processed foods and attached services
2. Non food Industry-----Horticulture, Wood, textiles and craft and attached services
3. Recreational and Entertainment Industry ----- Pets, Parks & Gardens, Events and attached services

# Thinking Out of the Box

Investment in the agribusiness sector will not mean high risk and low return if we integrate;

1. the importance of the sector with
2. our advantages and
3. apply smart policies, strategies, good governance, management to overcome the weaknesses and threats

# Economic Importance

<b>Countries</b>	<b>% of GDP</b>	<b>% of Exports</b>	<b>% Employment</b>
<b>Guyana, Haiti, Dominica, Belize</b>	20- 40%	> 50%	>30%
<b>St. Vincent, Grenada, St. Lucia, Suriname</b>	10-20%	30-50%	>25%
<b>Jamaica; St.Kitts-Nevis</b>	5-10%	10-20%	> 20%
<b>Antigua, Bahamas, Barbados, Trinidad</b>	< 5%	< 5%	5-10%

# Demand Composition & size

	<b>CARICOM* CONSUMPTION US\$ MILLION (Est. 2000)</b>				
<b>CATEGORY</b>	<b>PROD.</b>	<b>IMPORTS</b>	<b>EXPORTS</b>	<b>CONSMP.</b>	<b>%</b>
Meat & Prep.	450	137	7	580	14%
Dairy & Eggs.	100	170	12	258	6%
Fish & prep.	250	94	60	284	7%
Cereals & Snacks	600	254	65	789	19%
Fruit & Veg. Staple	700	182	231	651	16%
Sugars, & conf.	500	86	163	323	8%
Beverages	800	33	64	769	19%
Animal feed	150	69	20	199	5%
Misc..	50	144	59	135	3%
<b>TOTAL</b>	<b>3600</b>	<b>1,169</b>	<b>681</b>	<b>4088</b>	<b>100%</b>
<b>% of Total Consm.</b>	<b>88%</b>	<b>29%</b>	<b>17%</b>		
Source: CARICOM Secretariat, Industry Associations, author's estimates; *excludes Antigua, Suriname, Haiti					

## **OUR ADVANTAGES (strengths and opportunities)**

- Commitment to a regional policy and strategy
- Mechanism for regional co-ordination
- Diversified primary production.
- Strong and positive international position in the cuisine industry
- Caribbean owned overseas agri-businesses and institutions.
- Direct shipping service to major markets.
- Experience in supplying export market
- Major International Caribbean Brands (Sandals, Angostura, Grace).
- Opportunity to link our food with our unparalleled achievements in sports..
- Our strength in the growing market for international Carnival events.
- Our outstanding position in the international music industry.
- Our position as the cruise ship capital of the world.
- The size and durability of the regional tourism industry.
- Our involvement in the cutting edge of information technology

# Opportunities

- The home meal replacement market.
- The demand capacity of the Caribbean Diaspora
- E-commerce market,
- Tremendous growth in ethnic cuisine market
- The massive growth in supermarket “own” label
- Growth in the organics and nutraceuticals
- Strong growth in the specialty food market
- The fact that price is the third most important factor
- The food safety requirements
- The opportunity to access major USA retail chains through regional subsidiaries
- Availability of development funds available in the region.
- The extremely high liquidity in the banking system in Trinidad

# Weaknesses

- **Weak private sector organisations in the non-traditional sectors.**
- **Absence of performance incentives in the public sector.**
- **The inadequacy of technological advances in the primary production and processing sectors**
- **Inadequate strategies of several public sector support agencies including the Ministries of Agriculture.**
- **The culture of individualism.**
- **The inadequacies of agricultural health and food safety systems**
- **Our inability to effectively utilise development funding.**

# Threats

- **The tremendous influx of foreign restaurant franchises**
- **The inadequate number of foreign based Caribbean restaurants**
- **The high cost of market entry**
- **The high cost of brand promotion**
- **Ineffective linkage to the Caribbean Diaspora**
- **Effect of bio-technology and information technologies on competitiveness**
- **The inadequacies of agricultural health and food safety.**
- **Competition from Costa Rica and Mexico**

# SMART POLICIES

A policy position that recognises a bi-polar agri-business sector consisting of :

- **Competitive Component**
- **Food and Environmental Security Component**
- The Food and Environmental Security component should not be subjected to WTO or similar free trade rules and should be safeguarded through the use of appropriate tariffs, while the Competitiveness Component should be subjected to free trade rules but also supported by effective, enforced anti-dumping and fair trade competition legislation.

# SMART STRATEGIES

1. The public sector should take lead responsibility for the development of the Food and Environmental Security Component while, the private sector through the Industry Associations should take lead responsibility for the Competitiveness Component
2. Establishment and support of Industry Associations at the national and regional levels for the major non-traditional which will be responsible for coordinating the development of their individual industries.
3. Analysis of each of the products/industries and preparation and implementation of industry development plans.
4. Facilitation of the establishment of a Caribbean Food Exporters Club led by the big brand names (Grace, Sandals, Angostura, Busha Browne) as a mechanism for coordinating the production and export of Caribbean food products to extra regional markets.
5. Facilitation of the establishment of a Caribbean Overseas Food Marketers Club including foreign importers, distributors, retailers, restaurateurs, as a mechanism for coordinating the purchasing, distribution and more importantly, the promotion of Caribbean food products in extra regional markets.

# SMART STRATEGIES

6, The facilitation of massive investment in the establishment and international expansion of the Caribbean Cultural Restaurant Franchise, drawing on investments from the Caribbean Diaspora, major Caribbean private sector investors, government and CABA on behalf of its members. This Franchise will integrate Caribbean food with its language, music, arts, craft and sports and provides the means for pronounced differentiation of the Caribbean food product and sustainability of its long term competitive advantage

7. Exploitation of the non-food component of the sector through facilitation of significant investment in;

- Forestry and lumber industry
- Recreational theme parks (e.g. flowers, animals, butterflies, fish, herbs and spices)
- Pet Industry (e.g. dogs, donkeys, monkeys, birds)

# SMART STRATEGIES

8. Stronger alliance with the Caribbean Tourism Industry particularly the Caribbean Culinary Federation and the aggressive promotion of Caribbean cuisine in the hospitality sector as a means of differentiating the Caribbean tourism product.
9. Secure reliable and consistent development financing for the above strategies through governments' application of a service charge on imports, the proceeds of which would be used to support the industry development plans and promotion of Caribbean cuisine.
10. Increase investment in the research, development and acquisition of agri-business technology at all levels of the value chain.

# Role of CDB

## Commit to the long term development of the agri-business sector by;

1. Providing co-financing for the strategic planning and implementation of industry development plan of the agribusiness associations particularly in the non-traditional sub-sector.
2. Actively facilitate the development and expansion of the Caribbean Cultural restaurant franchise. 500 restaurants by 2010.
3. Support continuous evaluation of the agri-food sector at the sub sector, industry and service level by developing and harmonising common and modern approaches at the level of the Caribbean central banks.
4. Advocate and facilitate appropriate policy and strategic changes by the public sector organisation to ensure performance based remuneration systems through, for example, linking the banks financing to these changes.
5. Support the preparation of bankable investment profiles for selected products particularly the non-traditionals.