

June 7, 2008

Strategies for Increasing Agricultural Production Address to
THE CARICOM REGIONAL AGRICULTURE INVESTMENT FORUM
by Senator The Honourable Arnold A. Piggott,
Minister of Agriculture Land & Marine Resources
Government of the Republic of Trinidad and Tobago

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FROM AGRI-CULTURE TO AGRI-BUSINESS

**Trinidad and Tobago's Plan for Ensuring Food &
Nutrition Security and a Competitive Agricultural
Sector.**

Address to the
THE CARICOM
REGIONAL AGRICULTURE INVESTMENT FORUM

by
Senator The Honourable
Arnold A. Piggott
Minister of Agriculture Land & Marine Resources
Government of the Republic of Trinidad and Tobago
7th June 2008

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1. SALUTATION

1. Your Excellency President Bharrat Jagdeo, President of Guyana?
2. The Honourable Robert Persaud, Minister of Agriculture,
3. His Excellency Dr. Edwin Carrington, Secretary General of the Caribbean Community – CARICOM
4. Colleagues, Ministers of Agriculture
5. Cabinet Ministers
6. Agricultural Experts
7. Entrepreneurs, Investors,
8. Financiers, and Suppliers of Agricultural supplies
9. Specially invited guests
10. Organizers of this Regional Investment Forum in Agriculture
11. Members of the Media,
12. Ladies and Gentlemen,

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It gives me great pleasure to address you today. I thank you for the invitation and for the opportunity to be part of this timely and history-making endeavour. I am assured that our engagement in this dialogue will **serve as a stimulant for the rapid process** of changing agriculture as we know it in the region. This Forum is particularly timely, given the challenges that have emerged in the international and national arenas whereby demand for food is increasing while world stocks are depleting. The rise in the redirecting (utilization) of food crops **away from the production of food to the production of bio fuels as alternative energy supplies**, along with the growth in the purchasing power in new and emerging markets in Asia are also realities of today's world.

As many of you are aware, the Republic of Trinidad and Tobago is a twin island unitary State of 5,128 square kilometres with a population of 1.3 million warm and friendly people. I like to call it the **“lovely, rainbow energy Republic of Trinidad and Tobago**. The climate is tropical with a monsoon type rainfall pattern. The economy is dominated by the energy sector, with a relatively small but socially important agriculture sector.

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In Trinidad & Tobago as within the CARICOM Region, we are all experiencing increased costs in food bills, transportation, utilities and other goods and services. All of this, ladies and gentlemen is to acknowledge the inter-relatedness of the various sectors in the economy and the significance of economic linkages.

Ladies and gentlemen, the Government of the Republic of Trinidad and Tobago has initiated several programmes and interventions to reduce the impact and mitigate the global developments in food, food prices and food price inflation.

Our Government takes the view that increasing agricultural production is key as **“to increase Food and Nutrition Security, which is a Top Priority for Trinidad and Tobago”**

We have thus developed an agri-business development programme which seeks to address this objective whilst also positioning our country to achieve and sustain international competitiveness in selected industries. A key component of this plan is the introduction of large farms. I now wish to share this plan with you.

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2. INTRODUCTION

Ladies and Gentlemen the objectives of this presentation are threefold;

1. To provide this Investment Forum with an understanding of the agri-business development plan being implemented by the Government of Trinidad & Tobago with emphasis on the large farm strategy.
2. To show potential investors why they should come to Trinidad and Tobago and invest in large technology driven farms and
3. To show potential investors why they should invest in Agriculture within the CARICOM Region

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3. OVERVIEW OF THE ECONOMY

Let me begin with five pertinent clusters of facts about the Trinidad & Tobago economy

1. The Population is 1.3 million with the highest per capita income (US\$16,090 in 2007) in Latin American and the Caribbean area.
2. The Economy is largely based on oil and gas, which accounts for 40% of GDP and 80% of exports
3. Growth of Real GDP varied between 5.5 and 14.1 % between 2002 and 2007 and averaged 6% percent per year since 1994, among the highest level in Latin America and the Caribbean region.
4. Gross Official Reserve stands at US\$6.67 Billion in 2007 and
5. Has substantial fiscal and balance of payment surpluses and major financial centre in the region with only 5% of employment.

This excellent economic performance has been somewhat overshadowed by inflation and the weak performance of the agricultural sector.

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Inflation

First ladies and gentlemen, we have seen headline inflation grow from 4% in 2002 to 10% in January 2008 and of greater concern food price inflation grew from 11% to 21% during this same period.

In the case of the agricultural sector, agricultural GDP has moved from 1.9% in 2002 down to a paltry 0.6% in 2007.

4. THE AGRICULTURAL SECTOR OF TRINIDAD & TOBAGO

Allow me now to give you a current overview of our agricultural sector, which I am sure will be of interest to potential investors.

1. There are 210,000 acres of farm land available to the country
2. 20,000 Farmers 99% of who operate as individuals.
3. 19,000 Farm holdings 80% of which are less than 10 acres.
4. 73% are in crop, 11% in livestock, 16% in both crop and livestock.
5. GDP Contribution of the sector is now 0.6% (based on current way of measuring) and reflects a declining trend.

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6. Employment stands at 5% that is some 36,000 persons. It is important to note that this about the same level of employment provided by the energy sector, which generates a GDP that is 40 times that of agriculture. This reflects the fact that the sector is highly labour intensive and is in need of modernisation.

5. THE TRINIDAD AND TOBAGO GOVERNMENT'S VISION FOR THE SECTOR

Ladies and Gentlemen, against this background, the government of Trinidad and Tobago has set a clear vision for the sector, which will see us moving the agricultural sector from a declining one to one of significant growth;

The vision is that the agricultural sector by the year 2020, must be competitive and possess the capacity to sustain this competitiveness by becoming, adaptive, technology focus and market driven so as to create resilience

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This vision is itself **posited within the vision for our nation** which is to become a developed country by 2020; based on the following strategic pillars;

- 1) Developing innovative people,
- (2) Governing effectively,
- (3) Enabling competitive business,
- (4) Nurturing a caring society, and
- (5) Investing in sound infrastructure and environment.

To which all government ministries have been requested to adhere

6. ROLE OF THE AGRICULTURAL SECTOR IN OUR DEVELOPED COUNTRY VISION

In this context one may ask, what do we see as the role of the agricultural sector in our developed country vision?

We see the following as the fundamental role of the sector;

1. **Food security/ sovereignty** (A minimum percentage of all the food groups will be met from local production and so special products from each will be identified and protected in a manner consistent with WTO Agreements).

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2. **Economic diversification and expansion** (The development of competitive industries through value-added product development for local consumption as well as export.
3. Support for **Rural Development** strategy (Infra-structure and employment creation) .
4. **Support for the national health improvement strategy** (Consumption of **locally- grown** complex carbs/high, increased fresh produce and outdoor activity & entertainment)
5. **Support for our tourism** strategy (Product differentiation through national cuisine and agro-tourism and entertainment).
6. **Support for our social development** strategy (agricultural production and training in food processing a key element of poverty alleviation)

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Ladies and Gentlemen having defined the role for the sector we then set ourselves **three (3)** clear goals.

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7. OUR VISIONARY GOALS FOR THE SECTOR

These are as follows;

(i) REPOSITIONING AGRICULTURE – by seeing agriculture not in the traditional narrow context in which it has been seen and valued only in terms of the farm output, but to view and value it, in the broader context of agri-business. This means we fully embrace the concept that the sector includes agricultural production, agro-processing, food manufacturing, special and unique culinary cuisine, food service and agri-entertainment/agro-tourism. With this view of the sector and combined with its much wider and clearly defined role as earlier indicated, the sector would now be seen as playing a major, rather than a minor role in national development. To ensure action, **because we know that these things have been said in the past**, this repositioning has seen the government establishing a **National Agri-business Development Programme**, rather than the traditional **Agricultural Development Programme** and has resulted in the budget allocation for agriculture moving from TT\$0.5 billion in 2006/7 to TT\$0.9 billion in 2007/8.

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The second goal is ;

(ii) RESTRUCTURING THE SECTOR – by encouraging and assisting the large numbers of small farmers and other small agri-entrepreneurs to organize themselves into industry Associations and other forms of business organizations and providing them with a range of support services, including contract production and marketing service. Simultaneously we will promote the establishment of large technology driven farms and other large scale agri-businesses.

Thirdly we will be ;

(iii) SUPPORTING THE EXPANSION OF THE SECTOR– by focusing heavily on agro-processing, food manufacturing, food services and agro-tourism/entertainment.

Having outlined these three goals we then established an unambiguous policy framework to support implementation of action plans,

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8. THE SUPPORTING POLICY FRAMEWORK

Our policy framework recognizes **two distinct** but linked developmental paths; The first is the;

- **Food security/sovereignty path** where emphasis is on ensuring that we provide not less than a certain minimum percentage of the six (6) food groups and that we have the capability to ramp up domestic production to mitigate any food supply challenges. This we will achieve through increased production and productivity and long term storage of a minimum buffer stock of the selected security/sovereignty food products. These products will be among those that the WTO has agreed that countries can identify and “protect” under what is termed the “Special Products List”. We will select these products within the six food groups of :

- 1. Staples; 2. Pulses; 3. Vegetables, 4. Fruits, 5. Food from animals, and 6. Fats & Oils**

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The second path is the;

- **Internationally competitive path** where the products must be able to compete internationally based on us drawing on our culinary heritage and expertise in culinary arts, innovativeness to develop and market a range of new and innovative value-added products, including some products from the food security path.

Ladies and Gentlemen **at this initial stage, the government** have identified ten (10) commodities from which we will be developing a range of high-valued processed food products aimed at the domestic and export markets. The products include; **cassava, sweet potato, pumpkin, hot & seasoning pepper, paw-paw, dwarf Pommecythere, coconut, herbs, rabbit and tilapia.**

Naturally in promoting our culinary heritage other locally produced agricultural products will be pursued.

The policy framework is supported by a range of policy measures which I will now outline.

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9. THE POLICY MEASURES TO ENSURE ACTION

These are;

1. Strong financial and institutional support for the private sector agri-business organizations.
2. Significant increase of capital investment in infrastructure.
3. Significant increase in the range and access to incentives along the agri-business value chain.
4. Pragmatic Trade Policy that open markets for our exports but defend our food security products consistent with our regional and international trade agreements and
5. Establishment of new implementation mechanism driven by the private sector to ensure efficient implementation of our strategies.

This leads me to the issues of strategies we will be using **to ensure implementation;**

In this regard let me begin with our objectives;

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10. SECTOR OBJECTIVES

Ladies and Gentlemen, it is well known that most agricultural sector development plans are void of any measurable objectives, which makes it difficult to evaluate the success or failure of such plans. In order to avoid this pitfall, we have set ourselves some specific objectives or targets to be achieved by 2012. Two of the primary objectives include;

1. Meeting at least 25% of the national demand for the (six) 6 food groups from national or regional production.
2. Developing and successfully establishing at least ten (10) new internationally competitive value-added agri-products for local and international markets from the ten (10) targeted agricultural commodities.

We intend to achieve our vision, goals and objectives through well defined **strategies** contained in the **National Agri-business Development Programme**.

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11. STRATEGIES OF THE NATIONAL AGRI-BUSINESS DEVELOPMENT PROGRAMME

- 1. Establishment of a Cabinet Sub-committee** for development of Food & Nutrition Policies and provision of appropriate institutional support for the creation of the enabling environment for the private sector (committee currently called Prices and Inflation Committee on which seven (7) Ministers who reflect the role of the sector sit).

- 2. A private sector type mechanism for co-ordinating the public agencies** that are involved in the implementation of the non commercial components of the programme. These include land administration, farm infrastructure, marketing and information infra-structure and loan financing (EMBDC, NAMDEVCO, ADB, CDA).

- 3. A private sector mechanism for executing the commercial and research and development components of the programme.** This is undertaken by (Trinidad and Tobago Agri-business Association (TTABA)

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which has a Board of Directors comprising all the major private associations (farmers, agro-processors, supermarkets, hotels and restaurants, food exporters, input suppliers, consumers and some key public sector representatives.

4. Releasing significant amounts of arable lands for food production and providing adequate infrastructure for **large** and small farms in particular:

- **Access Roads**
- **Drainage &**
- **Irrigation**

5. Building processing and marketing capacity among farmers and other agri- entrepreneurs (agro-processing services provided to entrepreneurs in the sector by TTABA through operation of a centralized agro-processing service centre)

6. Expanding entrepreneurship and commercialization of agricultural operations by encouraging formation of companies, Associations and Co-operatives to operate farms and

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other agri-businesses. Funds provided to TTABA to support associations and to NEDCO, BDC and ADB to support Co-ops and businesses.

7. Facilitating the **lowering of inputs costs and increasing the adoption of new technologies** through incentives and subsidies for example, rebates on vehicles, machinery, irrigation, and subsidies on cocoa, coffee, milk, rice.
8. Improving **marketing information system and agricultural market infra-structure** through NAMDEVCO's famers' markets, internet based NAMIS-TT, electronic boards, monthly published reports.
9. **Expansion of access to labour** for the agri-business sector through adjustment in labour supply policy– e.g Investor foreign Labour supply programme, government supported Farm –Pep programme.
10. Facilitating the **reduction and control of praedial larceny** through new implementation strategies.

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11. Restructuring research and development to allow for greater output productivity and product development through the UTT & UWI and the private sector.

12. Proactive provision of facilitating services such as **extension services and training** and **support for contract production and marketing including the** transfer of new technologies.

Ladies and Gentlemen allow me to now focus on strategy no. 4 the large farm component which is of particular interest to potential investors.

12. THE LARGE FARM CONCEPT & ASSOCIATED INVESTMENT OPPORTUNITIES

I will start with two quotes from the 2006 budget speech by the Hon. Patrick Manning Prime Minister and Minister of Finance.

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In the budget Speech of 2006 the Honourable Prime Minister & Minister of Finance announced a number of measures aimed at the creation of a “Modern Internationally Competitive Agricultural Sector” including the Large Farm Initiative”

He noted the following:

1. “The Agriculture Sector requires special attention at this time. With the restructuring of Caroni (1975) Ltd additional lands became available for agriculture. We have decided to do a complete review of traditional arrangements”
2. “While our efforts to promote the resurgence of domestic agriculture will be the centerpiece of our strategy to reduce food prices, it is by no means the only action that we plan to take”

Taking Action

As a practical approach to the issue of determining which commodities we would point these large scale production units towards we have developed a simple **but effective template premised on the targeting of 25% consumption within food groups**. We are currently using this food group approach to coordinate the production of our large farm initiative and we

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invite our CARICOM partners to do likewise. The basic elements of the template are as follows:

1. Estimated Consumption
2. Actual Imports
3. Exports and
4. Domestic Gap within each group.

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COMPONENTS OF THE REGIONAL FOOD MARKET IMMEDIATELY REPLACABLE

		000 Tonnes	Million USD	000 Tonnes	Million USD
1	Small Ruminants	10.1	22.7	2.5	5.7
2	Milk, not including condensed milk	41	82.4	10.3	20.6
3	Cheese, not including blue cheese	20.4	59.3	5.1	14.8
4	Potatoes, fresh and frozen	92.1	42	23.0	10.5
5	Wheat, including grains, flour, groats and meal	313.5	224	78.4	56.0
6	Corn, including grain, groats and meal	287.7	53.9	71.9	13.5
7	Rice, white, parboiled, semi- milled, wholly milled, broken	135	51.3	33.8	12.8
8	Fruit juices, concentrated, unconcentrated, frozen and unfrozen	22.5	29.9	5.6	7.5
9	Vegetables, fresh, chilled, frozen	89.6	32.6	22.4	8.2
	TOTAL	1,012	598.1	253.0	149.5

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Based on the above analysis within the food groups the following is being worked on:

1. Replacement Commodity Production Systems
2. Allocation of acreages required based on traditional Yield per acre of the commodity to replace 25% of imports of these commodities.

It is our intention to submit to CARICOM this information so that the regional coordinating policy mechanisms will ensure that in our efforts to move towards food security countries do not duplicate efforts within the same food groups and/or commodities. Should CARICOM and member states accept the recommendations of Trinidad & Tobago to target 25% of selected imports which include products that can be easily produced in the region, there can be a boom attracting into the regional agricultural sector. Twenty five percent of selected products immediately creates a regional market for an additional 253,000 tonnes of produce with a value of \$150 Million US. An even more positive aspect of this approach is the fact that some of these are “food security products” which would have a high level

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of protection from cheaper imports, with an assured regional market for sales.

Here is where again ladies and gentlemen, large commercial farms have a major role to play.

The GOTT therefore invited the FAO to help us put an action plan in place and based on an FAO study including intensive discussions with the private sector three (3)

Strategies were put in place to facilitate the development of these large farms as a key strategy for bringing significant portions of arable land into production;

- **Private Sector Lease Arrangements on lands owned by the state** i.e. Fifteen Farms (four of which have been awarded)
- **Government funded large demonstration farms** e.g. Tucker Valley and
- **Privately funded demonstration farms** e.g. PCS Nitrogen,

These large farms have two principal objectives:

- 1) To significantly impact the current domestic supply and price levels of key fresh produce commodities through the

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establishment and operation of an intensive food crop and vegetable commercial production enterprises.

These enterprises will utilize advanced technologies supportive of both conventional and sustainable agriculture.

2) To manage and operate these farming enterprises as models for the practice of modern agriculture

This initiative also has the following secondary objectives:

- 1) To develop the capacity of the local agricultural sector to appreciably expand and sustain exports of fresh produce to extra-regional markets.
- 2) To initiate and develop a commercial farm business model which could be replicated causing a boom in agricultural production led by the private sector.

The major deliverables of this initiative are:-

- 1) An increase in the supply and quality of selected local vegetables and food crops to wholesalers and retailers.
- 2) A decrease in the price of the food products 3) The expansion of the volumes of agricultural commodities exported and
- 4) Widespread technology transfers in the following areas:-
 - ✓ The cultivation of undercover vegetables

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- ✓ The use of biological agents to control pests and diseases of food crops and vegetables.
- ✓ The production of organic material to aid in enhancing soil fertility and
- ✓ The development of commercial agri-business business models.

These enterprises will employ four (4) variations of crop technology, namely organic, semi-protected, protected and conventional with seed material being initially imported. They will utilize innovative cropping techniques aimed at achieving high yields per acre and seek to generate high income levels and low prices.

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The following are a brief profiles of some of the farms.

No.	Site	Area/ Acreage	Recommended Farm Type/s	GORTT Cost (TT\$)
1	Jerningham	108	Vegetable Crops	\$2314,825
2	Edinburg	354	Vegetable Crops	\$10036,236
3	Orange Grove	100	Vegetable Crops	\$10578,700
4	Caroni	100	Root Crops & Rice	\$4491,025
5	La Gloria	364	Mixed Farming / Livestock	\$14357,420
6	Morne Jaloux	417	Integrated farming with Crops, Livestock & Aquaculture	\$11632,819
	Total	1335		\$53,411,025

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No.	Site	Area/ Acreage	Recommended Farm Type/s	GORTT Cost (TT\$)
7	Picton Estate (more than 1 farm)	1201	Livestock / Tree Crops / Root Crops	\$4,4987,800
8	Tucker Valley	200	Root Crops / Veg. Crops	
9	PCS Nitrogen	75	Vegetable Crops	
10	Palo Seco Agricultural Enterprises	300	Mixed Farming / Livestock	
11	Cunupia Farmers	300	Vegetable Crops	
	Total	1801		\$44,987,800

GRAND TOTAL 3,136

\$98,398,825

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In order to demonstrate our intention the 200 acre Tucker Valley Farm was deemed a demonstration farm to be funded by the GORTT and developed in conjunction with technical support from the Government of Cuba;

Nine (9) sites (13 farms) to be developed through “joint venture arrangements” with private investors with the GORTT bearing administrative & infrastructure development costs (to farm gate) through its special purpose state company – The Rural Development Company of Trinidad & Tobago (RuDeCOTT)

- RuDeCOTT sent out Request for Proposals (RFP) Locally, Regionally and Internationally
- In respect to this RFP (21) Proposals were received
- These were evaluated by a team which comprised of both Public officers and Private sector individuals.
- Four (4) were accepted as meeting the criteria
- The 4 sites from which there have allocations to the private sector are:
 1. Picton
 2. Edinburgh
 3. Caroni and
 4. Orange Grove

June 7, 2008

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5. Cabinet also request that a Request for Proposals be put out for the additional sites in :

1. Picton (4 plots) &
2. Edinburgh (2 plots)
3. La Gloria (2 plots) &
4. Jerningham (1 plot)

We invite you investors in the audience to contact us for more information on how to bid for the remaining acerages should you be interested in being part of our large farm initiative.

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Thus, the Government of Trinidad and Tobago has been encouraged by the interest shown and the potential for the sector. Trinidad and Tobago is therefore inviting proposals from suitably experienced and qualified local and foreign agricultural investors to design, finance, develop and put into production a total of nine (9) commercial agricultural farms of a minimum of 100 acres each, to be located at *Jerningham (108 acres); Edinburgh (354 acres); Orange Grove (100 acres); Caroni (100 acres); La Gloria (364 acres) and; Picton Estate (1,203 acres). ???*

The lands for development are State lands formerly used primarily for sugar cane cultivation. However, some diversification into rice and animal/dairy has occurred over the years. Soil types range from Class 111 to VI. These lands would be made available through lease and joint venture arrangements with private investors. It is foreseen that these farms will have strong links to processing or marketing channels and will therefore provide some feedstock for the agri-business sector. This, ladies and gentlemen is one of the principal strategies the

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Government has identified to move the agricultural sector forward.

In support of private investors, the Government of the Republic of Trinidad and Tobago is committed to provide the required infrastructure i.e. roads, drainage, public utilities, up to the farmgate and the necessary regulatory framework to stimulate private sector investment. What is envisaged in this partnership is the private sector providing on-farm infrastructural development, including irrigation and other facilities. Investors will be responsible for complete financing of the project and will be required to source their own markets and develop and implement their own marketing strategy for the sale of all produce locally and internationally.

To the Venture Capitalist in our midst today, the Commercial Bankers, the Development Bankers, Agricultural Experts, Lobbyists, Policy Makers and Political Leaders and the Executive of Governments, Heads and Officials of International Food and Financial Agencies, I say to you, the time is NOW to **re-assess, re-invent, re-align and re-invest** in an Agricultural Sector which transcends local and regional boundaries. The Agricultural

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Sector now has tremendous potential for making significant impact on trade in goods and services **across** several **industry sectors** as transportation, printing, and packaging, Hospitality Industry including tourism, hotel and restaurant operations.

Certainly other industry sectors to be positively spawned by Agriculture are Livestock feeds and the Plastic Industry all within the manufacturing sector. Plastic crating and other plastic wraps for packaging and protection of agricultural produce and processed foods will play a significant role as well.

Investors in various businesses should therefore seize the moment and opportunities for investment and turn what appears to be a **looming catastrophic gloom and doom** into a **massive boom** in successful business development as it relates to agriculture and its spin offs..

Ladies and gentlemen, the Government takes this opportunity to solicit your investment proposals. The Government and people of the Republic of Trinidad and Tobago welcome your proposals for the development of these large or mega farms and look forward with confidence to enduring and mutually rewarding relationships with all investors. We applaud your recognition, by

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your presence here, that agriculture and agri-business is good business.

I thank you! May God Bless you all !!!

Senator the Honourable Arnold A. Piggott
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